



Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under IFRS)

August 6, 2025

Company name: IHI Corporation

Listing: Tokyo Stock Exchange (Prime Market)

Securities code: 7013

URL: <https://www.ihl.co.jp>

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Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors, analysts and the media)

(Yen amounts are rounded to the nearest millions.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results

(Percentages indicate the year-on-year change for the same quarter.)

	Revenue		Operating profit		Profit before tax		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	337,791	(3.0)	20,889	(12.3)	20,225	(36.2)	12,488	(36.8)
June 30, 2024	348,163	16.7	23,830	166.9	31,682	148.9	19,749	191.7

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2025	11,601	(37.6)	18,666	(43.6)	76.64	76.63
June 30, 2024	18,583	231.5	33,074	67.6	122.77	122.77

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2025	2,240,059	515,281	490,518	21.9
March 31, 2025	2,240,392	508,660	481,726	21.5

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen —	Yen 50.00	Yen —	Yen 70.00	Yen 120.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		70.00	—	10.00	—

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

The IHI Group resolved at the Board of Directors meeting held today, to conduct a 7-for-1 stock split for shares of IHI's common stock with an effective date of October 1, 2025. Therefore, the dividend per share at the fiscal year ending March 31, 2026 (Forecast) is stated as the amount reflecting the impact of this stock split. The dividend per share at the fiscal year-end for fiscal year ending March 31, 2026 (Forecast) without reflecting the stock split would be 70.00 yen and the full-year total amount would be 140.00 yen. For details, please refer to "Notice regarding Stock Split, Partial Amendment of Articles of Incorporation, and Revision of Year-End Dividend Forecast."

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Full-year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	1,650,000	1.4	150,000	4.5	135,000	(2.5)	120,000	6.4	112.85

(Note) Revisions to the forecasts of results most recently announced: None

Basic earnings per share in the consolidated financial forecast for the fiscal year ending March 31, 2026 reflects the impact of the stock split (a ratio of 7 stocks for each common stock). Basic earnings per share in the consolidated financial forecast for the fiscal year ending March 31, 2026 without reflecting the stock split would be 789.94 yen.

* Notes

(1) Significant changes in the scope of consolidation during the period : None

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

(i) Changes in accounting policies required by IFRS : None

(ii) Changes in accounting policies due to other reasons : Yes

(iii) Changes in accounting estimates : None

(3) Number of shares issued (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	154,679,954 shares
As of March 31, 2025	154,679,954 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	3,316,084 shares
As of March 31, 2025	3,315,682 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2025	151,364,068 shares
Three months ended June 30, 2024	151,359,152 shares

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

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

(Cautionary statements on forward-looking statements)

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

(How to obtain supplementary material on financial results)

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

1. SUMMARY OF BUSINESS RESULTS

(1) SUMMARY OF BUSINESS RESULTS

During the three months ended June 30, 2025, the global economy showed signs of recovery in Europe and some regions, but stagnation was observed in other regions such as China, and uncertainty increased due to U.S. trade policies.

In the Japanese economy, although it has been affected by rising prices, a gradual recovery has continued, supported by improvements in the employment and income environment. However, downside risks to the economy have increased due to U.S. trade policies.

In the IHI Group's main business of Aero Engine, Space and Defense, while demand for aircraft is expected to increase over the medium- to long-term, in the Civil aero engines Business, sales of spare parts have been steadily expanding. In the Defense Business, under the government's policy of reinforcing Japan's defense capabilities, the IHI Group is continuing to respond to orders for large-scale projects with the aim of expanding domestic defense business. In order to accommodate the expected increasing demand for civil aero engines, defense business, and space business in the future, the IHI Group is enhancing its production capacity including securing resources and accelerating initiatives towards achieving the world's highest level of production efficiency.

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

As steady growth is expected in the medium- to long-term for the lifecycle businesses in the Conventional Businesses, the IHI Group will continue to strive to expansion, aiming to contribute to the Group earnings and generate the investment capital.

As a part of efforts to reform our business portfolio, during the first quarter of this fiscal year, the IHI Group completed the transfer of all shares of IHI PACKAGED BOILER CO., LTD., and Turf Care Machinery Business of IHI Agri-Tech Corporation which were parts of the Conventional Businesses of the Industrial Systems and General-Purpose Machinery.

