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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 26, 2023

Company name: PEGASUS CO., LTD.

Stock exchange listing: Tokyo

Code number: 6262

URL: <https://www.pegasus.co.jp>

Representative: Shigemi Mima

Representative Director

Contact: Takashi Kaneko

Senior Executive Officer

Phone: +81-6(6451)1351

Scheduled date of filing quarterly securities report: November 7, 2023

Scheduled date of commencing dividend payments: November 27, 2023

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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	8,827	(33.9)	120	(93.7)	666	(72.8)	439	(74.8)
September 30, 2022	13,349	39.5	1,905	166.2	2,451	249.2	1,740	269.6

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 2,645 million [(47.9)%]
Six months ended September 30, 2022: ¥ 5,081 million [189.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	17.70	-
September 30, 2022	70.16	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	42,731	31,476	71.5
March 31, 2023	39,507	29,199	71.6

(Reference) Equity: As of September 30, 2023: ¥ 30,537 million
As of March 31, 2023: ¥ 28,300 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	15.00	-	12.00	27.00
Fiscal year ending March 31, 2024	-	5.00			
Fiscal year ending March 31, 2024 (Forecast)			-	0.00	5.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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 profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	17,320	(31.5)	(230)	-	(10)	-	(150)	-	(6.05)

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

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

New - (Company name:)

Exclusion: - (Company name:)

(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):

September 30, 2023: 24,828,600 shares

March 31, 2023: 24,828,600 shares

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

September 30, 2023: 17,976 shares

March 31, 2023: 17,976 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 24,810,624 shares

Six months ended September 30, 2022: 24,810,624 shares

(Note) 1 Quarterly summary of financial statements is not subject to the quarterly reviews by a certified public accountant or an audit corporation.

2 Forward-looking statements

Statements contained in this summary regarding the Company's plans, strategies, and expectations for future performance, which are based on information available to the Company at the time of writing.

They are therefore subject to a number of uncertainties and unknowable factors, and actual results may thus differ substantially from those projected.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	9,530,205	8,613,473
Notes and accounts receivable - trade	6,141,082	6,314,278
Merchandise and finished goods	7,024,645	7,803,829
Work in process	1,105,842	925,884
Raw materials and supplies	4,019,530	4,131,692
Other	678,854	810,905
Allowance for doubtful accounts	(127,704)	(140,864)
Total current assets	28,372,456	28,459,198
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,045,679	5,118,170
Other, net	5,363,979	7,494,483
Total property, plant and equipment	10,409,659	12,612,653
Intangible assets	44,057	43,698
Investments and other assets		
Retirement benefit asset	131,844	138,284
Other	549,956	1,477,969
Total investments and other assets	681,801	1,616,253
Total non-current assets	11,135,518	14,272,605
Total assets	39,507,974	42,731,803
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,831,554	1,534,559
Short-term borrowings	3,018,940	3,846,640
Income taxes payable	498,384	336,081
Provision for bonuses	121,878	132,310
Other	1,393,134	2,280,290
Total current liabilities	7,863,891	8,129,880
Non-current liabilities		
Long-term borrowings	1,171,533	2,210,635
Retirement benefit liability	521,722	490,520
Other	750,841	424,290
Total non-current liabilities	2,444,097	3,125,446
Total liabilities	10,307,989	11,255,327

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,255,553	2,255,553
Capital surplus	2,988,857	2,988,857
Retained earnings	18,528,628	18,670,155
Treasury shares	(5,365)	(5,365)
Total shareholders' equity	23,767,674	23,909,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,074	43,261
Foreign currency translation adjustment	4,482,371	6,552,087
Remeasurements of defined benefit plans	36,001	33,289
Total accumulated other comprehensive income	4,532,447	6,628,638
Non-controlling interests	899,863	938,636
Total net assets	29,199,985	31,476,476
Total liabilities and net assets	39,507,974	42,731,803

