

Financial Results for Third Quarter FY2023 (IFRS) (for the year ending March 31, 2024)

IHI

February 9, 2024

IHI Corporation

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1. Consolidated Results for Third Quarter FY2023



- The impact of the additional inspection program for PW1100G-JM engines is unchanged, except for foreign exchange rate.
- During the third quarter FY2023, profit have been steadily accumulating, which is steadily progressing toward the achievement of the FY2023 forecast.
- In the Civil aero engines Business, while higher sales in main units mainly PW1100G-JM engines, steady growth in sales of spare parts contributed to the recovery of profit.
- With regard to reflecting the soaring prices of raw materials and equipment in selling prices and strengthening the cost structure, some parts of the achievement are expected to delay. The IHI Group aims to secure profit by accumulating periodic inspections and after-sales service, etc. toward the end of the fiscal year.
- As for cash flows, the IHI Group aims to achieve the FY2023 forecast by collection of payments, etc. toward the end of the fiscal year.

1. Consolidated Results for Third Quarter FY2023

Summary of Financial Results

- The impacts of PW1100G and E&C settlement are one-time recorded in orders received and financial results for FY2023.3Q.

The impact of these special factors is shown in table ② below.

(In billion yen)

| | FY2022.3Q | FY2023.3Q ① | Change | Special factors | | | FY2023.3Q (except for special factors) ① − ② |
|--|--------------|----------------|----------------|----------------------|--------------------------------|----------------|---|
| | | | | Impact of PW1100G | Impact of E&C settlement | Subtotal ② | |
| Orders received | 948.4 | 877.0 | (71.4) | (146.0) | (14.6) | (160.7) | 1,037.7 |
| Revenue | 946.3 | 866.6 | (79.7) | (146.0) | (14.6) | (160.7) | 1,027.4 |
| Operating profit | 64.9 | (103.7) | (168.7) | (149.8) | (14.6) | (164.5) | 60.7 |
| Profit before tax | 52.3 | (109.9) | (162.2) | (149.8) | (14.6) | (164.5) | 54.6 |
| Profit attributable to owners of parent | 27.0 | (109.5) | (136.6) | (126.9) | (14.6) | (141.6) | 32.0 |

Note: Average FX rate FY2022.3Q US\$ 1.00 = ¥134.73
FY2023.3Q US\$ 1.00 = ¥144.12

- The impact of PW1100G changed from FY2023.2Q only due to the effect of foreign exchange rate changes.
- The impact of E&C settlement is unchanged from FY2023.2Q.

1. Consolidated Results for Third Quarter FY2023

Financial Results by Segment

■ Orders received & Order backlog

(In billion yen)

| | Orders received | | | Order backlog | | |
|--|-----------------|--------------|---------------|----------------|----------------|-------------|
| | FY2022.3Q | FY2023.3Q | Change | FY2022 | FY2023.3Q | Change |
| Resources, Energy and Environment | 273.3 | 227.8 | (45.5) | 565.7 | 520.8 | (44.8) |
| Social Infrastructure | 84.6 | 109.3 | 24.7 | 218.4 | 212.5 | (5.8) |
| Industrial Systems and General-Purpose Machinery | 330.8 | 349.5 | 18.7 | 201.0 | 212.2 | 11.2 |
| Aero Engine, Space and Defense | 256.2 | 180.9 | (75.3) | 293.4 | 348.4 | 54.9 |
| Total Reportable Segment | 945.0 | 867.7 | (77.3) | 1,278.6 | 1,294.1 | 15.4 |
| Others | 37.7 | 43.6 | 5.9 | 20.8 | 26.1 | 5.2 |
| Adjustment | (34.3) | (34.4) | (0.0) | - | - | - |
| Total | 948.4 | 877.0 | (71.4) | 1,299.4 | 1,320.2 | 20.7 |

| | | | | | | |
|---|-------|-------|---------|-------|-------|--------|
| Overseas orders received / order backlog | 499.3 | 357.9 | (141.4) | 390.7 | 369.4 | (21.3) |
| % of Overseas orders received / order backlog | 53% | 41% | (12%) | 30% | 28% | (2%) |

■ The change in order backlog include the effect of exchange rate changes.

1. Consolidated Results for Third Quarter FY2023

Financial Results by Segment

■ Orders received & Order backlog

*Reference except for special factors

(In billion yen)

| | Orders received | | | Order backlog | | |
|--|-----------------|----------------|-------------|----------------|----------------|-------------|
| | FY2022.3Q | FY2023.3Q | Change | FY2022 | FY2023.3Q | Change |
| Resources, Energy and Environment | 273.3 | 242.5 | (30.8) | 565.7 | 520.8 | (44.8) |
| Social Infrastructure | 84.6 | 109.3 | 24.7 | 218.4 | 212.5 | (5.8) |
| Industrial Systems and General-Purpose Machinery | 330.8 | 349.5 | 18.7 | 201.0 | 212.2 | 11.2 |
| Aero Engine, Space and Defense | 256.2 | 327.0 | 70.7 | 293.4 | 348.4 | 54.9 |
| Total Reportable Segment | 945.0 | 1,028.5 | 83.4 | 1,278.6 | 1,294.1 | 15.4 |
| Others | 37.7 | 43.6 | 5.9 | 20.8 | 26.1 | 5.2 |
| Adjustment | (34.3) | (34.4) | (0.0) | - | - | - |
| Total | 948.4 | 1,037.7 | 89.2 | 1,299.4 | 1,320.2 | 20.7 |

| | | | | | | |
|---|-------|-------|------|-------|-------|--------|
| Overseas orders received / order backlog | 499.3 | 518.6 | 19.2 | 390.7 | 369.4 | (21.3) |
| % of Overseas orders received / order backlog | 53% | 50% | (3%) | 30% | 28% | (2%) |

■ The change in order backlog include the effect of exchange rate changes.

1. Consolidated Results for Third Quarter FY2023

Financial Results by Segment

■ Revenue & Operating profit

(In billion yen)

| | Revenue | | | Operating profit | | |
|--|--------------|--------------|---------------|------------------|----------------|----------------|
| | FY2022.3Q | FY2023.3Q | Change | FY2022.3Q | FY2023.3Q | Change |
| Resources, Energy and Environment | 258.7 | 277.7 | 19.0 | 19.6 | 1.9 | (17.6) |
| Social Infrastructure | 120.1 | 117.3 | (2.7) | 5.6 | 2.6 | (3.0) |
| Industrial Systems and General-Purpose Machinery | 308.7 | 337.0 | 28.3 | 8.3 | 8.7 | 0.4 |
| Aero Engine, Space and Defense | 255.2 | 130.0 | (125.1) | 38.0 | (112.2) | (150.3) |
| Total Reportable Segment | 942.8 | 862.2 | (80.5) | 71.6 | (98.9) | (170.6) |
| Others | 33.6 | 36.8 | 3.1 | 0.7 | 2.9 | 2.1 |
| Adjustment | (30.1) | (32.4) | (2.3) | (7.4) | (7.8) | (0.3) |
| Total | 946.3 | 866.6 | (79.7) | 64.9 | (103.7) | (168.7) |
| Overseas revenue | 496.5 | 399.0 | (97.5) | | | |
| % of overseas revenue | 52% | 46% | (6%) | | | |

1. Consolidated Results for Third Quarter FY2023

Financial Results by Segment

■ Revenue & Operating profit

*Reference except for special factors

(In billion yen)

| | Revenue | | | Operating profit | | |
|--|--------------|----------------|-------------|------------------|-------------|--------------|
| | FY2022.3Q | FY2023.3Q | Change | FY2022.3Q | FY2023.3Q | Change |
| Resources, Energy and Environment | 258.7 | 292.4 | 33.7 | 19.6 | 16.6 | (2.9) |
| Social Infrastructure | 120.1 | 117.3 | (2.7) | 5.6 | 2.6 | (3.0) |
| Industrial Systems and General-Purpose Machinery | 308.7 | 337.0 | 28.3 | 8.3 | 8.7 | 0.4 |
| Aero Engine, Space and Defense | 255.2 | 276.1 | 20.8 | 38.0 | 37.5 | (0.4) |
| Total Reportable Segment | 942.8 | 1,023.0 | 80.1 | 71.6 | 65.6 | (6.0) |
| Others | 33.6 | 36.8 | 3.1 | 0.7 | 2.9 | 2.1 |
| Adjustment | (30.1) | (32.4) | (2.3) | (7.4) | (7.8) | (0.3) |
| Total | 946.3 | 1,027.4 | 81.0 | 64.9 | 60.7 | (4.1) |
| Overseas revenue | 496.5 | 559.7 | 63.2 | | | |
| % of overseas revenue | 52% | 54% | 2% | | | |

1. Consolidated Results for Third Quarter FY2023

Financial Results by Segment



- Analysis of change in operating profit from the previous corresponding period

(In billion yen)

| | Impact of PW1100G | Impact of E&C settlement | Change in revenue | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Change in other income and expenses | Total |
|--|-------------------|--------------------------|-------------------|--------------------------------------|---------------------------------|----------------|-------------------------------------|----------------|
| Resources, Energy and Environment | | (14.6) | (2.4) | (0.3) | 0.7 | (1.5) | 0.5 | (17.6) |
| Social Infrastructure | | | (0.2) | (1.9) | | (1.3) | 0.4 | (3.0) |
| Industrial Systems and General-Purpose Machinery | | | 2.4 | (0.2) | 0.5 | (1.6) | (0.7) | 0.4 |
| Aero Engine, Space and Defense | (149.8) | | (5.7) | 3.7 | 6.8 | (5.3) | | (150.3) |
| Total Reportable Segment | (149.8) | (14.6) | (5.9) | 1.3 | 8.0 | (9.8) | 0.2 | (170.6) |
| Others | | | 1.0 | 1.2 | | (0.4) | 0.4 | 2.1 |
| Adjustment | | | | (0.1) | | (0.2) | | (0.3) |
| Total | (149.8) | (14.6) | (4.9) | 2.4 | 8.0 | (10.4) | 0.6 | (168.7) |

There are cases that the aggregated amount of each segment or factor doesn't match to the total due to rounding off. Change in SG&A and Change in other income and expenses exclude change in foreign exchange rate and other factors.