In addition, on June 26 of this year, the IHI Group decided to transfer a portion of IHI's equity interest in Japan Marine United Corporation (hereinafter "JMU"), an entity accounted for using the equity method of IHI, to Imabari Shipbuilding Co., Ltd. (hereinafter "Imabari Shipbuilding") To date, JMU and Imabari Shipbuilding have been strengthening international competitiveness of merchant vessel businesses for both companies through capital alliances and establishment of a joint sales and design venture. Looking ahead to a global shipbuilding market which is expected to be intensifying, JMU and Imabari Shipbuilding will contribute to the development of Japan's shipbuilding industry by further strengthening both technical and management aspects, and enabling swift and comprehensive decisions. This transaction is subject to notifications to and approvals from relevant authorities, both domestically and internationally. Upon completion of the transaction, the voting rights ratio in JMU will be changed from the current Imabari Shipbuilding: 30%, JFE (*): 35%, and IHI: 35% to Imabari Shipbuilding: 60%, JFE: 20%, and IHI: 20%. (*JFE Holdings, Inc.)

The IHI Group will continue to aim for a leap toward becoming a sustainable high-growing company through building a portfolio that delivers stable and sustainable growth while controlling volatility, and by boldly shifting management resources to growth areas.

Under such a business environment, orders received by the IHI Group during the three months increased 29.1% from the previous corresponding period to ¥424.3 billion. Revenue decreased 3.0% from the previous corresponding period to ¥337.7 billion, due to the effects of yen appreciation and a reactionary decline following the progress of large-scale projects in the Conventional Businesses in the same period of the previous fiscal year, even though sales of spare parts for civil aero engines increased.

In terms of profit, operating profit decreased ¥2.9 billion to ¥20.8 billion, as a result of higher SG&A expenses such as personnel costs, despite the steady performance in Civil aero engines. Profit before tax decreased ¥11.4

billion to ¥20.2 billion due to a deterioration in foreign exchange gains/losses caused by the yen appreciation compared to the same period of the previous year, while profit of investments accounted for using equity method increased. Profit attributable to owners of parent decreased ¥6.9 billion to ¥11.6 billion.

Results by reportable segment for the three months ended June 30, 2025 are as follows:

Reportable segment								(Billions of yen)	
	Orders received			Three months ended		Three months ended		Changes from	
				June 30, 2024		June 30, 2025		the previous	
	Three months ended June 30, 2024	Three months ended June 30, 2025	Changes from the corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	corresponding period (%)	Revenue
									Operating profit (loss)
Resources, Energy and Environment	61.8	143.1	131.6	99.3	0.6	70.9	(3.3)	(28.6)	—
Social Infrastructure (*1)	38.7	22.4	(42.0)	31.9	(0.6)	29.1	(1.7)	(8.5)	—
Industrial Systems and General-Purpose Machinery	121.2	112.7	(7.0)	110.3	0.5	104.6	0.3	(5.2)	(45.4)
Aero Engine, Space and Defense (*2)	100.7	137.0	36.0	100.0	23.8	127.9	27.9	27.8	17.2
Reportable segment total	322.5	415.3	28.8	341.6	22.4	332.7	23.1	(2.6)	(5.6)
Others	18.1	21.3	17.8	14.0	0.9	15.1	0.5	7.7	(46.0)
Adjustment	(11.9)	(12.3)	—	(7.6)	(1.6)	(10.0)	(2.7)	—	—
Total	328.7	424.3	29.1	348.1	23.8	337.7	20.8	(3.0)	(12.3)

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

(*1) The Urban Development Business, which was previously included in the “Social Infrastructure” segment during the first quarter of the fiscal year ending June 30, 2024, has been reclassified and is now presented under the “Others.”

(*2) The revenue and operating profit (loss) for the first quarter of the fiscal year ending June 30, 2025 includes the impact of ¥ 3.6 billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.

(2) SUMMARY OF FINANCIAL POSITION

Assets, liabilities and equity

Total assets at the end of the first quarter were ¥2,240.0 billion, down ¥0.3 billion compared with the end of the previous fiscal year. The major item of increase was inventories, up ¥50.5 billion. The major items of decrease were cash and cash equivalents, down ¥45.7 billion and trade and other receivables, down 35.4 billion.

Total liabilities were ¥1,724.7 billion, down ¥6.9 billion compared with the end of the previous fiscal year. The major item of increase was contract liabilities, up ¥56.7 billion. The major items of decrease were income taxes payable, down ¥31.3 billion and refund liabilities, down ¥23.3 billion. And interest-bearing liabilities, including lease liabilities, were ¥508.1 billion, down ¥6.5 billion compared with the end of the previous fiscal year. The IHI Group ensures an adequate level of liquidity of funds.

Equity was ¥515.2 billion, up ¥6.6 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥11.6 billion.

As a result of the above, the ratio of equity attributable to owners of parent increased from 21.5% at the end of the previous fiscal year to 21.9%.

