



CONSOLIDATED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2024
<IFRS>

IHI Corporation (IHI) is listed on the Prime Market of the Tokyo Stock Exchange with the securities code number 7013.

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Annual General Meeting of Shareholders: June 26, 2024 (planned)
Commencement of Dividend Payments: June 27, 2024 (planned)
Submission date of Annual Securities Report: June 26, 2024 (planned)

Preparing supplementary material on financial results: Yes
Holding financial results presentation meeting: Yes (for institutional investors, analysts and the media)

This consolidated financial report has been prepared in accordance with International Financial Reporting Standards (hereinafter, “IFRS”).

Figures are in Japanese yen rounded to the nearest millions.

1. CONSOLIDATED PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 31, 2024 (APRIL 1, 2023 to MARCH 31, 2024)

(1) Consolidated Business Results

(Millions of yen, except per share figures; percentage changes show the rate of increase or decrease from the previous fiscal year)

	Revenue	Percentage Change	Operating Profit	Percentage Change	Profit before Tax	Percentage Change	Profit	Percentage Change
Fiscal year ended March 31, 2024	1,322,591	(2.2%)	(70,138)	—	(72,280)	—	(64,850)	—
Fiscal year ended March 31, 2023	1,352,940	15.3%	81,985	0.6%	64,865	(26.0%)	48,380	(29.8%)

	Profit Attributable to Owners of Parent	Percentage Change	Comprehensive Income	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)	Profit to Equity Attributable to Owners of Parent	Profit before tax to Total Assets	Operating Profit to Revenue
Fiscal year ended March 31, 2024	(68,214)	—	(34,412)	—	(450.78)	(450.78)	(16.9%)	(3.6%)	(5.3%)
Fiscal year ended March 31, 2023	44,545	(32.6%)	65,775	(25.5%)	294.48	294.44	11.0%	3.4%	6.1%

(Reference) Share of profit (loss) of investments accounted for using equity method

Fiscal year ended March 31, 2024: ¥ 774 million

Fiscal year ended March 31, 2023: ¥ (8,374) million

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent	Equity Attributable to Owners of Parent per Share (Yen)
As of March 31, 2024	2,097,810	402,268	375,989	17.9%	2,484.13
As of March 31, 2023	1,941,964	456,251	431,245	22.2%	2,850.48

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Period
Fiscal year ended March 31, 2024	62,117	(51,699)	(2,569)	138,805
Fiscal year ended March 31, 2023	54,116	(52,347)	(24,043)	124,743

2. DIVIDENDS

(Record Date)	Dividends per Share			Total Amount of Dividend Payment (Millions of yen)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Equity Attributable to Owners of Parent (Consolidated)
	Interim (Yen)	Year-end (Yen)	Annual (Yen)			
Fiscal year ended March 31, 2023	40.00	50.00	90.00	13,668	30.6%	3.3%
Fiscal year ended March 31, 2024	50.00	50.00	100.00	15,190	—	3.7%
Fiscal year ending March 31, 2025 (Forecast)	50.00	50.00	100.00		25.3%	

3. CONSOLIDATED FORECASTS OF RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2025 (APRIL 1, 2024 to MARCH 31, 2025)

(Millions of yen, except per share figures; percentages show the rate of changes from the previous fiscal year)

	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share (Yen)
Full-year	1,600,000 21.0%	110,000 —	100,000 —	60,000 —	394.99

(Note) Please refer to “A. Forecasts of consolidated results” of “(2) FUTURE OUTLOOK” in “1. SUMMARY OF BUSINESS RESULTS” on page 10 for the suppositions that form the assumptions for the forecasts above and related matters.

* NOTES

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation): Not applicable

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: Not applicable
- (ii) Changes in accounting policies due to other reasons: Not applicable
- (iii) Changes in accounting estimates: Yes

(3) Number of shares issued (Ordinary shares):

- (i) Number of shares issued at the end of the period (including treasury shares)
 - As of March 31, 2024 154,679,954 shares
 - As of March 31, 2023 154,679,954 shares
- (ii) Number of treasury shares owned at the end of the period
 - As of March 31, 2024 3,323,344 shares
 - As of March 31, 2023 3,391,607 shares
- (iii) Average number of shares outstanding during the period
 - Fiscal year ended March 31, 2024 151,324,724 shares
 - Fiscal year ended March 31, 2023 151,267,168 shares

(REFERENCE) OVERVIEW OF NON-CONSOLIDATED PERFORMANCE (JAPANESE GAAP)

NON-CONSOLIDATED PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 31, 2024 (APRIL 1, 2023 to MARCH 31, 2024)

(1) Non-Consolidated Business Results

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the fiscal year)

	Net Sales	Percentage Change	Operating Profit	Percentage Change	Ordinary Profit	Percentage Change	Profit	Percentage Change
Fiscal year ended March 31, 2024	428,548	(19.9%)	(121,704)	–	(89,906)	–	(68,902)	–
Fiscal year ended March 31, 2023	535,285	26.4%	28,027	–	57,025	580.7	51,275	11.3%

