

Fiscal Year Ending March 31, 2022

Financial Results Briefing Materials for 2Q

Announced on October 29, 2021



PEGASUS SEWING MACHINE MFG. CO., LTD.

【Code : 6262, Tokyo stock exchange in Japan】

- Overview for first half of FY2022 3
- Consolidated earning forecasts 14
- Pegasus Sustainability Plan 19
- Reference 23
- Corporate Profile 26

- ✓ COVID-19
- ✓ Rise in marine transportation costs and delay in transportation due to shortage of containers
- ✓ President Biden's policy toward China (human rights issues, etc.)
- ✓ Shortage of electricity and slowdown of economic growth in China

Industrial sewing machine

- ✓ Increase in demand for knitwear under the new normal and diversification of sales channels due to growth in EC sales

Die casting auto parts

- ✓ Proactive development of new customers
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, harnesses, etc.)

Overview of Net Sales by Business

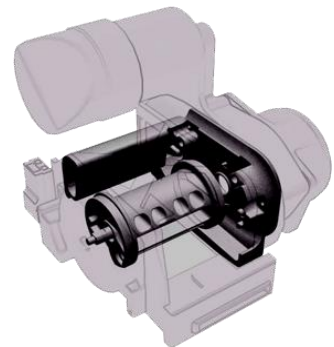
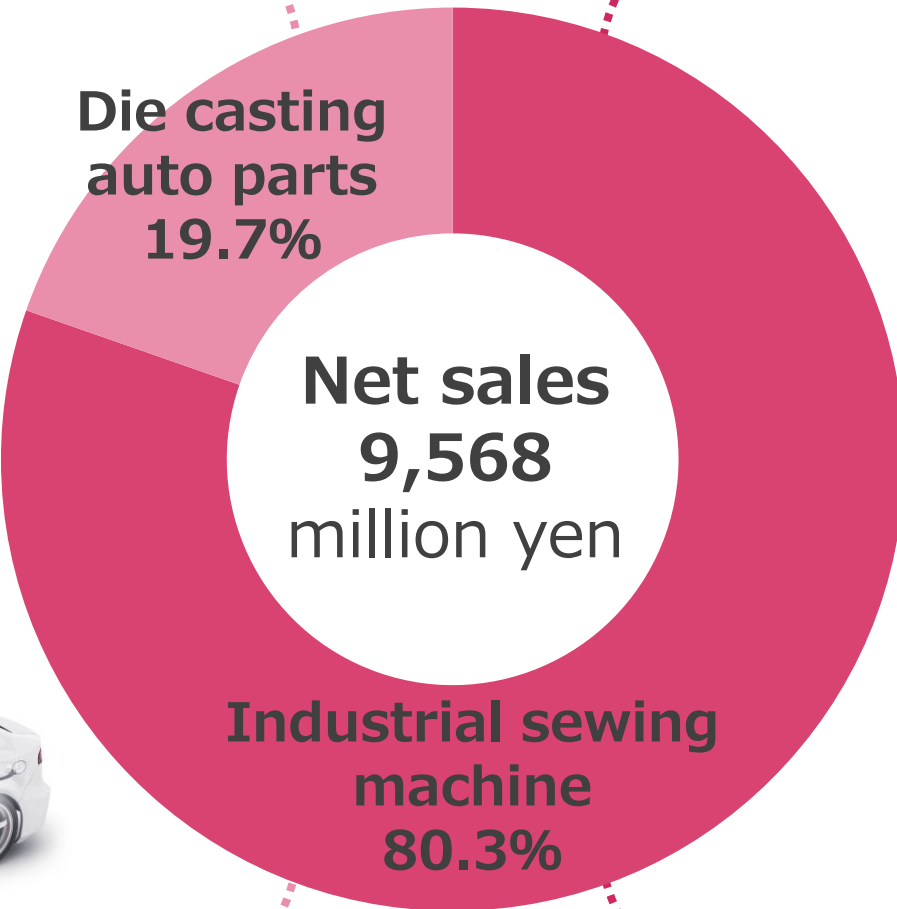
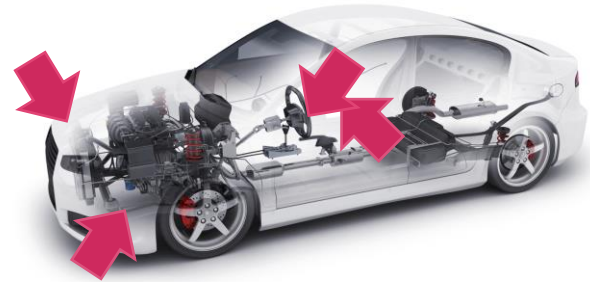