1. Consolidated Results for Third Quarter FY2023

Finance Income / Costs etc.

(In billion yen)

| | FY2022.3Q | FY2023.3Q | Change |
|---|---------------|--------------|------------|
| Foreign exchange gains (losses) | (6.3) | (5.8) | 0.5 |
| Share of profit (loss) of investments accounted for using equity method | (5.1) | 2.5 | 7.6 |
| Other finance income (costs) *1 | (1.1) | (2.8) | (1.6) |
| Finance income / costs etc. | (12.5) | (6.1) | 6.4 |

*1: Other finance income (costs) include dividend income, interest expenses, interest expenses on lease liabilities, interest expenses on bonds, losses on derivatives, etc.

Change of FX rate (US\$) FY2022.3Q ¥10.18 (beginning ¥122.39→end ¥132.57)
 FY2023.3Q ¥ 8.23 (beginning ¥133.41→end ¥141.64)

1. Consolidated Results for Third Quarter FY2023

Financial Position



(In billion yen)

| | As of March 31, 2023 | As of December 31, 2023 | Change |
|--|-------------------------|----------------------------|----------------|
| Total assets | 1,941.9 | 2,089.4 | 147.4 |
| [Cash and cash equivalents] | [124.7] | [123.5] | [(1.2)] |
| [Trade receivables & contract assets] | [523.1] | [550.9] | [27.7] |
| [Inventories] | [374.5] | [457.8] | [83.3] |
| Total liabilities | 1,485.7 | 1,745.5 | 259.8 |
| [Trade payables etc.] | [247.0] | [222.0] | [(25.0)] |
| [Contract liabilities] | [201.8] | [196.3] | [(5.4)] |
| [Refund liabilities] | [38.6] | *3 [183.6] | [144.9] |
| [Interest-bearing liabilities] | [519.4] | [682.6] | [163.1] |
| Bonds and borrowings | [393.6] | [561.7] | [168.1] |
| Lease liabilities | [125.8] | [120.9] | [(4.9)] |
| Total equity | 456.2 | 343.8 | (112.3) |
| Equity attributable to owners of parent | 431.2 | 317.9 | (113.2) |
| Non-controlling interests | 25.0 | 25.9 | 0.9 |
| Total liabilities and equity | 1,941.9 | 2,089.4 | 147.4 |
| D/E ratio (times) *1 | 1.14 | 1.99 | 0.85 |
| Ratio of equity attributable to owners of parent (%) *2 | 22.2 | 15.2 | (7.0) |

*1 *D/E ratio = Interest-bearing liabilities / Total equity*

*2 *Ratio of equity attributable to owners of parent = Equity attributable to owners of parent / Total liabilities and equity*

*3 The impact of PW1100G is recorded in refund liabilities of 146.0 billion yen for the current period.

1. Consolidated Results for Third Quarter FY2023

Cash Flows

(In billion yen)

| | FY2022.3Q | FY2023.3Q | Change |
|---|-----------|-----------|---------|
| Profit before tax | 52.3 | (109.9) | (162.2) |
| Depreciation *1 | 47.4 | 46.7 | (0.6) |
| Other | (28.8) | (26.8) | 2.0 |
| Impact of PW1100G *2 | 0.0 | 146.0 | 146.0 |
| Subtotal | 70.9 | 56.0 | (14.9) |
| Change in working capital *3 | (124.1) | (143.8) | (19.7) |
| Cash flows from operating activities | (53.1) | (87.8) | (34.6) |
| Cash flows from investing activities | (38.6) | (43.4) | (4.7) |
| Free cash flows | (91.8) | (131.3) | (39.4) |
| Cash flows from financing activities | 47.8 | 126.6 | 78.8 |

*1: Depreciation consists of depreciation of property, plant and equipment, investment property, right-of-use assets and software, does not include amortization of capitalized development costs, patents and other intangible assets.

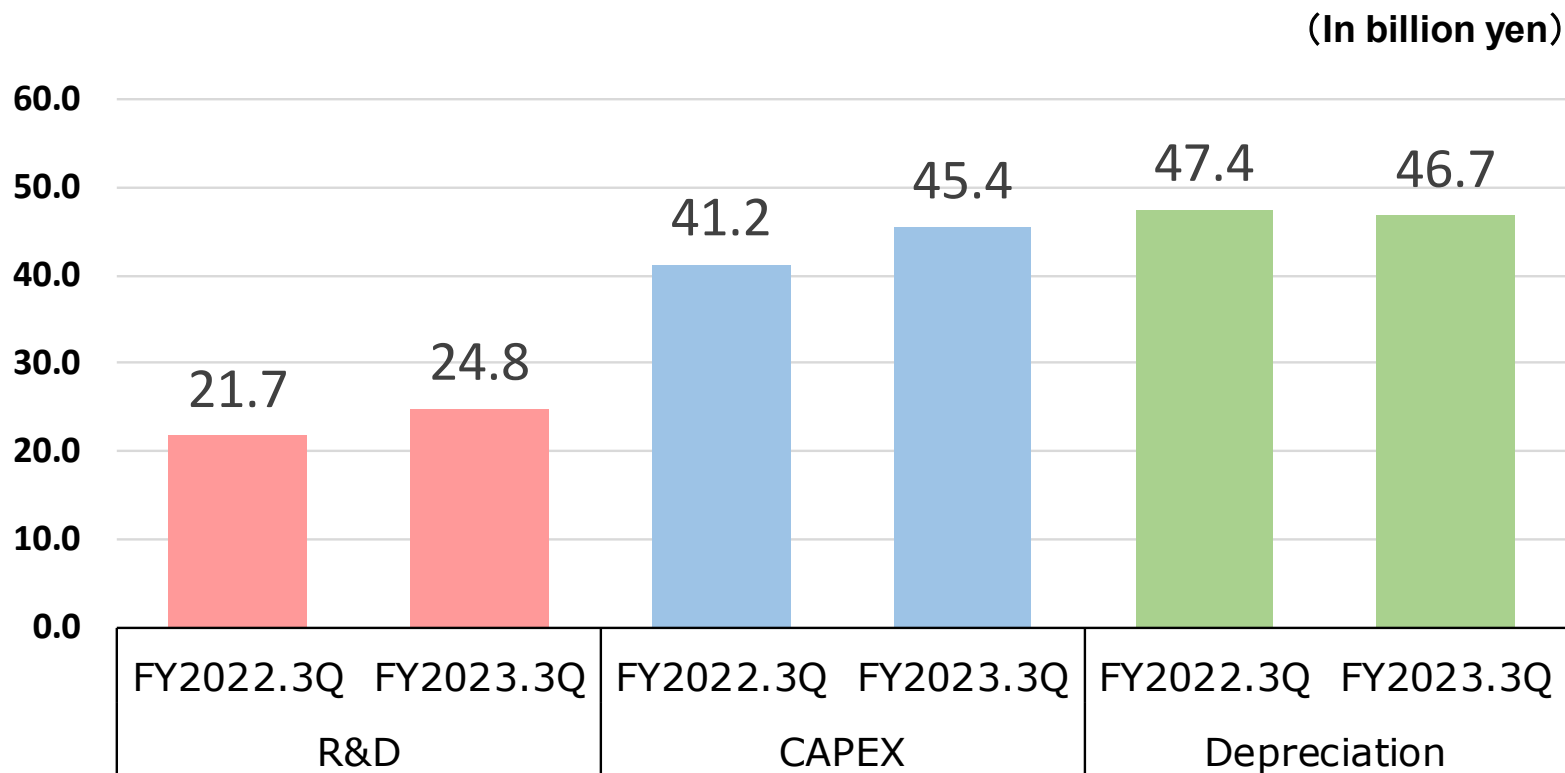
*2: Refund liabilities related to the impact of PW1100G are shown separately from changes in conventional working capital.

*3: Change in working capital consists of change in trade receivables, contract assets, inventories, prepayments, contract liabilities, trade payables and refund liabilities.

*Working capital = Trade receivables + Contract assets + Inventories + Prepayments - Contract liabilities
- Trade payables - Refund liabilities*

1. Consolidated Results for Third Quarter FY2023 Supplementary Information

(1) R&D/CAPEX/Depreciation



• CAPEX and depreciation consist of those of property, plant and equipment, investment property, right-of-use assets and software.

