



MODEC GROUP INTEGRATED REPORT 2025

Pioneering a world where the ocean and
humanity co-exist in harmony



Vision, Mission and Core Values

The MODEC Group’s Vision, Mission, and Core Values were formulated in light of the external business environment and the accelerating worldwide trend toward decarbonization and sustainability.

VISION

Pioneering a world where the ocean and humanity co-exist in harmony

MISSION

Unlocking the ocean’s potential by supplying unique floating solutions for a sustainable future

CORE VALUES

MODEC is committed to our OCEAN

- One team** | Unifying a diverse MODEC through inclusion, equality, trust, collaboration and open communication to cultivate true value creation
- Care** | Prioritizing safety in all we do and nurturing our people, our assets, our environment and our legacy
- Empowered** | Harnessing our pioneering spirit, taking ownership of our decisions and empowering our people to go beyond, together
- Agile** | Responding swiftly to change with a results-oriented mindset and pursuing continuous improvement
- iNtegrity** | Conducting business in the right way, every day through our compliance and ethics culture, by upholding human rights and acting with professionalism

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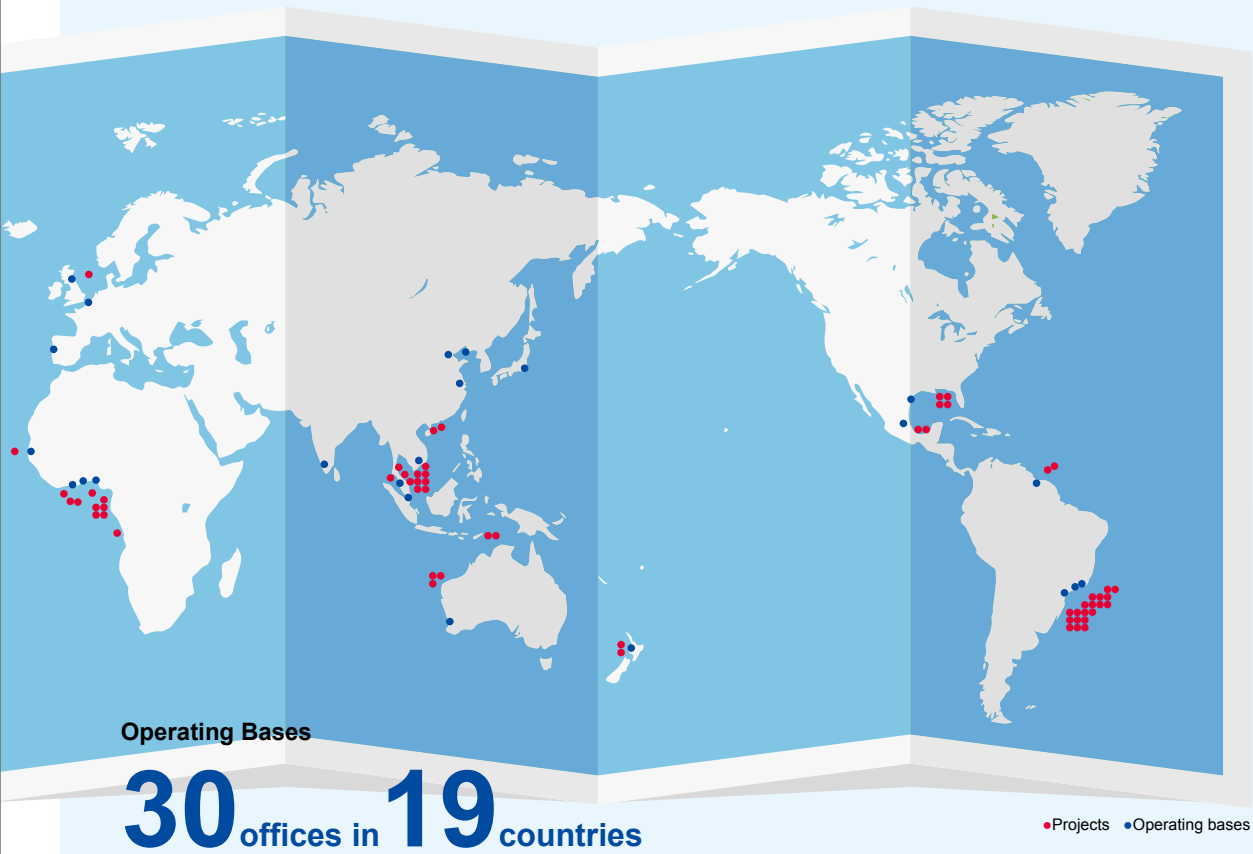
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At a Glance

MODEC provides total services to ensure 24-hour, 365-day oil and gas production in offshore projects that can continue for 20 years or more. We have been a leader in the world’s offshore oil and gas industry for more than 50 years—handling highly challenging offshore development projects in deepwater regions and in areas with harsh marine conditions.



*1 Profit attributable to owners of parent *2 Floating Production, Storage, and Offloading system *3 Floating Storage and Offloading system
*4 Including average number of temporary employees *5 Median value for fiscal 2025

Net Profit*1
USD
360million

Track Record
59projects in
20countries

Total Number of FPSOs*2 and
FSOs*3 with O&M Contracts
Currently in Force
20vessels

Number of Employees *4
6,998

History of Over 50 Years
Founded in
1968

Share of Crude Oil Production in
Brazil’s Pre-Salt Oil Region
27%

Total Daily Crude Oil Production
Fiscal 2025
1.1million barrels

Operational Uptime of FPSOs /
FSOs*5
98.7%

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Editorial Policy

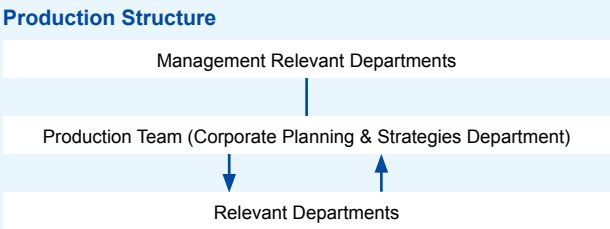
Purpose of Issuing the Integrated Report
Our aim is to clearly communicate our value creation story to stakeholders. In this report, we outline our path to achieving sustainable growth and enhancing medium- to long-term corporate value in a way that is easy to understand, with the goal of co-creating value through constructive dialogue.

Integrated Report 2025, MODEC's second such publication, has been produced with an emphasis on the following two points:

- ▶ **Clearly demonstrate MODEC's competitive advantages by ensuring understanding of our stable business model and revenue base**
- ▶ **Deepen understanding of the FPSO business, a cornerstone of our business model, by explaining it from multiple perspectives**

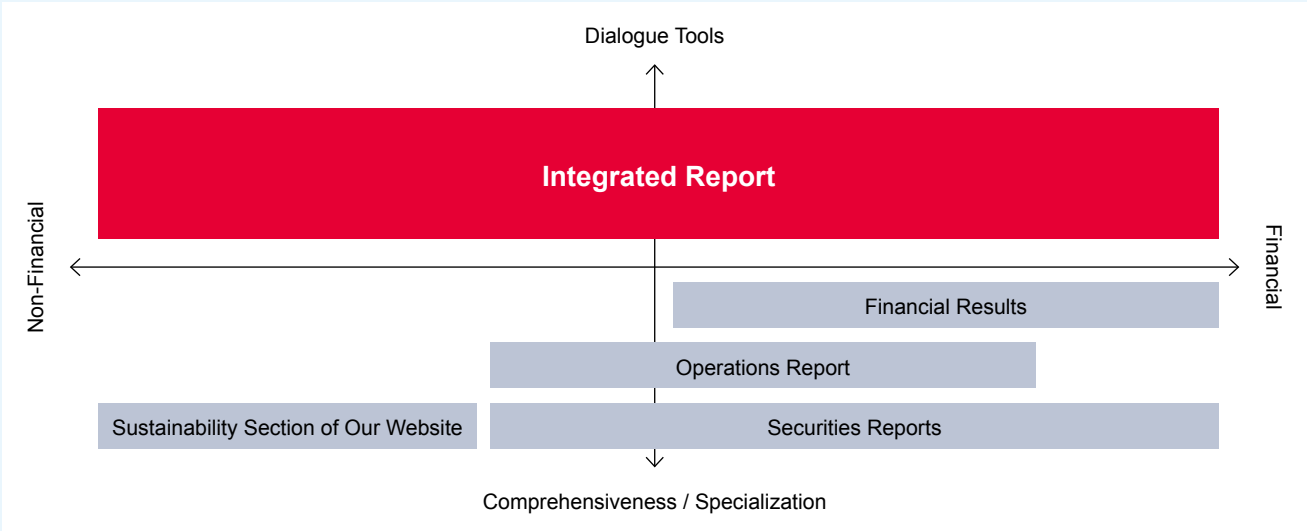
Reporting Period
Fiscal 2025 (January 1, 2025 to December 31, 2025)
Note: Parts of the report include information from January 2026 onward.

- Reference Guidelines**
- International Integrated Reporting Framework, IFRS Foundation
 - Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry



Senior management, including the President & CEO, were involved in creating this integrated report and focused on clarifying the Company's vision and strategies. Young employees from around the world who will lead the next generation also participated, whose diverse perspectives and creativity were reflected in order to create a more engaging and meaningful report.

Information Disclosure System (Position of Each Disclosure Medium)



Securities Reports

An annual publication prepared in accordance with the Financial Instruments and Exchange Act, comprehensively disclosing the Company's management status, financial statements, business risks, and other relevant information

Financial Results

Prepared in accordance with the Securities Listing Regulations (Timely Disclosure Rules) stipulated by the Tokyo Stock Exchange, a document that discloses quarterly and full-year financial results in a timely manner, providing investors with vital information including sales and profit figures, financial indicators, performance forecasts, and summaries of factors affecting business performance

IR Reports

Prepared in accordance with the Companies Act, a report published annually summarizing the Company's business activities and performance and financial position for the year, including information on business progress, challenges, risks, and future outlook

Sustainability Section of MODEC's Corporate Website

A section of MODEC's corporate website that systematically presents the Company's sustainability-related initiatives, including policies, measures, and achievements related to environmental protection, occupational safety, human rights, ethics, and compliance

Forward-Looking Statements
The plans, strategies, forecasts, targets and other forward-looking statements in this integrated report are based on information currently available and on assumptions that the Company believes to be reasonable. These statements involve various risks and uncertainties, including, but not limited to, fluctuations in the economic environment and market trends, changes in laws and regulations, competitive conditions, technological innovations, natural disasters and pandemics. Accordingly, MODEC's actual performance and results could differ materially from the statements made herein.

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Our History

Founded as a comprehensive engineering company specializing in offshore development, today, MODEC has expanded its specialized operations to focus on floating offshore oil and gas production facility projects while continuing to evolve its business model by responding flexibly to industry changes, technological innovation, and diversifying customer needs. In recent years, we have been actively involved in promoting the decarbonization of FPSOs and developing new businesses.

1968

Founding

Establishment of Mitsui Ocean Development & Engineering Company (former company) for the construction of drilling rigs and working vessels

Evolution of our revenue model

1985

First FPSO project award

Award of MODEC's first FPSO construction project (FPSO Kakap Natuna) from Marathon Petroleum Indonesia Ltd. (a wholly owned subsidiary of Marathon Oil Company), with construction commenced in April 1986

Shift in business focus to highly stable oil production segment

1998

Full-scale entry into charter business, incorporating operations

Conversion of FPSO owned by BHP Petroleum for delivery as FPSO MODEC Venture 1. Also awarded first charter contract, involving O&M*1 for crude oil production

Delivering stable long-term revenue through O&M and charter contracts

2010

World's first commercial production of oil and gas from pre-salt layers

Commencement of charter of FPSO Cidade de Angra dos Reis MV22 for Petrobras, marking the world's first commercial production of oil and gas from pre-salt layers at water depths of 2,000 to 3,000 meters, which contains vast reserves of oil and natural gas

2020–

Growing scale and complexity of offshore production facilities

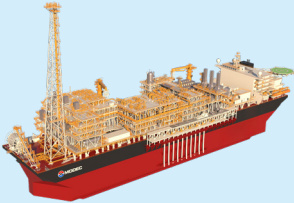
The demand for larger and more complex FPSOs and floating production facilities is increasing due to the expansion of offshore oil and gas development projects into ultra-deep-water regions. Awarded by Equinor Brasil Energia Ltda in 2020, FPSO Bacalhau is designed with an oil production capacity of 220,000 barrels per day.

Mooring Systems



Mooring systems connect production facilities to the seabed to keep FPSOs in a fixed position against the forces of waves, winds, and ocean currents. Designed to withstand extreme conditions, these systems secure facility station-keeping and support safe offshore oil and gas operations.

Next Generation New Built FPSO Hulls



There is a growing need for larger, more complex FPSO systems with extended service life due to the expansion of offshore development projects into ultra-deepwater regions. In response, MODEC developed a new hull design featuring a large topside and storage capacity, allowing for a longer service life.

Gas Turbine Combined Cycle Power Generation System (Decarbonization)



FPSO Bacalhau, MODEC's first GTCC system application

A gas turbine combined cycle (GTCC) system is a highly efficient power generation system that, in addition to conventional gas turbine power generation, utilizes exhaust heat to drive an additional steam turbine for further power generation, thereby reducing greenhouse gas (GHG) emissions intensity.

Digitalization



We are promoting the digitalization of our businesses and processes using the latest technologies to enhance the speed and quality of FPSO/FSO system design and construction while achieving safer and more efficient operations.

* Operations and Maintenance (O&M): A service in which MODEC Group employees, among others, are stationed on FPSOs/FSOs to carry out oil and gas production operations, as well as maintenance, inspection, and management.

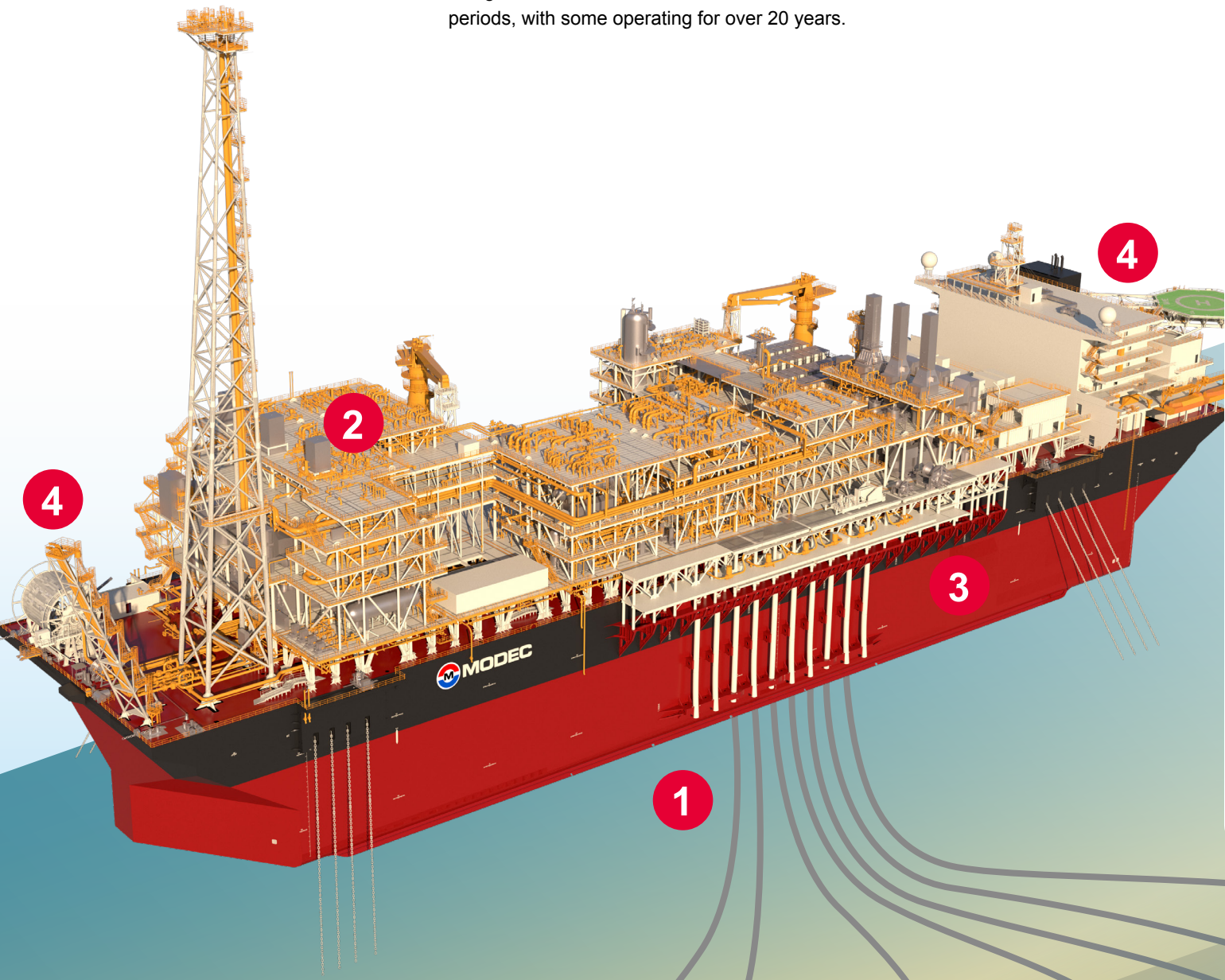
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What is an FPSO?

A Floating Production, Storage, and Offloading (FPSO) system is a floating facility designed for the production of oil and gas in offshore oil and gas fields. The crude oil produced offshore is stored in storage tanks in the hull of the FPSO system before being offloaded onto tankers. Modern FPSOs can remain on station for extended periods, with some operating for over 20 years.



FPSO Crude Oil Production Process

1. Transportation

Transportation of reservoir fluids from subsea production wells

FPSOs receive the reservoir fluids, including crude oil, gas, and water, transported from subsea production wells via risers (pipelines).

2. Production

Separation of reservoir fluids into crude oil, produced gas, water, and impurities

The reservoir fluids transported from the seabed generally contain impurities. They are separated into crude oil, natural gas, and produced water using specialized pressure vessels.

3. Storage

Temporary storage in storage tanks

The separated crude oil is stored in the cargo tanks in the FPSO's hull.

4. Offloading

Offloading onto shuttle tankers

The stored crude oil is offloaded onto shuttle tankers for regular shipment.

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A portrait of Hirohiko Miyata, a middle-aged man with dark hair and glasses, wearing a dark blue suit, white shirt, and a blue patterned tie. He is standing in front of a glass wall with a blurred office interior in the background.

CEO Message

**Plotting MODEC's
Path Forward in
a Rapidly Changing
Energy Market**



Hirohiko Miyata
Representative Director
President & CEO



CEO Message

How do you view MODEC's business model and recent performance?

MODEC's business is characterized by the provision of long-term, stable value realized through trust-based relationships with such partners as national oil companies, global oil majors, and other energy companies. Particularly in large-scale offshore projects such as FPSOs*1, which are carried out over extended periods, reliable execution capabilities and a proven track record are essential. Since being awarded its first FPSO construction project in 1985, MODEC has expanded its business beyond the scope of construction to include operations and maintenance (O&M*2) and charter*3 services, thereby steadily recording numerous successes on the global stage. To date, the Company has constructed a total of 53 FPSOs, with 20 FPSO vessels currently in operation, and the crude oil produced via said FPSOs is recognized to account for approximately 1% of global crude oil production. The Company's track record is a crucial pillar helping underpin its current business model, making MODEC a global leader in the FPSO industry. Meanwhile, we have been advancing sustainability initiatives, and in 2026 we received the Bronze Medal from EcoVadis, a globally trusted provider of business sustainability ratings, which is awarded to the top 35 percent of companies assessed by the organization.

In the FPSO business, MODEC provides reliable and comprehensive end-to-end FPSO solutions encompassing EPCI,*4 O&M, and charter services. Medium- to long-term contracts with highly creditworthy clients constitute the majority of our business, resulting in a stable revenue structure that is less susceptible to fluctuations in oil and gas prices.

The strength of this business model is reflected in our recent performance. After navigating a downturn during the COVID-19 pandemic, in fiscal 2025, consolidated net profit*5 reached USD 360 million and adjusted EBITDA grew to USD 440 million, both record highs for the second consecutive fiscal year. In the EPCI business, MODEC secured two large-scale projects, expanding the order backlog to its greatest extent thus far. Meanwhile, our O&M business is based on long-term contracts of up to 20 years or more, with an average remaining term of 14.2 years, forming the foundation for stable revenue over the medium to long term.

How do you perceive trends in the current business environment?

The energy market is currently undergoing a major transformation. Amid heightening geopolitical uncertainty and increasing electricity demand stemming from the proliferation of AI and data centers, the need for a stable energy supply is growing rapidly worldwide. Accordingly, oil and gas are expected to continue being vital energy sources.

Previously, oil and gas production was concentrated in the Middle East and other major oil and gas producing regions. However, today production is dispersed across countries in Latin America, West Africa, Asia, and Oceania. The trend toward offshore development, particularly in large-scale, cost-competitive deepwater areas, remains unchanged, while demand for FPSOs continues to expand. Because, specifically, the oil production by FPSOs has become the mainstream in the Atlantic Margin, which includes Brazil, Guyana, and West Africa, MODEC's track record and reputation of



trustworthiness play a critical role in development projects in these countries, representing a significant growth opportunity for the Company. According to industry research,*6 while there are 31 projects in shallow waters at the bidding and final design, planning, or appraisal stages, there are 67 projects in deepwater and ultra-deepwater areas where MODEC has built an extensive track record. Demand for FPSO vessels is expected to continue growing, and we are positioned to directly seize this growth opportunity.

