August 12, 2025

SATO Corporation

Q1 FY2025 Financial Results

(Three Months Ended June 30, 2025)

Securities Code: 6287.T

Apr- Jun 2025 Results

ESG Focus

Actions toward realizing optimal cost of capital and enhancing shareholder value

Apr- Jun 2025 Results

ESG Focus

Actions toward realizing optimal cost of capital and enhancing shareholder value

Auto-ID Solutions Business (Consolidated)

Summary

■ Q1(Apr-Jun) Results

- **Consolidated sales increased (+0%), while OI decreased (-18%) year on year.**
  % in parentheses indicate year-on-year changes.
  - ✓ Overseas base business: Sales (-5%) and OI decreased (-13%).
  - ✓ Overseas primary labels business: Sales increased (+2%) while OI decreased (-57%).
  - ✓ Japan business: : Sales (+4%) and OI increased (5x).

- **Sales and OI exceeded the plan in the Japan but fell short of the plan overseas.**
  - ✓ Overseas, our factories for the base business in Asia and Oceania performed well, pushing up results above the plan. However, overall sales and OI fell short of the plan, as the primary labels business in Russia was impacted by the appreciation of the ruble against the euro and by increased costs incurred for the expansion of production capacity.
  - ✓ In Japan, we delivered results that exceeded the plan driven by the recovery of mechatronics sales.

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Key Highlights of Q1(Apr-Jun) Financial Results

- Quarterly results for Q1:
  - Year-on-year, consolidated sales increased while OI decreased. The percentages in parentheses show year-on-year comparisons.
  - Sales declined in the overseas base business due to the negative impact of foreign exchange rates, but this was offset by strong investment appetite in Japan, especially in the manufacturing vertical, resulting in overall sales growth.
  - Although OI in the Japan business increased significantly, it was not enough to offset the impact of cost increases in the overseas primary labels business and the temporary increase in SG&A expenses in the U.S. base business caused by a reversal of allowance for doubtful accounts recorded in the same period last year. As a result, overall OI declined.

- Compared to the plan:
  - Consolidated sales fell short of the plan mainly due to underperformance in the overseas base business.

  - Operating income:
    - Japan business performed better than the plan, driven by mechatronics sales in manufacturing and logistics verticals. Results from factories in Asia and Oceania were also better than the plan, helping boost the OI above the targets.
    - However, sales in the primary labels business in Russia declined due to ruble appreciation against the euro and increased costs incurred for expanding production capacity. As the result, overall operating income fell short of the plan.
  - A details will be provided in later slides.

Auto-ID Solutions Business (Consolidated) Apr-Jun *1

Sales and OI by Business Segment

(Millions of JPY)

			FY24	FY25	YoY	In local currencies
Consolidated		**Total Sales**	**37,674**	**37,829**	**+0.4%**	**+2.6%**
		Operating Income	**2,864**	**2,359**	**-17.6%**	**-11.3%**
Overseas	**Base**	Total Sales	13,355	12,628	-5.4%	+0.4%
		Operating Income	1,277	1,118	-12.5%	-7.3%
	Primary Labels	Total Sales	5,966	6,109	+2.4%	+2.9%
		Operating Income	1,301	561	-56.9%	-54.7%
	Eliminations	Operating Income	7	-50	-	-
	Total	Total Sales	19,321	18,737	-3.0%	+1.2%
		Operating Income	2,586	1,629	-37.0%	-33.3%
Japan		Total Sales	18,353	19,091	+4.0%	+4.0%
		Operating Income	186	864	4.6x	5.1x
Eliminations		Operating Income	92	-134	-	-

*1 Sales and OI excluding Russian subsidiaries are shown on p. 39.

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- 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 FY25 cumulative results excluding the Russian subsidiary, please refer to page 39.
- The results for the Russian subsidiary are reflected in the European primary label business figures shown on page 13.

Auto-ID Solutions Business (Consolidated) — Apr-Jun*1

Consolidated Results

(Millions of JPY)

	FY24	FY25	Change	YoY
Net Sales	37,674	37,829	+154	+0.4%
Operating Income	2,864	2,359	-505	-17.6%
Operating Income %	7.6%	6.2%	-1.4pt	-
Ordinary Income	2,411	1,885	-526	-21.8%
Profit attributable to owners of parent	1,197	1,211	+13	+1.1%
Effective Tax Rate	41.0%	30.6%	-10.4pt	-
EBITDA*	4,174	3,768	-405	-9.7%

FX sensitivity for FY25: Assuming a 1-yen depreciation of the Japanese yen against the US dollar and an equivalent depreciation against other currencies, the estimated impact for the full-year FY25 would be an increase in sales of JPY 561 million and an increase in OI of JPY 35 million.

Average FX for Apr-Jun 2025: JPY 144.59/USD, JPY 163.80/EUR (Apr-Jun 2024: JPY 155.85/USD, JPY 167.84/EUR)

* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)
  - Depreciation for Apr-Jun 2025: JPY 1,405 million (Apr-Jun 2024: JPY 1,270 million)
  - Amortization for Apr-Jun 2025: JPY 3 million (Apr-Jun 2024: JPY 38 million)

*1 Sales and OI excluding those of Russian subsidiaries are shown on p. 40.

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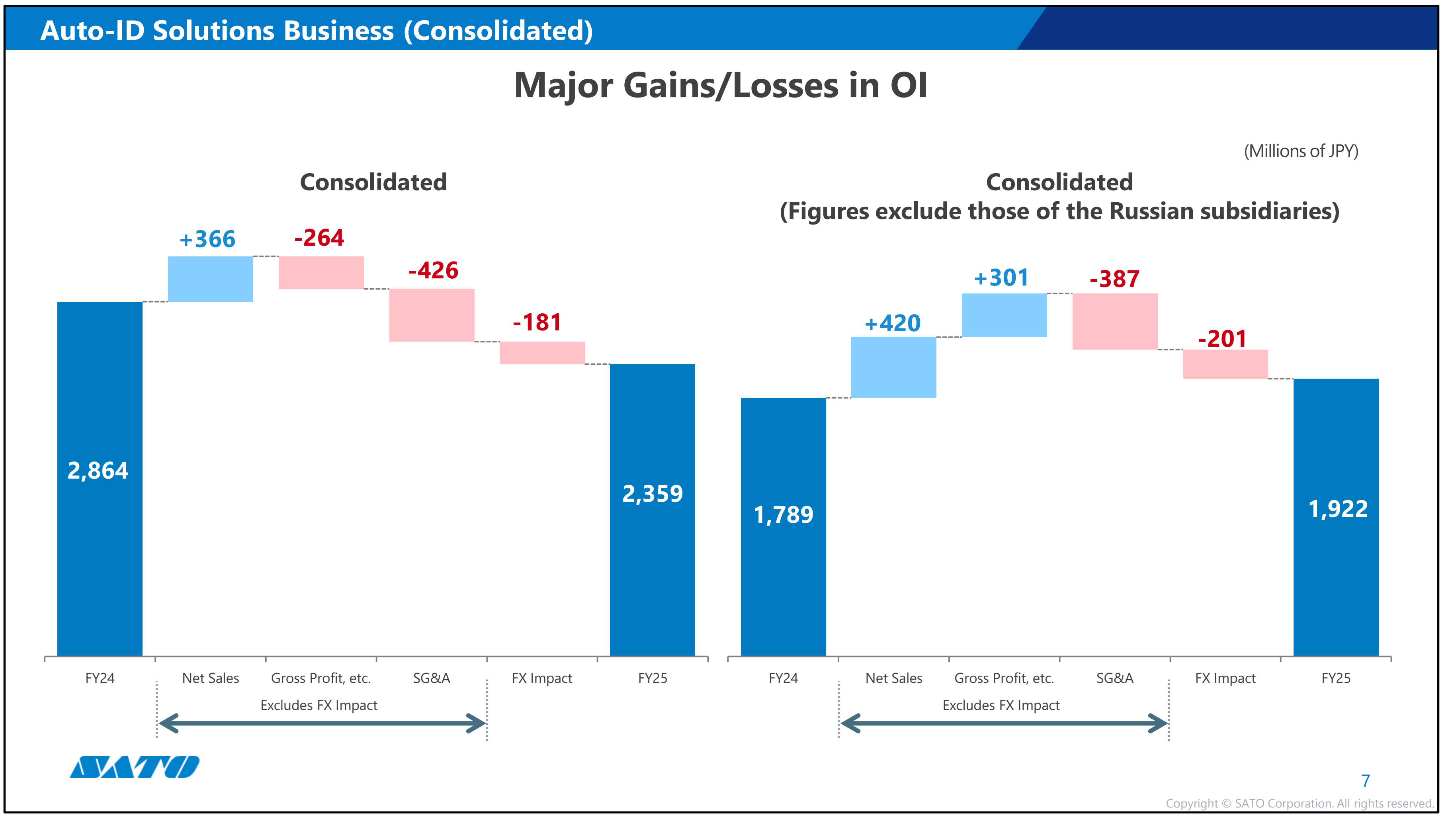
Consolidated results

- In Q1 (Apr–Jun) FY24, the effective tax rate increased due to the lump-sum recognition of deferred tax assets recorded in FY23, following the change in the tax treaty with Russia in the same year. Additionally, the tax rate that has been temporarily increased by the application of hyperinflation accounting in FY23 has since come down to normal levels, resulting in an overall decrease in the tax rate.



Consolidated operating income as compared against the previous year

- Consolidated OI decreased as explained on page 4.
- With the results of the Russian subsidiaries removed, the consolidated OI increased over the previous year, driven by the strong sales of mechatronics products in Japan which pushed up the gross profit.

Auto-ID Solutions Business (Overseas)

Apr-Jun

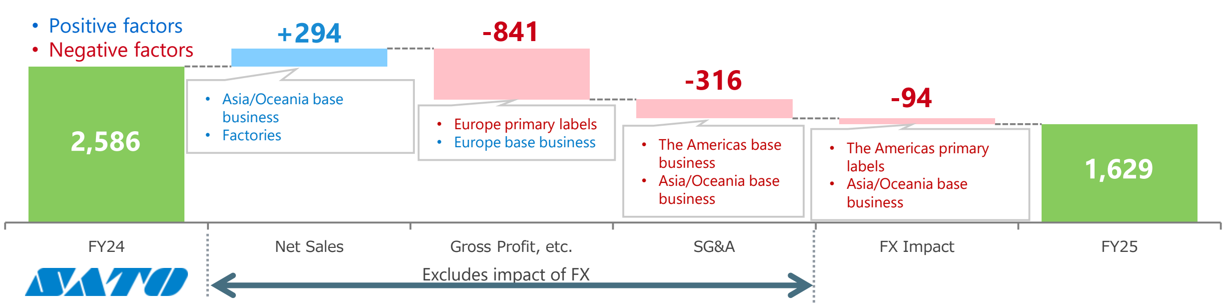
Overview

(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Base business Total Sales	13,355	12,628	-726	-5.4%	+0.4%
Primary Lablels business Total Sales	5,966	6,109	+143	+2.4%	+2.9%
Total Sales	**19,321**	**18,737**	**-583**	**-3.0%**	**+1.2%**
Gross Profit	7,964	7,083	-881	-11.1%	-
Gross Profit %	41.2%	37.8%	-3.4pt	-	-
Base business Operating Income	1,277	1,118	-159	-12.5%	-7.3%
Primary Lablels business Operating Income	1,301	561	-740	-56.9%	-54.7%
Elimination Operating Income	7	-50	-57	-	-
Operating Income	2,586	1,629	-956	-37.0%	-33.3%
Operating Income %	13.4%	8.7%	-4.7pt	-	-

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

Major Gains/Losses in OI



Sales

- The base business was brisk in Asia and Oceania, but overall sales decreased, impacted by unfavorable foreign exchange rates affecting operations mainly in Europe and the Americas.
- Sales of the primary label business increased helped by favorable foreign exchange rates, despite drops in demand in Russia caused by changes in the tax regulations.

Operating income

- The base business was brisk in Asia and Oceania, but OI for overseas decreased due to a temporary increase in SG&A expenses in Americas caused by the reversal of allowance for doubtful accounts recorded in Q1(Apr-Jun) FY24.
- OI of the primary label business declined due to increased costs in Europe.

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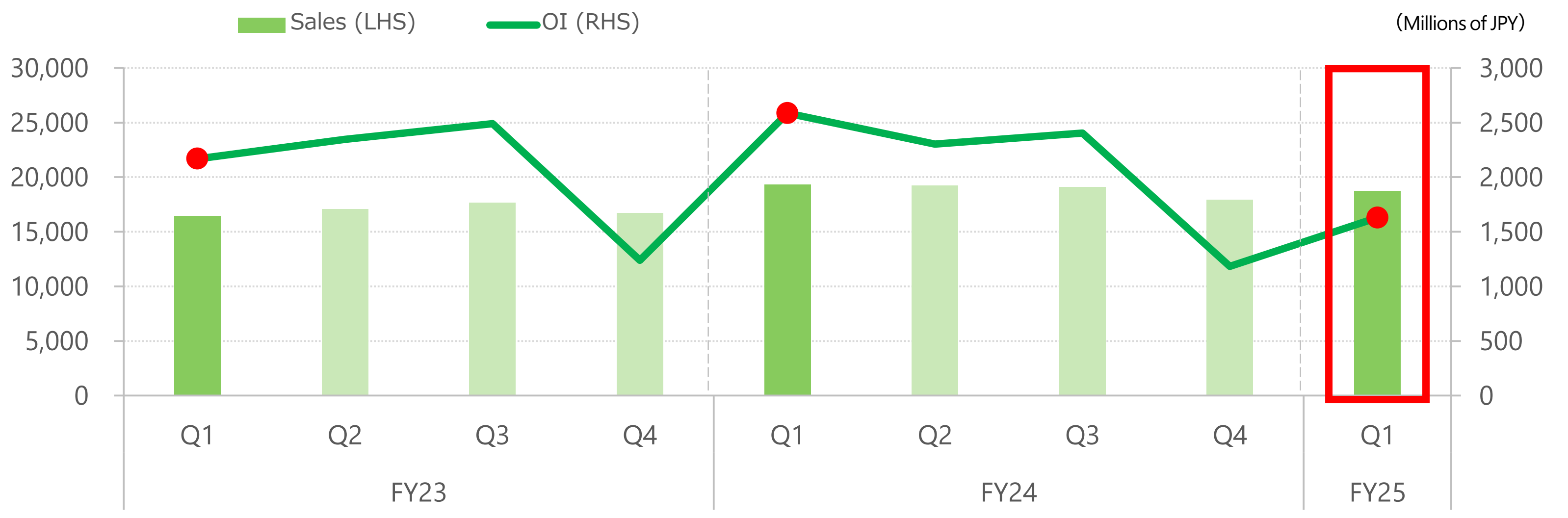
Overview of Overseas Business

- Overall, overseas business recorded lower sales and OI against the previous year.
- Sales decreased, despite the brisk base business enjoyed by the sales subsidiaries in Asia and Oceania, impacted by unfavorable foreign exchange rates mainly in Europe and the US.
- Despite the drops in demand in Russia due to the Russian tax law changes, sales of the primary label business increased helped by favorable foreign exchange rates. However, the increase was not enough to offset the declines in the sales of base business, and the sales of overall overseas Auto-ID solutions business was down from the previous year.
- Despite the good performance in OI of the Asian and Oceanian factories for the base business, the overall OI was down, impacted by the temporary increase in SG&A expenses in the US caused by the reversal of allowance for doubtful accounts recorded in Q1 (Apr-Jun) FY24.
- In the primary label business, OI declined due to cost increases in Russia and South America.
- Further details by region will be provided in the following slides.

