



IHI Corporation

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Tokyo 135-8710, Japan
November 6, 2024

CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 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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Submission date of Semi-annual Securities Report: November 8, 2024 (planned)
Commencement of Dividend Payments: December 6, 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 SIX MONTHS ENDED SEPTEMBER 30, 2024 (APRIL 1, 2024 to SEPTEMBER 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
Six months ended September 30, 2024	757,488	61.1%	77,263	—	62,660	—	40,944	—
Six months ended September 30, 2023	470,310	(20.9%)	(157,031)	—	(151,083)	—	(135,596)	—

	Profit Attributable to Owners of Parent	Percentage Change	Comprehensive Income	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Six months ended September 30, 2024	39,309	—	39,182	—	259.71	259.69
Six months ended September 30, 2023	(137,566)	—	(122,378)	—	(909.25)	(909.25)

(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 September 30, 2024	2,109,984	431,025	406,273	19.3%
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	—	50.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	70.00	120.00

(Note) Revisions to the dividend forecasts most recently announced: Yes

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%	145,000	—	125,000	—	85,000	—	559.55

(Note) Revisions to the forecasts of results most recently announced: Yes

* 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 September 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 September 30, 2024 3,318,268 shares
 - As of March 31, 2024 3,323,344 shares
- (iii) Average number of shares outstanding during the period
 - Six months ended September 30, 2024 151,359,880 shares
 - Six months ended September 30, 2023 151,295,609 shares

* This consolidated financial report is not subjected to semi-annual 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. SUMMARY OF BUSINESS RESULTS

(1) SUMMARY OF BUSINESS RESULTS

During the current semi-annual period, the global economy has maintained solid growth, supported by factors such as the stabilization of soaring inflation. The U.S. economy remained firm, while the Federal Reserve Board of Governors (FRB) decided to make its first interest rate cut in four years, considering the risks of further slowdown in the labor market amid declining inflation rate. Additionally, the Chinese economy remains stagnant due to the real estate recession and sluggish consumer spending. 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 further expanded 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 continuing to respond to orders for large-scale projects. In order to respond to the expected increase in demand for civil aero engines, defense business, and space business in the future, the IHI Group will continue to enhance its producing 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 on the ground. The IHI Group is committed to its efforts to reduce the impact on its airline customers and to restore their confidence.

The lifecycle businesses in the Conventional 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.

In the Vehicular turbochargers Business, due to the trend toward EVs, orders expected to decrease at European base in Germany, the IHI Group decided to consolidate the functions of this European base to its subsidiary in Italy. The IHI Group will continue to transfer production to other group companies in different regions, fulfilling its supply responsibilities to automobile manufacturers of Europe.

Additionally, as announced on October 28 and November 6, the IHI Group has decided to transfer some of its businesses as part of efforts to reform business portfolio. For further details, please refer to “(5) NOTES TO THE THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS (ADDITIONAL INFORMATION)” of “2. CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO”.

With regard to the misconduct related to the engine test run records in the Power systems Business, as the confirmation of the facts related to the misconduct was completed and as a policy for responding to the results of NOx emissions verification was formulated, the IHI Group compiled the Investigation Report and submitted to the Ministry of Land, Infrastructure, Transport and Tourism on August 21. Subsequently, with the completion of the investigation by a special investigation committee comprised of outside experts and the receipt of recommendations for preventing recurrence, on October 30, it formulated and announced preventive measures as IHI Corporation and IHI Power Systems Co., Ltd.. The IHI Group will make sincere efforts as one to establish compliance as a true corporate culture and work to regain the stakeholders' trust by building a system to prevent misconduct behavior and reevaluating of organizational culture.

Regarding the misconduct in the snowblower in the Transport systems Business, based on the results of the investigation into the facts and causes, the IHI Group is working on measures to respond to customers and prevent recurrence of such behavior.

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

With regard to business result, in the previous corresponding period, 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. As a result, orders received and revenue temporarily decreased

significantly.

