May 10, 2022

SATO HOLDINGS CORPORATION

FY2021 Financial Results

(Fiscal Year Ended March 31, 2022)

Securities Code: 6287

FY21 Results

Medium-term Management Plan FY21-23

● This presentation consists of two parts.

FY21 Results

Medium-term Management Plan FY21-23

Consolidated

Summary

Consolidated

For the full FY, sales and OI increased YoY. Sales exceeded targets and marked a record-high. OI was in line with the forecast despite increase in costs.
For Q4 (Jan-Mar) alone, sales were up and OI down.

Auto-ID Solutions Business (Overseas)

Sales and OI increased YoY for Q4 and the full FY.
For the full FY, sales and OI exceeded targets and were all-time highs.

Auto-ID Solutions Business (Japan)

Full FY sales increased YoY and exceeded targets, driven mainly by manufacturing. OI declined and fell short of the forecast due to temporary cost increases and growth investments.
For Q4, sales increased slightly. OI decreased due to increase in costs.

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●Here is a summary of the past quarter and fiscal year.
●In FY2021, we saw a number of events that were not anticipated at the beginning of the fiscal year, such as difficulties in procuring printer materials due to supply chain disruptions, rise in label material prices and decrease in yield at our printer factories in Malaysia and Vietnam due to lockdown.
●Even under these circumstances, we were able to capture the robust demand owing to efforts of our procurement, manufacturing and engineering divisions. Sales increased owing to our focus on better-performing industries and by covering for cost increases by raising product prices.
●As a result of the above, sales and OI increased YoY, while sales exceeded our plan and reached a record high for the full FY on a consolidated basis. We also achieved our OI target, mainly by setting higher prices to cover for increased costs.
●In consolidated results for Q4 alone, we saw robust sales but decrease in OI YoY due to an increase in raw material costs and growth investments.
●Overseas sales and OI in the auto-ID solutions business increased both for the full FY and Q4. For the full FY, both sales and OI reached record highs.
●In the Japan business for the full FY, sales rose owing to recovery in manufacturing and other key markets. Yet OI declined and fell short of the forecast due to temporary cost increases and growth investments.

Consolidated FY2021

Sales and OI by Business Segment

(Millions of JPY)

[red box] new highs

		FY2021	FY2020	YoY	excl. FX impact
Auto-ID Solutions business	Total Sales	**124,783**	**108,916**	**+14.6%**	**+12.1%**
	Operating Income	**6,350**	**5,906**	**+7.5%**	**+6.5%**
Overseas	Total Sales	52,496 (50,000)	40,349	+30.1%	+23.4%
	Operating Income	3,978 (3,400)	2,684	+48.2%	+42.8%
Japan	Total Sales	72,287 (72,000)	68,566	+5.4%	+5.4%
	Operating Income	2,372 (2,900)	3,221	-26.4%	-23.7%
IDP business[*1]	Total Sales	**0**	**136**	**-**	**-**
	Operating Income	**0**	**-148**	**-**	**-**
Consolidated (incl. eliminations)	Total Sales	**124,783** (122,000)	**109,052**	**+14.4%**	**+11.9%**
	Operating Income	**6,404** (6,400)	**5,847**	**+9.5%**	**+8.5%**

*1 IDP business : Transferred all shares of DataLase to DataLase Holdings Ltd in Sep 2020.
*2 Numbers in parentheses are as of Nov. 10, 2021.

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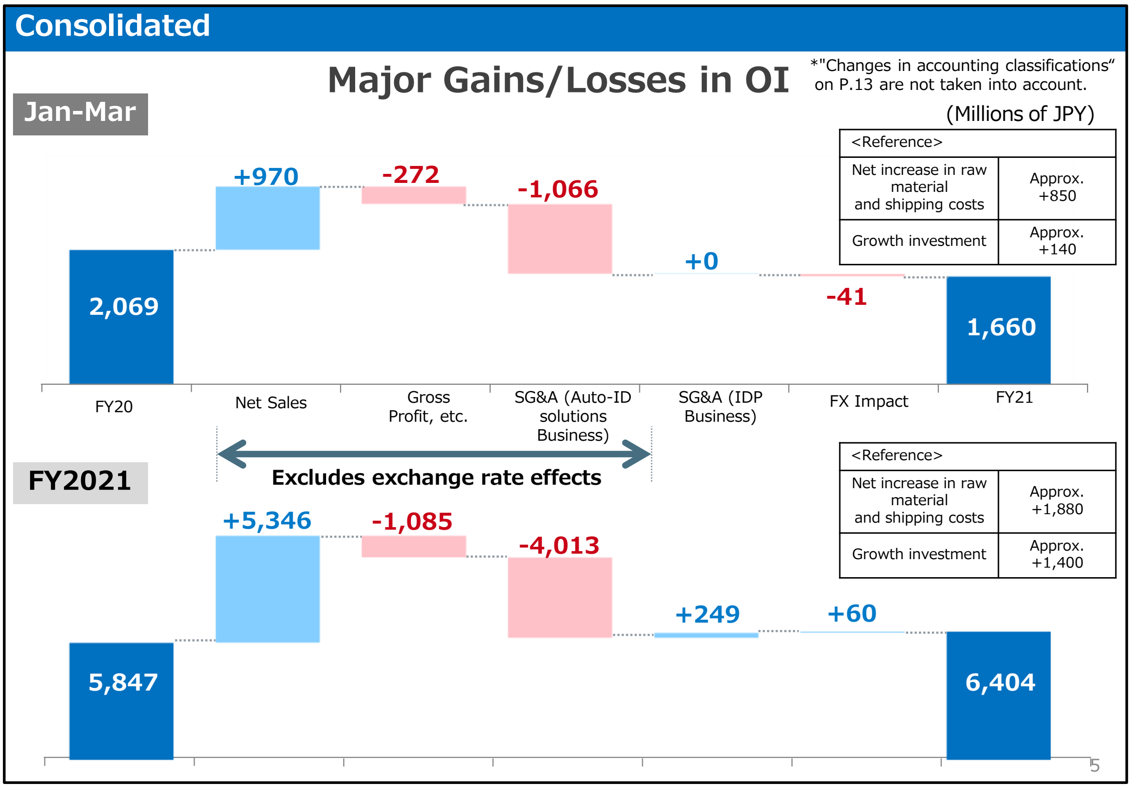
●The main figures related to the previous slide are as shown in this table.
●Figures boxed in red show record highs.
●Figures in parentheses are plans announced in November 2021.



- ●This slide compares OI of FY2021 with that of the previous year.
- ●Details will be explained in later slides for Overseas and Japan.
- ●Temporary cost increases in areas such as raw material and transportation, and growth investment costs are shown as "Reference" on the right side of the slide.

Consolidated Results

(Millions of JPY)

	FY2021	FY2020	Change	YoY
Net Sales	124,783	109,052	+15,731	+14.4%
Operating Income	6,404	5,847	+556	+9.5%
Operating Income %	5.1%	5.4%	-0.2pt	-
Ordinary Income	6,057	5,521	+535	+9.7%
Profit attributable to owners of parent*1	3,794	12,959	-9,165	-70.7%
Effective Tax Rate*2	33.6%	9.6%	+24.0pt	-
EBITDA*3	10,861	10,163	+697	+6.9%

Average exchange rates for FY2021: JPY 112.39 /USD, JPY 130.54 /EUR, FY20: JPY 106.10/USD, JPY 123.75/EUR

FX sensitivity for FY21: JPY +459 million in sales and JPY + 17 million in OI for +1 JPY against USD and assuming all others move by the same ratio

*1 Gain on sales of property, plant and equipment associated with the sale of the previous head office was recorded in FY20 Q3.

*2 Profit attributable to owners of parent and effective tax rate:
For FY20, income tax related to the impairment loss at DataLase in FY19 was adjusted following the transfer of its shares in Sep 2020.

*3 EBITDA = Operating Income + Depreciation + Amortization
・Depreciation for FY21: JPY 4,220 million FY20: JPY 4,092 million
・Amortization for FY21: JPY 236million FY20: JPY 223 million

●These are the consolidated results for the full FY.
●The sharp YoY decrease in net income was mainly due to FY2020 recording a special gain on the sale of the previous head office in Q3 .

Auto-ID Solutions Business (Overseas)

Overview

Jan-Mar **Sales increased in all regions, as sales companies met robust demand with printers and solutions.**
OI increased, as greater sales absorbed cost increases while higher price settings also covered for the costs.

(Millions of JPY)

	FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY	excl. FX impact
Total Sales	**13,423**	**11,290**	**+2,133**	**+18.9%**	**+14.0%**
Gross Profit	4,851	4,018	+832	+20.7%	-
Gross Profit %	36.1%	35.6%	+0.5pt	-	-
Operating Income	**1,003**	**880**	**+123**	**+14.0%**	**+11.2%**
Operating Income %	7.5%	7.8%	-0.3pt	-	-

	FY2021	FY2020	Change	YoY	excl. FX impact
Total Sales	**52,496**	**40,349**	**+12,146**	**+30.1%**	**+23.4%**
Gross Profit	18,140	14,435	+3,704	+25.7%	-
Gross Profit %	34.6%	35.8%	-1.2pt	-	-
Operating Income	**3,978**	**2,684**	**+1,293**	**+48.2%**	**+42.8%**
Operating Income %	7.6%	6.7%	+0.9pt	-	-

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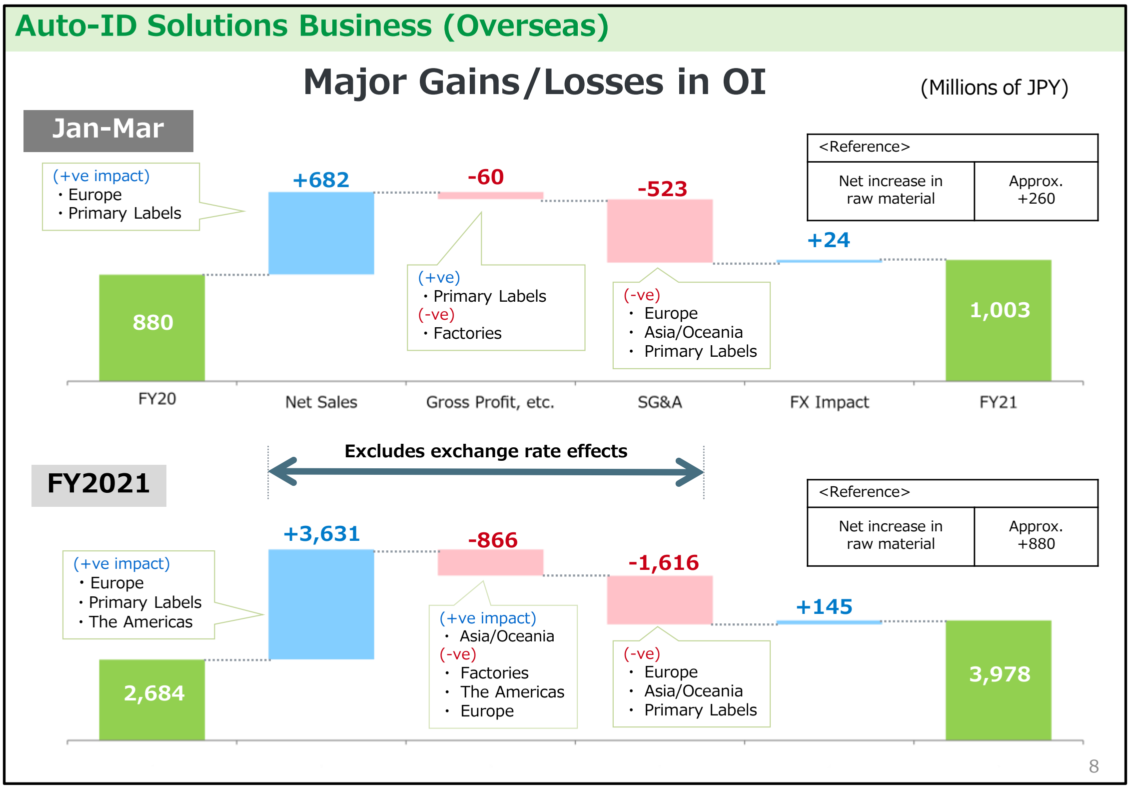
●From here on, we will explain the results of Q4 alone.
●Overseas, Q4 sales rose in all regions, as demand was robust. It was also due to progress made in resolving supply constraints on printers and raising label prices to cover for cost increases.
●OI increased overall, despite impact from the rise in costs of raw materials for printer components and labels.



- This slide compares OI of FY2021 with that of the previous FY.
- Sales increased in all regions for Q4.
- Europe and Primary Labels businesses especially performed well.

OI increased, as greater sales absorbed cost increases.

Auto-ID Solutions Business (Overseas)

Breakdown by Region: The Americas

Jan-Mar

Base business: Printer sales in the brisk U.S. retail market drove the sales increase. OI increased, as greater sales absorbed increase in costs.
Primary Labels business: Both sales and OI increased due to robust sales to daily life infrastructure industries.

(Millions of JPY)

		FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	3,456	3,140	+316	+10.1%	+0.7%
	Operating Income	176	156	+20	+13.1%	+4.1%
Primary Labels ・Achernar ・Prakolar	Total Sales	717	576	+141	+24.6%	+19.6%
	Operating Income	102	93	+8	+9.2%	+13.8%
Total	Total Sales	4,174	3,716	+458	+12.3%	+3.6%
	Operating Income	279	250	+29	+11.6%	+7.8%

		FY2021	FY2020	Change	YoY	excl. FX impact
Base	Total Sales	13,440	10,376	+3,063	+29.5%	+22.8%
	Operating Income	655	514	+141	+27.5%	+21.9%
Primary Labels ・Achernar ・Prakolar	Total Sales	2,586	2,024	+561	+27.7%	+31.8%
	Operating Income	369	259	+110	+42.7%	+61.3%
Total	Total Sales	16,026	12,401	+3,625	+29.2%	+24.3%
	Operating Income	1,025	773	+251	+32.6%	+35.1%

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●We now look at Overseas results by region.
●In the Americas, sales and OI increased for Q4.
●In the Base business, sales and OI rose, driven by printer sales in the brisk U.S. retail market and progress in absorbing cost increases of labels by raising product prices.
●The Primary Labels business continued to enjoy strong demand resulting in sales and OI growth while higher price settings also covered for the costs.

Auto-ID Solutions Business (Overseas)

Breakdown by Region: Europe

Jan-Mar

Base business: Sales increased due to continued focus on strong industries such as supermarkets and restaurants. OI increased, as greater sales absorbed increase in costs.
Primary Labels business: Sales increased due to deeper cultivation of existing businesses in food and beverages at Okil in Russia. OI increased mainly due to higher sales.

(Millions of JPY)

		FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	2,749	1,996	+752	+37.7%	+33.6%
	Operating Income	117	20	+96	5.7x	5.6x
Primary Labels ・Okil ・X-Pack	Total Sales	2,499	1,737	+762	+43.8%	+50.6%
	Operating Income	441	45	+396	9.7x	9.7x
Total	Total Sales	5,249	3,734	+1,514	+40.6%	+41.5%
	Operating Income	559	66	+493	8.5x	8.4x

		FY2021	FY2020	Change	YoY	excl. FX impact
Base	Total Sales	10,674	7,588	+3,085	+40.7%	+32.1%
	Operating Income	451	84	+367	5.3x	5.1x
Primary Labels ・Okil ・X-Pack	Total Sales	9,701	7,314	+2,387	+32.6%	+29.0%
	Operating Income	848	497	+351	+70.7%	+66.0%
Total	Total Sales	20,375	14,902	+5,472	+36.7%	+30.6%
	Operating Income	1,300	581	+718	2.2x	2.2x

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●Europe saw higher sales and OI in Q4.
●In the Base business, sales were robust for supermarkets and the food service industry. Both sales and OI increased mainly due to the progress made in resolving supply constraints on printers and raising label prices to cover for cost increases.
●Sales and OI rose in the Primary Labels business as Okil expanded its business with domestic demand.

Auto-ID Solutions Business (Overseas)

Breakdown by Region: Asia/Oceania

Jan-Mar

Base business: Sales increased despite some subsidiaries experiencing restrictions on sales activities caused by the pandemic. OI decreased mainly due to higher cost of printer components impacting factory profit.