Image of die casting products

Examples use of die casting products



Overedger stitch machines



Interlock stitch machines

Overview of Consolidated Financial Results



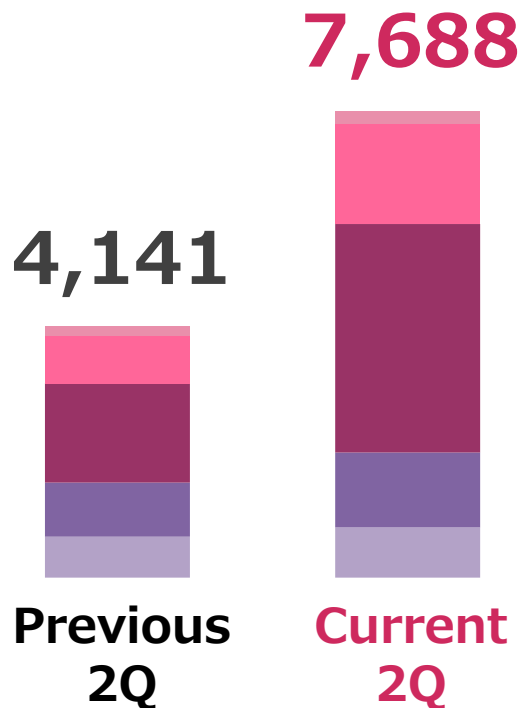
(Million yen: Amounts of less than one million yen are rounded down)
 (※Results excluding the effects of foreign exchange are indicated in parentheses)

	Previous 2Q	Current 2Q	Change	Percentage change
Net sales	5,222	9,568	+4,346 (+4,105)	+83.2% (+78.6%)
Industrial sewing machines	4,141	7,688	+3,547 (+3,386)	+85.7% (+81.8%)
Die casting auto parts	1,081	1,880	+799 (+719)	+73.9% (+66.5%)
Operating profit (loss)	▲100	715	+816	—
Ordinary profit (loss)	73	702	+628	—
Profit (loss) before income taxes	▲207	691	+898	—
Profit (loss) attributable to owners of parent	▲333	470	+804	—

Net Sales by Business and Location



Industrial sewing machine



Qty. of units sold : +77.4%
Average unit price : +7.6%
Excluding the effects
of foreign exchange : +5.0%

Domestic demand in China continues to be favorable. Net sales also increased in Bangladesh and India due to a recovery in demand.

