

Fiscal Year Ending March 31, 2023

Financial Results Briefing Materials for 2Q

Announced on October 27, 2022



PEGASUS SEWING MACHINE MFG. CO., LTD.

【Code : 6262, Tokyo stock exchange in Japan】

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Overview for 2Q of FY2023

- ✓ Impact of China's zero-COVID policy on parts procurement and production activities, etc.
- ✓ Global inflation caused by Russia's invasion of Ukraine and other factors
- ✓ Prolonged global shipping disruptions and elevated shipping costs

Industrial sewing machine

- ✓ Global demand for apparel was on the downward trend due to the effects of inflation
- ✓ Continuing orders from countries around consumption areas in the Americas

Automotive parts (formerly, die casting auto parts)

- ✓ Persistently high raw material prices
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, etc.)
- ✓ Continuing demand for small- and medium-sized die casting auto parts in Mexico

Overview of Net Sales by Business

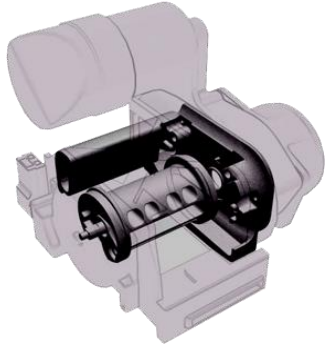
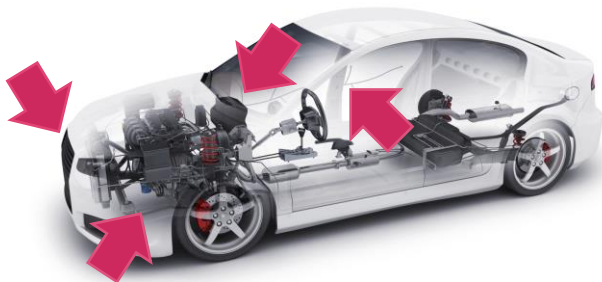


Image of die casting products

Examples use of die casting products



Automotive parts
21.7%

Net sales
13,349
million yen

Industrial sewing machine
78.3%



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)

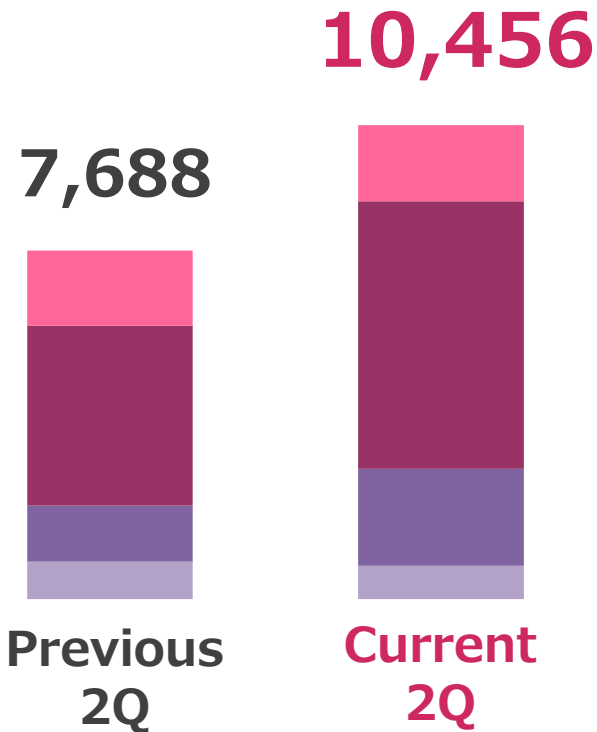
	Previous 2Q	Current 2Q	Change	Percentage change
Net sales	9,568	13,349	+3,780 (+2,246)	+39.5% (+23.5%)
Industrial sewing machines	7,688	10,456	+2,768 (+1,592)	+36.0% (+20.7%)
Automotive parts	1,880	2,892	+1,012 (+653)	+53.8% (+34.8%)
Operating profit	715	1,905	+1,189	+166.2%
Ordinary profit	702	2,451	+1,749	+249.2%
Profit before income taxes	691	2,452	+1,761	+254.8%
Profit attributable to owners of parent	470	1,740	+1,269	+269.6%

Net Sales by Business and Location



Industrial sewing machine

Driven by vigorous capital investment demand in South Asia and Central America, sales in Asia and the Americas remained strong, despite the economic slowdown caused by the situation in Ukraine in Europe, progressing inflation worldwide, and other factors.



