



Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under IFRS)

August 5, 2026

Company name: IHI Corporation

Listing: Tokyo Stock Exchange (Prime Market)

Securities code: 7013

URL: <https://www.ihi.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, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results

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

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2026	374,548	10.9	73,218	250.5	81,962	305.3	54,442	336.0
June 30, 2025	337,791	(3.0)	20,889	(12.3)	20,225	(36.2)	12,488	(36.8)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended June 30, 2026	53,518	361.3	56,350	201.9	50.48	50.48
June 30, 2025	11,601	(37.6)	18,666	(43.6)	10.95	10.95

(Note) The Company conducted a 7-for-1 stock split for shares of its ordinary shares with an effective date of October 1, 2025. Basic earnings per share and Diluted earnings per share have been calculated under the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2026.

(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, 2026	2,461,256	723,833	696,605	28.3
March 31, 2026	2,428,559	681,531	652,243	26.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	70.00	—	10.00	—
Fiscal year ending March 31, 2027	—				
Fiscal year ending March 31, 2027 (Forecast)		11.50	—	11.50	23.00

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

The Company conducted a 7-for-1 stock split for shares of its ordinary shares with an effective date of October 1, 2025. Reflecting the effect of the stock split, the dividend per share at the end of the second quarter for the fiscal year ended March 31, 2026 was 10.00 yen, and the full-year dividend per share was 20.00 yen.

3. Consolidated financial forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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
	1,840,000	12.0	250,000	51.0	240,000	29.4	172,000	6.8	161.67

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

* 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: Yes

(ii) Changes in accounting policies due to other reasons : None

(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, 2026	1,082,759,678 shares
As of March 31, 2026	1,082,759,678 shares

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

As of June 30, 2026	22,598,004 shares
As of March 31, 2026	22,597,750 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2026	1,060,161,840 shares
Three months ended June 30, 2025	1,059,548,473 shares

(Note) The Company conducted a 7-for-1 stock split for shares of its ordinary shares with an effective date of October 1, 2025. Average number of shares outstanding during the period has been calculated under the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2026.

* 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, 2026, although geopolitical risks and uncertainties surrounding trade policies continued, the global economy remained generally resilient. The European economy was sluggish, reflecting persistently high energy prices and stagnation in manufacturing activities, while the Chinese economy also continued to lack momentum due to the prolonged stagnation in the real estate market and sluggish domestic demand. Meanwhile, although the U.S. economy was affected by uncertainty surrounding policy management, it was underpinned by AI-related investment and a solid employment environment. In the Japanese economy, despite the impact of rising prices, a gradual recovery trend continued, supported by improvements in employment and income conditions.

In the IHI Group's Growth Businesses of Civil Aero Engine and Defense fields, while demand for aircraft is expected to increase over the medium- to long-term, in the Civil Aero Engine Business, sales of spare parts have been steadily expanding. In the Defense Business, demand for domestic defense programs is also expected to expand in line with an increase in the defense budget. The IHI Group is steadily implementing investments with the aim of expanding capacity mainly in Growth Businesses such as Civil Aero Engines, Defense and Nuclear Energy.

In the Stable revenue Businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and General-Purpose Machinery fields, the Lifecycle businesses are expected to achieve stable growth over the medium- to long-term. Accordingly, the IHI Group will continue to work toward expanding these businesses, aiming to contribute to Group earnings and solidifying cash generation.

In addition, with the objectives of improving asset efficiency, strengthening its financial foundations, responding to business portfolio reforms, and securing funds for upfront investments in Growth and Development-focus Businesses, the IHI Group has been pursuing planned property sales. During the three months ended June 30, 2026, the IHI Group completed the transfers of a part of our properties located in Koto-ku, Tokyo.

On June 2, 2026, IHI AEROSPACE Co., Ltd., a consolidated subsidiary of IHI, received a five-month suspension of eligibility to participate in competitive tenders from the National Research and Development Agency, the Japan Aerospace Exploration Agency (hereinafter "JAXA"), on the grounds that JAXA had identified expense claims based on reports inconsistent with the facts under contracts relating to maintenance services for equipment and facilities. To ensure that such incidents never occur again and, in order to regain the trust of all stakeholders at the earliest possible date, the IHI Group will work together to further instill compliance awareness, reform its corporate culture, and build mechanisms that prevent misconduct. Should this matter have any impact on the IHI Group's business results, such impact will be promptly reflected in the Group's earnings forecast.

