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August 8, 2024

## Consolidated Financial Results for the Six Months Ended June 30, 2024 (IFRS)

Company name: MODEC, INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6269  
 URL: <https://www.modec.com>  
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 Scheduled date to file semi-annual securities report: August 9, 2024  
 Scheduled date to commence dividend payments: September 10, 2024  
 Preparation of supplementary material on financial results: Yes "2024 Semi-Annual Results Presentation"  
 Holding of financial results briefing: Yes (to institutional investors and analysts)

(US dollar amounts are rounded down to thousands.)

### 1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%
Six months ended								
June 30, 2024	1,877,747	18.2	186,711	278.2	181,813	231.3	148,955	298.9
June 30, 2023	1,588,647	15.5	49,366	26.6	54,881	121.0	37,343	145.5

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	US\$ thousand	%	US\$ thousand	%	US\$		US\$	
Six months ended								
June 30, 2024	124,018	421.2	160,552	394.1	1.82		1.81	
June 30, 2023	23,793	57.1	32,490	(81.0)	0.42		0.42	

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	US\$ thousand	US\$ thousand	US\$ thousand	%
As of				
June 30, 2024	4,005,580	1,135,306	1,104,890	27.6
December 31, 2023	3,887,921	1,035,291	992,817	25.5

Note: The original condensed consolidated financial statements of MODEC, INC. and its subsidiaries (hereinafter "the Company") for the six months ended June 30, 2024 and 2023 and for the year ended December 31, 2023 are presented in US dollars, which is the Company's functional currency. Therefore, the consolidated operating results and the consolidated financial position above are also presented in US dollars.

For convenience purposes the consolidated financial results converted to Japanese yen in expedient manner are presented on page 4 of this summary information.

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Year ended December 31, 2023	—	0.00	—	20.00	20.00
Year ending December 31, 2024	—	30.00			
Year ending December 31, 2024 (Forecast)			—	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Earnings forecast for 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$
Full Year	4,300,000	20.3	290,000	50.3	290,000	35.1	200,000	107.2	2.93

Note: Revisions to the forecast most recently announced: Yes

The consolidated earnings forecast of the Company is prepared in US dollars, which is the Company's functional currency. For convenience purposes the consolidated earnings forecast converted to Japanese yen in expedient manner is presented on page 4 of this summary information.

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2024	68,345,300 shares
As of December 31, 2023	68,345,300 shares

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

As of June 30, 2024	38,250 shares
As of December 31, 2023	38,217 shares

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

Six months ended June 30, 2024	68,307,081 shares
Six months ended June 30, 2023	56,435,735 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts and other special matters

- Accompanying condensed interim consolidated financial statements and selected notes are presented in US dollars, which is the Company's functional currency.
- The US dollar amounts in the first page of this summary information is not tagged to XBRL data.
- Earnings forecast and other forward-looking statement included in this material are based on information currently available to the Company and are based on assumptions deemed reasonable. They are not meant to be a guarantee of future performance or outcomes. Actual results may differ materially subject to various factors.

**[Reference] Consolidated financial results for the six months ended June 30, 2024 and earnings forecast for the year ending December 31, 2024 presented in Japanese yen**

(Yen amounts are rounded down to millions.)

**1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended								
June 30, 2024	302,373	31.3	30,066	320.1	29,277	267.9	23,986	343.0
June 30, 2023	230,338	22.6	7,157	34.4	7,957	134.5	5,414	160.5

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	yen	yen
Six months ended						
June 30, 2024	19,970	478.9	25,853	448.8	292.37	292.21
June 30, 2023	3,449	66.7	4,710	(79.8)	61.13	61.09

**(2) Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	million yen	million yen	million yen	%
As of				
June 30, 2024	645,018	182,818	177,920	27.6
December 31, 2023	551,423	146,835	140,811	25.5

Note: The amounts presented above are converted to Japanese yen in expedient manner from the consolidated financial results on page 1 of this summary information using the following exchange rates:

June 30, 2024 at US\$1.00 = 161.03 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of June 28, 2024)

June 30, 2023 at US\$1.00 = 144.99 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of June 30, 2023)

December 31, 2023 at US\$1.00 = 141.83 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 29, 2023)

The percentages indicating year-on-year changes for the consolidated operating results are calculated on Japanese yen basis presented above.

**2. Earnings forecast for 2024 (from January 1, 2024 to December 31, 2024)**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	623,930	23.1	42,079	53.8	42,079	38.2	29,020	112.0	424.85

Note: The amounts presented above are converted to Japanese yen in expedient manner from the earnings forecast on page 2 of this summary information at US\$1.00 = 145.10 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of August 6, 2024.

