

[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.)

November 11, 2021

Summary-Consolidated Second 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**

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for 2Q of Fiscal year ended March 31, 2022 (April 1, 2021 - September 30, 2021)

(1) Consolidated financial results

Note: Percentage indicates changes from the previous term.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2Q of Fiscal year ended March 31, 2022	217,908	9.3	10,386	(9.8)	12,607	5.7	(48,443)	—
2Q of Fiscal year ended March 31, 2021	199,400	(8.7)	11,508	59.8	11,928	15.1	3,973	(11.2)

Note: Comprehensive income (millions of yen): 2Q of Fiscal year ended March 31, 2022: (50,293) (—%) 2Q of Fiscal year ended March 31, 2021: 15,119 (—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q of Fiscal year ended March 31, 2022	(191.85)	—
2Q of Fiscal year ended March 31, 2021	15.75	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2021	651,050	364,694	55.9
As of March 31, 2021	702,529	417,616	59.4

Reference: Equity (millions of yen): As of September 30, 2021: 364,238 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 profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	470,000	8.3	20,000	(12.6)	24,000	(5.9)	(42,000)	—

	Earnings per share
	(Yen)
Full Year	(166.34)

Note: Revision to the latest forecast announcement: Yes

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 September 30, 2021:	259,336,682	As of March 31, 2021:	259,214,827
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(b) Number of treasury stock at term-end:

As of September 30, 2021:	6,749,486	As of March 31, 2021:	6,749,173
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(c) Average number of shares outstanding during this period:

2Q of Fiscal year ended March 31, 2022:	252,500,376	2Q of Fiscal year ended March 31, 2021:	252,391,813
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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: 113.00 yen/US\$ 1.00

Consolidated Balance Sheet

	As of September 30, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	259,127	268,281
Notes receivable, accounts receivable from completed construction contracts and other	—	143,064
Notes receivable, trade receivables, contract assets and other	137,942	—
Costs on construction contracts in progress	20,706	20,848
Merchandise and finished goods	6,728	5,592
Work in process	3,965	2,651
Raw materials and supplies	4,042	3,874
Accounts receivable - other	58,374	97,097
Other	5,680	7,124
Allowance for doubtful accounts	(140)	(176)
Total current assets	496,427	548,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	62,269	61,504
Machinery, vehicles, tools, furniture and fixtures	61,172	60,190
Land	18,595	18,552
Leased assets	1,062	1,056
Construction in progress	18,318	17,835
Other	4,592	4,259
Accumulated depreciation	(98,934)	(96,744)
Total property, plant and equipment	67,076	66,654
Intangible assets		
Software	5,335	4,830
Other	2,098	2,036
Total intangible assets	7,433	6,867
Investments and other assets		
Investment securities	53,009	54,199
Long-term loans receivable	8,290	7,952
Retirement benefit asset	807	859
Deferred tax assets	15,675	15,532
Other	15,678	15,034
Allowance for doubtful accounts	(13,349)	(12,929)
Total investments and other assets	80,112	80,648
Total non-current assets	154,622	154,170
Total assets	651,050	702,529

	As of September 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	49,613	41,777
Short-term borrowings	1,062	224
Current portion of long-term borrowings	7,911	364
Income taxes payable	5,129	1,263
Contract liabilities	101,395	—
Advances received on construction contracts in progress	—	100,707
Provision for bonuses	4,653	6,385
Provision for bonuses for directors (and other officers)	89	61
Provision for loss on construction contracts	975	3,590
Provision for warranties for completed construction	1,226	1,317
Other	32,798	41,362
Total current liabilities	204,855	197,055
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	10,705	16,783
Retirement benefit liability	15,408	15,325
Provision for retirement benefits for directors (and other officers)	190	219
Deferred tax liabilities	829	1,049
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,352	3,463
Total non-current liabilities	81,500	87,857
Total liabilities	286,356	284,912
NET ASSETS		
Shareholders' equity		
Share capital	23,672	23,611
Capital surplus	25,770	25,709
Retained earnings	329,241	380,402
Treasury shares	(6,740)	(6,739)
Total shareholders' equity	371,944	422,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,263	5,571
Deferred gains or losses on hedges	(380)	248
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	(1,216)	(358)
Remeasurements of defined benefit plans	(481)	(432)
Total accumulated other comprehensive income	(7,706)	(5,862)
Non-controlling interests	455	495
Total net assets	364,694	417,616
Total liabilities and net assets	651,050	702,529

