

Fiscal Year Ending March 31, 2026

# Financial Results Briefing Materials for 3Q

Announced on January 30, 2026



**PEGASUS CO., LTD.**  
【Code : 6262, Tokyo stock exchange in Japan】

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## ◎Implementation of Business Operation with Capital Cost and Share Price in Mind

- ✓ The financial results for the third quarter showed a year-on-year decrease in both sales and profit, and the full-year financial results forecast was revised downward. Accordingly, return on equity (ROE) is expected to fall below 5% for the third consecutive fiscal year. Heightened investment caution following additional US tariff measures
- ✓ Under these circumstances, with the aim of improving ROE, the Company has begun updating the “business operation with capital cost and share price in mind” initiatives set forth in the Mid-Term Management Plan disclosed on May 20, 2024.

## ◎ Introduction of BS Management

- ✓ The Company reset its capital cost to approximately 9.0% and introduced a BS management policy aimed at minimizing invested capital.
- ✓ Based on this policy, the forecast year-end dividend is 20 yen per share and the forecast annual dividend is 30 yen per share, both of which are expected to be the highest levels in the Company's history.

## ◎ Mid-Term Management Plan

- ✓ The next Mid-Term Management Plan is scheduled to be announced by the end of October 2026.

# Update of Business Operation with Capital Cost and Share Price in Mind

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- On January 30, 2026, the Company updated the “business operation with capital cost and share price in mind” initiatives set forth in the Mid-Term Management Plan disclosed on May 20, 2024.

## Resetting of Capital Cost

- **Taking into account factors such as rising long-term interest rates, the Company has reset its capital cost and aims to achieve an ROE that exceeds this capital cost.**

## Introduction of a BS Management Policy

- **In order to improve ROE, the Company has introduced a BS management policy aimed at achieving an optimal balance sheet structure.**
- **In place of dividends determined by the previously applied dividend payout ratio, dividend amounts will be determined in accordance with the BS management policy.**

◎ Estimation of the cost of shareholders' equity using the Capital Asset Pricing Model (CAPM)

In light of changes in the financial market environment, the Company has set its cost of shareholders' equity at approximately **9.0%** and aims to achieve an ROE that exceeds this cost of shareholders' equity.

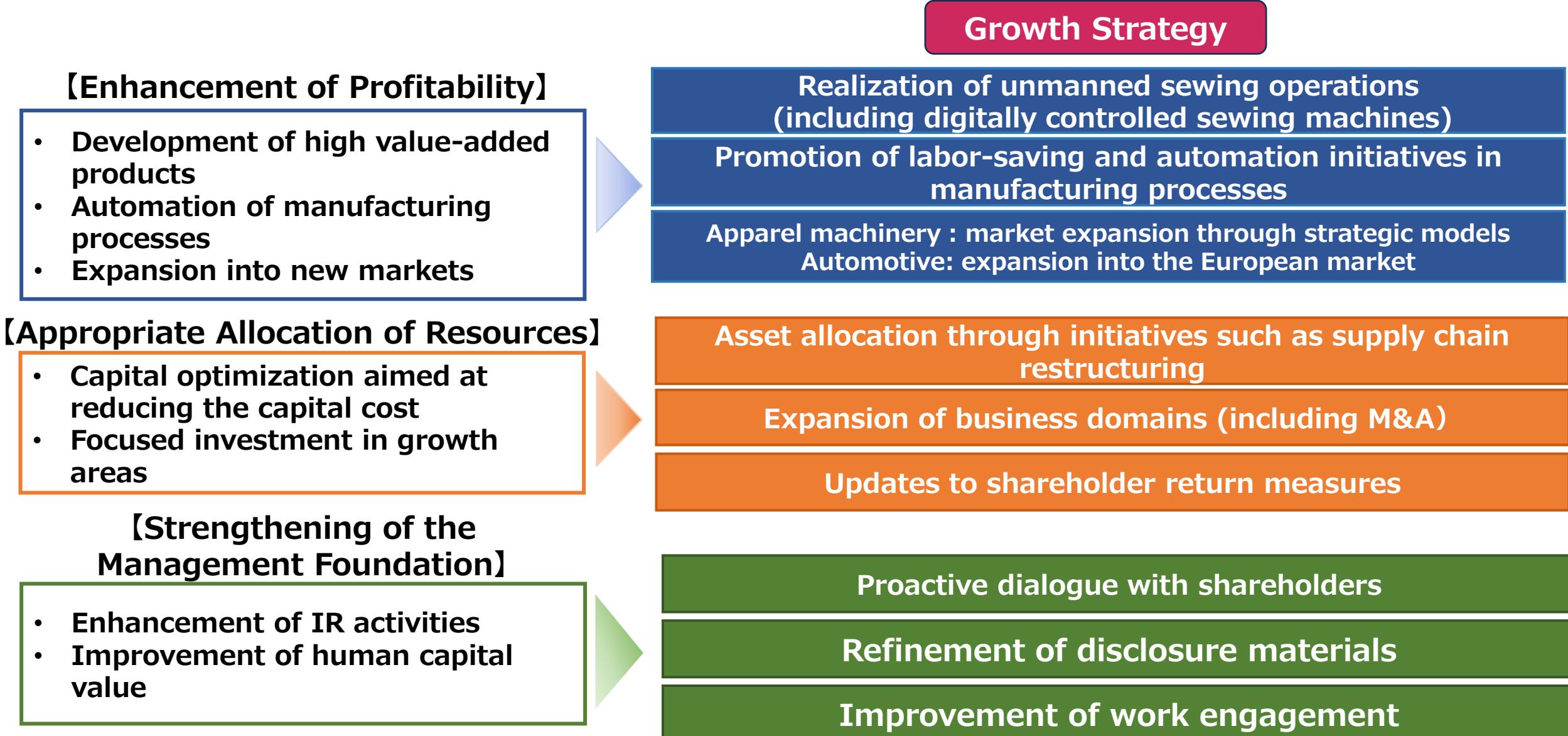
$$\begin{array}{c} \boxed{\begin{array}{l} \text{Risk-free} \\ \text{rate} \\ \\ 2.2\% \\ \\ \text{Long-term government} \\ \text{bond yield} \end{array}} + \boxed{\begin{array}{l} \text{Beta value} \\ (\text{market sensitivity}) \\ \\ 0.98 - 1.16 \end{array}} \times \boxed{\begin{array}{l} \text{Risk premium} \\ \\ 6.0\% \end{array}} = \boxed{\begin{array}{l} \text{Cost of} \\ \text{shareholders'} \\ \text{equity} \\ (\text{reference}) \\ \\ 8.1\% - 9.2\% \end{array}} \end{array}$$

