August 8, 2024

SATO HOLDINGS CORPORATION

Q1 FY2024 Financial Results

(Three Months Ended June 30, 2024)

Securities Code: 6287.T

Apr-Jun 2024 Results

Measures to Implement Management that is Conscious of Cost of Capital and Stock Price

Apr-Jun 2024 Results

Measures to Implement Management that is Conscious of Cost of Capital and Stock Price

Summary

Apr-Jun Results

- **Consolidated sales and OI increased year-on-year.**
  Both sales and OI reached record highs for the first quarter.

- **Sales and OI increased in all overseas and Japan business segments.**
  - ✓ Overseas Base business: Sales and OI increased
  - ✓ Overseas Primary Labels business: Sales and OI increased
  - ✓ Japan business: Sales and OI increased

- **Sales and OI exceeded plans overseas but fell short in Japan.**
  - ✓ Base businesses in Asia and Oceania and Primary business lead solid performance overseas.
  - ✓ In Japan, mechatronics sales recovered but fell short of plan overall.

Sales and OI by Business Segment

(Millions of JPY)

			FY23	FY24	YoY	In local currencies
Consolidated		**Total Sales**	**33,989**	**37,674**	**+10.8%**	**+10.0%**
		Operating Income	**2,160**	**2,864**	**+32.6%**	**+49.8%**
Overseas	Base	Total Sales	11,776	13,355	+13.4%	+4.0%
		Operating Income	1,003	1,277	+27.3%	+21.5%
	Primary Labels	Total Sales	4,676	5,966	+27.6%	+45.2%
		Operating Income	1,118	1,301	+16.4%	+52.8%
	Eliminations	Operating Income	47	7	-84.9%	-84.9%
	Total	Total Sales	16,452	19,321	+17.4%	+15.7%
		Operating Income	2,169	2,586	+19.2%	+35.3%
Japan		Total Sales	17,536	18,353	+4.7%	+4.7%
		Operating Income	-210	186	-	-
Eliminations		Operating Income	201	92	-54.1%	-54.1%

Consolidated Results

(Millions of JPY)

	FY23	FY24	Change	YoY
Net Sales	33,989	37,674	+3,685	+10.8%
Operating Income	2,160	2,864	+704	+32.6%
Operating Income %	6.4%	7.6%	+1.2pt	-
Ordinary Income	2,071	2,411	+339	+16.4%
Profit attributable to owners of parent	1,304	1,197	-107	-8.2%
Effective Tax Rate	29.4%	41.0%	+11.6pt	-
EBITDA*	3,389	4,174	+785	+23.2%

FX sensitivity for FY24: JPY +503 mil in sales and JPY +19 mil in OI for +1 JPY against USD and assuming all others move by the same ratio

Average FX for Apr-Jun 2024: JPY 155.85/USD, JPY 167.84/EUR (Apr-Jun 2023: JPY 137.49/USD, JPY 149.58/EUR)

* EBITDA = Operating Income + Depreciation + Amortization
  - Depreciation for Apr-Jun 2024: JPY 1,270 million (Apr-Jun 2023: JPY 1,191 million)
  - Amortization for Apr-Jun 2024: JPY 38 million (Apr-Jun 2023: JPY 37 million)

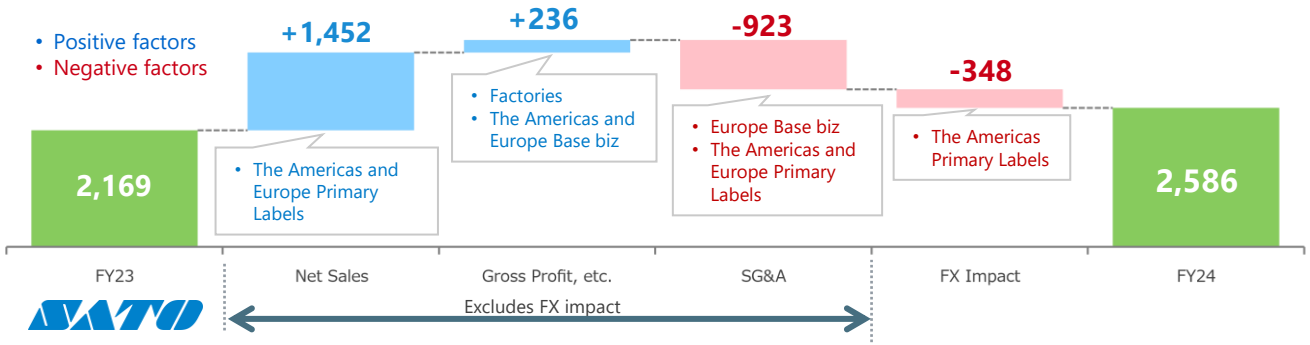
Overview

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Base business Total Sales	11,776	13,355	+1,578	+13.4%	+4.0%
Primary Lablels business Total Sales	4,676	5,966	+1,290	+27.6%	+45.2%
Total Sales	**16,452**	**19,321**	**+2,868**	**+17.4%**	**+15.7%**
Gross Profit	6,385	7,964	+1,579	+24.7%	-
Gross Profit %	38.8%	41.2%	+2.4pt	-	-
Base business Operating Income	1,003	1,277	+273	+27.3%	+21.5%
Primary Lablels business Operating Income	1,118	1,301	+183	+16.4%	+52.8%
Elimination Operating Income	47	7	-40	-84.9%	-84.9%
Operating Income	2,169	2,586	+417	+19.2%	+35.3%
Operating Income %	13.2%	13.4%	+0.2pt	-	-

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

Major Gains/Losses in OI



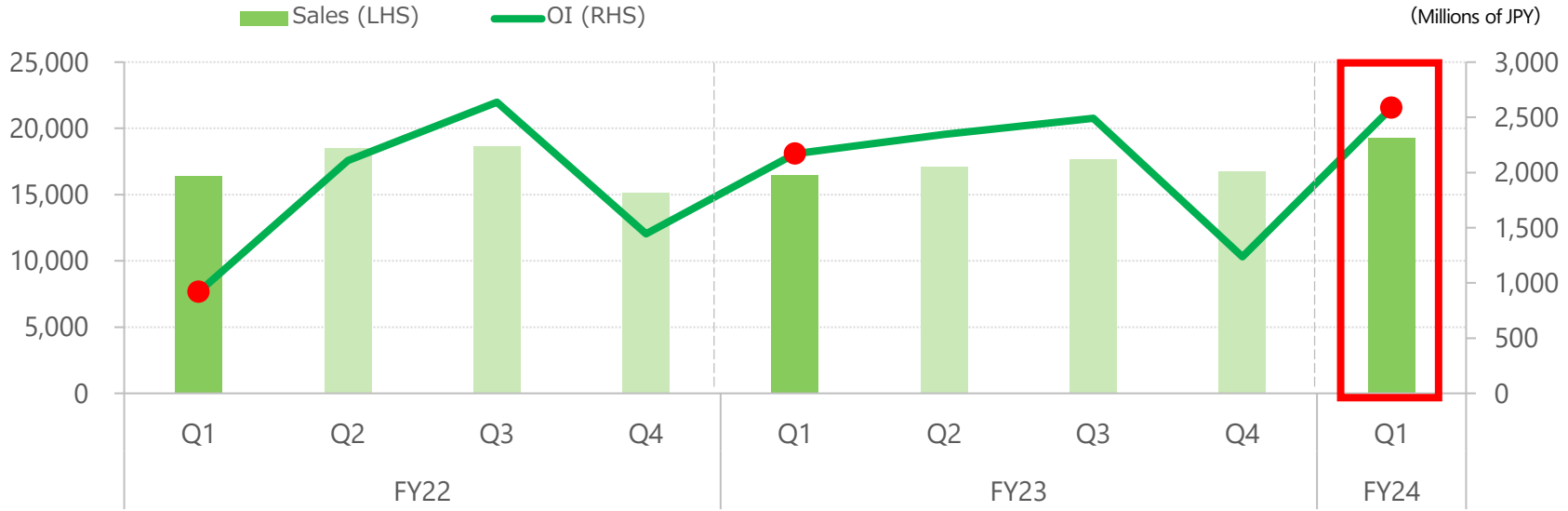
Sales

- **Base business increased driven by Asia and Oceania.**
- **Primary business increased owing to steady performance overall.**

OI

- **Base business increased due to improvement in factory earnings amid printer inventory reduction at distributors.**
- **Increased sales of high value-added products in the Primary business contributed to its OI growth.**

Quarterly Sales & OI



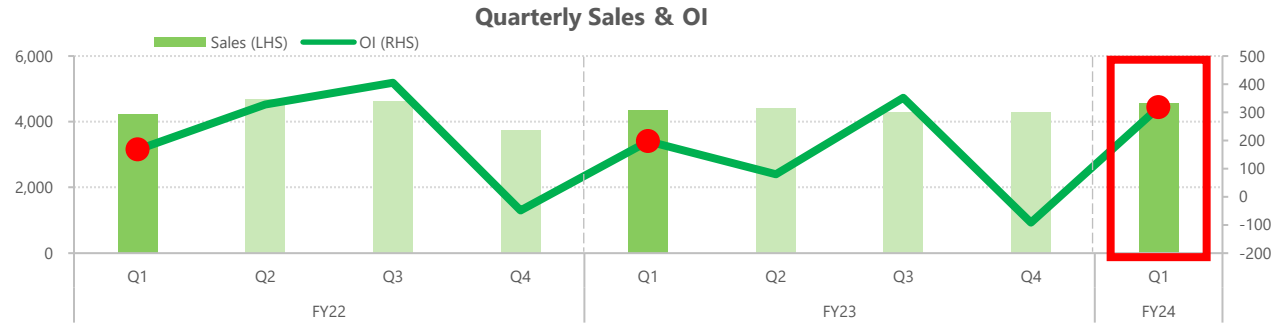
Sales	16,394	18,483	18,626	15,153	16,452	17,104	17,648	16,725	19,321
YoY	+26.8%	+49.6%	+35.1%	+12.9%	+0.4%	-7.5%	-5.3%	+10.4%	+17.4%
OI	919	2,109	2,637	1,445	2,169	2,346	2,490	1,238	2,586
YoY	-21.8%	3.0x	2.4x	+44.0%	2.4x	+11.2%	-5.6%	-14.3%	+19.2%

The Americas Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	4,353	4,568	+214	+4.9%	-0.8%
Operting Income	197	318	+120	+61.3%	+77.0%

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



Sales	4,214	4,694	4,626	3,731	4,353	4,412	4,293	4,274	4,568
YoY	+21.8%	+58.1%	+30.2%	+8.0%	+3.3%	-6.0%	-7.2%	+14.6%	+4.9%
OI	168	328	405	-49	197	80	352	-92	318
YoY	-32.9%	87.3x	+81.1%	-	+17.0%	-75.5%	-13.1%	-	+61.3%

Sales

- Sales increased due to positive FX impact and solutions capturing retail market demand, despite adverse economic conditions in U.S.

