

**August 12, 2025**

# **SATO Corporation**

## **Q1 FY2025 Financial Results**

**(Three Months Ended June 30, 2025)**


**Securities Code: 6287.T**

**Apr- Jun 2025  
Results**

**ESG Focus**

**Actions toward realizing  
optimal cost of capital and  
enhancing shareholder value**

**Apr- Jun 2025  
Results**



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**Actions toward realizing  
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## Summary

### ■ Q1(Apr-Jun) Results

- **Consolidated sales increased (+0%), while OI decreased (-18%) year on year.**  
**% in parentheses indicate year-on-year changes.**
  - ✓ Overseas base business: Sales (-5%) and OI decreased (-13%).
  - ✓ Overseas primary labels business: Sales increased (+2%) while OI decreased (-57%).
  - ✓ Japan business: : Sales (+4%) and OI increased (5x).
- **Sales and OI exceeded the plan in the Japan but fell short of the plan overseas.**
  - ✓ Overseas, our factories for the base business in Asia and Oceania performed well, pushing up results above the plan. However, overall sales and OI fell short of the plan, as the primary labels business in Russia was impacted by the appreciation of the ruble against the euro and by increased costs incurred for the expansion of production capacity.
  - ✓ In Japan, we delivered results that exceeded the plan driven by the recovery of mechatronics sales.

## Sales and OI by Business Segment

(Millions of JPY)

		FY24	FY25	YoY	In local currencies	
Consolidated		Total Sales	37,674	37,829	+0.4%	+2.6%
		Operating Income	2,864	2,359	-17.6%	-11.3%
Overseas	Base	Total Sales	13,355	12,628	-5.4%	+0.4%
		Operating Income	1,277	1,118	-12.5%	-7.3%
	Primary Labels	Total Sales	5,966	6,109	+2.4%	+2.9%
		Operating Income	1,301	561	-56.9%	-54.7%
	Eliminations	Operating Income	7	-50	-	-
	Total	Total Sales	19,321	18,737	-3.0%	+1.2%
		Operating Income	2,586	1,629	-37.0%	-33.3%
Japan	Total Sales	18,353	19,091	+4.0%	+4.0%	
	Operating Income	186	864	4.6x	5.1x	
Eliminations		Operating Income	92	-134	-	-

## Consolidated Results

(Millions of JPY)

	FY24	FY25	Change	YoY
<b>Net Sales</b>	<b>37,674</b>	<b>37,829</b>	<b>+154</b>	<b>+0.4%</b>
<b>Operating Income</b>	<b>2,864</b>	<b>2,359</b>	<b>-505</b>	<b>-17.6%</b>
<b>Operating Income %</b>	<b>7.6%</b>	<b>6.2%</b>	<b>-1.4pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>2,411</b>	<b>1,885</b>	<b>-526</b>	<b>-21.8%</b>
<b>Profit attributable to owners of parent</b>	<b>1,197</b>	<b>1,211</b>	<b>+13</b>	<b>+1.1%</b>
Effective Tax Rate	41.0%	30.6%	-10.4pt	-
<b>EBITDA*</b>	<b>4,174</b>	<b>3,768</b>	<b>-405</b>	<b>-9.7%</b>

**FX sensitivity for FY25: Assuming a 1-yen depreciation of the Japanese yen against the US dollar and an equivalent depreciation against other currencies, the estimated impact for the full-year FY25 would be an increase in sales of JPY 561 million and an increase in OI of JPY 35 million.**

Average FX for Apr-Jun 2025: JPY 144.59/USD, JPY 163.80/EUR (Apr-Jun 2024: JPY 155.85/USD, JPY 167.84/EUR)

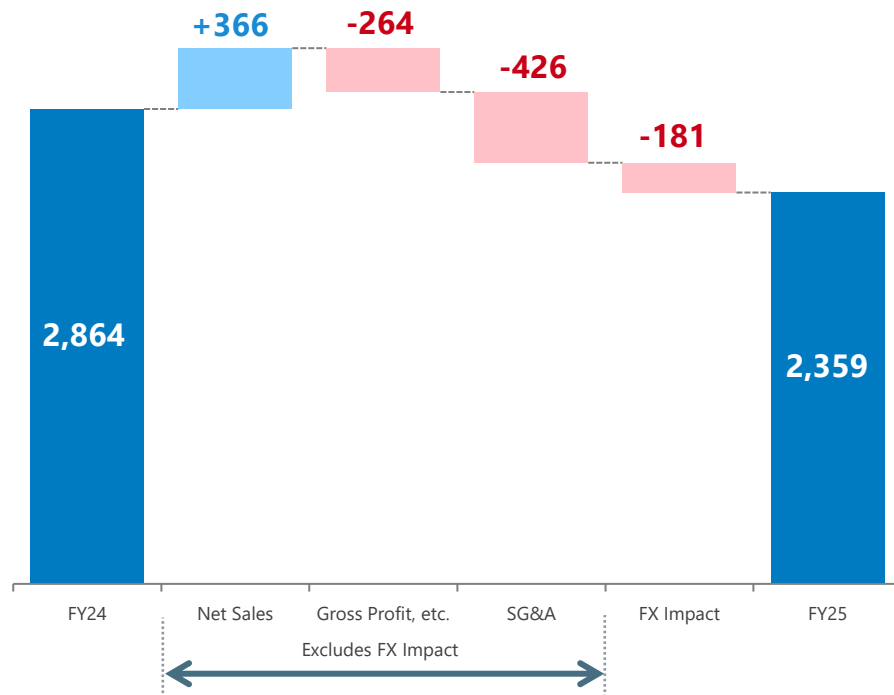
- \* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)
- Depreciation for Apr-Jun 2025: JPY 1,405 million (Apr-Jun 2024: JPY 1,270 million)
- Amortization for Apr-Jun 2025: JPY 3 million (Apr-Jun 2024: JPY 38 million)

\*1 Sales and OI excluding those of Russian subsidiaries are shown on p. 40.

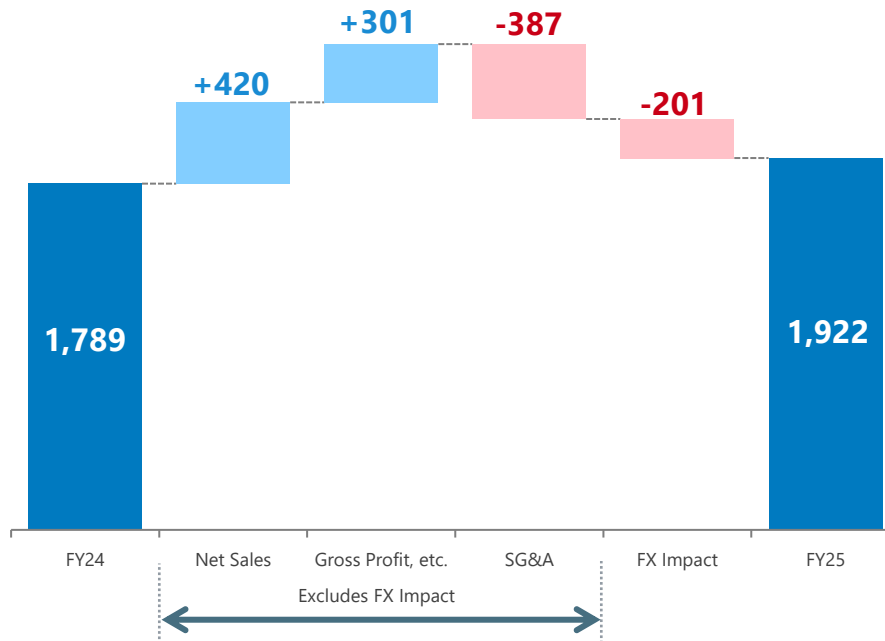
## Major Gains/Losses in OI

(Millions of JPY)

### Consolidated



### Consolidated (Figures exclude those of the Russian subsidiaries)



## Overview

(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Base business Total Sales	13,355	12,628	-726	-5.4%	+0.4%
Primary Labels business Total Sales	5,966	6,109	+143	+2.4%	+2.9%
<b>Total Sales</b>	<b>19,321</b>	<b>18,737</b>	<b>-583</b>	<b>-3.0%</b>	<b>+1.2%</b>
Gross Profit	7,964	7,083	-881	-11.1%	-
Gross Profit %	41.2%	37.8%	-3.4pt	-	-
Base business Operating Income	1,277	1,118	-159	-12.5%	-7.3%
Primary Labels business Operating Income	1,301	561	-740	-56.9%	-54.7%
Elimination Operating Income	7	-50	-57	-	-
<b>Operating Income</b>	<b>2,586</b>	<b>1,629</b>	<b>-956</b>	<b>-37.0%</b>	<b>-33.3%</b>
Operating Income %	13.4%	8.7%	-4.7pt	-	-

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

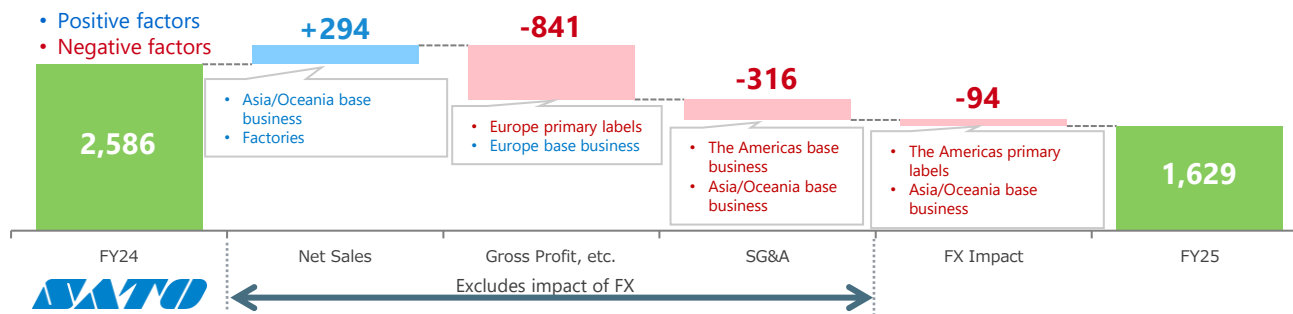
## Sales

- The base business was brisk in Asia and Oceania, but overall sales decreased, impacted by unfavorable foreign exchange rates affecting operations mainly in Europe and the Americas.
- Sales of the primary label business increased helped by favorable foreign exchange rates, despite drops in demand in Russia caused by changes in the tax regulations.

