May 15, 2025

SATO Corporation

FY2024 Financial Results

(Fiscal Year Ended March 31, 2025)

Securities Code: 6287.T

FY24 Results and FY25 Consolidated Forecasts

Progress Update on FY24-28 Medium-Term Management Plan

FY24 Results and FY25 Consolidated Forecasts

Progress Update on FY24-28 Medium-Term Management Plan

Summary

FY24 Results

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

Q4 (Jan-Mar) Results

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

FY25 (FY ending Mar 26) outlook

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

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Sales and OI by Business Segment

(Millions of JPY)

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

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

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Consolidated Results

(Millions of JPY)

	FY23	FY24	Change	YoY
Net Sales	143,446	154,807	+11,361	+7.9%
Operating Income	10,383	12,341	+1,957	+18.9%
Operating Income %	7.2%	8.0%	+0.7pt	-
Ordinary Income	8,961	11,144	+2,183	+24.4%
Profit attributable to owners of parent	3,565	7,151	+3,586	2.0x
Effective Tax Rate	25.8%	32.8%	+7.0pt	-
EBITDA*	15,456	17,884	+2,427	+15.7%

FX sensitivity for FY24: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +503 mil and JPY +19 mil, respectively.

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

* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)
・Depreciation for Apr-Mar 2024: JPY 5,414 million (Apr-Mar 2023: JPY 4,926 million)
・Amortization for Apr-Mar 2024: JPY 127 million (Apr-Mar 2023: JPY 146 million)

*1 Sales and OI excluding those of Russian subsidiaries are shown on p. 56.

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Sales and OI by Business Segment* 2

(Millions of JPY)

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

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

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Consolidated Results* 2

(Millions of JPY)

	FY23	FY24	Change	YoY
Net Sales	36,031	38,596	+2,564	+7.1%
Operating Income	2,295	2,475	+180	+7.8%
Operating Income %	6.4%	6.4%	+0.0pt	-
Ordinary Income	1,194	2,220	+1,026	+85.9%
Profit attributable to owners of parent	-1,241	1,558	+2,799	-
Effective Tax Rate	-	42.2%	-	-
EBITDA*	3,633	3,903	+270	+7.4%

FX sensitivity for FY24: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +503 mil and JPY +19 mil, respectively.

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

* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)
・Depreciation for Jan-Mar 2024: JPY 1,412 million (Jan-Mar 2023: JPY 1,300 million)
・Amortization for Jan-Mar 2024: JPY 14 million (Jan-Mar 2023: JPY 37 million)

* 1 Sales and OI excluding those of Russian subsidiaries are shown on p. 53.

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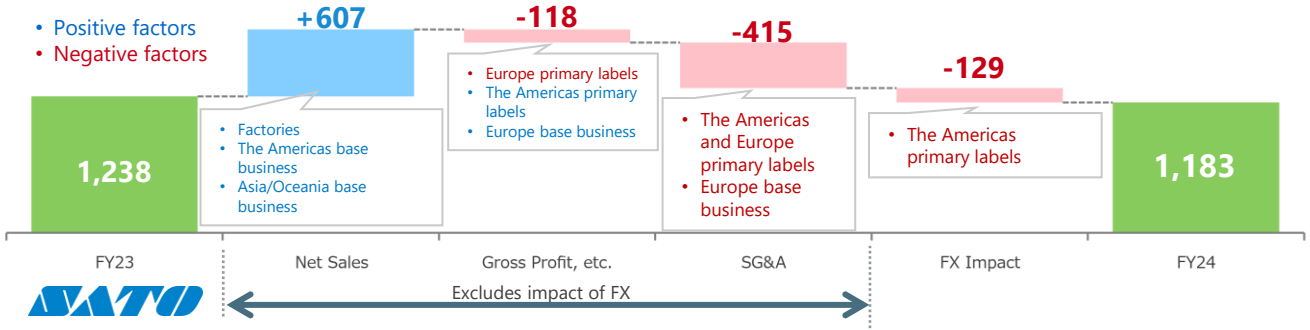
Overview

(Millions of JPY)

	FY23	FY24	Change		
				YoY	In local currencies
Base business Total Sales	12,064	13,141	+1,076	+8.9%	+8.0%
Primary Lablels business Total Sales	4,661	4,796	+135	+2.9%	+12.5%
Total Sales	**16,725**	**17,937**	**+1,211**	**+7.2%**	**+9.3%**
Gross Profit	6,306	6,602	+295	+4.7%	-
Gross Profit %	37.7%	36.8%	-0.9pt	-	-
Base business Operating Income	523	785	+261	+50.0%	+47.4%
Primary Lablels business Operating Income	775	409	-366	-47.2%	-28.8%
Elimination Operating Income	-60	-11	+49	-	-
Operating Income	1,238	1,183	-54	-4.4%	+6.0%
Operating Income %	7.4%	6.6%	-0.8pt	-	-

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

Major Gains/Losses in OI



* Apr-Mar results are shown on p. 45.

Sales

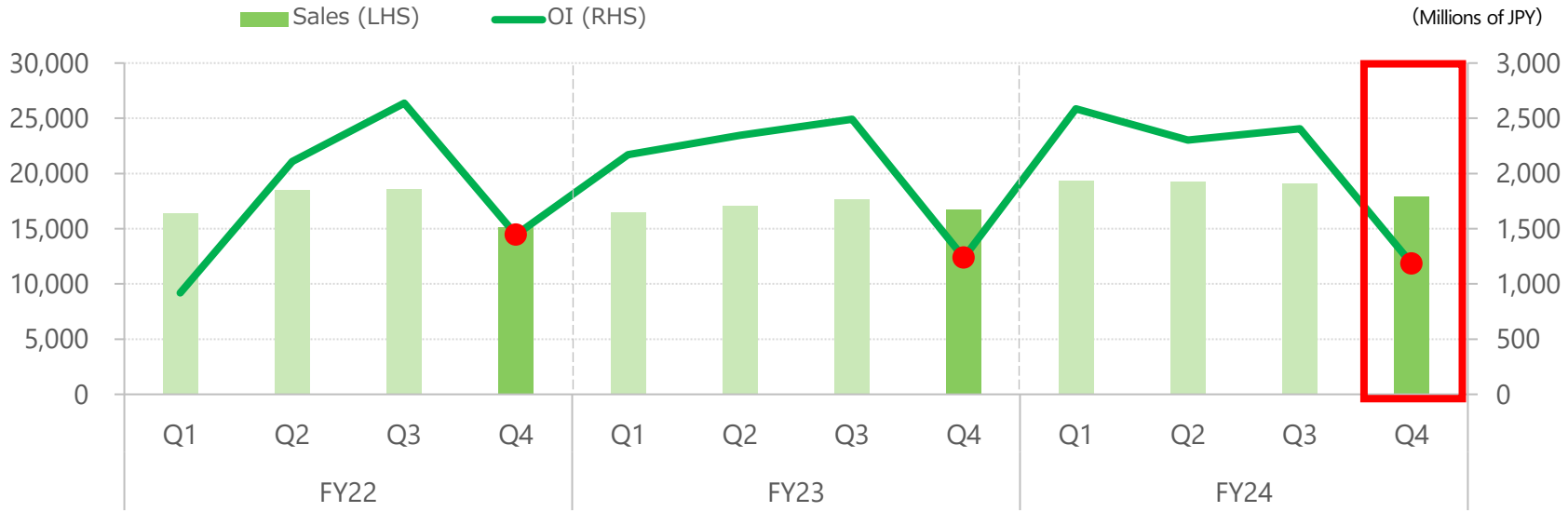
- Sales from base business increased driven by the Americas and Asia/Oceania.
- Sales from primary labels business increased steadily across all regions.

Operating income

- The base business continued to perform well in Asia and Oceania. In addition, OI increased due to steady sales growth in the Americas.
- In Europe, the changes in tax regulations impacted the demand for primary labels, affecting the product mix unfavorably and pushing down operating income.

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Quarterly Sales and Operating Income



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

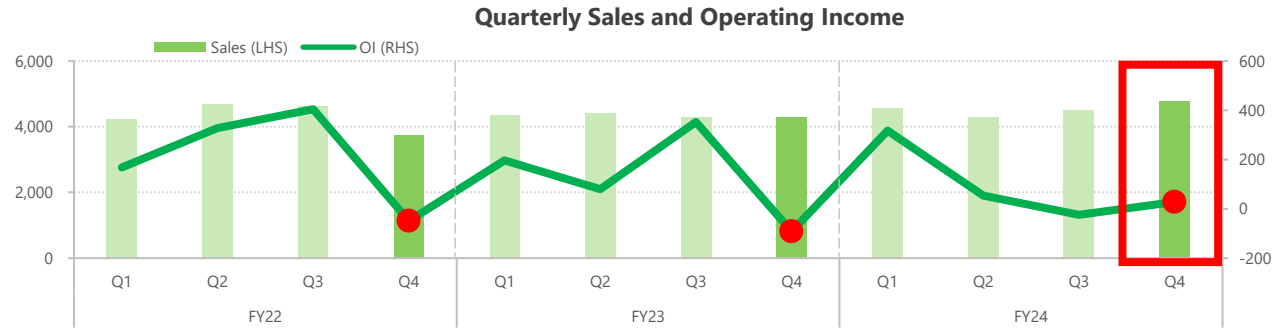
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Base Business — The Americas

(Millions of JPY)

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

* 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	4,294	4,503	4,768
YoY	+21.8%	+58.1%	+30.2%	+8.0%	+3.3%	-6.0%	-7.2%	+14.6%	+4.9%	-2.7%	+4.9%	+11.5%
OI	168	328	405	-49	197	80	352	-92	318	54	-24	28
YoY	-32.9%	87.3x	+81.1%	-	+17.0%	-75.5%	-13.1%	-	+61.3%	-32.9%	-	-

Sales

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

Operating Income

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

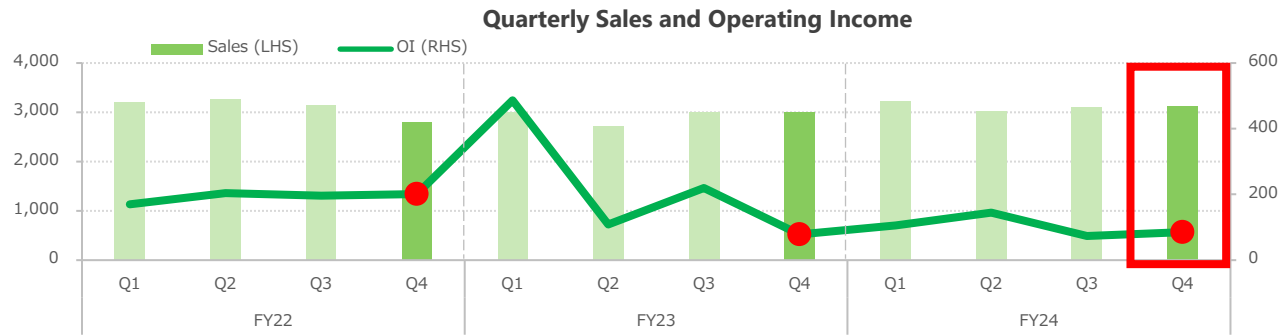
* Apr-Mar results are shown on p. 46.

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Base Business — Europe

(Millions of JPY)

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



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

Sales

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

Operating Income

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

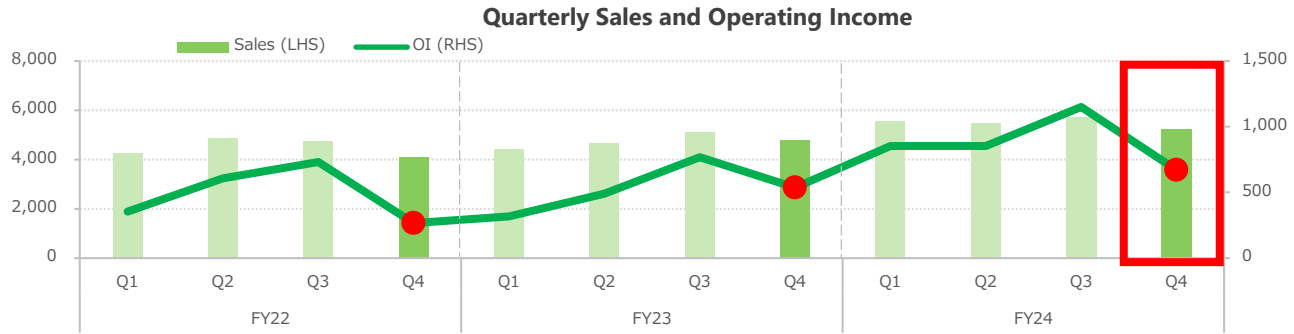
* Apr-Mar results are shown on p. 46.

