

**November 13, 2024**

# **SATO HOLDINGS CORPORATION**

## **Q2 FY2024 Financial Results**

**(Six Months Ended September 30, 2024)**

**Securities Code: 6287.T**

**Jul-Sep 2024  
Results**

**Progress of initiatives  
in FY24-28 Medium-Term  
Management Plan**

**Jul-Sep 2024  
Results**

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**Progress of initiatives  
in FY24-28 Medium-Term  
Management Plan**

## Summary

### ■ Jul-Sep Results

- **Consolidated sales and operating income increased year-on-year.**
- **Sales increased and OI decreased overseas as a whole, while sales and OI increased in Japan.**
  - ✓ Overseas Base business: Sales and OI increased.
  - ✓ Overseas Primary Labels business: Sales increased while OI decreased.
- **Sales and OI exceeded plans overseas, and almost met plans in Japan.**
  - ✓ Base business in Asia and Oceania and Primary business led solid performance overseas.
  - ✓ In Japan, mechatronics sales and consumables price revisions progressed as initially planned.

### ■ FY24 (Apr-Mar) outlook

- **Consolidated full-year sales and OI forecasts have been upwardly revised.**
  - ✓ Overseas business: Upward revision based on H1 (Apr-Sep) results.
  - ✓ Japan business: Unchanged forecasts.

Sales and OI by Business Segment<sup>\*2</sup>

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated		Total Sales	35,797	38,415	+7.3%	+6.9%
		Operating Income	2,460	2,914	+18.4%	+18.8%
Overseas	Base	Total Sales	11,806	12,806	+8.5%	+6.5%
		Operating Income	679	1,053	+55.1%	+58.4%
	Primary Labels	Total Sales	5,297	6,416	+21.1%	+22.4%
		Operating Income	1,509	1,290	-14.5%	-15.0%
	Eliminations	Operating Income	157	-40	-	-
	Total	Total Sales	17,104	19,223	+12.4%	+11.5%
		Operating Income	2,346	2,303	-1.8%	-1.2%
Japan	Total Sales	18,692	19,191	+2.7%	+2.7%	
	Operating Income	106	773	7.3x	7.2x	
Eliminations		Operating Income	7	-162	-	-



\*1 Apr-Sep results are shown on p. 31.

\*2 Sales and OI excluding Russian subsidiaries are shown on p. 44.

Consolidated Results<sup>\*2</sup>

(Millions of JPY)

	FY23	FY24	Change	YoY
<b>Net Sales</b>	<b>35,797</b>	<b>38,415</b>	<b>+2,618</b>	<b>+7.3%</b>
<b>Operating Income</b>	<b>2,460</b>	<b>2,914</b>	<b>+453</b>	<b>+18.4%</b>
<b>Operating Income %</b>	<b>6.9%</b>	<b>7.6%</b>	<b>+0.7pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>2,235</b>	<b>2,471</b>	<b>+236</b>	<b>+10.6%</b>
<b>Profit attributable to owners of parent</b>	<b>686</b>	<b>1,830</b>	<b>+1,143</b>	<b>2.7x</b>
Effective Tax Rate	28.0%	16.8%	-11.3pt	-
<b>EBITDA*</b>	<b>3,708</b>	<b>4,271</b>	<b>+562</b>	<b>+15.2%</b>

**FX sensitivity for FY24: JPY +503 mil in sales and JPY +19 mil in OI for +1 JPY against USD and assuming all others move by the same ratio**

Average FX for Apr-Sep 2024: JPY 152.78/USD, JPY 166.06/EUR (Apr-Sep 2023: JPY 144.58/USD, JPY 156.74/EUR)

\* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Jul-Sep 2024: JPY 1,319 million (Jul-Sep 2023: JPY 1,213 million)

· Amortization for Jul-Sep 2024: JPY 38 million (Jul-Sep 2023: JPY 34 million)



\* 1 Apr-Sep results are shown on p. 32.

\* 2 Sales and OI excluding Russian subsidiaries are shown on p. 45.

## Overview

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Base business Total Sales	11,806	12,806	+1,000	+8.5%	+6.5%
Primary Labels business Total Sales	5,297	6,416	+1,119	+21.1%	+22.4%
<b>Total Sales</b>	<b>17,104</b>	<b>19,223</b>	<b>+2,119</b>	<b>+12.4%</b>	<b>+11.5%</b>
Gross Profit	7,422	7,490	+68	+0.9%	-
Gross Profit %	43.4%	39.0%	-4.4pt	-	-
Base business Operating Income	679	1,053	+374	+55.1%	+58.4%
Primary Labels business Operating Income	1,509	1,290	-218	-14.5%	-15.0%
Elimination Operating Income	157	-40	-198	-	-
<b>Operating Income</b>	<b>2,346</b>	<b>2,303</b>	<b>-43</b>	<b>-1.8%</b>	<b>-1.2%</b>
Operating Income %	13.7%	12.0%	-1.7pt	-	-

\* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

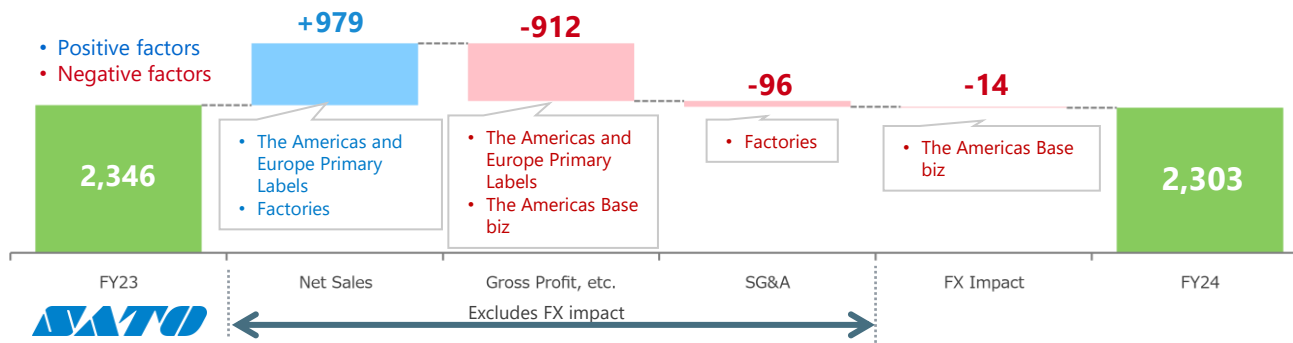
## Sales

- Sales increased in Base business driven by Asia and Oceania
- Higher sales of high-value-added products in Europe contributed to higher sales in the Primary Labels business.

## OI

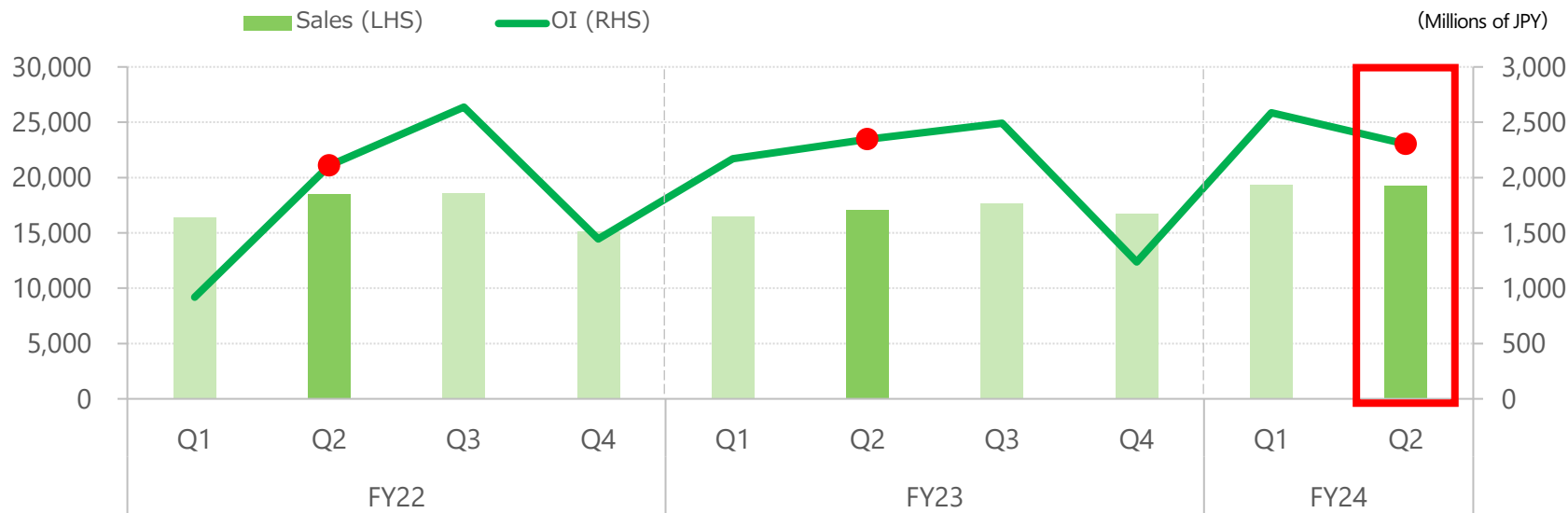
- In the Base business, OI increased due to improvement in factory earnings as printer inventory adjustments at distributors ran their course.
- OI decreased in Primary business due to intensified competition for existing primary labels in Europe.

## Major Gains/Losses in OI



\* Apr-Sep results are shown on p. 37.

## Quarterly Sales &amp; OI



Sales	16,394	18,483	18,626	15,153	16,452	17,104	17,648	16,725	19,321	19,223
YoY	+26.8%	+49.6%	+35.1%	+12.9%	+0.4%	-7.5%	-5.3%	+10.4%	+17.4%	+12.4%
OI	919	2,109	2,637	1,445	2,169	2,346	2,490	1,238	2,586	2,303
YoY	-21.8%	3.0x	2.4x	+44.0%	2.4x	+11.2%	-5.6%	-14.3%	+19.2%	-1.8%



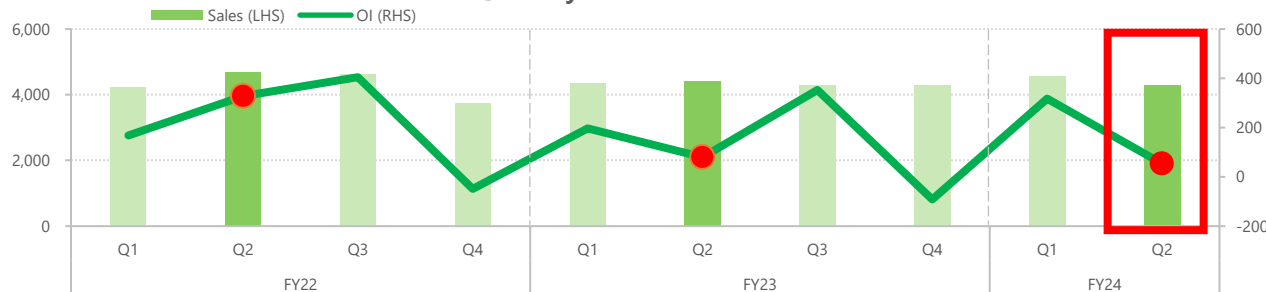
## The Americas Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
<b>Total Sales</b>	<b>4,412</b>	<b>4,294</b>	<b>-117</b>	<b>-2.7%</b>	<b>-0.4%</b>
<b>Operating Income</b>	<b>80</b>	<b>54</b>	<b>-26</b>	<b>-32.9%</b>	<b>+46.1%</b>

\* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

## Quarterly Sales &amp; OI



<b>Sales</b>	4,214	4,694	4,626	3,731	4,353	4,412	4,293	4,274	4,568	4,294
<b>YoY</b>	+21.8%	+58.1%	+30.2%	+8.0%	+3.3%	-6.0%	-7.2%	+14.6%	+4.9%	-2.7%
<b>OI</b>	168	328	405	-49	197	80	352	-92	318	54
<b>YoY</b>	-32.9%	87.3x	+81.1%	-	+17.0%	-75.5%	-13.1%	-	+61.3%	-32.9%

## Sales

- Sales decreased due to the economic downturn and a one-off large business in the same period of the previous fiscal year, despite capturing a large order for the retail market in the U.S.
- Sales in South America decreased due to lower demand caused by inflation.

## OI

- OI decreased due to the above-mentioned decline in sales in the U.S. and South America and an increase in SG&A expenses such as R&D in the U.S.

