

Fiscal Year Ending March 31, 2022

Financial Results Briefing Materials for FY2022

Announced on May 12, 2022



PEGASUS SEWING MACHINE MFG. CO., LTD.

【Code : 6262, Tokyo stock exchange in Japan】

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Overview for FY2022

- ✓ Impact of another wave of COVID-19 infections
- ✓ Global shipping disruptions and soaring shipping costs

Industrial sewing machine

- ✓ Increase in capital investment due to recovery in global demand for apparel
- ✓ Increase in orders from countries around consumption areas
- ✓ Delays in parts procurement due to power shortages in China and maritime shipping disruptions
- ✓ Business partnership with JUKI CORPORATION

Automotive parts (formerly, die casting auto parts)

- ✓ Rise in raw material prices
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, harnesses, etc.)
- ✓ Growing demand for (increased local procurement of) small- and medium-sized die casting auto parts in Mexico

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)

	FY2021	FY2022	Change	Percentage change
Net sales	12,422	20,498	+8,075 (+7,097)	+65.0% (+57.1%)
Industrial sewing machines	9,622	16,482	+6,859 (+6,158)	+71.3% (+64.0%)
Automotive parts	2,799	4,015	+1,216 (+938)	+43.4% (+33.5%)
Operating profit	516	1,847	+1,330	+257.4%
Ordinary profit	681	1,941	+1,259	+184.7%
Profit before income taxes	838	1,930	+1,092	+130.4%
Profit attributable to owners of parent	707	1,572	+865	+122.3%

Overview of Net Sales by Business

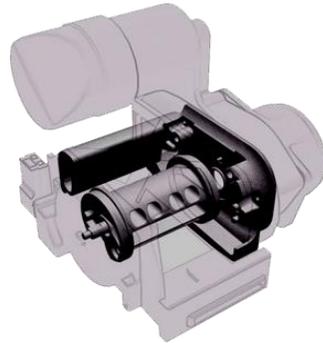
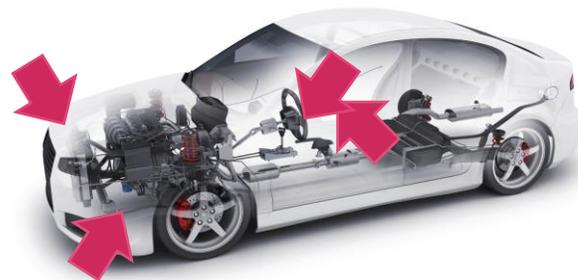


Image of die casting products

Examples use of die casting products



Automotive parts
19.6%

Net sales
20,498
million yen

Industrial sewing machine
80.4%



Overedger stitch machines



Interlock stitch machines

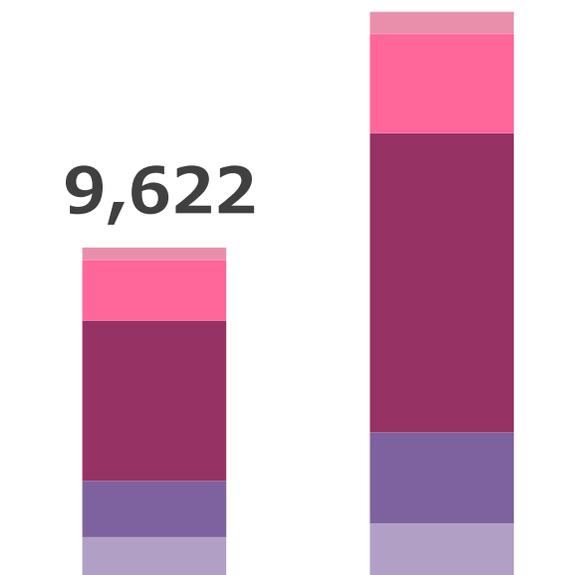
Net Sales by Business and Location



Industrial sewing machine

16,482

9,622



FY2021

FY2022

- Qty. of units sold : +59.9%
- Average unit price : +7.8%
- (Excluding the effects of foreign exchange : +2.9%)

Achieved a record level of net sales, propelled by the start of joint marketing with JUKI CORPORATION and continued strong demand for apparel.