Meanwhile, there remains the need to reduce environmental impact in line with decarbonization trends over the medium to long term. However, decarbonization-related regulations and policies remain fluid, creating uncertainty in terms of business feasibility. We must thus respond flexibly from both a business feasibility and environmental perspective while also taking energy affordability into account.

*1 FPSO: Floating Production, Storage, and Offloading system
*2 Operations and Maintenance (O&M): A service in which MODEC Group employees, among others, stationed on FPSOs/FSOs installed offshore carry out oil and gas production operations, as well as perform maintenance, inspections, and management
*3 Charter: A service in which a MODEC affiliate owns an FPSO and provides both leasing and O&M services to the client
*4 EPCI: Engineering, procurement, construction, and installation
*5 Profit attributable to owners of parent
*6 Source: EMA-Floating Production Report Data-Q4 2025

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CEO Message

To precisely understand and respond to the current trends in the business environment, I place importance on gathering primary information, including through direct dialogue with clients and participation in international exhibitions and conferences. As a company, we are also strengthening our intelligence capabilities, recognizing how essential it is to gather accurate information on and correctly analyze our business environment.

What are the sources of MODEC's competitive advantage?

MODEC's competitive advantage is the result of its integrated business model that covers EPCI, O&M, and charter in the FPSO business; globally accumulated track record; and trust-based relationships with clients and partner companies built on said track record.

In recent years, amid expanding FPSO demand, new players such as shipbuilders have sought entry into EPC

projects. MODEC differentiates itself from these new entrants based on its many years of providing not only FPSO construction services but also O&M and charter services as well as on the experience, knowledge, and data accumulated via the provision of these services.

The knowledge gained from such a track record and experience is important in gaining customer trust, particularly for executing large-scale projects. Clients who have visited our FPSOs express high satisfaction with operational quality and they award FPSO contracts to MODEC. Furthermore, our trust-based relationships with clients enable our participation in projects from an early stage. Such early participation enables MODEC to secure shipyard slots for construction projects and place orders for long-lead items in advance, shortening overall project schedules. As a result, clients can commence oil and gas production earlier and accelerate return on investment. This result creates a win-win relationship that underpins the provision of added value, a competitive advantage of MODEC.

MODEC's growth to date has been built on the accumulation of organizational knowledge in the form of "Lessons Learned" from past projects, and we have established a systematic framework for acquiring and utilizing this knowledge. Our on-site capabilities in terms of accurately understanding and responding to rapidly changing business conditions, executing autonomous and prompt decision-making, and pursuing optimal solutions for each project have underpinned the Company's growth. From a management perspective, it is essential to keep sight of both "reality" and what is "ideal." Making decisions within real-world constraints, not losing sight of the value we aim to create and the future we seek to achieve, and steadily moving forward while adopting multiple perspectives are fundamental to sustaining growth in a rapidly changing business environment.

How do you envision the Company's growth strategy in this time of change and uncertainty?

MODEC positions the strengthening of its FPSO business at the center of its growth strategy. We aim to realize sustainable growth by creating new business through the competitiveness of our FPSO business.

Demand for FPSOs is expected to continue growing with the further expansion of oil and gas development in deepwater areas. In response, we have been working to enhance the capabilities and competitiveness of our EPCI business sites. For example, we have expanded our engineering operations to Malaysia and established a facility for precise engineering in India, and which is expected to reinforce our sustainable structure. In addition, by leveraging our knowledge and experience accumulated through O&M and charter services, we are raising the quality and efficiency of the



“Amid the rapidly changing energy market, we will contribute to the realization of a sustainable society through the continuous growth of our business, leveraging the track record and strengths cultivated in our FPSO business.”

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*7 CCS: Carbon capture and storage
*8 GHG: Greenhouse gas

EPCI business and enhancing the added value it provides. Furthermore, MODEC is accelerating the use of data and digital technologies to enhance the sophistication and quality of its entire business, from design data management to remote monitoring and predictive maintenance during operations. Through these initiatives, which have been highly valued by customers and differentiate us from the competition, we aim to further solidify our competitive advantage.

At the same time, we are actively pursuing new business domains. While our current portfolio is primarily based on the FPSO business making diversification is a critical management issue. To address this, we will strategically utilize the cash flows generated to strengthen our business foundation, invest in areas with high growth potential, and pursue M&A when appropriate, thereby expanding opportunities for sustainable growth.



Left:
At the opening ceremony of the OFS
Malaysia office in April 2025

Right:
At CERAWeek, the world's premier
energy conference, held in Houston,
USA in March 2026

Moreover, on an ongoing basis we will pursue initiatives to generate innovation and create new businesses within the Group, aiming to both reinforce existing businesses and create new growth opportunities.

The primary aim of Mid-term Business Plan 2024–2026 is to enhance earnings power and then utilize the cash flows generated to improve added value. As a sign of progress toward enhancing earnings power, we achieved our profit targets initially set for attainment upon the conclusion of the plan's three-year period in the first year, prompting significant upward revisions to profit targets. We then achieved the revised targets in the second year of the plan, so our current profit level is more than double the level initially planned. The cash flows generated are being actively allocated to R&D, including initiatives such as the application of carbon capture and storage (CCS*) technologies and fuel cells to FPSOs. Under the plan, we also announced our intention to "Explore a Sustainable Future with Innovation." By "sustainable," we do not mean maintaining the status quo; rather, we seek to contribute to the realization of a sustainable society through continuous growth.

Could you tell us about the Company's specific initiatives and strategies for investing in digital technologies and further enhancing added value?

MODEC's technology investments are aimed at enhancing business performance, environmental responsiveness, and safety. Leveraging our accumulated knowledge and experience on floating solutions, we are strengthening the competitiveness of the FPSO business while addressing decarbonization.

Specifically, we are utilizing digital technologies to achieve early delivery and improve operational efficiency of FPSOs, introducing gas turbine combined

cycle power generation systems to reduce GHG*8 emissions, and implementing technologies that enhance performance while reducing environmental impact, such as the development of CCS technology and the conversion to fuel cells. We are also promoting R&D in next-generation energy fields, such as offshore wind power and offshore nuclear power, from a long-term perspective.

The use of digital technologies is becoming particularly important in both EPCI and O&M businesses. In the EPCI business, we are using AI for the integration of engineering data and quality management while automating simulations and data processing and digitalizing business processes. This has led to improved quality and productivity, early delivery, and faster and more sophisticated decision-making.

In the O&M business, we are digitalizing operational processes and deploying advanced solutions using AI and digital twins. We are implementing AI-based predictive maintenance technologies, reducing GHG emissions through the optimization of rotating equipment operations, and conducting process safety evaluations using integrated operational data, thereby improving the operational reliability and environmental performance of FPSOs. As a result, in fiscal 2025 the operational uptime rate of FPSOs reached 98.7%, reflecting not only our ongoing efforts to maintain and strengthen asset integrity but also the contributions of our AI-based advanced predictive maintenance technologies.

Beyond being utilized in the FPSO business, said digital technologies are provided externally through our affiliate Shape Digital, in addition to promoting joint development with clients. Digital technologies will simultaneously enhance the FPSO business and serve as the foundation for our new revenue base. To that end, we will establish a U.S. base for Shape Digital in 2026 and will begin a strategic partnership with Halliburton, one of the world's largest energy service companies, while accelerating such efforts going forward.

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As the CEO of a global company, what is your vision for human capital as a source of medium- to long-term growth?

As a fables company, MODEC considers human capital to be its most important source of competitiveness. The level of expertise required by clients and their expectations overall are becoming increasingly sophisticated and complex with each passing year, requiring high-level and multifaceted responses. As projects grow in scale and complexity and changes and uncertainties in the business environment intensify, it is essential for both individuals and the organization to possess and demonstrate flexibility and resilience to respond firmly to change. While high expertise is a prerequisite, it is equally essential for individuals and the organization to work together to address complex issues in a timely and appropriate manner.

MODEC operates in 30 offices worldwide and is a truly global organization with employees of various nationalities. While the project development, EPCI, O&M, charter, and other functions are geographically dispersed, the on-site capabilities demonstrated by the combined efforts of our diverse workforce represent one of the Company's key strengths. However, we recognize the need to make improvements in terms of organizational management and talent utilization to fully leverage this strength.

In particular, from the perspective of human capital management, it is vital to develop a system that allows us to more strategically manage the development, placement, and appointment of personnel, maximize individual capabilities and translate them into organizational strength. As part of this effort, we will strengthen our personnel exchange and rotation system across locations and functions to accelerate the development of globally capable professionals.

Furthermore, to become an organization where diverse talent comes together to unite as one, it is essential to evolve our corporate culture by improving employee engagement, organizational structure, and group governance. By creating an environment that embraces change and encourages the taking on of challenges, I believe we can fully unlock the potential of our employees and in turn drive our medium- to long-term growth.

Business does not always proceed as planned, so it is important to recognize the possibility of unexpected events and challenges. The key is to view such occurrences as learning opportunities and apply them to future decision-making. I believe this accumulation of experience strengthens both individuals and the organization, ultimately leading to a company's sustainable growth.

Finally, what message do you have for stakeholders?

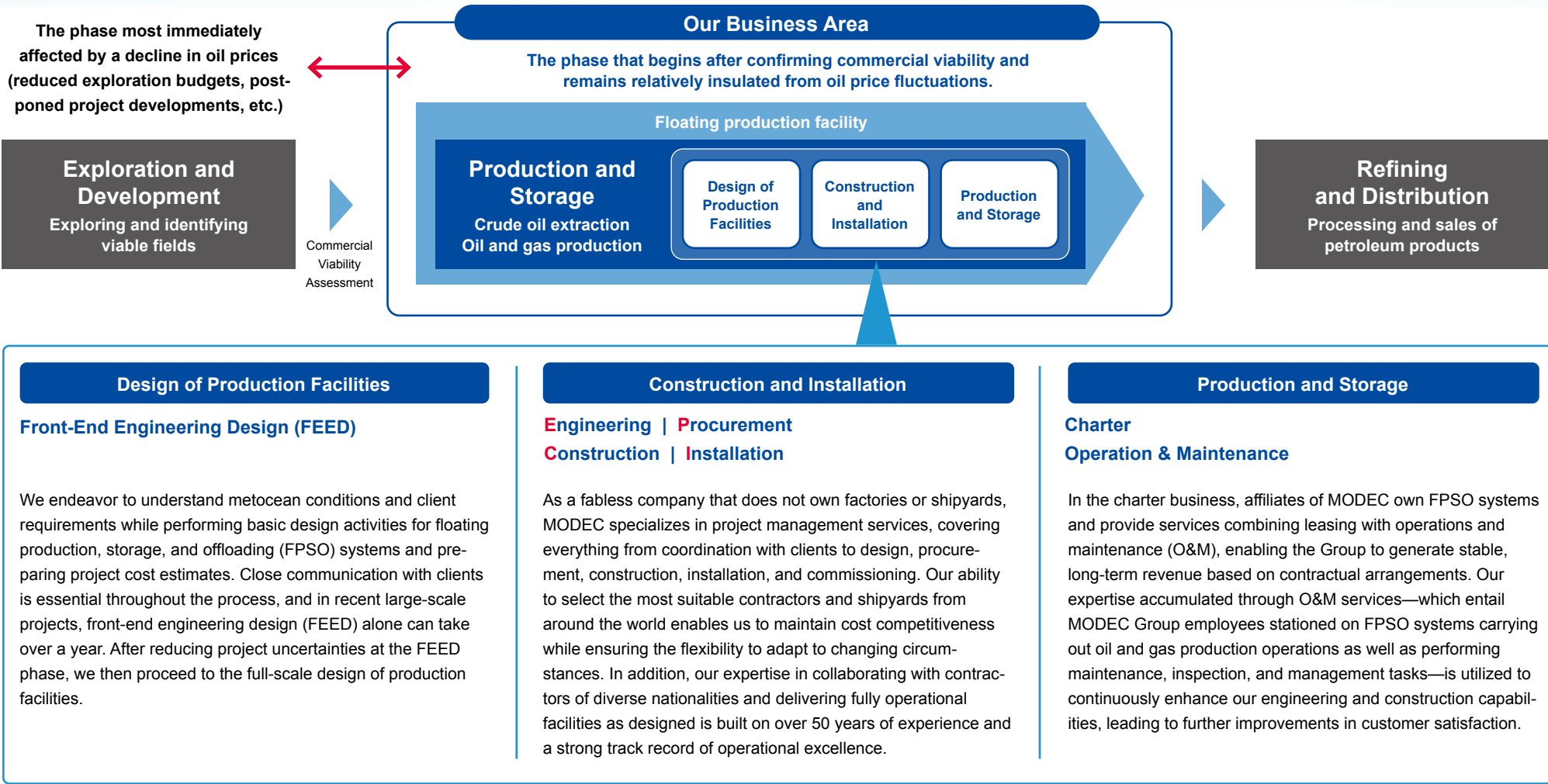
As a global leading player in connecting the oceans—the largest remaining frontier on Earth—and humanity, MODEC will strive to continue to create new value that only it can deliver and further enhance its presence in the global market by leveraging the technologies, human capital, track record, and reputation of trust cultivated over many years to flexibly deploy floating solutions centered on FPSOs. Furthermore, we will continue to drive our growth strategy with a sense of urgency, boldly take on challenges with our stakeholders, and move forward with vigor in order to create both social and economic value through our business and contribute to the realization of stable energy supply and the achievement of net-zero emissions.



FPSO Business Model

MODEC provides comprehensive FPSO services for offshore oil and gas development, covering FEED, EPCI, charter, and O&M services. Positioned within the midstream segment of offshore oil and gas development, FPSOs play a vital role in enabling energy companies to recoup their initial investments in offshore field development.

Revenue from charter and O&M contracts is generally secured through long-term, non-cancellable agreements. MODEC's business model ensures stable earnings that are resilient to fluctuations in oil prices.



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MODEC's Competitive Advantages

MODEC differentiates itself from the competition through its FPSO business, which specializes in the production phase of commercially viable oil fields, by providing comprehensive services from design and construction to operations and maintenance (O&M). We have achieved highly predictable business operations through our long-cultivated deepwater capabilities and stable earnings generated by long-term contracts covering EPCI, charter, and O&M services.

1 Low-risk areas in the development plan

The oil development business consists of three phases: exploration, production, and distribution. Our focus on the production phase avoids the high investment risks associated with exploration. By investing in oil fields where commercial viability has already been confirmed, we have established a business foundation that is less affected by oil price volatility.

2 A highly stable and predictable business model based on long-term contracts

Our revenue and cash flows are derived from long-term contracts with leading energy companies, including three- to five-year EPCI contracts and O&M and charter agreements extending over 20 years. These contracts insulate our business from general economic cycles and energy market volatility.

3 One of the few companies capable of handling ultra-deepwater projects

As offshore oil and gas fields development expands into ultra-deepwater regions, FPSOs are becoming larger and more complex. We are one of the few companies globally capable of designing, constructing, and offering O&M services for FPSOs that can withstand long-term operations in ultra-deepwater or harsh offshore environments. Leveraging our years of experience and know-how, we provide integrated services—from engineering and construction to operations and maintenance—to meet diverse customer requirements. This extensive track record and expertise differentiate us from new competitors entering the market.

4 Contribution to the advancement of floating solutions

Leveraging funds generated from FPSO earnings, we are strategically investing in innovative floating solutions, including decarbonization technologies and the development of new businesses, to drive the future of energy.

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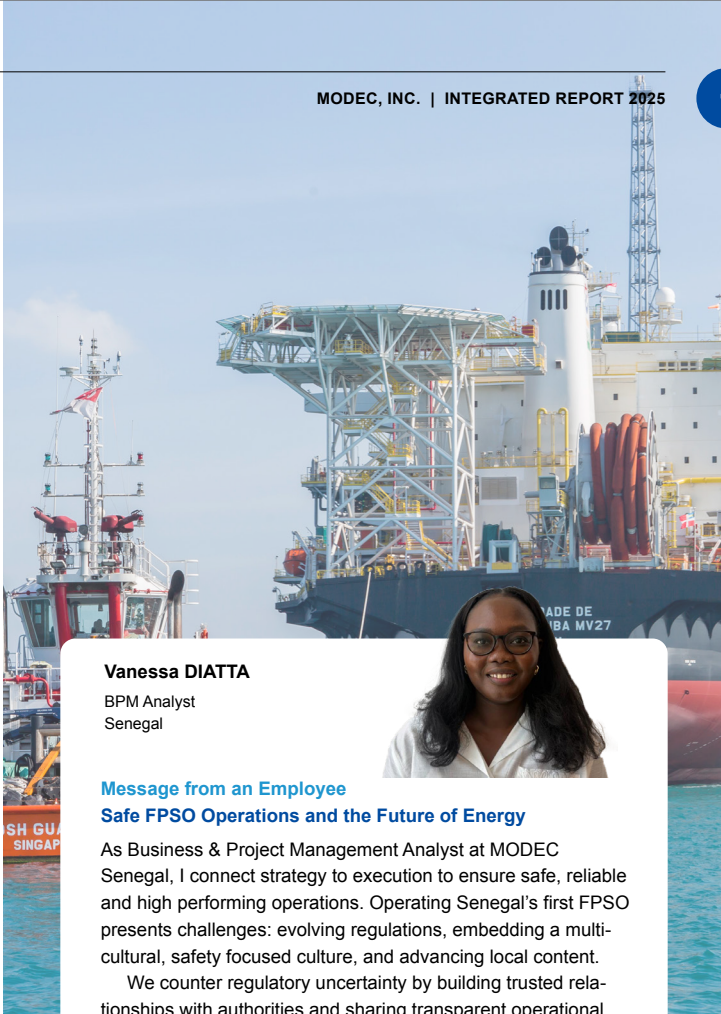
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Vanessa DIATTA
BPM Analyst
Senegal

Message from an Employee

Safe FPSO Operations and the Future of Energy

As Business & Project Management Analyst at MODEC Senegal, I connect strategy to execution to ensure safe, reliable and high performing operations. Operating Senegal's first FPSO presents challenges: evolving regulations, embedding a multi-cultural, safety focused culture, and advancing local content.

We counter regulatory uncertainty by building trusted relationships with authorities and sharing transparent operational insights, enabling compliant implementation of regulations.

To embed a safety-focused, multicultural mindset, our Cultural Adaptation Program and Just Culture practices align behaviors while reinforcing teams' cohesion and safety leadership.

Advancing local content is central to our mission. We drive it through workforce nationalization and clear career paths, inclusive procurement to elevate local vendors, and a CSR program focused on supporting children and young girls' education.

Our passion is what converts obstacles into momentum. Through collaborative governance, disciplined execution and people-first development, complexity turns into clarity, powering safer operations and nationally empowered energy future.



Business Environment

Since the early 20th century, population growth, industrialization, and motorization have fueled a rapid increase in worldwide energy demand. In response, oil and gas development has progressively shifted from onshore to offshore, supported by technological advancements that have made offshore exploration and production increasingly cost-competitive. While energy demand is projected to continue growing, particularly in developing countries, there is a rising social call for action on climate change. This has heightened the importance of developing and adopting new energy sources, including renewable and alternative energy, alongside efforts to decarbonize fossil fuels.

Oil to Remain a Key Energy Source

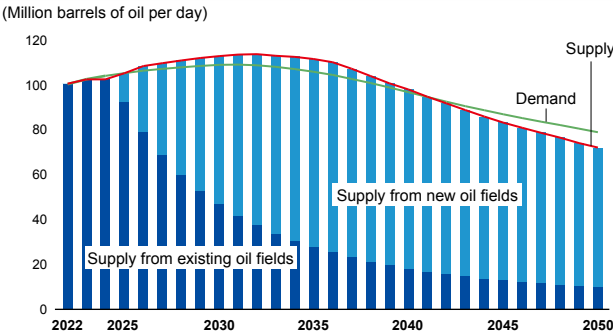
Global energy demand is expected to grow steadily, driven by population growth and economic expansion. The supply of renewable energy is projected to increase rapidly, fueled by global efforts to decarbonize and combat climate change. While demand for oil is anticipated to peak around 2030 and gradually decline thereafter, it will remain a critical energy source for the foreseeable future.

Highly Cost-Competitive Offshore Oil Production

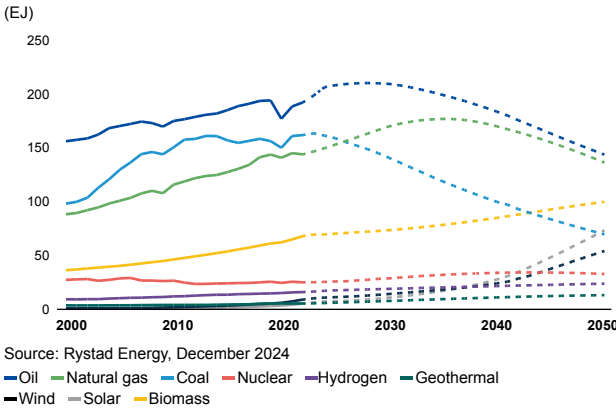
In recent years, oil development has shifted from onshore to offshore fields. Among offshore oil fields, the deepwater and ultra-deepwater fields targeted by the Company offer high cost competitiveness. Even in a softened crude oil price environment, these fields offer favorable business conditions with promising profitability. Notably, projects in key deepwater and ultra-deepwater regions such as South America (Brazil and Guyana) and West Africa boast exceptionally low average production costs, ranging from USD 25 to USD 34 per barrel. These regions have also been confirmed to hold substantial reserves, ensuring their viability for continued development by oil companies.

Given this, we will continue to focus on development projects in these regions using FPSOs, which are a core part of our business and backed by extensive construction and operational experience. Through these efforts, we aim to ensure a stable and sustainable energy supply.

