MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

March 31, 2020

A S S E T S

	Millions of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥36,220
Accounts receivable-trade	166,555
Inventories	4,624
Short-term loans receivable	8,716
Other current assets	16,223
Less allowance for bad debts	(454)
Total current assets	231,885
PROPERTY AND EQUIPMENT:	
Machinery and equipment	5
Other property and equipment	4,591
Total property and equipment	4,596
INTANGIBLE ASSETS:	9,716
INVESTMENTS AND OTHER ASSETS:	
Investment securities	65,689
Long-term loans receivable from affiliates	37,325
Other investments	13,181
Total investments and other assets	116,195
Total assets	¥362,394

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥158,347
Current portion of long-term loans payable	7,009
Accrued expenses	14,345
Income taxes payable	5,141
Advances received	21,306
Accrued employees' bonuses	221
Provision for loss on construction contracts	9,382
Provision for product warranty	7,076
Provision for repairs	5,933
Other current liabilities	8,415
Total current liabilities	237,180
LONG-TERM LIABILITIES:	
Long-term loans payable	8,524
Net defined benefit liabilities	838
Other long-term liabilities	18,518
Total long-term liabilities	27,880
Total liabilities	265,060
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	60,614
Treasury stock, at cost	(188)
Total shareholders' equity	119,849
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(24,385)
Foreign currency translation adjustments	(466)
Retirement liability adjustments for foreign consolidated subsidiaries	(1,066)
Total accumulated other comprehensive income	(25,917)
NON-CONTROLLING INTERESTS	3,401
Total net assets	97,333
Total liabilities and net assets	¥362,394

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the three months ended March 31, 2020

	Millions of Japanese yen
SALES	¥80,566
COST OF SALES	89,540
Gross profit (loss)	(8,973)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,072
Operating profit (loss)	(12,046)
OTHER INCOME (EXPENSES):	
Interest income	1,202
Equity in earnings of unconsolidated subsidiaries and affiliates, net	1,010
Foreign exchange gain (loss), net	20
Interest expense	(184)
Gain (loss) on revaluation of derivatives	(305)
Retirement benefit expenses	(447)
Others, net	(37)
Total other income (expenses)	1,258
PROFIT (LOSS) BEFORE INCOME TAXES	(10,788)
INCOME TAXES:	
Current	929
Prior	(5)
Deferred	(1,496)
PROFIT (LOSS)	(10,215)
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(148)
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	(¥10,066)

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

Earnings (loss) per share	(¥178.66)

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2020

	Millions of Japanese yen
PROFIT(LOSS)	(¥10,215)
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(1,604)
Foreign currency translation adjustments	(2,903)
Retirement liability adjustments for foreign consolidated subsidiaries	30
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(12,071)
Total other comprehensive income (loss)	(16,548)
COMPREHENSIVE INCOME	(¥26,763)
Comprehensive income attributable to owners of parent	(¥26,590)
Comprehensive income attributable to non-controlling interests	(¥173)

