

From the President and Group CEO

Reimagining our business to build the future



Hiroyuki Konuma

Hiroyuki Konuma
President and Group CEO

- Strengthen our profit base and pursue new growth
- Create unique value through solving social issues
- Build a challenge-ready culture to keep the business growing

Redefining our business and organizational priorities

Since I took on the role of Group CEO in 2023, I've constantly asked myself how we can keep SATO always essential in an ever-changing world. What should we hone and what must we change or not change? Believing that the answers can be found in our day-to-day operations, I made sure to listen to those on the front lines before making any executive decisions.

When I first took the helm and started understanding the broader vision for our group, it became clear to me that SATO has great potential for growth. But the company felt like someone who had lost their balance — eager to run again, but at risk of injury without first regaining stability and rebuilding strength.

From the President and Group CEO

That was why the first phase of our FY 2024 to 2028 medium-term management plan focused on organizational agility. Over the past year, we have made structural changes to enable faster and more integrated decision-making. We also worked on improving our profitability model and talent development framework, actively pursued new business opportunities to drive future growth, and updated our materiality assessment to reflect the bigger role we aim to play in society. On the back of these changes, the company was able to achieve record-high sales and operating income for the second consecutive year in FY 2024.

This strong performance is about more than just the numbers; it reinforces our belief in what we are capable of and shows us that we are on the right track. But we're not stopping here. We have set our sights on our 2030 vision to pursue Perfect and Unique Tagging and realize a future where everything has its own ID and connects seamlessly. Now is the time for us to reflect on our purpose to create greater value for society and prepare for the next phase of growth.

A fruitful first year for our medium-term plan, and what's next

In FY 2024, we made several changes to restore profitability under our medium-term plan. One pivotal change was the merger of our holding company and key sales company in Japan, which was completed in April 2025. While the holding

company structure has produced results, today's rapidly changing business environment demands faster decision-making and more efficient resource allocation. This was why we consolidated the two entities — the final step in our phased corporate restructuring — to build a stronger foundation for agile, high-speed growth. At the same time, we changed how we operate, by integrating product planning, R&D, production and sales promotion. This alignment will allow us to better monitor profitability and pursue overall optimization, to eliminate redundant investments, cut costs and channel resources into growth areas. It also addresses the corporate hierarchy inefficiencies I identified when I first took the leadership role.

Despite pressure from rising costs of raw materials, logistics and personnel, our Japan business achieved growth across almost all sectors in FY 2024 with significant profitability gains. This was largely because our sales teams worked to deliver strategic solutions aligned to customer needs. New incentive structures put in place have helped sales teams shift their mindset toward higher-margin solutions. And with our repricing strategy underway, the Japan business is transitioning to a more profit-driven structure. Outside of Japan, we are expanding our solutions business to seek sustainable and efficient growth under the medium-term plan.

We are actively supporting our group companies to replicate success cases across regions and training resellers through a new knowledge portal as more global customers turn to SATO for maintenance and servicing capabilities across their operations.



To ensure recurring revenue, we will continue to strengthen our manufacturing and sales of labels, tags and consumables that customers rely on. We will also enhance governance and cybersecurity to ensure the integrity of business management while making phased investments to improve our brand presence.

Thanks to changes made over the past year, we closed FY 2024 with record profits. While this is a notable achievement, the real significance is in how we have capitalized on those changes through meaningful action. It's encouraging to see the company reacting and moving more quickly but this is no time for complacency. As we enter the second year of our

From the President and Group CEO

medium-term plan, we need to transition into growth mode to realize our 2030 vision while maintaining our solid profit foundation.

This is where we must put our resolve and capabilities to the test.

Solving social issues through creating shared value and innovative tagging

If you ask me about SATO's future direction, I would explain it lies in creating broader value. Our updated materiality assessment is a good example. We have long known that our solutions help improve productivity at customer worksites. But when they are used to save labor at factories, perform



three-point verification*¹ at hospitals or ensure food traceability, they contribute to society too. In our new materiality assessment, we made it clear that our technology and business address broader social challenges such as labor shortages, environmental pressures, counterfeiting and sustainability, in a direct and fundamental manner. We shall work with customers to not just answer their immediate pain points but also fulfill the responsibilities that society expects of businesses, in our very own interpretation of creating shared value (CSV)*².