- Qty. of units sold : +14.7%
- Average unit price : +17.7%
- (Excluding the effects of foreign exchange : +4.4%)

China

1,679 million yen
YoY change : +1.2%

Japan
Asia

5,899 million yen
YoY change : +48.6%

Americas

2,139 million yen
YoY change : +73.2%

Europe

738 million yen
YoY change : ▲10.5%

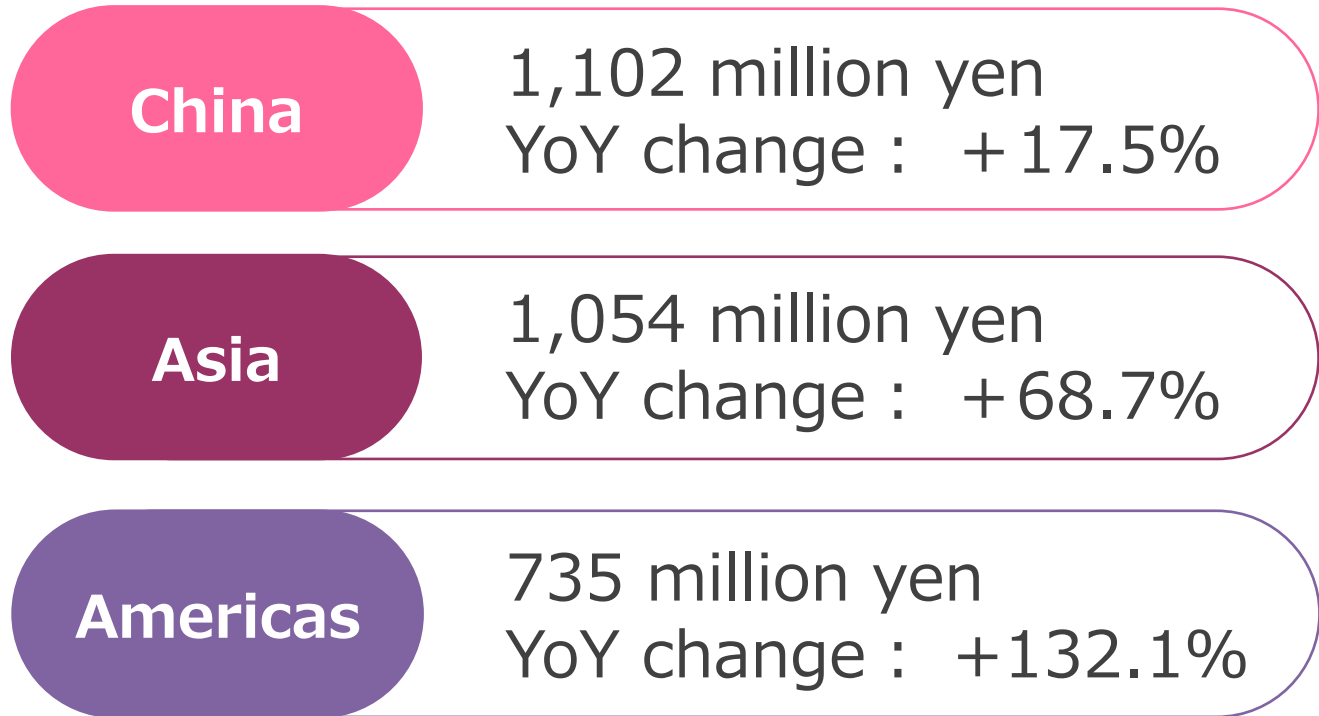
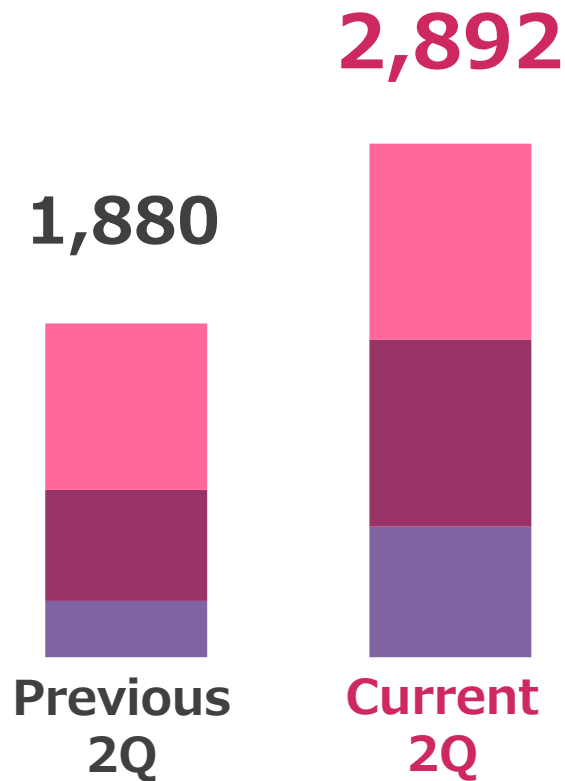
(Million yen: Amounts of less than one million yen are rounded down)