Cash flows

At the end of the first quarter, the outstanding balance of cash and cash equivalents was ¥91.0 billion, down ¥45.7 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥5.3 billion excess of expenditures. This was due to increases in contract liabilities, while there were increases in inventories and prepayments.

Net cash flows from investing activities were ¥15.6 billion in excess of expenditures. This was due to proceeds from the sale of equity interests in subsidiaries, such as all the shares of IHI PACKAGED BOILER CO., LTD. and the Turf Care Machinery Business of IHI Agri-Tech Corporation, while there were increases in due to acquisitions of property, plant and equipment.

Net cash flows from financing activities were ¥23.8 billion in excess of expenditures. This was due to proceeds from issuances of commercial papers to secure funds, while there were increases in dividend payments and repayment of borrowings.

(3) EXPLANATION REGARDING FUTURE PREDICTION INFORMATION SUCH AS CONSOLIDATED FORECASTS OF RESULTS

As the outlook for the global economy remains uncertain, it is necessary to continue to pay attention to geopolitical risks surrounding Ukraine and the Middle East, concerns about the Chinese economy, and the uncertainty of policy trends under the U.S. administration. U.S. tariff policies raise concerns about risks of economic downturns such as supply chain disruptions and rising prices due to cost pass-through.

The Japanese economy is expected to recover gradually as the employment and income environment improves, but continued vigilance is required regarding the impact of these factors.

The IHI Group is promoting initiatives based on “Group Management Policies 2023,” the three-year medium-term management plan that began in fiscal year 2023. In order to transform its business to achieve sustainable high growth even in the ongoing highly uncertain business environment, the IHI Group in the final year of the three-year medium-term management plan will strategically shift its management resources to Growth Businesses in the aero engines and rockets fields, which are driving growth, to Development-focus Businesses in the clean energy field, which is expected to become a future business pillar, and to capital-efficient businesses with market growth potential.

In the aero engines and rockets fields as Growth Businesses, global demand for aircraft is expected to grow steadily in the future. The IHI Group participates in the development and mass production of best-selling engines spanning small, large and ultra-large engine classes for civil aero engines, and aims to expand its business in the aftermarket, where demand is expected to increase. Regarding the maintenance business, the IHI Group is working to improve productivity through automation, advanced digital transformation (DX), and other measures to provide high-quality services promptly. Tsurugashima Aero-Engine Maintenance Works, one of

our maintenance sites for civil aero engines, is scheduled to begin the operation of a new repair building in fiscal year 2026, and the IHI Group will accelerate the capture the demand for repairing high-value-added parts. Furthermore, the IHI Group will strengthen its production capacity and develop necessary technologies, to expand its defense-related and space-related businesses, which are expected to grow.

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

In the Conventional Businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and General-Purpose Machinery, the IHI Group will allocate necessary resources to businesses with market growth potential where the Group's strengths can be leveraged, aiming to generate stable cash. At the same time, the IHI Group will continue to advance structural reforms in businesses with low profitability and efficiency, aiming to realize sustained growth through the transformation of its business portfolio.

With regard to the consolidated forecasts of results for the fiscal year ending March 31, 2026, both revenue and profit remain unchanged from the previous forecasts (May 8, 2025). Note that foreign exchange rate of ¥140/US\$1 has been assumed in the above forecasts in and after the second quarter ending September 30, 2025. Concerning dividends, no changes have been made to the previous forecasts.

2. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	136,809	91,023
Trade and other receivables	506,718	471,295
Contract assets	113,959	122,721
Other financial assets	3,989	2,554
Inventories	444,066	494,617
Other current assets	73,296	89,315
Subtotal	1,278,837	1,271,525
Assets related to disposal groups classified as held for sale	23,426	20,757
Total current assets	1,302,263	1,292,282
Non-current assets:		
Property, plant and equipment	241,970	238,619
Right-of-use assets	102,766	101,195
Goodwill	6,276	6,387
Intangible assets	132,056	130,577
Investment property	143,838	156,533
Investments accounted for using equity method	72,719	87,721
Other financial assets	51,509	50,131
Deferred tax assets	119,535	113,194
Other non-current assets	67,460	63,420
Total non-current assets	938,129	947,777
Total assets	2,240,392	2,240,059

