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# Annual Securities Report

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**Years ended December 31, 2025 and 2024**

1. This is an English translation of the Annual Securities Report, the Japanese version of which is filed via the Electronic Disclosure for Investors' Network ("EDINET") system as set forth in Article 27-30-2 of the Act. It contains a table of contents and pagination that are not included in the electronic filing.
2. This report does not include the attachments and the non-Consolidated Financial Statements and related other information that accompany the Annual Securities Report submitted via the above method; however, the Independent Auditor's Report for the Consolidated Financial Statements has been appended at the end of this report.

**MODEC, Inc.**

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Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	March 26, 2026
Fiscal year	40th term (from January 1, 2025 to December 31, 2025)
Company name	MODEC, Inc.
Title and name of representative	President & CEO Hirohiko Miyata
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Telephone number	+81-3-5290-1200
Name of contact person	General Manager, Accounting Daisuke Tachibana
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## 【Company information】

### Section 1 【Overview of company】

#### 1 【Summary of key financial data】

Consolidated key financial data

Period	International Financial Reporting Standards				
	36th	37th	38th	39th	40th
Year End	December 2021	December 2022	December 2023	December 2024	December 2025
Revenue (US\$ thousand)	3,899,748	2,739,762	3,574,924	4,186,461	4,581,232
Profit (loss) before tax (US\$ thousand)	(344,300)	54,835	214,668	307,975	508,317
Profit (loss) attributable to owners of parent (US\$ thousand)	(363,975)	37,377	96,536	220,404	360,677
Total comprehensive income (loss) attributable to owners of parent (US\$ thousand)	(297,650)	278,925	73,394	228,282	322,628
Total equity attributable to owners of parent (US\$ thousand)	532,541	811,640	992,817	1,180,435	1,452,809
Total assets (US\$ thousand)	3,425,542	3,136,213	3,887,921	4,496,651	4,762,572
Equity attributable to owners of parent per share (US\$)	9.45	14.40	14.53	17.28	21.26
Basic earnings (loss) per share (US\$)	(6.46)	0.66	1.55	3.23	5.28
Diluted earnings (loss) per share (US\$)	(6.46)	0.66	1.55	3.23	5.28
Ratio of equity attributable to owners of parent to total assets (%)	15.5	25.9	25.5	26.3	30.5
Return on equity attributable to owners of parent (%)	(52.7)	5.6	10.7	20.3	27.4
Price-to-earnings ratio (PER) (times)	(1.9)	15.5	10.5	6.5	14.4
Cash flows from operating activities (US\$ thousand)	152,239	(208,895)	485,886	560,890	244,035
Cash flows from investing activities (US\$ thousand)	(220,544)	(56,846)	(210,542)	(122,581)	5,535
Cash flows from financing activities (US\$ thousand)	265,965	(49,013)	241,146	(186,267)	(194,243)
Cash and cash equivalents at end of year (US\$ thousand)	810,131	492,625	1,013,912	1,253,276	1,326,950
Number of employees (In addition to above: average number of temporary employees) (employees)	5,173 (687)	5,225 (678)	5,792 (506)	5,962 (437)	6,460 (538)

Notes: 1 Starting from the 36th period, consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2 The number of employees represents the number of persons actively employed.

Consolidated key financial data presented in Japanese yen

Period	International Financial Reporting Standards				
	36th	37th	38th	39th	40th
Year End	December 2021	December 2022	December 2023	December 2024	December 2025
Revenue (million yen)	448,510	363,593	507,031	662,088	717,100
Profit (loss) before tax (million yen)	(39,597)	7,277	30,446	48,706	79,566
Profit (loss) attributable to owners of parent (million yen)	(41,860)	4,960	13,691	34,857	56,456
Total comprehensive income (loss) attributable to owners of parent (million yen)	(34,232)	37,016	10,409	36,102	50,501
Total equity attributable to owners of parent (million yen)	61,247	107,712	140,811	186,685	227,408
Total assets (million yen)	393,971	416,206	551,423	711,145	745,485
Equity attributable to owners of parent per share (yen)	1,086.67	1,910.82	2,061.45	2,733.04	3,327.57
Basic earnings (loss) per share (yen)	(742.75)	88.00	219.35	510.30	826.25
Diluted earnings (loss) per share (yen)	(742.75)	87.96	219.21	510.02	826.25
Cash flows from operating activities (million yen)	17,509	(27,722)	68,913	88,704	38,198
Cash flows from investing activities (million yen)	(25,364)	(7,544)	(29,861)	(19,386)	866
Cash flows from financing activities (million yen)	30,588	(6,504)	34,201	(29,458)	(30,404)
Cash and cash equivalents at end of year (million yen)	93,173	65,376	143,803	198,205	207,707

Note: The amounts presented above are converted to Japanese yen in expedient manner from (1) Consolidated key financial data on page 1 using the following exchange rates:  
 December 2021 at US\$1.00 = 115.01 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2021)  
 December 2022 at US\$1.00 = 132.71 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2022)  
 December 2023 at US\$1.00 = 141.83 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 29, 2023)  
 December 2024 at US\$1.00 = 158.15 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2024)  
 December 2025 at US\$1.00 = 156.53 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2025)

Period	Japan GAAP	
	36th	
Year End	December 2021	
Net sales	(million yen)	429,272
Operating loss	(million yen)	(47,757)
Net loss attributable to parent company shareholders	(million yen)	(50,359)
Comprehensive loss	(million yen)	(27,216)
Net assets	(million yen)	60,690
Total assets	(million yen)	390,039
Net assets per share	(yen)	1,014.17
Net loss per share	(yen)	(893.55)
Equity ratio	(%)	14.7
Return on equity	(%)	(67.80)
Price-to-Earnings Ratio (PER)	(times)	(1.5)
Cash flows from operating activities	(million yen)	18,332
Cash flows from investing activities	(million yen)	(25,424)
Cash flows from financing activities	(million yen)	30,387
Cash and cash equivalents at end of year	(million yen)	94,784
Number of employees (In addition to above: average number of temporary employees)	(employees)	5,173 (687)

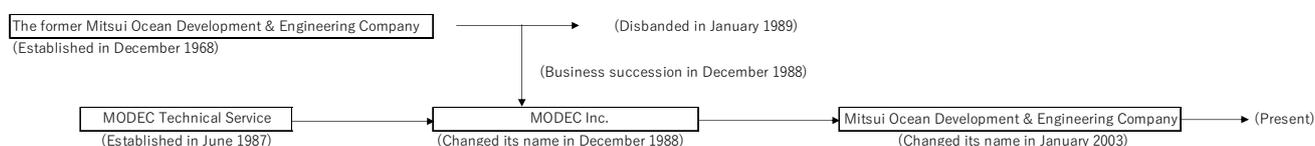
Notes: 1 The 36th period is not audited in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

2 Diluted earnings per share is not presented since there were no potential shares outstanding as of the end of the year.

3 The number of employees represents the number of persons actively employed.

## 2 【Company history】

In 1968, the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY was founded as a fifty-fifty joint venture by MITSUI SHIPBUILDING & ENGINEERING (present MITSUI E&S) and MITSUI & CO. The former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY engaged in the planning, design, construction and installation of marine development-related vessels, various marine structures and marine-related construction projects as well as the provision of related technologies and consulting services. The Company was established in June 1987 as a subsidiary of the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY for the purpose of conducting geological surveys using ground-penetrating radar and providing consulting services (the company name at the time of establishment was MODEC TECHNICAL SERVICE). However, following the dissolution of the parent company, the Company changed its name to MODEC, INC. in December 1988 and succeeded to the business of the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY. Additionally, as a result of this change, all shares of the Company were transferred to MITSUI SHIPBUILDING CO., LTD. and MITSUI & CO., LTD., which were the shareholders of the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY, on a fifty-fifty basis. The establishment and business succession of the Company, as well as the subsequent history of the Company group, are as follows:



June 1987	MODEC TECHNICAL SERVICE is established as a wholly-owned subsidiary of the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY
December 1988	MODEC TECHNICAL SERVICE undergoes a name change to become MODEC INC. and takes over the business of the former MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY (which is dissolved in 1989)
April 1989	Established MODEC (U.S.A.), INC. (now MODEC INTERNATIONAL, INC.) in Texas, U.S.A., as a business base in North America.
March 1991	All shares of the Company owned by MITSUI & CO., LTD. were transferred, and the Company became a subsidiary of MITSUI SHIPBUILDING & ENGINEERING.
May 1995	Obtained ISO9001 certification for the design, construction, installation, and operation of floating offshore oil and gas production facilities.
January 1999	Established MODEC INTERNATIONAL LLC (now MODEC INTERNATIONAL, INC., same as below) in Texas, USA, as a joint venture with FMC CORPORATION (now TechnipFMC) to serve as a business base in North and South America, West Africa, and other regions.
September 2002	Established MODEC MANAGEMENT SERVICES PTE.LTD. in Singapore to operate an FPSO for the RUBY Field in Vietnam.
October 2002	MODEC SERVICOS DE PETROLEO DO BRASIL LTDA was established in Brazil to operate an FPSO for the BIJUPIRA-SALEMA Field of SHELL OIL DO BRASIL LTDA.
January 2003	Company name in Japanese changes to MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY (English name remains as "MODEC, INC.")
July 2003	Public listing on the second section of the Tokyo Stock Exchange
August 2003	Established MODEC OFFSHORE PRODUCTION SYSTEMS (SINGAPORE) PTE.LTD. in Singapore to provide project support services for MODEC INTERNATIONAL LLC.
June 2004	Listing transfer to the first section of the Tokyo Stock Exchange
November 2004	NATIONAL D'OPERATIONS PETROLIRES DE CÔTE Dd'IVOIRE was established in Côte d'Ivoire to undertake local subcontracting work for the charter of an FPSO for the Baobab Field on behalf of CNR International (Côte d'Ivoire) S.A.R.L.
December 2006	Acquired all shares of SOFEC, INC. from FMC TECHNOLOGIES, INC. (now TechnipFMC) and made it a subsidiary.
May 2008	MODEC ANGOLA LDA. was established in Angola to provide project support for the FPSO project for the Plutao, Saturno, Venus, and Marte fields of BP EXPLORATION (ANGOLA) LTD.
June 2012	Relocated the headquarters to Chuo-ku, Tokyo.

March 2018	MODEC PRODUCTION SERVICES GHANA JV LTD was established in Ghana for the purpose of operating an FPSO for TULLOW GHANA LTD's JUBILEE Field.
January 2019	ENI MEXICO S. DE R.L. DE C.V. established MITSUI OCEAN DEVELOPMENT & ENGINEERING COMPANY MEXICO SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE (S. DE R.L DE C.V.) in Mexico for the purpose of operating an FPSO for the Area 1 field.
March 2020	MODEC SENEGAL SASU was established in Senegal for the purpose of operating an FPSO for the SANGOMAR Field (Senegal) of WOODSIDE ENERGY.
May 2021	SHAPE PYE. LTD., a digital solution company, is established in Singapore, together with MITSUI & CO.
November 2021	Following the sale of a portion of the shares held by MITSUI E&S HOLDINGS CO., LTD. (now MITSUI E&S CO., LTD.), there was a change in the parent company, and Mitsui E&S became a related company.
August 2022	OFFSHORE FRONTIER SOLUTIONS PTE. LTD., a joint venture with TOYO ENGINEERING CORPORATION, is established in Singapore
September 2022	MODEC GUYANA INC. was established in Guyana to operate FPSOs in the SNOEK, MAKO, and UARU oil fields within the STABROEK block of EXXONMOBIL GUYANA.
June 2023	Following the issuance of new shares through a third-party allotment, MITSUI O.S.K. LINES, LTD. became a major shareholder alongside present MITSUI E&S and MITSUI & CO., LTD.
May 2024	OFFSHORE FRONTIER SOLUTIONS PTE.LTD. established OFFSHORE FRONTIER SOLUTIONS MALAYSIA SDN. BHD. in Malaysia as a subsidiary.
Same month	MITSUI E&S conducted a public offering of its common shares and an over-allotment offering, and as a result, MITSUI E&S no longer qualifies as an affiliated company, major shareholder or the largest shareholder of the Company.
August 2024	MITSUI O.S.K. LINES, LTD. acquired additional shares of the Company, thereby becoming the Company's major shareholder and the largest shareholder.
September 2024	TOYO MODEC OFS INDIA PRIVATE LIMITED was established in India in collaboration with TOYO ENGINEERING INDIA PRIVATE LIMITED for the purpose of providing top-side engineering and procurement support services for FPSOs.
November 2025	MODEC INTERNATIONAL, INC. in Houston, renamed to MODEC AMERICA, INC., and SOFEC, INC. announced to be merged on December 31, 2025.

### 3 【Business operations】

The Group consists of MODEC, Inc. (the “Company”), 24 subsidiaries and 21 affiliated companies. The Group’s main business is providing EPCI (※) services for floating production, storage and offloading facilities such as FPSOs, FSOs and TLPs used in the midstream sector of offshore oil and gas production as well as charter services (leasing and operation services). The Group’s major clients are government-owned or private oil and gas development companies in various countries around the world, and the Group provides the following total solutions:

(※) EPCI: Engineering, Procurement, Construction and Installation

#### (1) The Group's business fields

The oil development business is broadly divided into the processes of exploration, development, production, refining and sales. The phase considered to involve the highest risk in oil development is exploration while the development and production phase targeted by the Group is a relatively stable business.

#### FPSO Business Model

MODEC provides comprehensive FPSO services for offshore oil and gas development, covering FEED, EPCI, charter and O&M services. Positioned within the midstream segment of offshore oil and gas development, FPSOs play a vital role in enabling energy companies to recoup their initial investments in offshore field development. Revenue from charter and O&M contracts is generally secured through long-term, non-cancellable agreements. MODEC’s business model ensures stable earnings that are resilient to fluctuations in oil prices.



Oil development companies, represented by the oil majors, used to construct and own the facilities and equipment used in such businesses and directly manage the entire process. However, in recent years there has been a trend for them to retain ownership only and outsource construction and operations to specialized companies. Under this trend in the petroleum development industry the Group provides the following services in accordance with the development plans of government-owned or private oil and gas development companies in various countries around the world.

Services	Details	
EPCI	Design, procurement, construction and installation of floating offshore oil and gas production facilities (FPSO and others) and provision of the completed facilities to the client as a turnkey solution.	
Leasing, charter and operation	Leasing	The Company’s affiliated companies own FPSOs/FSOs and provide leasing services to clients.
	Operation	Services involving the operation of offshore FPSOs/FSOs including oil and gas production activities, maintenance, inspection and management
	Charter	A service that combines leasing and operation
Other	After-sales services including parts supply and engineering support provided as support for FPSOs and others constructed by the Group and delivered to oil and gas development operators. Management support and operational support services provided to affiliated companies.	

(2) Floating offshore oil and gas production facilities

Offshore oil and gas production facilities are broadly categorized into fixed and floating types based on the form of the platform that houses the production equipment. Fixed platforms are secured to the seabed, requiring the construction of infrastructure such as subsea pipelines, onshore storage tanks and port loading facilities in addition to the production equipment itself. In contrast, floating platforms such as FPSOs do not require such infrastructure and involve minimal offshore construction enabling shorter construction periods before oil production. This makes them generally more economical than fixed platforms. Additionally, by utilizing advanced mooring technologies, they can accommodate oil production in deep-water areas where fixed platforms cannot operate.

	Fixed	Floating
Process (primary refining)	Processed on production facilities	Same as Fixed
Storage	Oil is transported via pipeline to tanks installed onshore	No oil transfer required as storage tanks are built-in
Loading onto tankers	Loading from port facilities	Offshore loading

Among various types of floating offshore oil and gas production facilities, the Group primarily focuses on facilities known as FPSO, FSO and TLP. The overview of these facilities is as follows:

① FPSO (Floating Production, Storage and Offloading System)

An FPSO is a floating offshore oil and gas production, storage and offloading facility. It has functions for producing, storing and offloading oil and gas. It produces oil and gas at offshore site, stores the produced oil and gas in tanks within the facility and offloads them directly onto transport tankers at offshore site without passing through port facilities or land-based tanks. Structurally, it is based on a tanker hull equipped with a process system to separate impurities from crude oil to produce oil and gas and to treat the impurities dischargeable from the vessel to meet environmental standards set by each country as well as a mooring system to maintain the vessel at a fixed offshore position. The hull may be newly constructed or converted from a used tanker.

② FSO (Floating Storage and Offloading System)

An FSO is a floating offshore oil and gas storage and offloading facility. Structurally, it is similar to an FPSO with a hull as the base with a mooring system, but it does not have a process system for producing oil and gas. It is a floating facility dedicated to storage and offloading at offshore site without oil and gas production capabilities.

③ TLP (Tension Leg Platform)

Similar to FPSO and FSO, TLP is a type of floating offshore oil and gas production facility known as a "Tension Leg Platform". It consists of a semi-submersible floating structure connected to subsea foundations via steel pipes called tendons and is moored using the tension force generated by forced buoyancy. It is suitable for offshore oil and gas production facilities in shallow waters to deep-water areas (water depths exceeding 1,000 meters) and has been in use since the 1980s.

(3) Business promotion structure and establishment/operational policies for overseas affiliated companies

The Group globally provides a total solution primarily consisting of EPCI and operations as well as charter (leasing with operation) to ensure the safe and continuous production of oil and gas at offshore.

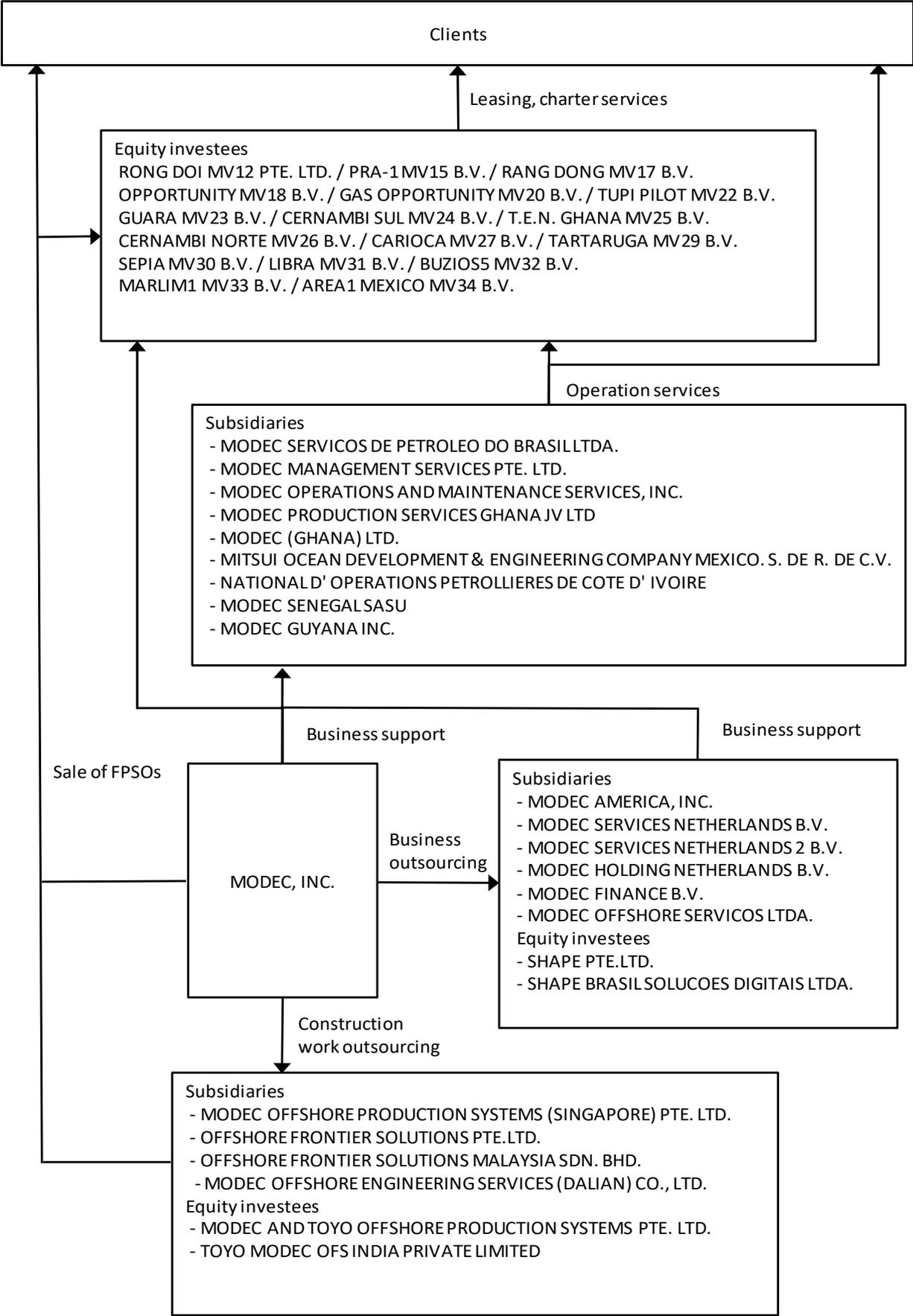
In the EPCI business, as a fables company without its own factories or shipyards, the Group specializes in project management services from customer coordination to design, procurement, construction, installation and commissioning. The Group selects suitable contractors and shipyards from around the world and outsources the construction of ship hulls, the manufacture of onboard equipment and the installation of completed equipment to overseas shipyards and specialized contractors. Upon completion and installation, the floating production facilities are delivered to the customer or the Group’s affiliated companies.

For leasing, chartering and operation of FPSOs and others, the Group establishes affiliated companies for each project and operates them. This approach is based on the policy of forming joint ventures with partners mainly with shipping companies and general trading companies primarily to reduce long-term financial burdens associated with these businesses and to separately manage profit and loss for each project. Accordingly, in cases where chartering businesses are conducted, the FPSOs which the Group constructs are delivered to and owned by affiliated companies, and each affiliated company also provides operational services including the employment of technical personnel and operational staff, safety and environmental conservation, procurement and transportation and manages maintenance services.

The Group sells its products and services to government-owned or private oil development companies in various countries overseas. Additionally, many of our subcontractors for construction work and suppliers of materials and equipment are also overseas companies. As a result, the significant majority of the Group’s business transactions and cash flows are conducted in foreign currencies, primarily in US dollars.

The organizational chart of the Group’s business is as follows.





Additionally, the major construction, charter and operation projects for the current year are as follows.