Orders received for the current semi-annual period increased 58.3% from the previous corresponding period to ¥760.2 billion due to a rebound of the temporary decreases in the previous corresponding period.

Revenue increased 61.1% from the previous corresponding period to ¥757.4 billion due to a rebound of the temporary decrease in the previous corresponding period, 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 ¥234.2 billion to ¥77.2 billion due to a rebound of the temporary decrease in revenue in the previous corresponding period and significant increasing revenue of Civil aero engines, despite the reformation costs of business structure in Vehicular turbochargers and an increase in SG&A expenses such as personnel costs. Profit before tax is ¥62.6 billion, profit attributable to owners of parent is ¥39.3 billion.

Results by reportable segment for the current semi-annual period are as follows:

Reportable segment	Orders received			Six months ended September 30, 2023		Six months ended September 30, 2024		Changes from the previous corresponding period (%)	
	Six months ended September 30, 2023	Six months ended September 30, 2024	Changes from the corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	161.7	141.5	(12.5)	173.2	(8.1)	210.0	7.8	21.2	—
Social Infrastructure	59.1	71.5	21.0	71.5	(1.3)	67.1	(3.0)	(6.1)	—
Industrial Systems and General-Purpose Machinery	229.2	242.4	5.8	213.6	3.0	227.3	(1.0)	6.4	—
Aero Engine, Space and Defense (*)	24.6	302.8	1,130.6	9.3	(147.7)	247.6	76.6	2,554.3	—
Reportable segment total	474.7	758.4	59.8	467.6	(154.0)	752.1	80.3	60.8	—
Others	29.1	26.4	(9.4)	23.1	1.3	23.9	0.9	3.3	(29.6)
Adjustments	(23.6)	(24.6)	—	(20.5)	(4.3)	(18.6)	(4.0)	—	—
Total	480.2	760.2	58.3	470.3	(157.0)	757.4	77.2	(61.1)	—

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 current semi-annual period includes the impact of ¥ 8.3 billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.

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 previous semi-annual period, results by reportable segment are as follows.

(Billions of yen)

Reportable segment	Orders received			Six months ended September 30, 2023		Six months ended September 30, 2024		Changes from the previous corresponding period (%)	
	Six months ended September 30, 2023	Six months ended September 30, 2024	Changes from the corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	176.3	141.5	(19.8)	187.9	6.5	210.0	7.8	11.8	19.0
Social Infrastructure	59.1	71.5	21.0	71.5	(1.3)	67.1	(3.0)	(6.1)	—
Industrial Systems and General-Purpose Machinery	229.2	242.4	5.8	213.6	3.0	227.3	(1.0)	6.4	—
Aero Engine, Space and Defense	178.7	302.8	69.5	163.4	10.6	247.6	76.6	51.5	622.4
Reportable segment total	643.5	758.4	17.9	636.4	18.9	752.1	80.3	18.2	323.9
Others	29.1	26.4	(9.4)	23.1	1.3	23.9	0.9	3.3	(29.6)
Adjustments	(23.6)	(24.6)	—	(20.5)	(4.3)	(18.6)	(4.0)	—	—
Total	649.0	760.2	17.1	639.0	16.0	757.4	77.2	18.5	382.6

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

(2) SUMMARY OF FINANCIAL POSITION

Assets, liabilities and equity

Total assets at the end of the current semi-annual period were ¥2,109.9 billion, up ¥12.1 billion compared with the end of the previous fiscal year. The major items of increase were inventories, up ¥59.6 billion. The major items of decrease were cash and cash equivalents, down ¥46.8 billion.

Total liabilities were ¥1,678.9 billion, down ¥16.5 billion compared with the end of the previous fiscal year. The major item of increase was contract liabilities, up ¥23.4 billion. The major item of decrease was trade and other payables, down ¥41.3 billion. And interest-bearing liabilities, including lease liabilities, was ¥584.7 billion, up ¥10.3 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 ¥431.0 billion, up ¥28.7 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥39.3 billion.

