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May 14, 2024

## Consolidated Financial Results for the Three Months Ended March 31, 2024 (IFRS)

Company name: MODEC, INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6269  
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 Scheduled date to file quarterly securities report: May 14, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(US dollar amounts are rounded down to thousands.)

### 1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%
Three months ended								
March 31, 2024	822,866	10.5	76,803	271.7	82,117	298.0	71,185	657.1
March 31, 2023	744,888	12.1	20,665	—	20,634	—	9,402	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	US\$ thousand	%	US\$ thousand	%	US\$	US\$
Three months ended						
March 31, 2024	62,535	—	92,946	—	0.92	0.92
March 31, 2023	3,096	—	(26,482)	—	0.05	0.05

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	US\$ thousand	US\$ thousand	US\$ thousand	%
As of				
March 31, 2024	3,933,319	1,119,241	1,069,373	27.2
December 31, 2023	3,887,921	1,035,291	992,817	25.5

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

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

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Year ended December 31, 2023	—	0.00	—	20.00	20.00
Year ending December 31, 2024	—				
Year ending December 31, 2024 (Forecast)		10.00	—	30.00	40.00

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

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$ thousand	%	US\$
Full Year	3,900,000	9.1	200,000	3.7	210,000	(2.2)	120,000	24.3	1.76

Note: Revisions to the forecast most recently announced: None

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

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2024	68,345,300 shares
As of December 31, 2023	68,345,300 shares

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

As of March 31, 2024	38,217 shares
As of December 31, 2023	38,217 shares

(iii) Average number of shares outstanding during the period

Three months ended March 31, 2024	68,307,083 shares
Three months ended March 31, 2023	56,369,783 shares

- \* Quarterly financial results are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- \* Proper use of earnings forecasts and other special matters
  - Accompanying condensed quarterly consolidated financial statements and selected notes are presented in US dollars, which is the Company's functional currency.
  - The US dollar amounts in the first page of this summary information is not tagged to XBRL data.
  - Earnings forecast and other forward-looking statement included in this material are based on information currently available to the Company and are based on assumptions deemed reasonable. They are not meant to be a guarantee of future performance or outcomes. Actual results may differ materially subject to various factors.

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

(Yen amounts are rounded down to millions.)

**1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
March 31, 2024	124,524	25.2	11,622	321.2	12,426	351.0	10,772	758.0
March 31, 2023	99,472	22.3	2,759	—	2,755	—	1,255	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	yen	yen
Three months ended						
March 31, 2024	9,463	—	14,065	—	138.54	138.47
March 31, 2023	413	—	(3,536)	—	7.34	7.33

**(2) Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	million yen	million yen	million yen	%
As of				
March 31, 2024	595,229	169,374	161,828	27.2
December 31, 2023	551,423	146,835	140,811	25.5

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

March 31, 2024 at US\$1.00 = 151.33 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of March 29, 2024)

March 31, 2023 at US\$1.00 = 133.54 Japanese yen (TTM rate of Sumitomo Mitsui Banking Corporation as of March 31, 2023)

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

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

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	553,137	9.1	28,366	3.7	29,784	(2.2)	17,019	24.3	249.15

Note: The amounts presented above are converted to Japanese yen in expedient manner from the earnings forecast on page 2 of this summary information at US\$1.00 = 141.83 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 29, 2023.

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## 1. Qualitative information on quarterly financial results

### (1) Results of operations

In the first quarter of this year, the Japanese economy recovered moderately as economic and social activities progressed and the employment and income situation improved. On the other hand, while the US economy remained firm, stagnant Chinese economy coupled with concerns over geopolitical risks such as the heightened tensions in the Middle East made the outlook of global economy remain uncertain.

Oil price had remained in the range of US\$70s a barrel since the end of 2023. However, it rose to the range of US\$80s a barrel due to increased supply concerns for Russian crude oil following Ukraine's drone attack on a Russian oil refinery, the International Energy Agency's upward revision of global oil demand forecasts and heightened tensions surrounding the situation in the Middle East. While coexisting with the trend toward decarbonization, maintaining a stable energy supply remains an important issue, and oil companies continue to pursue projects to develop deepwater oil fields. Demand for the Group's main business related to floating offshore oil and gas production facilities especially for large-scale ultra-deepwater projects, in which the Group has a competitive advantage, has also remained firm.

Under these circumstances, for the three months ended as of March 31, 2024, the total orders on a consolidated basis resulted in US\$233,209 thousand (US\$239,641 thousand in YTD 1Q 2023) due to the variation orders of FPSO construction projects. The consolidated revenue was US\$822,866 thousand (US\$744,888 thousand in YTD 1Q 2023) due to progress in the construction of FPSOs.