# Overview of the BS Management Policy



- To improve ROE, the Company has established a BS management policy and will pursue the minimization of invested capital.
- For the fiscal year ending March 31, 2026, the year-end dividend is planned to be determined based on the BS management policy, without being constrained by the previously applied dividend payout ratio.

Operating cash flow	Required cash on hand	<p><u>Basic Policy</u></p> <ul style="list-style-type: none"><li>• With the aim of raising the Company's price-to-book ratio (PBR) to above 1.0, the Company will seek to improve ROE by balancing the "maximization of returns" and the "minimization of invested capital."</li><li>• After making investments aimed at maximizing returns, surplus funds will be returned to shareholders; however, this will be considered over the Mid-Term Management Plan period rather than on a single-year basis.</li></ul>
Cash and deposits	Growth investments in existing businesses plus strategic investments	<p><u>Sources of Allocation</u></p> <ul style="list-style-type: none"><li>• In addition to operating cash flow, surplus cash and deposits will be included as sources of funds for allocation.</li><li>• When external financing is required, borrowings will also be utilized in order to reduce funding costs.</li><li>• However, to maintain financial discipline, the Company will manage its financial position using indicators such as the debt-to-equity (D/E) ratio.</li></ul>
Borrowings (as necessary)	Shareholder Returns	<p><u>Shareholder Returns</u></p> <ul style="list-style-type: none"><li>• Shareholder returns will be implemented as a means of BS management, without being constrained by the previously applied dividend payout ratio.</li><li>• The Company will flexibly conduct share repurchases as a method of shareholder returns, in addition to dividends.</li></ul>



# Overview for 3Q of FY3/2026

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## Results for 3Q

- ➡ Amid the prolonged Russia-Ukraine conflict and ongoing tensions in the Middle East, demand for industrial sewing machines in Central and South America remained steady. However, due to the impact of US tariffs, cautious capital investment behavior was observed in China, Bangladesh and India—where additional tariffs were imposed in August—resulting in a delayed market recovery in the third quarter.
- ➡ Although the decline caused by shipment adjustments related to US tariff measures seen in the second quarter showed signs of improvement, the negative impact of lower shipment prices in China persisted, leading to a year-on-year decrease in net sales.

## Financial Forecast for the Current Fiscal Year

- ➡ Although the Company recorded solid performance in the first quarter, from the second quarter onward, cautious capital investment behavior was observed in China and South Asia due to factors such as the impact of US tariff measures. As a result, the recovery in demand was slower than initially anticipated, and net sales are expected to be on par with the previous fiscal year.
- ➡ In the automotive business, while stable demand was observed at the Company's base in Mexico, the overall automotive segment is expected to record a slight year-on-year decline in net sales, due in part to the impact of severe price reduction pressures imposed on subcontracted parts manufacturers in China.
- ➡ On the profit side, the decline in net sales, rising cost ratios in China within the automotive business, loss on sale of investment securities, and the impact of revisions to business plans at certain overseas subsidiaries are expected to result in decreases in profits including operating profit.