One way we can create shared value is through Perfect and Unique Tagging (PUT), which is our concept of assigning unique identifiers to critical products, resources, equipment and even people to bridge the physical and digital worlds. We aim to make this innovative tagging a part of social infrastructure. By enabling full automation of data collection and identification, PUT can help ensure the rigorous requirements of safety, authenticity, transparency and traceability for pharmaceuticals, blood products, food and circular resources.

I am currently leading early-stage projects aimed at turning PUT into tangible business across areas such as blood supply chain, digital transformation in logistics, AI-driven solutions and the circular economy. These are some fields that must perform reliably for our world to function sustainably. In the case of blood shortages, for instance, accurate and safe management and distribution are more critical than ever. In logistics, productivity needs to rise to offset the shortage of drivers. As the risk of resource depletion intensifies, scaling the circular economy is an urgent priority.

So, what can SATO do? Since our founding, we've been helping customers and their worksites manage data for identification and validation. As such, we can offer not just products and technologies but also practical experience and expertise from our proven track record of success on site. We know we have the strengths to implement PUT, which can function as social infrastructure and take our business to the next level. And we also know which environmental and social issues we can contribute to solving in our own ways, after a recent process of self-reflection and dialogue to update our materiality assessment. The challenge is putting what we know into practice, and we are determined to make a difference, starting now.

*1 Scanning of patient ID, nurse ID and medication label to ensure that the right medication is given to the right patient while recording who administered it.

*2 A business concept about creating economic value in a way that also creates value for society.

Empowering our people to take new challenges

To create shared value and pursue Perfect and Unique Tagging, we need to invest in our people. It's not technology or strategy that creates the future — it's people. A truly strong company can only be built by employees who proactively embrace challenges and push their limits.

SATO embraces the corporate motto of Ceaseless Creativity. More than just a slogan, it embodies a selfless service to society, a value deeply ingrained in our employees. Our people embody

From the President and Group CEO

this by immersing themselves in customers' operations to understand their needs and working tenaciously to deliver meaningful solutions. To pursue Perfect and Unique Tagging, I believe we must empower our frontline teams to take the initiative — thinking independently, speaking authentically and acting without waiting to be told. Fostering such self-reliant and self-determining talent is a key pillar of our corporate culture, which we will continue to reinforce.

We recognize that leadership qualities vary from person to person and management practices vary throughout our group — factors that can pose risks to sustainable business growth. To address this, we are strengthening our leadership pipeline in phases by shortlisting high-potential employees for training, improving succession planning and more. We also need to improve on how we engage with employees, specifically to motivate more employees to step into management roles.

At SATO, we place great importance on aligning our mindsets and actions around a shared set of values — our Mission, Vision and Credo. Every year, we hold the Credo Awards World Cup to recognize employees who demonstrate our values in daily work, showcasing their exemplary actions across our global organization. We will work on creating more opportunities like this to encourage and inspire employees to bring our values to life.

Through the "Our Way to Our 100th Anniversary" project, we invite young employees who are passionate about SATO's future to contribute fresh ideas and explore new possibilities as we look ahead to our centennial. This project shows how we seek to rejoice in change in today's business environment and

represents a forward-looking mindset which I hope to foster groupwide. To build a stronger SATO, it is essential that we recognize and support those who take on new challenges, by providing the motivation, opportunities and encouragement they need to forge ahead without fear of failure. We shall continue making efforts to create a workplace where curiosity thrives, learning is shared, and everyone is empowered to reach their full potential.

Driving purposeful changes with an eye on our future

I love cars, especially classic ones. While preserving the nostalgic feel, I enjoy upgrading them with modern technology for comfort and safety to make them better than before. For me, it's not just about maintaining them but adding value to keep them relevant.

I take the same approach when it comes to business. I see it as my responsibility to build on SATO's 85 years of history to turn it into a better company for future generations of leaders.

With that in mind, we must not shy away from change but dare to question the very basics of what we do every day. As we pursue Perfect and Unique Tagging to tackle social issues at their roots, we are also committed to creating shared value that drives sustainable growth. We will continue to empower employees to lead change and innovation with our "powered on site" culture and hold ourselves to high standards to pave our path into the future.



SATO is a company that has quietly played a vital role in the fabric of daily life. Precisely because our contributions go unnoticed, we must not grow self-satisfied in our efforts to deliver true value. I believe deeply in SATO's potential. And it is my hope to build upon and pass on to the next generation this trusted presence — one that is steadfastly essential to society.

SATO's value creation

We offer solutions that tag, feed and make use of data to solve pain points for customers and society through DCS & Labeling.
We will build on this business model to pursue Perfect and Unique Tagging and further expand our value cycle.

