

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: PEGASUS CO., LTD.

Stock exchange listing: Tokyo

Code number: 6262

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

Representative: Shigemi Mima

Contact: Takashi Kaneko

Phone: +81-6(6451)1351

Scheduled date of Annual General Meeting of Shareholders: June 20, 2023

Scheduled date of commencing dividend payments: June 21, 2023

Scheduled date of filing annual securities report: June 21, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 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	%
Fiscal year ended March 31, 2023	25,288	23.4	2,657	43.9	2,946	51.8	2,294	46.0
March 31, 2022	20,498	65.0	1,847	257.4	1,941	184.7	1,572	122.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 4,556 million [23.5%]
Fiscal year ended March 31, 2022: ¥ 3,689 million [639.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	92.49	-	8.7	7.9	10.5
March 31, 2022	63.37	-	6.8	6.0	9.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	39,880	29,199	71.0	1,140.65
March 31, 2022	35,133	25,366	70.0	991.49

(Reference) Equity: As of March 31, 2023: ¥ 28,300 million
As of March 31, 2022: ¥ 24,599 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	1,859	(1,875)	(1,182)	9,225
March 31, 2022	1,880	(432)	(673)	9,733

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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	7.00	-	13.00	20.00	496	31.6	2.2
March 31, 2023	-	15.00	-	12.00	27.00	669	29.2	2.5
Fiscal year ending March 31, 2024 (Forecast)	-	9.00	-	-	-		-	

(Note) The year-end dividend forecast for the fiscal year ending March 31, 2024 is undecided because it is difficult to forecast at this time.

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	%	
Six months ending September 30, 2023	8,950	(33.0)	310	(83.7)	180	(92.7)	100	(94.3)	4.03
Full year	21,880	(13.5)	1,320	(50.3)	1,100	(62.7)	710	(69.1)	28.62

* Notes:

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

New - (Company name:)

Exclusion: - (Company name:)

(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, 2023: 24,828,600 shares

March 31, 2022: 24,828,600 shares

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

March 31, 2023: 17,976 shares

March 31, 2022: 17,976 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 24,810,624 shares

Fiscal Year ended March 31, 2022: 24,810,624 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	11,851	25.7	1,554	191.8	2,132	106.7	1,771	79.3
March 31, 2022	9,431	89.2	532	-	1,031	-	988	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	71.40	-
March 31, 2022	39.83	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	21,772	15,392	70.7	620.41
March 31, 2022	21,484	14,314	66.6	576.95

(Reference) Equity: As of March 31, 2023: ¥ 15,392 million
As of March 31, 2022: ¥ 14,314 million

(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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,773,167	9,530,205
Notes and accounts receivable - trade	5,676,044	6,141,082
Merchandise and finished goods	4,675,908	7,024,645
Work in process	1,063,678	1,105,842
Raw materials and supplies	3,787,567	4,019,530
Accounts receivable - other	92,441	76,740
Other	439,031	602,113
Allowance for doubtful accounts	(35,551)	(127,704)
Total current assets	25,472,287	28,372,456
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,413,916	8,690,448
Accumulated depreciation	(3,371,336)	(3,644,768)
Buildings and structures, net	5,042,579	5,045,679
Machinery, equipment and vehicles	7,719,089	8,599,618
Accumulated depreciation	(5,280,883)	(5,859,191)
Machinery, equipment and vehicles, net	2,438,206	2,740,427
Tools, furniture and fixtures	937,278	1,015,390
Accumulated depreciation	(777,195)	(858,234)
Tools, furniture and fixtures, net	160,082	157,155
Land	118,720	129,768
Leased assets	177,008	130,314
Accumulated depreciation	(80,892)	(55,914)
Leased assets, net	96,116	74,399
Right of use asset	753,744	2,300,706
Accumulated depreciation for right of use asset	(217,275)	(641,751)
Right of use asset-net	536,469	1,658,955
Construction in progress	120,514	603,273
Total property, plant and equipment	8,512,689	10,409,659
Intangible assets	535,822	44,057
Investments and other assets		
Investment securities	144,630	147,167
Retirement benefit asset	163,732	131,844
Deferred tax assets	188,265	611,788
Other	116,074	163,232
Total investments and other assets	612,702	1,054,033
Total non-current assets	9,661,215	11,507,750
Total assets	35,133,503	39,880,206

