

Consolidated Financial Report for the March 2025 Term

<Under Japanese GAAP>

May 15, 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
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 Date of General Meeting of Shareholders: June 25, 2025
 Commencement date of dividend payments: June 26, 2025
 Scheduled submission date for annual securities report: June 24, 2025
 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 fiscal year 2024 (from April 1, 2024 to March 31, 2025)

(1) Consolidated financial results

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	154,807	7.9	12,341	18.9	11,144	24.4	7,151	100.6
March 31, 2024	143,446	0.4	10,383	17.4	8,961	(1.2)	3,565	(14.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥8,449 million (1.4%)
 Fiscal year ended March 31, 2024: ¥8,568 million 6.3%

	Basic earnings per share	Diluted earnings per share	Return on equity ratio	Ratio of ordinary income to total asset	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	220.39	220.36	9.7	8.2	8.0
March 31, 2024	110.02	110.00	5.2	7.0	7.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	139,757	80,237	54.8	2,357.76
March 31, 2024	132,457	74,085	53.8	2,199.41

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

As of March 31, 2024: ¥71,276 million

(3) Consolidated cash flows statement

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	12,471	(8,208)	(2,077)	25,883
March 31, 2024	12,563	(7,934)	(1,751)	24,102

2. Dividends

	Annual dividend per share					Total dividends paid	Dividend payout ratio (consolidated)	Dividend to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year 2023	—	36.00	—	37.00	73.00	2,372	66.4	3.5
Fiscal year 2024	—	37.00	—	38.00	75.00	2,445	34.2	3.3
Fiscal year 2025 (Forecast)	—	38.00	—	38.00	76.00		32.0	

3. Consolidated forecasts for fiscal year 2025 (from April 1, 2025 to March 31, 2026)

(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	%	
Six months	78,600	3.3	5,500	(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

*** Notes**

(1) Changes in subsidiaries during the term (changes resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares) at the end of term:

As of March 31, 2025: 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 March 31, 2025: 1,172,623 shares

As of March 31, 2024: 2,513,996 shares

3) Average number of shares during the term:

Fiscal year ended March 31, 2025: 32,448,997 shares

Fiscal year ended March 31, 2024: 32,402,802 shares

*** Financial reports are not subject to audit conducted by certified public accountants or audit firms.**

*** 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 page 7 of the attached materials for assumptions behind the consolidated forecasts and cautions concerning the use thereof.

Attached Materials

Index

1. Overview of Financial Performance and Others	2
(1) Overview of financial performance during fiscal year 2024	2
(2) Overview of financial position at the end of fiscal year 2024.....	3
(3) Overview of cash flows during fiscal year 2024.....	4
(4) Forecasts.....	5
2. Our Basic Stance regarding Selection of Accounting Standards	5
3. Consolidated Financial Statements and Significant Notes Thereto	6
(1) Consolidated balance sheets.....	6
(2) Consolidated statements of (comprehensive) income.....	8
Consolidated statements of income.....	8
Consolidated statements of comprehensive income	9
(3) Consolidated statements of changes in equity	10
(4) Consolidated statements of cash flows	12
(5) Notes to consolidated financial statements	14
Notes related to going-concern assumption	14
Notes in the event of material changes in amount of shareholders' equity.....	14
Cancellation of treasury shares	14
Changes in accounting policies	14
Changes in classification of items.....	14
Segment information.....	15
Per share information	20
Significant subsequent events	21

1. Overview of Financial Performance and Others

(1) Overview of financial performance during fiscal year 2024

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 fiscal year under review, both sales and profit increased in our Japan and overseas businesses, as described in the segment information.

With the aforementioned, the SATO Group posted net sales of ¥154,807 million (up 7.9% compared with the same period of the previous fiscal year), operating income of ¥12,341 million (up 18.9%), ordinary income of ¥11,144 million (up 24.4%), and net income attributable to owners of parent of ¥7,151 million (up 100.6%).

Performance by segment is as follows.

Auto-ID solutions (Japan)

Net 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 due to the realization of solution selling effects and price revisions. With increased sales and product repricing, profit increased too.

