May 15, 2024

SATO HOLDINGS CORPORATION

FY23 Financial Results
(Fiscal Year Ended March 31, 2024)

Securities Code: 6287.T

- I am Konuma.
- Thank you for taking time out of your busy schedule to join us today.
- Let's get started.

FY23 Results &
FY24 Consolidated Forecasts

FY24-28 Medium-term Management Plan
Japan & Overseas Initiatives

● Our presentation consists of two parts.

FY23 Results &
FY24 Consolidated Forecasts

FY24-28 Medium-term Management Plan
Japan & Overseas Initiatives

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Summary

■ **FY23 Results**

- **Consolidated sales and OI reached record highs.**
- **Both overseas and Japan businesses contributed to sales.**
  OI was driven by overseas while Japan achieved its revised plan.

■ **Q4 (Jan-Mar) Results**

- **Consolidated sales increased YoY while OI remained flat.**
  The OI decline in Primary Label businesses was offset by higher profits in Asia, Oceania, and Japan.
  - ✓ Overseas Base business : Sales and OI increased
    Overseas Primary business: Sales increased but OI decreased
    Japan business: Sales were flat and OI increased
- **OI overseas exceeded its plan. Japan was in line with plan.**
  - ✓ Asia and Oceania performed well versus plan.

■ **Outlook for FY24**

- **Consolidated sales and OI are forecasted to mark record highs.**

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●These are the highlights of our financial results.
●In FY23, we achieved record-high sales and OI on a consolidated basis.
●The decline in sales in the primary labels business outside of Japan was compensated for by growth in the base business and strong performance in logistics and health care markets in Japan.
●Investments, driven by labor shortages, continue both in Japan and overseas, leading to an increase in sales of RFID solutions.
●The primary labels business in the overseas markets contributed to OI.
Japan achieved the targets revised in November, driven primarily by the successful results of price revisions.
●In Q4, on a consolidated basis, sales increased year on year, while OI remained flat.
OI remained flat, with growth in Asia, Oceania, and Japan offsetting the decline in OI of the primary labels business.
●OI exceeded the targets, driven by the overseas business performing better than expected.
The Japan business stayed in line with the plan.
●The recovery in manufacturing in Asia and Oceania resulted in outperforming the targets.
●Next, let's move on to the forecasts.
●On a consolidated basis, a large decline in OI in the primary labels business in the overseas markets was offset by an increase in OI in Japan. We have set targets exceeding FY23's record-high results.
●We will give you more details later.

Sales and OI by Business Segment

(Millions of JPY)

Segment		Item	FY23	FY22	YoY	YoY excl. FX impact
Auto-ID Solutions business		Total Sales	143,446 (127,447)	142,824 (125,157)	+0.4% (+1.8%)	+3.2% (+1.1%)
		Operating Income	9,968 (6,200)	9,748 (6,205)	+2.3% (-0.1%)	+21.4% (+11.2%)
	Overseas	Total Sales	67,931 (51,933)	68,657 (50,990)	-1.1% (+1.8%)	+4.8% (-0.0%)
		Operating Income	8,243 (4,475)	7,111 (3,568)	+15.9% (+25.4%)	+42.8% (+46.1%)
	Japan	Total Sales	75,514	74,166	+1.8%	+1.8%
		Operating Income	1,724	2,637	-34.6%	-36.2%
Consolidated (incl. eliminations)		**Total Sales**	**143,446 (127,447)**	**142,824 (125,157)**	**+0.4% (+1.8%)**	**+3.2% (+1.1%)**
		Operating Income	**10,383 (6,615)**	**8,841 (5,297)**	**+17.4% (+24.9%)**	**+38.6% (+38.0%)**

* Figures in parentheses exclude the Russian subsidiaries.

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●From this slide onward, I'll present year-on-year analyses.
●The table shows figures related to the performance highlights from the previous slide.
●Figures in parentheses do not include numbers coming from the Russian subsidiaries.
This applies to all the contents in the slides that follow.
●Refer to the figures for the primary labels business in Europe on slide 11 for the performance of our Russian subsidiaries.
●The elimination of profits resulting from intragroup transactions was positive, with approximately JPY 400 million year-on-year.
This is attributed to a decrease in the amount of unrealized profit eliminated as a result of optimizing printer inventories.

Consolidated Results

(Millions of JPY)

	FY23	FY22	Change	YoY
Net Sales	143,446 (127,447)	142,824 (125,157)	+621 (+2,290)	+0.4% (+1.8%)
Operating Income	10,383 (6,615)	8,841 (5,297)	+1,541 (+1,317)	+17.4% (+24.9%)
Operating Income %	7.2% (5.2%)	6.2% (4.2%)	+1.0pt (+1.0pt)	- -
Ordinary Income	8,961 (5,716)	9,068 (5,391)	-106 (+324)	-1.2% (+6.0%)
Profit attributable to owners of parent	3,565 (1,578)	4,184 (1,987)	-619 (-409)	-14.8% (-20.6%)
Effective Tax Rate	25.8%	30.6%	-4.8pt	-
EBITDA*	15,456 (11,165)	13,961 (9,710)	+1,494 (+1,454)	+10.7% (+15.0%)

Average exchange rates for FY23: JPY 144.58 /USD, JPY 156.74 /EUR, FY22: JPY 135.49 /USD, JPY 140.98 /EUR
FX sensitivity for FY23: JPY +503million in sales and JPY +19million in OI for +1 JPY against USD and assuming all others move by the same ratio

* EBITDA = Operating Income + Depreciation + Amortization
・Depreciation for FY23: JPY 4,926 million (4,404 million) FY22: JPY 4,855 million (4,148 million)
・Amortization for FY23: JPY 146 million (146 million) FY22: JPY 264 million (264 million)

* Figures in parentheses exclude the Russian subsidiaries.

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●This slide shows the consolidated results.
●In Argentina, the application of hyperinflation accounting has led to a negative impact of approximately JPY 600 million on sales and approximately JPY 350 million on OI.
● The profit attributable to the owners of the parent company has been adjusted to reflect the extraordinary loss of approximately JPY 2.1 billion associated with the new IT system, originally planned for launch under the previous medium-term management plan.
●We aimed to develop a new IT system to enhance our business processes and update some outdated systems. However, due to rising costs and challenges in recruiting the necessary talent both internally and externally, we've opted to replace it with a smaller-scale system.
●As announced in April, we take this extraordinary loss and the resulting revisions to our performance seriously. Therefore, we have decided to reduce monthly remuneration for directors by 20% to underscore their accountability.

Consolidated **Jan-Mar**

Sales and OI by Business Segment

(Millions of JPY)

		FY23 Jan-Mar	FY22 Jan-Mar	YoY	excl. FX impact
Auto-ID Solutions business	Total Sales	36,031 (32,257)	34,489 (30,748)	+4.5% (+4.9%)	+3.6% (+2.7%)
	Operating Income	2,139 (1,421)	2,039 (1,034)	+4.9% (+37.4%)	+9.0% (+42.9%)
Overseas	Total Sales	16,725 (12,951)	15,153 (11,411)	+10.4% (+13.5%)	+8.5% (+7.6%)
	Operating Income	1,238 (520)	1,445 (440)	-14.3% (+18.2%)	-7.4% (+35.1%)
Japan	Total Sales	19,305	19,336	-0.2%	-0.2%
	Operating Income	901	594	+51.5%	+48.7%
Consolidated (incl. eliminations)	**Total Sales**	**36,031 (32,257)**	**34,489 (30,748)**	**+4.5% (+4.9%)**	**+3.6% (+2.7%)**
	Operating Income	**2,295 (1,577)**	**1,760 (755)**	**+30.4% (2.1x)**	**+35.2% (2.2x)**

* Figures in parentheses exclude the Russian subsidiaries.

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●The table shows the Q4 performance for each business segment.
●Sales increased in all overseas regions. OI declined overall, despite strong performance in Asia and Oceania, primarily due to a decrease in OI in the primary labels business in Europe.
●In Japan, while sales remained flat, there was a substantial increase in OI, primarily attributed to the contribution of price revisions.

Consolidated Results

(Millions of JPY)

	FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY
Net Sales	36,031 (32,257)	34,489 (30,748)	+1,541 (+1,508)	+4.5% (+4.9%)
Operating Income	2,295 (1,577)	1,760 (755)	+535 (+822)	+30.4% (2.1x)
Operating Income %	6.4% (4.9%)	5.1% (2.5%)	+1.3pt (+2.4pt)	- -
Ordinary Income	1,194 (709)	1,391 (863)	-197 (-154)	-14.2% (-17.9%)
Profit attributable to owners of parent	(1,241) (-1,538)	(932) (-1,223)	-308 (-314)	- -
EBITDA*	3,633 (2,763)	2,970 (1,817)	+662 (+945)	+22.3% (+52.0%)

* EBITDA = Operating Income + Depreciation + Amortization
・Depreciation for Jan-Mar FY23: JPY 1,300 million (1,148 million) Jan-Mar FY22: JPY 1,182million (1,034 million)
・Amortization for Jan-Mar FY23: JPY 37 million (37 million) Jan-Mar FY22: JPY 27 million (27 million)

* Figures in parentheses exclude the Russian subsidiaries.

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● This slide shows our consolidated performance for Q4.

Auto-ID Solutions Business (Overseas)

Overview

Jan-Mar

Labor shortage-related demand was captured by SATO's solutions.
Sales increased, partly due to the completion of inventory adjustments for printers at distributors in the U.S. and Europe.
OI decreased due to intensified competition in Russia and the impact of applying hyperinflationary accounting standards in Argentina.

(Millions of JPY)

	FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY	excl. FX impact
Total Sales	**16,725** (12,951)	**15,153** (11,411)	**+1,572** (+1,539)	**+10.4%** (+13.5%)	**+8.5%** (+7.6%)
Gross Profit	6,306 (4,949)	5,761 (4,181)	+544 (+768)	+9.5% (+18.4%)	- -
Gross Profit %	37.7% (38.2%)	38.0% (36.6%)	-0.3pt (+1.6pt)	- -	- -
Operating Income	**1,238** (520)	**1,445** (440)	**-207** (+80)	**-14.3%** (+18.2%)	**-7.4%** (+35.1%)
Operating Income %	7.4% (4.0%)	9.5% (3.9%)	-2.1pt (+0.2pt)	- -	- -

	FY23	FY22	Change	YoY	excl. FX impact
Total Sales	**67,931** (51,933)	**68,657** (50,990)	**-725** (+942)	**-1.1%** (+1.8%)	**+4.8%** (-0.0%)
Gross Profit	27,719 (21,185)	25,255 (19,307)	+2,464 (+1,878)	+9.8% (+9.7%)	- -
Gross Profit %	40.8% (40.8%)	36.8% (37.9%)	+4.0pt (+2.9pt)	- -	- -
Operating Income	**8,243** (4,475)	**7,111** (3,568)	**+1,131** (+907)	**+15.9%** (+25.4%)	**+42.8%** (+46.1%)
Operating Income %	12.1% (8.6%)	10.4% (7.0%)	+1.8pt (+1.6pt)	- -	- -

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* Figures in parentheses exclude the Russian subsidiaries.

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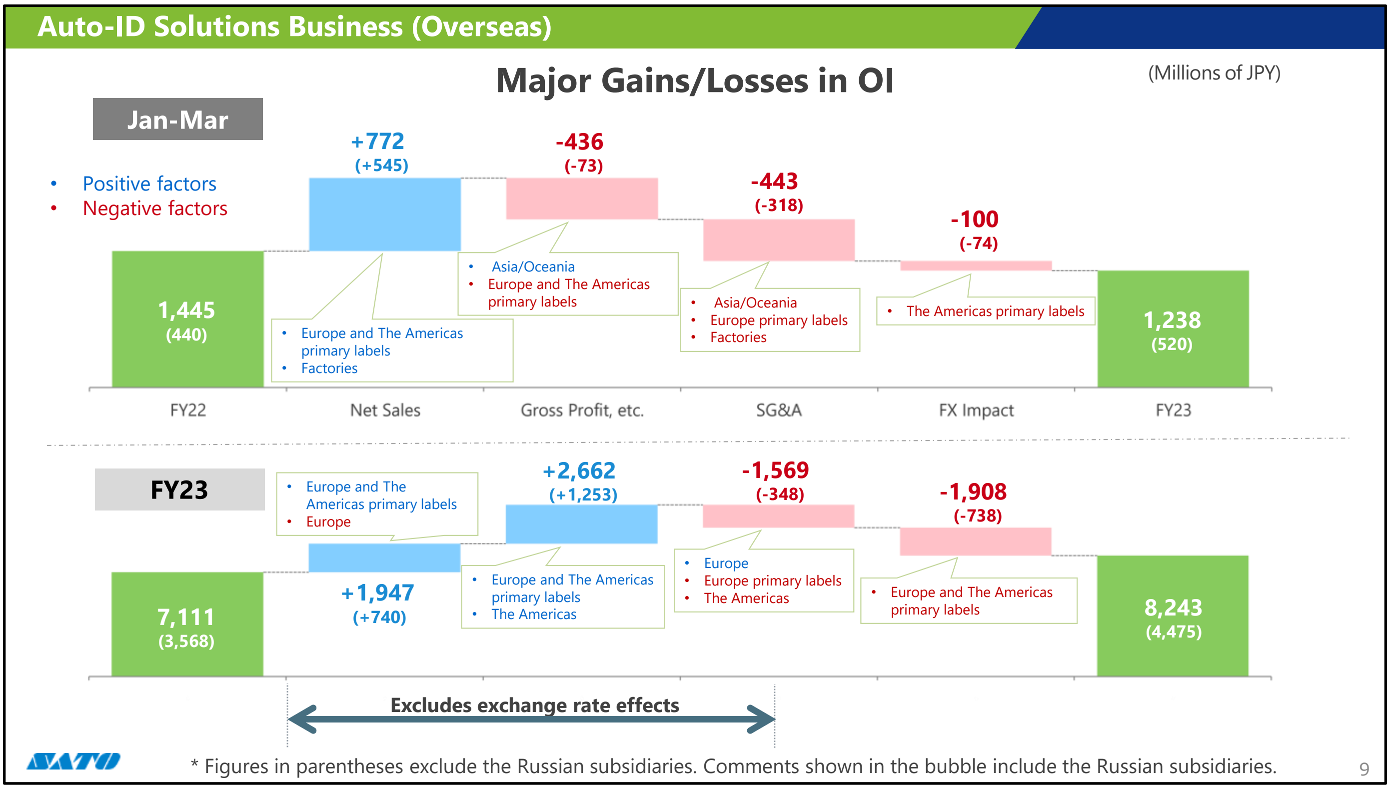
●Next, I will take you through the results of our overseas business. The upper table shows the Q4 performance.
●Sales increased, but OI decreased in the overseas business in Q4.
●Demand remained strong due to labor shortages, and our koto-uri strategy captured it despite economic slowdowns in Europe and China.
The recovery in the manufacturing market within the sales companies of Asia and Oceania, coupled with a large contract for RFID solutions, made a particularly substantial contribution.
The completion of adjusting printer inventory levels among distributors' customers in Europe and the US also made a contribution.
●OI decreased due to intensified competition in Russia, driven by the recovery of supply networks of competitors and the application of hyperinflation accounting in Argentina.
●Further details for each region will be provided in the following slides.



