Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

June 26, 2024

Company name : CHIYODA CORPORATION
Listing : Tokyo Stock Exchange
Stock code : 6366
URL : http://www.chiyodacorp.com/en/
Representative : Masakazu Sakakida, Representative Director, Chairman of the Board
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Date of general shareholders' meeting : June 28, 2024
Annual securities report filing date : July 1, 2024
Dividend payable date : -
Supplementary Explanation Material : Yes
Financial Results Presentation : Yes

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

1. Consolidated operating results for the fiscal year ended March 31, 2024
(April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	505,981	17.6	(15,006)	－	(5,461)	－	(15,831)	－
Fiscal year ended March 31, 2023	430,163	38.3	18,116	71.8	20,322	77.8	15,187	－

Note: Comprehensive income : Fiscal year ended March 31, 2024: (16,287) million yen / (－%)
: Fiscal year ended March 31, 2023: 6,794 million yen / (－%)

	Net income per share	Fully diluted net income per share	Return on equity(ROE)	Ratio of ordinary income to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	(69.22)	－	(117.1)	(1.3)	(3.0)
Fiscal year ended March 31, 2024	50.54	15.49	80.3	5.1	4.2

Reference: Equity gains (losses) of affiliated companies : Fiscal year ended March 31, 2024: (596) million yen
: Fiscal year ended March 31, 2023: (413) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	426,967	6,077	1.1	(275.91)
As of March 31, 2023	406,588	22,310	5.5	(201.02)

Reference: Equity : Fiscal year ended March 31, 2024 : 4,858 million yen
: Fiscal year ended March 31, 2023 : 22,180 million yen

(3) Consolidated cash flows

Net cash provided by	Operating activities	Investing activities	Financing activities	Cash and equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	62,747	(1,567)	(5,851)	166,208
Fiscal year ended March 31, 2023	44,157	7,889	(17,057)	106,682

2. Dividends

Record date	Cash dividends per share					Cash dividends (annual)	Payout ratio (consolidate)	Dividend on equity ratio (consolidate)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	—	—	0.00	0.00	0	0.0	—
Fiscal year ended March 31, 2024	—	—	—	0.00	0.00	0	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	—	—		—	

Note: No forecast has been made about the year-end dividends for the fiscal year ending March 31, 2025 at this time.

Note: The table shows dividends status of common stock. For dividends status of class A shares (unlisted), please refer to 'Dividend Status of Class A Shares' as referred to hereinafter.

3. Consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

The announcement of consolidated forecasts for the fiscal year ending March 31, 2025 is postponed because the discussions with the customer of the Golden Pass LNG project in Texas, U.S. have been continuing related to the fact that Zachry, one of the partners for Chiyoda and its wholly owned Houston, Texas headquartered subsidiary, Chiyoda International Corporation to execute the project, filed for Chapter 11 relief under the United States Bankruptcy Code.

Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries causing changes in scope of consolidation): None

(2) 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

(3) Number of shares issued (common stock)

(a)	Number of shares issued at year-end (including treasury stock)	Year ended March 31, 2024	260,324,529 shares	Year ended March 31, 2023	260,324,529 shares
(b)	Number of treasury stock at year-end	Year ended March 31, 2024	1,251,898 shares	Year ended March 31, 2023	1,353,124 shares
(c)	Average number of shares during the period	Year ended March 31, 2024	259,046,914 shares	Year ended March 31, 2023	258,969,434 shares

\# This earnings release is not subject to audit procedures by certified public accountant nor audit corporation.

\# 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. Please refer to '(3) Outlook in 1. Qualitative Information Related to Consolidated Performance' for earnings forecasts conditions and notes on the use of earnings forecasts.

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, 2023	—	—	—	0.00	0.00
Fiscal year ended March 31, 2024	—	—	—	0.00	0.00
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	—	—

Note: No forecast has been made about the year-end dividends for the fiscal year ending March 31, 2025 at this time.

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1. Qualitative Information Related to Consolidated Performance

(1) Qualitative Information on Business Performance

The global economy has continued to face an uncertain outlook in FY2023, due to the increasing geopolitical risk including destabilization in the Middle East and monetary tightening to control inflation.

Under these conditions and considering the business environment in which we operate, as demand for achieving a low-carbon and decarbonized society increases in response to climate change, there is also a growing need for stable energy supply, such as the expansion of liquefied natural gas (LNG) demand. This calls for the realization of a sustainable and prosperous future for both people and the planet.

Based on our medium-term management plan 'Revitalization for the Future'(FY2019 to FY2023), Chiyoda's risk management structure and our engineering, procurement and construction (EPC) project management capabilities have strengthened, reinforcing our stable profit-making base. We continue to transform our business portfolio by advancing our existing businesses, based mainly on LNG due to its increasing importance as a resource for a stable supply of energy during the global energy transition, and strengthening new businesses in growth fields such as renewable energy, hydrogen, carbon cycling, energy management and life sciences.

Under these circumstances, considering the possibility of withdrawal of Zachry Industrial, Inc. (hereinafter 'Zachry'), one of the partners for Chiyoda and its wholly owned Houston, Texas headquartered subsidiary, Chiyoda International Corporation ('CIC') to execute the Golden Pass LNG project* ('the Project') in Texas, U.S., from the Project, discussions among Golden Pass LNG Terminal LLC ('GPX') in the U.S., the Project customer, CB&I LLC ('CB&I'), a joint venture partner in the U.S., and CIC on a possible new organizational structure to continue the Project and complete construction have been continuing since April 2024 when the possibility arose. A consensus was yet to be reached before the date of announcement of financial results on which Chiyoda was originally scheduled. Subsequently Zachry filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S time, which, as well as other related matters, should adjust the financial statements as the subsequent events after reporting period.

For the fiscal year ended March 31, 2024, considering the possibility of Zachry's withdrawal from the Project, we estimated the total costs to be incurred to complete construction and the contract amount based on the signed documents as of the date of this report.

On a consolidated basis, for the fiscal year ended March 31, 2024, New Orders amounted to JPY 237,545 million (up 53.3% YoY), Revenues amounted to JPY 505,981 million (up 17.6% YoY) and the Order Backlog amounted to JPY 993,878 million (down 13.5% from last FY). Operating Loss is JPY 15,006 million (Operating Profit was JPY 18,116 million for last FY) and Ordinary Loss is JPY 5,461 million (Ordinary Profit was JPY 20,322 million for last FY). A recording of Income Taxes resulted in a Loss Attributable to the Owners of the Parent of JPY 15,831 million (Profit Attributable to the Owners of the Parent was JPY 15,187 million for last FY).

*Golden Pass LNG project is the project Zachry, CB&I and CIC jointly have executed EPC work for the LNG Plant (Total 15.6 MMTPA, 5.2 MMTPA x 3 Trains) with associated facilities from 2019. Construction is currently ongoing.

