



IHI Corporation

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Tokyo 135-8710, Japan
February 7, 2025

CONSOLIDATED FINANCIAL REPORT FOR THE NINE MONTHS ENDED DECEMBER 31, 2024 <IFRS>

IHI Corporation (IHI) is listed on the Prime Market of the Tokyo Stock Exchange with the securities code number 7013.

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Commencement of Dividend Payments: —

Preparing supplementary material on financial results: Yes
Holding financial results presentation meeting: Yes (for institutional investors, analysts and the media)

This consolidated financial report has been prepared in accordance with International Financial Reporting Standards (hereinafter, “IFRS”).

Figures are in Japanese yen rounded to the nearest millions.

1. CONSOLIDATED PERFORMANCE FOR THE NINE MONTHS ENDED DECEMBER 31, 2024 (APRIL 1, 2024 to DECEMBER 31, 2024)

(1) Consolidated Business Results

(Millions of yen, except per share figures; percentage changes show the rate of increase or decrease from the previous corresponding period)

	Revenue	Percentage Change	Operating Profit	Percentage Change	Profit before Tax	Percentage Change	Profit	Percentage Change
Nine months ended December 31, 2024	1,149,990	32.7	103,463	—	114,616	—	79,852	—
Nine months ended December 31, 2023	866,663	(8.4)	(103,787)	—	(109,909)	—	(106,847)	—

	Profit Attributable to Owners of Parent	Percentage Change	Comprehensive Income	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Nine months ended December 31, 2024	76,790	—	91,949	—	507.33	507.29
Nine months ended December 31, 2023	(109,599)	—	(94,383)	—	(724.32)	(724.32)

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
As of December 31, 2024	2,311,511	475,345	448,972	19.4%
As of March 31, 2024	2,097,810	402,268	375,989	17.9%

2. DIVIDENDS

(Yen)

(Record Date)	Dividends per Share					Annual
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end		
Fiscal year ended March 31, 2024	—	50.00	—	50.00	100.00	
Fiscal year ending March 31, 2025	—	50.00	—	—	—	
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	70.00	120.00	

(Note) Revisions to the dividend forecasts most recently announced: No

3. CONSOLIDATED FORECASTS OF RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2025 (APRIL 1, 2024 to MARCH 31, 2025)

(Millions of yen, except per share figures; percentages show the rate of changes from the previous fiscal year)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
Full-year	1,600,000	21.0%	145,000	—	125,000	—	90,000	—	592.46

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

* NOTES

(1) Significant changes in the scope of consolidation during the period: Not applicable

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

- (i) Changes in accounting policies required by IFRS: Yes
- (ii) Changes in accounting policies due to other reasons: Not applicable
- (iii) Changes in accounting estimates: Not applicable

(3) Number of shares issued (Ordinary shares):

- (i) Number of shares issued at the end of the period (including treasury shares)
 - As of December 31, 2024 154,679,954 shares
 - As of March 31, 2024 154,679,954 shares
- (ii) Number of treasury shares owned at the end of the period
 - As of December 31, 2024 3,318,080 shares
 - As of March 31, 2024 3,323,344 shares
- (iii) Average number of shares outstanding during the period
 - Nine months ended December 31, 2024 151,360,446 shares
 - Nine months ended December 31, 2023 151,313,006 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 nine months ended December 31, 2024, the global economy has maintained solid growth, supported by factors such as the stabilization of soaring inflation. The U.S. economy remained firm, with expansion in consumer spending and equipment investments, etc., while the European economy continues to experience a slump in the manufacturing industry and the Chinese economy remains stagnant due to the real estate recession and sluggish consumer spending. In the Japanese economy, amid an improving employment and income environment, the economy has been recovering gradually, although it is still affected by global inflation.

In the IHI Group's main business of Aero Engine, Space and Defense, in the Civil aero engines Business, sales of spare parts have further expanded due to remaining steady demand for aero transportation. In the Defense Business, under the government policy of fundamentally reinforcing Japan's defense capabilities, the defense budget have greatly increased, and the IHI Group is continuing to respond to orders for large-scale projects. In order to respond to the expected increase in demand for civil aero engines, defense business, and space business in the future, the IHI Group will continue to enhance its producing capacity including securing resources and achieve the world's highest level of production efficiency.

