

New Capital Policy and Future Strategy

AGENDA :

1. Executive Summary
2. Background of the New Capital Policy
3. Schedule for Articles of Incorporation Amendment
4. Business Strategy

Appendix



社会の“かなえたい”を共創する
エンジニアリング
Enriching Society through Engineering Value

I am Ota, President.

Regarding the new capital policy, I will explain it following the materials.
Please turn to page 2, the Executive Summary.

1. Executive Summary

Executive Summary

Summary

- **Preferred shares to be settled within the current mid-term plan via amended terms*, targeting dividend resumption and Prime Market**
- Maintain cooperative relationship with Mitsubishi Corporation ("MC") to support growth strategy
- Subordinated loan from MUFG repaid; Mitsubishi Corporation Financial & Management Services (Japan) Ltd. ("MCFS") credit line terminated. MUFG support unchanged, with commitment-line discussions ongoing

Background

- A clear path established for settling unpaid dividends and full redemption of Preferred Shares, based on reversed overrun costs for Golden Pass LNG (provision) and profits during the current mid-term plan
- Agreement with MC to complete full redemption of Preferred Share by June 2028 under amended terms
- Required cash reserves secured, including for preferred share redemption

Toward Financial Independence and Enhanced Corporate Value

- Dilution concerns for common shares eliminated through amended terms
- Solid execution of the current mid-term plan, establishing a foundation for stable and diversified earnings and Non-EPC
- **Next mid-term plan positioned as a full-scale growth trajectory toward the vision for the next 10 years**

*Subject to approval at the General Meeting of Shareholders (June 2026)



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Subject to approval at our Annual General Meeting of Shareholders scheduled for June this year, we have agreed with Mitsubishi Corporation, our shareholder, to revise the terms of the Class A Preferred Shares and aim for redemption during the current Mid-Term Plan period. After completing the redemption of all preferred shares, we aim to resume dividends on common shares and pursue listing on the Prime Market.

In addition, we plan to repay the subordinated loan from MUFG Bank and cancel the credit line from Mitsubishi Corporation Financial & Management Services (Japan) Ltd.. By completing this capital policy, we will achieve financial independence.

At the same time, we will maintain our cooperative relationship with Mitsubishi Corporation, which contributes to both parties' growth strategies, and MUFG Bank will also continue its support without change while discussing the establishment of a new commitment line.

The background behind this capital policy is that profitability improved following the revision of the Golden Pass LNG contract, and steady progress in other domestic and overseas projects has led to a further increase in profit outlook. As a result, we now have a clear outlook for paying unpaid preferred dividends and fully redeeming all preferred shares.

Based on this, we discussed the matter with Mitsubishi Corporation and agreed to revise the preferred share terms and aim to redeem all shares within approximately two years after the revision.

By revising the preferred share terms and redeeming all preferred shares, we will eliminate concerns about dilution of common shares.

By executing the current Mid-Term Plan reliably, we will establish a foundation for

revenue stability.

Once these initiatives are successfully completed, we will steadily shift to a full-fledged growth trajectory toward achieving the “10 Year Vision” stated in the current Mid-Term Plan, thereby enhancing corporate value.

Details are explained on the following pages.

2. Background of the New Capital Policy

Purpose and Context

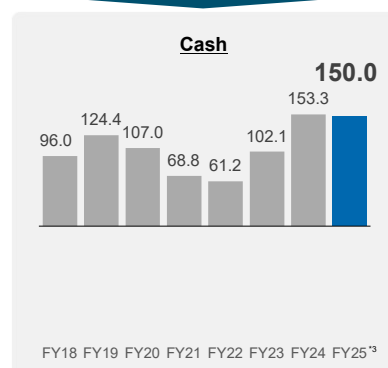
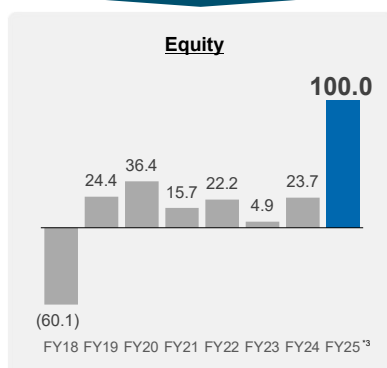
Since the revitalization plan, risk management has strengthened and transition to stable earnings has progressed

(JPY Bn)

Golden Pass LNG contract revised, recovering FY23 losses and enabling an upward revision of forecasts

Equity projected to recover to approximately ¥100 bn*2

Required cash reserves secured, including for redemption



*1 : Profit attributable to owners of the parent

*2 : Equity before the execution of preferred share redemption following the Annual General Meeting of Shareholders in June 2026

*3 : FY25 Forecasts



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First, the background of this capital policy. Please turn to page 4. This slide shows the financial performance trends since the start of the revitalization plan in 2019.

