

Translation



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# Outline of Financial Results for Fiscal Year 2022

April 1, 2022 – March 31, 2023



Enhancing planetary health

May 11, 2023

**JGC HOLDINGS CORPORATION**

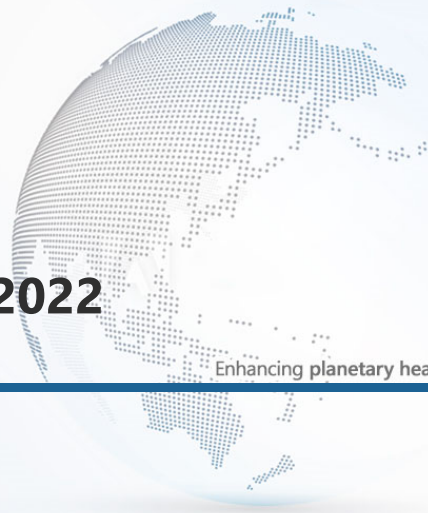
My name is Taguchi, and I am General Manager of the Finance Unit.  
I will be giving you an outline of financial results for the Fiscal Year 2022, ended  
in March 2023.

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- Results for Fiscal Year 2022
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I will begin by explaining the results in fiscal 2022 and our forecasts for fiscal 2023.



# Results for Fiscal Year 2022

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## Highlights

- Net sales and profits exceeded forecasts due to steady progress in major projects.

| [Unit: Billions of Yen] | Forecast | Results      |
|-------------------------|----------|--------------|
| Net sales               | 600.0    | <b>606.8</b> |
| Net profit              | 30.0     | <b>30.6</b>  |

- The strong order intake resulted in a high order backlog, which reached the 1.5 trillion yen level.

| [Unit: Billions of Yen] | FY2021  | FY2022         |
|-------------------------|---------|----------------|
| Backlog                 | 1,207.8 | <b>1,563.4</b> |

- Dividend increased due to decrease in number of shares following share buyback in February.

|                    | Forecast | Plan         |
|--------------------|----------|--------------|
| Dividend per share | ¥36.0    | <b>¥38.0</b> |

I will begin with the highlights of fiscal 2022.

We made steady progress with large projects such as the LNG project in Canada and the oil refinery modernization project in Iraq, and net sales and profit both surpassed forecasts.

New contracts reached high levels, generally in line with plans, and the order backlog totaled 1,563.4 billion yen, ensuring sufficient work volume.

Our dividend payout ratio is 30%, in line with our policy of returning profits to shareholders. In this fiscal period, we completed our acquisition of 20 billion yen in treasury stocks in February, and the number of outstanding shares decreased. As a result, dividends per share will be 2 yen higher than the forecast, at 38 yen.

## Income Statement

[Unit: Billions of Yen]

|   | FY2021    | FY2022         | Difference |      |
|---|-----------|----------------|------------|------|
| <b>Net sales</b>                                    | 428.4     | <b>606.8</b>   | +178.4     | +42% |
| <b>Gross profit</b>                                 | 45.3      | <b>66.7</b>    | +21.3      | +47% |
| <b>Profit ratio</b>                                 | 10.6%     | <b>11.0%</b>   | +0.4pt     |      |
| <b>Operating profit</b>                             | 20.6      | <b>36.6</b>    | +16.0      | +77% |
| <b>Ordinary profit</b>                              | 30.0      | <b>50.5</b>    | +20.5      | +68% |
| <b>Profit/loss attributable to owners of parent</b> | △ 35.5    | <b>30.6</b>    | +66.2      | -    |
| <b>Earnings per share</b>                           | △ ¥140.77 | <b>¥122.28</b> |            |      |
| <b>Return on equity</b>                             | △ 8.8%    | <b>7.8%</b>    |            |      |

We now move to the Income Statement.

Sales and profit both increased significantly over the previous fiscal period.

Net sales were up 42% over the previous fiscal year to 606.8 billion yen, gross profit was up 47% to 66.7 billion yen, and the profit ratio was up 0.4 point to 11%.

Operating profit rose 77% to 36.6 billion yen despite SG&A increased, and ordinary income increased 68% to 50.5 billion yen. Profit attributable to owners of the parent returned to the black and totaled 30.6 billion yen.

The ROE was 7.8%.

