



1H 2024 Financial Results Summary

August 9, 2024

This presentation has been prepared by MODEC, Inc. (the “Company”) solely for information purpose only. The information contained herein is based on current economic, regulatory, market trends and other conditions. The Company makes no representation or guarantee with respect to the credibility, accuracy or completeness of the information herein. The information contained herein may change without prior notice. You may not publish or use this presentation and the contents thereof for any other purpose without a prior written consent of the Company. Furthermore, the information on future business results are forward-looking statements. Forward-looking statements include but not limited to expressions such as “*believe*”, “*expect*”, “*plan*”, “*strategic*”, “*expect*”, “*anticipate*”, “*predict*” and “*possibility*”, as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management's judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, you may not rely entirely on forward-looking statements. The Company does not assume any obligation to change or correct any forward-looking statements in light of new information, future events or other findings.

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. In giving this presentation, the Company does not undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company.

Information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the accuracy and appropriateness of such data and indicators presented in this document.

- I. 1H 2024 Highlight
- II. Industry Landscape
- III. Financial Summary
- IV. Financial Guidance
- V. Appendix

I. 1H 2024 Highlight

Revenue

\$ 1,877MM

- 48% achievement ratio against FY2024 original guidance
- \$289MM (+18%) increase compared to 1H 2023

Net Income

\$ 124MM

- 103% achievement ratio against FY2024 original guidance
- \$100MM (+421%) increase compared to 1H 2023
- Record high for the first half of the fiscal year

Adjusted EBITDA

\$ 210MM

- \$55MM (+35%) increase compared to 1H 2023

Credit Rating (Fitch)

BBB-/Positive

- EPCI: Steady progress of 3 EPCI projects
- O&M: Improved uptime of the fleet & absence of Special Maintenance in 1H 2024
- Charter: Commencement of two new charter (MV32 - 2023/5: MV33 – 2023/8)

Woodside Sangomar FPSO

Achieved First Oil and Started Operation in June 2024



- The FPSO is safely delivered and deployed 100 kilometers south of Dakar, [Senegal's first offshore oil development](#).
- MODEC provides the operation and maintenance services for the FPSO.

Client	Woodside Energy B.V.
Contract	EPCI + O&M (10 years+ 10 one-year extension options)
Field	Sangomar Field
Country	Senegal

Shell Gato do Mato FPSO

Secured New FEED Contract in March 2024



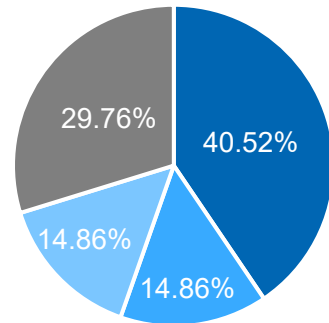
- MODEC was awarded [single source Front-End Engineering and Design \("FEED"\) contract](#).
- The FPSO will be moored at a water depth of approximately 2,000 meters, 250 kilometers off the coast of Brazil. It would be the second unit to be delivered to Shell by MODEC.

Client	Shell do Brasil Ltda
Contract	FEED Contract
Field	Gato do Mato Field
Country	Brazil

1H 2024 Highlight

Secondary Offering of Shares / Efforts to Reduce GHG Emissions

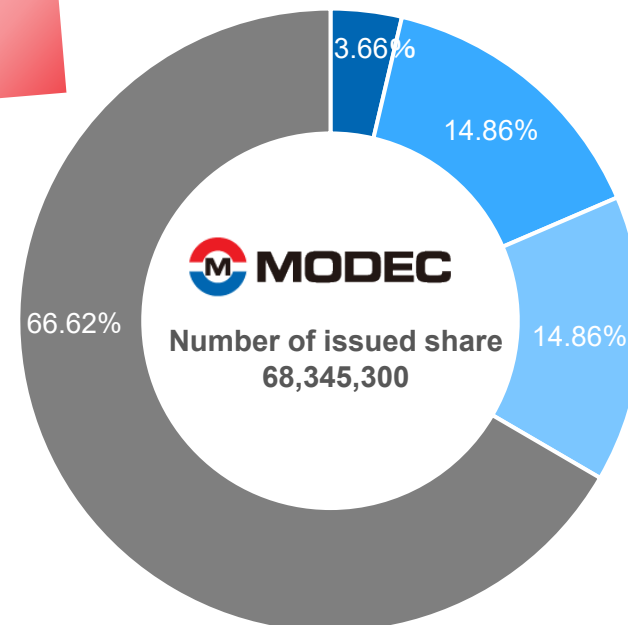
Secondary Offering of Shares Completed in May 2024



¹ ■ MES ■ Mitsui ■ MOL ■ Public

- Mitsui E&S (“MES”), which owned 40.5% MODEC shares, sold 36.9% of the shares to the public market through the secondary offering in May 2024.
- While the relationship with the Mitsui Group companies is maintained, the secondary offering is expected to **expand the MODEC's shareholder base, improve the market liquidity of MODEC shares, and satisfied the listing criteria for the Prime Market** of the Tokyo Stock Exchange's Prime Market.

- MODEC transitioned to a company with an Audit and Supervisory Committee after the approval at the Annual General Meeting of Shareholders held in March 2024.