Japan

639 million yen
YoY change : +74.3%

China

2,886 million yen
YoY change : +63.9%

Asia

8,715 million yen
YoY change : +86.9%

Americas

2,653 million yen
YoY change : +62.4%

Europe

1,587 million yen
YoY change : +32.6%

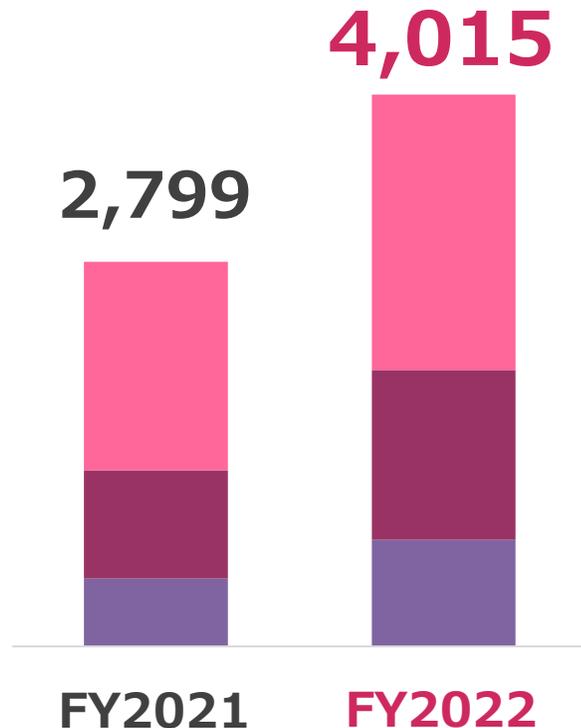
(Million yen: Amounts of less than one million yen are rounded down)

Net Sales by Business and Location



Automotive parts

Achieved record net sales for the full year, enjoying continued strong performance from newly launched parts thanks to the investments we have made, despite being affected by reduced auto-mobile production and soaring material prices.



