



IHI Corporation

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May 10, 2022

CONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2022 <IFRS>

IHI Corporation (IHI) is listed on the Prime Market of the Tokyo Stock Exchange, Nagoya Stock Exchange, Sapporo Securities Exchange and Fukuoka Stock Exchange with the securities code number 7013.

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Annual General Meeting of Shareholders: June 23, 2022 (planned)
Commencement of Dividend Payments: June 24, 2022 (planned)
Submission date of Annual Securities Report: June 23, 2022 (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, 2022 (APRIL 1, 2021 to MARCH 31, 2022)

(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, 2022	1,172,904	5.4%	81,497	191.5%	87,637	217.3%	68,919	306.5%
Fiscal year ended March 31, 2021	1,112,906	(11.9)%	27,961	(41.6)%	27,617	(5.4)%	16,954	27.9%

	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, 2022	66,065	404.6%	88,240	205.3%	439.77	439.73	19.3%	4.7%	6.9%
Fiscal year ended March 31, 2021	13,093	59.6%	28,906	721.0%	88.13	88.13	4.5%	1.5%	2.5%

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

Fiscal year ended March 31, 2022: ¥ 1,187 million

Fiscal year ended March 31, 2021: ¥ (1,933) 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, 2022	1,879,673	407,039	382,134	20.3%	2,526.33
As of March 31, 2021	1,832,891	327,727	300,769	16.4%	2,025.18

(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, 2022	114,155	27,926	(121,489)	145,489
Fiscal year ended March 31, 2021	36,380	(40,482)	(23,712)	120,766

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, 2021	0.00	0.00	0.00	–	–	–
Fiscal year ended March 31, 2022	30.00	40.00	70.00	10,629	15.9%	3.1%
Fiscal year ending March 31, 2023 (Forecast)	40.00	40.00	80.00		30.4%	

3. CONSOLIDATED FORECASTS OF RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2023 (APRIL 1, 2022 to MARCH 31, 2023)

(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	1,300,000	10.8%	75,000	(8.0)%	65,000	(25.8)%	40,000	(39.5)%	263.41

(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: 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 March 31, 2022 154,679,954 shares
 - As of March 31, 2021 154,679,954 shares
- (ii) Number of treasury shares owned at the end of the period
 - As of March 31, 2022 3,419,631 shares
 - As of March 31, 2021 6,165,348 shares
- (iii) Average number of shares outstanding during the period
 - Fiscal year ended March 31, 2022 150,225,564 shares
 - Fiscal year ended March 31, 2021 148,561,021 shares

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

NON-CONSOLIDATED PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 31, 2022 (APRIL 1, 2021 to MARCH 31, 2022)

(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, 2022	423,640	4.4%	(24,118)	–	8,377	–	46,084	187.8%
Fiscal year ended March 31, 2021	405,845	(34.6)%	(31,632)	–	(1,927)	–	16,012	–

	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Fiscal year ended March 31, 2022	306.76	306.74
Fiscal year ended March 31, 2021	107.78	107.78

(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, 2022	1,228,221	299,167	24.3%	1,976.14
As of March 31, 2021	1,193,715	250,112	20.9%	1,681.31

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

As of March 31, 2022: ¥298,912 million

As of March 31, 2021: ¥249,699 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, 2022

Economy that had been imposed by the spread of COVID-19, and these have been thought as signs of a revivals in production and consumption activity, but the prolongation of the impact of semiconductor shortages and soaring raw material prices have hindered it. Furthermore, there are concerns about the adverse effects of the yen's rapid depreciation, and soaring energy prices. For the world economy, the spread of vaccinations and implementation of economic policies led to signs of a revival, primarily in Europe and the U.S. However, outlook is becoming more uncertain due to Russian's invasion of Ukraine, the expansion of economic sanctions by each country, and the spread of new variants of COVID-19 leading to the imposition of restrictions on economic activities in some regions of China.

In the IHI Group's main business, the Civil aero engines Business has been affected by COVID-19 and the recovery of the demand for aero transportation on long-distance international flights is still slow although it is prevailing an easing of restriction on immigration at some regions. On the other hand, the demand for aero transportation on domestic in Japan and short distance international routes is recovering. Along with this the sales of spare parts continue to be on the rise. In the Vehicular turbochargers Business, the production adjustment in the automobile industry has been prolonged and the units of delivery are sluggish although some regions are heading for recovery of the units, therefore it is expected that the recovery will not take place before the second half of FY2022.