Under these circumstances, net sales totaled 79,220 million yen (up 4.9%), and segment income totaled 3,906 million yen (up 126.5%).

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 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 11.3% to ¥75,587 million (increase of 11.9%, excluding foreign exchange effects), and segment profit increased 2.8% to ¥8,478 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 financial position at the end of fiscal year 2024

At the end of the fiscal year, the balance of current assets increased by ¥5,289 million to ¥91,558 million (from ¥86,268 million at the end of the previous fiscal year). This was mainly due to an increase of ¥2,403 million in cash and deposits, ¥1,079 million in notes and accounts receivable-trade and contract assets, ¥1,225 million in merchandise and finished goods. The balance of non-current assets was ¥48,198 million, an increase of ¥2,009 million (from ¥46,188 million at the end of the previous fiscal year). This was mainly due to an increase of ¥2,319 million in property, plant and equipment, ¥1,520 million in intangible assets and a decrease of ¥1,830 million in investments and other assets.

The balance of current liabilities was ¥41,677 million, a decrease of ¥1,387 million (from ¥43,064 million at the end of the previous fiscal year). This was mainly due to a decrease of ¥2,657 million in electronically recorded obligations - operating and an increase of ¥521 million in accounts payable – other, ¥251 million in income taxes payable, ¥243 million in contract liabilities. The balance of non-current liabilities was ¥17,842 million, an increase of ¥2,534 million (from ¥15,307 million at the end of the previous fiscal year). This was mainly due to an increase of ¥2,692 million in long-term borrowings and a decrease of ¥321 million in lease obligations.

The balance of net assets was ¥80,237 million, an increase of ¥6,152 million (from ¥74,085 million at the end of the previous fiscal year). This was mainly due to an increase of ¥4,742 million in retained earnings, an increase of ¥758 million in foreign currency translation adjustment and an increase of ¥896 million in non-controlling interests.

(3) Overview of cash flows during fiscal year 2024

Cash and cash equivalents at the end of the fiscal year under review were ¥25,883 million, an increase of ¥1,781 million from the end of the previous fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities totaled ¥12,471 million.

The main factors for the increase were net income before income taxes of ¥11,662 million and depreciation of ¥5,414 million. The main factors for the decrease were a decrease in notes and accounts payable - trade of ¥2,152 million and income taxes paid of ¥2,329 million.

Cash flows from investing activities

Net cash used in investing activities decreased by ¥8,208 million.

The main factors for the increase were proceeds from withdrawal of time deposits of ¥2,029 million. The main factors for the decrease were payments for purchase of property, plant and equipment of ¥5,736 million, payments for purchase of intangible assets of ¥3,286 million, and payments into time deposits of ¥2,758 million.

Cash flows from financing activities

Net cash used in financing activities totaled ¥2,077 million.

The main factors were proceeds from long-term borrowings of ¥3,017 million, dividends paid of ¥2,404 million, repayments of long-term borrowings of ¥621 million, and repayments of lease liabilities of ¥1,734 million.

Trend in cash flow indices

Fiscal year ended	March 31, 2021	March 31, 2022	March 31, 2024	March 31, 2025
Equity ratio (%)	52.6	53.3	53.8	54.8
Equity ratio based on market value (%)	48.2	57.7	56.2	49.6
Ratio of cash flow to interest-bearing debt (%)	479.0	300.6	141.2	157.0
Interest coverage ratio (times)	15.2	20.5	36.9	18.4

(Notes)

The equity ratio is equal to shareholders' equity divided by total assets.

The equity ratio based on market value is equal to total stock market capitalization divided by total assets.

The ratio of cash flow to interest-bearing debt is equal to interest-bearing debts divided by operating cash flow.

The interest coverage ratio is equal to operating cash flow divided by interest payments.

* All the above indicators are calculated on a consolidated basis.

* Total stock market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the number of issued shares (excluding treasury shares) as of the corresponding fiscal year-end.

* Operating cash flow equals total net cash flows provided by operating activities as stated in the consolidated statements of cash flows. Interest-bearing debts include all debts on which interest is paid, as stated in the consolidated balance sheets. Interest payments are equal to interest paid as stated in the consolidated statements of cash flows.