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Base Business — Asia/Oceania

(Millions of JPY)

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



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

Sales

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

Operating Income

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

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

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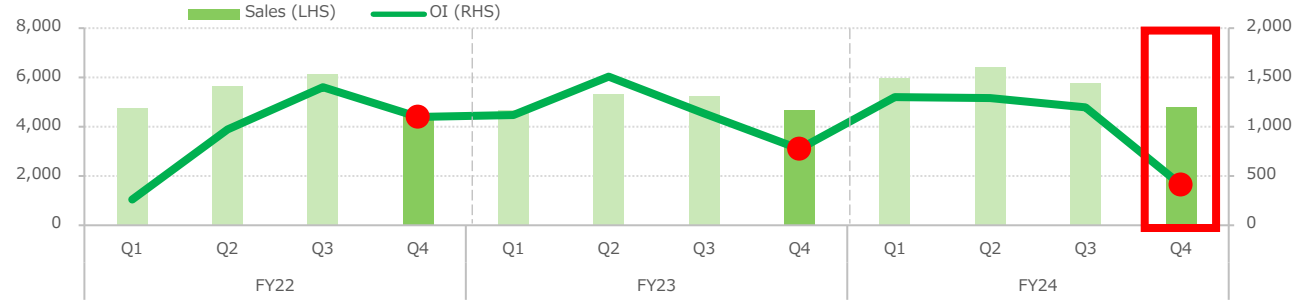
Primary Labels Business

(Millions of JPY)

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

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

Quarterly Sales and Operating Income



Sales	4,757	5,649	6,117	4,546	4,676	5,297	5,226	4,661	5,966	6,416	5,775	4,796
YoY	+61.3%	+88.6%	+88.0%	+39.0%	-1.7%	-6.2%	-14.6%	+2.5%	+27.6%	+21.1%	+10.5%	+2.9%
OI	262	972	1,402	1,100	1,118	1,509	1,136	775	1,301	1,290	1,198	409
YoY	-1.9%	4.4x	7.5x	2.0x	4.3x	+55.2%	-18.9%	-29.5%	+16.4%	-14.5%	+5.4%	-47.2%

Sales

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

Operating Income

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

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

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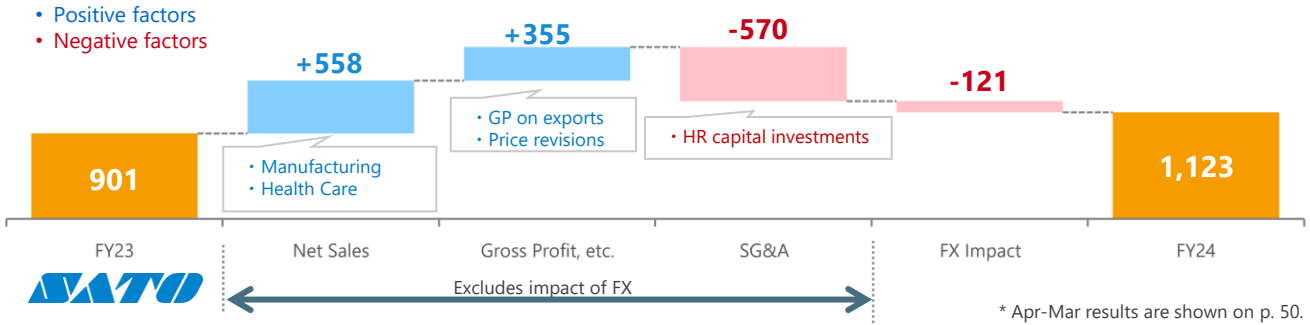
Overview

(Millions of JPY)

	FY23	FY24	Change	YoY
Mechatronics Sales	8,474	9,231	+757	+8.9%
Consumables Sales	10,830	11,426	+595	+5.5%
Total Sales	**19,305**	**20,658**	**+1,352**	**+7.0%**
Gross Profit	8,566	9,358	+792	+9.3%
Gross Profit %	44.4%	45.3%	+0.9pt	-
Operating Income	**901**	**1,123**	**+222**	**+24.6%**
Operating Income %	4.7%	5.4%	+0.8pt	-

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 grew due to recovery in the manufacturing and health care markets. Elevated demand for package software addressing the needs associated with the '2024 problem' in logistics (truck driver shortages) and supplier source tagging (i.e., incoming and outgoing shipments management) also contributed to the sales growth.**
- **Consumables: Sales rose as the effects of price revisions, and the measures aimed at driving solution sales started showing.**

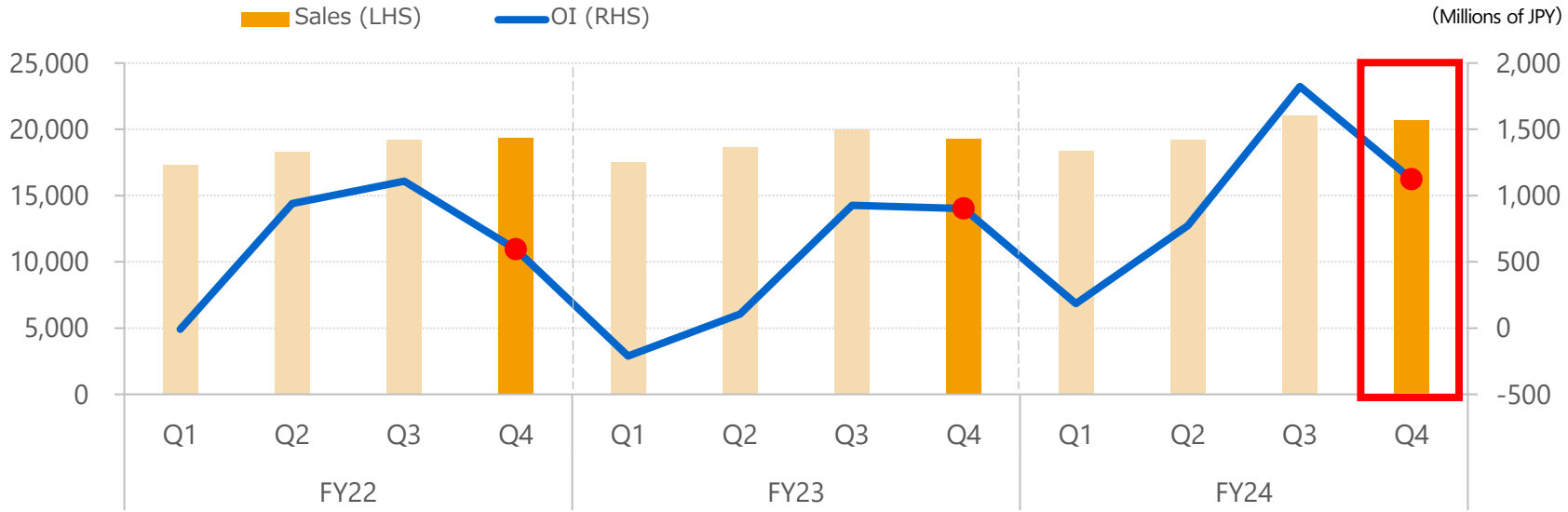
Operating Income

- **OI increased due to the combined effects of higher sales, price revisions and improved printer exports.**

* Apr-Mar results are shown on p. 50.

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Quarterly Sales and Operating Income



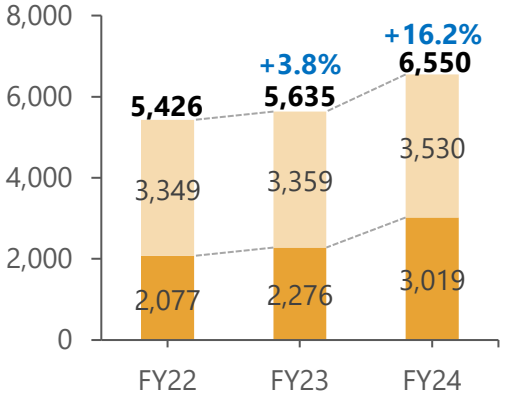
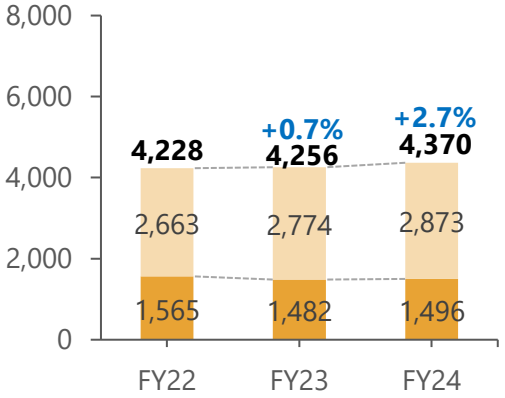
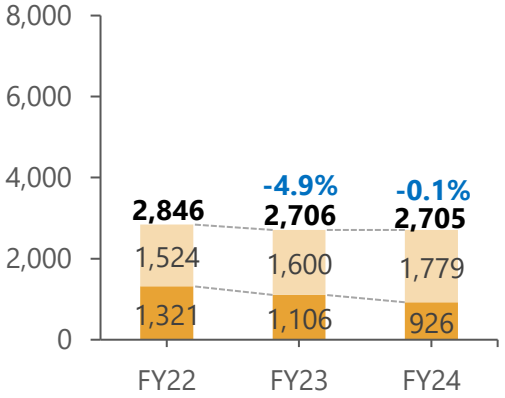
Sales	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305	18,353	19,191	21,016	20,658
YoY	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%	+4.7%	+2.7%	+5.2%	+7.0%
OI	-8	941	1,108	594	-210	106	927	901	186	773	1,824	1,123
YoY	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%	-	7.3x	+96.8%	+24.6%

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Sales by Vertical 1/2 * 2

■ : Mechatronics ■ : Consumables (% indicates YoY change)

(Millions of JPY)

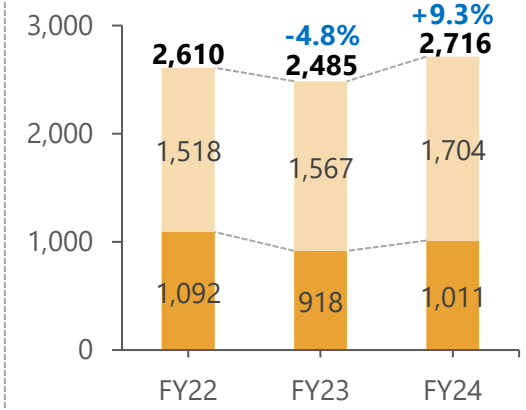
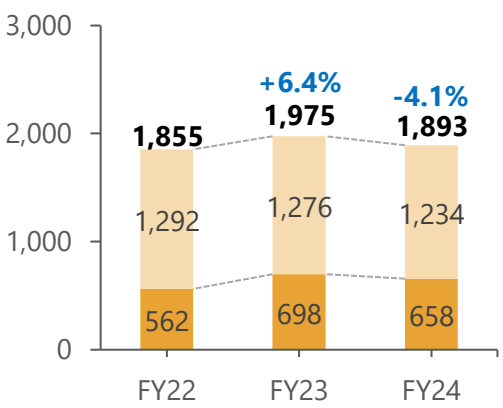
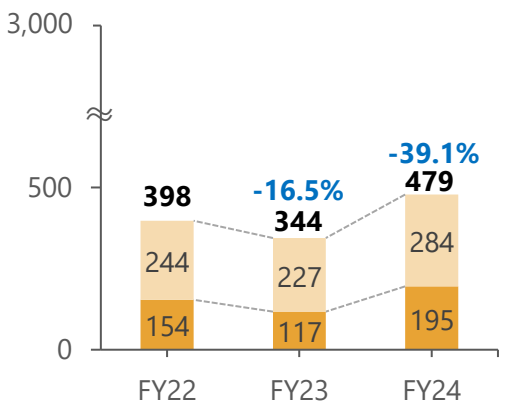
	Manufacturing	Logistics * 3	Retail
Net Sales			
Business environment	Production of advanced semiconductors remained strong due to elevated demand for applications such as generative AI. Investment in efficiency improvement continued as severe labor shortages drove demands for digital transformation.	Due to the increased flow of goods driven by brisk e-commerce and inbound tourism, overall demand was strong. In addition to labor shortages, the '2024 problem' in logistics (truck driver shortages) continued to drive demand.	In-store investments at supermarkets for DX and efficiency gains continued to be strong. Investments in e-commerce are robust as well.
SATO	Consumables sales grew in electronic parts and chemical industries on the back of brisk semiconductor production. Sales of mechatronics products increased due to the high value deals of automation projects in the electronics components industry, and other deals related to manufacturing logistics and supplier source tagging.	Consumables sales grew, helped by price revisions and higher volumes of shipments. Mechatronics sales were up as demands related to the '2024 logistics problem' and inbound tourism were captured successfully.	Consumables sales increased, as robust inbound tourism boosted the sales of merchandise. Mechatronics products sales were lower as the lack of previous year's large automation projects were not fully compensated by high-volume projects related to merchandise sales in the retail industry.