As explained earlier by our CFO Deguchi, profitability improved following the revision of the Golden Pass LNG agreement, and net income for this fiscal year is expected to increase significantly. Consequently, our equity capital is also expected to improve to 100 billion yen by the end of this fiscal year.

In addition, due to strengthened risk management since the revitalization plan, we have secured the necessary cash and deposits to cover the redemption of preferred shares.

As such, our financial position has significantly improved. Based on this, we began examining the redemption of preferred shares.

Overview of Amendments to Preferred Shares Terms and Redemption Plan

- 1 Principal redemption amount, previously linked to market share price, fixed at ¥76.3bn* based on redemption by June 2028
- 2 Accumulated unpaid dividends up to the FY2025 total ¥10.5 bn
- 3 Maintain dividend rate set at 3% per annum (simple) through June 2028
- 4 Aim to complete the redemption of Preferred Shares by allocating approx. ¥90 bn (incl. the above ¥76.3 billion plus dividends) over the next 3 years

*The principal amount of ¥76.3 bn corresponds to 175 mn Preferred Shares at ¥463 per share

However, if redemption is not completed within the 3-year period, starting from the 4th year (July 2029), a dividend of 12% per annum (compound interest) will be applied to the cumulative unpaid dividends and the outstanding redemption amount.

In addition, the conversion right of Preferred Shares will be suspended during the 3-year period from 2026 to 2028, plus one additional year until June 2029



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Next, regarding the specific plan for revising and redeeming preferred shares. Please turn to page 5.

A major hurdle in redeeming preferred shares is that the redemption amount stipulated in the Articles of Incorporation is linked to the stock price. We reached an agreement with Mitsubishi Corporation to fix the redemption principal at 76.3 billion yen on the assumption that redemption will be completed by June 2028.

Including 10.5 billion yen in unpaid preferred dividends through this fiscal year and preferred dividends to be paid during the redemption period, approximately 90 billion yen will be allocated for redemption over the roughly two years following the revision of the terms. We will aim to complete the preferred share redemption.

Overview of the Financial Strengthening Measures Implemented in 2019

Loans and credit lines under financial measures to be repaid and terminated; commitment-line arrangement under discussion

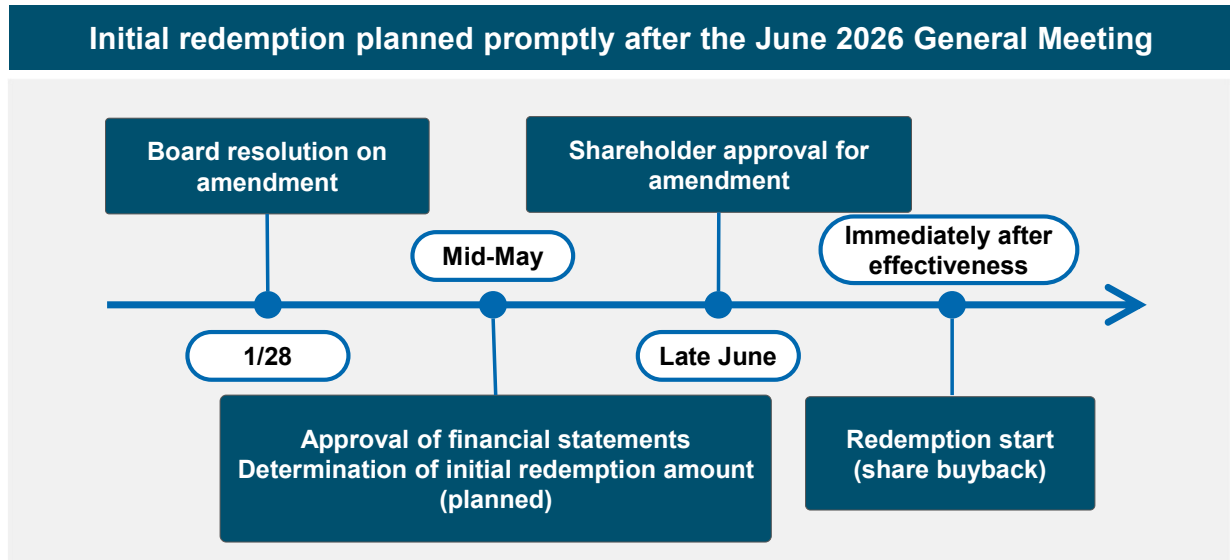
	<u>MUFG Bank</u>	<u>MCFS</u>
Initial (FY2019)	¥ 20bn	¥ 90bn
Loan agreement renewed in FY2024		
Current	¥ 20bn	credit line ¥ 10bn (unused)
Going Forward	support unchanged, with commitment-line discussions ongoing	No future use anticipated; termination planned

As shown on page 6, a loan and credit line established as part of financial reinforcement during the revitalization plan will also be repaid or terminated.

