

Translation



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## **Outline of 9 Months Financial Results for Fiscal Year 2021**

April 1, 2021 – December 31, 2021



Enhancing planetary health

February 10, 2022

JGC HOLDINGS CORPORATION

My name is Taguchi, and I am General Manager of the Group Finance and Accounting Department.

I will be giving you an outline of financial results for the period of nine months ended in December 2021.

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## 1. Highlights of Fiscal Year 2021 3Q

- Solid progress in EPC project execution in general, but the pace of progress growth slowed in some areas due to the impact of the spread of COVID-19
- Steady accumulation of domestic orders, and active moves to win large-scale overseas projects
- Functional Materials Manufacturing Segment continued to be strong

I will begin with a review of the highlights of the third quarter.

In the Total Engineering segment, we made steady progress in the EPC project currently underway. However, we did see a slowdown of acceleration in the progress rate for some projects due to the impact of rebound of COVID-19.

Orders are accumulating smoothly for domestic projects. Also, initiatives to bring in orders for large-scale overseas projects are active, which is expected to lead to good number in the fourth quarter.

In the Functional Materials Manufacturing segment, performance remained strong, supported by solid demand including catalyst and fine chemicals areas.

## 2. Income Statement

[Unit: Billions of Yen]

	9 Months FY2020	9 Months FY2021	Difference
Net sales	304.9	<b>319.4</b>	+14.5
Gross profit	32.7	<b>31.1</b>	△ 1.5
Profit ratio	10.7%	<b>9.7%</b>	△ 1.0pt
Operating profit	17.3	<b>15.3</b>	△ 1.9
Ordinary profit	18.5	<b>19.8</b>	+1.3
Profit/loss attributable to owners of parent	6.9	<b>△ 44.3</b>	△ 51.3

We now move on to the Consolidated Statement of Income.

Net sales totaled 319.4 billion yen, which was 14.5 billion yen higher than in the same period of the previous fiscal year.

Gross profit fell 1.5 billion yen over the previous year to 31.1 billion yen. Although it declined because one-off profits posted in the same period in the previous year were not present in this fiscal period, we are making steady progress in reaching our earnings forecasts for the full year.

The profit ratio was 9.7% and operating profit totaled 15.3 billion yen.

Ordinary profit amounted to 19.8 billion yen, an increase of 1.3 billion yen over the previous year, due to foreign exchange gain attributable to the impact of a weaker yen and an increase in share of profit of entities accounted for using equity method, among other factors.

Net loss attributable to owners of parent totaled 44.3 billion yen. When excluding the extraordinary loss related to the Ichthys LNG project posted in the first quarter, net profit would be 13.6 billion yen.

### 3. Segment Information

[Unit: Billions of Yen]

		9 Months FY2020	9 Months FY2021	Difference	
<b>Total Engineering</b>	<b>Net sales</b>	273.9	<b>285.3</b>	+11.3	+4%
	<b>Segment profit</b>	13.6	<b>10.4</b>	△ 3.1	△ 23%
<b>Functional Materials Manufacturing</b>	<b>Net sales</b>	29.7	<b>32.8</b>	+3.0	+10%
	<b>Segment profit</b>	4.1	<b>5.7</b>	+1.5	+37%
<b>Others (Including adjustments)</b>	<b>Net sales</b>	1.1	<b>1.2</b>	+0.1	+9%
	<b>Segment profit</b>	△ 0.4	<b>△ 0.8</b>	△ 0.3	-
<b>Total (Consolidated)</b>	<b>Net sales</b>	304.9	<b>319.4</b>	+14.5	+5%
	<b>Segment profit</b>	17.3	<b>15.3</b>	△ 1.9	△ 11%

Next, I will discuss segment information.

In the Total Engineering segment, net sales for the nine months totaled 285.3 billion yen, up 11.3 billion yen over the same period in the previous year. The projects that accounted for most of the sales posted were a LNG project in Canada, a floating LNG project in Mozambique, a refinery modernization project in Iraq, and a biomass power plant in Japan. Segment profit was 10.4 billion yen, down 3.1 billion yen, which was because additional income was posted in the same period in the previous fiscal year, for the reversal of estimated cost of sales for projects completed in previous years and the completion of several projects in Japan, among other factors.

In the Functional Materials Manufacturing segment, sales and profit increased due to an overall recovery in demand. Net sales rose over 3.0 billion yen to 32.8 billion yen. Segment profit was up 1.5 billion yen to 5.7 billion yen. The results for Other are as shown here.

#### 4. Balance Sheets

	[Unit: Billions of Yen]		
	FY2020	FY2021 3Q	Difference
<b>Current assets</b>	548.3	<b>487.4</b>	△ 60.8
<b>Non-current assets</b>	154.1	<b>158.3</b>	+4.2
<b>Total assets</b>	702.5	<b>645.8</b>	△ 56.6
	FY2020	FY2021 3Q	Difference
<b>Current liabilities</b>	197.0	<b>222.5</b>	+25.5
<b>Non-current liabilities</b>	87.8	<b>52.5</b>	△ 35.3
<b>Total net assets</b>	417.6	<b>370.8</b>	△ 46.7
Off Balance Sheet JV Cash JGC Portion	197.0	<b>226.8</b>	+29.7

Next are the consolidated balance sheets.

