

Fiscal Year Ending March 31, 2023

# Financial Results Briefing Materials for 1Q

Announced on July 28, 2022



**PEGASUS SEWING MACHINE MFG. CO., LTD.**

【Code : 6262, Tokyo stock exchange in Japan】

- Overview for 1Q of FY2023 ..... 3
- Reference ..... 13
- Corporate Profile ..... 16

# Overview for 1Q of FY2023

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

## Industrial sewing machine

- ✓ Vigorous capital investment due to strong demand for apparel globally
- ✓ Increase in orders from countries around consumption areas
- ✓ Business partnership with JUKI CORPORATION

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

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

	Previous 1Q	Current 1Q	Change	Percentage change
<b>Net sales</b>	<b>5,001</b>	<b>6,847</b>	+1,845 (+1,224)	+36.9% (+24.5%)
<b>Industrial sewing machines</b>	<b>4,051</b>	<b>5,406</b>	+1,355 (+881)	+33.5% (+21.7%)
<b>Automotive parts</b>	<b>950</b>	<b>1,440</b>	+489 (+342)	+51.5% (+36.1%)
<b>Operating profit</b>	<b>262</b>	<b>961</b>	+699	+266.6%
<b>Ordinary profit</b>	<b>261</b>	<b>1,198</b>	+937	+359.0%
<b>Profit before income taxes</b>	<b>246</b>	<b>1,198</b>	+952	+387.2%
<b>Profit attributable to owners of parent</b>	<b>180</b>	<b>900</b>	+719	+398.1%

# Overview of Net Sales by Business

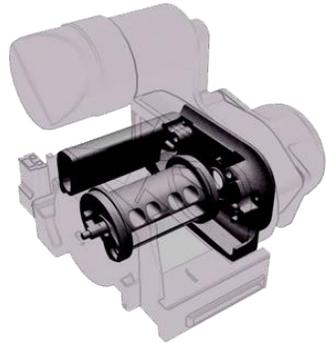
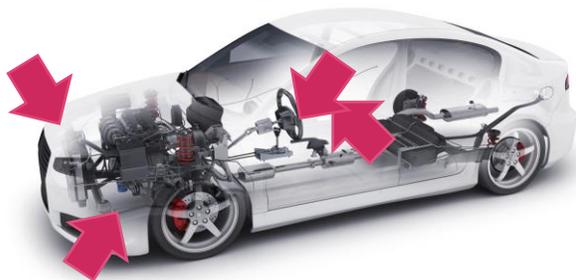


Image of die casting products

Examples use of die casting products



Automotive parts  
21.0%

Net sales  
6,847  
million yen

Industrial sewing machine  
79.0%



Overedger stitch machines

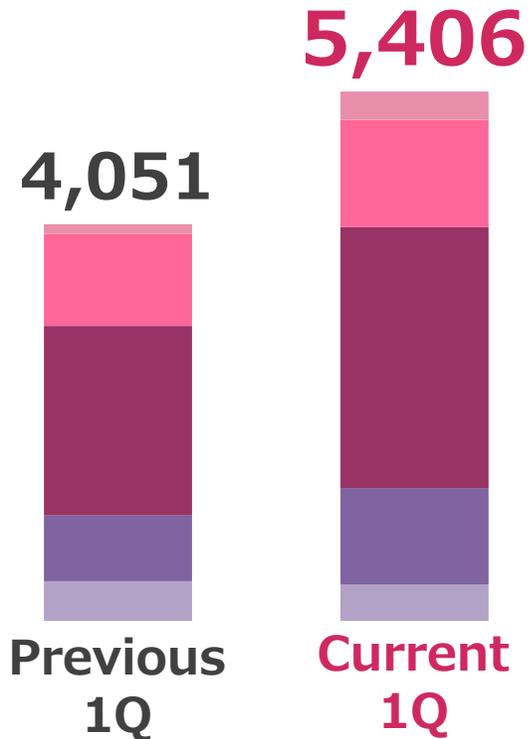


Interlock stitch machines

# Net Sales by Business and Location



## Industrial sewing machine



•Qty. of units sold : +16.3%  
•Average unit price : +16.0%  
(Excluding the effects of foreign exchange : +5.7%)

Overall capital investment demand remained robust despite the economic slowdown caused by the situation in Ukraine in Europe and increases in electricity prices, etc.

