

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



## Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 2022 [Japanese GAAP]

February 10, 2022

Company name: PENTA-OCEAN CONSTRUCTION CO., LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Code number: 1893  
 URL: <https://www.penta-ocean.co.jp/>  
 Representative: Takuzo Shimizu President, Chief Executive Officer and Representative Director  
 Contact: Syunji Kitahashi Managing Executive Officer, General Manager, Head of Accounting Division  
 Phone: (03)3817-7619  
 Scheduled date of filing quarterly securities report: February 10, 2022  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 01, 2021 to December 31, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

|           | Net sales   |        | Operating profit |        | Ordinary income |        | Net income attributable to owners of parent |        |
|-----------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
|           | Million yen | %      | Million yen      | %      | Million yen     | %      | Million yen                                 | %      |
| FY3/22 3Q | 326,596     | (4.6)  | 12,954           | (41.4) | 12,737          | (41.6) | 8,991                                       | (40.1) |
| FY3/21 3Q | 342,280     | (21.6) | 22,092           | (14.4) | 21,796          | (16.0) | 15,008                                      | (16.0) |

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥ 8,031 million [ (49.4)%]  
 Nine months ended December 31, 2020: ¥ 15,869 million [ (10.7)%]

|           | Earnings per share | Diluted earnings per share |
|-----------|--------------------|----------------------------|
|           | Yen                | Yen                        |
| FY3/22 3Q | 31.54              | -                          |
| FY3/21 3Q | 52.62              | -                          |

#### (2) Consolidated Financial Position

|                   | Total assets | Net assets  | Capital adequacy ratio |
|-------------------|--------------|-------------|------------------------|
| As of             | Million yen  | Million yen | %                      |
| December 31, 2021 | 468,316      | 158,591     | 33.8                   |
| March 31, 2021    | 452,248      | 158,403     | 35.0                   |

(Reference) Equity: As of December 31, 2021: ¥ 158,383 million  
 As of March 31, 2021: ¥ 158,287 million

### 2. Dividends

|                         | Annual dividends |                 |                 |          |       |
|-------------------------|------------------|-----------------|-----------------|----------|-------|
|                         | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
|                         | Yen              | Yen             | Yen             | Yen      | Yen   |
| FY3/21 3Q               | -                | -               | -               | 28.00    | 28.00 |
| FY3/22 3Q               | -                | -               | -               | -        | -     |
| FY3/22 3Q<br>(Forecast) | -                | -               | -               | 23.00    | 23.00 |

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of FY3/21 ordinary dividends: JPY 23, commemorative dividends for the 125th founding anniversary: JPY 5

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period)

|           | Net sales   |       | Operating profit |        | Ordinary income |        | Net income attributable to owners of parent |        | Earnings per share |
|-----------|-------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------|
|           | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen                                 | %      | Yen                |
| Full year | 460,000     | (2.3) | 18,000           | (40.9) | 17,000          | (44.3) | 11,500                                      | (45.2) | 40.34              |

(Note) Revision to the financial results forecast announced most recently: Yes

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2021: 286,013,910 shares

March 31, 2021: 286,013,910 shares

2) Total number of treasury shares at the end of the period:

December 31, 2021: 937,484 shares

March 31, 2021: 977,610 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 285,065,433 shares

Nine months ended December 31, 2020: 285,206,804 shares

Note: Both the number of shares of treasury stock as of end of period, and the average number of shares outstanding during the period that is calculated by subtracting the number of shares of treasury stock from the number of outstanding shares, contain the company's shares of the BBT.

※This document is out of the scope of the quarterly review procedures.

Notes: Request for appropriate use of the business outlook and other special remarks:

1) The financial forecasts for the entire term for fiscal year ending March 31, 2022 are revised from ones provided on May 11, 2021.

