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IR, PR & Sustainability Advanced Section  
Corporate Services Department  
Chiyoda Corporation

## **Summary of the 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 fiscal year ending March 31, 2022, released on May 10, 2022.

[I . Financial Results for FY2021](#) explain Chiyoda's financial results. [II . Business Overview](#) explain our initiatives for revitalization and the future.

### **I . Financial Results for FY2021**

#### **1. Highlights (P2)**

- Revenue achieved the full year forecast and Operating Income achieved a similar outcome.
- Issues on the ICHTHYS LNG project were settled, contributing to solid growth. Order backlog was JPY1.3 trillion.

#### **2. Income Statement (P3)**

- Revenue was 311.1 billion JPY, 104% of the full year forecast.
- Gross profit was 22.8 billion JPY, 88% of the full year forecast. Gross profit margin was 7.3%, an improvement of 1.0% YoY.
- SG&A expenses were 12.2 billion JPY, a reduction of 0.8 billion JPY YoY.
- Operating income and ordinary income were 10.5 billion JPY and 11.4 billion JPY, 96% and 127% respectively of the full year forecast. Both increased YoY.
- Net profit (loss) was negative 12.6 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 as agreed with the client. An out of court settlement with Combined Cycle Power Plant

subcontractors was agreed in April 2022.

- A total profit of 4.6 billion JPY was recorded in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters.

### **3. Profit Analysis (P4)**

- Gross profit was 22.8 billion JPY, an increase of 2.7 billion JPY YoY. In the energy and global environment business fields, gross profit was 13.8 billion JPY and 9.0 billion JPY respectively. Gross profit in the global environment field, including new business fields such as life science, contributed to the increase.
- SG&A expenses decreased by 0.8 billion JPY YoY.
- Operating income was 10.5 billion JPY, an increase of 3.5 billion JPY YoY.

### **4. Balance Sheet (P5)**

- Total assets were 395.4 billion JPY as of March 31, 2022, an increase of 65.8 billion JPY from 329.6 billion JPY as of March 31, 2021. As ongoing projects have progressed, cash and deposits have decreased. Jointly controlled assets of the JV have increased as the NFE project in Qatar and a copper smelting plant in Indonesia have progressed.
- Shareholder's equity was 15.7 billion JPY as of March 31, 2022, a decrease of 20.7 billion JPY from March 31, 2021, due to extraordinary losses related to the ICHTHYS LNG project in the 1<sup>st</sup> quarter. Shareholder's equity increased by 3.3 billion JPY from 12.4 billion JPY as of June 30, 2021.

### **5. New Orders / Backlog (P6)**

- New orders were 415.9 billion JPY, 139% of the full year forecast, including new orders in the global environment field, such as a copper smelting plant in Indonesia, and the life science business.
- The order backlog was 1,331.0 billion JPY. Major projects include NFE LNG in Qatar, Golden Pass LNG in the USA and the Tangguh LNG Expansion project in Indonesia in the energy field, a copper smelting plant in Indonesia, a vaccine constituent production facility and a biopharmaceutical manufacturing plant in the global environment field.

## **6. FY2022 Forecast (P7)**

- Revenue is forecast to be 500.0 billion JPY. Gross profit is expected to be 35.0 billion JPY with a gross profit margin of 7.0%. Profit forecasts reflect rapidly increasing equipment, material and transportation costs due to global inflation and supply chain disruptions as a result of the geopolitical crisis in Ukraine and COVID-19.
- SG&A expenses is forecast to be 15.0 billion JPY, the same as FY2021.
- Operating income and ordinary income are expected to be 20.0 billion JPY and 18.0 billion JPY respectively, estimating a 2.0 billion JPY borrowing interest payment.
- Profit is expected to be 11.5 billion JPY, estimating a 6.5 billion JPY income tax payment.
- New Orders are expected to be 300.0 billion JPY, comprising 200.0 billion JPY and 100.0 billion JPY for overseas and domestic projects respectively.

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

(Explanation omitted)

## **II . Business Overview**

### **1. Achievements in FY2021 (P2)**

1. Further Developments in our Risk Management Structure
  - ICHTHYS LNG issues were settled, contributing to solid growth. Order backlog was JPY1.3 trillion.
  - Projects awarded, following the release of our Revitalization Plan, contribute to earnings.
  - Company-wide countermeasures to minimize impacts of rapidly increasing equipment, material and transportation costs due to global inflation and supply chain disruptions as a result of the geopolitical crisis in Ukraine, have been taken following discussions with clients and business partners.
2. Enhanced engineering, procurement and construction (EPC) execution management
  - Real time earning predictions by data management
  - Reinforced monitoring of project earnings to promptly implement countermeasures
3. Reinforcement of Human Resources (HR)

- A new HR system was introduced in April 2021.
  - Four (4) Human Resource Officers by job category consulted employees to collect HR data.
4. Accelerating Company-wide Digital Transformation (DX)
- A Chief Digital Officer (CDO) position was established to develop new businesses and solutions, cultivate digital human resources and foster a DX mindset.