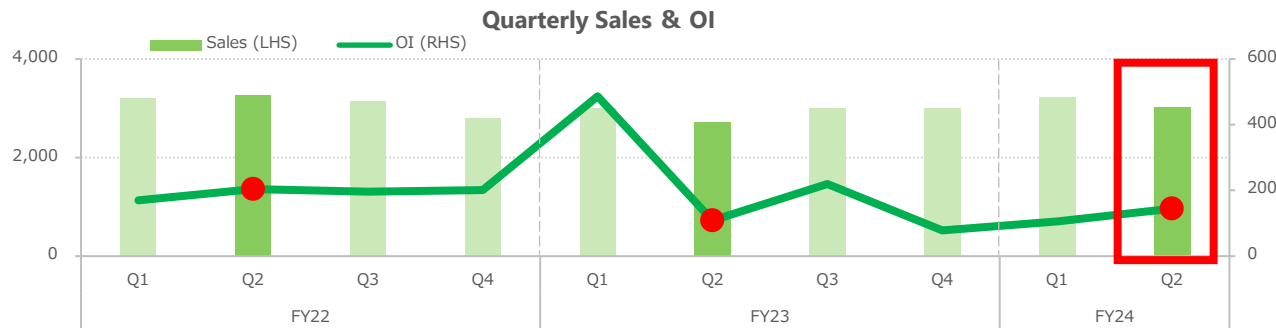
## Europe Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	2,714	3,028	+314	+11.6%	+6.4%
Operating Income	108	144	+36	+33.8%	+25.5%

## Sales

- Sales increased due to a recovery in sales to distributors following printer inventory adjustments and favorable foreign exchange effects.
- Steady progress was seen with retail customers in Germany and the UK.



## OI

- OI increased due to the above-mentioned growth in sales.

Sales	3,195	3,268	3,149	2,789	2,991	2,714	3,008	2,999	3,221	3,028
YoY	+16.3%	+36.6%	+13.0%	+1.5%	-6.4%	-16.9%	-4.5%	+7.5%	+7.7%	+11.6%
OI	170	204	196	201	487	108	219	78	105	144
YoY	+46.9%	10.0x	-0.5%	+71.1%	2.9x	-47.1%	+11.2%	-60.9%	-78.3%	+33.8%

## Asia/Oceania Base business

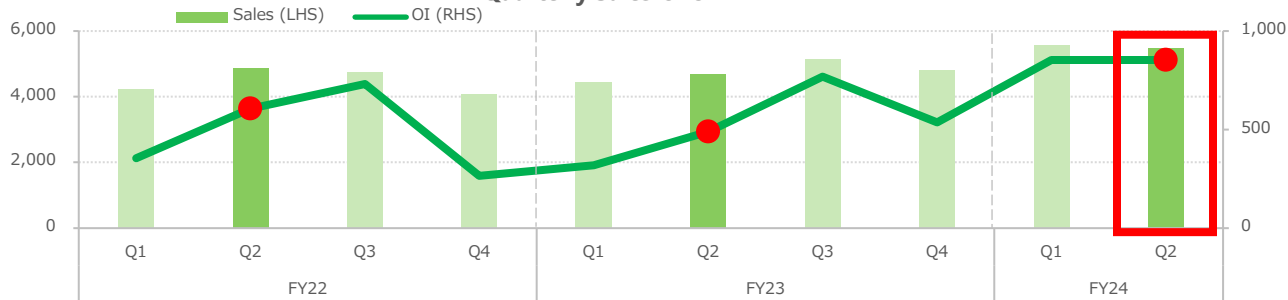
(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	4,679	5,483	+803	+17.2%	+13.1%
Operating Income	490	854	+363	+74.2%	+67.7%

## Sales

- Strong performance in large scale RFID projects in Australia continued.
- Sales increased due to overall strong performance in Southeast Asia and strong demand at Argox in Taiwan.

Quarterly Sales &amp; OI



Sales	4,227	4,870	4,733	4,085	4,431	4,679	5,120	4,790	5,564	5,483
YoY	+12.0%	+21.9%	+12.9%	+3.5%	+4.8%	-3.9%	+8.2%	+17.3%	+25.6%	+17.2%
OI	354	607	732	265	318	490	769	537	853	854
YoY	-32.6%	+43.7%	+53.2%	+30.2%	-10.0%	-19.3%	+4.9%	2.0x	2.7x	+74.2%

## OI

- OI increased behind improved earnings at factories and Argox as inventory adjustments for printers by distributors ran their course and due to the above-mentioned large project in Australia.

## Primary Labels business

(Millions of JPY)

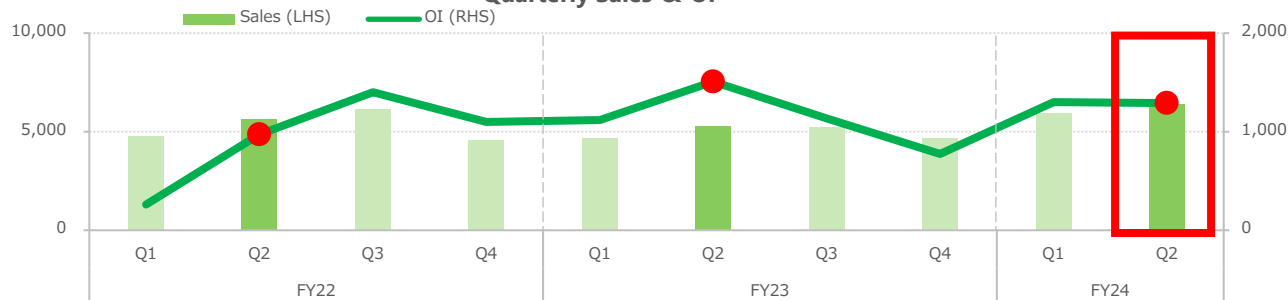
		FY23	FY24	Change	YoY	In local currencies
<b>The Americas</b> Achernar (Argentina) Plakorar (Brazil)	<b>Total Sales</b>	885	826	-58	-6.7%	+56.9%
	<b>Operating Income</b>	194	135	-59	-30.5%	+18.3%
<b>Europe</b> Okil/ X-pack (Russian)	<b>Total Sales</b>	4,341	5,497	+1,155	+26.6%	+15.3%
	<b>Operating Income</b>	1,305	1,143	-161	-12.4%	-20.3%
<b>Asia/Oceania</b> Hirich (Vietnam)	<b>Total Sales</b>	71	93	+22	+31.5%	+31.8%
	<b>Operating Income</b>	9	11	+1	+19.4%	+22.0%
<b>Total Sales</b>	<b>Total Sales</b>	5,297	6,416	+1,119	+21.1%	+22.4%
	<b>Operating Income</b>	1,509	1,290	-218	-14.5%	-15.0%

\* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

## Sales

- Sales decreased due to the negative impact of foreign exchange, despite price revisions in the Americas.
- Sales increased as high-value-added products continued to see higher sales in Europe.

## Quarterly Sales &amp; OI



## OI

- Although sales of high-value-added products increased in Europe, OI decreased due to intensified competition for existing primary labels.

<b>Sales</b>	4,757	5,649	6,117	4,546	4,676	5,297	5,226	4,661	5,966	6,416
<b>YoY</b>	+61.3%	+88.6%	+88.0%	+39.0%	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%	+21.1%
<b>OI</b>	262	972	1,402	1,100	1,118	1,509	1,136	775	1,301	1,290
<b>YoY</b>	-1.9%	4.4x	7.5x	2.0x	4.3x	+55.2%	-18.9%	-29.5%	+16.4%	-14.5%



\* Apr-Sep results are shown on p. 39.

## Overview

(Millions of JPY)

	FY23	FY24	Change	YoY
Mechatronics Sales	7,379	7,559	+179	+2.4%
Consumables Sales	11,312	11,632	+319	+2.8%
<b>Total Sales</b>	<b>18,692</b>	<b>19,191</b>	<b>+499</b>	<b>+2.7%</b>
Gross Profit	8,018	8,691	+672	+8.4%
Gross Profit %	42.9%	45.3%	+2.4pt	-
<b>Operating Income</b>	<b>106</b>	<b>773</b>	<b>+666</b>	<b>7.3x</b>
Operating Income %	0.6%	4.0%	+3.5pt	-

Mechatronics: Hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services.

Consumables: Products such as variable information labels, RFID tags, primary labels (product labels) and ribbons.

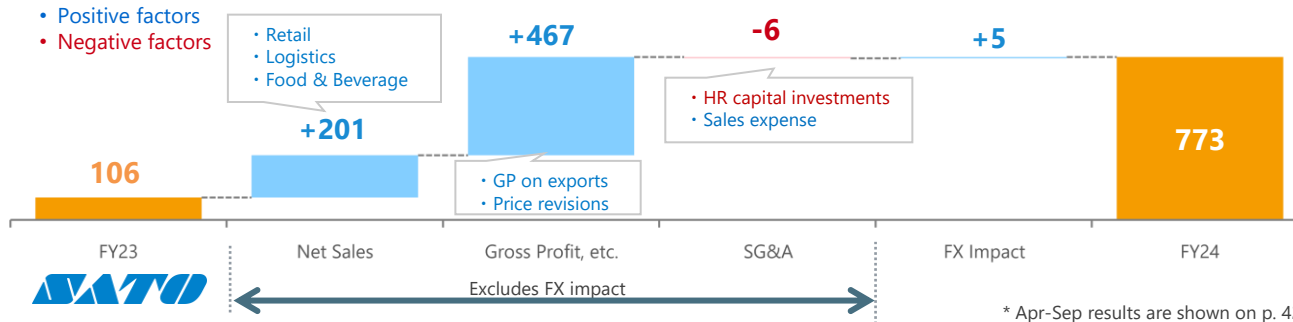
## Sales

- **Mechatronics:** Sales increased by continuously capturing demand related to '2024 logistics issue' (shortage of truck drivers).
- **Consumable:** Sales increased due to price revisions and higher sales of RFID solutions.

## OI

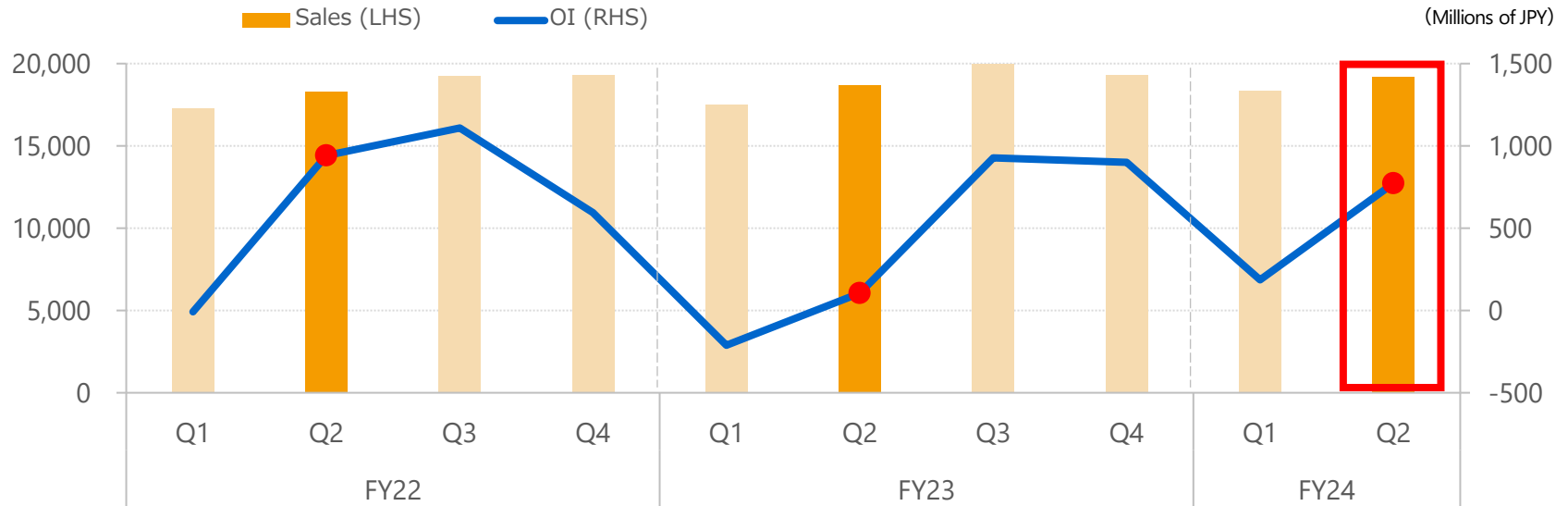
- **OI** increased due to the above-mentioned growth in sales, price revisions, and the rise in printer exports.

## Major Gains/Losses in OI



\* Apr-Sep results are shown on p. 42.

