

Translation



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Outline of Financial Results

1Q FY2024



Enhancing planetary health

August 8, 2024

JGC HOLDINGS CORPORATION

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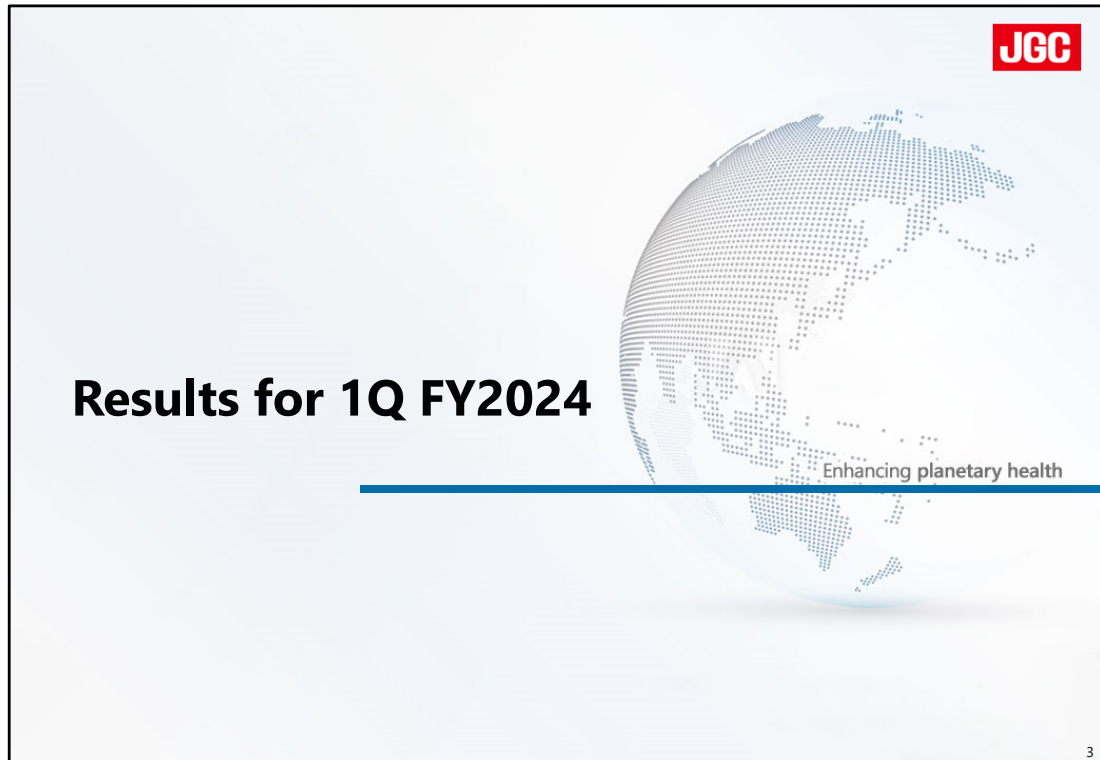
My name is Taguchi, and I am General Manager of the Finance Unit.
I will be giving you an outline of financial results 1st quarter fiscal year 2024.

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- Forecasts for FY2024
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I will explain the results of the 1st quarter for fiscal year 2024 first, then follow by the forecasts for fiscal year 2024.



At first, I will begin with the results of the 1st quarter.

Highlights

- Net sales increased year on year due to steady progress on major large-scale projects.
- New award booked Large-scale Low Carbon LNG Plants project (UAE).
- Solid progress toward the full year forecast.

These are the three highlights of the 1st quarter.

The major large-scale projects have made steady progress, leading to an increase in revenue compared to the same period last year.

A large-scale low carbon LNG plant EPC project in UAE was awarded officially and added to our order backlog.

We assess that the 1st quarter results have made a smooth start towards achieving our full-year forecast.

Income Statement

【Unit: Billions of Yen】

	1Q FY2023	1Q FY2024	Difference	
Net sales	179.8	204.1	+24.3	+14%
Gross profit	17.8	15.5	△ 2.2	△ 13%
Profit ratio	9.9%	7.6%	△ 2.3pt	
Operating profit	10.0	8.1	△ 1.9	△ 19%
Ordinary profit	17.7	17.6	△ 0.1	△ 1%
Profit attributable to owners of parent	10.2	12.3	+2.1	+21%
Earnings per share	¥42.60	¥51.28		

This is the consolidated income statement.

