

Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2025 (FY2024 1Q)

July 29, 2024

Chiyoda Corporation

(Stock code: 6366)



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Presenters



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This presentation outlines Chiyoda Corporation's (Chiyoda) financial results for the first quarter of the fiscal year ending March 31, 2025, released on July 29, 2024.

1. Key Points

Highlights

- Increased income and profit compared to the same period last year. Gross Profit steadily progressed due to ongoing projects and implementation of improved risk reassessment procedures.
- Continuing to transform the business portfolio by accelerating the development of businesses in new fields. Strategic partnership aiming for social implementation of decarbonization technology, awarded a large-scale battery energy storage system project and establishing the world's first supply chain for polyester fiber produced using non-fossil materials.

Latest Status of the Golden Pass LNG project

- The customer, Zachry, CB&I and CIC* agreed to Zachry's withdrawal from the project and the court provisionally approved the agreement. CB&I and CIC will assume responsibility for separate portions of Zachry's scope of work.
- Zachry's withdrawal from the project will be officially confirmed after final court approval, which is expected in August.
- CB&I and CIC have been in discussion with the customer regarding the two companies execution plan toward the completion of the project, with the goal of revising the EPC contract at an early date.

Forecast

- The current full-year consolidated forecast does not include the impact of Zachry's withdrawal from the Golden Pass LNG project or any new execution plans to be agreed with the customer.
- We will promptly disclose any revisions to the forecast, including profit and loss, in accordance with disclosure criteria as soon as is reasonably practicable following Zachry's withdrawal.

* Chiyoda International Corporation, a US-based wholly owned subsidiary of Chiyoda Corporation



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● Highlights

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2. Latest Status of the Golden Pass LNG Project

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- A vertical timeline with a blue bar on the left and white circles at the top of each event. The events are listed to the right of the bar.
- June 26 ✓ Announcement of the financial results of FY2023
(While the court proceedings concerning Zachry's Chapter 11 filing continued, the cost required to complete construction was forecasted and recalculated with the current contract amount based on considerable sufficient costs.)
 - July 25 (Local time) ✓ The customer, Zachry, CB&I and CIC agreed to Zachry's withdrawal from the project and the court provisionally approved the agreement. CB&I and CIC will assume responsibility for separate portions of Zachry's scope of work.
 - July 29 (Today) ✓ Announcement of the financial results of FY2024 1Q
 - In August ✓ Zachry's withdrawal from the project will be officially confirmed after final court approval.
 - 2nd Quarter ~ 3rd Quarter ✓ CB&I and CIC have been in discussion with the customer regarding the two companies execution plan toward the completion of the project, with the goal of revising the EPC contract at an early date. Chiyoda will review the profitability, aiming to recover its own capital.

This page shows the latest status of the Golden Pass LNG project.

3. Income Statement

Billions of JPY			
	FY2023 1Q	FY2024 1Q	Difference
Revenue	129.4	117.0	(12.4)
Gross Profit	8.4	10.8	2.4
Gross Profit Margin	6.5%	9.2%	+2.7pt
SG&A Expenses	(3.3)	(4.4)	(1.1)
Operating Income	5.1	6.4	1.3
Ordinary Income	6.5	5.5	(1.0)
Profit ^{*1}	4.9	4.0	(0.9)
Exchange Rate JPY/USD	145	161	

1 Breakdown

✓ Gross Profit

	FY2023 1Q	FY2024 1Q
Energy	3.2	6.1
Global Environment	5.2	4.8
Total	8.4	10.8

^{*1} Profit attributable to owners of parent



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Revenue was JPY 117.0 billion, a decrease of JPY 12.4 billion YoY.

Gross Profit was JPY 10.8 billion, an increase of JPY 2.4 billion YoY.

Gross Profit Margin was 9.2%, an increase of 2.7 points YoY.

SG&A Expenses were JPY 4.4 billion, an increase of JPY 1.1 billion YoY.

Operating Income was JPY 6.4 billion, an increase of JPY 1.3 billion YoY.

Ordinary Income was JPY 5.5 billion, a decrease of JPY 1.0 billion YoY.

Net Profit was JPY 4.0 billion, a decrease of JPY 0.9 billion YoY.

As shown in the annotations in the margin, the breakdown of Gross Profit by business field is JPY 6.1 billion for the energy field and JPY 4.8 billion for the environmental field.