MMTPA: Million Metric Tonne per Annum

Further information regarding reportable engineering business segments is presented below.

- Energy

LNG / Gas

【Overseas】
The Group is executing the EPC of LNG plants in Qatar, the USA and Indonesia. In Qatar, the EPC phase for the North Field East (NFE) project, an expansion of four LNG trains with capacities of 8 (eight) million metric tons per annum each is ongoing, and construction is progressing. In the USA, the Golden Pass LNG

project is also in the EPC phase and construction is progressing.

In the gas sector, the Group has been engaged in the engineering design for renovation work of LNG/gas processing plants in Qatar.

【Japan】
In the gas sector, the Group has been engaged in the engineering design for renovation work of LNG/gas processing plants in Qatar.

Refinery/Petrochemical

In Japan, we are upgrading oil refinery facilities and examining energy saving measures and strategies for oil companies to realize carbon neutrality. The Group deploys an operation and maintenance (O&M) business for operation optimization, efficient facility maintenance and O&M digital transformation (DX), combining our expertise of advanced analysis technologies, such as 3D fluid analysis, dynamic simulation, structure analysis and earthquake resistance technology, and the latest digital technology for oil refineries and petrochemical compounds. In the petrochemical field, we completed the EPC phase of a new functional materials project.

The Chiyoda Group, Microwave Chemical Co., Ltd, and Mitsui Chemicals, Inc. are engaged in the joint development of innovative naphtha cracking technology using microwave heating, contributing to decreasing CO2 emissions from pyrolysis of naphtha. The project has been adopted by the New Energy and Industrial Technology Development Organization (NEDO) under the Program for Promotion of Research & Development and Social Implementation of Energy-saving Technologies towards Realization of a Decarbonized Society: Priority Issues Promotion Scheme. The technology will contribute to a significant reduction in CO2 emissions from the thermal decomposition of naphtha, which has been a major challenge in the chemical industry.

- Environment

Pharmaceutical/Biochemistry/General Chemistry

Chiyoda is executing the EPC phase for AGC Corporation’s new biopharmaceutical API manufacturing plant, and other pharmaceutical product manufacturing plant EPC projects.

We have been awarded a Feasibility Study (FS) and Front End Engineering Design (FEED） contract in the pharmaceutical field, introducing and implementing continuous production technology developed in the petroleum industry. Following selection by NEDO after an open call for proposals, we are collaborating with industry and academia on a ‘Technology Development for Large-scale Production of Highly Modified Recombinant Proteins in Plants’ research and development project.

In the general chemistry field, we are engaged in an EPC project, awarded by Kureha Corporation, to increase the capacity of their monomer process for producing polyvinylidene fluoride (PVDF).

Environment/New Energy/Infrastructure/Advanced Materials

【Environment】
We are installing flue gas desulfurization (FGD) equipment in coal-fired power plants in India in response to tightening environmental regulations, and the Group’s thoroughbred 121 (CT-121) FGD process has been installed in a number of plants.

【New Energy】
We are reinforcing the utilization of stored energy for efficient use of renewable energy while working on a territorially distributed energy procurement system. In the Fiscal year ended March 31, 2024, we successfully completed construction and commenced operation of the ‘Regional Microgrid’ project for Tokyu Land Corporation in Matsumae Town, Hokkaido. We continue contributing to the realization of projects aimed at improving regional resilience through the local consumption of renewable energy, leveraging the experience gained from this project. Miscellaneous activities, including support for fixed offshore power plants in Japan and feasibility studies for the construction of a floating power plant are ongoing.

【Infrastructure】
The Group is in the construction phase of the EPC project for a copper smelting plant in Indonesia, the world's largest single manufacturing line plant.
In Japan, the Group is executing an inorganic battery material demonstration plant project to increase safety, extend cruising distances and shorten recharge durations of next-generation batteries. We are also executing restoration work for plants damaged by the 2024 Noto Peninsula Earthquake.

【Advanced Materials】
In Japan, the Group is executing an inorganic battery material demonstration plant project to increase safety, extend cruising distances and shorten recharge durations of next-generation batteries for electric vehicles (EVs).

(Note)
Please refer to 3. 'Production, Contracts and Sales' for further details of New Contracts, Net Sales and Contract Backlog, by segment.

<<Decarbonization Business >>

The Group's hydrogen business (hydrogen/ammonia), Carbon Capture and Storage (CCS)/ Carbon Capture and Utilization (CCU) business and energy management business are presented below.

Hydrogen/Ammonia

In the hydrogen field, the Group is participating in projects in Singapore, Europe and Japan to construct hydrogen supply chains using our unique SPERA Hydrogen™ technology.

In Singapore, conceptual design is ongoing with Sembcorp Industries, a leading integrated utilities firm and government-affiliated conglomerate and Mitsubishi Corporation to realize a commercial scale clean hydrogen supply chain in the city-state. The three parties have set a goal to commence commercial hydrogen supply in the latter half of 2026.

In Europe, the Group participated in a hydrogen marine transportation project (LHyTS project) to export hydrogen from Scotland to Rotterdam and completed feasibility studies in November 2023.

In Japan, Chiyoda is a managing board member of the Japan Hydrogen Association and is engaged in creating social implementation projects in Japan while providing government policy support. In April 2023, the Group concluded a Memorandum of Understanding (MOU) with Chubu Electric Power Company and Hazer Group Limited, an Australian technology development company, to produce hydrogen using the HAZER®Process. Detailed discussions regarding plans to develop carbon-free hydrogen and carbon-graphite production facilities in the Chubu region are continuing.

In February 2024, Chiyoda signed a basic cooperation agreement with Toyota Motor Corporation to jointly develop a large-scale electrolysis system and construct a strategic partnership. Both signatories participated in the International Hydrogen & Fuel Cell EXPO 2024 and will develop 5 MW-class equipment as the basic unit for the introduction of the system at Hydrogen Park in the Toyota Honsha Plant in FY2025. The system will then be expanded to the 10 MW class.

In Australia, Chiyoda, Kawasaki Heavy Industries, Ltd., Toyo Engineering Corporation and JGC Corporation have signed a joint venture agreement, under the leadership of Kawasaki Heavy Industries Ltd, to enhance the Front End Engineering Design (FEED) for a liquified hydrogen supply chain being developed by Japan Suiso Energy, Ltd, aimed at realizing carbon neutrality by 2050 as specified by the Japanese Government.

In the ammonia field, the Group is leading a NEDO Green Innovation Fund initiative in a collaboration project with industry, government and academia to develop independent ammonia synthesis technologies to reduce ammonia production costs. Together with JERA Co., Inc. and NIPPON SHOKUBAI CO., LTD., the Group is developing ammonia cracking technology that is more competitive than existing technologies under NEDO's technologies development program. The Group is also conducting studies on ammonia receiving and hydrogen fuel supply facilities in Japan.