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities:		
Trade and other payables	287,201	308,249
Bonds and borrowings	126,125	128,097
Lease liabilities	17,386	17,229
Other financial liabilities	15,226	15,561
Income taxes payable	39,690	8,305
Contract liabilities	252,968	309,755
Provisions	26,049	22,749
Refund liabilities	153,002	129,629
Other current liabilities	175,192	160,693
Subtotal	1,092,839	1,100,267
Liabilities related to disposal groups classified as held for sale	25,086	25,209
Total current liabilities	1,117,925	1,125,476
Non-current liabilities:		
Bonds and borrowings	263,271	256,729
Lease liabilities	107,941	106,111
Other financial liabilities	66,875	65,523
Deferred tax liabilities	7,747	4,293
Retirement benefit liability	145,616	144,289
Provisions	6,728	6,779
Other non-current liabilities	15,629	15,578
Total non-current liabilities	613,807	599,302
Total liabilities	1,731,732	1,724,778
Equity		
Share capital	107,165	107,165
Capital surplus	46,384	47,075
Retained earnings	280,100	283,458
Treasury shares	(8,576)	(8,581)
Other components of equity	56,761	61,414
Other components of equity related to disposal groups classified as held for sale	(108)	(13)
Total equity attributable to owners of parent	481,726	490,518
Non-controlling interests	26,934	24,763
Total equity	508,660	515,281
Total liabilities and equity	2,240,392	2,240,059

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

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Revenue	348,163	337,791
Cost of sales	273,356	262,816
Gross profit (loss)	74,807	74,975
Selling, general and administrative expenses	50,960	55,371
Other income	1,238	2,563
Other expenses	1,255	1,278
Operating profit (loss)	23,830	20,889
Finance income	8,974	1,193
Finance costs	3,426	8,406
Share of profit (loss) of investments accounted for using equity method	2,304	6,549
Profit (loss) before tax	31,682	20,225
Income tax expense	11,933	7,737
Profit (loss)	19,749	12,488
Profit (loss) attributable to:		
Owners of parent	18,583	11,601
Non-controlling interests	1,166	887
Profit (loss)	19,749	12,488
Earnings per share		
Basic earnings (loss) per share (yen)	122.77	76.64
Diluted earnings (loss) per share (yen)	122.77	76.63

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit (loss)	19,749	12,488
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,705	7,126
Share of other comprehensive income of investments accounted for using equity method	270	130
Total of items that will not be reclassified to profit or loss	2,975	7,256
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,948	(1,041)
Cash flow hedges	188	(66)
Share of other comprehensive income of investments accounted for using equity method	214	29
Total of items that may be reclassified to profit or loss	10,350	(1,078)
Other comprehensive income, net of tax	13,325	6,178
Comprehensive income	33,074	18,666
Comprehensive income attributable to:		
Owners of parent	30,946	18,199
Non-controlling interests	2,128	467
Comprehensive income	33,074	18,666

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2024

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2024	107,165	46,362	177,403	(8,589)	36,272	896	16,394
Profit (loss)			18,583				
Other comprehensive income					8,990	390	2,899
Total comprehensive income	—	—	18,583	—	8,990	390	2,899
Purchase of treasury shares				(1)			
Disposal of treasury shares		3		8			
Dividends			(7,595)				
Share-based remuneration transactions		37					
Transfer from other components of equity to retained earnings			98				(14)
Other							
Total transactions with owners	—	40	(7,497)	7	—	—	(14)
Balance as of June 30, 2024	107,165	46,402	188,489	(8,582)	45,262	1,286	19,279

	Equity attributable to owners of parent							
	Other components of equity			Total	Other components of equity related to disposal groups classified as held for sale	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Share acquisition rights	Total					
Balance as of April 1, 2024	—	86	53,648	375,989	—	375,989	26,279	402,268
Profit (loss)			—	18,583		18,583	1,166	19,749
Other comprehensive income	84		12,363	12,363		12,363	962	13,325
Total comprehensive income	84	—	12,363	30,946	—	30,946	2,128	33,074
Purchase of treasury shares			—	(1)		(1)		(1)
Disposal of treasury shares		(11)	(11)	—		—		—
Dividends			—	(7,595)		(7,595)	(2,600)	(10,195)
Share-based remuneration transactions			—	37		37		37
Transfer from other components of equity to retained earnings	(84)		(98)	—		—		—
Other			—	—		—	1	1
Total transactions with owners	(84)	(11)	(109)	(7,559)	—	(7,559)	(2,599)	(10,158)
Balance as of June 30, 2024	—	75	65,902	399,376	—	399,376	25,808	425,184