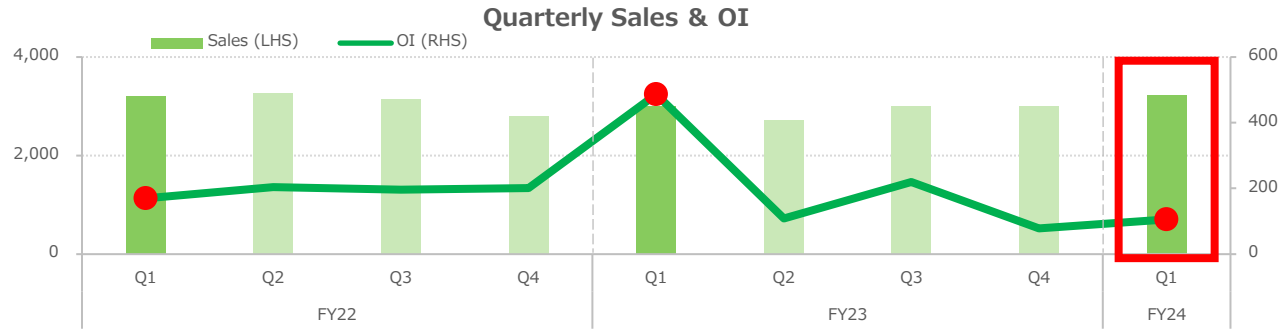
OI

- Profit increased mainly due to reversal of allowance for doubtful accounts in U.S.

Europe Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	2,991	3,221	+230	+7.7%	-4.7%
Operting Income	487	105	-381	-78.3%	-81.2%



Sales	3,195	3,268	3,149	2,789	2,991	2,714	3,008	2,999	3,221
YoY	+16.3%	+36.6%	+13.0%	+1.5%	-6.4%	-16.9%	-4.5%	+7.5%	+7.7%
OI	170	204	196	201	487	108	219	78	105
YoY	+46.9%	10.0x	-0.5%	+71.1%	2.9x	-47.1%	+11.2%	-60.9%	-78.3%

Sales

- Sales increased due to recovery in business with distributors as inventory adjustments ran their course and to positive FX impact.
- Sales increased helped by large scale UK orders in the retail and food markets.

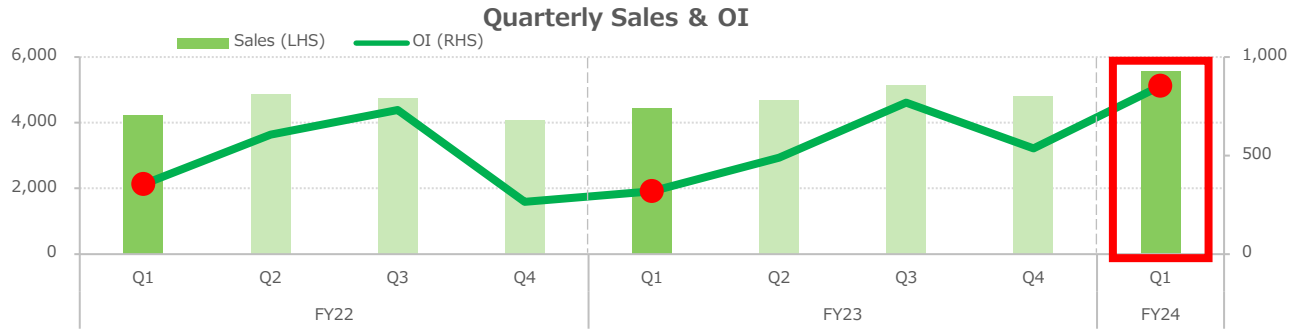
OI

- OI decreased as one-off adjustment of UK pension buy-out booked last year disappeared.
- OI fell despite curbing SG&A due to sluggish sales in Germany and France amid economic downturn.

Asia/Oceania Base business

(Millions of JPY)

	FY23	FY24	Change	YoY	In local currencies
Total Sales	4,431	5,564	+1,133	+25.6%	+14.5%
Operting Income	318	853	+534	2.7x	2.4x



Sales	4,227	4,870	4,733	4,085	4,431	4,679	5,120	4,790	5,564
YoY	+12.0%	+21.9%	+12.9%	+3.5%	+4.8%	-3.9%	+8.2%	+17.3%	+25.6%
OI	354	607	732	265	318	490	769	537	853
YoY	-32.6%	+43.7%	+53.2%	+30.2%	-10.0%	-19.3%	+4.9%	2.0x	2.7x

Sales

- Large scale RFID projects in Australia contributed to the strong performance.
- Sales increased due to recovery in China and solid demand at Argox in Taiwan.

OI

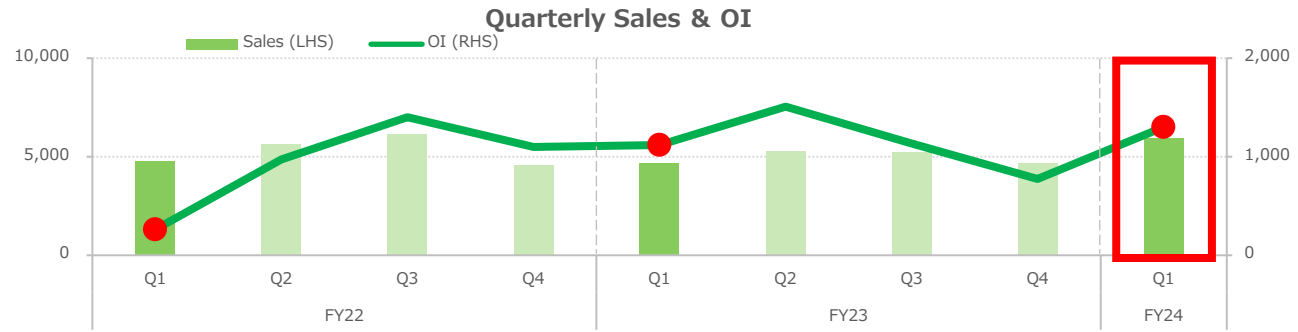
- OI increased as profitability of factories and Argox improved due to reduced printer inventory at distributors.
- The above-mentioned projects in Australia contributed to the OI increase.

Primary Labels business

(Millions of JPY)

		FY23	FY24	Change	YoY	In local currencies
The Americas Achernar (Argetina) Plakorar (Brazil)	Total Sales	924	960	+36	+3.9%	2.0x
	Operating Income	228	255	+27	+12.0%	3.0x
Europe Okil/ X-pack (Russian)	Total Sales	3,687	4,904	+1,217	+33.0%	+31.5%
	Operating Income	884	1,028	+143	+16.2%	+14.8%
Asia/Oceania Hirich (Vietnam)	Total Sales	64	101	+36	+57.2%	+42.2%
	Operating Income	5	17	+12	3.2x	2.9x
Total Sales	Total Sales	4,676	5,966	+1,290	+27.6%	+45.2%
	Operating Income	1,118	1,301	+183	+16.4%	+52.8%

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



Sales	4,757	5,649	6,117	4,546	4,676	5,297	5,226	4,661	5,966
YoY	+61.3%	+88.6%	+88.0%	+39.0%	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%
OI	262	972	1,402	1,100	1,118	1,509	1,136	775	1,301
YoY	-1.9%	4.4x	7.5x	2.0x	4.3x	+55.2%	-18.9%	-29.5%	+16.4%

Sales

- Demand for daily necessities remained firm in both the Americas and Europe.
- Sales increased on back of continued contribution from high value-added products in Europe.

OI

- OI increased thanks to increased sales of high value-added products offsetting increase in operating expenses behind intensified competition in Europe.