Oil Supply and Demand

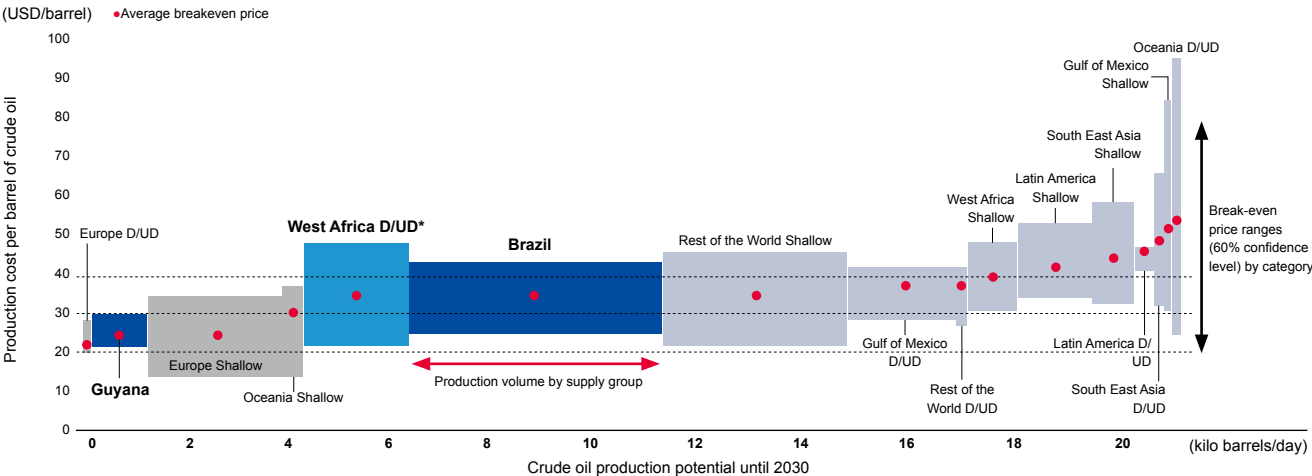


Supply by Energy Type



Crude Oil Production Costs (Offshore Fields, Excluding the Middle East)

- MODEC focuses on deepwater fields (500 to 1,999 meters) and ultra-deepwater fields (2,000 meters and beyond).
- MODEC participates in highly cost-competitive projects.



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Vision 2034

With the aspiration of becoming a “Global Leading Player in Connecting Ocean and Humanity,” we are dedicated to contributing to society through our core FPSO business by balancing the stable supply of energy with the reduction of carbon dioxide emissions. Furthermore, we aim to leverage our unique floating and digital solutions to advance floating offshore wind, alternative energy, and digital businesses, thereby supporting the realization of an environmentally friendly world. We will also focus on expanding and strengthening our human capital to support these initiatives while continuously enhancing our corporate culture.



“Global Leading Player in Connecting Ocean and Humanity”

FPSO

The world’s leading FPSO builder and operator, achieving **the smallest carbon footprint** while maintaining safety and high operational uptime

Floating Offshore Wind Operations

An essential player in floating offshore wind operations based on **our unique ocean-friendly solutions**

Alternative Energy

Provide floating production solutions to achieve **carbon-free alternative energy**

Digital Solutions

Provide innovative digital solutions to help resolve industry challenges including **the reduction of GHG emissions**

Culture and People

- Promote a culture of innovation and new business incubation
- Unlock our human capital (i.e., employee potential) through diversity, equity and inclusion (DE&I) initiatives

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Progress of Mid-term Business Plan 2024–2026

MODEC's profitability improved significantly thanks to the success of various initiatives, greatly exceeding the projections made at the time of the formulation of Mid-term Business Plan 2024–2026. Accordingly, in February 2025 we upwardly revised our initial financial targets slated for achievement in the final year of the plan, including consolidated net profit (US\$175 million).

01 Strengthening of Profitability

Owing to the progress of a large-scale FPSO project acquired in fiscal 2023, the strong performance of existing vessels, and interest income, MODEC achieved its highest profit since the COVID-19 pandemic. In fiscal 2025, we acquired two additional projects, further strengthening our profitability. Learning from past experiences such as cost overruns, we are accumulating construction and operational data and leveraging digital technologies such as AI to enhance productivity and efficiency. At the same time, MODEC is expanding its value-creation initiatives and provision of digital solutions to external clients, thereby continuously strengthening relationships with key clients and further enhancing its asset management capabilities.

02 Strategic Acquisition and Allocation of Management Resources

MODEC is strategically allocating its management resources based on a reassessment of its core strengths and industry position as well as on external factors such as the oil and gas markets and climate change. Moreover, we are concentrating human resources and funds on key projects while strategically working to strengthen our capabilities pertaining to the expansion of external partnerships and acquisition of talented personnel. Based on such foundations, we will focus on gaining new management resources and maintaining and enhancing our competitiveness.

03 Promotion of FPSO Decarbonization

MODEC is promoting the development of next-generation FPSO vessels to ensure the long-term sustainability and growth of its FPSO business. As part of our commitment to the decarbonization of FPSOs, we are actively engaging with potential business partners specializing in carbon capture and storage (CCS) technologies. Additionally, we focus on developing and validating innovative technologies that contribute to decarbonization. To further these efforts, we will continue to prioritize research and development of decarbonization technologies, including CCS, while exploring opportunities for new business development.

04 Establishment of the Foundation for New Business Development

Leveraging its offshore technology and project execution capabilities, MODEC is rapidly developing new businesses utilizing floating solutions and digital technologies to expand its future revenue streams. For example, we have obtained approvals in principle for initiatives such as a blue ammonia FPSO system, the floating offshore wind power turbine i-TLPTM2, and a liquefied carbon dioxide floating storage and injection unit. MODEC is continuously working to achieve the practical application of these initiatives while realizing sustainable new businesses.

05 Enhancement of Group Collaborations and Synergies

MODEC collects and structures data on its proprietary global data platform, which is used throughout the business lifecycle. Simultaneously, to strengthen human resource management, we have established dedicated working groups and are incorporating the expertise of specialists to formulate and implement Groupwide human resource strategies and create synergies across the organization.

06 Improvement of Group Governance and Pursuit of Sustainability

In June 2025, MODEC issued its first integrated report in order to communicate its value creation story to stakeholders around the world. We also established a Sustainability Committee and are advancing concrete initiatives based on a roadmap developed by working groups focused on climate change, human rights, and human capital/ diversity. By strengthening collaboration among personnel involved in frontline operations and corporate functions, we are enhancing both the quality and speed of decision-making and improving the effectiveness of Group governance.



	(Million USD)			
	Fiscal 2024 (Results)	Fiscal 2025 (Results)	Feb. 2025 Revised Fiscal	2026 Revised Targets*3
Net Profit*1	220	360	300	370
Return on Equity (ROE)	20.3%	27.4	20.0%	—
Price-to-Book Ratio (PBR)	1.2	3.5	>1.0	—
Adjusted EBITDA*2	328	440	450	450

*1 Profit attributable to owners of parent
*2 EBITDA before adjustments of non-recurring extraordinary items
*3 Since the upwardly revised consolidated net profit and other targets for the final year of Mid-term Business Plan 2024–2026 were achieved in fiscal 2025, the numerical targets for fiscal 2026, the final year of the plan, have been upwardly revised again based on said early achievement of targets.

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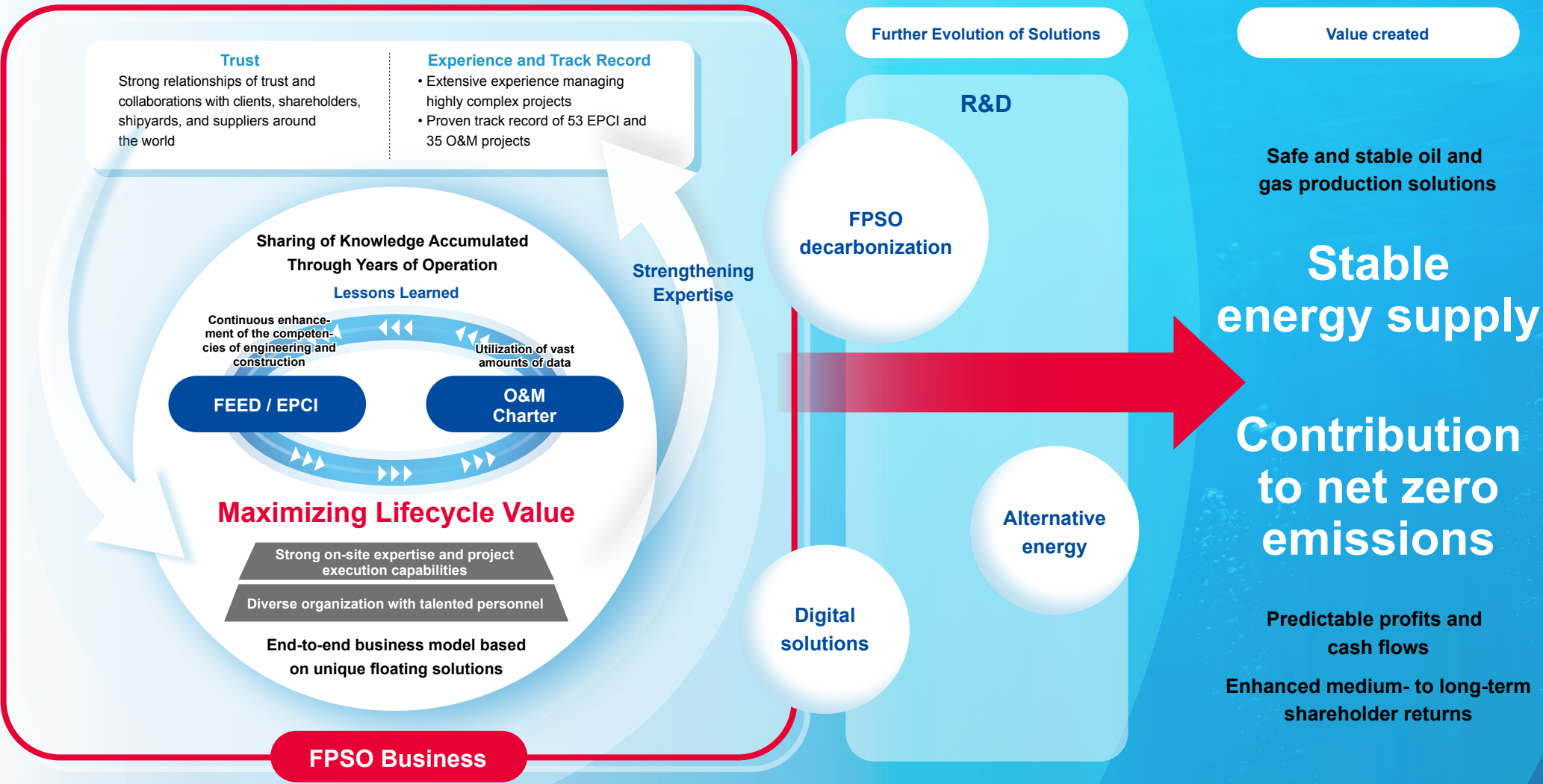
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MODEC's Value Creation Process

The core element of MODEC's value creation is the FPSO business. Driven by our strong project execution capabilities and diverse organization, we disseminate the Lessons Learned over the years throughout our entire business to maximize lifecycle value. By leveraging this unique business foundation and honing our expertise, we have steadily built an extensive track record and trust based thereon for realizing future growth.

By further evolving its solutions, MODEC will continuously create value for stakeholders by realizing a stable energy supply and contributing to the achievement of net zero emissions by 2050.



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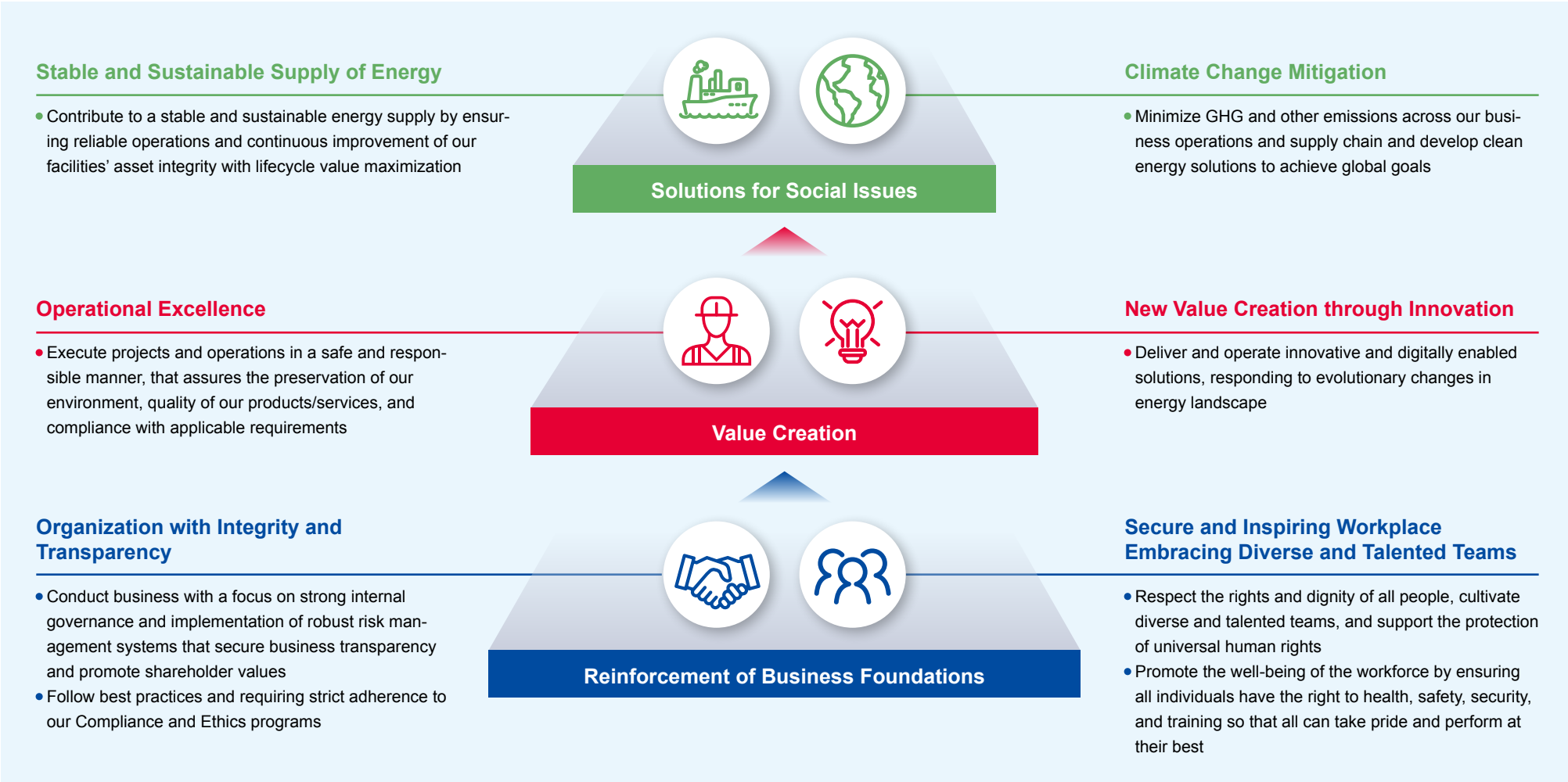
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Materiality at MODEC

MODEC has identified six material issues as important sustainability-related issues and classified them into the categories of “solutions for social issues,” “value creation,” and “reinforcement of business foundation.” Based on our six material issues, in fiscal 2024 we formulated our long-term vision, Vision 2034, becoming a “Global Leading Player in Connecting Ocean and Humanity,” and Mid-term Business Plan 2024–2026 and have set targets for initiatives in response to these issues and are assessing the progress thereof.

- 🔗 Identification Process
- 🔗 Sustainability Promotion Framework



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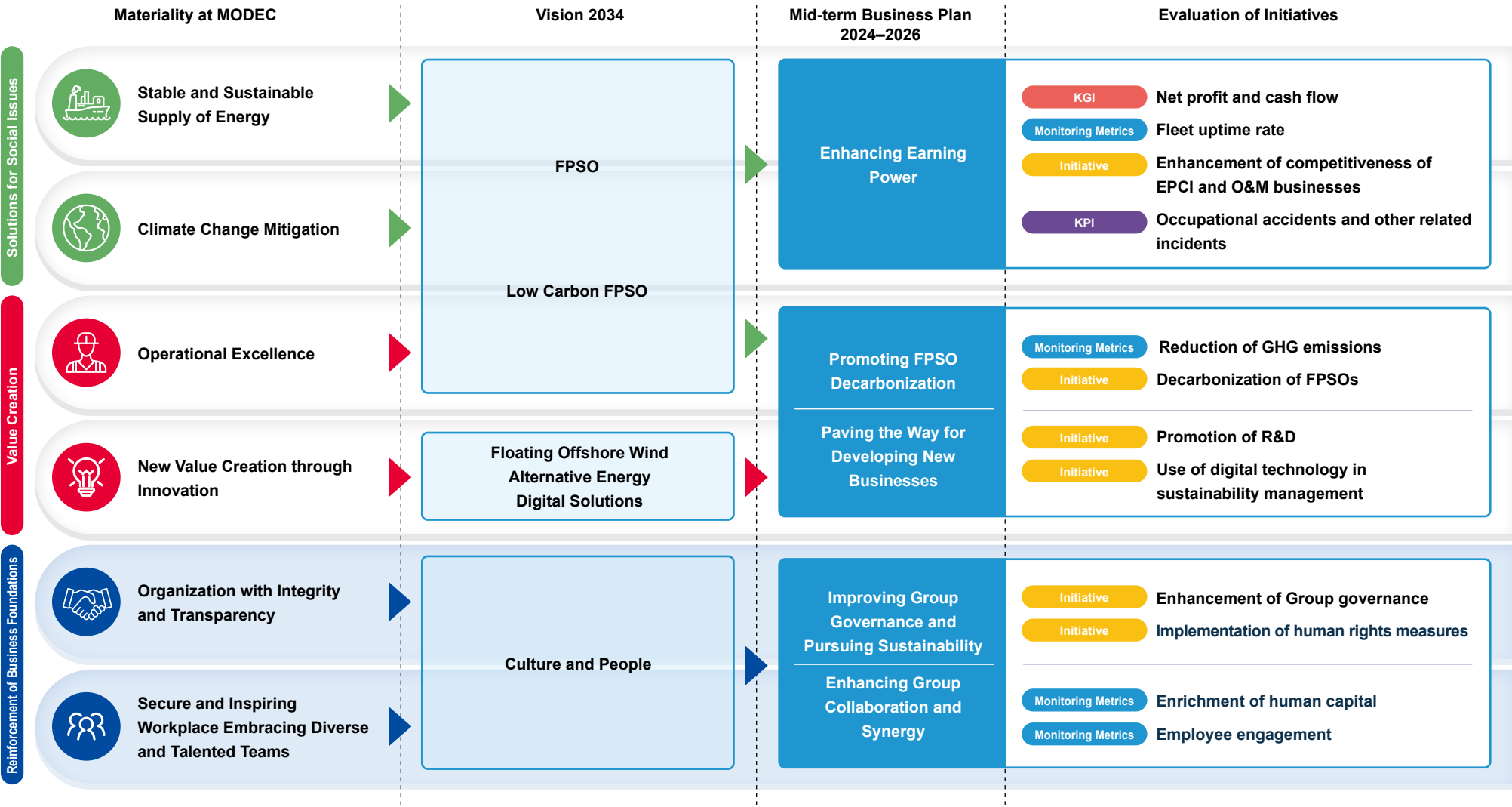
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Materiality at MODEC

KGI Key Goal Indicator **KPI** Key Performance Indicator **Monitoring Metrics** A metric used to monitor progress, even though a target has not yet been set **Initiative** An initiative that is difficult to quantify but will continue to be promoted



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Management Capital

Over the years, MODEC has cultivated its management capital, refining its areas of expertise and strengthening partnerships to continuously enhance its industry-leading corporate value. Looking ahead, we will further develop each form of capital, with a particular focus on diverse human capital, to drive innovation and support future business growth.

Management Capital	Quantitative Data	Core Strength	Enhancement Priorities
 Human Capital	• 6,998 employees in 19 countries • Percentage of non-Japanese employees: 95.2% (including overseas operating bases, fiscal 2025)	• A diverse workforce dedicated to advancing expertise in offshore oil and gas production • Professionals committed to ensuring safety in operations requiring advanced technical expertise • A multinational team representing a wide range of perspectives and experiences • An organizational culture built on resilience and adaptability	• Fostering a client-focus mindset to embrace new challenges and opportunities • Creating work environments that inspire creativity and innovation • Building a collaborative, team-oriented organization that leverages the strength of diversity
 Intellectual Capital	• Extensive project experience as one of the top two companies globally in the floating production solutions industry • A proven track record of constructing 53 floating production units • Over 350 cumulative years of operating experience	• Comprehensive construction expertise, including advanced mooring technology • Over 350 cumulative years of operations and maintenance (O&M) experience • Exceptional project management capabilities for highly complex projects, supported by extensive experience and a strong track record	• Fostering a culture of innovation and driving the development of new businesses through floating and digital solutions
 Social and Relationship Capital	• Operations in 19 countries • 30 operating bases worldwide	• Strong trust with customers, built on a proven track record of success • Robust partnerships with major shareholders • Established relationships with shipyards and suppliers as well as a global network	• Strengthening relationships with external stakeholders to drive mutual growth and success
 Natural Capital	• Greenhouse gas (GHG) emissions from leased FPSOs and other sources (Scope 3, Category 13 only): 5,228,769 t-CO₂	• Capability to reduce GHG emissions through stable operations, innovative design improvements and production optimization	• Promoting decarbonization initiatives for FPSOs • Contributing to GHG emission reductions through the development of new businesses
 Manufactured Capital	• A fabless business model (we do not own factories or shipyards)	• Expertise in integrated project management, covering engineering, construction, and O&M • Proven ability to select optimal subcontractors worldwide, backed by over 50 years of industry experience • Strong price competitiveness and adaptability to respond to a dynamic business environment	• Strengthening the EPCI business structure
 Financial Capital	• Fitch rating: BBB (as of April 2026)	• Stable cash flow supported by long-term contracts for charter projects, ensuring financial reliability	• Maximizing client value by ensuring the steady execution of projects under construction • Strategically investing a portion of free cash flow to drive future growth

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Ryo Suzuki
Director
Executive Managing Officer

CFO Message

Leveraging its highly predictable revenue sources, MODEC will continuously heighten corporate value by steadily seizing growth opportunities and enhancing the quality of its revenue.



