

Consolidated Financial Report
for the First Three Months of Fiscal Year Ended June 2025
<Under Japanese GAAP>

August 12, 2025

SATO CORPORATION

Company code: 6287
 Website: www.sato-global.com
 Shares traded on: TSE Prime
 Executive position of legal representative: Hiroyuki Konuma, Representative Director,
 President and Group CEO
 Please address all communications to: Osamu Masuko, Vice President and CFO
 Phone: +81-3-6628-2423
 Commencement date of dividend payments: -
 Supplementary explanatory materials for financial results: Available
 Holding of meeting to explain financial results (for analysts and institutional investors): Yes

1. Consolidated operating results for Q1 (April 1, 2025 to June 30, 2025)

(1) Consolidated financial results (cumulative)

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	37,829	0.4	2,359	(17.6)	1,885	(21.8)
June 30, 2024	37,674	10.8	2,864	32.6	2,411	16.4

(Note) Comprehensive income: Three months ended June 30, 2025: ¥2,142 million (63.6%)
 Three months ended June 30, 2024: ¥5,892 million 95.2%

	Net income attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Yen	Yen
June 30, 2025	1,211	1.1	37.31	37.30
June 30, 2024	1,197	(8.2)	36.95	36.94

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	140,162	81,145	55.1	2,378.96
March 31, 2025	139,757	80,237	54.8	2,357.76

(Note) Total equity: As of June 30, 2025: ¥ 77,233 million
 As of March 31, 2025: ¥ 76,540 million

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2024	—	37.00	—	38.00	75.00
Fiscal year 2025	—				
FY 2025 (Forecast)		38.00	—	38.00	76.00

(Note) Revision to recently announced dividend forecast: None

3. Consolidated forecasts for FY 2025 (April 1, 2025 to March 31, 2026)

(Percentage figures show year-on-year change, numbers in parentheses represent negative values)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months	78,600	3.3	5,550	(4.8)	5,300	8.5	3,300	9.0	101.70
Full year	161,000	4.0	12,500	1.3	12,100	8.6	7,700	7.7	237.30

(Note) Revision to recently announced consolidated forecast: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the term: None
- (2) Application of special accounting procedures for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies and estimates, and restatement of prior-period financial statements after error corrections
- 1) Changes in accounting policies due to revisions to accounting standards: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of prior-period financial statements after error corrections: None
- (4) Number of issued common shares
- 1) Number of issued shares, including treasury shares, at the end of term:

As of June 30, 2025:	33,635,942 shares
(As of March 31 2025:	33,635,942 shares)
 - 2) Number of treasury shares at the end of term:

As of June 30, 2025:	1,170,613 shares
(As of March 31 2025:	1,172,623 shares)
 - 3) Average number of shares during the term, cumulative from the beginning of the fiscal year:

Three months ended June 30, 2025:	32,463,678 shares
(Three months ended June 30, 2024:	32,414,047 shares)

***Review of the Japanese-language originals of the attached consolidated financial statements by certified public accountants or audit firms: Yes (voluntary)**

*** Explanation about the proper use of consolidated forecasts and other notes**

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Any statements herein do not assure particular results by the Company. Results may differ from the consolidated forecasts due to various factors. Please refer to section 1-(3) "Explanation of consolidated forecasts and other projections" (page 5) of the attached materials for assumptions behind the consolidated forecasts and other information.

Attached Materials

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1. Q1 Financials and FY 2025 Outlook

(1) Overview of Q1 financial performance

Overview of Q1 financial performance

The SATO Group, with its vision to “be the customer’s most trusted partner for mutual growth, and always essential in an ever-changing world,” runs business based on management principles, growth strategies and business targets defined in its current Medium-term Management Plan (MTMP) for FY 2024 to 2028. Through this plan, we aim to take tagging to the next level and pursue “Perfect and Unique Tagging” to “give every ‘thing’ its own ID so it connects with the world.”

The first two years of the MTMP are designated to rebuild profitability, and the next three years set to restart growth investments. During the initial phase, we will strengthen our core business. In Japan, we will aim to get the business profiting at a higher level again, whereas overseas we will seek sustainable and efficient growth. In the subsequent phase, we will allocate profits generated from the recovered revenue base to advance solutions for Perfect and Unique Tagging, with the aims of accelerating growth and establishing a new profit base. Throughout the MTMP period, we will also focus on strengthening corporate management, improving capital efficiency, and applying sustainable business practices, to reinforce our fundamentals.

