

April 28, 2023

To whom it may concern:

Corporate Name: Mitsui O.S.K. Lines, Ltd.
Representative: Takeshi Hashimoto,
President and Chief Executive Officer
Security Code: 9104
Listings: Tokyo Stock Exchange Prime Market
Contact: Sanae Sonoda, General Manager,
Corporate Communication Division
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**Notice of Subscription for Shares of MODEC, Inc. through Third-Party Allotment and
Entering into Business Alliance Agreement with MODEC, Inc.**

TOKYO - Mitsui O.S.K. Lines, Ltd. (hereinafter "MOL"; President & CEO: Takeshi Hashimoto) hereby announces that MOL will subscribe for shares of MODEC, Inc. (hereinafter "MODEC"; President & CEO: Takeshi Kanamori, Head Office: Chuo-ku, Tokyo) through a third-party allotment to be conducted by MODEC to MOL and Mitsui & Co., Ltd. (hereinafter "Mitsui & Co."; President & CEO: Kenichi Hori, Head Office: Chiyoda-ku, Tokyo) as allottees, and that MOL will enter into a business alliance agreement (hereinafter the "Business Alliance Agreement", and the business alliance formed by this agreement is hereinafter referred to as the "Business Alliance") with MODEC. The resolution was made at the meeting of the Board of Directors held today. Please refer to MODEC's disclosure materials disclosed today, which are attached at the end of this notice.

1. Overview of Subscription for Shares through Third-Party Allotment

(1) Class and number of shares to be subscribed	10,162,300 shares of common stock
(2) Amount to be paid	JPY 12,845,147,200
(3) Payment date	June 30, 2023

After the subscription, MOL's shareholding ratio of MODEC will be 14.86%, which makes MOL the second largest shareholder with the same ratio as Mitsui & Co.

2. Purpose

MOL has focused on the enormous potential of marine resources and energy, and has invested, jointly with its partner companies including MODEC and Mitsui & Co., in special-purpose companies established for the purpose of holding and leasing, and operating and chartering, FPSOs, etc. as a means of providing a stable supply of energy and ensuring stable earnings for MOL.

It is expected that development and production in deep waters, including offshore Brazil, will continue to be active in the context of development of new oil and gas fields that will be required as the attenuation of existing oil wells progresses. Such circumstances are expected to create strong demand for FPSOs, etc., which will generate stable earnings. MOL also believes that MODEC's world-class technology and know-hows in oceanic conditions analysis and engineering of floating platforms and mooring, combined with MOL's long-standing know-hows

in marine solutions, will enable MODEC to partner with MOL for opening up a new horizon in environmental friendliness, as well as contributing to the portfolio-strategy under MOL's Group Corporate Management Plan: BLUE ACTION 2035.

MOL believes that entering into the Business Alliance Agreement will further strengthen MOL's relationship with MODEC, and that mutually utilizing both company's management resources and customer base, etc. as strategic partners will lead to the enhancement of the competitiveness of MOL's offshore business, which will be effective in boosting MOL's corporate value.

3. Overview of MODEC

(1)	Name	MODEC, Inc.	
(2)	Location	3-10, Nihonbashi 2-chome, Chuo-ku, Tokyo	
(3)	Title / Name of Representative	Takeshi Kanamori, President & CEO	
(4)	Business Activities	Engineering, construction, installation, sale, lease and operation service of floating marine oil and gas production systems such as FPSOs, FSOs and TLPs.	
(5)	Stated capital (Note 1)	JPY 30,122 million	
(6)	Date of Incorporation	June 1, 1987	
(7)	Number of issued shares (Note 1)	56,408,000 shares	
(8)	Fiscal year end	December 31	
(9)	Number of employees (Note 1)	191 on a non-consolidated basis (5,903 on a consolidated basis) * Including contract employees	
(10)	Main banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	
(11)	Major shareholders and shareholding ratio (Note 1)	Mitsui E&S Co., Ltd. Mitsui & Co., Ltd. The Master Trust Bank of Japan, Ltd. (Trust Account) JP MORGAN CHASE BANK 385632 NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT Custody Bank of Japan, Ltd. (Trust Account) MSIP CLIENT SECURITIES STATE STREET BANK AND TRUST COMPANY 505227 STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	49.10% 14.86% 5.40% 3.38% 1.59% 1.27% 0.90% 0.77% 0.76% 0.52%
(12)	Relationship between the parties		
	Capital relationship	Not applicable.	
	Personnel relationship	Three of MOL employees are seconded to MODEC.	
	Business relationship	MODEC has invested, jointly with MOL, in special purpose companies established for the purpose of holding and leasing,	

