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Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 2021 [Japanese GAAP]

February 09, 2021

Company name: PENTA-OCEAN CONSTRUCTION CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Code number: 1893
 URL: <http://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 09, 2021
 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, 2020 (April 01, 2020 to December 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
FY3/21 3Q	342,280	(21.6)	22,092	(14.4)	21,796	(16.0)	15,008	(16.0)
FY3/20 3Q	436,563	13.2	25,823	24.4	25,956	40.9	17,872	35.2

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥ 15,869 million [(10.7)%]
 Nine months ended December 31, 2019: ¥ 17,773 million [40.2%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
FY3/21 3Q	52.62	-
FY3/20 3Q	62.63	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2020	427,906	150,094	35.0
March 31, 2020	428,875	141,299	32.9

(Reference) Equity: As of December 31, 2020: ¥ 149,963 million
 As of March 31, 2020: ¥ 141,174 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/20	-	-	-	24.00	24.00
FY3/21	-	-	-	-	-
FY3/21 (Forecast)	-	-	-	20.00	20.00

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

(Note) For FY 3/21, JPY 5 commemorative dividends for the company's 125th anniversary of the founding will be added to regular dividends.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021(April 01, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	493,000	(14.1)	27,500	(17.1)	27,000	(17.0)	18,500	(20.8)	64.87

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2020

(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, 2020: 286,013,910 shares

March 31, 2020: 286,013,910 shares

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

December 31, 2020: 977,416 shares

March 31, 2020: 640,654 shares

3) Average number of shares during the period:

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

Nine months ended December 31, 2019: 285,367,550 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, 2021 are the same as ones provided in May 11, 2020.

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 31,2020	As of December 31,2020
Assets		
Current assets		
Cash and deposits	43,621	46,505
Notes receivable, accounts receivable from completed construction contracts and other	239,344	230,948
Securities	74	3
Costs on construction contracts in progress	12,941	13,711
Real estate for sale and development projects in progress	1,902	1,861
Accounts receivable - other	20,265	18,520
Other	2,815	3,158
Allowance for doubtful accounts	(702)	(679)
Total current assets	320,264	314,029
Non-current assets		
Property, plant and equipment		
Land	33,580	33,586
Other, net	46,347	51,072
Total property, plant and equipment	79,928	84,659
Intangible assets	1,454	3,697
Investments and other assets		
Investment securities	17,152	17,729
Retirement benefit asset	1,259	1,469
Other	11,876	9,424
Allowance for doubtful accounts	(3,060)	(3,102)
Total investments and other assets	27,228	25,520
Total non-current assets	108,611	113,877
Total assets	428,875	427,906

(Million yen)

	As of March 31,2020	As of December 31,2020
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	118,816	104,984
Short-term borrowings	24,673	42,860
Commercial papers	17,999	-
Current portion of bonds payable	10,000	10,000
Income taxes payable	7,357	1,522
Advances received on construction contracts in progress	20,932	19,255
Provisions	6,887	5,177
Other	50,337	42,758
Total current liabilities	257,003	226,558
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term borrowings	14,858	25,453
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	214	271
Retirement benefit liability	1,252	1,291
Other	566	558
Total non-current liabilities	30,572	51,254
Total liabilities	287,575	277,812
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	87,066	95,215
Treasury shares	(373)	(590)
Total shareholders' equity	135,529	143,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,673	3,370
Deferred gains or losses on hedges	43	115
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(166)	(140)
Remeasurements of defined benefit plans	(815)	(753)
Total accumulated other comprehensive income	5,645	6,501
Non-controlling interests	125	130
Total net assets	141,299	150,094
Total liabilities and net assets	428,875	427,906

