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July 7, 2021

To whom it may concern:

Company Name: JGC HOLDINGS CORPORATION
Representative: Masayuki Sato
Chairman and CEO
(Code Number: 1963; Stock Exchange: Tokyo)
Contact: Akihiro Yamagami
Manager, Corporate Communication Group
Group Management Development Dept.
(TEL: 81-45-682-8026)

Announcement Regarding Basic Agreement toward Transfer of Ceramics Business to Subsidiary

JGC Holdings Corporation announced today that its consolidated subsidiary Japan Fine Ceramics Co., Ltd. (“JFC”), a functional materials manufacturing company in the JGC Group, concluded a basic agreement with Showa Denko Materials Co., Ltd. (“SDMC”), to hold discussions toward the transfer of SDMC’s ceramics business (“the business”) to JFC.

Going forward, JFC will pursue talks on contract terms with the goal of concluding a final contract for the business transfer with SDMC in September 2021.

1. Reason for Basic Agreement toward the Business Transfer

JFC plays a role in expansion of manufacturing business for high-performance functional materials, one of the key strategies in the JGC Group’s new medium-term business plan “BSP 2025.” JFC manufactures and sells ceramics and metal matrix composites (MMC) for general industrial machinery, semiconductor and liquid crystal manufacturing equipment, and thin film integrated circuit substrates for high-speed communications as its core products. It is also working to expand its high-thermal-conductivity silicon nitride substrate business for power semiconductors.

Meanwhile, the business currently owned by SDMC provides high-density silicon carbide (SiC) ceramics, alumina ceramics, and zirconia-toughened alumina ceramics for applications including automobiles, semiconductors, and industrial machinery. Thanks to their physical properties, these products have been applied in components such as cooling water pump seals for automotive engines and precise positioning components for equipment used in the semiconductor manufacturing process.

JFC keenly examined the business transfer as one of various options for realizing sustainable growth into the future and made the decision to enter full-scale discussions upon determining that combining its material and processing technologies for non-oxide ceramics with SDMC’s mass-

production and material technologies would increase the feasibility of developing new products in growing fields such as semiconductors and next-generation vehicles.

The impact of the business transfer on JGC Holdings Corporation's consolidated financial results for the fiscal year ending in March 2022 will be minimal. If items that must be disclosed emerge due to future progress, etc., they will be disclosed in a timely manner.

2. Outline of Transferor (as of July 7, 2021)

(1)	Company Name	Showa Denko Materials Co., Ltd.	
(2)	Address of Head Office	1-9-2 Marunouchi, Chiyoda-ku, Tokyo	
(3)	Name and Title of Representative	Hisashi Maruyama, President and CEO	
(4)	Lines of Business	Manufacturing, processing, and sales of functional materials as well as advanced components and systems	
(5)	Capital	15,454 million yen	
(6)	Date of Establishment	October 10, 1962	
(7)	Main Shareholders and Shareholding Ratio	HC Holdings K.K., 100.0%	
(8)	Relationship with JGC Holdings Corporation	Capital relationship	No relevant items
		Personal relationship	No relevant items
		Business relationship	JFC and SDMC have a record of transactions.
		Relevant status of related parties	No relevant items

3. Outline of Transferee (as of July 7, 2021)

(1)	Company Name	Japan Fine Ceramics Co., Ltd.
(2)	Address of Head Office	3-10 Akedori, Izumi-ku, Sendai City, Miyagi Prefecture
(3)	Name and Title of Representative	Hiroshi Tanaka, Representative Director and President
(4)	Lines of Business	Manufacturing and sales of fine ceramics made from materials such as silicon carbide and silicon nitride, exclusive metal matrix composites (MMC), and ceramic substrates for formation of thin film integrated circuits

(5)	Capital	300 million yen
(6)	Date of Establishment	April 1984
(7)	Main Shareholders and Shareholding Ratio	JGC Holdings Corporation, 100.0%

4. Schedule

Conclusion of Final Contract: September 2021 (tentative)

Transfer of Business Effective: TBD