Abridged Translation:

Consolidated Financial Results for the Three Months Ended June 30, 2021

August 2, 2021

Company name: **CHIYODA CORPORATION**
Listing: Second Section of the Tokyo Stock Exchange
Stock code: 6366
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Scheduled date to file Quarterly Report: August 13, 2021
Preparation of Quarterly Supplementary Explanation Material: Yes
Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for three months ended June 30, 2021

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended June 30, 2021	80,479	22.8	3,506	(33.8)	3,537	(27.0)	(17,211)	-
For the three months ended June 30, 2020	65,537	(24.2)	5,294	(41.7)	4,843	31.0	4,475	96.8

Note: Comprehensive Income: the three months ended June 30, 2021: (20,324) million yen / (—)%
the three months ended June 30, 2020: 4,689 million yen / 5.0%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2021	(68.49)	-
For the three months ended June 30, 2020	15.26	4.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	315,388	12,787	3.9
As of March 31, 2021	329,583	36,747	11.0

Reference: Equity as of June 30, 2021: 12,445 million yen
as of March 31, 2021: 36,399 million yen

2. Cash dividends

	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	—	—	0.00	0.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		—	—	—	—

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	300,000	(4.9)	11,000	56.8	9,000	6.4	(14,000)	-	(62.17)

Note: Revision to the latest forecast announcement 2021: None

4. Others

(1) Changes in Significant Subsidiaries during the Period
(Changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies and Accounting Estimates / Restatements

a. Changes in accounting policies due to revisions of accounting standards, etc.:	Yes
b. Changes in accounting policies other than a. above:	None
c. Changes in accounting estimates:	None
d. Restatements:	None

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)	
As of June 30, 2021	260,324,529 shares
As of March 31, 2021	260,324,529 shares
b. Number of treasury stock at the end of the period	
As of June 30, 2021	1,357,746 shares
As of March 31, 2021	1,357,723 shares
c. Average number of shares during the period	
For the three months ended June 30, 2021	258,966,783 shares
For the three months ended June 30, 2020	258,966,972 shares

*Presentation of Implementation Status of Quarterly Review Procedure
The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

*Proper use of earnings forecasts, and other special directions
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to a number of factors.

Dividend Status of Class A Shares

Class A Share	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	-	-	20.78	20.78
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		-	-	-	-

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1. Qualitative Information Related to Consolidated Performance

(1) Qualitative Information on Business Performance

Although there were signs in the first quarter of the fiscal year that the global economy is beginning to recover from the COVID-19 pandemic, the outlook for the future remains uncertain.

Under such circumstances, the Group has prioritized the health and safety of our employees and other stakeholders, and we are executing ongoing projects while promptly taking necessary actions in cooperation with our clients.

The business environment in which we operate is undergoing significant changes. These include the accelerating transition to decarbonization/hydrogen energy, the increasingly widespread adoption of low-carbon and renewable energy, and the innovative evolution of digital technologies. In anticipation of these changes, the Group has made developing areas that will pave the way to our future a high business priority. In May 2021 we updated our Medium-term Management Plan (MTMP): “Chiyoda’s Revitalization Plan – Initiatives for Revitalization and the Future”. Under this plan we will reinvigorate the existing businesses that are bolstering our earnings for now, while we also explore and unearth new businesses.

While securing a steady stream of earnings from our existing businesses, the Group aims to strengthen new business areas such as renewable energy, hydrogen, carbon cycling, energy optimization, and pharmaceutical and life sciences. By leveraging digital transformation to enhance the business model added value, our aim is to proceed with the transformation of our business portfolio, ensure a stable income base, achieve sustainable growth, and further enhance enterprise value.

Information about the engineering businesses which are reportable segments is presented below.

