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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

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: Tsutomu Sasaki General Manager, Head of Accounting Division

Phone: (03)3817-7619

Scheduled date of Annual General Meeting of Shareholders: June 27, 2023

Scheduled date of commencing dividend payments: June 28, 2023

Scheduled date of filing annual securities report: June 27, 2023

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY3/23	502,206	9.6	4,119	(74.2)	1,415	(91.0)	684	(93.6)
FY3/22	458,231	(2.7)	15,939	(47.7)	15,659	(48.7)	10,753	(48.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 3,787 million [(59.0)%]
Fiscal year ended March 31, 2022: ¥ 9,226 million [(61.8)%]

	Earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY3/23	2.40	-	0.4	0.3	0.8
FY3/22	37.72	-	6.8	3.4	3.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 47 million
Fiscal year ended March 31, 2022: ¥ 45 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	508,179	156,953	30.9	550.03
March 31, 2022	467,364	159,786	34.1	559.85

(Reference) Equity: As of March 31, 2023: ¥ 156,845 million
As of March 31, 2022: ¥ 159,599 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY3/23	19,689	(11,701)	(6,960)	47,380
FY3/22	(7,687)	(11,821)	1,362	43,567

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY3/22	-	-	-	23.00	23.00	6,573	61.1	4.1
FY3/23	-	-	-	24.00	24.00	6,859	1,002.0	4.3
FY3/24 (Forecast)	-	-	-	24.00	24.00		31.2	

(Note) Total dividends contain the dividends for the trust banks of the Board Benefit Trust (BBT), JPY16 million in FY3/22, and JPY15 million in FY3/23. The payout ratio is calculated, by dividing the Total dividends by the net income attributable to owners of parent.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	610,000	21.5	34,000	725.4	32,000	-	22,000	-	77.15

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2023: 286,013,910 shares

March 31, 2022: 286,013,910 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 856,034 shares

March 31, 2022: 937,517 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 285,145,410 shares

Fiscal Year ended March 31, 2022: 285,067,967 shares

Note: Both the number of shares of treasury stock as of the end of FY3/23, 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 review procedures.

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

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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	March 31, 2022	March 31, 2023
Assets		
Current assets		
Cash and deposits	44,838	50,489
Notes receivable, accounts receivable from completed construction contracts and other	263,965	269,912
Securities	18	11
Costs on construction contracts in progress	14,896	15,396
Real estate for sale and development projects in progress	1,227	1,191
Accounts receivable - other	11,575	22,114
Other	8,201	18,566
Allowance for doubtful accounts	(345)	(307)
Total current assets	344,377	377,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,943	40,956
Machinery, vehicles, tools, furniture and fixtures	109,669	113,764
Land	33,501	33,392
Construction in progress	16,340	17,566
Other	184	233
Accumulated depreciation	(110,132)	(114,149)
Total property, plant and equipment	87,507	91,763
Intangible assets	3,761	3,660
Investments and other assets		
Investment securities	21,056	22,459
Deferred tax assets	4,248	5,796
Retirement benefit asset	3,476	4,155
Other	6,433	6,828
Allowance for doubtful accounts	(3,498)	(3,862)
Total investments and other assets	31,717	35,378
Total non-current assets	122,986	130,802
Total assets	467,364	508,179

(Millions of yen)

