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November 9, 2023

## Consolidated Financial Results for the Nine Months Ended September 30, 2023 (IFRS)

Company name: MODEC, INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6269  
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 Scheduled date to file quarterly securities report: November 10, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results briefing: No

(US dollar amounts are rounded down to thousands.)

### 1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%
Nine months ended								
September 30, 2023	2,485,637	24.8	88,334	114.3	94,261	204.7	55,747	350.4
September 30, 2022	1,991,229	(33.2)	41,214	—	30,939	—	12,378	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	US\$ thousand	%	US\$ thousand	%	US\$	US\$	US\$	US\$
Nine months ended								
September 30, 2023	35,904	176.1	93,064	(61.6)	0.59		0.59	
September 30, 2022	13,006	—	242,264	587.2	0.23		0.23	

#### (2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of parent		Ratio of equity attributable to owners of parent to total assets	
	US\$ thousand		US\$ thousand		US\$ thousand		%	
As of								
September 30, 2023	3,593,187		1,041,897		992,832		27.6	
December 31, 2022	3,136,213		841,121		811,640		25.9	

Note: The original condensed consolidated financial statements of MODEC, INC. and its subsidiaries (hereinafter “the Company”) for the nine months ended September 30, 2023 and 2022 and for the year ended December 31, 2022 are presented in the Company’s functional currency which is US dollars. Therefore, the consolidated operating results and the consolidated financial position above are also presented in US dollars.

For convenience purposes the consolidated operating results and the consolidated financial position converted in expedient manner to Japanese yen are presented on page 4 of this summary information.

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Year ended December 31, 2022	—	0.00	—	0.00	0.00
Year ending December 31, 2023	—	0.00	—		
Year ending December 31, 2023 (Forecast)				—	—

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Earnings forecast for 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$
Full Year	3,000,000	9.5	—	—	—	—	45,000	20.4	0.80

Note: Revisions to the forecast most recently announced: Yes

For earnings forecast please refer to "The announcement for the revision of earnings release for the year ending December 31, 2023" released today on November 9, 2023.

The consolidated earnings forecast of the Company is prepared in US dollars which is the Company's functional currency. For convenience purposes the consolidated earnings forecast converted in expedient manner to Japanese yen is presented on page 4 of this summary information.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	68,345,300 shares
As of December 31, 2022	56,408,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023	38,217 shares
As of December 31, 2022	38,217 shares

(iii) Average number of shares outstanding during the period

Nine months ended September 30, 2023	60,436,336 shares
Nine months ended September 30, 2022	56,367,059 shares

\* Quarterly financial results are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

- The Company voluntarily adopted International Financial Reporting Standards (IFRS) from the year ended December 31, 2021 for the consolidated financial statements.
- Accompanying condensed quarterly consolidated financial statements and selected notes are presented in functional currency of the Company, US dollars.
- The US dollar amounts in the first page of this summary information is not tagged to XBRL data.
- Earnings forecast and other forward-looking statement included in this material are based on information currently available to the Company and are based on assumptions deemed reasonable. They are not meant to be a guarantee of future performance or outcomes. Actual results may differ materially subject to various factors.

**[Reference] Consolidated financial results for the nine months ended September 30, 2023 and earnings forecast for the year ending December 31, 2023 presented in Japanese yen**

(Yen amounts are rounded down to millions.)

**1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended								
September 30, 2023	371,801	28.9	13,213	121.4	14,099	214.7	8,338	365.2
September 30, 2022	288,349	(13.7)	5,968	—	4,480	—	1,792	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	yen	Yen
Nine months ended						
September 30, 2023	5,370	185.1	13,920	(60.3)	88.86	88.81
September 30, 2022	1,883	—	35,082	788.9	33.41	33.40

**(2) Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	million yen	million yen	million yen	%
As of				
September 30, 2023	537,468	155,847	148,507	27.6
December 31, 2022	416,206	111,625	107,712	25.9

Note: The amounts presented above are converted from the consolidated financial results on page 1 of this summary information in expedient manner to Japanese yen as follows:

September 30, 2023 at US\$1.00 = 149.58 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of September 29, 2023

September 30, 2022 at US\$1.00 = 144.81 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of September 30, 2022

December 31, 2022 at US\$1.00 = 132.71 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2022

The percentages indicating year-on-year changes for the consolidated operating results are calculated on Japanese yen basis presented above.

**2. Earnings forecast for 2023 (from January 1, 2023 to December 31, 2023)**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	448,740	23.4	—	—	—	—	6,731	35.7	119.40

Note: The consolidated earnings forecast of the Company is prepared in US dollars which is the Company's functional currency. The amounts presented for the forecast released previously which was announced officially on February 14, 2023 are converted in expedient manner at US\$1.00 = 132.71 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2022. Also, the amounts presented this time for the revised forecast are converted in expedient manner at US\$1.00 = 149.58 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of September 29, 2023.