2) The forecasts given above are based on information currently available and certain premises regarded as reasonable, and do not include any intent that the company will guarantee its achievement. The actual business result is inherently subject to a variety of risks and uncertainties, and may vary significantly from forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Million yen)

|   | As of March 31,2021 | As of December 31,2021 |
|---|---------------------|------------------------|
| <b>Assets</b>   |                     |                        |
| Current assets  |                     |                        |
| Cash and deposits   | 59,781              | 52,209                 |
| Notes receivable, accounts receivable from completed construction contracts and other | 239,949             | 254,327                |
| Securities  | 8                   | 27                     |
| Costs on construction contracts in progress   | 12,395              | 15,645                 |
| Real estate for sale and development projects in progress                             | 1,898               | 1,334                  |
| Accounts receivable - other   | 17,888              | 15,335                 |
| Other   | 3,524               | 8,177                  |
| Allowance for doubtful accounts   | (358)               | (337)                  |
| Total current assets  | 335,087             | 346,719                |
| Non-current assets  |                     |                        |
| Property, plant and equipment   |                     |                        |
| Land  | 33,491              | 33,491                 |
| Other, net  | 50,915              | 53,232                 |
| Total property, plant and equipment   | 84,407              | 86,724                 |
| Intangible assets   | 3,931               | 3,755                  |
| Investments and other assets  |                     |                        |
| Investment securities   | 19,485              | 21,622                 |
| Retirement benefit asset  | 3,190               | 3,407                  |
| Other   | 9,407               | 9,433                  |
| Allowance for doubtful accounts   | (3,261)             | (3,346)                |
| Total investments and other assets  | 28,821              | 31,116                 |
| Total non-current assets  | 117,160             | 121,596                |
| <b>Total assets</b>   | <b>452,248</b>      | <b>468,316</b>         |

(Million yen)

|   | As of March 31,2021 | As of December 31,2021 |
|---|---------------------|------------------------|
| <b>Liabilities</b>                                      |                     |                        |
| Current liabilities                                     |                     |                        |
| Accounts payable for construction contracts and other   | 117,482             | 96,909                 |
| Short-term borrowings                                   | 28,841              | 61,568                 |
| Current portion of bonds payable                        | 10,000              | -                      |
| Income taxes payable                                    | 4,806               | 655                    |
| Advances received on construction contracts in progress | 24,586              | 33,072                 |
| Provisions  | 5,348               | 5,734                  |
| Other   | 53,775              | 51,582                 |
| Total current liabilities                               | 244,839             | 249,521                |
| Non-current liabilities                                 |                     |                        |
| Bonds payable   | 20,000              | 30,000                 |
| Long-term borrowings                                    | 23,371              | 24,518                 |
| Deferred tax liabilities for land revaluation           | 3,679               | 3,679                  |
| Provisions  | 299                 | 334                    |
| Retirement benefit liability                            | 1,118               | 1,174                  |
| Other   | 535                 | 496                    |
| Total non-current liabilities                           | 49,004              | 60,202                 |
| Total liabilities                                       | 293,844             | 309,724                |
| Net assets  |                     |                        |
| Shareholders' equity                                    |                     |                        |
| Share capital   | 30,449              | 30,449                 |
| Capital surplus   | 18,386              | 18,386                 |
| Retained earnings                                       | 101,198             | 102,222                |
| Treasury shares   | (590)               | (564)                  |
| Total shareholders' equity                              | 149,445             | 150,495                |
| Accumulated other comprehensive income                  |                     |                        |
| Valuation difference on available-for-sale securities   | 4,583               | 3,643                  |
| Deferred gains or losses on hedges                      | (175)               | (234)                  |
| Revaluation reserve for land                            | 3,912               | 3,912                  |
| Foreign currency translation adjustment                 | (15)                | 164                    |
| Remeasurements of defined benefit plans                 | 536                 | 401                    |
| Total accumulated other comprehensive income            | 8,842               | 7,887                  |
| Non-controlling interests                               | 116                 | 208                    |
| Total net assets  | 158,403             | 158,591                |
| Total liabilities and net assets                        | 452,248             | 468,316                |

