

MODEC, Inc.

Consolidated Financial Statements
Years ended December 31, 2024 and 2023



Independent auditor's report

To the Board of Directors of MODEC, Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MODEC, Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimated total costs used in recognizing revenue from construction contracts related to the floating production, storage and offloading system

The key audit matter	How the matter was addressed in our audit
MODEC, Inc. and its consolidated subsidiaries provide construction services related to the floating production, storage and	We performed the audit procedures to assess the reasonableness of the estimated total costs used in recognizing revenue from construction contracts

offloading system (hereinafter referred to as "FPSO"). As described in Note 23, "Revenue" to the consolidated financial statements, the revenues related to these construction contracts amounted to US dollar 2,910,425 thousand, representing approximately 69.5% of total revenue in the consolidated financial statements.

As described in Note 3, "Material accounting policies, (14) Revenue from contracts with customers" to the consolidated financial statements, MODEC, Inc. and its consolidated subsidiaries recognize revenue from a long-term construction contract over time as the related performance obligations are satisfied by transferring control over goods promised in the contract to a customer. For performance obligations satisfied over time, the estimated progress is calculated as a percentage of accumulated costs incurred to date against the estimated total costs (input method).

Contracts for construction services related to the FPSOs that MODEC, Inc. and its consolidated subsidiaries provide are individually significant in contract amounts and estimated total costs, and each project has detailed terms and conditions and specifications, in addition to a long construction period. Therefore, the preparation of the project budget, which provided the basis for estimating total costs of each construction contract related to the FPSO, involved a high degree of uncertainty. Specifically, management's determination on the following key assumptions in preparing the project budget primarily related to the work performed by the consolidated subsidiaries to which the construction work was assigned had a significant effect on the estimated total costs at the end of the fiscal year;

- whether all work necessary to complete the construction contracts were identified and the estimated costs were included in the project budget; and
- whether any changes in work, such as

related to the FPSOs. We involved the component auditors of the relevant consolidated subsidiaries, the assignees of the construction work, for these procedures, which included directing and supervising the component auditors and reviewing their work. The primary procedures we performed include the following:

(1) Internal control testing

Test of the design and operating effectiveness of certain of MODEC, Inc.'s internal controls relevant to the process of preparing a project budget, focusing on the controls related to estimating a construction period, the controls to update the estimated construction period and the related costs in a timely manner in accordance with changes in circumstances that occurred after the start of construction, and the controls to reflect the risk that these estimates may change within the project budget.

(2) Assessment of the reasonableness of the estimated total costs

The procedures including the following to assess whether key assumptions adopted in preparing the project budget for the construction contract, which were used as the basis for estimating the total costs of each construction contract, were appropriate;

- comparison of the work necessary to complete the construction contracts with the contents of the schedule of accumulated costs within the project budget;
- assessment as to whether there were any special terms and conditions or specifications requiring consideration for proper estimation of total costs in the contracts with customers or key local subcontractors;
- evaluation of the accuracy of the project budget by comparing the past project budgets for construction contracts with actual costs subsequently incurred and analyzing the variance between the two, and assessment as to whether the causes of these variances were considered in preparation or updating of the latest project budget;
- inspection of the project management materials for the construction contracts and comparison of the progress calculated based on the performance of the construction work confirmed by the customer with the progress measured by using the input

<p>specifications and the status of compliance with contract terms and conditions, due to changes in circumstances that occurred subsequent to the start of construction needed to be reflected within the project budget in a timely and appropriate manner.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimated total costs used in recognizing revenue from construction contracts related to the FPSOs was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>method; and</p> <ul style="list-style-type: none"> ● inquiry of the project manager and other relevant personnel, including the head of accounting, about any changes in circumstances that occurred after the start of construction and their judgment on whether the project budget needed updating for the changes, and inspection of relevant materials supporting their responses to the inquiry, such as the contracts and the minutes of negotiations with customers, key local subcontractors or other relevant parties.
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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise

professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are US dollar 2,603 thousand and US dollar 312 thousand, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Makoto Yamada

Designated Engagement Partner

Certified Public Accountant

Fumitaka Otani

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

March 27, 2025

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

【Consolidated financial statements】**1. Consolidated statement of financial position**

in thousands of US dollars

	Notes	December 31, 2023	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	5	1,013,912	1,253,276
Trade and other receivables	6, 23, 30	592,163	752,408
Contract assets	23	185,585	195,692
Loans receivable	11, 29, 30	27,370	6,842
Other financial assets	12, 29, 31	57,806	52,105
Other current assets	13, 23	158,712	150,419
Total current assets		2,035,550	2,410,745
Non-current assets			
Property, plant and equipment	4, 7, 9	50,042	71,102
Intangible assets	4, 8	49,483	39,669
Investments accounted for using equity method	4, 10, 30	1,374,188	1,587,851
Loans receivable	11, 29, 30	348,636	307,321
Other financial assets	12, 29	13,163	14,702
Deferred tax assets	26	16,489	62,496
Other non-current assets	4, 13, 23	367	2,763
Total non-current assets		1,852,371	2,085,906
Total assets		3,887,921	4,496,651

in thousands of US dollars

	Notes	December 31, 2023	December 31, 2024
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	14, 29, 30	1,189,228	1,326,995
Contract liabilities	23	590,278	877,573
Borrowings	15, 29, 31	57,799	55,549
Income taxes payable		70,147	112,170
Provisions	18	126,268	128,935
Other financial liabilities	19, 29, 31	150,826	182,633
Other current liabilities	20	59,551	50,994
Total current liabilities		2,244,101	2,734,850
Non-current liabilities			
Bonds and borrowings	15, 29, 31	512,954	458,885
Defined benefit liability	16	45,091	44,841
Provisions	18	24,288	18,979
Other financial liabilities	19, 29, 31	19,399	39,517
Other non-current liabilities	20	6,794	1,109
Total non-current liabilities		608,529	563,332
Total liabilities		2,852,630	3,298,183
Equity			
Share capital	21	190,495	190,495
Capital surplus	21, 30	187,112	168,963
Retained earnings	21	522,260	722,724
Treasury shares	21	(1,092)	(1,093)
Other components of equity		94,042	99,344
Equity attributable to owners of parent		992,817	1,180,435
Non-controlling interests		42,473	18,033
Total equity		1,035,291	1,198,468
Total liabilities and equity		3,887,921	4,496,651

2. Consolidated statement of profit or loss

in thousands of US dollars

	Notes	2023	2024
Revenue	4, 23, 30	3,574,924	4,186,461
Cost of sales	7, 8, 16, 17, 24, 30	(3,324,543)	(3,793,650)
Gross profit		250,380	392,811
Selling, general and administrative expenses	7, 8, 16, 17, 24, 30	(188,538)	(223,943)
Share of profit of investments accounted for using equity method	10, 29	128,677	154,004
Other income		2,513	576
Other expenses		(94)	(548)
Operating profit		192,938	322,901
Finance income	25, 29	90,834	68,249
Finance costs	25, 29	(69,104)	(83,174)
Profit before tax		214,668	307,975
Income tax expense	26	(88,712)	(44,670)
Profit for the period		125,955	263,305

Profit attributable to			
Owners of parent		96,536	220,404
Non-controlling interests		29,419	42,900
Profit for the period		125,955	263,305

in US dollars

Earnings per share			
Basic earnings per share	27	1.55	3.23
Diluted earnings per share		1.55	3.23

3. Consolidated statement of comprehensive income

in thousands of US dollars

	Notes	2023	2024
Profit for the period		125,955	263,305
Other comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability	16, 28	1,321	1,695
Total items that will not be reclassified subsequently to profit or loss		1,321	1,695
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	28	5,223	(20,007)
Exchange differences on translation of foreign operations	28	(5,597)	1,868
Share of other comprehensive income of investments accounted for using equity method	10, 28	(22,766)	18,299
Total items that may be reclassified subsequently to profit or loss		(23,140)	161
Total other comprehensive income, net of tax		(21,818)	1,856
Total comprehensive income for the period		104,136	265,162
Total comprehensive income attributable to			
Owners of parent		73,394	228,282
Non-controlling interests		30,741	36,880
Total comprehensive income		104,136	265,162

4. Consolidated statement of changes in equity

2023

in thousands of US dollars

	Notes	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		—	—	96,536	—	—	—
Other comprehensive income	16, 28	—	—	—	—	1,565	(19,237)
Total comprehensive income for the period		—	—	96,536	—	1,565	(19,237)
Issuance of new shares	21,	53,572	53,976	—	—	—	—
Reduction of share capital	21	(145,370)	145,370	—	—	—	—
Transfer from capital surplus to retained earnings	21	—	(293,154)	293,154	—	—	—
Dividends to non-controlling shareholders		—	—	—	—	—	—
Share-based payment transactions	17, 21, 30	—	232	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	1,565	—	(1,565)	—
Total transactions with owners		(91,797)	(93,573)	294,719	—	(1,565)	—
At December 31, 2023		190,495	187,112	522,260	(1,092)	—	123,552

	Notes	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		—	—	96,536	29,419	125,955
Other comprehensive income	16, 28	(5,469)	(23,141)	(23,141)	1,322	(21,818)
Total comprehensive income for the period		(5,469)	(23,141)	73,394	30,741	104,136
Issuance of new shares	21	—	—	107,549	—	107,549
Reduction of share capital	21	—	—	—	—	—
Transfer from capital surplus to retained earnings	21	—	—	—	—	—
Dividends to non-controlling shareholders		—	—	—	(17,750)	(17,750)
Share-based payment transactions	17, 21, 30	—	—	232	—	232
Transfer from other components of equity to retained earnings		—	(1,565)	—	—	—
Total transactions with owners		—	(1,565)	107,782	(17,750)	90,032
At December 31, 2023		(29,510)	94,042	992,817	42,473	1,035,291

	Notes	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		—	—	220,404	—	—	—
Other comprehensive income	16, 28	—	—	—	—	2,574	3,866
Total comprehensive income for the period		—	—	220,404	—	2,574	3,866
Dividends to owners of parent	22	—	—	(22,515)	—	—	—
Dividends to non-controlling shareholders		—	—	—	—	—	—
Acquisition of treasury shares		—	—	—	(0)	—	—
Shared-based payment transactions	17, 21, 30	—	71	—	—	—	—
Acquisition of non-controlling interests without a change in control	21	—	(18,219)	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	2,574	—	(2,574)	—
Total transactions with owners		—	(18,148)	(19,940)	(0)	(2,574)	—
At December 31, 2024		190,495	168,963	722,724	(1,093)	—	127,419

	Notes	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		—	—	220,404	42,900	263,305
Other comprehensive income	16, 28	1,435	7,877	7,877	(6,020)	1,856
Total comprehensive income for the period		1,435	7,877	228,282	36,880	265,162
Dividends to owners of parent	22	—	—	(22,515)	—	(22,515)
Dividends to non-controlling shareholders		—	—	—	(38,500)	(38,500)
Acquisition of treasury shares		—	—	(0)	—	(0)
Shared-based payment transactions	17, 21, 30	—	—	71	—	71
Acquisition of non-controlling interests without a change in control	21	—	—	(18,219)	(22,820)	(41,040)
Transfer from other components of equity to retained earnings		—	(2,574)	—	—	—
Total transactions with owners		—	(2,574)	(40,664)	(61,320)	(101,984)
At December 31, 2024		(28,075)	99,344	1,180,435	18,033	1,198,468

5. Consolidated statement of cash flows

in thousands of US dollars

	Notes	2023	2024
Cash flows from operating activities			
Profit before tax		214,668	307,975
Depreciation and amortization	7, 8	40,690	38,795
Increase (decrease) in provisions		(16,938)	490
Increase (decrease) in defined benefit liability	16	1,130	(242)
Share of profit of investments accounted for using equity method		(128,677)	(154,004)
Finance income and finance costs		(21,730)	14,925
Decrease (increase) in trade and other receivables		(104,945)	(186,049)
Decrease (increase) in contract assets		71,743	(10,255)
Decrease (increase) in other current assets		(13,738)	23,233
Increase (decrease) in trade and other payables		260,298	155,043
Increase (decrease) in contract liabilities		77,921	292,372
Increase (decrease) in other current liabilities		(21,976)	28,856
Other		24,117	(8,529)
Subtotal		382,561	502,611
Interest received		44,258	60,403
Dividends received		96,712	91,274
Interest paid		(22,310)	(36,355)
Income taxes paid		(15,335)	(57,043)
Net cash provided by operating activities		485,886	560,890
Cash flows from investing activities			
Net decrease (increase) in short-term loans receivable		—	(4,388)
Receipts of long-term loans receivable		20,527	27,370
Purchase of property, plant and equipment and intangible assets	7, 8	(7,469)	(12,282)
Purchase of investments accounted for using equity method	30	(229,821)	(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 used in investing activities		(210,542)	(122,581)
Cash flows from financing activities			
Proceeds from issuance of bonds	29	195,518	—
Repayments of long-term borrowings	29	(19,084)	(57,799)
Payments of lease liabilities		(25,274)	(26,190)
Proceeds from issuance of new shares	29	107,549	—
Dividends paid	22	(10)	(22,488)
Dividends paid to non-controlling shareholder		(17,750)	(38,750)
Payments of acquisition of non-controlling interests		—	(41,040)
Receipt of government grants		197	—
Net cash provided by (used in) financing activities		241,146	(186,267)
Effect of changes in exchange rates on cash and cash equivalents		4,795	(12,676)
Net increase (decrease) in cash and cash equivalents		521,286	239,363
Cash and cash equivalents at beginning of year	5	492,625	1,013,912
Cash and cash equivalents at end of year	5	1,013,912	1,253,276

【Notes to the consolidated financial statements】

1. Reporting entity

MODEC, Inc. (the Company) is domiciled and incorporated in Japan. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in the engineering, procurement, construction and installation of floating, production, storage and offloading systems for oil and gas production such as FPSO, FSO and TLP as well as related sales, leasing, charter and operation services.