(4) Forecasts

Considering recent business developments, changes in business environment, and operating results for the fiscal year under review, we have prepared forecasts for the fiscal year ending March 31, 2025, as follows.

Consolidated forecasts for the fiscal year ending March 31, 2026

Net sales	¥161,000 million	(increase by 4.0% year on year)
Operating income	¥12, 500 million	(increase by 1.3% year on year)
Ordinary income	¥12,100 million	(increase by 8.6% year on year)
Net income attributable to owners of parent	¥7,700 million	(increase by 7.7% year on year)

The foreign exchange rates assumed in the above forecasts are US\$1 = ¥140 and €1 = ¥160.

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. Results may differ from the consolidated forecasts due to various factors.

2. Our Basic Stance regarding Selection of Accounting Standards

The SATO Group chooses to use Japanese GAAP for accounting because Japanese accounting standards are now of high quality and internationally competitive as a result of convergence with international accounting standards and have been accepted to be equivalent to International Financial Reporting Standards (IFRSs) in Europe.

With regard to future adoption of IFRSs, the Group will give due consideration to domestic and international circumstances and take action accordingly.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

Unit: Millions of yen

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	25,029	27,432
Notes and accounts receivable - trade, and contract assets	28,617	29,697
Securities	49	49
Merchandise and finished goods	13,691	14,917
Work in process	818	953
Raw materials and supplies	12,626	13,085
Accounts receivable - other	1,994	2,123
Other	3,892	3,573
Allowance for doubtful accounts	(451)	(275)
Total current assets	86,268	91,558
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,549	25,875
Accumulated depreciation	(10,140)	(10,322)
Buildings and structures, net	15,409	15,552
Machinery, equipment and vehicles	35,033	37,325
Accumulated depreciation	(22,117)	(23,309)
Machinery, equipment and vehicles, net	12,915	14,016
Tools, furniture and fixtures	9,330	9,960
Accumulated depreciation	(6,559)	(6,997)
Tools, furniture and fixtures, net	2,771	2,963
Land	3,936	4,508
Construction in progress	1,373	1,684
Total property, plant and equipment	36,406	38,725
Intangible assets		
Goodwill	380	28
Software	1,541	1,629
Software in progress	1,157	3,073
Other	763	631
Total intangible assets	3,841	5,362
Investments and other assets		
Investment securities	1,122	109
Guarantee deposits	1,489	1,412
Deferred tax assets	2,919	1,899
Retirement benefit asset	20	35
Other	410	664
Allowance for doubtful accounts	(23)	(11)
Total investments and other assets	5,941	4,110
Total non-current assets	46,188	48,198
Total assets	132,457	139,757

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,099	7,060
Electronically recorded obligations - operating	12,303	9,645
Short-term borrowings	3,732	3,137
Lease obligations	1,353	1,419
Contract liabilities	7,518	7,761
Accounts payable - other	4,399	4,920
Income taxes payable	558	810
Provision for bonuses	1,038	1,133
Provision for product warranties	116	119
Other provisions	1,068	1,009
Other	3,874	4,658
Total current liabilities	43,064	41,677
Non-current liabilities		
Long-term borrowings	8,366	11,059
Lease obligations	4,196	3,875
Retirement benefit liability	1,065	975
Provision for share-based remuneration for directors (and other officers)	156	76
Other provisions	385	246
Deferred tax liabilities	1,049	1,498
Other	86	110
Total non-current liabilities	15,307	17,842
Total liabilities	58,372	59,519
Net assets		
Shareholders' equity		
Share capital	8,468	8,468
Capital surplus	7,763	5,347
Retained earnings	51,718	56,461
Treasury shares	(4,801)	(2,265)
Total shareholders' equity	63,149	68,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	429	7
Foreign currency translation adjustment	7,689	8,447
Remeasurements of defined benefit plans	9	72
Total accumulated other comprehensive income	8,127	8,528
Share acquisition rights	19	12
Non-controlling interests	2,789	3,685
Total net assets	74,085	80,237
Total liabilities and net assets	132,457	139,757