## Operating income

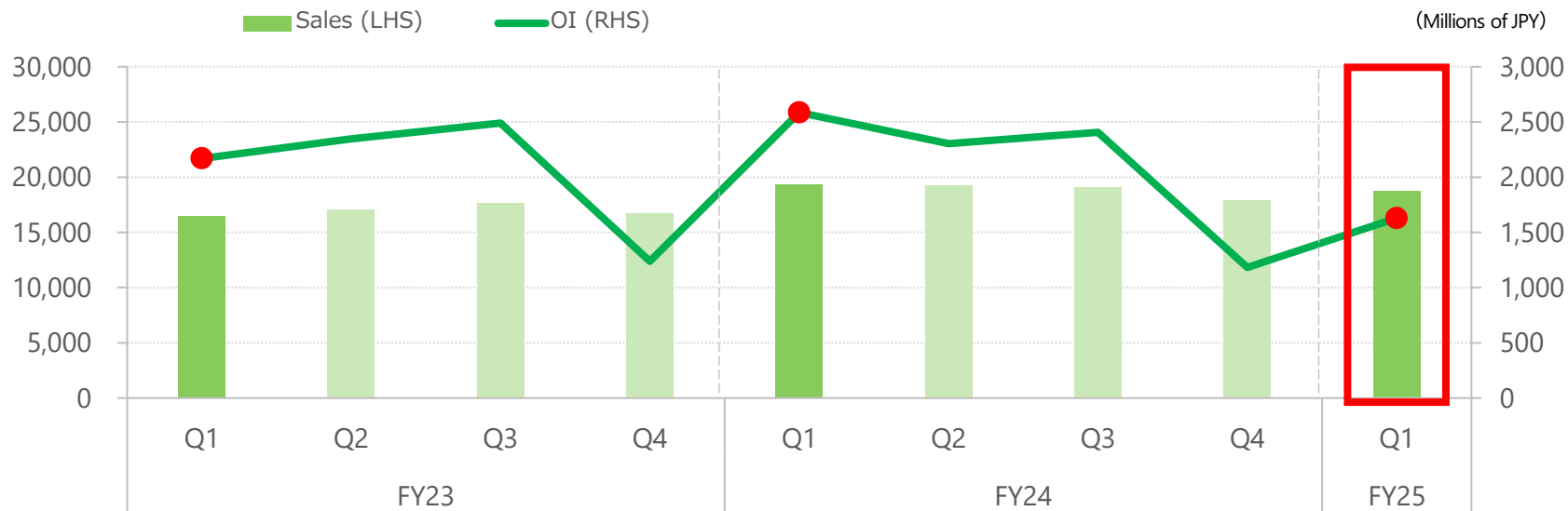
- The base business was brisk in Asia and Oceania, but OI for overseas decreased due to a temporary increase in SG&A expenses in Americas caused by the reversal of allowance for doubtful accounts recorded in Q1(Apr-Jun) FY24.
- OI of the primary label business declined due to increased costs in Europe.

## Major Gains/Losses in OI





## Quarterly Sales and Operating Income



Sales	16,452	17,104	17,648	16,725	19,321	19,223	19,104	17,937	18,737
YoY	+0.4%	-7.5%	-5.3%	+10.4%	+17.4%	+12.4%	+8.2%	+7.2%	-3.0%
OI	2,169	2,346	2,490	1,238	2,586	2,303	2,405	1,183	1,629
YoY	2.4x	+11.2%	-5.6%	-14.3%	+19.2%	-1.8%	-3.4%	-4.4%	-37.0%

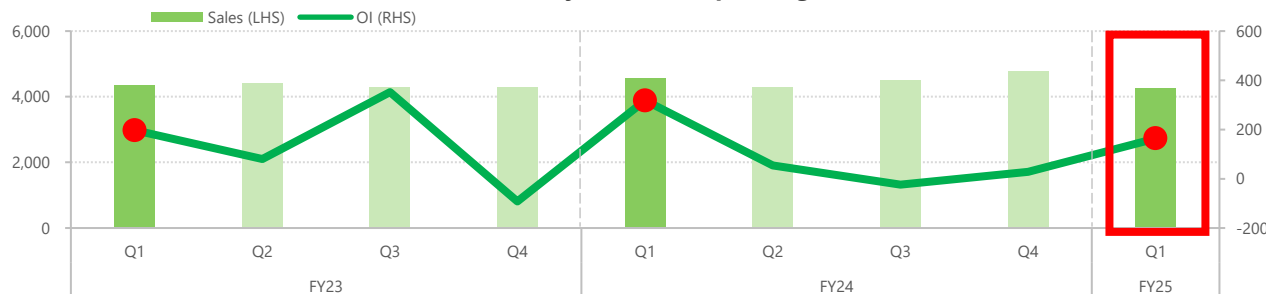
## Base Business — The Americas

(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	4,568	4,264	-303	-6.7%	+1.8%
Operating Income	318	164	-153	-48.4%	-43.7%

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

## Quarterly Sales and Operating Income



Sales	4,353	4,412	4,293	4,274	4,568	4,294	4,503	4,768	4,264
YoY	+3.3%	-6.0%	-7.2%	+14.6%	+4.9%	-2.7%	+4.9%	+11.5%	-6.7%
OI	197	80	352	-92	318	54	-24	28	164
YoY	+17.0%	-75.5%	-13.1%	-	+61.3%	-32.9%	-	-	-48.4%

## Sales

- In the US, sales decreased due to the negative impact of foreign exchange rates, despite high-value projects for print and apply systems and increased demand for consumables.
- Sales decreased in South America due to the negative impact of foreign exchange rates, despite strong demand amid inflation.

## Operating Income

- OI decreased, impacted by a temporary increase in SG&A expenses caused by reversal of allowance for doubtful accounts recorded in the US in Q1(Apr-Jun) FY24.
- OI decreased in South America due to increased personnel and other costs amid inflation.

## Base Business — Europe

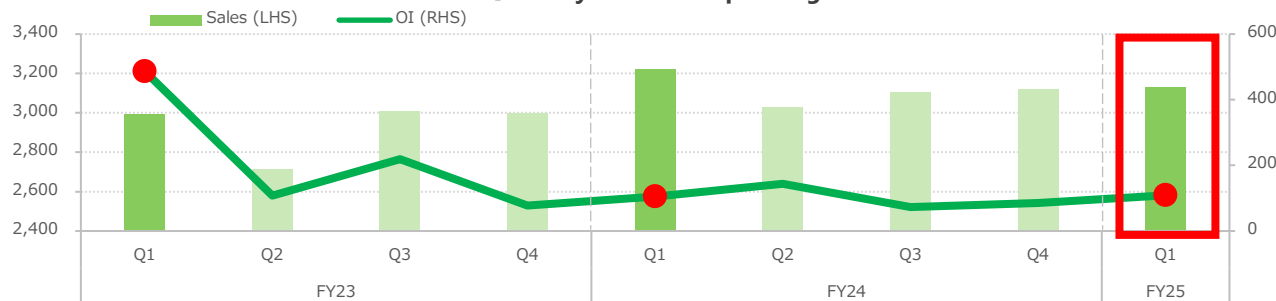
(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	3,221	3,129	-92	-2.9%	-0.7%
Operating Income	105	109	+4	+4.3%	+6.0%

## Sales

- In Europe, sales decreased due to sluggish investments caused by economic downturns.
- The overall health care vertical remained strong.

Quarterly Sales and Operating Income



Sales	2,991	2,714	3,008	2,999	3,221	3,028	3,106	3,121	3,129
YoY	-6.4%	-16.9%	-4.5%	+7.5%	+7.7%	+11.6%	+3.3%	+4.1%	-2.9%
OI	487	108	219	78	105	144	73	85	109
YoY	2.9x	-47.1%	+11.2%	-60.9%	-78.3%	+33.8%	-66.2%	+9.0%	+4.3%

## Operating Income

- OI remained flat, as the decrease in sales mentioned above was offset by well-controlled SG&A expenses and improved sales mix.

## Base Business — Asia/Oceania

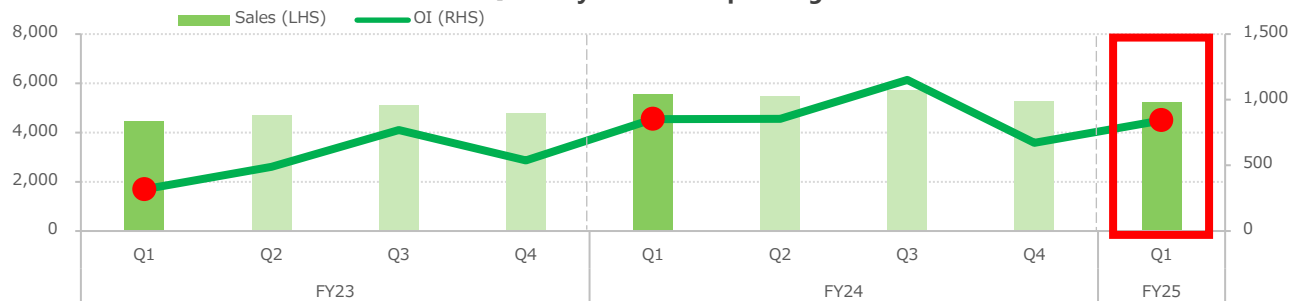
(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	5,564	5,234	-330	-5.9%	-0.1%
Operating Income	853	843	-9	-1.1%	+4.7%

## Sales

- Sales were lower as brisk business in the manufacturing vertical in Thailand and high-value retail projects in the Philippines were not enough to offset the drops in the demand for products of Argox, our Taiwanese subsidiary, caused by excess inventory in its indirect sales channels
- In Australia, sales continued to be robust, driven by high-volume RFID project.

Quarterly Sales and Operating Income



Sales	4,431	4,679	5,120	4,790	5,564	5,483	5,718	5,251	5,234
YoY	+4.8%	-3.9%	+8.2%	+17.3%	+25.6%	+17.2%	+11.7%	+9.6%	-5.9%
OI	318	490	769	537	853	854	1,151	671	843
YoY	-10.0%	-19.3%	+4.9%	2.0x	2.7x	+74.2%	+49.7%	+25.0%	-1.1%

## Operating Income

- Although printer exports to sales companies in the Americas remained strong, improving the OI of our factories, overall OI was flat due to decreased sales at Argox in Taiwan, as mentioned above.
- OI expanded due to the high-volume project in Australia mentioned above.

