



Financial Results for Fiscal Year Ended March 31, 2024 (FY2023)

June 26, 2024

Chiyoda Corporation

(Stock code: 6366)



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Presenters



Mr. Masakazu Sakakida
Representative Director,
Chairman of the Board



Mr. Koji Ota
Representative Director,
President & CEO



Mr. Atsushi Deguchi
Executive Vice President
& CFO

AGENDA:

1. Key Points
2. Golden Pass LNG Project Overview
3. The Latest Status
4. Progress of Major Projects
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Our SDGs Materiality

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

Enriching Society through Engineering Value

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First of all, we would like to sincerely apologize for the significant delay in our financial results announcement, which has caused inconvenience and concern to our shareholders and other stakeholders.

As disclosed, it was found that a detailed examination was necessary for the Golden Pass LNG project in the U.S. Additionally, its impacts needed to be covered as a subsequent event after reporting period by the financial results for the fiscal year ended March 31, 2024. Therefore, we decided to postpone the announcement of the financial results and continue discussions with relevant parties. The discussions have not yet concluded as of today. However, because the date of the shareholders' meeting is approaching and the deadline of the annual securities report submission, we determined to finalize and disclose the financial results. As a result, we regret to record a net loss of JPY 15.8 billion for this fiscal year.

We are continuing discussions with the customer of the Golden Pass LNG project to achieve the successful completion. We highly appreciate our shareholders and stakeholders for continued understanding and support.

■ Summary

1. Key Points

The effects related to the Golden Pass LNG project

- Zachry Industrial, Inc. (“Zachry”), one of our JV partners for Chiyoda’s wholly owned subsidiary, Chiyoda International Corporation (“CIC”) to execute the Golden Pass LNG have filed for Chapter 11 relief under the United States Bankruptcy Code. The JV has been in discussion with its customer to ensure the construction completion along with the court proceeding regarding Zachry’s withdrawal from the project.
- To finalize the financial results, the cost required to complete construction was forecasted and recalculated with the current contract amount based on considerable sufficient costs. [Gross profit: (37.0) billion JPY]
- As a result, equity capital as of the end of March 2024: 4.9 billion JPY (as of the end of March 2023: 22.2 billion JPY)

Next Steps

- After Zachry’s official withdrawal, the JV and customer is planned to agree on a short-term plan under the new JV structure, as well as a long-term plan for completion. Chiyoda will review the profitability, aiming to recover its own capital.
- Emergence of partner risks under the EPC contract in which project partners undertake execution of the project in solidarity have caused this issue. Chiyoda will strive for a sound execution structure through collaboration with Customer/JV partners to mitigate such partner risks.


Forecast


- Release of the forecast for the fiscal year ending March 31, 2025 is withheld because discussions with the customer of the Golden Pass LNG project have been continuing.
- The next Medium-term Management Plan, which Chiyoda originally planned to disclose in the financial results announcement for the fiscal year ending March 31, 2024, will be announced separately at an appropriate time after re-reviewing the contents based on many factors related to the Project.


- **The Effects Related to the Golden Pass LNG Project**
Zachry Industrial, Inc. (“Zachry”), one of our JV partners to execute the Golden Pass LNG, have filed for Chapter 11 relief under the United States Bankruptcy Code. The JV has been in discussion with the customer to ensure the construction completion with the customer on the premise of Zachry’s withdrawal from the project.
To finalize the financial results, the cost required to complete construction was forecasted and recalculated with the current contract amount based on considerable sufficient costs.
Consequently, the shareholders’ equity as of the end of March 2024 was JPY 4.9 billion.
- **Next Steps**
The JV is sincerely committed to negotiations with the customer. After Zachry’s official withdrawal, we will promptly agree on project execution plans under the new JV structure and review the profitability, aiming to recover our own capital. Emergence of partner risks under the EPC contract in which project partners undertake execution of the project in solidarity have caused this issue. Chiyoda will strive for a sound execution structure through collaboration with Customer/JV partners to mitigate such partner risks.
- **Forecast**
Release of the forecast for the fiscal year ending March 31, 2025 is withheld because discussions with the customer of the Golden Pass LNG project have been continuing.
The next Medium-term Management Plan will be announced at an appropriate time after re-reviewing the contents based on many factors related to the project.

