

**Q&A from the Online Earnings Release Conference (held on May 14th, 2026)
On Financial Results for FY2025 Ended March 31, 2026**

※This content is based on information available on the data of the online earnings release conference (May 14, 2026)

1. Regarding FY2025 Full-Year Results and FY2026 Forecast

Question	Answer
For FY2025 full-year results, the gross profit margin was 8.6%, exceeding the 8.2% forecast announced at the time of the third-quarter results by 0.4% points. While it was explained that the actual gross profit margin incorporates the impact of recent situation in the Middle East (approximately minus 1.0% point), to what extent did profitability improvements in multiple large-scale EPC projects contribute to the upside versus the earnings forecast?	Please refer to the reconciliation chart on page 3 of the Outline of Financial Results presentation materials. The gross profit margin for FY2025 was negatively impacted by approximately 7.0 billion yen due to the partial inclusion of risk response costs associated with situation in the Middle East. Conversely, profit improved by approximately 1.0 billion yen due to the weaker yen, and by approximately 9.0 billion yen due to improved profitability in multiple ongoing EPC projects. While some ongoing projects continued to face challenges, profitability improvements in other projects more than offset these factors. Specifically, in the overseas EPC business, profitability improved mainly in large-scale EPC projects nearing completion, where risks declined and budgets were revised. In the domestic EPC business, several ongoing EPC projects also achieved profitability improvements, although the benefit per project was modest, and these improvements collectively contributed to an

<p>The gross profit margin forecast for FY2026 is 10.9%, which appears relatively high even considering the expected decline in the proportion of projects that recorded provisions for losses for construction contracts in FY2023 and FY2024. Please explain the background behind the significant improvement in the gross profit margin forecast for FY2026. Also, have one-off factors, such as reversals of contingencies, already been incorporated into the forecast?</p>	<p>increase in gross profit.</p> <p>Projects for which provisions for construction losses were recorded in FY2023 and FY2024 (so-called zero-margin projects, where net sales are recognized but no profit is recorded) are expected to reach completion in FY2026. As a result, the proportion of such zero-margin projects in the FY2026 consolidated net sales forecast (approximately 13%, or about 90.0 billion yen) is expected to decline compared to FY2025 results (approximately 19%, or about 130.0 billion yen). This reduction is the primary factor behind the expected year-on-year improvement in the gross profit margin for FY2026.</p> <p>In addition, the current earnings forecast does not factor in any benefit from the drawdown of contingencies. Accordingly, the projected gross profit of 10.9% is considered achievable on a fundamental basis.</p> <p>For reference, in FY2021 and FY2022, when the impact of zero-margin projects was limited, the gross profit margin stood at 10.6% and 11.0%, respectively—both exceeding 10%. The FY2026 outlook is therefore viewed as a return to a level broadly in line with these historical benchmarks.</p>
<p>Excluding the impact of zero-margin projects, the gross profit margin is understood to be approximately 10.6% for FY2025 and approximately 12.6% for FY2026. Could you explain the factors behind this roughly 2 percentage point improvement in the current fiscal year?</p>	<p>In the Total Engineering Business, several EPC projects deliver gross profit margins exceeding 10%. As execution on these EPC projects progress, they increasingly serve as the primary contributors to earnings, driving the overall improvement.</p> <p>In addition, as the gross profit margin of the Total Engineering Business approaches 10%, the consolidated gross profit margin is expected to reach</p>

	<p>approximately 12–13% when combined with the Functional Material Manufacturing Business.</p>
<p>Regarding the full-year earnings forecast for FY2026, profit attributable to owners of parent is expected to rise to 46.0 billion yen. This compares with 41.8 billion yen in FY2025.</p> <p>Is this increase mainly due to extraordinary income from the transfer of shares in Swing Corporation, a former equity-method affiliate?</p>	<p>Yes. The main reason for the expected increase is the planned recording of a gain on sale of shares in Swing Corporation as extraordinary income.</p> <p>In FY2025, ordinary profit was 58.1 billion yen. Profit attributable to owners of parent was 41.8 billion yen.</p> <p>At the ordinary profit level, non-operating income included foreign exchange gains of 5.7 billion yen. This reflected the significant depreciation of the yen. The exchange rate at the end of FY2025 was USDJPY159.88, compared with USDJPY149.52 at the end of the previous fiscal year.</p> <p>For FY2026, the assumed exchange rate is USDJPY150. This implies a stronger yen compared with FY2025.</p> <p>As a result, foreign exchange losses are expected to be recorded as non-operating expenses.</p> <p>Accordingly, ordinary profit is forecast at 46.0 billion yen. This represents a decrease from 58.1 billion yen in FY2025, despite a rise at the operating profit level.</p> <p>However, extraordinary income of approximately 20.0 billion yen is expected from the gain on sale of shares in Swing Corporation.</p> <p>As a result, profit attributable to owners of parent for FY2026 is forecast to reach 46.0 billion yen.</p>

<p>In the full-year earnings forecast for FY2026, it was explained that a decrease in net sales of approximately 60.0 billion yen has been factored in due to the impact of the situation in the Middle East.</p> <p>To what extent is the impact on gross profit expected?</p> <p>Also, please provide details of the risk response costs that have been included.</p>	<p>The impact on gross profit in the full-year earnings forecast for FY2026 is estimated to be a decrease of approximately 5.0 to 6.0 billion yen.</p> <p>As for risk response costs, in the Total Engineering Business, these include safety-related expenses for the temporary evacuation of personnel and additional costs associated with delays in project schedules.</p> <p>In addition, for both the Total Engineering Business and the Functional Material Manufacturing Business, a range of factors has been taken into consideration. These include higher material and equipment costs and increased raw material and fuel costs due to rising product prices, as well as higher transportation costs and expenses related to detouring shipping routes.</p>
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2. Orders and Market Environment