## Quarterly Sales &amp; OI

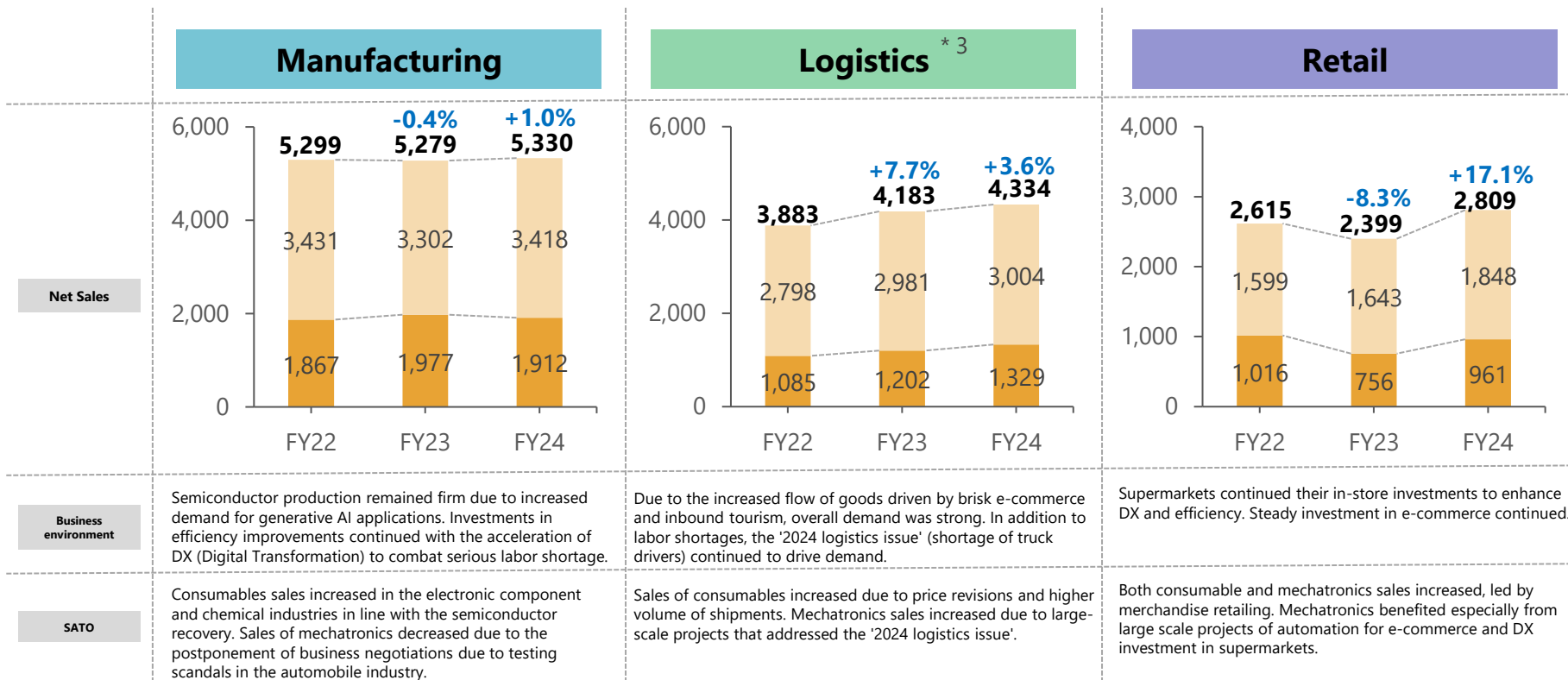


Sales	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305	18,353	19,191
YoY	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%
OI	-8	941	1,108	594	-210	106	927	901	186	773
YoY	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%	-	7.3x

Sales by Vertical 1/2<sup>\*2</sup>

■ : Mechatronics ■ : Consumables (% indicates YoY change)

(Millions of JPY)



\* 1 Apr-Sep results are shown on p. 43.

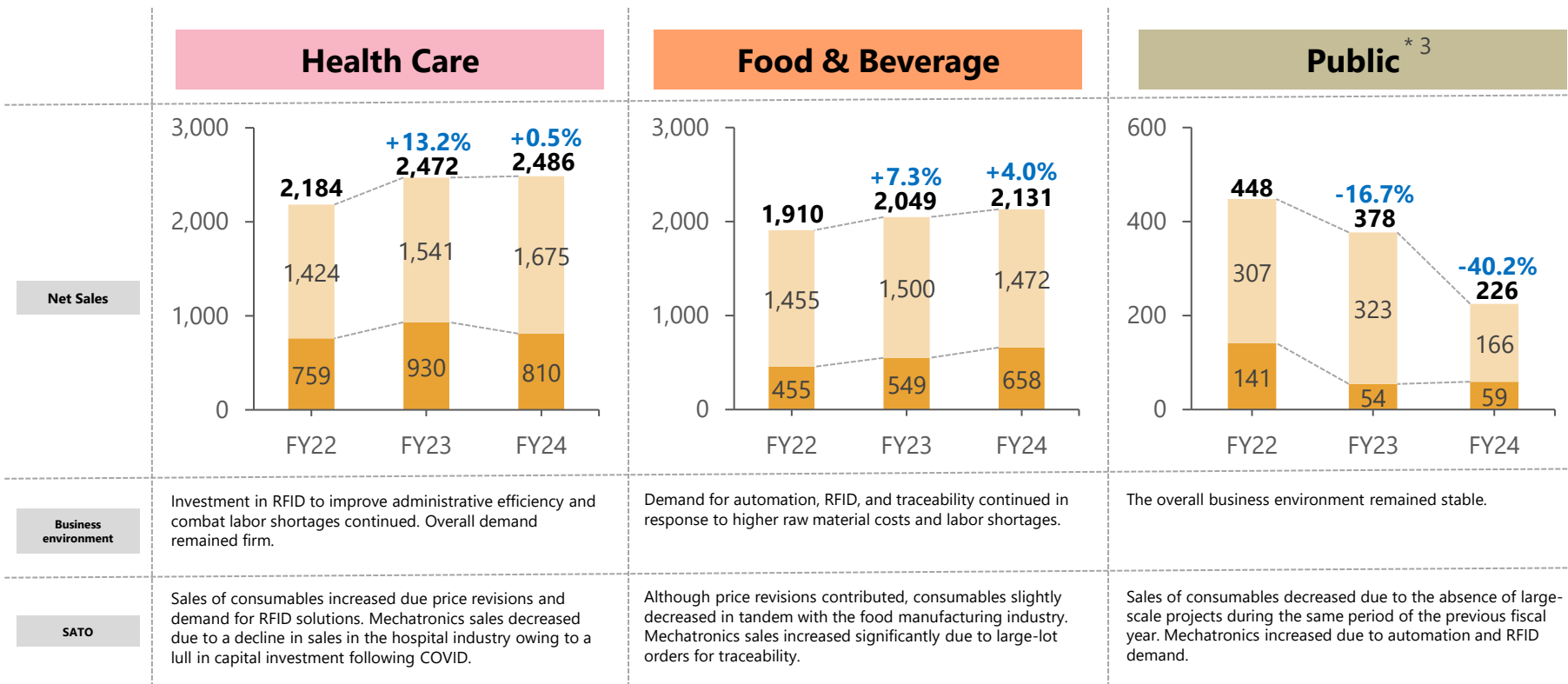
\* 2 From Q1 FY24, sales of maintenance services have been partially included in Mechatronics. The graphs retroactively reflect the change.

\* 3 From Q1 FY23, the classification of some industries has changed from public to logistics. The graphs retroactively reflect the change.

# Sales by Vertical 2/2<sup>\*2</sup>

■ : Mechatronics ■ : Consumables (% indicates YoY change)

(Millions of JPY)





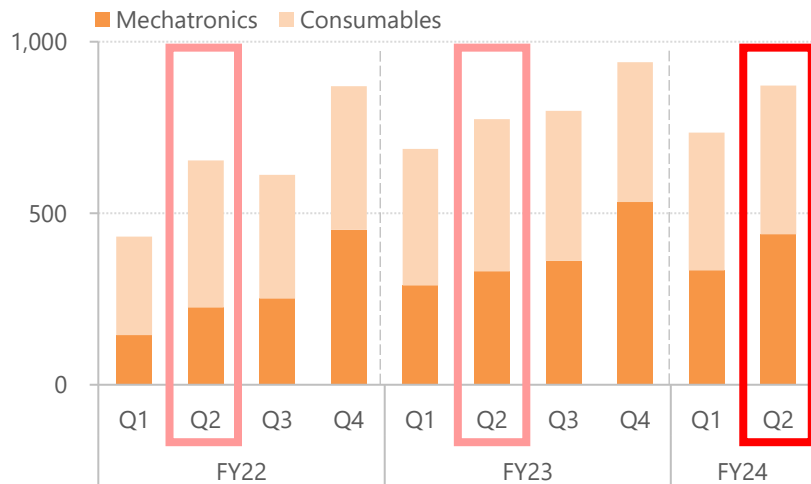
## RFID and Automation Sales

Both solutions continued to perform steadily, driven by robust DX demand and labor shortage. RFID growth was driven by manufacturing customers. Despite increased sales for retail and healthcare, automation declined overall due to drop off in large-scale projects seen last year.

## RFID



Q2 FY24: +13.0% YoY

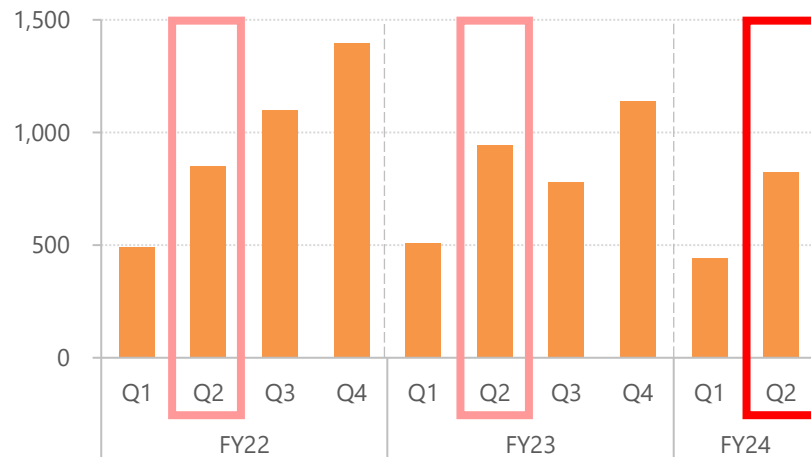


## Automation\*

(Millions of JPY)



Q2 FY24: -12.7% YoY



\* Automation includes hardware and software sales (not consumables, service and maintenance).

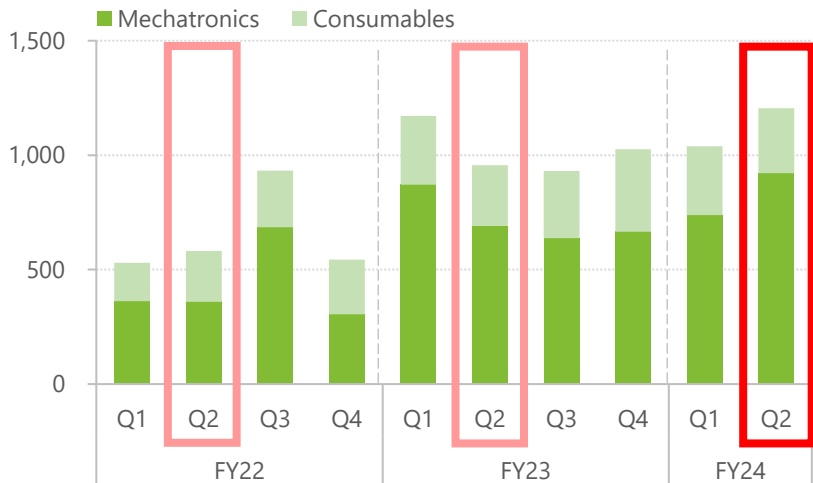
## RFID and Automation Sales

Both solutions continued to perform steadily, driven by robust DX demand and labor shortage.  
RFID increased thanks to large-scale orders in manufacturing.  
Automation increased due to large-scale retail projects, despite the economic downturn in the U.S. and Europe.

### RFID



Q2 FY24: +**26.0%** YoY



### Automation\*

(Millions of JPY)



Q2 FY24: +**22.2%** YoY



\* Automation only includes hardware sales.

## FY24 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		FY24			
	Results	YoY	Revised Plan As of Nov 13, 2024	YoY	Previous Plan As of May 15, 2024	Revised Plan As of Nov 13, 2024	Change	YoY
Net Sales	76,090	+9.0%	77,409	+5.1%	151,000	153,500	+2,500	+7.0%
Operating Income	5,778	+25.1%	5,621	-2.5%	10,400	11,400	+1,000	+9.8%
Ordinary Income	4,883	+13.4%	5,516	+18.5%	10,200	10,400	+200	+16.1%
Profit attributable to owners of parent	3,028	+52.0%	3,571	2.3x	6,400	6,600	+200	+85.1%
<Reference>								
EBITDA <sup>*</sup>	15,456	← FY23			15,900	16,900	+1,000	+9.3%

\* EBITDA = Operating Income + Depreciation + Amortization

FX assumption for FY24: JPY 145/USD, JPY 160/EUR (Initially: JPY 145/USD, JPY 155/EUR)

Average FX for Apr-Sep FY24: JPY 152.78/USD, JPY 166.06/EUR

Average FX for FY23: JPY 144.58/USD, JPY 156.74/EUR

## FY24 Forecasts <Breakdown>

Full-year consolidated sales were revised upward by JPY 2,500 mil and OI by JPY 1,000 mil.