	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Fiscal year ended March 31, 2024	(455.33)	(455.33)
Fiscal year ended March 31, 2023	338.97	338.92

(2) Non-Consolidated Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Equity to Total Assets	Net Assets per Share (Yen)
As of March 31, 2024	1,394,616	259,109	18.6%	1,711.34
As of March 31, 2023	1,269,179	339,998	26.8%	2,246.23

(Reference) Equity at the end of the period (non-consolidated)

As of March 31, 2024: ¥259,023 million

As of March 31, 2023: ¥339,829 million

* This consolidated financial report is not subjected to the audit by certified public accountant or accounting auditor.

* Proper use of forecast of results, and other special matters

(Cautionary statements on forward-looking statements)

Earnings estimates made in this report and other statements that are not historical facts are forward-looking statements about the future performance of the IHI Group. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore readers should not place undue reliance on them. IHI cautions that a number of important factors such as political and general economic conditions and the yen exchange rate including its rate against US dollar could cause actual results to differ materially from those discussed in the forward-looking statements, etc.

(How to obtain supplementary material on financial results)

The supplementary material on financial results shall be posted on IHI's website.

1. SUMMARY OF BUSINESS RESULTS

(1) SUMMARY OF BUSINESS RESULTS AND FINANCIAL POSITION

A. Summary of business results for the fiscal year ended March 31, 2024

Regarding the global economy during the current fiscal year, the European economy was sluggish due to monetary tightening and the impact of the energy situation, etc., and the Chinese economy slowed down due to stagnation in the real estate market, while the U.S. economy remained steady supported by a solid employment and income environment even in an environment where monetary tightening was maintained. Regarding the Japanese economy, amid an improving employment and income environment, the economy has been recovering gradually, although it is still affected by global inflation.

In the second quarter ended September 30, 2023, the IHI Group recorded a significant loss due to the additional inspection program for shipped PW1100G-JM engines and settlement of litigation involving IHI's consolidated subsidiary.

With respect to the additional inspection program for shipped PW1100G-JM engines, costs related to compensation, additional maintenance, and so forth are expected to be incurred. There has been no change in these assumptions during the fourth quarter ended March 31, 2024. Currently, IHI is taking measures to shorten the period of aircraft on the ground, such as increasing the maintenance capacity of the factory and securing a stable supply of parts. The IHI Group will work with program partners to enhance the overall maintenance capacity to reduce the impacts on airlines as customers and to restore their confidence.

With regard to the improper conduct related to the engine test run records that occurred in the Power systems Business, the IHI Group will sincerely respond to the customers to whom the subject products delivered, and will also investigate the cause and formulate measures to prevent recurrence of such improper conduct.

In the IHI Group's main business, the Civil aero engines Business, sales of main units of engines and spare parts have been steady due to the recovery in passenger demand. In addition, orders for defense equipment are increasing due to the significant increase in the defense budget under the government policy of fundamentally reinforcing Japan's defense capabilities. In order to respond to the expected increase in demand for civil aero engines and defense equipment, the IHI Group is promoting efforts to increase production capacity and achieve the world's highest level of production efficiency.

In the Vehicular turbochargers Business, the production volume greatly exceeded the forecast at the beginning of the year due to the relaxation of supply constraints of semiconductor parts and other components, and the impact of sales promotion measures in China as a trend in the overall automobile market. Although electric vehicles are becoming popular, the speed still remains in flux. While responding to changes in the market, the IHI Group is maintaining and preparing its supply system, including business structure reforms, in order to respond to the demand reliably.

In the Carbon solutions Businesses, the introduction of decarbonized power sources is being promoted by the revision of the Energy Conservation Law, and demand for renewable energy technologies is on the rise overseas. The IHI Group is expanding its lifecycle businesses while contributing to the enhancement of the value of customers' plants through fuel conversion and other measures.

Under this business environment, orders received of the IHI Group for the current fiscal year increased 0.8% from the previous fiscal year to ¥1,376.8 billion. Revenue decreased 2.2% from the previous fiscal year to ¥1,322.5 billion mainly due to the impact of the additional inspection program for shipped PW1100G-JM engines.

In terms of profit, operating profit decreased ¥152.1 billion to a loss of ¥70.1 billion due to the aforementioned

decrease in revenue and business restructuring expenses for the Vehicular turbochargers Business, despite the effects of yen depreciation, higher sales of spare parts for civil aero engines, and expansion of lifecycle businesses etc. Profit attributable to owners of parent was a loss of ¥68.2 billion.

The business environments by reportable segment for the fiscal year ended March 31, 2024 are as follows:

Resources, Energy and Environment

The movement toward carbon neutrality is accelerating in many countries around the world. Not only in the energy sector, but also in the industrial sector, including steel and chemicals, there is a growing movement to shift materials away from fossil resources. At COP28, the expansion of the use of nuclear energy was declared in addition to the previous movements.

