

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2020

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥55,599
Accounts receivable-trade	157,197
Inventories	4,502
Short-term loans receivable	12,881
Other current assets	17,390
Less allowance for bad debts	<u>(449)</u>
Total current assets	247,121
PROPERTY AND EQUIPMENT:	
Machinery and equipment	4
Other property and equipment	<u>4,447</u>
Total property and equipment	4,452
INTANGIBLE ASSETS:	9,951
INVESTMENTS AND OTHER ASSETS:	
Investment securities	68,543
Long-term loans receivable from affiliates	38,689
Other investments	<u>12,419</u>
Total investments and other assets	119,652
Total assets	<u><u>¥381,177</u></u>

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥158,502
Short-term loans payable	9,478
Current portion of long-term loans payable	5,777
Accrued expenses	15,318
Income taxes payable	4,722
Advances received	34,198
Accrued employees' bonuses	43
Accrued directors' bonuses	5
Provision for loss on construction contracts	7,549
Provision for product warranty	7,462
Provision for repairs	5,185
Other current liabilities	7,481
Total current liabilities	<u>255,727</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	7,849
Net defined benefit liabilities	865
Other long-term liabilities	20,116
Total long-term liabilities	<u>28,830</u>
Total liabilities	284,558
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,301
Retained earnings	61,035
Treasury stock, at cost	<u>(169)</u>
Total shareholders' equity	120,290
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(23,670)
Foreign currency translation adjustments	(2,389)
Retirement liability adjustments for foreign consolidated subsidiaries	<u>(1,052)</u>
Total accumulated other comprehensive income	(27,112)
NON-CONTROLLING INTERESTS	3,441
Total net assets	<u>96,619</u>
Total liabilities and net assets	<u>¥381,177</u>

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF OPERATION

For the six months ended June 30, 2020

	Millions of Japanese yen
SALES	¥156,446
COST OF SALES	162,767
Gross profit (loss)	(6,321)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,769
Operating profit (loss)	(12,090)
OTHER INCOME (EXPENSES):	
Interest income	2,238
Equity in earnings of unconsolidated subsidiaries and affiliates, net	2,078
Foreign exchange gain (loss), net	(723)
Interest expense	(350)
Gain (loss) on revaluation of derivatives	(319)
Retirement benefit expenses	(447)
Others, net	230
Total other income (expenses)	2,706
PROFIT (LOSS) BEFORE INCOME TAXES	(9,383)
INCOME TAXES:	
Current	1,519
Prior	145
Deferred	(1,313)
PROFIT (LOSS)	(9,734)
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(88)
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	(¥9,645)

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

Earnings (loss) per share (¥171.18)

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2020

	<u>Millions of Japanese yen</u>
PROFIT(LOSS)	(¥9,734)
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(648)
Foreign currency translation adjustments	(3,981)
Retirement liability adjustments for foreign consolidated subsidiaries	44
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(13,178)
Total other comprehensive income (loss)	<u>(17,763)</u>
COMPREHENSIVE INCOME	<u><u>(¥27,497)</u></u>
Comprehensive income attributable to owners of parent	(¥27,363)
Comprehensive income attributable to non-controlling interests	(¥133)

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