* 1 Apr-Mar results are shown on p. 51.
* 2 From Q1 FY24, sales of maintenance services have been partially included in mechatronics product category. The graphs retroactively reflect the change.
* 3 From Q1 FY23, the classification of some industries has been changed from public to logistics. The graphs retroactively reflect the change.

Sales by Vertical 2/2 * 2

■ : Mechatronics ■ : Consumables (% indicates YoY change)

(Millions of JPY)

	Health Care	Food & Beverage	Public * 3
Net Sales			
Business environment	Investments in RFID to improve administrative efficiency and combat labor shortages continued. Demand is strong overall.	Demand for automation and RFID solutions continued to be robust in response to higher raw material costs and severe labor shortages.	The overall business environment remained stable.
SATO	Consumables sales increased due to price revisions and robust demand for RFID solutions. Sales of mechatronics products increased, driven by high-value deals related to automation projects.	Consumable sales declined, impacted by the lower sales of specific consumable products in food manufacturing, despite the favorable effects of price revisions. Mechatronics sales dropped as the lack of the large deals concluded in the same period the previous year was not fully compensated by the increased sales from the high-value automation projects.	Consumables sales increased on strong demand. Mechatronics products sales increased due to growing demand and orders from major customers.

* 1 Apr-Mar results are shown on p. 51.
* 2 From Q1 FY24, sales of maintenance services have been partially included in mechatronics product category. The graphs retroactively reflect the change.
* 3 From Q1 FY23, the classification of some industries has been changed from public to logistics. The graphs retroactively reflect the change.

RFID and Automation Sales

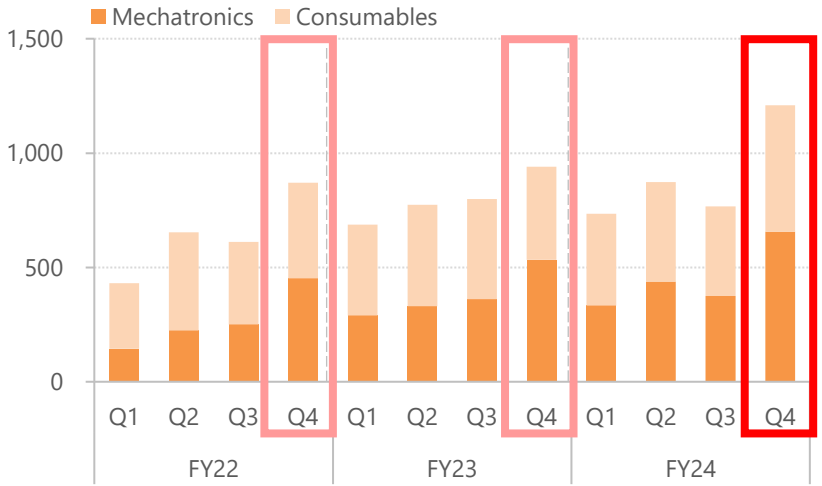
RFID and automation sales continued to be strong on the back of the robust demand related to digital transformation and labor shortages.
RFID sales increased year on year, driven by rising number of projects for source tagging in the manufacturing market.
Automation sales were lower year on year, despite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

(Millions of JPY)

RFID



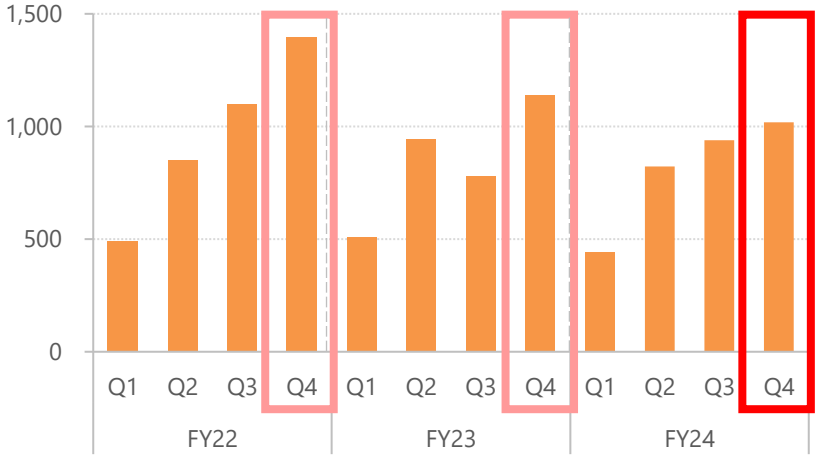
Q4 FY24: **+28.5%** YoY



Automation*



Q4 FY24: **-10.5%** YoY



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

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RFID and Automation Sales

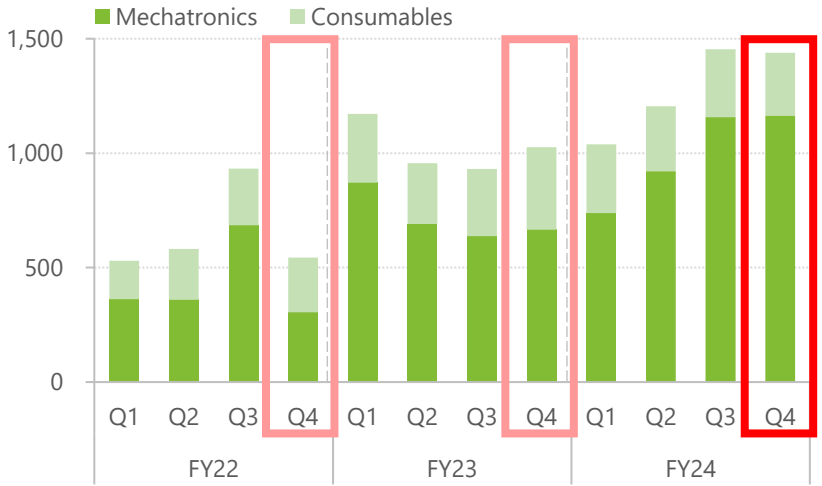
RFID and automation solutions sales continued to be strong, driven by labor shortages and robust demand for digital transformation.
RFID sales were up year on year, thanks to high-value projects in manufacturing.
Automation sales rose despite economic downturns in Europe, helped by large logistics projects.

(Millions of JPY)

RFID



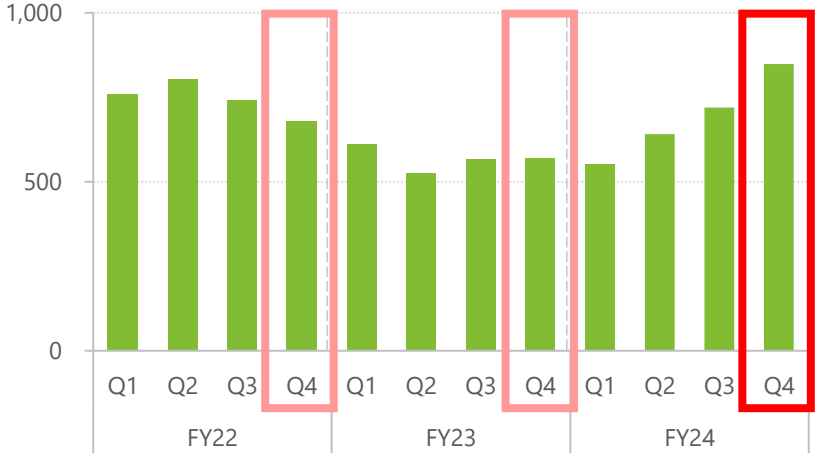
Q4 FY24: **+40.3%** YoY



Automation*



Q4 FY24: **+49.0%** YoY



* Automation only includes hardware sales.

Assumptions of the Business Plan

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

- **Expected impacts (positives and negatives) of tariffs**

<Direct Impacts>

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

<Indirect Impacts>

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

* Intercompany profits associated with exports of printer products.

FY25 Forecasts

(Millions of JPY)

	FY24 (Actual)	FY25 (Targets)	Change	YoY
Net Sales	154,807	161,000	+6,192	+4.0%
Operating Income	12,341	12,500	+158	+1.3%
Ordinary Income	11,144	12,100	+955	+8.6%
Profit attributable to owners of parent	7,151	7,700	+548	+7.7%
EBITDA	17,884	18,200	+315	+1.8%

FX sensitivity for FY25: Estimated impact of JPY depreciated by JPY -1 against USD (assuming JPY depreciated against all other currencies by the same ratio) on our sales and OI are +561 mil and JPY +35 mil, respectively.

* EBITDA = Operating Income + Depreciation + Amortization (Incl. Goodwill)

Exchange rates assumed in FY25 forecast: JPY 140/USD, JPY 160/EUR
Average exchange rates for FY24 : JPY 152.62/USD, JPY 163.87/EUR

FY25 Forecasts <Breakdown>

(Millions of JPY)

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

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

Overseas (Primary label business) Sales and OI rose on the back of higher sales of some high value-added products at the Russian subsidiary.

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

FY25 Forecasts
Outlook by Region/Business and Vertical

Overseas

	The Americas	Europe	Asia/Oceania	Primary Labels
Forecasts	● The economy to be robust on brisk demand. ● Printer inventory levels at distributors largely normalized. ● Inquiries from major customers on a steady rise. ● Drops in sales due to the termination of sales contracts for some consumables.	● Dampened appetite for investment due to sluggish economic growth. ● Printer inventory adjustments by distributors largely complete. ● Increased demand for traceability solutions including those related to digital products. ● Blood related traceability solution deals to close to push up sales.	● In Southeast Asia, automotive and electrical/electronic production on the rise to drive demand. ● In East Asia, severe economic conditions in China to drag on. ● In Oceania, robust demand to continue, driven by large projects.	● Demand fluctuations to be anticipated due to tax regulation changes in Russia. ● Continued uncertainty on foreign exchange and geopolitical risks. ● Brisk demand for some high value-added products to continue.