Japan

202 million yen
YoY change : +25.0%

China

1,659 million yen
YoY change : +114.6%

Asia

3,766 million yen
YoY change : +129.3%

Americas

1,234 million yen
YoY change : +38.5%

Europe

825 million yen
YoY change : +22.8%

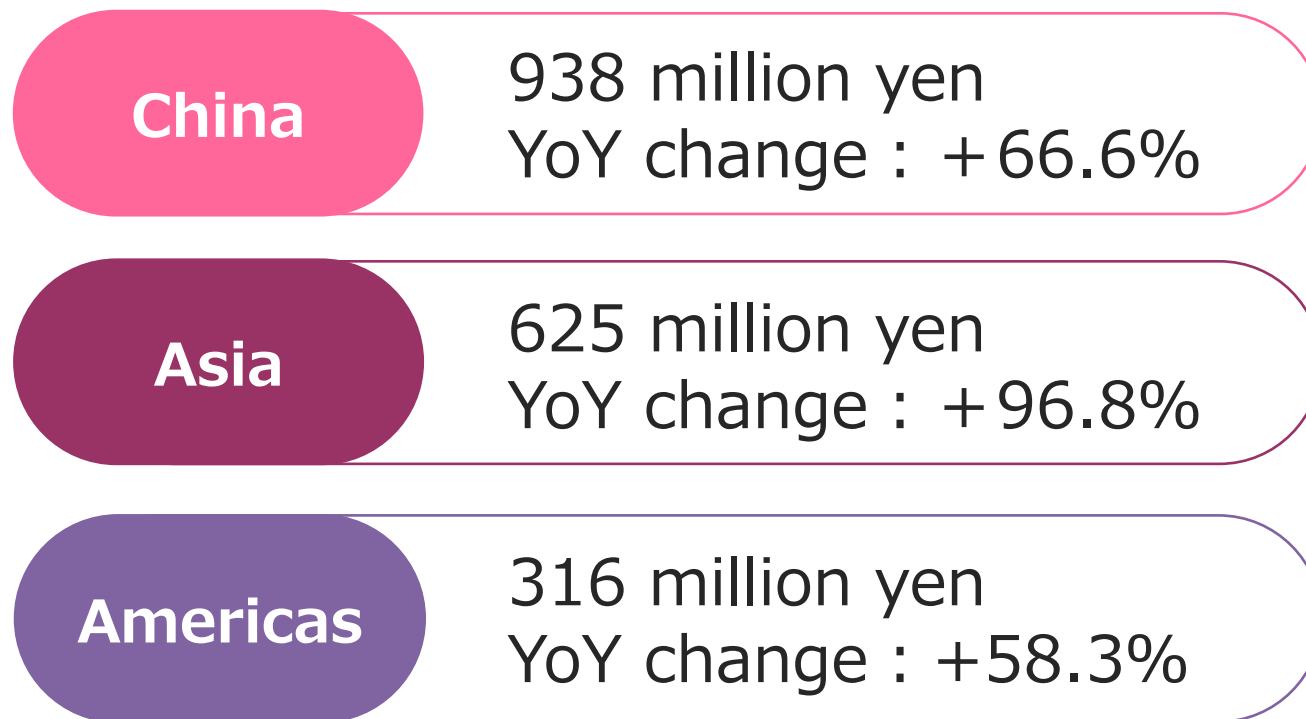
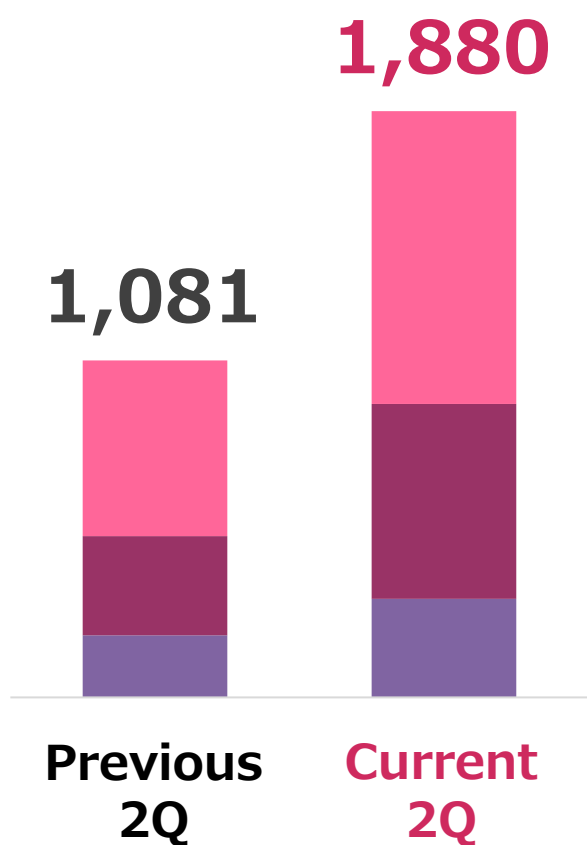
(Million yen: Amounts of less than one million yen are rounded down)

