

November 13, 2024

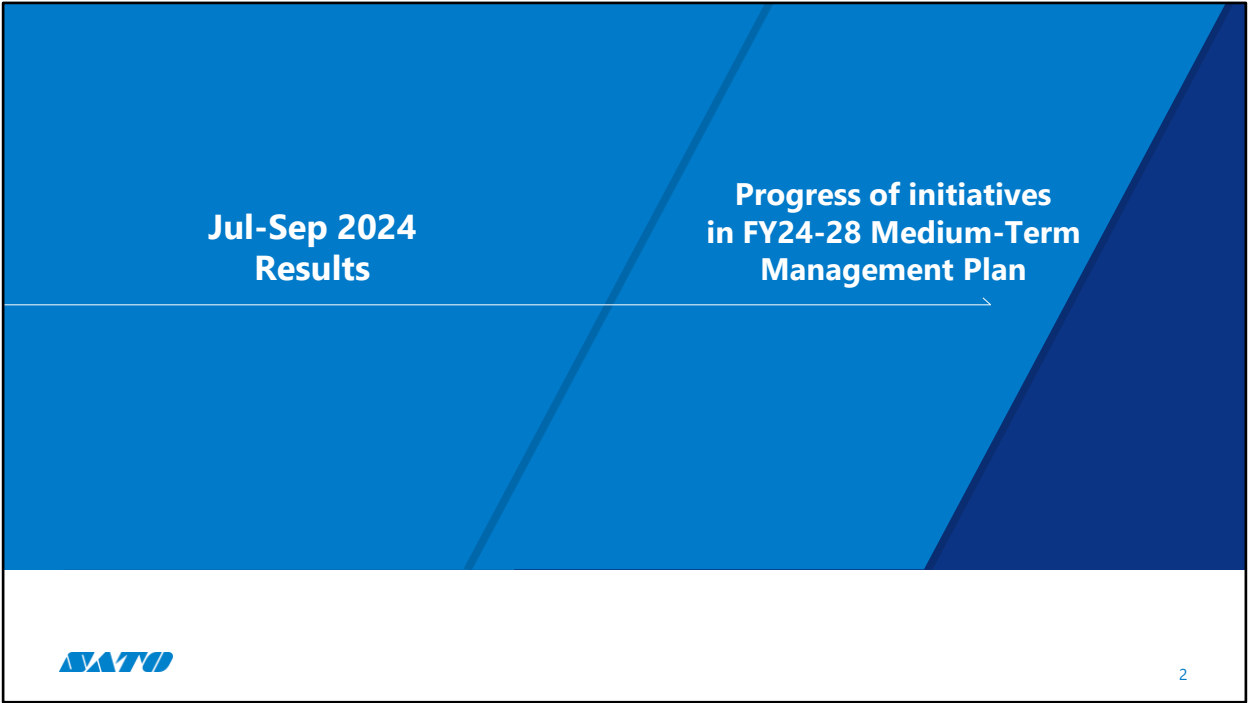
SATO HOLDINGS CORPORATION

Q2 FY2024 Financial Results

(Six Months Ended September 30, 2024)

Securities Code: 6287.T

- I am Konuma.
- Thank you for taking time out of your busy schedule to join us today.
- Let's get started.



●Today, I will explain in two parts, “Jul-Sep 2024 Results” and “Progress of initiatives in FY24-28 Medium-Term Management Plan”.

**Jul-Sep 2024
Results**

**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.



●The following are the highlights of our financial results.

●First, regarding the Jul-Sep results, both sales and OI increased YoY on a consolidated basis. As FQ2, sales set a record high and OI was the second highest after FY22.

●The combined total of the Base business and the Primary Labels business showed an increase in sales and decrease in OI. Sales and OI increased in Japan.

●Overseas Base business: Sales and OI increased due to strong performance in Asia and Oceania and positive impact of foreign exchange.

●In the Overseas Primary business, although there was a decline in demand due to inflation in South America, solid demand in Russian subsidiaries made up for it and sales increased. However, OI decreased due to intensified competition in Russia.

●In the Japan business, sales and OI increased due to growth in mechatronics sales that captured demand in response to the '2024 logistics issue' (shortage of truck drivers) and price revision of consumables.

●Compared to the internal plan, the Overseas business exceeded the plan, and the Japan business was almost in line.

●In the Overseas business, although the sales plan for the Base business was not achieved mainly in Europe and the U.S., the improvement in profitability at the Asian factories due to the increase in printer sales, the strong performance of the Australian subsidiary, and the increase in sales of high-value-added products in the Primary business contributed.

●In the Japan business, increase in mechatronics sales by capturing the above-mentioned demand and revisions of consumable prices progressed as planned.

●With regard to the full-year outlook, the Company has revised upward its consolidated sales and OI forecasts considering the favorable results of both the Overseas Base business and the Primary business in Apr-Sep.

●Details will be explained on the following pages.

Sales and OI by Business Segment^{*2}

(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.

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- From this slide onward, analyses are provided on a year-on-year comparison basis.
- The table shows figures related to the summary from the previous slide.
- Please refer to P.31 for Apr-Sep results and Appendix P.44 for the results excluding Russian subsidiaries.

Consolidated Results⁺²

(Millions of JPY)

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

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.

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- This slide shows the consolidated results.
- The improvement in the operating income margin was mainly due to the improvement in the Japan business.
- As a result of JPY appreciation against various currencies at September end, the effective tax rate has decreased significantly from the same period of the previous year.

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%
Total Sales	17,104	19,223	+2,119	+12.4%	+11.5%
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	-	-
Operating Income	2,346	2,303	-43	-1.8%	-1.2%
Operating Income %	13.7%	12.0%	-1.7pt	-	-

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

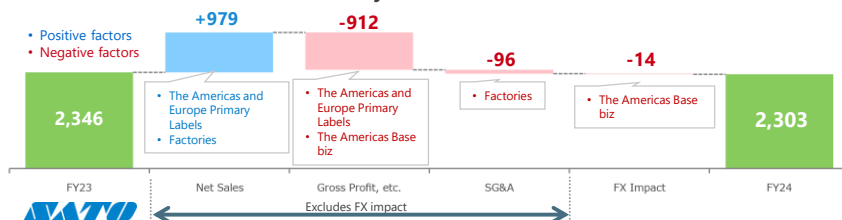
Sales

- 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

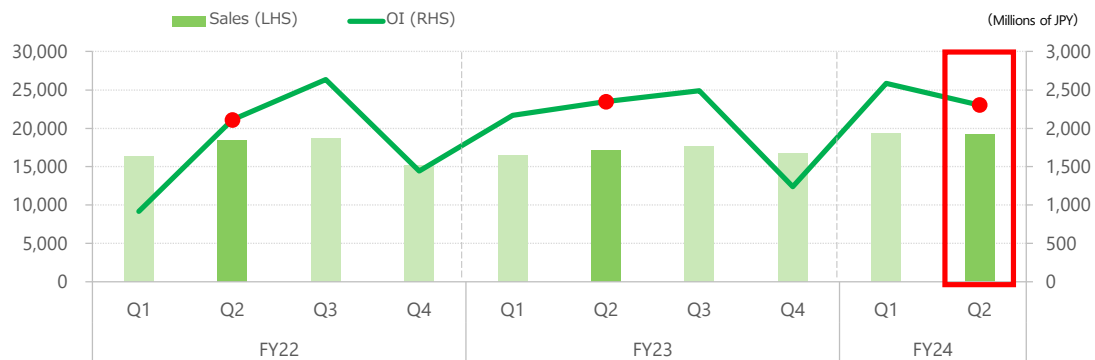


* Apr-Sep results are shown on p. 37.

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- Next, I will take you through the results of our Overseas business.
- Sales increased and OI decreased overall.
- Sales increased in the Base business, driven by Asia and Oceania, and in the Primary business, due to an increase in sales of high-value-added products in Russia.
- OI increased in the Base business due to an improvement in factory profitability as printer inventory adjustments at distributors ran their course. At the same time, although operating income margin itself was high in Russia, OI declined at the Primary business due to an increase in costs associated with intensified competition for existing primary label products.
- Further details for each region will be provided in the following slides.

