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February 14, 2023

Consolidated Financial Results for the Year Ended December 31, 2022 (IFRS)

Company name: MODEC, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 6269
 URL: <http://www.modec.com>
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 Scheduled date of annual general meeting of shareholders: March 28, 2023
 Scheduled date to commence dividend payments: —
 Scheduled date to file annual securities report: March 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions.)

1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Year ended	Revenue		Operating profit		Profit before tax		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2022	363,593	(18.9)	9,997	-	7,277	-	5,460	-
December 31, 2021	448,510	42.5	(36,512)	-	(39,597)	-	(41,394)	-

Year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	yen	yen
December 31, 2022	4,960	-	37,606	-	88.00	87.96
December 31, 2021	(41,860)	-	(33,780)	-	(742.75)	(742.75)

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, 2022	5.9	1.8	2.7
December 31, 2021	(52.7)	(10.4)	(8.1)

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

Year ended December 31, 2022: 16,833 million yen; Year ended December 31, 2021: 3,370 million yen

(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
	million yen	million yen	million yen	%	yen
December 31, 2022	416,206	111,625	107,712	25.9	1,910.82
December 31, 2021	393,971	63,802	61,247	15.5	1,086.67

(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 year
Year ended	million yen	million yen	million yen	million yen
December 31, 2022	(27,722)	(7,544)	(6,504)	65,376
December 31, 2021	17,509	(25,364)	30,588	93,173

Note: The original consolidated financial statements of MODEC, INC. and its subsidiaries (hereinafter "the Company") for the years ended December 31, 2022 and 2021 are presented in functional currency of the Company, US dollars. The amounts presented for consolidated operating results, consolidated financial position and consolidated cash flows are converted to Japanese yen, respectively, as follows:

December 31, 2022 US\$1.00 = 132.71 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2022.

December 31, 2021 US\$1.00 = 115.01 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2021.

The percentage indicating year-on-year changes is calculated on Japanese yen basis presented above.

Consolidated operating results, consolidated financial position and consolidated cash flow information in US dollars are presented in page 5 of this material.

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	Year-end	Total			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2021	-	15.00	-	0.00	15.00	846	-	1.1
Year ended	-	0.00	-	0.00	0.00	-	-	-
December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Year ending	-	-	-	-	-		-	
December 31, 2023 (Forecast)	-	-	-	-	-		-	

3. Consolidated earnings forecast for 2023 (from January 1, 2023 to December 31, 2023)

(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	398,130	9.5	7,962	(20.4)	9,289	27.7	5,971	20.4	105.94

Note: The original consolidated earnings forecast of the Company is presented in functional currency of the Company, US dollars. The amounts in Japanese yen presented for the consolidated earnings forecast for 2023 is converted using US\$1.00 = 132.71 Japanese yen at the TTM rate of Sumitomo Mitsui Banking Corporation as of December 30, 2022.

The consolidated earnings forecast in US dollars are presented in page 5 of this material.

*** 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 year (including treasury shares)

As of December 31, 2022	56,408,000 shares
As of December 31, 2021	56,408,000 shares

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

As of December 31, 2022	38,217 shares
As of December 31, 2021	45,100 shares

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

Year ended December 31, 2022	56,367,747 shares
Year ended December 31, 2021	56,359,561 shares

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
December 31, 2022	269,663	(24.7)	(2,747)	-	29,192	-	5,112	-
December 31, 2021	358,045	54.6	(5,535)	-	(4,052)	-	(67,621)	-

	Basic earnings per share	Diluted earnings per share
Year ended	yen	yen
December 31, 2022	90.69	-
December 31, 2021	(1,199.82)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2022	241,328	21,532	8.9	381.98
December 31, 2021	263,987	16,389	6.2	290.78

Reference: Equity as of December 31, 2022: 21,532 million yen; as of December 31, 2021: 16,389 million yen

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

- * Consolidated financial results are exempt from audit conducted by certified public accountants or an audit corporation.
- * Notes for the proper use of earnings forecasts and other special matters
 - Accompanying consolidated financial statements and selected notes are presented in functional currency of the Company, US dollars.
 - Earnings forecast and other forward-looking statements 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. Please refer to

Qualitative information on financial results on the second page of attached material for assumptions and conditions precedent of earnings forecast and notes for utilization.

- The Company will hold an on-line financial result presentation for institutional investors and analysts on February 15th, 2023. The material used for the financial result presentation will be posted on the Company's web site immediately following the session.

[Reference] Consolidated financial results for the year ended December 31, 2022 and consolidated earnings forecast for the year ending December 31, 2023 presented in functional currency of the Company, US dollars

(US dollar amounts are rounded down to thousands.)

1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	%
Year ended								
December 31, 2022	2,739,762	(29.7)	75,330	—	54,835	—	41,143	—
December 31, 2021	3,899,748	42.5	(317,552)	-	(344,300)	-	(359,920)	-

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	US\$ thousand	%	US\$ thousand	%	US\$		US\$	
Year ended								
December 31, 2022	37,377	—	283,372	—	0.66		0.66	
December 31, 2021	(363,975)	-	(293,720)	-	(6.46)		(6.46)	

	Return on equity attributable to owners of parent		Ratio of profit before tax to total assets		Ratio of operating profit to revenue	
		%		%		%
Year ended						
December 31, 2022		5.6		1.7		2.7
December 31, 2021		(52.7)		(10.4)		(8.1)

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

Year ended December 31, 2022: US\$126,845 thousand; Year ended December 31, 2021: US\$29,309 thousand

(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	
	US\$ thousand		US\$ thousand		US\$ thousand		%		US\$	
As of										
December 31, 2022	3,136,213		841,121		811,640		25.9		14.40	
December 31, 2021	3,425,542		554,759		532,541		15.5		9.45	

(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 year	
	US\$ thousand		US\$ thousand		US\$ thousand		US\$ thousand	
Year ended								
December 31, 2022	(208,895)		(56,846)		(49,013)		492,625	
December 31, 2021	152,239		(220,544)		265,965		810,131	

2. Consolidated earnings forecast for 2023 (from January 1, 2023 to December 31, 2023)

(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	3,000,000	9.5	60,000	(20.4)	70,000	27.7	45,000	20.4	0.80	