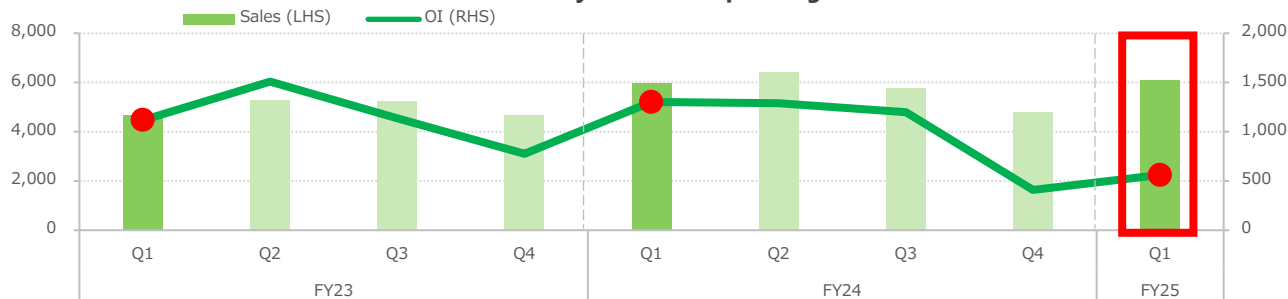
## Primary Labels Business

(Millions of JPY)

		FY24	FY25	Change	YoY	In local currencies
<b>The Americas</b> Achernar (Argentina) Plakorar (Brazil)	<b>Total Sales</b>	<b>960</b>	<b>922</b>	<b>-38</b>	<b>-4.0%</b>	<b>+21.5%</b>
	<b>Operating Income</b>	<b>255</b>	<b>135</b>	<b>-120</b>	<b>-47.0%</b>	<b>-29.2%</b>
<b>Europe</b> Okil/ X-pack (Russian)	<b>Total Sales</b>	<b>4,904</b>	<b>5,089</b>	<b>+184</b>	<b>+3.8%</b>	<b>-0.9%</b>
	<b>Operating Income</b>	<b>1,028</b>	<b>413</b>	<b>-614</b>	<b>-59.8%</b>	<b>-61.6%</b>
<b>Asia/Oceania</b> Hirich (Vietnam)	<b>Total Sales</b>	<b>101</b>	<b>97</b>	<b>-3</b>	<b>-3.5%</b>	<b>+6.7%</b>
	<b>Operating Income</b>	<b>17</b>	<b>12</b>	<b>-5</b>	<b>-29.4%</b>	<b>-22.0%</b>
<b>Total Sales</b>	<b>Total Sales</b>	<b>5,966</b>	<b>6,109</b>	<b>+143</b>	<b>+2.4%</b>	<b>+2.9%</b>
	<b>Operating Income</b>	<b>1,301</b>	<b>561</b>	<b>-740</b>	<b>-56.9%</b>	<b>-54.7%</b>

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

## Quarterly Sales and Operating Income



<b>Sales</b>	4,676	5,297	5,226	4,661	5,966	6,416	5,775	4,796	6,109
<b>YoY</b>	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%	+21.1%	+10.5%	+2.9%	+2.4%
<b>OI</b>	1,118	1,509	1,136	775	1,301	1,290	1,198	409	561
<b>YoY</b>	4.3x	+55.2%	-18.9%	-29.5%	+16.4%	-14.5%	+5.4%	-47.2%	-56.9%

## Sales

- Sales in Europe increased due to favorable foreign exchange rates, despite weaker demand in Russia resulting from changes in tax regulations.
- Sales in the Americas decreased due to the negative impact of foreign exchange rates, despite solid demand amid inflation.

## Operating Income

- In Europe, OI decreased due to increased costs resulting from production capacity expansion and rising raw material prices.
- OI in the Americas decreased due to higher personnel and other inflation-driven cost increases.

## Overview

(Millions of JPY)

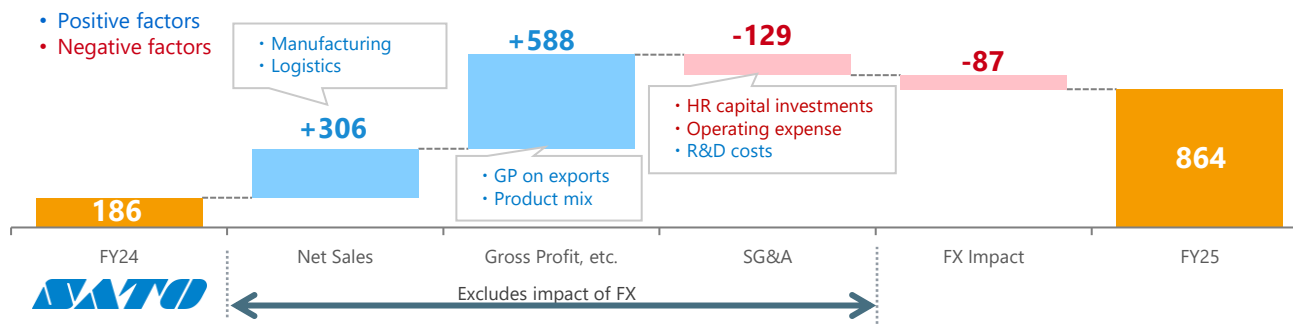
	FY24	FY25	Change	YoY
Mechatronics Sales	6,847	7,180	+332	+4.9%
Consumables Sales	11,505	11,911	+405	+3.5%
<b>Total Sales</b>	<b>18,353</b>	<b>19,091</b>	<b>+738</b>	<b>+4.0%</b>
Gross Profit	8,127	8,935	+808	+9.9%
Gross Profit %	44.3%	46.8%	+2.5pt	-
<b>Operating Income</b>	<b>186</b>	<b>864</b>	<b>+678</b>	<b>4.6x</b>
Operating Income %	1.0%	4.5%	+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, driven by steady demand resulting from investment in efficiency improvement in the manufacturing vertical. Demand related to the revised logistics efficiency law also contributed.
- **Consumables:** Sales increased due to firm overall demand.

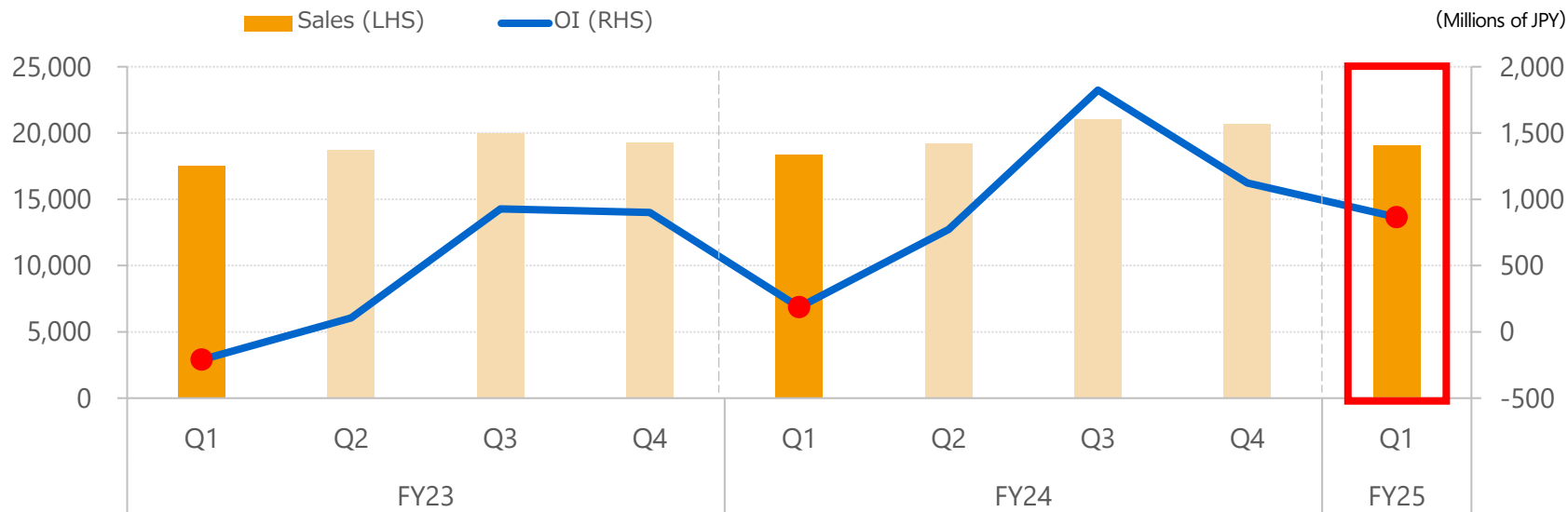
## Major Gains/Losses in OI



## Operating Income

- OI increased due to the above-mentioned increase in sales, an improved product mix, increased printer exports and successful control of SG&A expenses.

## Quarterly Sales and Operating Income



Sales	17,536	18,692	19,980	19,305	18,353	19,191	21,016	20,658	19,091
YoY	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%	+5.2%	+7.0%	+4.0%
OI	-210	106	927	901	186	773	1,824	1,123	864
YoY	-	-88.7%	-16.4%	+51.5%	-	7.3x	+96.8%	+24.6%	4.6x

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

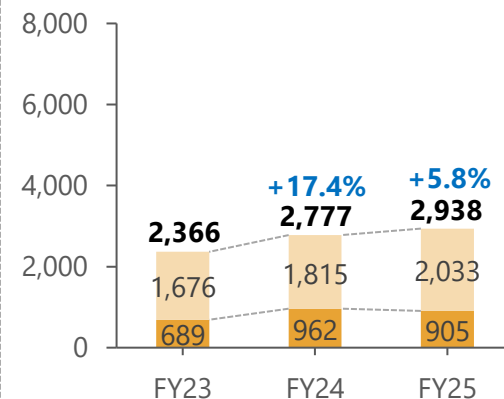
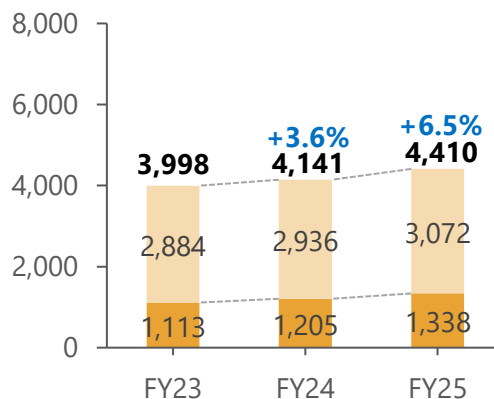
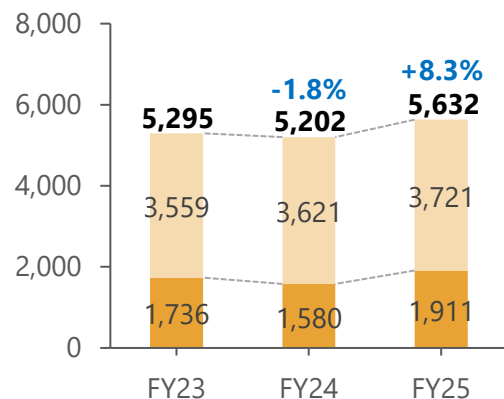
■ : Mechatronics ■ : Consumables (% indicates YoY change)

(Millions of JPY)

Manufacturing <sup>\*2</sup>Logistics <sup>\*3</sup>

## Retail

Net Sales



Business environment

Production of advanced semiconductors remained strong due to elevated demand for applications such as generative AI. Investment in efficiency improvement continued as severe labor shortages drove demands for digital transformation.

Due to the increased flow of goods driven by brisk e-commerce and inbound tourism, overall demand was strong. In addition to labor shortages, the revised logistics efficiency law limiting truck drivers' overtime continued to drive demand.

In-store investments at supermarkets for digital transformation and efficiency gains continued to be strong. Investments in e-commerce are robust as well.

SATO

Consumables and mechatronics sales increased in almost all industries, with a high-value project for print and apply systems in the electronic component industry and another one for automotive industry driving the latter.

Consumables sales increased across all industries as we captured the demand that continued to rise on higher freight volumes. As for mechatronics, sales increased driven by the effects of revised logistics efficiency law, continued demand from the inbound tourism, and a high-value project in the e-commerce industry.

Consumables sales rose, as robust inbound tourism boosted the sales of merchandise. Mechatronics sales declined; the sale increase from the brisk merchandise sales was not enough to cover the lack of one-off high-value e-commerce project in the same period last year.



\* 1 Since Q1 FY24, service sales are partially included in the mechatronics business. Graphs have been adjusted retrospectively.

\* 2 Since Q1 FY25, sales from the manufacturing and public verticals have been combined. Graphs have been adjusted retrospectively.