As a result of the above, the ratio of equity attributable to owners of parent increased from 17.9% at the end of the previous fiscal year to 19.3%.

Cash flows

At the end of the current semi-annual period, the outstanding balance of cash and cash equivalents was ¥91.9 billion, down ¥46.8 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥7.4 billion excess of expenditure. This was due to increases in contract liabilities, while there were increases in inventories, prepayments and decreases in trade payables.

Net cash flows from investing activities were ¥25.2 billion excess of expenditure due to acquisitions of property, plant and equipment.

Net cash flows from financing activities were ¥14.6 billion excess of expenditure. 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 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, although there is uncertainty in political trends.

The IHI Group is promoting initiatives based on “Group Management Policies 2023”, the 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 growth, and to Development-focus Businesses in the clean energy field, which is expected to become a future business pillar, through implementation of business portfolio reforms and management that is conscious of the cost of capital and capital profitability.

In the aero engines and rockets fields as Growth Businesses, 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-businesses, which are expected to grow.

In the clean energy field, which is its Development-focus Businesses, 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 current semi-annual period, 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 Conventional Businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial

Systems and General-Purpose Machinery, the IHI Group will create stable earnings foundations and cash flow to support the sustainable growth of the entire IHI Group.

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 IHI Group have revised revenue to ¥1,600.0 billion, operating profit to ¥145.0 billion, profit before tax to ¥125.0 billion and profit attributable to owners of parent of ¥85.0 billion, based on the performance of the civil aero engines in the current semi-annual period.

Note that foreign exchange rate of ¥140/US\$1 has been assumed in the above forecasts in and after the third quarter ending December 31, 2024.

Concerning dividends, the Board of Directors resolved today to pay an interim dividend (50 yen per share) as previously announced in the dividend forecast. In light of the profit level of the current fiscal year's forecast, IHI decided to increase the forecast for the year-end dividend by 20 yen from the previous forecast announcement to 70 yen per share. As a result, the annual dividend will be 120 yen per share, including the interim dividend.

2. CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO

(1) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	138,805	91,918
Trade and other receivables	452,665	443,561
Contract assets	130,734	141,174
Other financial assets	3,754	3,564
Inventories	422,251	481,941
Other current assets	62,499	70,257
Total current assets	1,210,708	1,232,415
Non-current assets:		
Property, plant and equipment	236,777	234,472
Right-of-use assets	101,904	99,743
Goodwill	6,338	6,181
Intangible assets	127,059	126,223
Investment property	134,724	132,347
Investments accounted for using equity method	61,873	65,436
Other financial assets	50,799	49,532
Deferred tax assets	98,173	97,789
Other non-current assets	69,455	65,846
Total non-current assets	887,102	877,569
Total assets	2,097,810	2,109,984

(1) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities:		
Trade and other payables	258,581	217,196
Bonds and borrowings	177,021	214,273
Lease liabilities	17,642	16,288
Other financial liabilities	20,310	15,913
Income taxes payable	7,277	22,928
Contract liabilities	204,121	227,554
Provisions	25,190	25,934
Refund liabilities	192,679	162,583
Other current liabilities	148,243	163,296
Total current liabilities	1,051,064	1,065,965
Non-current liabilities:		
Bonds and borrowings	272,132	247,638
Lease liabilities	107,581	106,508
Other financial liabilities	82,242	76,077
Deferred tax liabilities	4,080	3,042
Retirement benefit liability	156,124	157,931
Provisions	6,631	6,692
Other non-current liabilities	15,688	15,106
Total non-current liabilities	644,478	612,994
Total liabilities	1,695,542	1,678,959
Equity		
Share capital	107,165	107,165
Capital surplus	46,362	46,312
Retained earnings	177,403	209,218
Treasury shares	(8,589)	(8,578)
Other components of equity	53,648	52,156
Total equity attributable to owners of parent	375,989	406,273
Non-controlling interests	26,279	24,752
Total equity	402,268	431,025
Total liabilities and equity	2,097,810	2,109,984