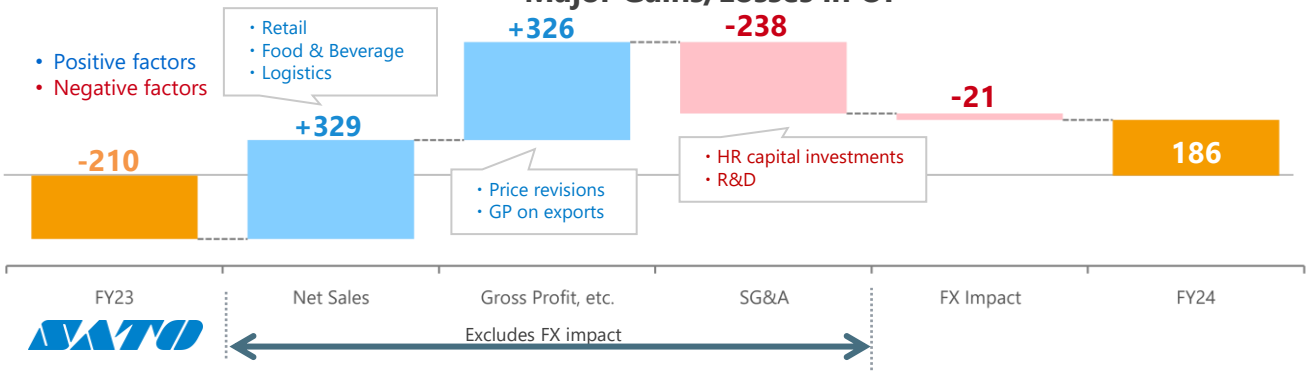
Overview

(Millions of JPY)

	FY23	FY24	Change	YoY
Mechatronics Sales	6,393	6,847	+453	+7.1%
Consumables Sales	11,142	11,505	+363	+3.3%
Total Sales	**17,536**	**18,353**	**+817**	**+4.7%**
Gross Profit	7,493	8,127	+634	+8.5%
Gross Profit %	42.7%	44.3%	+1.6pt	-
Operating Income	**-210**	**186**	**+396**	**-**
Operating Income %	-	1.0%	-	-

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



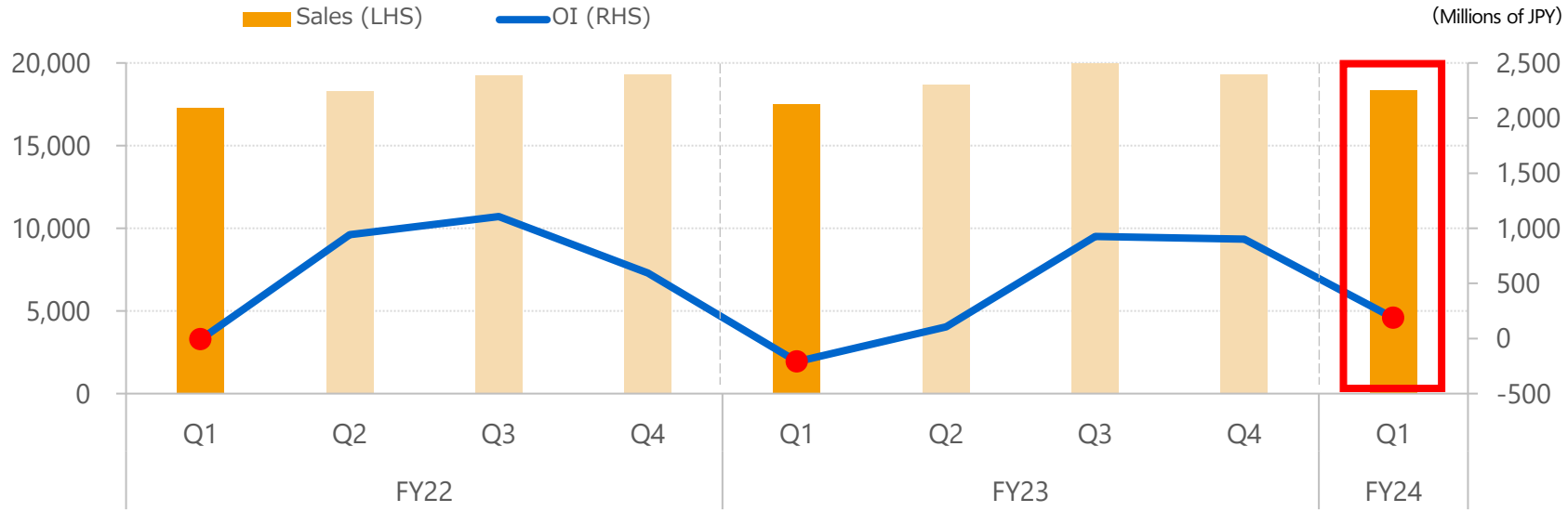
Sales

- **Mechatronics: Sales Increased as solutions captured demand related to the "2024 logistics issue" (shortage of truck drivers).**
- **Consumables: Sales increased with price revisions and RFID solutions.**

OI

- **OI grew due to the above-mentioned increase in sales, price revisions and increase in printer exports, offsetting higher SG&A expenses.**

Quarterly Sales & OI

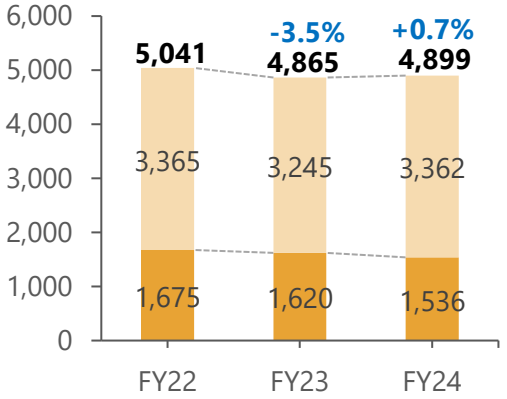
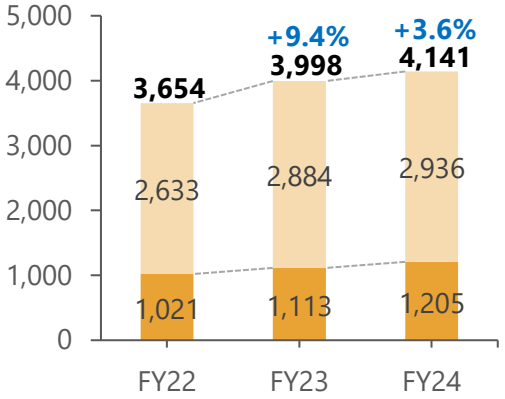
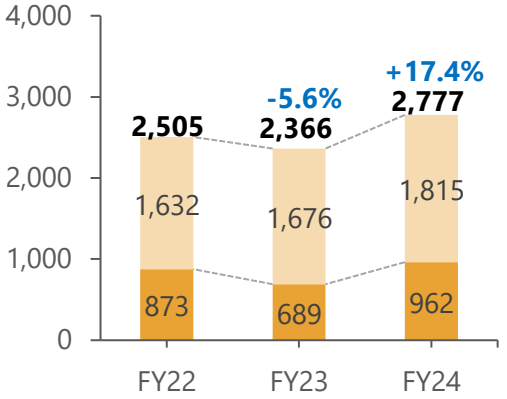


Sales	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305	18,353
YoY	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%
OI	-8	941	1,108	594	-210	106	927	901	186
YoY	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%	-

Sales by Vertical 1/2 * 1

■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

	Manufacturing	Logistics * 2	Retail
Net Sales			
Business environment	Semiconductor production recovered due to increased demand for generative AI applications. Investments in efficiency improvements rose with the acceleration of DX (Digital Transformation) to combat serious labor shortage.	Due to the increased flow of goods driven by brisk e-commerce and inbound tourism, overall demand was strong. In addition to labor shortages and the shift to DX, the '2024 logistics issue' (shortage of truck drivers) continued to drive demand.	Supermarkets continued their in-store investments to enhance DX and efficiency. Capex in e-commerce recovered.
SATO	Consumables sales increased in the electronic component and chemical industries, linked to the semiconductor recovery. Sales of mechatronics decreased due to the absence of large-scale automation projects booked last year, despite the recovery in semiconductor production.	Sales of consumables increased overall due to price revisions and higher volumes. Mechatronics sales increased due to large-scale projects that addressed the '2024 logistics issue'.	Sales of consumables increased, driven by the recovery in merchandise retailing. Mechatronics sales increased due to large-scale e-commerce projects and DX investments in supermarkets.

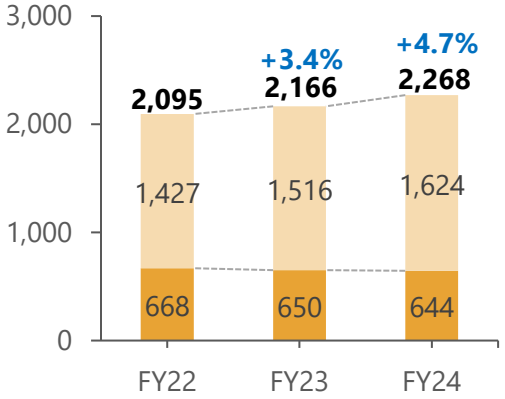
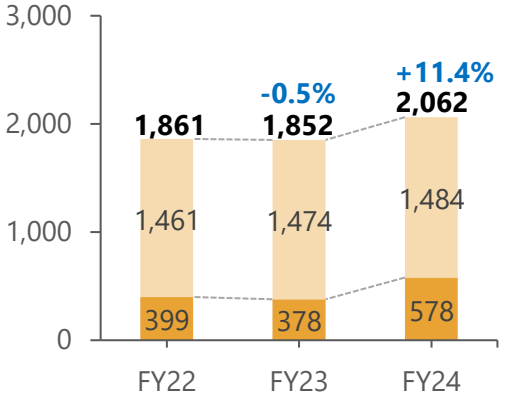
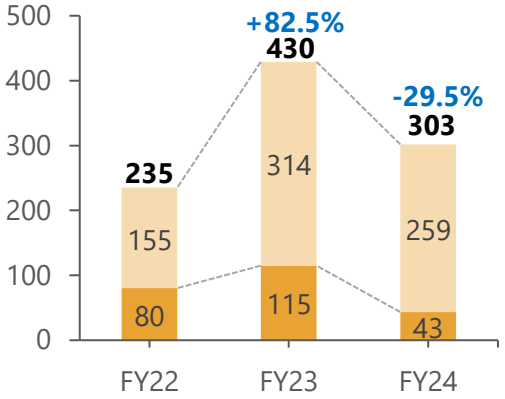
* 1 From Q1 FY24, sales of maintenance services have been partially included in Mechatronics. The graphs retroactively reflect the change.