Project Name (Contracting Party)	Operating Country	Contract Type	Order Received	Current Year Service Status
CNR Baobab FPSO (CNR INTERNATIONAL (COTE D'IVOIRE) S. A. R. L.)	Côte d'Ivoire	FPSO Construction Charter Operation	July 2003	In operation
PETROBRAS PRA-1 FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	December 2005	In operation
JVPC Rang Dong FPSO (JAPAN VIETNAM PETROLEUM CO., LTD.)	Vietnam	FPSO Construction Charter Operation	July 2006	In operation
PETROBRAS Opportunity Oil FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	December 2006	In operation
BHPB Pyrenees FPSO (BHP BILLITON PETROLEUM PTY LTD.)	Australia	FPSO Construction Operations	June 2007	In operation
PETROBRAS Opportunity Gas #2 FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	February 2008	In operation
PETROBRAS Tupi Pilot FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	August 2008	In operation
PETROBRAS Guara FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	August 2010	In operation
PETROBRAS Cernambi Sul FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	September 2011	In operation
PETROBRAS Iracema North FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	November 2012	In operation
OMV Maari FPSO (OMV New Zealand LTD.)	New Zealand	Operation	November 2012	In operation
TULLOW T.E.N. FPSO (TULLOW GHANA LTD.)	Ghana	FPSO Construction Charter Operation	August 2013	In operation
PETROBRAS Carioca FPSO (TOTAL E&P DO BRASIL LTDA.)	Brazil	FPSO Construction Charter Operation	November 2013	In operation
PETROBRAS Tartaruga Verde and Mestica FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operations	December 2014	In operation
PETROBRAS Sepia FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	October 2017	In operation
PETROBRAS Mero Pilot FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	December 2017	In operation
Eni Mexico Area 1 FPSO (Eni Mexico S. de R.L. de C.V.)	Mexico	FPSO Construction Charter Operation	October 2018	In operation
PETROBRAS Buzios 5 FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	June 2019	In operation
PETROBRAS Marlim 1 FPSO (PETROLEO BRASILEIRO S.A.)	Brazil	FPSO Construction Charter Operation	October 2019	In operation
Equinor Bacalhau FPSO (Equinor Brasil Energia Ltda.)	Brazil	FPSO Construction Operation	January 2020	In operation
Woodside Sangomar FPSO (Woodside Energy (Senegal) B.V.)	Senegal	FPSO Construction Operation	December 2020	In operation
Uaru FPSO (ExxonMobil Guyana)	Guyana	FPSO Construction Operation	April 2023	Under construction
FPSO Raia (Equinor Brasil Energia Ltda.)	Brazil	FPSO Construction Operation	May 2023	Under construction
FPSO Gato do Mato – Orca (Shell Brasil Petroleo Ltda)	Brazil	FPSO Construction Operation	March 2025	Under construction
Hammerhead FPSO (ExxonMobil Guyana)	Guyana	FPSO Construction Operation	April 2025	Under construction

#### 4 【Status of affiliates】

Name	Country	Share capital or contributed capital	Principal business	Voting rights or ownership held (%)	Officers concurrent positions (persons)	Relationship
Subsidiaries						
MODEC OFFSHORE PRODUCTION SYSTEMS (SINGAPORE) PTE. LTD. (Note 2)	Singapore	Singapore dollar 1,043,790,100	Engineering services, FPSO design, construction and installation	100	-	FPSO construction work outsourcing, engineering services, business support
OFFSHORE FRONTIER SOLUTIONS PTE. LTD. (Note 2)	Singapore	US dollar 10,000,000	Engineering services, FPSO design, construction and installation	65.0 (65.0)	-	FPSO construction contracting, engineering services, business support
OFFSHORE FRONTIER SOLUTIONS MALAYSIA SDN. BHD.	Malaysia	Ringgit 45,000,000	Engineering services, FPSO design, construction and installation	65.0 (65.0)	-	FPSO construction contracting, engineering services, business support
MODEC MANAGEMENT SERVICES PTE. LTD. (Note 2)	Singapore	Singapore dollar 37,940,000	FPSO/FSO operations	100.0	-	Business outsourcing, debt guarantees
MODEC SERVICOS DE PETROLEO DO BRASIL LTDA. (Notes 2, 3)	Brazil	Brazilian Real 5,557,809,607	FPSO/FSO operations	100.0 (100.0)	-	Business outsourcing, debt guarantees
MODEC OFFSHORE SERVICOS LTDA. (Note 2)	Brazil	Brazilian Real 103,844,900	Business support to affiliates	100.0	-	Business support
MODEC SERVICES NETHERLANDS B.V. (Note 2)	Netherlands	Euro 407,018,000	Business support to affiliates, CMS management	100.0 (100.0)	-	Business outsourcing
MODEC HOLDINGS NETHERLANDS B.V. (Note 2)	Netherlands	US dollar 485,146,893	Sub-holding company	100.0	-	Business support
MODEC SERVICES NETHERLANDS 2 B.V.	Netherlands	US dollar 500,000	Business support to affiliates	100.0	-	Business outsourcing
MODEC FINANCE B.V.	Netherlands	US dollar 1,000,000	Business support to affiliates	100.0 (100.0)	-	Business support
MODEC AMERICA, INC.	United States	US dollar 5,629	FPSO design, business support	100.0	1	Business outsourcing, debt guarantees
MODEC OPERATIONS AND MAINTENANCE SERVICES, INC.	United States	US dollar 1,000	Business support to affiliates	100.0 (100.0)	-	None
SOFEC FLOATING SYSTEMS PTE. LTD.	Singapore	US dollar 2,118,820	Mooring system design, construction and sales	100.0 (100.0)	-	None
SOFEC MALAYSIA SDN. BHD.	Malaysia	Ringgit 489,419	Mooring system design, construction and sales	100.0 (100.0)	-	None
SOFEC MOZAMBIQUE LDA	Mozambique	Metical 63,000	Mooring system design, construction and sales	100.0 (100.0)	-	None
mitsui ocean development & engineering company MEXICO SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE (S. DE R. L DE C. V.) (Note 2)	Mexico	Mexican Peso 1,388,765,749	FPSO operations	100.0	-	Business support
MODEC UK LTD.	United Kingdom	US dollar 1,250,000 Euro 90,000 British pound 1	Business support to affiliates	100.0	-	Business support
NATIONAL D'OPERATIONS PETROLIERES DE COTE D'IVOIRE	Côte d'Ivoire	CFA franc 10,000,000	FPSO operations	100.0 (100.0)	-	None
MODEC (GHANA) LTD.	Ghana	Ghanaian cedi 60,000	FPSO operations	100.0 (100.0)	-	Business support
MODEC PRODUCTION SERVICES GHANA JV LTD	Ghana	Ghanaian cedi 1,125,000	FPSO operations	85.0 (85.0)	-	Business support

Name	Country	Share capital or contributed capital	Principal business	Voting rights or ownership held (%)	Officers concurrent positions (persons)	Relationship
MODEC SENEGAL SASU	Senegal	CFA francs 298,500,000	FPSO operations	100.0 (100.0)	-	Business support
MODEC GUYANA INC.	Guyana	US dollar 500,000	FPSO operations	100.0 (100.0)	-	Business support
MODEC ANGOLA LDA.	Angola	Angola Kwanza 1,500,000	Business support to affiliates	100.0 (100.0)	-	None
MODEC OFFSHORE ENGINEERING SERVICES (DALIAN) CO., LTD.	China	US dollar 180,000	Business support to affiliates	100.0	-	Business support
Total 24 companies (Note 4)						
(Investments accounted for using equity method) Associates						
RONG DOI MV12 PTE. LTD.	Singapore	US dollar 32,554,868	FSO charter	42.0	-	FSO construction contract
PRA-1 MV15 B.V.	Netherlands	Euro 19,584,627	FSO charter	40.6	-	FSO construction contract
TUPI PILOT MV22 B.V.	Netherlands	Euro 68,144,900	FPSO charter	42.5 (42.5)	-	FPSO construction contract, debt guarantee
GUARA MV23 B.V.	Netherlands	Euro 124,050,000	FPSO charter	34.0 (34.0)	-	FPSO construction contract, debt guarantee
CERNAMBI SUL MV24 B.V.	Netherlands	Euro 163,172,304	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
T.E.N. GHANA MV25 B.V.	Netherlands	Euro 149,649,663	FPSO charter	25.0 (25.0)	-	FPSO construction contract, debt guarantee
CERNAMBI NORTE MV26 B.V.	Netherlands	Euro 175,026,035	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
CARIOCA MV27 B.V.	Netherlands	Euro 169,419,960	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
TARTARUGA MV29 B.V.	Netherlands	US dollar 206,138,000	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
SEPIA MV30 B.V.	Netherlands	US dollar 208,526,000	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
LIBRA MV31 B.V.	Netherlands	US dollar 327,936,000	FPSO charter	29.4 (29.4)	-	FPSO construction contract, debt guarantee
BUZIOS5 MV32 B.V.	Netherlands	US dollar 440,233,000	FPSO charter	35.0 (35.0)	-	FPSO construction contract, debt guarantee
MARLIM1 MV33 B.V.	Netherlands	US dollar 410,350,000	FPSO charter	32.5 (32.5)	-	FPSO construction contract, debt guarantee
AREA1 MEXICO MV34 B.V.	Netherlands	US dollar 216,600,000	FPSO charter	35.0 (35.0)	-	FPSO construction contract, debt guarantee
MODEC AND TOYO OFFSHORE PRODUCTION SYSTEMS PTE. LTD.	Singapore	—	FPSO construction	50.0	1	FPSO construction contract

Name	Country	Share capital or contributed capital	Principal business	Voting rights or ownership held (%)	Officers concurrent positions (persons)	Relationship
(Investments accounted for using equity method) Joint ventures						
RANG DONG MV17 B.V.	Netherlands	Euro 40,000	FSO charter	65.0 (65.0)	-	FSO construction contract, debt guarantee
OPPORTUNITY MV18 B.V.	Netherlands	Euro 36,370,000	FPSO charter	67.0 (45.0)	-	FPSO construction contract
GAS OPPORTUNITY MV20 B.V. (Note 3)	Netherlands	Euro 38,678,800	FPSO charter	70.0 (50.0)	-	FPSO construction contract
SHAPE PTE. LTD.	Singapore	US dollar 53,025,000	Digitalization business	60.2	-	Business support
SHAPE BRASIL SOLUCOES DIGITAIS LTDA.	Brazil	Brazilian Real 13,721,510	Digitalization business development in FPSO O&M area	60.2 (60.2)	-	Business support
TOYO MODEC OFS INDIA PRIVATE LIMITED	India	Rupee 1,000,000	FPSO engineering services, procurement support	9.7 (9.7)	-	FPSO engineering services, procurement support
Total 21 companies						

Notes:

- 1 The above reflects the status as of December 31, 2025. The figures in parentheses within "Voting rights or ownership held" indicate the indirect ownership percentage.
- 2 Specific subsidiaries
- 3 Companies with accumulated deficit. As of December 31, 2025, the accumulated deficits are US\$173,319 thousand for MODEC SERVICOS DE PETROLEO DO BRASIL LTDA. and US\$74,809 thousand for GAS OPPORTUNITY MV20 B.V.
- 4 MODEC INTERNATIONAL, INC. was renamed to MODEC AMERICA, INC. on November 3, 2025. SOFEC, INC. was merged with MODEC AMERICA, INC. as of December 31, 2025.
- 5 Trust established under the share-based payment trust arrangement is classified as subsidiary and consolidated under IFRS but not included in subsidiaries above.

## 5 【Employees】

### (1) The Group

as of December 31, 2025

Number of employees	6,460 (538)
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Notes: 1 The Group does not present business segments by type of business, and it is difficult to classify them by business segment. Therefore, the number of employees is presented as the total of the Group companies.

2 The number of employees represents the number of persons actively employed including regular employees, contract employees and employees seconded from outside companies.

3 The number of temporary employees such as temporary staff is presented separately in parentheses. Temporary employees are employees who are in a temporary employment relationship.

4 The number of employees increased by 498 from the end of the previous year. This increase is mainly due to the establishment of a new EPCI execution base in Malaysia.

### (2) The Company

as of December 31, 2025

Number of employees	Average age (years old)	Average years of service (years)	Average annual salary (thousand yen)
222 (14)	41.7	7.5	11,957

Notes: 1 The number of employees represents the number of persons actively employed including regular employees, contract employees and employees on secondment from outside companies. Additionally, there are temporary employees such as temporary staff. The average number of these employees for the current year is presented separately in parentheses. Temporary employees are personnel such as engineers required for project advancement. The number of temporary employees may fluctuate depending on the progress of projects.

2 The number of employees excludes employees seconded from the Company to outside companies but includes employees seconded from outside companies to the Company.

3 The average annual salary includes bonuses and non-standard wages.

4 The number of employees increased by 27 from the end of the previous year. This is mainly due to an increase in the number of employees on temporary assignment received in connection with the start of new projects.

### (3) Status of labor union

There are no significant matters to report regarding labor union.

### (4) Percentage of female employees in management positions, male employees' childcare leave utilization rate and gender pay gap among employees

Current year				
Percentage of female employees in management positions (%) (Notes 1, 3)	Male employees childcare leave and childcare-related leave utilization rate (%) (Note 2)	Gender pay gap among employees (%) (Note 4)		
		All employees	Regular employees among all employees	Non-regular employees among all employees
14.5	100.0	69.7	71.7	43.4

Notes: 1 Calculated in accordance with the provisions of "Act on the Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

2 The percentage of employees who have taken childcare leave or other leave specified in Article 71-6 Item 1 of "Enforcement Regulations for the Act on Welfare for Workers Who Take Childcare Leave, Family Care Leave or Perform Family Care" (Ministry of Labor Ordinance No. 25 of 1991).

3 The main factors contributing to the low proportion of female employees in management positions are the differences in the proportion of female employees among all employees and the gender composition ratio by job category and level.

4 This indicates the ratio of women's wages to men's wages.

The main factors contributing to wage differences are the differences in the composition of personnel by grade. Wage standards are the same regardless of gender.

## Section 2 【Overview of business】

### 1 【Management policies, business environment and issues to be addressed】

Matters related to the future mentioned in this document are based on information available to the Group as of the end of the current year.

#### (1) Business environment surrounding the Company

The global trend toward decarbonization remains largely unchanged, with renewable energy supply expected to grow rapidly. However, global energy demand is also projected to increase due to the growth of electricity consumption caused by the increasing demand for AI and the resulting expansion of data centers, and we believe that oil and gas will continue to be essential energy sources for the world in the future. Under the current steady demand for oil and gas, ensuring a stable energy supply remains an important priority and we expect continued high demand for our ultra-deepwater and deepwater oil and gas fields, where we can leverage our competitive strengths, and we will continue to focus on FPSO business development. At the same time, we will actively propose and communicate practical solutions for the energy transition in response to climate change, a global issue, and promote further expansion of our business.

#### (2) Mid-Term Management Plan 2024-2026 'Opening a Sustainable Future through Innovation'

In February 2024, the Group announced our Mid-Term Management Plan 2024-2026, "Opening a Sustainable Future through Innovation," covering the three-year period from 2024.

Taking into account the business environment surrounding the Group and the accelerating global trend toward decarbonization, the Group has formulated a plan to first strengthen our overall profitability, and then promote the decarbonization of our core FPSO business, develop and nurture new businesses and simultaneously strengthen our business foundation including human capital.



#### (3) Progress of the Mid-Term Business Plan 2024-2026

The Group's performance has exceeded the assumptions made at the time of the Mid-Term Business Plan's formulation, with significant improvements in profitability driven by the effects of various initiatives. As a result, the profit target (US\$175 million) set for the final year of the Mid-Term Business Plan was achieved two years ahead of schedule in 2024. In light of the business environment, the Group revisited our financial targets in February 2025 and reset the 2026 target profit at US\$300 million, however, 2025 is expected to exceed the newly set profit as well, and the plan is progressing smoothly in its second year. In addition, the Group are working to strengthen our business foundation by advancing decarbonization in the FPSO business, developing and nurturing new businesses and enhancing governance and internal control systems. The Group plans to steadily advance these initiatives during the remaining period of the Mid-Term Business Plan.

#### ① Strengthening profitability

In addition to the smooth progress of two large FPSO construction projects awarded in 2023 being ahead of our original plan, the consistently strong performance of our existing vessels and increased interest income enable us to achieve the highest profits since the COVID-19 pandemic. In 2025, we were awarded 2 projects, Gato do Mato (Brazil) and Hammerhead (Guyana), which are supporting the enhancement of our profitability.

Furthermore, as our existing vessels continue to reach the end of their contracts, the Group aims to retire them seamlessly, accumulate specialized decommissioning expertise and reinforce our competitive advantage ahead of other market players. In addition to that, based on our expertise acquired through FPSO business, we are expanding the provision of our digital solutions to external clients. The Group will continue to strengthen relationships with our key customers, pursue the acquisition of high-quality new projects and further enhance our asset management capabilities by leveraging digital capabilities that enable labor reduction, greater efficiency, and improved safety.

#### ② Strategic allocation and acquisition of management resources

The Group has re-evaluated our competitive advantages and industry position and is prioritizing projects and businesses that align with external factors such as oil and gas market trends and climate change. The Group continues to make our efforts to strategically acquire new management resources including human capital and external partnerships.

#### ③ Advancing the decarbonization of FPSO business

The Group is promoting the development of next-generation vessels for future FPSO operations and advancing the decarbonization of our FPSO business. This includes selecting companies with Carbon Capture & Storage (CCS) technology that have potential for collaboration with the Group initiating efforts toward the design and manufacturing of a pilot plant for installing fuel cells on FPSOs as well as developing and verifying new technologies that contribute to decarbonization. The Group will promote research and development activities toward decarbonization technologies such as CCS and new business development.

#### ④ Laying the groundwork for new business initiatives

To contribute to the transition from a fossil fuel society to a low-carbon society, the Group will pursue the development of our proprietary new floating technology for offshore wind power generation and alternative energy businesses.

In addition, we are pursuing innovative research and development activities. In January 2025, we obtained Approval in Principle (AiP) from the American Bureau of Shipping (ABS) for a Blue Ammonia FPSO that will produce ammonia from the gas supplied by Oil & Gas FPSO. In July 2025, we also received AiP from ABS for "i-TLP™ 2" (Innovative Tension-Leg Platform), a floating offshore wind power system that enables easy onshore assembly as well as rapid construction and installation. Furthermore, in September 2025, we obtained basic design approval from the American and French Bureaus of Shipping respectively for a Floating Storage & Injection Unit ("FSIU") that temporarily receives liquefied CO<sub>2</sub> offshore and injects it into subsea wells. Further improvements are necessary for practical application, but we will strengthen our earnings power while contributing to global decarbonization through new business development aimed at a sustainable future.

#### ⑤ Deepening group collaboration and synergy

We are collecting and organizing data via our global data platform and driving its adoption across the entire business lifecycle. We have established a working group to further advance human capital management, leveraging the expertise of specialists to drive the formulation of a talent strategy across the entire group.

#### ⑥ Enhancing sustainability and group governance

In June 2025, the Group published our Group's first Integrated Report with the aim of deepening understanding of the MODEC Group by comprehensively communicating our "Value Creation Story" for achieving sustainable growth and enhancing medium to long term corporate value. To address our sustainability challenges, the Group has established the Sustainability Committee as an advisory body to the Management Committee and are advancing concrete initiatives via working groups for each of our priority themes, "Climate Change", "Human Rights" and "Human Capital and Diversity" while developing roadmaps for each area.

#### (4) Revision of quantitative targets in the Mid-Term Business Plan

As mentioned above, since the Group achieved the profit target set for the final year of the medium-term management plan in the first year of the plan (2024), we have revised upward the numerical targets for the final year of the medium-term management plan (2026) based on these performance trends and announced new targets of profit attributable to owners of parent: US\$370 million and adjusted EBITDA: US\$450 million.

## 2 【Approach and initiatives regarding sustainability】

### (1) Sustainability (General)

The Group has identified six material issues as important sustainability-related challenges. These material issues are categorized according to their characteristics as either “solutions for social issues,” “value creation” or “reinforcement of business foundation.”

The Group will link these material issues to our medium to long term business strategies, strengthen our management foundation through both organizational and human resource development, create value unique to the MODEC Group and contribute to solving global social challenges such as providing a stable and sustainable supply of energy and addressing climate change.



### ① Governance

To develop and promote activities related to sustainability issues—and to manage and assess these efforts—the Group established the Sustainability Committee under the Management Board. The committee is chaired by the Executive Vice President (or the Executive Officer in charge of Corporate Planning & Strategies if there is no vice president) as chairperson, and members include the presidents/CEOs of major subsidiaries and the Executive Officers in charge of Corporate Planning & Strategies and Human Resources. Key items deliberated by the Sustainability Committee are reported and recommended to the Management Board, and appropriate reports are provided to the Board of Directors as necessary.



The Committee met seven times in 2025 and discussed key action items planned and implemented by each working group "climate change," "human rights," and "human capital/diversity," as important themes.

The basic policies on sustainability, which is one of the Company's important management issues, and key items were discussed by the Sustainability Committee and then reported to the Management Board and the Board of Directors.

## ② Risk management

Based on the "Regulation for Sustainability Committee," the Sustainability Committee regularly evaluates the risks and opportunities related to sustainability issues for the Group. Specifically, the Group lists sustainability issues related to our group as part of the materiality identification process, evaluates the importance of each issue from both our group's and our stakeholders' perspectives, classifies the risks and identifies opportunities for issues with high importance and evaluates the likelihood of their occurrence and their impact on our business. In addition, based on insights gained through internal discussions, interviews with business partners and dialogue with external experts, we review materiality on a regular basis after considering management level discussions. Furthermore, the working groups established to carry out the duties of the committee analyze and reevaluate risks and opportunities and support the committee.

## (2) Response to climate change (Disclosure in accordance with the TCFD recommendations)

The Group announced our endorsement of the TCFD recommendations in April 2023 and, in accordance with the TCFD recommendations, has identified climate-related risks and opportunities using multiple scenarios, assessed their business impacts and disclosed these along with our response measures on our website.

### ① Governance

Refer to (1) Sustainability (General) ① Governance. Climate change is positioned as one of the important themes of the Sustainability Committee, and we have established a working group to address it.

### ② Risk management

The assessment of climate change risks and opportunities is an ongoing process, and it is important to identify and manage the risks posed by climate change. We have conducted an initial review and assessment of our business based on the TCFD recommendations to organize potential risks and opportunities.

#### (a) Scenario Selection and Worldview

For the 1.5°C scenario, we assumed a world in 2050 where carbon regulations and other policies have expanded, and investments in renewable energy (RE) and low-carbon technologies have progressed, resulting in a world where RE and low-carbon technologies are firmly established.

#### (b) Transition risks

Risks may arise from changes in policies or regulations, technological advancements and shifts in consumer preferences as the economy transitions to a low-carbon economy. Additionally, transition risks may impact business operations through changes in market demand, resource supply capacity and costs as well as shifts in the competitive environment.

#### (c) Physical risks

Risks arising from physical impacts of climate change, such as extreme weather events, sea-level rise and heatwaves, are examples of physical risks. These physical risks may directly or indirectly affect various aspects of our business and value chain through supply chains or local communities where operations are conducted.

#### (d) Opportunities

Efforts to mitigate and adapt to climate change also create business opportunities. Opportunities expected in our business include the development of new business opportunities in the renewable energy market and the enhancement of the sustainability of our business based on carbon capture and storage technology for reducing GHG emissions from fossil fuels.

#### (e) Expected impact on business

Based on the above analysis, we have conducted an initial assessment of the impact of risks and opportunities on our business under the 1.5°C scenario and have concluded that while existing markets are expected to stagnate, business expansion is anticipated through the development of decarbonization technologies and the creation of new markets. This assessment is preliminary, and we plan to continue conducting further assessments in the future. In particular, if new information or data related to this topic becomes available in the future, it may be necessary to reassess the uncertainties associated with the results under this scenario.

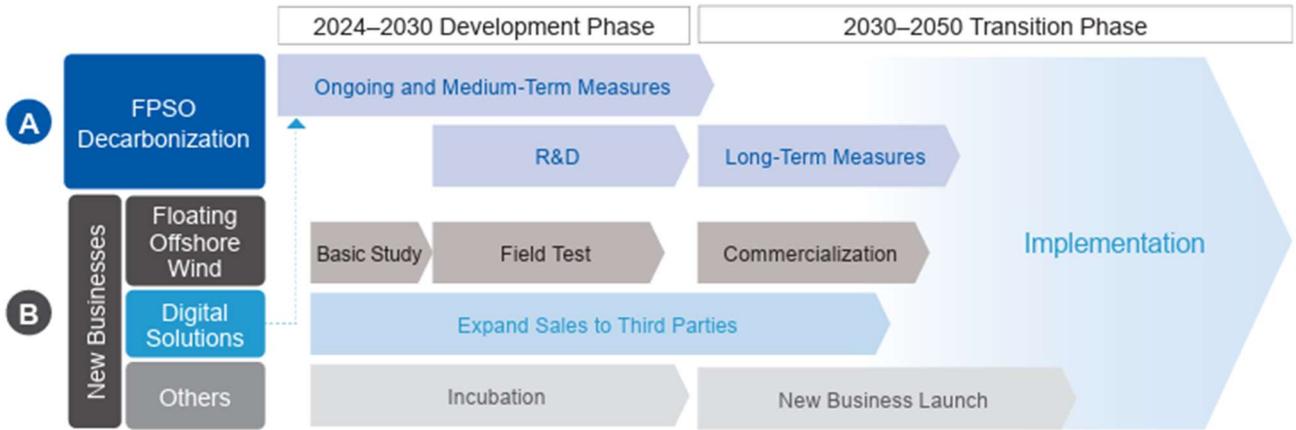
## ③ Strategy

We have contributed to the stable supply of energy for over half a century. Going forward, we will strive to become

a bridge to the future by working to ensure a stable and sustainable supply of energy while leveraging our strengths and competencies to play the following two important roles in the energy transition.

- A) Continuing contributions to stable oil and gas supply by FPSOs while minimizing GHG emissions
- B) Accelerating the business model evolution to contribute to clean energy generation

### Business Strategy



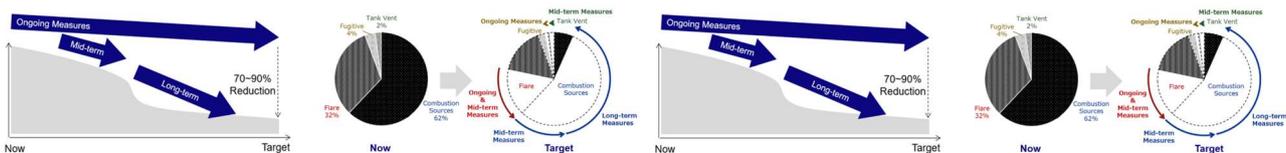
<b>FPSO</b>	"Ongoing" efforts toward stable and low emission FPSO	➔	Asset Integrity Improvement
	"Mid-term" measures (Implementing)		Energy efficient design (e.g. combined cycle) & hydrocarbon recovery
	"Long-term" innovative measures (Developing)		Enables drastic reduction(e.g. post-combustion CCS, external power)
	Next generation MODEC hull (Current development)		Enables of "Long-term" measures
<b>FOW</b>	Full-scale field test is being pursued		To be ready for commercialization by 2030
	Penetration into Japan's IPP market		400MW class wind farm formation in early 2030's and further expansion
	Contribution to world's floating wind industry		Leveraging floating solutions expertise & relationship with strategic clients
<b>Digital</b>	Contribution to MODEC FPSO's decarbonization		Advanced analytics technology that can reduce downtime and inefficiency
	Contribution to decarbonization of other companies		Improving 3rd party's operation efficiency by application of our products
<b>Others</b>	Venturing into new business opportunities		Diversifying business portfolio along with the energy transition

#### ④ Indicators and targets

To advance our climate change initiatives with transparency, the Group has established the following specific indicators and targets:

##### 1. Carbon emissions per unit of FPSO

- We will set "carbon emissions per unit of production from FPSOs" as one of our strategic KPIs and work to achieve significant reductions.



