

[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 10, 2022

Summary-Consolidated Second Quarter Financial Statements

(For the fiscal year ended March 31, 2023)

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, 2023 (April 1, 2022 - September 30, 2022)

(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, 2023	267,209	22.6	18,981	82.8	30,481	141.8	20,738	—
2Q of Fiscal year ended March 31, 2022	217,908	9.3	10,386	(9.8)	12,607	5.7	(48,443)	—

Note: Comprehensive income (millions of yen) 2Q of Fiscal year ended March 31, 2023: 25,301 (—%) 2Q of Fiscal year ended March 31, 2022: (50,293) (—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q of Fiscal year ended March 31, 2023	82.10	—
2Q of Fiscal year ended March 31, 2022	(191.85)	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2022	758,266	409,252	53.9
As of March 31, 2022	694,274	387,662	55.8

Reference: Equity (millions of yen): As of September 30, 2022: 408,783 As of March 31, 2022: 387,145

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Fiscal year ended March 31, 2022	—	—	—	15.00	15.00
Fiscal year ended March 31, 2023	—	—	—	—	—
Fiscal year ended March 31, 2023 (Forecasts)	—	—	—	36.00	36.00

Note: Revision to the latest forecast announcement: Yes

3. Earnings forecasts for Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

Note: Percentage indicates changes from the previous term.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full Year	630,000	47.1	34,000	64.3	46,000	53.2	30,000	—	118.76

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 shares):

As of September 30, 2022:	259,409,926	As of March 31, 2022:	259,336,682
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(b) Number of treasury shares at term-end:

As of September 30, 2022:	6,750,365	As of March 31, 2022:	6,750,140
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(c) Average number of shares outstanding during this period:

2Q of Fiscal year ended March 31, 2023:	252,607,335	2Q of Fiscal year ended March 31, 2022:	252,500,376
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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: 140.00 yen/US\$ 1.00

Consolidated Balance Sheet

	As of March 31, 2022	As of September 30, 2022
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	288,159	371,782
Notes receivable, trade receivables, contract assets and other	141,222	132,790
Costs on construction contracts in progress	23,804	29,113
Merchandise and finished goods	6,659	6,453
Work in process	2,970	4,810
Raw materials and supplies	3,596	4,728
Accounts receivable - other	64,423	35,106
Other	6,069	7,345
Allowance for doubtful accounts	(3,562)	(4,243)
Total current assets	533,343	587,887
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,181	76,916
Machinery, vehicles, tools, furniture and fixtures	71,133	74,187
Land	18,617	18,677
Leased assets	1,079	1,091
Construction in progress	803	1,721
Other	4,795	—
Accumulated depreciation	(101,075)	(99,093)
Total property, plant and equipment	69,534	73,500
Intangible assets		
Software	7,228	8,246
Other	2,447	446
Total intangible assets	9,676	8,692
Investments and other assets		
Investment securities	55,837	60,524
Long-term loans receivable	8,640	10,703
Retirement benefit asset	1,506	1,531
Deferred tax assets	13,557	14,661
Other	16,002	16,586
Allowance for doubtful accounts	(13,824)	(15,820)
Total investments and other assets	81,720	88,186
Total non-current assets	160,930	170,379
Total assets	694,274	758,266

	As of March 31, 2022	As of September 30, 2022
	(Millions of yen)	(Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	63,258	76,037
Short-term borrowings	2,167	2,687
Current portion of bonds payable	30,000	40,000
Current portion of long-term borrowing	8,660	539
Income taxes payable	5,244	5,890
Contract liabilities	109,756	133,314
Provision for bonuses	6,880	8,073
Provision for bonuses for directors (and other officers)	274	151
Provision for loss on construction contracts	384	788
Provision for warranties for completed construction	1,074	1,039
Other	26,135	33,287
Total current liabilities	253,836	301,811
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	11,496	15,892
Retirement benefit liability	15,884	16,048
Provision for retirement benefits for directors (and other officers)	210	213
Deferred tax liabilities	1,089	1,243
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,080	2,790
Total non-current liabilities	52,775	47,203
Total liabilities	306,612	349,014
NET ASSETS		
Shareholders' equity		
Share capital	23,672	23,733
Capital surplus	25,770	25,831
Retained earnings	342,198	359,148
Treasury shares	(6,740)	(6,741)
Total shareholders' equity	384,901	401,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,311	6,362
Deferred gains or losses on hedges	3,786	3,837
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	3,462	7,989
Remeasurements of defined benefit plans	(424)	(485)
Total accumulated other comprehensive income	2,244	6,811
Non-controlling interests	517	469
Total net assets	387,662	409,252
Total liabilities and net assets	694,274	758,266