2. Golden Pass LNG Project Overview

Golden Pass LNG Export Project



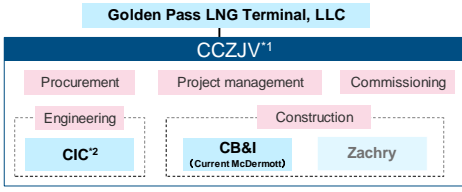




Courtesy of Golden Pass LNG

- **Customer**
 Golden Pass LNG Terminal, LLC
 < JV: QatarEnergy 70%, ExxonMobil 30% >
- **Total Amount of Project / Our Contract Value (At the time of order)**
 Approx. 1 trillion JPY / Approx. 300 billions JPY
- **Site Location**
 Sabine Pass, Texas, USA
- **Scope of Work**
 EPC of the LNG Plant (Capability: 5.2 MTPA x 3 Trains) with ancillary facilities
- **Year of Completion (Initial Plan)**
 The second half of 2024 (1st Train)


- **JV Formation**



✓ Procurement, project management, commissioning: Being undertaken by a joint venture of the three companies. Engineering Lumpsum contractor: CIC, Construction Lumpsum contractor: CB&I and Zachry
 ✓ After Zachry's withdrawal from the Project, the Project is planned to be executed by CIC and CB&I.

*1 Joint venture of CIC, CB&I and Zachry

*2 Chiyoda International Corporation (A wholly-owned subsidiary in U.S. of Chiyoda Corporation)


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Chiyoda was awarded the Golden Pass LNG project in February 2019.

This is a large-scale project whose customer is the Golden Pass LNG Terminal, LLC, in which QatarEnergy holds a 70% stake and ExxonMobil holds a 30% stake.

Calculating with an exchange rate at the beginning of the contract, the total project amount is approximately JPY 1 trillion, and Chiyoda's contract amount is approximately JPY 300 billion.

This project has been executed under a JV of the three companies: CIC, Chiyoda's subsidiary in the U.S. in charge of engineering with a lump-sum contract; CB&I and Zachry in charge of construction with lump-sum contracts. The three companies have collaborated on the business operations including procurement other than engineering and construction.

Discussions have been ongoing between the customer to create a new JV of CIC and CB&I for project completion on the premise of Zachry's withdrawal from the project.

3. The Latest Status

- ~ May 8 ✓ Golden Pass LNG project in the U.S., discussions has been ongoing between the customer and the JV about the project's implementation in light of the potential withdrawal of Zachry. However, these discussions has not been concluded by the scheduled announcement date, leading to the decision to postpone the announcement of the financial result.
- May 22 ✓ Zachry filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S. time.
- June 7, 8 ✓ The permission from the court regarding the customer's placing orders for business operations such as safety-related tasks required for continuing construction work. Following such permission, procedures for payment of required funds to JV was commenced.
- Today (June 26) ✓ Announcement of the financial result of FY2023/4Q
The cost required to complete construction was forecasted and recalculated with the current contract amount based on considerable sufficient costs.
- July 1 ✓ Annual Securities report is submitted (planned).
- 2nd Quarter ~ ✓ After Zachry's official withdrawal, the JV and customer is planned to agree on a short-term plan under the new JV structure, as well as a long-term plan for completion.
- 3rd Quarter ~ Chiyoda will review the profitability, aiming to recover its own capital.

Zachry filed for Chapter 11 relief under the United States Bankruptcy Code on May 21, 2024 in the U.S. time. Along with the court proceeding, the permission from the court regarding the customer's placing orders for business operations such as safety-related tasks required for continuing construction work was obtained on June 7 and 8. Following such permission, such business operations and procedures for payment of required funds to JV were commenced.

