

**Consolidated Financial Report**  
for the Six Months of Fiscal Year Ending March 2025  
<Under Japanese GAAP>

November 13, 2024

**SATO HOLDINGS 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, Executive Officer and CFO  
 Phone: +81-3-6628-2423  
 Scheduled submission date for interim report: November 14, 2024  
 Commencement date of dividend payments: December 9, 2024  
 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 Q2 (April 1, 2024 to September 30, 2024)**

**(1) Consolidated financial results (cumulative)**

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	76,090	9.0	5,778	25.1	4,883	13.4
September 30, 2023	69,786	(1.0)	4,620	22.4	4,307	(13.3)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥2,549 million (-46.3%)  
 Six months ended September 30, 2023: ¥4,748 million (-52.6%)

	Net income attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Yen	Yen
September 30, 2024	3,028	52.0	93.36	93.34
September 30, 2023	1,991	(38.3)	61.47	61.46

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	132,050	75,545	54.9	2,235.10
March 31, 2024	132,457	74,085	53.8	2,199.41

(Note) Total equity: As of September 30, 2024: ¥72,559 million

As of March 31, 2024: ¥71,276 million

## 2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	36.00	—	37.00	73.00
FY 2024	—	37.00			
FY 2024 (Forecast)			—	37.00	74.00

(Note) Revision to recently announced dividend forecast: None

## 3. Consolidated forecasts for FY 2024 (April 1, 2024 to March 31, 2025)

(Percentage figures show year-on-year change)

	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	%	Yen
Full year	153,500	7.0	11,400	9.8	10,400	16.1	6,600	85.1	203.49

(Note) Revision to recently announced consolidated forecast: Yes

For details, please refer to section 1-(3) “Explanation of consolidated forecasts and other projections” (page 5) of the attached materials.

## \* 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 September 30, 2024:	33,635,942 shares
(As of March 31, 2024:	34,921,242 shares)
  - 2) Number of treasury shares at the end of term:

As of September 30, 2024:	1,172,429 shares
(As of March 31, 2024:	2,513,996 shares)
  - 3) Average number of shares during the term, cumulative from the beginning of the fiscal year:

Six months ended September 30, 2024:	32,434,645 shares
(Six months ended September 30, 2023:	32,398,100 shares)

**\*This interim report is not subject to interim review procedures by certified public accountants or an auditing firm.**

## \* 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. Q2 Financials and FY 2024 Outlook

### (1) Overview of Q2 financial performance

#### Overview of Operating Results for the Interim Period

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.

In the first six months of FY 2024, both sales and profit increased in our Japan and overseas businesses, leading to highest-ever first-half net sales and operating income on a consolidated basis.

Under IAS 29 Financial Reporting in Hyperinflationary Economies, hyperinflationary accounting is applied to the financial statements of our Argentine subsidiaries, resulting in a loss on net monetary position that is included in non-operating expenses.

With the aforementioned, the SATO Group posted net sales of ¥76,090 million (up 9.0% compared with the same period of the previous fiscal year), operating income of ¥5,778 million (up 25.1%), ordinary income of ¥4,883 million (up 13.4%), and net income attributable to owners of parent of ¥3,028 million (up 52.0%).

Performance by segment is as follows.

#### ***Auto-ID solutions (Japan)***

Sales of mechatronics products increased because of demand from customers wanting to tackle the 2024 logistics crisis and invest in digital transformation. Sales of consumables products also increased as we sold more RFID solutions and made price revisions. With increased sales, product repricing and more printer exports to overseas subsidiaries, profit increased too.

Under these circumstances, net sales increased 3.6% year on year to ¥37,545 million, and segment profit was ¥959 million (compared with segment loss of ¥103 million in the same period of the previous fiscal year).

For sales by market, please refer to the financial results briefing materials.