Although the financial support provided by Mitsubishi Corporation and MUFG Bank in May 2019 will be resolved, we intend to maintain cooperative relationships with both parties.

3. Schedule for Articles of Incorporation Amendment

Schedule for Articles of Incorporation Amendment



Next, please turn to page 8.

Regarding the schedule for amending our Articles of Incorporation, which is necessary to revise the preferred share terms, we assume approval at the Annual General Meeting of Shareholders in June 2026.

Immediately after approval, we will begin the initial redemption of preferred shares.

4. Business Strategy

Business Strategy(Business Plan 2025)

**Basic strategy unchanged;
Continue stable profit generation to support redemption**

Core initiatives remain unchanged; targeting average annual net income of ¥15 billion

Priority Initiatives and Quantitative Targets under Business Plan 2025

Priority Initiatives

- 1 Steady Execution of Existing Large Overseas Projects
- 2 Overseas Project Approach Reform (Order Policy)
- 3 Increasing Domestic Project Revenue
- 4 Expanding Business Co-creation
- 5 Creating a Robust Human Resources

Thorough business fields of 'energy and materials' and 'life science' we will achieve harmony between energy and the environment and realize a healthy and prosperous future

Quantitative Targets

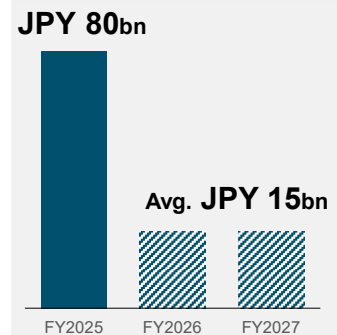
Net Profit
JPY 15bn
(3-year average)

Incl. Non-EPC Net profit
JPY 1bn (in 2027)

Related indicators

Gross Margin : 10% or greater
(3-year average)
New Orders : JPY 950bn (3-year total)
Net Sales : JPY 380bn (3-year average)
Backlog of Orders : JPY 600bn
(3-year average)

Net Profit



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Finally, our future business strategy. Please turn to page 10.

Through the redemption of all preferred shares and repayment of subordinated loans under the revised terms, we aim to achieve financial independence. However, our business strategy under the Mid-Term Plan "Business Plan 2025," starting FY2025, remains unchanged.

The three-year average net income target of 15 billion yen has already been achieved due to the upside in this year's profit. For FY2026 and FY2027, we have also set the annual net income target at 15 billion yen.

To redeem preferred shares, in addition to the improved financial foundation mentioned earlier, earnings generated during this Mid-Term Plan period will be necessary as a source of funds. We will steadily advance initiatives to ensure stable profit generation.

Appendix

Pages 12 and 13 provide illustrated explanations of the details of the revised terms. Although I will not go through them in this session, please review them later at your convenience.

Since we formulated our Revitalization Plan in 2019, we have thoroughly strengthened our risk management and achieved certain results in transforming our business structure into one capable of generating stable earnings. However, we were unable to avoid losses in several large-scale projects that had been received prior to the Revitalization Plan, which delayed the recovery of our financial strength. As a result, we were not able to execute the redemption and other treatments of the preferred shares, including the associated dividends, which had become our most critical management issue.

Over the next two years, we will make every possible effort to complete the full redemption of all preferred shares and achieve financial independence. At the same time, by steadily delivering results through the implementation of our new medium-term plan, we aim to evolve into a more value-added and attractive engineering company ten years from now, and embark on a full-fledged growth trajectory.

We will continue to value dialogue with all stakeholders and strive for transparent information disclosure while working to further enhance corporate value.

Key Points of the Revised Terms for Preferred Shares

※The following assumes that the redemption price per preferred share ^{*1} exceeds its face value, for clarity.

