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(Securities Code: 6269)

Commencement of Electronic Provision: March 1, 2023

Date of Release: March 10, 2023

To Our Shareholders with Voting Rights:

Takeshi Kanamori
President and Chief
Executive Officer
MODEC, INC.
3-10, Nihonbashi 2-chome
Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 37TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Please be advised that the 37th Annual General Meeting of Shareholders of MODEC, INC. (the “Company”) is to be held as described below.

The Company has taken measures for electronic provision of materials for the General Meeting of Shareholders and posted matters to be provided electronically (the “Matters”) on its website on the Internet pursuant to the provision of Article 325-3 of the Companies Act. Please access the following URL to review the information.

The Company’s website: <https://www.modec.com/ir/stock/agm.html>

The Matters are posted on the Company’s website and also on the Tokyo Stock Exchange’s website. In case they cannot be accessed on the Company’s website, please visit the Listed Company Search page on the Tokyo Stock Exchange’s website from the address below, enter the issue name (company name) or securities code, then select Basic information – Documents for public inspection/PR information to search and view the information on the Notice of General Meeting of Shareholders.

The Tokyo Stock Exchange’s website (Listed Company Search):
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting, you may exercise your voting rights via the Internet, etc. or in writing. The details of each proposal are as shown on the Reference Documents for the General Meeting of Shareholders attached to the Notice of Convocation of the 37th Annual General Meeting of Shareholders on the Company’s website. Please review the documents and exercise your voting rights by 5:40 p.m. on Monday, March 27, 2023 by referring to the “Guide to Exercising Voting Rights Prior to the Meeting” (available in Japanese only) provided later in this Notice of Convocation.

- 1. Date and Time:** Tuesday, March 28, 2023, at 10:00 a.m.
(The reception desk opens at 9:00 a.m.)
- 2. Place:** Congres Square Nihonbashi 2F Convention Hall A/B
Tokyo Tatemono Nihonbashi Building, 3-13, Nihonbashi 1-chome Chuo-ku,
Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. Operations Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 37th Term (from January 1, 2022 to December 31, 2022)
 2. Non-consolidated Financial Statements for the 37th Term (from January 1, 2022

to December 31, 2022)

Matters to be resolved:

- Proposal 1:** Reduction of Capital and Capital Surplus, and disposition of Surplus
Proposal 2: Election of Nine Directors

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1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 2. In case of voting by proxy, you can exercise your voting rights by appointing one shareholder who has voting rights as your proxy.
- * Please note that no commemorative gift will be provided to shareholders attending the meeting. We would appreciate your kind understanding.

Other Matters Concerning Procedures of Convocation of the Annual General Meeting of Shareholders

Among the items to be included in the documents stating the matters to be provided electronically (the “Documents”), the items listed below are posted on the Company’s website on the Internet (<https://www.modec.com/ir/stock/agm.html>) pursuant to the provisions of applicable laws and regulations as well as Article 15 of the Company’s Articles of Incorporation, and are not included in the documents to be delivered to those shareholders who have requested printed documents. Accordingly, the items included in the Documents are part of the Operations Report, Consolidated Financial Statements, and Non-consolidated Financial Statements which the Audit & Supervisory Board Members audited in preparing the Audit Report, and part of the Consolidated Financial Statements and the Non-consolidated Financial Statements which the Accounting Auditor audited in preparing the Accounting Audit Report.

- (1) Systems necessary to ensure the appropriateness of business activities and operational status of the systems
- (2) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- (3) Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

In case of circumstances requiring revisions to the matters to be provided electronically, the original and revised versions of the matters will be posted to that effect on the websites of the Company and the Tokyo Stock Exchange on the Internet.

The Company has adopted the International Financial Reporting Standards (IFRS). The presentation currency is the US dollar.

Use of Electronic Voting Platform (for institutional investors)

Institutional investors may electronically exercise their voting rights using the electronic voting platform operated by ICJ, Inc. for this General Meeting of Shareholders.