Regarding the additional inspection program for shipped PW1100G-JM engines, the IHI Group continue to work with its program partners to enhance maintenance capacity and reduce the number of aircraft on the ground. The IHI Group is committed to its efforts to reduce the impact on its airline customers and to restore their confidence.

The lifecycle businesses in the Conventional Businesses is temporarily decreasing the current fiscal year due to a transitional period in the project cycle, but it is expanding steadily on a medium- to long-term, and the IHI Group will continue to secure high profitability that contributes to group earnings and to generate the investment capital.

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

As part of efforts to reform business portfolio, the IHI Group has decided to transfer its businesses of Materials Handling System Business, Turf Care Machinery Business, and its consolidated subsidiary, IHI PACKAGED BOILER CO., LTD., which are part of its "Conventional Businesses." The IHI Group will continue its reforms with speed in order to build portfolio that can deliver stably growth while controlling volatility.

With regard to the misconduct related to the engine test run records in the Power systems Business, as the confirmation of the facts related to the misconduct was completed and as a policy for responding to the results of NOx emissions verification was formulated, the IHI Group submitted the Investigation Report to the Ministry of Land, Infrastructure, Transport and Tourism on August 21, 2024, it formulated and announced preventive measures as IHI Corporation and IHI Power Systems Co., Ltd. on October 30, 2024. The IHI Group will make sincere efforts as one to establish compliance as a true corporate culture and work to regain the stakeholders' trust by building a system to prevent misconduct behavior and reevaluating of organizational culture.

Regarding the misconduct in the snowblower in the Transport systems Business, based on the results of the investigation into the facts and causes, the IHI Group is simultaneously proceeding with the snow removal performance tests of the subject models and working on measures to respond to customers and prevent recurrence of such behavior.

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

With regard to business result, in the previous semi-annual period, the IHI Group recorded a significant loss due to the additional inspection program for shipped PW1100G-JM engines and settlement of litigation involving IHI's consolidated subsidiary. As a result, orders received and revenue in the previous corresponding

period temporarily decreased significantly.

Orders received during the nine months increased 38.5% from the previous corresponding period to ¥1,214.2 billion due to a rebound of the temporary decreases in the previous corresponding period.

Revenue increased 32.7% from the previous corresponding period to ¥1,149.9 billion due to a rebound of the temporary decrease in the previous corresponding period, an increase in sales of spare parts for civil aero engines, progress in a large-scale power plant project in Southeast Asia, and the effects of yen depreciation.

In terms of profit, operating profit increased ¥207.2 billion to ¥103.4 billion due to significant increasing revenue of Civil aero engines, despite the impact of reformation costs of business structure in Vehicular turbochargers and expenses related to the improper conduct. Profit before tax is ¥114.6 billion due to the effects of yen depreciation at the end of the third quarter ended December 31, 2024, profit attributable to owners of parent is ¥76.7 billion.

Results by reportable segment for the nine months ended December 31, 2024 are as follows:

Reportable segment	Orders received			Nine months ended December 31, 2023	Operating profit (loss)	Nine months ended December 31, 2024	Operating profit (loss)	Changes from the previous corresponding period (%)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Changes from the corre- sponding period (%)					Revenue	Operating profit (loss)
				Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	227.8	259.9	14.1	277.7	1.9	303.8	11.0	9.4	460.3
Social Infrastructure	109.3	106.1	(3.0)	117.3	2.6	107.9	(0.2)	(8.0)	—
Industrial Systems and General-Purpose Machinery	349.5	361.8	3.5	337.0	8.7	350.2	2.9	3.9	(66.2)
Aero Engine, Space and Defense (*)	180.9	478.3	164.3	130.0	(112.2)	377.3	94.6	190.1	—
Reportable segment total	867.7	1,206.3	39.0	862.2	(98.9)	1,139.3	108.4	32.1	—
Others	43.6	45.3	3.8	36.8	2.9	40.2	2.3	9.3	(18.5)
Adjustments	(34.4)	(37.4)	—	(32.4)	(7.8)	(29.6)	(7.3)	—	—
Total	877.0	1,214.2	38.5	866.6	(103.7)	1,149.9	103.4	32.7	—

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

(*) The revenue and operating profit (loss) for the nine months ended December 31, 2024 includes the impact of ¥ (6.0) billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.