Net sales increased by 24.3 billion yen over the same period of the previous fiscal year to 204.1 billion yen, but gross profit declined 2.2 billion yen to 15.5 billion yen.

Profit ratio decreased by 2.3 points to 7.6%.

The main reason for the decrease in the profit ratio is that the progress of EPC projects, for which loss provisions were made in the previous period, resulted in revenue recognition without corresponding profit. Revenue from these related projects accounts for approximately 20% of the net sales.

Operating profit decreased by 1.9 billion yen to 8.1 billion yen.

Ordinary profit has been relatively stable at 17.6 billion yen compared to the same period last year, as the decrease in profit has been mitigated by an increase in interest income and other factors.

Profit attributable to owners of parent increased by 2.1 billion yen to 12.3 billion yen.

Final profit increase is due to the decline of effective tax rate.

Segment Information

		【Unit: Billions of Yen】			
		1Q FY2023	1Q FY2024	Difference	
Total Engineering	Net sales	164.5	188.2	+23.6	+14%
	Segment profit	8.7	7.5	△ 1.2	△ 14%
	Profit ratio	5.3%	4.0%	△ 1.3pt	
Functional Materials Manufacturing	Net sales	14.4	14.9	+0.5	+4%
	Segment profit	2.5	2.4	△ 0.2	△ 7%
	Profit ratio	18.0%	16.0%	△ 2.0pt	
Others	Net sales	0.8	0.9	+0.1	+13%
	Segment profit	0.3	0.3	△ 0.0	△ 11%
	Profit ratio	41.4%	32.8%	△ 8.6pt	
Adjustment	Segment profit	△ 1.6	△ 2.1	△ 0.5	-

This is the segment information.

In the total engineering business, net sales rose 23.6 billion yen over the same period of the previous fiscal year to 188.2 billion yen as progress was made, domestically, in clean energy projects such as biomass power generation plants, and internationally, in large-scale chemical projects etc. There were 2 projects in Saudi Arabia, 1 project in Thailand, and 2 projects in Indonesia for which loss provisions were made in the previous period. While these projects have progressed and revenue has been recognized without corresponding profit, they have negatively impacted profit ratio.

The functional materials manufacturing business recorded net sales of 14.9 billion yen and segment profit of 2.4 billion yen, remaining flat compared to the same period last year.

Other adjustment amounts are as stated.

Segment Information

Market Environment

- **Total Engineering Business**

Due to the rise of initial investment costs, some clients are considering the timing of investment decisions carefully. However, clients' willingness for capital investment, especially in the natural gas (including LNG) and sustainable sectors, remains strong.

- **Functional Material Manufacturing Business**

Driven by increased fuel demand, the catalyst sector, mainly FCC catalysts, is performing steadily both domestically and internationally. The fine chemicals sector shows signs of recovery in the electronics and semiconductor-related markets, with expectations for market recovery. In the fine ceramics sector, the demand for high thermal conductivity silicon nitride substrates for HV and PHV continues to grow.

In the total engineering business, the timing of customer investment decisions has become somewhat fluid due to rising interest rates and soaring material prices. However, inquiries and considerations to realize projects, particularly for LNG plants, are actively ongoing.

In functional materials manufacturing business, sales of catalysts have remained strong since the previous period. In the fine chemicals sector, signs of recovery are beginning to appear in demand for semiconductor-related products and displays. In the fine ceramics sector, the demand for high thermal conductivity silicon nitride substrates continues to expand.