2. Basis of preparation

(1) Statement of compliance with IFRS

Since the consolidated financial statements of the Group meets all the requirements of the “Designated International Financial Reporting Standards Specified Company” as stipulated in Article 1-2-1 of the Regulations for Consolidated Financial Statements, they have been prepared in accordance with IFRS based on the provisions of Article 312 of the Regulations. The consolidated financial statements were authorized for issue by Hirohiko Miyata, President and CEO, and Ryo Suzuki, Executive Managing Officer and CFO, on March 27, 2025.

(2) Basis of measurement

As noted in Note 3. Material accounting policies the consolidated financial statements have been prepared on the historical cost basis except for financial instruments, defined benefit liability and others, which are measured at fair value.

(3) Functional and presentation currency

The consolidated financial statements are presented in the Company’s functional currency, United States (US) dollars. Financial information presented has been rounded down to the nearest US thousand dollars.

(4) Use of judgements and estimates

In preparing these consolidated financial statements, management has made significant accounting judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, revenue and expenses as well as the disclosures of contingent liabilities at the end of reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgements, estimates and assumptions made in applying accounting policies that have significant effects on the amounts recognized in the Group’s consolidated financial statements is as follows:

- Scope of consolidation – Note 3. Material accounting policies (1) Basis of consolidation
- Revenue recognition – Note 3. Material accounting policies (14) Revenue from contracts with customers

Judgements, estimates and assumptions that may have significant effects on the Group’s consolidated financial statements are as follows:

- Revenue recognition – Note 3. Material accounting policies (14) Revenue from contracts with customers
- Measurement of provisions – Note 3. Material accounting policies (12) Provisions
- Recognition of deferred tax assets – Note 3. Material accounting policies (17) Income tax
- Fair values of financial instruments – Note 3. Material accounting policies (4) Financial instruments
- Recoverable amounts in the impairment test of non-financial assets – Note 3. Material accounting policies (9) Impairment of non-financial assets
- Actuarial assumptions for the measurement of defined benefit liability – Note 3. Material accounting policies (10) Employee benefits
- Assessment of lease and lease term – Note 3. Material accounting policies (8) Leases
- Impacts of COVID-19 pandemic

COVID-19 pandemic negatively impacted the overall progress of the Group’s EPCI projects during pandemic. The Group considers that the delays of projects caused by COVID-19 pandemic would be a force majeure event according to the contracts, laws and regulations. Therefore, at the end of this year the Group has not incorporated any impacts of liquidated damage penalty for the projects impacted into the accounting estimates. However, depending on the outcome of future negotiations with the customers or the result of the mediation, the Group may be potentially subject to the assessment of penalties.

- (5) Changes in accounting policies
Amendments to IAS 1 "Classification of liabilities as current or non-current and non-current liabilities with covenants"
The Group has adopted the amendments to "Classification of liabilities as current or non-current and non-current liabilities with covenants" issued on January 23, 2020 and October 31, 2022, respectively, from the year ended December 31, 2024. These amendments aim to clarify a criterion for classifying a liability as a current or non-current. They require new disclosures about non-current liabilities subject to future covenants. Their adoption has no material impact on the consolidated financial statements except as noted in Note "15. Bonds and borrowings (3) Non-current liabilities with financial covenants".

3. Material accounting policies

(1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between change in non-controlling interests and the fair value of transaction price is directly recognized in equity as equity attributable to owners of parent.

When the Group loses control over a subsidiary, any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Intra-group asset/liability balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated for the preparation of the consolidated financial statements.

② Investment in equity-accounted investees (associates and joint ventures)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group and other parties have joint control, whereby the Group has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant financial and operating activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method. (equity-accounted investees)

The consolidated financial statements include the Group's share of the profit or loss and change in other comprehensive income of equity-accounted investees from the date on which significant influence or joint control of equity-accounted investees commences until the date ceases.

Investment in equity-accounted investees are initially recognized at cost, which includes transaction costs. Goodwill recognized on acquisition of the investment relating to an associate or a joint venture is included in investment in equity-accounted investees. The Group's share of the equity-accounted investees' profit or loss and change in other comprehensive income is recognized as change in investment in equity-accounted investees from the date on which control of the equity-accounted investees commences until the date ceases. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. When unrealized gains exceed the Group's interest in the investee, the excess is recognized as deferred revenue in other non-current liabilities. Similarly, unrealized losses are eliminated against the investment but only to the extent that there is no evidence of impairment.

When losses of an equity-accounted investee are greater than the Group's interest in the investee, the Group's interest is reduced to zero and additional losses are recognized only to the extent that the Group has legal or constructive obligations. The additional losses are first accounted for against loans receivable towards the equity-accounted investee that form part of the net investment. Any excess is recognized as an equity method liability.

Goodwill that forms part of the carrying amount of the net investment in equity-accounted investee is not amortized in profit or loss. If there is any indication of impairment of the net investment in equity-accounted investee, the carrying amount of the investment is tested for impairment.

The Group owns 50% or more of voting powers of RANG DONG MV17 B.V., OPPORTUNITY MV18 B.V., GAS OPPORTUNITY MV20 B.V., SHAPE PTE. LTD. and SHAPE BRASIL SOLUCOES DIGITAIS LTDA. Since these companies' contractual arrangements agreed by parties provide the parties to the joint control with rights to the net assets of the arrangements, the Group classifies these companies as joint ventures.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at the sum of the acquisition date fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Group in exchange for the control of the acquiree. Goodwill is recognized as the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities acquired. While on a bargain purchase, gain is recognized in profit or loss. Transaction costs are expensed as incurred. The Group measures the acquiree's identifiable assets and liabilities at their acquisition date fair values. The acquisition of non-controlling interests after obtaining the control of acquiree is accounted for as an equity transaction. In such a transaction goodwill is not recognized.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party before and after the business combination, and that control is not transitory. Such a business combination is principally accounted for using the acquiree's carrying value of assets and liabilities.

(3) Foreign currency

① Foreign currency translations

Transactions in foreign currencies including capital transactions are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of reporting period. Exchange differences are recognized in profit or loss. However, when a gain or loss on assets or liabilities is recognized in other comprehensive income, foreign currency differences arising from the translation of those assets and liabilities are recognized in other comprehensive income. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

② Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency of the Group, US dollars, at the exchange rates at the end of reporting period. The revenue and expenses of foreign operations are translated into US dollars at the exchange rates at the dates of the transactions. Foreign currency differences arising in the translation of financial statements of foreign operations are recognized in other comprehensive income and accumulated in other components of equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of the exchange differences related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(4) Financial instruments

① Recognition and derecognition

Recognition:

Financial assets and financial liabilities including derivative instruments are initially recognized at trade date when the Group becomes a party to the contractual provisions of the instrument.

Purchase or sale of financial assets is recognized and derecognized using trade date accounting.

Derecognition:

The Group derecognizes a financial asset when:

- (a) the contractual rights to the cash flows from the financial asset expire; or
- (b) it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

If the Group retains control of the transferred financial asset, the Group continues to recognize the asset and associated liability to the extent of its continuing involvement.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

② Classification

Financial assets:

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value to profit or loss (FVTPL); or fair value to other comprehensive income (FVTOCI) based on the criteria as follows:

- (a) a business model whose objective is to hold financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortized cost are classified as FVTPL. Financial assets measured at FVTPL are derivative financial assets. The Group does not have any financial assets classified as FVTOCI or as FVTPL held for trading.

Financial liabilities:

Financial liabilities are all classified as measured at amortized cost except those classified as measured at FVTPL. Financial liabilities that are classified as FVTPL are derivative financial liabilities.

③ Measurement

Initial measurement:

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A financial asset or financial liability is initially measured at fair value for an item classified as FVTPL. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement:

Financial assets and financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest income and expense, exchange gains and losses and impairment are recognized in profit or loss. On derecognition gain or loss of a financial asset and the difference between the carrying amount of a financial liability extinguished and the consideration paid are recognized in profit or loss.

Financial assets and financial liabilities classified as FVTPL are subsequently measured at fair value.

After initial recognition financial guarantee contracts are subsequently measured at the higher of:

- (a) the amount of the loss allowance determined in accordance with the impairment criteria below.
- (b) the amount initially recognized less the cumulative amount of income recognized in accordance with the principles of IFRS15.

Impairment of financial assets:

The Group recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost, a contract asset or a financial guarantee contract.

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Despite above, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that do not contain a significant financing component.

The Group recognizes in profit or loss, as an impairment gain or loss, for the amount of expected credit losses or reversal that is required to adjust the loss allowance for a financial instrument.

④ Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as forward exchange contracts and interest rate swap contracts to hedge its foreign currency and interest rate risk exposures.

The Group makes formal designation and documentation of the hedging relationship and the risk management objective and strategy at the inception of the hedging relationship when applying hedge accounting. That documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements when offsetting exposures to fair value changes of the hedged item attributable to the hedged risk or cash flow variability. The Group expects these hedges are effective for offsetting fair value changes attributable to the hedged risk or cash flow variability.

Derivatives are initially measured at fair value and presented in the consolidated statement of financial position when the Group becomes a party to the contracts. Subsequent to initial recognition, except designated as hedging instruments derivatives are measured at fair value, and changes therein are recognized in profit or loss. Derivatives designated as hedging instruments are measured as follows:

Cash flow hedges:

The Group designates primarily cash flow hedge as hedging relationships. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognized in a costs of hedging reserve within equity. When currency swap contract is designated as cash flow hedge, the Group separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument. The change in fair value of the foreign currency basis spread is separately accounted for as a cost of hedging and recognized in a costs of hedging reserve in other comprehensive income within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting even after adjusting the hedge ratio or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss. The amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are presented in other components of equity as effective portion of cash flow hedges.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash, subject to insignificant risk of changes in value and redeemable in 3 months or less from each acquisition date.

(6) Property, plant and equipment

① Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, the cost of dismantling and removing the items, restoring the site on which they are located. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably. All other repairs and maintenance are recognized in profit or loss as incurred. Gains and losses arising on disposals of assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss.

② Depreciation

Depreciation is recognized over estimated useful lives of each part of an item of property, plant and equipment using the straight-line method. Depreciation is calculated based on the depreciable value. Depreciable value is the cost of an asset less its residual value.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	2–16 years
Tools, furniture and fixtures	2–20 years
Machinery and vehicles	3–7 years

Depreciation methods, useful lives and residual values of assets are reviewed at the end of each reporting period and revised as necessary.

(7) Intangible assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized over estimated useful lives of each intangible asset using the straight-line method.

The estimated useful lives of intangible assets by major asset group are as follows:

Software	3–10 years
Other intangible assets	5–18 years

Amortization methods, estimated useful lives and residual values of intangible assets are reviewed at the end of each reporting period and revised as necessary.

(8) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the shorter of estimated useful life of the asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise as follows:

- fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. Interest rate used for amortization in each period is the discount rate initially used to determine the present value of the total lease payments in measuring the lease liability. In accordance with the payment of the lease, it is reflected the lease liability as repayment of the principal portion of the lease liability and payment of interest on the lease liability.

The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term, 12 months or less, leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(9) Impairment of non-financial assets

For non-financial assets, the Group determines at the end of reporting period whether there is any indication of impairment. If any such indication exists, then the asset or cash-generating unit's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. Cash-generating units are the smallest group of assets that are largely independent of cash inflows of other assets or cash-generating units. If recoverable amount cannot be determined for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs. In the calculation of value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses recognized in prior periods are assessed at the end of reporting period for any indications that the loss has decreased or no longer exists.

(10) Employee benefits

① Post-employment benefits

a. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in profit or loss in the period during which services are provided by employees.

b. Defined benefit plans

The present value of the Group's obligation in respect of defined benefit plans and related current service cost are calculated separately for each plan using the projected unit credit method. The discount rate is determined by reference to market yields at the end of reporting period on high quality corporate bonds. In determining the discount rate the term of the corporate bonds reflects the estimated timing of benefit payments. Defined benefit liability is recognized by discounting the defined benefit obligation. Current service cost and interest expense related to defined benefit liability are recognized in profit or loss.