■ MES ■ Mitsui ■ MOL ■ Public

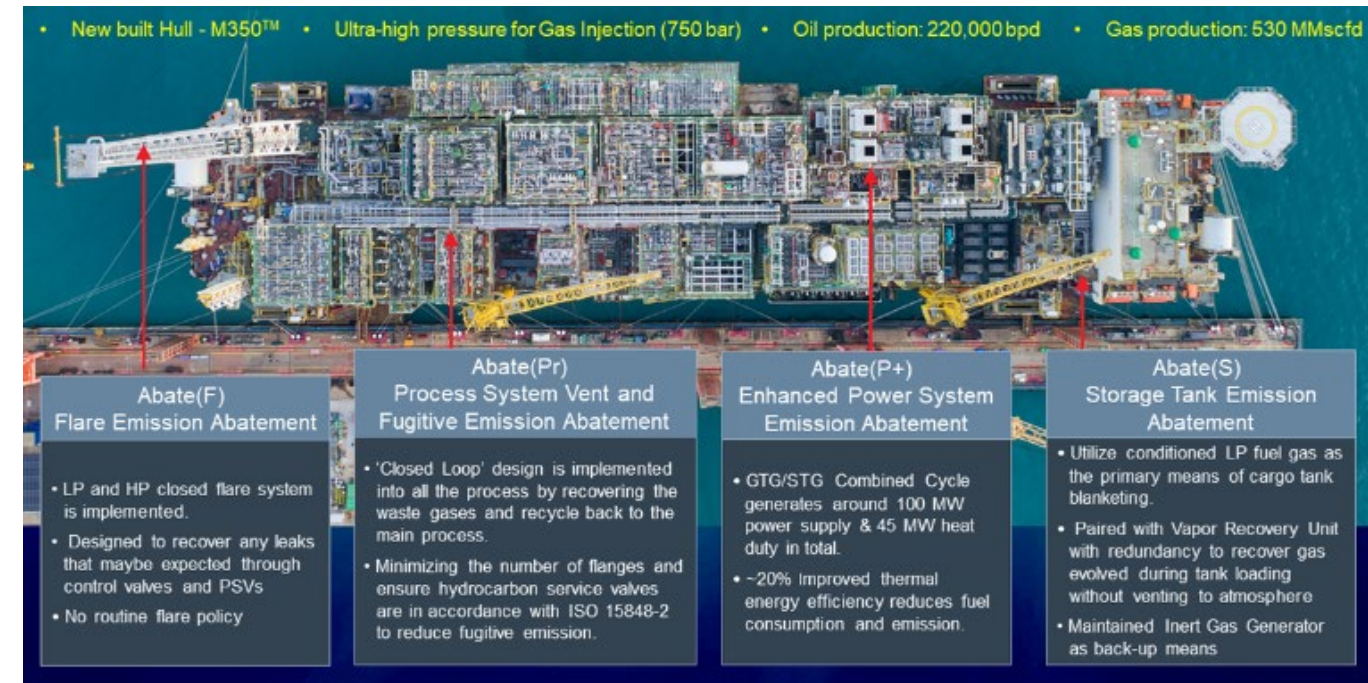
Mitsui Group: total 33.4%

Note:

1. MES : Mitsui E&S Co., Ltd.
Mitsui : Mitsui & Co., Ltd.
MOL : Mitsui O.S.K. Lines, Ltd.

FPSO Bacalhau Received DNV Abate Notation in May 2024

- FPSO Bacalhau, currently under construction, is the world's first FPSO equipped with **Gas Turbine Combined Cycle (“GTCC”) power generation system**. GTCC has a capability to reduce more than 100,000 tons of CO2 emission annually.
- With GHG emission measures implemented including the GTCC power generation system, FPSO Bacalhau will become the FPSO **with the lowest CO2 emissions per barrel of oil produced**.
- FPSO Bacalhau has received the Approval in Principle (“AiP”) for Abate Notation in four classes (P+, F, Pr, S) from the classification society DNV in Norway.



II. Industry Landscape



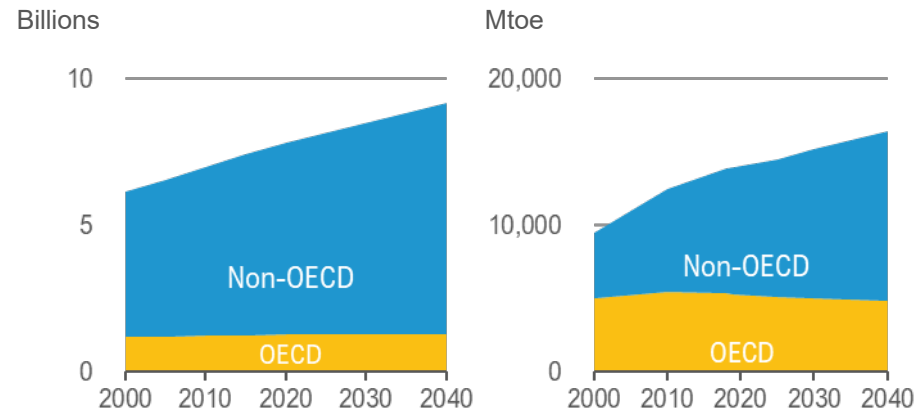
Industry Landscape

Solid Operating Environment with Growing Oil Demand and Competitive Deep Water Oil Lifting Costs

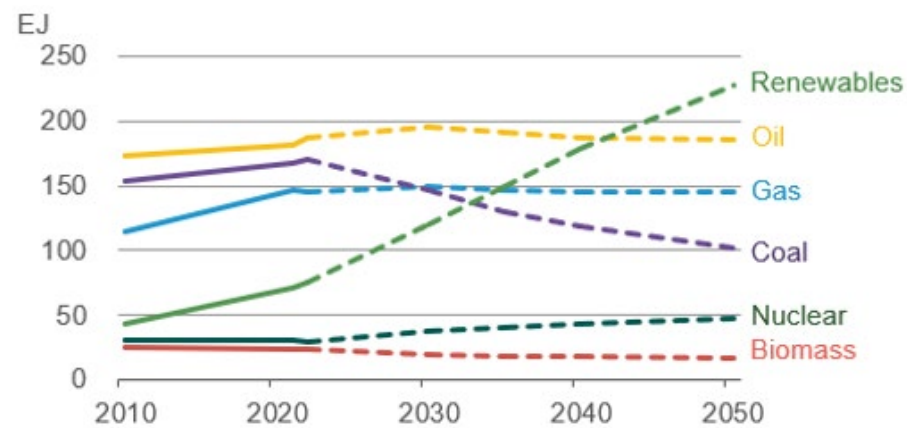
World Population¹

Energy Demand²

- Oil is expected to remain the leading source of energy even though alternative energy sources are expected to grow



