



## 1H 2025 Investor Presentation

August 8, 2025

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- III. Financial Summary
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## I. 1H 2025 Highlight

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### Revenue

# \$ 2,074MM

- 56% achievement ratio against FY2025 guidance
- Increase by \$197MM or 10% as compared to 1H 2024

### Net Income

# \$ 145MM

- 53% achievement ratio against FY2025 guidance
- Increase by \$21MM or 17% as compared to 1H 2024

### Adjusted EBITDA

# \$ 180MM

- Almost the same level as compared to 1H 2024

### Total Backlog

# \$ 25.5B

- Increase by \$3.6B or 16% as compared to FYE2024

- Overall operating performance in 1H 2025 remains solid, largely comparable to 1H 2024 and in line with the expectation
- EPCI: Construction progress of Raia, Uaru, Gato do Mato and Hammerhead EPCI projects  
Two new contract awards (Shell Gato do Mato and ExxonMobil Hammerhead)
- O&M: Steady operating performance of the existing vessels  
New contract award (Shell Gato do Mato)
- Charter: Stable earnings under long-term availability-based contracts

# 1H 2025 Highlight – Topics

## Shell New EPCI & O&M Contract / ExxonMobil New LNTP Contract / New Offices / New Technology Initiative / Fitch Ratings Upgrade

### Shell Gato do Mato FPSO - Secured New EPCI and O&M Contract (March 2025)

- MODEC has been [awarded the EPCI and O&M contracts by Shell](#), following the successful execution of the Front-End Engineering and Design (“FEED”) contract, which was awarded in March 2024.
- The FPSO will be capable of 120,000 barrels of oil per day and will be moored at a water depth of approximately 2,000 meters. It would be the second unit to be delivered to Shell by MODEC.

Client	Shell Brasil Petroleo Ltda
Contract	EPCI + O&M (20 years)
First Oil	2028
Field	Gato do Mato Field / Brazil
Status	Construction phase



### ExxonMobil Hammerhead FPSO - Secured New LNTP (April 2025)

- MODEC has been [awarded a Limited Notice to Proceed \(“LNTP”\) by ExxonMobil](#). The LNTP allows MODEC to start activities related to the FPSO design in two phases to ensure first oil by 2029.
- Phase One covers FEED, while Phase Two covers EPCI, which is subject to Final Investment Decision (“FID”) by ExxonMobil. MODEC will also provide O&M services for the FPSO.
- The FPSO will be capable of 150,000 barrels of oil per day and will be moored at a water depth of approximately 1,025 meters. It would be the second unit to be delivered to ExxonMobil by MODEC.

Client	ExxonMobil Guyana Limited
Contract	LNTP (encompasses FEED and EPCI) + O&M
First Oil	2029
Field	Hammerhead Field / Guyana
Status	FEED phase



### New Technology Development Initiative (February / July 2025)

- MODEC has initiated three new offshore technology developments.
  - [Offshore carbon capture project study](#) for an FPSO for the pilot plant deploying CycloneCC technology:
    - MODEC will perform engineering work to optimize CycloneCC, a unit well-suited to an offshore maritime environment with confined spaces, for a FPSO vessel.
  - [Solid Oxide Fuel Cells \(“SOFC”\) study](#) onboard the FPSO:
    - MODEC and Eld Energy will explore SOFC system onboard its FPSOs to develop highly efficient power plant being able to replace gas turbines.
  - [Innovative Tension Leg Platform \(“i-TLP2”\) concept](#) for Offshore Wind Turbine solutions
    - MODEC received Approval in Principle (“AiP”) from the American Bureau of Shipping (“ABS”) for i-TLP2 which offer the outstanding stability of floating systems with a minimal mooring footprint.

### New Execution / Engineering Centers Officially Opens (April / June 2025)

- The official opening ceremony of the Kuala Lumpur Execution Center (Offshore Frontier Solutions Pte. Ltd. Malaysia, a MODEC group company), was successfully held on April 15, 2025. The center has employed nearly 200 Malaysian professionals, with plans to expand the workforce to over 800 employees in the coming years.
- The official opening ceremony of the Global Capability Center (TOYO MODEC OFS India Pte. Ltd.), was also successfully held on June 13, 2025. Located in Bengaluru, the center which currently employs nearly 200 professionals, has plans to grow its teams to 750 employees in the coming years.
- The two new offices marks a significant milestone for MODEC [to further strengthen its global EPCI capabilities](#).

The Malaysia execution center will play a pivotal role in MODEC's global operations, focusing on:

- ✓ Supervising subcontracted detailed engineering activities
- ✓ Overseeing hull and module construction and integration at shipyards
- ✓ Managing offshore installation and commissioning activities



The Indian engineering center will play a pivotal role in MODEC's global operations, focusing on:

- ✓ Executing FEED
- ✓ Detailed engineering
- ✓ Procurement support service for EPCI projects



### Fitch Upgrades MODEC Rating to “BBB”, outlook Stable (April 2025)

- Fitch Ratings, one of the three major international rating agencies, has [upgraded MODEC's rating to BBB/Stable](#).

New Rating	BBB / Stable Outlook (upgraded on April 14, 2025)
Excerpt from Fitch Rating Report	“MODEC's upgrade reflects its improved financial profile, EBITDA growth, negative net debt, and ample financial flexibility. It has maintained steady backlog renewal with high credit quality partners, helping to mitigate MODEC's exposure to Brazil (BB/Stable). Additionally, MODEC benefits from a predictable cash flow profile, underpinned by USD denominated charter contracts with an average life of 12.6 years.”
Previous Rating	BBB- / Positive Outlook