China

2,004 million yen
YoY change : +32.1%

Asia

1,235 million yen
YoY change : +57.0%

Americas

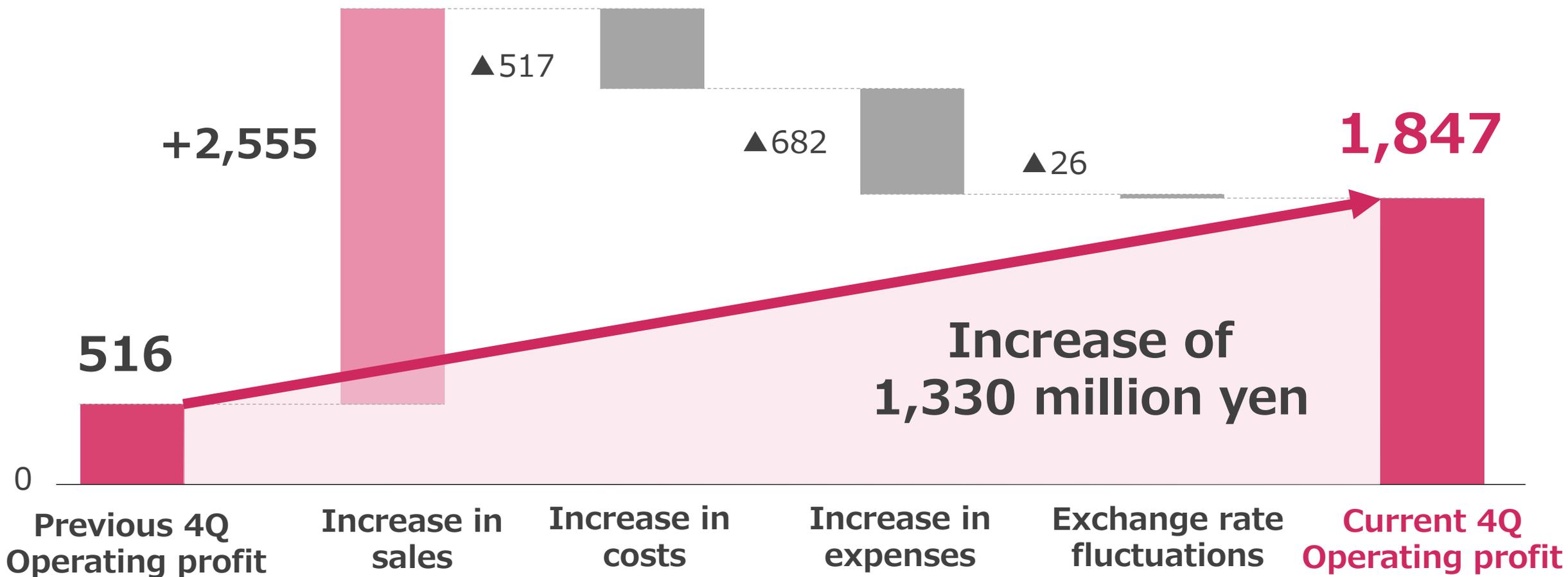
774 million yen
YoY change : +56.6%

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

Changes in Operating Profit



- ✓ Increase in net sales offset the impacts of rise in material and transportation costs, etc., 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 FY2022	Change	Main factors contributing to changes
Current assets	21,257	25,472	+4,214	<ul style="list-style-type: none"> •Cash and deposits +1,114 •Notes and accounts receivable - trade +2,056
Non-current assets	8,588	9,661	+1,072	<ul style="list-style-type: none"> •Property, plant and equipment +893 •Intangible assets +30 •Investments and other assets +148
Total assets	29,846	35,133	+5,287	
	End of previous year	End of FY2022	Change	Main factors contributing to changes
Current liabilities	4,516	6,700	+2,184	<ul style="list-style-type: none"> •Notes and accounts payable - trade +1,280 •Short-term borrowings +517
Non-current liabilities	3,267	3,066	▲201	<ul style="list-style-type: none"> •Long-term borrowings ▲331
Net assets	22,061	25,366	+3,305	<ul style="list-style-type: none"> •Retained earnings +1,224 •Foreign currency translation adjustment +1,986
Total liabilities and net assets	29,846	35,133	+5,287	

(Major changes in primary accounts are presented above)

Consolidated Financial Position



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

	End of previous year	End of FY2022
Capital (million yen)	21,381	24,599
Capital adequacy ratio (%)	71.6	70.0

	End of previous year	End of FY2022
BVPS (yen)	861.77	991.49
Year-end share price (yen)	458	595
PBR (times)	0.53	0.60

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

	End of previous year	End of FY2022
Profit attributable to owners of parent (million yen)	707	1,572
EPS (yen)	28.50	63.37

Consolidated Statements of Cash Flows



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

	Previous 4Q	Current 4Q	Main actual for FY2022	
Cash flows from operating activities	2,257	1,880	<ul style="list-style-type: none"> • Profit before income taxes 1,930 • Decrease (increase) in trade receivables ▲1,582 • Increase (decrease) in trade payables 1,010 	
Cash flows from investing activities	643	▲432	<ul style="list-style-type: none"> • Purchase of property, plant and equipment ▲755 	
Cash flows from financing activities	▲145	▲673	<ul style="list-style-type: none"> • Net increase (decrease) in short-term borrowings 300 • Repayments of long-term borrowings ▲452 • Dividends paid ▲347 	
Effect of exchange rate change on cash and cash equivalents	▲88	644	—	
Net increase (decrease) in cash and cash equivalents	2,665	1,419	—	
Cash and cash equivalents at beginning of period	5,648	8,313	—	
Cash and cash equivalents at end of period	8,313	9,733	—	

(Major changes in primary accounts are presented above)

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	456	755	+299
Depreciation	760	832	+71
R&D expenses	449	400	▲49

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

Company name	Details	Total investment
PEGASUS-SHIMAMOTO AUTO PARTS (VIETNAM) CO., LTD.	Installation of production facilities, etc.	267
PEGASUS(TIANJIN) SEWING MACHINE CO., LTD.	Installation of production facilities, etc.	166
PEGASUS SEWING MACHINE MFG. CO., LTD.	Installation of R&D facilities, etc.	138

