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## Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 2023 [Japanese GAAP]

February 10, 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

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Scheduled date of filing quarterly securities report: February 10, 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 Nine Months Ended December 31, 2022 (April 01, 2022 to December 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	%
FY3/23 3Q	347,197	6.3	(7,322)	-	(9,852)	-	(7,263)	-
FY3/22 3Q	326,596	(4.6)	12,954	(41.4)	12,737	(41.6)	8,991	(40.1)

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ (6,366) million [ -%]  
 Nine months ended December 31, 2021: ¥ 8,031 million [ (49.4)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY3/23 3Q	(25.47)	-
FY3/22 3Q	31.54	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2022	486,408	146,800	30.2
March 31, 2022	467,364	159,786	34.1

(Reference) Equity: As of December 31, 2022: ¥ 146,682 million  
 As of March 31, 2022: ¥ 159,599 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/22	-	-	-	23.00	23.00
FY3/23	-	-	-	-	-
FY3/23 (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, 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	485,000	5.8	4,500	(71.8)	2,000	(87.2)	500	(95.4)	1.75

(Note) Revision to the financial results forecast announced most recently: Yes

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022

(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, 2022: 286,013,910 shares

March 31, 2022: 286,013,910 shares

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

December 31, 2022: 856,001 shares

March 31, 2022: 937,517 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 285,141,665 shares

Nine months ended December 31, 2021: 285,065,433 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, 2023 are revised from ones provided on Nov 10, 2022.

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 31,2022	As of December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	44,838	47,261
Notes receivable, accounts receivable from completed construction contracts and other	263,965	261,105
Securities	18	5
Costs on construction contracts in progress	14,896	17,128
Real estate for sale and development projects in progress	1,227	1,278
Accounts receivable - other	11,575	21,247
Other	8,201	8,940
Allowance for doubtful accounts	(345)	(345)
Total current assets	344,377	356,622
Non-current assets		
Property, plant and equipment		
Land	33,501	33,501
Other, net	54,006	58,514
Total property, plant and equipment	87,507	92,015
Intangible assets	3,761	3,776
Investments and other assets		
Investment securities	21,056	20,352
Retirement benefit asset	3,476	3,668
Other	10,682	13,772
Allowance for doubtful accounts	(3,498)	(3,798)
Total investments and other assets	31,717	33,994
Total non-current assets	122,986	129,786
<b>Total assets</b>	<b>467,364</b>	<b>486,408</b>

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts and other	117,852	100,747
Short-term borrowings	29,109	59,131
Commercial papers	10,000	29,999
Current portion of bonds payable	-	10,000
Income taxes payable	2,838	255
Advances received on construction contracts in progress	30,900	28,125
Provisions	7,782	14,125
Other	49,281	47,474
Total current liabilities	247,764	289,861
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	23,447	23,305
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	348	343
Retirement benefit liability	1,847	1,919
Other	490	499
Total non-current liabilities	59,813	49,747
Total liabilities	307,577	339,608
<b>Net assets</b>		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	103,984	90,048
Treasury shares	(564)	(511)
Total shareholders' equity	152,257	138,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,227	2,461
Deferred gains or losses on hedges	(162)	558
Revaluation reserve for land	3,912	3,912
Foreign currency translation adjustment	513	1,682
Remeasurements of defined benefit plans	(148)	(305)
Total accumulated other comprehensive income	7,342	8,309
Non-controlling interests	186	117
Total net assets	159,786	146,800
Total liabilities and net assets	467,364	486,408