4. Balance Sheet

Billions of JPY							
	FY2023 4Q	FY2024 1Q	Difference		FY2023 4Q	FY2024 1Q	Difference
Current Assets	404.4	392.6	(11.7)	Current Liabilities	412.2	395.3	(16.8)
Cash and Deposits	102.1	108.0	5.9	Current portion of long-term borrowings	20.0	(Note) 20.0	-
Short-term loans receivable	66.2	70.0	3.8	Operating Liabilities* ³	322.5	307.1	(15.4)
Operating Assets* ¹	46.5	34.0	(12.4)	Provision for Loss on Construction Contracts	36.5	35.2	(1.3)
Jointly Controlled Assets of JV * ²	147.0	135.4	(11.7)	Non-Current Liabilities	8.7	9.6	0.8
Non-Current Assets	22.6	22.3	(0.3)	Net Assets	6.1	10.1	4.0
Total Assets	427.0	414.9	(12.0)	Total Liabilities and Net Assets	427.0	414.9	(12.0)
* ¹ Operating Assets: Notes receivable, accounts receivable from completed construction contracts and contract assets + Costs on construction contracts in progress				Shareholders' Equity	4.9	8.6	3.8
* ² Jointly Controlled Assets of JV: Cash and deposits of joint venture proportional to Chiyoda's interest				Shareholders' Equity Ratio	1.1%	2.1%	+0.9pt
* ³ Operating Liabilities: Notes payable, accounts payable for construction contracts + Contract liabilities							

(Note) Please refer to our disclosure "[Notice Regarding the Loan Agreement with MUFG Bank, Ltd.](#)" dated July 24, 2024.



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Shareholders' Equity increased by JPY 3.8 billion from the end of last fiscal year to JPY 8.6 billion. Shareholders Equity Ratio is 2.1%.

On a consolidated basis, Cash and Deposits and Short-term Loans Receivable are JPY 178.0 billion and there is no risk of harm to our business operations.

5. New Orders / Backlog

Billions of JPY

	FY2024 1Q New Orders	FY2024 1Q Backlog
Energy	5.7	716.4
Global Environment	18.4	234.2
Total	24.2	950.6

【Major Backlog Projects】

	More than JPY 100.0 billion	More than JPY 50.0 billion	More than JPY 5.0 billion
Energy	• NFE LNG, Qatar	• Golden Pass LNG, USA	---
Global Environment	• Copper Smelting Plant, Indonesia	---	<ul style="list-style-type: none"> • CO₂ Methanation Facility, Japan • Biopharmaceutical Manufacturing Plant, Japan • Advanced Material Plant, Japan • Battery Energy Storage Facility, Japan



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New Orders received were JPY 24.2 billion and the Order Backlog was JPY 950.6 billion.

Please refer to the table below for major projects in the other backlog.

6. FY2024 Forecast

Billions of JPY

	FY2024 Forecast
Revenue	450.0
Gross Profit	33.0
Gross Profit Margin	7.3%
SG&A Expenses	(16.0)
Operating Income	17.0
Ordinary Income	20.0
Profit ^{*1}	15.0
New Orders	250.0
Exchange Rate JPY/USD	150

(Note)

The current full-year consolidated forecast does not include the impact of Zachry's withdrawal from the Golden Pass LNG project or any new execution plans to be agreed with the customer.

We will promptly disclose any revisions to the forecast, including profit and loss, in accordance with disclosure criteria as soon as is reasonably practicable following Zachry's withdrawal.

^{*1} Profit attributable to owners of parent



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- Revenue is expected to be JPY 450.0 billion through the progress of ongoing projects such as the Qatar NFE LNG and the copper smelting in Indonesia.
- Gross Profit is expected to be JPY 33.0 billion with Gross Profit Margin of 7.3%.
- SG&A Expenses are expected to be JPY 16.0 billion.
- Operating Income is expected to be JPY 17.0 billion,
- Ordinary Income is expected to be JPY 20.0 billion
- Net Profit is expected to be JPY 15.0 billion.
- New Orders are expected to be JPY 250.0 billion.

7. Major Topics – Decarbonization Field

◆ Partnering with Mitsubishi Heavy Industries to License CO₂ Capture Technologies

- ✓ Strategic collaboration with Mitsubishi Heavy Industries, Ltd (MHI)
- ✓ The agreement enables Chiyoda to license CO₂ capture technology, developed by MHI, on CO₂ capture projects in Japan, strengthening Chiyoda's position in the expanding domestic CCUS^{*1} market, and increasing our ability to meet decarbonization demand in a wide range of industries.

[Photo]



Left: Tatsuo Nagayasu, Senior Vice President of MHI
Right: Naoki Kobayashi, Executive Vice President of Chiyoda

◆ World's first^{*2} supply chain established for more sustainable use of polyester fiber products

- ✓ Polyester fibers are produced from non-fossil materials such as CCU^{*3} para-xylene, and renewable and bio-based materials.
- ✓ Contributing to a low carbon supply chain through a consortium of seven companies across five continents, including upstream material and downstream apparel companies.
- ✓ Polyester fiber produced from the project are practically used by Goldwin, an apparel company, for sports uniforms under 'THE NORTH FACE' brand.