- This slide shows a year-on-year comparison of OI.
- Positive/negative factors listed in the balloons include those of the Russian subsidiaries.
- Overall, OI decreased, but the base business still made a contribution

Auto-ID Solutions Business (Overseas)

Breakdown by Region: The Americas

Jan-Mar

Base business: Revenues increased due to a recovery in sales to distributors in the U.S. and increased orders for solutions. Profit decreased due to the impact of applying hyperinflationary accounting standards in Argentina.
Primary Labels business: Sales stayed flat while profit declined due to the impact of the above accounting.

(Millions of JPY)

		FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	4,274	3,731	+543	+14.6%	+5.4%
	Operating Income	-92	-49	-43	-	-
Primary Labels ・Achernar ・Prakolar	Total Sales	809	752	+57	+7.6%	+64.3%
	Operating Income	91	155	-63	-41.0%	+37.5%
Total	Total Sales	5,084	4,483	+600	+13.4%	+15.3%
	Operating Income	0	106	-107	-	+30.9%

		FY23	FY22	Change	YoY	excl. FX impact
Base	Total Sales	17,333	17,267	+66	+0.4%	-2.8%
	Operating Income	538	853	-315	-36.9%	-18.4%
Primary Labels ・Achernar ・Prakolar	Total Sales	3,574	3,148	+425	+13.5%	+63.7%
	Operating Income	928	452	+476	2.1x	3.9x
Total	Total Sales	20,908	20,415	+492	+2.4%	+7.5%
	Operating Income	1,467	1,306	+160	+12.3%	+88.4%

● Now, I will explain the results by region.
● In the Americas, sales increased, but OI decreased.
● In the base business, sales increased as orders from distributors recovered following the completion of inventory adjustments at US sales companies.
The demand from key customers remained strong, which our koto-uri strategy effectively captured.
One of our successes was securing a large contract with a hospital.
OI decreased following the application of hyperinflation accounting in the sales company in Argentina.
● Despite sales remaining flat, OI decreased in the primary labels business following the application of hyperinflation accounting in Argentina.

Auto-ID Solutions Business (Overseas)

Breakdown by Region: Europe

Jan-Mar

Base business: Revenues increased due to a recovery in sales to distributors following the completion of inventory adjustments.
OI decreased due to higher personnel and other expenses at some subsidiaries.
Primary Labels business: Sales were flat, as high value-added products offset the decline in sales from intensified competition.
OI decreased due to an increase in sale expenses associated with the above-mentioned competitive landscape.

(Millions of JPY)

		FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	2,999	2,789	+209	+7.5%	-6.1%
	Operating Income	78	201	-122	-60.9%	-69.9%
Primary Labels (The Russian subsidiaries) ・Okil ・X-Pack	Total Sales	3,773 (0)	3,741 (0)	+32 (0)	+0.9% -	+11.1% -
	Operating Income	672 (-44)	945 (-59)	-272 (+14)	-28.8% -	-26.5% -
Total	Total Sales	6,773 (2,999)	6,530 (2,789)	+242 (+209)	+3.7% (+7.5%)	+3.8% (-6.1%)
	Operating Income	751 (33)	1,146 (141)	-394 (-107)	-34.4% (-76.1%)	-34.1% (-92.3%)

		FY23	FY22	Change	YoY	excl. FX impact
Base	Total Sales	11,713	12,401	-688	-5.6%	-15.3%
	Operating Income	893	772	+120	+15.5%	+3.6%
Primary Labels (The Russian subsidiaries) ・Okil ・X-Pack	Total Sales	15,998 (0)	17,667 (0)	-1,668 (0)	-9.4% -	+18.7% -
	Operating Income	3,580 (-187)	3,267 (-276)	+313 (+88)	+9.6% -	+43.6% -
Total	Total Sales	27,711 (11,713)	30,068 (12,401)	-2,357 (-688)	-7.8% (-5.6%)	+4.7% (-15.3%)
	Operating Income	4,473 (705)	4,040 (496)	+433 (+209)	+10.7% (+42.1%)	+36.0% (+11.7%)

* Figures in parentheses exclude the Russian subsidiaries.

●In Q4, while sales increased, OI decreased in Europe.

●In the base business, similar to the Americas, inventory adjustments at distributors have been completed, leading to a recovery in orders and an increase in sales.
Major business opportunities for RFID solutions in health care devices also made a substantial contribution.
However, OI decreased due to higher SG&A expenses resulting from increased personnel and other costs in some sales companies.

●Sales in the primary labels business decreased as a result of intensified competition attributable to the recovery of competitors' supply networks. The decline in sales was partially offset by both strong sales of high-value-added products and a decline, though typical for this period of the year, was smaller than expected. Consequently, overall sales remained flat. OI decreased due to higher SG&A expenses, including increased expenses for sales activities resulting from the intensified competition mentioned earlier.

Auto-ID Solutions Business (Overseas)

Breakdown by Region: Asia/Oceania

Jan-Mar

Base business: Sales increased due to firm demand in Australia and China, and for Argox in Taiwan.
OI increased due to higher sales in China and improved profitability at printer factories.

(Millions of JPY)

		FY23 Jan-Mar	FY22 Jan-Mar	Change		
					YoY	excl.FX Impact
Base	Total Sales	4,868	4,138	+729	+17.6%	+8.5%
	Operating Income	547	264	+283	2.1x	+90.7%

		FY23	FY22	Change		
					YoY	excl.FX Impact
Base	Total Sales	19,311	18,172	+1,139	+6.3%	+1.9%
	Operating Income	2,146	1,977	+168	+8.5%	+3.2%

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●In Q4, both sales and OI increased in Asia and Oceania.
●Sales increased driven by a sales company in Australia securing a large contract for RFID solutions, the recovery in manufacturing in China and solid performance of Argox in Taiwan.
●OI increased due to an increase in sales in sales companies in China and improved profitability in factories.

Auto-ID Solutions Business (Japan)

Overview

Jan-Mar

Sales were flat as consumables price revisions covered the decline in mechatronics amid absence of large projects seen last FY.
OI increased due to the speed up in price revisions and adequate control of SG&A expenses.

(Millions of JPY)

	FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY
Mechatronics Sales	8,474	8,667	-192	-2.2%
Consumables Sales	10,830	10,669	+160	+1.5%
Total Sales	**19,305**	**19,336**	**-31**	**-0.2%**
Gross Profit	8,566	8,498	+67	+0.8%
Gross Profit %	44.4%	44.0%	+0.4pt	-
Operating Income	**901**	**594**	**+306**	**+51.5%**
Operating Income %	4.7%	3.1%	+1.6pt	-

	FY23	FY22	Change	YoY
Mechatronics Sales	29,699	29,877	-177	-0.6%
Consumables Sales	45,814	44,289	+1,525	+3.4%
Total Sales	**75,514**	**74,166**	**+1,347**	**+1.8%**
Gross Profit	32,762	33,830	-1,068	-3.2%
Gross Profit %	43.4%	45.6%	-2.2pt	-
Operating Income	**1,724**	**2,637**	**-912**	**-34.6%**
Operating Income %	2.3%	3.6%	-1.3pt	-

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.

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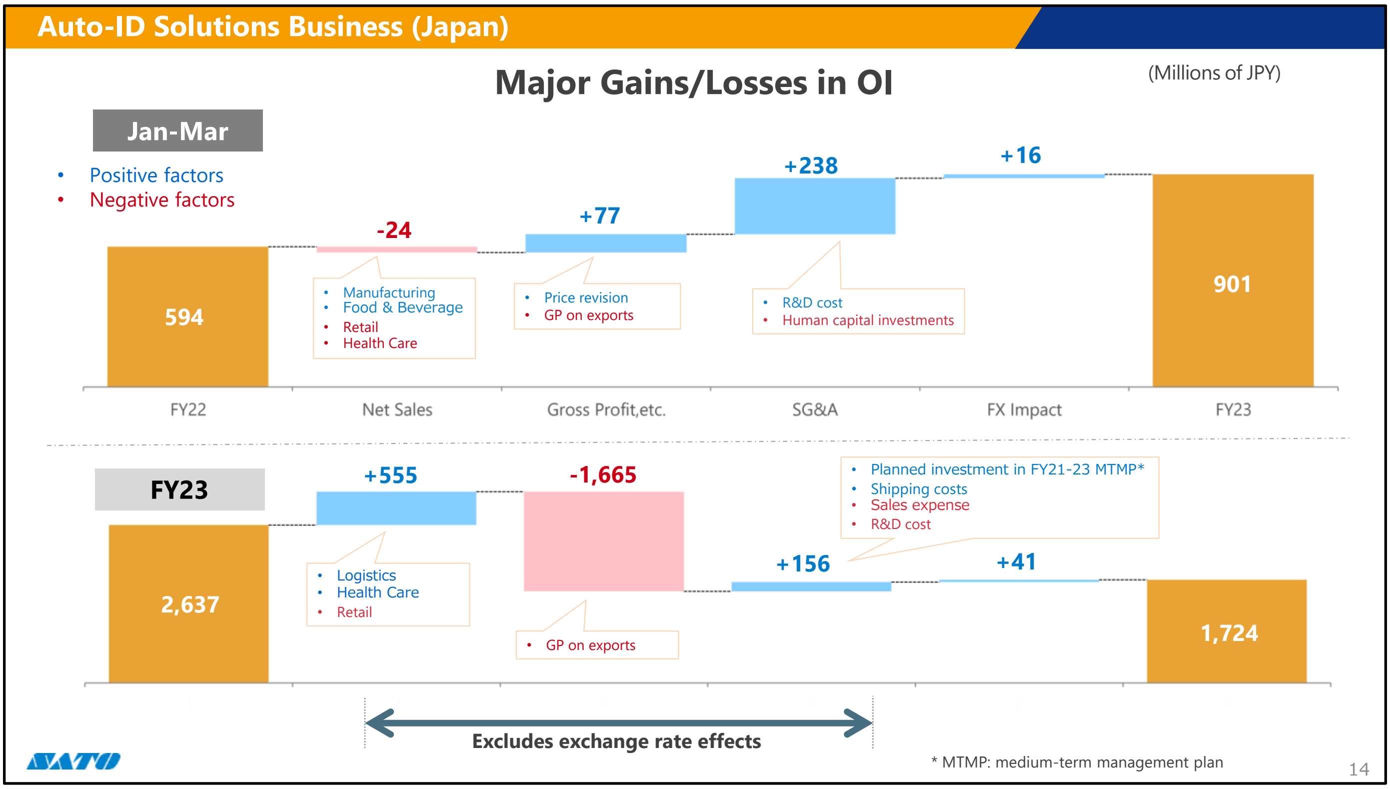
●Next, I will explain the Q4 results of the Japan business.
●A decline attributed to the impact of a large contract for automation in mechatronics from last year was offset by price revisions of consumables, resulting in flat sales. I will provide details by market later.
●Gross profit improved due to the fruitful results of price revisions and an increase resulting from higher sales of packaged software and cloud solutions. Also, OI increased through effective management of SG&A expenses.



●This slide shows a year-on-year comparison of OI.

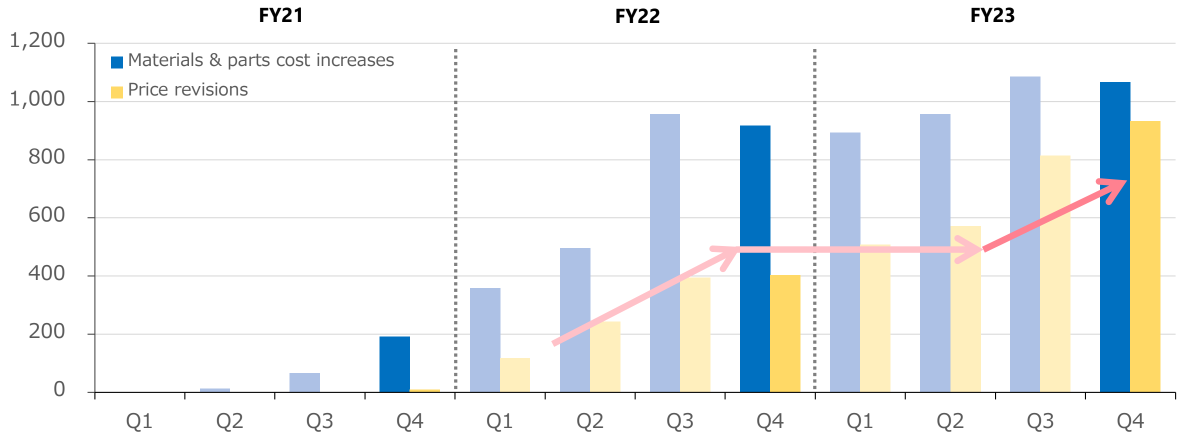
●As shown in the previous slide, OI increased due to our continued efforts in price revisions and effective management of SG&A expenses.

Materials & Parts Cost Increases and Price Revisions

Price revisions progressed mainly for consumables behind robust management leadership in line with plans announced on February 9.