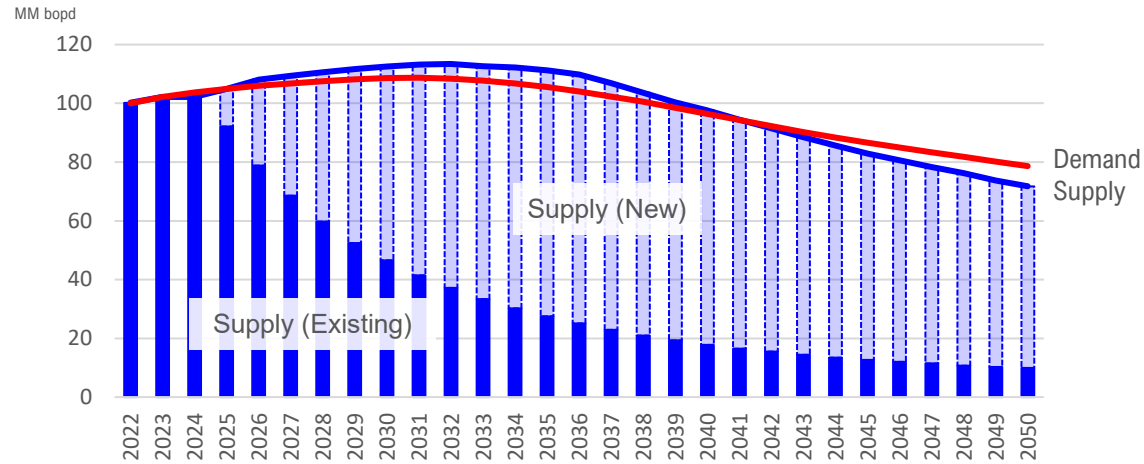
## II. Industry Landscape

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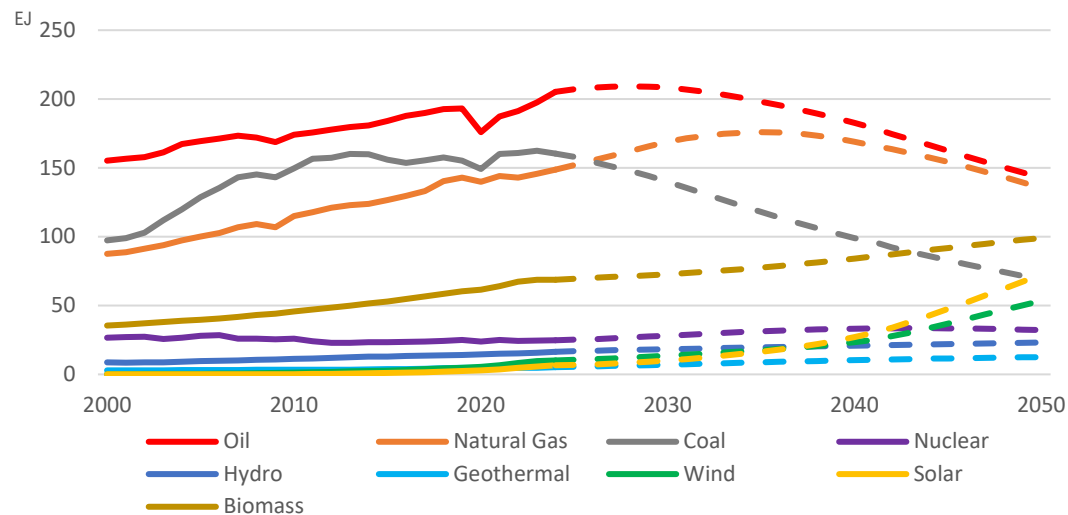
## Solid Operating Environments with Competitive Deep Water Fields

- Oil is expected to remain the leading source of energy supply even though alternative energy are expected to grow
- 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
- Latin America (Brazil, Guyana)** and **West Africa** remain key regions for deepwater and the ultra-deepwater projects

