

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2019

A S S E T S

	Millions of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥52,381
Accounts receivable-trade	163,364
Inventories	4,630
Short-term loans receivable	8,387
Other current assets	19,198
Less allowance for bad debts	(450)
Total current assets	247,512
PROPERTY AND EQUIPMENT:	
Buildings and structures	140
Machinery and equipment	90
Other property and equipment	9,120
Construction in progress	10
Less accumulated depreciation	(4,313)
Total property and equipment	5,048
INTANGIBLE ASSETS:	9,652
INVESTMENTS AND OTHER ASSETS:	
Investment securities	72,202
Long-term loans receivable from affiliates	37,886
Deferred tax assets	3,922
Other investments	6,965
Total investments and other assets	120,976
Total assets	¥383,189

** The figures are rounded down to the nearest million yen.*

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥150,847
Current portion of long-term loans payable	13,931
Lease obligations	1,544
Accrued expenses	18,110
Income taxes payable	5,129
Advances received	13,411
Accrued employees' bonuses	85
Accrued directors' bonuses	25
Provision for loss on construction contracts	7,146
Provision for product warranty	6,930
Provision for repairs	10,573
Other current liabilities	4,124
Total current liabilities	231,860
LONG-TERM LIABILITIES:	
Long-term loans payable	10,827
Lease obligations	2,238
Net defined benefit liabilities	366
Deferred tax liabilities	196
Liabilities from application of equity method	5,451
Other long-term provision	285
Other long-term liabilities	6,596
Total long-term liabilities	25,962
Total liabilities	257,823
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	71,950
Treasury stock, at cost	(188)
Total shareholders' equity	131,185
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(11,282)
Foreign currency translation adjustments	2,983
Retirement liability adjustments for foreign consolidated subsidiaries	(1,095)
Total accumulated other comprehensive income	(9,394)
NON-CONTROLLING INTERESTS	3,575
Total net assets	125,366
Total liabilities and net assets	¥383,189

* The figures are rounded down to the nearest million yen.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2019

	Millions of Japanese yen
SALES	¥332,644
COST OF SALES	325,148
Gross profit (loss)	7,495
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	12,336
Operating profit (loss)	(4,841)
OTHER INCOME (EXPENSES):	
Interest income	5,943
Equity in earnings of unconsolidated subsidiaries and affiliates, net	2,382
Interest expense	(964)
Foreign exchange gain (loss), net	(1,375)
Gain (loss) on revaluation of derivatives	(590)
Gain on sales of non-current assets	327
Gain on liquidation of subsidiaries and affiliates	509
Special repair expenses	(16,690)
Others, net	(259)
Total other income (expenses)	(10,717)
PROFIT (LOSS) BEFORE INCOME TAXES	(15,558)
INCOME TAXES:	
Current	2,780
Prior	0
Deferred	(660)
PROFIT (LOSS)	(17,680)
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	547
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	(¥18,227)

** The figures are rounded down to the nearest million yen.*

Earnings (loss) per share	(¥323.47)
---------------------------	-----------

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

	Millions of Japanese yen
PROFIT(LOSS)	(¥17,680)
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	399
Foreign currency translation adjustments	(2,106)
Retirement liability adjustments for foreign consolidated subsidiaries	(368)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(5,809)
Total other comprehensive income (loss)	(7,885)
COMPREHENSIVE INCOME	(¥25,565)
Comprehensive income attributable to owners of parent	(¥25,841)
Comprehensive income attributable to non-controlling interests	¥275

** The figures are rounded down to the nearest million yen.*

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2019

Millions of Japanese yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Retirement liability adjustments for foreign consolidated subsidiaries	Total accumulated gains (losses) from valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at January 1, 2019	¥30,122	¥30,851	¥93,571	(¥99)	¥154,446	(¥6,864)	¥5,740	(¥656)	(¥1,781)	¥12,148	¥164,814
Cumulative effects of changes in accounting policies			(361)		(361)						(361)
Restated balance	30,122	30,851	93,210	(99)	154,084	(6,864)	5,740	(656)	(1,781)	12,148	164,452
Cash dividends paid			(3,031)		(3,031)						(3,031)
Purchases of treasury stock				(89)	(89)						(89)
Profit (loss) attributable to owners of parent			(18,227)		(18,227)						(18,227)
Change in ownership interest of parent due to transactions with non-controlling interests		(1,549)			(1,549)						(1,549)
Net changes in items other than shareholders' equity					—	(4,417)	(2,756)	(439)	(7,613)	(8,573)	(16,186)
Total changes during period	—	(1,549)	(21,259)	(89)	(22,899)	(4,417)	(2,756)	(439)	(7,613)	(8,573)	(39,085)
Balance at December 31, 2019	¥30,122	¥29,301	¥71,950	(¥188)	¥131,185	(¥11,282)	¥2,983	(¥1,095)	(¥9,394)	¥3,575	¥125,366

* The figures are rounded down to the nearest million yen.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2019

	Millions of Japanese yen
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit (loss) before income taxes	(¥15,558)
Adjustments to reconcile profit before income taxes to net cash provided by (used in) operating activities:	
Depreciation and amortization	3,265
Amortization of goodwill	159
Increase (decrease) in allowance for bad debts	(242)
Increase (decrease) in net defined benefit liabilities	19
Increase (decrease) in provision for directors' bonuses	6
Increase (decrease) in provision for loss on construction contracts	7,146
Increase (decrease) in provision for product warranty	1,071
Increase (decrease) in provision for repairs	10,568
Interest income	(5,943)
Interest expense	964
Foreign exchange (gains) losses, net	(760)
Equity in earnings of unconsolidated subsidiaries and affiliates, net	(2,382)
Loss (gain) on revaluation of derivatives	590
Loss (gain) on liquidation of subsidiaries and affiliates	(509)
Decrease (increase) in trade receivables	(71,131)
Decrease (increase) in inventories	688
Increase (decrease) in trade payables	64,684
Loss (gain) on sales of property and equipment	(327)
Increase (decrease) in accrued consumption taxes	(3,464)
Other, net	6,608
Total adjustments	(4,545)
Interest and dividend received	6,846
Interest paid	(957)
Income taxes paid	(4,592)
Net cash used in operating activities	(¥3,248)

* The figures are rounded down to the nearest million yen.

	Millions of Japanese yen
CASH FLOW FROM INVESTING ACTIVITIES:	
Decrease (increase) in time deposits	73
Purchases of property and equipment and intangible assets	(2,710)
Proceeds from sales of property and equipment and intangible assets	1,381
Purchases of investments in subsidiaries and affiliates	(4,959)
Decrease (increase) in short-term loans receivable	34,658
Disbursement of long-term loans receivable	(4,981)
Collection of long-term loans receivable	2,796
Net cash provided by investing activities	26,259
CASH FLOW FROM FINANCING ACTIVITIES:	
Increase (decrease) in short-term loans payable	(26)
Repayment of long-term loans payable	(6,093)
Purchase of treasury stock	(89)
Cash dividends paid	(3,033)
Cash dividends paid to non-controlling shareholders	(1,310)
Repayments of lease obligations	(1,318)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8,880)
Net cash used in financing activities	(20,751)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(889)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,369
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,773
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥52,142

** The figures are rounded down to the nearest million yen.*