Total assets decreased by 56.6 billion yen to 645.8 billion yen at the end of December 2021 compared to the end of the previous fiscal year.

Current assets decreased by 60.8 billion yen due to factors including a decrease in accounts receivable.

The increase in current liabilities and the decrease in non-current liabilities were due to the transfer of 30 billion yen in the current portion of bonds payable.

Net assets fell 46.7 billion yen to 370.8 billion yen due to the posting of quarterly net losses and other factors.

The Company's share of cash in joint ventures, which is not posted on the balance sheet, was 226.8 billion yen. This refers to joint ventures such as a LNG project in Canada.

The shareholders' equity ratio was 57.3%.

## 5. Outline of Contracts

### i) New Contracts

[Unit: Billions of Yen]

	9 Months FY2020	9 Months FY2021	FY2021 Forecast
<b>Overseas</b>	473.7	<b>26.1</b>	340.0
<b>Domestic</b>	86.8	<b>135.1</b>	160.0
<b>Total</b>	560.6	<b>161.2</b>	500.0

Next I will discuss new contracts.

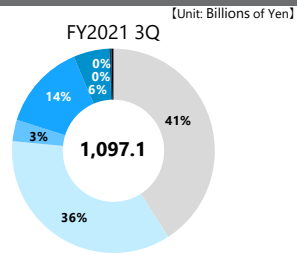
We forecasted 500 billion yen in new contracts for the full year, and have reached 161.2 billion yen in new contracts.

In Japan, new contracts increased by about 30 billion yen for projects related to clean energy and other in the third quarter, reaching 135.1 billion yen.

Overseas, new contracts only amounted to 26.1 billion yen, but we have tentative agreements on projects in clean energy, oil and gas, chemicals, and others, in addition to several projects that are expected to be confirmed in the fourth quarter. I think that new contracts could increase to levels near our full-year forecast.

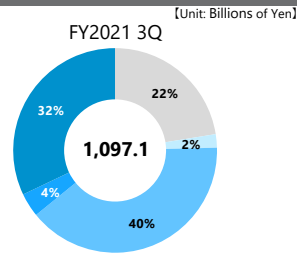
## ii) Outstanding Contracts

### By Business Area



Energy Transition	
Oil and gas	448.8
LNG	390.3
Chemical	37.2
Clean energy & Others	150.3
Healthcare & Life sciences	62.7
Industrial & Urban infrastructure & Others	3.8
Other businesses	3.7

### By Region



Japan	246.1
Asia	23.4
Middle East	434.0
Africa	41.6
Americas & Others	351.9

FY2021 3Q Major Outstanding Contracts	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
	LNG (Canada) Oil Refinery Modernization (Iraq)	Biomass Power Generation (Japan)	Gas Separation Plant (Saudi Arabia) FLNG (Mozambique) Pharmaceutical Plant (Japan)

Next, we refer to our outstanding contracts.

The order backlog as of the end of December 2021 was 1,097.1 billion yen. This is a 144.0 billion yen decline compared to the order backlog at the start of the fiscal year.

By business area, orders related to oil and gas accounted for 41% and those related to LNG accounted for 36%.

By region, Japan accounted for 22% of orders, the Middle East for 40%, and North America & Others for 32%.



## 6. Forecasts for Fiscal Year 2021

[Unit: Billions of Yen]

	9 Months FY2021	Forecast
New contracts	161.2	<b>500.0</b>
Net sales	319.4	<b>470.0</b>
Gross profit	31.1	<b>42.0</b>
Profit ratio	9.7%	<b>8.9%</b>
Operating profit	15.3	<b>20.0</b>
Ordinary profit	19.8	<b>24.0</b>
Profit/loss attributable to owners of parent	△ 44.3	△ <b>42.0</b>
Annual dividends per share		<b>¥15.00</b>
Forecasts based on (¥/US\$)		<b>¥115.00</b>

Lastly, there are no changes to the full-year earnings forecast.

In terms of progress against full-year forecasts, only 68% of the net sales forecast had been achieved by the end of this quarter, which is somewhat lower, but about 75% of the forecasts for gross profit, operating profit, and ordinary profit had been achieved.

The exchange rate forecast is USD/JPY 115. We estimate that the impact of exchange rate fluctuations per yen is 2.5 billion yen for sales, 400 million yen for gross profit, and 400 million yen for ordinary profit.

This concludes our explanation of the outline of the financial results for the third quarter of fiscal year 2021.