Japan

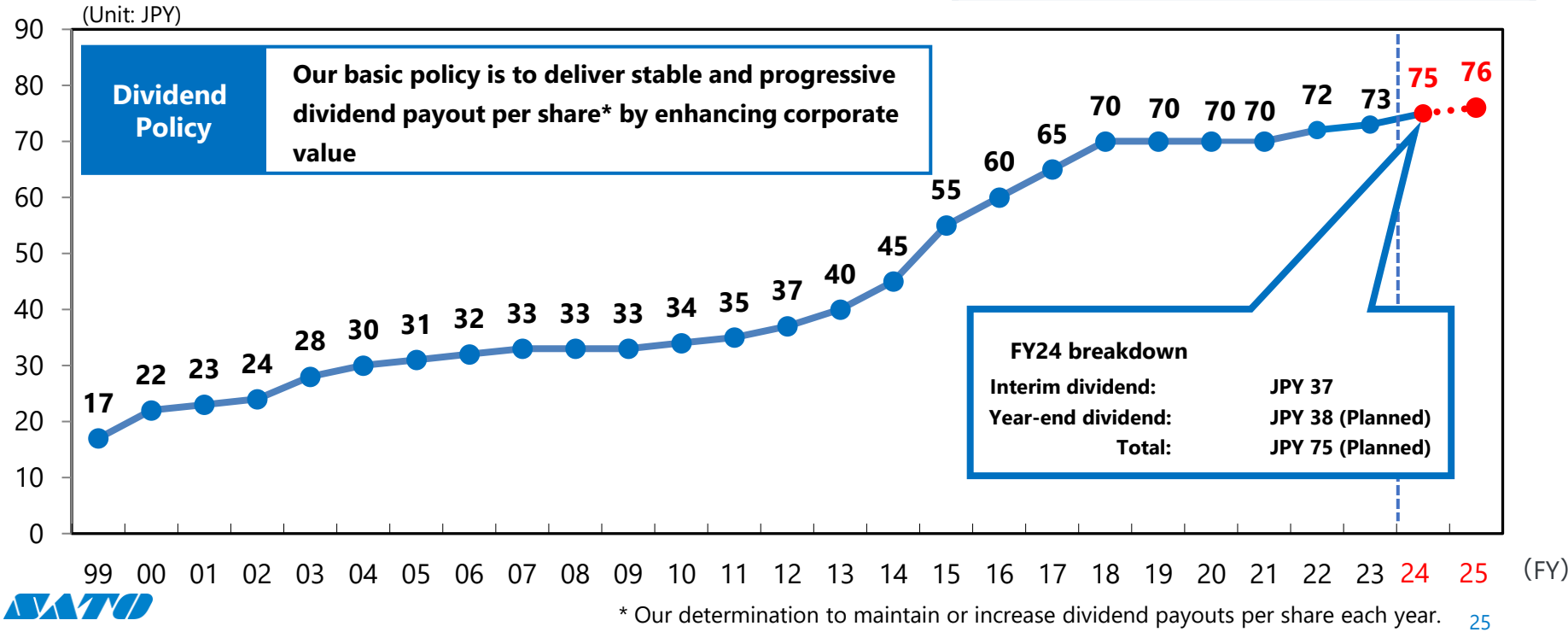
	Manufacturing	Logistics	Retail	Health Care	Food & Beverage
Forecasts	● Brisk demand for artificial intelligence to continue to drive stronger production of advanced semiconductors. ● Demand on the rise for solutions related to manufacturing logistics.	● Brisk investments for automation and efficiency gains to continue. ● '2024 problem' in logistics (shortage of truck drivers) to continue to drive demand.	● Robust earnings at major retailers to increase appetite for investment. ● Elevated investments for efficiency gains to continue due to labor shortages.	● Needs for efficiency gains, especially in the medical equipment industry, to continue to drive demand for automation, image recognition, RFID and others. ● Solid demand for systems used in hospitals, but longer printer replacement cycles.	● Elevated needs for RFID to manage raw materials and spare parts. ● Strong appetite for investment to counter rising costs and labor shortages.

Dividends

Total dividends planned for FY24: JPY 75 (up JPY 2 YoY, up JPY 1 vs. original plan)
Total dividends forecast for FY25: JPY 76 (up JPY 1 YoY)

(JPY per share)

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



* Our determination to maintain or increase dividend payouts per share each year.

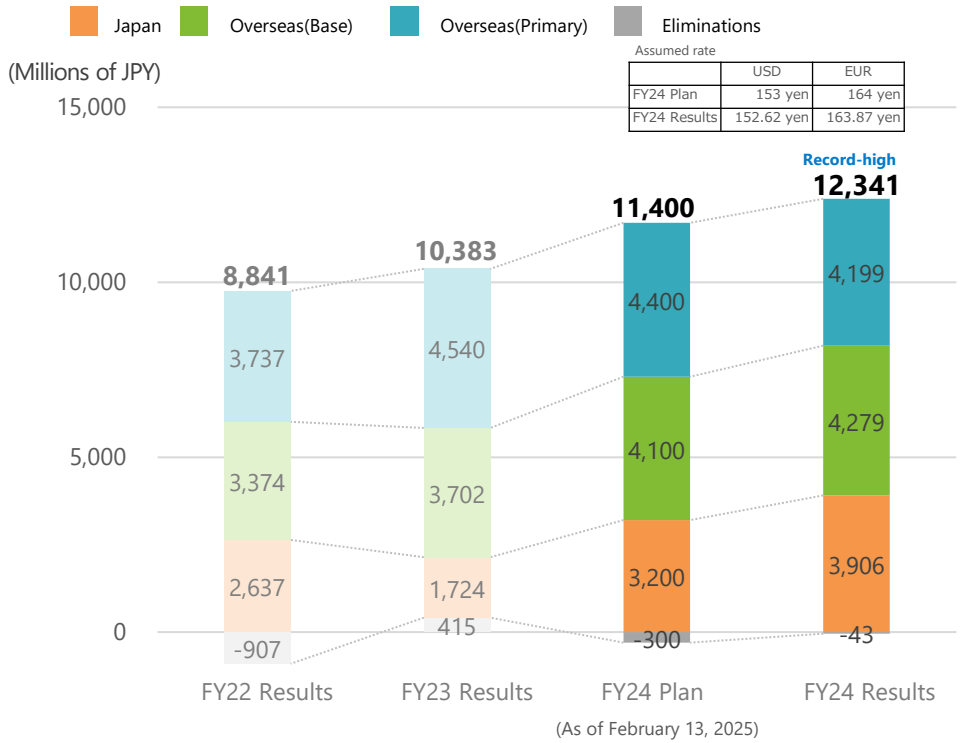
FY24 Results and FY25 Consolidated Forecasts

Progress Update on FY24-28 Medium-Term Management Plan

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

OI Trends and Comparison to Plan



Assumed rate

	USD	EUR
FY24 Plan	153 yen	164 yen
FY24 Results	152.62 yen	163.87 yen

(As of February 13, 2025)

FY24 Results

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

Challenges from FY25 and Steps for Improvement

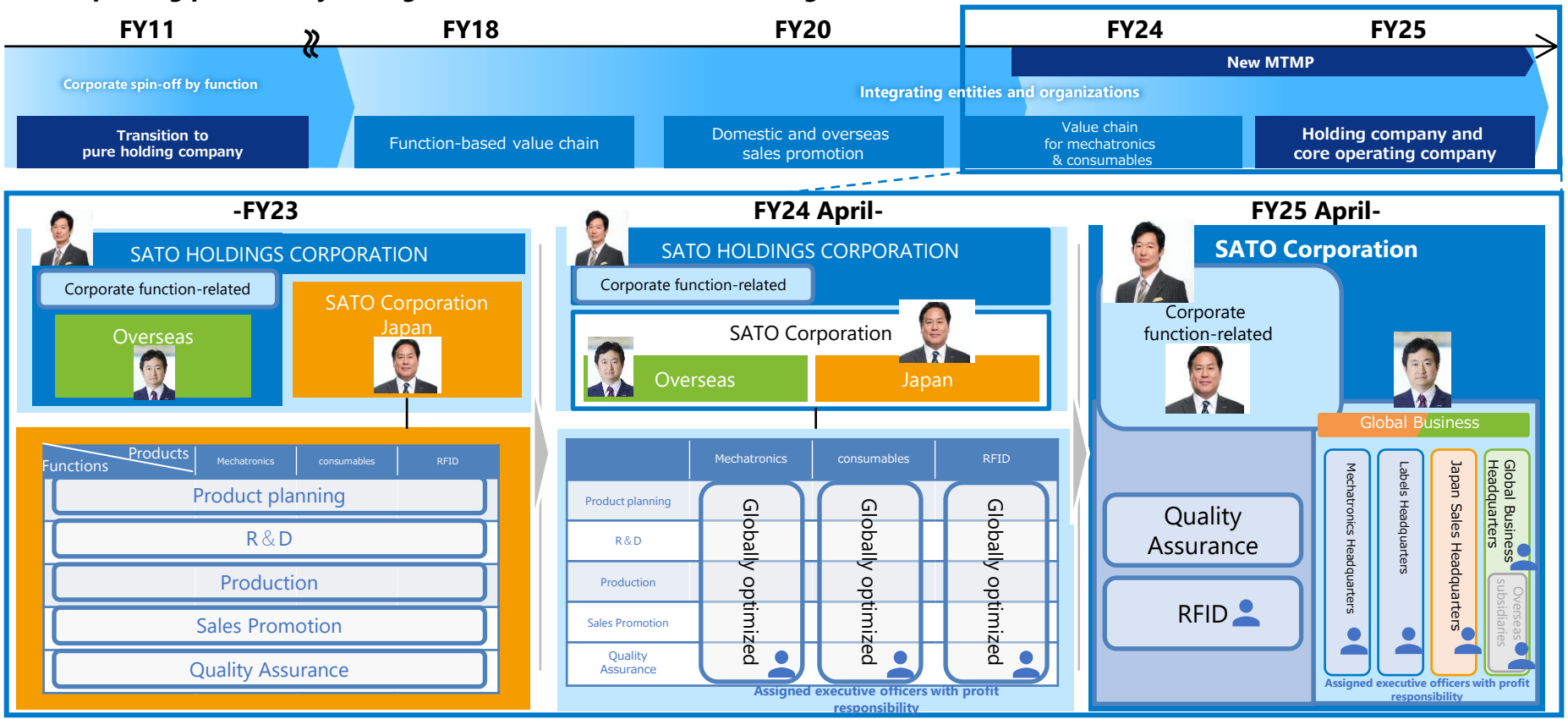
- Company-wide
- Overseas business
- Japan Business

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

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Organizational Changes: Transition

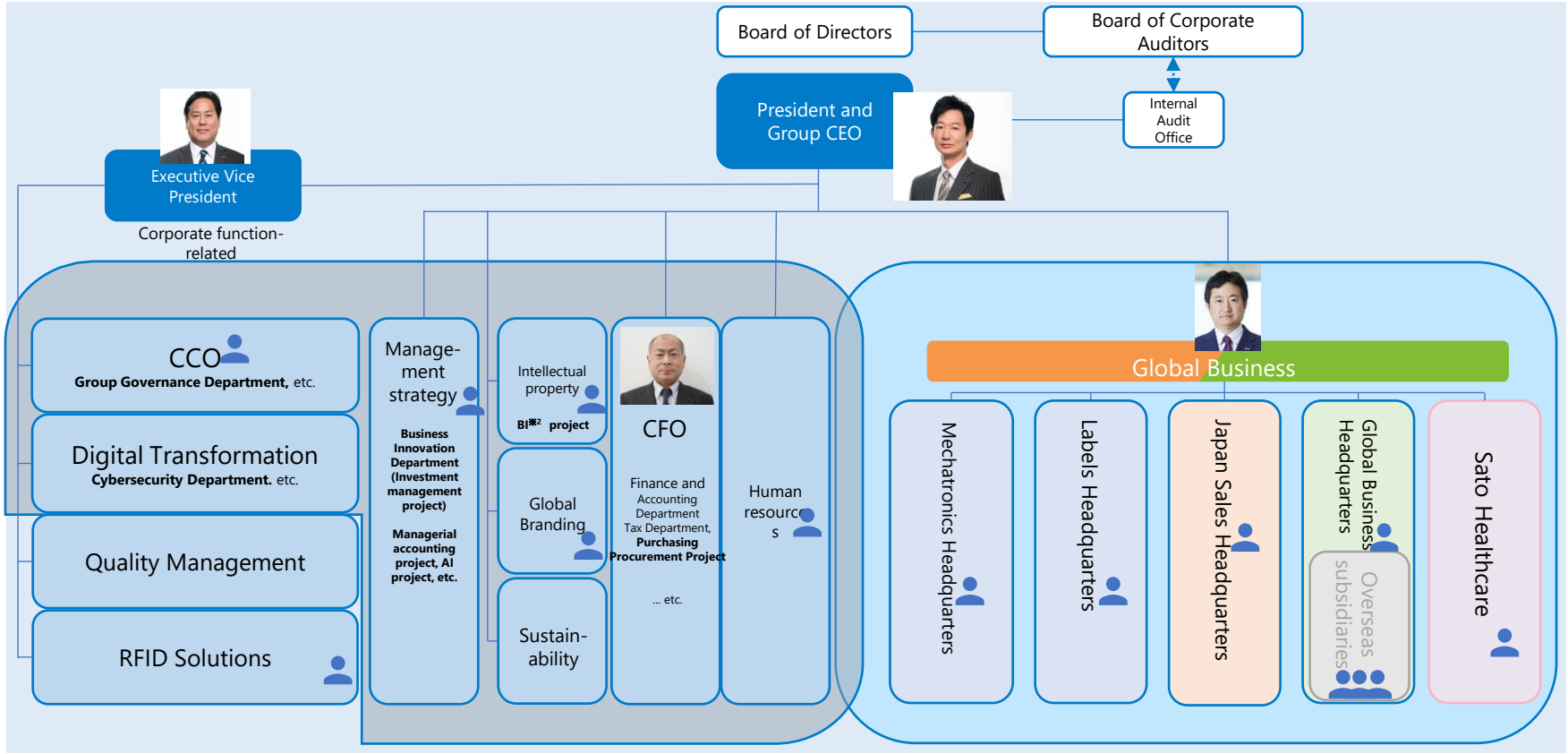
The organizational merger was successfully completed as planned, enabling a shift to a new structure aimed at improving profitability through faster and more effective management execution.



