



May 15, 2025

SATO Corporation
FY2024 Financial Results
(Fiscal Year Ended March 31, 2025)

Securities Code: 6287.T

**FY24 Results and
FY25 Consolidated Forecasts**

**Progress Update on
FY24-28 Medium-Term
Management Plan**



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FY25 Consolidated Forecasts**

**Progress Update on
FY24-28 Medium-Term
Management Plan**



Summary

■ FY24 Results

- Consolidated sales and operating income reached record highs.
- OI exceeded the revised plan, driven by Overseas base business and Japan business.

■ Q4 (Jan-Mar) Results

- Consolidated Sales and OI Increased year on year.
- Overseas Business: Sales Increased, OI Flat.
 - ✓ Overseas base business: Sales and OI increased.
 - ✓ Overseas primary labels business: Sales increased while OI decreased.
- Japan Business: Sales and OI Increased year on year.
- Sales were in line with the plan; OI was higher than the plan
 - ✓ Overseas, our base businesses in Asia/Oceania performed well.
 - ✓ In Japan, almost all markets performed well. One-off operating expenses associated with the downsizing of the head office, which we included in the revised earnings plan (disclosed February 12), were recorded as an extraordinary loss.

■ FY25 (FY ending Mar 26) outlook

- Consolidated forecast: The company expects to maintain record-high profits despite uncertainties (excl. impacts of tariffs. See page 21 for details)



Key Highlights of FY24 Financial Results

- Full-year FY24 sales and OI both reached record highs.
- Compared to the revised plan announced on February 12:
 - Sales remained largely on target.
 - OI exceeded expectations, driven by strong performance in both overseas business and Japan business.
- RFID solutions sales grew both overseas and in Japan, capturing increased demand for operational efficiency (due to labor shortages) and rising needs for traceability through source tagging projects.
- Quarterly results for Q4:
 - Year-on-year, both consolidated sales and OI increased.
 - OI rose, with gains in Asia/Oceania and Japan offsetting declines in the primary labels business.
- Compared to the plan:
 - Consolidated sales were in line with expectations.
 - Operating income outperformed the plan supported by:
 - Continued strong performance in Asia/Oceania (overseas business) from Q3.
 - Stronger-than-expected performance across nearly all market segments in Japan.
 - Additionally, an extraordinary loss recorded for on-time office downsizing costs, initially expected as regular operating expenses, contributed to the result.
 - A detailed breakdown of the Japanese market performance will be provided in later slides .

Outlook

- While uncertainties persist due to a potential economic slowdown, highlighted geopolitical risks, and reciprocal tariff concerns arising from U.S. policy volatility, we plan to maintain OI at record-high levels.
- Please note that the potential impact of tariffs has been excluded from the earnings forecast. Details will be explained in later slides.


Auto-ID Solutions Business (Consolidated)

Apr-Mar *1

Sales and OI by Business Segment

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated	Total Sales	143,446	154,807	+7.9%	+8.2%	
	Operating Income	10,383	12,341	+18.9%	+26.9%	
Overseas	Base	Total Sales	48,069	52,632	+9.5%	+5.9%
		Operating Income	3,546	4,317	+21.7%	+19.5%
	Primary Labels	Total Sales	19,862	22,955	+15.6%	+26.2%
		Operating Income	4,540	4,199	-7.5%	+7.2%
	Eliminations	Operating Income	156	-38	-	-
	Total	Total Sales	67,931	75,587	+11.3%	+11.9%
		Operating Income	8,243	8,478	+2.8%	+10.0%
Japan	Total Sales	75,514	79,220	+4.9%	+4.9%	
	Operating Income	1,724	3,906	2.3x	2.4x	
Eliminations		Operating Income	415	-43	-	-



*1 Sales and OI excluding Russian subsidiaries are shown on p. 55.

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*1 Sales and OI excluding Russian subsidiaries are shown on p. 55.

- The analysis are primarily presented on a year-over-year basis.
- The actual performance figures referenced in the "Summary" on the previous slide are shown in the table.
- For FY24 cumulative results excluding the Russian subsidiary, please refer to page 55.
- The results for the Russian subsidiary are reflected in the European primary label business figures shown on page 14.

Auto-ID Solutions Business (Consolidated)				Apr-Mar ^{*1}
Consolidated Results				
(Millions of JPY)				
	FY23	FY24	Change	YoY
Net Sales	143,446	154,807	+11,361	+7.9%
Operating Income	10,383	12,341	+1,957	+18.9%
Operating Income %	7.2%	8.0%	+0.7pt	-
Ordinary Income	8,961	11,144	+2,183	+24.4%
Profit attributable to owners of parent	3,565	7,151	+3,586	2.0x
Effective Tax Rate	25.8%	32.8%	+7.0pt	-
EBITDA*	15,456	17,884	+2,427	+15.7%
FX sensitivity for FY24: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +503 mil and JPY +19 mil, respectively.				
Average FX for Apr-Mar 2024: JPY 152.62/USD, JPY 163.87/EUR (Apr-Mar 2023: JPY 144.58/USD, JPY 156.74/EUR)				
* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)				
· Depreciation for Apr-Mar 2024: JPY 5,414 million (Apr-Mar 2023: JPY 4,926 million)				
· Amortization for Apr-Mar 2024: JPY 127 million (Apr-Mar 2023: JPY 146 million)				
*1 Sales and OI excluding those of Russian subsidiaries are shown on p. 56.				

Consolidated results


Auto-ID Solutions Business (Consolidated)

Jan-Mar^{* 1}

Sales and OI by Business Segment^{* 2}

(Millions of JPY)

		FY23	FY24	YoY	In local currencies	
Consolidated	Total Sales	36,031	38,596	+7.1%	+8.1%	
	Operating Income	2,295	2,475	+7.8%	+18.8%	
Overseas	Base	Total Sales	12,064	13,141	+8.9%	+8.0%
		Operating Income	523	785	+50.0%	+47.4%
	Primary Labels	Total Sales	4,661	4,796	+2.9%	+12.5%
		Operating Income	775	409	-47.2%	-28.8%
	Eliminations	Operating Income	-60	-11	-	-
	Total	Total Sales	16,725	17,937	+7.2%	+9.3%
Operating Income		1,238	1,183	-4.4%	+6.0%	
Japan	Total Sales	19,305	20,658	+7.0%	+7.0%	
	Operating Income	901	1,123	+24.6%	+38.2%	
Eliminations	Operating Income	156	169	+8.3%	+8.3%	



* 1 Sales and OI excluding those of Russian subsidiaries are shown on p. 52.

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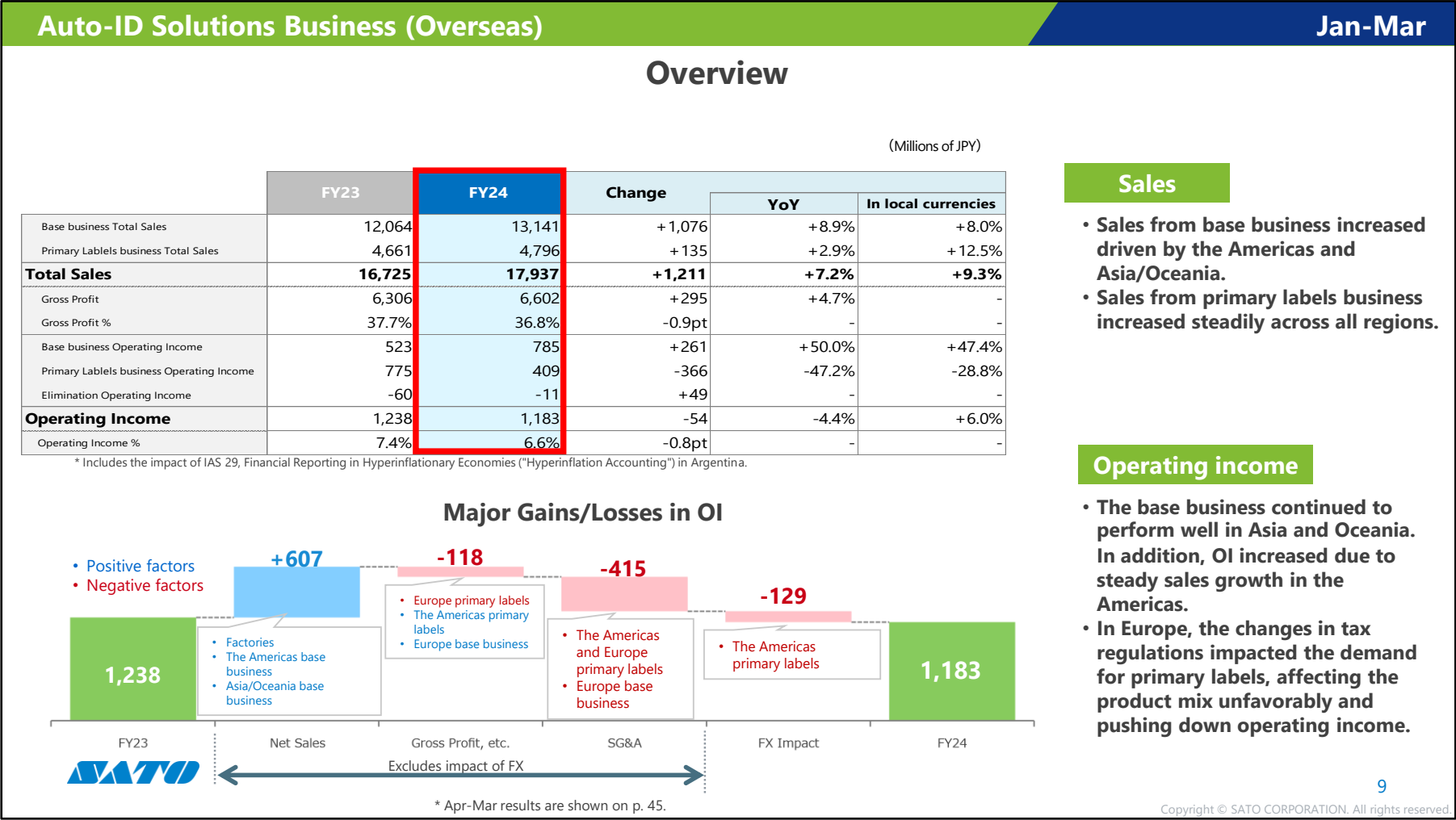
Q4 Business Segment Performance

- The Q4 results by business segment are shown in the table.
- Overseas sales increased across all regions.
Although OI declined in the primary label business in Europe, overall overseas OI grew, supported by strong performance in the Asia/Oceania base business.
- In Japan, sales were robust across nearly all markets, resulting in higher OI.
The increase in OI was driven by higher sales, successful price revisions, and improved export margins, supported by strong distributors’ sales performance in Europe and the U.S.

Auto-ID Solutions Business (Consolidated)				Jan-Mar ^{* 1}
Consolidated Results ^{* 2}				
(Millions of JPY)				
	FY23	FY24	Change	YoY
Net Sales	36,031	38,596	+2,564	+7.1%
Operating Income	2,295	2,475	+180	+7.8%
Operating Income %	6.4%	6.4%	+0.0pt	-
Ordinary Income	1,194	2,220	+1,026	+85.9%
Profit attributable to owners of parent	-1,241	1,558	+2,799	-
Effective Tax Rate	-	42.2%	-	-
EBITDA*	3,633	3,903	+270	+7.4%
FX sensitivity for FY24: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +503 mil and JPY +19 mil, respectively.				
Average FX for Apr-Mar 2024: JPY 152.62/USD, JPY 163.87/EUR (Apr-Mar 2023: JPY 144.58/USD, JPY 156.74/EUR)				
* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)				
· Depreciation for Jan-Mar 2024: JPY 1,412 million (Jan-Mar 2023: JPY 1,300 million)				
· Amortization for Jan-Mar 2024: JPY 14 million (Jan-Mar 2023: JPY 37 million)				
* 1 Sales and OI excluding those of Russian subsidiaries are shown on p. 53.				

Q4 Quarterly Consolidated Results

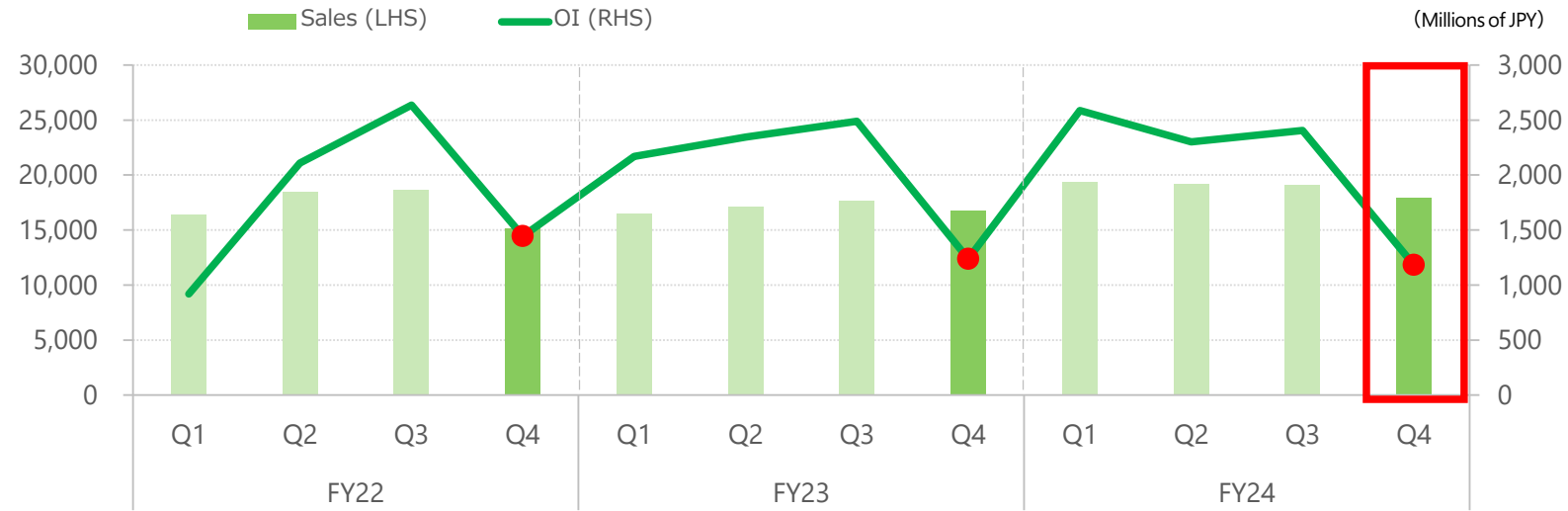
- Profit attributable to owners of the parent company includes:
 - A special gain from the sale of investment securities.
 - Special losses stemming from an impairment loss at the U.S. subsidiary and accelerated depreciation related to the downsizing of the head office.



Overview of Overseas Business

- Overall, overseas business recorded sales growth while OI remained flat.
- Sales increased, driven by strong performance in the base business in Asia and Oceania, as well as continued price revisions in the Americas under an inflationary environment, which contributed to growth in the primary label business.
- OI in the base business improved due to:
 - Recovery of factory profitability following the completion of printer inventory adjustments at distributors in Europe and the U.S.
 - Continued strong performance by sales companies in Australia and Southeast Asia.
- In the primary label business, OI declined due to:
 - Deterioration in the product mix stemming from lower demand in Russia following tax law changes.
 - Intensified competitive pressures in the market.
- Further details by region will be provided in the following slides.

Quarterly Sales and Operating Income



Sales	16,394	18,483	18,626	15,153	16,452	17,104	17,648	16,725	19,321	19,223	19,104	17,937
YoY	+26.8%	+49.6%	+35.1%	+12.9%	+0.4%	-7.5%	-5.3%	+10.4%	+17.4%	+12.4%	+8.2%	+7.2%
OI	919	2,109	2,637	1,445	2,169	2,346	2,490	1,238	2,586	2,303	2,405	1,183
YoY	-21.8%	3.0x	2.4x	+44.0%	2.4x	+11.2%	-5.6%	-14.3%	+19.2%	-1.8%	-3.4%	-4.4%



Quarterly trend (Overseas)

Base Business — The Americas

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	4,274	4,768	+493	+11.5%	+10.4%
Operating Income	-92	28	+120	-	-

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

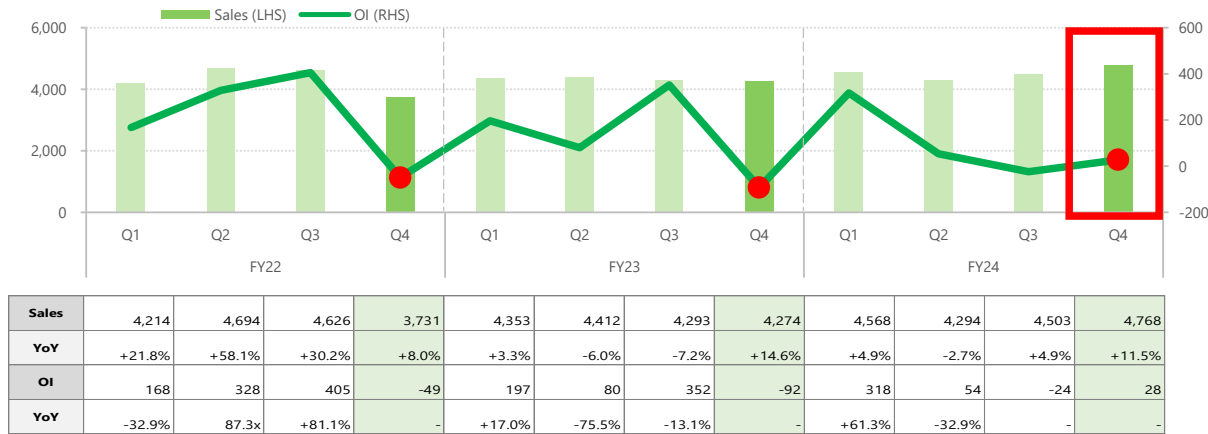
Sales

- In the US, sales continued to increase due to large automation solutions deal and one-off high-volume sales of consumables.
- In South America, sales increased on the solid demand and successful price revisions, despite the high inflation rates seen in the region.