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2025

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2025	107,165	46,384	280,100	(8,576)	36,162	777	19,765
Profit (loss)			11,601				
Other comprehensive income					(619)	(39)	7,256
Total comprehensive income	—	—	11,601	—	(619)	(39)	7,256
Purchase of treasury shares				(5)			
Disposal of treasury shares							
Dividends			(10,634)				
Share-based remuneration transactions		20					
Transfer from other components of equity to retained earnings			1,845				(1,845)
Transfer to other components of equity related to disposal groups classified as held for sale					58	(153)	
Other		671	546				(5)
Total transactions with owners	—	691	(8,243)	(5)	58	(153)	(1,850)
Balance as of June 30, 2025	107,165	47,075	283,458	(8,581)	35,601	585	25,171

	Equity attributable to owners of parent							
	Other components of equity			Total	Other components of equity related to disposal groups classified as held for sale		Non-controlling interests	Total
	Remeasurements of defined benefit plans	Share acquisition rights	Total		Total			
Balance as of April 1, 2025	—	57	56,761	481,834	(108)	481,726	26,934	508,660
Profit (loss)			—	11,601		11,601	887	12,488
Other comprehensive income			6,598	6,598		6,598	(420)	6,178
Total comprehensive income	—	—	6,598	18,199	—	18,199	467	18,666
Purchase of treasury shares			—	(5)		(5)		(5)
Disposal of treasury shares			—	—		—		—
Dividends			—	(10,634)		(10,634)	(2,638)	(13,272)
Share-based remuneration transactions			—	20		20		20
Transfer from other components of equity to retained earnings			(1,845)	—		—		—
Transfer to other components of equity related to disposal groups classified as held for sale			(95)	(95)	95	—		—
Other			(5)	1,212		1,212		1,212
Total transactions with owners	—	—	(1,945)	(9,502)	95	(9,407)	(2,638)	(12,045)
Balance as of June 30, 2025	—	57	61,414	490,531	(13)	490,518	24,763	515,281

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit (loss) before tax	31,682	20,225
Depreciation, amortization and impairment losses	17,321	18,228
Finance income and finance costs	(117)	1,370
Share of loss (profit) of investments accounted for using equity method	(2,304)	(6,549)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(2)	(1,404)
Decrease (increase) in trade receivables	18,363	37,338
Decrease (increase) in contract assets	(1,466)	(7,079)
Decrease (increase) in inventories and prepayments	(51,917)	(60,457)
Increase (decrease) in trade payables	(10,334)	27,081
Increase (decrease) in contract liabilities	19,313	57,324
Increase (decrease) in refund liabilities	(1,821)	(23,373)
Other	(8,600)	(29,665)
Subtotal	10,118	33,039
Interest received	625	675
Dividends received	249	521
Interest paid	(1,483)	(1,446)
Income taxes paid	(5,068)	(38,137)
Net cash provided by (used in) operating activities	4,441	(5,348)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(12,525)	(25,413)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	24	3,058
Purchase of investments (including investments accounted for using equity method)	—	(10)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	882	318
Proceeds from sale of equity interest in subsidiaries	—	2,590
Other	(562)	3,837
Net cash provided by (used in) investing activities	(12,181)	(15,620)

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(78,114)	(41,819)
Net increase (decrease) in commercial papers	77,000	45,000
Proceeds from long-term borrowings	5,300	—
Repayments of long-term borrowings	(5,284)	(7,207)
Repayments of lease liabilities	(4,849)	(5,697)
Dividends paid	(7,600)	(10,434)
Dividends paid to non-controlling interests	(2,590)	(2,638)
Increase in other financial liabilities	176	232
Decrease in other financial liabilities	(878)	(1,263)
Other	81	(5)
Net cash provided by (used in) financing activities	(16,758)	(23,831)
Effect of exchange rate change on cash and cash equivalents	3,396	(750)
Net increase (decrease) in cash and cash equivalents	(21,102)	(45,549)
Cash and cash equivalents at beginning of period	138,805	136,809
Cash and cash equivalents included in assets related to disposal groups classified as held for sale	—	(237)
Cash and cash equivalents at end of period	117,703	91,023

(5) NOTES TO THE CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL ACCOUNTING POLICIES

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

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

Change in the accounting treatment of selling, general and administrative expenses

From the current consolidated fiscal year, the IHI Group has changed the accounting treatment for a portion of administrative expenses in the Aero Engine, Space and Defense Business, reclassifying them from cost of sales (manufacturing overhead) to selling, general and administrative expenses (SG&A).

In response to changes in the business environment, we have reviewed the roles, business processes, and IT infrastructure of the administrative departments in this business from the beginning of the current fiscal year. As part of strengthening our management functions, we have added certain strategic, legal and risk management, and human resources functions which had previously been handled by the corporate division to the business unit's administrative departments. Accordingly, we have changed the accounting treatment so that a portion of administrative expenses, which had previously been recorded as cost of sales (manufacturing overhead) as service department expenses, is now recorded as SG&A.

