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

February 8, 2024

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: February 8, 2024

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, 2023 (April 1, 2023 to December 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	%
FY3/24 3Q	435,780	25.5	20,723	-	18,648	-	12,907	-
FY3/23 3Q	347,197	6.3	(7,322)	-	(9,852)	-	(7,263)	-

(Note) Comprehensive income:
 Nine months ended December 31, 2023: ¥ 14,925 million [-%]
 Nine months ended December 31, 2022: ¥ (6,366) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY3/24 3Q	45.29	-
FY3/23 3Q	(25.47)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	611,185	164,757	26.9
March 31, 2023	508,179	156,953	30.9

(Reference) Equity:
 As of December 31, 2023: ¥ 164,691 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	-	77.20

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

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

(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):

December 31, 2023: 286,013,910 shares

March 31, 2023: 286,013,910 shares

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

December 31, 2023: 1,157,011 shares

March 31, 2023: 856,034 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 285,026,686 shares

Nine months ended December 31, 2022: 285,141,665 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 on 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	50,489	49,065
Notes receivable, accounts receivable from completed construction contracts and other	269,912	336,680
Securities	11	11
Costs on construction contracts in progress	15,396	22,945
Real estate for sale and development projects in progress	1,191	1,232
Accounts receivable - other	22,114	44,322
Other	18,566	22,807
Allowance for doubtful accounts	(307)	(447)
Total current assets	377,377	476,617
Non-current assets		
Property, plant and equipment		
Land	33,392	33,422
Other, net	58,371	60,867
Total property, plant and equipment	91,763	94,290
Intangible assets	3,660	3,515
Investments and other assets		
Investment securities	22,459	25,410
Retirement benefit asset	4,155	4,345
Other	12,625	11,118
Allowance for doubtful accounts	(3,862)	(4,113)
Total investments and other assets	35,378	36,761
Total non-current assets	130,802	134,567
Total assets	508,179	611,185

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	124,327	122,045
Short-term borrowings	32,429	79,213
Commercial papers	9,999	59,995
Current portion of bonds payable	10,000	-
Income taxes payable	1,551	3,207
Advances received on construction contracts in progress	50,747	38,337
Provision for loss on construction contracts	11,103	8,867
Other provisions	3,983	2,135
Other	59,800	67,778
Total current liabilities	303,943	381,579
Non-current liabilities		
Bonds payable	20,000	31,000
Long-term borrowings	21,265	27,762
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	345	397
Retirement benefit liability	1,511	1,564
Other	480	444
Total non-current liabilities	47,282	64,847
Total liabilities	351,226	446,427
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	97,931	103,980
Treasury shares	(511)	(773)
Total shareholders' equity	146,257	152,043
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,816	5,939
Deferred gains or losses on hedges	842	65
Revaluation reserve for land	3,977	3,977
Foreign currency translation adjustment	1,700	2,542
Remeasurements of defined benefit plans	251	121
Total accumulated other comprehensive income	10,588	12,647
Non-controlling interests	107	65
Total net assets	156,953	164,757
Total liabilities and net assets	508,179	611,185

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

	(Millions of yen)	
	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31,2022)	FY3/24 3Q (From Apr. 1, 2023 to Dec. 31,2023)
Net sales		
Net sales of completed construction contracts	340,090	423,882
Other sales	7,107	11,897
Total net sales	347,197	435,780
Cost of sales		
Cost of sales of completed construction contracts	332,399	387,375
Other cost of sales	5,640	9,844
Total cost of sales	338,039	397,220
Gross profit		
Gross profit on completed construction contracts	7,690	36,507
Gross profit - other	1,467	2,052
Total gross profit	9,158	38,560
Selling, general and administrative expenses	16,480	17,837
Operating profit (loss)	(7,322)	20,723
Non-operating income		
Interest income	190	362
Dividend income	368	318
Other	191	155
Total non-operating income	751	836
Non-operating expenses		
Interest expenses	582	1,309
Foreign exchange losses	2,336	771
Other	362	830
Total non-operating expenses	3,281	2,911
Ordinary income (loss)	(9,852)	18,648
Extraordinary income		
Gain on sale of non-current assets	26	60
Gain on sale of investment securities	131	5
Total extraordinary income	157	66
Extraordinary losses		
Loss on retirement of non-current assets	106	134
Other	2	0
Total extraordinary losses	109	134
Income (loss) before income taxes	(9,804)	18,580
Income taxes - current	247	4,419
Income taxes - deferred	(2,718)	1,295
Total income taxes	(2,470)	5,715
Net income(loss)	(7,333)	12,865
Net loss attributable to non-controlling interests	(69)	(42)
Net income (loss) attributable to owners of parent	(7,263)	12,907