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, 2023 (Apr. 1, 2022 - Sep. 30, 2022)
	(Millions of yen)	(Millions of yen)
Net sales	217,908	267,209
Cost of sales	197,068	235,118
Gross profit	20,839	32,090
Selling, general and administrative expenses	10,453	13,109
Operating profit	10,386	18,981
Non-operating income		
Interest income	647	1,895
Dividend income	535	1,454
Foreign exchange gains	—	7,813
Share of profit of entities accounted for using equity method	888	819
Other	644	134
Total non-operating income	2,716	12,116
Non-operating expenses		
Interest expenses	95	556
Foreign exchange losses	346	—
Other	53	60
Total non-operating expenses	495	616
Ordinary profit	12,607	30,481
Extraordinary income		
Gain on change in equity	—	1,222
Gain on sale of receivables	—	2,079
Other	26	3
Total extraordinary income	26	3,305
Extraordinary losses		
Loss on sale of non-current assets	—	79
Loss on valuation of investment securities	173	923
Loss on Ichthys LNG Project	58,015	—
Other	80	116
Total extraordinary losses	58,269	1,119
Profit (Loss) before income taxes	(45,635)	32,667
Income taxes	2,813	11,959
Profit (Loss)	(48,449)	20,707
Loss attributable to non-controlling interests	(6)	(31)
Profit (Loss) attributable to owners of parent	(48,443)	20,738

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, 2023 (Apr. 1, 2022 - Sep. 30, 2022)
	(Millions of yen)	(Millions of yen)
Profit (Loss)	(48,449)	20,707
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	(819)
Deferred gains or losses on hedges	(132)	(1,206)
Foreign currency translation adjustment	(1,071)	2,859
Remeasurements of defined benefit plans, net of tax	(36)	(47)
Share of other comprehensive income of entities accounted for using equity method	(276)	3,806
Total other comprehensive income	(1,843)	4,593
Comprehensive income	(50,293)	25,301
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(50,286)	25,306
Comprehensive income attributable to non-controlling interests	(6)	(5)

Consolidated Statement of Cash Flows

	2Q of Fiscal year ended March 31, 2022	2Q of Fiscal year ended March 31, 2023
	(Apr. 1, 2021 - Sep. 30, 2021)	(Apr. 1, 2022 - Sep. 30, 2022)
	(Millions of yen)	(Millions of yen)
Cash flows from operating activities		
Profit (Loss) before income taxes	(45,635)	32,667
Depreciation	3,123	3,615
Increase (decrease) in allowance for doubtful accounts	(89)	1,751
Interest and dividend income	(1,183)	(3,349)
Interest expenses	95	556
Foreign exchange losses (gains)	554	(9,519)
Share of loss (profit) of entities accounted for using equity method	(888)	(819)
Decrease (increase) in notes receivable, trade receivables, contract assets and other	6,011	11,164
Decrease (increase) in inventories	(2,364)	(6,887)
Increase (decrease) in notes and accounts payable - trade	8,384	11,651
Increase (decrease) in retirement benefit liability	(32)	(170)
Increase (decrease) in provision for loss on construction contracts	(2,656)	336
Loss (gain) on valuation of investment securities	173	923
Loss (gain) on change in equity	—	(1,222)
Increase (decrease) in contract liabilities	433	22,407
Decrease (increase) in accounts receivable - other	37,178	30,232
Increase (decrease) in accounts payable - other	(9,489)	3,412
Gain on sale of receivables	—	(2,079)
Other, net	454	657
Subtotal	(5,929)	95,328
Interest and dividends received	2,373	3,130
Interest paid	(95)	(448)
Proceeds from sale of receivables	—	2,079
Income taxes paid	(1,151)	(11,169)
Cash flows from operating activities	(4,803)	88,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,597)	(2,655)
Purchase of investment securities	(1,026)	(1,875)
Proceeds from sale of investment securities	323	—
Purchase of intangible assets	(1,367)	(2,062)
Proceeds from sale of intangible assets	—	1,680
Other, net	705	(62)
Cash flows from investing activities	(3,963)	(4,976)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,518	1,810
Repayments of long-term borrowings	(163)	(8,841)
Dividends paid	(3,029)	(3,787)
Other, net	773	238
Cash flows from financing activities	(901)	(10,580)