Operating Income

- In the US, OI increased, driven by the sales growth mentioned above, and successful control of SG&A.
- In South America, OI rose due to favorable comparison against the same period previous year when hyperinflation accounting was applied.

Quarterly Sales and Operating Income



* Apr-Mar results are shown on p. 46.

Regional Performance of the Base Business (Overseas)

- In the Americas, both sales and OI increased.
- Sales growth was driven by:
 - A large-scale project in logistics market for automatic labelers in the U.S.
 - One-time special demand for consumables from specific customers.
- In South America, sales increased due to:
 - Steady demand despite the inflationary environment.
 - The positive impact of successful price revisions.
- OI rose overall, supported by:
 - Sales growth and effective control of SG&A expenses in the U.S.
 - A rebound effect from prior-year hyperinflation accounting adjustments in South America.

Base Business — Europe

(Millions of JPY)

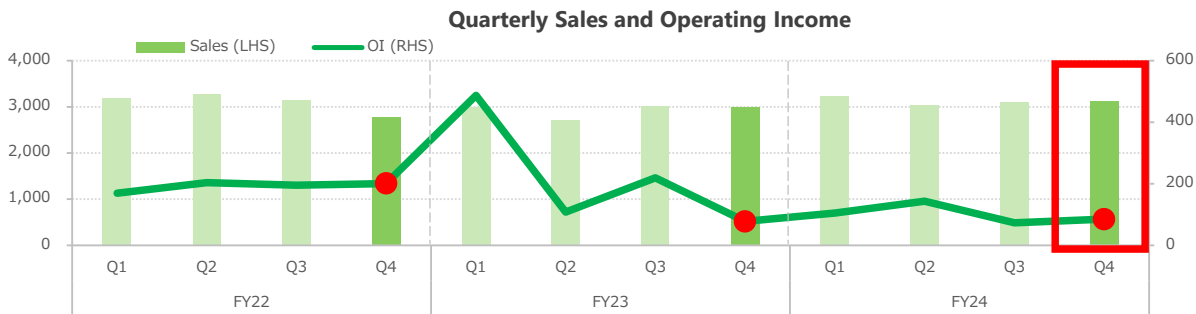
	FY23	FY24	Change	YoY	In local currencies
Total Sales	2,999	3,121	+122	+4.1%	+3.5%
Operating Income	78	85	+7	+9.0%	+10.8%

Sales

- In Europe, sales increased, due to a recovery in sales to distributors following the end of printer inventory adjustments, and despite sluggish investment due to the economic downturn.
- Sales in Germany increased on strong demand for consumables.

Operating Income

- OI remained flat, as an increase in SG&A expenses was offset by the sales growth mentioned above, and improvement in the product mix in the UK



Sales	3,195	3,268	3,149	2,789	2,991	2,714	3,008	2,999	3,221	3,028	3,106	3,121
YoY	+16.3%	+36.6%	+13.0%	+1.5%	-6.4%	-16.9%	-4.5%	+7.5%	+7.7%	+11.6%	+3.3%	+4.1%
OI	170	204	196	201	487	108	219	78	105	144	73	85
YoY	+46.9%	10.0x	-0.5%	+71.1%	2.9x	-47.1%	+11.2%	-60.9%	-78.3%	+33.8%	-66.2%	+9.0%



* Apr-Mar results are shown on p. 46.

Regional Performance: Europe

- Sales increased while OI remained flat.
- Although overall investment appetite in Europe was subdued due to the economic downturn, sales increased as distributors completed inventory adjustments for printers, leading to a recovery in orders.
- The German sales subsidiary also recorded sales growth, supported by steady demand for supplies from existing customers.
- OI was flat as:
 - The impact of increased SG&A expenses was offset by:
 - The positive contribution from the strong consumable demand at the German sales subsidiary.
 - An improved product mix at the UK sales subsidiary.

Base Business — Asia/Oceania

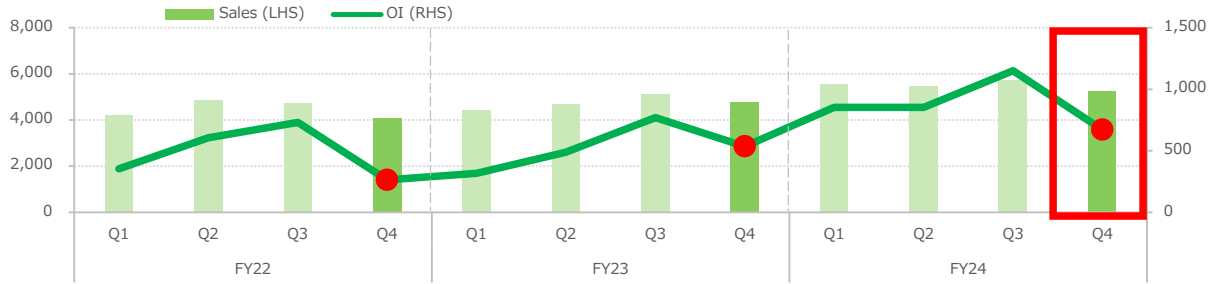
(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	4,790	5,251	+461	+9.6%	+8.7%
Operating Income	537	671	+134	+25.0%	+22.9%

Sales

- In Australia, sales continued to be robust, driven by high-volume RFID project.
- In Vietnam and India, sales increased on steady growth in the manufacturing markets.

Quarterly Sales and Operating Income



Sales	4,227	4,870	4,733	4,085	4,431	4,679	5,120	4,790	5,564	5,483	5,718	5,251
YoY	+12.0%	+21.9%	+12.9%	+3.5%	+4.8%	-3.9%	+8.2%	+17.3%	+25.6%	+17.2%	+11.7%	+9.6%
OI	354	607	732	265	318	490	769	537	853	854	1,151	671
YoY	-32.6%	+43.7%	+53.2%	+30.2%	-10.0%	-19.3%	+4.9%	2.0x	2.7x	+74.2%	+49.7%	+25.0%

Operating Income

- OI expanded due to the high-volume project in Australia mentioned above.
- OI at factories improved as printer sales to American and European sales subsidiaries picked up, helped by normalized stock levels at distributors in the regions.



* Apr-Mar results are shown on p. 46.

Regional Performance: Asia and Oceania

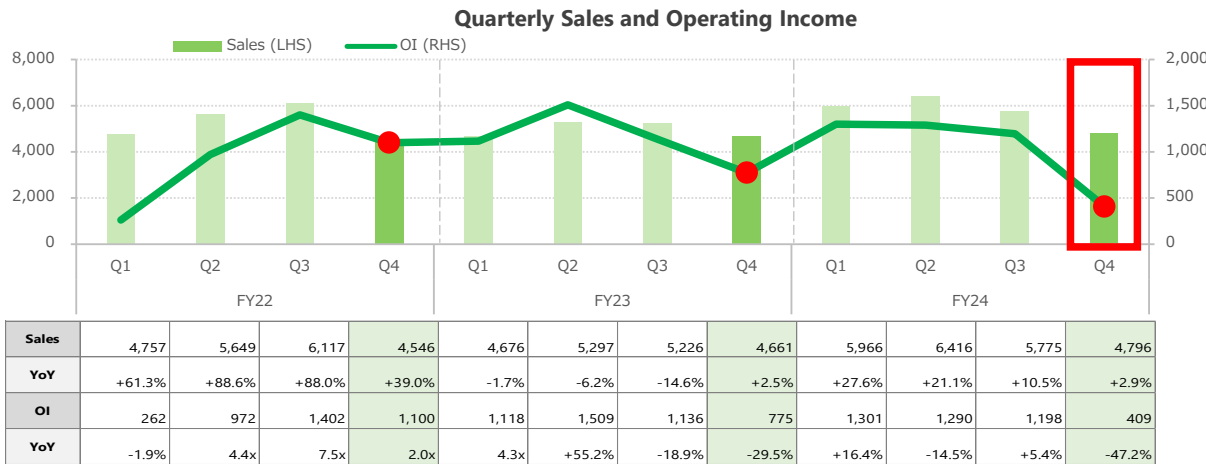
- In Asia and Oceania, both sales and OI increased.
- Sales growth was driven by:
 - Continued strong performance in large-scale RFID projects at the Australian sales subsidiary, following the first half.
 - Steady growth in the manufacturing market, particularly in Southeast Asia, including Vietnam and India.
- OI increased due to:
 - Contributions from the large-scale projects in Australia, as well as steady growth across other markets in the country.
 - The positive effect of sales growth.
 - Continued stable profitability at the factories, supported by the clearance of excess printer inventory previously held by overseas distributors.

Primary Labels Business

(Millions of JPY)

		FY23	FY24	Change	YoY	In local currencies
The Americas Achernar (Argetina) Plakorar (Brazil)	Total Sales	809	894	+85	+10.5%	+63.1%
	Operating Income	91	158	+66	+72.7%	3.1x
Europe Okil/ X-pack (Russian)	Total Sales	3,773	3,809	+36	+1.0%	+1.6%
	Operating Income	672	243	-428	-63.8%	-61.4%
Asia/Oceania Hirich (Vietnam)	Total Sales	77	91	+13	+17.9%	+14.1%
	Operating Income	10	6	-3	-37.5%	-39.5%
Total Sales	Total Sales	4,661	4,796	+135	+2.9%	+12.5%
	Operating Income	775	409	-366	-47.2%	-28.8%

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



* Apr-Mar results are shown on p. 47.

Sales

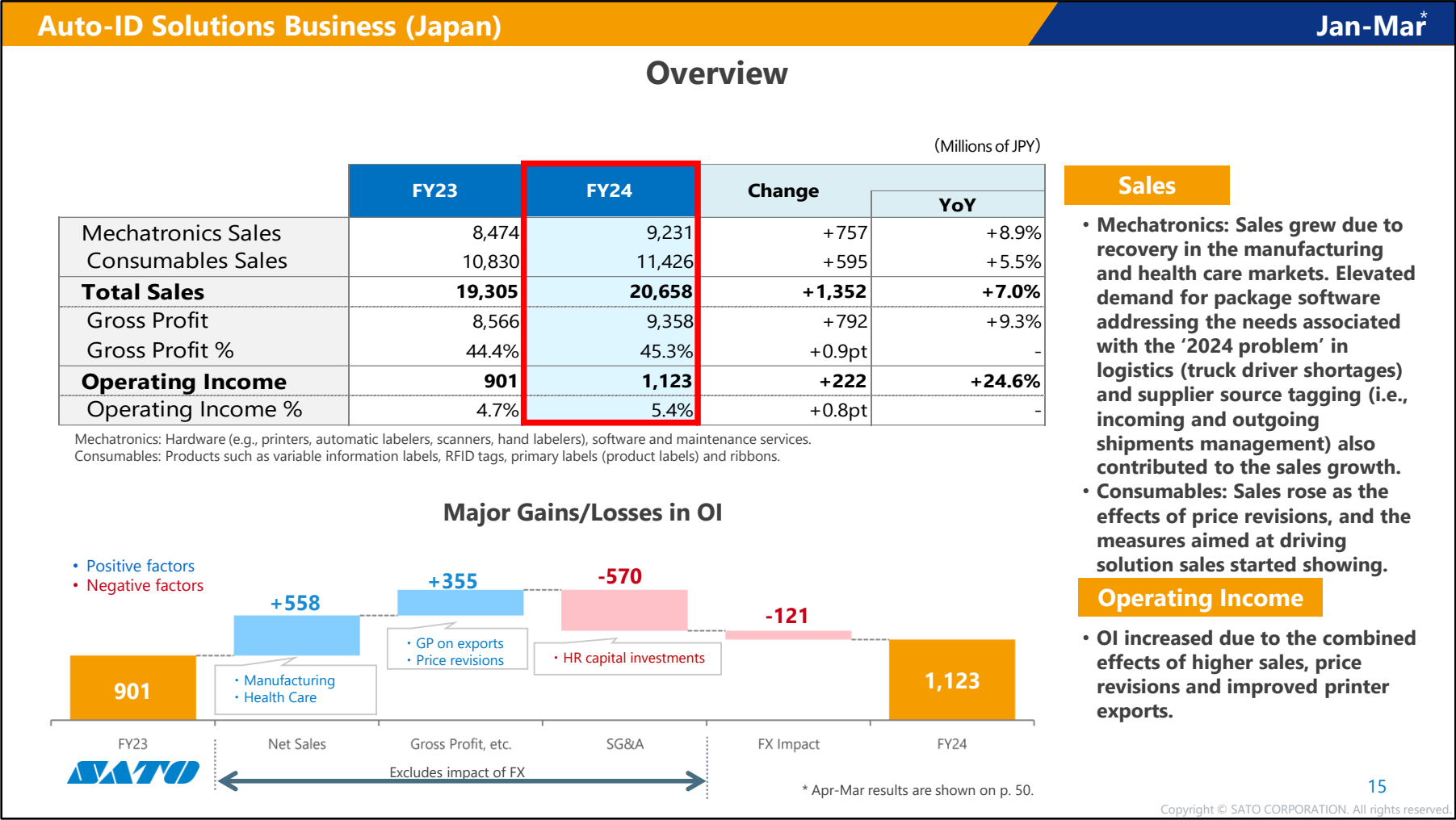
- In the Americas, sales increased due to stable demand and price revisions, despite an inflationary environment.
- In Europe, sales grew as stronger sales of high value-added products offset the impact of lower demand in Russia due to the tax regulation changes.

Operating Income

- In the Americas, OI increased as the effects of price revisions started to show.
- In Europe, OI decreased due to unfavorable comparison over the prior year when the last-minute demand in Q3 (Sep-Dec) before the tax reform pushed up OI, and due to deterioration in the product mix mentioned above.

Performance of the Primary Label Business (Overseas)

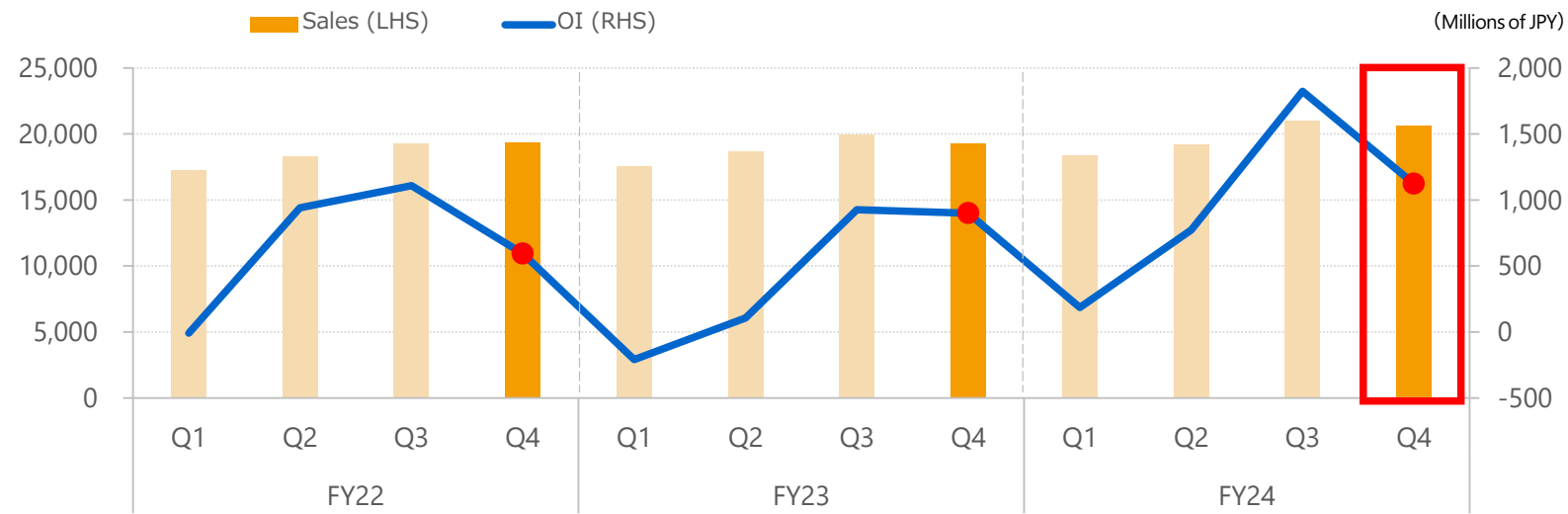
- Sales increased while OI declined.
- In Europe, sales continued to grow, supported by increased sales of certain high-value-added products.
- In South America, sales also increased, driven by steady demand and ongoing price revisions, despite the inflationary environment.
- OI declined due to:
 - A deterioration in the product mix caused by:
 - A drop-off following last-minute demand before the Q3 tax changes.
 - Reduced demand in Russia as a result of tax law changes.
 - Intensifying market competition.



Overview of Japan Business

- Both sales and OI increased.
- In the mechatronics segment:
 - Sales grew, driven by the recovery of the manufacturing and health care markets.
 - In addition, sales of software packages for asset management and shipping/receiving management increased in response to the ongoing shortage of drivers.
 - Sales of shipping/receiving management software packages for supplier source tagging also contributed to growth.
- In the consumables segment:
 - Sales increased, supported by the effects of price revisions and the successful capture of demand through koto-uri (solution-based selling), particularly in the retail market.
- OI increased as a result of:
 - Sales growth,
 - Contributions from consumables price revisions, and
 - Higher export margins from increased printer exports.