- Any fees including access fees to internet service providers and communications carriers for use of the website for exercising voting rights shall be borne by shareholders.
- If any voting right is exercised both in writing and via the Internet, the vote that reached the Company at a later timing will be recognized as valid. In the event that both votes arrive on the same day, the vote via the Internet will be recognized as valid.
- A password is important information by which a voting person is confirmed as a shareholder. Please treat your password with care as you would your seal or PIN code.
- Please note that if an incorrect password is entered more than a specified number of times, you will be unable to use it. In case you want your password reissued, please follow instructions on the screen.
- The vote exercising code written on the Voting Rights Exercise Form is effective only for this General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: 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.

1. 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)

2. 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)

3. 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)

Proposal 2: Election of Nine Directors

The terms of office of all the ten current Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the election of nine Directors is proposed, including seven External Directors.

The candidates for Directors are as stated below.

No.	Name	Current positions and responsibilities at the Company	Attendance of the Board of Directors meetings in FY2022
1	Takeshi Kanamori Reappointment	Representative Director, President and Chief Executive Officer	22 / 22 (100%)
2	Yasuhiro Takano Reappointment	Director, Executive Managing Officer, CFO (Chief Financial Officer), in charge of Accounting Department, Finance Department, and Budget and Planning Group of the Company	18 / 18 (100%)
3	Koichi Watanabe New appointment External Director	-	-
4	Koichi Wakana Reappointment External Director	External Director	16 / 16 (100%)
5	Shigenobu Aikyo Reappointment External Director Independent Director	External Director, Nominating and Remuneration Committee Member	22 / 22 (100%)
6	Hiroko Noda Reappointment External Director Independent Director	External Director, Nominating and Remuneration Committee Member	22 / 22 (100%)
7	Kazuko Shiraishi Reappointment External Director Independent Director	External Director, Chairperson of Nominating and Remuneration Committee	22 / 22 (100%)
8	Kazuhisa Nishigai Reappointment External Director Independent Director	External Director, Nominating and Remuneration Committee Member	22 / 22 (100%)
9	Masato Kobayashi Reappointment External Director Independent Director	External Director, Nominating and Remuneration Committee Member	22 / 22 (100%)

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Takeshi Kanamori (September 7, 1956) <u>Reappointment</u>	<p>April 1980 Joined Mitsui & Co., Ltd.</p> <p>October 2005 General Manager of First Plant Projects Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>August 2007 General Manager of Second Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>October 2009 Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>March 2010 Chairman & Managing Director, Mitsui & Co. (Shanghai) Ltd.</p> <p>April 2011 Managing Officer, Mitsui & Co., Ltd.</p> <p> Deputy Chief Representative, Mitsui & Co., Ltd. in China and Chairman & Managing Director, Mitsui & Co. (Shanghai) Ltd.</p> <p>April 2012 Executive Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>March 2013 External Director of the Company</p> <p>April 2013 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>April 2016 Senior Executive Managing Officer, Mitsui & Co., Ltd. Chief Representative, Mitsui & Co., Ltd. in China and Chairman & Managing Director, Mitsui & Co., Ltd. in China</p> <p>March 2018 Director, Executive Vice President, Assistant to President of the Company</p> <p>July 2018 CCO (Chief Compliance Officer), in charge of Legal Department and Compliance Group</p> <p>March 2019 CCO (Chief Compliance Officer), and in charge of Compliance Group</p> <p>April 2020 CCO (Chief Compliance Officer), in charge of Legal Department and Compliance Group</p> <p>April 2021 Representative Director, President and Chief Executive Officer of the Company (current position)</p>	13,800
<p>Reasons for selection as a Director candidate</p> <p>Mr. Takeshi Kanamori has been successively selected as a candidate for Director, as he has acquired abundant experience as a member of the management of a major general trading company, supervised the overall business execution of the Company, and has been in charge of Legal and Compliance Departments, etc.</p>			
2	Yasuhiro Takano (December 25, 1957) <u>Reappointment</u>	<p>April 1980 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>April 2004 Seconded to the Company</p> <p>March 2005 General Manager of Operations Department and General Manager of Corporate Planning & Strategies of the Company</p> <p>July 2006 Transferred to the Company</p> <p>December 2007 General Manager of Accounting Department and General Manager of Corporate Planning & Strategies of the Company</p> <p>May 2010 General Manager of Corporate Planning & Strategies Department of the Company</p> <p>April 2012 Deputy Director, General Manager of Corporate Planning & Strategies Department of the Company</p> <p>April 2013 Executive Officer, General Manager of Corporate Planning & Strategies Department of the Company</p> <p>April 2016 Executive Managing Officer, CFO of the Company</p> <p>April 2021 Executive Managing Officer, CFO, in charge of Human Resources Department, General Manager of Human Resources Department of the Company</p> <p>March 2022 Director, Executive Managing Officer, CFO, in charge of Accounting Department, Finance Department, and Budget and Planning Group of the Company (current position)</p>	4,900