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

Sales by Vertical 2/2 * 1

■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

	Health Care	Food & Beverage	Public * 2
Net Sales			
Business environment	Investment in RFID to improve administrative efficiency and combat labor shortages continued. Overall demand remained firm.	Demand for automation, RFID, and traceability continued in response to higher raw material costs and labor shortages.	The overall business environment remained stable.
SATO	Sales of consumables increased due price revisions and demand for RFID solutions. In mechatronics, the increase in capex following COVID leveled off.	Sales of consumables were flat. Mechatronics sales increased significantly due to large-lot orders for traceability and food labeling in the food manufacturing industry.	Sales of both consumables and mechatronics decreased due to the absence of large-scale projects during the same period of the previous fiscal year.

* 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.

RFID and Automation Sales

Apr-Jun

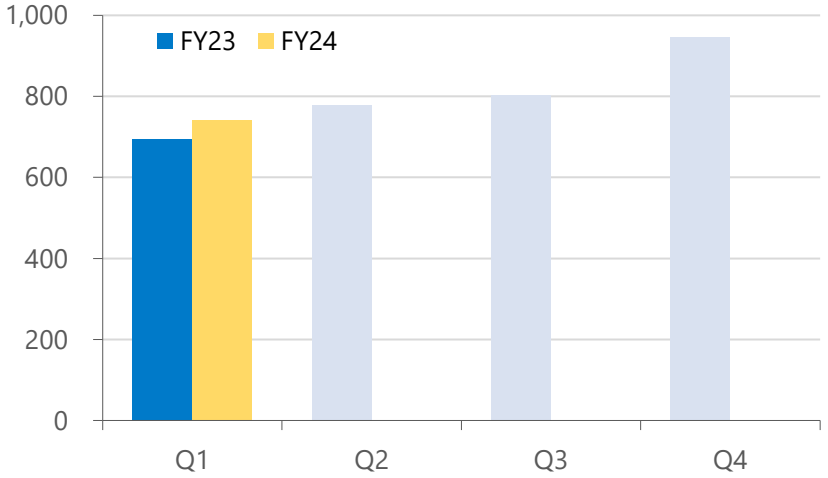
Both solutions continued to perform steadily, driven by robust DX demand and labor shortage. The RFID growth was led by healthcare. Despite increased sales for healthcare, automation declined overall due to drop off in large-scale projects seen last year.

(Millions of JPY)

RFID



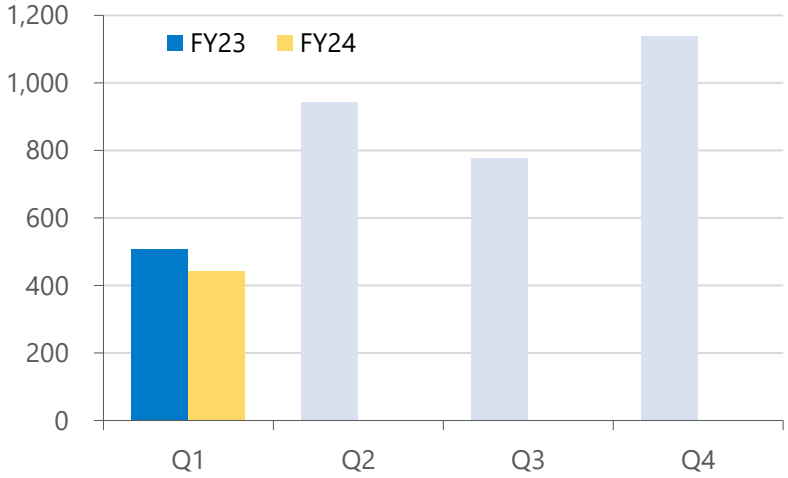
Q1 FY24: **+6.8%** YoY



Automation*



Q1 FY24: **-13.0** YoY



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

RFID and Automation Sales

Apr-Jun

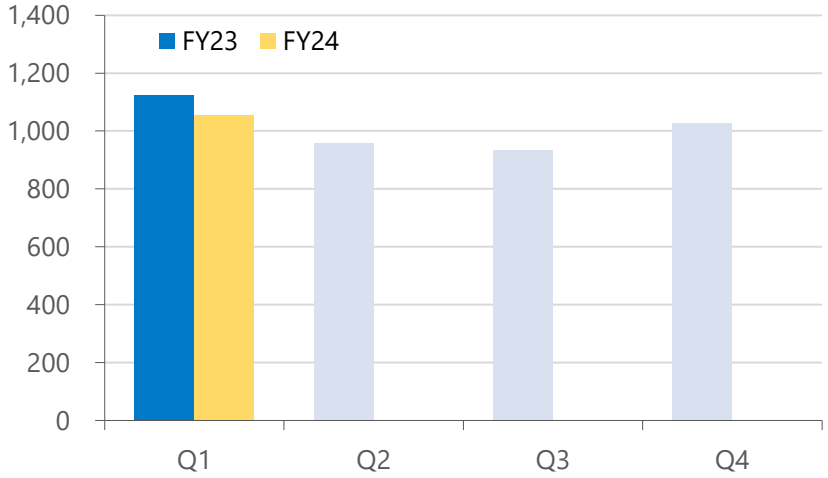
Both solutions continued to perform steadily, driven by robust DX demand and labor shortage. Despite growth in manufacturing, RFID declined overall due to drop off in large-scale projects from previous year. Automation decreased for the same reason and due to economic slowdown.

(Millions of JPY)

RFID



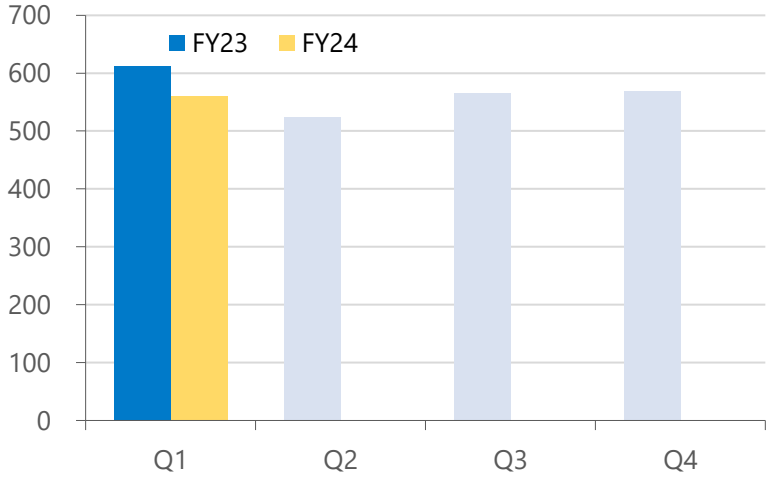
Q1 FY24: **-6.1** YoY



Automation*



Q1 FY24: **-8.5** YoY



* Automation only includes hardware sales.

FY24 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		Full Year	
	Targets	YoY	Targets	YoY	Targets	YoY
Net Sales	73,600	+5.5%	77,400	+5.1%	151,000	+5.3%
Operating Income	4,800	+3.9%	5,600	-2.8%	10,400	+0.2%
Ordinary Income	4,700	+9.1%	5,500	+18.2%	10,200	+13.8%
Profit attributable to owners of parent	2,900	+45.6%	3,500	+122.4%	6,400	+79.5%
<Reference>						
EBITDA*	15,456	←FY23			15,900	+2.9%

* EBITDA = Operating Income + Depreciation + Amortization

FX assumption for FY24: JPY 145/USD, JPY 155/EUR

Average FX for Q1 FY24: JPY 155.85/USD, JPY 167.84/EUR

Average FX for FY23: JPY 144.58/USD, JPY 156.74/EUR

Apr-Jun 2024 Results

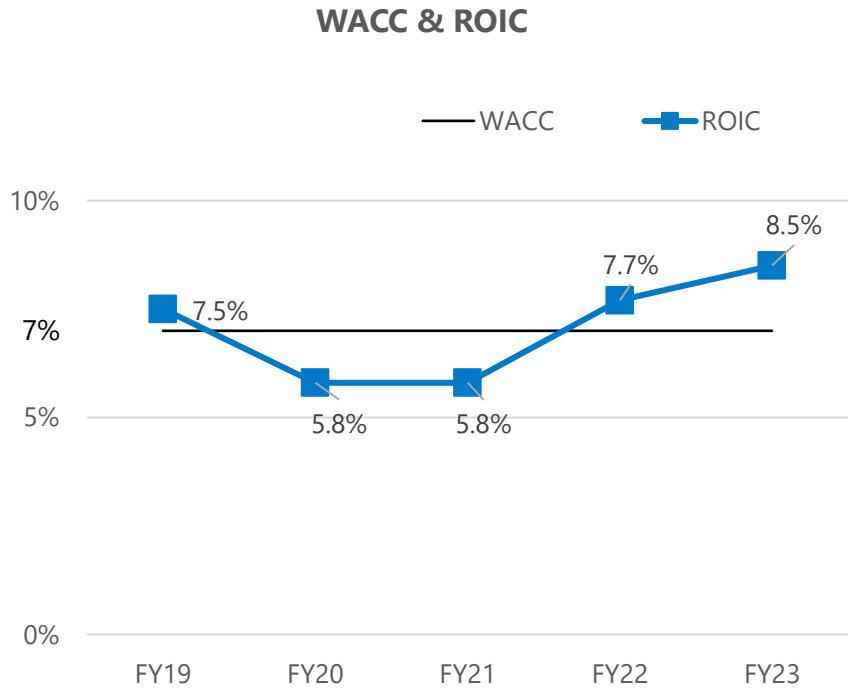
Measures to Implement Management that is Conscious of Cost of Capital and Stock Price

Our WACC is estimated at 7%.
Current ROIC exceeds WACC.