In this Business Area, the IHI Group will build infrastructure to promote the use of ammonia, which does not emit CO₂ during combustion, and will promote carbon recycling technologies, such as methanation, that recycle CO₂ as a resource. Currently, the IHI Group is conducting research and development of large-scale gas turbine combustion technology to realize the social implementation of fuel ammonia. The IHI Group is also involved in the restart of nuclear power generation, radioactive waste disposal, and decontamination and decommissioning of nuclear power plants to ensure the safe and secure use of energy that is both carbon neutral and stable in supply. For existing energy and industrial infrastructure, the IHI Group will develop value-added lifecycle businesses that contribute to reducing environmental impact, such as keeping operations at high efficiency and improving maintenance efficiency through the use of digital technology. By promoting these initiatives together with its customers, the IHI Group will contribute to the stable supply of energy and the transition to a carbon neutral society.

Social Infrastructure

In Japan, the national land resilience plan is being implemented as a countermeasure against aging infrastructure and severe natural disasters caused by climate change, and efforts are being promoted for watershed flood control, road network functional enhancement, maintenance and repair of aging bridges, and a shift to preventive maintenance of infrastructure. Meanwhile, as labor shortages in the construction sector have become the norm, it is necessary to promote labor saving, automation, digital transformation (DX) and productivity improvement more than ever before because the overtime work limit has been applied in the construction industry since April 2024.

In this Business Area, the IHI Group will continue to provide strong and sustainable social infrastructure systems in the fields of transportation infrastructure, disaster prevention and mitigation, and water management, both domestically and globally, by expanding its lifecycle businesses to increase value for customers.

Industrial Systems and General-Purpose Machinery

Soaring material and labor costs are becoming the norm throughout the industry, and market conditions remain uncertain, although slowdowns in the semiconductor market and the Chinese economy are expected to recover in the second half of FY2024.

On the other hand, the growing demand for carbon neutrality in industry, labor shortages in developed countries due to declining working populations, and changes in international supply chains with economic security in mind are seen as mid- to long-term trends in the industrial sector.

In this Business Area, the IHI Group recognizes challenges the industry facing, such as decarbonization and labor shortages, as business opportunities and will contribute to the creation of value for its customers and society as a lifecycle businesses. In addition, the IHI Group is strengthening its earnings foundations by improving variable cost ratios, and shortening delivery times and optimizing inventories through rapid

collaboration among manufacturing, sales, and service.

Aero Engine, Space and Defense

In the Civil aero engines Business, global passenger demand is entering a growth phase from recovery, and aftermarket earnings continue to expand. In response to the increased defense budget and market expansion in the space industry, the IHI Group will also aim to create new value and improve its competitiveness in the defense and space businesses. On the other hand, supply chain disruptions and soaring prices continue, and the future business environment remains uncertain. To build a business structure that can overcome changes, the IHI Group will accelerate growth by further strengthening its cost structure, including productivity improvement through DX sophistication.

In this Business Area, the IHI Group is strengthening its capability in the aftermarket in order to fully support customers' aircraft operations under the circumstances requiring responses to both future demand expansion and additional maintenance for shipped PW1100G-JM engines. In addition, the IHI Group will promote the development of new engines with higher efficiency and lower fuel consumption by upgrading its original technologies and manufacturing capabilities, and will work on the development of next-generation aircraft technologies such as weight reduction and electrification for carbon neutrality, and products and systems that contribute to reducing the environmental impact with a view to introducing sustainable aircraft fuel.

Results by reportable segment for the fiscal year ended March 31, 2024 are as follows:

(Billions of yen)

Reportable segment	Orders received			Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Changes from the previous fiscal year (%)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Changes from the previous fiscal year (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
	Resources, Energy and Environment	393.4	310.1	(21.2)	371.3	26.2	404.9	17.7	9.0
Social Infrastructure	134.0	159.3	18.9	171.0	17.0	170.9	15.0	0.0	(11.8)
Industrial Systems and General-Purpose Machinery	455.9	474.8	4.1	436.5	18.0	466.1	12.7	6.8	(29.2)
Aero Engine, Space and Defense	372.7	423.7	13.7	364.1	36.1	270.4	(102.8)	(25.7)	–
Reportable segment total	1,356.2	1,368.1	0.9	1,343.1	97.5	1,312.5	(57.3)	(2.3)	–
Others	53.9	58.4	8.4	54.2	1.3	56.0	4.4	3.3	235.0
Adjustment	(44.0)	(49.6)	–	(44.4)	(16.8)	(46.0)	(17.2)	–	–
Total	1,366.1	1,376.8	0.8	1,352.9	81.9	1,322.5	(70.1)	(2.2)	–

Note: Monetary amounts less than first decimal are rounded down, and ratios less than one unit are rounded off.

