

[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.)

February 10, 2022

Summary-Consolidated Third Quarter Financial Statements

(For the fiscal year ended March 31, 2022)

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

Stock exchange: **Tokyo**

Code number: **1963**

Representative

Tel: **045-682-1111**

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

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

Name: **Masayuki Sato**

Contact

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

Name: **Shinichi Taguchi**

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

1. Consolidated Financial Results for 3Q of Fiscal year ended March 31, 2022 (April 1, 2021 - December 31, 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)	(%)
3Q of Fiscal year ended March 31, 2022	319,442	4.8	15,332	(11.5)	19,870	7.3	(44,397)	—
3Q of Fiscal year ended March 31, 2021	304,928	(10.9)	17,317	28.7	18,520	0.8	6,995	46.2

Note: Comprehensive income (millions of yen): 3Q of Fiscal year ended March 31, 2022: (44,166) (—%) 3Q of Fiscal year ended March 31, 2021: 21,395 (872.5%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q of Fiscal year ended March 31, 2022	(175.81)	—
3Q of Fiscal year ended March 31, 2021	27.72	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2021	645,890	370,820	57.3
As of March 31, 2021	702,529	417,616	59.4

Reference: Equity (millions of yen): As of December 31, 2021: 370,370 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: 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 December 31, 2021:	259,336,682	As of March 31, 2021:	259,214,827
(b) Number of treasury stock at term-end:			
As of December 31, 2021:	6,750,058	As of March 31, 2021:	6,749,173
(c) Average number of shares outstanding during this period:			
3Q of Fiscal year ended March 31, 2022:	252,526,276	3Q of Fiscal year ended March 31, 2021:	252,414,045

(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: 115.00 yen/US\$ 1.00

Consolidated Balance Sheet

	As of December 31, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	250,415	268,281
Notes receivable, accounts receivable from completed construction contracts and other	—	143,064
Notes receivable, trade receivables, contract assets and other	132,877	—
Costs on construction contracts in progress	23,515	20,848
Merchandise and finished goods	6,813	5,592
Work in process	4,679	2,651
Raw materials and supplies	3,620	3,874
Accounts receivable - other	59,732	97,097
Other	5,978	7,124
Allowance for doubtful accounts	(137)	(176)
Total current assets	487,494	548,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	62,417	61,504
Machinery, vehicles, tools, furniture and fixtures	61,777	60,190
Land	18,606	18,552
Leased assets	1,059	1,056
Construction in progress	19,824	17,835
Other	4,660	4,259
Accumulated depreciation	(99,781)	(96,744)
Total property, plant and equipment	68,563	66,654
Intangible assets		
Software	6,343	4,830
Other	2,417	2,036
Total intangible assets	8,760	6,867
Investments and other assets		
Investment securities	53,516	54,199
Long-term loans receivable	8,301	7,952
Retirement benefit asset	773	859
Deferred tax assets	15,363	15,532
Other	16,523	15,034
Allowance for doubtful accounts	(13,408)	(12,929)
Total investments and other assets	81,071	80,648
Total non-current assets	158,396	154,170
Total assets	645,890	702,529

	As of December 31, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	56,209	41,777
Short-term borrowings	1,564	224
Current portion of bonds payable	30,000	—
Current portion of long-term borrowings	8,267	364
Income taxes payable	5,978	1,263
Contract liabilities	83,364	—
Advances received on construction contracts in progress	—	100,707
Provision for bonuses	2,647	6,385
Provision for bonuses for directors (and other officers)	134	61
Provision for loss on construction contracts	713	3,590
Provision for warranties for completed construction	1,164	1,317
Other	32,512	41,362
Total current liabilities	222,556	197,055
Non-current liabilities		
Bonds payable	20,000	50,000
Long-term borrowings	11,086	16,783
Retirement benefit liability	15,497	15,325
Provision for retirement benefits for directors (and other officers)	200	219
Deferred tax liabilities	925	1,049
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,788	3,463
Total non-current liabilities	52,513	87,857
Total liabilities	275,069	284,912
NET ASSETS		
Shareholders' equity		
Share capital	23,672	23,611
Capital surplus	25,770	25,709
Retained earnings	333,287	380,402
Treasury shares	(6,740)	(6,739)
Total shareholders' equity	375,990	422,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,031	5,571
Deferred gains or losses on hedges	956	248
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	(226)	(358)
Remeasurements of defined benefit plans	(490)	(432)
Total accumulated other comprehensive income	(5,619)	(5,862)
Non-controlling interests	450	495
Total net assets	370,820	417,616
Total liabilities and net assets	645,890	702,529