CCS/CCU

The Group signed an MOU with Pace CCS Limited, a global leader in the field of CO_2 capturing technology and CCS system design, to collaborate in the field of CCS. We will deliver CCS projects from initial feasibility studies and conceptual design through Front End Engineering Design (FEED) and EPC.

Carbon dioxide separation and recovery technology development for large-scale natural gas fired power plant turbines using domestic solid sorbent material is ongoing, under a NEDO Green Innovation Fund Program.

In Southeast Asia, the Group entered into a joint study agreement with PT Pertamina (Persero), a state-owned oil company in Indonesia in March 2023, to develop carbon recycling technology. We signed an MOU with the Electricity Generation Authority of Thailand in March 2023 to jointly study the development of a clean hydrogen and ammonia value chain in Thailand. The Group is executing research that contributes to the transition to carbon neutrality in both countries.

In Japan, the Group completed: 1) a study on CO2 liquefaction, storage and shipping facilities as part of a carbon dioxide, capture and storage (CCS) value chain for Mitsubishi Corporation; 2) a conceptual design study of CO2 compression facilities for CCS in East-Niigata by Japan Petroleum Exploration Co., Ltd. JAPEX); 3) a study for a CCUS hubs and clusters concept in East-Niigata by MITSUBISHI GAS CHEMICAL COMPANY, INC. (MGC) and 4) a feasibility study for a CO2 capture / liquefaction plant and utility facility for the Electric Power Development Co., Ltd. (J-POWER).

Chiyoda, Nippon Yusen Kabushiki Kaisha and its affiliate Knutsen NYK Carbon Carriers AS conducted a joint study to quantitatively evaluate and verify the feasibility of a CCUS value chain, including liquefaction, temporary storage and marine transportation of carbon dioxide covering Low Pressure (LP), Middle Pressure (MP) and Elevated Pressure (EP) CCUS value chain methodologies. We will continue the joint study to propose EP methods to customers.

In the CCU field, the Group is realizing carbon recycling as part of a collaboration project with industry, government and academia, researching and developing CO_2 capture and utilization technology using CO_2 as a raw material to produce para-xylene.

In the e-fuel field, the Group signed an MOU with a German company, INERATEC GmbH (INERATEC) in September 2022, to strategically collaborate on e-fuel projects to accelerate decarbonization using their innovative Power-to-X technology. We are also executing a 400Nm3-CO2/h methanation test plant project for INPEX CORPORATION and a 1 Barrel per Day (1B/D) synthetic fuel production test plant project for ENEOS Corporation (ENEOS).

Chiyoda successfully completed a FEED contract awarded by SEKISUI CHEMICAK CO., LTD. for a CO2 to CO chemical transformation plant using 'Chemical Looping Technology' with a CO2 conversion rate of 90% or higher.

Energy Management

The Group is executing twenty (20) year maintenance work for the world's largest Battery Energy Storage System (BESS) for North Hokkaido Wind Energy Transmission Corporation, completed in March 2023 by the Group. New BESS projects for ENEOS are also progressing.

The Group is reinforcing its domestic virtual power plant (VPP) business in collaboration with a start-up company.

<<Digital Transformation (DX) Business>>

Chiyoda is accelerating company-wide digital transformation (DX) in three areas: Corporate DX, Project DX and Human Resources DX, supporting our new purpose of 'Enriching Society through Engineering Value' and enabling employees to work more efficiently through common information sharing digital platforms. As part of our business portfolio transformation, we combine digital and physical technologies to provide hybrid operation and maintenance (O&M) solutions through our O&M-X businesses.

(a) Corporate Management DX

Chiyoda is accelerating Corporate DX, linking core accounting activities to accelerate the dissemination of information to management while simplifying structures and reducing costs, aiming to be fully digital in planning and managing human resources for more efficient resource allocation. We have initiated a resource management system to coordinate resource management with order management to facilitate the rapid examination of business plan scenarios and commenced a talent management system enabling strategic allocation of resources and coordinate human resource development with company objectives by sharing employee career aspirations with supervisors and Human Resource Officers.

Corporate-wide initiatives to improve work style include the introduction of Robotic Process Automation (RPA), Artificial Intelligence (AI) services and community sites to share information and initiate discussion.

(b) Project Management DX

Advanced Work Packaging (AWP) aligns engineering and procurement deliverables with construction schedules to improve construction efficiency, increase productivity and reduce costs. We have commenced Chiyoda AWP on overseas projects to enhance our EPC execution management capabilities and improve project outcomes. An innovative space design system that improves construction planning and preliminary and detailed engineering efficiency has been developed by PlantStream Inc, a joint venture with Arent Inc, and introduced by plant owners and EPC contractors worldwide.

(c) DX Business

The Group has reorganized its plant O&M solution and digital transformation business organizational functions, deploying solution businesses to support the transformation of customer operation and maintenance activities. By combining Chiyoda X-ONE Engineering Corporation with our inherent digital technologies, such as advanced diagnosis and analysis, IoT and AI, we now provide O&M total solution services through plantOS®, a field-centered physical maintenance support service for industrial plants.

We have signed MOU’s with Japan Business Systems, Inc. to collaborate in the development and provision of cloud services to optimize the O&M of industrial facilities, and NSXe Co.LTD. to develop a rotating equipment diagnosis business. We have joined The Digital Twin Consortium, an organization of leading international digital twin technology companies, universities, governments and research institutes, to utilize the plantOS® digital twin solution in plant O&M and have also signed an MOU with Visionaize Inc to utilize their V-Suite® digital twin platform.

We have established a capital and business alliance with SENSYN ROBOTICS, Inc. to engineer solutions based on their technologies and expertise in the infrastructure maintenance field, and collect data in real time using robots, drones, AR/VR technologies etc for integration into Chiyoda’s 3D digital twin platform.

The Group has been awarded a Technical Service Agreement by PT. Donggi-Senoro LNG (DSLNG) as part of plantOS®, covering engineering, technology and process safety support for their LNG plant, and will provide optimal solutions for its safe and stable operation using our consulting and engineering capabilities.

(2) Financial Information on Business Performance

(a) Information on Assets, Liabilities and Net Assets

(Assets)
Total Assets increased by JPY 20,379 million from the end of the last fiscal year, with an increase of Cash and Deposits by JPY 40,831 million while a decrease of Jointly Controlled Assets of Joint Venture of JPY 14,626 million and Notes Receivable, Accounts Payable from Completed Construction Contracts, and Contract Assets of JPY 7,445 million.

(Liabilities)
Total Liabilities increased by JPY 36,611 million from the end of last fiscal year, with an increase of Contract Liabilities by JPY 25,353 million, Provision for Loss on Construction Contracts of JPY 8,614 million and Notes Payable, Accounts Payable for Construction Contracts of JPY4,405 million.

(Net Assets)
Total Net Assets is JPY 6,077 million due to a decrease of Retained Earnings resulted mainly from the recognition of Loss Attributable to Owners of Parent.

