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IR, PR & CSR Section  
Corporate Services Department  
Chiyoda Corporation

## **Summary of the Third Quarter Financial Results Briefing for Fiscal Year Ending March 31, 2022**

The following is a summary of a presentation (telephone conference) outlining Chiyoda Corporation's (Chiyoda) financial results for the third quarter of the fiscal year ending March 31, 2022, released on February 2, 2022. Please also refer to the 'Financial Results for the 3<sup>rd</sup> Quarter of Fiscal Year Ending March 31, 2022' on our website.

### **1. Financial Results (P2)**

#### **1. Highlights (P3)**

- Revenue, operating income and ordinary income progressed as forecast.
- The large ethylene project in Texas, USA was completed ahead of schedule.
- Ongoing projects are proceeding as planned by assimilating execution risks.
- Projects in new business fields, such as decarbonization, life science and digital transformation, are progressing.

#### **2. Income Statement (P4)**

- Revenue was 217.1 billion JPY, 72% of the full year forecast.
- Gross profit was 16.9 billion JPY, 65% of the full year forecast. Gross profit margin was 7.8%, an improvement of 1.4 percent YoY.
- SG&A expenses were 8.6 billion JPY, a reduction of 0.8 billion JPY YoY and 57% of the full year forecast.

- Operating income and ordinary income were 8.3 billion JPY and 8.8 billion JPY, 75% and 97% respectively of the full year forecast. Both increased YoY.
- Net profit (loss) was negative 13.7 billion JPY. Extraordinary losses of 20.4 billion JPY were recorded in the 1<sup>st</sup> quarter, based on an out-of-court settlement related to the Ichthys LNG project agreed with the client in October 2021, with no additional loss recorded. A total profit of 3.5 billion JPY was recorded in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters.

### **3. Profit Analysis (P5)**

- Gross profit was 16.9 billion JPY, an increase of 1.4 billion JPY YoY. In the energy business and global environment business fields, gross profit stood at 11.5 billion JPY and 5.4 billion JPY respectively. Gross profit in the global environment field, especially new business fields such as pharmaceutical and life science, contributed to the increase.
- SG&A expenses decreased by 0.8 billion JPY YoY.
- Operating income was 8.3 billion JPY, an increase of 2.2 billion JPY YoY.

### **4. Balance Sheet (P6)**

- Total assets were 344.1 billion JPY as of December 31, 2021, an increase of 14.5 billion JPY from 329.6 billion JPY as of March 31, 2021. As ongoing projects have progressed, cash and deposits have decreased, while jointly controlled assets of the JV have increased as the NFE project in Qatar has progressed.
- Shareholder's equity was 15.2 billion JPY as of December 31, 2021, a decrease of 21.2 billion JPY from March 31, 2021, due to extraordinary losses related to the Ichthys LNG project in the 1<sup>st</sup> quarter. In the 2<sup>nd</sup> and 3<sup>rd</sup> quarters, a total profit of 3.5 billion JPY was recorded, increasing shareholder's equity by 2.8 billion JPY from 12.4 billion JPY as of June 30, 2021.

### **5. New Orders / Backlog (P7)**

- New orders stood at 393.0 billion JPY, 131% of the full year forecast, comprising 36.6 billion JPY in the energy field and 356.4 billion JPY in the global environment field. New orders in the global environment field include a copper smelting plant in Indonesia and pharmaceutical/life science business.

- The order backlog was 1,322.3 billion JPY, comprising 909.8 billion JPY in the energy field and 412.5 billion JPY in the global environment field. Major projects include NFE LNG in Qatar, Golden Pass LNG in the USA, Tangguh LNG Expansion in Indonesia in the energy field, a copper smelting plant in Indonesia, a vaccine constituent production facility and an energy storage system facility in the global environment field.

### **Att. 1, 2, 3 Breakdown of Revenue, New Order, and Backlog (P8-P10)**

(Explanation Omitted)

## **II . Growth Strategy (P11)**

### **1. Texas Ethylene (P12)**

- Awarded in May 2018. A Chiyoda/Kiewit Joint Venture constructed the world's largest ethylene plant (also the world's largest shale gas-derived ethane-based petrochemical complex) with an annual production of 1.8 million metric tons, in Texas, USA, applying a full modularization strategy.
- Chiyoda completed the challenging project ahead of schedule, forming close partnerships with the client, its JV partner Kiewit Energy Group Inc., module fabrication yards and others, receiving high praise from ExxonMobil.
- The ethylene produced is supplied to an adjacent polyethylene and monoethylene glycol plant. Polyethylene is delivered by rail (as seen in the photo in the presentation material) and monoethylene glycol by pipeline.