Quarterly Sales & 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%



● This is a quarterly sales & OI trend.

The Americas Base business

(Millions of JPY)

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

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

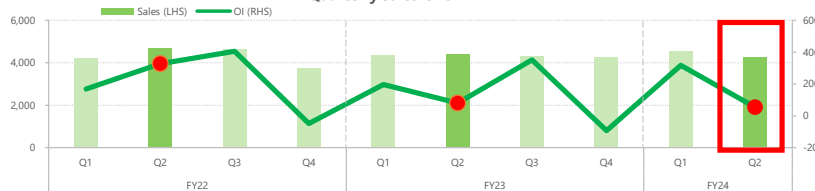
Sales

- 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.

Quarterly Sales & OI



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



* Apr-Sep results are shown on p. 38.

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- Now, I will explain the results of Base business by region.
- In the Americas, sales and OI decreased.
- Sales decreased due the economic downturn and one-off large-lot orders in the same period of the previous fiscal year, despite the capture of large-scale projects for the retail market in the U.S. by providing solutions.
- Sales in South America decreased due to lower demand caused by inflation.
- OI decreased due to the above-mentioned decrease 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)

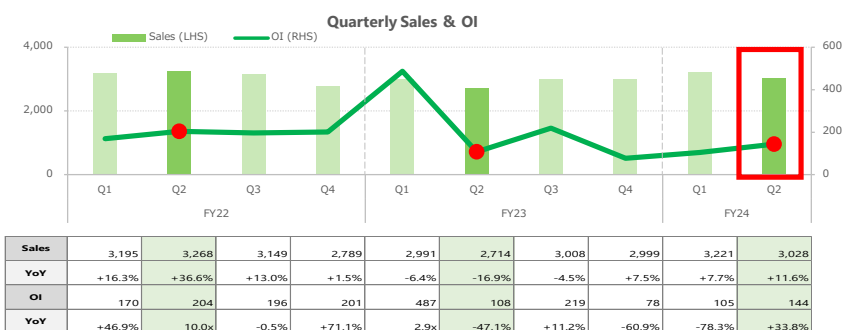
	FY23	FY24	Change	YoY	In local currencies
Total Sales	2,714	3,028	+314	+11.6%	+6.4%
Operating Income	108	144	+36	+33.8%	+25.5%

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.



* Apr-Sep results are shown on p. 38.

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- In Europe, sales and OI increased.
- In terms of sales, printer inventory adjustments by distributors have run their course and orders from distributors have recovered. In addition, sales increased due to the positive impact of foreign exchange.
- Subsidiaries in Germany and the UK were affected by the economic downturn, but business in retail markets remained steady.
- OI increased due to the above-mentioned growth in sales.

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%

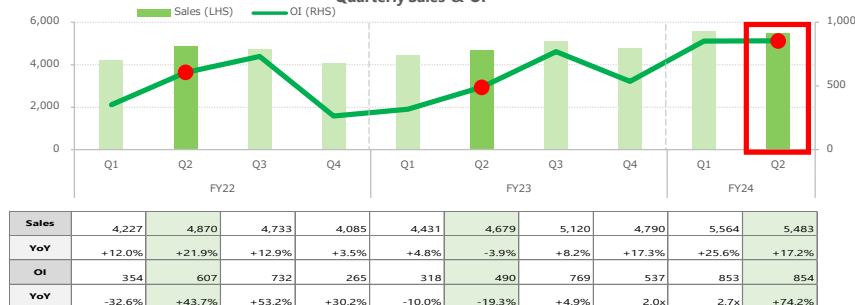
Sales

- 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.

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.

Quarterly Sales & OI



* Apr-Sep results are shown on p. 38.

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- In Asia and Oceania, sales and OI increased.
- Sales increased due to large RFID projects at our Australian subsidiary as in Apr-Jun, strong sales in Southeast Asia overall due to a firm manufacturing market, and steady sales at Argox in Taiwan.
- Operating income increased due to improved earnings at the factories and Argox as inventory adjustments at overseas distributors ran their course.
- In addition to the contribution of the above-mentioned large-scale projects in the Australia subsidiary, other markets there also performed well. The increase in sales contributed to the increase in OI.

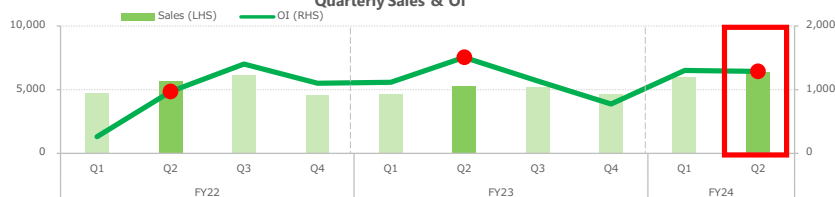
Primary Labels business

(Millions of JPY)

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

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

Quarterly Sales & OI



Sales	4,757	5,649	6,117	4,546	4,676	5,297	5,226	4,661	5,966	6,416
YoY	+61.3%	+88.6%	+88.0%	+39.0%	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%	+21.1%
OI	262	972	1,402	1,100	1,118	1,509	1,136	775	1,301	1,290
YoY	-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.

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.

OI

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

- In Primary Labels business, sales increased but OI decreased.
- In South America, sales increased on a local currency basis due to price revisions amid declining demand due to inflation, but sales decreased on JPY basis due to the negative impact of foreign exchange.
- In Europe, sales increased due to the continued increase in sales of high-value-added products and firm demand for household products.
- OI decreased due to an intensified competitive environment for existing primary label products for daily necessities, despite an increase in sales of high-value-added products in Russia subsidiaries. However, the operating income margin itself remains at a high level.

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%
Total Sales	18,692	19,191	+499	+2.7%
Gross Profit	8,018	8,691	+672	+8.4%
Gross Profit %	42.9%	45.3%	+2.4pt	-
Operating Income	106	773	+666	7.3x
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.

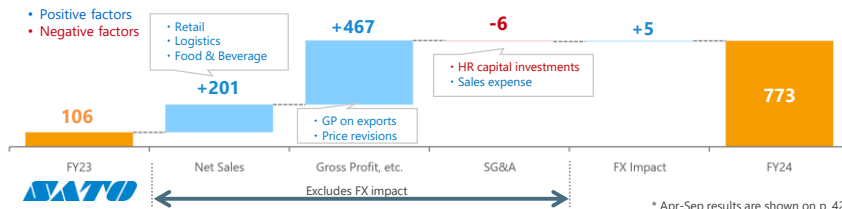
Sales

- 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.

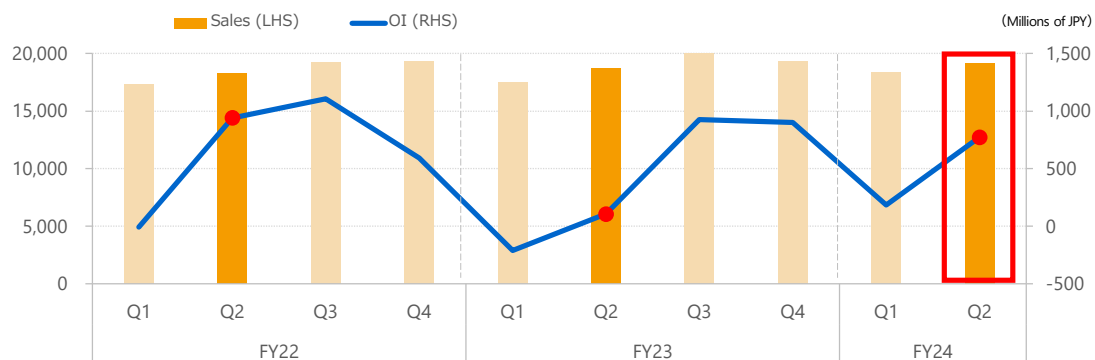
Major Gains/Losses in OI



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- From here, I will explain the Japan business.
- Sales and OI increased.
- Continuing from Apr-Jun, mechatronics sales increased as we captured demand related to '2024 logistics issue' (shortage of truck drivers) by providing solutions.
- Consumables increased due to price revisions and contribution from sales of RFID solutions.
- OI increased due to growth in sales, consumables price revisions, and a rise in export gross profit resulting from higher printer exports.