(b) Information on Cash Flow
Cash and Cash Equivalents as of March 31, 2024 was JPY 166,208 million, an increase of JPY 59,526 million from March 31, 2023, as detailed below:

(Operating Activities)
Net cash provided by operating activities was JPY 62,747 million, mainly due to and an improvement in working capital obligation resulted from the progress of construction despite the recognition of Loss Before Income Taxes.

(Investing Activities)
Net cash provided by investing activities was minus JPY 1,507 million, attributed to Proceeds from Sale of Investment Securities and Purchase of Property, Plant, Equipment and Intangible Assets.

(Financing Activities)
Net cash used in financing activities was minus JPY 5,851 million, mainly attributed to Repayments of Long-Term Borrowings.

(3) Outlook

1) Earnings Outlook for Financial Year Ending March 31, 2025

The Chiyoda Group traditionally prioritizes large-scale EPC projects and we successfully completed the Tangghu LNG Expansion project in Indonesia in November, 2023. We are also currently executing the North Field East (NFE) project in Qatar and a copper smelting plant in Indonesia, both awarded in 2021, in addition to Golden Pass LNG project in the USA.

In Japan, Chiyoda are executing ongoing and new EPC projects awarded in FY2023, including a polyvinylidene fluoride (PVDF) production facility, a synthetic fuel production test plant, a CO2 methanation test plant and a biopharmaceutical API manufacturing plant.

The Group continues to strengthen as a result of consolidated management and Chiyoda X-ONE Engineering Corporation, established on 1 April 2023 through the merger of three domestic group companies, is out-performing expectations.

We will continue strengthening risk management in the next fiscal year, optimizing the balance between risk and return to improve our project execution capabilities and increase earning power.

In addition to signing the basic cooperation agreement with Toyota Motor Corporation and establishing a capital and business alliance with SENSYN ROBOTICS, we continue to scale-up our non-EPC business by investing with DNX Ventures Fund IV in the USA, strengthening our business development and our ability to partner with appropriate business enterprises.

We continue to expand our business portfolio, including life sciences, our O&M-X solution business and plant bio foundries (supported by NEDO), to flexibly respond to the changing external business environment.

2) Management Policy, Business Environment, and Issues Requiring Attention

Chiyoda's previous five-year Revitalization Plan strengthened risk management, enhanced our EPC project execution capabilities and reinforced our business foundations to ensure a stable profit-making base, following the financial challenges of fiscal year ended March 2019. However, from the fact that Zachry, a partner of one of the Group subsidiaries to execute the Golden Pass LNG project in Texas, U.S., filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S time, the importance of partners' risk management has become evident and we will further strengthen its risk management during the execution stage as well as the bidding stage of projects.

Our new purpose of 'Enriching Society through Engineering Value' was formulated in August 2023 following proactive discussion between all Chiyoda colleagues, elucidating our wish to continue contributing to realizing a sustainable future for our planet, and health and prosperity for its inhabitants, by working collaboratively with customers and partners to deliver state-of-the-art solutions through our engineering expertise, technological proficiency and project execution capabilities.

We will release a new three-year Midterm Management Plan within this fiscal year to further strengthen our foundations to becoming a stable and high-profit enterprise.

Cooperation between internal business divisions is essential for us to deal with the changing business environment. Since the initiation of Revitalization Plan, we have established the following committees and strengthened cross-functional collaboration to enhance the depth of our business strategy.

'Integrated Strategy Committee'
This committee formulates integrated and company-wide short, medium and long term business strategies under the new Midterm Management Plan, and prepares human resource allocation and policy plans for technological development.

'New Business Field Promotion Committee'
This committee, originally called the 'Carbon-Free Business Promotion Committee', monitors the progress of business for which company-wide cooperation is required and promotes revising and updating the business strategies according to business environment.

'Project Competitiveness Committee'

This committee plans and implements initiatives to achieve the JPY 30 billion consolidated net profit by FY2030 and improve EPC business work processes and strengthen competitiveness by accelerating DX.

'Human Resources Management Committee'

This committee formulates employee career paths, executes succession plans and maximizes senior human resource performance.

The Group has established committees to generate company-wide governance discussions and management reporting systems and will continue to strengthen corporate governance to improve corporate value and achieve medium to long-term growth.

'Internal Control Committee'

This committee establishes and operates an internal control system to guarantee business fairness in accordance with relevant laws.

'Compliance Committee'

This committee ensures implementation of the Group's compliance related responsibilities..

'SQEI Management Committee'

This committee continuously improves Safety, Quality, Environment and Information Security business processes.

'Sustainability Committee'

This committee identifies and reflects major sustainability challenges in business strategies through reviews and discussions.

Human resources are the Group's most valuable asset and maximum personnel performance is essential to achieving the goals established in the new Midterm Management Plan we will release and to fulfill our new purpose of 'Enriching Society through Engineering Value'. We continue to implement measures to nurture human resources with an innovative mindset and skills in an uninhibited and free-thinking working environment. By implementing such measures, we continue to improve company value, enhance profitability and strengthen corporate governance over the medium to longer term.

(4) Basic Dividend Policy and Dividend Distributions

We regret that there will be no dividend distribution to the common stock in light of the level of unappropriated retained earnings for the year ended March 31, 2024.

(5) Business Risks

Risks to our operations and financial affairs with the potential to significantly affect investor decision-making, as well as the measures taken to address such risks, are described below.

Recognizing the possibility that these risks could arise, in addition to making every effort to reduce their occurrence, the Group also endeavors to respond as quickly as possible to minimize the effects should they arise.

We have recognized the following risks as of March 31, 2024.

(a) Business trends and effects of economic, social and political changes

Global economic trends, social and political changes, trade protections, economic sanctions, diplomatic tensions, national energy policy shifts and oil, LNG and metal market price trends may adversely impact customer or partner financial circumstances, causing them to terminate, postpone or change their investment plans and affecting the Group's business performance.

The Group closely monitors the external economic and social environment as it conducts business to determine project order certainty, and we endeavor to share the risk burden with customers through collaborative working relationships. We also prepare and regularly update order receiving plans for back-up projects and participate in broad studies centered on new business fields and non- EPC projects.

(b) Natural disasters such as earthquakes, virus infectious disease, geopolitical risks and Force Majeure events such as terrorism and conflict

The occurrence of a natural disaster such as an earthquake, heavy rain, flooding or typhoon caused by global climate change, the spread of viral disease or a Force Majeure event such as an act of terrorism or armed conflict, may directly or indirectly result in damage to a worksite where there is an ongoing project, or to an office in Japan or overseas. Such risks can endanger workers' lives, delay the transport of equipment and materials to a worksite, or interrupt on-site work.

The geopolitical crisis in Ukraine and destabilization in the Middle East have increased global risks and undermined the global economy, which could adversely affect the Group's business performance due to weakening customer and/or partner performance, supply chain disruption and rising global inflation.

