# Results of Value Creation

The JGC Group's value-creation mechanism creates economic, social, and environmental value while supporting our sustained growth, with outcomes gauged and evaluated through financial and non-financial metrics. Here, we present business results for fiscal 2021 and chronicle this value creation.

Results of Value Creation

# Financial Highlights

JGC HOLDINGS CORPORATION and its consolidated subsidiaries*1

(Millions of yen)

| Years ended March 31 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Performance Highlights** | | | | | | | | | | |
| Net Sales | 624,637 | 675,821 | 799,076 | 879,954 | 693,152 | 722,987 | 619,241 | 480,809 | 433,970 | 428,401 |
| Operating Income (Loss) | 64,123 | 68,253 | 29,740 | 49,661 | (21,496) | 21,495 | 23,249 | 20,234 | 22,880 | 20,688 |
| Net Income (Loss) Attributable to Owners of the Parent*2 | 46,179 | 47,178 | 20,628 | 42,793 | (22,057) | 16,589 | 24,005 | 4,117 | 5,141 | (35,551) |
| New Contracts | 594,091 | 818,161 | 769,680 | 320,626 | 506,293 | 547,826 | 935,451 | 189,643 | 683,068 | 315,956 |
| Outstanding Contracts | 1,549,813 | 1,767,814 | 1,772,036 | 1,192,625 | 1,045,684 | 846,157 | 1,208,365 | 941,618 | 1,241,204 | 1,215,911 |
| **Financial Position at Year-End** | | | | | | | | | | |
| Total Current Assets | 460,231 | 575,886 | 533,538 | 522,747 | 480,865 | 521,320 | 541,747 | 537,955 | 548,359 | 533,343 |
| Total Current Liabilities | 262,439 | 333,353 | 286,533 | 225,203 | 226,457 | 215,773 | 223,559 | 228,386 | 197,055 | 253,836 |
| Working Capital | 197,792 | 242,533 | 247,005 | 297,544 | 254,408 | 317,200 | 318,188 | 309,569 | 351,304 | 279,507 |
| Net Property, Plant and Equipment | 71,708 | 70,290 | 78,560 | 76,255 | 69,877 | 55,222 | 55,440 | 49,794 | 66,654 | 69,354 |
| Total Assets | 628,757 | 746,102 | 719,754 | 689,782 | 646,291 | 684,921 | 708,855 | 671,273 | 702,529 | 694,274 |
| Long-Term Loans Payable | 9,363 | 13,001 | 22,715 | 20,991 | 12,631 | 4,294 | 3,949 | 347 | 16,783 | 11,496 |
| Total Net Assets | 336,083 | 379,882 | 388,496 | 419,673 | 383,260 | 395,779 | 410,350 | 390,979 | 417,616 | 387,662 |
| Shareholders' Equity | 335,534 | 374,654 | 387,480 | 418,695 | 382,215 | 394,701 | 409,254 | 390,516 | 417,120 | 387,145 |
| **Cash Flows** | | | | | | | | | | |
| Cash Flows from Operating Activities | 85,010 | 120,576 | (71,416) | (49,764) | (28,884) | 5,539 | (55,259) | 92,442 | 12,467 | 19,311 |
| Cash Flows from Investing Activities | (28,370) | (18,728) | (23,411) | 8,696 | (12,979) | 11,736 | (4,662) | 19,364 | (13,520) | (7,695) |
| Cash Flows from Financing Activities | (3,695) | (10,687) | 3,836 | (4,374) | (19,674) | 33,781 | (13,878) | (7,699) | 196 | (148) |
| Cash and Cash Equivalents at End of Year | 284,777 | 385,252 | 297,707 | 247,947 | 185,603 | 235,394 | 160,841 | 261,898 | 268,281 | 288,009 |
| **Financial Highlights*3** | | | | | | | | | | |
| Return on Assets (ROA) (%) | 12.6 | 12.2 | 6.1 | 7.4 | (2.3) | 3.8 | 4.6 | 3.2 | 3.7 | 4.3 |
| Return on Equity (ROE) (%) | 14.8 | 13.3 | 5.4 | 10.6 | (5.5) | 4.3 | 6.0 | 1.0 | 1.3 | (8.8) |
| Net Income (Loss) per Share (yen) | 182.91 | 186.90 | 81.73 | 169.60 | (87.42) | 65.75 | 95.14 | 16.32 | 20.37 | (140.77) |
| Cash Dividends per Share (yen) | 45.5 | 46.5 | 21.0 | 42.5 | 30.0 | 25.0 | 28.5 | 12.0 | 12.0 | 15.0 |
| Gross Profit Ratio (%) | 13.5 | 13.1 | 6.6 | 8.3 | 0.2 | 6.2 | 7.3 | 9.0 | 10.1 | 10.6 |
| Operating Income Ratio (%) | 10.3 | 10.1 | 3.7 | 5.6 | (3.1) | 3.0 | 3.7 | 4.2 | 5.3 | 4.8 |
| Equity Ratio (%) | 53.4 | 50.2 | 53.8 | 60.7 | 59.1 | 57.6 | 57.7 | 58.2 | 59.4 | 55.8 |
| Current Ratio (%) | 175.4 | 172.8 | 186.2 | 232.1 | 212.3 | 241.6 | 242.3 | 235.5 | 278.2 | 210.1 |
| Payout Ratio (%) | 24.9 | 24.9 | 25.7 | 25.1 | – | 38.0 | 30.0 | 73.5 | 58.9 | — |
| Number of Employees | 6,721 | 7,005 | 7,332 | 7,489 | 7,554 | 7,610 | 7,841 | 7,607 | 7,371 | 7,275 |

*1 As of March 31, 2022, there were 21 consolidated subsidiaries.
*2 As a consequence of applying "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Net income (loss)" is referred to as "Net income (loss) attributable to owners of the parent" from fiscal 2015 onward.
*3 The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the current fiscal year.

