

[Translation]

The following statements are an English-language translation of the original Japanese-language document for your reference purpose only. In case that there is any discrepancy between the original Japanese version and this English version, the Japanese version shall prevail. (All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Aug 10, 2021

Summary-Consolidated First Quarter Financial Statements

(For the fiscal year ended March 31, 2022)

Name of listed company: **JGC HOLDINGS CORPORATION**

Code number: **1963**

Representative

Title: **Representative Director, Chairman of the Board & Chief Executive Officer (CEO)**

Name: **Masayuki Sato**

Contact

Title: **General Manager, Group Finance & Accounting Department**

Name: **Shinichi Taguchi**

Stock exchange: **Tokyo**

Tel: **045-682-1111**

URL: **https://www.jgc.com**

1. Consolidated Financial Results for 1Q of Fiscal year ended March 31, 2022 (April 1, 2021 - June 30, 2021)

(1) Consolidated financial results

Note: All amounts are rounded down to the nearest million yen. Percentage indicates changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
1Q of Fiscal year ended March 31, 2022	107,051	10.5	4,191	(0.7)	5,996	37.0	(55,173)	—
1Q of Fiscal year ended March 31, 2021	96,858	(9.9)	4,219	46.6	4,377	(17.8)	1,412	(32.7)

Note: Comprehensive income (millions of yen): 1Q of Fiscal year ended March 31, 2022: (55,014) (—%) 1Q of Fiscal year ended March 31, 2021: 10,713 (—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q of Fiscal year ended March 31, 2022	(218.54)	—
1Q of Fiscal year ended March 31, 2021	5.60	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2021	697,809	359,852	51.5
As of March 31, 2021	702,529	417,616	59.4

Reference: Shareholders' equity (millions of yen):

As of June 30, 2021: 359,393

As of March 31, 2021: 417,120

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Fiscal year ended March 31, 2021	—	—	—	12.00	12.00
Fiscal year ended March 31, 2022	—	—	—	—	—
Fiscal year ended March 31, 2022 (Forecasts)	—	—	—	15.00	15.00

Note: Revision to the latest forecast announcement:

None

3. Earnings forecasts for Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

Note: Percentage indicates changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	470,000	8.3	16,000	(30.1)	19,000	(25.5)	(46,000)	—

	Earnings per share
	(Yen)
Full Year	(182.20)

Note: Revision to the latest forecast announcement:

None

4. Others

(1) Changes in scope of consolidated important subsidiaries
(Newly added) None (Excluded) None

(2) Adoption of simplified accounting methods or special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes of accounting principles, procedures and presentation

(a) Changes due to revisions of accounting standards:	Yes
(b) Changes other than the above (a):	None
(c) Changes in accounting estimates:	None
(d) Restatement:	None

(4) Number of shares outstanding

(a) Number of shares outstanding at term-end (including treasury stock):

As of June 30, 2021:	259,214,827	As of March 31, 2021:	259,214,827
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(b) Number of treasury stock at term-end:

As of June 30, 2021:	6,749,176	As of March 31, 2021:	6,749,173
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(c) Average number of shares outstanding during this period:

1Q of Fiscal year ended March 31, 2022:	252,465,653	1Q of Fiscal year ended March 31, 2021:	252,362,148
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(i) This document is unaudited by certificated public accountants or audit firms.

(ii) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties.

Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

(iii) Forecasts based on: 110.00 yen/US\$ 1.00

Consolidated Balance Sheets

	As of June 30, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	255,707	268,281
Notes receivable, accounts receivable from completed construction contracts and other	—	143,064
Notes receivable, trade receivables, contract assets and other	144,332	—
Costs on uncompleted construction contracts	23,694	20,848
Merchandise and finished goods	5,604	5,592
Work in process	3,338	2,651
Raw materials and supplies	4,950	3,874
Accounts receivable	93,738	97,097
Other	11,209	7,124
Allowance for doubtful accounts	(139)	(176)
Total current assets	542,437	548,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	62,158	61,504
Machinery, vehicles, tools, furniture and fixtures	60,595	60,190
Land	18,568	18,552
Leased assets	1,062	1,056
Construction in progress	18,337	17,835
Other	4,570	4,259
Accumulated depreciation	(98,160)	(96,744)
Total property, plant and equipment	67,133	66,654
Intangible assets		
Software	4,966	4,830
Other	2,144	2,036
Total intangible assets	7,110	6,867
Investments and other assets		
Investment securities	53,141	54,199
Long-term loans receivable	8,340	7,952
Net defined benefit asset	837	859
Deferred tax assets	15,958	15,532
Other	16,162	15,034
Allowance for doubtful accounts	(13,312)	(12,929)
Total investments and other assets	81,128	80,648
Total non-current assets	155,372	154,170
Total assets	697,809	702,529

	As of June 30, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	35,945	41,777
Short-term loans payable	759	224
Current portion of long-term loans payable	7,936	364
Income taxes payable	1,835	1,263
Contract liabilities	101,892	—
Advances received on uncompleted construction contracts	—	100,707
Provision for bonuses	8,652	6,385
Provision for directors' bonuses	96	61
Provision for loss on construction contracts	2,322	3,590
Provision for warranties for completed construction contracts	1,300	1,317
Other	37,754	41,362
Total current liabilities	198,495	197,055
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	9,820	16,783
Net defined benefit liability	15,495	15,325
Provision for directors' retirement benefits	179	219
Provision for loss on Ichthys LNG Project	58,555	—
Deferred tax liabilities	787	1,049
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,608	3,463
Total non-current liabilities	139,461	87,857
Total liabilities	337,957	284,912
NET ASSETS		
Shareholders' equity		
Capital stock	23,611	23,611
Capital surplus	25,709	25,709
Retained earnings	322,510	380,402
Treasury shares	(6,739)	(6,739)
Total shareholders' equity	365,092	422,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,194	5,571
Deferred gains or losses on hedges	(180)	248
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	662	(358)
Remeasurements of defined benefit plans	(483)	(432)
Total accumulated other comprehensive income	(5,698)	(5,862)
Non-controlling interests	458	495
Total net assets	359,852	417,616
Total liabilities and net assets	697,809	702,529

Consolidated Statements of Income

	1Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Jun. 30, 2021) (Millions of yen)	1Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Jun. 30, 2020) (Millions of yen)
Net sales	107,051	96,858
Cost of sales	97,599	87,734
Gross profit	9,451	9,123
Selling, general and administrative expenses	5,260	4,903
Operating income	4,191	4,219
Non-operating income		
Interest income	456	486
Dividend income	374	511
Foreign exchange gains	199	—
Share of profit of entities accounted for using equity method	431	106
Other	413	233
Total non-operating income	1,875	1,338
Non-operating expenses		
Interest expenses	40	52
Foreign exchange losses	—	990
Other	30	138
Total non-operating expenses	70	1,180
Ordinary income	5,996	4,377
Extraordinary income		
Gain on sales of non-current assets	0	6
Total extraordinary income	0	6
Extraordinary loss		
Provision for loss on Ichthys LNG Project	59,400	—
Other	215	6
Total extraordinary loss	59,616	6
Profit (Loss) before income taxes	(53,619)	4,377
Income taxes	1,559	2,974
Profit (Loss)	(55,178)	1,403
Loss attributable to non-controlling interests	(4)	(9)
Profit (Loss) attributable to owners of the parent	(55,173)	1,412

Consolidated Statements of Comprehensive Income

	1Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Jun. 30, 2021)	1Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Jun. 30, 2020)
	(Millions of yen)	(Millions of yen)
Profit (Loss)	(55,178)	1,403
Other comprehensive income		
Valuation difference on available-for-sale securities	(364)	1,450
Deferred gains or losses on hedges	(454)	690
Foreign currency translation adjustment	805	7,210
Remeasurements of defined benefit plans	(45)	68
Share of other comprehensive income of entities accounted for using equity method	223	(108)
Total other comprehensive income	164	9,310
Comprehensive income	(55,014)	10,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(55,009)	10,723
Comprehensive income attributable to non-controlling interests	(4)	(9)