Such global catastrophes endanger human life and we have established a Crisis Management Department, strengthened by externally hired security consultants, to compile and analyze data and evaluate the risk to employees in affected areas, such as on the NFE project in Qatar as we continue to closely monitor developments in the Middle East.

The Group works collaboratively with customers and partners to establish emergency response procedures, to be implemented in the event of an emergency, to minimize the risk to all affected parties. We also develop Business Continuity Plans (BCP) to improve our ability to continue operations through emergency safety drills.

(c) Risks related to partners

In the Group's business domains, we may receive an order jointly with partners by setting up a joint venture or a consortium based on project size and complexity and risk sharing. In the event of partners' default, deteriorated financial circumstances or other critical issues affecting their project execution capabilities, the Group may bear contractual joint responsibility and this may affect the Group's business performance.

The Group analyzes prospective partners' financial circumstances before the collaboration decision. We also implement a system to immediately identify risks by monitoring joint venture partners' financial circumstances.

Our risk management process includes analyzing potential partners' financial circumstances and project execution capabilities prior to and after establishing partnerships to immediately identify and deal with risks.

For the fiscal year ended March 31, 2024, based on the fact that Zachry, a partner of one of the Group subsidiaries to execute the Golden Pass LNG project in Texas, U.S., filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S time, we estimated the total costs to be incurred to complete construction and the contract amount based on the signed documents as of the date of this report, considering the possibility of Zachry's withdrawal from the Project.

(d) Surging equipment and materials costs

There is time lag between when a contract estimate is issued and when an order is placed. As a result, when there is a dramatic shift in the socio-political situation, such as an outbreak of wars and conflicts between nations and regions, we are exposed to the risk of an unforeseen increase in equipment and materials costs. Specifically, the price of steel, which is a major component in plant construction, can be greatly affected by fluctuating prices for coking coal and iron ore. It is also difficult to predict fluctuations in market prices for materials such as copper, nickel, aluminum, and zinc. There are also concerns that shipping rates may be affected by the surge in oil prices and higher insurance premiums.

To mitigate such risks, in addition to tracking market trends, the Group takes steps such as diversifying our suppliers and encouraging competition by ordering from suppliers around the world, early order placement for equipment and materials, and building good relationships with top-tier suppliers. Through discussions and negotiations with our business partners and stakeholders, such as clients, suppliers, and subcontractors, we are working to appropriately address the soaring equipment, materials and labor prices caused by global inflation.

(e) Difficulty securing workers, equipment, and materials

In plant construction, work may be delayed if we are unable to secure the necessary human resources such as construction workers, secure the necessary infrastructure, or procure the necessary equipment and materials as planned, or by supply chain disruption. There is a risk that additional expenditure may be required to recover lost time due to these factors.

In locations where the labor market is tight or where the climate is harsh, both in Japan and overseas, the Group mitigates the risk of an unexpected rise in construction costs through development of construction methods such as modular construction and by forming cooperative relationships with leading contractors and equipment and materials suppliers. If construction is unavoidably suspended due to the worldwide spread of some infectious disease or epidemic other than COVID-19, a strike, or some other unforeseen occurrence, we will work with our clients and relevant local agencies on appropriate measures to minimize the impacts.

(f) Risks associated with changes in the business environment arising from climate change

Climate change is affecting society on a global scale, and it is one of the most important social challenges confronting the entire global community. The Group recognizes that the resulting changes to client investment environments and to their business portfolios by physical risks and transition risks could have a significant impact on our operations and business strategy.

The Group is addressing these challenges by formulating business plans that closely monitor the energy situation, review climate change policy, laws and regulations in each country, and by obtaining the latest information in a timely and appropriate manner via our government, agencies and customer networks in order to recognize the requirements of complicated and developed societies and client challenges and solve them accordingly.

Climate change can also be viewed as a new business opportunity. The business environment in which the Group operates is undergoing significant changes. These include advances in faster decarbonization and a carbon recycling society and an accelerated transition to a hydrogen-based society as well as the increasingly widespread adoption of low-carbon and renewable energy, including LNG. As a result of these changes, major clients are overhauling their business strategies and the Group sees prospects for growth thanks to new market opportunities. In view of the above, we continue to transform our business portfolio in response to society’s demand for reduced environmental load.

Since our foundation, we have demonstrated an ability to optimize solutions for complex constraints and challenges. In EPC execution, we rely on this ability to optimize engineering and ensure quality, and the application ability of new technologies fusing basic research and EPC expertise. By leveraging these strengths, we will accelerate the transition to a carbon-free society including hydrogen energy. By transforming our business portfolio on two fronts - growing carbon neutrality and life science contribution fields and creating and strengthening recurring business models - we aim to transform our earnings structure to generate consolidated-basis net profit in excess of JPY 30 billion.

We will contribute to achieving carbon neutrality by 2050 through a combination of reduction and circularity.

(g) Plant accidents

Should a major accident such as explosion or fire arise at a plant built or under construction and the Group is determined to be at fault, our liability for damage compensation could affect our business results.

With safety design and construction site accident prevention as top priorities, the Group takes all possible quality control, construction safety management, and other measures to prevent such unforeseen circumstances from arising. In addition, we seek to mitigate such risks by obtaining appropriate insurance coverage and securing contract terms that reasonably share the risk of such losses with the client. The Group is committed to fostering a culture of safety and we collectively refer to our various initiatives to ensure construction safety as ‘C-Safe’, which stands for Chiyoda’s Safety Culture.

(h) Currency risk

Because amounts to be paid for equipment, materials, and subcontracted work for overseas projects can be in currencies that are different to our client payments, fluctuating exchange rates could affect our business results.

The Group endeavors to mitigate currency risk by receiving payments for work in the currencies in which we expect to make payments ourselves and also through forward currency exchange contracts.

(i) Compliance violations

In expanding our business domestically and overseas, the Group must comply with the laws and regulations of the various countries in which we have our corporate headquarters, subsidiary companies, representative offices, and construction sites. In the unlikely event that we violate, or are suspected of violating, such laws or regulations, there could be a significant impact on project execution or our business operations.

In order to prevent violations, and also to avoid coming under such suspicion, the Group continuously educates our employees through programs such as group training and e-learning. In doing so, we thoroughly disseminate information about the latest laws, regulations, and rules that are relevant to our business execution, including those pertaining to protecting human rights and preventing corruption. We also constantly work to assess trends among our stakeholders, including domestic and foreign agencies and clients. Furthermore, in order to ensure that compliance is incorporated into our business processes, we have established a Compliance Committee chaired by the Chief Compliance Officer (CCO) with the divisional Compliance Officers as its members, as well as a Group Company Compliance Liaison Committee, also chaired by the CCO, with the subsidiary presidents as its members.