Net Sales by Business and Location



Die casting auto parts

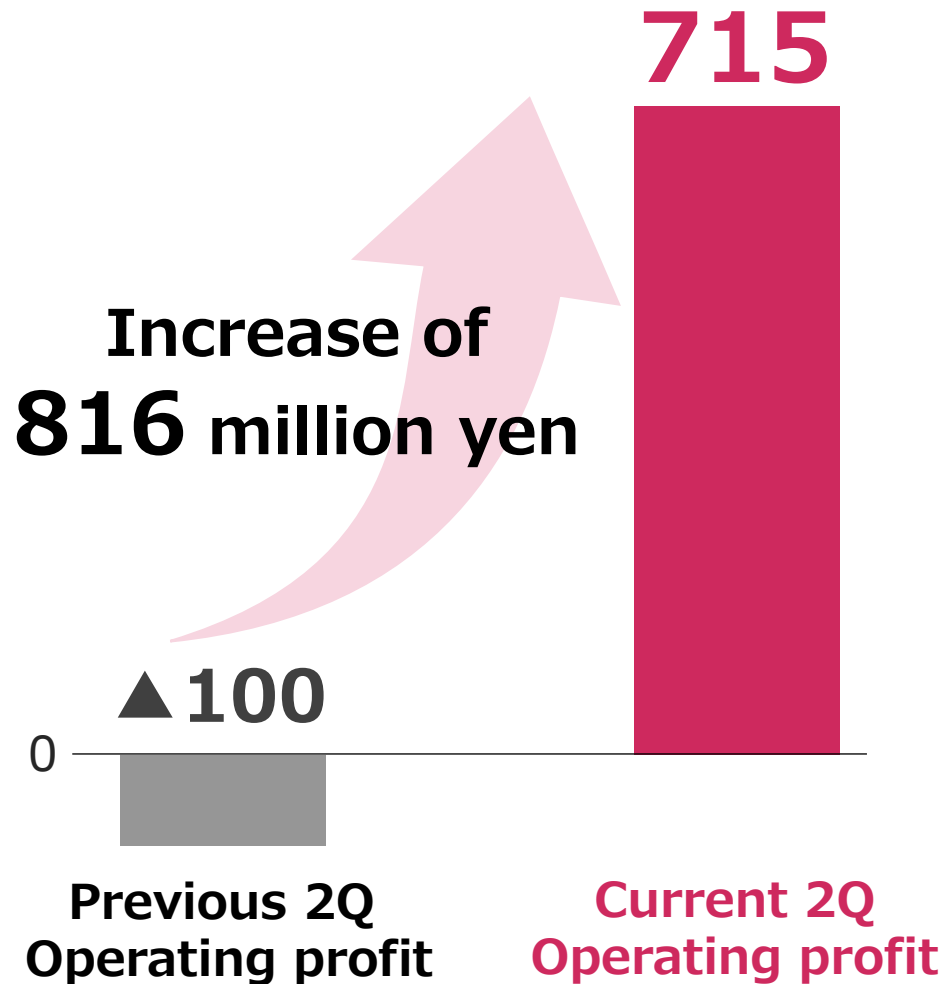
Achieved record high, first half net sales.



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

Changes in Operating Profit

✓ Increase in operating profit was mainly due to an increase in net sales.



Increase in sales	+1,451
Increase in costs	▲351
Increase in expenses	▲280
Exchange rate fluctuations	▲3

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

Consolidated Balance Sheets



✓ Capital adequacy ratio was 70.5%.

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

	End of previous year	Current 2Q	Change	Main factors contributing to changes
Current assets	21,257	23,115	+1,857	<ul style="list-style-type: none"> •Cash and deposits +1,030 •Notes and accounts receivable - trade +1,023 •Inventories etc. ▲196
Non-current assets	8,588	9,321	+733	<ul style="list-style-type: none"> •Property, plant and equipment +639 •Intangible assets +19 •Investments and other assets +74
Total assets	29,846	32,437	+2,590	

	End of previous year	Current 2Q	Change	Main factors contributing to changes
Current liabilities	4,516	5,457	+940	<ul style="list-style-type: none"> •Notes and accounts payable - trade +493 •Short-term borrowings +323 •Other +123
Non-current liabilities	3,267	3,371	+103	<ul style="list-style-type: none"> •Long-term borrowings ▲149 •Other +253
Net assets	22,061	23,608	+1,546	<ul style="list-style-type: none"> •Retained earnings +297 •Foreign currency translation adjustment etc. +1,249
Total liabilities and net assets	29,846	32,437	+2,590	

Consolidated Financial Position



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

	Year-end share price	Current 2Q
Capital (million yen)	21,381	22,883
Capital adequacy ratio (%)	71.6	70.5

	Year-end share price	Current 2Q
Net assets per share (yen)	861.77	922.31
Year-end share price (yen)	458	462
PBR (times)	0.53	0.50

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

	Previous 2Q	Current 2Q
Profit (loss) attributable to owners of Parent (million yen)	▲ 333	470
EPS (yen)	▲ 13.45	18.98

Consolidated Statements of Cash Flows



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

	Previous 2Q	Current 2Q	Change
Cash flows from operating activities	▲ 27	1,267	+1,294
Cash flows from investing activities	294	▲ 127	▲ 422
Cash flows from financing activities	▲ 65	▲ 184	▲ 119
Effect of exchange rate change on cash and cash equivalents	▲ 86	310	+396
Net increase (decrease) in cash and cash equivalents	114	1,264	+1,150
Cash and cash equivalents at beginning of period	5,648	8,273	+2,625
Cash and cash equivalents at end of period	5,762	9,538	+3,775

※Main changes are provided on the next page.