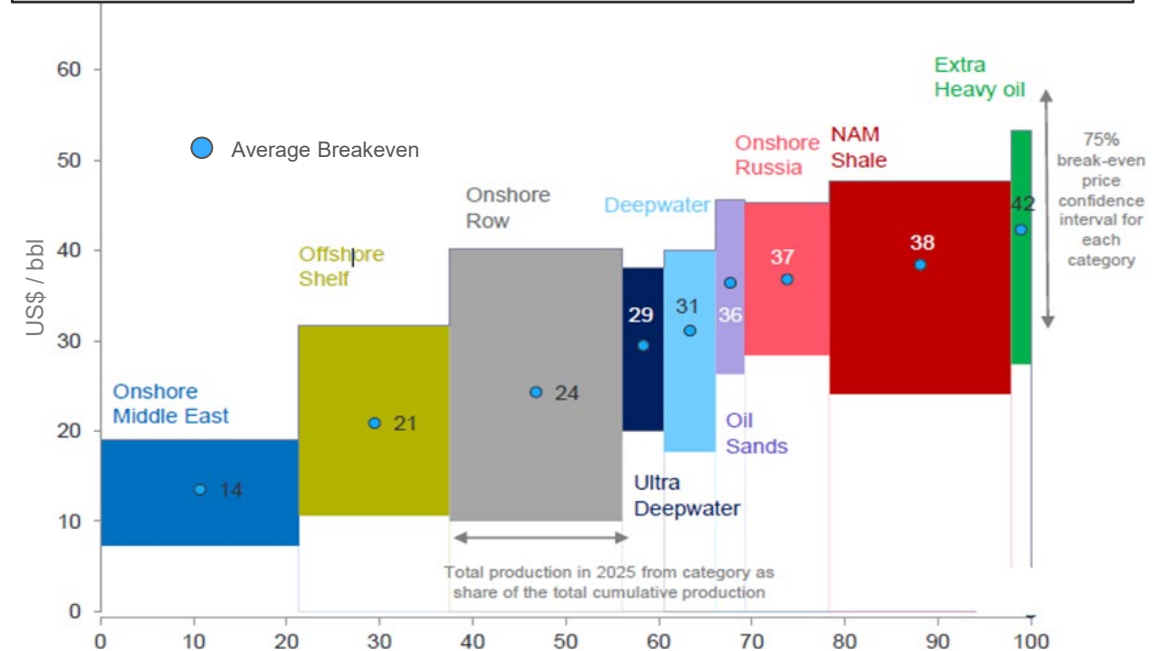
Supply by Energy Type³



Global Liquid Supply Cost Curve⁴ (Real Brent US\$/bbl)

- MODEC's primary target market is the deepwater and the ultra-deepwater reserves, which are cost-competitive and will remain profitable even in a depressed oil price environment

Strong economic rationale for developing Ultra Deepwater fields with an average breakeven lifting costs of US\$29/bbl



Sources:

1. World Population Prospects: The 2022 Revision (United Nations)

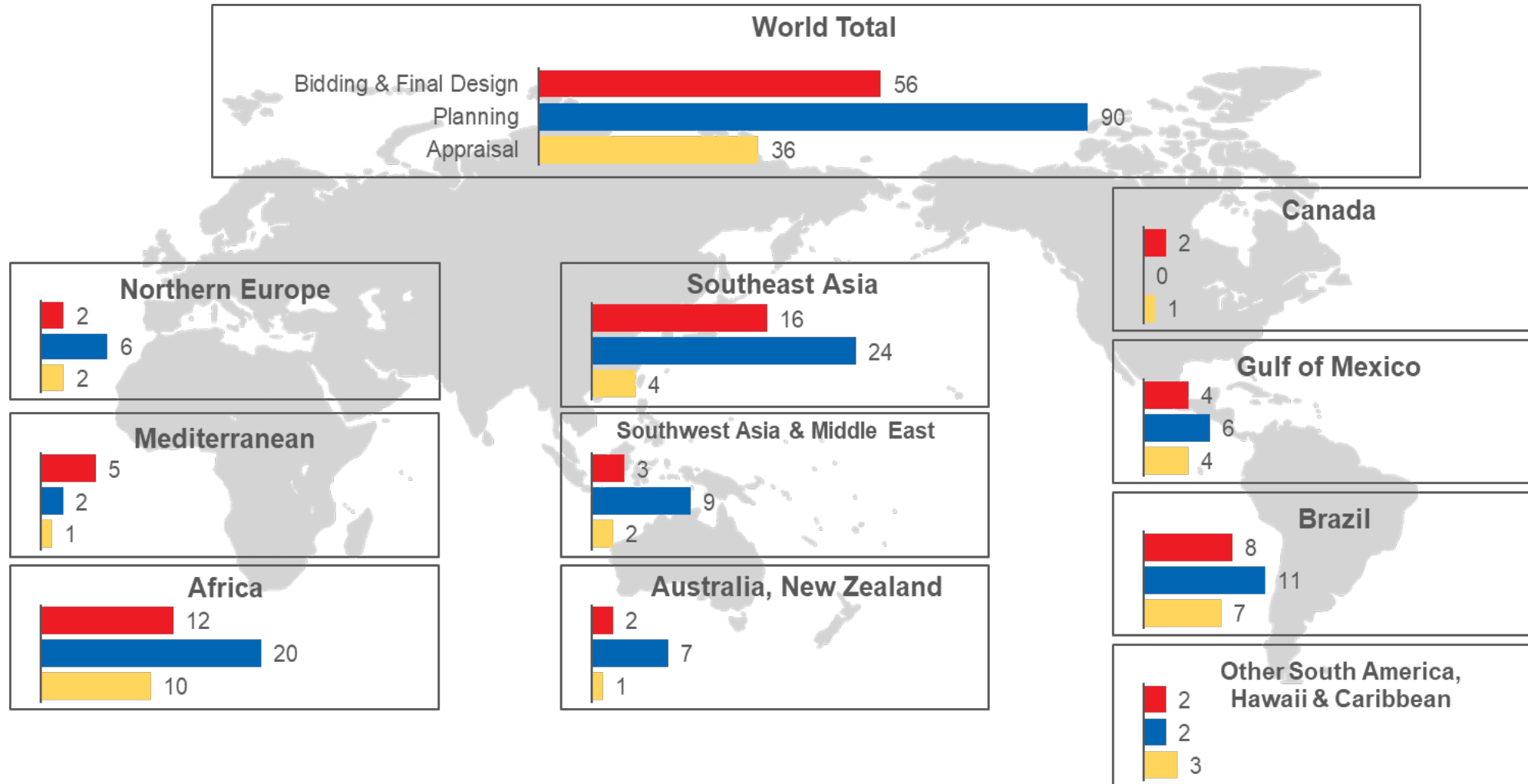
2. World Energy Outlook 2020 - Stated Policies Scenario (IEA)

3. World Energy Outlook 2023 - Stated Policies Scenario (IEA)

4. Rystad Energy 2020 [global liquid supply cost curve] The graph shows the costs curve for global liquid production. The curve is made up of over 10,000 assets and by considering each asset's break-even price and potential liquid production in 2025. The width of the box indicates the potential 2025 production and the height describe the breakeven range for 75% of the production in that category

Project pipeline remains robust with Latin America, Africa and Southeast Asia leading the market

- MODEC has the track record to serve each of these markets.
- Large oil reservoirs are primarily found in the Deepwater and the Ultra Deepwater areas of Latin America and West Africa.