Consolidated Financial Results Forecast for FY2023

Business Environment

- ✓ Movement restrictions in China under the zero-COVID policy
- ✓ Global shipping disruptions and soaring shipping costs
- ✓ Impact of the weaker yen
- ✓ Escalation of the situation in Ukraine

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

- ✓ Ongoing development of new customers leveraging our geographical advantage (China, Vietnam, and Mexico)
- ✓ Growing demand for (increased local procurement of) small- and medium-sized die casting auto parts in Mexico
- ✓ Rise in raw material prices
- ✓ Decrease in automobile production due to delay in procurement of parts (semiconductors, harnesses, etc.)

Consolidated Financial Results Forecast for FY2023



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

	FY2022 (actual)	FY2023 (forecast)	Change	Percentage change
Net sales	20,498	21,500	+1,002	+4.9%
Industrial sewing machines	16,482	17,000	+518	+3.1%
Automotive parts	4,015	4,500	+485	+12.1%
Operating profit	1,847	1,900	+53	+2.9%
Ordinary profit	1,941	1,800	▲141	▲7.3%
Profit attributable to owners of parent	1,572	1,300	▲272	▲17.3%

Consolidated Financial Results Forecast for FY2023



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)

	FY2022 (actual)	FY2023 (forecast)	Change	Percentage change
Japan	639	2,001	+1,362	+213.1%
China	2,886	3,011	+125	+4.3%
Asia	8,715	8,109	▲606	▲7.0%
Americas	2,653	2,545	▲108	▲4.1%
Europe	1,587	1,334	▲253	▲15.9%

Automotive parts

	FY2022 (actual)	FY2023 (forecast)	Change	Percentage change
China	2,004	2,020	+16	+0.8%
Asia	1,235	1,280	+45	+3.6%
Americas	774	1,200	+426	+55.0%

Consolidated Financial Results Forecast for FY2023



Capital investment・Depreciation・R&D expenses

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

	FY2022 (actual)	FY2023 (forecast)	Change
Capital investment	755	1,159	+403
Depreciation	832	768	▲64
R&D expenses	400	715	+314

<Main capital investments>

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

Company name	Details	Investment
PEGASUS SEWING MACHINE MFG. CO., LTD.	Production facilities etc.	142
TIANJIN PEGASUS-SHIMAMOTO AUTO PARTS CO., LTD.	Production facilities etc.	216
PEGASUS-SHIMAMOTO AUTO PARTS (VIETNAM) CO., LTD.	Production facilities etc.	150
NANTONG PEGASUS AUTO PARTS MFG. CO.,LTD.	Production facilities etc.	376

Consolidated Financial Results Forecast for FY2023



Dividend forecast and payout ratio

	Interim	Year-end	Annual	EPS	Payout ratio
FY2021	0yen	7yen	7yen	28.50yen	24.6%
FY2022	7yen	13yen	20yen	63.37円	31.6%
FY2023 (forecast)	15yen	-	-	52.40yen	-

※The year-end dividend forecast for FY2023 is undecided because it is difficult to forecast at this time.

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		Japan	China	Asia	Americas	Europe	Total
Current 4Q	Net sales (million yen)	639	2,886	8,715	2,653	1,587	16,482
	YoY change (%)	74.3	63.9	86.9	62.4	32.6	71.3
	YoY change excluding the effects of foreign exchange (%)	74.3	48.5	81.5	57.6	24.3	64.0
Previous 4Q	Net sales (million yen)	367	1,761	4,662	1,634	1,197	9,622

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

Auto motive parts		China	Asia	Americas	Total
Current 4Q	Net sales (million yen)	2,004	1,235	774	4,015
	YoY change (%)	32.1	57.0	56.6	43.4
	YoY change excluding the effects of foreign exchange (%)	19.7	52.4	45.9	33.5
Previous 4Q	Net sales (million yen)	1,517	787	494	2,799