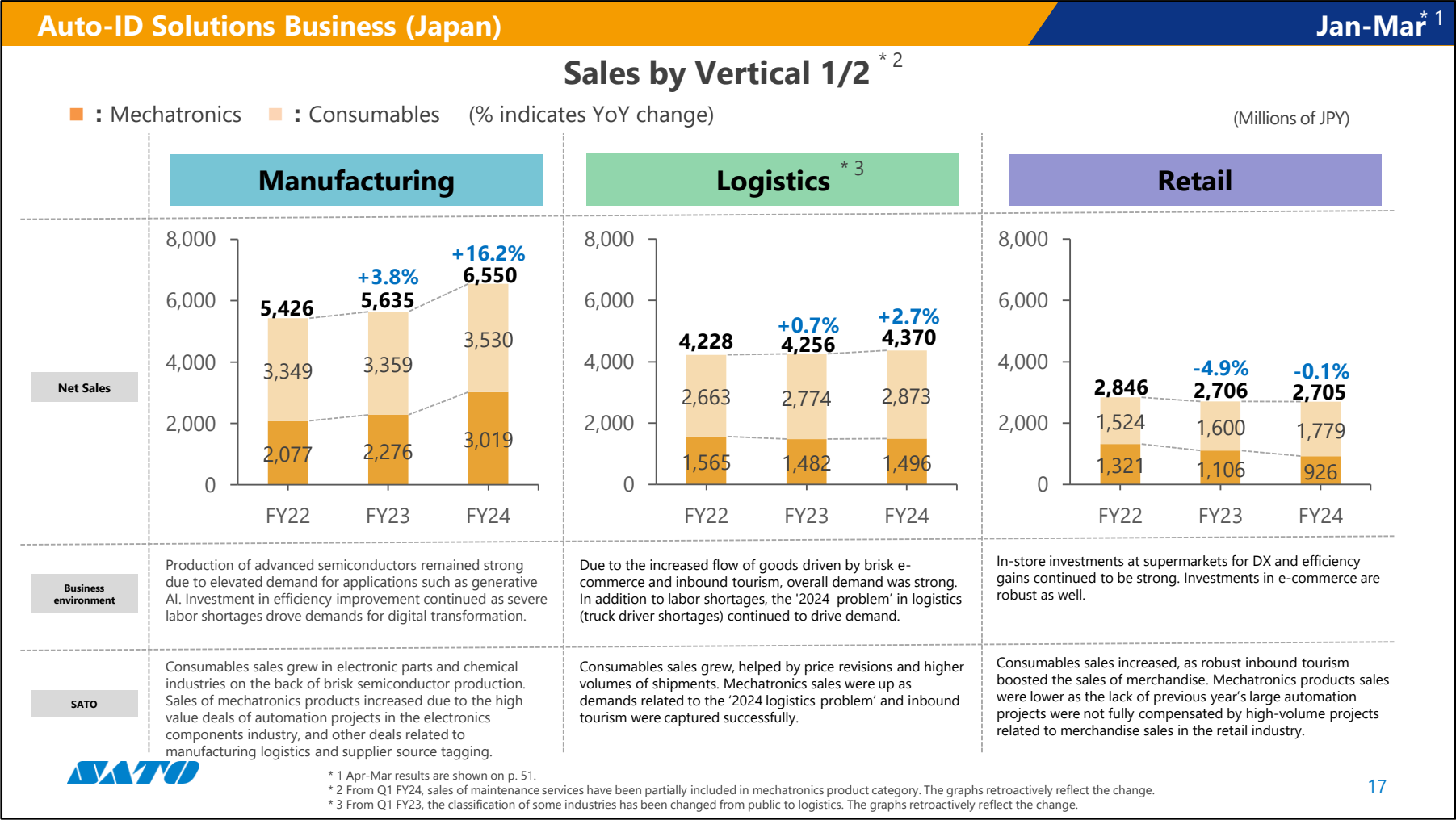
Quarterly Sales and Operating Income



Sales	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305	18,353	19,191	21,016	20,658
YoY	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%	+5.2%	+7.0%
OI	-8	941	1,108	594	-210	106	927	901	186	773	1,824	1,123
YoY	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%	-	7.3x	+96.8%	+24.6%

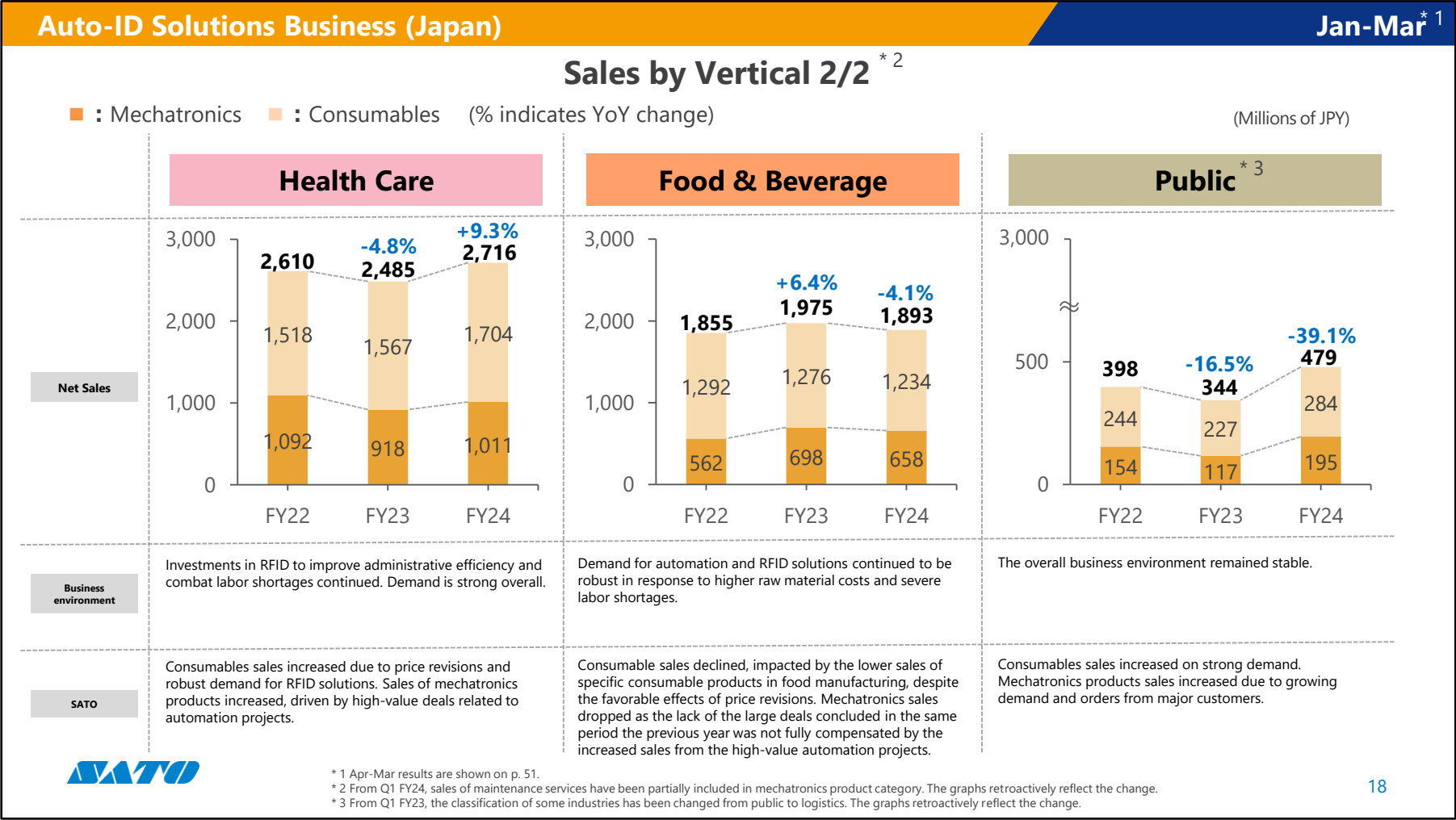


Quarterly trend (Japan)



Sales Performance by Market (Japan)

- Manufacturing:**
 - Continuing from Q3, sales increased due to strong demand for advanced semiconductor production driven by the growing needs for generative AI.
 - This trend led to higher sales not only in the electronic components industry but also in related industries such as chemicals.
 - In the mechatronics segment, a large-scale automatic labeler project in the electronic components industry contributed to sales growth.
 - Additionally, initiatives targeting manufacturing logistics and supplier source tagging demand also supported sales increases.
- Logistics:**
 - The segment continued to perform strongly, supported by price revisions, increased shipment volumes, and sustained demand related due to driver shortage.
 - Sales of printers for tourist luggage delivery services also continued to grow, driven by expanding inbound tourism.
- Retail:**
 - Consumables sales remained strong, driven by a recovery in the retail sector supported by steady expansion of inbound tourism, continuing from Q3.
 - On the other hand, mechatronics sales declined due to the impact of a reactionary drop following large projects in the previous year, which could not be fully offset by new large-scale projects for the retail sector.
 - However, investment appetite remains strong, especially among food supermarkets, where efforts to address labor shortages and promote operational standardization have driven steady demand.

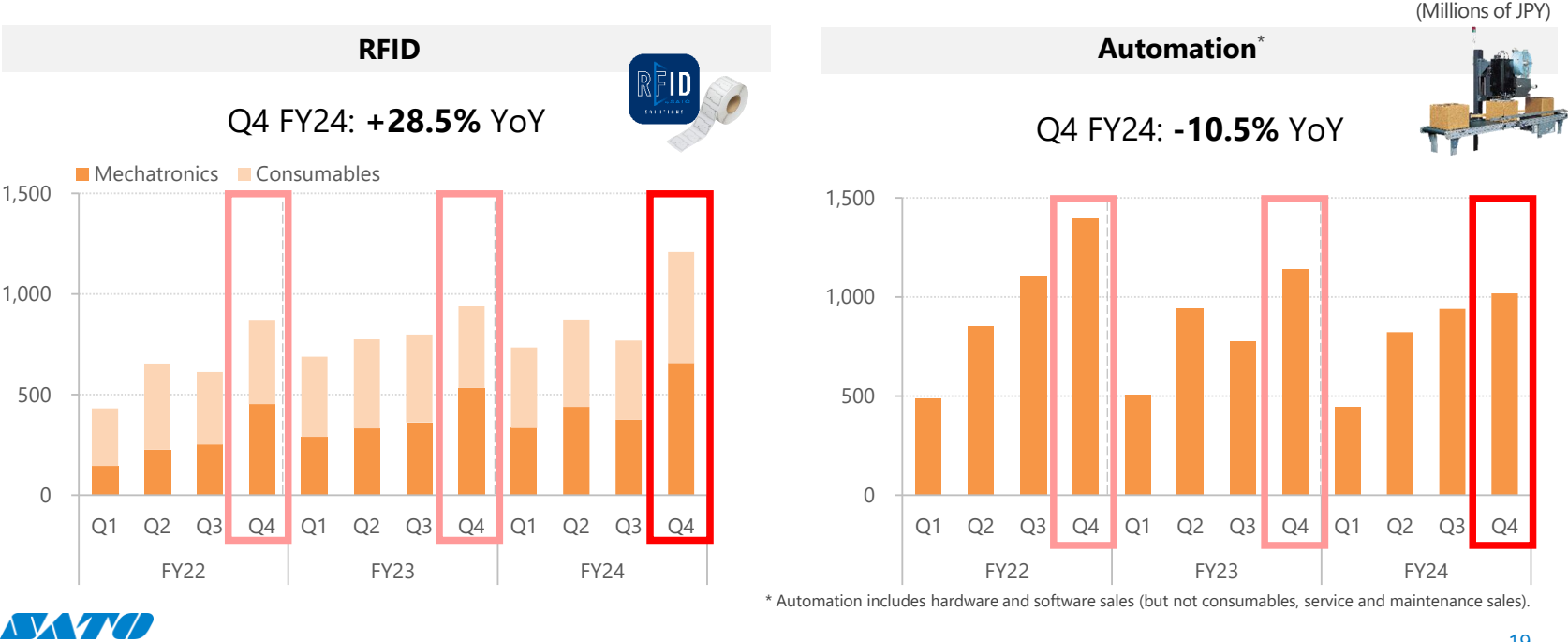


Sales Performance by Market (Japan) (Continued)

- Health care:**
 - In the consumables segment, sales continued to increase, driven by rising demand for operational efficiency solutions utilizing automatic labelers and RFID technologies.
 - In the mechatronics segment, sales grew, supported by large-scale automatic labeler projects and steady performance from medical device manufacturers.
- Food:**
 - In the consumables segment, although price revisions contributed positively, sales declined due to reduced sales of certain products in the food manufacturing industry.
 - In the mechatronics segment, sales also declined, as new large-scale automatic labeler projects could not fully offset the reactionary decrease following major traceability-related projects in the previous year.
- Public Sector:**
 - Both consumables and mechatronics segments experienced steady demand.
 - In addition, mechatronics sales increased due to higher order volumes from key customers.
- Overall:**
 - Although quarterly results are influenced by the timing of large projects, overall demand remained strong across all sectors, and the positive effects of price revisions contributed to results.

RFID and Automation Sales

RFID and automation sales continued to be strong on the back of the robust demand related to digital transformation and labor shortages.
RFID sales increased year on year, driven by rising number of projects for source tagging in the manufacturing market.
Automation sales were lower year on year, despite their growth in manufacturing, as brisk investments made by existing customers are now largely complete.

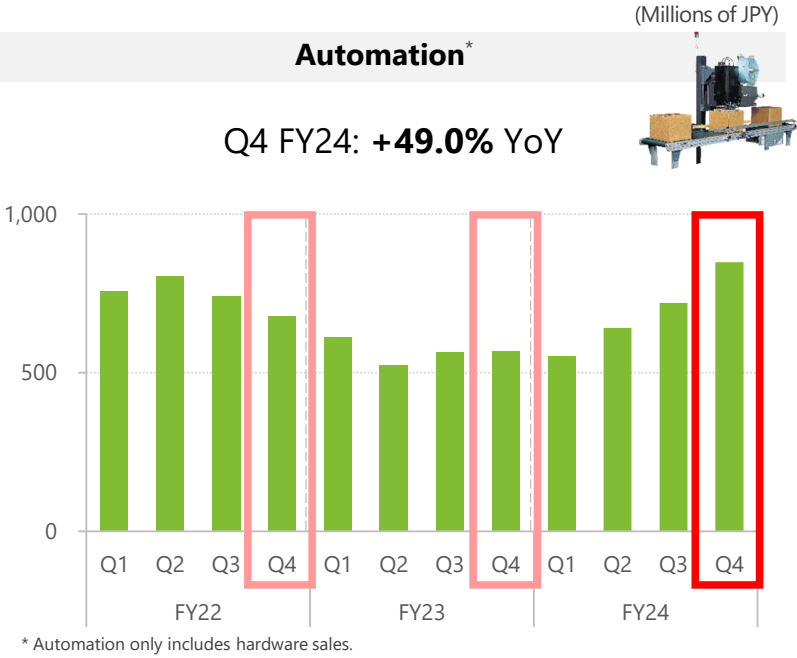
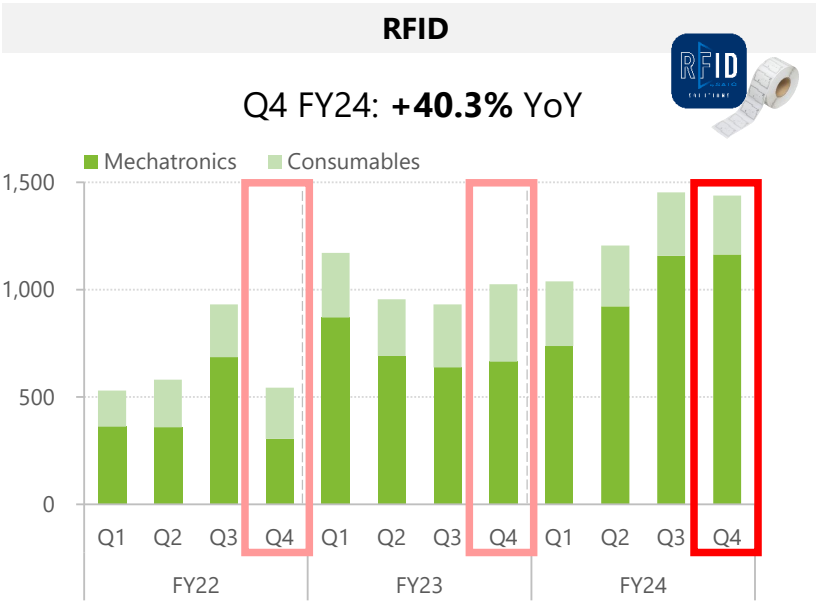


Quarterly Sales Trends of RFID and Automation Solutions (Japan)

- Demand remains robust.
- RFID sales increased, driven by strong performance in asset management software packages for supplier source tagging in the manufacturing market.
- In automation solutions, while large-scale projects in the manufacturing market contributed positively, overall growth stagnated due to investment restraining by existing customers.

RFID and Automation Sales

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



Quarterly Sales Trends of RFID and Automation Solutions (Japan)

- Demand remains strong, driven by labor shortages and digital transformation efforts, similar to Japan.
- RFID sales increased, supported by major projects in the manufacturing sector, which are expected to continue beyond FY25.
- Automation sales grew, boosted by large projects in logistics market in the U.S., despite some impact from the economic slowdown in Europe.

Assumptions of the Business Plan

- The impact of the US reciprocal tariff policy is not included the business plan, due to the difficulty of reasonably estimating it while the policy remains fluid.

- Expected impacts (positives and negatives) of tariffs

- <Direct Impacts>

- Overseas Business: Higher costs due to tariffs, Possible upward price revisions, Elevated foreign exchange risks (appreciation of JPY against USD)
 - Japan Business: Higher raw material costs induced by the disruption of supply chains, Possible upward price revisions

- <Indirect Impacts>

- Overseas Business: Slower demand as appetite for investment dampens globally, Limited impacts of tariffs with printer plants located outside China
 - Japan Business: Increased demand for Japanese companies — mainly those in manufacturing — with competitive edge, Weaker demand on blunted investment amid uncertainty over future prospects, Lower export gross margins* as investment slows globally




* Intercompany profits associated with exports of printer products.

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Assumptions underlying our business plan

- The impact of the reciprocal tariff policies in the U.S. has not been factored into the plan, as it is difficult to reasonably estimate and the policy situation remains fluid.
- Expected impacts are explained separately as direct and indirect effects.
 - **Direct impacts:** Higher costs and forex risks for overseas operations, offset by price adjustments, resulting in a neutral profit impact.
 - Japan operations: Higher raw material costs due to supply chain disruptions, covered through appropriate price revisions.
 - **Indirect impacts:** Categorized into positive and negative effects, though the outlook remains uncertain.
- We will promptly disclose details once a reasonable estimate of the financial impact is available.

