

Fiscal Year Ending March 31, 2024

# Financial Results Briefing Materials for 2Q

Announced on October 26, 2023



**PEGASUS CO., LTD.**

【Code : 6262, Tokyo stock exchange in Japan】

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# Overview for 2Q of FY2024

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- ✓ Prolonged Russian-Ukrainian Situation
- ✓ Exchange rate fluctuations due to monetary policies in the U.S. and European countries and their impact on business activities and consumer spending
- ✓ Slowdown in Chinese economy due to prolonged unstable factors such as US-China relations

## Industrial sewing machine

- ✓ Decrease in orders for sewing factories due to increase in excess apparel inventory
- ✓ Sluggish demand for capital investments in sewing factories
- ✓ Deteriorating exchange rate situations in Asian countries to which our products are supplied

## Automotive parts

- ✓ Stabilization of raw material prices
- ✓ Concentration of the automotive industry in Mexico
- ✓ Shift to electric vehicles (EVs) in response to environmental issues

# Overview of Net Sales by Business

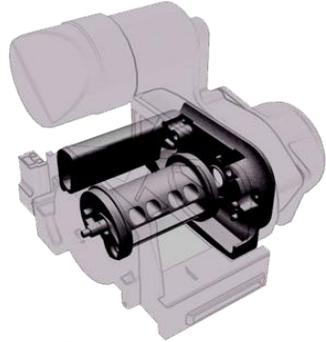
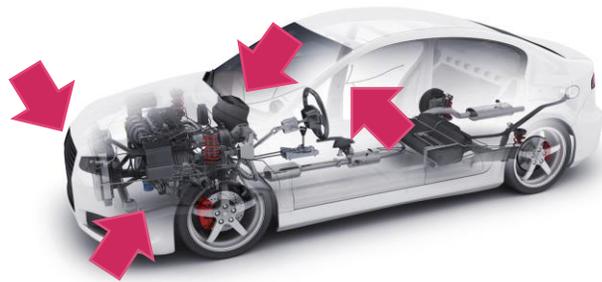


Image of die casting products

Examples use of die casting products



Automotive parts  
41.3%

Net sales  
8,827  
million yen

Industrial sewing machine  
58.7%



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
<b>Net sales</b>	13,349	<b>8,827</b>	△4,521 (△5,258)	△33.9% (△39.4%)
<b>Industrial sewing machines</b>	10,456	<b>5,185</b>	△5,271 (△5,641)	△50.4% (△53.9%)
<b>Automotive parts</b>	2,892	<b>3,642</b>	+749 (+382)	+25.9% (+13.2%)
<b>Operating profit</b>	1,905	<b>120</b>	△1,784	△93.7%
<b>Ordinary profit</b>	2,451	<b>666</b>	△1,785	△72.8%
<b>Profit before income taxes</b>	2,452	<b>666</b>	△1,786	△72.8%
<b>Profit attributable to owners of parent</b>	1,740	<b>439</b>	△1,301	△74.8%

# Net Sales by Business and Location



## Industrial sewing machine

As in the previous quarter, sales in the Asian region decreased year on year due in part to deterioration in the foreign currency situation. In the Americas, demand for capital investment in the Central American region, which had been strong in the previous fiscal year, declined due to adjustments in the production of sewn products caused by an increase in apparel inventories. In China, sales declined due in part to an economic slowdown caused by a prolonged slump in the real estate market.

10,456



Previous  
2Q

5,185



Current  
2Q

- Qty. of units sold :  $\triangle 53.1\%$
- Average unit price :  $+6.4\%$   
(Excluding the effects of foreign exchange :  $\triangle 1.0\%$ )

