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Notice Regarding Recognition of Extraordinary Income
(Gain on Extinguishment of Tie-in Shares) from the Absorption-Type Merger
of a Consolidated Subsidiary

SATO Holdings Corporation changed its name to SATO Corporation (the “Company”), effective April 1, 2025, and absorbed the former SATO Corporation, which was the core operating company within the group.

As a result of this merger, the Company expects to recognize an extraordinary income in its non-consolidated finance statements for the first quarter of the fiscal year ending March 2026 (April 1, 2025–June 30, 2025), as detailed below.

1. Details of Extraordinary Income

As of the effective date of the merger (April 1, 2025), the difference between the net assets inherited from the former SATO Corporation and the book value of the subsidiary shares (tie-in shares) held by the Company will be recognized as a gain on extinguishment of tie-in shares under extraordinary income. The estimated amount of this gain is approximately 3.8 billion yen.

2. Impact on Financial Results

This gain on extinguishment of tie-in shares will be eliminated in the consolidated financial statements and thus will have no impact on the Company's consolidated results for the fiscal year ending March 2026 (April 1, 2025–March 31, 2026).