Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under IFRS)

November 6, 2025

Company name: IHI Corporation
Listing: Tokyo Stock Exchange (Prime Market)
Securities code: 7013
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Scheduled date to file semi-annual securities report: November 10, 2025
Scheduled date to commence dividend payments: December 5, 2025

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 six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	713,651	(5.8)	69,449	(10.1)	74,709	19.2	57,047	39.3
September 30, 2024	757,488	61.1	77,263	―	62,660	―	40,944	―

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2025	55,912	42.2	69,573	77.6	52.76	52.75
September 30, 2024	39,309	―	39,182	―	37.10	37.10

(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, 2025.

(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	%
September 30, 2025	2,336,549	566,090	540,653	23.1
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	―	50.00	―	70.00	120.00
Fiscal year ending March 31, 2026	―	70.00			
Fiscal year ending March 31, 2026 (Forecast)			―	10.00	―

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

Since the Company conducted a 7-for-1 stock split for shares of its ordinary shares with an effective date of October 1, 2025, the dividend per share at the fiscal year-end for 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 the fiscal year ending March 31, 2026 (Forecast) without reflecting the impact of the stock split would be 70.00 yen and the full-year total amount would be 140.00 yen.

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	1,640,000	0.8	160,000	11.5	145,000	4.7	125,000	10.9	117.49

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

Basic earnings per share in the consolidated financial forecast for the fiscal year ending March 31, 2026 (full year) reflects the impact of the stock split (7-for-1 stock split). Basic earnings per share in the consolidated financial forecast for the fiscal year ending March 31, 2026 without reflecting the impact of the stock split would be 822.44 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 September 30, 2025	1,082,759,678 shares
As of March 31, 2025	1,082,759,678 shares

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

As of September 30, 2025	22,609,979 shares
As of March 31, 2025	23,209,774 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2025	1,059,779,811 shares
Six months ended September 30, 2024	1,059,519,160 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. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated under the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

* This consolidated financial report is not subjected to semi-annual 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 current semi-annual period, the global economy remained generally resilient, stagnation was observed in some regions, and there was also the impact of a rebound following preemptive demand driven by tariff hikes in the United States, as well as growing uncertainty about the future. In the Japanese economy, although it has been affected by U.S. trade policies, a gradual recovery has continued.

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 beyond expectations, driven by increased flight operating hours, etc. 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 an effort to reform the IHI Group’s business portfolio, during the current semi-annual period, the IHI Group completed the transfer of all shares of IHI PACKAGED BOILER CO., LTD., Materials Handling System Business, 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.
On June 26 of this year, the IHI Group has 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”) Within 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 organizing the structure that enables 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.)
On August 6 of this year, IHI entered into agreements to transfer all shares of Meisei Electric Co., Ltd. (hereinafter “MEISEI”), which is responsible for the meteorology, disaster prevention, and space-related business within Aero Engine, Space and Defense segment, to NOHMI BOSAI LTD. (hereinafter “Nohmi Bosai”), and all shares of NIIGATA TRANSYS CO.,LTD. (hereinafter “NTS”), which is responsible for the Transport systems Business, a part of the “Conventional Businesses” in Social Infrastructure segment, to JKF Co., Ltd. (JKF Co., Ltd. is a company established by a fund managed and administered by J-Will Partners Co., Ltd. (hereinafter “JWP”)), respectively.
MEISEI will strengthen competitiveness through mutual synergies with Nohmi Bosai and continuous growth investments, aiming for the sustainable growth while responding swiftly to changes in the external environment.
NTS, with management support from JWP, will provide attractive products and services in Japan and overseas by strengthening its competitiveness in the domestic maintenance vehicle and snowplow markets and expanding into an untapped overseas market that is expected to grow.
In addition, IHI Infrastructure Systems Co., Ltd. and IHI Construction Service Co., Ltd., both of which are responsible for Bridge and water gates Business as part of the "Conventional Businesses" of Social Infrastructure segment were integrated on 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.
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 current semi-annual period increased 17.5% from the previous corresponding period to ¥893.4 billion.
Revenue decreased 5.8% from the previous corresponding period to ¥713.6 billion, driven by a decline in revenue due to the business transfer and a reaction following the progress of large-scale projects in the Conventional Businesses in the same period of the previous fiscal year, even though there was expansion in the Defense Business and sales of spare parts in the Civil aero engines increased.
In terms of profit, operating profit decreased ¥7.8 billion to ¥69.4 billion, as a result of rebounds from the delay in accrual of maintenance costs and yen depreciation in the same period of the previous year in the Civil aero engines, as well as deteriorating profitability in some overseas businesses in the Conventional Businesses, while increased profit driven by the recognition such as a gain on the transfer of the Materials Handling System Business besides higher sales of spare parts in the Civil aero engines. Profit before tax increased ¥12.0 billion to ¥74.7 billion driven by a significant improvement in foreign exchange losses and increased profit of investments accounted for using equity method. Profit attributable to owners of parent increased ¥16.6 billion to ¥55.9 billion.

