

[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.)

Aug 9, 2023

Summary-Consolidated First Quarter Financial Statements

(For the fiscal year ending March 31, 2024)

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, Finance Unit**

Name: **Shinichi Taguchi**

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

1. Consolidated financial results for 1Q of fiscal year ending March 31, 2024 (April 1, 2023 - June 30, 2023)

(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)	(%)
1Q of fiscal year ending March 31, 2024	179,860	52.2	10,044	(1.9)	17,776	(4.0)	10,249	(18.1)
1Q of fiscal year ended March 31, 2023	118,190	10.4	10,242	144.4	18,520	208.9	12,519	—

Note: Comprehensive income (millions of yen): 1Q of fiscal year ending March 31, 2024: 12,264 ((16.9)%) 1Q of fiscal year ended March 31, 2023: 14,766 (—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q of fiscal year ending March 31, 2024	42.60	42.58
1Q of fiscal year ended March 31, 2023	49.57	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2023	720,871	401,083	55.5
As of March 31, 2023	713,127	397,981	55.7

Reference: Equity (millions of yen): As of June 30, 2023: 400,373 As of March 31, 2023: 397,343

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Fiscal year ended March 31, 2023	—	—	—	38.00	38.00
Fiscal year ending March 31, 2024	—	—	—	—	—
Fiscal year ending March 31, 2024 (Forecasts)	—	—	—	40.00	40.00

Note: Revision to the latest forecast announcement: None

3. Earnings forecasts for fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

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	800,000	31.8	38,000	3.5	45,000	(11.0)	32,000	4.4	133.01

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 shares):

As of June 30, 2023:	259,409,926	As of March 31, 2023:	259,409,926
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(b) Number of treasury shares at term-end:

As of June 30, 2023:	18,820,685	As of March 31, 2023:	18,820,609
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(c) Average number of shares outstanding during this period:

1Q of fiscal year ending March 31, 2024:	240,589,275	1Q of fiscal year ended March 31, 2023:	252,586,453
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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: 133.00 yen/US\$ 1.00

Consolidated Balance Sheet

	As of March 31, 2023	As of June 30, 2023
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	332,951	340,246
Notes receivable, trade receivables, contract assets and other	141,846	132,432
Costs on construction contracts in progress	16,981	20,466
Merchandise and finished goods	7,760	7,283
Work in process	3,236	4,247
Raw materials and supplies	4,520	3,859
Accounts receivable - other	25,710	30,308
Other	6,802	9,928
Allowance for doubtful accounts	(315)	(284)
Total current assets	539,493	548,488
Non-current assets		
Property, plant and equipment		
Buildings and structures	75,001	76,551
Machinery, vehicles, tools, furniture and fixtures	72,569	74,955
Land	18,639	19,208
Leased assets	2,690	2,761
Construction in progress	2,928	2,452
Accumulated depreciation	(99,595)	(101,059)
Total property, plant and equipment	72,234	74,870
Intangible assets		
Software	10,650	11,401
Other	374	347
Total intangible assets	11,025	11,748
Investments and other assets		
Investment securities	59,224	59,492
Long-term loans receivable	11,074	11,391
Retirement benefit asset	1,277	1,278
Deferred tax assets	15,483	14,738
Other	25,333	22,094
Allowance for doubtful accounts	(22,018)	(23,229)
Total investments and other assets	90,373	85,764
Total non-current assets	173,633	172,383
Total assets	713,127	720,871

	As of March 31, 2023	As of June 30, 2023
	(Millions of yen)	(Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	90,005	105,704
Short-term borrowings	2,336	1,086
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	544	587
Income taxes payable	4,794	3,397
Contract liabilities	113,989	92,286
Provision for bonuses	12,509	16,912
Provision for bonuses for directors (and other officers)	299	361
Provision for loss on construction contracts	838	592
Provision for warranties for completed construction	958	898
Other	35,929	43,382
Total current liabilities	272,206	275,210
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	13,891	15,099
Retirement benefit liability	12,803	12,902
Provision for retirement benefits for directors (and other officers)	233	888
Deferred tax liabilities	1,438	1,260
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,557	3,411
Total non-current liabilities	42,939	44,577
Total liabilities	315,145	319,787
NET ASSETS		
Shareholders' equity		
Share capital	23,733	23,733
Capital surplus	25,831	25,831
Retained earnings	369,066	370,174
Treasury shares	(26,741)	(26,741)
Total shareholders' equity	391,889	392,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,219	7,024
Deferred gains or losses on hedges	2,359	3,318
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	6,089	7,320
Remeasurements of defined benefit plans	677	605
Total accumulated other comprehensive income	5,454	7,376
Non-controlling interests	637	710
Total net assets	397,981	401,083
Total liabilities and net assets	713,127	720,871

Consolidated Statement of Income

	1Q of fiscal year ended March 31, 2023 (Apr. 1, 2022 - Jun. 30, 2022)	1Q of fiscal year ending March 31, 2024 (Apr. 1, 2023 - Jun. 30, 2023)
	(Millions of yen)	(Millions of yen)
Net sales	118,190	179,860
Cost of sales	101,939	162,017
Gross profit	16,250	17,842
Selling, general and administrative expenses	6,007	7,798
Operating profit	10,242	10,044
Non-operating income		
Interest income	592	3,380
Dividend income	1,397	293
Foreign exchange gains	5,993	4,035
Share of profit of entities accounted for using equity method	468	360
Other	157	112
Total non-operating income	8,609	8,182
Non-operating expenses		
Interest expenses	311	338
Other	21	111
Total non-operating expenses	332	450
Ordinary profit	18,520	17,776
Extraordinary income		
Gain on change in equity	1,163	—
Gain on sale of non-current assets	0	—
Total extraordinary income	1,164	—
Extraordinary losses		
Loss on retirement of non-current assets	13	13
Total extraordinary losses	13	13
Profit before income taxes	19,671	17,763
Income taxes	7,154	7,504
Profit	12,516	10,258
Profit (loss) attributable to non-controlling interests	(3)	8
Profit attributable to owners of parent	12,519	10,249

Consolidated Statement of Comprehensive Income

	1Q of fiscal year ended March 31, 2023 (Apr. 1, 2022 - Jun. 30, 2022)	1Q of fiscal year ending March 31, 2024 (Apr. 1, 2023 - Jun. 30, 2023)
	(Millions of yen)	(Millions of yen)
Profit	12,516	10,258
Other comprehensive income		
Valuation difference on available-for-sale securities	(597)	615
Deferred gains or losses on hedges	934	1,208
Foreign currency translation adjustment	536	1,127
Remeasurements of defined benefit plans	(7)	(70)
Share of other comprehensive income of entities accounted for using equity method	1,384	(875)
Total other comprehensive income	2,250	2,005
Comprehensive income	14,766	12,264
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,744	12,172
Comprehensive income attributable to non-controlling interests	22	91

Segment Information

【 Information by reportable segment 】

1Q of fiscal year ended March 31, 2023 (April 1, 2022 - June 30, 2022)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
Sales to external customers	104,002	13,210	117,212	977	118,190	—	118,190
Inter-segment sales or transfers	4	—	4	624	629	(629)	—
Total	104,007	13,210	117,217	1,602	118,819	(629)	118,190
Segment profit	8,576	2,647	11,223	243	11,467	(1,224)	10,242

Notes:

1. "Others" includes business activities of consulting, management of real estate, water desalination, and production and sale of oil and gas.
2. Adjustments to segment profit include corporate expenses not allocated to individual segments and the elimination of transactions between segments.
3. Segment profit is reconciled to operating profit on the consolidated statement of income.

1Q of fiscal year ending March 31, 2024 (April 1, 2023- June 30, 2023)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
Sales to external customers	164,591	14,434	179,026	833	179,860	—	179,860
Inter-segment sales or transfers	2	1	3	929	933	(933)	—
Total	164,593	14,436	179,030	1,762	180,793	(933)	179,860
Segment profit	8,789	2,593	11,383	345	11,728	(1,684)	10,044

Notes:

1. "Others" includes business activities of consulting, management of real estate, water desalination, and production and sale of oil and gas.
2. Adjustments to segment profit include corporate expenses not allocated to individual segments and the elimination of transactions between segments.
3. Segment profit is reconciled to operating profit on the consolidated statement of income.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2023	June 30, 2023		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,563,459	75,333	164,591	1,564,331
Domestic	Energy Transition				
	Oil and gas	8,663	8,408	3,222	13,849
	LNG	0	5	5	—
	Chemical	24,136	2,956	6,185	20,907
	Clean energy	134,284	7,891	10,870	131,305
	Others	3,326	43	1,172	2,055
	Subtotal	170,410	19,305	21,457	168,117
	Healthcare & life sciences	67,622	33,190	15,304	85,292
	Industrial & urban infrastructure	138	7,828	150	7,816
	Others	154	20	75	99
	Domestic Subtotal	238,326	60,345	36,988	261,325
Overseas	Energy Transition				
	Oil and gas	739,098	1,041	66,843	723,311
	LNG	376,018	3,372	46,324	369,109
	Chemical	183,936	2,282	10,895	179,309
	Clean energy	2,068	7,040	810	8,391
	Others	6,469	312	825	6,017
	Subtotal	1,307,590	14,049	125,699	1,286,138
	Healthcare & life sciences	17,224	159	1,434	16,229
	Industrial & urban infrastructure	318	772	464	638
	Others	—	5	5	—
	Overseas Subtotal	1,325,132	14,987	127,603	1,303,006
Functional Materials Manufacturing Business		7,036	14,760	14,434	7,393
Other Businesses		597	3,462	833	3,192
Grand Total		1,571,093	93,555	179,860	1,574,917

Notes:

1. The figure for outstanding contracts for "Total Engineering Business" at the end of the first quarter of the current consolidated fiscal year includes an upward adjustment of ¥90,130 million due to foreign currency translation, amendments and changes in contract amounts and others in the first quarter of the current consolidated fiscal year.
2. The figure for outstanding contracts for "Functional Materials Manufacturing Business" at the end of the first quarter of the current consolidated fiscal year includes an upward adjustment of ¥31 million due to foreign currency translation, amendments and changes in contract amounts and others in the first quarter of the current consolidated fiscal year.
3. The figure for outstanding contracts for "Other Businesses" at the end of the first quarter of the current consolidated fiscal year includes a downward adjustment of ¥34 million due to foreign currency translation, amendments and changes in contract amounts and others in the first quarter of the current consolidated fiscal year.