

Fiscal Year Ending March 31, 2023

# Financial Results Briefing Materials for FY2023

Announced on May 12, 2023



**PEGASUS CO., LTD.**

【Code : 6262, Tokyo stock exchange in Japan】

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# Overview for FY2023

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- ✓ Easing of the COVID 19 movement restrictions
- ✓ Slowdown in consumption recovery due to the restrictions on activities in China under the zero-COVID policy
- ✓ Progressing inflation caused by factors such as elevated prices of goods and energy due to the situation in Russia and Ukraine
- ✓ Sharp exchange rate fluctuations due to monetary policies in the Americas and Europe, and associated impacts on business activities and consumer spending

## Industrial sewing machine

- ✓ Diminishing demand for apparel from the second half of FY2023 due to progressing inflation
- ✓ Deteriorating exchange rate situations in Asian countries to which our products are supplied
- ✓ Uneven capital investments in the sewing industry

## Automotive parts (formerly, die casting auto parts)

- ✓ Persistently high raw material prices
- ✓ Impact of decrease in automobile production due to factors such as semiconductor shortages
- ✓ Growing demand for small- and medium-sized die casting auto parts due to increased local procurement

# Overview of Net Sales by Business

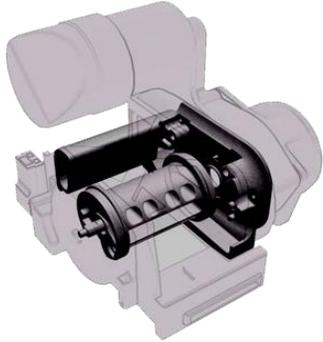
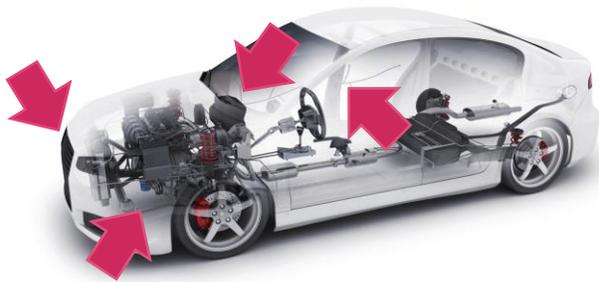


Image of die casting products

Examples use of die casting products



Automotive parts  
25.2%

Net sales  
25,288  
million yen

Industrial sewing machine  
74.8%



Overedger stitch machines



Interlock stitch machines

# Overview of Consolidated Financial Results



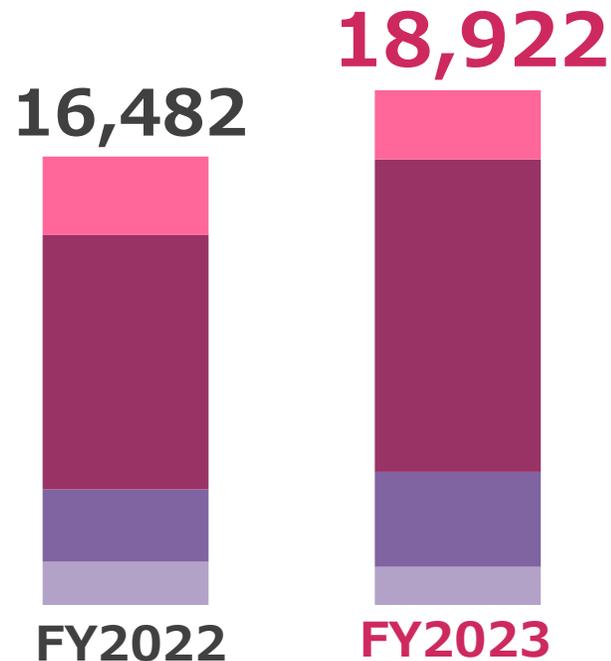
(Million yen: Amounts of less than one million yen are rounded down)  
 (※Results excluding the effects of foreign exchange are indicated in parentheses)