China

1,125 million yen  
YoY change :  $\triangle 33.0\%$

Japan  
Asia

2,558 million yen  
YoY change :  $\triangle 56.6\%$

Americas

682 million yen  
YoY change :  $\triangle 68.1\%$

Europe

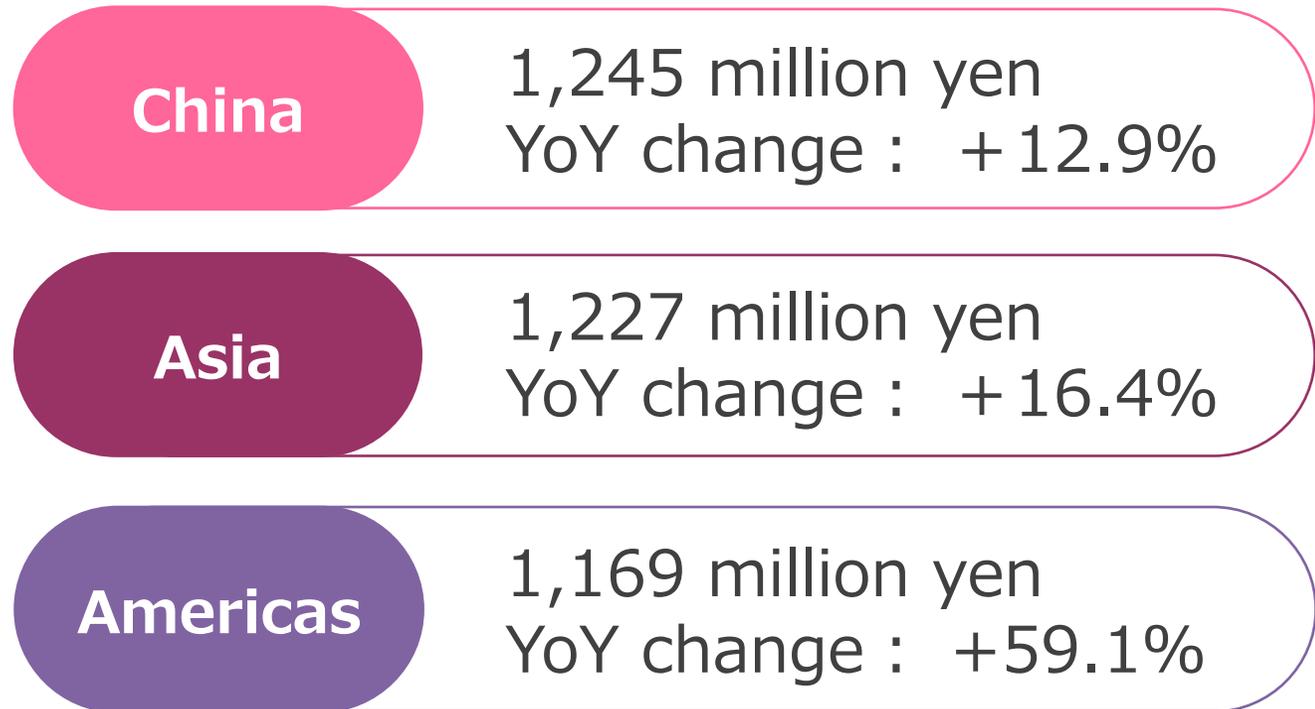
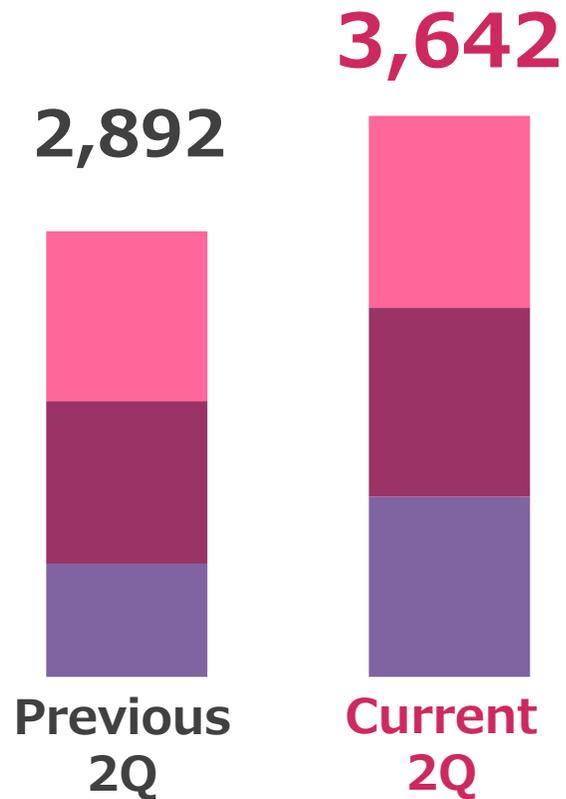
818 million yen  
YoY change :  $+10.8\%$

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

## Automotive parts

Sales increased year on year in all regions.