Under such a business environment, orders received by the IHI Group during the three months ended June 30, 2026 decreased 15.0% from the previous corresponding period to ¥360.7 billion. Revenue increased 10.9% from the previous corresponding period to ¥374.5 billion, mainly due to expansion of Growth Business such as Civil Aero Engine, Defense and Nuclear Energy Businesses, despite a revenue decline resulting from the divestiture of multiple businesses in the previous fiscal period.

In terms of profit, operating profit increased ¥52.3 billion from the previous corresponding period to ¥73.2 billion, reflecting a demand expansion in Civil Aero Engine and Nuclear Energy Businesses, and expansion of Lifecycle business in the Carbon Solutions and Power System Business, as well as improvements in profitability of Vehicular Turbocharger Business, and ¥40.0 billion of gain on sale of properties. Profit before tax increased ¥61.7 billion to ¥81.9 billion, mainly due to an improvement in foreign exchange gains/losses and profit attributable to owners of parent increased ¥41.9 billion to ¥53.5 billion.

Results by reportable segment for the three months ended June 30, 2026 are as follows:

(Billions of yen)

Reportable segment	Orders received			Three months ended June 30, 2025		Three months ended June 30, 2026		Changes from the previous corresponding period	
	Three months ended June 30, 2025	Three months ended June 30, 2026	Changes from the corre- sponding period (%)					(%)	
				Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	143.1	79.9	(44.2)	70.9	(3.3)	88.8	2.8	25.2	—
Social Infrastructure	22.4	16.1	(28.1)	29.1	(1.7)	20.4	(1.8)	(30.0)	—
Industrial Systems and General-Purpose Machinery	112.7	118.1	4.8	104.6	0.3	102.3	5.5	(2.2)	—
Aero Engine, Space and Defense	137.0	138.0	0.8	127.9	27.9	154.7	29.1	21.0	4.4
Reportable segment total	415.3	352.2	(15.2)	332.7	23.1	366.3	35.8	10.1	54.9
Other	21.3	21.2	(0.1)	15.1	0.5	17.3	42.1	14.3	—
Adjustment	(12.3)	(12.8)	—	(10.0)	(2.7)	(9.1)	(4.7)	—	—
Total	424.3	360.7	(15.0)	337.7	20.8	374.5	73.2	10.9	250.5

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

(2) SUMMARY OF FINANCIAL POSITION

Assets, liabilities and equity

Total assets at the end of the first quarter were ¥2,461.2 billion, up ¥32.6 billion compared with the end of the previous fiscal year. The major item of increase was inventories, up ¥50.2 billion. The major item of decrease was cash and cash equivalents, down ¥38.0 billion.

Total liabilities were ¥1,737.4 billion, down ¥9.6 billion compared with the end of the previous fiscal year. The major item of increase was retirement benefit liabilities, up ¥9.2 billion. The major item of decrease was trade and other payables, down ¥29.2 billion. Interest-bearing liabilities, including lease liabilities, were ¥487.1 billion, down ¥2.7 billion compared with the end of the previous fiscal year. The IHI Group ensures an adequate level of liquidity of funds.

Equity was ¥723.8 billion, up ¥42.3 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥53.5 billion.

As a result of the above, the ratio of equity attributable to owners of parent increased from 26.9% at the end of the previous fiscal year to 28.3%.

Cash flows

At the end of the first quarter, the outstanding balance of cash and cash equivalents was ¥117.0 billion, down ¥38.0 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥43.2 billion excess of expenditure. This was due to increases in inventories, as well as the payment of corporate income taxes.

Net cash flows from investing activities were ¥23.6 billion excess of income. This was due to proceeds from property sales.

Net cash flows from financing activities were ¥20.5 billion excess of expenditure. This was due to the payment of dividends and lease liabilities.

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

The global economy faces heightened geopolitical risks surrounding Ukraine and the Middle East. In addition, the Chinese economy continues to face a stagnant real estate market and sluggish domestic demand, while in the United States it is necessary to remain vigilant regarding uncertainties over trade policies and other factors. It is necessary to continue to pay close attention to the impact of fluctuations in energy prices and in financial and capital markets may have on the global economy.

The Japanese economy is expected to recover gradually against the backdrop of improvements in the employment and income environment, but it is necessary to closely monitor the impact of these global economic developments.

