Abridged Translation:

The report is not audited and this translation is an abridged version prepared based on the statutory format in Japan for reference purpose only. If there is any discrepancy between this translation and the original Japanese version, the Japanese shall prevail.

Consolidated Financial Results for the Three Months Ended June 30, 2020

August 6, 2020

Company name: **CHIYODA CORPORATION**
Listing: Second Section, Tokyo Stock Exchange
Stock code: 6366
URL: http://www.chiyodacorp.com/
Representative: Masaji Santo, President & COO
Inquiries: Masaru Akiyama, GM, Accounting Department
TEL: +81-45-225-7281

Scheduled date to file Quarterly Report: August 6, 2020
Preparation of Quarterly Supplementary Explanation Material: Yes
Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the three months ended June 30, 2020

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended June 30, 2020	65,537	(24.2)	5,294	(41.7)	4,843	31.0	4,475	96.8
For the three months ended June 30, 2019	86,471	(7.6)	9,076	―	3,698	―	2,274	―

Note: Comprehensive Income: the three months ended June 30, 2020: 4,689 million yen / (5.0)%
the three months ended June 30, 2019: 4,463 million yen / (―)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2020	15.26	4.59
For the three months ended June 30, 2019	8.78	―

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	355,599	29,632	8.2
As of March 31, 2020	385,051	24,943	6.3

Reference: Equity as of June 30, 2020: 29,128 million yen
as of March 31, 2020: 24,423 million yen

2. Cash dividends

	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	-	-	0.00	0.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		-	-	-	-

Note: Revision to the latest forecast announcement 2020: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	280,000	(27.4)	11,000	(58.9)	9,000	(51.7)	7,000	(42.5)	18.92

Note: Revision to the latest forecast announcement 2020: None

4. Others

(1) Changes in Significant Subsidiaries during the Period
(changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies and Accounting Estimates / Restatements
a. Changes in accounting policies due to revisions of accounting standards, etc.: None
b. Changes in accounting policies other than a. above: None
c. Changes in accounting estimates: None
d. Restatements: None

(4) Number of issued shares (common stock)

a.	Total number of issued shares at the end of the period (including treasury stock)	
	As of June 30, 2020	260,324,529 shares
	As of March 31, 2020	260,324,529 shares
b.	Number of treasury stock at the end of the period	
	As of June 30, 2020	1,357,587 shares
	As of March 31, 2020	1,357,497 shares
c.	Average number of shares during the period	
	For the three months ended June 30, 2020	258,966,972 shares
	For the three months ended June 30, 2019	258,967,311 shares

*Presentation of Implementation Status of Quarterly Review Procedure
The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

*Proper use of earnings forecasts, and other special directions
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to a number of factors.

Dividend Status of Class A Shares

Class A Share	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	-	-	0.0	0.0
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2021 (Forecast)		-	-	-	-

Table of Contents for the appendices

1. Qualitative Information Related to Consolidated Performance

(1) Qualitative Information on Business Performance

Although business activity is gradually resuming, the overall stagnation of the global economy due to COVID-19 remains fundamentally unchanged from the first quarter of this financial year. The severe business environment surrounding Chiyoda is expected to continue and the future is impossible to predict.

Under these exceptional circumstances, the Group continues to execute ongoing projects in the worldwide energy and global environment fields, prioritizing the health and safety of our employees and stakeholders and assessing the influence of ongoing projects in cooperation with our clients whilst evaluating their investment plans.

In May 2019, Chiyoda launched a new medium-term management plan: “Chiyoda’s Revitalization Plan – Initiatives for Revitalization and the Future” and a Strategy & Risk Integration (SRI) Division to lead the reinforcement of a comprehensive risk management during all project phases.

To enhance EPC management, the Construction Division commenced operating under Energy Business Operations from April 2020 and we are increasing resources for construction and commissioning to further strengthen EPC operations.

Reduction of Capital and Capital Reserves and the Appropriation of Surplus to improve our financial position by offsetting the loss of 135,494 million yen in retained surplus carried forward at the of end of March 2020 was resolved at the June 2020 Ordinary General Meeting of Shareholders.

