

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 15, 2026

Company name: SATO Corporation  
 Stock exchange listings: Tokyo Stock Exchange  
 Stock code: 6287  
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 Scheduled date for ordinary general meeting of shareholders: June 25, 2026  
 Scheduled date for dividend payment: June 26, 2026  
 Scheduled date for submission of securities report: June 19, 2026  
 Supplementary materials for financial summaries: Yes  
 Financial results briefing: Yes

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (from April 01, 2025 to March 31, 2026)

### (1) Consolidated operating results

(Percentages indicate YoY changes)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2026	163,434	5.6	11,041	(10.5)	9,881	(11.3)	5,086	(28.9)
March 31, 2025	154,807	7.9	12,341	18.9	11,144	24.4	7,151	100.6

(Note) Comprehensive income: Fiscal year ending March 2026: 11,822 million yen 39.9%

Fiscal year ended March 2025: 8,449 million yen (1.4%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Net sales Operating income ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	156.69	156.66	6.3	6.9	6.8
March 31, 2025	220.39	220.36	9.7	8.2	8.0

### (2) Consolidated financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	145,459	89,585	58.6	2,627.77
March 31, 2025	139,757	80,237	54.8	2,357.76

(Reference) Owner's equity: Fiscal year ending March 2026: 85,309 million yen

Fiscal year ended March 2025: 76,540 million yen

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2026	13,273	(8,117)	(6,134)	26,434
March 31, 2025	12,471	(8,208)	(2,077)	25,883

## 2. Cash dividends

	Annual dividend per share					Total dividends (aggregate)	Payout ratio (Consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	At the end of the third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2025	-	37.00	-	38.00	75.00	2,445	34.0	3.3
Fiscal year ended March 31, 2026	-	38.00	-	38.00	76.00	2,477	48.5	3.0
Fiscal year ending March 31, 2027 (Forecast)	-	40.00	-	40.00	80.00		35.1	

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2027 (from April 01, 2026 to March 31, 2027)

(Percentages indicate YoY changes)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2026	82,600	5.6	5,600	9.8	5,400	21.1	3,600	17.9	110.89
Fiscal year ending March 31, 2027	168,500	3.1	11,700	6.0	11,200	13.3	7,400	45.5	227.94

### \* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies due to revisions of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatement: None

(3) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	33,635,942 shares
As of March 31, 2025	33,635,942 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	1,171,333 shares
As of March 31, 2025	1,172,623 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	32,464,729 shares
Fiscal year ended March 31, 2025	32,448,997 shares

\* Financial results reports are not subject to audits by certified public accountants or audit corporations.

\* Notes regarding the appropriate use of forecasts and other special items

The forward-looking statements such as earnings forecasts contained in this document are based on information currently available to the Company and on certain assumptions that are deemed reasonable. They are not intended as a guarantee of achievement by the Company. Actual results may differ significantly due to various factors. For the conditions underlying the forecasts and notes on the use of forecasts, please refer to page 5 of the attached materials.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Period

The SATO Group, with its 2030 vision to pursue “Perfect and Unique Tagging (PUT)” to realize a future where everything has its own ID and connects seamlessly, runs business based on management principles, growth strategies and business targets defined in the current medium-term management plan (MTMP) for FY 2024 to 2028 (announced March 2024).

The first two years of the MTMP are allocated to restore profitability, with the following three years designated as a period for restarting growth investments. The two-phase structure allows us to strengthen the core business through higher profitability as we work to enhance the global management infrastructure and to realize the PUT concept.

In December 2025, we made an update to the MTMP to reflect the progress we made on the plan and the changes in the business environment.

Background to the update:

1. Profitability improved as planned from FY 2024 to 2025.
2. Heightened importance of strong global management infrastructure for mitigating risks, including those related to geopolitics and cybersecurity.
3. Business development is progressing well in the focused business domains for realizing PUT concept.

To reflect the above, we made changes to the MTMP to ensure further growth towards achieving our 2030 vision.