# ESG Data Highlights

| | JGC's main KPIs | Units | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021*1 |
|---|---|---|---|---|---|---|---|
| **E Report on Environmental Initiatives** | | | | | | | |
| Environment-related Initiatives<br>• Contribution to environmental protection<br>• Environmental improvement activities in line with our business<br>• Promotion of the zero emissions initiative | Scope 1 and 2 GHG emissions*2 | t | — | — | — | 132,546 | 133,573 |
| | Industrial waste recycling rate (Domestic construction sites) | % | 97.7 | 96.1 | 85.2 | 88.3 | 98.4 |
| | Number of incidents of leaks of hazardous substances, etc. (Domestic and overseas construction sites) | Incidents | 1 | 0 | 0 | 0 | 0 |
| | Energy-related $CO_2$ emissions (Domestic construction sites) | $kgCO_2$/hour | 3.52 | 2.39 | 0.61 | 0.40 | 1.91 |
| | Rate of diffusion of electronic manifests | % | 64.2 | 79.5 | 69.5 | 85.9 | 93.9 |
| | Energy consumption (Yokohama Head Office)*3 | Crude oil equivalent (kl) | 2,248 | 2,224 | 2,139 | 2,091 | 2,022 |
| | Yokohama Head Office power consumption | 1,000 kWh | 5,571 | 5,497 | 5,221 | 4,756 | 4,658 |
| | Consumption of chilled water by Yokohama Head Office | 1,000 MJ | 14,071 | 15,353 | 15,503 | 14,349 | 13,327 |
| | Consumption of steam by Yokohama Head Office | 1,000 MJ | 9,153 | 7,724 | 7,170 | 10,377 | 9,963 |
| | Volume of waste disposed by Yokohama Head Office | 1,000 kg | 212 | 206 | 191 | 109 | 99 |
| | Rate of recycling of waste by Yokohama Head Office | % | 65.7 | 61.4 | 59.5 | 65.5 | 59.2 |
| **S Report on Social Initiatives** | | | | | | | |
| Initiatives related to human rights and labor practices<br>• Promotion of diversity<br>• Support for realization of work–life balance<br>• Support for employee career formation | Number of women in management positions | Persons | 19 | 21 | 26 | 30 | 35 |
| | Ratio of women in managerial positions | % | — | — | 2.2 | 2.5 | 2.8 |
| | Rate of employment of people with disabilities | % | 1.82 | 1.87 | 1.97 | 2.27 | 1.72 |
| | Number of re-employed employees*4 | Persons | 159 | 109 | 55 | 55 | 13 |
| | Number of non-Japanese employees*4 | Persons | 100 | 89 | 86 | 95 | 93 |
| | Number of employees taking childcare leave (Male) | Persons | 8 | 11 | 14 | 40 | 43 |
| | Number of female employees taking childcare leave (Rate of reinstatement of female employees taking childcare leave) | Persons (%) | 24 (100) | 24 (100) | 19 (100) | 27 (100) | 27 (100) |
| | Number of employees taking spousal childbirth leave | Persons | 81 | 64 | 80 | 91 | 87 |
| | Number of employees taking sick or injured childcare leave | Persons | 123 | 185 | 187 | 217 | 167 |
| | Number of employees taking nursing care leave | Persons | 20 | 22 | 11 | 42 | 33 |
| | Number of employees taking temporary retirement for nursing care | Persons | 1 | 0 | 0 | 1 | 0 |
| | Number of employees working reduced hours for childcare | Persons | 42 | 51 | 47 | 47 | 44 |
| | Number of employees working reduced hours for nursing care | Persons | 2 | 0 | 0 | 0 | 0 |
| | Rate of utilization of annual leave | % | 57 | 53 | 59 | 60.75 | 60.95 |
| | Number of employees dispatched for on-site training / on-site instruction | Persons | 72 | 86 | 45 | 55 | 88 |
| | Total annual training | Hours | – | – | – | – | 57,877 |
| | Training per person | Hours | – | – | – | – | 18 |
| | Number of employees dispatched to overseas companies, etc. | Persons | 5 | 2 | 4 | 4 | 1 |
| Initiatives related to health and safety<br>• Fostering of culture of health and safety<br>• HSSE leadership by top management<br>• Enhancement of HSSE management system for investment projects<br>• Ongoing implementation of traffic safety measures<br>• Further development of in-house health and safety education<br>• Enhancement of Head Office construction HSSE functions | Total project working hours | 1,000 hours | 81,072 | 90,993 | 56,478 | 40,861 | 50,051 |
| | Number of fatal accidents | Accidents | 2 | 0 | 0 | 1 | 0 |
| | Number of accidents accompanied by lost work time | Accidents | 9 | 8 | 7 | 7 | 8 |
| | Number of restrictions on work | Restrictions | 6 | 11 | 18 | 15 | 11 |
| | Number of conditions requiring specialized treatment | Conditions | 41 | 31 | 46 | 46 | 31 |
| | Rate of frequency of accidents accompanied by lost work time*5 | | 0.022 | 0.018 | 0.025 | 0.034 | 0.032 |
| | Rate of frequency of recordable accidents*6 | | 0.14 | 0.11 | 0.25 | 0.34 | 0.20 |
| **G Report on Governance** | | | | | | | |
| Initiatives related to fair business practices<br>• Realization of increased compliance awareness | Number of times compliance training implemented / Number of employees receiving compliance training | Times (People) | 13 (353) | 6 (199) | 21 (559) | 19 (1,856) | 27 (846) |
| Number of reports received by hotlines | | Numbers | 18 | 28 | 47 | 44 | 49 |
| Initiatives related to the promotion of information security<br>• Information management awareness verification surveys and voluntary inspections<br>• Drills against targeted threats | Number of serious information security-related incidents | Incidents | 0 | 0 | 1*7 | 0 | 0 |
| Reinforcement of governance system | Number of outside directors | Persons | 2 | 2 | 3 | 4 | 4 |

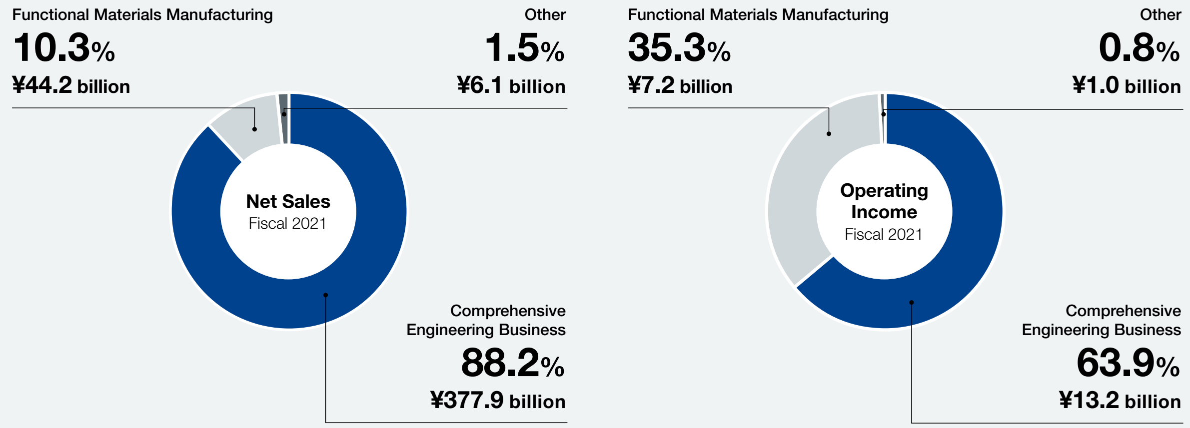
*1 Applies to JGC Holdings, JGC, and JGC Japan combined.
*2 Also includes JGC C&C, Japan Fine Ceramics, and Japan NUS.
*3 Energy consumption (Yokohama Head Office): Reduction target set so that an average annual reduction of 1% over the past five years can be achieved.
*4 Number of re-employed employees and number of non-Japanese employees = (Number of employees in April + Number of employees in March) ÷ 2
*5 Rate of frequency of accidents accompanied by lost work time = Number of accidents accompanied by lost work time × 200,000 ÷ Total project working hours
*6 Rate of frequency of recordable accidents = (Number of fatal accidents + Number of accidents accompanied by lost work time + Number of restrictions on work + Number of conditions requiring specialized treatment) × 200,000 ÷ Total project working hours
*7 Number of serious information security-related incidents: 1 (Emails sent to external parties due to unauthorized access)
Corrective measures for the above incident: introduction of measures to prevent unauthorized access through two-factor authentication







# Consolidated Segment Information




### Total Engineering Business

Focused on Total engineering business activities including design, procurement, construction, and commissioning of facilities and plants used for petroleum and petroleum refining, petrochemicals, gas, LNG, chemicals, nuclear energy, metal refining, biochemicals, food, pharmaceuticals, healthcare, logistics, information technology, environmental protection, and pollution control.

### Functional Materials Manufacturing Business

Focused on manufacturing and sales of products in the fields of catalysts, nanoparticle technology, hygiene and safety, electronic materials, high-performance ceramics, and next-generation energy.

### Other Business

Includes consulting, office support, desalination, and oil & gas production and sales.

## Completed Construction by Region

(Millions of yen)

| Japan | Southeast Asia | Middle East | Africa | North America | Other | Total |
|---|---|---|---|---|---|---|
| 137,426 | 33,154 | 50,230 | 60,111 | 138,394 | 9,083 | 428,401 |

Based on client location and classified by country or region.

## Operational Review: Total Engineering Business

# Overseas Sector

| New Contracts in Fiscal 2021 | New Contracts Targeted for Fiscal 2022 |
| --- | --- |
| Approx. ¥145 billion | ¥670 billion |

Farhan Mujib
Representative Director,
President,
JGC CORPORATION

## Energy Solutions

**Covered Sectors**

Engineering, procurement, and construction of plants and facilities in sectors such as liquefied natural gas (LNG), Carbon Capture and Storage (CCS), refinery, chemicals, gas processing, crude oil and gas gathering, non-ferrous metal smelting, hydrogen, fuel ammonia, nuclear energy, etc.

**Growth Opportunities**

- Increasing energy demand, driven in part by global population growth
- Increasing energy demand from a recovery in consumer spending
- Higher demand for LNG and other transitional energy sources, driven by decoupling from Russia
- Expanded use of hydrogen, fuel ammonia, and nuclear energy

**Medium- to Long-term Risks**

- Lower demand for fossil fuels as a whole
- Escalation in material costs, transport, and the like, stemming from conflict in Ukraine
- Capacity / skilled labor shortages as more projects begin

**Business Policy**

Fiscal 2021 saw some global economic recovery as progress was made in vaccination, but variant outbreaks made this recovery uneven, and the market environment remained uncertain. In response, our focus on projects that were expected to move ahead enabled us to receive orders for Malaysian FLNG facility FEED services, Saudi Dew Point Control Unit project, and other projects. Meanwhile, an Azerbaijani feasibility study on developing facilities and infrastructure for solar- and wind-powered green hydrogen and ammonia production was part of more intensive efforts toward a low-carbon / decarbonized society.