Auto-ID Solutions Business (Overseas) Apr-Jun

Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	16,452	17,104	17,648	16,725	19,321	19,223	19,104	17,937	18,737
YoY	+0.4%	-7.5%	-5.3%	+10.4%	+17.4%	+12.4%	+8.2%	+7.2%	-3.0%
OI	2,169	2,346	2,490	1,238	2,586	2,303	2,405	1,183	1,629
YoY	2.4x	+11.2%	-5.6%	-14.3%	+19.2%	-1.8%	-3.4%	-4.4%	-37.0%

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Quarterly trend (Overseas)

Auto-ID Solutions Business (Overseas) | Apr-Jun

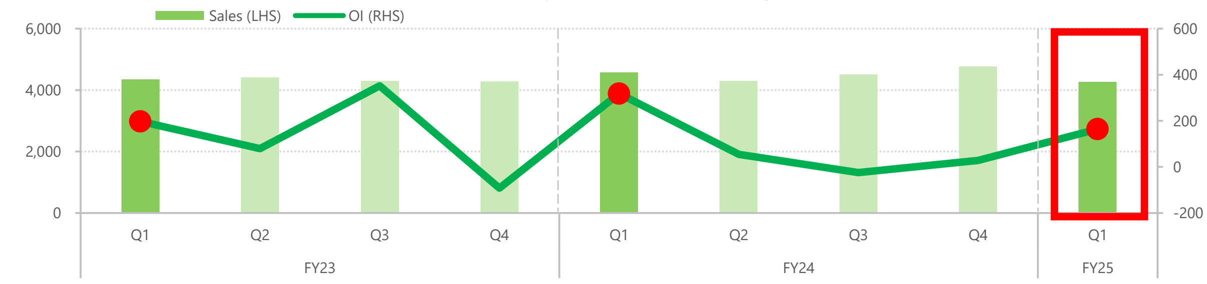
Base Business — The Americas

(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	4,568	4,264	-303	-6.7%	+1.8%
Operting Income	318	164	-153	-48.4%	-43.7%

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

Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	4,353	4,412	4,293	4,274	4,568	4,294	4,503	4,768	4,264
YoY	+3.3%	-6.0%	-7.2%	+14.6%	+4.9%	-2.7%	+4.9%	+11.5%	-6.7%
OI	197	80	352	-92	318	54	-24	28	164
YoY	+17.0%	-75.5%	-13.1%	-	+61.3%	-32.9%	-	-	-48.4%

Sales

- In the US, sales decreased due to the negative impact of foreign exchange rates, despite high-value projects for print and apply systems and increased demand for consumables.
- Sales decreased in South America due to the negative impact of foreign exchange rates, despite strong demand amid inflation.

Operating Income

- OI decreased, impacted by a temporary increase in SG&A expenses caused by reversal of allowance for doubtful accounts recorded in the US in Q1(Apr-Jun) FY24.
- OI decreased in South America due to increased personnel and other costs amid inflation.

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Regional Performance of the Base Business — The Americas

- In the Americas, both sales and OI decreased.
- Sales drivers included:
  - A large project for print-and-apply systems in the logistics vertical in the US.
  - Increase in consumables demand ahead of the imposition of 'reciprocal' tariffs by the US.
- However, overall sales in the Americas decreased due to:
  - A negative impact of exchange rates.
- In South America, business was brisk despite the high inflation, but sales were down, impacted by unfavorable foreign exchange rates.
- OI dropped overall, due to:
  - A temporary increase in SG&A expenses caused by the reversal of allowance for doubtful accounts recorded in the US in Q1 (Apr-Jun) FY24.
  - Increased costs due to rising labor and personnel costs caused by high inflation in South America.

Base Business — Europe

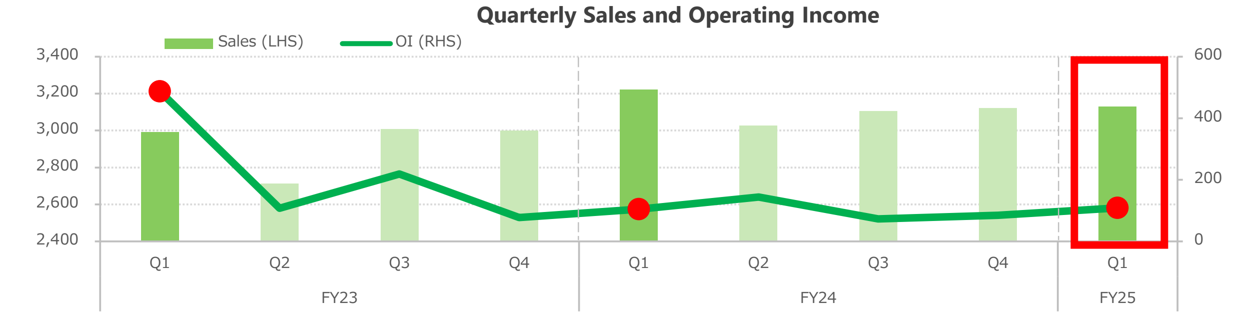
(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	3,221	3,129	-92	-2.9%	-0.7%
Operting Income	105	109	+4	+4.3%	+6.0%

Sales

- In Europe, sales decreased due to sluggish investments caused by economic downturns.
- The overall health care vertical remained strong.

Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	2,991	2,714	3,008	2,999	3,221	3,028	3,106	3,121	3,129
YoY	-6.4%	-16.9%	-4.5%	+7.5%	+7.7%	+11.6%	+3.3%	+4.1%	-2.9%
OI	487	108	219	78	105	144	73	85	109
YoY	2.9x	-47.1%	+11.2%	-60.9%	-78.3%	+33.8%	-66.2%	+9.0%	+4.3%

Operating Income

- OI remained flat, as the decrease in sales mentioned above was offset by well-controlled SG&A expenses and improved sales mix.

Regional Performance of the Base Business － Europe

- Sales decreased while OI remained flat.
- Overall investment appetite in Europe was subdued due to the economic downturns, which unfavorably affected the sales in key verticals such as retail and food & beverage.
- The overall health care vertical was strong, with robust demand for PJM RFID labels.
- OI was flat, as the impact of decreased sales was offset by:
  - Well-controlled SG&A.
  - Favorable sales mix due to the strong performance in the health care vertical, where margins are high.

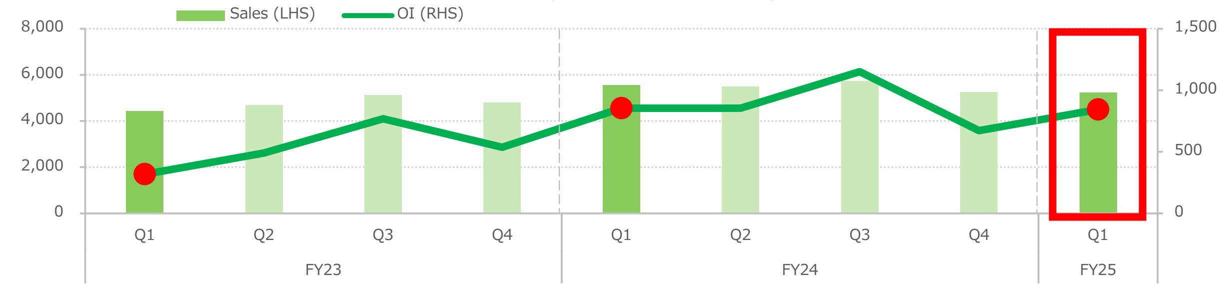
Auto-ID Solutions Business (Overseas) — Apr-Jun

Base Business — Asia/Oceania

(Millions of JPY)

	FY24	FY25	Change	YoY	In local currencies
Total Sales	5,564	5,234	-330	-5.9%	-0.1%
Operting Income	853	843	-9	-1.1%	+4.7%

Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	4,431	4,679	5,120	4,790	5,564	5,483	5,718	5,251	5,234
YoY	+4.8%	-3.9%	+8.2%	+17.3%	+25.6%	+17.2%	+11.7%	+9.6%	-5.9%
OI	318	490	769	537	853	854	1,151	671	843
YoY	-10.0%	-19.3%	+4.9%	2.0x	2.7x	+74.2%	+49.7%	+25.0%	-1.1%

Sales

- **Sales were lower as brisk business in the manufacturing vertical in Thailand and high-value retail projects in the Philippines were not enough to offset the drops in the demand for products of Argox, our Taiwanese subsidiary, caused by excess inventory in its indirect sales channels**
- **In Australia, sales continued to be robust, driven by high-volume RFID project.**

Operating Income

- **Although printer exports to sales companies in the Americas remained strong, improving the OI of our factories, overall OI was flat due to decreased sales at Argox in Taiwan, as mentioned above.**
- **OI expanded due to the high-volume project in Australia mentioned above.**

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Regional Performance in Base Business — Asia and Oceania

- Sales decreased while OI remained flat.
- Sales drivers included:
  - Strong performance in the manufacturing vertical in Thailand and a large retail RFID project in the Philippines.
  - Continued strong performance in large RFID projects at the Australian sales subsidiary.
- However, overall sales decreased due to:
  - Argox in Taiwan was affected by a decrease in demand due to overstocking in its indirect sales channels.
- OI remained flat overall. Strong exports of printers to the American sales subsidiaries improved OI at our Malaysian factories. And the large RFID projects at the Australian sales subsidiary also pushed up the OI. However, these increases were offset by a decline in Argox's sales in Taiwan, which pushed OI down to the same level as the previous year.

Auto-ID Solutions Business (Overseas) Apr-Jun

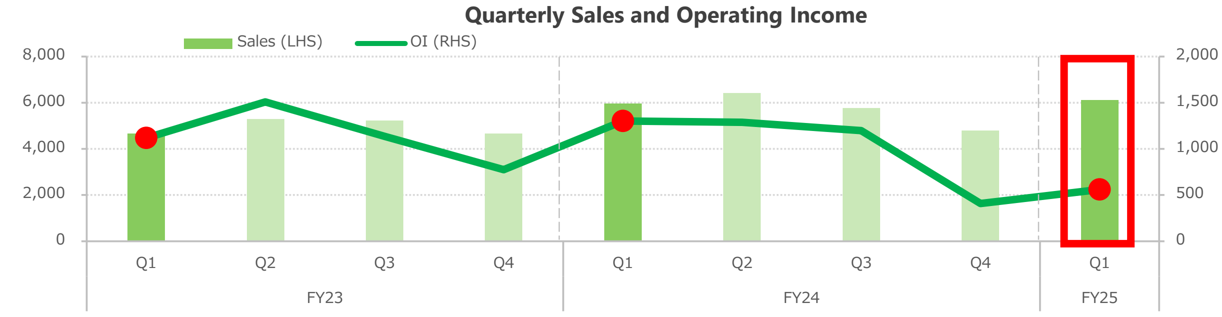
Primary Labels Business

(Millions of JPY)

		FY24	FY25	Change	YoY	In local currencies
The Americas Achernar (Argetina) Plakorar (Brazil)	Total Sales	960	922	-38	-4.0%	+21.5%
	Operating Income	255	135	-120	-47.0%	-29.2%
Europe Okil/ X-pack (Russian)	Total Sales	4,904	5,089	+184	+3.8%	-0.9%
	Operating Income	1,028	413	-614	-59.8%	-61.6%
Asia/Oceania Hirich (Vietnam)	Total Sales	101	97	-3	-3.5%	+6.7%
	Operating Income	17	12	-5	-29.4%	-22.0%
Total Sales	Total Sales	5,966	6,109	+143	+2.4%	+2.9%
	Operating Income	1,301	561	-740	-56.9%	-54.7%

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

Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	4,676	5,297	5,226	4,661	5,966	6,416	5,775	4,796	6,109
YoY	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%	+21.1%	+10.5%	+2.9%	+2.4%
OI	1,118	1,509	1,136	775	1,301	1,290	1,198	409	561
YoY	4.3x	+55.2%	-18.9%	-29.5%	+16.4%	-14.5%	+5.4%	-47.2%	-56.9%

Sales

- Sales in Europe increased due to favorable foreign exchange rates, despite weaker demand in Russia resulting from changes in tax regulations.
- Sales in the Americas decreased due to the negative impact of foreign exchange rates, despite solid demand amid inflation.

Operating Income

- In Europe, OI decreased due to increased costs resulting from production capacity expansion and rising raw material prices.
- OI in the Americas decreased due to higher personnel and other inflation-driven cost increases.

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Performance of the Primary Label Business (Overseas)

- Sales increased while OI declined.
- In Europe, sales in Russia increased due to favorable foreign exchange rates from the appreciation of the ruble and the depreciation of the yen, despite the impact of lower demand due to changes in the tax regulations in Russia.
- In South America, sales decreased due to the depreciation of local currencies against the yen, although demand was firm even in an inflationary environment.
- OI declined due to:
  - The increase in labor and other costs due to the expansion of production capacity in Russia, as well as the rise in raw material costs.
  - The increase in labor and other inflation-driven costs in South America.