	<b>FY2022</b>	<b>FY2023</b>	<b>Change</b>	<b>Percentage change</b>
<b>Net sales</b>	20,498	<b>25,288</b>	+4,790 (+1,245)	+23.4% (+6.1%)
<b>Industrial sewing machines</b>	16,482	<b>18,922</b>	+2,439 (△158)	+14.8% (△1.0%)
<b>Automotive parts</b>	4,015	<b>6,366</b>	+2,350 (+1,403)	+58.5% (+35.0%)
<b>Operating profit</b>	1,847	<b>2,657</b>	+810	+43.9%
<b>Ordinary profit</b>	1,941	<b>2,946</b>	+1,005	+51.8%
<b>Profit before income taxes</b>	1,930	<b>2,952</b>	+1,021	+52.9%
<b>Profit attributable to owners of parent</b>	1,572	<b>2,294</b>	+722	+46.0%

# Net Sales by Business and Location



## Industrial sewing machine



Lower net sales were posted year on year in China and Europe due to the impacts of China's zero-COVID policy and the prolonged situation in Russia and Ukraine.

However, in Japan and Asia, as well as in the Americas, full-year net sales were higher year on year, despite a slowdown in the momentum that had prevailed until the third quarter.

China

2,541 million yen  
YoY change :  $\triangle 12.0\%$

Japan  
Asia

11,501 million yen  
YoY change :  $+22.9\%$

Americas

3,485 million yen  
YoY change :  $+31.4\%$

Europe

1,393 million yen  
YoY change :  $\triangle 12.2\%$

•Qty. of units sold :  $\triangle 6.0\%$   
•Average unit price :  $+20.2\%$   
(Excluding the effects  
of foreign exchange :  $+3.9\%$ )

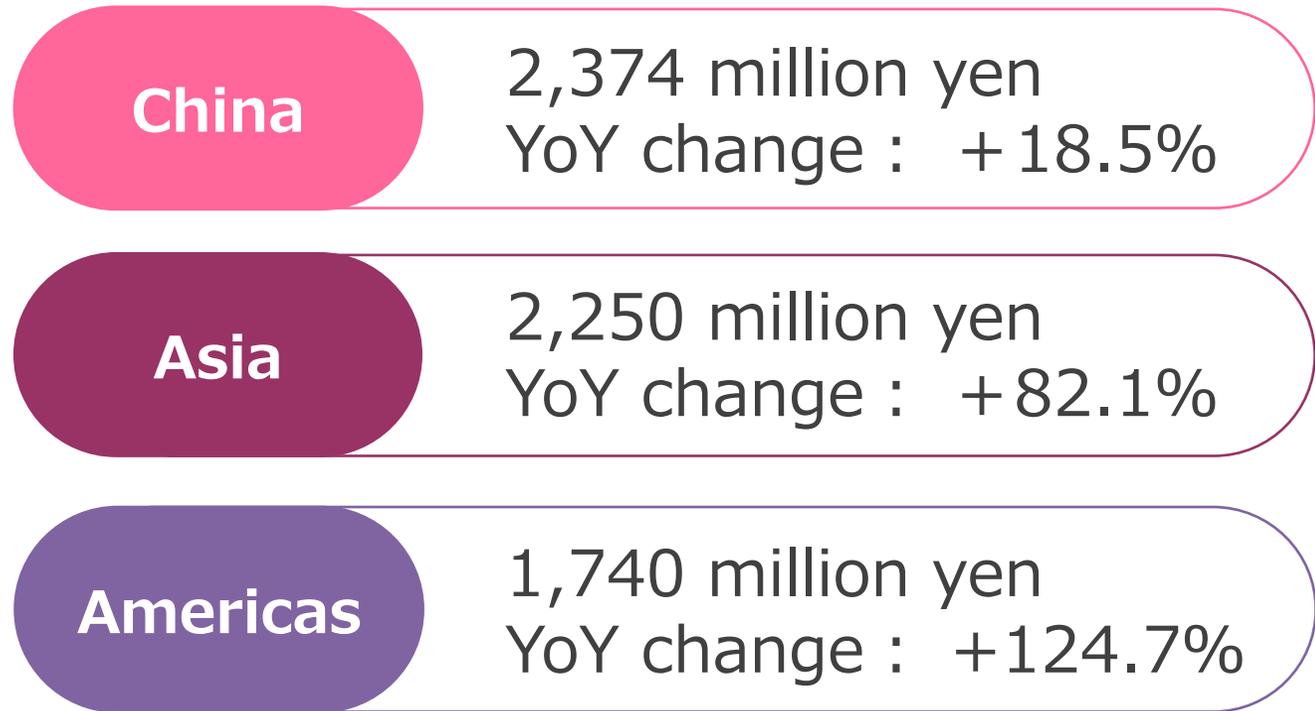
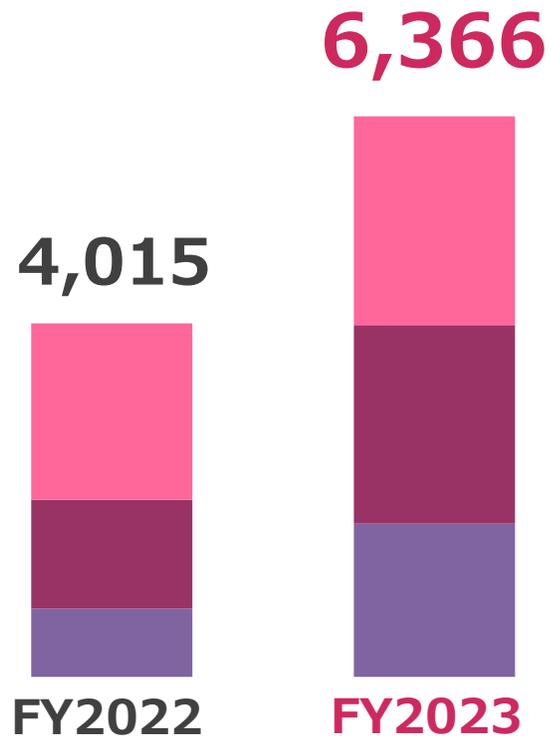
(Million yen: Amounts of less than one million yen are rounded down)