In the Americas, as in the previous quarter, our ongoing efforts to acquire new customers and receive new orders from existing customers bore fruit, resulting in a significant increase in sales compared to the previous fiscal year.

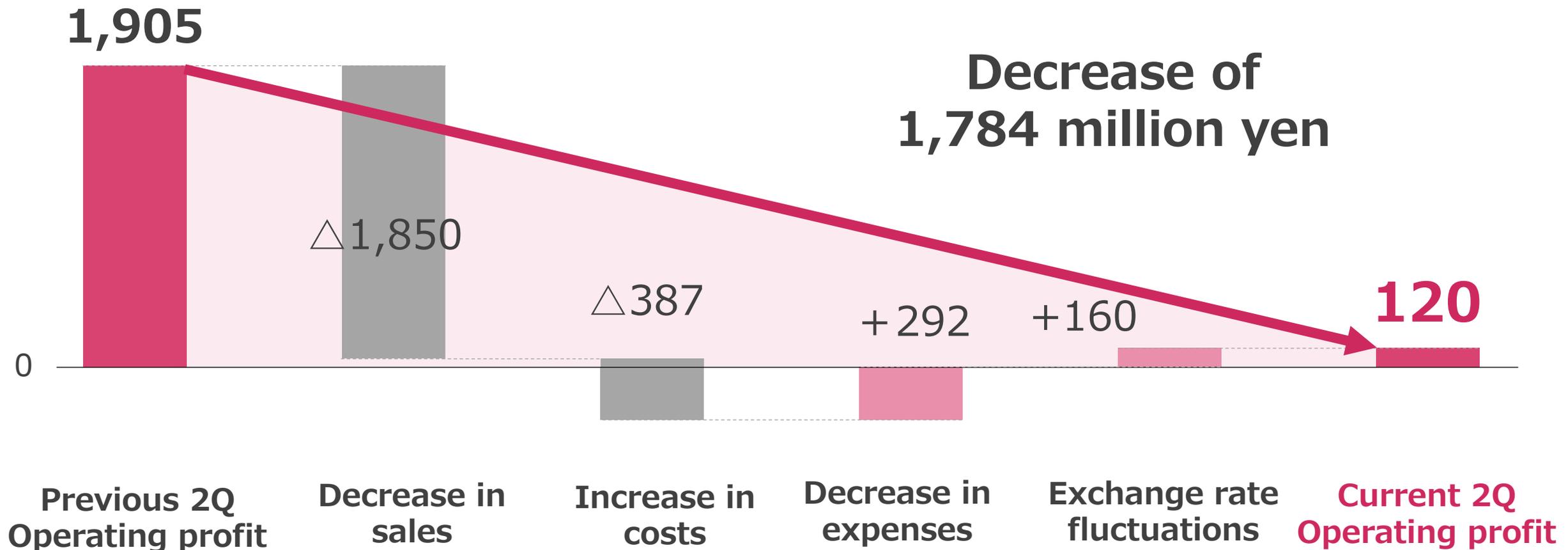


(Million yen: Amounts of less than one million yen are rounded down)

# Changes in Operating Profit



- ✓ Decrease in revenue and profit from the previous year due to significant decrease in net sales



(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	28,372	<b>28,459</b>	+86	<ul style="list-style-type: none"> <li>•Notes and accounts receivable - trade +173</li> <li>•Merchandise and finished goods +779</li> </ul>
Non-current assets	11,135	<b>14,272</b>	+3,137	<ul style="list-style-type: none"> <li>•Property, plant and equipment +2,202</li> <li>•Investments and other assets +934</li> </ul>
Total assets	39,507	<b>42,731</b>	+3,223	

	End of previous year	Current 2Q	Change	Main factors contributing to changes
Current liabilities	7,863	<b>8,129</b>	+265	<ul style="list-style-type: none"> <li>•Notes and accounts payable - trade <math>\Delta</math>1,296</li> <li>•Short-term borrowings +827</li> </ul>
Non-current liabilities	2,444	<b>3,125</b>	+681	<ul style="list-style-type: none"> <li>•Long-term borrowings +1,039</li> </ul>
Net assets	29,199	<b>31,476</b>	+2,276	<ul style="list-style-type: none"> <li>•Retained earnings +141</li> <li>•Foreign currency translation adjustment +2,069</li> </ul>
Total liabilities and net assets	39,507	<b>42,731</b>	+3,223	