## Segment Information

[Unit: Billions of Yen]

|   |                       | FY2021* | FY2022       | Difference |      |
|---|-----------------------|---------|--------------|------------|------|
| <b>Total Engineering</b>                  | <b>Net sales</b>      | 377.9   | <b>551.6</b> | +173.6     | +46% |
|   | <b>Segment profit</b> | 17.1    | <b>33.4</b>  | +16.3      | +95% |
|   | <b>Profit ratio</b>   | 4.5%    | <b>6.1%</b>  | +1.5pt     |      |
| <b>Functional Materials Manufacturing</b> | <b>Net sales</b>      | 44.2    | <b>47.7</b>  | +3.5       | +8%  |
|   | <b>Segment profit</b> | 7.2     | <b>7.1</b>   | △ 0.1      | △ 2% |
|   | <b>Profit ratio</b>   | 16.5%   | <b>15.0%</b> | △ 1.5pt    |      |
| <b>Others</b>                             | <b>Net sales</b>      | 6.1     | <b>7.5</b>   | +1.3       | +21% |
|   | <b>Segment profit</b> | 1.0     | <b>1.7</b>   | +0.7       | +72% |
|   | <b>Profit ratio</b>   | 16.8%   | <b>23.8%</b> | +7.0pt     |      |
| <b>Adjustment</b>                         | <b>Segment profit</b> | △ 4.7   | <b>△ 5.6</b> | △ 0.9      | -    |

\* 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 previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Next, I will explain the segment information.

In the Total Engineering segment, sales and profit were up over the previous fiscal year.

Net sales rose 173.6 billion yen over the previous fiscal year to 551.6 billion yen due to steady progress in line with forecasts on the LNG project in Canada, the oil refinery modernization project in Iraq, and the life science and biomass power generation projects in Japan.

Segment profit rose 16.3 billion yen over the previous year to 33.4 billion yen due to improved profitability benefited from strong execution, as well as the impact of the weak yen.

In the fourth quarter, we posted additional profits from improved profitability on several projects under way steadily near completion.

In the Functional Materials Manufacturing segment, net sales increased slightly to 47.7 billion yen, but profit was nearly flat at 7.1 billion yen.

In addition to the slump in demand related to semiconductor-related equipment and other, the impact of the spike in fuel costs and material costs led to a sharp drop in the profit margin in the fourth quarter.

Results for others are as shown here.

## Segment Information

### Outline of Contracts (Total Engineering)

#### i) New Contracts

[Unit: Billions of Yen]

|                 | FY2021 | FY2022       |
|-----------------|--------|--------------|
| <b>Overseas</b> | 143.0  | <b>696.3</b> |
| <b>Domestic</b> | 166.4  | <b>127.6</b> |
| <b>Total</b>    | 309.4  | <b>823.9</b> |

FY2022  
Major New Contracts

Gas Oil Separation Unit (Saudi Arabia)  
VCM, PVC, and OSBL Expansion (Thailand)  
Nearshore Floating LNG Plant (Malaysia)  
Large-scale Ethylene Plants(The U.S.)

Next, I will explain new contracts in the Total Engineering segment.

New contracts overseas recovered significantly to 696.3 billion yen.

Delays in investment decisions on major projects that are expected in the next fiscal year kept new contracts in Japan down to 127.6 billion yen in Japan.

The total for new contracts in both domestic and overseas were 823.9 billion yen.

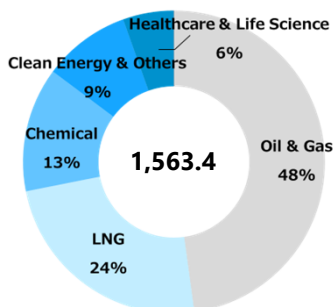
The main new contracts were for a gas–oil separation unit in Saudi Arabia, a chemical project in Thailand, an FLNG project in Malaysia, and a large-scale ethylene plant in the U.S., which was posted in the fourth quarter.

## Segment Information

### ii) Outstanding Contracts (As of March 31, 2023)

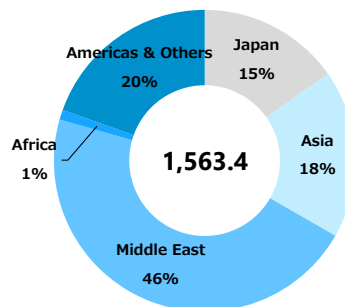
#### By Business Area

[Unit: Billions of Yen]



#### By Region

[Unit: Billions of Yen]



|                                    | Over 100 Billion Yen   | Over 50 Billion Yen  | Over 30 Billion Yen  |
|------------------------------------|--|--|--|
| FY2022 Major Outstanding Contracts | LNG (Canada)<br>Oil Refinery Modernization (Iraq)<br>Gas Oil Separation Unit (Saudi Arabia)<br>Nearshore Floating LNG Plant (Malaysia)<br>Large-scale Ethylene Plants (The U.S.) | Biomass Power Generation (Japan)<br>Dew Point Control Unit (Saudi Arabia)<br>VCM, PVC, and OSBL Expansion (Thailand) | Pharmaceutical Plant (Japan)<br>LNG Terminal Facilities (Taiwan) |

Next is the Outstanding Contracts.