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
		<p>Reasons for selection as a Director candidate</p> <p>Mr. Yasuhiro Takano has been successively selected as a candidate for Director, as he has acquired outstanding expertise cultivated through his work experience in the accounting and finance divisions of a financial institution and the Company and has been in charge of the accounting and finance divisions of the Company.</p>	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	<p>Koichi Watanabe (July 14, 1968)</p> <p><u>New appointment</u> <u>External Director</u></p>	<p>April 1992 Joined Mitsui Engineering & Shipbuilding Co., Ltd. (currently Mitsui E&S Holdings Co., Ltd.)</p> <p>July 2009 Seconded to MITSUI ZOSEN EUROPE LIMITED</p> <p>October 2012 Manager of Finance & Accounting Dept., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2017 General Manager of Accounting Dept., Tamano Works, Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2018 General Manager of Tamano General Office, Human Resources & General Affairs Dept., Mitsui E&S Holdings Co., Ltd. General Manager of Tamano Office, Finance & Accounting Services Dept., Mitsui E&S Business Service Co., Ltd.</p> <p>December 2018 Manager of Finance & Accounting Dept., Mitsui E&S Holdings Co., Ltd.</p> <p>June 2019 Director (Part-time), Mitsui E&S Machinery Co., Ltd. (current position)</p> <p>April 2021 General Manager of Finance & Accounting Dept., Mitsui E&S Holdings Co., Ltd. (current position) Director, Mitsui E&S Business Service Co., Ltd. (current position)</p> <p>April 2023 Executive Officer, General Manager of Finance Dept., MITSUI E&S Co., Ltd. (scheduled)</p>	0
		<p>Reasons for selection as an External Director candidate and expected roles</p> <p>Mr. Koichi Watanabe has been newly selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company, based on his abundant knowledge, experience and managerial capability primarily in the finance and accounting fields, cultivated through his service in Mitsui E&S Holdings Co., Ltd., as well as his extensive work experience in the field of international business.</p>	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
4	Koichi Wakana (October 8, 1967) <u>Reappointment</u> <u>External Director</u>	April 1990 Joined Mitsui & Co., Ltd. April 2008 General Manager of Second Sales Office, First Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2010 General Manager of First Sales Office, Environment and New Energy Business Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2013 Deputy Manager of Environment and New Energy Business Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2015 General Manager of Third Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2019 General Manager, Caitan SpA December 2021 Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd. March 2022 External Director of the Company (current position) April 2022 Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd. (current position) Director, Mitsui & Co. Plant Systems, Ltd. (current position)	0
		Reasons for selection as an External Director candidate and expected roles Mr. Koichi Wakana has been successively selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company, based on his wide range of business experience at a major general trading company as well as practical knowledge related to the Company's business.	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Shigenobu Aikyo (October 1, 1949) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	April 1972 Joined Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation) June 1999 Executive Officer, Head of Human Resources Dept., Sumitomo Bank April 2001 Executive Officer, Head of Corporate Management Dept., Sumitomo Mitsui Banking Corporation June 2003 Managing Executive Officer, Head of Tokyo Corporate Banking Division I, Sumitomo Mitsui Banking Corporation June 2005 Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation April 2006 Senior Managing Director, Sumitomo Mitsui Banking Corporation Senior Managing Director (Executive Officer), Sumitomo Mitsui Financial Group, Inc. April 2007 Deputy President, Head of Corporate Banking Unit, Sumitomo Mitsui Banking Corporation April 2010 Chairman and Representative Director, Nikko Cordial Securities Inc. April 2011 Chairman and Representative Director, SMBC Nikko Securities Inc. April 2015 Advisor, SMBC Nikko Securities Inc. June 2015 External Director, HASHIMOTO SOGYO HOLDINGS Ltd. (current position) March 2016 External Director of the Company (current position) June 2016 External Director, Sanyo Chemical Industries, Ltd. June 2016 External Director, DAIHEN Corporation June 2016 Outside Director, SCSK Corporation June 2016 External Director, NICHICON CORPORATION (current position) June 2019 External Statutory Auditor, Starts Corporation Inc. (current position)	3,700
		Reasons for selection as an External Director candidate and expected roles Mr. Shigenobu Aikyo has been successively selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company from a broad perspective, based on his extensive knowledge regarding finance and management gained through his longtime involvement in the management of financial institutions. He satisfies the Criteria for the Independence of External Directors/Corporate Auditors established by the Company.	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
6	Hiroko Noda (July 3, 1960) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	April 1987 Joined Minato Audit Corporation (currently KPMG AZSA LLC) August 1987 Joined Prudential Securities Incorporated March 1990 Founded Noda Certified Public Accountant Office Representative, Noda Certified Public Accountant Office (current position) August 1992 Joined Banque Indosuez S.A. (currently Crédit Agricole Corporate and Investment Bank and Crédit Agricole Securities Asia BV) June 2000 Joined Canadian Bank of Commerce (Tokyo Branch, Canadian Bank of Commerce, subsequently, joined Tokyo Branch, CIBC Securities Inc.) July 2006 Joined BUSICOM Co., Ltd. September 2007 Representative Director, Prominent Consulting Co., Ltd. May 2010 Founded Probity Consulting Co., Ltd. Representative Director, Probity Consulting Co., Ltd. (current position) April 2014 Part-time Lecturer, Graduate School of Asian and International Business Strategy, Asia University (current position) March 2019 External Director (Audit & Supervisory Committee Member), Okabe Co., Ltd. (current position) March 2019 External Director of the Company (current position) June 2021 Outside Director (Audit & Supervisory Committee Member), S.T. CORPORATION (current position) June 2022 Outside Director, CHORI CO., LTD. (current position) Reasons for selection as an External Director candidate and expected roles Ms. Hiroko Noda has been successively selected as a candidate for External Director, as she is judged to be able to supervise and provide advice on the overall management of the Company from an objective standpoint, based on her abundant experience and broad knowledge acquired at accounting departments of foreign financial institutions and as a management consultant. She satisfies the Criteria for the Independence of External Directors/Corporate Auditors established by the Company.	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Kazuko Shiraishi (August 18, 1951) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1974 Joined Ministry of Foreign Affairs of Japan</p> <p>February 2001 Consul General, Consulate-General of Japan in Atlanta</p> <p>June 2003 General Manager, International Economic Treaty Office, Treaty Bureau, Ministry of Foreign Affairs</p> <p>September 2004 Policy Coordinator, Foreign Policy Bureau, Ministry of Foreign Affairs</p> <p>October 2005 General Manager, WTO Dispute Settlement Division, Economic Affairs Bureau, Ministry of Foreign Affairs</p> <p>April 2007 Councilor, Embassy of Japan in Poland</p> <p>January 2012 Ambassador Extraordinary and Plenipotentiary to Lithuania</p> <p>June 2015 Ambassador (for Women, Human Rights and Humanitarian Affairs and in charge of Arctic Affairs)</p> <p>June 2016 Ambassador (in charge of Arctic Affairs), Ministry of Foreign Affairs</p> <p>October 2016 Conciliation Commissioner, Tokyo Family Court (current position)</p> <p>June 2017 Term of office of Ambassador, Ministry of Foreign Affairs expired</p> <p>December 2017 Special Envoy for EXPO 2025 OSAKA, KANSAI, JAPAN</p> <p>June 2018 External Director (Audit and Supervisory Committee Member), SCSK Corporation (current position)</p> <p>March 2019 External Director of the Company (current position)</p> <p>Reasons for selection as an External Director candidate and expected roles Ms. Kazuko Shiraishi has been successively selected as a candidate for External Director, as she is judged to be able to supervise and provide advice on the overall management of the Company from an objective standpoint, based on her extensive knowledge and wealth of experience in international affairs she gained through her career at government and public offices. She has not been involved in the management of a company in any way other than serving as an external director or external auditor in the past. However, for the above reasons, the Company believes that she will be able to appropriately perform her duties as an External Director. She satisfies the Criteria for the Independence of External Directors/Corporate Auditors established by the Company.</p>	0
8	Kazuhiisa Nishigai (July 29, 1950) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1975 Joined Bridgestone Tire Co., Ltd (currently Bridgestone Corporation)</p> <p>April 2004 Director, Process Engineering Development Division, Bridgestone Corporation</p> <p>January 2005 Vice President and Officer, Bridgestone Corporation</p> <p>October 2007 Vice President and Senior Officer, Bridgestone Corporation</p> <p>March 2008 Member of the Board, Vice President and Senior Officer, Bridgestone Corporation</p> <p>March 2010 Representative Board Member, Senior Vice President, Bridgestone Corporation</p> <p>March 2012 Representative Board Member and COO, Bridgestone Corporation</p> <p>March 2016 Member of the Board, COO and Representative Executive Officer, Bridgestone Corporation</p> <p>January 2019 Member of the Board, Bridgestone Corporation</p> <p>March 2019 External Advisor, Bridgestone Corporation (current position)</p> <p>March 2020 External Director of the Company (current position)</p>	0

