

[Translation]

The following statements are an English-language translation of the original Japanese-language document for your reference purpose only. In the case that there is any discrepancy between the original Japanese version and this English version, the Japanese version shall prevail. (All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

May 11, 2023

Summary-Consolidated Financial Statements

(For the fiscal year ended March 31, 2023)

Name of listed company: **JGC HOLDINGS CORPORATION**

Stock exchange: **Tokyo**

Code number: **1963**

Representative

Tel: **045-682-1111**

Title: **Representative Director, Chairman of the Board & Chief Executive Officer (CEO)**

URL: **https://www.jgc.com**

Name: **Masayuki Sato**

Contact

Title: **General Manager, Finance Unit**

Name: **Shinichi Taguchi**

Scheduled Date of Ordinary Annual General Meeting of Shareholders: **June 29, 2023**

Scheduled Date of Payment of Dividends: **June 30, 2023**

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated financial results for fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated financial results

Note: Percentage indicates changes from the previous term.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal year ended March 31, 2023	606,890	41.7	36,699	77.4	50,560	68.4	30,665	—
Fiscal year ended March 31, 2022	428,401	(1.3)	20,688	(9.6)	30,028	17.7	(35,551)	—

Note: Comprehensive income (millions of yen)

FY2022: 33,425 (—%)

FY2021: (27,360) (—%)

	Earnings per share	Earnings per share(diluted)	Return on equity	Ordinary profit/ Total assets	Operating profit/ Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal year ended March 31, 2023	122.28	122.27	7.8	7.2	6.0
Fiscal year ended March 31, 2022	(140.77)	—	(8.8)	4.3	4.8

Reference: Share of profit of entities accounted for using equity method (millions of yen)

FY2022: 2,714

FY2021: 3,014

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Total net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of March 31, 2023	713,127	397,981	55.7	1,651.54
As of March 31, 2022	694,274	387,662	55.8	1,532.72

Reference: Equity (millions of yen)

As of March 31, 2023 : 397,343

As of March 31, 2022 : 387,145

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal year ended March 31, 2023	110,769	(11,471)	(61,288)	332,755
Fiscal year ended March 31, 2022	19,311	(7,695)	(148)	288,009

2. Dividends

	Annual dividends per share (Yen)					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ Equity (consolidated)
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual	(Millions of yen)	(%)	(%)
Fiscal year ended March 31, 2022	—	—	—	15.00	15.00	3,788	—	0.9
Fiscal year ended March 31, 2023	—	—	—	38.00	38.00	9,142	31.1	2.4
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	40.00	40.00		30.1	

3. Earnings forecasts for fiscal year ending March 31, 2024

(April 1, 2023 - March 31, 2024)

Note: Percentage indicates changes from the previous term.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	800,000	31.8	38,000	3.5	45,000	(11.0)	32,000	4.4

	Earnings per share
	(Yen)
Full Year	133.01

4. Others

(1) Changes in scope of consolidated important subsidiaries

(Newly added) None (Excluded) None

(2) Changes of accounting principles, procedures and presentation

(a) Changes due to revisions of accounting standards: Yes

(b) Changes other than the above (a): None

(c) Changes in accounting estimates: None

(d) Restatement: None

(3) Number of shares outstanding

(a) Number of shares outstanding at term-end (including treasury shares):

As of March 31, 2023 :	259,409,926	As of March 31, 2022 :	259,336,682
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(b) Number of treasury shares at term-end:

As of March 31, 2023 :	18,820,609	As of March 31, 2022 :	6,750,140
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(c) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2023 :	250,774,450	Fiscal year ended March 31, 2022 :	252,540,183
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(i) This document is unaudited by certificated public accountants or audit firms.

(ii) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties.

Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

(iii) Forecasts based on : 133.00 yen/US\$ 1.00

Consolidated Balance Sheet

	As of March 31, 2022	As of March 31, 2023
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	288,159	332,951
Notes receivable, trade receivables, contract assets and other	141,222	141,846
Costs on construction contracts in progress	23,804	16,981
Merchandise and finished goods	6,659	7,760
Work in process	2,970	3,236
Raw materials and supplies	3,596	4,520
Accounts receivable - other	64,423	25,710
Other	6,069	6,802
Allowance for doubtful accounts	(3,562)	(315)
Total current assets	533,343	539,493
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,181	75,001
Machinery, vehicles, tools, furniture and fixtures	71,133	72,569
Land	18,617	18,639
Leased assets	1,079	2,690
Construction in progress	803	2,928
Other	4,795	—
Accumulated depreciation	(101,075)	(99,595)
Total property, plant and equipment	69,534	72,234
Intangible assets		
Software	7,228	10,650
Other	2,447	374
Total intangible assets	9,676	11,025
Investments and other assets		
Investment securities	55,837	59,224
Long-term loans receivable	8,640	11,074
Retirement benefit asset	1,506	1,277
Deferred tax assets	13,557	15,483
Other	16,002	25,333
Allowance for doubtful accounts	(13,824)	(22,018)
Total investments and other assets	81,720	90,373
Total non-current assets	160,930	173,633
Total assets	694,274	713,127

