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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

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 Head of Accounting Division
 Phone: (03)3817-7619
 Schedule of ordinary general meeting of shareholders date: June 24, 2022
 Schedule of payment of dividends date: June 27, 2022
 Schedule of financial statement reporting date: June 24, 2022

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(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	%
FY3/22	458,231	(2.7)	15,939	(47.7)	15,659	(48.7)	10,753	(48.8)
FY3/21	471,058	(17.9)	30,460	(8.1)	30,545	(6.1)	20,993	(10.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 9,226 million [(61.8)%]
 Fiscal year ended March 31, 2021: ¥ 24,179 million [20.4%]

	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	%	%	%
FY3/22	37.72	-	6.8	3.4	3.5
FY3/21	73.62	-	14.0	6.9	6.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 45 million
 Fiscal year ended March 31, 2021: ¥ 10 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, 2022	467,364	159,786	34.1	559.85
March 31, 2021	452,248	158,403	35.0	555.32

(Reference) Equity: As of March 31, 2022: ¥ 159,599 million
 As of March 31, 2021: ¥ 158,287 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
FY3/22	(7,687)	(11,821)	1,362	43,567
FY3/21	30,690	(12,800)	(3,111)	59,197

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	%	%
FY3/21	-	-	-	28.00	28.00	8,002	38.1	5.3
FY3/22	-	-	-	23.00	23.00	6,573	61.1	4.1
FY3/23 (Forecast)	-	-	-	24.00	24.00		32.7	

(Note) Total dividends contain the dividends for the trust banks of the Board Benefit Trust (BBT), JPY21 million in FY3/21, and JPY16 million in FY3/22. 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, 2023 (April 01, 2022 to March 31, 2023)

(% 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	515,000	12.4	31,500	97.6	31,000	98.0	21,000	95.3	73.66

* 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: Yes

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, 2022: 286,013,910 shares

March 31, 2021: 286,013,910 shares

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

March 31, 2022: 937,517 shares

March 31, 2021: 977,610 shares

3) Average number of shares during the period:

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

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

Note: Both the number of shares of treasury stock as of the end of FY3/22, 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 31,2021	March 31,2022
Assets		
Current assets		
Cash and deposits	59,781	44,838
Notes receivable, accounts receivable from completed construction contracts and other	239,949	263,965
Securities	8	18
Costs on construction contracts in progress	12,395	14,896
Real estate for sale and development projects in progress	1,898	1,227
Accounts receivable - other	17,888	11,575
Other	3,524	8,201
Allowance for doubtful accounts	(358)	(345)
Total current assets	335,087	344,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,121	37,943
Machinery, vehicles, tools, furniture and fixtures	105,620	109,669
Land	33,491	33,501
Construction in progress	11,962	16,340
Other	194	184
Accumulated depreciation	(104,983)	(110,132)
Total property, plant and equipment	84,407	87,507
Intangible assets	3,931	3,761
Investments and other assets		
Investment securities	19,485	21,056
Deferred tax assets	3,109	4,248
Retirement benefit asset	3,190	3,476
Other	6,297	6,433
Allowance for doubtful accounts	(3,261)	(3,498)
Total investments and other assets	28,821	31,717
Total non-current assets	117,160	122,986
Total assets	452,248	467,364

(Million yen)

	March 31,2021	March 31,2022
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	117,482	117,852
Short-term borrowings	28,841	29,109
Commercial papers	-	10,000
Current portion of bonds payable	10,000	-
Income taxes payable	4,806	2,838
Advances received on construction contracts in progress	24,586	30,900
Deposits received	42,150	38,734
Provision for warranties for completed construction	992	791
Provision for bonuses	2,980	3,122
Provision for loss on construction contracts	1,374	3,867
Other	11,625	10,546
Total current liabilities	244,839	247,764
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term borrowings	23,371	23,447
Deferred tax liabilities for land revaluation	3,679	3,679
Provision for share awards for directors (and other officers)	299	348
Retirement benefit liability	1,118	1,847
Other	535	490
Total non-current liabilities	49,004	59,813
Total liabilities	293,844	307,577
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	101,198	103,984
Treasury shares	(590)	(564)
Total shareholders' equity	149,445	152,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,583	3,227
Deferred gains or losses on hedges	(175)	(162)
Revaluation reserve for land	3,912	3,912
Foreign currency translation adjustment	(15)	513
Remeasurements of defined benefit plans	536	(148)
Total accumulated other comprehensive income	8,842	7,342
Non-controlling interests	116	186
Total net assets	158,403	159,786
Total liabilities and net assets	452,248	467,364