Auto-ID Solutions Business (Japan) — Apr-Jun

Overview

(Millions of JPY)

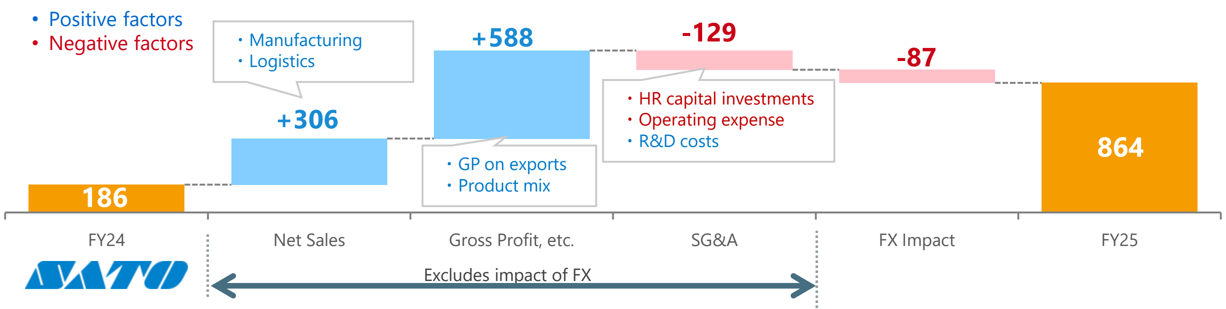
	FY24	FY25	Change	YoY
Mechatronics Sales	6,847	7,180	+332	+4.9%
Consumables Sales	11,505	11,911	+405	+3.5%
Total Sales	**18,353**	**19,091**	**+738**	**+4.0%**
Gross Profit	8,127	8,935	+808	+9.9%
Gross Profit %	44.3%	46.8%	+2.5pt	-
Operating Income	**186**	**864**	**+678**	**4.6x**
Operating Income %	1.0%	4.5%	+3.5pt	-

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.

Sales

- **Mechatronics: Sales increased, driven by steady demand resulting from investment in efficiency improvement in the manufacturing vertical. Demand related to the revised logistics efficiency law also contributed.**
- **Consumables: Sales increased due to firm overall demand.**

Major Gains/Losses in OI



Operating Income

- **OI increased due to the above-mentioned increase in sales, an improved product mix, increased printer exports and successful control of SG&A expenses.**

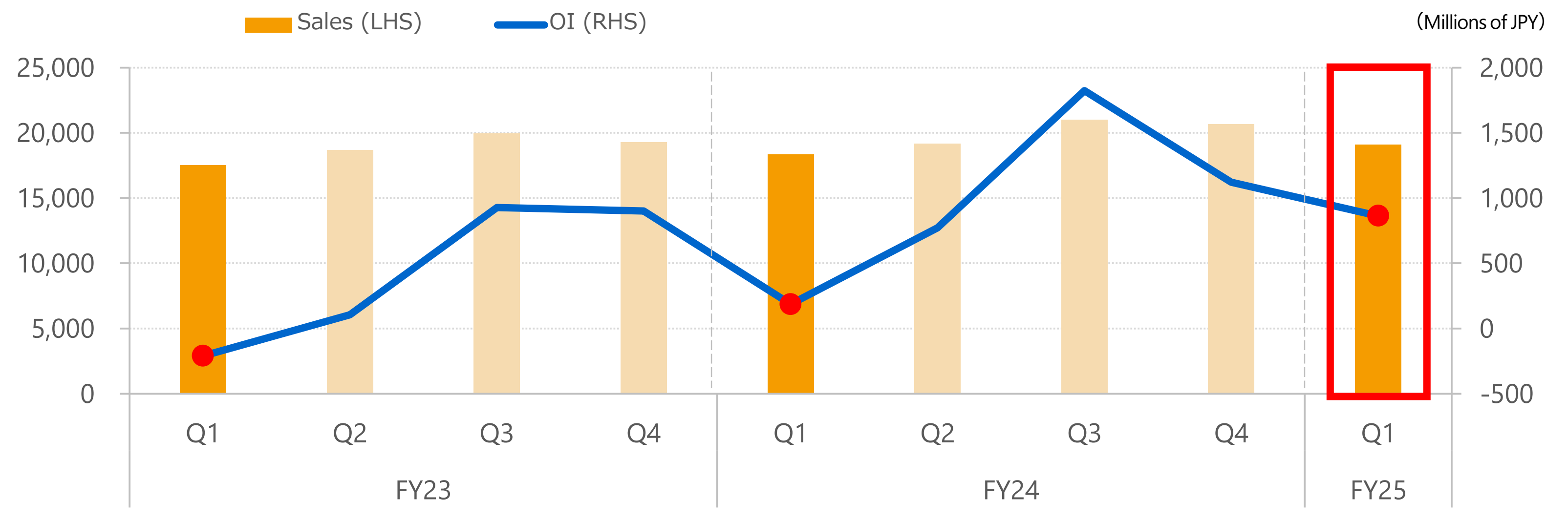
Overview of Japan Business

- Both sales and OI increased.
- In mechatronics business:
  - Sales grew, driven by the demand for efficiency improvements in the manufacturing vertical.
  - Sales were also boosted by ongoing needs related to compliance with the revised logistics efficiency law.
- In consumables business:
  - Sales increased due to solid demand overall.
- OI increased as a result of:
  - Sales growth mentioned above,
  - Improved product mix,
  - Increased printer exports, and
  - Well-controlled SG&A.

Auto-ID Solutions Business (Japan)

Apr-Jun

Quarterly Sales and Operating Income



Sales	17,536	18,692	19,980	19,305	18,353	19,191	21,016	20,658	19,091
YoY	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%	+5.2%	+7.0%	+4.0%
OI	-210	106	927	901	186	773	1,824	1,123	864
YoY	-	-88.7%	-16.4%	+51.5%	-	7.3x	+96.8%	+24.6%	4.6x

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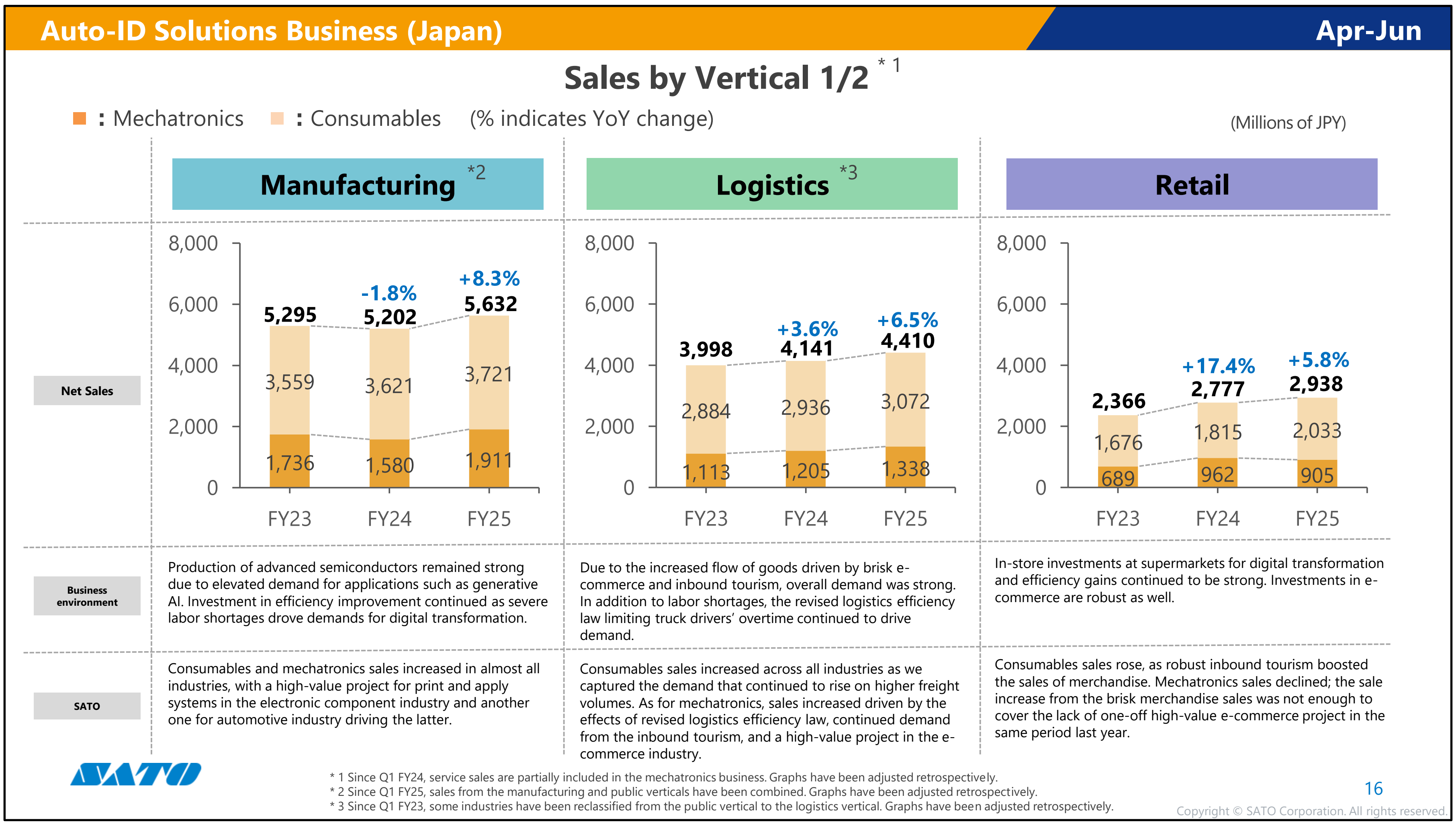
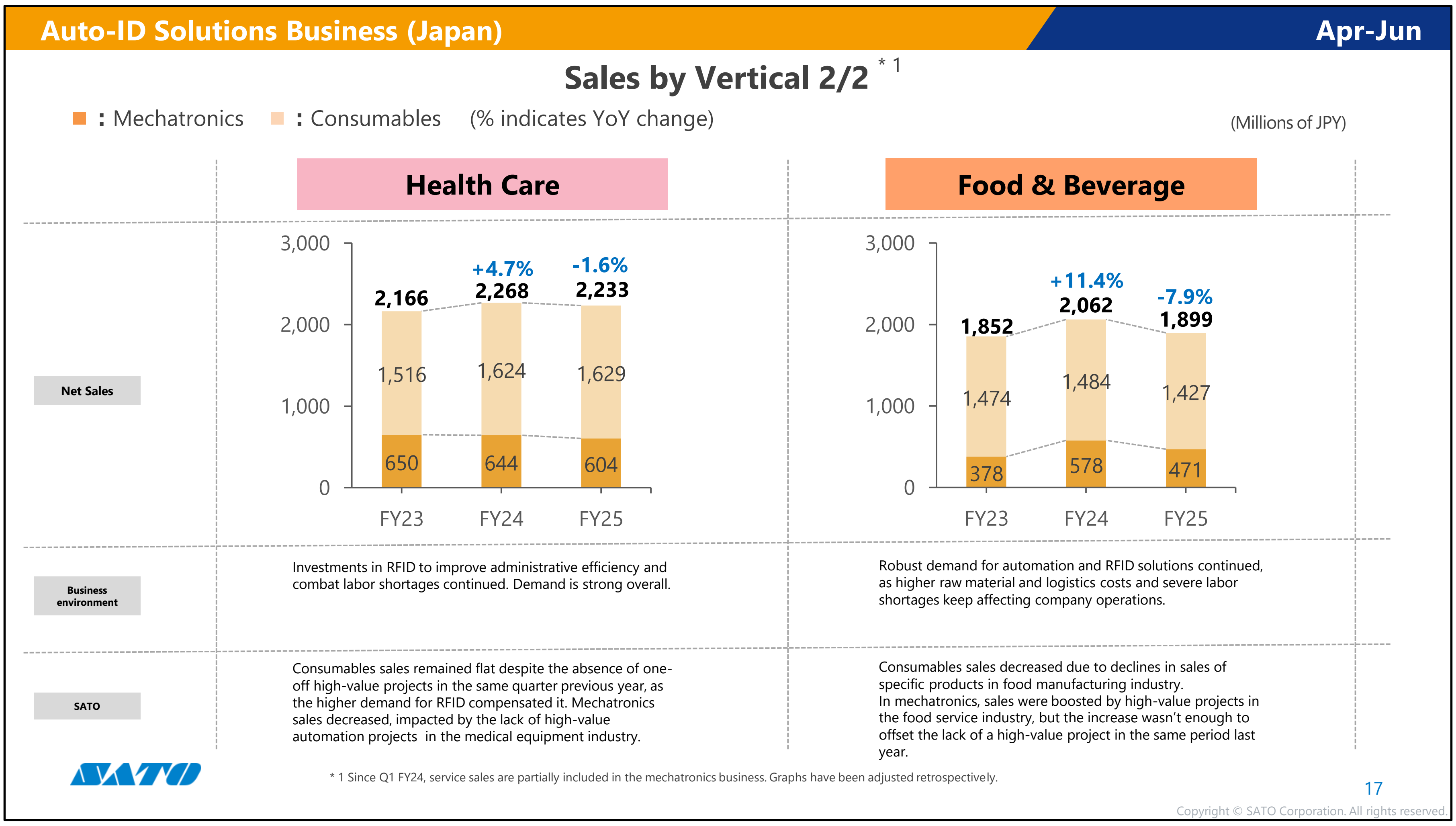
Quarterly trend (Japan)



Sales by Vertical (Japan)

- **Manufacturing:**
  - Continuing from FY24, sales increased due to strong production of advanced semiconductors, driven by the growing demand 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 addition, the automotive industry performed well, boosting consumables sales and resulting in higher consumables sales in almost all industries.
  - Mechatronics sales were up, driven by high-value projects — one for print and apply systems in the electronic component industry and another one for automotive industry.
  - The number of sales opportunities in manufacturing logistics are also continuing to grow.
  - From this quarter, results for manufacturing and public verticals are combined.
- **Logistics:**
  - Sales in logistics remained strong, driven by increased freight volumes and the demand created by the revised logistics efficiency law (capping truck drivers' overtime).
  - Sales of printers used in tourist luggage delivery services also continued to grow, driven by brisk inbound tourism.
- **Retail:**
  - Continuing from FY24, consumables sales remained strong, thanks to a recovery in the demand in the retail industry driven partially by the robust inbound tourism.
  - On the other hand, mechatronics sales declined as large projects related to strong merchandise sales were not enough to compensate for the absence of the last year's large e-commerce-related project.
  - However, investment appetite remains strong, especially among supermarkets, where labor shortages and the needs for operational standardization continue to drive demand.



Sales Performance by Vertical (Japan) (Continued)

- **Health care:**
  - Consumable sales remained flat, as RFID solution projects compensated for the lack of the previous year's high-value projects.
  - Mechatronics sales declined, as the increased sales of printers in the medical equipment and hospital industries driven by demand for greater efficiency, fell short of offsetting the impact of the previous year's high-value projects for print and apply systems.
- **Food & Beverage**
  - Although price revisions had a favorable impact, consumables sales declined, affected by the lower sales of specific products in the food manufacturing industry.
  - Mechatronics sales declined, as the high-value projects for print and apply systems were not enough to offset the impact of the previous year's large traceability project.