We will continuously enhance corporate value by evolving our revenue structure.

MODEC considers growth to be more than just acquiring new projects. Rather, we believe growth encompasses the continuous enhancement of corporate value through the maintenance and strengthening of a financial foundation that allows us to steadily seize growth opportunities thanks to our highly predictable revenue sources.

As CFO, I believe it vital to assess the Company's corporate value in terms of not only the size of profits but also how profits are generated and the quality thereof. An increase in profits in the short term does not necessarily earn the long-term trust of the capital markets if said profit growth is

due to an excessive concentration of assets or subject to high volatility. In contrast, continuously creating growth opportunities by leveraging our stable and highly predictable revenue sources would lead to the enhancement of both profit quality and corporate value. To that end, we are now steadily working to transform our revenue structure.

MODEC operates in the midstream segment of the offshore oil and gas production value chain, and the majority of its revenue is based on long-term contracts, fixed rates, and contracts with cost-recovery provisions. Therefore, fluctuations in crude oil and gas prices do not directly impact our business performance. Grasping this fact is key to understanding the nature of our business. In addition to communicating our financial results, I believe



CFO Message

disclosing the contractual structure and business model that contribute to said results enables a more appropriate assessment of the Company and its business performance.

Furthermore, what I would like to stress with regard to our current financial performance is the significant change in both the size and quality of our revenue. Until a few years ago, our revenue structure was highly dependent on our charter*¹ business. Due to the long-term agreements upon which they are based, charter contracts are a stable source of revenue and remain a major pillar of our financial foundation. However, from a corporate value perspective, it is important to continuously enhance the stability and sustainability of our revenue structure while reducing dependence on certain businesses and revenue sources.

Over the past few years, our revenue structure has steadily evolved. As of the end of fiscal 2025, the year ended December 31, 2025, our order backlogs for engineering, procurement, construction, and installation (EPCI)*² and operations and maintenance (O&M)*³ totaled US\$5.7 billion and US\$12.2 billion, respectively, both record highs. The average remaining life of our O&M and charter contracts stands at 14.2 years and 11.8 years, respectively. Such results demonstrate that our stable revenue base, supported by long-term agreements, is becoming even stronger while our revenue structure is evolving into one based on more-accurate projections of results over the medium to long term. Noteworthy is the fact that our revenue stability has improved alongside changes to our means of profit generation. Improved profitability in the O&M business and significant profit contributions by the EPCI

business have led to profit generation being more evenly spread among our three business segments. In addition, our customer base and revenue sources have become more diverse. These achievements are thanks to not only a change in business structure but also an improvement in our risk profile and revenue quality. Accordingly, I believe the foundation for enhancing corporate value into the future is becoming more robust. Another form of recognition of the increased stability and diversity of our revenue base is our Fitch issuer rating, which improved to BBB in April 2025.

The EPCI, O&M, and charter businesses each have distinct characteristics. For example, as revenue and profit in the EPCI business are recognized according to project progress, the segment is subject to a certain level of volatility. However, the steady execution of large-scale projects can contribute significantly to profit growth. In contrast, the O&M and charter businesses are based on annuities, characterized by long contract periods and high revenue predictability. Contracts extend over periods of 10 to 20 years, continuously generating stable cash flows. I believe our approach to balancing these two distinct revenue types is fundamental to sustainably enhancing corporate value. Specifically, we continue to build a stable revenue base through our O&M and charter businesses while capturing growth opportunities via the EPCI business. Combining our businesses in such a manner allows us to absorb short-term fluctuations while charting an upward growth trajectory over the long term. It is my view that this evolution of our revenue structure will be critical to enhancing our corporate value.

Growth Investments and a Financial Foundation Based on Long-Term Contracts That Will Facilitate Our Next Stage of Growth

The revenue structure of MODEC is supported by a financial foundation based almost entirely on long-term contracts. In the EPCI business, we work to collect advance payments in accordance with construction progress, minimizing the impact on cash flows. Meanwhile, in the charter business, we utilize special-purpose companies (SPCs)*⁴ to track revenue by project without excessively inflating the Company's balance sheet. The scale of investment per floating production, storage, and offloading (FPSO) system is expanding each year, now exceeding US\$2 billion per unit, and even reaching US\$3 billion in some cases. In this context, the FPSO business continues to require significant capital; however, we have established a framework to expand our project portfolio from both a business model and capital policy perspective. In fact, our debt-to-adjusted EBITDA ratio has remained at a sound level of 1.0 times, thereby securing the financial flexibility needed to execute growth investments in a timely manner.

One may consider our financial policy for managing our balance sheet to be conservative. However, I do not see our financial policy as being solely conservative in nature. I view it as a tool for ensuring the strategic financial flexibility essential to seizing future growth opportunities. As CFO, what I particularly want to avoid is a situation in which financial constraints obstruct the seizure of attractive investment opportunities. To this end, we endeavor to ensure that we maintain an investment-grade rating and the

*¹ Charter: A service in which a MODEC affiliate owns an FPSO and provides both leasing and O&M services to the client.
*² EPCI: Engineering, Procurement, Construction, and Installation
*³ Operations and Maintenance (O&M): A service in which MODEC Group employees, among others, stationed on FPSOs/FSOs installed offshore carry out oil and gas production operations, as well as perform maintenance, inspections, and management
*⁴ Special Purpose Company (SPC): A legal entity established to separate financial risks from those of the parent company and manage risks associated with a particular project or asset.



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ability to raise the appropriate funds when needed. In addition to expanding our debt capacity, we have significantly improved the liquidity of our shares. Such improvements do not merely make access to funding easier; they increase the feasibility of our growth strategies. The key to enhancing corporate value is not necessarily increasing financial leverage. Rather, it is about ensuring that a system is in place to flexibly allocate capital to growth investments while maintaining risk at an appropriate level. Our financial policy therefore serves as a guideline for both managing risks and seizing growth opportunities.

We have also laid out a clear approach to allocating surplus cash. Above all else, cash should be directed to investments that will lead to future growth. In our dialogues with investors, I strongly sense their expectation that funds should be allocated to growth investments, and I fully concur with their view. I am convinced that investing in areas where we can harness our strengths and further strengthening our

future revenue sources will ultimately enhance shareholder value over the medium to long term.

Specifically, we will first strengthen investment in the digital field. Through our O&M business, we have accumulated a large volume of data over many years, and this data now stands as an extremely valuable management resource. Using AI and other technologies, we are analyzing this data to strengthen our O&M services, reduce costs, and achieve stable operations. Going forward, we will extend this knowledge to the EPCI business with the aim of achieving shorter construction periods, cost reductions, improved profitability, and enhanced competitiveness. Furthermore, we have already commenced the sale of digital technologies to third parties, which we intend to cultivate as a new source of revenue in the future.

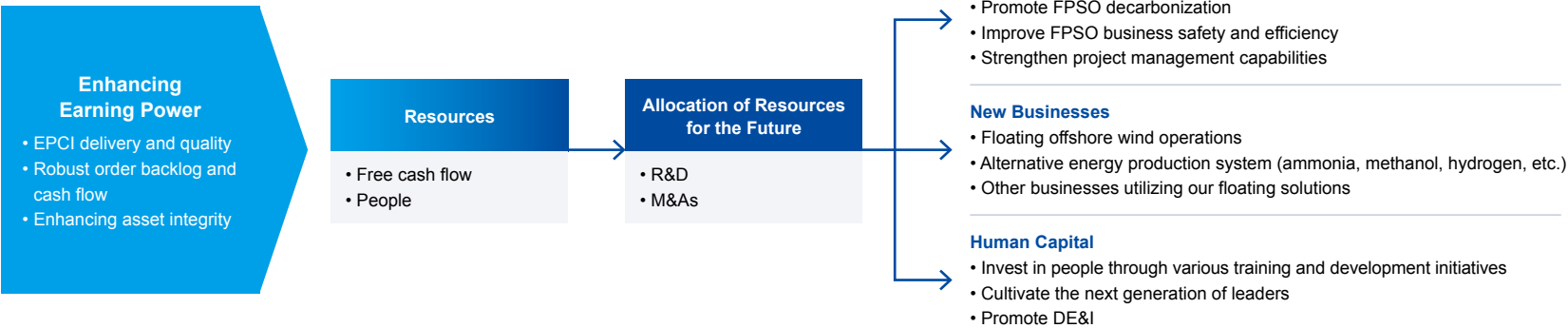
Another important area for investment is the decarbonization of FPSO systems. Carbon-capture-and-storage (CCS)*5 and fuel-cell technologies, as

examples, not only contribute to improving the energy efficiency of FPSO systems, as well as to reducing the GHG emissions thereof, but also represent high-value-added solutions for our customers. Environmental measures should not be regarded as a cost but rather as an investment for enhancing the long-term competitiveness of our business and strengthening our position as the offshore development and comprehensive engineering company of choice for customers. Amid the growing need for energy security and environmental measures, our ability to respond with technologies and execution capabilities is significant from a social perspective as well as from the viewpoint of enhancing corporate value.

Moreover, in the medium to long term, we will tap into new areas where we can leverage our floating technologies and expertise in ultra-long-term operation and maintenance. Floating offshore wind power, gas, and other related fields requiring

*5 CCS: Carbon Capture and Storage

Strategic Resource Allocation and Acquisition



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expertise in floating solutions represent potential business areas where we can utilize our track record and strengths. Naturally, we will not be able to pursue opportunities in said areas on our own. We will thus consider the most appropriate approach, including via alliances, equity investments, and acquisitions, as necessary. Essential endeavors are leveraging the strengths we have hitherto cultivated through our existing businesses and realizing new growth opportunities.

With regard to shareholder returns, our basic policy is to steadily increase dividends over the long term. Our business has characteristics akin to an infrastructure project, particularly in terms of the highly predictable cash flows generated from

long-term contracts. Accordingly, a policy of steadily increasing dividends over the long term is more appropriate for our business, rather than one in which dividend payments are influenced greatly by short-term profit fluctuations. Growth investments and shareholder returns are not mutually exclusive. MODEC will therefore continue to steadily make the investments necessary for future growth while providing stable shareholder returns.

Enhancing the Quality and Frequency of Investor Dialogues to Ensure a Proper Understanding and Assessments of Our Corporate Value

Taking the nature of our business into account, we must strengthen our investor relations (IR) activities in order to improve our valuation in the capital markets. Following the secondary offering of the Company's shares in 2024, the public float increased to 66.5%, a significant improvement in liquidity from the previous level of less than 30%. The reality is that low liquidity deters most investors, no matter how diligent a company's IR activities are. On the other hand, the effects of our IR activities are beginning to fully appear through our improved liquidity. In fact, opportunities for dialogues with investors have increased substantially over the past year, broadening the spectrum of shareholders and increasing trading volume.

I believe expanding our shareholder base will contribute to the enhancement of corporate value. An increasing number of investors who have a proper understanding of our business and assess it

from a long-term perspective will lead to higher trading volume and more stable share prices. Such a virtuous cycle will continue to attract new investors and generate further improvements to our corporate value. To drive this momentum forward, we will continue to provide details of our financial and business strategies to investors according to their level of understanding and interest. I am constantly aware of the need to disclose the right information to the right people via the right channels. Providing the information the capital markets need clearly and concisely, I believe, is the shortest route to fair valuation.

As a corporation, it is important that we enhance shareholder value through sustainable growth. Currently, efforts are underway to further solidify our highly predictable revenue sources and qualitatively transform our business portfolio and revenue structure. This transformation will play a major role in the enhancement of our corporate value.

Going forward, we will maintain financial flexibility while balancing growth investments and shareholder returns and further improve our revenue quality. At the same time, we will strengthen our commitment to enhancing both dialogues with and disclosure to stakeholders so that our strengths and potential are appropriately recognized by the capital markets. We hope that our shareholders and investors look forward to the continuous growth of our business and the evolution of our revenue structure that will spur such growth going forward.

*6 Excluding shares held by the three Mitsui Group companies

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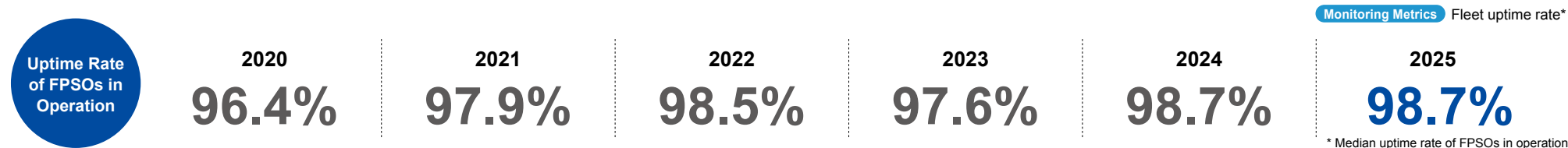
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MODEC's Global EPCI and O&M

Project Pipeline

Currently, MODEC is constructing four FPSOs and has 21 FPSO/FSOs in operation (as of the end of June 2026). We have undertaken 53 units to date and our cumulative years of operation exceed 350 years.

[illegible]

As of April 2026

■ EPC(I) Period ■ Charter Firm Period ■ Charter Option Period ■ O&M Period ■ O&M Option Period

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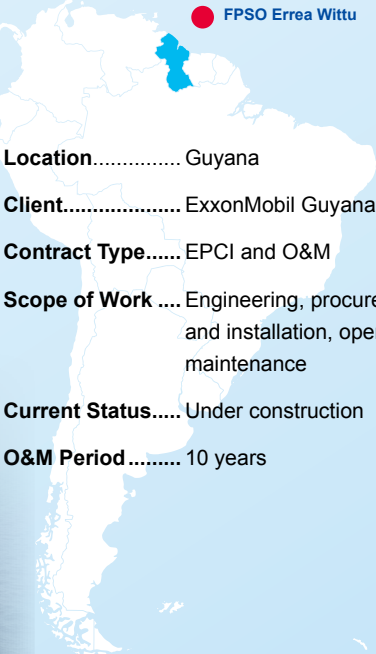
Spearheading Offshore Development with Next-Generation Technologies

In 2023, MODEC was formally awarded an EPCI contract and a 10-year O&M contract by ExxonMobil Guyana for the Uaru project offshore Guyana in South America. The Uaru FPSO project is MODEC's first floating production facility in Guyana. Leveraging our extensive track record in large-scale, highly complex deepwater FPSO projects, we will contribute to the stable supply of energy.

Project Milestones

- October 2022
Awarded front-end engineering design (FEED) contract for the FPSO
- May 2023
Awarded EPCI contract and O&M contract
- 2023
Commenced FPSO construction
- 2026
Scheduled to commence oil production

Project Outline

-  FPSO Errea Wittu
- Location..... Guyana
- Client..... ExxonMobil Guyana
- Contract Type..... EPCI and O&M
- Scope of Work Engineering, procurement, construction, and installation, operations and maintenance
- Current Status..... Under construction
- O&M Period 10 years

Project Overview

The FPSO Errea Wittu will be deployed for the development of oil fields, including Uaru, in the Stabroek block located approximately 200 km offshore Guyana. It is being designed and constructed based on the new built hull. The FPSO will produce 250,000 barrels of oil per day and will have an associated gas treatment capacity of 540 million cubic feet per day, a water injection capacity of 350,000 barrels per day, and an oil storage capacity of two million barrels. Using a spread mooring system, the FPSO Errea Wittu is scheduled to be deployed at a water depth of approximately 1,690 meters. Following the start of oil and gas production, MODEC will provide ExxonMobil with FPSO O&M services for a period of 10 years.



Vipul Sharma
Project Controls Manager
Singapore

Message from an Employee
A Team-Driven EPCI Project

Working as a Project Controls Manager in EPCI FPSO projects for over 10 years has provided me extensive experience in managing complex technical and operational challenges. Key challenges included managing engineering changes, supply chain constraints, tight project schedules, interface coordination, internal and external stakeholder management, transitions between project phases, and establishing operations in new countries, while ensuring accurate progress reporting and effective data management.

These challenges were addressed through building a strong project organization with capable and competent resources, implementing proactive planning, maintaining effective stakeholder engagement, and ensuring close coordination with subcontractors and vendors. Strategic thinking, contingency planning, and data-driven decision-making were essential in mitigating risks and maintaining smooth project execution.

Transparent collaboration with clients also played a significant role in achieving project success. What motivated me most throughout these projects was the passion and commitment demonstrated by the entire team. Successfully overcoming these challenges strengthened my problem-solving capabilities, enhanced my ability to perform effectively under pressure, and reinforced the value of teamwork. These experiences ultimately contributed to successful project delivery and the achievement of critical project milestones.

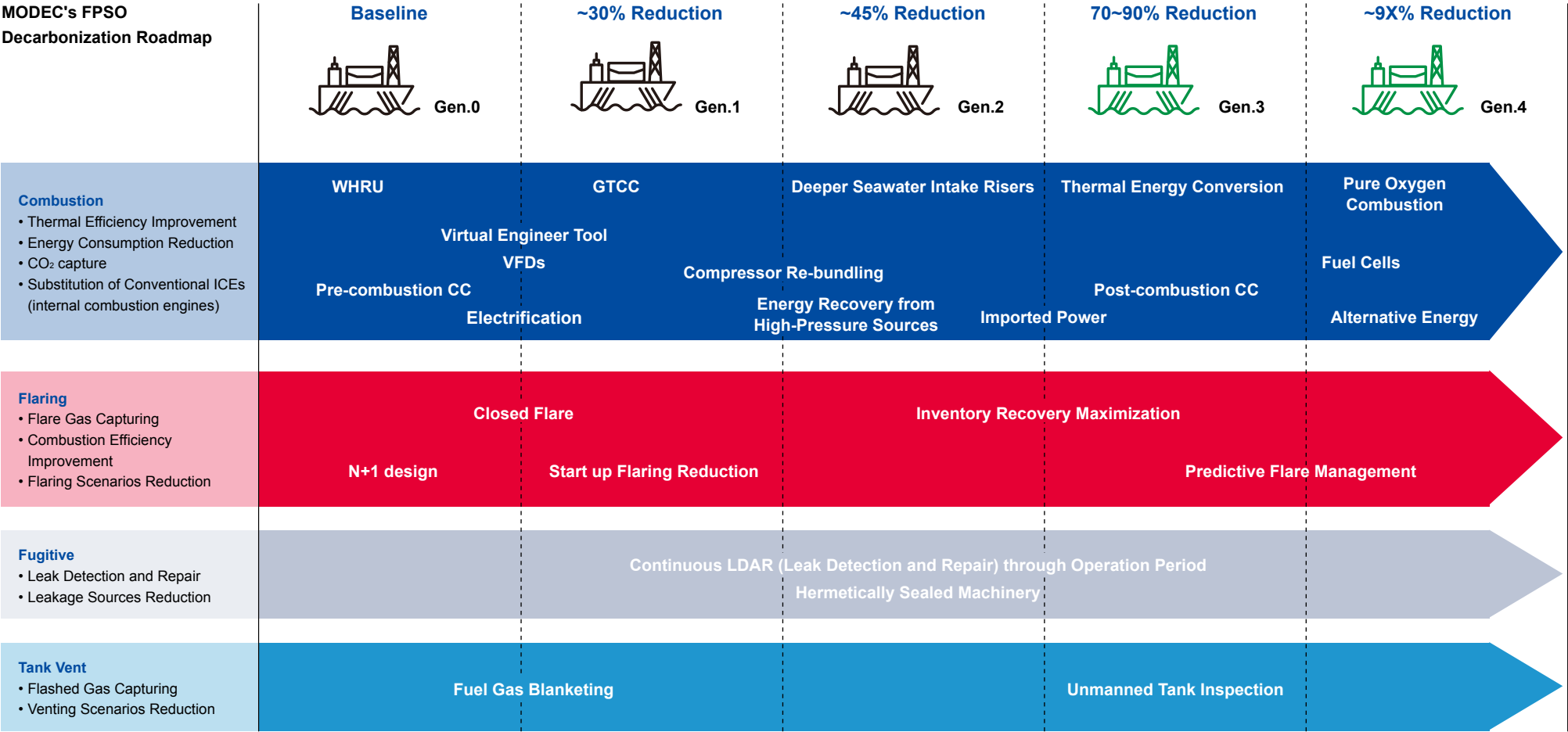
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MODEC's Global EPCI and O&M

Decarbonization of FPSOs

With the aim of achieving net-zero emissions by 2050, MODEC is promoting the decarbonization of FPSOs through measures that minimize the major sources of GHG emissions associated with crude oil production on FPSOs: fuel combustion, flaring, fugitive emissions, and tank vent.