Having returned to profitability ahead of schedule in FY 2024, the first year of the MTMP, we plan to resume growth investments from FY 2025 onward.

As a result, the SATO Group posted net sales of ¥37,829 million (up 0.4% compared with the same period of the previous fiscal year), operating income of ¥2,359 million (down 17.6%), ordinary income of ¥1,885 million (down 21.8%), and h attributable to owners of parent of ¥1,211 million (up 1.1%).

Performance by segment is as follows.

Auto-ID solutions (Japan)

Mechatronics sales increased by capturing investment related to efficiency improvements in the manufacturing market and demand generated by compliance with the amended logistics efficiency legislation in the logistics market. Consumable sales also grew, supported by generally solid performance across all markets. Higher sales and a more favorable product mix led to an increase in operating income.

Under these circumstances, net sales increased 4.0% to ¥19,091 million yen, and segment profit increased 364.8% to ¥864 million yen, compared with the previous fiscal year.

For information on our sales performance by market, please refer to our financial results briefing materials online.

<https://www.sato-global.com/ir/library/settlement/>

Auto-ID solutions (Overseas)

Outside Japan, our companies specializing in primary labels recorded higher sales due to currency effects, despite a decline in demand in Russia following changes in tax policy. Meanwhile, our base business remained stable across all regions, but reported lower sales due to currency effects, resulting in an overall decline in the overseas business. In addition to the decline in sales, the impact of the appreciation of the local currency in Russia by companies specializing in primary labels and the increase in costs led to a decline in profits for the overseas business as a whole.

Under these circumstances, net sales decreased 3.0% to ¥18,737 million (a 1.2% increase excluding foreign exchange effects), and segment profit declined 37.0% to ¥1,629 million, compared with the same period of the previous fiscal year.

For a detailed breakdown of financial performance by (i) base and primary labels businesses and (ii) region, please refer to the financial results briefing materials available on our website.

<https://www.sato-global.com/ir/library/settlement/>

(2) Overview of Q1 financial position

At the end of the first quarter, the balance of current assets was 90,917 million yen (91,558 million yen at the end of the previous fiscal year), a decrease of 640 million yen. This was mainly due to a decrease in notes and accounts receivable-trade and contract assets (1,836 million yen) and an increase in merchandise and finished goods (1,121 million yen). The balance of non-current assets was 49,244 million yen (48,198 million yen at the end of the previous fiscal year), an increase of 1,045 million yen. This was mainly due to an increase of 292 million yen in machinery, equipment and vehicles in property, plant and equipment and an increase of 686 million yen in software suspense account in intangible assets.

The balance of current liabilities decreased by 10 million yen to 41,667 million yen (41,677 million yen at the end of the previous fiscal year). This was mainly due to an increase in electronically recorded obligations - operating (479 million yen), an increase in short-term borrowings (666 million yen), a decrease in accounts payable - other (935 million yen), and a decrease in income taxes payable (337 million yen). Non-current liabilities totaled 17,350 million yen (17,842 million yen at the end of the previous fiscal year), a decrease of 492 million yen. This was mainly due to deferred tax liabilities(518 million yen) included in other.

Net assets increased by 907 million yen to 81,145 million yen at the end of the first quarter (80,237 million yen at the end of the previous fiscal year). This was mainly due to an increase in accumulated other comprehensive income (716 million yen).

Cash flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year decreased by 1,208 million yen from the end of the previous fiscal year to 24,674 million yen.

The status of each cash flow and their factors during the three months ended June 30, 2025 are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 1,851 million yen.

The main factors for the increase were profit before income taxes of 1,819 million yen, depreciation of 1,406 million yen, and a decrease in accounts receivable-trade and contract assets of 2,001 million yen. The decrease was mainly due to an increase of 1,657 million yen in prepaid expenses and a decrease of 1,049 million yen in accounts payable - other

Cash flows from investing activities

Net cash used in investing activities decreased by 2,085 million yen.

The main factor for the increase was proceeds from withdrawal of time deposits of 652 million yen. The main factor for the decrease were payments into time deposits of 636 million yen, Purchase of property, plant and equipment of 1,238 million yen, and purchase of intangible assets of 838 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 978 million yen.

The main factor for the increase was an increase of 640 million yen in short-term loans borrowings, while the main factor for the decrease was 393 million yen in repayments of lease liabilities and 1,211 million yen in dividends paid.

