

May 15, 2024

SATO HOLDINGS CORPORATION

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

Securities Code: 6287.T

**FY23 Results &
FY24 Consolidated Forecasts**

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

**FY23 Results &
FY24 Consolidated Forecasts**

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

Summary

■ FY23 Results

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

■ Q4 (Jan-Mar) Results

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

■ Outlook for FY24

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

Sales and OI by Business Segment

(Millions of JPY)

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

* Figures in parentheses exclude the Russian subsidiaries.

Consolidated Results

(Millions of JPY)

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

Average exchange rates for FY23: JPY 144.58 /USD, JPY 156.74 /EUR, FY22: JPY 135.49 /USD, JPY 140.98 /EUR

FX sensitivity for FY23: JPY +503million in sales and JPY +19million in OI for +1 JPY against USD and assuming all others move by the same ratio

* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for FY23: JPY 4,926 million (4,404 million)

· Amortization for FY23: JPY 146 million (146 million)

FY22: JPY 4,855 million (4,148 million)

FY22: JPY 264 million (264 million)

* Figures in parentheses exclude the Russian subsidiaries.

Sales and OI by Business Segment

(Millions of JPY)

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

* Figures in parentheses exclude the Russian subsidiaries.

Consolidated Results

(Millions of JPY)

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

* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Jan-Mar FY23: JPY 1,300 million (1,148 million)

· Amortization for Jan-Mar FY23: JPY 37 million (37 million)

Jan-Mar FY22: JPY 1,182million (1,034 million)

Jan-Mar FY22: JPY 27 million (27 million)

* Figures in parentheses exclude the Russian subsidiaries.

Overview

Jan-
Mar

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

(Millions of JPY)

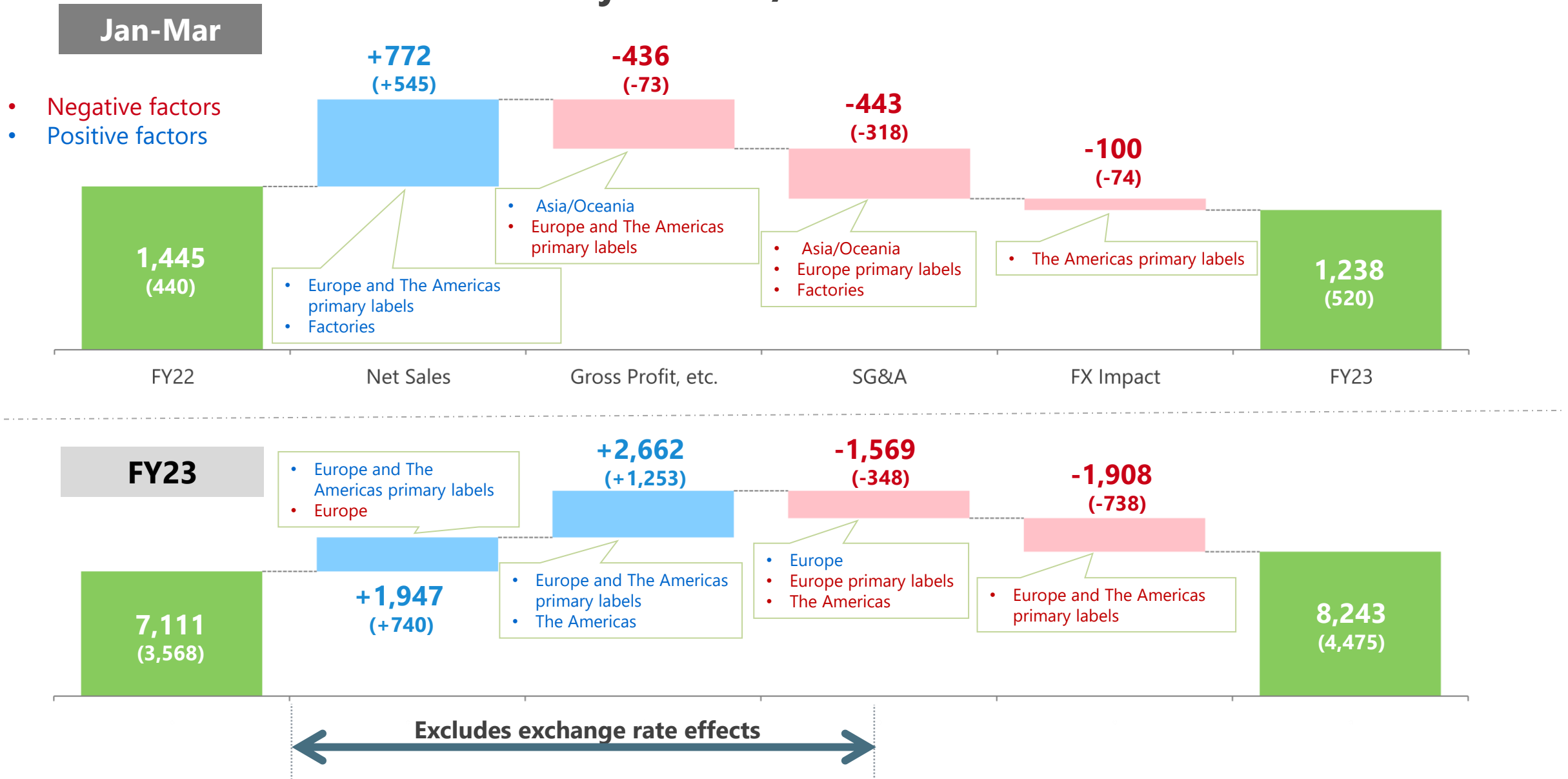
	FY23	FY22	Change	Change	
	Jan-Mar	Jan-Mar		YoY	excl. FX impact
Total Sales	16,725 (12,951)	15,153 (11,411)	+1,572 (+1,539)	+10.4% (+13.5%)	+8.5% (+7.6%)
Gross Profit	6,306 (4,949)	5,761 (4,181)	+544 (+768)	+9.5% (+18.4%)	-
Gross Profit %	37.7% (38.2%)	38.0% (36.6%)	-0.3pt (+1.6pt)	-	-
Operating Income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

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

* Figures in parentheses exclude the Russian subsidiaries.

Major Gains/Losses in OI

(Millions of JPY)



* Figures in parentheses exclude the Russian subsidiaries. Comments shown in the bubble include the Russian subsidiaries.

Breakdown by Region: The Americas

Jan-
Mar

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

(Millions of JPY)

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

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

Breakdown by Region: Europe

Jan-
Mar

Base business: Revenues increased due to a recovery in sales to distributors following the completion of inventory adjustments.

OI decreased due to higher personnel and other expenses at some subsidiaries.

Primary Labels business: Sales were flat, as high value-added products offset the decline in sales from intensified competition.

OI decreased due to an increase in sale expenses associated with the above-mentioned competitive landscape.

(Millions of JPY)

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

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

* Figures in parentheses exclude the Russian subsidiaries.

Breakdown by Region: Asia/Oceania

Jan-
Mar

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

(Millions of JPY)

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

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

Overview

Jan-
Mar

Sales were flat as consumables price revisions covered the decline in mechatronics amid absence of large projects seen last FY.

OI increased due to the speed up in price revisions and adequate control of SG&A expenses.