For reference, as previously mentioned, excluding the impact of the additional inspection program for shipped PW1100G-JM engines and settlement of litigation involving IHI's consolidated subsidiary, which were recorded in the second quarter ended September 30, 2023, results by reportable segment are as follows.

(Billions of yen)

Reportable segment	Orders received			Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Changes from the previous fiscal year (%)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Changes from the previous fiscal year (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
	Resources, Energy and Environment	393.4	324.8	(17.4)	371.3	26.2	419.6	32.4	13.0
Social Infrastructure	134.0	159.3	18.9	171.0	17.0	170.9	15.0	0.0	(11.8)
Industrial Systems and General-Purpose Machinery	455.9	474.8	4.1	436.5	18.0	466.1	12.7	6.8	(29.2)
Aero Engine, Space and Defense	372.7	579.7	55.5	364.1	36.1	426.3	56.8	17.1	57.1
Reportable segment total	1,356.2	1,538.7	13.5	1,343.1	97.5	1,483.1	117.0	10.4	20.0
Others	53.9	58.4	8.4	54.2	1.3	56.0	4.4	3.3	235.0
Adjustment	(44.0)	(49.6)	–	(44.4)	(16.8)	(46.0)	(17.2)	–	–
Total	1,366.1	1,547.5	13.3	1,352.9	81.9	1,493.2	104.2	10.4	27.2

Note: Monetary amounts less than first decimal are rounded down, and ratios less than one unit are rounded off.

B. Profit Distribution

IHI shall follow its basic policy to pay out stable dividends and determine the amount of dividends after taking into account a broad range of factors, including investments for improvement of corporate value and enhancement and reinforcement of equity capital with a target consolidated dividend payout ratio of around 30%.

In consideration of stable dividends payment, IHI plans to pay a dividend of ¥100 per share (interim dividend already paid: ¥50, year-end dividend: ¥50) for the fiscal year ended March 31, 2024.

C. Summary of financial position for the fiscal year ended March 31, 2024

Assets, liabilities and equity

Total assets at the end of the fiscal year ended March 31, 2024 were ¥2,097.8 billion, up ¥155.8 billion compared with the end of the previous fiscal year. The major items of increase were trade and other receivables, up ¥74.2 billion and inventories, up ¥47.7 billion.

Total liabilities were ¥1,695.5 billion, up ¥209.8 billion compared with the end of the previous fiscal year. The major item of increase was refund liabilities, up ¥154.0 billion, which increased mainly because of the additional inspection program for shipped PW1100G-JM engines. And interest-bearing liabilities, including lease liabilities, was ¥574.3 billion, up ¥54.8 billion compared with the end of the previous fiscal year. The IHI Group kept moving forward with its efforts to ensure the liquidity of its funds.

Equity was ¥402.2 billion, down ¥53.9 billion compared with the end of the previous fiscal year. This includes loss attributable to owners of parent of ¥68.2 billion.

As a result of the above, the ratio of equity attributable to owners of parent decreased from 22.2% at the end of the previous fiscal year to 17.9%.

Cash flows

At the end of the current fiscal year, the outstanding balance of cash and cash equivalents was ¥138.8 billion, up ¥14.0 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥62.1 billion excess of income. This was due to profit because the cash impact of the additional inspection program for shipped PW1100G-JM engines will not be occurred until the following fiscal year, and the IHI Group has also made progress in expanding its earnings, while there were increases in working capital for production increases as the supply chain continues to be unstable in the growing Civil aero engines Business.

Net cash flows from investing activities were ¥51.6 billion excess of expenditure. This was due to the increase in expenditures from making equipment investments, while there were income from the transfer of fixed assets.

Net cash flows from financing activities were ¥2.5 billion excess of expenditure. This was due to dividend payments and repayment of financial liabilities, while there were increases in income from borrowings.

(2) FUTURE OUTLOOK

A. Forecasts of consolidated results

As the outlook for the global economy remains uncertain, it is necessary to continue to pay attention to the impact of global monetary tightening, stagnation in the real estate market in China, the rising tensions in the Middle East and Ukraine, and the U.S. presidential election.

The Japanese economy is expected to recover gradually as the employment and income environment improves.

The IHI Group is promoting initiatives based on “Group Management Policies 2023,” a three-year medium-term management plan that begins in fiscal 2023. In order to respond to drastic changes in the business environment and to transform its business into one that achieves sustainable high growth, the IHI Group will boldly shift its management resources and invest intensively to both growth businesses in the aero engines and rockets fields, which are driving its growth, and development businesses in the clean energy field, which is expected to become future business pillars.

In the aero engines and rockets fields, global demand for aircraft is expected to grow steadily in the future. The IHI Group participates in the development and mass production of best-selling engines from the small to large and ultra-large engine classes for civil aero engines, and will respond to the growing demand for newly manufactured engines and aftermarket products. In addition, the IHI Group will strengthen its production capacity and develop necessary technologies, aiming to expand its defense and space-related businesses, which are expected to grow.