# Appendix

## Reference (Forecasts for Fiscal Year 2021 by Segment)

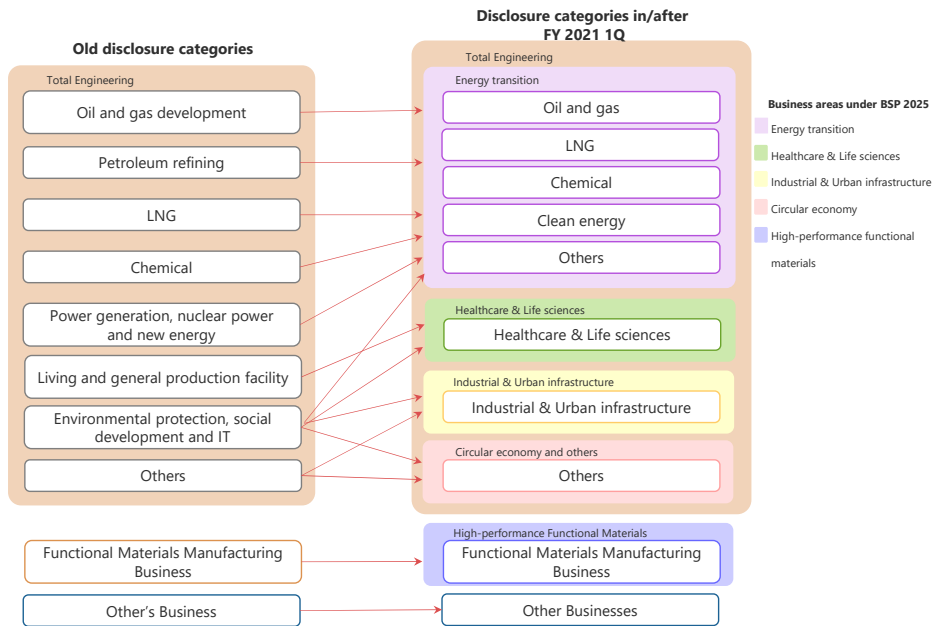
[Unit: Billions of Yen]

	Total Engineering	Functional Materials	Others
<b>Net sales</b>	421.0	43.0	6.0
<b>Segment profit</b>	13.0	6.6	0.4
<b>Profit ratio</b>	3.1%	15.3%	6.7%

## Reference (Net sales & New Contracts by Region)

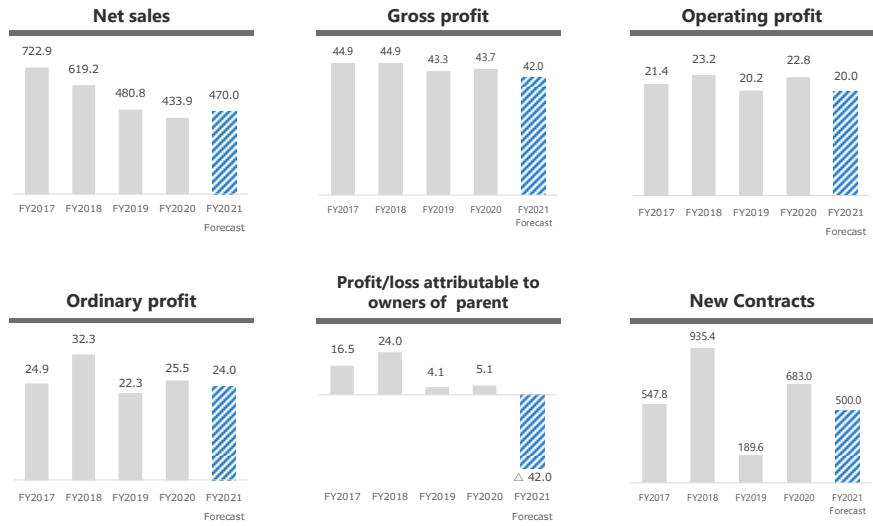
Net sales				New contracts			
	[Unit: Billions of Yen]			[Unit: Billions of Yen]			
	9 months FY2020	9 Months FY2021		9 Months FY2020	9 Months FY2021		
<b>Japan</b>	114.6 (37.6%)	<b>99.8</b> (31.3%)	<b>Japan</b>	86.8 (15.5%)	<b>135.1</b> (83.8%)		
<b>Asia</b>	38.7 (12.7%)	<b>31.0</b> (9.7%)	<b>Asia</b>	8.2 (1.5%)	<b>10.4</b> (6.5%)		
<b>Middle East</b>	22.8 (7.5%)	<b>31.6</b> (9.9%)	<b>Middle East</b>	450.1 (80.3%)	<b>0.4</b> (0.3%)		
<b>Africa</b>	29.3 (9.6%)	<b>47.3</b> (14.8%)	<b>Africa</b>	1.9 (0.3%)	<b>1.2</b> (0.8%)		
<b>Americas &amp; Others</b>	99.3 (32.6%)	<b>109.5</b> (34.3%)	<b>Americas &amp; Others</b>	13.4 (2.4%)	<b>13.9</b> (8.6%)		
<b>Total</b>	304.9 (100.0%)	<b>319.4</b> (100.0%)	<b>Total</b>	560.6 (100.0%)	<b>161.2</b> (100.0%)		

## Reference (Change in Disclosure Information)



## Reference (Historical data chart)

[Unit: Billions of Yen]



## Cautionary Statement

This presentation may contain forward-looking statements that reflect JGC's plans and expectations.

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- changes in government regulations or tax laws in jurisdictions where we conduct business

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