- Energy

LNG / Gas

【Overseas】
Chiyoda is executing the engineering, procurement and construction (EPC) phase of LNG plants in Qatar, the USA, Indonesia and Nigeria. In Qatar, Chiyoda has begun work on the EPC phase of the North Field Expansion (NFE) Project, which is the expansion of four LNG trains with capacity of 8 million metric tons per annum. In the United States, the Golden Pass LNG project is in the EPC phase. In Nigeria, we are providing review and other technical support to our partner which is performing the engineering for an LNG project. Otherwise in gas businesses, a group company in Qatar is engaged in a number of renovation and repair projects at LNG/gas processing plants.

【Japan】
EPC phase work is currently underway to reinforce, modify, and repair existing LNG terminals that were built by Chiyoda, and to newly install and add earthquake and tsunami reinforcement to gas supply facilities for thermal power plants.

Refinery/Petrochemical/Metal

Overseas, Chiyoda is executing the EPC phase of an ethylene plant in the USA on the Gulf of Mexico and the EPC + commissioning (EPCC) phase for a residue fluid catalytic cracking (RFCC) plant in Malaysia.

In Japan, for oil companies, Chiyoda is retrofitting existing facilities to improve the competitiveness of refineries, upgrade equipment, and meet restrictions on the sulfur content of bunker fuel for ships. We are also examining ways to comply with the Basic Act for National Resilience, including seismic reinforcement.

In metal resources, we are executing the EPC phase of a polypropylene polymerization catalyst manufacturing plant. In Indonesia, we are seeking to win the order for EPC work for a copper smelter project.

We will continue to work to grow orders in the field of metal resources, where demand is strong.

- Environment

Pharmaceutical/Biochemistry/General Chemistry

In the area of pharmaceuticals and biochemistry, EPC phase work is currently underway for an expansion to a recombinant protein vaccine production facility for SHIONOGI & CO., Ltd. and the addition of ancillary facilities. We have completed the basic engineering work for a biopharmaceutical substance manufacturing plant. Aside from EPC work, with our partner Shionogi Pharma Co., Ltd. we are examining the commercial potential of a contract manufacturing and development business using continuous production technologies for drug APIs and intermediates.

In the general chemistry area, to make carbon recycling technology a reality, as part of a collaboration among industry, government, and academia, we are working on the research and development to capture CO_2 and turn it into a raw material, and to produce para-Xylene (PX) by using CO_2 as a raw material. We are also conducting the basic engineering work for a client's waste plastic recycling business.

We aim to strengthen our capabilities in the field of indoor vertical farming through a business alliance with MIRAI Co., Ltd., a leading manufacturer and operator in this area, and we are working to promote the development of commercial facilities.

Environment/New Energy/Infrastructure

In the environmental protection field, as India tightens its environmental regulations, flue gas desulfurization (FGD) equipment is being deployed at coal-fired power plants, and Chiyoda's Thoroughbred 121 (CT-121) FGD process has been used in a number of plants.

In Japan, we are providing operational support for a demonstration project to separate, recover, and store CO_2 (carbon capture and storage, or CCS) from thermal power plant fuel gas and carrying out a partial remodeling. We are also executing the EPC phase for flue gas desulfurization equipment at a coal-fired power plant.

In the field of carbon capture and utilization (CCU), under an agreement with Mitsubishi Corp. and the American company Blue Planet Systems Corp., we are pursuing the development and commercialization of technology to manufacture the aggregate that serves as the raw material for concrete using the CO_2 in exhaust gas.

In our energy optimization business, in June 2021 we signed a memorandum of understanding with the Belgian company Qpinch, which has chemical heat pump technology that allows waste heat to be used effectively. Through this partnership we will develop a business that will deploy this technology to further improve energy conservation and reduce CO_2 emissions at industrial facilities.

In the new energy area, Chiyoda is executing the EPC phase for the construction of one of the world's largest storage battery systems, a number of photovoltaic (mega solar) facilities, and one of Japan's largest biomass power plants that use wood pellets as fuel. We are also considering entering the field of offshore wind farms, which is expected to become a sizeable market in the future.