	<p>Reasons for selection as an External Director candidate and expected roles</p> <p>Mr. Kazuhisa Nishigai has been successively selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company, based on his extensive knowledge and management ability gained through his involvement in the management of a major listed manufacturing company, as well as wide range of business experience related to production engineering, plant management and sales, etc. He satisfies the Criteria for the Independence of External Directors/Corporate Auditors established by the Company.</p>
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No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
9	Masato Kobayashi (April 5, 1960) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1986 Registered as an attorney (Dai-Ichi Tokyo Bar Association) Joined YUASA AND HARA</p> <p>January 1996 Partner, YUASA and HARA</p> <p>February 1997 Outside Statutory Auditor, Oracle Corporation Japan</p> <p>July 1997 Founded Hirakawa, Sato & Kobayashi (currently City-Yuwa Partners), Partner</p> <p>February 2003 Partner, City-Yuwa Partners (current position)</p> <p>January 2020 Outside Statutory Auditor, Tsukishima Kikai Co., Ltd.</p> <p>June 2020 Outside Director, eBOOK Initiative Japan Co., Ltd.</p> <p>December 2020 External Audit & Supervisory Board Member, Japan Platform of Industrial Transformation, Inc. (current position)</p> <p>March 2021 External Director of the Company (current position)</p> <p>Reasons for selection as an External Director candidate and expected roles Mr. Masato Kobayashi has been successively selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company, based on a wealth of experience and professional insight on overall legal affairs as an attorney. He has not been involved in the management of a company in any way other than serving as an external director or external auditor in the past. However, for the above reasons, the Company believes that he will be able to appropriately perform his duties as an External Director. He satisfies the Criteria for the Independence of External Directors/Corporate Auditors established by the Company.</p>	0