### Oil Demand & Supply<sup>1</sup>



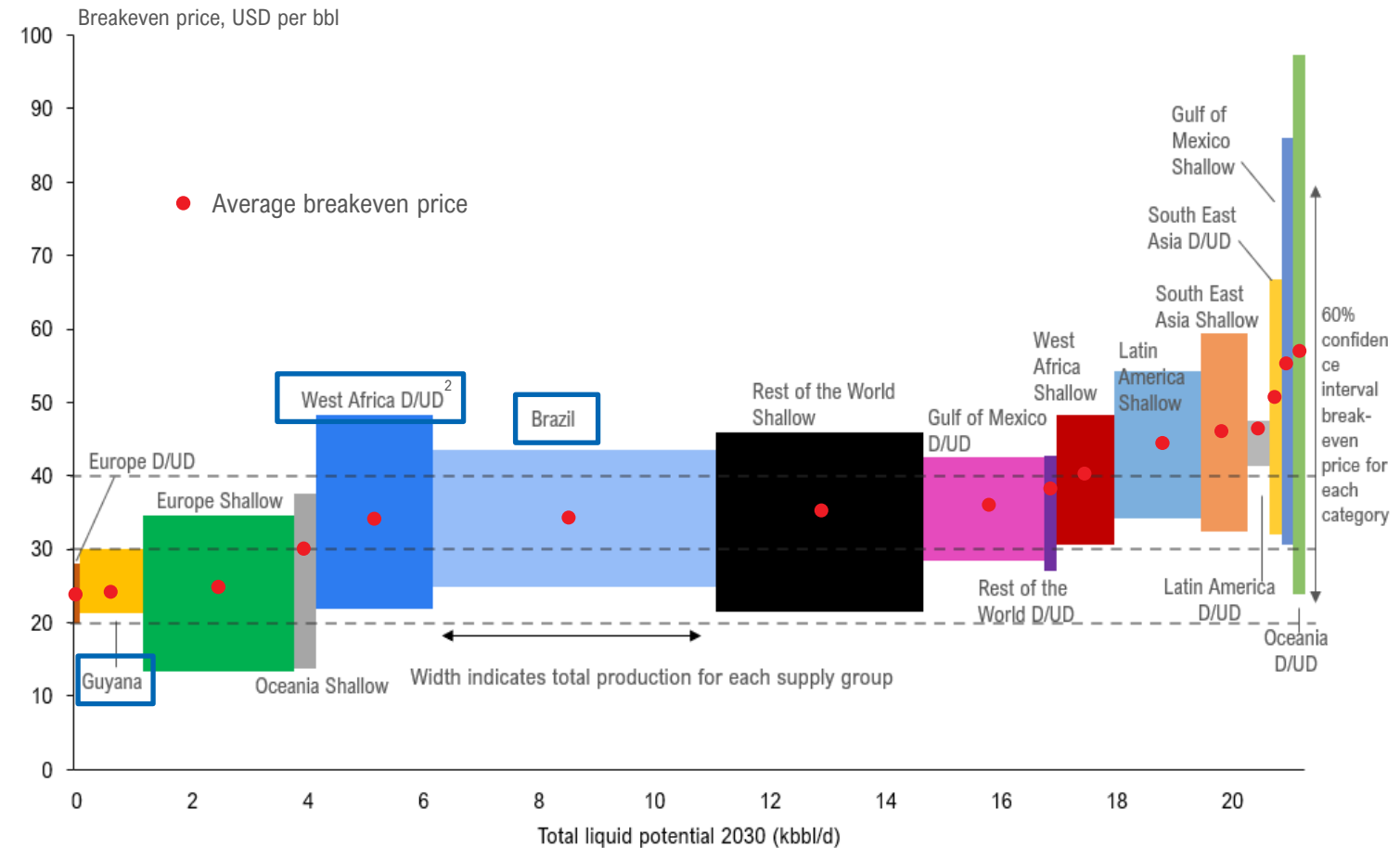
### Supply by Energy Type<sup>1</sup>



1. Source: Rystad Energy December 2024

2. D/UD: Deepwater/Ultra Deepwater

### Cost Curve (liquid offshore fields excl Middle East)<sup>1</sup>

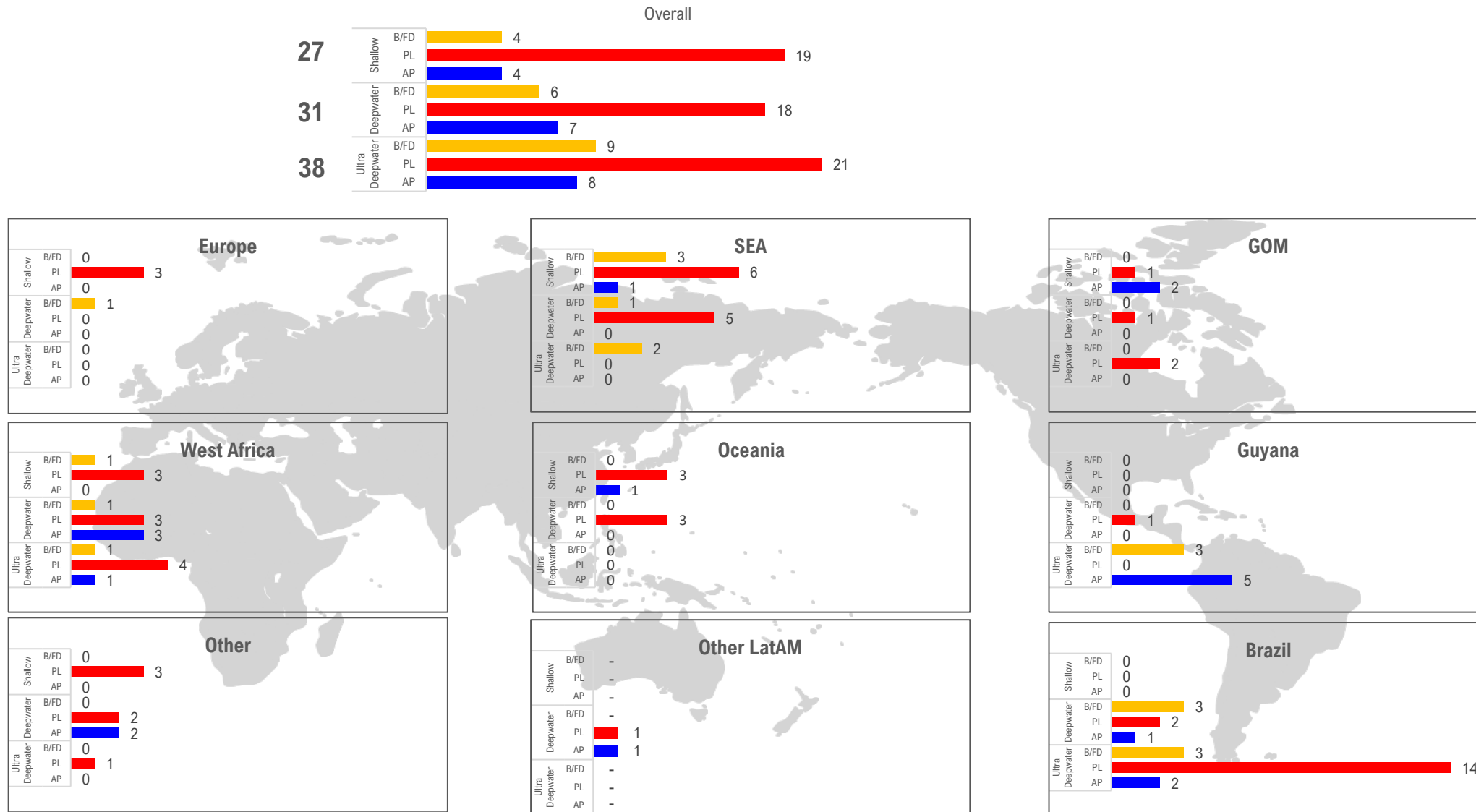




# Industry Landscape

## Strong Global Pipeline

- Global FPSO pipeline remains robust with Latin America, West Africa and Southeast Asia leading the market. For deepwater/ultra-deepwater, Latin America and West Africa are promising areas.
- MODEC has the track record to serve each of these markets**



Source: EMA-Floating Production Report Data Q1 2025

- Bidding & Final Design (B/FD):** Bidding process or FEED process for FPSOs after planning stage completed
- Planning (PL):** Making of development plan after confirming project's feasibility; firming up estimate for FPSO that would be needed but before actual bidding process started
- Appraisal (AP):** 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

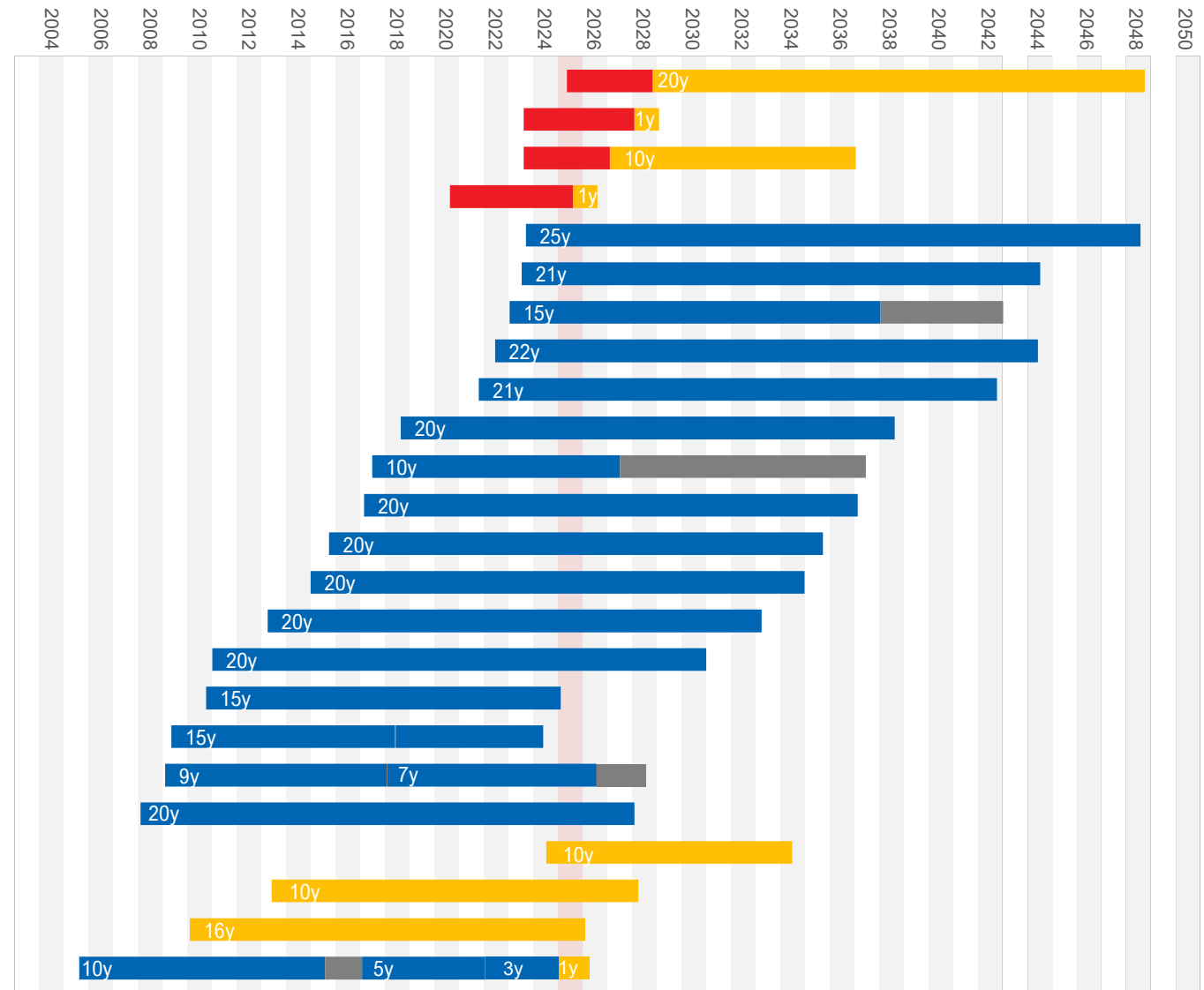
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# Financial Summary

## EPCI / Charter / O&M Projects at Glance



#	Current Stage	(%) <sup>1</sup>	Ship Name	Offtakers	Asset Location	Charter Start Date	Charter End Date
1	EPCI	-	FPSO Gato do Mato - <b>awarded in Mar '25</b>	Shell		-	-
2	EPCI	-	FPSO Raia	Equinor		-	-
3	EPCI	-	FPSO Uaru	ExxonMobil		-	-
4	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	2030
13	Charter	70.0%	FPSO Cidade de Santos MV20 - in decommission	Petrobras		2010	-
14	Charter	67.0%	FPSO Cidade de Niterói MV18 - in decommission	Petrobras		2009	-
15	Charter	65.0%	FSO Rang Dong MV17	JVPC Consortium		2008	2026
16	Charter	40.6%	FSO Cidade de Macaé MV15	Petrobras		2007	2027
1	O&M	-	FPSO Sangomar - O&M started in Jun '24	Woodside		-	-
2	O&M	-	FPSO Raroa	OMV		-	-
3	O&M	-	FPSO Pyrenees Venture	Woodside		-	-
-	O&M	50.0%	FPSO Baobab MV10-in refurbishment(sold in Feb'25)	CNR Consortium		2005	2025