Remeasurements of the defined benefit liability are recognized immediately in other comprehensive income and reclassified to retained earnings. Past service cost is recognized in profit or loss when incurred.

② Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or annual paid vacation if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(11) Share-based payment

① Share-based compensation

Under the arrangement the Company's ordinary shares are granted to the directors and executive officers in accordance with the number of share points awarded to the directors and executive officers. The points are awarded based on the regulation of share-based payment arrangement of the Company. The Company's ordinary shares are acquired in the stock market and held by trust, which is established and funded by the Company.

Under the share-based payment arrangement, as the services provided to the Company by the directors and executive officers, the fair value of equity instruments granted are recognized in profit or loss with a corresponding increase in equity. Fair value of equity instruments granted is determined by reference to the market price of the Company's ordinary shares on the date the Company and the directors and executive officers agree to the share-based payment arrangement. As the directors and executive officers covered by the arrangement provide the services, the Company recognizes expenses and the corresponding rights of directors and executive officers become vested.

From 2024 the Company switched from share-based compensation to the share price-linked compensation (performance cash). Under the new compensation arrangement the amount of cash granted at resignation is determined in accordance with the number of points awarded based on the "Regulation of share price-linked payment arrangement" of the Company.

② Share price-linked compensation

Under the arrangement the Company grants share points annually based on the position and performance of directors and executive officers and pays the amount by multiplying the accumulated share points by the share price at the time of resignation. The fair value of the amount paid is recognized as other financial liabilities, and changes in the fair value of the liability are recognized in profit or loss until the liability is settled.

(12) Provisions

A provision is recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

① Warranties

A provision for warranties is recognized for the repair costs of the post-delivered defective items of the products. The provision for the warranties is recognized for the total estimated repair costs of defective items. These warranties are expected to be settled in 7 years from the end of reporting period.

② Loss on construction

A provision for loss on construction is recognized when the total costs of individual construction contract are expected to exceed the total contract value and the estimated excess costs are reasonably determined and reliable. The provision is measured at the future total estimated loss on construction. The provisions for loss on construction are expected to be settled in 2 years from the end of reporting period.

③ Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the

present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract. The provisions for onerous contracts are expected to be settled in 5 years from the end of reporting period.

④ Repair costs of FPSO

A provision is recognized for the estimated repair costs of FPSO. The Group has recognized the estimated cost required to repair the cracks on FPSO. The cracks were identified during decommissioning work undertaken by the Group after the termination of its oil production, and the work was suspended.

(13) Share capital

① Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

② Treasury shares

When shares are acquired, the amount of the consideration paid is recognized as a deduction from equity. When treasury shares are sold, retired, or reissued subsequently, any difference between the carrying value of treasury shares and the amount received is recognized as equity.

(14) Revenue from contracts with customers

The Group recognizes revenue from transactions within the scope of IFRS15 Revenue from Contracts with Customers based on 5 step approach as follows:

Step1: Identify the contract

Step2: Identify performance obligations

Step3: Determine the transaction price

Step4: Allocate the transaction price to performance obligations

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation

The revenue recognition criteria for the main services provided by the Group are as follows:

The revenue of lease and chartering services for FPSOs owned by affiliates and provided to oil exploration and production companies under lease contracts is included in share of profit of investments accounted for using equity method in the consolidated statement of profit or loss.

① Construction contracts

For long term construction contracts revenue is recognized over time as performance obligation is satisfied when the Group transfers control of the promised product or service to the customer. For performance obligation satisfied over time the Group measures the progress by reference to the cost incurred relative to the total estimated costs.

The Group constructs specialized assets customized to customer's order which the Group does not have an alternative use. These contracts span across several years. The Group has determined that for contracts where the Group has an enforceable right to payment, the customer obtains control all of the work in progress. This is because under those contracts, the assets are at the customer's specification and the Group is entitled to reimbursement of costs incurred to date including a reasonable margin when the contracts are terminated by the customer for reasons attributable to the customer.

Contract modifications to the long-term construction contract of the Group do not add any distinct goods or services in general. The Group accounts for such modifications as continuation of the original contract and recognizes a cumulative revenue at the date of modification.

In some circumstances, the Group may not be able to reasonably measure the outcome of a performance obligation (that is the stage of completion), but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue only to the extent of the costs incurred until such time that the Group can reasonably measure the outcome of the performance obligation.

Revenue is measured as the consideration promised in the contract with the customer less penalties and other items based on the contract with the customer.

For variable consideration including penalties and other items that are variable the Group estimates the amount of consideration using all reasonably available information and recognizes revenue only to the extent that it is highly probable that a material reversal will not occur.

Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. Invoices are usually payable within 30 to 60 days and do not contain a significant financing component.

As warranty to the construction contract is obligation to repair or correct the defective product, it is not considered as a separate performance obligation but comprises as a part of construction contract. Warranty period is usually 1 to 3 years after acceptance by the customer. The amount of warranty is based on estimates made from historical warranty data associated with similar services by adjusted for any project-specific claims.

② Operation services

Operation service is a service contract for the continuous provision of services. In principle, since the customer will receive a benefit as the Group fulfills its obligations for services promised in the contract, it is a performance obligation satisfied over a specified period. With respect to service contracts for the continuous provision of services, since the Group provides services that meet the customer's requirements over the contract term, progress is measured at the ratio of the period for which services are already provided relative to the total period for which services will be provided.

For fixed daily rate contract revenue is recognized over time based on fixed daily operation rate on a monthly basis.

For cost plus agreed mark-up contract revenue is recognized over the period in which the services rendered and costs incurred plus agreed mark-up.

Pre-operation services for which the services are provided during the construction period for the purpose of preparation of operations may be included as part of the construction contract. When such pre-operation service is classified as a separate service from the construction contract, revenue is recognized as a separate performance obligation from the construction contract. In recognizing revenue the progress is measured as a percentage of the estimated total costs incurred and the Group recognizes revenue at that rate.

Revenue is measured as the consideration promised in the contract with the customer less penalties and other items based on the contract with the customer. For variable consideration including penalties and other items that are variable the Group estimates the amount of consideration using all reasonably available information and recognizes revenue only to the extent that it is highly probable that a material reversal will not occur.

Bonuses are recognized as revenue once it becomes nearly certain and is highly probable that no significant reversal of revenue recognized will occur.

The payment terms of service contracts are in general within 30 days of receipts of final invoice by customers and do not contain a significant financing component.

The Group recognizes a refund liability if the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is estimated by using the most likely amount method based on the contract terms and historical data.

③ Agent transactions

If the Group's performance obligation is to arrange for the provision of the specified service by another party, the Group is an agent for the seller or purchaser of the contract. In such a case revenue is recognized at a point in time when performance obligation is satisfied at the net value of the service.

④ Costs to obtain or fulfil a contract with a customer

Costs to obtain or fulfil a contract with a customer are expensed as incurred unless those costs meet the criteria to recognize as an asset. It is recognized as an asset if it meets the criteria of capitalization and amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

⑤ Contract assets and contract liabilities

The contract assets relate to the Group's rights to consideration for work completed but not billed. The contract liabilities primarily relate to advance consideration received from customers for contract revenue. Contract assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis.

(15) Finance income and finance costs

Finance income comprises interest income, dividends received, gain on derivatives and exchange gains. Finance costs comprise interest expenses, loss on derivatives, exchange losses and loss allowances recognized for expected credit losses. Interest income and interest expenses are recognized as accrue using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(16) Government grants

Government grants are recognized at their fair value when the conditions for receiving the grant are met and when they become receivable.

(17) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, or a business combination.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the end of reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognized in

principle for taxable temporary differences.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured using tax rates that are expected to apply when temporary differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income tax levied by the same tax authority on the same taxable entity.

The amount of current tax payable or receivable is the best estimate of the tax amount, which the Group considers probable based on its interpretation of tax law, expected to be paid or received that reflects uncertainty related to income taxes.

The Group has adopted the amendments to IAS12 and did not recognize or disclose information about deferred taxes related to global minimum top-up tax.

(18) Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding adjusted for treasury shares during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(19) Standards issued but not yet effective

Among the standards and interpretations that are new and amended by the approval date of this consolidated financial statements, the standard which the Group has not adopted at the end of this year is as follows:

The effect of the standard to the Group's consolidated financial statements is currently under study.

Standard	Title	Effective Date	Adoption Date	Content
IFRS18	Presentation and Disclosure in Financial Statements	January 1, 2027	January 1, 2027	Provisions for the presentation and disclosure of financial statements that provide more transparent and comparable information about companies' financial performance

4. Operating segments

(1) General information of reportable segments

An operating segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance.

The Group is solely engaged in construction of floating, production, storage and offloading systems for oil and gas productions and various related services as single business; therefore, general information of reportable segments is not presented.

(2) Information about products and services

Revenue from the external customers for products and services is presented in Note 23. Revenue.

(3) Information about geographical areas

Revenue from external customers by geographical areas is as follows:

in thousands of US dollars

	2023	2024
Brazil	1,896,033	2,195,417
Guyana	823,745	1,385,190
Senegal	450,161	228,698
Cote d'Ivoire	97,627	118,045
Australia	—(Note)2	70,587
Ghana	97,720	—(Note)2
Mexico	84,307	—(Note)2
Others	125,328	188,521
Total	3,574,924	4,186,461

Note:

1 Revenue is categorized based on the ultimate destination of products and services.

2 Amounts not subject to disclosure.

Information about geographical areas – non-current assets

in thousands of US dollars

	December 31, 2023	December 31, 2024
Netherlands	1,363,281	1,577,827
United States	32,364	47,407
Singapore	52,003	35,438
Japan	9,670	—(Note)2
Others	16,758	40,709
Total	1,474,078	1,701,382

Note:

1 Financial instruments other than investments accounted for using equity method, deferred tax assets and rights arising under insurance contracts are excluded.

2 Amount not subject to disclosure.

(4) Information about major customers

Customers representing more than 10% of consolidated revenue are as follows:

in thousands of US dollars

Customer's name	2023	2024
Esso Exploration and Production Guyana Limited	821,739	1,378,964
Equinor Energy do Brasil Ltda.	516,626	1,101,512
Equinor Brasil Energia Ltda.	532,478	— (Note)
Woodside Energy (Senegal) B.V.	450,161	— (Note)

Note: Not presented as being less than 10% of consolidated revenue.

5. Cash and cash equivalents

Cash and cash equivalents are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Cash and bank deposits	1,008,739	1,239,670
Time deposits with maturity of 3 months or less	5,172	13,606
Total	1,013,912	1,253,276

Note:

- 1 Cash and cash equivalents are classified as financial assets measured at amortized cost.
- 2 Cash and cash equivalents in the consolidated statement of financial position is equal to cash and cash equivalents in the consolidated statement of cash flows.

6. Trade and other receivables

Trade and other receivables are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Trade receivables	583,578	750,466
Other receivables	8,585	1,942
Total	592,163	752,408

Note:

- 1 Trade and other receivables are classified as financial assets measured at amortized cost.
- 2 At December 31, 2024 the amount expected to be recovered after more than 12 months after the reporting period is US\$21,864 thousand.

7. Property, plant and equipment

Carrying amount of property, plant and equipment and right-of-use assets is as follows:

in thousands of US dollars

Carrying amount	Property, plant and equipment	Right-of-use assets	Total
At January 1, 2023	10,303	54,011	64,314
At December 31, 2023	9,856	40,185	50,042
At December 31, 2024	15,335	55,766	71,102

Reconciliation of carrying amount of property, plant and equipment excluding right-of-use assets is as follows:

in thousands of US dollars

Acquisition cost	Leasehold improvements	Tools, furniture and fixtures	Machinery and vehicles	Construction in progress	Total
At January 1, 2023	25,884	21,740	1,040	508	49,174
Additions	1,464	2,055	—	1,606	5,126
Disposals	(121)	(146)	—	—	(268)
Exchange differences on translation of foreign operations	434	461	12	60	969
Transfers	—	43	—	(43)	—
Other	—	(374)	—	—	(374)
At December 31, 2023	27,662	23,779	1,053	2,132	54,627
Additions	1,740	2,943	70	6,596	11,351
Disposals	(417)	(2,303)	(7)	—	(2,728)
Exchange differences on translation of foreign operations	(1,607)	(1,644)	(17)	(304)	(3,574)
Transfers	2,632	8	—	(2,640)	—
Other	844	—	—	—	844
At December 31, 2024	30,853	22,783	1,098	5,785	60,520

in thousands of US dollars

Accumulated depreciation	Leasehold improvements	Tools, furniture and fixtures	Machinery and vehicles	Construction in progress	Total
At January 1, 2023	21,517	16,510	843	—	38,871
Depreciation	2,854	2,659	61	—	5,575
Disposals	(121)	(145)	—	—	(267)
Exchange differences on translation of foreign operations	314	283	12	—	610
Other	—	(24)	6	—	(18)
At December 31, 2023	24,564	19,283	923	—	44,771
Depreciation	2,975	2,271	74	—	5,321
Disposals	(413)	(2,257)	(6)	—	(2,678)
Exchange differences on translation of foreign operations	(1,196)	(1,070)	(17)	—	(2,284)
Other	54	—	—	—	54
At December 31, 2024	25,984	18,226	973	—	45,184

in thousands of US dollars

Carrying amount	Leasehold improvements	Tools, furniture and fixtures	Machinery and vehicles	Construction in progress	Total
At January 1, 2023	4,367	5,229	197	508	10,303
At December 31, 2023	3,097	4,495	130	2,132	9,856
At December 31, 2024	4,868	4,556	125	5,785	15,335

Note: Depreciation of property, plant and equipment is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit and loss.

