

Quarterly Securities Report

(The Second Quarter of 207th Term)

From July 1, 2023 to September 30, 2023

IHI Corporation

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Filing date	November 10, 2023
Fiscal year	The Second quarter of 207th term (from July 1, 2023 to September 30, 2023)
Company name	株式会社IHI (Kabushiki Kaisha IHI)
Company name in English	IHI Corporation
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Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

Note: In this report, IHI Corporation is hereinafter referred to as “IHI” and together with its consolidated subsidiaries as the “IHI Group”.

Part 1. Company information

I. Overview of company

1. Summary of business results

(1) Business results of group (Consolidated)

Term	206th term Six months ended September 30, 2022	207th term Six months ended September 30, 2023	206th term
Accounting period	From April 1, 2022 To September 30, 2022	From April 1, 2023 To September 30, 2023	From April 1, 2022 To March 31, 2023
Revenue (Millions of yen) [the second quarter]	594,456 [330,166]	470,310 [171,853]	1,352,940
Operating profit (loss) (Millions of yen)	33,526	(157,031)	81,985
Profit (loss) before tax (Millions of yen)	39,516	(151,083)	64,865
Profit (loss) attributable to owners of parent (Millions of yen) [the second quarter]	21,115 [12,621]	(137,566) [(143,172)]	44,545
Comprehensive income attributable to owners of parent (Millions of yen)	35,164	(125,362)	61,670
Equity attributable to owners of parent (Millions of yen)	411,045	298,420	431,245
Total assets (Millions of yen)	1,903,428	2,053,302	1,941,964
Basic earnings (loss) per share (Yen) [the second quarter]	139.59 [83.44]	(909.25) [(946.25)]	294.48
Diluted earnings (loss) per share (Yen)	139.57	(909.25)	294.44
Ratio of equity attributable to owners of parent (%)	21.59	14.53	22.21
Cash flows from operating activities (Millions of yen)	(9,972)	(81,496)	54,116
Cash flows from investing activities (Millions of yen)	(21,684)	(31,375)	(52,347)
Cash flows from financing activities (Millions of yen)	(19,385)	101,445	(24,043)
Cash and cash equivalents at end of period (Millions of yen)	95,333	116,178	124,743

- Notes:
- Summary of business results of the reporting company are not presented, because IHI prepares condensed quarterly consolidated financial statements.
 - Monetary amounts and ratios less than one unit are rounded off.
 - The results above are based on condensed quarterly consolidated financial statements and consolidated financial statements in accordance with International Financial Reporting Standards.

2. Description of business

IHI and its affiliated companies (143 consolidated subsidiaries and 28 associates accounted for using the equity method as of September 30, 2023) operate four main businesses, providing a diverse range of products. The four businesses are: Resources, Energy and Environment; Social Infrastructure; Industrial Systems and General-Purpose Machinery; and Aero Engine, Space and Defense.

In the six months ended September 30, 2023, there were no significant changes in the contents of the businesses operated by the IHI Group (IHI and its affiliated companies). Changes in principle affiliated companies are as follows.

(Resources, Energy and Environment)

From the first quarter of the fiscal year ending March 31, 2024, one subsidiary of IHI Power Systems Co.,Ltd. became no longer an affiliated company of IHI because of the transfer of its shares to the third party.

(Others)

From the second quarter of the fiscal year ending March 31, 2024, ALPHA Automotive Technologies LLC became no longer an affiliated company of IHI because of the transfer of its shares to the third party.

II. Overview of business

1. Business risks

In the six months ended September 30, 2023, although there were no significant changes with respect to the business risks stated in the Annual Securities Report for the previous fiscal year, the following matters have occurred among the “Business risks” stated in the Annual Securities Report for the previous fiscal year.

Note that forward-looking statements are based on the Group’s judgements as of the filing date of this Quarterly Securities Report. The item numbers under the following headings correspond to those in “Part 1. Company information, II Overview of business, 3. Business risks” in the Annual Securities Report for the previous fiscal year.

(4) Business risks

i. Social responsibility

a. Laws and regulations

A subsidiary of IHI was subjected to an on-site investigation by the Japan Fair Trade Commission for suspected violation of the Antimonopoly Act in connection with its parking system business. IHI takes the matter seriously that the subsidiary has been subjected to an on-site investigation and will fully cooperate with the investigation by the Japan Fair Trade Commission. If any administrative action is ordered as a result of this inspection, it could have an impact on the IHI Group’s business performance.

ii. Preparing for changes in the external environment

b. Partnerships, M&A, and business integration

With respect to the ongoing additional inspection program for shipped PW1100G-JM engines, IHI, which holds approximately 15% share in the engine program, expects to incur costs related to compensation, additional maintenance, and so forth, as a result, IHI has recorded the impact in its financial statements for the second quarter.

In order to minimize the impact of the issue on its customer airlines, IHI is working with the partners of the engine program to address the issue.

2. Management’s analysis of financial position, operating results and cash flows

Note that forward-looking statements are based on the Group’s judgements as of the end of the second quarter (September 30, 2023).

(1) Overview of operating results

During the six months ended September 30, 2023, the global economy has shown increasing signs of stagnation due to global inflation, monetary tightening, unstable resource prices and other factors. In addition, in the Chinese economy, the economy lacks strength because sluggishness in the real estate sector have put downward pressure on the economy. In the Japanese economy, amid an improving employment and income environment, the economy has been recovering gradually, although it is still affected by inflation.

In the IHI Group’s main business, the Civil aero engines Business, the recovery in passenger demand has been steady. Although aftermarket-related expenses are on the rise, demand for spare parts is increasing along with the growth in main units sales. Progress in reflecting the continuing impact of the soaring prices of raw materials and equipment on selling prices and efforts to strengthen the cost structure have made a certain extent, although the progress varies from project to project, the IHI Group is promoting efforts to obtain further results by the end of the fiscal year.

On the other hand, in the second quarter ended September 30, 2023, the IHI Group recorded a significant loss. The reasons for recording the loss are as follows.

(Decrease in revenue due to additional inspection program for shipped PW1100G-JM engines)

With respect to the ongoing additional inspection program for shipped PW1100G-JM engines, due to the fact that IHI expects there to be an average of 350 aircraft on the ground during the period from 2024 to 2026 due to the increase in the number of shop visits over the next few years. IHI, which holds approximately 15% share in the aforementioned engine program, expects to incur costs related to compensation, additional maintenance, and so forth, and as a result, a one-time decrease in revenue of ¥154.1 billion was recorded for the second quarter ended September 30, 2023.

The reason for the increase in the number of shop visits is that at Pratt & Whitney (“P&W”), a partner company in the PW1100G-JM engines program, it was discovered that there were quality issues rarely in the manufacturing process of powder

metallurgy parts (*) manufactured in the past, and as a result of P&W's technical review, a policy of repetitive inspections and shortening the service life was issued for parts in question in September 2023. Approximately 3,000 engines are affected, repetitive inspections at certain cycle intervals and parts replacement are required, these result in an increase in the number of shop visits. Effective countermeasures have already been taken for the manufacturing process, and no similar issues have occurred with parts other than those currently known to be affected.

(*) Powder metallurgy: A technology that produces metal powder by spraying molten metal, and then solidifies and forges the powder to manufacture parts.

(Decrease in revenue due to settlement of litigation involving IHI's consolidated subsidiary)

Regarding the lawsuit filed in relation to costs incurred due to delay in construction of the North American process plant, an order previously received by IHI's consolidated subsidiary, IHI E&C International Corporation ("IHI E&C"), IHI E&C reached a settlement under which it would receive settlement payments. Although IHI E&C had recognized revenue based on reasonable estimates before the current fiscal year, the aforementioned settlement payment amount was less than the amount of revenue recognized in the past, resulting in recording a decrease in revenue of ¥14.6 billion for the second quarter ended September 30, 2023.