(Millions of JPY)

		FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY	excl.FX Impact
Base	Total Sales	4,000	3,839	+161	+4.2%	-2.7%
	Operating Income	208	556	-348	-62.6%	-64.7%

		FY2021	FY2020	Change	YoY	excl.FX Impact
Base	Total Sales	16,094	13,045	+3,048	+23.4%	+14.3%
	Operating Income	1,637	1,258	+379	+30.1%	+20.5%

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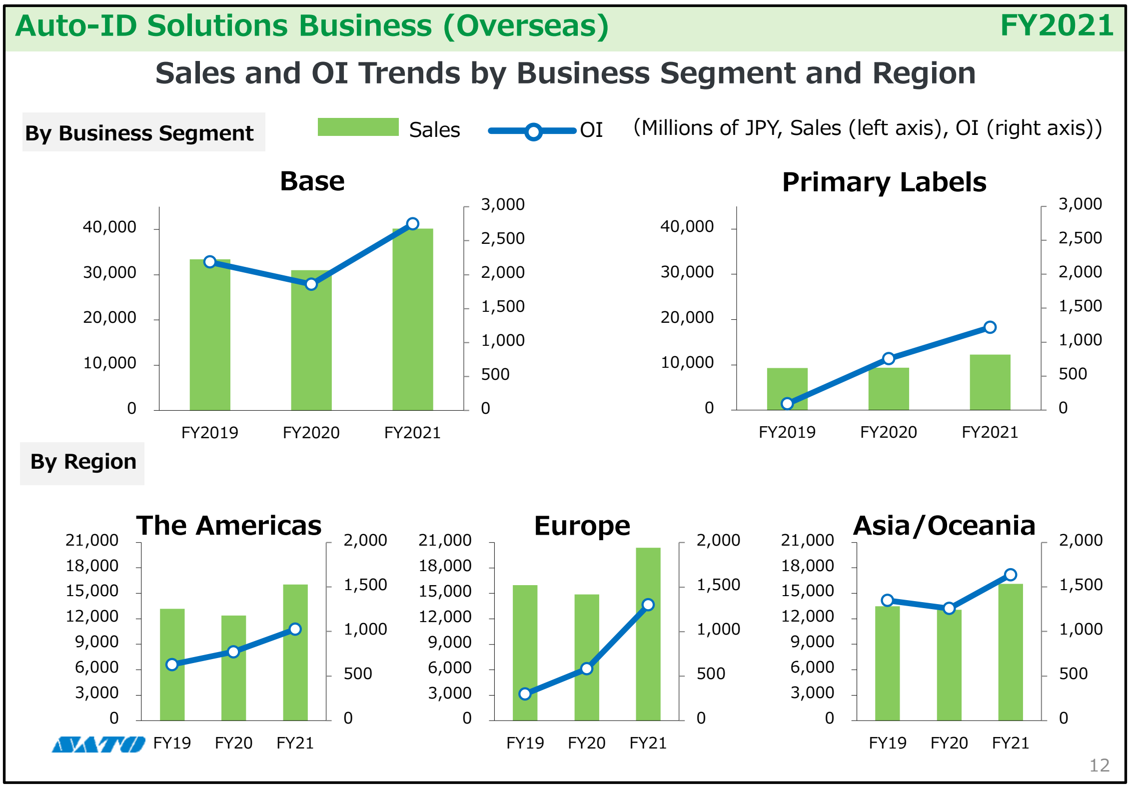
● In Asia and Oceania, sales were up and OI down for Q4.
● Sales increased despite some subsidiaries, such as China, experiencing restrictions on sales activities caused by the pandemic. Higher cost of printer components impacted profits from factories in Malaysia and Vietnam, resulting in OI decline.



- These graphs show our overseas business for the past three years.
- Both sales and OI grew in each business and region, despite the impact of various cost increases.

Auto-ID Solutions Business (Japan)

Overview

Jan-Mar

Sales slightly increased. Continued recovery in manufacturing and large orders in health care off-set the loss of large orders seen last FY in retail. OI declined due to higher costs for materials, components and shipping and to growth investments.

(Millions of JPY)

	FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY
Mechatronics Sales	8,567	8,443	+123	+1.5%
Consumables Sales	10,404	10,047	+356	+3.6%
Total Sales	**18,971**	**18,490**	**+480**	**+2.6%**
Gross Profit	8,712	9,019	-306	-3.4%
Gross Profit %	45.9%	48.8%	-2.9pt	-
Operating Income	**682**	**1,203**	**-521**	**-43.3%**
Operating Income %	3.6%	6.5%	-2.9pt	-

	FY2021	FY2020	Change	YoY
Mechatronics Sales	29,560	27,968	+1,592	+5.7%
Consumables Sales	42,726	40,598	+2,128	+5.2%
Total Sales	**72,287**	**68,566**	**+3,720**	**+5.4%**
Gross Profit	33,616	32,635	+980	+3.0%
Gross Profit %	46.5%	47.6%	-1.1pt	-
Operating Income	**2,372**	**3,221**	**-848**	**-26.4%**
Operating Income %	3.3%	4.7%	-1.4pt	-

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.
Note: Changes in accounting classifications of maintenance related costs from SG&A to COGS lead to lower GPM.

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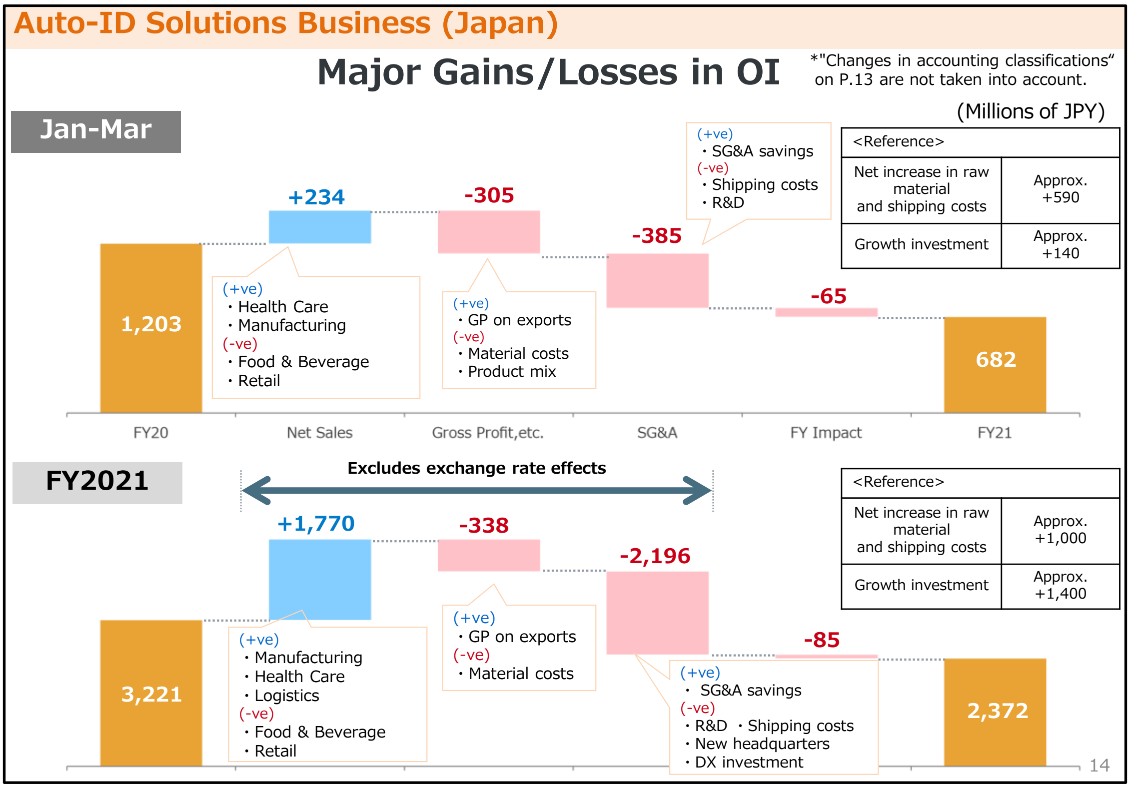
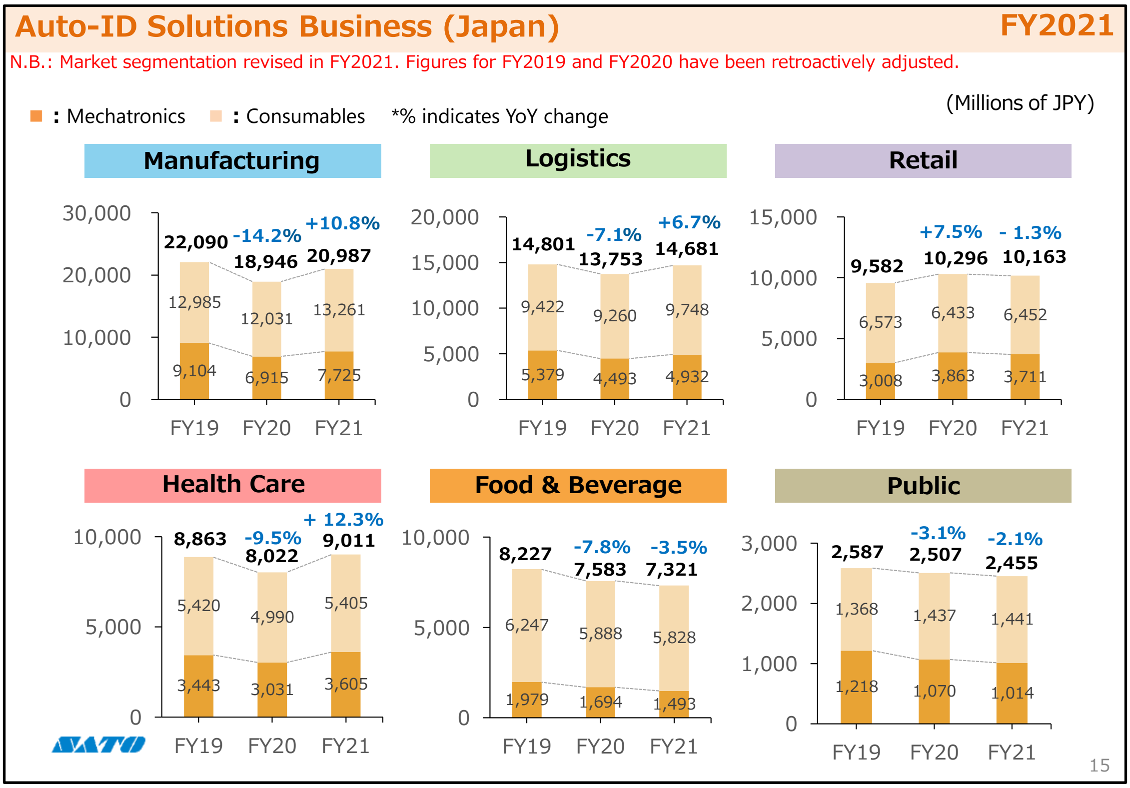
●In Japan, sales increased slightly, as continued recovery in manufacturing and large orders in health care covered for the large orders in retail last FY that are no longer accounted for.
●Growth in high-margin manufacturing and health care contributed positively to gross profit, but GPM declined due to the impact of higher printer component costs, product mix changes, and a change in the classification of maintenance-related expenses from SG&A to COGS, which was approximately JPY 200 million.
●SG&A expenses rose despite efforts for efficiency, largely due to higher shipping costs from increased usage of air freights, and investments for growth, such as R&D expenses.
●These factors resulted in OI decline for Q4.



●This slide compares OI of FY2021 with that of the previous FY.

●The reference tables on the right show YoY increase in raw material costs, shipping costs, and growth investment. These costs and investment were mostly temporary, adding up to an increase of approximately JPY 2.4 billion.



●This slide shows sales trends for each market in Japan for the full FY.
●Demand remained firm overall for solutions addressing labor shortages, logistics volume growth and digital transformation, to which RFID and automation solutions sold strong, as did consumables.
●YoY growth was seen in manufacturing, logistics and health care, most significantly in manufacturing.

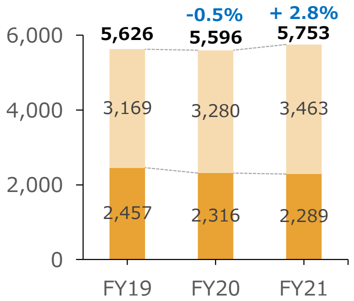
●Manufacturing: Sales increased in almost all industries. On the other hand, sales of electronic components increased and those of machinery and electrical machinery remained almost unchanged from FY2019, before the pandemic. Other industries, such as automobiles and chemicals, are recovering, and we believe there is significant room for growth. We will focus on recovering mechatronics that has high gross profit margins.
●Logistics: Sales increased YoY to almost the same level as FY2019, as we met robust demand from businesses seeking solutions to labor shortages and logistics volume growth.
●Retail: Demand for e-commerce services is strong in retail as it is in logistics. Sales increased compared to FY2019, but saw a pause in growth against last FY.
●Health care: Sales grew significantly by 12% YoY, thanks in part to large orders, and exceeded FY2019 levels.
●Food: Despite a recovery trend in restaurant industries, sales declined against FY2020 and FY2019. This was due to delay in the recovery of the food manufacturing industry, which accounts for approximately 80% of sales.
●Public: The business environment remains stable, but results are affected by trends in large orders.

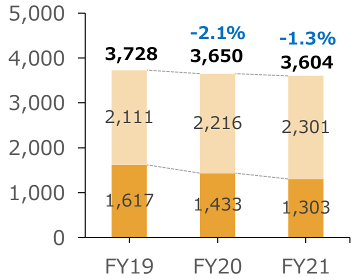
Sales by Vertical 1/2

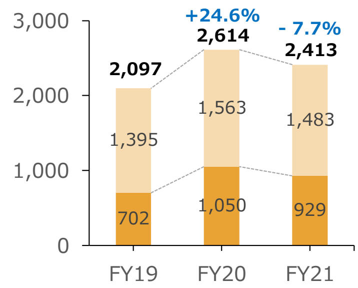
(Millions of JPY)

■ : Mechatronics ■ : Consumables *% indicates YoY change

Manufacturing	Logistics	Retail







	Manufacturing	Logistics	Retail
Business environ-ment	Increased demand for semiconductors propelled chemical and electronic component industries. Meanwhile, production in the automobile and steel industries has been stagnant.	Various industries took advantage of the continued growth of e-commerce and stay-home demand. Demand continued to grow for automation and DX.	Despite a pause in growth at supermarkets , investments continued for DX, operational efficiency and shift to e-commerce. The e-commerce industry remained brisk.
SATO perfor-mance	Consumables grew, driven by better-performing industries. Mechatronics slightly declined due to delayed orders, despite RFID selling strong in response to labor shortages and shift to DX (Digital Transformation).	Consumables grew with increased logistics volume. Mechatronics sales declined as recovery slowed in wholesales, despite demand growing for automation and RFID for use in shipping/receiving control.	Consumables declined due to a pause in stay-home related demand growth at supermarkets. Mechatronics continue to see demand from businesses seeking solutions to labor shortages but declined due to absence of large orders seen last FY.

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●This slide and the next show sales trends in each market in Japan for Q4.

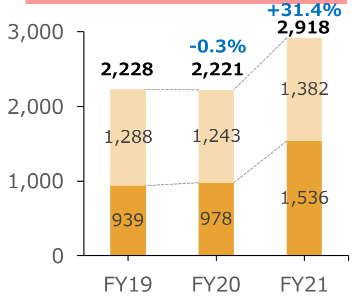
Auto-ID Solutions Business (Japan) Jan-Mar

Sales by Vertical 2/2

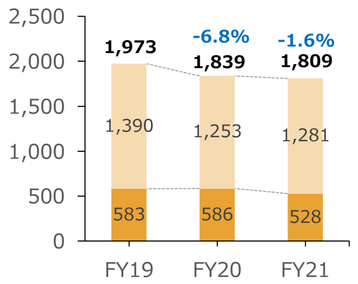
(Millions of JPY)

■ : Mechatronics ■ : Consumables *% indicates YoY change

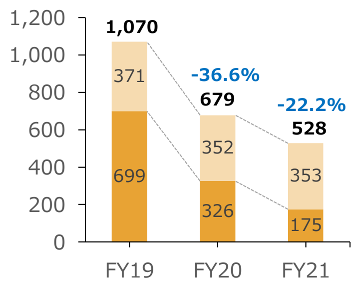
Health Care



Food & Beverage



Public



	Health Care	Food & Beverage	Public
Business environ-ment	Demand remained firm overall for solutions that improve administrative efficiency and address labor shortages. Investment trends are back, particularly for automation.	Demand continued to stay strong for traceability, operational efficiency and automation solutions that address legal compliance, higher quality control awareness, and labor shortages.	The overall business environment remained stable.
SATO perfor-mance	Both consumables and mechatronics rose significantly as demand from hospitals returned and large orders came from medical device manufacturers.	Consumables slightly grew due to continued demand for food labeling. Despite the recovery in demand from restaurants, mechatronics declined due to the absence of large orders in food manufacturing seen last FY.	Consumables demand generally remained stable and sales were flat. Mechatronics declined due to lack of a large-scale project seen last FY.

