

Business Overview

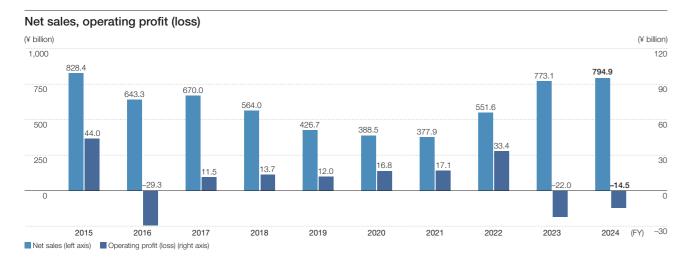
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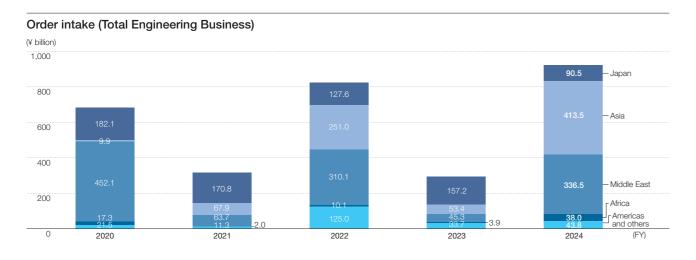
This chapter introduces the financial data and business overview for each business segment, including the Total Engineering Business and the Functional Materials Manufacturing Business.

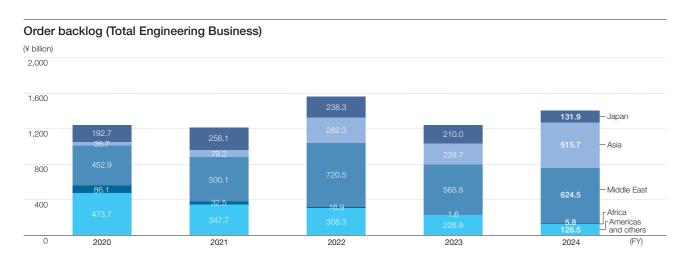
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Business Segment Summary

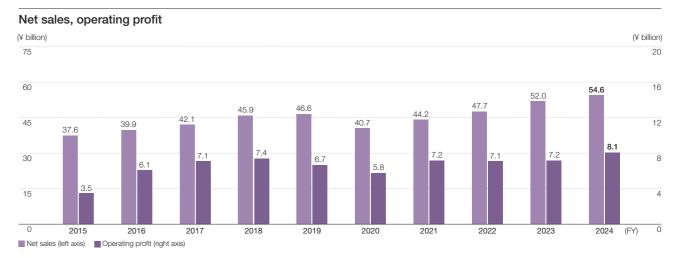


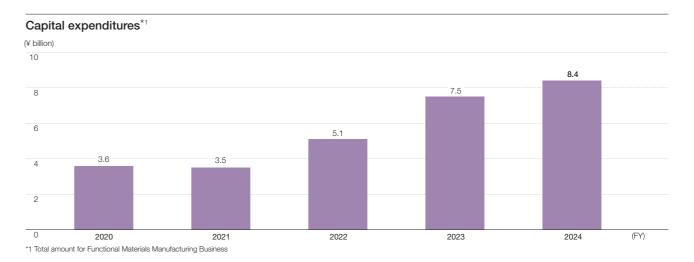


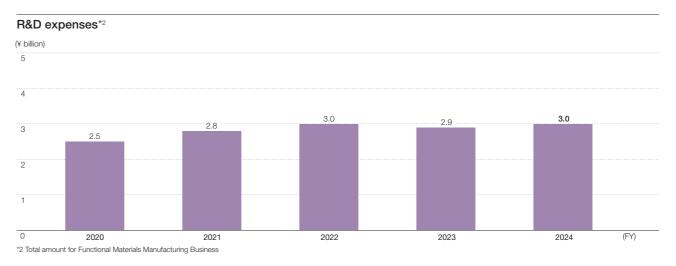












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Business Overview

Operational Review



Shoji Yamada President Representative Director JGC Corporation



Overseas Business Segments

Order intake results for FY2024

832 billion yen

FY2025 order intake target

500 billion yen

Overseas sectors in general

Although there are some uncertainties about the future of the global economy, it has remained steady overall, and energy demand continues to grow. In the overseas plant market targeted by our company, there has been a trend of increasing CAPEX due to inflation and other factors. However, overall, clients' capital investment plans have made progress. As a result of our vigorous sales activities under these circumstances, orders received in fiscal year 2024 reached 832 billion yen, nearly achieving the overseas order target (840 billion yen) set at the beginning of the fiscal year.

On the other hand, in terms of business performance, unfortunately, it became necessary to account for additional costs and risk response expenses in four ongoing plant construction projects in Taiwan, Saudi Arabia, and Canada, resulting in deteriorated project profitability. Therefore, we are currently working to strengthen our organizational EPC execution and profitability management systems.