The IHI Group defined its desired state toward 2040 in its Medium-to-Longer-Term Direction announced on May 8, 2026. From fiscal year 2026, with a view toward 2040, the IHI Group will move into a stage of accelerated growth aimed at realizing its medium- to long-term vision. The IHI Group positions the three-year period from fiscal year 2026 to fiscal year 2028 as a phase intensively focusing on upfront investments and strengthening the financial foundation, with a view to a significant expansion of operating profit and operating cash flow from fiscal year 2029 onward, as well as free cash flow from fiscal year 2032 onward. In fiscal year 2026, the first year of this phase, the Group plans to systematically implement investments aimed at expanding capacity, with a focus on Growth Businesses that will drive future growth, including Civil Aero Engines, Defense, and Nuclear Energy. In addition, the Group will work to strengthen Development-focus Businesses such as ammonia and the space fields, which are expected to become future business pillars, and will further reinforce its growth foundation for next generation by continuing a strategic shift of management resources to capital efficient businesses with anticipated market growth.

In the Civil Aero Engine and Defense fields as Growth Businesses, where global demand for aircrafts is

expected to expand, 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. The IHI Group aims to expand its business in the aftermarket, where further demand growth is expected.

Regarding the maintenance business, the IHI Group is striving promptly to establish a capable structure which will provide high quality services. In defense-related businesses where demand is expected to increase against the backdrop of higher defense budgets, the IHI Group will further accelerate efforts to strengthen its production capacity and develop necessary technologies. In addition, in the Nuclear Energy field, the IHI Group will steadily generate cash by reliably capturing demand for domestic Lifecycle business related to reactor restarts and nuclear fuel reprocessing and enhance production capacity to achieve top-line growth through the acquisition of overseas new-build projects supported by the expansion of global demand for new construction.

In the ammonia field, which is a Development-focus Business, the IHI Group will contribute to realize carbon-free society by promoting to establish a value chain spanning from fuel production to storage, transportation, and utilization, while leveraging our technical capabilities. In addition, in the space field, the IHI Group will seek to expand its space related businesses through initiatives such as the development of satellite constellations for the provision of satellite data for security, public, and commercial use.

In our Stable revenue Businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and General-Purpose Machinery where anticipated market growth and IHI Group can leverage our strengths, we will focus on Lifecycle businesses that make maximum use of existing assets and installed bases, thereby aiming to generate cash efficiently and stably. At the same time, the IHI Group will continue to implement business portfolio reforms to improve capital efficiency and profitability, thereby achieving sustainable enhancement of corporate value.

With regard to the consolidated forecasts of results for the fiscal year ending March 31, 2027, based on factors including the results for this quarter in the Civil Aero Engine Business, we have revised orders received to ¥1,770.0 billion, revenue to ¥1,840.0 billion, operating profit to ¥250.0 billion, profit before tax to ¥240.0 billion, and profit attributable to owners of parent to ¥172.0 billion. Note that a foreign exchange rate of ¥145/US\$1 has been assumed in the above forecasts in and after the second quarter ending September 30, 2026.

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, 2026	As of June 30, 2026
Assets		
Current assets:		
Cash and cash equivalents	155,084	117,012
Trade and other receivables	575,965	589,456
Contract assets	104,903	98,124
Other financial assets	4,100	3,121
Inventories	504,223	554,468
Other current assets	107,119	105,761
Subtotal	1,451,394	1,467,942
Assets related to disposal groups classified as held for sale	—	18,005
Total current assets	1,451,394	1,485,947
Non-current assets:		
Property, plant and equipment	240,010	237,158
Right-of-use assets	112,038	110,747
Goodwill	4,931	4,976
Intangible assets	135,680	139,155
Investment property	144,817	135,669
Investments accounted for using equity method	79,758	86,946
Other financial assets	37,848	39,867
Deferred tax assets	127,618	127,758
Other non-current assets	94,465	93,033
Total non-current assets	977,165	975,309
Total assets	2,428,559	2,461,256

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities:		
Trade and other payables	401,427	372,227
Bonds and borrowings	103,552	119,598
Lease liabilities	19,544	19,524
Other financial liabilities	10,878	10,335
Income taxes payable	23,923	32,039
Contract liabilities	311,447	308,884
Provisions	24,130	23,844
Refund liabilities	110,613	116,756
Other current liabilities	170,767	156,290
Subtotal	1,176,281	1,159,497
Liabilities related to disposal groups classified as held for sale	—	16,476
Total current liabilities	1,176,281	1,175,973
Non-current liabilities:		
Bonds and borrowings	255,981	238,212
Lease liabilities	110,816	109,832
Other financial liabilities	55,514	55,504
Deferred tax liabilities	2,996	3,394
Retirement benefit liability	121,401	130,607
Provisions	6,259	6,123
Other non-current liabilities	17,780	17,778
Total non-current liabilities	570,747	561,450
Total liabilities	1,747,028	1,737,423
Equity		
Share capital	107,165	107,165
Capital surplus	48,401	48,420
Retained earnings	441,645	484,904
Treasury shares	(9,454)	(9,447)
Other components of equity	64,486	65,347
Other components of equity related to disposal groups classified as held for sale	—	216
Total equity attributable to owners of parent	652,243	696,605
Non-controlling interests	29,288	27,228
Total equity	681,531	723,833
Total liabilities and equity	2,428,559	2,461,256