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Operating Income Impact (Summary)

Incurred unexpected costs early in the FY but reduced their impact by implementing countermeasures.

Negative impact	Approx. JPY 3,000 mil.
Positive impact	Approx. JPY 1,970 mil.
Total impact	Approx. JPY 1,030 mil.

Progress of passing on costs		
	Overseas	Japan
Printers	Started raising prices on new deals. May take a while to see impact.	(Same as left)
Labels	Started raising prices at an early stage. Seeing some effects already.	Started raising prices from Q4. Announced average price increase of 10% effective FY22.

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●This slide shows how costs not anticipated at the beginning of the FY and our countermeasures have impacted consolidated OI.
●Although it takes a while to see the impact of a price raise, we managed to curb the negative impact of approximately JPY 3 billion in FY2020 to JPY 1 billion by implementing countermeasures.
●The table on the bottom shows how we are raising product prices as the core countermeasure to cover for cost increases. Customers in Japan and around the world have generally understood and accepted these price revisions.
●For printers, we started raising prices on new deals. The situation is almost the same around the world.
●As for labels, we started raising prices in Japan from Q4. As suppliers are expected to revise price in FY2022, we announced our price revision to start with the new FY.
●Outside Japan, we are already raising prices in response to suppliers raising their prices.

Consolidated

Operating Income Impact (Gross Profit, SG&A)

・Gross Profit: Costs increased more than forecasted in Q3, but they were covered to a certain extent by raising product prices.

・SG&A expenses: Despite shipping costs increase, efficient operations curbed costs and resulted as forecasted in Q3.

Negative / Positive (countermeasures)

		FY21 (Results)	Difference from Q3 forecast
Gross Profit	Printers Higher manufacturing costs	Approx. JPY 1,000 mil.	Increased
	Labels Rising costs of raw materials	Approx. JPY 1,200 mil.	Increased
	Printers Pass on costs, reduce costs	Approx. JPY 20 mil.	Decreased
	Labels Pass on costs, reduce costs	Approx. JPY 1,000 mil.	Increased
	Expand sales of high-value added solutions and printers	Approx. JPY 350 mil.	Increased
SG & A	Printers Higher shipping costs	Approx. JPY 650 mil.	Increased
	Higher R&D costs with expansion of strategic investment scope *	Approx. JPY 150 mil.	Decreased
	Optimize SG&A expenses	Approx. JPY 600 mil.	Increased

* Calculation method revised in Q4.

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●This table shows the impact on OI in terms of gross profit and SG&A expenses.
●The negative impact of cost increase is shown in red, and the positive impact of countermeasures is shown in blue.
●The right side of the table shows the cumulative Q4 figures and how they fared against our Q3 forecast.

Consolidated

FY2022 Consolidated Forecasts

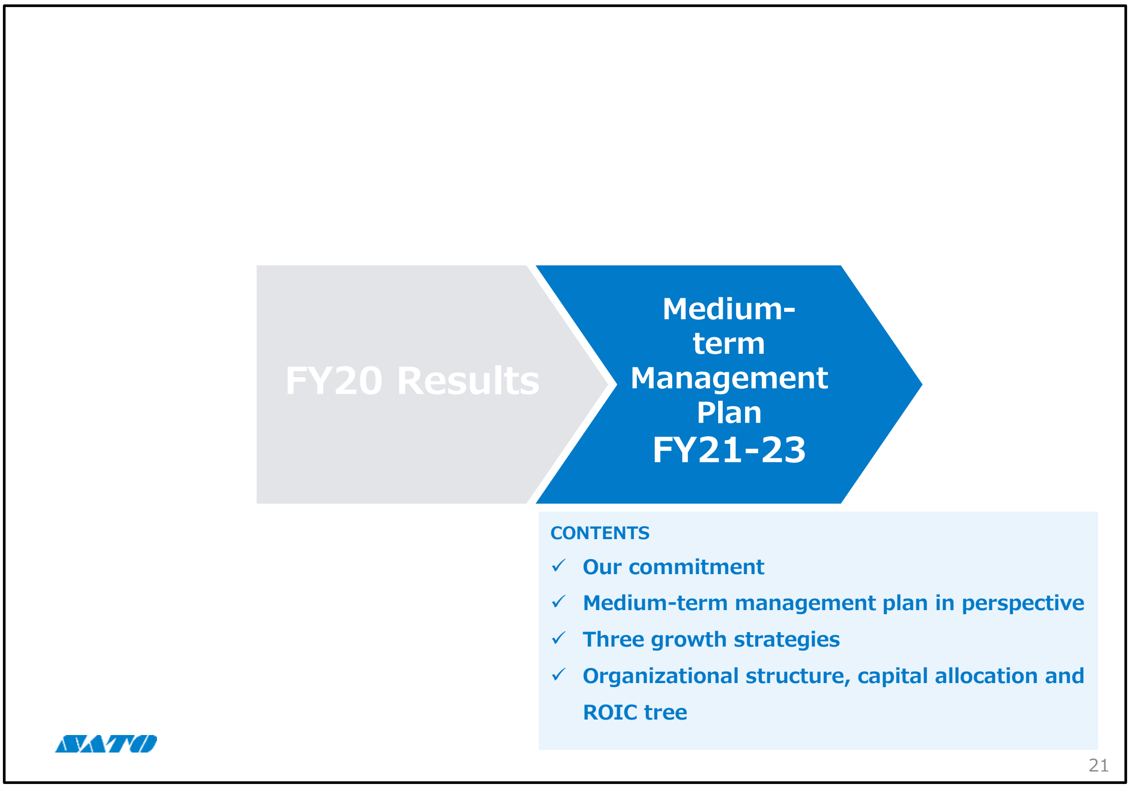
(Millions of JPY)

	FY2022 (Targets)	FY2021	Change	YoY
Net Sales	119,000	124,783	-5,783	-4.6%
Operating Income	8,000	6,404	+1,595	+24.9%
Operating Income %	6.7%	5.1%	+1.6pt	-
Ordinary Income	7,800	6,057	+1,742	+28.8%
Profit attributable to owners of parent	3,400	3,794	-394	-10.4%
EBITDA*	12,500	10,861	+1,638	+15.1%

* EBITDA=Operating Income + Depreciation + Amortization

Exchange rates assumed in FY22 forecast: JPY 120/USD, JPY 135/EUR
Average exchange rates for FY20 : JPY 112.39/USD, JPY 130.54/EUR

●These are the consolidated forecasts for FY2022.
●We forecast sales down 4.6% YoY and OI up 24.9%.
●This plan does not include our business in Russia. This comes from the fact that developments in Ukraine are still unpredictable and situation changes with every moment.
●We are following the situation closely, reviewing a full range of strategic options to adapt our approach as appropriate in coordination with sanctions and other measures adopted by the international community.
●As with net income, we are forecasting a YoY decrease of 10.4%. This is because we expect to book an extraordinary loss due to the pension buyout of our UK subsidiary as announced in November 2020.



●This second section focuses on our progress in the medium-term plan in FY2021 and the changes made in response to external circumstances.

●Explanations will follow the table of contents shown on the slide.

Our commitment in the medium-term management plan

Achieve strategic results and invest in long-term growth

Achieve strategic results

- **Achieve growth in DCS & Labeling[*1] -related business through *koto-uri* [*2]**

Invest in long-term growth

- **Invest in initiatives related to DCS & Labeling and Tagging for Sustainability**
- **Invest in strengthening our management foundation (DX, etc.)**

*1 Data Collection Systems & Labeling *2 Concept of "Selling the solution, not the product"

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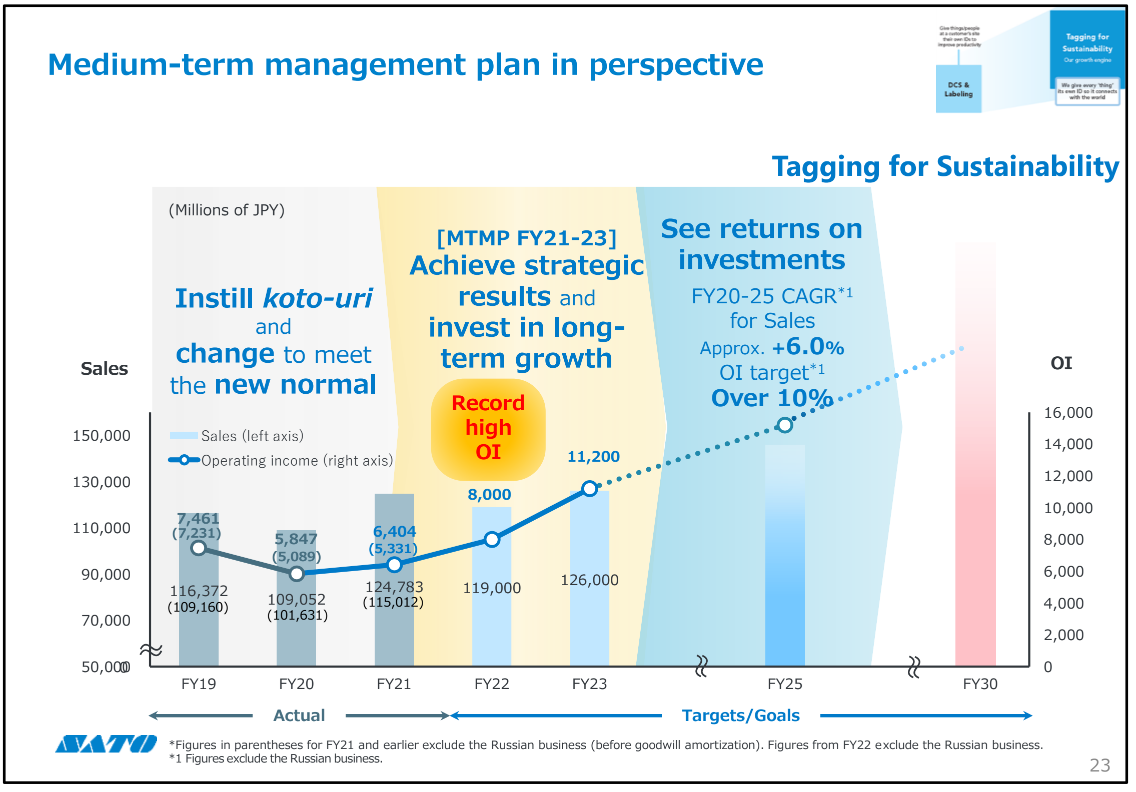
●First is our commitment in the medium-term management plan ("medium-term plan" hereinafter) for FY2021-2023. We will "Achieve strategic results and invest in long-term growth" as announced last year.

●Achieve strategic results: Realize growth with our DCS & Labeling business by "selling the solution, not the product (*koto-uri*)" worldwide, as demand for labor- and resource-saving solutions using barcodes and RFID is still strong in manufacturing, logistics and sales worksites of various industries.

●Invest in long-term growth: Invest in initiatives related to Tagging for Sustainability and strengthening the foundations of management, eying long-term growth.

●DCS & Labeling and Tagging for Sustainability are our business models. See the terminologies list in the glossary for details on what they focus on.

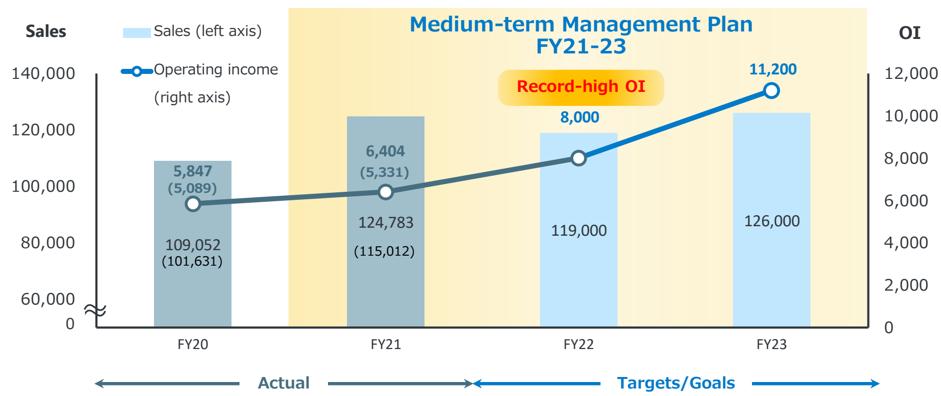


●This slide shows the medium-term plan in perspective.
●The span of this medium-term plan is viewed as a period for us to achieve the results of previous initiatives such as *koto-uri*, and invest in growth for achieving long-term targets.
●The full effects of the investment would be seen after this medium-term period ends. By FY2025, we aim for +6.0% CAGR for sales over the FY2020–2025 period, and OI of over 10%.
●Figures in parentheses for FY2021 and earlier exclude the Russian business (before goodwill amortization). Figures from FY2022 exclude the Russian business.
●Same terms apply to all slides that follow concerning the overseas business.

Medium-term targets (Consolidated)

(Millions of JPY)

	FY2020 (Actual)		FY2023	
Net Sales	109,052	Net Sales	126,000	+7.4% (CAGR*1)
Operating Income	5,847	Operating Income	11,200	+30.1% (CAGR*1)
Operating Income %	5.4%	Operating Income %	8.9%	+3.5pt
ROIC	5.8%	ROIC	9.4%	+3.6pt



*Figures in parentheses for FY21 and earlier exclude the Russian business (before goodwill amortization). Figures from FY22 exclude the Russian business.
*1 Figures exclude the Russian business.

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●In this medium-term plan, we target sales of JPY 126 billion, OI of JPY 11.2 billion, OI margin of 8.9%, and 9.4% in ROIC in FY2023.
●The graph shows our sales and OI actuals and targets. We set a goal of a record-high JPY 8 billion for FY2022 .

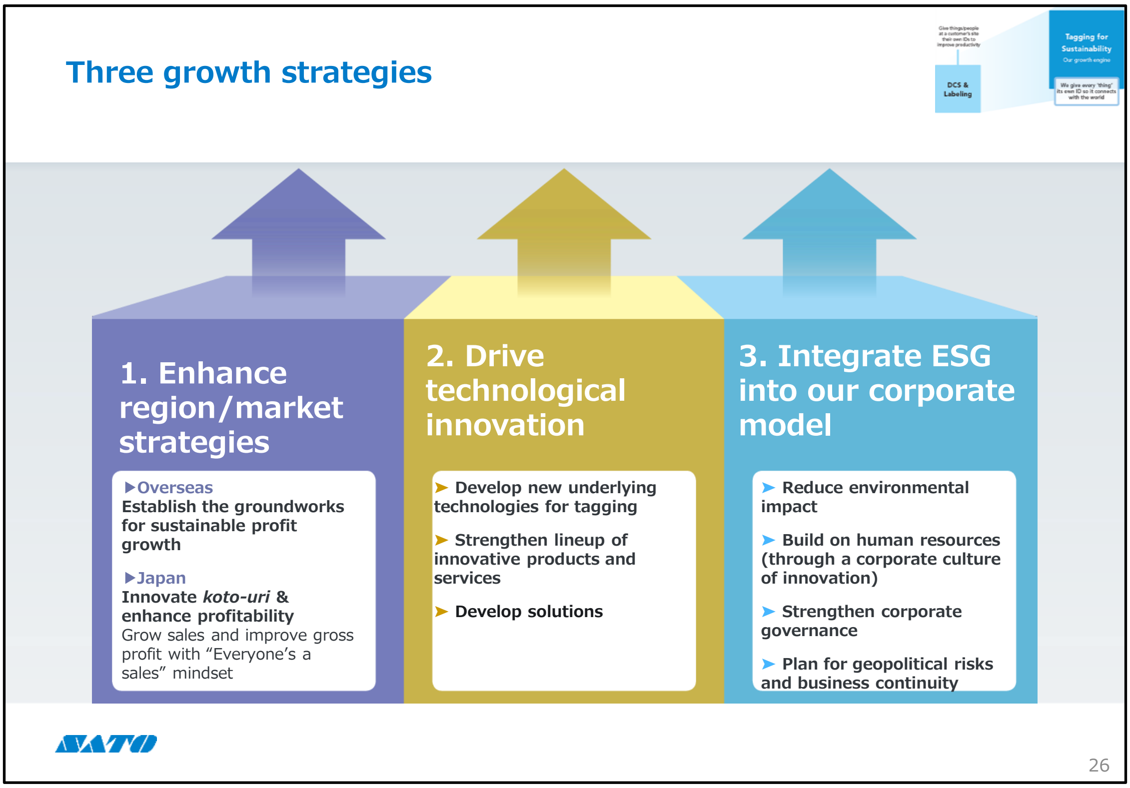
<Ref.> Sales and OI by business segment

(Millions of JPY)

	FY19	FY20	FY21	FY22	FY23	FY20-23 CAGR*1
	(Actual)			(Targets/Goals)		
Auto-ID Solutions Business (Overseas)						
Net sales	42,648 (35,436)	40,349 (32,929)	52,496 (42,725)	44,000	47,000	+12.6%
Operating Income	2,277 (2,047)	2,684 (1,926)	3,978 (2,906)	3,200	3,900	+26.5%
Operating Income %	5.3% (5.8%)	6.7% (5.8%)	7.6% (6.8%)	7.3%	8.3%	
Auto-ID Solutions Business (Japan)						
Net sales	73,360	68,566	72,287	75,000	79,000	+4.8%
Operating Income	6,479	3,221	2,363	4,800	7,300	+31.3%
Operating Income %	8.8%	4.7%	3.2%	6.4%	9.2%	
Consolidated						
Net sales	116,372 (109,160)	109,052 (101,631)	124,783 (115,012)	119,000	126,000	+7.4%
Operating Income	7,461 (7,231)	5,847 (5,089)	6,404 (5,331)	8,000	11,200	+30.1%
Operating Income %	6.4% (6.6%)	5.4% (5.0%)	5.1% (4.6%)	6.7%	8.9%	

*Figures in parentheses for FY21 and earlier exclude the Russian business (before goodwill amortization). Figures from FY22 exclude the Russian business.
*1 Figures exclude the Russian business.