Regarding financial reports, our future plan includes the following:
Submission of our Annual Securities report is scheduled on July 1, 2024, the due date.

Regarding project execution, our future plan includes the following:
After Zachry's official withdrawal, the JV and the customer is planned to agree on a short-term plan under the new JV structure, as well as a long-term plan for project completion. Chiyoda will review the profitability, aiming to recover its own capital.

4. Progress of Major Projects

Project	NFE LNG, Qatar	Copper Smelting Plant, Indonesia
Client	QatarEnergy	P.T. Freeport Indonesia
Partner	Technip Energies	N/A
Year of Completion	2025 to 2027 (four trains)	2024
Progress	Construction ongoing.	Construction is in the final phase for completion.



Courtesy of Qatargas



Courtesy of P.T. Freeport Indonesia

There are two major ongoing projects; NFE LNG project in Qatar and Copper Smelting Plant in Indonesia.

Both projects have been ongoing well and construction completion of the Copper Smelting Plant is expected within this year.



The following outlines Chiyoda Corporation's (Chiyoda) financial results for the fiscal year ended March 31, 2024, released on June 26, 2024.

5. Income Statement

Billions of JPY

	Revised Forecast on February 5, 2024	FY2023	Difference	FY2022	
Revenue	500.0	506.0	6.0	430.2	1 Golden Pass LNG project
Gross Profit	36.0	^{1,2} (0.2)	(36.2)	32.7	✓ The cost required to complete construction was forecasted and recalculated with the current contract amount based on considerable sufficient costs. ((37.0) billion JPY)
Gross Profit Margin	7.2%	(0.0%)	(7.2pt)	7.6%	
SG&A Expenses	(15.0)	(14.8)	0.2	(14.6)	
Operating Income	21.0	(15.0)	(36.0)	18.1	2 Breakdown
Ordinary Income	28.0	(5.5)	(33.5)	20.3	✓ Gross Profit
Profit* ¹	18.0	(15.8)	(33.8)	15.2	
Exchange Rate JPY/ USD	145	151		134	

	FY2022	FY2023
Energy	20.9	(22.3)
Global Environment	11.8	22.2
Total	32.7	(0.2)

*1 Profit attributable to owners of parent



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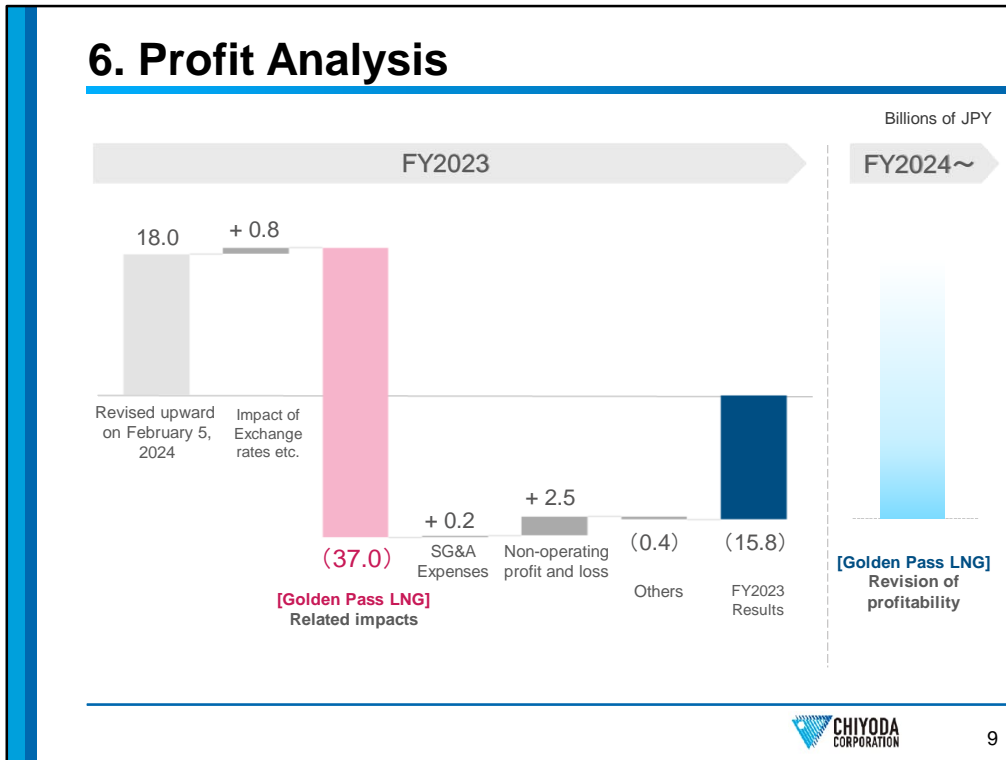
Revenue was JPY 506 billion, achieving the level almost similar to the revised forecast on February 5, 2024.