Consolidated Statement of Income

	2Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)	2Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)
	(Millions of yen)	(Millions of yen)
Net sales	217,908	199,400
Cost of sales	197,068	177,807
Gross profit	20,839	21,592
Selling, general and administrative expenses	10,453	10,084
Operating profit	10,386	11,508
Non-operating income		
Interest income	647	773
Dividend income	535	677
Share of profit of entities accounted for using equity method	888	248
Other	644	428
Total non-operating income	2,716	2,127
Non-operating expenses		
Interest expenses	95	98
Foreign exchange losses	346	1,400
Other	53	208
Total non-operating expenses	495	1,707
Ordinary profit	12,607	11,928
Extraordinary income		
Gain on sale of non-current assets	1	5
Gain on sale of investment securities	—	25
Gain on liquidation of subsidiaries and associates	24	—
Other	—	2
Total extraordinary income	26	33
Extraordinary losses		
Loss on Ichthys LNG Project	58,015	—
Other	253	239
Total extraordinary losses	58,269	239
Profit (Loss) before income taxes	(45,635)	11,721
Income taxes	2,813	7,730
Profit (Loss)	(48,449)	3,991
Profit (Loss) attributable to non-controlling interests	(6)	17
Profit (Loss) attributable to owners of parent	(48,443)	3,973

Consolidated Statement of Comprehensive Income

	2Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)	2Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)
	(Millions of yen)	(Millions of yen)
Profit (Loss)	(48,449)	3,991
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	1,683
Deferred gains or losses on hedges	(132)	849
Foreign currency translation adjustment	(1,071)	8,552
Remeasurements of defined benefit plans, net of tax	(36)	148
Share of other comprehensive income of entities accounted for using equity method	(276)	(106)
Total other comprehensive income	(1,843)	11,128
Comprehensive income	(50,293)	15,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(50,286)	15,102
Comprehensive income attributable to non-controlling interests	(6)	17

Consolidated Statement of Cash Flows

	2Q of Fiscal year ended March 31, 2022	2Q of Fiscal year ended March 31, 2021
	(Apr. 1, 2021 - Sep. 30, 2021)	(Apr. 1, 2020 - Sep. 30, 2020)
	(Millions of yen)	(Millions of yen)
Cash flows from operating activities		
Profit (Loss) before income taxes	(45,635)	11,721
Depreciation	3,123	3,021
Increase (decrease) in allowance for doubtful accounts	(89)	(206)
Interest and dividend income	(1,183)	(1,450)
Foreign exchange losses (gains)	554	132
Share of loss (profit) of entities accounted for using equity method	(888)	(248)
Decrease (increase) in notes receivable, trade receivables, contract assets and other	6,011	—
Decrease (increase) in notes and accounts receivable - trade	—	17,620
Decrease (increase) in inventories	(2,364)	(12,396)
Increase (decrease) in notes and accounts payable - trade	8,384	(22,771)
Increase (decrease) in retirement benefit liability	(32)	(195)
Increase (decrease) in provision for loss on construction contracts	(2,656)	(4,824)
Decrease (increase) in accounts receivable - other	37,178	7,604
Increase (decrease) in accounts payable - other	(9,489)	(1,774)
Increase (decrease) in contract liabilities	433	—
Increase (decrease) in advances received on construction contracts in progress	—	(10,705)
Other, net	724	(137)
Subtotal	(5,929)	(14,609)
Interest and dividends received	2,373	1,793
Interest paid	(95)	(93)
Income taxes paid	(1,151)	(4,644)
Cash flows from operating activities	(4,803)	(17,553)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,597)	(3,436)
Purchase of investment securities	(1,026)	(2)
Proceeds from sale of investment securities	323	53
Purchase of intangible assets	(1,367)	(181)
Other, net	705	192
Cash flows from investing activities	(3,963)	(3,375)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,518	0
Proceeds from issuance of bonds	—	20,000
Dividends paid	(3,029)	(3,028)
Net increase (decrease) in short-term borrowings	827	23
Other, net	(217)	(54)
Cash flows from financing activities	(901)	16,940