(j) Information security threats

The Group controls a large volume of client and counterparty information that is necessary to execute our business, and we also possess confidential information about technologies, sales, and other aspects of our business. Much of our core work and commercial activities are carried out making full use of state-of-the-art IT systems at various locations around the world. We mitigate risks by reinforcing protective measures to prepare for cyberattacks on important data system and network installations. However, an unforeseen event could cause a system failure, leak of confidential information, cyber fraud, or loss of important business information that could affect our business. Cyberattack risks on companies have recently increased, triggered by the geopolitical crisis in Ukraine.

Our headquarters and two overseas group companies have obtained ISMS[*1] certification and Chiyoda X-ONE Engineering Corporation, established in April 2023, is working towards certification. Based on the ISMS certification and NIST CSF[*2], the Group is establishing and strengthening a system that is conscious of information security in the supply chain. The Group works to mitigate these risks through rigorous information security management practices, such as regular education and audits.

(k) Business investment losses

The Group may make business investments such as establishing new companies and financing and acquiring existing companies. In making these investments, we may provide substantial amounts of equity capital or credit in the form of loans or guarantees. As a result, there are certain risks. An investee may fail to meet its earnings targets due to changes in the business environment, we may incur losses on the investment due to poor business results, or we may encounter a situation in which additional financing is required.

In addition to thoroughly examining a proposal in advance based on our own internal standards and rules, the Group only decides to invest and finance after carefully considering our financial capacity relative to the risk of losses. After making an investment, we monitor the investee's business plan progress and provide support in the form of personnel or capital if necessary in order to prevent or minimize losses.

(l) Important Events concerning Going Concern Assumption

Zachry, a partner of one of the Group subsidiaries to execute the Golden Pass LNG project in Texas, U.S., filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S time. Considering the potential impacts related to the possibility of Zachry's withdrawal from the Project as a subsequent event after reporting period based on the generally accepted accounting principles, on a consolidated basis, we have reported JPY 15,006 million as Operating Loss, JPY 5,461 million as Ordinary Loss, JPY 15,831 million as Loss

Attributable to the Owners of the Parent for the fiscal year ended March 31, 2024. In addition, on a non-consolidated basis, total liabilities exceeded total assets by JPY 7,950 million. We recognize that these conditions indicate the existence of events or conditions, which may cast significant doubt on our ability to continue as a going concern.

In response to these situations, we will take the following measures:

Regarding the Golden Pass LNG project, the project customer was granted permission from the court to place orders for business operations such as safety-related tasks or infrastructure development tasks required for continuing local construction work. Following such permission, our customers officially placed orders with CIC and CB&I and such business operations have been resumed. Procedures for payment of required funds to CIC and CB&I in response to such progress has been commenced as well. On June 18, 2024 in the U.S. time, the project customer filed motions for requesting Zachry's withdrawal from the project and for lifting the Automatic Stay to resume construction work of Train 1.

Soon after the court make an official judgement concerning Zachry's withdrawal from the project, we aim to agree with the project customer, CB&I and CIC short-term and long-term plans to complete construction , and, upon agreement, we will re-calculate the estimated contract amount and total costs based on its contents.

Based on our previous five-year Revitalization Plan, we have implemented various measures including strengthening risk management system and have achieved certain results. However, considering the current situation, we will further strengthen partner risk management and strive to ensure a stable profit-making base.

In terms of finance, considering Zachry's withdrawal from the Golden Pass LNG project, we have conducted a reassessment and determined that it will not have a significant impact on our future cash flow, and there are no major concerns regarding the continuity of our business activities. Additionally, we have maintained close communication and a strong collaborative relationship with our financial institutions.

Based on the above, we have concluded that no material uncertainty exists regarding the going concern.

*1 ISMS: Information Security Management System
*2 NIST CSF: Cybersecurity Framework issued by National Institute of Standards and Technology to improve cyber security for critical infrastructure

2. Accounting Standard Selection Policy

The Group implements the Japan Accounting Standard for the time being considering the availability of period comparison and business-to-business comparison of consolidated financial results. The Group will take necessary actions to comply with International Accounting Standards considering business trends in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	61,241	102,072
Notes receivable, accounts receivable from completed construction contracts, and contract assets	35,034	27,588
Costs on construction contracts in progress	23,570	18,874
Accounts receivable - other	39,900	35,818
Jointly controlled assets of joint venture	161,643	147,017
Short-term loans receivable	47,578	66,200
Other	15,629	8,810
Allowance for doubtful accounts	(1,639)	(2,021)
Total current assets	382,958	404,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,413	13,036
Accumulated depreciation	(10,838)	(8,784)
Buildings and structures, net	4,575	4,252
Machinery and vehicles	1,837	1,799
Accumulated depreciation	(1,487)	(1,474)
Machinery and vehicles, net	350	324
Tools, furniture and fixtures	6,592	6,656
Accumulated depreciation	(5,849)	(5,668)
Tools, furniture and fixtures, net	742	987
Land	5,041	4,552
Construction in progress	33	768
Total property, plant and equipment	10,743	10,886
Intangible assets	4,748	5,493
Investments and other assets		
Investment securities	6,442	4,272
Retirement benefit asset	167	483
Deferred tax assets	139	94
Other	1,405	1,396
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	8,137	6,228
Total non-current assets	23,629	22,608
Total assets	406,588	426,967

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	129,370	133,775
Current portion of long-term borrowings	5,490	20,000
Accounts payable - other	17,461	18,760
Income taxes payable	2,046	987
Contract liabilities	163,347	188,701
Provision for warranties for completed construction	1,388	1,601
Provision for loss on construction contracts	27,894	36,508
Provision for bonuses	5,120	3,715
Other	4,136	8,104
Total current liabilities	356,256	412,156
Non-current liabilities		
Long-term borrowings	23,600	3,600
Deferred tax liabilities	323	1,471
Provision for treatment of PCB waste	236	—
Retirement benefit liability	804	727
Other	3,056	2,933
Total non-current liabilities	28,021	8,732
Total liabilities	384,278	420,889
Net assets		
Shareholders' equity		
Share capital	15,014	15,014
Capital surplus	142	142
Retained earnings	13,797	(1,962)
Treasury shares	(847)	(805)
Total shareholders' equity	28,107	12,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69	(18)
Deferred gains or losses on hedges	1,707	4,176
Foreign currency translation adjustment	(7,587)	(11,851)
Remeasurements of defined benefit plans	(115)	163
Total accumulated other comprehensive income	(5,926)	(7,530)
Non-controlling interests	129	1,218
Total net assets	22,310	6,077
Total liabilities and net assets	406,588	426,967