● This slide is about sales and OI by business segment.



●This next section will explain how we will achieve the figures we have shown and our growth strategy.
●The medium-term plan sets three growth strategies, and the overall framework has not changed from when we first drafted the plan in FY2021.

●There are some changes within each strategy.
●1. Enhance region/market strategies: Changed the strategy for the Overseas business to "Establish the groundworks for sustainable profit growth." Our Overseas business will work to capture the robust demand and build a foundation to generate stable earnings.
●2. Drive technological innovation: We will plan/develop innovative solutions through alliances, capturing potential demand and working toward Tagging for Sustainability.
●3. Integrate ESG into our corporate model: Added "Plan for geopolitical risks and business continuity."

Three growth strategies

1. **Enhance region/market strategies**

2. Drive technological innovation

3. Integrate ESG into our corporate model

SATO

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● 1. Enhance region/market strategies

1. Enhance region/market strategies

Changes in the business environment and where SATO stands

Demand for DCS & Labeling is surging amid environmental changes. Customer value is shifting rapidly from products to solutions.

➡ SATO faces strong demand and "growing pains."

Changes in business environment	Where SATO stands
• Society/industry structure, prompted by COVID-19 (incl. supply chain disruptions) • Growing importance of sustainability • Digitalization and new technologies • New resources to work with and ways of working, e.g., diversity and shrinking/aging population • Geopolitical risks, hyperinflation	Achievements / Issues Strong demand for DCS & Labeling ● Instilled *koto-uri* ● Need to accommodate rising costs 【Overseas】 ● Developed relationships with new/existing customers ● Strengthened business with BPs* (enhanced sales channels) ● Need to establish a management foundation that drives sustainable profit and growth 【Japan】 ● Created solutions using new technologies ● Business negotiations becoming more technical and taking longer to close

SATO

*Business partners, such as system integrators, distributors, etc.

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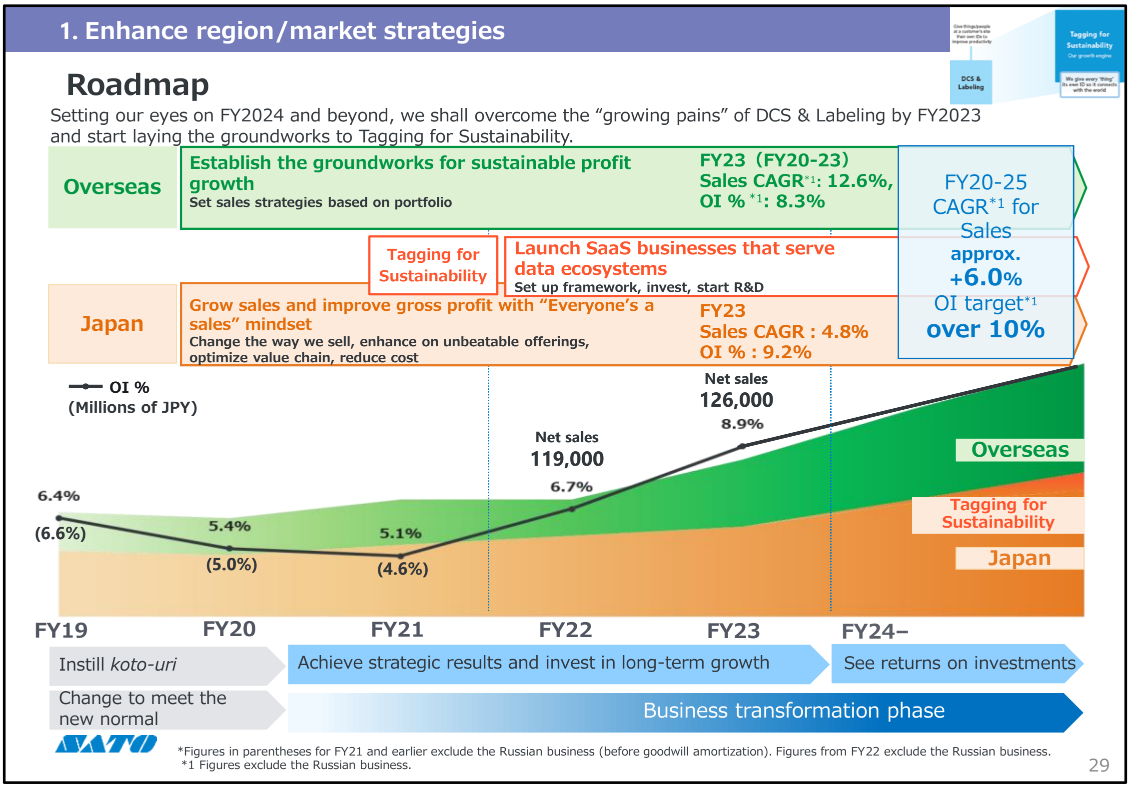
●This slide shows changes in our business environment and where SATO stands.

●Demand for DCS & Labeling is surging amid environmental changes. And customer value is shifting rapidly from products to solutions, primarily in advanced nations. While this means robust demand for us, it involves some "growing pains."
●COVID-19 has triggered many changes in society and industry structure, which includes the recent supply chain disruptions.
●We are also seeing shifts toward digitalization and new technologies, as well as demographic and geopolitical risks.
●Where SATO stands amid these circumstances is described in the box on the right. The blue dots show what we have achieved so far, and the red challenges we face.
●We see that the business environment remains favorable, and we are capturing the strong demand by *koto-uri*. On the other hand, we need to continue tackling rising costs.
●Our Overseas business has successfully developed relationships with new and existing customers through *koto-uri* and increased business with partners as well, which enhanced our sales channels. On the other hand, we need to urgently establish a management foundation that drives sustainable profit and growth.
●The Japan business progressed in its creation of new solutions using not just barcodes but new technologies such as RFID and positioning technology. On the other hand, this has led to more technical and prolonged business negotiations.

●The slides that follow explain how we would address these issues and where we must head toward.



●This slide shows the roadmap for growth.

●Taking a long-term perspective, we will overcome the "growing pains" of DCS & Labeling and start laying the groundworks to Tagging for Sustainability by FY2023, before the span of this medium-term plan ends.

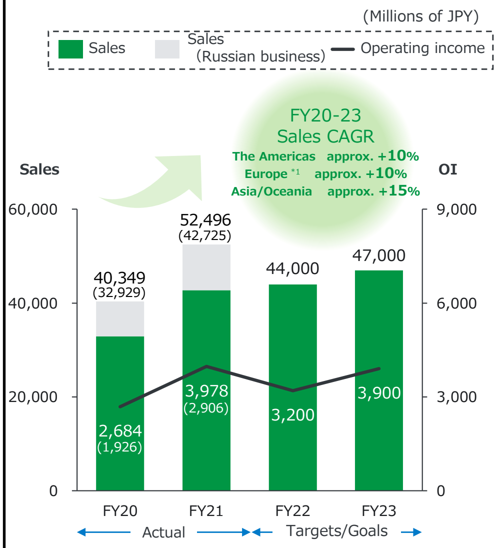
●The Overseas business will establish the groundworks for sustainable profit growth. It means setting sales strategies based on portfolio to make them more effective.
●The Japan business will work to achieve sales growth and improve GP with "Everyone's a sales" mindset. It means doing what we have always been doing: change the way we sell, enhance on unbeatable offerings, optimize value chain, and reduce cost.
●Our actions toward Tagging for Sustainability will be to set up the system framework and make investments.
●The graph shows how we imagine net sales and OI would grow over the long term. We would raise sales share of the Overseas business in the long run. Our Tagging for Sustainability business will start in Japan and build a track record there.

1. Enhance region/market strategies

Overseas business: Targets, and policy on strategy

Establish the groundworks for sustainable profit growth

Set sales strategies based on portfolio



Setting strategies

Before	Set sales strategy from sales expansion initiatives, so that subsidiaries can "run on their own."
From now	Seek how each subsidiary should position itself in its country and within SATO. See each subsidiary's management in terms of its portfolio to identify how much each company is deviating from how it should be, and allocate necessary management resources to allow it to establish a management groundwork that contributes to sustainable profit growth.

SATO

*Figures in parentheses for FY21 and earlier exclude the Russian business (before goodwill amortization). Figures from FY22 exclude the Russian business.
*1 Figures exclude the Russian business.

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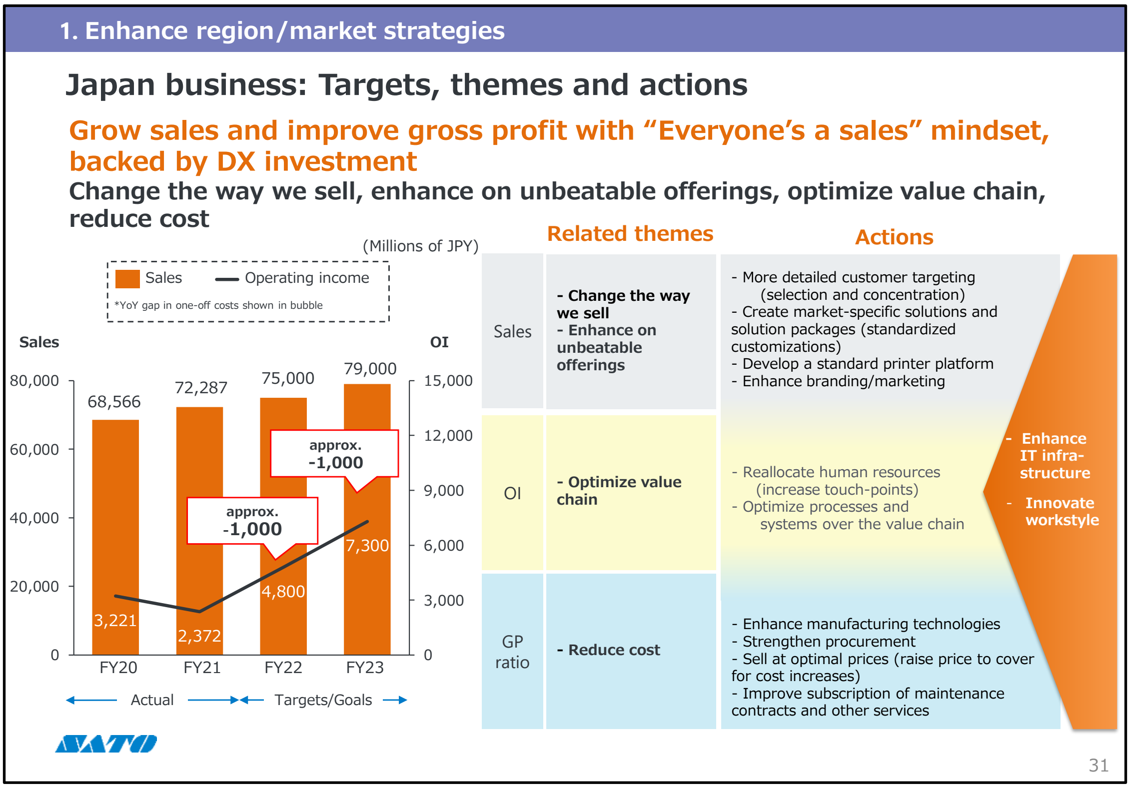
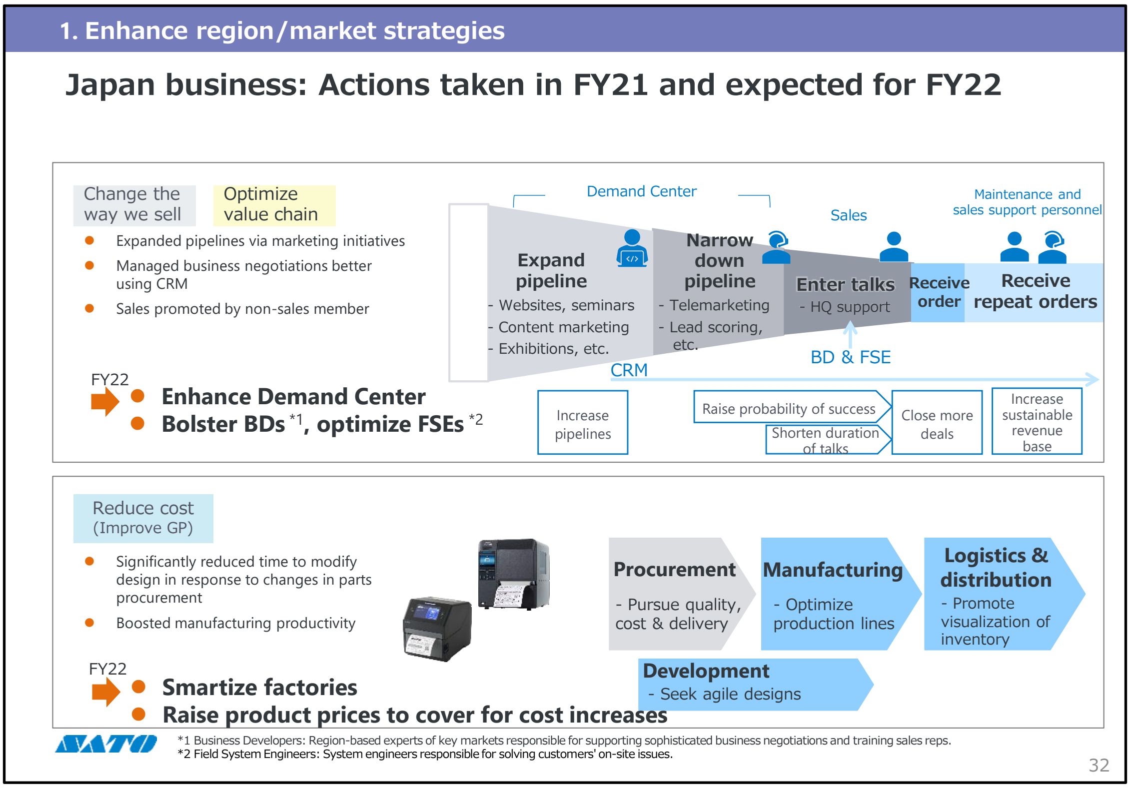
●These are our Overseas business targets and its policy on setting strategies. See footnotes concerning figures in the graph.
●We expect sales to grow particularly at a high rate in Asia/Oceania.
●The company's sales strategy centered on *koto-uri* that we had been working hard to instill has achieved a certain level of success in our Overseas business. Going forward, we will establish a management foundation that allows us to increase profits stably.
●This specifically means reviewing each subsidiary's management in terms of its portfolio to identify how much each company is deviating from how it should be, then allocating necessary management resources.