Results by reportable segment for the current semi-annual period are as follows:

(Billions of yen)

Reportable segment	Orders received			Six months ended September 30, 2024		Six months ended September 30, 2025		Changes from the previous corresponding period (%)	
	Six months ended September 30, 2024	Six months ended September 30, 2025	Changes from the corresponding period (%)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)	Revenue	Operating profit (loss)
Resources, Energy and Environment	141.5	326.1	130.4	210.0	7.8	159.1	(0.1)	(24.2)	—
Social Infrastructure (*1)	63.4	59.1	(6.8)	59.0	(4.8)	59.2	(3.3)	0.5	—
Industrial Systems and General-Purpose Machinery	242.4	223.4	(7.8)	227.3	(1.0)	209.4	17.0	(7.9)	—
Aero Engine, Space and Defense (*2)	302.8	270.3	(10.7)	247.6	76.6	273.9	54.7	10.6	(28.6)
Reportable segment total	750.3	879.1	17.2	744.0	78.5	701.7	68.3	(5.7)	(13.0)
Other	34.5	40.8	18.0	32.1	2.7	36.6	6.8	14.3	148.3
Adjustment	(24.6)	(26.4)	—	(18.6)	(4.0)	(24.8)	(5.7)	—	—
Total	760.2	893.4	17.5	757.4	77.2	713.6	69.4	(5.8)	(10.1)

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 semi-annual period of the fiscal year ending September 30, 2024, has been reclassified and is now presented under the "Other."

(*2) The revenue and operating profit (loss) for the previous semi-annual period includes the impact of ¥ +8.3 billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines. And the impact for the current semi-annual period was ¥ +0.8 billion.

(2) SUMMARY OF FINANCIAL POSITION

Assets, liabilities and equity

Total assets at the end of the current semi-annual period were ¥2,336.5 billion, up ¥96.1 billion compared with the end of the previous fiscal year. The major item of increase was inventories, up ¥80.5 billion. The major item of decrease was cash and cash equivalents, down ¥34.8 billion.

Total liabilities were ¥1,770.4 billion, up ¥38.7 billion compared with the end of the previous fiscal year. The major item of increase was contract liabilities, up ¥45.7 billion. The major item of decrease was refund liabilities, down ¥24.6 billion. And interest-bearing liabilities, including lease liabilities, were ¥581.1 billion, up ¥66.4 billion compared with the end of the previous fiscal year. The IHI Group ensures an adequate level of liquidity of funds.

Equity was ¥566.0 billion, up ¥57.4 billion compared with the end of the previous fiscal year, which included profit attributable to owners of parent of ¥55.9 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 23.1%.

Cash flows

At the end of the current semi-annual period, the outstanding balance of cash and cash equivalents was ¥101.9 billion, down ¥34.8 billion from the end of the previous fiscal year.

Net cash flows from operating activities were ¥57.1 billion excess of expenditure. This was due to an increase in contract liabilities, while there were increases in inventories and prepayments, as well as a decrease in refund liabilities related to the expenditures for the additional inspection program for shipped PW1100G-JM engines, as well as tax expenditures.

Net cash flows from investing activities were ¥22.9 billion excess of expenditure. This was due to proceeds from the sale of equity interests in subsidiaries, while there were increases in expenses due to the acquisition of fixed assets.

Net cash flows from financing activities were ¥40.0 billion excess of expenditure. This was due to proceeds from issuances of commercial papers.