Breakdown of OI revision: Overseas Base business +250 mil, Overseas Primary business +900 mil,

Overseas eliminations -50 mil, Japan business unchanged, consolidated eliminations -100 mil.

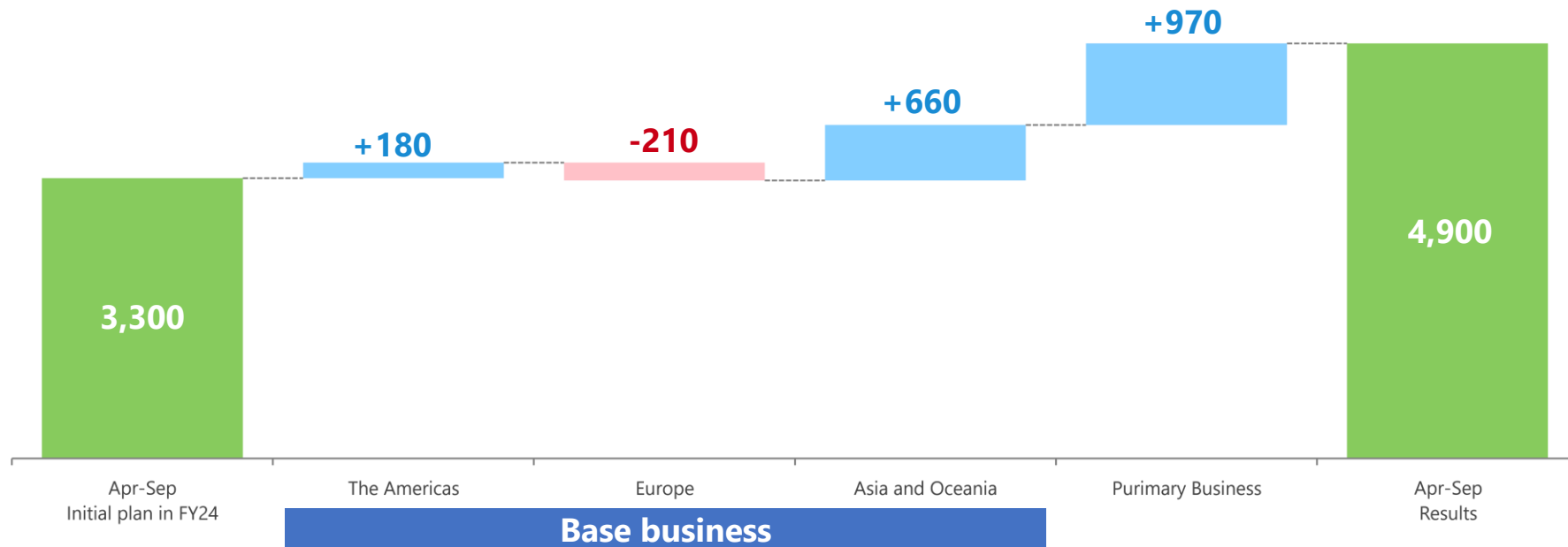
(Millions of JPY)

		Apr-Sep			Oct-Mar			FY24		
		Initial Plan	Results	Change	Initial Plan	Revised Plan	Change	Initial Plan	Revised Plan	Change
Overseas (Base business)	Net Sales	25,620	26,161	+541	26,380	26,338	-41	52,000	52,500	+500
	Operating Income	1,670	2,330	+660	1,930	1,519	-410	3,600	3,850	+250
Overseas (Primary business)	Net Sales	9,980	12,383	+2,403	10,020	9,616	-403	20,000	22,000	+2,000
	Operating Income	1,630	2,592	+962	1,470	1,407	-62	3,100	4,000	+900
Overseas (Eliminations)	Operating Income	0	-33	-33	0	-16	-16	0	-50	-50
Overseas	Net Sales	35,600	38,545	+2,945	36,400	35,954	-445	72,000	74,500	+2,500
	Operating Income	3,300	4,889	+1,589	3,400	2,910	-489	6,700	7,800	+1,100
Japan	Net Sales	38,000	37,545	-454	41,000	41,454	+454	79,000	79,000	+0
	Operating Income	1,500	959	-540	2,200	2,740	+540	3,700	3,700	+0
Eliminations	Operating Income	0	-70	-70	0	-29	-29	0	-100	-100
Consolidated	Net Sales	73,600	76,090	+2,490	77,400	77,409	+9	151,000	153,500	+2,500
	Operating Income	4,800	5,778	+978	5,600	5,621	+21	10,400	11,400	+1,000

## Overseas Business: Apr-Sep Operating Income vs. Initial Plan

Exceeded plan mainly due to strong performance in Base business in Asia and Oceania and Primary business.

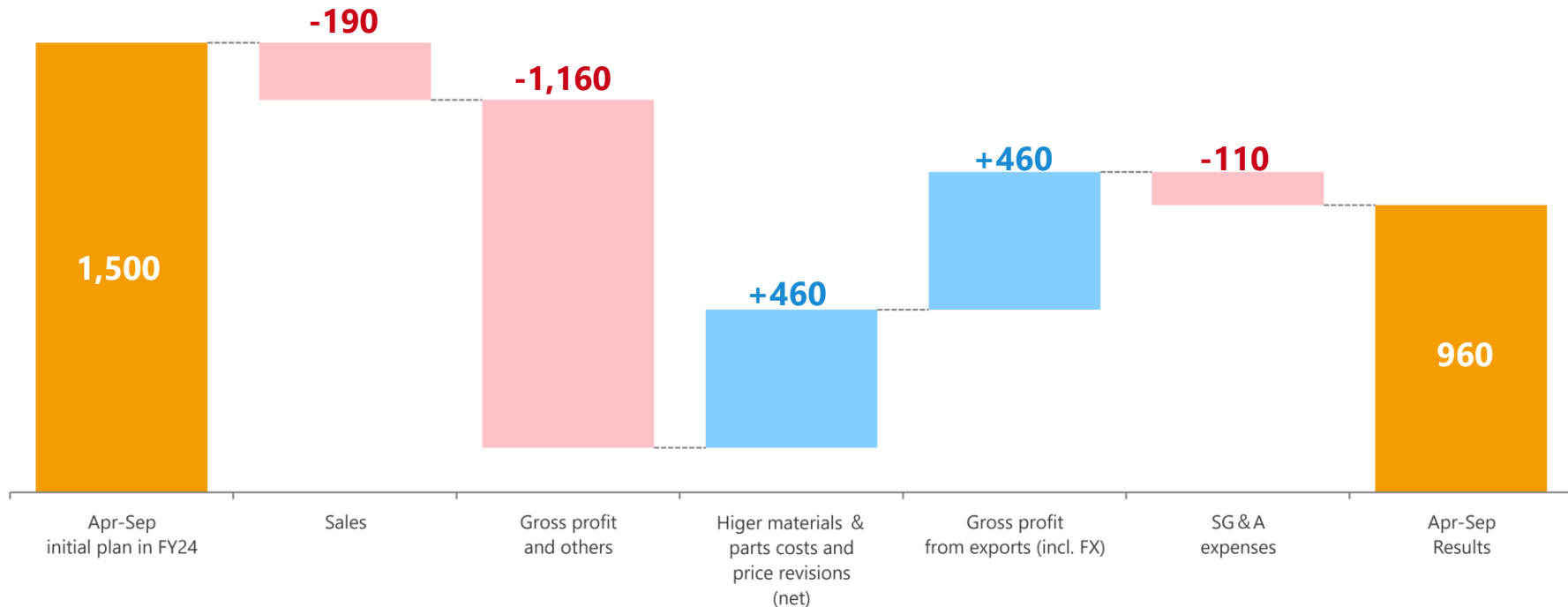
(Millions of JPY)



## Japan Business: Apr-Sep Operating Income vs. Initial Plan

Failed to meet plan due to below-target sales behind weak Q1 mechatronics sales and deterioration in product mix.

(Millions of JPY)



## Oct-Mar Outlook by Region/Business and Vertical

## Overseas

	The Americas	Europe	Asia/Oceania	Primary Labels
Forecasts	<ul style="list-style-type: none"> <li>● Retail investment remains sluggish due to the economic downturn.</li> <li>● Printer inventory adjustments by distributors have almost run their course.</li> <li>● Inquiries from major customers have been busy due to labor shortages.</li> </ul>	<ul style="list-style-type: none"> <li>● Investment remains sluggish due to the economic downturn but is expected to see gradual recovery.</li> <li>● Distributor printer inventory adjustments are expected to run their course.</li> <li>● RFID demand from medical device manufacturers continues.</li> </ul>	<ul style="list-style-type: none"> <li>● In Southeast Asia, demand is firm as electrical machinery and electronic components are recovering.</li> <li>● In East Asia, the Chinese economy remains sluggish.</li> <li>● In Oceania, large-lot businesses continue to be promising.</li> </ul>	<ul style="list-style-type: none"> <li>● In South America, inflation curtails demand, but prices are appropriately revised.</li> <li>● In Europe, demand for household goods remains strong.</li> <li>● Demand for high-value-added products in Europe remains firm. Competitive environment for existing primary labels is expected to intensify.</li> </ul>

## Japan

	Manufacturing	Logistics	Retail	Health Care	Food & Beverage
Forecasts	<ul style="list-style-type: none"> <li>● Expect further recovery in semiconductor-related business.</li> <li>● Logistics related business negotiations in various industries are on the rise.</li> <li>● Delayed businesses due to certification issues in the automobile industry may pose opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>● Investment continues in efficiency improvement such as auto labeling.</li> <li>● Demand continues related to the '2024 logistics issue' (shortage of truck drivers).</li> <li>● Business negotiations related to inbound tourism have become evident.</li> </ul>	<ul style="list-style-type: none"> <li>● Investment appetite is robust behind strong performance by major retailers.</li> <li>● Investment in efficiency such as for AI is set to increase to combat labor shortage.</li> <li>● Increased demand for standardization due to diversification of workers and work styles.</li> </ul>	<ul style="list-style-type: none"> <li>● High investment appetite among medical equipment manufacturers.</li> <li>● Efficiency demand for auto labeling, image inspection and RFID continues.</li> <li>● Expect large deals for auto labeling.</li> </ul>	<ul style="list-style-type: none"> <li>● Strong appetite for investment in response to rising costs and labor shortages.</li> <li>● Expect large-scale businesses for traceability to continue.</li> </ul>

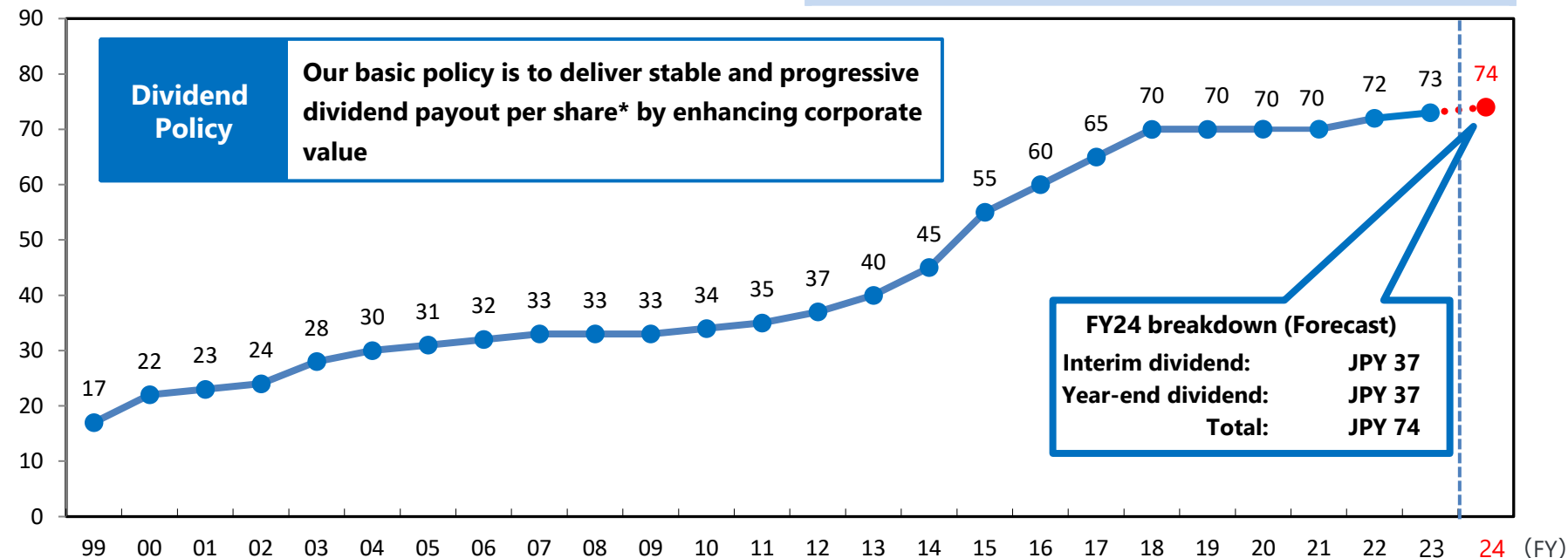
## Dividends

(JPY per share)