	March 31, 2022	March 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	117,852	124,327
Short-term borrowings	29,109	32,429
Commercial papers	10,000	9,999
Current portion of bonds payable	-	10,000
Income taxes payable	2,838	1,551
Advances received on construction contracts in progress	30,900	50,747
Deposits received	38,734	51,201
Provision for warranties for completed construction	791	909
Provision for bonuses	3,122	3,073
Provision for loss on construction contracts	3,867	11,103
Other	10,546	8,599
Total current liabilities	247,764	303,943
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	23,447	21,265
Deferred tax liabilities for land revaluation	3,679	3,679
Provision for share awards for directors (and other officers)	348	345
Retirement benefit liability	1,847	1,511
Other	490	480
Total non-current liabilities	59,813	47,282
Total liabilities	307,577	351,226
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	103,984	97,931
Treasury shares	(564)	(511)
Total shareholders' equity	152,257	146,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,227	3,816
Deferred gains or losses on hedges	(162)	842
Revaluation reserve for land	3,912	3,977
Foreign currency translation adjustment	513	1,700
Remeasurements of defined benefit plans	(148)	251
Total accumulated other comprehensive income	7,342	10,588
Non-controlling interests	186	107
Total net assets	159,786	156,953
Total liabilities and net assets	467,364	508,179

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)
Net sales		
Net sales of completed construction contracts	447,887	492,118
Other sales	10,344	10,087
Total net sales	458,231	502,206
Cost of sales		
Cost of sales of completed construction contracts	413,457	467,969
Other cost of sales	7,539	7,812
Total cost of sales	420,996	475,782
Gross profit		
Gross profit on completed construction contracts	34,430	24,149
Gross profit - other	2,805	2,274
Total gross profit	37,235	26,423
Selling, general and administrative expenses	21,296	22,304
Operating profit	15,939	4,119
Non-operating income		
Interest income	38	383
Dividend income	352	409
Foreign exchange gains	176	-
Other	377	331
Total non-operating income	944	1,124
Non-operating expenses		
Interest expenses	636	953
Foreign exchange losses	-	2,239
Other	589	635
Total non-operating expenses	1,225	3,827
Ordinary income	15,659	1,415
Extraordinary income		
Gain on sale of non-current assets	120	242
Gain on sale of investment securities	757	131
Other	0	-
Total extraordinary income	878	373
Extraordinary losses		
Loss on retirement of non-current assets	305	113
Other	158	4
Total extraordinary losses	463	118
Income before income taxes	16,073	1,671
Income taxes - current	5,620	3,477
Income taxes - deferred	(267)	(2,411)
Total income taxes	5,353	1,065
Net income	10,720	605
Net loss attributable to non-controlling interests	(33)	(79)
Net income attributable to owners of parent	10,753	684

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)
Net income	10,720	605
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,356)	591
Deferred gains or losses on hedges	12	1,004
Foreign currency translation adjustment	618	656
Remeasurements of defined benefit plans, net of tax	(685)	400
Share of other comprehensive income of entities accounted for using equity method	(84)	527
Total other comprehensive income	(1,494)	3,181
Comprehensive income	9,226	3,787
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,253	3,865
Comprehensive income attributable to non-controlling interests	(27)	(78)

Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from operating activities		
Income before income taxes	16,073	1,671
Depreciation	6,488	7,235
Amortization of goodwill	261	302
Increase (decrease) in allowance for doubtful accounts	224	325
Increase (decrease) in provision for bonuses	142	(49)
Increase (decrease) in provision for loss on construction contracts	2,469	7,196
Increase (decrease) in retirement benefit liability	(0)	115
Decrease (increase) in retirement benefit asset	(286)	(253)
Interest and dividend income	(391)	(792)
Interest expenses	636	953
Foreign exchange losses (gains)	(2,474)	(2,564)
Share of loss (profit) of entities accounted for using equity method	(45)	(47)
Loss (gain) on sale of property, plant and equipment	3	(240)
Loss (gain) on sale of short-term and long-term investment securities	(757)	(131)
Decrease (increase) in trade receivables	(23,852)	(5,680)
Decrease (increase) in costs on construction contracts in progress	(2,189)	414
Decrease (increase) in inventories	552	(609)
Increase (decrease) in trade payables	82	6,105
Increase (decrease) in advances received on construction contracts in progress	6,274	19,734
Decrease (increase) in accounts receivable - other	6,345	(10,501)
Other, net	(9,340)	1,518
Subtotal	215	24,703
Interest and dividends received	381	759
Interest paid	(637)	(938)
Income taxes paid	(7,647)	(4,834)
Net cash provided by (used in) operating activities	(7,687)	19,689
Cash flows from investing activities		
Payments into time deposits	(1,155)	(5,333)
Proceeds from withdrawal of time deposits	469	3,494
Purchase of short-term and long-term investment securities	(423)	(207)
Proceeds from sale and redemption of short-term and long-term investment securities	1,079	244
Purchase of stocks of equity method affiliate	(3,251)	-
Purchase of property, plant and equipment	(8,657)	(10,114)
Proceeds from sale of property, plant and equipment	480	487
Proceeds from collection of loans receivable	6	6
Other, net	(368)	(278)
Net cash provided by (used in) investing activities	(11,821)	(11,701)