As of June 30, 2025

Notes:

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

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

# Financial Summary

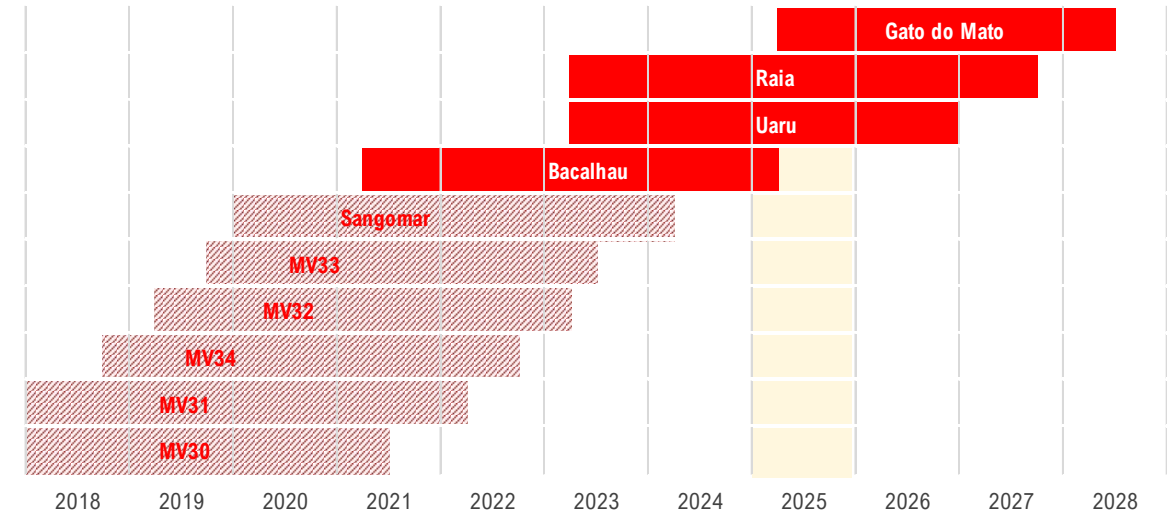
## High Backlog in EPCI and O&M Business



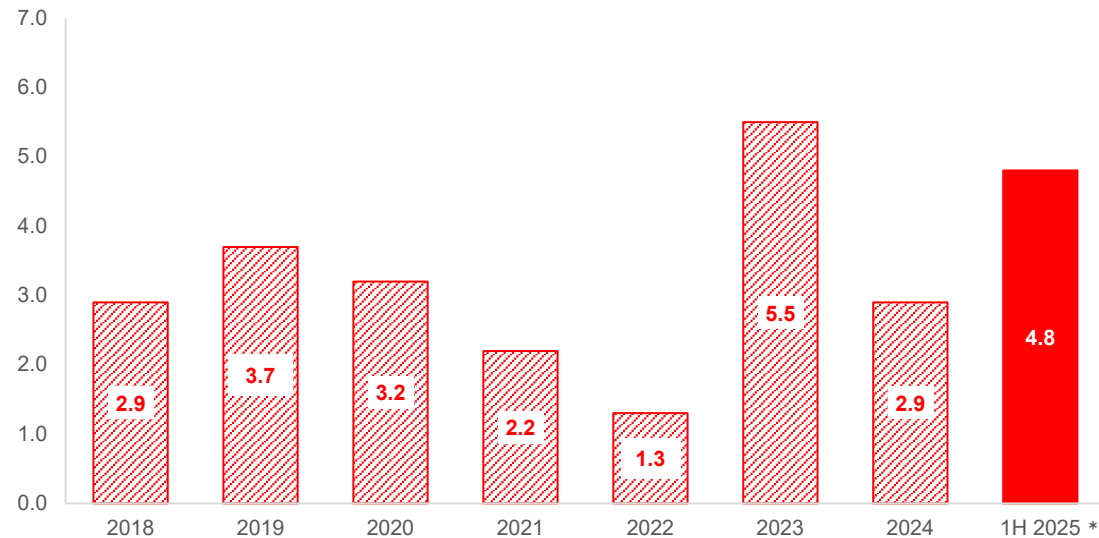
### Backlog Overview

- EPCI backlog increased significantly in 1H 2025 due to a large contract, “**Shell Gato do Mato**”, awarded in March.
- FEED for ExxonMobil “**Hammerhead**” Project has commenced following the LNTP awarded in April.
  - The contract is a Limited Notice To Proceed (“**LNTP**”) by ExxonMobil Guyana, pending necessary regulatory approval. Phase One encompasses FEED while Phase Two covers EPCI phase.
  - The LNTP allows MODEC to start FEED work to ensure the earliest possible project startup in 2029.
  - Subject to Final Investment Decision (“**FID**”), MODEC will start EPCI phase. MODEC will also provide O&M services. (pending FID, 1H 2025 backlog does **not** include Hammerhead)
- O&M backlog also increased due to the award of Shell Gato do Mato contract and reached a historical high supported by long-term contracts.