	2Q of Fiscal year ended March 31, 2022	2Q of Fiscal year ended March 31, 2023
	(Apr. 1, 2021 - Sep. 30, 2021)	(Apr. 1, 2022 - Sep. 30, 2022)
	(Millions of yen)	(Millions of yen)
Effect of exchange rate change on cash and cash equivalents	514	10,234
Net increase (decrease) in cash and cash equivalents	(9,153)	83,596
Cash and cash equivalents at beginning of period	268,281	288,009
Cash and cash equivalents at end of period	259,127	371,605

Segment Information

【 Information by business segment 】

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)	9,191	3,780	12,971	(117)	12,854	(2,468)	10,386

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

*2: Adjustments to segment profit (loss) include corporate expenses not allocated to individual segments and the elimination of 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, 2023 (April 1, 2022 - September 30, 2022)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
External customers	241,825	23,482	265,307	1,901	267,209	—	267,209
Inter-segment	9	—	9	1,173	1,182	(1,182)	—
Total	241,834	23,482	265,316	3,075	268,392	(1,182)	267,209
Segment profit	17,348	3,892	21,240	330	21,571	(2,589)	18,981

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

*2: Adjustments to segment profit include corporate expenses not allocated to individual segments and the elimination of transactions between segments.

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

【 Changes in business segment 】

The group administrative expenses of JGC Holdings Corporation, which were previously allocated to individual segments, are included in "Adjustment" as a corporate expense not allocated to individual segments due to a change in the method of performance management from the first quarter of the current fiscal year.

The segment information for the second quarter of the previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2022	September 30, 2022		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,207,832	463,460	241,825	1,592,513
Domestic	Energy Transition				
	Oil and gas	4,708	10,825	5,128	10,406
	LNG	37	12	12	—
	Chemical	32,971	11,391	14,238	30,124
	Clean energy	123,710	7,746	15,521	115,681
	Others	15,476	622	7,063	9,030
	Subtotal	176,905	30,598	41,964	165,242
	Healthcare & Life sciences	72,672	14,920	9,689	77,904
	Industrial & Urban infrastructure	62	1,282	322	1,022
	Others	1	491	79	413
Domestic Subtotal	249,642	47,292	52,055	244,582	
Overseas	Energy Transition				
	Oil and gas	509,212	318,682	56,118	880,381
	LNG	417,813	11,597	114,403	363,868
	Chemical	11,957	60,513	10,470	66,638
	Clean energy	8,093	1,450	4,447	5,694
	Others	748	9,034	966	8,517
	Subtotal	947,826	401,279	186,407	1,325,100
	Healthcare & Life sciences	7,928	13,393	1,056	20,961
	Industrial & Urban infrastructure	2,434	1,385	2,195	1,868
	Others	—	110	110	—
Overseas Subtotal	958,190	416,167	189,769	1,347,931	
Functional Materials Manufacturing Business		7,080	24,158	23,482	7,756
Other Businesses		998	4,798	1,901	3,761
Grand Total		1,215,911	492,417	267,209	1,604,031

*1: New contracts for "Functional Materials Manufacturing Business" are contained in the figure for the grand total because the calculation method for new contracts has 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 an upward adjustment of ¥163,045 million due to foreign currency translation, amendments and changes in contract amounts and others 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 ¥134 million due to foreign currency translation, amendments and changes in contract amounts and others in the second quarter of the current fiscal year.