(Millions of JPY)

Materials & parts cost increases and price revisions (Actual amount vs. FY20, including FX impact)



* Price revision results were revised from Q1 FY22 to reflect renewed aggregation method

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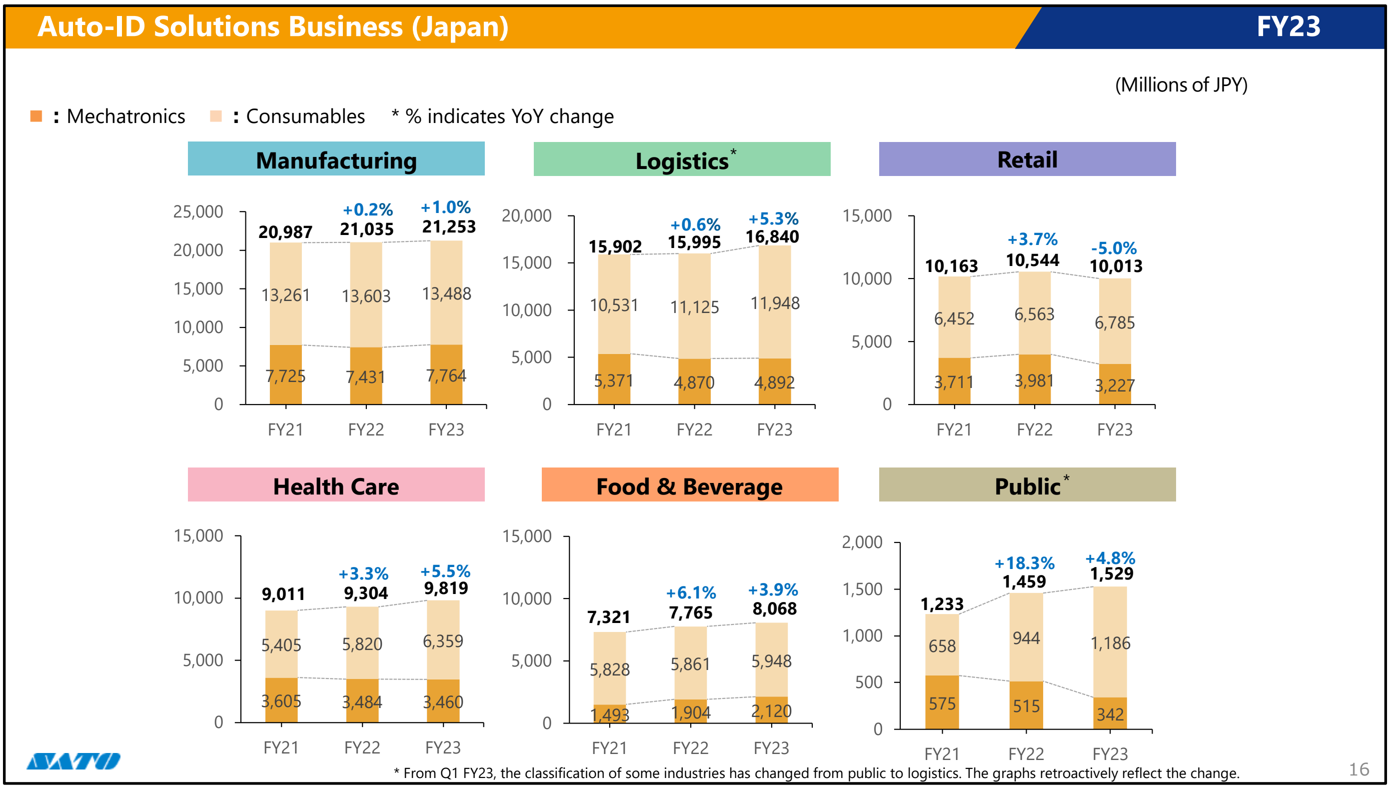
●This slide shows quarterly results of increases in the costs of materials and parts as well as the progress of our price revisions.

●Our efforts in price revisions are yielding positive results in H2, as indicated by the yellow bar on the graph, reflecting our organizational efforts. Price revisions are gradually catching up with the increasing costs.

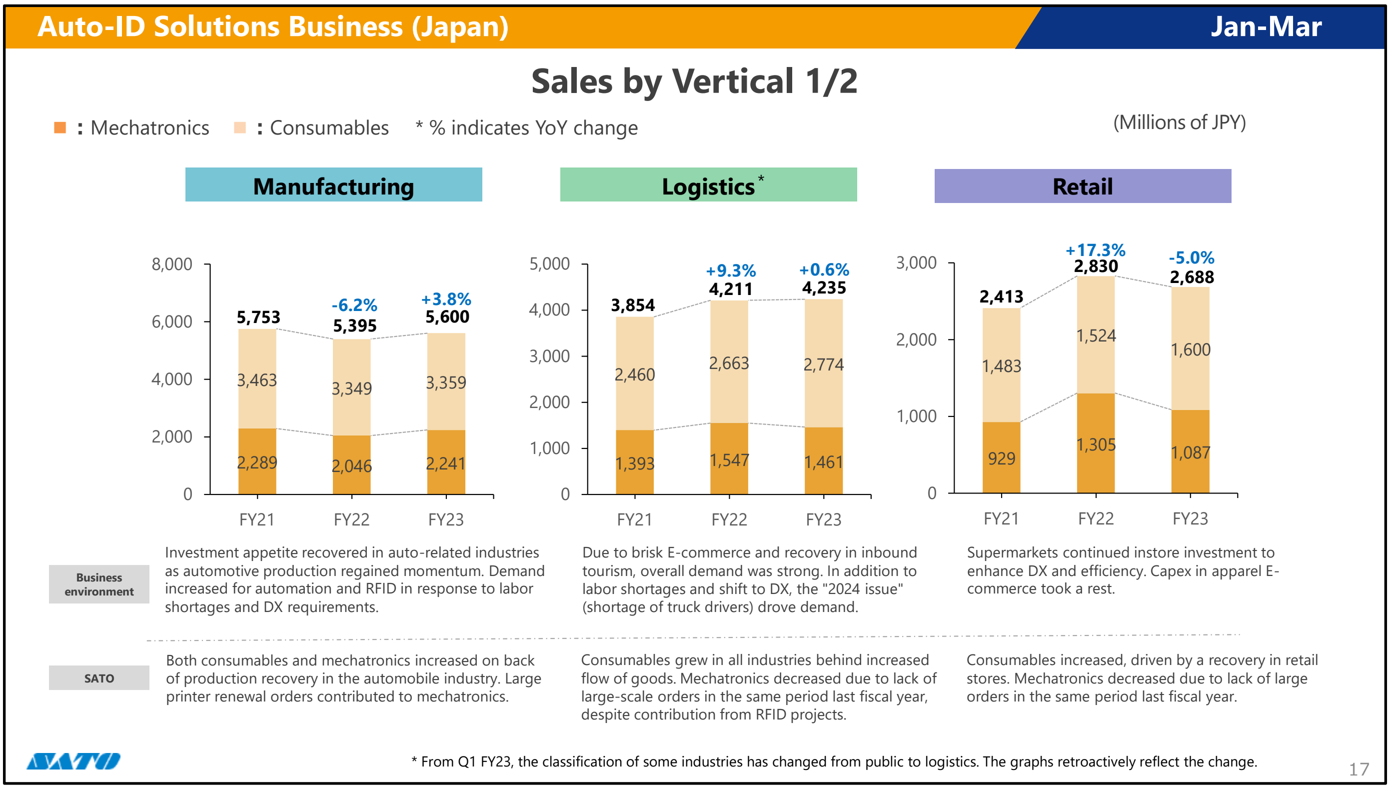
●We are progressing in line with the forecasts released on February 9.

●We expect the raw material cost to rise soon. We will adjust our prices to reflect the impact of these external factors.



● This slide shows sales by market for FY23.
● Overall demand seems to be growing due to worsening labor shortages and the demand for DX.
● The highlight here is that sales in manufacturing market increased, driven by the recovery of sales in mechatronics.

● I will elaborate on the highlights of each market for Q4 in the following slides.

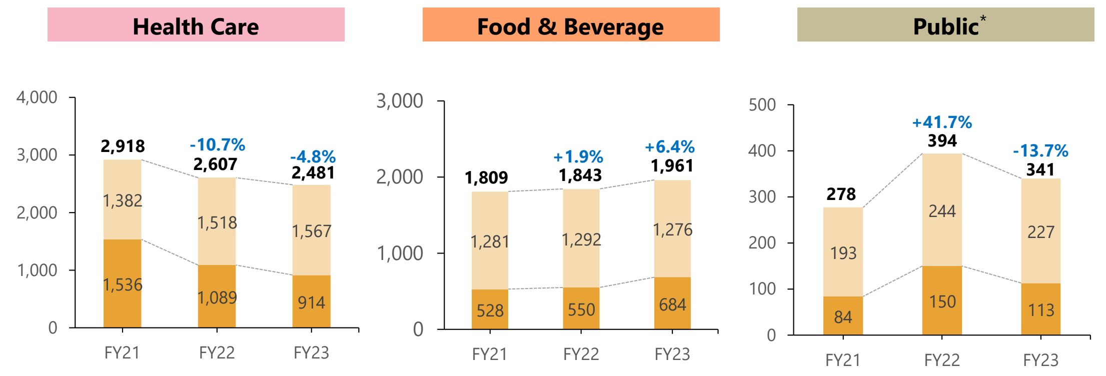


●In the manufacturing market, demand is growing with the recovery of manufacturing in the automotive and steel industries. It is attributable to the growing demand for investment in mechatronics and the need for printer replacement within the automotive industry.
●In logistics, performance remains strong due to the rising freight volume and demand related to the "2024 issue" (truck driver shortage). The demand for solutions to the "2024 issue" is strong in other markets as well. Customers in manufacturing, for example, demand solutions for truck berth management services.
●In retail, sales of consumables were driven by the recovery in general merchandise sales. The decline in sales in mechatronic is attributed to a large contract in the same period last year. The demand for AI-based solutions for price markdown is driven by labor shortages.

Auto-ID Solutions Business (Japan) — Jan-Mar

Sales by Vertical 2/2

■ : Mechatronics ■ : Consumables * % indicates YoY change (Millions of JPY)



	Health Care	Food & Beverage	Public*
Business environment	Outpatients to medical institutions increased. RFID investment continued among other areas to enhance efficiency in operations and to combat labor shortages. Demand remained firm overall.	Demand continued for automation and traceability in response to issues including higher raw material costs and labor shortages.	The overall business environment remained stable.
SATO	Consumables increased due to a recovery in outpatients and RFID needs. Mechatronics decreased due to lack of large-scale orders in the same period last fiscal year.	Consumables decreased due in part to a backlash from last quarter's rush demand before price revisions. Mechatronics increased due to large automation and traceability projects in food manufacturing.	Consumables remained flat as orders from large customers continued. Mechatronics decreased as automation projects could not fully cover the decline in large-lot orders in the same period of the previous fiscal year.

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

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●In health care, with patient traffic recovering, freight volume is increasing, while labor shortages worsen in industries related to pharmaceuticals and medical devices. We have many negotiation opportunities for RFID solutions, driven by the increasing demand for streamlining operations. Sales in mechatronics decreased compared to the same period last year, attributed to the impact of a large contract for automation.
●In food & beverage, sales also decreased primarily due to a last-minute surge in demand for consumables before a price revision. In mechatronics, sales were driven by large contracts for automation and traceability solutions in food manufacturing.
●In public, sales of consumables for a large contract for RFID solutions continue. In mechatronics, sales decreased compared to the same period last year due to the impact of a large contract for asset management.

●The fluctuations in quarterly results are primarily driven by large contracts secured in previous periods, but overall demand remains firm.

RFID and Automation Sales

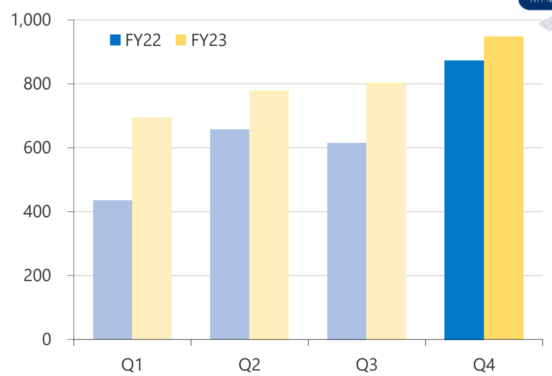
Jan-Mar

Both solutions continued to perform steadily, driven by robust demand for digitization and labor shortage mitigation. RFID sales increased in the manufacturing market due to growth in asset and product management applications. Automation decreased due to lack of large-scale projects from previous year, despite growth in the manufacturing market.

(Millions of JPY)

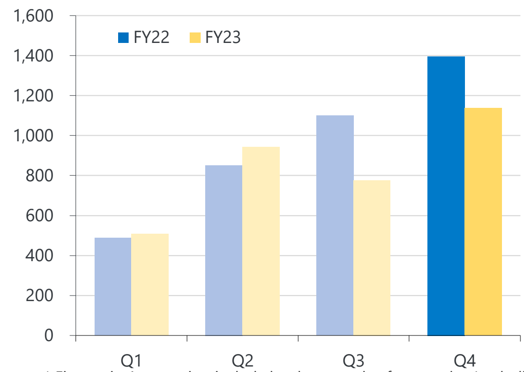
RFID

FY23: **+24.9%** YoY



Automation*

FY23: **-12.3%** YoY



* Figures in Automation include hardware and software sales (excluding consumable, service and maintenance sales).

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●This slide shows the quarterly sales of RFID and automation solutions in Japan.

●Demand continues to be strong, driving sales of RFID solutions, particularly within manufacturing.
With an increasing demand for asset and product management, sales of packaged solutions for these purposes increased.

●Sales of automation solutions were primarily driven by manufacturing.
However, the overall sales decreased due to the impact of large contracts secured in retail and health care markets during the same period last year.
Negotiation opportunities have remained stable, indicating ongoing strong demand.

Auto-ID Solutions Business (Overseas)

RFID and Automation Sales

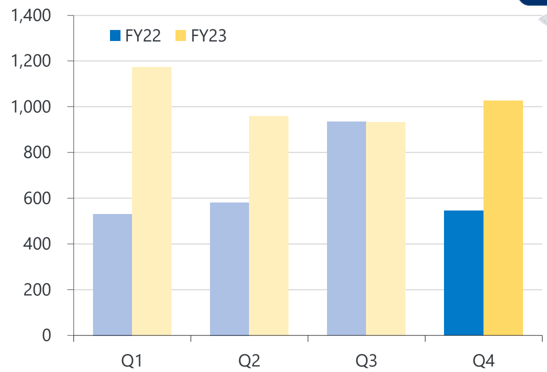
Jan-Mar

Both solutions continued to perform steadily, driven by robust demand for digitization and labor shortage mitigation. RFID increased in the manufacturing market due to large-lot projects. Automation decreased due to economic slowdown along with absence of one-off demand seen last fiscal year.

(Millions of JPY)

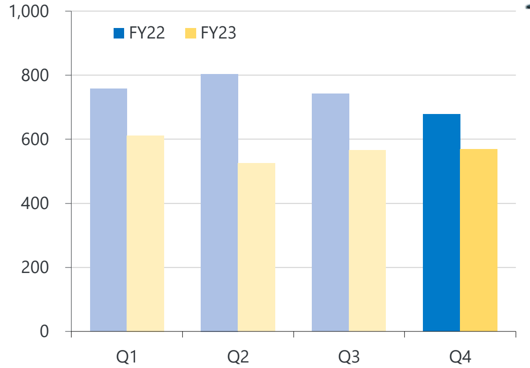
RFID

FY23: **+57.8%** YoY



Automation*

FY23: **-23.8%** YoY



* Figures in Automation is hardware sales only.