Japan

288million yen  
YoY change : +192.4%

China

1,095 million yen  
YoY change : +16.8%

Asia

2,669 million yen  
YoY change : +37.6%

Americas

985 million yen  
YoY change : +46.7%

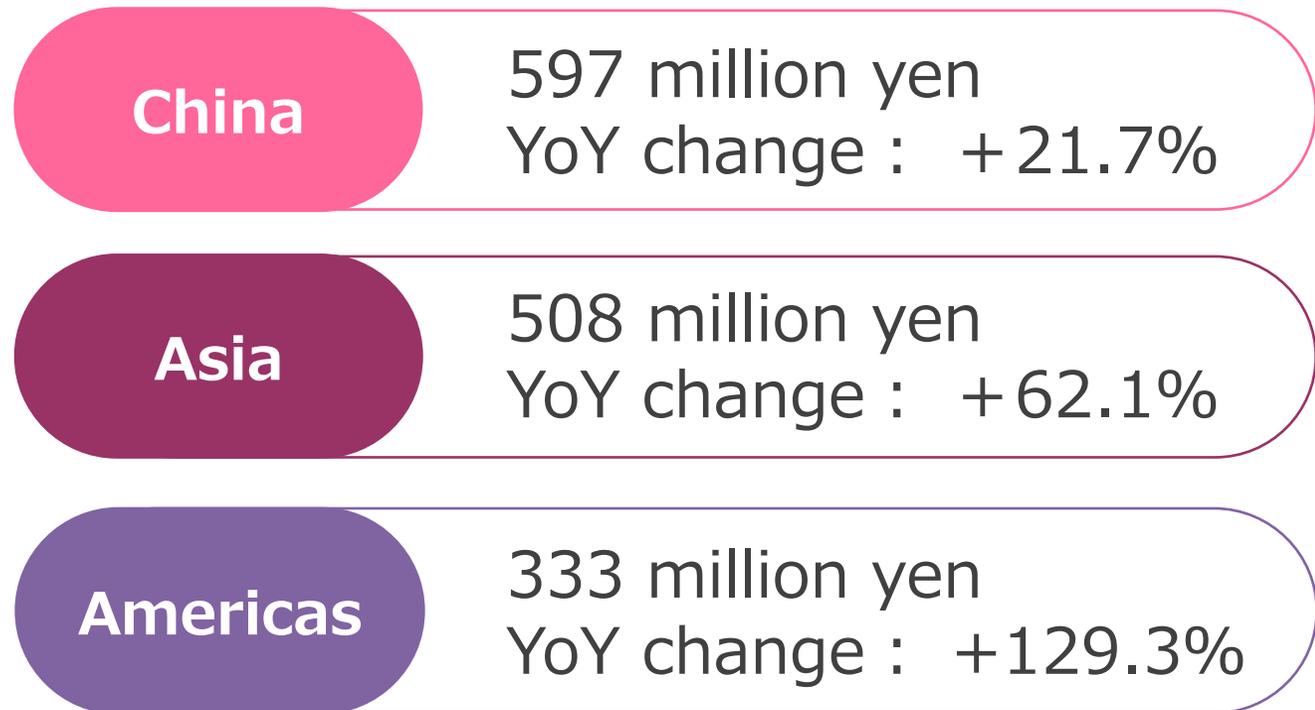
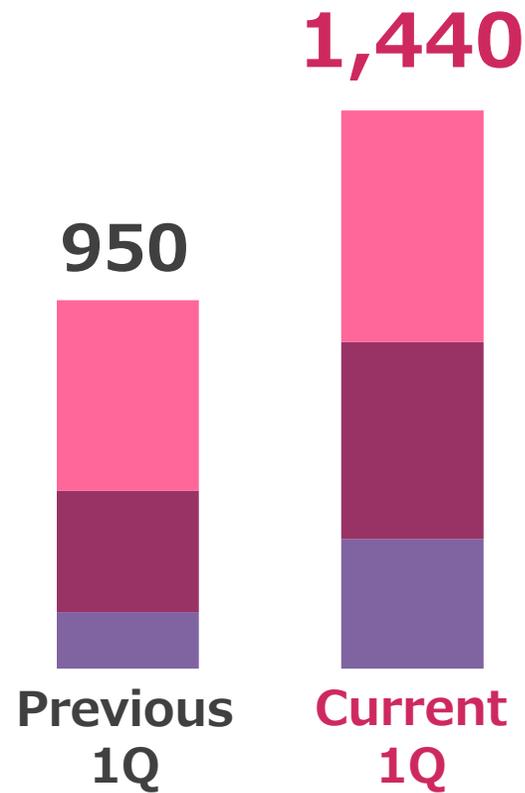
Europe