8. Intangible assets

Reconciliation of carrying amount of intangible assets is as follows:

in thousands of US dollars

Cost	Software	Development costs	Patents and trademarks	Customer relationships	Total
At January 1, 2023	88,686	22,917	30,079	8,254	149,937
Additions	1,287	1,189	—	—	2,477
Impairment losses	—	(22,917)	—	—	(22,917)
Disposals	(62)	—	—	—	(62)
Exchange differences on translation of foreign operations	254	—	—	—	254
Other	359	—	—	—	359
At December 31, 2023	90,524	1,189	30,079	8,254	130,048
Additions	488	—	—	—	488
Impairment losses	—	—	—	—	—
Disposals	(2,874)	—	—	—	(2,874)
Exchange differences on translation of foreign operations	(724)	—	—	—	(724)
Other	(874)	(1,189)	—	—	(2,063)
At December 31, 2024	86,540	—	30,079	8,254	124,874

in thousands of US dollars

Accumulated amortization	Software	Development costs	Patents and trademarks	Customer relationships	Total
At January 1, 2023	35,279	6,111	30,079	8,254	79,724
Amortization	6,878	4,584	—	—	11,462
Impairment losses	—	(10,696)	—	—	(10,696)
Disposals	(55)	—	—	—	(55)
Exchange differences on translation of foreign operations	117	—	—	—	117
Other	11	—	—	—	11
At December 31, 2023	42,230	—	30,079	8,254	80,564
Amortization	7,872	—	—	—	7,872
Impairment losses	—	—	—	—	—
Disposals	(2,757)	—	—	—	(2,757)
Exchange differences on translation of foreign operations	(474)	—	—	—	(474)
Other	—	—	—	—	—
At December 31, 2024	46,870	—	30,079	8,254	85,205

in thousands of US dollars

Carrying amount	Software	Development costs	Patents and trademarks	Customer relationships	Total
At January 1, 2023	53,406	16,806	—	—	70,213
At December 31, 2023	48,294	1,189	—	—	49,483
At December 31, 2024	39,669	—	—	—	39,669

Note:

- 1 There are no material intangible assets with indefinite useful lives.
- 2 Amortization of intangible assets is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

9. Leases

As lessee

The Group leases buildings for offices. The office leases typically run between 3 to 12 years. Some leases contain extension options for certain period after the end of contract term, cancelation options or rent adjustment clause during the contract terms.

Some office building leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Additionally, the Group leases IT equipment and others with contract terms of 1 to 7 years. The IT equipment leases include short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

Carrying amount of right-of-use assets by underlying assets is as follows:

in thousands of US dollars

	Underlying assets			Total
	Buildings	Tools, furniture and fixtures	Machinery and vehicles	
At January 1, 2023	52,689	824	497	54,011
At December 31, 2023	39,049	847	288	40,185
At December 31, 2024	52,101	1,852	1,811	55,766

Note: The increase in right-of-use assets amounted to US\$11,106 thousand in 2023 and US\$41,702 thousand in 2024.

Expenses and cash outflow related to leases are as follows:

in thousands of US dollars

	2023	2024
Depreciation of right-of-use assets		
Buildings as underlying assets	22,370	23,487
Tools, furniture and fixtures as underlying assets	980	679
Machinery and vehicles as underlying assets	301	792
Total depreciation of right-of-use assets	23,653	24,958
Interest expense on lease liabilities	2,050	2,680
Expenses relating to short-term leases	25,819	30,531
Expenses relating to leases of low-value assets	1,282	652
Total cash outflow for leases	52,376	57,373

Maturity analysis of lease liabilities is presented in Note 29. Financial instruments (4) Liquidity risk.

10. Investments accounted for using equity method

- (1) Investments, share of profit and share of other comprehensive income of investments accounted for using equity method

Investments accounted for using equity method are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Associates	1,262,898	1,514,869
Joint ventures	111,289	72,981
Total	1,374,188	1,587,851

Share of profit of investments accounted for using equity method is as follows:

in thousands of US dollars

	2023	2024
Associates	116,903	161,577
Joint ventures	11,773	(7,573)
Total	128,677	154,004

Share of other comprehensive income of investments accounted for using equity method is as follows:

in thousands of US dollars

	2023	2024
Associates	(22,894)	18,733
Joint ventures	128	(433)
Total	(22,766)	18,299

(2) Associates

① Associates that are individually material

Name	Principal Business	Location	Share of equity	
			December 31, 2023	December 31, 2024
BUZIOS5 MV32 B.V.	Charter of FPSO	Netherlands	35.0%	35.0%
Marlim1 MV33 B.V.	Charter of FPSO	Netherlands	32.5%	32.5%

BUZIOS5 MV32 B.V. and Marlim1 MV33 B.V. are material to the Company's consolidated financial statements, and their condensed financial statements and the reconciliation of the carrying amount of the Group's interest in these companies are presented. Quoted market prices of these companies are not available since they are not publicly traded. The summarized financial statements are prepared for the Group's consolidation purpose and are not statutory audited.

BUZIOS5 MV32 B.V.

Summarized financial statements of BUZIOS5 MV32 B.V. and the reconciliation of the carrying amount of investment are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Current assets	118,227	105,155
Non-current assets	1,670,170	1,676,770
Total assets	1,788,398	1,781,926
Current liabilities	121,258	72,287
Non-current liabilities	1,179,251	1,122,183
Total liabilities	1,300,509	1,194,471
Total equity	487,888	587,454
Group's share of total equity	170,761	205,608
Consolidation adjustments	—	—
Carrying amount of Group's interest	170,761	205,608

In thousands of US dollars

	2023	2024
Revenue	128,975	224,653
Profit	29,638	84,449
Other comprehensive income	(17,406)	15,116
Total comprehensive income	12,232	99,565
Dividend which Group received	40,600	—
The Group's share:		
Profit	10,373	29,557
Other comprehensive income	(6,092)	5,290

Marlim1 MV33 B.V.

Summarized financial statements of Marlim1 MV33 B.V. and the reconciliation of the carrying amount of investment are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Current assets	150,197	90,052
Non-current assets	1,397,565	1,350,203
Total assets	1,547,763	1,440,255
Current liabilities	49,810	69,270
Non-current liabilities	1,410,364	814,681
Total liabilities	1,460,175	883,952
Total equity	87,588	556,303
Group's share of total equity	28,466	180,798
Consolidation adjustments	—	—
Carrying amount of Group's interest	28,466	180,798

In thousands of US dollars

	2023	2024
Revenue	66,558	191,609
Profit	10,007	68,864
Other comprehensive income	(5,303)	8,600
Total comprehensive income	4,704	77,465
Dividend which Group received	—	6,175
The Group's share:		
Profit	3,252	22,381
Other comprehensive income	(1,723)	2,795

② Associates that are not individually material

Carrying amount of interests in associates that are not individually material and the Group's share of profit, other comprehensive income and comprehensive income are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Carrying amount of interests	1,063,671	1,128,462

in thousands of US dollars

	2023	2024
The Group's share		
Profit	103,277	109,639
Other comprehensive income	(15,078)	10,647
Comprehensive income	94,008	120,286

(3) Joint ventures

Joint ventures that are not individually material

Carrying amount of interests in joint ventures that are not individually material, the Group's share of profit, other comprehensive income and comprehensive income are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Carrying amount of interests	111,289	72,981

in thousands of US dollars

	2023	2024
The Group's share		
Profit	11,773	(7,573)
Other comprehensive income	128	(433)
Comprehensive income	11,902	(8,006)

11. Loans receivable

Loans receivable is as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Financial assets measured at amortized cost		
Short-term loans receivable	27,370	6,842
Long-term loans receivable	348,636	307,321
Total	376,006	314,163

12. Other financial assets

Other financial assets are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Financial assets measured at amortized cost		
Interest receivable	48,460	50,833
Leasehold and guarantee deposits	12,779	14,347
Financial assets measured at fair value through profit or loss		
Derivative assets	9,319	1,216
Other	410	410
Total	70,969	66,808
Current assets	57,806	52,105
Non-current assets	13,163	14,702

13. Other assets

Other assets are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Contract fulfillment costs	34,489	22,806
Prepaid expenses	20,836	23,330
Value added tax receivable	35,488	50,714
Withholding tax receivable	46,246	41,299
Others	22,018	15,031
Total	159,079	153,182
Current assets	158,712	150,419
Non-current assets	367	2,763

14. Trade and other payables

Trade and other payables are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Trade payables	937,868	1,184,854
Other payables	251,360	142,140
Total	1,189,228	1,326,995

Note: Trade and other payables are classified as financial liabilities measured at amortized cost.

15. Bonds and borrowings

(1) Bonds and borrowings are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Current portion of long-term borrowings	57,799	55,549
Long-term borrowings	95,626	40,076
Bonds	417,328	418,808
Total	570,754	514,434
Current liabilities	57,799	55,549
Non-current liabilities	512,954	458,885

(2) Borrowings

Weighted average interest rates for current portion of long-term borrowings and long-term borrowings are both 6.8%. The maturity of long-term borrowings is 2026.

(3) Non-current liabilities with financial covenants

Loan agreements and bonds with the Group as the borrower are subject to financial covenants. The summary of loan agreements and bonds relating to non-current liabilities, the outstanding balances of these borrowings at the end of current year and the financial covenants relating to them are as follows:

At the end of current year there were no breaches of financial covenants. Also, no breaches are expected in next year; therefore, these borrowings are classified as non-current liabilities.

1. Term loan agreement

Outstanding balance: US\$24,000 thousand

- ① Total equity in the consolidated statement of financial position at the end of each quarter shall not be less than 75.0% of total equity at the end of December 31 of the previous year and not be less than 75.0% of total equity at the end of December 31, 2014.
- ② Profit before tax and profit for the period on the consolidated statement of profit or loss at the end of each year shall not be deficit for two consecutive years.
- ③ At the end of each quarter adjusted consolidated EBITDA shall be three times or more of the consolidated interest expense.
- ④ At the end of each half year the balance of interest-bearing debt shall not exceed 4.5 times of the total amount of interest and dividends received.
- ⑤ At the end of each year the total amount of cash and cash equivalents and unused commitment line shall be US\$160,000 thousand or more.

2. Syndicated loan agreement

Outstanding balance: US\$16,076 thousand

- ① Total equity in the consolidated statement of financial position and net assets in the Company's balance sheet at the end of each quarter shall be 75.0% or more of total equity and net assets at the end of December 31, 2021 or at the end of previous year, whichever is higher.
- ② Profit before tax and profit for the period on the consolidated statement of profit or loss at the end of each year shall not be deficit for two consecutive years.

3. U.S. corporate bonds

Outstanding balance: US\$418,808 thousand

- ① Total equity in the consolidated statement of financial position at the end of each quarter shall not be less than US\$688,514 thousand.
- ② Profit before tax and profit for the period on the consolidated statement of profit or loss at the end of each year shall not be deficit for two consecutive years.
- ③ At the end of each quarter adjusted consolidated EBITDA shall be three times or more of the consolidated interest expense.
- ④ At the end of each half year total consolidated liabilities shall not exceed 4 times of the total amount of interest and dividends received.
- ⑤ At the end of each year the total amount of cash and cash equivalents and unused commitment line shall be US\$160,000 thousand or more.

16. Employee benefits

(1) Overview of defined benefit plan

The Group has defined benefit plans for employee's postretirement benefits.

The Group has adopted retirement lump sum payment system as a defined benefit type of postretirement benefit. The retirement lump sum payment system is to make a lump sum payment to employee when the employee retires or voluntarily leaves the Group. The retirement funds are not accumulated externally but internally.

In addition, the Group has defined contribution plan.