(3) Explanation of consolidated forecasts and other projections

No changes have been made to the consolidated forecasts for the fiscal year ending March 2026, which were announced on May 15, 2025.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	27,432	26,291
Notes and accounts receivable - trade, and contract assets	29,697	27,861
Securities	49	51
Merchandise and finished goods	14,917	16,038
Work in process	953	1,017
Raw materials and supplies	13,085	12,528
Accounts receivable - other	2,123	1,915
Other	3,573	5,482
Allowance for doubtful accounts	(275)	(269)
Total current assets	91,558	90,917
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,552	15,449
Machinery, equipment and vehicles, net	14,016	14,309
Land	4,508	4,536
Other, net	4,647	5,322
Total property, plant and equipment	38,725	39,617
Intangible assets		
Software	1,629	1,630
Software in progress	3,073	3,760
Goodwill	28	23
Other	631	719
Total intangible assets	5,362	6,134
Investments and other assets	4,110	3,492
Total non-current assets	48,198	49,244
Total assets	139,757	140,162
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,060	7,027
Electronically recorded obligations - operating	9,645	10,125
Short-term borrowings	3,137	3,803
Contract liabilities	7,761	8,239
Accounts payable - other	4,920	3,985
Income taxes payable	810	472
Provisions	2,262	2,160
Other	6,078	5,852
Total current liabilities	41,677	41,667
Non-current liabilities		
Long-term borrowings	11,059	11,042
Lease liabilities	3,875	3,892
Retirement benefit liability	975	1,017
Other	1,932	1,398
Total non-current liabilities	17,842	17,350
Total liabilities	59,519	59,017

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Net assets		
Shareholders' equity		
Share capital	8,468	8,468
Capital surplus	5,347	5,347
Retained earnings	56,461	56,433
Treasury shares	(2,265)	(2,261)
Total shareholders' equity	68,012	67,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	8
Foreign currency translation adjustment	8,447	9,163
Remeasurements of defined benefit plans	72	73
Total accumulated other comprehensive income	8,528	9,245
Share acquisition rights	12	12
Non-controlling interests	3,685	3,899
Total net assets	80,237	81,145
Total liabilities and net assets	139,757	140,162

(2) Consolidated statements of (comprehensive) income

Consolidated statements of income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	37,674	37,829
Cost of sales	22,070	22,496
Gross profit	15,604	15,332
Selling, general and administrative expenses	12,740	12,973
Operating income	2,864	2,359
Non-operating income		
Interest income	135	127
Dividend income	8	1
Foreign exchange gains	15	—
Other	67	83
Total non-operating income	226	212
Non-operating expenses		
Interest expenses	109	203
Foreign exchange losses	—	261
Loss on net monetary position	492	153
Other	77	68
Total non-operating expenses	679	686
Ordinary income	2,411	1,885
Extraordinary income		
Gain on sale of non-current assets	3	9
Other	0	—
Total extraordinary income	3	9
Extraordinary losses		
Loss on retirement of non-current assets	10	16
Loss on sale of non-current assets	0	0
Loss on business restructuring	—	58
Total extraordinary losses	11	76
Income before income taxes	2,404	1,819
Income taxes - current	515	388
Income taxes - deferred	469	168
Total income taxes	985	557
Net income	1,418	1,261
Net income attributable to non-controlling interests	220	50
Net income attributable to owners of parent	1,197	1,211

Consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net income	1,418	1,261
Other comprehensive income		
Valuation difference on available-for-sale securities	217	0
Foreign currency translation adjustment	4,256	878
Remeasurements of defined benefit plans, net of tax	(0)	0
Total other comprehensive income	4,473	880
Comprehensive income	5,892	2,142
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,234	1,927
Comprehensive income attributable to non-controlling interests	657	214