Consolidated Statements of Cash Flows : Main changes



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

✓ Cash flows from operating activities

Profit before income taxes	+691
Decrease (increase) in trade receivables	▲750
Decrease (increase) in inventories	+675
Increase (decrease) in trade payables	+341
Income taxes paid	▲117

✓ Cash flows from investing activities

Payments into time deposits	▲147
Proceeds from withdrawal of time deposits	+400
Purchase of property, plant and equipment	▲397

✓ Cash flows from financing activities

Net increase (decrease) in short-term borrowings	+300
Dividends paid	▲173

Capital investment・Depreciation・R&D expenses



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

	Previous 2Q	Current 2Q	Change
Capital investment	202	397	+194
Depreciation	371	401	+29
R&D expenses	184	185	+0

<Main capital investments>

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

Company name	Details	Amount of investment
PEGASUS-SHIMAMOTO AUTO PARTS (VIETNAM) CO., LTD.	Establishment of production facilities, etc.	158

FY2022

Consolidated earning forecasts

Factors that have been newly recognized or have arisen

- ✓ COVID-19
 - Resurgence of infections in some areas due to the emergence of variants
- ✓ Shortage of electricity and slowdown of economic growth in China

Industrial sewing machine

- ✓ Alliance and collaboration with JUKI CORPORATION

Die casting auto parts

- ✓ Rise in material costs
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, harnesses, etc.)

FY2022 Consolidated earning forecasts



Full-year financial results forecast and progress (million yen)

Financial results forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
Net sales	17,510	9,568	54.6%	12,422	+41.0%	+5,088
Operating profit	1,050	715	68.1%	516	+103.5%	+534
Ordinary profit	980	702	71.6%	681	+43.9%	+299
Profit attributable to owners of parent	560	470	83.9%	707	▲20.8%	▲147

By business

Financial results forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
Industrial sewing machine	13,030	7,688	59.0%	9,622	+35.4%	+3,408
Die casting auto parts	4,480	1,880	42.0%	2,799	+60.1%	+1,681

FY2022 Consolidated earning forecasts



Segments by business and location

Full-year financial results forecast and progress (million yen)

Industrial sewing machine

Net sales forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
Japan	365	202	55.3%	367	▲0.5%	▲2
China	2,355	1,659	70.4%	1,761	+33.7%	+594
Asia	7,140	3,766	52.7%	4,662	+53.2%	+2,478
Americas	1,890	1,234	65.3%	1,634	+15.7%	+256
Europe	1,280	825	64.5%	1,197	+6.9%	+83

Die casting auto parts

Net sales forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
China	2,210	938	42.4%	1,517	+45.7%	+693
Asia	1,370	625	45.6%	787	+74.1%	+583
Americas	900	316	35.1%	494	+82.2%	+406

FY2022 Consolidated earning forecasts



Capital investment • Depreciation • R&D expenses

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

	Full-year forecast	Results for the previous year	Change
Capital investment	867	456	+411
Depreciation	817	760	+57
R&D expenses	472	449	+23














Pegasus Sustainability Plan

To solve social issues for the development of a sustainable society


Since its founding, based on its corporate philosophy: “Through our people & technology, we strive to provide better Products, Service and Quality and make a positive contribution to the world of social development,” Pegasus has formulated its basic business policy with consideration for the importance of sustainability of society and the global environment and has strived to solve social issues through daily business activities.

The Company will continue to strive to develop a sustainable society through its business activities based on the spirit of its corporate philosophy.

(Priority issues) We identify the issues we should tackle from an outside-in perspective and work on them in our business activities.