The percentages indicating year-on-year changes for the consolidated earnings forecast are calculated on Japanese yen basis.

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## 1. Qualitative information on quarterly financial results

### (1) Results of operations

In the third quarter of this year, although the Japanese economy faced continued unclear outlook since energy and raw material prices remained high, due to the normalization of economic and social activities the personal consumption and corporate profits recovery were observable and a moderate recovery trend of economy continued. The global economy was also generally on a moderate recovery trend.

Oil price rose and remained in the range of US\$90s a barrel reflecting a sense of caution over tight oil supply and demand since Saudi Arabia and Russia decided to voluntarily cutback oil production to continue supply reduction measures till the end of the year and also the US crude oil inventory fell to a low level. Coexisting with the decarbonization trend and maintaining stable energy supply remains an important issue. In that context the oil companies are continuing the deep-sea oilfield development projects. In addition, the Company expects steady demand for the Company's main business of floating, production, storage and offloading systems for oil and gas productions especially in the ultra-deep water large-scale projects in which the Company has a competitive advantage.

Under these circumstances, for the nine months ended as of September 30, 2023, the total orders on a consolidated basis resulted in US\$8,053,893 thousand (US\$830,885 thousand in YTD 3Q 2022) due to the new orders of construction projects obtained for ExxonMobil Guyana's Uaru project for which the FPSO will be deployed in the Stabroek block field off the coast of Guyana and Equinor Brasil Energia for which the FPSO will be deployed in the BM-C-33 block field off the coast of Brazil. The consolidated revenue was US\$2,485,637 thousand (US\$1,991,229 thousand in YTD 3Q 2022) due to the progress in the construction of FPSOs.

In terms of profit, the operating profit was US\$88,334 thousand (operating profit of US\$41,214 thousand in YTD 3Q 2022). This is due to the revenue recognized from the progress of construction projects and share of profit of investments accounted for using equity method even though the improvement costs incurred for the asset integrity of FPSOs and FSO operating in Brazil had the effect of lowering profit.

In addition, the finance income increased due to the recognition of exchange gain, and therefore the profit before tax for the nine months ended as of September 30, 2023 was US\$94,261 thousand (profit before tax of US\$30,939 thousand in YTD 3Q 2022). As a result, the profit attributable to owners of parent for the nine months was US\$35,904 thousand (profit attributable to owners of parent of US\$13,006 thousand in YTD 3Q 2022).

### (2) Financial position

The total assets at the end of third quarter of this year increased by US\$456,973 thousand to US\$3,593,187 thousand from the end of previous year primarily due to increase in cash and cash equivalents.

The total liabilities increased by US\$256,197 thousand to US\$2,551,289 thousand from the end of previous year primarily due to increase in bonds and borrowings.

The total equity increased by US\$200,775 thousand to US\$1,041,897 thousand from the end of previous year primarily due to the issuance of new shares for the purpose of raising funds for investing and lending. In the second quarter of this year the Company reduced its capital, which had no effects to the total equity.

## 2. Condensed quarterly consolidated financial statements and selected notes

### (1) Condensed quarterly consolidated statement of financial position

in thousands of US dollars

	December 31, 2022	September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	492,625	872,490
Trade and other receivables	478,083	543,209
Contract assets	257,328	155,062
Other financial assets	37,288	39,499
Other current assets	141,820	146,900
Total current assets	1,407,147	1,757,161
Non-current assets		
Property, plant and equipment	64,314	53,739
Intangible assets	70,213	63,072
Investments accounted for using equity method	1,114,066	1,271,923
Loans receivable	365,032	348,376
Other financial assets	13,603	12,730
Deferred tax assets	65,016	55,789
Other non-current assets	36,819	30,392
Total non-current assets	1,729,066	1,836,025
Total assets	3,136,213	3,593,187

in thousands of US dollars

	December 31, 2022	September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	921,708	943,310
Contract liabilities	499,383	557,938
Borrowings	19,084	57,799
Income taxes payable	38,389	56,307
Provisions	109,704	114,374
Other financial liabilities	99,219	126,990
Other current liabilities	76,954	38,465
Total current liabilities	1,764,443	1,895,184
Non-current liabilities		
Bonds and borrowings	374,293	527,202
Deferred tax liabilities	1,283	10
Defined benefit liability	43,959	46,219
Provisions	56,675	51,437
Other financial liabilities	37,127	24,671
Other non-current liabilities	17,310	6,563
Total non-current liabilities	530,649	656,105
Total liabilities	2,295,092	2,551,289
Equity		
Share capital	282,292	190,495
Capital surplus	280,686	187,041
Retained earnings	131,004	459,981
Treasury shares	(1,092)	(1,092)
Other components of equity	118,748	156,406
Equity attributable to owners of parent	811,640	992,832
Non-controlling interests	29,481	49,065
Total equity	841,121	1,041,897
Total liabilities and equity	3,136,213	3,593,187