**Interim dividend payment of 37 yen is scheduled.  
(up JPY 1 YoY)**

(Unit: JPY)

	FY20	FY21	FY22	FY23	FY24 (Forecast)
EPS	385.9	112.7	126.7	110.0	203.5
ROE	24.4%	6.3%	6.5%	5.2%	9.0%
(Ref.) Payout ratio	18%	62%	57%	66%	36%



\* Our determination to maintain or increase dividend payouts per share each year



**Jul-Sep 2024  
Results**

**Progress of initiatives  
in FY24-28 Medium-Term  
Management Plan**

## Restore profitability in Japan (FY23–26: approx. +3%pt. in operating margins)

### Improve gross margins while keeping SG&A expenses at FY23 levels

1. **Capture demand in key markets**
  - Increase gross profits in health care by 40% in FY26 vs. FY23
  - Focus on manufacturing market
2. **Revise selling prices in timely fashion**
  - Appropriately reflect rising costs of raw material among others to prices
  - Optimize fees for solutions and services
3. **Comprehensively overhaul value chain**
  - Improve productivity and reduce costs by optimizing product lineup
4. **Launch new printers**
  - Capture replacement demand
5. **Shift to profit-based evaluation for sales**
  - Reassess low-margin transactions
  - Expand sales of high-margin solutions

## Drive sustainable & efficient growth overseas (Base & Primary Label businesses) (FY23–26: approx. +6% CAGR in sales)

### Base business sales: JPY 48.3 → 57 bil (FY23 → FY26)

Americas:	JPY 17.3 → 21 bil
Europe:	JPY 11.7 → 14 bil
Asia/Oceania:	JPY 19.3 → 22 bil

#### ■ Efficiently create and scale solutions (details later)

1. Increase consumable sales and profits
2. Expand solutions scaling
3. Redefine roles of Headquarters and overseas operations
4. Create locally-suited solutions

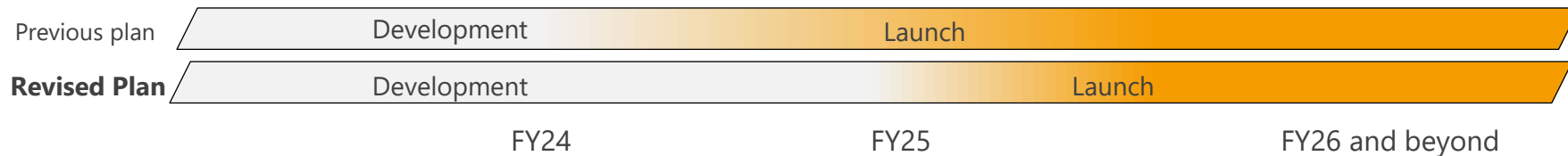
### Primary Labels business sales: JPY 19.6 → 23 bil (FY23 → FY26)

#### ■ Stabilize sales and profits

- Increase production capacity and expand customer proposals of high-value-added products

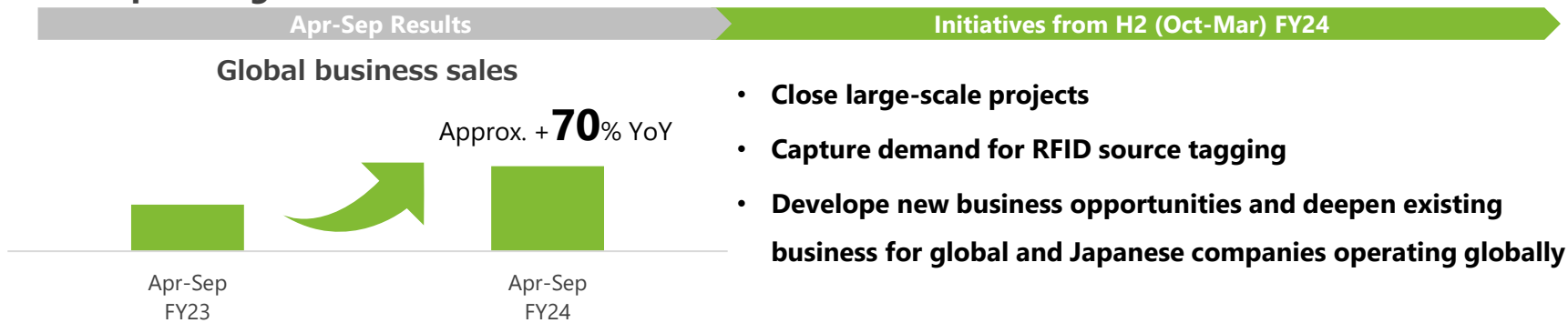
### 4. Launch new printers

- Postponed from FY24 to FY25

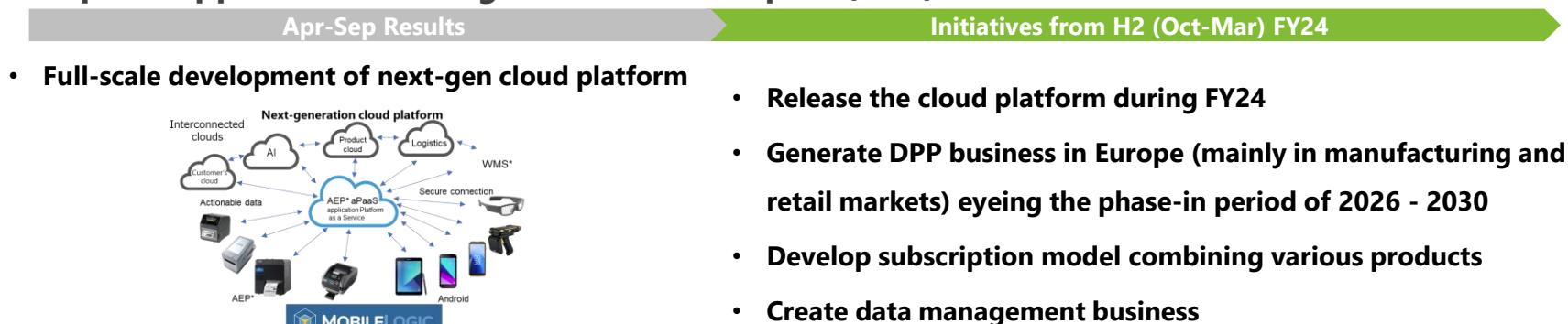


- Background of postponement and countermeasure
  - (Background)
    - Project management shortcomings for a challenging development
  - (Countermeasure)
    - Fundamental restructuring of project management procedures

## 3. Redefine roles of Headquarters and overseas operations Jump-start global business



## 4. Create locally-suited solutions Explore opportunities in Digital Product Passport (DPP)



# Appendix

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Performance data      Pages 30-48

SATO terminologies    Pages 49-52

## FY23 Consolidated net sales: JPY 143,446 million JPY, 100%

86% of consolidated net sales (Breakdown by region: The Americas 16%, Europe 9%, APAC 14%, Japan 61%)

### Base business

**Mechatronics**  
38%

#### Printers



#### Other Hardware



#### Software



#### Services



**Consumables**  
48%

#### Labels & Tags



14% of consolidated net sales (Breakdown by region: The Americas 18%, Europe 82%)

### Primary Labels

#### Stickers & Primary Labels



## Sales and OI by Business Segment

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated		Total Sales	69,786	76,090	+9.0%	+8.4%
		Operating Income	4,620	5,778	+25.1%	+33.3%
Overseas	Base	Total Sales	23,583	26,161	+10.9%	+5.3%
		Operating Income	1,682	2,330	+38.5%	+36.4%
	Primary Labels	Total Sales	9,974	12,383	+24.2%	+33.1%
		Operating Income	2,628	2,592	-1.4%	+13.8%
	Eliminations	Operating Income	204	-33	-	-
	Total	Total Sales	33,557	38,545	+14.9%	+13.5%
		Operating Income	4,515	4,889	+8.3%	+16.3%
Japan	Total Sales	36,229	37,545	+3.6%	+3.6%	
	Operating Income	-103	959	-	-	
Eliminations		Operating Income	208	-70	-	-

## Consolidated Results

(Millions of JPY)

	FY23	FY24	Change	YoY
<b>Net Sales</b>	<b>69,786</b>	<b>76,090</b>	<b>+6,304</b>	<b>+9.0%</b>
<b>Operating Income</b>	<b>4,620</b>	<b>5,778</b>	<b>+1,158</b>	<b>+25.1%</b>
<b>Operating Income %</b>	<b>6.6%</b>	<b>7.6%</b>	<b>+1.0pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>4,307</b>	<b>4,883</b>	<b>+576</b>	<b>+13.4%</b>
<b>Profit attributable to owners of parent</b>	<b>1,991</b>	<b>3,028</b>	<b>+1,036</b>	<b>+52.0%</b>
Effective Tax Rate	28.9%	28.7%	-0.2pt	-
<b>EBITDA*</b>	<b>7,097</b>	<b>8,446</b>	<b>+1,348</b>	<b>+19.0%</b>

**FX sensitivity for FY24: JPY +503 mil in sales and JPY +19 mil in OI for +1 JPY against USD and assuming all others move by the same ratio**

Average FX for Apr-Sep 2024: JPY 152.78/USD, JPY 166.06/EUR (Apr-Sep 2023: JPY 141.05/USD, JPY 153.45/EUR)

\* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Apr-Sep 2024: JPY 2,590 million (Apr-Sep 2023: JPY 2,404 million)

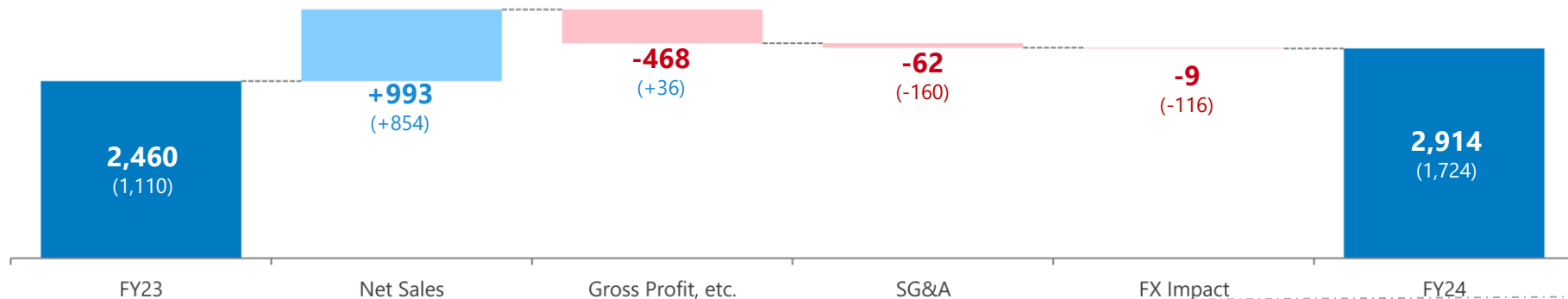
· Amortization for Apr-Sep 2024: JPY 77 million (Apr-Sep 2023: JPY 72 million)



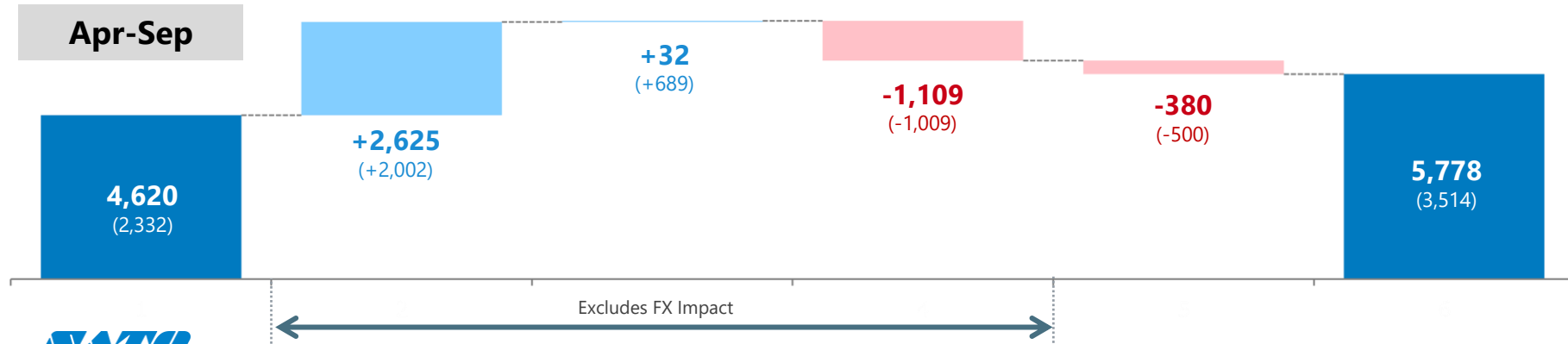
# Major Gains/Losses in OI

(Millions of JPY)