Due to the wide-ranging impact on cost accounting, it is difficult to retrospectively reflect the change in prior years' cost accounting results and to reasonably estimate the effects based on assumptions. Therefore, this change has been applied prospectively from the current consolidated fiscal year onward. As a result of this change, gross profit for the first quarter of the current fiscal year increased by 590 million yen, while operating profit and profit before income taxes decreased by 1,530 million yen, net profit decreased by 1,385 million yen, basic and diluted earnings per share decreased by 9.15 yen, and inventories decreased by 1,530 million yen.

SEGMENT INFORMATION

1. Overview of reportable segment

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

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

Based on the above, the IHI Group consists of segments by these Business Areas and sets the Business Areas of "Resources, Energy and Environment," "Social Infrastructure," "Industrial Systems and General-Purpose Machinery," and "Aero Engine, Space and Defense" as its reportable segment. There are no aggregated business segments when deciding the reportable segment.

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

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

2. Information about reportable segment

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

Intersegment revenue and transfers are based on actual market pricing.

Three months ended June 30, 2024

(Millions of yen)

Reportable segment									
	Resources, Energy and Environment	Social Infrastructure (Note 1)	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
Revenue									
Revenue from external customers	99,023	31,371	108,499	99,395	338,288	9,875	348,163	—	348,163
Intersegment revenue and transfers	341	541	1,818	693	3,393	4,221	7,614	(7,614)	—
Total	99,364	31,912	110,317	100,088	341,681	14,096	355,777	(7,614)	348,163
Segment profit (loss) (Note 4)	666	(607)	559	23,861	24,479	952	25,431	(1,601)	23,830

- Notes:
1. From the current consolidated fiscal year, due to the change of the reporting segment for the Urban Development Business from Social Infrastructure to the "Others", ¥ 4,019 million of Revenue from external customers, ¥ 40 million of Intersegment revenue and transfers, and ¥ 766 million of segment profit have been reclassified from Social Infrastructure segment to the "Others".
 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, urban development (real estate sales and rental), and other service operations.
 3. Adjustment of segment profit (loss) represents intersegment transactions of ¥ 72 million and unallocated corporate expenses of ¥ (1,673) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 4. Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

Three months ended June 30, 2025

(Millions of yen)

Reportable segment						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense (Note 1)	Total					
Revenue									
Revenue from external customers	70,202	28,375	101,732	127,137	327,446	10,345	337,791	—	337,791
Intersegment revenue and transfers	782	819	2,873	781	5,255	4,842	10,097	(10,097)	—
Total	70,984	29,194	104,605	127,918	332,701	15,187	347,888	(10,097)	337,791
Segment profit (loss) (Note 4)	(3,368)	(1,797)	305	27,972	23,112	514	23,626	(2,737)	20,889

- Notes:
1. Effective from the current consolidated fiscal year, the IHI has changed its accounting treatment for a portion of administrative expenses related to the Aero Engine, Space and Defense segment. These expenses are now classified as selling, general and administrative expenses instead of being included in cost of sales (manufacturing overhead). As a result of this change, segment profit for the period decreased by ¥1,530 million. For further details, please refer to "(5) Notes to the Condensed Quarterly Consolidated Financial Statements (Material Accounting Policies)."
 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, urban development (real estate sales and rental), and other service operations.
 3. Adjustment of segment profit (loss) represents intersegment transactions of ¥(419) million and unallocated corporate expenses of ¥ (2,318) 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.

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On November 6, 2024, IHI concluded an agreement to transfer the Materials Handling System Business, a part of the “Conventional Businesses” of the Industrial Systems and General-Purpose Machinery, to Tadano Ltd. (hereinafter “Tadano”) in order to achieve sustainable growth in this business by enhancing its competitiveness through expanding the product portfolio, broadening sales channels, and improving cost efficiency with integrating the procurement and production systems. Accordingly, the IHI Group has classified the Materials Handling System Business as a disposal group classified as held for sale in the third quarter of the previous fiscal year. The assets of this disposal group are measured at their carrying amount because the fair value less costs to sell (estimated sales price) is expected to exceed the carrying amount.

The share transfer of the Materials Handling System Business to Tadano has completed on July 1, 2025.