*1 Carbon dioxide Capture, Utilization and Storage

*2 The first use of CCU para-xylene produced by synthesizing directly from CO₂ and the first collaboration between upstream raw material companies and a downstream apparel company in the production of non-fossil-derived polyester.

*3 Carbon dioxide Capture and Utilization

Chiyoda entered into an agreement in May for strategic collaboration with Mitsubishi Heavy Industries, Ltd (MHI) regarding the licensing of CO₂ capture technology. This partnership with MHI aims to strengthen our efforts in CCUS projects in the domestic market, where an increase in demand for CCUS is expected.

MHI is a leading company in the global market as a licensee of CO₂ capture technology. Through this partnership, we aim to leverage the strengths of both companies to contribute to decarbonization needs in a wide range of industrial sectors.

Chiyoda has participated in the establishment of the world's first supply chain for non-fossil resource-derived polyester fibers. This involves utilizing our technology to manufacture paraxylene and polyester fibers from renewable and bio-based materials. Through collaboration among five countries and seven companies, we aim to contribute to the decarbonization of the supply chain. The polyester fibers are being used in sports uniforms and other products under the brand "THE NORTH FACE" by Goldwin.

7. Major Topics – Energy Management

◆ EPC Contract with Nijio Co., Ltd.*1 for a Large-scale Battery Energy Storage System facility

- ✓ Battery Energy Storage System (BESS) facilities are required to expand the use of renewable energy in Japan and address electrical power output fluctuations that destabilize the supply and demand balance.
- ✓ Chiyoda's expertise and experience in previously constructing one of the world's largest BESS facilities was a key factor for the award of this contract.

[Details]

Location	Tsunokobaru, Oita-city, Oita Prefecture
Battery Output/Capacity	25MW/50MWh
Start of Construction	May 2024
Start of Operation	FY2026 (planned)

[Completion image] Prepared by Chiyoda based on Google Maps and GSI map data



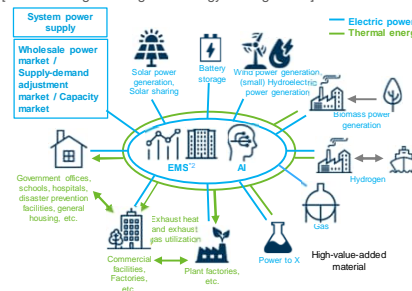
*1 A wholly owned subsidiary of Tokyo Gas Co., Ltd.

*2 Energy Management System

◆ Successful Completion of a 'Regional Microgrid'

- ✓ Chiyoda completed and commenced operation of a 'Regional Microgrid' project for Tokyu Land Corporation.
- ✓ The project comprised disconnecting the existing power distribution network and switching to a stand-alone network that can be powered by renewable energy and energy storage batteries in case of blackouts.
- ✓ The system secures a stable power supply to the town hall, evacuation centers and households in Matsumae town.

[General image of 'Regional Energy Management']



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Chiyoda has been awarded a contract for the installation of a large-scale Battery Energy Storage System (BESS) facilities from Nijio Co. Ltd., a wholly-owned subsidiary of Tokyo Gas Co., Ltd.

As the utilization of renewable energy is being expanded, the use of battery storage is increasingly demanded to address challenges such as stabilizing the power supply-demand balance and managing output fluctuations.

Our expertise and experience of completing construction of the world's largest BESS facilities in a timely manner has been highly recognized, leading to this contract award.

Chiyoda has completed the construction of a 'regional microgrid' in Matsumae Town, Hokkaido, which was awarded by Tokyu Land Corporation, and its operation has been commenced. This microgrid system supplies power from renewable energy sources and battery storage in the event of a large-scale power outage caused by a disaster. We will continue our efforts to enhance resilience in the community and promote decarbonization and low-carbon initiatives.

7. Major Topics – Open Innovation / Metals Field

◆ Capital and Business Alliance with SENSYN ROBOTICS [Open Innovation]

- ✓ Collaborating to improve business efficiency and industry sophistication through robotics and AI.
- ✓ Generating added value through state-of-the-art technologies and combining the technological capabilities of two infrastructure maintenance companies.



◆ Investment into DNX Ventures Fund IV in the USA [Open Innovation]

- ✓ Collaborating with global startup companies and participating in DNX support programs to support new business development.
- ✓ Conquering social challenges through cutting-edge technologies in the sustainability and digital domains.



◆ Copper Smelting Plant, Indonesia [Metals Field]

- ✓ The world's largest simple manufacturing line plant.
- ✓ Construction is in the final phase and its completion is scheduled within 2024.
- ✓ Contributing to the expansion of copper supplies to support the realization of a decarbonized society.

