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November 2, 2021

Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: MODEC, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 6269
 URL: <http://www.modec.com>
 Representative: Takeshi Kanamori, President & CEO
 Inquiries: Yasuhiro Takano, Executive Managing Officer
 Telephone: +81-3-5290-1200
 Scheduled date to file quarterly securities report: November 4, 2021
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2021	323,321	-	(8,032)	-	(4,677)	-	(6,913)	-
September 30, 2020	230,068	4.9	(10,651)	-	(5,173)	-	(5,045)	-

Note: Comprehensive income For the nine months ended June 30, 2021: ¥10,689 million [-%]
 For the nine months ended June 30, 2020: (¥23,314) million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2021	(122.67)	-
September 30, 2020	(89.53)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	376,530	99,109	25.4
December 31, 2020	357,532	95,015	25.6

Reference: Equity
 As of September 30, 2021: ¥95,466 million
 As of December 31, 2020: ¥91,422 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	-	23.75		21.25	45.00
Fiscal year ending December 31, 2021	-	15.00			
Fiscal year ending December 31, 2021 (Forecast)			-	15.00	30.00

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

3. Earnings forecast for FY2021 (January 1, 2021 – December 31, 2021)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Year	400,000	29.1	-	-	(4,500)	-	(6,500)	-

Note: Revisions to the Earnings forecast most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2021	56,408,000 shares
As of December 31, 2020	56,408,000 shares

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

As of September 30, 2021	45,100 shares
As of December 31, 2020	54,232 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2021	56,358,435 shares
Nine months ended September 30, 2020	56,350,957 shares

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

* Proper use of earnings forecasts, and other special matters

The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

September 30, 2021

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and deposits	¥60,468
Accounts receivable-trade and contract assets	147,310
Inventories	716
Short-term loans receivable	7,543
Other current assets	18,342
Allowance for doubtful accounts	(1,524)
Total current assets	<u>232,856</u>
PROPERTY AND EQUIPMENT:	
Machinery and equipment	32
Other property and equipment	3,832
Total property and equipment	<u>3,864</u>
INTANGIBLE ASSETS:	12,452
INVESTMENTS AND OTHER ASSETS:	
Investment securities	76,761
Long-term loans receivable from affiliates	42,976
Other investments	7,619
Total investments and other assets	<u>127,357</u>
Total assets	<u><u>¥376,530</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	¥138,951
Short-term loans payable	4,478
Current portion of long-term loans payable	4,068
Accrued expenses	16,568
Income taxes payable	5,124
Contract liabilities	51,016
Accrued employees' bonuses	345
Accrued directors' bonuses	22
Provision for loss on construction contracts	3,916
Provision for construction warranties	9,132
Provision for repairs	4,148
Other current liabilities	8,476
Total current liabilities	<u>246,249</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	16,899
Net defined benefit liabilities	927
Other long-term liabilities	13,345
Total long-term liabilities	<u>31,171</u>
Total liabilities	277,420
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	43,162
Treasury stock, at cost	(140)
Total shareholders' equity	<u>102,445</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(9,881)
Foreign currency translation adjustment	4,201
Retirement liability adjustments for foreign consolidated subsidiaries	(1,299)
Total accumulated other comprehensive income	<u>(6,979)</u>
NON-CONTROLLING INTERESTS	3,643
Total net assets	99,109
Total liabilities and net assets	<u>¥376,530</u>

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the nine months ended September 30, 2021

	Millions of Japanese yen
SALES	¥323,321
COST OF SALES	<u>321,650</u>
Gross profit (loss)	1,671
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,703</u>
Operating profit (loss)	(8,032)
OTHER INCOME (EXPENSES):	
Interest income	3,309
Equity in earnings of unconsolidated subsidiaries and affiliates, net	587
Foreign exchange gain (loss), net	(627)
Interest expenses	(351)
Commission fee	(202)
Gain (loss) on revaluation of derivatives	(10)
Recovery of extraordinary repair expenses	1,316
Others, net	<u>650</u>
Total other income (expenses)	4,671
PROFIT (LOSS) BEFORE INCOME TAXES	(3,361)
INCOME TAXES:	
Current	1,757
Prior	(30)
Deferred	<u>1,561</u>
PROFIT (LOSS)	<u>(6,650)</u>
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>262</u>
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	<u>(¥6,913)</u>