The IHI Group positioned the period up to FY2022 as a period of preparation and transition towards business reforms to deal with this business environmental change and drew up "Project Change" to implement it. In accordance with "Project Change", the IHI Group is aiming to achieve the return to a growth trajectory at an early stage by means of steadily promoting transition to a business structure which is resilient to the business environmental changes, the strengthening of earnings foundations by executing finance strategies and expansion of life cycle businesses.

In addition, the IHI Group is accelerating initiatives for the creation of growth businesses that contribute to materialize sustainable society and promote the reformation of our business portfolio. To secure investment resources for the creation of growth businesses, the IHI Group has sold some investment property in the current fiscal year followed by the previous fiscal year.

The IHI Group publicly announced the "IHI Group's ESG Management" in November 2021, and reiterated its commitment to place ESG at the center of its management. Driven by the corporate culture respecting human rights and flourishing diverse and inclusive workforce, the IHI Group is committing to contribute to solve climate change issues through our business activities and realize a sustainable society which nature and technology work in unity.

With these initiatives, orders received for the current fiscal year were increased by 15.0% from the previous fiscal year to ¥1,261.2 billion and revenue was also increased by 5.4% from the previous fiscal year to ¥1,172.9 billion in the IHI Group.

In terms of profit, although impairment losses of non-current assets were recorded, operating profit increased by ¥53.5 billion to ¥81.4 billion mainly due to increased sales of spare parts in the Civil aero engines Business, increased revenue in the Nuclear energy Business and the Heat treatment and surface engineering Business, and sales of property, plant and equipment. Profit before tax increased by ¥60.0 billion to ¥87.6 billion, an increase in profit margin due to the improvement in share of profit (loss) of investments accounted for using equity method and improvements in foreign exchange gain. Profit attributable to owners of parent increased by ¥52.9 billion to ¥66.0 billion.

The business environments by reportable segment for the fiscal year ended March 31, 2022 are as follows:

Resources, Energy and Environment

With the rulebook for the Paris Agreement having been finalized at COP26, resulting in the setting of long-term targets for the balance between the volume of greenhouse gases emitted and absorbed for each country, and initiatives to achieve carbon neutrality by 2050 is accelerating also in Japan. Following these circumstances, countries, regions and customers face various issues relating to lower environmental impact.

In this Business Area, in addition to promoting efficiency improvements for existing energy infrastructure and the use of ammonia, the IHI Group is working to achieve carbon neutrality by 2050.

Under "Project Change", the IHI Group is strengthening earnings foundations by further expanding life cycle businesses and creating growth businesses that will lead to lower environmental impact such as developing technologies for methanation, etc. and entering the small modular reactor market.

Social Infrastructure and Offshore Facilities

In overseas and Japan, the business environment is becoming more uncertain due to soaring steel prices and transportation costs, logistics disruptions, materialization of geopolitical risk in Ukraine and Myanmar. Under these circumstances, in Japan, as a means of dealing with the progressive deterioration of infrastructure and intensifying natural disasters, conservation work involving maintenance, renovation and repair based on the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience" is on a rising trend. The public and private sector are also working together on measures to resolve societal issues, such as promoting labor-saving solutions and DX to deal with labor shortages, and developing new materials as an initiative to help achieve carbon neutrality.

In this Business Area, the IHI Group is working on not only construction of infrastructure but also initiatives to roll out and expand life cycle businesses, which include planning, operation, maintenance and conservation, primarily of bridges and water management, both in Japan and overseas so as to offer robust and sustainable social infrastructure systems.

Under "Project Change", the IHI Group is expanding life cycle businesses such as expansion and development of preventive maintenance of bridges and shortening lead time through promoting DX, and creating growth businesses such as upgrading water usage and flood control systems.

Industrial Systems and General-Purpose Machinery

In the automobile industry, production has been weak due to the prolongation of semiconductor shortages and the spread of COVID-19 in China, and it is expected that the recovery will not take place before the second half of FY2022. Although there are some differences in business conditions, the outlook in other industries is generally uncertain as well due to the shortages and soaring prices of raw materials and parts, surging logistics costs, and security export control issues.