We released our ‘Principles for Human Resources Development’ as integrated guidelines to measure human resources, cultivate organizational management capability and capture employee abilities.

In April 2020, Chiyoda ratified its ‘Declaration of Health and Productivity Management’ to actively promote employee health management.

The medium-term management plan redefines Chiyoda’s engineering value in offering consummate EPC management, and optimizing the practicality of new technologies. Chiyoda therefore aims to commercialize its businesses in hydrogen and the carbon-cycle, utilities and data decentralization and pharmaceuticals and life sciences accordingly.

Chiyoda combines engineering expertise with digital AI technology and utilizes its digitalization capabilities to develop digital products to autotomize and optimize plant operations in the oil and gas field, and collaborates with a specialist IT enterprise to enhance its IT infrastructure.

On consolidated basis, for the 1st Quarter of the fiscal year ending March 31, 2021, New Orders amounted to 23,095 million yen (down 30.6% YoY), Revenues to 65,537 million yen (down 24.2% YoY) and Backlog to 77,604 million yen (down 4.4% from last FY). Operating Income as anticipated amounted to 5,294 million yen (down 41.7% YoY) due to increased cost of construction for some projects; Ordinary income increased to 4,843 million yen (up 31.0% YoY). In addition, due to a reduction of corporate taxes, profit attributable to owners of parent amounted to 4,475 million yen (up 96.8% YoY).

Construction delays and additional costs on some projects, caused by material and equipment purchasing disruptions and construction operative dispatch restrictions as a result of COVID-19, are expected. Although project risk estimates have been included following discussions with clients and after individual assessments of their location, contractual conditions, completion status etc., revenue and cost estimates assume the following:

Construction costs, calculated using percentage-complete methodology, includes reasonable future evaluations of the anticipated effects of COVID-19.

The figures provided have been estimated following current and reasonable assessments of the influence of COVID-19. The full effects of the pandemic are impossible to analyze accurately however and its timing cannot be predicted, and this could affect the information supplied.

New Orders in the current consolidated fiscal year (to 31 March 2021) can be summarized as follows:

- **Energy**

LNG / Gas

【Overseas】
Chiyoda is in the EPC phase on projects in the USA, Indonesia, Mozambique and Nigeria. For Freeport LNG, the third and final train commenced commercial operation in May 2020. For Cameron LNG, the third and final train commenced production in May 2020, and is currently progressing towards commercial operation as planned. The EPC phase of Golden Pass LNG is also progressing as planned. Chiyoda was also awarded the EPC contract for Nigeria LNG Train 7 in May 2020 and is currently supporting its JV partner's engineering review. In Qatar, Chiyoda is modifying and revamping its previously constructed LNG/gas processing plants and is preparing an EPC proposal for the North Field Expansion project, comprising 4 x 7.8 million ton/annum trains.

【Japan】
Renovations and modifications are underway on Chiyoda's previously constructed LNG receiving terminals and seismic upgrades of facilities are progressing.

Refinery/Petrochemical/Metal

【Overseas】
Chiyoda is executing a large-scale ethylene plant EPC project on the Gulf Coast in the USA and is executing EPCC (EPC plus Commissioning) on a Residue Fluid Catalytic Cracking (RFCC) plant in Malaysia.

【Japan】
Chiyoda considers metals and mining as priority business fields and is actively involved in mining projects. The Group is renovating existing refining facilities to reduce sulfur content in bunkering fuel in accordance with new regulations and to increase their competitiveness, whilst conducting seismic upgrades of facilities under the Basic Act for National Resilience. Chiyoda is also executing the EPC of the THC Catalyst (Toho High efficiency Catalyst) plant.

- **Environment**

Pharmaceutical/Biochemistry/General Chemistry

Chiyoda is executing the EPC of a synthetic raw materials plant for medicines, functionalized chemical facilities and a hydrogenated petroleum resin production plant. Chiyoda is collaborating with MIRAI Co. Ltd, a major production and administration company promoting the introduction of commercial facilities, on a vegetable growing facility and was presented with an award from Qatar University for a pilot vegetable factory project.