Net Sales by Business and Location



Automotive parts

Achieved higher net sales year on year at all locations continuing from the previous quarter. The most remarkable was, mainly thanks to the progress made in local procurement, production of the Mexico plant getting into full swing and the reporting of its strong sales, despite the initial delays in the launch of the plant due to the decrease in automobile production stemming from semiconductor shortages.

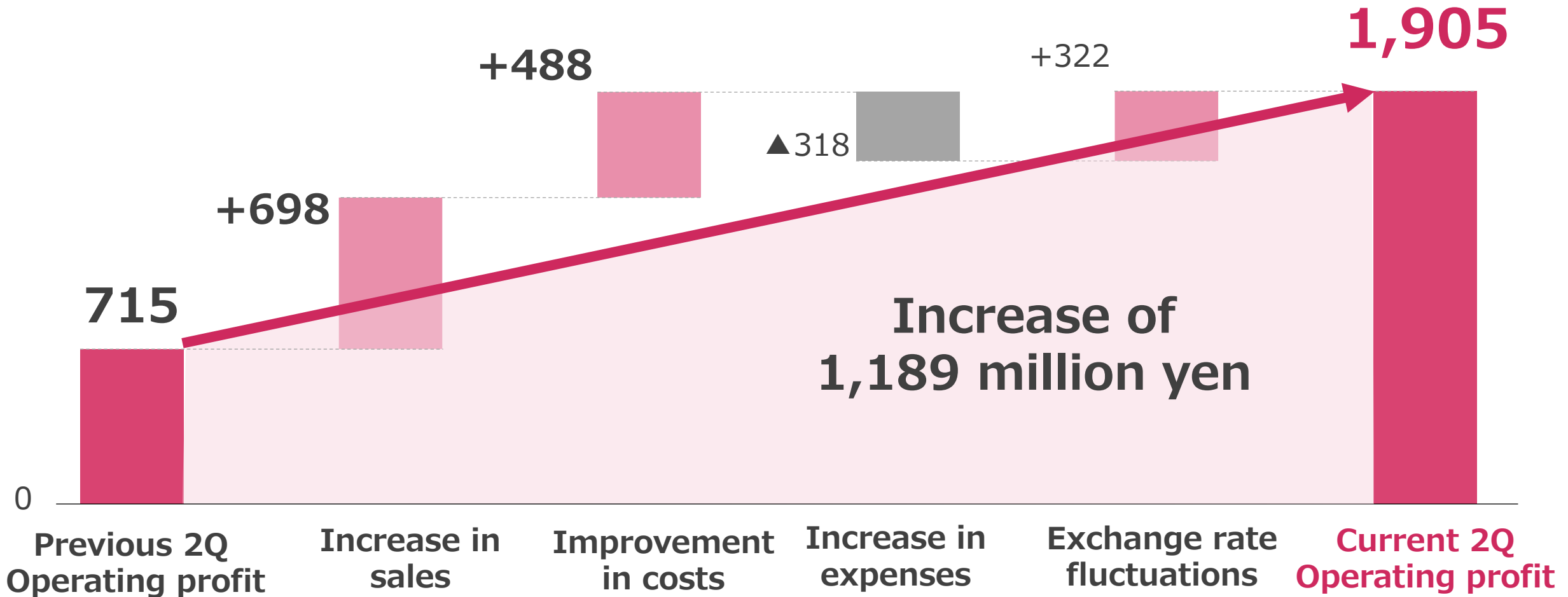


(Million yen: Amounts of less than one million yen are rounded down)

Changes in Operating Profit



- ✓ Increase in net sales, the effects of foreign exchange, and other factors offset the increase in expenses including transportation costs, leading to higher revenue and profit.



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

Consolidated Balance Sheets



(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	25,472	28,738	+3,266	<ul style="list-style-type: none"> •Cash and deposits +435 •Notes and accounts receivable - trade +1,423
Non-current assets	9,661	10,950	+1,289	<ul style="list-style-type: none"> •Property, plant and equipment +1,141 •Intangible assets +73 •Investments and other assets +73
Total assets	35,133	39,688	+4,555	
	End of previous year	Current 2Q	Change	Main factors contributing to changes
Current liabilities	6,700	6,687	▲13	<ul style="list-style-type: none"> •Notes and accounts payable - trade ▲1,196 •Short-term borrowings +615
Non-current liabilities	3,066	2,875	▲190	<ul style="list-style-type: none"> •Long-term borrowings ▲169
Net assets	25,366	30,125	+4,758	<ul style="list-style-type: none"> •Retained earnings +1,418 •Foreign currency translation adjustment +3,184