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

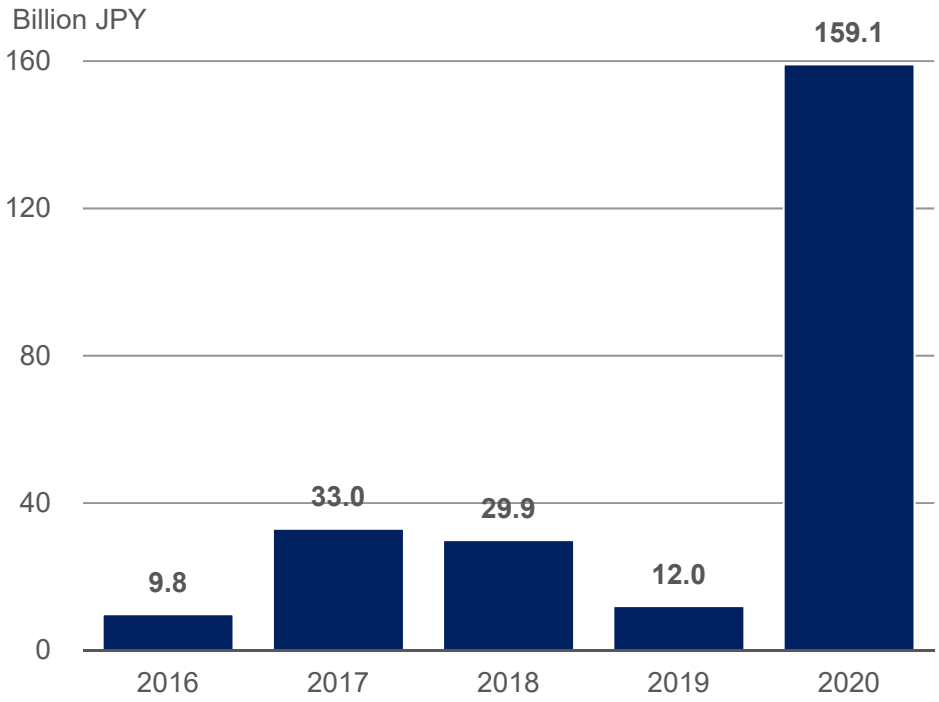
MODEC

MODEC, Inc.
2020 1Q Financial Results
Supplementary Presentation

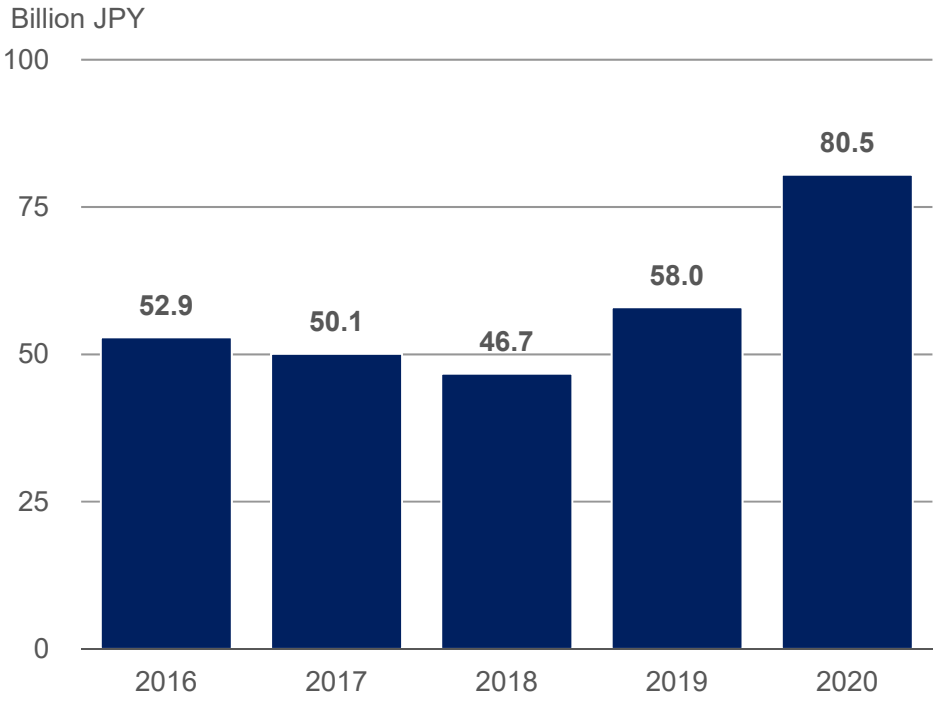
May 12, 2020

2020 First Quarter : Highlight

New Order



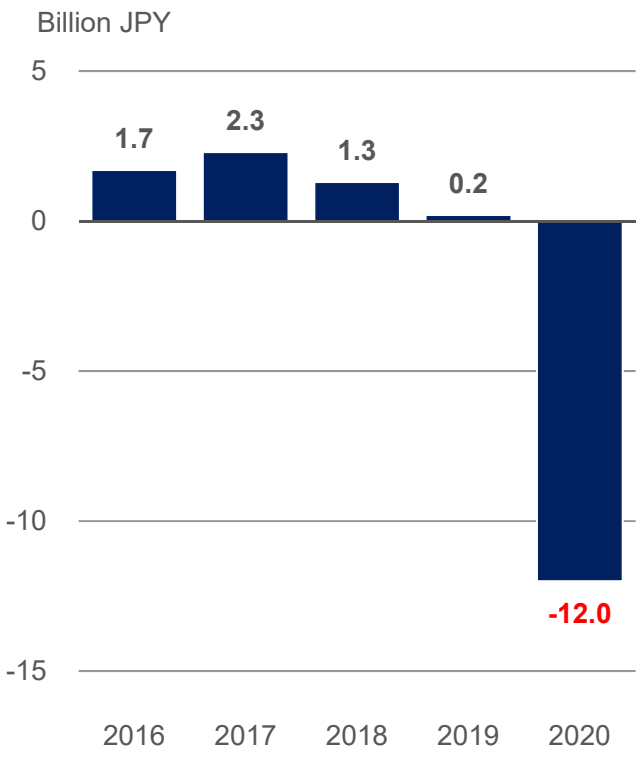