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Organizational Change: Overall Picture

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



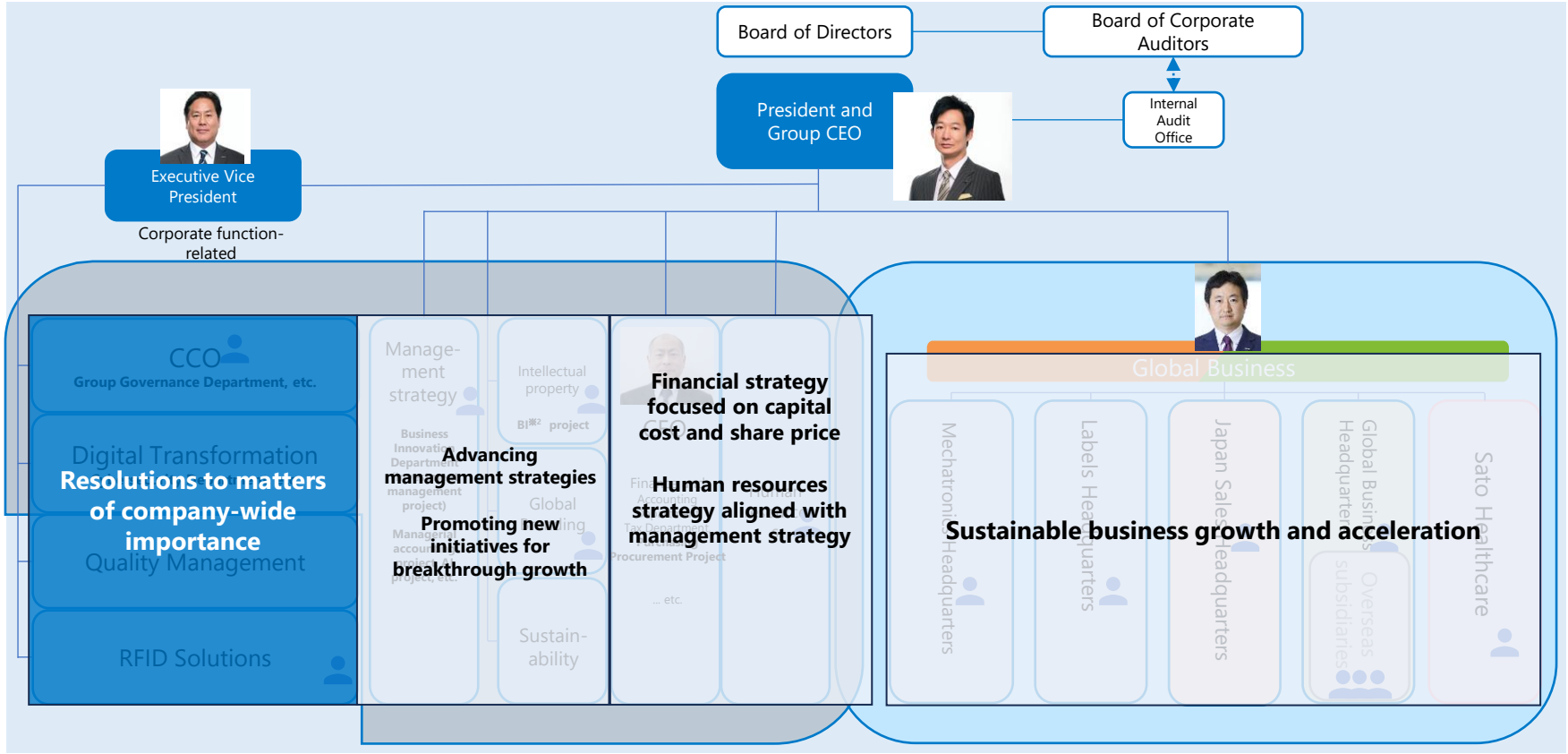
* 1 Photos of Vice President and above. : Executive Officer in Charge

* 2 BI: Business Intelligence

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Organizational Change: Overall Picture

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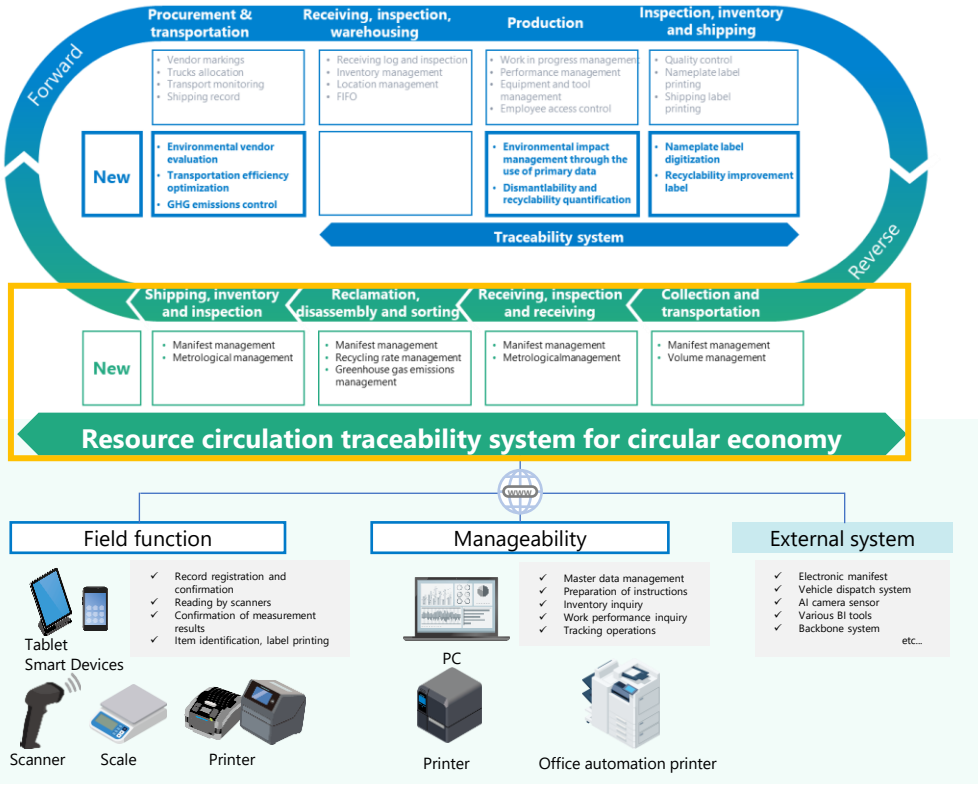


* 1 Photos of Vice President and above. : Executive Officer in Charge
* 2 BI: Business Intelligence

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In FY24, we had increased opportunities to engage with customers on the circular economy. In FY25, we will aim to transition into full-scale operations.

New business opportunities through the realization of a recycling economy



Background

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

➡ This is a tailwind for SATO's business.

FY24 Results

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

FY25 initiatives

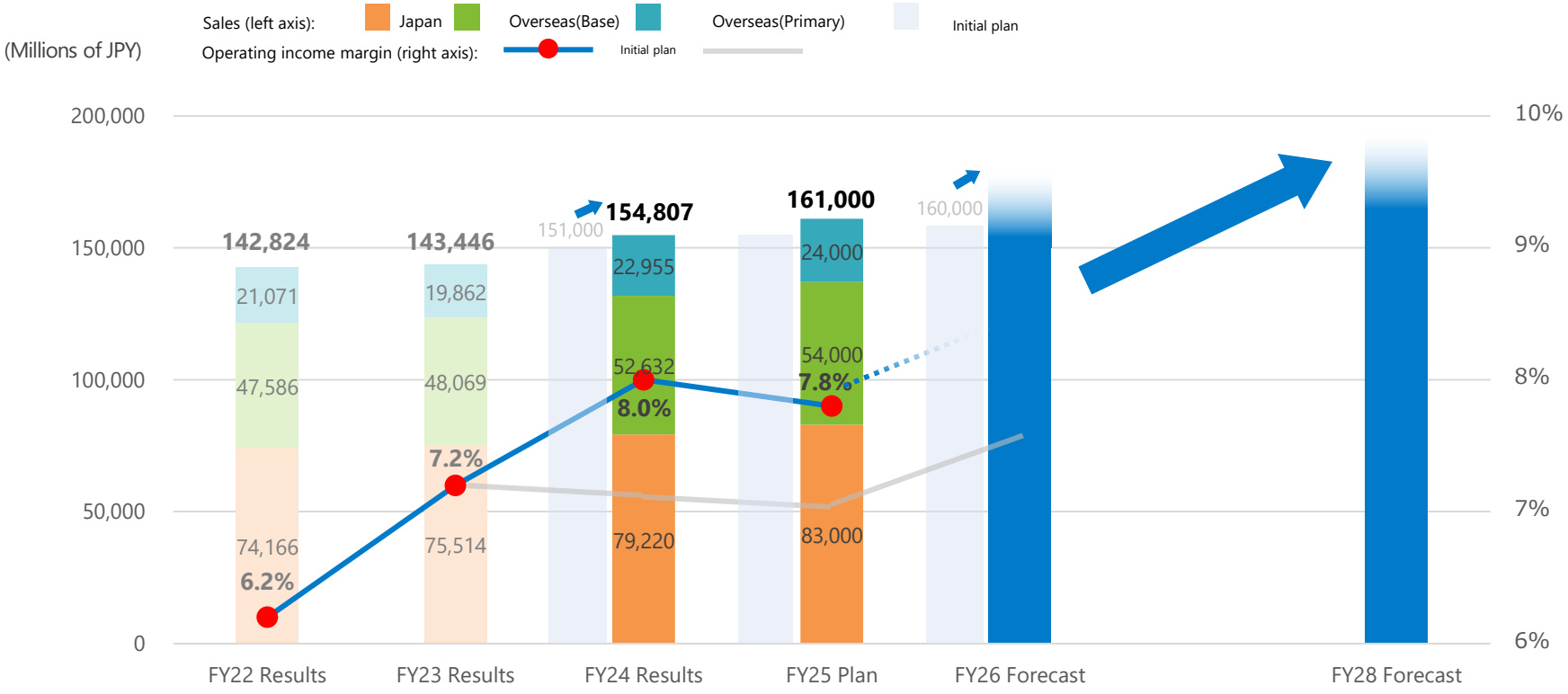
- **Launch a resource circulation traceability system for circular economy. Promote sales and exhibition activities.**
- **Strengthen resource sorting through tagging using handheld plastic identification sensors (jointly developed with a partner company) and label printers.**
- **Support the Digital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

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Medium-Term Management Plan: Future Outlook

FY24 results exceeded our initial plan.* We expect FY25 to also exceed the targets initially set. The plan for FY26-28 will be released in the future.