# Net Sales by Business and Location



## Automotive parts

Although decreasing automobile production due to semiconductor shortages persisted along with rising raw material prices, net sales were higher year on year at all locations due to continued strong performance from newly launched parts and acquisition of new clients. Moreover, the record-high net sales posted for FY2022 were surpassed by a wide margin.

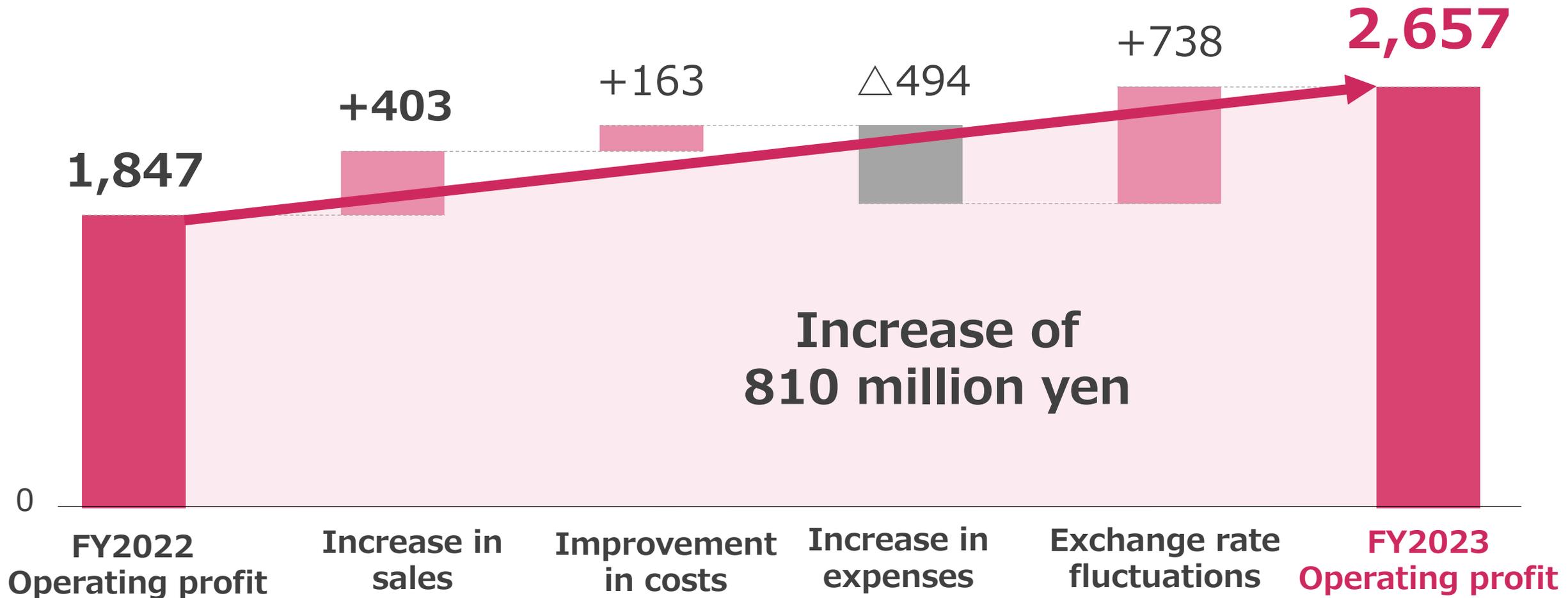


(Million yen: Amounts of less than one million yen are rounded down)

# Changes in Operating Profit



- ✓ Increase in net sales, the effects of foreign exchange, and other factors offset the increase in expense, 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	End of FY2023	Change	Main factors contributing to changes
Current assets	25,472	<b>28,372</b>	+2,900	<ul style="list-style-type: none"> <li>•Notes and accounts receivable - trade +465</li> <li>•Merchandise and finished goods +2,348</li> </ul>
Non-current assets	9,661	<b>11,135</b>	+1,474	<ul style="list-style-type: none"> <li>•Property, plant and equipment +1,896</li> <li>•Intangible assets <math>\Delta</math>491</li> <li>•Investments and other assets +69</li> </ul>
Total assets	35,133	<b>39,507</b>	+4,374	

	End of previous year	End of FY2023	Change	Main factors contributing to changes
Current liabilities	6,700	<b>7,863</b>	+1,163	<ul style="list-style-type: none"> <li>•Notes and accounts payable - trade +435</li> <li>•Short-term borrowings +398</li> </ul>
Non-current liabilities	3,066	<b>2,444</b>	$\Delta$ 621	<ul style="list-style-type: none"> <li>•Long-term borrowings <math>\Delta</math>385</li> </ul>
Net assets	25,366	<b>29,199</b>	+3,833	<ul style="list-style-type: none"> <li>•Retained earnings +1,599</li> <li>•Foreign currency translation adjustment +2,128</li> </ul>
Total liabilities and net assets	35,133	<b>39,507</b>	+4,374	

(Major changes in primary accounts are presented above)

# Consolidated Financial Position



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

	<b>End of previous year</b>	<b>End of FY2023</b>
Equity (million yen)	24,599	<b>28,300</b>
Capital adequacy ratio (%)	70.0	<b>71.6</b>

	<b>End of previous year</b>	<b>End of FY2023</b>
BVPS (yen)	991.49	<b>1,140.65</b>
Year-end share price (yen)	595	<b>634</b>
PBR (times)	0.60	<b>0.56</b>

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

	<b>End of previous year</b>	<b>End of FY2023</b>
Profit attributable to owners of parent (million yen)	1,572	<b>2,294</b>
EPS (yen)	63.37	<b>92.49</b>

# Capital investment・Depreciation・R&D expenses



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

	Previous 4Q	Current 4Q	Change
Capital investment	755	1,645	+889
Depreciation	832	930	+97
R&D expenses	408	452	+44