# Overview of Net Sales by Business

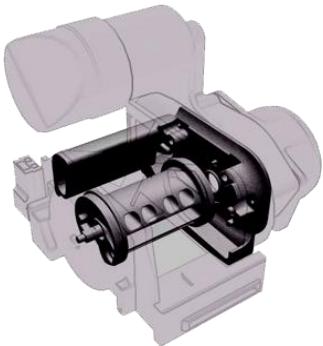
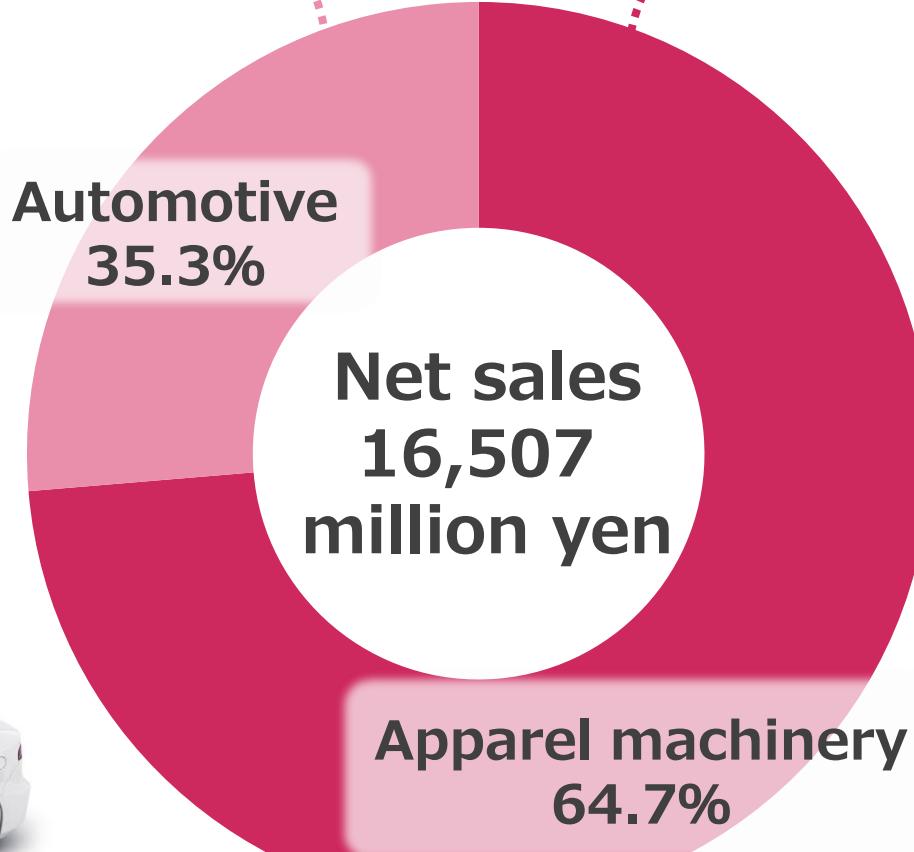
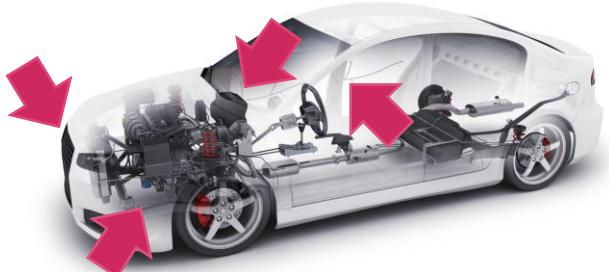


Image of  
die casting products

Examples of use of  
die casting products



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 3Q	Current 3Q	Change	Percentage change
<b>Net sales</b>	16,031	<b>16,507</b>	+475(+877)	+3.0%(+5.5%)
Apparel machinery	9,938	<b>10,681</b>	+742(+861)	+7.5%(+8.7%)
Automotive	6,093	<b>5,826</b>	−266(+15)	−4.4%(+0.3%)
<b>Operating profit</b>	1,274	<b>893</b>	−380	−29.9%
<b>Ordinary profit</b>	1,436	<b>1,046</b>	−390	−27.2%
<b>Profit before income taxes</b>	1,436	<b>1,046</b>	−390	−27.2%
<b>Profit attributable to owners of parent</b>	990	<b>628</b>	−361	−36.5%

	End of previous year	Current 3Q
BVPS (yen)	1,309.02	<b>1,290.46</b>
Year-end share price (yen)	525	<b>777</b>
PBR (times)	0.40	<b>0.60</b>

# Consolidated Balance Sheets



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

	End of previous year	Current 3Q	Change	Main factors contributing to changes
Current assets	31,074	<b>29,209</b>	– 1,865	• Notes and accounts receivable - trade – 1,021 • Merchandise and finished goods – 941
Non-current assets	15,317	<b>14,468</b>	– 848	• Property, plant and equipment – 894 • Intangible assets – 2 • Investments and other assets +48
Total assets	46,391	<b>43,677</b>	– 2,714	

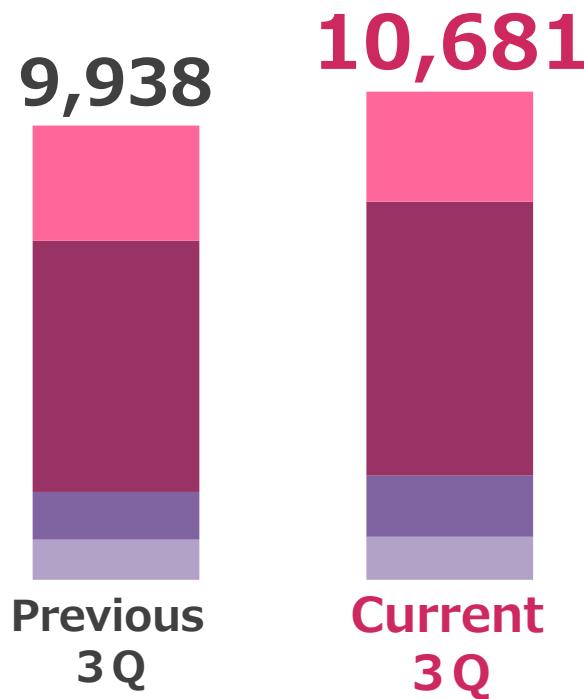
	End of previous year	Current 3Q	Change	Main factors contributing to changes
Current liabilities	7,775	<b>7,496</b>	– 278	• Notes and accounts payable - trade – 658
Non-current liabilities	4,979	<b>4,190</b>	– 788	• Long-term borrowings – 689
Net assets	33,637	<b>31,989</b>	– 1,647	• Retained earnings +181 • Foreign currency translation adjustment – 1,038
Total liabilities and net assets	46,391	<b>43,677</b>	– 2,714	

(Major changes in primary accounts are presented above)

# Net Sales by Business and Location



## Apparel machinery



- Qty. of units sold : +4.1%
- Average unit price : +1.5%
- (Excluding the effects of foreign exchange : +2.6%)

In China, although a bottoming-out of sales has been confirmed, a real recovery has yet to be achieved.