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)
Net sales		
Net sales of completed construction contracts	464,214	447,887
Other sales	6,844	10,344
Total net sales	471,058	458,231
Cost of sales		
Cost of sales of completed construction contracts	416,483	413,457
Other cost of sales	4,536	7,539
Total cost of sales	421,020	420,996
Gross profit		
Gross profit on completed construction contracts	47,730	34,430
Gross profit - other	2,308	2,805
Total gross profit	50,038	37,235
Selling, general and administrative expenses	19,577	21,296
Operating profit	30,460	15,939
Non-operating income		
Interest income	61	38
Dividend income	387	352
Foreign exchange gains	9	176
Other	731	377
Total non-operating income	1,190	944
Non-operating expenses		
Interest expenses	667	636
Provision of allowance for doubtful accounts	258	266
Other	179	323
Total non-operating expenses	1,105	1,225
Ordinary income	30,545	15,659
Extraordinary income		
Gain on sale of non-current assets	92	120
Gain on sale of investment securities	44	757
Other	2	0
Total extraordinary income	138	878
Extraordinary losses		
Loss on sale of non-current assets	45	124
Loss on retirement of non-current assets	44	305
Loss on valuation of investment securities	413	-
Other	14	34
Total extraordinary losses	518	463
Income before income taxes	30,165	16,073
Income taxes - current	7,449	5,620
Income taxes - deferred	1,734	(267)
Total income taxes	9,184	5,353
Net income	20,981	10,720
Net loss attributable to non-controlling interests	(12)	(33)
Net income attributable to owners of parent	20,993	10,753

Consolidated Statements of Comprehensive Income

	(Million yen)	
	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)
Net income	20,981	10,720
Other comprehensive income		
Valuation difference on available-for-sale securities	1,910	(1,356)
Deferred gains or losses on hedges	(219)	12
Foreign currency translation adjustment	155	618
Remeasurements of defined benefit plans, net of tax	1,351	(685)
Share of other comprehensive income of entities accounted for using equity method	-	(84)
Total other comprehensive income	3,197	(1,494)
Comprehensive income	24,179	9,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,188	9,253
Comprehensive income attributable to non-controlling interests	(9)	(27)

Consolidated Statements of Cash Flows

	(Million yen)	
	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)
Cash flows from operating activities		
Income before income taxes	30,165	16,073
Depreciation	7,394	6,488
Amortization of goodwill	123	261
Increase (decrease) in allowance for doubtful accounts	(142)	224
Increase (decrease) in provision for bonuses	50	142
Increase (decrease) in provision for loss on construction contracts	(765)	2,469
Increase (decrease) in retirement benefit liability	40	(0)
Decrease (increase) in retirement benefit asset	(275)	(286)
Interest and dividend income	(449)	(391)
Interest expenses	667	636
Foreign exchange losses (gains)	(1,564)	(2,474)
Share of loss (profit) of entities accounted for using equity method	(10)	(45)
Loss (gain) on sale of property, plant and equipment	(46)	3
Loss (gain) on sale of short-term and long-term investment securities	(43)	(757)
Loss (gain) on valuation of investment securities	413	-
Decrease (increase) in trade receivables	380	(23,852)
Decrease (increase) in costs on construction contracts in progress	984	(2,189)
Decrease (increase) in inventories	(304)	552
Increase (decrease) in trade payables	(2,374)	82
Increase (decrease) in advances received on construction contracts in progress	3,120	6,274
Decrease (increase) in accounts receivable - other	2,452	6,345
Other, net	897	(9,340)
Subtotal	40,712	215
Interest and dividends received	445	381
Interest paid	(650)	(637)
Income taxes paid	(9,817)	(7,647)
Net cash provided by (used in) operating activities	30,690	(7,687)
Cash flows from investing activities		
Payments into time deposits	(33)	(1,155)
Proceeds from withdrawal of time deposits	43	469
Purchase of short-term and long-term investment securities	(28)	(423)
Proceeds from sale and redemption of short-term and long-term investment securities	67	1,079
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,742)	-
Purchase of stocks of equity method affiliate	-	(3,251)
Purchase of property, plant and equipment	(11,041)	(8,657)
Proceeds from sale of property, plant and equipment	511	480
Proceeds from collection of loans receivable	6	6
Other, net	(582)	(368)
Net cash provided by (used in) investing activities	(12,800)	(11,821)