[Construction site]



Courtesy of P.T. Freeport Indonesia



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Chiyoda has entered into a capital and business alliance with SENSYN ROBOTICS, a startup company specializing in business solution development, with the aim of achieving operational efficiency and advancement in the industrial sector. We will collaborate to create new solutions using the latest technologies such as robots, drones, and AI to address the challenges of labor shortage in plant operations.

This is an investment project aimed at accelerating business transformation through open innovation. We have made an investment in a fund operated by DNX Ventures in the United States. We aim to utilize the latest technologies in sustainability and the digital domain to address societal issues and work towards their resolution.

This is an ongoing copper smelting plant project in Indonesia. The EPC work for the world's largest copper smelting plant, which is being implemented as a single manufacturing line, is in its final stage of construction, and we expect it to be completed within this year.

[Att-1] Revenue and Backlog Breakdown

Billions of JPY

FY2024 1Q Revenue		
【Business】		
ENERGY	71.4	61%
■ LNG Plant, Gas Related Work	67.3	58%
■ Refinery, Petrochemical	4.1	4%
ENVIRONMENT	45.6	39%
■ Pharmaceutical, Biochemistry, Chemical	3.8	3%
■ Environment, New Energy, Infrastructure, Others	41.8	36%
TOTAL	117.0	100%

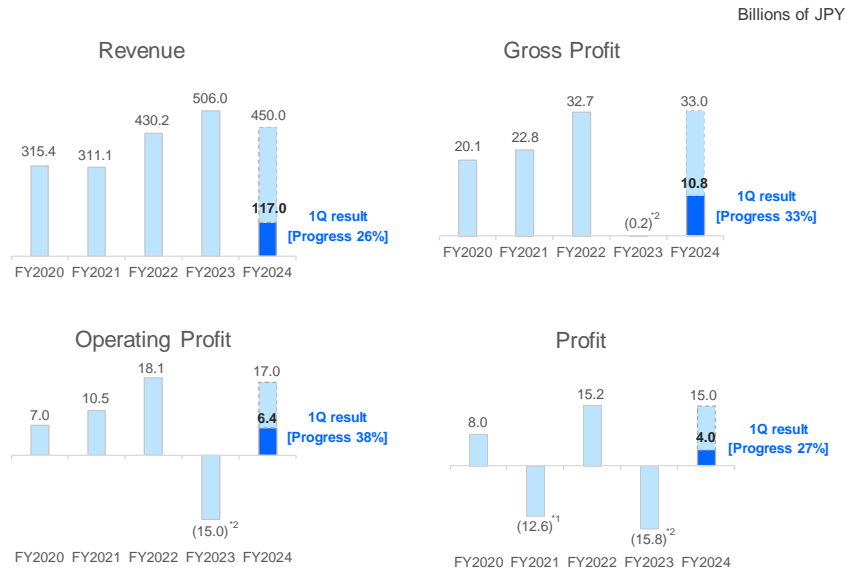
【Region】		
OVERSEAS	102.4	88%
■ Middle East & Africa	58.2	50%
■ Americas	5.6	5%
■ Asia & Oceania	38.4	33%
■ Others	0.2	0%
DOMESTIC	14.6	12%
TOTAL	117.0	100%

FY2024 1Q Backlog		
【Business】		
ENERGY	716.4	75%
■ LNG Plant, Gas Related Work	684.5	72%
■ Refinery, Petrochemical	32.0	3%
ENVIRONMENT	234.2	25%
■ Pharmaceutical, Biochemistry, Chemical	97.2	10%
■ Environment, New Energy, Infrastructure, Others	136.9	14%
TOTAL	950.6	100%

【Region】		
OVERSEAS	789.9	83%
■ Middle East & Africa	564.3	59%
■ Americas	94.2	10%
■ Asia & Oceania	130.1	14%
■ Others	1.4	0%
DOMESTIC	160.7	17%
TOTAL	950.6	100%

This is a breakdown of the first quarter of this fiscal year Revenue and Backlog for reference.

[Att-2] Results History



*1 The figure includes Extraordinary Losses of JPY 20.4 billion related to the project losses by settlement of lawsuit with a customer.

*2 The figure includes the additional costs of JPY 37.0 billion related to the Golden Pass LNG project.



This is a five year financial data history for reference.

Forward-Looking Statements: Any projections included in these materials are based solely on information available at the time this presentation was prepared. It is possible that actual results may vary significantly from the projections due to a number of risk factors such as economic conditions. The results projected here should not be construed in any way as being guaranteed by the Company. Investor are recommended not to depend solely on these projections for making investment decisions.

【Inquiries】

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