In fiscal 2022, importance of LNG has been increased not only because of transitional energy sources for a low-carbon future but because energy has been in short supply since the Ukraine crisis prompted a decoupling from Russia. These and other factors are expected to create more LNG projects, which are among opportunities we will pursue in North America and Southeast Asia as we continue to evaluate the risks involved, including higher material, equipment, and transport costs. As before, business opportunities for technologies that support sustainability in applications such as hydrogen / fuel ammonia will also be actively pursued by the Group.

## Facility Infrastructure Solutions

**Covered Sectors**

Engineering, procurement, and construction of infrastructure facilities focused on renewable energy power generation (solar, biomass, wind), battery energy storage, LNG / LPG terminals, waste power generation, pharmaceuticals and food factories, hospitals, airports, transportation infrastructure, water treatment, etc.

**Growth Opportunities**

- Increasing demand for new infrastructure, as populations in emerging markets grow
- Increasing demand for renewable energy, toward a low-carbon / decarbonized society

**Medium- to Long-term Risks**

- Sluggish capital investment from an economic slowdown in emerging markets
- Escalation in material costs, transport, and the like, stemming from conflict in Ukraine
- Capacity / skilled labor shortages as more projects begin

**Business Policy**

Although the business environment remained uncertain in fiscal 2021 from repercussions of the pandemic, market conditions gradually improved. Energy demand recovered in the second half of the year, and against the background of decarbonization in Asia and elsewhere, renewable energy and industrial infrastructure investment picked up. This set the scene for the Group to secure orders in Asia and beyond, for construction projects including a Philippines mega solar power plant, industrial park infrastructure in Bangladesh, and a Malaysian contact lens manufacturing plant. To meet fiscal 2022 targets, we are working to receive orders for mega solar projects in the Middle East, an array of industrial park infrastructure in Asia, and other projects.

Looking ahead, energy and infrastructure demand is likely to keep expanding, driven by emerging-economy population and economic growth in Asia and elsewhere, with decarbonization needs. We anticipate steady implementation of capital investment plans. January 2022 saw the establishment of a new regional headquarters in Singapore in efforts to reinforce our Asia-Pacific sales and project execution network. We will continue to strengthen our involvement in this region, as we take our signature, account-focused approach to expand orders.

Operational Review: Total Engineering Business

# Domestic Sector

Shoji Yamada
Representative Director,
President, JGC JAPAN CORPORATION

| New Contracts in Fiscal 2021 | New Contracts Targeted for Fiscal 2022 |
|---|---|
| Approx. ¥170.8 billion | ¥170 billion |

**Covered Sectors**

Engineering, procurement, construction, and maintenance of plants and facilities for oil & gas, power generation, chemicals, pharmaceuticals and laboratories, health-care (medical and welfare), renewable energy power generation, hydrogen / fuel ammonia, resource recycling, nuclear energy-related, etc.

**Growth Opportunities**

- Increasing demand for maintenance as refining and petrochemical plants deteriorate
- Increasing demand for renewable energy and hydrogen / fuel ammonia, toward a decarbonized society
- Increased capital investment in life sciences from a declining birthrate and aging population
- Increasing demand for smart factories in concert with factory automation

**Medium- to Long-term Risks**

- Sluggish investment in new energy, amid a lagging transition to decarbonization
- Less customer capital investment, due to global economic stagnation
- Escalation in material, transport, and other costs stemming from conflict in Ukraine

**Business Policy**

The domestic market in fiscal 2021 saw activity in renovation and maintenance for existing oil refineries as well as ongoing capital investment in infrastructure focused on life sciences, healthcare, and chemicals. In energy and chemicals, orders included maintenance of existing refineries, expansion of refrigeration oil raw material production capacity, and enlargement of polyethylene insulation production facilities. In the growth markets of life sciences and healthcare, construction contracts included an active pharmaceutical ingredient (API) manu-facturing facility for small and mid-size molecule drugs, several hospitals, and a cosmetics plant. This enabled us to surpass our targets for domestic projects as a whole. A business transfer agreement was also concluded with IHI Plant Services Corporation, allowing us to acquire pharmaceutical plant EPC business.

In fiscal 2022, we intend to secure a number of orders focused on life sciences, healthcare, and decarbonization-related projects to meet our order target. These opportunities will allow us to leverage leading biotechnology, meet expected demand for renovation and remodeling of older hospitals, and participate in blue hydrogen and SAF projects, respectively.

Through CVC-funded investment in domestic and overseas start-ups, we will also take the initiative in entering new fields where greater demand is expected in Japan and actively promote digital transformation in maintenance and other areas.



Operational Review: Functional Materials Manufacturing Business

# Catalysts and Fine Chemicals Sector

Toshiharu Hirai
Representative Director,
President, JGC Catalysts and Chemicals Ltd.

**Covered Sectors**

**Development and production of catalysts used in petroleum refining, chemical, and environmental conservation and of fine chemical products used as materials in semiconductor, IT / electronics, optics, cosmetics, and other applications**

**Growth Opportunities**

- Expanding demand for new chemical refining catalysts at petroleum refineries
- Increased demand for environmental catalysts and cosmetics ingredients made with silica beads, reflecting increased environmental awareness
- Increased demand for anti-reflective materials, semiconductor abrasives, and other functional coating materials from adoption of HDTVs and 5G technology

**Medium- to Long-term Risks**

- Declining demand for petroleum refining catalysts due to structural changes in energy
- Escalation in material costs, fuel prices and like, stemming from conflict in Ukraine

Oil Refining Catalysts (FCC Catalysts)

**Business Policy**

Fiscal 2021 brought a return to demand for oil refining catalysts domestically and overseas. As the global economy trended toward recovery amid widespread vaccination for COVID-19, refineries around the world operated at higher capacity to meet increased fuel demand. In fine chemicals, demand recovered for cosmetics materials, silica sol (a support material for auto-motive exhaust gas purification catalytic equipment)), and eyeglass coating materials. While monitoring global economic developments in fiscal 2022, in catalysts we will work to expand our domestic share and overseas business of FCC / chemical catalysts, as we develop clean energy materials for environmental catalyst applications and expand into new fields. In fine chemicals, our efforts will be focused on launching new silica sol polishing materials and expanding sales and applications for functional coating materials, cosmetic microbead alternatives, and optical materials.

# Fine Ceramics Sector

Hiroshi Tanaka
Representative Director,
President, Japan Fine Ceramics Co., Ltd.

**Covered Sector**

**Development and production of ceramic materials for semiconductor, automotive, telecommunications, industrial, medical, and aerospace applications**

**Growth Opportunities**

- Increased demand for parts used in optical communication and applications related to semiconductor production equipment, spurred by adoption of 5G
- Increased demand for high thermal conductivity silicon nitride substrates from adoption of EVs and HEVs

**Medium- to Long-term Risks**

- Escalation in material costs, fuel prices and like, stemming from conflict in Ukraine

High thermal conductivity silicon nitride substrates production plant which capital investment for further production increase was decided

**Business Policy**

Orders increased in fiscal 2021, mainly for parts used in semiconductor manufacturing, as demand for products in semiconductor appli-cations grew on higher demand in these markets. Full-scale production and shipments of high thermal conductivity silicon nitride sub-strates for EVs and HEVs have also been underway since customer approval of samples from a new production plant that was completed in October 2020. We have decided to invest in facilities to increase further substrate production at the plant since the beginning of this fiscal year, among other efforts to strengthen this pillar of future earnings. Facility investment and personnel reinforcement for semiconductor production equipment parts and high thermal conductivity silicon nitride substrates will continue in fiscal 2022, as we seek more orders and even better quality. We also aim to acquire new customers for optical communication circuit boards and to enter new areas, as we pursue expanded fine ceramics sales.

# Analysis of Performance and Financial Position

## Overview of the business environment

Despite a trend toward global economic recovery during fiscal 2021 amid progress in COVID-19 vaccinations, recurrent variant outbreaks have meant that recovery has varied nationally and regionally. Meanwhile, other global trends such as responses to the UN Sustainable Development Goals (SDGs) and the Paris Agreement have made a major shift toward global decarbonization inevitable. As the fiscal year came to a close, conditions in Ukraine accelerated a rise in resource prices, leading to higher materials, equipment, and transport costs, among other repercussions.