Reference



Effects of foreign exchange (based on consolidated net sales for 4Q of FY2022)

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	–	¥109.86	¥130.11	¥17.04	¥5.40	–	–	–	–
Exchange rates for the previous period	–	¥106.66	¥122.00	¥15.44	¥5.03	–	–	–	–
Difference (yen)	–	3.20	8.11	1.60	0.37	–	–	–	–
Net sales	639	12,604	1,587	4,891	774	20,498	19,519	12,422	7,097
Ratio (%)	3.1	61.5	7.7	23.9	3.8	100.0	–	–	–
Change in foreign exchange	–	367	98	459	53	978	–	–	–
Cost of sales	2,360	3,247	48	7,583	620	13,860	13,008	7,949	5,058
Ratio (%)	17.0	23.4	0.4	54.7	4.5	100.0	–	–	–
Change in foreign exchange	–	94	3	712	42	852	–	–	–
Selling and administrative expenses	1,946	1,635	188	905	115	4,790	4,638	3,956	682
Ratio (%)	40.6	34.1	3.9	18.9	2.4	100.0	–	–	–
Change in foreign exchange	–	47	11	84	7	152	–	–	–
Operating profit	▲3,666	7,722	1,350	▲3,597	39	1,847	1,873	516	1,356
Change in foreign exchange	–	224	84	▲337	2	▲26	–	–	–
Cost of sales ratio (%)	–	–	–	–	–	67.6	66.6	64.0	–

(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.

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)

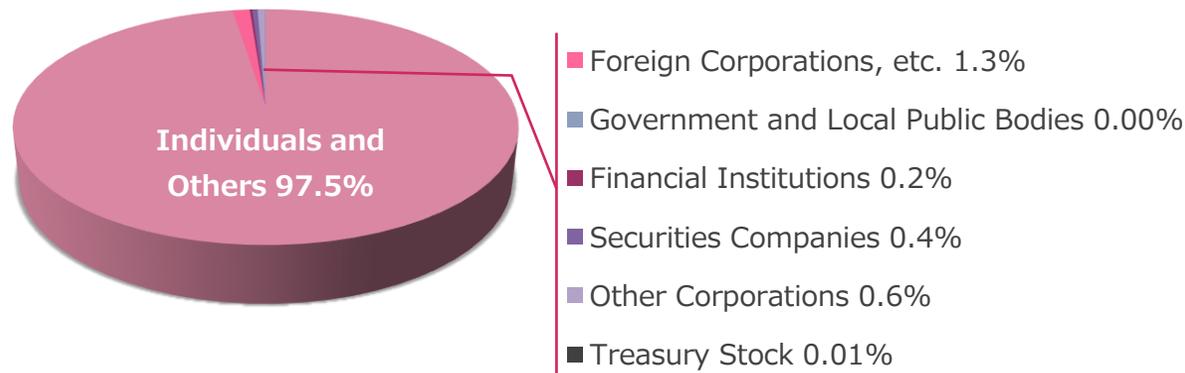
Business

- Manufacture and sale of industrial chain stitching sewing machines and parts
- Manufacture and sale of die casting auto parts and other automotive parts