1. Consolidated Results for Third Quarter FY2023

Supplementary Information

(2) Revenue by Region

(In billion yen)

| | FY2022.3Q | FY2023.3Q | FY2023.3Q (except for special factors) |
|---------------------------|--------------|--------------|--|
| Japan | 449.8 | 467.6 | |
| Asia | 153.1 | 177.3 | |
| China | 83.6 | 86.9 | |
| North America | 185.8 | 49.8 | 210.5 |
| Central and South America | 12.3 | 13.7 | |
| Europe | 54.3 | 64.6 | |
| Others | 7.1 | 6.6 | |
| Total | 946.3 | 866.6 | 1,027.4 |

2. Forecasts of the Consolidated Results for FY2023

2. Forecasts of the Consolidated Results for FY2023

Summary of Forecasts

Assumed FX rate US\$ 1.00 = ¥140 (previously ¥140)
(in the fourth quarter ending March 31, 2024)

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in May.) | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) ① | Special factors *1 | | | FY2023 Forecast (except for special factors) ① — ② |
|---|----------------|---------------------------|---------------------------|--------------------------------|--------------------|--------------------------|---------------|---|
| | | | | | Impact of PW1100G | Impact of E&C settlement | Subtotal ② | |
| Orders received | 1,366.1 | 1,500.0 | 1,350.0 | 1,400.0 | (155.0) | (15.0) | (170.0) | 1,570.0 |
| Revenue | 1,352.9 | 1,450.0 | 1,300.0 | 1,330.0 | (155.0) | (15.0) | (170.0) | 1,500.0 |
| Operating profit | 81.9 | 90.0 | (80.0) | (80.0) | (160.0) | (15.0) | (175.0) | 95.0 |
| Profit before tax | 64.8 | 85.0 | (80.0) | (80.0) | (160.0) | (15.0) | (175.0) | 95.0 |
| Profit attributable to owners of parent | 44.5 | 50.0 | (90.0) | (90.0) | (135.0) | (15.0) | (150.0) | 60.0 |

*1: Special factors are unchanged from the forecast (in November).

(Reference) FX rate sensitivity (impact amount on operating profit by change of 1 yen) : US\$ ¥0.4 billion

Dividend forecast (unchanged) 100yen per share (Interim 50yen, year-end 50yen)

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments

■ Orders received

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) |
|--|----------------|---------------------------|---------------------------|-------------------------------|
| Resources, Energy and Environment | 393.4 | 370.0 | 320.0 | (50.0) |
| Social Infrastructure | 134.0 | 180.0 | 160.0 | (20.0) |
| Industrial Systems and General-Purpose Machinery | 455.9 | 470.0 | 470.0 | 0.0 |
| Aero Engine, Space and Defense | 372.7 | 330.0 | 440.0 | 110.0 |
| Total Reportable Segment | 1,356.2 | 1,350.0 | 1,390.0 | 40.0 |
| Others | 53.9 | 50.0 | 60.0 | 10.0 |
| Adjustment | (44.0) | (50.0) | (50.0) | 0.0 |
| Total | 1,366.1 | 1,350.0 | 1,400.0 | 50.0 |

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments

■ Orders received

*Reference except for special factors

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) |
|--|----------------|---------------------------|---------------------------|-------------------------------|
| Resources, Energy and Environment | 393.4 | 385.0 | 335.0 | (50.0) |
| Social Infrastructure | 134.0 | 180.0 | 160.0 | (20.0) |
| Industrial Systems and General-Purpose Machinery | 455.9 | 470.0 | 470.0 | 0.0 |
| Aero Engine, Space and Defense | 372.7 | 485.0 | 595.0 | 110.0 |
| Total Reportable Segment | 1,356.2 | 1,520.0 | 1,560.0 | 40.0 |
| Others | 53.9 | 50.0 | 60.0 | 10.0 |
| Adjustment | (44.0) | (50.0) | (50.0) | 0.0 |
| Total | 1,366.1 | 1,520.0 | 1,570.0 | 50.0 |

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments



■ Revenue & Operating profit

(In billion yen)

| | Revenue | | | | Operating profit | | | |
|--|----------------|---------------------------|---------------------------|-------------------------------|------------------|---------------------------|---------------------------|-------------------------------|
| | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) |
| Resources, Energy and Environment | 371.3 | 370.0 | 400.0 | 30.0 | 26.2 | 12.0 | 15.0 | 3.0 |
| Social Infrastructure | 171.0 | 190.0 | 170.0 | (20.0) | 17.0 | 13.0 | 10.0 | (3.0) |
| Industrial Systems and General-Purpose Machinery | 436.5 | 460.0 | 460.0 | 0.0 | 18.0 | 24.0 | 11.0 | (13.0) |
| Aero Engine, Space and Defense | 364.1 | 290.0 | 290.0 | 0.0 | 36.1 | (105.0) | (105.0) | 0.0 |
| Total Reportable Segment | 1,343.1 | 1,310.0 | 1,320.0 | 10.0 | 97.5 | (56.0) | (69.0) | (13.0) |
| Others | 54.2 | 50.0 | 60.0 | 10.0 | 1.3 | 3.0 | 3.0 | 0.0 |
| Adjustment | (44.4) | (60.0) | (50.0) | 10.0 | (16.8) | (27.0) | (14.0) | 13.0 |
| Total | 1,352.9 | 1,300.0 | 1,330.0 | 30.0 | 81.9 | (80.0) | (80.0) | 0.0 |

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments



■ Revenue & Operating profit

*Reference except for special factors

(In billion yen)

| | Revenue | | | | Operating profit | | | |
|--|----------------|---------------------------|---------------------------|-------------------------------|------------------|---------------------------|---------------------------|-------------------------------|
| | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) |
| Resources, Energy and Environment | 371.3 | 385.0 | 415.0 | 30.0 | 26.2 | 27.0 | 30.0 | 3.0 |
| Social Infrastructure | 171.0 | 190.0 | 170.0 | (20.0) | 17.0 | 13.0 | 10.0 | (3.0) |
| Industrial Systems and General-Purpose Machinery | 436.5 | 460.0 | 460.0 | 0.0 | 18.0 | 24.0 | 11.0 | (13.0) |
| Aero Engine, Space and Defense | 364.1 | 445.0 | 445.0 | 0.0 | 36.1 | 55.0 | 55.0 | 0.0 |
| Total Reportable Segment | 1,343.1 | 1,480.0 | 1,490.0 | 10.0 | 97.5 | 119.0 | 106.0 | (13.0) |
| Others | 54.2 | 50.0 | 60.0 | 10.0 | 1.3 | 3.0 | 3.0 | 0.0 |
| Adjustment | (44.4) | (60.0) | (50.0) | 10.0 | (16.8) | (27.0) | (14.0) | 13.0 |
| Total | 1,352.9 | 1,470.0 | 1,500.0 | 30.0 | 81.9 | 95.0 | 95.0 | 0.0 |

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments

- Analysis of change in operating profit of forecasts (in November VS in February)

(In billion yen)

| | Impact of PW1100G | Impact of E&C settlement | Change in revenue | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Change in other income and expenses | Reformation of business structure | Total |
|--|-------------------|--------------------------|-------------------|--------------------------------------|---------------------------------|----------------|-------------------------------------|-----------------------------------|---------------|
| Resources, Energy and Environment | | | 3.0 | | | | | | 3.0 |
| Social Infrastructure | | | (1.0) | (2.0) | | | | | (3.0) |
| Industrial Systems and General-Purpose Machinery | | | (2.0) | (5.0) | | | | (6.0) | (13.0) |
| Aero Engine, Space and Defense | | | (2.0) | | 2.0 | | | | 0.0 |
| Total Reportable Segment | 0.0 | 0.0 | (2.0) | (7.0) | 2.0 | 0.0 | 0.0 | (6.0) | (13.0) |
| Others | | | | | | | | | 0.0 |
| Adjustment | | | | | | 3.0 | | 10.0 | 13.0 |
| Total | 0.0 | 0.0 | (2.0) | (7.0) | 2.0 | 3.0 | 0.0 | 4.0 | 0.0 |

2. Forecasts of the Consolidated Results for FY2023

Cash Flows



(In billion yen)

| | FY2022 Results | FY2023 Forecast (in Nov.) | FY2023 Forecast (in Feb.) | Change Vs. Forecast (in Nov.) |
|---|----------------|---------------------------|---------------------------|-------------------------------|
| Profit before tax | 64.8 | (80.0) | (80.0) | 0.0 |
| Depreciation *1 | 62.9 | 64.0 | 64.0 | 0.0 |
| Impact of PW1100G *2 | 0.0 | 140.0 | 140.0 | 0.0 |
| Change in working capital *3 | (77.2) | (20.0) | (20.0) | 0.0 |
| Other | 3.5 | (29.0) | (39.0) | (10.0) |
| Cash flows from operating activities | 54.1 | 75.0 | 65.0 | (10.0) |
| Cash flows from investing activities | (52.3) | (90.0) | (80.0) | 10.0 |
| Free cash flows | 1.7 | (15.0) | (15.0) | 0.0 |

*1: Depreciation consists of depreciation of property, plant and equipment, investment property, right-of-use assets and software, does not include amortization of capitalized development costs, patents and other intangible assets.

*2: Refund liabilities related to the impact of PW1100G are shown separately from changes in conventional working capital.

*3: Change in working capital consists of change in trade receivables, contract assets, inventories, prepayments, contract liabilities, trade payables and refund liabilities.

*Working capital = Trade receivables + Contract assets + Inventories + Prepayments - Contract liabilities
- Trade payables - Refund liabilities*

3. Financial Results by Segment



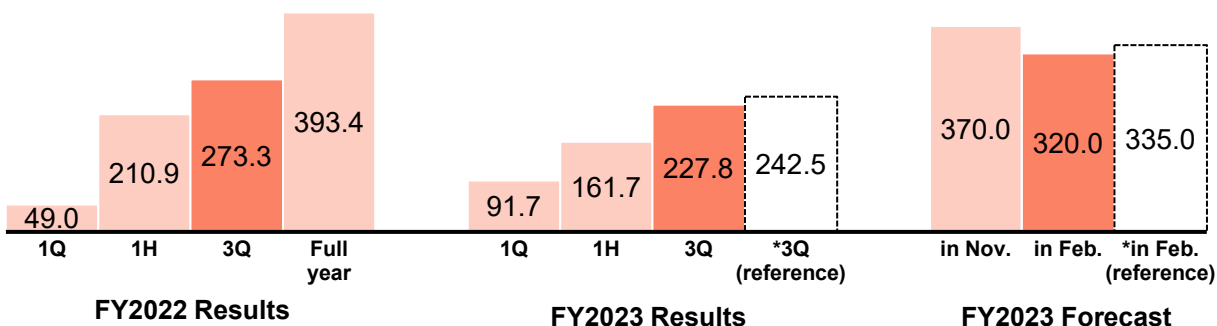
3. Financial Results by Segment

Resources, Energy and Environment

(In billion yen, accumulated amount)

*3Q (reference): figures are shown excluding the impact of the E&C settlement from the 3Q results.