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

	(Million yen)	
	FY3/22 3Q (From Apr. 1, 2021 to Dec. 31,2021)	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31,2022)
<b>Net sales</b>		
Net sales of completed construction contracts	319,761	340,090
Other sales	6,834	7,107
Total net sales	326,596	347,197
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	292,536	332,399
Other cost of sales	5,107	5,640
Total cost of sales	297,644	338,039
<b>Gross profit</b>		
Gross profit on completed construction contracts	27,224	7,690
Gross profit - other	1,727	1,467
Total gross profit	28,951	9,158
Selling, general and administrative expenses	15,997	16,480
Operating profit (loss)	12,954	(7,322)
<b>Non-operating income</b>		
Interest income	26	190
Dividend income	316	368
Other	253	191
Total non-operating income	595	751
<b>Non-operating expenses</b>		
Interest expenses	433	582
Foreign exchange losses	65	2,336
Other	313	362
Total non-operating expenses	812	3,281
Ordinary income (loss)	12,737	(9,852)
<b>Extraordinary income</b>		
Gain on sale of non-current assets	118	26
Gain on sale of investment securities	484	131
Other	0	-
Total extraordinary income	603	157
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	127	106
Other	153	2
Total extraordinary losses	280	109
Income (loss) before income taxes	13,060	(9,804)
Income taxes - current	3,605	247
Income taxes - deferred	469	(2,718)
Total income taxes	4,075	(2,470)
Net income (loss)	8,984	(7,333)
Loss attributable to non-controlling interests	(6)	(69)
Net income (loss) attributable to owners of parent	8,991	(7,263)

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

	(Million yen)	
	FY3/22 3Q (From Apr. 1, 2021 to Dec. 31,2021)	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31,2022)
Net income (loss)	8,984	(7,333)
Other comprehensive income		
Valuation difference on available-for-sale securities	(940)	(766)
Deferred gains or losses on hedges	(59)	720
Foreign currency translation adjustment	150	760
Remeasurements of defined benefit plans, net of tax	(134)	(156)
Share of other comprehensive income of entities accounted for using equity method	30	409
Total other comprehensive income	(953)	967
Comprehensive income	8,031	(6,366)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,037	(6,296)
Comprehensive income attributable to non-controlling interests	(5)	(69)

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

## 1. Orders Received

(Millions of Yen)

	FY3/22 3Q (From Apr. 1, 2021 to Dec. 31, 2021)	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	68,978	134,086	65,107	94.4
Private works	43,741	70,637	26,895	61.5
Domestic civil engineering	112,719	204,723	92,003	81.6
Public works	9,924	34,296	24,371	245.6
Private works	101,832	127,191	25,358	24.9
Domestic building construction	111,757	161,487	49,730	44.5
Civil engineering	9,596	26,144	16,548	172.4
Building construction	6,663	91,318	84,655	1270.5
Overseas	16,259	117,462	101,203	622.4
Construction Total	240,736	483,673	242,937	100.9
Others	1,220	226	(993)	(81.4)
Total	241,957	483,900	241,943	100.0

## 2. Net Sales

(Millions of Yen)

	FY3/22 3Q (From Apr. 1, 2021 to Dec. 31, 2021)	FY3/23 3Q (From Apr. 1, 2022 to Dec. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	88,993	91,130	2,136	2.4
Private works	28,687	37,445	8,758	30.5
Domestic civil engineering	117,680	128,575	10,894	9.3
Public works	15,318	14,441	(877)	(5.7)
Private works	89,434	97,737	8,302	9.3
Domestic building construction	104,753	112,178	7,425	7.1
Civil engineering	50,914	51,100	186	0.4
Building construction	32,506	31,770	(736)	(2.3)
Overseas	83,420	82,870	(550)	(0.7)
Construction Total	305,855	323,625	17,770	5.8
Others	1,060	226	(833)	(78.6)
Total	306,915	323,852	16,936	5.5

## 3. Backlog

(Millions of Yen)

	FY3/22 3Q (Dec. 31, 2021)	FY3/23 3Q (Dec. 31, 2022)	Increase (Decrease)	Rate of change (%)
Public works	106,450	153,343	46,892	44.1
Private works	88,237	127,384	39,146	44.4
Domestic civil engineering	194,688	280,727	86,039	44.2
Public works	44,985	61,476	16,490	36.7
Private works	210,145	244,320	34,175	16.3
Domestic building construction	255,130	305,797	50,666	19.9
Civil engineering	154,912	180,560	25,647	16.6
Building construction	162,866	234,891	72,024	44.2
Overseas	317,779	415,451	97,672	30.7
Construction Total	767,598	1,001,976	234,378	30.5
Others	160	—	(160)	—
Total	767,758	1,001,976	234,218	30.5