- **Overall:**
  - Though quarterly results are impacted by the timing of large projects, overall demand remained strong across all industries.

Auto-ID Solutions Business (Japan) **Apr-Jun**

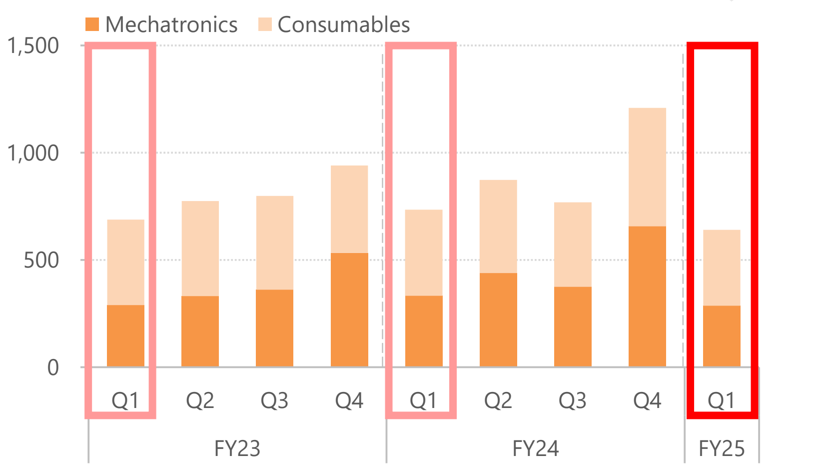
RFID and Automation Sales

RFID and automation sales continued to be strong on the back of the robust demand related to digital transformation and labor shortages.
Despite the robust demand in manufacturing, RFID sales dropped, due to unfavorable comparison to a year ago period when we had one-off high-value projects in public and other verticals.
Automation sales increased, driven by high-value e-commerce projects in logistics.

(Millions of JPY)

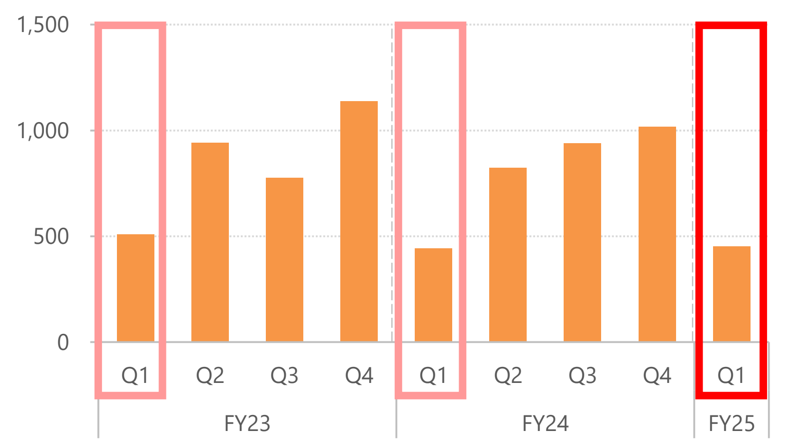
RFID

Q1 FY25: **-13.4%** YoY



Automation*

Q1 FY25: **+2.3%** YoY



* Automation includes hardware and software sales (but not consumables, service and maintenance sales).

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Quarterly Sales Trends of RFID and Automation Solutions (Japan)

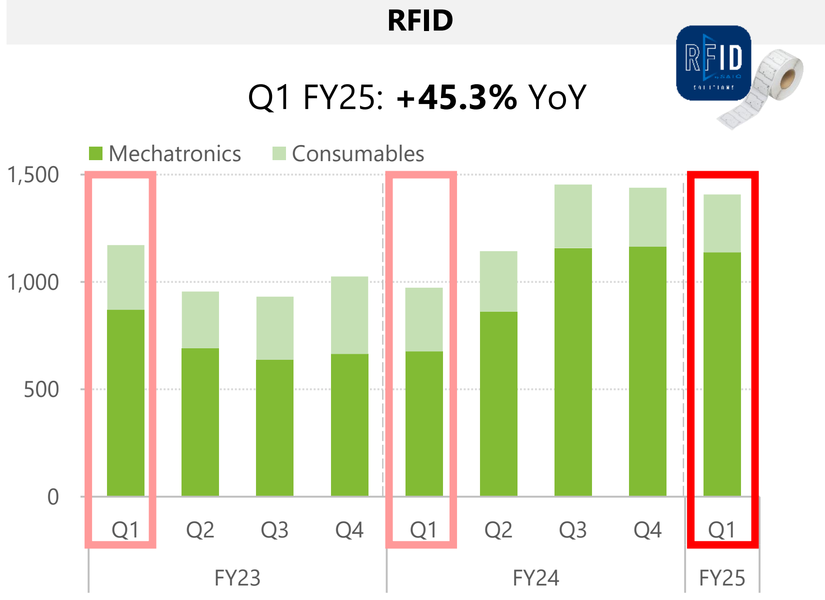
- Demand remains robust.
- RFID sales declined, as the strong demand for RFID solutions in manufacturing fell short of offsetting the lack of the previous year's high-value consumables project in public and other verticals.
- Automation solutions sales increased, driven by a high-value e-commerce project in logistics.

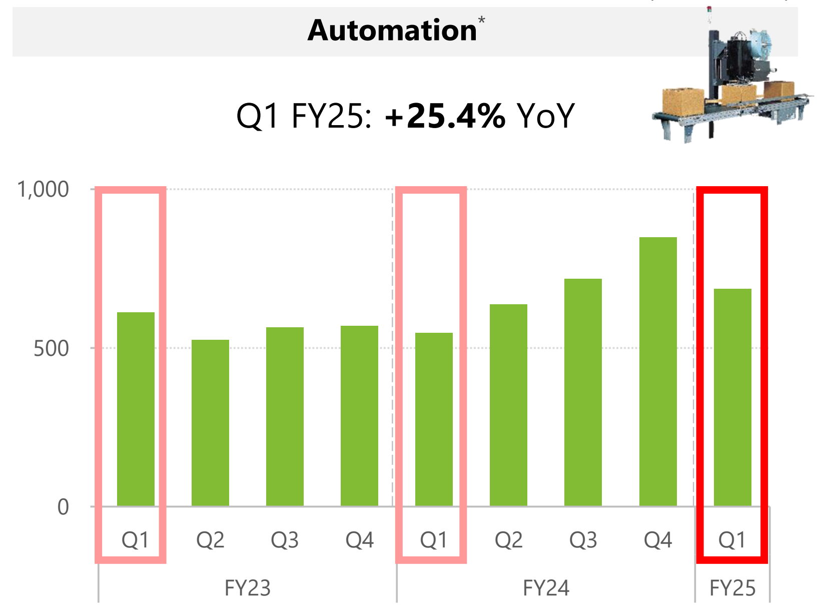
Auto-ID Solutions Business (Overseas) — Apr-Jun

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 in the US.

(Millions of JPY)





* Automation only includes hardware sales.

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Quarterly Sales Trends of RFID and Automation Solutions (Overseas)

- Demand remains strong, driven by labor shortages and digital transformation efforts.
- RFID solutions sales increased, driven by the ongoing high-value projects in manufacturing.
- Automation solutions sales grew, boosted by large logistics projects in the US, despite some impact from economic slowdowns in Europe.

Auto-ID Solutions Business (Consolidated)

FY25 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		Full Year	
	Targets	YoY	Targets	YoY	Targets	YoY
Net Sales	78,600	+3.3%	82,400	+4.7%	161,000	+4.0%
Operating Income	5,500	-4.8%	7,000	+6.7%	12,500	+1.3%
Ordinary Income	5,300	+8.5%	6,800	+8.6%	12,100	+8.6%
Profit attributable to owners of parent	3,300	+9.0%	4,400	+6.7%	7,400	+7.7%
	<Reference>					
EBITDA*	17,884	←FY24			18,200	+1.8%

* EBITDA = Operating Income + Depreciation + Amortization

FX assumption for FY25: JPY 140/USD, JPY 160/EUR
Average FX for Q1 FY25: JPY 144.59/USD, JPY 163.80/EUR
Average FX for FY24: JPY 152.62/USD, JPY 163.87/EUR

FY25 Forecasts

- No change has been made to the plan.
- The Japan business has been performing well through Q1 (Apr-Jun); we aim to achieve the plan by executing measures we have devised while remaining focused on customer needs.
- While 'reciprocal' tariffs between the US and other countries may have a direct impact on our sales and OI in the form of printer price adjustments at our US sales subsidiary, we expect the overall impact on consolidated results to be limited, as indirect effects in other regions are likely to absorb the impact.
- We will disclose promptly should we determine any material impact of the tariffs on our business performance likely.

Apr- Jun 2025 Results

ESG Focus

Actions toward realizing optimal cost of capital and enhancing shareholder value

Optimization of Materiality (Key ESG Issues)

Reassessed social issues our business could help solve and identified areas of priority, clarifying the direction we create value toward.

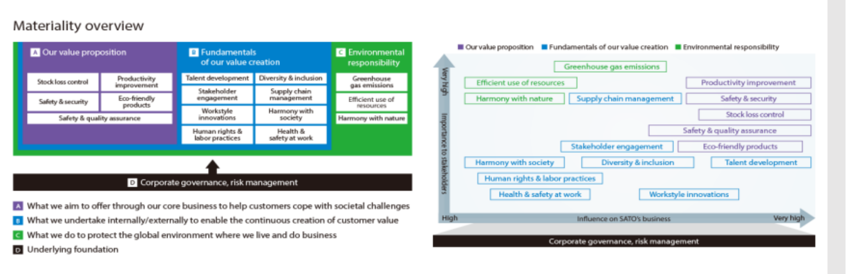
Background

- Social issues, such as responsible production and consumption, resource depletion, population decline, labor shortages, and the growing importance of governance, are becoming increasingly complex and critical.
- This calls for a reassessment from a global perspective.

Purpose

- To enable us to enhance corporate value sustainably through giving every 'thing' its own ID for seamless connection and being essential for solving social issues.
- To provide basis for decision-making in corporate management and capital allocation.

Materiality Overview Defined in 2019



Over a period of more than six months, the management and external experts held more than 11 discussions. Material issues were identified based on input from internal and external stakeholders.

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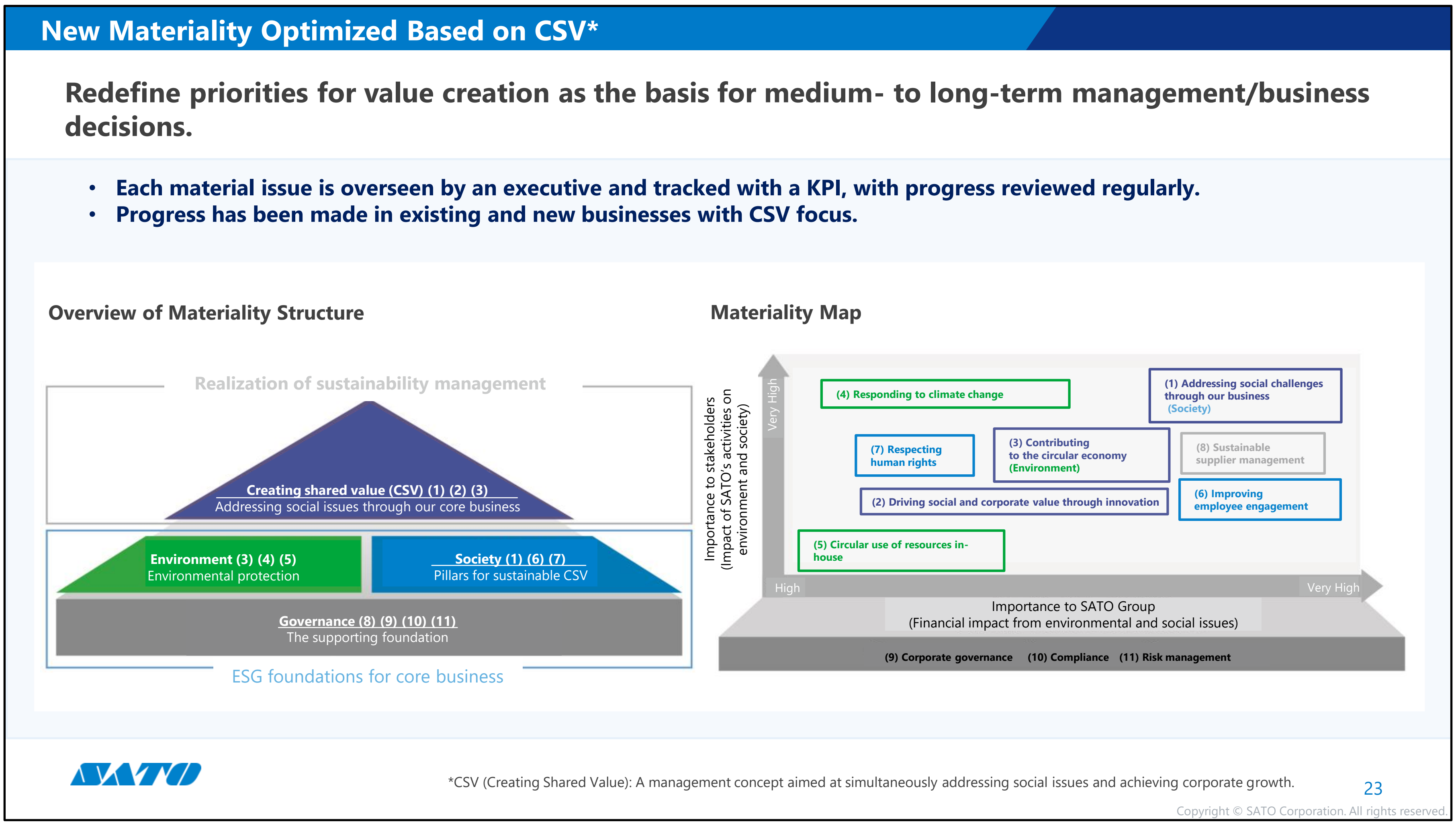
Optimization of Materiality (Key ESG Issues)

- These are the social issues we consider important as a company and the initiatives we are taking to address them.
- We first defined our material issues in 2019.
- Over the past five years since then, both society and the business environment have undergone significant changes.
- For example, issues such as responsible production and consumption, resource depletion, population decline, labor shortages, and growing importance of corporate governance have become increasingly complex and critical.
- Meanwhile, we have also experienced major changes within SATO. In addition to the appointment of the new CEO, our frontline teams have enhanced their proposal capabilities while the company's technical expertise has been also grown, which, combined, enable us to deliver more sophisticated solution proposals.
- In the light of these internal and external changes, we recognized the need to reassess our focus — both in terms of the social issues we address and the areas where we can deliver value.
- We held repeated discussions within management and listened carefully to feedback from both internal and external stakeholders to redefine our priorities.