Key updates

1. Clarified the strategic portfolio (identified key focus areas)
2. Revised business targets for FY 2028
3. Updated focused business domains and progress in PUT-related businesses
4. Updated to capital allocation policy

Revised business targets for FY 2028

Net sales: 186 billion yen

Operating income: 15.7 billion yen

ROIC: 9.4%

ROE: 10.2%

P/B ratio: 1.0 or higher at the earliest possible

For more details on the MTMP, please refer to: <https://www.sato-global.com/ir/event/others-session/>

For the fiscal year under review, the Japan business posted higher sales and income compared with the previous year, while the overseas business recorded higher sales but lower income, as detailed in the segment information below.

As sales grew for both Japan and overseas, consolidated sales increased over the previous year. However, consolidated operating income was lower, impacted by the increased costs overseas.

The SATO Group recorded, for the full year period, consolidated net sales of 163,434 million yen (up 5.6% over the previous year), operating income of 11,041 million yen (down 10.5%), ordinary income of 9,811 million yen (down 11.3%) and net income attributable to owners of parent of 5,086 million yen (down 28.9%).

Performance by segment is as follows.

#### **Auto-ID solutions (Japan)**

Mechatronics sales increased, driven by major strategic projects in the logistics market, the demand resulting from the revised logistics efficiency legislation, and the needs to improve operational efficiency in the manufacturing market. Consumable sales also grew, supported by generally solid performance across all markets. Operating income rose on the back of an improved product mix reflecting the strong sales of new printer models.

Overall, net sales increased 7.3% over the previous year to 85,038 million yen, and segment income rose 38.6% to 5,415 million yen.

For information on our sales performance by market, please refer to the financial results briefing materials available on our website.

<https://www.sato-global.com/ir/library/settlement/2026/>

#### **Auto-ID solutions (Overseas)**

Outside Japan, sales from the base business increased, driven primarily by strong performance in Europe. While our companies specializing in primary labels were unfavorably affected by the normalization of the competitive environment in Europe (Russia) and a decline in demand resulting from changes in the tax system in Europe (Russia), sales increased, helped by favorable foreign exchange effects. However, increased costs in the primary label business in Europe (Russia) pushed down incomes, and as a result, the overseas business as a whole recorded lower income.

Overall, net sales increased 3.7% over the previous year to 78,396 million yen (flat, excluding foreign exchange effects), and segment income declined 32.7% to 5,704 million yen.

For a detailed breakdown of financial performance by (i) base and primary labels businesses and (ii) region, please refer to the financial results briefing materials available on our website.

<https://www.sato-global.com/ir/library/settlement/2026/>

## **(2) Overview of the financial position for the period**

### **a. Status of Assets, Liabilities and Net Assets**

As for assets at the end of the fiscal year, the balance of current assets was 94,274 million yen (91,558 million yen at the end of the previous fiscal year), an increase of 2,716 million yen. This was mainly due to an increase in cash and deposits (880 million yen), an increase in notes and accounts receivable - trade, and contract assets (1,322 million yen), and an increase in merchandise and finished goods (1,076 million yen), among other factors. The balance of non-current assets was 51,184 million yen (48,198 million yen at the end of the previous fiscal year), an increase of 2,986 million yen. This was mainly due to an increase in property, plant and equipment (3,039 million yen), an increase in intangible assets (895 million yen), and a decrease in investments and other assets (948 million yen), among other factors.

Regarding liabilities, the balance of current liabilities was 38,489 million yen (41,677 million yen at the end of the previous fiscal year), a decrease of 3,187 million yen. This was mainly due to a decrease in electronically recorded obligations - operating (3,087 million yen), a decrease in short-term borrowings (2,036 million yen), an increase in income taxes payable (907 million yen), and an increase in contract liabilities (820 million yen), among other factors. The balance of non-current liabilities was 17,384 million yen (17,842 million yen at the end of the previous fiscal year), a decrease of 457 million yen. This was mainly due to a decrease in lease liabilities (170 million yen) and a decrease in deferred tax liabilities (250 million yen), among other factors.