※1 Carbon dioxide equivalent emissions per unit of hydrocarbon production (tons)

##### 2. Pathway toward net-zero by 2050

We will advance the above strategies, including the decarbonization of FPSOs and the development of new

businesses, and strive to achieve "net zero" by 2050<sup>※2</sup>.

- We aim to reduce GHG emissions in Scope 1 and Scope 2 to zero by 2030.
- We will also advance strategies such as decarbonization of FPSOs and development of new businesses to reduce Scope 3 emissions and work toward achieving "net zero" by 2050.

### Path Toward Net Zero by 2050



※2 The Group's GHG emissions in Scope 1, Scope 2 and Scope 3 (Category 13 - downstream leased assets only) are to be reduced, and residual emissions are to be offset by GHG reduction contribution through our New Business.

### (3) Human capital initiatives

The Group believes that our people are the source of our competitive strength. By harnessing the collective capabilities of employees throughout the Group, we strive to realize our vision of "Pioneering a world where the ocean and humanity co-exist in harmony." In Mid-term Business Plan 2024–2026, we have committed to actively investing in human capital as a foundation for growth and transformation, alongside the decarbonization of FPSOs and the development of new businesses. We also reviewed and updated our policies to further promote human capital management. Our specific initiatives include securing the talent necessary to achieve our business strategies and building a strong management foundation. We are also working to create a diverse and inclusive workplace environment where every individual can maximize their value.



#### ① Governance

Please refer to (1) Sustainability (General) ① Governance, "Human capital has been identified as one of the important themes of the Sustainability Committee, and a working group has been established to address this issue.

#### ② Risk management

Please refer to (1) Sustainability (General) ② Risk Management.

### ③ Strategy

We aim to strengthen the profitability of our core FPSO business while creating new businesses and building a sustainable business model by strategically allocating management resources. To realize this business strategy, it is essential to secure talented individuals who can address challenges in each business area and to maximize the value of every employee. As part of our human capital strategy to achieve these goals, we are focusing on the following priority themes to attract, develop and empower our talent.

#### I. Strengthening the Talent Portfolio

To achieve our business strategies, we have identified three key areas where securing and developing talent is essential:

- i. Expansion of the FPSO Business**  
Focusing on strengthening profitability and promoting decarbonization initiatives in the FPSO business
- ii. Creation of New Businesses**  
Driving the creation of new business opportunities, including floating offshore wind, digital solutions and alternative energy, as well as other potential growth areas.
- iii. Establishment of a Group Management Foundation**  
Enhancing the allocation of management resources, promoting Group-wide collaboration and synergy, and promoting sustainability and global governance

To attract and develop outstanding talent in each of these areas, we are focusing on three initiatives:

- Ensuring a stable workforce and developing talent to enhance added value  
To improve profitability in the FPSO business, it is essential to attract and retain talent with broad experience and knowledge. Given the nature of our business and industry, our human resources must be highly mobile. To secure an even more stable workforce, we are making the MODEC Group an attractive employer both in Japan and globally by enhancing working conditions and providing career opportunities. For talent development, we are expanding Group-wide training programs and providing career opportunities to a broader range of employees. Through these efforts, we aim to enhance employee skills and experience.
- Developing talent to support the expansion of new businesses  
To drive the creation of new business, it is essential to nurture individuals who possess expertise in both the FPSO business and new business development. For digital solutions, we are advancing human resource development through targeted training and related programs. To further these efforts, we established the New Business Development Group in January 2025, bringing together in-house talent with relevant experience and further expanded it. This group will collaborate with the FPSO Business Unit to formulate and implement strategies and policies for identifying and commercializing new business opportunities, as well as to develop well-rounded human resources.
- Strengthening leadership development to build the foundation for Group management  
To maximize corporate value, we believe it is essential to develop leaders capable of making strategic decisions to drive transformation and defining the ideal state of the MODEC Group, while taking into account the unique business characteristics of each country and region. Within a globally unified framework, we will identify and nurture future executive leaders over the medium to long term, and establish an environment that supports their continued success.

#### II. Maintain the infrastructure for advancing business together as a Group

While preserving the autonomy of each country and regional office, we believe it is essential to operate our business based on common guidelines across the entire Group in order to establish a management structure that creates Group synergy. To this end, we are further strengthening the promotion of shared values and establishing a framework in which each office and employee can work toward the same goals.

< Specific measures >

Instilling our Core Values

To foster a culture based on our Core Values, "OCEAN," we are promoting training programs that help employees embody these values, as well as initiatives to enhance communication skills and improve teamwork. Additionally, to further embed these values throughout the entire Group, we are implementing communication initiatives that convey management's vision to employees and conducting workshops and related activities at each location.

III. Creating a diverse and inclusive workplace

At MODEC, we believe that new ideas generated from diverse perspectives further strengthen our competitiveness. We aim to attract a broad range of talented individuals, regardless of personal attributes, and to foster a workplace culture where all employees can work with confidence and peace of mind.

< Specific measures >

Strengthening internal communication (Domestic)

To foster an open and inclusive workplace, where people of all backgrounds can work with confidence and comfort, we are enhancing two-way communications by promoting dialogue between managers and employees, strengthening inter-departmental communication, and creating more opportunities for interaction between top management and employees.

Flexible work arrangements (Domestic)

In response to the increasing diversity of employees' work needs, we are implementing measures to enhance flexibility in working arrangements, such as a hybrid work system that allows teleworking from home, and expanding the flexible working hours system (shortening core working hours and applying it to employees with childcare or elder care responsibilities).

Women, Foreign nationals, and Mid-Career Hires (Domestic)

- Female employees: At our Tokyo headquarters, we are strengthening the recruitment of women to achieve a female ratio equivalent to the industry standard, excluding engineers assigned to offshore locations. Additionally, to create an environment where female employees can thrive in the long term, we are implementing initiatives to support the balance between childcare and work in accordance with relevant laws.
- Foreign national employees: As a global company, we conduct training and promotion based on the individual abilities and achievements of each employee, regardless of nationality, at each of our locations.
- Mid-Career Hires: Regardless of whether employees are hired as new graduates or mid-career hires, we conduct training and promotion based on the individual abilities and achievements of each employee.

(Indicators related to female employees)

Target Items	Target	2025
Female Employee Ratio (Note)	40% by the end of 2030	34%
Female management ratio (Note)	20% by the end of 2030	15%

Note: Applicable to reporting companies. Excludes engineers assigned to offshore locations, etc.

④ Policy on human resource development

We believe that in order for our company to continue to deliver stable value in both existing and new businesses, it is necessary to maintain a high level of awareness, adapt to any situation, and remain a sustainable organization. We are committed to promoting human resource development to cultivate the talent needed to create such an organization.

Specifically, we will promote training programs that embody the elements of our Core Values "OCEAN"—Care, Empowered, and Agile—to foster a corporate culture based on these values. We will also strengthen communication skills to improve teamwork and achieve "One Team," and reinforce "iNtegrity," which is the foundation of our corporate culture. Additionally, we have begun initiatives to strengthen the development of next-generation leadership candidates to cultivate talent capable of leading the entire group on a global scale.

⑤ Health and safety policy

We believe that ensuring the health and safety of our employees and providing a workplace environment where they can maximize their abilities is one of our most important responsibilities as a company. All employees, contractors, and

vendors are required to understand and comply with our occupational health and safety policies and procedures. In particular, we take into consideration the closed environment in which employees working on FPSOs and FSOs at sea are forced to live, and take measures to ensure their health and safety. Additionally, the Group has established a "Health and Safety Declaration" aimed at ensuring the health and safety of our employees, and we are striving to achieve its objectives. We have organized HSSE Committees (Environmental Safety and Health Committees) at each of our locations to carry out activities. At the Environmental Safety and Health Committee of the Tokyo Headquarters, the committee members include the Chief Environmental Safety and Health Officer (HSSE Executive Officer), an occupational physician, a safety officer, and employee representatives. The committee is responsible for promoting employee health and safety, preventing workplace accidents, and advancing environmental protection activities.

In addition, we are embedding the HOP (Human and Organizational Performance) approach—recommended by IOGP, a global industry association that develops and shares best practices and indicators for safety, environment, and technology in the upstream oil and gas industry. By ensuring psychological safety, we aim to further enhance both performance and safety. As part of this effort, we conduct HSSE leadership workshops annually in each region.

Furthermore, with a goal of zero incidents, we regularly carry out Group-wide HSSE awareness campaigns such as on "Falling objects" based on trend analyses of past incidents, thereby fostering a strong safety culture. In our daily operations, we consistently address HSSE topics at the start of regular meetings as a "CARE Moment (Safety Moment)" to promote ongoing awareness and learning.

#### ⑥ Indicators and targets

While numerical targets have not been set yet, we have established monitoring metrics and monitor group-wide indicators including the number of new hires, turnover rate, engagement score and training participation rate.

### (4) Human rights response

The Group believes that respect for human rights is essential in our global business activities, and we are committed to upholding international human rights standards in every country where we operate. To fulfill our responsibilities to stakeholders, we strive to respect and protect the rights of all individuals.

Recognizing the importance of human rights considerations in conducting business worldwide, we have established a policy for human rights that explicitly prohibits discrimination based on gender or nationality, as well as child labor and forced labor.

#### ① Governance

Please refer to (1) Sustainability (General) ① Governance. We have positioned "human rights" as one of the important themes of the Sustainability Committee and have established a working group to address this issue.

#### ② Risk management

Please refer to (1) Sustainability (General) ② Risk management.

Additionally, regarding human rights, the working group engaged external experts to conduct an analysis and evaluation of our company's human rights initiatives in accordance with various international standards. We will continue to promote the development of internal processes for human rights due diligence within our supply chain, in collaboration with business partners, under the leadership of the Sustainability Committee and the Working Group.

### 3 【Business risks】

The following are the type of risks that may affect the operating results, stock price and financial condition of the Group. The forward-looking statements in the text reflect the judgments of the Group as of the end of the current year.

< Particularly important risks >

#### (1) Impact from uncertain global situation

The Group primarily receives orders for overseas projects, and conducts EPCI, charter and operations-related businesses internationally. We are working to expand opportunities to obtain FPSO orders in development projects led by oil majors. As our customer base grows, depending on the country or region where construction is carried out, rapid changes in economic conditions may lead to delays in mobilizing construction workers and procuring equipment and materials. In addition, risks such as local labor-management issues, obstacles related to business practices, restrictions on fund transfers, and special taxes or tariffs may deteriorate project profitability and impact the Group's business performance and financial condition.

Given the increasing geopolitical risks amid the current global situation, various factors exist that could impact the Group's supply chain from the viewpoints of economic security, energy security, potential tariff increases and U.S.-China friction, and we recognize the need to build a supply chain that is not overly centralized. We are therefore diversifying major subcontractors in order to disperse risks. Since the impacts would also extend to customers, we are partnering and collaborating with customers in an effort to reduce these risks.

#### (2) Impact from slump in oil prices

With advances in technology, offshore oil exploration has expanded into ultra-deepwater regions, driving increased demand for floating offshore oil and gas production systems. While the global trend toward decarbonization is expected to continue, energy demand is also projected to grow. Given this outlook, we believe that oil and gas demand will remain firm and we will continue to develop our FPSO business.

However, a prolonged slump in crude oil prices could lead to postponement of new projects developed by oil majors, which could impact the Group if orders for projects temporarily decline.

#### (3) Decline in asset integrity

The FPSO leasing, chartering and operations and maintenance (O&M) services that the Group provides to oil and gas development companies are businesses that can be expected to generate stable revenue over long contract periods. On the other hand, FPSO vessels ordered in the 2000s are rapidly aging, and we have responded with the highest priority to ensure safety. Consequently, we have been forced to bear the burden of an unexpected decline in operating rates and the cost of maintaining and strengthening asset integrity. As a result of focused efforts to improve asset integrity over the past few years, the condition of older FPSO vessels has improved. With charter periods coming to an end in succession, these urgent issues are gradually being resolved. However, asset integrity remains a top priority for the Group, and we will continue to strengthen asset management to enhance profitability.

#### (4) Price fluctuation risk

The global situation has become increasingly uncertain due to Russian invasion of Ukraine, conflict in the Middle East, and the impact of trade policies under the new U.S. administration. Inflation, exchange rate volatility and other price fluctuations also have a significant effect, and these factors could have an adverse impact on the Group's FPSO business. Price fluctuation risks are hedged to a certain extent through contracts with customers, and we work to reduce exchange rate risk by settling payments from customers and making payments to major suppliers in U.S. dollars. In addition, we are reducing costs by diversifying material and equipment suppliers and shortening delivery times by standardizing requirements.

#### (5) Decrease in fossil fuel demand

While demand for oil and gas is expected to remain firm, initiatives aimed at reducing greenhouse gas (GHG) emissions—believed to be a cause of climate change and global warming—are progressing. Over the long term, there is the possibility that demand is gradually declining due to restrained fossil fuel-related investment by oil and gas companies and shifts in their business models. In Mid-term Business Plan 2024–2026, the Group has set the goal of promoting the development of unique floating solutions and mooring technology in the offshore wind and alternative

energy businesses. However, any delay in responding to changes in the business environment could have an impact on the Group's businesses and financial condition.

(6) Risks associated with new orders

In recent years, the growing size and complexity of FPSOs have increased the difficulty of managing long-standing risks, such as completion delays, cost escalation, and performance shortfalls, across both newbuilds and conversions. At the same time, the limited number of shipyards with the requisite construction capacity has heightened concentration risk, necessitating more robust mitigation measures. Furthermore, the competitive landscape is evolving as major overseas shipyards have begun bidding on FPSO projects. Despite these shifts, we have contributed to maximizing lifecycle value from design and construction through operation and maintenance, and we regard the expertise grounded in this track record as a core source of competitive advantage.

<Other important risks>

(1) Major natural disasters

In order to minimize losses in the event of disasters such as earthquakes, wind or flood damage and infectious disease pandemics, the Group has formulated Crisis & Emergency Management Standards that outline the Group's framework and procedures for responding to a crisis. However, property damage, human casualties or the paralysis of logistical functions resulting from such disasters could impact the Group's business activities including FPSO and other construction, leasing, chartering and O&M.

(2) Legal and regulations

In engaging in business in Japan and internationally, the Group adheres to the laws of each country, permits and licenses issued by governments and other regulations. However, if these laws are revised or repealed or if new legal restrictions are imposed, the results could have an impact on the Group's business performance and financial condition.

## 4 【Management analysis of the financial position, operating results and cash flows】

(Summary of operating results)

### (1) Results of operations

In 2025, the global economy generally remained firm supported by declining inflation rate and gradual interest rate cuts across major regions where the Group operates. On the other hand, concerns over U.S. tariff measures, China's structural adjustments and geopolitical risks in the Middle East and Eastern Europe persisted, leaving the outlook of global economy uncertain.

Oil prices temporarily rose to the US\$80 per barrel range in January driven by tightened U.S. and U.K. sanctions on Russian oil exports and the EU's phased import ban plan. Subsequently, following the announcement of reciprocal tariffs by U.S., concerns over a decline in global oil demand spread, causing oil prices to turn downward. Although oil prices temporarily rose to the upper US\$70s per barrel due to intensified fighting between Iran and Israel, oil prices generally fluctuated within the range of upper US\$50s to US\$70 per barrel supported by strengthened expectations of a supply surplus driven by ending voluntary production cuts by OPEC Plus, concerns over a global economic slowdown and increased U.S. production.

While coexisting with the trend toward decarbonization, maintaining a stable energy supply remains an important issue, and the development of deepwater oil and gas fields by oil companies continues to be promoted as an area where sufficient reserves are confirmed for the future and where they are cost competitive. Demand for the Group's main business related to floating offshore oil and gas production facilities especially for large-scale ultra-deepwater projects, in which the Group has a competitive advantage, has also remained firm.

Under these circumstances, as for the Group's operating results for the current year, orders received amounted to US\$9,263,552 thousand (up 646.6% compared to previous year) due to new orders for FPSO construction and operation & maintenance contracts for the Gato do Mato field off the coast of Brazil, which is being developed by Shell Brasil Petróleo Ltda., a subsidiary of Shell plc. (Headquarters: U.K.), as well as new orders from ExxonMobil Guyana Limited for the construction and operation & maintenance contracts of an FPSO for the Hammerhead field in the Stabroek block in Guyana, South America. The order backlog amounted to US\$18,588,729 thousand (up 43.6% compared to previous year).

In terms of revenue and profit, revenue was US\$4,581,232 thousand (up 9.4% compared to previous year) due to the recognition of revenue and gross profit from the steady progress of the FPSO construction projects. Including the share of profit of investments accounted for using equity method of US\$133,695 thousand (down 13.2% compared to previous year), operating profit was US\$437,607 thousand (up 35.5% compared to previous year).

In addition, finance income increased due to higher interest income from the increase in cash and cash equivalents resulting from advance received for construction projects, coupled with the recognition of a reversal of valuation allowance for losses on loans to equity method investees. Consequently, profit attributable to owners of parent amounted to US\$360,677 thousand (up 63.6% compared to previous year).

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

### (2) Financial position

At the end of this year total assets increased by US\$265,921 thousand to US\$4,762,572 thousand from the end of previous year mainly due to increase in cash and cash equivalents and trade and other receivables.

Total liabilities decreased by US\$9,653 thousand to US\$3,288,529 thousand from the end of previous year mainly due to decrease in bonds and borrowings.

Total equity increased by US\$275,574 thousand to US\$1,474,043 thousand from the end of previous year mainly due to increase in retained earnings.

### (3) Cash flows

Cash and cash equivalents at the end of this year increased by \$73,673 thousand from the end of the previous year to \$1,326,950 thousand. The summary of each cash flow is as follows:

(Cash flows from operating activities)

Cash flows from operating activities are inflow of US\$244,035 thousand which is US\$316,854 thousand decrease compared to previous year. This is mainly due to difference in timing between collections of trade receivable and disbursements of trade payable related to the construction projects of FPSOs.

(Cash flows from investing activities)

Cash flows from investing activities are inflow of US\$5,535 thousand which is mainly due to proceeds from liquidation of investments accounted for using equity method of US\$13,827 thousand.

(Cash flows from financing activities)

Cash flows from financing activities are outflow of US\$194,243 thousand which is mainly due to repayments of long-term borrowings of US\$95,626 thousand and dividends paid of US\$99,727 thousand.

(Production, Orders and Sales)

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. The following items reflect the results of the entire Group.

(1) Production results

	Current Year	
	Amount (US\$ thousand)	Year-on-year change (%)
The Group	2,892,982	(0.5)

Notes: 1 The amount above represents the completed construction revenue related to the design, construction, installation and other works for FPSOs, FSOs and TLPs.

2 The amount is based on sales price.

(2) Order received

	Current Year			
	Orders received (US\$ thousand)	Year-on-year change (%)	Order backlog (US\$ thousand)	Year-on-year change (%)
The Group	9,263,552	646.6	18,588,729	43.6

(3) Sales results

	Current Year	
	Amount (US\$ thousand)	Year-on-year change (%)
The Group	4,581,232	9.4

The sales results of major customers and their percentage of total sales are as follows.

Customer	Previous Year		Current Year	
	Amount (US\$ thousand)	Percentage (%)	Amount (US\$ thousand)	Percentage (%)
ExxonMobil Guyana Limited	1,378,964	32.9	1,187,953	25.9
Equinor Energy do Brasil Ltda.	1,101,512	26.3	849,032	18.5
Shell Brasil Petróleo Ltda.	— (Note 1)	—	688,090	15.0

Notes: 1 Amounts not subject to disclosure as less than 10% of revenue for the relevant year.

2 While the Group's main customers for direct sales are as listed above, the largest customer for the charter business conducted by the Group's equity-accounted investees is Petrobras Brasileiro S.A., which accounts for approximately 50% of total charter business revenue.

(Analysis and consideration of the status of operating results from the management's perspective)

Forward-looking statements in the text are based on the judgment of the Group as of the end of this year.

(1) Factors significantly affecting operating results

As described in Section 2 "Overview of business Conditions", 1 "Management policies, business environment and Issues to be addressed" and 3 "Business risks"

(2) Analysis of operating results

① Order status

During the current year the order intake reached US\$9,263,552 thousand due to new orders for FPSO construction and operation & maintenance contracts for the Gato do Mato field off the coast of Brazil, which is being developed by Shell Brasil Petróleo Ltda., a subsidiary of Shell plc. (Headquarters: U.K.), as well as new orders from ExxonMobil Guyana Limited for the construction and operation & maintenance contracts of an FPSO for the Hammerhead field in the Stabroek block in Guyana, South America. The order backlog increased by US\$5,644,394 thousand from the end of the previous year, totaling US\$18,588,729 thousand. Additionally, the Group's portion of the order backlog attributable to equity-accounted investees' lease and charter contracts amounted to US\$5,032,394 thousand.

② Revenue

Revenue was mainly driven by progress in construction of FPSOs as well as the provision of charter and operation services, totaling US\$4,581,232 thousand.

③ Operating profit

Operating profit amounted to US\$437,607 thousand due to an increase in gross profit.

④ Profit for the period

Profit for the period amounted to US\$410,675 thousand driven by an increase in finance income due to higher interest income from the increase in cash and cash equivalents resulting from advance received for construction projects, coupled with the recognition of a reversal of valuation allowance for losses on loans to equity method investees.

⑤ Profit attributable to owners of parent

As a result, profit attributable to owners of parent amounted to US\$360,677 thousand.

(3) Cash flows

Cash flows for the current year are as described in "Section 2 Overview of business, 4 Management analysis of the financial position, operating results and cash flows (Summary of operating results), (3) Cash flows".

(4) Analysis of capital resources and fund liquidity

① Capital resources

The primary sources of funds for the Group are cash flows from operating activities and external borrowings. However, in the construction of FPSOs and other projects, the timing of receipt of construction payments and the payments of construction costs may result in significant fluctuations in accounts receivable and accounts payable related to such construction projects, which may have a significant impact on operating cash flows. The Group manages the balance of accounts receivable and accounts payable related to such construction projects on a project-by-project basis to improve capital efficiency. Additionally, the Group enhances capital efficiency by facilitating intra-group capital transfers through the "CMS Loan System (Cash Management System)".

② Financing during construction period

In projects involving the sale of FPSOs to customers the costs required for construction are recovered through advance payments based on the progress of construction; therefore, the Group does not need to raise working

capital.

On the other hand, in lease and charter projects the operating company established jointly by the Group, shipping companies and general trading companies act as the contractor for the construction work resulting in the Group bearing the construction costs equal to its equity ratio in the operating company.

The Group secures the necessary funds during the construction period primarily by having affiliated companies to borrow funds secured by the debt guarantees of the Company.

③ Management of total risk amount

The Group switches the loans incurred by affiliated companies for construction costs to project financing after the charter begins. This eliminates the need for the Group to bear long-term, large-scale funding burdens and debt guarantees for large-scale projects, thereby reducing the risks associated with individual projects.

The Group aims to control total risk amounts and conduct business operations by utilizing project financing and implementing measures such as inviting shipping companies and general trading companies as business partners to projects.

(5) Important accounting estimates and assumptions used

The consolidated financial statements of the Group are prepared in accordance with IFRS. In preparing these consolidated financial statements estimates have been made using reasonable methods for matters requiring such estimates, and details are disclosed in "Section 5 Financial information, 1 Consolidated financial statements, (1) Consolidated financial statements" under "Notes to the consolidated financial statements", "2. Basis of preparation, (4) Use of judgments and estimates" and "3. Material accounting policies".

## 5 【Material Contracts】

The material contracts of the Group are as follows:

(Business alliance contracts)

(1) Contract summary

Name of Contracting Company	Name of Counterparty	Country	Contract Period	Contract Details
The Company	Mitsui O.S.K. Lines, Ltd.	Japan	① Executed date April 28, 2023 ② Contract period From April 28, 2023 until the date of the termination agreement	<ul style="list-style-type: none"><li>• As strategic partners, the parties will jointly promote businesses related to FPSOs by mutually utilizing management resources, know-how, brands and customer bases.</li><li>• May nominate one candidate for director of the Company after consultation with the Company.</li></ul>
The Company	Mitsui & Co., Ltd.	Japan	① Executed date February 26, 2010 ② Contract period From February 26, 2010 until the date of the termination agreement	<ul style="list-style-type: none"><li>• As strategic partners, the parties will jointly promote businesses related to FPSOs by mutually utilizing management resources, know-how, brands and customer bases.</li><li>• May nominate one candidate for director of the Company after consultation with the Company.</li></ul>

(2) Purpose of the Agreement

In addition to strengthening the Company's business foundation and competitiveness, the Company aims to enhance the corporate value of the Company as well as Mitsui O.S.K. Lines, Ltd. and Mitsui & Co., Ltd. through the stabilization of the Company's capital relationship with them.