Revenue



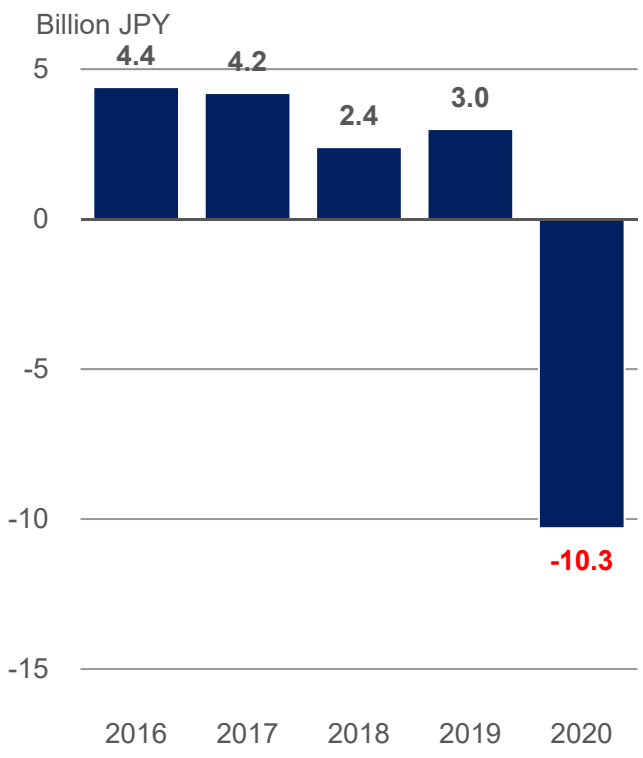
- New order was JPY 159 billion. New order for Sangomar Field Development project from Woodside Energy was recognized in this quarter.
- Revenue increased comparing to the same period last year mainly due to the increase of the number of FPSO constructions