The market environment for fiscal year 2025 is also expected to remain generally stable. While maintaining and improving profitability through steady execution of ongoing projects, we will continue sales activities aimed at achieving the order target of 500 billion yen.



Transition Energy Sector

Business Areas EPC of various plants including LNG, oil refining, petrochemicals, chemicals, gas processing, hydrogen/fuel ammonia, CCS (Carbon dioxide Capture and Storage), SAF, and nuclear energy related (SMRs, and others)

Offshore LNG plant (Mozambique)

The demand for natural gas and LNG, which have a relatively low environmental impact, remains high, and in oil- and gas-producing countries, capital investment plans are progressing not only for new plants but also for expansions and modifications of existing facilities. On the other hand, due to rising interest rates and increased construction costs, the CAPEX of clients is trending upward, resulting in some clients postponing their investment decisions to fiscal year 2025 and beyond. In fiscal year 2024, we received orders for a large-scale low-carbon LNG plant construction project for ADNOC (Abu Dhabi National Oil Company), FEED project for an LNG plant for Mozambique Rovuma Venture, and technology transfer services related to refinery operations for the Basra Refinery Upgrading Project for South Refineries Company under the Iraqi Ministry of Oil.

A similar market environment is expected for fiscal year 2025, with capital investment plans for LNG and other facilities, especially in Asia and Africa, expected to progress. We will focus on steadily securing orders for promising projects while closely monitoring clients' investment decisions.

In addition, policies and support from various countries toward low carbon and decarbonization have accelerated capital investment plans in areas such as hydrogen/fuel ammonia and CCS, moving them closer to realization. On the other hand, for some projects in this field, ensuring business profitability has become challenging, and some clients have postponed their investment decisions to fiscal year 2025 or later. In this situation, our group received orders for the construction and installation of onshore facilities for the Tangguh EGR/CCUS* project for BP Berau, as well as FEED project for a green hydrogen production plant planned in Malaysia by ENEOS Corporation and others.

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The market environment for fiscal year 2025 is expected to be similar to fiscal year 2024, and currently, there is a notable trend of some customers postponing their capital investment plans. Therefore, for plant construction plans in low carbon and decarbonization fields such as hydrogen/fuel ammonia, SAF, CCS, and synthetic methane (e-methane), our Group will focus on projects that are highly likely to be realized with government initiatives and subsidies, aiming to secure future EPC orders.

^{*} Enhanced Gas Recovery (EGR) of natural gas and CO2 separation, capture, utilization, and storage (CCUS: Carbon dioxide Capture, Utilization and Storage)

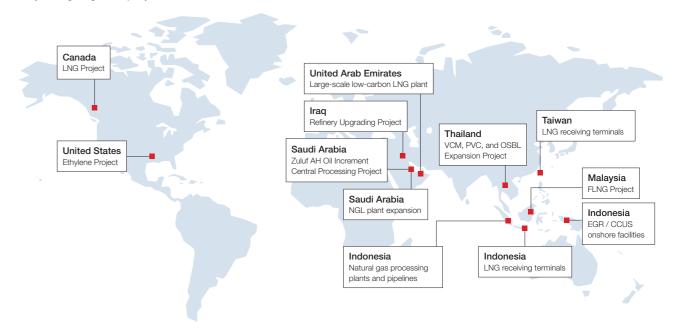


Semiconductor manufacturing equipment (image)

With the advancement of the digital society, capital investment plans for infrastructure and related facilities supporting digital industries such as semiconductor materials, storage battery components, and data centers have steadily progressed, especially in Asia. In this market environment, in the semiconductor and data center fields, we expanded sales activities aimed at business expansion in Southeast Asia, in collaboration with Exyte Singapore, a leading contractor in these fields under Exyte GmbH.

In fiscal year 2025, steady customer capital investment plans are also expected in this field. In particular, investment in new data centers is active in Southeast Asia, and we will aim to win and execute EPC projects, focusing on collaboration with Exyte Singapore, to expand our business.

Major ongoing EPC projects



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Domestic Sector

Yasuharu Yamaguchi
President
Representative Director
JGC Japan Corporation



Order intake results for FY2024

90.5 billion yen

FY2025 order intake target

150 billion yen



Business Areas EPC of various plants including pharmaceuticals, healthcare, SAF, Hydrogen/fuel ammonia, chemical recycling, as well as petroleum refining, petrochemicals, chemicals, and nuclear energy and others.

