

AIRCRAFT, DEFENSE & SPACE



Overview of FY2024

Consolidated orders received totaled ¥2,100.1 billion, up from the previous year, mainly due to an increase in orders for naval ships and space systems in response to expansion of Japan's Defense Buildup Program, as well as higher orders for commercial aviation.

Revenue totaled ¥1,030.6 billion, up year on year, driven by increased sales of defense-related offerings, such as missile systems and defense aircraft, as well as higher sales of commercial aviation.

Profit from business activities was ¥99.9 billion, surpassing the previous year's figure, driven by higher sales of defense-related products, such as missile systems and defense aircraft.



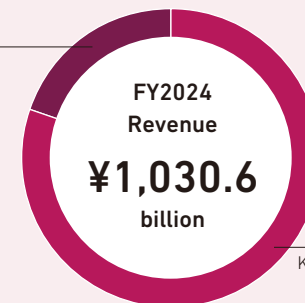
Main wings of Boeing 787

Commercial Aviation

¥203.0 billion

Key products and services

- Commercial aviation (Aerostructure Tier 1 business, Aftermarket business)



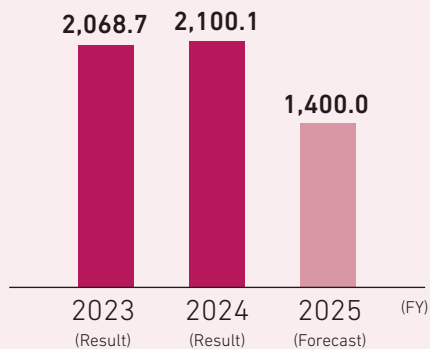
Integrated Defense & Space
¥827.6 billion

Key products and services

- Defense aircraft
- Missile systems
- Naval ships
- Maritime systems (torpedoes)
- Special vehicles (tanks)
- Space systems

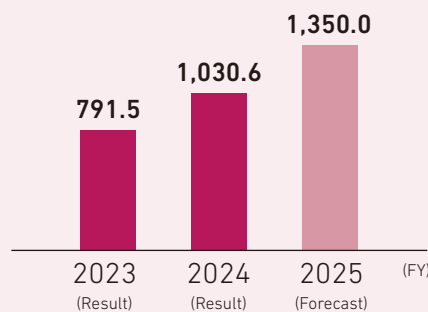
Orders Received

(Billion yen)



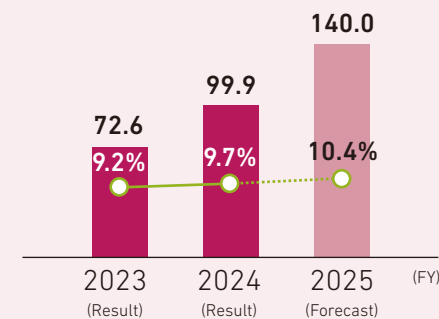
Revenue

(Billion yen)



Business Profit / Profit Margin

(Billion yen)



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Business Environment and Key Strategies in the Medium to Long Term

Business Environment

In the commercial aviation field, passenger demand is expected to expand over the long term in line with economic growth. Due to production restrictions on certain models stemming from quality issues, as well as supply chain constraints caused by industry-wide labor shortages, the number of aircraft produced has stagnated, causing aircraft manufacturers' order backlogs to reach record-high levels. Despite concerns about government policies in various countries, we expect the numbers of aircraft in production and operation to increase, backed by strong demand. In addition, we anticipate progress in the industry, including the introduction of SAF¹ and electrification in response to carbon-reduction efforts, as well as the social implementation of advanced air mobility, such as unmanned aerial vehicles and passenger drones.

In the defense field, in response to the growing momentum for strengthening national security, Japan's Defense Buildup Program has been significantly expanded. To fundamentally reinforce the nation's defense capabilities, the Japanese government is concentrating budget allocations on seven priority areas set out in the Defense Buildup Program. These include fields where MHI has traditionally held a very high market share, as well as areas where our products and technological expertise can make contributions.

In the space field, demand for launch vehicles is expanding against the backdrop of growing utilization of space worldwide. Expectations are high among domestic and overseas satellite operators particularly with respect to the H3, Japan's latest mainstay launch vehicle.

¹ SAF: Sustainable Aviation Fuel

Business Status

In the aerostructure Tier 1 business of the commercial aviation sector, we will continue digitalization of the design, manufacturing, and certification processes of aircraft. We will also pursue participation in new programs by promoting R&D in such areas as advanced composite materials and automation to achieve high-rate production. In the aftermarket business, we will further improve the productivity of our existing MRO² operations, primarily focused on CRJ. We will also work to expand business scale and improve profitability by capturing demand for services for other aircraft models, expanding our CR&O³ business, increasing the sales of used parts, and deploying AI to support airline operations. In addition, we will accelerate the integration of our multiple operations in North America, the largest market in the aviation industry, so that we can capture a pool of new customers, including through collaboration with start-up companies, and expand our business beyond our current boundary. We are also working to pioneer new business domains. Leveraging technologies cultivated through our past aircraft development and manufacturing activities, we are advancing the development of dual-use unmanned aerial vehicles that can serve both civilian and defense applications.

In the defense business, we received several major orders, including for stand-off defense capabilities, an Aegis system equipped vessel (ASEV), and new frigates—testament to the role we are expected to play in strengthening national security. In addition, we will continue supporting a safe and secure society by enhancing unmanned defense capabilities, improving the performance of existing equipment, and expanding into peripheral fields.

In the space business, the H3 Launch Vehicle No. 3 successfully placed a practical satellite into orbit for the first time, marking an important step toward full-scale deployment. We will continue working in cooperation with our partners to build on this success and contribute to society.

² MRO: Maintenance, Repair and Overhaul

³ CR&O: Component Repair and Overhaul

FOCUS

Transition from Japan's mainstay launch vehicle H-IIA to the H3

The H-IIA Launch Vehicle No. 50 (H-IIA F50), the final flight of the H-IIA program, carrying the "Global Observing SATellite for Greenhouse gases and Water cycle," IBUKI-GW (GOSAT-GW), was launched at 1:33:03 a.m. JST on Sunday, June 29, 2025. The H-IIA flew as planned and successfully placed IBUKI-GW into its designated orbit, bringing the H-IIA program to a fitting conclusion. Since the first launch in 2001, the H-IIA/H-IIB program has achieved 53 consecutive successful launches for a 98.3% success rate, a level that exceeds international standards.

With the retirement of H-IIA, Japan's mainstay large-scale launch vehicle program will transition to its successor, the H3. Since its Test Flight No. 2 in February 2024, the H3 has achieved four consecutive successful launches. Going forward, the H3 will support Japan's increasingly important space activities, including intelligence gathering, Earth observation, broadcasting and communications, scientific exploration, and international cooperation. In addition to domestic missions, we aim to become a key player in the expanding global satellite launch services market by consistently delivering successful launches and earning the trust of our customers.



H-IIA Launch Vehicle No. 50