In the clean energy field, which is its Development-focus Business, the IHI Group will contribute to the realization of carbon neutrality by building its entire value chain for fuel ammonia, from production to storage, transportation, and utilization, while applying its technical capabilities.

In its core businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and General-Purpose Machinery, the IHI Group will continue to focus on expanding lifecycle businesses while creating a continuous growth scenario through the transformation of its business portfolio and generate cash necessary for investments.

In addition, to achieve the above, the IHI Group will develop and acquire the human resources leading the change, and will advance the sophistication of its digital infrastructure, and promote the transformation of its corporate culture and structure.

With regard to the consolidated forecasts of results for the fiscal year ending March 31, 2025, which is the interim period of the “Group Management Policies 2023,” the IHI Group is expecting revenue of ¥1,600.0 billion, operating profit of ¥110.0 billion, profit before tax of ¥100.0 billion, and profit attributable to owners of parent of ¥60.0 billion.

Foreign exchange rate assumed in the above forecasts is ¥140/US\$1.

B. Profit distribution

IHI plans to pay a dividend of ¥100 per share (interim dividend:¥50, year-end dividend:¥50) for the fiscal year ending March 31, 2025.

2. SELECTION OF ACCOUNTING STANDARDS

The IHI Group has adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2021. This change is aimed to facilitate the international comparability of the IHI Group’s financial statements in capital markets and to improve the quality of group management through unification of accounting policies.

3. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO

(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	124,749	138,805
Trade and other receivables	378,446	452,665
Contract assets	144,740	130,734
Other financial assets	4,368	3,754
Inventories	374,523	422,251
Other current assets	58,918	62,499
Total current assets	1,085,744	1,210,708
Non-current assets:		
Property, plant and equipment	225,032	236,777
Right-of-use assets	102,432	101,904
Goodwill	6,486	6,338
Intangible assets	123,736	127,059
Investment property	142,550	134,724
Investments accounted for using equity method	56,578	61,873
Other financial assets	43,042	50,799
Deferred tax assets	82,280	98,173
Other non-current assets	74,084	69,455
Total non-current assets	856,220	887,102
Total assets	1,941,964	2,097,810

(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities:		
Trade and other payables	247,086	258,581
Bonds and borrowings	140,370	177,021
Lease liabilities	16,726	17,642
Other financial liabilities	14,551	20,310
Income taxes payable	9,685	7,277
Contract liabilities	201,883	204,121
Provisions	22,942	25,190
Refund liabilities	38,642	192,679
Other current liabilities	139,716	148,243
Total current liabilities	831,601	1,051,064
Non-current liabilities:		
Bonds and borrowings	253,291	272,132
Lease liabilities	109,101	107,581
Other financial liabilities	95,479	82,242
Deferred tax liabilities	4,470	4,080
Retirement benefit liability	167,595	156,124
Provisions	7,948	6,631
Other non-current liabilities	16,228	15,688
Total non-current liabilities	654,112	644,478
Total liabilities	1,485,713	1,695,542
Equity		
Share capital	107,165	107,165
Capital surplus	46,741	46,362
Retained earnings	251,915	177,403
Treasury shares	(8,746)	(8,589)
Other components of equity	34,170	53,648
Total equity attributable to owners of parent	431,245	375,989
Non-controlling interests	25,006	26,279
Total equity	456,251	402,268
Total liabilities and equity	1,941,964	2,097,810

(2) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Revenue	1,352,940	1,322,591
Cost of sales	1,070,935	1,177,736
Gross profit (loss)	282,005	144,855
Selling, general and administrative expenses	201,158	212,837
Other income	11,805	10,206
Other expenses	10,667	12,362
Operating profit (loss)	81,985	(70,138)
Finance income	2,431	4,899
Finance costs	11,177	7,815
Share of profit (loss) of investments accounted for using equity method	(8,374)	774
Profit (loss) before tax	64,865	(72,280)
Income tax expense	16,485	(7,430)
Profit (loss)	48,380	(64,850)
Profit (loss) attributable to:		
Owners of parent	44,545	(68,214)
Non-controlling interests	3,835	3,364
Profit (loss)	48,380	(64,850)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	294.48	(450.78)
Diluted earnings (loss) per share (yen)	294.44	(450.78)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	48,380	(64,850)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,946	3,176
Remeasurements of defined benefit plans	5,923	7,758
Share of other comprehensive income of investments accounted for using equity method	816	1,189
Total of items that will not be reclassified to profit or loss	8,685	12,123
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,616	17,952
Cash flow hedges	153	(46)
Share of other comprehensive income of investments accounted for using equity method	1,941	409
Total of items that may be reclassified to profit or loss	8,710	18,315
Other comprehensive income, net of tax	17,395	30,438
Comprehensive income	65,775	(34,412)
Comprehensive income attributable to:		
Owners of parent	61,670	(39,865)
Non-controlling interests	4,105	5,453
Comprehensive income	65,775	(34,412)

