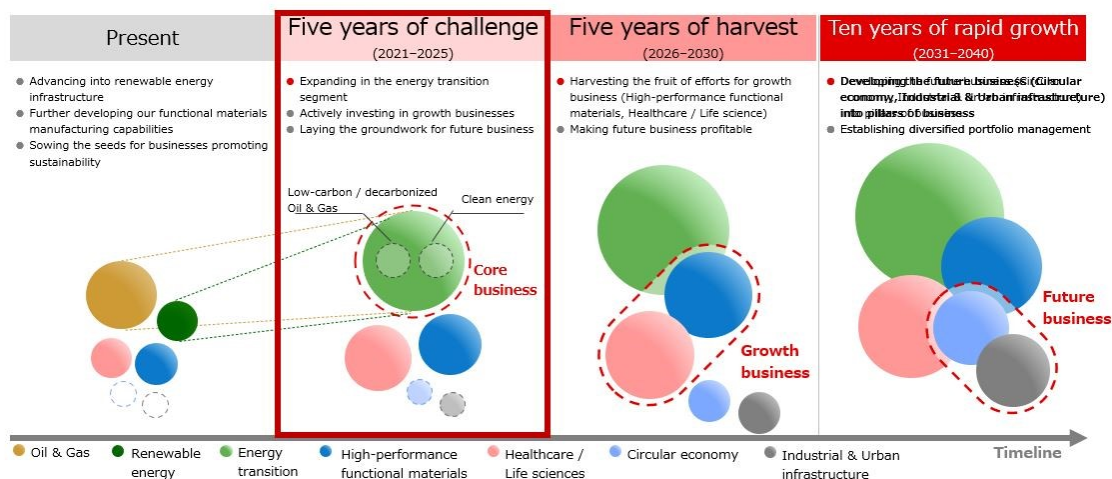


Medium-Term Business Plan
“Building a Sustainable Planetary Infrastructure 2025”
Executive Summary

Under the JGC Group’s newly established “2040 Vision”, the Group will seek to contribute to enhancing planetary health in five (5) business areas. Over the next five years through to FY2025, we will be taking on the challenge of “Building a Sustainable Planetary Infrastructure 2025”, which we are positioning in our new medium-term business plan “BSP 2025”.



1. Review of previous medium-term business plan

Achievements during the previous medium-term business plan (FY2016 – FY2020) include strengthening risk management and raising the operating income ratio from 3.0% in FY2017 to 5.3% in FY2020. Our positioning of high-performance functional materials manufacturing as a core business came into clearer focus, and efforts in EPC operations, such as establishing a track record in infrastructure, steadily laid the groundwork for future growth. To provide a more robust framework for implementing our growth strategies, the Group also adopted a holding company structure.

2. Awareness of business environment

In this medium-term business plan, the business environment in the areas defined in the 2040 Vision are as follows:

- **Energy transition:** LNG business, promoted as a cleaner, lower-carbon fossil fuel, is expected to keep growing steadily amid higher demand in emerging economies.

Additionally, traditional renewable energy business such as solar power, energy storage, and biomass power generation as well as new fields including offshore wind power and hydrogen / fuel ammonia are also poised to offer significant opportunities in the energy transition to a low-carbon or decarbonized society.

- **High-performance functional materials:** Existing applications of this manufacturing are likely to thrive, driven by a recovery in demand following the impact of the pandemic on semiconductor and telecommunications products and chemical / environmental products. Greater demand is also expected in new applications such as silicon nitride substrates for the power units of EVs, and polishing nanoparticles for CMP for semiconductors.
- **Healthcare / Life sciences, Circular economy, Industrial & Urban infrastructure:** Healthcare and Life science markets in Japan and elsewhere are expected to expand as people live longer and standards of living improve. Significant business opportunities will also emerge as value chains are formed to recycle plastic waste and the Asian economic growth spurs further development of water treatment and railways.

3. Key strategies

From this awareness of the business environment, the medium-term business plan sets the stage for the Group to transform EPC operations, expand high-performance functional materials manufacturing, and establish future engines of growth. Two of the strategies are aimed at securing and expanding revenue in existing operations, and the third strategy seeks long-term growth towards 2040.

