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)

<table>
<thead>
<tr>
<th>Net sales</th>
<th>Operating profit</th>
<th>Ordinary profit</th>
<th>Profit attributable to owners of parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>Nine months ended</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September 30, 2021</td>
<td>323,321</td>
<td>-</td>
<td>(8,032)</td>
</tr>
<tr>
<td>September 30, 2020</td>
<td>230,068</td>
<td>4.9</td>
<td>(10,651)</td>
</tr>
</tbody>
</table>

   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

<table>
<thead>
<tr>
<th>Nine months ended</th>
<th>Basic earnings per share</th>
<th>Diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2021</td>
<td>(122.67)</td>
<td>-</td>
</tr>
<tr>
<td>September 30, 2020</td>
<td>(89.53)</td>
<td>-</td>
</tr>
</tbody>
</table>

(2) Consolidated financial position

<table>
<thead>
<tr>
<th>Total assets</th>
<th>Net assets</th>
<th>Equity-to-asset ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
</tr>
<tr>
<td>September 30, 2021</td>
<td>376,530</td>
<td>99,109</td>
</tr>
<tr>
<td>December 31, 2020</td>
<td>357,532</td>
<td>95,015</td>
</tr>
</tbody>
</table>

Reference: Equity
As of September 30, 2021: ¥95,466 million
As of December 31, 2020: ¥91,422 million
2. **Cash dividends**

<table>
<thead>
<tr>
<th></th>
<th>First quarter-end</th>
<th>Second quarter-end</th>
<th>Third quarter-end</th>
<th>Fiscal year-end</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
</tr>
<tr>
<td>Fiscal year ended</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2020</td>
<td>-</td>
<td>23.75</td>
<td></td>
<td>21.25</td>
<td>45.00</td>
</tr>
<tr>
<td>Fiscal year ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2021</td>
<td></td>
<td>15.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal year ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2021(</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast)</td>
<td></td>
<td></td>
<td></td>
<td>15.00</td>
<td>30.00</td>
</tr>
</tbody>
</table>

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


<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating profit</th>
<th>Ordinary profit</th>
<th>Profit attributable to owners of parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>Full Year</td>
<td>400,000</td>
<td>29.1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of September 30,</td>
<td>56,408,000</td>
</tr>
<tr>
<td>As of December 31,</td>
<td>56,408,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of September 30,</td>
<td>45,100</td>
</tr>
<tr>
<td>As of December 31,</td>
<td>54,232</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine months ended</td>
<td>56,358,435</td>
</tr>
<tr>
<td>September 30, 2021</td>
<td></td>
</tr>
<tr>
<td>Nine months ended</td>
<td>56,350,957</td>
</tr>
<tr>
<td>September 30, 2020</td>
<td></td>
</tr>
</tbody>
</table>

* 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.
# CONSOLIDATED BALANCE SHEET

**September 30, 2021**

## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of Japanese yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥60,468</td>
</tr>
<tr>
<td>Accounts receivable-trade and contract assets</td>
<td>147,310</td>
</tr>
<tr>
<td>Inventories</td>
<td>716</td>
</tr>
<tr>
<td>Short-term loans receivable</td>
<td>7,543</td>
</tr>
<tr>
<td>Other current assets</td>
<td>18,342</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(1,524)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>232,856</strong></td>
</tr>
<tr>
<td><strong>PROPERTY AND EQUIPMENT:</strong></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>32</td>
</tr>
<tr>
<td>Other property and equipment</td>
<td>3,832</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>3,864</strong></td>
</tr>
<tr>
<td><strong>INTANGIBLE ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,452</td>
</tr>
<tr>
<td><strong>INVESTMENTS AND OTHER ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>76,761</td>
</tr>
<tr>
<td>Long-term loans receivable from affiliates</td>
<td>42,976</td>
</tr>
<tr>
<td>Other investments</td>
<td>7,619</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td><strong>127,357</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>¥376,530</strong></td>
</tr>
</tbody>
</table>

*The figures are rounded down to the nearest million yen.*
## LIABILITIES AND NET ASSETS

### 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: 246,249

### LONG-TERM LIABILITIES:
- Long-term loans payable: 16,899
- Net defined benefit liabilities: 927
- Other long-term liabilities: 13,345
- Total long-term liabilities: 31,171

### TOTAL LIABILITIES:
- Total liabilities: 277,420

### NET ASSETS:
#### SHAREHOLDERS’ EQUITY:
- Common stock: 30,122
- Authorized - 102,868,000 shares
- Issued - 56,408,000 shares
- Capital surplus: 29,301
- Retained earnings: 43,162
- Treasury stock, at cost: (140)
- Total shareholders’ equity: 102,445

#### 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: (6,979)

### NON-CONTROLLING INTERESTS
- Total non-controlling interests: 3,643

### TOTAL NET ASSETS
- Total net assets: 99,109
- Total liabilities and net assets: ¥376,530

*The figures are rounded down to the nearest million yen.*
**CONSOLIDATED STATEMENT OF INCOME**

For the nine months ended September 30, 2021

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

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

Earnings (loss) per share

(¥122.67)
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of Japanese yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT(LOSS)</td>
<td>(¥6,650)</td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME:</td>
<td></td>
</tr>
<tr>
<td>Unrealized gains (losses) on hedging derivatives, net of tax</td>
<td>(2,209)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>5,205</td>
</tr>
<tr>
<td>Retirement liability adjustments for foreign consolidated subsidiaries</td>
<td>(97)</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method</td>
<td>14,441</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>17,339</td>
</tr>
<tr>
<td>COMPREHENSIVE INCOME</td>
<td>¥10,689</td>
</tr>
</tbody>
</table>

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.*
2021 Third Quarter : Highlight

- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>New Order (Billion JPY)</th>
<th>Revenue (Billion JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 3Q</td>
<td>101.4</td>
<td>146.9</td>
</tr>
<tr>
<td>2018 3Q</td>
<td>65.5</td>
<td>166.8</td>
</tr>
<tr>
<td>2019 3Q</td>
<td>342.0</td>
<td>219.3</td>
</tr>
<tr>
<td>2020 3Q</td>
<td>178.1</td>
<td>230.0</td>
</tr>
<tr>
<td>2021 3Q</td>
<td>270.6</td>
<td>323.3</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Ordinary Profit</th>
<th>Profit Attributable to Owners of Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Forecast*(A)</td>
<td>4,000</td>
<td>-</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Revised Forecast (B)</td>
<td>4,000</td>
<td>-</td>
<td>△45</td>
<td>△65</td>
</tr>
<tr>
<td>Variance (B-A)</td>
<td>-</td>
<td>-</td>
<td>△145</td>
<td>△115</td>
</tr>
</tbody>
</table>

* 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.