(2) Consolidated statements of (comprehensive) income

Consolidated statements of income

Unit: Millions of yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	143,446	154,807
Cost of sales	84,328	91,336
Gross profit	59,117	63,470
Selling, general and administrative expenses	48,733	51,129
Operating income	10,383	12,341
Non-operating income		
Interest income	612	559
Dividend income	9	8
Purchase discounts	14	31
Rental income	21	20
Settlement income	99	—
Other	45	243
Total non-operating income	804	863
Non-operating expenses		
Interest expenses	471	699
Foreign exchange losses	730	369
Loss on valuation of securities	35	3
Loss on net monetary position	767	757
Other	221	231
Total non-operating expenses	2,226	2,060
Ordinary income	8,961	11,144
Extraordinary income		
Gain on sale of non-current assets	42	30
Gain on sale of investment securities	—	1,189
Other	0	—
Total extraordinary income	42	1,220
Extraordinary losses		
Loss on sale of non-current assets	9	0
Loss on retirement of non-current assets	43	20
Impairment losses	2,168	631
Loss on valuation of investment securities	950	—
Provision for contract loss	165	—
Loss on business restructuring	1	49
Retirement benefit expenses	0	—
Total extraordinary losses	3,341	702
Income before income taxes	5,662	11,662
Income taxes - current	2,246	2,568
Income taxes - deferred	(784)	1,262
Total income taxes	1,462	3,831
Net income	4,200	7,831
Net income attributable to non-controlling interests	635	680
Net income attributable to owners of parent	3,565	7,151

Consolidated statements of comprehensive income

Unit: Millions of yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income	4,200	7,831
Other comprehensive income		
Valuation difference on available-for-sale securities	837	(421)
Foreign currency translation adjustment	3,657	975
Remeasurements of defined benefit plans, net of tax	(127)	63
Total other comprehensive income	4,368	617
Comprehensive income	8,568	8,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,992	7,552
Comprehensive income attributable to non-controlling interests	575	897

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2024

Unit: Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,468	7,764	52,061	(4,842)	63,451
Hyperinflation adjustment			(1,567)		(1,567)
Restated balance	8,468	7,764	50,494	(4,842)	61,884
Changes during period					
Dividends of surplus			(2,340)		(2,340)
Net income attributable to owners of parent			3,565		3,565
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(1)		41	40
Net changes in items other than shareholders' equity					
Total changes during period	—	(1)	1,224	40	1,264
Balance at end of period	8,468	7,763	51,718	(4,801)	63,149

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(408)	2,272	136	2,001	28	2,213	67,694
Hyperinflation adjustment		1,699		1,699			132
Restated balance	(408)	3,971	136	3,700	28	2,213	67,826
Changes during period							
Dividends of surplus							(2,340)
Net income attributable to owners of parent							3,565
Purchase of treasury shares							(0)
Disposal of treasury shares							40
Net changes in items other than shareholders' equity	837	3,717	(127)	4,427	(9)	575	4,993
Total changes during period	837	3,717	(127)	4,427	(9)	575	6,258
Balance at end of period	429	7,689	9	8,127	19	2,789	74,085

Fiscal year ended March 31, 2025

Unit: Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,468	7,763	51,718	(4,801)	63,149
Changes during period					
Dividends of surplus			(2,409)		(2,409)
Profit attributable to owners of parent			7,151		7,151
Purchase of treasury shares				(199)	(199)
Disposal of treasury shares		17		302	319
Cancellation of treasury shares		(2,433)		2,433	—
Net changes in items other than shareholders' equity					
Total changes during period		(2,415)	4,742	2,535	4,862
Balance at end of period	8,468	5,347	56,461	(2,265)	68,012

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	429	7,689	9	8,127	19	2,789	74,085
Changes during period							
Dividends of surplus							(2,409)
Profit attributable to owners of parent							7,151
Purchase of treasury shares							(199)
Disposal of treasury shares							319
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	(421)	758	63	400	(7)	896	1,289
Total changes during period	(421)	758	63	400	(7)	896	6,152
Balance at end of period	7	8,447	72	8,528	12	3,685	80,237