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,396,454	2,831,554
Short-term borrowings	2,620,705	3,018,940
Current portion of long-term borrowings	375,236	407,636
Lease liabilities	131,117	169,776
Income taxes payable	206,741	498,384
Provision for bonuses	163,041	121,878
Other	807,213	815,721
Total current liabilities	6,700,511	7,863,891
Non-current liabilities		
Long-term borrowings	1,556,909	1,171,533
Lease liabilities	534,427	510,993
Long-term guarantee deposits	117,000	114,000
Retirement benefit liability	509,426	521,722
Deferred tax liabilities	230,163	372,232
Other	118,101	125,848
Total non-current liabilities	3,066,028	2,816,330
Total liabilities	9,766,540	10,680,221
Net assets		
Shareholders' equity		
Share capital	2,255,553	2,255,553
Capital surplus	2,988,857	2,988,857
Retained earnings	16,928,634	18,528,628
Treasury shares	(5,365)	(5,365)
Total shareholders' equity	22,167,680	23,767,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,455	14,074
Foreign currency translation adjustment	2,353,722	4,482,371
Remeasurements of defined benefit plans	65,715	36,001
Total accumulated other comprehensive income	2,431,893	4,532,447
Non-controlling interests	767,388	899,863
Total net assets	25,366,962	29,199,985
Total liabilities and net assets	35,133,503	39,880,206

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	20,498,367	25,288,507
Cost of sales	13,860,381	16,812,410
Gross profit	6,637,986	8,476,096
Selling, general and administrative expenses	4,790,656	5,818,620
Operating profit	1,847,329	2,657,476
Non-operating income		
Interest income	11,329	37,232
Dividend income	2,452	8,555
Foreign exchange gains	50,334	328,154
Subsidy income	68,499	4,241
Other	42,490	39,082
Total non-operating income	175,106	417,266
Non-operating expenses		
Interest expenses	75,051	122,114
Other	6,059	6,046
Total non-operating expenses	81,111	128,161
Ordinary profit	1,941,324	2,946,580
Extraordinary income		
Gain on sale of non-current assets	10,112	7,613
Total extraordinary income	10,112	7,613
Extraordinary losses		
Loss on sale of non-current assets	92	213
Impairment losses	20,765	-
Loss on retirement of non-current assets	-	1,506
Total extraordinary losses	20,857	1,720
Profit before income taxes	1,930,579	2,952,474
Income taxes - current	450,159	823,741
Income taxes - deferred	(134,870)	(253,376)
Total income taxes	315,289	570,364
Profit	1,615,289	2,382,109
Profit attributable to non-controlling interests	43,069	87,417
Profit attributable to owners of parent	1,572,220	2,294,691

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,615,289	2,382,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(57)	1,618
Foreign currency translation adjustment	2,072,918	2,202,610
Remeasurements of defined benefit plans, net of tax	1,325	(29,713)
Total other comprehensive income	2,074,186	2,174,514
Comprehensive income	3,689,476	4,556,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,560,124	4,395,244
Comprehensive income attributable to non-controlling interests	129,351	161,379

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,255,553	2,983,084	15,703,763	(5,365)	20,937,036
Changes during period					
Purchase of shares of consolidated subsidiaries		5,772			5,772
Dividends of surplus			(347,348)		(347,348)
Profit attributable to owners of parent			1,572,220		1,572,220
Net changes in items other than shareholders' equity					
Total changes during period	-	5,772	1,224,871	-	1,230,644
Balance at end of period	2,255,553	2,988,857	16,928,634	(5,365)	22,167,680