Jul-Sep

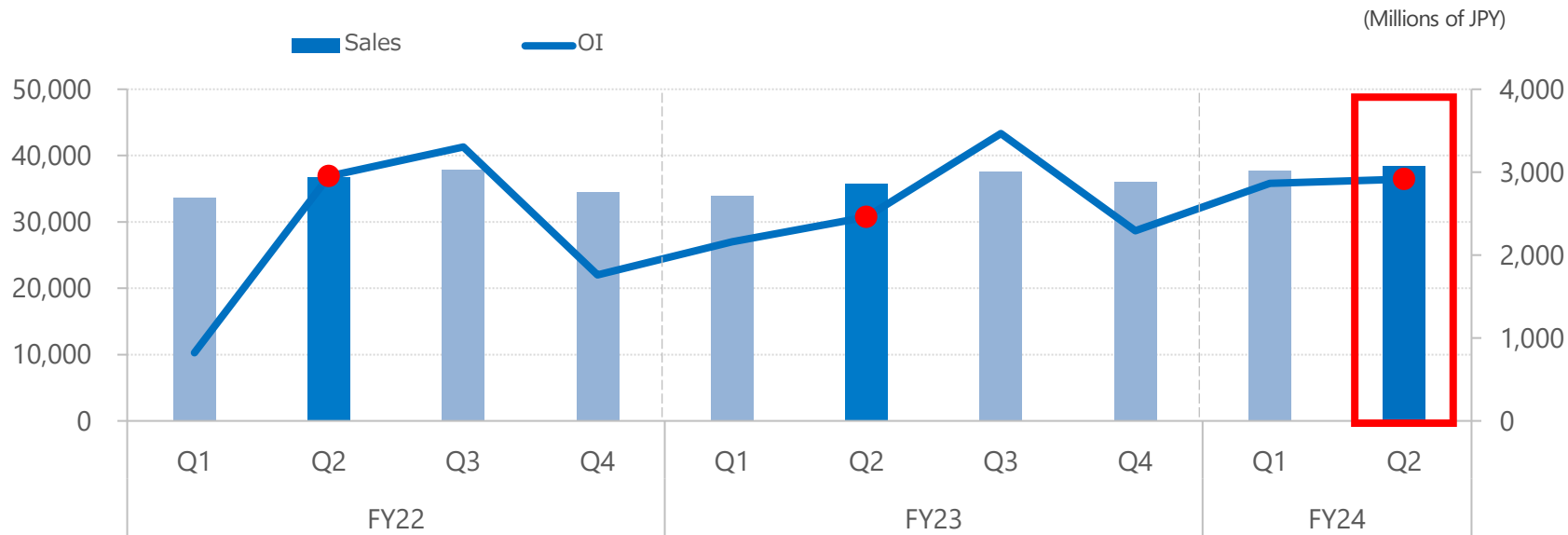


Apr-Sep



\* Figures in parentheses exclude the Russian subsidiaries.

## Quarterly Sales &amp; OI



Sales	33,686	36,777	37,871	34,489	33,989	35,797	37,628	36,031	37,674	38,415
YoY	+11.6%	+22.2%	+17.9%	+6.5%	+0.9%	-2.7%	-0.6%	+4.5%	+10.8%	+7.3%
OI	824	2,951	3,304	1,760	2,160	2,460	3,467	2,295	2,864	2,914
YoY	-51.7%	2.7x	+68.3%	+6.0%	2.6x	-16.6%	+4.9%	+30.4%	+32.6%	+18.4%

## Sales and OI by Region

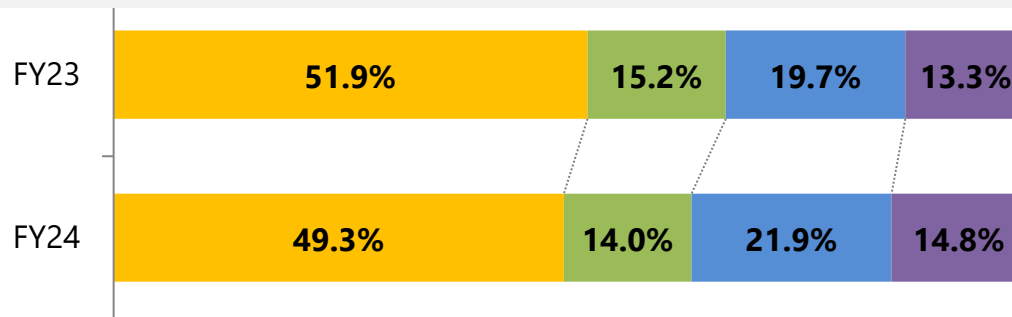
(Millions of JPY)

Japan The Americas Europe Asia/Oceania

## Sales

69,786

76,090

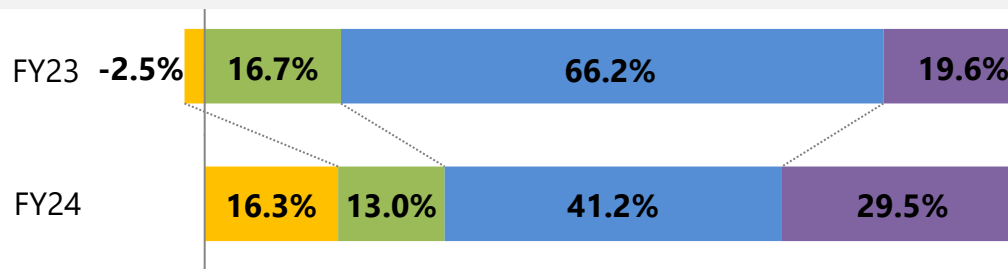


## Operating Income

\* Ratio excludes eliminations.

4,411

5,849

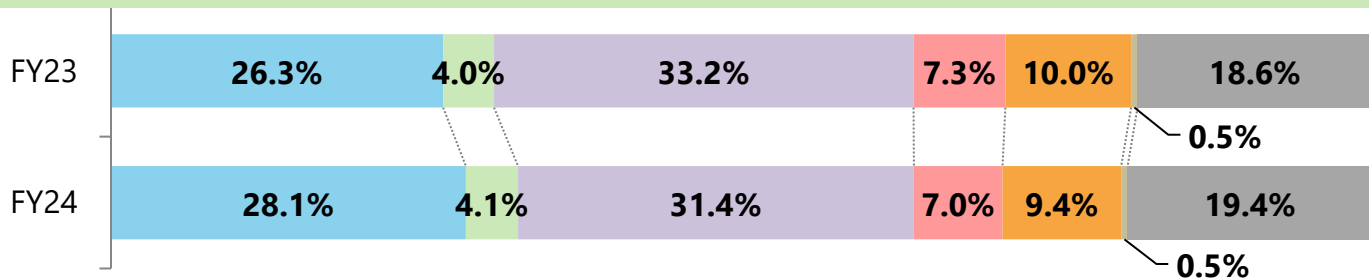


## Sales by Vertical

■ Manufacturing 
 ■ Logistics 
 ■ Retail 
 ■ Health Care 
 ■ Food & Beverage 
 ■ Public 
 ■ Others

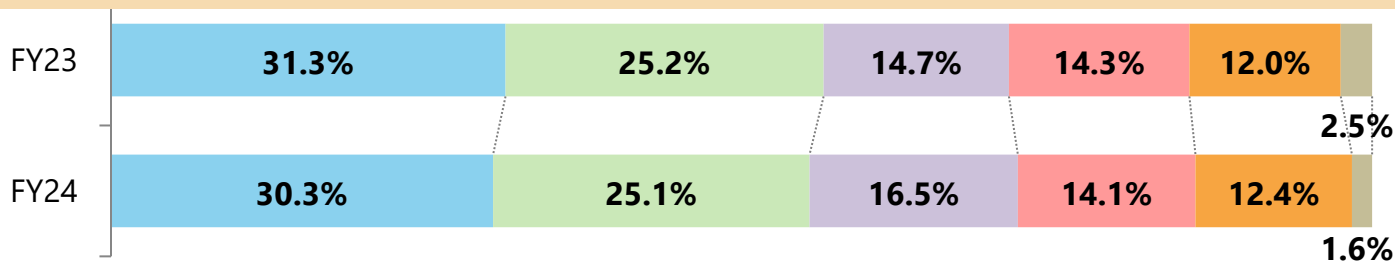
## Overseas

\* Main sales subsidiaries only. Factories & Primary Label companies not included.



## Japan

\* Maintenance services not included



\*From Q1 FY23, the classification of some industries has changed from public to logistics in Japan. The graphs retroactively reflect the change.

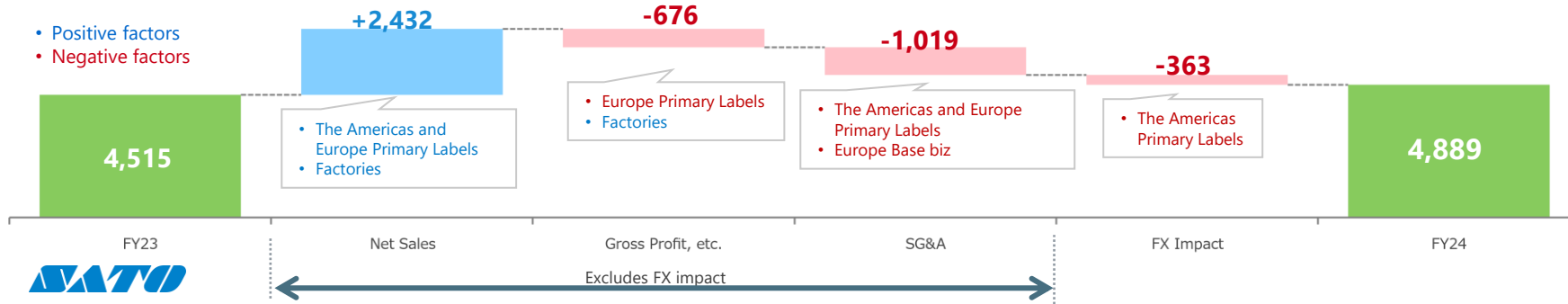
## Overview

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Base business Total Sales	23,583	26,161	+2,578	+10.9%	+5.3%
Primary Labels business Total Sales	9,974	12,383	+2,409	+24.2%	+33.1%
<b>Total Sales</b>	<b>33,557</b>	<b>38,545</b>	<b>+4,987</b>	<b>+14.9%</b>	<b>+13.5%</b>
Gross Profit	13,807	15,455	+1,647	+11.9%	-
Gross Profit %	41.1%	40.1%	-1.0pt	-	-
Base business Operating Income	1,682	2,330	+648	+38.5%	+36.4%
Primary Labels business Operating Income	2,628	2,592	-35	-1.4%	+13.8%
Elimination Operating Income	204	-33	-238	-	-
<b>Operating Income</b>	<b>4,515</b>	<b>4,889</b>	<b>+373</b>	<b>+8.3%</b>	<b>+16.3%</b>
Operating Income %	13.5%	12.7%	-0.8pt	-	-

\* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

## Major Gains/Losses in OI



## The Americas Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
<b>Total Sales</b>	<b>8,766</b>	<b>8,863</b>	<b>+97</b>	<b>+1.1%</b>	<b>-0.6%</b>
<b>Operating Income</b>	<b>278</b>	<b>372</b>	<b>+94</b>	<b>+34.0%</b>	<b>+68.1%</b>

## Europe Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
<b>Total Sales</b>	<b>5,705</b>	<b>6,250</b>	<b>+544</b>	<b>+9.6%</b>	<b>+0.6%</b>
<b>Operating Income</b>	<b>595</b>	<b>250</b>	<b>-344</b>	<b>-57.9%</b>	<b>-61.8%</b>

## Asia/Oceania Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
<b>Total Sales</b>	<b>9,111</b>	<b>11,047</b>	<b>+1,936</b>	<b>+21.3%</b>	<b>+13.8%</b>
<b>Operating Income</b>	<b>809</b>	<b>1,707</b>	<b>+898</b>	<b>2.1x</b>	<b>+97.7%</b>

## Primary Labels business

(Millions of JPY)

		FY23	FY24	Change	YoY	In local currencies
<b>The Americas</b> Achernar (Argentina) Plakorar (Brazil)	<b>Total Sales</b>	<b>1,809</b>	<b>1,787</b>	<b>-22</b>	<b>-1.3%</b>	<b>+79.1%</b>
	<b>Operating Income</b>	<b>422</b>	<b>391</b>	<b>-31</b>	<b>-7.5%</b>	<b>2.1x</b>
<b>Europe</b> Okil/ X-pack (Russian)	<b>Total Sales</b>	<b>8,028</b>	<b>10,401</b>	<b>+2,372</b>	<b>+29.6%</b>	<b>+22.7%</b>
	<b>Operating Income</b>	<b>2,190</b>	<b>2,171</b>	<b>-18</b>	<b>-0.8%</b>	<b>-6.1%</b>
<b>Asia/Oceania</b> Hirich (Vietnam)	<b>Total Sales</b>	<b>135</b>	<b>194</b>	<b>+59</b>	<b>+43.7%</b>	<b>+36.7%</b>
	<b>Operating Income</b>	<b>15</b>	<b>29</b>	<b>+14</b>	<b>+92.4%</b>	<b>+83.1%</b>
<b>Total Sales</b>	<b>Total Sales</b>	<b>9,974</b>	<b>12,383</b>	<b>+2,409</b>	<b>+24.2%</b>	<b>+33.1%</b>
	<b>Operating Income</b>	<b>2,628</b>	<b>2,592</b>	<b>-35</b>	<b>-1.4%</b>	<b>+13.8%</b>

\* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

## Sales and OI by Business Segment/Region

(Millions of JPY)

Base business

Primary Labels

The Americas

Europe

Asia/Oceania

## Sales

33,557

FY23

70.3%

29.7%

FY23

31.5%

40.9%

27.6%

38,545

FY24

67.9%

32.1%

FY24

27.6%

43.2%

29.2%

## Operating Income

\* Ratio excludes eliminations.