		and operating and chartering, FPSOs, etc.	
	Status as a related party	MODEC is not a related party of MOL. None of MODEC's associates and affiliates are related parties of MOL.	
(13) Results of Operations and Financial Position for the Last 3 Years			
Japanese GAAP	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021 (Note 2)	Fiscal Year Ended December 31,2022
Consolidated sales	JPY 309,925 million	JPY 429,272 million	
Consolidated operating profit	JPY (21,614) million	JPY (45,947) million	
Consolidated ordinary profit	JPY (12,854) million	JPY (47,757) million	
Consolidated profit attributable to owners of parent	JPY (13,076) million	JPY (50,359) million	
Consolidated earnings per share	JPY (232.05)	JPY (893.55)	
Dividend per share	JPY 45	JPY 15	
Consolidated net assets per share	JPY 1,622.30	JPY 1,014.17	
IFRS	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31,2022
Consolidated Revenue	US\$ 2,736,586 thousand	US\$ 3,899,748 thousand	US\$ 2,739,762 thousand
Consolidated operating profit	US\$ (138,321) thousand	US\$ (317,552) thousand	US\$ 75,330 thousand
Consolidated profit before tax	US\$ (115,771) thousand	US\$ (344,300) thousand	US\$ 54,835 thousand
Consolidated profit	US\$ (133,712) thousand	US\$ (359,920) thousand	US\$ 41,143 thousand
Consolidated profit attributable to owners of the parent	US\$ (131,907) thousand	US\$ (363,975) thousand	US\$ 37,377 thousand
Consolidated earnings per share	US\$ (2.34)	US\$ (6.46)	US\$ 0.66
Equity attributable to owners of parent	US\$ 15.06	US\$ 9.45	US\$ 14.40

(Note 1) Stated capital, number of shares issued, number of employees, and major shareholders and their shareholding ratio are as of December 31, 2022.

(Note 2) Figures for the fiscal year ended December 31, 2021, have not been audited pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

4. Details, etc. of Business Alliance

- MODEC will provide its know-hows in engineering, constructing, leasing, and operating FPSOs, etc.;
- MOL will provide its global network, as well as know-hows regarding business development, fundraising and each regional characteristics;
- MOL will offer cooperation to MODEC for strengthening its operational system; and
- MOL will provide human resource support to MODEC

5. Overview of Business Alliance Partner

Please refer to “3. Overview of MODEC.”

6. Outlook

The direct impact of the Business Alliance on MOL's financial results for the year ending March 31, 2024, is expected to be immaterial. MOL intends to hold discussions with MODEC regarding the contents, terms and conditions, and timing of each of the items in the Business Alliance and implement each item.

END

[REFERENCE PURPOSE ONLY]

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April 28, 2023

MODEC, INC.
Takeshi Kanamori, President & CEO
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Senior Executive Managing Officer
TEL: +81-3-5290-1200

**Issuance of New Shares through Third-Party Allotment,
Business Alliance with MOL and MITSUI, and Change in Major Shareholders**

MODEC, INC. (MODEC) hereby announces, as set forth below, that it resolved, at its Board of Directors' Meeting held on April 28, 2023, to: (i) issue new shares through a third-party allotment to MITSUI & CO., LTD. (MITSUI) and Mitsui O.S.K. Lines, Ltd. (MOL)(the issuance of new shares set forth in (i) is referred to as the "Capital Increase through the Third-Party Allotment"); (ii) form a business alliance (the "Business Alliance") with MOL, and that MODEC entered into a business alliance agreement with MOL (hereinafter the "Business Alliance Agreement"), and (iii) revise existing Business Alliance Agreement with MITSUI.

MODEC also hereby announces that MOL is expected to be a major shareholder of MODEC in accordance with the Capital Increase through the Third-Party Allotment.

I. Issuance of New Shares through Third-Party Allotment

1. Outline of Offering

(1) Issue Date	June 30, 2023
(2) Number of Shares to Be Newly Issued	11,937,300 shares of common stock
(3) Issue Price	1,264 yen per share
(4) Amount of Proceeds to Be Raised	15,088,747,200 yen
(5) Method of Offering or Allotment (Parties to Which Shares Will Be Allotted)	Third-party allotment (MITSUI: 1,775,000 shares MOL: 10,162,300 shares)
(6) Others	Each of the items above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. For the terms and conditions of issuance, please see "I. 11. Terms and Conditions of Issuance" below.

2. Purpose of and Reason for Offering

MODEC provides investments and loans to special purpose companies, established by MODEC, that engage in the lease, operation and charter business of the Floating Production System (hereinafter referred to as the “FPSO, etc.”) (FPSO: Floating Production, Storage and Offloading System) for the oilfield development promoted by MODEC. In recent years, lease, operation and charter projects of FPSO, etc. (the “Charter Projects”) have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing; therefore, the funding requirements for the investments and loans for the special-purpose companies established by MODEC in the Charter Projects are increasing. In addition, the growth of the FPSO, etc. business can be expected as the development and production activities of offshore oilfields and gas fields in the deep sea area are expected to continue to be active in the future. In such environment, MODEC intends to strive for the expansion of this business, and for that reason, it is essential for MODEC to maintain and enhance its financial position.