(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of other comprehensive income

Condensed quarterly consolidated statement of profit or loss

For the nine months ended September 30

in thousands of US dollars

	2022	2023
Revenue	1,991,229	2,485,637
Cost of sales	(1,917,566)	(2,343,141)
Gross profit	73,663	142,496
Selling, general and administrative expenses	(112,449)	(129,868)
Share of profit of investments accounted for using equity method	66,908	75,674
Other income	13,119	285
Other expenses	(26)	(252)
Operating profit	41,214	88,334
Finance income	50,104	43,332
Finance costs	(60,379)	(37,404)
Profit before tax	30,939	94,261
Income tax expense	(18,561)	(38,514)
Profit for the period	12,378	55,747

Profit attributable to		
Owners of parent	13,006	35,904
Non-controlling interests	(628)	19,843
Profit for the period	12,378	55,747

in US dollars

Earnings per share		
Basic earnings per share	0.23	0.59
Diluted earnings per share	0.23	0.59

For the three months ended September 30

in thousands of US dollars

	2022	2023
Revenue	615,708	896,990
Cost of sales	(597,089)	(840,377)
Gross profit	18,619	56,612
Selling, general and administrative expenses	(38,192)	(51,581)
Share of profit of investments accounted for using equity method	18,451	33,987
Other income	3,357	41
Other expenses	(1)	(92)
Operating profit	2,233	38,967
Finance income	12,886	14,511
Finance costs	(9,015)	(14,098)
Profit before tax	6,104	39,379
Income tax expense	(8,939)	(20,976)
Profit (loss) for the period	(2,835)	18,403

Profit attributable to		
Owners of parent	(2,136)	12,110
Non-controlling interests	(698)	6,293
Profit (loss) for the period	(2,835)	18,403

in US dollars

Earnings per share		
Basic earnings (loss) per share	(0.04)	0.18
Diluted earnings (loss) per share	(0.04)	0.18

## Condensed quarterly consolidated statement of other comprehensive income

For the nine months ended September 30

in thousands of US dollars

	2022	2023
Profit for the period	12,378	55,747
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability	5	(81)
Total items that will not be reclassified subsequently to profit or loss	5	(81)
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	1,083	(5,202)
Exchange differences on translation of foreign operations	821	(4,477)
Share of other comprehensive income of investments accounted for using equity method	227,976	47,077
Total items that may be reclassified subsequently to profit or loss	229,880	37,398
Total other comprehensive income, net of tax	229,885	37,316
Total comprehensive income for the period	242,264	93,064
Total comprehensive income attributable to		
Owners of parent	243,030	73,480
Non-controlling interests	(766)	19,583
Total comprehensive income	242,264	93,064

For the three months ended September 30

in thousands of US dollars

	2022	2023
Profit (loss) for the period	(2,835)	18,403
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability	1	(27)
Total items that will not be reclassified subsequently to profit or loss	1	(27)
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	2,439	(4,834)
Exchange differences on translation of foreign operations	1,543	58
Share of other comprehensive income of investments accounted for using equity method	70,508	46,973
Total items that may be reclassified subsequently to profit or loss	74,490	42,197
Total other comprehensive income, net of tax	74,492	42,170
Total comprehensive income for the period	71,657	60,573
Total comprehensive income attributable to		
Owners of parent	72,418	54,616
Non-controlling interests	(760)	5,957
Total comprehensive income	71,657	60,573

(3) Condensed quarterly consolidated statement of changes in equity

For the nine months ended September 30, 2022

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2022	282,292	280,711	85,957	(1,291)	—	(90,866)
Profit for the period	—	—	13,006	—	—	—
Other comprehensive income	—	—	—	—	5	229,242
Total comprehensive income for the period	—	—	13,006	—	5	229,242
Dividends to non-controlling interests	—	—	—	—	—	—
Share-based payment transactions	—	(51)	—	198	—	—
Transfer from other components of equity to retained earnings	—	—	5	—	(5)	—
Total transactions with owners	—	(51)	5	198	(5)	—
At September 30, 2022	282,292	280,660	98,969	(1,092)	—	138,376