The percentages indicating year-on-year changes are calculated on Japanese yen basis presented above.

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## 1. Qualitative information on quarterly financial results

### (1) Results of operations

In the first half of this year, the Japanese economy experienced a continued moderate recovery with overall good performance in corporate earnings and improvements in the employment and income conditions. On the other hand, while the US economy showed continued strength, slow recovery in the Chinese economy coupled with concerns over geopolitical risks such as heightened tensions in the Middle East made the outlook of global economy remain uncertain.

Oil prices temporarily rose to the upper US\$80s per barrel at the beginning of April following Israeli airstrike of the Iranian embassy in Syria, which heightened concerns about further tensions in the Middle East. Subsequently, the oil price fluctuated in the range of US\$70's to US\$80s per barrel due to lower economic indicators from China and the OPEC Plus meeting's policy of scaling back voluntary production cuts. While coexisting with the trend toward decarbonization, maintaining a stable energy supply remains an important issue, and oil companies continue to pursue projects to develop deepwater oil fields. Demand for the Group's main business related to floating offshore oil and gas production facilities especially for large-scale ultra-deepwater projects, in which the Group has a competitive advantage, has also remained firm.

Under these circumstances, for the six months ended as of June 30, 2024, the total orders on a consolidated basis resulted in US\$353,257 thousand (US\$7,853,105 thousand in YTD 2Q 2023) due to the variation orders of FPSO construction projects. The consolidated revenue was US\$1,877,747 thousand (US\$1,588,647 thousand in YTD 2Q 2023) due to the progress in the construction of FPSOs.

In terms of profit, the operating profit was US\$186,711 thousand (operating profit of US\$49,366 thousand in YTD 2Q 2023). This is due to the revenue recognized from the steady progress of construction projects and share of profit of investments accounted for using equity method from the stable charter business.

In addition, the recognition of interest income due to temporary increase in cash and cash equivalents from advances received for construction projects resulted in an increase in finance income compared to the same period previous year. On the other hand, finance costs increased compared to the same period previous year due to the recognition of valuation allowance for losses on loans to affiliated companies. Therefore, the profit before tax for the six months ended as of June 30, 2024 was US\$181,813 thousand (profit before tax of US\$54,881 thousand in YTD 2Q 2023). As a result, the profit attributable to owners of parent for the six months was US\$124,018 thousand (profit attributable to owners of parent of US\$23,793 thousand in YTD 2Q 2023).

### (2) Financial position

The total assets at the end of second quarter of this year increased by US\$117,659 thousand to US\$4,005,580 thousand from the end of previous year mainly due to increase in investments accounted for using equity method.

The total liabilities increased by US\$17,644 thousand to US\$2,870,274 thousand from the end of previous year mainly due to increase in contract liabilities.

The total equity increased by US\$100,015 thousand to US\$1,135,306 thousand from the end of previous year mainly due to increase in retained earnings.

## 2. Condensed interim consolidated financial statements and selected notes

### (1) Condensed interim consolidated statement of financial position

in thousands of US dollars

	December 31, 2023	June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	1,013,912	1,143,230
Trade and other receivables	592,163	501,646
Contract assets	185,585	130,924
Loans receivable	27,370	20,527
Other financial assets	57,806	45,241
Other current assets	158,712	152,262
Total current assets	2,035,550	1,993,833
Non-current assets		
Property, plant and equipment	50,042	46,273
Intangible assets	49,483	50,666
Investments accounted for using equity method	1,374,188	1,553,199
Loans receivable	348,636	329,961
Other financial assets	13,163	12,148
Deferred tax assets	16,489	19,152
Other non-current assets	367	344
Total non-current assets	1,852,371	2,011,747
Total assets	3,887,921	4,005,580

in thousands of US dollars

	December 31, 2023	June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,189,228	1,044,552
Contract liabilities	590,278	783,129
Borrowings	57,799	57,799
Income taxes payable	70,147	71,788
Provisions	126,268	128,811
Other financial liabilities	150,826	143,321
Other current liabilities	59,551	51,416
Total current liabilities	2,244,101	2,280,819
Non-current liabilities		
Bonds and borrowings	512,954	484,791
Defined benefit liability	45,091	47,401
Provisions	24,288	35,849
Other financial liabilities	19,399	18,690
Deferred tax liabilities	—	1,116
Other non-current liabilities	6,794	1,605
Total non-current liabilities	608,529	589,455
Total liabilities	2,852,630	2,870,274
Equity		
Share capital	190,495	190,495
Capital surplus	187,112	168,963
Retained earnings	522,260	637,051
Treasury shares	(1,092)	(1,093)
Other components of equity	94,042	109,473
Equity attributable to owners of parent	992,817	1,104,890
Non-controlling interests	42,473	30,415
Total equity	1,035,291	1,135,306
Total liabilities and equity	3,887,921	4,005,580



