

February 22, 2023

MODEC, INC.

Takeshi Kanamori, President & CEO

Code TSE 6269

Contact Yasuhiro Takano
Executive Managing Officer

TEL +81-3-5290-1200

Reduction of Capital and Capital Surplus, and disposition of Surplus

MODEC, INC. hereby announces that it has resolved, at a meeting of the Board of Directors held on February 22, 2023, to submit a proposal regarding the reduction of capital and capital surplus, and disposition of surplus at the 37th Annual General Meeting of Shareholders scheduled to be held on March 28, 2023. The details are described below.

1. Purpose of reduction of capital and capital surplus, and disposition of surplus

In order to compensate for the deficit in retained earnings of MODEC, Inc, to ensure the soundness of our financial structure, the flexibility and mobility of future capital policies, including shareholder returns, we would like to reduce the amount of capital and capital surplus, and transfer them to other capital surplus pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act. And then, we would like to transfer the increased other capital surplus to retained earnings in accordance with the provisions of Article 452 of the same law.

Since this proposal does not result in changing the total number of issued shares, the number of shares owned by shareholders and business performance will not be affected.

As the balance of net assets will not change due to the decrease in the amount of capital and capital surplus, net assets per share will not change.

2. Overview of capital reduction

(1) Amount of capital to be reduced

The share capital is going to be reduced by ¥19,500,000,000.

(2) Method of capital reduction

The capital will be reduced and the entire amount will be transferred to other capital surplus.

(3) Effective date of capital reduction

May 31, 2023 (scheduled)

3. Overview of reduction of capital surplus

(1) Amount of capital surplus to be reduced

The capital surplus is going to be reduced by ¥19,823,708,200.

(2) Method of capital surplus reduction

The capital surplus will be reduced and the entire amount will be transferred to other capital surplus.

(3) Effective date of capital surplus reduction

May 31, 2023 (scheduled)

4. Overview of disposition of Surplus

Subject to the capital reduction in item 2 above and the reduction of capital surplus in item 3 above becoming effective, the entire amount of ¥39,323,708,200 in other capital surplus increased due to the reduction will be transferred to compensate the deficit in retained earnings.

- (1) Item and amount of surplus to decrease
Other capital surplus : ¥39,323,708,200
- (2) Item and amount of surplus to increase
Retained earnings : ¥39,323,708,200
- (3) Effective date of capital reduction
May 31, 2023 (scheduled)

5. Timetable

(1)	Date of resolution at the meeting of the Board of Directors	February 22, 2023
(2)	Date of resolution at the General Meeting of Shareholders	March 28, 2023 (scheduled)
(3)	Final due date for creditors to make objections	May 19, 2023 (scheduled)
(4)	Effective date of reduction of capital, capital surplus and disposition of Surplus	May 31, 2023 (scheduled)

6. Future outlook

This is a transfer process between account of the net assets, there is no change in net assets, and no impact on our business performance.

This is subject to the approval at the Ordinary General Shareholders Meeting on March 28, 2023.