MODEC has selected MITSUI, a major shareholder holding 14.86% of issued shares of MODEC, as one of the parties to which the shares will be allotted in the Capital Increase through the Third-Party Allotment, and MODEC has accepted one (1) Director from MITSUI for the purpose of receiving comprehensive advice on the management of the MODEC group. MODEC believes that it is important in terms of the business operation of MODEC that MITSUI maintains its ratio of stock holding even after the Capital Increase through the Third-Party Allotment so that MODEC and MITSUI maintain the relationship.

In addition, in the situation where the funds required for the Charter Projects are drastically increasing, as mentioned above, it also has been becoming necessary to strengthen the creditworthiness of the Charter Projects and the fund-raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MOL, which has been making investments to the special purpose companies jointly with MODEC, through a business alliance with it. Furthermore, given it is expected that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO, etc. will expand, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors, by utilizing the management resources and customer base of MOL. Therefore, as of today, MODEC entered into the Business Alliance Agreement with MOL, concerning which an explanation is given in “II. Business Alliance with MOL” below. MODEC believes that it is necessary, in order for the improvement of its corporate value and shareholder value, to strengthen the cooperative relationship with MOL, by allotting its shares by way of a third-party allotment to MOL, the most important company to MODEC in terms of the operations strategy.

MODEC, upon considering this financing, examined various other options, taking into account the influence on the existing shareholders other than MOL and MITSUI. However, as mentioned above, MODEC believes that (i) the maintenance of the relationship with MITSUI, a major shareholder, (ii) the continued receipt of comprehensive advice from MITSUI on the management of the MODEC group and (iii) the enhancement of the cooperative relationship with MOL pursuant to the Business Alliance Agreement are the best ways to improve the corporate value and shareholder value of MODEC, MODEC determined to issue new shares to both MOL and MITSUI by way of the Capital Increase through the Third-Party Allotment, which is a steady and prompt strategy of capital reinforcement.

In addition, as a result of the Capital Increase through the Third-Party Allotment, the stock value of MODEC will be diluted. However, as mentioned above, MODEC believes that the Capital Increase through the Third-Party Allotment will contribute to the enhancement of the corporate value and

shareholder value of MODEC, and will result in the improvement of the benefit to the existing shareholders.

3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to Be Raised

(1) Amount of Proceeds to Be Raised (Approximate Net Amount)

Aggregate amount to be paid:	15,088,747,200 yen
Approximate costs of issuance:	120,000,000 yen
Approximate net amount:	14,968,747,200 yen

(2) Use of Proceeds to Be Raised

MODEC plans to use 14,968,747,200 yen which is the approximate net amount described above for the investments and loans to the special purpose companies, established by MODEC, that engage in or will engage in the lease, operation or charter business of FPSO, etc.

The proceeds described above are scheduled to be paid out by the end of December 31, 2023.

As to the fund management until the time of expenditure, the funds will be managed in bank deposits..

4. Rationale for the Use of Proceeds to Be Raised

MODEC considers that (i) securing the funds for the investments and loans to the lease, operation and charter services of FPSO, etc., (the investments and loans to the special purpose companies, established by MODEC, that engage in or will engage in the lease, operation and charter business of FPSO, etc.) that are the important business fields for the development of the business activities of the MODEC group, and (ii) enabling the smooth and steady implementation of the Charter Project, by the Capital Increase through the Third-Party Allotment, will contribute to enhance the corporate value and shareholder value through the improvement of profitability of MODEC. Therefore, MODEC believes that the use of the proceeds described above is reasonable for the existing shareholders.

5. Rationale for Conditions of Issuance

(1) Basis of Calculation of the Amount to Be Paid and Details Thereof

Referring to 1,404 yen, the closing prices of shares of the common stock of MODEC on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the day on which the Capital Increase through the Third-Party Allotment was resolved at its Board of Directors' Meeting (April 27, 2023), the amount to be paid is determined to be 1,264 yen per share (discount rate is 9.97%). The reason for using the closing price on the business day immediately preceding the day on which the Capital Increase through the Third-Party Allotment as the basis of the calculation is that MODEC considers that the most recent price of share appropriately reflects the current objective corporate value of stock of MODEC. In addition, the discount rate was determined upon consultation between MODEC and MOL or MITSUI, as the case may be, taking into consideration the fact that MOL and MITSUI are in a position to accept the risk of a decline in the share price for about two (2) months from the date of resolution of the board of directors to the payment date, the dilution caused by the Capital Increase through Third-Party Allotment will occur, medium- to long-term improvement of corporate value and shareholder value is expected by procuring funds quickly and reliably through allotment of new shares, in addition to the financial condition, the expectations concerning

performance and the business environment of MODEC.

MODEC considers that the amount to be paid described above is not considered to be the amount especially favorable to MOL or MITSUI, because, among other things, as mentioned above, such amount is equal to or more than the amount obtained by multiplying 0.9 by the closing price of the shares of common stock of MODEC on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the day on which the Capital Increase through the Third-Party Allotment was resolved at its Board of Directors' Meeting and complies with the "Guidelines Concerning Treatment Such As the Capital Increase through Third-Party Allotment." stipulated by the Japan Securities Dealers Association.