Under this business environment, orders received of the IHI Group during the six months decreased ¥162.5 billion from the previous corresponding period to ¥480.2 billion and revenue decreased 20.9% to ¥470.3 billion due to the impact of decreases in revenue due to additional inspection program for shipped PW1100G-JM engines and settlement of litigation involving IHI's consolidated subsidiary.

In terms of profit, operating profit decreased ¥190.5 billion to a loss of ¥157.0 billion due to aforementioned significant decreases in revenue and increases in aftermarket-related expenses for civil aero engines, R&D and personnel expenses, etc. Profit attributable to owners of parent decreased ¥158.6 billion to a loss of ¥137.5 billion.

Results by reportable segment for the six months ended September 30, 2023 are as follows:

(Billions of yen)

Reportable segment	Orders received			Six months ended September 30, 2022		Six months ended September 30, 2023		Changes from the previous corresponding period (%)	
	Six months ended September 30, 2022	Six months ended September 30, 2023	Changes from the previous corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	210.9	161.7	(23.3)	164.5	10.0	173.2	(8.1)	5.3	—
Social Infrastructure	55.5	59.1	6.5	75.4	3.1	71.5	(1.3)	(5.2)	—
Industrial Systems and General-Purpose Machinery	223.6	229.2	2.5	200.2	5.3	213.6	3.0	6.7	(42.6)
Aero Engine, Space and Defense	149.2	24.6	(83.5)	150.9	18.8	9.3	(147.7)	(93.8)	—
Reportable segment total	639.3	474.7	(25.7)	591.1	37.4	467.6	(154.0)	(20.9)	—
Others	25.5	29.1	14.4	22.0	0.1	23.1	1.3	5.0	691.4
Adjustments	(22.0)	(23.6)	—	(18.8)	(4.0)	(20.5)	(4.3)	—	—
Total	642.8	480.2	(25.3)	594.4	33.5	470.3	(157.0)	(20.9)	—

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

<Resources, Energy and Environment>

Orders received, revenue and operating profit decreased by 14.6 billion yen due to the impact of E&C settlement. The following description excludes this impact.

Orders received decreased in large-scale power plant projects in Southeast Asia and in the Nuclear energy Business, while increased in the Carbon solutions Business.

Revenue increased in large-scale power plant projects in Southeast Asia and in lifecycle businesses in the Carbon solutions Business, while decreased due to lower construction volume in the Nuclear energy Business.

Operating profit decreased due to lower sales in the Nuclear energy Business, while increased in large-scale power plant projects in Southeast Asia and in the Carbon solutions Business.

<Social Infrastructure>

Orders received increased in the Bridges and water gates Business and the Concrete construction materials Business.

Revenue decreased in large-scale overseas construction of Bridges and water gates, and in the Shield systems Business.

Operating profit decreased due to the impact of recording the necessary costs in advance in the Bridges and water gates Business.

<Industrial Systems and General-Purpose Machinery>

Orders received increased in the Vehicular turbochargers Business, while decreased in the Transport machineries Business and the Heat treatment and surface engineering Business.

Revenue increased in the Vehicular turbochargers Business, etc.

Operating profit decreased due to the soaring prices of raw materials and equipment in the Parking Business and higher SG&A expenses, etc., while increased due to higher sales in the Vehicular turbochargers Business.

<Aero Engine, Space and Defense>

Orders received and revenue decreased by 154.1 billion yen, and operating profit decreased by 158.3 billion yen due to additional inspection program for shipped PW1100G-JM engines. The following description excludes this impact.

Orders received increased in the Civil aero engines Business and the Defense systems Business.

Revenue increased due to higher sales of main units for civil aero engines.

Operating profit decreased due to higher sales of main units of PW1100G-JM engines, which are in the early stage of mass production, as well as higher aftermarket costs and SG&A expenses in the Civil aero engines Business, while increased due to yen depreciation.

(2) Analysis of financial position

Total assets at the end of the second quarter ended September 30, 2023 were ¥2,053.3 billion, up ¥111.3 billion compared with the end of the previous fiscal year. The major items of increase were inventories, up ¥59.8 billion and deferred tax assets, up ¥17.6 billion and trade and other receivables, up ¥12.1 billion. The major item of decrease was cash and cash equivalents, down ¥8.5 billion.

Total liabilities were ¥1,727.5 billion, up ¥241.8 billion compared with the end of the previous fiscal year. The major items of increase were refund liabilities, up ¥159.8 billion and bonds and borrowings including commercial paper, up ¥128.0 billion. The major items of decrease were trade and other payables, down ¥25.5 billion and contract liabilities, down 11.4 billion. Refund liabilities increased because of a significant decrease in sales due to the additional inspection program for PW1100G-JM engines.

Equity was ¥325.7 billion, down ¥130.5 billion compared with the end of the previous fiscal year. This includes loss attributable to owners of parent of ¥137.5 billion.

As a result of the above, the ratio of equity attributable to owners of parent decreased from 22.2% at the end of the previous fiscal year to 14.5%.

(3) Cash flows

At the end of the second quarter, the outstanding balance of cash and cash equivalents was ¥116.1 billion, down ¥8.5 billion from the end of the previous fiscal year.

Key factors influencing each cash flow during the six months ended September 30, 2023 are summarized below.

(Cash flows from operating activities)

Net cash flows from operating activities were ¥81.4 billion excess of expenditure (the previous corresponding period: ¥9.9 billion excess of expenditure). This was due to increases in inventories and prepayments. In the Civil aero engines Business, IHI is building up working capital for future production increases as the supply chain continues to be unstable.

(Cash flows from investing activities)

Net cash flows from investing activities were ¥31.3 billion excess of expenditure (the previous corresponding period: ¥21.6 billion excess of expenditure). This was due to acquisitions of property, plant and equipment.

(Cash flows from financing activities)

Net cash flows from financing activities were ¥101.4 billion excess of incomes (the previous corresponding period: ¥19.3 billion excess of expenditure). This was due to proceeds from issuances of commercial papers to secure funds.

(4) Analysis of capital resources and funding liquidity

The IHI Group obtains working capital and funds for capital expenditures by means of loans, bonds, and commercial papers, as well as by using cash on hand. At the end of the second quarter ended September 30, 2023, the balance of interest-bearing liabilities, including lease liabilities, was ¥644.7 billion, up ¥125.2 billion from the end of the previous fiscal year. This was mainly due to external borrowings and the issuance of commercial papers to cover the increase in working capital for business activities.

At the end of the second quarter ended September 30, 2023, the outstanding balance of cash and cash equivalents was ¥116.1 billion, down ¥8.5 billion from the end of the previous fiscal year. This primarily reflected expenditures of working capital for business activities etc.

Regarding funding liquidity, in addition to overdraft facilities with major banks, the IHI Group has a diverse range of fund procurement methods such as credit line commitments and commercial papers. Regarding the credit line commitments, the IHI Group has set up an increase in the commitment line with the aim of securing a flexible means of financing in order to meet

capital needs for future business development, secure working capital, and improve the stability of the financial base. Together with the cash and cash equivalents mentioned above, the IHI Group has secured sufficient liquidity.

In terms of diversification of fundraising, the IHI Group formulated the Sustainable Finance Framework in September 2023 and is promoting fund procurement utilizing sustainable finance. As proceeding ESG management, the IHI Group takes financing as an integral part of its business activities, and will conduct appropriate financing and business development to realize a sustainable society where nature and technology work in unity.

(5) Research and development (R&D) activities

In the six months ended September 30, 2023, the IHI Group spent ¥15.2 billion on R&D. There were no significant changes in the status of R&D activities of the IHI Group in the period.