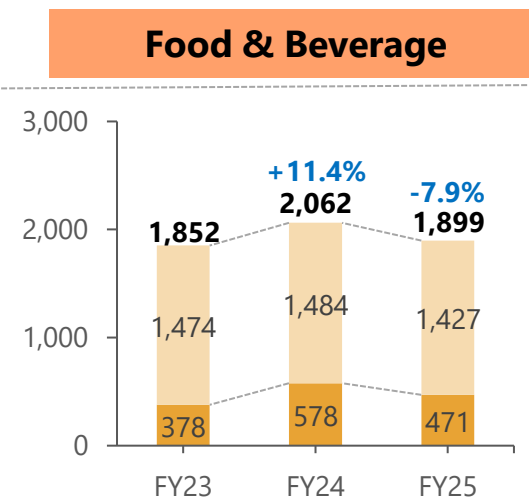
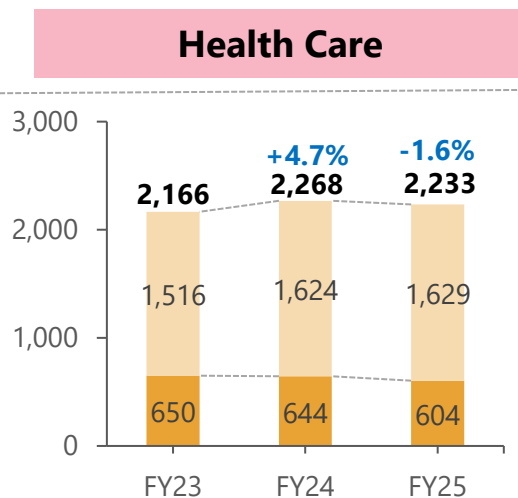
\* 3 Since Q1 FY23, some industries have been reclassified from the public vertical to the logistics vertical. Graphs have been adjusted retrospectively.



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

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

(Millions of JPY)



Net Sales

Business environment

SATO

Investments in RFID to improve administrative efficiency and combat labor shortages continued. Demand is strong overall.

Robust demand for automation and RFID solutions continued, as higher raw material and logistics costs and severe labor shortages keep affecting company operations.

Consumables sales remained flat despite the absence of one-off high-value projects in the same quarter previous year, as the higher demand for RFID compensated it. Mechatronics sales decreased, impacted by the lack of high-value automation projects in the medical equipment industry.

Consumables sales decreased due to declines in sales of specific products in food manufacturing industry. In mechatronics, sales were boosted by high-value projects in the food service industry, but the increase wasn't enough to offset the lack of a high-value project in the same period last year.

## RFID and Automation Sales

RFID and automation sales continued to be strong on the back of the robust demand related to digital transformation and labor shortages.

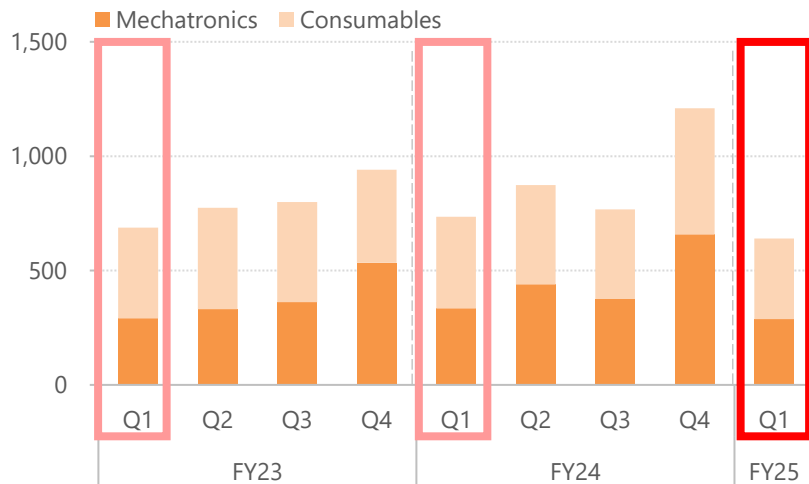
Despite the robust demand in manufacturing, RFID sales dropped, due to unfavorable comparison to a year ago period when we had one-off high-value projects in public and other verticals.

Automation sales increased, driven by high-value e-commerce projects in logistics.

### RFID



Q1 FY25: **-13.4% YoY**

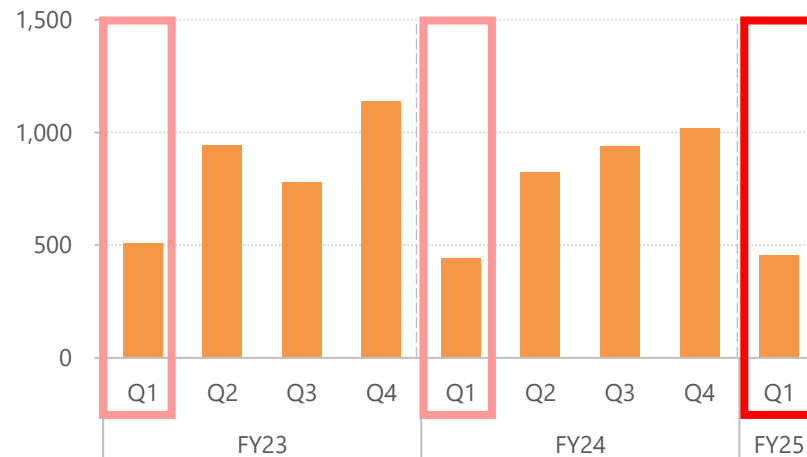


### Automation\*

(Millions of JPY)



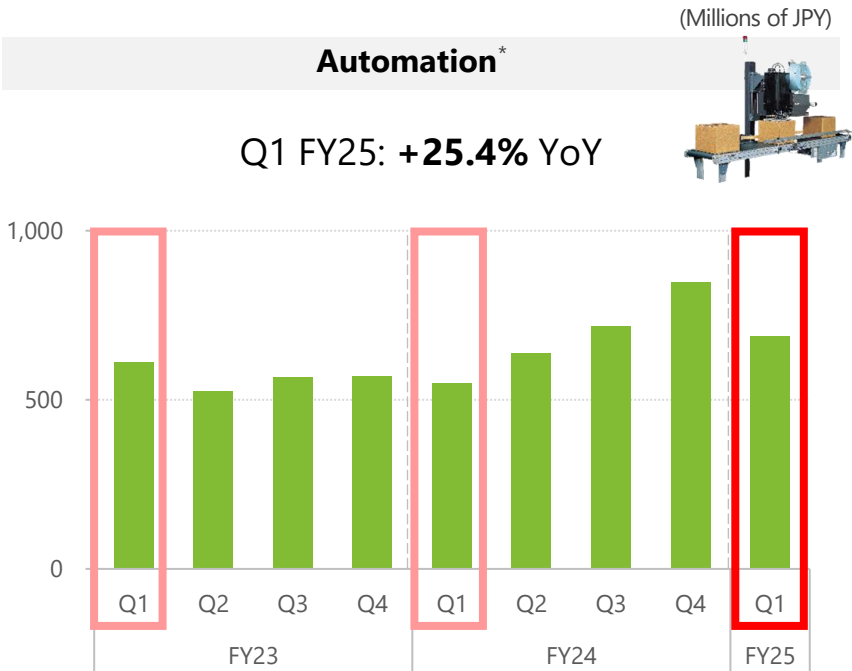
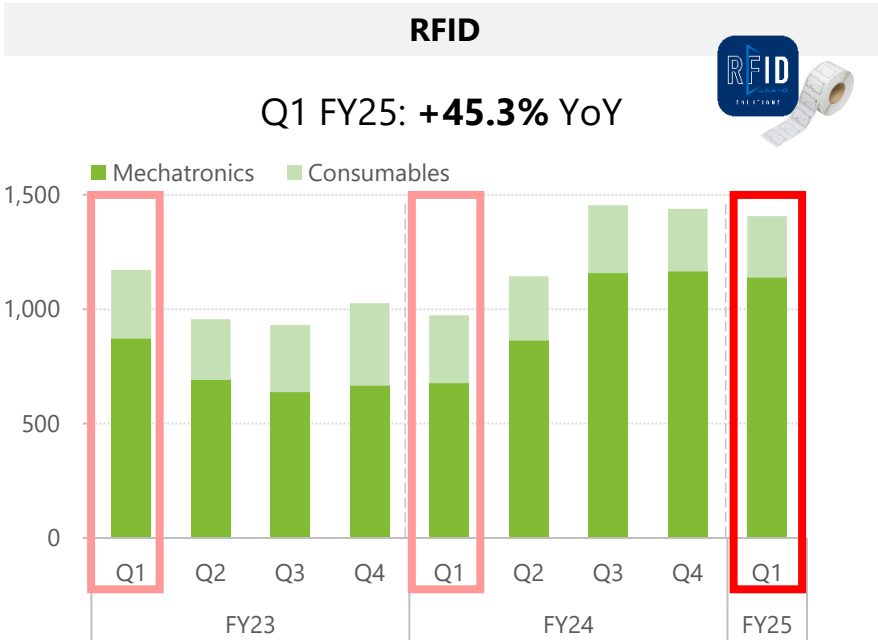
Q1 FY25: **+2.3% YoY**



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

# RFID and Automation Sales

RFID and automation solutions sales continued to be strong, driven by labor shortages and robust demand for digital transformation.  
RFID sales were up year on year, thanks to high-value projects in manufacturing.  
Automation sales rose despite economic downturns in Europe, helped by large logistics projects in the US.



\* Automation only includes hardware sales.



## FY25 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		Full Year	
	Targets	YoY	Targets	YoY	Targets	YoY
<b>Net Sales</b>	78,600	+3.3%	82,400	+4.7%	161,000	+4.0%
<b>Operating Income</b>	5,500	-4.8%	7,000	+6.7%	12,500	+1.3%
<b>Ordinary Income</b>	5,300	+8.5%	6,800	+8.6%	12,100	+8.6%
<b>Profit attributable to owners of parent</b>	3,300	+9.0%	4,400	+6.7%	7,400	+7.7%

&lt;Reference&gt;

<b>EBITDA</b> *	17,884 ←FY24	18,200	+1.8%
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\* EBITDA = Operating Income + Depreciation + Amortization

FX assumption for FY25: JPY 140/USD, JPY 160/EUR

Average FX for Q1 FY25: JPY 144.59/USD, JPY 163.80/EUR

Average FX for FY24: JPY 152.62/USD, JPY 163.87/EUR

**Apr- Jun 2025  
Results**

**ESG Focus**

**Actions toward realizing  
optimal cost of capital and  
enhancing shareholder value**

Reassessed social issues our business could help solve and identified areas of priority, clarifying the direction we create value toward.

## Background

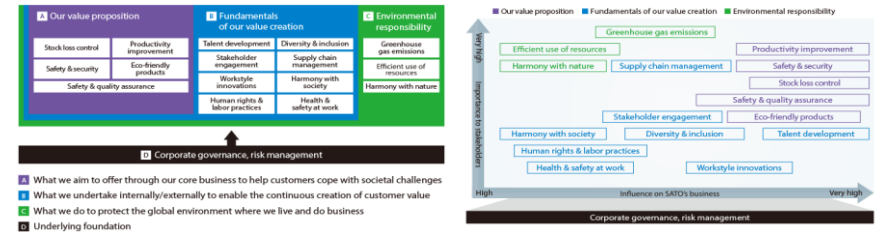
- Social issues, such as responsible production and consumption, resource depletion, population decline, labor shortages, and the growing importance of governance, are becoming increasingly complex and critical.
- This calls for a reassessment from a global perspective.