On the other hand, societal changes such as the increasing need for lower environmental impact, the decrease in the productive population, the diversification of consumer demand and the advance of digitalization have formed a megatrend, it is expected that it will lead to an increase in demand for saving energy, automation, saving labor, etc. at our customers going forward. Hence, it is important that we work closely with our customers throughout product and service life cycles, responding promptly and appropriately to the wide range of issues faced by society and customers.

In this Business Area, the IHI Group is contributing to the development of industrial infrastructure by responding to various needs of customers throughout the life cycle through product development that embrace change to environment, proposal of solutions and sophistication of services using digital technology. Under “Project Change”, the IHI Group is working to expand life cycle businesses by integrating the service bases of multiple businesses to propose cross-business services to our customers. In the Vehicular turbochargers Business, in addition to strengthening cost structure by lowering the break-even point of existing models, the IHI Group is developing electric turbochargers for fuel cell vehicles.

Aero Engine, Space and Defense

Aero transportation is recovering gradually, primarily in Europe and the United States, and for our engines that are mounted on relatively new type aircraft, due to their advantage in terms of operating costs including fuel efficiency, its operation has been resumed preferentially, heading for recovery in aftermarket earnings.

Nevertheless, the business environment going forward continues to be characterized by uncertainties such as the infection status of COVID-19 and the situation in Ukraine. In order to build a business structure that can overcome changes in the environment, the IHI Group is pursuing further improvements in the cost structure, such as enhancing productivity through more advanced use of DX, and utilize this to open the way to growth. Going forward, in order to give every possible support to customers resuming operation of aircraft as a full-fledged recovery in demand unfolds, the IHI Group is strengthening our response in the aftermarket field, as well as evolving our unique technology and Monozukuri (manufacturing) capabilities. Furthermore, the IHI Group is working to introduce electrification that is predicted to occur and sustainable aviation fuels.

Under “Project Change”, the IHI Group is strengthening cost structure by improving productivity of newly made engines and building a structure to expand our life cycle businesses, such as beginning operations at the Tsurugashima Aero-Engine Works. In addition, the IHI Group is creating growth businesses through the development of materials for aero engines and next-generation engines.

Results by reportable segment for the fiscal year ended March 31, 2022 are as follows:

(Billions of yen)

Reportable segments	Orders received			Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Changes from the previous fiscal year (%)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Changes from the previous fiscal year (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
	Resources, Energy and Environment	274.7	373.8	36.1	317.6	19.1	344.4	22.9	8.4
Social Infrastructure and Offshore Facilities	166.1	181.0	9.0	157.9	17.1	167.3	15.3	5.9	(10.3)
Industrial Systems and General-Purpose Machinery	365.2	384.5	5.3	374.2	11.4	376.9	12.8	0.7	12.3
Aero Engine, Space and Defense	268.9	304.7	13.3	251.5	(40.1)	265.2	(9.3)	5.5	–
Reportable Segments total	1,075.0	1,244.1	15.7	1,101.4	7.5	1,154.0	41.8	4.8	452.0
Others	70.7	54.7	(22.6)	60.5	2.3	62.7	(1.0)	3.6	–
Adjustment	(48.7)	(37.6)	–	(49.0)	18.0	(43.9)	40.6	–	–
Total	1,097.0	1,261.2	15.0	1,112.9	27.9	1,172.9	81.4	5.4	191.5

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 the profit level for current fiscal year, IHI plans to pay a dividend of ¥70 per share (interim dividend already paid: ¥30, year-end dividend: ¥40) for the fiscal year ended March 31, 2022.

C. Summary of financial position for the fiscal year ended March 31, 2022

Assets, liabilities and equity

Total assets at the end of the fiscal year ended March 31, 2022 were ¥1,879.6 billion, up ¥46.7 billion compared with the end of the previous fiscal year. This was due to increases in cash and cash equivalents, by ¥24.7 billion and contract assets, by ¥14.7 billion, while there were decreases in property, plant and equipment, by ¥22.2 billion.

Total liabilities were ¥1,472.6 billion, down ¥32.5 billion compared with the end of the previous fiscal year. This was due to increases in contract liability, by ¥48.9 billion, while there were decreases in bonds and borrowings(current), by ¥63.1 billion and bonds and borrowings(non-current), by 27.7 billion. The balance on interest-bearing liabilities, including lease liabilities, was ¥505.5 billion, down ¥100.3 billion from the end of the previous fiscal year.