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

Earnings (loss) per share (¥122.67)

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2021

	<u>Millions of Japanese yen</u>
PROFIT(LOSS)	(¥6,650)
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(2,209)
Foreign currency translation adjustment	5,205
Retirement liability adjustments for foreign consolidated subsidiaries	(97)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	14,441
Total other comprehensive income	<u>17,339</u>
COMPREHENSIVE INCOME	<u>¥10,689</u>
Comprehensive income attributable to owners of parent	¥10,204
Comprehensive income attributable to non-controlling interests	¥484

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



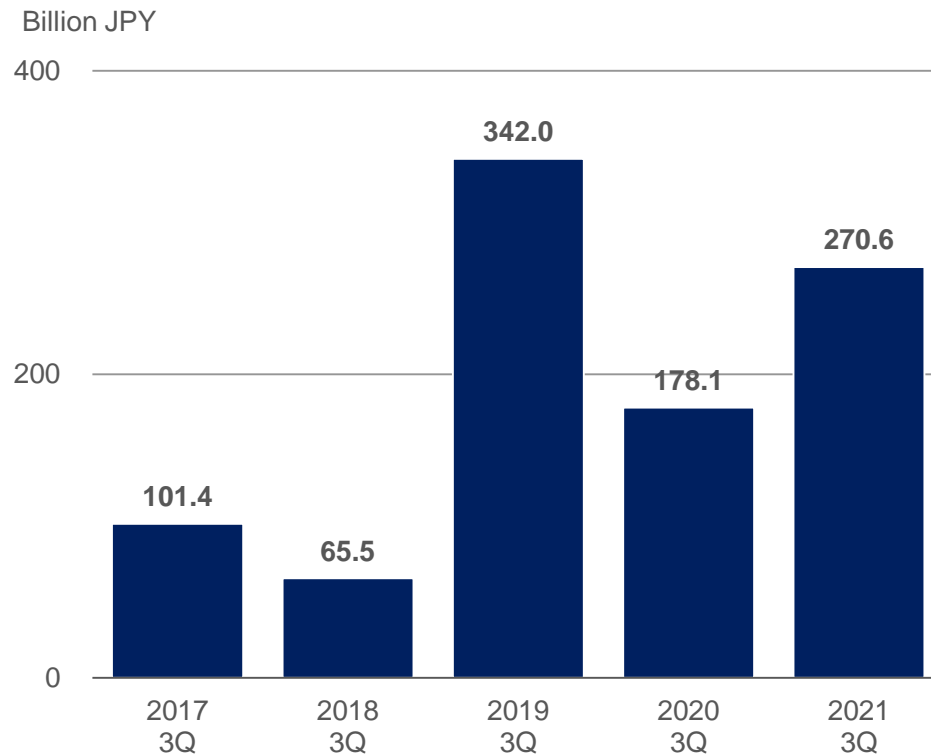
MODEC, Inc.
2021 3Q Financial Results
Supplementary Presentation