368 million yen  
YoY change : ▲8.8%

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

## Automotive parts

Achieved higher net sales year on year at all locations. The most remarkable was the increase in net sales in Americas with accelerated local procurement due to the unstable situation in Europe.

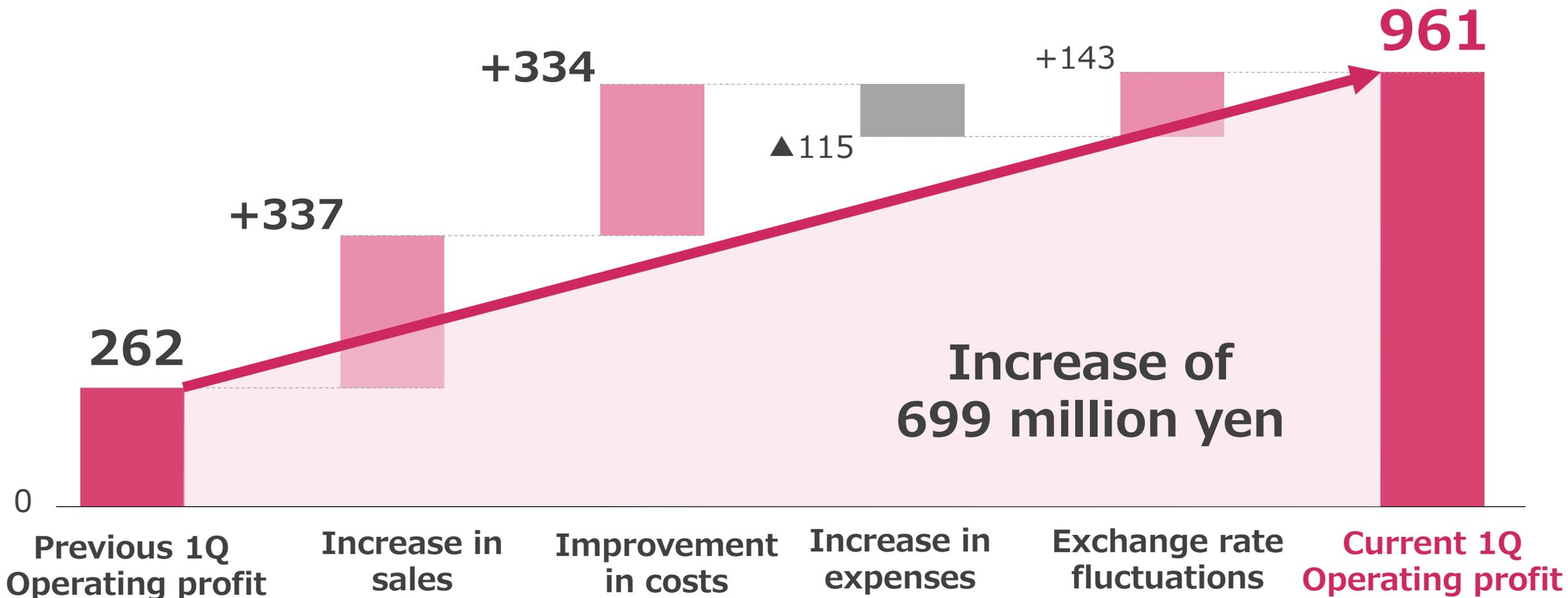


(Million yen: Amounts of less than one million yen are rounded down)