EPCI Emissions Reduction

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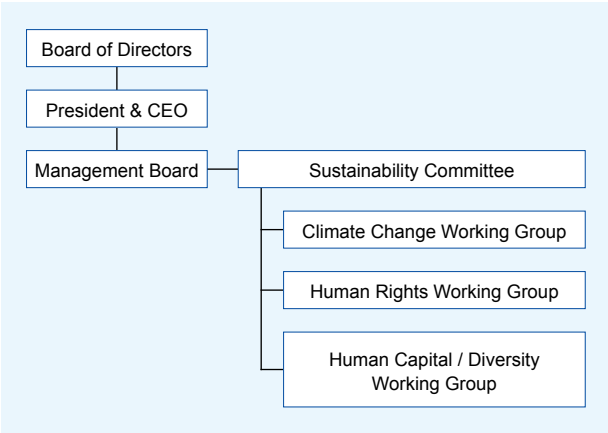
Sustainability Management

Sustainability Promotion Framework

To develop and promote activities aimed at resolving sustainability issues—and to manage and assess said activities—the MODEC Group established the Sustainability Committee under the Management Board. The Sustainability Committee is chaired by the executive vice president or, in the absence of an executive vice president, the executive officer in charge of the Corporate Planning & Strategies Department, and members include the presidents/CEOs of major subsidiaries and the executive officers in charge of the Corporate Planning & Strategies and Human Resource departments. The committee submits reports and makes recommendations to the Management Board and also reports to the Board of Directors as appropriate.

The committee met seven times in fiscal 2025 and primarily discussed the actions taken, as well as the processes for deciding thereon, by each working group to address the key themes of “climate change,” “human rights,” and “human capital/diversity.”

Sustainability Promotion Framework



Risk Management

In accordance with the Regulations of the Sustainability Committee, the Sustainability Committee evaluates the risks and opportunities pertaining to sustainability issues for the MODEC Group on a regular basis. Specifically, within the materiality identification process, sustainability issues relevant to the Company are identified, and the significance of each issue is assessed from the standpoint of both the Company and stakeholders. For issues determined to be of high importance, relevant risks are categorized and opportunities identified, after which an evaluation is conducted regarding their likelihood of occurrence and potential impact on business operations. In addition, the Sustainability Committee periodically reviews its sustainability issues of materiality based on insight gained through internal discussions, interviews with business partners, and dialogues with external experts, while also taking into account discussions held by management. Moreover, working groups have been established to assist the Sustainability Committee in carrying out its duties and

are tasked with conducting analyses and re-evaluations of risks and opportunities on behalf of the committee.

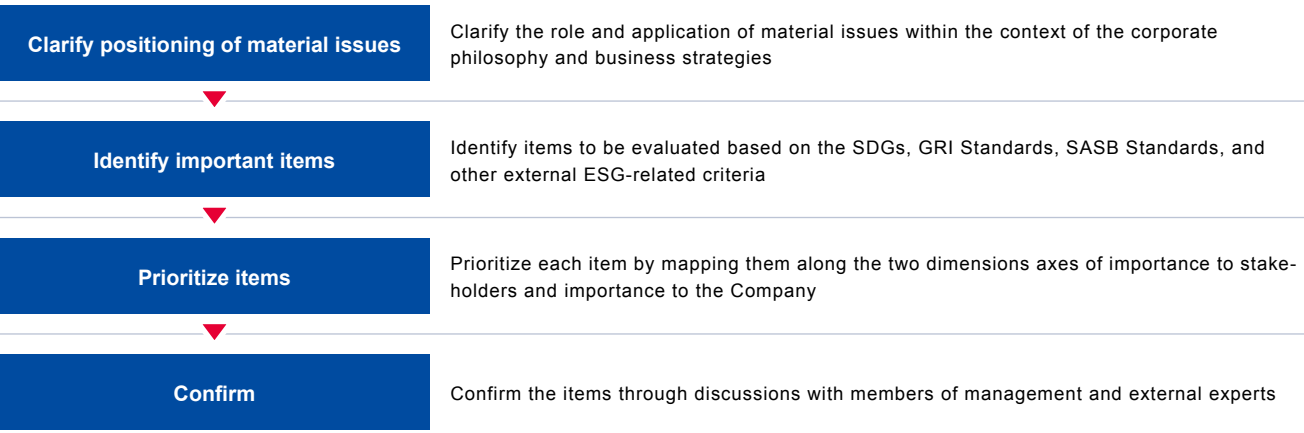
Sustainability Issues

The Company recognizes and defines its materiality as sustainability issues.

In fiscal 2023, we identified a set of important sustainability issues constituting our materiality that must be addressed. We will make the resolution of these sustainability issues a component of our medium- to long-term business strategies, strengthen our management foundation through both organizational and human resource development, create value unique to the MODEC Group, and contribute to solving global social challenges such as providing a stable and sustainable supply of energy and addressing climate change.

Sustainability Policy
<https://www.modec.com/sustainability/approach/>
Please see the above website for details.

Materiality Identification Process



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Climate Change

MODEC expressed its support for the TCFD recommendations in March 2023 and conducted scenario analyses with the aim of contributing to the achievement of global sustainability goals, such as the realization of a low-carbon and zero-carbon society. For our scenario analyses, we have selected two temperature pathway scenarios—4°C and 1.5°C—based on the Shared Socioeconomic Pathways (SSP) scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC).

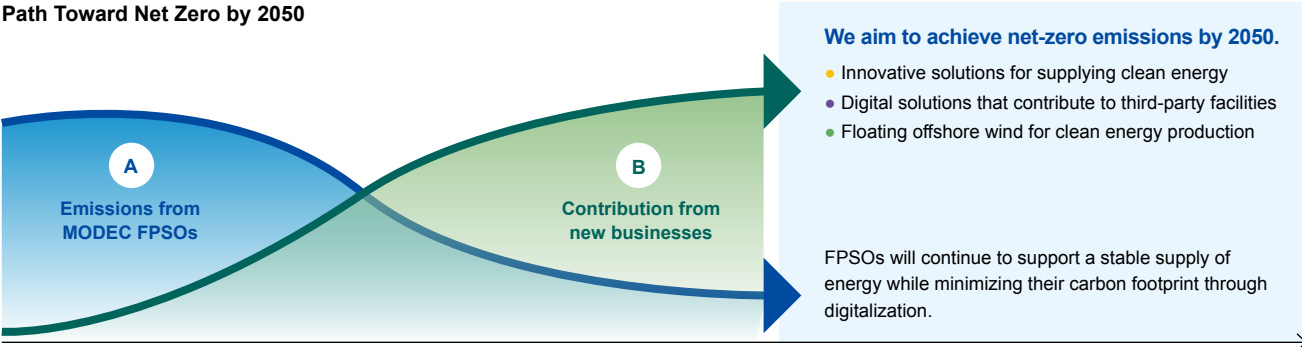
Targets and Roadmap

Diligently pursuing Business Model Evolution, MODEC aspires to achieve Net Zero by 2050

Ensuring the stable supply of energy has been our dedicated purpose for more than half a century. Now we take steps toward “stable” and “sustainable” supplies of energy, endeavoring to be a bridge toward the future. By leveraging our strengths and competencies, we will play two key roles in the energy transition.

- A** Continuing contributions to stable oil and gas supply by FPSOs, while minimizing GHG emissions
- B** Accelerating the business model evolution to contribute to clean energy generation

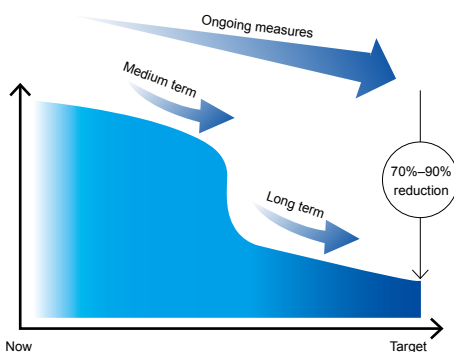
Path Toward Net Zero by 2050



A Promoting FPSO Decarbonization

MODEC has established FPSO Carbon Intensity as a strategic KPI and is systematically working to achieve the decarbonization of FPSOs.

* t-CO₂e per unit of hydrocarbon production



B Contributing to Emissions Reductions Through New Businesses

Floating Nuclear Power Plants (FNPPs)
MODEC believes that floating nuclear power plants (FNPPs) play a significant role in reducing greenhouse gas emissions and addressing the growing demand for electricity. FNPPs deliver stable baseload power, complementing renewable energy and helping stabilize grids in coastal and island regions. We are developing practical and scalable solutions to meet the rising demand for clean energy.

Ammonia FPSO
In the energy transition, low-carbon fuels such as ammonia are expected to play a meaningful role in decarbonizing the power and industrial sectors. MODEC is developing product concepts, such as Low-Carbon Ammonia FPSO, to address emerging demand. This floating solution enables the off-shore production of low-carbon ammonia using surplus associated gas generated during crude oil production, which is often reinjected today.

Jéssica Carvalho

Global Environmental Coordinator
Brazil



Message from an Employee Ocean Protection and Operational Excellence

As Global Environmental Coordinator, I work across regions to harmonize standards, strengthen compliance, and scale high performing environmental initiatives. Highlighting local teams’ best practices is a key driver of global HSSE.

At MODEC, ocean protection is inseparable from operational excellence: efficient, reliable processes reduce environmental impacts. To support that excellence, we are enhancing environmental data quality and reporting and integrating global programs, such as the Single Use Plastic Reduction initiative, with local efforts aligned with ISO 14001.

Understanding the environmental aspects of FPSO construction and operations is vital to protect the ocean and local communities. Managing multiple projects, we must consider cumulative and synergistic impacts. That understanding fuels our passion and discipline: every avoided leak, every cubic meter of effluent treated, and every ton of waste and CO₂e reduced matters.

Operational excellence goes beyond results: it prevents impacts, reduces risks, preserves the ocean, and signals long term growth potential.

Disclosure Based on the TCFD Recommendations

<https://www.modec.com/sustainability/tcdf.html>
Please see the above website for details.

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Process Safety

Process safety is a systematic management approach used in the oil, chemical, and other industries to prevent major accidents, such as fires, explosions, and marine oil spills, that could put people’s lives and the environment at great risk. Through process safety management, MODEC is promoting and strengthening initiatives to achieve zero major accidents by continuously maintaining risks at “As Low As Reasonably Practicable” (ALARP) levels.

MODEC’s Approach to Process Safety

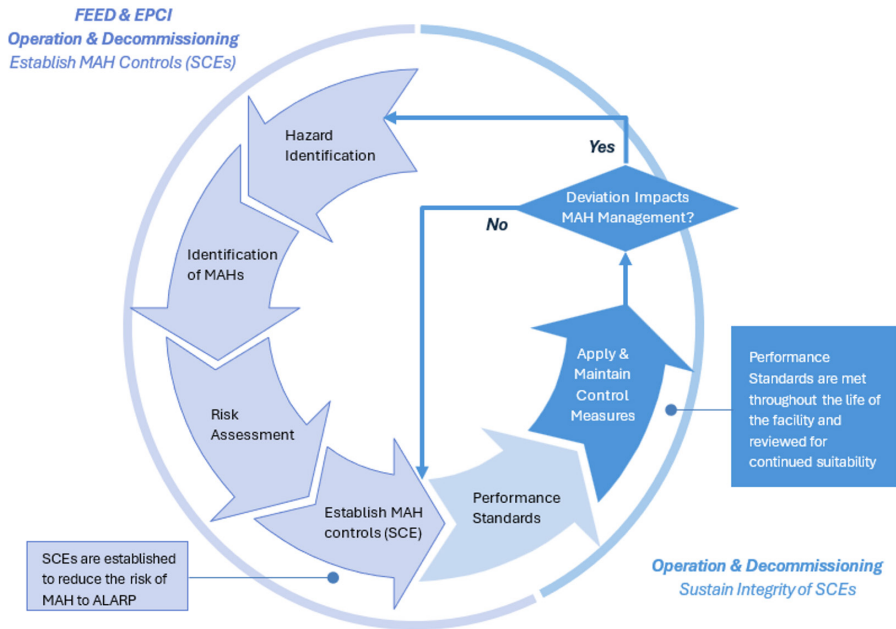
Leveraging MODEC’s strength across all stages of the FPSO lifecycle, from EPCI to operations, the Company practices Process Safety Management through designs and operations that incorporate lessons learned and reflect operational realities. Because each FPSO is bespoke, it is necessary to identify and assess major accident hazards on a project-specific basis. In addition to fires and explosions resulting from crude oil or flammable gas leaks, the assessment scope covers offshore-specific risks such as marine oil spills, vessel collisions, helicopter

incidents, and means of safe evacuation in emergencies. Accordingly, MODEC designs multiple safety barriers to ensure that human error and other potential causes do not directly lead to major accident events. Moreover, recognizing that FPSOs are operated by a limited number of personnel and in an isolated environment, MODEC aims to avoid excessive equipment additions by taking maintenance burden into account and designing for appropriate maintainability.

After commencing operations, MODEC verifies that safety barriers are properly maintained and continue to perform in line with their original design intent. If any safety barriers are found

not to be functioning properly, or proposed changes differ from the original design assumptions, risks are reassessed and necessary corrective or reinforcement measures are implemented to ensure that risks of major accidents are maintained at an ALARP level. In addition, MODEC strengthens Process Safety Management throughout the FPSO lifecycle by monitoring Process Safety Events (PSEs) during operations, providing continuous process safety training to employees, and incorporating lessons learned into the safety designs of future FPSOs as well as sharing them across existing FPSOs in operation.

MODEC MAH Lifecycle Management



Yusuke Urabe

Lead Engineer, Process Safety
Malaysia



Message from an Employee

The Importance of Process Safety at MODEC

The mission of process safety engineers is to prevent major accident events — and that is MODEC’s responsibility as well. Yet, as long as oil and gas are produced offshore, risks of major accidents cannot be reduced to zero. In the EPCI phase, which is constrained by budget and schedule requirements, we must decide how far to pursue safety design for the risks to be considered acceptable. In the operations phase, where conditions evolve continuously, we must judge whether it is acceptable to continue production at the current risk level. Precisely because there is such an ambiguity — no absolute answer — despite the clarity of our mission and responsibilities, it is essential that all employees align in the same direction and make sound, consistent decisions based on a shared safety philosophy. As an engineer leading Process Safety Management, I will continue to tackle these challenges.

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HSSE (Health, Safety, Security, and Environment)

KPI Occupational accidents and other related incidents

To achieve sustainable development and contribute to society, MODEC places the utmost priority on protecting the health and safety of not only its officers and employees but also its business partners, local communities, and all other stakeholders. At the same time, we are committed to safeguarding our business, assets, and the global environment. By fostering a strong culture of safety, we strive to achieve zero incidents.

Management System

To prevent accidents, losses and, environmental pollution—and to minimize any impact should such an incident occur—MODEC identifies potential hazards and thoroughly assesses risks, including the likelihood, frequency, and potential severity of harm or damage resulting therefrom.

Based on the assessments, we have established a wide range of measures and structures within the HSSE Management System to ensure the safety of all our operations and activities, including those involving affiliates, business partners, and stakeholders.

HSSE Commitment Statement

The HSSE Commitment Statement is the highest-level document in our HSSE framework, expressing MODEC’s strong commitment to health and safety, security, and the environment. Based on the statement, the HSSE Management System has established the Group HSSE Policy and standards that serve as a common framework for all business units and offices. The above policy and standards incorporate elements from international conventions, global standards, and oil and gas industry requirements. Furthermore, each office and business unit develops and implements specific procedures and compliance measures that adhere to local laws, regional regulations, and customer-specific requirements.

The CARE Program and a Culture of Safety

At MODEC, HSSE is not just a matter of compliance or a set of rules. We have established the Cultural Awareness Resides in Everyone (CARE) Program, which applies to all officers and employees. This behavior-based safety improvement initiative, with a focus on human factors, is designed to further promote our unique culture of safety across the organization.

HSSE Data

	2021	2022	2023	2024	2025
Exposure hours (employees and contractors)	57,003,832	64,004,670	43,697,775	53,885,127	59,011,628
Fatalities (employees and contractors)	2	0	0	0	0
Lost time injury frequency rate (employees and contractors)	0.18	0.11	0.32	0.24	0.31
Recordable occupational illness frequency rate (employees only)*	0.00	1.08	1.79	0.15	2.20

A table describing the full HSSE statistics is available via the below URL: <https://www.modec.com/sustainability/hsse.html>
* Due to a change in the calculation method from 2025, figures for 2023 onward differ from those presented in *Integrated Report 2024*.

Key Features of Our HSSE and CARE Program

- Our HSSE and CARE programs have the following four major features.
- **Stop Work Authority:** Any employee may immediately order a work stop if they witness unsafe behavior or conditions, ensuring MODEC does not tolerate any unsafe behavior or conditions.
 - **CARE Card:** A tool that allows all employees to easily report unsafe conditions or issues that need improvement, thereby enhancing safety.
 - **CARE Survey:** A regularly diagnosis of the level of safety culture, which shares weaknesses and strengths and areas that need improvement with all employees, thus aiding in the review of safety behavior and fostering a safety culture.
 - **Life Saving Rules:** A set of rules identifying particularly dangerous tasks, used to alert all employees through training and materials, to ensure awareness and safety.

MODEC Group HSSE Executive Committee

The MODEC Group organizes the “MODEC Group HSSE Executive Committee,” which supervises and monitors Groupwide activities pertaining to occupational health & safety, security, and environment. The committee is chaired by Global HSSE Lead and consists of CEO of MODEC, Inc., heads of each business unit, and Chief Compliance Officer.



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Human Capital

Basic Approach to Human Capital

At MODEC, we believe that our people are the source of our competitive strength. By harnessing the collective capabilities of employees throughout the Group, we strive to realize our vision of “Pioneering a world where the ocean and humanity co-exist in harmony.” In Mid-term Business Plan 2024–2026, we have committed to actively investing in human capital as a foundation for growth and transformation, alongside the decarbonization of FPSOs and the development of new businesses. In fiscal 2024, we also reviewed and updated our policies to further promote human capital management. Our specific initiatives include securing the talented personnel necessary to achieve our business strategies and building a strong management foundation. We are also working to create a diverse and inclusive workplace environment where every individual can maximize their value.

Human Capital Strategy

We aim to strengthen the profitability of our core FPSO business while creating new businesses and building a sustainable business model by strategically allocating management resources. To realize this business strategy, it is essential to secure talented individuals who can address challenges in each business area and to maximize the value of every employee. As part of our human capital strategy to achieve these goals, we are focusing on the following priority themes to attract, develop, and empower our talented personnel.



I Development of Human Capital Portfolio

To achieve our business strategy, we have identified three key areas where securing and developing talented personnel is essential:

i. Expansion of the FPSO Business

Focusing on strengthening profitability and promoting decarbonization initiatives in the FPSO business

ii. Creation of New Businesses

Driving the creation of new business opportunities, including floating offshore wind, digital solutions, and alternative energy, as well as other potential growth areas.

iii. Establishment of a Group Management Foundation

Enhancing the allocation of management resources, promoting Groupwide collaborations and synergies, and promoting sustainability and global governance

To attract and develop outstanding talented personnel in each of the above areas, we are focusing on the following three initiatives:

● Ensuring a stable workforce and developing talented personnel to enhance added value

- New hires: 1,276
- Total number of training participants: 7,762
- Average hours of training per employee: 52.1

Monitoring Metrics*

To improve profitability in the FPSO business, it is essential to attract and retain talented personnel with broad experience and knowledge. Given the nature of our business and industry, our human resources must be highly mobile. To secure an even more stable workforce, we are making the MODEC Group an attractive employer both in Japan and globally by enhancing working conditions and providing career

opportunities. In order to develop talented human resources, we are expanding Groupwide training programs and providing career opportunities to a broader range of employees. Through these efforts, we aim to enhance employee skills and experience.

● Developing talent to support the expansion of new businesses

To drive the creation of new businesses, it is essential to nurture individuals who possess expertise in both the FPSO business and new business development. For digital solutions, we are advancing human resource development through targeted training and related programs. To further these efforts, we established the New Business Development Group in January 2025, bringing together in-house talented personnel with relevant experience. This group will collaborate with the FPSO Business Unit to formulate and implement strategies and policies for identifying and commercializing new business opportunities, as well as to develop well-rounded human resources.

● Strengthening leadership development to build the foundation for Group management

Leadership/Manager Training

- Number of participants: 963
- Participation rate: 76.0%

Monitoring Metrics*

To maximize corporate value, we believe it is essential to develop leaders capable of making strategic decisions to drive transformation and defining the ideal state of the MODEC Group, while taking into account the unique business characteristics of each country and region. Within a globally unified framework, we will identify and nurture future executive leaders over the medium to long term and establish an environment that supports their continued success.

* Monitoring metrics: A metric used to monitor progress, even though a target has not yet been set (see page 19 for details)

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Human Capital

II Maintain the Infrastructure for Advancing Business Together as a Group

- Engagement score*1: 76%
- Turnover rate: 7.8%
- Voluntary resignation rate: 5.8%

Monitoring Metrics*2

*1 The engagement score is based on the results of the Employee Engagement Survey conducted in 2024, while the other metrics are based on results as of December 31, 2025.
*2 Monitoring metrics: A metric used to monitor progress, even though a target has not yet been set (see page 19 for details)

While preserving the autonomy of each country and regional office, we believe it is essential to operate our business based on common guidelines across the entire Group in order to establish a management structure that creates Group synergies. To this end, we are further strengthening the promotion of shared values and establishing a framework in which each office and employee can work toward the same goals.

Specific Measures
Instilling Our Core Values

To foster a culture based on our Core Values, “OCEAN”, we are promoting training programs that help employees embody these values, as well as initiatives to enhance communication skills and improve teamwork. Additionally, to further embed these values throughout the entire Group, we are implementing communication initiatives that convey management’s vision to employees and conducting workshops and related activities at each location.

III Create a Diverse and Inclusive Workplace

- Percentage of female employees*1: 19.7%
- Percentage of female managers (Non-consolidated)*2: 14.5%
- Percentage of female managers (Consolidated)*3: 11.2%

Monitoring Metrics*4

*1 As of December 31, 2025
*2 Including specialists at the managerial level
*3 Including offshore crew
*4 Monitoring metrics: A metric used to monitor progress, even though a target has not yet been set (see page 19 for details)

At MODEC, we believe that new ideas generated from diverse perspectives further strengthen our competitiveness. We thus aim to attract a broad range of talented individuals, regardless of personal attributes, and to foster a workplace culture where all employees can work with confidence and peace of mind.