(2) Defined benefit plan

① Movements in defined benefit plan liability

in thousands of US dollars

At January 1, 2023	43,959
Service cost	9,519
Interest cost	1,734
Decrease (increase) in remeasurements:	
Actuarial loss arising from changes in demographic assumptions	(158)
Actuarial gain arising from financial assumptions	1,627
Actuarial gain arising from experience adjustment	(3,310)
Benefits paid	(6,409)
Effect of changes in exchange rates	(1,870)
At December 31, 2023	45,091
Service cost	5,291
Interest cost	1,795
Decrease (increase) in remeasurements	
Actuarial loss arising from changes in demographic assumptions	(77)
Actuarial gain arising from financial assumptions	(562)
Actuarial gain arising from experience adjustment	214
Benefits paid	(6,277)
Effect of changes in exchange rates	(634)
At December 31, 2024	44,841

Note: Weighted average durations of defined benefit plan liability are 10.9 years and 11.0 years at December 31, 2023 and 2024, respectively.

② Actuarial assumptions

Principal actuarial assumptions are as follows:

	December 31, 2023	December 31, 2024
Discount rate (weighted average)	1.3%~9.8%	1.9%~11.1%

Note: Additionally, actuarial assumptions include expected pay raise rate, expected death rate and expected retirement rate.

Reasonably possible changes at each year to the discount rate would have affected the defined benefit plan liability as follows.

The sensitivity analysis holds all other assumptions constant. Positive amount is increase in defined benefit plan liability, and negative amount is decrease.

in thousands of US dollars

	Change in basic rate	December 31, 2023	December 31, 2024
Discount rate	1.0% increase	(3,178)	(3,284)
	1.0% decrease	3,321	3,178

(3) Defined contribution plans

Contributions to defined contribution plans are US\$14,175 thousand in 2023 and US\$11,333 thousand in 2024.

(4) Employee benefit expenses

Employee benefit expenses are US\$864,921 thousand in 2023 and US\$896,982 thousand in 2024.

Employee benefit expenses are included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

17. Share-based payment

① Description of share-based payment trust arrangements (equity-settled)

Under the arrangement the Company's ordinary shares acquired in the stock market and held by trust, which is a subsidiary established and funded by the Company, are granted to the directors and executive officers in accordance with the number of share points awarded based on the regulation of share-based payment arrangement. Effective March 27, 2024 the Company switched to ② arrangement below.

② Description of share price-linked compensation (performance cash)

The Company has adopted a share price-linked compensation arrangement effective March 27, 2024, in place of the previous equity-settled share-based payment arrangement.

Under the arrangement the number of points granted in accordance with the Company's share price-linked compensation regulation for officers is multiplied by the Company's share price at the time of resignation from the position and paid to directors and executive officers as cash-settled share-based compensation.

③ Fair value of share points awarded during period

Fair value of share points awarded during period is measured by reference to the observable market price. Expected dividend is subtracted from market price for the measurement of fair value. Weighted average fair value of share points awarded are US\$10.43 in 2023 and US\$10.45 in 2024.

④ Share-based payment transaction expenses

Share-based payment transaction related expenses are as follows.

The expenses are included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

in thousands of US dollars

	2023	2024
Equity-settled	232	71
Cash-settled	—	680
Total	232	751

Note: Liability recognized from cash-settled share-based payment transaction in 2024 is US\$680 thousand.

18. Provisions

Changes in provisions are as follows:

in thousands of US dollars

	Warranties	Loss on construction	Onerous contracts	Repair costs	Others	Total
At January 1, 2023	86,844	30,372	30,855	—	18,307	166,379
Provisions made	41,436	4,474	—	—	5,036	50,946
Provisions utilized	(12,016)	(21,115)	(4,539)	—	(5,025)	(42,696)
Provisions reversed	(1,994)	(2,138)	(21,154)	—	(31)	(25,318)
Exchange differences on translation of foreign operations	—	—	—	—	1,245	1,245
At December 31, 2023	114,270	11,592	5,161	—	19,532	150,557
Provisions made	35,786	7,676	—	—	8,776	52,238
Provisions utilized	(27,211)	(9,664)	—	—	(4,531)	(41,407)
Provisions reversed	(1,252)	(3,253)	(5,161)	—	(195)	(9,863)
Exchange differences on translation of foreign operations	—	—	—	—	(3,609)	(3,609)
At December 31, 2024	121,592	6,350	—	—	19,971	147,914
Current liabilities	121,592	6,350	—	—	991	128,935
Non-current liabilities	—	—	—	—	18,979	18,979

Note:

- Others include provision for lawsuits and asset retirement obligations.
- Time value adjustments are included in provisions made since the amounts are not material.

19. Other financial liabilities

Other financial liabilities are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Lease liabilities	43,445	56,687
Financial liabilities measured at amortized cost:		
Accrued employee benefits	93,020	113,706
Accrued interest	33,404	33,356
Other	36	28
Financial liabilities measured at fair value through profit or loss:		
Derivative liabilities	319	17,356
Other	—	1,015
Total	170,226	222,150
Current liabilities	150,826	182,633
Non-current liabilities	19,399	39,517

20. Other liabilities

Other liabilities are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Deposits payable	7,223	6,947
Refund liabilities	27,758	26,621
Equity method liabilities	4,470	—
Income taxes payable	16,850	10,209
Other	10,043	8,324
Total	66,345	52,103
Current liabilities	59,551	50,994
Non-current liabilities	6,794	1,109

Note: Refund liabilities are recognized among consideration received from customer for the estimated amount of penalty. Penalty is estimated based on the historical amount and information available at the end of reporting period.

21. Equity and other components of equity

(1) Share capital

① Number of shares authorized

Number of shares authorized at the end of each reporting period is 102,868,000 of ordinary shares.

② Movements in outstanding shares, share capital and capital surplus

	Outstanding shares (in thousands of shares)	Share capital (in thousands of US dollars)	Capital surplus (in thousands of US dollars)
At January 1, 2023	56,408	282,292	280,686
Movements	11,937	(91,797)	(93,573)
At December 31, 2023	68,345	190,495	187,112
Movements	—	—	(18,148)
At December 31, 2024	68,345	190,495	168,963

Note:

- 1 All authorized shares are ordinary shares with no par value and with no restrictions on rights, and all outstanding shares are paid in full.
- 2 Movements of outstanding shares in 2023 is due to the third-party allotment of 11,937,300 shares.
- 3 Movements of share capital in 2023 is due to issuance of new shares and reduction of share capital.
- 4 Movements of capital surplus in 2023 is due to increase from the issuance of new shares, reduction of share

capital and share-based payment transactions, in addition, transfer from capital surplus to retained earnings.

- 5 Movements of capital surplus in 2024 is due to increase from share-based payment transactions and the acquisition of non-controlling interests without a change in control.

(2) Treasury shares

Movements in treasury shares are as follows:

	Number of shares (in thousands of shares)	Amount (in thousands of US dollars)
At January 1, 2023	38	1,092
Movements	—	—
At December 31, 2023	38	1,092
Movements	0	0
At December 31, 2024	38	1,093

Note: Increase in 2024 is due to purchase of less than a unit shares.

(3) Capital surplus and retained earnings

① Capital surplus

The Companies Act of Japan provides that an amount of 50% or more of contribution at the share issuance may be incorporated into share capital and the remaining into capital reserve (capital surplus in statement of consolidated financial position). The capital reserve may be incorporated into share capital upon the resolution at the shareholders' meeting.

② Retained earnings

Retained earnings represent profit and loss recognized in current year and previous years and the amount reclassified from other comprehensive income.

The Companies Act requires that an amount equivalent to 10% of dividends of surplus must be appropriated as capital reserve or retained earnings reserve. No further appropriations are required when the total amount of capital reserve and retained earnings reserve equals 25% of share capital. Retained earnings reserve may be reduced upon the resolution at the shareholders' meeting.

Distributable amount is determined based on the Company's Japanese GAAP basis retained earnings.

Distributable amount is subject to certain restrictions imposed by the corporate law. The Company has been compliant with the restrictions.

22. Dividends

(1) Dividends paid

2023

No dividends paid.

2024

Resolution	Type of shares	Total dividends (in million Japanese yen)	Dividend per share (in Japanese yen)	Record date	Effective date
March 27, 2024 Annual shareholders meeting	Ordinary shares	1,366	20.00	December 31, 2023	March 28, 2024
August 8, 2024 Board of directors meeting	Ordinary shares	2,050	30.00	June 30, 2024	September 10, 2024

Note: Total dividends include 744 thousand Japanese yen in the resolution of annual shareholders meeting on March 27, 2024 and 1,116 thousand Japanese yen in the resolution of board of directors meeting on August 8, 2024 paid to trust for share-based payment arrangement for executives, which owns the Company's ordinary shares.

- (2) Dividends declared before the financial statements were authorized for issue but not recognized as a distribution to owners during the period

2023

Resolution	Type of shares	Total dividends (in million Japanese yen)	Dividend per share (in Japanese yen)	Record date	Effective date
March 27, 2024 Annual shareholders meeting	Ordinary shares	1,366	20.00	December 31, 2023	March 28, 2024

Note: Total dividends include 744 thousand Japanese yen paid to trust for share-based payment arrangement for executives, which owns the Company's ordinary shares.

2024

Resolution	Type of shares	Total dividends (in million Japanese yen)	Dividend per share (in Japanese yen)	Record date	Effective date
March 27, 2025 Annual shareholders meeting	Ordinary shares	3,417	50.00	December 31, 2024	March 28, 2025

Note: Total dividends include 1,861 thousand Japanese yen paid to trust for share-based payment arrangement for executives, which owns the Company's ordinary shares.

23. Revenue

- (1) Disaggregation of revenue from contracts with customers

The Group is primarily engaged in construction of floating, production, storage and offloading systems for oil and gas productions and provision of various related services as single business. Disaggregation of revenue from contracts with customers is as follows:

The Group's revenue is all from contracts with customers. The considerations of contracts do not contain a significant financing component. Revenue transferred from refund liabilities is not material either in previous year or current year.

in thousands of US dollars

	2023	2024
Construction contracts	2,488,995	2,910,425
Operations	1,054,133	1,229,177
Other	31,794	46,859
Total	3,574,924	4,186,461

Note: Disaggregation of revenue by geographical areas is presented in Note 4. Operating segments.

- (2) Contract balances

Information about trade receivables, contract assets and contract liabilities from contracts with customers is as follows:

in thousands of US dollars

	January 1, 2023	December 31, 2023	December 31, 2024
Trade receivables	478,083	592,163	752,408
Contract assets	257,328	185,585	195,692
Contract liabilities	499,383	590,278	877,573

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed on contracts of which performance obligations satisfied over time. This primarily relates to consideration for work completed regarding construction contracts and operation services at the end of reporting period. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer. Movements in contract assets in the current year are primarily due to the transfer to trade receivables.

The contract liabilities are primarily related to considerations received from customers prior to the provision of services, which are reduced in accordance with the recognition of revenue.

Increase and decrease of contract assets are mainly caused by the recognition of revenue (increase of contract assets) and the reclassification to receivable (decrease of contract assets).

Increase and decrease of contract liabilities are mainly caused by advance receipt (increase of contract liabilities) and the recognition of revenue (decrease of contract liabilities).

Revenue recognized that was included in the contract liability balance at the beginning of year was US\$423,113 thousand in 2023 and US\$519,009 thousand in 2024. Revenue recognized from performance obligations satisfied in previous periods was US\$430,820 thousand in 2023 and US\$129,581 thousand in 2024.

(3) Transaction price allocated to the remaining performance obligations

Transaction price allocated to the remaining performance obligations by satisfaction period is as follows:

The estimate of variable consideration is not included in this transaction price. No information is included about remaining performance obligations that have an original expected duration of one year or less as a practical expedient.

in thousands of US dollars

	December 31, 2023	December 31, 2024
Within 1 year	3,903,626	3,077,259
After 1 year	12,914,311	9,867,075
Total	16,817,938	12,944,335

Note: The Group expects to recognize as revenue the amount disclosed in After 1 year within the number of years from the end of each year as stated below.

Construction contracts 4 years

Operation contracts 25 years

(4) Assets recognized from the costs incurred to fulfill a contract with a customer

in thousands of US dollars

	December 31, 2023	December 31, 2024
Assets recognized from the costs incurred to fulfill a contract	34,489	22,806
Total	34,489	22,806

The costs incurred to fulfill a contract with customer, which directly relate to a contract and are expected to be recovered, are recognized as assets and are included in other current assets and other non-current assets in the consolidated statement of financial position.

Assets recognized for contract fulfillment costs are primarily the setup costs for operation contracts to satisfy performance obligations in the future, which are recoverable as service fee revenue.

Amortization expenses from assets recognized for contract fulfillment costs in previous year and this year are US\$21,916 thousand and US\$16,577 thousand, respectively.