For reference, as previously mentioned, excluding the impact of the additional inspection program for shipped PW1100G-JM engines and settlement of litigation involving IHI's consolidated subsidiary, which were recorded in the previous semi-annual period, results by reportable segment are as follows.

(Billions of yen)

Reportable segment	Orders received			Nine months ended December 31, 2023	Operating Revenue	Operating profit (loss)	Nine months ended December 31, 2024	Operating Revenue	Operating profit (loss)	Changes from the previous corresponding period (%)
	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Changes from the corre- sponding period (%)							
Resources, Energy and Environment	242.5	259.9	7.2	292.4	16.6	303.8	11.0	3.9	(33.8)	
Social Infrastructure	109.3	106.1	(3.0)	117.3	2.6	107.9	(0.2)	(8.0)	—	
Industrial Systems and General-Purpose Machinery	349.5	361.8	3.5	337.0	8.7	350.2	2.9	3.9	(66.2)	
Aero Engine, Space and Defense	327.0	478.3	46.3	276.1	37.5	377.3	94.6	36.7	151.9	
Reportable segment total	1,028.5	1,206.3	17.3	1,023.0	65.6	1,139.3	108.4	11.4	65.2	
Others	43.6	45.3	3.8	36.8	2.9	40.2	2.3	9.3	(18.5)	
Adjustments	(34.4)	(37.4)	—	(32.4)	(7.8)	(29.6)	(7.3)	—	—	
Total	1,037.7	1,214.2	17.0	1,027.4	60.7	1,149.9	103.4	11.9	70.3	

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 third quarter were ¥2,311.5 billion, up ¥213.7 billion compared with the end of the previous fiscal year. The major items of increase were trade and other receivables, up ¥125.7 billion and inventories, up ¥82.1 billion. The major item of decrease was cash and cash equivalents, down ¥47.7 billion.

Total liabilities were ¥1,836.1 billion, up ¥140.6 billion compared with the end of the previous fiscal year. The major item of increase was contract liabilities, up ¥47.8 billion. The major item of decrease was trade and other payables, down ¥32.2 billion. And interest-bearing liabilities, including lease liabilities, was ¥660.6 billion, up ¥86.3 billion compared with the end of the previous fiscal year. The IHI Group ensures an adequate level of liquidity of funds and is also preparing for issuing bonds within the current fiscal year.

Equity was ¥475.3 billion, up ¥73.0 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥76.7 billion.

As a result of the above, the ratio of equity attributable to owners of parent increased from 17.9% at the end of the previous fiscal year to 19.4%.

Cash flows

At the end of the third quarter, the outstanding balance of cash and cash equivalents was ¥91.0 billion, down ¥47.7 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥52.3 billion excess of expenditure. This was due mainly to increases in trade receivables, while there was increases in contract liabilities.

Net cash flows from investing activities were ¥39.1 billion excess of expenditure due to acquisitions of property, plant and equipment.

Net cash flows from financing activities were ¥46.5 billion excess of income. This was due mainly to proceeds from issuances of commercial papers to secure funds.

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

The global economy continues to face uncertainty, and it is necessary to continue to pay attention to the impact of stagnation in the real estate market in China, the situations in the Middle East and Ukraine, and U.S. policy trends. The U.S. economy is expected to remain robust, supported by steady personal consumption. The Japanese economy is expected to recover gradually as the employment and income environment improves, with the decision to raise the policy interest rate, although there is uncertainty in political trends.

The IHI Group is promoting initiatives based on “Group Management Policies 2023”, the three-year medium-term management plan that begins in fiscal year 2023. In order to respond to drastic changes in the business environment and to transform its business into one that achieves sustainable high growth, the IHI Group will boldly shift its management resources and invest to Growth Businesses in the aero engines and rocket fields, which are driving growth, and to Development-focus Businesses in the clean energy field, which is expected to become a future business pillar, through implementation of business portfolio reforms and management that is conscious of the cost of capital and capital profitability.