(4) Consolidated statements of cash flows

Unit: Millions of yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	5,662	11,662
Depreciation	4,926	5,414
Amortization of goodwill	146	127
Impairment losses	2,168	631
Loss (gain) on sale of investment securities	—	(1,190)
Loss on business restructuring	1	49
Losses on net monetary position	767	757
Loss (gain) on sale of non-current assets	(32)	(29)
Loss on retirement of non-current assets	43	20
Increase (decrease) in allowance for doubtful accounts	212	(184)
Increase (decrease) in provision for bonuses	404	81
Increase (decrease) in retirement benefit liability	(133)	(38)
Interest and dividend income	(613)	(568)
Interest expenses	340	699
Foreign exchange losses (gains)	204	968
Loss (gain) on valuation of investment securities	950	—
Decrease (increase) in accounts receivable - trade, and contract assets	(953)	(1,199)
Decrease (increase) in inventories	1,297	(1,647)
Increase (decrease) in accrued consumption taxes	133	405
Decrease (increase) in accounts receivable - other	(211)	(357)
Increase (decrease) in trade payables	(816)	(2,152)
Increase (decrease) in accounts payable - other	106	542
Increase (decrease) in advances received	(242)	225
Other, net	695	720
Subtotal	15,058	14,940
Interest and dividends received	613	568
Interest paid	(340)	(679)
Payments for business restructuring	(1)	(28)
Income taxes paid	(2,766)	(2,329)
Net cash provided by (used in) operating activities	12,563	12,471

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,657)	(5,736)
Purchase of intangible assets	(2,065)	(3,286)
Proceeds from sale of property, plant and equipment and intangible assets	47	35
Payments into time deposits	(1,056)	(2,758)
Proceeds from withdrawal of time deposits	1,338	2,029
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(617)	—
Proceeds from sale of investment securities	—	1,503
Other, net	77	4
Net cash provided by (used in) investing activities	(7,934)	(8,208)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,154)	(333)
Proceeds from long-term borrowings	7,936	3,017
Repayments of long-term borrowings	(3,012)	(621)
Repayments of lease liabilities	(1,214)	(1,734)
Dividends paid	(2,337)	(2,404)
Purchase of treasury shares	(0)	(1)
Other, net	31	0
Net cash provided by (used in) financing activities	(1,751)	(2,077)
Effect of exchange rate change on cash and cash equivalents	473	(403)
Net increase (decrease) in cash and cash equivalents	3,350	1,781
Cash and cash equivalents at beginning of period	20,751	24,102
Cash and cash equivalents at end of period	24,102	25,883

(5) Notes to 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 accounting period.

Changes in accounting policies

None

Changes in classification of items

Consolidated balance sheets

The "Deferred tax liabilities," which was included in "Other" under "Non-current liabilities" in the previous fiscal year, is presented separately as "Deferred tax liabilities" in the current fiscal year due to its increased importance in terms of amount.

Applying this change retrospectively, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 1,136 million yen presented in "Other" under "Non-current liabilities" in the consolidated balance sheet for the previous fiscal year, is presented as "Deferred tax liabilities" of 1,049 million yen and "Other" of 86 million yen.

Consolidated statements of cash flows

The "Increase (decrease) in advances received," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is presented separately as "Increase (decrease) in advances received" in the current fiscal year due to its increased importance in terms of amount.

Applying this change retrospectively, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of cash flows for the previous fiscal year, ¥ 452 million presented in "Cash flows from operating activities, other" has been presented as ¥ (242) million in "Increase (decrease) in advances received" and ¥ 695 million in "Other."

Segment information

1. Overview of reportable segments

The Company's reportable segments are its constituent business units for which financial information is separately available. The Company's management team periodically reviews operating results of, and allocation of business resources to, these segments.

The SATO Group runs the auto-ID solutions business, which involves offering solutions centered on tagging — the process of physically attaching information to people and things — for customers in diverse markets and industries around the world, so that on-site information can be collected in real time, converted into meaningful data, and fed to their core IT systems to optimize individual worksites, supply chains and even the circular economy.