Environment/New Energy/Infrastructure

【Overseas】
Chiyoda has implemented its thoroughbred 121 (CT-121) process to flue gas desulfurization facilities on existing coal fired plants in India.

【Japan】
In the environment field, Chiyoda is executing the EPC for fuel gas desulfurization facilities on existing coal fired plants and CO2 separation unit demonstration facilities. In the new energy field, Chiyoda is executing the world's largest Battery Energy Storage System Project, photovoltaic (mega solar) facilities and the largest capacity biomass firing plant in Japan. Chiyoda is also considering participating in a floating offshore wind farm, an area where we anticipate further opportunities.

To demonstrate the development of "Advanced Hydrogen Energy Global Supply and Transportation" promoted by an organization established jointly with Mitsubishi Corporation, Mitsui & Co., Ltd. and Nippon Yusen (NYK Line), a hydrogenation plant in Negara Brunei Darussalam and a dehydrogenation plant in Japan have been completed and a display plant is ongoing. Chiyoda and Mitsubishi Corporation have entered into a Memorandum of Understanding (MOU) with five (5) companies in Singapore to jointly support its sustainable hydrogen economy using Chiyoda's highly regarded safe technology. Chiyoda also aims to develop its hydrogen importation and consumption business with our key technology.

Chiyoda has also entered into an MOU with Hazer Group Limited in Australia to collaborate on commercial activities using the Hazer Process to produce and supply hydrogen without the need to store carbon-dioxide utilizing methane as a feedstock to produce hydrogen and graphite. Discussions with prospective domestic clients are underway.

- **Digital Technology**

In a tie-up agreement with GRID Inc., the Group aims to develop a new digital technology business by implementing AI technologies on plants to improve productivity. Chiyoda has also developed AI to optimize the productivity of PT. Donggi-Senoro LNG (Indonesia) plants, aiming to introduce the technology worldwide.

Chiyoda has signed an MOU with Abu Dhabi Gas Liquefaction Co. (UAE) to provide state-of-the-art digital technologies for their LNG Plant, targeting early introduction to improve plant reliability.

Chiyoda is in the process of developing a group of digital products to optimize operation and improve the productivity of oil and gas plants. Chiyoda brands this group “EFEXIS” and will promote the new products upon their practical use.

We are also implementing the company-wide "Target 20" campaign to improve EPC management, work efficiency and corporate management practice. Chiyoda applies Advanced Work Packaging (AWP) to enhance project planning and control on current and future projects.

Chiyoda’s IT business domain, owned by its subsidiary Chiyoda System Technologies (CST), will be transferred to a splitting company, established through an incorporation-type company split of CST on 1 October 2020, for the purpose of reinforcing the IT infrastructure of the Group.

(2) Financial Information on Business Performance

This section is not translated.

(3) Full-Year Consolidated Financial Forecasts Outlook for the Next Fiscal Year

For detailed information, please refer to the notice *“Full-year Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021”* published on 6th August, 2020.

2. Consolidated quarterly financial statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	124,404	100,534
Notes receivable, accounts receivable from completed construction contracts	61,182	53,940
Costs on construction contracts in progress	5,261	7,320
Accounts receivable - other	68,712	71,271
Jointly controlled assets of joint venture	96,028	94,518
Other	6,041	5,843
Allowance for doubtful accounts	(1,243)	(1,259)
Total current assets	360,387	332,169
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,177	5,360
Land	5,085	4,853
Other, net	1,190	1,101
Total property, plant and equipment	12,454	11,315
Intangible assets	4,912	4,776
Investments and other assets		
Investment securities	5,598	5,659
Deferred tax assets	599	550
Other	1,271	1,301
Allowance for doubtful accounts	(172)	(171)
Total investments and other assets	7,296	7,338
Total non-current assets	24,663	23,430
Total assets	385,051	355,599