- (Notes) 1. The Company is an equity method affiliate of Mitsui E&S Holdings Co., Ltd. The positions and responsibilities at the company of the candidates who currently serve or had served during the past ten years as executives at Mitsui E&S Holdings Co., Ltd. are stated in the above “Career summary, positions and responsibilities at the Company, and significant concurrent positions.”
Other candidates for Directors have no special interest in the Company.
2. The terms of office of the current External Directors as the Company’s External Director will be seven years for Mr. Shigenobu Aikyo, four years for Mses. Hiroko Noda and Kazuko Shiraiishi, three years for Mr. Kazuhisa Nishigai, two years for Mr. Masato Kobayashi, and one year for Koichi Wakana as of the conclusion of this General Meeting of Shareholders.
3. Liability limitation contract with the Directors (excluding those serving as Executive Directors, etc.)
The Company has entered into contracts with Messrs. Koichi Wakana and Shigenobu Aikyo, Mses. Hiroko Noda and Kazuko Shiraiishi, Mr. Kazuhisa Nishigai, and Mr. Masato Kobayashi to limit their liabilities for compensation of damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the contracts shall be the minimum amount prescribed in Article 425, Paragraph 1 of the said Act. If this Proposal is approved, the Company intends to renew the liability limitation contracts with them and newly enter into contract of the same content with Mr. Koichi Watanabe.
4. The Company has entered into an officers’ liability insurance contract to indemnify all of the Company’s Directors, the insured under the contract, for any damages they may incur as a result of being held liable for the execution of their duties, or receiving a claim associated with the pursuit of such liability. If they assume the office of Director, they will be insured under the contract, which will be renewed during their terms of office.
5. The numbers of shares of the Company held by the candidates are as of December 31, 2022.