We classify our auto-ID solutions business into domestic and overseas categories under strategies set forth in the Company's Medium-term Management Plan. Accordingly, the Company defines its reportable segments as follows: Auto-ID solutions (Japan) and Auto-ID solutions (Overseas).

2. Computation method for net sales, profit or loss, assets, liabilities, and other item amounts by reportable segment

The method of accounting by reportable segment is largely the same as the method of accounting used for the preparation of consolidated financial statements.

Income figures stated in the reportable segments are based on operating income.

Intersegment income and transfer figures are based on consideration of prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other item amounts by reportable segment

Fiscal year ended March 31, 2024

Unit: Millions of yen

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	75,514	67,931	143,446
Intersegment sales and transfer	6,572	10,539	17,112
Total	82,087	78,471	160,558
Segment profit	1,724	8,243	9,968
Segment assets	91,231	71,813	163,045
Other items			
Depreciation and amortization	2,356	2,570	4,926
Increases in property, plant and equipment and intangible assets	5,290	4,389	9,679

Fiscal year ended March 31, 2025

Unit: Millions of yen

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	79,220	75,587	154,807
Intersegment sales and transfer	10,620	14,545	25,166
Total	89,840	90,133	179,974
Segment profit	3,906	8,478	12,385
Segment assets	93,489	77,638	171,128
Other items			
Depreciation and amortization	2,443	2,971	5,414
Increases in property, plant and equipment and intangible assets	3,787	5,513	9,300

4. Differences in net sales and other items between reportable segments total and amount recorded on consolidated financial statements, and major breakdown of the difference
(Matters related to difference adjustment)

Unit: Millions of yen

Net sales	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segments total	160,558	179,974
Intersegment eliminations	(17,112)	(25,166)
Net sales on the consolidated statements of income	143,446	154,807

Unit: Millions of yen

Profit	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segments total	9,968	12,385
Intersegment eliminations	0	0
Adjustment of inventories	415	(44)
Operating income on the consolidated statements of income	10,383	12,341

Unit: Millions of yen

Assets	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segments total	163,045	171,128
Intersegment eliminations	(29,716)	(30,455)
Other adjustment	(871)	(915)
Total assets on the consolidated balance sheets	132,457	139,757

Unit: Millions of yen

Other items	Reportable segments total		Adjustment		Amount recorded on consolidated financial statements	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation and amortization	4,926	5,414	—	—	4,926	5,414
Increases in property, plant and equipment and intangible assets	9,679	9,300	—	—	9,679	9,300

[Pertinent information]

Fiscal year ended March 31, 2024

1. Information by product or service

Omitted because this information is the same as segment information.

2. Information by region

1) Net sales

Unit: Millions of yen

Japan	Americas		Europe		Asia and Oceania	Total
		Of which, USA		Of which, Russia		
75,514	20,908	16,078	27,711	15,998	19,311	143,446

2) Property, plant and equipment

Unit: Millions of yen

Japan	Americas	Europe		Asia and Oceania	Total
			Of which, Russia		
16,651	3,447	9,148	6,220	7,159	36,406

3. Information by major customers

Omitted because there are no external customers (“external customer sales”) that account for 10% or more of the net sales recorded on the consolidated statements of income.

Fiscal year ended March 31, 2025

1. Information by product or service

Omitted because this information is the same as segment information.

2. Information by region

1) Net sales

Unit: Millions of yen

Japan	Americas		Europe		Asia and Oceania	Total
		Of which, USA		Of which, Russia		
79,220	21,611	16,848	31,573	19,094	22,403	154,807

2) Property, plant and equipment

Unit: Millions of yen

Japan	Americas	Europe		Asia and Oceania	Total
			Of which, Russia		
16,058	2,898	11,857	8,946	7,910	38,725

3. Information by major customers

Omitted because there are no external customers (“external customer sales”) that account for 10% or more of the net sales recorded on the consolidated statements of income.

[Information on impairment loss of non-current assets by reportable segment]

Fiscal year ended March 31, 2024

In Auto-ID solutions (Japan), the Company had been developing a new core IT system but decided that it would be difficult to realize some of the originally planned functions and recorded an impairment loss of ¥2,121 million for non-current assets.