(Million yen)

	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,432	(2,059)
Net increase (decrease) in commercial papers	(17,999)	10,000
Proceeds from long-term borrowings	16,435	9,395
Repayments of long-term borrowings	(5,750)	(7,922)
Proceeds from issuance of bonds	19,898	9,943
Redemption of bonds	(10,000)	(10,000)
Dividends paid	(6,849)	(7,994)
Other, net	(279)	(1)
Net cash provided by (used in) financing activities	(3,111)	1,362
Effect of exchange rate change on cash and cash equivalents	1,391	2,516
Net increase (decrease) in cash and cash equivalents	16,170	(15,630)
Cash and cash equivalents at beginning of period	43,027	59,197
Cash and cash equivalents at end of period	59,197	43,567

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

1. Orders Received

(Millions of Yen)

	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	125,775	104,872	(20,903)	(16.6)
Private works	59,893	60,609	715	1.2
Domestic civil engineering	185,669	165,481	(20,188)	(10.9)
Public works	37,312	12,129	(25,183)	(67.5)
Private works	140,903	147,925	7,021	5.0
Domestic building construction	178,216	160,055	(18,161)	(10.2)
Civil engineering	7,651	47,605	39,954	522.2
Building construction	133,416	368	(133,048)	(99.7)
Overseas	141,067	47,973	(93,093)	(66.0)
Construction Total	504,953	373,510	(131,443)	(26.0)
Others	304	1,406	1,101	361.8
Total	505,258	374,916	(130,341)	(25.8)

2. Net Sales

(Millions of Yen)

	FY3/21 (From Apr. 1, 2020 to Mar. 31, 2021)	FY3/22 (From Apr. 1, 2021 to Mar. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	137,608	120,950	(16,658)	(12.1)
Private works	47,894	39,599	(8,294)	(17.3)
Domestic civil engineering	185,502	160,550	(24,952)	(13.5)
Public works	19,094	20,887	1,792	9.4
Private works	123,007	130,805	7,798	6.3
Domestic building construction	142,102	151,693	9,591	6.7
Civil engineering	89,216	70,884	(18,332)	(20.5)
Building construction	28,015	44,456	16,440	58.7
Overseas	117,232	115,341	(1,891)	(1.6)
Construction Total	444,837	427,584	(17,252)	(3.9)
Others	304	1,406	1,101	361.8
Total	445,142	428,991	(16,150)	(3.6)

3. Backlog

(Millions of Yen)

	FY3/21 (Mar. 31, 2021)	FY3/22 (Mar. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	126,465	110,386	(16,078)	(12.7)
Private works	73,183	94,193	21,009	28.7
Domestic civil engineering	199,649	204,579	4,930	2.5
Public works	50,379	41,621	(8,758)	(17.4)
Private works	197,747	214,867	17,120	8.7
Domestic building construction	248,126	256,488	8,361	3.4
Civil engineering	188,680	176,279	(12,400)	(6.6)
Building construction	179,872	147,837	(32,035)	(17.8)
Overseas	368,552	324,117	(44,435)	(12.1)
Construction Total	816,328	785,185	(31,142)	(3.8)
Others	-	-	-	-
Total	816,328	785,185	(31,142)	(3.8)