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February 10, 2022

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under IFRS)

Company name: MODEC, INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6269  
 URL: <http://www.modec.com>  
 Representative: Takeshi Kanamori, President & CEO  
 Inquiries: Yasuhiro Takano, Executive Managing Officer  
 Telephone: +81-3-5290-1200  
 Scheduled date of annual general meeting of shareholders: March 29, 2022  
 Scheduled date to commence dividend payments: —  
 Scheduled date to file annual securities report: March 29, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investor • analyst)

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

### 1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	448,510	42.5	(36,521)	-	(39,597)	-	(41,394)	-
December 31, 2020	314,734	-	(15,908)	-	(13,314)	-	(15,378)	-

Fiscal year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2021	(41,860)	-	(33,780)	-	(742.75)	(742.44)
December 31, 2020	(15,170)	-	(22,888)	-	(269.22)	(269.12)

Fiscal year ended	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
December 31, 2021	(52.7)	(10.4)	(8.1)
December 31, 2020	(13.7)	(3.6)	(5.1)

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended December 31, 2021: ¥3,370 million  
 For the fiscal year ended December 31, 2020: ¥6,531 million

## (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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2021	393,971	63,802	61,247	15.5	1,086.67
December 31, 2020	365,378	99,811	97,636	26.7	1,732.57

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	17,509	(25,364)	30,588	93,173
December 31, 2020	34,755	(715)	(14,962)	70,978

Note: The original consolidated financial statements of MODEC, INC. (hereinafter "the Company") for the year ended December 31, 2021 and 2020 is presented in US dollars. For easy reference, the amount presented for consolidated operating results, consolidated financial position, and consolidated cash flow are converted into Japanese yen at 115.01 yen, which is from the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2021.

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2020	Yen -	Yen 23.75	Yen -	Yen 21.25	Yen 45.00	Millions of yen 2,538	% -	% 2.3
Fiscal year ended December 31, 2021	-	15.00	-	0.00	15.00	846	-	1.1
Fiscal year ending December 31, 2022 (Forecast)	-	-	-	-	-		-	

## 3. Earnings forecast for FY2022 (January 1, 2022 – December 31, 2022)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	276,024	-38.5	-	-	3,450	-	2,530	-	2,530	-	44.89

Note: The consolidated earnings forecast of the Company is presented in US dollars. For easy reference, the amount presented for the consolidated earnings forecast for the fiscal year ended December 31, 2022 is converted into Japanese yen at 115.01 yen, which is from the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2021.

\* **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
- (a) 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 December 31, 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 December 31, 2021	45,100 shares
As of December 31, 2020	54,232 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	56,359,561 shares
Fiscal year ended December 31, 2021	56,351,663 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	358,045	54.6	(5,800)	-	(4,051)	-	(66,539)	-
December 31, 2020	231,587	4.1	(616)	-	377	(90.9)	(1,954)	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	(1,180.63)	(1,180.14)
December 31, 2020	(34.68)	(34.67)

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	265,068	17,470	6.6	309.97
December 31, 2020	272,458	87,865	32.2	1,559.17

Reference: Equity

As of December 31, 2021: ¥17,470 million

As of December 31, 2020: ¥87,865 million

Note: Non-consolidated financial results are calculated based on Japan GAAP

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The Company has adopted International Financial Reporting Standards (hereinafter "IFRS") from the year ended December 31, 2021 of the consolidated fiscal year. Therefore, the figures for the consolidated fiscal year ended December 31, 2020 are also disclosed in accordance with IFRS.

**[Reference] Consolidated financial results for the fiscal year ended December 2021 and earnings forecast for the fiscal year ended December 2022 presented by the functional currency US dollar**

(USD amounts are rounded down to thousands, unless otherwise noted.)