(2) Rationale for the Judgment that the Number of Shares to Be Issued and the Level of Dilution of Shares are Reasonable

The number of shares to be issued is 21.16% (the percentage of voting rights is 21.16%) of the total number of issued shares of common stock of MODEC before the implementation of the Capital Increase through the Third-Party Allotment, which is 56,408,000 shares (the total number of voting rights is 563,912); this represents 17.46% (the percentage of the voting rights is 17.47%) of the total issued shares of common stock of MODEC after the implementation of the Capital Increase through the Third-Party Allotment, which is 68,345,300 shares (the total number of voting rights is 683,285). Therefore, the stock value of MODEC will be diluted. However, MODEC believes that (i) the maintenance and enhancement of the relationships with MOL and MITSUI and (ii) the prompt securement of the funds for the investments and loans for the lease, operation and charter business of FPSO, etc. (the investments and loans to the special purpose companies, established by MODEC, that engage in or will engage in the lease, operation and charter business of FPSO, etc.) that are the important business fields for the future development of the business activities of the MODEC group will be essential in order to maximize the benefit of the existing shareholders, to improve the corporate value of MODEC and to increase shareholder value. Therefore, MODEC considers that the number of shares to be issued and the level of dilution in the Capital Increase through the Third-Party Allotment are reasonable for the existing shareholders.

The Board of Directors' Meeting of MODEC has resolved the Capital Increase through the Third-Party Allotment to both MOL and MITSUI by the unanimous approval of all the Directors who participated in the deliberation and resolution after sufficient discussion and consideration. In light of avoiding conflict of interest in the Board of Directors' Meeting of MODEC, neither one (1) External Director of MODEC who is concurrently serving as an Executive Officer of MES nor one (1) External Director of MODEC who is currently serving as an Executive Officer of MITSUI, did participate in the deliberation or resolution made at the Board of Directors' Meeting of MODEC with respect to the Capital Increase through the Third-Party Allotments to MOL and MITSUI. In addition, there are currently no External Director of MODEC who is concurrently serving as an Director or Executive Officer of MOL.

6. Reasons for Selecting MITSUI and MOL, and Other Related Matters

(1) Outline of MITSUI and MOL

(i) Trade name	MITSUI & CO., LTD.
(ii) Number of shares to be allotted	1,775,000 shares

(iii)	Amount to be paid	2,243,600,000 yen	
(iv)	Location	2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo, Japan	
(v)	Representative	Kenichi Hori President and Chief Executive Officer	
(vi)	Principal business	Pursuing business multilaterally that ranges from product sales, worldwide logistics and financing, through to the development of major international infrastructure and other projects in the following fields by utilizing global operating locations, network and information resources: Mineral & Metal Resources, Energy, Infrastructure Projects, Mobility, Chemicals, Iron & Steel Products, Food, Food & Retail Management, Wellness, IT & Communication Business, Corporate Development Business.	
(vii)	Stated capital (Note 1)	342,560 million yen	
(viii)	Date of incorporation	July 25, 1947	
(ix)	Total number of issued shares (Note 1)	1,592,466,644 shares	
(x)	Fiscal term end	March 31	
(xi)	Number of employees (Note 1)	44,336 (consolidated)	
(xii)	Major business partners	Major companies, engaging in business related to resources and energy, logistics network, consumer services or infrastructure.	
(xiii)	Major banks having transaction with MITSUI	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited., Japan Bank for International Cooperation	
(xiv)	Major shareholders and their shareholding ratio (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust account)	17.84%
		Custody Bank of Japan, Ltd. (Trust account)	6.35%
		EUROCLEAR BANK S.A./N.V.	5.66%
		Nippon Life Insurance Company	2.22%
		STATE STREET BANK WEST CLIENT - TREATY 505234	1.48%
		JPMorgan Securities Japan Co., Ltd.	1.43%
		JP MORGAN CHASE BANK 385781	1.31%
(xv)	Relationship between MODEC and MITSUI	Capital relationship	MITUSI holds 8,387,300 shares (14.86%) of the common stock of MODEC.
		Personnel relationship (Note 1)	Out of ten (10) executive officers (six (6) Directors and four (4) Corporate Auditors) of MODEC, one (1) Director concurrently serve as executive officers and employees of MITSUI. In addition, four (4) employees of MITSUI have been seconded to MODEC.
		Business relationship	Jointly with MODEC, MITSUI has made equity contributions to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO, etc. in the lease, operation and charter business of FPSO, etc. for oilfield development promoted by MODEC.
		Related party relationship	Since MITSUI is a major shareholder of MODEC, MITSUI is considered a related party of MODEC.
(xvi)	Results of operations and financial conditions for the last three (3) years		