- **Bidding & Final Design:** Bidding process or FEED process for FPSOs after planning stage completed
- **Planning:** Making of development plan after confirming project's feasibility; firming up estimate for FPSOs that would be needed but before actual bidding process started
- **Appraisal:** Appraisal of oil reservoir's production capacity and the recoverable volume from a technical and economical perspective after wildcat drilling; preliminary assessment of potential FPSOs needed if reservoir is commercially viable

III. Financial Summary

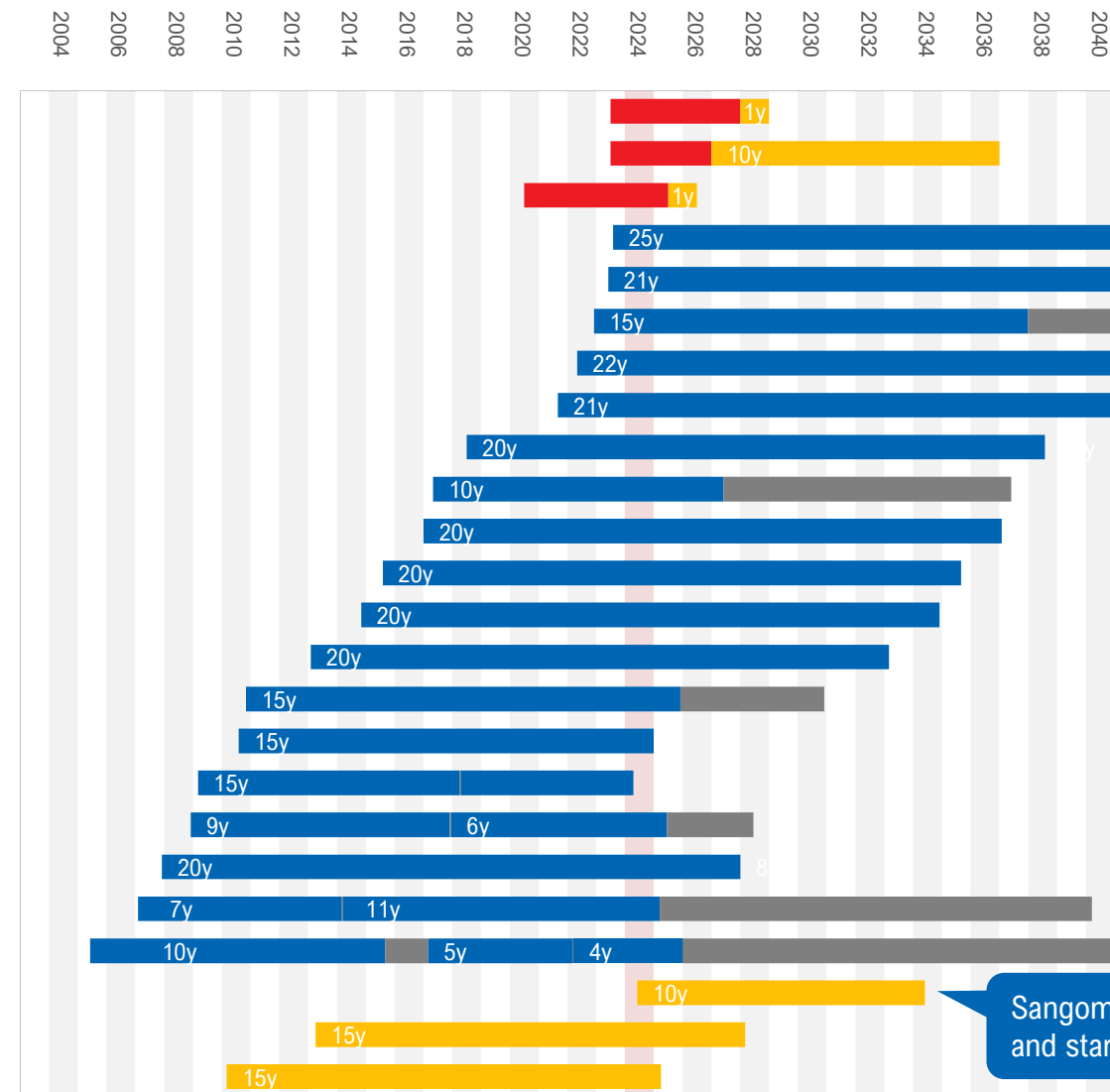
Financial Summary

EPCI / Charter / O&M Projects

As of July 2024

■ EPCI period ■ Time Charter fixed period ■ Time Charter option period ■ O&M period

#	Current Stage	(%) ¹	Ship Name	Offtakers	Asset Location	Charter Start Date	Charter End Date
1	EPCI	-	FPSO Raia	Equinor		-	-
2	EPCI	-	FPSO Uaru	ExxonMobil		-	-
3	EPCI	-	FPSO Bacalhau	Equinor		-	-
1	Charter	32.5%	FPSO Anita Garibaldi MV33	Petrobras		2023	2048
2	Charter	35.0%	FPSO Almirante Barroso MV32	Petrobras		2023	2044
3	Charter	35.0%	FPSO MIAMTE MV34	Eni Consortium		2022	2037
4	Charter	29.4%	FPSO Guanabara MV31	Petrobras Consortium		2022	2044
5	Charter	29.4%	FPSO Carioca MV30	Petrobras Consortium		2021	2042
6	Charter	29.4%	FPSO Cidade de Campos dos Goytacazes MV29	Petrobras Consortium		2018	2038
7	Charter	25.0%	FPSO Prof. John Evans Atta Mills MV25	Tullow Consortium		2017	2027
8	Charter	29.4%	FPSO Cidade de Caraguatatuba MV27	Total Consortium		2016	2036
9	Charter	29.4%	FPSO Cidade de Itaguaí MV26	Petrobras Consortium		2015	2035
10	Charter	29.4%	FPSO Cidade de Mangaratiba MV24	Petrobras Consortium		2014	2034
11	Charter	34.0%	FPSO Cidade de São Paulo MV23	Petrobras Consortium		2013	2033
12	Charter	42.5%	FPSO Cidade de Angra dos Reis MV22	Petrobras Consortium		2010	2025
13	Charter	70.0%	FPSO Cidade de Santos MV20	Petrobras		2010	2024
14	Charter	67.0%	FPSO Cidade de Niterói MV18	Petrobras		2009	2024
15	Charter	65.0%	FSO Rang Dong MV17	JVPC Consortium		2008	2025
16	Charter	40.6%	FSO Cidade de Macaé MV15	Petrobras		2007	2027
17	Charter	42.0%	FSO Rong Doi MV12	KNOC Consortium		2007	2024
18	Charter	50.0%	FPSO Baobab Ivoirien MV10	CNR Consortium		2005	2025
1	O&M	-	FPSO Sangomar	Woodside		-	-
2	O&M	-	FPSO Raroa	OMV		-	-
3	O&M	-	FPSO Pyrenees Venture	Woodside		-	-