(Millions of JPY)

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

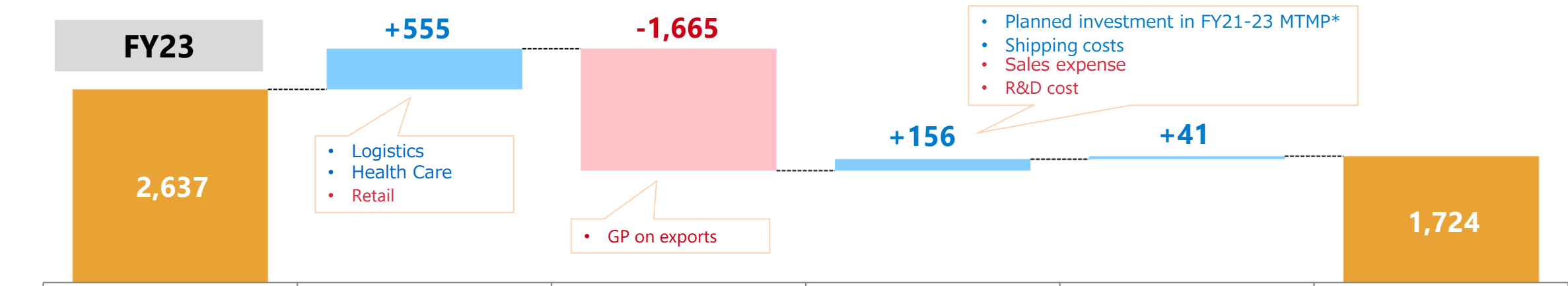
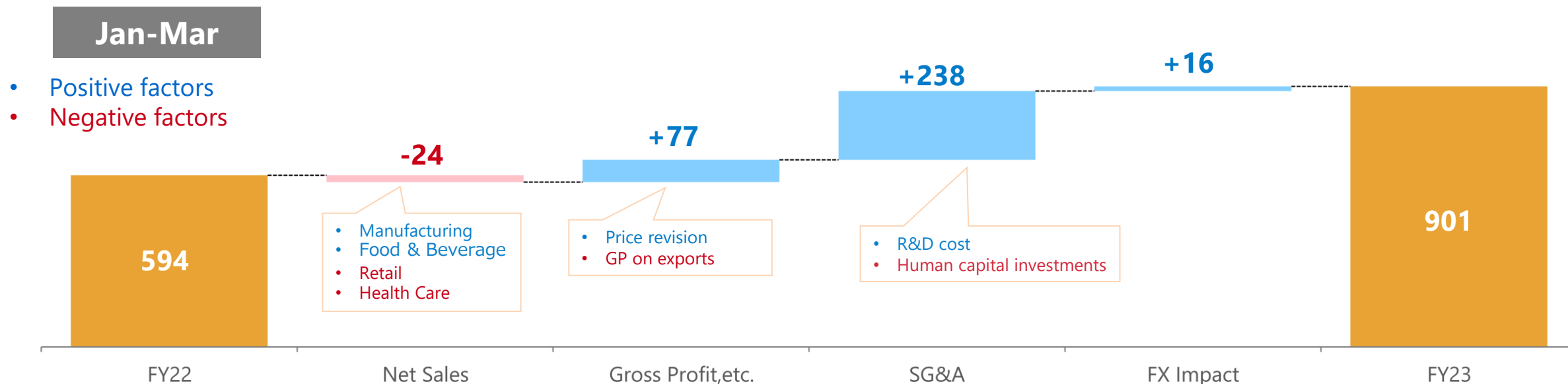
	FY23	FY22	Change	YoY
Mechatronics Sales	29,699	29,877	-177	-0.6%
Consumables Sales	45,814	44,289	+1,525	+3.4%
Total Sales	75,514	74,166	+1,347	+1.8%
Gross Profit	32,762	33,830	-1,068	-3.2%
Gross Profit %	43.4%	45.6%	-2.2pt	-
Operating Income	1,724	2,637	-912	-34.6%
Operating Income %	2.3%	3.6%	-1.3pt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

Mechatronics: Hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services.

Consumables: Products such as variable information labels, RFID tags, primary labels (product labels) and ribbons.

Major Gains/Losses in OI

(Millions of JPY)



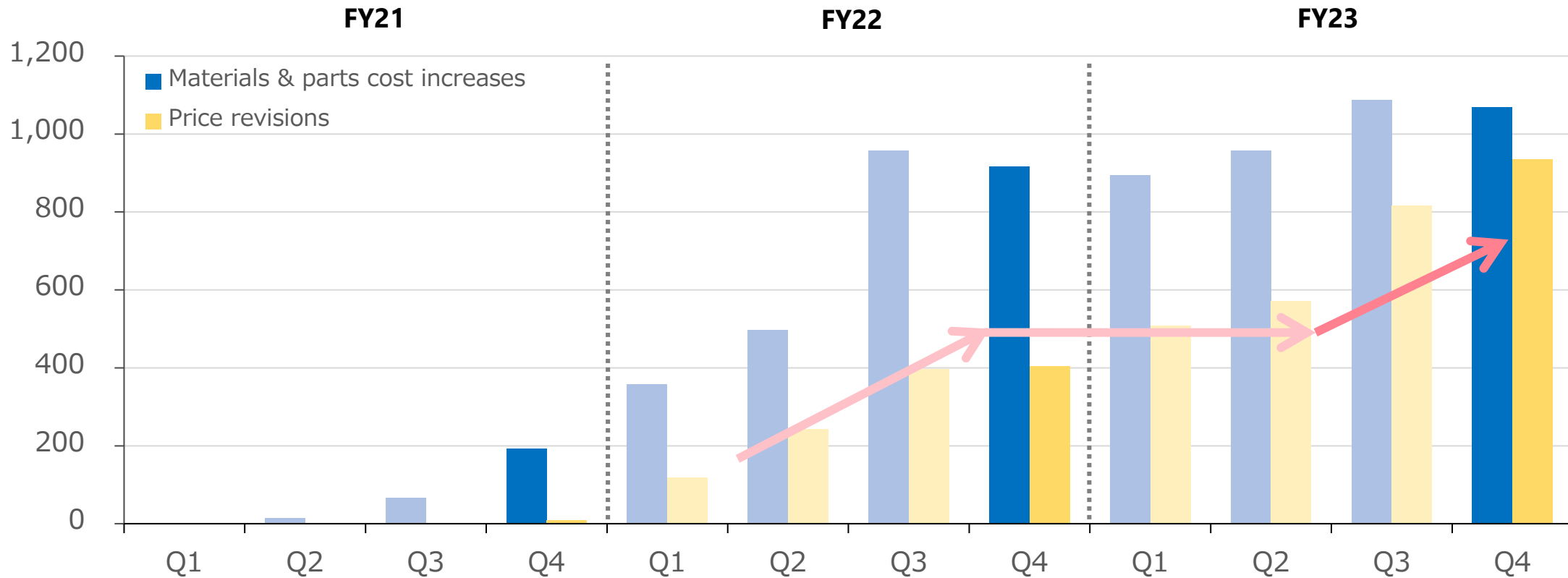
← Excludes exchange rate effects →

Materials & Parts Cost Increases and Price Revisions

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

(Millions of JPY)

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



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

(Millions of JPY)