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

### ***Auto-ID solutions (Overseas)***

Outside Japan, our base business increased sales, driven by the robust performance of subsidiaries in Asia and Oceania, while our companies specializing in primary labels also increased sales thanks to strong demand for daily necessities. Profit grew with increased sales. Under these circumstances, net sales increased 14.9% to ¥38,545 million (increase of 13.5%, excluding foreign exchange effects), and segment profit increased 8.3% to ¥4,889 million, compared with the same period of the previous fiscal year.

For breakdowns of financial performance for/by (i) base and primary labels businesses, and (ii) individual region, please refer to our financial results briefing materials online.

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

## (2) Overview of Q2 financial position

At the end of the interim consolidated accounting period, the balance of current assets was ¥85,390 million, a decrease of ¥877 million from ¥86,268 million at the end of the previous fiscal year. This was mainly due to a decrease of notes and accounts receivable-trade and contract assets (¥1,103 million), a decrease of merchandise and finished goods (¥254 million), an increase of raw materials and supplies (¥291 million), and an increase of work in progress (¥99 million). The balance of non-current assets was ¥46,659 million, an increase of ¥470 million from ¥46,188 million at the end of the previous fiscal year. This was mainly due to an increase of land (¥577 million), a decrease of buildings and structures (¥572 million), a decrease of machinery, equipment and vehicles (¥219 million) in property, plant and equipment, an increase of software in progress (¥631 million) in intangible assets, and a decrease of goodwill (¥93 million).

The balance of current liabilities was ¥39,250 million, a decrease of ¥3,813 million from ¥43,064 million at the end of the previous fiscal year. This was mainly due to a decrease of notes and accounts payable-trade (¥420 million), a decrease of short-term borrowing (¥2,452 million), a decrease of accounts payable-other (¥653 million), and an increase of contract liabilities (¥194 million). The balance of non-current liabilities was ¥17,253 million, an increase of ¥1,945 million from ¥15,307 million at the end of the previous fiscal year. This was mainly due to an increase of long-term borrowing (¥2,803 million) and a decrease of lease obligations (¥547 million).

As for net assets, the balance at the end of the interim consolidated accounting period was ¥75,545 million, an increase of ¥1,460 million from ¥74,085 million at the end of the previous fiscal year. This was mainly due to an increase in retained earnings (¥1,825 million).

### ***Cash flows***

The balance of cash and cash equivalents at the end of the interim consolidated accounting period was ¥23,254 million, decreased by ¥847 million from the end of the previous fiscal year.

The status of each cash flow in the current interim consolidated accounting period and the factors thereof are as follows.

#### ***Cash flows from operating activities***

Net cash provided by operating activities increased by ¥6,184 million.

The main factors for the increase were interim net income before income taxes of ¥4,878 million and depreciation and amortization of ¥2,590 million. There was also a factor for its decrease of income taxes paid by ¥799 million.

#### ***Cash flows from investing activities***

Net cash used in investing activities decreased by ¥5,068 million.

The main factor for the decrease was payments for time deposits of ¥1,433 million, purchases of property, plant and equipment of ¥2,922 million, and purchases of intangible of ¥1,389 million. There was also a factor for its increase of proceeds from withdrawal of time deposits by ¥638 million.

### ***Cash flows from financing activities***

Net cash used in financing activities decreased by ¥1,491 million.

The main factors for the decrease were repayments of long-term borrowing of ¥511 million, repayments of lease obligations of ¥677 million, net increase (decrease) in short-term borrowing of ¥2,119 million, and dividends paid of ¥1,200 million. There was also a factor for its increase of proceeds from long-term borrowing by ¥3,017 million.

### **(3) Explanation of consolidated forecasts and other projections**

The Company has revised the consolidated earnings forecast for the fiscal year ending March 31, 2025 as follows, taking into account the performance trends during the interim consolidated accounting period.

Outlook for the Fiscal Year Ending March 31, 2025

Net sales: ¥153,500 million (previous forecast: ¥151,000 million)

Operating income: ¥11,400 million (¥10,400 million)

Ordinary income: ¥10,400 million (previous forecast: ¥10,200 million)

Net income attributable to owners of parent: ¥6,600 million (previous forecast: ¥6,400 million)

The foreign currency exchange rates for this fiscal year are assumed to be 145 yen to the U.S. dollar and 160 yen to the euro.