24. Expenses by nature

(1) Cost of sales

Cost of sales is as follows:

in thousands of US dollars

	2023	2024
Material and subcontracting	2,460,835	2,952,876
Employee benefits	751,370	756,227
Other	112,336	84,547
Total	3,324,543	3,793,650

(2) Selling, general and administrative expenses

Selling, general and administrative expenses are as follows:

in thousands of US dollars

	2023	2024
Bidding and proposals	9,551	4,075
Employee benefits	113,550	140,755
Depreciation and amortization	38,411	36,740
Other	27,024	42,371
Total	188,538	223,943

25. Finance income and finance costs

(1) Finance income is as follows:

in thousands of US dollars

	2023	2024
Interest income		
Financial assets measured at amortized cost		
Bank deposits	15,505	30,845
Subordinated loans to equity-accounted investees	40,928	35,520
Other	1,119	867
Reversal of provision for loss allowance		
Financial assets measured at amortized cost	31,500	—
Exchange gain	703	995
Others	1,076	18
Total	90,834	68,249

(2) Finance costs are as follows:

in thousands of US dollars

	2023	2024
Interest expenses		
Financial liabilities measured at amortized cost		
Bonds and borrowings	27,482	33,608
Lease liabilities	2,050	2,682
Other	24,270	—
Loss on valuation of derivatives		
Financial liabilities measured at amortized cost	334	1,723
Provision for loss allowance		
Financial assets measured at amortized cost	—	38,860
Others	14,966	6,299
Total	69,104	83,174

26. Income tax

(1) Deferred tax assets and deferred tax liabilities

① Movements in deferred tax assets and deferred tax liabilities

2023

in thousands of US dollars

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Deferred tax assets				
Other financial liabilities - current	332	(243)	—	88
Provision for warranties	13,563	(5,358)	—	8,204
Provision for loss allowance	9,408	(9,408)	—	—
Tax credit carryforwards	—	6,282	—	6,282
Tax loss carryforwards	24,312	△ 18,528	—	5,784
Provision for loss on construction	2,264	(1,566)	—	697
Construction contracts	11,359	(10,272)	—	1,087
Defined benefit liability	—	520	(520)	—
Unrealized profit of construction contracts	12,226	(6,040)	—	6,185
Others	11,682	(7,130)	—	4,552
Total	85,148	(51,746)	(520)	32,882
Deferred tax liabilities				
Construction contracts	2,145	(1,159)	—	985
Undistributed profits of subsidiaries	761	(761)	—	—
Depreciation and amortization	5,016	1,844	—	6,861
Difference in carrying value of associate shares	—	3,386	—	3,386
Effective portion of cash flow hedges	651	—	920	1,572
Others	12,840	(9,253)	—	3,586
Total	21,415	(5,943)	920	16,392
Net deferred tax assets (liabilities)	63,733	(45,802)	(1,441)	16,489

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Deferred tax assets				
Accrued enterprise tax	—	1,512	—	1,512
Other financial liabilities – current	88	1,524	—	1,612
Provision for warranties	8,204	2,062	—	10,267
Provision for loss allowance	—	23,697	—	23,697
Tax credit carryforwards	6,282	90	—	6,373
Tax loss carryforwards	5,784	(5,232)	—	551
Provision for loss on construction	697	(697)	—	—
Accrued cost of sales	—	379	—	379
Construction contracts	1,087	(97)	—	989
Defined benefit liability	—	4,119	1,269	5,389
Depreciation and amortization	—	6,607	—	6,607
Unrealized profit of construction contracts	6,185	(938)	—	5,246
Effective portion of cash flow hedges	—	—	2,050	2,050
Others	4,552	10,008	—	14,561
Total	32,882	43,034	3,320	79,237
Deferred tax liabilities				
Construction contracts	985	617	—	1,603
Depreciation and amortization	6,861	(2,751)	—	4,109
Difference in carrying value of associate shares	3,386	2,983	—	6,370
Effective portion of cash flow hedges	1,572	—	(1,565)	6
Others	3,586	1,064	—	4,651
Total	16,392	1,914	(1,565)	16,741
Net deferred tax assets (liabilities)	16,489	41,120	4,886	62,496

Note:

- 1 The difference between the net deferred tax assets (liabilities) recognized through profit or loss and the deferred tax expense at (2) Income tax ① Income tax recognized in profit or loss is due to exchange differences on translation of foreign operations.
- 2 “Difference in carrying value of associate shares”, which was included in “Others” in previous year, is separately presented due to its increased materiality in current year. To reflect this change, the previous year’s amount is also reclassified and presented separately.

- ② Deductible temporary differences, tax loss carryforwards and tax credit carryforwards for which no deferred tax asset is recognized
Deferred tax assets have not been recognized in respect of the following items because it is not highly probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

in thousands of US dollars

	December 31, 2023	December 31, 2024
Deductible temporary differences	529,961	294,860
Tax loss carryforwards	1,217,891	1,115,474
Tax credit carryforwards	6,282	—
Total	1,754,136	1,410,334

Tax loss carryforwards for which no deferred tax assets are recognized expire as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Over fifth year	1,217,891	1,115,474

- ③ Taxable temporary differences for which deferred tax liabilities have not been recognized

The Group has an ability to control the timing of the reversal of all taxable temporary differences associated with investments in subsidiaries, and it is highly probable that the temporary differences will not reverse in the foreseeable future.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized at December 31, 2023 and 2024 are US\$3,501 thousand and US\$2,699 thousand, respectively.

(2) Income tax

- ① Income tax recognized in profit or loss

in thousands of US dollars

	2023	2024
Current tax expense	43,140	85,818
Deferred tax expense	45,572	(41,148)
Total	88,712	44,670

The benefits arising from previously unrecognized tax losses, tax credits or temporary differences of a prior year that were used to reduce current tax expense amounted to US\$18,326 thousand and US\$45,055 thousand for previous year and current year, respectively, and they are included in current tax expense.

The benefit from previously unrecognized tax losses, tax credits or temporary differences of a prior year that were used to reduce deferred tax expense amounted to US\$42,794 thousand in current year, and that is included in deferred tax expense.

- ② Reconciliation between statutory tax rate and effective tax rate

The effective tax rate represents the ratio of income tax expense to profit before tax.

	2023	2024
Statutory income tax rate	31.0%	31.0%
Adjustments:		
Tax rate difference of foreign operations	(4.3)	(3.5)
Decrease (increase) in unrecognized deferred tax assets	34.5	(2.5)
Permanently non-deductible items	1.4	0.9
Share of profit of investments accounted for using equity method	(18.6)	(15.5)
Combined foreign subsidiary tax	2.5	0.3

Effect of changes in exchange rates	(1.6)	2.7
Foreign tax credits	(2.2)	(0.5)
Others	(1.4)	1.6
Effective tax rate	41.3	14.5

Note: The Company calculates the statutory tax rate based on the corporate income tax, inhabitant tax and enterprise tax in Japan. Subsidiaries are subject to corporate income taxes and other taxes in the countries where they are located.

(3) Exposure note

The Group operates in jurisdictions that have enacted global minimum top-up tax rules. On March 28, 2023 the "Act for Partial Revision of the Income Tax Act." (Act No. 3 of 2023) introduced global minimum top-up tax rules legislated in Japan where the Company is located. However, since the global minimum top-up tax rules are effective from January 1, 2025, there is no impact for this year.

The Group has also assessed the impact of the application of global minimum top-up tax rules on the basis of income and tax expenses determined as part of the preparation of the consolidated financial statements through December 31, 2024 taking into account certain adjustments required in the application of the legislation. As a result of the assessment, it is anticipated the Group may incur additional income taxes in some jurisdictions, but no additional income taxes are expected to arise for most jurisdictions, so that the impact on the Group's financial results is reasonably estimated to be immaterial.

(4) Uncertainty in income tax

The Company's consolidated subsidiary, MODEC MANAGEMENT SERVICES PTE. LTD. and equity method affiliate, T. E. N. GHANA MV25 B.V. received a letter in July 2024 notifying them of additional taxes as a result of a tax audit by the Ghanaian tax authorities for the years 2019 to 2021. However, the Group believes that the two companies that were cited have properly filed tax returns in accordance with local tax laws and has submitted a objection letters to the additional taxes to the authorities. Accordingly, we have not reflected the impact of this finding in our consolidated financial statements for the current year, and we do not expect it to have a significant impact on the Group's financial results in the future.

27. Earnings per share

The following reflects the share data used in the basic earnings per share and diluted earnings per share calculations:

	2023	2024
Profit used in the basic earnings per share calculation (in thousands of US dollars)	96,536	220,404
Adjustment for profit (in thousands of US dollars)	—	—
Profit used in the diluted earnings per share calculation (in thousands of US dollars)	96,536	220,404
Weighted average number of ordinary shares used in basic earnings per share calculation (in thousands of shares)	62,420	68,307
Effect of dilutive potential ordinary shares		
Share-based compensation (in thousands of shares)	39	37
Weighted average number of ordinary shares used in diluted earnings per share calculation (in thousands of shares)	62,459	68,344

Note: The Company's ordinary shares owned by trust are excluded from weighted average number of shares outstanding in determining basic earnings per share. The weighted average number of treasury shares owned by trust and excluded in determining basic earnings per share are 37 thousand shares in 2023 and 37 thousand shares in 2024.

28. Other comprehensive income

Amount arising during year, reclassification adjustment to profit or loss and tax effect by item of other comprehensive income are as follows:

2023

in thousands of US dollars

	Amount arising during year	Reclassificat ion to profit or loss	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified subsequently to profit or loss	1,841	—	1,841	(520)	1,321
Remeasurements of defined benefit liability					

Total items that will not be reclassified subsequently to profit or loss	1,841	—	1,841	(520)	1,321
Items that may be reclassified subsequently to profit or loss					
Effective portion of cash flow hedges	8,302	(2,158)	6,144	(920)	5,223
Exchange differences on translation of foreign operations	(5,597)	—	(5,597)	—	(5,597)
Share of other comprehensive income of investments accounted for using equity method	1,566	(24,332)	(22,766)	—	(22,766)
Total items that may be reclassified subsequently to profit or loss	4,271	(26,490)	(22,219)	(920)	(23,140)
Total	6,112	(26,490)	(20,377)	(1,441)	(21,818)

2024

in thousands of US dollars

	Amount arising during year	Reclassification to profit or loss	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified subsequently to profit or loss	425	—	425	1,269	1,695
Remeasurements of defined benefit liability					
Total items that will not be reclassified subsequently to profit or loss	425	—	425	1,269	1,695
Items that may be reclassified subsequently to profit or loss					
Effective portion of cash flow hedges	(26,892)	3,268	(23,623)	3,616	(20,007)
Exchange differences on translation of foreign operations	1,868	—	1,868	—	1,868
Share of other comprehensive income of investments accounted for using equity method	52,196	(33,896)	18,299	—	18,299
Total items that may be reclassified subsequently to profit or loss	27,173	(30,628)	(3,454)	3,616	161
Total	27,598	(30,628)	(3,029)	4,886	1,856

29. Financial instruments

(1) Capital management

The Group's capital management aims to improve capital efficiency to ensure sufficient funds for the development of its core business in order to achieve sustainable growth and increase the Group's corporate value.

For management purpose the Group designated profit attributable to owners of parent and the rate of return on equity attributable to owners of parent (ROE) as indicators related to maintaining a sound financial position.

	2023	2024
ROE (%)	10.7	20.3

Note: ROE: Profit attributable to owners of parent/Equity attributable to owners of parent (average between beginning and end of year)

Loan agreements and bonds with the Group as the borrower are subject to financial covenants with capital-related restrictions. The Group monitors the level of compliance required by the provisions in the financial covenants.

In the event of a breach of such financial covenants, the Group loses the benefit of contractual term at the lender's request, and the Group shall immediately repay the debt.

For financial covenants refer to Note "15. Bonds and borrowings".

(2) Basic policy of financial risk management

The Group is exposed to financial risks in the course of its business activities and manages such risks based on certain policies to avoid or mitigate such risks.

The Group's policy is to use derivative transactions to avoid market risks and not to engage in speculative transactions.

The Group's business activities are affected by the business and financial market environment. Financial instruments held in the course of business activities are exposed to inherent risks. The risks primarily include credit risk, liquidity risk, foreign currency risk and interest rate risk.

(3) Credit risk

① Credit risk management and maximum exposure to credit risk

Trade and other receivables and contract assets held by the Group are exposed to customer credit risk. The Group mitigates the risk by limiting to transact with creditworthy customers based on credit checks and by managing the balance of receivables on a regular basis. Loans receivable and financial guarantee contracts are exposed to the credit risk of counterparties. The Group addresses collection issues at early stage and mitigates the credit risk by dispatching executives to the counterparties for business management, making necessary instruction, collecting financial information and assessment, and exercising voting rights at general shareholders meeting of counterparties. Derivative transactions are exposed to counterparty credit risk. To mitigate counterparty credit risk, the Group enters into transactions only with highly rated financial institutions.

The Group does not have excessively concentrated credit risk on specific counterparties.

The maximum exposure to credit risk on financial assets is the carrying amount of the financial assets presented in the consolidated statement of financial position.

The maximum exposure to credit risk on financial guarantee contracts is as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Financial guarantee contracts	744,947	261,463

The credit risk of the financial guarantee contracts is insignificant.