(3) The status of deliberations by the Board of Directors and other aspects of the decision-making process leading to the Agreement at the Company

At the extraordinary Board of Directors meeting held on April 28, 2023, following careful consideration and deliberation,

the Company resolved to enter into a business alliance agreement with Mitsui O.S.K. Lines, Ltd. Also, at the extraordinary Board of Directors meeting held on February 26, 2010, following careful consideration and deliberation, the Company resolved to enter into a business alliance agreement with Mitsui & Co., Ltd.

(4) Impact of the Agreement on the Company's corporate governance

This Agreement establishes a framework for consultation and recommendation regarding director candidates; however, the final appointment decision is made based on the deliberations of the Nomination and Remuneration Committee and within the authority of the Company's Board of Directors and General Meeting of Shareholders. Therefore, its impact on the Company's corporate governance is limited and does not constitute a significant effect.

(Financial covenants attached to bond issuance)

The bonds issued by the Group are subject to financial covenants. Details of bond are described in Section 5 Financial condition, 1 Consolidated financial statements, Notes to the consolidated financial statements, 15. Bonds and borrowings and are therefore not presented in this section.

The information regarding the Company's consolidated subsidiary, which is the issuer of the bonds, is as follows:

Subsidiary	Address	Representatives
MODEC FINANCE B.V.	Van Heuven Goedhartlaan 13 D, 1181LE Amstelveen, The Netherlands	Takahiro Osako Ryuichi Nishizawa

## 6 【Research and development activities】

Our Group is conducting research and development to realize the Medium-Term Management Plan (2024–2026), “Pioneering a Sustainable Future through Innovation,” focusing on:

- Ensuring stable supply of energy via FPSOs while reducing greenhouse gas (GHG) emissions.
- Bridging to an alternative-energy society.

### 1. Stable Energy Supply via FPSOs and Reduction of GHG Emissions

The Group undertakes engineering, procurement, construction, and installation (EPCI), as well as leasing and operations of FPSOs to ensure the safe and stable delivery of energy resources to society. In parallel, we pursue reductions in GHG emissions across the FPSO lifecycle to support fossil fuel demand during the transition to a decarbonized society and contribute to the energy transition.

Key R&D initiatives for safe and stable energy supply:

- Design and construction efficiency and asset integrity:
  - Development and deployment of an AI chatbot utilizing agentic RAG to accelerate and enhance design decision-making based on legacy design information.
  - Application of digital twin technology for construction process management to improve efficiency and reduce human error during design and build phases.
- Operations and maintenance reliability:
  - Development and evaluation of repair methods suitable for offshore environments, including CFRP-based hull repair techniques that require no hot work.
  - Expansion of robotics to replace hazardous tasks by humans, including cleaning robots and drone for measuring plate thickness in confined spaces, ROVs and AUVs to substitute diver operations.
- Data-driven maintenance and safety in collaboration with Group company Shape:
  - Enhancement of Condition-based maintenance (CBM) and predictive maintenance (PdM) to maintain asset integrity.
  - Development of AI-enabled tools to improve the efficiency of safety risk assessments.

Key R&D initiatives for GHG reduction:

- High-efficiency power generation:
  - Practical implementation of a combined cycle power generation module, with operations commenced on FPSO Bacalhau, which began production in the current fiscal year.
- Post-combustion carbon capture (PCC):
  - Technical evaluations to adapt proven onshore PCC systems for FPSO deployment.
  - R&D toward innovative PCC technologies suitable for offshore environments, including pilot plant integration on operating FPSOs.
- Low-GHG alternative power sources:
  - Development of Solid Oxide Fuel Cells (SOFC) based power generation system, initiation of pilot plant design and fabrication for deployment on operating FPSOs.
- Flare reduction and operational reliability:
  - Studies to retrofit closed flare systems on existing FPSOs.
  - Development of digital tools in collaboration with Shape to support predictive operations and reduce abnormal equipment shutdowns.
- Vent and fugitive emissions:
  - Application of robotic technologies to enable automated leak detection and repair activities.

### 2. Bridging to an Alternative-Energy Society

To contribute to a practical energy transition, the Group conducts research and development that supports a steady and realistic shift, rather than pursuing only green solutions. Acquiring knowledge in adjacent domains surrounding our core business of offshore oil & gas, and integrating knowledge from FPSO EPCI and operations with proprietary technical assets, we develop feasible, differentiated solutions that are essential for a practical energy transition.

Key initiatives:

- TLP-based floating offshore wind and substations:
  - Development of cost-competitive TLP-type floating offshore wind power generation and substation solutions, leveraging our core competitive edges in TLP hull technology and mooring solutions.
  - Receipt of Approval in Principle (AiP) for the basic design of i-TLP™2 from a classification society.
- Turret-moored Floating liquefied CO<sub>2</sub> storage and injection (FSIU):
  - Development of an FSIU employing turret-type mooring systems for floating liquefied CO<sub>2</sub> storage and injection.
  - Receipt of Approval in Principle (AiP) for the basic design of FSIU from classification societies.
- Floating Nuclear Power Plant (FNPP)
  - Development of floater concept and power transmission system
- Lithium harvesting systems

The amount allocated to these research and development activities for the current year is US\$23,926 thousand.

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

## Section 3 【Status of facilities】

### 1 【Overview of capital expenditures】

The Group made capital expenditures totaling US\$7,350 thousand during the current year. The main items were office renovation costs.

### 2 【Status of major facilities】

The major facilities of the Group are as follows.

#### (1) Reporting company

as of December 31, 2025

Business (location)	Facility details	Book value (million yen)						Number of employees
		Buildings	Tools, equipment and furniture	Leased assets	Construct ion in progress	Software	Total	
Headquarters (Chuo-ku, Tokyo)	Office and other	101	3	88	18	25	238	222 (14)

Notes: 1 Book value is stated in accordance with Japan GAAP.

2 All buildings of the above office are leased, and the annual lease expense is 257 million yen.

3 The number of temporary employees is separately stated in parentheses.

4 There are no major facilities currently not used.

5 There are no other significant leased assets.

#### (2) Subsidiaries

as of December 31, 2025

Name	Locatio n	Equipme nt details	Book value (US\$ thousands)							Numb er of emplo yees
			Property, plant and equipment				Right- of-use assets	Intangibl e assets	Total	
			Leasehol d improve ments	Tools, furniture and fixtures	Machin ery and vehicles	Construct ion in progre ss				
MODEC AMERICA, INC.	United States	Informati on systems and other	—	835	113	2,394	20,840	18,481	42,665	276 (83)
MODEC OFFSHORE PRODUCTION SYSTEMS (SINGAPORE) PTE.LTD.	Singapo re	Office and other	9	359	—	—	25,018	9,465	34,854	458 (4)
OFFSHORE FRONTIER SOLUTIONS MALAYSIA SDN. BHD.	Malaysi a	Office and other	4,182	2,629	—	—	6,272	—	13,084	511 (—)

Notes: 1 Book value is stated in accordance with IFRS.

2 The number of temporary employees is separately stated in parentheses.

3 There are no other significant leased assets.

### 3 【Planned additions, retirements of facilities】

There are no applicable items.

## Section 4 【Status of reporting company】

### 1 【Status of shares】

#### (1) 【Total number of shares and others】

##### ① 【Total number of shares】

Type	Total number of shares authorized to be issued (shares)
Ordinary shares	102,868,000
Total	102,868,000

##### ② 【Issued shares】

Type	Number of shares issued as of the end of the year (December 31, 2025)	Number of shares issued as of the date of submission (March 26, 2026)	Listed financial instruments exchange or registered financial instruments firms association	Details
Ordinary shares	68,345,300	68,345,300	Tokyo Stock Exchange (Prime Market)	The minimum trading unit is 100 shares.
Total	68,345,300	68,345,300	—	—

#### (2) 【Status of stock options and similar rights】

##### ① 【Details of the Stock Option Plan】

There are no applicable items.

##### ② 【Details of the rights plan】

There are no applicable items.

##### ③ 【Other stock option rights】

There are no applicable items.

#### (3) 【Exercise status of bonds with share subscription rights containing exercise price adjustment clauses】

There are no applicable items.

#### (4) 【Changes in the total number of issued shares and capital】

Date	Change in total number of issued shares (thousand shares)	Total number of issued shares (thousand shares)	Change in common stock (million yen)	Common Stock balance (million yen)	Change in legal capital surplus (million yen)	Legal capital surplus balance (million yen)
May 31, 2023 (Note 1)	—	56,408	(19,500)	10,622	(19,823)	11,028
June 30, 2023 (Note 2)	11,937	68,345	7,544	18,166	7,544	18,573

Notes: 1 Pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, common stock and legal capital surplus were reduced, and the amounts were transferred to other capital surplus. The reduction for common stock is 64.7%, and the reduction ratio for legal capital surplus is 64.3%.

2 Paid third-party allotment: Issue price 1,264 yen, capitalization amount 632 yen

Allottee: Mitsui & Co., Ltd. 1,775,000 shares

Mitsui O.S.K. Lines, Ltd. 10,162,300 shares

## (5) 【Shareholding by shareholders category】

as of December 31, 2025

Category	Stock Status (1 unit = 100 shares)								Fractional shares (shares)
	Government and local public organizations	Financial institutions	Financial instruments traders	Other corporations	Foreign corporations and other		Individual and others	Total	
					Other than individual	Individual			
Number of shareholders (persons)	—	28	58	318	334	94	21,434	22,266	—
Number of shares held (unit)	—	141,998	32,464	235,998	197,123	503	74,436	682,522	93,100
Number of shares held percentage (%)	—	20.80	4.76	34.58	28.88	0.07	10.91	100.00	—

Note: The 1,023 shares of treasury stock are included in the "Individual and others" as 10 units and in the "Fractional shares" as 23 shares.

## (6) 【Major shareholders】

as of December 31, 2025

Name	Address	Number of shares held (thousand shares)	Number of shares held as a percentage of the total number of issued shares excluding treasury stock (%)
Mitsui O.S.K. Lines, Ltd.	2-1-1 Toranomom, Minato-ku, Tokyo	10,251	15.00
Mitsui & Co., Ltd.	1-2-1 Otemachi, Chiyoda-ku, Tokyo	10,162	14.86
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	8,151	11.92
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	4,495	6.57
Mitsui E&S Co., Ltd.	5-6-4 Tsukiji, Chuo-ku, Tokyo	2,502	3.66
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	1,406	2.05
J.P. MORGAN BANK LUXEMBOURG S.A. 384513 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	EUROPEAN BANK AND BUSINESS CENTER 6, ROUTE DE TREVES, L-2633 SENNINGERBERG, LUXEMBOURG (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	1,291	1.88
STATE STREET BANK AND TRUST COMPANY 505223 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	1,127	1.64
JP Morgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	803	1.17
BNYM AS AGT/CLTS 10 PERCENT (Standing Proxy: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A. (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	753	1.10
Total		40,945	59.91

Notes: 1 The number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account) and Custody Bank of Japan,

Ltd. (Trust account) in connection with their trust business cannot be identified by the Company and is therefore not provided.

2 In addition to the above, Sumitomo Mitsui Trust Bank, Limited. holds 3.6 thousand shares (0.00%) as trust property under the "Stock Compensation Plan for Directors and Officers". These shares are included in treasury shares in the consolidated statement of financial position.

3 As disclosed in the Large Shareholder Report made available for public inspection on May 9, 2025, Asset Management One Co., Ltd. and its one co-owner are stated to own the following shares as of April 30, 2025. However, as the Company is unable to confirm the actual number of shares held as of December 31, 2025, such shares are not included in the above list of major shareholders. The details of the aforementioned Large Shareholder Report are as follows:

Name	Address	Number of shares held (shares)	Percentage of shares held (%)
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	3,454,600	5.05
Asset Management One International Ltd.	30 Old Bailey, London, EC4M 7AU, UK	190,100	0.28
Total		3,644,700	5.33

4 As disclosed in the Large Shareholder Report (Amendment Report) made available for public inspection on August 7, 2025, Goldman Sachs Japan Co., Ltd. and its three co-owners are stated to own the following shares as of July 31, 2025. However, as the Company is unable to confirm the actual number of shares held as of December 31, 2025, such shares are not included in the above list of major shareholders. The details of the aforementioned Large Shareholder Report (Amendment Report) are as follows:

Name	Address	Number of shares held (shares)	Percentage of shares held (%)
Goldman Sachs Japan Co., Ltd.	2-6-1 Toranomom, Minato-ku, Tokyo, Toranomom Hills Station Tower	362,018	0.53
Goldman Sachs Asset Management Co., Ltd.	2-6-1 Toranomom, Minato-ku, Tokyo, Toranomom Hills Station Tower	140,100	0.20
Goldman Sachs Asset Management, L. P.	200 West Street, New York, New York 10282, U.S.A.	1,922,600	2.81
Goldman Sachs Asset Management International	Plumtree Court, 25 Shoe Lane, London EC4A 4AU, United Kingdom	682,000	1.00
Total		3,106,718	4.55

5 As disclosed in the Large Shareholder Report (Amendment Report) made available for public inspection on January 6, 2026, J.P. Morgan Asset Management (Japan) Limited. and its five co-owners are stated to own the following shares as of December 31, 2025. However, as the Company is unable to confirm the actual number of shares held as of December 31, 2025, such shares are not included in the above list of major shareholders. The details of the aforementioned Large Shareholder Report (Amendment Report) are as follows:

Name	Address	Number of shares held (shares)	Percentage of shares held (%)
J.P. Morgan Asset Management (Japan) Limited.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo Tokyo Building	3,548,800	5.19
J.P. Morgan Investment Management Inc.	270 Park Avenue, New York, New York 10017 USA	138,100	0.20
JPMorgan Asset Management (Asia Pacific) Limited	19/F, CHATER HOUSE, 8 CONNAUGHT ROAD CENTRAL, HONG KONG	261,700	0.38
JP Morgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo Tokyo Building	884,200	1.29
J.P. Morgan Securities plc	25 Bank Street, E14 5JP LONDON, United Kingdom	440,211	0.64

Name	Address	Number of shares held (shares)	Percentage of shares held (%)
J.P. Morgan Securities LLC	270 Park Avenue, New York, New York 10017 USA	131,488	0.19
Total		5,404,499	7.91

(7) 【Voting rights】

① 【Issued shares】

as of December 31, 2025

Category	Number of Shares (shares)	Number of Voting Rights (units)	Details
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock)	(Treasury stock) Ordinary shares 1,000	—	—
Shares with full voting rights (other)	Ordinary shares 68,251,200	682,512	—
Fractional shares	Ordinary shares 93,100	—	—
Total number of shares issued	68,345,300	—	—
Total number of voting rights of shareholders	—	682,512	—

Notes: 1 "Fractional shares" includes 23 shares of treasury stock owned by the Company.

2 "Shares with full voting rights (other)" includes 3,600 shares of the Company's stock voting rights) held by the "Trust Account of Stock Compensation Plan for Directors".

② 【Treasury stock】

as of December 31, 2025

Name of owner or Name	Address	Number of shares held in own name (shares)	Number of shares held in another person's name (shares)	Total number of shares held (shares)	Number of shares held as a percentage of the total number of shares issued (%)
(Treasury stock) MODEC, Inc.	2-3-10 Nihonbashi, Chuo-ku, Tokyo	1,000	—	1,000	0.00
Total		1,000	—	1,000	0.00

Note: 3,600 shares (0.00%) of the Company's stock held by Sumitomo Mitsui Trust Bank, Limited. as trust property under the "Stock Compensation Plan for Directors" are not included in the treasury stock above.

(8) 【Details of the stock ownership plan for Directors and Employees】

Share-based compensation arrangement for Executives

The purpose of this program is for Directors and Executive Officers to foster a mindset that contributes to the improvement of medium- to long-term performance and the enhancement of corporate value of the Group.

By making the link between the Group's performance and stock value with the compensation of the relevant Directors and Executive Officers more explicit, Directors and Executive Officers share not only the benefits of rising stock prices but also the risks of falling stock prices with shareholders.

(1) Overview of the transaction

Previously, this was a stock compensation arrangement under which the Company granted stocks to Directors and Executive Officers in accordance with the number of points awarded based on the regulation of share-based payment arrangement of the Company using the Company's ordinary shares (hereinafter referred to as "Company Stocks") acquired through a trust established by the Company. Effective March 27, 2024, the Company has transitioned to a cash-settled share-based compensation arrangement. Under the arrangement, the cash payment amount is calculated by the number of points, which is granted in accordance with the Company's Share Price-Linked Compensation Regulations for Directors and Executive Officers, multiplied by the Company's stock price at Directors and Executive Officers' retirement date and paid to Directors and Executive Officers.

(2) Company Stocks Remaining in Trust

As of December 31, 2025, the number of Company Stocks remaining in trust is 3,600 shares.

## 2 【Status of acquisition of treasury stock】

【Type of Stocks】 Acquisition of ordinary shares pursuant to Article 155, Item 7 of the Companies Act

(1) 【Acquisition based on resolution of General Meeting of Shareholders】

There are no applicable matters.

(2) 【Acquisition based on resolution of the Board of Directors】

There are no applicable matters.

(3) 【Details of acquisitions not based on resolutions of General Meeting of Shareholders or the Board of Directors】

Category	Number of Shares (shares)	Total Value (thousand yen)
Treasury stock acquired during the current year	—	—
Treasury stock acquired during the current period	—	—

Notes:

1 Treasury stock acquired during the current period does not include fractional shares acquired from March 1, 2026 to the date of submission of the securities report.

2 Treasury stock acquired during the current year and the current period does not include shares acquired by the "Trust account for share-based payment arrangement for executives".

(4) 【Disposal and current status of treasury stock】

Category	Current Year		Current Period	
	Number of Shares (shares)	Total Disposal Amount (yen)	Number of Shares (shares)	Total Disposal Amount (yen)
Treasury stock acquired for which subscribers were solicited	—	—	—	—
Treasury stock acquired cancelled	—	—	—	—
Treasury stock acquired transferred in connection with a merger, stock exchange, stock issuance or company split	—	—	—	—
Other	—	—	—	—
Number of treasury stock held	1,023	—	1,023	—

Notes:

1 Treasury stock held during the current period does not include fractional shares acquired from March 1, 2026 to the date of submission of the securities report.

2 Treasury stock acquired during the current year and the current period does not include shares acquired by the "Trust account for share-based payment arrangement for executives".

### 3 【Dividend policy】

The Company's Articles of Incorporation stipulate that the Company may pay dividends from retained earnings twice a year: an interim dividend and a year-end dividend, with record dates of June 30 and December 31, respectively. The decision-making bodies for these dividend distributions are the Board of Directors for interim dividends and the General Shareholders' Meeting for year-end dividends.

The Company's basic policy is to ensure appropriate and stable dividends to shareholders while maintaining necessary internal reserves for future business expansion and strengthening of management structure.

Regarding the year-end dividend for the current year, taking into account the performance of the current year, future business expansion and strengthening of management structure, 80 yen per share (total amount of 5,467 million yen) will be resolved at the 40th Annual General Meeting of Shareholders scheduled on March 30, 2026. If the dividend payment is approved as planned, combined with the interim dividend (60 yen per share, totaling 4,100 million yen), the dividend per share for the current year will be 140 yen.

Note: Date of the Board of Directors' resolution regarding the interim dividend for the current year: August 7, 2025

### 4 【Corporate governance status】

#### (1) 【Overview of corporate governance】

##### ① Basic principles on corporate governance

The Company strives to enhance its corporate governance in accordance with the fundamental principles of strict compliance, a focus on shareholder returns and securing management transparency. In order to secure transparency, the Company takes a proactive approach to disclosing information in a timely and accurate manner.

##### ② Implementation status of corporate governance measures

###### (i) Overview of the corporate governance structure

- The Company promotes the delegation of authority from the Board of Directors to executive Directors and establish a system in which the Board focuses on discussing management policies and strategies.
- The Company strengthens the supervisory function of the Board of Directors and facilitate agile decision-making by including Audit and Supervisory Committee members as members of the Board of Directors.

In addition, the Company has introduced an executive officer system to delegate functions related to business execution from the Board of Directors in order to improve management efficiency and facilitate business execution.

The structure of main governing bodies is from a. to d. as follows as of the date of the issuance of this report (March 26, 2026):

###### a. Board of Directors

The Board of Directors comprises 10 members: six Directors (excluding Directors who are Audit and Supervisory Committee members), four of whom are External Directors, and four Directors who serve on the Audit and Supervisory Committee, three of whom are External Directors. The Board of Directors holds regular meetings once a month in principle, and extraordinary meetings as necessary. The Board of Directors secures management fairness and transparency by exercising its supervisory function over the Company's overall management. The Board of Directors also makes decisions on important business and other matters based on laws and regulations, the Articles of Incorporation and the Company's internal regulations.

###### b. Audit and Supervisory Committee

The Audit and Supervisory Committee comprises four Directors (three of whom are External Directors). The Audit and Supervisory Committee meets once a month in principle and holds extraordinary meetings as necessary. As an independent body entrusted by shareholders, the committee audits the performance of duties of Directors who are not Audit and Supervisory Committee members.

c. Nomination and Remuneration Committee

The Company has voluntarily established a Nomination and Remuneration Committee under the Board of Directors with the aim of strengthening the functions of the Board with regard to the nomination and remuneration of Directors and Executive Officers. In the Committee, it is stipulated that Independent External Directors shall make up a majority of the members in order to ensure transparency and objectivity and to enable fair and appropriate deliberations, and that the Committee shall be convened as necessary. Currently, the Nomination and Remuneration Committee comprises three Independent External Directors including the Committee Chair. It is held approximately once a month. The President and CEO attends the meetings as an observer.

d. Management Board

The Company has established a Management Board as a management body for business execution based on the basic policy determined by the Board of Directors. It is composed of Executive Officers nominated by the President and CEO and approved by the Board of Directors. The Management Board holds regular meetings twice a month in principle, and extraordinary meetings as necessary. It makes decisions on important matters related to business execution based on the management strategy determined by the Board of Directors, and shares information through deliberations and reports.

As of the date of the issuance of this report (March 26, 2026), the member of each body is as follows:

Position	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Committee	Management Board	Notes
Representative Director	Hirohiko Miyata	◎			◎	President & CEO
Director	Ryo Suzuki	○			○	Executive Managing Officer
Director	Kazuki Shimizu	○				External Director
Director	Masayuki Sugiyama	○				External Director
Director	Masato Kobayashi	○		◎		External Director
Director	Yuko Maeda	○		○		External Director
Director	Yoshihiro Takamura	○	◎			Full-time Audit and Supervisory Committee Member
Director	Hiroko Noda	○	○			External Director, Audit and Supervisory Committee Member
Director	Toshihiko Fujita	○	○	○		External Director, Audit and Supervisory Committee Member
Director	Masaaki Amma	○	○			External Director, Audit and Supervisory Committee Member
Executive Officer	Katsuyuki Imaizumi				○	Senior Executive Managing Officer
Executive Officer	Soichi Ide				○	Executive Managing Officer
Executive Officer	Mitsuru Sato				○	
Executive Officer	Koichi Matsumiya				○	
Executive Officer	Arun Duggal				○	
Executive Officer	Tomomi Yasuzane				○	
Executive Officer	Shichiro Kambe				○	
Executive Officer	Ryoji Mitani				○	
Executive Officer	Takashi Kakiuchi				○	

◎...Chairperson/Committee Chair, ○...Member

The Company intends to submit the following proposals as agenda items for resolution at the 40th Annual General Meeting of Shareholders scheduled to be held on March 30, 2026: "Election of six Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Election of four Directors who are Audit and Supervisory Committee Members". If these proposals are approved and adopted, the Company's Board of Directors will comprise 6 Directors (excluding Directors who are Audit and Supervisory Committee Members) and 4 Directors who are Audit and Supervisory Committee Members for a total of 10 Directors, including 3 External Directors. The members of each corporate body as of and after March 30, 2026 is expected to be as set forth in the table below.

Position	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Committee	Management Board (Note 1)	Notes
Representative Director	Hirohiko Miyata	◎			◎	President & CEO
Director	Ryo Suzuki	○			○	Executive Managing Officer
Director	Kazuki Shimizu	○				External Director
Director	Masayuki Sugiyama	○				External Director
Director	Masato Kobayashi	○		◎		External Director
Director	Yuko Maeda	○		○		External Director
Director	Yoshihiro Takamura	○	◎			Full-time Audit and Supervisory Committee Member
Director	Toshihiko Fujita	○	○	○		External Director, Audit and Supervisory Committee Member
Director	Yuki Tanaka	○	○			External Director, Audit and Supervisory Committee Member
Director	Koichi Isobe	○	○			External Director, Audit and Supervisory Committee Member
Executive Officer	Soichi Ide				○	Senior Executive Managing Officer (Note 2)
Executive Officer	Koichi Matsumiya				○	Executive Managing Officer (Note 2)
Executive Officer	Takashi Kakiuchi				○	Executive Managing Officer (Note 2)

◎ ... Chairperson/Committee Chair, ○ ... Member

Notes 1 The members of the Management Board are as of April 1, 2026.