Forward-looking statements, including the consolidated earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ from these consolidated earnings forecasts due to various factors.



## 2. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated balance sheets

Millions of yen

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and time deposits assets	25,029	24,865
Notes and accounts receivable-trade and contract	28,617	27,514
Securities	49	48
Merchandise and finished goods	13,691	13,437
Work in progress	818	918
Raw materials and supplies	12,626	12,918
Account receivable-other	1,994	1,798
Other	3,892	4,184
Allowance for doubtful accounts	(451)	(293)
Total current assets	86,268	85,390
Non-current assets		
Property, plant and equipment		
Buildings and structures (note)	15,409	14,836
Machinery, equipment and vehicles (note)	12,915	12,695
Land	3,936	4,514
Other (note)	4,144	4,401
Total property, plant and equipment	36,406	36,448
Intangible assets		
Software	1,541	1,671
Software in progress	1,157	1,788
Goodwill	380	286
Other	763	672
Total intangible assets	3,841	4,419
Investments and other assets	5,941	5,792
Total non-current assets	46,188	46,659
Total assets	132,457	132,050
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	7,099	6,679
Electronically recorded obligations-trade	12,303	11,666
Short-term borrowing	3,732	1,279
Contract liabilities	7,518	7,713
Accounts payable-other	4,399	3,745
Income taxes payable	558	426
Provisions	2,224	2,189
Other	5,227	5,550
Total current liabilities	43,064	39,250
Non-current liabilities		
Long-term borrowing	8,366	11,169
Lease obligations	4,196	3,648
Retirement benefit liability	1,065	1,057
Other	1,679	1,378
Total non-current liabilities	15,307	17,253
Total liabilities	58,372	56,504

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	8,468	8,468
Capital surplus	7,763	5,347
Retained earnings	51,718	53,544
Treasury share	(4,801)	(2,265)
Total shareholders' equity	63,149	65,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	429	869
Foreign currency translation adjustments	7,689	6,588
Remeasurements of defined benefit plans	9	5
Total accumulated other comprehensive income	8,127	7,463
Stock acquisition rights	19	12
Non-controlling interests	2,789	2,974
Total net assets	74,085	75,545
Total liabilities and net assets	132,457	132,050

(Note) Net of acquired value and accumulated depreciation

## (2) Consolidated statements of (comprehensive) income

### Consolidated statements of income

Millions of yen

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	69,786	76,090
Cost of sales	41,093	44,972
Gross profit	28,692	31,118
Selling, general and administrative expenses	24,071	25,339
Operating income	4,620	5,778
Non-operating income		
Interest income	251	275
Dividends income	0	8
Others	96	111
Total non-operating income	349	395
Non-operating expenses		
Interest expenses	188	240
Foreign exchange losses	386	371
Loss on net monetary position	-	551
Other	86	126
Total non-operating expenses	662	1,290
Ordinary income	4,307	4,883
Extraordinary income		
Gain on sales of non-current assets	26	7
Other	-	0
Total extraordinary income	26	7
Extraordinary loss		
Loss on disposal of non-current assets	29	11
Loss on sale of non-current assets	6	0
Loss on valuation of investment securities	915	-
Loss on business restructuring	1	-
Retirement benefit expenses	1	-
Total extraordinary loss	954	11
Income before income taxes	3,379	4,878
Income taxes-current	1,141	1,054
Income taxes-deferred	(165)	345
Total income taxes	976	1,399
Net income	2,402	3,478
Net income attributable to non-controlling interests	411	450
Net income attributable to owners of the parent	1,991	3,028