(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fiscal year ended March 31, 2023

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2022	107,165	47,052	213,026	(8,815)	12,831	(313)	10,933
Profit (loss)			44,545				
Other comprehensive income					7,561	861	1,922
Total comprehensive income	—	—	44,545	—	7,561	861	1,922
Purchase of treasury shares				(13)			
Disposal of treasury shares		5		82			
Dividends			(12,148)				
Share-based remuneration transactions		3					
Changes in ownership interest in subsidiaries							
Transfer from other components of equity to retained earnings			6,573				208
Other		(319)	(81)		(2)		
Total transactions with owners	—	(311)	(5,656)	69	(2)	—	208
Balance as of March 31, 2023	107,165	46,741	251,915	(8,746)	20,390	548	13,063

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Share acquisition rights	Total			
Balance as of April 1, 2022	—	255	23,706	382,134	24,905	407,039
Profit (loss)			—	44,545	3,835	48,380
Other comprehensive income	6,781		17,125	17,125	270	17,395
Total comprehensive income	6,781	—	17,125	61,670	4,105	65,775
Purchase of treasury shares			—	(13)		(13)
Disposal of treasury shares		(87)	(87)	—		—
Dividends			—	(12,148)	(4,490)	(16,638)
Share-based remuneration transactions			—	3		3
Changes in ownership interest in subsidiaries			—	—	21	21
Transfer from other components of equity to retained earnings	(6,781)		(6,573)	—		—
Other		1	(1)	(401)	465	64
Total transactions with owners	(6,781)	(86)	(6,661)	(12,559)	(4,004)	(16,563)
Balance as of March 31, 2023	—	169	34,170	431,245	25,006	456,251

Fiscal year ended March 31, 2024

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2023	107,165	46,741	251,915	(8,746)	20,390	548	13,063
Profit (loss)			(68,214)				
Other comprehensive income					15,882	348	3,509
Total comprehensive income	—	—	(68,214)	—	15,882	348	3,509
Purchase of treasury shares				(5)			
Disposal of treasury shares		9		162			
Dividends			(15,189)				
Share-based remuneration transactions		40					
Changes in ownership interest in subsidiaries		(25)					
Transfer from other components of equity to retained earnings			8,788				(178)
Changes in non-controlling interest due to change in scope of consolidation							
Other		(403)	103				
Total transactions with owners	—	(379)	(6,298)	157	—	—	(178)
Balance as of March 31, 2024	107,165	46,362	177,403	(8,589)	36,272	896	16,394

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Share acquisition rights	Total			
Balance as of April 1, 2023	—	169	34,170	431,245	25,006	456,251
Profit (loss)			—	(68,214)	3,364	(64,850)
Other comprehensive income	8,610		28,349	28,349	2,089	30,438
Total comprehensive income	8,610	—	28,349	(39,865)	5,453	(34,412)
Purchase of treasury shares			—	(5)		(5)
Disposal of treasury shares		(83)	(83)	88		88
Dividends			—	(15,189)	(5,699)	(20,888)
Share-based remuneration transactions			—	40		40
Changes in ownership interest in subsidiaries			—	(25)	628	603
Transfer from other components of equity to retained earnings	(8,610)		(8,788)	—		—
Changes in non-controlling interest due to change in scope of consolidation			—	—	806	806
Other			—	(300)	85	(215)
Total transactions with owners	(8,610)	(83)	(8,871)	(15,391)	(4,180)	(19,571)
Balance as of March 31, 2024	—	86	53,648	375,989	26,279	402,268

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	64,865	(72,280)
Depreciation, amortization and impairment losses	70,934	75,828
Finance income and finance costs	3,319	1,506
Share of loss (profit) of investments accounted for using equity method	8,374	(774)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(5,468)	(6,944)
Decrease (increase) in trade receivables	(23,896)	(79,835)
Decrease (increase) in contract assets	(14,821)	16,712
Decrease (increase) in inventories and prepayments	(33,708)	(44,815)
Increase (decrease) in trade payables	5,002	6,406
Increase (decrease) in contract liabilities	(14,843)	2,378
Increase (decrease) in refund liabilities	5,004	154,037
Increase (decrease) in allowance for doubtful accounts	7,118	7,892
Other	21,898	22,384
Subtotal	93,778	82,495
Interest received	867	2,268
Dividends received	1,205	1,317
Interest paid	(3,858)	(4,926)
Income taxes paid	(37,876)	(19,037)
Net cash provided by (used in) operating activities	54,116	62,117
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(62,577)	(60,993)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	7,373	12,181
Purchase of investments (including investments accounted for using equity method)	(4,288)	(4,053)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	2,283	4,189
Purchase of equity interest in subsidiaries	(64)	–
Proceeds from sale of equity interest in subsidiaries	1,224	160
Other	3,702	(3,183)
Net cash provided by (used in) investing activities	(52,347)	(51,699)