Quarterly Consolidated Statements of Income and Comprehensive Income  
 Quarterly Consolidated Statements of Income (For the nine months)

|   | (Million yen)                                       |   |
|---|---|---|
|   | FY3/21 3Q<br>(From Apr. 1, 2020<br>to Dec. 31,2020) | FY3/22 3Q<br>(From Apr. 1, 2021<br>to Dec. 31,2021) |
| <b>Net sales</b>                                  |   |   |
| Net sales of completed construction contracts     | 337,204   | 319,761   |
| Other sales                                       | 5,076   | 6,834   |
| Total net sales                                   | 342,280   | 326,596   |
| <b>Cost of sales</b>                              |   |   |
| Cost of sales of completed construction contracts | 302,540   | 292,536   |
| Other cost of sales                               | 3,355   | 5,107   |
| Total cost of sales                               | 305,895   | 297,644   |
| <b>Gross profit</b>                               |   |   |
| Gross profit on completed construction contracts  | 34,664  | 27,224  |
| Gross profit - other                              | 1,720   | 1,727   |
| Total gross profit                                | 36,384  | 28,951  |
| Selling, general and administrative expenses      | 14,292  | 15,997  |
| Operating profit                                  | 22,092  | 12,954  |
| <b>Non-operating income</b>                       |   |   |
| Interest income                                   | 48  | 26  |
| Dividend income                                   | 354   | 316   |
| Other   | 290   | 253   |
| Total non-operating income                        | 693   | 595   |
| <b>Non-operating expenses</b>                     |   |   |
| Interest expenses                                 | 462   | 433   |
| Other   | 528   | 379   |
| Total non-operating expenses                      | 990   | 812   |
| Ordinary income                                   | 21,796  | 12,737  |
| <b>Extraordinary income</b>                       |   |   |
| Gain on sale of investment securities             | 44  | 484   |
| Other   | 81  | 118   |
| Total extraordinary income                        | 125   | 603   |
| <b>Extraordinary losses</b>                       |   |   |
| Loss on sale of non-current assets                | 24  | 124   |
| Loss on retirement of non-current assets          | 8   | 127   |
| Loss on valuation of investment securities        | 431   | -   |
| Other   | 11  | 28  |
| Total extraordinary losses                        | 475   | 280   |
| Income before income taxes                        | 21,446  | 13,060  |
| Income taxes - current                            | 4,219   | 3,605   |
| Income taxes - deferred                           | 2,221   | 469   |
| Total income taxes                                | 6,441   | 4,075   |
| Net income  | 15,004  | 8,984   |
| Loss attributable to non-controlling interests    | (3)   | (6)   |
| Net income attributable to owners of parent       | 15,008  | 8,991   |

## Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

|  | (Million yen)                                       |   |
|--|---|---|
|  | FY3/21 3Q<br>(From Apr. 1, 2020<br>to Dec. 31,2020) | FY3/22 3Q<br>(From Apr. 1, 2021<br>to Dec. 31,2021) |
| Net income   | 15,004  | 8,984   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                                | 696   | (940)   |
| Deferred gains or losses on hedges   | 71  | (59)  |
| Foreign currency translation adjustment  | 35  | 150   |
| Remeasurements of defined benefit plans, net of tax                                  | 61  | (134)   |
| Share of other comprehensive income of entities<br>accounted for using equity method | -   | 30  |
| Total other comprehensive income   | 865   | (953)   |
| Comprehensive income   | 15,869  | 8,031   |
| Comprehensive income attributable to   |   |   |
| Comprehensive income attributable to owners of<br>parent                             | 15,864  | 8,037   |
| Comprehensive income attributable to non-controlling<br>interests                    | 5   | (5)   |