Total liabilities and net assets	35,133	39,688	+4,555	

Consolidated Financial Position



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

	End of previous year	Current 2Q
Capital (million yen)	24,599	29,200
Capital adequacy ratio (%)	70.0	73.6

	End of previous year	Current 2Q
BVPS (yen)	991.49	1,176.93
Year-end share price (yen)	595	862
PBR (times)	0.60	0.73

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

	Previous 2Q	Current 2Q
Profit attributable to owners of parent (million yen)	470	1,740
EPS (yen)	18.98	70.16

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	397	680	+282
Depreciation	401	452	+51
R&D expenses	185	222	+37

<Main capital investments> (Million yen: Amounts of less than one million yen are rounded down)

Company name	Details	Total investment
PEGASUS VIETNAM SEWING MACHINE CO., LTD.	Acquired land-use rights to strengthen production	165
PEGASUS AUTO PARTS MONTERREY S.A. DE C.V.	Installation of production facilities, etc.	138
NANTONG PEGASUS AUTO PARTS MFG. CO.,LTD.	Installation of production facilities, etc.	166

Consolidated Financial Results Forecast for FY2023

- ✓ Drastic weakening of the yen exceeding expectations
- ✓ Global inflation caused by Russia's invasion of Ukraine and other factors
- ✓ Prolonged China's zero-COVID policy

Industrial sewing machine

- ✓ Broadening product offerings in anticipation of the post-COVID era (e.g., adapting to diversifying materials)
- ✓ Tapping into emerging markets through the business partnership with JUKI

Automotive parts (formerly, die casting auto parts)

- ✓ Persistently high raw material prices
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, etc.)