Towards the final year of "Group Management Policies 2023" in fiscal year 2025, the IHI Group will strengthen the growth foundation that will serve as the basis in the next three-year medium-term management plan by advancing the restructuring of the Conventional Businesses through the ongoing business portfolio reforms and accelerating their implementation.

In the aero engines and rockets fields as Growth Businesses, global demand for aircraft is expected to grow steadily in the future. The IHI Group participates in the development and mass production of best-selling engines from the small to large and ultra-large engine classes for civil aero engines, and will respond to the growing demand for newly manufactured engines and aftermarket products. 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. In addition, the IHI Group will strengthen its production capacity and develop

necessary technologies, aiming to expand its defense and space-businesses, which are expected to grow. In the clean energy field, which is Development-focus Businesses, the IHI Group will contribute to the realization of carbon neutrality by building its entire value chain for fuel ammonia, from production to storage, transportation, and utilization, while applying its technical capabilities. During the nine months ended December 31, 2024, IHI was completed with good results for large-volume ammonia substitution demonstration testing (representing 20% of heating value) at Hekinan Thermal Power Station of JERA Co., Inc. IHI will continue to work on establishing a combustion technology that increases the ammonia ratio at thermal power plants and develop burners for 100% ammonia combustion. In the Conventional Businesses of Resources, Energy and Environment, Social Infrastructure, and Industrial Systems and General-Purpose Machinery, the IHI Group will create stable earnings foundations and cash flow to support the sustainable growth of the entire IHI Group. In order to achieve these, the IHI Group will develop and acquire the human resources necessary for change, advance the sophistication of our digital infrastructure, and promote the transformation of its corporate culture and structure.

With regard to the consolidated forecasts of results for the fiscal year ending March 31, 2025, the forecasts for orders received and revenue remain unchanged from the previous forecasts (November 6, 2024), based on the current performance. As for profit (loss), despite the impact of expenses related to misconduct in the Conventional Businesses, deteriorating profitability and delays in negotiations for higher contract amounts in overseas projects, there are no changes to the forecasts for operating profit and profit before tax from the previous announcement because of the expected increases in profit due to the depreciation of yen and higher revenue from civil aero engines.

Profit attributable to owners of parent is expected to increase by ¥5.0 billion to ¥90.0 billion, reflecting the impact of the tax refund associated with the conclusion of the transfer pricing litigation.

The foreign exchange rate of ¥140/US\$1 has been assumed in the above forecasts for the fourth quarter ending March 31, 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, 2024	As of December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	138,805	91,014
Trade and other receivables	452,665	578,451
Contract assets	130,734	156,977
Other financial assets	3,754	3,915
Inventories	422,251	504,378
Other current assets	62,499	68,136
Subtotal	1,210,708	1,402,871
Assets related to disposal groups classified as held for sale	—	19,717
Total current assets	1,210,708	1,422,588
Non-current assets:		
Property, plant and equipment	236,777	239,021
Right-of-use assets	101,904	99,562
Goodwill	6,338	6,470
Intangible assets	127,059	126,705
Investment property	134,724	131,078
Investments accounted for using equity method	61,873	73,695
Other financial assets	50,799	51,034
Deferred tax assets	98,173	96,750
Other non-current assets	69,455	64,608
Total non-current assets	887,102	888,923
Total assets	2,097,810	2,311,511

(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities:		
Trade and other payables	258,581	226,296
Bonds and borrowings	177,021	297,038
Lease liabilities	17,642	16,383
Other financial liabilities	20,310	17,713
Income taxes payable	7,277	38,723
Contract liabilities	204,121	251,926
Provisions	25,190	24,300
Refund liabilities	192,679	174,519
Other current liabilities	148,243	170,500
Subtotal	1,051,064	1,217,398
Liabilities related to disposal groups classified as held for sale	—	15,299
Total current liabilities	1,051,064	1,232,697
Non-current liabilities:		
Bonds and borrowings	272,132	241,157
Lease liabilities	107,581	106,108
Other financial liabilities	82,242	74,749
Deferred tax liabilities	4,080	3,295
Retirement benefit liability	156,124	156,047
Provisions	6,631	6,818
Other non-current liabilities	15,688	15,295
Total non-current liabilities	644,478	603,469
Total liabilities	1,695,542	1,836,166
Equity		
Share capital	107,165	107,165
Capital surplus	46,362	46,349
Retained earnings	177,403	239,060
Treasury shares	(8,589)	(8,580)
Other components of equity	53,648	64,903
Other components of equity related to disposal groups classified as held for sale	—	75
Total equity attributable to owners of parent	375,989	448,972
Non-controlling interests	26,279	26,373
Total equity	402,268	475,345
Total liabilities and equity	2,097,810	2,311,511