② Credit risk management

The Group recognizes a loss allowance for financial assets measured at amortized cost. In recognizing and measuring the loss allowance, the Group classifies financial assets into 3 stages based on whether there is a significant increase in credit risk associated with the financial asset and whether there is a credit impairment.

Stage 1: Financial assets for which credit risk has not increased significantly since initial recognition

Stage 2: Financial assets for which credit risk has increased significantly since initial recognition but no credit impairment has been recognized

Stage 3: Financial assets for which significant increase in credit risk and credit impairment have been observable

A significant increase in credit risk means that the risk of a default at the end of reporting period has significantly increased compared with the risk of initial recognition. The Group determines whether there is a significant increase in credit risk based on the possibility that the debtor's ability to repay may change in the future, taking into consideration the fact that interest or principal payments are, in principle, overdue for 30 days or more, as well as economic trends in the industry to which the debtor belongs.

The Group determines that a default has occurred when the issuer or obligor is in serious financial difficulty or is delinquent on interest or principal payments.

In the event of default, the Group determines that objective evidence of credit impairment exists and classifies the debt as a credit impaired financial asset.

Regardless of the above stages, if it is reasonably determined that all or part of the financial asset is not collectible, for example when a receivable is legally extinguished, the carrying amount of the financial asset is directly reduced. In estimating the loss allowance, the expected credit losses on trade and other receivables and contract assets are measured on an aggregate basis with each creditor establishing its own group or subgroup.

In measuring expected credit losses for 12 months and for entire periods, the Group uses reasonable and supportable information about past events, current conditions, and projected future economic conditions that is available at the end of reporting period without undue cost or effort.

In measuring expected credit losses on an aggregate basis, the Company may use historical default rates.

③ Changes in loss allowance

in thousands of US dollars

	Loss allowance measured at an amount equal to expected credit losses for 12 months	Expected credit losses for entire period		
		Loss allowance for trade receivables and contract assets	Loss allowance for financial assets for which credit risk has increased significantly since initial recognition	Loss allowance for credit impaired financial assets
At January 1, 2023	—	473	—	112,833
Provision	—	9	—	—
Utilization	—	—	—	(710)
Reversal (Note 2)	—	(473)	—	(34,265)
At December 31, 2023	—	9	—	77,857
Provision (Note 2)	—	134	—	42,612
Utilization	—	—	—	—
Reversal	—	—	—	—
At December 31, 2024	—	144	—	120,469

Note:

- 1 There are no properties held as collateral or other credit enhancements.
- 2 In 2023 the Group reversed a portion of provision for loss allowance of US\$22,500 thousand since GAS OPPORTUNITY MV20 B.V. (MV20) 's, equity-accounted investee, projected future cash flows improved. In 2024 the Group recognized the provision for loss allowance of US\$42,612 thousand for MV20.

④ Carrying amounts of financial assets related loss allowance

Carrying amounts of financial assets before deducting loss allowance are as follows:

in thousands of US dollars

	Financial assets for which loss allowance recognized at an amount equal to expected credit losses for 12 months	Expected credit losses for entire period		
		Trade receivables and contract assets	Financial assets for which credit risk has increased significantly since initial recognition	Credit impaired financial assets
At January 1, 2023	408,509	735,885	—	115,804
At December 31, 2023	402,773	777,758	—	121,329
At December 31, 2024	379,345	933,740	—	134,974

⑤ Credit risk analysis

Analysis of aging on overdue trade and other receivables at the end of each reporting period is as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Within 30 days after due date	26,748	14,737
More than 30 days and within 60 days after due date	772	525
More than 60 days and within 90 days after due date	3,216	—
More than 90 days after due date (Note)	41,985	41,549
Total	72,723	56,812

Note: At each reporting period credit impaired amounts are US\$2,264 thousand and US\$6,016 thousand, respectively.

Analysis of aging on overdue loans receivable at each reporting period is as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Within 30 days after due date	—	—
More than 30 days and within 60 days after due date	—	—
More than 60 days and within 90 days after due date	—	—
More than 90 days after due date	118,947	109,935
Total	118,947	109,935

Note: At each reporting period credit impaired amounts are US\$84,475 thousand and US\$109,935 thousand, respectively.

(4) Liquidity risk

① Liquidity risk management

The Group procures funds mainly through borrowings from financial institutions and issuing bonds. Regarding exposures to the liquidity risk of trade payable and borrowings, they are managed by the Company's finance department by preparing and updating a cash flow management plan based on the information from each Group entity. In addition, the Group has entered into commitment line contracts with financial institutions to ensure the flexibility and liquidity of funding.

The total amount of commitment line and borrowings from commitment line are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Total amount of commitment line	160,000	160,000
Borrowings	—	—
Unused commitment line	160,000	160,000

② Balance of financial liabilities (including derivative financial instruments) by due date

At December 31, 2023

in thousands of US dollars

	Contractual cash flows	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years
Non-derivative financial liabilities							
Trade and other payables	1,189,228	1,189,228	—	—	—	—	—
Bonds and borrowings	702,007	92,458	86,214	302,209	12,076	86,997	122,050
Lease liabilities	45,809	25,524	16,190	3,359	729	5	—
Financial guarantee contracts	744,947	744,947	—	—	—	—	—
Subtotal	2,681,994	2,052,159	102,405	305,569	12,805	87,002	122,050
Derivative financial liabilities							
Cash inflow	11,045	11,045	—	—	—	—	—
Cash outflow	11,357	11,357	—	—	—	—	—
Total	2,682,306	2,052,471	102,405	305,569	12,805	87,002	122,050

At December 31, 2024

in thousands of US dollars

	Contractual cash flows	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years
Non-derivative financial liabilities							
Trade and other payables	1,326,995	1,326,995	—	—	—	—	—
Bonds and borrowings	609,517	86,190	302,202	12,076	86,997	8,491	113,559
Lease liabilities	69,413	20,195	10,767	8,443	4,457	4,383	21,167
Financial guarantee contracts	267,396	267,396	—	—	—	—	—
Subtotal	2,273,323	1,700,778	312,970	20,519	91,455	12,874	134,726
Derivative financial liabilities							
Cash inflow	224,365	219,945	4,419	—	—	—	—
Cash outflow	243,284	238,224	5,059	—	—	—	—
Total	2,292,242	1,719,057	313,609	20,519	91,455	12,874	134,726

Note:

- 1 The amounts presented are at undiscounted gross amounts and include contractual interest payments.
- 2 Financial guarantee contracts are contracts of which the Company to compensate for such losses based on performance claims in the event that an associate of the Group as debtor is unable to repay the debt covered by the guarantee obligation. For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
- 3 Derivative financial liabilities represent the net cash flow amounts related to derivatives that are cash-settled on a net basis and the gross cash inflows and outflows related to derivatives that are simultaneously cash-settled on a gross basis.

(5) Foreign currency risk

① Foreign currency risk management

The Group is exposed to foreign currency risk arising from foreign currency transactions other than US dollars, which is the Group's functional currency, since the Group operates its business globally. In order to prevent incurring and increasing losses associated with foreign currency risk, the Group's risk management policy is to hedge foreign currency risk arising from purchase order in foreign currency exceeding a certain threshold amount that do not have an offsetting relationship with revenues in the same foreign currency and net exposure of loans receivable and borrowings in foreign currencies with mainly utilizing forward exchange contracts and currency swaps. The Group usually designates these as cash flow hedges and matches the material terms and conditions of those hedged items. The Group determines the economic relationship between the hedging instrument and the hedged item based on their cash flows and assesses the effectiveness of the hedge.

② Exposures to foreign currency fluctuation risk

The Group's exposures to foreign currency fluctuation risk are as follows:

The exposures exclude the amount of foreign currency fluctuation risk hedged using derivative transactions.

in thousands of US dollars

	December 31, 2023	December 31, 2024
Brazilian Real	(235,282)	(120,402)
Singapore dollar	(40,414)	— (Note)

Note: Amount not subject to disclosure.

③ Sensitivity analysis of foreign currency

The effect on profit or loss before tax and equity of 1.0% appreciation of US dollars against the currency below on financial instruments held by the Group at each reporting period with all other variables held constant is as follows:

2023

in thousands of US dollars

	Effect on profit or loss before tax	Effect on equity
Brazilian Real	2,352	2,344
Singapore dollar	404	402

in thousands of US dollars

	Effect on profit or loss before tax	Effect on equity
Brazilian Real	1,204	1,317

Note: Singapore dollar is not subject to disclosure in 2024.

(6) Interest rate risk

① Interest rate risk management

Borrowings with variable interest rates are exposed to interest rate fluctuation risk. For some of these long-term borrowings, the Group uses interest rate swaps as hedging instruments on an individual contract basis in order to avoid interest rate fluctuation risk and fix interest payments.

② Sensitivity analysis of interest rate

The effect on profit or loss before tax and equity of a 1.0% upwards in interest rates on variable borrowings held by the Group at each reporting period with all other variables held constant is as follows:

in thousands of US dollars

	2023	2024
Effect on profit before tax	(1,686)	(1,222)
Effect on equity	(1,646)	(1,216)

③ Exposures to interest rate fluctuation

Exposures to interest rate fluctuation are as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Variable rate financial instruments		
Financial liabilities	153,425	95,626
Financial assets	82,363	86,751
Net balance	71,061	8,874
Impact of interest rate swaps	6,750	2,250
Net balance	64,311	6,624

(7) Fair value of financial instruments

① Fair value and carrying amounts

The fair value of financial instruments measured at amortized cost and their carrying amounts are as follows:

The fair value of financial assets and liabilities measured at amortized cost other than loans receivable and bonds and borrowings are not included because their carrying amounts are considered as a reasonable approximation of fair value.

in thousands of US dollars

	December 31, 2023		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	376,006	353,137	314,163	292,666
Bonds and borrowings	570,753	557,995	514,434	503,033

Note: Current portion of loans receivable and current portion of borrowings are included in loans receivable, bonds and borrowings, respectively.

② Fair value of financial instruments

Fair value measurement method

(Loans receivable)

The fair value of loans receivable is calculated based on the present value of their future cash flows classified by maturity date and discounted at an interest rate equal to an appropriate index such as the yield of government bonds plus a credit spread.

(Bonds and borrowings)

For those with fixed interest rates, the fair value is calculated by discounting the total amount of principal and

interest by the interest rate that would be applicable if similar new borrowings were made at the time of fair value evaluation. For those with variable interest rates, the carrying amount is used because the carrying amount reflects market interest rate over a short period of time and is deemed as a reasonable approximation of fair value.

Loans receivable and bonds and borrowings are classified as Level 3 of fair value hierarchy.

(8) Fair value of financial instruments hierarchy

Financial instruments ordinarily measured at fair value after its initial recognition are categorized into the following three levels based on the observability and significance of inputs used to measure such financial instruments.

Level 1: Quoted prices in active markets

Level 2: Inputs, other than Level 1, that are observable either directly or indirectly

Level 3: Unobservable inputs

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of each quarter. There were no transfers made between levels during 2023 and 2024.

Financial instruments ordinarily measured at fair value are as follows:

At December 31, 2023

in thousands of US dollars

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives assets	—	9,319	—	9,319
Other	—	410	—	410
Total	—	9,729	—	9,729
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	319	—	319
Total	—	319	—	319

At December 31, 2024

in thousands of US dollars

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives assets	—	1,216	—	1,216
Other	—	410	—	410
Total	—	1,626	—	1,626
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	17,356	—	17,356
Total	—	17,356	—	17,356

The derivative assets and derivative liabilities of the Group are not traded in active markets. For the measurement of their fair values the Group is, therefore, not relying on its own estimates to the extent possible but utilizing the best available observable market data. Since all significant inputs are observable for the derivative assets and derivative liabilities, they are classified as Level 2.

In accordance with the Group's valuation policies and procedures for fair value measurements, the Group's finance department measures the fair value of derivative assets and derivative liabilities. The results of fair value measurements are approved by the responsible person of the Group's finance department.

(9) Derivative transactions and hedging activities

In the ordinary course of business, the Group is exposed to market risks such as interest rate and exchange rate fluctuations.

To manage these risks, the Group, in principle, assesses the net amount of risks and seeks to mitigate market risks by utilizing transactions that have the effect of offsetting risks. Furthermore, the Group seeks to reduce the market risks by utilizing appropriate derivative transactions for hedging purposes in accordance with its risk management strategy.

Applying hedge accounting, whether the changes in fair value or cash flows of the hedged items attributable to the hedged risk are in an economic relationship to offset with the changes in fair value or cash flows of the hedging instruments, the Group, in principle, confirms that the existence of an economic relationship between the hedged item and the hedging instrument through a qualitative assessment of whether the significant conditions of the hedged item and the hedging instrument match or closely match and a quantitative assessment of whether the changes in value of the hedged item and the hedging instrument offset each other under the same risk.

The Group principally utilizes highly effective hedges, however, ineffective portions of hedges may occur due to differences in the timing of cash flows or fluctuations in the forecasted value of cash flows between hedging instruments and hedged items. The ineffective portion of the hedge is recognized immediately in profit or loss.