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

As the outlook for the global economy remains uncertain, there is a possibility that the recovery momentum may weaken due to growing impact of U.S. trade policies. It is essential to remain vigilant regarding downside risks stemming from developments in U.S. policy, as well as fluctuations in financial and capital markets.
The Japanese economy is expected to continue its moderate recovery supported by improvements in the employment and income environment and the effects of various policy measures. However, close attention must be paid to potential downside risks, including U.S. trade policies and volatility in financial and capital markets.

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 engine classes for civil aero engines, and is intensively investing in human resources in the aftermarket, where demand is expected to increase, to further expand its business. 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. The IHI Group is constructing a new repair building at Tsurugashima Aero-Engine Maintenance Works, one of our maintenance sites for civil aero engines, to accelerate the capture the demand for repairing high-value-added parts. Furthermore, the IHI Group will strengthen its production capacity and develop necessary technologies in its defense-related and space-related businesses, where the demand is expected to expand.
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. During the current semi-annual period, the IHI Group newly established a large-scale combustion testing facility for ammonia gas turbines at its Aioi Works, as part of its joint development with GE Vernova. Going forward, the IHI Group will accelerate development efforts toward the practical application of ammonia gas turbines.
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, the IHI Group has revised its projections based on progress in reformation of business structure and the trend of expanding aftermarket demand for civil aero engines. Revenue is now expected to be ¥1,640.0 billion, operating profit ¥160.0 billion, profit before tax ¥145.0 billion, and profit attributable to owners of parent ¥125.0 billion. Note that a foreign exchange rate of ¥140/US$1 has been assumed in the above forecasts in and after the third quarter ending December 31, 2025.
Concerning dividends, the Board of Directors resolved today to pay an interim dividend of ¥70 per share, as previously announced in the dividend forecast. Since the record date for the interim dividend on September 30, 2025, the dividend will be based on the number of shares prior to the stock split (*).
(*) IHI conducted a 7-for-1 stock split for shares for its ordinary shares, effective October 1, 2025.

2. CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO

(1) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	136,809	101,956
Trade and other receivables	506,718	528,462
Contract assets	113,959	125,431
Other financial assets	3,989	3,664
Inventories	444,066	524,589
Other current assets	73,296	87,284
Subtotal	1,278,837	1,371,386
Assets related to disposal groups classified as held for sale	23,426	24,828
Total current assets	1,302,263	1,396,214
Non-current assets:		
Property, plant and equipment	241,970	238,430
Right-of-use assets	102,766	101,126
Goodwill	6,276	6,535
Intangible assets	132,056	131,310
Investment property	143,838	149,611
Investments accounted for using equity method	72,719	89,613
Other financial assets	51,509	50,021
Deferred tax assets	119,535	111,535
Other non-current assets	67,460	62,154
Total non-current assets	938,129	940,335
Total assets	2,240,392	2,336,549

(1) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities:		
Trade and other payables	287,201	300,918
Bonds and borrowings	126,125	199,353
Lease liabilities	17,386	17,575
Other financial liabilities	15,226	13,844
Income taxes payable	39,690	21,449
Contract liabilities	252,968	298,760
Provisions	26,049	20,371
Refund liabilities	153,002	128,310
Other current liabilities	175,192	158,576
Subtotal	1,092,839	1,159,156
Liabilities related to disposal groups classified as held for sale	25,086	15,437
Total current liabilities	1,117,925	1,174,593
Non-current liabilities:		
Bonds and borrowings	263,271	263,196
Lease liabilities	107,941	101,058
Other financial liabilities	66,875	61,632
Deferred tax liabilities	7,747	3,915
Retirement benefit liability	145,616	142,480
Provisions	6,728	6,834
Other non-current liabilities	15,629	16,751
Total non-current liabilities	613,807	595,866
Total liabilities	1,731,732	1,770,459
Equity		
Share capital	107,165	107,165
Capital surplus	46,384	48,379
Retained earnings	280,100	328,217
Treasury shares	(8,576)	(9,455)
Other components of equity	56,761	66,347
Other components of equity related to disposal groups classified as held for sale	(108)	—
Total equity attributable to owners of parent	481,726	540,653
Non-controlling interests	26,934	25,437
Total equity	508,660	566,090
Total liabilities and equity	2,240,392	2,336,549

(2) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Revenue	757,488	713,651
Cost of sales	573,714	544,828
Gross profit (loss)	183,774	168,823
Selling, general and administrative expenses	102,987	114,231
Other income	3,136	21,768
Other expenses	6,660	6,911
Operating profit (loss)	77,263	69,449
Finance income	2,405	2,161
Finance costs	21,441	5,800
Share of profit (loss) of investments accounted for using equity method	4,433	8,899
Profit (loss) before tax	62,660	74,709
Income tax expense	21,716	17,662
Profit (loss)	40,944	57,047
Profit (loss) attributable to:		
Owners of parent	39,309	55,912
Non-controlling interests	1,635	1,135
Profit (loss)	40,944	57,047
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	37.10	52.76
Diluted earnings (loss) per share (yen)	37.10	52.75

(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, 2025.

CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit (loss)	40,944	57,047
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,113	8,893
Share of other comprehensive income of investments accounted for using equity method	187	164
Total of items that will not be reclassified to profit or loss	1,300	9,057
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,938)	3,476
Cash flow hedges	(256)	120
Share of other comprehensive income of investments accounted for using equity method	132	(127)
Total of items that may be reclassified to profit or loss	(3,062)	3,469
Other comprehensive income, net of tax	(1,762)	12,526
Comprehensive income	39,182	69,573
Comprehensive income attributable to:		
Owners of parent	37,939	68,347
Non-controlling interests	1,243	1,226
Comprehensive income	39,182	69,573

(3) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The previous semi-annual period

(Millions of yen)

	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)			39,309				
Other comprehensive income					(2,567)	(111)	1,224
Total comprehensive income	―	―	39,309	―	(2,567)	(111)	1,224
Purchase of treasury shares				(4)			
Disposal of treasury shares		5		15			
Dividends			(7,595)				
Share-based remuneration transactions		(55)					
Transfer from other components of equity to retained earnings			101				(17)
Other							
Total transactions with owners	―	(50)	(7,494)	11	―	―	(17)
Balance as of September 30, 2024	107,165	46,312	209,218	(8,578)	33,705	785	17,601

	Equity attributable to owners of parent							
	Other components of equity							
	Remeasurements of defined benefit plans	Share acquisition rights	Total	Total	Other components of equity related to disposal groups classified as held for sale	Total	Non-controlling interests	Total
Balance as of April 1, 2024	―	86	53,648	375,989	―	375,989	26,279	402,268
Profit (loss)			―	39,309		39,309	1,635	40,944
Other comprehensive income	84		(1,370)	(1,370)		(1,370)	(392)	(1,762)
Total comprehensive income	84	―	(1,370)	37,939	―	37,939	1,243	39,182
Purchase of treasury shares			―	(4)		(4)		(4)
Disposal of treasury shares		(21)	(21)	(1)		(1)		(1)
Dividends			―	(7,595)		(7,595)	(2,771)	(10,366)
Share-based remuneration transactions			―	(55)		(55)		(55)
Transfer from other components of equity to retained earnings	(84)		(101)	―		―		―
Other			―	―		―	1	1
Total transactions with owners	(84)	(21)	(122)	(7,655)	―	(7,655)	(2,770)	(10,425)
Balance as of September 30, 2024	―	65	52,156	406,273	―	406,273	24,752	431,025

(3) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The current semi-annual period

(Millions of yen)

	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, 2025	107,165	46,384	280,100	(8,576)	36,162	777	19,765
Profit (loss)			55,912				
Other comprehensive income					3,386	(8)	9,057
Total comprehensive income	—	—	55,912	—	3,386	(8)	9,057
Purchase of treasury shares				(1,365)			
Disposal of treasury shares		665		486			
Dividends			(10,634)				
Share-based remuneration transactions		928					
Transfer from other components of equity to retained earnings			2,790				(2,790)
Transfer to other components of equity related to disposal groups classified as held for sale					(89)	(20)	1
Other		402	49		147	(92)	(6)
Total transactions with owners	—	1,995	(7,795)	(879)	58	(112)	(2,795)
Balance as of September 30, 2025	107,165	48,379	328,217	(9,455)	39,606	657	26,027