Orders received



Main Businesses : Power systems, Carbon solutions and Nuclear energy

Results (vs FY2022.3Q)

- Orders received, revenue and operating profit decreased by 14.6 billion yen due to the impact of E&C settlement.
- The results other than the above (vs FY2022.3Q) are shown below.

【Orders received】

Despite increased in Carbon solutions, decreased in large-scale power plant projects in Southeast Asia and Nuclear energy.

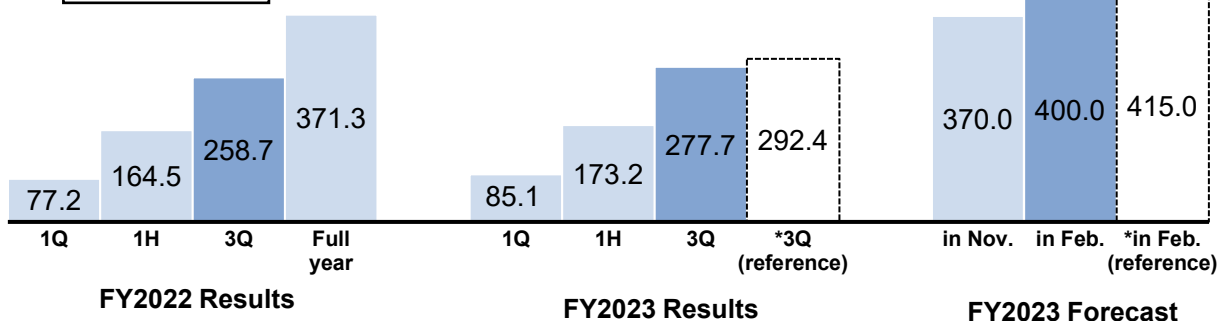
【Revenue】

Despite lower construction volume in Nuclear energy, increased due to large-scale power plant projects in Southeast Asia and increases in lifecycle businesses in Carbon solutions.

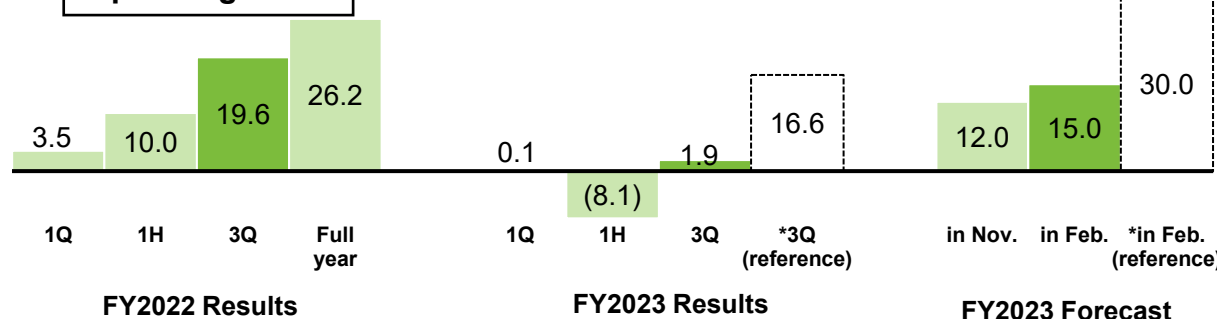
【Operating profit】

Despite increased due to higher sales, decreased due to lower sales in Nuclear energy.

Revenue



Operating Profit



Full year Forecasts (vs In Nov)

- Orders received is expected to decrease due to delays in orders for large-scale overseas projects in Carbon solutions.
- Revenue and operating profit are expected to increase due to progress in construction of periodic inspections and after-sales service in Carbon solutions.

3. Financial Results by Segment Resources, Energy and Environment

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|-------------------------|-----------------|------|------|-----------|--------|-----------|---------|------|-------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 3Q | Full year | 1Q | 1H | 3Q | Full year | 3Q | Full year |
| Power systems | 22.2 | 49.1 | 75.9 | 97.6 | 62.5 | 80.0 | 15.7 | 32.6 | 53.2 | 81.8 | 51.5 | 77.0 |
| Carbon solutions | 3.3 | 23.9 | 39.6 | 67.7 | 101.0 | 155.0 | 32.3 | 73.7 | 111.1 | 156.2 | 118.6 | 178.0 |
| Nuclear energy | 11.3 | 25.5 | 33.3 | 48.7 | 20.2 | 31.0 | 15.9 | 28.7 | 45.3 | 71.0 | 36.8 | 59.0 |

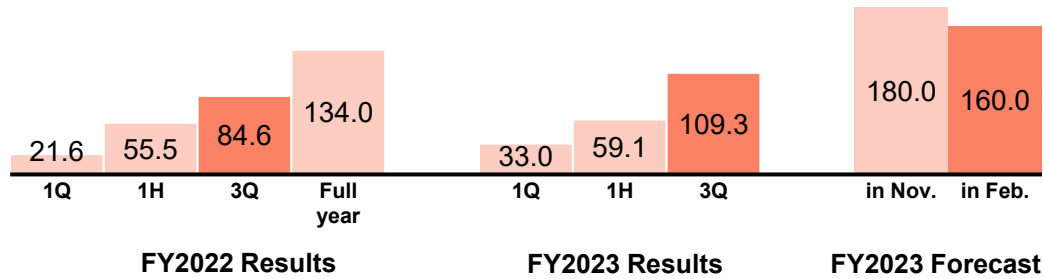
3. Financial Results by Segment

Social Infrastructure

(In billion yen, accumulated amount)

Main Businesses : Bridges and water gates, Shield systems, Urban development, Transport systems, and Concrete construction materials

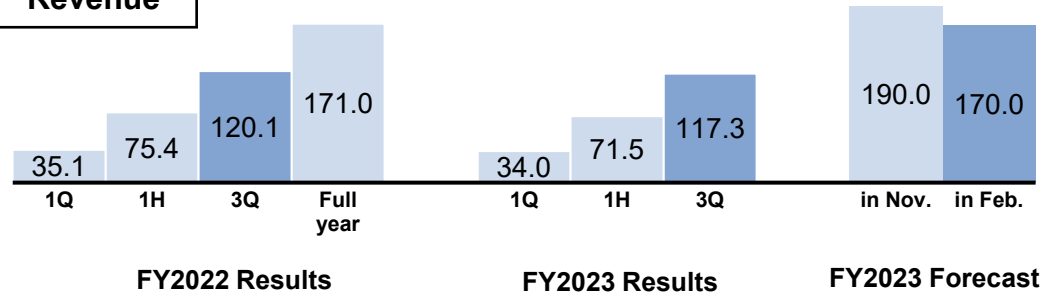
Orders received



Results (vs FY2022.3Q)

- 【Orders received】**
Increased in Bridges and water gates and Shield systems.
- 【Revenue】**
Generally flat, despite slightly decreased in Bridges and water gates and Shield systems.
- 【Operating profit】**
Decreased due to the impact of recording the necessary costs in advance in Bridges and water gates.

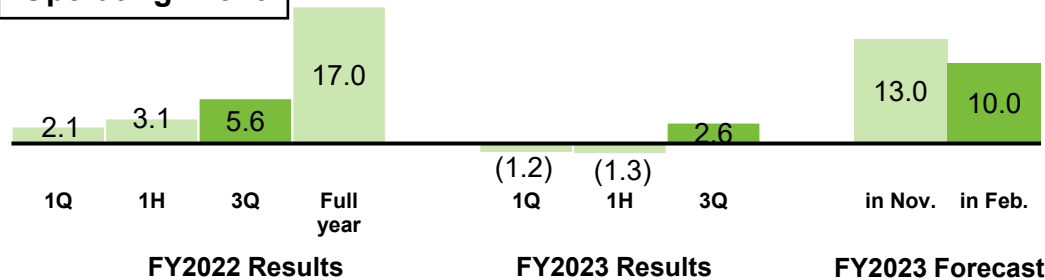
Revenue



Full year Forecasts (vs In Nov)

- Orders received is expected to decrease due to delays in orders in Bridges and water gates.
- Revenue and operating profit are expected to decrease due to delays in the awarding of some contract amounts for Bridges and water gates to the next fiscal year.

Operating Profit



3. Financial Results by Segment

Social Infrastructure

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|--------------------------------|-----------------|------|------|-----------|--------|-----------|---------|------|------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 3Q | Full year | 1Q | 1H | 3Q | Full year | 3Q | Full year |
| Bridges and water gates | 9.3 | 27.4 | 40.1 | 69.2 | 55.5 | 83.0 | 20.2 | 43.8 | 70.1 | 103.1 | 67.1 | 110.0 |
| Shield systems | 1.4 | 4.3 | 9.8 | 18.1 | 15.9 | 25.0 | 5.1 | 9.3 | 14.4 | 18.0 | 13.3 | 15.5 |
| Urban development | 4.3 | 8.5 | 13.2 | 17.5 | 12.5 | 17.0 | 4.1 | 8.5 | 13.1 | 17.5 | 12.5 | 17.0 |

*For related information of “Urban development” in Toyosu, please refer to <Appendices> Urban development.