# Changes in Operating Profit



- ✓ Increase in net sales and improvement in costs offset the impacts of rise in 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	Current 1Q	Change	Main factors contributing to changes
Current assets	25,472	27,103	+1,630	<ul style="list-style-type: none"> <li>•Cash and deposits <span style="float: right;">▲715</span></li> <li>•Notes and accounts receivable - trade <span style="float: right;">+1,860</span></li> </ul>
Non-current assets	9,661	10,127	+466	<ul style="list-style-type: none"> <li>•Property, plant and equipment <span style="float: right;">+381</span></li> <li>•Intangible assets <span style="float: right;">+35</span></li> <li>•Investments and other assets <span style="float: right;">+48</span></li> </ul>
Total assets	35,133	37,230	+2,096	
	End of previous year	Current 1Q	Change	Main factors contributing to changes
Current liabilities	6,700	6,930	+230	<ul style="list-style-type: none"> <li>•Notes and accounts payable - trade <span style="float: right;">▲516</span></li> <li>•Short-term borrowings <span style="float: right;">+463</span></li> </ul>
Non-current liabilities	3,066	3,009	▲56	<ul style="list-style-type: none"> <li>•Long-term borrowings <span style="float: right;">▲68</span></li> </ul>
Net assets	25,366	27,290	+1,923	<ul style="list-style-type: none"> <li>•Retained earnings <span style="float: right;">+577</span></li> <li>•Foreign currency translation adjustment <span style="float: right;">+1,274</span></li> </ul>
Total liabilities and net assets	35,133	37,230	+2,096	

# Consolidated Financial Position



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

	<b>End of previous year</b>	<b>Current 1Q</b>
Capital (million yen)	24,599	<b>26,449</b>
Capital adequacy ratio (%)	70.0	<b>71.0</b>

	<b>End of previous year</b>	<b>Current 1Q</b>
BVPS (yen)	991.49	<b>1,066.06</b>
Year-end share price (yen)	595	<b>597</b>
PBR (times)	0.60	<b>0.56</b>

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

	<b>Previous 1Q</b>	<b>Current 1Q</b>
Profit attributable to owners of parent (million yen)	180	<b>900</b>
EPS (yen)	7.29	<b>36.28</b>

# Capital investment・Depreciation・R&D expenses



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

	Previous 1Q	Current 1Q	Change
Capital investment	228	287	+59
Depreciation	199	217	+17
R&D expenses	93	64	▲28

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

Company name	Details	Total investment
PEGASUS AUTO PARTS MONTERREY S.A. DE C.V.	Installation of production facilities, etc.	81

# 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		Japan	China	Asia	Americas	Europe	Total
Current 1Q	Net sales (million yen)	288	1,095	2,669	985	368	5,406
	YoY change (%)	192.4	16.8	37.6	46.7	▲8.8	33.5
	YoY change excluding the effects of foreign exchange (%)	192.4	3.4	24.8	33.1	▲11.1	21.7
Previous 1Q	Net sales (million yen)	98	937	1,939	671	403	4,051

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

Auto motive parts		China	Asia	Americas	Total
Current 1Q	Net sales (million yen)	597	508	333	1,440
	YoY change (%)	21.7	62.1	129.3	51.5
	YoY change excluding the effects of foreign exchange (%)	7.7	47.0	108.1	36.1
Previous 1Q	Net sales (million yen)	491	313	145	950