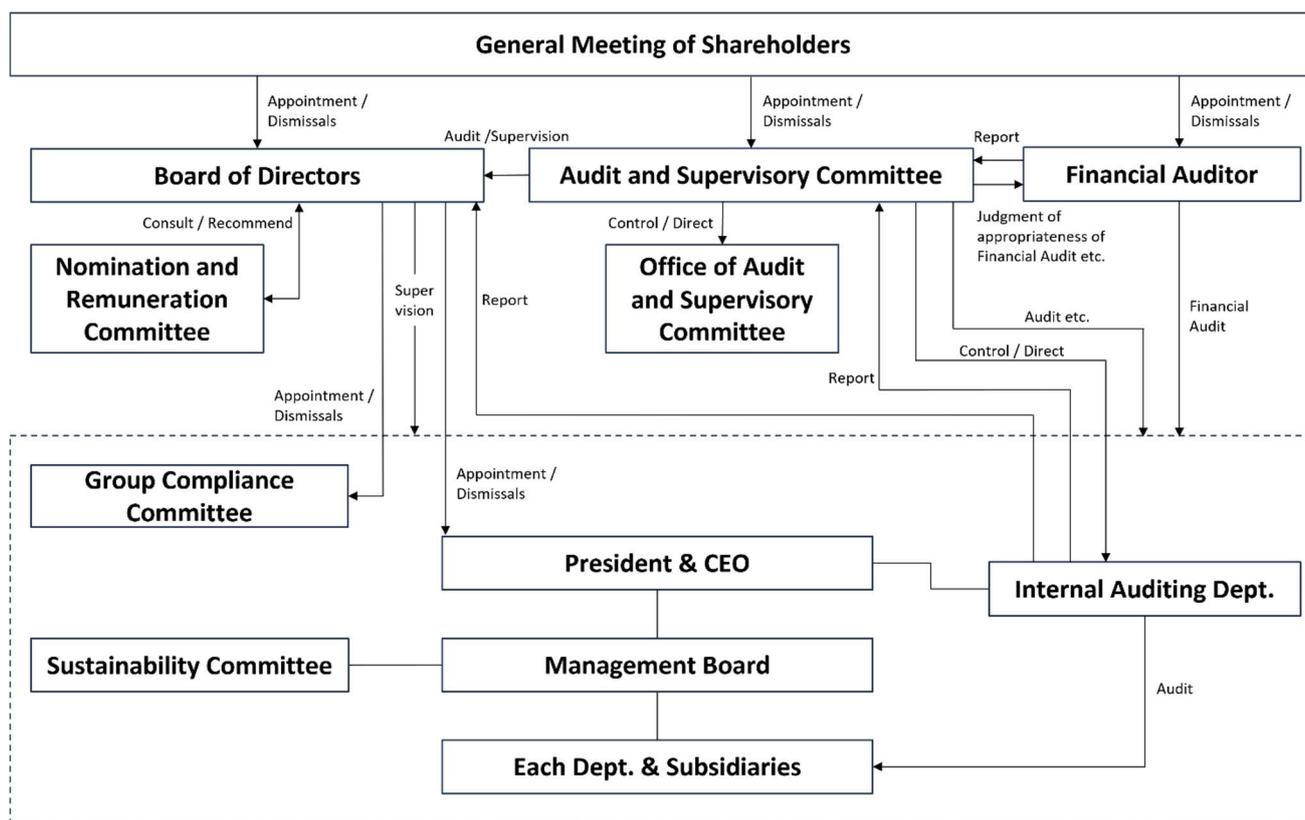
2 The positions are scheduled to be filled on April 1, 2026.

(ii) Reasons for adopting the current corporate governance structure

As a company with an Audit and Supervisory Committee the Company has established the current governance structure based on the following considerations: to ensure prompt and appropriate decision-making and efficient execution of duties while also enabling an appropriate supervisory and monitoring framework.

- (a) The Company has incorporated an external oversight mechanism through the appointment of External Directors and External Directors serving on the Audit and Supervisory Committee.
- (b) The Company has introduced an executive officer system to separate management from operational execution, thereby strengthening the supervisory function of the Board of Directors.

(iii) The Company's Corporate Governance and Internal Control System



(iv) Activities of principal meeting bodies

The activities of principal meeting bodies during 2025 are as follows:

a. Activities of the Board of Directors

During the year the Board of Directors held 18 meetings, and the attendance of each director is as follows:

Name	Number of Meetings Held	Number of Meetings Attended
Takeshi Kanamori	4	4 (100%)
Hirohiko Miyata	18	18 (100%)
Yasuhiro Takano	4	4 (100%)
Ryo Suzuki	14	14 (100%)
Koichi Wakana	4	4 (100%)
Yasuchika Noma	4	4 (100%)
Kazuki Shimizu	14	14 (100%)
Masayuki Sugiyama	14	13 (92%)
Kazuko Shiraishi	4	4 (100%)
Kazuhisa Nishigai	4	4 (100%)
Masato Kobayashi	18	18 (100%)
Yuko Maeda	14	14 (100%)
Yoshihiro Takamura	18	18 (100%)
Hiroko Noda	18	18 (100%)
Toshihiko Fujita	18	18 (100%)
Masaaki Amma	18	18 (100%)

[Board of Directors Meetings held during the current year]

Regular: 12 times, Extraordinary: 6 times

The specific matters discussed at the Board of Directors meetings during the current year are as follows:

(Resolutions): Financial results, business plans, bids for material projects, key personnel matters, and other resolutions in accordance with the Company's internal Regulations

(Reported Matters): Results of the Board of Directors' Effectiveness Assessment, reports on the result of internal audit, significant progress on individual projects, capital policy, and overview reports on key decision-making bodies

b. Activities of the Audit and Supervisory Committee

Refer to (3) Audit Status ① Status of Audit and Supervisory Committee Audits (Page 59)

c. Activities of the Nomination and Remuneration Committee

The Committee deliberated on and recommended the criteria for the appointment of Directors (skills matrix) and candidate proposals. Additionally, the Committee deliberated the composition of the Board of Directors, the succession plan for the President and the required qualifications.

The Nomination and Remuneration Committee held 11 meetings during the current year, and the attendance of each committee member is as follows:

Name	Number of Meetings Held	Number of Meetings Attended
Kazuko Shiraishi	3	3 (100%)
Kazuhisa Nishigai	3	3 (100%)
Masato Kobayashi	11	11 (100%)
Yuko Maeda	8	8 (100%)
Toshihiko Fujita	8	8 (100%)

③ Other matters related to corporate governance

(i) Establishment and maintenance of the internal control system

The following is a summary of the resolutions made by the Board of Directors of the Company regarding the establishment of systems to ensure that the execution of duties by the Company's Directors, Executive Officers and employees as well as the execution of duties by the Directors and employees of the Company's subsidiaries to comply with applicable laws and regulations and the Articles of Incorporation and to ensure the proper conduct of business:

- (a) Systems to ensure that the duties of the Company's Directors, Executive Officers and employees as well as the duties of the Directors and employees of the Company's subsidiaries are performed in accordance with laws, regulations and the Articles of Incorporation
- (b) Systems for the preservation and management of information related to the performance of duties by the Company's Directors
- (c) Regulations and other systems regarding the risks of loss for the Group
- (d) Systems to ensure that the duties of the Company's Directors and the duties of the Directors and employees of the Company's subsidiaries are performed efficiently
- (e) Systems for reporting matters related to the performance of duties by Directors and other officers of subsidiaries to the Company
- (f) Matters concerning employees who assist the Company's Audit and Supervisory Committee in the performance of their duties
- (g) Matters concerning the independence of the employees referred to in the preceding item from the Directors of the Company (excluding Directors who are members of the Audit and Supervisory Committee)
- (h) Matters related to ensuring the effectiveness of instructions to employees assisting the Audit and Supervisory Committee

- (i) System for Directors (excluding Directors who are members of the Audit and Supervisory Committee), Executive Officers and employees of the Company to report to the Audit and Supervisory Committee and system for Directors and employees of the Company's subsidiaries or persons who have received reports from such Directors and employees to report to the Audit and Supervisory Committee
- (j) Matters concerning the system to ensure that persons who report to the Audit and Supervisory Committee are not subject to disadvantageous treatment as a result of such reporting
- (k) Matters related to the procedures for advance payment or reimbursement of expenses incurred in the performance of the duties of the Audit and Supervisory Committee or other policies regarding the handling of expenses or liabilities arising from such duties
- (l) Other systems to ensure that the Audit and Supervisory Committee's audits are conducted effectively

(ii) Status of the establishment of compliance systems

The Company has established the "Code of Business Conduct and Ethics" as a common code of conduct for the Group including Directors, Executive Officers, employees and all other persons engaged in the business of the Group. Specifically, the Company has established the "Group Compliance Committee" as an organization directly under the Board of Directors. The Committee holds regular meetings to report to the Board of Directors on the status of compliance with laws, regulations and the Articles of Incorporation by the Group. Also, the Committee conducts training for all officers and employees of the Group to promote compliance awareness and ensure thorough compliance with compliance-related matters.

Additionally, to detect and address compliance violations including legal violations at an early stage the Company has established the "Compliance & Ethics Reporting Standard" and set up the "MODEC Ethics Hotline" as a common internal reporting system for the Group. This system is operated by a specialized reporting company as the point of contact, and the Company ensures its proper operation while promoting its use through training and other measures.

(iii) Status of risk management framework

Risks related to the conduct of our business operations are managed in accordance with the "Risk Management Regulations", "Enterprise Risk Management Regulations" and various business-related regulations, which define the nature of risks and the procedures for their management. Each department conducts risk management as part of its daily business activities, and the Management Board continuously monitors the status of business operations and their results to ensure the thorough implementation of risk management.

(iv) Status of the establishment of systems to ensure the proper conduct of business by subsidiaries of the Company

The execution of business operations within the Group is governed by the "Business Division Regulations", "Job Authority Regulations" and "Affiliated Company Management Regulations", which clearly define the department responsible for each business operation and the decision-making authorities, thereby ensuring organized and efficient operations.

Additionally, when subsidiaries make important decisions, they conduct prior consultations with the relevant departments of the Company in accordance with the relevant regulations, and the Company monitors and reviews the operational status of subsidiaries.

(v) Other special circumstances that may have a significant impact on corporate governance

The Company has established fair transaction practices in the "Code of Business Conduct and Ethics", and the Company independently and reasonably determines prices and contract terms with all business partners in accordance with these standards. The Group Compliance Committee confirms that there are no issues regarding the Group's compliance status including the implementation of fair transactions.

(vi) Summary of the content of limited liability agreement

The Company has entered into agreements with Directors (excluding Executive Directors) and Audit and Supervisory Committee members pursuant to Article 427, Paragraph 1 of the Companies Act limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act to cases where they acted in good faith and without gross

negligence in the performance of their duties.

The maximum liability under such agreements is set at the minimum liability limit specified in Article 425, Paragraph 1 of the Companies Act.

(vii) Summary of the directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance (D&O) contract with the Company's Directors, Executive Officers and other Officers (hereinafter referred to as "Officers") as well as Officers of subsidiaries and Officers dispatched to non-subsidiary investees as insured parties. The contract provides compensation for damages that may arise from claims made against the insured parties for liability arising from the performance of their duties or for claims related to the pursuit of such liability. The insurance premiums are fully borne by the Company. However, damages arising from acts committed with knowledge of a violation of laws and regulations are not covered by insurance.

(viii) Requirements for the resolution to appoint Directors

The Company has stipulated in its Articles of Incorporation that resolutions regarding the appointment of Directors shall be made by a majority of the votes cast in shareholders' meeting provided that at least one-third of the total shareholders holding voting rights are present and that such resolutions shall not be made by cumulative voting.

(ix) Matters that may be resolved by the Board of Directors instead of the shareholders' meeting

The Company has stipulated in its Articles of Incorporation that the following matters may be resolved by the Board of Directors without a resolution of the shareholders' meeting:

- Authority to acquire treasury stock  
(To enable flexible responses)
- Authority to exempt Directors from liability  
(To enable Directors to fully perform the roles expected of them in the performance of their duties)
- Authority to exempt auditors from liability (limited to acts performed prior to the conclusion of the 38th Annual General Meeting of Shareholders)  
(To enable them to fully perform the roles expected of them in the performance of their duties)
- Authority to pay interim dividends  
(To provide stable returns to shareholders)

(x) Special resolution requirements for the shareholders' meeting

For the purpose of ensuring the smooth conduct of the General Meeting of Shareholders, with regard to special resolutions of the General Meeting of Shareholders as provided for in Article 309, Paragraph 2 of the Companies Act, the special resolution shall be adopted by a resolution of shareholders holding at least one-third of shareholders entitled to exercise voting rights are present provided that at least two-thirds of the voting rights exercised at the meeting.

(xi) Number of Directors

The Company has stipulated in its Articles of Incorporation that the number of Directors shall not exceed 15.

(2) 【Directors】

① List of Directors

1. As of the date of the filing of this report (March 26, 2026), the status of the Company's Directors is as follows:

8 males, 2 females (20.0% of Directors are female)

Position	Name	Date of Birth	Career Summary		Term of office	Number of shares owned
President & CEO	Hirohiko Miyata	November 17, 1962	<p>April 1987</p> <p>April 2012</p> <p>October 2015</p> <p>January 2016</p> <p>April 2017</p> <p>April 2020</p> <p>April 2021</p> <p>April 2022</p> <p>August 2022</p> <p>April 2023</p> <p>June 2023</p> <p>June 2023</p> <p>March 2024</p>	<p>Joined Mitsui &amp; Co., Ltd.</p> <p>General Manager of Electric Power Business Development Division</p> <p>General Manager of Infrastructure Business Development Division, Infrastructure Projects Business Unit, Mitsui &amp; Co., Ltd.</p> <p>SVP &amp; CAO, Mitsui &amp; Co. (U.S.A.) Inc. (based in New York)</p> <p>Executive Officer, General Manager of Business Management Division, Mitsui &amp; Co., Ltd.</p> <p>Executive Managing Officer, Mitsui &amp; Co., Ltd. Chief Operating Officer of Europe, Middle East, and Africa Unit, Mitsui &amp; Co., Ltd. and President, Mitsui &amp; Co. Europe PLC (in London)</p> <p>Executive Managing Officer, Mitsui &amp; Co., Ltd. Chief Representative of Europe, and President, Mitsui &amp; Co. Europe PLC (in London)</p> <p>Senior Executive Managing Officer, Mitsui &amp; Co., Ltd. Chief Representative of Europe, CSO of Europe Block, CSO of Middle East and Africa Block, and President &amp; CSO, Mitsui &amp; Co. Europe PLC (in London)</p> <p>Senior Executive Managing Officer, Mitsui &amp; Co., Ltd. Chief Representative of Europe, and President, Mitsui &amp; Co. Europe PLC (in London)</p> <p>Advisor, Mitsui &amp; Co., Ltd.</p> <p>Executive Vice President, Assistant to President of the Company</p> <p>Director, Executive Vice President, Assistant to President of the Company</p> <p>Representative Director, President and Chief Executive Officer of the Company (current position)</p>	Note 1	2,400
Director	Ryo Suzuki	October 19, 1962	<p>July 1987</p> <p>April 2006</p> <p>March 2009</p> <p>February 2012</p> <p>April 2013</p> <p>April 2015</p> <p>September 2017</p> <p>April 2019</p> <p>May 2020</p> <p>March 2024</p> <p>May 2024</p>	<p>Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>Senior Examiner of Structure Examination Department, Mitsui Bank</p> <p>President of SMBC Securities, Inc. (in New York)</p> <p>Head of Americas Business Dept. No. 4, Sumitomo Mitsui Banking Corporation (in New York)</p> <p>Head of Americas Examination Dept., Sumitomo Mitsui Banking Corporation (in New York)</p> <p>Executive Officer, Deputy General Manager of Americas Division, Sumitomo Mitsui Banking Corporation (in New York)</p> <p>Executive Officer, Deputy General Manager of Americas Division, Sumitomo Mitsui Banking Corporation (in New York) and President of SMBC Nikko Securities America, Inc. (NY)</p> <p>Executive Officer, Deputy Head of Wholesale Banking Unit, Deputy Head of International Banking Unit, Sumitomo Mitsui Banking Corporation</p> <p>Executive Officer, General Manager of Finance Department of the Company</p> <p>Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department and Budget and Planning Group, General Manager of Finance of the Company</p> <p>Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group, General Manager of Finance of the Company</p>	Note 1	200

			<p>June 2024 Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group of the Company</p> <p>March 2025 Director, Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group of the Company</p> <p>April 2025 Director, Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Department and SPC Accounting Group of the Company (current position)</p>		
Director	Kazuki Shimizu	January 15, 1967	<p>April 1993 Joined Mitsui &amp; Co., Ltd.</p> <p>January 2016 General Manager of Infrastructure Business Development Division, Mitsui &amp; Co., Ltd.</p> <p>April 2019 S.V.P, Project Division and Divisional Operating Office, Americas Business Unit, Mitsui &amp; Co. (U.S.A.), Inc.</p> <p>October 2022 General Manager of Investment Administration Department, Investment Administrative Division, Mitsui &amp; Co., Ltd.</p> <p>April 2024 Managing Officer, General Manager of Investment Administrative Division, Mitsui &amp; Co., Ltd.</p> <p>March 2025 External Director of the Company (current position)</p> <p>April 2025 Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui &amp; Co., Ltd. (current position)</p>	Note 1	-

Position	Name	Date of Birth	Career Summary		Term of office	Number of shares owned
Director	Masayuki Sugiyama	August 28, 1970	<p>April 1993 June 2014 June 2016 April 2019 April 2020 April 2021 April 2022 April 2023 April 2024 March 2025 April 2025</p>	<p>Joined Mitsui O.S.K. Lines, Ltd. Group Leader of LNG Unit 2, LNG Carrier Division, Mitsui O.S.K. Lines, Ltd. Seconded to Houston Office, Mitsui O.S.K. Bulk Shipping (USA), LLC General Manager of Steaming Coal &amp; Energy Project Division, Mitsui O.S.K. Lines, Ltd. General Manager of Steaming Coal &amp; Renewable Energy Project Division, Mitsui O.S.K. Lines, Ltd. General Manager of Wind Power Energy Business Division, Mitsui O.S.K. Lines, Ltd. Head of Wind Power Projects Unit, Integrated Wind &amp; Carbon Power Solutions, Mitsui O.S.K. Lines, Ltd. Executive Officer, Responsible for Carbon Power Solutions Unit and Wind Power Projects Unit, Integrated Wind &amp; Carbon Power Solutions, Mitsui O.S.K. Lines, Ltd. Executive Officer, Responsible for Electric Power Unit (In charge of Fuel for electric power generation (excluding LNG) transport business) of Carbon Solution Projects, and Wind Power Unit of Wind Power and Offshore Projects, Mitsui O.S.K. Lines, Ltd. External Director of the Company (current position) Executive Managing Officer, Deputy Director General, Headquarters of Energy Business, Responsible for Wind Power and Offshore Projects, Secondly Responsible for Regional Strategy in Japan, Mitsui O.S.K. Lines, Ltd. (current position)</p>	Note 1	-
Director	Masato Kobayashi	April 5, 1960	<p>April 1986 January 1996 February 1997 July 1997 February 2003 January 2020 June 2020 December 2020 March 2021 November 2025</p>	<p>Registered as an attorney (Dai-Ichi Tokyo Bar Association) Joined YUASA AND HARA Partner, YUASA and HARA External Statutory Auditor, Oracle Corporation Japan Founded Hirakawa, Sato &amp; Kobayashi (currently City-Yuwa Partners), Partner Partner, City-Yuwa Partners (current position) External Statutory Auditor, Tsukishima Kikai Co., Ltd. (currently TSUKISHIMA HOLDINGS CO., LTD.) External Director, eBook Initiative Japan Co., Ltd. External Audit &amp; Supervisory Board Member, Japan Platform of Industrial Transformation, Inc. (current position) External Director of the Company (current position) External Auditor, Misaki Capital Inc.</p>	Note 1	-
Director	Yuko Maeda	July 26, 1960	<p>April 1984 May 2013 April 2014 May 2014 January 2017 March 2019 June 2020 June 2021 May 2023 March 2025</p>	<p>Joined Bridgestone Corporation Vice President and Officer, Bridgestone Corporation Auditor, Japan Agency for Marine-Earth Science and Technology Councillor, Headquarters for Ocean Policy, Cabinet Office Board Member, Cellbank Corp. (current position) External Audit &amp; Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. External Director, KOSÉ Corporation External Director, Asahi Kasei Corp. (current position) Member of Intellectual Property Committee, the Cabinet Office Strategic Innovation Creation Program 3rd Term, "National Platform for Innovative Ocean Developments," (current position) External Director of the Company (current position)</p>	Note 1	-
Director (Full-time Audit and Supervisory	Yoshihiro Takamura	September 30, 1961	<p>April 1984</p>	<p>Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)</p>	Note 2	1,522

Committee Member)			December 2002 March 2008 June 2013 October 2013 April 2020 May 2020 April 2021 March 2022 March 2024	General Manager of Audit Department Group, Sumitomo Mitsui Financial Group, Inc. Seconded to Manufacturers Bank, Executive Vice President of the Bank, General Manager of Corporate Planning Department Joined the Company, Deputy Manager of Finance Department General Manager of Finance Department of the Company Deputy Director, General Manager of Finance Department of the Company Deputy Director, General Manager of Internal Auditing Department of the Company Deputy Director, General Manager of Internal Auditing Department, and General Manager of Board of Statutory Auditors' Office of the Company Auditor of the Company Director (Full-time Audit and Supervisory Committee Member) of the Company (current position)		
Director (Audit and Supervisory Committee Member)	Hiroko Noda	July 3, 1960	April 1987 August 1987 March 1990 August 1992 June 2000 July 2006 September 2007 May 2010 April 2014 March 2019 March 2019 June 2021 June 2022 June 2023 December 2023 March 2024 April 2024	Joined Minato Audit Corporation (currently KPMG AZSA LCC) Joined Prudential Securities Incorporated Registered as a Certified Public Accountant Representative, Noda Certified Public Accountant Office (current position) Joined Banque Indosuez S.A. (currently Crédit Agricole Corporate and Investment Bank and Crédit Agricole Securities Asia BV) Joined Canadian Bank of Commerce (Tokyo Branch, Canadian Bank of Commerce, subsequently, joined Tokyo Branch, CIBC Securities Inc.) Joined BUSICOM Co., Ltd. Representative Director, Prominent Consulting Co., Ltd Founded Probity Consulting Co., Ltd. Representative Director, Probity Consulting Co., Ltd. (current position) Part-time Lecturer, Graduate School of Asian and International Business Strategy, Asia University (current position) External Director (Audit & Supervisory Committee Member), Okabe Co., Ltd. (current position) External Director of the Company External Director (Audit & Supervisory Committee Member), S.T. CORPORATION (current position) External Director, CHORI CO., LTD. External Director of S.T. Corporation (Nomination Committee) (current position) External Auditor of Frontier Management Inc. External Director (Audit and Supervisory Committee Member) of the Company (current position) External Director (Audit and Supervisory Committee Member) of CHORI Co., Ltd. (current position)	Note 2	-
Director (Audit and Supervisory Committee Member)	Toshihiko Fujita	June 18, 1958	April 1981 July 2003 February 2004 July 2025 July 2006 July 2007 July 2009 July 2010 August 2012 June 2013	Joined the Ministry of Finance Director for Defense Budget, Budget Bureau, the Ministry of Finance Counselor to Director General for Economic and Fiscal Management, Cabinet Office Assistant Regional Commissioner (Management and Co-ordination), Tokyo Regional Taxation Bureau Director, Personnel Division, National Tax Agency Director, Co-ordination Division, National Tax Agency Regional Commissioner, Fukuoka Regional Taxation Bureau Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), National Tax Agency Deputy Commissioner (Taxation), National Tax Agency First Deputy Commissioner, National Tax Agency	Note 2	200

			July 2014	Regional Commissioner, Tokyo Regional Taxation Bureau		
			February 2016	Auditor, the Bank of Japan		
			February 2020	Director, Hongo & Tsuji Consulting		
			March 2021	External Auditor of the Company		
			October 2023	Registered as a Tax Accountant		
			March 2024	External Director (Audit and Supervisory Committee Member) of the Company (current position)		
			October 2024	Managing Director, Hongo & Tsuji Consulting (current position)		
			October 2024	External Director, Ishida Co., Ltd. (current position)		
Director (Audit and Supervisory Committee Member)	Masaaki Amma	January 6, 1960	April 1982	Joined Export-Import Bank (currently Japan Bank for International Cooperation)	Note 2	—
			May 1989	Assistant Director, Japan Office, World Bank		
			June 2015	Director, General Manager Planning and Management Department, Japan Bank for International Cooperation		
			July 2017	Advisor, Daiwa Securities Co., Ltd.		
			September 2020	Visiting Professor, Hitotsubashi University (current position)		
			March 2021	Executive Officer, PricewaterhouseCoopers Sustainability LLC		
			March 2021	External Auditor of the Company		
			February 2022	Degree obtained: University of Tokyo, Doctor of Engineering		
			April 2022	Supervisor, Science and Finance Initiative for the Creation of the Future (current position)		
			July 2022	Executive Officer, PricewaterhouseCoopers Sustainability LLC		
			January 2024	Director of the Impact-Oriented Finance Declaration Secretariat (current position)		
			March 2024	External Director (Audit and Supervisory Committee Member) of the Company (current position)		
			May 2024	Public Interest Incorporated Association of Civil Engineers, Subcommittee Chair for Corporate Value and Finance Research (current position)		
			June 2024	Financial Services Agency Impact Consortium Advisory Committee Chair (current position)		
Total						4,322

- Notes: 1 The term of office of the Directors shall commence at the conclusion of the Annual General Meeting of Shareholders for the year ended December 2024 and end at the conclusion of the Annual General Meeting of Shareholders for the year ending December 2025.
- 2 The term of office of the Directors (Audit and Supervisory Committee Member) shall commence at the conclusion of the Annual General Meeting of Shareholders for the year ended December 2023 and shall end at the conclusion of the Annual General Meeting of Shareholders for the year ending December 2025.
- 3 Directors Kazuki Shimizu, Masayuki Sugiyama, Masato Kobayashi, Yuko Maeda, Hiroko Noda, Toshihiko Fujita and Masaaki Amma are External Directors as defined in Article 2, Item 15 of the Companies Act.