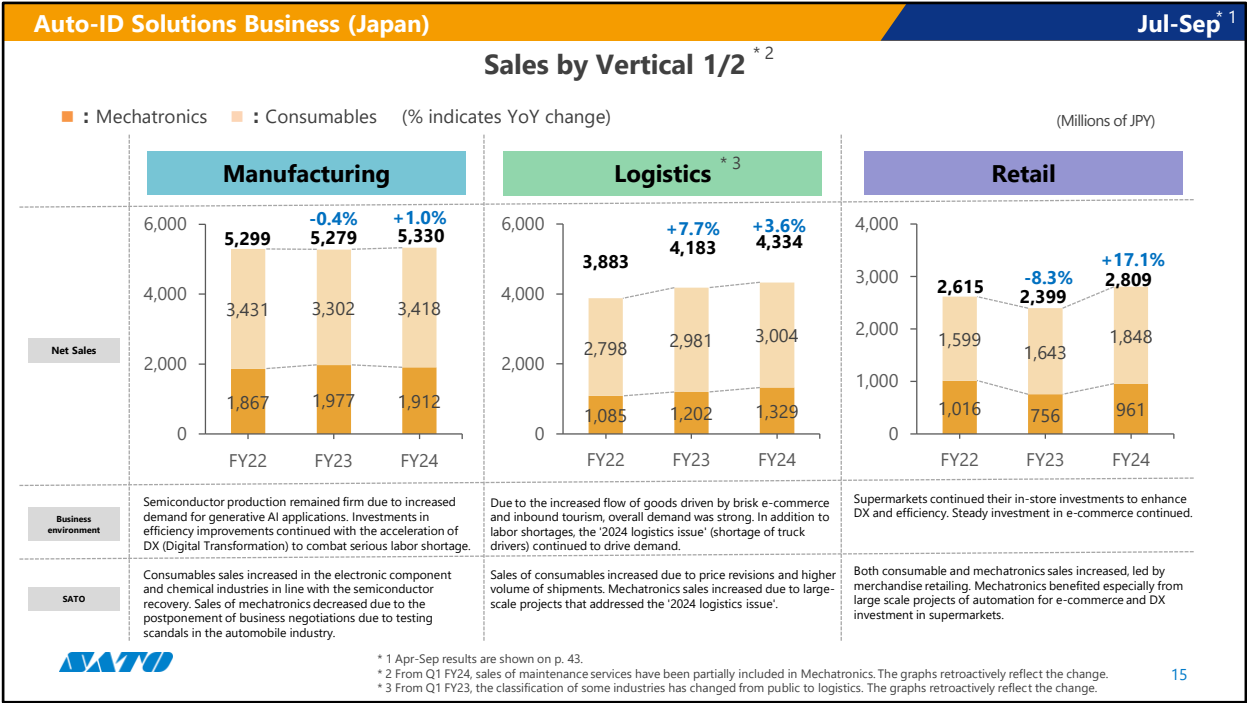
Quarterly Sales & OI



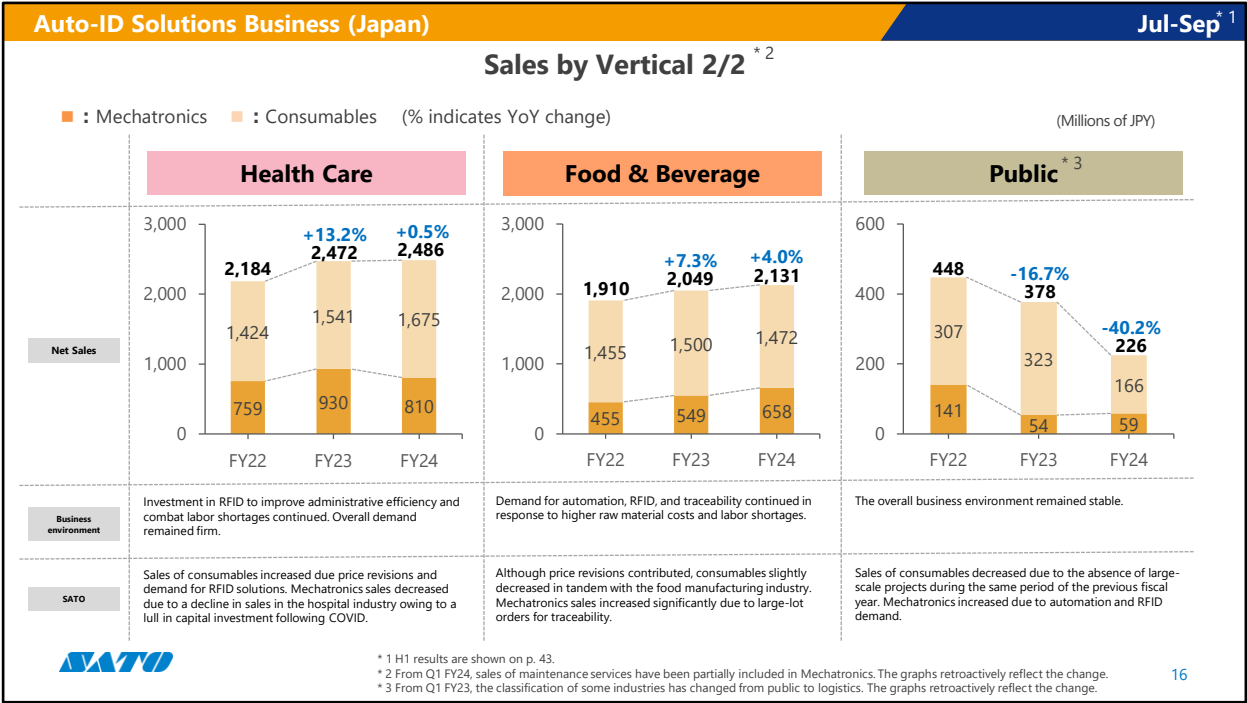
Sales	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305	18,353	19,191
YoY	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%
OI	-8	941	1,108	594	-210	106	927	901	186	773
YoY	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%	-	7.3x



● This is the quarterly sales & OI trend.



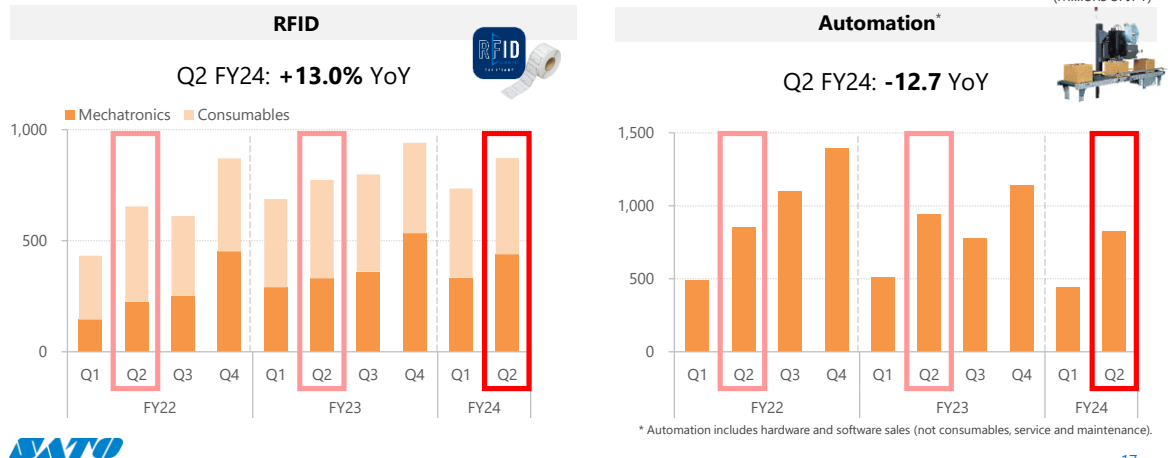
- Next is the situation of sales by market in Japan.
- In manufacturing, following on from Apr-Jun, semiconductor production has recovered due to an increase in demand for artificial intelligence applications, and sales are increasing not only in the electronic components industry but also in related chemical industries. Mechatronics sales decreased due to the postponement of business due to testing scandals in the automobile industry.
- Logistics continued to perform well due to price revisions, increased volume, and continued demand related to “2024 logistics issues”. In response to “2024 logistics issues”, demand is strong not only from the logistics market but also from the logistics departments of other markets, and we are capturing demand in cooperation with each market department.
- In the Retail business, sales increased in both consumables and mechatronics driven by the recovery in merchandise retailing. In mechatronics, in particular, large-lot orders for automatic labeling of EC-related products and digital transformation investment at supermarkets contributed to growth in sales.