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●This slide shows quarterly sales of RFID and automation solutions in the overseas markets.

●Overseas markets continue to experience strong demand, driven by labor shortages and the need for DX similar to Japan.

●The sales of RFID solutions were primarily driven by the manufacturing market, with a significant contribution from a large contract.

●Sales of automation solutions decreased due to a temporary surge in demand caused by supply chain issues in Europe during the same period last year, coupled with an economic slowdown. We can see a recovery in sales in Europe compared to the previous quarter.

Consolidated

FY24 Consolidated Forecasts

(Millions of JPY)

	FY24 (Targets)	FY23 (Actual)	Change	YoY
Net Sales	151,000	143,446	+7,553	+5.3%
Operating Income	10,400	10,383	+16	+0.2%
Ordinary Income	10,200	8,961	+1,238	+13.8%
Profit attributable to owners of parent	6,400	3,565	+2,834	+79.5%
EBITDA	15,900	15,456	+443	+2.9%

* EBITDA = Operating Income + Depreciation + Amortization

Exchange rates assumed in FY24 forecast: JPY 145/USD, JPY 155/EUR
Average exchange rates for FY23 : JPY 144.58/USD, JPY 156.74/EUR

●This slide shows our performance forecasts for FY24.
●Sales are forecasted to increase by 5.3% and OI by 0.2% compared to the previous year, exceeding FY23's record-high results.
●The following slide shows the breakdown by business segment.

Consolidated

FY24 Consolidated Forecasts <Breakdown>

(Millions of JPY)

		FY24 (Targets)	FY23 (Actual)	Change	YoY
Overseas (Base business)	Total Sales	52,300	48,358	+3,941	+8.1%
	Operating Income	3,630	3,734	-104	-2.8%
Overseas (Primary business)	Total Sales	19,700	19,572	+127	+0.6%
	Operating Income	3,070	4,509	-1,439	-31.9%
Overseas	Total Sales	72,000	67,931	+4,068	+6.0%
	Operating Income	6,700	8,243	-1,543	-18.7%
Japan	Total Sales	79,000	75,514	+3,485	+4.6%
	Operating Income	3,700	1,724	+1,975	2.1x
Elimination	Operating Income	0	415	-415	-
Conslidated	Total Sales	151,000	143,446	+7,553	+5.3%
	Operating Income	10,400	10,383	+16	+0.2%

Overseas (Base business) Sales to increase and OI to stay flat. Taking out one-off cost reductions in FY23, OI would show solid performance.

Overseas (Primary business) OI to decrease due to increase in sale expenses in response to intensified competition in Russia.

Japan Sales and OI to increase on back of recovery in manufacturing, strong RFID demand against labor shortages, as well as agile price revisions.

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● This slide shows the rationale for our forecasts for both our Japan and oversea businesses.

● For the base business in the overseas markets, we forecast sales and OI to remain flat. However, with the temporary cost-cutting measures implemented in Europe and the US during FY23, we expect our koto-uri strategy to capture demand resulting from labor shortages, leading to solid performance.

● For the primary labels business in the overseas markets, we expect intensified competition faced by Russian subsidiaries, leading to increased sales costs and a subsequent decrease in OI.

● In the Japan business, we expect an increase in both sales and OI. This is driven by the recovery in the manufacturing market, robust demand for RFID solutions and flexible price revisions.

FY24 Consolidated Forecasts
Outlook by Region/Business and Vertical

Overseas

	The Americas	Europe	Asia/Oceania	Primary Labels
Forecasts	● Weak appetite for investment in retail and other markets due to economic slowdown. ● Printer inventory adjustment at distributors almost complete. ● Solid interest from major customers.	● Weak appetite for investment in retail and other markets due to economic slowdown. ● Printer inventory adjustment at distributors almost complete. ● RFID demand from healthcare device manufacturers to continue.	● In Southeast Asia, automotive and electrical/electronics production on the rise to drive strong demand. ● In East Asia, slow Chinese economy to drag on. ● Strong demand in Oceania led by large projects.	● Strong demand for daily necessities. ● Continued uncertainty amid high currency and geopolitical risks. ● Solid demand for high value-added products.

Japan

	Manufacturing	Logistics	Retail	Health Care	Food & Beverage
Forecasts	● Recovery in the automotive industry to continue. ● Recovery in semiconductor-related industries to become full-scale.	● Continued investment in automation and other efficiency improvements. ● Increased demand for logistics "2024 issue" (shortage of truck drivers) to work as tailwind.	● Robust earnings at major retailers leading to proactive investment. ● Continued investment overall in efficiency improvement due to labor shortages.	● Post-COVID Increase in outpatient volume and capex to take a breather. ● Automation, image recognition, RFID, and other efficiency needs to continue.	● Strong appetite for investment in response to rising costs and labor shortages. ● Stronger RFID needs for control of raw materials and reserve supply.

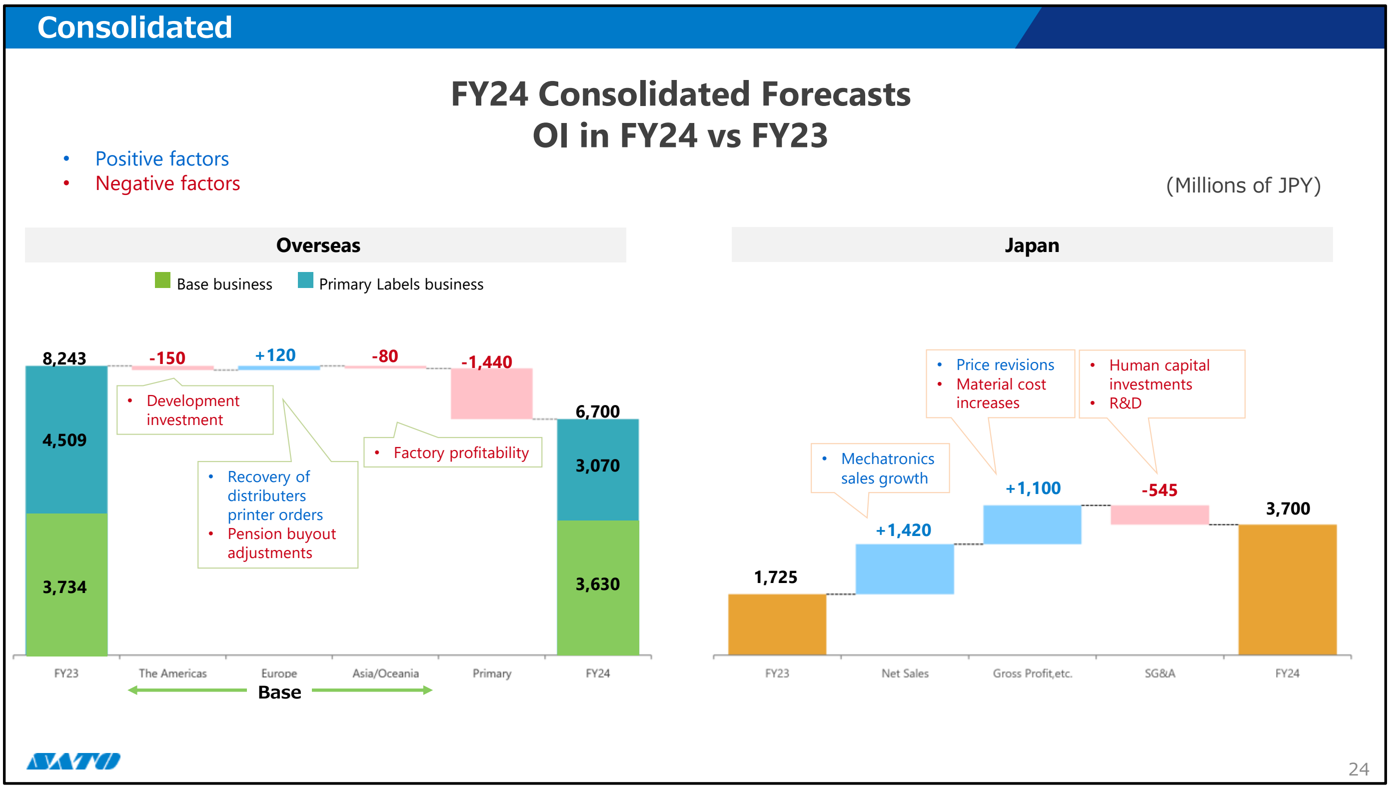
●This slide shows forecasts by region and market.

●For overseas markets, we expect the economic slowdown to persist in Europe, the US, and China, accompanied by uncertainty about the future. However, we expect the performance of distributors in Europe and the US to improve, as many customers have completed inventory adjustments.

●In the primary labels business, we expect a solid increase in demand for solutions for consumer goods.
The risks associated with exchange rates and geopolitics remain high, with an expectation of persistent uncertainty about the future. However, we expect robust demand for high-value-added solutions in our Russian subsidiaries.

●In Japan, demand in logistics is growing, driven by the need to address the "2024 issues" (truck driver shortage) and supported by government subsidies, which serves as a tailwind. Consequently, we expect ongoing investments for higher efficiency to continue. We also expect a strong performance in the manufacturing market, driven by the recovery in the automotive and semiconductor-related industries. Other markets are also expected to perform well.

●For both Japan and overseas, investment aimed at addressing labor shortages and enhancing efficiency are ongoing. The demand for auto-ID solutions, including RFID and automation, seem to be high.



●This slide shows a year-on-year comparison of OI for FY23 and FY24.

●For our overseas business, we expect strong performance in the base business. Though an increase in investments for development in the US and a pension buyout in Europe in Q1 FY23 impacted results, we expect a recovery in printer orders from distributors and growth in the health care market, as detailed in the previous slide.

●In the primary labels business, we expect a significant decrease in OI in Russia due to the impact of intensified competition.

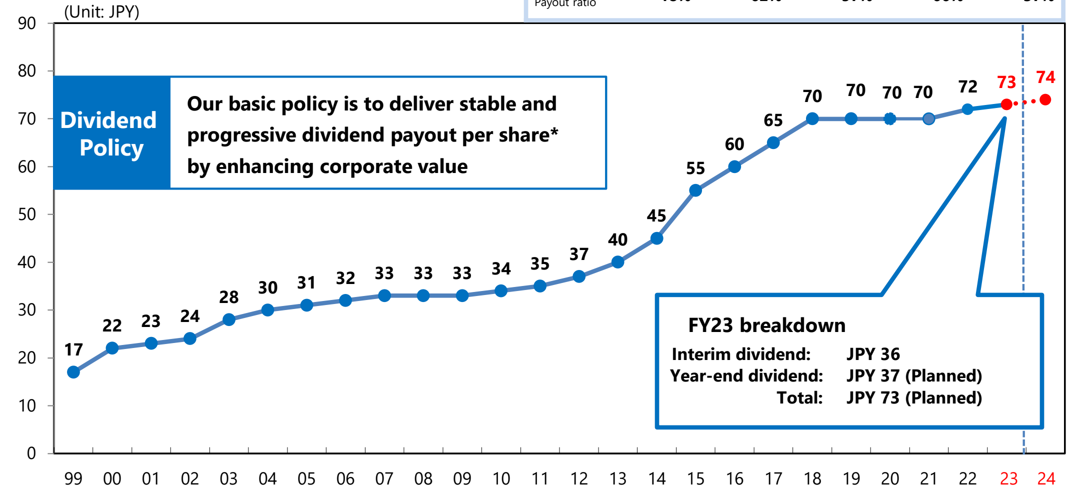
●In the Japan business, we aim to increase sales and gross profit by providing solutions to address the "2024 issue" (truck driver shortage) in logistics, as well as by boosting printer sales following the recovery in the manufacturing market and implementing flexible price revisions. We will manage SG&A expenses effectively and aim to increase OI.

Dividends

Total dividends planned for FY23: JPY 73 (up JPY 1 YoY, up JPY 1 vs. original plan)
Total dividends forecast for FY24: JPY 74 (up JPY 1 YoY)

(JPY per share)

	FY20	FY21	FY22	FY23 (Planned)	FY24 * (Forecast)
EPS	385.9	112.7	126.7	110.0	197.5
ROE	24.4%	6.3%	6.5%	5.2%	8.7%
(Ref.) Payout ratio	18%	62%	57%	66%	37%



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

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●This slide shows changes in our dividends.
●We have revised our dividend policy from "deliver stable dividends by enhancing market value" to "deliver stable and progressive dividend payout per share* by enhancing corporate value“.
* Our determination to maintain or increase dividend payouts per share each year
●In FY23, we achieved record-high consolidated performance, leading us to increase the year-end dividend by JPY1. This brings the total to JPY37 per share, exceeding our target by JPY1 and resulting in JPY73 for the full year.
●For FY24, we plan to pay a dividend of JPY 74 per share, with an increase of JPY 1 from the previous year. This adjustment reflects the higher year-end dividend paid in FY23 for the full year.

FY23 Results &
FY24 Consolidated Forecasts

FY24-28 Medium-term Management Plan

Japan & Overseas Initiatives

●Next, I will explain initiatives for both our Japan and overseas businesses that are outlined in the medium-term business management plan.

●From FY24 to FY28, covered by the new medium-term management plan, the initial two years focus on enhancing both the Japan and overseas businesses, while the subsequent three years are dedicated to establishing our new business base, Perfect and Unique Tagging.

●In March, we briefed our strategy for enhancing both our Japan and overseas businesses. Now, I will explain more specific actions.

