

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2020

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and deposits	¥66,117
Accounts receivable-trade	124,741
Inventories	19,066
Other current assets	19,082
Allowance for doubtful accounts	(1,061)
Total current assets	<u>227,946</u>
PROPERTY AND EQUIPMENT:	
Buildings and structures	140
Machinery and equipment	111
Other property and equipment	10,068
Construction in progress	255
Accumulated depreciation	(5,847)
Total property and equipment	<u>4,728</u>
INTANGIBLE ASSETS:	10,275
INVESTMENTS AND OTHER ASSETS:	
Investment securities	67,543
Long-term loans receivable from affiliates	38,004
Deferred tax assets	4,832
Other investments	4,200
Total investments and other assets	<u>114,581</u>
Total assets	<u><u>¥357,532</u></u>

** The figures are rounded down to the nearest million yen.*

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥151,331
Short-term loans payable	3,001
Current portion of long-term loans payable	5,748
Lease obligations	1,393
Accrued expenses	15,653
Income taxes payable	5,189
Advances received	32,455
Accrued employees' bonuses	158
Provision for loss on construction contracts	5,579
Provision for construction warranties	7,256
Provision for repairs	3,731
Other current liabilities	6,296
Total current liabilities	<u>237,796</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	4,746
Lease obligations	1,620
Net defined benefit liabilities	885
Deferred tax liabilities	62
Liabilities from application of equity method	10,807
Other long-term provision	271
Other long-term liabilities	6,326
Total long-term liabilities	<u>24,720</u>
Total liabilities	262,517
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	56,265
Treasury stock, at cost	(169)
Total shareholders' equity	<u>115,519</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(15,274)
Foreign currency translation adjustment	(7,610)
Retirement liability adjustments for foreign consolidated subsidiaries	(1,211)
Total accumulated other comprehensive income	<u>(24,097)</u>
NON-CONTROLLING INTERESTS	3,592
Total net assets	95,015
Total liabilities and net assets	<u>¥357,532</u>

* The figures are rounded down to the nearest million yen.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF OPERATION

For the year ended December 31, 2020

	Millions of Japanese yen
SALES	¥309,925
COST OF SALES	319,524
Gross profit (loss)	(9,598)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	12,015
Operating profit (loss)	(21,614)
OTHER INCOME (EXPENSES):	
Interest income	4,248
Dividend income	14
Equity in earnings of unconsolidated subsidiaries and affiliates, net	4,467
Foreign exchange gain (loss), net	22
Interest expenses	(654)
Gain (loss) on revaluation of derivatives	(84)
Reversal of provision for repairs	1,552
Retirement benefit expenses	(447)
Others, net	743
Total other income (expenses)	9,864
PROFIT (LOSS) BEFORE INCOME TAXES	(11,749)
INCOME TAXES:	
Current	2,645
Deferred	(1,497)
PROFIT (LOSS)	(12,897)
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	178
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	(¥13,076)

** The figures are rounded down to the nearest million yen.*

Earnings (loss) per share	(¥232.05)
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	<u>Millions of Japanese yen</u>
PROFIT(LOSS)	(¥12,897)
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	2,155
Foreign currency translation adjustment	(5,945)
Retirement liability adjustments for foreign consolidated subsidiaries	(112)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(10,962)
Total other comprehensive income	<u>(14,864)</u>
COMPREHENSIVE INCOME	<u><u>(¥27,762)</u></u>
Comprehensive income attributable to owners of parent	(¥27,779)
Comprehensive income attributable to non-controlling interests	¥17

** The figures are rounded down to the nearest million yen.*

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2020

Millions of Japanese yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustment	Retirement liability adjustments for foreign consolidated subsidiaries	Total accumulated gains (losses) from valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at January 1, 2020	¥30,122	¥29,301	¥71,950	(¥188)	¥131,185	(¥11,282)	¥2,983	(¥1,095)	(¥9,394)	¥3,575	¥125,366
Cumulative effects of changes in accounting policies					—						—
Restated balance	30,122	29,301	71,950	(188)	131,185	(11,282)	2,983	(1,095)	(9,394)	3,575	125,366
Cash dividends paid			(2,608)		(2,608)						(2,608)
Purchase of treasury stock				(0)	(0)						(0)
Disposal of treasury stock				19	19						19
Profit (loss) attributable to owners of parent			(13,076)		(13,076)						(13,076)
Net changes in items other than shareholders' equity					—	(3,992)	(10,593)	(116)	(14,702)	17	(14,685)
Total changes during period	—	—	(15,685)	19	(15,665)	(3,992)	(10,593)	(116)	(14,702)	17	(30,351)
Balance at December 31, 2020	¥30,122	¥29,301	¥56,265	(¥169)	¥115,519	(¥15,274)	(¥7,610)	(¥1,211)	(¥24,097)	¥3,592	¥95,015

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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2020

	<u>Millions of Japanese yen</u>
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit (loss) before income taxes	(¥11,749)
Adjustments to reconcile profit before income taxes to net cash provided by (used in) operating activities:	
Depreciation	3,294
Amortization of goodwill	150
Increase (decrease) in allowance for doubtful accounts	612
Increase (decrease) in net defined benefit liabilities	519
Increase (decrease) in provision for directors' bonuses	(25)
Increase (decrease) in provision for loss on construction contracts	(1,173)
Increase (decrease) in provision for construction warranties	697
Increase (decrease) in provision for repairs	(6,841)
Interest and dividend income	(4,263)
Interest expenses	654
Foreign exchange losses (gains), net	(5,767)
Equity in earnings of unconsolidated subsidiaries and affiliates, net	(4,467)
Loss (gain) on revaluation of derivatives	84
Decrease (increase) in trade receivables	54,896
Decrease (increase) in inventories	(14,751)
Increase (decrease) in trade payables	9,153
Increase (decrease) in accrued consumption taxes	(2,500)
Other, net	2,156
Total adjustments	<u>20,678</u>
Interest and dividend received	12,724
Interest paid	(704)
Income taxes paid	<u>(1,694)</u>
Net cash provided by operating activities	<u>¥31,004</u>

* The figures are rounded down to the nearest million yen.

	Millions of Japanese yen
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of property and equipment and intangible assets	(3,942)
Proceeds from sales of property and equipment	2
Purchase of investments in subsidiaries and affiliates	(1,878)
Net decrease (increase) in short-term loans receivable	5,219
Disbursement of long-term loans receivable	(3,405)
Collection of long-term loans receivable	3,261
Net cash used in investing activities	<u>(742)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Net increase (decrease) in short-term loans payable	3,487
Repayments of long-term loans payable	(13,815)
Purchase of treasury stock	(0)
Proceeds from sales of treasury stock	19
Cash dividends paid	(2,609)
Subsidy income	591
Repayments of lease obligations	(1,562)
Net cash used in financing activities	<u>(13,888)</u>
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(3,769)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,603
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	52,142
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>¥64,746</u></u>

** The figures are rounded down to the nearest million yen.*