- In healthcare, mechatronics sales decreased as the increase in outpatients and capital investment following Covid in hospitals came to a halt. At the same time, demand for operational efficiency is increasing, and we are continuing to offer solutions that utilize automated labeling and RFID.
- In food & beverage, despite the contribution of price revisions, consumables sales decreased slightly due to a decline in demand in the food manufacturing industry. Sales of mechatronics increased significantly due to traceability demand and large-lot orders for food labeling in the food manufacturing industry.
- In the public sector, consumables decreased due to a drop-off in large-scale projects in the same period of the previous year. On the other hand, sales of mechatronics increased due to demand for automation and RFID solutions.
- Although quarterly sales are affected by large-lot orders, price revisions contributed in all markets and demand remained generally firm.

RFID and Automation Sales

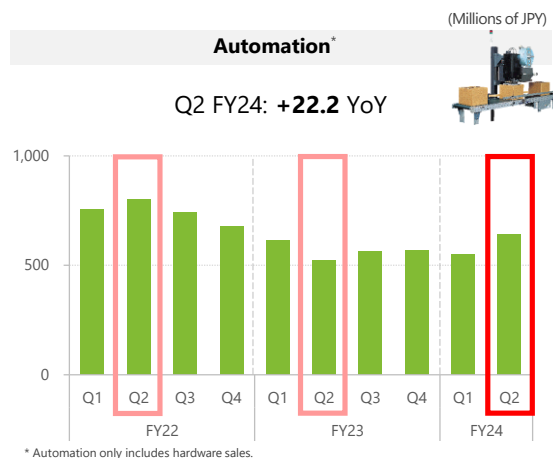
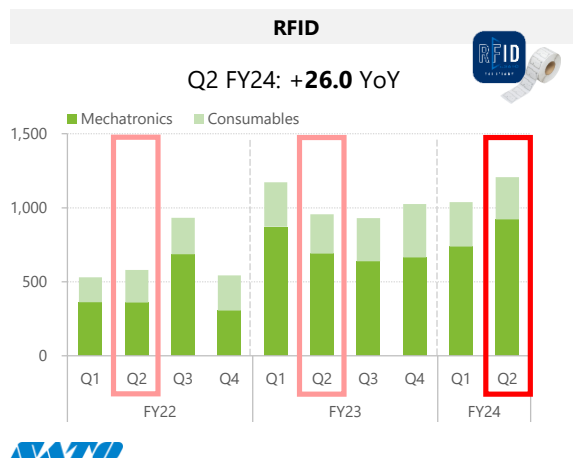
Both solutions continued to perform steadily, driven by robust DX demand and labor shortage. RFID growth was driven by manufacturing customers. Despite increased sales for retail and healthcare, automation declined overall due to drop off in large-scale projects seen last year.



- This slide shows the quarterly sales of RFID and automation solutions in Japan.
- Demand remained strong.
- Sales of RFID increased due to contributions from large-scale projects in the manufacturing market and strong sales of asset management software packages.
- Automation decreased in total due to a pullback from large-scale projects in the manufacturing market in the same period of the previous fiscal year, while large-scale projects in the retail and healthcare markets increased.

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.



- This slide shows quarterly sales of RFID and automation solutions in the Overseas business.
- As in Japan, overseas demand is firm against the backdrop of labor shortages and the shift to digital transformation.
- Sales of RFID increased due to large scale projects in the manufacturing market. These projects are expected to continue in H2 (Oct-Mar) and beyond.
- Automation increased due to the contribution of large-scale projects in the retail market, despite the economic downturn in the Americas and Europe.

Auto-ID Solutions Business (Consolidated)

FY24 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		FY24			
	Results	YoY	Revised Plan <small>As of Nov 13, 2024</small>	YoY	Previous Plan <small>As of May 15, 2024</small>	Revised Plan <small>As of Nov 13, 2024</small>	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*	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



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- Here are the consolidated forecasts for this fiscal year.
- The consolidated plan has been revised upward to reflect the better-than-expected performance of the Overseas business in H1.
- The assumed EUR/JPY exchange rate for the full year has been revised from 155 to 160.
- I will explain the breakdown in the next slide.

Auto-ID Solutions Business (Consolidated)

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.

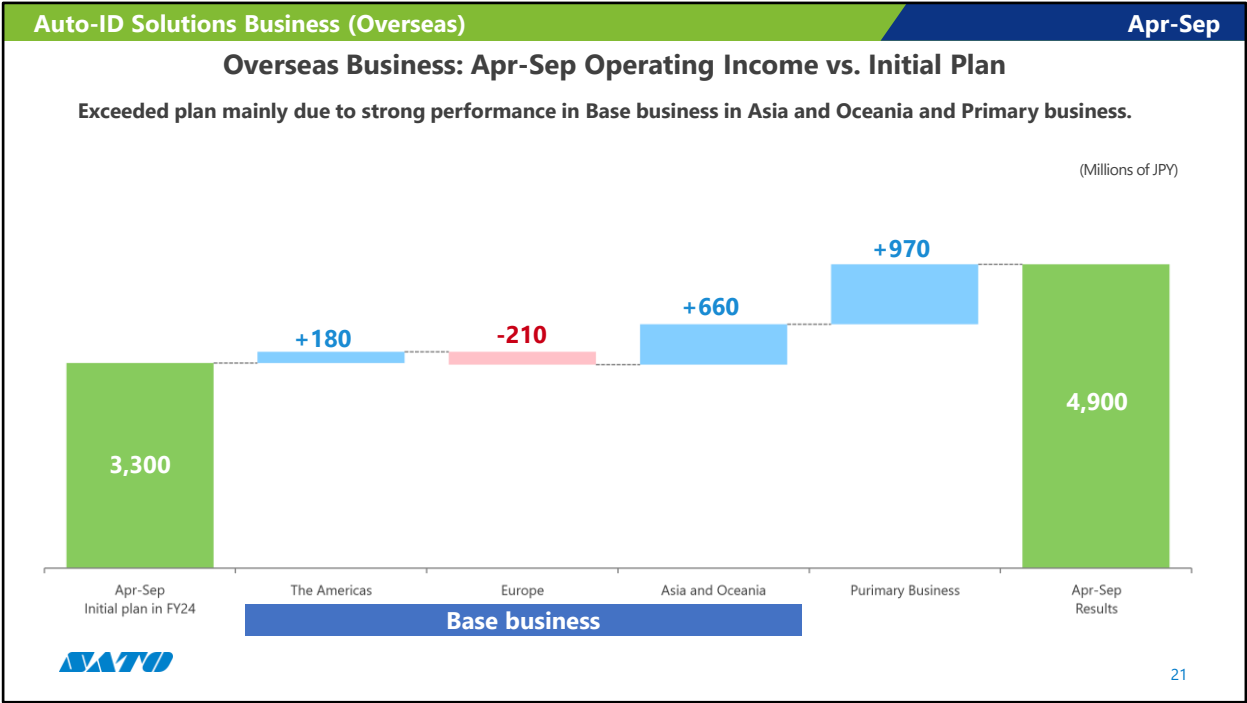
(Millions of JPY)

		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



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- On a consolidated basis, net sales were revised upward by JPY 2,500 mil and OI by JPY 1,000 mil.
- The breakdown of OI is as follows: +250 mil in Overseas Base business, +900 mil in Overseas Primary business, -50 mil in Overseas elimination, no change in Japan and -100 mil in consolidated eliminations.
- In the following slides, I will explain the Apr-Sep OI vs. the initial plan.