WACC= 7 % (incl. premium)

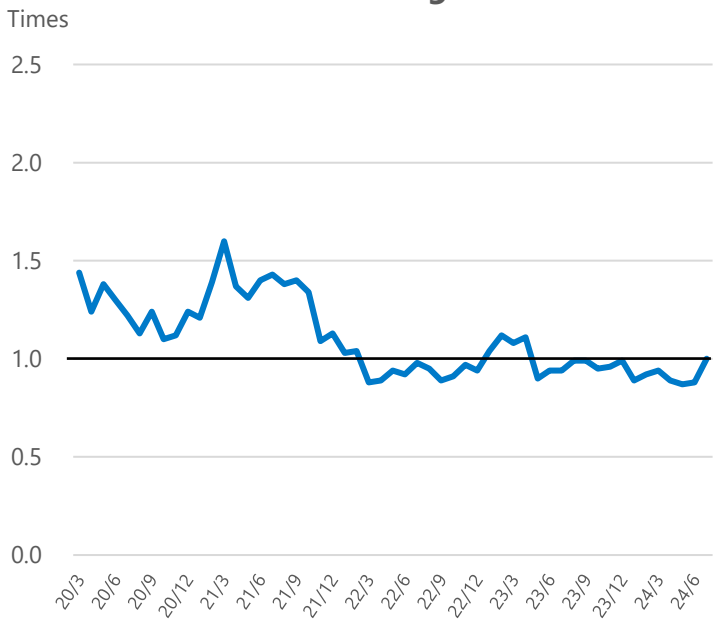
- Cost of equity is assumed with reference to CAPM.
- Hurdle rates are set individually by currency and country, depending on respective risks.

(e.g., JPY: 7%, USD: 8%, EUR: 7%)

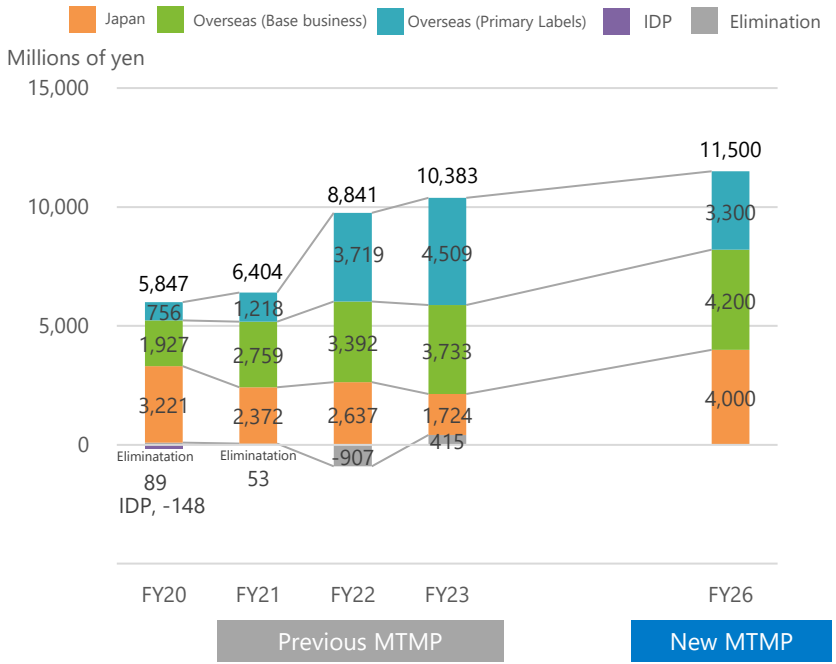


Current ROIC exceeds WACC, but P/B ratio is hovering around 1.0x, due to stagnation in the Japan business, which should be a stable income source, and increased composition of the highly volatile overseas Primary Labels business.

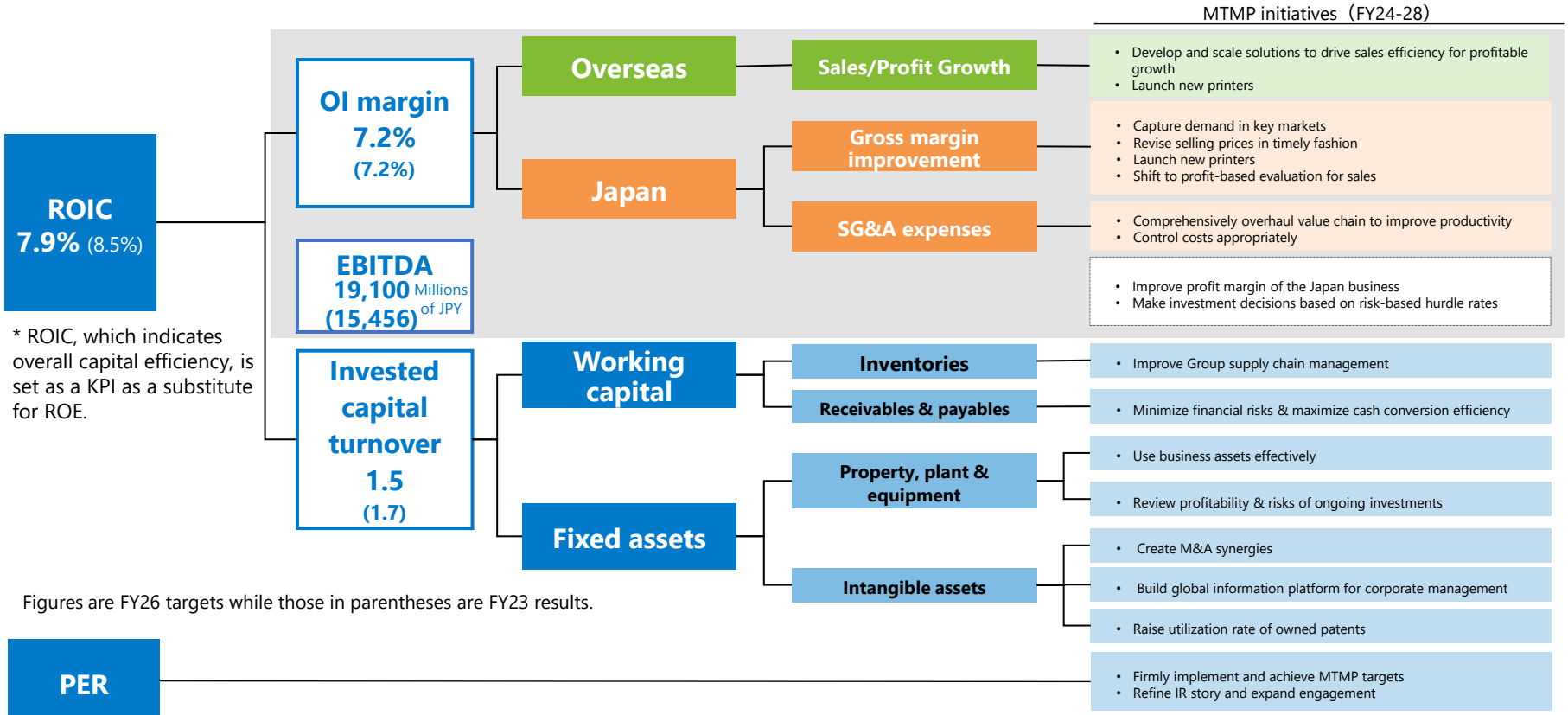
P/B ratio Change



Operating Income by Business Segment



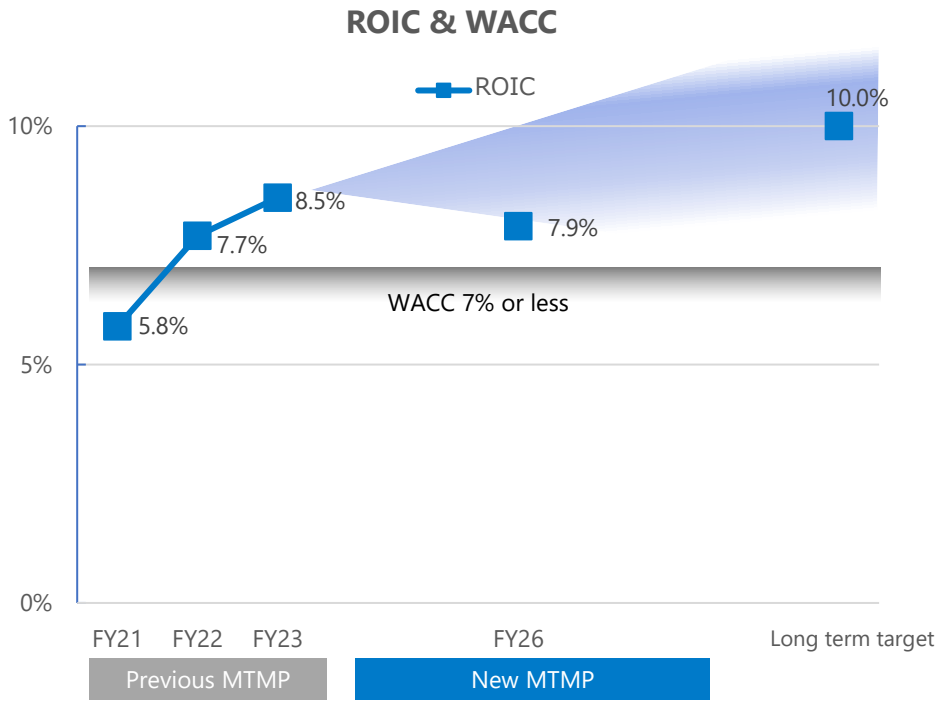
P/B ratio=ROE x PER. ROIC tree with improvement measures by component

