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August 3, 2021

Consolidated Financial Results for the Six Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: MODEC, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 6269
 URL: <http://www.modec.com>
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 Scheduled date to file quarterly securities report: August 4, 2021
 Scheduled date to commence dividend payments: September 7, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2021	228,180	-	(3,341)	-	2,183	-	1,322	-
June 30, 2020	156,446	5.4	(12,090)	-	(8,935)	-	(9,645)	-

Note: Comprehensive income For the six months ended June 30, 2021: ¥17,268 million [-%]
 For the six months ended June 30, 2020: (¥27,497) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2021	23.47	-
June 30, 2020	(171.18)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	380,092	106,535	27.1
December 31, 2020	357,532	95,015	25.6

Reference: Equity
 As of June 30, 2021: ¥102,982 million
 As of December 31, 2020: ¥91,422 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	-	23.75		21.25	45.00
Fiscal year ending December 31, 2021	-	15.00			
Fiscal year ending December 31, 2021 (Forecast)			-	15.00	30.00

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

3. Earnings forecast for FY2021 (January 1, 2021 – December 31, 2021)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Year	400,000	29.1	-	-	10,000	-	5,000	-

Note: Revisions to the Earnings forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2021	56,408,000 shares
As of December 31, 2020	56,408,000 shares

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

As of June 30, 2021	45,100 shares
As of December 31, 2020	54,232 shares

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

Six months ended June 30, 2021	56,356,166 shares
Six months ended June 30, 2020	56,349,516 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2021

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and deposits	¥56,944
Accounts receivable-trade and contract assets	156,810
Inventories	871
Short-term loans receivable	3,174
Other current assets	19,721
Allowance for doubtful accounts	<u>(1,393)</u>
Total current assets	236,128
PROPERTY AND EQUIPMENT:	
Machinery and equipment	33
Other property and equipment	<u>4,340</u>
Total property and equipment	4,374
INTANGIBLE ASSETS:	12,783
INVESTMENTS AND OTHER ASSETS:	
Investment securities	75,582
Long-term loans receivable from affiliates	42,937
Other investments	<u>8,287</u>
Total investments and other assets	126,807
Total assets	<u><u>¥380,092</u></u>

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥139,927
Short-term loans payable	6,636
Current portion of long-term loans payable	5,950
Accrued expenses	16,124
Income taxes payable	5,068
Contract liabilities	57,454
Accrued employees' bonuses	63
Accrued directors' bonuses	11
Provision for loss on construction contracts	4,200
Provision for construction warranties	8,643
Provision for repairs	4,106
Other current liabilities	9,107
Total current liabilities	<u>257,295</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	1,918
Net defined benefit liabilities	912
Other long-term liabilities	13,430
Total long-term liabilities	<u>16,261</u>
Total liabilities	273,557
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	52,244
Treasury stock, at cost	<u>(140)</u>
Total shareholders' equity	111,527
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(10,958)
Foreign currency translation adjustment	3,702
Retirement liability adjustments for foreign consolidated subsidiaries	<u>(1,289)</u>
Total accumulated other comprehensive income	(8,544)
NON-CONTROLLING INTERESTS	3,552
Total net assets	<u>106,535</u>
Total liabilities and net assets	<u>¥380,092</u>

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the six months ended June 30, 2021

	Millions of Japanese yen
SALES	¥228,180
COST OF SALES	<u>225,589</u>
Gross profit (loss)	2,591
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>5,933</u>
Operating profit (loss)	(3,341)
OTHER INCOME (EXPENSES):	
Interest income	2,154
Equity in earnings of unconsolidated subsidiaries and affiliates, net	3,577
Foreign exchange gain (loss), net	(363)
Interest expenses	(224)
Commission fee	(179)
Recovery of extraordinary repair expenses	1,300
Others, net	<u>562</u>
Total other income (expenses)	6,826
PROFIT (LOSS) BEFORE INCOME TAXES	3,484
INCOME TAXES:	
Current	1,132
Prior	(29)
Deferred	<u>865</u>
PROFIT (LOSS)	<u>1,515</u>
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>193</u>
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	<u>¥1,322</u>

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

Earnings (loss) per share	¥23.47
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	<u>Millions of Japanese yen</u>
PROFIT(LOSS)	¥1,515
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(1,635)
Foreign currency translation adjustment	5,779
Retirement liability adjustments for foreign consolidated subsidiaries	(85)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	11,693
Total other comprehensive income	<u>15,752</u>
COMPREHENSIVE INCOME	<u>¥17,268</u>
Comprehensive income attributable to owners of parent	¥16,875
Comprehensive income attributable to non-controlling interests	¥392

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