**(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, 2025	Three months ended June 30, 2026
Revenue	337,791	374,548
Cost of sales	262,816	285,158
Gross profit (loss)	74,975	89,390
Selling, general and administrative expenses	55,371	57,693
Other income	2,563	42,958
Other expenses	1,278	1,437
Operating profit (loss)	20,889	73,218
Finance income	1,193	4,167
Finance costs	8,406	2,074
Share of profit (loss) of investments accounted for using equity method	6,549	6,651
Profit (loss) before tax	20,225	81,962
Income tax expense	7,737	27,520
Profit (loss)	12,488	54,442
Profit (loss) attributable to:		
Owners of parent	11,601	53,518
Non-controlling interests	887	924
Profit (loss)	12,488	54,442
Earnings per share		
Basic earnings (loss) per share (yen)	10.95	50.48
Diluted earnings (loss) per share (yen)	10.95	50.48

(Note) The Company conducted a 7-for-1 stock split for shares of its ordinary shares with an effective date of October 1, 2025. Basic earnings per share and Diluted earnings per share have been calculated under the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2026.

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit (loss)	12,488	54,442
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	7,126	(367)
Share of other comprehensive income of investments accounted for using equity method	130	(366)
Total of items that will not be reclassified to profit or loss	7,256	(733)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,041)	2,662
Cash flow hedges	(66)	(42)
Share of other comprehensive income of investments accounted for using equity method	29	21
Total of items that may be reclassified to profit or loss	(1,078)	2,641
Other comprehensive income, net of tax	6,178	1,908
Comprehensive income	18,666	56,350
Comprehensive income attributable to:		
Owners of parent	18,199	54,975
Non-controlling interests	467	1,375
Comprehensive income	18,666	56,350

(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

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2026

(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, 2026	107,165	48,401	441,645	(9,454)	47,940	1,091	15,403
Profit (loss)			53,518				
Other comprehensive income					2,213	(23)	(733)
Total comprehensive income	—	—	53,518	—	2,213	(23)	(733)
Purchase of treasury shares				(1)			
Disposal of treasury shares							
Dividends			(10,639)				
Share-based remuneration transactions		19		8			
Transfer from other components of equity to retained earnings			380				(380)
Transfer to other components of equity related to disposal groups classified as held for sale					(165)	(51)	
Other							
Total transactions with owners	—	19	(10,259)	7	(165)	(51)	(380)
Balance as of June 30, 2026	107,165	48,420	484,904	(9,447)	49,988	1,017	14,290

	Equity attributable to owners of parent							Non-controlling interests	Total
	Other components of equity			Total	Other components of equity related to disposal groups classified as held for sale	Total			
	Remeasurements of defined benefit plans	Share acquisition rights	Total						
Balance as of April 1, 2026	—	52	64,486	652,243	—	652,243	29,288	681,531	
Profit (loss)			—	53,518		53,518	924	54,442	
Other comprehensive income			1,457	1,457		1,457	451	1,908	
Total comprehensive income	—	—	1,457	54,975	—	54,975	1,375	56,350	
Purchase of treasury shares			—	(1)		(1)		(1)	
Disposal of treasury shares			—	—		—		—	
Dividends			—	(10,639)		(10,639)	(3,433)	(14,072)	
Share-based remuneration transactions			—	27		27		27	
Transfer from other components of equity to retained earnings			(380)	—		—		—	
Transfer to other components of equity related to disposal groups classified as held for sale			(216)	(216)	216	—		—	
Other			—	—		—	(2)	(2)	
Total transactions with owners	—	—	(596)	(10,829)	216	(10,613)	(3,435)	(14,048)	
Balance as of June 30, 2026	—	52	65,347	696,389	216	696,605	27,228	723,833	