The business environment remains uncertain, but energy demand has continued to recover since the second half of the current fiscal year in the markets served by the JGC Group's engineering, procurement, and construction (EPC) operations, consisting of the Energy Solutions Business (including oil refining, petrochemicals and chemicals, gas processing, liquefied natural gas (LNG), clean energy, and non-ferrous metal refining) and the Facility Infrastructure Solutions Business (including power generation, receiving terminals, pharmaceuticals, medical care, water treatment, and railways). Moreover, from an energy security standpoint, the importance of low-impact natural gas (including LNG) is growing. Oil- and gas-producing countries have also started making moves to resume capital investment plans. In the context of decarbonization in Asia and elsewhere, there was a gradual emergence of other positive signs, such as progress in renewable power generation and investment related to industrial infrastructure. The domestic market for this business saw activity in refinery renovation and maintenance, and there has been ongoing capital investment in infrastructure focused on life sciences, healthcare, and chemicals.

In the Functional Materials Manufacturing Business, catalysts and fine chemicals saw a recovery in product demand as the global economy trended toward recovery and domestic and overseas refineries operated at higher capacity as fuel demand increased. In fine ceramics, product demand rose overall as the global market for semiconductor applications remained brisk.

The JGC Group continued to monitor the ever-changing business environment, gathering information and taking steps against risk as needed, as we sought to prevent the spread of COVID-19 infection and remain cognizant of the safety of employees and other stakeholders as we conducted business.

## Results of operations

In the current consolidated fiscal year, the JGC Group reported net sales of ¥428,401 million (down 1.3% year on year), operating income of ¥20,689 million (down 9.6% year on year), and net loss attributable to owners of the parent of ¥35,551 million. ROE was -8.8%.

### Assets

Total current assets at the end of the current consolidated fiscal year were ¥533,344 million, a decrease of ¥15,015 million compared to the end of the previous fiscal year. This was mainly due to an increase of ¥19,878 million in cash and deposits, a decrease of ¥33,729 million in other current assets, and an increase of ¥3,386 million in allowance for doubtful accounts. Fixed assets totaled ¥160,931 million, an increase of ¥6,761 million from the end of the previous fiscal year. This was mainly due to an increase of ¥2,879 million in property, plant and equipment, an increase of ¥2,809 million in intangible assets, and an increase of ¥1,073 million in investments and other assets.

As a result, total assets amounted to ¥694,275 million, a decrease of ¥8,254 million compared to the end of the previous fiscal year.

### Liabilities

Total current liabilities at the end of the current consolidated fiscal year were ¥253,837 million, an increase of ¥56,781 million compared to the end of the previous fiscal year. This was mainly due to a decrease of ¥3,205 million in reserve for losses on contracts, an increase of ¥21,481 million in notes and accounts payable, an increase of ¥40,239 million in short-term loans and current maturities of long-term debt, and an increase of ¥9,049 million in contract liabilities compared to the end of the previous fiscal year in advances received on uncompleted contracts. Total long-term liabilities amounted to ¥52,776 million, a decrease of ¥35,081 million compared to the end of the previous fiscal year. This was mainly due to a decrease of ¥35,288 million in long-term debt, less current maturities.

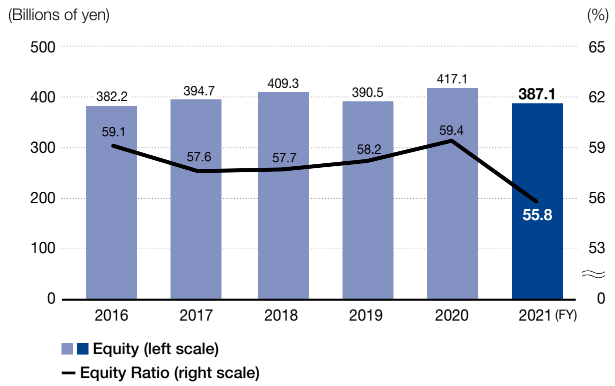
As a result, total liabilities amounted to ¥306,613 million, an increase of ¥21,700 million from the end of the previous fiscal year.

### Net assets

Total net assets at the end of the current consolidated fiscal year were ¥387,662 million, a decrease of ¥29,954 million compared to the end of the previous fiscal year. This was mainly due to an increase of ¥3,821 million in foreign currency translation adjustments and the recording of ¥35,551 million in net loss attributable to owners of the parent.

As a result, the equity ratio was 55.8% compared with 59.4% at the end of the previous fiscal year.

**Equity and Equity Ratio**




## Segment information

### Total Engineering Business

In fiscal 2021, the JGC Group sought orders of ¥260 billion in the Energy Solutions Business, ¥80 billion in the Facility Infrastructure Solutions Business, and ¥160 billion in the domestic business, amounting to ¥500 billion. Intensive sales activities were conducted, focusing on viable projects, but in this second year of uncertainty, the higher material, equipment, and transport costs in some expected projects required more time for final client negotiations. This and other factors limited the amount of consolidated orders received to ¥315.9 billion.

In the Energy Solutions Business, orders included pre-Front-End Engineering Design (FEED) services for a floating LNG (FLNG) plant in Nigeria, FEED services for an FLNG plant in Malaysia, and EPC services for upgrading and modification of a natural gas liquid (NGL) plant in Saudi Arabia. A feasibility study*1 was conducted on development of facilities and infrastructure for green hydrogen and ammonia production using solar and wind power in Azerbaijan applying Japanese technology and expertise. This project also included formulation of a roadmap for large-scale production of green ammonia for power generation and export as well as development of domestic infrastructure.

In the Facility Infrastructure Solutions Business, we began to see results from sales activities to develop clients and coordinate and secure projects through a solutions-driven approach starting with conceptual design. Awarded contracts included EPC services for construction of a contact lens plant in Malaysia, industrial park infrastructure in Bangladesh, an LNG receiving terminal in Taiwan, and with JGC Philippines, a mega solar power plant in that country. A key strategy of our current medium-term business plan, "Building a Sustainable Planetary Infrastructure 2025 (BSP 2025)," is expanding growth markets and segments for EPC business, and to this end, JGC Asia Pacific Pte. Ltd. was established in Singapore on January 1 this year as part of efforts to reinforce our sales and project execution network in the Asia-Pacific region. To take on increasingly complex water infrastructure issues, the JGC Group also concluded a strategic partnership agreement in overseas water infrastructure with Nihon Suido Consultants Co., Ltd., which provides comprehensive water consultancy services.

In the domestic business, orders included refinery maintenance, EPC services for construction of a chemical products manufacturing plant, expansion of refrigeration oils' raw material production capacity, and expansion of polyethylene insulation production facilities. Healthcare and life sciences orders included EPC services for construction of an active pharmaceutical ingredient (API) plant for small and mid-size molecule drugs, construction of a nucleic acid pharmaceutical plant, and construction of several hospitals. The pharmaceutical plant EPC business was also acquired from IHI Plant Services Corporation through a business transfer agreement. At domestic plant construction sites, we began to verify the effectiveness of 3D printing in construction in anticipation of widespread introduction and, ultimately, digitalization of plant construction. The JGC Group also established a new ¥10 billion investment framework for start-ups in Japan and overseas. Within this framework, we established a ¥5 billion corporate venture capital (CVC) fund called the JGC Mirai Innovation Fund, managed with the independent venture capital firm Global Brain Corporation, which has invested in companies engaged in mesenchymal stem cell (MSC)-based regenerative medicine, digital therapeutics applying an original music therapy for stroke patients with gait disorders, advanced nuclear fusion technology, and measurement technology to understand wind direction and speed in three dimensions. In other pioneering

**Fiscal 2021**

| | Total Engineering Business (Millions of yen) | Year-on-year Change (%) | Functional Materials Manufacturing Business (Millions of yen) | Year-on-year Change (%) | Other Businesses (Millions of yen) | Year-on-year Change (%) |
|---|---|---|---|---|---|---|
| Net Sales | 377,995 | (2.7) | 44,251 | 8.7 | 6,155 | 32.1 |
| Operating Profit | 13,222 | (21.4) | 7,296 | 25.4 | 1,006 | 433.9 |