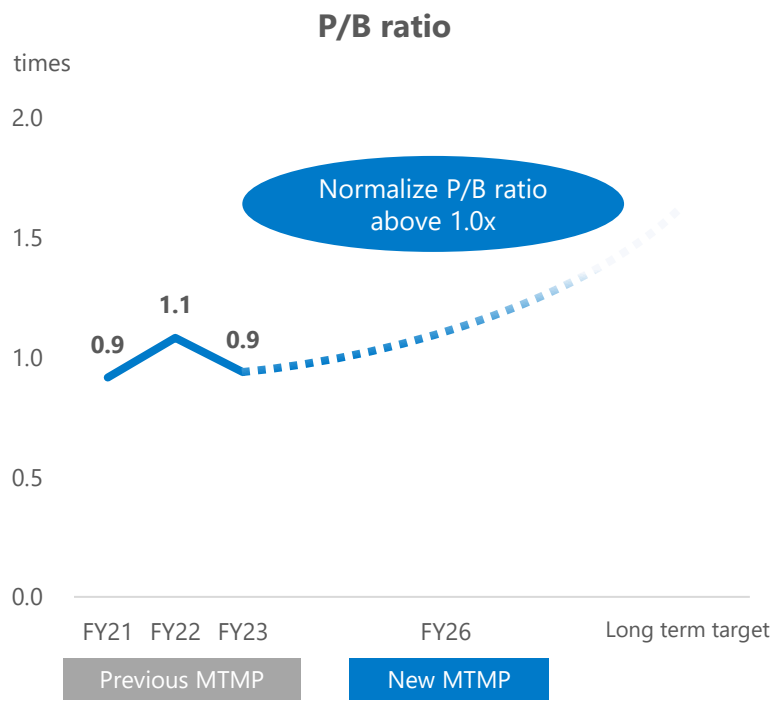


* ROIC, which indicates overall capital efficiency, is set as a KPI as a substitute for ROE.

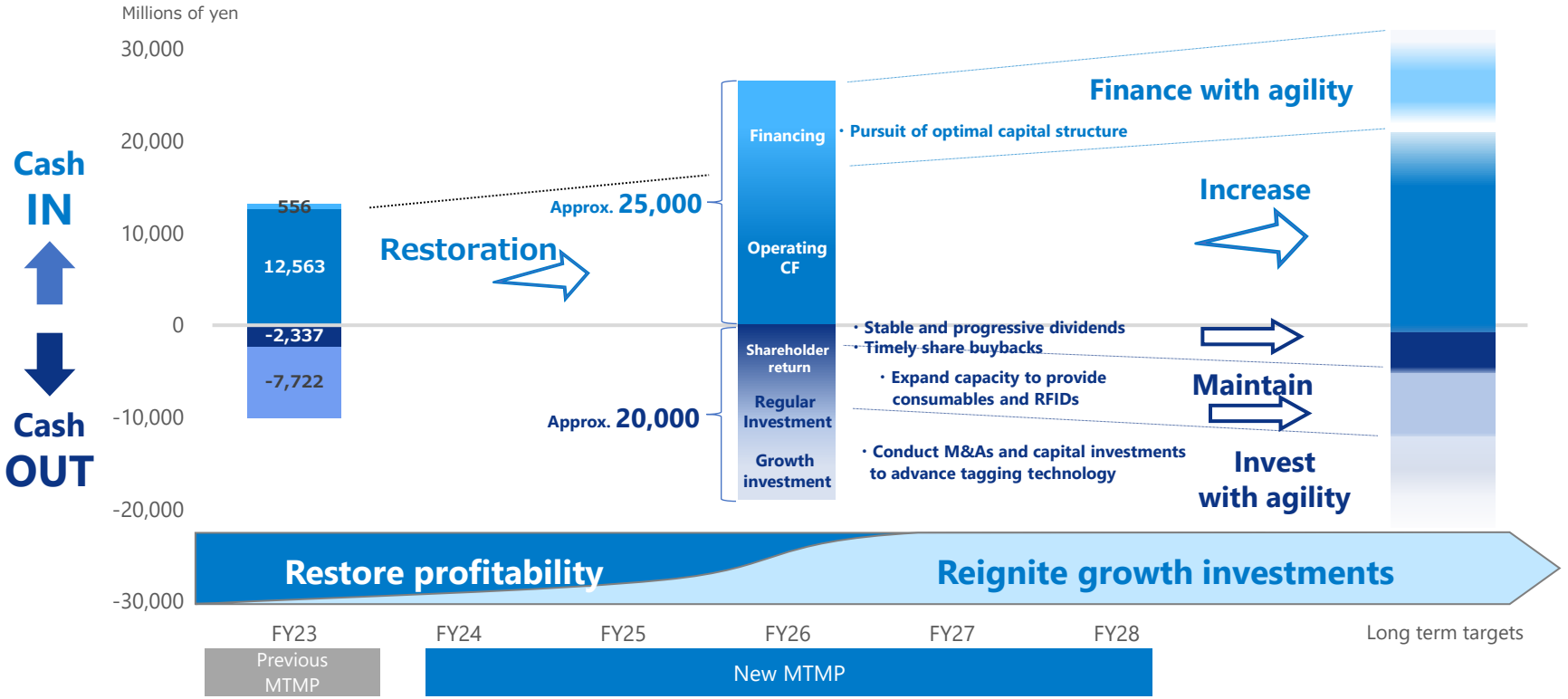
Figures are FY26 targets while those in parentheses are FY23 results.

Expand ROIC spread and normalize P/B ratio above 1.0x





Restore profit-generating capability and make strategic investments to advance tagging
Aim for stable and progressive dividends by increasing corporate value



Appendix

Performance data Pages 27-34

SATO terminologies Pages 35-38

Business Overview by Product

FY23 Consolidated net sales: 143,446M JPY, 100%

Base business

86% of consolidated net sales (Breakdown by region: The Americas 16%, Europe 9%, APAC 14%, Japan 61%)

Mechatronics 38%

Printers



Other Hardware



Software



Services



Consumables 48%

Labels & Tags









Primary Labels

14% of consolidated net sales (Breakdown by region: The Americas 18%, Europe 82%)