New Material Issues Optimized Based on CSV

- We believe that solving social issues through our core business is directly linked to enhancing the company's corporate value.
- In other words, we aim to address social issues while driving business growth.
- With this at the heart of our management, we restructured our materiality framework by combining CSV (Creating Shared Value) and ESG.
- Each component has been assigned a distinct and clear role.
- While CSV is sometimes regarded as a component of ESG — and we have received similar feedback from investors — we have deliberately positioned CSV as a standalone concept at the top of our framework. This reflects its central role in our value creation strategy.
- CSV focuses on leveraging our unique strengths to tackle social issues through our core operations.
- ESG, on the other hand, serves as the "foundation" that supports our corporate credibility and long-term sustainability.
- We have carefully organized key topics, including the environment, human rights, and governance, to ensure comprehensive risk management and transparent communication with stakeholders.
- Furthermore, each material issue is assigned to a responsible executive, with KPIs and targets. We have also set up a system for regular progress monitoring.
- Our materiality framework is not just a static list. It serves as a basis for medium-to long-term management decisions and capital allocation and is actively integrated into our business operations.

Apr- Jun 2025 Results

ESG Focus

Actions toward realizing optimal cost of capital and enhancing shareholder value

Current Status & Evaluation

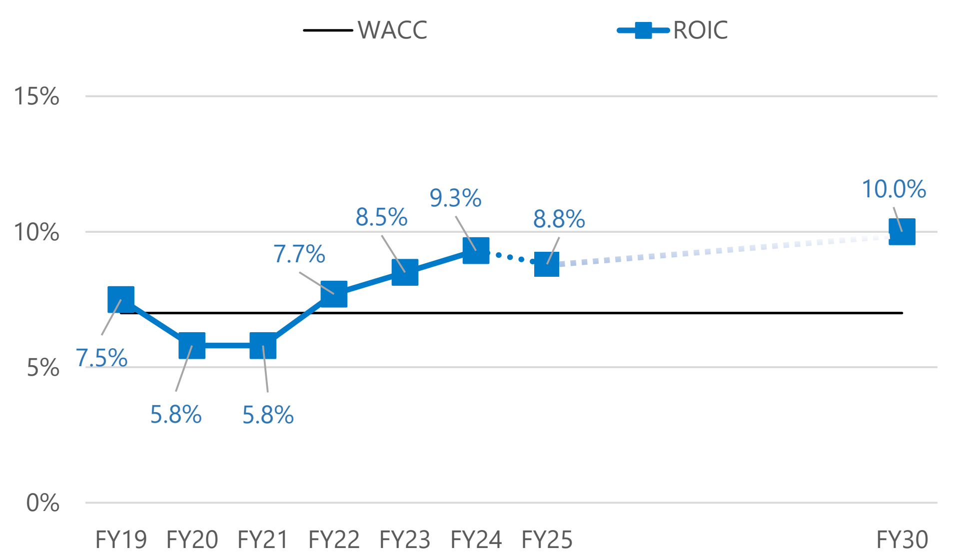
ROIC has consistently exceeded WACC.
However, there is still room to enhance corporate value.

WACC=**7**% (including premium)

- Cost of equity is calculated using CAPM
- Our hurdle rates vary by geography and currency to account for differences in risk.
 (e.g., JPY: 7%, USD: 8%, EUR: 7%)

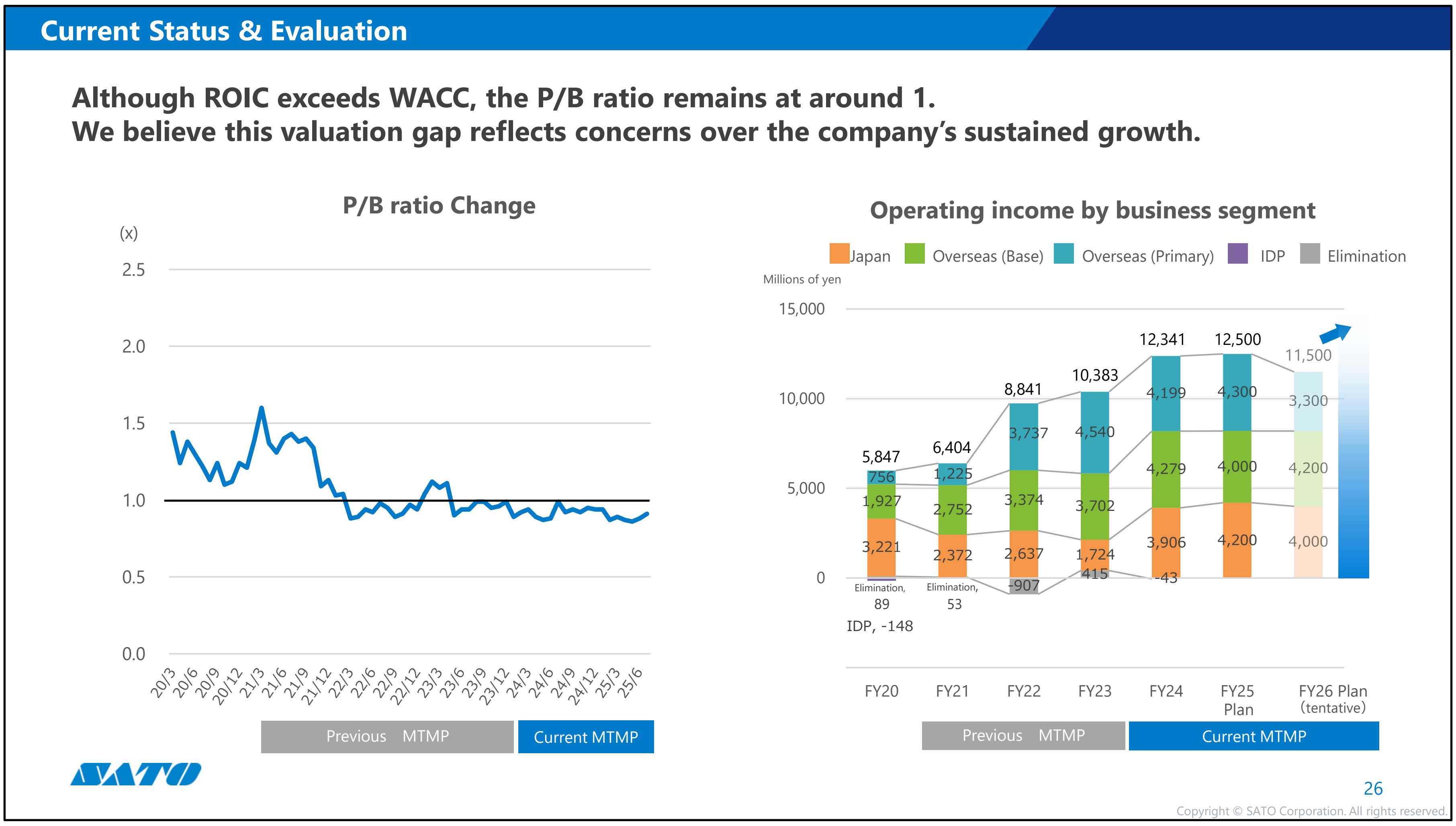
WACC Components
- Cost of equity: 7.2%
- Cost of debt: 1.5%
- Premium: 1%

WACC and ROIC



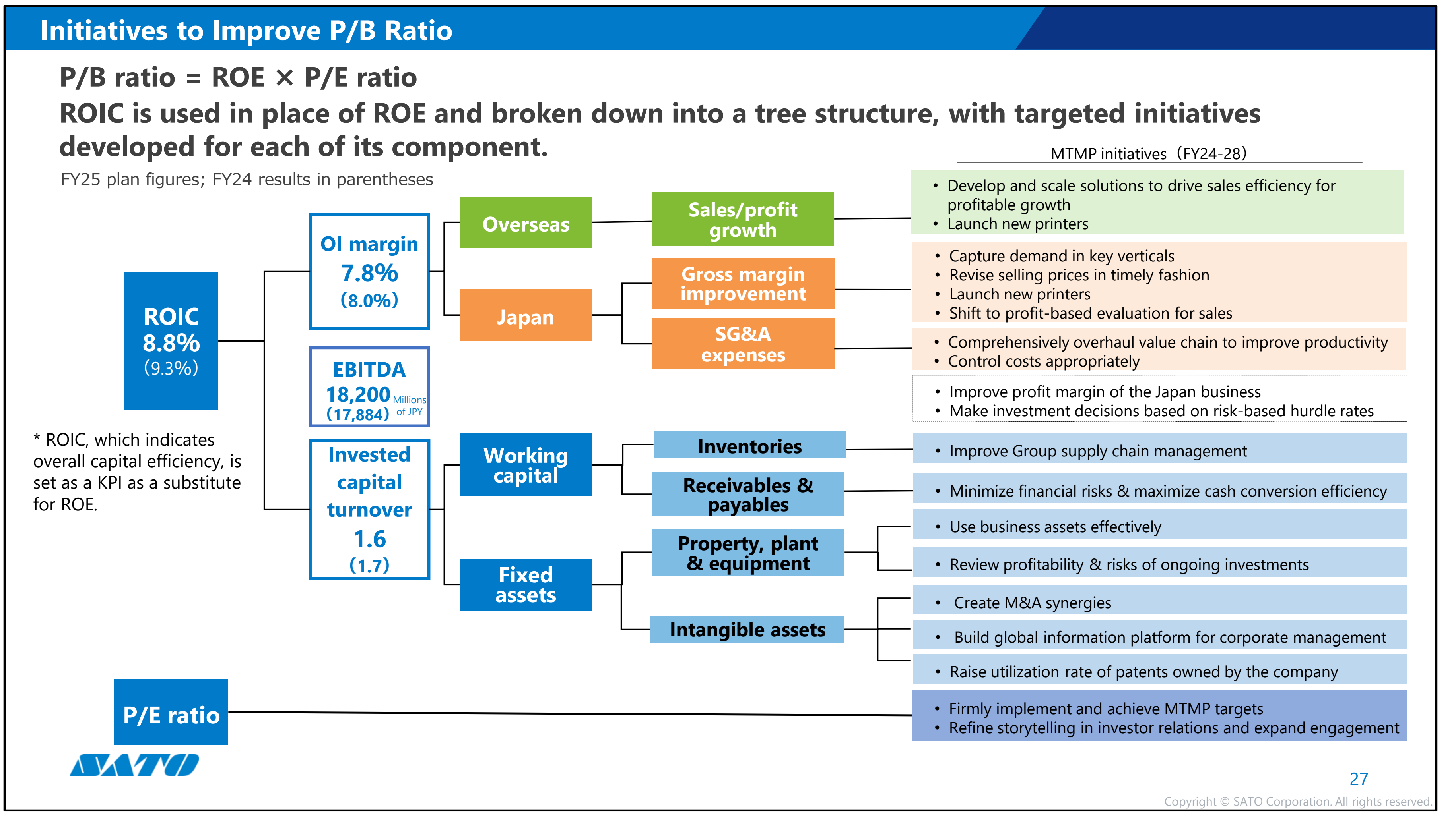
Current Status & Evaluation

- First, let us explain the current status regarding capital cost and capital efficiency.
- Our ROIC has consistently remained above our WACC.
- We have set 7% as a benchmark for our WACC. Here, we also provide its breakdown.
- Despite maintaining this level, our P/B ratio remains at approximately 1.0, indicating a gap between our market value and book value.
- In the next slide, we will explain our perspective on the factors contributing to this valuation gap and the actions we are taking to address them.



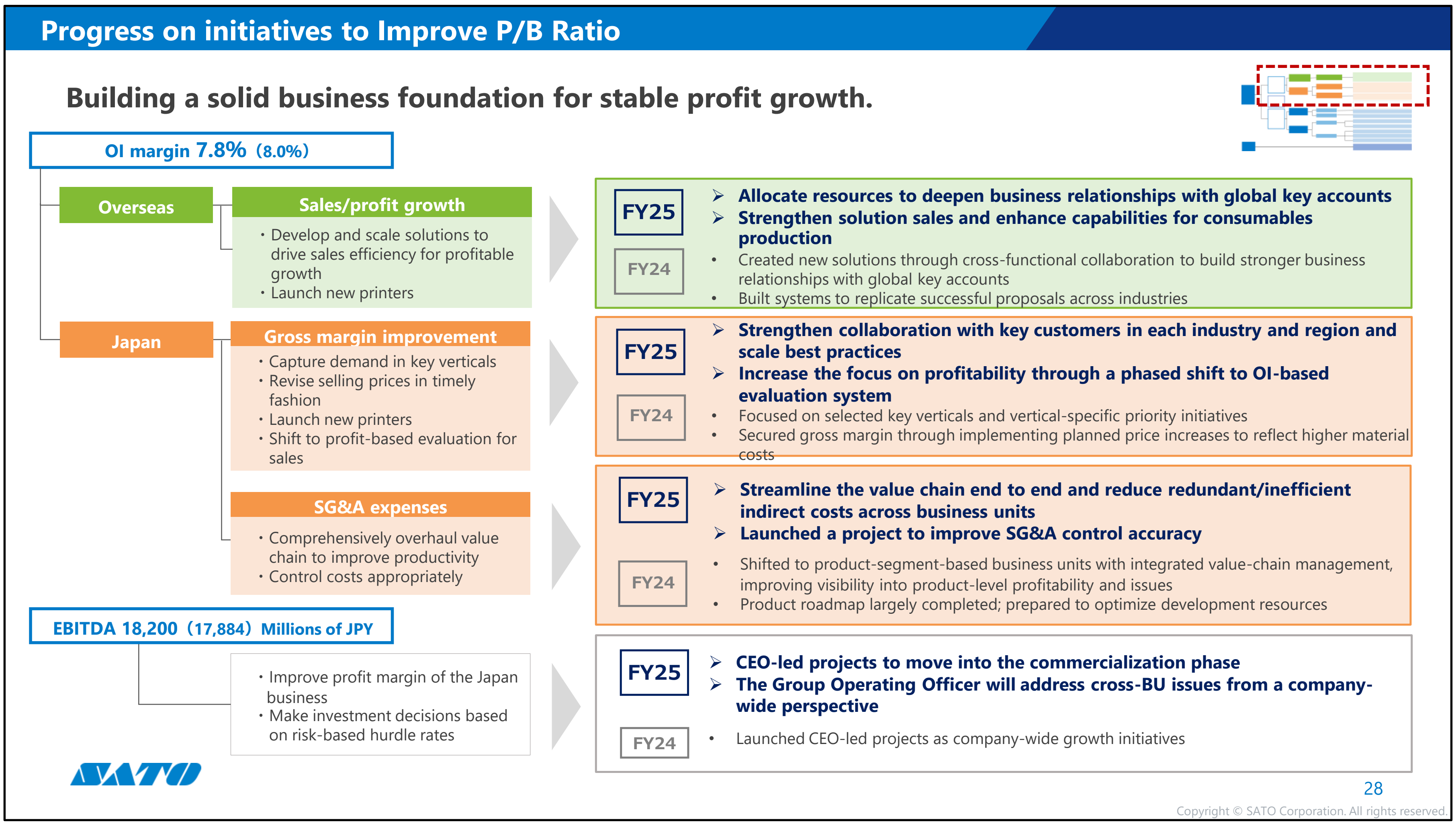
Current Status & Evaluation

- As explained earlier, our ROIC exceeds our WACC, which theoretically places us in a position where a P/B ratio above 1.0 would be expected.
- However, in practice, our P/B ratio continues to hover around 1.0, which we interpret as a valuation gap between SATO and the capital markets.
- We believe this gap stems from concerns over our ability to achieve sustainable, long-term growth.
- For example, high volatility arising from certain regions and perceived unclearness surrounding our future growth narrative may be making it difficult for the market to form a clear assessment.
- With this understanding, we are steadily implementing structural reforms and initiatives to improve ROIC, aiming for sustainable growth.
- The next slide outlines the specific actions we are taking.