■ : Mechatronics ■ : Consumables * % indicates YoY change

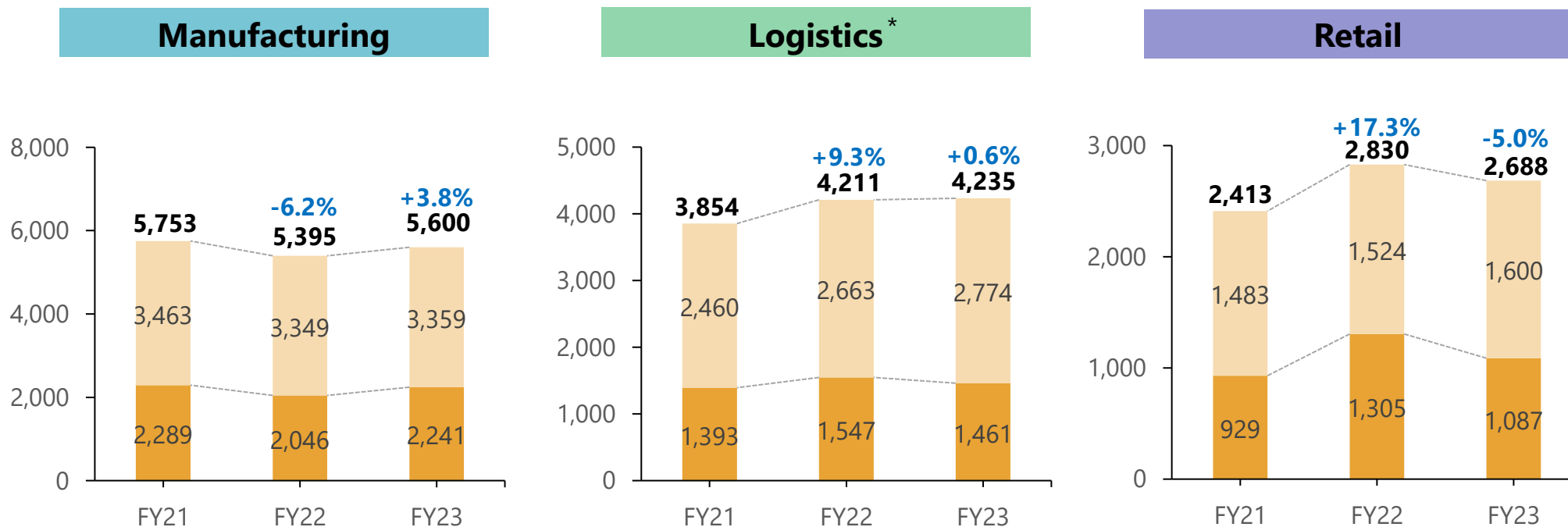


* From Q1 FY23, the classification of some industries has changed from public to logistics. The graphs retroactively reflect the change.

Sales by Vertical 1/2

■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)



Business environment

Investment appetite recovered in auto-related industries as automotive production regained momentum. Demand increased for automation and RFID in response to labor shortages and DX requirements.

Due to brisk E-commerce and recovery in inbound tourism, overall demand was strong. In addition to labor shortages and shift to DX, the "2024 issue" (shortage of truck drivers) drove demand.

Supermarkets continued instore investment to enhance DX and efficiency. Capex in apparel E-commerce took a rest.

SATO

Both consumables and mechatronics increased on back of production recovery in the automobile industry. Large printer renewal orders contributed to mechatronics.

Consumables grew in all industries behind increased flow of goods. Mechatronics decreased due to lack of large-scale orders in the same period last fiscal year, despite contribution from RFID projects.

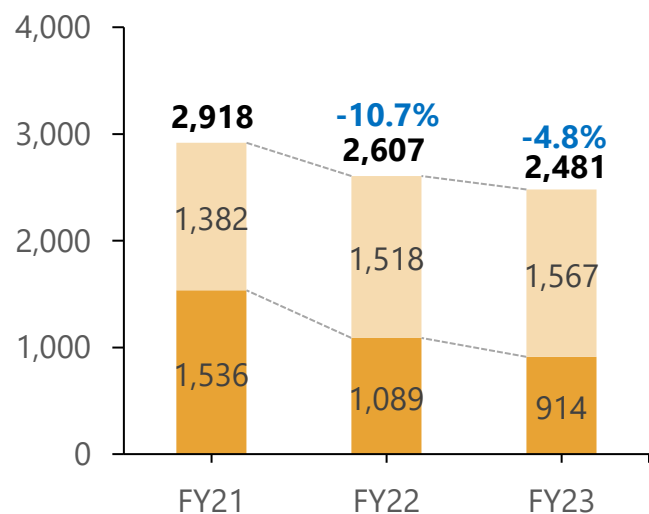
Consumables increased, driven by a recovery in retail stores. Mechatronics decreased due to lack of large orders in the same period last fiscal year.

Sales by Vertical 2/2

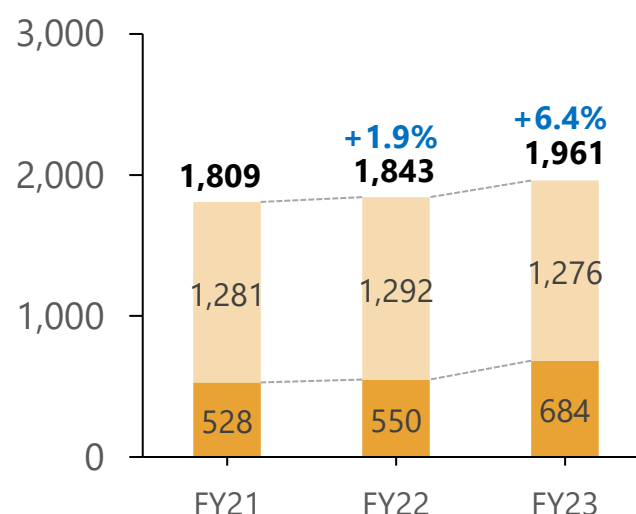
■ : Mechatronics ■ : Consumables * % indicates YoY change

(Millions of JPY)

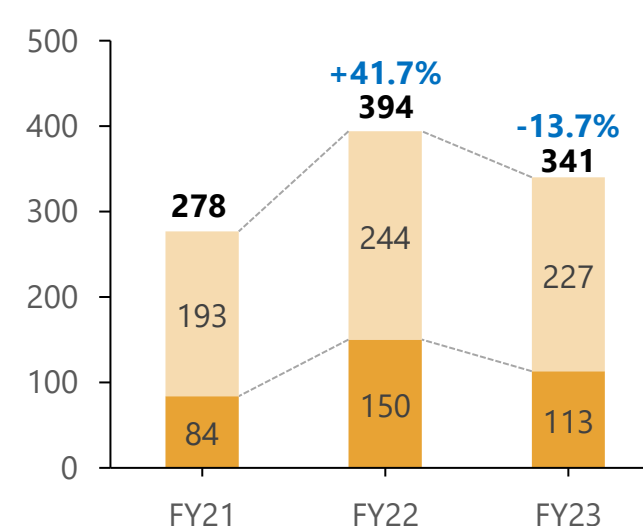
Health Care



Food & Beverage



Public*



Business environment

Outpatients to medical institutions increased. RFID investment continued among other areas to enhance efficiency in operations and to combat labor shortages. Demand remained firm overall.

Demand continued for automation and traceability in response to issues including higher raw material costs and labor shortages.

The overall business environment remained stable.

SATO

Consumables increased due to a recovery in outpatients and RFID needs. Mechatronics decreased due to lack of large-scale orders in the same period last fiscal year.

Consumables decreased due in part to a backlash from last quarter's rush demand before price revisions. Mechatronics increased due to large automation and traceability projects in food manufacturing.

Consumables remained flat as orders from large customers continued. Mechatronics decreased as automation projects could not fully cover the decline in large-lot orders in the same period of the previous fiscal year.

