February 19, 2026

JGC Holdings Corporation

Q&A from the Online Earnings Release Conference (held on February 10, 2026)
On Third Quarter Financial Results for FY2025 Ending March 31, 2026

This content is based on information available on the date of the online earnings release conference (February 10, 2026).

1. Financial results for the third quarter of FY2025 and revisions of earnings forecast for FY2025

Question	Answer
The gross profit margin for the nine-month period of the third quarter was 8.4%, and the margin for the three-month third quarter was 9.4%, both exceeding the earnings forecast. Is it appropriate to understand that this improvement mainly reflects enhanced profitability on ongoing EPC projects nearing completion?	The gross profit margin for the nine-month period of the third quarter was 8.4%, exceeding the assumed margin of 7.7% in the earnings forecast for FY2025 that was revised upward in November (the "previous revision") by 0.7 percentage points. This represents an increase of approximately 4 billion yen, calculated by multiplying the net sales for the nine-month period of the third quarter of 566.8 billion yen for the period by 0.7%. The primary factors were as follows. First, while the previous revision forecasts assumed an exchange rate of USDJPY145, the actual rate at the end of the third quarter (end of December) was USDJPY156.56, and the yen generally depreciated during the period. As a result, foreign exchange effects generated approximately 1 billion yen of positive impact on gross profit. Second, ongoing projects in Japan and overseas generated approximately 3

	billion yen of positive effects through improved profitability and other factors. Although a part of the ongoing projects undertaken by overseas subsidiaries recorded lower margins, this was more than offset by margin improvements toward the end of construction on other ongoing projects due to reduced risk, as well as by the recording of sales and profit from new projects. On a net basis, these factors contributed to the improvement in the gross profit margin.
In the earnings forecast for FY2025 announced in the third quarter (the "current revision"), selling, general and administrative expenses (SG&A) were reduced by 1 billion yen from the previous revision (from 31.0 billion yen to 30.0 billion yen). While SG&A for the three-month third quarter remained at a low level of 6.4 billion yen, deducting this figure from the current revision results in an implied SG&A level of 9.0 billion yen for the three-month fourth quarter, which appears comparatively high. What were the factors that kept SG&A low in the three-month third quarter, and what are the factors behind the anticipated increase in SG&A in the three-month fourth quarter?	In the three-month third quarter, a reversal of allowance for doubtful accounts occurred, providing a one-off positive impact that lowered SG&A by slightly over 1 billion yen. In contrast, the three-month fourth quarter does not incorporate such one-off items, including reversals of allowance for doubtful accounts. In addition, expenses such as research and development costs are expected to be incurred toward the fiscal year-end, leading to an anticipated increase in SG&A for the period.
At this point in time, what level of gross profit margin is considered sustainably achievable for the group?	One of the main factors that has depressed the gross profit margin is the existence of multiple projects for which provisions for loss on construction contracts were recorded in prior fiscal years. Those projects contribute net

	sales but no gross profit. The total full-year net sales outlook for these projects amounts to approximately 140 billion yen with zero margin, equivalent to around 20% of net sales, and this has weighed on the overall gross profit margin. As these projects are completed in sequence and the sales mix shifts toward projects that are recording profit as the core of the sales mix, it is recognized that the group is capable of achieving a gross profit margin level of around 10%.
What were the net sales for the nine-month period of the third quarter for the ongoing projects for which provision for loss on construction contracts were recorded?	The net sales for the nine-month period of the third quarter for the ongoing projects for which provision for loss on construction contracts were recorded amounted to approximately 100 billion yen.
What are the factors behind the downward revision of the full-year net sales outlook from 770 billion yen in the previous revision to 740 billion yen in the current revision? In addition, what are the factors leading to the upward revision of the full-year operating profit outlook from 28 billion yen in the previous revision to 31 billion yen in the current revision, despite the lower net sales forecast?	The downward revision of the full-year net sales outlook in the current revision is attributable to a revision forecast of the accounting progress rate (the ratio of construction costs incurred to the total estimated construction costs). The progress rate forecasts are reassessed each quarter, and as a result of the review as of the end of the third quarter, it is now expected that certain construction costs related to a large-scale project that was initially assumed to be incurred within FY2025 will be incurred in FY2026. This lowers the progress rate for the project in FY2025 and has resulted in a reduction in net sales. The project in question has already reached the commissioning stage. The

	delay is due to slower-than-expected procurement of feedstock arranged by the client, which has in turn delayed the progress of commissioning activities. This delay is attributable to client-side circumstances, and the impact on the project's profitability is recognized as limited. With respect to operating profit, although the above reduction in net sales has a downward impact, this is more than offset by the following factors, resulting in a net increase in operating profit. First, there are improvements in profitability, particularly for projects in the final stages of construction, which contribute positively to profit. Second, the assumed exchange rate used in the earnings forecast was revised to USDJPY150 in the current revision from USDJPY145 in the previous revision, generating positive foreign exchange effects. Third, the current revision reflects a reduction in SG&A expenses resulting from the reversal of allowance for doubtful accounts that occurred in the three-month third quarter, which had not been incorporated in the previous revision forecasts.