In addition, on March 27, 2025, IHI concluded an agreement to transfer all of its shares of IHI CONSTRUCTION MATERIALS Co., Ltd. (hereinafter “IKK”), which is responsible for the Concrete construction materials Business, a part of the “Conventional Businesses” of the Social Infrastructure, to Vertex Corporation (hereinafter “Vertex”) in order to strengthen IKK’s competitiveness through the creation of mutual synergies and continuous investment in growth, and to achieve sustainable growth of IKK’s business. Accordingly, the IHI Group has classified IKK as a disposal group classified as held for sale in the fourth quarter of the previous fiscal year. Since the fair value less costs to sell is expected to be less than the carrying amount, the assets of this disposal group are measured at the fair value less costs to sell (estimated sales price). In the fourth quarter of the previous fiscal year, an impairment loss on non-current assets amounting to 3,327 million yen was recognized and included in “Other expenses.” The fair value is based on the sales price, and the hierarchy of the fair value is Level 3. In connection with the transfer of all shares of IKK, an amount currently estimated to be incurred in the future has been recognized, and this amount is included in the consolidated statement of financial position under “Liabilities related to disposal groups classified as held for sale.”

The share transfer date of IKK to Vertex is planned in October 2025.

The breakdown of assets and liabilities related to disposal groups classified as held for sale are as follows:

	(Millions of yen)	
	As of March 31, 2025	As of June 30, 2025
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	5,204	5,441
Trade and other receivables	8,187	4,096
Contract assets	3,254	1,756
Inventories	3,427	5,614
Property, plant and equipment	857	844
Right-of-use assets	704	942
Other	1,793	2,064
Total assets	23,426	20,757
Liabilities related to disposal groups classified as held for sale		
Trade and other payables	6,133	5,477
Contract liabilities	5,405	5,865
Lease liabilities	2,111	2,525
Provisions	4,921	4,883
Retirement benefit liabilities	4,223	4,360
Other	2,293	2,099
Total liabilities	25,086	25,209

SIGNIFICANT SUBSEQUENT EVENTS

Stock Split and Partial Amendment of the Articles of Incorporation Associated

The IHI Group resolved at the Board of Directors meeting held on August 6, 2025 to conduct a stock split and to partially amend IHI's Articles of Incorporation in conjunction with this split.

(1) Purpose of the stock split

The purpose is to create an environment conducive to investment and to expand the investor base by reducing the amount of IHI's stock per investment unit.

(2) Summary of the stock split

(i) Method of split

The IHI will conduct a 7-for-1 stock split for shares of IHI's common stock held by shareholders on the closing register of shareholders on the record date of September 30, 2025.

(ii) Number of shares to be increased by the split

1.Total number of issued shares before the stock split (*)	154,679,954 shares
2.Number of issued shares to be increased by the split (*)	928,079,724 shares
3.Total number of issued shares after the stock split (*)	1,082,759,678 shares
4.Total number of authorized shares after the stock split	2,100,000,000 shares

(*) The number of shares in items 1 to 3 above are calculated based on the total number of issued shares outstanding as of March 31, 2025, and may change by the stock split record date.

(iii) Schedule of split

Date of public notice of record date	September 12, 2025(scheduled)
Record date	September 30, 2025
Effective date	October 1, 2025

(iv) Effect on per share information

Per share information based on the assumption that this stock split had been implemented at the beginning of the previous fiscal year is as follows:

	Three months ended June 30, 2024	Three months ended June 30, 2025
Basic earnings per share (Yen)	17.54	10.95
Diluted earnings per share (Yen)	17.54	10.95

	As of March 31, 2025	As of June 30, 2025
Equity attributable to owners of parent per share (Yen)	454.65	462.95

(3) Partial Amendment of the Articles of Incorporation in Connection with the Stock Split

(i) Reasons for the Amendment

In conjunction with this stock split, pursuant to a resolution of the Board of Directors based on Article 184, Paragraph 2 of the Companies Act, a partial amendment to IHI's Articles of Incorporation will take effect on October 1, 2025.

(ii) Details of the Amendment

The details of the amendment are as follows:

(Underline indicates the revised section)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total number of authorized shares)) Article 6 The total number of shares authorized to be issued by the IHI shall be <u>300 million</u> shares.	(Total number of authorized shares) Article 6 The total number of shares authorized to be issued by the IHI shall be <u>2.1 billion</u> shares.

Disposal of treasury shares as restricted share remuneration

At the Board of Directors meeting held on August 6, 2025, the IHI Group resolved to dispose of treasury shares by way of third-party allotment as restricted stock compensation as below.

(1) Purpose and reason for the disposal

The IHI introduced a Restricted Share Remuneration Plan (hereinafter, the “Plan”) for Directors (excluding Outside Directors; the same shall apply hereinafter) and Executive Officers who do not concurrently serve as Directors (hereinafter collectively referred to as “Directors, etc.”) with the aim of providing medium- to long-term incentives and sharing value with shareholders by resolutions at the 208th General Meeting of Shareholders, held on June 25, 2025, and at the Board of Directors meeting held on the same day.