4,515

FY23

39.0%

61.0%

FY23

16.3%

64.6%

19.1%

4,889

FY24

47.3%

52.7%

FY24

15.5%

49.2%

35.3%

## OI ratio:

FY23 Base business : 7.1%, Primary Labels : 26.3%FY24 Base business : 8.9%, Primary Labels : 20.9%FY23 The Americas : 6.6%, Europe : 20.3%  
Asia/Oceania : 8.9%FY24 The Americas : 7.2%, Europe : 14.5%  
Asia/Oceania : 15.5%



## Sales and OI Trends by Business Segment and Region

## By Business Segment



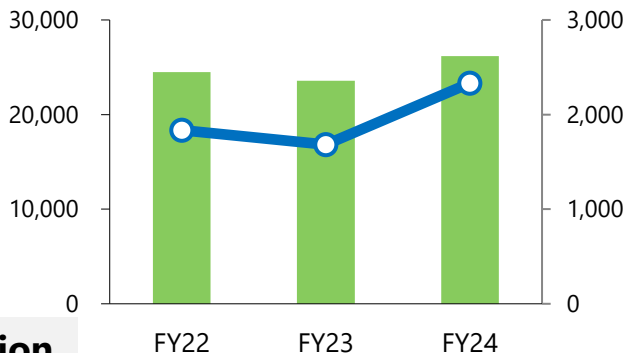
Sales (LHS)



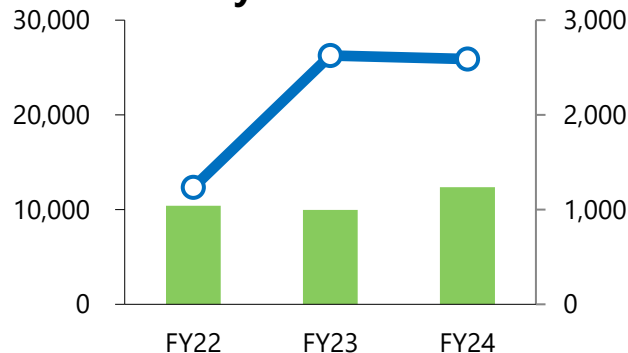
OI (RHS)

(Millions of JPY)

## Base business

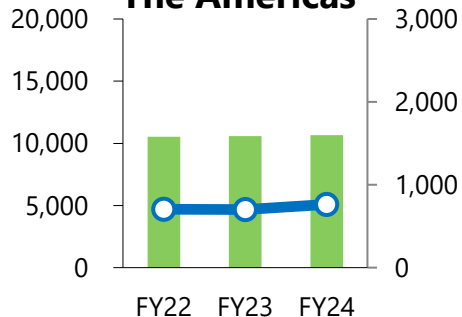


## Primary Labels business

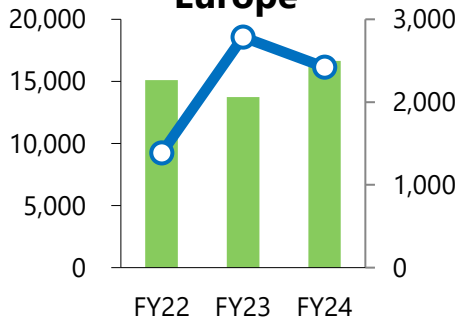


## By Region

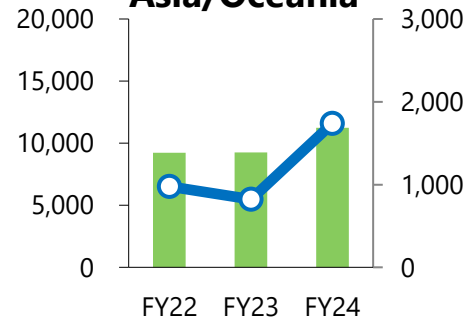
## The Americas



## Europe



## Asia/Oceania



## Overview

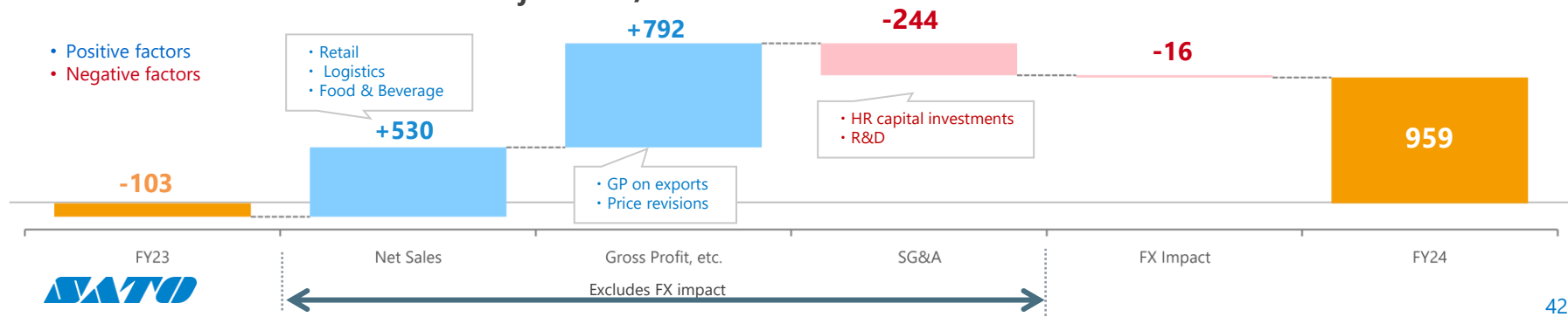
(Millions of JPY)

	FY23	FY24	Change	YoY
Mechatronics Sales	13,773	14,407	+633	+4.6%
Consumables Sales	22,455	23,138	+682	+3.0%
<b>Total Sales</b>	<b>36,229</b>	<b>37,545</b>	<b>+1,316</b>	<b>+3.6%</b>
Gross Profit	15,512	16,819	+1,307	+8.4%
Gross Profit %	42.8%	44.8%	+2.0pt	-
<b>Operating Income</b>	<b>-103</b>	<b>959</b>	<b>+1,063</b>	-
Operating Income %	-	2.6%	-	-

Mechatronics: Hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services.

Consumables: Products such as variable information labels, RFID tags, primary labels (product labels) and ribbons.

## Major Gains/Losses in OI

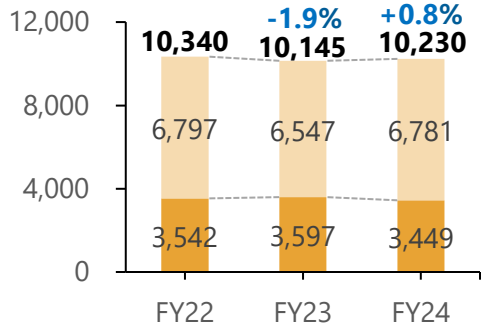


# Sales by Vertica

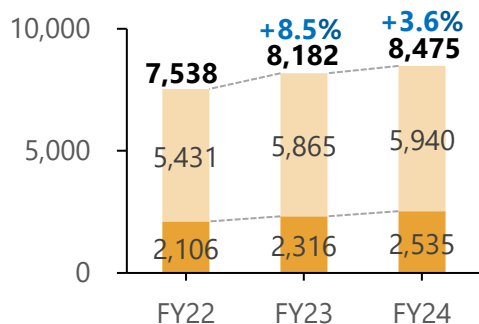
■ : Mechatronics ■ : Consumables \* % indicates YoY change

(Millions of JPY)

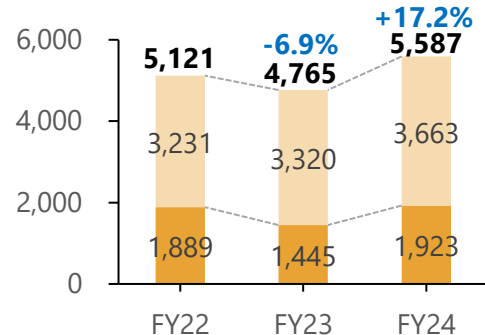
## Manufacturing



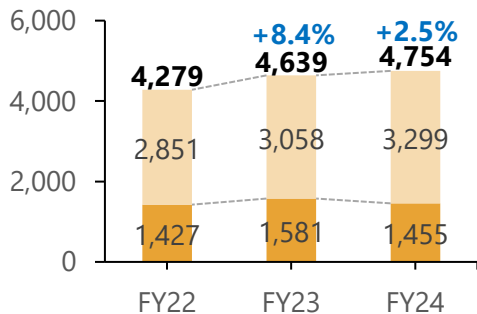
## Logistics<sup>\*2</sup>



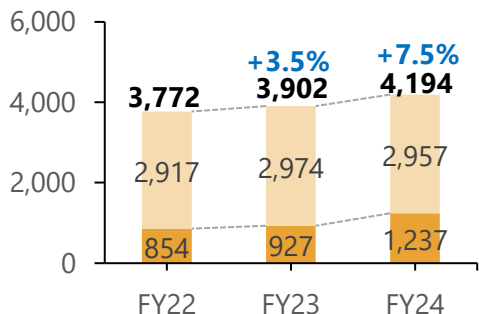
## Retail



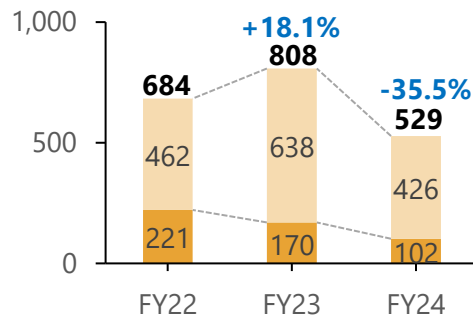
## Health Care



## Food & Beverage



## Public<sup>\*2</sup>



\* 1 From Q1 FY24, sales of maintenance services have been partially included in Mechatronics. The graphs retroactively reflect the change

\* 2 From Q1 FY23, the classification of some industries has changed from public to logistics. The graphs retroactively reflect the change.

