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August 2, 2021
IR, PR & CSR Section
Corporate Services Department
Chiyoda Corporation

Summary of the Briefing of Timely Disclosure on July 30, 2021

The following is a summary of a telephone conference, held on July 30, 2021, relating to the announcement of 'Notice of Extraordinary Losses Resulting in Revisions to the Forecast of Consolidated Results'.

1. Recognition of Extraordinary Losses

- Recognizing extraordinary losses and stabilizing cash flow and profit by eliminating uncertainties on past projects. Chiyoda aims to swiftly resolve concerns and will advance the Revitalization Plan, allocating operating resources to executing ongoing projects and implementing its growth strategy.
- JKC, a Joint Venture between Chiyoda, JGC Holdings Corporation (JGC) and KBR Inc., is continuing discussions and arbitration with Ichthys LNG Pty Ltd (Customer) in Australia, (primary shareholder is INPEX CORPORATION) for the contract amount adjustment of the Ichthys LNG project and various reimbursable items.
- The plant is in commercial operation with shipments of LNG having commenced in October 2018. The contract type varies according to phase; lump-sum for engineering and procurement, an additional quantity adjustment provision for module construction and reimbursable for construction. JKC and the Customer have continued discussions and arbitration regarding increased construction costs.
- Under COVID-19 however, arbitration is expected to be prolonged and Chiyoda has re-evaluated the potential dispute expenses and the risk of an uncertain result from the arbitration and litigation.
- As a result of the re-evaluation of risks and considering the current status of discussions with the Client, Chiyoda recognizes extraordinary losses of 20.4 billion JPY.
- No cash outflow resulting from the recognition of extraordinary losses.

2. Revisions to the Forecast of Consolidated Results

- By recognizing extraordinary losses of 20.4 billion JPY, the profit (loss) attributable to owners of parents forecast for the fiscal year ending March 31, 2022 decreased to negative 14,000 million JPY from the previous forecast of 6,000 million JPY.
- There is no change to revenue, operating income and ordinary income forecasts. The results for the 1st quarter up to ordinary income progressed as forecast.
- Recognition of extraordinary losses does not affect the execution of ongoing projects and the Revitalization Plan.
- Chiyoda was awarded the large-scale NFE LNG project in Qatar in February 2021 and a copper smelting plant project in Indonesia in July 2021. The order backlog is greater than 1 trillion JPY. Chiyoda won both projects following stringent and comprehensive risk analysis and will secure planned profits through their steady execution.
- With the FY2020 financial result announcement, Chiyoda updated the Revitalization Plan on May 7, 2021 and continues to transform its business portfolio aiming to stabilize its profit base. Chiyoda is securing profit in existing fields, reinforced by new businesses such as renewable energy, hydrogen, carbon cycling, pharmaceuticals and life sciences, and adding value to its business models through digital transformation.
- All Chiyoda employees strive to improve corporate value and respond to stakeholder expectations.

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Note: Some additions and corrections have been made to simplify the content for readers. 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. Investors are recommended not to depend solely on these projections for making investment decisions.