## Purpose

- To enable us to enhance corporate value sustainably through giving every 'thing' its own ID for seamless connection and being essential for solving social issues.
- To provide basis for decision-making in corporate management and capital allocation.

## Materiality Overview Defined in 2019

### Materiality overview

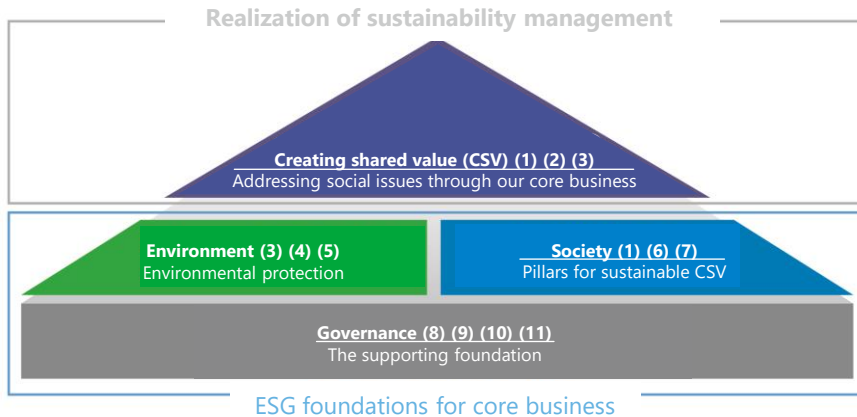


Over a period of more than six months, the management and external experts held more than 11 discussions. Material issues were identified based on input from internal and external stakeholders.

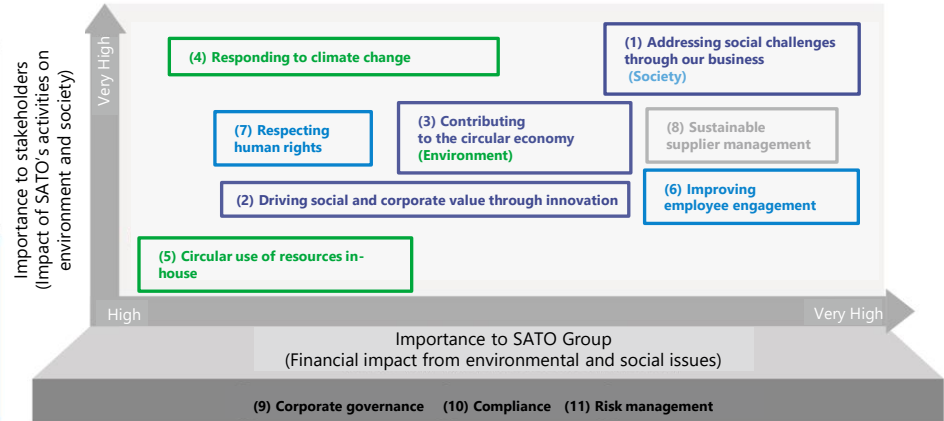
Redefine priorities for value creation as the basis for medium- to long-term management/business decisions.

- Each material issue is overseen by an executive and tracked with a KPI, with progress reviewed regularly.
- Progress has been made in existing and new businesses with CSV focus.

## Overview of Materiality Structure



## Materiality Map



**Apr- Jun 2025  
Results**

**ESG Focus**

**Actions toward realizing  
optimal cost of capital and  
enhancing shareholder value**



**ROIC has consistently exceeded WACC.**  
**However, there is still room to enhance corporate value.**

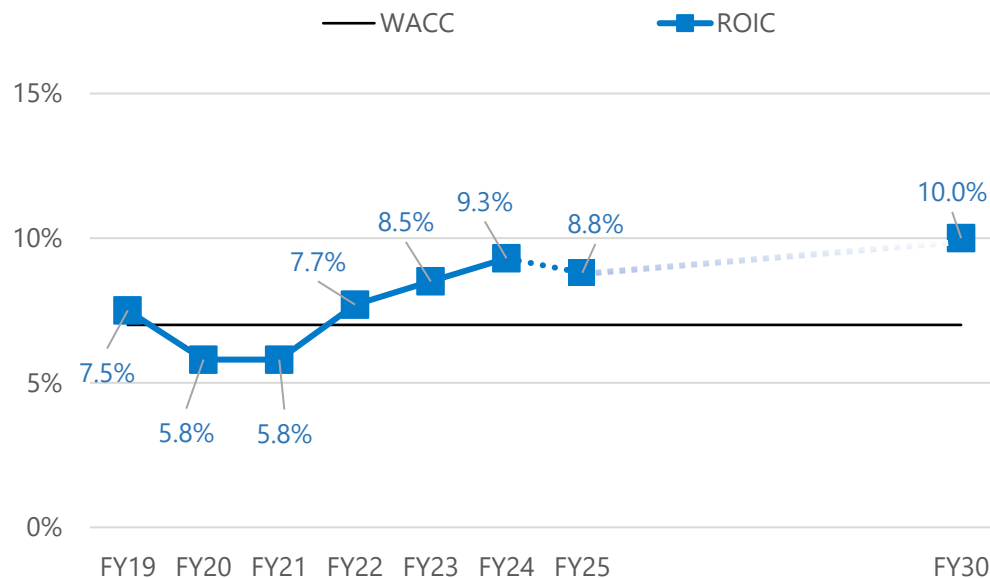
WACC = **7** % (including premium)

- Cost of equity is calculated using CAPM
- Our hurdle rates vary by geography and currency to account for differences in risk. (e.g., JPY: 7%, USD: 8%, EUR: 7%)

### WACC Components

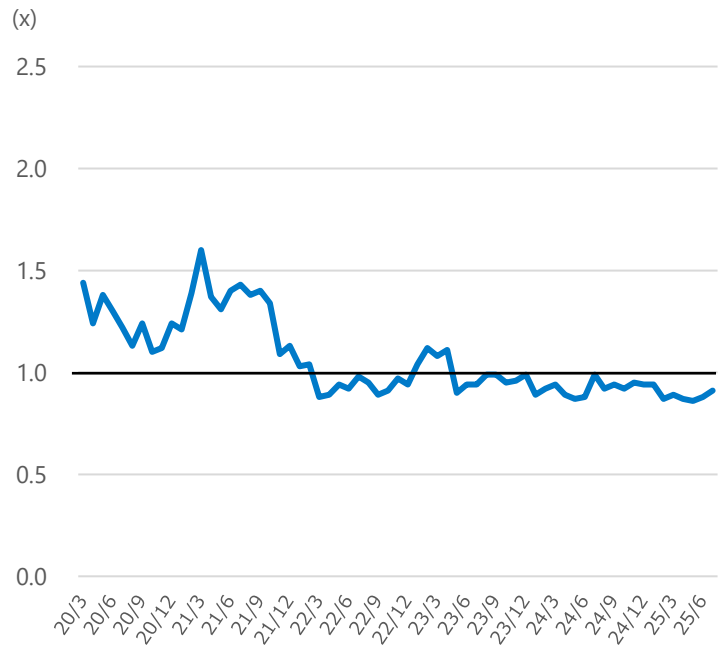
- Cost of equity: 7.2%
- Cost of debt: 1.5%
- Premium: 1%

WACC and ROIC

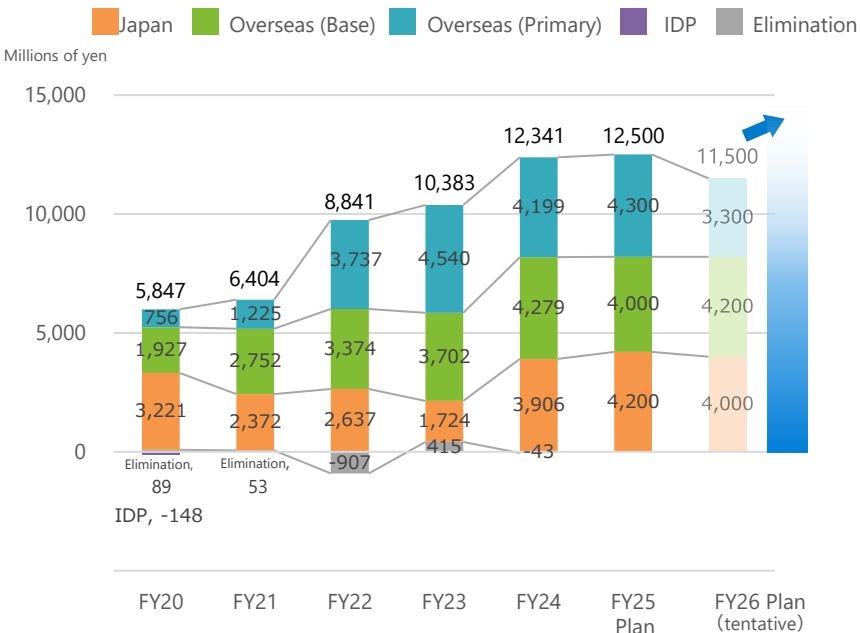


Although ROIC exceeds WACC, the P/B ratio remains at around 1.  
We believe this valuation gap reflects concerns over the company’s sustained growth.