●This slide shows targets, themes and actions of the Japan business. Targets are shown in the left graph.

●The graph is based on the following assumptions.
●Demand is robust in all markets, particularly in the manufacturing, health care and logistics markets, which drive sales growth.
●We would increase sales of high-margin mechatronics and improve product mix.
●We would reduce cost by the amount shown in the bubble.
●For FY2022, we expect cost to be about JPY 1 billion less than that of FY2021. This would consist primarily of a gross profit factor resulting from covering cost increases by raising product prices, and an SG&A expense factor owing to a reduction in transport costs and in-house IT infrastructure investments.
●For FY2023, we expect cost to be about JPY 1 billion less than that of FY2022. This would come from reduction in R&D expenses with the completion of a standard printer platform development, and from further streamlining SG&A expenses.
●We will increase sales and OI per employee by improving productivity during the span of the current medium-term plan.

●Actions required to achieve this goal are shown on the right.
●Key themes that would improve sales, OI and GP ratio are as described in each box.
●Sales: Strengthen customer targeting. In addition to utilizing CRM data and strengthening marketing, we will work on developing market-specific solutions capable of becoming unbeatable offerings, all toward capturing business with leading companies of each industry.
We would also accelerate development of printer platforms that would lead to creation of unbeatable offerings for printers. This will be explained in later slides.
●OI: Shift resources, geared toward putting the "Everyone's a sales" mindset into actual practice.
●GP ratio: In addition to more cost reductions than ever before, we will pass cost increases onto product prices and raise maintenance subscription ratio.



●This slide explains the FY2021 progress of action themes detailed in the previous slide, and actions planned for FY2022.

●The top figure explains how we have taken actions to change the way we sell and optimize the value chain. It is based on what we announced in our financial results briefing at the end of FY2020.

●It shows our idea on how personnel other than sales representatives could create business negotiations that would lead to new orders, and how sales could concentrate on more technical deals to increase the number of closing.

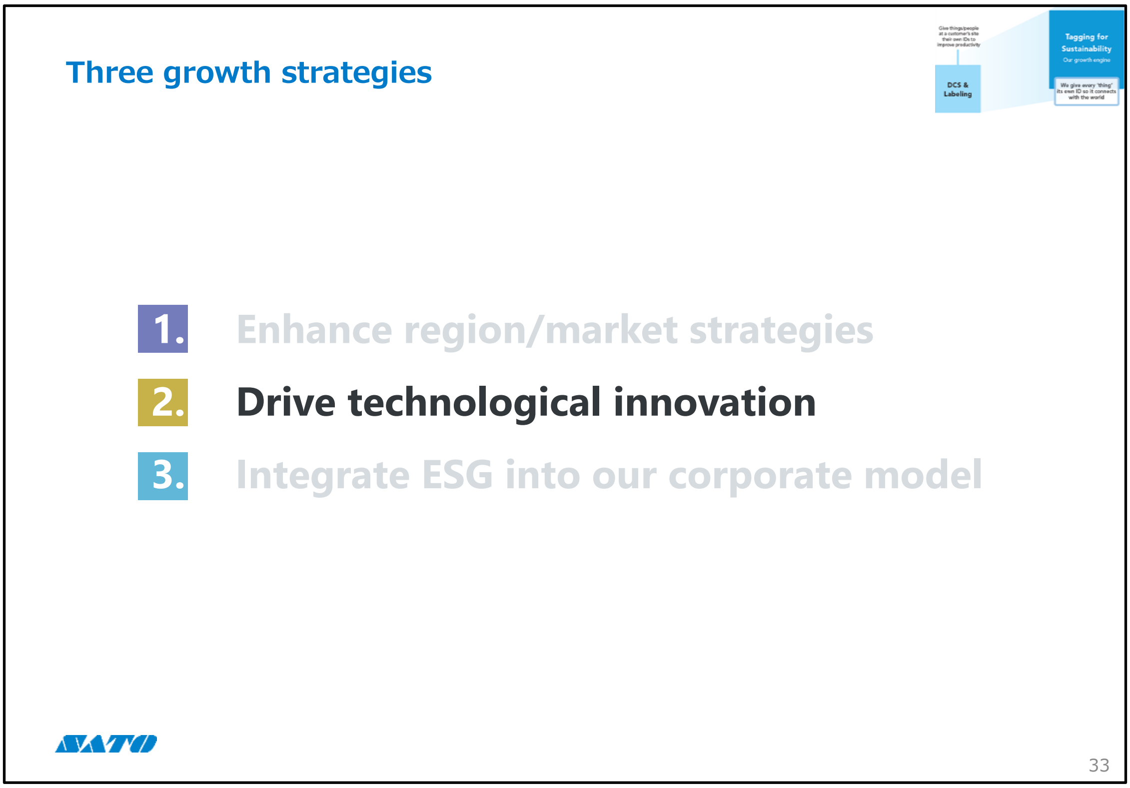
●In FY2021, the number of projects generated from marketing activities increased, and CRM brought advancements to how we manage negotiations. On the other hand, improving visibility of business negotiations remained an issue. That's why for FY2022, we will take steps to strengthen the Demand Center. We will particularly upgrade our methods for narrowing down projects using scoring and grading methods to create business negotiations with a higher chance of closing.

●In order to close such negotiations faster, we would extend the support of market-specific experts (BDs) to a broader area. We started BD support in FY2021 and it has seen positive effects. We will also work on talent development. And we will assign branch-based Field SEs (system engineers) across regions on a project basis to eliminate bottlenecks in business negotiations.

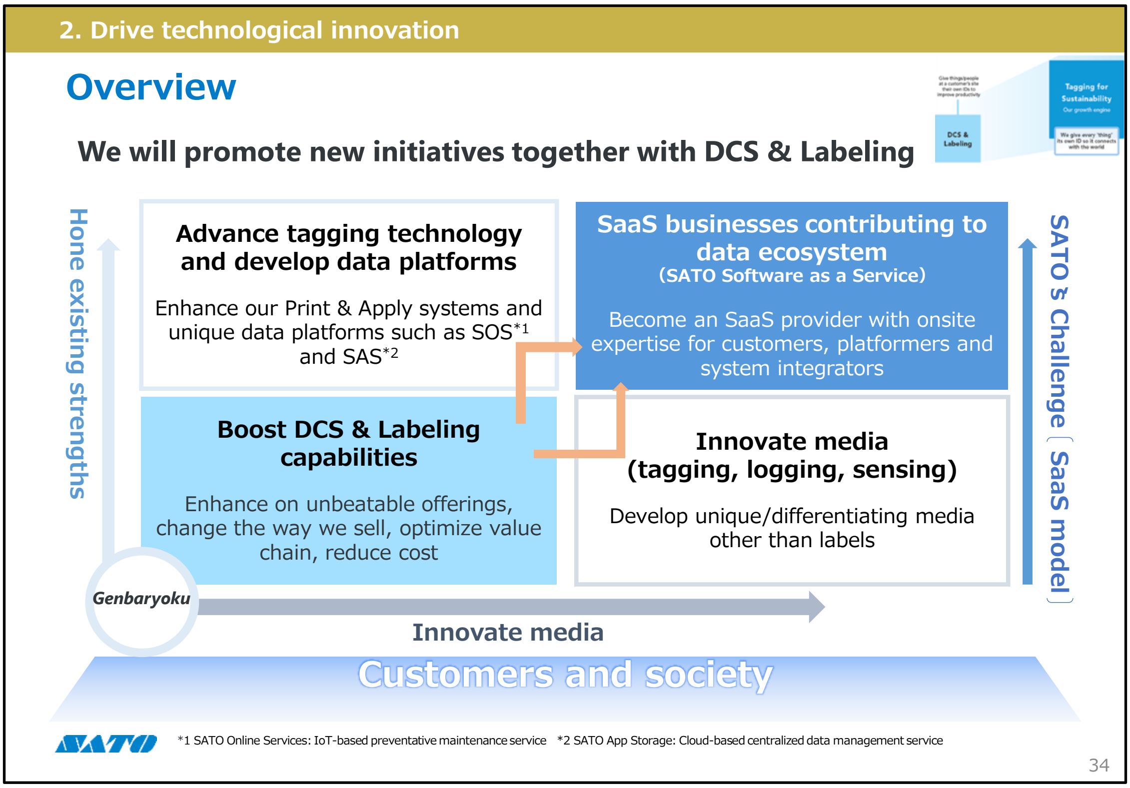
●The bottom figure explains our efforts to reduce costs in printer development and manufacturing.

●In FY2021, we were able to establish ways to realize flexible procurement and design alterations as we responded to the supply chain disruption. The experience has also led to greater productivity in R&D and production.

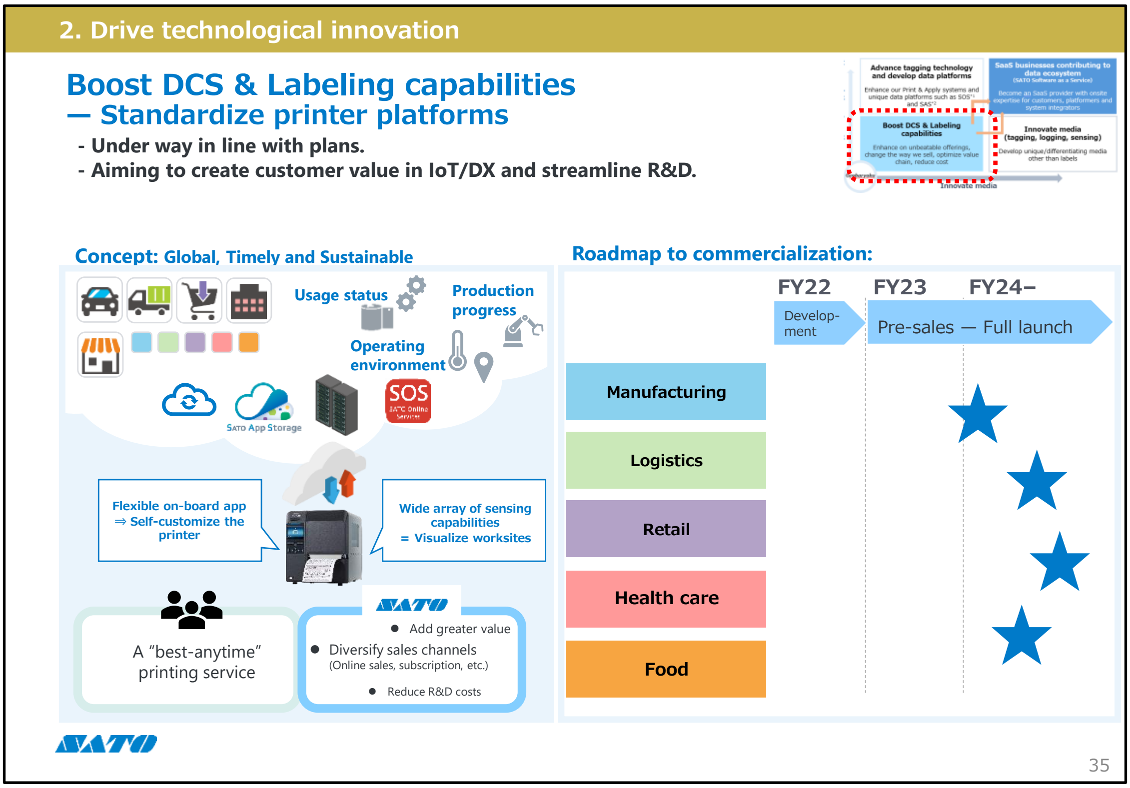
●For FY2022, we will continue these efforts while making our factories smarter, and in FY2023 we expect to generate profits from the standardized printer platform currently under development.



● 2. Drive technological innovation

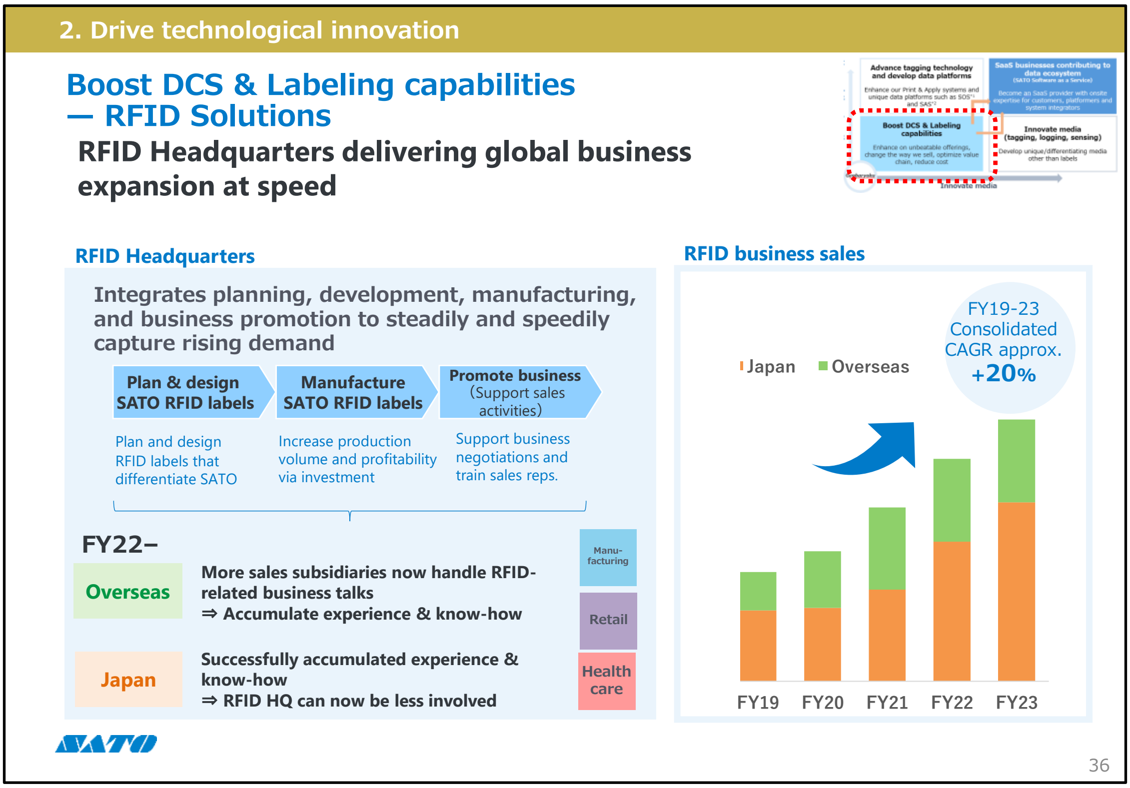


●This is the overview.
●We start at the bottom left matrix, boosting our DCS & Labeling business. The vertical move represents our efforts toward leveraging our expertise to innovate tagging and develop data platforms.
●The horizontal move represents SATO's innovation, of planning and developing new media other than labels.
●And in moving into the upper right matrix, we elevate our solutions to SaaS solutions, digitizing the information of things, collecting and utilizing/visualizing them to optimize the supply chain of society and industries.



●This slide explains the development of a standard printer platform.
●Development is proceeding as planned. We aim to create innovative customer value in IoT/DX, while streamlining the process of developing printer software and solutions.

●There are two main features to this new platform.
●The first is flexible app installation. Imagine a smartphone that can download apps to meet the individual's daily needs. This new platform will allow our customers to use our printers in a similar way, downloading necessary apps that meet the customer's needs.
●This means customers could obtain the printer and functions they want with speed, while SATO could drastically reduce worker-hours required in development.
●Second is the variety of sensing technologies it can accommodate. SOS (SATO Online Services) already offers visibility in the operating status of customer printers and a one-and-only preventative maintenance service through remote monitoring of subscribed printers.
●Our future printers will, in addition, equip a variety of sensing technologies. It would allow us to understand how printers are used at each customer site based on their environment, usage frequency and print data, and enable automatic ordering of labels and alert when consumables would need to be replaced. We even eye development of a maintenance service that can be offered online.
●In addition, the data collected from these printers can be used to visualize the state of the customer's site, which would uncover new issues and allow us to propose optimal solutions.
●The new platform would also benefit us in improving sales efficiency and quality, and reducing worker-hours in development and production.