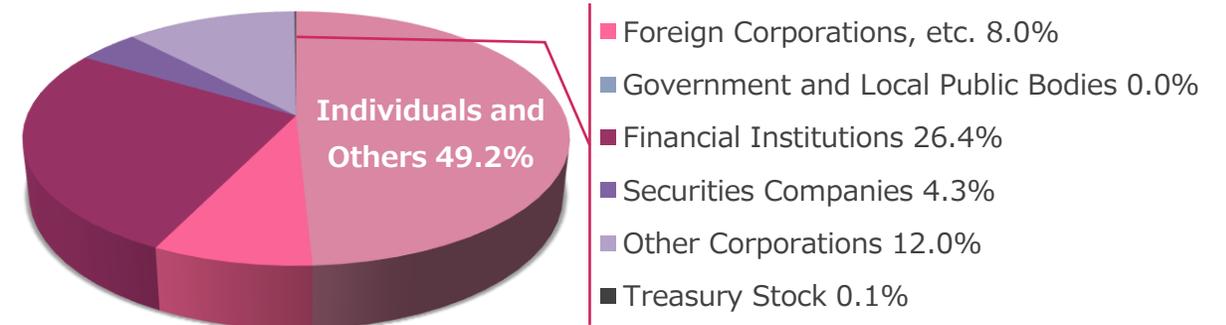
◆ Principal Shareholders

Shareholder's Name	Holding Ratio
The Master Trust Bank of Japan Ltd. (Trust Account)	9.51%
Custody Bank of Japan, Ltd. (Trust Account)	8.95%
MIMA Co.,LTD.	6.26%
Sumitomo Mitsui Banking Co.	3.35%
Keizo Bando	2.99%
Takako Yoshida	2.86%
Shigemi Mima	2.54%
Custody Bank of Japan, Ltd. (Security Investment Trust Account)	1.93%
Masamichi Mima	1.91%
JPMorgan Securities Japan Co., Ltd.	1.76%

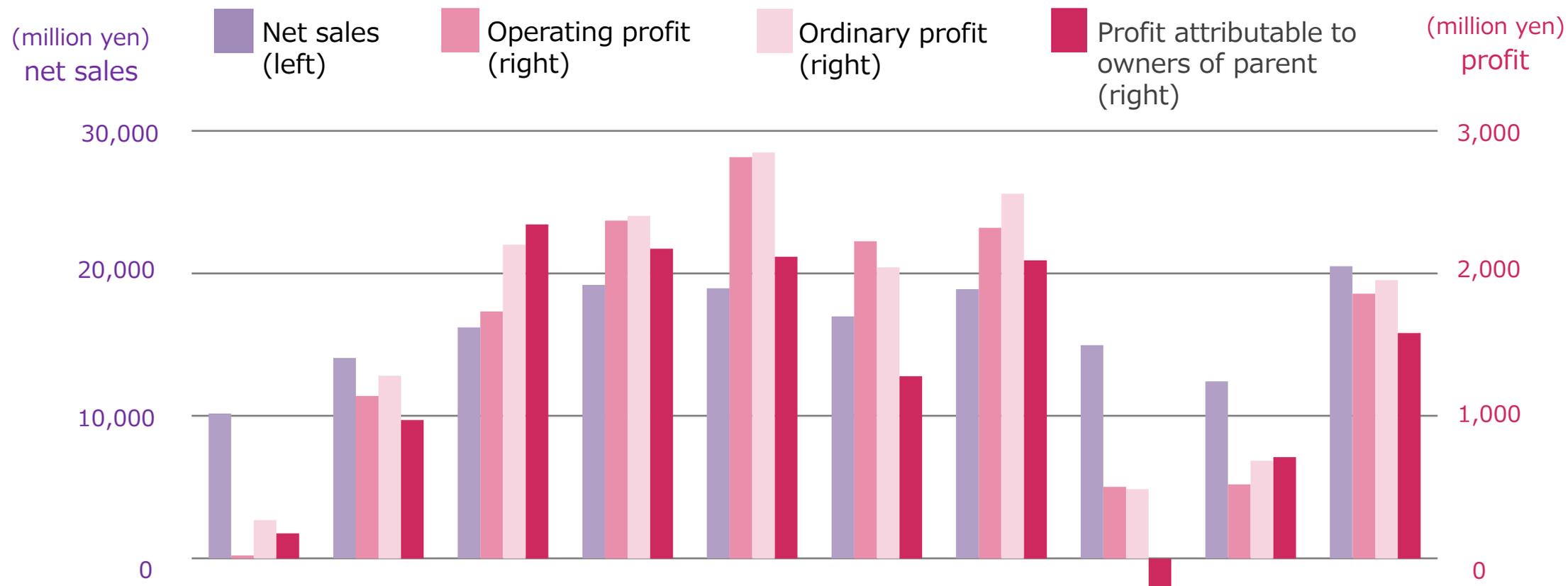
◆ Breakdown of Shareholders by Type (%)



◆ 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)



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.