Auto-ID Solutions Business (Consolidated)				
FY25 Forecasts				
(Millions of JPY)				
	FY24 (Actual)	FY25 (Targets)	Change	YoY
Net Sales	154,807	161,000	+6,192	+4.0%
Operating Income	12,341	12,500	+158	+1.3%
Ordinary Income	11,144	12,100	+955	+8.6%
Profit attributable to owners of parent	7,151	7,700	+548	+7.7%
EBITDA	17,884	18,200	+315	+1.8%
FX sensitivity for FY25: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +561 mil and JPY +35 mil, respectively.				
* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)				
Exchange rates assumed in FY25 forecast: JPY 140/USD, JPY 160/EUR Average exchange rates for FY24 : JPY 152.62/USD, JPY 163.87/EUR				
				
22				

FY25 Business Plan

- Despite uncertainties ahead, we are targeting record-high results, with sales up 4% and OI up 1.3% year-on-year, surpassing FY24’s historic performance.
- A breakdown by business segment will be provided on the next slide.

Auto-ID Solutions Business (Consolidated)

FY25 Forecasts <Breakdown>

(Millions of JPY)

		FY24 (Actual)	FY25 (Targets)	Change	YoY
Overseas (Base business)	Total Sales	52,632	54,000	+1,367	+2.6%
	Operating Income	4,317	4,000	-317	-7.3%
Overseas (Primary business)	Total Sales	22,955	24,000	+1,044	+4.6%
	Operating Income	4,199	4,300	100	+2.4%
Overseas	Total Sales	-38	0	+38	-
	Operating Income	75,587	78,000	2,412	+3.2%
Overseas (Elimination)	Operating Income	8,478	8,300	-178	-2.1%
Japan	Total Sales	79,220	83,000	+3,779	+4.8%
	Operating Income	3,906	4,200	+293	+7.5%
Elimination	Operating Income	-43	0	43	-
Conslidated	Total Sales	154,807	161,000	+6,192	+4.0%
	Operating Income	12,341	12,500	+158	+1.3%

Overseas
(Base business)


Overseas
(Primary label business)

Japan

Sales increased as measures taken at overseas sales subsidiaries started showing positive impacts, while OI declined due to further investments made up front for future growth.

Sales and OI rose on the back of higher sales of some high value-added products at the Russian subsidiary.

Sales and OI increased on strong demand driven by labor shortages across all markets and by large strategic projects.



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Background of the Business Plans for Overseas and Japan

- Overseas base business: Higher sales, lower OI due to reinvestment for future growth.
- Overseas primary labels business: Higher sales and OI, despite temporary tax impact in Russia, supported by increased high value-added product sales.
- Japan business: Higher sales and OI expected, driven by strong demand from labor shortages and large-scale strategic project.

Auto-ID Solutions Business (Consolidated)

FY25 Forecasts
Outlook by Region/Business and Vertical

Overseas					
	The Americas	Europe	Asia/Oceania	Primary Labels	
Forecasts	<ul style="list-style-type: none">● The economy to be robust on brisk demand.● Printer inventory levels at distributors largely normalized.● Inquiries from major customers on a steady rise.● Drops in sales due to the termination of sales contracts for some consumables.	<ul style="list-style-type: none">● Dampened appetite for investment due to sluggish economic growth.● Printer inventory adjustments by distributors largely complete.● Increased demand for traceability solutions including those related to digital products.● Blood related traceability solution deals to close to push up sales.	<ul style="list-style-type: none">● In Southeast Asia, automotive and electrical/electronic production on the rise to drive demand.● In East Asia, severe economic conditions in China to drag on.● In Oceania, robust demand to continue, driven by large projects.	<ul style="list-style-type: none">● Demand fluctuations to be anticipated due to tax regulation changes in Russia.● Continued uncertainty on foreign exchange and geopolitical risks.● Brisk demand for some high value-added products to continue.	
Japan					
	Manufacturing	Logistics	Retail	Health Care	Food & Beverage
Forecasts	<ul style="list-style-type: none">● Brisk demand for artificial intelligence to continue to drive stronger production of advanced semiconductors.● Demand on the rise for solutions related to manufacturing logistics.	<ul style="list-style-type: none">● Brisk investments for automation and efficiency gains to continue.● '2024 problem' in logistics (shortage of truck drivers) to continue to drive demand.	<ul style="list-style-type: none">● Robust earnings at major retailers to increase appetite for investment.● Elevated investments for efficiency gains to continue due to labor shortages.	<ul style="list-style-type: none">● Needs for efficiency gains, especially in the medical equipment industry, to continue to drive demand for automation, image recognition, RFID and others.● Solid demand for systems used in hospitals, but longer printer replacement cycles.	<ul style="list-style-type: none">● Elevated needs for RFID to manage raw materials and spare parts.● Strong appetite for investment to counter rising costs and labor shortages.



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Outlook by Region and Market

- Overseas: Economic slowdowns in Europe and China are expected to continue. However, excess inventory at distributors in Europe and the U.S. has been largely cleared, paving the way for recovery.
- Growth drivers include stronger demand from regulatory compliance, more efficient solution rollouts, and increased sales from PJM RFID deals in the blood sector.
- Primary labels business: Demand for daily goods remains steady. While forex and geopolitical risks stay elevated, solid demand for high value-added products is expected in Russia.
- Japan: Regulatory-driven demand is rising in manufacturing and logistics, particularly due to the 2024 logistics reform. Initiatives such as the deployment of CLOs are accelerating. Other markets are also expected to remain firm.
- In both overseas and Japan markets, continued labor shortages and investments in operational efficiency are sustaining strong demand for automatic identification technologies, including RFID and automation.

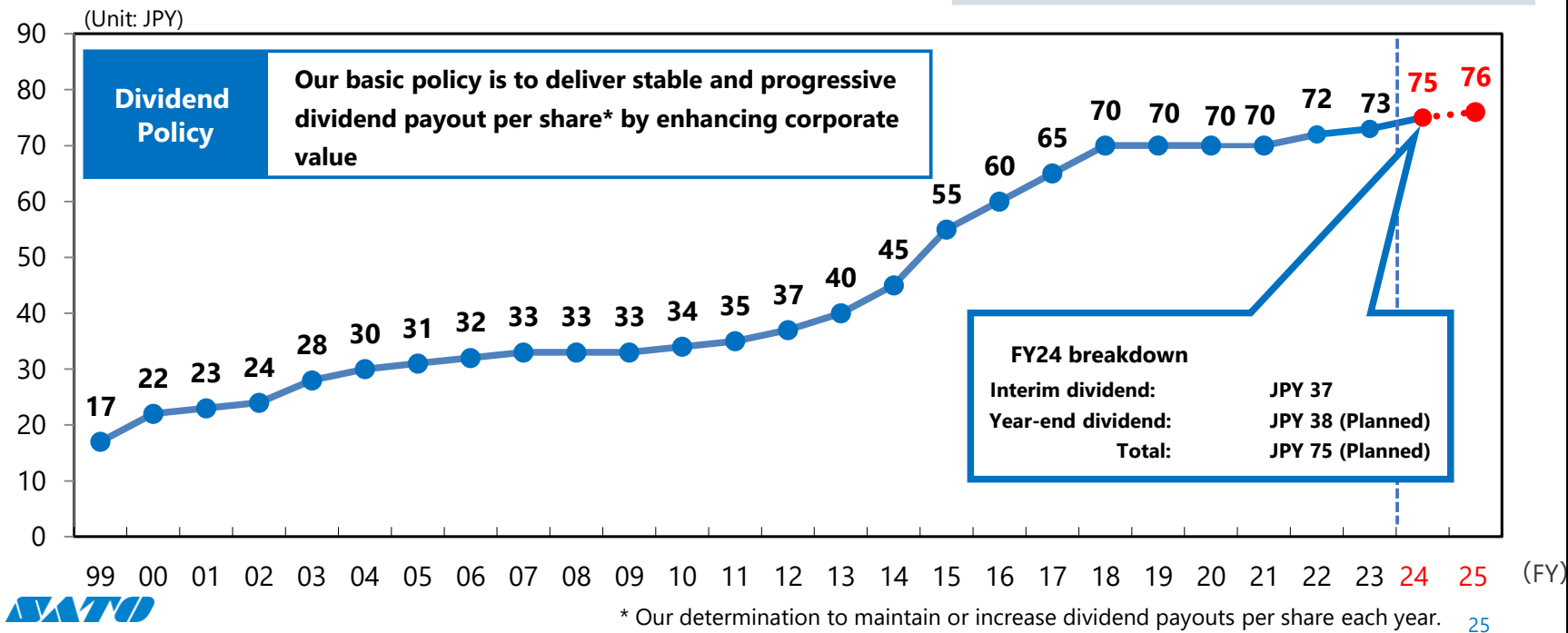
Dividends

(JPY per share)

Total dividends planned for FY24: JPY 75 (up JPY 2 YoY, up JPY 1 vs. original plan)

Total dividends forecast for FY25: JPY 76 (up JPY 1 YoY)

	FY21	FY22	FY23	FY24 (Planned)	FY25 (Forecast)
EPS	112.7	126.7	110.0	220.4	237.3
ROE	6.3%	6.5%	5.2%	9.7%	9.7%
(Ref.) Payout ratio	62%	57%	66%	34%	32%



Trend in Dividends

- FY24: Full-year dividend planned at ¥75 (+¥2 YoY), reflecting record-high earnings.
- FY24 year-end dividend: ¥38 (+¥1 vs. previous year and plan).
- FY25: Annual dividend planned at ¥76 (+¥1 YoY).

**FY24 Results and
FY25 Consolidated Forecasts**

**Progress Update on
FY24-28 Medium-Term
Management Plan**

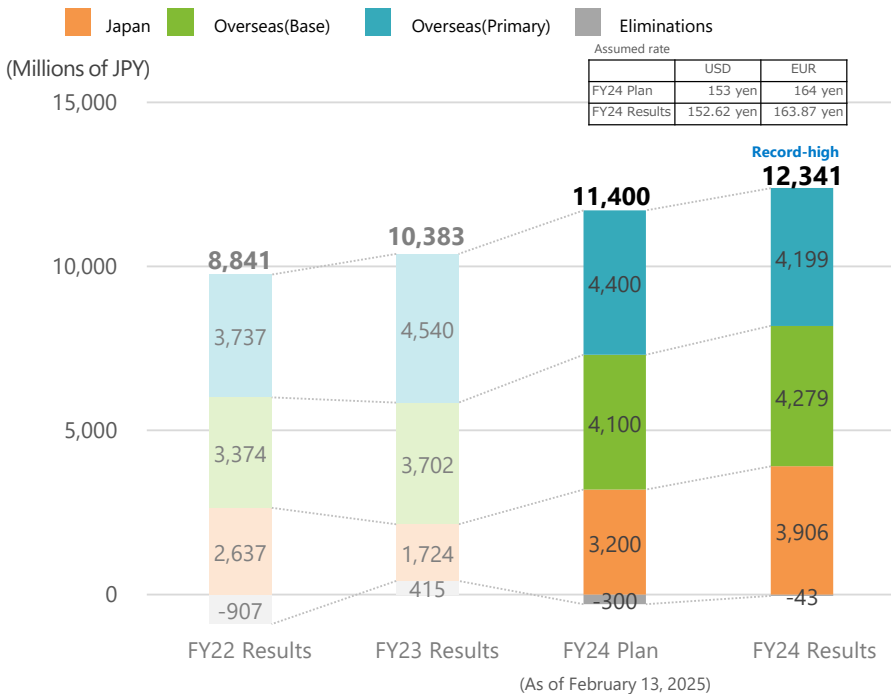


Progress on the FY24–FY28 Mid-Term Plan

FY24 Review

Achieved record-high operating income, driven by profitability recovery in Japan business and growth in overseas base business.

OI Trends and Comparison to Plan



FY24 Results

- Record-high consolidated OI
- Successful organizational integration
- Enhanced collaboration with external partners and development of businesses in new fields and markets
- Well-managed SG&A expenses
- Tangible improvement as a result of price revisions in Japan business
- Recovery of gross profit and operating income in Japan business
- Growing engagement with a global key account
- Enhanced brand recognition (via advertising, etc.)

Challenges from FY25 and Steps for Improvement

- Drive revenue in new fields and markets**
 - Strengthen the New Market Strategy Division
 - Accelerate CEO-led projects, executed through the newly created Business Innovation Department
- Further improve profitability in Japan**
 - Execute key strategic initiatives
- Improve profitability of European and U.S. sales subsidiaries**
 - Build a framework for portable and repeatable business for global key accounts
- Improve profit management and global procurement**
 - Launch projects focusing on managerial accounting, procurement and purchasing optimization.
- Control head office cost increases associated with governance and security enhancements**
 - Manage SG&A expenses through prioritized and careful allocations
- Promote DX**
 - Launch the Digital Transformation Division and integrate generative AI into business operations
- Enhance investment management strategies**
 - Launch an investment management project
- Integrate sustainability management practices**
 - Review and optimize ESG priorities
- Strengthen branding**
 - Appointed an executive officer dedicated to branding initiatives

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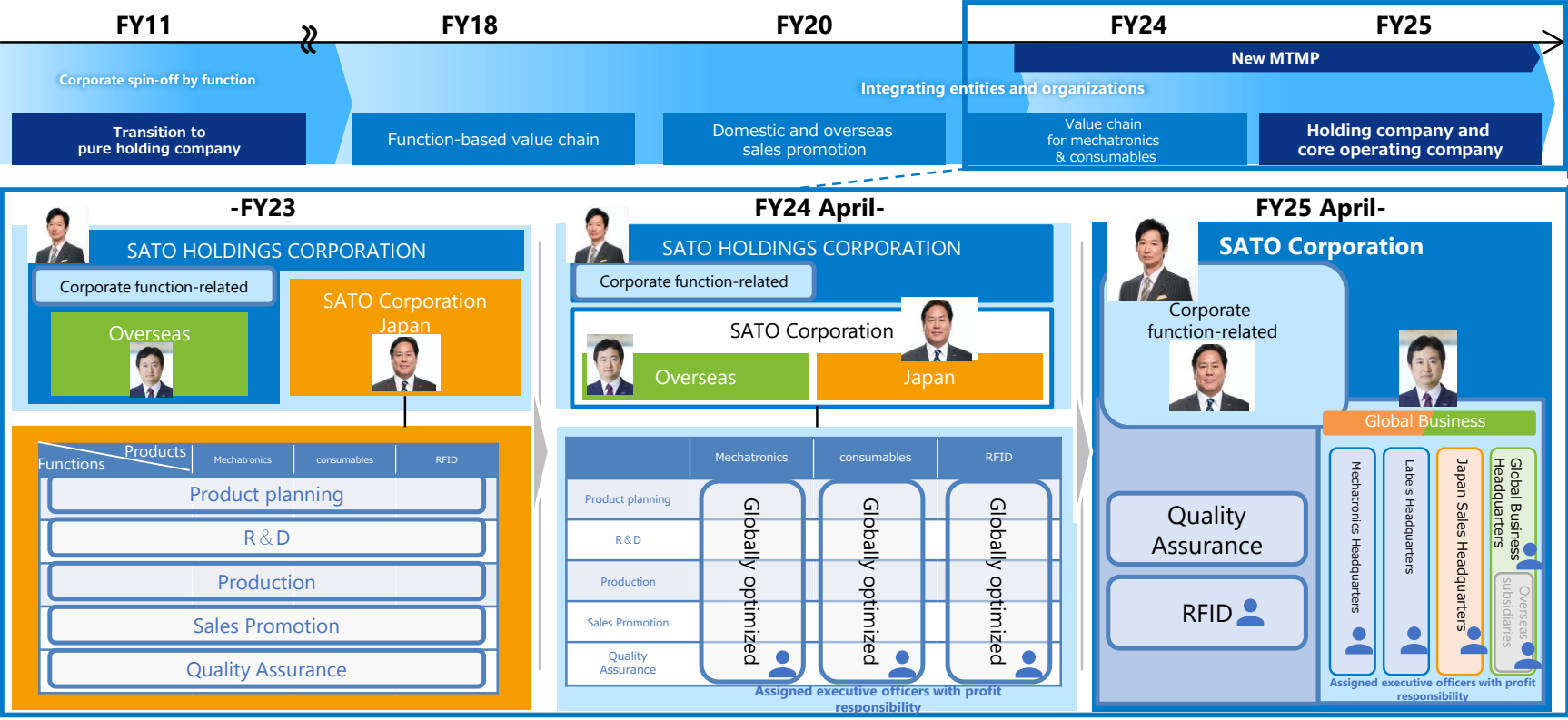
Copyright © SATO CORPORATION. All rights reserved.

FY24 Review

- Achieved record-high consolidated OI, driven by profit recovery in Japan and growth in overseas businesses.
- Successfully completed the integration of SATO Holdings Corporation and SATO Corporation as planned.
- Will later provide updates on progress in external collaboration, new business development, and achievements in Japan and overseas.
- Identified challenges to be addressed under the new organizational structure.

Organizational Changes: Transition

The organizational merger was successfully completed as planned, enabling a shift to a new structure aimed at improving profitability through faster and more effective management execution.