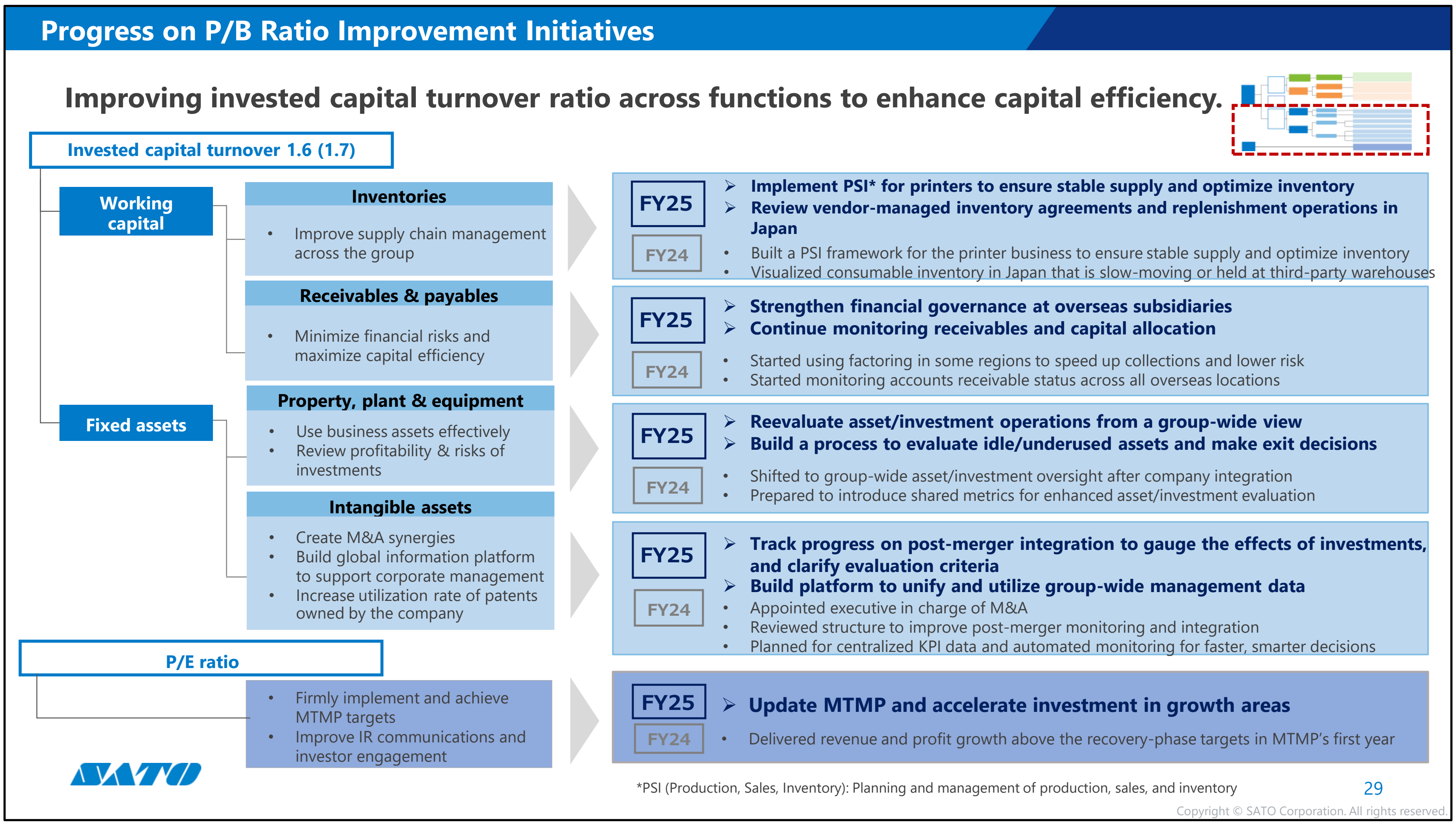
Initiatives to Improve P/B Ratio

- To improve our P/B ratio, we identify and address challenges by breaking down the key components of ROIC.
- Starting with the numerator — profitability — in the P/B ratio formula, we have launched several initiatives, including a review of our revenue structure and targeted cost optimization.
- For the denominator — capital efficiency — in the formula, we focus on priorities such as optimizing working capital management and improving investment decision-making processes.
- In FY24, we accelerated efforts across these areas. In FY25, we aim to enhance the effectiveness of our initiatives while clarifying our priorities further.
- Overall, this approach breaks down challenges into individual components and addresses them in a systematic manner.
- From here, we will walk you through the progress made and the key initiatives we are prioritizing — starting with operating income, followed by capital efficiency.



Progress on P/B Ratio Improvement Initiatives

- First, we will explain our initiatives aimed at improving operating income, which is the numerator in ROIC formula.
- In our overseas business, we are at this critical phase where we need to focus not only on profitability but also on steady sales growth.
- As part of the efforts, we are working to deepen business relationships with our globally operating key customers and to enhance solution sales. When we say solutions, we refer not just to packaged solutions, but to the company structure that enables tailored proposals based on customer needs.
- We are also strengthening our production capabilities for consumables to drive recurring sales.
- In Japan, we focus on working with leading customers in key industries and regions. By building a track record of working successfully with companies that have strong influence within their industries, we aim to achieve high profitability while also developing the ability to scale our solutions across a broader customer base.
- In addition, CEO-led strategic projects are now transitioning into the commercialization phase. These projects are aimed at developing new businesses that will create future pillars of our revenue by focusing on areas with strong growth potential and market viability. With a focus on agility and strong execution, these projects are placed under the direct supervision of top management.
- As for the company setup, we adopted a divisional structure organized by product segment in FY24. This structure places planning, development, manufacturing, and sales promotion for each product segment under one division. By organizing the value chain by product segment, we have enabled greater visibility into our profit structure.
- Furthermore, in FY25, we established the role of Global Operating Officer who oversees all these [product and geographical] segments at the headquarters. This structure helps enable company-wide optimal decision-making that goes beyond optimization of any single segment to benefit the whole company, by avoiding redundant investments and optimizing resource allocation.

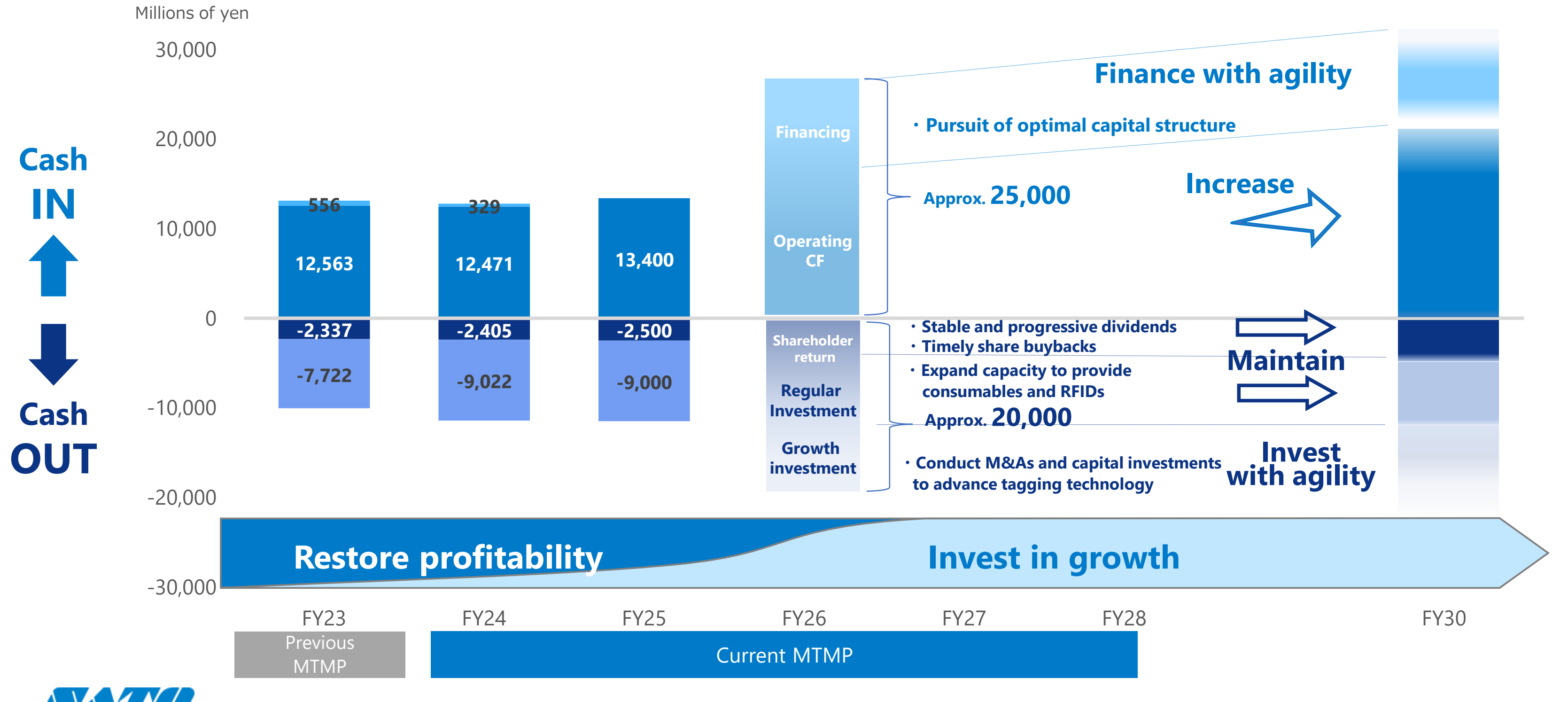


Progress on P/B Ratio Improvement Initiatives

- In FY24, operating cash flow declined by around 900 million yen, mainly due to increased working capital. While some of its causes are temporary, we recognize the need for the improvement in a medium to long term.
- Inventory, totaling approx. 29 billion yen, is a key contributing factor. We have started taking actions to optimize inventory.
- In FY24, the printer manufacturing and the R&D divisions launched a PSI (Production, Sales, Inventory) improvement project to better the planning and management. In FY25, we aim to optimize PSI across the company, including system operations.
- In Japan, we're increasing visibility into slow-moving and externally stored consumables inventory. Starting in FY25, we will review customer inventory management agreements and replenishment processes to reduce excess stock while maintaining service levels.
- Although it is difficult to estimate the size of inventory reduction we can achieve at this stage, we will start the efforts by making structural improvements.
- We have introduced invoice factoring in some regions to accelerate receivables collection and reduce credit risk, with possible plans to expand.
- We had been tracking receivables in each region from before, but since FY24, we started intensifying the efforts by improving visibility across all the regions to improve accuracy and control. We will continue with this efforts in FY25.
- For fixed assets, we are developing evaluation metrics and systems to support better investment and M&A decisions.
- We have launched an investment management project to implement post-investment reviews and monitoring process on a trial basis.
- To support these initiatives, we integrated our holding and core operating companies in April 2025. We are now working to establish a structure that centralize resources management and governance.
- We also reorganized ourselves into divisions by product category, which provides visibility into internal value chains by product to enable better-informed decision-making on company-wide inventory and fixed asset management or PSI management.

Capital Allocation

Operating income exceeded the initial plan, but operating cash flow remained flat.
We are working to optimize inventory.



