August 9, 2023

JGC Holdings Corporation

**Q&A from the Telephone Earnings Release Conference (held on August 9, 2023)**
**On First Quarter Financial Results for FY2023 Ending March 31, 2024**

This content is based on information available on the date of the telephone earnings release conference (August 9, 2023).

1. Financial results for the first quarter of FY2023

| Question | Answer |
|---|---|
| What factors led to a higher first-quarter gross profit ratio (9.9%) than the ratio mentioned in the initial earnings forecast (8.5%)? Please let us know if there were any positive or negative factors. | The weaker yen had a positive impact. Negative factors included higher fixed costs, as included in the initial forecast, and the impact of risks that have emerged in current projects. This benefited higher gross margin ratio than initially expected by 1.4 points. |
| What risks have emerged in current projects? | The 1st quarter margin has taken additional costs from risk of extended construction period around domestic project. It was included in our initial forecast, and the amount involved is not significant. |
| Has there been any loss of profitability in projects for which sales have recently been posted? | New projects now generating revenue include projects in Malaysia and Saudi Arabia. We would prefer not to discuss profitability of individual projects. Those new projects are in progress as expected. |
| First-quarter sales are off to a slow start. Do you expect to meet the initial sales forecast? | Progress in projects awarded last fiscal year is expected to increase through the second half. Additionally, domestic project sales often increase around the end of the fiscal year. Thus, through the second half, we expect sales to approach the initial forecast level. |

| Question | Answer |
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| Please tell us about forex sensitivity at present. | To provide a rough idea, each 1-yen change against the dollar would affect sales by 4 billion yen, gross profit by 500 million yen, and ordinary profit by 800 million yen. |

2. Orders and market environment

| Question | Answer |
| --- | --- |
| Please tell us about any changes in the plant market and any new projects expected. | Overall, there have been no significant changes. As mentioned in May, clients are steadily implementing their capital investment plans, especially for natural gas and LNG. Investment plans for hydrogen/fuel ammonia and other sustainability-oriented projects are also proceeding smoothly.<br>In Japan, life sciences capital investment remains robust. As is the case overseas, domestic investment plans for sustainability-oriented projects involving hydrogen/fuel ammonia, SAF, and the like are proceeding smoothly. |
| What is the status of projects in North America for which orders were expected? | All projects for which we have bid are currently being clarified by clients. For a project, competitors have received orders in effort to reduce initial investment expenses. We guess that it will be difficult for us to be awarded the project. For a variety of other projects elsewhere this fiscal year, thus we will maintain to be selective about the orders that are highly feasible and can generate solid earnings. |
| We have heard that among the Middle Eastern project expected to be awarded, some involve changes to the construction site. Would this make it difficult to determine contractors within the fiscal year? | We have been told by the client that a contractor will be determined during the fiscal year. For our part, we also intend to pursue orders within the fiscal year. |
| Will it be difficult to meet the orders target for the fiscal year if | This fiscal year, we expect to receive orders for LNG projects and |

| Question | Answer |
|---|---|
| orders for expected projects in North America become difficult to be awarded? | natural gas processing projects in the Middle East, Africa, and elsewhere. Domestically and overseas, we also expect to be awarded orders for projects supporting sustainability (specifically, CCS and blue ammonia). Steadily receiving more of these projects will aid us to meet the orders target. |
| Do CCS projects essentially involve retrofitting existing facilities? Can you give us an idea of the amount per project? | In some cases, CSS equipment is installed as ancillary facilities when new plants are built, and in others, they are added to existing facilities. A project expected to be awarded in this fiscal year involves retrofitting at existing facilities. The idea of the amount of the order is about tens of billions of yen. |