	(Millions of yen)	
	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,059)	2,309
Proceeds from long-term borrowings	9,395	7,175
Repayments of long-term borrowings	(7,922)	(9,632)
Proceeds from issuance of bonds	9,943	-
Redemption of bonds	(10,000)	-
Dividends paid	(7,994)	(6,562)
Other, net	9,998	(251)
Net cash provided by (used in) financing activities	1,362	(6,960)
Effect of exchange rate change on cash and cash equivalents	2,516	2,784
Net increase (decrease) in cash and cash equivalents	(15,630)	3,812
Cash and cash equivalents at beginning of period	59,197	43,567
Cash and cash equivalents at end of period	43,567	47,380

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

1. Orders Received

(Millions of Yen)

		FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)	Increase (Decrease)	Rate of change (%)
	Public works	104,872	219,804	114,932	109.6
	Private works	60,609	90,758	30,149	49.7
	Domestic civil engineering	165,481	310,563	145,082	87.7
	Public works	12,129	55,881	43,752	360.7
	Private works	147,925	165,818	17,892	12.1
	Domestic building construction	160,055	221,699	61,644	38.5
	Civil engineering	47,605	30,596	(17,008)	(35.7)
	Building construction	368	105,818	105,450	28641.0
	Overseas	47,973	136,415	88,441	184.4
	Construction Total	373,510	668,677	295,167	79.0
	Others	1,406	426	(979)	(69.7)
	Total	374,916	669,104	294,188	78.5

2. Net Sales

(Millions of Yen)

		FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	FY3/23 (From Apr. 1, 2022 to Mar. 31, 2023)	Increase (Decrease)	Rate of change (%)
	Public works	120,950	131,026	10,076	8.3
	Private works	39,599	54,005	14,406	36.4
	Domestic civil engineering	160,550	185,032	24,482	15.2
	Public works	20,887	20,245	(642)	(3.1)
	Private works	130,805	139,868	9,062	6.9
	Domestic building construction	151,693	160,113	8,420	5.6
	Civil engineering	70,884	74,622	3,737	5.3
	Building construction	44,456	48,869	4,413	9.9
	Overseas	115,341	123,491	8,150	7.1
	Construction Total	427,584	468,638	41,053	9.6
	Others	1,406	426	(979)	(69.7)
	Total	428,991	469,065	40,073	9.3

3. Backlog

(Millions of Yen)

		FY3/22 (Mar. 31, 2022)	FY3/23 (Mar. 31, 2023)	Increase (Decrease)	Rate of change (%)
	Public works	110,386	199,164	88,777	80.4
	Private works	94,193	130,945	36,752	39.0
	Domestic civil engineering	204,579	330,110	125,530	61.4
	Public works	41,621	77,257	35,636	85.6
	Private works	214,867	240,817	25,949	12.1
	Domestic building construction	256,488	318,074	61,585	24.0
	Civil engineering	176,279	160,940	(15,339)	(8.7)
	Building construction	147,837	231,300	83,463	56.5
	Overseas	324,117	392,241	68,124	21.0
	Construction Total	785,185	1,040,426	255,240	32.5
	Others	-	-	-	-
	Total	785,185	1,040,426	255,240	32.5