Segment Information

Outline of Contracts (Total Engineering)

i) New Contracts

【Unit: Billions of Yen】

	1Q FY2023	1Q FY2024
Overseas	14.9	265.0
Domestic	60.3	23.1
Total	75.3	288.2

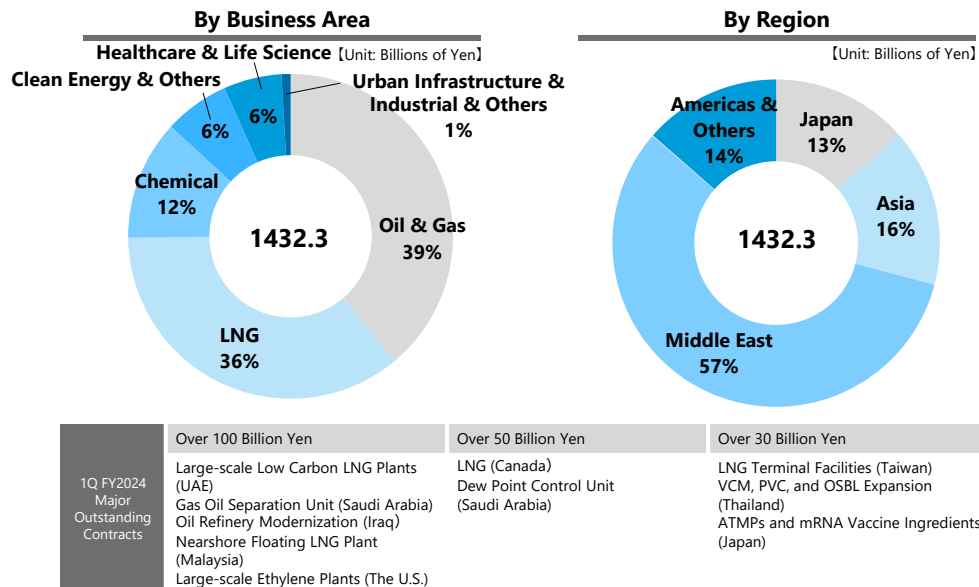
1Q FY2024
Major New Contracts

Large-scale Low Carbon LNG Plants (UAE)

This is the summary of new contracts in the total engineering business. New contracts for the 1st quarter stood at 288.2 billion yen overall. We recorded an award due to the activation of the order contract for a large scale low-carbon LNG plant in UAE.

Segment Information

ii) Outstanding Contracts (As of June 30, 2024)



The order backlog stood at 1,432.3 billion yen at the end of June. By sector, oil and gas decreased to 39%, while LNG increased to 36%. By region, the Middle East accounted for 57% of the total, primarily due to the award of a project in UAE.

Financial Position

[Unit: Billions of Yen]

	As of March 31, 2024	As of June 30, 2024	Difference
Current assets	603.5	632.5	+29.0
Non-current assets	188.7	195.2	+6.5
Total assets	792.2	827.8	+35.5
Current liabilities	350.7	374.2	+23.5
Non-current liabilities	53.6	55.2	+1.5
Total net assets	387.8	398.3	+10.4
Equity ratio	48.7%	47.9%	△ 0.8pt
Off Balance Sheet JV Cash JGC Portion	148.1	145.7	△ 2.4

This is the consolidated financial position.

Due to the increase in cash deposits from project progress payments, total assets increased by 35.5 billion yen from the beginning of the period to 827.8 billion yen.

The equity ratio is 47.9%, and our share of the off balance sheet JV cash is 145.7 billion yen.



Next, I will explain the forecasts for fiscal year 2024.

Forecasts for FY2024

Full year forecast remains unchanged.

[Unit: Billions of Yen]

	FY2024 Forecast	1Q FY2024 Actual	Progress Rate
New contracts *	970.0	288.2	30%
Net sales	830.0	204.1	25%
Gross profit	58.0	15.5	27%
Profit ratio	7.0%	7.6%	
Operating profit	26.0	8.1	31%
Ordinary profit	34.0	17.6	52%
Profit attributable to owners of parent	23.0	12.3	53%
Annual dividends per share	¥40.0		
Forecasts based on (¥/US\$)	¥145.00		

* Total Engineering

There are no changes to the full-year forecast.

The 1st quarter results, including order intake, sales, and operating profit, are progressing smoothly in line with the full-year forecast.

Ordinary profit has progressed to 52%, mainly due to the favorable impact of exchange rates. At the end of the 1st quarter, the JPY exchange rate temporarily depreciated significantly to 161.07 yen per US dollar.

We take assumption of exchange rate of 145 yen per US dollar for the 2nd quarter and beyond until the end of the fiscal year.

The rate is same as at the previous announcement in May.

This concludes my overview of the financial results.

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.

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- changes in government regulations or tax laws in jurisdictions where we conduct business

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