

July 30, 2021

JGC Holdings Corporation

**Posting of Extraordinary Loss and Revisions to Forecast for Fiscal Year 2021**

**Q&A at Online Briefing (held on July 30, 2021)**

\*This is based on information as of the data that the online briefing was held (July 30, 2021).

Question	Answer
Can you please explain the factors causing the posting of a loss?	We have made a comprehensive assessment of remaining risks posed by the individual matters in contention and economic rationality based on the future cash flow, and are continuing negotiations. While we have posted a one-off charges this time, we would like it to be understood that we intend to eliminate uncertainties in future management by de-risking potential losses as much as possible.
Please tell us about the impact on balance sheets related to the posting of this extraordinary loss and the accounting treatment method.	We have just realized this extraordinary loss for the first quarter of FY2021, and have been still working with the auditors for finalizing financial statements. We will provide details on the accounting treatment, including the impact on balance sheets, at the briefing on the first quarter financial results planned for August 10.
I understand that the Company is currently engaged in two arbitrations related to the Ichthys LNG project, one related to the settlement of costs with the client and the other related to costs for a subcontractor that abandoned the construction work on the combined cycle power plant. Do the extraordinary losses include both of these? Can you explain the breakdown?	It would affect negotiations and arbitration, so I am not able to disclose which is covered by the loss nor the breakdown, but the extraordinary loss is equivalent to reserves for approximately 100 billion yen in unrecoverable costs owed by the client and subcontractor together, as we have previously explained.

<p>Was there any cash outflow resulting from the posting of this extraordinary loss?</p>	<p>We do not expect any cash outflow in this fiscal year due to the extraordinary loss posted this time. Although future cash flow related to the disputes over the Ichthys LNG Project will decrease, future net cash flow from the client and subcontractor together remains positive. The impact on the Company's business will remain modest, in terms of current liquidity conditions. There are also no changes to the strategic investment policy under BSP2025.</p>
<p>Why did the Company decide to post an extraordinary loss at this time, even though negotiations and arbitration are ongoing?</p>	<p>Since progress was made in negotiations with clients since July, we had to reflect this loss in the first quarter financial results. At this point, all charges that have to be anticipated have been recognized.</p>