

Key questions and answers on the business briefing
—overseas (Southeast Asia sales subsidiaries)(October 17, 2025)

1. Are customers of the sales companies in Southeast Asia Japanese-affiliated or locally owned? What industries are they in?
And how does SATO approach these customers?
 - Many of our customers are Japanese manufacturers. Half of our sales comes from Japanese companies, and of those, the majority are in manufacturing.
 - While we do have business with local companies, the amount is limited. We aim to grow business with local companies by capturing their demand in countries with high GDP and population growth, such as India, Indonesia and Vietnam.
 - For business with local companies, it is important that local employees conduct sales activities; we are working on developing local talents to enable them to communicate the value SATO can offer to customers.
2. Why is the proportion of sales in the Southeast Asian health care market higher compared to the global average?
 - This is because we have built a strong track record of delivering solutions in the health care market, including those for blood bag management.
 - There is still room to grow our share in this market.
3. Can you leverage the field expertise you have built in Japan to provide optimal solutions in the local market?
 - We believe that the expertise we have developed in Japan can also be applied outside Japan. We are already delivering solutions developed in various Japanese markets to customers in Southeast Asia.
 - In the future, in high-growth countries such as India, we would like to develop solutions that are even more advanced than those in Japan and expand their rollout from Southeast Asia to Japan.
4. What impact will the adjustments in U.S. trade tariffs have on SATO's operations in Southeast Asia?
 - Many customers commented that their investment plans were formulated with a medium- to long-term perspective and that short-term changes in the business environment were not taken into account.
 - We do not comment on the current situation before the financial results are announced.

5. What role will a unique ID play in beverage container recycling, and what solutions will SATO offer?

- The recycling program administrator will provide unique IDs to beverage manufacturers, and each manufacturer will pay a predetermined fee.
- The recycling program administrator will use unique IDs and the deposit payment and refund system to manage returnable beverage containers and to prevent fraud in this program.
- SATO will offer printers and software for printing unique IDs on labels specified by the law, as well as automated labeling solutions tailored to customers' needs upon request by customers.

6. How are the initiatives under the medium-term business plan progressing at the Southeast Asian sales companies?

- Overall, they are progressing well.
- In order to boost consumables revenue, we launched a new factory in Thailand, which is now in operation. This will enable us to drive sales growth by increasing production volume.
- We are replicating solutions across multiple customers and stepping up efforts in strengthening global business (through redefining headquarters and sales office responsibilities). As a result, we are seeing sales growth in RFID and automation solutions across Southeast Asia. The 70% increase in global business activities in Q1 FY25 compared to the same period last year was driven by business activities with Japanese customers in manufacturing. Against the backdrop of increasing demand related to electric vehicles (EVs), the EV-related supply chain, centering around electronic components, is expanding, and as a result, demand for traceability is also rising.
- We also develop solutions optimized for local markets. Instead of competing on price with low-cost products, we are differentiating ourselves through kotouri.*

*A sales approach of selling not just products, but combinations of products in the form of solutions that include hardware, consumables, maintenance services and software, together with ROI and other value propositions for customers. It is the opposite concept of "monouri," which refers to selling products.

7. Which countries or markets are you focusing on?

- The three countries of our particular focus are Vietnam, India and Indonesia. These countries continue to see strong growth in GDP, population and foreign direct investment from Japan. A similar trend is observed throughout Southeast Asia.
- We are focusing on the manufacturing market, where demand for electronic components and semiconductors is increasing with the shift to EVs. Not only Japanese companies but also local automobile OEMs are actively expanding their operations, invigorating the entire supply chain.
- In these countries, rising wages and improved living standards for workers are also driving the expansion of domestic demand, particularly in markets such as retail and food manufacturing.

- In addition to the manufacturing market, we aim for further growth by also capturing demand in markets driven by domestic demand.

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