The Group utilizes derivative transactions for hedging purposes based on appropriate hedge ratios in light of the economic relationship between hedging instruments and hedged items and its risk management strategy.

Cash flow hedge

The Group mainly designates forward exchange contracts and interest rate swaps as cash flow hedge to hedge against the risks of foreign exchange rate fluctuations related to trade payables denominated in foreign currencies and interest payment fluctuations related to borrowings.

① Amounts related to items designated as hedging instruments

The amounts related to the items designated as hedging instruments are as follows:

At December 31, 2023

in thousands of US dollars

Hedging instruments	Notional amount		Carrying amount		Change in fair value used to calculate the ineffective portion of the hedge
	Total	Due after 1 year	Derivative assets	Derivative liabilities	
Interest rate risk					
Interest rate swaps	6,750	2,250	166	—	78
Foreign currency risk					
Forward exchange contracts	306,207	19,369	9,152	319	7,458

At December 31, 2024

in thousands of US dollars

Hedging instruments	Notional amount		Carrying amount		Change in fair value used to calculate the ineffective portion of the hedge
	Total	Due after 1 year	Derivative assets	Derivative liabilities	
Interest rate risk					
Interest rate swaps	2,250	—	20	—	12
Foreign currency risk					
Forward exchange contracts	242,642	5,059	1,195	17,356	(28,421)

Note: Derivative assets and derivative liabilities are included in other financial assets and other financial liabilities in the consolidated statement of financial position, respectively.

The average rates related to hedging instruments are as follows:

		December 31, 2023	December 31, 2024
Interest rate swaps		3.16%	3.16%
Forward exchange contracts	Euro	0.92 US dollars / Euro	0.93 US dollars / Euro
	Norwegian krone	10.79 kroner / US dollar	10.55 kroner / US dollar
	British pound	0.80 US dollars / British pound	0.78 US dollars / British pound
	Singapore dollar	1.35 Singapore dollars / US dollar	1.34 Singapore dollars / US dollar
	Swiss Franc	0.88 francs / US dollar	0.88 francs / US dollar
	Brazilian Real	5.20 real / US dollar	5.21 real / US dollar

② Balances in cash flow hedge reserve for continuing hedges

The balances by risk category of cash flow hedge reserve for the Group's continuing hedges are as follows:

At December 31, 2023

in thousands of US dollars

Risk category	Cash flow hedge reserve
Interest rate risk	114
Foreign currency risk	7,550

At December 31, 2024

in thousands of US dollars

Risk category	Cash flow hedge reserve
Interest rate risk	14
Foreign currency risk	(12,356)

③ Amounts recognized in profit or loss and comprehensive income related to cash flow hedges

The amounts recognized by the Group in the consolidated statement of profit or loss and comprehensive income related to cash flow hedges by risk category are as follows:

2023

in thousands of US dollars

	Foreign currency risk	Interest rate risk
Gains or losses on hedges recognized in other comprehensive income	8,224	78
Ineffective portion of hedges recognized in profit or loss	(766)	—
Amount reclassified from other components of equity to profit or loss	(1,878)	(279)

2024

in thousands of US dollars

	Foreign currency risk	Interest rate risk
Gains or losses on hedges recognized in other comprehensive income	(26,904)	12
Ineffective portion of hedges recognized in profit or loss	(1,516)	—
Amount reclassified from other components of equity to profit or loss	3,427	(158)

Note:

- 1 No amounts were included directly in the carrying amount of asset and liability both in 2023 and 2024.
- 2 Line item where ineffective portion of hedges recognized in profit or loss is included in "Finance costs" in 2023 and 2024.
- 3 Line item where amount reclassified from other components of equity to profit or loss of foreign currency risk is included in "Finance income" in 2023 and "Finance costs" in 2024. Line item where amount reclassified from other components of equity to profit or loss of interest rate risk is included in "Finance costs" in 2023 and 2024.

④ Changes relating to cash flow hedges recognized in other components of equity

The changes relating to cash flow hedges recognized in other components of equity in the consolidated statement of financial position are as follows:

in thousands of US dollars

	Foreign currency risk	Interest rate risk	Total
At January 1, 2023	2,187	254	2,441
Amount arising during the period	6,848	140	6,988
Reclassification adjustments to profit or loss	(1,485)	(279)	(1,765)
At December 31, 2023	7,550	114	7,665
Amount arising during the period	(22,749)	57	(22,691)
Reclassification adjustments to profit or loss	2,842	(158)	2,684
At December 31, 2024	(12,356)	14	(12,342)

30. Related parties

(1) Related party transactions

① Name of related parties and relationship with the Group

Refer to Note 32. List of Group companies.

② Receivables and payables of the Group with associates and joint ventures

in thousands of US dollars

	December 31, 2023	December 31, 2024
Associates		
Trade and other receivables	183,051	224,647
Short-term loans receivables	27,370	6,842
Long-term loans receivables	374,768	367,926
Contract assets	31,574	24,472
Other financial assets - current	22,394	31,374
Provision for loss allowance	(9)	(144)
Trade and other payables	1,293	0
Joint ventures		
Trade and other receivables	42,751	33,566
Short-term loans receivables	12,663	17,051
Long-term loans receivables	106,284	97,283
Other financial assets - current	5,595	15,121
Provision for loss allowance	(86,857)	(120,469)
Trade and other payables	1,137	12,110

Note: Receivables and payables include value added tax and other.

③ Transactions with associates and joint ventures

in thousands of US dollars

	2023	2024
Associates		
Revenue	692,058	519,168
Purchases	11,643	894
Interest income	41,900	39,395
Dividend income	72,412	65,174
Initial and additional capital contributions	229,821	133,331
Collection of loans receivable	20,527	27,370
Joint ventures		
Revenue	160,591	188,008
Purchases	17,531	17,888
Interest income	5,173	2,287
Dividend income	24,300	26,150
Loan of funds	—	4,388

Note: Trade terms, conditions and policy of trade terms and conditions are as follows:

- 1 Consumption and other taxes are not included in amount of transaction.
- 2 Trade terms and conditions are arm's length basis.
- 3 Underwriting of additional investment is for newly established companies and capital increase of existing companies.

(2) Remuneration of key management personnel

in thousands of US dollars

	2023	2024
Base salary and bonuses	1,809	2,779
Share price-linked compensation	—	302
Share-based compensation	191	60
Total	2,000	3,142

Note: The Company's board of directors are considered as key management personnel.

31. Cash flow information

Changes in liabilities arising from financing activities are as follows:

in thousands of US dollars

	Long-term borrowings	Bonds	Lease liabilities	Total
At January 1, 2023	172,510	220,867	58,904	452,282
Changes from financing cash flows	(19,084)	195,518	(25,274)	151,159
Non-cash transactions				
New leases and contract modifications	—	—	10,791	10,791
Effect of changes in exchange rates	—	—	(975)	(975)
Other	—	941	—	941
At December 31, 2023	153,425	417,328	43,445	614,199
Changes from financing cash flows	(57,799)	—	(26,190)	(83,989)
Non-cash transactions				
New leases and contract modifications	—	—	41,633	41,633
Effect of changes in exchange rates	—	—	(2,201)	(2,201)
Other	—	1,479	—	1,479
At December 31, 2024	95,626	418,808	56,687	571,121

32. List of Group companies

Subsidiaries, associates and joint ventures

Name	Country	Principal business	Voting rights holding (%)
Subsidiaries			
MODEC OFFSHORE PRODUCTION SYSTEMS (SINGAPORE) PTE. LTD.	Singapore	FPSO engineering services, FPSO design, construction and installation	100.0
OFFSHORE FRONTIER SOLUTIONS PTE. LTD.	Singapore	FPSO engineering services, FPSO design, construction and installation	65.0
OFFSHORE FRONTIER SOLUTIONS MALAYSIA SDN. BHD.	Malaysia	FPSO engineering services, FPSO design, construction and installation	65.0
MODEC MANAGEMENT SERVICES PTE. LTD.	Singapore	FPSO/FSO operations	100.0

MODEC SERVICOS DE PETROLEO DO BRASIL LTDA.	Brazil	FPSO/FSO operations	100.0
MODEC OFFSHORE SERVICOS LTDA.	Brazil	Business support to affiliates	100.0
MODEC SERVICES NETHERLANDS B.V.	Netherlands	Business support to affiliates, CMS management	100.0
MODEC HOLDINGS NETHERLANDS B.V.	Netherlands	Sub-holding company	100.0
MODEC SERVICES NETHERLANDS 2 B.V.	Netherlands	Business support to affiliates	100.0
MODEC FINANCE B.V.	Netherlands	Business support to affiliates	100.0
MODEC INTERNATIONAL, INC.	USA	FPSO design, business support	100.0
MODEC OPERATIONS AND MAINTENANCE SERVICES, INC.	USA	Business support to affiliates	100.0
SOFEC, INC.	USA	Mooring system design, construction and sales	100.0
SOFEC SERVICES, LLC	USA	Maintenance services	100.0
SOFEC FLOATING SYSTEMS PTE. LTD.	Singapore	Mooring system design, construction and sales	100.0
SOFEC MALAYSIA SDN. BHD.	Malaysia	Mooring system design, construction and sales	100.0
SOFEC FZE	Nigeria	Mooring system design, construction and sales	100.0
SOFEC MOZAMBIQUE LDA	Mozambique	Mooring system design, construction and sales	100.0
MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY MEXICO SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE (S. DE R.L DE C.V.)	Mexico	FPSO operations	100.0
MODEC UK LTD.	UK	Business support to affiliates	100.0
NATIONAL D'OPERATIONS PETROLIERES DE COTE D'IVOIRE	Cote d'Ivoire	FPSO operations	100.0
MODEC (GHANA) LTD.	Ghana	FPSO operations	100.0
MODEC PRODUCTION SERVICES GHANA JV LTD	Ghana	FPSO operations	85.0
MODEC SENEGAL SASU	Senegal	FPSO operations	100.0
MODEC GUYANA INC.	Guyana	FPSO operations	100.0
MODEC ANGOLA LDA.	Angola	Business support to affiliates	100.0
MODEC OFFSHORE ENGINEERING SERVICES (DALIAN) CO., LTD.	China	Business support to affiliates	100.0
1 other			
Total 28 subsidiaries			

Associates			
PRA-1 MV15 B.V.	Netherlands	FSO charter	40.6
TUPI PILOT MV22 B.V.	Netherlands	FPSO charter	42.5
GUARA MV23 B.V.	Netherlands	FPSO charter	34.0
CERNAMBI SUL MV24 B.V.	Netherlands	FPSO charter	29.4
T.E.N. GHANA MV25 B.V.	Netherlands	FPSO charter	25.0
CERNAMBI NORTE MV26 B.V.	Netherlands	FPSO charter	29.4
CARIOCA MV27 B.V.	Netherlands	FPSO charter	29.4
TARTARUGA MV29 B.V.	Netherlands	FPSO charter	29.4
SEPIA MV30 B.V.	Netherlands	FPSO charter	29.4
LIBRA MV31 B.V.	Netherlands	FPSO charter	29.4
BUZIOS5 MV32 B.V.	Netherlands	FPSO charter	35.0
MARLIM1 MV33 B.V.	Netherlands	FPSO charter	32.5
AREA1 MEXICO MV34 B.V.	Netherlands	FPSO charter	35.0
MODEC AND TOYO OFFSHORE PRODUCTION SYSTEMS PTE. LTD.	Singapore	FPSO construction	50.0
EURO TECHNIQUES INDUSTRIES	France	Mooring system design, construction and sales	29.52
TOYO MODEC OFS INDIA PRIVATE LIMITED	India	FPSO engineering services, procurement support	9.7
Joint ventures			

MODEC VENTURE 10 B.V.	Netherlands	FPSO charter	50.0
RONG DOI MV12 PTE. LTD.	Singapore	FSO charter	42.0
RANG DONG MV17 B.V.	Netherlands	FSO charter	65.0
OPPORTUNITY MV18 B.V.	Netherlands	FPSO charter	67.0
GAS OPPORTUNITY MV20 B.V.	Netherlands	FPSO charter	70.0
SHAPE PTE. LTD.	Singapore	Digitalization business	60.2
SHAPE BRASIL SOLUCOES DIGITAIS LTDA.	Brazil	Digitalization business development in FPSO O&M area	60.2
Total 23 associates and joint ventures			

33. Contingencies

Financial guarantees

The Group has provided guarantees for the bank borrowings of associates and joint ventures as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Guarantees for associates	739,947	256,463
Guarantees for joint ventures	5,000	5,000
Total	744,947	261,463

34. Pledged assets

The Group has pledged the shares of affiliates as collateral for the loan agreements with respect to project finance contracts in which affiliates are the borrower. The carrying value of pledged assets is as follows:

in thousands of US dollars

	December 31, 2023	December 31, 2024
Investments accounted for using equity method	1,006,781	1,261,814

35. Subsequent events

There are no subsequent events.