<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 for new factory construction, etc.	606
PEGASUS AUTO PARTS MONTERREY S.A. DE C.V.	Enhancement of production facilities, etc.	367
NANTONG PEGASUS AUTO PARTS MFG. CO.,LTD.	Installation of production facilities, etc.	212
PEGASUS(TIANJIN) SEWING MACHINE CO., LTD.	Construction of new production facilities and enhancement of R&D facilities, etc.	129

# Consolidated Financial Results Forecast for FY2024

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## Business Environment

- ✓ Shortages and price hike of parts, materials, and energy
- ✓ Emergence of financial instability due to policies in the Americas and Europe
- ✓ Prolongation of the situation in Russia and Ukraine

## Industrial sewing machine

- ✓ Sales expansion as a result of developing new customers in previously untapped markets
- ✓ Reinforcement of production capacity in preparation for risks including supply chain disruption (construction of new plant in Vietnam, etc.)
- ✓ Measures to broaden product offerings

## Automotive parts

- ✓ Ongoing development of new customers leveraging our geographical advantage (China, Vietnam, and Mexico)
- ✓ Start of production at the new subsidiary in China (Nantong)
- ✓ Concerns regarding automobile production volume due to semiconductor shortages
- ✓ Rise in raw material prices

# Consolidated Financial Results Forecast for FY2024



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

	<b>FY2023 (actual)</b>	<b>FY2024 (forecast)</b>	<b>Change</b>	<b>Percentage change</b>
<b>Net sales</b>	25,288	<b>21,880</b>	△3,408	△13.5%
<b>Industrial sewing machines</b>	18,922	<b>14,300</b>	△4,622	△24.4%
<b>Automotive parts</b>	6,366	<b>7,580</b>	+1,214	+19.1%
<b>Operating profit</b>	2,657	<b>1,320</b>	△1,337	△50.3%
<b>Ordinary profit</b>	2,946	<b>1,100</b>	△1,846	△62.7%
<b>Profit attributable to owners of parent</b>	2,294	<b>710</b>	△1,584	△69.0%

# Consolidated Financial Results Forecast for FY2024



## Full-year financial results forecast by segment (Sales by business and location)

### Industrial sewing machine

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

	<b>FY2023 (actual)</b>	<b>FY2024 (forecast)</b>	<b>Change</b>	<b>Percentage change</b>
China	2,541	2,620	+78	+3.1%
Japan, Asia	11,501	8,360	△3,141	△27.3%
Americas	3,485	2,020	△1,465	△42.0%
Europe	1,393	1,300	△93	△6.7%

### Automotive parts

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

	<b>FY2023 (actual)</b>	<b>FY2024 (forecast)</b>	<b>Change</b>	<b>Percentage change</b>
China	2,374	2,845	+470	+19.8%
Asia	2,250	2,480	+229	+10.2%
Americas	1,740	2,255	+514	+29.5%

# Consolidated Financial Results Forecast for FY2024



## Capital investment・Depreciation・R&D expenses

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

	<b>FY2023 (actual)</b>	<b>FY2024 (forecast)</b>	<b>Change</b>
<b>Capital investment</b>	1,645	<b>2,810</b>	+1,165
<b>Depreciation</b>	930	<b>970</b>	+39
<b>R&amp;D expenses</b>	452	<b>601</b>	+149

### <Main capital investments>

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

<b>Company name</b>	<b>Details</b>	<b>Investment</b>
PEGASUS VIETNAM SEWING MACHINE CO., LTD.	New factory construction	1,421
NANTONG PEGASUS AUTO PARTS MFG. CO.,LTD.	Auto parts production equipment	411
PEGASUS AUTO PARTS MONTERREY S.A. DE C.V.	Auto parts production equipment	344
TIANJIN PEGASUS-SHIMAMOTO AUTO PARTS CO., LTD.	Auto parts production equipment	261

# Consolidated Financial Results Forecast for FY2024



## Dividend forecast and payout ratio

	Interim	Year-end	Annual	EPS	Payout ratio
<b>FY2022</b>	7yen	13yen	20yen	63.37yen	31.6%
<b>FY2023</b>	15yen	12yen	27yen	92.49yen	29.2%
<b>FY2024 (forecast)</b>	9yen	-	-	28.62yen	-

※The year-end dividend forecast for FY2024 is undecided because it is difficult to forecast at this time.