## **2. Major Ongoing Projects (P3)**

- The NFE LNG project in Qatar, a copper smelting plant in Indonesia and other domestic and overseas projects are progressing.

## **3. Sustainability (P4)**

- A Sustainability Committee, led by Mr. Sakakida (CEO/Chief Sustainability Officer (CSO)), was established to enhance Chiyoda's corporate value and sustainable development. Sustainability is a core value for Chiyoda's corporate management and actions to address environmental, resource, social and economic issues will always be implemented.
- Chiyoda declared a carbon neutral goal on 1 April 2022, aiming for net-zero carbon emissions by 2050. Through our corporate philosophy of 'Energy and Environment in Harmony', Chiyoda will continue contributing to a decarbonized and carbon recycling society through 'reduction' and 'recirculation' by applying our engineering and application capabilities.

## **4. Committees (P5)**

- Five (5) committees were established, subordinated by Executive Advisory Committee, to accelerate revitalization initiatives and realize our vision for the future, ie: an Integrated Strategy Committee, a Consolidated Management Promotion Committee, a Project Competitiveness Committee, a Human Resources Management Committee and a Carbon-free Business Promotion Committee.
- Chiyoda continues resolving business issues and accelerating initiatives for revitalization through our vision for the future and cross management of divisions and committees.

## **5. Revitalization and Our Vision for the Future (P6)**

- Chiyoda continues to contribute to the transition to a carbon-free society with our advanced

technology to realize carbon neutrality by 2050.

- Chiyoda is continuing with its business portfolio transformation, aiming for a 50:50 profit ratio of existing businesses (such as LNG) and new businesses (such as decarbonization and life science) by 2030.
- The consolidated net profit target by 2030 is more than 30 billion JPY.

## **6. Mirai Engineering (P7)**

- This slide shows Chiyoda business vision 'Mirai Engineering'. 'Mirai' means 'future' in Japanese.
- Chiyoda generates new engineering values and transforms its business portfolio through digital transformation of its four (4) business fields of 'Low Carbon and Carbon Recycling', 'Hydrogen', 'Energy Management' and 'Life Science'.

### **6-1. Low Carbon and Carbon Recycling (P8)**

- Chiyoda promotes cleaner LNG production for low carbon energy supply, combining LNG as a transition energy source and carbon dioxide capture and storage (CCS) technology.
- Chiyoda contributes to a low carbon society in metallic resource fields, such as copper smelting.
- Chiyoda contributes to the realization of a carbon recycling society by applying our carbon recycling technologies, and we develop carbon dioxide capture, utilization and storage (CCUS) technology to reduce CO<sub>2</sub> emissions while promoting effective CO<sub>2</sub> usage through e-fuel/SAF manufacturing.

### **6-2. Hydrogen Business (SPERA Hydrogen™ and Ammonia) (P9)**

- Chiyoda contributes to realizing a hydrogen-based society through multiple hydrogen carriers, centered on our unique 'in-house' SPERA Hydrogen™ technology.
- Chiyoda is participating in studies to construct hydrogen supply chains in Singapore and Europe.
- Chiyoda is planning to semi-commercialize a hydrogen supply business by the early 2020's, with full commercialization later in the decade.

- Feasibility studies for a hydrogen supply chain and ammonia receiving facilities are ongoing.
- Chiyoda is developing new ammonia producing technology, funded by a Green Innovation Fund from the New Energy and Industrial Technology Development Organization (NEDO).

### **6-3. Energy Management Business (P10)**

- In the renewable energy and energy storage fields, Chiyoda is executing the EPC of the world's largest battery energy storage plant and Japan's largest biomass power plant.
- Chiyoda is promoting entry into the local energy distribution business and commercialization of 'Energy as a Service' by creating businesses with our facility expertise and accumulating data through our energy business.

### **6-4. Life Science Business (P11)**

- Construction of a vaccine constituent production facility and a biopharmaceutical manufacturing facility etc has commenced.
- Chiyoda is collaborating in the contract development manufacturing business of active pharmaceutical ingredients and intermediates promoted by Shionogi Pharma Co., Ltd. We also apply continuous manufacturing (CM) technology cultivated in the oil and chemistry fields. Chiyoda realizes the application of CM technology in the pharmaceutical field and is laterally expanding the same in the life science field.
- Chiyoda aims to be a solution provider in high value-added biotechnology and life science fields.

### **6-5-1. Digital Transformation (DX Business Promotion) (P12)**

- EFEXIS™ has been introduced through domestic and overseas energy companies, offering innovative plant operation optimizing solutions.

### **6-5-2. Digital Transformation (DX Business Innovation) (P13)**

- Project and corporate DX is ongoing.
- Project execution has been fully digitalized to strengthen our project execution capabilities and enhance risk management.

- Chiyoda AWP, a digital integrated management system to optimize the EPC process throughout the entire project life cycle, has been introduced on overseas projects such as NFE LNG in Qatar and the copper smelting plant in Indonesia.
- PlantStream™, an innovative design system, has been developed to streamline design works and has been introduced to domestic and overseas plant engineering companies
- Corporate management has been digitally reinforced, realizing flexible resource allocation, business performance improvement and workstyle diversity.

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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.