With respect to our efforts in the area of achieving carbon neutrality, as far as hydrogen business is concerned, since completing an international hydrogen supply chain demonstration project in December 2020, we have been advancing our hydrogen chain solution business by participating in a cross-industry regional hydrogen deployment project with the aim of achieving semi or full commercialization in the latter half of the decade. As part of this effort, we are participating in the Hydrogen Utilization Study Group in Chubu, which is studying the feasibility of large-scale hydrogen utilization, with the aim of expanding demand for hydrogen in the region and building a consistent supply chain. Our technology is highly regarded in Singapore for its safety, and along with five local companies, Chiyoda and Mitsubishi Corp. are promoting the continued study of the use and commercialization of hydrogen imports using our technology.

- **Digital Technology**

Chiyoda is pursuing three strategies for our digital transformation:
1) Launching innovative digital products, 2) Promoting digital EPC, and 3) Innovative work processes.

1) Launching innovative digital products: We have combined our engineering expertise with digital AI technology to develop advanced digital products that maximize the value of our clients' plant assets. These products are offered under the EFEXIS^{TM} brand name and are being deployed at plants in Japan and overseas. We have also signed a memorandum of understanding with Cognite and Mitsubishi Corporation to provide and collaborate on a digital platform solution for industrial facilities and plants and we have begun a proof of concept (PoC) project for an oil refinery in Japan. Going forward, we plan to offer this solution to industrial facilities and plants inside and outside of Japan.

2) Promoting digital EPC: To evolve our EPC execution management capabilities, we are sequentially implementing the systems needed to apply Advanced Work Packaging (AWP) at projects that are underway. Additionally, we are marketing a revolutionary system which has cut the space design processes that are part of basic plant engineering work by 80%, making it possible to create 3D models five times faster than before, to plant owners and EPC contractors around the world through PlantStream Inc., a joint venture between Chiyoda and Arent Inc.

3) Innovative work processes: Through TIS Chiyoda Systems, Inc., a joint venture formed with IT giant TIS Inc., we are strengthening the Group's IT operations. We are also leveraging digital technologies to further develop the remote work environment, deploying robotic process automation to improve administrative efficiency, and implementing electronic authentication and electronic contracts.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook

For the consolidated financial forecasts for the fiscal year ending March 31, 2022, please refer to 'Notice of Extraordinary Losses Resulting in Revisions of the Forecast of Consolidated Results' dated July 30, 2021.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	106,988	78,076
Notes receivable, accounts receivable from completed construction contracts	48,527	—
Notes receivable, accounts receivable from completed construction contracts, and contract assets	—	41,358
Costs on construction contracts in progress	8,767	13,036
Accounts receivable - other	77,261	76,875
Jointly controlled assets of joint venture	56,845	73,396
Other	8,906	10,797
Allowance for doubtful accounts	(1,405)	(1,414)
Total current assets	305,891	292,127
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,255	5,106
Land	4,853	4,853
Other, net	1,317	1,149
Total property, plant and equipment	11,426	11,109
Intangible assets	4,371	4,149
Investments and other assets		
Investment securities	5,701	5,935
Retirement benefit asset	566	441
Deferred tax assets	394	421
Other	1,395	1,228
Allowance for doubtful accounts	(164)	(24)
Total investments and other assets	7,894	8,002
Total non-current assets	23,692	23,261
Total assets	329,583	315,388