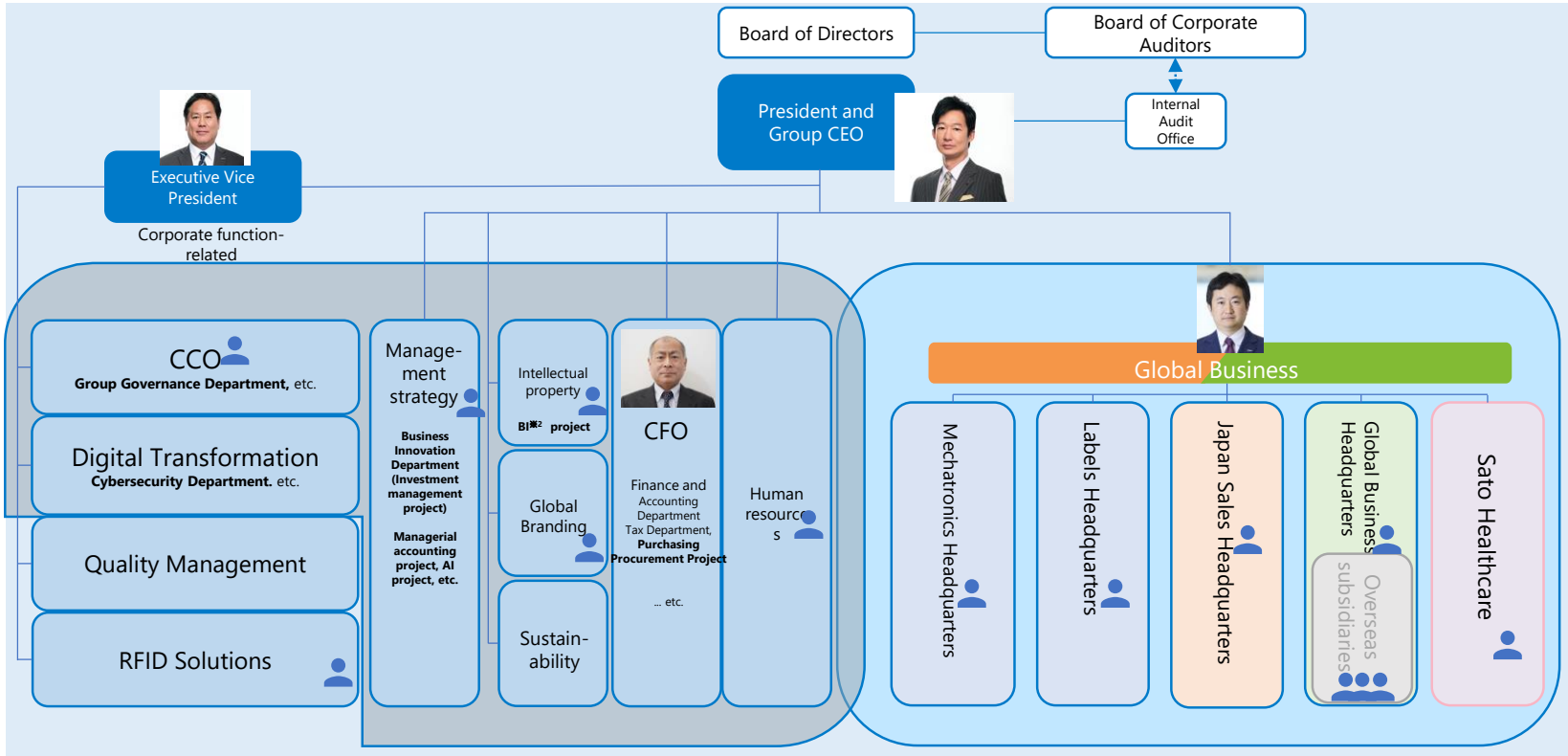


Organizational Change

- Completed the company integration as planned, transitioning to a faster, more execution-focused structure to drive profit growth.
- Restructured into a product-based organization in FY24, improving profit visibility and global optimization.
- Consolidated the organization into larger unified groups through the integration.

Organizational Change: Overall Picture

Organizations and projects dedicated to each key focus area were launched, each with an executive officer assigned.
 * 1.



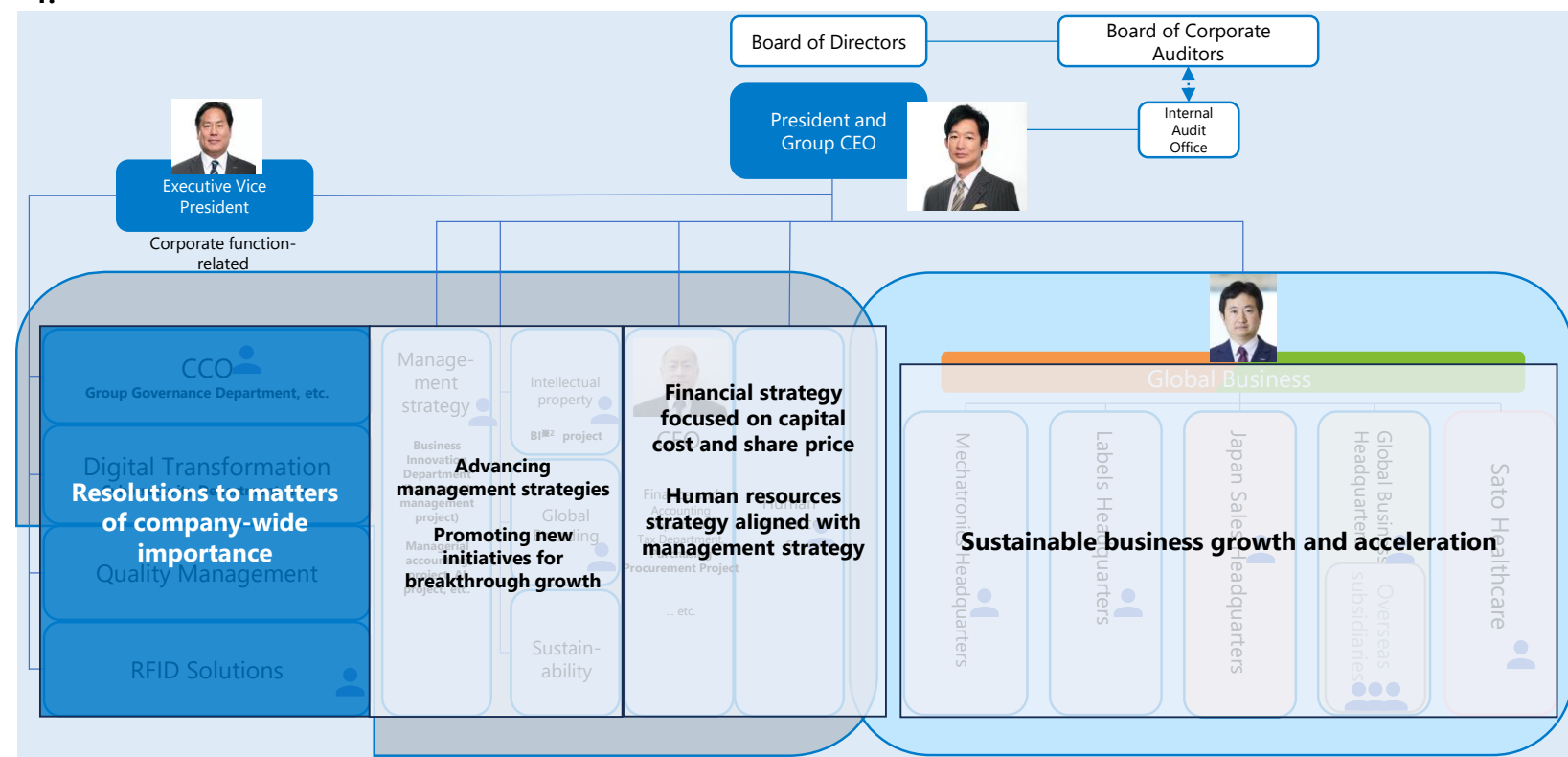
* 1 Photos of Vice President and above. : Executive Officer in Charge
 * 2 BI: Business Intelligence

Overview of Organizational Changes

- In FY24, launched dedicated teams and projects to address challenges, each led by an executive officer.

Organizational Change: Overall Picture

Organizations and projects dedicated to each key focus area were launched, each with an executive officer assigned.
* 1.



* 1 Photos of Vice President and above. : Executive Officer in Charge
* 2 BI: Business Intelligence

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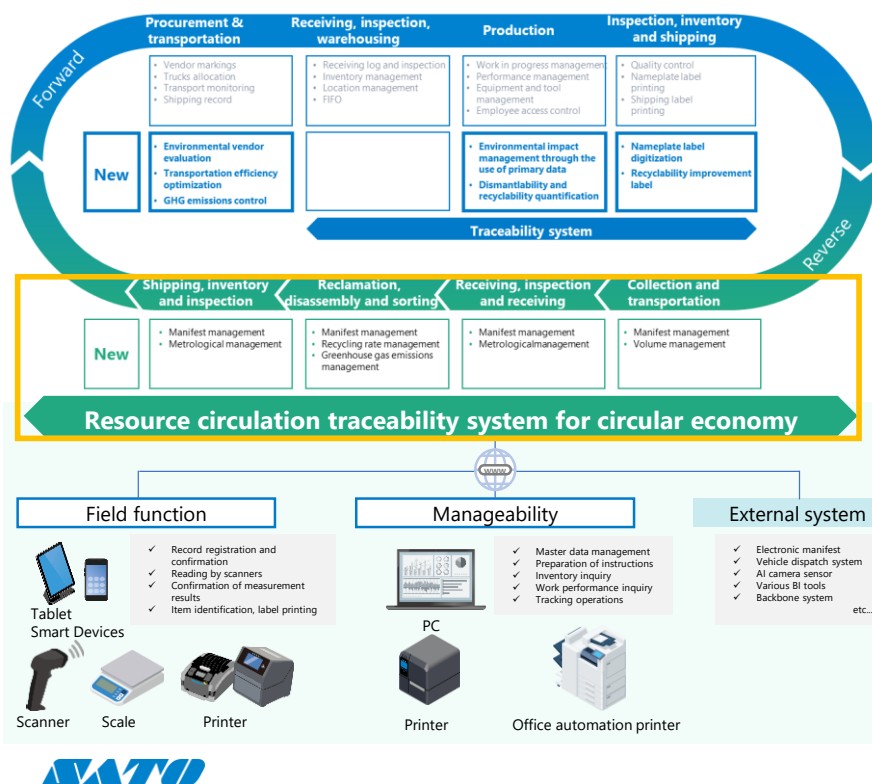
Overview of Organizational Changes (Continued)

- Company-wide key management themes are placed under the direct supervision of Vice President Sasahara.
- Shindo, as Global Business Head, will drive sustainable and accelerated business growth, aiming to improve operating income.
- Mashiko will lead financial strategies focused on capital costs and share price, promoting global optimization of PSI (Production, Sales, Inventory) management.
- Under Konuma's leadership, we will advance management strategies and initiatives for non-linear growth.
- Talent strategies aligned with management goals will support this organizational framework.
- Through improving OI on the business side and optimizing capital costs through corporate functions, we aim to further deepen and accelerate ROIC-driven management.

In FY24, we had increased opportunities to engage with customers on the circular economy.

In FY25, we will aim to transition into full-scale operations.

New business opportunities through the realization of a recycling economy



Background

- Changes in the external environment surrounding the circular economy.
- Japan: The Ministry of Economy, Trade and Industry has formulated the Resource-Autonomous Circular Economy Strategy.
- Overseas: EU-led establishment of laws and regulations related to the circular economy (European Green Deal, Digital Product Passports, etc.).

➔ This is a tailwind for SATO's business.

FY24 Results

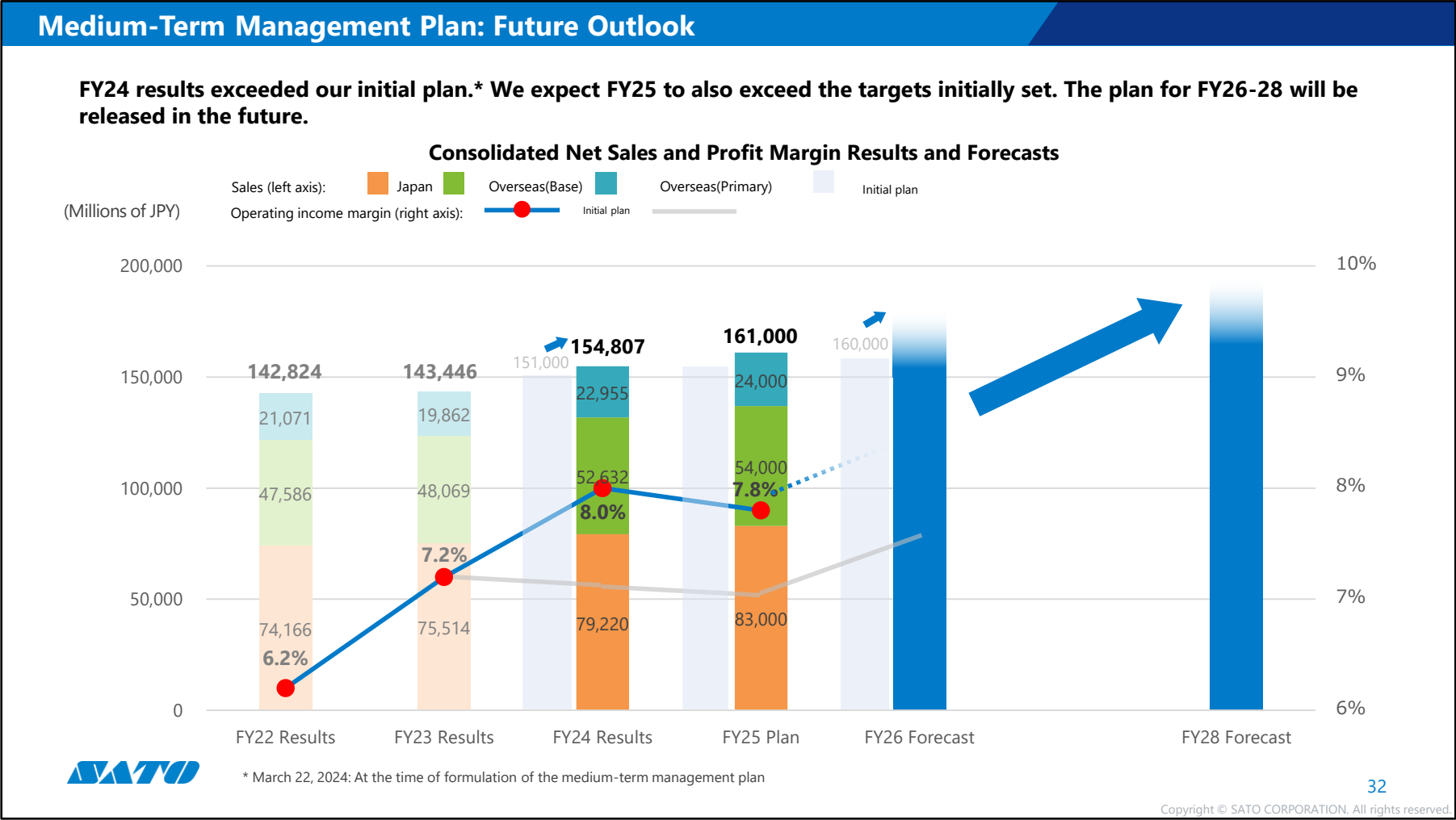
- Expansion of points of contact with customers in forward logistics (manufacturers) and reverse logistics (recyclers).
- New business opportunities in data integration for collected items and in the management of recycling activities.
- Relationships built with government-related organizations, government-affiliated groups and general incorporated associations.
- Patent efforts fostered. The resource circulation traceability system for circular economy is under review.

FY25 initiatives

- Launch a resource circulation traceability system for circular economy. Promote sales and exhibition activities.**
- Strengthen resource sorting through tagging using handheld plastic identification sensors (jointly developed with a partner company) and label printers.**
- Support the Digital Product Passports (DPP)**

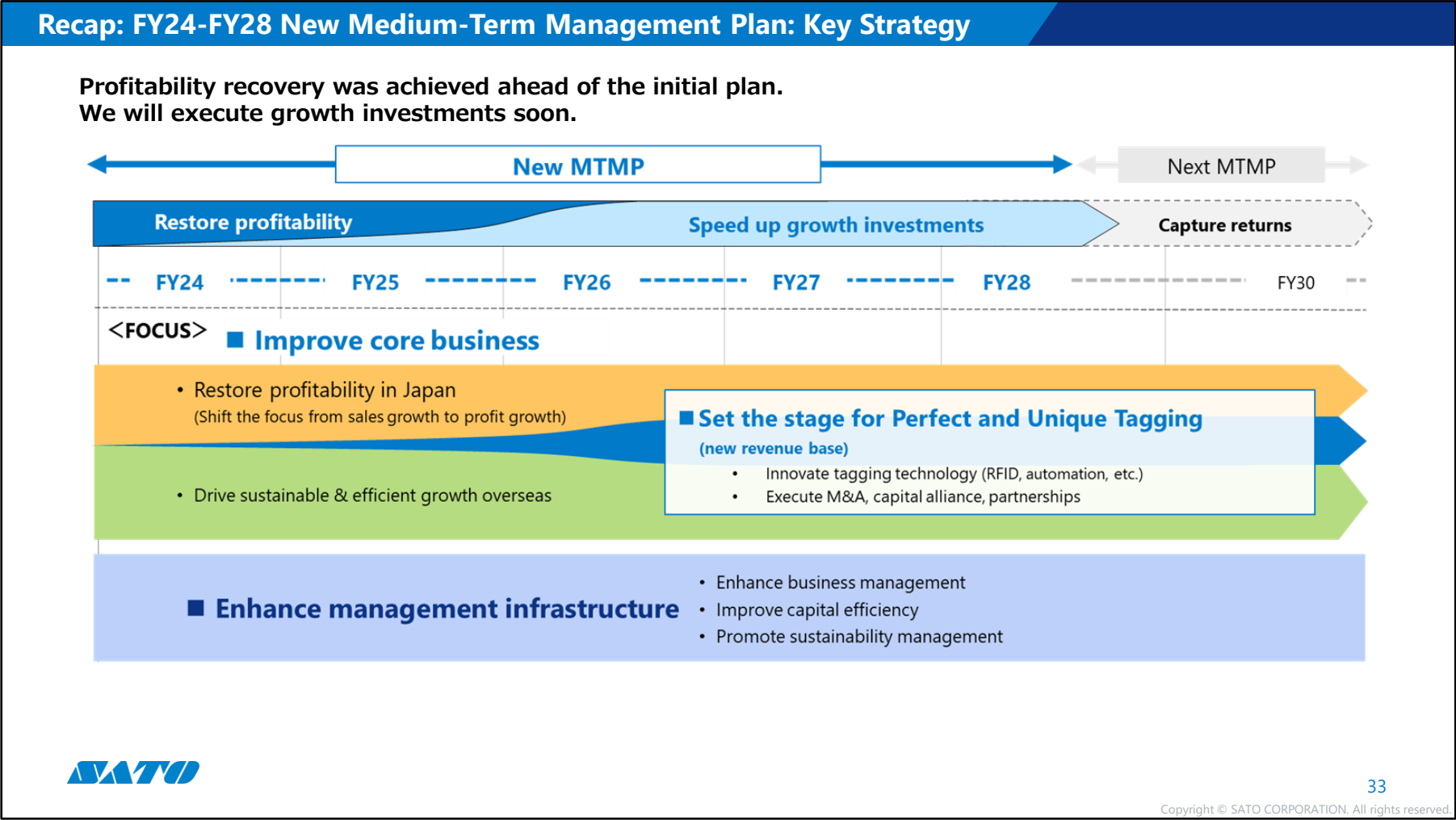
Initiatives to Promote Co-creation with External Collaboration and Develop New Fields and Markets

- As a company-wide initiative, a CEO-led project is tackling new markets and fields, including top-level external engagement.
- One success case is the commercialization of circular economy initiatives, contributing to sales growth.
- Drivers include Japan's Ministry of Economy, Trade and Industry (METI) promoting a resource self-reliance strategy and new EU-led regulations on the circular economy, creating a favorable business environment for SATO.
- In FY24, expanded customer engagement with companies in both the forward and reverse logistics sectors, generating new business opportunities and sales.
- Also promoted partnerships with institutions and companies and advanced patent creation activities.
- In FY25, aiming to enter the full-scale business phase by launching a resource recycling traceability system for the circular economy.
- Enhancing promotional activities, including participation in seminars and exhibitions such as the Circular Partners EXPO in December.
- Targeting further sales growth through collaborative solutions, such as tagging for resource separation using label printers, and preparing for digital product passports.