In terms of profit, the operating profit was US\$76,803 thousand (operating profit of US\$20,665 thousand in YTD 1Q 2023) due to the recognition of revenue from the steady progress of construction projects and share of profit of investments accounted for using equity method from the stable charter business.

In addition, the recognition of interest income due to temporary increase in cash and cash equivalents from advances received for construction projects resulted in an increase in financial income compared to the same period previous year; therefore, the profit before tax for the three months ended as of March 31, 2024 was US\$82,117 thousand (profit before tax of US\$20,634 thousand in YTD 1Q 2023). As a result, the profit attributable to owners of parent for the three months was US\$62,535 thousand (profit attributable to owners of parent of US\$3,096 thousand in YTD 1Q 2023).

### (2) Financial position

The total assets at the end of first quarter of this year increased by US\$45,398 thousand to US\$3,933,319 thousand from the end of previous year mainly due to an increase in investments accounted for using equity method.

The total liabilities decreased by US\$38,552 thousand to US\$2,814,078 thousand from the end of previous year mainly due to a decrease in trade and other payables.

The total equity increased by US\$83,950 thousand to US\$1,119,241 thousand from the end of previous year mainly due to an increase in retained earnings.

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

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

in thousands of US dollars

	December 31, 2023	March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	1,013,912	955,635
Trade and other receivables	592,163	572,127
Contract assets	185,585	151,841
Loan receivables	27,370	27,370
Other financial assets	57,806	45,830
Other current assets	158,712	154,478
Total current assets	2,035,550	1,907,284
Non-current assets		
Property, plant and equipment	50,042	51,064
Intangible assets	49,483	50,424
Investments accounted for using equity method	1,374,188	1,552,102
Loans receivable	348,636	341,035
Other financial assets	13,163	12,720
Deferred tax assets	16,489	18,336
Other non-current assets	367	350
Total non-current assets	1,852,371	2,026,034
Total assets	3,887,921	3,933,319

in thousands of US dollars

	December 31, 2023	March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,189,228	989,208
Contract liabilities	590,278	778,966
Borrowings	57,799	57,799
Income taxes payable	70,147	64,365
Provisions	126,268	126,758
Other financial liabilities	150,826	147,346
Other current liabilities	59,551	56,524
Total current liabilities	2,244,101	2,220,970
Non-current liabilities		
Bonds and borrowings	512,954	498,872
Defined benefit liability	45,091	45,348
Provisions	24,288	23,171
Other financial liabilities	19,399	20,006
Other non-current liabilities	6,794	5,707
Total non-current liabilities	608,529	593,107
Total liabilities	2,852,630	2,814,078
Equity		
Share capital	190,495	190,495
Capital surplus	187,112	187,183
Retained earnings	522,260	575,648
Treasury shares	(1,092)	(1,092)
Other components of equity	94,042	117,138
Equity attributable to owners of parent	992,817	1,069,373
Non-controlling interests	42,473	49,867
Total equity	1,035,291	1,119,241
Total liabilities and equity	3,887,921	3,933,319



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

Condensed quarterly consolidated statement of profit or loss

For the three months ended March 31

in thousands of US dollars

	2023	2024
Revenue	744,888	822,866
Cost of sales	(715,939)	(742,963)
Gross profit	28,948	79,903
Selling, general and administrative expenses	(42,488)	(47,327)
Share of profit of investments accounted for using equity method	34,097	44,007
Other income	235	234
Other expenses	(127)	(14)
Operating profit	20,665	76,803
Finance income	11,973	17,804
Finance costs	(12,004)	(12,490)
Profit before tax	20,634	82,117
Income tax expense	(11,232)	(10,931)
Profit for the period	9,402	71,185

Profit attributable to		
Owners of parent	3,096	62,535
Non-controlling interests	6,305	8,650
Profit for the period	9,402	71,185

in US dollars

Earnings per share		
Basic earnings per share	0.05	0.92
Diluted earnings per share	0.05	0.92

Condensed quarterly consolidated statement of other comprehensive income

For the three months ended March 31

in thousands of US dollars

	2023	2024
Profit for the period	9,402	71,185
Other comprehensive Income		
Remeasurements of defined benefit liability	(27)	(80)
Total items that will not be reclassified subsequently to profit or loss	(27)	(80)
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	684	(7,506)
Exchange differences on translation of foreign operations	(2,058)	816
Share of other comprehensive income of investments accounted for using equity method	(34,484)	28,531
Total items that may be reclassified subsequently to profit or loss	(35,857)	21,841
Total other comprehensive income, net of tax	(35,884)	21,761
Total comprehensive income for the period	(26,482)	92,946