P/B ratio Change



Operating income by business segment



Previous MTMP

Current MTMP

Previous MTMP

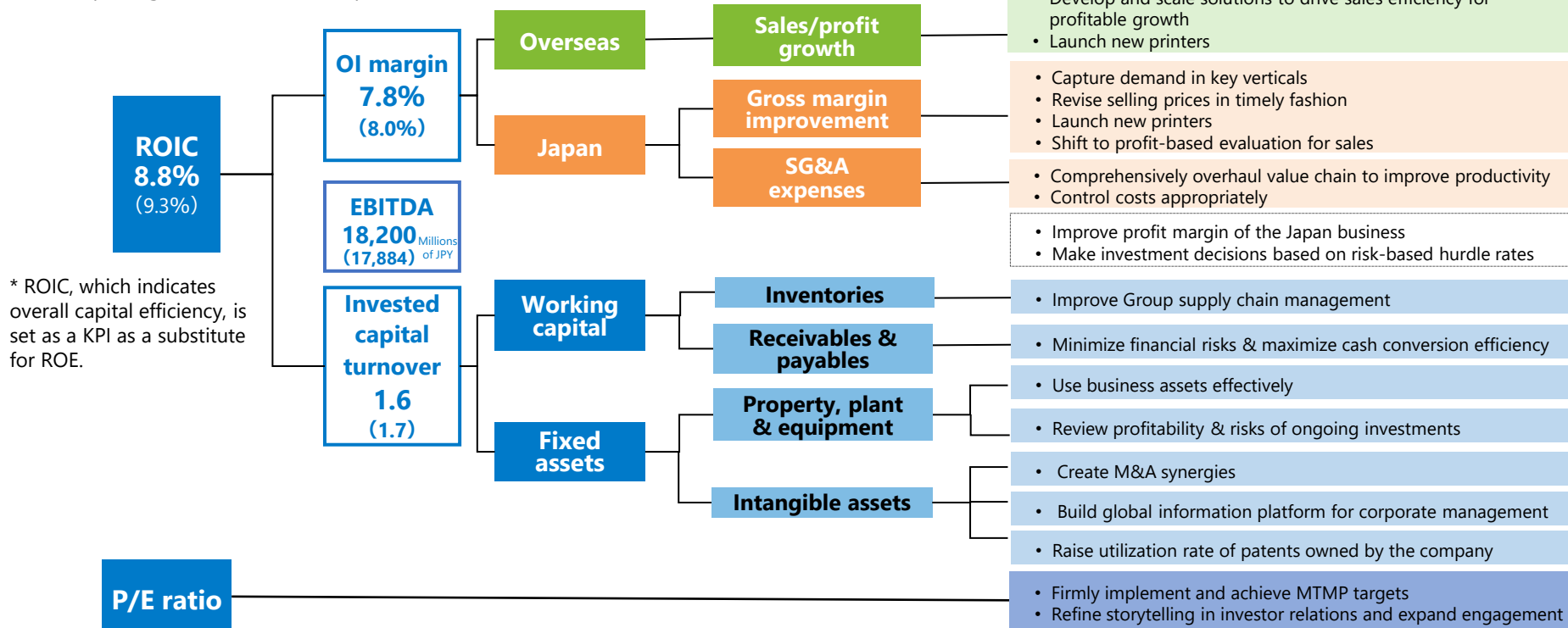
Current MTMP

# Initiatives to Improve P/B Ratio

**P/B ratio = ROE × P/E ratio**

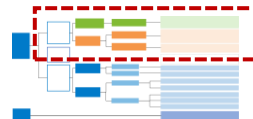
**ROIC is used in place of ROE and broken down into a tree structure, with targeted initiatives developed for each of its component.**

FY25 plan figures; FY24 results in parentheses



\* ROIC, which indicates overall capital efficiency, is set as a KPI as a substitute for ROE.

## Building a solid business foundation for stable profit growth.



OI margin 7.8% (8.0%)

### Overseas

#### Sales/profit growth

- Develop and scale solutions to drive sales efficiency for profitable growth
- Launch new printers

### Japan

#### Gross margin improvement

- Capture demand in key verticals
- Revise selling prices in timely fashion
- Launch new printers
- Shift to profit-based evaluation for sales

#### SG&A expenses

- Comprehensively overhaul value chain to improve productivity
- Control costs appropriately

EBITDA 18,200 (17,884) Millions of JPY

- Improve profit margin of the Japan business
- Make investment decisions based on risk-based hurdle rates

FY25

- Allocate resources to deepen business relationships with global key accounts
- Strengthen solution sales and enhance capabilities for consumables production

FY24

- Created new solutions through cross-functional collaboration to build stronger business relationships with global key accounts
- Built systems to replicate successful proposals across industries

FY25

- Strengthen collaboration with key customers in each industry and region and scale best practices
- Increase the focus on profitability through a phased shift to OI-based evaluation system

FY24

- Focused on selected key verticals and vertical-specific priority initiatives
- Secured gross margin through implementing planned price increases to reflect higher material costs

FY25

- Streamline the value chain end to end and reduce redundant/inefficient indirect costs across business units
- Launched a project to improve SG&A control accuracy

FY24

- Shifted to product-segment-based business units with integrated value-chain management, improving visibility into product-level profitability and issues
- Product roadmap largely completed; prepared to optimize development resources

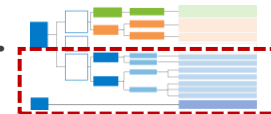
FY25

- CEO-led projects to move into the commercialization phase
- The Group Operating Officer will address cross-BU issues from a company-wide perspective

FY24

- Launched CEO-led projects as company-wide growth initiatives

## Improving invested capital turnover ratio across functions to enhance capital efficiency.



Invested capital turnover 1.6 (1.7)

### Working capital

#### Inventories

- Improve supply chain management across the group

#### Receivables & payables

- Minimize financial risks and maximize capital efficiency

### Fixed assets

#### Property, plant & equipment

- Use business assets effectively
- Review profitability & risks of investments

#### Intangible assets

- Create M&A synergies
- Build global information platform to support corporate management
- Increase utilization rate of patents owned by the company

P/E ratio

- Firmly implement and achieve MTMP targets
- Improve IR communications and investor engagement

FY25

- Implement PSI\* for printers to ensure stable supply and optimize inventory
- Review vendor-managed inventory agreements and replenishment operations in Japan

FY24

- Built a PSI framework for the printer business to ensure stable supply and optimize inventory
- Visualized consumable inventory in Japan that is slow-moving or held at third-party warehouses

FY25

- Strengthen financial governance at overseas subsidiaries
- Continue monitoring receivables and capital allocation

FY24

- Started using factoring in some regions to speed up collections and lower risk
- Started monitoring accounts receivable status across all overseas locations

FY25

- Reevaluate asset/investment operations from a group-wide view
- Build a process to evaluate idle/underused assets and make exit decisions

FY24

- Shifted to group-wide asset/investment oversight after company integration
- Prepared to introduce shared metrics for enhanced asset/investment evaluation

FY25

- Track progress on post-merger integration to gauge the effects of investments, and clarify evaluation criteria
- Build platform to unify and utilize group-wide management data

FY24

- Appointed executive in charge of M&A
- Reviewed structure to improve post-merger monitoring and integration
- Planned for centralized KPI data and automated monitoring for faster, smarter decisions

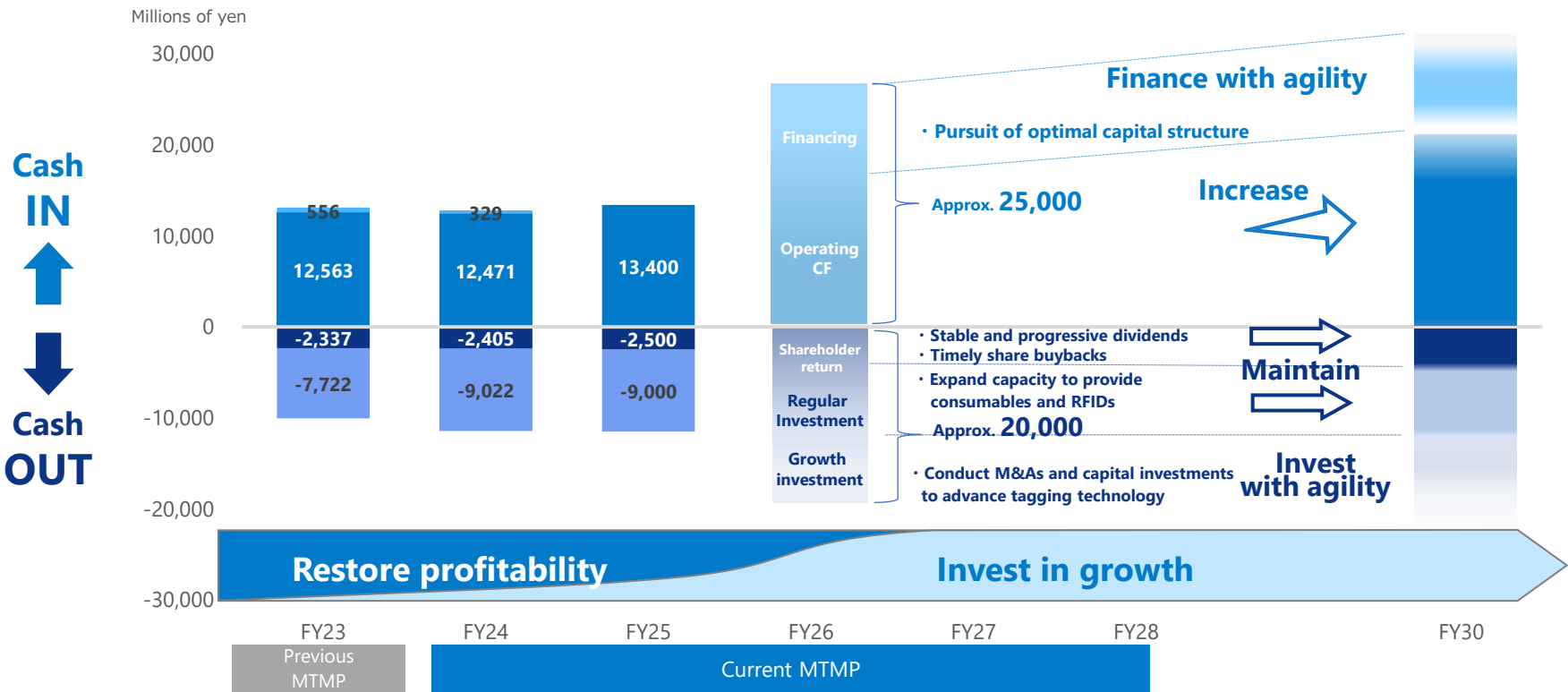
FY25

- Update MTMP and accelerate investment in growth areas

FY24

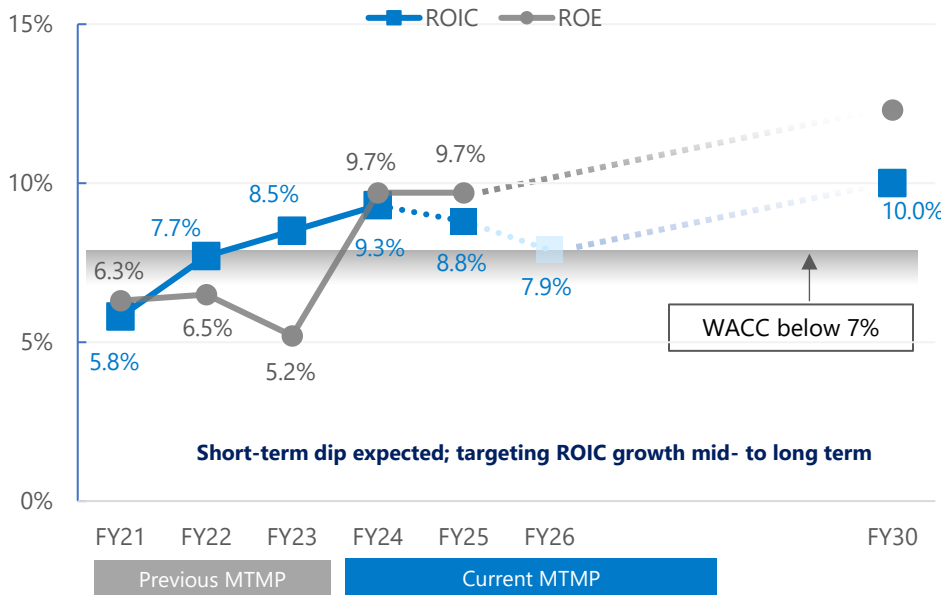
- Delivered revenue and profit growth above the recovery-phase targets in MTMP's first year

Operating income exceeded the initial plan, but operating cash flow remained flat.  
We are working to optimize inventory.