At the Board of Directors meeting held on August 6, 2025, the IHI has resolved to dispose of treasury shares by way of third-party allotment to the trust account established for the purpose of holding and disposing of IHI’s shares in connection with the operation of the Plan. The number of shares to be disposed of is reasonably estimated to be necessary as compensation for the services provided by Directors, etc. over the three fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.

(2) Overview of the disposal of treasury shares

1. Payment date	August 22, 2025
2. Class and number of shares for the Disposal	78,000 ordinary shares of IHI
3. Disposal price	17,350 yen per share
4. Total value of the Disposal price	1,353,300,000 yen
5. Scheduled recipients of disposal	Custody Bank Japan, Ltd. (Holder in Trust)
6. The number of shares to be transferred to Directors, etc. as compensation for services rendered for the fiscal year ending March 31, 2026	Directors 5 persons, 3,608 shares Executive Officers 16 persons, 6,082 shares

Transfer of Materials Handling System Business

As stated in "(5) NOTES TO THE CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS, SEGMENT INFORMATION, 2. Information about reportable segment (DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE)", the Materials Handling System Business was transferred to Tadano Ltd. as of July 1, 2025. As the result of this transfer, the IHI Group expects to recognize gain on sales of shares of subsidiaries. Approximately 16.0 billion yen will be recorded as other income in the consolidated financial statements for the current consolidated fiscal year.

NOTES ON PREMISE OF GOING CONCERN

Not applicable

ADDITIONAL INFORMATION

Business Portfolio Optimization of the Conventional Businesses

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

As announced on July 18 of this year, the IHI Group decided to integrate IHI Infrastructure Systems Co., Ltd. and IHI Infrastructure Construction Co., Ltd., both of which are responsible for Bridge and water gates Business as part of the "Conventional Businesses" of Social Infrastructure segment, effective November 1 of this year. By combining the strengths and human resources of both companies, the IHI Group aims to establish of a framework to address social challenges, and a leading position in Japan's bridge and water gate industry and achieve further growth through a global growth cycle.

On August 6 of this year, the IHI Group has entered into agreements to transfer all shares of MEISEI ELECTRIC CO., LTD. ("MEISEI ELECTRIC"), which is responsible for the meteorological disaster prevention and space-related business within Aero Engine, Space and Defense segment, and all shares of Niigata Transys Co., Ltd. ("NTS"), which is responsible for the transportation systems business—part of the "Conventional Businesses" within Social Infrastructure segment—to NOHMI BOSAI LTD. ("NOHMI BOSAI") and J.K.F. Co., Ltd. ("JKF")* respectively. (*JKF is a company established by a fund managed by J-Will Partners Co., Ltd. ("JWP").)

MEISEI ELECTRIC plays an important role in disaster prevention and mitigation with its high market share in core segment of meteorological disaster prevention business, with various meteorological measurement devices such as radiosondes for upper-air observation and AMeDAS for surface meteorological observation, as well as disaster prevention systems for seismic observation and warning, etc. In recent years, with the increasing severity and frequency of natural disasters, the demand for disaster prevention measures has been rising both domestically and internationally, and the market surrounding this business is expected to expand significantly. To achieve further growth in response, it is necessary to expand product and business domains through the development of products tailored to diverse needs, the expansion into overseas markets, and the development of new businesses. By transferring MEISEI ELECTRIC to NOHMI BOSAI, we aim to strengthen competitiveness through mutual synergies and ongoing growth investment, thereby ensuring the sustainable growth of MEISEI ELECTRIC's business while responding swiftly to changes in the external environment. The transfer is scheduled to take place in February 2026.

NTS is engaged in the design, manufacturing, and maintenance of railway vehicles—including passenger rail vehicles, light rail vehicles, and railway maintenance vehicles—as well as machines for snow removal. In particular, NTS is a leading presence in the domestic markets for railway maintenance vehicles and machines for snow removal. The railway vehicle market is expected to see increased demand overseas due to population growth, while the machines for snow removal market is projected to expand, especially in North America and China. By transferring NTS to JKF, and with the management support of JWP, the IHI Group aims to strengthen the competitiveness in domestic railway maintenance vehicle and machines for snow removals markets, as well as to expand into promising overseas markets, thereby increasing the appeal of our products and services both in Japan and abroad. The transfer is scheduled to take place in December 2025.

The IHI Group expects to record gains or losses related to these transactions for the current consolidated fiscal year. These amounts are currently under review, and if any matters requiring disclosure arise in the future, the IHI Group will promptly announce them.