

<Translation for Reference>

May 8, 2020

Company Name: Chiyoda Corporation

President& COO: Masaji Santo

Stock Code: 6366

Stock Listing: Second Section of the Tokyo Stock Exchange

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## **Notice of Reduction of Capital and Capital Reserve and Appropriation of Surplus**

Chiyoda Corporation (“Chiyoda”) announced today that its Board of Directors has passed a resolution to propose the reduction of its capital and capital reserve as well as the appropriation of its surplus at the ordinary general meeting of shareholders, to be held on June 25, 2020.

### **1. Purpose of Reduction of Capital and Capital Reserve and Appropriation of Surplus**

Chiyoda reported a loss of JPY 135,494,220,412 in retained surplus carried forward as of 31 March, 2020. In this regard, for the purpose of offsetting the loss in retained surplus carried forward and improving its financial condition, Chiyoda intends to reduce its capital and capital reserve and appropriate its surplus.

### **2. Details of Reduction of Capital and Capital Reserve and Appropriation of Surplus**

#### **(1) Reduction of Capital**

① Amount of Capital to be reduced

The capital amount of JPY 78,396,406,450 is to be reduced to JPY15,014,832,038.

② Way of the capital reduction

In compliance with Article 447 of Companies Act in Japan, the variance of JPY 63,381,574,412 is to be transferred to other capital surplus.

#### **(2) Reduction of Capital Reserve**

① Amount of Capital Reserve to be reduced

The sum of capital surplus of JPY 72,112,646,000 is to be reduced to JPY 0.

② Way of the Reduction of Capital Reserve

The reduced amount of JPY 72,112,646,000 is to be transferred to retained earnings.

### **(3) Appropriation of Surplus**

In compliance with Article 452 of Companies Act in Japan, subject to the effectiveness of the above mentioned reduction of capital and capital reserve, the capital surplus will be transferred to retained earnings and as a result the balance of the retained earnings will be 0 yen.

- ① Items and Amount of Reduced Surplus  
Other Capital Surplus: JPY 135,494,220,412
- ② Items and the Amount of Increased Surplus  
Retained Earnings: JPY 135,494,220,412

### **3. Schedule (planned)**

(1) Date of Resolution of Board of Directors	May 8, 2020
(2) Ordinary General Meeting of Shareholders	June 25, 2020
(3) Deadline for Objections of Creditors	July 27, 2020
(4) Effective Date of Capital Reduction	August 7, 2020

### **4. Forward-looking Statements**

As this transaction is merely the transfer of account titles in the “net assets” section on the balance sheet and the amount of the net assets remains unchanged, our financial results shall not be affected. This transaction is subject to the approval of the ordinary general meeting of shareholders to be held on June 25, 2020.

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