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Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2024 [Japanese GAAP]

August 2, 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 filing quarterly securities report: August 2, 2023

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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 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	%
FY3/24 1Q	127,273	18.8	6,681	75.2	6,858	50.6	4,778	47.6
FY3/23 1Q	107,175	8.3	3,812	(32.0)	4,553	(20.7)	3,237	(28.8)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 6,554 million [103.2%]
Three months ended June 30, 2022: ¥ 3,225 million [(14.0)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY3/24 1Q	16.76	-
FY3/23 1Q	11.36	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	502,797	156,690	31.1
March 31, 2023	508,179	156,953	30.9

(Reference) Equity: As of June 30, 2023: ¥ 156,616 million
As of March 31, 2023: ¥ 156,845 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/23	-	-	-	24.00	24.00
FY3/24	-	-	-	-	-
FY3/24 (Forecast)	-	-	-	24.00	24.00

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

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	-	77.14

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(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: No

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):

June 30, 2023: 286,013,910 shares

March 31, 2023: 286,013,910 shares

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

June 30, 2023: 791,793 shares

March 31, 2023: 856,034 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 285,189,982 shares

Three months ended June 30, 2022: 285,117,243 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, 2024 are the same as ones provided in May 12, 2023.

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

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	50,489	60,883
Notes receivable, accounts receivable from completed construction contracts and other	269,912	253,599
Securities	11	11
Costs on construction contracts in progress	15,396	19,132
Real estate for sale and development projects in progress	1,191	1,253
Accounts receivable - other	22,114	27,046
Other	18,566	9,391
Allowance for doubtful accounts	(307)	(291)
Total current assets	377,377	371,027
Non-current assets		
Property, plant and equipment		
Land	33,392	33,392
Other, net	58,371	59,242
Total property, plant and equipment	91,763	92,634
Intangible assets	3,660	3,561
Investments and other assets		
Investment securities	22,459	24,322
Retirement benefit asset	4,155	4,219
Other	12,625	11,128
Allowance for doubtful accounts	(3,862)	(4,097)
Total investments and other assets	35,378	35,573
Total non-current assets	130,802	131,770
Total assets	508,179	502,797

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	124,327	125,168
Short-term borrowings	32,429	49,700
Commercial papers	9,999	-
Current portion of bonds payable	10,000	10,000
Income taxes payable	1,551	1,559
Advances received on construction contracts in progress	50,747	37,721
Provision for loss on construction contracts	11,103	10,119
Other provisions	3,983	2,222
Other	59,800	63,792
Total current liabilities	303,943	300,283
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	21,265	19,849
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	345	314
Retirement benefit liability	1,511	1,515
Other	480	463
Total non-current liabilities	47,282	45,823
Total liabilities	351,226	346,107
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	97,931	95,851
Treasury shares	(511)	(469)
Total shareholders' equity	146,257	144,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,816	5,123
Deferred gains or losses on hedges	842	1,123
Revaluation reserve for land	3,977	3,977
Foreign currency translation adjustment	1,700	1,965
Remeasurements of defined benefit plans	251	208
Total accumulated other comprehensive income	10,588	12,398
Non-controlling interests	107	73
Total net assets	156,953	156,690
Total liabilities and net assets	508,179	502,797

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

	(Millions of yen)	
	FY3/23 1Q (From Apr. 1, 2022 to Jun. 30, 2022)	FY3/24 1Q (From Apr. 1, 2023 to Jun. 30, 2023)
Net sales		
Net sales of completed construction contracts	105,061	123,802
Other sales	2,113	3,471
Total net sales	107,175	127,273
Cost of sales		
Cost of sales of completed construction contracts	96,280	111,807
Other cost of sales	1,679	2,966
Total cost of sales	97,959	114,774
Gross profit		
Gross profit on completed construction contracts	8,780	11,995
Gross profit - other	434	504
Total gross profit	9,215	12,499
Selling, general and administrative expenses	5,402	5,818
Operating profit	3,812	6,681
Non-operating income		
Interest income	9	152
Dividend income	201	143
Foreign exchange gains	862	324
Other	96	61
Total non-operating income	1,169	681
Non-operating expenses		
Interest expenses	129	251
Provision of allowance for doubtful accounts	282	235
Other	16	16
Total non-operating expenses	429	504
Ordinary income	4,553	6,858
Extraordinary income		
Gain on sale of non-current assets	8	10
Total extraordinary income	8	10
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	17	19
Other	0	-
Total extraordinary losses	18	19
Income before income taxes	4,543	6,849
Income taxes - current	445	1,130
Income taxes - deferred	878	974
Total income taxes	1,323	2,105
Net income	3,219	4,744
Net income(loss) attributable to non-controlling interests	(18)	(34)
Net income attributable to owners of parent	3,237	4,778