Fiscal term	(Million yen, unless otherwise specified)		
	Year ended/As of March 31		
	2020	2021	2022
Consolidated shareholder equity	3,817,677	4,570,420	5,605,205
Consolidated total assets	11,806,292	12,515,845	14,923,290
Consolidated shareholder equity per share (yen)	2,253.83	2,739.28	3,501.21
Consolidated net sales	8,484,130	8,010,235	11,757,559
Pre-tax net income from continuing operations	534,320	450,202	1,164,480
Consolidated net income	411,312	350,381	937,670
Profit attributable to Owners of parent	391,513	335,458	914,722
Consolidated net income per share (yen)	226.13	199.28	561.61
Dividend per share (yen)	80	85	105

Note: 1. Stated capital, total number of issued shares, the personnel relationship described above are current as of December 31, 2022. In addition, number of employees, and major shareholders and their shareholding ratio described above is current as of September 30, 2022.

(i) Trade name	Mitsui O.S.K. Lines, Ltd.	
(ii) Number of shares to be allotted	10,162,300 shares	
(iii) Amount to be paid	12,845,147,200 yen	
(iv) Location	1-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan	
(v) Representative	Takeshi Hashimoto President and Chief Executive Officer	
(vi) Principal business	Shipping industry	
(vii) Stated capital (Note 1)	65,589 million yen	
(viii) Date of incorporation	December 28, 1942	
(ix) Total number of issued shares (Note 1)	362,010,900 shares	
(x) Fiscal term end	March 31	
(xi) Number of employees (Note 1)	8,547 (consolidated)	
(xii) Major business partners	Import/export company of steel raw materials, crude oil/petroleum products, liquefied natural gas, vehicles.	
(xiii) Major banks having transaction with MOL	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Development Bank of Japan Inc., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited.	
(xiv) Major shareholders and their shareholding ratio (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	10.07%
	STATE STREET BANK WEST CLIENT-TREATY 505234	2.98%
	Custody Bank of Japan, Ltd. (Trust Account)	2.68%
	Sumitomo Mitsui Banking Corporation	2.49%
	Mitsui Sumitomo Insurance Co., Ltd.	1.51%

	Sumitomo Mitsui Trust Bank, Limited	1.23%
	Mizuho Bank, Ltd.	1.16%
	JAPAN SECURITIES FINANCE CO., LTD.	1.12%
	Goldman Sachs Japan Co., Ltd. BNYM	1.11%
	Sumitomo Life Insurance Company	0.88%
(xv) Relationship between MODEC and MOL	Capital relationship	N/A
	Personnel relationship (Note 1)	Three (3) employees of MOL have been seconded to MODEC.
	Business relationship	Jointly with MODEC, MOL has made equity contributions to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO, etc. in the lease, operation and charter business of FPSO, etc. for oilfield development promoted by MODEC.
	Related party relationship	MOL is not considered a related party of MODEC. Also, the related persons and related companies of MOL are not considered related parties of MODEC.

(xvi) Results of operations and financial condition for the last three (3) years

(Million yen, unless otherwise specified) (Note 2)

Fiscal term	Year ended/As of March 31		
	2020	2021	2022
Consolidated shareholder equity	641,235	699,150	1,334,866
Consolidated total assets	2,098,717	2,095,559	2,686,701
Consolidated shareholder equity per share (yen)	4,292.31	4,830.12	3,532.32
Consolidated net sales	1,155,404	991,426	1,269,310
Consolidated operating profit	23,779	(5,303)	55,005
Consolidated ordinary profit	55,090	133,604	721,779
Consolidated net income	32,623	90,052	708,819
Consolidated net income per share (yen)	272.79	752.98	1,970.16
Dividend per share (yen)	65	150	1,200

Notes: 1. Stated capital, total number of issued shares, the personnel relationship described above are current as of December 31, 2022, and number of employees is current as of March 31, 2022, In addition, major shareholders and their shareholding ratio described above is current as of September 30, 2022.

(2) Reason for Selecting MITSUI and MOL.

(i) Reason for Selecting MITSUI as a party to which shares will be allotted

MITSUI is a major shareholder of MODEC holding 14.86% of issued shares of MODEC, and MODEC has accepted one (1) Director from MITSUI for the purpose of receiving comprehensive advice on the management of the MODEC group. MODEC has selected MITSUI as the party to which the shares will be allotted and make a revised agreement for existing Business Alliance

Agreement (hereinafter the “Revised Business Alliance Agreement”) , considering that it is important in terms of the business operation of MODEC that MITSUI maintains its ratio of stock holding even after the Capital Increase through the Third-Party Allotment so that MODEC and MITSUI maintain the relationship.