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

	(Million yen)	
	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	FY3/21 3Q (From Apr. 1, 2020 to Dec. 31, 2020)
Net sales		
Net sales of completed construction contracts	429,269	337,204
Other sales	7,294	5,076
Total net sales	436,563	342,280
Cost of sales		
Cost of sales of completed construction contracts	391,442	302,540
Other cost of sales	5,398	3,355
Total cost of sales	396,840	305,895
Gross profit		
Gross profit on completed construction contracts	37,827	34,664
Gross profit - other	1,895	1,720
Total gross profit	39,723	36,384
Selling, general and administrative expenses	13,900	14,292
Operating income	25,823	22,092
Non-operating income		
Interest income	116	48
Dividend income	348	354
Other	376	290
Total non-operating income	840	693
Non-operating expenses		
Interest expenses	616	462
Foreign exchange losses	-	290
Other	91	237
Total non-operating expenses	707	990
Ordinary income	25,956	21,796
Extraordinary income		
Gain on sales of non-current assets	194	80
Gain on sales of investment securities	0	44
Other	2	0
Total extraordinary income	198	125
Extraordinary losses		
Loss on valuation of investment securities	-	431
Loss on contribution of securities to retirement benefit trust	46	-
Other	117	44
Total extraordinary losses	163	475
Income before income taxes	25,991	21,446
Income taxes - current	7,758	4,219
Income taxes - deferred	357	2,221
Total income taxes	8,116	6,441
Net income	17,875	15,004
Net income attributable to non-controlling interests	3	(3)
Net income attributable to owners of parent	17,872	15,008

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

	(Million yen)	
	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	FY3/21 3Q (From Apr. 1, 2020 to Dec. 31, 2020)
Net income	17,875	15,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	696
Deferred gains or losses on hedges	7	71
Foreign currency translation adjustment	6	35
Remeasurements of defined benefit plans, net of tax	(68)	61
Total other comprehensive income	(101)	865
Comprehensive income	17,773	15,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,769	15,864
Comprehensive income attributable to non-controlling interests	4	5

(Reference)

Non-Consolidated Orders Received, Net Sales and Backlog

1. Orders Received

(Millions of Yen)

	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	FY3/21 3Q (From Apr. 1, 2020 to Dec. 31, 2020)	Increase (Decrease)	Rate of change (%)
Public works	93,679	76,980	(16,698)	(17.8)
Private works	27,473	43,631	16,158	58.8
Domestic civil engineering	121,152	120,612	(540)	(0.4)
Public works	19,390	31,023	11,633	60.0
Private works	90,859	80,721	(10,137)	(11.2)
Domestic building construction	110,249	111,745	1,496	1.4
Civil engineering	20,516	4,446	(16,070)	(78.3)
Building construction	10,992	98,560	87,567	796.6
Overseas	31,509	103,006	71,497	226.9
Construction Total	262,911	335,365	72,453	27.6
Others	246	231	(15)	(6.3)
Total	263,158	335,596	72,438	27.5

2. Net Sales

(Millions of Yen)

	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	FY3/21 3Q (From Apr. 1, 2020 to Dec. 31, 2020)	Increase (Decrease)	Rate of change (%)
Public works	107,927	100,929	(6,997)	(6.5)
Private works	34,562	35,890	1,327	3.8
Domestic civil engineering	142,490	136,819	(5,670)	(4.0)
Public works	30,785	13,510	(17,274)	(56.1)
Private works	118,332	87,014	(31,318)	(26.5)
Domestic building construction	149,118	100,524	(48,593)	(32.6)
Civil engineering	97,055	69,054	(28,001)	(28.9)
Building construction	21,453	17,143	(4,309)	(20.1)
Overseas	118,508	86,197	(32,310)	(27.3)
Construction Total	410,117	323,542	(86,574)	(21.1)
Others	246	231	(15)	(6.3)
Total	410,363	323,773	(86,590)	(21.1)

3. Backlog

(Millions of Yen)

	FY3/20 3Q (Dec. 31, 2019)	FY3/21 3Q (Dec. 31, 2020)	Increase (Decrease)	Rate of change (%)
Public works	145,276	114,349	(30,927)	(21.3)
Private works	34,434	68,925	34,491	100.2
Domestic civil engineering	179,710	183,275	3,564	2.0
Public works	36,397	49,673	13,276	36.5
Private works	164,236	173,558	9,322	5.7
Domestic building construction	200,634	223,232	22,598	11.3
Civil engineering	257,046	199,360	(57,686)	(22.4)
Building construction	80,779	154,489	73,710	91.2
Overseas	337,825	353,850	16,024	4.7
Construction Total	718,170	760,357	42,187	5.9
Others	-	-	-	-
Total	718,170	760,357	42,187	5.9