(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>Current 2Q</b>
Equity (million yen)	28,300	<b>30,537</b>
Capital adequacy ratio (%)	71.6	<b>71.5</b>

	<b>End of previous year</b>	<b>Current 2Q</b>
BVPS (yen)	1,140.65	<b>1,230.84</b>
Year-end share price (yen)	634	<b>616</b>
PBR (times)	0.56	<b>0.50</b>

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

	<b>Previous 2Q</b>	<b>Current 2Q</b>
Profit attributable to owners of parent (million yen)	1,740	<b>439</b>
EPS (yen)	70.16	<b>17.70</b>

# 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	680	1,315	+634
Depreciation	452	551	+98
R&D expenses	222	259	+36

<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.	Expansion of production facilities, etc.	673
PEGASUS VIETNAM SEWING MACHINE CO.,LTD.	Construction costs of new factory, etc.	474
PEGASUS(TIANJIN) SEWING MACHINE CO., LTD.	Installation of production facilities, etc.	101

# Consolidated Financial Results Forecast for FY2024\*

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\*On October 26, 2023, we disclosed revised Consolidated Financial Results Forecast for FY2024.

## Business Environment

- ✓ Prolongation of the situation in Russia and Ukraine
- ✓ Shortages and price hike of parts, materials, and energy

## Industrial sewing machine

- ✓ Sluggish capital expenditure at sewing companies due to prolonged global inflation
- ✓ 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)
- ✓ Establishment of production system at the subsidiary in China (Nantong)
- ✓ Stabilization of raw material prices

# Consolidated Financial Results Forecast for FY2024



## 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	17,320	8,827	51.0%	25,288	△31.5%	△7,968
Operating profit	△230	120	—	2,657	—	△2,887
Ordinary profit	△10	666	—	2,946	—	△2,956
Profit attributable to owners of parent	△150	439	—	2,294	—	△2,444

## 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	9,440	5,185	54.9%	18,922	△50.1%	△9,482
Automotive parts	7,880	3,642	46.2%	6,366	+23.8%	+1,513

# Consolidated Financial Results Forecast for FY2024



## 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	1,905	1,125	59.1%	2,541	△25.0%	△636
Japan, Asia	5,048	2,558	50.7%	11,501	△56.1%	△6,453
Americas	1,283	682	53.2%	3,485	△63.2%	△2,202
Europe	1,204	818	67.9%	1,393	△13.6%	△189

#### Automotive parts

Net sales forecast	Full-year forecast	Interim results	Progress ratio	Full-year results for the previous year	Percentage change	Change
China	3,000	1,245	41.5%	2,374	+26.3%	+625
Asia	2,380	1,227	51.6%	2,250	+5.7%	+129
Americas	2,500	1,169	46.8%	1,740	+43.6%	+759

# Consolidated Financial Results Forecast for FY2024



## 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	1,645	2,810	+1,165
Depreciation	930	970	+39
R&D expenses	452	601	+149

# 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 2Q	Net sales (million yen)	1,125	2,558	682	818	5,185
	YoY change (%)	△33.0	△56.6	△68.1	+10.8	△50.4
	YoY change excluding the effects of foreign exchange (%)	△34.7	△60.1	△71.1	+1.4	△53.9
Previous 2Q	Net sales (million yen)	1,679	5,899	2,139	738	10,456

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

Automotive parts		China	Asia	Americas	Total
Current 2Q	Net sales (million yen)	1,245	1,227	1,169	3,642
	YoY change (%)	+12.9	+16.4	+59.1	+25.9
	YoY change excluding the effects of foreign exchange (%)	+10.0	+5.4	+29.3	+13.2
Previous 2Q	Net sales (million yen)	1,102	1,054	735	2,892