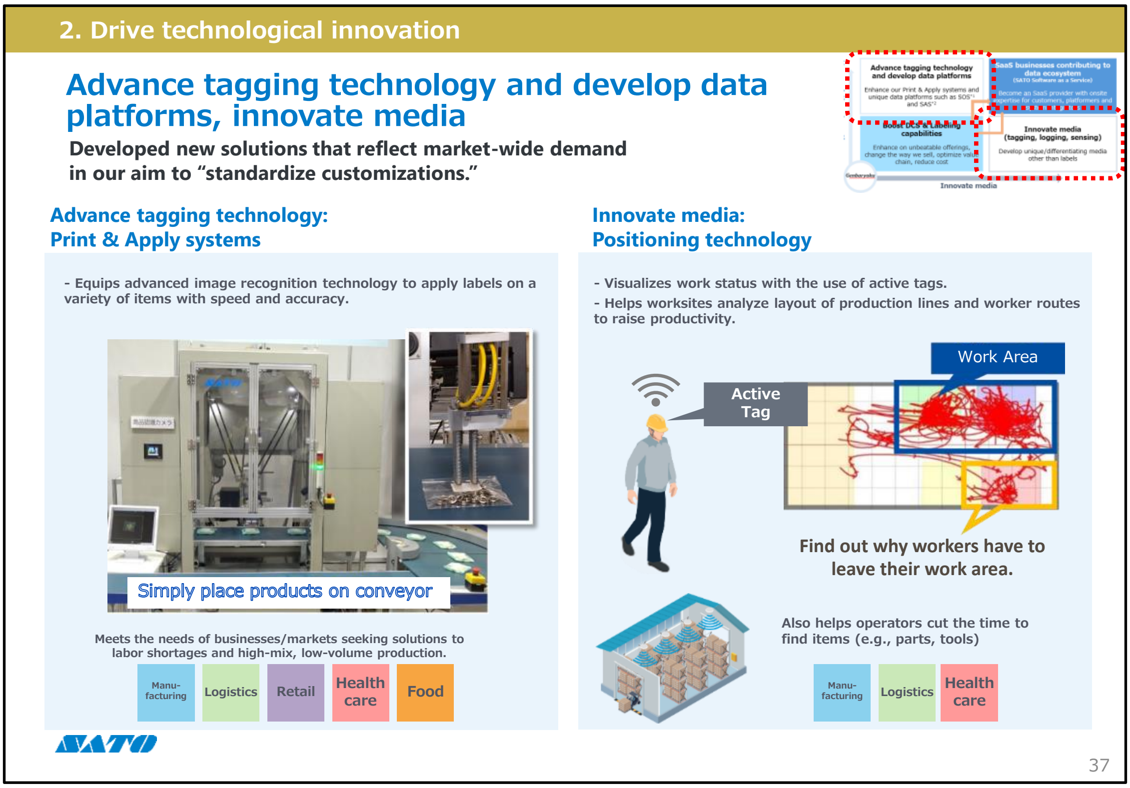
●This slide is about RFID solutions.

●We established the RFID Business Headquarters in FY2021, responding to the rising demand for RFID.

●The division integrated the functions of label planning/design, manufacturing and sales support, and has generated more-than-expected results .

●In FY2021, many sales subsidiaries outside Japan worked on expanding RFID sales. We will expand further this FY and generate positive results.

●The Japan business, with its early advantage over its Overseas counterparts, will improve profitability by creating unbeatable solutions that use RFID technology.



●The final area of technological innovation is in advancing tagging technology and innovating media.
●We introduce new solutions that incorporate new technology. They are our "standardized customization" solutions compatible with various markets.

●As shown on the left, we released a Print & Apply system equipping advanced image recognition technology. It answers to labor shortages that virtually all markets face, and to needs for high mix–low volume labeling, steadily building up a track record of success.

●The solution on the right uses positioning technology. It was developed mainly for factories in response to their need to increase productivity by visualizing the movement of workers. We expect strong demand in the manufacturing, logistics and health care markets as the solution would reduce the time required to search for goods.

Three growth strategies

1. Enhance region/market strategies
2. Drive technological innovation
3. **Integrate ESG into our corporate model**

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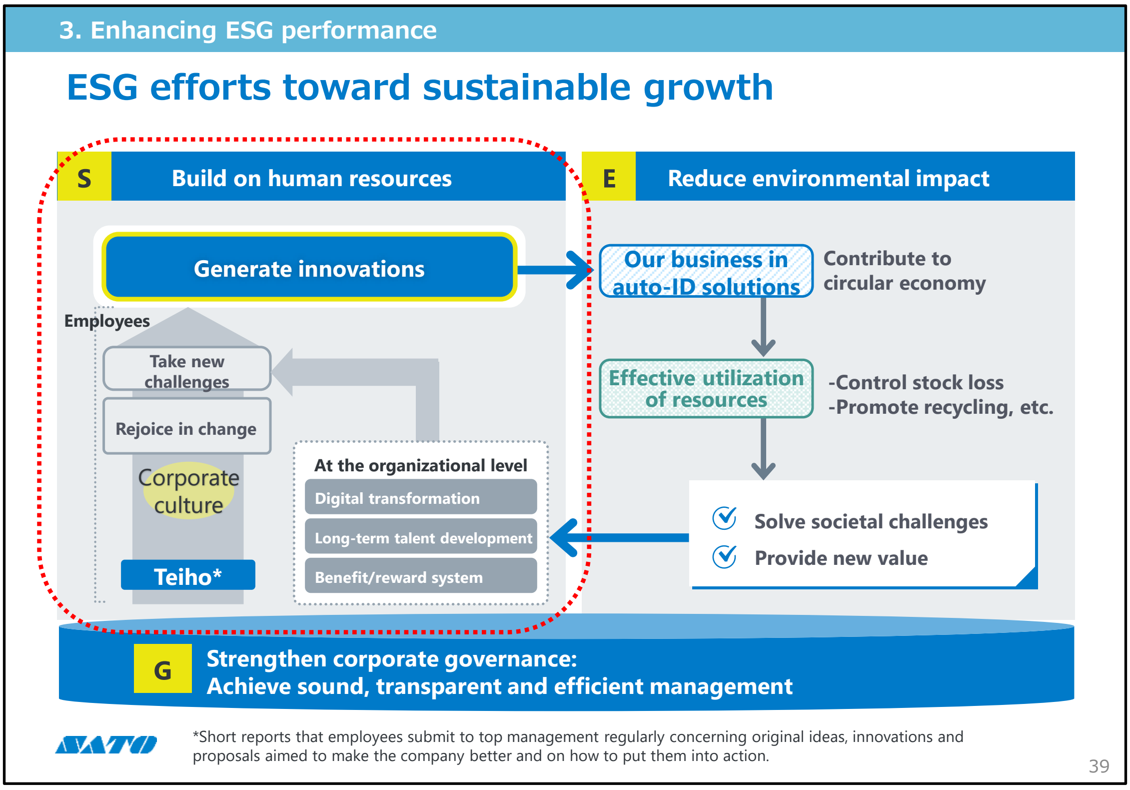
●Lastly, 3. Integrate ESG into our corporate model.



●This is the overview of initiatives as we had shown a year ago.
●Today, this explanation will focus on our progress in S (Social): Build on human resources.

3. Enhancing ESG performance

Build on human resources

Launched the "Our 100th" Project*1 in FY21, with several divisions leading their own initiatives.

- A "more advanced" Teiho: As a way to encourage employees to take more challenges, feel that they are contributing to the company, and improve communication, we are testing a new category of Teiho reports that are escalated directly to the writer's own division rather than to the CEO.
- HR Development: Launched **SATO Campus**, a platform for long-term talent development.
- Diversity & Inclusion: **Collaborated with our External Directors and experts outside the company.**

Tagging for Sustainability

DCS & Labeling

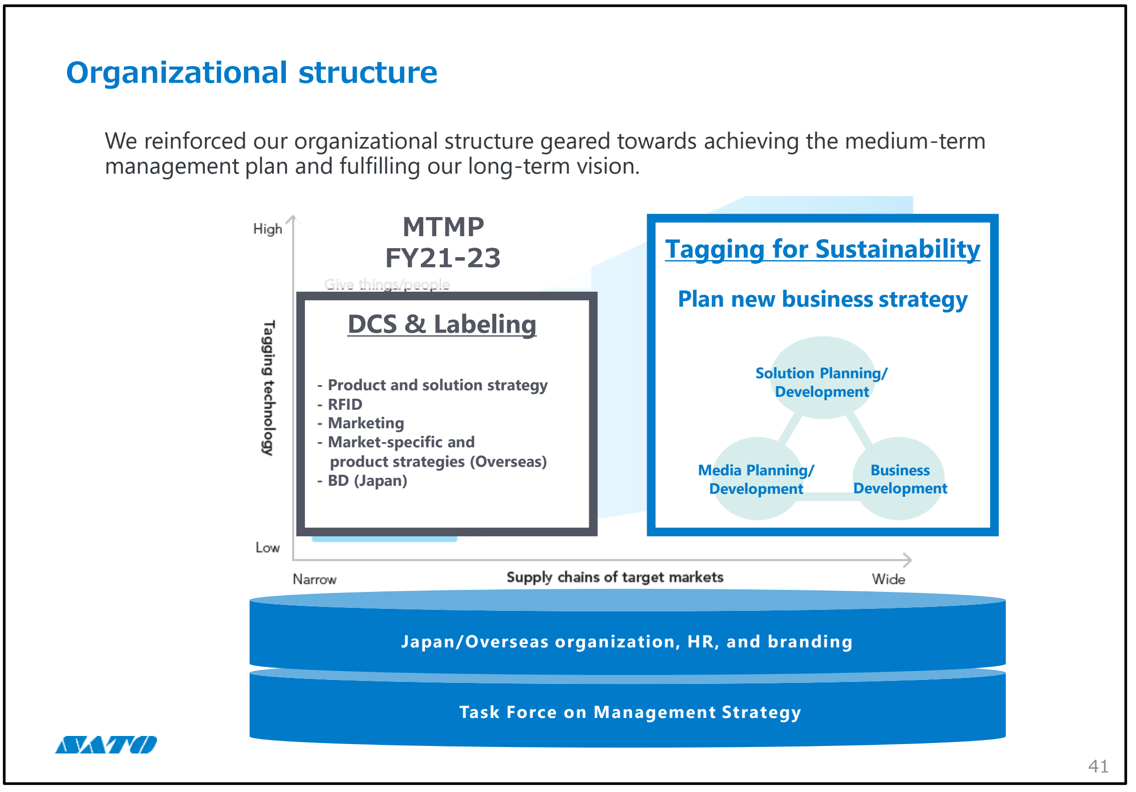
"Our 100th" Project
To build a culture that can create innovation

➡ **Planned for FY22:**

- Set up a dedicated team of prospective employees to plan and lead initiatives.

*1 Shorthand for "Our Way to Our 100th," a slogan in our culture-building action that eyes SATO's 100th anniversary in 2040.

●We started the "'Our 100th' Project," a corporate culture-building initiative that eyes our 100th anniversary of founding in 2040.
●It is an action to further refine our corporate culture that we value of rejoicing in small change and make us a company that can constantly create innovation.
●It also involves a new action started in FY2021 on Teiho, our unique reporting system in effect for over 40 years.
●In FY2022, we will launch a supervising division directly under SATO Holdings management to accelerate these efforts with diverse human resources.



●This is the organizational structure that supports the implementation of the medium-term plan and long-term strategies for the future.
●We launched the Management Strategy Task Force to promote the formulation and implementation of next-generation strategies. We also strengthened our executive function that oversees human resource development and branding.
●We will strengthen DCS & Labeling, the first and foremost area for executing the medium-term plan. And from a long-term perspective, we will set up a team directly under the CEO to plan and develop initiatives geared toward realizing Tagging for Sustainability.

Cash allocation

Distribution of cash reserves and cash generated during FY21-23

Approx. JPY 50 billion

Shareholder returns	Strategic investments for growth	Retained earnings

<Strategic investments>

Policy : 1. Allocate cash primarily for strengthening DCS & Labeling (approx. 60%)
2. Make upfront investments geared toward long-term growth and Tagging for Sustainability (approx. 40%)

Strategies	Cash allocation	Main initiatives	Impact		
			Sales growth	Higher productivity	Lower cost
1. Enhance region/market strategies	Approx. 20%	Develop unbeatable offerings in our core business for each key market	✓		
		Seek business alliances (M&A, investments, JVs, etc.)	✓	✓	
2. Drive technological innovation	Approx. 60%	Reinforce manufacturing capabilities and upgrade facilities (Printers, consumables, RFID)	✓	✓	✓
		Develop advanced technologies such as tagging technologies and solutions	✓		
3. Integrate ESG into our corporate model	Approx. 20%	Build HR development system	✓	✓	✓
		Develop eco-friendly products	✓	✓	
		Build new IT infrastructure	✓	✓	✓

<Shareholder returns>

Policy : Deliver stable dividends by enhancing market value and flexibly buying back shares when necessary

	FY2021	FY2022
Dividend	JPY 70	JPY 72

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●This section presents our approach to cash allocation during the period of the medium-term plan.

●The Company intends to allocate a total of approximately JPY 50 billion of cash on hand and cash generated under the medium-term plan to growth areas while taking into account the balance between shareholder returns and retained earnings, which remains unchanged from the previous plan.

●Despite small delays in transfers between items and timing of execution after the first year, allocation has been progressing smoothly as a whole.

●Our policy on strategic investments for growth will be to allocate approximately 60% of funds to our current business model of DCS & Labeling and approximately 40% to Tagging for Sustainability from a long-term perspective. The specifics of investments in line with each growth strategy are as shown in the table.

●The Company's basic policy on shareholder returns is to deliver stable dividends by enhancing market value. We would flexibly buy back shares when necessary.

●The annual dividend for FY2021 is expected to be JPY 70 as planned. We plan to raise it to JPY 72 for FY2022, up JPY 2 from FY2021, expecting the Company to post record-high OI.

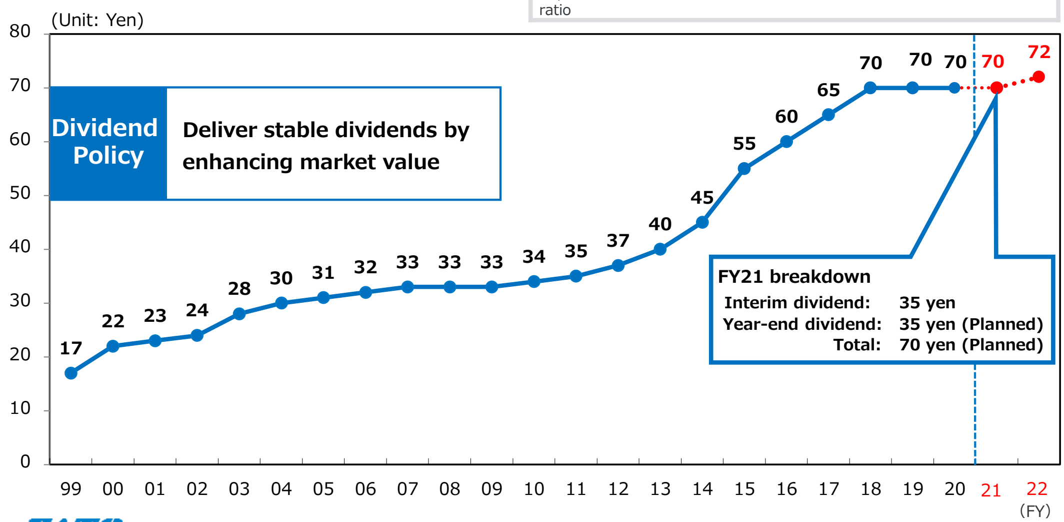
●In light of our stock price levels since March this year, we announced today that we will buy back our shares up to a total of JPY 2.5 billion. The limit will be 2 million shares, or up to approximately 5.9% of outstanding shares excluding treasury stock.

Dividends

Total dividends planned for FY21: JPY 70 (unchanged YoY)
Total dividends forecast for FY22: JPY 72 (up 2 yen YoY)

(JPY per share)

	FY18	FY19	FY20	FY21 (Planned)	FY22* (Forecast)
EPS	112.5	-56.1	385.9	112.7	98.0
ROE	6.9%	-3.6%	24.4%	6.3%	5.2%
(Ref.) Payout ratio	62%	–	18%	62%	73%



*Figures exclude the Russian business.