	As of March 31, 2022	As of March 31, 2023
	(Millions of yen)	(Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	63,258	90,005
Short-term borrowings	2,167	2,336
Current portion of bonds payable	30,000	10,000
Current portion of long-term borrowings	8,660	544
Income taxes payable	5,244	4,794
Contract liabilities	109,756	113,989
Provision for bonuses	6,880	12,509
Provision for bonuses for directors (and other officers)	274	299
Provision for loss on construction contracts	384	838
Provision for warranties for completed construction	1,074	958
Other	26,135	35,929
Total current liabilities	253,836	272,206
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	11,496	13,891
Retirement benefit liability	15,884	12,803
Provision for retirement benefits for directors (and other officers)	210	233
Deferred tax liabilities	1,089	1,438
Deferred tax liabilities for land revaluation	1,014	1,014
Other	3,080	3,557
Total non-current liabilities	52,775	42,939
Total liabilities	306,612	315,145
NET ASSETS		
Shareholders' equity		
Share capital	23,672	23,733
Capital surplus	25,770	25,831
Retained earnings	342,198	369,066
Treasury shares	(6,740)	(26,741)
Total shareholders' equity	384,901	391,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,311	7,219
Deferred gains or losses on hedges	3,786	2,359
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	3,462	6,089
Remeasurements of defined benefit plans	(424)	677
Total accumulated other comprehensive income	2,244	5,454
Non-controlling interests	517	637
Total net assets	387,662	397,981
Total liabilities and net assets	694,274	713,127

Consolidated Statement of Operations

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
	(Millions of yen)	(Millions of yen)
Net sales	428,401	606,890
Cost of sales	383,029	540,164
Gross profit	45,372	66,725
Selling, general and administrative expenses	24,683	30,026
Operating profit	20,688	36,699
Non-operating income		
Interest income	1,060	7,364
Dividend income	2,103	2,119
Share of profit of entities accounted for using equity method	3,014	2,714
Foreign exchange gains	2,528	2,833
Other	1,124	226
Total non-operating income	9,831	15,259
Non-operating expenses		
Interest expenses	419	1,162
Other	72	235
Total non-operating expenses	491	1,397
Ordinary profit	30,028	50,560
Extraordinary income		
Gain on change in equity	—	1,318
Gain on sale of investment securities	799	399
Gain on liquidation of subsidiaries and associates	179	—
Gain on sale of receivables	—	2,079
Other	8	5
Total extraordinary income	987	3,802
Extraordinary losses		
Impairment losses	—	2,525
Loss on valuation of investment securities	397	992
Loss on valuation of investments in capital of subsidiaries and associates	—	1,727
Loss on Ichthys LNG Project	57,576	—
Other	301	307
Total extraordinary losses	58,275	5,552
Profit (loss) before income taxes	(27,260)	48,811
Income taxes - current	7,773	19,302
Income taxes - deferred	463	(538)
Total income taxes	8,236	18,763
Profit (loss)	(35,496)	30,047
Profit (loss) attributable to non-controlling interests	54	(618)
Profit (loss) attributable to owners of parent	(35,551)	30,665

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
	(Millions of yen)	(Millions of yen)
Profit (loss)	(35,496)	30,047
Other comprehensive income		
Valuation difference on available-for-sale securities	653	(177)
Deferred gains or losses on hedges	2,855	(2,979)
Foreign currency translation adjustment	3,220	1,387
Remeasurements of defined benefit plans	(4)	1,215
Share of other comprehensive income of entities accounted for using equity method	1,410	3,933
Total other comprehensive income	8,135	3,378
Comprehensive income	(27,360)	33,425
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(27,415)	33,875
Comprehensive income attributable to non-controlling interests	54	(449)

Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
	(Millions of yen)	(Millions of yen)
Cash flows from operating activities		
Profit (loss) before income taxes	(27,260)	48,811
Depreciation	7,202	7,839
Impairment losses	—	2,525
Increase (decrease) in allowance for doubtful accounts	3,712	4,489
Interest and dividend income	(3,164)	(9,484)
Interest expenses	419	1,162
Foreign exchange losses (gains)	(4,419)	(11,761)
Share of loss (profit) of entities accounted for using equity method	(3,014)	(2,714)
Decrease (increase) in notes receivable, trade receivables, contract assets and other	3,326	898
Decrease (increase) in inventories	(3,742)	5,310
Increase (decrease) in notes and accounts payable - trade	19,072	26,594
Loss (gain) on sale of investment securities	(799)	(398)
Increase (decrease) in retirement benefit liability	353	(3,324)
Increase (decrease) in provision for loss on construction contracts	(3,251)	429
Loss (gain) on valuation of investment securities	397	992
Loss on valuation of investments in capital of subsidiaries and associates	—	1,727
Loss (gain) on change in equity	—	(1,318)
Increase (decrease) in contract liabilities	8,739	3,753
Decrease (increase) in accounts receivable - other	33,328	36,579
Increase (decrease) in accounts payable - other	(13,437)	7,177
Gain on sale of receivables	—	(2,079)
Other, net	(895)	6,820
Subtotal	16,567	124,029
Interest and dividends received	5,341	9,985
Interest paid	(419)	(932)
Proceeds from sale of receivables	—	2,079
Income taxes paid	(2,177)	(24,392)
Cash flows from operating activities	19,311	110,769
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,467)	(6,565)
Proceeds from sale of property, plant and equipment	9	150
Purchase of investment securities	(2,435)	(2,629)
Proceeds from sale of investment securities	2,835	939
Purchase of intangible assets	(4,339)	(5,573)
Proceeds from sale of intangible assets	—	1,796
Proceeds from capital reduction of investments	1,064	733
Other, net	637	(322)
Cash flows from investing activities	(7,695)	(11,471)

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
	(Millions of yen)	(Millions of yen)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,617	2,324
Repayments of long-term borrowings	(370)	(9,197)
Redemption of bonds	—	(30,000)
Dividends paid	(3,031)	(3,789)
Dividends paid to non-controlling interests	(33)	(44)
Net increase (decrease) in short-term borrowings	1,819	56
Net decrease (increase) in treasury shares	(0)	(20,000)
Other, net	(148)	(637)
Cash flows from financing activities	(148)	(61,288)
Effect of exchange rate change on cash and cash equivalents	7,968	6,592
Net increase (decrease) in cash and cash equivalents	19,436	44,602
Cash and cash equivalents at beginning of period	268,281	288,009
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	291	144
Cash and cash equivalents at end of period	288,009	332,755

Segment Information

【 Information by reportable segment】

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
Sales to external customers	377,964	44,250	422,214	6,186	428,401	—	428,401
Inter-segment sales or transfers	52	1	54	1,866	1,921	(1,921)	—
Total	378,016	44,252	422,269	8,053	430,322	(1,921)	428,401
Segment profit	17,103	7,296	24,399	1,037	25,436	(4,748)	20,688
Segment assets	414,381	66,424	480,806	33,957	514,763	179,511	694,274
Others:							
Depreciation	1,583	2,859	4,442	430	4,873	2,329	7,202
Increase in property, plant and equipment and intangible assets	3,192	3,508	6,700	1,658	8,358	2,095	10,454

Notes:

1. "Other" includes business activities of consulting, management of real estate, water desalination, and production and sale of oil and gas.

2. "Adjustment" is as follows:

(1) Adjustment for segment profit of ¥(4,748) million represents elimination of inter-segment transactions of ¥93 million and corporate expenses unallocated to any reportable segment of ¥(4,841) million. Adjustment for depreciation of ¥2,329 million represents corporate expenses unallocated to any reportable segment. Corporate expenses are mainly the general and administrative expenses not attributable to any reportable segment and the group administrative expenses of the Company.

(2) Adjustment for segment assets of ¥179,511 represents elimination of inter-segment transactions of ¥(3,262) million and corporate assets unallocated to any reportable segment of ¥182,773 million. Corporate assets are mainly cash and deposits, investment securities and non-current assets (buildings and land, etc.) of the Company.

(3) Adjustment for increase in property, plant and equipment and intangible assets of ¥2,095 million represents corporate assets unallocated to any reportable segment. Depreciation pertaining to the increase in property, plant and equipment and intangible assets is also included in the adjustment as a part of the corporate assets unallocated to any reportable segment.

