

Key questions and answers for the briefing on new printers (CL4/6-SXR) (September 26, 2025)

1. What is the outlook for reaching the global target of 300,000 units following the launch of the CL4/6-SXR series ("new models")?
 - The rollout will follow different trajectories in Japan and other international markets.
 - In Japan, sales are expected to grow quickly as the launch coincides with customers' replacement cycles for the current CL4/6-NX models ("current models").
 - Outside Japan, sales are projected to build more gradually, reaching a peak as market presence strengthens and new applications are introduced.
2. How have customers responded during the pre-sales of the new models?
 - At an exhibition in September, where the new models were previewed, customers responded positively, highlighting their usability and flexibility. Features such as customizable touch panels and voice-guided operation were especially valued as practical solutions to diverse on-site challenges.
3. Why wasn't the platform standardized in previous models?
 - SATO has traditionally developed printers to address niche requirements across different markets and use cases. Some components have been standardized, but since most models were designed independently, compatibility between models was limited. Because development was siloed and we needed to respond to niche requirements, development lead times tended to be long — an issue we recognized and are working to resolve at the management level.
 - To address this and respond more quickly to customer needs, we have now standardized the control unit in the platform.
4. What are the cost benefits of implementing a common platform?
 - In the short term, total costs are higher because this was a completely new development.
 - Over the medium to long term, however, printer development time is expected to be reduced by about half, leading to significant cost savings.
 - Higher development costs will be recovered from profits generated by the new models, and shorter development cycles are expected to deliver further savings over time.
 - Unlike our previous approach of extending existing control units to meet new requirements, this common platform was developed from scratch, starting with requirement definition.
5. Will sales volumes increase compared with the current models?
 - Comparing with the past five years is complex due to the effects of COVID-19 and the resulting extraordinary demand. Nevertheless, we have set a target to sell approximately 300,000 units globally for FY25-30. This exceeds the sales volume of our current models and underscores our strong growth ambitions.
6. What are the potential disadvantages of reducing the number of models through lineup optimization, and how will they be addressed?
 - Reducing the number of models may create portfolio gaps.

- To address these gaps, we will leverage the common platform to offer broader functionality within the same price segment, ensuring strong market coverage.
 - While it is likely to take several years to fully establish the targeted product portfolio, we plan to manage this period by working closely with subsidiaries such as Argox in Taiwan to fill gaps.
7. What is the expected profitability of the new models compared with the current models?
- In the short term, profitability will temporarily decline compared with current models, as manufacturing costs increase due to mold depreciation and other upfront expenses.
 - Over time, as these costs are depreciated, manufacturing costs will decrease. At the same time, ongoing initiatives to improve product quality, reduce costs and shorten lead times, along with efforts to enhance product value and raise production efficiency, will drive further cost reductions.
 - As a result, profitability is expected to improve steadily, driven by lower manufacturing costs and improved value-added proposals from our sales teams.
8. What are the advantages of the new aircraft over those of its competitors?
- The high-performance model has advantages in high print speed, excellent print quality, and user-friendliness in line with the customer's field operation. The new model inherits the high print quality and label ejection function (clear function) that have been highly evaluated in the current model, while enhancing the expandability and interface functions.
 - When it was exhibited for reference at the exhibition held in September, the stand-alone function that can issue labels without a PC, which can be used at sites where a PC cannot be installed for security reasons, was highly evaluated.
9. Can the new models help drive software sales outside Japan?
- Yes, we expect growth.
 - For major global customers and system integrators, printers are often bundled with software and scanners as part of broader solutions.
 - With the high expandability of the new models, we are well-positioned to further accelerate sales of solutions.
10. Will the launch of the new models impact the sales of current models?
- We do not anticipate a material slowdown in demand for current models.
 - As planned, sales will transition to focus on the new models, while demand for current models will continue to come from customers engaged in long-term projects, expanding their existing installations, and seeking stability and continuity in ongoing operations.
 - Recent sales data since the launch announcement on September 1, 2025, will be shared in the Q2 financial results briefing.
11. How will cost fluctuations during the product lifecycle be reflected in pricing?
- We plan to implement timely and appropriate price adjustments to address cost fluctuations over the product lifecycle.
 - We sell software as part of our solutions and ensure recurring business through maintenance and other services as well as consumable sales. Customers recognized this as added value, and we factor this into our pricing decisions.

12. Which sales channels do you plan to prioritize and which do you intend to scale back going forward?

- In Japan, we will further strengthen direct sales focusing on Koto-uri (solution-based selling) and shift resources toward higher-margin markets and industries. In geographically distant regions, where solution-based proposals are difficult to deliver, we will complement our efforts through collaboration with distributors and industry-specific partners.
- Outside Japan, we aim for leading positions in targeted industries and markets by working with industry-specific partners, while also engaging with large global customers for direct sales.

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