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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 11, 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

Schedule of ordinary general meeting of shareholders date: June 25, 2021

Schedule of payment of dividends date: June 28, 2021

Schedule of financial statement reporting date: June 25, 2021

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 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	%
FY3/21	471,058	(17.9)	30,460	(8.1)	30,545	(6.1)	20,993	(10.1)
FY3/20	573,842	5.9	33,161	13.4	32,545	22.5	23,352	23.6

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 24,179 million [20.4%]
Fiscal year ended March 31, 2020: ¥ 20,077 million [7.9%]

	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	%	%	%
FY3/21	73.62	-	14.0	6.9	6.5
FY3/20	81.83	-	17.4	8.0	5.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ 10 million
Fiscal year ended March 31, 2020: ¥ 1 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	452,248	158,403	35.0	555.32
March 31, 2020	428,875	141,299	32.9	494.70

(Reference) Equity: As of March 31, 2021: ¥ 158,287 million
As of March 31, 2020: ¥ 141,174 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
	Million yen	Million yen	Million yen	Million yen
FY3/21	30,690	(12,800)	(3,111)	59,197
FY3/20	4,444	(9,081)	13,500	43,027

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	Million yen	%	%
FY3/20	-	-	-	24.00	24.00	6,859	29.4	5.1
FY3/21	-	-	-	28.00	28.00	8,002	38.1	5.3
FY3/22 (Forecast)	-	-	-	23.00	23.00		32.9	

(Note) Total dividends contain the dividends for the trust banks of the Board Benefit Trust (BBT), JPY10 million in FY3/20, and JPY21 million in FY3/21. The payout ratio is calculated, by dividing the Total dividends by the net income attributable to owners of parent.

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	491,000	4.2	29,000	(4.8)	28,500	(6.7)	20,000	(4.7)	70.17

* Notes:

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

(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, 2021: 286,013,910 shares

March 31, 2020: 286,013,910 shares

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

March 31, 2021: 977,610 shares

March 31, 2020: 640,654 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 285,167,470 shares

Fiscal Year ended March 31, 2020: 285,368,866 shares

Note: Both the number of shares of treasury stock as of the end of FY3/21, 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

(Million yen)

	March 31,2020	March 31,2021
Assets		
Current assets		
Cash and deposits	43,621	59,781
Notes receivable, accounts receivable from completed construction contracts and other	239,344	239,949
Securities	74	8
Costs on construction contracts in progress	12,941	12,395
Real estate for sale and development projects in progress	1,902	1,898
Accounts receivable - other	20,265	17,888
Other	2,815	3,524
Allowance for doubtful accounts	(702)	(358)
Total current assets	320,264	335,087
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,287	38,121
Machinery, vehicles, tools, furniture and fixtures	104,875	105,620
Land	33,580	33,491
Construction in progress	3,873	11,962
Other	156	194
Accumulated depreciation	(99,845)	(104,983)
Total property, plant and equipment	79,928	84,407
Intangible assets	1,454	3,931
Investments and other assets		
Investment securities	17,152	19,485
Deferred tax assets	6,158	3,109
Retirement benefit asset	1,259	3,190
Other	5,717	6,297
Allowance for doubtful accounts	(3,060)	(3,261)
Total investments and other assets	27,228	28,821
Total non-current assets	108,611	117,160
Total assets	428,875	452,248

(Million yen)

	March 31,2020	March 31,2021
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	118,816	117,482
Short-term borrowings	24,673	28,841
Commercial papers	17,999	-
Current portion of bonds payable	10,000	10,000
Income taxes payable	7,357	4,806
Advances received on construction contracts in progress	20,932	24,586
Deposits received	40,062	42,150
Provision for warranties for completed construction	2,022	992
Provision for bonuses	2,929	2,980
Provision for loss on construction contracts	1,935	1,374
Other	10,274	11,625
Total current liabilities	257,003	244,839
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term borrowings	14,858	23,371
Deferred tax liabilities for land revaluation	3,679	3,679
Provision for share awards for directors (and other officers)	214	299
Retirement benefit liability	1,252	1,118
Other	566	535
Total non-current liabilities	30,572	49,004
Total liabilities	287,575	293,844
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	87,066	101,198
Treasury shares	(373)	(590)
Total shareholders' equity	135,529	149,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,673	4,583
Deferred gains or losses on hedges	43	(175)
Revaluation reserve for land	3,910	3,912
Foreign currency translation adjustment	(166)	(15)
Remeasurements of defined benefit plans	(815)	536
Total accumulated other comprehensive income	5,645	8,842
Non-controlling interests	125	116
Total net assets	141,299	158,403
Total liabilities and net assets	428,875	452,248