Consolidated Net Sales and Profit Margin Results and Forecasts

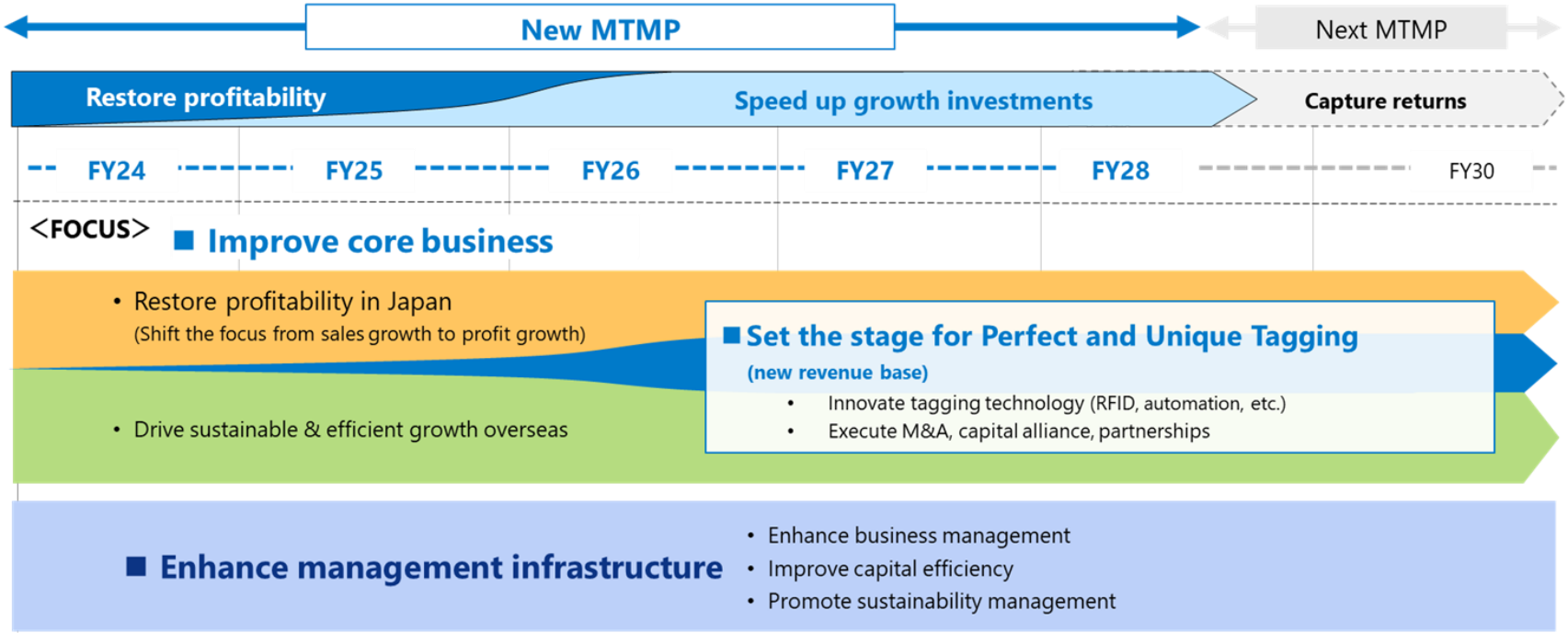


* March 22, 2024: At the time of formulation of the medium-term management plan

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Recap: FY24-FY28 New Medium-Term Management Plan: Key Strategy

Profitability recovery was achieved ahead of the initial plan.
We will execute growth investments soon.



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Boost core businesses

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

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

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

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

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

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

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

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

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

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

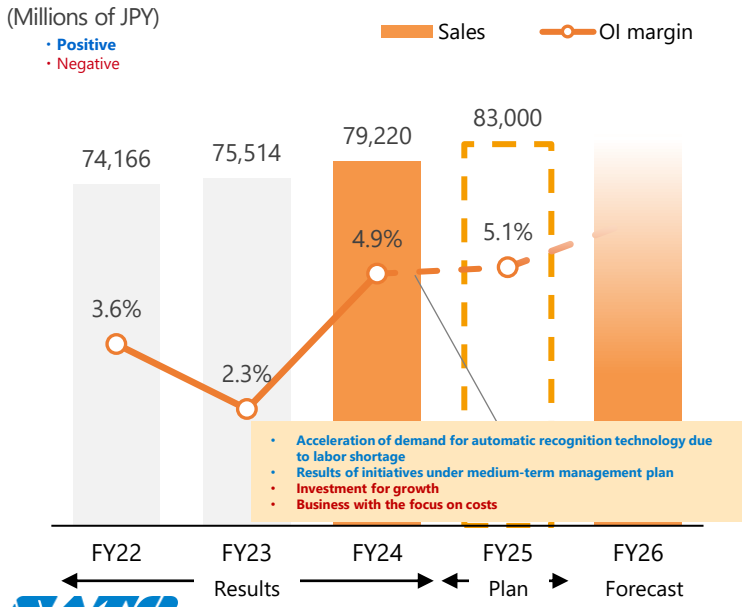
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Restore profitability in Japan

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

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

Performance Trends



FY24 Results

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

Challenges from FY25 and Steps for Improvement

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

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

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Drive Sustainable & Efficient Growth Overseas

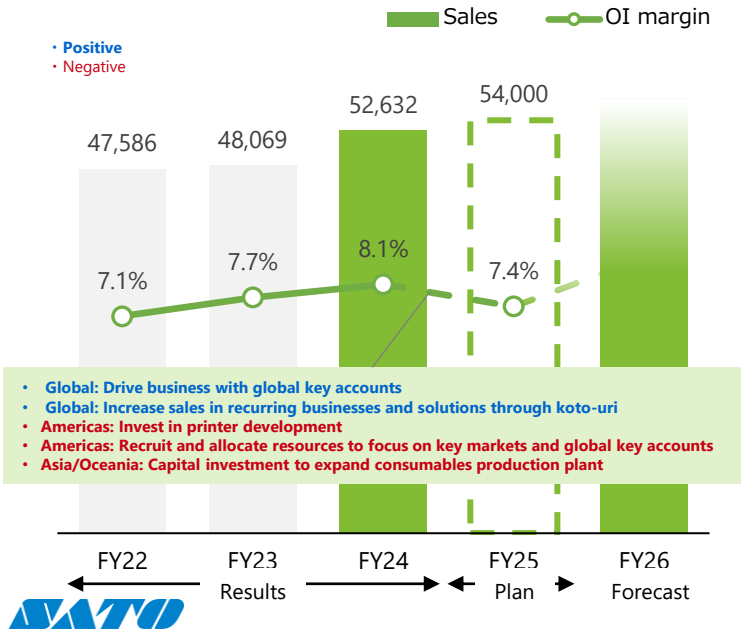
Strengthen our operational foundation while executing investments for further growth.

FY24 Results
Create locally-suited solutions

Performance Trends

Assumed rate

	USD	EUR
FY24 Results	152.62 yen	163.87 yen
FY25 Plan	140 yen	160 yen



- Global: Drive business with global key accounts
- Global: Increase sales in recurring businesses and solutions through koto-uri
- Americas: Invest in printer development
- Americas: Recruit and allocate resources to focus on key markets and global key accounts
- Asia/Oceania: Capital investment to expand consumables production plant

FY24 Results

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

* Application Platform as a Service

Challenges from FY25 and Steps for Improvement

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

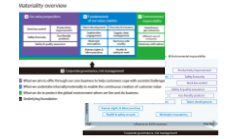
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Enhance Management Infrastructure

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

ESG focus

<Current>





Discussion among internal directors, corporate auditors and executive officers

<New ESG priorities (tentative)>



Global branding for comprehensive and diversified business strategy



Executive Officer Kaoru Morikuni, Global Branding



Full-page newspaper advertisement

Faster and enhanced decision-making with Business Intelligence





Executive Officer Yoshinao Ugomori, Oversees intellectual property

● Background and Objectives	• Our current material ESG factors were defined five years ago in FY19 and need to be revisited in response to changes in the macro environment. • Create sustainable corporate value through the implementation and promotion of initiatives.	• Build a global brand that is aligned with our corporate strategy and vision, driving comprehensive and diversified business development.	• Enhance the accuracy, quality, and speed of decision-making in management and business by leveraging comprehensive information analysis and insights to advance tagging technology through collaboration and the exploration of new opportunities.
● FY24 Results	• Issues were identified, classified, selected and defined by internal directors, corporate auditors, and executive officers.	• Measures to raise awareness, such as a full-page advertisement in the Nihon Keizai Shimbun, were implemented. • An executive officer in charge of global branding was appointed.	• A decision to launch a business intelligence project was made.
● Measures for FY25 and beyond	• Set KPIs and KGIs for each activity linked to the performance targets of the medium-term management plan. • Release new ESG priorities.	• Increase recognition as a socially responsible company that continues to be trusted. • Redefine our purpose and clarify brand identity and positioning. • Build a brand identity that aligns with societal values. • Establish a brand management system.	• Establish a system for collecting and analyzing data. • Deliver results and drive continuous improvement. • Develop technologies with IP strategy and competitive differentiation in mind.

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Vision and management targets



We give every ‘thing’ its own ID so it connects with the world with “Perfect and Unique Tagging”

FY2030 Consolidated management targets	**Consol. sales**: JPY **200B** **Consol. OI:** JPY **21B**, **10.5%** **ROIC**: Over **10.0%**

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Appendix

Performance data Pages 40-56

SATO terminologies Pages 57-60

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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**

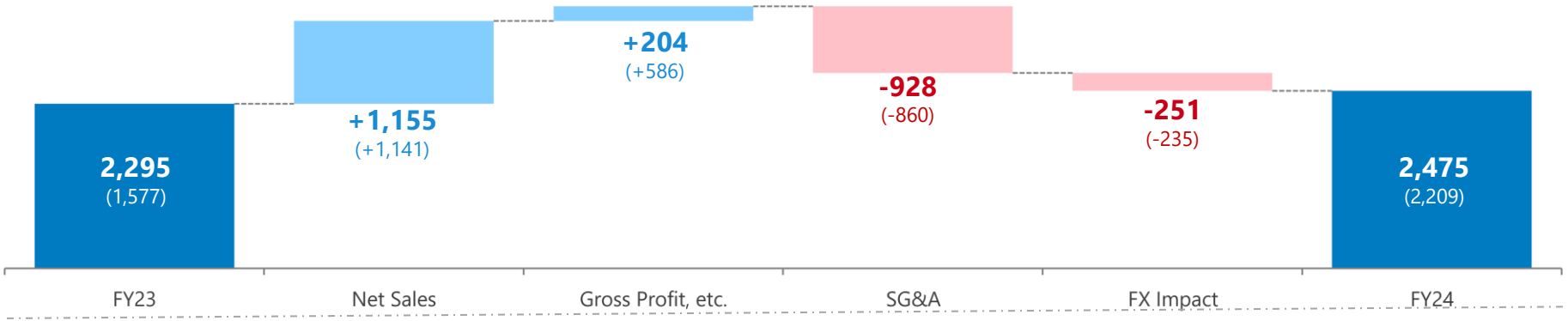


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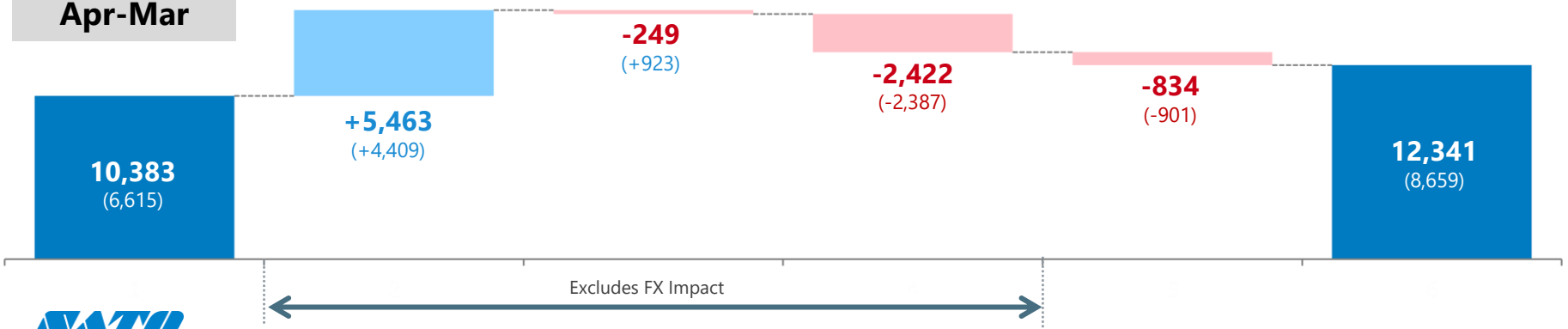
Major Gains/Losses in OI

(Millions of JPY)