Equity was ¥407.0 billion, up ¥79.3 billion compared with the end of the previous fiscal year. This includes profit attributable to owners of parent of ¥66.0 billion. As a result of the above, the ratio of equity attributable to owners of parent increased from 16.4% at the end of the previous fiscal year to 20.3%.

Cash flows

At the end of the current fiscal year, the outstanding balance of cash and cash equivalents was ¥145.4 billion, up ¥24.7 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥114.1 billion in excess of incomes. This was due to profit excluding the impact of non-cash expenses such as depreciation, amortization, and impairment losses, and increases in contract liabilities.

Net cash flows from investing activities were ¥27.9 billion in excess of incomes. This was due mainly to proceeds from sale of the interest in the land of the Toyosu area and the site of the former Aichi Headquarters Representative's Office, etc., while there were purchases of property, plant and equipment.

Net cash flows from financing activities were ¥121.4 billion in excess of expenditures. This was due to expenditure for repayments of borrowings.

(2) FUTURE OUTLOOK

A. Forecasts of consolidated results

Economic and social activities are expected to continue and the global economy is expected to recover while taking all possible measures against the spread of COVID-19. However, uncertainty about the economic outlook has been increasing due to monetary tightening in the U.S. and political conflicts between Europe, the U.S. and China in addition to the aforementioned uncertainty such as the expansion of economic sanctions against Russia by each country in response to the invasion of Ukraine, soaring resource and energy prices, and the spread of new variants of COVID-19 leading to the imposition of restrictions on economic activity in some regions of China. Under these circumstances, it is necessary to be aware of risks against soaring raw material prices, fluctuations in the financial and capital markets, and supply side constraints. In the medium and long-term the trend to focus on sustainability is expected to develop, and the responses of governments and companies, particularly with regard to climate change will attract attention.

Under this uncertain business environment, the IHI Group is going ahead to build stronger earnings foundations by preparing multiple scenarios for responding to risks and flexibly implementing appropriate measures in response to changes in the environment.

With regard to the consolidated forecasts of results for the fiscal year ending March 31, 2023, the IHI Group is expecting revenue of ¥1,300.0 billion, operating profit of ¥75.0 billion, profit before tax of ¥65.0 billion, and profit attributable to owners of parent of ¥40.0 billion. Although the management targets set forth in "Project Change" will not be reached, the IHI Group is going to work to achieve the highest level of performance in the company history.

Foreign exchange rate assumed in the above forecasts is ¥115/US\$1.

B. Profit distribution

IHI plans to pay a dividend of ¥80 per share (interim dividend:¥40, year-end dividend:¥40) for the fiscal year ending March 31, 2023.

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, 2021	As of March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	120,766	145,489
Trade and other receivables	344,535	347,998
Contract assets	111,830	126,560
Other financial assets	1,391	3,193
Inventories	326,470	340,125
Other current assets	41,668	60,627
Total current assets	946,660	1,023,992
Non-current assets:		
Property, plant and equipment	252,510	230,306
Right-of-use assets	117,794	109,034
Goodwill	5,876	6,094
Intangible assets	121,265	120,998
Investment property	144,183	137,679
Investments accounted for using equity method	48,460	56,732
Other financial assets	49,056	43,167
Deferred tax assets	70,455	78,428
Other non-current assets	76,632	73,243
Total non-current assets	886,231	855,681
Total assets	1,832,891	1,879,673

(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities:		
Trade and other payables	234,451	235,414
Bonds and borrowings	158,377	95,220
Lease liabilities	17,630	17,061
Other financial liabilities	11,742	14,636
Income taxes payable	5,125	18,005
Contract liabilities	165,818	214,726
Provisions	26,738	22,433
Other current liabilities	144,907	156,180
Total current liabilities	764,788	773,675
Non-current liabilities:		
Bonds and borrowings	304,735	276,987
Lease liabilities	125,193	116,285
Other financial liabilities	103,428	103,681
Deferred tax liabilities	3,132	3,485
Retirement benefit liability	180,720	175,328
Provisions	6,338	7,348
Other non-current liabilities	16,830	15,845
Total non-current liabilities	740,376	698,959
Total liabilities	1,505,164	1,472,634
Equity		
Share capital	107,165	107,165
Capital surplus	51,735	47,052
Retained earnings	148,428	213,026
Treasury shares	(15,953)	(8,815)
Other components of equity	9,394	23,706
Total equity attributable to owners of parent	300,769	382,134
Non-controlling interests	26,958	24,905
Total equity	327,727	407,039
Total liabilities and equity	1,832,891	1,879,673