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	137,546	115,136
Current portion of long-term borrowings	122	123
Income taxes payable	1,212	147
Advances received on construction contracts in progress	119,911	115,089
Provision for warranties for completed construction	860	851
Provision for loss on construction contracts	34,871	27,253
Provision for bonuses	4,150	1,375
Provision for business restructuring	401	86
Other	20,802	25,867
Total current liabilities	319,878	285,931
Non-current liabilities		
Long-term borrowings	35,747	35,716
Provisions	239	239
Retirement benefit liability	1,986	2,146
Other	2,255	1,933
Total non-current liabilities	40,229	40,035
Total liabilities	360,107	325,966
Net assets		
Shareholders' equity		
Share capital	78,396	78,396
Capital surplus	72,128	72,128
Retained earnings	(127,778)	(123,302)
Treasury shares	(1,435)	(1,435)
Total shareholders' equity	21,310	25,786
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58	112
Deferred gains or losses on hedges	6	5
Foreign currency translation adjustment	3,033	3,259
Remeasurements of defined benefit plans	13	(35)
Total accumulated other comprehensive income	3,112	3,341
Non-controlling interests	519	504
Total net assets	24,943	29,632
Total liabilities and net assets	385,051	355,599

(2) Consolidated statement of income and comprehensive income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales of completed construction contracts	86,471	65,537
Cost of sales of completed construction contracts	73,433	57,257
Gross profit on completed construction contracts	13,037	8,280
Selling, general and administrative expenses	3,961	2,985
Operating profit	9,076	5,294
Non-operating income		
Interest income	653	424
Dividend income	15	14
Share of profit of entities accounted for using equity method	187	91
Other	81	60
Total non-operating income	938	591
Non-operating expenses		
Interest expenses	95	205
Foreign exchange losses	5,999	779
Other	222	56
Total non-operating expenses	6,316	1,041
Ordinary profit	3,698	4,843
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	355	—
Total extraordinary income	355	—
Profit before income taxes	4,053	4,843
Income taxes - current	1,780	314
Income taxes - deferred	8	57
Total income taxes	1,788	372
Profit	2,264	4,471
Loss attributable to non-controlling interests	(10)	(3)
Profit attributable to owners of parent	2,274	4,475

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	2,264	4,471
Other comprehensive income		
Valuation difference on available-for-sale securities	48	53
Deferred gains or losses on hedges	(19)	(0)
Foreign currency translation adjustment	2,264	293
Remeasurements of defined benefit plans, net of tax	(65)	(49)
Share of other comprehensive income of entities accounted for using equity method	(29)	(79)
Total other comprehensive income	2,199	217
Comprehensive income	4,463	4,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,483	4,704
Comprehensive income attributable to non-controlling interests	(19)	(15)

(3) Notes on Consolidated Quarterly Financial Statements

(Notes on Assumptions for a Going Concern)
None

(Notes on Significant Changes in the Amount of Shareholders' Equity, if Applicable)
None

(Additional Information)
This section is not translated.

(Business Separation)

At the Board of Directors meeting held on January 28, 2020 it was decided that Chiyoda Corporation's IT business domain, Chiyoda System Technologies ("CST"), will be transferred to a splitting company ("Splitting Company"), established through an incorporation–type company split of CST. Part of the Splitting Company shares will be transferred to TIS Inc. Conditions to be fulfilled on February 28 of the same year. The internal approval of this transaction was reached, and on the same day, the share transfer agreement was reached with TIS Inc.

1. Purpose of Company Split
   CST provides clients with IT solutions covering project management, project control and operational control of industrial plants to resolve business challenges. To further improve performance as an IT solution provider, Chiyoda and CST will develop CST's IT capability in collaboration with TIS Inc., a first class integrated IT enterprise in Japan and will execute a company split of CST and transfer the Splitting Company's shares to TIS Inc.

2. Effective date of the Company Split
   October 1, 2020 (planned)

3. Rights and Obligations of Splitting Company
   The Splitting Company succeeds part of assets, debts and contracts related to the IT business domain which CST owns before the effective date of the company split.

(Reduction of Capital and Capital Reserves and Appropriation of Surplus)

At the Board of Directors meeting on May 8, 2020, the Company resolved to discuss the reduction of share capital and disposal of surplus at the 92nd Ordinary General Meeting of Shareholders, to be convened on June 25, 2020.

1. Purpose
   The purpose of reducing capital stock and the disposal of surplus is to eliminate the cumulative loss of the previous fiscal year to improve the company's financial standing.