Medium-Term Management Plan: Future Outlook

- FY24 results exceeded the initial plan.
- FY25 is also expected to outperform the original plan.
- The FY26–28 plan will be announced at a later date, aiming for a higher level than initially projected.



Basic Policy of the Medium-Term Management Plan (Reiterate)

- Profit recovery was achieved ahead of schedule.
- We will accelerate growth investments to drive further growth.

Boost core businesses

Restore profitability in Japan (FY23–26: approx. +3%pt. in operating margins)

Improve gross margins while keeping SG&A expenses at FY23 levels

- 1. Capture demand in key markets**
 - Increase gross profits in health care by 40% in FY26 vs. FY23
 - Focus on manufacturing market
- 2. Revise selling prices in timely fashion**
 - Appropriately reflect rising costs of raw material among others to prices
 - Optimize fees for solutions and services
- 3. Comprehensively overhaul value chain**
 - Improve productivity and reduce costs by optimizing product lineup
- 4. Launch new printers**
 - Capture replacement demand
- 5. Shift to profit-based evaluation for sales**
 - Reassess low-margin transactions
 - Expand sales of high-margin solutions

Drive sustainable & efficient growth overseas (Base & Primary Label businesses) (FY23–26: approx. +6% CAGR in sales)

Base business sales: JPY 48.3 → 57 bil (FY23 → FY26)

Americas:	JPY 17.3 → 21 bil
Europe:	JPY 11.7 → 14 bil
Asia/Oceania:	JPY 19.3 → 22 bil

- **Efficiently create and scale solutions** (details later)
 1. Increase consumable sales and profits
 2. Expand solutions scaling
 3. Redefine roles of Headquarters and overseas operations
 4. Create locally-suited solutions

Primary Labels business sales: JPY 19.6 → 23 bil (FY23→ FY26)

- **Stabilize sales and profits**
 - Increase production capacity and expand customer proposals of high-value-added products



* Repost of a slide in the Financial Results Briefing Materials disclosed on 15 May.

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- This slide reiterates the initiatives to strengthen the core businesses in Japan and overseas, as explained at the financial results briefing on May 15, 2024.
- The following slides will cover FY24 achievements and challenges and initiatives for FY25 and beyond.

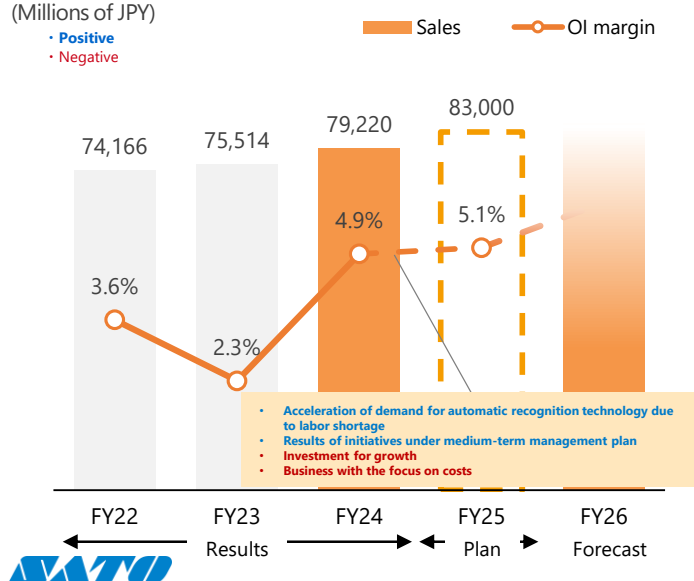
Profitability recovery was achieved ahead of the initial plan.* We will aim for further improvement in profitability through our initiatives while also executing growth investments.

FY24 results (vs. FY 23)
Improvement in gross profit: +1.9pt
Management of SG&A: -0.7pt

Performance Trends

(Millions of JPY)

• Positive
• Negative



* Initial Plan: March 22, 2024: at the time of formulation of the Medium-Term Management Plan

FY24 Results

- Capture demand in key markets**
 - Increase human resources in the health care market
 - Capture demand related to manufacturing logistics and supplier tagging
- Revise selling prices in timely manner**
 - Progress as planned. Price revisions for consumables have almost run their course
- Comprehensively overhaul value chain**
 - Mechatronics: Product roadmap update completed
 - Consumables: Increase in gross profit through streamlining efforts for labels
- Launch new printers**
 - Development in line with revised plan (to be launched in FY 25)
- Shift to profit-based evaluation for sales reps**
 - Completed transition from sales to gross profit-based evaluation

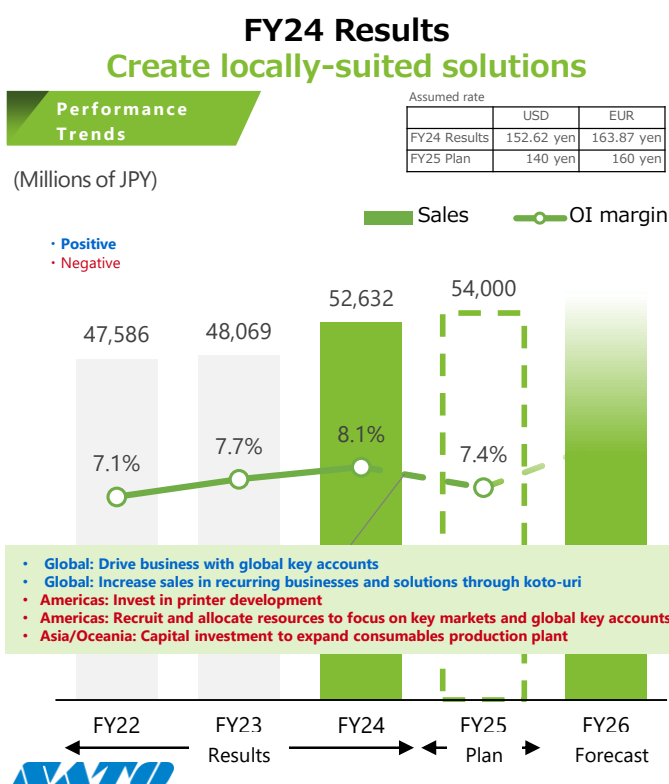
Challenges from FY25 and Steps for Improvement

- Capture demand in key markets**
 - Development and expansion of growth businesses across sectors in the health care market
 - Focus on auto-labeling and RFID solutions, which are in strong demand in all sectors
 - Develop areas and expand sales by strengthening the organizational structure
 - Development and deep cultivation of the manufacturing market
 - Expand into new areas (logistics DX, circular economy, etc.) through projects under the direct control of the CEO
- Comprehensively overhaul value chain**
 - Optimize printer line-up
 - Launch printers that meet replacement cycles and market needs by optimally allocating resources
 - Optimization of consumables inventory
 - Establish and implement PSI management structure

Progress and Future Initiatives for Restoring Profitability in the Japan Business

- Achieved profitability recovery ahead of the original plan.
- FY24 achievements: Increased headcount in the health care market and captured demand in manufacturing logistics and supplier source tagging; other initiatives also progressed as planned.
- FY25 and beyond:
 - Focus on expanding and deepening market penetration in health care and promoting growth businesses such as automatic labeling and RFID solutions.
 - Under the CEO-led project, drive logistics DX and circular economy initiatives in the manufacturing market.
- Value chain management:
 - Product roadmap updates are nearly complete; printer lineup optimization will begin in FY25, with product launches aligned with replacement cycles and market needs through careful resource allocation.
- PSI management:
 - Build and execute systems to optimize consumables inventories.
- Demand for automatic identification technologies remains strong due to labor shortages; will continue growth investments and aim for further improvement in profitability.

Strengthen our operational foundation while executing investments for further growth.



FY24 Results

- 1. Increase consumable sales and profits**
 - Investment in ERP and MES systems
- 2. Broaden the deployment of solutions**
 - Visualize and develop a system for customer targeting and portable and repeatable development
 - Introduce training tools for business partners (SATO DOJO)
 - Hold meetings regularly to share best practices
- 3. Redefine roles of Headquarters and overseas operations**
 - Acquire new global key accounts and create new projects
- 4. Create locally-suited solutions**
 - Develop AEP Cloud for cloud-based aPaaS * in collaboration with Mobile Logic
* Application Platform as a Service

Challenges from FY25 and Steps for Improvement

- Increase consumable sales and profits**
 - Reinforcing recurring businesses
 - Expansion of production plants for consumables
- Broaden the deployment of solutions**
 - Efficient, portable and repeatable deployment of solutions and strengthening of recurring businesses
 - Increase in solution sales through *Koto-uri*
 - Launch of global incentives
- Redefine roles of Headquarters and overseas operations**
 - Increasing sales by further activating business negotiations with global key accounts
 - Assign executive officers and specialists in the United States
- Create locally-suited solutions**
 - Support for Digital Product Passports in Europe
 - Create new solutions with AEP Cloud
 - Acquire new customers and develop use cases for WT4-AXB

Progress and Future Initiatives for Sustainable and Effective Growth in the Overseas Business

- Expanding operational foundations while making upfront investments for further growth.
- FY24 achievements: Expanded sales through new global key account wins and business creation; developed the AEP Cloud platform in collaboration with Mobile Logic.
- FY25 and beyond:
 - Strengthen recurring business by expanding label production facilities, though this will temporarily pressure profit margins due to capital investment.
 - Increase recurring revenue by expanding solution-based sales (value-selling approach).
 - Launch a global incentive program to strengthen cooperation among subsidiaries in international business negotiations.
 - Strengthen headquarters and regional functions by assigning Executive Officers and dedicated personnel to the U.S. to accelerate global key account activities.
 - Drive revenue growth through locally-suited solution development using the AEP Cloud and new customer and use cases for the WT4-AXB.
- Although upfront investments in facilities and human capital will temporarily impact margins, they are positioned as essential investments for sustainable growth and efficient profit generation.

Enhance Management Infrastructure

Company-wide theme


Strive for enhanced management capabilities by promoting initiatives to create sustainable corporate value.

ESG focus

Global branding for comprehensive and diversified business strategy

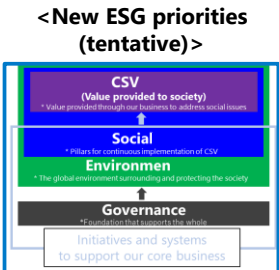
Faster and enhanced decision-making with Business Intelligence

<Current>




Discussion among internal directors, corporate auditors and executive officers


<New ESG priorities (tentative)>




The diagram shows a hierarchy of ESG priorities. At the top is 'CSV (Value provided to society)' with a sub-note '* Value provided through our business for address social issues'. Below it is 'Social' with a sub-note '* Pillars for continuous implementation of CSV'. Then 'Environment' with a sub-note '* The global environment surrounding and protecting the society'. At the bottom is 'Governance' with a sub-note '* Foundation that supports the whole'. Below these is a box labeled 'Initiatives and systems to support our core business'.



Executive Officer
Kaoru Morikuni,
Global Branding




Full-page newspaper
advertisement



Executive Officer
Yoshinao Ugomori,
Oversees intellectual property

● Background and Objectives	<ul style="list-style-type: none">Our current material ESG factors were defined five years ago in FY19 and need to be revisited in response to changes in the macro environment.Create sustainable corporate value through the implementation and promotion of initiatives.	<ul style="list-style-type: none">Build a global brand that is aligned with our corporate strategy and vision, driving comprehensive and diversified business development.	<ul style="list-style-type: none">Enhance the accuracy, quality, and speed of decision-making in management and business by leveraging comprehensive information analysis and insights to advance tagging technology through collaboration and the exploration of new opportunities.
● FY24 Results	<ul style="list-style-type: none">Issues were identified, classified, selected and defined by internal directors, corporate auditors, and executive officers.	<ul style="list-style-type: none">Measures to raise awareness, such as a full-page advertisement in the Nihon Keizai Shimbun, were implemented.An executive officer in charge of global branding was appointed.	<ul style="list-style-type: none">A decision to launch a business intelligence project was made.
● Measures for FY25 and beyond	<ul style="list-style-type: none">Set KPIs and KGIs for each activity linked to the performance targets of the medium-term management plan.Release new ESG priorities.	<ul style="list-style-type: none">Increase recognition as a socially responsible company that continues to be trusted.Redefine our purpose and clarify brand identity and positioning.Build a brand identity that aligns with societal values.Establish a brand management system.	<ul style="list-style-type: none">Establish a system for collecting and analyzing data.Deliver results and drive continuous improvement.Develop technologies with IP strategy and competitive differentiation in mind.



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Overview of Key Initiatives to Strengthen Our Management Foundation

1. Optimization of our ESG priorities

- Current material ESG factors were defined in FY19; significant changes in macro environments (social demands, technological innovation, geopolitical risks) and internal changes (leadership transitions, company integration) require an update.
- Through the materiality review, we aim to drive initiatives that create sustainable corporate value.
- In FY24, internal directors, auditors, and Japanese executive officers identified and prioritized key issues.
- In FY25, we will align initiatives with the Mid-Term Management Plan, set KPIs/KGIs, and aim for early disclosure of the new ESG priorities.

2. Global Brand Development

- In FY24, launched initiatives to raise brand awareness (e.g., full-page newspaper ads) and appointed a Global Branding Officer.
- In FY25, with the transition from SATO Holdings Corporation to SATO Corporation, we will evolve the SATO brand into a unified global brand aligned with our corporate strategy and vision.
- Leverage our 85-year brand history to enhance recognition as a trusted and socially responsible global company.
- Establish a globally unified brand identity, clarify and modernize brand image and positioning.
- Promote an iconic brand that resonates with customers and society.
- Build a world-class brand management system, standardizing processes, compliance, and policies to strengthen strategic brand governance and support talent development.

3. Enhancing Decision-Making Through Business Intelligence

- Improve the precision, quality, and speed of management and business decisions through comprehensive information analysis and insights.
- FY24: Launched the project.
- FY25: Build systems for data collection and analysis, drive outcomes, and promote continuous improvement.

Next Steps

- Aim to further advance management sophistication through these initiatives.
- Capital efficiency improvements, one of the major initiatives, will be addressed in financial results briefings starting from FY25 Q1.

Vision and management targets



**We give every 'thing' its own ID so it connects with the world
with "Perfect and Unique Tagging"**

**FY2030
Consolidated
management
targets**

Consol. sales: JPY **200B**
Consol. OI: JPY **21B, 10.5%**
ROIC: Over **10.0%**



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Vision and Management Targets

- Our 2030 vision is to contribute to a future where everything is digitized and societal movements are optimized through Perfect and Unique Tagging.
- FY30 management targets:
 - Sales: ¥200 billion
 - OI: 10.5%
 - ROIC: 10% or higher
- To achieve these goals, we will not only expand sales and profits in existing businesses but also accelerate the development of new markets and fields with high profitability and growth potential.
- We aim to drive growth in sales, OI, and ROIC through a dual approach: improving profit margins and making proactive growth investments.