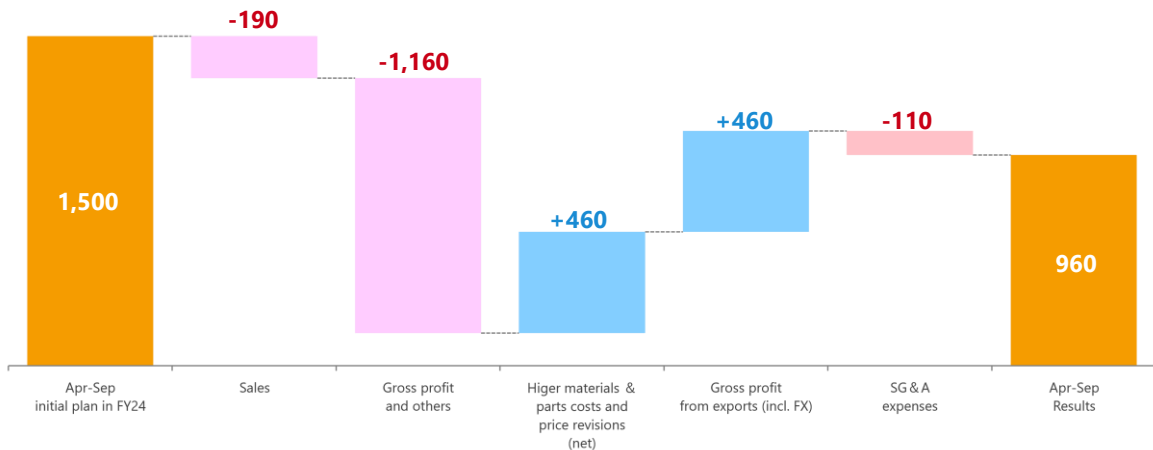


- In the Overseas business, the overall Apr-Sep OI exceeded the initial plan.
- In the Americas, there was an increase in Apr-Jun due to the reversal of the allowance for doubtful accounts recorded in the U.S. in Jul-Sep FY23.
- On the other hand, in Europe, the economic downturn was severer than expected in Germany and France, and sales were lower than planned.
- In Asia and Oceania, OI improved due to higher capacity utilization at factories as printer inventory adjustments by distributors ran their course. In addition, a large RFID project in Australian contributed to sales.
- The performance of the Primary business was strong due to an increase in sales of high-value-added products amid an increasingly competitive environment in Russia.

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)



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- Shown here is the Apr-Sep OI vs. the initial plan in Japan.
- Apr-Jun fell short of the plan as mechatronics sales did not grow as much as expected due to uneven sales by industry, although they are on a recovery trend capturing demand related to the '2024 logistics issue'.
- OI fell short of the plan due to the sales shortfall and the deterioration of product mix.
- In the next slide, I will explain the outlook for the H2 (Oct-Mar) by region/business and market.

Oct-Mar Outlook by Region/Business and Vertical

Overseas

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

Japan

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



23

- This slide shows the Oct-Mar outlook by region/business and vertical.
- Overseas, we expect the economic downturn in the U.S. and China to continue and the outlook remains uncertain. A gradual recovery is expected in Europe despite a difficult investment climate due to the slowing economy.
- As for the printer inventory adjustment at distributors, we expect Europe to be on a faster track.
- In the Primary Labels business, despite the decline in demand due to inflation, we will continue to appropriately revise prices in South America. In Europe, demand is expected to be firm for daily necessities. Although sales of high-value-added products with two-dimensional codes are expected to remain firm, the competitive environment for existing primary labels is expected to intensify.
- In Japan, demand for the '2024 logistics issue' in the logistics market is increasing, and we expect continued investment in efficiency improvement. Sales in the manufacturing market are also strong, reflecting the recovery in the semiconductor-related industry and business delays related to certification issues in the automobile industry. Other markets are also expected to perform well as demand increases in line with changes in the macro environment.
- Especially in the Japan business, capital investment such as for automatic labeling tends to be concentrated in Jan-Mar due to budget reasons on the part of our customers. Looking at the pipeline, we expect a sizable increase in sales in H2 (Oct-Mar).
- For both Japan and overseas, investment aimed at addressing labor shortages and enhancing efficiency is ongoing. The demand for auto-ID solutions, including RFID and automation, is deemed to be high.

Auto-ID Solutions Business (Consolidated)

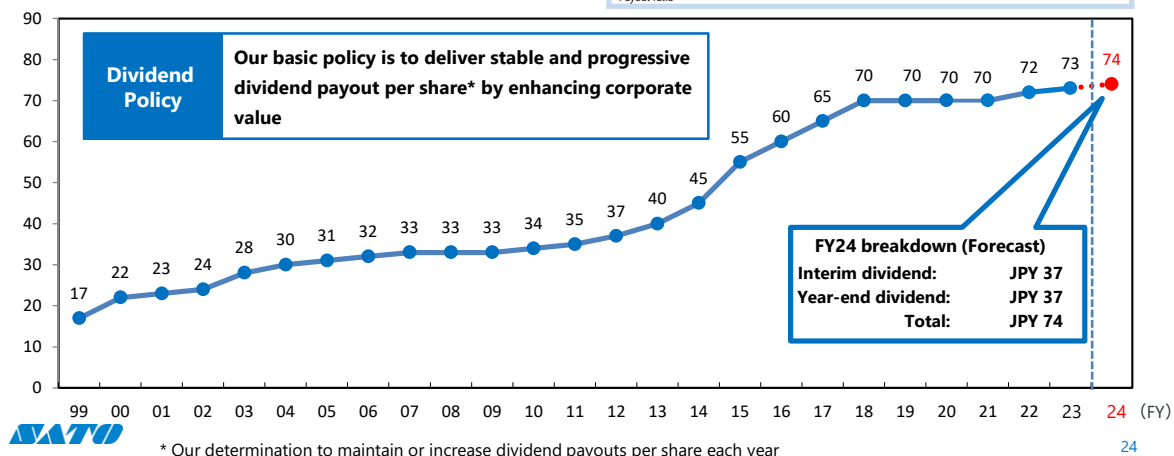
Dividends

(JPY per share)

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

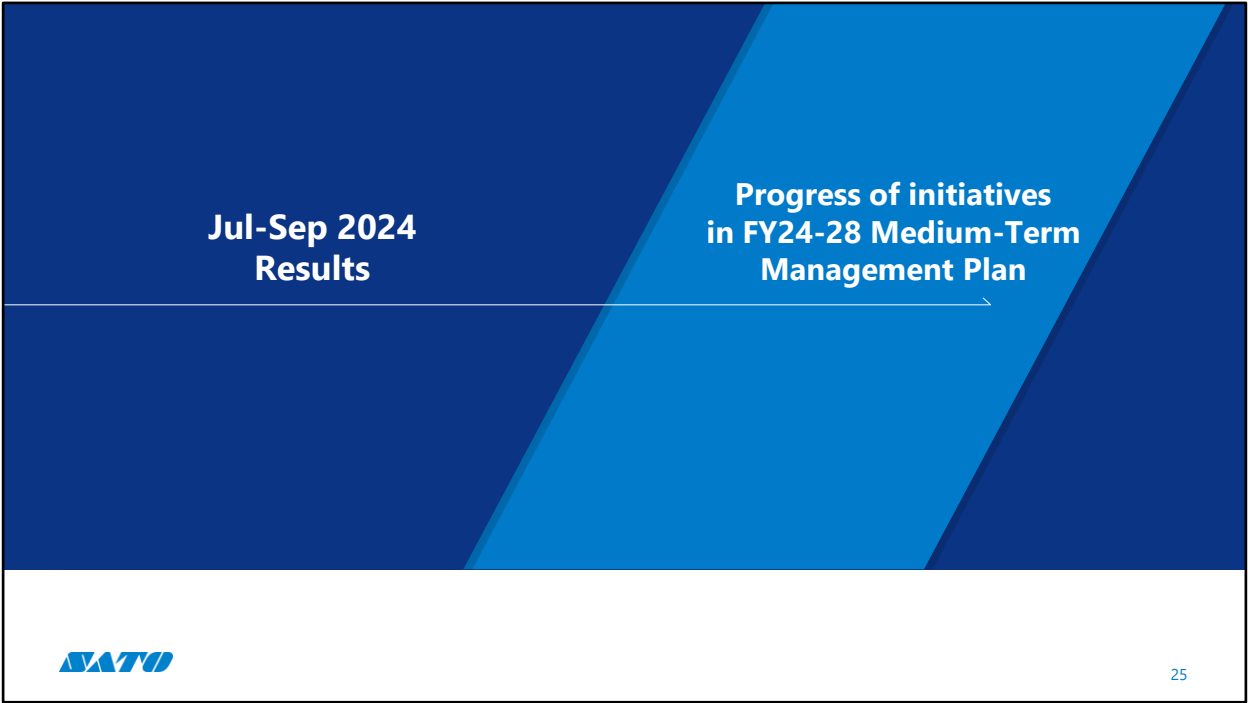
(Unit: JPY)

	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%



● This is the trend of dividends.