Examples of Our Initiatives

Promoting Women’s Empowerment

To increase the percentage of women in management positions and core personnel involved in business execution in the future, we are focusing on career development for women and the cultivation of female leaders. As of December 2025, women accounted for 19.7% of all employees, 11.2% of personnel in managerial positions, and 16.7% of those occupying executive roles (on a consolidated basis). We will continue to implement initiatives to further increase these figures.

Female Employee Leadership Development Program

In fiscal 2024, we launched an initiative called “HERizon” in Singapore, aimed at developing female employees involved in business decision-making. HERizon is designed to empower future female leaders by equipping them with the skills and confidence needed to advance into decision-making roles. The program features discussions with professionals both inside and outside MODEC, as well as in-person training sessions. From fiscal 2026 onward, we plan to further expand individual programs and the mentorship system, creating additional opportunities and an environment that supports future-oriented, medium- to long-term career development.



International Women’s Day Events

Since fiscal 2022, we have commemorated International Women’s Day each year with events open to all Group employees. These initiatives are designed to foster a mindset shift not only among female employees but also among their male colleagues. The events provide an opportunity to celebrate the achievements and contributions of women at MODEC, while also recognizing the ongoing challenges they face. Through these efforts, we are deepening our commitment to diversity, equity, and inclusion (DE&I) and promoting the empowerment of women throughout the MODEC Group.



Marie Villarin-Chua
Senior Application Engineer
Information Management – EDS
Singapore

Message from an Employee
Empowering Diverse Talent and Promoting Digitalization

Digitalization at MODEC is transforming how we design, build, and operate, turning information into strategic advantage. Ensuring information is available, compliant and consistent provides reliable inputs for consumers. That is the core of Information Management: delivering the right information to the right people at the right time and place, empowering Global Digital and Analytics to turn trusted data into actionable insights and scalable solutions.

As an Application Engineer and now a Project EDS Lead, I’ve driven adoption of document centric workflows to data centric ecosystems where tags, models, and drawings serve as a single source of truth. I enforce standards, coach teams, and partner with stakeholders. Integrating applications and connecting them to the EPCI Digital Twin unlocks insights and strengthens data quality supporting Construction, MC/Commissioning and Operations.

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Human Rights

Our Fundamental Approach to Human Rights

At MODEC, we believe that respect for human rights is essential in our global business activities, and we are committed to upholding international human rights standards in every country where we operate. To fulfill our responsibilities to stakeholders, we strive to respect and protect the rights of all individuals. Recognizing the importance of human rights considerations in conducting business worldwide, we have established a policy for human rights that explicitly prohibits discrimination based on gender or nationality, as well as child labor and forced labor.

Please see the following website for details. <https://www.modec.com/sustainability/social.html>

Initiative

Implementation of human rights measures

Initiatives for Subcontractors

Since 2022, we have been working in collaboration with clients and consulting firms to conduct human rights assessments of major shipyards and other key subcontractors. When issues are identified, we work with subcontractors to address and remedy them.

Initiatives for Suppliers

We have established a policy for supply chain management to ensure a sustainable supply chain that is both environmentally and socially responsible. We require our suppliers to understand, embrace, and comply with our policies on human rights and labor practices.

When initiating business relationships, we conduct a prequalification screening of suppliers and require their understanding and compliance with our Code of Business Conduct and Ethics, which includes respect for human rights. Even after business transactions have been completed, we maintain an ongoing review process, including regular human rights risk assessments of all major suppliers.

Implementation of Appropriate Supply Chain

As a company conducting stable and continuous operations worldwide, we recognize that ensuring a sustainable supply chain that considers both environmental and social factors is one of the most critical issues for the continuation of our business. To address human rights, labor issues, and environmental

considerations, we have established a range of policies. In order to maintain an appropriate supply chain that is mindful of the environment and society, we require our suppliers to understand, support, and implement the following items.

1. No forced labor
2. No child labor
3. Safe and healthy working environments
4. Freedom of association and collective bargaining
5. No discrimination
6. No abuse and harassment
7. Labor management
8. Suitable remuneration
9. Anti-corruption measures
10. Environmental consideration

Fiscal 2025 Achievements and Future Initiatives

- Conducted MODEC's first saliency assessment considering relevant human rights risks to both our own workforce and workers in our supply chain.
- Developed domain expertise by granting membership of prominent offshore construction industry human rights association, "Building Responsibly" and onboarding MODEC's first dedicated human rights specialist.
- Ongoing design and development of a MODEC human rights due diligence program.



Jaewon Kim
Senior Human Rights Specialist
Singapore

Message from an Employee Addressing Human Rights Issues Across the Industry

Within the Human Rights Working Group, I formulate a Groupwide human rights program and monitor the human rights situation at each Group company.

The individuals to whom a company is responsible for protecting and respecting human rights are referred to as "rights-holders." At MODEC, these include employees, workers throughout the supply chain, and the members of communities surrounding our business sites. Among these, workers throughout the supply chain in developing countries are considered to be at a relatively higher risk of human rights violations.

To address these risks, MODEC has implemented various initiatives to respect human rights. In particular, we have continuously focused on understanding and improving the labor and human rights conditions of workers at shipyards. However, human rights risks vary by country. In some countries, long working hours are a concern, while in others, excessive recruitment and agency fees imposed on workers are a major concern for stakeholders. Because remediation of these issues is often complex, we are taking a long-term perspective and maintaining dialogue with our business partners, while advancing initiatives to improve the situation.

At MODEC, we believe that respect for human rights is a responsibility that should be viewed as important as our business activities. We will continue to embed this responsibility into our corporate culture to promote fair and responsible business practices for the benefit of all people involved in our business, including employees.

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Research and Development

Research and Development Policy

To realize its Mid-term Business Plan 2024–2026 “Explore a Sustainable Future with Innovation,” MODEC is advancing research and development activities based on two key objectives: Ensuring stable supply of energy via FPSOs while reducing greenhouse gas (GHG) emissions. Bridging to an alternative-energy society.

Strengthening Existing Businesses

Labor Saving (Safe Approach to Hazardous Tasks)

MODEC is conducting R&D to replace hazardous tasks, such as those in high places and confined spaces, with robotic technologies to achieve efficient equipment maintenance with a limited number of offshore personnel.

- Replacement of diver operations using remotely operated vehicles (ROVs) and autonomous underwater vehicles (AUVs)
- Cleaning robots and drones for measuring plate thickness

Integrity

MODEC is advancing R&D aimed at improving efficiency and reducing human error during the design and construction phases to ensure the stable operation of and achieve high asset integrity in FPSO projects.

- Development and deployment of AI chatbots employing computer vision, large language models, vision language models, and agentic RAG to accelerate and enhance design decision-making using legacy design information
- Automation of simulations and data processing and utilization of an enterprise data platform to improve quality and productivity in EPCI processes and advance project management
- Development and evaluation of repair technologies that do not involve the use of open flames, such as carbon fiber reinforced plastic-based hull repair techniques
- Joint effort with Shape Digital to enhance condition-based maintenance (CBM) and predictive maintenance (PdM) technologies and realize efficient AI-based safety risk assessments to further improve the maintenance efficiency of FPSOs

Reduction of GHG Emissions

MODEC is conducting R&D aimed at reducing GHG emissions from FPSOs by implementing measures against major emission sources in combination with the use of recovery and alternative technologies.

- Deployment of operational optimization solutions using digital twin technology and AI jointly developed with Shape Digital to the operations of existing FPSOs
- Practical implementation of high-efficiency combined cycle power generation module and commencement of operations on FPSO Bacalhau
- Development of post-combustion carbon capture (PCC)(technical evaluations for FPSO deployment toward the realization of innovative PCC pilot plants on FPSOs)
- Deployment of low-GHG power generation systems on FPSOs, including the initiation of design and fabrication of a solid oxide fuel cell (SOFC) pilot plant
- Installation of closed flare systems on existing FPSO platforms
- Development of digital tools to support predictive operations and reduce abnormal equipment shutdowns
- Emissions reductions through automated detection of vent and fugitive gas leaks using robotic technologies



Developing New Businesses

By combining the knowledge and technical assets gained through FPSO EPCI and operations, MODEC pursues feasible, differentiated solutions that are unique to the Company.

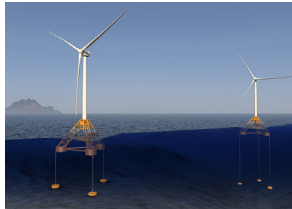
- Floating nuclear power plant: Development of floating concepts and power transmission systems
- Ammonia FPSO: Blue ammonia is produced from surplus associated gas and then stored and offloaded. CO₂ emissions generated during the ammonia conversion process and from on-site gas turbine generators (GTGs) are also captured.
- TLP-type floating offshore wind turbine and substations: Development of cost-competitive power generation systems leveraging our strengths in TLP-type floating and mooring technologies

In addition to the above, MODEC is working to develop the following systems toward practical implementation.

- Floating liquefied CO₂ storage and injection unit (FSIU)
- Development of systems for harvesting lithium from produced water and seawater



LCO₂ FSIU



iTLP™2-FOWT

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Research and Development

Initiatives to Strengthen Existing Businesses

- **In August 2025, Shape Digital, Shell Brazil, MODEC, and Unicamp Commenced Joint Development of AI-Based Risk Monitoring Methodology**

Shape Digital, Shell Brasil, MODEC Brasil, and the State University of Campinas (Unicamp) commenced the joint development of a new methodology for managing operational process safety in offshore units using AI.

Over the three-year duration of the project, funded by the Brazilian National Agency for Petroleum, Natural Gas and Biofuels, the partner companies will establish a new risk monitoring methodology using data and AI with a focus on addressing the degradation of safety barriers and gas leakage scenarios. Based on Shape Reef, a tool designed by Shape Digital that is already in operation and which helps increase the safety of operational processes, the project will combine computational fluid dynamics data and real field data to apply new AI models, enabling real-time visualization and faster decision-making. MODEC Brazil will provide expertise in FPSO operations, while the Company will contribute to safer and more stable operations.

https://www.modec.com/news/2025/20250813_pr_shape-digital.html
For further details, please refer to the website above.

Initiatives to Strengthen Existing Businesses

- **MODEC and Terra Drone Renew Joint Research and Development Agreement for FPSO Crude Oil Storage Tank Inspections**

MODEC renewed its joint research and development agreement with Terra Drone Corporation for the non-destructive internal inspection of crude oil storage tanks on FPSO systems using Terra UT drones. Measures undertaken in fiscal 2024, such as the enhancement of ultrasonic sensors, installation of gas detectors, upgrading of wire brushes, and use of tethered power supply, led to improvements in measurement



accuracy, safety, and operational efficiency. In fiscal 2025, the renewed agreement will focus on optimizing airframe structure and design to improve maintainability, advancing explosion-proof measures, enhancing the durability of tether cables and extending the length thereof, designing airframes for air transport, and introducing a new gel-free measurement method for inspections. By innovating drone inspection technologies, MODEC and Terra Drone will continue to contribute to improved occupational safety, reductions in labor, and greater operational efficiency.

https://www.modec.com/news/2024/20240701_pr_TerraDrone.html
For further details, please refer to the website above.

Initiatives to Strengthen Existing Businesses and Develop New Businesses

- **MODEC and Eld Energy Sign Memorandum of Understanding to Develop a 1.2 MW Power System Integrated with Carbon Capture for Future Zero-Emission FPSOs**

MODEC and Eld Energy AS of Norway announced the signing of a Memorandum of Understanding (MOU) to develop a highly efficient 1.2 MW power system integrated with carbon capture for application on FPSOs. Under the MOU, MODEC will develop the carbon capture facility and system integration for FPSOs. The 1.2 MW unit is targeted for onshore testing in 2029, followed by long-term demonstration.

The two companies have been progressively advancing development toward pilot testing of a 40 kW to 120 kW SOFC + carbon capture system since 2025, with the aim of demonstrating scalability and achieving integrated CO₂ management for offshore power generation. SOFCs convert chemical energy directly to electricity at high temperature and can accept multiple fuels. When combined with carbon capture from exhaust gas, SOFCs offer a practical pathway to full-scale decarbonization of FPSO power generation without compromising uptime.

https://www.modec.com/news/2026/20260604_pr_MoU_Eld-Energy.html
https://www.modec.com/news/2025/20250716_pr_SOFC.html
https://www.modec.com/news/2026/20260127_pr_SOFC.html
https://www.modec.com/news/2026/20260130_pr_SOFC-Ceremony.html
For further details, please refer to the websites above.



Integrated 100 MW SOFC + CO₂ capture system for FPSOs

Initiatives to Develop New Businesses

- **MODEC is awarded an Approval in Principle for a Liquefied CO₂ Floating Storage and Injection Unit**

MODEC gained an approval in principle (AiP) from the American Bureau of Shipping (ABS) and Bureau Veritas Marine & Offshore (BV) for a floating storage and injection unit (FSIU) that can receive, store, and inject liquefied CO₂ (LCO₂) into subsea wells at high pressure.

The FSIU has a maximum injection capacity of 10 million tons per annum and a minimum total tank storage capacity of 100,000 m³. Mitsui O.S.K. Lines participated in the concept design, contributing its expertise in LCO₂ transport. For the purpose of this AiP, the respective classification societies conducted a design review, validating the FSIU's technological and operational feasibility.

MODEC will accelerate the development of floating solutions within the CO₂ value chain, including FSIU.

https://www.modec.com/news/2025/20250911_pr_FSIU-AIP_ABS.html
https://www.modec.com/news/2025/20250912_pr_FSIU-AIP_BV.html
For further details, please refer to the websites above.

Initiatives to Develop New Businesses

- **MODEC Secures an Approval in Principle for an Innovative Floating Offshore Wind Power System**

MODEC received an approval in principle (AiP) from the American Bureau of Shipping (ABS) for its innovative offshore wind power system, iTLP2-FOWT (referred to as "i-TLPTM2").

Designed for water depths of at least 50 meters, this system utilizes a tension leg platform (TLP) structure, minimizing floater motions and seabed footprint compared with catenary mooring systems of conventional semi-submersible and spar platforms. This allows for the use of bottom-fixed offshore wind turbines; maximum power output from limited wind farm areas; and rapid construction and installation on any seabed.

https://www.modec.com/news/2025/20250731_pr_iTLP2.html
For further details, please refer to the website above.

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Corporate Governance

Basic Approach

MODEC strives to enhance its corporate governance in accordance with the fundamental principles of strict compliance, a focus on shareholder returns and securing management transparency. In order to secure transparency, we take a proactive approach to disclosing information in a timely and accurate manner.

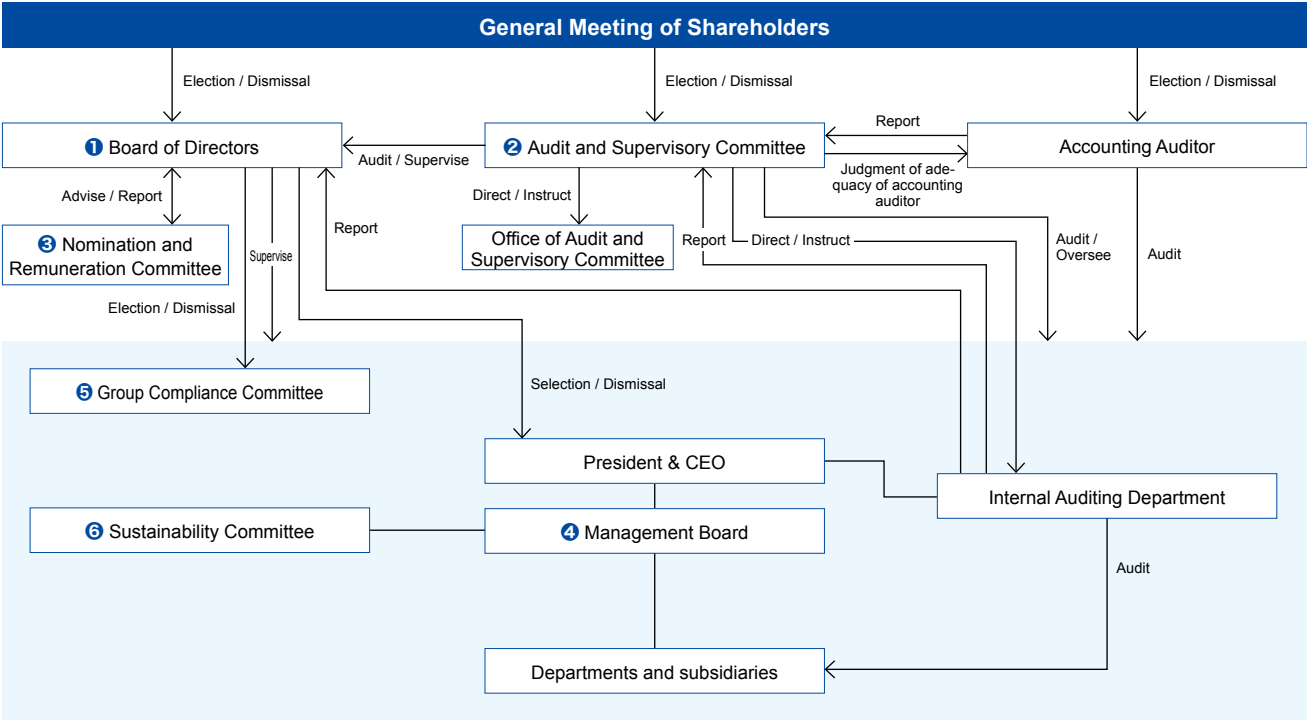
Corporate Governance System

In order to respond accurately to a rapidly and drastically changing business environment with greater speed, increase the agility and quality of management decision-making, and enhance the Group's corporate value, we transitioned from a company with a Board of Company Auditors structure to a company with an Audit and Supervisory Committee for the purposes outlined below, following a resolution to amend the Articles of Incorporation at the 38th Annual General Meeting of Shareholders.

- Promote the delegation of authority from the Board of Directors to executive directors, and establish a system in which the Board focuses on discussing management policies and strategies
- Strengthen the supervisory function of the Board of Directors and facilitate agile decision-making by including Audit and Supervisory Committee members as members of the Board

In addition, MODEC has introduced an executive officer system to delegate functions related to business execution from the Board of Directors, and to improve management efficiency and facilitate business execution.

Governance Structure



1 Board of Directors

The Board of Directors comprises 10 members: six directors (excluding directors who are Audit and Supervisory Committee members), of whom four are external directors, and four directors who serve on the Audit and Supervisory Committee, of whom three are external directors (as of March 27, 2025). The Board of Directors holds regular meetings once a month in principle, and extraordinary meetings as necessary. The Board secures management fairness and transparency by exercising its supervisory function over the Company's overall management, including the exercise of duties by officers. The Board also makes decisions on important business and other matters

based on laws and regulations, the Articles of Incorporation and Company rules.

2 Audit and Supervisory Committee

The Audit and Supervisory Committee includes four directors (three of whom are external directors). The Audit and Supervisory Committee meets once a month in principle, and holds extraordinary meetings as necessary. As an independent body entrusted by shareholders, the committee audits the execution of duties of directors who are not Audit and Supervisory Committee members.

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Corporate Governance

3 Nomination and Remuneration Committee

MODEC has voluntarily established a Nomination and Remuneration Committee under the Board of Directors with the aim of strengthening the functions of the Board with regard to the nomination and remuneration of directors and executive officers. We stipulate that in committees, independent external directors shall make up a majority of committee members in order to ensure transparency and objectivity, as well as fair and appropriate deliberations. As of March 27, 2025, the Nomination and Remuneration Committee comprises three independent external directors, including the chairperson. The committee holds meetings as necessary. The President & CEO attends the meetings as an observer.

4 Management Board

MODEC has established a Management Board as a management body for business execution based on the basic policy determined by the Board of Directors. It is composed of executive officers nominated by the President & CEO and approved by the Board of Directors. The Management Board holds regular meetings twice a month in principle, and extraordinary meetings as necessary. It makes decisions on important matters related to business execution based on the management strategy determined by the Board of Directors, and shares information through deliberations and reports.

5 Group Compliance Committee

MODEC has formulated the Code of Business Conduct and Ethics as a common code of conduct for the MODEC Group, its directors, executive officers, employees and all others engaged in the Group's business.

To ensure thorough compliance, MODEC has established the Group Compliance Committee as an organization directly under the Board of Directors. Members include executive officers, heads of major operating bases and lawyers. The committee,

chaired by the Chief Compliance Officer, holds regular meetings to monitor the status of compliance with laws and regulations and the Articles of Incorporation. In addition, it conducts compliance awareness-raising activities and holds training sessions for all officers and employees of the MODEC Group to promote understanding and ensure adherence to compliance-related matters.

6 Sustainability Committee

MODEC has established the Sustainability Committee as an advisory body to the Management Board with the aim of planning and promoting Groupwide initiatives targeting the resolution of sustainability issues, while also managing and evaluating the progress of said initiatives. It is chaired by the executive vice president (or, in the absence of an executive vice president, the executive officer in charge of the Corporate Planning & Strategies Department) and is composed of members including the presidents and CEOs of major subsidiaries. The committee submits reports and makes recommendations to the Management Board twice a year and provides updates to the Board of Directors as appropriate.