# Reference



## Effects of foreign exchange (based on consolidated net sales for 2Q of FY2024)

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	–	¥135.99	¥147.00	¥19.48	¥7.48	–	–	–	–
Exchange rates for the previous period	–	¥123.17	¥134.52	¥18.98	¥6.08	–	–	–	–
Difference (yen)	–	12.82	12.48	0.50	1.40	–	–	–	–
Net sales	442	4,026	818	2,370	1,169	<b>8,827</b>	<b>8,091</b>	13,349	△5,258
Ratio (%)	5.0	45.6	9.3	26.9	13.2	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>387</b>	<b>69</b>	<b>60</b>	<b>218</b>	<b>736</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cost of sales	△44	2,101	24	3,037	972	<b>6,091</b>	<b>5,631</b>	8,651	△3,020
Ratio (%)	△0.7	34.5	0.4	49.9	16.0	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>198</b>	<b>2</b>	<b>77</b>	<b>182</b>	<b>460</b>	<b>–</b>	<b>–</b>	<b>–</b>
Selling and administrative expenses	1,025	800	139	577	72	<b>2,615</b>	<b>2,499</b>	2,792	△292
Ratio (%)	39.2	30.6	5.3	22.1	2.8	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>75</b>	<b>11</b>	<b>14</b>	<b>13</b>	<b>115</b>	<b>–</b>	<b>–</b>	<b>–</b>
Operating profit	△538	1,125	654	△1,244	124	<b>120</b>	<b>△39</b>	1,905	△1,945
<b>Change in foreign exchange</b>	<b>–</b>	<b>113</b>	<b>55</b>	<b>△31</b>	<b>23</b>	<b>160</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cost of sales ratio (%)	–	–	–	–	–	<b>69.0</b>	<b>69.6</b>	<b>64.8</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

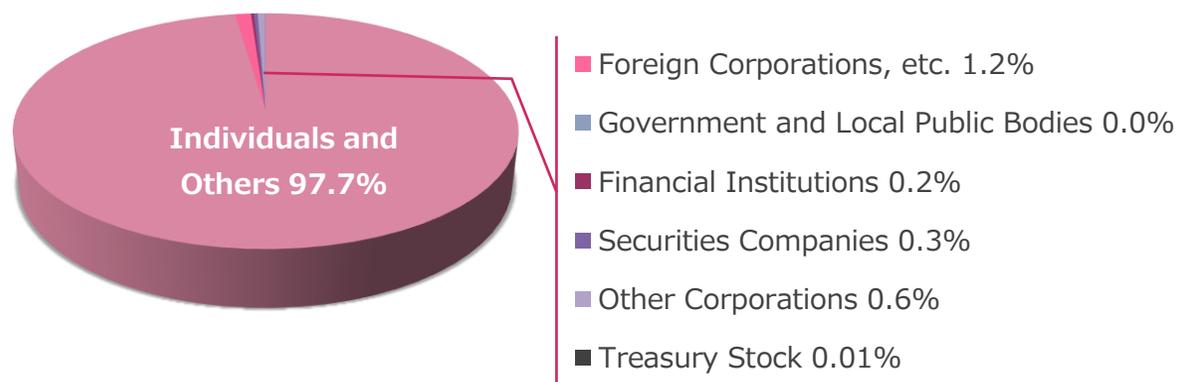


Name	PEGASUS CO., LTD.
Representative	Representative Director and President Shigemi Mima
Founded	January, 1914
Location	Fukushima-ku, Osaka, Japan
Capital	2,255.55million yen (as of March,2023)
Sales	25,288.50million yen (From April 1, 2022 to March 31, 2023)
Number of employees	1,485 [consolidated] 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>