(ii) Reason for Selecting MOL as a party to which shares will be allotted

MOL has been making investments, jointly with MODEC, to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO etc., in the lease, operation and charter business of FPSO etc., for oilfield development promoted by MODEC. Given it is expected that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO etc., will expand, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors, by utilizing the management resources and customer base of MOL. In addition, in recent years, the Charter Projects have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing; therefore, it is necessary to strengthen the creditworthiness of the Charter Projects and the fund raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MOL through a business alliance with it. Therefore, as of today, MODEC entered into the Business Alliance Agreement with MOL, concerning which an explanation is given in “II. Business Alliance with MOL” below. MODEC judged that the best way to improve its corporate value and shareholder value was to strengthen the cooperative relationship with MOL, by allotting its shares by way of a third-party allotment to MOL, which is very important in connection with our business strategy mentioned above.

(3) Policy of MOL and MITSUI for Holding Shares of MODEC

Each of MOL and MITSUI will hold the shares of MODEC for the medium- and long-term. MODEC will execute a written confirmation with each of MOL and MITSUI, which states that, (i) if all or a part of the new shares to be allotted are assigned by MOL or MITSUI within two years of the issuance of the new shares, a report on such assignment shall be made, in writing, to MODEC, and (ii) MOL and MITSUI shall agree that the substance of the relevant report shall be reported by MODEC to the Tokyo Stock Exchange, Inc. and that the substance of the relevant report shall be made available to the general public.

(4) Details of Confirmation of Payment Capacity of MOL and MITSUI in Respect of Payment for the Third-Party Allotment

MODEC received an explanation, from each of MOL and MITSUI, which states that the payment for the Capital Increase through the Third-Party Allotment on this occasion, will be made from the cash on hand. MODEC confirmed the results of operations and financial conditions described in the latest Annual Securities Report and the latest Quarterly Report that were filed by each of MOL and MITSUI, and has confirmed that each of MOL and MITSUI has the sufficient assets for the payment for the Capital Increase through the Third-Party Allotment.

7. Major Shareholders and Their Shareholding Ratio after subscription

Before the subscription (as of December 31, 2022)		After the subscription	
Mitsui E&S Holdings Co., Ltd.	49.10%	MITSUI E&S Co., Ltd.	40.52%
MITSUI & CO., LTD.	14.86%	MITSUI & CO., LTD.	14.86%
		Mitsui O.S.K. Lines, Ltd.	14.86%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.40%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.46%
JP MORGAN CHASE BANK 385632	3.38%	JP MORGAN CHASE BANK 385632	2.79%
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	1.59%	NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	1.31%
Custody Bank of Japan, Ltd. (Trust Account)	1.27%	Custody Bank of Japan, Ltd. (Trust Account)	1.05%
MSIP CLIENT SECURITIES	0.90%	MSIP CLIENT SECURITIES	0.74%
STATE STREET BANK AND TRUST COMPANY 505227	0.77%	STATE STREET BANK AND TRUST COMPANY 505227	0.64%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	0.76%	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	0.63%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	0.52%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	0.43%

8. Future Prospects

MODEC believes that the Capital Increase through the Third-Party Allotment will have an insignificant direct impact on the business results for the year ending on December 31, 2023. With respect to the future prospects concerning the Business Alliance, please see “II. Business Alliance with MOL 5. Future Prospects” below.

9. Matters concerning Procedures in the Code of Corporate Conduct

Although MODEC is not required to obtain the opinion of an independent third party or to confirm the intent of each shareholder concerning the Capital Increase through the Third-Party Allotment, as provided for in Rule 432 of the Securities Listing Regulations by the Tokyo Stock Exchange, Inc. since (i) the dilution rate of the Capital Increase through the Third-Party Allotment is less than 25% and (ii) the Capital Increase through the Third-Party Allotment does not involve any change in the controlling shareholder, from the perspective of ensuring fairness in decision-making as much as possible and avoiding suspicions of conflicts of interest, MODEC has decided to obtain an opinion on the necessity and appropriateness of the Third-Party Allotment from a special committee consisting of Kazuko Shiraishi, Kazuhisa Nishigai and Masato Kobayashi who are External Director and somewhat independent from our management based on the fact MITSUI a major shareholder holding 14.86% of the Company's issued shares, is scheduled to be one of the allottees and MODEC

has accepted one (1) director from MITSUI,

10. Business Results for and Equity Finance Executed in the Last Three Years

(1) Consolidated Business Results for the Last Three Years

JGAAP	(Million yen, unless otherwise specified)		
	Year ended/As of December 31		
	2020	2021	2022
Consolidated net sales	309,925	429,272	
Consolidated operating profit	(21,614)	(45,947)	
Consolidated ordinary income	(12,854)	(47,757)	
Consolidated Profit attributable to Owners of parent	(13,076)	(50,359)	
Consolidated net income per share (yen)	(232.05)	(893.55)	
Dividend per share (yen)	45	15	
Consolidated net assets per share (yen)	1,622.30	1,014.17	

(Note) Consolidated result for the fiscal year ending December 31, 2021 is not audited pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