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

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	13,349,264	8,827,466
Cost of sales	8,651,651	6,091,469
Gross profit	4,697,612	2,735,996
Selling, general and administrative expenses	2,792,093	2,615,111
Operating profit	1,905,519	120,885
Non-operating income		
Interest income	9,712	25,361
Dividend income	964	2,273
Foreign exchange gains	571,807	611,580
Subsidy income	3,463	-
Other	17,578	17,078
Total non-operating income	603,526	656,294
Non-operating expenses		
Interest expenses	54,208	60,525
Commission for syndicated loans	-	46,900
Other	3,013	3,349
Total non-operating expenses	57,222	110,774
Ordinary profit	2,451,823	666,405
Extraordinary income		
Gain on sale of non-current assets	771	-
Total extraordinary income	771	-
Extraordinary losses		
Loss on sale of non-current assets	184	-
Total extraordinary losses	184	-
Profit before income taxes	2,452,411	666,405
Income taxes - current	752,277	404,381
Income taxes - deferred	(76,013)	(226,656)
Total income taxes	676,264	177,725
Profit	1,776,146	488,680
Profit attributable to non-controlling interests	35,532	49,425
Profit attributable to owners of parent	1,740,614	439,254

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

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	1,776,146	488,680
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,093)	29,187
Foreign currency translation adjustment	3,307,517	2,130,361
Remeasurements of defined benefit plans, net of tax	(149)	(2,712)
Total other comprehensive income	3,305,274	2,156,836
Comprehensive income	5,081,421	2,645,516
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,923,353	2,535,445
Comprehensive income attributable to non-controlling interests	158,068	110,070

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,452,411	666,405
Depreciation	452,609	551,299
Increase (decrease) in allowance for doubtful accounts	(1,221)	1,046
Increase (decrease) in retirement benefit liability	15,079	(33,335)
Decrease (increase) in retirement benefit asset	(12,624)	(6,439)
Interest and dividend income	(10,677)	(27,635)
Subsidy income	(3,463)	-
Interest expenses	54,208	60,525
Foreign exchange losses (gains)	(19,557)	(379,283)
Loss (gain) on sale of non-current assets	(587)	-
Decrease (increase) in trade receivables	(354,480)	357,144
Decrease (increase) in inventories	90,301	387,466
Increase (decrease) in trade payables	(1,980,357)	(1,775,037)
Increase (decrease) in accounts payable - other	(75,420)	48,344
Other, net	(181,680)	(165,571)
Subtotal	424,539	(315,071)
Interest and dividends received	6,712	26,423
Interest paid	(58,535)	(63,914)
Subsidies received	3,463	-
Income taxes paid	(344,040)	(550,556)
Net cash provided by (used in) operating activities	32,139	(903,118)
Cash flows from investing activities		
Payments into time deposits	(294,771)	(180,766)
Proceeds from withdrawal of time deposits	40,006	311,348
Purchase of property, plant and equipment	(501,066)	(1,313,891)
Proceeds from sale of property, plant and equipment	28,822	4,294
Purchase of intangible assets	(12,495)	(1,295)
Purchase of investment securities	-	(614,206)
Other, net	3,413	(2,533)
Net cash provided by (used in) investing activities	(736,091)	(1,797,050)

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200,000	697,580
Proceeds from long-term borrowings	-	1,455,500
Repayments of long-term borrowings	(172,218)	(503,798)
Dividends paid	(322,538)	(297,727)
Dividends paid to non-controlling interests	-	(71,297)
Repayments of lease liabilities	(75,982)	(85,462)
Other, net	(39,661)	(47,115)
Net cash provided by (used in) financing activities	(410,399)	1,147,678
Effect of exchange rate change on cash and cash equivalents	1,276,381	756,536
Net increase (decrease) in cash and cash equivalents	162,030	(795,954)
Cash and cash equivalents at beginning of period	9,733,160	9,225,264
Cash and cash equivalents at end of period	9,895,191	8,429,310