New contracts were high at levels exceeding 800 billion yen, which brought the order backlog at the end of the fiscal year to 1,563.4 billion yen, an approximately 300 billion yen increase since the start of the fiscal year.

By business area, orders related to oil and gas accounted for 48% and those related to LNG accounted for 24%.

By region, the order backlog was 46% for the Middle East and 20% for the Americas, followed by Asia and Japan.

The main projects contributing to the order backlog were the additional projects in Saudi Arabia, Malaysia, and the U.S.—orders placed in this fiscal period—each over 100 billion yen.



## Financial Position & Cash Flows

[Unit: Billions of Yen]

|                         | As of March 31,<br>2022 | As of March 31,<br>2023 | Difference |
|-------------------------|-------------------------|-------------------------|------------|
| <b>Total assets</b>     | 694.2                   | <b>713.1</b>            | +18.8      |
| <b>Total net assets</b> | 387.6                   | <b>397.9</b>            | +10.3      |
| <b>Equity ratio</b>     | 55.8%                   | <b>55.7%</b>            | △ 0.1pt    |

|   | FY2021 | FY2022        | Difference |
|---|--------|---------------|------------|
| <b>Cash flows from operating activities</b>       | 19.3   | <b>110.7</b>  | +91.4      |
| <b>Cash flows from investing activities</b>       | △ 7.6  | <b>△ 11.4</b> | △ 3.7      |
| <b>Cash flows from financing activities</b>       | △ 0.1  | <b>△ 61.2</b> | △ 61.1     |
| <b>Cash and cash equivalents at end of period</b> | 288.0  | <b>332.7</b>  | +44.7      |

|  |       |              |        |
|--|-------|--------------|--------|
| Off Balance Sheet JV Cash<br>JGC Portion | 239.6 | <b>171.7</b> | △ 67.9 |
|--|-------|--------------|--------|

Now we move on to the financial position and cash flows.

There were no major changes in financial conditions since the start of the fiscal year.

The shareholders' equity ratio was nearly flat at 55.7%.

Cash provided by operating activities was 110.7 billion yen. This positive cash flow far exceeded net profit due to the collection of claims following the resolution of a dispute over a project completed in the past, among other factors.

Cash flow used in investing activities was 11.4 billion yen due to the acquisition of property, plant and equipment and digital-related investments, among others.

Cash flow used in financing activities totaled 61.2 billion yen due to repayment of interest-bearing liabilities and the acquisition of treasury stocks, among other factors.

The balance of cash and cash equivalents at the end of the fiscal year was up 44.7 billion yen since the start of the fiscal year, to 332.7 billion yen.

The Company's equity in its joint venture's cash, which is not posted on the balance sheet, decreased by 67.9 billion yen due to progress with the project to 171.7 billion yen.



Next, I will explain forecasts for fiscal 2023.

## Forecasts for Fiscal Year 2023

[Unit: Billions of Yen]

|  | FY2022<br>Actual | FY2023<br>Forecast |
|--|------------------|--------------------|
| <b>New contracts *</b>                         | 823.9            | <b>800.0</b>       |
| <b>Net sales</b>                               | 606.8            | <b>800.0</b>       |
| <b>Gross profit</b>                            | 66.7             | <b>68.0</b>        |
| <b>Profit ratio</b>                            | 11.0%            | <b>8.5%</b>        |
| <b>Operating profit</b>                        | 36.6             | <b>38.0</b>        |
| <b>Ordinary profit</b>                         | 50.5             | <b>45.0</b>        |
| <b>Profit attributable to owners of parent</b> | 30.6             | <b>32.0</b>        |
| <b>Annual dividends per share</b>              | ¥38.0            | <b>¥40.0</b>       |
| <b>Forecasts based on (¥/US\$)</b>             | ¥133.53          | <b>¥133.00</b>     |

\* Total Engineering

- Significant increase in sales is expected for the second consecutive fiscal year due to the start of orders in FY2022, etc.
- Gross profit, operating profit, and net profit are expected to increase despite absence of positive effect from yen depreciation.
- Dividend increase for 3 consecutive fiscal years due to final profit increase.

We are targeting an 800 billion yen new orders for the Total Engineering segment. We expect 800 billion yen in net sales due to a substantial increase in sales in that segment.

