

(English Translation)

October 25, 2023

To whom it may concern,

IHI Corporation

3-1-1 Toyosu, Koto-ku, Tokyo
Hiroshi Ide, Representative Director,
President and Chief Executive Officer
(Securities Code: 7013)
Contact: Yasuaki Fukumoto, Director,
Executive Officer, and General Manager
of Finance & Accounting Division
Phone: +81-3-6204-7065

Notice Regarding the Recording of operating loss and Revisions to the Forecast of Full-Year Consolidated Results for the Fiscal Year Ending March 31, 2024

IHI Corporation (“IHI”) hereby announces that it will record operating loss for the fiscal year ending March 31, 2024, and has revised its forecast of full-year consolidated results, which was announced on August 8, 2023, as described below.

1. Revisions to the forecast of full-year consolidated results for the fiscal year ending March 31, 2024

International Financial Reporting Standards (IFRS)					(Millions of yen)
	Revenue	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share
Previous Forecast (A)	1,450,000	90,000	85,000	50,000	329.21 yen
Revised Forecast (B)	1,300,000	(80,000)	(80,000)	(90,000)	(592.57) yen
Change (B-A)	(150,000)	(170,000)	(165,000)	(140,000)	—
Change (%)	(10.3)	(188.9)	(194.1)	(280.0)	—
Reference: Results of the Fiscal Year Ended March 31, 2023	1,352,940	81,985	64,865	44,545	294.48 yen

2. Reasons for revisions to the forecast of full-year consolidated results

IHI has now completed a close examination of the impact on IHI’s financial results for the current fiscal year, which was still in progress at the time of the releases “Impact of Additional Inspection Program for PW1100G-JM Engines on the Company’s Financial Results,” dated September 12, 2023, and “Regarding Settlement of Litigation involving IHI’s Consolidated Subsidiary,” dated October 17, 2023. In light of this development, IHI has revised its forecast of consolidated results for the fiscal year ending March 31, 2024.

IHI plans to record this impact in the financial results for the six months ended September 30, 2023.

In addition, IHI has revised the foreign exchange rate assumption from ¥130/US\$1 to ¥140/US\$1.

3. Details and amount of impact regarding the Recording of operating loss and revisions to the forecast of full-year consolidated results

Based on reasons set forth below, IHI expects to record revenue of ¥1,300.0 billion, down by ¥150.0 billion from the previous forecast, and operating loss of ¥80.0 billion, a deterioration of ¥170.0 billion from the previous forecast. Loss Attributable to Owners of Parent is expected to be ¥90.0 billion.

The forecast of dividends remains unchanged.

(1) Impact of additional inspection program for shipped PW1100G-JM engines

With respect to the ongoing additional inspection program for shipped PW1100G-JM engines, due to the fact that IHI now expects there to be an average of 350 aircraft on the ground during the period from 2024 to 2026 due to the increase in the number of shop visits in the several years going forward, IHI, which holds approximately 15% share in the aforementioned engine program, expects to incur costs related to compensation, additional maintenance and so forth.

As a result, IHI plans to record ¥154.1 billion as a decline in revenue and operating profit respectively in the consolidated financial statements for the fiscal year ending March 31, 2024.

(2) Impact of settlement of litigation involving IHI's consolidated subsidiary

Regarding the lawsuit filed in relation to costs incurred due to delay in construction of the North American process plant, an order previously received by IHI's consolidated subsidiary, IHI E&C International Corporation ("IHI E&C"), IHI E&C reached a settlement under which it would receive settlement payments. However, as the aforementioned settlement payment amount is less than the amount of revenue recognized before the current fiscal year based on a reasonable estimate, IHI E&C will record a decrease in revenue.

As a result, IHI plans to record ¥14.6 billion as a decrease in revenue and operating profit respectively in the consolidated financial statements for the fiscal year ending March 31, 2024.

(Note) The earnings forecast amounts stated above are based on information currently available to IHI and certain assumptions deemed reasonable. Actual results may differ materially from the forecasts due to various factors.

—END—