● In FY24, we plan to continue paying stable and progressive dividends. An interim dividend of JPY 37 and a year-end dividend of JPY 37, for a total of JPY 74, an increase of JPY 1 from the previous fiscal year are being forecasted.



●Next, I will explain progress of initiatives in the FY24-28 Medium-Term Management Plan.

FY24-28 Medium-Term Plan initiatives in progress (Japan / Overseas)

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



* Repost of a slide in the Financial Results Briefing Materials disclosed on 15 May.

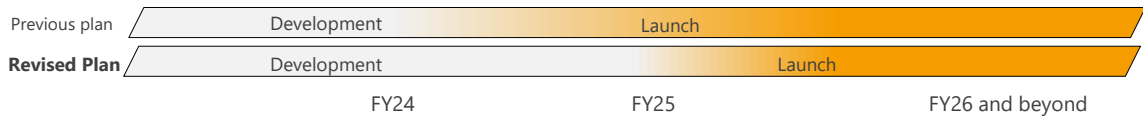
26

● First, the initiatives in the Japan and Overseas business disclosed in May are shown in this slide.

● Today, I will explain "4. Launch of new printers" in the Japan business, "3. Redefine roles of Headquarters and overseas operations" and "4. Create locally-suited solutions" in Overseas business.

4. Launch new printers

- **Postponed from FY24 to FY25**



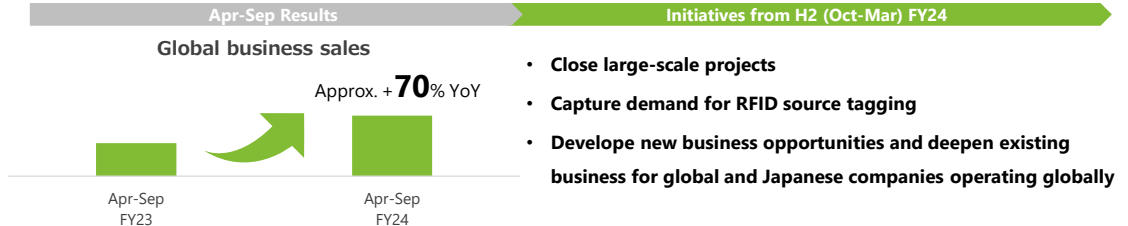
- **Background of postponement and countermeasure**
(Background)
 - **Project management shortcomings for a challenging development**(Countermeasure)
 - **Fundamental restructuring of project management procedures**



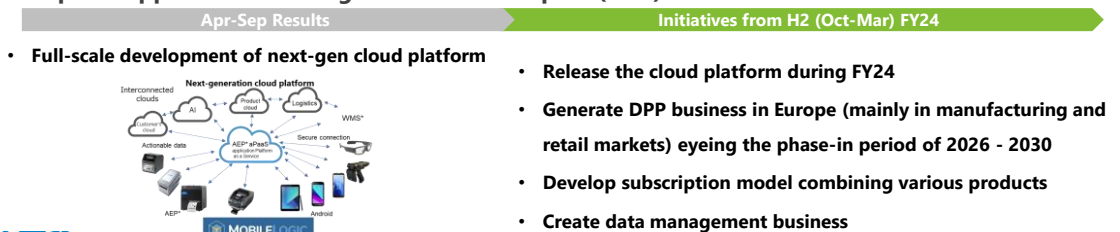
- I will explain "4. Launch of new printer" in Japan.
- In the plan at the time of formulation of the MTMP, the new printer was scheduled to be launched during FY24, but it has been postponed to FY25.
- The background of the change in the launch schedule was a problem in the project management method while facing a challenging development including the scope and resources.
- Specifically, there was a lack of human communication in the evaluation and reporting of the task progress.
- In response to these issues, we changed and strengthened the project management structure. A new project owner has been appointed in April.
- In addition, we have changed to a system that speeds up decision-making by separating layers for each function and delegating authority with clear responsibilities.
- With these measures, we will proceed with the project so that there will be no schedule changes in the future.
- We believe that we can capture replacement and shifting market demand by launching this new type of printer with serial ID support, no-code and low-code applications, and enhanced preventive maintenance, which are included in the above-mentioned challenging development.

Auto-ID Solutions Business (Overseas)

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



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



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● I will explain "3. Redefine roles of Headquarters and overseas operations" and "4. Create locally-suited solutions" for overseas business.

● As for the former, we established a dedicated organization in April to capture global key accounts and Japanese-affiliated key accounts.

● We have been engaged in new business development and deep cultivation of global E-commerce companies and major manufacturing companies, and these global business negotiations have been revitalized by the establishment of the dedicated organization.

● In Apr-Sep, with the contribution of large-scale projects, sales increased by approx. 70% YoY.

● In H2 (Oct-Mar) and beyond, we will aim for further sales expansion by closing large-scale projects that are currently underway, capturing RFID source tagging demand that is expanding in manufacturing and retail markets, and developing new businesses and deepening existing ones through the above-mentioned dedicated organization.

● Next, I would like to talk about "4. Create locally-suited solutions".

● With more environmental laws and regulations led by Europe, efforts to realize Digital Product Passport (DPP) are accelerating.

● In September, we issued a news release announcing full-scale development of the next-generation cloud platform in collaboration with MobileLogic. Conventional printers only receive information from a PC and print it out. However, with AEP (Application Enabled Printing, label printing by built-in intelligence) in an on-premise environment, it functions as an independent terminal that does not require a PC and has evolved to be able to print labels by directly connecting to peripheral devices such as bar code readers and measuring instruments.

● With this next-generation cloud platform, we will enhance scalability by enabling the creation of business applications for AEP with no-code and/or low-code. We also aim to respond promptly and efficiently to customer needs by providing a linkage function between production system and data.

● We plan to release the cloud platform during FY24.

● With this platform as a starting point, we aim to create business with an eye on the phased introduction of DPP in Europe. We also plan to develop a subscription model that combines various products and create a data management business.

● That's all for my explanation. Thank you very much.

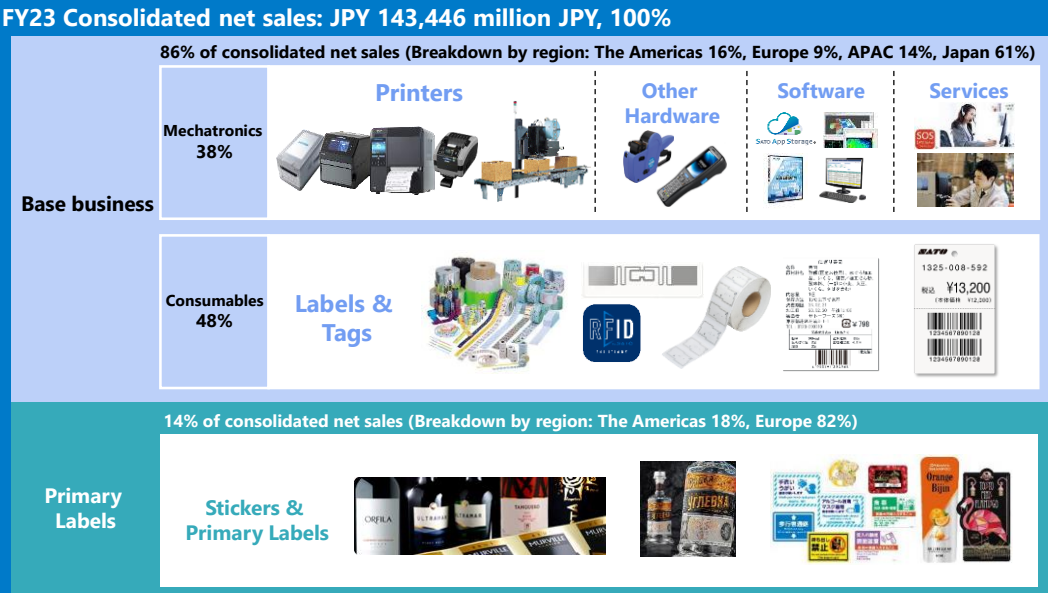
Appendix

Performance data Pages 30-48

SATO terminologies Pages 49-52



Business Overview by Product



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

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)