Sangomar EPCI completed and started operation

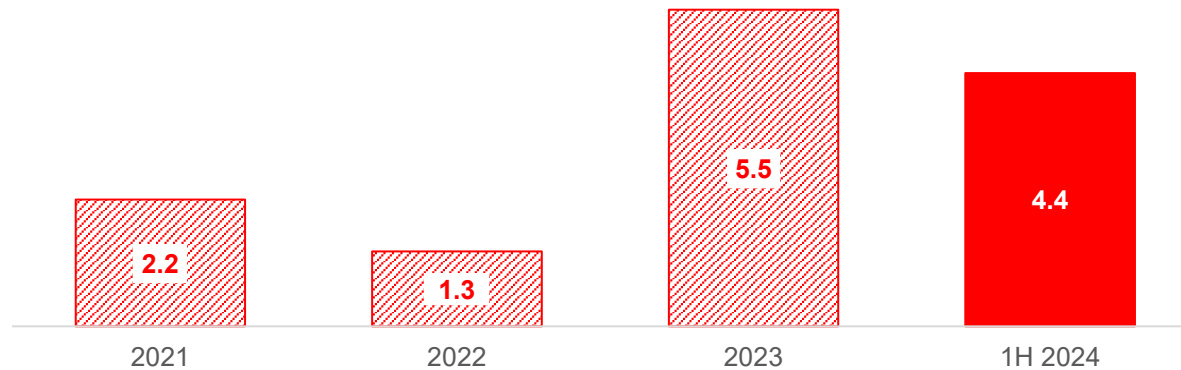
Notes:

1. (%) Share % Owned by MODEC group companies (Equity Method Companies)

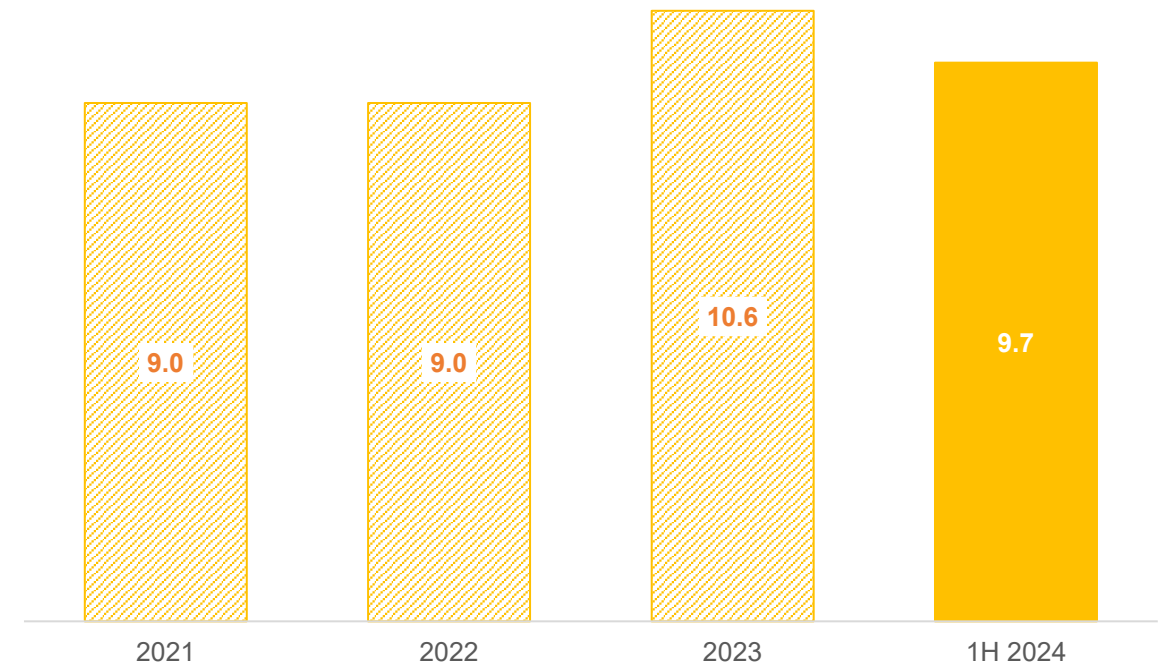
Backlog remains high

- ✓ EPCI backlog increased significantly and remains at a high level due to two large contracts, Uaru and Raia, awarded in May 2023.
- ✓ O&M backlog remains at a high level with long-term contracts.
- ✓ FEED for Shell Gato do Mato is currently being conducted on a single source basis, targeting the award of a new EPCI contract.

EPCI Backlog (US\$ Bn)