2020 First Quarter : Highlight

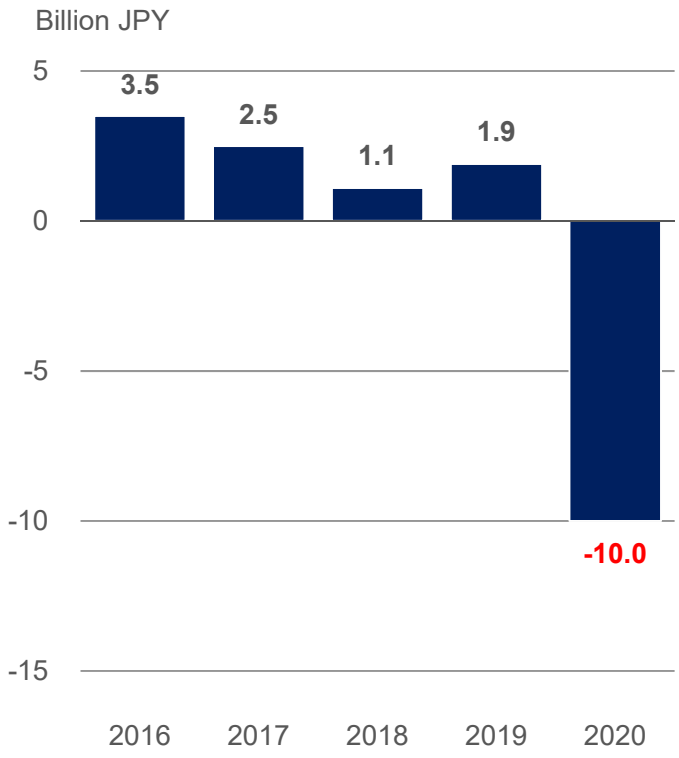
Operating Profit



Ordinary Profit



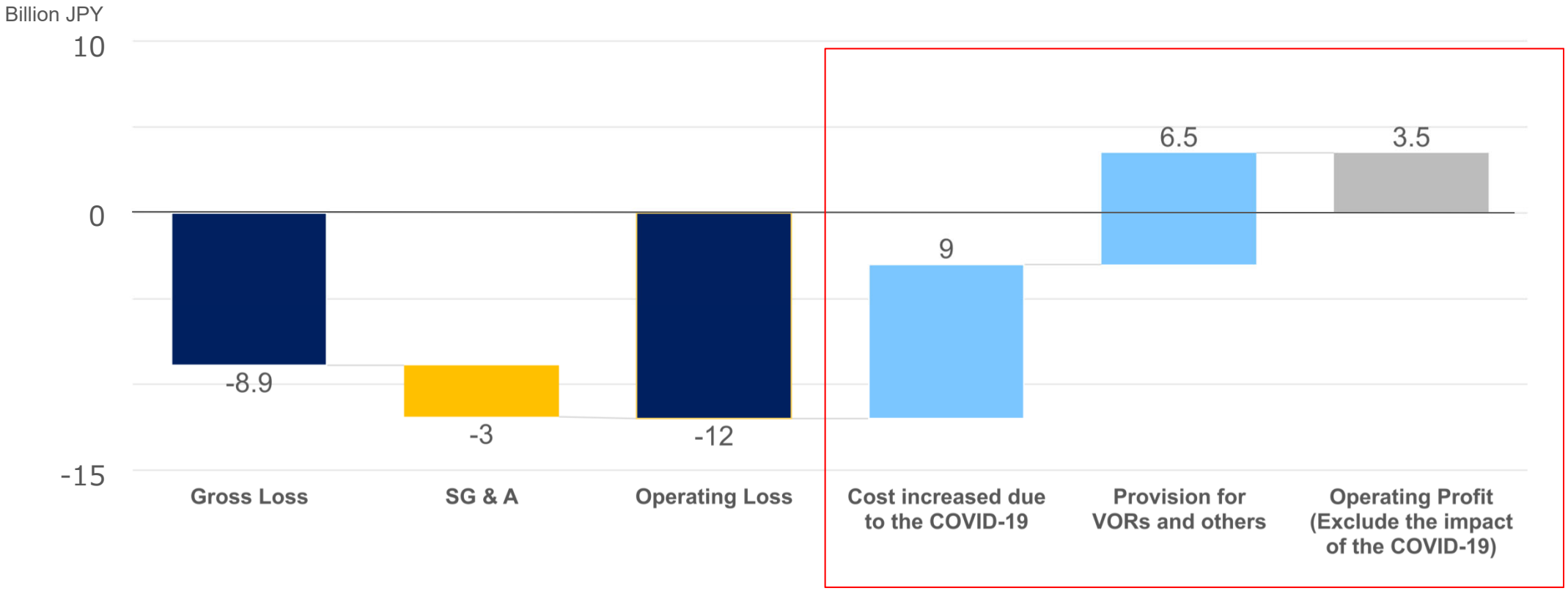
Profit Attribute to Owners of Parent



- Due to the Covid-19 pandemic, the ongoing construction projects have been delayed and suspended, and procurements mainly from Europe have also been delayed.
- Operating deficit was JPY 12.0 billion which included cost anticipated to increase if this situation continue until the middle of 2020.

The Influence of the COVID-19 Pandemic

Costs incurred in the first quarter due to the COVID-19 pandemic



- Cost anticipated to increase due to the COVID-19 pandemic and provision for VOR and others are recognized around JPY 9.0 billion and 6.5 billion respectively in this first quarter. Excluding the impact of the COVID-19, operating profit in the first quarter could be around JPY 3.5 billion.
- In regard to lease, charter and O&M service, they have been conducted under adequate measures to quarantine for crew and revision of the crew rotations.

FY2020 : Outlook

Unit: 100 million yen	Previous Forecast* (A)	Revised Forecast (B)	Variance B-A	2019 Full-year Financial Results
Revenue	4,000	2,800	-1,200	3,326
Operating Profit	60	-200	-260	- 48
Ordinary Profit	170	-90	-260	2
Profit Attributable to Owners of Parent	120	-100	-220	-182

* Announced on February 5, 2020

- Revenue has been revised downward mainly due to delay of the Final Investment Decision (FID) by oil and gas companies and delay of EPCI projects amid the Covid-19 crisis and decline of oil price.
- Operating profit has been revised to JPY 20 billion operating loss due to the additional cost anticipated to increase on the premise that this situation continue until the middle of 2020 in addition to the profit decline because of the downward revision of revenue forecast. Ordinary profit and profit attributable to owners of parent have also been revised downward due to the downward revision of operating profit.