We forecast no change in gross profit, at 68 billion yen, and a profit ratio of 8.5%. We expect operating profit to be 38 billion yen, with no change in SG&A expenses.

We are also targeting 45 billion yen in ordinary income and profit attributable to owners of parent at 32 billion yen.

Dividends per share will be up 2 yen to 40 yen.

An exchange rate of 133 yen to 1 U.S. dollar has been used in these forecasts.

## Forecasts for Fiscal Year 2023 by Segment

[Unit: Billions of Yen]

|   |                       | FY2022<br>Actual | FY2023<br>Forecast |
|---|-----------------------|------------------|--------------------|
| <b>Total Engineering</b>                      | <b>Net sales</b>      | 551.6            | <b>743.0</b>       |
|   | <b>Segment profit</b> | 33.4             | <b>38.5</b>        |
|   | <b>Profit ratio</b>   | 6.1%             | <b>5.2%</b>        |
| <b>Functional Materials<br/>Manufacturing</b> | <b>Net sales</b>      | 47.7             | <b>50.0</b>        |
|   | <b>Segment profit</b> | 7.1              | <b>5.7</b>         |
|   | <b>Profit ratio</b>   | 15.0%            | <b>11.4%</b>       |
| <b>Others</b>                                 | <b>Net sales</b>      | 7.5              | <b>7.0</b>         |
|   | <b>Segment profit</b> | 1.7              | <b>1.5</b>         |
|   | <b>Profit ratio</b>   | 23.8%            | <b>21.4%</b>       |
| <b>Adjustment</b>                             | <b>Segment profit</b> | △ 5.6            | <b>△ 7.7</b>       |

At last, I will explain our forecasts for segments.

In the Total Engineering segment, we expect a steady start to the new contracts of fiscal 2022. As in the previous fiscal year, we expect substantial increases in sales and profit.

We forecast 743 billion yen in net sales and 38.5 billion yen in segment profit. The drop in the profit ratio takes into account the impact of higher fixed costs, such as personnel costs following improved benefits for employees and DX-related depreciation and operation costs, among others.

In the Functional Materials Manufacturing segment, we have factored in the drop in the profit margin in the fourth quarter of fiscal 2022 due to the harsh business environment, and thus expect net sales to be nearly flat at 50 billion yen, and segment profit to decline to 5.7 billion yen.

Other will be nearly unchanged.

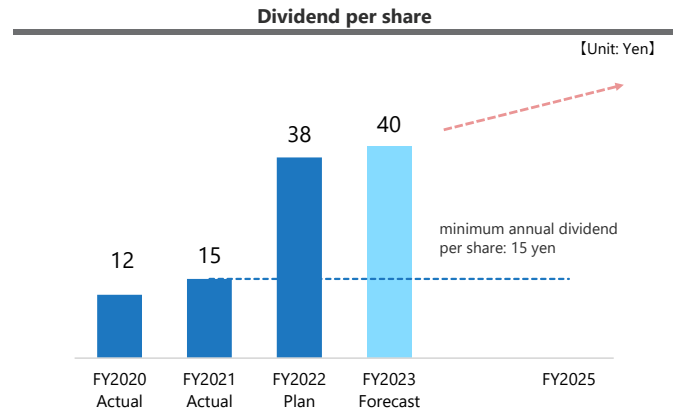
We expect a 2.1 billion yen increase in costs for adjusted segment profit. This takes into account higher fixed costs, such as personnel costs and R&D costs in line with our growth strategy, among others.

This concludes my explanation of the overview of our financial statements.

# Appendix

## Reference (Shareholders Return Policy)

- Aiming for a consolidated payout ratio of 30% per year while maintaining a minimum annual dividend per share of 15 yen.
- Share buybacks will be considered where appropriate in line with our business performance forecasts and free cash flow situation.



## Reference (Net sales & New Contracts by Region)

### Net sales

[Unit: Billions of Yen]

|                              | FY2021 |          | FY2022       |          |
|------------------------------|--------|----------|--------------|----------|
| <b>Japan</b>                 | 137.4  | (32.1%)  | <b>173.1</b> | (28.5%)  |
| <b>Asia</b>                  | 40.3   | (9.4%)   | <b>62.4</b>  | (10.3%)  |
| <b>Middle East</b>           | 50.2   | (11.7%)  | <b>148.4</b> | (24.5%)  |
| <b>Africa</b>                | 60.1   | (14.0%)  | <b>32.0</b>  | (5.3%)   |
| <b>Americas &amp; Others</b> | 140.2  | (32.8%)  | <b>190.8</b> | (31.4%)  |
| <b>Total</b>                 | 428.4  | (100.0%) | <b>606.8</b> | (100.0%) |