(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, 2021	Fiscal year ended March 31, 2022
Revenue	1,112,906	1,172,904
Cost of sales	932,932	963,497
Gross profit (loss)	179,974	209,407
Selling, general and administrative expenses	164,225	176,600
Other income	29,697	71,452
Other expenses	17,485	22,762
Operating profit (loss)	27,961	81,497
Finance income	6,696	9,577
Finance costs	5,107	4,624
Share of profit (loss) of investments accounted for using equity method	(1,933)	1,187
profit (loss) before tax	27,617	87,637
Income tax expense	10,663	18,718
profit (loss)	16,954	68,919
profit (loss) attributable to:		
Owners of parent	13,093	66,065
Non-controlling interests	3,861	2,854
profit (loss)	16,954	68,919
Earnings per share		
Basic earnings per share (yen)	88.13	439.77
Diluted earnings per share (yen)	88.13	439.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	16,954	68,919
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,487	1,989
Remeasurements of defined benefit plans	1,886	3,794
Share of other comprehensive income of investments accounted for using equity method	176	614
Total of items that will not be reclassified to profit or loss	4,549	6,397
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,004	11,807
Cash flow hedges	49	108
Share of other comprehensive income of investments accounted for using equity method	350	1,009
Total of items that may be reclassified to profit or loss	7,403	12,924
Other comprehensive income, net of tax	11,952	19,321
Comprehensive income	28,906	88,240
Comprehensive income attributable to:		
Owners of parent	24,010	83,998
Non-controlling interests	4,896	4,242
Comprehensive income	28,906	88,240

(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fiscal year ended March 31, 2021

	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, 2020	107,165	51,779	136,516	(15,899)	(5,067)	(255)	5,406
Profit (loss)			13,093				
Other comprehensive income					6,190	194	2,645
Total comprehensive income	—	—	13,093	—	6,190	194	2,645
Purchase of treasury shares				(312)			
Disposal of treasury shares		(6)		258			
Dividends			(2,980)				
Share-based remuneration transactions		(38)					
Changes in ownership interest in subsidiaries							
Transfer from other components of equity to retained earnings			2,000				(112)
Other			(201)		(21)		
Total transactions with owners	—	(44)	(1,181)	(54)	(21)	—	(112)
Balance as of March 31, 2021	107,165	51,735	148,428	(15,953)	1,102	(61)	7,939

	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, 2020	—	533	617	280,178	25,862	306,040
Profit (loss)			—	13,093	3,861	16,954
Other comprehensive income	1,888		10,917	10,917	1,035	11,952
Total comprehensive income	1,888	—	10,917	24,010	4,896	28,906
Purchase of treasury shares			—	(312)		(312)
Disposal of treasury shares		(119)	(119)	133		133
Dividends			—	(2,980)	(3,651)	(6,631)
Share-based remuneration transactions			—	(38)		(38)
Changes in ownership interest in subsidiaries			—	—	59	59
Transfer from other components of equity to retained earnings	(1,888)		(2,000)	—		—
Other			(21)	(222)	(208)	(430)
Total transactions with owners	(1,888)	(119)	(2,140)	(3,419)	(3,800)	(7,219)
Balance as of March 31, 2021	—	414	9,394	300,769	26,958	327,727

Fiscal year ended March 31, 2022

	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, 2021	107,165	51,735	148,428	(15,953)	1,102	(61)	7,939
Profit (loss)			66,065				
Other comprehensive income					11,729	(206)	2,229
Total comprehensive income	—	—	66,065	—	11,729	(206)	2,229
Purchase of treasury shares				(109)			
Disposal of treasury shares		5		154			
Dividends			(4,555)				
Share-based remuneration transactions		(5)					
Changes in ownership interest in subsidiaries		(4,683)		7,093			
Transfer from other components of equity to retained earnings			3,416				765
Other			(328)			(46)	
Total transactions with owners	—	(4,683)	(1,467)	7,138	—	(46)	765
Balance as of March 31, 2022	107,165	47,052	213,026	(8,815)	12,831	(313)	10,933