2. The Company intends to submit the following proposals as agenda items for resolution at the 40th Annual General Meeting of Shareholders scheduled to be held on March 30, 2026: "Election of six Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Election of four Directors who are Audit and Supervisory Committee Members". If these proposals are approved and adopted, the composition of the Company's Directors and their terms of office are expected to be as follows.

For reference, the titles and positions of Directors are presented to reflect the anticipated resolutions of the Board of Directors to be convened immediately after the said Annual General Meeting of Shareholders, including the allocation of titles and other matters.

8 males, 2 females (20.0% of Directors are female)

Position	Name	Date of Birth	Career Summary		Term of office	Number of shares owned
President & CEO	Hirohiko Miyata	November 17, 1962	April 1987 April 2012 October 2015 January 2016 April 2017 April 2020 April 2021 April 2022 August 2022 April 2023 June 2023 June 2023 March 2024	Joined Mitsui & Co., Ltd. General Manager of Electric Power Business Development Division General Manager of Infrastructure Business Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. SVP & CAO, Mitsui & Co. (U.S.A.) Inc. (based in New York) Executive Officer, General Manager of Business Management Division, Mitsui & Co., Ltd. Executive Managing Officer, Mitsui & Co., Ltd. Chief Operating Officer of Europe, Middle East, and Africa Unit, Mitsui & Co., Ltd. and President, Mitsui & Co. Europe PLC (in London) Executive Managing Officer, Mitsui & Co., Ltd. Chief Representative of Europe, and President, Mitsui & Co. Europe PLC (in London) Senior Executive Managing Officer, Mitsui & Co., Ltd. Chief Representative of Europe, CSO of Europe Block, CSO of Middle East and Africa Block, and President & CSO, Mitsui & Co. Europe PLC (in London) Senior Executive Managing Officer, Mitsui & Co., Ltd. Chief Representative of Europe, and President, Mitsui & Co. Europe PLC (in London) Advisor, Mitsui & Co., Ltd. Executive Vice President, Assistant to President of the Company Director, Executive Vice President, Assistant to President of the Company Representative Director, President and Chief Executive Officer of the Company (current position)	Note 1	2,400
Director	Ryo Suzuki	October 19, 1962	July 1987 April 2006 March 2009 February 2012 April 2013 April 2015 September 2017 April 2019 May 2020 March 2024	Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Senior Examiner of Structure Examination Department, Mitsui Bank President of SMBC Securities, Inc. (in New York) Head of Americas Business Dept. No. 4, Sumitomo Mitsui Banking Corporation (in New York) Head of Americas Examination Dept., Sumitomo Mitsui Banking Corporation (in New York) Executive Officer, Deputy General Manager of Americas Division, Sumitomo Mitsui Banking Corporation (in New York) Executive Officer, Deputy General Manager of Americas Division, Sumitomo Mitsui Banking Corporation (in New York) and President of SMBC Nikko Securities America, Inc. (NY) Executive Officer, Deputy Head of Wholesale Banking Unit, Deputy Head of International Banking Unit, Sumitomo Mitsui Banking Corporation Executive Officer, General Manager of Finance Department of the Company Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department and Budget and Planning Group, General Manager of Finance of the Company	Note 1	200

			May 2024	Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group, General Manager of Finance of the Company		
			June 2024	Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group of the Company		
			March 2025	Director, Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Group and SPC Accounting Group of the Company		
			April 2025	Director, Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, Budget and Planning Department and SPC Accounting Group of the Company (current position)		
Director	Kazuki Shimizu	January 15, 1967	April 1993	Joined Mitsui & Co., Ltd.	Note 1	-
			January 2016	General Manager of Infrastructure Business Development Division, Mitsui & Co., Ltd.		
			April 2019	S.V.P, Project Division and Divisional Operating Office, Americas Business Unit, Mitsui & Co. (U.S.A.), Inc.		
			October 2022	General Manager of Investment Administration Department, Investment Administrative Division, Mitsui & Co., Ltd.		
			April 2024	Managing Officer, General Manager of Investment Administrative Division, Mitsui & Co., Ltd.		
			March 2025	External Director of the Company (current position)		
			April 2025	Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd. (current position)		
			April 2026	Managing Officer, Chief Operating Officer of Digital & Infrastructure Solutions Business Unit, Mitsui & Co., Ltd. (scheduled)		
Director	Masayuki Sugiyama	August 28, 1970	April 1993	Joined Mitsui O.S.K. Lines, Ltd.	Note 1	-
			June 2014	Group Leader of LNG Unit 2, LNG Carrier Division, Mitsui O.S.K. Lines, Ltd.		
			June 2016	Seconded to Houston Office, Mitsui O.S.K. Bulk Shipping (USA), LLC		
			April 2019	General Manager of Steaming Coal & Energy Project Division, Mitsui O.S.K. Lines, Ltd.		
			April 2020	General Manager of Steaming Coal & Renewable Energy Project Division, Mitsui O.S.K. Lines, Ltd.		
			April 2021	General Manager of Wind Power Energy Business Division, Mitsui O.S.K. Lines, Ltd.		
			April 2022	Head of Wind Power Projects Unit, Integrated Wind & Carbon Power Solutions, Mitsui O.S.K. Lines, Ltd.		
			April 2023	Executive Officer, Responsible for Carbon Power Solutions Unit and Wind Power Projects Unit, Integrated Wind & Carbon Power Solutions, Mitsui O.S.K. Lines, Ltd.		
			April 2024	Executive Officer, Responsible for Electric Power Unit (In charge of Fuel for electric power generation (excluding LNG) transport business) of Carbon Solution Projects, and Wind Power Unit of Wind Power and Offshore Projects, Mitsui O.S.K. Lines, Ltd.		
			March 2025	External Director of the Company (current position)		
			April 2025	Executive Managing Officer, Deputy Director General, Headquarters of Energy Business, Responsible for Wind Power and Offshore Projects, Secondly Responsible for Regional Strategy in Japan, Mitsui O.S.K. Lines, Ltd. (current position)		
			April 2026	Senior Managing Executive Officer, Director General, Headquarters of Energy Business, Mitsui O.S.K. Lines, Ltd. (scheduled)		
Director	Masato Kobayashi	April 5, 1960	April 1986	Registered as an attorney (Dai-Ichi Tokyo Bar Association)	Note 1	-
			January 1996	Joined YUASA AND HARA Partner, YUASA and HARA		
			February 1997	External Statutory Auditor, Oracle Corporation Japan		

			<p>July 1997 February 2003 January 2020 June 2020 December 2020 March 2021 November 2025</p>	<p>Founded Hirakawa, Sato &amp; Kobayashi (currently City-Yuwa Partners), Partner Partner, City-Yuwa Partners (current position) External Statutory Auditor, Tsukishima Kikai Co., Ltd. (currently TSUKISHIMA HOLDINGS CO., LTD.) External Director, eBook Initiative Japan Co., Ltd. External Audit &amp; Supervisory Board Member, Japan Platform of Industrial Transformation, Inc. (current position) External Director of the Company (current position) External Auditor, Misaki Capital Inc.</p>		
Director	Yuko Maeda	July 26, 1960	<p>April 1984 May 2013 April 2014 May 2014 January 2017 March 2019 June 2020 June 2021 May 2023 March 2025</p>	<p>Joined Bridgestone Corporation Vice President and Officer, Bridgestone Corporation Auditor, Japan Agency for Marine-Earth Science and Technology Councillor, Headquarters for Ocean Policy, Cabinet Office Board Member, Cellbank Corp. (current position) External Audit &amp; Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. External Director, KOSÉ Corporation External Director, Asahi Kasei Corp. (current position) Member of Intellectual Property Committee, the Cabinet Office Strategic Innovation Creation Program 3rd Term, "National Platform for Innovative Ocean Developments," (current position) External Director of the Company (current position)</p>	Note 1	-
Director (Full-time Audit and Supervisory Committee Member)	Yoshihiro Takamura	September 30, 1961	<p>April 1984 December 2002 March 2008 June 2013 October 2013 April 2020 May 2020 April 2021 March 2022 March 2024</p>	<p>Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) General Manager of Audit Department Group, Sumitomo Mitsui Financial Group, Inc. Seconded to Manufacturers Bank, Executive Vice President of the Bank, General Manager of Corporate Planning Department Joined the Company, Deputy Manager of Finance Department General Manager of Finance Department of the Company Deputy Director, General Manager of Finance Department of the Company Deputy Director, General Manager of Internal Auditing Department of the Company Deputy Director, General Manager of Internal Auditing Department, and General Manager of Board of Statutory Auditors' Office of the Company Auditor of the Company Director (Full-time Audit and Supervisory Committee Member) of the Company (current position)</p>	Note 2	1,522
Director (Audit and Supervisory Committee Member)	Toshihiko Fujita	June 18, 1958	<p>April 1981 July 2003 February 2004 July 2025 July 2006 July 2007 July 2009 July 2010 August 2012 June 2013 July 2014 February 2016</p>	<p>Joined the Ministry of Finance Director for Defense Budget, Budget Bureau, the Ministry of Finance Counselor to Director General for Economic and Fiscal Management, Cabinet Office Assistant Regional Commissioner (Management and Co-ordination), Tokyo Regional Taxation Bureau Director, Personnel Division, National Tax Agency Director, Co-ordination Division, National Tax Agency Regional Commissioner, Fukuoka Regional Taxation Bureau Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), National Tax Agency Deputy Commissioner (Taxation), National Tax Agency First Deputy Commissioner, National Tax Agency Regional Commissioner, Tokyo Regional Taxation Bureau Auditor, the Bank of Japan</p>	Note 2	200

			February 2020 March 2021 October 2023 March 2024 October 2024 October 2024	Director, Hongo & Tsuji Consulting External Auditor of the Company Registered as a Tax Accountant External Director (Audit and Supervisory Committee Member) of the Company (current position) Managing Director, Hongo & Tsuji Consulting (current position) External Director, Ishida Co., Ltd. (current position)		
Director (Audit and Supervisory Committee Member)	Yuki Tanaka	December 30, 1966	April 1990 June 2011 July 2015 October 2016 July 2017 July 2018 July 2019 July 2020 July 2021 July 2023 March 2026	Joined Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism) of Japan Executive Director of New York Office, Japan National Tourism Organization Director, International Conferences, Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism Director, Inbound Tourism Promotion Division, Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism Director, General Affairs Division, Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism Director, International Policy Division, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism Deputy Secretary-General, Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, Cabinet Secretariat Chief of Secretarial Office, Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism Director-General, Tohoku District Transport Bureau, Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism Director-General for International Affairs Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism External Director (Audit and Supervisory Committee Member) of the Company (current position)	Note 2	—
Director (Audit and Supervisory Committee Member)	Koichi Isobe	October 27, 1965	April 1989 October 2014 October 2016 June 2017 June 2019 September 2021 March 2026	Joined the Export-Import Bank of Japan (currently Japan Bank for International Cooperation) Director, Marine and Aerospace Finance / Financial Products Department, Industry Finance Group, Japan Bank for International Cooperation Director Marine and Aviation Finance Department, Industry Finance Group, Japan Bank for International Cooperation Executive Officer, Director General of the Human Resources Management Office, Japan Bank for International Cooperation Managing Executive Officer, Global Head of Industry Finance Group, Japan Bank for International Cooperation Senior Advisor of Daiwa Securities Co. Ltd. (current position) External Director (Audit and Supervisory Committee Member) of the Company (current position)	Note 2	—
Total						4,322

Notes: 1 The term of office of the Directors shall commence at the conclusion of the Annual General Meeting of Shareholders for the year ended December 2025 and end at the conclusion of the Annual General Meeting of Shareholders for the year ending December 2026.

2 The term of office of the Directors (Audit and Supervisory Committee Member) shall commence at the conclusion of the Annual General Meeting of Shareholders for the year ended December 2025 and end at the conclusion of the Annual General Meeting of Shareholders for the year ending December 2027.

3 Directors Kazuki Shimizu, Masayuki Sugiyama, Masato Kobayashi, Yuku Maeda, Toshihiko Fujita, Yuki Tanaka and Koichi Isobe are External Directors as defined in Article 2, Item 15 of the Companies Act.

## ② Status of External Directors

### (i) Number of External Directors and their personal, capital transaction or other interests with the Company

The Company has seven External Directors (including three Directors who are members of the Audit and Supervisory Committee).

Kazuki Shimizu, an External Director, has extensive business experience at a major general trading company, as well as practical knowledge relevant to the Company's businesses. Although he concurrently serves as an Officer of Mitsui & Co., Ltd., a shareholder of the Company, he has no special interest in the Company. Masayuki Sugiyama has extensive knowledge and experience in the maritime industry and other fields as well as his management skills and expertise in the international arena, all of which he acquired while working at a major shipping company. Although he concurrently serves as an Officer of Mitsui O.S.K. Lines, Ltd., a shareholder of the Company, he has no special interest in the Company. Additionally, regarding Independent External Directors, Masato Kobayashi possesses extensive experience as a lawyer and specialized knowledge in legal matters. Yuko Maeda has extensive experience and knowledge in management gained from working at a major manufacturing company and research institutions. Both Independent External Directors have no special interest in the Company.

Among the External Directors who are members of the Audit and Supervisory Committee, Hiroko Noda has extensive knowledge gained from working in the accounting department of a foreign financial institution and as a management consultant. Toshihiko Fujita has specialized knowledge and extensive experience in taxation, economics and finance gained from working at the Ministry of Finance, the National Tax Agency and the Bank of Japan. Masaaki Amma has extensive expertise and experience in domestic and international finance and sustainability, gained through his work in banking, securities and consulting. The three External Directors who are members of the Audit and Supervisory Committee have no special interest in the Company.

The Company intends to submit the following proposals as agenda items for resolution at the 40th Annual General Meeting of Shareholders scheduled to be held on March 30, 2026: "Election of six Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Election of four Directors who are Audit and Supervisory Committee Members." If these proposals are approved and adopted, the Company will have seven External Directors, three of whom will serve as Directors who are Audit and Supervisory Committee Members. Among the newly appointed Directors who are Audit and Supervisory Committee Members, Yuki Tanaka has extensive experience and broad expertise in the maritime and international fields developed through her service at government ministries and related agencies. Koichi Isobe possesses specialized knowledge of and extensive experience in domestic and international finance gained through his work in banking and securities. There are no special interests between the Company and the two newly appointed Independent External Directors who are Audit and Supervisory Committee Members.

The Company complies with the External Director requirements under the Companies Act and the criteria for Independent Directors established by the Tokyo Stock Exchange and has appointed five individuals - Masato Kobayashi, Yuko Maeda, Hiroko Noda, Toshihiko Fujita and Masaaki Amma - as independent External Directors in accordance with the Company's "Criteria of the Independence of External Directors". Additionally, the Company has filed with the Tokyo Stock Exchange that the aforementioned Independent External Directors are Independent Directors who do not pose a risk of conflicts of interest with general shareholders. Further, the Company has submitted, as proposals to be brought before the 40th Annual General Meeting of Shareholders scheduled for March 30, 2026, the "Election of six Directors (Excluding Directors who are Audit and Supervisory Committee Members)" and the "Election of four Directors who are Audit and Supervisory Committee Members." If these proposals are approved and adopted, the Company intends to appoint five individuals - Masato Kobayashi, Yuko Maeda, Toshihiko Fujita, Yuki Tanaka, and Koichi Isobe - as Independent External Directors, and to file with the Tokyo Stock Exchange that the aforementioned Independent External Directors are Independent Directors who do not pose a risk of conflicts of interest with general shareholders.

#### <Criteria of the Independence of External Directors>

The Company deems External Directors or candidates for such positions to be independent if they are judged as not falling under any of the following items as the result of the investigation conducted by the Company to the extent reasonably possible.

(1) Person executing business operations of the Company and its subsidiaries or affiliates (hereinafter collectively

“the Group”) or persons who have been executing business operations of the Group within the past 10 years.

(2) Those who have been Directors, corporate auditors or person executing business operations of the Company's current major shareholders or its consolidated subsidiaries within the past 10 years.

(3) Parties in which the Company directly or indirectly controls 10% or more of the total voting rights or person executing business operations thereof.

(4) Major business partners of the Group or their person executing business operations.

(5) Those who belong to the auditing firm that is the financial auditor of the Company or its subsidiaries.

(6) Those who render professional services, such as consultants, attorneys, certified public accountants and the like and receive a large amount of money or other material benefits other than executive compensation from the Group (including those who belong to corporations, partnerships and the like, including consulting firms, law firms and auditing firms, which receive a large amount of money or other material benefits from the Group).

(7) Person executing business operations of bodies including corporations and partnerships which, or persons who, receive a large amount of donations from the Group.

(8) Person executing business operations of a company that has appointed person executing business operations of the Group as its own officers.

(9) Those who have fallen under the definition of items (3) to (8) above within the last 3 years.

(10) In cases where those who have fallen under the definition of items (1) to (8) above are important persons, their spouses or relatives within the second degree of kinship.

(11) Any other person who is likely to have a conflict of interest with general shareholders and is subject to circumstances reasonably deemed to make him/her unable to fulfill his/her duties as an Independent External Director.

(ii) Functions and roles of External Directors in the Company's corporate governance

The Company expects External Directors to contribute their expertise and extensive experience in the Company's business to manage the Company and to serve as a check on management decisions from an Independent external perspective.

The Company expects External Directors who are Audit and Supervisory Committee members to contribute their perspectives of expertise and experience in the Company's business to the audit and supervision processes.

(iii) Supervision by External Directors, coordination with internal audit and financial audit and relationship with the internal control department

External Directors attend the Board of Directors meetings and receive reports from the responsible Directors regarding the status of internal audits and financial audits.

(3) **【Audit status】**

① Status of Audit and Supervisory Committee Audits

(i) Organization and personnel

The Audit and Supervisory Committee consists of four Directors who are the Audit and Supervisory Committee members (three of whom are External Directors) and possesses a considerable degree of expertise in management, finance, accounting, taxation and related fields.

The Company has established an Audit and Supervisory Committee Office and assigned an appropriate full-time employee to assist the Audit and Supervisory Committee in performing their duties.

To ensure the independence from Directors other than Audit and Supervisory Committee members, the employee is placed under the direction and control of the Audit and Supervisory Committee.

(ii) Status of the Audit and Supervisory Committee's Operations

The Audit and Supervisory Committee meets on a monthly basis and on an ad hoc basis as necessary.

In this fiscal year, the Committee held 15 times with an average meeting duration of 1 hour and 31 minutes. Main resolutions and reports and the attendance status of each Audit and Supervisory Committee member, are as follows.

Resolutions	Formulation of the annual audit plan Preparation of mid-year and year-end audit reports Preparation of the audit report Appointing full-time Audit and Supervisory Committee members Decision on the reappointment of the financial auditor Consent to the financial auditor's audit fees, and other
Reports	Summary reports on important matters Summary reports on site audits Summary reports on important meetings Internal audit plans and results Status of compliance responses, and other

Committee members	Number of Audit and Supervisory Committee meetings held	Number of meetings attended
Yoshihiro Takamura	15	15(100%)
Hiroko Noda	15	15(100%)
Toshihiko Fujita	15	15(100%)
Masaaki Amma	15	15(100%)

(iii) Main activities

(a) Audit and Supervisory Committee members attend key meetings such as the Board of Directors meeting and the Management Board meeting, receive reports on compliance, risk management and the establishment and operation of internal control systems, and express opinions as necessary. In addition to timely and appropriate information gathering under rules that require Directors other than Audit and Supervisory Committee members to report to the Committee, they conduct interviews with the Representative Director, Directors and Executive Officers and audit and review the status of business execution by internal departments and subsidiaries (including on-site inspections at overseas locations), thereby auditing and supervising the performance of duties by Directors.

(b) Through monthly meetings with the internal auditing department and the compliance department, the Committee works to grasp the status of the establishment and operation of the internal control system and to share information.

(c) The Committee received an explanation of the audit plan from the financial auditor at the beginning of the year and received reports on review and audit results during and at the end of the year, thereby sharing awareness of significant risks faced by the Group. The Committee held six meetings to exchange opinions. It also received reports on Key Audit Matters (KAM), regulatory developments and the financial auditor's quality control system. In addition, with respect to non-assurance services provided by the same financial auditor, the Committee receives monthly reports and confirms the auditor's independence status.

(d) Full-time Audit and Supervisory Committee member reviews important approval documents and attends the Nomination and Remuneration Committee and the Sustainability Committee, sharing information with external Audit and Supervisory Committee members in a timely manner and striving to enhance the effectiveness of the Committee's audit and supervisory functions.

(e) External Audit and Supervisory Committee members attend the Audit and Supervisory Committee and work with full-time member to share information that contributes to strengthening corporate governance. At the Board of Directors and the Audit and Supervisory Committee they engage in constructive exchanges of views from the neutral and independent standpoint strongly expected of external members by making use of their respective expertise and backgrounds.

(f) Audit and Supervisory Committee members and independent external Directors who are not Audit and Supervisory Committee members hold quarterly coordination meetings to broadly share information and exchange views on the overall state of management and its challenges. They also participate, at the request of the President &

CEO and other Executives to discuss the Company's governance and strategy and provide advice and recommendations to management as necessary.

② Status of internal audit

The Company maintains an Internal Auditing Department as a mechanism to verify that the operations of the Company and its subsidiaries are being conducted appropriately and effectively and to strengthen internal control and risk management systems. To ensure the organizational independence of the Internal Auditing Department, it reports directly to the President & CEO. Additionally, to ensure the objectivity of its members, Internal Auditing Department members are prohibited from engaging in any operations of the departments subject to internal audit. The Internal Auditing Department consists of eight members including certified internal auditors and certified information systems auditors and conducts risk-based internal audits based on an annual audit plan approved by the President & CEO after discussion with the Audit and Supervisory Committee. These audits assess the appropriateness and effectiveness of procedures, compliance with laws, regulations and internal rules and other relevant matters across the Company's departments and subsidiaries. The Internal Auditing Department follows up on the status of improvements recommended during individual audits.

The Internal Auditing Department holds monthly meetings with the full-time Audit and Supervisory Committee member. At these meetings the Internal Auditing Department reports on the progress of all audit activities including individual audits and exchanges opinions on the current status of the Company and its subsidiaries to maintain close communication. The suggestion obtained by the Internal Auditing Department from the Audit and Supervisory Committee through these activities are used as reference in selecting key audit areas for individual audits, thereby improving the effectiveness and efficiency of audits.

Additionally, the Internal Auditing Department will attend meetings where the Audit and Supervisory Committee receives explanations of audit plans from the financial auditors as well as reports on review results and audit findings to facilitate information sharing between the Audit and Supervisory Committee and the Internal Auditing Department, thereby striving to enhance the effectiveness of audits.

The Internal Auditing Department audits the entire corporate group consisting of the Company and its subsidiaries and reports directly to the President & CEO, the Board of Directors and Audit and Supervisory Committee forming what is known as a "dual reporting line".

③ Status of financial audits

(i) Name of the audit firm

KPMG AZSA LLC

(ii) Continuous audit period

Since 2003

The above period covers only the period from the audit period specified in the securities registration statement submitted by the Company at the time of its initial public offering since the investigation of the period prior to that was extremely difficult. The actual continuous audit period may have started prior to this period.

(iii) Certified public accountants who conducted the audits

Designated Engagement Partner and Managing Partner: Yutaka Matsuki

Designated Engagement Partner and Managing Partner: Fumitaka Otani

(iv) Composition of audit engagement personnel

The personnel involved in the Company's financial audit engagements consist of 15 certified public accountants and 34 assistants.