(6) Results of production, orders received and sales

a. Production

Production volume by segment in the six months ended September 30, 2023 is as follows:

Segment name	Amount (Millions of yen)	Changes from the previous corresponding period (%)
Resources, Energy and Environment	200,947	25.3
Social Infrastructure	80,893	5.7
Industrial System and General-Purpose Machinery	216,891	23.9
Aero Engine, Space and Defense	236,765	57.5
Reportable segment total	735,496	30.8
Others	12,668	97.6
Total	748,164	31.5

- Notes : 1. The amounts are represented by selling prices and inter-segment transactions have been eliminated.
2. Monetary amounts and ratios less than one unit are rounded off.

b. Orders received

Orders received by segment in the six months ended September 30, 2023 are as follows:

Segment name	Orders received (Millions of yen)	Changes from the previous corresponding period (%)	Order backlog at the end of the period (Millions of yen)	Changes from the end of the previous fiscal year
Resources, Energy and Environment	161,714	(23.3)	565,390	(0.1)
Social Infrastructure	59,145	6.5	204,979	(6.1)
Industrial System and General-Purpose Machinery	229,275	2.5	216,001	7.4
Aero Engine, Space and Defense	24,612	(83.5)	309,549	5.5
Reportable segment total	474,746	(25.7)	1,295,919	1.4
Others	29,180	14.4	25,254	21.0
Adjustments	(23,641)	—	—	—
Total	480,285	(25.3)	1,321,173	1.7

- Notes : 1. Orders received amounts in each segment include intersegment transactions, and the total amount of intersegment transactions has been eliminated with adjustments amounts.
2. Intersegment transactions have been eliminated in calculating order backlogs for each segment.
3. Monetary amounts and ratios less than one unit are rounded off.
4. In the Aero Engine, Space and Defense segment, orders received decreased significantly due to the impact of the reduced revenue caused by the additional inspection program for shipped PW1100G-JM engines.

c. Sales

Sales revenue by segment in the six months ended September 30, 2023 is as follows:

Segment name	Amount (Millions of yen)	Changes from the previous corresponding period (%)
Resources, Energy and Environment	173,246	5.3
Social Infrastructure	71,508	(5.2)
Industrial System and General-Purpose Machinery	213,611	6.7
Aero Engine, Space and Defense	9,330	(93.8)
Reportable segment total	467,695	(20.9)
Others	23,195	5.0
Adjustments	(20,580)	—
Total	470,310	(20.9)

- Notes :
1. Orders received amounts in each segment include intersegment transactions, and the total amount of intersegment transactions has been eliminated with adjustments amounts.
 2. Intersegment transactions have been eliminated in calculating order backlogs for each segment.
 3. Monetary amounts and ratios less than one unit are rounded off.

(7) Management Policies, Management strategies, and Issues to be addressed

There were no significant changes with respect to management policies, management strategies, and issues to be addressed in the six months ended September 30, 2023.

Global inflation and monetary tightening have raised fears of a global economic downturn, mainly centered around Europe and the U.S. Although the sharp rises in resource and materials prices and transportation costs have generally subsided, the pace of disinflation is slow, and continued vigilance is required regarding risk of a downturn due to persistently high interest rates, and impact on crude oil prices due to rising tensions in the Middle East. As for the Chinese economy as well, the sense of economic slowdown is intensifying due to the prolonged slump in the real estate. The Japanese economy is expected to recover gradually as the employment and income environment improves.

The IHI Group is promoting initiatives based on “Group Management Policies 2023”, a three-year medium-term management plan that begins in fiscal 2023. In order to respond to drastic changes in the business environment and to transform its business into one that achieves sustainable high growth, the IHI Group will boldly shift its management resources and investments 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.

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. The cumulative sales of PW1100G-JM engine, the second generation of medium-sized engines which is the largest market segment, reached 3,000 units in FY2022, and the IHI Group will respond the demand for spare parts, which is expected to increase in the future.

With regard to the additional inspection program for shipped PW1100G-JM engines, which occurred in the current fiscal year, the IHI Group will work with program partners to enhance the overall maintenance capacity to reduce the impacts on airlines as customers and to restore their confidence.

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 addition, 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.

Note: In the figures presented, figures in billions of yen are rounded down and other figures are rounded off to the nearest unit.

3. Material contracts for operation

(Licensing-in contracts)

Material contract that has been renewed by extending the contract period in the second quarter ended September 30, 2023 is as follows:

Name of Contracting Company	Name of Counterparty	Country	Licensed Products	Details	Contract Period
IHI AEROSPACE CO., LTD. (Consolidated subsidiary)	Lockheed Martin Corp.	U.S.A.	Multiple launch rocket system	Acquisition of non-exclusive rights for the manufacture and sale of licensed products	From January 20, 1993 to December 31, 2023

Note: In the contract listed above, the original contract period that was to August 31, 2023 was extended to December 31, 2023.

III. Information about reporting company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Type	Total number of authorized shares (Shares)
Ordinary shares	300,000,000
Total	300,000,000

(ii) Issued shares

Type	Number of issued shares as of the end of the second quarter (Shares) (September 30, 2023)	Number of issued shares as of the filing date (Shares) (November 10, 2023)	Name of stock exchange on which IHI is listed or names of authorized financial instruments firms associations where IHI is registered	Description
Ordinary shares	154,679,954	154,679,954	Prime Market of Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	154,679,954	154,679,954	—	—

Note: The “Number of issued shares as of the filing date” column does not include the number of shares issued upon exercise of share acquisition rights between November 1, 2023 and the filing date of this Quarterly Securities Report.

(2) Share acquisition rights, etc.

(i) Details of stock option plans

Not applicable

(ii) Other matters regarding share acquisition rights, etc.

Not applicable

(3) Exercises, etc. of moving strike convertible bonds, etc.

Not applicable

(4) Changes in number of issued shares, share capital, etc.

Period	Changes in number of issued shares (Thousand shares)	Balance of number of issued shares (Thousand shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From July 1, 2023 to September 30, 2023	—	154,679	—	107,165	—	54,520

(5) Major shareholders

(As of September 30, 2023)

Name	Address	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan (Holder in Trust)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	20,573	13.54
Custody Bank of Japan, Ltd. (Holder in Trust)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, Japan	9,306	6.12
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo, Japan	3,218	2.11
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	P. O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo, Japan)	2,831	1.86
IHI Supplier Stock Ownership Association	1-1, Toyosu 3-chome, Koto-ku, Tokyo, Japan	2,826	1.86
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	2,703	1.77
IHI Employee Stock Ownership Association	1-1, Toyosu 3-chome, Koto-ku, Tokyo, Japan	2,622	1.72
Sumitomo Life Insurance Company	18-24, Tsukiji 7-chome, Chuo-ku, Tokyo, Japan	2,284	1.50
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	2,216	1.45
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15. 315 PCT NON TREATY ACCOUNT (standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Custodian Service Division)	10 RUE DU CHATEAU D'EAUL-3364 LEUDELANGE GRANDUCHY OF LUXEMBOURG (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan)	2,095	1.37
Total	—	50,677	33.36

- Notes: 1. The figures of “Number of shares held” and “Shareholding ratio (%)” in the above table are rounded down to one unit.
2. Although IHI holds its own treasury shares by 2,788 thousand shares, it is excluded from major shareholders above.
3. In the above table, the following owned shares are held through trust.
- The Master Trust Bank of Japan (Holder in Trust)
 - Custody Bank of Japan, Ltd. (Holder in Trust)
 - Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.
4. In the Change Report pertaining to Report of Possession of Large Volume provided by Nomura Securities Co., Ltd. for public viewing on September 25, 2023, the following shareholdings are respectively attributed to Nomura Securities Co., Ltd. and its joint holder as of September 15, 2023. However, since IHI is unable to confirm the actual number of shares held as of September 30, 2023, they are not included in major shareholders above.