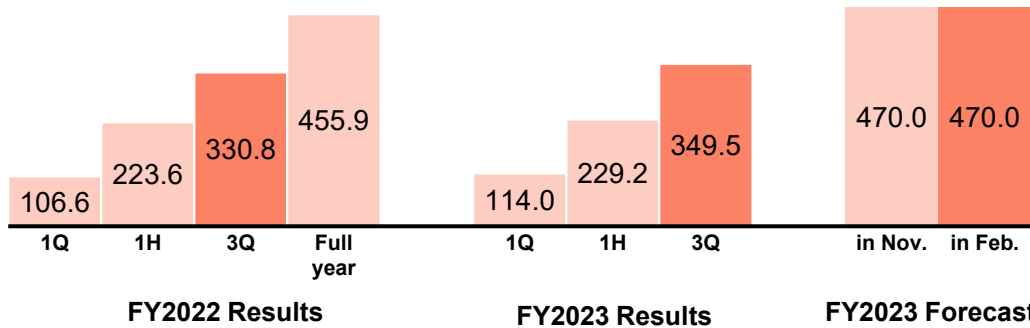
3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery

(In billion yen, accumulated amount)

Main Businesses : Vehicular turbochargers, Parking, Rotating machineries, Heat treatment and surface engineering, Transport machineries and Logistics and industrial systems

Orders received



Results (vs FY2022.3Q)

【Orders received】

Increased in Vehicular turbochargers, etc.

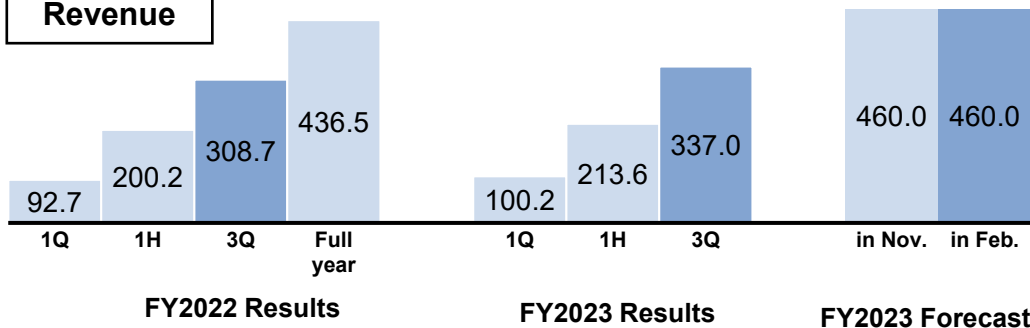
【Revenue】

Increased in Vehicular turbochargers.

【Operating profit】

Despite higher SG&A expenses and the soaring prices of raw materials and equipment in Parking, increased due to higher sales in Vehicular turbochargers.

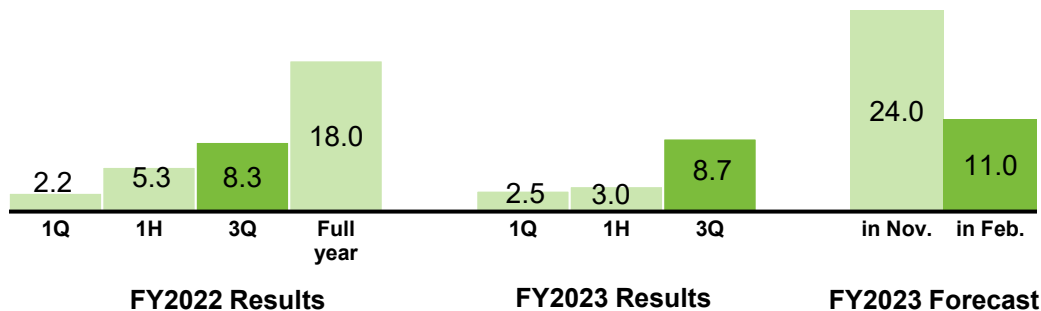
Revenue



Full year Forecasts (vs In Nov)

- The forecast of orders received and revenue remain unchanged.
- Operating profit is expected to decrease due to expenses of reformation of business structure, delays in sales for Logistics and industrial systems and Parking, and the impact of the soaring prices of raw materials and equipment.

Operating Profit



3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|--|-----------------|------|-------|-----------|--------|-----------|---------|------|-------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 3Q | Full year | 1Q | 1H | 3Q | Full year | 3Q | Full year |
| Vehicular turbochargers | 39.7 | 89.7 | 138.1 | 189.2 | 158.2 | 203.0 | 39.9 | 89.9 | 138.1 | 189.5 | 157.0 | 203.0 |
| Parking | 11.6 | 27.7 | 40.2 | 60.0 | 40.9 | 62.0 | 9.4 | 20.0 | 32.3 | 46.3 | 38.7 | 54.0 |
| Rotating machineries | 18.4 | 34.5 | 46.5 | 63.2 | 47.9 | 64.0 | 11.7 | 26.3 | 40.6 | 58.9 | 43.5 | 63.0 |
| Heat treatment and surface engineering | 13.5 | 25.3 | 38.3 | 48.4 | 36.1 | 53.0 | 10.1 | 21.6 | 34.1 | 47.7 | 34.5 | 48.5 |
| Transport machineries | 8.5 | 16.9 | 21.9 | 31.4 | 18.9 | 23.0 | 8.9 | 15.9 | 24.2 | 33.9 | 21.6 | 33.0 |
| Logistics and industrial systems | 7.7 | 15.9 | 26.4 | 36.0 | 22.1 | 39.0 | 6.6 | 14.1 | 21.3 | 33.6 | 22.8 | 37.5 |

*For details of “Vehicular turbochargers”, please refer to <Appendices> Vehicular turbochargers

< Number of vehicular turbochargers delivered >

(1,000 Units)

| | 3Q | Full Year |
|--------|-------|-----------|
| FY2022 | 4,130 | 5,590 |
| FY2023 | 4,420 | 5,800 |

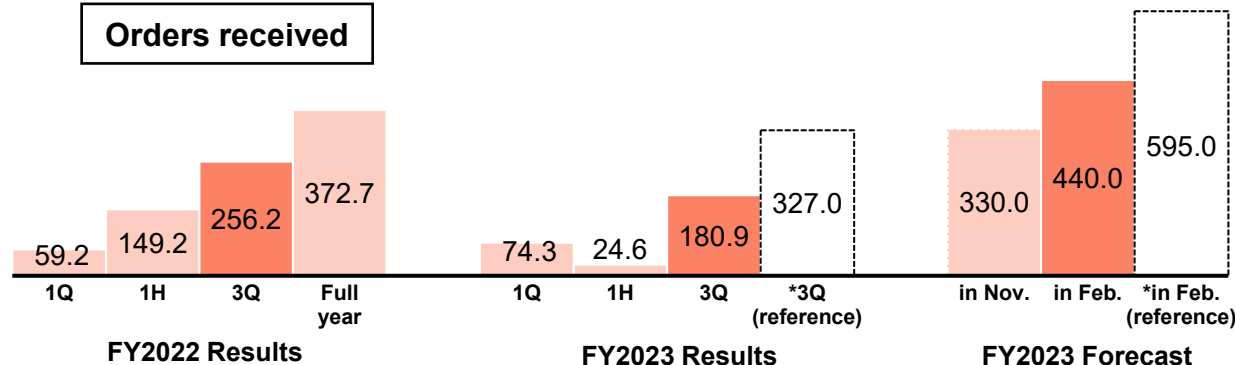
3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen, accumulated amount)

*3Q (reference): figures are shown excluding the impact of PW1100G from the 3Q results.

Orders received



Main Businesses : Aero engines, Rocket systems and space utilization systems and Defense systems

Results (vs FY2022.3Q)

- Orders received and revenue decreased by 146.0 billion yen, and operating profit decreased by 149.8 billion yen due to the impact of PW1100G.
- The results other than the above (vs FY2022.3Q) are shown below.

【Orders received】

Increased in Civil aero engines and Defense systems.

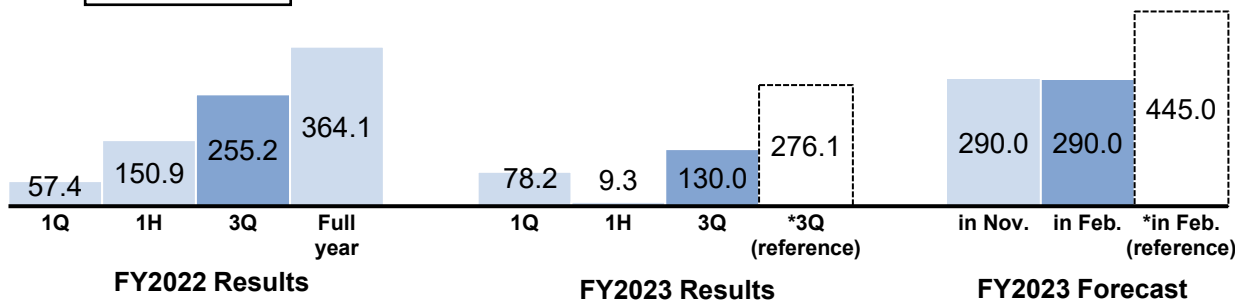
【Revenue】

Increased due to higher sales in both of main units and spare parts for civil aero engines, and yen depreciation.