	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, 2021	—	414	9,394	300,769	26,958	327,727
Profit (loss)			—	66,065	2,854	68,919
Other comprehensive income	4,181		17,933	17,933	1,388	19,321
Total comprehensive income	4,181	—	17,933	83,998	4,242	88,240
Purchase of treasury shares			—	(109)		(109)
Disposal of treasury shares		(159)	(159)	—		—
Dividends			—	(4,555)	(3,978)	(8,533)
Share-based remuneration transactions			—	(5)		(5)
Changes in ownership interest in subsidiaries			—	2,410	(2,326)	84
Transfer from other components of equity to retained earnings	(4,181)		(3,416)	—		—
Other			(46)	(374)	9	(365)
Total transactions with owners	(4,181)	(159)	(3,621)	(2,633)	(6,295)	(8,928)
Balance as of March 31, 2022	—	255	23,706	382,134	24,905	407,039

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	27,617	87,637
Depreciation, amortization and impairment losses	80,185	84,193
Finance income and finance costs	3,442	2,391
Share of loss (profit) of investments accounted for using equity method	1,933	(1,187)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(26,312)	(66,051)
Decrease (increase) in trade receivables	(3,076)	(2,521)
Decrease (increase) in contract assets	(9,178)	(11,480)
Decrease (increase) in inventories and prepayments	4,136	(15,320)
Increase (decrease) in trade payables	(42,277)	(5,082)
Increase (decrease) in contract liabilities	16,641	47,026
Other	(1,427)	2,970
Subtotal	51,684	122,576
Interest received	382	396
Dividends received	4,699	2,153
Interest paid	(4,004)	(3,615)
Income taxes paid	(16,381)	(7,355)
Net cash provided by (used in) operating activities	36,380	114,155
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(57,458)	(45,574)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	33,162	73,229
Purchase of investments (including investments accounted for using equity method)	(11,009)	(3,124)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	978	4,591
Proceeds from sale of equity interest in subsidiaries	295	144
Other	(6,450)	(1,340)
Net cash provided by (used in) investing activities	(40,482)	27,926

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(43,633)	(50,579)
Net increase (decrease) in commercial papers	(56,000)	–
Proceeds from long-term borrowings	117,911	14,625
Repayments of long-term borrowings	(39,473)	(36,570)
Proceeds from issuance of bonds	30,000	–
Redemption of bonds	(10,000)	(20,000)
Repayments of lease liabilities	(19,244)	(20,553)
Decrease (increase) in treasury shares	131	(6)
Dividends paid	(2,983)	(4,541)
Capital contribution from non-controlling interests	59	85
Dividends paid to non-controlling interests	(3,722)	(3,966)
Increase in other financial liabilities	3,203	3,464
Decrease in other financial liabilities	(674)	(3,513)
Other	713	65
Net cash provided by (used in) financing activities	(23,712)	(121,489)
Effect of exchange rate change on cash and cash equivalents	3,245	4,131
Net increase (decrease) in cash and cash equivalents	(24,569)	24,723
Cash and cash equivalents at beginning of period	145,738	120,766
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(403)	–
Cash and cash equivalents at end of period	120,766	145,489

(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON PREMISE OF GOING CONCERN

Not applicable

CHANGES IN ACCOUNTING POLICIES

Significant 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.

ADDITIONAL INFORMATION

Recording of deferred tax assets

The IHI Group recorded additional deferred tax assets due to expected increases in future taxable profit as a result of estimation of its future taxable profit at this point and consideration of recoverability of deferred tax assets. As a result, the IHI Group recorded income tax expense (profit) of ¥(6,831) million yen for the fiscal year ended March 31, 2022.

SEGMENT INFORMATION

1. Overview of reportable segments

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, 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 and Offshore Facilities," "Industrial Systems and General-Purpose Machinery," and "Aero Engine, Space and Defense" as its reportable segments. There are no aggregated business segments when deciding these reportable segments.