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

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine months ended December 31, 2023 and 2024

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Revenue	866,663	1,149,990
Cost of sales	815,313	879,491
Gross profit (loss)	51,350	270,499
Selling, general and administrative expenses	153,677	162,683
Other income	3,450	4,574
Other expenses	4,910	8,927
Operating profit (loss)	(103,787)	103,463
Finance income	2,876	13,072
Finance costs	11,534	7,547
Share of profit (loss) of investments accounted for using equity method	2,536	5,628
Profit (loss) before tax	(109,909)	114,616
Income tax expense	(3,062)	34,764
Profit (loss)	(106,847)	79,852
Profit (loss) attributable to:		
Owners of parent	(109,599)	76,790
Non-controlling interests	2,752	3,062
Profit (loss)	(106,847)	79,852
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(724.32)	507.33
Diluted earnings (loss) per share (yen)	(724.32)	507.29

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit (loss)	(106,847)	79,852
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	442	4,318
Remeasurements of defined benefit plans	(10)	(33)
Share of other comprehensive income of investments accounted for using equity method	258	228
Total of items that will not be reclassified to profit or loss	690	4,513
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	11,549	7,533
Cash flow hedges	(77)	(112)
Share of other comprehensive income of investments accounted for using equity method	302	163
Total of items that may be reclassified to profit or loss	11,774	7,584
Other comprehensive income, net of tax	12,464	12,097
Comprehensive income	(94,383)	91,949
Comprehensive income attributable to:		
Owners of parent	(98,271)	88,201
Non-controlling interests	3,888	3,748
Comprehensive income	(94,383)	91,949

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of parent						
	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, 2023	107,165	46,741	251,915	(8,746)	20,390	548	13,063
Profit (loss)			(109,599)				
Other comprehensive income					10,419	222	697
Total comprehensive income	—	—	(109,599)	—	10,419	222	697
Purchase of treasury shares				(3)			
Disposal of treasury shares		7		148			
Dividends			(15,189)				
Share-based remuneration transactions		(1)					
Changes in ownership interest in subsidiaries		(25)					
Transfer from other components of equity to retained earnings			272				(282)
Changes in non-controlling interest due to change in scope of consolidation							
Other			103				
Total transactions with owners	—	(19)	(14,814)	145	—	—	(282)
Balance as of December 31, 2023	107,165	46,722	127,502	(8,601)	30,809	770	13,478

	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, 2023	—	169	34,170	431,245	—	431,245	25,006	456,251
Profit (loss)			—	(109,599)		(109,599)	2,752	(106,847)
Other comprehensive income	(10)		11,328	11,328		11,328	1,136	12,464
Total comprehensive income	(10)	—	11,328	(98,271)	—	(98,271)	3,888	(94,383)
Purchase of treasury shares			—	(3)		(3)		(3)
Disposal of treasury shares		(55)	(55)	100		100		100
Dividends			—	(15,189)		(15,189)	(3,129)	(18,318)
Share-based remuneration transactions			—	(1)		(1)		(1)
Changes in ownership interest in subsidiaries			—	(25)		(25)	(664)	(689)
Transfer from other components of equity to retained earnings	10		(272)	—		—		—
Changes in non-controlling interest due to change in scope of consolidation			—	—		—	806	806
Other			—	103		103	15	118
Total transactions with owners	10	(55)	(327)	(15,015)	—	(15,015)	(2,972)	(17,987)
Balance as of December 31, 2023	—	114	45,171	317,959	—	317,959	25,922	343,881

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended December 31, 2024

(Millions of yen)