Consolidated Financial Results Forecast for FY2023



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	23,660	13,349	56.4%	20,498	+15.4%	+3,162
Operating profit	2,350	1,905	81.1%	1,847	+27.2%	+503
Ordinary profit	2,360	2,451	103.9%	1,941	+21.6%	+419
Profit attributable to owners of parent	1,740	1,740	100.0%	1,572	+10.7%	+168

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	18,480	10,456	56.6%	16,482	+12.1%	+1,998
Automotive parts	5,180	2,892	55.8%	4,015	+29.0%	+1,165

Consolidated Financial Results Forecast for FY2023



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
China	3,115	1,679	53.9%	2,886	+7.9%	+228
Japan, Asia	10,190	5,899	57.9%	9,355	+8.9%	+834
Americas	3,495	2,139	61.2%	2,653	+31.7%	+841
Europe	1,680	738	44.0%	1,587	+5.8%	+92

Automotive parts

Net sales forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
China	2,195	1,102	50.2%	2,004	+9.5%	+190
Asia	1,665	1,054	63.4%	1,235	+34.7%	+429
Americas	1,320	735	55.7%	774	+70.3%	+545

Consolidated Financial Results Forecast for FY2023



Capital investment • Depreciation • R&D expenses

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

	Results for the previous year	Full-year forecast	Change
Capital investment	755	1,159	+403
Depreciation	832	768	▲64
R&D expenses	400	715	+314

Pegasus Sustainability Plan

Pegasus Sustainability Plan

To solve social issues for the development of a sustainable society

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

E nvironment



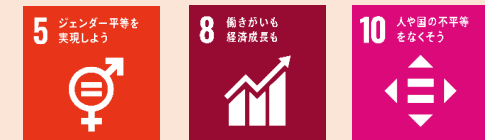
Contribution to reducing environmental impacts

S ociety



Contribution to improving the working environment
Diversity

G overnance



Diversity of the Board of Directors
Composition of external directors

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.

Pegasus Sustainability Plan











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 • Saving resources by providing digital instruction manuals for sewing machines 	

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 •Sharing technology and knowledge with local staff at overseas subsidiaries 	  
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 (YoY change excluding the effects of foreign exchange)

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

Industrial sewing machine		China	Japan Asia	Americas	Europe	Total
Current 2Q	Net sales (million yen)	1,679	5,899	2,139	738	10,456
	YoY change (%)	+1.2	+48.6	+73.2	▲10.5	+36.0
	YoY change excluding the effects of foreign exchange (%)	▲11.3	+31.6	+51.6	▲13.5	+20.7
Previous 2Q	Net sales (million yen)	1,659	3,968	1,234	825	7,688

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

Automotive parts		China	Asia	Americas	Total
Current 2Q	Net sales (million yen)	1,102	1,054	735	2,892
	YoY change (%)	+17.5	+68.7	+132.1	+53.8
	YoY change excluding the effects of foreign exchange (%)	+3.0	+47.6	+103.5	+34.8
Previous 2Q	Net sales (million yen)	938	625	316	1,880

Reference



Effects of foreign exchange (based on consolidated net sales for 2Q of FY2023)

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	–	¥123.17	¥134.52	¥18.98	¥6.08	–	–	–	–
Exchange rates for the previous period	–	¥107.76	¥129.97	¥16.64	¥5.33	–	–	–	–
Difference (yen)	–	15.41	4.55	2.34	0.75	–	–	–	–
Net sales	496	8,597	738	2,781	735	13,349	11,815	9,568	2,246
Ratio (%)	3.7	64.4	5.5	20.8	5.5	100.0	–	–	–
Change in foreign exchange	–	1,075	24	342	90	1,534	–	–	–
Cost of sales	583	2,482	19	4,995	571	8,651	7,654	6,594	1,059
Ratio (%)	6.7	28.7	0.2	57.7	6.6	100.0	–	–	–
Change in foreign exchange	–	310	0	615	70	997	–	–	–
Selling and administrative expenses	986	992	125	614	73	2,792	2,577	2,258	318
Ratio (%)	35.3	35.5	4.5	22.0	2.6	100.0	–	–	–
Change in foreign exchange	–	124	4	76	9	214	–	–	–
Operating profit	▲1,073	5,122	594	▲2,828	90	1,905	1,583	715	867
Change in foreign exchange	–	640	20	▲349	11	322	–	–	–
Cost of sales ratio (%)	–	–	–	–	–	64.8	64.8	68.9	–