(2) Condensed interim consolidated statement of profit or loss and condensed interim consolidated statement of other comprehensive income

Condensed interim consolidated statement of profit or loss

For the six months ended June 30

in thousands of US dollars

	2023	2024
Revenue	1,588,647	1,877,747
Cost of sales	(1,502,763)	(1,680,026)
Gross profit	85,884	197,721
Selling, general and administrative expenses	(78,287)	(93,115)
Share of profit of investments accounted for using equity method	41,686	82,035
Other income	243	295
Other expenses	(160)	(226)
Operating profit	49,366	186,711
Finance income	28,821	34,893
Finance costs	(23,306)	(39,791)
Profit before tax	54,881	181,813
Income tax expense	(17,537)	(32,858)
Profit for the period	37,343	148,955

Profit attributable to		
Owners of parent	23,793	124,018
Non-controlling interests	13,550	24,936
Profit for the period	37,343	148,955

in US dollars

Earnings per share		
Basic earnings per share	0.42	1.82
Diluted earnings per share	0.42	1.81

For the three months ended June 30

in thousands of US dollars

	2023	2024
Revenue	843,758	1,054,880
Cost of sales	(786,823)	(937,063)
Gross profit	56,935	117,817
Selling, general and administrative expenses	(35,798)	(45,787)
Share of profit of investments accounted for using equity method	7,589	38,028
Other income	8	61
Other expenses	(33)	(211)
Operating profit	28,701	109,908
Finance income	16,847	17,089
Finance costs	(11,302)	(27,300)
Profit before tax	34,246	99,696
Income tax expense	(6,304)	(21,926)
Profit for the period	27,941	77,769

Profit attributable to		
Owners of parent	20,697	61,483
Non-controlling interests	7,244	16,286
Profit for the period	27,941	77,769

in US dollars

Earnings per share		
Basic earnings per share	0.37	0.90
Diluted earnings per share	0.37	0.90

## Condensed interim consolidated statement of other comprehensive income

For the six months ended June 30

in thousands of US dollars

	2023	2024
Profit for the period	37,343	148,955
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability	(54)	(160)
Total items that will not be reclassified subsequently to profit or loss	(54)	(160)
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	(367)	(15,579)
Exchange differences on translation of foreign operations	(4,535)	2,089
Share of other comprehensive income of investments accounted for using equity method	104	25,247
Total items that may be reclassified subsequently to profit or loss	(4,799)	11,757
Total other comprehensive income, net of tax	(4,853)	11,597
Total comprehensive income for the period	32,490	160,552
Total comprehensive income attributable to		
Owners of parent	18,863	139,290
Non-controlling interests	13,626	21,261
Total comprehensive income	32,490	160,552

For the three months ended June 30

in thousands of US dollars

	2023	2024
Profit for the period	27,941	77,769
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability	(27)	(80)
Total items that will not be reclassified subsequently to profit or loss	(27)	(80)
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	(1,052)	(8,072)
Exchange differences on translation of foreign operations	(2,477)	1,272
Share of other comprehensive income of investments accounted for using equity method	34,588	(3,284)
Total items that may be reclassified subsequently to profit or loss	31,058	(10,084)
Total other comprehensive income, net of tax	31,031	(10,164)
Total comprehensive income for the period	58,973	67,605

Total comprehensive income attributable to		
Owners of parent	51,738	53,738
Non-controlling interests	7,234	13,867
Total comprehensive income	58,973	67,605

### (3) Condensed interim consolidated statement of changes in equity

For the six months ended June 30, 2023

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2023	282,292	280,686	131,004	(1,092)	—	142,790
Profit for the period	—	—	23,793	—	—	—
Other comprehensive income	—	—	—	—	(54)	(462)
Total comprehensive income for the period	—	—	23,793	—	(54)	(462)
Issuance of new shares	53,976	53,976	—	—	—	—
Reduction of share capital	(145,370)	145,370	—	—	—	—
Transfer from capital surplus to retained earnings	—	(293,154)	293,154	—	—	—
Share-based payment transactions	—	90	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(54)	—	54	—
Total transactions with owners	(91,393)	(93,715)	293,099	—	54	—
At June 30, 2023	190,899	186,970	447,898	(1,092)	—	142,327

