

<< Translation for Reference >>

July 30, 2021

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 Extraordinary Losses Resulting in Revisions of the Forecast of Consolidated Results**

Chiyoda Corporation (Chiyoda) recognizes extraordinary losses related to the discussion and arbitration of the Ichthys LNG project in Australia in the 1<sup>st</sup> quarter of fiscal year ending March 31, 2022. As a result, Chiyoda revised the full year consolidated financial forecasts for the fiscal year ending March 31, 2022, which was released on May 7, 2021.

Recognizing extraordinary losses stabilizes cash flow and profit by eliminating uncertainties caused by the past project. Chiyoda aims to swiftly resolve concerned matters. Chiyoda steadily proceeds with Revitalization Plan, allocating operating resources to execute ongoing projects and growth strategy.

1. Recognition of Extraordinary Losses

In 2012, JKC, a joint venture of Chiyoda, JGC Holdings Corp., and an American company, KBR, Inc., was awarded the contract from Ichthys LNG Pty Ltd (the Customer) to perform the engineering, procurement, and construction work for LNG facilities (the Project). This plant had been already in commercial operation and shipment of LNG started in October, 2018.

On the other hand, there are matters between the Customer and JKC that are currently subject to discussion and arbitration concerning the adjustment to the contract amount of the Project and the range of reimbursable amounts.

Under the circumstances of the COVID-19 pandemic where the arbitration is anticipated to be further prolonged, Chiyoda has re-evaluated the prospective dispute expenses as well as the risk of uncertainty of the result from the arbitration and litigation.

As a result of re-evaluation of risks, considering the current status of discussions with the Client, Chiyoda recognizes extraordinary losses of 20.4 billion JPY in the 1<sup>st</sup> quarter of fiscal year.

No cash out will occur resulting from the recognition of extraordinary losses.

## 2. Revisions of the Forecast of Consolidated Results

- (a) Revisions to the full year consolidated financial forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022).

	Revenues	Operating Income	Ordinary Income	Profit (Loss) Attributable to Owners of Parents	Basic Earnings Per Share
	JPY MM	JPY MM	JPY MM	JPY MM	JPY
Previous Forecast (A)	300,000	11,000	9,000	6,000	15.06
Revised Forecast (B)	300,000	11,000	9,000	(14,000)	(62.17)
Increase (Decrease) (B-A)	0	0	0	(20,000)	-
Percentage Increase (Decrease) (%)	0	0	0	-	-
(Reference) Results for the FY ended March 31, 2021)	315,393	7,015	8,462	7,993	22.76

### (b) Reason for Revisions

By recognizing the abovementioned extraordinary losses, the profit (loss) attributable to owners of parents for the fiscal year ending March 31, 2022 are forecast to be revised to negative 14,000 million JPY downward 20,000 million JPY. Chiyoda maintains the forecast of revenues, operating income and ordinary income.

Chiyoda will promptly disclose updated information once the progress of discussions with the Customer have a significant impact on our financial results.

## 3. Forward-looking Statement

The forecast and plans in this announcement are based on information available on the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors. We strongly request not to rely only on this forecast in making investment decisions.

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