Appendix

Performance data Pages 40-56

SATO terminologies Pages 57-60



Business Overview by Product

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

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

Base business

Mechatronics
38%

Printers



Other
Hardware



Software



Services



Consumables
47%

Labels &
Tags



Primary
Labels

Consumables
100%

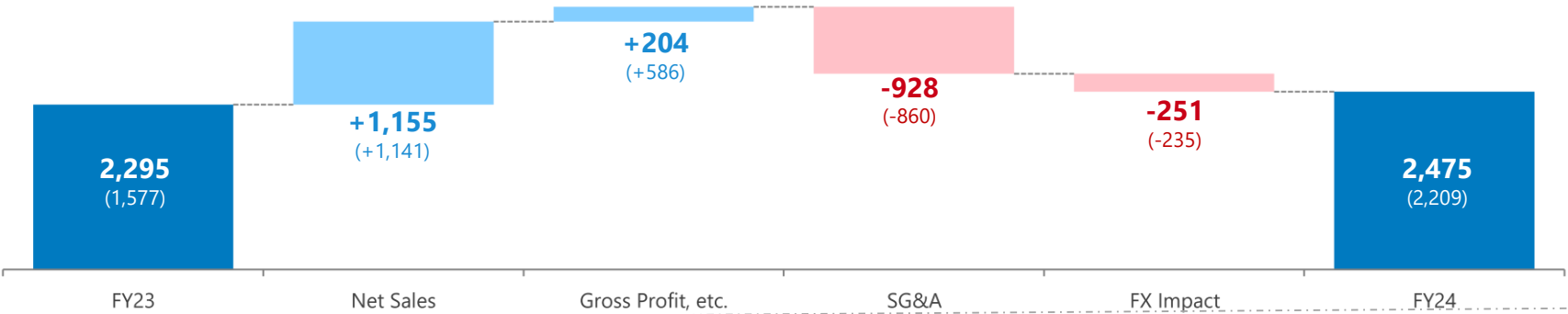
Stickers &
Primary Labels



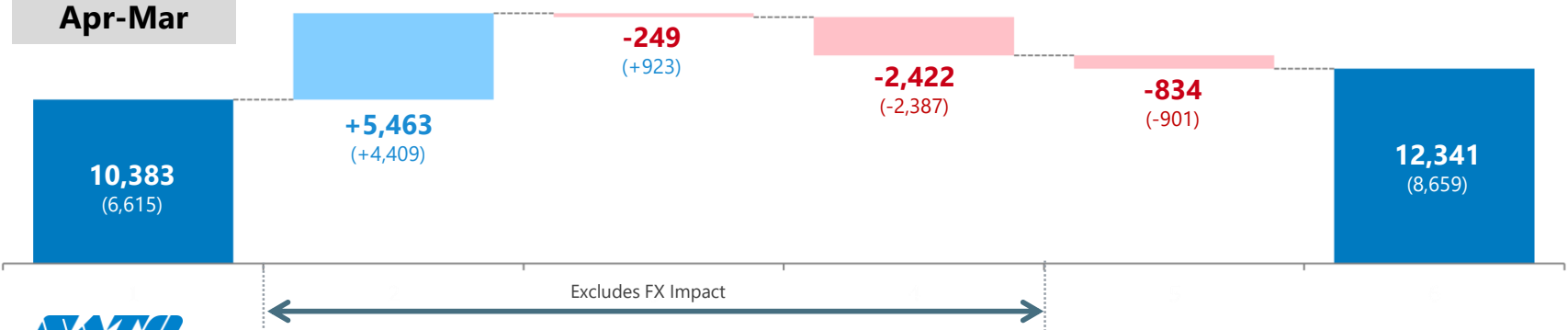
Major Gains/Losses in OI

(Millions of JPY)

Jan-Mar

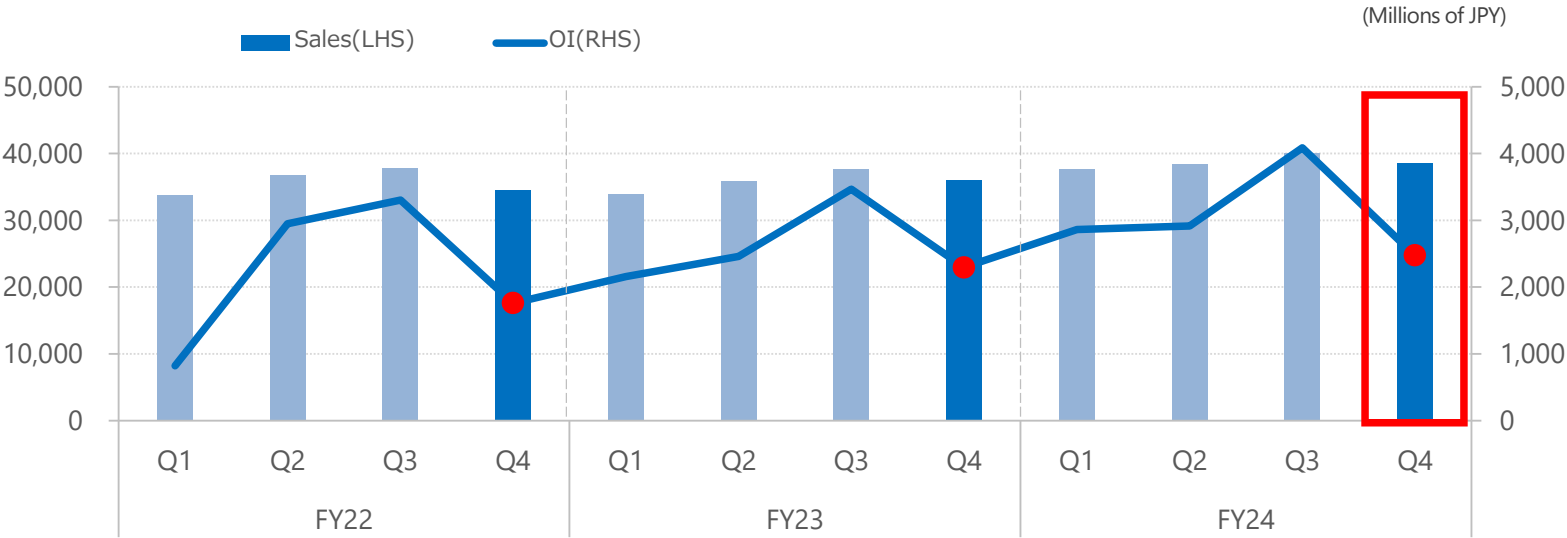


Apr-Mar



* Figures in parentheses exclude the Russian subsidiaries.

Quarterly Sales and Operating Income



Sales	33,686	36,777	37,871	34,489	33,989	35,797	37,628	36,031	37,674	38,415	40,121	38,596
YoY	+11.6%	+22.2%	+17.9%	+6.5%	+0.9%	-2.7%	-0.6%	+4.5%	+10.8%	+7.3%	+6.6%	+7.1%
OI	824	2,951	3,304	1,760	2,160	2,460	3,467	2,295	2,864	2,914	4,086	2,475
YoY	-51.7%	2.7x	+68.3%	+6.0%	2.6x	-16.6%	+4.9%	+30.4%	+32.6%	+18.4%	+17.9%	+7.8%



Sales and OI by Region

(Millions of JPY)

Japan The Americas Europe Asia/Oceania

Sales

143,446

FY23

52.6%

14.6%

19.3%

13.5%

154,807

FY24

51.2%

14.0%

20.4%

14.5%

Operating Income

* Ratio excludes eliminations.

9,968

FY23

17.6%

15.0%

45.6%

21.9%

12,385

FY24

31.4%

8.1%

31.7%

28.8%



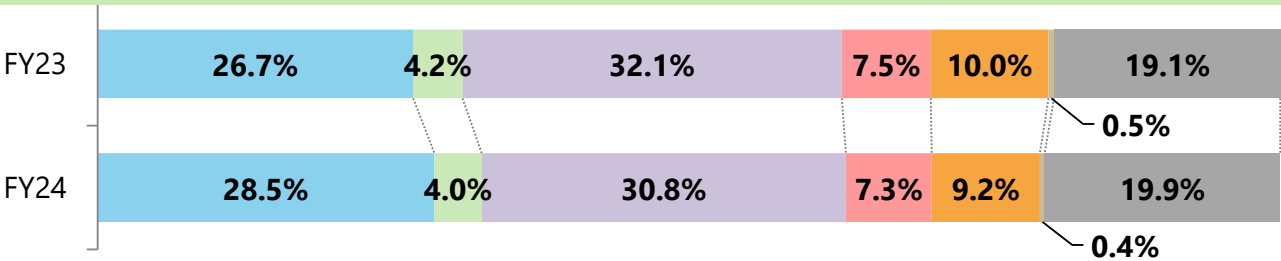
OI Ratio FY23 Japan : 2.3%, Overseas : 12.1%
FY24 Japan : 4.9%, Overseas : 11.2%

Sales by Vertical

Manufacturing Logistics Retail Health Care Food & Beverage Public Others

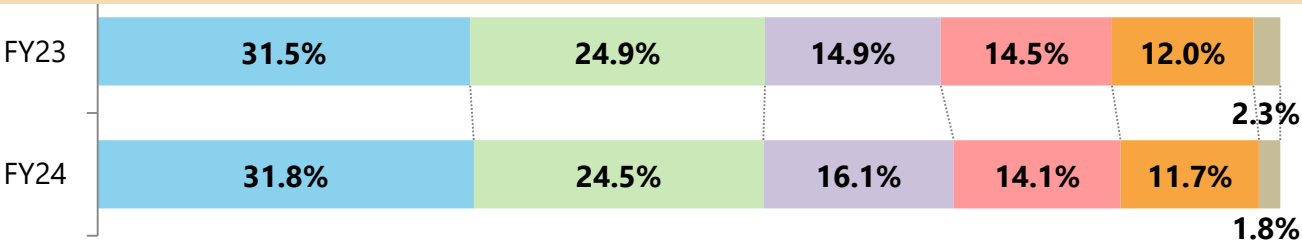
Overseas

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



Japan

* Maintenance services not included



*From Q1 FY23, the classification of some industries has changed from public to logistics in Japan. The graphs retroactively reflect the change.

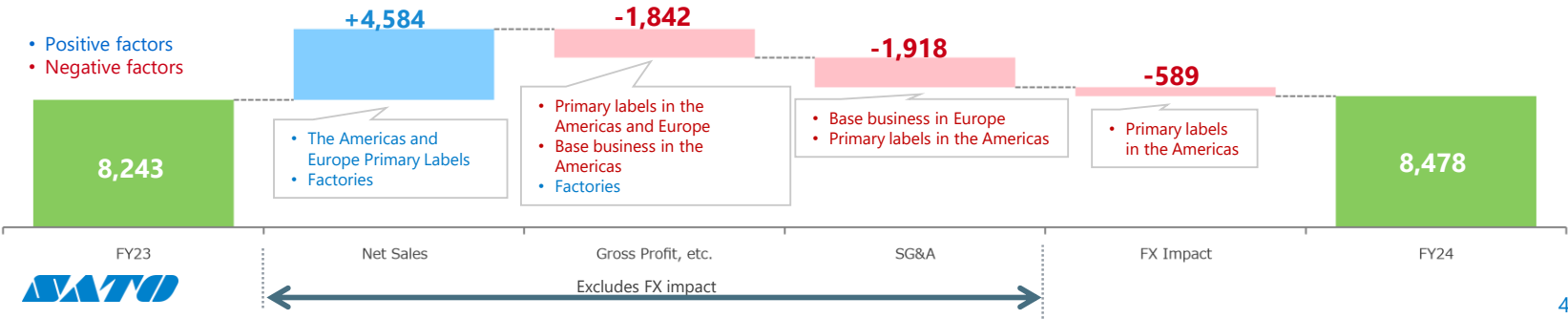
Overview

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Base business Total Sales	48,069	52,632	+4,562	+9.5%	+5.9%
Primary Labels business Total Sales	19,862	22,955	+3,093	+15.6%	+26.2%
Total Sales	67,931	75,587	+7,655	+11.3%	+11.9%
Gross Profit	27,719	29,979	+2,259	+8.2%	-
Gross Profit %	40.8%	39.7%	-1.1pt	-	-
Base business Operating Income	3,546	4,317	+770	+21.7%	+19.5%
Primary Labels business Operating Income	4,540	4,199	-340	-7.5%	+7.2%
Elimination Operating Income	156	-38	-195	-	-
Operating Income	8,243	8,478	+234	+2.8%	+10.0%
Operating Income %	12.1%	11.2%	-0.9pt	-	-

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

Major Gains/Losses in OI



Auto-ID Solutions Business (Overseas)

Apr-Mar

The Americas Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	17,333	18,135	+801	+4.6%	+3.8%
Operting Income	538	376	-161	-30.1%	-7.2%

Europe Base business


(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	11,713	12,478	+765	+6.5%	+1.2%
Operting Income	893	410	-482	-54.1%	-56.6%

Asia/Oceania Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	19,022	22,018	+2,995	+15.7%	+10.8%
Operting Income	2,115	3,530	+1,415	+66.9%	+58.5%



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Auto-ID Solutions Business (Overseas)

Apr-Mar

Primary Labels business

(Millions of JPY)

		FY23	FY24	Change	YoY	In local currencies
The Americas Achernar (Argetina) Plakorar (Brazil)	Total Sales	3,574	3,475	-98	-2.8%	+66.5%
	Operating Income	928	631	-296	-32.0%	+46.8%
Europe Okil/ X-pack (Russian)	Total Sales	15,998	19,094	+3,096	+19.4%	+17.2%
	Operating Income	3,580	3,525	-54	-1.5%	-3.3%
Asia/Oceania Hirich (Vietnam)	Total Sales	289	384	+95	+33.1%	+28.8%
	Operating Income	30	41	+11	+36.7%	+32.3%
Total Sales	Total Sales	19,862	22,955	+3,093	+15.6%	+26.2%
	Operating Income	4,540	4,199	-340	-7.5%	+7.2%

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

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Sales and OI by Business Segment/Region

(Millions of JPY)

Base business Primary Labels The Americas Europe Asia/Oceania

Sales

67,931

FY23

70.8%

29.2%

FY23

30.8%

40.8%

28.4%

75,587

FY24

69.6%

30.4%

FY24

28.6%

41.8%

29.6%

Operating Income

* Ratio excludes eliminations.

8,243

FY23

43.9%

56.1%

FY23

18.1%

55.3%

26.5%

8,478

FY24

50.7%

49.3%

FY24

11.8%

46.2%

41.9%

OI ratio:

FY23 Base business : 7.4%, Primary Labels : 22.9%

FY24 Base business : 8.2%, Primary Labels : 18.3%

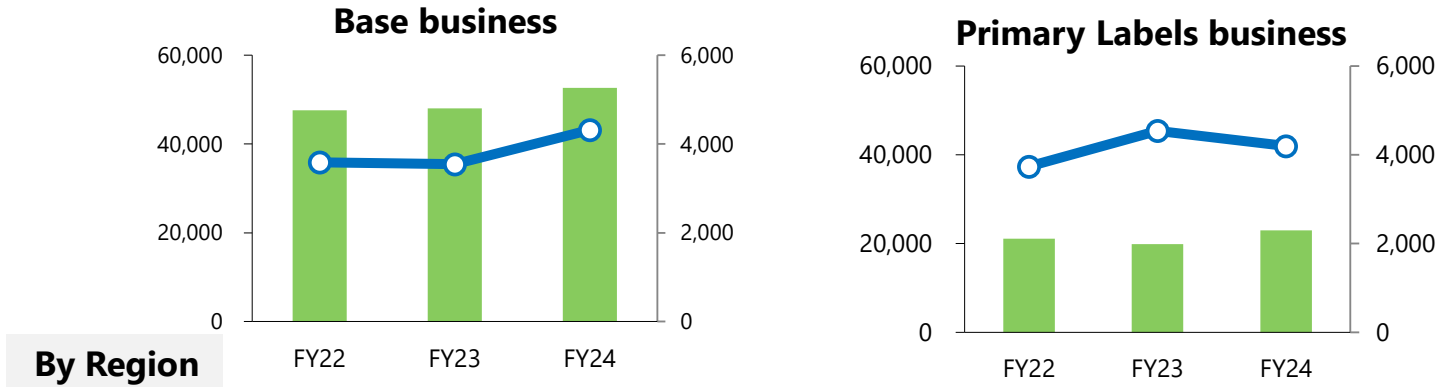
FY23 The Americas : 7.0%, Europe : 16.1%
Asia/Oceania : 11.1%

FY24 The Americas : 4.7%, Europe : 12.5%
Asia/Oceania : 15.9%

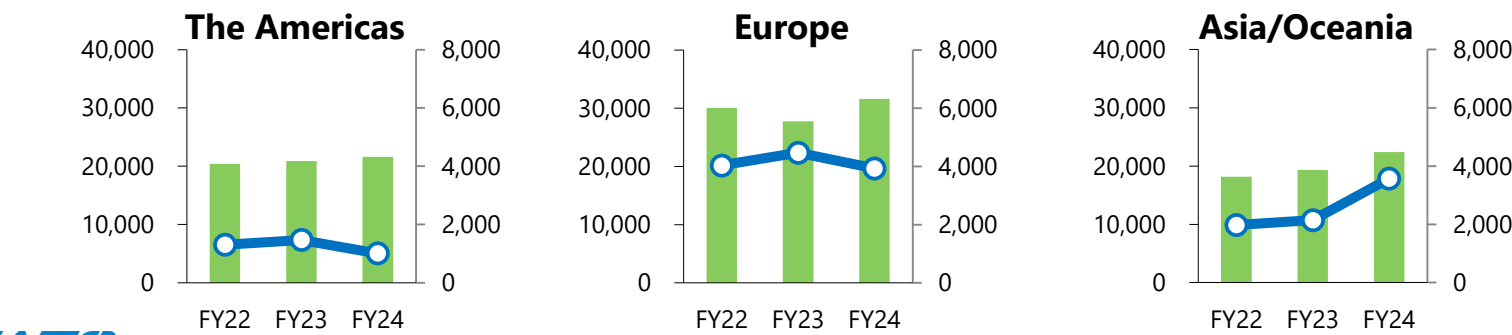


Sales and OI Trends by Business Segment and Region

By Business Segment Sales (LHS) OI (RHS) (Millions of JPY)



By Region



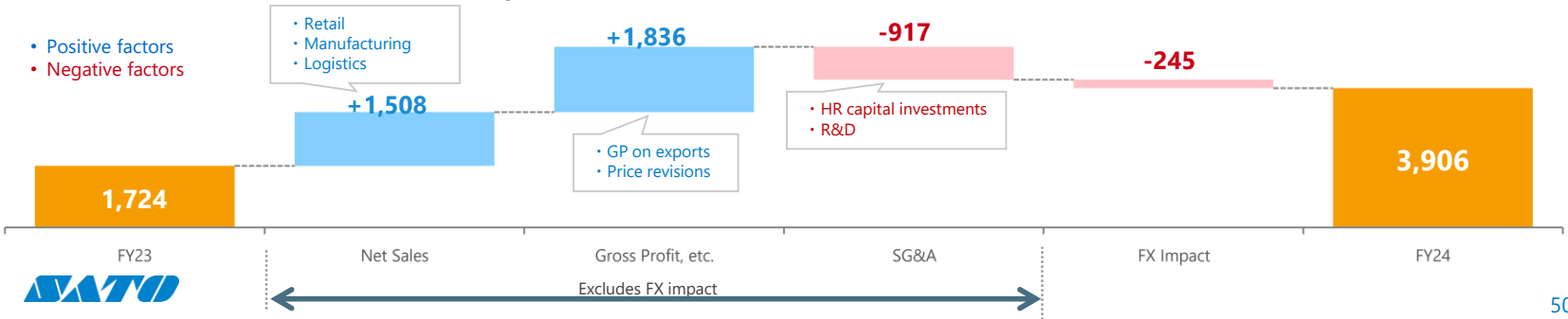
Overview

(Millions of JPY)

	FY23	FY24	Change	YoY
Mechatronics Sales	29,699	31,626	+ 1,926	+ 6.5%
Consumables Sales	45,814	47,593	+ 1,778	+ 3.9%
Total Sales	75,514	79,220	+ 3,705	+ 4.9%
Gross Profit	32,762	35,862	+ 3,099	+ 9.5%
Gross Profit %	43.4%	45.3%	+ 1.9pt	-
Operating Income	1,724	3,906	+ 2,182	2.3x
Operating Income %	2.3%	4.9%	+ 2.6pt	-

Mechatronics: Hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services.
Consumables: Products such as variable information labels, RFID tags, primary labels (product labels) and ribbons.