Pharmaceutical manufacturing facility (Shizuoka)

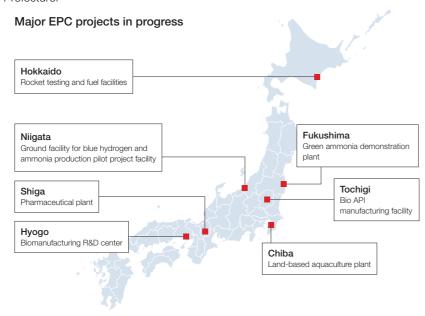
Capital investment plans progressed in the life sciences and healthcare fields, and government subsidies and other support provided a tailwind for capital investment plans in low carbon and decarbonization fields such as SAF and nuclear energy, as well as in resource circulation fields. Meanwhile, in Japan, rising interest rates and increased construction costs have continued to drive up clients' CAPEX, resulting in some clients postponing their final investment decisions to fiscal year 2025 and beyond.

In this situation, we received orders for maintenance work and related renovation work for existing domestic refineries and chemical plants, as well as basic design services for hospital construction projects and SAF production facilities. Regarding the order target (130 billion yen) set at the beginning of the fiscal year, unfortunately, it was not achieved due to the final investment decision for large-scale projects we had expected to receive being postponed to fiscal year 2025 or later.

We have positioned the low carbon and decarbonization sectors as well as the resource circulation sector as core growth areas for the future. Also, in order to expand project execution resources in these fields, following the signing of a basic cooperation agreement with TAKADA CORPORATION—with extensive experience in plant piping work—in November 2023, we acquired approximately 20% of the company's shares in March 2025. With this stock acquisition, we plan to maintain and strengthen the construction capabilities of both companies and further expand our domestic business. Additionally, to respond to the expected increase in projects in the domestic low carbon/decarbonization and resource circulation fields, we have established a new engineering base in Nagasaki City, Nagasaki Prefecture.

In fiscal year 2025, capital investment plans by clients are expected to be realized in the low carbon/decarbonization, life sciences, and food sectors. However, due to delays in government subsidies and increased construction costs, some clients have postponed their investment decisions, and we are closely monitoring these developments. Furthermore, in maintenance work for existing refineries and chemical plants, demand for regular repair work is expected to remain steady.

We will closely monitor trends in our clients' investment plans and continue sales activities to achieve our order targets.





Management

Message

Toshiharu Hirai President Representative Director JGC Catalysts and Chemicals Ltd.

Sustainability &



Data & Other

Business

Catalysts and Fine Chemicals Sector



Business Areas

What Drives

Development and manufacturing of catalysts for petroleum refining, chemicals, and environmental protection, as well as fine chemical products used as materials for semiconductors, information/electronics, optics, and cosmetics

Catalysts for petroleum refining

Introduction

In the catalyst field, sales of large-scale projects decreased due to changes in shipment timing for FCC catalysts for overseas customers and market changes in chemical and environmental protection catalysts. In the fine chemicals field, demand for silica sol for hard disk polishing materials, as well as silica sol for anti-reflective materials for flat panel displays and tablets, recovered as excess inventory in the semiconductor and electronics markets was resolved. In addition, overseas demand for cosmetic materials also recovered and expanded.

Chapter 4

Growth

Strategy

In fiscal year 2025, in the catalyst field, we will promote expansion of domestic share and overseas development of FCC catalysts, maintain our system with partners who handle hydrotreating catalysts and also improve profitability, acquire new projects for chemical catalysts, develop catalysts for the expected growth areas of carbon recycling and chemical recycling, and develop materials for environmental protection catalysts for renewable energy power generation. In the fine chemicals field, although changes in the business environment of the core electronics and semiconductor markets are a concern due to global economic turmoil, we will focus on launching new silica sol for polishing, expanding sales and multi-purpose deployment of functional coating materials, responding to demand for alternatives to microplastic beads in cosmetic materials, and expanding sales and multi-purpose deployment of optical materials.

Hiroshi Tanaka

President Representative Director Japan Fine Ceramics Co., Ltd.



Fine Ceramics Sector



Business Areas Development and manufacturing of ceramic materials for semiconductors, automobiles, information and communications, industrial machinery, medical, and space fields

Bone regeneration material: octacalcium phosphate

Orders for semiconductor manufacturing equipment and thin-film circuit boards increased for data centers due to growing demand for generative AI, but the order environment for other semiconductor-related markets remains challenging. Regarding high thermal conductivity silicon nitride substrates for electric vehicles (EVs), although the shift to EVs in Europe and the US is slowing, the market centered on China remains very active, and future conversion to EVs is expected to progress, so high demand is anticipated to continue. To meet this increasing demand, we completed construction of a new factory for high thermal conductivity silicon nitride substrates in Tomiya City, Miyagi Prefecture in July 2025, and are currently deploying various facilities in preparation for the start of operations.

In fiscal year 2025, as a global economic downturn is a concern and the outlook for the business environment in the semiconductor manufacturing equipment market is uncertain, we will closely monitor the situation and continue efforts to further expand orders for thin-film circuit boards and ceramics products, aiming to acquire new customers. We will also continue development of high thermal conductivity silicon nitride substrates, aiming for overwhelming quality and improved performance over competitors.

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