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
At January 1, 2022	(24,262)	(115,129)	532,541	22,218	554,759
Profit for the period	—	—	13,006	(628)	12,378
Other comprehensive income	777	230,024	230,024	(138)	229,885
Total comprehensive income for the period	777	230,024	243,030	(766)	242,264
Dividends to non-controlling interests	—	—	—	(364)	(364)
Share-based payment transactions	—	—	147	—	147
Transfer from other components of equity to retained earnings	—	(5)	—	—	—
Total transactions with owners	—	(5)	147	(364)	(217)
At September 30, 2022	(23,485)	114,890	775,719	21,087	796,807

For the nine months ended September 30, 2023

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2023	282,292	280,686	131,004	(1,092)	—	142,790
Profit for the period	—	—	35,904	—	—	—
Other comprehensive income	—	—	—	—	(81)	42,085
Total comprehensive income for the period	—	—	35,904	—	(81)	42,085
Issuance of new shares	53,572	53,976	—	—	—	—
Reduction of share capital	(145,370)	145,370	—	—	—	—
Transfer from capital surplus to retained earnings	—	(293,154)	293,154	—	—	—
Share-based payment transactions	—	161	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(81)	—	81	—
Total transactions with owners	(91,797)	(93,644)	293,072	—	81	—
At September 30, 2023	190,495	187,041	459,981	(1,092)	—	184,876

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
At January 1, 2023	(24,041)	118,748	811,640	29,481	841,121
Profit for the period	—	—	35,904	19,843	55,747
Other comprehensive income	(4,428)	37,576	37,576	(259)	37,316
Total comprehensive income for the period	(4,428)	37,576	73,480	19,583	93,064
Issuance of new shares	—	—	107,549	—	107,549
Reduction of share capital	—	—	—	—	—
Transfer from capital surplus to retained earnings	—	—	—	—	—
Share-based payment transactions	—	—	161	—	161
Transfer from other components of equity to retained earnings	—	81	—	—	—
Total transactions with owners	—	81	107,711	—	107,711
At September 30, 2023	(28,469)	156,406	992,832	49,065	1,041,897

## (4) Condensed quarterly consolidated statement of cash flows

For the nine months ended September 30

in thousands of US dollars

	2022	2023
Cash flows from operating activities		
Profit before tax	30,939	94,261
Depreciation and amortization	29,358	30,388
Increase (decrease) in provisions	(98,701)	(1,049)
Increase (decrease) in defined benefit liability	(1,164)	2,260
Share of profit of investments accounted for using equity method	(66,908)	(75,674)
Finance income and finance costs	10,275	(5,927)
Decrease (increase) in trade and other receivables	(161,132)	(63,570)
Decrease (increase) in contract assets	195,877	102,266
Decrease (increase) in other current assets	(12,089)	(3,432)
Increase (decrease) in trade and other payables	(343,646)	19,939
Increase (decrease) in contract liabilities	(3,577)	48,866
Increase (decrease) in other current liabilities	(29,445)	(42,070)
Other	(43,014)	(7,974)
Subtotal	(493,231)	98,283
Interest received	31,391	33,978
Dividends received	46,229	56,112
Interest paid	(11,750)	(14,440)
Income taxes paid	(8,512)	(14,798)
Net cash provided by (used in) operating activities	(435,872)	159,135
Cash flows from investing activities		
Net decrease (increase) in short-term loans receivable	14,204	—
Payments for long-term loans receivable	(22,500)	—
Repayments of long-term loans receivable	60,604	13,685
Acquisition of property, plant and equipment and intangible assets	(5,385)	(3,994)
Payments for acquisition of investments accounted for using equity method	—	(75,775)
Proceeds from liquidation of investments accounted for using equity method	8,464	6,221
Proceeds from capital reduction of investments accounted for using equity method	9,749	—
Net cash provided by (used in) investing activities	65,138	(59,862)
Cash flows from financing activities		
Proceeds from issuance of bonds	—	195,554
Repayments of long-term borrowings	(29,172)	(4,635)
Payments of lease liabilities	(15,737)	(17,952)
Proceeds from issuance of new shares	—	107,368
Dividends paid	(19)	(10)
Dividends paid to non-controlling interests	(364)	—
Receipt of government grants	664	194
Proceeds from settlement of derivative contracts	568	—
Net decrease (increase) in treasury shares	198	—
Net cash provided by (used in) financing activities	(43,862)	280,518
Effect of changes in exchange rates on cash and cash equivalents	(11,547)	72
Net increase (decrease) in cash and cash equivalents	(426,143)	379,864
Cash and cash equivalents at beginning of period	810,131	492,625
Cash and cash equivalents at end of period	383,987	872,490

(5) Selected notes to the condensed quarterly consolidated financial statements

(Note to ability to continue as a going concern)

There are no material uncertainties that require disclosure.