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

RFID and Automation Sales

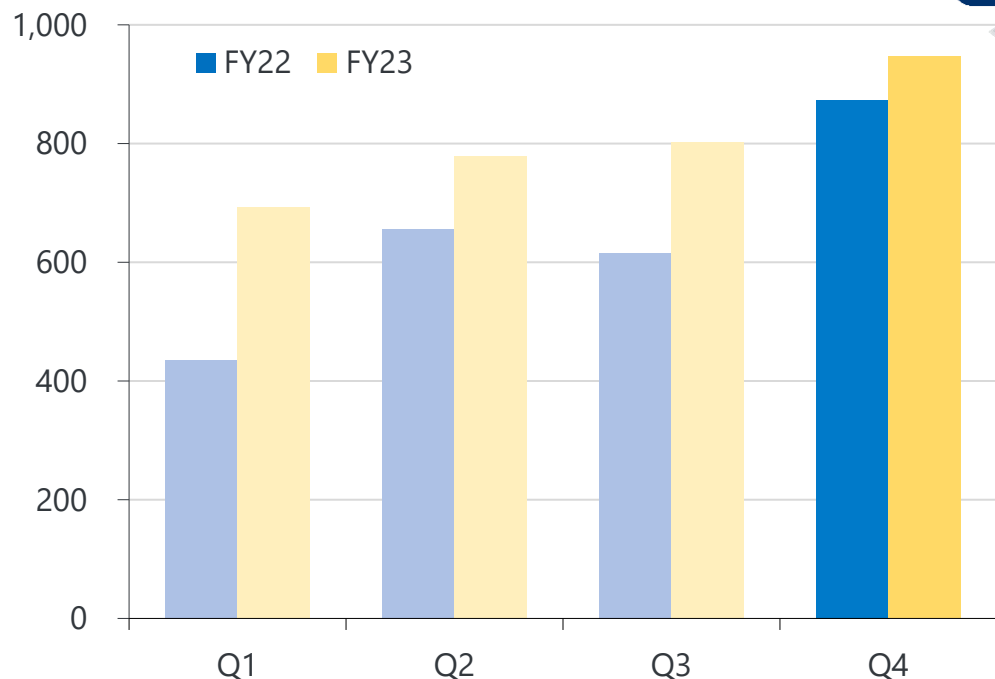
Jan-
Mar

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

(Millions of JPY)

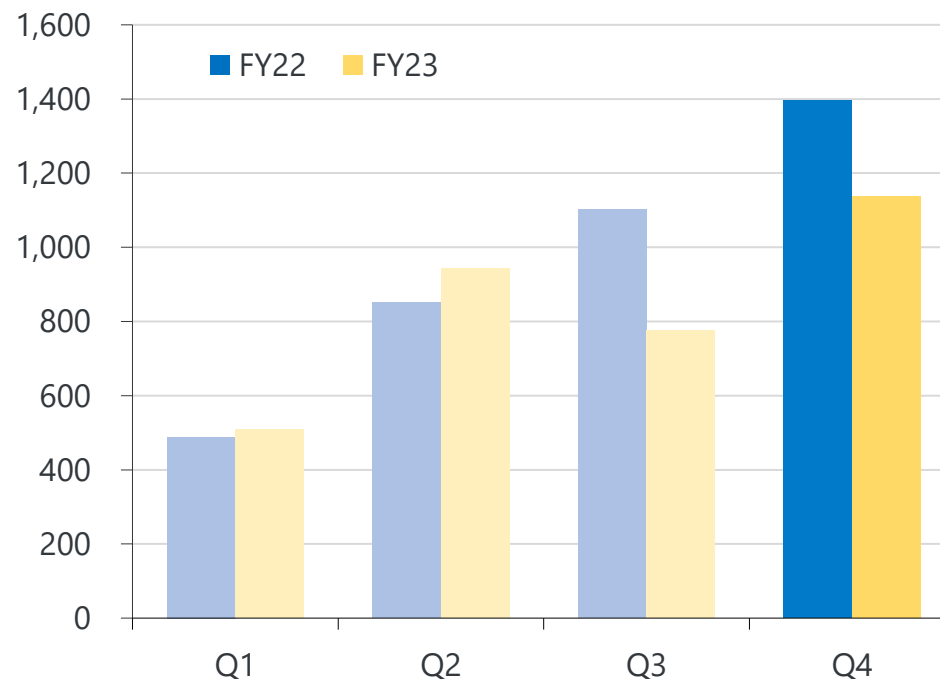
RFID

FY23: **+24.9%** YoY



Automation*

FY23: **-12.3%** YoY



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

RFID and Automation Sales

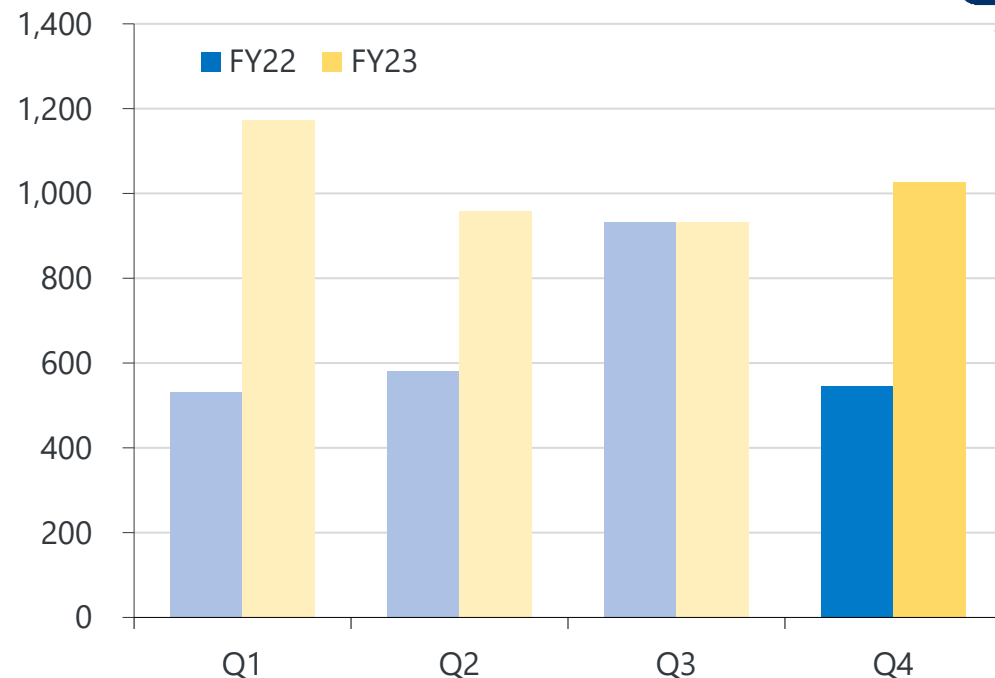
Jan-
Mar

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

(Millions of JPY)

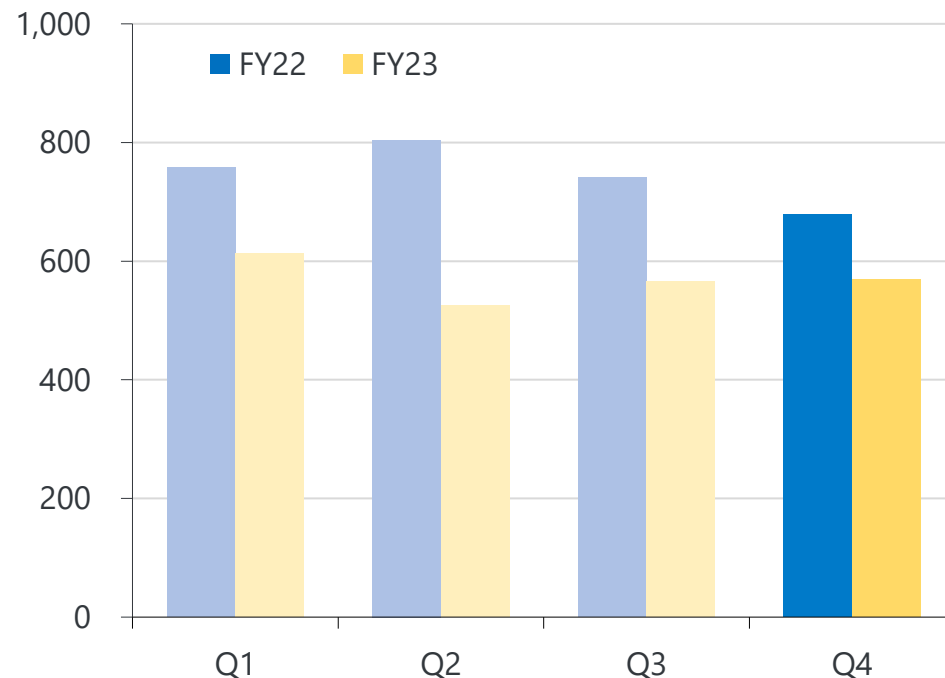
RFID

FY23: **+57.8%** YoY



Automation*

FY23: **-23.8%** YoY



* Figures in Automation is hardware sales only.

