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Company Name: SATO Corporation
Representative: Hiroyuki Konuma, President and Group CEO
Securities Code: 6287 (Prime Market, Tokyo Stock Exchange)
URL: www.sato-global.com
Inquiries: Osamu Masuko, Vice President and CFO
Telephone: +81-3-6628-2423

Notice Regarding an Update to the Medium-term Management Plan (FY 2024–2028)

SATO Corporation (“the Company”) announces an update to its Medium-term Management Plan (“MTMP”), which was first disclosed in March 2024. This update reflects progress to date and changes in the business environment, as outlined below.

1. Background to the Update

Under the MTMP, the Company positioned FY 2024–2025 as the profit recovery phase and FY 2026–2028 as the phase to resume growth investments. It has been working to enhance the profitability of its core business and realize the Perfect and Unique Tagging (PUT) concept. While profitability improvement is progressing in line with the MTMP, strengthening the management foundations required for global operations, such as geopolitical risk management and cybersecurity, has become increasingly important.

PUT is the Company’s concept that frames an approach to acquiring and utilizing unique information through tagging technologies that physically link IDs, locations, and other data to items or people at customer sites and transfer this information to upstream systems. The Company has been pursuing its commercialization in focused business domains, including blood supply chain management and the circular economy, through partnerships and product development. PUT is taking shape as a driver of future growth.

In light of these developments, the Company has updated the MTMP in order to better position itself for future growth toward the realization of its 2030 Vision.

2. Key Updates

(1) Clarification of the strategic portfolio (Identification of priorities)

The Company aims to strengthen the revenue base of its core businesses and clarify strategic focuses within its focused business domains as growth drivers toward 2030. Through this clarification, the Company will optimize the allocation of management resources according to the role of each business and establish a foundation for sustainable growth.

(2) Management targets for FY 2028

As part of this update, the Company has set new management targets for FY 2028. The Company targets sales of JPY 186 billion, operating income of JPY 15.7 billion, ROIC of 9.4%, ROE of 10.2%, and P/B ratio of 1.0 or higher as early

as possible.

(3) Updates on focused business domains and progress in PUT-related businesses

In this update, the new fields presented in MTMP disclosed in March 2024 are classified as focused business domains. This classification is used for explanatory purposes within this MTMP and does not affect the Company's business structure, including the auto-ID solutions business and the Japan and overseas classification.

In the focused business domains, in addition to blood supply chain management and the circular economy, the Company has added smart packaging as a strategic focus. Preparations toward commercialization and the development of use cases are progressing for new strategic focuses. In blood supply chain management, the Company aims to reach JPY 10 billion in sales by FY 2030 and is advancing initiatives, including partnerships.

(4) Update to capital allocation policy

The Company expects to generate approximately JPY 70 billion in cash during FY2025–2028. During this period, the Company will prioritize investments for business growth while maintaining its progressive dividend policy. After funding business investments, the Company will provide for shareholder returns. At present, the Company expects to allocate approximately 70% to business investment and 20% to shareholder returns.

Based on these updates, the Company will work to achieve its FY 2028 targets by strengthening the revenue base of its core business and advancing commercialization of new solutions in the focused business domains, while improving capital efficiency with a focus on ROIC.

For further details, please refer to the attached document, "Medium-term Management Plan (FY2024–2028) Update Presentation Materials."

For further details, please refer to the following page on our website.

URL: <https://www.sato-global.com/ir/event/others-session/>

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