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	115,187	91,797
Current portion of long-term borrowings	747	716
Accounts payable - other	4,200	29,965
Income taxes payable	638	170
Advances received on construction contracts in progress	74,784	—
Contract liabilities	—	86,808
Provision for warranties for completed construction	823	2,893
Provision for loss on construction contracts	34,443	36,087
Provision for bonuses	3,834	1,446
Provision for business restructuring	17	18
Other	9,978	4,484
Total current liabilities	244,657	254,388
Non-current liabilities		
Long-term borrowings	45,000	45,000
Provisions	239	239
Retirement benefit liability	761	791
Other	2,178	2,181
Total non-current liabilities	48,178	48,212
Total liabilities	292,836	302,601
Net assets		
Shareholders' equity		
Share capital	15,014	15,014
Capital surplus	142	142
Retained earnings	15,708	(5,138)
Treasury shares	(1,435)	(1,435)
Total shareholders' equity	29,430	8,583
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	172
Deferred gains or losses on hedges	30	(20)
Foreign currency translation adjustment	5,300	2,315
Remeasurements of defined benefit plans	1,434	1,394
Total accumulated other comprehensive income	6,969	3,861
Non-controlling interests	348	341
Total net assets	36,747	12,787
Total liabilities and net assets	329,583	315,388

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales of completed construction contracts	65,537	80,479
Cost of sales of completed construction contracts	57,257	74,289
Gross profit on completed construction contracts	8,280	6,189
Selling, general and administrative expenses	2,985	2,682
Operating profit	5,294	3,506
Non-operating income		
Interest income	424	139
Dividend income	14	47
Share of profit of entities accounted for using equity method	91	—
Foreign exchange gains	—	109
Other	60	43
Total non-operating income	591	339
Non-operating expenses		
Interest expenses	205	215
Share of loss of entities accounted for using equity method	—	17
Foreign exchange losses	779	—
Other	56	76
Total non-operating expenses	1,041	309
Ordinary profit	4,843	3,537
Extraordinary losses		
Project related loss based on negotiations with customers	—	20,374
Total extraordinary losses	—	20,374
Profit (loss) before income taxes	4,843	(16,836)
Income taxes - current	314	354
Income taxes - deferred	57	25
Total income taxes	372	380
Profit (loss)	4,471	(17,217)
Loss attributable to non-controlling interests	(3)	(6)
Profit (loss) attributable to owners of parent	4,475	(17,211)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit (loss)	4,471	(17,217)
Other comprehensive income		
Valuation difference on available-for-sale securities	53	(30)
Deferred gains or losses on hedges	(0)	(51)
Foreign currency translation adjustment	293	(2,985)
Remeasurements of defined benefit plans, net of tax	(49)	(40)
Share of other comprehensive income of entities accounted for using equity method	(79)	0
Total other comprehensive income	217	(3,107)
Comprehensive income	4,689	(20,324)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,704	(20,318)
Comprehensive income attributable to non-controlling interests	(15)	(6)

3. Production, Contracts and Sales

(Millions of yen)

	Apr. 1, 2020－Jun. 30, 2020			**Apr. 1, 2021－Jun. 30, 2021**		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	22,918 (99.2%)	65,361 (99.7%)	776,004 (100.0%)	21,192 (99.2%)	80,315 (99.8%)	1,072,981 (100.0%)
LNG Plant	6,055 (26.2%)	19,045 (29.0%)	434,630 (56.0%)	4,962 (23.2%)	47,504 (59.0%)	919,635 (85.7%)
Gas Development/Processing/Receiving	1,490 (6.4%)	3,004 (4.6%)	12,633 (1.6%)	205 (1.0%)	1,068 (1.3%)	4,972 (0.4%)
Refinery/Petrochemical/Metal	9,853 (42.7%)	30,739 (46.9%)	217,265 (28.0%)	10,597 (49.6%)	17,644 (21.9%)	53,490 (5.0%)
Pharmaceutical/Biochemistry/ Chemical	3,182 (13.8%)	4,826 (7.4%)	18,379 (2.4%)	3,400 (15.9%)	7,358 (9.2%)	39,303 (3.7%)
Environment/New Energy/Infrastructure	1,257 (5.4%)	7,008 (10.7%)	90,725 (11.7%)	1,326 (6.2%)	5,952 (7.4%)	53,460 (5.0%)
Others	1,079 (4.7%)	737 (1.1%)	2,370 (0.3%)	698 (3.3%)	786 (1.0%)	2,118 (0.2%)
Other Business	176 (0.8%)	176 (0.3%)	- (-)	163 (0.8%)	163 (0.2%)	- (-)
Total	23,095 (100.0%)	65,537 (100.0%)	776,004 (100.0%)	**21,356 (100.0%)**	**80,479 (100.0%)**	**1,072,981 (100.0%)**
Domestic	16,258 (70.4%)	28,412 (43.4%)	165,473 (21.3%)	15,647 (73.3%)	23,129 (28.7%)	126,753 (11.8%)
Overseas	6,836 (29.6%)	37,124 (56.6%)	610,531 (78.7%)	5,708 (26.7%)	57,349 (71.3%)	946,228 (88.2%)