Transition to Stronger Governance



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Corporate Governance

Directors (Excluding Audit and Supervisory Committee Members)

						
	Hirohiko Miyata Representative Director President & CEO Tenure: 2 years and 9 months Number of shares held: 2,400	Ryo Suzuki Director Executive Managing Officer Tenure: 1 year Number of shares held: 200	Kazuki Shimizu External Director Tenure: 1 year Number of shares held: 0	Masayuki Sugiyama External Director Tenure: 1 year Number of shares held: 0	Masato Kobayashi External Director Tenure: 5 years Number of shares held: 0	Yuko Maeda External Director Tenure: 1 year Number of shares held: 0
Corporate management	●	●	●	●	●	●
International experience	●	●	●	●		
Legal and compliance					●	
Finance, accounting and taxation		●				
Internal control and governance	●	●	●		●	●
Human resource management and development				●		●
Environment and society	●	●		●		●

Reasons for Selecting Each Item in the Skill Matrix

Selection Criteria for Directors

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Corporate Governance

Directors (Audit and Supervisory Committee Members)

				
	Yoshihiro Takamura Director Audit and Supervisory Committee Member Tenure: 2 years Number of shares held: 1,522	Toshihiko Fujita External Director Audit and Supervisory Committee Member Tenure: 2 years Number of shares held: 200	Yuki Tanaka External Director Audit and Supervisory Committee Member New appointment Number of shares held: 0	Koichi Isobe External Director Audit and Supervisory Committee Member New appointment Number of shares held: 0
Corporate management	●			●
International experience	●		●	●
Legal and compliance		●		
Finance, accounting and taxation	●	●		
Internal control and governance	●	●	●	●
Human resource management and development		●	●	●
Environment and society			●	

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Corporate Governance

Main Fields of Experience of Directors

The skill matrix sets out the skills, knowledge, experience and abilities that members of the Board of Directors should possess. We have identified seven key areas: corporate management; international experience; legal and compliance; finance, accounting and taxation; internal control and governance; human resource management and development; and environment and society. Directors and directors who also serve as Audit and Supervisory Committee members are required to have the skills, knowledge, experience and abilities suitable for decision-making and supervision related to the operation of the Company, which conducts business globally. The main skills expected and the reasons for selecting them are as follows.

Reasons for Selecting Each Item in the Skill Matrix

Item	Reason for selection
Corporate management	In order to fulfill the role of overseeing management as expected of the Board of Directors, it is necessary to have knowledge and experience in corporate management.
International experience	Since our business mainly serves companies overseas (almost 100% of our sales are recorded overseas), and as we have a global value chain, it is necessary to have international experience.
Legal and compliance	Since negotiations with customers and contractors are complex and diverse, it is essential to comply with laws and regulations and to conduct business in accordance with established compliance standards. Relevant knowledge and experience are therefore required.
Finance, accounting and taxation	It is necessary to have knowledge and experience in finance, accounting and taxation in order to ensure sound management through accurate financial reporting and to address issues from a risk management perspective.
Internal control and governance	The establishment of an appropriate governance system is the foundation for sustainable growth, and it is necessary to have knowledge and experience in governance to exercise supervisory functions over subsidiaries operating around the world.
Human resource management and development	In order to maximize capabilities of employees, it is necessary to have knowledge and experience in human resource management and development, including the promotion of DE&I.
Environment and society	It is necessary to have a perspective that can serve as a foundation for innovation and new business initiatives in light of the trend toward decarbonization.

Selection Criteria for Directors

MODEC has voluntarily established a Nomination and Remuneration Committee under the Board of Directors with the aim of strengthening the functions of the Board with regard to the nomination and remuneration of directors and executive officers. We stipulate that in committees, independent external directors shall make up a majority of committee members in order to ensure transparency and objectivity, as well as fair and appropriate deliberations.

For the election and dismissal of directors who are Audit and Supervisory Committee members, determinations are made in accordance with the policies of “Article 13: Composition of the Board of Directors” and “Article 14: Procedures for the Nomination of Candidates and the Election and Dismissal of Officers” in the Corporate Governance Guidelines, taking into consideration the business experience and knowledge of each individual.

Initiatives for Board Diversity

Our basic approach is that the Board of Directors shall be composed of people deemed appropriate, taking into account the balance and diversity of knowledge, experience and abilities with respect to each business. We promote discussions from multiple perspectives to achieve sounder, more sustainable management by ensuring diversity of gender, international perspective, career background, age and other attributes.



Corporate Governance

Effectiveness Evaluation of the Board of Directors and Analysis

The Board of Directors conducts a self-assessment of its effectiveness annually. The evaluations and feedback gathered from each director are used to assess the effectiveness of the Board and to continuously monitor progress on identified issues, with the aim of further enhancing its overall effectiveness. We hereby disclose the summary of the effectiveness evaluation results for fiscal 2025 as follows.

Evaluation Methodology

- (1) Distribute a questionnaire to each director and obtain their anonymous responses (total of 51 questions)
- (2) Conduct individual interviews with seven independent external directors and three internal directors (about one hour each)
- (3) Appoint an external third-party organization to implement (1) and (2) above
- (4) Hold discussions by the Board of Directors based on the results of the questionnaire and interviews

Main Contents of the Questionnaire

- | | |
|---|---|
| • Role and Responsibilities of the Board of Directors | • Performance of external directors |
| • Board composition | • Support system for directors |
| • Board operations | • Director training |
| • Management strategy and business plans | • Dialogue with shareholders (investors) |
| • Internal control and risk management | • Efforts of the directors themselves |
| • Nomination and remuneration | • Evaluation of the Nomination and Remuneration Committee |
| • Performance of internal directors (excluding Audit and Supervisory Committee members) | • Overall summary |

Fiscal 2023 Evaluation

The following initiatives were implemented in fiscal 2023 to address the issues raised in the fiscal 2022 Board of Directors effectiveness evaluation.

Evaluation

- Using the transition to a company with an Audit and Supervisory Committee as a catalyst, we will proceed with a phased review of the criteria for proposals to the Board of Directors to further enhance discussion of medium- to long-term strategies, and strengthen follow-up on the progress of Mid-term Business Plan 2024–2026.
- To strengthen the effectiveness of MODEC Group governance, it is necessary to further enhance subsidiary management at a global level and the internal audit system.

Initiatives

- In order to further improve the monitoring function of the Board of Directors, we will proceed with strengthening the governance system and the gradual delegation of authority to the business execution side, and will enhance discussions of medium- to long-term strategies such as sustainability, and strengthen follow-up on the progress of Mid-term Business Plan 2024–2026.
- We will strengthen both organizational and human resources aspects of global subsidiary management.

Fiscal 2024 Evaluation

The following initiatives were implemented in fiscal 2024 to address the issues raised in the fiscal 2023 Board of Directors effectiveness evaluation.

Evaluation

- To enhance the Board of Directors' function as a monitoring board by placing greater emphasis on discussions regarding medium- to long-term management strategies and critical issues

Initiatives

- To enhance the Board of Directors' function as a monitoring board by increasing the focus on broader discussions concerning medium- to long-term management strategies and critical issues, utilizing opportunities for dialogue such as free discussions both among Board members as well as with outside parties

Fiscal 2025 Evaluation

The following initiatives were implemented in fiscal 2025 to address the issues raised in the fiscal 2024 Board of Directors effectiveness evaluation.

Evaluation

- It was confirmed that the Board of Directors is functioning effectively overall. However, in order to further enhance its effectiveness as a board that emphasizes oversight functions, the evaluation concluded that it is necessary to further enrich discussions regarding medium- to long-term management strategies and the further evolution of the Company's corporate governance.

Future Initiatives

- We will continuously ensure sufficient time for discussions on medium- to long-term management strategies and the further evolution of corporate governance, including through the use of off-site meetings, thereby enhancing the effectiveness of the Board's oversight functions.

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Corporate Governance

Remuneration of Directors

Basic Policy for Remuneration of Directors and Other Officers

The remuneration system for directors and other officers is determined in accordance with the following basic policy aimed at maximizing the value provided to shareholders and other stakeholders.

- The system shall be designed to function as an appropriate incentive commensurate with overall corporate performance and individual achievements in order to facilitate the medium to long-term enhancement of corporate value and the realization of the business plan.
- The system shall encourage directors and executive officers to perform their duties in accordance with their responsibilities by clearly outlining the roles, responsibilities and achievements of each director and executive officer.
- The system shall ensure that remuneration of directors and executive officers is set at a competitive level to attract the best talent in the market, while complying with regulations, guidelines and other relevant standards.
- The system shall determine remuneration based on appropriate governance and internal control, and shall be reviewed on a timely basis in light of the business environment and other factors.

Remuneration Framework

Directors (excluding non-executive directors)

- Remuneration structure
Remuneration for directors (excluding non-executive directors) consists of basic remuneration, which is fixed remuneration, bonuses, which are short-term performance-linked remuneration, and stock price-linked remuneration (performance cash), which is medium- to long-term performance-linked remuneration.
- Basic remuneration
Basic remuneration is a fixed amount calculated based on the director's position and is paid in cash.

- Bonuses
Bonuses are given as an incentive for achieving management goals. The amount of bonuses is determined by multiplying the position-based standard amount by a coefficient, which is calculated from the amount of consolidated net profit and cash flow for the applicable fiscal year, and by taking into account dividends paid.
- Stock price-linked remuneration (performance cash)
Stock price-linked remuneration is designed to promote the continued enhancement of corporate value over the medium to long term, provide incentives for future performance, and further align interests with shareholders. Under this system, stock points are granted each fiscal year based on position and business performance. At the time of retirement, the amount of remuneration is calculated by multiplying the accumulated stock points by the stock price as of the time of retirement. It will be paid in cash.

External directors (excluding Audit and Supervisory Committee members)

- Remuneration structure
From the perspective of ensuring appropriate supervision of business execution, remuneration consists solely of basic remuneration, without any performance-linked remuneration.
- Basic remuneration
Basic remuneration is a fixed amount paid in cash.

Remuneration (Fiscal2025)

Officer classification	Total remuneration (Million JPY)	Total remuneration by type (Million JPY)			Number of eligible officers
		Basic remuneration	Bonuses	Stock price-linked remuneration	
Directors (excluding Audit and Supervisory Committee members) (External directors included in above)	406 (31)	132 (31)	126 (—)	147 (—)	12 (8)
Directors (Audit and Supervisory Committee members) (External directors included in above)	62 (32)	62 (32)	— (—)	— (—)	4 (3)

Note: The above includes six Directors (including four External Directors), excluding Audit and Supervisory Committee Members, who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2025.

Process for Determining Officer Remuneration

The Board of Directors deliberates and decides on policies and regulations for determining officer remuneration based on recommendations from the Nomination and Remuneration Committee. In addition, the specific remuneration amount for each director and other officers is determined in accordance with established policies and regulations.

Remuneration for directors who are Audit and Supervisory Committee members

Remuneration for directors who are Audit and Supervisory Committee members is limited to basic remuneration and is determined through discussions among directors who are Audit and Supervisory Committee members.

Approach to Cross-Shareholdings

As a general rule, MODEC does not hold shares of stock for purely investment purposes. With respect to other investment stocks, including cross-held shares, from the perspectives of stock price fluctuation risk and improving asset efficiency, we do not retain such holdings unless it is deemed necessary for maintaining a business relationship or collaboration with the issuing company.

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Compliance

Group Compliance Committee

The Board of Directors of MODEC establishes the MODEC Group Compliance Committee for the purpose of assisting the Board in overseeing the Company and its subsidiaries' compliance with applicable laws and ethical standards that may impact the MODEC Group's business operations or public image; and monitoring and overseeing management implementation of policies and procedures to promote compliance with such laws and standards ("Compliance & Ethics Program"). The membership of the Committee consists of CCO and a member from the senior management of the Company, Officers from the Company's key subsidiaries and Legal counsel. An Audit and Supervisory Board Member is invited to join as an observer.

Code of Business Conduct and Ethics (CODE)

MODEC Group has developed the Code of Business Conduct and Ethics (CODE) to ensure that all directors, officers, and employees working on behalf of MODEC Group companies will follow the ethical and legal standards that apply to our work. In addition, we expect our business partners who act on MODEC Group's behalf - such as suppliers, contractors, consultants, and temporary workers - to abide by the standards of our Code.

The CODE is provided in seven languages (English, Portuguese, French, Spanish, Chinese, Vietnamese and Japanese) to help each local employee obtain good understanding by reading in his/her native language.

MODEC Ethics Hotline

The MODEC Ethics Hotline is a global compliance and ethics reporting system whereby members of the MODEC community can report suspected legal or ethical violations. The system is operated by an independent third party and is available 24 hours a day, 7 days a week, and 365 days a year. The MODEC Group is committed to safeguarding each reporter's right to anonymity, provided it is allowed by local laws, and will review reported concerns in a prompt and confidential manner.

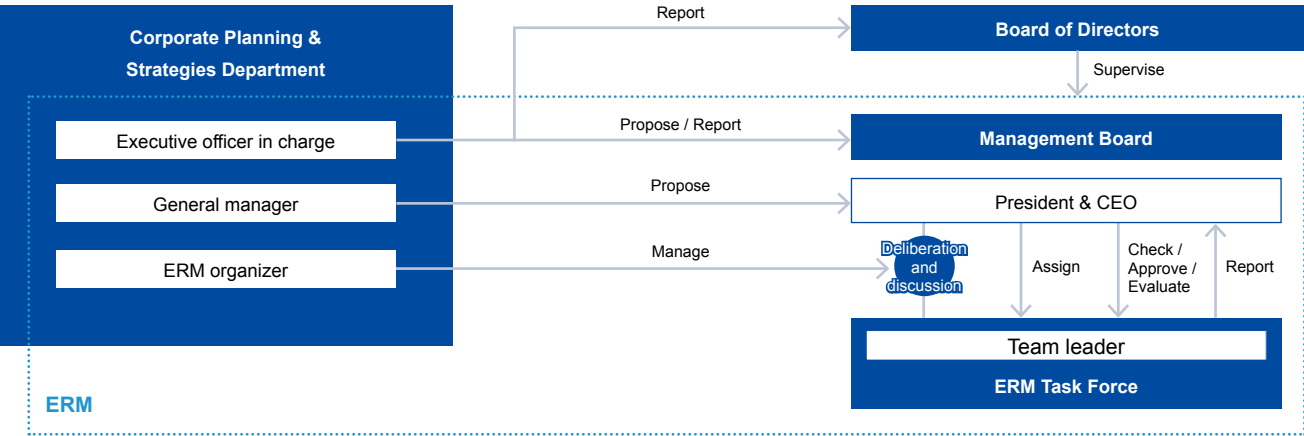
Risk Management

We manage risks related to the MODEC Group's business operations in accordance with Risk Management Regulations, which define the nature of risks and outline administrative procedures, Enterprise Risk Management Standards and other business-related regulations. In executing important operations that involve risk, approval documents are circulated to the President & CEO or the relevant executive officer in accordance with internal rules and regulations, and proposals are submitted to the Board of Directors and the Management Board. For the status of operations, relevant executive officers give a summary of business

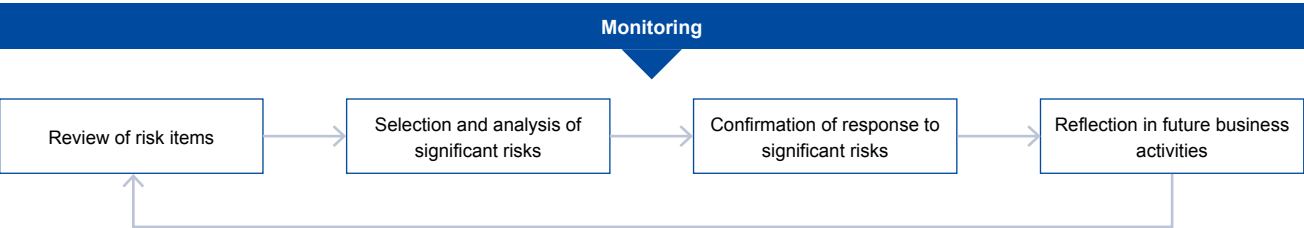
activities at meetings of the Board of Directors and the Management Board, and report on the status of risks related to the execution of these businesses to ensure thorough risk management.

In addition, to support the enhancement of the MODEC Group's corporate value and sustainable growth, we operate an Enterprise Risk Management (ERM) system—led by a cross-functional team headed by an executive officer—focused on identifying, assessing, addressing and monitoring business-related risks.

Risk Management System



Risk Management Process



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Risk Management

Business Risks

Risk Item		Details of Risks	Initiatives
Particularly Significant Risks	Impact from uncertain global situation	• Sudden political and economic changes on the global stage, labor–management issues, obstacles related to business practices, restrictions on fund transfers, and special taxes or tariffs may lead to delays in mobilizing personnel and procuring equipment and materials, potentially impacting project profitability and the Group's business performance. • Supply chain disruptions due to growing threats to economic and energy security, potential tariff increases, and heightening U.S.–China trade frictions may lead to an overly centralized supply chain and pose a threat to business continuity.	• Strengthen intelligence capabilities to expedite information gathering and consideration of countermeasures • Promote the diversification of major subcontractors to prevent excessive concentration in the supply chain and work with clients to disperse risks
	Impact from slump in oil prices	• A prolonged slump in crude oil prices may lead to delays in new project developments by oil majors, resulting in a temporary decline in project orders.	• Continue to develop the FPSO business, anticipating energy demand and the increasing need for floating offshore oil and gas production systems driven by the expansion of offshore oil exploration into ultra-deepwater regions
	Decline in asset integrity	• The aging of FPSO vessels ordered in the 2000s may contribute to lower operating rates and higher costs for maintaining and strengthening asset integrity. • While improvements are being made, the aging of vessels, insufficient maintenance, and the continued impacts thereof on profitability and business continuity remain a top priority for the Group.	• Greater emphasis on improving asset integrity over the past few years has led to improved conditions of older FPSO vessels • Continue to strengthen asset management and promote measures to enhance profitability
	Price fluctuation risk	• Geopolitical tensions and policy changes may impact inflation, foreign exchange rates, and other factors affecting prices, potentially reducing profitability. • Fluctuations in equipment and material prices and procurement costs may have an adverse impact on project profitability.	• Hedge price fluctuation risk to a certain extent through contracts with customers; work to reduce exchange rate risk by settling payments from customers and making payments to major suppliers in U.S. dollars • Shorten lead times and reduce costs by diversifying material and equipment suppliers and standardizing specifications
	Decrease in fossil fuel demand	• With the advancement of decarbonization, demand for oil and gas may gradually decline over the long term due to restrained fossil fuel-related investment by oil and gas companies and shifts in their business models. • Delays in responding to changes in the business environment may have an adverse impact on the Group's business portfolio and financial condition.	• Promote the development of unique floating solutions and mooring technology in the offshore wind and alternative energy businesses to diversify the business portfolio • Enhance ability to respond to business environmental changes by closely monitoring market trends and flexibly reviewing strategies
	Risks associated with new orders	• Increasing size and complexity of FPSOs have heightened the risk of completion delays, cost escalation, and performance shortfalls, while the limited number of shipyards with the requisite construction capacity has heightened concentration risk. • Participation by major overseas shipyards in the bidding for FPSO projects and other factors affecting new orders may lead to changes in the competitive landscape.	• Leverage our long-cultivated track record in maximizing lifecycle value from design and construction to operations and maintenance, positioning this expertise as a key source of our competitive advantage
Other Significant Risks	Major natural disasters	• Property damage, human casualties, and logistics disruptions as a result of natural disasters, such as earthquakes and wind and flood damage, as well as of pandemics may delay business activities, such as construction, leasing, chartering, and O&M.	• Work to minimize losses in the event of disasters through the formulation of Crisis & Emergency Management Standards, outlining the Group's framework and procedures for responding to a crisis • Mitigate impacts by continuously strengthening disaster prevention measures
	Laws and regulations	• Changes in permits and cost structures stemming from amendments or abolition of laws and regulations and the introduction of new regulations in Japan and overseas may impact the Group's business performance and financial condition.	• Ensure compliance with the laws and regulations of the countries in which we operate, closely monitor regulatory trends, and promptly implement necessary measures, such as obtaining permits and reviewing business processes and compliance frameworks

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Roundtable Discussion Between External Directors and the CEO

Turning On-Site Capabilities
into Management Strengths Through
Diverse Expertise—
Decision-Making in Times of
Uncertainty

1. Diverse Expertise and On-Site Capabilities
Underpinning MODEC's Continuous Growth

Miyata What distinguishes MODEC is, rather than being the result of expanding its domestic business foundation overseas, the Company's current global corporate structure was built primarily through a process via which overseas projects were mainly driven autonomously by on-site teams around the world. The track record accumulated and the challenges overcome by our on-site teams to date form the foundation of our competitiveness today.

Maeda Before assuming the position of external director, I thought that MODEC was primarily a company centered on construction. While I was familiar with the Company's name through my work at a national research and development agency, after becoming more closely involved with MODEC, I realized that the stable revenue model based on long-term leasing and O&M contracts firmly underpins its business foundation. The integrated business structure encompasses not only construction but also operations and maintenance thereafter and underpins both profitability and stability of its entire operations, and this, I believe, is an exceptional strength of MODEC's business model.

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External Director
Masayuki Sugiyama

External Director
Yuko Maeda

External Director
Toshihiko Fujita

Representative Director
President & CEO
Hirohiko Miyata



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Sugiyama From my perspective as an external partner, these end-to-end service and on-site capabilities are truly the source of MODEC's competitiveness. The ability to execute even highly complex projects is one of the Company's greatest strengths.

Fujita I knew MODEC was a globally established company; however, it was only after further familiarizing myself with the Company that I realized the breadth of its global business. MODEC's strengths lie in the data and know-how accumulated through its EPCI*¹ and O&M*² businesses. The Company has a mechanism in place to effectively apply the lessons learned from past projects to subsequent projects, and this virtuous cycle of knowledge-sharing plays a key role in its competitive advantage.

Maeda Like my fellow external directors, I strongly recognize the importance of on-site capabilities. Understanding the significance of maintaining such competitiveness overseas and sharing the knowledge and experience cultivated on-site across the Group as a whole will contribute to MODEC's further growth going forward.