## Analysis of Performance and Financial Position

work, a pilot chemical plant jointly operated with Asahi Kasei Corporation began synthesizing "green" chemicals from a large-scale hydrogen production system,*2 and with Cosmo Oil Co., Ltd. and Revo International Inc., development is now underway to demonstrate and establish a domestic supply chain model for bio-jet fuel production from used cooking oil, with production and supply of next-generation sustainable aviation fuel (SAF) on a commercial scale.*3 A study on developing a regional low-carbon hydrogen model based on waste plastic gasification recycling in urban areas of Japan was undertaken with Iwatani Corporation and Toyota Tsusho Corporation,*4 while with Teijin Limited and the University of Tokyo, an industry–academia working group on building a sustainable textile industry ecosystem was launched. With Bridgestone Corporation, the National Institute of Advanced Industrial Science and Technology (AIST), Tohoku University, and ENEOS Corporation, joint research also began on chemical recycling technologies to produce isoprene, a raw material for synthetic rubber, from used tires.*5

*1 Selected by the METI in the 2021 feasibility study project for overseas development of high-quality energy infrastructure
*2 Selected as a NEDO Green Innovation Fund project: Hydrogen production through water electrolysis using power from renewables
*3 Selected as a NEDO Development of Production Technologies for Biojet Fuels project: Development of supply chain model through demonstration
*4 Selected as a NEDO Development of Technologies for Realizing a Hydrogen Society project: Development of regional hydrogen-energy utilization technology / Surveys and research on hydrogen production and utilization potential
*5 Selected as a NEDO Green Innovation Fund project: Development of technology for producing raw materials for plastics using $CO_2$ and other sources

### Functional Materials Manufacturing Business

In catalysts, global economic improvement amid wider vaccination led to a rebound in demand for Fluid Catalytic Cracking (FCC) catalysts and others domestically and overseas as fuel demand gradually returned.

Demand also turned toward recovery in fine chemicals, as seen for silica sols used in hard disk polishing and as a support material in catalytic converters, functional coating materials, cosmetics materials, and optical materials.

Fine ceramics also saw increased demand, driven by greater demand for products used in semiconductor applications as demand in that market expanded. Production and shipments of high thermal conductivity silicon nitride substrates for electric and hybrid vehicles are fully underway, with customers having approved samples from a new mass production facility built in 2020. Expansion of the ceramics business was sought through a December 28, 2021, agreement with Showa Denko Materials Co., Ltd. to acquire the ceramics business. The transfer was intended to facilitate product development in growth segments (such as semiconductors and next-generation vehicles) by combining Showa Denko Materials' expertise in volume production and materials with the JGC Group's expertise in non-oxide ceramic materials and processing.

## Cash flows

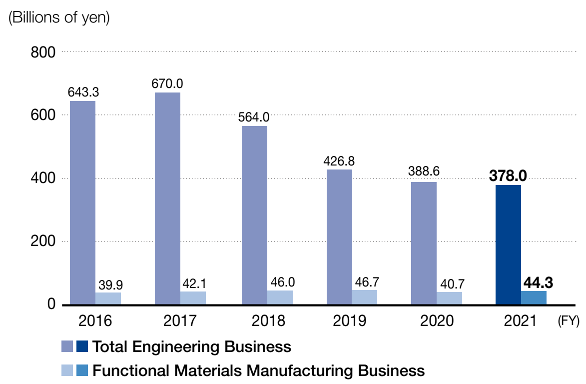
Current cash and cash equivalents (hereafter, "net cash") on a consolidated basis as of the end of the consolidated fiscal year stood at ¥288,009 million, a year-on-year increase of ¥19,728 million.

With regard to cash flows from operating activities, loss before taxes on income of ¥27,260 million and a decrease in accounts receivable–other are the major contributors to give a total of ¥19,312 million for the current fiscal year, compared to ¥12,467 million for the previous fiscal year.

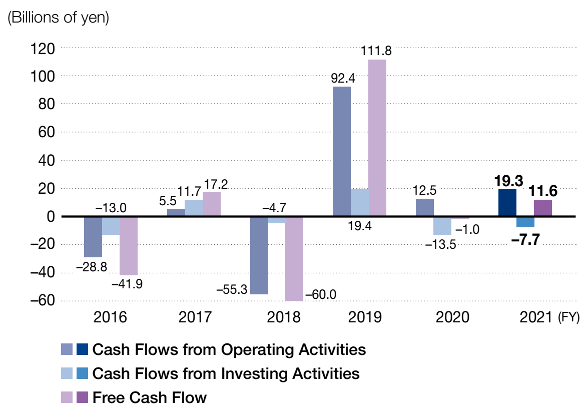
Cash flows from investing activities amounted to ¥7,695 million used in these activities, mainly due to payments for purchases of property, plant and equipment, compared to ¥13,521 million used in these activities in the previous fiscal year.

Cash flows used in financing activities amounted ¥149 million, mainly due to payment for dividends, compared to cash flows provided by financing activities of ¥197 million in the previous fiscal year.

### Net Sales by Reportable Segment




### Cash Flows




## Analysis of new contracts

In the current consolidated fiscal year, orders received totaled ¥309,505 million.

The tables below provide a breakdown of new contracts in the Total Engineering Business by sector and region.

### New Contracts by Business Sector

(Billions of yen)

| Year ended March 31 | 2021 | 2021 (Percentage of new contracts) |
|---|---|---|
| Oil and gas development projects | 41.3 | 6.0% |
| Petroleum refining projects | 433.2 | 63.4% |
| LNG projects | 36.8 | 5.4% |
| Chemical projects | 23.3 | 3.4% |
| Power generation, nuclear power, and new energy | 128.5 | 18.8% |
| Living and general production facility | 9.9 | 1.5% |
| Environmental protection, social development, and IT | 4.5 | 0.7% |
| Others | 5.6 | 0.8% |

(Billions of yen)

| Year ended March 31 | 2022 | 2022 (Percentage of new contracts) |
|---|---|---|
| Energy Transition | | |
| Oil and gas | 92.9 | 30.0% |
| LNG | 48.0 | 15.5% |
| Chemical | 48.3 | 15.6% |
| Clean energy | 28.6 | 9.2% |
| Others | 2.6 | 0.8% |
| Healthcare & Life sciences | 83.2 | 26.9% |
| Industrial & Urban infrastructure | 5.7 | 1.8% |
| Others | 0.2 | 0.2% |

* The classification has been changed from the current fiscal year.

### New Contracts by Region

(Billions of yen)

| Years ended March 31 | 2021 | 2022 | 2022 (Percentage of new contracts) |
|---|---|---|---|
| Japan | 182.1 | 170.9 | 54.1% |
| East and Southeast Asia | 9.9 | 67.9 | 21.5% |
| Middle East | 452.1 | 63.7 | 20.2% |
| Africa | 17.3 | 2.0 | 0.6% |
| North America & Other | 21.5 | 11.4 | 3.6% |

## Future outlook

### Total Engineering Business

In the Energy Solutions Business, the business environment is likely to remain uncertain in view of the pandemic, higher prices for many resources due to tight supply and demand, and current conditions in Ukraine, which are accelerating the rise in resource prices. At the same time, Europe's natural gas supply and demand has been strained since the latter half of 2021, energy shortages have occurred, and as much of the world decouples from Russia, countries are diversifying suppliers. This has underscored the importance of natural gas and LNG as stable, transitional energy sources in the shift to a low-carbon or decarbonized society. We therefore expect resumed capital investment by clients who recognize the value of stable energy supplies over the medium to long term.

In the Facility Infrastructure Solutions Business as well, energy and infrastructure demand is likely to keep expanding, driven by population and economic growth in emerging economies and elsewhere, with the need for decarbonization as a background factor. We anticipate steady implementation of capital investment plans.

Client capital investment is also expected in the domestic sector, for maintenance at existing refineries, healthcare and life sciences projects, and decarbonization areas such as hydrogen.

We will continue to closely monitor emerging trends, such as the impact of the pandemic on performance, as manifested in issues such as construction delays in current projects, and the impact of higher material, equipment, and transport costs as affected by conditions in Ukraine.

### Functional Materials Manufacturing Business

Turning to the Functional Materials Manufacturing Business, in catalysts, we will again seek a larger domestic market share for FCC catalysts and continue developing overseas operations, maintain our partnerships and improve profitability for hydrotreating catalysts, work to secure new chemical catalyst projects, and in environmental catalysts, develop materials for clean energy applications and expand into new fields. In fine chemicals, we will focus on launching new silica sol polishing materials, expanding functional coating material sales and applications, developing cosmetic microbead alternatives, and expanding optical material sales and applications.