Major Gains/Losses in OI

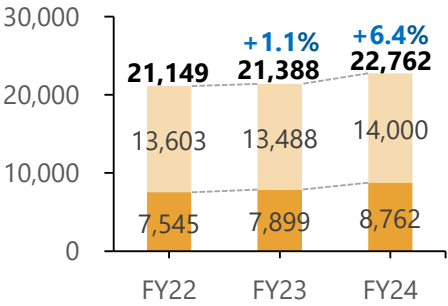


Sales by Vertica

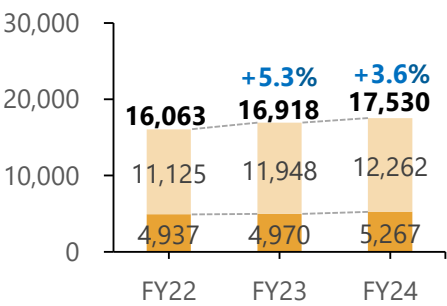
■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

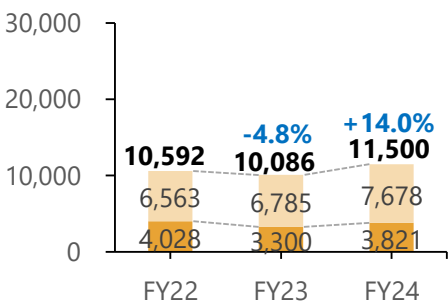
Manufacturing



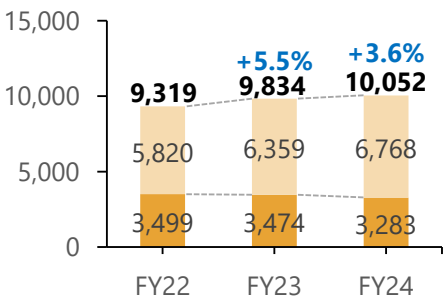
Logistics^{*2}



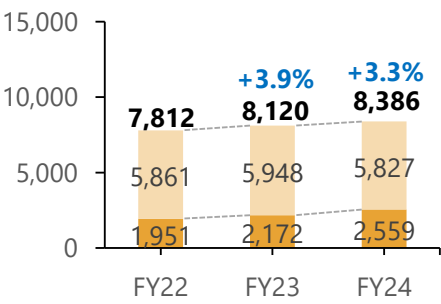
Retail



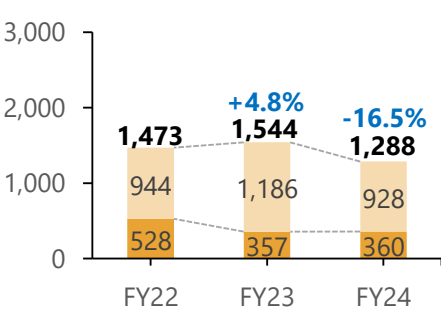
Health Care



Food & Beverage



Public^{*2}




* 1 From Q1 FY24, sales of maintenance services have been partially included in Mechatronics. The graphs retroactively reflect the change
* 2 From Q1 FY23, the classification of some industries has changed from public to logistics. The graphs retroactively reflect the change.

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

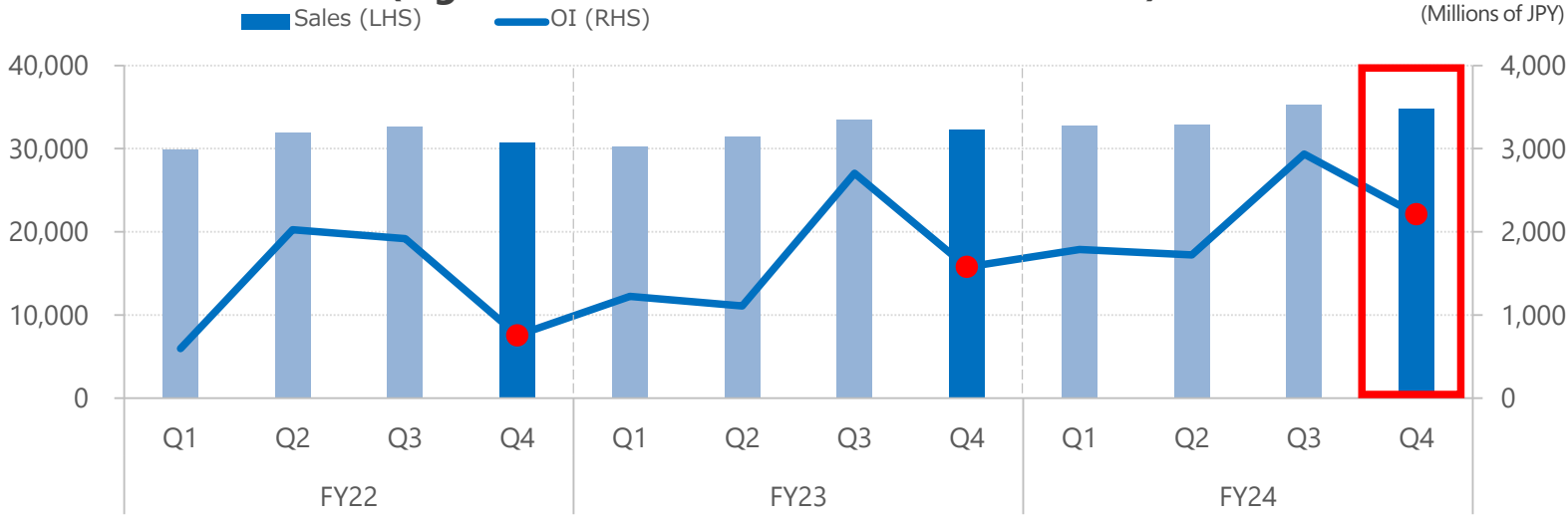
(Millions of JPY)

			FY23	FY24	YoY	In local currencies	
Consolidated			Total Sales	32,257	34,786	+7.8%	+8.8%
			Operating Income	1,577	2,209	+40.0%	+54.9%
Overseas	Base	Total Sales	12,064	13,141	+8.9%	+8.0%	
		Operating Income	523	785	+50.0%	+47.4%	
	Primary Labels	Total Sales	887	986	+11.2%	+58.8%	
		Operating Income	57	143	2.5x	4.7x	
	Eliminations	Operating Income	-60	-11	-	-	
	Total	Total Sales	12,951	14,127	+9.1%	+11.5%	
		Operating Income	520	917	+76.3%	+98.0%	
	Japan	Total Sales	19,305	20,658	+7.0%	+7.0%	
Operating Income		901	1,123	+24.6%	+38.2%		
Eliminations		Operating Income	156	169	+8.3%	+8.3%	



Auto-ID Solutions Business (Consolidated)				Jan-Mar
Consolidated Results (Figures exclude the Russian subsidiaries)				
(Millions of JPY)				
	FY23	FY24	Change	YoY
Net Sales	32,257	34,786	+2,528	+7.8%
Operating Income	1,577	2,209	+631	+40.0%
Operating Income %	4.9%	6.4%	+1.5pt	-
Ordinary Income	709	1,996	+1,286	2.8x
Profit attributable to owners of parent	-1,538	1,507	+3,046	-
Effective Tax Rate	-	39.7%	-	-
EBITDA*	2,763	3,415	+652	+23.6%
Average FX for Apr-Mar 2024: JPY 152.62/USD, JPY 163.87/EUR (Apr-Mar 2023: JPY 144.58/USD, JPY 156.74/EUR)				
* EBITDA = Operating Income + Depreciation + Amortization				
· Depreciation for Jan-Mar 2024: JPY 1,191 million (Jan-Mar 2023: JPY 1,148 million)				
· Amortization for Jan-Mar 2024: JPY 14 million (Jan-Mar 2023: JPY 37 million)				
				53
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Quarterly Sales and Operating Income
(Figures exclude the Russian subsidiaries)



Sales	29,818	32,001	32,588	30,748	30,301	31,455	33,433	32,257	32,770	32,918	35,238	34,786
YoY	+6.8%	+15.2%	+10.5%	+2.9%	+1.6%	-1.7%	+2.6%	+4.9%	+8.1%	+4.7%	+5.4%	+7.8%
OI	598	2,024	1,919	755	1,222	1,110	2,704	1,577	1,789	1,724	2,935	2,209
YoY	-60.2%	2.3x	+6.8%	-35.6%	2.0x	-45.1%	+40.9%	2.1x	+46.5%	+55.2%	+8.5%	+40.0%



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

(Millions of JPY)

			FY23	FY24	YoY	In local currencies	
Consolidated			Total Sales	127,447	135,713	+6.5%	+7.1%
			Operating Income	6,615	8,659	+30.9%	+44.5%
Overseas	Base	Total Sales	48,069	52,632	+9.5%	+5.9%	
		Operating Income	3,546	4,317	+21.7%	+19.5%	
	Primary Labels	Total Sales	3,863	3,860	-0.1%	+63.6%	
		Operating Income	771	517	-32.9%	+62.1%	
	Eliminations	Operating Income	156	-38	-	-	
	Total	Total Sales	51,933	56,492	+8.8%	+10.2%	
		Operating Income	4,475	4,796	+7.2%	+21.8%	
Japan	Total Sales	75,514	79,220	+4.9%	+4.9%		
	Operating Income	1,724	3,906	2.3x	2.4x		
Eliminations		Operating Income	415	-43	-	-	



Consolidated Results
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY23	FY24	Change	YoY
Net Sales	127,447	135,713	+8,265	+6.5%
Operating Income	6,615	8,659	+2,043	+30.9%
Operating Income %	5.2%	6.4%	+1.2pt	-
Ordinary Income	5,716	7,784	+2,068	+36.2%
Profit attributable to owners of parent	1,578	5,178	+3,600	3.3x
Effective Tax Rate	34.3%	37.2%	+2.9pt	-
EBITDA*	11,165	13,501	+2,336	+20.9%

Average FX for Apr-Mar 2024: JPY 152.62/USD, JPY 163.87/EUR (Apr-Mar 2023: JPY 144.58/USD, JPY 156.74/EUR)

* EBITDA = Operating Income + Depreciation + Amortization
· Depreciation for Apr-Mar 2024: JPY 4,714 million (Apr-Mar 2023: JPY 4,404 million)
· Amortization for Apr-Mar 2024: JPY 127 million (Apr-Mar 2023: JPY 146 million)



SATO terminologies (1/4)

(*) Underlined terms are described under its own heading

SATO-unique business concepts/initiatives		Description*
1	Auto-ID Solutions business	Our business that carries out <u>DCS & Labeling</u> . It is specifically about integrating barcode printers/labels, software and services designed in-house with products and technologies from partners to resolve customers’ worksite issues. This business is separated into Overseas and Japan segments, with the former comprised of the <u>Base</u> and the <u>Primary Labels businesses</u> .
2	DCS & Labeling (DCS: Data Collection Systems)	SATO’s business model that incorporates auto-ID technology (such as barcodes and <u>RFID</u>) with barcode printers and labels/labeling services to (a) systematically collect data on people and things at business sites and (b) offer <u>tagging</u> /labeling of information, using accurate, efficient and optimized solutions. In line with increasingly sophisticated user needs, SATO also pursues a policy of open innovation and partnerships to provide value-added technologies such as image/voice recognition, location tracking and sensors to its legacy business model to better solve customer challenges.
3	Base business	Business of <u>tagging</u> variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
4	Primary Labels business	Overseas business of <u>tagging</u> fixed information via product labels and other media. This business operates from SATO Group companies; <u>Achernar</u> (Argentina), <u>Prakolar</u> (Brazil), <u>Okil</u> (Russia), <u>X-Pack</u> (Russia) and <u>Hirsch</u> (Vietnam).
5	Tagging	The process of physically attaching to something data that identifies and/or status information it. This involves digitizing information of the things it is tagged to so that the tagged data can be fed to and processed by core IT systems. This domain, connecting people and things with information, has remained central to SATO’s business, ever since our days of pioneering in hand labelers that attached price and other information to products.
6	Koto-uri (Selling the solution, not the product)	Sales approach of selling not the product but combinations of products in the form of solutions that include hardware, <u>consumables</u> , maintenance services and software, together with ROI and other value propositions for the customer. The opposite concept of “Mono-uri” or selling single products.
7	PUT (Perfect and Unique Tagging)	A high-level problem-solving tagging technology that makes it possible to trace complete and unique individual information by tagging not only proprietary data such as IDs but also position and status information obtained from sensors to objects and people. The status can be identified and managed by fully automated reading integrated with the operation without manual intervention. Through solutions utilizing PUT, we aim to address not only on-site issues at individual customers but also common issues for society as a whole.



SATO terminologies (2/4)

SATO-unique business concepts/initiatives		Description
8	Genbaryoku	Our core competency of going to customer sites to understand their operations and identify the essence of issues to offer optimized solutions. It is our ability to (1) address a wide range of market, industry and application needs with our expertise in sites of operations, (2) integrate products, services and technologies into solutions, working together with strategic partners, and (3) offer maintenance services and solutions continuously to build trust and establish lasting relationships with customers.
9	Teiho	System of reports and proposals in effect since 1976. Employees share new information and ideas they come across on-site every day with top management via the Teiho system. Teiho helps top management gain immediate insight into the internal/external business situation to facilitate quick decision-making and execution of initiatives, while allowing "participation by all" in the management of the company. As Teiho reports are directly addressed to top management, it is also an effective means of compliance monitoring to prevent malpractice and other inappropriate behavior and assist in corporate governance. Some of our global offices have also started Teiho, with more to follow.
Products, services, Technologies		Description
1	Auto-ID Solutions	Combination of products such as printers, labels, software and maintenance services using auto-ID technologies to carry out <u>DCS & Labeling</u> . To meet ever complex and diverse customer challenges, SATO also looks beyond its own resources and interests by pursuing partnerships, for example, to enable location technologies to track items by tags and inventory/worker movements in real time for managing manufacturing processes and visualizing productivity on-site.
2	Mechatronics	All products that are not <u>consumables</u> , including hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services. They generate higher gross profit margin than <u>consumables</u> . Printers are manufactured in Malaysia, Vietnam and Taiwan.
3	Consumables	"Consumable" products such as <u>variable information labels</u> , <u>RFID tags</u> , primary labels (product labels) and ribbons. They generate lower gross profit margin than <u>mechatronics</u> but incur low SG&A expenses ratio as they are typically sold through recurring business.
4	Variable information labels	Blank or pre-printed labels used to print information elements such as barcode, product price and manufactured or expiry date that vary with every customer's site of operation. Unlike fixed information labels that are identical and printed at large quantities in a single run, variable information labels can be printed on-demand as and when needed.



SATO terminologies (3/4)

Products, services, technologies		Description
5	RFID (Radio Frequency Identification)	A type of auto-ID technology that uses radio waves to read/write data from/to an RFID tag without making contact. RFID offers faster read rates (from reading multiple tags at the same time) and greater read range than traditional barcode technology. Also, unlike barcodes, RFID tags can be read when covered by another object or stained and are read/write-capable to enable updates to the encoded data. Because of these key benefits, RFID can significantly improve operational efficiency.
6	SOS (SATO Online Services)	A cloud-based monitoring service for printers that enables preventative maintenance and on-the-spot troubleshooting. With SOS, users can view the status of their cloud-connected printers at a glance and manage them centrally with ease, while SATO can increase productivity of its service personnel, allowing for even small service teams (as is often the case overseas) to provide improved support.
7	AEP (Application Enabled Printing)	A powerful on-board intelligence which enables customization of printer operation. Printers can link to other systems on a stand-alone basis, without going through any computers.
8	AEP Cloud (Application Enabled Printing Cloud)	Cloud-based aPaaS (Application Platform as a Service) was launched in April 2025 by SATO Europe GmbH, a European subsidiary. It enables flexible and rapid application design in no-code and low-code for challenges such as complex labeling operations and regulations (e.g., digital product passports) faced by customers. This contributes to the realization of operational accuracy, business efficiency, cost management, etc.
9	Source tagging	A supply chain management practice of instructing vendors or suppliers to affix labels containing specified information of products upon delivery.



SATO terminologies (4/4)

Key acquisitions since 2012		Description
1	Argox Information Co., Ltd. (Taiwan)	[2012] Company engaging in the development, production and sales of entry level printers.
2	Achernar S.A. (Argentina)	[2012] Company specializing in primary labels.
3	Magellan Technology Pty Ltd. (Australia)	[2013] Company from which SATO acquired its business including PJM (Phase Jitter Modulation), a highly superior <u>RFID</u> technology that can quickly and accurately identify large volumes of tagged items stacked or stored in any physical orientation even in the presence of metals and liquids. Now SATO Vicinity Pty Ltd.
4	Okil-Holding, JSC (Russia)	[2014] Primary labels company in which SATO acquired 75% ownership stake. <u>X-Pack</u> is affiliated with Okil.
5	Prakolar Rótulos Autoadesivos LTDA. (Brazil)	[2015] Company specializing in primary labels.
6	High Rich Trading & Service Corporation (Vietnam)	[2017] Primary labels company in which SATO acquired 49% ownership stake. Commonly known as Hirich.
7	Stafford Press, Inc. (U.S)	[2023] Company engaging in production and sales of horticulture tags and labels, and inkjet printers for on-demand color printing of such tags and labels.
Overseas subsidiaries founded after 2017		Description
1	X-Pack (Russia)	[2017] A subsidiary producing and selling shrink sleeves, in-mold labels and soft packages in <u>Primary Labels business</u> , owned 60% by SATO Holdings.





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