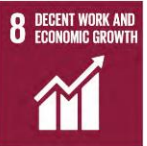




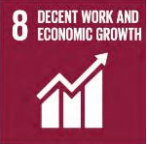
ESG	Priority issues	Related SDGs
Environment	Measures against environmental pollution, waste reduction, development of energy-efficient products, etc.	    
Society	Support for improving the working environment from a user-friendly perspective, organizational management that respects diversity, collaborations and co-creations with communities and cooperation partners, etc.	    
Governance	Diversity of the Board of Directors, compliance with laws and regulations in different countries, etc.	  

Past activities

ESG	Issues tackled	Main activities	Related SDGs
Environment	Contribution to reducing environmental impacts	<ul style="list-style-type: none"> • Development of highly energy-efficient small motors • Restructuring of methods to efficiently use production materials • Development of a clean environment at die-cast production sites (installation of equipment that purifies wastewater and reduces air pollutants) • New head office building with highly eco-friendly functions 	

Pegasus Sustainability Plan

Past activities

ESG	Issues tackled	Main activities	Related SDGs
Society	Contribution to improving the working environment	<ul style="list-style-type: none"> • Development of user-friendly products that are safe and easy for customers to use (improved usability has reduced the work of operators and improved quality and productivity) • Revitalization of the organization and improvement of productivity by introducing a refreshing time 	    
	Diversity	<ul style="list-style-type: none"> • Appointment of local staff to managerial and officer positions at overseas subsidiaries • Improvement of operational efficiency by introducing remote work and using IT to promote diverse work styles 	  
Governance	Composition of external directors	<ul style="list-style-type: none"> • Appointment of three directors and two auditors among independent external officers (three men and two women) 	  
	Diversity of the Board of Directors	<ul style="list-style-type: none"> • Proactive appointment of those active in various fields to director and managerial positions regardless of nationality 	

Reference

Net Sales by Business and Location

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

Industrial sewing machine		Japan	China	Asia	Americas	Europe	Total
Current 2Q	Net sales (million yen)	202	1,659	3,766	1,234	825	7,688
	YoY change (%)	25.0	114.6	129.3	38.5	22.8	85.7
	YoY change excluding the effects of foreign exchange (%)	25.0	98.2	130.7	39.3	13.2	81.8
Previous 2Q	Net sales (million yen)	161	773	1,642	891	671	4,141

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

Die casting auto parts		China	Asia	Americas	Total
Current 2Q	Net sales (million yen)	938	625	316	1,880
	YoY change (%)	66.6	96.8	58.3	73.9
	YoY change excluding the effects of foreign exchange (%)	53.9	98.0	52.0	66.5
Previous 2Q	Net sales (million yen)	563	317	200	1,081

Effects of foreign exchange (based on consolidated net sales for the year ending March 31, 2022)

Currencies	JPY	USD	EUR	RMB	MXN	Results for the current year	Excluding the effects of foreign exchange	Results for the previous year	YoY change excluding the effects of foreign exchange
Exchange rates for the period	–	¥107.76	¥129.97	¥16.64	¥5.33	–	–	–	–
Exchange rates for the previous period	–	¥108.41	¥119.82	¥15.37	¥5.12	–	–	–	–
Difference (yen)	–	▲0.65	10.15	1.27	0.21	–	–	–	–
Net sales	202	5,626	825	2,597	316	9,568	9,327	5,222	4,105
Ratio (%)	2.1	58.8	8.6	27.2	3.3	100.0	–	–	–
Change in foreign exchange	–	▲33	64	198	12	241	–	–	–
Cost of sales	1,502	1,997	31	2,756	307	6,594	6,381	3,375	3,005
Ratio (%)	22.8	30.3	0.5	41.8	4.7	100.0	–	–	–
Change in foreign exchange	–	▲12	2	210	12	212	–	–	–
Selling and administrative expenses	1,018	739	95	349	56	2,258	2,227	1,946	280
Ratio (%)	45.1	32.7	4.2	15.5	2.5	100.0	–	–	–
Change in foreign exchange	–	▲4	7	26	2	31	–	–	–
Operating profit	▲2,318	2,890	699	▲507	▲47	715	719	▲100	819
Change in foreign exchange	–	▲17	54	▲38	▲1	▲3	–	–	–
Cost of sales ratio (%)	–	–	–	–	–	68.9	68.4	64.6	–

(Million yen: Amounts of less than one million yen are rounded down except for Exchange rates, ratio, Cost of sales ratio)