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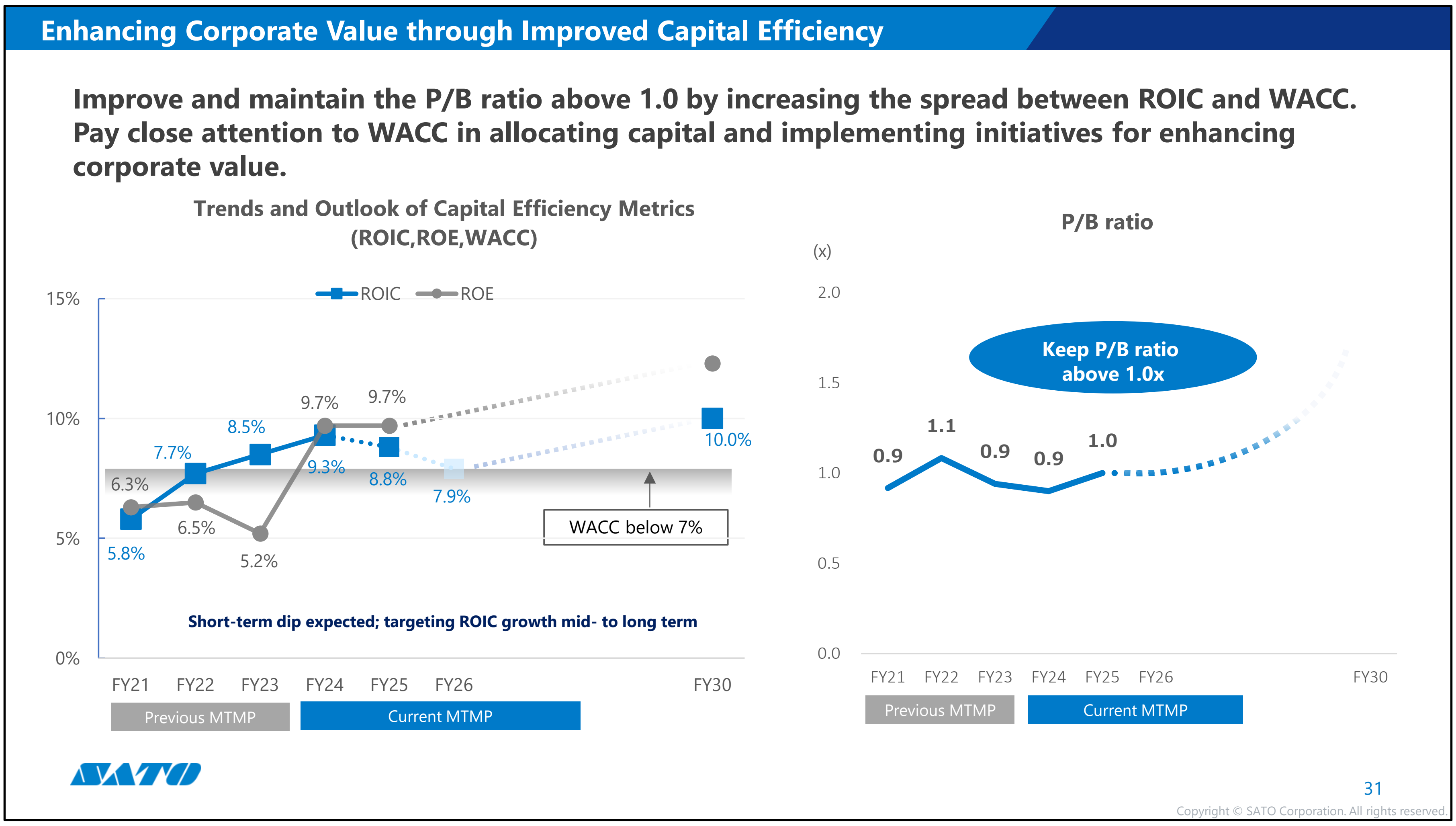
Capital Allocation

- We are working to improve ROIC by strengthening both our profit structure and capital efficiency.
- In FY24, operating income exceeded our medium-term plan, but operating cash flow declined temporarily.
- This was caused by a combination of factors, including higher inventory levels, increased accounts receivable, and lower accounts payable.
- Inventory had the most significant impact. As mentioned earlier, we are currently reviewing our inventory planning and operations to drive improvement.
- Based on these results and our ongoing efforts, we are now preparing to update our medium-term management plan.
- The updated plan will also include a clearer capital allocation policy.
- While specific allocation ratios cannot be mentioned at this stage, we are reviewing our medium-term approach from three key perspectives: growth, returns and business foundation enhancement.
- Looking ahead, we will remain focused on enhancing our ability to generate cash flow to increase corporate value in the medium to long term.



Enhancing Corporate Value Through Improved Capital Efficiency

- At SATO, we are working to improve both our profit structure and capital efficiency with the goal of enhancing and keeping ROIC above WACC.
- Through these efforts, we aim to consistently maintain a P/B ratio above 1.0.
- While we anticipate a temporary drop in ROIC due to growth investments, we remain committed to driving improvements in the medium to long term.
- Meanwhile, our ROE has been steadily rising, and we recognize that our capital efficiency is gradually improving.
- Moving forward, we will continue building on these initiatives to enhance corporate value while ensuring alignment with market expectations.

- That concludes today’s presentation.
- We remain fully committed to enhancing capital efficiency and corporate value, and we sincerely appreciate your continued support.

Appendix

Business Overview by Product

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

Base business

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

Mechatronics 38%

Printers

Other Hardware

Software

Services

Consumables 47%

Labels & Tags

Primary Labels

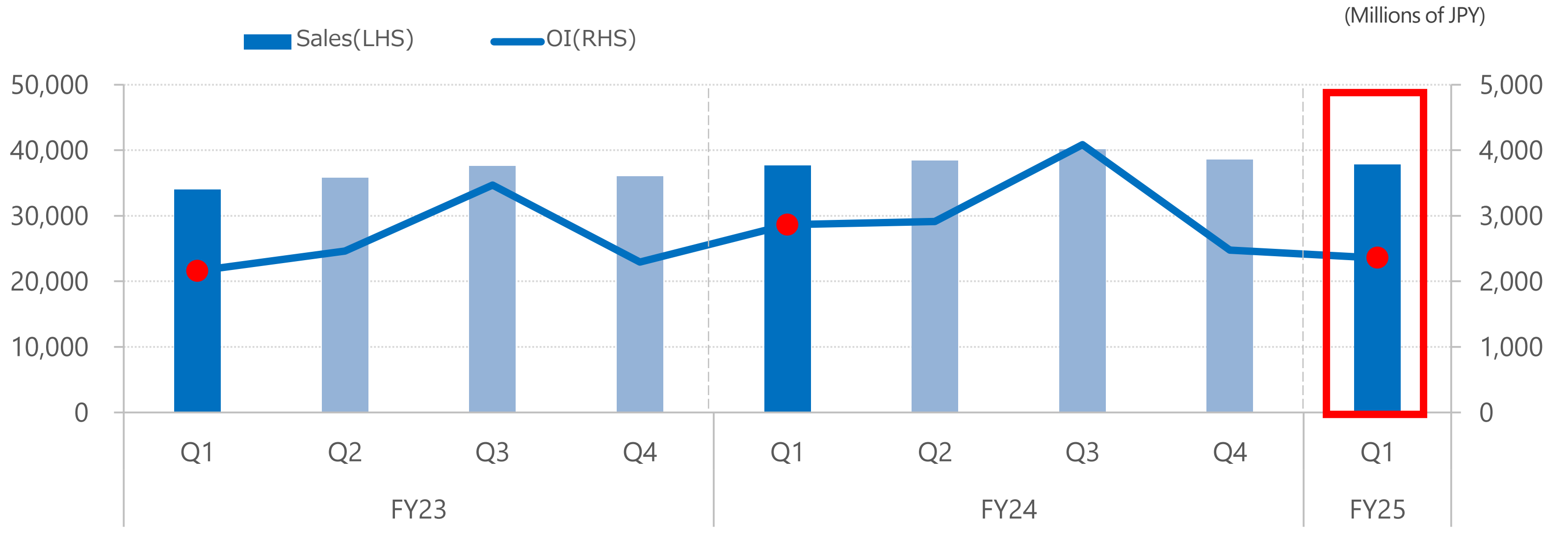
15% of consolidated net sales (Breakdown by region: The Americas 15%, Europe 83%, APAC 2%)

Consumables 100%

Stickers & Primary Labels

Auto-ID Solutions Business (Consolidated) Apr-Jun

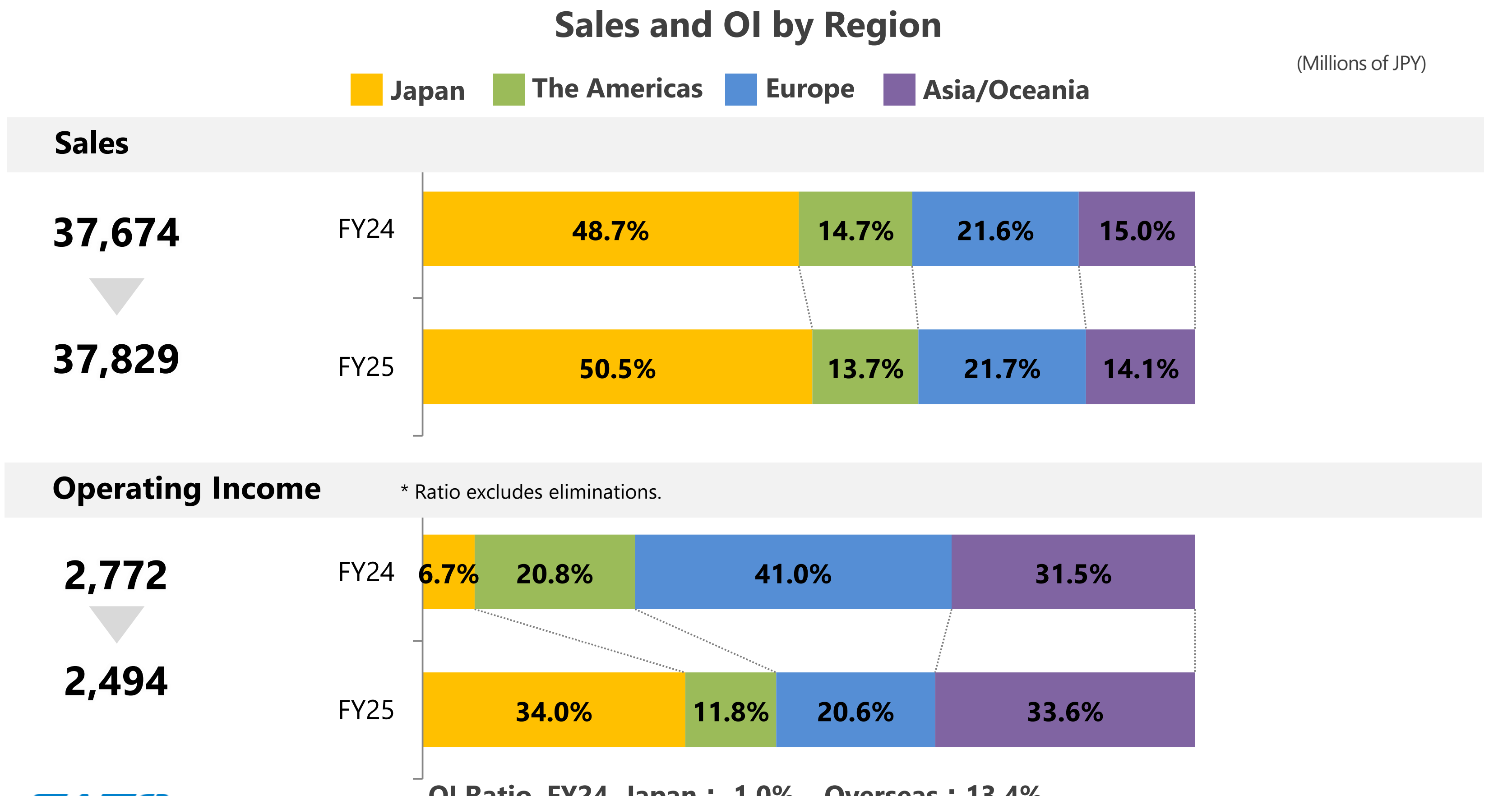
Quarterly Sales and Operating Income



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	33,989	35,797	37,628	36,031	37,674	38,415	40,121	38,596	37,829
YoY	+0.9%	-2.7%	-0.6%	+4.5%	+10.8%	+7.3%	+6.6%	+7.1%	+0.4%
OI	2,160	2,460	3,467	2,295	2,864	2,914	4,086	2,475	2,359
YoY	2.6x	-16.6%	+4.9%	+30.4%	+32.6%	+18.4%	+17.9%	+7.8%	-17.6%

Sales and OI by Region

(Millions of JPY)

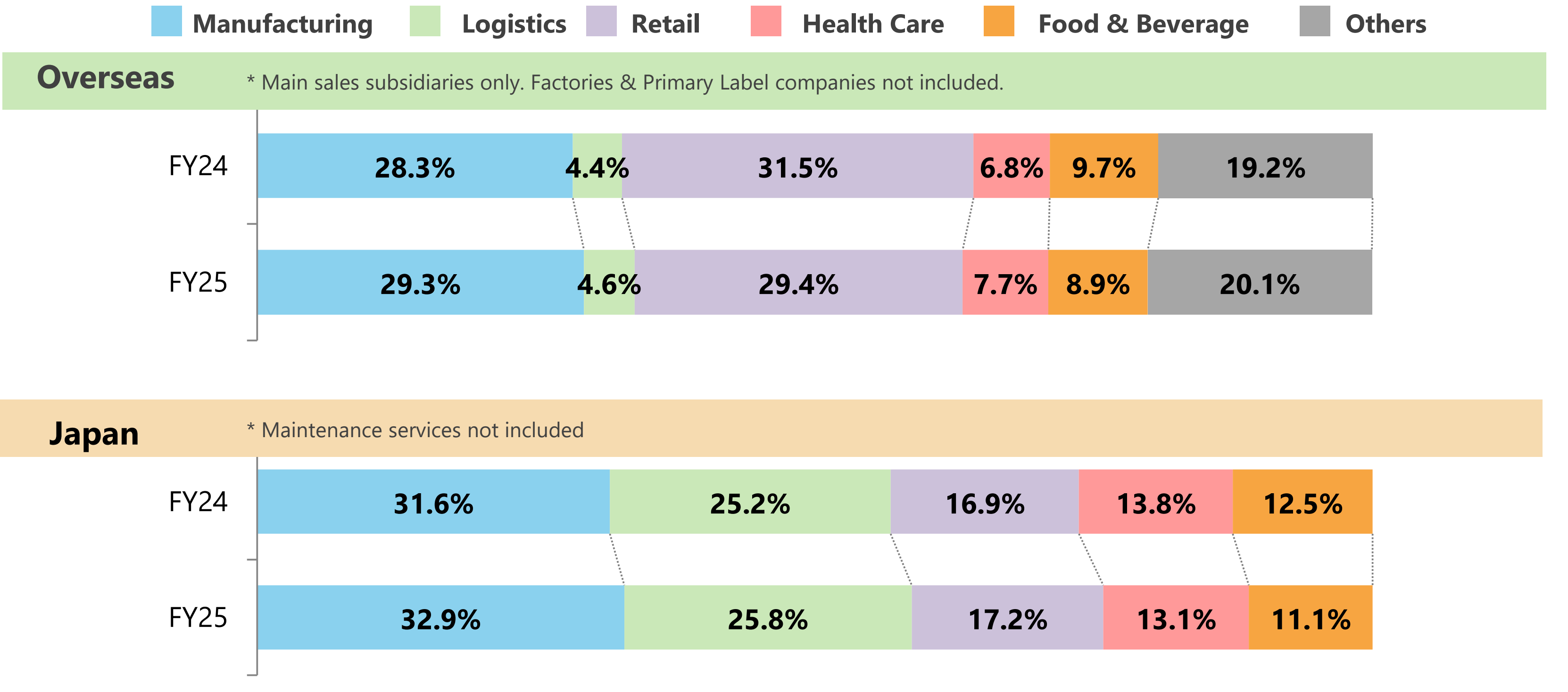


OI Ratio FY24 Japan : 1.0%, Overseas : 13.4%
FY25 Japan : 4.5%, Overseas : 8.7%

Auto-ID Solutions Business (Consolidated)

Apr-Jun

Sales by Vertical



- Since Q1 FY25, sales from the manufacturing and public verticals have been combined. Graphs have been adjusted retrospectively.