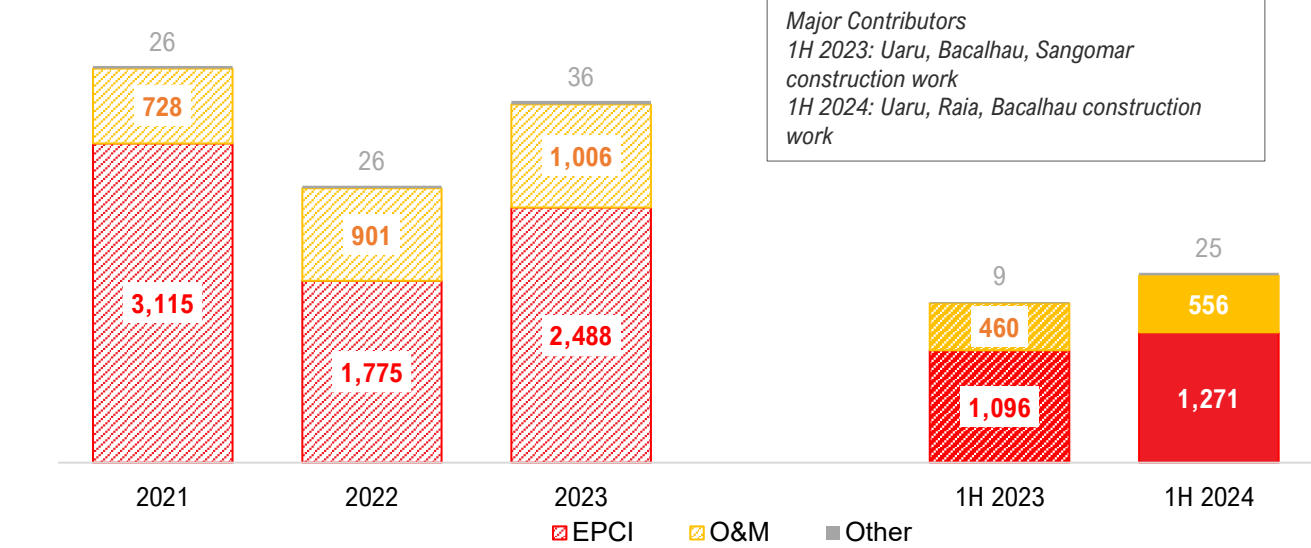
O&M Backlog (US\$ Bn)



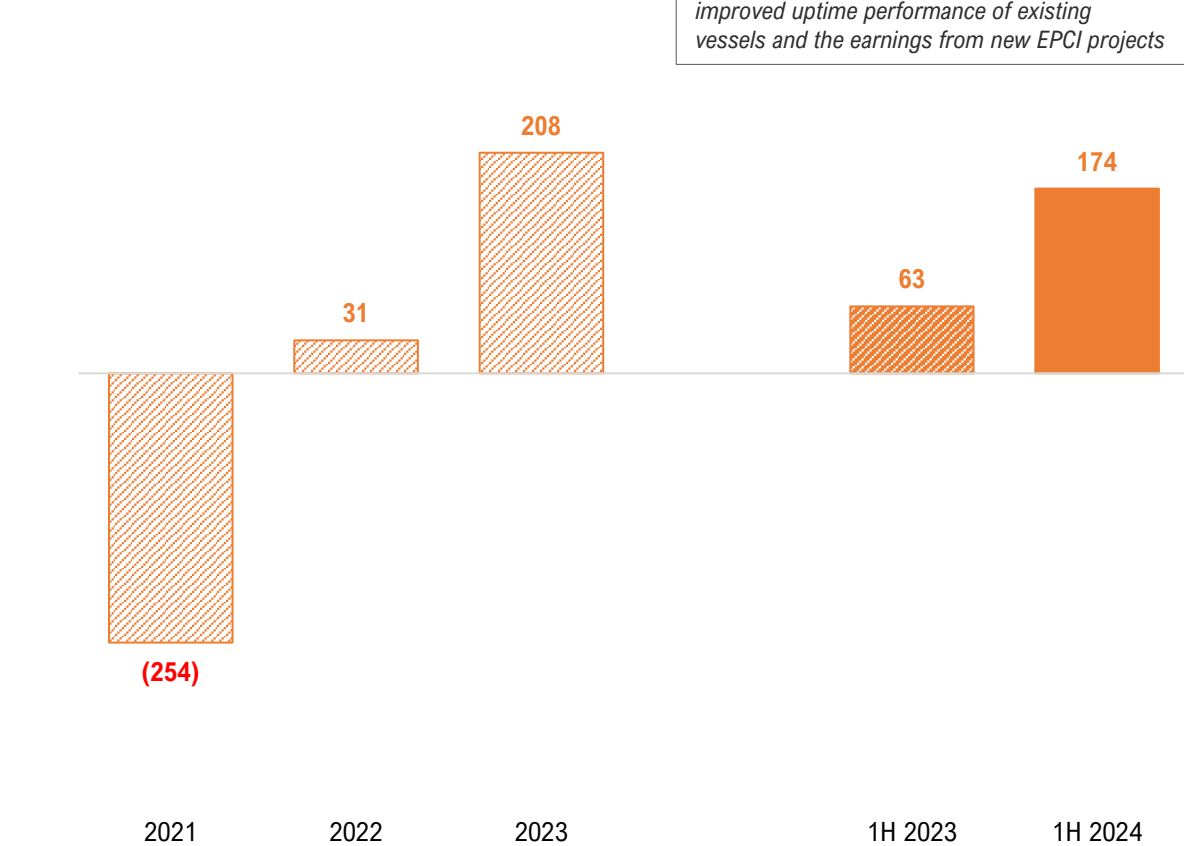
Significant improvement in operating performance

- ✓ Legacy EPCI projects that were most affected by Covid-19 have all been completed by 2023.
- ✓ Steady progress in the EPCI construction work of Uaru, Raia, and Bacalhau.
- ✓ Higher profits in 1H 2024 reflect the absence of Special Maintenance costs using flotel, the improved uptime performance of the existing vessels (partly due to the positive impact from the Special Maintenance conducted in prior years), and the enhanced earnings from the new EPCI projects awarded in 2023.

Revenues^{1,2} (US\$ MM)



Gross Profits² (US\$ MM)



EPCI Project	Client	Revenue	POC ³	FID ⁴	First Oil (Planned)
		1H 2024	Cumulative		
Uaru	ExxonMobil	\$ 750MM	52%	2023	2026
Raia	Equinor	\$ 300MM	26%	2023	2027
Bacalhau	Equinor	\$ 140MM	93%	2020	2025

Note:

1. EPCI revenues represent contract amount recognized in the relevant calendar year based on POC (percentage of completion) method.