In Japan and other parts of Asia, sales in India declined due to the impact of additional US tariffs; however, sales in the first quarter contributed positively.

In the Americas, a recovery in demand continues at certain companies.

In Europe, the Egyptian market showed growth.

China

2,412 million yen  
YoY change : -4.3%

Japan  
Asia

5,986 million yen  
YoY change : +9.0%

Americas

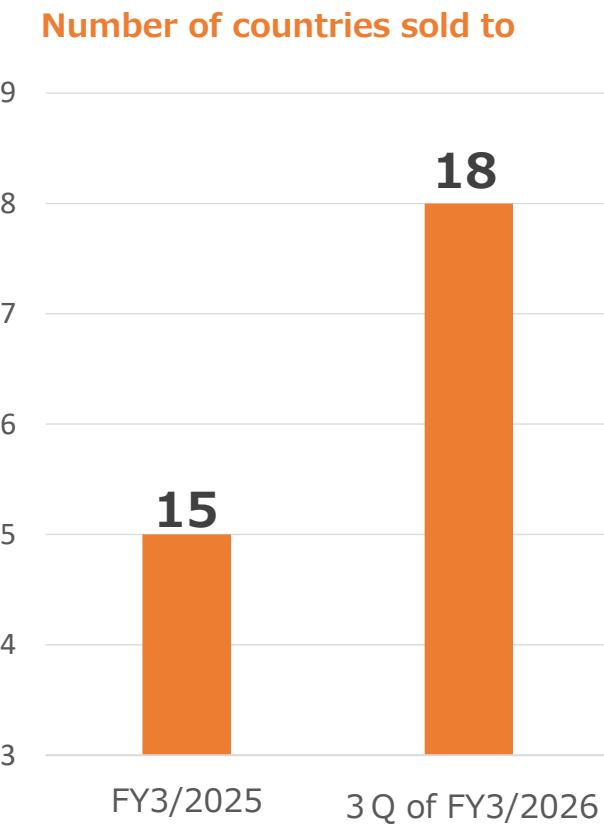
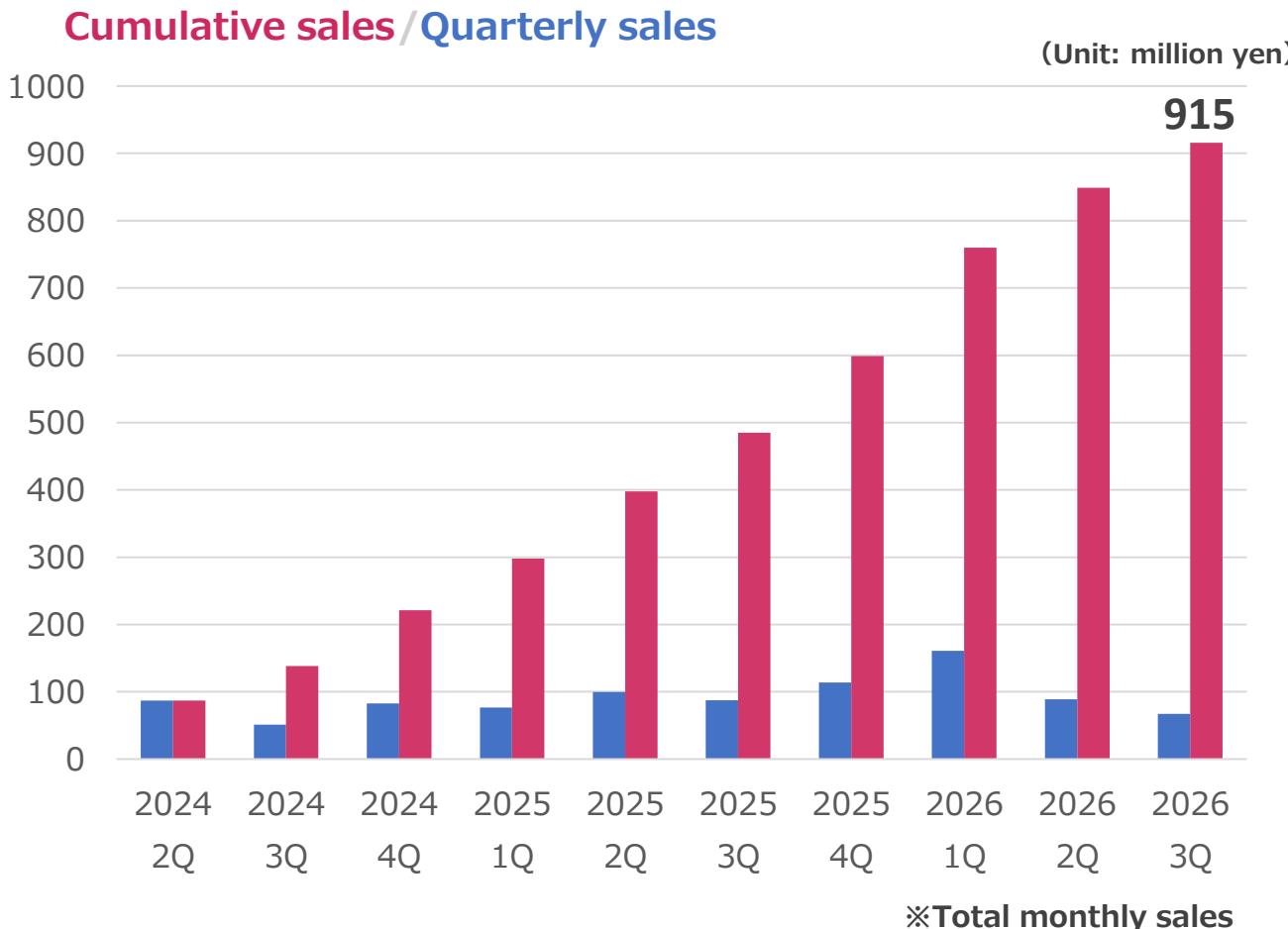
1,343 million yen  
YoY change : +29.1%