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)
  - Increase consumable sales and profits
  - Expand solutions scaling
  - Redefine roles of Headquarters and overseas operations
  - 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

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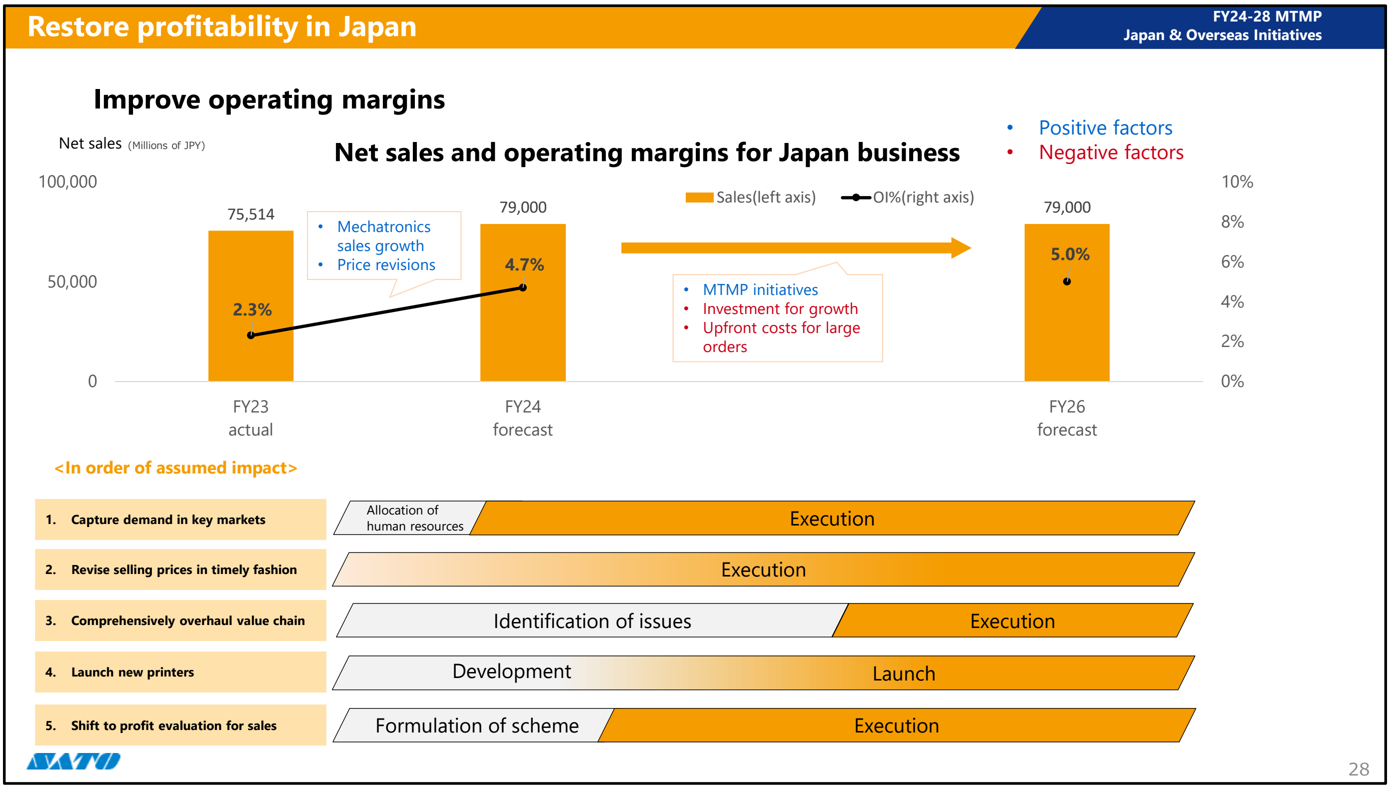
●Let me reiterate our strategy briefly first. The Japan business will prioritize OI over sales.
We will focus on recovering profitability and aim to improve the operating margin by approximately 3 percent in FY26 compared to FY23.
●In our overseas business, we aim for an average sales growth of 6 percent by pursuing sustainable and efficient growth.

●I will elaborate on specific actions in the following slides.



●First, the Japan business.
●The top graph shows net sales and OI margin. The bottom shows measures and when effects from the respective measures would show, with measures listed in order of impact they would have on OI margin.
●Let me explain each measure.
●First is to capture focal markets. We have already transferred some of our sales personnel to our health care division. We will continue to increase personnel through both internal transfers and external hiring to capture the health care market of high-growth and profitability.
●Second is to revise prices with agility. As cost of paper and raw materials is expected to rise further, we will promptly revise prices in response to changes in the external environment.
As we have not been able to fully reflect the cost increases on prices of some of our products, we will speed our efforts.
●Third is to manage our value chain. This will be explained in the following slide.
●Fourth is to launch our new printer, which will take place this fiscal year. We expect it to start contributing to our figures from FY25.
●Fifth is evaluating sales departments with greater focus on profit. We have started this practice this fiscal year. We expect it will change the behavior of our sales representatives and increase sales in value-added solutions and high-margin markets.
●As a result of these measures, we expect our profit margin to improve to approximately 5% in FY24. While we anticipate growth investment-related costs and cost-prioritizing projects to increase into FY26, the positive returns from these measures would cover for the costs and we would maintain the improved profit margin.

Restore profitability in Japan

FY24-28 MTMP
Japan & Overseas Initiatives

Comprehensively overhaul value chain

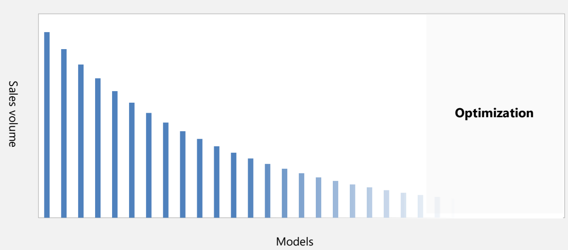
Reduce costs through optimization of printer lineup

Cost per model × Number of models = Total cost

<Benefits to customers>
・Improved hardware and software performance
・Wider market and application use for single model

< Benefits to SATO>
・Reduced manufacturing and model management costs

Sales volume by printer model (illustrative)



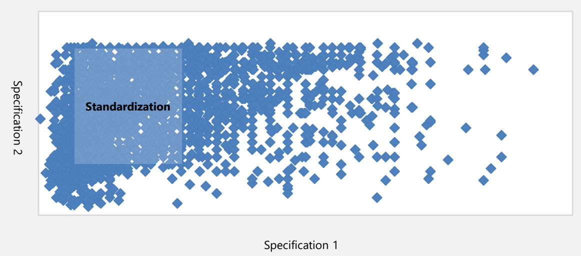
Reduce value chain man-hours by standardizing label specifications

Business negotiations & estimates → Orders & procurement → Production & quality assurance → Inventory & shipment

<Benefits to customers>
・Shorter delivery wait
・Increased purchase volume flexibility

< Benefits to SATO>
・Reduced costs through less man-hours

Distribution chart of label specification (illustrative)



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● This section explains our value chain management.
● There are largely two measures: one to reduce the cost of maintaining models by optimizing printer lineup, and the other to reduce worker-hours over the value chain by standardizing labels and reducing the number of product types.
● With regard to printer lineup optimization, SATO covers a wide range of markets and industries, where we offer not only general-purpose models but also industry-specific models tailored to the niche needs of customers.
● The advantages to having industry-specific models are (1) we can meet the needs of diverse customers and (2) utilize the knowledge we acquire from developing these models in developing general-purpose products. On the other hand, new orders tend to slow once much of the industry installs the model.
● As printers are made up of numerous materials, it takes time and cost when a material reaches its EOL and we need to search for and evaluate new components and re-file paperwork (4M) to customers.
● As recent printers and software have become increasingly multifunctional, we can now meet industry-specific needs with our general-purpose products. Together with the fact that more materials are reaching EOL and that we need to restore profitability, we will optimize our printer lineup to seek reduction in total cost.
● This initiative has benefits for customers, in that they (1) will see better performance in hardware and software, and (2) could use the same model for a variety of markets and applications, among other benefits.

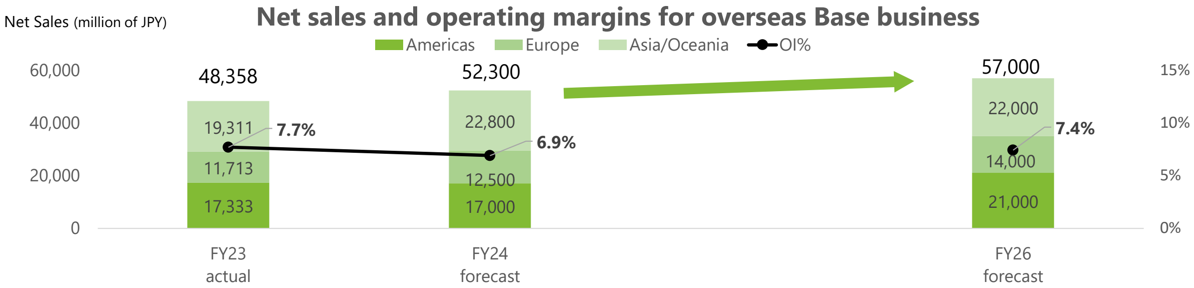
● The graph shown at the lower left shows sales volume by model.
● Models toward the right have very low sales that should any of their materials reach EOL, profits from their sales may not cover for the pertaining costs.
● While consumables sales do cover for EOL-related costs even when a model is running debts, we may not see it happen in some industries going forward.
● That's why we have selected discontinuing models based on expected EOL-related costs and growth potential of the industry they target.
● We will gradually optimize our lineup from the second half of the fiscal year.
● As for standardization of label specifications, the lower right graph shows the distribution of labels by specification.

● After analyzing sales data, we have found out that we can standardize labels that are mapped in darker blue.
● We believe standardization will streamline the work and time required in the process from negotiating with customers to shipping out the order.
● It would also benefit customers with shorter delivery times and greater flexibility in purchasing quantity.
● We will gradually switch to standard products after discussing with customers.

● Value chain management is a measure that we had been considering for some time that has become possible this time around with the latest organizational change in March that set up the Mechatronics and Labels HQs and allowed quick decisions eying overall optimization.

Drive sustainable and efficient growth in Overseas Base business

Efficiently create and scale solutions



Previous MTMP

[Achievements]

- Penetration of *Koto-uri* (Providing solutions)
- Local creation of solutions
- Replication of success cases

[Issues]

- Inefficiency caused by headquarters-led centralized system

New MTMP

[Initiatives]

- Continue to capture demand for existing solutions
- Conduct measures with local initiatives
- Headquarters to manage global key accounts

- **Efficiently create and scale solutions**

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●I will now explain about our Overseas base business.
●Our base business overseas will continue to grow creating and deploying solutions while maintaining profitability.
●Actions under the previous medium-term management plan has resulted in all of our overseas sales companies fully undertaking the koto-uri approach and creating their own solutions.
HQ is actively sharing successful case examples in Japan with other countries to be used locally.
●Yet, as it's HQ-led, we still face the issue of speeding the deployment process.
●The new medium-term management plan calls on sales companies to drive the global deployment of portable businesses while HQ focuses on capturing businesses with global key accounts and creating more solutions efficiently and for more regions. Through these measures, we aim to achieve an average annual growth rate of 6%.

Drive sustainable and efficient growth in Overseas Base business

Continued initiatives

Initiative 1. Increase consumable sales and profits

	Initiatives	Expected impact
Global	Standardize processes	• Greater offering of consumables
Americas and Europe	Introduce MES	• Optimization of estimates • Improved productivity
Europe	Enhance added value	• Larger sales of environmentally friendly products • Improved competitiveness
Americas and Asia	Renew equipment	• Improved responsiveness to local customers

＋ Reinforcement of manufacturing facilities (including RFID tags)

Initiative 2. Expand solutions scaling

- **Make the most of global CRM** : Visualization of scaling status
- **Expand internal and external training** : Higher common ground of expertise
- **Share success cases** : More know-how and mutual support

New Initiatives

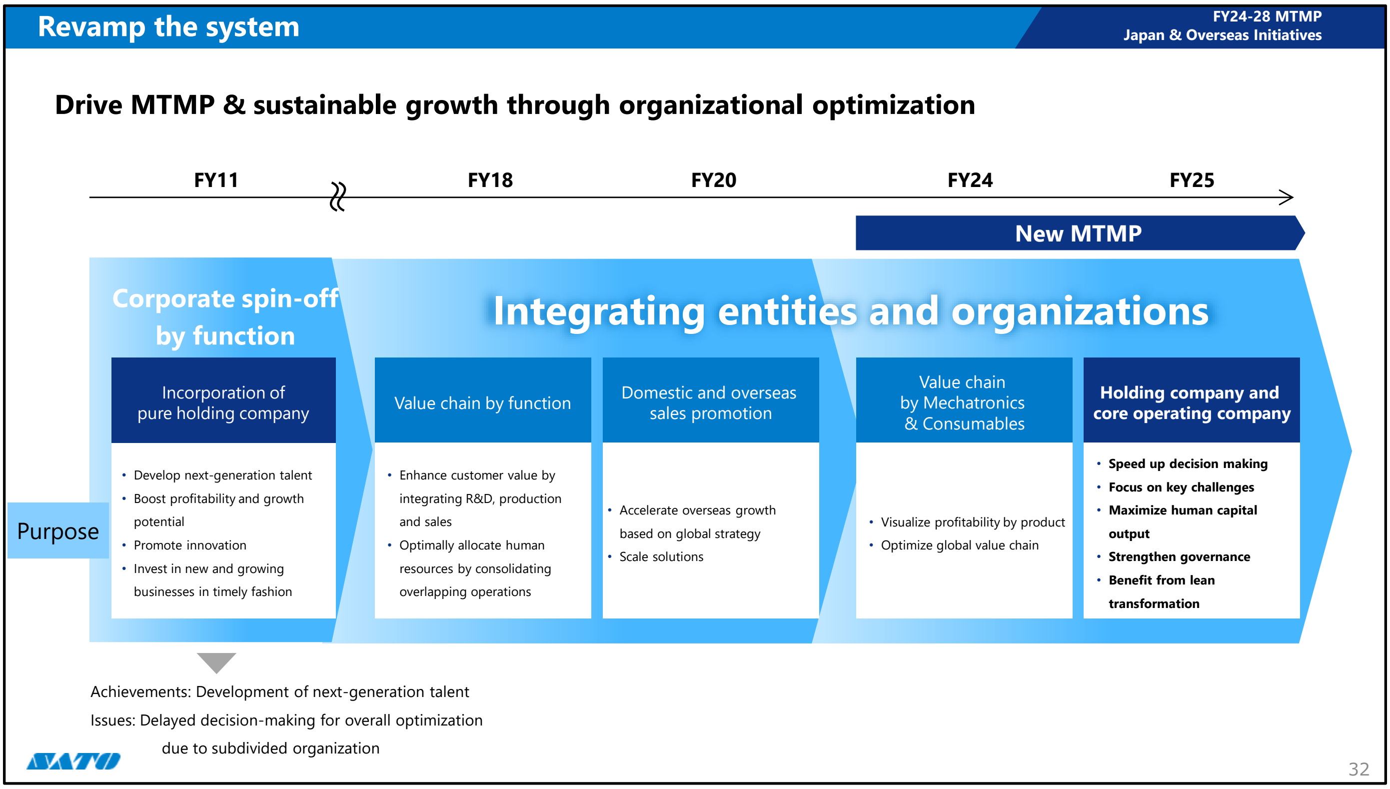
Initiative 3. Redefine roles of Headquarters and overseas operations

- **Headquarters** : • Focus on managing global key accounts
- **Overseas operations** : • Scaling solutions within the same customer and industry
  • Scaling solutions to other markets and industries
  • Scaling solutions according to the different stages of economic development

Initiative 4. Create locally-suited solutions

- **Establish specialized teams in each region** : Development of solutions in line with local needs
- **Collaborate with business partners** : Tie-ups with industry-specific partners

●This slide explains measures for our overseas base business.
●As a continuing measure, we will increase profits from our repeat business of consumables by standardizing processes, introducing production systems, increasing added value in products, and upgrading facilities.
●We will also reinforce our manufacturing plants to include production of RFID labels.
●Next, we will continue to enhance global deployment of solutions using global CRM to visualize their status, raising the level of knowledge through internal and external training and sharing of successful case examples, and strengthening mutual support.
●As a new measure, we will review the roles and functions of HQ and subsidiaries. HQ will focus on global key accounts, while subsidiaries will drive global deployment of portable businesses to other applications of a customer, new customers in an industry, or other markets and industries, or of solutions tailored to the economic development level of another country.
●We will also create solutions most optimal for each region by establishing specialized organizations locally and co-creating with business partners.
●These are not independent measures; they link with one another to create synergy.