# Pegasus Sustainability Plan

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# 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



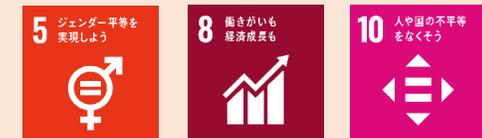
Contribution to reducing environmental impacts

### 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"> <li>• Development of highly energy-efficient small motors</li> <li>• Development of a clean environment at die-cast production sites (installation of equipment that purifies wastewater and reduces air pollutants)</li> <li>• New head office building with highly eco-friendly functions</li> <li>• Saving resources by providing digital instruction manuals for sewing machines</li> <li>• Introduction of renewable energy and equipment with high environmental performance</li> </ul>	

# 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"> <li>•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)</li> <li>•Revitalization of the organization and improvement of productivity by introducing a refreshing time</li> </ul>	    
	Diversity	<ul style="list-style-type: none"> <li>•Appointment of local staff to managerial and officer positions at overseas subsidiaries</li> <li>•Improvement of operational efficiency by introducing remote work and using IT to promote diverse work styles</li> <li>•Sharing technology and knowledge with local staff at overseas subsidiaries</li> </ul>	  
Governance	Composition of external directors	<ul style="list-style-type: none"> <li>•Appointment of three directors and two auditors among independent external officers (three men and two women)</li> </ul>	
	Diversity of the Board of Directors	<ul style="list-style-type: none"> <li>•Proactive appointment of those active in various fields to director and managerial positions regardless of nationality</li> </ul>	

# Reference

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## 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 4Q	Net sales (million yen)	2,541	11,501	3,485	1,393	18,922
	YoY change (%)	△12.0	+22.9	+31.4	△12.2	+14.8
	YoY change excluding the effects of foreign exchange (%)	△22.6	+5.3	+10.4	△17.2	△1.0
Previous 4Q	Net sales (million yen)	2,886	9,355	2,653	1,587	16,482

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

Automotive parts		China	Asia	Americas	Total
Current 4Q	Net sales (million yen)	2,374	2,250	1,740	6,366
	YoY change (%)	+18.5	+82.1	+124.7	+58.5
	YoY change excluding the effects of foreign exchange (%)	+4.1	+53.0	+86.1	+35.0
Previous 4Q	Net sales (million yen)	2,004	1,235	774	4,015

## Effects of foreign exchange (based on consolidated net sales for 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	–	¥130.78	¥137.93	¥19.39	¥6.52	–	–	–	–
Exchange rates for the previous period	–	¥109.86	¥130.11	¥17.04	¥5.40	–	–	–	–
Difference (yen)	–	20.92	7.82	2.35	1.12	–	–	–	–
Net sales	1,164	16,073	1,393	4,915	1,740	<b>25,288</b>	<b>21,743</b>	20,498	1,245
Ratio (%)	4.6	63.6	5.5	19.4	6.9	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>2,571</b>	<b>79</b>	<b>595</b>	<b>299</b>	<b>3,545</b>	–	–	–
Cost of sales	445	5,661	34	9,239	1,431	<b>16,812</b>	<b>14,539</b>	13,860	678
Ratio (%)	2.6	33.7	0.2	55.0	8.5	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>905</b>	<b>1</b>	<b>1,119</b>	<b>245</b>	<b>2,273</b>	–	–	–
Selling and administrative expenses	2,041	2,152	254	1,202	167	<b>5,818</b>	<b>5,285</b>	4,790	494
Ratio (%)	35.1	37.0	4.4	20.7	2.9	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>344</b>	<b>14</b>	<b>145</b>	<b>28</b>	<b>533</b>	–	–	–
Operating profit	△1,323	8,260	1,104	△5,526	141	<b>2,657</b>	<b>1,918</b>	1,847	71
<b>Change in foreign exchange</b>	<b>–</b>	<b>1,321</b>	<b>62</b>	<b>△669</b>	<b>24</b>	<b>738</b>	–	–	–
Cost of sales ratio (%)	–	–	–	–	–	<b>66.5</b>	<b>66.9</b>	<b>67.6</b>	–