IFRS	(Thousand USD, unless otherwise specified)		
	Year ended/As of December 31		
	2020	2021	2022
Consolidated net sales	2,736,586	3,899,748	2,739,762
Consolidated operating profit	(138,321)	(317,552)	75,330
Consolidated Pre-tax net income	(115,771)	(344,300)	54,835
Consolidated net income	(133,712)	(359,920)	41,143
Consolidated Profit attributable to Owners of parent	(131,907)	(363,975)	37,377
Consolidated net income per share (USD)	(2.34)	(6.46)	0.66
Consolidated net assets per share (USD)	15.06	9.45	14.40

(2) Current Number of Issued Shares and Dilutive Shares

	Number of shares	Ratio to total number of issued shares
Total number of issued shares	56,408,000 shares (including treasury stock)	100.0%
Number of dilutive shares at current conversion price (exercise price)	0 shares	0.0%
Number of dilutive shares at minimum conversion price (exercise price)	-	-
Number of dilutive shares at maximum conversion price (exercise price)	-	-

(3) Recent Stock Prices

(i) Stock Prices for the Last Three Years

(In yen)

	Year ended/As of December 31		
	2020	2021	2022
Opening	2,618	1,890	1,399
High	2,805	2,399	1,833
Low	1,021	1,345	1,043
Closing	1,873	1,377	1,362

(ii) Stock Prices for the Last Six Months

(In yen)

	2022		2023			
	October	November	December	January	February	March
Opening	1,475	1,644	1,513	1,341	1,413	1,526
High	1,629	1,833	1,543	1,404	1,534	1,526
Low	1,432	1,487	1,301	1,317	1,345	1,286
Closing	1,619	1,529	1,362	1,404	1,511	1,398

(iii) Stock Price on the business day immediately preceding the Date of the Resolution Authorizing the Issuance

(In yen)

	April 27, 2023
Opening	1,388
High	1,407
Low	1,382
Closing	1,404

(4) Equity Finance in the Last Three Years

Not applicable

11. Terms and Conditions of Issuance

- (i) Type/Number of Shares: common stock 11,937,300 shares
- (ii) Amount to be paid: 1,264 yen per share
- (iii) Total amount of issue price: 15,088,747,200 yen.
- (iv) Amount of Stated Capital and Additional Paid-in Capital to be increased:
Both the amount of stated capital and amount of the additional paid-in capital to be increased are 7,544,373,600 yen
- (v) Method of Subscription or Allotment:
Issuance of new shares through third-party allotment
MITSUI: 1,775,000 shares
MOL: 10,162,300 shares
- (vi) Subscription Date: June 29, 2023

- (vii) Payment Date: June 30, 2023
- (viii) Each of the items above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

II. Business Alliance with MOL

1. Reason for the Business Alliance

MOL has made equity contributions, jointly with MODEC, to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO, etc. in the lease, operation and charter business of FPSO, etc. for oilfield development promoted by MODEC. Given the expectation that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO, etc. will expand, by utilizing the management resources and customer base of MOL, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors. In addition, in recent years, the Charter Projects have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing. It is necessary for MODEC to strengthen the creditworthiness of the Charter Projects and the fund raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MOL through a business alliance with it. As mentioned so far, the purpose of the Business Alliance is to improve the corporate value of MODEC and MOL through the enhancement of the competitiveness of MODEC and through the continuous endeavor to enter into contracts for new projects.

2. Details of the Business Alliance

(1) Details of the Business Alliance

With respect to the details of the business alliance, MODEC and MOL will position themselves as each other's strategic partner and by mutually utilizing the management resources, know-how, brand and customer base, will jointly promote the FPSO, etc. related business. In particular, it is expected that the following items will be conducted, upon mutual consultations regarding the details thereof, such as the content, conditions, and timing. Either of MODEC and MOL may terminate the Business Alliance if MOL fails to conduct the payment for the Capital Increase through the Third-Party Allotment, by June 30, 2023.

- Provision, by MODEC, of the know-how as to the engineering, construction, lease and operation, of FPSO, etc.;
- Provision, by MOL, of its global network, and of the know-how as to the business development, financing and characteristics of each region;
- Assistance, by MOL, in enhancing MODEC's system concerning business operation;
- Support, by MOL, with respect to the human resources of MODEC.

(2) Number of shares to be newly acquired by MOL, and ratio to number of issued shares

MOL will subscribe for 10,162,300 shares of the common stock to be issued by MODEC, by way of the Capital Increase through the Third-Party Allotment. MOL is expected, as a result of such subscription, to hold common stocks accounting for 14.86% of the total number of issued shares, after the Capital Increase through the Third-Party Allotment, of MODEC.

3. Outline of MOL

Please see the part for MOL in “I. Issuance of New Shares through Third-Party Allotment 6. Reasons for Selecting MOL and MITSUI, and Other Related Matters (1) Outline of MOL and MITSUI” above.

4. Schedule

- | | | |
|------|--|----------------|
| (i) | Board of Directors’ Meeting | April 28, 2023 |
| (ii) | Execution of Business Alliance Agreement | April 28, 2023 |

5. Future Prospects

Although MODEC believes that the Business Alliance will have an insignificant direct impact on the business results for the year ending on December 31, 2023, further enhancement of competitiveness of MODEC is expected through the Business Alliance.