Question	Answer
<p>The new order target for FY2026 is set at a high level of 1.74 trillion yen. Does a significant portion of this target depend on the expected award of the second-phase LNG Canada facility expansion project, which is one of the anticipated projects?</p>	<p>Specific details regarding the size of individual anticipated contracts cannot be disclosed. As anticipated projects for FY2026, expectations include a Floating LNG (FLNG) project in Mozambique, an LNG project in Papua New Guinea, and the second-phase LNG Canada facility expansion project, among others.</p>
<p>In response to heightened tensions in the Middle East and the resulting persistence of elevated energy prices, is there a possibility that JGC Group's order environment could benefit</p>	<p>At this stage, we do not anticipate any clear positive impact from developments in the Middle East on the Group's order environment. Such developments could have both positive and negative implications. Potential</p>

<p>from developments such as final investment decisions (FIDs) by clients and progress in project structuring?</p>	<p>downside factors include higher prices for equipment and materials and longer lead times, which could lead to delays in clients' final investment decisions (FIDs) due to increased overall investment costs. There is also a possibility that clients may shift their investment focus to regions outside the Middle East. At present, these factors have not necessarily materialized, and it is therefore considered premature to assess their impact on the Group's order environment.</p>
<p>Although no projects in the Middle East are included among the anticipated projects for FY2026, could you explain the Group's order intake strategy for EPC projects in the region, taking into account the recent developments in the Middle East?</p>	<p>At present, there are no projects in the Middle East included among the anticipated projects for FY2026. When pursuing and executing EPC projects in the Middle East going forward, it is considered necessary to proceed only after fully assessing country- and region-specific risks and strengthening security measures beyond previous levels.</p>
<p>As heightened tensions in the Middle East have increased awareness of energy security, is there a possibility that the Group's order opportunities could expand through an increase in capital investment plans for LNG plants?</p>	<p>Final investment decisions (FIDs) for LNG projects and similar initiatives are made based on a comprehensive assessment of multiple factors, including not only near-term geopolitical events but also medium- to long-term energy supply and demand outlooks and national energy policies. Accordingly, the recent developments in the Middle East are not viewed as leading directly to an immediate increase in investment decisions for new projects.</p>
<p>If, against the backdrop of heightened tensions in the Middle East and increased awareness of energy security, capital investment plans for LNG plants were to increase, could this lead to a shortage of construction labor and rising labor costs?</p>	<p>If capital investment plans for LNG plants were to increase beyond current assumptions and plant construction sites were to become concentrated, there remains a possibility that this could lead to a shortage of construction labor and rising labor costs. As a basic policy, EPC projects are executed while appropriately managing such cost escalation risks, including by</p>

	securing sufficient contingencies at the contract stage and incorporating price adjustment clauses and other relevant provisions into contract terms.
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3. New Medium-Term Business Plan (BSP2030)

Question	Answer
Regarding the “key management indicators” under the new medium-term business plan BSP2030, are the projected sales and profit figures primarily based on the assumption that currently expected projects will be awarded as anticipated? Alternatively, have the figures been formulated to also incorporate various initiatives aimed at future growth, including M&A, as outlined in BSP2030?	The key management indicators under BSP2030 have been formulated based on the outlook for new order intake over the coming several years. In particular, for approximately the first three years of the plan period (FY2026–FY2030), the sales and profit projections are primarily based on EPC projects currently under execution and projects with a high likelihood of being awarded at this stage. Potential earnings from M&A are not incorporated into these projections.
If the order target for FY2026 of 1.74 trillion yen is achieved, net sales are expected to recover to around 900 billion yen over the coming several years. If a gross profit margin of 10% or higher can be maintained, operating profit would be expected to exceed 60 billion yen. Given this scenario, could you explain why the operating profit target under BSP2030 is set at 60 billion yen?	Amid an increasingly uncertain business environment, the Group is focusing on building a revenue base beyond LNG toward 2030 in order to achieve sustainable growth after 2030. While incorporating an increase in certain costs associated with these initiatives, the operating profit target under BSP2030 has been set at 60 billion yen, taking into account that this target represents a commitment to shareholders and investors as a key management indicator under the plan.
Regarding the changes to the dividend policy under BSP2030, the dividend on equity (DOE) is set at around 3% for FY2026, with a target of 4% toward FY2030. Could you	We prioritize strengthening near-term earnings performance and the financial foundation, with an emphasis on delivering stable and sustainable shareholder returns. Accordingly, the DOE level for FY2026 is set at 3%. By

<p>explain why a 4% DOE target is not set from FY2026?</p>	<p>progressively raising the target toward 4% by FY2030, we aim to provide greater certainty for future dividend growth.</p>
<p>Regarding BSP2030 announced today, could you explain why the explanation is being split between today's briefing and a separate, more detailed session at a later date?</p>	<p>Given the limited time available at the full-year earnings briefing, it is challenging to provide sufficient explanations of the FY2025 financial results, the earnings forecasts for FY2026, and BSP2030, while also allowing adequate time for Q&A and engagement with shareholders and investors. For this reason, we have scheduled a dedicated briefing session for BSP2030, to provide a more comprehensive explanation of its content and to ensure sufficient opportunities for dialogue with investors.</p>

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