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

	(Millions of yen)	
	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31,2022)	FY3/24 3Q (From Apr. 1, 2023 to Dec. 31,2023)
Net income (loss)	(7,333)	12,865
Other comprehensive income		
Valuation difference on available-for-sale securities	(766)	2,122
Deferred gains or losses on hedges	720	(776)
Foreign currency translation adjustment	675	552
Remeasurements of defined benefit plans, net of tax	(156)	(129)
Share of other comprehensive income of entities accounted for using equity method	493	291
Total other comprehensive income	967	2,059
Comprehensive income	(6,366)	14,925
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,296)	14,967
Comprehensive income attributable to non-controlling interests	(69)	(42)

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

1. Orders Received

(Millions of Yen)

	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31, 2022)	FY3/24 3Q (From Apr. 1, 2023 to Dec. 31, 2023)	Increase (Decrease)	Rate of change (%)
Public works	134,086	131,053	(3,032)	(2.3)
Private works	70,637	50,219	(20,418)	(28.9)
Domestic civil engineering	204,723	181,272	(23,450)	(11.5)
Public works	34,296	74,765	40,469	118.0
Private works	127,191	97,602	(29,589)	(23.3)
Domestic building construction	161,487	172,367	10,880	6.7
Civil engineering	26,144	9,107	(17,036)	(65.2)
Building construction	91,318	24,856	(66,462)	(72.8)
Overseas	117,462	33,963	(83,498)	(71.1)
Construction Total	483,673	387,604	(96,069)	(19.9)
Others	226	229	3	1.4
Total	483,900	387,834	(96,066)	(19.9)

2. Net Sales

(Millions of Yen)

	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31, 2022)	FY3/24 3Q (From Apr. 1, 2023 to Dec. 31, 2023)	Increase (Decrease)	Rate of change (%)
Public works	91,130	129,000	37,870	41.6
Private works	37,445	45,493	8,048	21.5
Domestic civil engineering	128,575	174,494	45,919	35.7
Public works	14,441	17,248	2,807	19.4
Private works	97,737	113,439	15,701	16.1
Domestic building construction	112,178	130,687	18,509	16.5
Civil engineering	51,100	55,695	4,595	9.0
Building construction	31,770	36,076	4,306	13.6
Overseas	82,870	91,772	8,901	10.7
Construction Total	323,625	396,954	73,329	22.7
Others	226	229	3	1.4
Total	323,852	397,184	73,332	22.6

3. Backlog

(Millions of Yen)

	FY3/23 3Q (Dec. 31, 2022)	FY3/24 3Q (Dec. 31, 2023)	Increase (Decrease)	Rate of change (%)
Public works	153,343	201,217	47,874	31.2
Private works	127,384	135,671	8,286	6.5
Domestic civil engineering	280,727	336,888	56,160	20.0
Public works	61,476	134,774	73,298	119.2
Private works	244,320	224,979	(19,341)	(7.9)
Domestic building construction	305,797	359,754	53,957	17.6
Civil engineering	180,560	125,495	(55,065)	(30.5)
Building construction	234,891	240,224	5,332	2.3
Overseas	415,451	365,719	(49,732)	(12.0)
Construction Total	1,001,976	1,062,362	60,385	6.0
Others	-	-	-	-
Total	1,001,976	1,062,362	60,385	6.0