### EPCI Construction Period

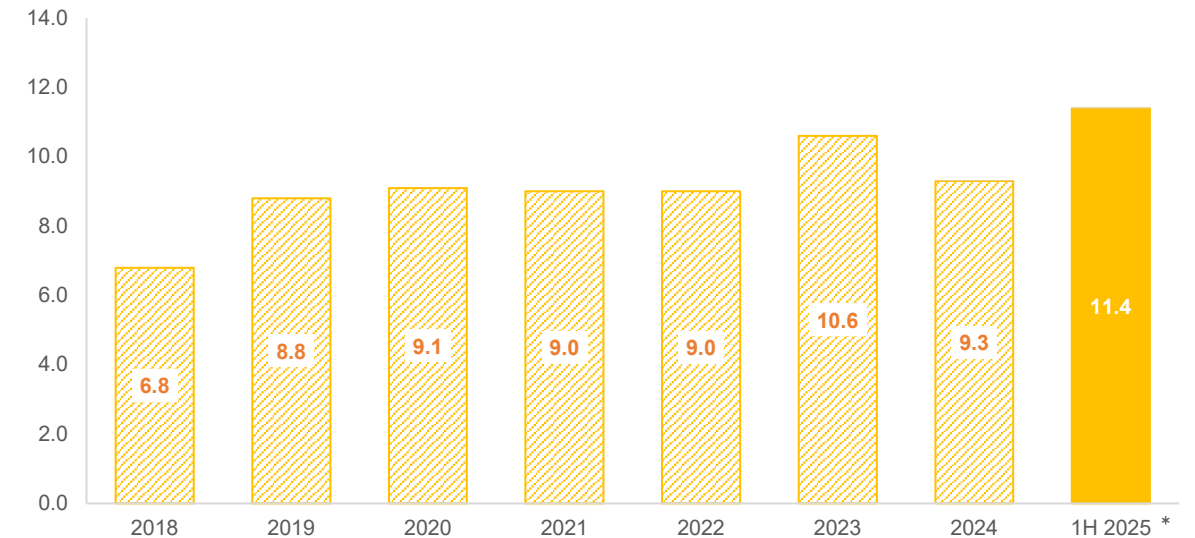


### EPCI Backlog (US\$ Bn)



\*Pending FID, Hammerhead is not included

### O&M Backlog (US\$ Bn)

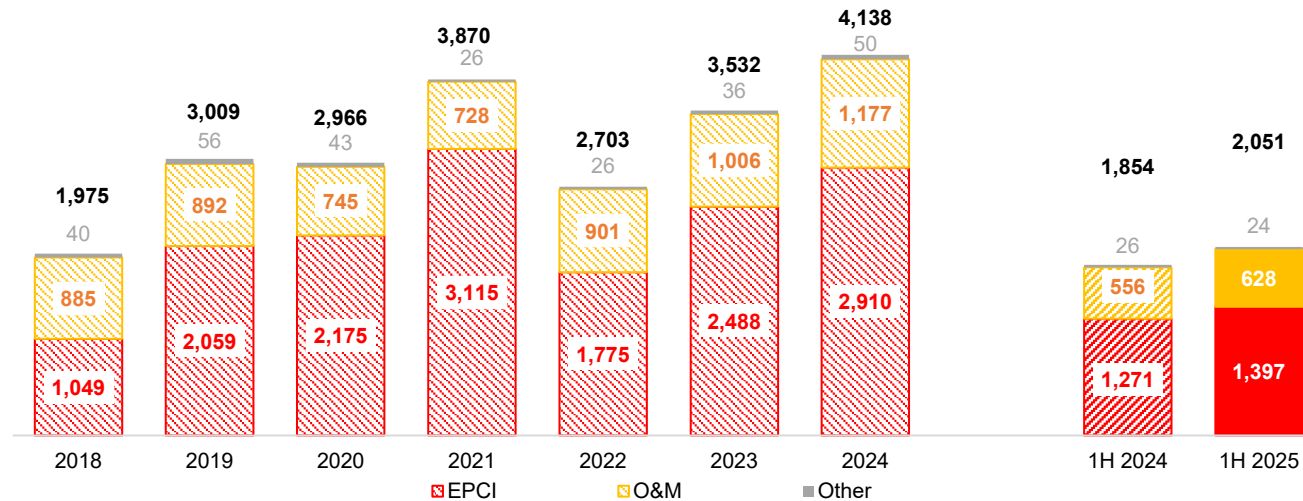




# Financial Summary

## EPCI / O&M Performance<sup>1</sup>

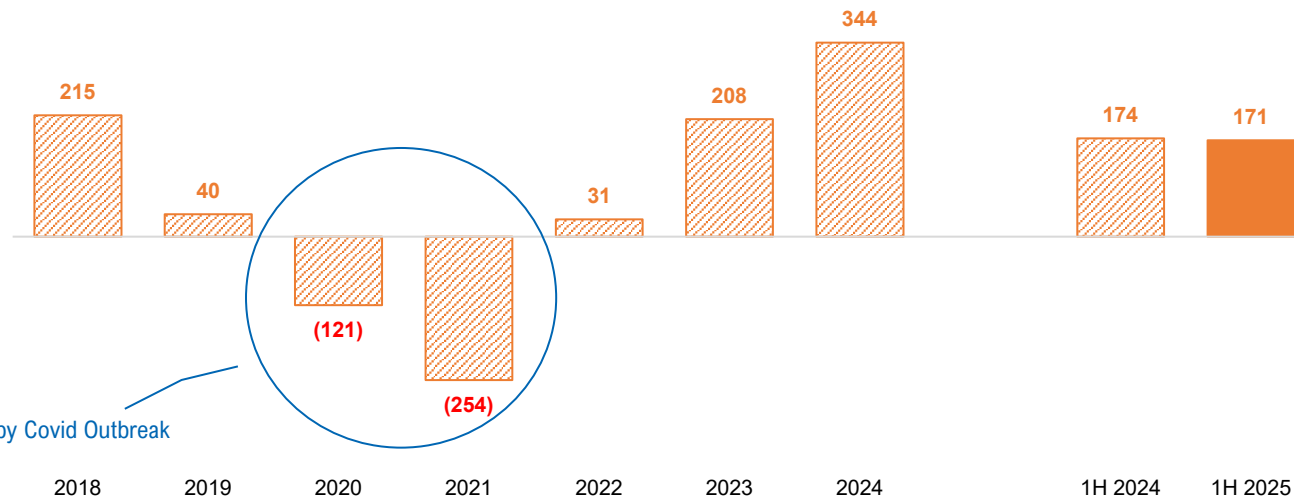
### Revenues<sup>2 3 4</sup> (US\$ MM)



### Higher Revenues in 1H/2025 (+10%) over 1H/2024

- EPCI revenues were higher as compared to 1H/2024 due to the higher revenues from *Raia* Project and two new projects (*Gato do Mato*, *Hammerhead*), which more than offset the lower revenues from the mature projects which were either completed (*Sangomar*; first oil in May '24), nearing completion (*Bacalhau*) or in the latter phase of the construction (*Uaru*).
- O&M revenues were also higher as compared to 1H/2024, reflecting the higher revenues of West African O&M operations (*Sangomar*, *MV10*) and the steady performance of Brazilian O&M operations.

### EPCI/O&M Gross Profits (US\$ MM)



Negative Impacts by Covid Outbreak

### Gross Profits in 1H/2025 Comparable (-1%) to 1H/2024

- The higher EPCI earnings largely offset the lower earnings from O&M segment, resulting in the largely flat EPCI/O&M profits as compared to 1H/2024.
- EPCI segment increased the profits since the higher earnings from *Raia* and two new projects more than offset the decreased earnings from the mature projects.
- While the overall fleet performance was steady and as expected, O&M segment had the lower profits due to the major maintenance of the old vessels and the absence of some non-recurring profits (e.g. cost reforecast, additional maintenance compensation) recognized in 1H/2024.

Note:

- Presented in accordance with JGAAP up to 2020 and thereafter IFRS.
- EPCI revenues represent contract amount recognized in the relevant calendar year based on POC (percentage of completion) method.
- Service Fee for the Charter Business is excluded.
- USD/JPY conversion rate at the end of each year 2018 (111.02), 2019 (109.54), 2020 (103.50) from MODEC Audited Financial Statement.