## Sales and OI by Business Segment (Figures exclude the Russian subsidiaries)

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated		Total Sales	31,455	32,918	+4.7%	+5.7%
		Operating Income	1,110	1,724	+55.2%	+65.8%
Overseas	Base	Total Sales	11,806	12,806	+8.5%	+6.5%
		Operating Income	679	1,053	+55.1%	+58.4%
	Primary Labels	Total Sales	956	919	-3.8%	+55.0%
		Operating Income	159	100	-37.0%	+25.3%
	Eliminations	Operating Income	157	-40	-	-
	Total	Total Sales	12,762	13,726	+7.6%	+10.2%
		Operating Income	996	1,113	+11.7%	+24.0%
Japan	Total Sales	18,692	19,191	+2.7%	+2.7%	
	Operating Income	106	773	7.3x	7.2x	
Eliminations		Operating Income	7	-162	-	-

## Consolidated Results

(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY23	FY24	Change	YoY
<b>Net Sales</b>	<b>31,455</b>	<b>32,918</b>	<b>+1,462</b>	<b>+4.7%</b>
<b>Operating Income</b>	<b>1,110</b>	<b>1,724</b>	<b>+613</b>	<b>+55.2%</b>
<b>Operating Income %</b>	<b>3.5%</b>	<b>5.2%</b>	<b>+1.7pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>1,005</b>	<b>1,381</b>	<b>+376</b>	<b>+37.4%</b>
<b>Profit attributable to owners of parent</b>	<b>-46</b>	<b>1,117</b>	<b>+1,164</b>	<b>-</b>
Effective Tax Rate	157.9%	18.6%	-139.3pt	-
<b>EBITDA*</b>	<b>2,245</b>	<b>2,920</b>	<b>+674</b>	<b>+30.0%</b>

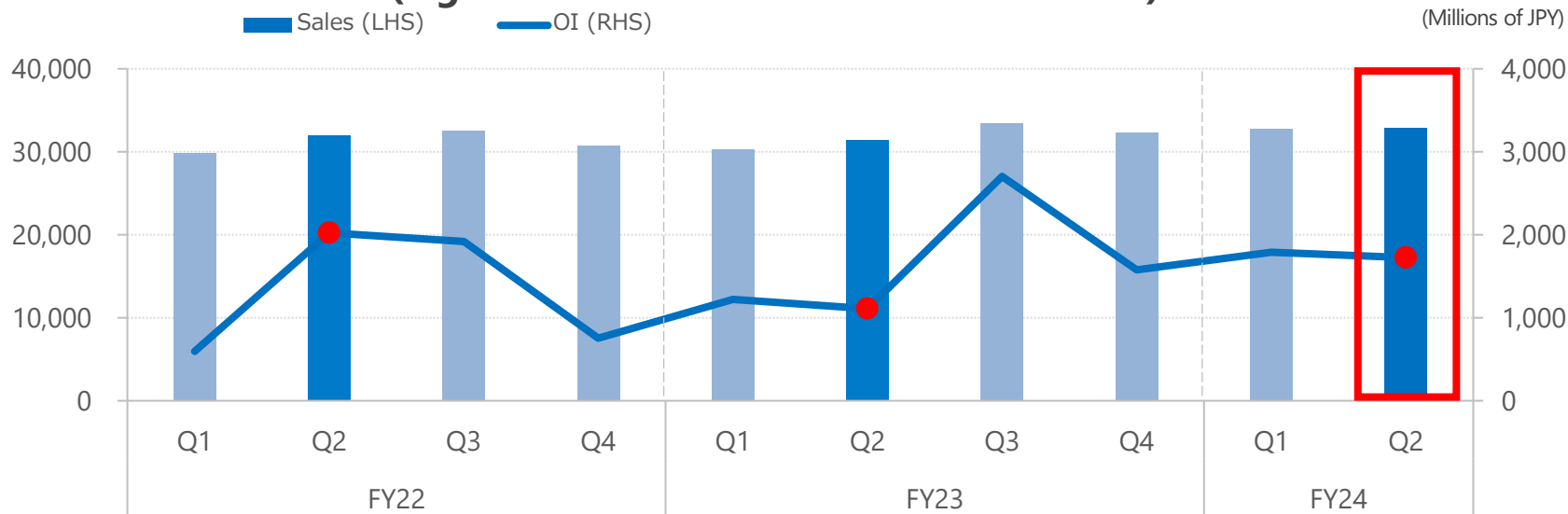
Average FX for Apr-Sep 2024: JPY 152.78/USD, JPY 166.06/EUR (Apr-Sep 2023: JPY 141.05/USD, JPY 153.45/EUR)

\* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Jul-Sep 2024: JPY 1,157 million (Jul-Sep 2023: JPY 1,100 million)

· Amortization for Jul-Sep 2024: JPY 38 million (Jul-Sep 2023: JPY 34 million)

## Quarterly Sales & OI (Figures exclude the Russian subsidiaries)



Sales	29,818	32,001	32,588	30,748	30,301	31,455	33,433	32,257	32,770	32,918
YoY	+6.8%	+15.2%	+10.5%	+2.9%	+1.6%	-1.7%	+2.6%	+4.9%	+8.1%	+4.7%
OI	598	2,024	1,919	755	1,222	1,110	2,704	1,577	1,789	1,724
YoY	-60.2%	2.3x	+6.8%	-35.6%	2.0x	-45.1%	+40.9%	2.1x	+46.5%	+55.2%

## Sales and OI by Business Segment (Figures exclude the Russian subsidiaries)

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated		Total Sales	61,757	65,688	+6.4%	+6.5%
		Operating Income	2,332	3,514	+50.6%	+72.1%
Overseas	Base	Total Sales	23,583	26,161	+10.9%	+5.3%
		Operating Income	1,682	2,330	+38.5%	+36.4%
	Primary Labels	Total Sales	1,945	1,981	+1.9%	+76.1%
		Operating Income	340	327	-3.7%	2.5x
	Eliminations	Operating Income	204	-33	-	-
	Total	Total Sales	25,528	28,143	+10.2%	+10.7%
		Operating Income	2,227	2,624	+17.8%	+39.5%
Japan	Total Sales	36,229	37,545	+3.6%	+3.6%	
	Operating Income	-103	959	-	-	
Eliminations		Operating Income	208	-70	-	-

## Consolidated Results

(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY23	FY24	Change	YoY
<b>Net Sales</b>	<b>61,757</b>	<b>65,688</b>	<b>+3,931</b>	<b>+6.4%</b>
<b>Operating Income</b>	<b>2,332</b>	<b>3,514</b>	<b>+1,181</b>	<b>+50.6%</b>
<b>Operating Income %</b>	<b>3.8%</b>	<b>5.3%</b>	<b>+1.6pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>2,229</b>	<b>2,773</b>	<b>+543</b>	<b>+24.4%</b>
<b>Profit attributable to owners of parent</b>	<b>731</b>	<b>1,715</b>	<b>+984</b>	<b>2.3x</b>
Effective Tax Rate	42.6%	37.2%	-5.4pt	-
<b>EBITDA*</b>	<b>4,564</b>	<b>5,872</b>	<b>+1,308</b>	<b>+28.7%</b>

Average FX for Apr-Sep 2024: JPY 152.78/USD, JPY 166.06/EUR (Apr-Sep 2023: JPY 141.05/USD, JPY 153.45/EUR)

\* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Apr-Sep 2024: JPY 2,281 million (Apr-Sep 2023: JPY 2,158 million)

· Amortization for Apr-Sep 2024: JPY 77 million (Apr-Sep 2023: JPY 72 million)



(\*) Underlined terms are described under its own heading

SATO-unique business concepts/initiatives		Description*
1	<b>Auto-ID Solutions business</b>	Our business that carries out <u>DCS &amp; Labeling</u> . It is specifically about integrating barcode printers/labels, software and services designed in-house with products and technologies from partners to resolve customers' worksite issues. This business is separated into Overseas and Japan segments, with the former comprised of the <u>Base</u> and the <u>Primary Labels businesses</u> .
2	<b>DCS &amp; Labeling</b> (DCS: Data Collection Systems)	SATO's business model that incorporates auto-ID technology (such as barcodes and <u>RFID</u> ) with barcode printers and labels/labeling services to (a) systematically collect data on people and things at business sites and (b) offer <u>tagging</u> /labeling of information, using accurate, efficient and optimized solutions. In line with increasingly sophisticated user needs, SATO also pursues a policy of open innovation and partnerships to provide value-added technologies such as image/voice recognition, location tracking and sensors to its legacy business model to better solve customer challenges.
3	<b>Base business</b>	Business of <u>tagging</u> variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
4	<b>Primary Labels business</b>	Overseas business of <u>tagging</u> fixed information via product labels and other media. This business operates from SATO Group companies; <u>Achernar</u> (Argentina), <u>Prakolar</u> (Brazil), <u>Okil</u> (Russia), <u>X-Pack</u> (Russia) and <u>Hirsch</u> (Vietnam).
5	<b>Tagging</b>	The process of physically attaching to something data that identifies and/or locates it. This involves digitizing information of the things it is tagged to so that the tagged data can be fed to and processed by core IT systems. This domain, connecting people and things with information, has remained central to SATO's business, ever since our days of pioneering in hand labelers that attached price and other information to products.
6	<b>Koto-uri</b> (Selling the solution, not the product)	Sales approach of selling not the product but combinations of products in the form of solutions that include hardware, <u>consumables</u> , maintenance services and software, together with ROI and other value propositions for the customer. The opposite concept of "Mono-uri" or selling single products.
7	<b>PUT</b> (Perfect and Unique Tagging)	A high-level problem-solving tagging technology that makes it possible to trace complete and unique individual information by tagging not only proprietary data such as IDs but also position and status information obtained from sensors to objects and people. The status can be identified and managed by fully automated reading integrated with the operation without manual intervention. Through solutions utilizing PUT, we aim to address not only on-site issues at individual customers but also common issues for society as a whole.

SATO-unique business concepts/initiatives		Description
8	<b>Genbaryoku</b>	Our core competency of going to customer sites to understand their operations and identify the essence of issues to offer optimized solutions. It is our ability to (1) address a wide range of market, industry and application needs with our expertise in sites of operations, (2) integrate products, services and technologies into solutions, working together with strategic partners, and (3) offer maintenance services and solutions continuously to build trust and establish lasting relationships with customers.
9	<b>Teiho</b>	System of reports and proposals in effect since 1976. Employees share new information and ideas they come across on-site every day with top management via the Teiho system. Teiho helps top management gain immediate insight into the internal/external business situation to facilitate quick decision-making and execution of initiatives, while allowing "participation by all" in the management of the company. As Teiho reports are directly addressed to top management, it is also an effective means of compliance monitoring to prevent malpractice and other inappropriate behavior and assist in corporate governance. Some of our global offices have also started Teiho, with more to follow.
Products, services, Technologies		Description
1	<b>Auto-ID Solutions</b>	Combination of products such as printers, labels, software and maintenance services using auto-ID technologies to carry out <u>DCS &amp; Labeling</u> . To meet ever complex and diverse customer challenges, SATO also looks beyond its own resources and interests by pursuing partnerships, for example, to enable location technologies to track items by tags and inventory/worker movements in real time for managing manufacturing processes and visualizing productivity on-site.
2	<b>Mechatronics</b>	All products that are not <u>consumables</u> , including hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services. They generate higher gross profit margin than <u>consumables</u> . Printers are manufactured in Malaysia, Vietnam and Taiwan.
3	<b>Consumables</b>	"Consumable" products such as <u>variable information labels</u> , <u>RFID tags</u> , primary labels (product labels) and ribbons. They generate lower gross profit margin than <u>mechatronics</u> but incur low SG&A expenses ratio as they are typically sold through recurring business.
4	<b>Variable information labels</b>	Blank or pre-printed labels used to print information elements such as barcode, product price and manufactured or expiry date that vary with every customer's site of operation. Unlike fixed information labels that are identical and printed at large quantities in a single run, variable information labels can be printed on-demand as and when needed.

Products, services, technologies		Description
5	<b>RFID</b> (Radio Frequency Identification)	A type of auto-ID technology that uses radio waves to read/write data from/to an RFID tag without making contact. RFID offers faster read rates (from reading multiple tags at the same time) and greater read range than traditional barcode technology. Also, unlike barcodes, RFID tags can be read when covered by another object or stained and are read/write-capable to enable updates to the encoded data. Because of these key benefits, RFID can significantly improve operational efficiency.
6	<b>SOS</b> (SATO Online Services)	A cloud-based monitoring service for printers that enables preventative maintenance and on-the-spot troubleshooting. With SOS, users can view the status of their cloud-connected printers at a glance and manage them centrally with ease, while SATO can increase productivity of its service personnel, allowing for even small service teams (as is often the case overseas) to provide improved support.
7	<b>AEP</b> (Application Enabled Printing)	A powerful on-board intelligence which enables customization of printer operation. Printers can link to other systems on a stand-alone basis, without going through any computers.
8	<b>Source tagging</b>	A supply chain management practice of instructing vendors or suppliers to affix labels containing specified information of products upon delivery.

Key acquisitions since 2012		Description
1	<b>Argox Information Co., Ltd.</b> (Taiwan)	[2012] Company engaging in the development, production and sales of entry level printers.
2	<b>Achernar S.A.</b> (Argentina)	[2012] Company specializing in primary labels.
3	<b>Magellan Technology Pty Ltd.</b> (Australia)	[2013] Company from which SATO acquired its business including PJM (Phase Jitter Modulation), a highly superior RFID technology that can quickly and accurately identify large volumes of tagged items stacked or stored in any physical orientation even in the presence of metals and liquids. Now SATO Vicinity Pty Ltd.
4	<b>Okil-Holding, JSC</b> (Russia)	[2014] Primary labels company in which SATO acquired 75% ownership stake. <u>X-Pack</u> is affiliated with Okil.
5	<b>Prakolar Rótulos Autoadesivos LTDA.</b> (Brazil)	[2015] Company specializing in primary labels.
6	<b>High Rich Trading &amp; Service Corporation</b> (Vietnam)	[2017] Primary labels company in which SATO acquired 49% ownership stake. Commonly known as Hirich.
7	<b>Stafford Press, Inc.</b> (U.S)	[2023] Company engaging in production and sales of horticulture tags and labels, and inkjet printers for on-demand color printing of such tags and labels.
Overseas subsidiaries founded after 2017		Description
1	<b>X-Pack</b> (Russia)	[2017] A subsidiary producing and selling shrink sleeves, in-mold labels and soft packages in <u>Primary Labels business</u> , owned 60% by SATO Holdings.



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