Europe

939 million yen  
YoY change : +6.5%

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

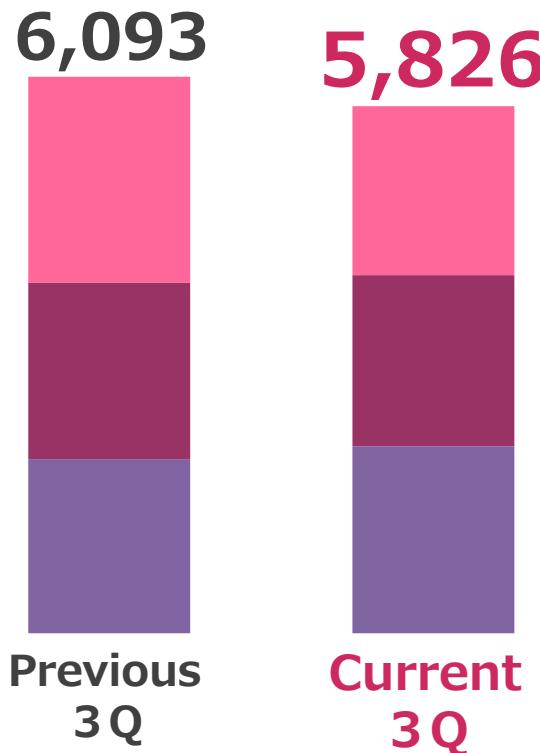
The Company has steadily promoted the rollout of its strategic models, expanding sales to 18 countries. The Company will continue to focus on market development going forward.



# Net Sales by Business and Location



## Automotive



In China, price reduction requests from automotive parts manufacturers continue.

In other parts of Asia, although sales recovered as shipment adjustments of parts seen in the second quarter subsided, the recovery was insufficient to offset the decline in the second quarter.

In the Americas, shipments remained steady, supported by strong inquiries from new customers, under the continued framework of the USMCA.