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	354	0.23
Nomura Asset Management Co., Ltd.	5,611	3.63
Total	5,966	3.86

(6) Voting rights
(i) Issued shares

(As of September 30, 2023)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	Ordinary shares 2,788,200	—	—
Shares with full voting rights (others)	Ordinary shares 151,451,900	1,514,519	—
Shares less than one unit	Ordinary shares 439,854	—	Shares less than one unit (100 shares)
Number of issued shares	154,679,954	—	—
Total number of voting rights	—	1,514,519	—

- Notes:
1. Ordinary shares in “Shares less than one unit” include 92 shares of treasury shares held by IHI, 36 shares whose ownership has not yet been transferred and which have been registered in the name of Japan Securities Depository Center.
 2. Ordinary shares in “Shares with full voting right (others)” include 800 shares whose ownership has not yet been transferred and which have been registered in the name of Japan Securities Depository Center. These shares constitute eight units of voting rights and included in the figure in “Number of voting rights.”
 3. Ordinary shares in “Shares with full voting rights (others)” include 546,200 shares of IHI owned by a trust account for the Board Benefit Trust.

(ii) Treasury shares, etc.

(As of September 30, 2023)

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total shares held (Shares)	Ownership percentage to the total number of issued shares (%)
IHI Corporation	1-1, Toyosu 3-chome, Koto-ku, Tokyo, Japan	2,788,200	—	2,788,200	1.80
Total	—	2,788,200	—	2,788,200	1.80

Note: 546,200 shares of IHI owned by a trust account for the Board Benefit Trust are not included in shares in treasury above.

2. Information about directors and auditors

Not applicable

Note: In “III. Information about reporting company,” monetary amounts less than one unit are rounded down.

IV. Financial information

1. Basis of preparation of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements of the IHI Group are prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* pursuant to the Article 93 of the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No.64 of 2007).

2. Audit attestation

The condensed quarterly consolidated financial statements for the three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023) and the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	Notes	As of March 31, 2023	As of September 30, 2023
Assets			
Current assets			
Cash and cash equivalents	10	124,749	116,178
Trade and other receivables	10	378,446	390,624
Contract assets		144,740	148,487
Other financial assets	10	4,368	5,714
Inventories		374,523	434,341
Other current assets		58,918	72,582
Total current assets		1,085,744	1,167,926
Non-current assets			
Property, plant and equipment		225,032	230,247
Right-of-use assets		102,432	100,910
Goodwill		6,486	7,033
Intangible assets		123,736	122,988
Investment property		142,550	141,156
Investments accounted for using equity method		56,578	61,410
Other financial assets	10	43,042	47,756
Deferred tax assets		82,280	99,953
Other non-current assets		74,084	73,923
Total non-current assets		856,220	885,376
Total assets		1,941,964	2,053,302

(Millions of yen)

	Notes	As of March 31, 2023	As of September 30, 2023
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	247,086	221,503
Bonds and borrowings	6, 10	140,370	251,831
Lease liabilities		16,726	16,532
Other financial liabilities	10	14,551	25,059
Income taxes payable		9,685	6,162
Contract liabilities		201,883	190,421
Provisions		22,942	22,279
Refund liabilities		38,642	198,506
Other current liabilities		139,716	133,520
Total current liabilities		831,601	1,065,813
Non-current liabilities			
Bonds and borrowings	6, 10	253,291	269,850
Lease liabilities		109,101	106,515
Other financial liabilities	10	95,479	89,776
Deferred tax liabilities		4,470	3,679
Retirement benefit liability		167,595	169,009
Provisions		7,948	6,543
Other non-current liabilities		16,228	16,413
Total non-current liabilities		654,112	661,785
Total liabilities		1,485,713	1,727,598
Equity			
Share capital		107,165	107,165
Capital surplus		46,741	46,674
Retained earnings		251,915	107,118
Treasury shares		(8,746)	(8,618)
Other components of equity		34,170	46,081
Total equity attributable to owners of parent		431,245	298,420
Non-controlling interests		25,006	27,284
Total equity		456,251	325,704
Total liabilities and equity		1,941,964	2,053,302

(2) Condensed quarterly consolidated statement of profit or loss and consolidated statement of comprehensive income
Condensed quarterly consolidated statement of profit or loss
Six months ended September 30, 2022 and 2023

(Millions of yen)

	Notes	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	5,8	594,456	470,310
Cost of sales		471,648	523,931
Gross profit (loss)		122,808	(53,621)
Selling, general and administrative expenses		89,827	102,229
Other income		3,173	2,178
Other expenses		2,628	3,359
Operating profit (loss)	5	33,526	(157,031)
Finance income		12,596	9,476
Finance costs		2,997	5,239
Share of profit (loss) of investments accounted for using equity method		(3,609)	1,711
Profit (loss) before tax		39,516	(151,083)
Income tax expense		16,595	(15,487)
Profit (loss)		22,921	(135,596)
Profit (loss) attributable to:			
Owners of parent		21,115	(137,566)
Non-controlling interests		1,806	1,970
Profit (loss)		22,921	(135,596)
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)	9	139.59	(909.25)
Diluted earnings (loss) per share (Yen)	9	139.57	(909.25)

Three months ended September 30, 2022 and 2023

(Millions of yen)

	Notes	Three months ended September 30, 2022	Three months ended September 30, 2023
Revenue		330,166	171,853
Cost of sales		256,314	283,712
Gross profit (loss)		73,852	(111,859)
Selling, general and administrative expenses		46,829	53,377
Other income		563	879
Other expenses		1,613	1,603
Operating profit (loss)		25,973	(165,960)
Finance income		1,889	1,613
Finance costs		893	306
Share of profit (loss) of investments accounted for using equity method		(4,355)	839
Profit (loss) before tax		22,614	(163,814)
Income tax expense		9,252	(21,447)
Profit (loss)		13,362	(142,367)
Profit (loss) attributable to:			
Owners of parent		12,621	(143,172)
Non-controlling interests		741	805
Profit (loss)		13,362	(142,367)
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)	9	83.44	(946.25)
Diluted earnings (loss) per share (Yen)	9	83.43	(946.25)

Condensed quarterly consolidated statement of comprehensive income
Six months ended September 30, 2022 and 2023

(Millions of yen)

	Notes	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)		22,921	(135,596)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	10	2,320	1,241
Remeasurements of defined benefit plans		134	(8)
Share of other comprehensive income of investments accounted for using equity method		(143)	210
Total of items that will not be reclassified to profit or loss		<u>2,311</u>	<u>1,443</u>
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		11,373	13,940
Cash flow hedges		(442)	(2,219)
Share of other comprehensive income of investments accounted for using equity method		1,594	54
Total of items that may be reclassified to profit or loss		<u>12,525</u>	<u>11,775</u>
Other comprehensive income, net of tax		<u>14,836</u>	<u>13,218</u>
Comprehensive income		<u><u>37,757</u></u>	<u><u>(122,378)</u></u>
Comprehensive income attributable to:			
Owners of parent		35,164	(125,362)
Non-controlling interests		2,593	2,984
Comprehensive income		<u><u>37,757</u></u>	<u><u>(122,378)</u></u>

Three months ended September 30, 2022 and 2023

(Millions of yen)