	2Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021) (Millions of yen)	2Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020) (Millions of yen)
Effect of exchange rate change on cash and cash equivalents	514	(5)
Net increase (decrease) in cash and cash equivalents	(9,153)	(3,993)
Cash and cash equivalents at beginning of period	268,281	261,898
Cash and cash equivalents at end of period	259,127	257,904

Segment Information

【 Information by business segment 】

2Q of Fiscal year ended March 31, 2021 (April 1, 2020 - September 30, 2020)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
External customers	178,445	20,146	198,591	808	199,400	—	199,400
Inter-segment	10	1	12	944	957	(957)	—
Total	178,455	20,148	198,604	1,753	200,357	(957)	199,400
Segment profit (loss)	9,103	2,721	11,824	(357)	11,466	42	11,508

*1: "Others" includes Specialized Consulting Services Business, 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 profit figure from the Consolidated Statement of Income.

2Q of Fiscal year ended March 31, 2022 (April 1, 2021 - September 30, 2021)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
External customers	195,638	21,432	217,070	837	217,908	—	217,908
Inter-segment	13	—	13	919	933	(933)	—
Total	195,652	21,432	217,084	1,757	218,841	(933)	217,908
Segment profit (loss)	7,140	3,780	10,920	(117)	10,803	(417)	10,386

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

*2: Segment profit (loss) is adjusted to corporate expenses not allocated to each segment and eliminate transactions between segments.

*3: Segment profit (loss) is adjusted with the operating profit figure from the Consolidated Statement 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 second quarter of the current fiscal year increased by ¥9,255 million and segment profit increased by ¥1,044 million. "Functional Materials Manufacturing Business" net sales decreased by ¥766 million and "Other Businesses" net sales decreased by ¥26 million.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2021	September 30, 2021		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,240,383	120,636	195,638	1,125,471
Domestic	Energy Transition				
	Oil and gas	8,342	13,576	14,578	6,312
	LNG	28	80	46	62
	Chemical	2,904	26,819	5,944	23,544
	Clean energy	139,698	9,592	20,696	127,873
	Others	26,118	1,176	4,859	22,319
	Subtotal	177,091	51,245	46,124	180,112
	Healthcare & Life sciences	13,828	54,887	9,123	58,738
	Industrial & Urban infrastructure	976	1,492	1,233	1,234
	Others	13	37	51	—
Domestic Subtotal		191,911	107,663	56,532	240,085
Overseas	Energy Transition				
	Oil and gas	512,511	1,935	36,911	458,298
	LNG	509,820	7,882	91,521	407,994
	Chemical	24,133	667	9,182	16,042
	Clean energy	527	41	64	538
	Others	243	337	113	476
	Subtotal	1,047,236	10,864	137,792	883,350
	Healthcare & Life sciences	786	27	377	438
	Industrial & Urban infrastructure	448	2,059	914	1,597
	Others	—	21	21	—
Overseas Subtotal		1,048,471	12,972	139,105	885,386
Functional Materials Manufacturing Business		—	—	21,432	—
Other Businesses		821	3,278	837	3,246
Grand Total		1,241,204	123,914	217,908	1,128,718

*1: The classification and the calculation method for outstanding contracts have been changed from the first quarter of the current fiscal year.

*2: The figure for outstanding contracts for "Total Engineering Business" at the end of the second 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 downward adjustments due to foreign currency translation, amendments and changes in contract amounts and others that add up to ¥12,389 million in the second quarter of the current fiscal year.

*3: The figure for outstanding contracts for "Other Businesses" at the end of the second quarter of the current fiscal year includes a downward adjustment of ¥15 million due to foreign currency translation, amendments and changes in contract amounts and others in the second quarter of the current fiscal year.