2. Orders

Question	Answer
What were the major projects newly awarded in the third quarter?	In overseas, major projects newly awarded included FEED services for an onshore LNG plant and an FPSO (floating production, storage and offloading

	facility) for Indonesia, which had been referred to in the earnings announcement for the second quarter of FY2025. Other newly awarded projects included expansion of the crude oil and gas separation facility in Saudi Arabia, which had not been anticipated at the beginning of the fiscal year. Additional preliminary work for the Mozambique Floating LNG (FLNG) Project awarded in the second quarter was also included, along with additional construction work (change orders) for ongoing EPC projects. In Japan, newly awarded projects included modification work for pharmaceutical manufacturing facilities, renovation work for chemical plants, and various maintenance-related projects.
It is recognized that the delay in the timing of final investment decisions for potential projects in Japan and overseas is largely attributable to inflationary pressures. Is it appropriate to understand that final investment decisions will continue to be made, as appropriate, depending on the circumstances and conditions of each project?	The tendency for clients to delay their final investment decisions is not necessarily attributable solely to inflation. The background and circumstances differ from project to project. Nonetheless, final investment decisions and the conclusion of formal EPC contracts are expected to proceed once the required conditions for each project are met. For example, in large-scale projects in the oil and gas sector, projects often involve multiple client entities, and some projects require significant time for decision-making and various internal procedures on the client side. Meanwhile, in projects in the sustainable sector, many clients are reconsidering their investment decisions in light of inflation and are monitoring government policy frameworks and subsidy programs. As a result, some clients are waiting for greater clarity in these systems before

	moving forward.

3. Situation of ongoing projects

Question	Answer
I would like to know the situation of ongoing projects which provision for loss on construction contracts were recorded in FY2023 and FY2024.	- Saudi Arabia Crude Oil and Gas Separation Facility Construction Project: Piping and equipment installation work are progressing smoothly, and the project is moving forward in line with the budget and schedule that were reviewed in the third quarter of FY2024. - Saudi Arabia NGL Plant Enhancement Project: Progress has been slower than expected, and we continue to face challenges with this project. A new project management structure has been put in place, including the deployment of experienced management familiar with projects in the Middle East. Based on a reassessment of the plan, the budget has also been adjusted. As this project involves work within an existing plant with various constraints, it is highly challenging, and we will continue to closely monitor progress. - Taiwan LNG Terminal Construction Project The handover of construction sites from the client, which had been delayed, is now progressing sequentially, and piping and equipment installation work are progressing as planned.

	- Indonesia Gas Processing Plant and Gas Pipeline Construction Project: Construction is nearly complete, and potential risks going forward are considered limited. - Indonesia LNG Receiving Terminal Construction Project: Construction is nearly complete, and potential risks going forward are considered limited. - Thailand Chemical Plant Construction Project: The project was completed and handed over in the third quarter.
Performance has been improving and projects in Japan and overseas are being executed steadily. In light of the additional costs recorded in FY2023 and FY2024, how should we understand the specific initiatives that have been implemented to strengthen the group's risk management, as well as the results achieved through these efforts?	For the projects on which additional costs were recorded in FY2023 and FY2024, execution plans and budgets were reviewed, and actions have since been taken in line with the revised plans. As a result, these projects are now progressing generally smoothly. Projects awarded and executed by the group vary significantly in nature, and the risks involved differ from project to project. There is no single decisive measure that eliminates all risks. For new projects awarded in the past several years, risk management has been strengthened steadily, incorporating lessons learned from the additional costs recorded. Specifically, in light of constraints on internal human-resource capacity, efforts have been made to thoroughly prioritize projects for which resources can be firmly secured, while ensuring visibility into resource

	allocation during project execution. In addition, as part of organizational efforts to enhance EPC execution capabilities, a framework has been established to enable monitoring from multiple perspectives, allowing for early identification of issues and prompt instruction of countermeasures. Although it is difficult at this stage to demonstrate quantitative cause-and-effect relationships for these initiatives, they are recognized as gradually contributing to the stabilization of project execution and the mitigation of risk manifestation.

4. Cancellation of treasury shares and shareholder return policy

Question	Answer
What was the background behind the decision to cancel treasury shares in the third quarter?	The majority of the treasury shares cancelled this time (15.5 million shares) were those acquired through the share buybacks conducted in February 2023, and various options for their use had been considered since then. Based on the policy of cancelling the portion for which no specific use could be expected, the cancellation was resolved on this occasion. The remaining treasury shares account for approximately 1% of the total number of shares issued and are planned to be used for purposes such as share-based compensation.
While discussions on the new mid-term business plan BSP2025 are underway, is there any information that can be	With respect to the new mid-term business plan BSP2025, which is currently under discussion, no decisions have been made at this stage regarding the

shared at this point regarding the approach to future cash allocation and the direction of shareholder returns, including share buybacks?	shareholder return policy, and specific comments are therefore withheld. Shareholder returns are recognized as one of the group's important management priorities, and thorough consideration will continue going forward.

5. Others

Question	Answer
Industry consolidation has been observed in the EPC sector. As profitability has been recovering for the group, is there an intention to accelerate consideration of M&A as well?	From the perspective of enhancing corporate value, continuous consideration is being given to the group's optimal capital structure and the most appropriate forms of partnership. M&A is recognized as one of the available options, and various proposals are encountered on a routine basis. However, there is nothing specific to disclose at this stage. At the same time, efforts will continue to be made to pursue initiatives that contribute to enhancing corporate value by leveraging the group's strengths, without being constrained by form. Such initiatives include technological and project-execution collaboration with peers in the same industry, as well as alliances with companies in other sectors.

-END-