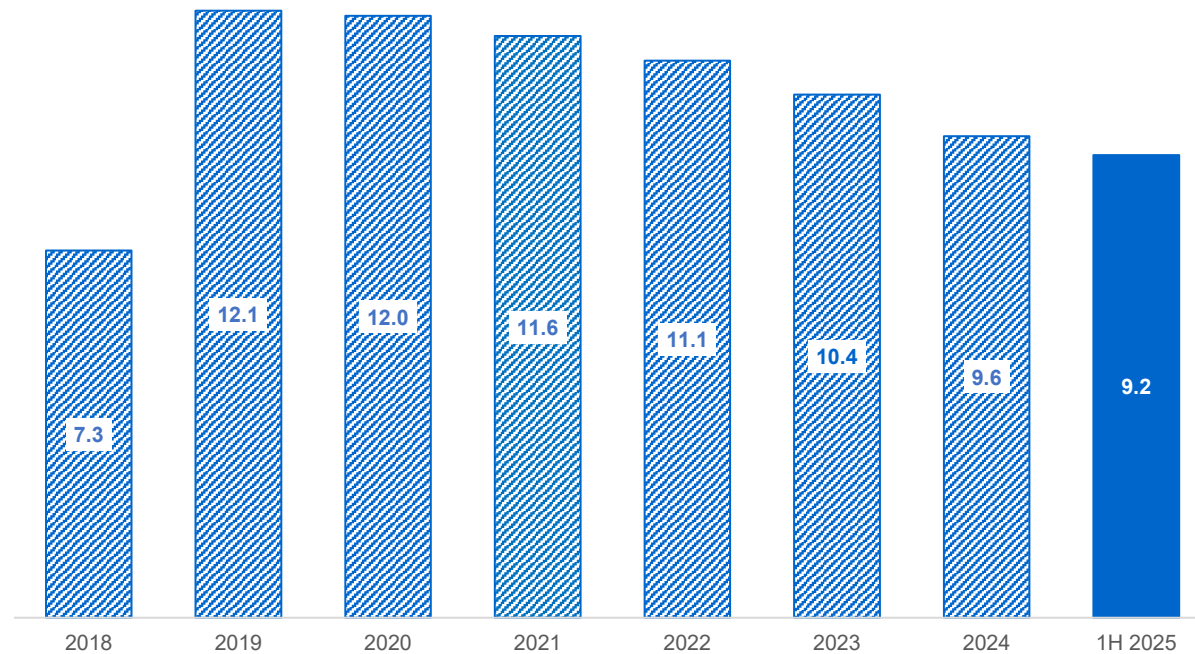
# Financial Summary

## Predictable & Stable Charter Earnings under Long-Term Availability-based Contracts

152 cumulative years of Charter contracts with 12.1-year remaining average life

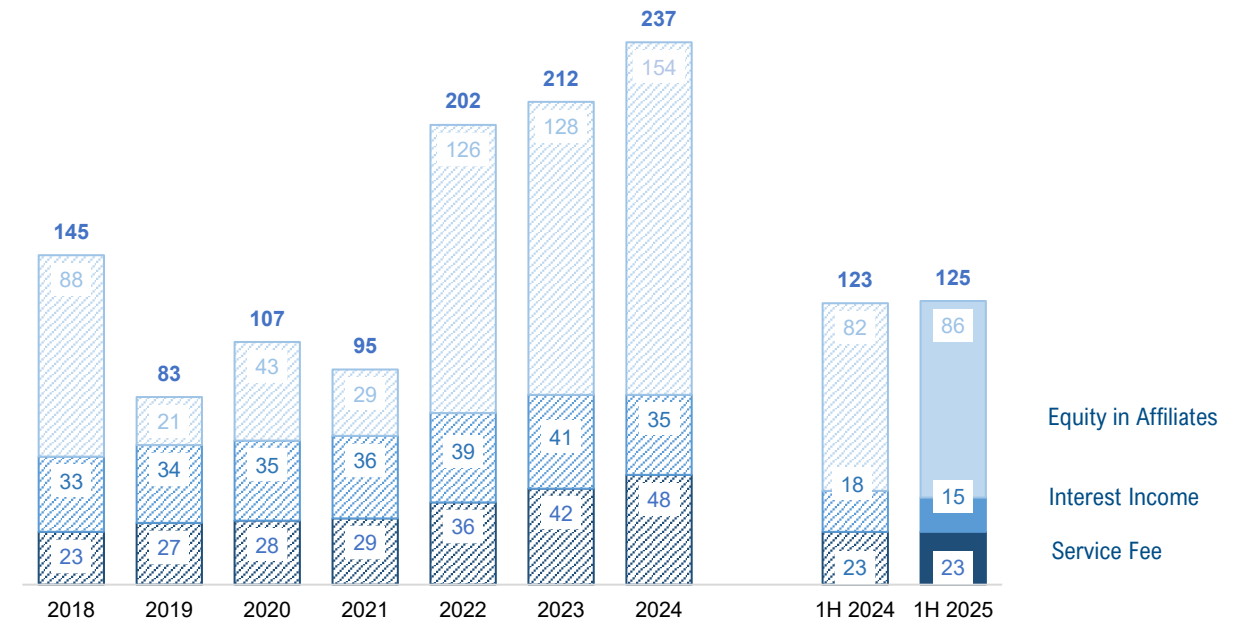
- MODEC does not consolidate its minority stakes in the SPCs. MODEC's share of SPCs' net earnings are recognized under the equity method in the consolidated income statement
- SPCs are typically capitalized through a combination of (a) the equity investment and (b) the shareholders' subordinated loans from which MODEC receives the interest income
- SPCs also pay the fixed amount of the service fees to the sponsors as the sponsors are responsible for the management of SPCs

Charter Backlog (US\$ Bn)



Charter Business Performance (US\$ MM)

The earning growth largely reflects **five new FPSOs entering the charter phase in 3 years:**  
 2021: MV30  
 2022: MV31 and MV34  
 2023: MV32 and MV33 (from 2H)



# Financial Summary

## Income Statement <sup>1</sup>



(US\$ MM)	2018	2019	2020	2021	2022	2023	2024	1H 2024	1H 2025	Diff.
Revenue										
EPCI	1,049	2,059	2,175	3,115	1,775	2,488	2,910	1,271	1,397	+ 126
O&M	885	892	745	728	901	1,006	1,177	556	628	+ 72
Service Fee	23	27	28	29	36	42	48	23	23	+ 0
Others	40	56	43	26	26	36	50	26	24	- 2
Revenue Total	1,998	3,036	2,994	3,899	2,739	3,574	4,186	1,877	2,074	+ 197
EPCI + O&M Profits (excluding Service Fee)	215	40	(121)	(254)	31	208	344	174	171	- 3
Charter Profits										
Service Fee	23	27	28	29	36	42	48	23	23	+ 0
Interest Income	33	34	35	36	39	41	35	18	15	- 3
Equity in Affiliates	88	21	43	29	126	128	154	82	86	+ 4
Charter Profits Total	145	83	107	95	202	212	237	123	125	+ 2
Other Income/Expense	0	(151)	17	24	33	2	0	0	0	+ 0
SG&A	(104)	(112)	(116)	(145)	(153)	(188)	(223)	(93)	(108)	- 15
Finance Income <sup>2</sup>	22	20	6	18	24	48	32	16	33	+ 17
Finance Expense										
Interest Expense <sup>3</sup>	(8)	(7)	(5)	(3)	(16)	(27)	(33)	(18)	(17)	+ 1
Other Expense	(10)	(14)	0	(78)	(67)	(41)	(49)	(20)	(7)	+ 13
Finance Expense Total	(18)	(22)	(6)	(82)	(84)	(69)	(83)	(39)	(24)	+ 15
<b>EARNINGS BEFORE TAX</b>	<b>259</b>	<b>(142)</b>	<b>(113)</b>	<b>(344)</b>	<b>54</b>	<b>214</b>	<b>307</b>	<b>181</b>	<b>196</b>	<b>+ 15</b>
Tax	(56)	(19)	(11)	(15)	(13)	(88)	(44)	(32)	(31)	+ 1
Minority Interest	(5)	(4)	(1)	(4)	(3)	(29)	(42)	(24)	(19)	+ 5
<b>NET INCOME</b>	<b>197</b>	<b>(166)</b>	<b>(126)</b>	<b>(363)</b>	<b>37</b>	<b>96</b>	<b>220</b>	<b>124</b>	<b>145</b>	<b>+ 21</b>

Note:

