

August 5, 2022

For Immediate Release
To Whom It May Concern

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Prime Market
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**Announcement on Execution of Agreement regarding Establishment of
Joint Venture Company with MODEC, Inc.**

Toyo Engineering Corporation (“TOYO”, President & CEO: Haruo Nagamatsu) announced today that TOYO and MODEC, Inc. (“MODEC”, President & CEO: Takeshi Kanamori) have executed today the agreement for the establishment of a joint venture company for the Engineering, Procurement, Construction and Installation (EPCI) business of Floating Production Storage and Offloading (FPSO) vessels.

The establishment of the joint venture company is subject to obtaining official permits and approvals of relevant authorities.

Notes

1. Purpose of establishing a Joint Venture Company

TOYO is a global engineering group that has rich EPC experience in industrial facilities, such as oil & gas development, refinery, petrochemicals, fertilizer and power generation. There are 6 autonomous EPC group affiliates widespread across the world. With this global network, TOYO is aiming for solutions emphasizing both “Aim to realize an environmentally-friendly society” and “Enrich people’s lives”.

MODEC is a leading provider of floating production solutions such as FPSOs to the offshore oil & gas industry. MODEC performs EPCI activities, and further by owning and operating its own FPSOs, it provides oil companies around the world with comprehensive and competitive solutions for oil & gas production services. As offshore oil and gas development projects increase in scale and move into deeper waters, the durations of the client contracts for FPSOs have become long-term as well as FPSOs have increased in size and complexity. As one of the few companies that can address these large-scale FPSO projects, MODEC recognize the importance of enhancement of its engineering and project management capabilities to meet clients’ requirements and expectations. Furthermore, MODEC, as a leading company in the industry, is aiming to develop environmentally-friendly technologies for next-generation FPSOs.

For the past 15 years, TOYO has been collaborating with MODEC which is one of the world's leading FPSO-related companies, on the topside EPC scopes for several FPSO projects. Through the establishment of the joint venture company, TOYO and MODEC will further deepen the form of collaboration and jointly strengthen the engineering and project management capabilities in order to carry out the challenging large-scale FPSO projects, and the two companies jointly aim to strengthen the technological capabilities and competitiveness in the FPSO industry. Furthermore, synergies between TOYO and MODEC are expected to be demonstrated in the exploration of new technology and product opportunities in growth markets as well as in the development of environmentally-friendly FPSOs for realization of decarbonized society.

2. Outline of the Joint Venture Company

(1) Name	Offshore Frontier Solutions Pte. Ltd.
(2) Head Office	Singapore
(3) Representative	To be nominated
(4) Business	EPCI business for FPSOs
(5) Investment Ratio (*)	10 million United States dollars
(6) Shareholding ratios (*)	MODEC Offshore Production Systems (Singapore) Pte. Ltd. ("MOPS", wholly owned subsidiary of MODEC) 65% TOYO 35%
(7) Date of establishment (*)	August 2022 (planned)

(*) Originally established by MOPS alone, TOYO is scheduled to participate in the investment by around September 2022 (on the assumption that the approval of the relevant authorities is obtained).

3. Overview of joint venture partners

(1) Name	MODEC, Inc.		
(2) Head office	Nihonbashi Maruzen Tokyu Building 4th & 5th Floors, 3-10, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-0027 Japan		
(3) Representative	Takeshi Kanamori, President & Chief Executive Officer		
(4) Business profile	Engineering, Procurement, Construction and Installation, sales, leasing and operation services for floating offshore oil and gas production facilities		
(5) Capital stock	30,122.49 million yen		
(6) Date of establishment	June 1, 1987		
(7) Major shareholders and shareholding ratios	Mitsui E&S Holdings Co., Ltd. (49.10%) Mitsui & Co., Ltd. (14.87%)		
(8) Relationship between TOYO and MODEC	Capital relationship	Not applicable	
	Relationship in human resources	Not applicable	
	Business relationship	No business transactions in the last 12 months	
	Whether MODEC falls within a related party to TOYO	Not applicable	
(9) Consolidated financial results and financial position for the last 3 years			
Accounting period	FY2019	FY2020	FY2021
Consolidated total equity	125,366 million yen	95,015 million yen	\$554,759 thousand
Consolidated total assets (*Consolidated total liabilities and equity)	383,189 million yen	357,532 million yen	\$3,425,542 thousand*
Consolidated net assets per share	2,161.43 yen	1,622.30 yen	\$9.45
Consolidated revenue	332,644 million yen	309,925 million yen	\$3,899,748 thousand
Consolidated operating profit	(4,841) million yen	(21,614) million yen	(\$317,552) thousand
Consolidated ordinary income	294 million yen	(12,854) million yen	—

Comprehensive income attributable to Owners of parent	(18,227) million yen	(13,076) million yen	(\$363,975) thousand
Consolidated net income per share	(323.47) yen	(232.05) yen	(\$6.46)
Dividend per share	45.00 yen	45.00 yen	15.00 yen

* Consolidated financial statements have been prepared based on International Financial Reporting Standards since the term ended December 31, 2021 (FY2021).

(1) Name	MODEC Offshore Production Systems (Singapore) Pte. Ltd.	
(2) Head office	9 North Buona Vista Drive, #21-01 The Metropolis Tower 1, Singapore 138588	
(3) Title and name of representative	Soichi Ide, President & Chief Executive Officer	
(4) Business profile	Engineering, Procurement, Construction and Installation services for floating offshore oil and gas production facilities	
(5) Date of establishment	August 25, 2003	
(6) Major shareholder and shareholding ratio	MODEC, Inc. (100%)	
(8) Relationship between TOYO and MOPS	Capital relationship	Not applicable
	Relationship in human resources	Not applicable
	Business relationship	Collaboration on the topside EPC scopes for FPSO projects
	Whether MOPS falls within a related party to TOYO	Not applicable

* The capital stock of MODEC Offshore Production Systems (Singapore) Pte. Ltd. and the consolidated results of operations and consolidated financial position of the company over the last three years are not disclosed due to restrictions on disclosure of information under the joint venture agreement.

4. Schedule

Execution of the agreement for the establishment of the joint venture company: August 5, 2022

5. Future Outlook

Although TOYO expects that the impact of this matter on its consolidated financial results for the fiscal year ending March 2023 will be minor, it will promptly disclose any matters that should be disclosed when necessary.