	Notes	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit (loss)		13,362	(142,367)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	10	150	18
Remeasurements of defined benefit plans		29	—
Share of other comprehensive income of investments accounted for using equity method		(86)	81
Total of items that will not be reclassified to profit or loss		<u>93</u>	<u>99</u>
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		3,928	2,489
Cash flow hedges		951	(2,185)
Share of other comprehensive income of investments accounted for using equity method		711	(145)
Total of items that may be reclassified to profit or loss		<u>5,590</u>	<u>159</u>
Other comprehensive income, net of tax		<u>5,683</u>	<u>258</u>
Comprehensive income		<u><u>19,045</u></u>	<u><u>(142,109)</u></u>
Comprehensive income attributable to:			
Owners of parent		18,149	(143,342)
Non-controlling interests		896	1,233
Comprehensive income		<u><u>19,045</u></u>	<u><u>(142,109)</u></u>

(3) Condensed quarterly consolidated statement of changes in equity
Six months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent							
	Notes	Equity attributable to owners of parent					Other components of equity	
		Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2022		107,165	47,052	213,026	(8,815)	12,831	(313)	10,933
Profit (loss)				21,115				
Other comprehensive income						13,028	(1,304)	2,191
Total comprehensive income		—	—	21,115	—	13,028	(1,304)	2,191
Purchase of treasury shares					(7)			
Disposal of treasury shares			3		17			
Dividends	7			(6,074)				
Share-based remuneration transactions			(75)					
Changes in ownership interest in subsidiaries								
Transfer from other components of equity to retained earnings				262				(128)
Other			(13)	(81)	(1)	(2)		
Total transactions with owners		—	(85)	(5,893)	9	(2)	—	(128)
Balance as of September 30, 2022		107,165	46,967	228,248	(8,806)	25,857	(1,617)	12,996

	Equity attributable to owners of parent						
	Notes	Other components of equity			Total	Non-controlling interests	Total
		Remeasurements of defined benefit plans	Share acquisition rights	Total			
Balance as of April 1, 2022		—	255	23,706	382,134	24,905	407,039
Profit (loss)				—	21,115	1,806	22,921
Other comprehensive income		134		14,049	14,049	787	14,836
Total comprehensive income		134	—	14,049	35,164	2,593	37,757
Purchase of treasury shares				—	(7)		(7)
Disposal of treasury shares			(20)	(20)	—		—
Dividends	7			—	(6,074)	(951)	(7,025)
Share-based remuneration transactions				—	(75)		(75)
Changes in ownership interest in subsidiaries				—	—	248	248
Transfer from other components of equity to retained earnings		(134)		(262)	—		—
Other				(2)	(97)	(123)	(220)
Total transactions with owners		(134)	(20)	(284)	(6,253)	(826)	(7,079)
Balance as of September 30, 2022		—	235	37,471	411,045	26,672	437,717

Six months ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of parent							
	Notes	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			(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						
	Notes	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			—	(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

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Notes	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities			
Profit (loss) before tax		39,516	(151,083)
Depreciation, amortization and impairment losses		34,516	34,386
Finance income and finance costs		1,617	712
Share of loss (profit) of investments accounted for using equity method		3,609	(1,711)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property		(185)	(220)
Decrease (increase) in trade receivables		13,113	(18,427)
Decrease (increase) in contract assets		(11,259)	(1,992)
Decrease (increase) in inventories and prepayments		(47,135)	(57,291)
Increase (decrease) in trade payables		(16,898)	(21,207)
Increase (decrease) in contract liabilities		1,680	(10,385)
Increase (decrease) in refund liabilities		547	159,864
Other		(6,060)	(8,266)
Subtotal		13,061	(75,620)
Interest received		266	902
Dividends received		976	1,045
Interest paid		(1,851)	(2,263)
Income taxes paid		(22,424)	(5,560)
Net cash provided by (used in) operating activities		(9,972)	(81,496)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(25,299)	(30,184)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		269	362
Purchase of investments (including investments accounted for using equity method)		(889)	(1,243)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)		2,061	2,599
Purchase of equity interest in subsidiaries		(64)	—
Proceeds from sale of equity interest in subsidiaries		426	160
Other		1,812	(3,069)
Net cash provided by (used in) investing activities		(21,684)	(31,375)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(6,272)	62,395
Net increase (decrease) in commercial papers		—	82,000
Proceeds from long-term borrowings		1,158	31,822
Repayments of long-term borrowings		(12,158)	(39,626)
Proceeds from issuance of bonds	6	20,000	—
Redemption of bonds	6	—	(10,000)
Repayments of lease liabilities		(9,777)	(9,524)
Dividends paid	7	(6,052)	(7,570)
Capital contribution from non-controlling interests		248	—
Dividends paid to non-controlling interests		(951)	(863)
Increase in other financial liabilities		724	557
Decrease in other financial liabilities		(6,297)	(7,155)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		—	(689)
Other		(8)	98
Net cash provided by (used in) financing activities		(19,385)	101,445
Effect of exchange rate changes on cash and cash equivalents		885	2,861
Net increase (decrease) in cash and cash equivalents		(50,156)	(8,565)
Cash and cash equivalents at beginning of period		145,489	124,743
Cash and cash equivalents at end of period		95,333	116,178

Notes to condensed quarterly consolidated financial statements

1. Reporting entity

IHI is a stock company located in Japan and incorporated in accordance with the Companies Act of Japan. IHI's condensed quarterly consolidated financial statements consist of accounts of IHI and its subsidiaries, as well as IHI's interests in its associates. The IHI Group operates four main businesses, providing a diverse range of products. The four businesses are: Resources, Energy and Environment; Social Infrastructure; Industrial Systems and General-Purpose Machinery; and Aero Engine, Space and Defense.

2. Basis of preparation

(1) Compliance with IFRS

The condensed quarterly consolidated financial statements of the IHI Group are prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* pursuant to the Article 93 of the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No.64 of 2007) as it meets the requirements for a "specified company complying with designated international accounting standards" as prescribed in Article 1-2 of said Regulation.

The condensed quarterly consolidated financial statements do not contain all the information required by the annual consolidated financial statements and should be used in conjunction with the consolidated financial statements for the previous fiscal year.

The condensed quarterly consolidated financial statements were approved by Hiroshi Ide, Representative Director and President, on November 10, 2023.

(2) Basis of measurement

The IHI Group's condensed quarterly consolidated financial statements have been prepared on the acquisition cost basis, except for certain financial instruments, etc. that are measured at fair value.

(3) Functional currency and presentation currency

The presentation currency of the IHI Group's condensed quarterly consolidated financial statements is Japanese yen, which is also its functional currency, and figures less than one million yen are rounded off to the nearest unit.

3. 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, but deferred tax assets are recognized based on estimated future taxable income since the impact of the revenue reduction due to additional inspection program for shipped PW1100G-JM engines is expected to be expensed over the next few years.

4. Significant accounting judgements, estimates and assumptions

In preparing the condensed consolidated financial statements in accordance with IFRS, the management is required to make judgements, estimates, and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues, and expenses. The IHI Group uses rational methods to make such judgements and estimates, but estimates are inherently subject to uncertainties, and those uncertainties may influence the IHI Group's operating results and financial position as recognized in future.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods.

Significant accounting judgements, estimates and assumptions consolidated financial statements are the same as those in the consolidated financial statements for the previous fiscal year.

In the civil aircraft engine business, sales revenue decreased due to additional inspection program for PW1100G-JM engines.

With an increase in the number of shop visits over the next few years, and an average of 350 aircraft expected to be grounded between 2024 and 2026, IHI, which holds approximately 15% share in the aforementioned engine program, expects to incur costs related to compensation, additional maintenance.

The reason for the increase in the number of shop visits is that at Pratt & Whitney ("P&W"), a partner company in the PW1100G-JM engines program, it was discovered that there were quality issues rarely in the manufacturing process of powder metallurgy parts (*) manufactured in the past, and as a result of P&W's technical review, a policy of repetitive inspections and shortening the service life was issued for parts in question in September 2023. Approximately 3,000 engines are affected, repetitive inspections at certain

cycle intervals and parts replacement are required, these result in an increase in the number of shop visits. The period from engine removal to installation is expected to be 250 to 300 days.