1. Presented in accordance with JGAAP up to 2020 and thereafter IFRS

2. Excluding Interest Income from Subordinated Loans

3. Represent the interest expenses on the borrowings

# Financial Summary

## Historical EBITDA Performance & Financial Metrics <sup>1,2</sup>



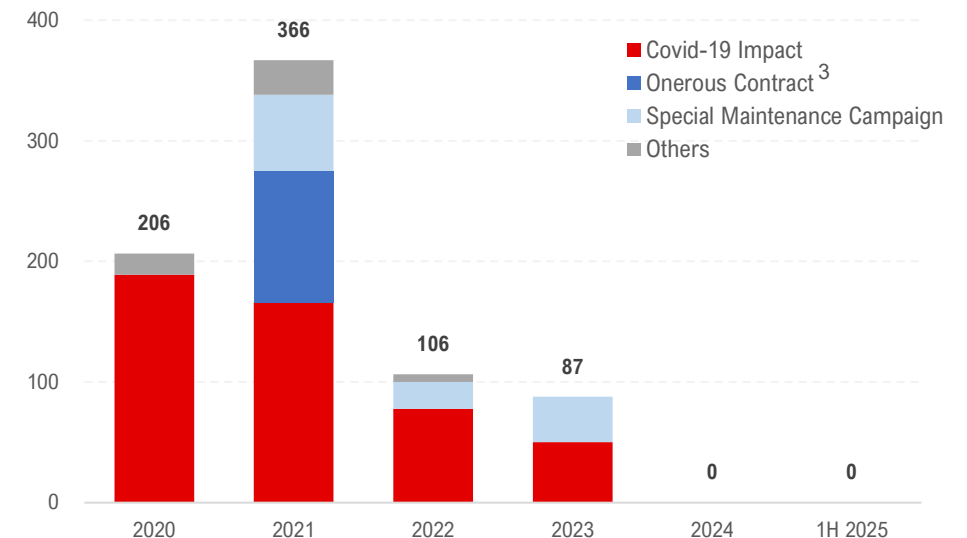
(US\$ MM)	2018	2019	2020	2021	2022	2023	2024	1H 2024	1H 2025	Diff.
EPCI + O&M Profits (Gross Profits excluding Service Fee)	215	40	(121)	(254)	31	208	344	174	171	- 3
Charter Profits										
Service Fee	23	27	28	29	36	42	48	23	23	+ 0
Interest Income	33	34	35	36	39	41	35	18	15	- 3
Equity in Affiliates	88	21	43	29	126	128	154	82	86	+ 4
Charter Profits Total	145	83	107	95	202	212	237	123	125	+ 2
SG&A	(104)	(112)	(116)	(145)	(153)	(188)	(223)	(93)	(108)	- 15
Depreciation (CF)	20	31	33	41	39	40	38	18	20	+ 2
Lease Obligation (CF)	0	(12)	(15)	(22)	(21)	(25)	(26)	(12)	(8)	+ 4
Minority Interest	(5)	(4)	(1)	(4)	(3)	(29)	(42)	(24)	(19)	+ 5
<b>Adj. EBITDA before Unusual Items</b>	<b>271</b>	<b>26</b>	<b>(114)</b>	<b>(291)</b>	<b>95</b>	<b>218</b>	<b>328</b>	<b>185</b>	<b>180</b>	<b>- 5</b>
Add Back: Unusual Items	0	65	206	366	106	87	0	0	0	+ 0
<b>Adj. EBITDA after Unusual Items</b>	<b>271</b>	<b>91</b>	<b>93</b>	<b>76</b>	<b>202</b>	<b>306</b>	<b>328</b>	<b>185</b>	<b>180</b>	<b>- 5</b>

KEY FINANCIAL ITEMS (US\$ MM)	2018	2019	2020	2021	2022	2023	2024	1H 2024	1H 2025	Diff
Cash & Deposits	461	478	638	810	492	1,013	1,253	1,143	1,491	+ 348
Total Debt	279	226	130	426	393	570	514	542	419	- 123
Net Debt	(181)	(252)	(508)	(383)	(99)	(443)	(738)	(600)	(1,072)	- 472
Equity	1,375	1,111	883	532	811	992	1,180	1,104	1,281	+ 177
Capitalization	1,654	1,337	1,013	959	1,204	1,563	1,694	1,647	1,701	+ 54
KEY FINANCIAL RATIOS										
Debt / Adj. EBITDA before Unusual Items	1.0 x	8.6 x	(1.1 x)	(1.5 x)	4.1 x	2.6 x	1.6 x	2.1 x	1.5 x	-0.6 x
Debt / Adj. EBITDA after Unusual Items	1.0 x	2.5 x	1.4 x	5.6 x	1.9 x	1.9 x	1.6 x	1.6 x	1.5 x	-0.1 x
Debt / Capitalization	17%	17%	13%	44%	33%	37%	30%	33%	25%	-8%
Debt / Equity	20%	20%	15%	80%	48%	57%	44%	49%	33%	-16%

### Highlights

- Strong EBITDA continues, exceeding the pre-Covid record.
- Profit improvement stems from the [earning enhancement of all three service segments](#) as well as the progress in clients / [revenue diversification](#).
- Financial conditions remain solid as evidenced by the low debt/capitalization or debt/equity of 25% or 33%, respectively.
- Continued improvement in the financial metrics with the low [debt/EBITDA of 1.5x](#).
- Large cash on hand of approx.\$1.5 billion largely reflects the advance payments for the large EPCI projects.

### Unusual Items (US\$ MM)



Note:

1. Presented in accordance with JGAAP up to 2020 and thereafter IFRS

2. Minority interest: SOFEC (JV with Mitsui E&S until 2024), OFS (JV with TOYO from 2022)

Adj EBITDA: Adjusted EBITDA before adjustments of the Unusual Items, specifically Covid-19 impact and Special Maintenance Campaign

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

3. Onerous contract reserves, which were established for three older FPSOs in Brazil, is calculated in the amount of present value of future expected NET cash flow from both O&M and Charter contracts. Please note that PV of negative expected cash flow from O&M exceed the positive net cash flow from the charter, thus established onerous contract reserve.



# Financial Summary

## Balance Sheet<sup>1</sup>



Balance sheet (US\$ MM)	2018	2019	2020	2021	2022	2023	2024	1H 2025	Diff
Cash & cash equivalents	461	478	638	810	492	1,013	1,253	1,491	238
Trade & other receivables	856	1,491	1,205	379	478	592	752	530	-222
Contract assets	-	-	-	704	257	185	195	102	-93
ST loans receivable	387	76	-	14	-	27	6	0	-6
Investment accounted for using equity method	643	659	652	739	1,114	1,374	1,587	1,604	17
LT loans receivable	332	345	367	398	365	348	307	315	8
Other Assets	411	447	590	381	430	346	393	452	59
<b>TOTAL ASSETS</b>	<b>3,092</b>	<b>3,498</b>	<b>3,454</b>	<b>3,425</b>	<b>3,136</b>	<b>3,887</b>	<b>4,496</b>	<b>4,497</b>	<b>1</b>
Trade & other payables	879	1,377	1,462	1,356	921	1,189	1,326	1,312	-14
Contract liabilities	89	122	313	405	499	590	877	855	-22
LT bonds & borrowings	279	226	130	426	393	570	514	419	-95
Other Liabilities	358	628	630	683	482	503	579	600	21
Total Liabilities	1,608	2,353	2,536	2,870	2,295	2,852	3,298	3,187	-111
Non-controlling interests	109	32	34	22	29	42	18	27	9
Capital	549	542	574	562	562	377	359	358	-1
Retained earnings	842	656	543	85	131	522	722	843	121
Other components of equity	(16)	(85)	(232)	(115)	118	94	98	79	-19
Equity	1,375	1,111	883	532	811	992	1,180	1,281	101
<b>EQUITY &amp; LIABILITIES</b>	<b>3,092</b>	<b>3,498</b>	<b>3,454</b>	<b>3,425</b>	<b>3,136</b>	<b>3,887</b>	<b>4,496</b>	<b>4,497</b>	<b>1</b>