	Equity attributable to owners of parent						
	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, 2024	107,165	46,362	177,403	(8,589)	36,272	896	16,394
Profit (loss)			76,790				
Other comprehensive income					6,824	64	4,472
Total comprehensive income	—	—	76,790	—	6,824	64	4,472
Purchase of treasury shares				(7)			
Disposal of treasury shares		6		17			
Dividends			(15,191)				
Share-based remuneration transactions		(19)					
Transfer from other components of equity to retained earnings			58				(7)
Transfer to other components of equity related to disposal groups classified as held for sale					118	(16)	(177)
Other				(1)			
Total transactions with owners	—	(13)	(15,133)	9	118	(16)	(184)
Balance as of December 31, 2024	107,165	46,349	239,060	(8,580)	43,214	944	20,682

	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	Total		
Balance as of April 1, 2024	—	86	53,648	375,989	—	375,989	26,279	402,268
Profit (loss)			—	76,790		76,790	3,062	79,852
Other comprehensive income	51		11,411	11,411		11,411	686	12,097
Total comprehensive income	51	—	11,411	88,201	—	88,201	3,748	91,949
Purchase of treasury shares			—	(7)		(7)		(7)
Disposal of treasury shares		(22)	(22)	1		1		1
Dividends			—	(15,191)		(15,191)	(3,654)	(18,845)
Share-based remuneration transactions			—	(19)		(19)		(19)
Transfer from other components of equity to retained earnings	(51)		(58)	—		—		—
Transfer to other components of equity related to disposal groups classified as held for sale			(75)	(75)	75	—		—
Other		(1)	(1)	(2)		(2)		(2)
Total transactions with owners	(51)	(23)	(156)	(15,293)	75	(15,218)	(3,654)	(18,872)
Balance as of December 31, 2024	—	63	64,903	448,897	75	448,972	26,373	475,345

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	(109,909)	114,616
Depreciation, amortization and impairment losses	52,291	53,105
Finance income and finance costs	1,641	527
Share of loss (profit) of investments accounted for using equity method	(2,536)	(5,628)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(781)	(95)
Decrease (increase) in trade receivables	(20,222)	(130,133)
Decrease (increase) in contract assets	(15,769)	(34,190)
Decrease (increase) in inventories and prepayments	(84,869)	(79,416)
Increase (decrease) in trade payables	(18,293)	(24,803)
Increase (decrease) in contract liabilities	(3,681)	52,561
Increase (decrease) in refund liabilities	144,982	(18,160)
Other	(15,009)	20,204
Subtotal	(72,155)	(51,412)
Interest received	1,489	2,015
Dividends received	1,217	1,217
Interest paid	(3,545)	(4,574)
Income taxes refund (paid)	(14,823)	439
Net cash provided by (used in) operating activities	(87,817)	(52,315)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(46,625)	(39,582)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	1,378	262
Purchase of investments (including investments accounted for using equity method)	(3,245)	(4)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	3,666	872
Proceeds from sale of equity interest in subsidiaries	160	—
Other	1,180	(744)
Net cash provided by (used in) investing activities	(43,486)	(39,196)

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	77,909	4,548
Net increase (decrease) in commercial papers	100,000	101,500
Proceeds from long-term borrowings	54,422	40,329
Repayments of long-term borrowings	(55,210)	(47,954)
Redemption of bonds	(10,000)	(10,000)
Repayments of lease liabilities	(15,475)	(14,502)
Dividends paid	(15,171)	(15,175)
Dividends paid to non-controlling interests	(3,129)	(3,654)
Increase in other financial liabilities	822	660
Decrease in other financial liabilities	(6,942)	(9,236)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(689)	—
Other	112	75
Net cash provided by (used in) financing activities	126,649	46,591
Effect of exchange rate change on cash and cash equivalents	3,414	2,774
Net increase (decrease) in cash and cash equivalents	(1,240)	(42,146)
Cash and cash equivalents at beginning of period	124,743	138,805
Cash and cash equivalents included in assets related to disposal groups classified as held for sale	—	(5,645)
Cash and cash equivalents at end of period	123,503	91,014

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

The IHI Group has applied the standard IAS 7 “Statement of Cash Flows” (amended in May 2023) and IFRS 7 “Financial Instruments: Disclosures” (amended in May 2023), (expanded disclosure of Supplier Finance Arrangements) effective for the nine months ended December 31, 2024. The adoption of this standard does not have a material impact on the Group’s condensed quarterly consolidated financial statements for the third quarter ended December 31, 2024.