[Reasons for selecting each item in the skill matrix]

Item	Reasons for selection
Corporate management	In order to fulfill the role of monitoring management expected of the Board of Directors, it is necessary to have knowledge and experience in corporate management.
International experience	The Company's main customers are overseas oil exploration and production companies, and almost 100% of its sales are posted overseas. Therefore, it is necessary to have international experience as we have established a global value chain.
Legal and compliance	Since negotiations with customers and contractors are complex and diverse, it is necessary to have knowledge and experience in contract practices and laws and regulations of various countries from the perspective of risk management.
Finance, accounting, and taxation	In order to monitor the soundness of management by preparing accurate financial reports, as well as from the perspective of risk management, it is necessary to have knowledge and experience in finance, accounting, and taxation.
Internal control and governance	The establishment of an appropriate governance system is the foundation for sustainable growth, and it is necessary to have knowledge and experience in governance to exercise the supervisory function over globally operating subsidiaries.
Human resource management and development	In order to maximize capabilities, it is necessary to have knowledge and experience in human resource management and development, including the promotion of diversity.
ESG	In addition to the businesses involved in the oil and gas industry to date, it is necessary to have a perspective that can serve as a foundation for innovation and new business initiatives to ensure that we do not fail to keep up with the decarbonization trends in the future.

(Reference) Skill matrix [after the shareholders' meeting]

Name		Current position / Reappointment / New appointment	External / Independent	Knowledge and experience possessed by the officers						
				Corporate management	International experience	Legal and compliance	Finance, accounting, and taxation	Internal control and governance	Human resource management and development	ESG
Directors	Takeshi Kanamori	Reappointment		○	○	○		○		
	Yasuhiro Takano	Reappointment		○	○	○	○		○	
	Koichi Watanabe	New appointment	External	○	○		○	○		
	Koichi Wakana	Reappointment	External	○	○			○		○
	Shigenobu Aikyo	Reappointment	External, Independent	○			○	○	○	
	Hiroko Noda	Reappointment	External, Independent	○	○		○	○	○	
	Kazuko Shiraishi	Reappointment	External, Independent	○	○			○		○
	Kazuhisa Nishigai	Reappointment	External, Independent	○	○			○		
	Masato Kobayashi	Reappointment	External, Independent	○	○	○		○		
Audit & Supervisory Board Members	Yoshihiro Takamura	Current position		○	○		○	○		
	Yoshihiro Kato	Current position	External, Independent		○		○	○		
	Toshihiko Fujita	Current position	External, Independent			○	○	○	○	
	Masaaki Amma	Current position	External, Independent	○	○		○	○	○	○