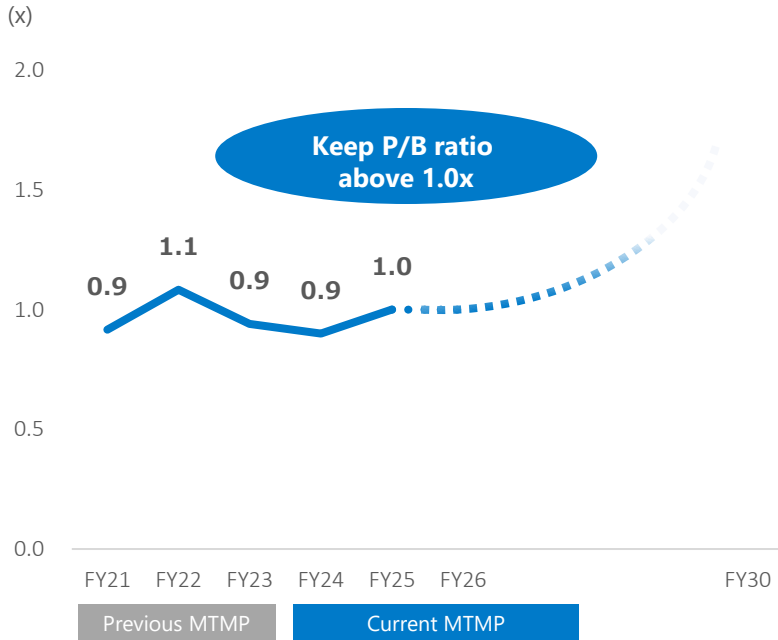


Improve and maintain the P/B ratio above 1.0 by increasing the spread between ROIC and WACC. Pay close attention to WACC in allocating capital and implementing initiatives for enhancing corporate value.

Trends and Outlook of Capital Efficiency Metrics (ROIC, ROE, WACC)



P/B ratio



# Appendix

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Performance data      Pages 33-41

SATO terminologies    Pages 42-45



FY24 Consolidated net sales: JPY 154,807 million JPY, 100%

85% of consolidated net sales (Breakdown by region: The Americas 14%, Europe 9%, APAC 17%, Japan 60%)

Base business

Mechatronics  
38%

Printers

Other Hardware

Software

Services

Consumables  
47%

Labels & Tags

15% of consolidated net sales (Breakdown by region: The Americas 15%, Europe 83%, APAC 2%)

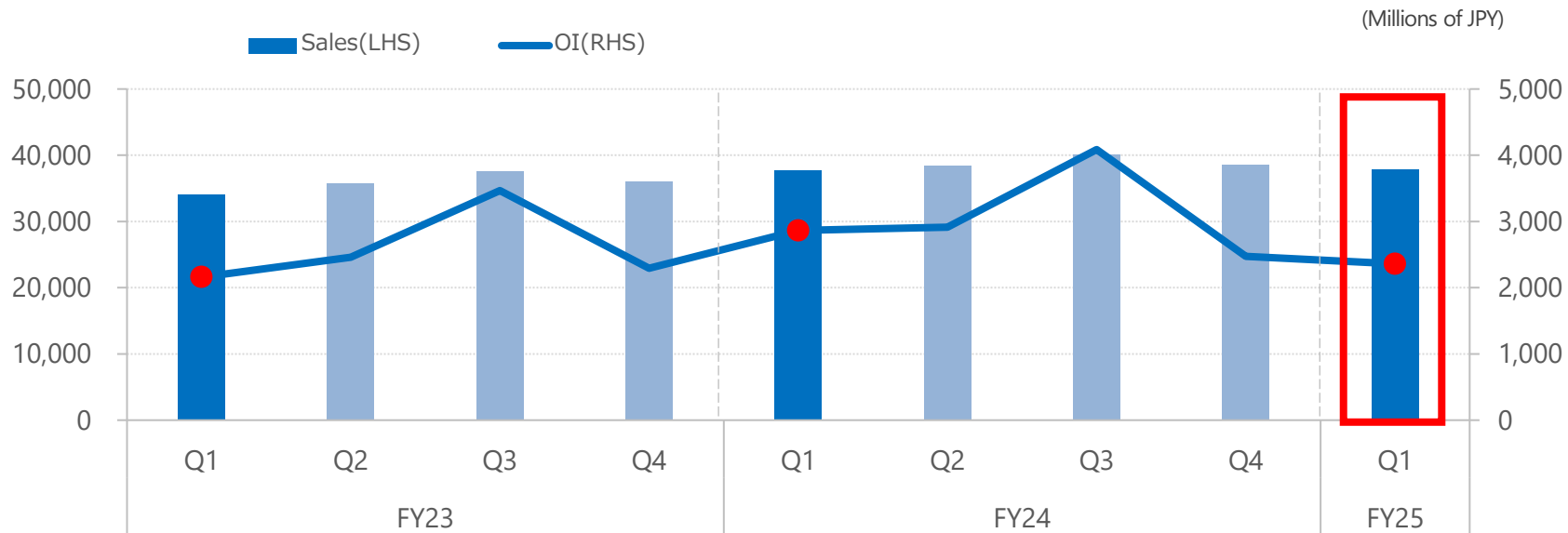
Primary Labels

Consumables  
100%

Stickers & Primary Labels



## Quarterly Sales and Operating Income



Sales	33,989	35,797	37,628	36,031	37,674	38,415	40,121	38,596	37,829
YoY	+0.9%	-2.7%	-0.6%	+4.5%	+10.8%	+7.3%	+6.6%	+7.1%	+0.4%
OI	2,160	2,460	3,467	2,295	2,864	2,914	4,086	2,475	2,359
YoY	2.6x	-16.6%	+4.9%	+30.4%	+32.6%	+18.4%	+17.9%	+7.8%	-17.6%

Sales and OI by Region

(Millions of JPY)

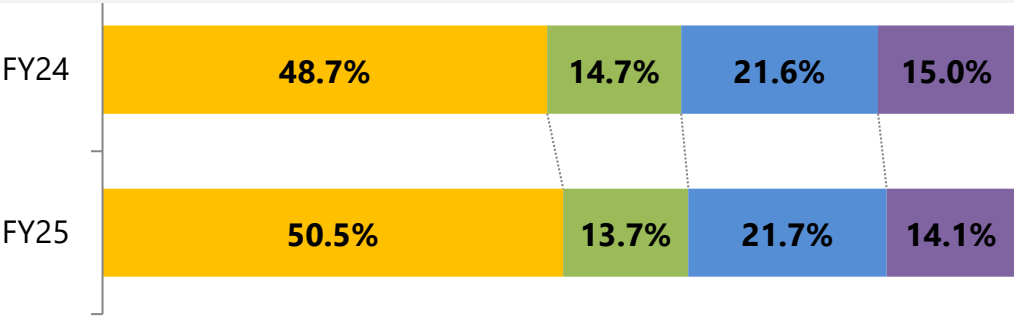
Japan The Americas Europe Asia/Oceania

Sales

37,674



37,829



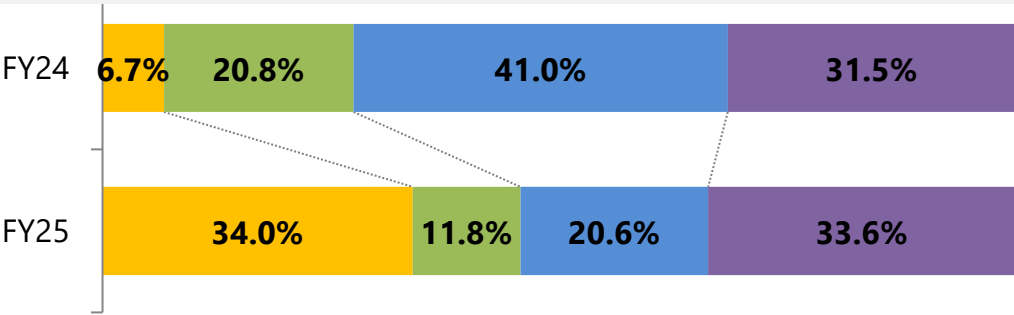
Operating Income

\* Ratio excludes eliminations.

2,772



2,494



OI Ratio FY24 Japan : 1.0%, Overseas : 13.4%  
FY25 Japan : 4.5%, Overseas : 8.7%

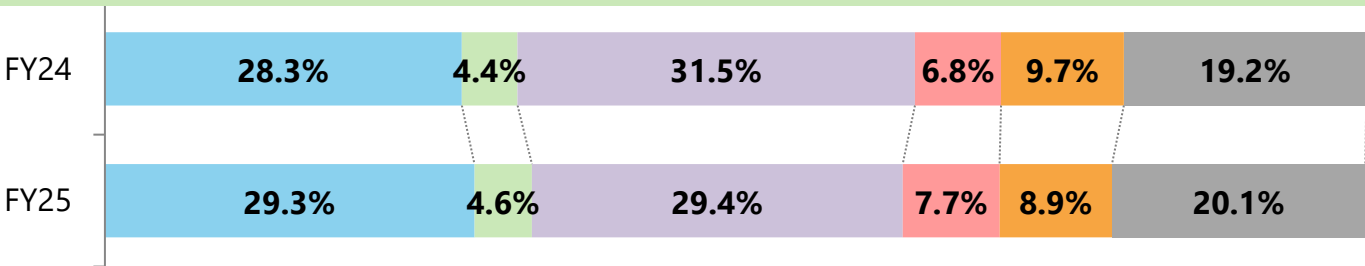


Sales by Vertical

Manufacturing Logistics Retail Health Care Food & Beverage Others

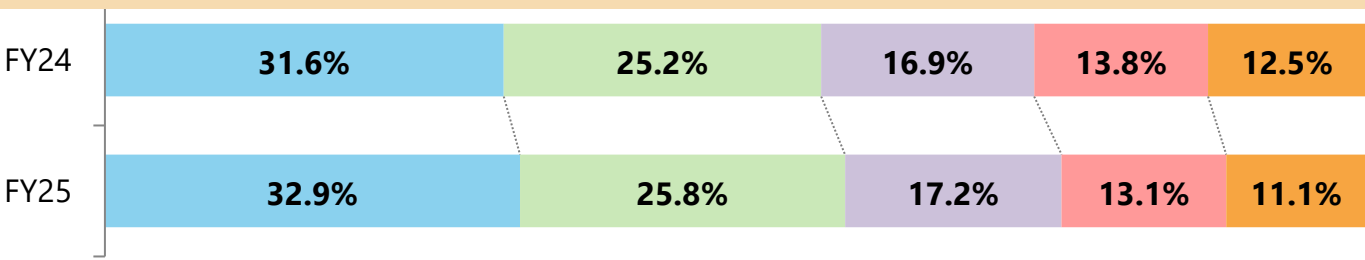
Overseas

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



Japan

\* Maintenance services not included



• Since Q1 FY25, sales from the manufacturing and public verticals have been combined. Graphs have been adjusted retrospectively.



## Sales and OI by Business Segment/Region

(Millions of JPY)

Base business

Primary Labels

The Americas

Europe

Asia/Oceania

## Sales

19,321

FY24

69.1%

30.9%

FY24

28.6%

42.1%

29.3%

18,737

FY25

67.4%

32.6%

FY25

27.7%

43.9%

28.5%

## Operating Income

\* Ratio excludes eliminations.