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)
Net sales		
Net sales of completed construction contracts	564,135	464,214
Other sales	9,707	6,844
Total net sales	573,842	471,058
Cost of sales		
Cost of sales of completed construction contracts	513,945	416,483
Other cost of sales	7,998	4,536
Total cost of sales	521,943	421,020
Gross profit		
Gross profit on completed construction contracts	50,190	47,730
Gross profit - other	1,708	2,308
Total gross profit	51,899	50,038
Selling, general and administrative expenses	18,738	19,577
Operating profit	33,161	30,460
Non-operating income		
Interest income	161	61
Dividend income	380	387
Reversal of allowance for doubtful accounts	252	399
Rental income from real estate	144	136
Other	216	205
Total non-operating income	1,154	1,190
Non-operating expenses		
Interest expenses	924	667
Provision of allowance for doubtful accounts	4	258
Foreign exchange losses	737	-
Other	103	179
Total non-operating expenses	1,770	1,105
Ordinary income	32,545	30,545
Extraordinary income		
Gain on sale of non-current assets	278	92
Gain on sale of investment securities	0	44
Other	4	2
Total extraordinary income	284	138
Extraordinary losses		
Loss on valuation of investment securities	-	413
Loss on contribution of securities to retirement benefit trust	46	-
Other	328	105
Total extraordinary losses	374	518
Income before taxes	32,455	30,165
Income taxes - current	10,917	7,449
Income taxes - deferred	(1,817)	1,734
Total income taxes	9,100	9,184
Net income	23,354	20,981
Net income (loss) attributable to non-controlling interests	2	(12)
Net income attributable to owners of parent	23,352	20,993

Consolidated Statements of Comprehensive Income

	(Million yen)	
	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)
Net income	23,354	20,981
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,922)	1,910
Deferred gains or losses on hedges	62	(219)
Foreign currency translation adjustment	(43)	155
Remeasurements of defined benefit plans, net of tax	(1,373)	1,351
Total other comprehensive income	(3,277)	3,197
Comprehensive income	20,077	24,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,078	24,188
Comprehensive income attributable to non-controlling interests	(1)	(9)

Consolidated Statements of Cash Flows

	(Million yen)	
	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)
Cash flows from operating activities		
Income before taxes	32,455	30,165
Depreciation	9,085	7,394
Amortization of goodwill	-	123
Increase (decrease) in allowance for doubtful accounts	(260)	(142)
Increase (decrease) in provision for bonuses	124	50
Increase (decrease) in provision for loss on construction contracts	310	(765)
Increase (decrease) in retirement benefit liability	(190)	40
Decrease (increase) in retirement benefit asset	(156)	(275)
Interest and dividend income	(542)	(449)
Interest expenses	924	667
Foreign exchange losses (gains)	1,368	(1,564)
Share of loss (profit) of entities accounted for using equity method	(1)	(10)
Loss (gain) on sale of property, plant and equipment	(199)	(46)
Loss (gain) on sale of short-term and long-term investment securities	(0)	(43)
Loss (gain) on valuation of investment securities	-	413
Decrease (increase) in trade receivables	(47,398)	380
Decrease (increase) in costs on construction contracts in progress	522	984
Decrease (increase) in inventories	1,320	(304)
Increase (decrease) in trade payables	3,830	(2,374)
Increase (decrease) in advances received on construction contracts in progress	(1,610)	3,120
Decrease (increase) in accounts receivable - other	5,526	2,452
Other, net	8,328	897
Subtotal	13,436	40,712
Interest and dividends received	553	445
Interest paid	(911)	(650)
Income taxes paid	(8,633)	(9,817)
Net cash provided by (used in) operating activities	4,444	30,690
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(145)	(28)
Proceeds from sale and redemption of short-term and long-term investment securities	1	67
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,742)
Purchase of property, plant and equipment	(9,736)	(11,041)
Proceeds from sale of property, plant and equipment	1,350	511
Proceeds from collection of loans receivable	5	6
Other, net	(557)	(572)
Net cash provided by (used in) investing activities	(9,081)	(12,800)