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

# Corporate Profile

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## 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

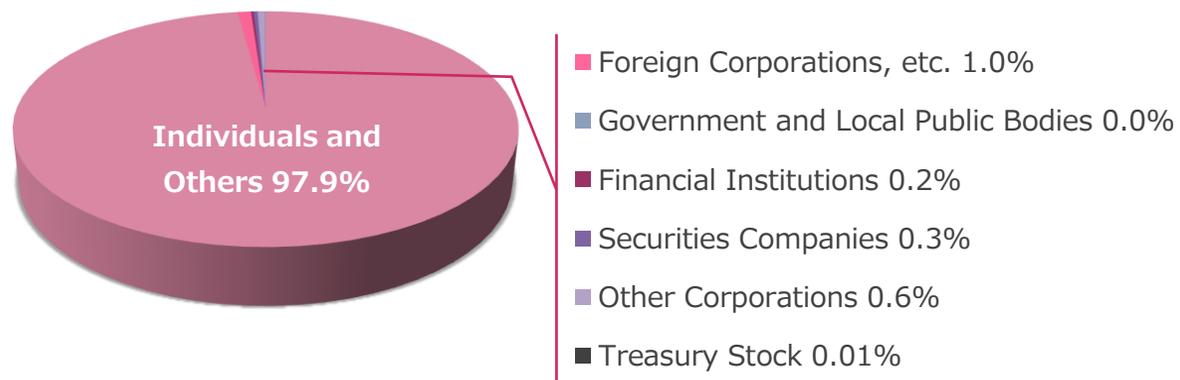


Name	PEGASUS CO., LTD.
Representative	Representative Director and President Shigemi Mima
Founded	January, 1914
Location	Fukushima-ku, Osaka, Japan
Capital	2,255.55million yen (as of March,2023)
Sales	25,288.50million yen (From April 1, 2022 to March 31, 2023)
Number of employees	1,485 [consolidated] 197 [non-consolidated] (as of March,2023)
Business	<ul style="list-style-type: none"><li>• Manufacture and sale of industrial chain stitching sewing machines and parts</li><li>• Manufacture and sale of die casting auto parts and other automotive parts</li></ul>

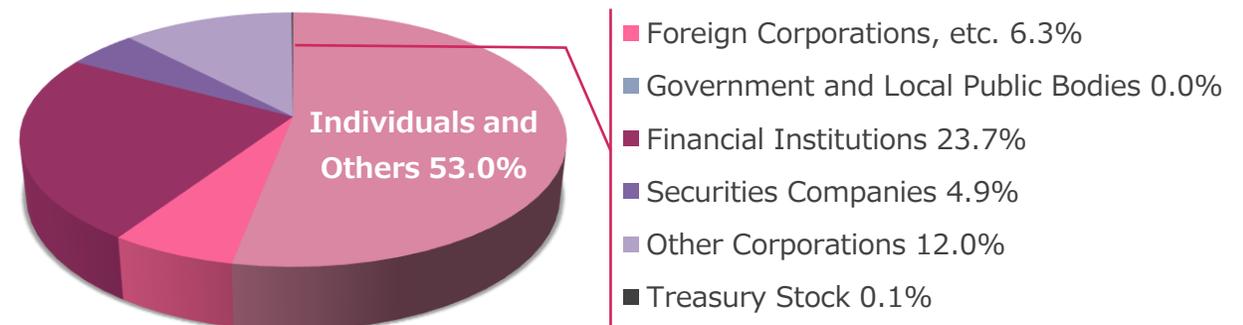
## ◆Principal Shareholders

Shareholder's Name	Holding Ratio
Custody Bank of Japan, Ltd. (Trust Account)	9.85%
The Master Trust Bank of Japan Ltd. (Trust Account)	7.77%
MIMA Co.,LTD.	6.26%
Sumitomo Mitsui Banking Corporation	3.35%
Keizo Bando	2.99%
Takako Yoshida	2.86%
Shigemi Mima	2.55%
Masamichi Mima	1.91%
Nomura Securities Co.,Ltd.	1.52%
Masako Tamura	1.49%

