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Announcement of “Basic Policies of the New Mid-Term Management Plan”

On May 20, 2024, the Company announced its Mid-Term Management Plan with the fiscal year ending March 31, 2027 as its final year, and has been making efforts to achieve each of the targets.

However, against the backdrop of recent performance trends based on the significant changes in the external environment, ROE has fallen below 5% for three consecutive fiscal years, and the P/B ratio has also remained below 1x.

In light of these circumstances, the Company will reconsider certain parts of its growth strategy and work on restructuring its business to improve the expected rate of return, thereby solidifying the foundations for promoting the sustainable enhancement of corporate value and striving to promptly improve the ROE and P/B ratio.

Although we had originally planned to announce our new Mid-Term Management Plan in May 2027, we have decided to move up the schedule and announce basic policies of the plan in May 2026. A detailed version will be announced at the end of October this year.

Accordingly, the Company hereby announces that, at a meeting of the Board of Directors held today, it has resolved Basic Policies of the new Mid-Term Management Plan described above, as follows.

PEGASUS: Basic Policies of the New Mid-Term Management Plan

The Company’s corporate philosophy is “Through our people & technology, we strive to provide better Products, Service and Quality and make a positive contribution to the world of ‘social development.’” Backed by the above corporate philosophy and with the commitment of “PEGASUS always stands by the people” in our hearts, we will contribute to the sustainable development of society and strive to enhance our corporate value over the medium to long term.

Through these initiatives, we will create sustainable business and shareholder value, **and aim for the early achievement of ROE of over 9% and a P/B ratio of 1x.**

With the commitment of “**PEGASUS always stands by the people**” in our hearts, we will contribute to the sustainable development of society and strive to enhance our corporate value over the medium to long term

**PEGASUS will aim for the early achievement of
ROE of over 9 % and a P/B ratio of 1 x**

Business Strategies

Apparel Machinery

1. Expand our market share in export garment manufacturing*1
2. Expand markets for domestic garment manufacturing*2 in emerging countries
3. Further evolve the production system

Automotive Business

1. Reinforce sales efforts to boost revenue
2. Reduce costs by improving productivity
3. Launch high-value-added products in specialized casting

Financial Strategies

1. Recalibrate the cost of capital and practice balance sheet management to minimize invested capital
2. Return profits to shareholders based on balance sheet management rather than the traditional dividend payout ratio

Non-financial Strategies

1. Create an environment where people with diverse backgrounds can work with a peace of mind and invest in talent capable of executing our strategies
2. Strengthen the governance system to improve the effectiveness of the Board of Directors

*1 Sewing for major apparel companies with high-performance demands that operate globally (for export), one of our strongest segments

*2 Segment with stronger price demands than functional demands