### New contracts (Total Engineering)

[Unit: Billions of Yen]

|                              | FY2021 |          | FY2022       |          |
|------------------------------|--------|----------|--------------|----------|
| <b>Japan</b>                 | 166.4  | (53.8%)  | <b>127.6</b> | (15.5%)  |
| <b>Asia</b>                  | 67.8   | (21.9%)  | <b>251.0</b> | (30.5%)  |
| <b>Middle East</b>           | 62.7   | (20.3%)  | <b>310.1</b> | (37.6%)  |
| <b>Africa</b>                | 2.0    | (0.7%)   | <b>10.1</b>  | (1.2%)   |
| <b>Americas &amp; Others</b> | 10.3   | (3.3%)   | <b>125.0</b> | (15.2%)  |
| <b>Total</b>                 | 309.4  | (100.0%) | <b>823.9</b> | (100.0%) |

## Reference (Outstanding Contracts by Region & Business Area)

### By Region (Total Engineering)

[Unit: Billions of Yen]

|                              | FY2022         |          |
|------------------------------|----------------|----------|
| <b>Japan</b>                 | <b>238.3</b>   | (15.2%)  |
| <b>Asia</b>                  | <b>282.3</b>   | (18.1%)  |
| <b>Middle East</b>           | <b>720.5</b>   | (46.1%)  |
| <b>Africa</b>                | <b>16.9</b>    | (1.1%)   |
| <b>Americas &amp; Others</b> | <b>305.3</b>   | (19.5%)  |
| <b>Total</b>                 | <b>1,563.4</b> | (100.0%) |

### By Business Area (Total Engineering)

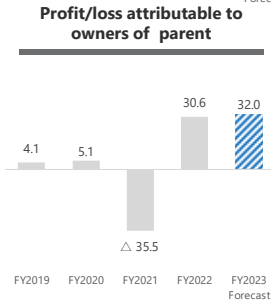
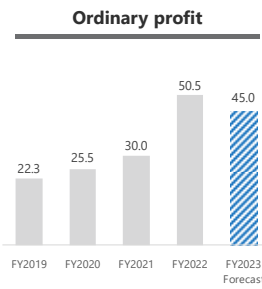
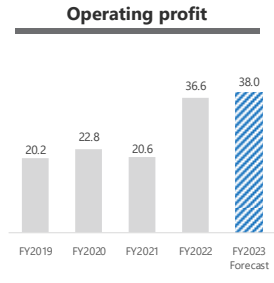
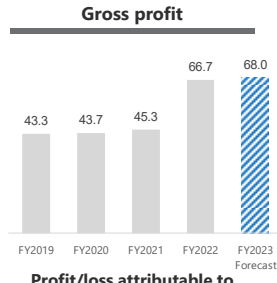
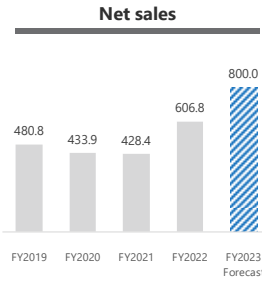
[Unit: Billions of Yen]

|   | FY2022         |          |
|---|----------------|----------|
| <b>Energy Transition</b>                                  |                |          |
| <b>Oil and gas</b>  | <b>747.7</b>   | (47.8%)  |
| <b>LNG</b>  | <b>376.0</b>   | (24.1%)  |
| <b>Chemical</b>   | <b>208.0</b>   | (13.3%)  |
| <b>Clean energy &amp; Others</b>                          | <b>146.1</b>   | (9.4%)   |
| <b>Healthcare &amp; Life sciences</b>                     | <b>84.8</b>    | (5.4%)   |
| <b>Industrial &amp; Urban infrastructure &amp; Others</b> | <b>0.6</b>     | (0.0%)   |
| <b>Total</b>  | <b>1,563.4</b> | (100.0%) |



## Reference (Historical data chart)

[Unit: Billions of Yen]



## Cautionary Statement

This presentation may contain forward-looking statements that reflect JGC's plans and expectations.

Such statements are based on currently available information and current assumptions of future events which may not prove to be accurate. Such statements are also subject to various risks and uncertainties that could cause actual results to differ materially from those forward-looking statements.

JGC Holdings Corporation undertakes no obligation to update any forward-looking statements after the date of this presentation. These potential risks and uncertainties include, but are not limited to:

- changes in general economic conditions, including foreign currency exchange rates, interest rates and other factors that could affect our profitability
- changes in government regulations or tax laws in jurisdictions where we conduct business

For questions concerning this material, please contact:

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