FY24 Consolidated Forecasts

(Millions of JPY)

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

* EBITDA = Operating Income +
Depreciation + Amortization

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

FY24 Consolidated Forecasts <Breakdown>

(Millions of JPY)

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

Overseas
(Base business)

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

Overseas
(Primary business)

OI to decrease due to increase in sale expenses in response to intensified competition in Russia.

Japan

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

FY24 Consolidated Forecasts Outlook by Region/Business and Vertical

Overseas

	The Americas	Europe	Asia/Oceania	Primary Labels
Forecasts	<ul style="list-style-type: none"> ● Weak appetite for investment in retail and other markets due to economic slowdown. ● Printer inventory adjustment at distributors almost complete. ● Solid interest from major customers. 	<ul style="list-style-type: none"> ● Weak appetite for investment in retail and other markets due to economic slowdown. ● Printer inventory adjustment at distributors almost complete. ● RFID demand from healthcare device manufacturers to continue. 	<ul style="list-style-type: none"> ● In Southeast Asia, automotive and electrical/electronics production on the rise to drive strong demand. ● In East Asia, slow Chinese economy to drag on. ● Strong demand in Oceania led by large projects. 	<ul style="list-style-type: none"> ● Strong demand for daily necessities. ● Continued uncertainty amid high currency and geopolitical risks. ● Solid demand for high value-added products.

Japan

	Manufacturing	Logistics	Retail	Health Care	Food & Beverage
Forecasts	<ul style="list-style-type: none"> ● Recovery in the automotive industry to continue. ● Recovery in semiconductor-related industries to become full-scale. 	<ul style="list-style-type: none"> ● Continued investment in automation and other efficiency improvements. ● Increased demand for logistics "2024 issue" (shortage of truck drivers) to work as tailwind. 	<ul style="list-style-type: none"> ● Robust earnings at major retailers leading to proactive investment. ● Continued investment overall in efficiency improvement due to labor shortages. 	<ul style="list-style-type: none"> ● Post-COVID Increase in outpatient volume and capex to take a breather. ● Automation, image recognition, RFID, and other efficiency needs to continue. 	<ul style="list-style-type: none"> ● Strong appetite for investment in response to rising costs and labor shortages. ● Stronger RFID needs for control of raw materials and reserve supply.

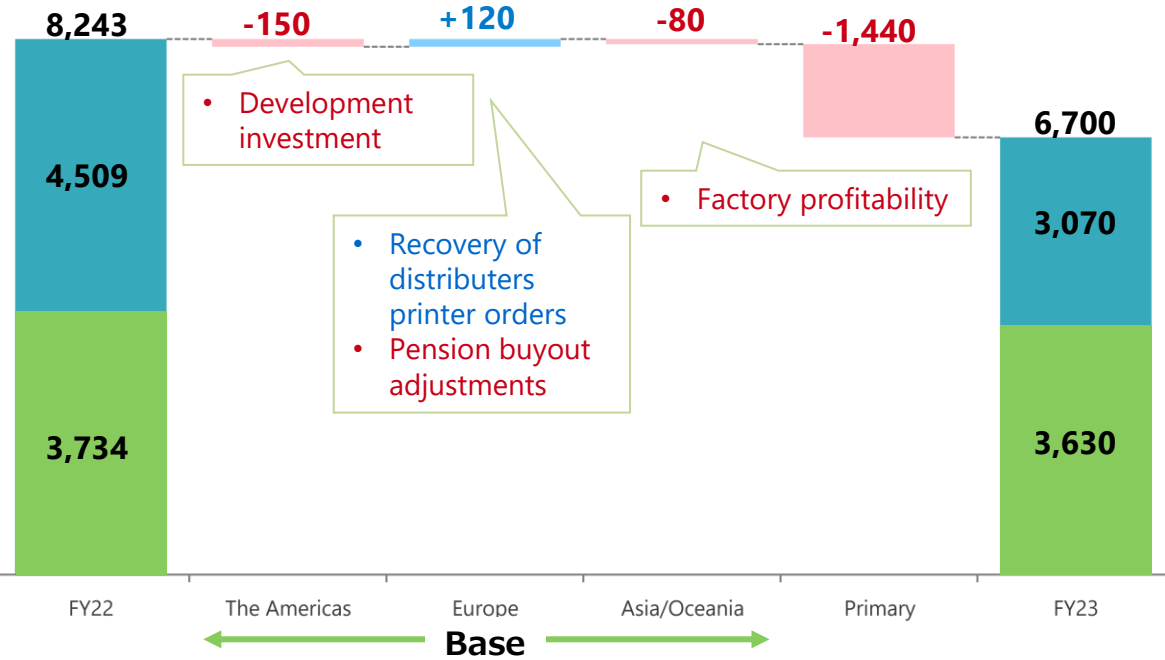
FY24 Consolidated Forecasts OI in FY24 vs FY23

- Positive factors
- Negative factors

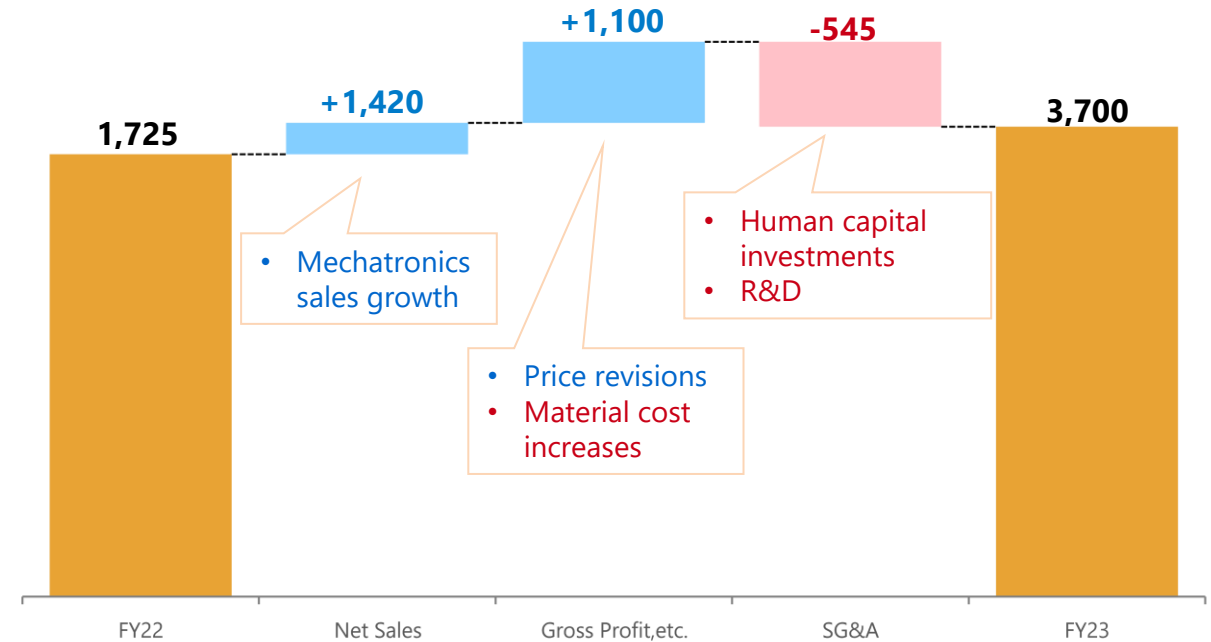
(Millions of JPY)

