

<< Translation for Reference >>

June 25, 2020

Company Name: Chiyoda Corporation

President & CEO: Masaji Santo

Stock Code: 6366

Stock Listing: First Section of the Tokyo Stock Exchange

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Notice on Lifting of the Grace Period due to Elimination of Negative Shareholders' Equity

Chiyoda Corporation (“Chiyoda”) today announced that as a result of submission of its Annual Securities Report for the fiscal year ended March 31, 2020, the grace period pertaining to delisting is to be lifted as of June 25, 2020 due to the elimination of negative shareholders' equity in the fiscal year ended March 31, 2020. Chiyoda was listed on Tokyo Stock Exchange under the delisting standard as a result of excessive liabilities during the fiscal year ended March 2019.

1. Applicable Statutory Document

Annual Securities Report for fiscal year ended March 31, 2020 (From Apr. 1, 2019 to Mar. 31, 2020)

2. Background to the Elimination of Excess Liabilities

In the fiscal year ended March 2019, our group's liabilities exceeded its assets by 59.2 billion yen, mainly due to a substantial increase in construction costs for Cameron LNG Project and Tangguh LNG Project.

In order to resolve such financial situation, as stated in “Notice Regarding Issuance of Preferred Shares by Third-Party Allotment, Borrowing of Funds and Partial Amendment to Articles of Incorporation” dated May 9, 2019, Chiyoda implemented two measures; 1) Preferred shares of 70 billion yen issued to Mitsubishi Corporation on July 1, 2019 by way of a third-party allotment and 2) Subordinated loan of 20 billion yen from MUFG Bank. In addition, Chiyoda secured a credit line of total 90 billion yen from Mitsubishi Corporation Financial & Management Services (Japan) Ltd., wholly owned subsidiary of Mitsubishi Corporation.

On the business side, changes in contractual terms and conditions have resulted in an improvement in the profitability of large-scale ongoing projects. With stable progress of construction, Freeport LNG project and Cameron LNG project in the United States have entered their final phase respectively. Furthermore, based on “Chiyoda's Revitalization Plan~ Initiatives for revitalization and the future” formulated in May 2019, “Strategy and Risk Integration Division” was launched on July 1, 2019, under which the risk management system has been enhanced. At the same time, with the aim of reforming its business portfolio, Chiyoda has strived to strengthen its EPC capability with cutting edge digital technology and has taken on challenges in new business fields based on the redefined engineering values.

As a result, the company's consolidated financial results for the fiscal year ended March 31, 2020, were as follows. Operating income reached 26.789 billion yen (loss of 199.795 billion yen in the same period of FY2018), ordinary income reached 18.644 billion yen (loss of 192.998 billion yen in the same period of FY2018), profit attributable to owners of parent reached 12.177 billion yen (loss of 214.948 billion yen in the same period FY2018), and the company's net assets had reached 24.943 billion yen as of March 31, 2020, eliminating negative shareholders' equity.

3. Future Outlook

In compliance with "Chiyoda's Revitalization Plan~ Initiatives for revitalization and the future", Chiyoda Group will continue to manage and control risks and accelerate measures for future growth.

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