2,586

FY24

49.5%

50.5%

FY24

22.3%

44.0%

33.8%

1,629

FY25

66.6%

33.4%

FY25

17.9%

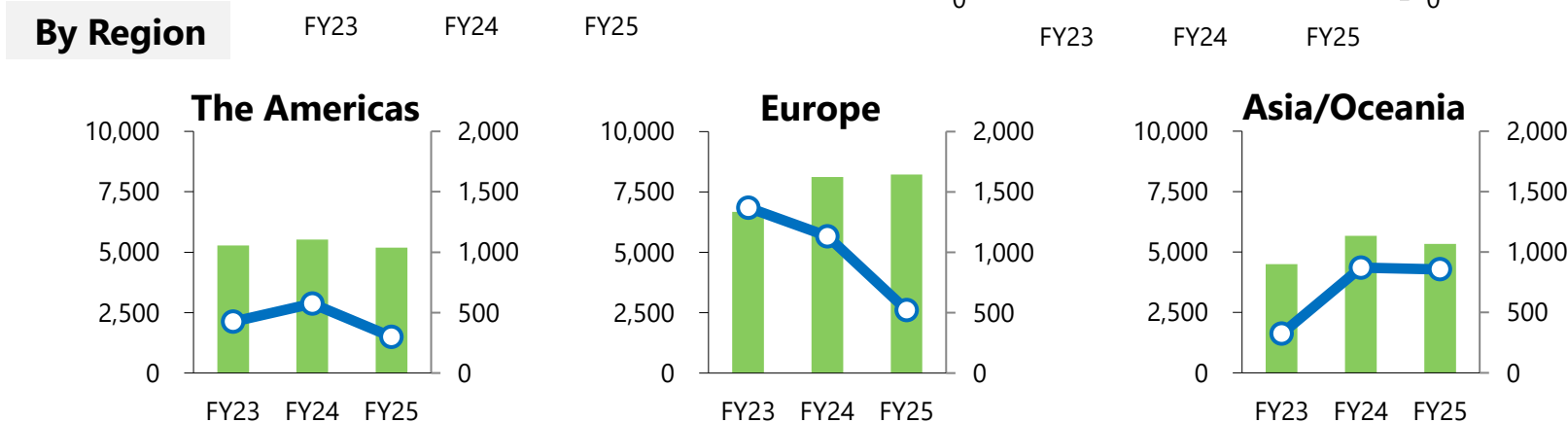
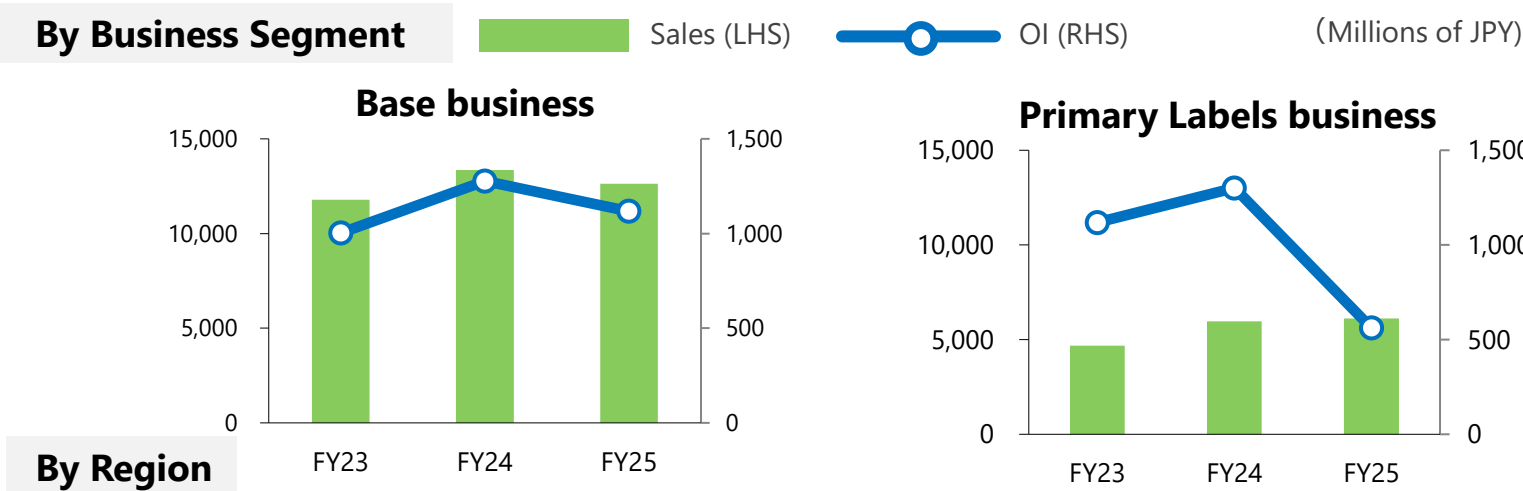
31.2%

51.0%

## OI ratio:

FY24 Base business : 9.6%, Primary Labels : 21.8%FY25 Base business : 8.9%, Primary Labels : 9.2%FY24 The Americas : 10.4%, Europe : 13.9%  
Asia/Oceania : 15.4%FY25 The Americas : 5.8%, Europe : 6.4%  
Asia/Oceania : 16.1%

Sales and OI Trends by Business Segment and Region



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

(Millions of JPY)

		FY24	FY25	YoY	In local currencies		
Consolidated	Total Sales	32,770	32,740	-0.1%	+3.1%		
	Operating Income	1,789	1,922	+7.4%	+18.6%		
	Overseas	Base	Total Sales	13,355	12,628	-5.4%	+0.4%
			Operating Income	1,277	1,118	-12.5%	-7.3%
		Primary Labels	Total Sales	1,061	1,020	-3.9%	+20.1%
			Operating Income	226	124	-45.3%	-24.2%
		Eliminations	Operating Income	7	-50	-	-
		Total	Total Sales	14,417	13,648	-5.3%	+1.9%
			Operating Income	1,511	1,192	-21.1%	-13.6%
		Japan	Total Sales	18,353	19,091	+4.0%	+4.0%
	Operating Income		186	864	4.6x	5.1x	
Eliminations	Operating Income	92	-134	-	-		

## Consolidated Results

(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY24	FY25	Change	YoY
<b>Net Sales</b>	<b>32,770</b>	<b>32,740</b>	<b>-30</b>	<b>-0.1%</b>
<b>Operating Income</b>	<b>1,789</b>	<b>1,922</b>	<b>+132</b>	<b>+7.4%</b>
<b>Operating Income %</b>	<b>5.5%</b>	<b>5.9%</b>	<b>+0.4pt</b>	<b>-</b>
<b>Ordinary Income</b>	<b>1,391</b>	<b>1,659</b>	<b>+267</b>	<b>+19.2%</b>
<b>Profit attributable to owners of parent</b>	<b>597</b>	<b>1,060</b>	<b>+462</b>	<b>+77.4%</b>
Effective Tax Rate	55.9%	32.9%	-23.0pt	-
<b>EBITDA*</b>	<b>2,952</b>	<b>3,072</b>	<b>+119</b>	<b>+4.1%</b>

Average FX for Apr-Jun 2025: JPY 144.59/USD, JPY 163.80/EUR (Apr-Jun 2024: JPY 155.85/USD, JPY 167.84/EUR)

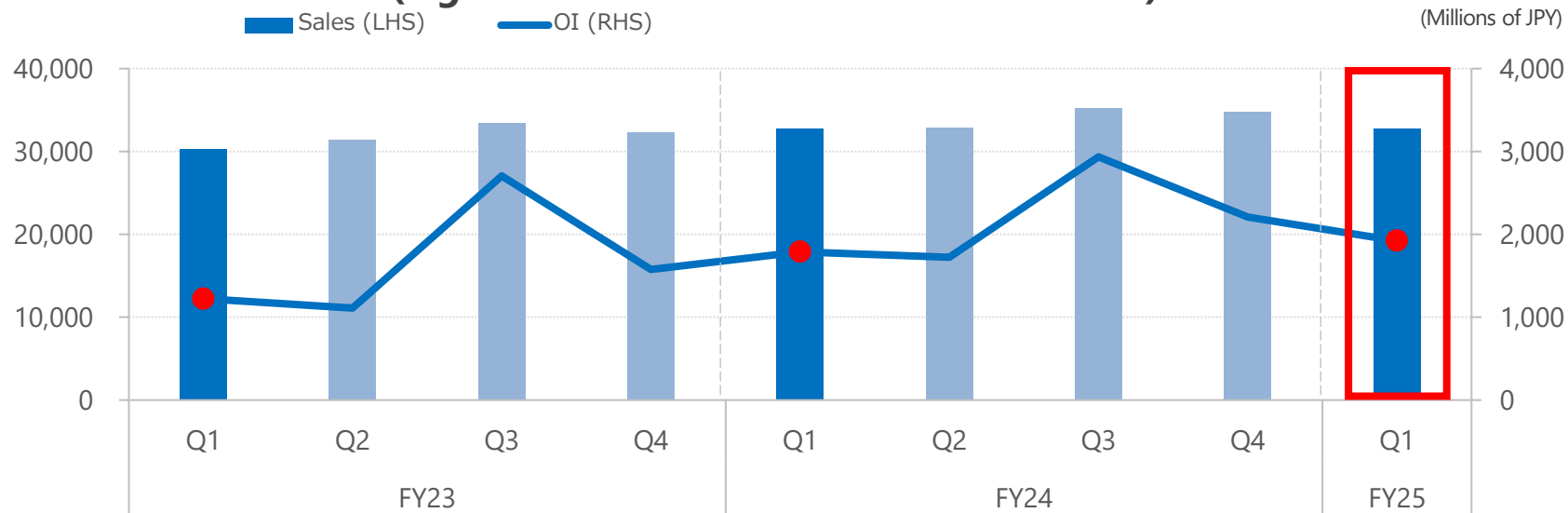
\* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)

· Depreciation for Apr-Jun 2025: JPY 1,146 million (Apr-Jun 2024: JPY 1,123 million)

· Amortization for Apr-Jun 2025: JPY 3 million (Apr-Jun 2024: JPY 38 million)



## Quarterly Sales and Operating Income (Figures exclude the Russian subsidiaries)



Sales	30,301	31,455	33,433	32,257	32,770	32,918	35,238	34,786	32,740
YoY	+1.6%	-1.7%	+2.6%	+4.9%	+8.1%	+4.7%	+5.4%	+7.8%	-0.1%
OI	1,222	1,110	2,704	1,577	1,789	1,724	2,935	2,209	1,922
YoY	2.0x	-45.1%	+40.9%	2.1x	+46.5%	+55.2%	+8.5%	+40.0%	+7.4%

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

SATO's 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 label 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 label 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 provide status information. 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 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>Perfect and Unique Tagging</b> (PUT)	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 faced by society as a whole.

SATO's 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 and 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>AEP Cloud</b> (Application Enabled Printing Could)	Cloud-based aPaaS (Application Platform as a Service) was launched in April 2025 by SATO Europe GmbH, a European subsidiary. It enables flexible and rapid application design in no-code and low-code for challenges such as complex labeling operations and regulations (e.g., digital product passports) faced by customers. This contributes to the realization of operational accuracy, business efficiency, cost management, etc.
9	<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.



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