Total comprehensive income attributable to		
Owners of parent	(32,874)	85,552
Non-controlling interests	6,391	7,394
Total comprehensive income	(26,482)	92,946

(3) Condensed quarterly consolidated statement of changes in equity

For the three months ended March 31, 2023

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2023	282,292	280,686	131,004	(1,092)	—	142,790
Profit for the period	—	—	3,096	—	—	—
Other comprehensive income	—	—	—	—	(27)	(33,911)
Total comprehensive income for the period	—	—	3,096	—	(27)	(33,911)
Share-based payment transactions	—	26	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(27)	—	27	—
Total transactions with owners	—	26	(27)	—	27	—
At March 31, 2023	282,292	280,713	134,073	(1,092)	—	108,878

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
At January 1, 2023	(24,041)	118,748	811,640	29,481	841,121
Profit for the period	—	—	3,096	6,305	9,402
Other comprehensive income	(2,032)	(35,971)	(35,971)	86	(35,884)
Total comprehensive income for the period	(2,032)	(35,971)	(32,874)	6,391	(26,482)
Share-based payment transactions	—	—	26	—	26
Transfer from other components of equity to retained earnings	—	27	—	—	—
Total transactions with owners	—	27	26	—	26
At March 31, 2023	(26,073)	82,804	778,791	35,873	814,665

For the three months ended March 31, 2024

in thousands of US dollars

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit liability	Effective portion of cash flow hedges
At January 1, 2024	190,495	187,112	522,260	(1,092)	—	123,552
Profit for the period	—	—	62,535	—	—	—
Other comprehensive income	—	—	—	—	(79)	22,340
Total comprehensive income for the period	—	—	62,535	—	(79)	22,340
Dividends paid to owners of the parent	—	—	(9,067)	—	—	—
Share-based payment transactions	—	71	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(79)	—	79	—
Total transactions with owners	—	71	(9,147)	—	79	—
At March 31, 2024	190,495	187,183	575,648	(1,092)	—	145,893

	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	—	—	62,535	8,650	71,185
Other comprehensive income	755	23,016	23,016	(1,255)	21,761
Total comprehensive income for the period	755	23,016	85,552	7,394	92,946
Dividends paid to owners of the parent	—	—	(9,067)	—	(9,067)
Share-based payment transactions	—	—	71	—	71
Transfer from other components of equity to retained earnings	—	79	—	—	—
Total transactions with owners	—	79	(8,996)	—	(8,996)
At March 31, 2024	(28,754)	117,138	1,069,373	49,867	1,119,241

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

For the three months ended March 31

in thousands of US dollars

	2023	2024
Cash flows from operating activities		
Profit before tax	20,634	82,117
Depreciation and amortization	10,127	8,919
Increase (decrease) in provisions	23	(121)
Increase (decrease) in defined benefit liability	(1,311)	259
Share of profit of investments accounted for using equity method	(34,097)	(44,007)
Finance income and finance costs	30	(5,313)
Decrease (increase) in trade and other receivables	106,560	16,186
Decrease (increase) in contract assets	(5,383)	33,733
Decrease (increase) in other current assets	8,222	11,651
Increase (decrease) in trade and other payables	(52,690)	(195,311)
Increase (decrease) in contract liabilities	(67,353)	189,541
Increase (decrease) in other current liabilities	(11,117)	(1,962)
Other	(5,502)	(4,684)
Subtotal	(31,856)	91,008
Interest received	10,471	20,537
Dividends received	17,112	28,902
Interest paid	(2,179)	(10,336)
Income taxes paid	(11,074)	(23,028)
Net cash provided by (used in) operating activities	(17,526)	107,083
Cash flows from investing activities		
Receipts of long-term loans receivable	—	6,842
Acquisition of property, plant and equipment and intangible assets	(1,396)	(3,549)
Purchase of investments accounted for using equity method	—	(133,331)
Proceeds from capital reduction of investments accounted for using equity method	—	50
Net cash used in investing activities	(1,396)	(129,988)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,379)	(14,449)
Payments of lease liabilities	(6,315)	(6,136)
Dividends paid	(0)	(8,943)
Receipt of government grants	114	—
Net cash used in financing activities	(8,581)	(29,530)
Effect of changes in exchange rates on cash and cash equivalents	1,001	(5,842)
Net decrease in cash and cash equivalents	(26,503)	(58,277)
Cash and cash equivalents at beginning of period	492,625	1,013,912
Cash and cash equivalents at end of period	466,122	955,635

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

(Note to ability to continue as a going concern)

There are no material uncertainties that require disclosure.