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

	(Millions of yen)	
	FY3/23 1Q (From Apr. 1, 2022 to Jun. 30, 2022)	FY3/24 1Q (From Apr. 1, 2023 to Jun. 30, 2023)
Net income	3,219	4,744
Other comprehensive income		
Valuation difference on available-for-sale securities	(197)	1,306
Deferred gains or losses on hedges	(150)	281
Foreign currency translation adjustment	404	265
Remeasurements of defined benefit plans, net of tax	(52)	(43)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	6	1,810
Comprehensive income	3,225	6,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,243	6,588
Comprehensive income attributable to non-controlling interests	(17)	(34)

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

1. Orders Received

(Millions of Yen)

	FY3/23 1Q (From Apr. 1, 2022 to Jun. 30, 2022)	FY3/24 1Q (From Apr. 1, 2023 to Jun. 30, 2023)	Increase (Decrease)	Rate of change (%)
Public works	28,555	24,949	(3,606)	(12.6)
Private works	5,590	22,849	17,258	308.7
Domestic civil engineering	34,146	47,799	13,652	40.0
Public works	15,633	15,675	42	0.3
Private works	17,767	23,042	5,274	29.7
Domestic building construction	33,400	38,717	5,317	15.9
Civil engineering	107	3,301	3,194	2,983.5
Building construction	80,320	1,569	(78,750)	(98.0)
Overseas	80,427	4,871	(75,556)	(93.9)
Construction Total	147,974	91,388	(56,586)	(38.2)
Others	76	77	1	1.4
Total	148,051	91,465	(56,585)	(38.2)

2. Net Sales

(Millions of Yen)

	FY3/23 1Q (From Apr. 1, 2022 to Jun. 30, 2022)	FY3/24 1Q (From Apr. 1, 2023 to Jun. 30, 2023)	Increase (Decrease)	Rate of change (%)
Public works	25,188	43,832	18,644	74.0
Private works	10,521	14,245	3,724	35.4
Domestic civil engineering	35,709	58,078	22,368	62.6
Public works	5,256	4,961	(294)	(5.6)
Private works	30,295	29,357	(938)	(3.1)
Domestic building construction	35,551	34,319	(1,232)	(3.5)
Civil engineering	19,558	14,994	(4,564)	(23.3)
Building construction	8,273	7,614	(659)	(8.0)
Overseas	27,831	22,608	(5,223)	(18.8)
Construction Total	99,093	115,006	15,912	16.1
Others	76	77	1	1.4
Total	99,170	115,083	15,913	16.0

3. Backlog

(Millions of Yen)

	FY3/23 1Q (Jun. 30, 2022)	FY3/24 1Q (Jun. 30, 2023)	Increase (Decrease)	Rate of change (%)
Public works	113,754	180,281	66,527	58.5
Private works	89,262	139,549	50,287	56.3
Domestic civil engineering	203,016	319,831	116,814	57.5
Public works	51,998	87,971	35,973	69.2
Private works	202,339	234,501	32,162	15.9
Domestic building construction	254,337	322,473	68,135	26.8
Civil engineering	173,248	152,428	(20,820)	(12.0)
Building construction	234,660	231,054	(3,605)	(1.5)
Overseas	407,909	383,482	(24,426)	(6.0)
Construction Total	865,263	1,025,787	160,523	18.6
Others	—	—	—	—
Total	865,263	1,025,787	160,523	18.6