August 12, 2026

JGC Holdings Corporation

Q&A from the Online Earnings Release Conference (held on August 7th, 2026)

On First Quarter Financial Results for FY2026 Ended March 31, 2027

※This content is based on information available on the data of the online earnings release conference (August 7, 2026)

1. Financial results for the first quarter of FY2026 and full-year forecast of FY2026

Question	Answer
The gross profit margin for the 1st quarter of FY2026 was 12.8%, 1.9% points above the 10.9% projected in the full-year earnings forecast for FY2026. What factors contributed to this rise? In addition, what impact did revisions to the budgets of ongoing EPC projects, reflecting the deterioration in the situation in the Middle East, have on 1st quarter gross profit of 20.3 billion yen?	The 1.9% point rise in the 1st quarter gross profit margin compared with the full-year earnings forecast for FY2026 was equivalent to approximately 3.0 billion yen. This was mainly attributable to the following two factors. First, foreign exchange movements had a positive impact. The earnings forecast for FY2026 assumed an exchange rate of USD/JPY150. However, the yen generally remained weaker, with the exchange rate at the end of the first quarter on June 30 standing at USD/JPY162.39. This resulted in a positive impact of approximately 1.5 billion yen. Second, improved profitability on ongoing EPC projects in the Total Engineering Business had a positive impact of approximately 1.5 billion yen. Although some ongoing EPC projects continued to face challenges, profitability improved as risks diminished during the final stages of construction. Another positive factor was that certain costs previously anticipated for projects completed in prior fiscal years were no longer

	expected to be incurred. Regarding the deterioration in the situation in the Middle East, project budgets were revised at the end of FY2025 to reflect the downward impact of additional costs on gross profit. Further revisions were made during the first quarter based on the latest project execution status. Overall, however, the impact of these revisions on gross profit was limited. As a result, the 1st quarter gross profit margin exceeded the level assumed in the full-year earnings forecast.
In the full-year results for FY2025, approximately 7.0 billion yen in risk response costs was recognized in gross profit to account for the potential impact of the deteriorating situation in the Middle East. Is it correct to understand that the improvement in the profitability of ongoing projects in the Total Engineering Business in the 1st quarter of FY2026 reflected the reversal of a portion of these risk response costs, as some of the anticipated risks did not materialize?	No. The improvement in profitability in the Total Engineering Business in the 1st quarter of FY2026 was primarily attributable to revisions to project profitability estimates as ongoing EPC projects progressed. It did not reflect a reversal of the risk response costs recognized at the end of FY2025.
The Functional Materials Manufacturing Business appears to be performing well, with segment profit reaching 36% of the full-year forecast in the 1st quarter of FY2026. Is it correct to view this as one of the factors behind the rise in profit in the 1st quarter consolidated results?	The strong profit progress in the Functional Materials Manufacturing Business contributed to some extent to the rise in profit in the 1st quarter, although its impact on the consolidated results was limited. When preparing the earnings forecast for FY2026, the Functional Materials Manufacturing Business projected a certain degree of decline in both net sales and profit, taking into account risks to raw material procurement and other potential impacts arising from the deterioration of the situation in the

	Middle East. However, few of these impacts had materialized as of the end of the 1st quarter. The situation will continue to be closely monitored.
Progress against the full-year earnings forecast was solid for each profit item in the 1st quarter, with gross profit at 28%, operating profit at 31%, and ordinary profit at 46%. Why was the full-year earnings forecast left unchanged? Could you also explain any risks currently anticipated.	The 1st quarter represented a solid start toward achieving the full-year earnings forecast. However, the earnings forecast for FY2026 assumes an exchange rate of USD/JPY150. If the exchange rate converges toward this assumed level, the foreign exchange gains recorded in the 1st quarter are expected to turn into foreign exchange losses on a full-year basis. At the gross profit level, although improved profitability on ongoing projects led to a certain rise in profit, FY2026 is still at the 1st quarter. In addition, uncertainty surrounding the business environment, including the situation in the Middle East, remains. Accordingly, there is currently no basis for revising the full-year earnings forecast.

2. Orders and Market Environment

Question	Answer
Sustainable Aviation Fuel (SAF) is currently being discussed in the public-private council, including framework design to expand SAF adoption by airlines, while discussions are also progressing on the introduction of a SAF supply mandate for fuel suppliers. Considering these developments in the regulatory framework, do you believe the likelihood and confidence of	The Group expects to be awarded SAF production plant EPC projects as part of its FY2026 new orders target in Japan. In addition, the Front-End Engineering Design (FEED) services have already been executed for some SAF projects. As you pointed out, progress in establishing frameworks to promote wider SAF adoption would support clients in further advancing their capital investment plans and reaching FIDs. Against the backdrop of these policy

clients reaching a final investment decision (FID) for the SAF production plant EPC projects identified as potential new contracts opportunities in FY2026 have increased?	developments, the Group expects SAF production plant EPC projects to move forward toward realization and lead to new contracts within FY2026.

3. Situation of Ongoing Projects

Question	Answer
Regarding the LNG plant construction project currently being executed in the United Arab Emirates (UAE), it was explained at the time of the FY2025 full-year results announcement on May 14, 2026, that the project was still in its early stages and in the equipment procurement and fabrication phase. As the closure of the Strait of Hormuz continues, could you explain what impact this situation is currently having on the transportation of equipment for the project? In addition, by when would the impact of the Strait of Hormuz closure and related disruptions need to be resolved to avoid affecting this project?	The progress of the LNG plant construction project currently being executed in the United Arab Emirates (UAE) remains largely unchanged from that reported at the time of the FY2025 full-year results announcement, and at present, the closure of the Strait of Hormuz and related disruptions have not had any significant impact on the transportation of equipment for the project. As a precaution against a prolonged disruption, measures are being considered, including the use of alternative transportation routes that do not pass through the Strait of Hormuz. At this stage, it is not possible to specify by when the closure of the Strait of Hormuz and related disruptions would need to be resolved to avoid any impact on the project.

4. Capital Allocation

Question	Answer
It is understood that the share transfer of Swing Corporation (transfer price: 25,608 million yen) was completed on July 1, 2026, resulting in a cash inflow. While the medium-term	The Group's capital allocation policy is based on the framework outlined in the medium-term business plan (BSP2030) and has been formulated with a view to the entire five-year plan period from FY2026 through FY2030, rather

business plan (BSP2030) outlines a capital allocation policy that includes growth investments, it is assumed that no large-scale investments such as M&A have been concretized at this stage. Considering this cash inflow, could you discuss whether there have been any changes in your approach to capital allocation and in the balance between growth investments and shareholder returns?	than on a single-fiscal-year basis. Although the share transfer of Swing Corporation resulted in a cash inflow, there has been no significant change in the Group’s approach to capital allocation at this stage. Consideration of growth investments, including M&A opportunities, is currently underway, and the Group does not envisage revising its capital allocation framework or implementing additional shareholder returns in the near term in response to this cash inflow.