2. Not including Service Fee payable by SPCs

3. POC: Percentage of Completion

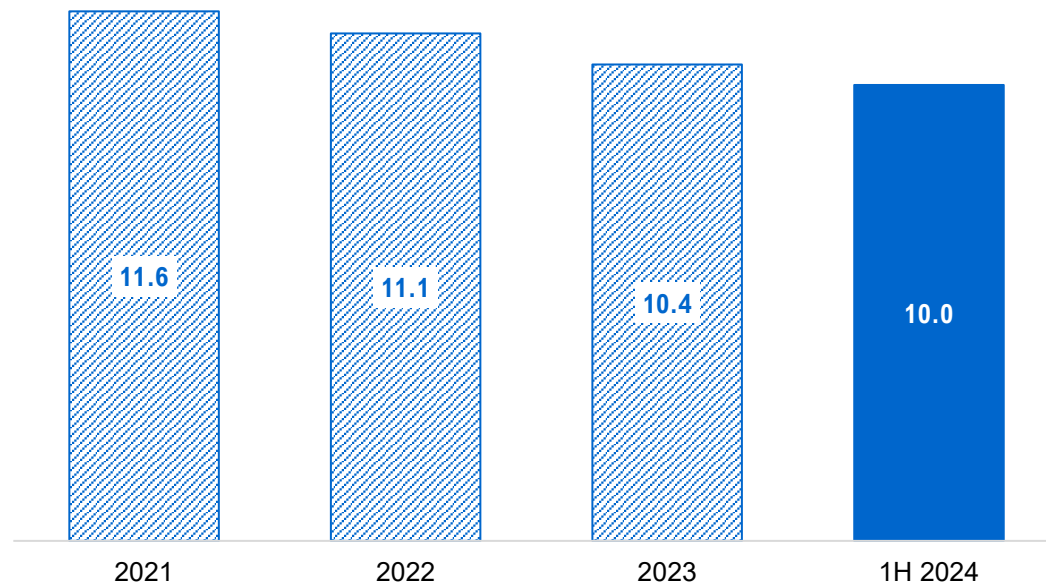
4. FID: Final Investment Decision

Charter Backlog and Business Performance

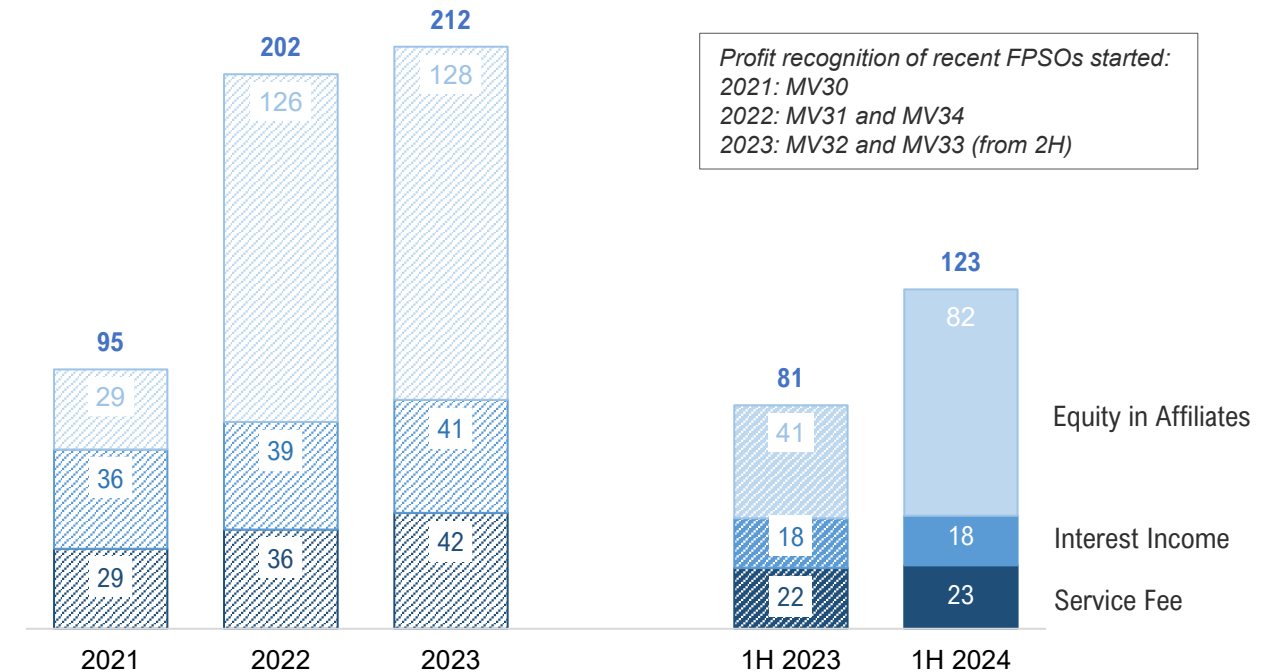
160 cumulative years of Charter contracts with 12.8-year remaining average life

- ✓ MODEC does not consolidate the SPCs whose financial results are recognized as “share of profit of investments accounted for using equity method ” in Modec’s income statement.
- ✓ Fixed charter day rate in US\$ payable by the client is based on the vessel’s availability (uptime), irrespective of actual oil production or oil prices.
- ✓ Profit from Charter Business is comprised of the equity in net income of affiliates, the service fee² and the interest income on shareholder’s loan, all of which are based on long-term contracts.
- ✓ Incremental profits in recent years reflect the profits from five new FPSOs (MV30-MV34).

Charter Backlog¹ (US\$ Bn)



Charter Business Performance (US\$ MM)



Note:

1. MODEC’s share of the expected total amount of charter fees to be received by the SPCs from the charterers

2. Service fee: Fixed fee payable to all sponsors (proportionally with each sponsor’s equity percentage) for the ongoing obligations of their ownership and operations associated with the SPCs.

Financial Summary

1H 2024 Financial Results

	2021	2022	2023	1H 2023	1H 2024	Diff.
Revenue						
EPCI	3,115	1,775	2,488	1,096	1,271	+ 174
O&M	728	901	1,006	460	556	+ 96
Service Fee	29	36	42	22	23	+ 1
Others	26	26	36	9	25	+ 16
Revenue Total	3,899	2,739	3,574	1,588	1,877	+ 289
Gross Profits (excluding Service Fee)	(254)	31	208	63	174	+ 110
Charter Profits						
Service Fee	29	36	42	22	23	+ 1
Interest Income	36	39	41	18	18	+ 0
Equity in Affiliates	29	126	128	41	82	+ 40
Charter Profits Total	95	202	212	81	123	+ 42
Other Income/Expense	24	33	2	0	0	+ 0
SG&A	(145)	(153)	(188)	(78)	(93)	- 14
Finance Income ¹	18	24	48	10	16	+ 5
Finance Expense	(82)	(84)	(69)	(23)	(39)	- 16
NET INCOME BEFORE TAX	(344)	54	214	54	181	+ 126
Tax	(15)	(13)	(88)	(17)	(32)	- 15
Minority Interest	(4)	(3)	(29)	(13)	(24)	- 11
NET INCOME	(363)	37	96	23	124	+ 100

• Note:

1. excluding Interest Income from Sub Loan

Financial Summary

Historical Performance¹



Significant improvement in EPCI, O&M and Charter Business Performance.
MODEC maintains a solid financial condition with a **low levered balance sheet**.