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income) (Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales of completed construction contracts	430,163	505,981
Cost of sales of completed construction contracts	397,454	506,138
Gross profit (loss) on completed construction contracts	32,709	(157)
Selling, general and administrative expenses	14,592	14,849
Operating profit (loss)	18,116	(15,006)
Non-operating income		
Interest income	2,958	11,252
Dividend income	1,216	1,001
Other	183	284
Total non-operating income	4,357	12,537
Non-operating expenses		
Interest expenses	897	696
Share of loss of entities accounted for using equity method	413	596
Foreign exchange losses	593	1,534
Other	247	164
Total non-operating expenses	2,152	2,992
Ordinary profit (loss)	20,322	(5,461)
Extraordinary income		
Gain on liquidation of subsidiaries and associates	360	45
Gain on sale of shares of subsidiaries and associates	231	—
Gain on sale of investment securities	95	—
Total extraordinary income	686	45
Extraordinary losses		
Loss on termination of retirement benefit plan	—	665
Loss on valuation of investment securities	18	69
Loss on liquidation of subsidiaries and associates	0	6
Loss on liquidation of investment securities	—	2
Office consolidation expenses related to domestic business integration	94	—
Loss on valuation of shares of subsidiaries and associates	61	—
Loss on sale of investment securities	5	—
Total extraordinary losses	179	743
Profit (loss) before income taxes	20,829	(6,159)
Income taxes - current	5,511	8,488
Income taxes - deferred	117	51
Total income taxes	5,629	8,539
Profit (loss)	15,200	(14,698)
Profit attributable to non-controlling interests	12	1,132
Profit (loss) attributable to owners of parent	15,187	(15,831)

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	15,200	(14,698)
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	(87)
Deferred gains or losses on hedges	50	2,469
Foreign currency translation adjustment	(7,914)	(4,259)
Remeasurements of defined benefit plans, net of tax	(871)	278
Share of other comprehensive income of entities accounted for using equity method	343	10
Total other comprehensive income	(8,406)	(1,589
Comprehensive income	6,794	(16,287)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,771	(17,435)
Comprehensive income attributable to non-controlling interests	22	1,147

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2022- March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,014	142	(1,142)	(849)	13,165
Cumulative effects of changes in accounting policies			(247)		(247)
Restated balance	15,014	142	(1,390)	(849)	12,917
Changes during period					
Profit (loss) attributable to owners of parent			15,187		15,187
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				2	2
Net changes in items other than shareholders' equity					
Total changes during period	–	–	15,187	1	15,189
Balance at end of period	15,014	142	13,797	(847)	28,107

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	83	1,656	(6)	755	2,489	106	15,761
Cumulative effects of changes in accounting policies							(247)
Restated balance	83	1,656	(6)	755	2,489	106	15,514
Changes during period							
Profit (loss) attributable to owners of parent							15,187
Purchase of treasury shares							(0)
Disposal of treasury shares							2
Net changes in items other than shareholders' equity	(14)	50	(7,581)	(871)	(8,415)	22	(8,393)
Total changes during period	(14)	50	(7,581)	(871)	(8,415)	22	6,795
Balance at end of period	69	1,707	(7,587)	(115)	(5,926)	129	22,310

Current consolidated fiscal year (April 1, 2023-March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,014	142	13,797	(847)	28,107
Changes during period					
Profit (loss) attributable to owners of parent			(15,831)		(15,831)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				41	41
Change in scope of consolidation			71		71
Net changes in items other than shareholders' equity					
Total changes during period	－	－	(15,759)	41	(15,717)
Balance at end of period	15,014	142	(1,962)	(805)	12,389

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	69	1,707	(7,587)	(115)	(5,926)	129	22,310
Changes during period							
Profit (loss) attributable to owners of parent							(15,831)
Purchase of treasury shares							(0)
Disposal of treasury shares							41
Change in scope of consolidation							71
Net changes in items other than shareholders' equity	(87)	2,469	(4,264)	278	(1,604)	1,089	(514)
Total changes during period	(87)	2,469	(4,264)	278	(1,604)	1,089	(16,232)
Balance at end of period	(18)	4,176	(11,851)	163	(7,530)	1,218	6,077

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	20,829	(6,159)
Depreciation	3,195	3,399
Amortization of goodwill	33	33
Increase (decrease) in allowance for doubtful accounts	105	354
Increase (decrease) in provision for warranties for completed construction	(2,075)	180
Increase (decrease) in provision for loss on construction contracts	(11,713)	6,743
Increase (decrease) in provision for bonuses	1,898	(1,409)
Increase (decrease) in retirement benefit liability	(848)	59
Interest and dividend income	(4,174)	(12,253)
Interest expenses	897	696
Foreign exchange losses (gains)	(929)	(1,542)
Share of loss (profit) of entities accounted for using equity method	413	596
Loss (gain) on valuation of investment securities	18	69
Loss (gain) on sale of investment securities	(89)	—
Loss (gain) on liquidation of investment securities	—	2
Loss (gain) on liquidation of subsidiaries and associates	(359)	(39)
Loss on valuation of shares of subsidiaries and associates	61	—
Loss (gain) on sale of shares of subsidiaries and associates	(231)	—
Office consolidation expenses related to domestic business integration	94	—
Decrease (increase) in trade receivables	5,914	(2,642)
Decrease (increase) in costs on construction contracts in progress	(4,259)	5,207
Increase (decrease) in trade payables	25,934	13,833
Increase (decrease) in contract liabilities	14,536	22,603
Decrease (increase) in accounts receivable - other	47,837	(1,811)
Increase (decrease) in accounts payable - other	(26,582)	995
Decrease (increase) in jointly controlled asset of joint venture	(16,639)	15,313
Other, net	(4,791)	23,862
Subtotal	49,074	68,096
Interest and dividends received	1,519	2,681
Interest paid	(792)	(650)
Income taxes paid	(5,644)	(7,378)
Net cash provided by (used in) operating activities	44,157	62,747

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Net decrease (increase) in time deposits	10,107	(291)
Purchase of property, plant and equipment	(948)	(1,757)
Proceeds from sale of property, plant and equipment	4	630
Purchase of intangible assets	(1,836)	(2,129)
Purchase of investment securities	(2,001)	(99)
Proceeds from sale of investment securities	1,312	1,600
Proceeds from liquidation of subsidiaries and associates	21	37
Loan advances	(194)	(4)
Proceeds from collection of loans receivable	1,424	435
Other, net	—	12
Net cash provided by (used in) investing activities	7,889	(1,567)
Cash flows from financing activities		
Proceeds from long-term borrowings	3,600	—
Repayments of long-term borrowings	(20,130)	(5,490)
Other, net	(526)	(361)
Net cash provided by (used in) financing activities	(17,057)	(5,851)
Effect of exchange rate change on cash and cash equivalents	2,593	3,948
Net increase (decrease) in cash and cash equivalents	37,582	59,277
Cash and cash equivalents at beginning of period	69,099	106,682
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	249
Cash and cash equivalents at end of period	106,682	166,208

(5) Notes

(Notes concerning Going Concern Assumption)

None

(Additional Information)
(Performance-based Stock Compensation System for Directors, etc.)

Based on the resolution of the 93rd Ordinary Shareholders Meeting held on June 23, 2021, we introduced a performance-based stock compensation system for directors and executive officers (excluding non-executive directors and overseas residents; collectively referred to as “Directors, etc.") with the aim of enhancing their awareness of contributing to the long-term improvement of our company's performance and increasing corporate value.