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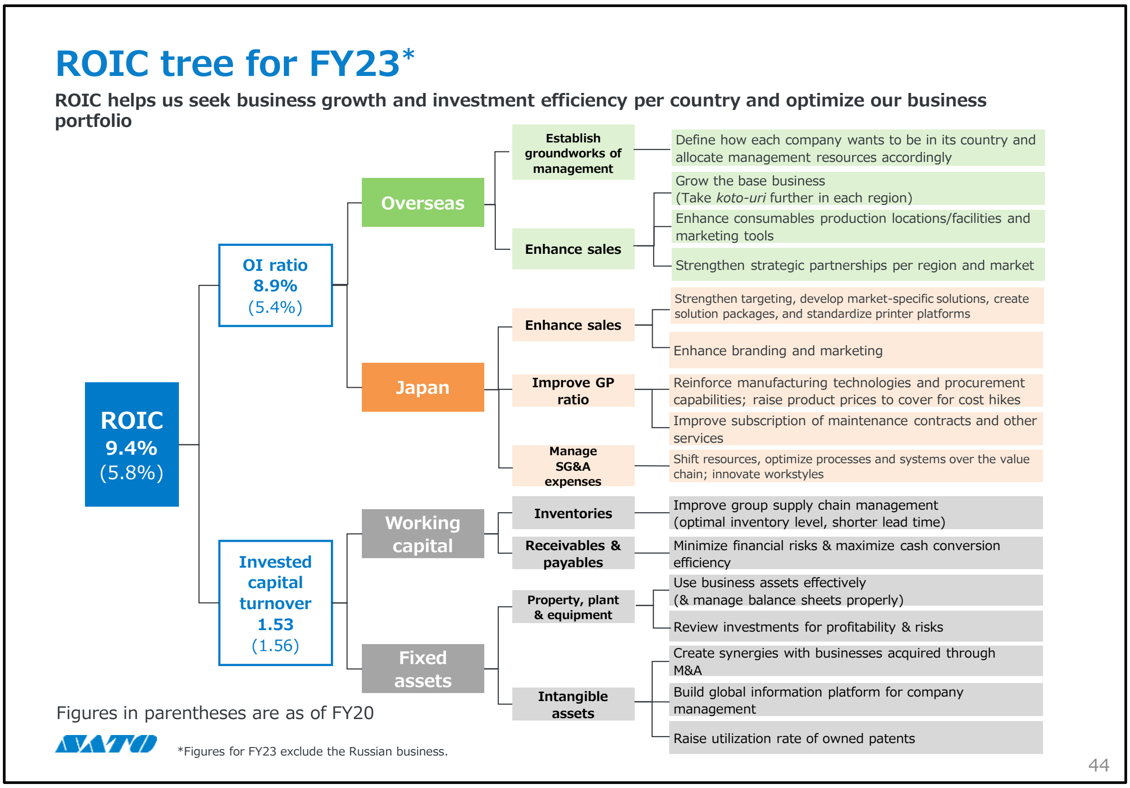
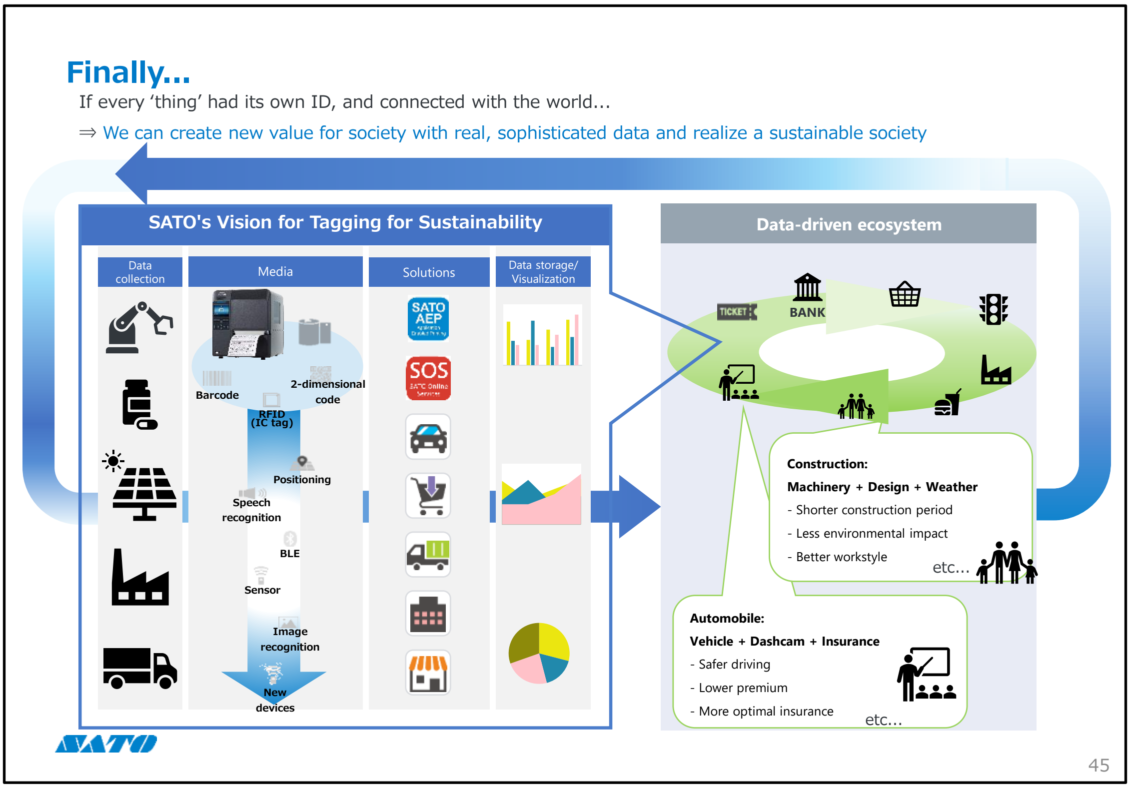
● This slide shows our dividends for the past years.



●These are our measures to improve ROIC.

●Pursuing business growth and investment efficiency in each country through initiatives listed on the very right, we will optimize our business portfolio and aim for ROIC of 9.4% in FY2023.



●This is the last slide.
●We have plenty of business opportunities around the world we could pursue with our current DCS & Labeling model.
●On the other hand, advancements in our stronghold tagging technology will allow greater collection of real data from worksites, expanding the scope of visualization. This will help businesses identify and eliminate bottlenecks, ultimately optimizing supply chains of society and industries. It will make SATO Group an ever-essential presence on the global stage.
●We will drive greater innovations to create new customer value by giving every 'thing' its own ID, and aim to be an essential part of a sustainable society and ecosystem.

Appendix

Sales and OI by Business Segment

(Millions of JPY)

new high

Segment		FY2021 Jan-Mar	FY2020 Jan-Mar	YoY	excl. FX impact
Auto-ID Solutions business	**Total Sales**	**32,395**	**29,781**	**+8.8%**	**+6.9%**
	Operating Income	**1,685**	**2,083**	**-19.1%**	**-17.1%**
Overseas	Total Sales	13,423	11,290	+18.9%	+14.0%
	Operating Income	1,003	880	+14.0%	+11.2%
Japan	Total Sales	18,971	18,490	+2.6%	+2.6%
	Operating Income	682	1,203	-43.3%	-37.9%
IDP business*	**Total Sales**	**0**	**0**	**-**	**-**
	Operating Income	**0**	**0**	**-**	**-**
Consolidated (incl. eliminations)	**Total Sales**	**32,395**	**29,781**	**+8.8%**	**+6.9%**
	Operating Income	**1,660**	**2,069**	**-19.8%**	**-17.8%**

*IDP business : Transferred all shares of DataLase to DataLase Holdings Ltd in Sep 2020.

Consolidated Results

(Millions of JPY)

	FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY
Net Sales	32,395	29,781	+2,614	+8.8%
Operating Income	1,660	2,069	-409	-19.8%
Operating Income %	5.1%	6.9%	-1.8pt	-
Ordinary Income	1,447	2,051	-604	-29.5%
Profit attributable to owners of parent	841	1,355	-513	-37.9%
Effective Tax Rate	39.1%	19.6%	+19.5pt	-
EBITDA*	2,773	3,133	-359	-11.5%

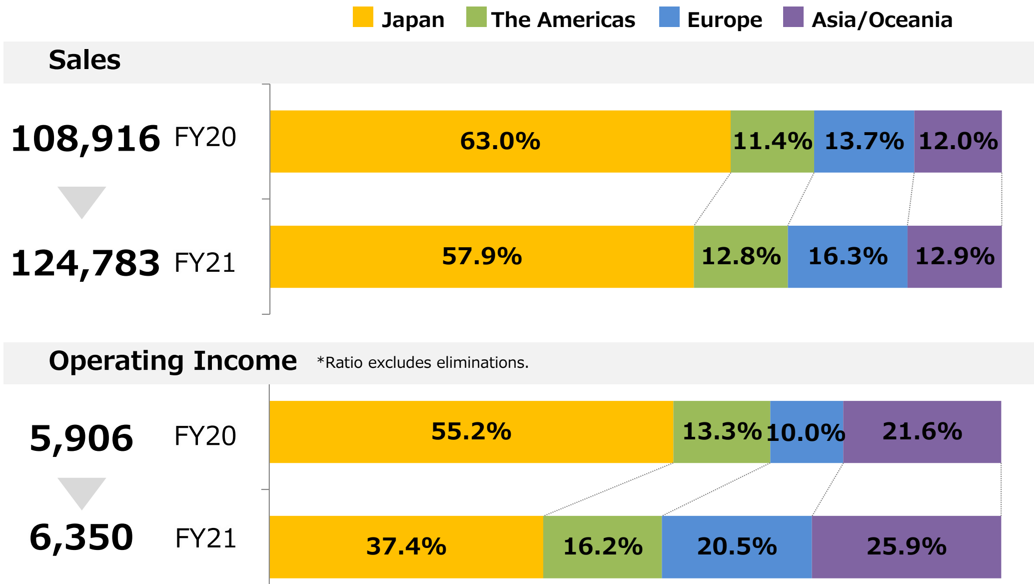
Average exchange rates for Fy2021: JPY 112.39 /USD, JPY 130.54 /EUR, FY20: JPY 106.10/USD, JPY 123.75/EUR
FX sensitivity for FY21: JPY +459 million in sales and JPY +17million in OI for +1 JPY against USD and assuming all others move by the same ratio

* EBITDA = Operating Income + Depreciation + Amortization
･Depreciation for Jan-Mar 2021: JPY 1,053 million Jan-Mar 2020: JPY 1,008 million
･Amortization for Jan-Mar 2021: JPY 59 million Jan-Mar 2020: JPY 55 million

Auto ID Solutions Business FY2021

Sales and OI by Region

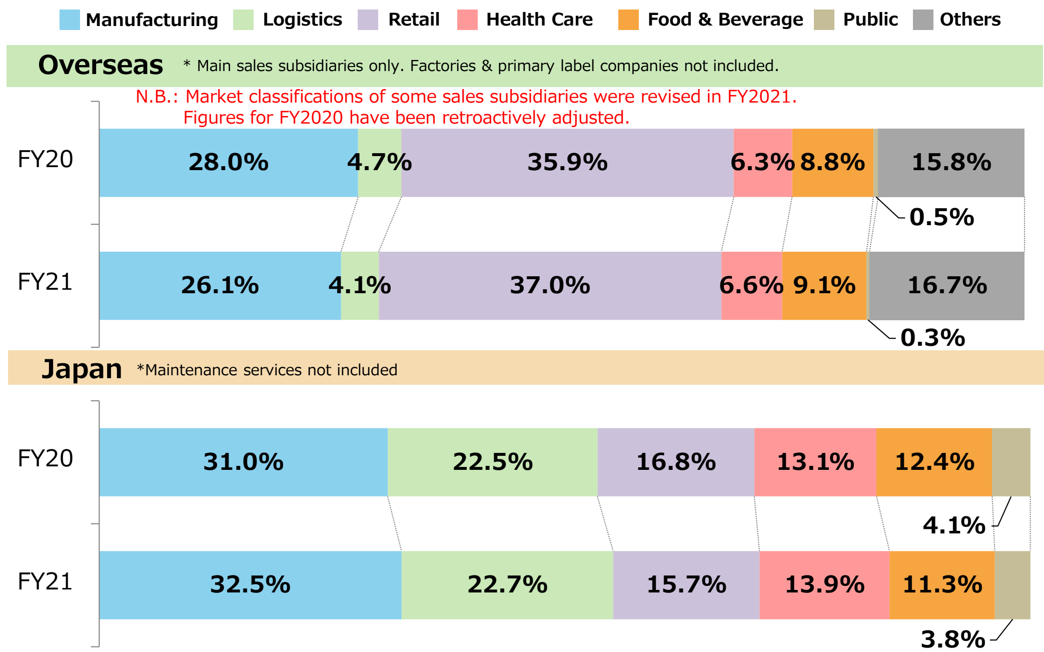
(Millions of JPY)



OI Ratio FY20 Japan : 4.7%, Overseas : 6.7 %

FY21 Japan : 3.3%, Overseas : 7.6 %

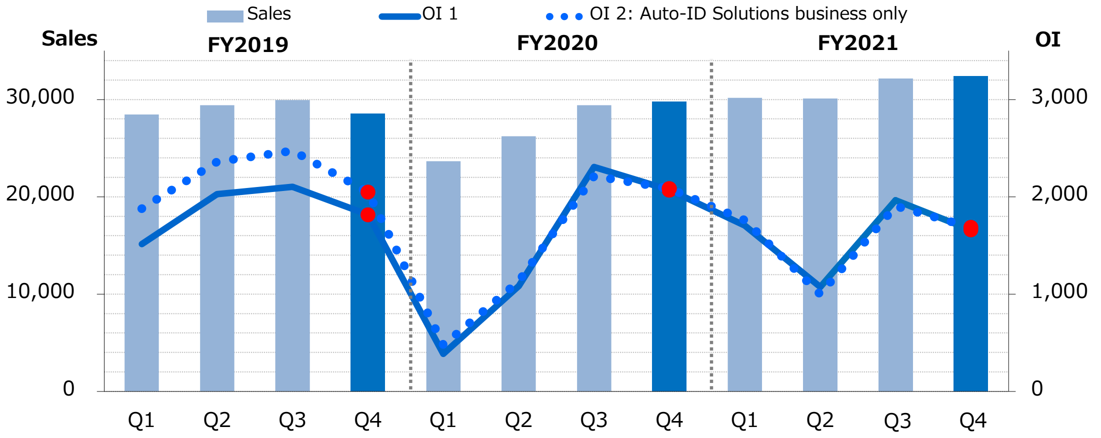
Sales by Vertical



Consolidated

Quarterly Sales & OI

(Millions of JPY)

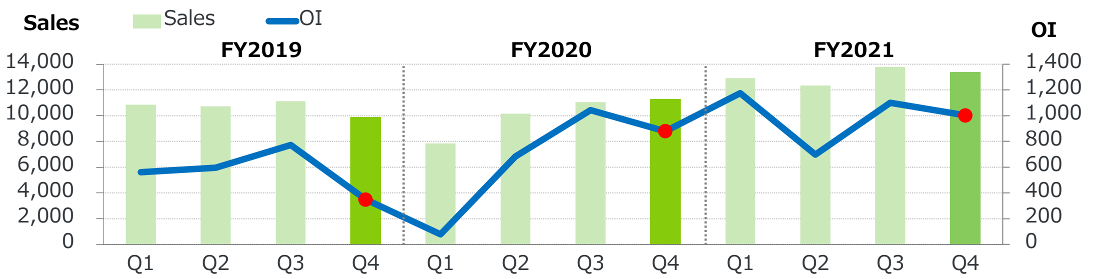


Sales	28,463	29,411	29,928	28,569	23,651	26,221	29,398	29,781	30,177	30,084	32,126	32,395
YoY	+1.2%	+3.7%	-1.1%	-2.9%	-16.9%	-10.8%	-1.8%	+4.2%	+27.6%	+14.7%	+9.3%	+8.8%
OI 1	1,514	2,028	2,103	1,815	385	1,084	2,307	2,069	1,706	1,073	1,963	1,660
YoY	+2.7%	+8.5%	+0.1%	-18.8%	-74.5%	-46.5%	+9.7%	+14.0%	4.4x	-1.0%	-14.9%	-19.8%
OI 2	1,878	2,360	2,471	2,047	476	1,132	2,213	2,083	1,760	1,001	1,903	1,685
YoY	+5.7%	+3.8%	-2.5%	-22.3%	-74.6%	-52.0%	-10.4%	+1.8%	3.7x	-11.5%	-14.0%	-19.5%

Auto-ID Solutions Business (Overseas)

Quarterly Sales & OI

(Millions of JPY)