SEGMENT INFORMATION

1. Overview of reportable segment

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

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

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

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

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

2. Information about reportable segment

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

Intersegment revenue and transfers are based on actual market pricing.

Nine months ended December 31, 2023

(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	275,557	114,316	330,643	127,324	847,840	18,823	866,663	—	866,663
Intersegment revenue and transfers	2,226	3,077	6,388	2,747	14,438	18,029	32,467	(32,467)	—
Total	277,783	117,393	337,031	130,071	862,278	36,852	899,130	(32,467)	866,663
Segment profit (loss) (Note 4)	1,969	2,630	8,744	(112,259)	(98,916)	2,929	(95,987)	(7,800)	(103,787)

- Notes:
- In Nine months ended December 31, 2023, due to the additional inspection program for shipped PW1100G-JM engines, IHI reduced the revenue by ¥ 146,053 million as the consideration to be paid to customers under the maintenance contracts. This is because the number of maintenance units is expected to increase over the next few years, with an average of 350 aircraft on the ground expected from FY2024 to FY2026. As our company participates in this engine program with approximately a 15% share, we also anticipate incurring compensation costs and additional maintenance expenses.
 - The "Others" classification consists of business that is not included in reportable segment. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥ (766) million and unallocated corporate expenses of ¥ (7,034) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the condensed quarterly consolidated financial statement of profit or loss.

Nine months ended December 31, 2024

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General- Purpose Machinery	Aero Engine, Space and Defense	Total				
Revenue									
Revenue from external customers	302,072	104,116	345,143	375,035	1,126,366	23,624	1,149,990	—	1,149,990
Intersegment revenue and transfers	1,761	3,834	5,134	2,301	13,030	16,644	29,674	(29,674)	—
Total	303,833	107,950	350,277	377,336	1,139,396	40,268	1,179,664	(29,674)	1,149,990
Segment profit (loss) (Note 3)	11,033	(260)	2,953	94,682	108,408	2,388	110,796	(7,333)	103,463

- Notes:
- The "Others" classification consists of business that is not included in reportable segment. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
 - Adjustment of segment profit (loss) represents intersegment transactions of ¥ (101) million and unallocated corporate expenses of ¥ (7,232) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
 - Segment profit (loss) is adjusted with operating profit (loss) in the condensed 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 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.

The share transfer date of the Materials Handling System Business to Tadano is planned in July 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, 2024	As of December 31, 2024
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	—	5,645
Trade and other receivables	—	2,771
Contract assets	—	6,998
Inventories	—	872
Property, plant and equipment	—	820
Other	—	2,611
Total assets	—	19,717
Liabilities related to disposal groups classified as held for sale		
Trade and other payables	—	4,142
Contract liabilities	—	5,367
Retirement benefit liabilities	—	3,259
Other	—	2,531
Total liabilities	—	15,299

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

NOTES ON PREMISE OF GOING CONCERN

Not applicable

ADDITIONAL INFORMATION

Reassessment of tax payable, based on the transfer pricing taxation

With regard to transactions between IHI and a foreign consolidated subsidiary located in Thailand conducted over the fiscal years ended March 31, 2013 to March 31, 2016, IHI received a reassessment of tax payable, based on the transfer pricing taxation, from the Tokyo Regional Taxation Bureau. In response, IHI recorded penalty taxes, including additional taxes and delinquent taxes, of ¥4,304 million on “Income taxes for prior periods.” for the fiscal year ending March 2019 and paid in July 2018.

With regard to the transfer pricing taxation, as IHI understood that it was complying with laws in Japan and other countries and paid appropriate taxes based on appropriate transaction prices, IHI filed a lawsuit in the Tokyo District Court seeking the complete cancellation of the disposition. The lawsuit was concluded in the third quarter ended December 31, 2024, and the refund of the penalty taxes, including additional taxes and delinquent taxes, was finalized. By the end of the third quarter ended December 31, 2024, a portion of this amount had been refunded and the remaining amount is recorded in “Trade and other receivables”.