Jan-Mar



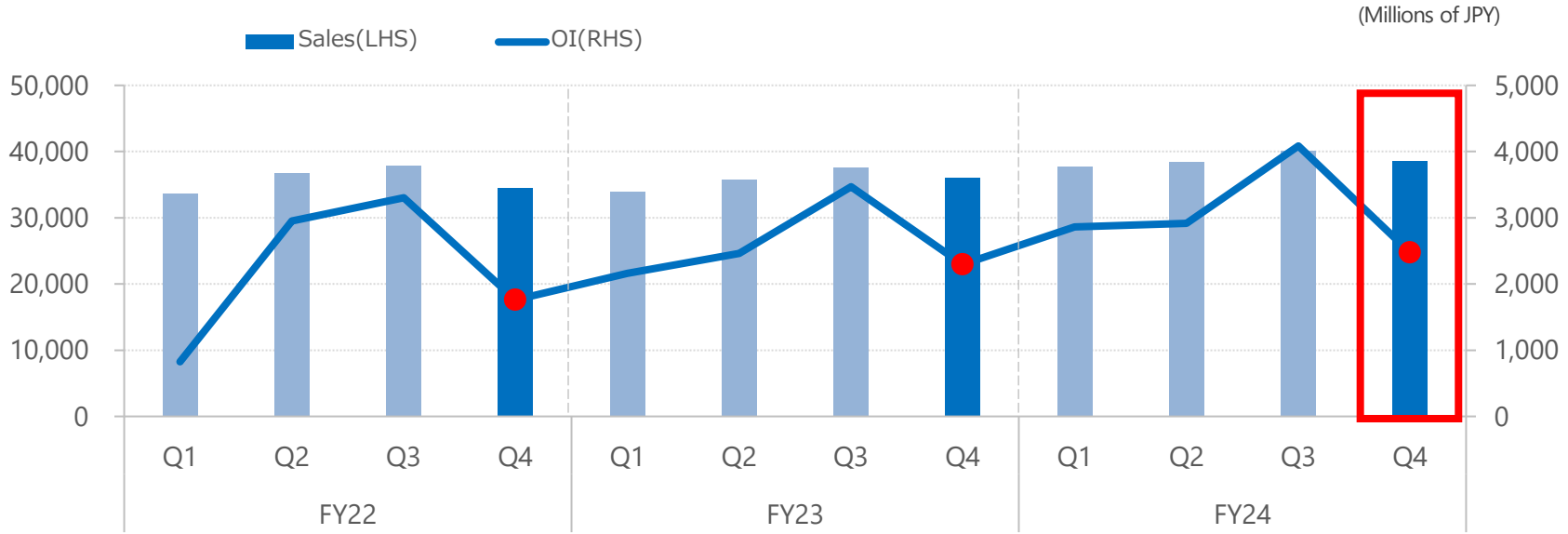
Apr-Mar



* Figures in parentheses exclude the Russian subsidiaries.

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Quarterly Sales and Operating Income



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

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Sales and OI by Region

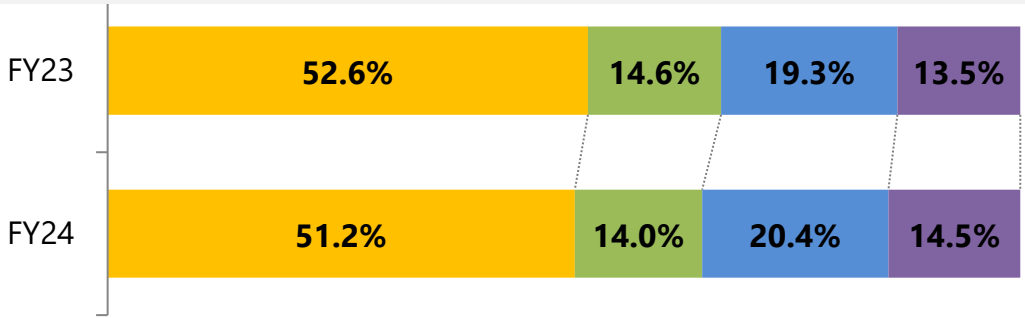
(Millions of JPY)



Sales

143,446

154,807

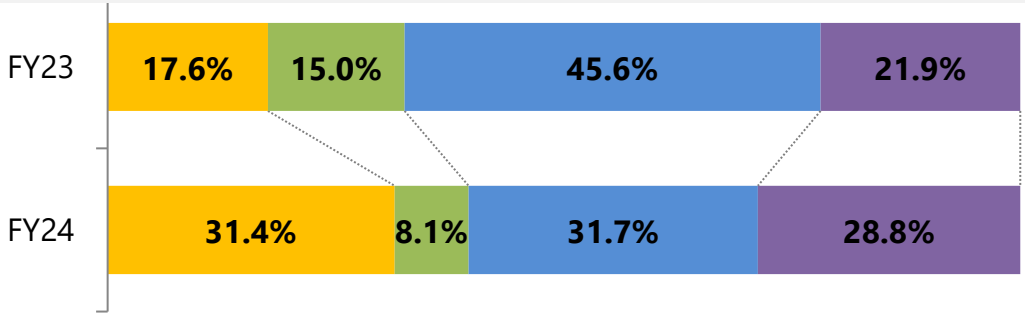


Operating Income

* Ratio excludes eliminations.

9,968

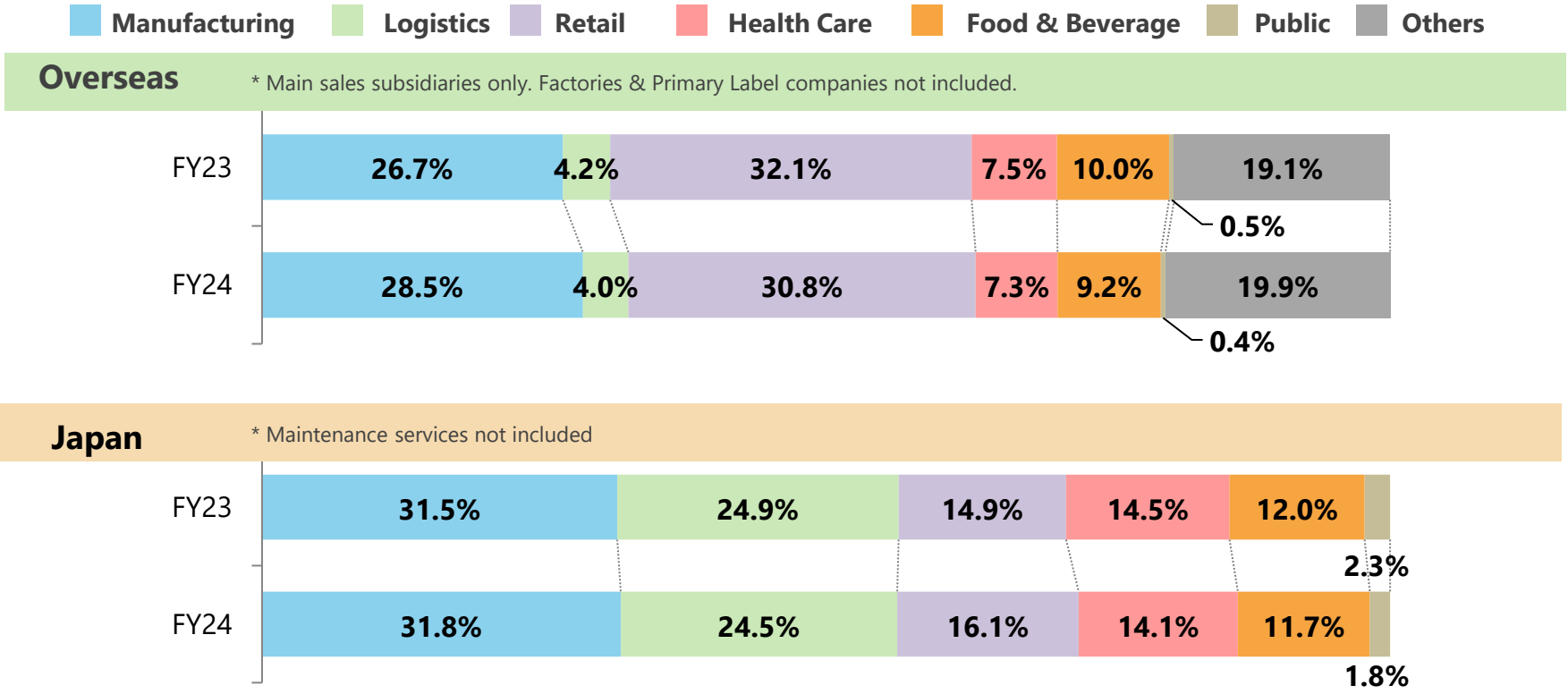
12,385



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

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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.

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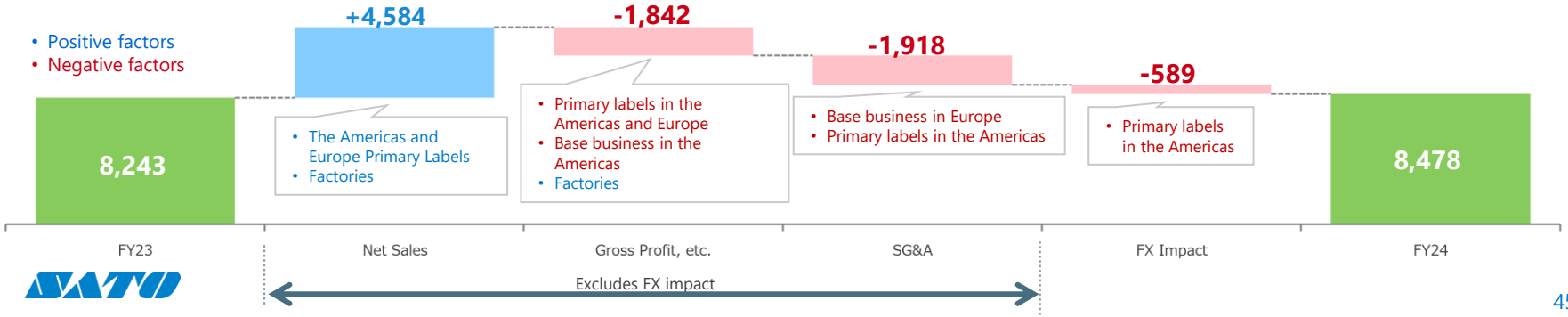
Overview

(Millions of JPY)

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

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

Major Gains/Losses in OI



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The Americas Base business

(Millions of JPY)

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

Europe Base business

(Millions of JPY)

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

Asia/Oceania Base business

(Millions of JPY)

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

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Primary Labels business

(Millions of JPY)

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

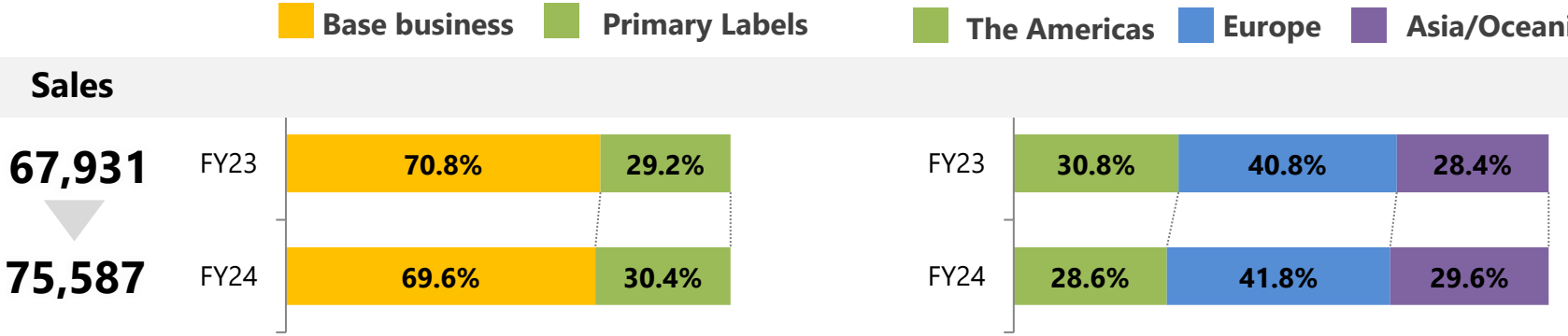
* Includes impact of IAS 29, Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting") in Argentina.

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Sales and OI by Business Segment/Region

(Millions of JPY)

Sales



Operating Income

* Ratio excludes eliminations.



