



IHI Corporation

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Tokyo 135-8710, Japan
August 6, 2024

CONSOLIDATED FINANCIAL REPORT FOR THE THREE MONTHS ENDED JUNE 30, 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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Commencement of Dividend Payments: —

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 THREE MONTHS ENDED JUNE 30, 2024 (APRIL 1, 2024 to JUNE 30, 2024)

(1) Consolidated Business Results

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

	Revenue	Percentage Change	Operating Profit	Percentage Change	Profit before Tax	Percentage Change	Profit	Percentage Change
Three months ended June 30, 2024	348,163	16.7%	23,830	166.9%	31,682	148.9%	19,749	191.7%
Three months ended June 30, 2023	298,457	12.9%	8,929	18.2%	12,731	(24.7%)	6,771	(29.2%)

	Profit Attributable to Owners of Parent	Percentage Change	Comprehensive Income	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Three months ended June 30, 2024	18,583	231.5%	33,074	67.6%	122.77	122.77
Three months ended June 30, 2023	5,606	(34.0%)	19,731	5.4%	36.96	36.96

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
As of June 30, 2024	2,142,843	425,184	399,376	18.6%
As of March 31, 2024	2,097,810	402,268	375,989	17.9%

2. DIVIDENDS

(Yen)

(Record Date)	Dividends per Share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Annual
Fiscal year ended March 31, 2024	—	50.00	—	50.00	100.00
Fiscal year ending March 31, 2025	—	—	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	50.00	—	50.00	100.00

(Note) Revisions to the dividend forecasts most recently announced: No

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	394.98

(Note) Revisions to the forecasts of results most recently announced: No

* NOTES

(1) Significant changes in the scope of consolidation during the period: Not applicable

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

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

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

- (i) Number of shares issued at the end of the period (including treasury shares)
 - As of June 30, 2024 154,679,954 shares
 - As of March 31, 2024 154,679,954 shares
- (ii) Number of treasury shares owned at the end of the period
 - As of June 30, 2024 3,320,383 shares
 - As of March 31, 2024 3,323,344 shares
- (iii) Average number of shares outstanding during the period
 - Three months ended June 30, 2024 151,359,152 shares
 - Three months ended June 30, 2023 151,682,035 shares

* This consolidated financial report is not subjected to quarterly reviews 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. QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS

(1) EXPLANATION REGARDING BUSINESS RESULTS

During the three months ended June 30, 2024, the global economy has the U.S. economy remained firm, supported by solid employment and income environment even under the monetary tightening, while the European and Chinese economies remained stagnant despite signs of recovery in each.

In 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 IHI Group's main business of Aero Engine, Space and Defense, in the Civil aero engines Business, sales of spare parts have increased due to remaining steady demand for aero transportation. In the Defense Business, under the government policy of fundamentally reinforcing Japan's defense capabilities, the defense budget have greatly increased, and the IHI Group is currently working on large projects received in the previous fiscal year. In order to respond to the expected increase in demand for civil aero engines, defense-related business, and space-related business in the future, the IHI Group will continue to enhance its manufacturing capacity including securing resources and achieve the world's highest level of production efficiency.

Regarding the additional inspection program for shipped PW1100G-JM engines, the IHI Group continue to work with its program partners to enhance maintenance capacity and reduce the number of aircraft grounded. The IHI Group is committed to its efforts to reduce the impact on its airline customers and to restore confidence.

The lifecycle businesses in the Core businesses is expanding steadily, and the IHI Group will continue to secure high profitability that contributes to group earnings and to generate the investment capital.

With regard to the misconduct related to the engine test run records in the Power systems Business, the IHI Group submitted the interim report to the Ministry of Land, Infrastructure, Transport and Tourism on June 4 of this year. The investigation by the special investigation committee is ongoing, and the IHI Group will continue to investigate the cause of the issue and formulate necessary preventive measures. Following the occurrence of the misconduct in the Power systems Business, the IHI Group has been investigating similar cases, and newly discovered misconduct in a test to measure the maximum capacity of snowblower in the Transport systems Business. The IHI Group is currently investigating the facts and determining the cause of the issue, and will sincerely respond to the customers to whom the subject products delivered.