2. Capital Decrease
   (1) Reduced Capital
   Capital was reduced by 63,381 million yen, from 78,396 million yen to 15,014 million yen.

   (2) Reduction of Capital Reserves
   The Capital Reserve of 72,112 million yen was reduced to zero (0) yen.

3. Disposal of Surplus
   The sum of the reduced capital and capital reserves (135,494 million yen), will be transferred to retained earnings. As a result, the balance of retained earnings will be zero (0) yen.

4. Schedule

Board Resolution	May 8, 2020
Ordinary General Meeting of Shareholders	June 25, 2020
Date of Notice of Objection of Creditors	June 26, 2020
Deadline for objections of Creditors	July 27, 2020
Effective date of capital reduction	August 7, 2020 (planned)

3. Production, Contracts and Revenue

(Millions of yen)

	Apr. 1, 2019－Jun. 30, 2019			Apr. 1, 2020－Jun. 30, 2020		
	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	33,053 (99.4%)	86,258 (99.8%)	954,107 (100.0%)	22,918 (99.2%)	65,361 (99.7%)	776,004 (100.0%)
LNG Plant	12,197 (36.7%)	46,491 (53.8%)	502,357 (52.7%)	6,055 (26.2%)	19,045 (29.0%)	434,630 (56.0%)
Gas Development/ Processing/Receiving	750 (2.3%)	1,371 (1.6%)	12,771 (1.3%)	1,490 (6.4%)	3,004 (4.6%)	12,633 (1.6%)
Refinery/Petrochemical/ Metal	15,622 (47.0%)	21,918 (25.3%)	303,464 (31.8%)	9,853 (42.7%)	30,739 (46.9%)	217,265 (28.0%)
Pharmaceutical/Biochemistry/ Chemical	1,103 (3.3%)	7,173 (8.3%)	17,728 (1.9%)	3,182 (13.8%)	4,826 (7.4%)	18,379 (2.4%)
Environment/New Energy/ Infrastructure	1,304 (3.9%)	7,265 (8.4%)	110,726 (11.6%)	1,257 (5.4%)	7,008 (10.7%)	90,725 (11.7%)
Others	2,076 (6.2%)	2,038 (2.4%)	7,058 (0.7%)	1,079 (4.7%)	737 (1.1%)	2,370 (0.3%)
Other Business	212 (0.6%)	212 (0.2%)	－	176 (0.8%)	176 (0.3%)	－
Total	33,266 (100.0%)	86,471 (100.0%)	954,107 (100.0%)	23,095 (100.0%)	65,537 (100.0%)	776,004 (100.0%)
Domestic	15,624 (47.0%)	23,928 (27.7%)	208,825 (21.9%)	16,258 (70.4%)	28,412 (43.4%)	610,531 (78.7)%)
Overseas	17,641 (53.0%)	62,543 (72.3%)	745,282 (78.1%)	6,836 (29.6%)	37,124 (56.6%)	610,531 (78.7%)

Note1: The backlog of contracts for the three months include an increase / decrease due to changes in construction contracts acquired in prior fiscal years, and an increase / decrease due to foreign exchange translation adjustments.

Note2: The total amount of the above table does not include consumption tax.

4. Others

(Regarding Ichthys LNG Project)

Arbitration was filed by JKC Australia LNG Pty Ltd (JGC, KBR and Chiyoda joint venture) on a plant already handed over to the client as described below. Unfavorable outcomes will result in uncollectable construction receivables and replacement costs which may affect Group business performance.

1) Disputes with client
Outstanding issues include scope of work changes and associated additional costs and contract price adjustment.

2) Dispute with subcontractor
Arbitration to resolve a dispute with a subcontractor consortium awarded a lump sum contract consisting of General Electric Company, General Electric International Inc., UGL Engineering Pty Ltd and CH2M Hill Australia Pty Limited.

During ongoing arbitration in the execution phase regarding additional expenses being sought by JKC, the consortium independently breached the contract by withdrawing from site without prior agreement. JKC subsequently re-subcontracted the remaining scope of work to fulfill its own contractual obligations and are currently claiming costs of completing the Combined Cycle Power Plant (CCPP) from the consortium.