(v) Selection criteria and reasons for selecting the audit firm

The Company has selected the audit firm as the financial auditor of the Company after considering the necessary expertise, independence and appropriateness required for the role as well as the firm's ability to conduct a unified audit of the Company's global business activities. This selection was made with the consent of the Board of Statutory Auditors prior to the transition to a company with an Audit and Supervisory Committee.

Additionally, the Audit and Supervisory Committee shall determine the content of any proposal to be submitted to the shareholders' meeting to dismiss or not reappoint the financial auditor when it deems it necessary such as when it finds that the financial auditor is unable to properly perform audit.

Furthermore, the Audit and Supervisory Committee shall dismiss the financial auditor by unanimous consent of all its members if it determines that the financial auditor falls under any of the grounds specified in Article 340, Paragraph 1 of the Companies Act. In such a case, the Audit and Supervisory Committee member appointed by the Audit and Supervisory Committee shall report at the first shareholders' meeting convened after the dismissal that the financial auditor has been dismissed and the reasons for the dismissal.

(vi) Evaluation of the audit firm by the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company regularly receives reports from the financial auditor regarding their audit plans, results and the quality management system of the audit firm, among other matters and periodically evaluates the content of such reports. As a result, the Audit and Supervisory Committee of the Company has evaluated the financial auditor of the Company as appropriate as an independent auditor.

④ Audit fees

(i) Details of fees for certified public accountants

in millions of Japanese yen

Category	Previous year		Current year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	151	3	150	—
Subsidiaries	—	—	—	—
Total	151	3	150	—

Details of non-audit services provided during the previous year

The preparation of a comfort letter related to the review of the underwriting of a stock offering

Details of non-audit services provided during the current year

There are no applicable items.

(ii) Fees for certified public accountants within the same network (KPMG Group) excluding (i)

in thousands of US dollars

Category	Previous year		Current year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	—	—	—	—
Subsidiaries	1,648	293	2,084	169
Total	1,648	293	2,084	169

Details of non-audit services provided during the previous year

Tax advisory services and other

Details of non-audit services provided during the current year

Tax advisory services and other

(iii) Other significant fees

Previous year

There are no applicable items.

Current year

There are no applicable items.

(iv) Policy for determining audit fees

The fees for the Company's audit by certified public accountants are determined after verifying the appropriateness of the scope, content and schedule of their audit plans and obtaining the consent of the Audit and Supervisory

Committee in accordance with the provisions of the Companies Act.

(v) Reasons for the Audit and Supervisory Committee's approval of the financial auditor's fees

The reasons why the Audit and Supervisory Committee of the Company obtained the consent required under Article 399, Paragraphs 1 and 3 of the Companies Act regarding the fees for the financial auditor are as follows: After verifying the content of the audit plan submitted by the financial auditor, the status of the performance of the audit and the basis for the calculation of the fee estimate, the Audit and Supervisory Committee determined that these were appropriate.

#### (4) 【Compensation for Directors and Officers】

##### ① Policy for determining the amount of compensation for Directors and officers and its calculation method

The compensation system for directors and other officers is determined in accordance with the following basic policy aimed at maximizing the value provided to shareholders and other stakeholders.

- The system shall be designed to function as an appropriate incentive commensurate with overall corporate performance and individual achievements in order to facilitate the medium- to long-term enhancement of corporate value and the realization of the business plan.
- The system shall encourage directors and executive officers to perform their duties in accordance with their responsibilities by clearly outlining the roles, responsibilities and achievements of each director and executive officer.
- The system shall ensure that compensation of directors and executive officers is set at a competitive level to attract the best talent in the market, while complying with regulations, guidelines and other relevant standards.
- The system shall determine compensation based on appropriate governance and internal control, and shall be reviewed on a timely basis in light of the business environment and other factors.

##### ② Structure of compensation for Directors and officers and the purpose of adopting each type of compensation

The compensation for the Company's officers consists of a fixed compensation component "basic compensation", a short-term performance-based compensation component "bonuses" and a medium- to long-term performance-based compensation component "share price-linked compensation (performance cash)".

The ratio of each type of compensation to the total compensation of each Director and officer is designed to provide appropriate incentives for achieving performance targets taking into account the levels of compensation for Directors and officers reported by external specialized institutions and guidelines for executive compensation. The range of performance-based compensation is designed to be approximately 15% to 230% of fixed compensation with fixed compensation set at 100.

"Basic compensation" is intended to encourage the performance of duties commensurate with the roles and responsibilities of each Director and officer, and the compensation amount is determined based on the Director and officer's position.

"Bonuses" are compensation intended to serve as a compensation for the Group's performance in a single year and to function as an incentive for achieving management goals. Bonuses are determined by multiplying the position-based standard amount by a coefficient calculated based on the profit attributable to owners of parent and cash flows for the year and taking into account the amount of dividends.

"Share price-linked compensation (performance cash)" is compensation intended to aim for the Group's sustained enhancement in corporate value over the medium- to long-term, enhance incentives for future performance and further advance value sharing with shareholders. Under this arrangement share points are granted annually based on position and performance, and upon resignation the accumulated share points are multiplied by the stock price at the time of resignation to calculate the amount of compensation paid in cash.

Note that, for External Directors and Directors serving as Audit and Supervisory Committee members, the structure of compensation does not include a performance-based compensation and adopts only a fixed compensation component "basic compensation" in order to ensure independence in management.

##### ③ Process for determining compensation for Directors and officers

To ensure the appropriateness and transparency of decisions regarding the nomination and compensation of Directors and officers, the Company has established the Nomination and Remuneration Committee, which serves as an advisory body to the Board of Directors. This committee consists of a majority of independent External Directors with an independent External Director serving as chairperson. Decisions regarding the compensation of Directors and officers are made by the Board of Directors after reviewing the recommendations of the Nomination and Remuneration Committee.

④ Executive compensation

(i) Total amount of compensation by officer classification, total compensation by type of compensation and the number of eligible officers covered at the Company

Officer classification	Total compensation (million yen)	Total compensation by type (million yen)			Number of eligible officers
		Basic compensation	Bonuses	Share price-linked compensation	
Director (excluding Audit and Supervisory Committee members)	406	132	126	147	12
(External directors included in above)	(31)	(31)	(—)	(—)	(8)
Director (Audit and Supervisory Committee Member)	62	62	—	—	4
(External directors included in above)	(32)	(32)	(—)	(—)	(3)

(ii) Total consolidated compensation for each officer of the Company

Name	Total consolidated compensation (million yen)	Officer classification	Company classification	Amounts by type of consolidated compensation (million yen)		
				Basic compensation	Bonuses	Share price-linked compensation
Hirohiko Miyata	243	Director (Note)	Reporting company	57	86	99

Note: The disclosure is limited to individual whose total consolidated compensation amounts to 100 million yen or more.

(iii) Amount of compensation for Directors

At the 38th Annual General Meeting of Shareholders held on March 27, 2024, the following were resolved: The basic compensation limit for Directors is up to 400 million yen per year (of which the basic compensation for External Directors is up to 100 million yen per year), and the bonus limit for Directors is up to 300 million yen per year. The compensation limit for Directors who are members of the Audit and Supervisory Committee is up to 100 million yen per year.

(5) 【Shareholdings】

① Criteria for and Approach to the Classification of Investment Shares

As a general rule, the Company does not hold shares of stock for purely investment purposes. With respect to other investment shares, including cross-held shares, from the perspectives of stock price fluctuation risk and improving asset efficiency, we do not retain such holdings unless it is deemed necessary for maintaining a business relationship or collaboration with the issuing company.

② Stock Ownership Status of the Company

There are no applicable items.

## Section 5 【Financial information】

### 1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the “Regulation on Consolidated Financial Statements”).

### 2 Audit attestation

The consolidated financial statements for the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025) were audited by KPMG AZSA LLC in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3 Special measures to ensure the appropriateness of the consolidated financial statements and development of a system for the appropriate preparation of the consolidated financial statements in accordance with IFRS

The Company has implemented the following special measures to ensure the appropriateness of the consolidated financial statements and has developed a system for the appropriate preparation of the consolidated financial statements in accordance with IFRS.

(1) The Company strives to build expertise by joining the Financial Accounting Standards Foundation and participating in training programs and other activities in order to develop a system that ensures a proper understanding of accounting standards and related matters and enables a timely and appropriate response to changes in such standards.

(2) In applying IFRS, the Company regularly obtains press releases and standards issued by the International Accounting Standards Board to ensure the Company is up to date with the latest standards.

In addition, to prepare appropriate consolidated financial statements in accordance with IFRS, the Company has established Group accounting policies that comply with IFRS and conducts our accounting in accordance with those policies.

**【Consolidated financial statements】**

**1. Consolidated statement of financial position**

in thousands of US dollars

	Notes	December 31, 2024	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	5	1,253,276	1,326,950
Trade and other receivables	6, 23, 30	752,408	977,796
Contract assets	23	195,692	70,703
Loans receivable	11, 29, 30	6,842	120,866
Other financial assets	12, 29, 31	52,105	60,194
Other current assets	13, 23	150,419	223,100
Total current assets		2,410,745	2,779,612
Non-current assets			
Property, plant and equipment	4, 7, 9	71,102	92,291
Intangible assets	4, 8	39,669	28,527
Investments accounted for using equity method	4, 10, 30	1,587,851	1,576,538
Loans receivable	11, 29, 30	307,321	222,105
Other financial assets	12, 29	14,702	15,426
Deferred tax assets	26	62,496	44,599
Other non-current assets	4, 13, 23	2,763	3,471
Total non-current assets		2,085,906	1,982,960
Total assets		4,496,651	4,762,572

in thousands of US dollars

	Notes	December 31, 2024	December 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	14, 29, 30	1,326,995	1,121,319
Contract liabilities	23	877,573	1,061,755
Bonds and borrowings	15, 29, 31	55,549	237,679
Income taxes payable		112,170	105,849
Provisions	18	128,935	137,834
Other financial liabilities	19, 29, 31	182,633	217,939
Other current liabilities	20	50,994	82,372
Total current liabilities		2,734,850	2,964,750
Non-current liabilities			
Bonds and borrowings	15, 29, 31	458,885	182,604
Deferred tax liabilities	26	—	3,521
Defined benefit liabilities	16	44,841	51,530
Provisions	18	18,979	22,295
Other financial liabilities	19, 29, 31	39,517	63,100
Other non-current liabilities	20	1,109	727
Total non-current liabilities		563,332	323,779
Total liabilities		3,298,183	3,288,529
Equity			
Share capital	21	190,495	190,495
Capital surplus	21, 30	168,963	168,496
Retained earnings	21	722,724	1,027,407
Treasury shares	21	(1,093)	(127)
Other components of equity		99,344	66,537
Equity attributable to owners of parent		1,180,435	1,452,809
Non-controlling interests		18,033	21,233
Total equity		1,198,468	1,474,043
Total liabilities and equity		4,496,651	4,762,572

## 2. Consolidated statement of profit or loss

in thousands of US dollars

	Notes	2024	2025
Revenue	4, 23, 30	4,186,461	4,581,232
Cost of sales	7, 8, 16, 17, 24, 30	(3,793,650)	(4,022,553)
Gross profit		392,811	558,679
Selling, general and administrative expenses	7, 8, 16, 17, 24, 30	(223,943)	(254,106)
Share of profit of investments accounted for using equity method	10, 29	154,004	133,695
Other income		576	360
Other expenses		(548)	(1,021)
Operating profit		322,901	437,607
Finance income	25, 29	68,249	112,988
Finance costs	25, 29	(83,174)	(42,279)
Profit before tax		307,975	508,317
Income tax expense	26	(44,670)	(97,641)
Profit for the period		263,305	410,675

Profit attributable to			
Owners of parent		220,404	360,677
Non-controlling interests		42,900	49,998
Profit for the period		263,305	410,675

in US dollars

Earnings per share			
Basic earnings per share	27	3.23	5.28
Diluted earnings per share		3.23	5.28

### 3. Consolidated statement of comprehensive income

in thousands of US dollars

	Notes	2024	2025
Profit for the period		263,305	410,675
Other comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability	16, 28	1,695	(5,893)
Total items that will not be reclassified subsequently to profit or loss		1,695	(5,893)
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	28	(20,007)	12,507
Exchange differences on translation of foreign operations	28	1,868	7,867
Share of other comprehensive income of investments accounted for using equity method	10, 28	18,299	(50,327)
Total items that may be reclassified subsequently to profit or loss		161	(29,952)
Total other comprehensive income, net of tax		1,856	(35,846)
Total comprehensive income for the period		265,162	374,828
Total comprehensive income attributable to			
Owners of parent		228,282	322,628
Non-controlling interests		36,880	52,200
Total comprehensive income		265,162	374,828

#### 4. Consolidated statement of changes in equity

2024

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, 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

	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, 2025		190,495	168,963	722,724	(1,093)	—	127,419
Profit for the period		—	—	360,677	—	—	—
Other comprehensive income	16, 28	—	—	—	—	(5,241)	(40,876)
Total comprehensive income for the period		—	—	360,677	—	(5,241)	(40,876)
Dividends to owners of parent	22	—	—	(50,752)	—	—	—
Dividends to non-controlling shareholders		—	—	—	—	—	—
Shared-based payment transactions	17, 21, 30	—	(467)	—	965	—	—
Transfer from other components of equity to retained earnings		—	—	(5,241)	—	5,241	—
Total transactions with owners		—	(467)	(55,994)	965	5,241	—
At December 31, 2025		190,495	168,496	1,027,407	(127)	—	86,543

	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, 2025		(28,075)	99,344	1,180,435	18,033	1,198,468
Profit for the period		—	—	360,677	49,998	410,675
Other comprehensive income	16, 28	8,069	(38,048)	(38,048)	2,202	(35,846)
Total comprehensive income for the period		8,069	(38,048)	322,628	52,200	374,828
Dividends to owners of parent	22	—	—	(50,752)	—	(50,752)
Dividends to non-controlling shareholders		—	—	—	(49,000)	(49,000)
Shared-based payment transactions	17, 21, 30	—	—	498	—	498
Transfer from other components of equity to retained earnings		—	5,241	—	—	—
Total transactions with owners		—	5,241	(50,254)	(49,000)	(99,254)
At December 31, 2025		(20,005)	66,537	1,452,809	21,233	1,474,043

## 5. Consolidated statement of cash flows

in thousands of US dollars

	Notes	2024	2025
<b>Cash flows from operating activities</b>			
Profit before tax		307,975	508,317
Depreciation and amortization	7, 8	38,795	39,178
Increase (decrease) in provisions		490	9,532
Increase (decrease) in defined benefit liability	16	(242)	1,453
Share of profit of investments accounted for using equity method		(154,004)	(133,695)
Finance income and finance costs		14,925	(70,709)
Decrease (increase) in trade and other receivables		(186,049)	(202,184)
Decrease (increase) in contract assets		(10,255)	125,225
Decrease (increase) in other current assets		23,233	(68,126)
Increase (decrease) in trade and other payables		155,043	(220,257)
Increase (decrease) in contract liabilities		292,372	182,145
Increase (decrease) in other current liabilities		28,856	27,398
Other		(8,529)	9,249
Subtotal		502,611	207,527
Interest received		60,403	70,745
Dividends received		91,274	84,243
Interest paid		(36,355)	(31,733)
Income taxes paid		(57,043)	(86,747)
Net cash provided by operating activities		560,890	244,035
<b>Cash flows from investing activities</b>			
Net decrease (increase) in short-term loans receivable		(4,388)	(8,075)
Receipts of long-term loans receivable		27,370	6,842
Purchase of property, plant and equipment and intangible assets	7, 8	(12,282)	(7,350)
Purchase of investments accounted for using equity method	30	(133,331)	—
Proceeds from liquidation of investments accounted for using equity method		—	13,827
Proceeds from capital reduction of investments accounted for using equity method		50	—
Proceeds from sale of investments accounted for using equity method		—	291
Net cash provided by (used in) investing activities		(122,581)	5,535
<b>Cash flows from financing activities</b>			
Repayments of long-term borrowings	31	(57,799)	(95,626)
Payments of lease liabilities	31	(26,190)	(19,333)
Receipts of CMS deposit liabilities		—	30,312
Disbursements of CMS deposit liabilities		—	(9,868)
Dividends paid	22	(22,488)	(50,727)
Dividends paid to non-controlling shareholder		(38,750)	(49,000)
Payments of acquisition of non-controlling interests		(41,040)	—
Net cash used in financing activities		(186,267)	(194,243)
Effect of changes in exchange rates on cash and cash equivalents		(12,676)	18,346
Net increase (decrease) in cash and cash equivalents		239,363	73,673
Cash and cash equivalents at beginning of year	5	1,013,912	1,253,276
Cash and cash equivalents at end of year	5	1,253,276	1,326,950

## **【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 on 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 & CEO, and Ryo Suzuki, Executive Managing Officer and CFO, on March 26, 2026.

#### **(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.

### 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 functional currency at the exchange rates at the end of reporting period. The revenue and expenses of foreign operations are translated into the functional currency 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 through profit or loss (FVTPL); or fair value through other comprehensive income (FVOCI) 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 FVOCI 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 and borrowing costs. 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, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, 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 there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, 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.

(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.

These revenue recognitions depend on estimates of total costs. The Group estimates the total cost in a timely and appropriate manner based on the progress of the construction work. In addition to detailed contract terms and specifications being established for each project, the construction work spans a long period of time. Therefore, when it becomes necessary to revise the implementation budget due to changes in the construction contract or construction implementation plan, this may have a significant impact on the consolidated financial statements for the following year.

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 and exchange 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 attached to the grant have been met and reasonable assurance has been obtained that the grant will be received.

(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:

- ① 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;
- ② 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
- ③ 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.

(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

	2024	2025
Brazil	2,195,417	2,537,789
Guyana	1,385,190	1,187,953
Cote d'Ivoire	118,045	355,722
Senegal	228,698	186,708
Australia	70,587	— (Note) 2
Others	188,521	313,058
Total	4,186,461	4,581,232

Notes:

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, 2024	December 31, 2025
Netherlands	1,577,827	1,564,126
Singapore	35,438	47,990
United States	47,407	42,687
Others	40,709	46,025
Total	1,701,382	1,700,829

Note:

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

(4) Information about major customers

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

in thousands of US dollars

Customer's name	2024	2025
ExxonMobil Guyana Limited	1,378,964	1,187,953
Equinor Energy do Brasil Ltda.	1,101,512	849,032
Shell Brasil Petróleo Ltda.	— (Note)	688,090

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, 2024	December 31, 2025
Cash and bank deposits	1,239,670	1,287,807
Time deposits with maturity of 3 months or less	13,606	39,142
Total	1,253,276	1,326,950

Notes:

- Cash and cash equivalents are classified as financial assets measured at amortized cost.
- Cash and cash equivalents in the consolidated statement of financial position are 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, 2024	December 31, 2025
Trade receivables	750,466	976,381
Other receivables	1,942	1,415
Total	752,408	977,796

Note: Trade and other receivables are classified as financial assets measured at amortized cost.

## 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, 2024	9,856	40,185	50,042
At December 31, 2024	15,335	55,766	71,102
At December 31, 2025	17,551	74,740	92,291

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, 2024	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
Additions	124	4,152	87	2,955	7,319
Disposals	(13,036)	(1,269)	(110)	—	(14,416)
Exchange differences on translation of foreign operations	903	987	25	6	1,923
Transfers	4,389	924	—	(5,314)	—
Other	649	33	—	(414)	269
At December 31, 2025	23,884	27,612	1,100	3,017	55,615

in thousands of US dollars

Accumulated depreciation	Leasehold improvements	Tools, furniture and fixtures	Machinery and vehicles	Construction in progress	Total
At January 1, 2024	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
Depreciation	3,089	2,790	96	—	5,977
Disposals	(13,024)	(1,264)	(110)	—	(14,399)
Exchange differences on translation of foreign operations	622	635	25	—	1,283
Other	—	18	—	—	18
At December 31, 2025	16,673	20,405	984	—	38,064

in thousands of US dollars

Carrying amount	Leasehold improvements	Tools, furniture and fixtures	Machinery and vehicles	Construction in progress	Total
At January 1, 2024	3,097	4,495	130	2,132	9,856
At December 31, 2024	4,868	4,556	125	5,785	15,335
At December 31, 2025	7,211	7,206	115	3,017	17,551

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, 2024	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
Additions	877	—	—	—	877
Impairment losses	—	—	—	—	—
Disposals	(1,204)	—	—	—	(1,204)
Exchange differences on translation of foreign operations	324	—	—	—	324
Other	(42)	—	—	—	(42)
At December 31, 2025	86,495	—	30,079	8,254	124,829

in thousands of US dollars

Accumulated amortization	Software	Development costs	Patents and trademarks	Customer relationships	Total
At January 1, 2024	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
Amortization	11,844	—	—	—	11,844
Impairment losses	—	—	—	—	—
Disposals	(999)	—	—	—	(999)
Exchange differences on translation of foreign operations	252	—	—	—	252
Other	—	—	—	—	—
At December 31, 2025	57,967	—	30,079	8,254	96,302

in thousands of US dollars

Carrying amount	Software	Development costs	Patents and trademarks	Customer relationships	Total
At January 1, 2024	48,294	1,189	—	—	49,483
At December 31, 2024	39,669	—	—	—	39,669
At December 31, 2025	28,527	—	—	—	28,527

Notes:

- 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 2 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 2 to 6 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, 2024	39,049	847	288	40,185
At December 31, 2024	52,101	1,852	1,811	55,766
At December 31, 2025	69,424	1,856	3,459	74,740

Note: The increase in right-of-use assets amounted to US\$41,702 thousand in 2024 and US\$40,734 thousand in 2025.

Expenses and cash outflow related to leases are as follows:

in thousands of US dollars

	2024	2025
Depreciation of right-of-use assets		
Buildings as underlying assets	23,487	19,515
Tools, furniture and fixtures as underlying assets	679	825
Machinery and vehicles as underlying assets	792	894
Total depreciation of right-of-use assets	24,958	21,236
Interest expense on lease liabilities	2,680	3,680
Expenses relating to short-term leases	30,531	24,432
Expenses relating to leases of low-value assets	652	485
Total cash outflow for leases	57,373	47,949

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, 2024	December 31, 2025
Associates	1,514,869	1,528,472
Joint ventures	72,981	48,066
Total	1,587,851	1,576,538

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

in thousands of US dollars

	2024	2025
Associates	161,577	127,406
Joint ventures	(7,573)	6,289
Total	154,004	133,695

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

in thousands of US dollars

	2024	2025
Associates	18,733	(50,529)
Joint ventures	(433)	201
Total	18,299	(50,327)

(2) Associates

① Associates that are individually material

Name	Principal Business	Location	Share of equity	
			December 31, 2024	December 31, 2025
BUZIOS5 MV32 B.V.	Charter of FPSO	Netherlands	35.0%	35.0%

BUZIOS5 MV32 B.V. is material to the Company's consolidated financial statements, and its condensed financial statements and the reconciliation of the carrying amount of the Group's interest in BUZIOS5 MV32 B.V. are presented. Quoted market price of BUZIOS5 MV32 B.V.'s shares is not available since its shares 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, 2024	December 31, 2025
Current assets	105,155	131,762
Non-current assets	1,676,770	1,605,944
Total assets	1,781,926	1,737,707
Current liabilities	72,287	80,269
Non-current liabilities	1,122,183	1,055,696
Total liabilities	1,194,471	1,135,965
Total equity	587,454	601,741
Group's share of total equity	205,608	210,609
Consolidation adjustments	—	—
Carrying amount of Group's interest	205,608	210,609

In thousands of US dollars

	2024	2025
Revenue	224,653	231,653
Profit	84,449	81,534
Other comprehensive income	15,116	(40,246)
Total comprehensive income	99,565	41,287
Dividend which Group received	—	9,450
The Group's share:		
Profit	29,557	28,536
Other comprehensive income	5,290	(14,086)

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, 2024	December 31, 2025
Carrying amount of interests	1,309,260	1,317,862

in thousands of US dollars

	2024	2025
The Group's share		
Profit	132,020	98,869
Other comprehensive income	13,442	(36,443)
Comprehensive income	145,463	62,425

Note: In previous year the Group categorized Marlim1 MV33 B.V. (MV33) as associates that are individually material. This year the Group categorized and included MV33 as associates that are not individually material since MV33 became less material. MV33's carrying amount of interests of US\$180,798 thousand as of December 31, 2024, profit of US\$22,381 thousand, other comprehensive income of US\$2,795 thousand and comprehensive income of US\$25,176 thousand in 2024 are included above.