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,372	42,201
Proceeds from long-term borrowings	30,216	85,822
Repayments of long-term borrowings	(42,630)	(64,393)
Proceeds from issuance of bonds	20,000	–
Redemption of bonds	–	(10,000)
Repayments of lease liabilities	(21,505)	(21,646)
Decrease (increase) in treasury shares	(13)	96
Dividends paid	(12,110)	(15,145)
Capital contribution from non-controlling interests	822	1,292
Dividends paid to non-controlling interests	(4,490)	(5,699)
Increase in other financial liabilities	5,168	1,285
Decrease in other financial liabilities	(13,332)	(15,692)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(542)	(689)
Other	1	(1)
Net cash provided by (used in) financing activities	(24,043)	(2,569)
Effect of exchange rate change on cash and cash equivalents	1,528	6,213
Net increase (decrease) in cash and cash equivalents	(20,746)	14,062
Cash and cash equivalents at beginning of period	145,489	124,743
Cash and cash equivalents at end of period	124,743	138,805

(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON PREMISE OF GOING CONCERN

Not applicable

MATERIAL ACCOUNTING POLICIES

Material accounting policies applied by the IHI Group in the consolidated financial statements are the same as those in the consolidated financial statements for the previous fiscal year.

CHANGES IN ACCOUNTING ESTIMATES

For the payment to customers for sales promotion in some of the civil aero engines programs in which IHI participates that have entered the investment payback phase, IHI has changed its estimation method based on the most recent payment status, considering the recent changes in the burden and timing of payment, effective from the third quarter ended December 31, 2023.

As a result, revenue increased ¥8,531 million, and operating loss and loss before tax decreased ¥8,531 million for the fiscal year ended March 31, 2024.

SEGMENT INFORMATION

1. Overview of reportable segment

The business segments are constituent units of the IHI Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The IHI Group organizes SBUs by products and services and allocates Business Areas to control these SBUs. Each Business Area manages and supervises the SBUs' execution of business strategies and, allocates management resources necessary for execution of the SBUs' business strategies. SBUs shall be the units possessing complete business processes including sales, developments, designs, productions, constructions, services, etc. based on the visions and strategies drawn up by Business Areas. Each SBU is an organization executing business and responsible for ensuring a profit in the SBU.

Based on the above, the IHI Group consists of segments by these Business Areas and sets the Business Areas of "Resources, Energy and Environment," "Social Infrastructure," "Industrial Systems and General-Purpose Machinery," and "Aero Engine, Space and Defense" as its reportable segment. There are no aggregated business segments when deciding the reportable segment. From the first quarter ended June 30, 2023, the name of the previous reportable segment of "Social Infrastructure and Offshore Facilities" has been changed to "Social Infrastructure".

Main businesses, products and services belonging to each segment are as follows:

Reportable segment	Main businesses, products and services
Resources, Energy and Environment	Power systems (power systems plants for land use and power systems for ships), Carbon solutions, Nuclear energy (components for nuclear power plants)
Social Infrastructure	Bridges and water gates, Transport systems, Shield systems, Concrete construction materials, Urban development (real estate sales and rental)
Industrial Systems and General-Purpose Machinery	Vehicular turbochargers, Parking, Rotating machineries (compressors, separation systems, turbochargers for ships), Heat treatment and surface engineering, Transport machineries, Logistics and industrial systems (logistics systems, industrial machineries)
Aero Engine, Space and Defense	Aero engines, Rocket systems and space utilization systems, Defense systems

2. Information about reportable segment

The IHI Group's information about reportable segment are as follows:

Intersegment revenue and transfers are based on actual market pricing.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment					Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense						
Revenue										
Revenue from external customers	369,721	166,155	428,195	360,272	1,324,343	28,597	1,352,940	–	1,352,940	
Intersegment revenue and transfers	1,676	4,883	8,331	3,900	18,790	25,680	44,470	(44,470)	–	
Total	371,397	171,038	436,526	364,172	1,343,133	54,277	1,397,410	(44,470)	1,352,940	
Segment profit (loss) (Note 3)	26,264	17,089	18,018	36,171	97,542	1,333	98,875	(16,890)	81,985	
Segment assets	352,349	298,835	340,142	744,051	1,735,377	193,996	1,929,373	12,591	1,941,964	
Others										
Depreciation and amortization	6,162	10,194	12,164	29,594	58,114	1,496	59,610	9,506	69,116	
Impairment losses	421	149	104	–	674	1,144	1,818	–	1,818	
Share of profit (loss) of investments accounted for using equity method	(82)	–	121	(836)	(797)	(7,577)	(8,374)	–	(8,374)	
Investments accounted for using equity method	2,356	–	4,330	32,982	39,668	16,910	56,578	–	56,578	
Capital expenditures	5,853	15,349	12,999	17,462	51,663	3,430	55,093	6,061	61,154	

- Notes:
- The "Others" classification consists of business that is not included in reportable segment. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
 - The details of adjustment are as follows:
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥164 million and unallocated corporate expenses of ¥(17,054) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Adjustment of ¥12,591 million for segment assets includes eliminations of intersegment receivables and payables of ¥(155,746) million and corporate assets unallocated to each reportable segment of ¥168,337 million among cash and cash equivalents, property, plant and equipment, and other financial assets. It mainly consists of IHI's surplus funds under management, including cash and deposits, and securities.
 - Adjustment of depreciation and amortization represents depreciation and amortization not allocated to each reportable segment.
 - Adjustment of capital expenditures represents corporate capital expenditures not allocated to each reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of profit or loss.