China

1,896 million yen  
YoY change : -13.8%

Asia

1,895 million yen  
YoY change : -3.5%

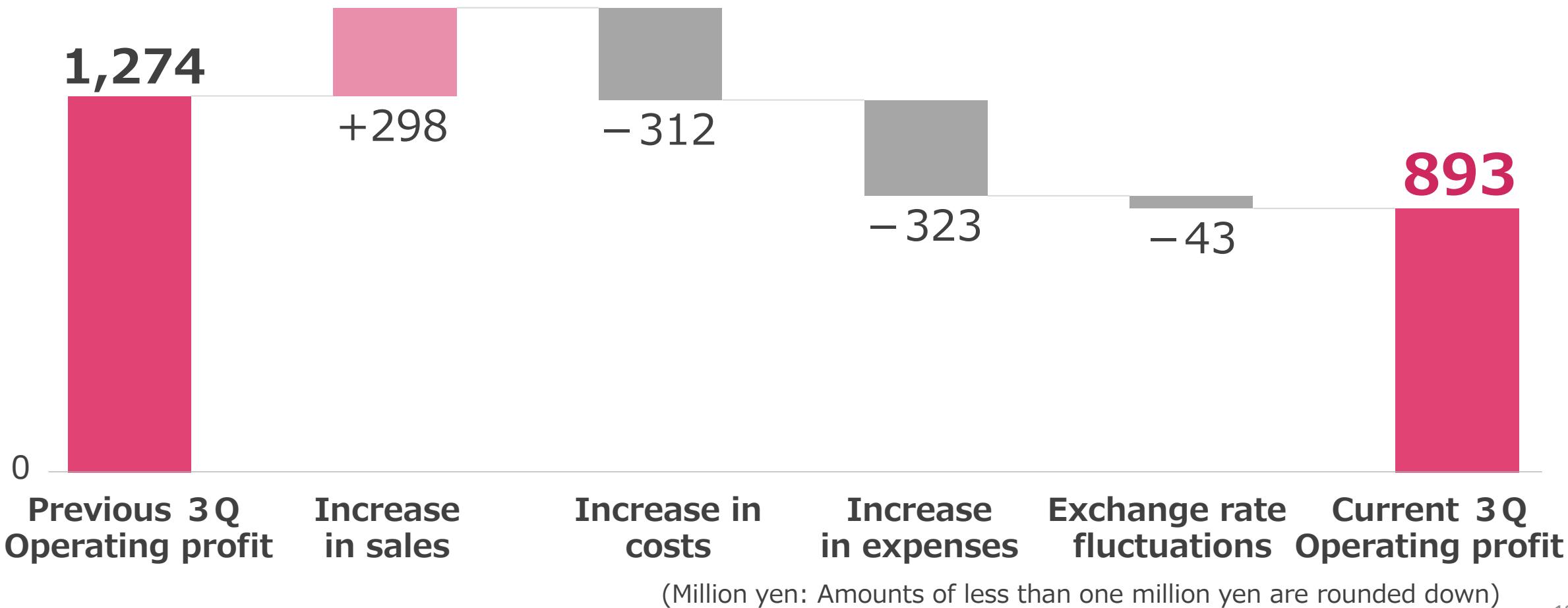
Americas

2,034 million yen  
YoY change : +5.5%

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

# Changes in Operating Profit

- ✓ Although net sales increased, in the apparel machinery business, cost of sales rose due to increased sales of mass-market models and a higher cost ratio resulting from price reduction requests in China within the automotive business.
- ✓ In selling, general and administrative expenses, labor costs such as bonuses, as well as sales commissions and transportation expenses associated with higher sales, increased.



# Capital investment・Depreciation・R&D expenses



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

	Previous 3Q	Current 3Q	Change
Capital investment	1,666	386	- 1,280
Depreciation	963	931	- 32
R&D expenses	405	433	+ 28

## <Main capital investments>

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

Division	Company name	Details	Investment
Automotive	TIANJIN PEGASUS-SHIMAMOTO AUTO PARTS CO., LTD.	Enhancement of production facilities and other equipment	106
Automotive	PEGASUS CO., LTD.	Enhancement of production facilities and other equipment	77
common	PEGASUS(TIANJIN) SEWING MACHINE CO., LTD.	Expansion of machining centers and production facilities	72

# Consolidated Financial Results Forecast for FY3/2026

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※On January 30, 2026, the Company revised its full-year financial results forecast.

## Variance from the Initial Plan

- ✓ In the apparel machinery business, following the implementation of US tariff measures from the second quarter onward, sewing companies adopted a more cautious stance toward capital investment, and net sales are expected to be 19% below the initial plan.
- ✓ In the automotive business, due in part to the continued impact of responses to price reduction requests in China, net sales are expected to be 13% below the initial plan.

## Apparel machinery

- ✓ In Bangladesh, although a recovery from the third quarter onward had been expected following a reduction in US tariffs, the recovery has remained limited.
- ✓ In India, a more cautious stance toward capital investment has emerged amid the impact of higher US tariffs associated with India's purchases of Russian crude oil, leading to a delay in the economic recovery from the third quarter onward.
- ✓ In China, a recovery in domestic demand is expected, and improvement is anticipated in the fourth quarter.
- ✓ Overall, due to the delayed recovery in South Asia, net sales are expected to be on par with the previous fiscal year.

## Automotive

- ✓ Production adjustments due to US tariff measures led to a decline in net sales in the second quarter.
- ✓ In the third quarter, sales remained at a level comparable to the first quarter, and a similar trend is expected in the fourth quarter.

# Consolidated Financial Results Forecast for FY3/2026



## Full-year financial results forecast and progress

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

Financial results forecast	Previously announced forecast (A)	This revised forecast (B)	Increase /decrease amount (B-A)	Rate of increase /decrease	(Reference) Previous results
Net sales	26,000	21,640	-4,360	-16.8%	22,040
Operating profit	2,460	880	-1,580	-64.2%	1,573
Ordinary profit	2,360	1,000	-1,360	-57.6%	1,555
Profit attributable to owners of parent	1,560	440	-1,120	-71.8%	964

## By business

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

Financial results forecast	Previously announced forecast	This revised forecast (B)	Increase /decrease amount (B-A)	Rate of increase /decrease	(Reference) Previous results
Apparel machinery	17,000	13,810	-3,190	-18.8%	13,852
Automotive	9,000	7,830	-1,170	-13.0%	8,187

# Shareholder Return Policy for the Fiscal Year Ending March 31, 2026

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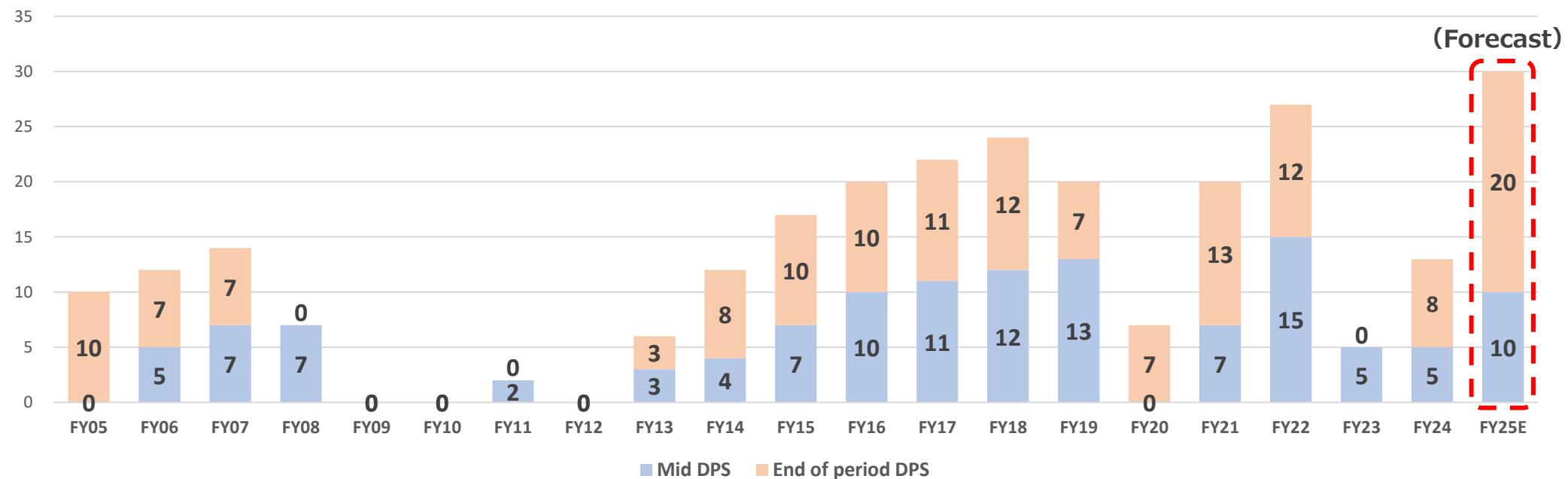
- The year-end dividend for the current fiscal year will be determined based on the BS management policy.
- Taking into account cash and deposit balances as well as the financial results forecasts, the Company plans to pay the highest-ever dividend per share.