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Cash flows from operating activities		
Profit (loss) before tax	20,225	81,962
Depreciation, amortization and impairment losses	18,228	20,899
Finance income and finance costs	1,370	600
Share of loss (profit) of investments accounted for using equity method	(6,549)	(6,651)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(1,404)	(40,102)
Decrease (increase) in trade receivables	37,338	(16,768)
Decrease (increase) in contract assets	(7,079)	5,097
Decrease (increase) in inventories and prepayments	(60,457)	(62,189)
Increase (decrease) in trade payables	27,081	(16,970)
Increase (decrease) in contract liabilities	57,324	3,971
Increase (decrease) in refund liabilities	(23,373)	6,143
Other	(29,665)	1,632
Subtotal	33,039	(22,376)
Interest received	675	483
Dividends received	521	478
Interest paid	(1,446)	(1,678)
Income taxes paid	(38,137)	(20,155)
Net cash provided by (used in) operating activities	(5,348)	(43,248)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(25,413)	(18,051)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	3,058	48,470
Purchase of investments (including investments accounted for using equity method)	(10)	(2,407)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	318	580
Proceeds from sale of equity interest in subsidiaries	2,590	520
Other	3,837	(5,469)
Net cash provided by (used in) investing activities	(15,620)	23,643

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(41,819)	5,757
Net increase (decrease) in commercial papers	45,000	—
Proceeds from long-term borrowings	—	20,000
Repayments of long-term borrowings	(7,207)	(26,798)
Repayments of lease liabilities	(5,697)	(5,322)
Dividends paid	(10,434)	(10,354)
Dividends paid to non-controlling interests	(2,638)	(3,435)
Increase in other financial liabilities	232	538
Decrease in other financial liabilities	(1,263)	(942)
Other	(5)	1
Net cash provided by (used in) financing activities	(23,831)	(20,555)
Effect of exchange rate change on cash and cash equivalents	(750)	2,114
Net increase (decrease) in cash and cash equivalents	(45,549)	(38,046)
Cash and cash equivalents at beginning of period	136,809	155,084
Cash and cash equivalents included in assets related to disposal groups classified as held for sale	(237)	(26)
Cash and cash equivalents at end of period	91,023	117,012

(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.

From the current consolidated fiscal year, the IHI Group has adopted the amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity,” which were published on December 18, 2024. The adoption of these amendments had no material impact on the condensed quarterly consolidated financial statements.

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, Shield systems
Industrial Systems and General-Purpose Machinery	Vehicular turbochargers, Parking, Rotating machineries (compressors, separation systems, turbochargers for ships), Heat treatment and surface engineering, 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 is as follows:

Intersegment revenue and transfers are based on actual market pricing.

Three months ended June 30, 2025

(Millions of yen)

Reportable segment									
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense	Total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated
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 3)	(3,368)	(1,797)	305	27,972	23,112	514	23,626	(2,737)	20,889

- Notes:
1. The "Other" 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.
 2. 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.
 3. Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

Three months ended June 30, 2026

(Millions of yen)

Reportable segment									
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense	Total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated
Revenue									
Revenue from external customers	88,208	20,377	99,687	154,157	362,429	12,119	374,548	—	374,548
Intersegment revenue and transfers	629	52	2,636	603	3,920	5,237	9,157	(9,157)	—
Total	88,837	20,429	102,323	154,760	366,349	17,356	383,705	(9,157)	374,548
Segment profit (loss) (Note 3)	2,834	(1,807)	5,577	29,199	35,803	42,174	77,977	(4,759)	73,218

- Notes:
1. The "Other" 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.
 2. Adjustment of segment profit (loss) represents intersegment transactions of ¥ 335 million and unallocated corporate expenses of ¥ (5,094) 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.

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On May 8, 2026, IHI concluded an agreement to transfer the issued share of IHI Logistics & Machinery Corporation, a consolidated subsidiary of IHI (hereinafter “ILM”), to Toyota Industries Corporation (hereinafter “Toyota Industries”) in order to strengthen ILM’s competitiveness through the creation of mutual synergies and continuous investment in growth, and to achieve sustainable growth of ILM’s business. Accordingly, the IHI Group has classified ILM as a disposal group classified as a held for sale in the first quarter of the current 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.

IHI will transfer 80% of the issued shares of ILM held by IHI to Toyota Industries in April 2027. With respect to the remaining 20% equity interest, IHI plans to continue to hold such shares for a period of approximately five years and thereafter them to Toyota Industries.

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, 2026	As of June 30, 2026
Assets related to disposal groups classified as held for sale		
Trade and other receivables	—	5,811
Contract assets	—	1,184
Inventories	—	2,941
Property, plant and equipment	—	3,114
Other	—	4,955
Total assets	—	18,005
Liabilities related to disposal groups classified as held for sale		
Trade and other payables	—	2,433
Contract liabilities	—	6,946
Retirement benefit liabilities	—	1,870
Other	—	5,227
Total liabilities	—	16,476

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

NOTES ON PREMISE OF GOING CONCERN

Not applicable