In fine ceramics, we will work to acquire new clients for optical communication circuit boards and enter new fields, and through quality improvement, facility investment, and increased hiring, we will seek increased orders for products used in semiconductor applications and for silicon nitride substrates with high thermal conductivity.

We will continue to closely monitor emerging trends, such as the impact of the pandemic on this business, and the impact of higher raw material and fuel costs as affected by conditions in Ukraine.

Results of Value Creation

# Consolidated Balance Sheets

March 31, 2022 and 2021

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2022, which was ¥122.39 to U.S.$1.

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and deposits | ¥ 288,159 | ¥268,281 | $2,354,433 |
| Notes and accounts receivable | — | 143,064 | — |
| Notes receivable, trade receivables, contract assets and other | 141,223 | — | 1,153,877 |
| Inventories | 37,031 | 32,968 | 302,566 |
| Other current assets | 70,493 | 104,222 | 575,970 |
| Allowance for doubtful accounts | (3,562) | (176) | (29,104) |
| TOTAL CURRENT ASSETS | 533,344 | 548,359 | 4,357,742 |
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Land | 18,617 | 18,553 | 152,112 |
| Buildings and structures | 74,182 | 61,504 | 606,112 |
| Machinery and equipment | 72,213 | 61,247 | 590,024 |
| Construction in progress | 803 | 17,836 | 6,561 |
| Other | 4,795 | 4,260 | 39,178 |
| | 170,610 | 163,400 | 1,393,987 |
| Less accumulated depreciation | (101,076) | (96,745) | (825,852) |
| NET PROPERTY, PLANT AND EQUIPMENT | 69,534 | 66,655 | 568,135 |
| INTANGIBLE ASSETS | 9,676 | 6,867 | 79,059 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investments in unconsolidated subsidiaries and affiliates | 30,786 | 29,579 | 251,540 |
| Investment securities | 25,052 | 24,621 | 204,690 |
| Long-term loans receivable | 12 | 182 | 98 |
| Deferred tax assets | 13,558 | 15,532 | 110,777 |
| Net defined benefit asset | 1,507 | 860 | 12,313 |
| Other | 10,806 | 9,874 | 88,291 |
| TOTAL INVESTMENTS AND OTHER ASSETS | 81,721 | 80,648 | 667,709 |
| TOTAL ASSETS | ¥ 694,275 | ¥702,529 | $5,672,645 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES: | | | |
| Short-term loans and current maturities of long-term debt | ¥ 40,828 | ¥ 589 | $ 333,589 |
| Notes and accounts payable | 63,259 | 41,778 | 516,864 |
| Contract liabilities | 109,756 | — | 896,773 |
| Advances received on uncompleted contracts | — | 100,707 | — |
| Reserve for job warranty costs | 1,074 | 1,318 | 8,775 |
| Reserve for losses on contracts | 385 | 3,590 | 3,146 |
| Income taxes payable | 5,245 | 1,264 | 42,855 |
| Other current liabilities | 33,290 | 47,810 | 271,999 |
| TOTAL CURRENT LIABILITIES | 253,837 | 197,056 | 2,074,001 |
| LONG-TERM LIABILITIES: | | | |
| Long-term debt, less current maturities | 31,496 | 66,784 | 257,341 |
| Net defined benefit liability | 16,095 | 15,545 | 131,506 |
| Deferred tax liabilities for land revaluation | 1,015 | 1,015 | 8,293 |
| Other long-term liabilities | 4,170 | 4,513 | 34,071 |
| TOTAL LONG-TERM LIABILITIES | 52,776 | 87,857 | 431,211 |
| TOTAL LIABILITIES | 306,613 | 284,913 | 2,505,212 |
| CONTINGENCIES | | | |
| NET ASSETS: | | | |
| SHAREHOLDERS' EQUITY | | | |
| Common stock | | | |
| Authorized 600,000,000 shares | | | |
| Issued 259,336,682 shares in 2022<br>259,214,827 shares in 2021 | 23,673 | 23,612 | 193,423 |
| Capital surplus | 25,771 | 25,710 | 210,565 |
| Retained earnings | 342,198 | 380,402 | 2,795,963 |
| Treasury stock, at cost 6,750,140 shares in 2022<br>6,749,173 shares in 2021 | (6,741) | (6,740) | (55,078) |
| TOTAL SHAREHOLDERS' EQUITY | 384,901 | 422,984 | 3,144,873 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME | | | |
| Net unrealized holding gains on securities | 6,312 | 5,571 | 51,573 |
| Deferred gains on hedges | 3,786 | 248 | 30,934 |
| Revaluation reserve for land | (10,892) | (10,892) | (88,994) |
| Foreign currency translation adjustments | 3,462 | (359) | 28,287 |
| Remeasurements of defined benefit plans | (424) | (432) | (3,464) |
| TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME | 2,244 | (5,864) | 18,336 |
| NON-CONTROLLING INTERESTS | 517 | 496 | 4,224 |
| TOTAL NET ASSETS | 387,662 | 417,616 | 3,167,433 |
| TOTAL LIABILITIES AND NET ASSETS | ¥694,275 | ¥702,529 | $5,672,645 |

# Consolidated Statements of Operations

Years ended March 31, 2022 and 2021

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| NET SALES | ¥428,401 | ¥433,970 | $3,500,294 |
| COST OF SALES | 383,029 | 390,188 | 3,129,577 |
| Gross profit | 45,372 | 43,782 | 370,717 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 24,683 | 20,902 | 201,675 |
| Operating income | 20,689 | 22,880 | 169,042 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and dividend income | 3,164 | 2,218 | 25,852 |
| Interest expense | (419) | (180) | (3,423) |
| Gain on sales of investment securities | 799 | 1,845 | 6,528 |
| Gain on liquidation of subsidiaries and associates | 180 | — | 1,471 |
| Loss on impairment of fixed assets | — | (2,911) | — |
| Exchange gain (loss), net | 2,528 | (2,059) | 20,655 |
| Equity in earnings of affiliates | 3,014 | 2,187 | 24,626 |
| Loss on Ichthys LNG Project | (57,577) | — | (470,439) |
| Loss on devaluation of investment securities | (397) | (1,357) | (3,244) |
| Other, net | 759 | (179) | 6,201 |
| | (47,949) | (436) | (391,773) |
| Income (loss) before taxes on income | (27,260) | 22,444 | (222,731) |
| TAXES ON INCOME: | | | |
| Current | 7,773 | 13,974 | 63,510 |
| Deferred | 464 | 3,262 | 3,791 |
| NET INCOME (LOSS) | (35,497) | 5,208 | (290,032) |
| NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 54 | 67 | 441 |
| NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT | ¥ (35,551) | ¥ 5,141 | $ (290,473) |

| | Yen | | U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| AMOUNTS PER SHARE OF COMMON STOCK: | | | |
| Net income (loss) | ¥(140.77) | ¥20.37 | $(1.15) |
| Cash dividends applicable to the year | ¥ 15.00 | ¥12.00 | $ 0.12 |

The Group has applied the "Accounting Standard for Revenue Recognition" from the beginning of the year ended March 31, 2022. As a result, for the year ended March 31, 2022, net loss per share decreased by ¥0.38 ($0.00).