## Dividend forecast for the fiscal year ending March 31, 2026

	Forecast for the fiscal year ending March 31, 2026	(Reference) Results for the fiscal year ended March 31, 2025
Interim dividend	10yen/share	5yen/share
Year-end dividend	20yen/share	8yen/share
Total	30yen/share	13yen/share

- **Record-high dividend per share achieved**

Trend in dividend per share (yen)



# 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)

<b>Apparel machinery</b>		<b>China</b>	<b>Japan Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
<b>Current 3Q</b>	Net sales (million yen)	2,412	5,986	1,343	939	10,681
	YoY change (%)	−4.3	+9.0	+29.1	+6.5	+7.5
	YoY change excluding the effects of foreign exchange (%)	−2.7	+10.2	+30.7	+5.5	+8.7
<b>Previous 3Q</b>	Net sales (million yen)	2,521	5,494	1,040	882	9,938

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

<b>Automotive</b>		<b>China</b>	<b>Asia</b>	<b>Americas</b>	<b>Total</b>
<b>Current 3Q</b>	Net sales (million yen)	1,896	1,895	2,034	5,826
	YoY change (%)	−13.8	−3.5	+5.5	−4.4
	YoY change excluding the effects of foreign exchange (%)	−12.4	−2.3	+17.3	+0.3
<b>Previous 3Q</b>	Net sales (million yen)	2,201	1,963	1,928	6,093

## Effects of foreign exchange (based on consolidated net sales for 3Q of FY3/2026)

Currencies	JPY	USD	EUR	RMB	MXN	other currencies	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	–	¥148.79	¥165.47	¥20.60	¥7.62	–	–	–	–	–
Exchange rates for the previous period	–	¥150.62	¥163.86	¥20.95	¥8.47	–	–	–	–	–
Difference (yen)	–	–1.83	+1.61	–0.35	–0.85	–	–	–	–	–
Net sales	263	8,961	939	4,308	2,034	–	<b>16,507</b>	<b>16,909</b>	16,031	877
Ratio (%)	1.6	54.3	5.7	26.1	12.3	–	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>–110</b>	<b>9</b>	<b>–73</b>	<b>–226</b>	<b>–</b>	<b>–401</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cost of sales	1,279	2,945	71	5,250	1,609	–	<b>11,156</b>	<b>11,461</b>	10,570	890
Ratio (%)	11.5	26.4	0.6	47.1	14.4	–	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>–36</b>	<b>0</b>	<b>–89</b>	<b>–179</b>	<b>–</b>	<b>–304</b>	<b>–</b>	<b>–</b>	<b>–</b>
Selling and administrative expenses	1,787	1,498	220	696	238	15	<b>4,457</b>	<b>4,511</b>	4,187	323
Ratio (%)	40.1	33.6	4.9	15.6	5.3	0.3	100.0	–	–	–
<b>Change in foreign exchange</b>	<b>–</b>	<b>–18</b>	<b>2</b>	<b>–11</b>	<b>–26</b>	<b>0</b>	<b>–53</b>	<b>–</b>	<b>–</b>	<b>–</b>
Operating profit	–2,803	4,517	647	–1,638	187	–15	<b>893</b>	<b>936</b>	1,274	–337
<b>Change in foreign exchange</b>	<b>–</b>	<b>–55</b>	<b>6</b>	<b>27</b>	<b>–20</b>	<b>0</b>	<b>–43</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cost of sales ratio (%)	–	–	–	–	–	–	<b>67.6</b>	<b>67.8</b>	<b>65.9</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

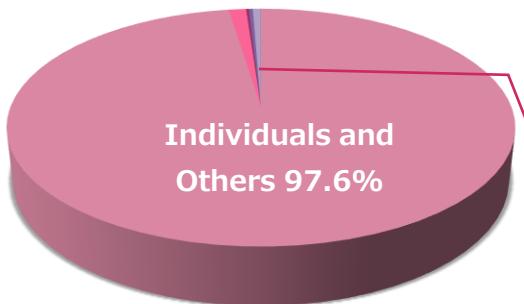


Name	PEGASUS CO., LTD.
Representative	Representative Director and President Shigemi Mima
Founded	January, 1914
Location	Fukushima-ku, Osaka, Japan
Capital	2,255.55million yen (as of March,2025)
Sales	22,040.32million yen (From April 1, 2024 to March 31, 2025)
Number of employees	1,497 [consolidated] (as of March,2025) 207 [non-consolidated] (as of March,2025)
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