In addition, it is expected that each item regarding the Business Alliance will be conducted, upon consultations with MOL as to the details thereof, such as the content, conditions, and timing.

With respect to the future prospects concerning the Capital Increase through the Third-Party Allotment, please see “I. Issuance of New Shares through Third-Party Allotment 8. Future Prospects” above.

III. Revised Business Alliance Agreement with MITSUI

1. Reason for the Business Alliance

Based on the Business Alliance Agreement dated on February 26, 2010 with MITSUI, a major shareholder of MODEC holding 14.86% of issued shares of MODEC, and MODEC has accepted one (1) Director from MITSUI for the purpose of receiving comprehensive advice on the management of the MODEC group. MODEC has selected MITSUI as the party to which the shares will be allotted, considering that it is important in terms of the business operation of MODEC that MITSUI maintains its ratio of stock holding even after the Capital Increase through the Third-Party Allotment so that MODEC and MITSUI maintain the relationship. In addition, MODEC has decided to revise existing Business Alliance Agreement with MITSUI to enhance the business alliance with MITSUI.

2. Details of the Business Alliance

(1) Details of the Business Alliance

With respect to the details of the business alliance, MODEC and MITSUI will position themselves as each other’s strategic partner and by mutually utilizing the management resources, know-how, brand and customer base, will jointly promote the FPSO, etc. related business. In particular, it is expected that the following items will be conducted, upon mutual consultations regarding the details thereof, such as the content, conditions, and timing. Either of MODEC and MITSUI may terminate the Business Alliance if MOL fails to conduct the payment for the Capital Increase through the Third-Party Allotment, by June 30, 2023.

- Provision, by MODEC, of the know-how as to the engineering, construction, lease and operation, of FPSO, etc.;
- Provision, by MITSUI, of its global network, and of the know-how as to the business development, financing and characteristics of each region;

- Assistance, by MITSUI, in enhancing MODEC's system concerning business operation;
- Support, by MITSUI, with respect to the human resources of MODEC.

(2) Number of shares to be newly acquired by MITSUI, and ratio to number of issued shares

MITSUI will subscribe for 1,775,000 shares of the common stock to be issued by MODEC, by way of the Capital Increase through the Third-Party Allotment. MOL is expected, as a result of such subscription, to hold common stocks accounting for 14.86% of the total number of issued shares, after the Capital Increase through the Third-Party Allotment, of MODEC.

3. Outline of MITSUI

Please see the part for MITSUI in "I. Issuance of New Shares through Third-Party Allotment 6. Reasons for Selecting MOL and MITSUI, and Other Related Matters (1) Outline of MOL and MITSUI" above.

4. Schedule

- | | | |
|------|--|----------------|
| (i) | Board of Directors' Meeting | April 28, 2023 |
| (ii) | Execution of Revised Business Alliance Agreement | April 28, 2023 |

5. Future Prospects

Although MODEC believes that the Business Alliance will have an insignificant direct impact on the business results for the year ending on December 31, 2023, further enhancement of competitiveness of MODEC is expected through the Business Alliance.

In addition, it is expected that each item regarding the Business Alliance will be conducted, upon consultations with MITSUI as to the details thereof, such as the content, conditions, and timing. With respect to the future prospects concerning the Capital Increase through the Third-Party Allotment, please see "I. Issuance of New Shares through Third-Party Allotment 8. Future Prospects" above.

IV. (Expected) Change in Major Shareholders

1. Date for change

June 30, 2023

2. Reason for change

MOL's holding ratio of voting rights of MODEC is expected to be 14.87%, as a result of the Capital Increase through the Third-Party Allotment, and accordingly, MOL is expected to become a major shareholder of MODEC.

3. Outline of shareholder to be changed

Please see the part for MOL in "I. Issuance of New Shares through Third-Party Allotment 6. Reasons for Selecting MOL and MITSUI, and Other Related Matters (1) Outline of MES and MITSUI" above

4. Number of shares held (number of voting rights) by relevant shareholder and ratio to total number of voting rights of shareholders

	Number of voting rights (Number of shares held)	Ratio to total number of voting rights of shareholders ※	Rank in major shareholders
Before Change (As of December 31, 2022)	0 units (0 shares)	0.00%	-
After Change	101,623 units (10,162,300 shares)	14.87%	Second

※ The number of shares without voting rights that is deducted from the total number of issued shares: 16,890 shares
Total number of issued shares as of December 31, 2023: 56,408,000 shares

5. Future Prospects

The above mentioned change in major shareholders will have no impact on the business results for the year ending on December 31, 2023. With respect to the future prospects concerning the Capital Increase through the Third-Party Allotment and the Business Alliance, respectively please see “I. Issuance of New Shares through Third-Party Allotment 8. Future Prospects” and “II. Business Alliance with MOL 5. Future Prospects” above.