Sales	10,867	10,739	11,118	9,922	7,844	10,168	11,045	11,290	12,929	12,354	13,788	13,423
YoY	-0.4%	+0.5%	-2.6%	-3.7%	-27.8%	-5.3%	-0.7%	+13.8%	+64.8%	+21.5%	+24.8%	+18.9%
OI	560	595	772	349	77	683	1,043	880	1,175	698	1,101	1,003
YoY	+1.2%	-10.7%	+14.6%	+1.4%	-86.1%	+14.8%	+35.1%	2.5x	15.1x	+2.2%	+5.6%	+14.0%

Auto-ID Solutions Business (Overseas)

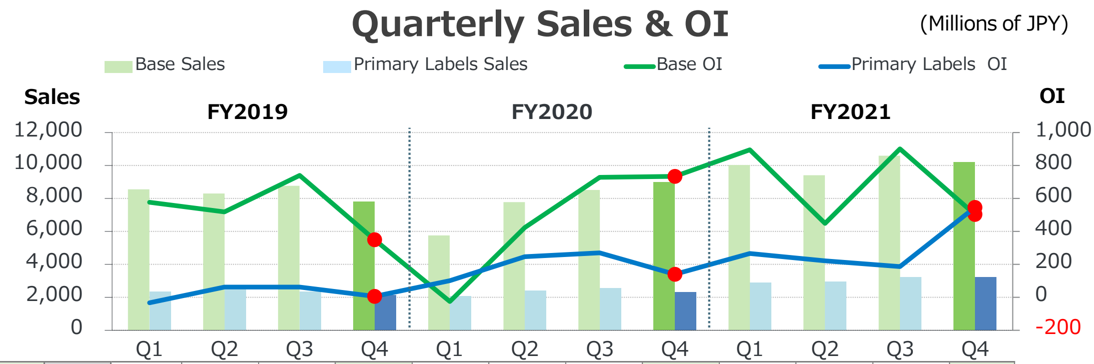
Breakdown by Business Segment

(Millions of JPY)

		FY2021 Jan-Mar	FY2020 Jan-Mar	Change	YoY	excl. FX impact
Base	Total Sales	10,206	8,976	+1,230	+13.7%	+6.6%
	Operating Income	502	733	-231	-31.5%	-35.2%
Primary Labels	Total Sales	3,217	2,313	+903	+39.0%	+42.9%
	Operating Income	544	139	+404	3.9x	3.9x
Eliminations	Operating Income	-43	6	-50	-	-
Total	Total Sales	13,423	11,290	+2,133	+18.9%	+14.0%
	Operating Income	1,003	880	+123	+14.0%	+11.2%

		FY2021	FY2020	Change	YoY	excl. FX impact
Base	Total Sales	40,208	31,010	+9,197	+29.7%	+21.5%
	Operating Income	2,745	1,857	+887	+47.8%	+38.6%
Primary Labels	Total Sales	12,287	9,339	+2,948	+31.6%	+29.6%
	Operating Income	1,218	756	+461	+61.1%	+64.4%
Eliminations	Operating Income	14	70	-55	-78.9%	-78.9%
Total	Total Sales	52,496	40,349	+12,146	+30.1%	+23.4%
	Operating Income	3,978	2,684	+1,293	+48.2%	+42.8%

Auto-ID Solutions Business (Overseas)



		FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4
Base	Sales	8,539	8,286	8,758	7,794	5,755	7,779	8,499	8,976	10,023	9,399	10,578	10,206
	YoY	-2.2%	-1.6%	-3.9%	-6.8%	-32.6%	-6.1%	-3.0%	+15.2%	+74.2%	+20.8%	+24.5%	+13.7%
	OI	577	517	740	348	-26	423	727	733	894	447	900	502
	YoY	+21.1%	-3.9%	+9.2%	-27.1%	-	-18.2%	-1.8%	2.1x	-	+5.8%	+23.7%	-31.5%
Primary Labels	Sales	2,328	2,453	2,360	2,128	2,089	2,389	2,546	2,313	2,905	2,955	3,209	3,217
	YoY	+6.8%	+8.3%	+2.5%	+9.7%	-10.3%	-2.6%	+7.9%	+8.7%	+39.1%	+23.7%	+26.1%	+39.0%
	OI	-33	61	61	6	100	245	270	139	266	220	186	544
	YoY	-	-58.3%	4.9x	-	-	4.0x	4.4x	22.0x	2.6x	-10.1%	-31.0%	3.9x

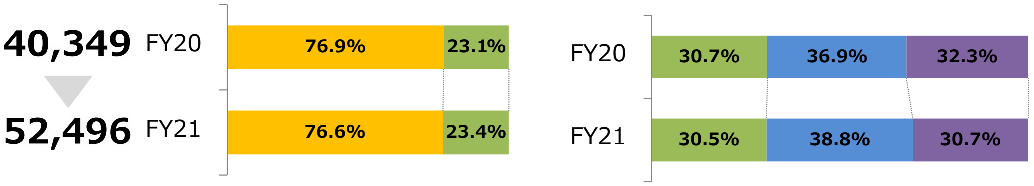
Auto-ID Solutions Business (Overseas) FY2021

Sales and OI by Business Segment/Region

(Millions of JPY)

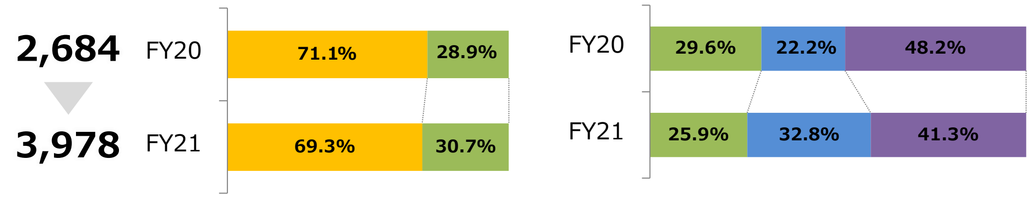
Base | Primary Labels | The Americas | Europe | Asia/Oceania

Sales



Operating Income

*Ratio excludes eliminations.



OI ratio: FY20 Base : 6.0%, Primary Labels : 8.1%
FY21 Base : 6.8%, Primary Labels : 9.9%

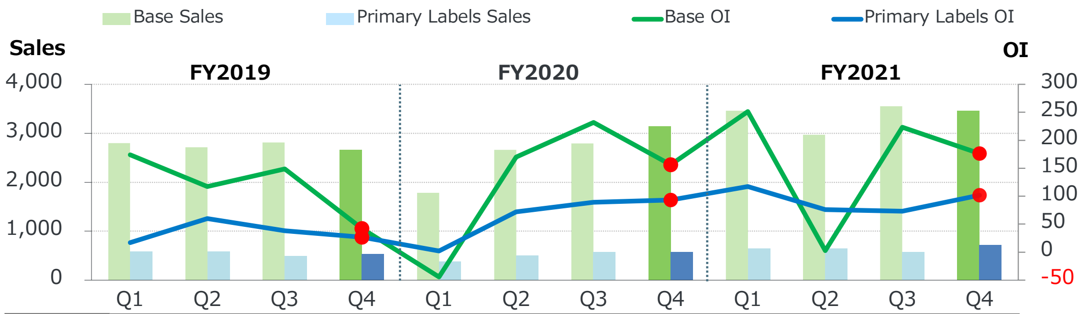
FY20 The Americas : 6.2%, Europe : 3.9%, Asia/Oceania : 9.6%
FY21 The Americas : 6.4%, Europe : 6.4%, Asia/Oceania : 10.2%

55

Auto-ID Solutions Business (Overseas)

The Americas: Quarterly Sales & OI

(Millions of JPY)

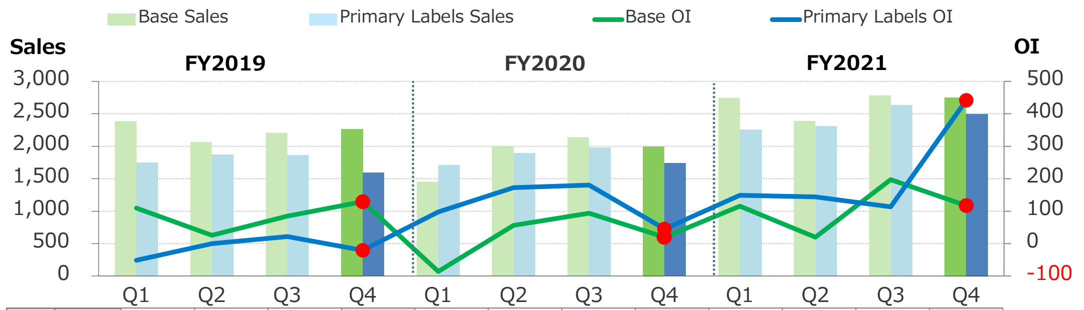


		FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4
Base	Sales	2,797	2,714	2,811	2,664	1,781	2,660	2,794	3,140	3,458	2,970	3,554	3,456
	YoY	-2.0%	+2.8%	-7.6%	-3.2%	-36.3%	-2.0%	-0.6%	+17.8%	+94.2%	+11.6%	+27.2%	+10.1%
	OI	174	117	149	42	-44	170	232	156	251	3	223	176
	YoY	4.1x	17.0x	-	3.8x	-	+45.6%	+54.8%	3.6x	-	-97.8%	-3.6%	+13.1%
Primary Labels	Sales	577	586	497	536	378	498	571	576	648	643	576	717
	YoY	+5.6%	+0.4%	-15.2%	-2.5%	-34.5%	-15.0%	+14.9%	+7.3%	+71.4%	+29.2%	+0.8%	+24.6%
	OI	17	60	38	27	2	72	89	93	117	76	73	102
	YoY	+86.3%	+76.8%	3.2x	-1.1%	-85.4%	+19.8%	2.3x	3.4x	45.9x	+4.7%	-18.0%	+9.2%

Auto-ID Solutions Business (Overseas)

Europe: Quarterly Sales & OI

(Millions of JPY)

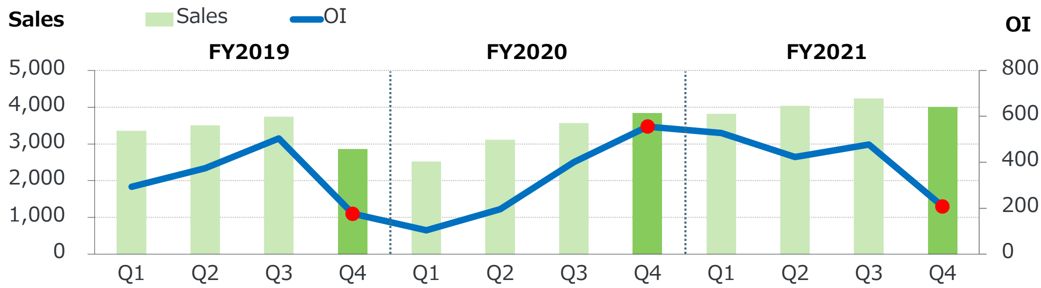


		FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4
Base	Sales	2,386	2,066	2,205	2,264	1,453	2,000	2,137	1,996	2,746	2,391	2,785	2,749
	YoY	+3.1%	-4.4%	-5.4%	-0.7%	-39.1%	-3.2%	-3.1%	-11.8%	+89.0%	+19.5%	+30.4%	+37.7%
	OI	109	26	85	129	-86	56	94	20	115	20	197	117
	YoY	-0.8%	-10.7%	+61.7%	+11.1%	-	2.2x	+9.6%	-84.2%	-	-63.8%	2.1x	5.7x
Primary Labels	Sales	1,751	1,867	1,862	1,591	1,711	1,891	1,974	1,737	2,256	2,311	2,633	2,499
	YoY	+7.2%	+11.1%	+8.6%	+14.6%	-2.3%	+1.3%	+6.0%	+9.2%	+31.9%	+22.2%	+33.4%	+43.8%
	OI	-51	0	22	-21	98	172	180	45	149	144	113	441
	YoY	-	-	36.2x	-	-	-	8.0x	-	+51.8%	-16.3%	-37.5%	9.7x

Auto-ID Solutions Business (Overseas)

Asia/Oceania: Quarterly Sales & OI

(Millions of JPY)

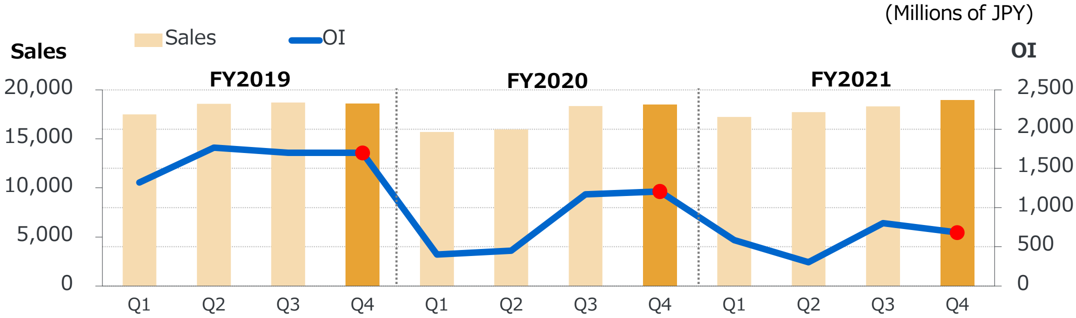


		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Base	Sales	3,355	3,504	3,740	2,865	2,520	3,117	3,567	3,839	3,817	4,037	4,238	4,000
	YoY	-5.8%	-3.2%	-0.1%	-13.9%	-24.9%	-11.1%	-4.6%	+34.0%	+51.5%	+29.5%	+18.8%	+4.2%
	OI	294	374	504	176	104	196	401	556	527	423	478	208
	YoY	-9.4%	-25.5%	-24.7%	-49.7%	-64.5%	-47.6%	-20.5%	3.2x	5.1x	2.2x	+19.2%	-62.6%

Auto-ID Solutions Business (Japan)

Quarterly Sales & OI

(Millions of JPY)

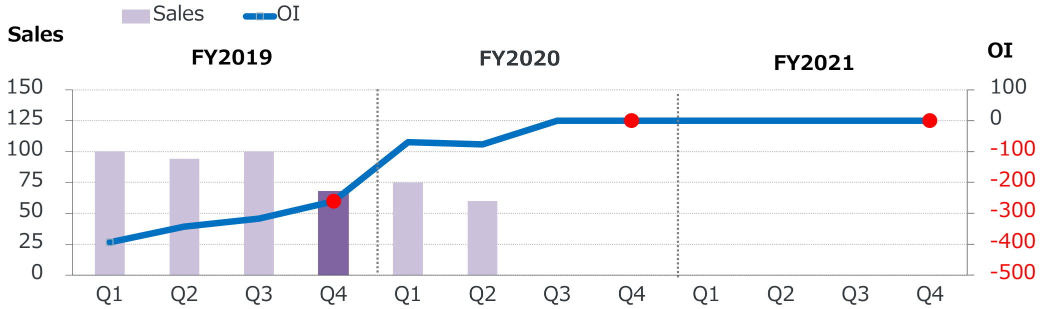


Sales	17,495	18,578	18,709	18,578	15,730	15,991	18,352	18,490	17,248	17,729	18,337	18,971
YoY	+2.4%	+5.7%	-0.1%	-2.4%	-10.1%	-13.9%	-1.9%	-0.5%	+9.6%	+10.9%	-0.1%	+2.6%
OI	1,318	1,765	1,698	1,697	399	448	1,170	1,203	585	303	801	682
YoY	+7.7%	+9.8%	-8.7%	-25.9%	-69.7%	-74.6%	-31.1%	-29.1%	+46.7%	-32.4%	-31.5%	-43.3%

IDP Business

Quarterly Sales & OI

(Millions of JPY)



Sales	100	94	100	68	75	60	0	0	0	0	0	0
YoY	-20.0%	-10.0%	-13.8%	-15.5%	-24.6%	-35.9%	-	-	-	-	-	-
OI	-394	-343	-317	-261	-70	-77	0	0	0	0	0	0
YoY	-	-	-	-	-	-	-	-	-	-	-	-

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	Base business	Business of tagging variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
3	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).
4	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.
5	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.
6	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 concept, 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.
7	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.

SATO terminologies (2/4)

	SATO-unique business concepts/initiatives	Description
8	Tagging for Sustainability	Business model set as the next stage of DCS & Labeling that aims to resolve customers' operational and societal challenges geared toward achieving a sustainable world. Shaped using new technologies and media not limited to labels that innovate our traditional domain of tagging.
9	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.
10	Teiho	SATO's unique 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	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.
2	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.

SATO terminologies (3/4)

	Products, services, technologies	Description
3	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.
4	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.
5	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.
6	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.
7	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.

SATO

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.
	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.