For details, please refer to page 13 and today's disclosure titled 'Notice of Agreement regarding the redemption plan of Class A Preferred Shares and Partial Amendment to Articles of Incorporation'

per preferred share ^{*1}	Current Terms	After Revision		
		until the end of June 2028	until the end of June 2029	From July 2029 onward
Dividend Rate	3% (simple interest) ^{*2}	3% (simple interest) ^{*2}		12% (compound interest) ^{*3}
Redemption Price upon Request by Shareholder	$\text{Share Price}^{*4} \times \frac{\text{JPY400} + \text{Unpaid Dividends}^{*5}}{\text{JPY 100}^{*6}}$	$\text{JPY 436} + \text{Unpaid Dividends}^{*5}$		
Acquisition Price by Chiyoda				$\text{Share Price}^{*4} \times \frac{\text{JPY 400} + \text{Unpaid Dividends}^{*5}}{\text{JPY 100}^{*6}}$
Preferred Share Conversion Right	Exercisable at any time Conversion Price : JPY 100 ^{*6}	Not exercisable		Exercisable at any time Conversion Price : JPY 100 ^{*6}

^{*1}) Number of shares: 175,000,000

^{*2}) JPY 400 × annual 3%

^{*3}) JPY 436 plus accumulated unpaid dividends per Class A share at that time × annual 12%

^{*4}) Amount equivalent to the average of the volume-weighted average prices of the company's common shares in regular trading on the Tokyo Stock Exchange during the consecutive 30 trading days starting from the 45th trading day prior to the redemption request date

^{*5}) Total of accumulated unpaid dividends per Class A share plus accrued unpaid dividends per Class A share

^{*6}) Conversion price of Preferred Shares as stipulated in Article 11-7, Item 2 of the Articles of Incorporation

A Details of Changes to Class A Preferred Shares

#	Item	Before Revision	After Revision
1	Dividend terms	Fixed, 3.0% during the period (dividends paid in priority to common shareholders)	From June 2026 (after Articles amendment) to end of June 2028: 3.0% (Simple Interest)[Paid-in amount per share (¥400)] × annual 3.0% From July 2028 onward: 12% (Compound Interest)[Paid-in amount per share (¥436) plus the total accumulated unpaid dividends per Class A share at that time] × annual 12%
2	Conversion rights	Exercisable at any time Conversion price : ¥100 ^{*1} , No adjustment clause for conversion price	Not exercisable until the end of June 2029 Exercisable at any time from July 2029 onward Conversion Price: ¥100 ^{*1} , No Conversion Price Adjustment Clause
3	Redemption terms	Exercisable at any time The higher of (a) or (b) below (a) An amount equivalent to the average of the volume-weighted average prices of the company's common shares in regular trading on the Tokyo Stock Exchange during the consecutive 30 trading days starting from the 45th trading day prior to the redemption request date, multiplied by the reference number of shares ^{*2} (b) ¥400 plus the amount of accumulated unpaid dividends per Class A share plus the amount of accrued unpaid dividends per Class A share	Exercisable at any time after the Articles amendment Redemption Price per Share: ¥436 plus the amount of accumulated unpaid dividends per Class A share plus the amount of accrued unpaid dividends per Class A share
4	Call Option Provision	Exercisable at any time: The higher of (a) or (b) below (a) An amount equivalent to the average of the volume-weighted average prices of the company's common shares in regular trading on the Tokyo Stock Exchange during the consecutive 30 trading days starting from the 45th trading day prior to the redemption request date, multiplied by the reference number of shares ^{*2} (b) ¥400 plus the amount of accumulated unpaid dividends per Class A share plus the amount of accrued unpaid dividends per Class A share	From June 2026 (after Articles amendment) to end of June 2029: ¥436 plus the amount of accumulated unpaid dividends per Class A share plus the amount of accrued unpaid dividends per Class A share From July 2029 onward: The higher of (a) or (b) below (a) An amount equivalent to the average of the volume-weighted average prices of the company's common shares in regular trading on the Tokyo Stock Exchange during the consecutive 30 trading days starting from the 45th trading day prior to the redemption request date, multiplied by the reference number of shares ^{*2} (b) ¥436 plus the amount of accumulated unpaid dividends per Class A share plus the amount of accrued unpaid dividends per Class A share

*1 : Number of common shares to be delivered: For each preferred share subject to conversion request, the amount obtained by adding ¥400 to the accumulated unpaid dividends and accrued unpaid dividends at the time of exercise, divided by the conversion price, will be delivered as common shares

*2 : Reference number of shares: The amount obtained by adding ¥400 to the accumulated unpaid dividends and accrued unpaid dividends at the time of exercise, divided by the conversion price (¥100)

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]

Chiyoda Corporation

Corporate Services Department IR, PR & Sustainability Advanced Section

E-Mail : ir@chiyodacorp.com



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