If there is any impact to the financial results, including the parking system business, which was subject to an on-site inspection by the Japan Fair Trade Commission in September 2023, the IHI Group will promptly reflect such impact to the financial forecast.

Under this business environment, orders received of the IHI Group during the three months increased 4.2% from the previous corresponding period to ¥328.7 billion. Revenue increased 16.7% from the previous corresponding period to ¥348.1 billion due to an increase in sales of spare parts for civil aero engines, progress in a large-scale power plant project in Southeast Asia, and the effects of yen depreciation.

In terms of profit, operating profit increased ¥14.9 billion to ¥23.8 billion due to significant increasing revenue of Civil aero engines, despite a deterioration in profitability due to delay in progress of sales price negotiations for some projects in Vehicular turbochargers and an increase in SG&A expenses such as personnel costs. Profit before tax increased ¥18.9 billion to ¥31.6 billion due to increases in profit of investments accounted for using equity method and favorable turnaround in foreign exchange gains/losses, profit attributable to owners of parent increased ¥12.9 billion to ¥18.5 billion.

Results by reportable segment for the three months ended June 30, 2024 are as follows:

(Billions of yen)

Reportable segment	Orders received			Three months ended June 30, 2023		Three months ended June 30, 2024		Changes from the previous corresponding period (%)	
	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes from the corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
	Resources, Energy and Environment	91.7	61.8	(32.6)	85.1	0.1	99.3	0.6	16.7
Social Infrastructure	33.0	42.7	29.5	34.0	(1.2)	35.9	0.1	5.8	—
Industrial Systems and General-Purpose Machinery	114.0	121.2	6.3	100.2	2.5	110.3	0.5	10.1	(77.9)
Aero Engine, Space and Defense (*)	74.3	100.7	35.4	78.2	9.3	100.0	23.8	27.9	154.1
Reportable segment total	313.1	326.5	4.3	297.5	10.8	345.7	25.2	16.2	133.6
Others	14.6	14.0	(4.0)	9.7	0.0	10.0	0.1	2.6	431.4
Adjustment	(12.3)	(11.9)	—	(8.8)	(1.9)	(7.6)	(1.6)	—	—
Total	315.4	328.7	4.2	298.4	8.9	348.1	23.8	16.7	166.9

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

(*) The revenue and operating profit (loss) for the first quarter of the fiscal year ending March 31, 2025 includes the impact of ¥ (9.8) billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.

(2) EXPLANATION REGARDING CONSOLIDATED FINANCIAL POSITION

Assets, liabilities and equity

Total assets at the end of the first quarter were ¥2,142.8 billion, up ¥45.0 billion compared with the end of the previous fiscal year. The major items of increase were inventories, up ¥56.4 billion. The major items of decrease were cash and cash equivalents, down ¥21.1 billion.

Total liabilities were ¥1,717.6 billion, up ¥22.1 billion compared with the end of the previous fiscal year. The major item of increase was contract liabilities, up ¥20.4 billion. The major item of decrease was trade and other payables, down ¥12.5 billion. And interest-bearing liabilities, including lease liabilities, was ¥576.4 billion, up ¥2.1 billion compared with the end of the previous fiscal year. The IHI Group will continue to ensure an adequate level of liquidity of funds.

Equity was ¥425.1 billion, up ¥22.9 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥18.5 billion.

As a result of the above, the ratio of equity attributable to owners of parent decreased from 17.9% at the end of the previous fiscal year to 18.6%.

Cash flows

At the end of the first quarter, the outstanding balance of cash and cash equivalents was ¥117.7 billion, down ¥21.1 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥4.4 billion in excess of incomes. This was due to increases in inventories, prepayments and decreases in trade payables, while there were increases in contract liabilities and the progress in the collection of trade receivables.