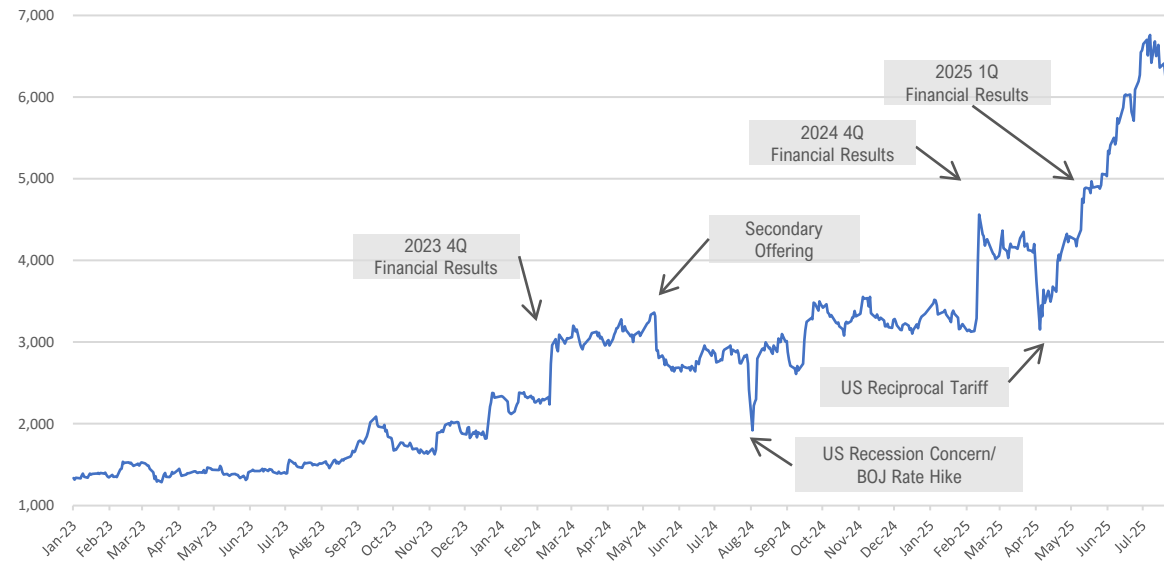
Note:

1. Presented in accordance with JGAAP up to 2020 and thereafter IFRS

## IV. Financial Guidance

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### Share Price Since 2023 (JPY)



### Daily Trading Volume Since 2023 (US\$MM) <sup>3</sup>



Note: 3. 25 days moving average

### Key Stock Data Since 2023

	Current <sup>2</sup>	MAX	MIN
Share Outstanding	68,345,300		
Public Float <sup>1</sup>	66.5%		29.8%
Share Price	6,450	6,940	1,275
Market Cap (US\$ MM)	2,997	3,158	546
PBR	2.54	2.68	0.65
PER	12.41	13.08	3.89
EPS (US\$ / LTM)	3.53	3.53	1.41

Note:

1. Excluding the shares held by three Mitsui Group companies

2. July 2025 average

### FY2025 Guidance

	2024 Actual	2025 Forecast	(US\$ MM)
Revenue	4,186	<b>3,700</b>	(486)
Operating Income	322	<b>410</b>	+ 88
Earnings Before Tax	307	<b>420</b>	+ 113
Net Income	220	<b>270</b>	+ 50
Annual Dividend (per share)	80 (JPY)	<b>120 (JPY)</b>	+ 40 (JPY)

Note that FY2025 guidance remains unchanged.

## V. Appendix

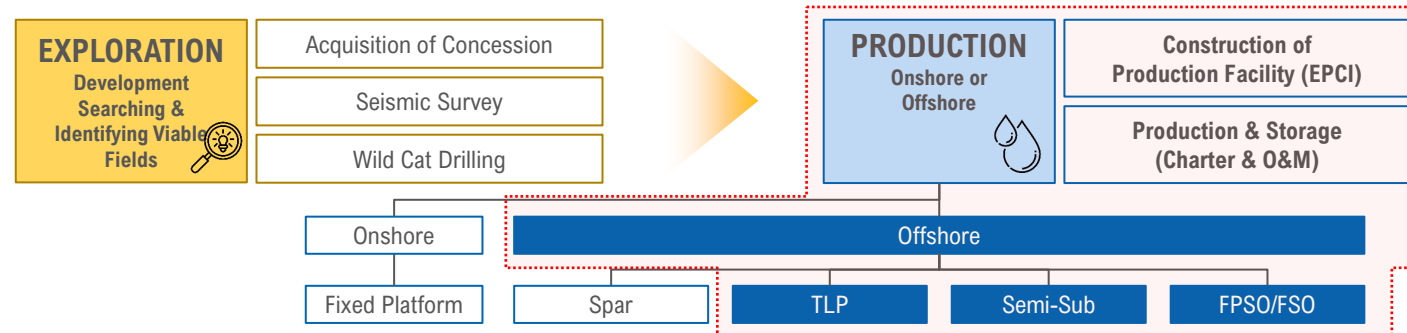
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# Business Model Overview

## A Leading Offshore Midstream Company with Long-Term, Contractual & Predictable Business Model

Founded in 1968, MODEC has established a strong presence in all major offshore oil & gas producing regions of the world, providing a **reliable one-stop solution** to its clients across **EPCI, O&M** and **Charter Services**. MODEC's revenues of all three service segments are based on the **fixed-amount long-term contracts with reputable counterparties** and thus insulated from the general economic cycle or the volatility in the market.



### MODEC Business Areas

- MODEC provides a reliable one-stop solution to international and national oil companies across **EPCI, O&M** and **Charter services** of FPSOs
- FPSO is an **offshore midstream production/storage facility** that is used to extract/transport, process and store deepwater hydrocarbons

### MODEC's Service Segments: EPCI, Charter and O&M

Overall	<ul style="list-style-type: none"> <li>MODEC operates in the <b>offshore midstream sector</b> (stable production phase) in the energy value chain.</li> <li>As an EPCI contractor, MODEC manages the entire production process, including managing various vendors and shipyards</li> <li>In the operational phase, MODEC provides Charter and O&amp;M services to its clients</li> <li>Despite the volatility of oil prices, major E&amp;P companies continue the exploration of oil reserves in deep sea areas globally. The deep water and the ultra-deepwater reserves have a <b>low breakeven cost</b> and remain profitable even with oil prices below US\$40/barrel</li> </ul>
EPCI	<ul style="list-style-type: none"> <li>EPCI revenue is based on the long-term contract (3-5 years) and recognized based on <b>the percentage-of-completion ("POC")</b> method for accounting purpose, while paid in cash based on <b>the contractual milestones</b> or monthly schedule for cash purpose.</li> <li>EPCI contract is a lump-sum turn-key contract. The cost fluctuation risk is mitigated through the contractual mechanism and subcontractor contract on a lump-sum basis with appropriate warranties.</li> </ul>
Charter and O&M	<ul style="list-style-type: none"> <li>Charter revenue is based on the non-cancellable long-term contract (10-25 years) and <b>the fixed day rate</b> in USD is payable by the client, subject to FPSO's availability (uptime), <b>irrespective of actual oil production or oil prices</b></li> <li>O&amp;M revenue is also based on the non-cancellable long-term contract with the fixed day rate.</li> <li>MODEC operates the <b>large diversified contracted fleet</b>. 16 FPSOs/FSOs are chartered to diverse group of counterparties (MODEC also provide O&amp;M-only services to 3 additional projects).</li> </ul>