Segment Information

【 Information by business segment 】

1Q of Fiscal year ended March 31, 2021 (April 1, 2020 - June 30, 2020)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	86,181	10,342	96,523	335	96,858	—	96,858
Inter-segment	4	1	6	461	468	(468)	—
Total	86,186	10,343	96,529	797	97,327	(468)	96,858
Segment profit (loss)	2,850	1,542	4,392	(213)	4,179	40	4,219

*1: "Others" includes Specialized Consulting Services, Office Support Services Business, and Oil and Gas Production Sales Business.

*2: Segment profit (loss) is adjusted to eliminate transactions between segments.

*3: Segment profit (loss) is adjusted with the operating income figure from the Consolidated Statements of Income.

1Q of Fiscal year ended March 31, 2022 (April 1, 2021 - June 30, 2021)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	95,511	11,172	106,684	367	107,051	—	107,051
Inter-segment	8	—	8	451	459	(459)	—
Total	95,520	11,172	106,692	818	107,510	(459)	107,051
Segment profit (loss)	2,278	2,168	4,447	(59)	4,388	(196)	4,191

*1: "Others" includes Specialized Consulting Services, Office Support Services Business, Water Business, and Oil and Gas Production Sales Business.

*2: Segment profit (loss) is adjusted to eliminate transactions between segments.

*3: Segment profit (loss) is adjusted with the operating income figure from the Consolidated Statements of Income.

【 Changes in business segment 】

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the first quarter of the current fiscal year. The method of calculating profit or loss of business segments has been altered due to a change in the accounting method for revenue recognition.

As a result of this change, compared to the previous method, "Total Engineering Business" net sales for the first quarter of the current fiscal year increased by ¥2,836 million and segment profit increased by ¥527 million. "Functional Materials Manufacturing Business" net sales decreased by ¥295 million and "Other Businesses" net sales decreased by ¥13 million.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2021	June 30, 2021		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,240,383	41,987	95,511	1,166,046
Domestic	Energy Transition				
	Oil and gas	8,342	11,567	5,174	13,706
	LNG	28	59	11	75
	Chemical	2,904	13,051	2,401	13,318
	Clean energy	139,698	5,218	6,414	137,781
	Others	26,118	1,347	2,670	24,679
	Subtotal	177,091	31,244	16,672	189,563
	Healthcare & Life sciences	13,828	5,112	5,121	12,964
	Industrial & Urban infrastructure	976	892	780	1,087
	Others	13	28	41	—
Domestic Subtotal	191,911	37,278	22,617	203,614	
Overseas	Energy Transition				
	Oil and gas	512,511	1,330	18,386	472,314
	LNG	509,820	565	48,721	466,290
	Chemical	24,133	693	4,883	20,557
	Clean energy	527	11	68	498
	Others	243	56	54	253
	Subtotal	1,047,236	2,657	72,115	959,914
	Healthcare & Life sciences	786	29	358	459
	Industrial & Urban infrastructure	448	2,009	410	2,056
	Others	—	11	10	1
Overseas Subtotal	1,048,471	4,708	72,894	962,432	
Functional Materials Manufacturing Business		—	—	11,172	—
Other Businesses		821	2,380	367	2,824
Grand Total		1,241,204	44,367	107,051	1,168,870

*1: The classification and the calculation method for outstanding contracts have been changed from this quarter.

*2: The figure for outstanding contracts for "Total Engineering Business" at the end of the first quarter of the current fiscal year includes a downward adjustment of ¥27,519 million due to "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), applied from the beginning of the first quarter of the current fiscal year and others, as well as adjustments due to foreign currency translation, amendments and changes in contract amounts and others that add up to ¥6,708 million in the first quarter of the current fiscal year.

*3: The figure for outstanding contracts for "Other Businesses" at the end of the first quarter of the current fiscal year includes a downward adjustment of ¥10 million due to foreign currency translation, amendments and changes in contract amounts and others during the first quarter of the current fiscal year.