Net cash flows from investing activities were ¥12.1 billion in excess of expenditures due to acquisitions of property, plant and equipment.

Net cash flows from financing activities were ¥16.7 billion in excess of expenditures. This was due to such as dividend payments.

(3) EXPLANATION REGARDING FUTURE PREDICTION INFORMATION SUCH AS CONSOLIDATED FORECASTS OF 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 continue gradual recovery 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 to growth businesses in the aero engines and rocket fields, which are driving its growth, and to development businesses in the clean energy field, which is expected to become future business pillars.

In the aero engines and rockets fields as a growth business, 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. During the three months ended June 30, 2024, IHI was completed with good results for large-volume ammonia substitution demonstration testing (representing 20% of heating value) at Hekinan Thermal Power Station of JERA Co., Inc. IHI will continue to work on establishing a combustion technology that increases the ammonia ratio at thermal power plants and develop burners for 100% ammonia combustion.

In its core businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and

General-Purpose Machinery, the IHI Group will continue to create a continuous growth scenario through the transformation of its business portfolio and generate cash necessary for investments.

In order to achieve these, the IHI Group will develop and acquire the human resources necessary for change, advance the sophistication of our 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, the forecasts for both revenue and profit remain unchanged from the previous forecasts (May 8, 2024). Note that foreign exchange rate of ¥140/US\$1 has been assumed in the above forecasts in and after the second quarter ending September 30, 2024.

Concerning dividends, no changes have been made to the previous forecasts.

2. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	138,805	117,703
Trade and other receivables	452,665	442,768
Contract assets	130,734	133,482
Other financial assets	3,754	4,285
Inventories	422,251	478,703
Other current assets	62,499	70,766
Total current assets	1,210,708	1,247,707
Non-current assets:		
Property, plant and equipment	236,777	238,176
Right-of-use assets	101,904	104,398
Goodwill	6,338	6,643
Intangible assets	127,059	126,035
Investment property	134,724	133,831
Investments accounted for using equity method	61,873	68,863
Other financial assets	50,799	52,325
Deferred tax assets	98,173	97,746
Other non-current assets	69,455	67,119
Total non-current assets	887,102	895,136
Total assets	2,097,810	2,142,843

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities:		
Trade and other payables	258,581	246,077
Bonds and borrowings	177,021	178,372
Lease liabilities	17,642	17,713
Other financial liabilities	20,310	21,499
Income taxes payable	7,277	16,294
Contract liabilities	204,121	224,605
Provisions	25,190	25,701
Refund liabilities	192,679	190,858
Other current liabilities	148,243	151,042
Total current liabilities	1,051,064	1,072,161
Non-current liabilities:		
Bonds and borrowings	272,132	270,680
Lease liabilities	107,581	109,733
Other financial liabilities	82,242	82,259
Deferred tax liabilities	4,080	3,176
Retirement benefit liability	156,124	157,676
Provisions	6,631	6,733
Other non-current liabilities	15,688	15,241
Total non-current liabilities	644,478	645,498
Total liabilities	1,695,542	1,717,659
Equity		
Share capital	107,165	107,165
Capital surplus	46,362	46,402
Retained earnings	177,403	188,489
Treasury shares	(8,589)	(8,582)
Other components of equity	53,648	65,902
Total equity attributable to owners of parent	375,989	399,376
Non-controlling interests	26,279	25,808
Total equity	402,268	425,184
Total liabilities and equity	2,097,810	2,142,843

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

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	298,457	348,163
Cost of sales	240,219	273,356
Gross profit (loss)	58,238	74,807
Selling, general and administrative expenses	48,852	50,960
Other income	1,299	1,238
Other expenses	1,756	1,255
Operating profit (loss)	8,929	23,830
Finance income	7,863	8,974
Finance costs	4,933	3,426
Share of profit (loss) of investments accounted for using equity method	872	2,304
Profit (loss) before tax	12,731	31,682
Income tax expense	5,960	11,933
Profit (loss)	6,771	19,749
Profit (loss) attributable to:		
Owners of parent	5,606	18,583
Non-controlling interests	1,165	1,166
Profit (loss)	6,771	19,749
Earnings per share		
Basic earnings (loss) per share (yen)	36.96	122.77
Diluted earnings (loss) per share (yen)	36.96	122.77