Consolidated Statement of Income

	3Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Dec. 31, 2021)	3Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Dec. 31, 2020)
	(Millions of yen)	(Millions of yen)
Net sales	319,442	304,928
Cost of sales	288,327	272,222
Gross profit	31,114	32,705
Selling, general and administrative expenses	15,782	15,388
Operating profit	15,332	17,317
Non-operating income		
Interest income	816	999
Dividend income	1,135	1,393
Foreign exchange gains	149	—
Share of profit of entities accounted for using equity method	1,850	935
Other	800	509
Total non-operating income	4,752	3,837
Non-operating expenses		
Interest expenses	135	138
Foreign exchange losses	—	2,281
Other	78	214
Total non-operating expenses	214	2,634
Ordinary profit	19,870	18,520
Extraordinary income		
Gain on sale of investment securities	—	1,849
Gain on liquidation of subsidiaries and associates	177	—
Other	0	12
Total extraordinary income	178	1,862
Extraordinary losses		
Loss on retirement of non-current assets	175	86
Loss on valuation of investment securities	173	175
Loss on Ichthys LNG Project	58,065	—
Other	70	66
Total extraordinary losses	58,485	328
Profit (Loss) before income taxes	(38,435)	20,054
Income taxes	5,973	13,045
Profit (Loss)	(44,409)	7,009
Profit (Loss) attributable to non-controlling interests	(12)	13
Profit (Loss) attributable to owners of parent	(44,397)	6,995

Consolidated Statement of Comprehensive Income

	3Q of Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Dec. 31, 2021)	3Q of Fiscal year ended March 31, 2021 (Apr. 1, 2020 - Dec. 31, 2020)
	(Millions of yen)	(Millions of yen)
Profit (Loss)	(44,409)	7,009
Other comprehensive income		
Valuation difference on available-for-sale securities	(571)	1,755
Deferred gains or losses on hedges	566	922
Foreign currency translation adjustment	(161)	11,558
Remeasurements of defined benefit plans, net of tax	(40)	229
Share of other comprehensive income of entities accounted for using equity method	450	(78)
Total other comprehensive income	242	14,386
Comprehensive income	(44,166)	21,395
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(44,154)	21,382
Comprehensive income attributable to non-controlling interests	(12)	13

Segment Information

【 Information by business segment 】

3Q of Fiscal year ended March 31, 2021 (April 1, 2020 - December 31, 2020)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
External customers	273,985	29,747	303,733	1,195	304,928	—	304,928
Inter-segment	17	1	19	1,557	1,577	(1,577)	—
Total	274,002	29,749	303,752	2,753	306,505	(1,577)	304,928
Segment profit (loss)	13,621	4,159	17,781	(515)	17,265	51	17,317

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

*2: "Adjustment" to segment profit (loss) includes elimination of transactions between segments.

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

3Q of Fiscal year ended March 31, 2022 (April 1, 2021 - December 31, 2021)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
External customers	285,319	32,824	318,143	1,298	319,442	—	319,442
Inter-segment	21	—	21	1,441	1,463	(1,463)	—
Total	285,341	32,824	318,165	2,739	320,905	(1,463)	319,442
Segment profit (loss)	10,428	5,708	16,137	(166)	15,970	(638)	15,332

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

*2: "Adjustment" to segment profit (loss) includes corporate expenses not allocated to each segment and elimination of 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 third quarter of the current fiscal year increased by ¥8,888 million and segment profit increased by ¥595 million. "Functional Materials Manufacturing Business" net sales decreased by ¥1,320 million and "Other Businesses" net sales decreased by ¥44 million.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2021	December 31, 2021		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,240,383	157,012	285,319	1,093,383
Domestic	Energy Transition				
	Oil and gas	8,342	17,612	19,651	5,274
	LNG	28	91	59	60
	Chemical	2,904	32,669	10,347	24,991
	Clean energy	139,698	16,758	27,127	128,608
	Others	26,118	1,387	7,195	20,192
	Subtotal	177,091	68,517	64,380	179,127
	Healthcare & Life sciences	13,828	61,560	12,028	62,505
	Industrial & Urban infrastructure	976	1,494	1,768	700
	Others	13	46	60	—
	Domestic Subtotal	191,911	131,618	78,238	242,332
Overseas	Energy Transition				
	Oil and gas	512,511	2,785	62,150	443,538
	LNG	509,820	16,345	129,278	390,262
	Chemical	24,133	820	13,199	12,261
	Clean energy	527	192	32	728
	Others	243	823	249	824
	Subtotal	1,047,236	20,966	204,909	847,615
	Healthcare & Life sciences	786	280	597	268
	Industrial & Urban infrastructure	448	4,118	1,546	3,167
	Others	—	27	27	—
	Overseas Subtotal	1,048,471	25,393	207,081	851,050
Functional Materials Manufacturing Business		—	—	32,824	—
Other Businesses		821	4,282	1,298	3,780
Grand Total		1,241,204	161,295	319,442	1,097,164

*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 third 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 upward adjustments due to foreign currency translation, amendments and changes in contract amounts and others that add up to ¥8,827 million in the third quarter of the current fiscal year.

*3: The figure for outstanding contracts for "Other Businesses" at the end of the third quarter of the current fiscal year includes a downward adjustment of ¥24 million due to foreign currency translation, amendments and changes in contract amounts and others in the third quarter of the current fiscal year.