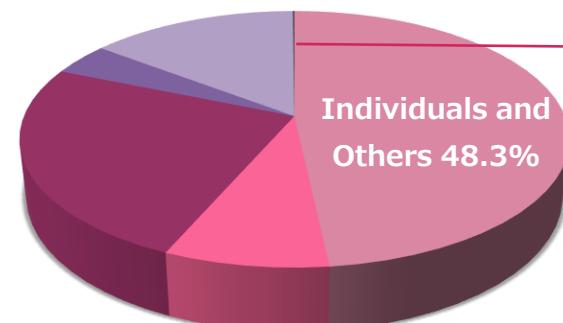
Shareholder's Name	Holding Ratio
The Master Trust Bank of Japan Ltd. (Trust Account)	11.08%
Custody Bank of Japan, Ltd. (Trust Account)	7.63%
MIMA Co.,LTD.	6.26%
JUKI CORPORATION	3.50%
Keizo Bando	2.99%
Takako Yoshida	2.86%
Shigemi Mima	2.60%
Sumitomo Mitsui Banking Corporation	2.34%
Masamichi Mima	1.93%
Tachibana Securities Co., Ltd.	1.79%

## ◆Breakdown of Shareholders by Type (%)



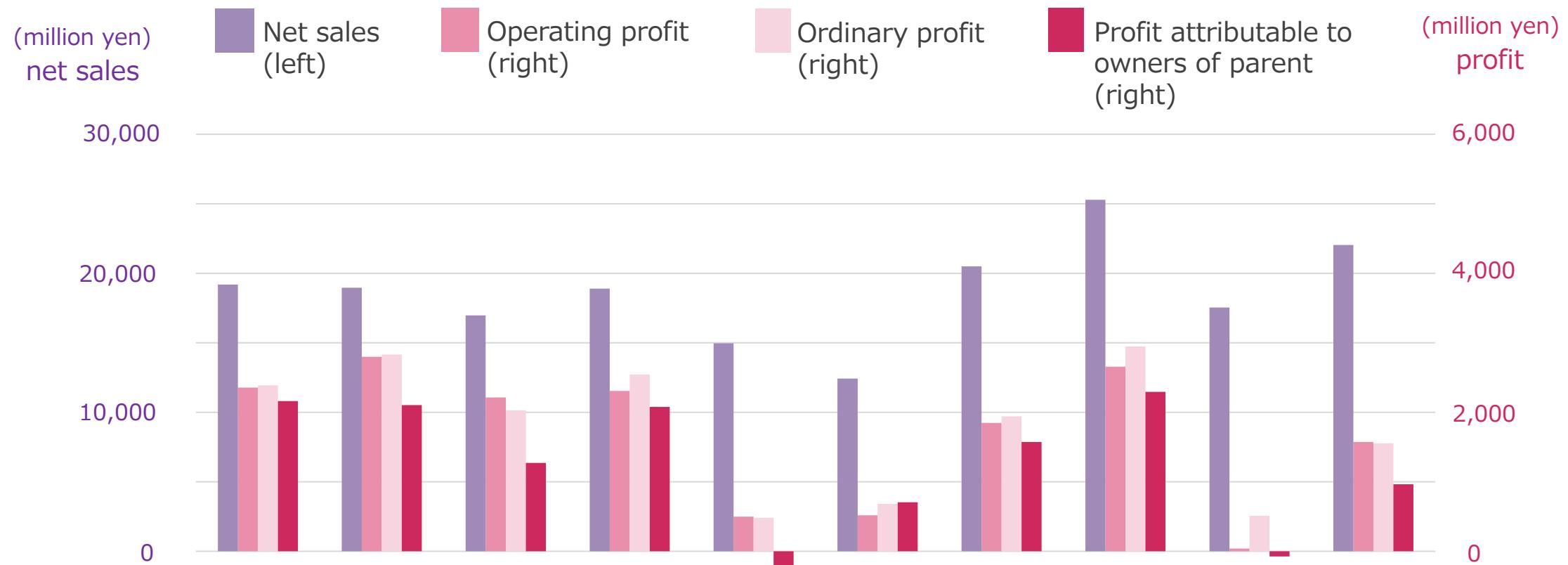
- Foreign Corporations, etc. 1.3%
- Government and Local Public Bodies 0.0%
- Financial Institutions 0.2%
- Securities Companies 0.3%
- Other Corporations 0.6%
- Treasury Stock 0.01%

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



- Foreign Corporations, etc. 8.2%
- Government and Local Public Bodies 0.0%
- Financial Institutions 24.8%
- Securities Companies 4.1%
- Other Corporations 14.5%
- Treasury Stock 0.1%

# Changes in Consolidated Financial Results



	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Net sales	19,188	18,961	16,978	18,891	14,969	12,422	20,498	25,288	17,542	22,040
Operating profit	2,356	2,798	2,212	2,306	499	516	1,847	2,657	38	1,573
Ordinary profit	2,388	2,831	2,030	2,542	484	681	1,941	2,946	512	1,555
Profit attributable to owners of parent	2,160	2,103	1,270	2,079	-206	707	1,572	2,294	-72	964

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



**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.

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