Auto-ID Solutions Business (Overseas) — Apr-Jun

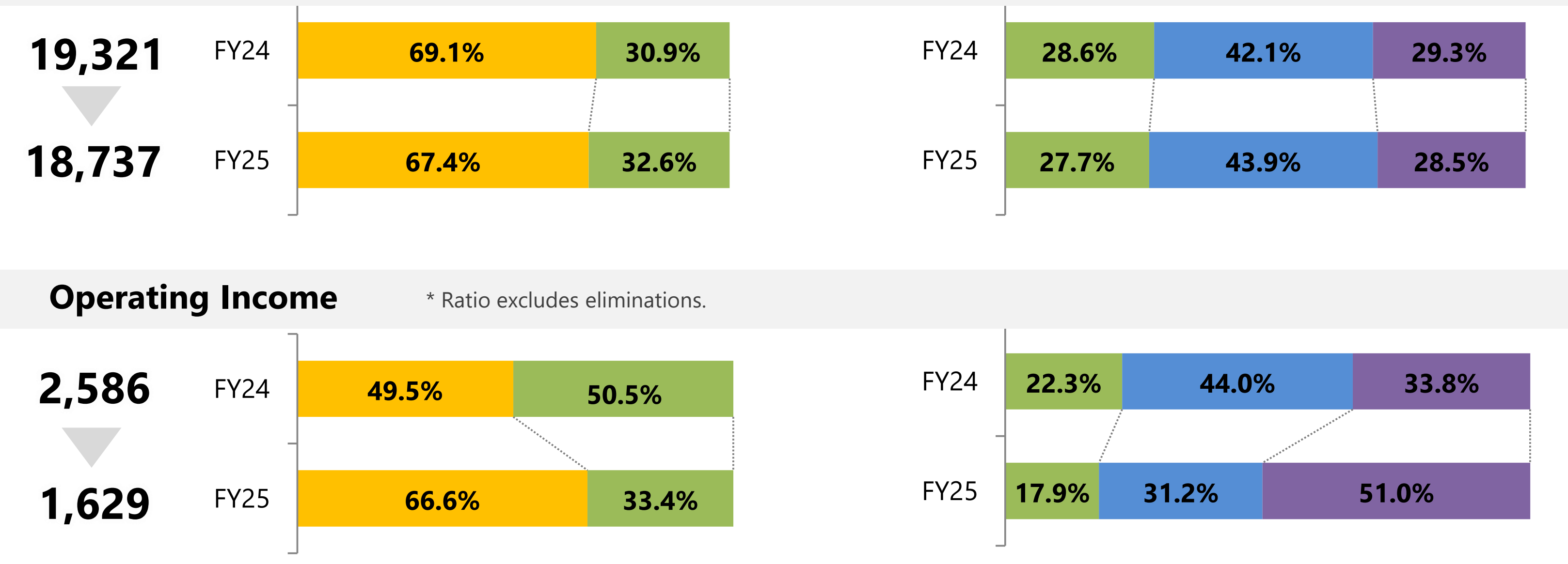
Sales and OI by Business Segment/Region

(Millions of JPY)

Base business / Primary Labels / The Americas / Europe / Asia/Oceania

Sales

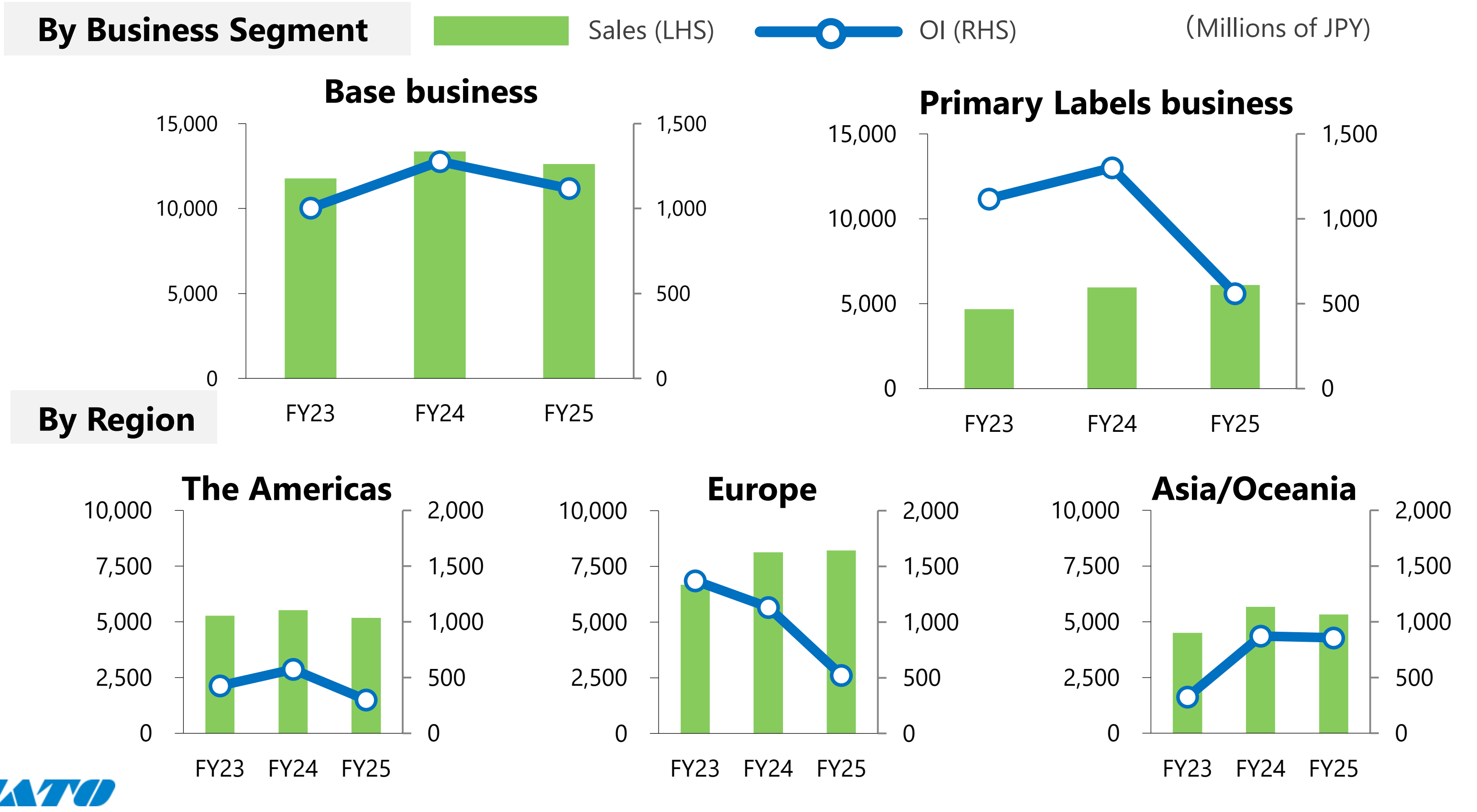
Operating Income * Ratio excludes eliminations.



OI ratio:
FY24 Base business : 9.6%, Primary Labels : 21.8%
FY25 Base business : 8.9%, Primary Labels : 9.2%

FY24 The Americas : 10.4%, Europe : 13.9%
Asia/Oceania : 15.4%
FY25 The Americas : 5.8%, Europe : 6.4%
Asia/Oceania : 16.1%

Sales and OI Trends by Business Segment and Region



Auto-ID Solutions Business (Consolidated)

Apr-Jun

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

(Millions of JPY)

			FY24	FY25	YoY	In local currencies
Consolidated		**Total Sales**	**32,770**	**32,740**	**-0.1%**	**+3.1%**
		Operating Income	**1,789**	**1,922**	**+7.4%**	**+18.6%**
Overseas	Base	Total Sales	13,355	12,628	-5.4%	+0.4%
		Operating Income	1,277	1,118	-12.5%	-7.3%
	Primary Labels	Total Sales	1,061	1,020	-3.9%	+20.1%
		Operating Income	226	124	-45.3%	-24.2%
	Eliminations	Operating Income	7	-50	-	-
	Total	Total Sales	14,417	13,648	-5.3%	+1.9%
		Operating Income	1,511	1,192	-21.1%	-13.6%
Japan		Total Sales	18,353	19,091	+4.0%	+4.0%
		Operating Income	186	864	4.6x	5.1x
Eliminations		Operating Income	92	-134	-	-

Consolidated Results
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY24	FY25	Change	YoY
Net Sales	**32,770**	**32,740**	**-30**	**-0.1%**
Operating Income	**1,789**	**1,922**	**+132**	**+7.4%**
Operating Income %	**5.5%**	**5.9%**	**+0.4pt**	**-**
Ordinary Income	**1,391**	**1,659**	**+267**	**+19.2%**
Profit attributable to owners of parent	**597**	**1,060**	**+462**	**+77.4%**
Effective Tax Rate	55.9%	32.9%	-23.0pt	-
EBITDA*	**2,952**	**3,072**	**+119**	**+4.1%**

Average FX for Apr-Jun 2025: JPY 144.59/USD, JPY 163.80/EUR (Apr-Jun 2024: JPY 155.85/USD, JPY 167.84/EUR)
* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)
・Depreciation for Apr-Jun 2025: JPY 1,146 million (Apr-Jun 2024: JPY 1,123 million)
・Amortization for Apr-Jun 2025: JPY 3 million (Apr-Jun 2024: JPY 38 million)

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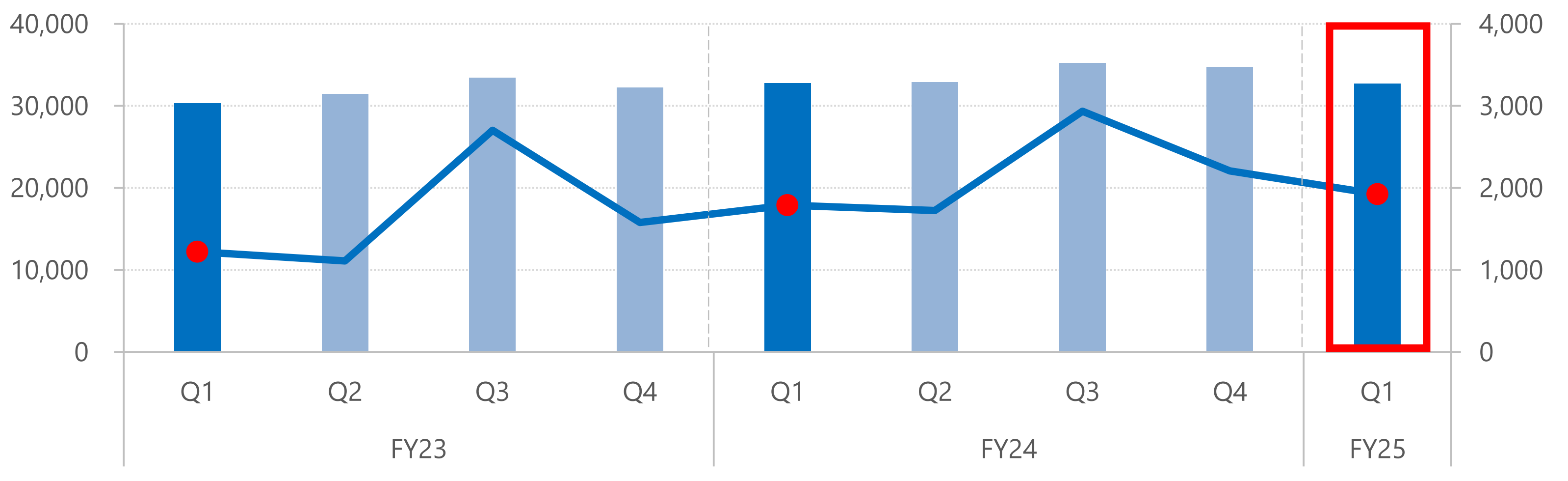
Auto-ID Solutions Business (Consolidated)

Apr-Jun

Quarterly Sales and Operating Income (Figures exclude the Russian subsidiaries)



	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1
Sales	30,301	31,455	33,433	32,257	32,770	32,918	35,238	34,786	32,740
YoY	+1.6%	-1.7%	+2.6%	+4.9%	+8.1%	+4.7%	+5.4%	+7.8%	-0.1%
OI	1,222	1,110	2,704	1,577	1,789	1,724	2,935	2,209	1,922
YoY	2.0x	-45.1%	+40.9%	2.1x	+46.5%	+55.2%	+8.5%	+40.0%	+7.4%

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SATO terminologies (1/4)

(*) Underlined terms are described under its own heading

	SATO's unique business concepts/initiatives	Description*
1	**Auto-ID Solutions business**	Our business that carries out DCS & Labeling. 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 Base and the Primary label businesses.
2	**DCS & Labeling** (DCS: Data Collection Systems)	SATO's business model that incorporates auto-ID technology (such as barcodes and RFID) with barcode printers and labels/labeling services to (a) systematically collect data on people and things at business sites and (b) offer tagging/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 tagging variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
4	**Primary label business**	Overseas business of tagging fixed information via product labels and other media. This business operates from SATO Group companies; Achernar (Argentina), Prakolar (Brazil), Okil (Russia), X-Pack (Russia) and Hirch (Vietnam).
5	**Tagging**	The process of physically attaching to something data that identifies and/or provide status information. 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 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, consumables, 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	**Perfect and Unique Tagging** (PUT)	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 faced by society as a whole.

SATO terminologies (2/4)

	SATO's 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 and technologies	Description
1	**Auto-ID solutions**	Combination of products such as printers, labels, software and maintenance services using auto-ID technologies to carry out DCS & Labeling. 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 consumables, including hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services. They generate higher gross profit margin than consumables. Printers are manufactured in Malaysia, Vietnam and Taiwan.
3	**Consumables**	"Consumable" products such as variable information labels, RFID tags, primary labels (product labels) and ribbons. They generate lower gross profit margin than mechatronics 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 Could)	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 RFID 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. X-Pack 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 Primary Labels business, owned 60% by SATO.

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