## Effects of foreign exchange (based on consolidated net sales for 1Q 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	–	¥117.12	¥131.35	¥18.44	¥5.73	–	–	–	–
Exchange rates for the previous period	–	¥106.24	¥128.10	¥16.32	¥5.20	–	–	–	–
Difference (yen)	–	10.88	3.25	2.12	0.53	–	–	–	–
Net sales	288	4,163	368	1,693	333	<b>6,847</b>	6,225	5,001	1,224
Ratio (%)	4.2	60.8	5.4	24.7	4.9	100.0	–	–	–
Change in foreign exchange	–	<b>386</b>	<b>9</b>	<b>194</b>	<b>30</b>	<b>621</b>	–	–	–
Cost of sales	816	1,264	8	2,254	228	<b>4,573</b>	4,175	3,623	552
Ratio (%)	17.9	27.7	0.2	49.3	5.0	100.0	–	–	–
Change in foreign exchange	–	<b>117</b>	<b>0</b>	<b>259</b>	<b>21</b>	<b>398</b>	–	–	–
Selling and administrative expenses	481	460	51	285	33	<b>1,312</b>	1,232	1,116	115
Ratio (%)	36.7	35.1	3.9	21.7	2.5	100.0	–	–	–
Change in foreign exchange	–	<b>42</b>	<b>1</b>	<b>32</b>	<b>3</b>	<b>79</b>	–	–	–
Operating profit	<b>▲1,009</b>	2,438	308	<b>▲847</b>	72	<b>961</b>	818	262	555
Change in foreign exchange	–	<b>226</b>	<b>7</b>	<b>▲97</b>	<b>6</b>	<b>143</b>	–	–	–
Cost of sales ratio (%)	–	–	–	–	–	<b>66.8</b>	67.1	72.4	–

(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

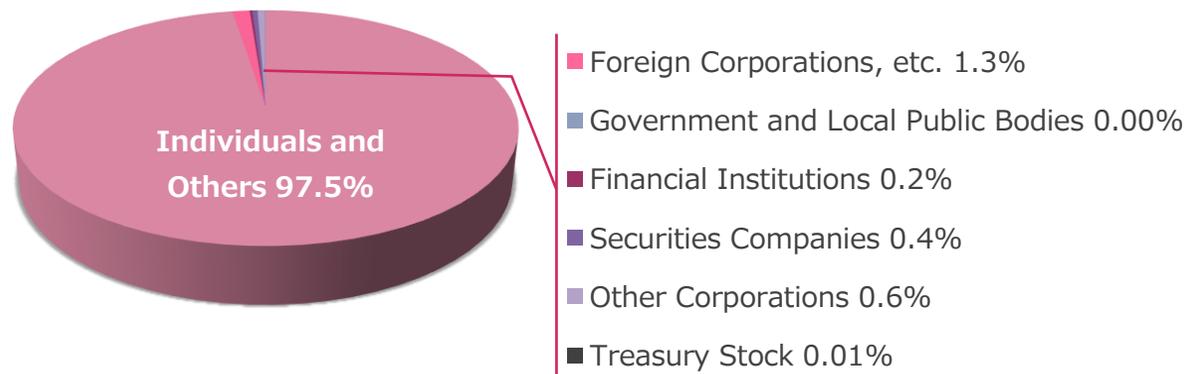


Name	PEGASUS SEWING MACHINE MFG. CO., LTD.
Representative	President Shigemi Mima
Founded	January, 1914
Location	Fukushima-ku, Osaka, Japan
Capital	2,255.55million yen (as of March,2022)
Sales	20,498.36million yen (From April 1, 2021 to March 31, 2022)
Number of employees	1,521 [consolidated] 200 [non-consolidated] (as of March,2022)
Business	<ul style="list-style-type: none"><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>