Results of Value Creation

# Consolidated Statements of Comprehensive Income

Years ended March 31, 2022 and 2021

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| NET INCOME (LOSS) | ¥(35,497) | ¥ 5,208 | $(290,032) |
| OTHER COMPREHENSIVE INCOME | | | |
| Net unrealized holding gains on securities | 653 | 3,330 | 5,336 |
| Deferred gains on hedges | 2,856 | 4,597 | 23,335 |
| Translation adjustments | 3,220 | 16,407 | 26,309 |
| Remeasurements of defined benefit plans | (4) | 1,058 | (33) |
| Share of other comprehensive income of affiliates accounted for using equity method | 1,411 | (674) | 11,529 |
| TOTAL OTHER COMPREHENSIVE INCOME | ¥ 8,136 | ¥24,718 | $ 66,476 |
| TOTAL COMPREHENSIVE INCOME | ¥(27,361) | ¥29,926 | $(223,556) |
| | | | |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Owners of the parent | ¥(27,415) | ¥29,859 | $(223,997) |
| Non-controlling interests | ¥ 54 | ¥ 67 | $ 441 |

# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2022 and 2021

| | Common stock | | Capital surplus | Retained earnings | Treasury stock, at cost | Net unrealized holding gains (losses) on securities | Deferred gains (losses) on hedges | Revaluation reserve for land | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | | | | | |
| | Thousands of shares | Millions of yen | | | | | | | | | | |
| Balance at April 1, 2020 | 259,111 | ¥23,555 | ¥25,653 | ¥375,641 | ¥(6,739) | ¥2,206 | ¥(1,005) | ¥(10,892) | ¥(16,491) | ¥(1,411) | ¥463 | ¥390,980 |
| Issuance of common stock | 104 | 57 | 57 | | | | | | | | | 114 |
| Net income attributable to owners of the parent | | | | 5,141 | | | | | | | | 5,141 |
| Cash dividends | | | | (3,028) | | | | | | | | (3,028) |
| Effect of change in scope of consolidation | | | | 1,642 | | | (2,250) | | (55) | | | (663) |
| Gain on disposal of treasury stock | | | | | (1) | | | | | | | (1) |
| Effect of change in scope of equity method accounting | | | | 1,006 | | | (648) | | (35) | (0) | | 323 |
| Net changes in items other than shareholders' equity | | | | | | 3,365 | 4,151 | | 16,222 | 979 | 33 | 24,750 |
| Net changes during the year | 104 | 57 | 57 | 4,761 | (1) | 3,365 | 1,253 | | 16,132 | 979 | 33 | 26,636 |
| Balance at March 31, 2021 | 259,215 | ¥23,612 | ¥25,710 | ¥380,402 | ¥(6,740) | ¥5,571 | ¥ 248 | ¥(10,892) | ¥ (359) | ¥ (432) | ¥496 | ¥417,616 |
| Cumulative impact of changes in accounting policies | | | | 312 | | | | | | | | 312 |
| Restated balance | 259,215 | ¥23,612 | ¥25,710 | ¥380,714 | ¥(6,740) | ¥5,571 | ¥ 248 | ¥(10,892) | ¥ (359) | ¥ (432) | ¥496 | ¥417,928 |
| Issuance of common stock | 122 | 61 | 61 | | | | | | | | | 122 |
| Net loss attributable to owners of the parent | | | | (35,551) | | | | | | | | (35,551) |
| Cash dividends | | | | (3,030) | | | | | | | | (3,030) |
| Effect of change in scope of consolidation | | | | 65 | | | | | (29) | | | 36 |
| Gain on disposal of treasury stock | | | | | (1) | | | | | | | (1) |
| Net changes in items other than shareholders' equity | | | | | | 741 | 3,538 | | 3,850 | 8 | 21 | 8,158 |
| Net changes during the year | 122 | 61 | 61 | (38,516) | (1) | 741 | 3,538 | | 3,821 | 8 | 21 | (30,266) |
| Balance at March 31, 2022 | 259,337 | ¥23,673 | ¥25,771 | ¥342,198 | ¥(6,741) | ¥6,312 | ¥ 3,786 | ¥(10,892) | ¥ 3,462 | ¥ (424) | ¥517 | ¥387,662 |

| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Net unrealized holding gains on securities | Deferred gains on hedges | Revaluation reserve for land | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | | | | | | | | | | |
| | Thousands of U.S. dollars | | | | | | | | | | |
| Balance at April 1, 2021 | $192,924 | $210,066 | $3,108,113 | $(55,070) | $45,518 | $ 2,026 | $(88,994) | $ (2,933) | $(3,530) | $4,053 | $3,412,173 |
| Cumulative impact of changes in accounting policies | | | 2,549 | | | | | | | | 2,549 |
| Restated balance | $192,924 | $210,066 | $3,110,662 | $(55,070) | $45,518 | $ 2,026 | $(88,994) | $ (2,933) | $(3,530) | $4,053 | $3,414,722 |
| Issuance of common stock | 499 | 499 | | | | | | | | | 998 |
| Net loss attributable to owners of the parent | | | (290,473) | | | | | | | | (290,473) |
| Cash dividends | | | (24,757) | | | | | | | | (24,757) |
| Effect of change in scope of consolidation | | | 531 | | | | | (237) | | | 294 |
| Gain on disposal of treasury stock | | | | (8) | | | | | | | (8) |
| Net changes in items other than shareholders' equity | | | | | 6,055 | 28,908 | | 31,457 | 66 | 171 | 66,657 |
| Net changes during the year | 499 | 499 | (314,699) | (8) | 6,055 | 28,908 | | 31,220 | 66 | 171 | (247,289) |
| Balance at March 31, 2022 | $193,423 | $210,565 | $2,795,963 | $(55,078) | $51,573 | $30,934 | $(88,994) | $28,287 | $(3,464) | $4,224 | $3,167,433 |

# Consolidated Statements of Cash Flows

Years ended March 31, 2022 and 2021

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2022 | 2021 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Income (loss) before taxes on income | ¥ (27,260) | ¥ 22,444 | $ (222,731) |
| Adjustments to reconcile income (loss) before taxes on income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 7,203 | 6,432 | 58,853 |
| Loss on impairment of fixed assets | — | 2,911 | — |
| Increase in allowance for doubtful accounts | 3,712 | 99 | 30,329 |
| Decrease in reserve for losses on contracts | (3,252) | (7,454) | (26,571) |
| Increase (decrease) in net defined benefit plans | 353 | (1,281) | 2,884 |
| Interest and dividend income | (3,164) | (2,218) | (25,852) |
| Interest expense | 419 | 180 | 3,423 |
| Exchange gain | (4,420) | (2,320) | (36,114) |
| Equity in earnings of affiliates | (3,014) | (2,187) | (24,626) |
| Gain on sales of investment securities | (799) | (1,845) | (6,528) |
| Loss on devaluation of investment securities | 397 | 1,357 | 3,244 |
| Decrease in notes receivable, trade receivables, contract assets and other | 3,327 | — | 27,184 |
| Decrease in notes and accounts receivable | — | 3,451 | — |
| (Increase) decrease in inventories | (3,743) | 1,686 | (30,583) |
| Decrease in accounts receivable – other | 33,328 | 3,479 | 272,310 |
| Increase (decrease) in notes and accounts payable | 19,072 | (27,457) | 155,830 |
| Increase in contract liabilities | 8,740 | — | 71,411 |
| Increase in advances received on uncompleted contracts | — | 17,720 | — |
| Decrease in accounts payable – other | (13,437) | (513) | (109,788) |
| Other | (895) | 10,277 | (7,313) |
| Subtotal | 16,567 | 24,761 | 135,362 |
| Interest and dividends received | 5,342 | 3,344 | 43,647 |
| Interest paid | (419) | (183) | (3,423) |
| Income taxes paid | (2,178) | (15,455) | (17,796) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | ¥ 19,312 | ¥ 12,467 | $ 157,790 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payments for purchases of property, plant and equipment | ¥ (5,468) | ¥ (8,720) | $ (44,677) |
| Proceeds from sales of property, plant and equipment | 10 | 46 | 82 |
| Payments for purchases of investment securities | (2,435) | (5,627) | (19,895) |
| Payments for purchases of intangible assets | (4,340) | (1,487) | (35,460) |
| Proceeds from sales of investment securities | 2,835 | 2,095 | 23,163 |
| Proceeds from capital reduction of investments | 1,065 | — | 8,701 |
| Other | 638 | 172 | 5,213 |
| NET CASH USED IN INVESTING ACTIVITIES | (7,695) | (13,521) | (62,873) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from bonds | — | 20,000 | — |
| Repayments of bonds | — | (20,000) | — |
| Net increase in short-term loans | 1,819 | 17 | 14,862 |
| Proceeds from long-term loans | 1,617 | 3,408 | 13,212 |
| Repayments of long-term loans | (370) | (63) | (3,023) |
| Net increase in treasury stock | (1) | (1) | (8) |
| Cash dividends paid | (3,032) | (3,030) | (24,773) |
| Cash dividends paid to non-controlling interests | (33) | (34) | (270) |
| Other | (149) | (100) | (1,217) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (149) | 197 | (1,217) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 7,969 | 5,342 | 65,112 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 19,437 | 4,485 | 158,812 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 268,281 | 261,899 | 2,192,017 |
| INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARIES | 291 | 1,897 | 2,378 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | ¥288,009 | ¥268,281 | $2,353,207 |







# Group Companies

As of 31 March 2022

- Consolidated subsidiaries
- Affiliated companies accounted for by the equity method
- Affiliated companies not accounted for by the equity method