**(2) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	470,310	757,488
Cost of sales	523,931	573,714
Gross profit (loss)	(53,621)	183,774
Selling, general and administrative expenses	102,229	102,987
Other income	2,178	3,136
Other expenses	3,359	6,660
Operating profit (loss)	(157,031)	77,263
Finance income	9,476	2,405
Finance costs	5,239	21,441
Share of profit (loss) of investments accounted for using equity method	1,711	4,433
Profit (loss) before tax	(151,083)	62,660
Income tax expense	(15,487)	21,716
Profit (loss)	(135,596)	40,944
Profit (loss) attributable to:		
Owners of parent	(137,566)	39,309
Non-controlling interests	1,970	1,635
Profit (loss)	(135,596)	40,944
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(909.25)	259.71
Diluted earnings (loss) per share (yen)	(909.25)	259.69

CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	(135,596)	40,944
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,241	1,113
Remeasurements of defined benefit plans	(8)	—
Share of other comprehensive income of investments accounted for using equity method	210	187
Total of items that will not be reclassified to profit or loss	1,443	1,300
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	13,940	(2,938)
Cash flow hedges	(2,219)	(256)
Share of other comprehensive income of investments accounted for using equity method	54	132
Total of items that may be reclassified to profit or loss	11,775	(3,062)
Other comprehensive income, net of tax	13,218	(1,762)
Comprehensive income	(122,378)	39,182
Comprehensive income attributable to:		
Owners of parent	(125,362)	37,939
Non-controlling interests	2,984	1,243
Comprehensive income	(122,378)	39,182

(3) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The previous semi-annual period

(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)			(137,566)				
Other comprehensive income					12,935	(2,168)	1,445
Total comprehensive income	—	—	(137,566)	—	12,935	(2,168)	1,445
Purchase of treasury shares				(2)			
Disposal of treasury shares		2		130			
Dividends			(7,594)				
Share-based remuneration transactions		(43)					
Changes in ownership interest in subsidiaries		(25)					
Transfer from other components of equity to retained earnings			260				(268)
Changes in non-controlling interest due to change in scope of consolidation							
Other		(1)	103				
Total transactions with owners	—	(67)	(7,231)	128	—	—	(268)
Balance as of September 30, 2023	107,165	46,674	107,118	(8,618)	33,325	(1,620)	14,240

	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)			—	(137,566)	1,970	(135,596)
Other comprehensive income	(8)		12,204	12,204	1,014	13,218
Total comprehensive income	(8)	—	12,204	(125,362)	2,984	(122,378)
Purchase of treasury shares			—	(2)		(2)
Disposal of treasury shares		(33)	(33)	99		99
Dividends			—	(7,594)	(863)	(8,457)
Share-based remuneration transactions			—	(43)		(43)
Changes in ownership interest in subsidiaries			—	(25)	(664)	(689)
Transfer from other components of equity to retained earnings	8		(260)	—		—
Changes in non-controlling interest due to change in scope of consolidation			—	—	806	806
Other			—	102	15	117
Total transactions with owners	8	(33)	(293)	(7,463)	(706)	(8,169)
Balance as of September 30, 2023	—	136	46,081	298,420	27,284	325,704

(3) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The current semi-annual period

(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)			39,309				
Other comprehensive income					(2,567)	(111)	1,224
Total comprehensive income	—	—	39,309	—	(2,567)	(111)	1,224
Purchase of treasury shares				(4)			
Disposal of treasury shares		5		15			
Dividends			(7,595)				
Share-based remuneration transactions		(55)					
Changes in ownership interest in subsidiaries							
Transfer from other components of equity to retained earnings			101				(17)
Changes in non-controlling interest due to change in scope of consolidation							
Other							
Total transactions with owners	—	(50)	(7,494)	11	—	—	(17)
Balance as of September 30, 2024	107,165	46,312	209,218	(8,578)	33,705	785	17,601