Overseas

■ Base business ■ Primary Labels business



Japan



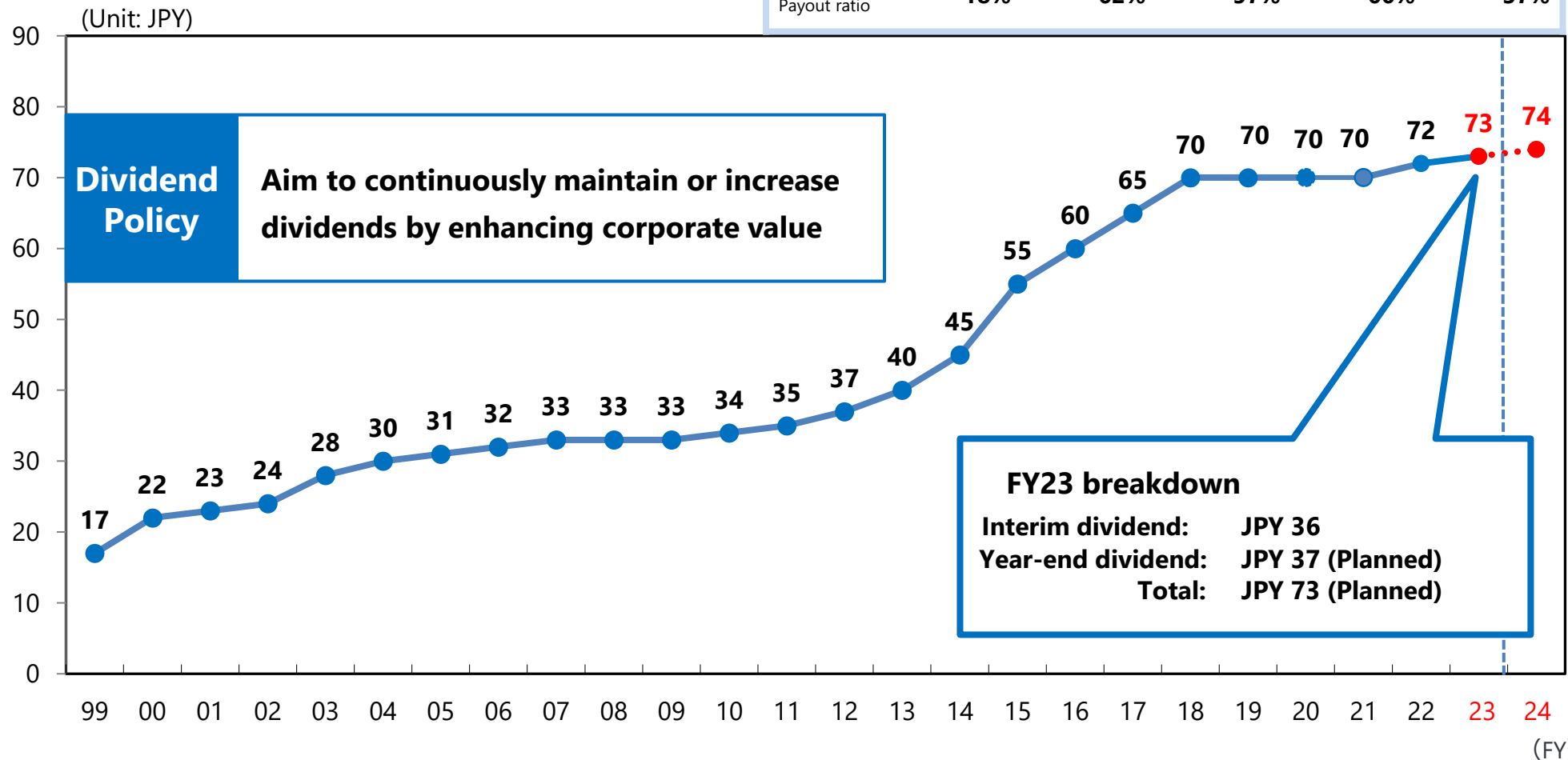
Dividends

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

Total dividends forecast for FY24: JPY 74 (up JPY 1 YoY)

(JPY per share)

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



**FY23 Results &
FY24 Consolidated Forecasts**

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

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

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

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

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

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

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

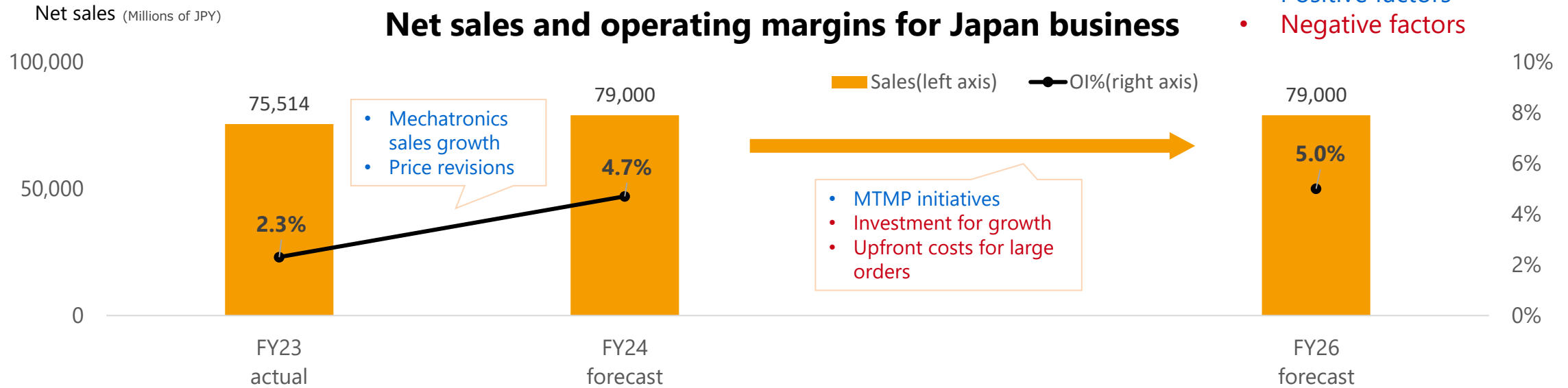
- **Efficiently create and scale solutions** (details later)
 - Increase consumable sales and profits
 - Expand solutions scaling
 - Redefine roles of Headquarters and overseas operations
 - Create locally-suited solutions

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

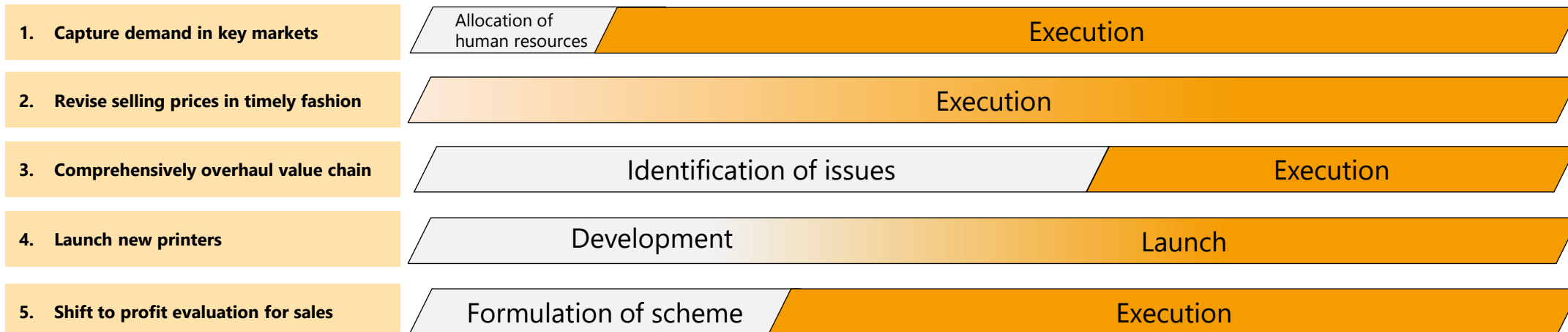
- **Stabilize sales and profits**
 - Increase production capacity and expand customer proposals of high-value-added products

