

Translation



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Outline of 9 Months Financial Results for Fiscal Year 2023

April 1, 2023 – December 31, 2023



Enhancing planetary health

February 9, 2024

JGC HOLDINGS CORPORATION

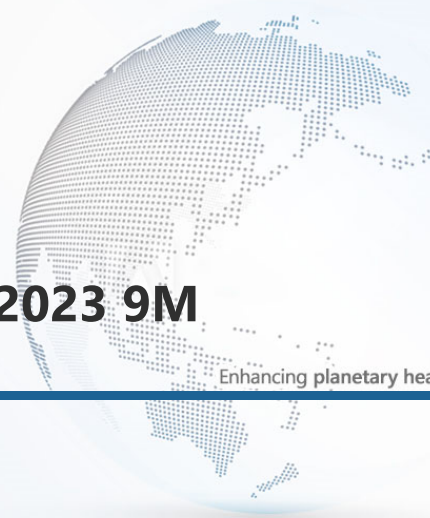
My name is Taguchi, and I am General Manager of the Finance Unit.
I will be giving you an outline of 9 months financial results for fiscal year 2023.

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I will explain the 9 months results of fiscal year 2023 first, then follow by the revised forecasts for fiscal year 2023.



Results for Fiscal Year 2023 9M

Enhancing planetary health

I will begin with the highlights of the third quarter of fiscal year 2023.

Highlights

- Sales increased year on year due to steady progress on major large-scale projects.
- Additional charges from domestic and overseas projects costs for risk of construction delay in the total engineering segment.
- Revision of full-year forecast.

These are the highlights for the third quarter of Fiscal Year 2023.

Progress in large-scale projects led to an increase in net sales over the same period of the previous fiscal year.

In the Total Engineering segment, additional costs for risk of construction delays in some projects in Japan and overseas were expected, leading to a lower profit.

Given the situation through the third quarter of this fiscal year, we have revised our full-year forecast.

Income Statement

[Unit: Billions of Yen]

	9M FY2022	9M FY2023	Difference	
Net sales	416.6	601.0	+184.4	+44%
Gross profit	45.0	32.3	△ 12.7	△ 28%
Profit ratio	10.8%	5.4%	△ 5.4pt	
Operating profit	25.3	9.2	△ 16.0	△ 63%
Ordinary profit	33.4	23.3	△ 10.1	△ 30%
Profit attributable to owners of parent	22.5	10.6	△ 11.9	△ 53%
Earnings per share	¥89.27	¥44.08		

Now I move on the results for the first nine months of fiscal 2023.

While net sales rose by 44%, an increase of 184.4 billion yen, over the previous year to 601.0 billion yen, gross profit fell by 12.7 billion yen to 32.3 billion yen.

The Total Engineering segment struggled with some projects in Japan and overseas, resulting in a lower profit ratio.

Operating profit decreased by 16.0 billion yen over the previous year to 9.2 billion yen, affected by higher SG&A expenses.

Ordinary profit fell by 10.1 billion yen over the previous year to 23.3 billion yen.

Profit attributable to owners of the parent decreased by 11.9 billion yen over the previous year to 10.6 billion yen.

Segment Information

		[Unit: Billions of Yen]			
		9M FY2022	9M FY2023	Difference	
Total Engineering	Net sales	377.8	561.4	+183.5	+49%
	Segment profit	22.8	8.6	△ 14.1	△ 62%
	Profit ratio	6.0%	1.5%	△ 4.5pt	
Functional Materials Manufacturing	Net sales	36.0	36.7	+0.7	+2%
	Segment profit	5.9	5.4	△ 0.4	△ 7%
	Profit ratio	16.4%	14.9%	△ 1.5pt	
Others	Net sales	2.7	2.8	+0.1	+4%
	Segment profit	0.6	0.7	+0.1	+28%
	Profit ratio	22.0%	27.1%	+5.1pt	
Adjustment	Segment profit	△ 4.0	△ 5.6	△ 1.6	-

Next are the results by each segment.

In the Total Engineering segment, net sales rose by 183.5 billion yen over the previous year to 561.4 billion yen.

This was due to the progress of overseas oil and gas, and chemical-related projects, as well as domestic clean energy, and healthcare and life science-related projects.

Segment profit was 8.6 billion yen, down 14.1 billion yen over the previous year.

The profit ratio decreased because we reflected additional costs and risks identified during the implementation of two midsize projects by overseas subsidiaries in the second quarter.

In this third quarter, we recorded losses related to an ongoing chemical project in Thailand and a clean energy project in Japan, as we had to reflect costs and risks of schedule delays as a result of a profitability review.

In addition, SG&A expenses increased due to R&D costs, the reorganization of overseas offices, and other costs.

These factors led to lower profit, and profit ratio decreased.

In the Functional Materials Manufacturing segment, sales of petroleum refining catalysts and chemicals and environmental catalysts were strong, however sales of fine chemical products, including functional coating materials, decreased significantly due partly to sluggish demand for displays, smartphones, and other products.

As a result, net sales were unchanged from the previous year at 36.7 billion yen, and segment profit decreased by 0.4 billion yen to 5.4 billion yen.

Other segments remained unchanged from the previous year.

Adjustments indicate a 1.6 billion yen increase in expenses over the previous year due to higher personnel and R&D costs among corporate expenses.

Segment Information

Outline of Contracts (Total Engineering)

i) New Contracts

[Unit: Billions of Yen]

	9M FY2022	9M FY2023
Overseas	566.7	104.4
Domestic	102.8	142.5
Total	669.6	246.9

9M FY2023
Major New Contracts

ATMPs and mRNA Vaccine Ingredients Facility (Japan)
Bio API Manufacturing Facility (Japan)

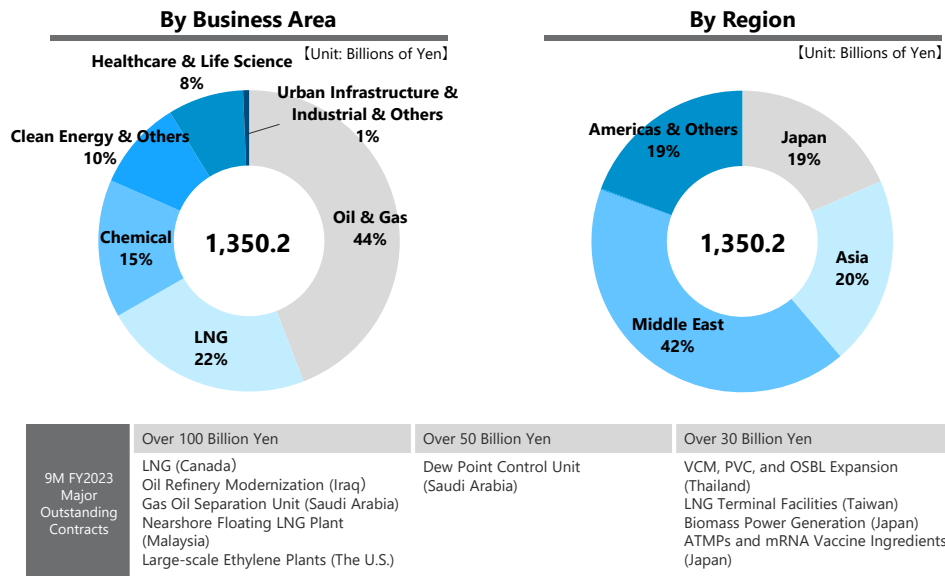
Next, I will explain new contracts in the Total Engineering segment.

Results in new contracts for the first nine months of the fiscal year totaled 246.9 billion yen.

We continue to focus on large-scale overseas projects, for which final decisions are expected in the fourth quarter.

Segment Information

ii) Outstanding Contracts (As of December 31, 2023)



Next are our outstanding contracts.

The order backlog totaled 1,350.2 billion yen, a decrease of 130 billion yen from the end of the previous quarter.

By business area, 43% for oil and gas and 22% for LNG, and by region, 42% in Middle East, 20% in Asia, among others.

Financial Position

[Unit: Billions of Yen]

	As of March 31, 2023	As of December 31, 2023	Difference
Current assets	539.4	580.1	+40.6
Non-current assets	173.6	179.3	+5.6
Total assets	713.1	759.4	+46.3
Current liabilities	272.2	302.5	+30.3
Non-current liabilities	42.9	54.3	+11.3
Total net assets	397.9	402.5	+4.5
Equity ratio	55.7%	52.9%	△ 2.8pt
Off Balance Sheet JV Cash JGC Portion	171.7	149.6	△ 22.1

Now I move on to the financial position.

There were no significant changes in our financial position from the beginning of the fiscal year.

The shareholders' equity ratio was unchanged at 52.9 %.

The cash balance of our share in joint ventures, which is not posted on the balance sheet, was 149.6 billion yen, down 22.1 billion yen due to the progress of projects.



Next, I will explain forecasts for Fiscal Year 2023.

Forecasts for Fiscal Year 2023

[Unit: Billions of Yen]

	Previous	Revised	Difference		9M FY2023 Actual	Progress Rate
New contracts *1	800.0	800.0	-	-	246.9	31%
Net sales	800.0	800.0	-	-	601.0	75%
Gross profit	68.0	48.0	△ 20.0	△ 29%	32.3	67%
Profit ratio	8.5%	6.0%	△ 2.5pt		5.4%	
Operating profit	38.0	16.0	△ 22.0	△ 58%	9.2	58%
Ordinary profit	45.0	28.0	△ 17.0	△ 38%	23.3	83%
Profit attributable to owners of parent	32.0	16.0	△ 16.0	△ 50%	10.6	66%
Annual dividends per share	¥40.0	¥40.0	-			
Forecasts based on (¥/US\$)	¥140.00	¥140.00 *2	-			

*1 Total Engineering

*2 Exchange rate of forecast for 4Q FY2023

We have revised our full-year forecast for fiscal 2023.

There is no increase or decrease in new contracts and net sales.

Our revised gross profit forecast is 48.0 billion yen, a decrease of 20.0 billion yen, due to a lower profit ratio in the Total Engineering segment.

Our revised operating profit forecast is 16.0 billion yen, a decrease of 22.0 billion yen, as taking into account an increase in SG&A, primarily due to progress in R&D activities.

Our revised ordinary profit forecast to decline by 17.0 billion yen to 28.0 billion yen. Although non-operating profit is expected to improve, such as an increase in interest income, this could not fully offset the decrease in operating profit.

Profit attributable to owners of the parent to halve to 16.0 billion yen.

Despite the expected decrease in overall profit, we decided to maintain our initial dividend forecast of 40 yen per share, taking into account the cash flow status and the direction of our business for the next fiscal year and beyond.

Forecasts for Fiscal Year 2023 by Segment

[Unit: Billions of Yen]

		Previous	Revised	Difference	
Total Engineering	Net sales	743.0	743.0	-	-
	Segment profit	38.5	15.0	△ 23.5	△ 61%
	Profit ratio	5.2%	2.0%	△ 3.2pt	
Functional Materials Manufacturing	Net sales	50.0	50.0	-	-
	Segment profit	5.7	7.2	+1.5	+26%
	Profit ratio	11.4%	14.4%	+3.0pt	
Others	Net sales	7.0	7.0	-	-
	Segment profit	1.5	1.5	-	-
	Profit ratio	21.4%	21.4%	-	
Adjustment	Segment profit	△ 7.7	△ 7.7	-	-

This is an additional note to our revised forecast by segment.

The Total Engineering segment profit is expected to be down by 23.5 billion yen to 15.0 billion yen, due to additional expenses recorded through the third quarter as well as higher R&D expenses.

The Functional Materials Manufacturing segment profit is expected to be up by 1.5 billion yen to 7.2 billion yen, as the profit ratio exceeded our projection at the beginning of the fiscal year as a result of cost reductions and other factors.

The rest remains unchanged.

This concludes my overview of our financial results.