Effective countermeasures have already been taken for the manufacturing process, and no similar issues have occurred with parts other than those currently known to be affected.

In the second quarter of this fiscal year, the IHI Group reduced revenue by 154,097 million yen, mainly as a result of the consideration paid to customers. As a result, revenue was reduced by 154,097 million yen, operating income and income before income taxes were reduced by 158,357 million yen, and income attributable to owners of the parent was reduced by 134,943 million yen.

(*) Powder metallurgy: A technology to produce metal powder by spraying molten metal and solidifying and forging the powder to manufacture parts.

5. Segment information

(1) Overview of reportable segment

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

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

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

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

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

(2) Information about reportable segment

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

Intersegment revenue and transfers are based on actual market pricing.

Six months ended September 30, 2022

(Millions of yen)

	Reportable segment					Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense	Total					
Revenue										
Revenue from external customers	163,783	72,661	196,950	149,504	582,898	11,558	594,456	—	594,456	
Intersegment revenue and transfers	778	2,772	3,277	1,441	8,268	10,536	18,804	(18,804)	—	
Total	164,561	75,433	200,227	150,945	591,166	22,094	613,260	(18,804)	594,456	
Segment profit (loss) (Note 3)	10,099	3,110	5,385	18,836	37,430	174	37,604	(4,078)	33,526	

- 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 ¥335 million and unallocated corporate expenses of ¥(4,413) 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.

Six months ended September 30, 2023

(Millions of yen)

	Reportable segment					Total	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense (Note 1)	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:
1. Due to the additional inspection program for shipped PW1100G-JM engines, IHI was required to share the costs related to aircraft on the ground as well as the direct costs of engine maintenance in participation share of the engine program. In the second quarter ended September 30, 2023, IHI has made the estimates based on currently available information and reduced the revenue by ¥154,097 million as the consideration to be paid to customers under the maintenance contracts. The details of the event are described in "IV. Financial information, Notes to condensed quarterly consolidated financial statements, 4. Significant accounting judgements, estimates and assumptions."
 2. 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.
 3. 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.
 4. Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

6. Bonds

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

Bonds issued are as follows:

(Millions of yen)

Company	Description	Date of issuance	Amount o issuance	Interest rate (%)	Maturity
IHI	49th Unsecured Bonds	June 6, 2022	11,000	0.390	June 4, 2027
IHI	50th Unsecured Bonds	June 6, 2022	9,000	0.620	June 4, 2032

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

Bonds redeemed is as follows:

(Millions of yen)

Company	Description	Date of issuance	Amount o issuance	Interest rate (%)	Maturity
IHI	46th Unsecured Bonds	September 3, 2020	10,000	0.220	September 1, 2023

7. Dividends

The dividends paid are as follows:

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2022	Ordinary shares	6,074	40	March 31, 2022	June 24, 2022

Note: Total dividends paid in accordance with the resolution passed at the Ordinary General Meeting of Shareholders held on June 23, 2022 include ¥24 million of dividends for the shares of IHI owned by a trust account for the Board Benefit Trust.

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2023	Ordinary shares	7,594	50	March 31, 2023	June 26, 2023

Note: Total dividends paid in accordance with the resolution passed at the Ordinary General Meeting of Shareholders held on June 23, 2023 include ¥29 million of dividends for the shares of IHI owned by a trust account for the Board Benefit Trust.

Dividends with effective date after the end of the second quarter of the fiscal year are as follows:

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on November 8, 2022	Ordinary shares	6,074	40	September 30, 2022	December 9, 2022

Note: Total dividends paid in accordance with the resolution passed at the Meeting of the Board of Directors held on November 8, 2022 include ¥24 million of dividends for the shares of IHI owned by a trust account for the Board Benefit Trust.

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on November 7, 2023	Ordinary shares	7,595	50	September 30, 2023	December 8, 2023

Note: Total dividends paid in accordance with the resolution passed at the Meeting of the Board of Directors held on November 7, 2023 include ¥27 million of dividends for the shares of IHI owned by a trust account for the Board Benefit Trust.

8. Revenue

Disaggregation of revenue recognized from contracts with customers and other sources of revenue, and revenue by major type of goods or services and regional market and the relationships with reportable segment are as follows:

Six months ended September 30, 2022

(1) Revenue recognized from contracts with customers and other sources of revenue

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Revenue recognized from contracts with customers	163,783	64,616	196,948	149,493	574,840	11,073	585,913
Revenue recognized from other sources of revenue	—	8,045	2	11	8,058	485	8,543
Total	163,783	72,661	196,950	149,504	582,898	11,558	594,456

Revenue recognized from other sources of revenue includes lease income under IFRS 16 *Leases* (hereinafter, “IFRS 16”).

(2) Breakdown by type of goods or services

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Power systems	32,660	—	—	—	32,660	—	32,660
Carbon solutions	73,746	—	—	—	73,746	—	73,746
Nuclear energy	28,772	—	—	—	28,772	—	28,772
Bridges and water gates	—	43,862	—	—	43,862	—	43,862
Shield systems	—	9,349	—	—	9,349	—	9,349
Urban development	—	8,565	—	—	8,565	—	8,565
Vehicular turbochargers	—	—	89,948	—	89,948	—	89,948
Parking	—	—	20,012	—	20,012	—	20,012
Rotating machineries	—	—	26,398	—	26,398	—	26,398
Heat treatment and surface engineering	—	—	21,674	—	21,674	—	21,674
Transport machineries	—	—	15,912	—	15,912	—	15,912
Logistics and industrial systems	—	—	14,169	—	14,169	—	14,169
Civil aero engines	—	—	—	94,705	94,705	—	94,705
Other	37,799	13,667	12,611	66,113	130,190	22,094	152,284
Intersegment revenue	(9,194)	(2,782)	(3,774)	(11,314)	(27,064)	(10,536)	(37,600)
Revenue from external customers	163,783	72,661	196,950	149,504	582,898	11,558	594,456

(3) Breakdown by region

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Japan	80,802	48,432	88,581	53,957	271,772	10,211	281,983
North America	9,422	—	14,275	87,639	111,336	241	111,577
Asia	67,973	16,441	64,335	1,192	149,941	318	150,259
Europe	1,330	7,737	20,850	6,657	36,574	152	36,726
Central and South America	161	20	8,598	—	8,779	—	8,779
Other	4,095	31	311	59	4,496	636	5,132
Overseas	82,981	24,229	108,369	95,547	311,126	1,347	312,473
Revenue from external customers	163,783	72,661	196,950	149,504	582,898	11,558	594,456

Six months ended September 30, 2023

(1) Revenue recognized from contracts with customers and other sources of revenue

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Revenue recognized from contracts with customers	172,400	60,953	209,748	7,460	450,561	11,141	461,702
Revenue recognized from other sources of revenue	—	8,029	86	10	8,125	483	8,608
Total	172,400	68,982	209,834	7,470	458,686	11,624	470,310

Revenue recognized from other sources of revenue includes lease income under IFRS 16.