	Reportable segment				Total	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense (Note 1)					
Revenue									
Revenue from external customers	402,503	165,394	457,132	266,896	1,291,925	30,666	1,322,591	—	1,322,591
Intersegment revenue and transfers	2,452	5,577	9,064	3,506	20,599	25,418	46,017	(46,017)	—
Total	404,955	170,971	466,196	270,402	1,312,524	56,084	1,368,608	(46,017)	1,322,591
Segment profit (loss) (Note 4)	17,715	15,066	12,763	(102,897)	(57,353)	4,465	(52,888)	(17,250)	(70,138)
Segment assets	345,278	315,796	363,728	847,531	1,872,333	185,500	2,057,833	39,977	2,097,810
Others									
Depreciation and amortization	6,803	10,254	13,297	29,436	59,790	1,755	61,545	9,222	70,767
Impairment losses	850	—	4,198	—	5,048	13	5,061	—	5,061
Share of profit (loss) of investments accounted for using equity method	(1,888)	—	567	196	(1,125)	1,899	774	—	774
Investments accounted for using equity method	307	—	5,205	37,502	43,014	18,859	61,873	—	61,873
Capital expenditures	9,408	10,707	13,307	25,794	59,216	2,326	61,542	9,750	71,292

- Notes:
- Due to the additional inspection program for shipped PW1100G-JM engines, IHI was required to share the costs related to aircraft on the ground as well as the direct costs of engine maintenance in participation share of the engine program. In the fiscal year ended March 31, 2024, IHI has made the estimates based on currently available information and reduced the revenue by ¥155,973 million as the consideration to be paid to customers under the maintenance contracts.
 - The “Others” classification consists of business that is not included in reportable segment. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
 - The details of adjustment are as follows:
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥(621) million and unallocated corporate expenses of ¥(16,629) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Adjustment of ¥39,977 million for segment assets includes eliminations of intersegment receivables and payables of ¥(199,966) million and corporate assets unallocated to each reportable segment of ¥239,943 million among cash and cash equivalents, property, plant and equipment, and other financial assets. It mainly consists of IHI’s surplus funds under management, including cash and deposits, and securities.
 - Adjustment of depreciation and amortization represents depreciation and amortization not allocated to each reportable segment.
 - Adjustment of capital expenditures represents corporate capital expenditures not allocated to each reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of profit or loss.

3. Matters about changes of reportable segment, etc.

Changes in accounting estimates

IHI changed the method regarding the estimation of the payment to customers for sales promotion in some of the civil aero engines programs in which IHI participates that have entered the investment payback phase from the third quarter ended December 31, 2023 as described in above “Changes in accounting estimates”.

Therefore, IHI has similarly changed the measuring method of revenue in the Aero Engine, Space and Defense. For further details, please refer to “(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING ESTIMATES)”.

EARNINGS PER SHARE

(1) Basis for calculating basic earnings per share

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss) attributable to owners of parent	44,545	(68,214)
Profit (loss) not attributable to ordinary shareholders of parent	–	–
Profit (loss) used for calculating basic earnings per share	44,545	(68,214)
Weighted-average number of ordinary shares (Thousands of shares)	151,267	151,323
Basic earnings (loss) per share (Yen)	294.48	(450.78)

(2) Basis for calculating diluted earnings per share

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss) used for calculating basic earnings (loss) per share	44,545	(68,214)
Adjustment to profit (loss)	–	–
Profit (loss) used to calculate diluted earnings (loss) per share	44,545	(68,214)
Weighted-average number of ordinary shares (Thousands of shares)	151,267	151,323
Increase in ordinary shares		
Share acquisition rights (Thousands of shares)	18	–
Weighted-average number of ordinary shares after dilution (Thousands of shares)	151,286	151,323
Diluted earnings (loss) per share (Yen)	294.44	(450.78)

Note: Shares of IHI owned by a trust account for the Board Benefit Trust are included in the number of shares issued at the end of the fiscal year and the number of treasury shares excluded for the calculation of the weighted-average number of ordinary shares. For the fiscal year ended March 31, 2024, the weighted-average number of ordinary shares as treasury shares excluded for the calculation of basic earnings (loss) per share and diluted earnings (loss) per share is 567 thousand shares (592 thousand shares for the fiscal year ended March 31, 2023).

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable