

Translation



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Outline of Financial Results for Fiscal Year 2023

April 1, 2023 – March 31, 2024



Enhancing planetary health

May 14, 2024

JGC HOLDINGS CORPORATION

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

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- Forecasts for Fiscal Year 2024
- Appendix



I will explain the results of fiscal year 2023 first, then follow by the forecasts for fiscal year 2024.



At first, I will begin with the results of fiscal year 2023.

Highlights

- Additional costs and risk contingencies in overseas projects caused operating loss.
- New contracts expected in FY2023 slide to the subsequent years due to timing of client's investment decision.

These are the two highlights of fiscal year 2023.

In the total engineering segment, we continued to tackle on difficulties of some overseas projects, and additional charges were posted in the fourth quarter. The operating loss recorded also reflects additional risk contingencies.

Growth in new order intake was sluggish. One factor for this was that large projects expected at the end of the fiscal year were postponed to the next year.

Income Statement

【Unit: Billions of Yen】

	FY2022	FY2023	Difference	
Net sales	606.8	832.5	+225.7	+37%
Gross profit	66.7	10.6	△ 56.0	△ 84%
Profit ratio	11.0%	1.3%	△ 9.7pt	
Operating profit/loss	36.6	△ 18.9	△ 55.6	△ 152%
Ordinary profit	50.5	0.3	△ 50.2	△ 99%
Profit/loss attributable to owners of parent	30.6	△ 7.8	△ 38.4	△ 126%
Earnings per share	¥122.28	△ ¥32.48		
Return on equity	7.8%	△ 2.0%		

This is the consolidated income statement.

Net sales were up 37% from the previous fiscal year to 832.5 billion yen, but gross profit declined 56 billion yen to 10.6 billion yen.

This was due to a significant decline in the profit ratio in the Total Engineering segment.

The operating loss stood at 18.9 billion yen, with ordinary profit of 300 million yen.

Net loss attributable to owners of the parent was 7.8 billion yen.

Segment Information

【Unit: Billions of Yen】

		FY2022	FY2023	Difference	
Total Engineering	Net sales	551.6	773.1	+221.4	+40%
	Segment profit/loss	33.4	△ 22.0	△ 55.5	△ 166%
	Profit ratio	6.1%	△ 2.9%	△ 9.0pt	
Functional Materials Manufacturing	Net sales	47.7	52.0	+4.2	+9%
	Segment profit	7.1	7.2	+0.1	+1%
	Profit ratio	15.0%	13.9%	△ 1.1pt	
Others	Net sales	7.5	7.4	△ 0.0	△ 0%
	Segment profit	1.7	2.0	+0.2	+13%
	Profit ratio	23.8%	26.9%	+3.1pt	
Adjustment	Segment profit/loss	△ 5.6	△ 6.1	△ 0.4	-

This is the segment information.

In the Total Engineering segment, net sales rose 40% over the previous fiscal year to 773.1 billion yen as progress was made in large projects.

Considerable provision of loss, both from posting additional costs and estimating risk contingencies in current large-scale oil & gas and chemical projects in the Middle East and Southeast Asia, led to the recording of a loss of 22 billion yen.

In the Functional Materials Manufacturing segment, net sales totaled 52 billion yen, up 4.2 billion yen over the same period in the previous year, driven by an increase in catalyst sales.

Segment profit was nearly flat at 7.2 billion yen. Factors for this included the lack of recovery in demand for fine chemical products for semiconductor and hard disk applications as well as an increase in the depreciation burden.

Segment Information

Outline of Contracts (Total Engineering)

i) New Contracts

[Unit: Billions of Yen]

	FY2022	FY2023
Overseas	696.3	136.6
Domestic	127.6	157.2
Total	823.9	293.8

FY2023
Major New Contracts

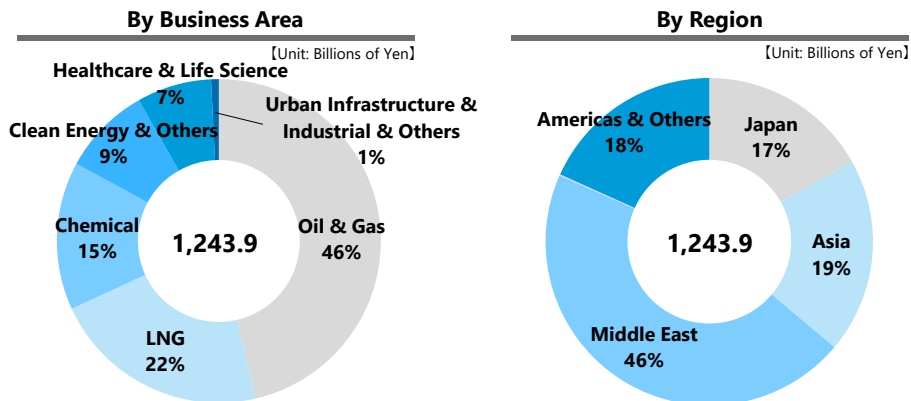
ATMPs and mRNA Vaccine Ingredients Facility (Japan)
Bio API Manufacturing Facility (Japan)

This is the situation of New contracts in the Total Engineering segment. New contracts stood at 293.8 billion yen overall.

No contracts for large projects were awarded in the fourth quarter.

Segment Information

ii) Outstanding Contracts (As of March 31, 2024)



	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
FY2023 Major Outstanding Contracts	LNG (Canada) Oil Refinery Modernization (Iraq) Gas Oil Separation Unit (Saudi Arabia) Nearshore Floating LNG Plant (Malaysia) Large-scale Ethylene Plants (The U.S.)	Dew Point Control Unit (Saudi Arabia)	VCM, PVC, and OSBL Expansion (Thailand) LNG Terminal Facilities (Taiwan) ATMPs and mRNA Vaccine Ingredients (Japan)

The order backlog stood at 1,243.9 billion yen.

Among other factors, the weak yen led to a decrease of about 300 billion yen from the start of the fiscal year.

The share of contracts in each business area and region remained essentially the same since the fiscal year began.

By business area, oil & gas and LNG accounted for about 70% of the total.

By region, about half were in the Middle East.

Financial Position

[Unit: Billions of Yen]

	As of March 31, 2023	As of March 31, 2024	Difference
Total assets	713.1	792.2	+79.1
Total net assets	397.9	387.8	△ 10.0
Equity ratio	55.7%	48.7%	△ 7.0pt
Off Balance Sheet JV Cash JGC Portion	171.7	148.1	△ 23.6

	FY2022	FY2023	Difference
Cash flows from operating activities	110.7	11.0	△ 99.6
Cash flows from investing activities	△ 11.4	△ 20.2	△ 8.7
Cash flows from financing activities	△ 61.2	△ 8.8	+52.3
Cash and cash equivalents at end of period	332.7	324.5	△ 8.2

This is about the financial position and cash flows.

As for financial conditions, total assets increased to 792.2 billion yen on increased sales.

The equity ratio was 48.7%, which marks the first dip below 50% since the fiscal year ended March 2009.

JGC portion of the off balance sheet Joint Ventures cash was 148.1 billion yen.

Cash flows from operating activities stood at 11 billion yen.

The positive operating cash flow despite posting a loss was mainly due to large non-cash-out provisions for losses on construction contracts.

Operating cash flows for the same period of the previous fiscal year was significantly higher mainly due to collection of receivables from the settlement of disputes on previously completed projects.

Investing activities used 20.2 billion yen for the acquisition of tangible fixed assets and others.

Financing activities used 8.8 billion yen for dividend payments, among other

factors.

The balance of cash and cash equivalents at the end of the fiscal year stood at 324.5 billion yen, essentially unchanged since the beginning of the fiscal year.



Next, I will explain forecasts for fiscal year 2024.

Forecasts for Fiscal Year 2024

【Unit: Billions of Yen】

	FY2023 Actual	FY2024 Forecast
New contracts *	293.8	970.0
Net sales	832.5	830.0
Gross profit	10.6	58.0
Profit ratio	1.3%	7.0%
Operating profit/loss	△ 18.9	26.0
Ordinary profit	0.3	34.0
Profit/loss attributable to owners of parent	△ 7.8	23.0
Annual dividends per share	¥40.0	¥40.0
Forecasts based on (¥/US\$)	¥151.41	¥150.00

* Total Engineering

These are the forecasts for fiscal year 2024.

New contracts in the Total Engineering segment are expected to reach 970 billion yen.

With continued progress in large projects, among other factors, we expect no change in net sales, forecast at 830 billion yen.

We expect gross profit of 58 billion yen and a profit ratio of 7.0%.

We expect operating profit to be 26 billion yen,

with ordinary income of 34 billion yen

and profit attributable to owners of parent at 23 billion yen.

Dividends per share is 40.0 yen.

The exchange rate assumed for the forecast is 145 yen per US dollar.

Forecasts for Fiscal Year 2024 by Segment

[Unit: Billions of Yen]

		FY2023 Actual	FY2024 Forecast
Total Engineering	Net sales	773.1	770.0
	Segment profit/loss	△ 22.0	26.0
	Profit ratio	△ 2.9%	3.4%
Functional Materials Manufacturing	Net sales	52.0	52.0
	Segment profit	7.2	7.0
	Profit ratio	13.9%	13.5%
Others	Net sales	7.4	8.0
	Segment profit	2.0	2.0
	Profit ratio	26.9%	25.0%
Adjustment	Segment profit/loss	△ 6.1	△ 9.0

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These are the forecasts for segments in fiscal year 2024.

We expect net sales in the Total Engineering segment to remain flat, at 770 billion yen, with segment profit of 26 billion yen.

Several projects turned to be deficit and recorded provisions of loss in fiscal year 2023, and we expect these sales to account for about a quarter of the total.

In the Functional Materials Manufacturing segment, we expect results to remain unchanged from the previous fiscal year due to uncertainty about market recovery in applications involving semiconductors and the like.

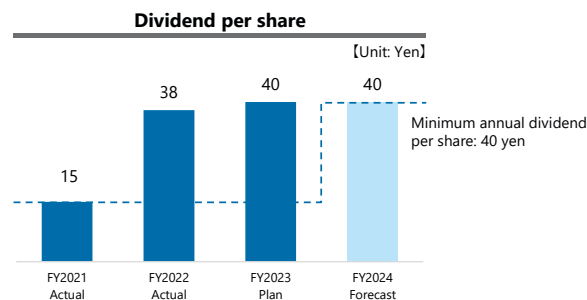
Net sales are expected to be 52 billion yen, with segment profit of 7 billion yen.

Revision of Shareholders Return Policy

We changed a part of shareholders return policy announced in BSP2025※; the minimum annual dividend per share of 15 yen to 40 yen.

(Shareholders Return Policy)

- Aiming for a consolidated payout ratio of 30% per year while maintaining a minimum annual dividend per share of 40 yen.
- Share buybacks will be considered where appropriate in line with our business performance forecasts and free cash flow situation.



※ The medium-term business plan.

Finally, I will explain our revised shareholder return policy.

The current policy was established in 2021 when we formulated the medium-term business plan, BSP 2025.

As of the end of the fiscal year ended March 31, 2024, three years had passed since the plan was implemented, and considering the current financial position and future performance outlook, we have reviewed from the perspective of enhancing shareholder returns and others.

This led to the decision to increase the minimum annual dividend per share from 15 yen to 40 yen.

Based on this policy, the dividend forecast for fiscal year 2024 is 40 yen per share.

This concludes my overview of the financial results.

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