●Finally, I will explain about the organization.

●We hope to drive the medium-term management plan, and ultimately sustainable growth, with an optimized organization.

●The SATO Group shifted to a holding company structure in 2011 with the aim to nurture next-generation management personnel, strengthen profitability and growth potential of the Group, advance innovation, and actively invest in growth and new businesses. We established group companies by function.

●The holding company structure led to success in development of personnel and other intended goals, but also revealed issues in the time it took to make decisions on group-wide optimization owing to greater segmentation of the organization.

●We have thus integrated group companies since FY18 to streamline management, and our value chains and sales functions as well, based on function and from global perspectives.

●And this fiscal year, we reshaped our organization to integrate our value chain under the two categories of Mechatronics and Labels, to visualize profitability based on product and to drive the new medium-term management plan.

●These efforts will culminate in FY25 when we are due to integrate the holding company and our core operating company in Japan in order to simplify the segmented organization, clarify responsibilities and authority to speed up decision-making, and to effectively utilize human capital and strengthen governance.

●The purpose of the reorganization is to become a company that is "always essential in an ever-changing world."

●We will continue to value our corporate motto of Ceaseless Creativity as we develop innovative products for the new era with our traditional passion of a manufacturer.

Appendix

Business Overview by Product

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

Auto-ID solutions (Japan/Overseas)

Base

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

Mechatronics

38%

Printers

Other Hardware

Software

Services

Consumables

48%

Labels & Tags

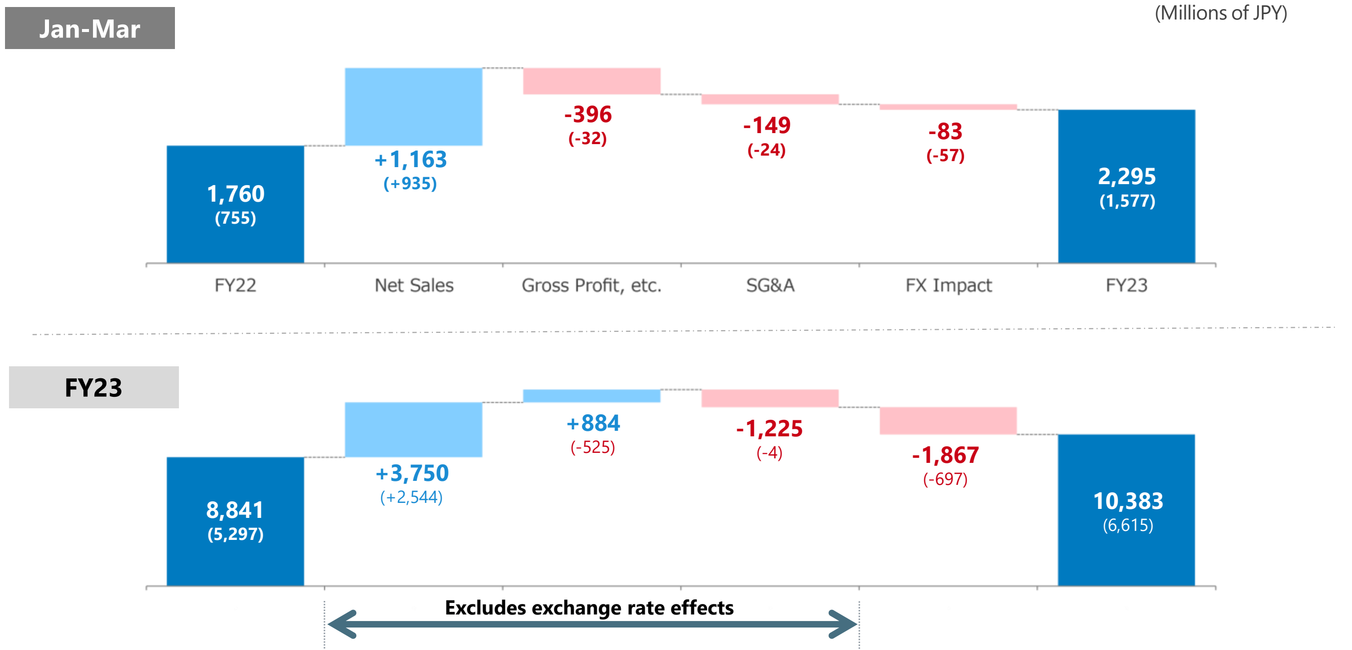
Primary

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

Stickers & primary labels

Note: Sales of stickers & primary labels in Japan are included in consumables, since they account for a small portion of the total sales.

Major Gains/Losses in OI

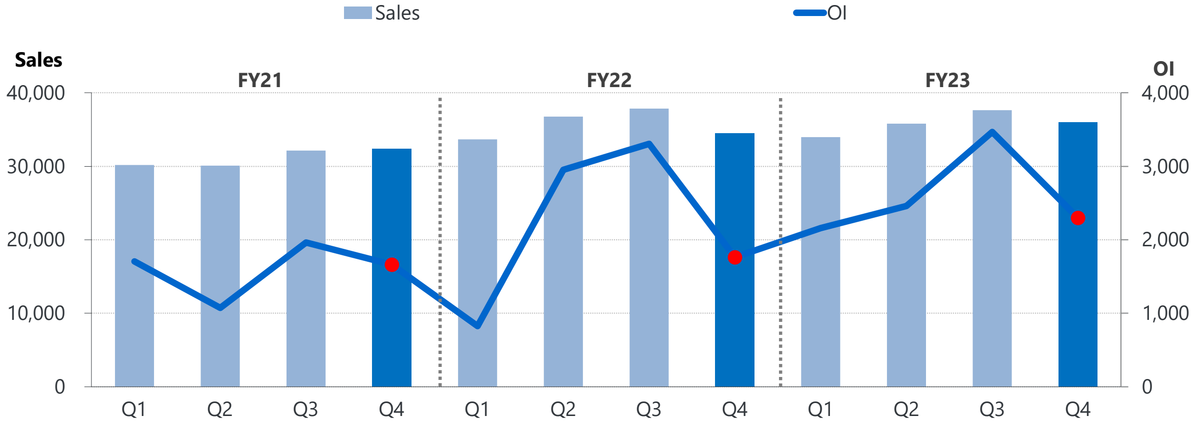


* Figures in parentheses exclude the Russian subsidiaries.

Consolidated

Quarterly Sales & OI

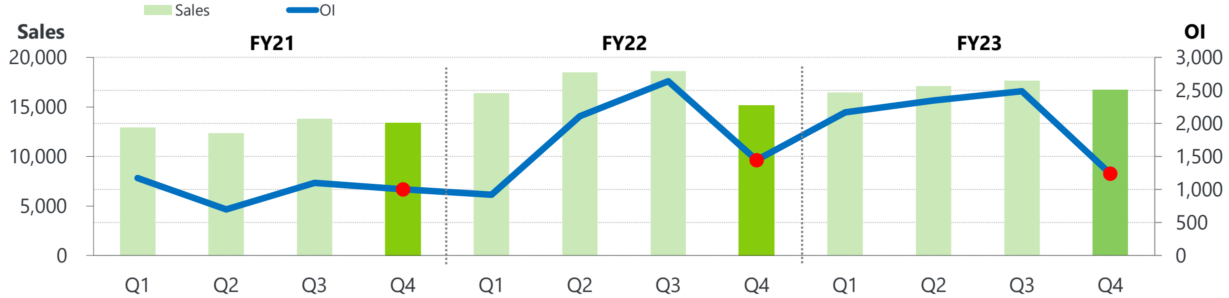
(Millions of JPY)



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	30,177	30,084	32,126	32,395	33,686	36,777	37,871	34,489	33,989	35,797	37,628	36,031
YoY	+27.6%	+14.7%	+9.3%	+8.8%	+11.6%	+22.2%	+17.9%	+6.5%	+0.9%	-2.7%	-0.6%	+4.5%
OI	1,706	1,073	1,963	1,660	824	2,951	3,304	1,760	2,160	2,460	3,467	2,295
YoY	4.4x	-1.0%	-14.9%	-19.8%	-51.7%	2.7x	+68.3%	+6.0%	2.6x	-16.6%	+4.9%	+30.4%

Quarterly Sales & OI

(Millions of JPY)

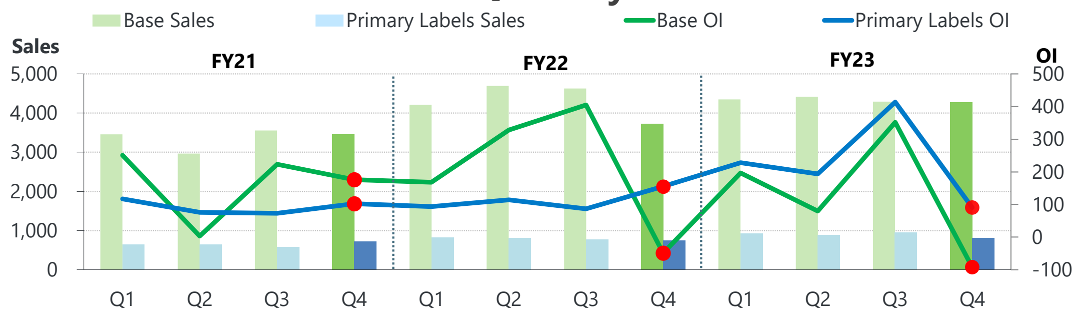


	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	12,929	12,354	13,788	13,423	16,394	18,483	18,626	15,153	16,452	17,104	17,648	16,725
YoY	+64.8%	+21.5%	+24.8%	+18.9%	+26.8%	+49.6%	+35.1%	+12.9%	+0.4%	-7.5%	-5.3%	+10.4%
OI	1,175	698	1,101	1,003	919	2,109	2,637	1,445	2,169	2,346	2,490	1,238
YoY	15.1x	+2.2%	+5.6%	+14.0%	-21.8%	3.0x	2.4x	+44.0%	2.4x	+11.2%	-5.6%	-14.3%

Auto-ID Solutions Business (Overseas)

The Americas: Quarterly Sales & OI

(Millions of JPY)



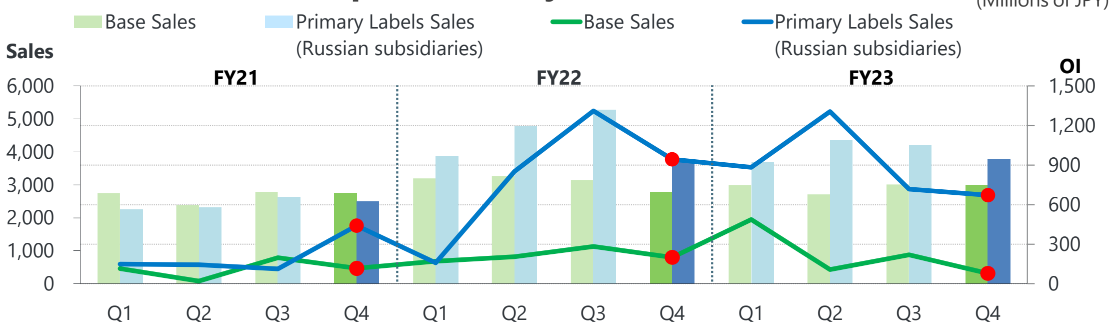
		FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4
Base	Sales	3,458	2,970	3,554	3,456	4,214	4,694	4,626	3,731	4,353	4,412	4,293	4,274
	YoY	+94.2%	+11.6%	+27.2%	+10.1%	+21.8%	+58.1%	+30.2%	+8.0%	+3.3%	-6.0%	-7.2%	+14.6%
	OI	251	3	223	176	168	328	405	-49	197	80	352	-92
	YoY	-	-97.8%	-3.6%	+13.1%	-32.9%	87.3x	+81.1%	-	+17.0%	-75.5%	-13.1%	-
Primary Labels	Sales	648	643	576	717	821	806	769	752	924	885	954	809
	YoY	+71.4%	+29.2%	+0.8%	+24.6%	+26.6%	+25.3%	+33.4%	+4.8%	+12.6%	+9.8%	+24.2%	+7.6%
	OI	117	76	73	102	94	114	87	155	228	194	414	91
	YoY	45.9x	+4.7%	-18.0%	+9.2%	-19.0%	+50.2%	+18.7%	+51.9%	2.4x	+70.2%	4.7x	-41.0%

SATO

Auto-ID Solutions Business (Overseas)

Europe: Quarterly Sales & OI

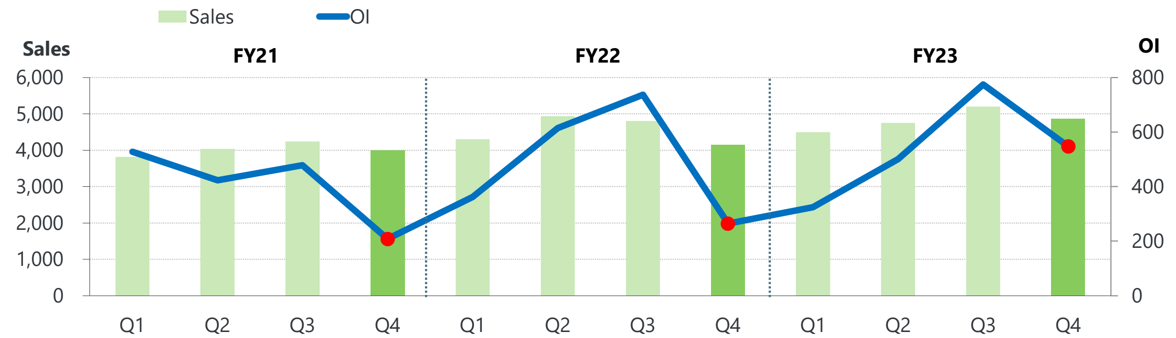
(Millions of JPY)



		FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4
Base	Sales	2,746	2,391	2,785	2,749	3,195	3,268	3,149	2,789	2,991	2,714	3,008	2,999
	YoY	+89.0%	+19.5%	+30.4%	+37.7%	+16.3%	+36.6%	+13.0%	+1.5%	-6.4%	-16.9%	-4.5%	+7.5%
	OI	115	20	197	117	170	204	196	201	487	108	219	78
	YoY	-	-63.8%	2.1x	5.7x	+46.9%	10.0x	-0.5%	+71.1%	2.9x	-47.1%	+11.2%	-60.9%
Primary Labels (Russian subsidiaries)	Sales	2,256	2,311	2,633	2,499	3,867	4,775	5,282	3,741	3,687	4,341	4,195	3,773
	YoY	+31.9%	+22.2%	+33.4%	+43.8%	+71.4%	2.1x	2.0x	+49.6%	-4.7%	-9.1%	-20.6%	+0.9%
	OI	149	144	113	441	159	851	1,311	945	884	1,305	717	672
	YoY	+51.8%	-16.3%	-37.5%	9.7x	+6.8%	5.9x	11.6x	2.1x	5.6x	+53.2%	-45.3%	-28.8%

Asia/Oceania: Quarterly Sales & OI

(Millions of JPY)

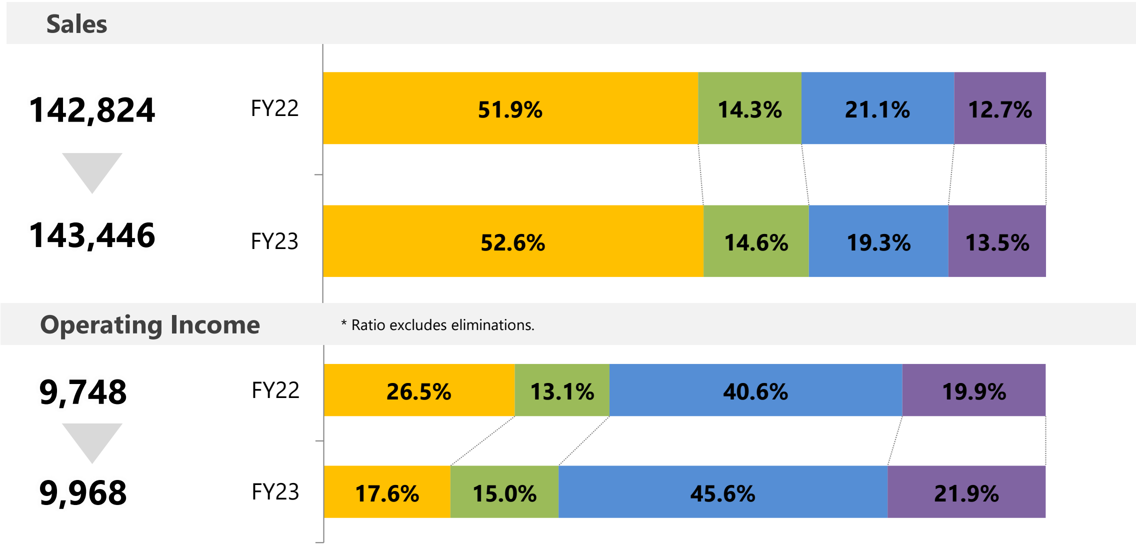


		FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4
Base	Sales	3,817	4,037	4,238	4,000	4,296	4,938	4,799	4,138	4,495	4,751	5,196	4,868
	YoY	+51.5%	+29.5%	+18.8%	+4.2%	+12.5%	+22.3%	+13.2%	+3.5%	+4.6%	-3.8%	+8.3%	+17.6%
	OI	527	423	478	208	362	614	736	264	324	500	774	547
	YoY	5.1x	2.2x	+19.2%	-62.6%	-31.2%	+44.9%	+53.9%	+26.9%	-10.7%	-18.5%	+5.1%	2.1x

Sales and OI by Region

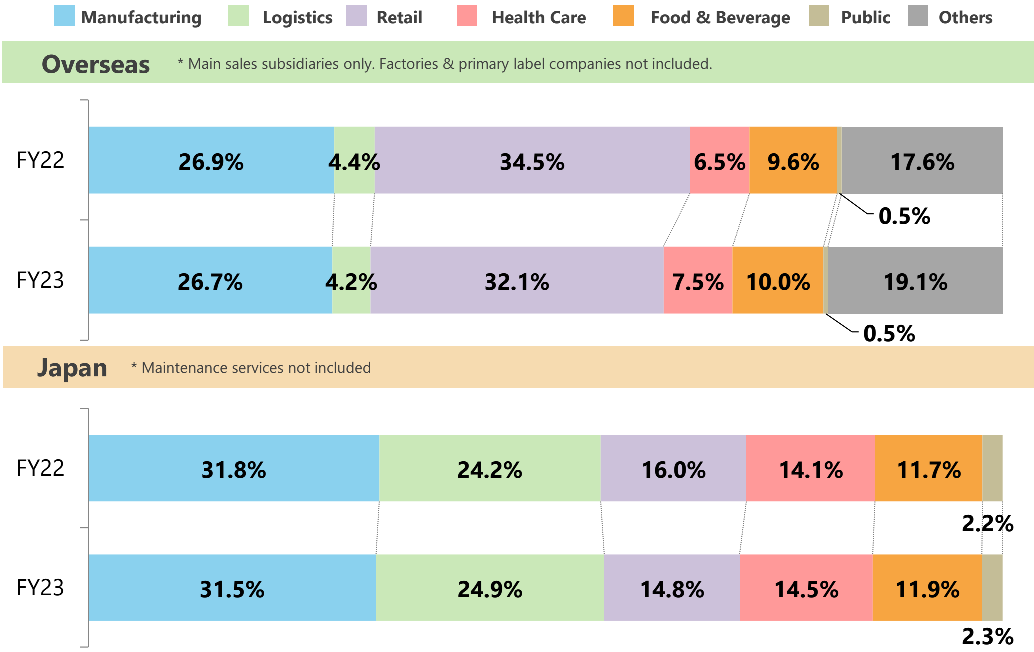
(Millions of JPY)

Japan The Americas Europe Asia/Oceania



OI Ratio FY22 Japan : 3.6%, Overseas : 10.4%
FY23 Japan : 2.3%, Overseas : 12.1%

Sales by Vertical



* From FY23-Q1, the classification of some industries changed from public to logistics. The graph shows this change retroactively.

Sales and OI by Business Segment/Region

(Millions of JPY)

Sales

68,657 → 67,931

	Base	Primary Labels
FY22	69.7%	30.3%
FY23	71.2%	28.8%

	The Americas	Europe	Asia/Oceania
FY22	29.7%	43.8%	26.5%
FY23	30.8%	40.8%	28.4%

Operating Income

* Ratio excludes eliminations.

7,111 → 8,243

	Base	Primary Labels
FY22	49.2%	50.8%
FY23	44.2%	55.8%

	The Americas	Europe	Asia/Oceania
FY22	17.8%	55.2%	27.0%
FY23	18.1%	55.3%	26.5%

OI ratio:
FY22 Base : 7.5%, Primary Labels : 17.9%
FY23 Base : 7.4%, Primary Labels : 23.0%

FY22 The Americas : 6.4%, Europe : 13.4%, Asia/Oceania : 10.9%
FY23 The Americas : 7.0%, Europe : 16.1%, Asia/Oceania : 11.1%

Breakdown by Business Segment

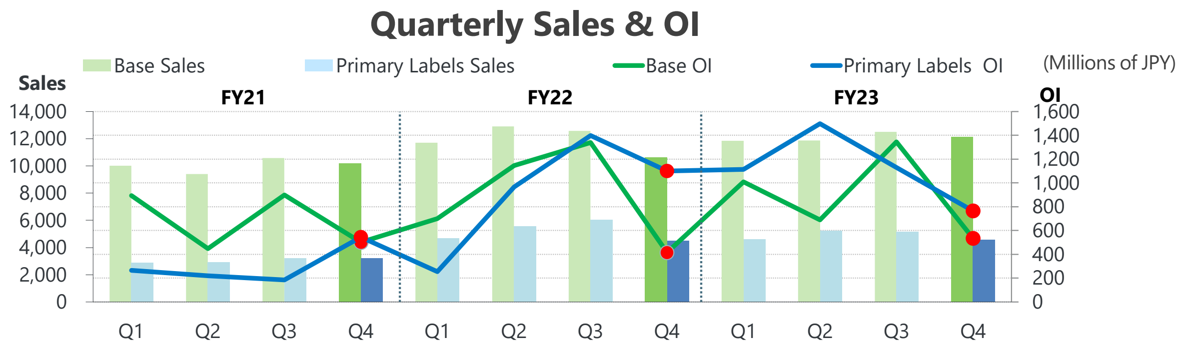
(Millions of JPY)

		FY23 Jan-Mar	FY22 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	12,142	10,659	+1,482	+13.9%	+3.6%
	Operating Income	533	416	+117	+28.2%	+17.7%
Primary Labels	Total Sales	4,583 (809)	4,493 (752)	+90 (+57)	+2.0% (+7.6%)	+20.0% (+62.1%)
	Operating Income	764 (47)	1,101 (95)	-336 (-48)	-30.5% (-51.0%)	-17.5% (+83.3%)
Eliminations	Operating Income	-60 (-60)	-72 (-72)	+11 (+11)	- -	- -
Total	Total Sales	16,725 (12,951)	15,153 (11,411)	+1,572 (+1,539)	+10.4% (+13.5%)	+8.5% (+7.6%)
	Operating Income	1,238 (520)	1,445 (440)	-207 (+80)	-14.3% (+18.2%)	-7.4% (+35.1%)

		FY23	FY22	Change	YoY	excl. FX impact
Base	Total Sales	48,358	47,841	+517	+1.1%	-4.2%
	Operating Income	3,577	3,604	-26	-0.7%	-1.8%
Primary Labels	Total Sales	19,572 (3,574)	20,816 (3,148)	-1,243 (+425)	-6.0% (+13.5%)	+25.5% (+59.5%)
	Operating Income	4,509 (741)	3,719 (176)	+789 (+565)	+21.2% (4.2x)	+73.6% (8.0x)
Eliminations	Operating Income	156 (156)	-212 (-212)	+369 (+369)	- -	- -
Total	Total Sales	67,931 (51,933)	68,657 (50,990)	-725 (+942)	-1.1% (+1.8%)	+4.8% (-0.0%)
	Operating Income	8,243 (4,475)	7,111 (3,568)	+1,131 (+907)	+15.9% (+25.4%)	+42.8% (+46.1%)

* Figures in parentheses in the lower part of the table exclude the Russian subsidiaries.

Auto-ID Solutions Business (Overseas)



Base	Sales	10,023	9,399	10,578	10,206	11,706	12,901	12,574	10,659	11,840	11,877	12,498	12,142
	YoY	+74.2%	+20.8%	+24.5%	+13.7%	+16.8%	+37.2%	+18.9%	+4.4%	+1.2%	-7.9%	-0.6%	+13.9%
	OI	894	447	900	502	701	1,147	1,338	416	1,008	689	1,345	533
	YoY	-	+5.8%	+23.7%	-31.5%	-21.5%	2.6x	+48.7%	-17.2%	43.7%	-39.9%	+0.5%	+28.2%
Primary Labels	Sales	2,905	2,955	3,209	3,217	4,688	5,582	6,051	4,493	4,612	5,226	5,150	4,583
	YoY	+39.1%	+23.7%	+26.1%	+39.0%	+61.4%	+88.9%	+88.6%	+39.7%	-1.6%	-6.4%	-14.9%	+2.0%
	OI	266	220	186	544	254	966	1,398	1,101	1,113	1,499	1,131	764
	YoY	2.6x	-10.1%	-31.0%	3.9x	-4.6%	4.4x	7.5x	2.0x	4.4x	+55.2%	-19.1%	-30.5%

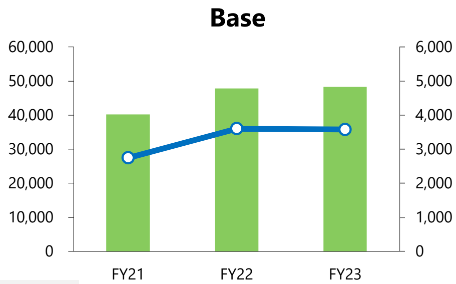
Auto-ID Solutions Business (Overseas)

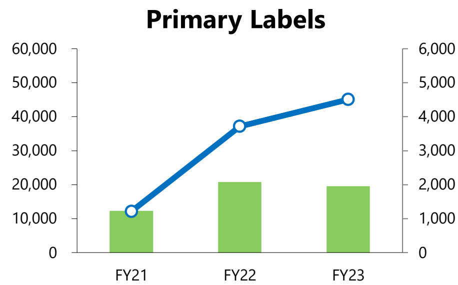
FY23

Sales and OI Trends by Business Segment and Region

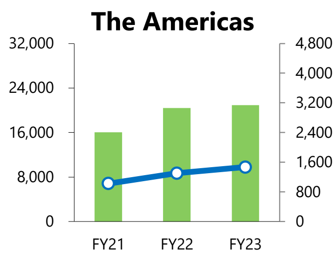
By Business Segment

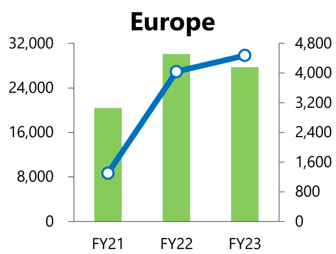
Sales / OI (Millions of JPY, Sales (left axis), OI (right axis))

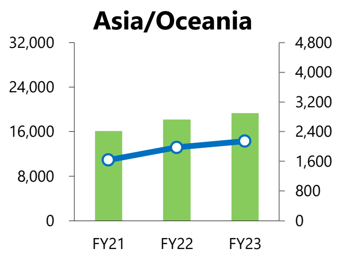




By Region

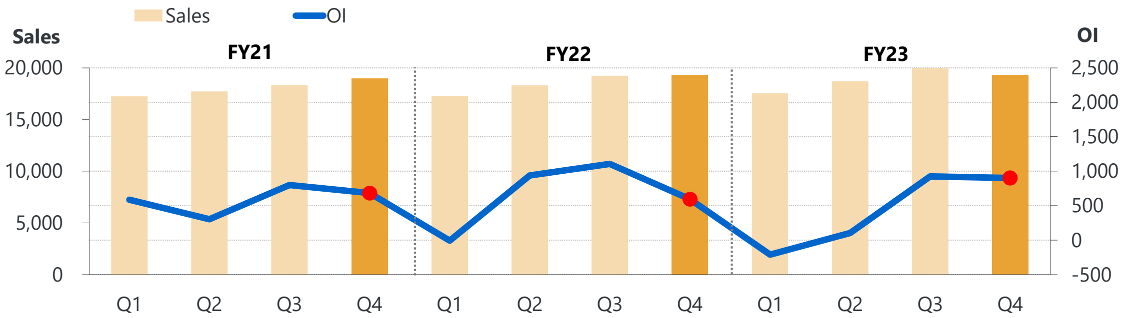






Quarterly Sales & OI

(Millions of JPY)

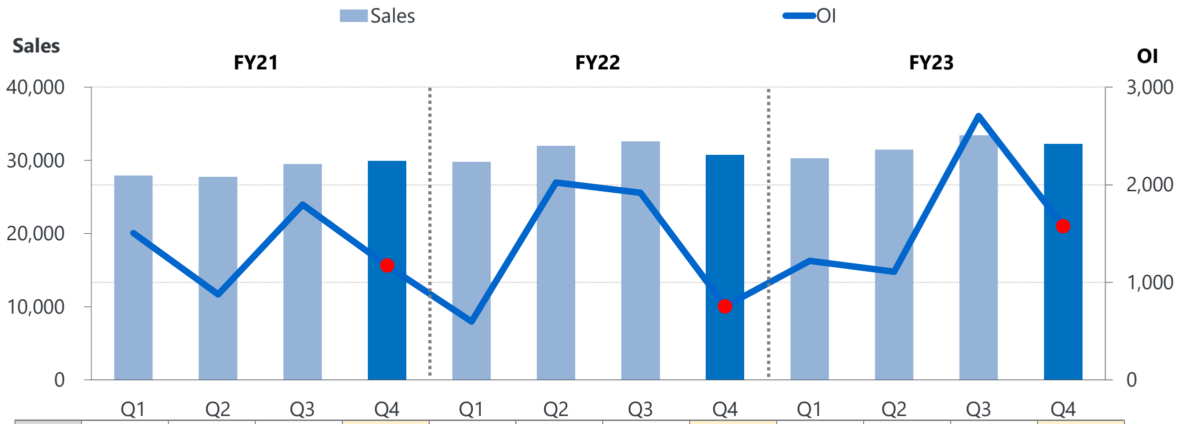


	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4
Sales	17,248	17,729	18,337	18,971	17,291	18,294	19,244	19,336	17,536	18,692	19,980	19,305
YoY	+9.6%	+10.9%	-0.1%	+2.6%	+0.2%	+3.2%	+4.9%	+1.9%	+1.4%	+2.2%	+3.8%	-0.2%
OI	585	303	801	682	-8	941	1,108	594	-210	106	927	901
YoY	+46.7%	-32.4%	-31.5%	-43.3%	-	3.1x	+38.3%	-12.8%	-	-88.7%	-16.4%	+51.5%

Consolidated

Quarterly Sales & OI
(Figures exclude the Russian subsidiaries)

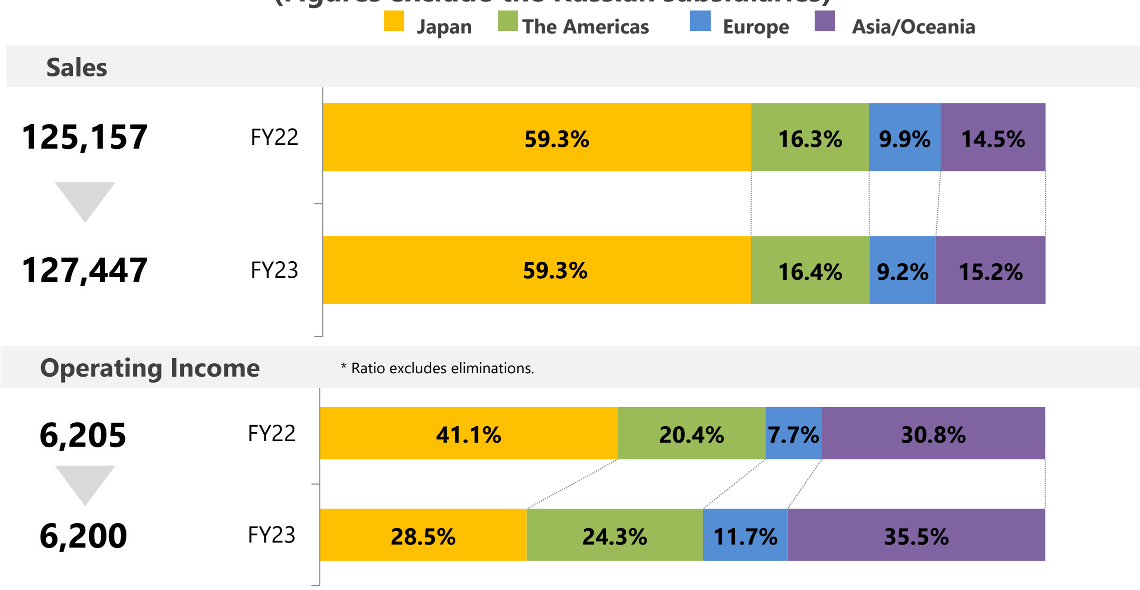
(Millions of JPY)



Sales	27,920	27,772	29,493	29,895	29,818	32,001	32,588	30,748	30,301	31,455	33,433	32,257
YoY	+27.3%	+14.2%	+7.5%	+6.6%	+6.8%	+15.2%	+10.5%	+2.9%	+1.6%	-1.7%	+2.6%	+4.9%
OI	1,505	877	1,797	1,172	598	2,024	1,919	755	1,222	1,110	2,704	1,577
YoY	6.5x	+2.2%	-13.4%	-40.6%	-60.2%	2.3x	+6.8%	-35.6%	2.0x	-45.1%	+40.9%	2.1x%

Sales and OI by Region
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

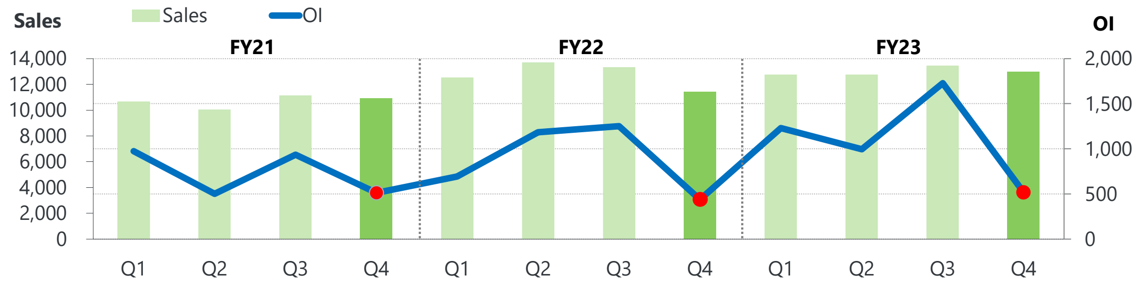


OI Ratio FY22 Japan : 3.6%, Overseas : 7.0%
FY23 Japan : 2.3%, Overseas : 8.6%

Auto-ID Solutions Business (Overseas)

Quarterly Sales & OI
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

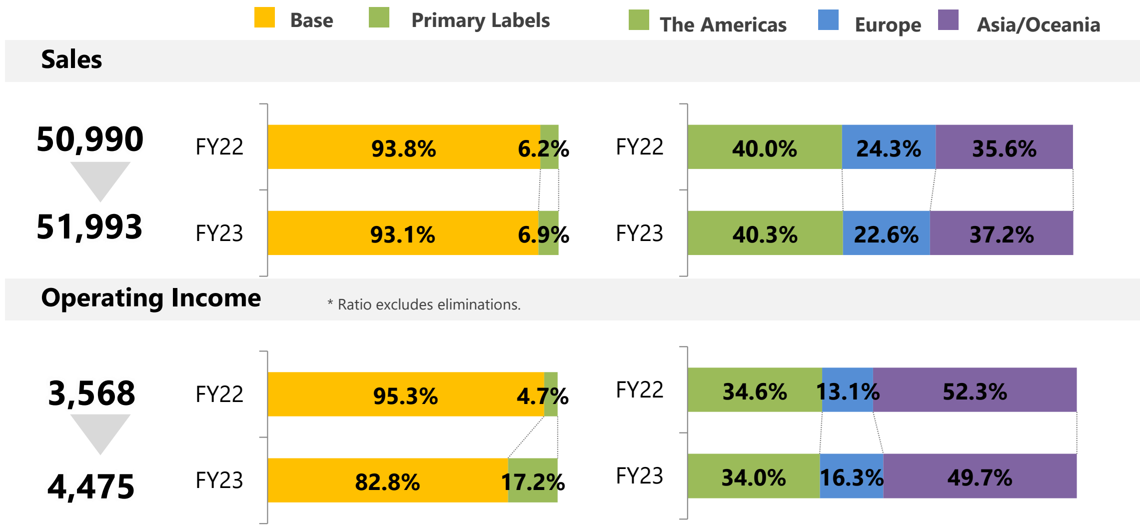


Sales	10,672	10,043	11,155	10,924	12,527	13,707	13,343	11,411	12,765	12,762	13,453	12,951
Yoy	+74.0%	+21.3%	+23.0%	+14.4%	+17.4%	+36.5%	+19.6%	+4.5%	+1.9%	-6.9%	+0.8%	+13.5%
OI	974	502	935	514	693	1,182	1,252	440	1,231	996	1,727	520
Yoy	-	+9.7%	+15.2%	-34.3%	-28.8%	2.4x	+33.9%	-14.5%	+77.6%	-15.7%	+37.9%	+18.2%

Sales and OI by Business Segment/Region

(Figures exclude the Russian subsidiaries)

(Millions of JPY)



OI ratio:
FY22 Base : 7.5%, Primary Labels : 5.6%
FY23 Base : 7.4%, Primary Labels : 20.7%

FY22 The Americas : 6.4%, Europe : 4.0%, Asia/Oceania : 10.9%
FY23 The Americas : 7.0%, Europe : 6.0%, Asia/Oceania : 11.1%

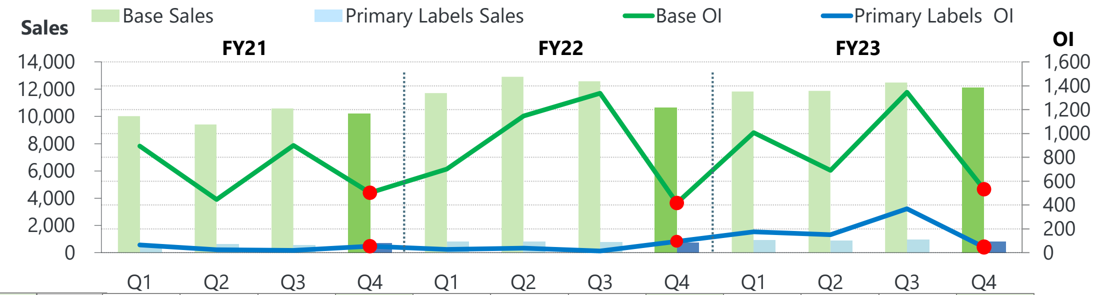
SATO

Auto-ID Solutions Business (Overseas)

Quarterly Sales & OI

(Figures exclude the Russian subsidiaries)

(Millions of JPY)



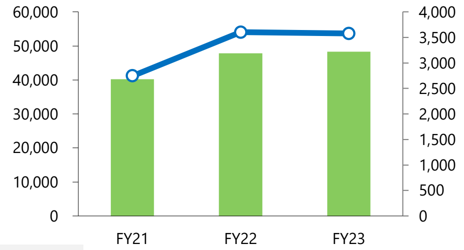
		FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4
Base	Sales	10,023	9,399	10,578	10,206	11,706	12,901	12,574	10,659	11,840	11,877	12,498	12,142
	YoY	+74.2%	+20.8%	+24.5%	+13.7%	+16.8%	+37.2%	+18.9%	+4.4%	+1.2%	-7.9%	-0.6%	+13.9%
	OI	894	447	900	502	701	1,147	1,338	416	1,008	689	1,345	533
	YoY	-	+5.8%	+23.7%	-31.5%	-21.5%	2.6x	+48.7%	-17.2%	43.7%	-39.9%	+0.5%	+28.2%
Primary Labels	Sales	648	643	576	717	821	806	769	752	924	885	954	809
	YoY	+71.4%	+29.2%	+0.8%	+24.6%	+26.6%	+25.3%	+33.4%	+4.8%	+12.6%	+9.8%	+24.2%	+7.6%
	OI	65	24	20	55	28	38	13	95	174	150	369	47
	YoY	-	+25.0%	-48.2%	+29.2%	-56.7%	+56.7%	-33.7%	+71.4%	6.2x	3.9x	27.5x	-51.0%

SATO

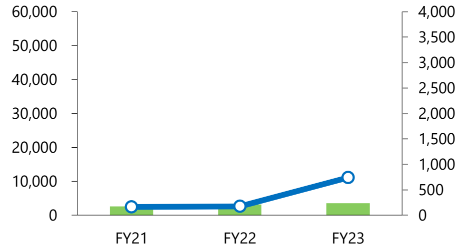
Sales and OI Trends by Business Segment and Region
(Figures exclude the Russian subsidiaries)

By Business Segment Sales OI (Millions of JPY, Sales (left axis), OI (right axis))

Base

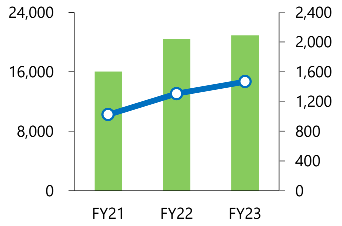


Primary Labels

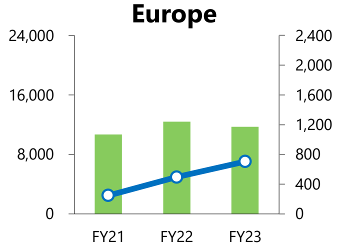


By Region

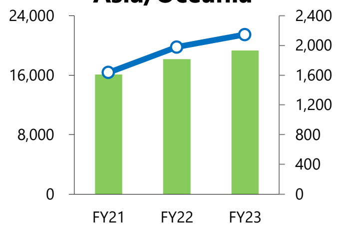
The Americas



Europe



Asia/Oceania



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	**IDP business**	Develops, manufactures and sells materials used mainly in Inline Digital Printing (IDP). SATO Holdings transferred all shares of SATO consolidated subsidiary DataLase Ltd. that conducted the business to DataLase Holdings Limited in September 2020. IDP is a direct marking technology comprised of a special heat-sensitive pigment that can be applied as a coating to virtually any substrate and exposed to a laser beam to create a color change.

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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