### **2. Decarbonization (P13)**

- Chiyoda and PT Pertamina (Pertamina) signed a Memorandum of Understanding to study the development and application of low carbon technology to support net-zero carbon emissions.
- Chiyoda and Pertamina will collaborate in the research and development of new and renewable energy to support net-zero carbon emissions, carbon dioxide capture, utilization and storage (CCUS) technology and hydrogen production.
- Chiyoda has supplied services to Pertamina since the early 1980's, including the engineering, procurement and construction (EPC) of LNG plants and utility facilities in Bontang (Kalimantan

Island) and Arun (Sumatra Island) in Indonesia and will continue to cooperate with Pertamina towards realizing a carbon-free society.

### **3. Hydrogen (P14)**

- Chiyoda is participating in industry-academia collaboration with ENEOS Corporation (ENEOS) and Queensland University of Technology in Australia.
- We succeeded in the world's first practical technical verification of scaling up an Australian CO<sub>2</sub>-free hydrogen supply chain demonstration.
- Hydrogen extracted from methylcyclohexane (MCH), produced directly from water and toluene through the electrochemical synthesis of organic hydride, was transported to Japan to fill a fuel cell vehicle.
- Chiyoda dehydrogenated the MCH and purified the resulting hydrogen with our unique dehydrogenation process, using original catalysts with high yields.
- The process is simplified by the electrochemical synthesis of organic hydride to reduce hydrogen production costs.

### **4. Ammonia (P15)**

- Chiyoda, Tokyo Electric Power Company Holdings Inc. and JERA Co. Inc. have commenced the research and development of innovative ammonia synthesis catalysts.
- The initiative is to develop Japanese independent ammonia synthesis technologies to enhance the use of ammonia through lower production costs and to reduce CO<sub>2</sub> emissions from power generation plants.
- The technology develops new ammonia synthesis process/facilities to compete with Haber-Bosch based technologies by utilizing lower temperature and pressure synthesis catalysts to reduce production costs.
- The initiative is funded by the New Energy and Industrial Technology Development Organization's Green Innovation Fund for 10 years (FY2021-FY2030) at a cost of approximately 24 billion JPY.

### **5. Life Science (P16)**

- Chiyoda has entered into the world's first continuous manufacturing (CM) contract business for active pharmaceutical ingredients and intermediates, driven by Shionogi Pharma Co. Ltd.
- Batch processes are the main manufacturing technology in the pharmaceutical field. Chiyoda implements and horizontally develops CM processes, developed in the energy and chemistry fields, in the pharmaceutical field. CM processes contribute to reducing costs by downsizing the equipment, reduces the development period and improves safety and quality.
- Since its foundation, Chiyoda has been involved in more than 620 pharmaceutical projects over more than 60 years and continues its dedication in the expanding pharmaceutical/life science fields.

## **6. Digital Transformation (P17)**

- Chiyoda AWP is applied to enhance and refine project execution management. (AWP: Advanced Work Packaging)
- Chiyoda AWP work packages define the location and volume of construction work and visualize the progress of related engineering and procurement activities, enhancing efficiency and reducing costs by improving cost and schedule forecasting and minimizing 're-work' on site.
- Chiyoda AWP is being applied on NFE LNG in Qatar and the copper smelting plant in Indonesia.

## **III. Major Ongoing Projects (P18)**

### **1. Major Ongoing Projects (Energy) (P19)**

- All ongoing projects are proceeding as planned.
- A Hazard and Operability (HAZOP) study, a standard method of evaluating safety and operability, was completed online on NFE LNG in Qatar in November 2021 (ahead of schedule), connecting the local Doha office with Chiyoda's headquarters in Yokohama and attended by operational and engineering personnel from both the client and contractors. High praise of Chiyoda's performance by the client was a success factor.

## **2. Major Ongoing Projects (Environment) (P20)**

- All ongoing projects are proceeding as planned.
- The photos in the presentation show the world's largest battery energy storage plant, with a total storage capacity of 720MWh, for the North Hokkaido Wind Energy Transmission Corporation, aiming for completion in one year.

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Please address inquiries to:

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