KEY FINANCIAL ITEMS (US\$ MM)	2021	2022	2023	1H 2023	1H 2024
Revenue	3,899	2,739	3,574	1,588	1,877
Adj. EBITDA before Unusual Items	(287)	99	248	76	210
Adj. EBITDA after Unusual Items	80	206	336	155	210
Interest Expense	3	16	27	10	17
Net Income	(363)	37	96	23	124
Total Debt	426	393	570	390	542
Cash & Deposits	810	492	1,013	557	1,143
Net Debt	(383)	(99)	(443)	(167)	(600)
Equity	532	811	992	938	1,104
Capitalization	959	1,204	1,563	1,328	1,647
KEY FINANCIAL RATIOS					
Debt / Adj. EBITDA before Unusual Items	(1.5 x)	4.0 x	2.3 x	-	-
Debt / Adj. EBITDA after Unusual Items	5.3 x	1.9 x	1.7 x	-	-
Debt/ Capitalization	44%	33%	37%	29%	33%
Debt / Equity	80%	48%	57%	42%	49%

Note:

- Adj EBITDA: Adjusted EBITDA before adjustments of the Unusual Items, specifically Covid-19 impact and Special Maintenance Campaign
Interest Expense: Interest on Bonds and borrowings
Net Income: Profit attributable to owners of parent
Total Debt: Include Borrowing (Current liability) and Bonds and Borrowing (Non-current liabilities)
Net Debt: Total Debt minus Cash and Cash Equivalents
Capitalization: Sum of Total Debt and Equity

IV. Financial Guidance

Upward Revision to the 2024 Earnings Forecast

- Although additional expenses for the Special Maintenance for the older FPSO vessel is expected in 2H 2024, the earnings forecast for the full year 2024 is revised upward in view of the solid business performance.

	Previous Forecast	Revised Forecast	(US\$ MM)
Revenue	3,900	4,300	+ 400
Operating Income	200	290	+ 90
Income before tax	210	290	+ 80
Net Income	120	200	+ 80

FY2024 Interim Dividend

- FY2024 interim dividend is increased from JPY10 per share to JPY30 per share.

Previous Announcement

Interim : JPY10

Year-end : JPY30



New Announcement

Interim : **JPY30**

Year-end : JPY30



V. Appendix

Financial Summary

Adjusted EBITDA



(US\$ MM)	1H 2023	1H 2024	Diff.
EPCI + O&M Profits (Gross Profits excluding Service Fee)	63	174	+ 110
Charter Profits			
Service Fee	22	23	+ 1
Interest Income	18	18	+ 0
Equity in Affiliates	41	82	+ 40
Charter Profits Total	81	123	+ 42
SG&A	(78)	(93)	- 14
Depreciation (CF)	20	18	- 2
Lease Obligation (CF)	(12)	(12)	+ 0
Adj. EBITDA before Unusual Items	76	210	+ 134
Unusual Items	79	0	- 79
Adj. EBITDA after Unusual Items	155	210	+ 55

- Unusual Items are added back to the EBITDA as reported to calculate “recurring” EBITDA (**Adjusted EBITDA**)

Covid-19 impact

Additional costs incurred from delay in construction work due to Covid-19

Special maintenance

Intensive maintenance work costs using accommodation vessel (flotel) for MV22

Financial Summary

Balance sheet and Cash flow Summary







Balance sheet

Unit : US\$ MM	2023.12	2024.6	Variance
Cash and cash equivalents	1,013	1,143	+ 130
Trade and other receivable	592	501	- 91
Contract assets	185	130	- 55
Investment accounted for using equity method	1,374	1,553	+ 179
LT loan receivable	348	329	- 19
Total Assets	3,887	4,005	+ 118
	2023.12	2024.6	Variance
Trade and other payable	1,189	1,044	- 145
Contract liabilities	590	783	+ 193
LT bond & borrowings	570	542	- 28
Total Liabilities	2,852	2,870	+ 18
Share capital	190	190	+ 0
Capital surplus	187	169	- 18
Retained earnings	522	637	+ 115
Other components of equity	94	109	+ 15
Equity attributable to owner of parent	992	1,104	+ 112
Non-controlling interests	42	30	- 12
Total Equity	1,035	1,135	+ 100
Total Liabilities and Equity	3,887	4,005	+ 118

Cash flow

Unit : US\$M	2023.6	2024.6	Variance
Cash flows from operating activities	(40)	375	+ 415
Cash flows from investing activities	10	(131)	- 141
Free cash flows	(30)	244	+ 274

3 FPSOs are under construction

	FPSO Bacalhau	FPSO Uaru	FPSO Raia
Client	Equinor	ExxonMobil	Equinor
Contract	EPCI + Short term O&M (1 year)	EPCI + O&M (10 years)	EPCI + Short term O&M (1 year)
FID	2020	2023	2023
First Oil (Planned)	2025	2026	2027
Field	Bacalhau	Stabroek	BM-C-33
Location	Brazil 	Guyana 	Brazil 
Water Depth	2,027 m	1,690 m	2,900 m
Storage/ Production	2,000,000 bbls 220,000 bopd 500 mmscfd 	2,000,000 bbls 250,000 bopd 540 mmscfd 	2,000,000 bbls 125,000 bopd 565 mmscfd 

Term	Definition
EPCI	Engineering, Procurement, Construction, and Installation
Deepwater	Water depths between 500 meters and 1,999 meters
FEED	Front End Engineering and Design
FPSO	Floating Production, Storage, and Offloading vessel
FSO	Floating Storage and Offloading vessel (solely for transport and storage, not capable of production)
Mtoe	An acronym that stands for million or mega tonnes of oil equivalent
MV1 - MV34	MODEC Venture (Vessel Designation)
OECD	Organization for Economic Co-operation and Development
O&M	Operations and Maintenance
SPC	Special Purpose Company
Special Maintenance Campaign	Campaign to maintain the asset integrity of five old vessels in Brazil (MV15/18/20/22/23). It is a multi-year process (commenced in 2021) and uses an accommodation vessel (Flotel) in which up to 400 crew are on board to perform the intensive maintenance & repair works
Ultra-Deepwater	Water depths more than 2,000 meters
Uptime	Percentage of time that a vessel is in operation with respect to the life of the charter



OCEAN IS FULL OF POTENTIAL