## Total Engineering Business

| Industry | Name | Country | Capital | Percentage of voting rights owned*1 |
|---|---|---|---|---|
| EPC | JGC CORPORATION | Japan | ¥1.0 billion | 100% |
| | JGC JAPAN CORPORATION | Japan | ¥1.0 billion | 100% |
| | JGC ASIA PACIFIC PTE. LTD. | Singapore | S$2,100,000 | 100% |
| | JGC PHILIPPINES, INC. | Philippines | PHP1,300,000,000 | 100% |
| | PT. JGC INDONESIA | Indonesia | IDR 1,357,050,000 | 49% (14%) |
| | JGC Gulf International Co. Ltd. | Saudi Arabia | SAR262,500,000 | 100% (5%) |
| | JGC OCEANIA PTY LTD | Australia | A$913,800,000 | 100% |
| | JGC America, Inc. | U.S.A. | US$41,051,000 | 100% |
| | JGC Gulf Engineering Co. Ltd. | Saudi Arabia | SAR500,000 | 75% (75%) |
| | JGC Construction International Pte. Ltd. | Singapore | S$1,500,000 | 100% (100%) |
| | JGC ASIA PACIFIC (M) SDN. BHD. | Malaysia | MYR750,000 | 100% (100%) |
| | JGC Vietnam Co., Ltd. | Vietnam | VND519,831,000,000 | 100% (62%) |
| | Japan NuScale Innovation, LLC*2 | U.S.A. | US$61,000,000 | (69%) |
| Inspection / Maintenance | JGC PLANTECH AOMORI Co., Ltd. | Japan | ¥50.0 million | 100% (100%) |
| Process Licensing | Nikki-Universal Co., Ltd. | Japan | ¥1.0 billion | 50% |

## Functional Material Manufacturing Business

| | Name | Country | Capital | Percentage of voting rights owned*1 |
|---|---|---|---|---|
| | JGC Catalysts and Chemicals Ltd. | Japan | ¥1.8 billion | 100% |
| | Japan Fine Ceramics Co., Ltd. | Japan | ¥0.3 billion | 100% |
| | Nikki-Universal Co., Ltd. | Japan | ¥1.0 billion | 50% |

## Other Businesses

| Industry | Name | Country | Capital | Percentage of voting rights owned*1 |
|---|---|---|---|---|
| Equipment Procurement | JGC Trading & Services Co., Ltd. | Japan | ¥40.0 million | 24% |
| Specialized Consulting Services | Japan NUS Co., Ltd. | Japan | ¥50.0 million | 88% |
| Office Support Services | NIKKI BUSINESS SERVICES CO., LTD. | Japan | ¥1,455.0 million | 100% |
| Water Treatment | Swing Corporation | Japan | ¥5.5 billion | 33% |
| | Swing AM Corporation | Japan | ¥0.1 billion | (100%) |
| | Swing Engineering Corporation | Japan | ¥0.3 billion | (100%) |
| Oil and Gas Production Sales | JGC (GULF COAST), LLC | U.S.A. | US$56,050,000 | 100% (100%) |
| | JGC Exploration Eagle Ford LLC | U.S.A. | US$46,700,000 | 100% (100%) |
| | JGC EXPLORATION CANADA LTD. | Canada | C$160,885,000 | 100% |
| Water Desalination | Al Asilah Desalination Company S.A.O.C. | Oman | OMR500,000 | 75% |
| | A.R.C.HWLL | Bahrain | US$758,000 | 30% |
| | ASH SHARQIYAH OPERATION AND MAINTENANCE COMPANY LLC | Saudi Arabia | SAR1,000,000 | 29% |
| FPSO (Floating Production, Storage and Offloading system) | Japan Sankofa Offshore Production Pte. Ltd. | Singapore | S$31,634,000 | 26% |

*1 Figures in parentheses ( ) in the voting rights ownership ratio are indirect ownership ratios, and figures in parentheses [ ] are ownership ratios held by persons closely related to or in agreement with the company, and are outside figures.

*2 Japan NuScale Innovation, LLC, in which the Company holds more than 50/100, is classified as an affiliate as it is a jointly controlled company.

# Stock Information

As of March 31, 2022

### Authorized Shares
600,000,000

### Issued and Outstanding Shares
259,336,682

### Number of Shareholders
28,473

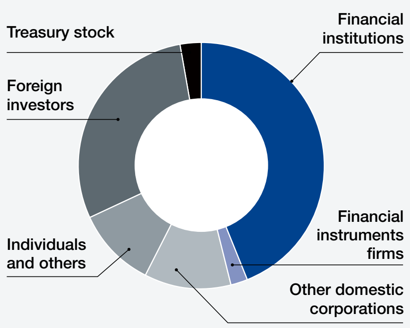
### Administrator of the Shareholders' Register
Mitsubishi UFJ Trust and Banking Corp.
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

### Major Shareholders

| | Number of shares (thousands) | Percentage of total (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 54,515 | 21.58 |
| Custody Bank of Japan, Ltd. (Trust Account) | 34,719 | 13.74 |
| JGC Trading & Services Co., Ltd. | 12,112 | 4.79 |
| JGC-S SCHOLARSHIP FOUNDATION | 8,433 | 3.33 |
| Sumitomo Mitsui Banking Corporation | 5,500 | 2.17 |
| Custody Bank of Japan, Ltd. (Securities Investment Trust Account) | 3,929 | 1.55 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 3,626 | 1.43 |
| THE BANK OF NEW YORK 133972 | 3,560 | 1.40 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 2,938 | 1.16 |
| Mizuho Bank, Ltd. | 2,899 | 1.14 |

(Notes) 1. Number of shares is rounded down to the nearest thousand. Percentage of total is rounded down to the second decimal place.
2. The Company holds 6,750 thousand shares (2.60%, 5th) of treasury stock, but this is excluded from the above list of major shareholders.
3. Percentage of total is calculated excluding treasury stock.

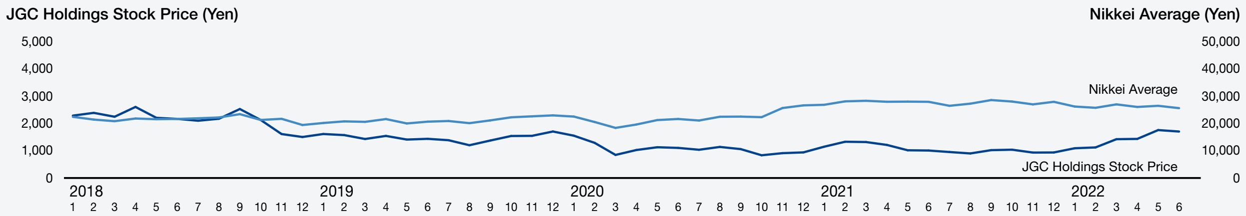
### Distribution of Shareholders

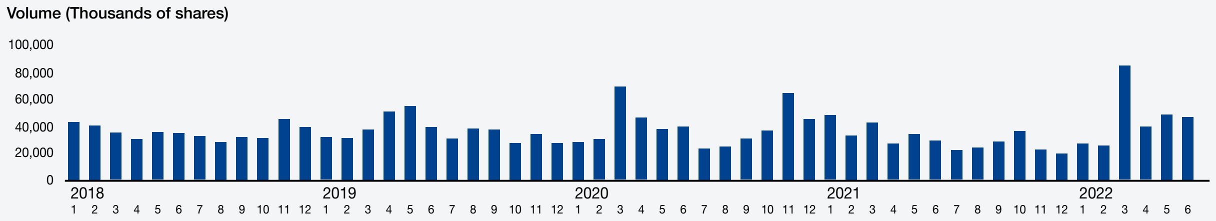



| | (%) |
|---|---|
| Financial institutions | 43.90 |
| Financial instruments firms | 2.35 |
| Other domestic corporations | 11.48 |
| Individuals and others | 10.52 |
| Foreign investors | 29.15 |
| Treasury stock | 2.60 |

Figures have been rounded down to the second decimal places.

### Stock Price






# Outline of JGC

As of March 31, 2022

### Company Name
JGC HOLDINGS CORPORATION

### Head Office
2-3-1, Minato Mirai, Nishi-ku, Yokohama-shi, Kanagawa 220-6001, Japan

### Established
October 25, 1928

### Capital
¥23,672,780,000

### Employees
283 (Consolidated: 7,275)

### Independent Auditor
KPMG AZSA LLC

### Information Provided