	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)			—	39,309	1,635	40,944
Other comprehensive income	84		(1,370)	(1,370)	(392)	(1,762)
Total comprehensive income	84	—	(1,370)	37,939	1,243	39,182
Purchase of treasury shares			—	(4)		(4)
Disposal of treasury shares		(21)	(21)	(1)		(1)
Dividends			—	(7,595)	(2,771)	(10,366)
Share-based remuneration transactions			—	(55)		(55)
Changes in ownership interest in subsidiaries			—	—		—
Transfer from other components of equity to retained earnings	(84)		(101)	—		—
Changes in non-controlling interest due to change in scope of consolidation			—	—		—
Other			—	—	1	1
Total transactions with owners	(84)	(21)	(122)	(7,655)	(2,770)	(10,425)
Balance as of September 30, 2024	—	65	52,156	406,273	24,752	431,025

(4) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	(151,083)	62,660
Depreciation, amortization and impairment losses	34,386	35,058
Finance income and finance costs	712	2,321
Share of loss (profit) of investments accounted for using equity method	(1,711)	(4,433)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(220)	(78)
Decrease (increase) in trade receivables	(18,427)	4,205
Decrease (increase) in contract assets	(1,992)	(11,008)
Decrease (increase) in inventories and prepayments	(57,291)	(61,297)
Increase (decrease) in trade payables	(21,207)	(32,904)
Increase (decrease) in contract liabilities	(10,385)	24,575
Increase (decrease) in refund liabilities	159,864	(30,096)
Other	(8,266)	4,816
Subtotal	(75,620)	(6,181)
Interest received	902	1,293
Dividends received	1,045	1,022
Interest paid	(2,263)	(2,996)
Income taxes paid	(5,560)	(579)
Net cash provided by (used in) operating activities	(81,496)	(7,441)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(30,184)	(25,182)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	362	110
Purchase of investments (including investments accounted for using equity method)	(1,243)	(2)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	2,599	877
Proceeds from sale of equity interest in subsidiaries	160	—
Other	(3,069)	(1,092)
Net cash provided by (used in) investing activities	(31,375)	(25,289)

(4) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	62,395	(71,850)
Net increase (decrease) in commercial papers	82,000	71,000
Proceeds from long-term borrowings	31,822	30,329
Repayments of long-term borrowings	(39,626)	(16,299)
Redemption of bonds	(10,000)	—
Repayments of lease liabilities	(9,524)	(9,832)
Dividends paid	(7,570)	(7,572)
Dividends paid to non-controlling interests	(863)	(2,770)
Increase in other financial liabilities	557	376
Decrease in other financial liabilities	(7,155)	(8,119)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(689)	—
Other	98	77
Net cash provided by (used in) financing activities	101,445	(14,660)
Effect of exchange rate change on cash and cash equivalents	2,861	503
Net increase (decrease) in cash and cash equivalents	(8,565)	(46,887)
Cash and cash equivalents at beginning of period	124,743	138,805
Cash and cash equivalents at end of period	116,178	91,918

(5) NOTES TO THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL ACCOUNTING POLICIES

Material accounting policies applied by the IHI Group in the condensed semi-annual consolidated financial statements are the same as those in the consolidated financial statements for the previous fiscal year, except for the following.

Income taxes for the condensed semi-annual 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 current semi-annual period. The adoption of this standard does not have a material impact on the Group's condensed semi-annual consolidated financial statements ended September 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.