Improve operating margins

Net sales and operating margins for Japan business

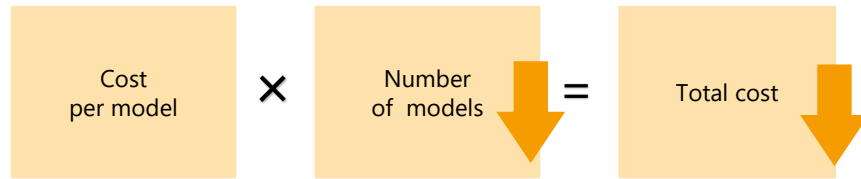


<In order of assumed impact>



Comprehensively overhaul value chain

Reduce costs through optimization of printer lineup



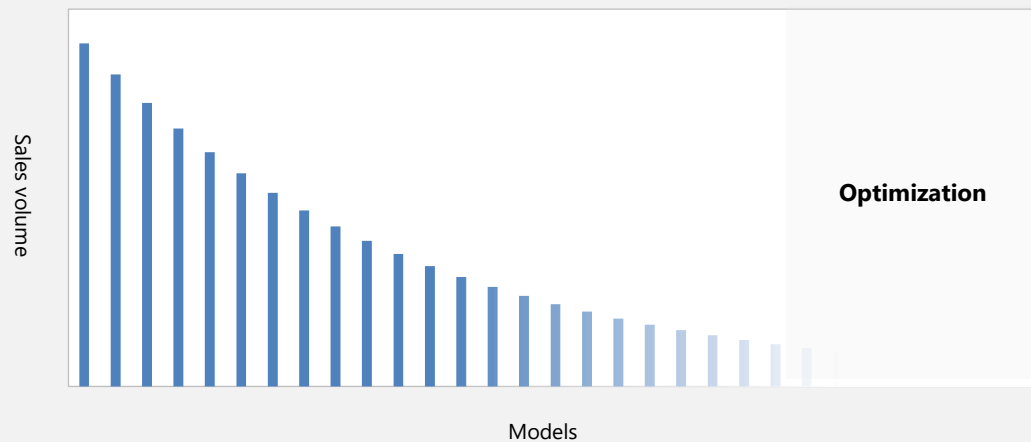
<Benefits to customers>

- Improved hardware and software performance
- Wider market and application use for single model

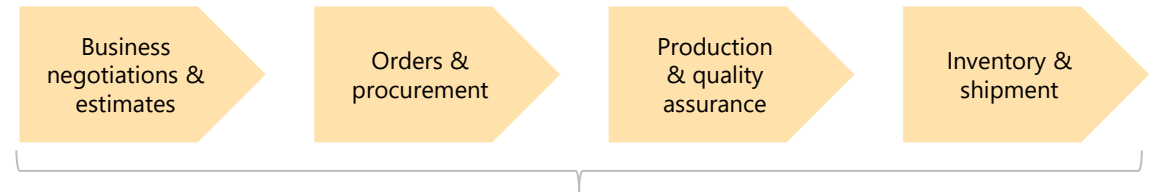
< Benefits to SATO >

- Reduced manufacturing and model management costs

Sales volume by printer model (illustrative)



Reduce value chain man-hours by standardizing label specifications



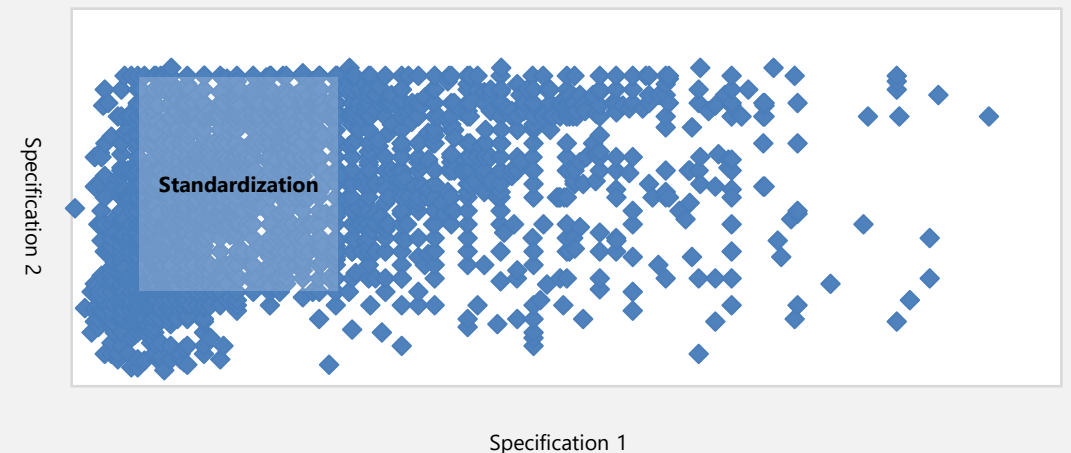
<Benefits to customers>

- Shorter delivery wait
- Increased purchase volume flexibility

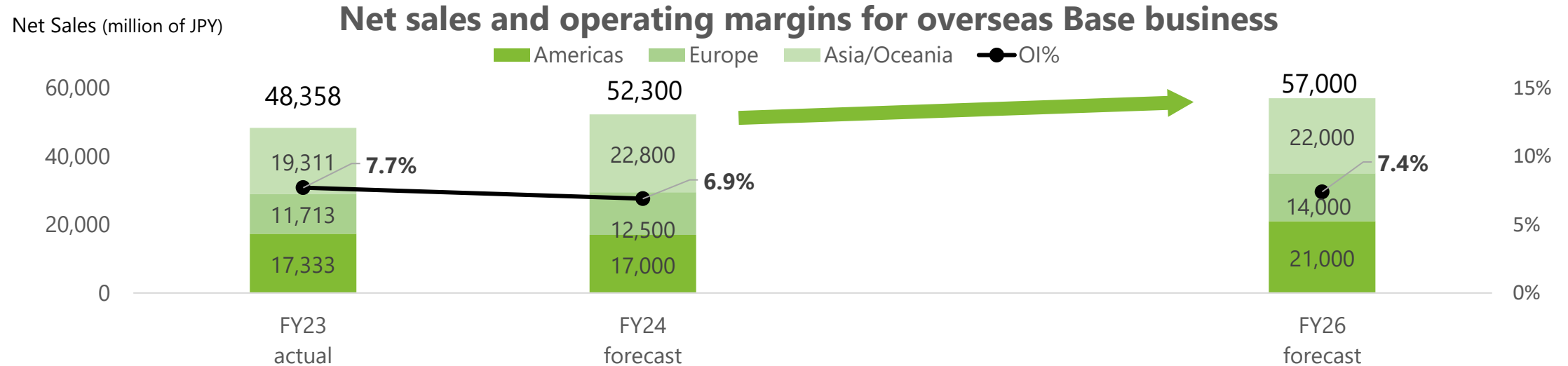
< Benefits to SATO >

- Reduced costs through less man-hours

Distribution chart of label specification (illustrative)



Efficiently create and scale solutions



Previous MTMP

New MTMP

[Achievements]

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

[Issues]

- Inefficiency caused by headquarters-led centralized system

[Initiatives]

