

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

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

1. Financial results for the second quarter of FY2023 and full-year earnings forecast

Question	Answer
In the first-half, the gross profit ratio (7.1%) was lower than projected in the full-year earnings forecast (8.5%). Please let us know about any positive or negative factors and their quantitative impact.	The weaker of the yen had a positive impact of about 6 billion yen on net gross profit, while higher costs in projects of overseas subsidiaries (in Saudi Arabia and Indonesia) had a negative impact of about 12 billion yen. Accordingly, gross profit declined by approximately 6 billion yen (-1.4%).
Has management been strengthened in response to the lower profitability in projects of Saudi Arabian and Indonesian subsidiaries?	Overseas subsidiaries often manage projects involving local production for local consumption and have been authorized to act in securing orders and executing projects because prompt decision-making is required. In response to the loss recorded for the second quarter, we have reorganized regional oversight while allowing the subsidiaries to retain a degree of authority. A system is now in place for regular review of projects at a certain scale by JGC Corporation, which oversees these subsidiaries.
Is there a risk that costs will continue to increase in these projects in Saudi Arabia and Indonesia?	The estimates reflect currently conceivable risks as a facet of necessary costs.
Have conditions in Israel adversely affected the current Basra refinery modernization project in Iraq?	At this time, there has been no particular impact on the Basra refinery modernization project or other current projects in the Middle East. As a matter of crisis management, preparations for a variety of contingencies are made both at the head office and locally.

Please tell us the reasons for maintaining the same full-year earnings forecast.	Business performance has a good chance of meeting the forecast. The earnings forecast was based on an exchange rate of 133 yen to the dollar, but the rate has changed to 140 yen. Moreover, a certain project is expected to see increased profit from receiving change orders and making risk contingency to be profit in the second half.
Please tell us roughly how much of a gain in profit is expected in the second half.	We expect to increase profit by approximately 10 billion yen, from 6 billion yen charged in the first half.

2. Orders, market environment, etc.

Question	Answer
Is there a risk of potentially adverse conditions along the lines of projects that are expected in the second half failing to materialize because prices cannot be agreed on with clients, due to inflation or other factors?	Orders may take longer to negotiate, for example, if agreements cannot immediately be reached with regard to client budgets and EPC costs due to higher material and construction costs. However, there are compelling reasons for clients to implement projects, such as their commitment to supply natural gas. Although some delays may occur, we take a stance of working to ensure that projects can be secured.
Why did a gas processing project in Algeria suddenly emerge as a potential order expected in the second half?	We were approached abruptly by a client about this project following the recent conclusion of a natural gas supply agreement between Algeria and a European country. Expansion is planned at a project site completed by the Group, and we expect to award the project.
We know there are many potential projects in the market, as explained by the president in the recent business overview. Can you tell us what order target the company envisions next fiscal year?	In addition to large LNG projects, we sense that EPC phase in sustainability projects involving hydrogen/fuel ammonia or SAF etc., will be realized. Our order target for the next fiscal year may be on the same level as this fiscal year, although that will depend on results for the current fiscal year.

<p>What is the status of the Area 4 LNG project in Mozambique, for which an order had been expected?</p>	<p>The client is studying several aspects of feasibility, and we are supporting some of these studies. At present, the timing of the investment decision is still unknown.</p>
<p>What impact will NuScale canceling plans to build their first SMR power plant have?</p>	<p>Nuclear power plants in the U.S. have been in operation for 40–50 years. At the same time, because much power generation is coal-fired, there is a need to shift to nuclear for output adjustment, as the world continues to pursue a transition to renewable energy sources. These considerations convince us that NuScale SMR technology will certainly be needed. As before, the company will continue to support NuScale.</p>