Stickers & Primary Labels

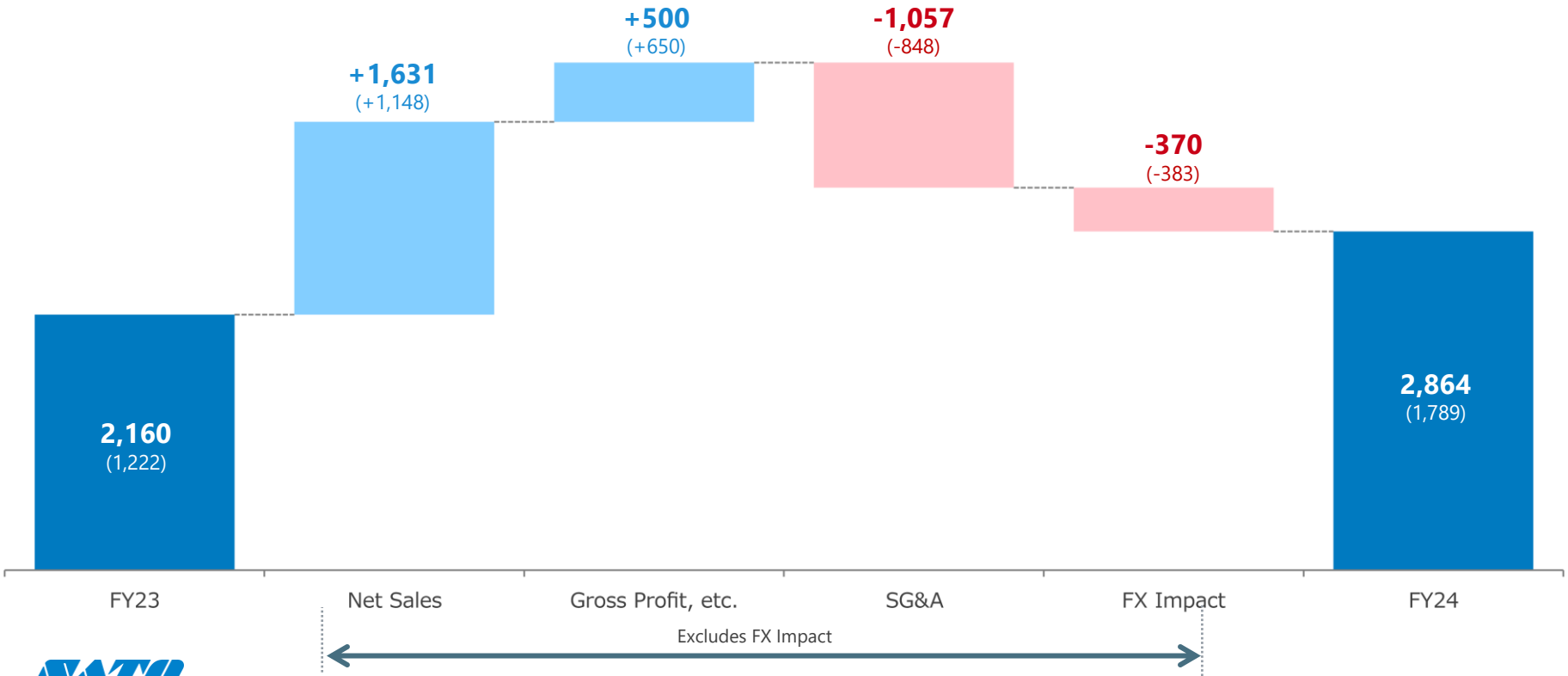






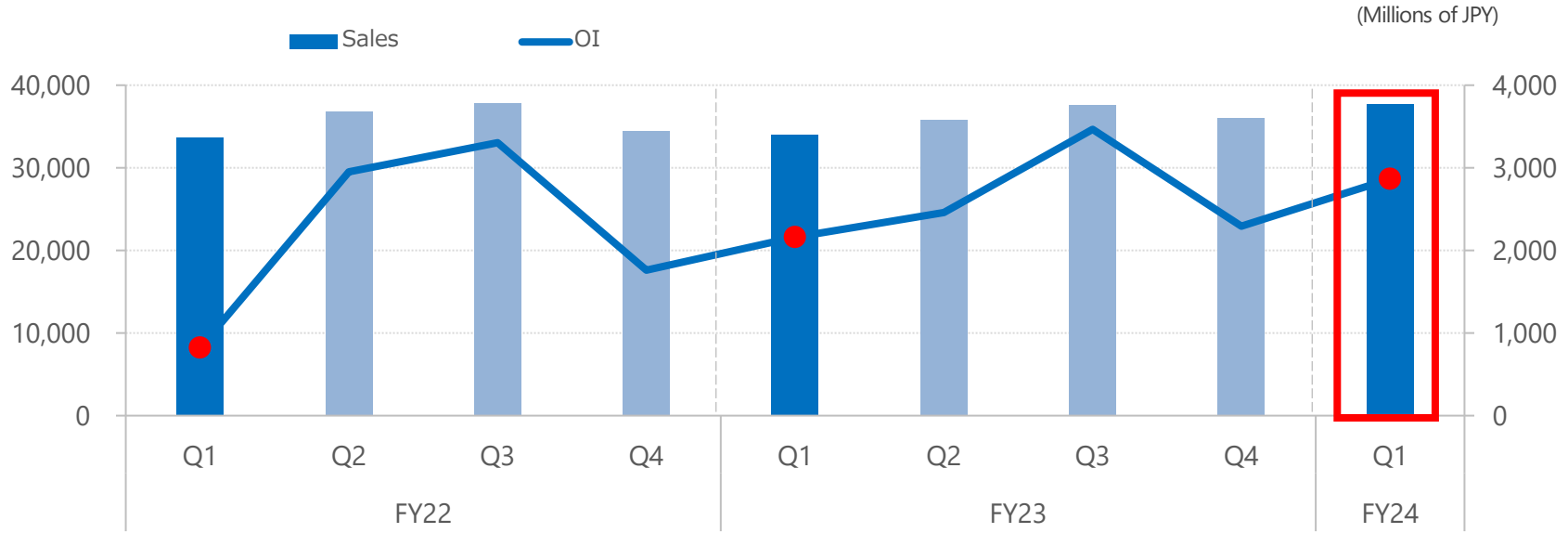
Major Gains/Losses in OI

(Millions of JPY)



* Figures in parentheses exclude the Russian subsidiaries.

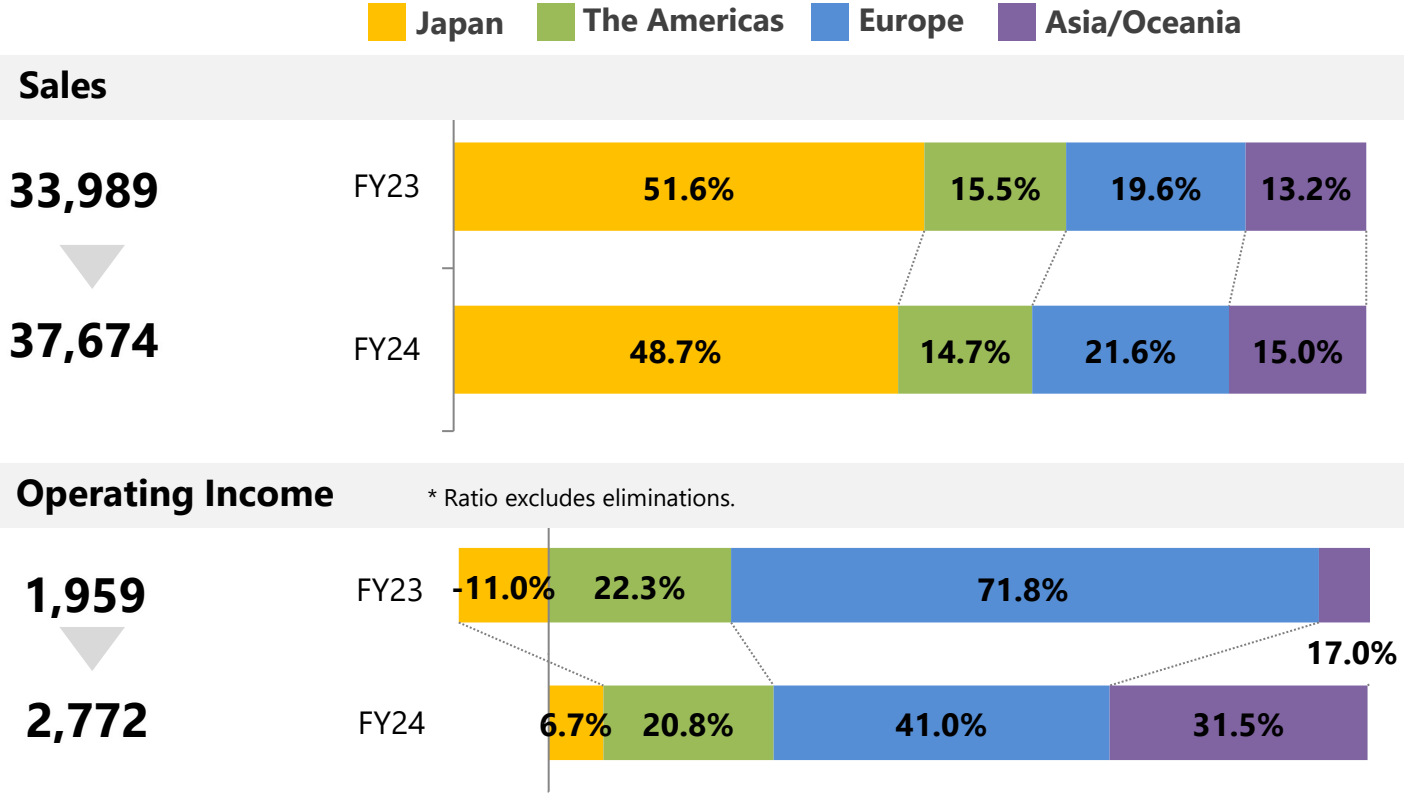
Quarterly Sales & OI



Sales	33,686	36,777	37,871	34,489	33,989	35,797	37,628	36,031	37,674
YoY	+11.6%	+22.2%	+17.9%	+6.5%	+0.9%	-2.7%	-0.6%	+4.5%	+10.8%
OI	824	2,951	3,304	1,760	2,160	2,460	3,467	2,295	2,864
YoY	-51.7%	2.7x	+68.3%	+6.0%	2.6x	-16.6%	+4.9%	+30.4%	+32.6%

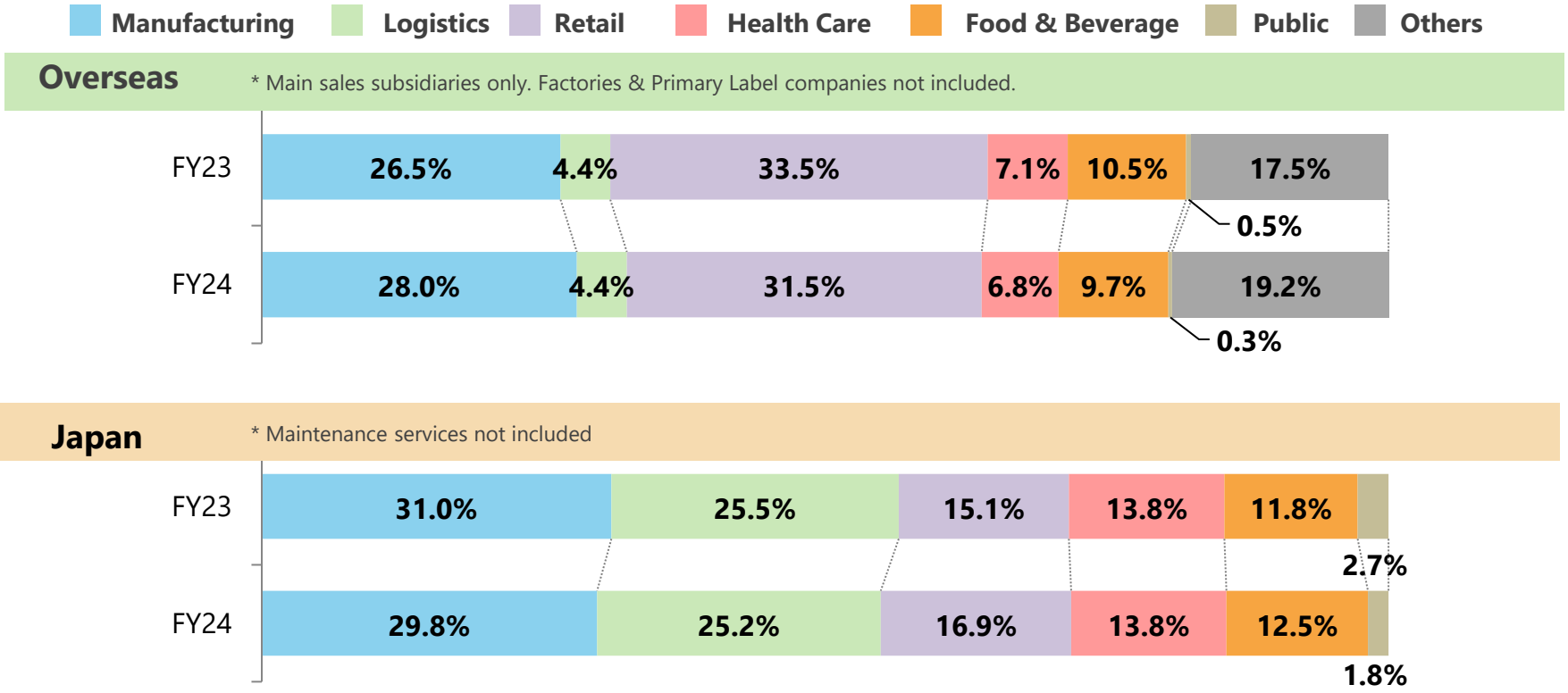
Sales and OI by Region

(Millions of JPY)