As for net assets, the balance at the end of the fiscal year was 89,585 million yen (compared to 80,237 million yen at the end of the previous fiscal year), an increase of 9,347 million yen. This was mainly due to an increase in retained earnings (2,608 million yen), an increase in foreign currency translation adjustment (6,126 million yen), and an increase in non-controlling interests (578 million yen), among other factors.

### (3) Overview of Cash Flows for the Period

Cash and cash equivalents for the fiscal year increased by 550 million yen compared to the end of the previous fiscal year, reaching 26,434 million yen.

The cash flows for the fiscal year and their respective factors are as follows.

#### Cash flows from operating activities

Cash flows from operating activities increased by 13,273 million yen.

The main factors for the increase were income before income taxes of 8,349 million yen, depreciation of 5,973 million yen, a decrease in inventories of 1,482 million yen, and impairment losses of 1,241 million yen. The main factors for the decrease were a decrease in accounts payable of 2,986 million yen and income taxes paid of 1,655 million yen.

#### Cash flows from investing activities

Cash flows from investing activities decreased by 8,117 million yen.

The main factors for the increase were proceeds from withdrawal of time deposits of 1,934 million yen, among others, while the main factors for the decrease were purchase of property, plant and equipment of 5,032 million yen, purchase of intangible assets of 3,047 million yen, and payments into time deposits of 2,032 million yen, among others.

#### Cash flows from financing activities

Cash flows from financing activities decreased by 6,134 million yen.

The main factors were dividends paid of 2,474 million yen, a decrease in short-term borrowings of 2,102 million yen, and repayments of lease liabilities of 1,482 million yen, among others.

#### Trends in Cash Flow Indicators

	Fiscal year ended March 31, 2023	Fiscal year ending March 2024	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026
Equity ratio (%)	53.3	53.8	54.8	58.6
Equity ratio based on market value (%)	57.7	56.2	49.6	49.8
Cash Flow to Interest-Bearing Liabilities Ratio (%)	300.6	141.2	157.0	130.7
Interest Coverage Ratio (times)	20.5	36.9	18.4	20.0

(Note) Equity ratio: Owner's equity / Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Cash flow to interest-bearing liabilities ratio: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

\*Each indicator is calculated based on consolidated financial figures.

\*Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period (after deduction of treasury shares).

\*Operating cash flows are based on cash flows from operating activities in the consolidated statement of cash flows.

Interest-bearing liabilities refer to all liabilities recorded on the consolidated balance sheet for which interest is paid.

In addition, interest paid is based on the interest paid item in the consolidated statement of cash flows.

#### **(4) Forecasts**

Considering recent business developments, changes in business environment, and operating results for the fiscal year under review, we have prepared forecasts for the fiscal year ending March 31, 2027, as follows.

Consolidated forecasts for the fiscal year ending March 31, 2027

Net sales 168,500 million yen (3.1% year on year)

Operating income 11,700 million yen (6.0% year on year)

Ordinary income 11,200 million yen (13.3% year on year)

Net income attributable to owners of parent 7,400 million yen (45.5% year on year)

The foreign exchange rates assumed for the full-year forecasts are US\$1 = ¥150 and €1 = ¥175.

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information available to the Company and on certain assumptions deemed reasonable as of this writing. Results may differ materially from the consolidated forecasts due to various factors.

## **2. Basic policy regarding the selection of accounting standards**

As a result of convergence with international accounting standards, Japanese accounting standards are now of high quality and internationally comparable, and have been evaluated as equivalent to international accounting standards by Europe. Therefore, our group applies Japanese standards for accounting purposes.

Regarding the application of International Financial Reporting Standards, we intend to respond appropriately while taking into consideration both domestic and international circumstances.