**1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating profit		Profit before tax		Profit	
	Thousands of USD	%	Thousands of USD	%	Thousands of USD	%	Thousands of USD	%
December 31, 2021	3,899,748	42.5	(317,552)	-	(344,300)	-	(359,920)	-
December 31, 2020	2,736,586	-	(138,321)	-	(115,771)	-	(133,712)	-

Fiscal year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Thousands of USD	%	Thousands of USD	%	USD	USD
December 31, 2021	(363,975)	-	(293,720)	-	(6.46)	(6.46)
December 31, 2020	(131,907)	-	(199,010)	-	(2.34)	(2.34)

Fiscal year ended	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
December 31, 2021	(52.7)	(10.4)	(8.1)
December 31, 2020	(13.7)	(3.6)	(5.1)

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended December 31, 2021: \$23,309 thousand

For the fiscal year ended December 31, 2020: \$56,790 thousand

**(2) Consolidated financial position**

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Thousands of USD	Thousands of USD	Thousands of USD	%	USD
December 31, 2021	3,425,542	554,759	532,541	15.5	9.4
December 31, 2020	3,176,928	867,849	848,940	26.7	15.1

**(3) Consolidated cash flows**

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Thousands of USD	Thousands of USD	Thousands of USD	Thousands of USD
December 31, 2021	152,239	(220,544)	265,965	810,131
December 31, 2020	302,195	(6,218)	(130,096)	617,149

**2. Earnings forecast for FY2022 (January 1, 2022 – December 31, 2022)**

Full Year	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings (loss) per share
	Thousands of USD	%	Thousands of USD	%	Thousands of USD	%	Thousands of USD	%	Thousands of USD	%	USD
	2,400,000	(38.5)	-	-	30,000	-	22,000	-	22,000	-	0.39

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31, 2021

**ASSETS**

	<u>Thousands of USD</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$810,131
Trade and other receivables	379,394
Contract assets	704,730
Loans receivable	14,176
Other financial assets	14,171
Other current assets	138,134
Total current assets	<u>2,060,740</u>
<b>NON-CURRENT ASSETS:</b>	
Property, plant and equipment	51,366
Intangible assets	80,845
Investments accounted for using equity method	739,046
Loans receivable	398,562
Other financial assets	13,278
Deferred tax assets	54,941
Other non-current assets	26,760
Total non-current assets	<u>1,364,801</u>
Total assets	<u><u>\$3,425,542</u></u>

*\* The figures are rounded down to the nearest thousand US dollar.*

## LIABILITIES AND EQUITY

	Thousands of USD
<b>CURRENT LIABILITIES:</b>	
Trade and other payables	\$1,356,472
Contract liabilities	405,807
Bonds and borrowings	426,867
Income taxes payable	40,564
Provisions	237,013
Other financial liabilities	94,549
Other current liabilities	103,483
Total current liabilities	<u>2,664,758</u>
<b>NON-CURRENT LIABILITIES:</b>	
Borrowings	55
Deferred tax liabilities	8
Retirement benefit liability	54,693
Provisions	80,597
Other financial liabilities	23,584
Other non-current liabilities	47,084
Total non-current liabilities	<u>206,024</u>
Total liabilities	2,870,782
<b>EQUITY:</b>	
Share capital	282,292
Capital surplus	280,711
Retained earnings	85,957
Treasury shares	(1,291)
Other components of equity	(115,129)
Equity attributable to owners of parent	<u>532,541</u>
Non-controlling interests	22,218
Total equity	<u>554,759</u>
Total liabilities and equity	<u><u>\$3,425,542</u></u>

\* The figures are rounded down to the nearest thousand US dollar.

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the year ended December 31, 2021

	<u>Thousands of USD</u>
Revenue	\$3,899,748
Cost of sales	<u>(4,125,283)</u>
Gross profit (loss)	(225,534)
Selling, general and administrative expenses	(145,963)
Share of profit (loss) of investments accounted for using equity method	29,309
Other income	24,680
Other expenses	<u>(44)</u>
Operating profit (loss)	(317,552)
Finance income	55,438
Finance costs	<u>(82,185)</u>
PROFIT (LOSS) BEFORE TAX	(344,300)
INCOME TAX EXPENSE	<u>15,620</u>
PROFIT (LOSS)	(359,920)
OWNERS OF PARENT	(363,975)
NON-CONTROLLING INTERESTS	<u>4,055</u>
PROFIT (LOSS)	<u><u>(\$359,920)</u></u>
Earnings (loss) per share	(\$6.46)
Diluted earnings (loss) per share	(\$6.46)