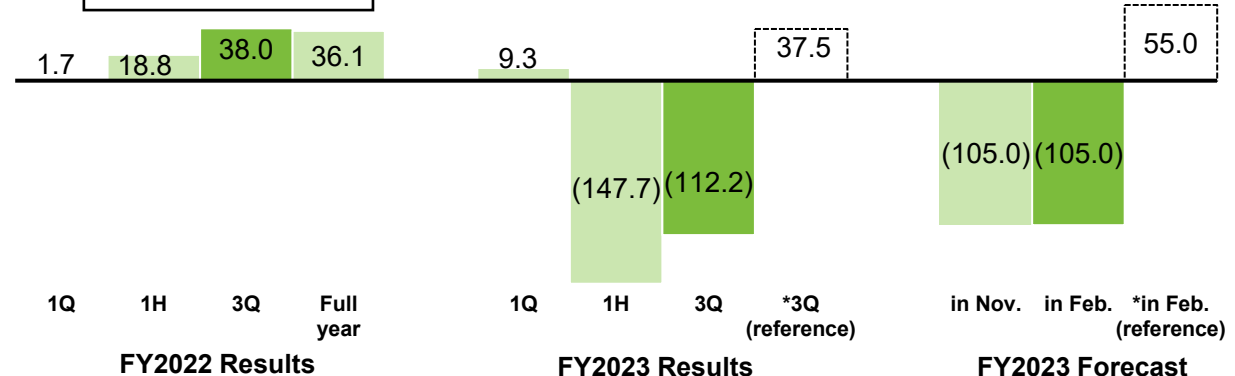
【Operating profit】

Despite higher sales of spare parts in Civil aero engines and yen depreciation, decreased due to higher sales of main units of PW1100G engines, which are in the early stage of mass production, as well as higher aftermarket costs and SG&A expenses.

Revenue



Operating Profit



Full year Forecasts (vs In Nov)

- Orders received is expected to increase in Defense systems due to the increased defense budget.
- The forecast of revenue and operating profit remain unchanged due to yen depreciation, despite the impact of delays in sales for Rocket systems and space utilization systems.

3. Financial Results by Segment Aero Engine, Space and Defense

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|------------------------------------|-----------------|------|-------|-----------|-----------------|------------------|---------|------|-------|-----------|-----------------|------------------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 3Q | Full year | 1Q | 1H | 3Q | Full year | 3Q | Full year |
| Defense aero engines and equipment | 11.4 | 31.4 | 58.5 | 115.6 | 105.4 | 267.0 | 13.6 | 36.9 | 64.8 | 107.7 | 70.7 | 120.0 |
| Civil aero engines | 37.1 | 94.9 | 157.6 | 203.0 | 34.7 (180.7) | 103.5 (258.5) | 37.6 | 94.7 | 157.1 | 201.4 | 32.8 (178.8) | 111.0 (266.0) |

Figures excluding the impact of PW1100G are shown at the bottom of the table for FY2023.

<Number of civil aero engines delivered>

(Units)

| | 3Q | Full Year |
|--------|-----|-----------|
| FY2022 | 721 | 918 |
| FY2023 | 766 | 1,204 |

< Appendices >

- Topics in the Third Quarter
- Financial Performance
- Aero engines
- Vehicular turbochargers
- Urban development

IHI Included for First Time in MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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| | | | | | | |
|-----|---|----|-----|---|-----------|-----|
| CCC | B | BB | BBB | A | AA | AAA |
|-----|---|----|-----|---|-----------|-----|

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- IHI today announces its inaugural inclusion in the MSCI Japan ESG Select Leaders Index, which Japan's Government Pension Investment Fund employs for its ESG investments.
- This sub-index of the MSCI Japan IMI Index tracks companies with excellent ESG ratings in each industry sector. IHI received an AA MSCI ESG Rating in 2023.
- Under IHI Group ESG Management, which it announced in 2021, the company seeks to materialize a society in which nature and technology are in harmony. Management has made ESG central to its values. IHI will keep endeavoring to resolve various social issues to enhance its enterprise value.

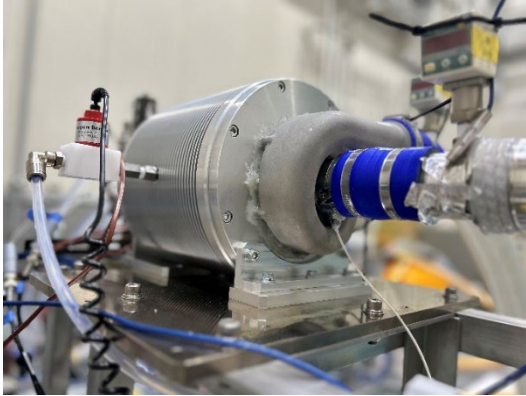
IHI and Gentari Signed MoU for the World's First Commercial Demonstration of Ammonia-Powered Gas Turbine

- IHI and Gentari Hydrogen Sdn Bhd (Gentari), the clean energy arm and wholly-owned subsidiary of Malaysia's national oil and gas company Petroliaam Nasional Berhad, have signed a Memorandum of Understanding (MoU) for the commercial demonstration of ammonia-powered gas turbine. Under this MoU, IHI and Gentari will jointly develop a global green ammonia value chain which spans the production, transportation, storage and utilization of green ammonia in Asia Pacific and other areas of mutual interest, necessary to build an ammonia value chain.
- The parties will also explore progressing the commercial utilization of the gas turbine developed by IHI with support from Japan's New Energy and Industrial Technology Development Organization (NEDO). Anticipating commencement by the first half of 2026, this commercial demonstration by IHI and Gentari could potentially be the world's first fully ammonia-powered gas turbine to be deployed. This collaboration will advance the ammonia fuel use technology, which IHI has refined through technological development and proof-of-concept tests with the support of the Japanese government, to its commercial stage.



<The signing ceremony>

IHI Demonstrates World's Highest-Capacity Hydrogen Recirculation System for Aircraft Fuel Cells, Delivering Compactness and High Durability of Electric Hydrogen Turbo-Blower



- IHI has developed and successfully demonstrated an electric hydrogen turbo-blower, a large-capacity hydrogen recirculation unit that achieves the world's highest hydrogen circulation volume in its class. It is equipment that collects a large amount of hydrogen containing water vapor, which is discharged unreacted during fuel cell power generation, and recirculates it to the fuel electrode. And it was developed for use in aircraft fuel cells, and has succeeded in achieving a large capacity by employing an ultra-high-speed motor with a proprietary gas bearing.
- IHI will continue to work on the development of electric hybrid propulsion systems to electrify aircraft, pushing ahead with efforts to develop systems that it would verify on a fuel cell system by the end of 2024.

<Left: Testing large-capacity hydrogen turbo-blower for fuel cell cathode and anode>

Regarding the Convention on the Establishment of the “Global Combat Air Programme – GCAP International Government Organisation”

- Convention on the Establishment of the “Global Combat Air Programme – GCAP International Government Organisation” was signed between Ministers from Italy, UK and Japan.
- IHI has participated in the project of a next-generation fighter aircraft by Japan Ministry of Defense as an industry assigned to engine development since 2020, and with the Statement regarding cooperation in the joint development by the three countries in 2022, IHI has been collaborating with relevant governments and industrial partners, both domestic and foreign, to accomplish the roll out of next-generation aircraft by 2035. IHI will work together with relevant governments and industrial partners more closely to drive GCAP forward and make a significant contribution to success of this program and national security of Japan by exercising the engineering capability IHI has accumulated in our history. In addition, through this project, IHI is committed to building the necessary future human resources for global business situations and engineers with advanced technologies, contributing also to national industrial advances.
- In addition, in light of the government's national security policy, IHI aims to increase its contribution through its engine business for traditional fighter aircraft and vessels, while also establishing new businesses aligned with the “seven key pillars for Fundamental Reinforcement of Japan's Defense Capabilities” indicated in the “National Defense Strategy” such as next-generation fighter aircrafts, unmanned underwater vehicles and satellites.



Computer-generated image courtesy of Ministry of Defense

<Concept image>

* The image is for illustrative purposes only and has not been finalized.

| | Japanese GAAP | | IFRS | | | | | | IFRS |
|--|--|------------------------------------|------------------------------------|---------|------------------------------------|------------------------------------|-----------|-------------------------------------|-------------------------------------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 3Q | FY2023 (Forecast) | FY2023 (Forecast) (in Nov.) |
| Orders received | 1,505.0 | 1,399.2 | 1,280.0 | 1,097.0 | 1,261.2 | 1,366.1 | 877.0 | 1,400.0 | 1,350.0 |
| Revenue | 1,590.3 | 1,483.4 | 1,263.1 | 1,112.9 | 1,172.9 | 1,352.9 | 866.6 | 1,330.0 | 1,300.0 |
| Operating profit | 72.2 | 82.4 | 47.8 | 27.9 | 81.4 | 81.9 | (103.7) | (80.0) | (80.0) |
| Profit attributable to owners of parent | 8.2 | 39.8 | 8.2 | 13.0 | 66.0 | 44.5 | (109.5) | (90.0) | (90.0) |
| Cash flows from operating activities | 99.0 | 46.4 | 42.4 | 36.3 | 114.1 | 54.1 | (87.8) | 65.0 | 75.0 |
| Cash flows from investing activities | (47.9) | (79.2) | (85.5) | (40.4) | 27.9 | (52.3) | (43.4) | (80.0) | (90.0) |
| Free cash flows | 51.0 | (32.8) | (43.0) | (4.1) | 142.0 | 1.7 | (131.3) | (15.0) | (15.0) |
| Dividends per share (yen) | Interim 3 Year-end 30* (*after share consolidation) | 70 (Interim 30, Year-end 40) | 50 (Interim 30, Year-end 20) | 0 | 70 (Interim 30, Year-end 40) | 90 (Interim 40, Year-end 50) | - | 100 (Interim 50, Year-end 50) | 100 (Interim 50, Year-end 50) |
| ROIC (%) | 7.7 | 8.7 | 4.1 | 2.2 | 6.4 | 6.3 | - | (11.6) | (11.6) |
| Operating margin (%) | 4.5 | 5.6 | 3.8 | 2.5 | 6.9 | 6.1 | (12.0) | (6.0) | (6.0) |
| CCC (days) | 83 | 97 | 92 | 124 | 112 | 120 | - | - | - |
| D/E ratio (times) | 0.92 | 0.93 | 2.00 | 1.85 | 1.24 | 1.14 | 1.99 | 1.66 | 1.66 |
| ROE (%) | 2.6 | 11.8 | 2.8 | 4.5 | 19.3 | 11.0 | - | (23.9) | (23.9) |
| Ratio of equity attributable to owners of parent (%) | 19.9 | 21.0 | 15.0 | 16.4 | 20.3 | 22.2 | 15.2 | 17.4 | 17.4 |