1) Transformation of EPC operations

(1) Increasing profitability and competitiveness in mega-sized EPC projects

Having targeted ¥350 billion in net sales from mega-sized overseas EPC projects in FY2025, we will take JGC Group core competencies to the next level. Stricter risk management and project negotiations will improve the gross profit ratio, and optimized joint venture strategies, digital technologies, and construction methods will provide a competitive edge in securing orders.

(2) Taking on EPC growth markets and segments

In addition, by expanding EPC operations into growth markets and segments, and by seeking a diversified portfolio, we will pursue a net sales target of ¥300 billion from EPC business in growth markets and segments in FY2025. Increased revenue

will be sought by strengthening operations to secure some of the many projects anticipated for LNG receiving terminals, gas-fired thermal power, solar power, and biomass power plants, pharmaceutical plants and hospitals, as well as chemical facilities. Moreover, we will reinforce regional management in Asia, which is growing rapidly, and bolster our workforce with the domestic market also in mind.

2) Expansion of manufacturing business for high-performance functional materials

High-performance functional materials manufacturing will be scaled up as the Group seeks net sales of ¥60 billion in FY2025. We will work to broaden our revenue base in our primary business by offering an increased line-up of JGC-developed chemical catalysts, hard disk polishing nanoparticles, semiconductor manufacturing equipment materials, and other products. Another engagement will be strategic investment for future and next-generation business development. Investments will target development of fine chemical products and silicon nitride substrate facilities, among other applications. Development will also include carbon recycling catalysts, electrolytes for all-solid-state batteries, and bone regeneration materials.

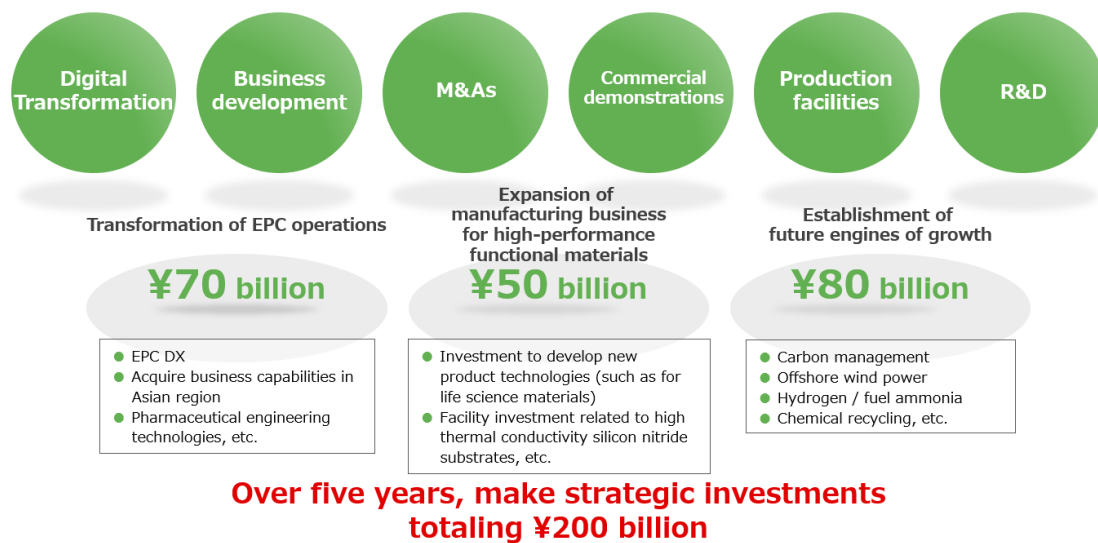
3) Establishment of future engines of growth

We will establish the following five (5) business areas defined in the 2040 Vision, which are especially promising as future growth engines. Net sales of ¥50 billion in FY2025 are projected, to be developed over the next decade to ¥500 billion.