In Auto-ID solutions (Overseas), an impairment loss of ¥46 million for non-current assets was recorded due to a decrease in orders and the suspension of operations caused by breakdowns at Vietnamese subsidiary HIGH RICH LABELS PRINTING AND PRODUCTION COMPANY LIMITED.

Fiscal year ended March 31, 2025

In the Auto-ID Solutions (Japan), the Company recorded an impairment loss of ¥206 million on non-current assets, including the building and its attached facilities. This was due to the reduction in leased floor area, which led to the office functions of the head office no longer achieving the initially planned effect.

In the Auto-ID Solutions (Overseas), SATO AMERICA, LLC. merged with Stafford Press, Inc. at the beginning of the current fiscal year. However, an impairment loss of ¥425 million was recorded for machinery equipment, industrial ownership, and goodwill inherited from Stafford Press, Inc., as the initially planned revenue is no longer expected.

[Information on goodwill amortization and remaining goodwill balance by reportable segment]

Fiscal year ended March 31, 2024

				Unit: Millions of yen
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Corporate and eliminations	Total
Amortization of goodwill	—	146	—	146
Balance at end of period	—	380	—	380

Fiscal year ended March 31, 2025

				Unit: Millions of yen
	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Corporate and eliminations	Total
Amortization of goodwill	—	127	—	127
Balance at end of period	—	28	—	28

[Information on gain on negative goodwill by reportable segment]

None

Per share information

Unit: Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	2,199.41	2,357.76
Basic earnings per share	110.02	220.39
Diluted earnings per share	110.00	220.36

- (Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.
2. For the calculation of basic earnings per share, shares of the Company owned by a trust account, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares excluded for the calculation of the average number of shares during the term. And for the calculation of net assets per share, they are included in the number of treasury shares excluded from the number of shares outstanding at the end of term.
- The average number of treasury shares owned by the Board Incentive Plan (BIP) trust during the term and deducted in calculating basic earnings per share was 101,000 for the previous fiscal year and 135,000 for the current fiscal year. The number of treasury shares owned by the BIP trust at the end of term and deducted in calculating net assets per share was 97,000 for the previous fiscal year and 141,000 for the current fiscal year.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Net income attributable to owners of parent (Millions of yen)	3,565	7,151
Net income not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to common shares (Millions of yen)	3,565	7,151
Average number of shares during the term (Thousands of shares)	32,402	32,448
Diluted earnings per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Thousands of shares)	8	5
[Of which, share acquisition rights (Thousands of shares)]	[8]	[5]

3. The basis for calculating net assets per share is as follows.

	As of March 31, 2024	As of March 31, 2025
Total net assets on the consolidated balance sheet (Millions of yen)	74,085	80,237
Amount deducted from total net assets on the consolidated balance sheet (Millions of yen)	2,808	3,697
[Of which, share acquisition rights (Millions of yen)]	[19]	[12]
[Of which, non-controlling interests (Millions of yen)]	[2,789]	[3,685]
Net assets pertaining to common shares at the end of term (Millions of yen)	71,276	76,540
Number of common shares at the end of term used in the calculation of net assets per share (Thousands of shares)	32,407	32,463

Significant subsequent events

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, 2024 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

In October 2011, the SATO Group shifted to a holding company structure with the objectives of strengthening the profitability and growth potential of the entire group, promoting innovation, fostering next-generation management personnel, and actively investing in growth and new businesses, and we have achieved certain results under this structure. In addition, the Medium-term Management Plan announced in March 2024, covering the five-year period from FY 2024 to FY 2028, aims to establish a revenue base that will enable stable profit growth and strengthen the management foundation. SATO Corporation, which has taken over the functions of the Group's business, and the Group's head office functions will be integrated to change the segmented organization into a simpler structure, and by clarifying responsibilities and authority, we will establish a structure that will enable rapid decision-making under a single organization and selection and concentration of management resources. Furthermore, we will make effective use of human capital and strengthen governance to ensure the achievement of the

Medium-term Management Plan, thereby achieving sustainable growth and becoming a company that is always essential in an ever-changing world.

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 plan to account for the business combination as a transaction under common control. This change has no impact on the consolidated financial statements.