*\* The figures are rounded down to the nearest thousand US dollar.*

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended December 31, 2021

	Thousands of USD
PROFIT (LOSS)	(\$359,920)
OTHER COMPREHENSIVE INCOME:	
Items that will not be reclassified to profit or loss	
Remeasurements of defined benefit plans	5,340
Total of items that will not be reclassified to profit or loss	<u>5,340</u>
Items that may be reclassified to profit or loss	
Effective portion of cash flow hedges	(26,551)
Exchange differences on translation of foreign operations	(9,492)
Share of other comprehensive income of investments accounted for using equity method	96,902
Total of items that may be reclassified to profit or loss	<u>60,858</u>
Total other comprehensive income	<u>66,199</u>
COMPREHENSIVE INCOME	<u><u>(\$293,720)</u></u>
Owners of parent	(\$297,650)
Non-controlling interests	\$3,929

\* The figures are rounded down to the nearest thousand US dollar.



MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2021

Thousands of USD

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total equity attributable to owners of parent		
					Remeasurements of defined benefit plans	Effective portion of cash flow hedges	Foreign currency translation adjustment	Total other components of equity			
<b>Balance at January 1, 2021</b>	\$282,292	\$280,742	\$463,852	(\$1,553)	—	(\$161,648)	(\$14,745)	(\$176,394)	\$848,940	\$18,908	\$867,849
Profit (loss)	—	—	(363,975)	—	—	—	—	—	(363,975)	4,055	(359,920)
Other comprehensive income	—	—	—	—	5,060	70,781	(9,517)	66,325	66,325	(125)	66,199
<b>Total comprehensive income (loss)</b>	—	—	(363,975)	—	5,060	70,781	(9,517)	66,325	(297,650)	3,929	(293,720)
Dividends to owners of parent	—	—	(18,980)	—	—	—	—	—	(18,980)	—	(18,980)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	(620)	(620)
Share-based payment	—	(30)	—	262	—	—	—	—	231	—	231
Transfer from other components of equity to retained earnings	—	—	5,060	—	(5,060)	—	—	(5,060)	—	—	—
<b>Total transactions with owners</b>	—	(30)	(13,919)	262	(5,060)	—	—	(5,060)	(18,748)	(620)	(19,368)
<b>Balance at December 31, 2021</b>	\$282,292	\$280,711	\$85,957	(\$1,291)	—	(\$90,866)	(\$24,262)	(\$115,129)	\$532,541	\$22,218	\$554,759

\* The figures are rounded down to the nearest thousand US dollar.

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31, 2021

	<u>Thousands of USD</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Profit (loss) before tax	(\$344,300)
Depreciation and amortization	41,189
Increase (decrease) in provisions	143,009
Increase (decrease) in retirement benefit liability	(3,842)
Finance income and finance costs	26,747
Share of loss (profit) of investments accounted for using equity method	(29,309)
Decrease (increase) in trade receivables	(88,454)
Decrease (increase) in contract assets	(83,252)
Increase (decrease) in trade payables	301,257
Increase (decrease) in contract liabilities	(84,513)
Decrease (increase) in other current assets	187,111
Other	9,851
Subtotal	<u>75,493</u>
Interest and dividends received	100,074
Interest paid	(5,235)
Income taxes paid	(18,093)
Net cash provided by (used in) operating activities	<u>152,239</u>
Net decrease (increase) in short-term loans receivable	(9,301)
Payments for long-term loans receivable	(105,306)
Purchase of property, plant and equipment, and intangible assets	(29,362)
Purchase of investments accounted for using equity method	(76,573)
Net cash provided by (used in) investing activities	<u>(220,544)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Net increase (decrease) in short-term borrowings	(29,000)
Proceeds from long-term borrowings	160,000
Repayments of long-term borrowings	(54,249)
Proceeds from issuance of bonds	225,000
Net decrease (increase) in treasury shares	262
Dividends paid	(18,994)
Dividends paid to non-controlling interests	(620)
Proceeds from derivatives contracts	2,979
Subsidy income	2,737
Repayments of lease liabilities	(22,150)
Net cash provided by (used in) financing activities	<u>265,965</u>
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(4,679)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	192,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	617,149
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$810,131</u></u>

\* The figures are rounded down to the nearest thousand US dollar.