- **Energy transition**
Carbon management support, offshore wind power, smart O&M, hydrogen / fuel ammonia, small modular reactors (SMRs) for nuclear power generation
- **Healthcare / Life sciences**
Smart hospitals, smart plants, digital healthcare
- **High-performance functional materials**
Carbon / Chemical recycling catalysts, bone regeneration material, etc
- **Circular economy**
Chemical recycling of plastic and fiber waste, production of SAF (sustainable aviation fuel)
- **Industrial & Urban infrastructure**
Water treatment, railways

4. Investment strategy

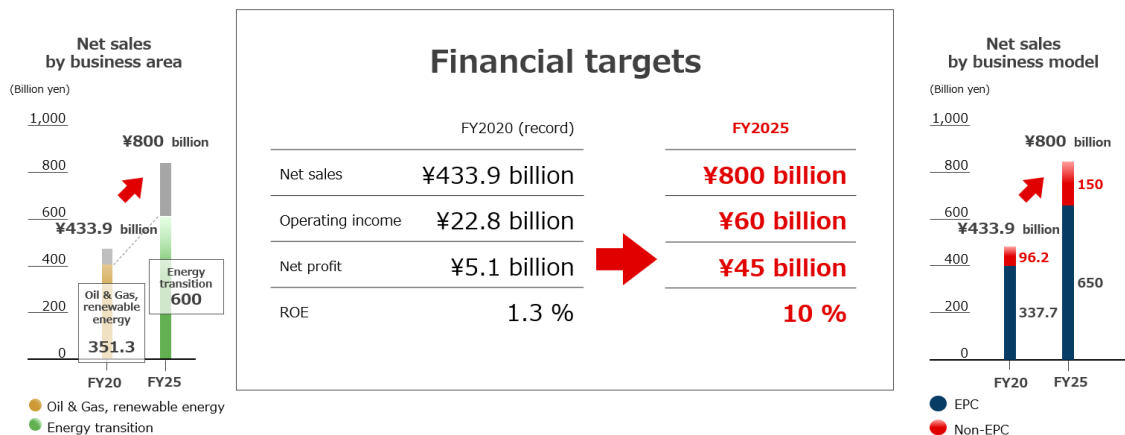
The path to success of these key strategies will call for a total of ¥200 billion in investment during the medium-term business plan in areas such as digital transformation, M&As, production facilities, business development, commercial demonstrations, and R&D. Specifically, ¥70 billion will be allocated to transformation of EPC operations, ¥50 billion to expansion of manufacturing business for high-performance functional materials, and ¥80 billion to establishing future engines of growth.



5. Financial targets

Net sales of ¥800 billion are targeted in FY2025, with operating income of ¥60 billion, net profit of ¥45 billion, and ROE of 10%.

A diversified business portfolio will ensure that the energy transition area is not the only source of revenue. Transformation will also be sought from the standpoint of business models, where we will expand from an EPC-focused model.



6. Capital and shareholder return policies

Disciplined investment and fund allocation will support our goal of reaching or surpassing an ROE of 10%. We will respond flexibly in our strategic investments for sustainable growth and stable revenue.

In making strategic investments, we will use cash in hand effectively and maintain sound finances, with the intension of keeping the shareholders' equity ratio at or above 50%.

As for shareholder return, as before, our basic policy is directed at steady annual cash dividends aimed at a payout ratio of 30%. We will also introduce a minimum ¥15 dividend per share.

Share buybacks will be considered as necessary in light of business situation.

7. Commitment to carbon neutrality by 2050

The core domain of the JGC Group has long been Oil & Gas, but we have taken the opportunity of this transformation for “enhancing planetary health” to commit to ambitious target of carbon neutrality by 2050 as a sign of our dedication to sustainably incremental corporate value. We will work toward the following targets:

1. Net-zero Scope 1 and 2 CO₂ emissions by 2050
2. Thirty percent (30%) reduction in Scope 1 and 2 CO₂ emissions per unit of production by 2030 in support of (1)
3. Reduction in Scope 3 CO₂ emissions as determined with stakeholders

To reduce Scope 3 emissions, we will leverage technologies cultivated by the JGC Group to provide energy transition solutions to stakeholders.

In responding to climate change, we will disclose relevant information in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).