Corporate Profile

Corporate Philosophy

Through our people & technology, we strive to provide better Products, Service and Quality and make a positive contribution to the world of "social development"

Basic Policy for Business

- We deepen exchanges with people throughout the world, and develop reliable business activities. Deploying people and products throughout the world we plan our activities with respect for universal values.
- Always striving to master Pegasus's core technology we aim for superior global quality manufacturing. Striving to attain the position of the "true, leading manufacturer of chain-stitch sewing machines", we supply our products at optimum quality, optimum price and with optimum lead times.
- We always learn from our customers, form their needs into tangible shape, and utilizing this offer services and information. Constantly learning from customers and always maintaining the truth is the spirit that supports all of Pegasus's business activities.
- By building on the relations with our associates and employees we aim for mutual growth and development. By the handing down of our predecessors' originality and ingenuity we oversee the creation of new ideas. And these endeavors lead to personal development of our employees and, needless to say of course, also our associates.

Corporate Profile

as of March, 2021

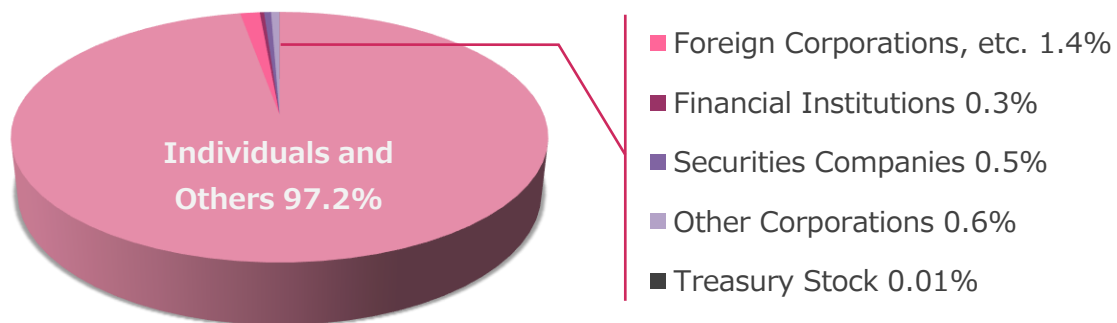


Name	PEGASUS SEWING MACHINE MFG. CO., LTD.
Representative	President Shigemi Mima
Founded	January, 1914
Location	Fukushima-ku, Osaka, Japan
Capital	2,255.55million yen (as of March,2021)
Sales	12,422million yen (From April 1, 2020 to March 31, 2021)
Number of employees	1,281 [consolidated] 212 [non-consolidated] (as of March,2021)
Business	Manufacture and sale of industrial chain stitching sewing machines and parts Manufacture and sale of die casting auto parts and other die casting parts

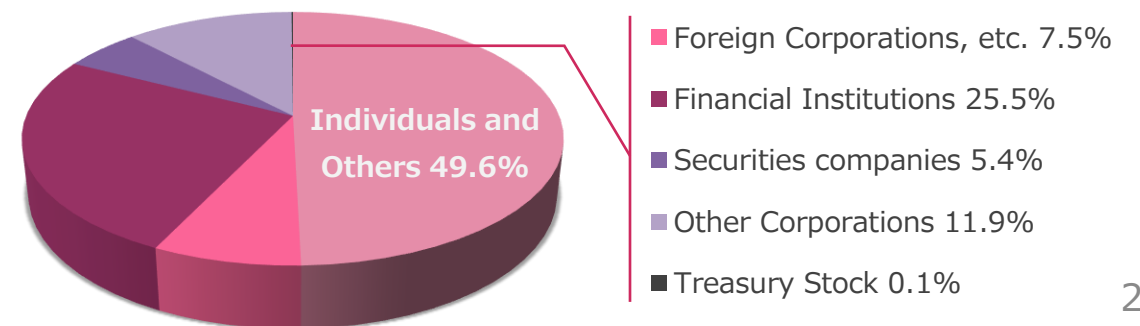
◆Principal Shareholders

Shareholder's Name	Holding Ratio
The Master Trust Bank of Japan Ltd. (Trust Account)	9.8%
Custody Bank of Japan, Ltd. (Trust Account)	9.2%
MIMA Co.,LTD.	6.3%
Sumitomo Mitsui Banking Co.	3.3%
Keizo Bando	3.0%
Takako Yoshida	2.9%
Shigemi Mima	2.5%
Masamichi Mima	1.9%
Takehiro Bando	1.7%
PEGASUS SEWING MACHINE Shareholding Association	1.6%
Total	42.2%