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	6,771	19,749
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,223	2,705
Remeasurements of defined benefit plans	(8)	—
Share of other comprehensive income of investments accounted for using equity method	129	270
Total of items that will not be reclassified to profit or loss	1,344	2,975
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	11,451	9,948
Cash flow hedges	(34)	188
Share of other comprehensive income of investments accounted for using equity method	199	214
Total of items that may be reclassified to profit or loss	11,616	10,350
Other comprehensive income, net of tax	12,960	13,325
Comprehensive income	19,731	33,074
Comprehensive income attributable to:		
Owners of parent	17,980	30,946
Non-controlling interests	1,751	2,128
Comprehensive income	19,731	33,074

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2023

(Millions of yen)

	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)			5,606				
Other comprehensive income					10,871	162	1,349
Total comprehensive income	—	—	5,606	—	10,871	162	1,349
Purchase of treasury shares				(1)			
Disposal of treasury shares		3		16			
Dividends			(7,594)				
Share-based remuneration transactions		(93)					
Changes in ownership interest in subsidiaries		(25)					
Transfer from other components of equity to retained earnings			400				(408)
Other							
Total transactions with owners	—	(115)	(7,194)	15	—	—	(408)
Balance as of June 30, 2023	107,165	46,626	250,327	(8,731)	31,261	710	14,004

	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)			—	5,606	1,165	6,771
Other comprehensive income	(8)		12,374	12,374	586	12,960
Total comprehensive income	(8)	—	12,374	17,980	1,751	19,731
Purchase of treasury shares			—	(1)		(1)
Disposal of treasury shares		(19)	(19)	—		—
Dividends			—	(7,594)	(755)	(8,349)
Share-based remuneration transactions			—	(93)		(93)
Changes in ownership interest in subsidiaries			—	(25)	(664)	(689)
Transfer from other components of equity to retained earnings	8		(400)	—		—
Other			—	—	14	14
Total transactions with owners	8	(19)	(419)	(7,713)	(1,405)	(9,118)
Balance as of June 30, 2023	—	150	46,125	441,512	25,352	466,864

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2024

(Millions of yen)

	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, 2024	107,165	46,362	177,403	(8,589)	36,272	896	16,394
Profit (loss)			18,583				
Other comprehensive income					8,990	390	2,899
Total comprehensive income	—	—	18,583	—	8,990	390	2,899
Purchase of treasury shares				(1)			
Disposal of treasury shares		3		8			
Dividends			(7,595)				
Share-based remuneration transactions		37					
Changes in ownership interest in subsidiaries							
Transfer from other components of equity to retained earnings			98				(14)
Other							
Total transactions with owners	—	40	(7,497)	7	—	—	(14)
Balance as of June 30, 2024	107,165	46,402	188,489	(8,582)	45,262	1,286	19,279

	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, 2024	—	86	53,648	375,989	26,279	402,268
Profit (loss)			—	18,583	1,166	19,749
Other comprehensive income	84		12,363	12,363	962	13,325
Total comprehensive income	84	—	12,363	30,946	2,128	33,074
Purchase of treasury shares			—	(1)		(1)
Disposal of treasury shares		(11)	(11)	—		—
Dividends			—	(7,595)	(2,600)	(10,195)
Share-based remuneration transactions			—	37		37
Changes in ownership interest in subsidiaries			—	—		—
Transfer from other components of equity to retained earnings	(84)		(98)	—		—
Other			—	—	1	1
Total transactions with owners	(84)	(11)	(109)	(7,559)	(2,599)	(10,158)
Balance as of June 30, 2024	—	75	65,902	399,376	25,808	425,184