The previous semi-annual period

(Millions of yen)

	Reportable segment					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)	Total				
Revenue									
Revenue from external customers	172,400	68,982	209,834	7,470	458,686	11,624	470,310	—	470,310
Intersegment revenue and transfers	846	2,526	3,777	1,860	9,009	11,571	20,580	(20,580)	—
Total	173,246	71,508	213,611	9,330	467,695	23,195	490,890	(20,580)	470,310
Segment profit (loss) (Note 4)	(8,117)	(1,315)	3,092	(147,747)	(154,087)	1,377	(152,710)	(4,321)	(157,031)

- Notes:
- In the previous semi-annual period, due to the additional inspection program for shipped PW1100G-JM engines, IHI reduced the revenue by ¥ 154,097 million as the consideration to be paid to customers under the maintenance contracts. This is because the number of maintenance units is expected to increase over the next few years, with an average of 350 aircraft on the ground expected from FY2024 to FY2026. As our company participates in this engine program with approximately a 15% share, we also anticipate incurring compensation costs and additional maintenance expenses.
 - 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.
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥ (84) million and unallocated corporate expenses of ¥ (4,237) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the condensed semi-annual consolidated financial statement of profit or loss.

The current semi-annual period

(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	209,112	65,036	223,914	246,199	744,261	13,227	757,488	—	757,488
Intersegment revenue and transfers	928	2,128	3,408	1,449	7,913	10,735	18,648	(18,648)	—
Total	210,040	67,164	227,322	247,648	752,174	23,962	776,136	(18,648)	757,488
Segment profit (loss) (Note 3)	7,813	(3,055)	(1,050)	76,637	80,345	970	81,315	(4,052)	77,263

- 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.
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥323 million and unallocated corporate expenses of ¥ (4,375) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the condensed semi-annual consolidated financial statement of profit or loss.

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

NOTES ON PREMISE OF GOING CONCERN

Not applicable

ADDITIONAL INFORMATION

Business Portfolio Optimization of the Conventional Businesses

IHI has categorized its group's businesses into "Growth Businesses," "Development-focus Businesses," and "Conventional Businesses" in the group's medium-term management plan, "Group Management Policies 2023". By allocating management resources (cash and personnel necessary for investment) generated as a result of optimizing business portfolio in the "Conventional Businesses" to "Growth Businesses" and "Development-focus Businesses", IHI attempts to transform itself into a corporate structure capable of achieving sustainable high growth, as well as adapt to the rapidly changing external environment.

As announced on October 28 and November 6, IHI has signed share transfer agreements on two businesses, a part of the "Conventional Businesses".

Regarding IHI PACKAGED BOILER CO., LTD. (hereinafter "IBK"), announced on October 28, as a leading manufacturer of packaged boilers, IHI decided to transfer on April 1, 2025 (scheduled) to TAKUMA CO., LTD., in order to achieve sustainable growth for IBK, while swiftly adapting to changes in the external environment.

Also, regarding Materials Handling System Business (hereinafter "Target Business"), announced on November 6, although it has built a stable earnings foundation mainly due to a robust market environment such as jib climbing cranes used at construction sites of high-rise buildings and its measures expanding the lifecycle business, it is required to swiftly adapt to changes in the external environment, because the environment surrounding Target Business has been rapidly changing in light of the recent global trend towards decarbonization. Therefore, in order to achieve sustainable growth for Target Business by enhancing its competitiveness through expanding the product portfolio, broadening sales channels, and improving cost efficiency with integrating the procurement and production systems, IHI decided to transfer the business to Tadano Ltd. (hereinafter "Tadano"). Share transfer date is planned in July 2025.

In preparation for the transfer, Target Business will be transferred to a new company to be established by IHI in March 2025 (scheduled) through an absorption-type company split, and the shares of the new company will be transferred to Tadano on the execution date. Target Business to be transferred includes activities related to the plan, development, design, manufacture, sales, lease, installation, maintenance, remodeling, and management services of transport machineries.

IHI expects to record a gain or loss on the above transaction in the fiscal year ending March 31, 2026, however the exact amount is currently under scrutiny and will promptly announce it if any matters requiring disclosure arise in the future.