OI ratio:
FY23 Base business : 7.4%, Primary Labels : 22.9%
FY24 Base business : 8.2%, Primary Labels : 18.3%

FY23 The Americas : 7.0%, Europe : 16.1%
Asia/Oceania : 11.1%
FY24 The Americas : 4.7%, Europe : 12.5%
Asia/Oceania : 15.9%

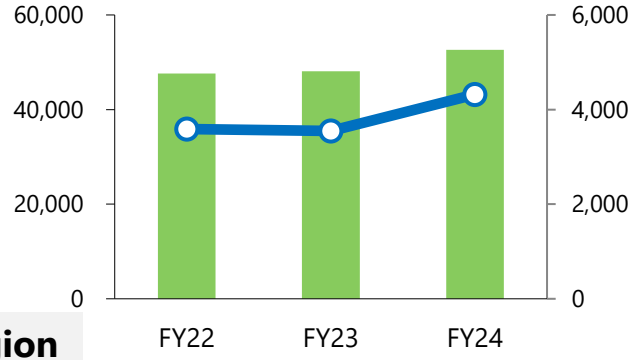
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Sales and OI Trends by Business Segment and Region

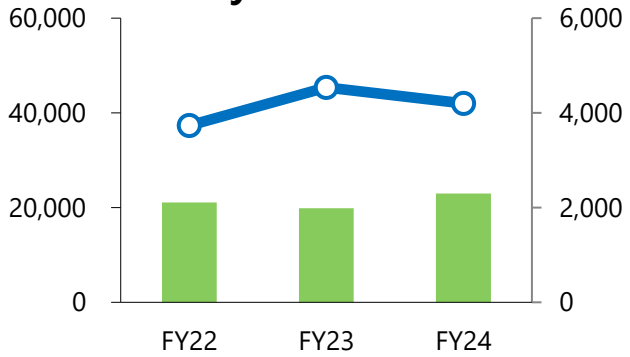
By Business Segment

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

Base business

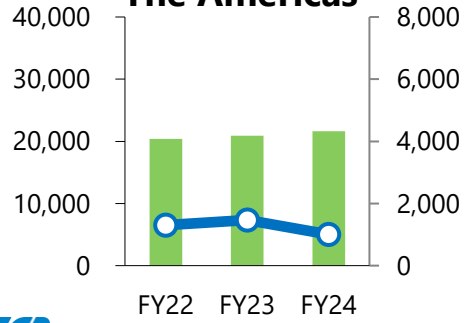


Primary Labels business

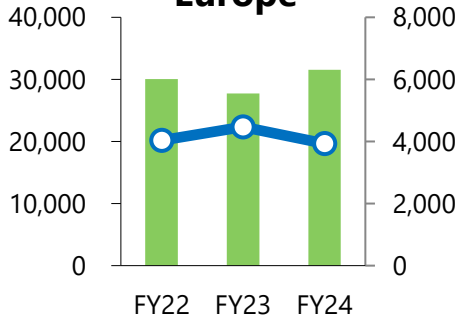


By Region

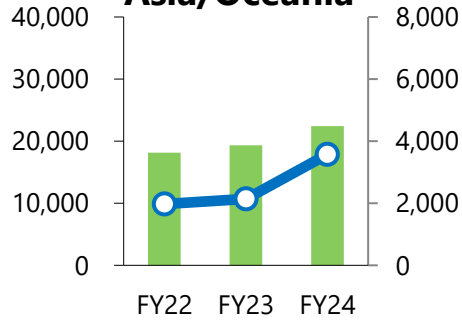
The Americas



Europe



Asia/Oceania



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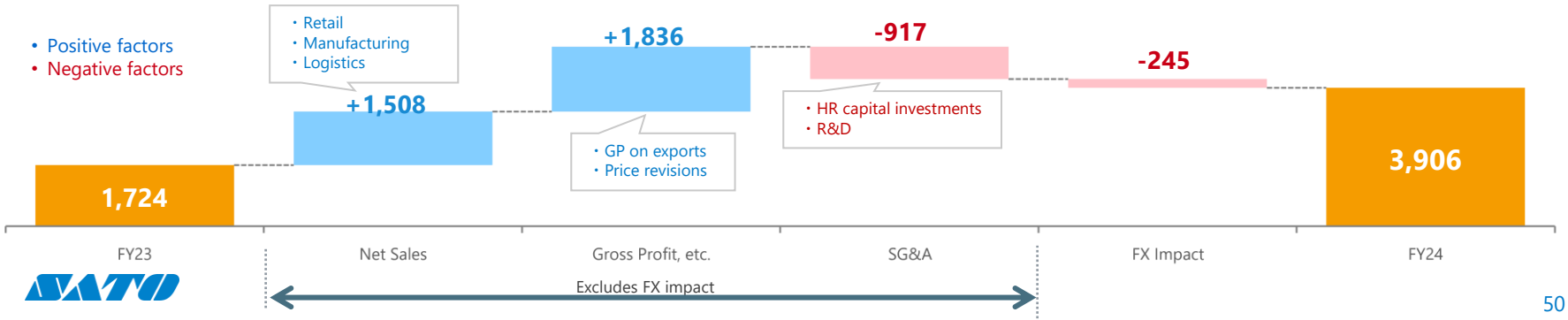
Overview

(Millions of JPY)

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

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

Major Gains/Losses in OI



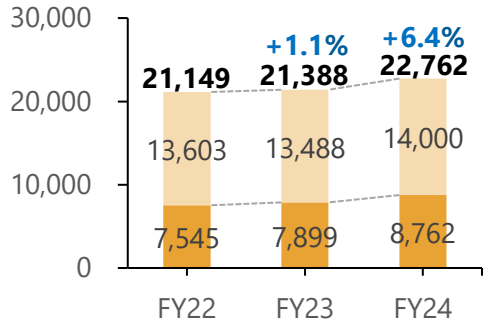
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Sales by Vertica

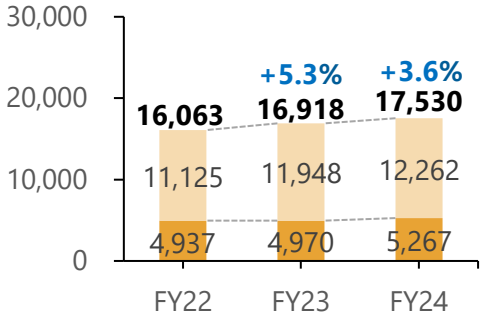
■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

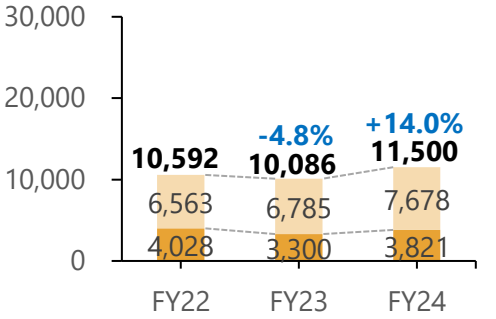
Manufacturing



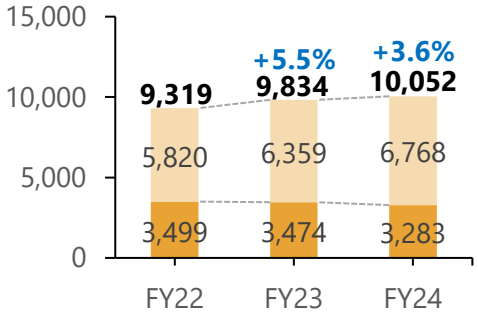
Logistics*2



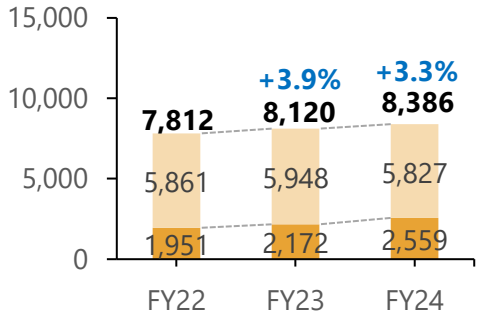
Retail



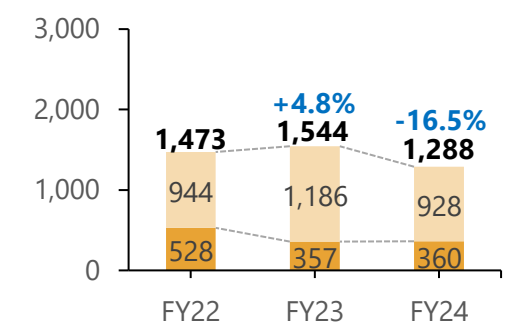
Health Care



Food & Beverage



Public*2



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

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

(Millions of JPY)

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

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Consolidated Results
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

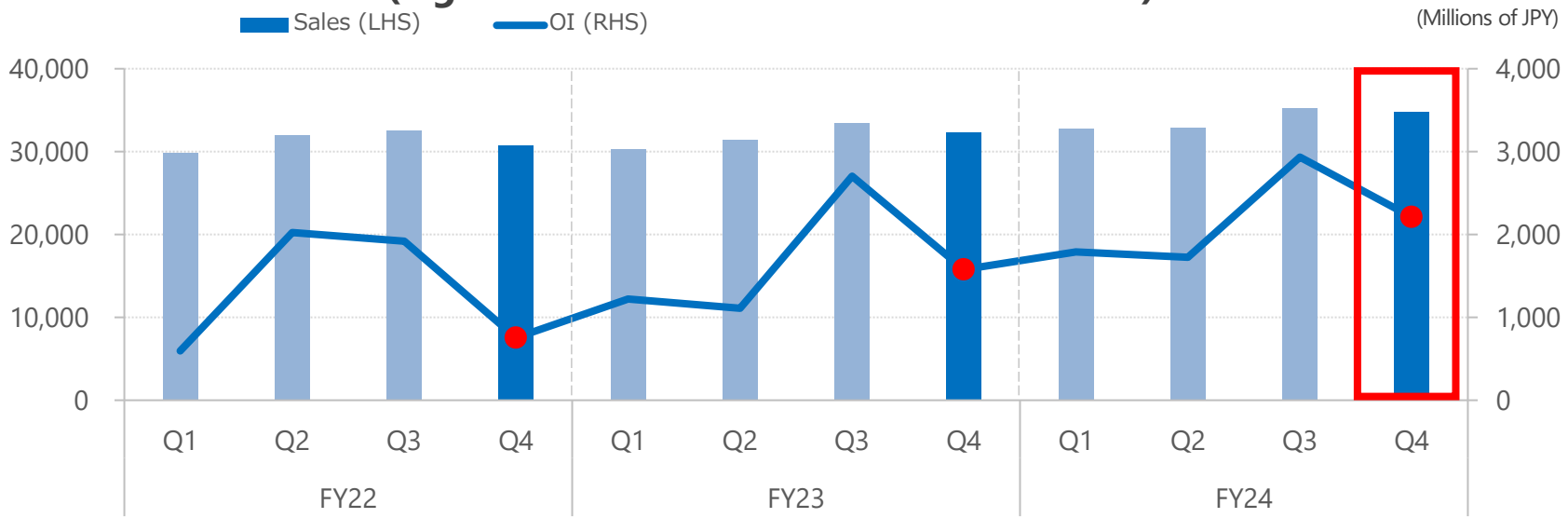
	FY23	FY24	Change	YoY
Net Sales	32,257	34,786	+2,528	+7.8%
Operating Income	1,577	2,209	+631	+40.0%
Operating Income %	4.9%	6.4%	+1.5pt	-
Ordinary Income	709	1,996	+1,286	2.8x
Profit attributable to owners of parent	-1,538	1,507	+3,046	-
Effective Tax Rate	-	39.7%	-	-
EBITDA*	2,763	3,415	+652	+23.6%

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

* EBITDA = Operating Income + Depreciation + Amortization
  - Depreciation for Jan-Mar 2024: JPY 1,191 million (Jan-Mar 2023: JPY 1,148 million)
  - Amortization for Jan-Mar 2024: JPY 14 million (Jan-Mar 2023: JPY 37 million)

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



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

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

(Millions of JPY)

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

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Consolidated Results
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

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

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

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

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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), X-Pack (Russia) and Hirch (Vietnam).
5	**Tagging**	The process of physically attaching to something data that identifies and/or status information it. This involves digitizing information of the things it is tagged to so that the tagged data can be fed to and processed by core IT systems. This domain, connecting people and things with information, has remained central to SATO's business, ever since our days of pioneering in hand labelers that attached price and other information to products.
6	**Koto-uri** (Selling the solution, not the product)	Sales approach of selling not the product but combinations of products in the form of solutions that include hardware, 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 tagging technology that makes it possible to trace complete and unique individual information by tagging not only proprietary data such as IDs but also position and status information obtained from sensors to objects and people. The status can be identified and managed by fully automated reading integrated with the operation without manual intervention. Through solutions utilizing PUT, we aim to address not only on-site issues at individual customers but also common issues for society as a whole.

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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.

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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.

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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 Holdings.

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