(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



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,2022)
Sales	20,498.36million yen (From April 1, 2021 to March 31, 2022)
Number of employees	1,521 [consolidated] 200 [non-consolidated] (as of March,2022)
Business	<ul style="list-style-type: none">• Manufacture and sale of industrial chain stitching sewing machines and parts• Manufacture and sale of die casting auto parts and other automotive parts

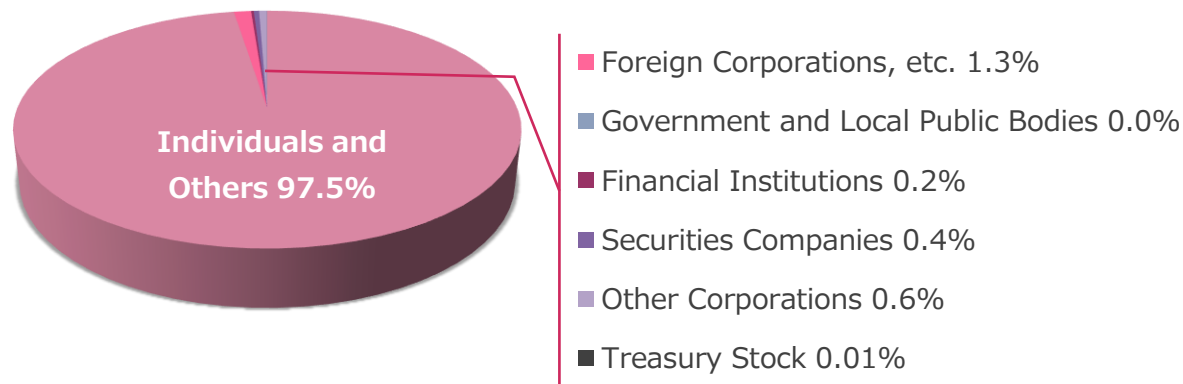
Shareholders Information as of September 2022



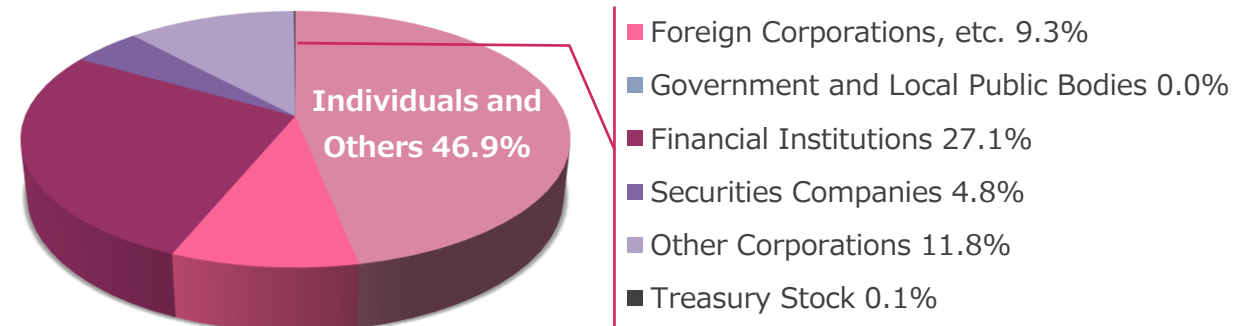
◆ Principal Shareholders

Shareholder's Name	Holding Ratio
Custody Bank of Japan, Ltd. (Trust Account)	10.86%
The Master Trust Bank of Japan Ltd. (Trust Account)	10.28%
MIMA Co.,LTD.	6.26%
Sumitomo Mitsui Banking Co.	3.35%
Keizo Bando	2.99%
Takako Yoshida	2.86%
Shigemi Mima	2.54%
JPMorgan Securities Japan Co., Ltd.	1.98%
Masamichi Mima	1.91%
Masako Tamura	1.49%