OI Ratio FY23 Japan : N/A, Overseas : 13.2%
FY24 Japan : 1.0%, Overseas : 13.4%

Sales by Vertical

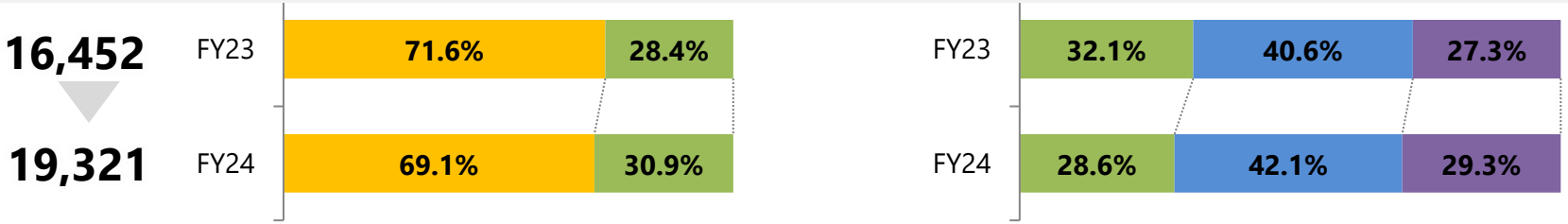


*From Q1 FY23, the classification of some industries has changed from public to logistics in Japan.
The graphs retroactively reflect the change.

Sales and OI by Business Segment/Region

(Millions of JPY)

Sales



Operating Income

* Ratio excludes eliminations.



OI ratio:
FY23 Base business : 8.5%, Primary Labels : 23.9%
FY24 Base business : 9.6%, Primary Labels : 21.8%

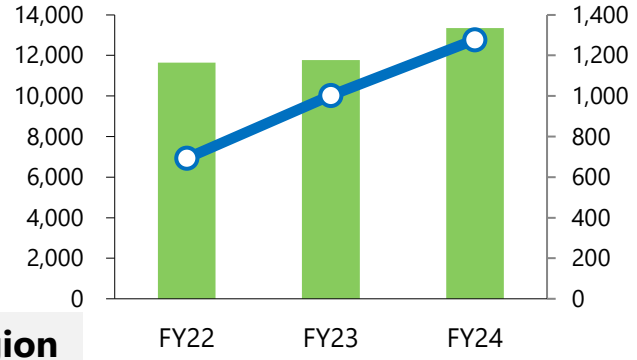
FY23 The Americas : 8.1%, Europe : 20.5%
Asia/Oceania : 7.2%
FY24 The Americas : 10.4%, Europe : 13.9%
Asia/Oceania : 15.4%

Sales and OI Trends by Business Segment and Region

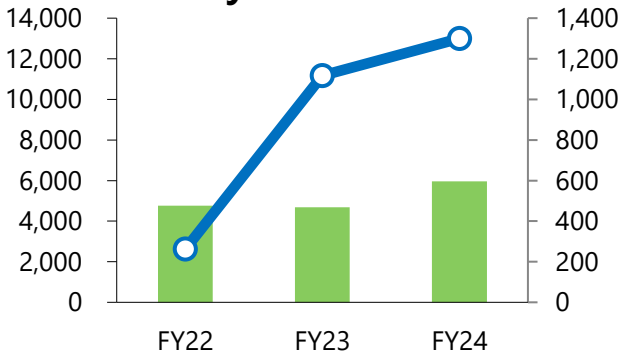
By Business Segment

Sales (LHS) OI (RHS) (Millions of JPY)

Base business

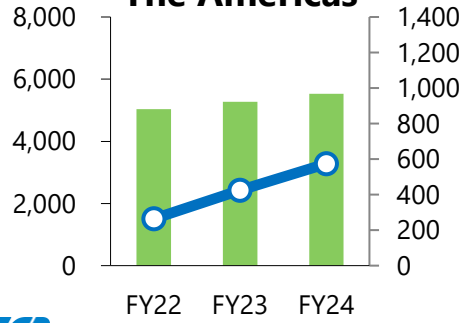


Primary Labels business

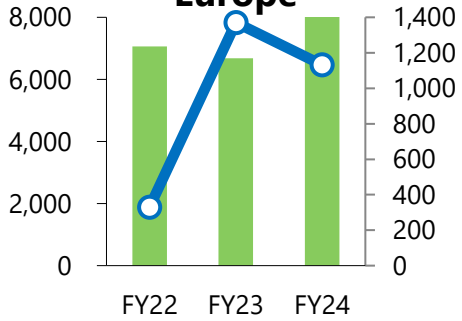


By Region

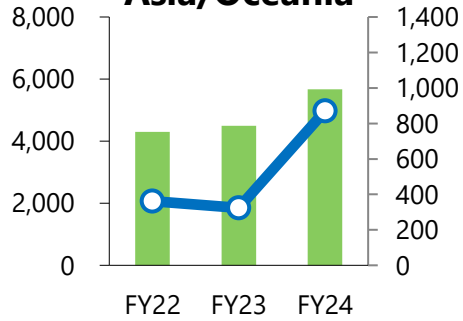
The Americas



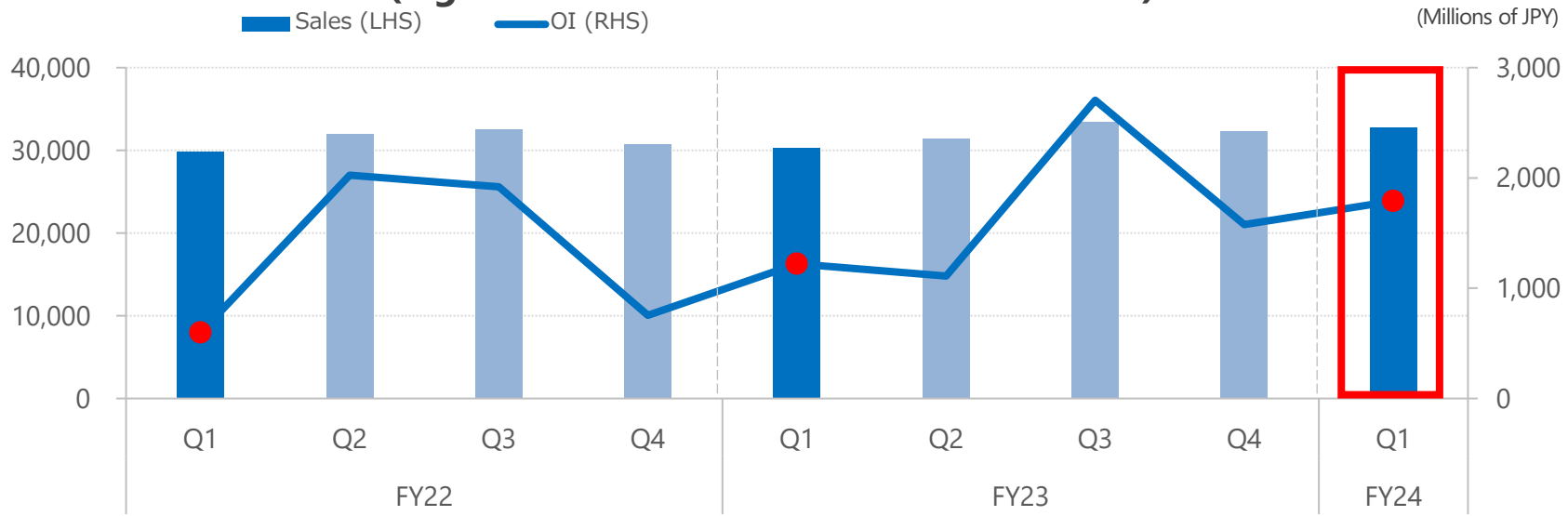
Europe



Asia/Oceania



Quarterly Sales & OI
(Figures exclude the Russian subsidiaries)



Sales	29,818	32,001	32,588	30,748	30,301	31,455	33,433	32,257	32,770
YoY	+6.8%	+15.2%	+10.5%	+2.9%	+1.6%	-1.7%	+2.6%	+4.9%	+8.1%
OI	598	2,024	1,919	755	1,222	1,110	2,704	1,577	1,789
YoY	-60.2%	2.3x	+6.8%	-35.6%	2.0x	-45.1%	+40.9%	2.1x	+46.5%

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 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 Labels 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 Labels 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) and X-Pack (Russia).
5	**Tagging**	The process of physically attaching to something data that identifies and/or locates 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, 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	**PUT** (Perfect and Unique Tagging)	A high-level problem-solving 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 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	**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	**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-mould labels and soft packages in Primary Labels business, owned 60% by SATO Holdings.
2	**SATO Productivity Solutions Mexico S.A. de C.V.**	[2019] A sales subsidiary, mainly focusing on automobile industry, owned nearly 100% by SATO Holdings.

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