Note1: The backlog of contracts for the three months include an increase / decrease due to changes in construction contracts acquired in prior fiscal years, and an increase / decrease due to foreign exchange translation adjustments.

Note2: The total amount of the above table does not include consumption tax.

4. Others

Ichthys LNG Project

In 2012, JKC, a joint venture of the Group, JGC Holdings Corp. (JGC), 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 has been already in commercial operation and shipment of LNG started in October, 2018.

However, as described below, there are matters between the Customer and some subcontractors that are currently subject to discussion and arbitration, and if an outcome or ruling is unfavorable to JKC, it could affect the Group's business results by making some of the construction receivables or advanced monies uncollectible.

① Disputes with client

Some of the matters concerning the adjustment to the contract amount for costs arising from an increase in the scope of work and the cost-reimbursable scope are the subject of ongoing discussion with the Client, and others are the subject of arbitration.

With respect to the abovementioned reimbursable amounts, as a provisional measure until an agreement could be reached, in December 2016 the Client signed a Funding Deed stating that in exchange for providing funding to JKC, JKC would not halt work on the project, and it provided the funding. JKC subsequently filed for arbitration seeking a ruling that the additional expenses were reimbursable expenses that under the terms of the contract were the responsibility of the Client, and recognizing that the monies paid under the Funding Deed represented formal payment of the expenses. However, in December 2020 the arbitrator made a partial ruling to the effect that separate hearings would be needed to determine whether the additional expenses were reimbursable expenses under the contract, and that at the present time it was not possible to certify that they were reimbursable expenses. After this partial ruling, the Client demanded that JKC refund the entire amount of funding that had been provided under the Funding Deed, and in mid-January 2021 it submitted a payment request to JKC's parent companies, Chiyoda, KBR, and JGC Holdings, based on the parent company guarantees that had been made by the companies. JKC has asked the Client to follow the reimbursement procedure that is specified in the Funding Deed for the funding provided. In April 2021, the Customer filed a lawsuit against JGC seeking subrogation by way of performance of the parent company guarantee deed. In response, JGC gave notice of their request for Chiyoda to act as assisting intervener regarding the lawsuit. Chiyoda may jointly bear the consequences resulting from the lawsuit in accordance with the Joint Venture Agreement with JGC and KBR Inc. However, 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. Chiyoda reflects the influenced amount to the results for the 1st quarter of this fiscal year, while JKC is continuing to negotiate with the Client.

② Dispute with subcontractor

JKC placed the order for the engineering and construction of the Combined Cycle Power Plant (CCPP) that is part of the Project through a fixed-price contract with a consortium of four companies, General Electric Company and General Electric International, Inc., and UGL Infrastructure Pty Limited and CH2M Hill Australia Pty. Limited (collectively, the "Consortium").

However, the Consortium unilaterally terminated the contract while executing this work and withdrew from the construction site without the permission of JKC. The Consortium also filed for arbitration to demand payment of additional costs related to circumstances prior to its withdrawal. In light of this situation, JKC has appointed a subcontractor to replace the Consortium in order to fulfill its performance obligations to the Customer, and while incurring tentatively the construction costs to proceed with the construction of the CCPP, JKC is countersuing the Consortium for these construction expenses.