November 2, 2021

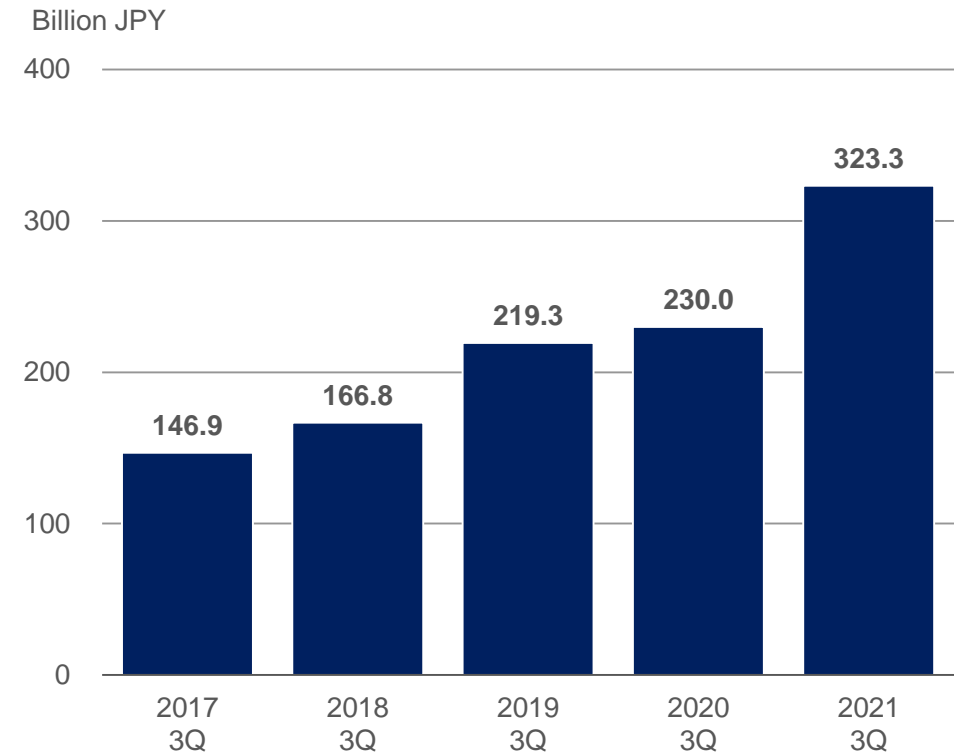


2021 Third Quarter : Highlight

New Order



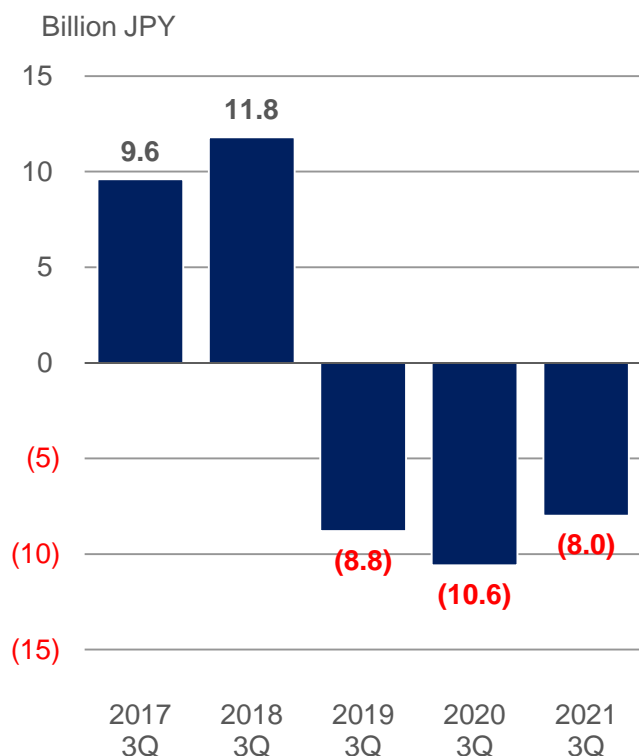
Revenue



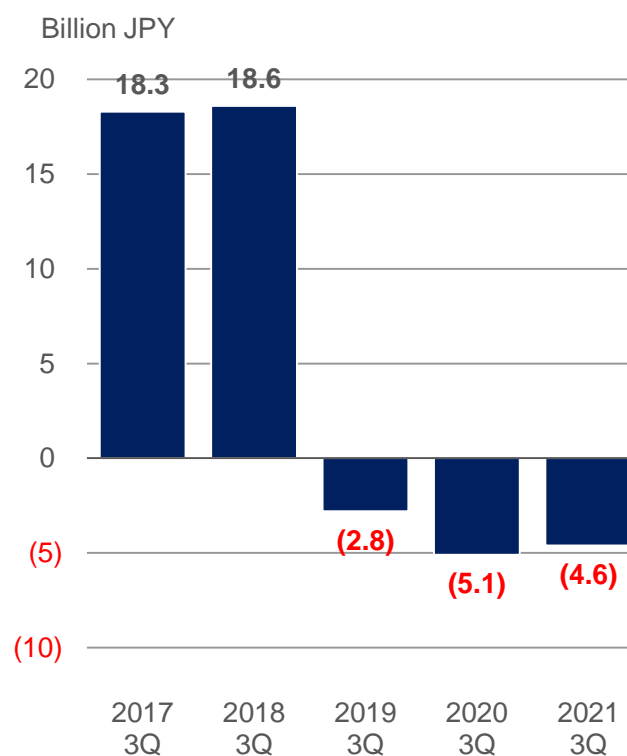
- New order was JPY 270.6 billion.
- Revenue increased comparing to the same period last year primarily due to the increase of the number of FPSO constructions

2021 Third Quarter : Highlight

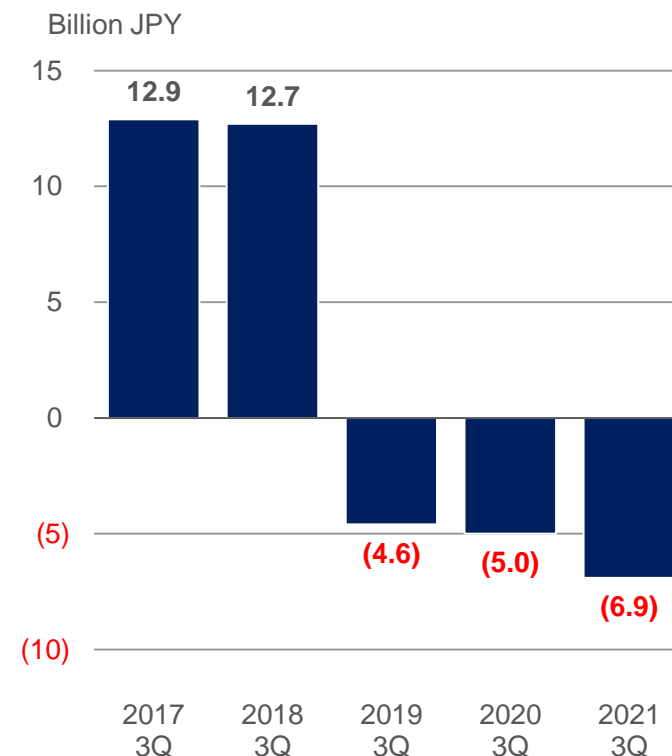
Operating Profit



Ordinary Profit



Profit Attribute to Owners of Parent



- Large-size FPSO construction which started from this year contributed to the profit, while overall profitability of FPSO construction got worse because of decrease in profitability of ongoing projects due to COVID-19.
- Several FPSO operated in Brazil shutdown its operation for repair of broken equipment etc. As the result, profitability of charter and O&M service also got worse.
- Post an impairment loss for FPSO Cidade de Santos MV20

FY2021 : Outlook

Unit: 100 million yen	Revenue	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent
Previous Forecast*(A)	4,000	-	100	50
Revised Forecast (B)	4,000	-	△45	△65
Variance (B-A)	-	-	△145	△115

* Announced on February 9, 2021

- Ordinary profit and profit attributable to owners of parent have been revised downward primarily due to prolonged shutdown period of several FPSO operated in Brazil, impairment loss for FPSO Cidade de Santos MV20, and decrease in profitability of ongoing FPSO construction due to COVID-19 etc.