Operations Report (from January 1, 2022 to December 31, 2022)

Overview and Results of Operations

During 2022 the Japanese economy showed signs of recovery in personal consumption and corporate earnings, among others, as economic and social activities gradually returned to normal while the impact of COVID-19 continued. However, the outlook remained uncertain mainly due to the rapid depreciation of yen and rising prices. The global economy was also on a recovery trend since economic and social activities in general gradually returned to normal with countries easing their restrictive policies on COVID-19; however, the impact of Russia's invasion of Ukraine, among other factors, caused resource and raw material prices to soar and inflation to accelerate sharply.

WTI oil prices rose temporarily to the lower US\$120 a barrel in expectation of further supply shortages triggered by the introduction of EU embargo on Russian crude oil. At the end of 2022, however, the market closed at a level of US\$70 per barrel as a result of the growing prospect of declining energy demand due to a downturn in the Chinese economy and fears of an economic slowdown caused by monetary tightening in major industrialized countries. Given these circumstances, maintaining a stable energy supply while concurrently embracing the trend toward decarbonization remains a critical issue, and thus the Group expects the oil companies to maintain deep-sea oil field development projects for the foreseeable future. In addition, for floating offshore oil and gas production facilities steady demand is expected to continue especially in FPSOs for ultra-deepwater large-scale projects where the Group has a competitive advantage.

However, the business environment surrounding the Group is undergoing significant changes including decarbonization, the further progress and more widely used renewable energy, and the evolution of digital technologies. The Group will firmly take into account these changes in the business environment. While securing profits from existing businesses, the Group will steadily develop new sources of earnings for the future such as floating offshore wind turbines, development of eco-friendly FPSOs and digital solutions businesses.

Under these circumstances, for the consolidated operating results in 2022, orders amounted to US\$1,462,207 thousand (down 49.6% from the previous year) due to variation orders in FPSO construction projects and other factors. Revenue was US\$2,739,762 thousand (down 29.7% from the previous year) due to progress in the construction of FPSOs.

In terms of profit, operating profit was US\$75,330 thousand (operating loss of US\$317,552 thousand in previous year). This is attributable to the progress of some construction projects with relatively higher profitability and an increase in the revenue of the charter business despite factors that lowered profit including cost overrun in some construction projects affected by the lingering effect of COVID-19 and additional repair costs incurred for FPSOs operating in Brazil.

In addition, foreign exchange loss due to higher US dollars and the recognition of loss allowance for expected credit loss for additional loans to an associate company that owns an FPSO and other factors resulted in increase in finance costs. As a result, profit before tax for 2022 amounted to US\$54,835 thousand (loss before tax of US\$344,300 thousand in previous year). Profit attributable to owners of parent for the year was US\$37,377 thousand (loss attributable to owners of parent of US\$363,975 thousand in previous year).

Although the Group has secured net profit for the year, the Group has not built up sufficient internal reserves. Accordingly, we deeply regret to inform you that we do not make any year-end dividend distribution.

We sincerely apologize to our shareholders, and we are striving to resume dividend distribution as soon as possible. We will ask your continued support.

Financial Statements

Consolidated Statement of Financial Position

(December 31, 2022)

(Thousands of US dollars)

Description	Amount	Description	Amount
Assets	3,136,213	Liabilities	2,295,092
Total current assets	1,407,147	Total current liabilities	1,764,443
Cash and cash equivalents	492,625	Trade and other payables	921,708
Trade and other receivables	478,083	Contract liabilities	499,383
Contract assets	257,328	Borrowings	19,084
Other financial assets	37,288	Income taxes payable	38,389
Other current assets	141,820	Provisions	109,704
		Other financial liabilities	99,219
Total non-current assets	1,729,066	Other current liabilities	76,954
Property and equipment	64,314	Total non-current liabilities	530,649
Intangible assets	70,213	Bonds and borrowings	374,293
Investments accounted for using equity method	1,114,066	Deferred tax liabilities	1,283
Loans receivable	365,032	Defined benefit liability	43,959
Other financial assets	13,603	Provisions	56,675
Deferred tax assets	65,016	Other financial liabilities	37,127
Other non-current assets	36,819	Other non-current liabilities	17,310
		Equity	841,121
		Common stock	282,292
		Capital surplus	280,686
		Retained earnings	131,004
		Treasury shares	(1,092)
		Other components of equity	118,748
		Equity attributable to owners of parent	811,640
		Non-controlling interests	29,481
Total assets	3,136,213	Total liabilities and equity	3,136,213