Miyata Based on their possessing a certain level of authority and discretion to make decisions, our on-site teams have developed the ability to overcome issues as soon as they arise. Said ability is a key factor that drives MODEC's growth and which functions as a cornerstone of our industry position. However, these on-site strengths also carry the risk of suboptimization and overreliance on certain individuals. This is a Groupwide management issue that needs to be addressed from an organizational strength and governance perspective.

*1 Engineering, Procurement, Construction, and Installation (EPCI)
*2 Operations and Maintenance (O&M): A service in which MODEC Group employees, among others, stationed on FPSOs and FSOs installed offshore carry out oil and gas production operations, as well as perform maintenance, inspections, and management
*3 Floating Production, Storage and Offloading system (FPSO)

Sugiyama At Board of Directors' meetings, matters directly related to operations, such as safety, quality, and operational efficiency, are discussed on a continuous basis. The fact that strengths cultivated on-site are utilized in oversight at the Board level is one of MODEC's distinctive characteristics.

Fujita The atmosphere at Board of Directors' meetings allows external directors to speak candidly to members of management, after which the views of the former are reflected in the decision-making of the latter, thereby creating a positive cycle. I feel that such ongoing dialogue is bridging the gap between on-site personnel and members of management.

Miyata I believe on-site capabilities, which you touched upon, and diversity are core strengths of the Company. That being said, for a company to truly harness diverse expertise as a strength, ensuring smooth communication and enhancing the visibility and transparency of information are essential. Creating an environment in which on-site teams, members of management, and the Board of Directors can make decisions on a shared information platform is key to sustaining and enhancing our competitive advantage.

2. Key Areas of Focus for the Board of Directors Amid the Changing Business Environment

Miyata The increasingly uncertain business environment has undoubtedly made management decision-making more difficult. Furthermore, such an environment makes it harder for companies to identify solutions than it would otherwise tend to be when



operating in a highly predictable business environment. For this reason, it is important to maintain a certain level of flexibility and have alternative options available when making decisions.

Fujita Given the heightening geopolitical risks and the renewed awareness of the importance of a stable energy supply, MODEC's primary mission is to further strengthen its FPSO*³ business. Specifically, I believe maintaining and enhancing the competitiveness of existing businesses while promoting decarbonization and labor-saving measures is the Company's top priority right now. While it is certainly important to pursue new businesses and research and development initiatives in tandem, I believe that, currently, further strengthening the foundation of existing businesses should take greater priority.

Sugiyama I fully agree. We are seeing two major trends in the business environment: the increasing importance of energy security and the irreversible trend toward decarbonization. At present, energy security is particularly critical, and I believe one of

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MODEC’s most important undertakings is to enhance operational stability in its existing FPSO business and continue to generate steady cash flows. On that premise, the question is how to best execute growth investments over the medium to long term in areas highly compatible with the Company’s existing strengths.

Fujita Regarding growth investments and capital allocation, MODEC is expected to engage sincerely with shareholders, given its current strong performance. Particularly among institutional investors, there is an increased emphasis on medium- to long-term growth investments rather than shareholder returns, and it is essential that MODEC responds to these expectations.

The Company must demonstrate a clear path toward growth, not only through in-house initiatives but also by considering collaborations with other companies. Furthermore, I believe human resource development, which forms the basis of these efforts, is crucial to enhancing corporate value over the medium to long term.



Maeda Since assuming the role of external director, MODEC’s corporate value has increased significantly in a relatively short period, while the level of attention toward the Company has grown considerably. Amid this growth, I feel there is an expectation for MODEC to evolve its strengths from those that depend on individuals to those that enable the organization as a whole to demonstrate consistent performance. Therefore, great significance must be attached to the establishment of a system that allows for effective personnel rotation.

Moreover, the importance of strategies for intellectual property for mooring and other systems is rising. MODEC’s technologies and expertise are unique assets that cannot easily be imitated by other companies. I thus believe it is essential to protect these assets while effectively expanding into new technological and business domains.

Miyata Currently, MODEC is transitioning from a phase of accumulating cash flows to one of determining how to allocate capital to growth investments. While the Company’s heightening profitability has increased the number of variables to be considered by managements, I believe that sincerely demonstrating our approach to capital allocation—including new businesses, M&A, and collaboration with other companies—will help gain the trust of the capital markets. In that context, management that is mindful of cost of capital and share price is also gaining importance, and I intend to continue focusing on these areas with transparency and accountability in mind.

3. The Evolving Role of the Board of Directors in Supporting Growth Strategies

Miyata The role of the Board of Directors is becoming increasingly important in supporting decision-making for growth investments and capital allocation. Governance at MODEC consists of two main aspects. One is corporate governance, through which the Board of Directors oversees the execution of duties by management members, and the other is Group governance, which concerns how the Management Board for business execution governs our global businesses. In March 2024, MODEC transitioned to a company with audit and supervisory committee structure, promoting the delegation of authority from the Board of Directors to executive directors while strengthening the Board’s function as a monitoring board.

Maeda Board of Directors’ meetings are conducted in an atmosphere where external directors with diverse areas of expertise can candidly share their insight and concerns, and I believe the Board is functioning at a high level overall. In addition, the scope of monthly financial reporting, including information on dialogues with investors, has expanded, enabling discussions based on capital market perspectives.

Fujita I share the same view. The transition to a company with audit and supervisory committee structure in March 2024 was a major turning point. While the delegation of authority to executive directors has accelerated decision-making, I feel that internal audit functions have also become stronger and that governance is steadily improving.

Moreover, the establishment of the Corporate Governance Department has strengthened the Board’s

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secretariat function, improving both the management of agenda items and the quality of information provided.

Maeda Another major strength evident at Board of Directors' meetings is that when directors with different areas of expertise address the same agenda items, issues not easily identifiable from an individual perspective naturally begin to appear when viewed from multiple angles. Because diverse expertise functions as a platform for sharing insight, I feel that the quality of management is improving. Nonetheless, it is important to consider how the knowledge cultivated on-site will be incorporated into discussions within corporate functions and at the Board level. For example, having personnel with experience overseeing on-site operations participate in corporate functions could lead to more effective sharing of knowledge and experience. In addition, in terms of enhancing the diversity of the Board of Directors and across the organization as a whole, I believe promoting diversity, equity, and inclusion and the advancement of women are essential.

Sugiyama The points you raise are certainly important. While the Board of Directors has strengthened its role as a monitoring board, enhancing its effectiveness requires further improvements to secretariat functions and human resource development. Personally, I focus on bringing both an on-site perspective as a business partner and a capital perspective as a shareholder to Board meetings. By presenting issues regarding customers and the capital markets based on information acquired firsthand, I hope to contribute to more in-depth discussions. At the same time, given my involvement as a business partner, I refrain from engaging in decisions on agenda items that may involve a conflict of interest. In these ways, potential conflicts of interest

are avoided and managed appropriately through effective oversight by independent external directors.

Fujita At regular Board meetings, time and agenda constraints sometimes make it difficult to sufficiently discuss medium- to long-term themes. In response, the Company has been conducting off-site meetings since fiscal 2025 to discuss medium- to long-term issues, and such initiatives have proven effective. Having a forum independent of regular Board meetings, where we can receive briefings from the executive side and exchange opinions candidly, enables more grounded and in-depth discussions on medium- to long-term themes.

In fiscal 2025, two off-site meetings were held: one on digitalization and the other on research and development and new business development. At the meeting on digitalization, discussions centered on the potential uses of data accumulated through the FPSO business. Recognizing the possibilities of such data not only for internal use but also in sales activities involving third parties was particularly meaningful.

Miyata I believe these off-site meetings are also important for bridging the information gap between external directors and management. There would be some information bias on both sides based on their respective areas of expertise, so it is important to utilize that information in a complementary and objective manner.

Maeda I strongly agree. I believe external directors have a duty to pose questions from a different perspective than that of the executive side. Adopting perspectives that enhance the quality of discussions, including even that of someone asking basic questions regarding the inner workings of a particular



business they are unfamiliar with, is a key role of external directors.

Fujita Exactly. I believe one of the roles of external directors is to provide insight. Rather than presenting answers, our role is to deepen discussions by posing questions that ensure everyone can arrive at a consensus on a particular matter.

Miyata I'd like to thank you all for your valuable input. MODEC is a truly unique global company, and it is essential that we pursue management and governance structures befitting such a company. There is a saying that resting on your laurels leads to complacency and failure, so I believe boldly taking on new challenges is important. I hope that each director will draw on their career accomplishments, experience, and networks to the fullest to further enhance the added value of the Board of Directors. By building on the trust between the Board of Directors and the wider management team, we aim to enhance our corporate value, the sustainability of our business, and our growth potential.

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Eight-Year Financial Data

	Japanese GAAP			IFRS					(USD million)
	2018	2019	2020	2021	2022	2023	2024	2025	
Consolidated Operating Results									
Order backlog	9,796	12,662	12,749	11,671	10,934	16,817	12,944	18,588	
Revenue	1,998	3,036	2,994	3,899	2,739	3,574	4,186	4,581	
Operating profit	134	(44)	(208)	(317)	75	192	322	437	
Profit attributable to owners of parent	197	(166)	(126)	(363)	37	96	220	360	
Consolidated Financial Position									
Total assets	3,092	3,498	3,454	3,425	3,136	3,887	4,496	4,762	
Total equity	1,484	1,144	918	555	841	1,035	1,198	1,474	
Total debt*1	279	226	130	426	393	570	514	420	
Cash and cash equivalents at end of year	461	478	638	810	492	1,013	1,253	1,326	
Cash flows from operating activities	407	(29)	299	152	(208)	485	560	244	
Cash flows from investing activities	(37)	239	(7)	(220)	(56)	(210)	(122)	5	
Cash flows from financing activities	(153)	(189)	(134)	265	(49)	241	(186)	(194)	
Performance Indicators									
Adjusted EBITDA*2	271	91	93	76	202	306	328	440	
Return on equity (ROE)	15.1	(13.3)	(12.3)	(52.7)	5.6	10.7	20.3	27.4	
Price-to-book ratio (PBR)	0.8	1.2	1.2	1.3	0.7	1.1	1.2	3.5	
Ratio of equity attributable to owners of parent	44.5	31.8	25.6	15.5	25.9	25.5	26.3	30.5	
Stock Information									
Dividends per share (JPY)	52.5	45.0	45.0	15.0	0.0	20.0	80.0	140.0	
Payout ratio (%)	13.5	—	—	—	0.0	10.0	15.7	16.9	
Net assets per share (JPY)	2,707.95	2,161.43	1,622.30	9.45	14.40	14.53	17.28	21.26	
Stock price (JPY)	2,273	2,665	1,873	1,377	1,362	2,318	3,345	11,900	
FX rate (JPY / USD)	111.02	109.54	103.50	115.01	132.71	141.83	158.15	156.53	

Note: We applied Japanese GAAP through fiscal 2020 and have adopted International Financial Reporting Standards (IFRS) since fiscal 2021.
1. Total debt: Borrowings (current liabilities) and bonds and borrowings (non-current liabilities)
2. Adjusted EBITDA: EBITDA adjusted for one-time items, specifically related to impact of COVID-19 and the special maintenance campaign

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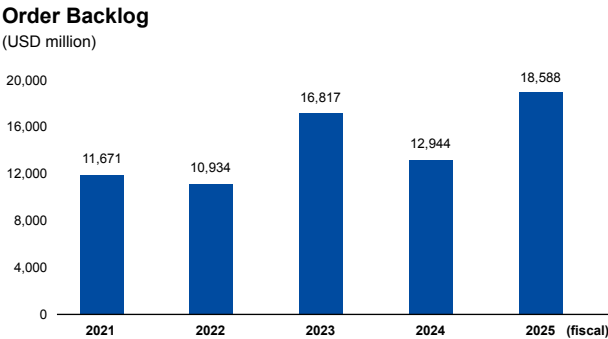
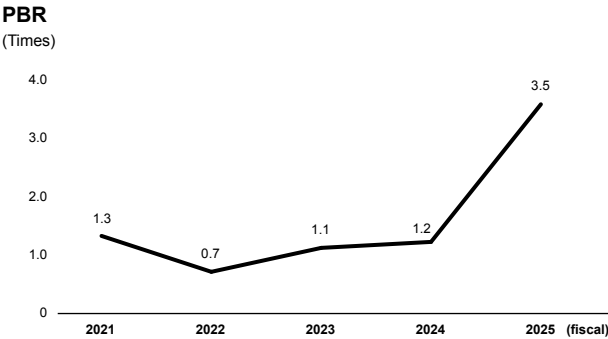
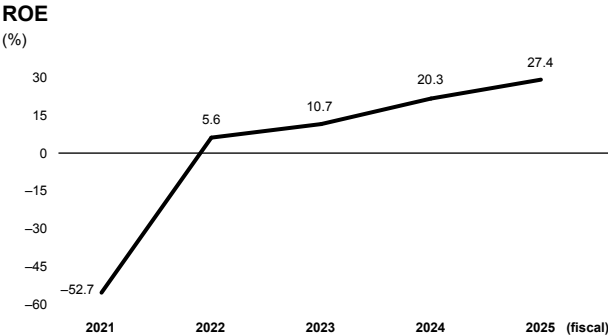
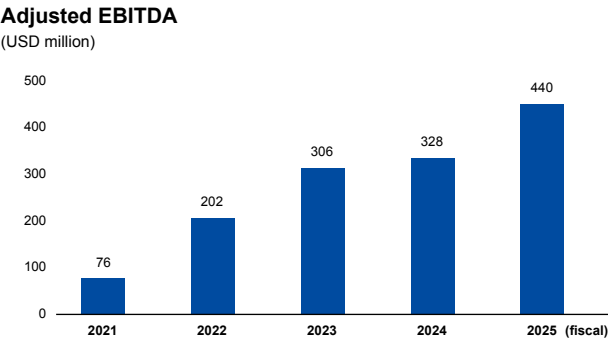
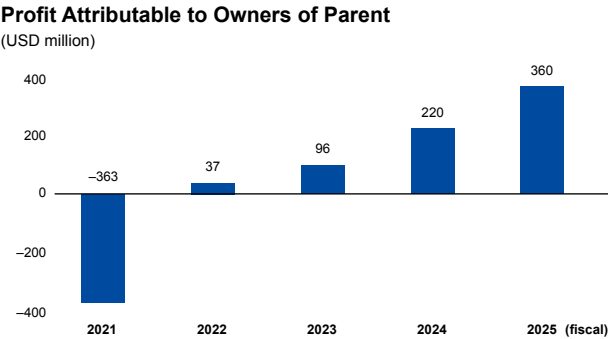
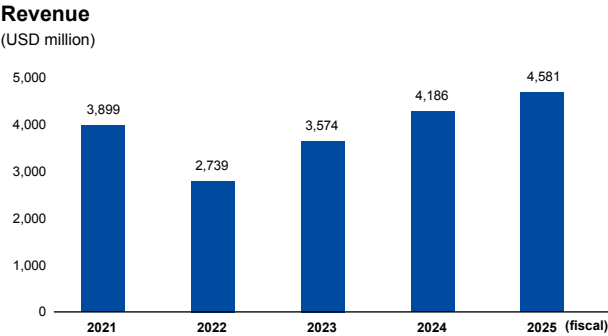
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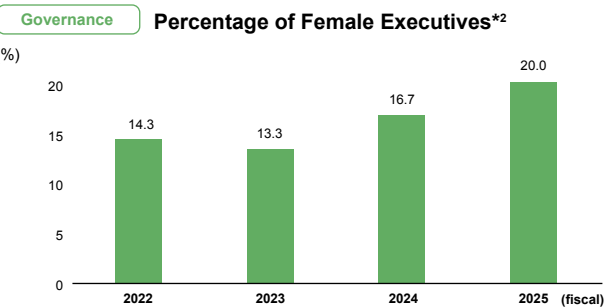
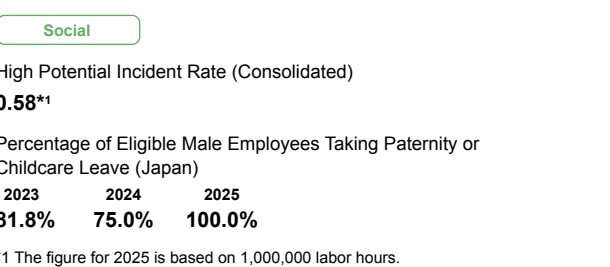
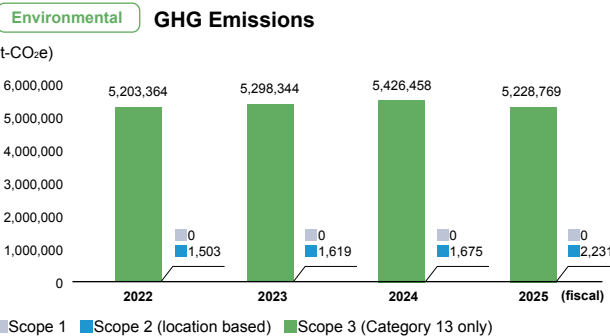
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REPORT
2025

Financial and Non-Financial Highlights

Financial Highlights



Non-Financial Highlights



*² The percentage of female directors. For fiscal 2022 and fiscal 2023, the percentage of female directors and auditors was calculated based on the structure of a company with a Board of Company Auditors, prior to the transition to a company with an Audit and Supervisory Committee.

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Company Profile and Stock Information

Company Profile (As of December 31, 2025)

Company Name
MODEC, Inc.

Date of Establishment
June 1, 1987

Capital
18,166.86 million yen

Number of Employees (Consolidated)*
6,998

Head Office
Nihonbashi Maruzen Tokyu Building,
3-10, Nihonbashi 2-chome, Chuo-ku,
Tokyo 103-0027, Japan

* Including average number of temporary employees

Stock Information (As of December 31, 2025)

Stock Exchange Listing
Tokyo Stock Exchange, Prime Market

Securities Code
6269

Fiscal Year
From January 1 to December 31

Ordinary General Meeting of Shareholders
Each year in March

Number of Shares Authorized
102,868,000

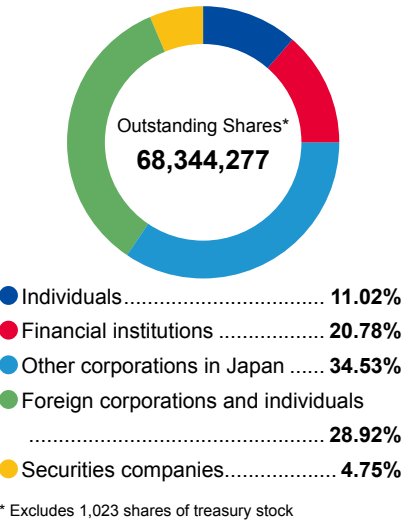
Number of Shares Outstanding
68,345,300

Number of Shareholders
29,886

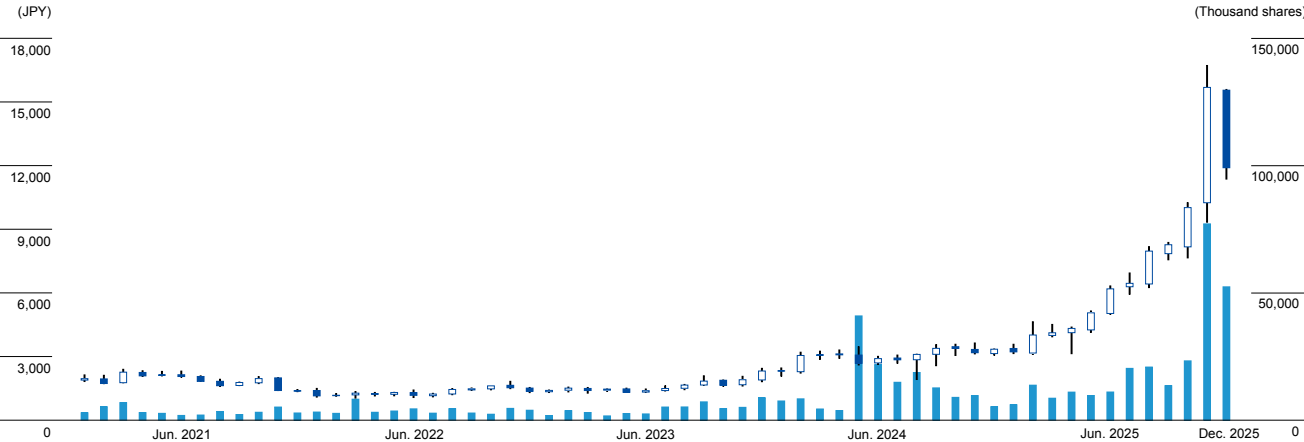
Shareholder Registry Administrator
1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Sumitomo Mitsui Trust Bank, Ltd.

Contact
Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Ltd. 8-4, Izumi 2-chome, Suginami-ku,
Tokyo 168-0063, Japan

Share Distribution (By Type of Shareholder)



Stock Price and Trading Volume (As of December 31, 2025)



Major Shareholders

Shareholder	Number of Shares Held	Shareholding	Ratio (%)
Mitsui O.S.K. Lines, Ltd.	10,251,800		15.00
MITSUI & CO., LTD.	10,162,300		14.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,151,000		11.92
Custody Bank of Japan, Ltd. (Trust Account)	4,495,006		6.57
Mitsui E&S Co., Ltd.	2,502,400		3.66
THE CHASE MANHATTAN BANK N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	1,406,617		2.05
J.P. MORGAN BANK LUXEMBOURG S.A. 384513	1,291,673		1.88
STATE STREET BANK AND TRUST COMPANY 505223	1,127,138		1.64
JPMorgan Securities Japan Co., Ltd.	803,948		1.17
BNYM AS AGT/CLTS 10 PERCENT	753,811		1.10

Notes:
1. The shareholding ratio is calculated excluding treasury stock (1,023 shares).
2. Treasury stock does not include MODEC shares held by trust accounts under the Stock Remuneration Plan for Directors.

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