Concerning profits,
Gross Profit was minus JPY 200 million,
Operating Income was minus JPY 15 billion,
Ordinary Income was minus JPY 5.5 billion,
Net Profit was minus JPY 15.8 billion.

Each figure significantly fell below the revised forecast on February 5, 2024.

For the Golden Pass LNG project, JPY 37 billion was recorded in the financial results as an additional expense.

6. Profit Analysis



“JPY 18.0 billion”, the figure shown on the far left of the graph, is the revised forecast on February 5, 2024.

Gross Profit Margin fell short of expectations mainly because of the additional expenses recorded regarding the Golden Pass LNG project.

Profit would have slightly exceeded the forecast without such additional expenses.

7. Balance Sheet

Billions of JPY

	FY2022	FY2023	Difference		FY2022	FY2023	Difference
Current Assets	383.0	404.4	21.4	Current Liabilities	356.3	412.2	55.9
Cash and Deposits	61.2	102.1	40.8	Operating Liabilities* ³	292.7	322.5	29.8
Operating Assets* ¹	58.6	46.5	(12.1)	Provision for Loss on Construction Contracts	27.9	36.5	8.6
Jointly Controlled Assets of JV * ²	161.6	147.0	(14.6)	Non-Current Liabilities	28.0	8.7	(19.3)
Non-Current Assets	23.6	22.6	(1.0)	Net Assets	22.3	6.1	(16.2)
Total Assets	406.6	427.0	20.4	Total Liabilities and Net Assets	406.6	427.0	20.4
				Shareholders' Equity	22.2	4.9	(17.3)
				Shareholders' Equity Ratio	5.5%	1.1%	(4.3pt)

*¹ Operating Assets: Notes receivable, accounts receivable from completed construction contracts and contract assets + Costs on construction contracts in progress

*² Jointly Controlled Assets of JV: Cash and deposits of joint venture proportional to Chiyoda's interest

*³ Operating Liabilities: Notes payable, accounts payable for construction contracts + Contract liabilities



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Shareholders' Equity was decreased by JPY 17.3 billion from the end of FY2023 to 4.9 billion JPY.
Shareholders' Equity Ratio was 1.1%.

The financial soundness has significantly deteriorated mainly because of the additional expenses regarding the Golden Pass LNG project. Chiyoda aims to restore the level of our own capital by promptly recovering such expenses.

Cash and Deposits were JPY 102.1 billion and there is no risk of harm to our business operations.

8. New Orders / Backlog

Billions of JPY

	FY2023 New Orders	FY2023 Backlog
Energy	87.8	745.3
Global Environment	149.7	248.5
Total	237.5	993.9

【Major Backlog Projects】

	More than JPY 100.0 billion	More than JPY 50.0 billion	More than JPY 5.0 billion
Energy	<ul style="list-style-type: none"> NFE LNG, Qatar 	<ul style="list-style-type: none"> Golden Pass LNG, USA 	---
Global Environment	<ul style="list-style-type: none"> Copper Smelting Plant, Indonesia 	---	<ul style="list-style-type: none"> CO2 Methanation Facility, Japan Biopharmaceutical Manufacturing Plant, Japan Advanced Material Plant, Japan

New Orders received were JPY 237.5 billion achieving approximately 80% of the full year forecast of JPY 300 billion.