(3) Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Income before income taxes	2,404	1,819
Depreciation	1,271	1,406
Amortization of goodwill	38	3
Loss (gain) on sale of non-current assets	(3)	(9)
Loss on retirement of non-current assets	10	16
Loss on business restructuring	—	58
Losses on net monetary position	492	153
Increase (decrease) in provision for bonuses	(155)	(178)
Increase (decrease) in allowance for doubtful accounts	(169)	(6)
Increase (decrease) in retirement benefit liability	1	24
Interest and dividend income	(143)	(129)
Interest expenses	109	203
Foreign exchange losses (gains)	(72)	34
Decrease (increase) in accounts receivable - trade, and contract assets	893	2,001
Decrease (increase) in inventories	(1,128)	(450)
Increase (decrease) in trade payables	(60)	3
Increase (decrease) in accounts payable - other	185	(1,049)
Decrease (increase) in prepaid expenses	(1,279)	(1,657)
Other, net	639	146
Subtotal	3,033	2,390
Interest and dividends received	143	129
Interest paid	(109)	(186)
Income taxes paid	(123)	(422)
Payments for business restructuring	—	(58)
Net cash provided by (used in) operating activities	2,944	1,851
Cash flows from investing activities		
Payments into time deposits	(822)	(636)
Proceeds from withdrawal of time deposits	375	652
Purchase of property, plant and equipment	(1,886)	(1,238)
Purchase of intangible assets	(686)	(838)
Proceeds from sale of property, plant and equipment and intangible assets	5	20
Other, net	19	(45)
Net cash provided by (used in) investing activities	(2,994)	(2,085)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	261	640
Repayments of long-term borrowings	(228)	(14)
Repayments of lease liabilities	(386)	(393)
Dividends paid	(1,176)	(1,211)
Purchase of treasury shares	(0)	(0)
Other, net	54	0
Net cash provided by (used in) financing activities	(1,475)	(978)
Effect of exchange rate change on cash and cash equivalents	823	4
Net increase (decrease) in cash and cash equivalents	(702)	(1,208)
Cash and cash equivalents at beginning of period	24,102	25,883
Cash and cash equivalents at end of period	23,399	24,674

(4) Notes to consolidated financial statements

Going concern assumption

None

Notes in the event of material changes in amount of shareholders' equity

None

Changes in accounting policies

None

Segment information

I. Three months ended June 30, 2024

1. Information on net sales and profit or loss by reportable segment

Millions of yen, numbers in parentheses represent negative values			
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	18,353	19,321	37,674
Intersegment sales and transfer	2,171	3,294	5,466
Total	20,524	22,616	43,141
Segment profit (loss)	186	2,586	2,772

2. Difference between the total amount of profit or loss for reportable segments and the amount recorded on the consolidated statements of income, and a major breakdown of the difference (Matters related to difference adjustment)

Millions of yen, numbers in parentheses represent negative values	
Profit	Amount
Reportable segments total	2,772
Intersegment eliminations	0
Adjustment of inventories	92
Operating income on the consolidated statements of income	2,864

3. Matters related to changes in reportable segments

None

4. Information on impairment loss of non-current assets, goodwill and negative goodwill, etc. by reportable segment

None

II. Three months ended June 30, 2025

1. Information on net sales and profit or loss by reportable segment

Millions of yen, numbers in parentheses represent negative values			
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	19,091	18,737	37,829
Intersegment sales and transfer	3,177	4,443	7,621
Total	22,269	23,181	45,450
Segment profit (loss)	864	1,629	2,494

2. Difference between the total amount of profit or loss for reportable segments and the amount recorded on the consolidated statements of income, and a major breakdown of the difference (Matters related to difference adjustment)

Millions of yen, numbers in parentheses represent negative values	
Profit	Amount
Total of reportable segments	2,494
Intersegment eliminations	0
Adjustment of inventories	(134)
Operating income on the consolidated statements of income	2,359

3. Matters related to changes in reportable segments

None

4. Information on impairment loss of non-current assets, goodwill and negative goodwill, etc. by reportable segment

None

Business combination

Absorption-type merger of wholly owned subsidiary

At the Company's board of directors meeting held on April 9, 2024, the Company resolved to conduct an absorption-type merger, with the effective date of April 1, 2025 between SATO Corporation, a wholly owned subsidiary of the Company, as a surviving company and SATO

1. Outline of business combination

- (1) Name and business description of the disappearing company in the absorption-type merger

Name of disappearing company in the absorption-type merger: SATO Corporation

Business description: Auto-ID solutions

- (2) Date of business combination

April 1, 2025

(3) Legal form of the business combination

Form of absorption-type merger in which the Company is the surviving company and SATO Corporation is disappearing company

(4) Name of entity after business combination

The Company has changed its trade name to SATO Corporation.

(5) Other items regarding overview of the transaction

By integrating the head office functions with SATO Corporation, which performs the main functions of the Group's businesses, we will change the fragmented organization into a simpler structure. Our objective is to develop a system that facilitates expeditious decision-making and the selection and concentration of management resources by elucidating responsibilities and authorities.

2. Overview of accounting treatment

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), we accounted for the business combination as a transaction under common control.