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
At January 1, 2023	(24,041)	118,748	811,640	29,481	841,121
Profit for the period	—	—	23,793	13,550	37,343
Other comprehensive income	(4,412)	(4,929)	(4,929)	76	(4,853)
Total comprehensive income for the period	(4,412)	(4,929)	18,863	13,626	32,490
Issuance of new shares	—	—	107,953	—	107,953
Reduction of share capital	—	—	—	—	—
Transfer from capital surplus to retained earnings	—	—	—	—	—
Share-based payment transactions	—	—	90	—	90
Transfer from other components of equity to retained earnings	—	54	—	—	—
Total transactions with owners	—	54	108,044	—	108,044
At June 30, 2023	(28,453)	113,873	938,548	43,108	981,656

For the six months ended June 30, 2024

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2024	190,495	187,112	522,260	(1,092)	—	123,552
Profit for the period	—	—	124,018	—	—	—
Other comprehensive income	—	—	—	—	(159)	13,581
Total comprehensive income for the period	—	—	124,018	—	(159)	13,581
Dividends to owners of parent	—	—	(9,067)	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—	—
Share-based payment transactions	—	71	—	—	—	—
Acquisition of non-controlling interests without a change in control	—	(18,219)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(159)	—	159	—
Total transactions with owners	—	(18,148)	(9,227)	(0)	159	—
At June 30, 2024	190,495	168,963	637,051	(1,093)	—	137,133

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
At January 1, 2024	(29,510)	94,042	992,817	42,473	1,035,291
Profit for the period	—	—	124,018	24,936	148,955
Other comprehensive income	1,849	15,271	15,271	(3,674)	11,597
Total comprehensive income for the period	1,849	15,271	139,290	21,261	160,552
Dividends to owners of parent	—	—	(9,067)	—	(9,067)
Dividends to non-controlling interests	—	—	—	(10,500)	(10,500)
Acquisition of treasury shares	—	—	(0)	—	(0)
Share-based payment transactions	—	—	71	—	71
Acquisition of non-controlling interests without a change in control	—	—	(18,219)	(22,820)	(41,040)
Transfer from other components of equity to retained earnings	—	159	—	—	—
Total transactions with owners	—	159	(27,217)	(33,320)	(60,537)
At June 30, 2024	(27,660)	109,473	1,104,890	30,415	1,135,306

## (4) Condensed interim consolidated statement of cash flows

For the six months ended June 30

in thousands of US dollars

	2023	2024
Cash flows from operating activities		
Profit before tax	54,881	181,813
Depreciation and amortization	20,887	18,054
Increase (decrease) in provisions	3,481	16,273
Increase (decrease) in defined benefit liability	(1,204)	2,313
Share of profit of investments accounted for using equity method	(41,686)	(82,035)
Finance income and finance costs	(5,514)	4,897
Decrease (increase) in trade and other receivables	(19,964)	78,193
Decrease (increase) in contract assets	(3,909)	54,653
Decrease (increase) in other current assets	(2,754)	18,464
Increase (decrease) in trade and other payables	3,996	(132,519)
Increase (decrease) in contract liabilities	(75,430)	197,204
Increase (decrease) in other current liabilities	(9,323)	(13,822)
Other	(19,107)	243
Subtotal	(95,650)	343,733
Interest received	21,550	31,940
Dividends received	56,112	59,240
Interest paid	(10,831)	(18,075)
Income taxes paid	(11,677)	(41,117)
Net cash provided by (used in) operating activities	(40,496)	375,721
Cash flows from investing activities		
Net decrease (increase) in short-term loans receivable	—	(4,388)
Repayments of long-term loans receivable	6,842	13,685
Acquisition of property, plant and equipment and intangible assets	(2,299)	(7,169)
Acquisition of investments accounted for using equity method	—	(133,331)
Proceeds from liquidation of investments accounted for using equity method	6,221	—
Proceeds from capital reduction of investments accounted for using equity method	—	50
Net cash provided by (used in) investing activities	10,764	(131,154)
Cash flows from financing activities		
Repayments of long-term borrowings	(3,510)	(28,899)
Payments of lease liabilities	(12,202)	(12,519)
Proceeds from issuance of new shares	107,953	—
Dividends paid	(6)	(9,065)
Dividends paid to non-controlling interests	—	(10,750)
Receipt of government grants	189	—
Acquisition of non-controlling interests	—	(41,040)
Net cash provided by (used in) financing activities	92,425	(102,274)
Effect of changes in exchange rates on cash and cash equivalents	2,579	(12,974)
Net increase (decrease) in cash and cash equivalents	65,272	129,317
Cash and cash equivalents at beginning of period	492,625	1,013,912
Cash and cash equivalents at end of period	557,898	1,143,230

(5) Selected notes to the condensed interim consolidated financial statements

(Note to ability to continue as a going concern)

There are no material uncertainties that require disclosure.