(Note) The figures are rounded down to the nearest thousand US dollars.

Consolidated Statement of Income
(For the year ended December 31, 2022)

(Thousands of US dollars)

Description	Amount
Revenue	2,739,762
Cost of sales	(2,671,503)
Gross profit	68,259
Selling, general and administrative expenses	(153,101)
Equity in earnings of unconsolidated subsidiaries and affiliates	126,845
Other income	33,384
Other expenses	(57)
Operating profit	75,330
Finance income	64,389
Finance costs	(84,884)
Profit before tax	54,835
Income tax expense	(13,691)
Profit	41,143
Profit attributable to	
Owners of parent	37,377
Non-controlling interests	3,766
Profit	41,143
Earnings per share	
Basic earnings per share (US dollars)	0.66
Diluted earnings per share (US dollars)	0.66

Non-Consolidated Balance Sheet (December 31, 2022)

(Millions of Japanese yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	137,901	Current liabilities	167,551
Cash and time deposits	19,476	Accounts payable - trade	78,605
Accounts receivable - trade	45,145	Current portion of long-term loans payable	2,524
Contract assets	31,663	Lease obligations	16
Advance payments – trade	13,223	Accounts payable – other	1,638
Prepaid expenses	729	Accrued expenses	2,832
Short-term loans receivable	4,334	Contract liabilities	48,175
Accounts receivable - other	19,408	Deposits received	165
Accrued income	5,070	CMS deposits received	29,655
Other current assets	1,063	Accrued employees' bonuses	58
Less - allowance for bad debts	(2,214)	Provision for loss on order received	3,829
		Other current liabilities	50
Non-current assets	103,427	Non-current liabilities	52,245
Property and equipment	81	Bonds payable	29,859
Buildings	44	Long-term loans payable	20,361
Tools, furniture and fixtures	6	Lease obligations	17
Leased assets	30	Provision for retirement benefits	838
		Other provisions	89
Intangible assets	1,893	Deferred tax liabilities	992
Software	54	Other non-current liabilities	86
Other	1,839		
		Total liabilities	219,796
Investments and other assets	101,451	(Net assets)	
Investment securities	0	Shareholders' equity	21,532
Investment in subsidiaries and affiliates	94,144	Common stock	30,122
Long-term loans receivable from unconsolidated subsidiaries and affiliated companies	18,325	Capital surplus	30,852
Less - allowance for bad debts	(12,516)	Legal capital surplus	30,852
Other investments	1,498	Retained earnings	(39,323)
		Legal retained earnings	68
		Other retained earnings	(39,392)
		Retained earnings brought forward	(39,392)
		Less - treasury stock at cost	(119)
		Total net assets	21,532
Total assets	241,328	Total liabilities and net assets	241,328

Non-Consolidated Statement of Income
(For the year ended December 31, 2022)

(Millions of Japanese yen)

Description	Amount	
Sales		269,663
Cost of sales		263,684
Gross profit		5,978
Selling general and administrative expenses		8,725
Operating loss		(2,747)
Non-operating income		
Guarantee commission received	194	
Interest and dividend income	45,184	
Other	2,746	48,126
Non-operating expenses		
Interest expense	5,229	
Foreign exchange losses	9,561	
Other	1,395	16,186
Ordinary profit		29,192
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	19,767	
Provision of allowance for doubtful accounts	4,252	24,020
Profit before income taxes		5,171
Income taxes - current		4
Income taxes - deferred		54
Profit		5,112