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,512	367,086	64,390	443,989	680,917	22,061,942
Changes during period						
Purchase of shares of consolidated subsidiaries						5,772
Dividends of surplus						(347,348)
Profit attributable to owners of parent						1,572,220
Net changes in items other than shareholders' equity	(57)	1,986,636	1,325	1,987,904	86,470	2,074,375
Total changes during period	(57)	1,986,636	1,325	1,987,904	86,470	3,305,020
Balance at end of period	12,455	2,353,722	65,715	2,431,893	767,388	25,366,962

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,255,553	2,988,857	16,928,634	(5,365)	22,167,680
Changes during period					
Dividends of surplus			(694,697)		(694,697)
Profit attributable to owners of parent			2,294,691		2,294,691
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,599,993	-	1,599,993
Balance at end of period	2,255,553	2,988,857	18,528,628	(5,365)	23,767,674

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,455	2,353,722	65,715	2,431,893	767,388	25,366,962
Changes during period						
Dividends of surplus						(694,697)
Profit attributable to owners of parent						2,294,691
Net changes in items other than shareholders' equity	1,618	2,128,648	(29,713)	2,100,553	132,475	2,233,028
Total changes during period	1,618	2,128,648	(29,713)	2,100,553	132,475	3,833,022
Balance at end of period	14,074	4,482,371	36,001	4,532,447	899,863	29,199,985

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,930,579	2,952,474
Depreciation	832,542	966,692
Impairment losses	20,765	-
Increase (decrease) in allowance for doubtful accounts	20,798	86,206
Increase (decrease) in retirement benefit liability	(23,306)	9,145
Decrease (increase) in retirement benefit asset	(14,214)	31,887
Interest and dividend income	(13,781)	(45,788)
Subsidy income	(68,499)	(4,241)
Interest expenses	75,051	122,114
Foreign exchange losses (gains)	155,104	247,425
Loss (gain) on sale of non-current assets	(10,019)	(7,399)
Decrease (increase) in trade receivables	(1,582,917)	345,108
Decrease (increase) in inventories	(124,144)	(1,621,241)
Increase (decrease) in trade payables	1,010,983	(289,424)
Loss on retirement of non-current assets	-	1,506
Increase (decrease) in accounts payable - other	10,811	(152,725)
Other, net	(50,803)	(1,536)
Subtotal	2,168,948	2,640,204
Interest and dividends received	14,123	56,818
Interest paid	(74,248)	(125,470)
Subsidies received	65,008	4,241
Income taxes paid	(293,126)	(716,721)
Net cash provided by (used in) operating activities	1,880,706	1,859,072
Cash flows from investing activities		
Payments into time deposits	(149,866)	(310,094)
Proceeds from withdrawal of time deposits	478,008	40,006
Purchase of property, plant and equipment	(755,837)	(1,626,147)
Proceeds from sale of property, plant and equipment	10,577	35,788
Purchase of intangible assets	(6,607)	(19,607)
Other, net	(8,378)	4,671
Net cash provided by (used in) investing activities	(432,104)	(1,875,383)

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300,000	106,684
Proceeds from long-term borrowings	39,777	-
Repayments of long-term borrowings	(452,036)	(374,240)
Dividends paid	(347,348)	(694,697)
Dividends paid to non-controlling interests	(37,107)	(28,903)
Repayments of lease liabilities	(103,304)	(108,522)
Other, net	(73,531)	(82,514)
Net cash provided by (used in) financing activities	(673,551)	(1,182,193)
Effect of exchange rate change on cash and cash equivalents	644,194	690,607
Net increase (decrease) in cash and cash equivalents	1,419,245	(507,896)
Cash and cash equivalents at beginning of period	8,313,915	9,733,160
Cash and cash equivalents at end of period	9,733,160	9,225,264