3. Segment profit is reconciled to operating profit on the consolidated statement of operations.

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Subtotal				
Net sales							
Sales to external customers	551,607	47,773	599,380	7,509	606,890	—	606,890
Inter-segment sales or transfers	26	18	44	2,871	2,916	(2,916)	—
Total	551,633	47,791	599,425	10,381	609,806	(2,916)	606,890
Segment profit	33,429	7,169	40,598	1,786	42,385	(5,686)	36,699
Segment assets	455,888	68,694	524,582	32,978	557,561	155,566	713,127
Others:							
Impairment losses	—	—	—	2,525	2,525	—	2,525
Depreciation	1,481	3,104	4,586	769	5,355	2,484	7,839
Increase in property, plant and equipment and intangible assets	6,454	5,134	11,589	124	11,714	2,770	14,484

Notes:

1. "Other" includes business activities of consulting, management of real estate, water desalination, and production and sale of oil and gas.

2. "Adjustment" is as follows:

(1) Adjustment for segment profit of ¥(5,686) million represents elimination of inter-segment transactions of ¥36 million and corporate expenses unallocated to any reportable segment of ¥(5,722) million. Adjustment for depreciation of ¥2,484 million represents corporate expenses unallocated to any reportable segment. Corporate expenses are mainly the general and administrative expenses not attributable to any reportable segment and the group administrative expenses of the Company.

(2) Adjustment for segment assets of ¥155,566 represents elimination of inter-segment transactions of ¥(42,449) million and corporate assets unallocated to any reportable segment of ¥198,015 million. Corporate assets are mainly cash and deposits, investment securities and non-current assets (buildings and land, etc.) of the Company.

(3) Adjustment for increase in property, plant and equipment and intangible assets of ¥2,770 million represents corporate assets unallocated to any reportable segment. Depreciation pertaining to the increase in property, plant and equipment and intangible assets is also included in the adjustment as a part of the corporate assets unallocated to any reportable segment.

3. Segment profit is reconciled to operating profit on the consolidated statement of operations.

【Changes in reportable segment】

The group administrative expenses of the Company, which were previously allocated to individual reportable segments, are included in "Adjustment" as a corporate expense not allocated to individual reportable segments due to a change in the method of performance management from the current consolidated fiscal year.

The segment information for the previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2022	March 31, 2023		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Total Engineering Business		1,207,832	823,995	551,607	1,563,459
Domestic	Energy Transition				
	Oil and gas	4,708	20,001	16,047	8,663
	LNG	37	24	24	0
	Chemical	32,971	19,998	28,834	24,136
	Clean energy	123,710	59,313	48,485	134,284
	Others	15,476	922	13,067	3,326
	Subtotal	176,905	100,260	106,458	170,410
	Healthcare & life sciences	72,672	25,199	30,249	67,622
	Industrial & urban infrastructure	62	1,431	1,355	138
	Others	1	795	643	154
Domestic Subtotal		249,642	127,687	138,705	238,326
Overseas	Energy Transition				
	Oil and gas	509,212	329,738	154,835	739,098
	LNG	417,813	147,132	213,877	376,018
	Chemical	11,957	192,133	22,725	183,936
	Clean energy	8,093	2,530	9,130	2,068
	Others	748	8,771	2,912	6,469
	Subtotal	947,826	680,307	403,480	1,307,590
	Healthcare & life sciences	7,928	13,185	4,279	17,224
	Industrial & urban infrastructure	2,434	2,682	5,007	318
	Others	—	132	132	—
Overseas Subtotal		958,190	696,308	412,901	1,325,132
Functional Materials Manufacturing Business		7,080	47,729	47,773	7,036
Other Business		998	7,064	7,509	597
Grand Total		1,215,911	878,789	606,890	1,571,093

Notes:

1. New contracts for "Functional Materials Manufacturing Business" are contained in the figure for the grand total because the calculation method for new contracts has been changed from the current consolidated fiscal year.
2. The figure for outstanding contracts for "Total Engineering Business" at the end of the current consolidated fiscal year includes an upward adjustment of ¥83,238 million due to foreign currency translation, amendments and changes in contract amounts and others.
3. The figure for outstanding contracts for "Other Business" at the end of the current consolidated fiscal year includes an upward adjustment of ¥44 million due to foreign currency translation, amendments and changes in contract amounts and others in the current consolidated fiscal year.