ROIC = (Operating profit + Interest income and dividend income) after tax / (Equity attributable to owners of parent + Interest-bearing liabilities)

*CCC = Working capital / Revenue * 365 days*

D/E ratio = Interest-bearing liabilities / Total equity

ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

Ratio of equity attributable to owners of parent = Equity attributable to owners of parent / Total liabilities and equity

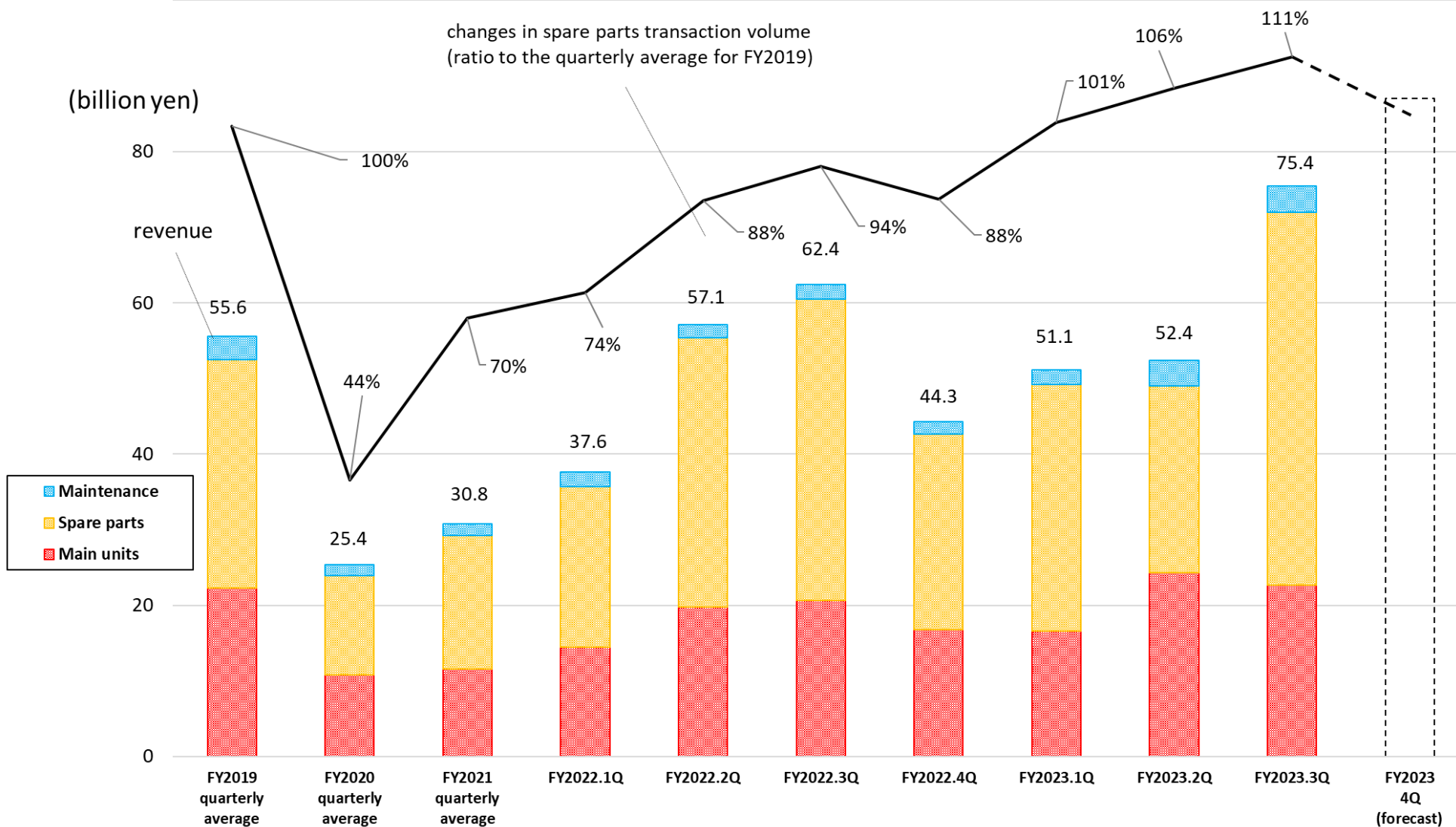
Revenue & Number of civil aero engines delivered

| | Japanese GAAP | | | | | | IFRS | | | | | Main loading |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | 23/3Q YTD | |
| Revenue (In billion yen) | 226.0 | 267.0 | 299.1 | 291.5 | 281.0 | 318.5 | 222.4 | 101.7 | 123.3 | 201.4 | 32.8 | |
| Accumulated number of civil aero engines delivered (Units) | | | | | | | | | | | | |
| V2500 | 5,969 | 6,469 | 6,896 | 7,236 | 7,508 | 7,688 | 7,735 | 7,740 | 7,756 | 7,776 | 7,781 | Airbus A319/320/321 |
| GE90 | 1,806 | 2,039 | 2,257 | 2,457 | 2,617 | 2,715 | 2,824 | 2,885 | 2,925 | 2,968 | 3,013 | Boeing B777 |
| CF34 | 3,820 | 4,156 | 4,471 | 4,821 | 5,085 | 5,331 | 5,611 | 5,798 | 5,926 | 6,085 | 6,179 | For regional jet (70 to 110 seats) |
| GEnx | 468 | 751 | 1,035 | 1,295 | 1,542 | 1,826 | 2,159 | 2,328 | 2,425 | 2,494 | 2,553 | Boeing B787/B747-8 |
| PW1100G | | | 16 | 148 | 398 | 1,058 | 1,784 | 2,144 | 2,585 | 3,146 | 3,653 | Airbus A320neo |
| Passport20 | | | | | 13 | 66 | 142 | 202 | 269 | 335 | 391 | Bombardier Global7500 |
| Total | 12,063 | 13,415 | 14,675 | 15,957 | 17,163 | 18,684 | 20,255 | 21,097 | 21,886 | 22,804 | 23,570 | |

(Note) The number of civil aero engine delivered is the number handed over to the airframe maker, and differs from the number of factory shipments.

Information about civil aero engines

Revenue (*) and changes in spare parts transaction volume of Civil aero engines (USD)



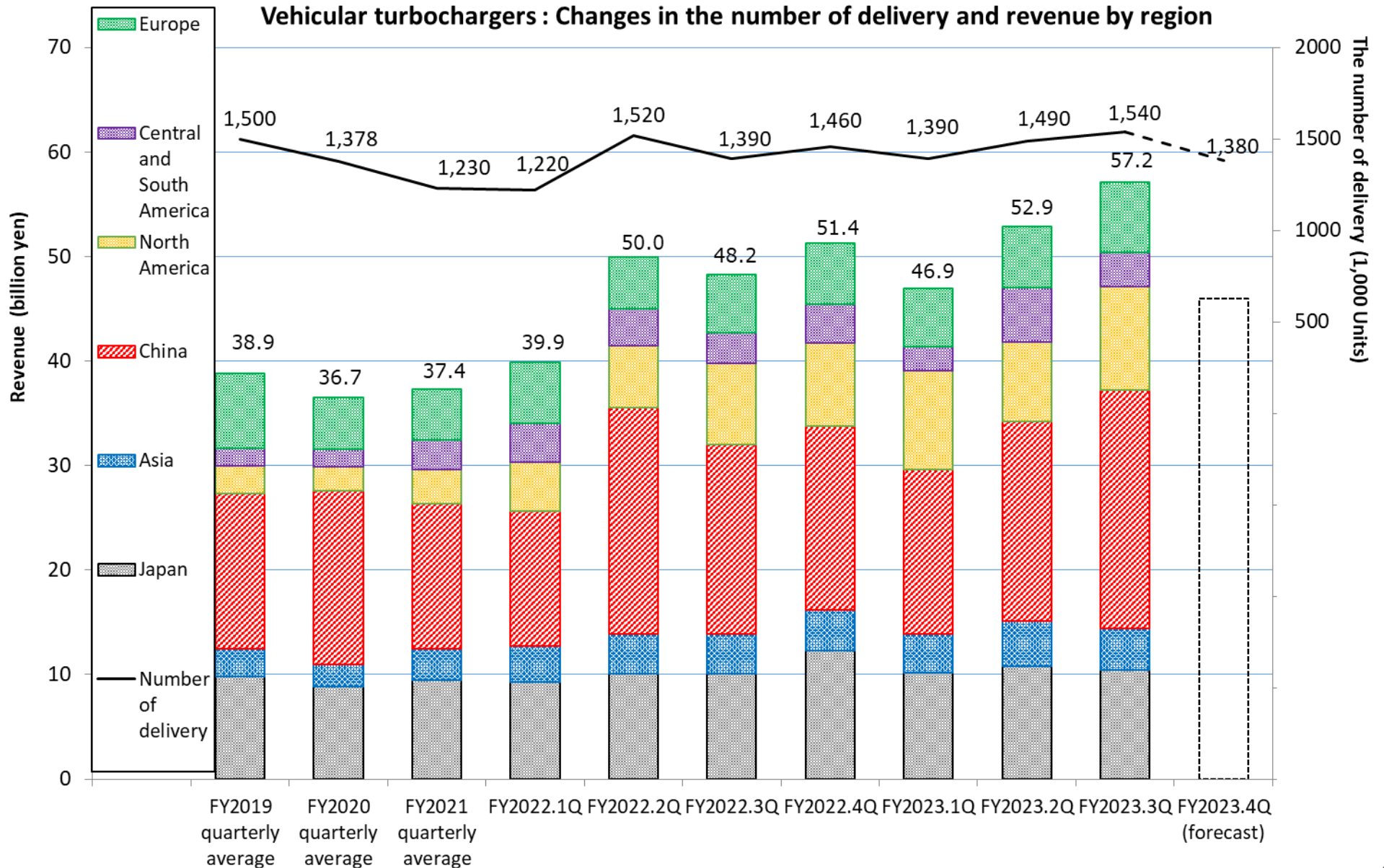
*Revenue excludes the impact of PW1100G.