(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, 2024	December 31, 2025
Carrying amount of interests	72,981	48,066

in thousands of US dollars

	2024	2025
The Group's share		
Profit	(7,573)	6,289
Other comprehensive income	(433)	201
Comprehensive income	(8,006)	6,490

**11. Loans receivable**

Loans receivable is as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Financial assets measured at amortized cost		
Short-term loans receivable	6,842	120,866
Long-term loans receivable	307,321	222,105
Total	314,163	342,972

**12. Other financial assets**

Other financial assets are as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Financial assets measured at amortized cost		
Interest receivable	50,833	56,300
Leasehold and guarantee deposits	14,347	15,081
Financial assets measured at fair value through profit or loss		
Derivative assets	1,216	3,828
Other	410	410
Total	66,808	75,621
Current assets	52,105	60,194
Non-current assets	14,702	15,426

**13. Other assets**

Other assets are as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Contract fulfillment costs	22,806	31,512
Prepaid expenses	23,330	64,831
Value added tax receivable	50,714	29,224
Withholding tax receivable	41,299	54,533
Others	15,031	46,471
Total	153,182	226,571
Current assets	150,419	223,100
Non-current assets	2,763	3,471

**14. Trade and other payables**

Trade and other payables are as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Trade payables	1,184,854	1,003,899
Other payables	142,140	117,420
Total	1,326,995	1,121,319

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, 2024	December 31, 2025	Average interest rate (%)	Due dates (year)
Current portion of long-term borrowings	55,549	—	—	—
Current portion of Bonds	—	237,679	5.32	—
Long-term borrowings	40,076	—	—	—
Bonds, excluding current portion	418,808	182,604	6.36	2028~2030
Total	514,434	420,283		
Current liabilities	55,549	237,679		
Non-current liabilities	458,885	182,604		

Average interest rate represents the weighted average interest rates of outstanding balance at the end of current year.

(2) Non-current liabilities with financial covenants

Bonds issued by the Group on December 22, 2021 in the amount of US\$420,283 thousand are subject to financial covenants. The financial covenants relating to the bonds are as follows:

There were no breaches of financial covenants at December 31, 2025. Since no breaches are expected in 2026, the bonds excluding amounts to be redeemed within one year have been classified as non-current liabilities.

- 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 At the end of each quarter adjusted consolidated EBITDA shall be three times or more of the consolidated interest expense.
- ③ At the end of each half year total consolidated liabilities (bonds) shall not exceed 4 times of the total amount of interest, dividends and service fees received.

## 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, 2024	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
Service cost	5,967
Interest cost	1,969
Decrease (increase) in remeasurements	
Actuarial loss arising from changes in demographic assumptions	(580)
Actuarial gain arising from financial assumptions	3,598
Actuarial gain arising from experience adjustment	2,198
Benefits paid	(6,534)
Effect of changes in exchange rates	69
At December 31, 2025	51,530

Note: Weighted average durations of defined benefit plan liability at December 31, 2024 and 2025 are both 11.0 years.

② Actuarial assumptions

Principal actuarial assumptions are as follows:

	December 31, 2024	December 31, 2025
Discount rate (weighted average)	1.9%~11.1%	2.6%~9.7%

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, 2024	December 31, 2025
Discount rate	1.0% increase	(3,284)	(3,853)
	1.0% decrease	3,178	4,431

(3) Defined contribution plans

Contributions to defined contribution plans are US\$11,333 thousand in 2024 and US\$11,349 thousand in 2025.

(4) Employee benefit expenses

Employee benefit expenses are US\$896,982 thousand in 2024 and US\$1,030,607 thousand in 2025.

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 in the fair value measurement of share-based payment trust arrangements (equity-settled). The weighted average fair value of share points awarded are US\$10.45 in 2024 and US\$76.02 in 2025.

### 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

	2024	2025
Equity-settled	71	—
Cash-settled	680	3,703
Total	751	3,703

Note: Liability recognized from cash-settled share-based payment transaction in 2025 is US\$3,410 thousand.

## 18. Provisions

Changes in provisions are as follows:

in thousands of US dollars

	Warranties	Loss on construction	Onerous contracts	Others	Total
At January 1, 2024	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
Provisions made	28,742	11,792	4,876	5,707	51,118
Provisions utilized	(25,324)	(7,209)	—	(1,434)	(33,968)
Provisions reversed	(4,598)	(798)	—	(1,261)	(6,658)
Exchange differences on translation of foreign operations	—	—	—	1,723	1,723
At December 31, 2025	120,411	10,135	4,876	24,706	160,129
Current liabilities	120,411	10,135	4,876	2,411	137,834
Non-current liabilities	—	—	—	22,295	22,295

Notes:

- 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, 2024	December 31, 2025
Lease liabilities	56,687	79,008
Financial liabilities measured at amortized cost:		
Accrued employee benefits	113,706	147,767
Accrued interest	33,356	26,289
Other	28	17
Financial liabilities measured at fair value through profit or loss:		
Derivative liabilities	17,356	3,725
CMS deposit liabilities	—	20,443
Other	1,015	3,788
<b>Total</b>	<b>222,150</b>	<b>281,039</b>
Current liabilities	182,633	217,939
Non-current liabilities	39,517	63,100

## 20. Other liabilities

Other liabilities are as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Deposits payable	6,947	8,760
Refund liabilities	26,621	38,985
Income taxes payable	10,209	16,753
Value added taxes payable	6,298	10,732
Other	2,026	7,867
<b>Total</b>	<b>52,103</b>	<b>83,099</b>
Current liabilities	50,994	82,372
Non-current liabilities	1,109	727

Notes:

1 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.

2 Value added taxes payable previously presented as Other is presented separately starting from this year due to its increased materiality. To reflect this change in presentation, value added taxes payable for the previous year is also reclassified and presented separately.

## 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, 2024	68,345	190,495	187,112
Movements	—	—	(18,148)
At December 31, 2024	68,345	190,495	168,963
Movements	—	—	(467)
At December 31, 2025	68,345	190,495	168,496

Notes:

- All authorized shares are ordinary shares with no par value and with no restrictions on rights, and all outstanding shares are paid in full.
- Movements of capital surplus in 2024 are due to increase from share-based payment transactions and the acquisition of non-controlling interests without a change in control.
- Movements of capital surplus in 2025 are due to decrease from share-based payment transactions.

### (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, 2024	38	1,092
Movements	0	0
At December 31, 2024	38	1,093
Movements	(33)	(965)
At December 31, 2025	4	127

Notes:

- Increase in 2024 is due to purchase of less than a unit shares.
- Decrease in 2025 is due to delivery of shares from trust to the relevant Director pursuant to a share-based compensation transaction.

### (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 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.

### 2025

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
August 7, 2025 Board of directors meeting	Ordinary shares	4,100	60.00	June 30, 2025	September 9, 2025

Note: Total dividends include 1,861 thousand Japanese yen in the resolution of annual shareholders meeting on March 27, 2025 and 216 thousand Japanese yen in the resolution of board of directors meeting on August 7, 2025 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

#### 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.

#### 2025

The Company plans to submit the following resolution for consideration at the Annual General Meeting of Shareholders on March 30, 2026.

Resolution	Type of shares	Total dividends (in million Japanese yen)	Dividend per share (in Japanese yen)	Record date	Effective date
March 30, 2026 Annual shareholders meeting	Ordinary shares	5,467	80.00	December 31, 2025	March 31, 2026

Note: Total dividends include 288 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

	2024	2025
Construction contracts	2,910,425	2,892,982
Operations	1,229,177	1,656,971
Other	46,859	31,278
Total	4,186,461	4,581,232

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, 2024	December 31, 2024	December 31, 2025
Trade receivables	592,163	752,408	977,796
Contract assets	185,585	195,692	70,703
Contract liabilities	590,278	877,573	1,061,755

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\$519,009 thousand in 2024 and US\$796,648 thousand in 2025. Revenue recognized from performance obligations satisfied in previous periods was US\$129,581 thousand in 2024 and US\$92,723 thousand in 2025.

### (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, 2024	December 31, 2025
Within 1 year	3,077,259	4,442,036
After 1 year	9,867,075	14,146,692
Total	12,944,335	18,588,729

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, 2024	December 31, 2025
Assets recognized from the costs incurred to fulfill a contract	22,806	31,512
Total	22,806	31,512

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 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\$16,577 thousand and US\$12,079 thousand, respectively.

#### 24. Expenses by nature

(1) Cost of sales

Cost of sales is as follows:

in thousands of US dollars

	2024	2025
Material and subcontracting	2,952,876	3,102,709
Employee benefits	756,227	878,773
Other	84,547	41,070
Total	3,793,650	4,022,553

(2) Selling, general and administrative expenses

Selling, general and administrative expenses are as follows:

in thousands of US dollars

	2024	2025
Bidding and proposals	4,075	13,200
Employee benefits	140,755	151,834
Depreciation and amortization	36,740	37,637
Research and development	16,534	23,926
Other	25,837	27,506
Total	223,943	254,106

Note: Research and development expenses, which were previously presented as Other under selling, general and administrative expenses, are presented separately starting from this year due to their increased materiality. To reflect this change in presentation, research and development expenses for the previous year are also reclassified and presented separately.

**25. Finance income and finance costs**

(1) Finance income is as follows:

in thousands of US dollars

	2024	2025
Interest income		
Financial assets measured at amortized cost		
Bank deposits	30,845	41,824
Subordinated loans to equity-accounted investees	35,520	31,557
Other	867	8,634
Gain on valuation of derivatives		
Financial assets and liabilities measured at fair value	—	3,241
Reversal of provision for loss allowance		
Financial assets measured at amortized cost	—	27,575
Exchange gain	995	—
Others	18	156
<b>Total</b>	<b>68,249</b>	<b>112,988</b>

(2) Finance costs are as follows:

in thousands of US dollars

	2024	2025
Interest expenses		
Financial liabilities measured at amortized cost		
Bonds and borrowings	33,608	26,123
Lease liabilities	2,682	3,680
Other	—	758
Loss on valuation of derivatives		
Financial assets and liabilities measured at fair value	1,723	—
Provision for loss allowance		
Financial assets measured at amortized cost	38,860	—
Exchange loss	—	7,609
Others	6,299	4,107
<b>Total</b>	<b>83,174</b>	<b>42,279</b>

## 26. Income tax

### (1) Deferred tax assets and deferred tax liabilities

#### ① Movements in deferred tax assets and deferred tax liabilities

2024

in thousands of US dollars

	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 (assets)	—	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 (liabilities)	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

in thousands of US dollars

	January 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2025
<b>Deferred tax assets</b>				
Accrued enterprise tax	1,512	(1,172)	—	339
Other financial liabilities – current	1,612	1,145	—	2,757
Provision for warranties	10,267	3,065	—	13,332
Provision for loss allowance	23,697	(3,931)	—	19,765
Tax credit carryforwards	6,373	276	—	6,650
Tax loss carryforwards	551	1,109	—	1,661
Provision for loss on construction	—	3,012	—	3,012
Accrued cost of sales	379	763	—	1,142
Construction contracts	989	1,109	—	2,098
Defined benefit liability	5,389	1,410	(677)	6,121
Depreciation and amortization (assets)	6,607	(6,190)	—	416
Unrealized profit of construction contracts	5,246	(901)	—	4,345
Effective portion of cash flow hedges	2,050	—	(1,671)	379
Others	14,561	1,992	—	16,553
<b>Total</b>	<b>79,237</b>	<b>1,690</b>	<b>(2,348)</b>	<b>78,579</b>
<b>Deferred tax liabilities</b>				
Construction contracts	1,603	2,730	—	4,333
Depreciation and amortization (liabilities)	4,109	711	—	4,821
Difference in carrying value of associate shares	6,370	(1,248)	—	5,122
Effective portion of cash flow hedges	6	—	0	6
Others	4,651	18,566	—	23,217
<b>Total</b>	<b>16,741</b>	<b>20,760</b>	<b>0</b>	<b>37,501</b>
<b>Net deferred tax assets (liabilities)</b>	<b>62,496</b>	<b>(19,070)</b>	<b>(2,348)</b>	<b>41,077</b>

## Note:

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 Deductible temporary differences and tax loss 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, 2024	December 31, 2025
Deductible temporary differences	294,860	226,079
Tax loss carryforwards	1,115,474	1,199,628
<b>Total</b>	<b>1,410,334</b>	<b>1,425,708</b>

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

in thousands of US dollars

	December 31, 2024	December 31, 2025
Fifth year	—	2,870
Over fifth year	1,115,474	1,196,758
	1,115,474	1,199,628

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

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized at December 31, 2024 and 2025 is US\$2,699 thousand and US\$2,261 thousand, respectively. This is because the Group has an ability to control the timing of the reversal of temporary differences and it is highly probable that the temporary differences will not reverse in the foreseeable future.

(2) Income tax

① Income tax recognized in profit or loss

in thousands of US dollars

	2024	2025
Current tax expense	85,818	82,548
Deferred tax expense	(41,148)	15,093
Total	44,670	97,641

The benefits arising from previously unrecognized tax losses, tax credits or temporary differences of a prior year that were used to reduce tax expense amounted to US\$45,055 thousand and US\$23,001 thousand for previous year and current year, respectively, and they are included in previous year and current year's 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 previous year, and that is included in deferred tax expense.

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, which based on the second pillar model rules, legislated in Japan where the Company is located. This law is effective to the Company from this year. A global minimum tax system has also been enacted in some countries where the Group conducts business activities. It is effective to the subsidiaries located in those countries starting this year. However, the impact on the Group's current tax expense is immaterial, and therefore it is not separately presented.

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.

	2024	2025
Statutory income tax rate	31.0%	31.0%
Adjustments:		
Tax rate difference of foreign operations	(3.5)	(4.5)
Decrease (increase) in unrecognized deferred tax assets	(2.5)	3.0
Permanently non-deductible items	0.9	0.0
Share of profit of investments accounted for using equity method	(15.5)	(8.2)
Combined foreign subsidiary tax	0.3	0.0
Effect of changes in exchange rates	2.7	(1.8)
Foreign tax credits	(0.5)	(0.4)
Others	1.6	0.9
Effective tax rate	14.5	20.0

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) 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. are audited their tax filings for the years 2019 to 2021 by the Ghanaian tax authorities. In July 2024 they received a letter notifying additional taxes, and subsequently, in January 2026 they received a revised additional tax notice. Although in the revised notice the additional taxes decreased, the Group believes that the two companies that were cited have properly filed tax returns in accordance with local tax laws and has submitted objection letters about the additional taxes to the authorities. Accordingly, the Group has not reflected the impact of the notice in the consolidated financial statements for the current year, and the Group does not expect 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:

	2024	2025
Profit used in the basic earnings per share calculation (in thousands of US dollars)	220,404	360,677
Adjustment for profit (in thousands of US dollars)	—	—
Profit used in the diluted earnings per share calculation (in thousands of US dollars)	220,404	360,677
Weighted average number of ordinary shares used in basic earnings per share calculation (in thousands of shares)	68,307	68,329
Effect of dilutive potential ordinary shares		
Share-based compensation (in thousands of shares)	37	—
Weighted average number of ordinary shares used in diluted earnings per share calculation (in thousands of shares)	68,344	68,329

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 2024 and 14 thousand shares in 2025.

**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:

2024

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					
Remeasurements of defined benefit liability	425	—	425	1,269	1,695
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

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					
Remeasurements of defined benefit liability	(5,216)	—	(5,216)	(677)	(5,893)
Total items that will not be reclassified subsequently to profit or loss	(5,216)	—	(5,216)	(677)	(5,893)
Items that may be reclassified subsequently to profit or loss					
Effective portion of cash flow hedges	13,260	918	14,178	(1,670)	12,507
Exchange differences on translation of foreign operations	7,867	—	7,867	—	7,867
Share of other comprehensive income of investments accounted for using equity method	(33,877)	(16,450)	(50,327)	—	(50,327)
Total items that may be reclassified subsequently to profit or loss	(12,749)	(15,532)	(28,282)	(1,670)	(29,952)
<b>Total</b>	<b>(17,966)</b>	<b>(15,532)</b>	<b>(33,499)</b>	<b>(2,347)</b>	<b>(35,846)</b>

## 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.

	2024	2025
ROE (%)	20.3	27.4

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

Bonds which the Group as issuer 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 bondholders' 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, 2024	December 31, 2025
Financial guarantee contracts	261,463	304,668

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, 2024	—	9	—	77,857
Provision (Note 2)	—	134	—	42,612
Utilization	—	—	—	—
Reversal	—	—	—	—
At December 31, 2024	—	144	—	120,469
Provision	—	16	—	—
Utilization	—	(20)	—	—
Reversals	—	(121)	—	(50,761)
At December 31, 2025	—	17	—	69,708

Notes:

- 1 There are no properties held as collateral or other credit enhancements.
- 2 At the end of previous year, the Group recognized the provision for loss allowance of US\$101,036 thousand for the loan and other of GAS OPPORTUNITY MV20 B.V. (MV20), equity-accounted investee, due to the impact of deteriorating profitability. In 2025 the Group reversed the provision for loss allowance of US\$31,327 thousand for MV20 since its projected future cash flows improved.

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, 2024	402,773	777,758	—	121,329
At December 31, 2024	379,345	933,740	—	134,974
At December 31, 2025	386,778	1,048,518	—	97,284

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, 2024	December 31, 2025
Within 30 days after due date	14,737	59,804
More than 30 days and within 60 days after due date	525	18
More than 60 days and within 90 days after due date	—	—
More than 90 days after due date (Note)	41,549	44,208
Total	56,812	104,031

Note: At each reporting period credit impaired amounts are US\$6,016 thousand and US\$17 thousand, respectively.

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

in thousands of US dollars

	December 31, 2024	December 31, 2025
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	109,935	97,284
Total	109,935	97,284

Note: At each reporting period credit impaired amounts are US\$109,935 thousand and US\$97,284 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, 2024	December 31, 2025
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, 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

At December 31, 2025

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	1,121,319	1,121,319	—	—	—	—	—
Bonds	480,017	259,634	11,701	86,630	8,491	113,559	—
Lease liabilities	89,400	20,317	20,400	19,434	5,659	4,999	18,589
Financial guarantee contracts	304,668	304,668	—	—	—	—	—
Subtotal	1,995,405	1,705,939	32,101	106,065	14,150	118,559	18,589
Derivative financial liabilities							
Cash inflow	68,979	68,979	—	—	—	—	—
Cash outflow	73,118	73,118	—	—	—	—	—
Total	1,999,544	1,710,079	32,101	106,065	14,150	118,559	18,589

Notes:

- 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, 2024	December 31, 2025
Brazilian Real	(120,402)	58,462

##### 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:

2024

in thousands of US dollars

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

in thousands of US dollars

	Effect on profit or loss before tax	Effect on equity
Brazilian Real	(584)	(583)

## (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

	2024	2025
Effect on profit before tax	(1,222)	(171)
Effect on equity	(1,216)	(171)

## ③ Exposures to interest rate fluctuation

Exposures to interest rate fluctuation are as follows:

in thousands of US dollars

	December 31, 2024	December 31, 2025
Variable rate financial instruments		
Financial liabilities	95,626	20,443
Financial assets	86,751	69,700
Net balance	8,874	—
Impact of interest rate swaps	2,250	—
Net balance	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, 2024		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	314,163	292,666	342,972	301,740
Bonds and borrowings	514,434	503,033	420,283	417,404

Note: Current portion of loans receivable included in loans receivable.

## 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 is classified as Level 3 and bonds and borrowings as Level 2 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 previous year and this year.

Financial instruments ordinarily measured at fair value are as follows:

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

At December 31, 2025

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	—	3,828	—	3,828
Other	—	410	—	410
Total	—	4,239	—	4,239
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	3,725	—	3,725
Total	—	3,725	—	3,725

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, 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)

At December 31, 2025

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	—	—	—	—	(5)
Foreign currency risk					
Forward exchange contracts	180,051	—	3,828	3,725	15,331

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

The average rates related to hedging instruments are as follows:

		December 31, 2024	December 31, 2025
Interest rate swaps		3.16%	— %
Forward exchange contracts	Euro	0.93 Euro / US dollar	0.88 Euro / US dollar
	Norwegian krone	10.55 kroner / US dollar	10.46 kroner / US dollar
	Japanese yen	— yen / US dollar	140.25 yen / US dollar
	British pound	0.78 British pound / US dollar	0.78 British pound / US dollar
	Singapore dollar	1.34 Singapore dollars / US dollar	1.29 Singapore dollars / US dollar
	Swiss Franc	0.88 francs / US dollar	0.79 francs / US dollar
	Brazilian Real	5.21 real / US dollar	5.40 real / US dollar
	Malaysian Ringgit	— ringgit / US dollar	4.03 ringgit / 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, 2024

in thousands of US dollars

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

At December 31, 2025

in thousands of US dollars

Risk category	Cash flow hedge reserve
Interest rate risk	—
Foreign currency risk	165

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:

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)

2025

in thousands of US dollars

	Foreign currency risk	Interest rate risk
Gains or losses on hedges recognized in other comprehensive income	13,265	(5)
Ineffective portion of hedges recognized in profit or loss	2,065	—
Amount reclassified from other components of equity to profit or loss	933	(14)

Notes:

- No amounts were included directly in the carrying amount of asset and liability both in 2024 and 2025.
- Line item where ineffective portion of hedges recognized in profit or loss is included in "Finance costs" in 2024 and 2025.
- Line item where amount reclassified from other components of equity to profit or loss of foreign currency risk is

included in "Finance costs" in 2024 and 2025. Line item where amount reclassified from other components of equity to profit or loss of interest rate risk is included in "Finance costs" in 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, 2024	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)
Amount arising during the period	11,588	0	11,589
Reclassification adjustments to profit or loss	933	(14)	918
At December 31, 2025	165	—	165

### 30. Related parties

(1) Related party transactions

① Name of related parties and relationship with the Group  
Refer to Section 1 Overview of the Company, 4 Status of Affiliates

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

in thousands of US dollars

	December 31, 2024	December 31, 2025
Associates		
Trade and other receivables	224,647	208,355
Short-term loans receivables	6,842	93,291
Long-term loans receivables	367,926	222,105
Contract assets	24,472	41,763
Other financial assets - current	31,374	35,082
Provision for loss allowance	(144)	(17)
Trade and other payables	0	0
Contract liabilities	166,699	78,256
Joint ventures		
Trade and other receivables	33,566	19,406
Short-term loans receivables	17,051	97,284
Long-term loans receivables	97,283	—
Other financial assets - current	15,121	42,419
Provision for loss allowance	(120,469)	(69,708)
Trade and other payables	12,110	9,770
Contract liabilities	501	501

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

③ Transactions with associates and joint ventures

in thousands of US dollars

	2024	2025
Associates		
Revenue	519,168	551,886
Purchases	894	38
Interest income	39,395	42,980
Dividend income	65,174	66,476
Initial and additional capital contributions	133,331	—
Loan disbursement	—	8,075
Collection of loans receivable	27,370	6,842
Joint ventures		
Revenue	188,008	150,276
Purchases	17,888	33,277
Interest income	2,287	647
Interest expense	—	758
Dividend income	26,150	17,768
Loan disbursement	4,388	—

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

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

(2) Compensation of key management personnel

in thousands of US dollars

	2024	2025
Base salary and bonuses	2,779	2,054
Share price-linked compensation	302	944
Share-based compensation	60	—
Total	3,142	2,998

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	CMS deposit liabilities	Total
At January 1, 2024	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
Changes from financing cash flows	(95,626)	—	(19,333)	20,443	(94,515)
Non-cash transactions					
New leases and contract modifications	—	—	38,838	—	38,838
Effect of changes in exchange rates	—	—	2,815	—	2,815
Other	—	1,475	—	—	1,475
At December 31, 2025	—	420,283	79,008	20,443	519,735

**32. Subsidiaries, related companies**

Information about major subsidiaries and related companies

Refer to Section 1 Overview of the Company, 4 Status of Affiliates

**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, 2024	December 31, 2025
Guarantees for associates	256,463	282,230
Guarantees for joint ventures	5,000	22,438
Total	261,463	304,668

**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, 2024	December 31, 2025
Investments accounted for using equity method	1,261,814	1,293,539

**35. Subsequent events**

There are no subsequent events.



# 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, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity 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, 2025, 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 in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), 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. (hereinafter referred to as the “Company”) and its consolidated subsidiaries provide construction services related to the	We performed the audit procedures to assess the reasonableness of the estimated total costs used in recognizing revenue from construction contracts

floating production, storage and 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 2,892,982 thousand, representing approximately 63.1% 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, the Company 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 the Company 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. As a result, the framework for the preparation of the project budget and timely updates in response to subsequent changes in circumstances at the consolidated subsidiaries to which the construction work was assigned, as well as the project budget approval framework at the Company, had a significant effect on the estimated total costs at the end of the fiscal year.

We, therefore, determined that our assessment of the reasonableness of the estimated total costs used in recognizing

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

The following procedures to test the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of preparing a project budget:

- testing of the design of internal controls relevant to bidding preparation, budgeting, and response to the amendment agreement in preparing the project budget; and
- testing of the design and operating effectiveness of internal controls relevant to the project budget approval.

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

The following procedures 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 reasonable:

- inspection of the Memorandum of Understanding regarding the construction contract and examination of the details of the amended construction contract;
- 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 method; and
- assessment of the reasonableness of the estimated contingency amount, which forms part of the

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.

estimated total costs, based on the risk scenarios determined by management and the progress of the construction work.

## Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 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 are 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 are described in “(3)【Audit Status】of Corporate Governance Status” included in “Status of the Reporting Company” of the Annual Securities Report.

### 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.

Yutaka Matsuki

Designated Engagement Partner

Certified Public Accountant

Fumitaka Otani

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

March 26, 2026

**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.