**(Reference)****Non-Consolidated Orders Received, Net Sales and Backlog**

## 1. Orders Received

(Millions of Yen)

|                                | FY3/21 3Q<br>(From Apr. 1, 2020<br>to Dec. 31, 2020) | FY3/22 3Q<br>(From Apr. 1, 2021<br>to Dec. 31, 2021) | Increase<br>(Decrease) | Rate of change (%) |
|--------------------------------|--|--|------------------------|--------------------|
| Public works                   | 76,980   | 68,978   | (8,002)                | (10.4)             |
| Private works                  | 43,631   | 43,741   | 109                    | 0.3                |
| Domestic civil engineering     | 120,612  | 112,719  | (7,892)                | (6.5)              |
| Public works                   | 31,023   | 9,924  | (21,098)               | (68.0)             |
| Private works                  | 80,721   | 101,832  | 21,110                 | 26.2               |
| Domestic building construction | 111,745  | 111,757  | 11                     | 0.0                |
| Civil engineering              | 4,446  | 9,596  | 5,149                  | 115.8              |
| Building construction          | 98,560   | 6,663  | (91,897)               | (93.2)             |
| Overseas                       | 103,006  | 16,259   | (86,747)               | (84.2)             |
| Construction Total             | 335,365  | 240,736  | (94,628)               | (28.2)             |
| Others                         | 231  | 1,220  | 989                    | 428.2              |
| Total                          | 335,596  | 241,957  | (93,638)               | (27.9)             |

## 2. Net Sales

(Millions of Yen)

|                                | FY3/21 3Q<br>(From Apr. 1, 2020<br>to Dec. 31, 2020) | FY3/22 3Q<br>(From Apr. 1, 2021<br>to Dec. 31, 2021) | Increase<br>(Decrease) | Rate of change (%) |
|--------------------------------|--|--|------------------------|--------------------|
| Public works                   | 100,929  | 88,993   | (11,935)               | (11.8)             |
| Private works                  | 35,890   | 28,687   | (7,203)                | (20.1)             |
| Domestic civil engineering     | 136,819  | 117,680  | (19,138)               | (14.0)             |
| Public works                   | 13,510   | 15,318   | 1,808                  | 13.4               |
| Private works                  | 87,014   | 89,434   | 2,420                  | 2.8                |
| Domestic building construction | 100,524  | 104,753  | 4,228                  | 4.2                |
| Civil engineering              | 69,054   | 50,914   | (18,139)               | (26.3)             |
| Building construction          | 17,143   | 32,506   | 15,362                 | 89.6               |
| Overseas                       | 86,197   | 83,420   | (2,777)                | (3.2)              |
| Construction Total             | 323,542  | 305,855  | (17,687)               | (5.5)              |
| Others                         | 231  | 1,060  | 829                    | 358.8              |
| Total                          | 323,773  | 306,915  | (16,858)               | (5.2)              |

## 3. Backlog

(Millions of Yen)

|                                | FY3/21 3Q<br>(Dec. 31, 2020) | FY3/22 3Q<br>(Dec. 31, 2021) | Increase<br>(Decrease) | Rate of change (%) |
|--------------------------------|------------------------------|------------------------------|------------------------|--------------------|
| Public works                   | 114,349                      | 106,450                      | (7,899)                | (6.9)              |
| Private works                  | 68,925                       | 88,237                       | 19,312                 | 28.0               |
| Domestic civil engineering     | 183,275                      | 194,688                      | 11,413                 | 6.2                |
| Public works                   | 49,673                       | 44,985                       | (4,688)                | (9.4)              |
| Private works                  | 173,558                      | 210,145                      | 36,586                 | 21.1               |
| Domestic building construction | 223,232                      | 255,130                      | 31,897                 | 14.3               |
| Civil engineering              | 199,360                      | 154,912                      | (44,447)               | (22.3)             |
| Building construction          | 154,489                      | 162,866                      | 8,377                  | 5.4                |
| Overseas                       | 353,850                      | 317,779                      | (36,070)               | (10.2)             |
| Construction Total             | 760,357                      | 767,598                      | 7,240                  | 1.0                |
| Others                         | -                            | 160                          | 160                    | -                  |
| Total                          | 760,357                      | 767,758                      | 7,400                  | 1.0                |