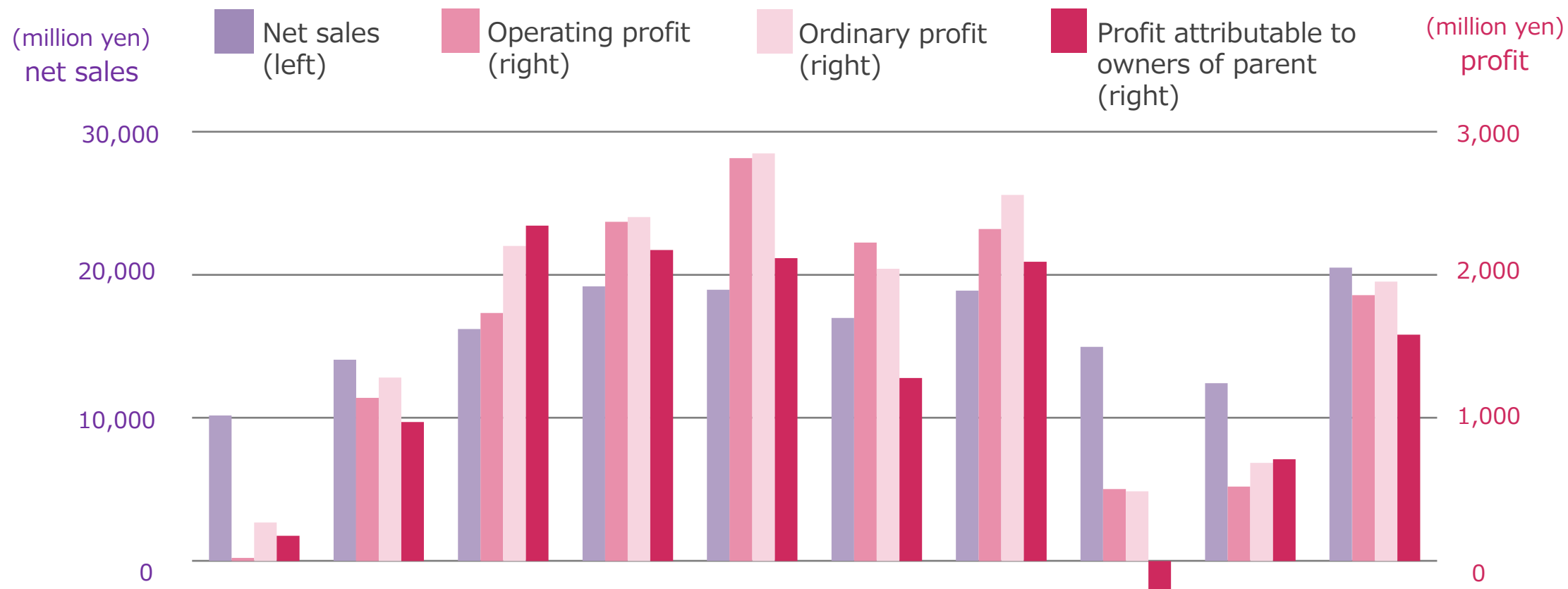
◆ Breakdown of Shareholders by Type (%)



◆ Breakdown of Shares by Type of Shareholder (%)



Changes in Consolidated Financial Results



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	10,170	14,067	16,206	19,188	18,961	16,978	18,891	14,969	12,422	20,498
Operating profit	21	1,118	1,723	2,356	2,798	2,212	2,306	499	516	1,847
Ordinary profit	266	1,260	2,189	2,388	2,831	2,030	2,542	484	681	1,941
Profit attributable to owners of parent	174	953	2,328	2,160	2,103	1,270	2,079	▲206	707	1,572

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

PEGASUS SEWING MACHINE MFG. CO., LTD. will change its corporate name to “PEGASUS CO., LTD.” on April 1, 2023.



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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.