**3. Consolidated Financial Statements and Main Notes**  
**(1) Consolidated Balance Sheet**

(Unit: Million yen)

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
<b>Assets</b>		
Current assets		
Cash and deposits	27,432	28,312
Notes and accounts receivable - trade, and contract assets	29,697	31,020
Securities	49	-
Merchandise and finished goods	14,917	15,993
Work in process	953	1,001
Raw materials and supplies	13,085	12,638
Accounts receivable - other	2,123	2,014
Other	3,573	3,683
Allowance for doubtful accounts	(275)	(389)
Total current assets	91,558	94,274
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,875	28,081
Accumulated depreciation	(10,322)	(10,877)
Buildings and structures, net	15,552	17,203
Machinery, equipment and vehicles	37,325	40,596
Accumulated depreciation	(23,309)	(25,817)
Machinery, equipment and vehicles, net	14,016	14,778
Tools, furniture and fixtures	9,960	10,989
Accumulated depreciation	(6,997)	(7,875)
Tools, furniture and fixtures, net	2,963	3,114
Land	4,508	4,929
Construction in progress	1,684	1,738
Total property, plant and equipment	38,725	41,765
Intangible assets		
Goodwill	28	14
Software	1,629	3,113
Software in progress	3,073	2,421
Other	631	708
Total intangible assets	5,362	6,257
Investments and other assets		
Investment securities	163	155
Guarantee deposits	1,412	1,394
Deferred tax assets	1,899	1,153
Retirement benefit assets	35	46
Other	610	423
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	4,110	3,161
Total non-current assets	48,198	51,184
Total assets	139,757	145,459

(Unit: Million yen)

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,060	7,575
Electronically recorded obligations - operating	9,645	6,558
Short-term borrowings	3,137	1,100
Lease liabilities	1,419	1,475
Contract liabilities	7,761	8,582
Accounts payable - other	4,920	5,043
Income taxes payable	810	1,717
Provision for bonuses	1,133	912
Provision for product warranties	119	116
Other provisions	1,009	1,217
Other	4,658	4,189
Total current liabilities	41,677	38,489
Non-current liabilities		
Long-term borrowings	11,059	10,986
Lease liabilities	3,875	3,704
Retirement benefit liability	975	1,006
Directors Provision for share awards	76	132
Other provisions	246	222
Deferred tax liabilities	1,498	1,247
Other	110	84
Total non-current liabilities	17,842	17,384
Total liabilities	59,519	55,874
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,468	8,468
Capital surplus	5,347	5,347
Retained earnings	56,461	59,070
Treasury shares	(2,265)	(2,262)
Total shareholders' equity	68,012	70,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	7
Foreign currency translation adjustment	8,447	14,574
Remeasurements of defined benefit plans	72	103
Total accumulated other comprehensive income	8,528	14,685
Share acquisition rights	12	12
Non-controlling interests	3,685	4,263
Total net assets	80,237	89,585
Total liabilities and net assets	139,757	145,459

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**(Consolidated Statement of Income)**

(Unit: Million yen)

	Previous fiscal year From April 1, 2024 until March 31, 2025	For the fiscal year From April 1, 2025 Until March 31, 2026
Net sales	154,807	163,434
Cost of sales	91,336	98,103
Gross income	63,470	65,331
Selling, general and administrative expenses	51,129	54,289
Operating income	12,341	11,041
Non-operating income		
Interest income	559	566
Dividend income	8	1
Purchase discounts	31	40
Rental income	20	22
Other	243	277
Total non-operating income	863	908
Non-operating expenses		
Interest expenses	699	695
Foreign exchange losses	369	581
Loss on valuation of securities	3	7
Loss on net monetary position	757	509
Other	231	277
Total non-operating expenses	2,060	2,069
Ordinary income	11,144	9,881
Extraordinary income		
Gain on sale of non-current assets	30	59
Gain on sale of investment securities	1,189	-
Total extraordinary income	1,220	59
Extraordinary losses		
Loss on sale of non-current assets	0	4
Loss on retirement of non-current assets	20	263
Impairment losses	631	1,241
Loss on business restructuring	49	60
Other	-	21
Total extraordinary losses	702	1,591
Net income before income taxes	11,662	8,349
Income taxes - current	2,568	2,691
Income taxes - deferred	1,262	418
Total income taxes	3,831	3,109
Net income	7,831	5,239
Net income attributable to non-controlling interests	680	152
Income attributable to owners of parent	7,151	5,086

**(Consolidated Statement of Comprehensive Income)**

(Unit: Million yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 Until March 31, 2026
Net income	7,831	5,239
Other comprehensive income		
Valuation difference on available-for-sale securities	(421)	0
Foreign currency translation adjustment	975	6,551
Remeasurements of defined benefit plans, net of tax	63	30
Total other comprehensive income	617	6,582
Comprehensive income	8,449	11,822
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,552	11,244
Comprehensive income attributable to non-controlling interests	897	578

**(3) Consolidated Statement of Changes in Equity**

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	8,468	7,763	51,718	(4,801)	63,149
Changes during period					
Cash dividends			(2,409)		(2,409)
Income attributable to owners of parent			7,151		7,151
Acquisitions of treasury shares				(199)	(199)
Treasury shares sold		17		302	319
Cancellation of treasury shares		(2,433)		2,433	-
Changes during period (net) for items other than shareholders' equity					
Total changes during period	-	(2,415)	4,742	2,535	4,862
Balance at end of period	8,468	5,347	56,461	(2,265)	68,012

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	429	7,689	9	8,127	19	2,789	74,085
Changes during period							
Cash dividends							(2,409)
Income attributable to owners of parent							7,151
Acquisitions of treasury shares							(199)
Treasury shares sold							319
Cancellation of treasury shares							-
Changes during period (net) for items other than shareholders' equity	(421)	758	63	400	(7)	896	1,289
Total changes during period	(421)	758	63	400	(7)	896	6,152
Balance at end of period	7	8,447	72	8,528	12	3,685	80,237

For the fiscal year ending March 31, 2026

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	8,468	5,347	56,461	(2,265)	68,012
Changes during period					
Cash dividends			(2,477)		(2,477)
Income attributable to owners of parent			5,086		5,086
Acquisitions of treasury shares				(1)	(1)
Treasury shares sold		(0)		4	4
Cancellation of treasury shares					-
Changes during period (net) for items other than shareholders' equity					
Total changes during period	-	(0)	2,608	2	2,611
Balance at end of period	8,468	5,347	59,070	(2,262)	70,623

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	7	8,447	72	8,528	12	3,685	80,237
Changes during period							
Cash dividends							(2,477)
Income attributable to owners of parent							5,086
Acquisitions of treasury shares							(1)
Treasury shares sold							4
Cancellation of treasury shares							-
Changes during period (net) for items other than shareholders' equity	0	6,126	30	6,157		578	6,735
Total changes during period	0	6,126	30	6,157	-	578	9,347
Balance at end of period	7	14,574	103	14,685	12	4,263	89,585

**(4) Consolidated Statement of Cash Flows**

(Unit: Million yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 Until March 31, 2026
<b>Cash flows from operating activities</b>		
Net income before income taxes	11,662	8,349
Depreciation	5,414	5,973
Amortization of goodwill	127	14
Impairment losses	631	1,241
Loss (gain) on sale of investment securities	(1,190)	(1)
Loss on business restructuring	49	60
Loss on net monetary position	757	509
Loss (gain) on sale of non-current assets	(29)	(55)
Loss on retirement of non-current assets	20	263
Increase (decrease) in allowance for doubtful accounts	(184)	86
Increase (decrease) in provision for bonuses	81	(325)
Increase (decrease) in retirement benefit liability	(38)	(17)
Interest and dividend income	(568)	(568)
Interest expenses	699	695
Foreign exchange losses (gains)	968	(43)
Decrease (increase) in accounts receivable - trade, and contract assets	(1,199)	(59)
Decrease (increase) in inventories	(1,647)	1,482
Increase (decrease) in accrued consumption taxes	405	(596)
Decrease (increase) in accounts receivable - other	(357)	347
Increase (decrease) in trade payables	(2,152)	(2,986)
Increase (decrease) in accounts payable - other	542	(56)
Increase (decrease) in advances received	225	(353)
Other	720	1,122
Subtotal	14,940	15,083
Interest and dividends received	568	568
Interest paid	(679)	(662)
Payments for business restructuring	(28)	(60)
Income taxes paid	(2,329)	(1,655)
Cash flows from operating activities	12,471	13,273

(Unit: Million yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 Until March 31, 2026
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,736)	(5,032)
Purchase of intangible assets	(3,286)	(3,047)
Proceeds from sale of property, plant and equipment and intangible assets	35	84
Payments into time deposits	(2,758)	(2,032)
Proceeds from withdrawal of time deposits	2,029	1,934
Proceeds from the sale of investment securities	1,503	1
Other	4	(25)
<b>Cash flows from investing activities</b>	<b>(8,208)</b>	<b>(8,117)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(333)	(2,102)
Proceeds from long-term borrowings	3,017	-
Repayments of long-term borrowings	(621)	(72)
Repayments of lease liabilities	(1,734)	(1,482)
Dividends paid	(2,404)	(2,474)
Purchase of treasury shares	(1)	(1)
Other	0	0
<b>Cash flows from financing activities</b>	<b>(2,077)</b>	<b>(6,134)</b>
Effect of exchange rate change on cash and cash equivalents	(403)	1,529
Net increase (decrease) in cash and cash equivalents	1,781	550
Cash and cash equivalents at beginning of period	24,102	25,883
Cash and cash equivalents at end of the period	25,883	26,434

## **(5) Notes to Consolidated Financial Statements**

### **Notes regarding the assumption of a going concern**

There are no applicable matters.

### **Notes in case of significant changes in the amount of shareholders' equity**

There are no applicable matters.

### **Changes in accounting policies**

There are no applicable items.

### **Change in presentation method**

There are no applicable matters.

### **Business Combinations and Related Matters**

(Absorption-type merger of a wholly owned subsidiary)

At the Company's board of directors meeting held on April 9, 2024, the Company resolved to conduct an absorption-type merger, between the Company, as a surviving company and SATO Corporation, a wholly owned subsidiary of the Company, as the disappearing company. The merger was effectuated on April 1, 2025.

#### 1. Outline of business combination

##### (1) Name and business description of the disappearing company in the absorption-type merger

Name of disappearing company in the absorption-type merger: SATO Corporation

Business description: Auto-ID solutions

##### (2) Date of business combination

April 1, 2025

##### (3) Legal form of the business combination

Form of absorption-type merger in which the Company is the surviving company and SATO Corporation is disappearing company

##### (4) Name of entity after business combination

The Company has changed its trade name to SATO Corporation.

##### (5) Other items regarding overview of the transaction

By integrating the head office functions with SATO Corporation, which performs the main functions of the Group's businesses, we will change the fragmented organization into a simpler structure. Our objective is to develop a system that facilitates expeditious decision-making and the selection and concentration of management resources by elucidating responsibilities and authorities.

#### 2. Overview of accounting treatment

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), we accounted for the business combination as a transaction under common control.

## Segment Information

### 1. Overview of Reporting Segments

Our reportable segments are those components of the company for which separate financial information is available and which are regularly reviewed by management in order to make decisions regarding the allocation of management resources and to evaluate performance.

Our group has traditionally provided "Auto-ID solutions" that optimize individual sites, supply chains, and even the circular economy, by offering solutions centered on "tagging," which links information to people and objects in the field in various domestic and international markets and industries, collects information in real time, converts it into valuable data, and delivers it to customers' upper-level systems.

In addition, Auto-ID solutions are broadly classified into domestic and overseas businesses as part of our medium-term management plan strategy. Based on the above, we have designated 'Auto-ID solutions (Japan)' and 'Auto-ID solutions (Overseas)' as our reportable segments.

### 2. Method of calculating amounts of Net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting methods for the reported business segments are generally the same as those adopted in the preparation of the consolidated financial statements.

Income by reportable segment is based on operating income.

Internal revenues and transfers between segments are based on amounts determined in consideration of prevailing market prices.

### 3. Information on amounts of Net sales, income or loss, assets, liabilities, and other items by reportable segment

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	79,220	75,587	154,807
Intersegment sales and transfer	10,620	14,545	25,166
Total	89,840	90,133	179,974
Segment income (loss)	3,906	8,478	12,385
Segment Assets	93,489	77,638	171,128
Other items			
Depreciation	2,443	2,971	5,414
Increase in property, plant and equipment and intangible assets	3,787	5,513	9,300

For the fiscal year ending March 31, 2026

(Unit: Million yen)

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Total
Net sales			
External customer sales	85,038	78,396	163,434
Intersegment sales and transfer	11,437	17,027	28,464
Total	96,476	95,423	191,899
Segment income (loss)	5,415	5,704	11,119
Segment Assets	91,172	87,125	178,298
Other items			
Depreciation	2,555	3,417	5,973
Increase in property, plant and equipment and intangible assets	4,102	4,762	8,864

4. Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements, and the main contents of such difference (Matters related to reconciliation of differences)

(Unit: Million yen)

Net sales	Previous fiscal year	For the fiscal year
Total of reportable segments	179,974	191,899
Intersegment eliminations	(25,166)	(28,464)
Total net sales of consolidated financial statements	154,807	163,434

(Unit: Million yen)

Income	Previous fiscal year	For the fiscal year
Total of reportable segments	12,385	11,119
Intersegment eliminations	0	0
Adjustment of inventories	(44)	(78)
Operating income in the consolidated financial statements	12,341	11,041

(Unit: Million yen)

Assets	Previous fiscal year	For the fiscal year
Total of reportable segments	171,128	178,298
Elimination between segments	(30,455)	(31,845)
Other adjustment amounts	(915)	(993)
Total assets in consolidated financial statements	139,757	145,459

(Unit: Million yen)

Other items	Total of reportable segments		Adjustment amount		Amounts recorded in the consolidated financial statements	
	Previous fiscal year	For the fiscal year	Previous fiscal year	For the fiscal year	Previous fiscal year	For the fiscal year
Depreciation	5,414	5,973	-	-	5,414	5,973
Increase in property, plant and equipment and intangible assets	9,300	8,864	-	-	9,300	8,864

## [Related Information]

Previous fiscal year (from April 1, 2024 to March 31, 2025)

## 1. Information by finished goods and services

As similar information is disclosed in the segment information, the details are omitted here.

## 2. Information by Region

## (1) Net sales

(Unit: Million yen)

Japan	Americas		Europe		Asia Oceania	Total
		of which, United States		including Russia		
79,220	21,611	16,848	31,573	19,094	22,403	154,807

## (2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	Europe		Asia • Oceania	Total
			including Russia		
16,058	2,898	11,857	8,946	7,910	38,725

## 3. Information by Major Customer

As there are no customers whose external customer sales account for 10% or more of consolidated statement of income net sales, this information is omitted.

For the fiscal year ending March 31, 2026

## 1. Information by finished goods and services

As similar information is disclosed in the segment information, the details are omitted here.

## 2. Information by Region

## (1) Net sales

(Unit: Million yen)

Japan	Americas		Europe		Asia Oceania	Total
		including the United States		including Russia		
85,038	21,797	16,866	33,758	20,398	22,840	163,434

## (2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	Europe		Asia Oceania	Total
			including Russia		
15,285	3,181	13,942	10,691	9,356	41,765

## 3. Information by major customer

As there are no customers whose external customer sales account for 10% or more of consolidated statement of income from net sales, this information is omitted.

## [Information on Impairment Losses on Non-current Assets by Reportable Segment]

Previous fiscal year (from April 1, 2024 to March 31, 2025)

In Auto-ID solutions (Japan), SATO Holdings Corporation recorded impairment losses of 206 million yen on non-current assets, including a portion of Buildings and facilities attached to buildings, tools, furniture and fixtures, and guarantee deposits, as the originally anticipated benefits for office functions at the head office could no longer be expected due to a reduction in leased floor space.

In the Auto-ID solutions (overseas) segment, SATO AMERICA, LLC. absorbed Stafford Press, Inc. at the beginning of the fiscal year. However, as the initially anticipated earnings from the machinery and equipment, industrial property, and goodwill inherited from the company are no longer expected, impairment losses on non-current assets of 425 million yen have been recorded.

For the fiscal year ending March 31, 2026

In Auto-ID solutions (Japan), development expenses for a maintenance service system intended for in-house use had been recorded as software in progress. However, as it was determined that some of the initially planned functions would be difficult to realize, impairment losses of 1,241 million yen on non-current assets have been recorded.

## [Information on Amortization and Unamortized Balances of Goodwill by Reportable Segment]

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Corporate and eliminations	Total
Depreciation for the period	-	127	-	127
Balance at end of period	-	28	-	28

For the fiscal year ending March 31, 2026

(Unit: Million yen)

	Auto-ID solutions (Japan)	Auto-ID solutions (Overseas)	Corporate and eliminations	Total
Depreciation for the period	-	14	-	14
Balance at end of period	-	14	-	14

## [Information on Gain on Bargain Purchase by Reportable Segment]

There are no applicable matters.

**Per share information**

	Previous fiscal year (From April 1, 2024 Until March 31, 2025)	For the fiscal year From April 1, 2025 Until March 31, 2026
Net assets per share	2,357.76 yen	2,627.77 yen
Basic earnings per share (Yen)	220.39 yen	156.69 yen
Diluted earnings per share (Yen)	220.36 yen	156.66 yen

(Note)

1. The basis for calculating the amounts of Basic earnings per share and Diluted earnings per share is as follows.
2. Of the company's own shares remaining in the trust, which are recorded as Treasury shares under Shareholders' equity, they are included in the Treasury shares deducted from the calculation of the Average number of shares for the purpose of calculating Basic earnings per share. In addition, for the calculation of Net assets per share, they are included in the number of Treasury shares deducted from the total number of shares issued at the end of the period.

The average number of treasury shares owned by the Executive Compensation BIP Trust, which was deducted in the calculation of basic earnings per share, was 135 thousand shares in the previous consolidated fiscal year and 139 thousand shares in the current consolidated fiscal year. The number of treasury shares owned by the Executive Compensation BIP Trust, which was deducted in the calculation of net assets per share, was 141 thousand shares at the end of the previous consolidated fiscal year and 139 thousand shares at the end of the current consolidated fiscal year.

	Previous fiscal year (From April 1, 2024 Until March 31, 2025)	For the fiscal year From April 1, 2025 until March 31, 2026
<b>Basic earnings per share (Yen)</b>		
Income attributable to owners of parent (Amount) (million yen)	7,151	5,086
Amount not attributable to common shareholders (million yen)	-	-
Attributable to owners of parent for common stock Net income amount (million yen)	7,151	5,086
Average number of shares (thousand shares)	32,448	32,464
<b>Diluted earnings per share (Yen)</b>		
Income attributable to owners of parent adjustment (million yen)	-	-
Increase in number of common shares (thousand shares)	5	5
(of which, Share acquisition rights (thousand shares))	(5)	(5)

3. The basis for the calculation of net assets per share is as follows.

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
Total net assets (million yen)	80,237	89,585
Amounts to be deducted from total net assets (million yen)	3,697	4,275
[of which, Share acquisition rights (million yen)]	(12)	(12)
[of which, Non-controlling interests (million yen)]	(3,685)	(4,263)
Net assets at the end of the period attributable to common stock (million yen)	76,540	85,309
Number of common shares outstanding at the end of the period used for calculating net assets per share (thousand shares)	32,463	32,464

#### **Significant Subsequent Events**

There are no applicable matters.