(2) Breakdown by type of goods or services

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Power systems	31,351	—	—	—	31,351	—	31,351
Carbon solutions	79,593	—	—	—	79,593	—	79,593
Nuclear energy	21,076	—	—	—	21,076	—	21,076
Bridges and water gates	—	40,982	—	—	40,982	—	40,982
Shield systems	—	7,326	—	—	7,326	—	7,326
Urban development	—	8,334	—	—	8,334	—	8,334
Vehicular turbochargers	—	—	99,823	—	99,823	—	99,823
Parking	—	—	23,572	—	23,572	—	23,572
Rotating machineries	—	—	26,632	—	26,632	—	26,632
Heat treatment and surface engineering	—	—	22,422	—	22,422	—	22,422
Transport machineries	—	—	14,740	—	14,740	—	14,740
Logistics and industrial systems	—	—	14,110	—	14,110	—	14,110
Civil aero engines (*1)	—	—	—	(50,536)	(50,536)	—	(50,536)
Other	47,346	14,885	12,618	72,744	147,593	23,195	170,788
Intersegment revenue	(6,966)	(2,545)	(4,083)	(14,738)	(28,332)	(11,571)	(39,903)
Revenue from external customers	172,400	68,982	209,834	7,470	458,686	11,624	470,310

(3) Breakdown by region

(Millions of yen)

	Reportable segment					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Japan	81,456	49,206	92,416	58,212	281,290	10,131	291,421
North America (*2)	(2,323)	—	20,318	(61,763)	(43,768)	14	(43,754)
Asia	87,026	14,570	64,920	1,175	167,691	318	168,009
Europe	3,081	5,195	23,787	9,345	41,408	280	41,688
Central and South America	172	11	8,082	488	8,753	—	8,753
Other	2,988	—	311	13	3,312	881	4,193
Overseas	90,944	19,776	117,418	(50,742)	177,396	1,493	178,889
Revenue from external customers	172,400	68,982	209,834	7,470	458,686	11,624	470,310

The IHI Group consists of segments by Business Area and sets the Business Areas of Resources, Energy and Environment; Social Infrastructure; Industrial Systems and General-Purpose Machinery; and Aero Engine, Space and Defense, and is engaged in the sale of goods, execution of construction and rendering of services in each Business Area.

The primary method to record revenue for each segment is as follows:

- Resources, Energy and Environment and Social Infrastructure

For revenue from sale of goods, the IHI Group determines that performance obligations have been satisfied when customers obtain control of the goods upon its delivery. Hence, revenue from sale of goods is usually recognized upon the delivery of goods.

With regard to the execution of construction contracts and rendering of services including maintenance services, the IHI Group determines that performance obligations are satisfied over time, and revenue is recognized as progress towards satisfaction of the provision of performance obligations to customers is measured.

The progress is measured in a way that reflects the satisfaction of performance obligations, and measurements are estimated based on the ratio of the costs incurred to satisfy the performance obligations against the total expected costs to fully satisfy the performance obligations.

Revenue is recognized by the cost recovery method when it is not possible to reasonably estimate progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered.

- Industrial Systems and General-Purpose Machinery and Aero Engine, Space and Defense

In the sale of goods mainly in the Civil aero engines Business and the Vehicular turbochargers Business, the IHI Group determines that performance obligations have been satisfied when customers obtain control of the goods upon its delivery. Hence, revenue from sale of goods is usually recognized upon the delivery of goods.

In the Civil aero engines Business, revenue decreased after estimating the costs to be borne in connection with the civil aero engine programs in which IHI participates, which are deducted revenue as consideration paid to customers.

Furthermore, "Revenue" decreased during reversal as consideration prepaid by customers was recorded in "Other non-current assets".

When certain refund obligations to customers are expected to arise, such as compensation for damages incurred in association with performance of contracts, the IHI Group reduces revenue to the extent of the estimated refund liability.

The consideration of a transaction is generally received based on the progress for each performance obligation satisfied over time, such as a milestone in the case of a construction contract. The consideration for the sale of goods or rendering of services is mostly received within one year after the performance obligation is satisfied.

In either case, the contract does not include a significant financing component.

Further, IHI provides warranties assuring that a product satisfies specifications as provided in the contract. However, IHI does not identify this warranty as a separate performance obligation because it does not provide a distinct service.

(*1) (*2) Due to the additional inspection program for shipped PW1100G-JM engines, IHI was required to share the costs related to aircraft on the ground as well as the direct costs of engine maintenance in participation share of the engine program. In the second quarter ended September 30, 2023, IHI has made the estimates based on currently available information and reduced the revenue by ¥ 154,097 million as the consideration to be paid to customers under the maintenance contracts, resulting in negative sales revenue. The details of the event are described in "IV. Financial information, Notes to condensed quarterly consolidated financial

statements, 4. Significant accounting judgements, estimates and assumptions.”

(2) Contract balances

The breakdown of receivables arising from contracts with customers and contract assets and liabilities is as follows:

(Millions of yen)

	As of April 1, 2022	As of March 31, 2023	As of September 30, 2023
Receivables arising from contracts with customers	339,141	367,112	379,134
Contract assets	126,560	144,740	148,487
Contract liabilities	214,726	201,883	190,421

All revenues recognized for performance obligations satisfied (or partially satisfied) in the previous periods are immaterial.

The contract assets relate to consideration for work completed but not billed at the account closing date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advances received from customers.

During the second quarter ended September 30, 2023, IHI's consolidated subsidiary, IHI E&C International Corporation (“IHI E&C”), reversed ¥ 15,694 million of contract assets and reduced revenue by ¥ 14,685 million.

This case arises from construction delays on the North American process plant (*1) that IHI E&C was ordered by Elba Liquefaction Company, L.L.C. and Southern LNG Company, L.L.C. (“Customer Group”) in 2016. The IHI Group recognized that the delay was caused by the Customer Group circumstances and had continued negotiations enlisting the perspective that additional costs incurred due to the delay could be charged to the Customer Group based on the contract. In 2019, inter-party discussions were held based on the contract terms with the Customer Group, and in March and October 2020 in accordance with the contract terms as the next step, the IHI Group had sincerely held discussions through mediation including third party. However, since no agreement was reached, the IHI Group determined that the discussions had reached a stage where there was no option left but to refer the dispute resolution to the court proceedings in the local court based on the contract terms. As a result, on December 4, 2020, the IHI Group filed a lawsuit with the local court seeking to have the Customer Group pay approximately 227 million U.S. dollars as a claim for a higher contracted amount primarily on the grounds of breach of contract. Meanwhile, on December 4, 2019, at the stage of aforementioned inter-party discussion, IHI E&C received a letter of claim for payment of 117 million U.S. (hereinafter, the “Invoice amount”) dollars from the Customer Group for liquidated damages contractually stipulated in the case of delayed delivery. So far, because it is difficult to reasonably estimate the amount of the effect on the financial position and operating results, the effect of the matter of the Invoice amount had not been reflected in the condensed quarterly consolidated financial statements.

Meanwhile, IHI E&C and the Customer Group had been negotiating a settlement in parallel with the lawsuit. In those negotiations, IHI E&C reached a settlement under which it would receive settlement payments of 37 million U.S from the Customer Group on October 13, 2023, and the IHI Group has recorded this impact in the second quarter ended September 30, 2023. As a result of the settlement, due to a partial shortfall in the recovery of costs incurred for reasons attributable to the Customer Group, a decrease in revenue was recorded in the second quarter ended September 30, 2023.

(*1) The process plant has been delivered to a customer, and commercial operation of LNG shipping equipment has started by the customer on August 26, 2020.