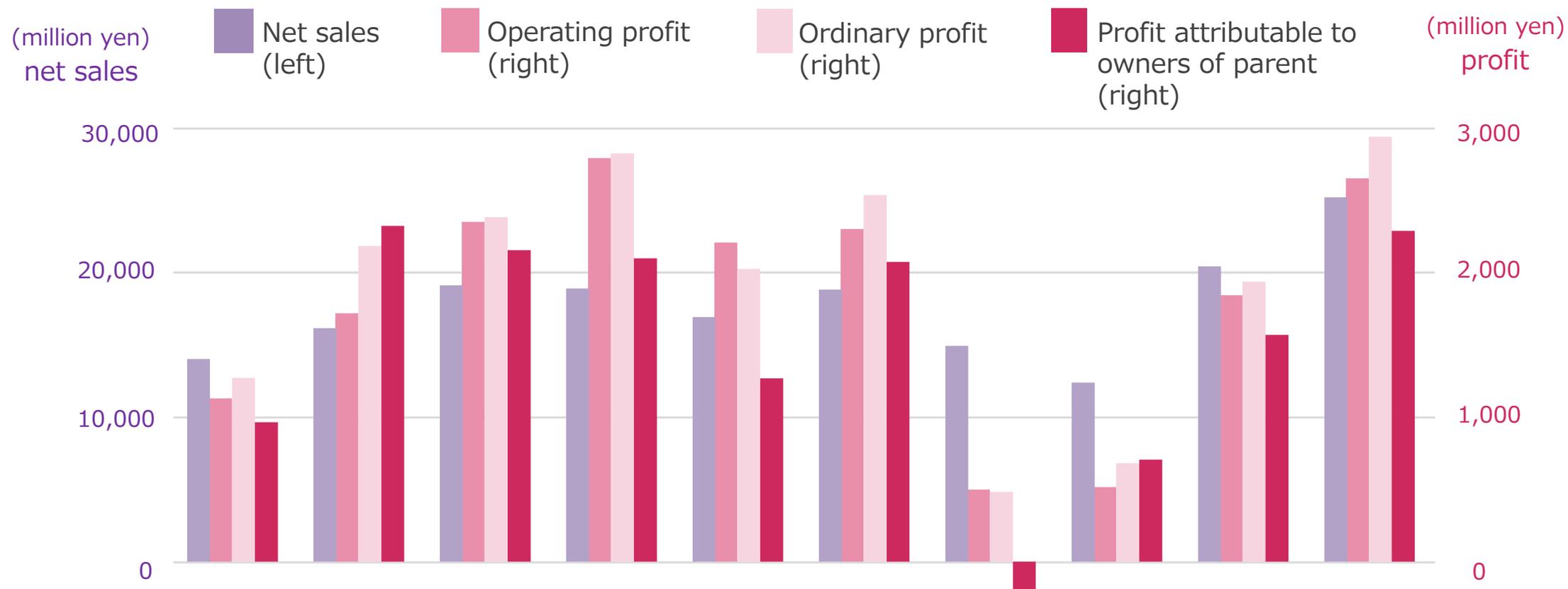
## ◆Breakdown of Shareholders by Type (%)



## ◆Breakdown of Shares by Type of Shareholder (%)



# Changes in Consolidated Financial Results



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	14,067	16,206	19,188	18,961	16,978	18,891	14,969	12,422	20,498	25,288
Operating profit	1,118	1,723	2,356	2,798	2,212	2,306	499	516	1,847	2,657
Ordinary profit	1,260	2,189	2,388	2,831	2,030	2,542	484	681	1,941	2,946
Profit attributable to owners of parent	953	2,328	2,160	2,103	1,270	2,079	▲206	707	1,572	2,294

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

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



**PEGASUS**®

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.