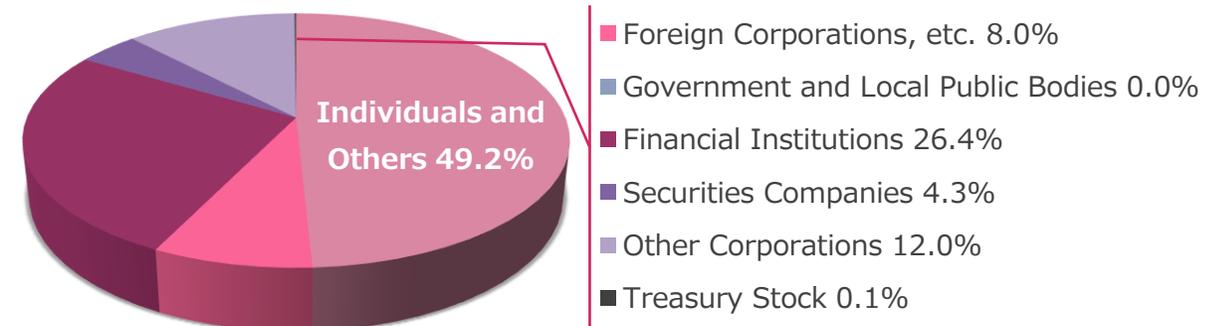
## ◆Principal Shareholders

Shareholder's Name	Holding Ratio
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%

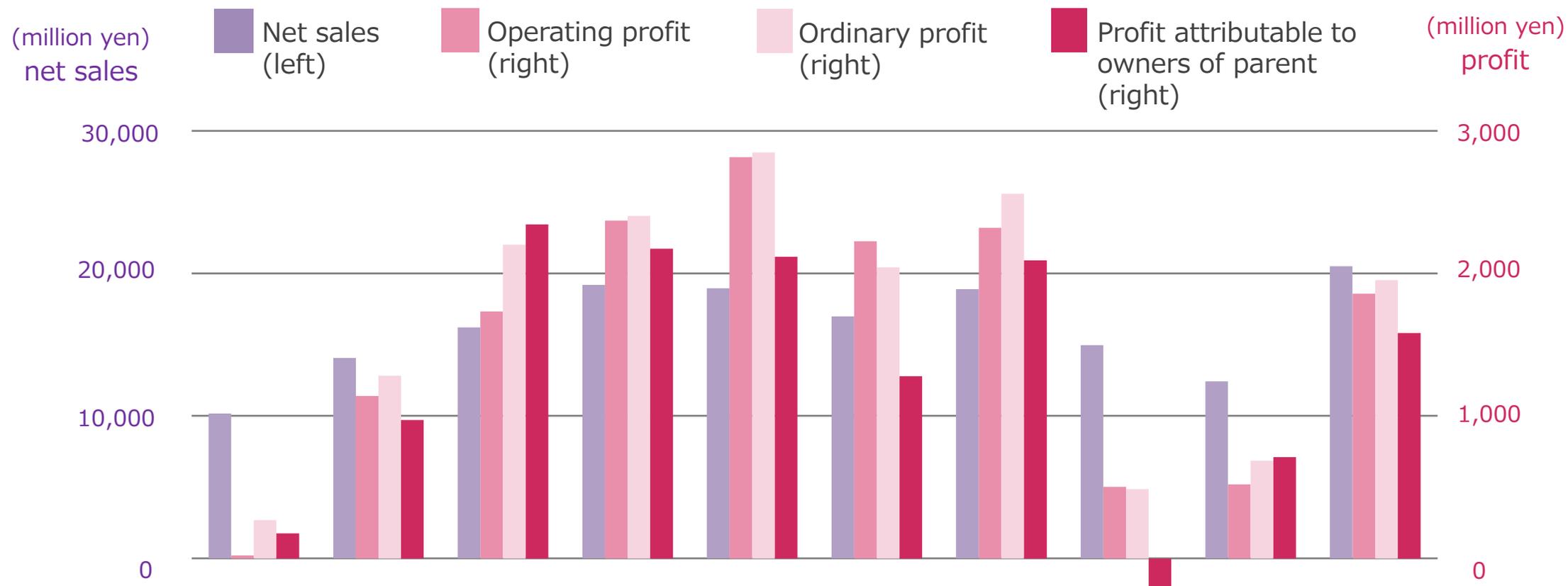
## ◆Breakdown of Shareholders by Type (%)



## ◆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)

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



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.