	Equity attributable to owners of parent							
	Other components of equity							
	Remeasurements of defined benefit plans	Share acquisition rights	Total	Total	Other components of equity related to disposal groups classified as held for sale	Total	Non-controlling interests	Total
Balance as of April 1, 2025	—	57	56,761	481,834	(108)	481,726	26,934	508,660
Profit (loss)			—	55,912		55,912	1,135	57,047
Other comprehensive income			12,435	12,435		12,435	91	12,526
Total comprehensive income	—	—	12,435	68,347	—	68,347	1,226	69,573
Purchase of treasury shares			—	(1,365)		(1,365)		(1,365)
Disposal of treasury shares			—	1,151		1,151		1,151
Dividends			—	(10,634)		(10,634)	(2,793)	(13,427)
Share-based remuneration transactions			—	928		928		928
Transfer from other components of equity to retained earnings			(2,790)	—		—		—
Transfer to other components of equity related to disposal groups classified as held for sale			(108)	(108)	108	—		—
Other			49	500		500	70	570
Total transactions with owners	—	—	(2,849)	(9,528)	108	(9,420)	(2,723)	(12,143)
Balance as of September 30, 2025	—	57	66,347	540,653	—	540,653	25,437	566,090

(4) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit (loss) before tax	62,660	74,709
Depreciation, amortization and impairment losses	35,058	39,647
Finance income and finance costs	2,321	1,638
Share of loss (profit) of investments accounted for using equity method	(4,433)	(8,899)
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(78)	(5,332)
Decrease (increase) in trade receivables	4,205	(13,811)
Decrease (increase) in contract assets	(11,008)	(14,683)
Decrease (increase) in inventories and prepayments	(61,297)	(101,627)
Increase (decrease) in trade payables	(32,904)	25,032
Increase (decrease) in contract liabilities	24,575	42,229
Increase (decrease) in refund liabilities	(30,096)	(24,692)
Other	4,816	(34,396)
Subtotal	(6,181)	(20,185)
Interest received	1,293	1,333
Dividends received	1,022	1,215
Interest paid	(2,996)	(3,275)
Income taxes paid	(579)	(36,218)
Net cash provided by (used in) operating activities	(7,441)	(57,130)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(25,182)	(50,414)
Proceeds from sale of property, plant and equipment, intangible assets and investment property	110	7,748
Purchase of investments (including investments accounted for using equity method)	(2)	(1,069)
Proceeds from sale and redemption of investments (including investments accounted for using equity method)	877	2,813
Proceeds from sale of equity interest in subsidiaries	—	12,144
Other	(1,092)	5,797
Net cash provided by (used in) investing activities	(25,289)	(22,981)

(4) CONDENSED SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(71,850)	(16,944)
Net increase (decrease) in commercial papers	71,000	136,000
Proceeds from long-term borrowings	30,329	9,000
Repayments of long-term borrowings	(16,299)	(44,555)
Redemption of bonds	—	(10,000)
Repayments of lease liabilities	(9,832)	(11,587)
Decrease (increase) in treasury shares	—	(879)
Dividends paid	(7,572)	(10,605)
Dividends paid to non-controlling interests	(2,770)	(2,793)
Increase in other financial liabilities	376	671
Decrease in other financial liabilities	(8,119)	(8,810)
Other	77	528
Net cash provided by (used in) financing activities	(14,660)	40,026
Effect of exchange rate change on cash and cash equivalents	503	819
Net increase (decrease) in cash and cash equivalents	(46,887)	(39,266)
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	—	4,413
Cash and cash equivalents at end of period	91,918	101,956

(5) NOTES TO THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL ACCOUNTING POLICIES

Material accounting policies applied by the IHI Group in the condensed semi-annual 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 semi-annual 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 current semi-annual period increased by 2,090 million yen, while operating profit and profit before income taxes decreased by 3,060 million yen, net profit decreased by 2,770 million yen, basic and diluted interim earnings per share decreased by 2.61 yen, and inventories decreased by 3,060 million yen.

Note: IHI conducted a stock split at a ratio of seven shares for each one common share on October 1, 2025. Basic and diluted interim earnings per share are calculated based on the number of shares after the stock split.

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

(*)The share transfer of the Transport machineries Business to Tadano Ltd.has completed on July 1, 2025.

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.