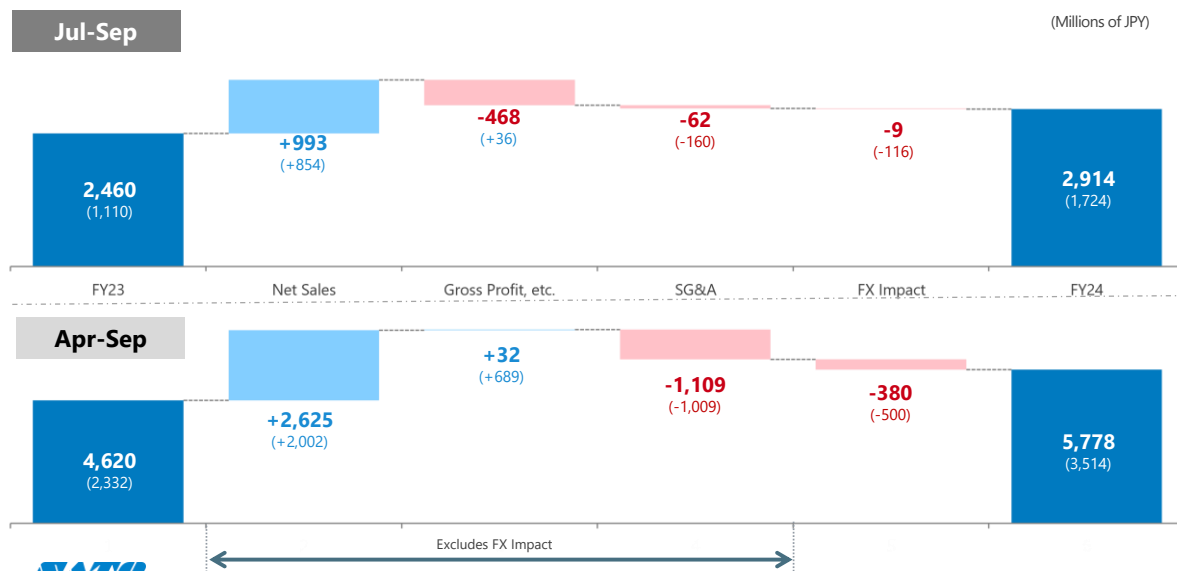
· Amortization for Apr-Sep 2024: JPY 77 million (Apr-Sep 2023: JPY 72 million)



Auto-ID Solutions Business (Consolidated)

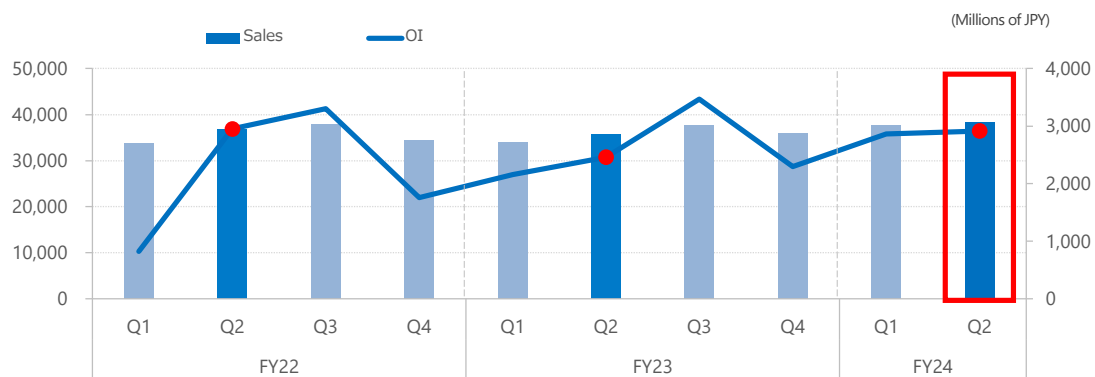
Major Gains/Losses in OI

(Millions of JPY)



* Figures in parentheses exclude the Russian subsidiaries.

Quarterly Sales & 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

FY23

51.9%

15.2%

19.7%

13.3%

76,090

FY24

49.3%

14.0%

21.9%

14.8%

Operating Income

* Ratio excludes eliminations.

4,411

FY23

-2.5%

16.7%

66.2%

19.6%

5,849

FY24

16.3%

13.0%

41.2%

29.5%



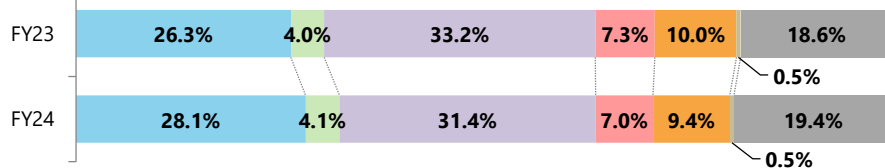
OI Ratio FY23 Japan : N/A, Overseas : 13.5%
 FY24 Japan : 2.6%, Overseas : 12.7%

Sales by Vertical

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

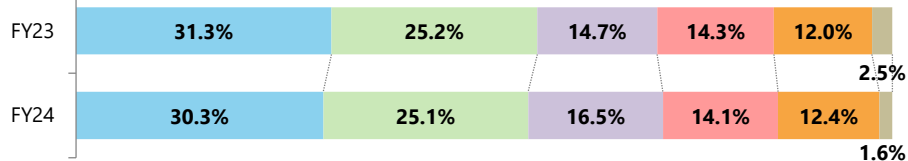
Overseas

* 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.

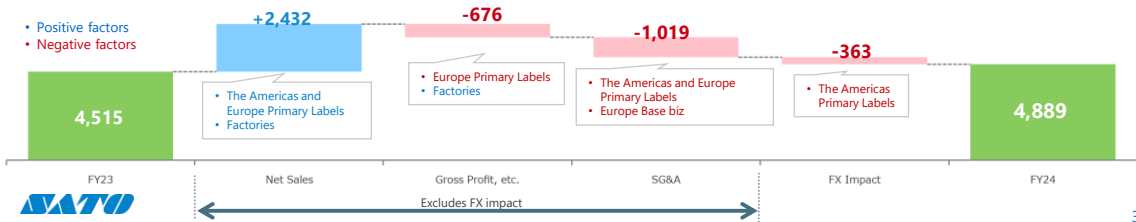
Overview

(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%
Total Sales	33,557	38,545	+4,987	+14.9%	+13.5%
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	-	-
Operating Income	4,515	4,889	+373	+8.3%	+16.3%
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
Total Sales	8,766	8,863	+97	+1.1%	-0.6%
Operating Income	278	372	+94	+34.0%	+68.1%

Europe Base business

(Millions of JPY)

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

Asia/Oceania Base business

(Millions of JPY)

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



Primary Labels business

(Millions of JPY)

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

* 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%

38,545

FY24

67.9% 32.1%

FY23

31.5% 40.9% 27.6%

FY24

27.6% 43.2% 29.2%

Operating Income

* Ratio excludes eliminations.