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

Reportable segments	Main businesses, products and services
Resources, Energy and Environment	Power systems (power systems plants for land use and power systems for ships), Carbon solutions (boilers and storage facilities), Nuclear energy (components for nuclear power plants)
Social Infrastructure and Offshore Facilities	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 segments

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable Segments				Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Resources, Energy and Environment	Social Infrastructure and Offshore Facilities	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense					
Revenue									
Revenue from external customers	315,722	148,243	363,314	248,736	1,076,015	36,891	1,112,906	–	1,112,906
Intersegment revenue and transfers	1,953	9,709	10,946	2,783	25,391	23,698	49,089	(49,089)	–
Total	317,675	157,952	374,260	251,519	1,101,406	60,589	1,161,995	(49,089)	1,112,906
Segment profit (loss) (Note 3)	19,181	17,131	11,446	(40,179)	7,579	2,339	9,918	18,043	27,961
Segment assets	293,473	298,929	335,561	692,838	1,620,801	177,656	1,798,457	34,434	1,832,891
Others									
Depreciation and amortization	6,323	9,842	13,912	33,416	63,493	2,791	66,284	10,156	76,440
Impairment losses	605	–	3,140	–	3,745	–	3,745	–	3,745
Share of profit (loss) of investments accounted for using equity method	45	–	308	583	936	(2,799)	(1,863)	(70)	(1,933)
Investments accounted for using equity method	197	–	2,872	23,655	26,724	21,736	48,460	–	48,460
Capital expenditures	3,952	7,329	9,772	19,565	40,618	2,885	43,503	4,855	48,358

- Notes:
- The “Others” classification consists of business that is not included in reportable segments. 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 ¥169 million and unallocated corporate income of ¥17,874 million.
 - Adjustment of ¥34,434 million for segment assets includes eliminations of intersegment receivables and payables of ¥(126,702) million and corporate assets unallocated to each reportable segment of ¥161,136 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 Segments				Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Resources, Energy and Environment	Social Infrastructure and Offshore Facilities	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense					
Revenue									
Revenue from external customers	342,430	157,445	369,848	262,295	1,132,018	40,886	1,172,904	–	1,172,904
Intersegment revenue and transfers	2,019	9,905	7,141	2,994	22,059	21,877	43,936	(43,936)	–
Total	344,449	167,350	376,989	265,289	1,154,077	62,763	1,216,840	(43,936)	1,172,904
Segment profit (loss) (Note 3)	22,992	15,363	12,854	(9,370)	41,839	(1,011)	40,828	40,669	81,497
Segment assets	300,107	290,963	329,745	716,302	1,637,117	184,138	1,821,255	58,418	1,879,673
Others									
Depreciation and amortization	6,115	10,186	13,623	31,821	61,745	2,894	64,639	9,797	74,436
Impairment losses	193	775	3,996	–	4,964	4,793	9,757	–	9,757
Share of profit (loss) of investments accounted for using equity method	11	–	(444)	1,337	904	283	1,187	–	1,187
Investments accounted for using equity method	162	–	4,108	27,818	32,088	24,644	56,732	–	56,732
Capital expenditures	5,351	6,319	9,620	15,119	36,409	1,715	38,124	5,205	43,329

- Notes:
- The “Others” classification consists of business that is not included in reportable segments. 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 ¥(222) million and unallocated corporate income of ¥40,891 million.
 - Adjustment of ¥58,418 million for segment assets includes eliminations of intersegment receivables and payables of ¥(123,741) million and corporate assets unallocated to each reportable segment of ¥182,159 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.

EARNINGS PER SHARE

(1) Basis for calculating basic earnings per share

	(Millions of yen, unless otherwise stated)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss) attributable to owners of parent	13,093	66,065
Profit (loss) not attributable to ordinary shareholders of parent	–	–
Profit (loss) used for calculating basic earnings per share	13,093	66,065
Weighted-average number of ordinary shares (Thousands of shares)	148,561	150,226
Basic earnings (loss) per share (Yen)	88.13	439.77

(2) Basis for calculating diluted earnings per share

	(Millions of yen, unless otherwise stated)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss) used for calculating basic earnings (loss) per share	13,093	66,065
Adjustment to profit (loss)	–	–
Profit (loss) used to calculate diluted earnings (loss) per share	13,093	66,065
Weighted-average number of ordinary shares (Thousands of shares)	148,561	150,226
Increase in ordinary shares		
Share acquisition rights (Thousands of shares)	2	13
Weighted-average number of ordinary shares after dilution (Thousands of shares)	148,563	150,238
Diluted earnings (loss) per share (Yen)	88.13	439.73

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, 2022, 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 581 thousand shares (490 thousand shares for the fiscal year ended March 31, 2021).

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable