Aug 12, 2026

SATO Corporation

Q1 FY 2026 Financial Results

(Three Months Ended June 30, 2026)

Securities Code: 6287.T

Apr-Jun 2026 results

Progress update on medium-term management plan

— Restarting growth investments

Summary

■ Q1 (Apr-Jun) results

- **Both sales and operating income increased (+18% and +45%, respectively).** ***% in parentheses indicates year-on-year changes.**
  - ✓ Overseas base business: Sales increased (+17%); OI decreased (-11%)
  - ✓ Overseas primary labels business: Sales increased (+13%); OI decreased (-15%)
  - ✓ Japan business: Sales and OI increased (+20% and 2.1x, respectively)
- **Sales and OI in the overseas business were broadly in line with the plan, while those in the Japan business were substantially above the plan.**
  - ✓ Overseas, the base business underperformed relative to the plan, while the primary labels business performed better than the plan.
  - ✓ In Japan, results exceeded the plan, driven by strong mechatronics product sales following the launch of new printers, as well as increased consumables sales supported by accelerated order placement by customers amid concerns over the deteriorating situation in the Middle East and ahead of coming price revisions.

■ FY 2026 (ending Mar 27) outlook

- **Consolidated:** Sales and OI forecasts for the full year have been revised upward.
  - ✓ Overseas business: Forecasts remain unchanged
  - ✓ Japan business: Forecasts have been revised upward based on the strong Q1 performance and additional sales expected from newly consolidated companies,

Sales and OI by Business Segment

(Millions of JPY)

			FY25	FY26	YoY	In local currencies
Consolidated		Total Sales	37,829	44,621	+18.0%	+11.0%
		Operating Income	2,359	3,429	+45.3%	+44.5%
Overseas	Base	Total Sales	12,628	14,832	+17.5%	+5.0%
		Operating Income	1,118	996	-10.9%	-22.1%
	Primary Labels	Total Sales	6,109	6,929	+13.4%	-3.7%
		Operating Income	561	478	-14.9%	-24.0%
	Eliminations	Operating Income	-50	51	-	-
	Total	Total Sales	18,737	21,762	+16.1%	+2.1%
		Operating Income	1,629	1,526	-6.3%	-17.2%
Japan		Total Sales	19,091	22,858	+19.7%	+19.7%
		Operating Income	864	1,850	+2.1x	+2.3x
Eliminations		Operating Income	-134	52	-	-

* Sales and OI excluding those of Russian subsidiaries are shown on p. 35.

Consolidated Results

(Millions of JPY)

	FY25	FY26	Change	YoY
Net Sales	37,829	44,621	+6,791	+18.0%
Operating Income	2,359	3,429	+1,069	+45.3%
Operating Income %	6.2%	7.7%	+1.4pt	-
Ordinary Income	1,885	3,245	+1,359	+72.1%
Profit attributable to owners of parent	1,211	2,538	+1,327	+2.1x
Effective Tax Rate	30.6%	20.8%	-9.8pt	
EBITDA*	3,768	5,041	+1,272	+33.8%

FX sensitivity for FY26: FX sensitivity for FY26: A JPY 1 depreciation of the Japanese yen against the U.S. dollar, assuming an equivalent percentage depreciation against all other currencies, is estimated to increase sales and OI for FY26 by JPY 556 million and JPY 24 million, respectively.

Average FX rates

	FY25	FY26
USD	144.59	159.56
EUR	163.80	185.41

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

	FY25	FY26
Depreciation	1,405	1,608
Amortization	3	3

* Sales and OI excluding those of Russian subsidiaries are shown on p. 36.

Overview

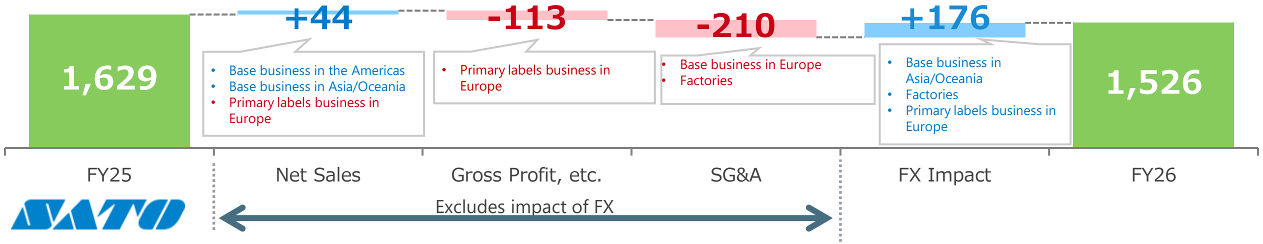
(Millions of JPY)

	FY25	FY26	Change	YoY	In local currencies
Base business Total Sales	12,628	14,832	+2,204	+17.5%	+5.0%
Primary Lablels business Total Sales	6,109	6,929	+820	+13.4%	-3.7%
Total Sales	**18,737**	**21,762**	**+3,024**	**+16.1%**	**+2.1%**
Gross Profit	7,083	7,914	+831	+11.7%	-
Gross Profit %	37.8%	36.4%	-1.4pt	-	
Base business Operating Income	1,118	996	-121	-10.9%	-22.1%
Primary Lablels business Operating Income	561	478	-83	-14.9%	-24.0%
Elimination Operating Income	-50	51	102	-	
Operating Income	**1,629**	**1,526**	**-103**	**-6.3%**	**-17.2%**
Operating Income %	8.7%	7.0%	-1.7pt	-	-

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

Major Gains/Losses in OI

- Positive factors
- Negative factors



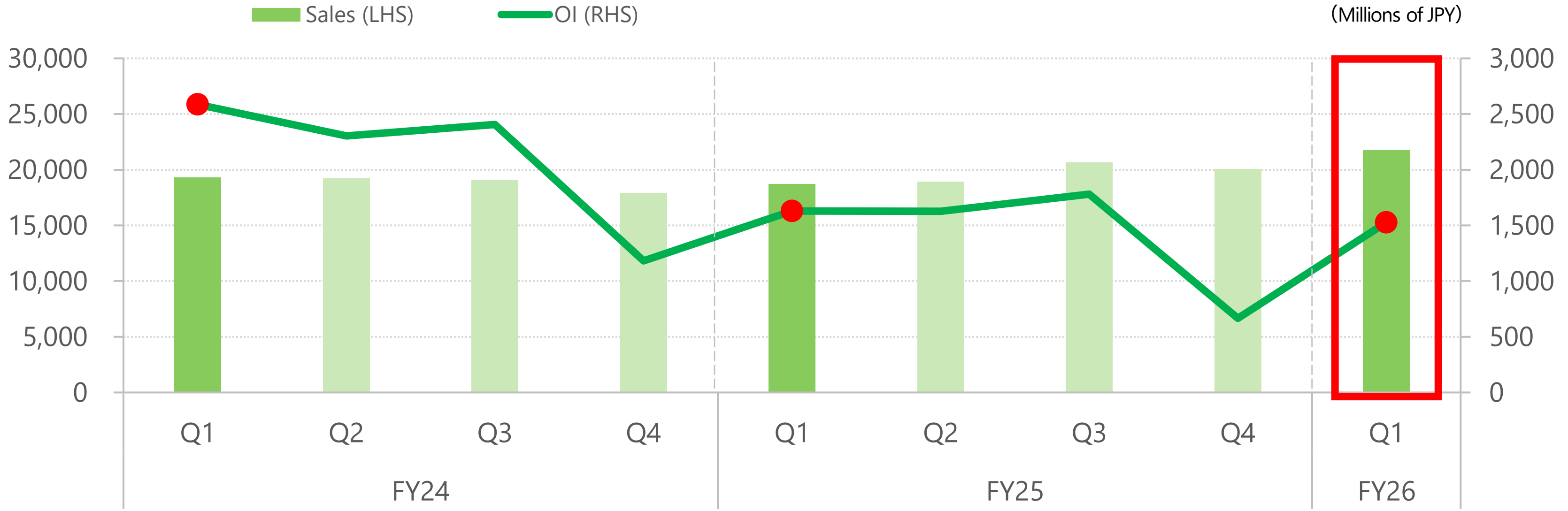
Sales

- The base business recorded higher sales, driven by solid performance across all regions and favorable foreign exchange rates.
- The primary labels business posted lower sales on a local currency basis due to the continued impact of the normalized competitive environment for traditional primary labels in Europe.

Operating Income

- Despite benefits from increased sales across all regions, OI in the base business declined, due to higher costs, including SG&A expenses in Europe, and lower factory profitability in Asia and Oceania.
- The primary labels business posted lower operating income due to higher costs in Europe.

Quarterly Sales and Operating Income



	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Sales	19,321	19,223	19,104	17,937	18,737	18,944	20,648	20,064	21,762
YoY	+17.4%	+12.4%	+8.2%	+7.2%	-3.0%	-1.4%	+8.1%	+11.9%	+16.1%
OI	2,586	2,303	2,405	1,183	1,629	1,626	1,782	666	1,526
YoY	+19.2%	-1.8%	-3.4%	-4.4%	-37.0%	-29.4%	-25.9%	-43.7%	-6.3%

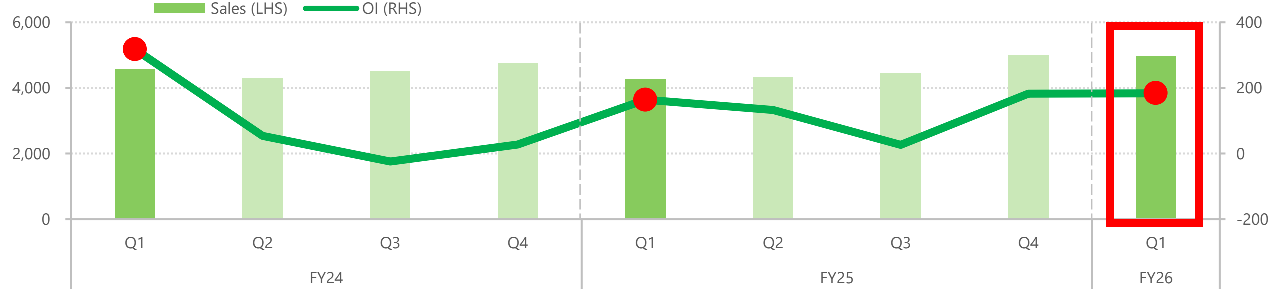
Base Business — The Americas

(Millions of JPY)

	FY25	FY26	Change	YoY	In local currencies
Total Sales	4,264	4,974	+710	+16.6%	+5.6%
Operting Income	164	184	+20	+12.4%	+1.9%

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

Quarterly Sales and Operating Income



	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Sales	4,568	4,294	4,503	4,768	4,264	4,315	4,450	5,008	4,974
YoY	+4.9%	-2.7%	+4.9%	+11.5%	-6.7%	+0.5%	-1.2%	+5.0%	+16.6%
OI	318	54	-24	28	164	133	27	183	184
YoY	+61.3%	-32.9%	-	-	-48.4%	2.5x	-	6.5x	+12.4%

Sales

- In the U.S., sales increased, led by retail, where high-value Bluetooth Low Energy (BLE) sensor tag projects and e-commerce-related projects contributed to growth.
- In South America, sales increased as sales subsidiaries in Argentina and Brazil respectively delivered strong performance.

Operating Income

- In the U.S., OI increased, as benefits from sales growth mentioned above offset the impact of higher costs.
- In South America, OI was higher, supported by the higher sales mentioned above as well as more favorable product mix.

Base Business — Europe

(Millions of JPY)

	FY25	FY26	Change	YoY	In local currencies
Total Sales	3,129	3,627	+498	+15.9%	+2.8%
Operting Income	109	0	-110	-	-

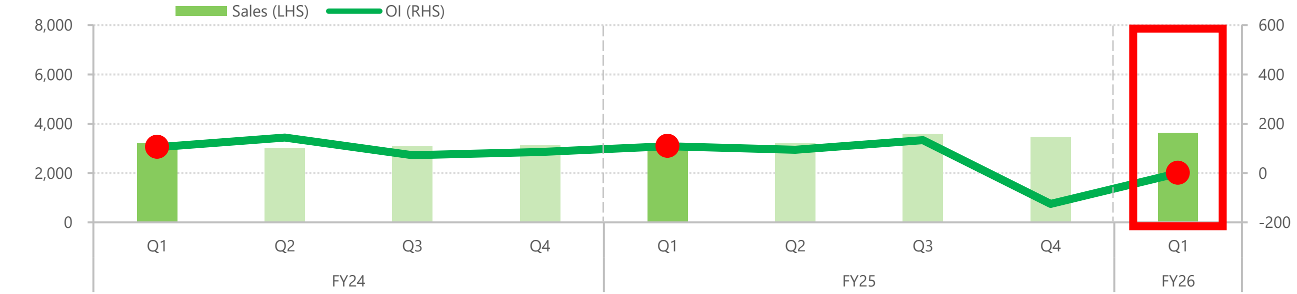
Sales

- Although investment appetite remained subdued across Europe due to uncertainty about the future, sales grew on a local currency basis, supported by higher consumables sales.

Operating Income

- Despite benefits from the sales growth mentioned above and a more favorable product mix, OI declined, due to higher personnel expenses amid inflation and upfront costs for strengthening regional headquarters functions.

Quarterly Sales and Operating Income



	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Sales	3,221	3,028	3,106	3,121	3,129	3,191	3,582	3,457	3,627
YoY	+7.7%	+11.6%	+3.3%	+4.1%	-2.9%	+5.4%	+15.3%	+10.8%	+15.9%
OI	105	144	73	85	109	95	133	-125	0
YoY	-78.3%	+33.8%	-66.2%	+9.0%	+4.3%	-34.2%	+81.0%	-	-

Base Business — Asia/Oceania*

(Millions of JPY)

	FY25	FY26	Change	YoY	In local currencies
Total Sales	5,234	6,230	+996	+19.0%	+5.7%
Operting Income	843	812	-31	-3.7%	-16.4%

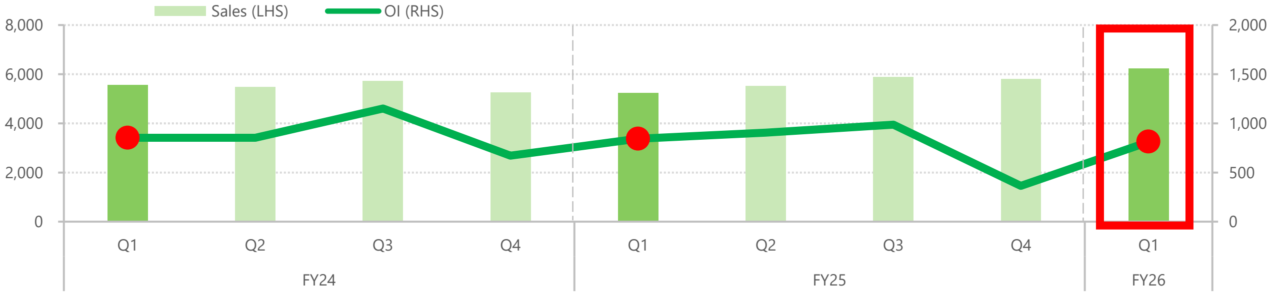
Sales

- Sales grew as the Thai sales subsidiary captured broad-based, solid demand, particularly in manufacturing, and as Argox's distributors/resellers' inventory levels largely normalized.
- In Australia, sales were lower due to a temporary dip in sales due to a lull in large RFID projects.

Operating Income

- OI increased, as the higher sales in Asia mentioned above more than offset the impact of lower sales in Australia.
- OI decreased overall for the segment, impacted by the normalization of factory profitability that had been at elevated levels in the year-earlier period boosted by a large project in the U.S.

Quarterly Sales and Operating Income



	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Sales	5,564	5,483	5,718	5,251	5,234	5,516	5,882	5,801	6,230
YoY	+25.6%	+17.2%	+11.7%	+9.6%	-5.9%	+0.6%	+2.9%	+10.5%	+19.0%
OI	853	854	1,151	671	843	904	986	364	812
YoY	2.7x	+74.2%	+49.7%	+25.0%	-1.1%	+5.9%	-14.3%	-45.7%	-3.7%

*OI for the Asia/Oceania region includes profits from factories located in the region that supply products to our subsidiaries across the globe.

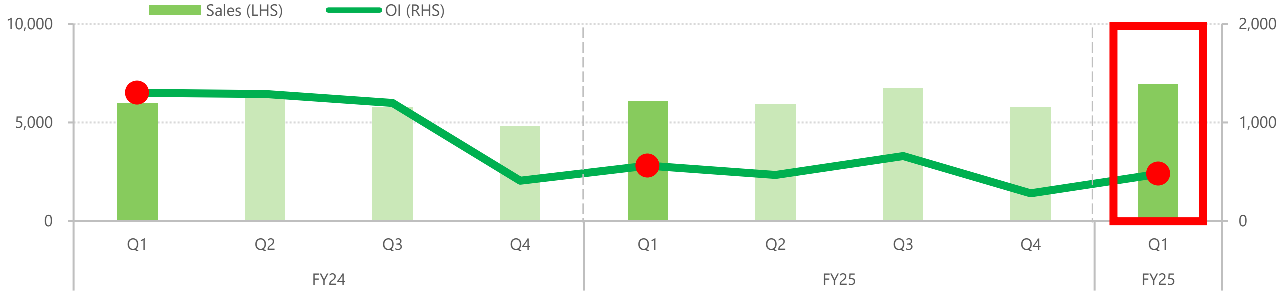
Primary Labels Business

(Millions of JPY)

		FY25	FY26	Change	YoY	In local currencies
The Americas Achernar (Argetina) Plakorar (Brazil)	Total Sales	922	994	+71	+7.8%	-1.6%
	Operating Income	135	183	+48	+35.7%	+32.8%
Europe Okil/ X-pack (Russia)	Total Sales	5,089	5,806	+717	+14.1%	-4.6%
	Operating Income	413	284	-129	-31.2%	-42.5%
Asia/Oceania Hirich (Vietnam)	Total Sales	97	128	+31	+32.2%	+19.6%
	Operating Income	12	9	-2	-22.9%	-30.2%
Total Sales	Total Sales	6,109	6,929	+820	+13.4%	-3.7%
	Operating Income	561	478	-83	-14.9%	-24.0%

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

Quarterly Sales and Operating Income



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	5,966	6,416	5,775	4,796	6,109	5,922	6,733	5,797	6,929
YoY	+27.6%	+21.1%	+10.5%	+2.9%	+2.4%	-7.7%	+16.6%	+20.9%	+13.4%
OI	1,301	1,290	1,198	409	561	468	658	281	478
YoY	+16.4%	-14.5%	+5.4%	-47.2%	-56.9%	-63.7%	-45.1%	-31.1%	-14.9%

Sales

- In Europe, sales were lower on a local currency basis, as favorable effects from the enhanced production capacity were more than offset by the now-normalized competitive environment.
- In the Americas, sales decreased due to inflation.

Operating Income

- OI in Europe declined, due to rising costs, impacted by higher labor/personnel expenses and investment in production capacity enhancement.
- In the Americas, OI increased, as favorable product mix more than compensated for increases in costs, including personnel/labor costs, amid inflation.

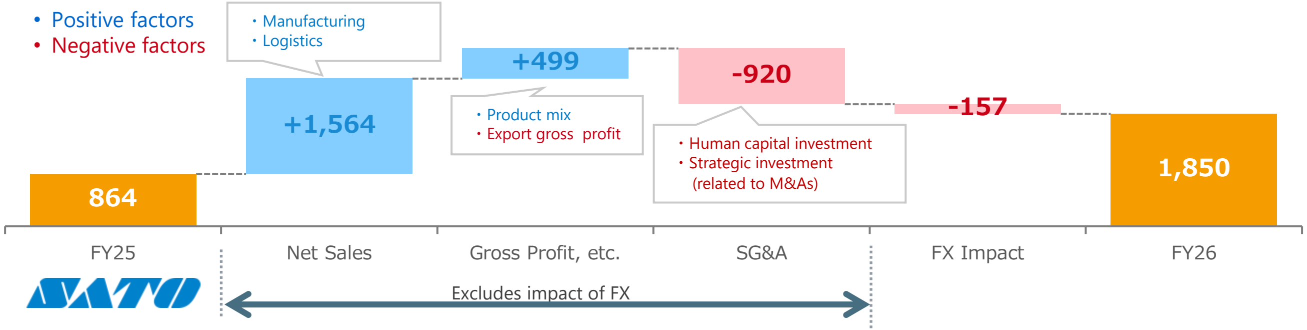
Overview

(Millions of JPY)

	FY25	FY26	Change	YoY
Mechatronics Sales	7,180	9,354	+2,174	+30.3%
Consumables Sales	11,911	13,503	+1,592	+13.4%
Total Sales	**19,091**	**22,858**	**+3,766**	**+19.7%**
Gross Profit	8,935	10,842	+1,906	+21.3%
Gross Profit %	46.8%	47.4%	+0.6pt	-
Operating Income	**864**	**1,850**	**+985**	**2.1x**
Operating Income %	4.5%	8.1%	+3.6pt	-

Mechatronics: Hardware (e.g., printers, print and apply systems, scanners, hand labelers), software, maintenance services, etc.
Consumables: Variable information labels, RFID tags, primary labels (product labels), ribbons, etc.

Major Gains/Losses in OI



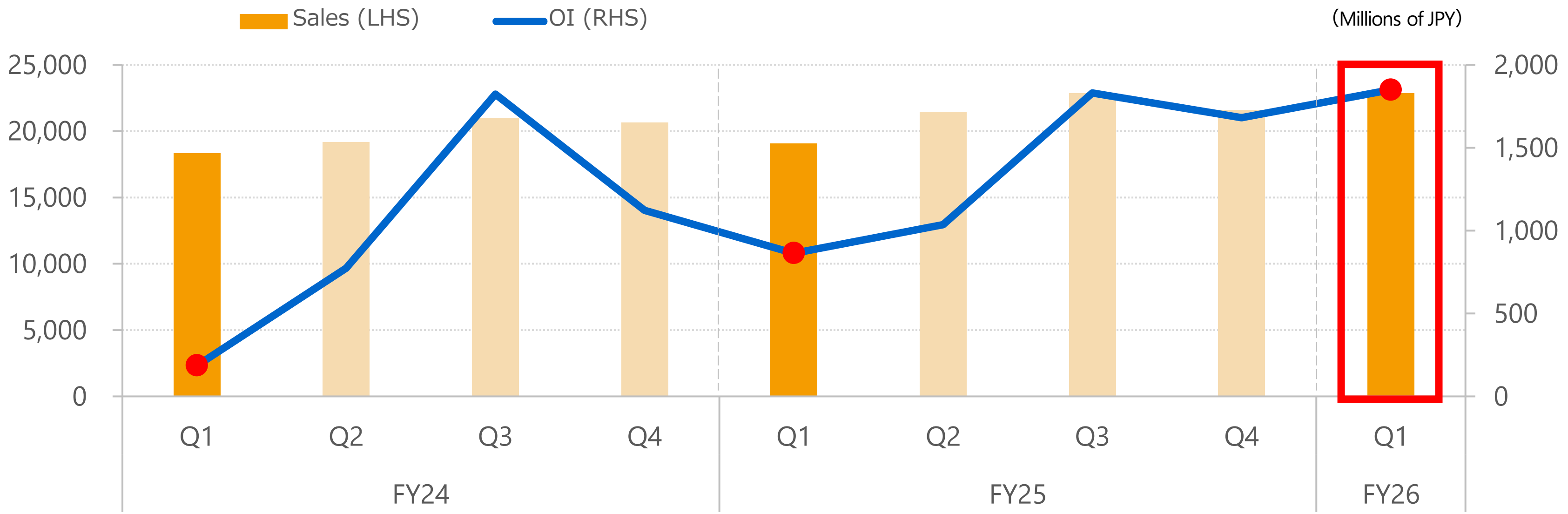
Sales

- Mechatronics: Sales grew on the back of higher printer sales following the launch of new printer models.
- Consumables: Sales increased, though to varying degrees depending on market and vertical, driven by accelerated order placement by customers amid concerns over the worsening situation in the Middle East and ahead of coming price revisions.

Operating Income

- Selling, general and administrative expenses increased due to one-off costs related to human capital investment and M&As.
- OI increased, boosted by higher sales mentioned above and more favorable product mix resulting from increased printer sales following the launch of new printers.

Quarterly Sales and Operating Income



Sales	18,353	19,191	21,016	20,658	19,091	21,473	22,858	21,614	22,858
YoY	+4.7%	+2.7%	+5.2%	+7.0%	+4.0%	+11.9%	+8.8%	+4.6%	+19.7%
OI	186	773	1,824	1,123	864	1,036	1,830	1,682	1,850
YoY	-	7.3x	+96.8%	+24.6%	4.6x	+34.0%	+0.4%	+49.8%	+2.1x

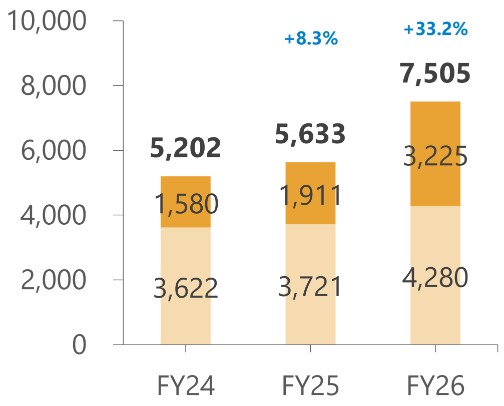
SATO

Sales by Vertical 1/2 *1

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

Manufacturing *2

Net Sales



Business environment

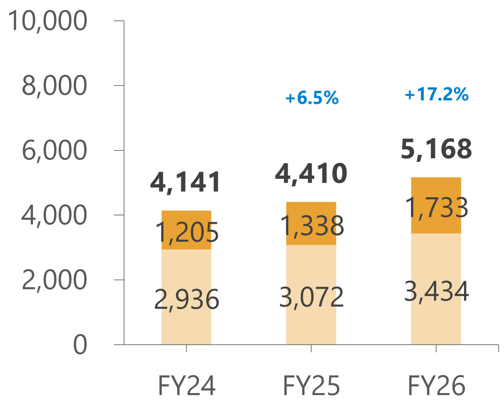
Production of advanced semiconductors continues to be strong due to increased demand for generative AI, among others. The deteriorating geopolitical situation in the Middle East prompted companies to procure early, boosting sales.

SATO

In addition to elevated consumable sales in verticals related to semiconductors, demand for consumables was higher across all verticals as companies placed orders early amid concerns over the worsening Middle East situation. Mechatronics sales increased on strong demand for new printers and high-value projects involving print and apply systems and RFID.

Logistics

Net Sales



Business environment

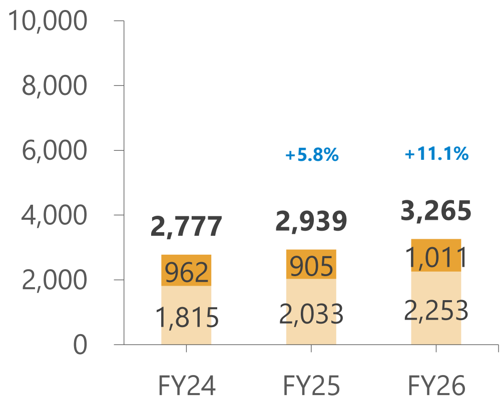
Retailers continued to perform well, which translated into solid sales. Labor shortages and the revised logistics efficiency laws, which limit truck drivers' overtime, continued to drive demand.

SATO

Consumables sales increased driven by strong sales performance of retailers, and elevated demand resulting from accelerated order placement in key verticals following the deterioration of the geopolitical situation in the Middle East. Mechatronics products sales were up, boosted by the solid new printer sales, and high-value projects related to the revised logistics efficiency laws as well as consumer-to-consumer businesses.

Retail

Net Sales



Business environment

Strong investments for efficiency gains continue at supermarkets, including those for digital transformation at stores. Investment in the e-commerce industry remains solid.

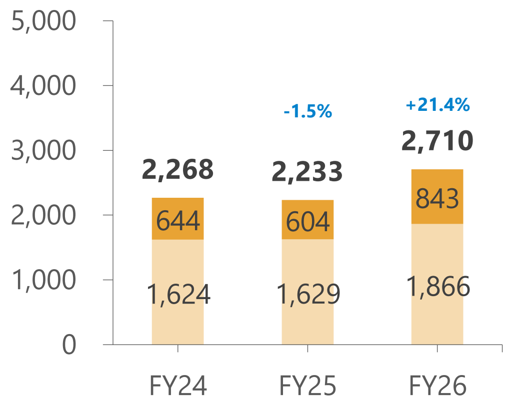
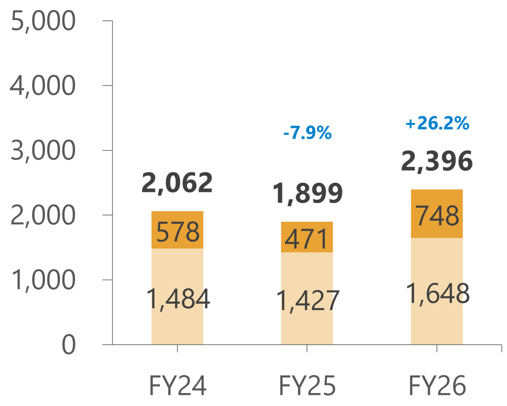
SATO

Consumables sales increased on the back of brisk merchandise sales driven by ongoing inbound demand. Sales of mechatronics products increased, through steady capture of demand for printer refresh, with additional contribution from high-value projects in the e-commerce vertical.

* 1 Since Q1 FY24, maintenance support sales are partially included in the mechatronics business. The graphs have been adjusted retrospectively.
* 2 Since Q1 FY25, sales from the manufacturing and public verticals have been combined. The graphs have been adjusted retrospectively.

Sales by Vertical 2/2 *1

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

	Health Care	Food & Beverage
Net Sales		
Business environment	Brisk investments in RFID continued, to improve administrative efficiencies and combat labor shortages. Overall demand remains firm.	Robust demand for automation and RFID solutions for improving efficiencies continued, as higher raw materials and logistics costs and severe labor shortages keep affecting businesses.
SATO	Consumables sales increased on the back of brisk demand for medical wristbands and RFID-enabled solutions. Mechatronics product sales rose, driven by projects involving RFID and print and apply systems in the medical device vertical, as well as demand at hospitals for printer refresh that we steadily captured.	Consumables sales increased as companies across most verticals placed orders early due to the worsening situation in the Middle East. Mechatronics product sales were higher, boosted by high-value projects related to HACCP*2 in food manufacturing, and strong sales of new printers.

* 1 Since Q1 FY24, maintenance support sales are partially included in the mechatronics business. The graphs have been adjusted retrospectively.
* 2 A hygiene management method to prevent hazards such as food poisoning and foreign material contamination during food manufacturing.

FY 2026 Forecasts

(Millions of JPY)

	Apr-Sep		Oct-Mar		FY26			
	Revised Plan As of Aug 12, 2026	YoY	Revised Plan As of Aug 12, 2026	YoY	Initial Plan As of May 15, 2026	Revised Plan As of Aug 12, 2026	Change	YoY Revised
Net Sales	86,100	+10.0%	85,900	+0.8%	168,500	172,000	+3,500	+5.2%
Operating Income	6,000	+17.6%	6,100	+2.7%	11,700	12,100	+400	+9.6%
Ordinary Income	5,800	+30.0%	5,800	+7.0%	11,200	11,600	+400	+17.4%
Profit attributable to owners of parent	3,900	+27.8%	3,800	+86.8%	7,400	7,700	+300	+51.4%

For reference:

EBITDA	17,028	← for FY 2025	18,100	18,500	+400	+8.6%

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

Average FX rates

	Initial Plan As of May 15, 2026	Revised Plan As of Aug 12, 2026
USD	150.00	155.00
EUR	175.00	180.00

FY26 Forecasts

Full-year forecasts (disclosed May 15, 2026) have been revised upward.
Overseas business forecasts remain unchanged.
Sales and operating income forecasts for the Japan business have been revised upward

(Millions of JPY)

		Apr-Sep			Oct-Mar			FY26		
		Initial Plan	Revised Plan	Change	Initial Plan	Revised Plan	Change	Initial Plan	Revised Plan	Change
Overseas (Base business)	Net Sales	28,400	28,400	-	29,000	29,000	-	57,400	57,400	-
	Operating Income	2,200	2,200	-	2,100	2,100	-	4,300	4,300	-
Overseas (Primary labels business)	Net Sales	12,200	12,200	-	12,400	12,400	-	24,600	24,600	-
	Operating Income	1,000	1,000	-	900	900	-	1,900	1,900	-
Overseas (Eliminations)	Operating Income	0	0	-	0	0	-	0	0	-
Overseas	Net Sales	40,600	40,600	-	41,400	41,400	-	82,000	82,000	-
	Operating Income	3,200	3,200	-	3,000	3,000	-	6,200	6,200	-
Japan	Net Sales	42,000	45,500	+3,500	44,500	44,500	-	86,500	90,000	+3,500
	Operating Income	2,400	2,800	+400	3,100	3,100	-	5,500	5,900	+400
Eliminations	Operating Income	0	0	-	0	0	-	0	0	-
Consolidated	Net Sales	82,600	86,100	+3,500	85,900	85,900	-	168,500	172,000	+3,500
	Operating Income	5,600	6,000	+400	6,100	6,100	-	11,700	12,100	+400

*Sales forecasts of Hiranoya Bussan from Q2 onward are reflected in the revised plan.

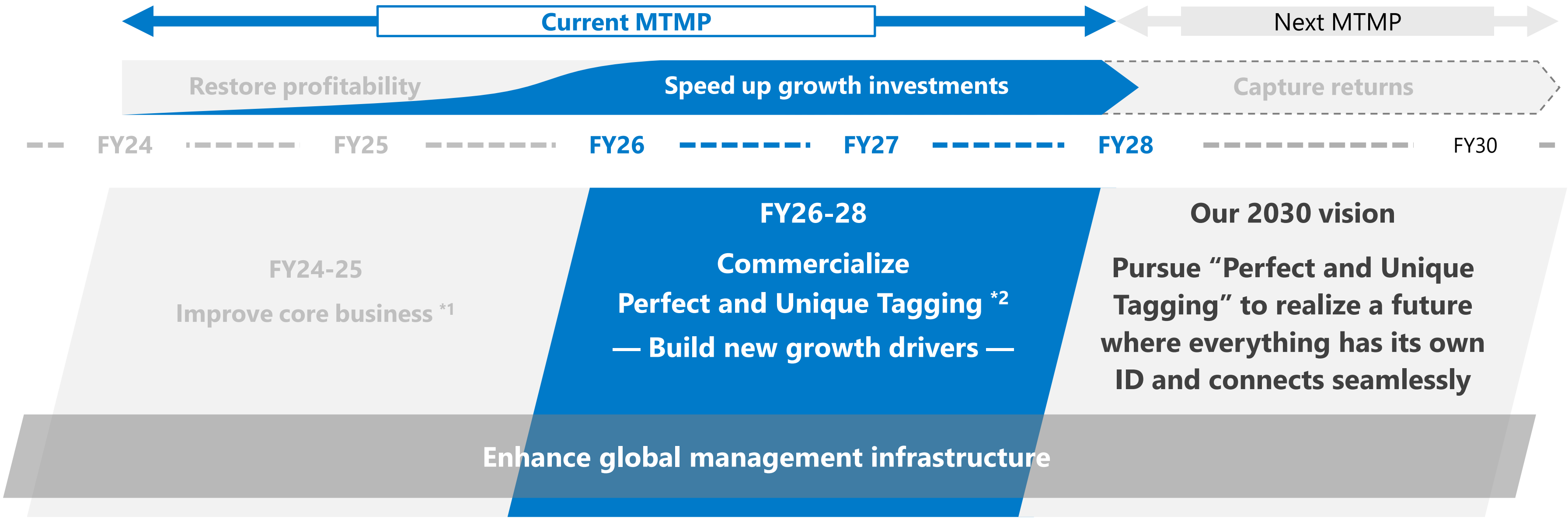
Apr-Jun 2026 results

Progress update on medium-term management plan

— Restarting growth investments

FY26: First Year of Restarting Growth Investments

After restoring profitability in FY24–25, we resumed growth investment in FY26.
We aim to achieve sustainable growth and improve capital efficiency through the execution of the medium-term management plan.



*1 Existing Japan and overseas base business, as well as overseas primary labels business.
*2 Perfect and Unique Tagging (PUT) is a concept for realizing the 2030 Vision.

FY25: Solid operating cash flow, business infrastructure investment, and shareholder returns. From FY26: Accelerating strategic investment.

Medium-term management plan (FY25–28) capital allocation*1

(Millions of JPY)

Sources

Operating cash flow

FY25-28 plan: 55,000

FY25 actual: 13,273

Debt financing

FY25-28 plan: 15,000

Prioritized debt repayments in FY25
Repayments: 2,174

Allocation

	FY25–28 plan	FY25 actual
Strategic investment	15,000 to 20,000	**100**
Business infrastructure investment	Up to 30,000	**7,804**
Shareholder returns	10,000 to 20,000	**Dividends: 2,474**

FY25 result highlights

Strategic investment

- Explored and evaluated investment opportunities in FY25.
- Ramped up investments, including M&A, in FY26.

Business infrastructure investment

- Invested in global management infrastructure.

Shareholder returns

- Paid 2,474 million JPY in dividends under the progressive dividend policy.

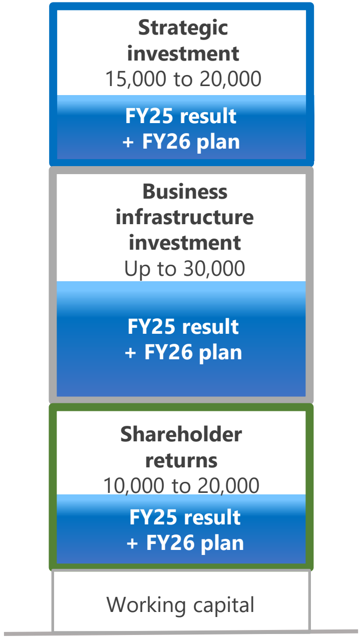
*1 Excluding the impact of the new lease accounting standards effective from April 2027.

Growth Investment and Shareholder Returns

Pursue new opportunities in adjacent fields through PUT, while investing in the core business and management foundation and delivering steady shareholder returns through FY28.

Capital allocation under
FY25-28 medium-term management plan*1

(Millions of JPY)



FY25-28 Strategic investment*2

Acquire and strengthen the capabilities and resources needed to develop businesses in adjacent fields through M&A and other initiatives.

[Targets] Blood and specimen SCM *3, smart packaging, circular economy, logistics digital transformation

- ✓ Acquire manufacturing and sales capability for flexible packaging*4 and primary labels.
- ✓ Build a global ecosystem for blood and specimen SCM.
- ✓ Develop solutions leveraging AI and other emerging technologies.
- ✓ Develop data-driven solutions that support resource circularity.

FY25-28 Business infrastructure investment

Invest to strengthen core business competitiveness and business infrastructure.

- ✓ Strengthen global manufacturing footprint for consumables.
- ✓ Develop and commercialize new printers.
- ✓ Enhance IT systems and cybersecurity while expanding the use of AI.
- ✓ Build a foundation for a global brand.

FY25-28 Shareholder returns

Maintain progressive dividends and provide additional shareholder returns as financial capacity allows.

- ✓ Use a consolidated DOE of 3% or above as a benchmark.
- ✓ Provide additional returns flexibly through dividends or share repurchases, etc..

*1 Strategic Investment and business infrastructure investment include M&A, capital expenditures, and certain expenses related to business development and strengthening the business management. Working capital is excluded from progress measurement.
*2 Strategic investment also includes M&A and other investments related to the core business.
*3 SCM: Supply Chain Management. *4 Flexible packaging made from film.

SATO

The acquisition of Hiranoya Bussan broadens the primary labels business portfolio to include flexible packaging. Leveraging the base business's strengths in variable data management, ID assignment, and data integration, we are expanding solution offerings and revenue opportunities.

Capabilities in existing businesses

Base business

Variable data/ID assignment, data integration

Primary labels business

Fixed data printing and processing

Strategic investment

June 2026: Acquisition of Hiranoya Bussan

Acquired flexible packaging manufacturing and sales capabilities

- Integrated manufacturing
- High-value packaging with unique shapes and enhanced functionality

Expansion into smart packaging

Packaging x identification and traceability

End-to-end solutions for assigning IDs to packaging, verifying variable data, ensuring traceability, and integrating data.

- More cross-sell opportunities
- Expanded data capture & utilization
- Opportunities for recurring revenue

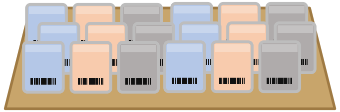
Change in market: Growing need to attach, manage, and use item-level data

Per pallet

Per box

\+

Per item



Value created by item-level traceability

- ✓ Product safety and authenticity
- ✓ Supply-demand balancing & inventory optimization
- ✓ Personalized information delivery
- ✓ Resource circularity

Outlook for Adjacent Fields: Blood and Specimen SCM

Drive global expansion with patented PJM RFID technology, leveraging partner ecosystems and stronger execution capabilities.

Competitive advantages: Patented PJM RFID technology for blood supply management

Labor shortages are driving global demand for traceability of blood bags and specimens, as well as labor-saving solutions.

- Fast and accurate data capture
- Reliable data capture in challenging conditions (e.g., liquids, stacked items)
- Easy integration with existing cold storage systems

Enhanced safety and efficiency as well as reduced waste across the blood management process from collection to transfusion.

A blood bank leader shared the benefits and use cases of PJM at an international blood-related exhibition.

Product portfolio for every step of the value chain

Investment targets: Partner ecosystem

Building a global network through M&A, investments, and partnerships to drive solution development and sales.

SATO + **Blood bags** + **Storage systems** + **Blood supply mgmt. systems**

Successful ecosystem development

Supporting next-generation blood supply management across Singapore

- PJM is in operation at the Health Sciences Authority's blood services division and blood bank laboratories across all public and private hospitals.
- Online blood ordering and automated blood component tracking are enabled through collaboration with CADI Scientific. SATO supplies PJM RFID labels and readers.

Executing global expansion

- **Appointed a new executive officer with extensive experience and expertise in international business and healthcare.**
- **Strengthened specialized talent to drive global projects.**

SATO

Capital Allocation and Shareholder Return Policy

Prioritize growth investment, while also investing in business infrastructure.
Provide additional shareholder returns flexibly as financial capacity allows.

Sources and allocation of funds

Operating cash flow

Generate cash through business activities.

Debt financing

Use debt financing as needed to fund growth investments and other financial needs, while maintaining financial soundness and credit rating.

1 Prioritize strategic investment

- Rigorously select strategic investment and M&A opportunities, taking the cost of capital into account.
- Rigorously monitor KPIs set for each investment.

2 Continue investing in business infrastructure

- Secure funds for working capital and business infrastructure investments, while maintaining appropriate liquidity.

3 Deliver stable shareholder returns

- Maintain progressive dividends, with a consolidated DOE of 3% or higher as a benchmark.

Assess financial capacity, taking into account investment progress, future funding needs and shareholder returns.

4 Provide additional shareholder returns flexibly

- Determine the timing, form, and amount of additional shareholder returns, taking into account investment progress, future funding needs, financial capacity, and capital market conditions.

Link to MTMP targets

Enhance corporate value

Profit growth + **Capital efficiency & B/S mgmt.**

Improve ROIC & ROE
ROE in FY28: 10.2%

Aim for P/B ratio ≥1.0x as early as possible

Maintain financial soundness

Maintain or improve A- rating

Repurchase up to 2.0 billion JPY of treasury shares to improve capital efficiency and increase shareholder returns.

Treasury share repurchase and cancellation

Period	August 13, 2026 – February 26, 2027
Maximum amount	2.0 billion JPY
Maximum number of shares	1 million shares 3.1% of total shares outstanding (excluding treasury shares)

All repurchased treasury shares will be cancelled. Scheduled cancellation date: March 19, 2027

Appendix

FY25 Consolidated net sales: JPY 163,434 million JPY, 100%

Base business

85% of consolidated net sales (Breakdown by region: The Americas 13%, Europe 10%, APAC 16%, Japan 61%)

Mechatronics 41%

Printers

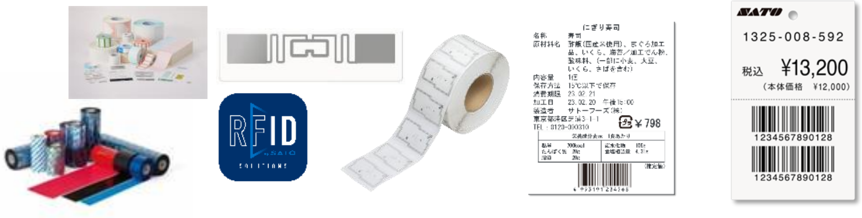
Other Hardware

Software

Services

Consumables 44%

Tags & Labels



Primary Labels

15% of consolidated net sales (Breakdown by region: The Americas 15%, Europe 83%, APAC 2%)

Consumables 100%

Stickers & Primary Labels

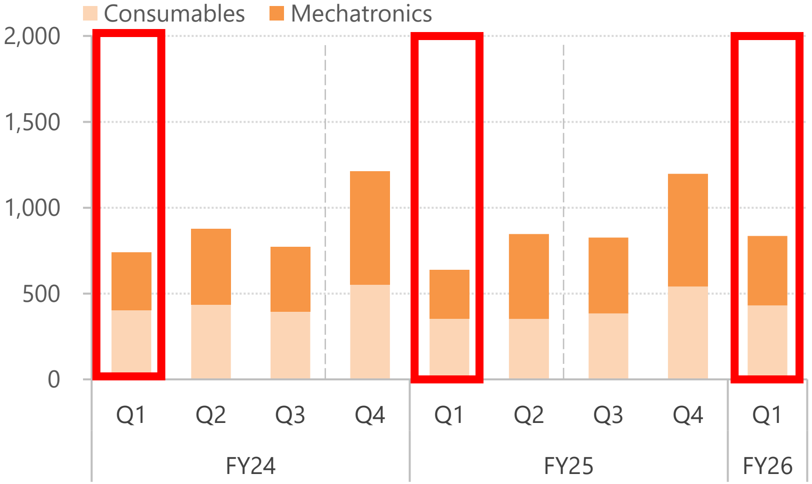
RFID and Automation Solutions — Sales Trends

Demand for RFID and automation solutions continued to be strong on elevated needs for digital transformation to address labor shortages.
Sales of RFID solutions increased, boosted by early order placement associated with the worsening situation in the Middle East and some high-value projects.
Sales of automation solutions grew, driven by strong sales in the manufacturing and retail verticals.

(Millions of JPY)

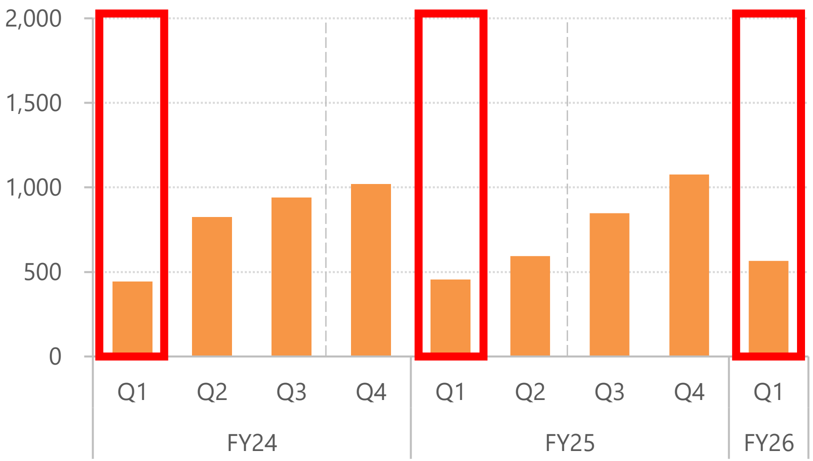
RFID

Q1 FY26: +**30.9%** YoY



Automation*

Q1 FY26: +**24.8%** YoY



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

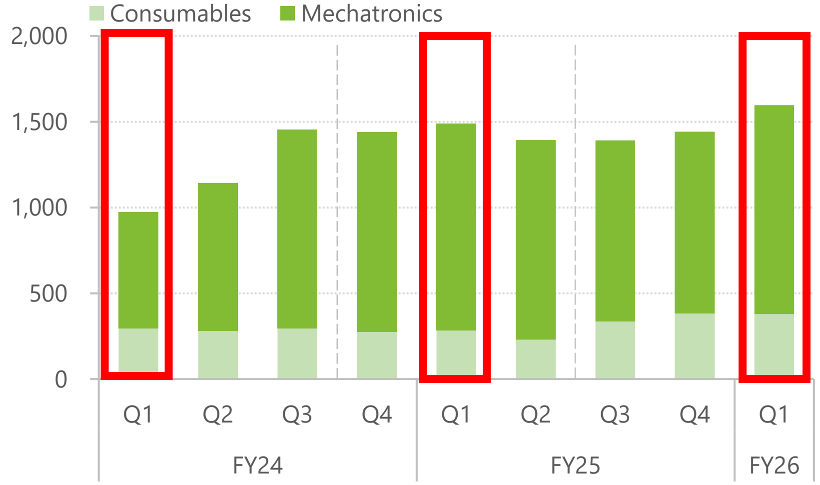
RFID and Automation Solutions — Sales Trend

Demand for RFID and automation solutions continued to be strong on elevated needs for digital transformation to address labor shortages.
Sales of RFID solutions increased, driven by large projects in the Americas, offsetting the temporary dips in sales related to the high-value projects in Australia.
Sales of automation solutions decreased, due to difficult comparison against the same quarter the previous year when we had large projects in retail and logistics in the U.S.

(Millions of JPY)

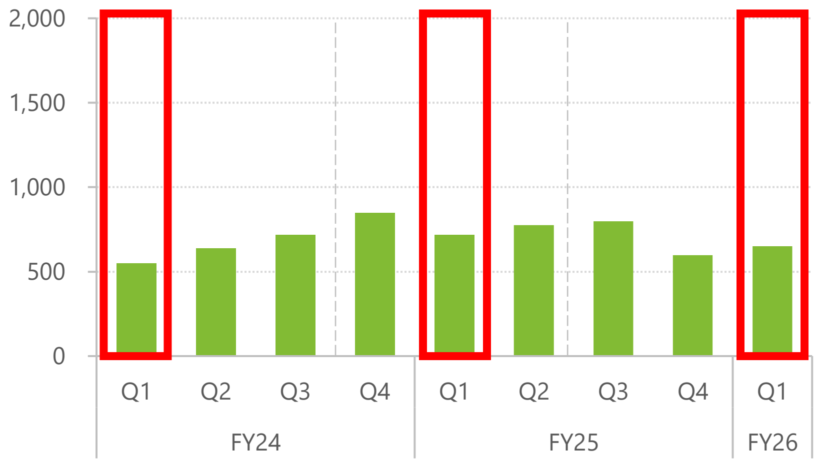
RFID

Q1 FY26: **+7.1%** YoY



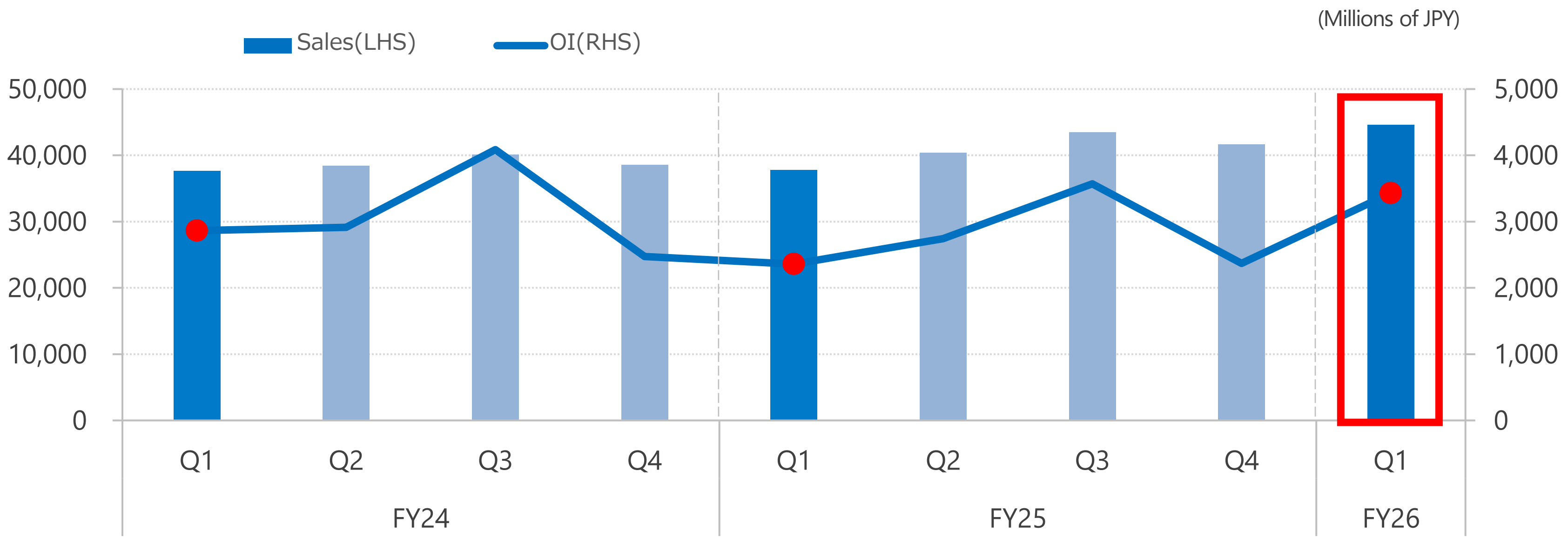
Automation*

Q1 FY26: **-9.1%** YoY



* Automation includes hardware sales only.

Quarterly Sales and Operating Income



Sales	37,674	38,415	40,121	38,596	37,829	40,418	43,507	41,679	44,621
YoY	+10.8%	+7.3%	+6.6%	+7.1%	+0.4%	+5.2%	+8.4%	+8.0%	+18.0%
OI	2,864	2,914	4,086	2,475	2,359	2,741	3,571	2,368	3,429
YoY	+32.6%	+18.4%	+17.9%	+7.8%	-17.6%	-5.9%	-12.6%	-4.3%	+45.3%

Sales and OI by Region

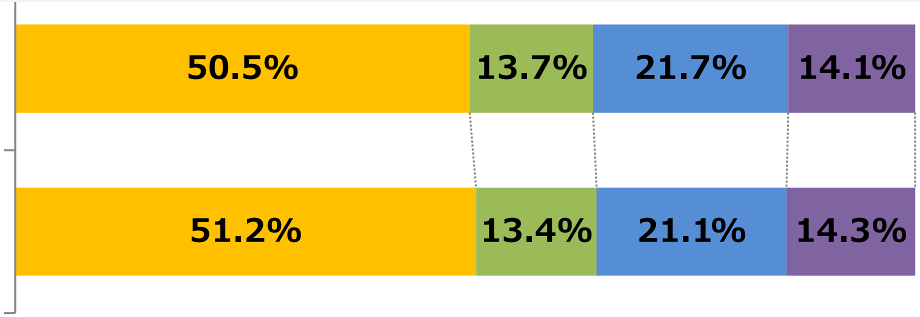
Japan / The Americas / Europe / Asia/Oceania

(Millions of JPY)

Sales

37,829

44,621

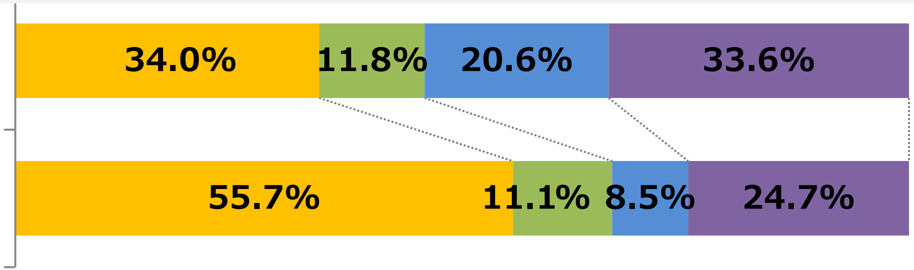


Operating Income

* Ratio excludes eliminations

2,494

3,376



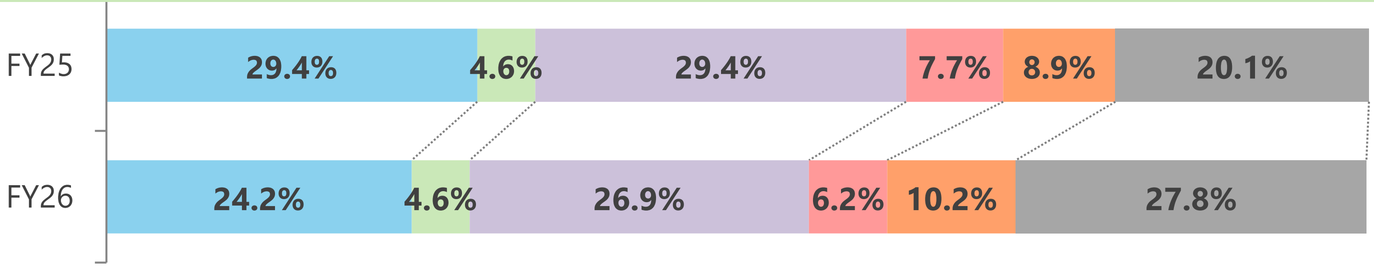
OI Ratio					
	FY25	Japan :	4.5% , Ovesea :		8.7%
	FY26	Japan :	8.1% , Ovesea :		7.0%

Sales by Vertical

Manufacturing | Logistics | Retail | Health Care | Food & Beverage | Others

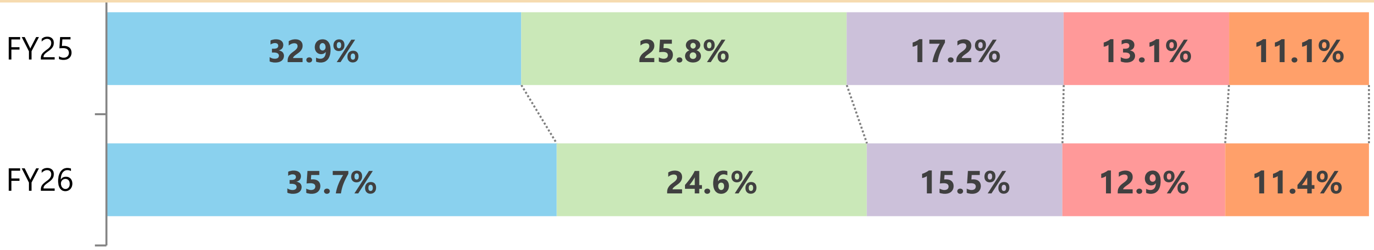
Overseas

* Main sales subsidiaries only. Factories & Primary Label companies not included.



Japan

* Maintenance services not included



* Since Q1 FY25, sales from the manufacturing and public verticals have been combined. Graphs have been adjusted retrospectively.

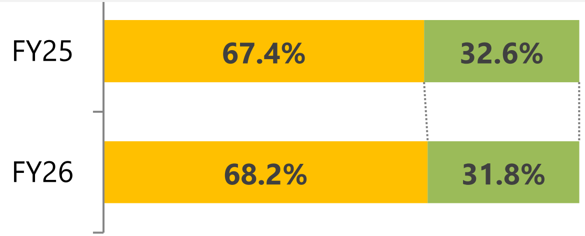
Sales and OI by Business Segment/Region

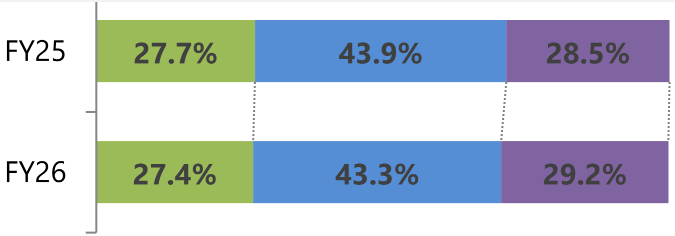
(Millions of JPY)

Base business | Primary Labels | The Americas | Europe | Asia/Oceania

Sales

18,737
21,762

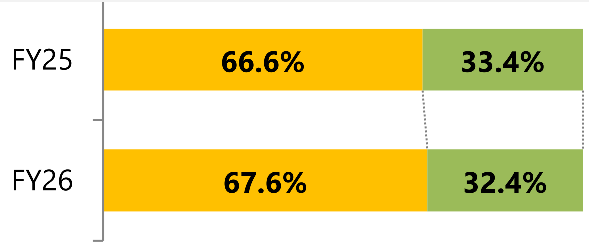


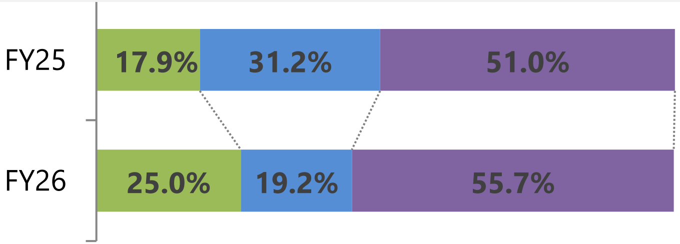


Operating Income

* Ratio excludes eliminations.

1,629
1,526





OI ratio:

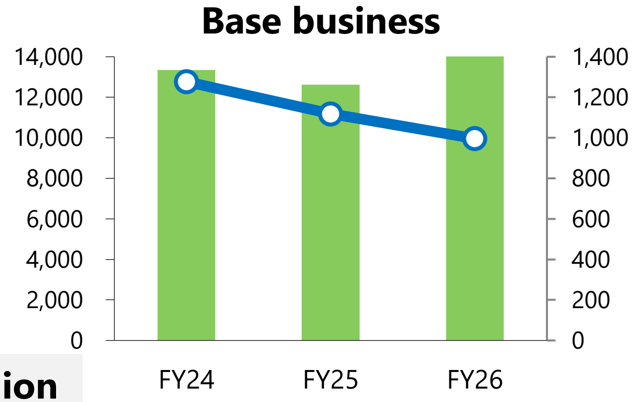
FY25	**Base business :**	**8.9%**	**Primary Labels:**	**9.2%**
FY26	**Base business :**	**6.7%**	**Primary Labels:**	**6.9%**

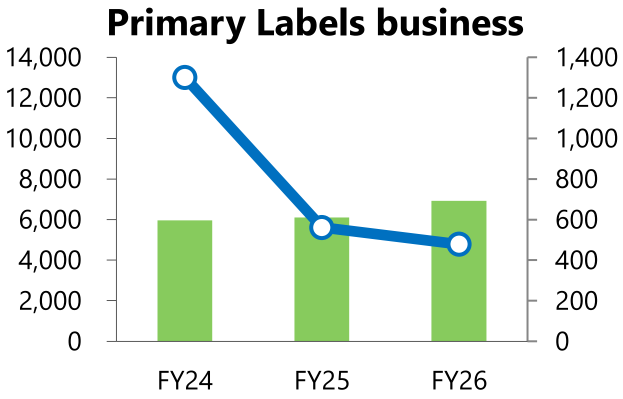
FY25	**The Americas :**	**5.8%**	**,Europe :**	**6.4% ,**
	Asia/Oceania :	**16.1%**		
FY26	**The Americas :**	**6.2%**	**,Europe :**	**3.0% ,**
	Asia/Oceania :	**12.9%**		

Sales and OI Trends by Business Segment and Region

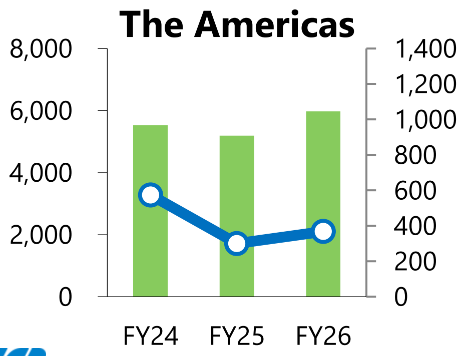
By Business Segment

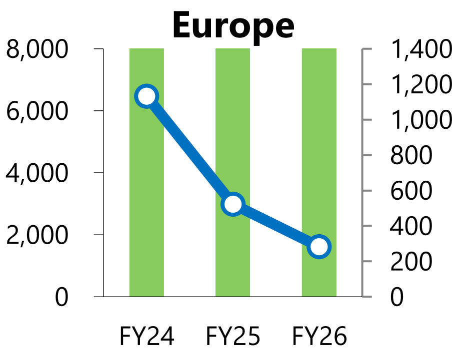
Sales (LHS) OI (RHS) (Millions of JPY)

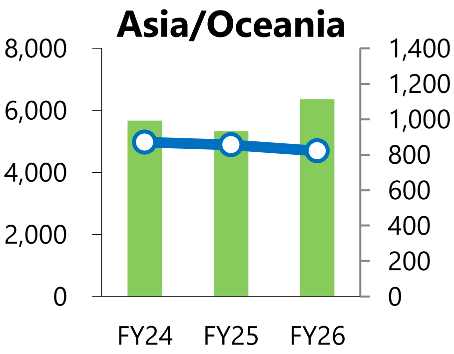




By Region







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

(Millions of JPY)

			FY25	FY26	YoY	YoY In local currencies
Consolidated		Total Sales	32,740	38,814	+18.6%	+13.4%
		Operating Income	1,922	3,121	+62.4%	+64.0%
Overseas	Base	Total Sales	12,628	14,832	+17.5%	+5.0%
		Operating Income	1,118	996	-10.9%	-22.1%
	Primary Labels	Total Sales	1,020	1,123	+10.1%	+0.4%
		Operating Income	124	170	+37.0%	+36.2%
	Eliminations	Operating Income	-50	51	-	-
	Total	Total Sales	13,648	15,956	+16.9%	+4.6%
		Operating Income	1,192	1,218	+2.2%	-8.4%
Japan		Total Sales	19,091	22,858	+19.7%	+19.7%
		Operating Income	864	1,850	+2.1x	+2.3x
Eliminations		Operating Income	-134	52	-	-

Consolidated Results
(Figures exclude the Russian subsidiaries)

(Millions of JPY)

	FY25	FY26	Change	YoY
Net Sales	32,740	38,814	+6,074	+18.6%
Operating Income	1,922	3,121	+1,199	+62.4%
Operating Income %	5.9%	8.0%	+2.2pt	-
Ordinary Income	1,659	3,033	+1,373	+82.8%
Profit attributable to owners of parent	1,060	2,425	+1,365	+2.3x
Effective Tax Rate	32.9%	19.7%	-13.2pt	
EBITDA	3,072	4,396	+1,324	+43.1%

Average FX rates

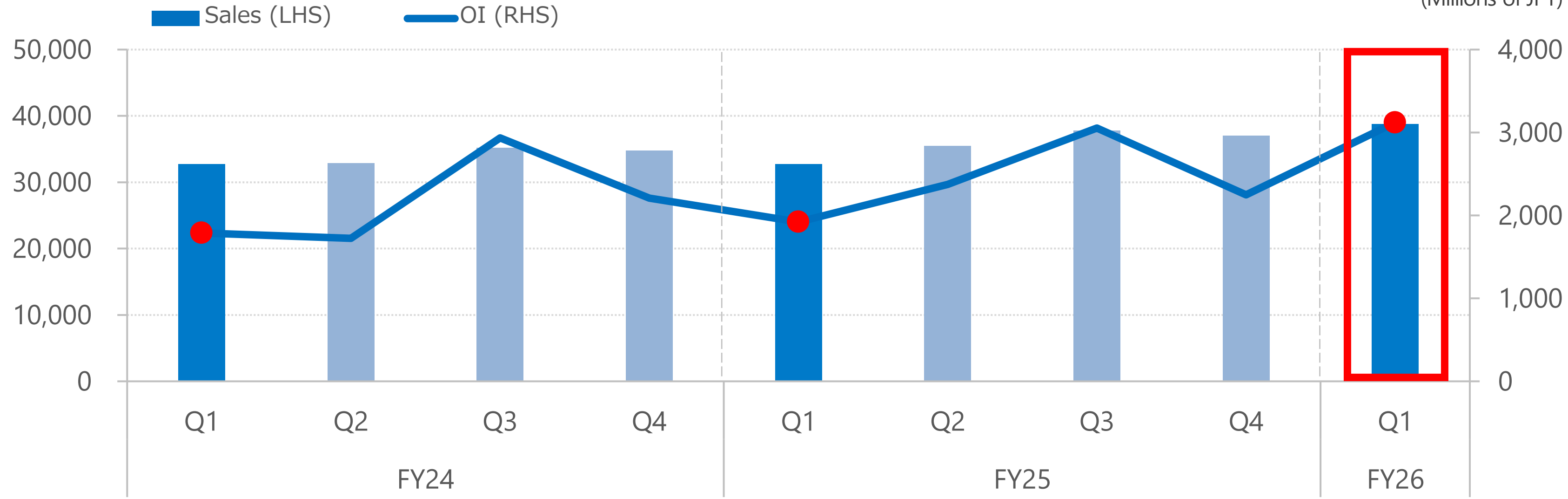
USD	144.59	159.56
EUR	163.80	185.41

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

Depreciation	1,405	1,608
Amortization	3	3

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

(Millions of JPY)



Sales	32,770	32,918	35,238	34,786	32,740	35,488	37,792	37,015	38,814
YoY	+8.1%	+4.7%	+5.4%	+7.8%	-0.1%	+7.8%	+7.3%	+6.4%	+18.6%
OI	1,789	1,724	2,935	2,209	1,922	2,373	3,054	2,249	3,121
YoY	+46.5%	+55.2%	+8.5%	+40.0%	+7.4%	+37.6%	+4.1%	+1.8%	+62.4%

(*) Underlined terms are described under its own heading

	SATO's 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 label 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 label business**	Overseas business of tagging fixed information via product labels and other media. This business operates from SATO Group companies; Achernar (Argentina), Prakolar (Brazil), Okil (Russia), X-Pack (Russia) and Hirch (Vietnam).
5	**Tagging**	The process of physically attaching to something data that identifies and/or provide status information. 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 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	**Perfect and Unique Tagging** (PUT)	A high-level problem-solving tagging technology that makes it possible to trace complete and unique individual information by tagging not only proprietary data such as IDs but also position and status information obtained from sensors to objects and people. The status can be identified and managed by fully automated reading integrated with the operation without manual intervention. Through solutions utilizing PUT, we aim to address not only on-site issues at individual customers but also common issues faced by society as a whole.

SATO terminologies (2/4)

	SATO's 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 and 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	**PJM** (Phase Jitter Modulation)	RFID technology that uses frequencies in the HF band and complies with the international standard ISO/IEC18000-3 Mode 2. SATO has many patents on reading circuits and systems that support implementation of the technology. In addition to providing fast and accurate lump-sum reading of up to 600 RFID tags per second, the technology lends itself to challenging read environments as PJM RFID operates down to -80 °C, can be read in proximity to liquid, or with multiple of them stacked together, and withstands medical sterilization. In certain conditions and environments, PJM RFID systems can be built to enable operation with reduced susceptibility to metal interference. These advantages have led to growing adoption of the technology in blood bag and orthopedic implant management.
7	**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.
8	**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.
9	**SATO AEP Cloud** (Application Enabled Printing Could)	Cloud-based aPaaS (Application Platform as a Service) was launched in April 2025 by SATO Europe GmbH, a European subsidiary. It enables flexible and rapid application design in no-code and low-code for challenges such as complex labeling operations and regulations (e.g., digital product passports) faced by customers. This contributes to the realization of operational accuracy, business efficiency, cost management, etc.
10	**Source tagging**	A supply chain management practice of instructing vendors or suppliers to affix labels containing specified information of products before 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 the business of Magellan Technology Pty Ltd., which possessed PJM (Phase Jitter Modulation), an RFID technology compliant with ISO/IEC 18000-3 Mode 2. Now SATO Vicinity Pty Ltd.
4	**Okil-Holding, JSC** (Russia)	[2014] Primary labels company in which SATO acquired 75% ownership stake. X-Pack is affiliated with Okil.
5	**Prakolar Rótulos Autoadesivos LTDA.** (Brazil)	[2015] Company specializing in primary labels.
6	**High Rich Trading & Service Corporation** (Vietnam)	[2017] Primary labels company in which SATO acquired 49% ownership stake. Commonly known as Hirich.
7	**Stafford Press, Inc.** (U.S)	[2023] Company engaging in production and sales of horticulture tags and labels, and inkjet printers for on-demand color printing of such tags and labels.
8	**Hiranoya Bussan Co.,Ltd (Japan)**	[2026] Company engaging in production and sales of flexible packages.
Overseas subsidiaries founded after 2017		**Description**
1	**Okil –SATO X-Pack Co. Ltd.** (Russia)	[2017] A subsidiary producing and selling shrink sleeves, in-mold labels and soft packages in Primary Labels business, owned 60% by SATO.

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