Please refer to the table below for major projects in the order backlog.

[Att-1] Revenue and Backlog Breakdown

Billions of JPY

FY2023 Revenue		
【Business】		
ENERGY	275.2	54%
■ LNG Plant, Gas Related Work	244.9	48%
■ Refinery, Petrochemical	30.3	6%
ENVIRONMENT	230.8	46%
■ Pharmaceutical, Biochemistry, Chemical	31.1	6%
■ Environment, New Energy, Infrastructure, Others	199.7	39%
TOTAL	506.0	100%

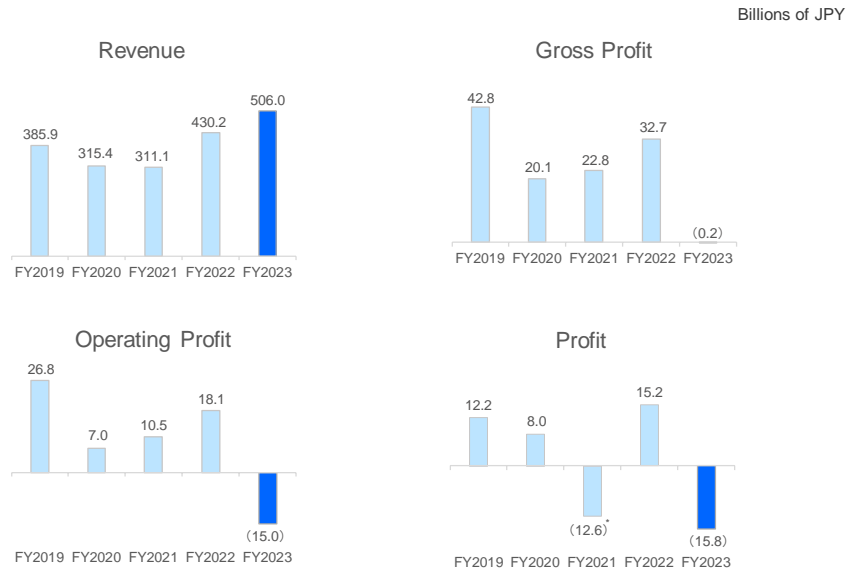
【Region】		
OVERSEAS	420.6	83%
■ Middle East & Africa	195.6	39%
■ Americas	17.0	3%
■ Asia & Oceania	207.7	41%
■ Others	0.3	0%
DOMESTIC	85.4	17%
TOTAL	506.0	100%

FY2023 Backlog		
【Business】		
ENERGY	745.3	75%
■ LNG Plant, Gas Related Work	713.1	72%
■ Refinery, Petrochemical	32.2	3%
ENVIRONMENT	248.5	25%
■ Pharmaceutical, Biochemistry, Chemical	98.0	10%
■ Environment, New Energy, Infrastructure, Others	150.5	15%
TOTAL	993.9	100%

【Region】		
OVERSEAS	829.6	83%
■ Middle East & Africa	591.2	59%
■ Americas	94.6	10%
■ Asia & Oceania	142.3	14%
■ Others	1.5	0%
DOMESTIC	164.2	17%
TOTAL	993.9	100%

This is a breakdown of Revenue and Backlog of FY2023 for reference.

[Att-2] Results History



* The figure includes Extraordinary Losses of JPY 20.4 billion related to the project losses by settlement of lawsuit with a client.



This is a five-year financial data history for reference.

Forward-Looking Statements: 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. Investor are recommended not to depend solely on these projections for making investment decisions.

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