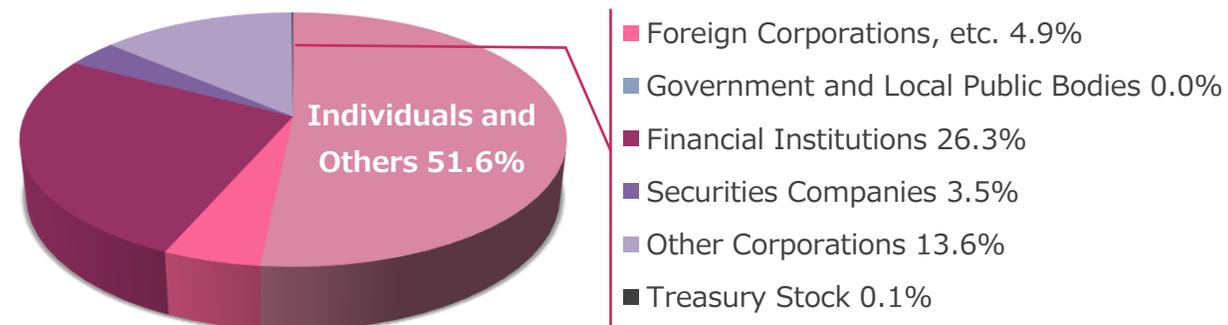
## ◆Principal Shareholders

Shareholder's Name	Holding Ratio
Custody Bank of Japan, Ltd. (Trust Account)	11.89%
The Master Trust Bank of Japan Ltd. (Trust Account)	8.24%
MIMA Co.,LTD.	6.26%
Sumitomo Mitsui Banking Corporation	3.35%
Keizo Bando	2.99%
Takako Yoshida	2.86%
Shigemi Mima	2.56%
Masamichi Mima	1.92%
Nomura Securities Co.,Ltd.	1.71%
JUKI CORPORATION	1.61%

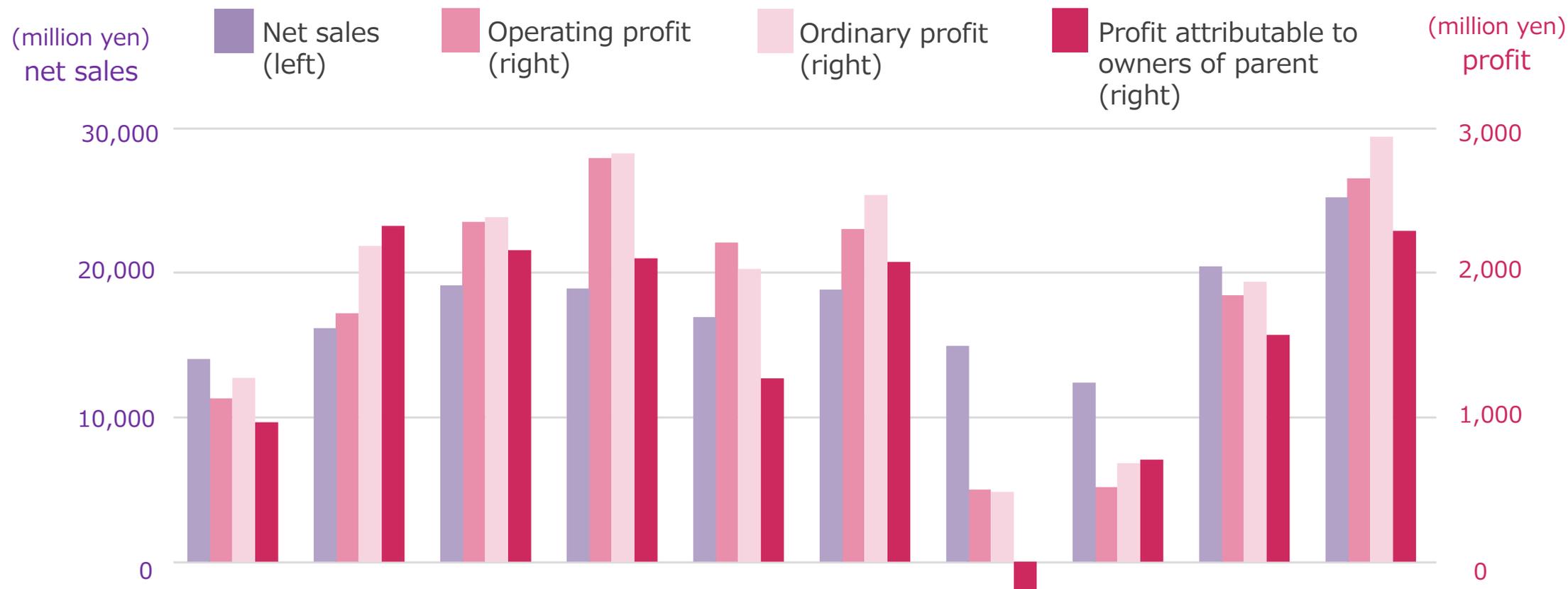
## ◆Breakdown of Shareholders by Type (%)



## ◆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)



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.

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