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	12,731	31,682
Depreciation, amortization and impairment losses	16,944	17,321
Finance income and finance costs	297	(117)
Share of loss (profit) of investments accounted for using equity method	(872)	(2,304)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(17)	(2)
Decrease (increase) in trade receivables	10,832	18,363
Decrease (increase) in contract assets	(5,757)	(1,466)
Decrease (increase) in inventories and prepayments	(44,305)	(51,917)
Increase (decrease) in trade payables	(22,581)	(10,334)
Increase (decrease) in contract liabilities	562	19,313
Increase (decrease) in refund liabilities	(339)	(1,821)
Other	(15,800)	(8,600)
Subtotal	(48,305)	10,118
Interest received	386	625
Dividends received	662	249
Interest paid	(1,081)	(1,483)
Income taxes paid	(11,203)	(5,068)
Net cash provided by (used in) operating activities	(59,541)	4,441
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(14,571)	(12,525)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	21	24
Purchase of investments (including investments accounted for using equity method)	(1,006)	—
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	2,203	882
Other	(531)	(562)
Net cash provided by (used in) investing activities	(13,884)	(12,181)

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,443	(78,114)
Net increase (decrease) in commercial papers	70,000	77,000
Proceeds from long-term borrowings	5,300	5,300
Repayments of long-term borrowings	(12,643)	(5,284)
Repayments of lease liabilities	(4,589)	(4,849)
Dividends paid	(7,597)	(7,600)
Dividends paid to non-controlling interests	(755)	(2,590)
Increase in other financial liabilities	328	176
Decrease in other financial liabilities	(359)	(878)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(689)	—
Other	(1)	81
Net cash provided by (used in) financing activities	55,438	(16,758)
Effect of exchange rate change on cash and cash equivalents	1,892	3,396
Net increase (decrease) in cash and cash equivalents	(16,095)	(21,102)
Cash and cash equivalents at beginning of period	124,743	138,805
Cash and cash equivalents at end of period	108,648	117,703

(5) NOTES TO THE CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL ACCOUNTING POLICIES

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

Income taxes for the condensed quarterly consolidated financial statements are calculated based on the estimated annual effective tax rate.

The IHI Group has applied the standard IAS 7 “Statement of Cash Flows” (amended in May 2023) and IFRS 7 “Financial Instruments: Disclosures” (amended in May 2023), (expanded disclosure of Supplier Finance Arrangements) effective for the first quarter ending June 30, 2024. The adoption of this standard does not have a material impact on the Group's condensed quarterly consolidated financial statements for the first quarter ending June 30, 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.

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.

Three months ended June 30, 2023

(Millions of yen)

	Reportable segment					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	Total				
Revenue									
Revenue from external customers	84,666	33,607	98,093	77,302	293,668	4,789	298,457	—	298,457
Intersegment revenue and transfers	458	396	2,120	925	3,899	4,990	8,889	(8,889)	—
Total	85,124	34,003	100,213	78,227	297,567	9,779	307,346	(8,889)	298,457
Segment profit (loss) (Note 3)	122	(1,237)	2,533	9,391	10,809	35	10,844	(1,915)	8,929

- Notes:
1. 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.
 2. Adjustment of segment profit (loss) represents intersegment transactions of ¥ (314) million and unallocated corporate expenses of ¥ (1,601) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 3. Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

Three months ended June 30, 2024

(Millions of yen)

	Reportable segment					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	Total				
Revenue									
Revenue from external customers	99,023	35,390	108,499	99,395	342,307	5,856	348,163	—	348,163
Intersegment revenue and transfers	341	581	1,818	693	3,433	4,181	7,614	(7,614)	—
Total	99,364	35,971	110,317	100,088	345,740	10,037	355,777	(7,614)	348,163
Segment profit (loss) (Note 3)	666	159	559	23,861	25,245	186	25,431	(1,601)	23,830

- Notes:
1. 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.
 2. Adjustment of segment profit (loss) represents intersegment transactions of ¥72 million and unallocated corporate expenses of ¥ (1,673) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 3. Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

NOTES ON PREMISE OF GOING CONCERN

Not applicable