Revenue by region

(In billion yen)

| | Japanese GAAP | | | | | | IFRS | | | | | |
|---|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|----------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | '23 | |
| | | | | | | | | | | | 3Q YTD | Forecast |
| Japan | 35.3 | 37.5 | 34.6 | 38.9 | 39.8 | 44.6 | 39.1 | 35.4 | 38.0 | 41.8 | 31.4 | 40.0 |
| Asia | 29.8 | 27.5 | 21.6 | 15.8 | 11.7 | 11.0 | 10.7 | 8.5 | 11.8 | 14.9 | 12.0 | 21.0 |
| China | 23.4 | 24.3 | 24.9 | 48.5 | 71.9 | 63.1 | 57.2 | 66.5 | 55.4 | 70.2 | 57.6 | 72.0 |
| North America | 1.6 | 1.8 | 2.4 | 3.3 | 8.4 | 11.6 | 10.8 | 9.0 | 13.1 | 26.4 | 27.0 | 38.0 |
| Central and South America | 0.0 | 0.7 | 3.4 | 6.1 | 7.4 | 7.5 | 6.6 | 6.9 | 11.5 | 13.8 | 10.8 | 12.0 |
| Europe | 60.2 | 75.6 | 74.3 | 61.7 | 81.1 | 51.3 | 28.9 | 19.9 | 19.5 | 22.3 | 18.1 | 20.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Total | 150.7 | 167.7 | 161.6 | 174.6 | 220.5 | 189.5 | 153.6 | 146.6 | 149.4 | 189.5 | 157.0 | 203.0 |
| The number of delivery (1,000 Units) | 5,540 | 5,890 | 5,360 | 6,100 | 7,900 | 6,760 | 6,000 | 5,510 | 4,920 | 5,590 | 4,420 | 5,800 |

Information about Vehicular turbochargers



(1) Lease revenue in Toyosu

(In billion yen)

| | Japanese GAAP | | | | | | IFRS | | | | | |
|----------------------|---------------|------------|-------------|------------|------------|------------|------------|-------------|-------------|-------------|------------|-------------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | '23 | |
| | | | | | | | | | | | 3Q YTD | Forecast |
| Lease revenue | 9.1 | 9.3 | 10.1 | 9.3 | 9.2 | 9.3 | 9.4 | 12.3 | 12.1 | 12.2 | 9.0 | 12.0 |

(2) Lease revenue and expense in Toyosu (FY2023.3Q)

(In billion yen)

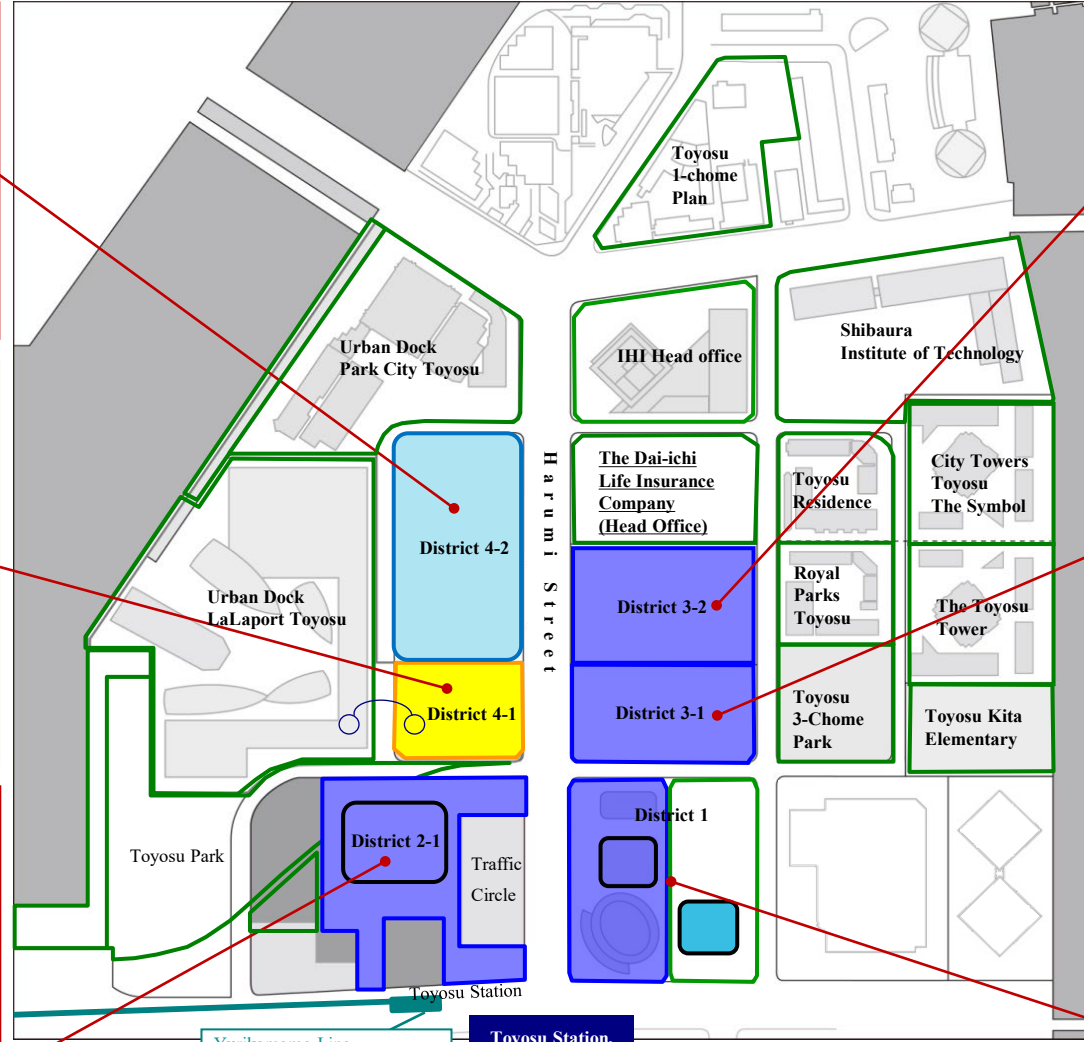
| | Lease revenue | Lease expense | | Profit |
|------------------|---------------|---------------|------------|------------|
| | | Depreciation | Others | |
| FY2023.3Q | 9.0 | 4.0 | 3.1 | 1.8 |

Development Plan for Toyosu 1 to 3 chome Area

Development Plan for District 4-2
 Site area : 19,493㎡
 Planned construction schedule from July 2022 to June 2025

Urban Dock LaLaport Toyosu ANNEX
 5 floors above ground, Approx. 25m high
 Store floor space : 24,721㎡
 Opened in October 2006

Toyosu Bayside Cross Tower A·C
 36 floors above ground, Approx. 178m high
 Gross floor area : 185,000㎡
 Completed in March 2020



| | |
|-----------------|-------------|
| Property of IHI | Approx. 5ha |
|-----------------|-------------|

- Office Leasing
- Land Leasing
- Office Leasing (Leased land)
- Under development
- Sold, Donated, Exchanged

Toyosu Foresia
 16 floors above ground, Approx. 75m high,
 Gross floor area : 101,503㎡
 Completed in July 2014

Toyosu Front
 15 floors above ground, Approx. 75m high
 Gross floor area : 106,861㎡
 Completed in August 2010

Toyosu Center Building
 37 floors above ground, Approx. 165m high
 Gross floor area : 100,069㎡
 Completed in October 1992
Toyosu Center Building Annex
 33 floors above ground, Approx. 150m high
 Gross floor area : 105,448㎡
 Completed in August 2006



Forward-looking figures shown in this material with respect to IHI's performance outlooks and other matters are based on management's assumptions and beliefs in light of the information currently available to it, and therefore contain risks and uncertainties. Consequently, you should not place undue reliance on these performance outlooks in making judgments. IHI cautions you that actual results could differ materially from those discussed in these performance outlooks due to a number of important factors. These important factors include political environments in areas in which IHI operates, general economic conditions, and the yen exchange rate including its rate against the US dollar.