4,515

FY23

39.0% 61.0%

4,889

FY24

47.3% 52.7%

FY23

16.3% 64.6% 19.1%

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

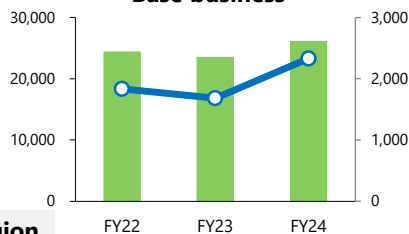
By Business Segment

Sales (LHS)

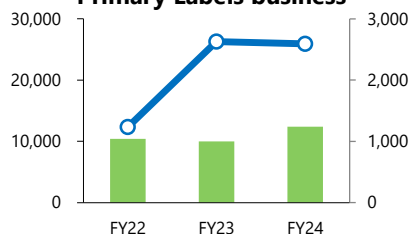
OI (RHS)

(Millions of JPY)

Base business

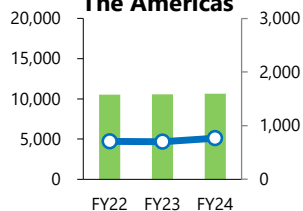


Primary Labels business

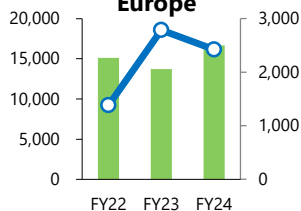


By Region

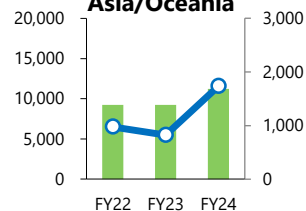
The Americas



Europe



Asia/Oceania



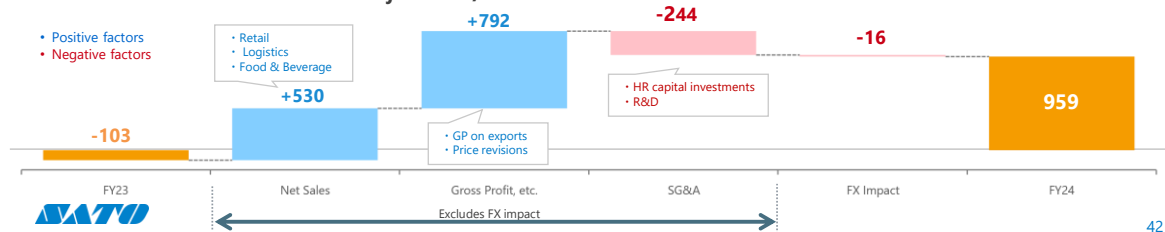
Overview

(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%
Total Sales	36,229	37,545	+ 1,316	+ 3.6%
Gross Profit	15,512	16,819	+ 1,307	+ 8.4%
Gross Profit %	42.8%	44.8%	+ 2.0pt	-
Operating Income	-103	959	+1,063	-
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

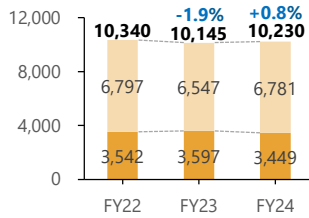
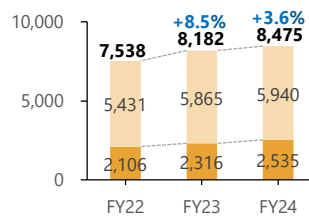


Sales by Vertica

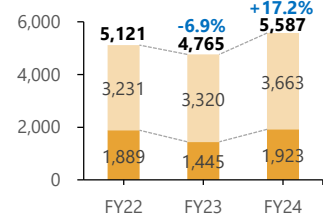
■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

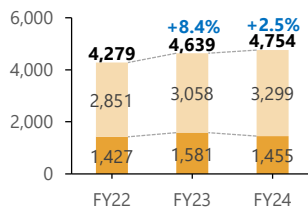
Manufacturing

Logistics^{*2}

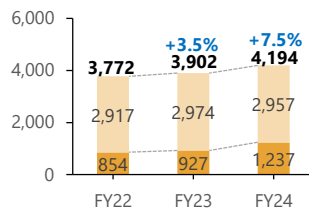
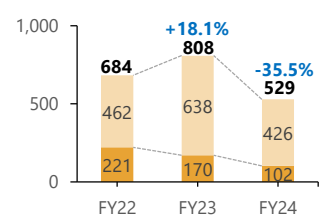
Retail



Health Care



Food & Beverage

Public^{*2}

* 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 Sales	12,762	13,726	+7.6%	+10.2%
Total	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	-	-



Auto-ID Solutions Business (Consolidated)				Jul-Sep
Consolidated Results (Figures exclude the Russian subsidiaries)				
	FY23	FY24	Change	YoY
Net Sales	31,455	32,918	+1,462	+4.7%
Operating Income	1,110	1,724	+613	+55.2%
Operating Income %	3.5%	5.2%	+1.7pt	-
Ordinary Income	1,005	1,381	+376	+37.4%
Profit attributable to owners of parent	-46	1,117	+1,164	-
Effective Tax Rate	157.9%	18.6%	-139.3pt	-
EBITDA*	2,245	2,920	+674	+30.0%

(Millions of JPY)

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)

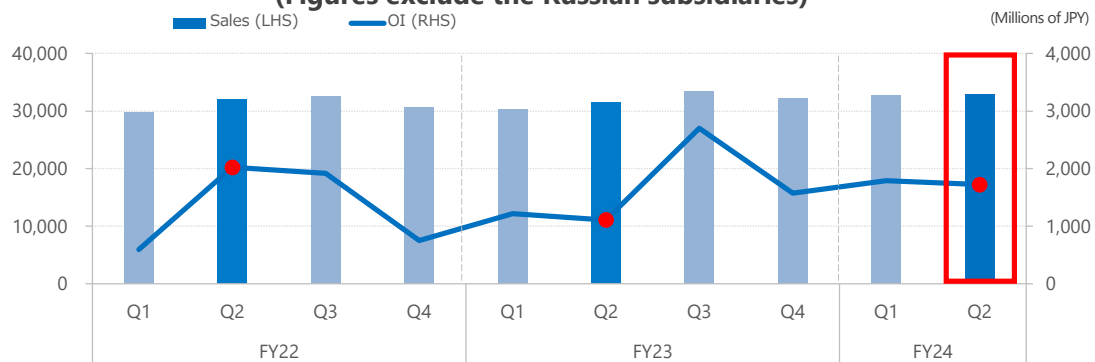
* EBITDA = Operating Income + Depreciation + Amortization

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

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)



SATO terminologies (1/4)

(*) Underlined terms are described under its own heading

SATO-unique business concepts/initiatives		Description*
1	Auto-ID Solutions business	Our business that carries out <u>DCS & 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	DCS & Labeling (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	Base business	Business of <u>tagging</u> variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
4	Primary Labels business	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	Tagging	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	Koto-uri (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	PUT (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 terminologies (2/4)

SATO-unique business concepts/initiatives		Description
8	Genbaryoku	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	Teiho	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	Auto-ID Solutions	Combination of products such as printers, labels, software and maintenance services using auto-ID technologies to carry out <u>DCS & 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	Mechatronics	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	Consumables	"Consumable" products such as <u>variable information labels</u> , <u>RFID</u> tags, 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	Variable information labels	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.



SATO terminologies (3/4)

Products, services, technologies		Description
5	RFID (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	SOS (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	AEP (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	Source tagging	A supply chain management practice of instructing vendors or suppliers to affix labels containing specified information of products upon delivery.



SATO terminologies (4/4)

Key acquisitions since 2012		Description
1	Argox Information Co., Ltd. (Taiwan)	[2012] Company engaging in the development, production and sales of entry level printers.
2	Achernar S.A. (Argentina)	[2012] Company specializing in primary labels.
3	Magellan Technology Pty Ltd. (Australia)	[2013] Company from which SATO acquired its business including PJM (Phase Jitter Modulation), a highly superior <u>RFID</u> 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	Okil-Holding, JSC (Russia)	[2014] Primary labels company in which SATO acquired 75% ownership stake. <u>X-Pack</u> is affiliated with Okil.
5	Prakolar Rótulos Autoadesivos LTDA. (Brazil)	[2015] Company specializing in primary labels.
6	High Rich Trading & Service Corporation (Vietnam)	[2017] Primary labels company in which SATO acquired 49% ownership stake. Commonly known as Hirich.
7	Stafford Press, Inc. (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	X-Pack (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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