## Consolidated statements of comprehensive income

Millions of yen

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	2,402	3,478
Other comprehensive income		
Valuation difference on available-for-sale securities	408	440
Foreign currency translation adjustment	2,007	(1,366)
Remeasurements of defined benefit plans, net of tax	(70)	(3)
Total other comprehensive income	2,346	(929)
Comprehensive income	4,748	2,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,530	2,363
Comprehensive income attributable to non-controlling interests	217	185

### (3) Consolidated statements of cash flows

Millions of yen

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes	3,379	4,878
Depreciation and amortization	2,404	2,590
Amortization of goodwill	72	77
Loss (gain) on sales of non-current assets	(20)	(6)
Loss on disposal of non-current assets	29	11
Loss on business restructuring	1	-
Losses on net monetary position	-	551
Increase (decrease) in provision for bonuses	2	79
Increase (decrease) in allowance for doubtful accounts	172	(158)
Increase (decrease) in retirement benefit liabilities	218	(7)
Interest and dividends income	(202)	(283)
Interest paid	139	240
Foreign exchange losses (gains)	(573)	465
Loss (gain) on valuation of investment securities	915	-
Decrease (increase) in accounts receivable-trade and contract assets	(43)	496
Decrease (increase) in inventories	433	(858)
Increase (decrease) in accounts payable-trade	(654)	(774)
Increase (decrease) in accounts payable-other	(414)	(221)
Other	(166)	(154)
Subtotal	5,693	6,926
Interest and dividends received	202	283
Interest paid	(139)	(225)
Income taxes paid	(1,107)	(799)
Payments for business restructuring	(1)	-
Net cash provided by (used in) operating activities	4,648	6,184
Cash flows from investing activities		
Payments for time deposits	(949)	(1,433)
Proceeds from withdrawal of time deposits	1,180	638
Purchases of property, plant and equipment	(3,529)	(2,922)
Purchases of intangible assets	(1,122)	(1,389)
Proceeds from sales of property, plant and equipment and intangible assets	37	9
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(600)	-
Other	43	30
Net cash provided by (used in) investing activities	(4,940)	(5,068)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowing	(872)	(2,119)
Proceeds from long-term borrowing	2,930	3,017
Repayment of long-term borrowing	(2,963)	(511)
Repayments of lease obligations	(575)	(677)
Dividends paid	(1,167)	(1,200)
Payments for purchase of treasury stock	(0)	(0)
Other	31	0
Net cash provided by (used in) financing activities	(2,618)	(1,491)
Effect of exchange rate changes on cash and cash equivalents	687	(472)
Increase (decrease) in cash and cash equivalents	(2,223)	(847)
Cash and cash equivalents at beginning of year	20,751	24,102
Cash and cash equivalents at the end of the interim period	18,527	23,254

#### (4) Notes to Interim Consolidated Financial Statements

##### Going concern assumption

None

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

###### *Cancellation of treasury shares*

Based on the resolution of the Board of Directors held on May 15, 2024, the Company retired 1,285,300 shares of treasury stock on June 28, 2024. As a result, capital surplus and treasury stock each decreased by ¥2,433 million in the current interim consolidated accounting period.

##### Changes in accounting policies

None

##### Segment information

###### I. Six months ended September 30, 2023

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

Millions of yen			
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	36,229	33,557	69,786
Intersegment sales and transfer	2,817	4,823	7,640
Total	39,046	38,380	77,427
Segment profit (loss)	(103)	4,515	4,411

###### 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	
Profit	Amount
Reportable segments total	4,411
Intersegment eliminations	0
Adjustment of inventories	208
Operating income on the consolidated statements of income	4,620

###### 3. Changes in reportable segments

None

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

None

## II. Six months ended September 30, 2024

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

	Millions of yen		
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	37,545	38,545	76,090
Intersegment sales and transfer	4,977	6,765	11,743
Total	42,522	45,310	87,833
Segment profit (loss)	959	4,889	5,849

### 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
Profit	Amount
Total of reportable segments	5,849
Intersegment eliminations	0
Adjustment of inventories	(70)
Operating income on the consolidated statements of income	5,778

### 3. Changes in reportable segments

None

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

None