The accounting is treated as a transaction under common control in accordance with applicable Japanese laws and/or guidelines.

1. Summary of transaction
   We have adopted a system called the officer compensation Board Incentive Plan Trust (BIP Trust), under which, upon the retirement of Directors, etc., we provide them with shares of our company acquired through the BIP Trust and cash equivalent to the fair value of the disposed shares of our company, based on factors such as their position and the achievement of performance goals.

2. Remaining Shares of our company in the BIP Trust
   We record the remaining shares of our company in the BIP Trust as Treasury shares in Net assets based on the book value in the trust (excluding associated expenses). The book value and number of shares of the treasury stock were 373 million JPY and 904,689 shares for the previous consolidated fiscal year and 331 million JPY and 803,129 shares for this consolidated fiscal year.

(Merger of Consolidated Subsidiary Companies)

At the Board of Directors meeting on December 27, 2022, it was decided that Chiyoda’s three consolidated subsidiary companies, Chiyoda Kosho Co. Ltd, Chiyoda System Technologies Corporation and Chiyoda TechnoAce Co. Ltd, would merge in an absorption-type merger. On April 1, 2023, three companies were merged.

1. Summary of Absorption-Type Merger

(1) Name of the merged companies and their business

Surviving company	Chiyoda Kosho Co. Ltd.
Business	Energy, environment and maintenance
Merged company	Chiyoda System Technologies Corporation
Business	Electrical and instrumentation solutions
Merged company	Chiyoda TechnoAce Co. Ltd.
Business	Life science

(2) Date of merger
April 1, 2023

(3) Legal form
Absorption-type merger

(4) Name of the Surviving Company
CHIYODA X-ONE Engineering Corporation (Former Chiyoda Kosho Co. Ltd.)

(5) Other information regarding the summary of merger
The merger took place to increase business efficiency by merging the three companies’ business resources and commence business as a leading integrated engineering contractor, possessing the

comprehensive technologies required for the engineering, procurement and construction of industrial plants and facilities and develop its maintenance engineering business, optimizing the technological capabilities, experience and track record accumulated by the three companies.

2. Outline of accounting treatment
The accounting is treated as a transaction under common control in accordance with applicable Japanese laws and/or guidelines.

(Subsequent Events after Reporting Period)

Since the possibility of withdrawal of Zachry Industrial, Inc. ('Zachry'), one of the partners for Chiyoda and its wholly owned Houston, Texas headquartered subsidiary, Chiyoda International Corporation ('CIC') to execute the Golden Pass LNG project ('GPX Project') in Texas, U.S., from the Project arose, discussions among Golden Pass LNG Terminal LLC ('GPX') in the U.S., the Project customer, CB&I LLC ('CB&I'), a joint venture partner in the U.S., and CIC on a possible new organizational structure to continue the Project and complete construction have been continuing. A consensus was yet to be reached, and subsequently, Zachry filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S time, which, as well as other related matters, should be treated as the subsequent events after reporting period, which require adjustment of the financial stataments.

In the fiscal year ended March 31, 2019, GPX awarded a contract to the joint venture of Zachry, CB&I and CIC for the design, procurement, construction, and commissioning of a gas liquefaction facility at the Golden Pass LNG terminal in Sabine Pass, Texas. CIC's main scope of work , including design and procurement, is almost complete. Construction is ongoing and overall project already completed 75% as of this fiscal year ended March 31, 2024. GPX, CB&I and CIC are having discussions about an execution plan to work together to achieve the successful completion of the GPX Project.

GPX was granted permission from the court regarding to place orders for business operations such as safety-related tasks or infrastructure development tasks required for continuing local construction work. Following such permission, our customers officially placed orders with CIC and CB&I and such business operations have been resumed. Procedures for payment of required funds to CIC and CB&I in response to such progress has been commenced as well. On June 18, 2024 in the U.S. time, GPX filed motions for requesting Zachry's withdrawal from the project and for lifting the Automatic Stay to resume construction work of Train 1. Short-term and long-term plans to complete construction will be agreed among the project customer, CB&I and CIC soon after the court make an official judgement concerning Zachry's withdrawal from the project and, upon agreement, we will revise the estimate based on its contents. Discussions about a short-term execution plan for continuation of the project and a long-term execution plan for completion of the project among GPX, CB&I and Chiyoda/CIC have been continuing in preparation for a court official decision.

Under these circumstances, for the fiscal year ended March 31, 2024, we estimated the total costs to be incurred to complete construction the contract amount based on the signed documents as of the date of this report, considering the possibility of Zachry's withdrawal from the project. Upon agreement on short-term/long-term execution pan, we will re-calculate the aforementioned estimates based on its contents.

4. Contracts and Sales

(Millions of yen)

Segments		Apr. 1, 2022－Mar. 31, 2023			Apr. 1, 2023－Dec. 31, 2024		
		New Contracts, ratio	Net Sales, ratio	Backlog of Contracts, ratio	New Contracts, ratio	Net Sales, ratio	Backlog of Contracts, ratio
1. Engineering		154,347 99.6%	429,535 99.8%	1,148,890 100.0%	236,975 99.8%	505,412 99.9%	993,878 100.0%
Energy	(1) LNG Plant	55,508 35.8%	239,315 55.6%	811,656 70.6%	48,494 20.4%	241,931 47.7%	708,960 71.3%
	(2) Gas Related Work	5,223 3.4%	3,068 0.7%	5,162 0.5%	1,936 0.8%	2,190 0.6%	4,158 0.4%
	(3) Refinery/ Petrochemical	35,929 23.2%	29,551 6.9%	26,655 2.3%	37,402 15.8%	30,347 6.0%	32,214 3.2%
Global Environment	(4) Pharmaceutical/ Biochemistry/ Chemical	26,750 17.2%	34,096 7.9%	42,698 3.7%	89,233 37.6%	31,116 6.2%	98,021 9.9%
	(5) Environment/New Energy/Infrastructure	25,851 16.7%	119,227 27.7%	259,129 22.6%	53,675 22.6%	194,712 38.5%	145,055 14.6%
	(6) Others	5,085 3.3%	4,275 1.0%	3,589 0.3%	6,233 2.6%	4,383 0.9%	5,467 0.6%
2. Other Business		627 0.4%	627 0.2%	— —	569 0.2%	569 0.1%	— —
Total		154,975 100.0%	430,163 100.0%	1,148,890 100.0%	237,545 100.0%	505,981 100.0%	993,878 100.0%
Domestic		87,161 56.2%	93,189 21.7%	92,247 8.0%	122,818 70.7%	85,404 16.9%	164,237 16.5%
Overseas		67,813 43.8%	336,974 78.3%	1,056,643 92.0%	50,920 29.3%	420,576 83.1%	829,640 83.5%