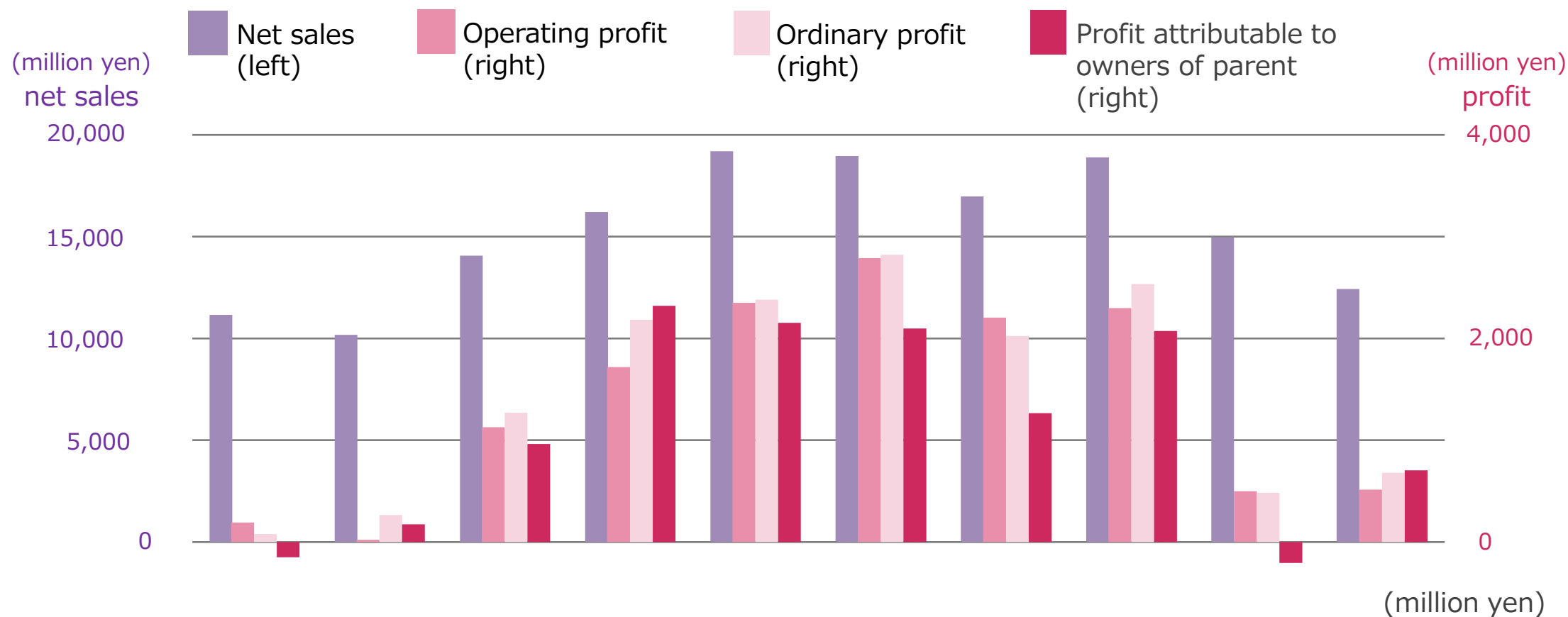
◆Shareholders Breakdown (%)



◆Shareholding Breakdown by Ownership (%)



Changes in Consolidated Financial Results



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	11,152	10,170	14,067	16,206	19,188	18,961	16,978	18,891	14,969	12,422
Operating profit	192	21	1,118	1,723	2,356	2,798	2,212	2,306	499	516
Ordinary profit	78	266	1,260	2,189	2,388	2,831	2,030	2,542	484	681
Profit attributable to owners of parent	▲149	174	953	2,328	2,160	2,103	1,270	2,079	▲206	707



Notes regarding this document:

Financial results forecast and other forward-looking information contained in this document are based on information currently available to the Company as well as estimates on the economic environment, and are therefore subject to a number of uncertainties.

Actual results may differ from these forecasts due to a variety of factors.

The Company does not guarantee the accuracy of any information provided in this document.