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Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

July 30, 2021

Company name: PEGASUS SEWING MACHINE MFG. CO., LTD.

Stock exchange listing: Tokyo

Code number: 6262

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

Representative: Shigemi Mima

Representative Director

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Executive Officer

Phone: 06(6451)1351

Scheduled date of filing quarterly securities report: August 06, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 01, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	5,001	51.8	262	-	261	-	180	-
June 30, 2020	3,294	(25.8)	(230)	-	(134)	-	(213)	-

(Note) Comprehensive income: Three months ended June 30, 2021: ¥ 1,266 million [-%]
Three months ended June 30, 2020: ¥ (675) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	7.29	-
June 30, 2020	(8.59)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	31,980	23,154	70.1
March 31, 2021	29,846	22,061	71.6

(Reference) Equity: As of June 30, 2021: ¥ 22,410 million
As of March 31, 2021: ¥ 21,381 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, 2021	-	0.00	-	7.00	7.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		7.00	-	7.00	14.00

(Note) Revision to the forecast for dividends announced most recently: No

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 profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2021	9,300	78.1	610	-	580	686.7	370	-	14.91
Full year	17,510	41.0	1,050	103.5	980	43.9	560	(20.8)	22.57

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2021

(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: Yes

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):

June 30, 2021: 24,828,600 shares

March 31, 2021: 24,828,600 shares

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

June 30, 2021: 17,976 shares

March 31, 2021: 17,976 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 24,810,624 shares

Three months ended June 30, 2020: 24,810,656 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.

For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of "(2) Consolidated earning forecasts" on page 2 of the attached material.

The presentation material (Japanese) will be announced on Company's website on Friday, August 13, 2021.

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1. Qualitative information of the consolidated performance for the three months

(1) Operating results

During the first quarter of the current consolidated cumulative period, the spread of the new coronavirus infection was being suppressed by the progress of vaccination, and the global economy was on a recovery trend because of additional economic measures centered on the United States and Europe.

In the industrial sewing machine industry, which is the main business of our group, demand for capital investment is increasing in China at the lead, North and Central America and some parts of Southeast Asia.

In the die casting auto parts business, demand for automobiles was recovering rapidly, but it was affected by the suspension or delay of automobile production due to the global shortage of semiconductor supply.

Under these circumstances, net sales for the first quarter of the current consolidated cumulative period were 5,001 million yen (up 51.8% from the same quarter of the previous year), operating profit was 262 million yen (operating loss was 230 million yen in the same quarter of the previous year), ordinary profit was 261 million yen (ordinary loss was 134 million yen in the same quarter of the previous year), and profit attributable to owners of parent was 180 million yen (quarterly loss attributable to owners of parent was 213 million yen in the same quarter of the previous year).

Business overviews by segment

(Industrial sewing machine)

Regarding industrial sewing machines, owing to capital investments with the recovery of demand in the United States and Europe, which are the main consumers of apparel, sales were 4,051 million yen (up 51.0% from the same quarter of the previous year) and segment income was 460 million yen (up 1,330.2% from the same quarter of the previous year).

(Die casting auto parts)

Regarding die casting auto parts, due to the strengthening of sales activities aimed at expanding sales channels, sales were 950 million yen (up 55.4% from the same quarter of the previous year) and segment income was 73 million yen (up 288.6% from the same quarter of the previous year).

(2) Consolidated earning forecasts

The earnings forecast has not been changed since the last announcement in May 14, 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of June 30,2021
Assets		
Current assets		
Cash and deposits	8,659,115	8,882,118
Notes and accounts receivable - trade	3,619,713	4,905,806
Merchandise and finished goods	4,442,859	4,192,748
Work in process	738,116	867,773
Raw materials and supplies	3,453,410	3,663,802
Other	357,668	383,144
Allowance for doubtful accounts	(13,082)	(28,070)
Total current assets	21,257,801	22,867,323
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,675,393	4,792,304
Other, net	2,943,484	3,254,735
Total property, plant and equipment	7,618,878	8,047,040
Intangible assets	505,654	528,499
Investments and other assets		
Retirement benefit asset	149,517	152,929
Other	314,235	384,531
Total investments and other assets	463,753	537,460
Total non-current assets	8,588,285	9,113,000
Total assets	29,846,087	31,980,324
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,115,489	1,574,450
Short-term borrowings	2,103,670	2,401,815
Income taxes payable	52,829	84,239
Provision for bonuses	127,129	118,278
Other	1,117,371	1,331,505
Total current liabilities	4,516,490	5,510,289
Non-current liabilities		
Long-term borrowings	1,888,745	1,837,036
Retirement benefit liability	528,847	523,722
Other	850,061	954,743
Total non-current liabilities	3,267,654	3,315,501
Total liabilities	7,784,144	8,825,791

(Thousand yen)

	As of March 31,2021	As of June 30,2021
Net assets		
Shareholders' equity		
Share capital	2,255,553	2,255,553
Capital surplus	2,983,084	2,983,084
Retained earnings	15,703,763	15,710,836
Treasury shares	(5,365)	(5,365)
Total shareholders' equity	20,937,036	20,944,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,512	11,574
Foreign currency translation adjustment	367,086	1,390,468
Remeasurements of defined benefit plans	64,390	64,614
Total accumulated other comprehensive income	443,989	1,466,658
Non-controlling interests	680,917	743,765
Total net assets	22,061,942	23,154,533
Total liabilities and net assets	29,846,087	31,980,324

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	3,294,879	5,001,773
Cost of sales	2,475,031	3,623,034
Gross profit	819,847	1,378,739
Selling, general and administrative expenses	1,050,509	1,116,455
Operating profit (loss)	(230,661)	262,283
Non-operating income		
Interest income	1,924	2,870
Dividend income	1,387	1,170
Foreign exchange gains	46,207	-
Subsidy income	62,020	9,058
Other	2,803	7,258
Total non-operating income	114,341	20,357
Non-operating expenses		
Interest expenses	16,030	15,928
Foreign exchange losses	-	5,266
Other	2,453	424
Total non-operating expenses	18,484	21,620
Ordinary profit (loss)	(134,803)	261,020
Extraordinary income		
Gain on sale of non-current assets	-	2,464
Gain on redemption of investment securities	22,090	-
Total extraordinary income	22,090	2,464
Extraordinary losses		
Impairment losses	-	17,415
Total extraordinary losses	-	17,415
Profit (loss) before income taxes	(112,713)	246,069
Income taxes - current	28,051	81,754
Income taxes - deferred	62,681	(34,043)
Total income taxes	90,732	47,711
Profit (loss)	(203,446)	198,358
Profit attributable to non-controlling interests	9,645	17,610
Profit (loss) attributable to owners of parent	(213,092)	180,747

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

(Thousand yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit (loss)	(203,446)	198,358
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,264)	(937)
Foreign currency translation adjustment	(462,263)	1,068,619
Remeasurements of defined benefit plans, net of tax	4,562	224
Total other comprehensive income	(471,966)	1,067,906
Comprehensive income	(675,412)	1,266,264
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(673,834)	1,203,417
Comprehensive income attributable to non-controlling interests	(1,578)	62,847