	(Million yen)	
	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	118	1,432
Net increase (decrease) in commercial papers	17,999	(17,999)
Proceeds from long-term borrowings	9,646	16,435
Repayments of long-term borrowings	(8,842)	(5,750)
Proceeds from issuance of bonds	-	19,898
Redemption of bonds	-	(10,000)
Dividends paid	(5,421)	(6,849)
Other, net	0	(279)
Net cash provided by (used in) financing activities	13,500	(3,111)
Effect of exchange rate change on cash and cash equivalents	(1,445)	1,391
Net increase (decrease) in cash and cash equivalents	7,417	16,170
Cash and cash equivalents at beginning of period	35,610	43,027
Cash and cash equivalents at end of period	43,027	59,197

(Reference)

Non-Consolidated Orders Received, Net Sales and Backlog

1. Orders Received

(Millions of Yen)

	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	Increase (Decrease)	Rate of change (%)
Public works	126,722	125,775	(946)	(0.7)
Private works	66,065	59,893	(6,171)	(9.3)
Domestic civil engineering	192,788	185,669	(7,118)	(3.7)
Public works	24,505	37,312	12,807	52.3
Private works	140,597	140,903	305	0.2
Domestic building construction	165,103	178,216	13,113	7.9
Civil engineering	66,916	7,651	(59,265)	(88.6)
Building construction	14,603	133,416	118,812	813.6
Overseas	81,520	141,067	59,547	73.0
Construction Total	439,411	504,953	65,541	14.9
Others	352	304	(48)	(13.7)
Total	439,764	505,258	65,493	14.9

2. Net Sales

(Millions of Yen)

	FY3/20 (From Apr. 1, 2019 to Mar. 31, 2020)	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	Increase (Decrease)	Rate of change (%)
Public works	147,948	137,608	(10,340)	(7.0)
Private works	46,405	47,894	1,488	3.2
Domestic civil engineering	194,354	185,502	(8,851)	(4.6)
Public works	40,137	19,094	(21,042)	(52.4)
Private works	152,456	123,007	(29,449)	(19.3)
Domestic building construction	192,594	142,102	(50,492)	(26.2)
Civil engineering	124,463	89,216	(35,246)	(28.3)
Building construction	29,764	28,015	(1,748)	(5.9)
Overseas	154,227	117,232	(36,994)	(24.0)
Construction Total	541,176	444,837	(96,338)	(17.8)
Others	352	304	(48)	(13.7)
Total	541,528	445,142	(96,386)	(17.8)

3. Backlog

(Millions of Yen)

	FY3/20 (Mar. 31, 2020)	FY3/21 (Mar. 31, 2021)	Increase (Decrease)	Rate of change (%)
Public works	138,298	126,465	(11,832)	(8.6)
Private works	61,184	73,183	11,999	19.6
Domestic civil engineering	199,482	199,649	166	0.1
Public works	32,161	50,379	18,218	56.6
Private works	179,851	197,747	17,896	10.0
Domestic building construction	212,012	248,126	36,114	17.0
Civil engineering	271,680	188,680	(82,999)	(30.6)
Building construction	76,342	179,872	103,529	135.6
Overseas	348,022	368,552	20,530	5.9
Construction Total	759,516	816,328	56,811	7.5
Others	-	-	-	-
Total	759,516	816,328	56,811	7.5