9. Earnings per share

(1) Basis for calculating basic earnings per share

(Millions of yen, unless otherwise stated)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss) attributable to owners of parent	21,115	(137,566)
Profit (loss) not attributable to ordinary shareholders of parent	—	—
Profit (loss) used for calculating basic earnings (loss) per share	21,115	(137,566)
Weighted-average number of ordinary shares (Thousands of shares)	151,262	151,296
Basic earnings (loss) per share (Yen)	139.59	(909.25)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit (loss) attributable to owners of parent	12,621	(143,172)
Profit (loss) not attributable to ordinary shareholders of parent	—	—
Profit (loss) used for calculating basic earnings (loss) per share	12,621	(143,172)
Weighted-average number of ordinary shares (Thousands of shares)	151,264	151,304
Basic earnings (loss) per share (Yen)	83.44	(946.25)

(2) Basis for calculating diluted earnings per share

(Millions of yen, unless otherwise stated)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss) used for calculating basic earnings (loss) per share	21,115	(137,566)
Adjustment to profit (loss)	—	—
Profit (loss) used to calculate diluted earnings (loss) per share	21,115	(137,566)
Weighted-average number of ordinary shares (Thousands of shares)	151,262	151,296
Increase in ordinary shares		
Share acquisition rights (Thousands of shares)	20	—
Weighted-average number of ordinary shares after dilution (Thousands of shares)	151,282	151,296
Diluted earnings (loss) per share (Yen)	139.57	(909.25)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit (loss) used for calculating basic earnings (loss) per share	12,621	(143,172)
Adjustment to profit (loss)	—	—
Profit (loss) used to calculate diluted earnings (loss) per share	12,621	(143,172)
Weighted-average number of ordinary shares (Thousands of shares)	151,264	151,304
Increase in ordinary shares		
Share acquisition rights (Thousands of shares)	21	—
Weighted-average number of ordinary shares after dilution (Thousands of shares)	151,284	151,304
Diluted earnings (loss) per share (Yen)	83.43	(946.25)

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 second quarter ended September 30, 2023 and the number of treasury shares excluded for the calculation of the weighted-average number of ordinary shares.

The weighted-average number of ordinary shares as treasury shares excluded for the calculation of basic earnings per share and diluted earnings per share is 588 thousand shares for the six months ended September 30, 2023 (592 thousand shares for the six months ended September 30, 2022), 585 thousand shares for the three months ended September 30, 2023 (592 thousand shares for the three months ended September 30, 2022).

Share acquisition rights for the six months ended September 30, 2023 and the three months ended September 30, 2023 is not included in calculation of weighted-average number of ordinary shares after dilution, as it has antidilutive effect.

10. Fair value of financial instruments

The fair value measurements of financial instruments measured at fair value are categorized into the following three levels based on the observability and significance of inputs used to measure such financial instruments.

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price
- Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(1) Measurement method for fair value

The measurement method for fair value of financial instruments is as follows.

(Cash and cash equivalents, trade and other receivables and trade and other payables, commercial papers)

As the fair value of these accounts is assumed to be approximate to their carrying amount due to the short-term maturity, no further information is given.

(Bonds and borrowings)

The fair value of bonds is determined based on the market prices or prices provided by financial and other institutions with which the IHI Group does business.

The fair value of borrowings is determined based on the present value of future cash flows discounted at the interest rate to be applied if similar new contracts were entered into.

These liabilities are classified as Level 2.

(Government grants classified under contingent settlement provisions)

The fair value of government grants classified under contingent settlement provisions is determined based on the present value of future cash flows discounted at the interest rate to be applied if similar new contracts were entered into.

These liabilities are classified as Level 2.

(Other financial assets and other financial liabilities)

Derivatives are measured as financial assets or liabilities measured at fair value through profit or loss based on prices provided by the counterparty financial institutions and classified as Level 2.

The fair value of marketable shares and investments in capital are calculated based on the market price at the account closing date and classified as Level 1.

The fair value of non-marketable shares and investments in capital are calculated by the valuation technique using the net asset value, the valuation technique using quoted market prices of comparable companies, and in both cases, they are classified as Level 3.

(2) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows.

Financial instruments whose carrying amount is a reasonable approximation of the fair value are not included in the following table.

(Millions of yen)

	As of March 31, 2023		As of September 30, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost				
Borrowings	313,887	313,200	369,876	368,583
Bonds payable	79,774	78,818	69,805	68,426
Government grants classified under contingent settlement provisions	96,223	94,072	90,688	88,837
Total	489,884	486,090	530,369	525,846

(3) Financial instruments measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows:

As of March 31, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Derivatives	—	1,063	—	1,063
Other	—	1,459	4,637	6,096
Financial assets measured at fair value through other comprehensive income				
Shares and investments in capital	10,262	—	14,051	24,313
Total	10,262	2,522	18,688	31,472
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	606	—	606
Total	—	606	—	606

As of September 30, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Derivatives	—	1,171	—	1,171
Other	—	1,194	3,270	4,464
Financial assets measured at fair value through other comprehensive income				
Shares and investments in capital	13,785	—	14,123	27,908
Total	13,785	2,365	17,393	33,543
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	10,312	—	10,312
Total	—	10,312	—	10,312

Transfers between levels of the fair value hierarchy are recognized on the day when the event or change in circumstances that caused the transfer occurred. The IHI Group did not recognize any significant transfers between Level 1 and Level 2 for the previous fiscal year and the six months ended September 30, 2023.

(4) Valuation processes

For financial instruments classified as Level 3, the staff determines the valuation method of target financial instruments and measures the fair value in accordance with the valuation policy and procedures set by the IHI Group. The fair value measurement result is approved by the responsible person.

(5) Reconciliation of financial instruments classified as Level 3 from the beginning to the end of the second quarter.

Changes in financial instruments classified as Level 3 from the beginning to the end of the second quarter are as follows:

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Balance at beginning of period	17,160	18,688
Total gains and losses		
Profit or loss (Note 1)	539	(1,321)
Other comprehensive income (Note 2)	408	210
Purchases	2,131	264
Sales	(23)	(608)
Transfer from Level 3	—	—
Other (Note 3)	(15)	160
Balance at end of period	20,200	17,393
Changes in unrealized gains or losses recorded in profit or loss on assets held at the end of the reporting period (Note 1)	539	(156)

- Notes:
1. Included in “Finance income” and “Finance costs” in the condensed quarterly consolidated statement of profit or loss.
 2. Included in “Financial assets measured at fair value through other comprehensive income” in the condensed quarterly consolidated statement of comprehensive income.
 3. The impact of change in scope of consolidation is included.

11. Contingent liabilities

The IHI Group provides debt guarantees and guarantees in kind for borrowings from financial and other institutions taken out by companies such as business counterparties and entities accounted for using the equity method.

(1) Debt guarantees (Note)

Debt guarantees for borrowings from financial and other institutions are as follows:

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
IHI Investment for Aero Engine Leasing LLC	8,902	9,722
Japanese Aero Engine Corporation	3,910	2,261
Japan Marine United Corporation	–	4,900
Japan Aeroforge, Ltd.	177	177
Contingent liabilities for employee housing loans	185	182
Total	13,174	17,242

(2) Guarantees in kind (Note)

Guarantees in kind for borrowings from financial and other institutions are as follows:

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Contingent liabilities for employee housing loans	2,629	2,418
Total	2,629	2,418

Note: In any of the following cases, the amount represents the amounts for which the IHI Group is liable:

- A. In the case of joint guarantees and guarantees in kind for debts with protection requirements against creditors, where the IHI Group's liabilities are specifically stated and clarified regardless of the debt capacity of other guarantors in the contract.
- B. In the case of joint and several guarantees in which there are two or more guarantors, where the percentage or amount of the IHI Group's liabilities is specifically stated and clarified such as in agreement among the guarantors and other joint and several guarantors are considered to have sufficient debt capacity.

12. Subsequent events

Not applicable

2. Others

At the Board of Directors' meeting held on November 7, 2023, the following details concerning the interim dividend were resolved.

Total amount allocated for the interim dividend 7,595 millions of yen

Dividends per share 50 yen

Effective date and payment date December 8, 2023

Note: The interim dividend is paid to shareholders or registered pledgees of shares whose names are written in the shareholder register as of September 30, 2023.

Part 2. Information about company which provides guarantee to reporting company

Not applicable