The previous semi-annual period (Millions of yen)

	Reportable segment					Other (Note 3)	Total	Adjustment (Note 4)	Consolidated
	Resources, Energy and Environment	Social Infrastructure (Note 1)	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense (Note 2)	Total				
Revenue									
Revenue from external customers	209,112	56,966	223,914	246,199	736,191	21,297	757,488	―	757,488
Intersegment revenue and transfers	928	2,044	3,408	1,449	7,829	10,819	18,648	(18,648)	―
Total	210,040	59,010	227,322	247,648	744,020	32,116	776,136	(18,648)	757,488
Segment profit (loss) (Note 5)	7,813	(4,855)	(1,050)	76,637	78,545	2,770	81,315	(4,052)	77,263

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 "Other", ¥ 8,070 million of Revenue from external customers, ¥ 84 million of Intersegment revenue and transfers, and ¥ 1,800 million of segment profit have been reclassified from Social Infrastructure segment to the "Other".
2. The revenue and operating profit (loss) for the previous semi-annual period includes the impact of ¥ +8.3 billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.
3. 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.
4. Adjustment of segment profit (loss) represents intersegment transactions of ¥ 323 million and unallocated corporate expenses of ¥ (4,375) million. Unallocated corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segment.
5. Segment profit (loss) is adjusted with operating profit (loss) in the condensed semi-annual consolidated financial statement of profit or loss.

The current semi-annual period (Millions of yen)

	Reportable segment: Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense (Note 1)	Total	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Revenue									
Revenue from external customers	156,802	57,137	203,313	272,170	689,422	24,229	713,651	—	713,651
Intersegment revenue and transfers	2,387	2,143	6,089	1,746	12,365	12,469	24,834	(24,834)	—
Total	159,189	59,280	209,402	273,916	701,787	36,698	738,485	(24,834)	713,651
Segment profit (loss) (Note 4)	(134)	(3,327)	17,032	54,736	68,307	6,877	75,184	(5,735)	69,449

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 ¥3,060 million. For further details, please refer to "(5) Notes to the Condensed Semi-annual Consolidated Financial Statements (Material accounting policies)."
   The revenue and operating profit (loss) for the current semi-annual period includes the impact of ¥ +0.8 billion due to exchange rate fluctuations for the additional inspection program for shipped PW1100G-JM engines.
2. 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.
3. Adjustment of segment profit (loss) represents intersegment transactions of ¥ (335) million and unallocated corporate expenses of ¥ (5,400) 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 semi-annual consolidated financial statement of profit or loss.

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

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 “Assets related to disposal groups classified as held for sale” in the fourth quarter of the previous fiscal year. The assets of this disposal group are measured at the fair value less costs to sell (estimated sales price) because the fair value less costs to sell is expected to be less than the carrying amount. An impairment loss on non-current assets amounting to 3,383 million yen was recognized and included in “Other expenses.”
The share transfer date of IKK to Vertex has completed on October 1 2025.

In addition, on August 6, 2025, IHI concluded an agreement to transfer all of its shares of Niigata Transys Co., Ltd. (hereinafter “NTS”), which is responsible for the Transport systems Business, a part of the “Conventional Businesses” of the Social Infrastructure, to JKF Co., Ltd. (hereinafter “JKF”) in order to strengthen competitiveness in the domestic railway maintenance vehicles and machines for snow removal market and expand attractive products and services both domestically and internationally by entering overseas markets with growth potential. Accordingly, the IHI Group has classified NTS as a disposal group classified as a held for sale in the second quarter of the current fiscal year. The assets of this disposal group are measured at the fair value less costs to sell (estimated sales price) because the fair value less costs to sell is expected to be less than the carrying amount. An impairment loss on non-current assets amounting to 2,694 million yen is included in “Other expenses.”
The share transfer date of NTS to JKF is planned in December 2025.

The fair values of both IKK and NTS are based on the sales price, and the hierarchy of the fair value is Level 3. In connection with the transfer of all shares, 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 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 September 30, 2025
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	5,204	791
Trade and other receivables	8,187	2,187
Contract assets	3,254	7,115
Inventories	3,427	10,016
Property, plant and equipment	857	—
Right-of-use assets	704	—
Other	1,793	4,719
Total assets	23,426	24,828
Liabilities related to disposal groups classified as held for sale		
Trade and other payables	6,133	3,605
Contract liabilities	5,405	1,042
Lease liabilities	2,111	1,475
Provisions	4,921	4,457
Retirement benefit liabilities	4,223	2,969
Other	2,293	1,889
Total liabilities	25,086	15,437

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

NOTES ON PREMISE OF GOING CONCERN

Not applicable