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



- **Efficiently create and scale solutions**

Continued initiatives

Initiative 1. Increase consumable sales and profits

	Initiatives	Expected impact
Global	Standardize processes	<ul style="list-style-type: none"> Greater offering of consumables
Americas and Europe	Introduce MES	<ul style="list-style-type: none"> Optimization of estimates Improved productivity
Europe	Enhance added value	<ul style="list-style-type: none"> Larger sales of environmentally friendly products Improved competitiveness
Americas and Asia	Renew equipment	<ul style="list-style-type: none"> Improved responsiveness to local customers



Reinforcement of manufacturing facilities (including RFID tags)

Initiative 2. Expand solutions scaling

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



New Initiatives

Initiative 3. Redefine roles of Headquarters and overseas operations

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

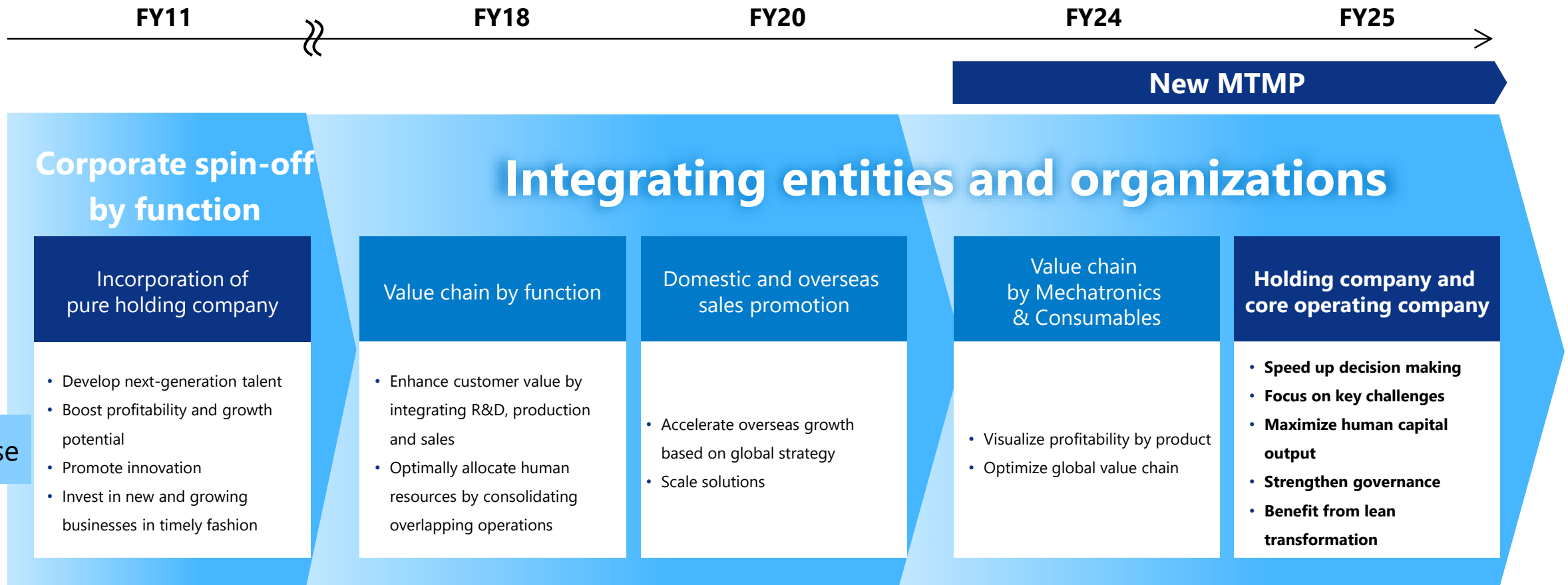


Initiative 4. Create locally-suited solutions

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



Drive MTMP & sustainable growth through organizational optimization



Achievements: Development of next-generation talent
 Issues: Delayed decision-making for overall optimization
 due to subdivided organization

Appendix

Performance data Pages 34-53

SATO terminologies Pages 54-58

Business Overview by Product

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

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

Auto-ID solutions (Japan/Overseas)

Base

38%

Printers	Other Hardware	Software	Services
			

Consumables

48%

Labels & Tags







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

Primary

Stickers & primary labels



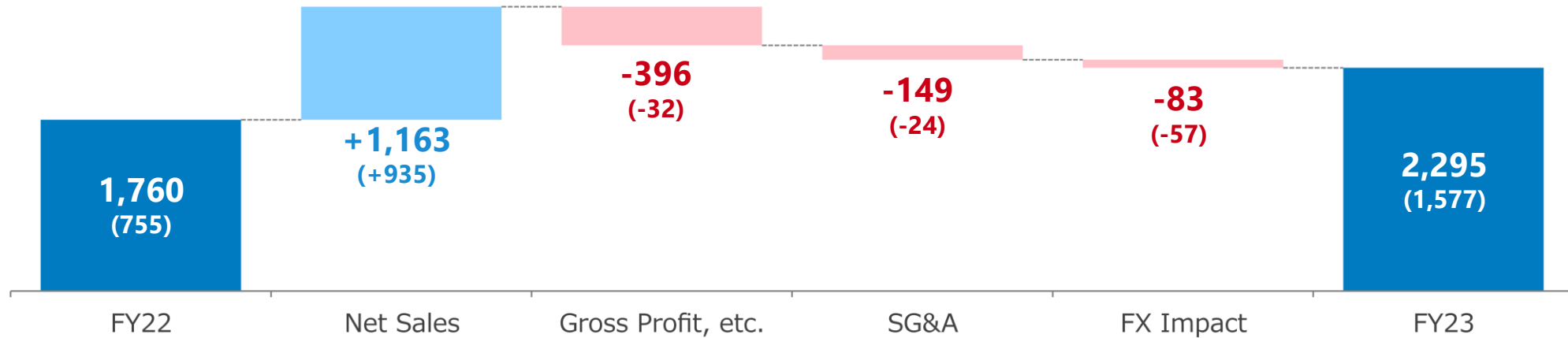


Note: Sales of stickers & primary labels in Japan are included in consumables, since they account for a small portion of the total sales.

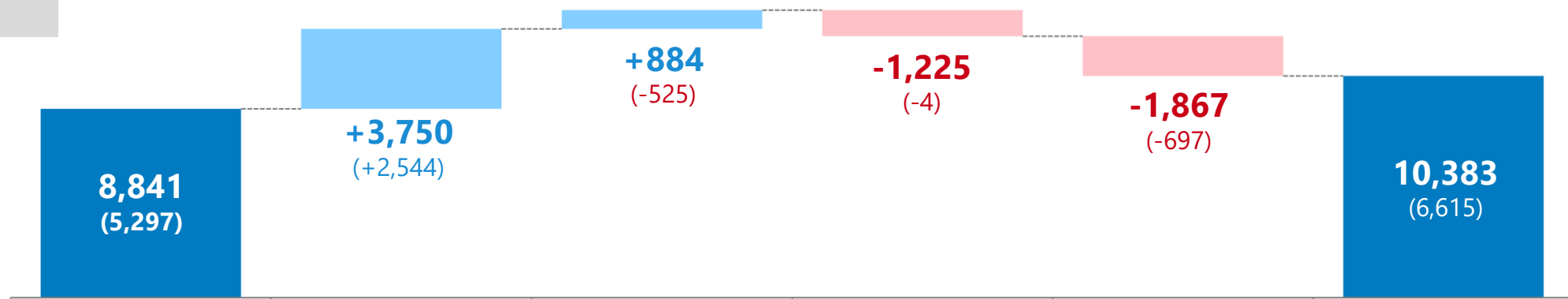
Major Gains/Losses in OI

(Millions of JPY)

Jan-Mar



FY23

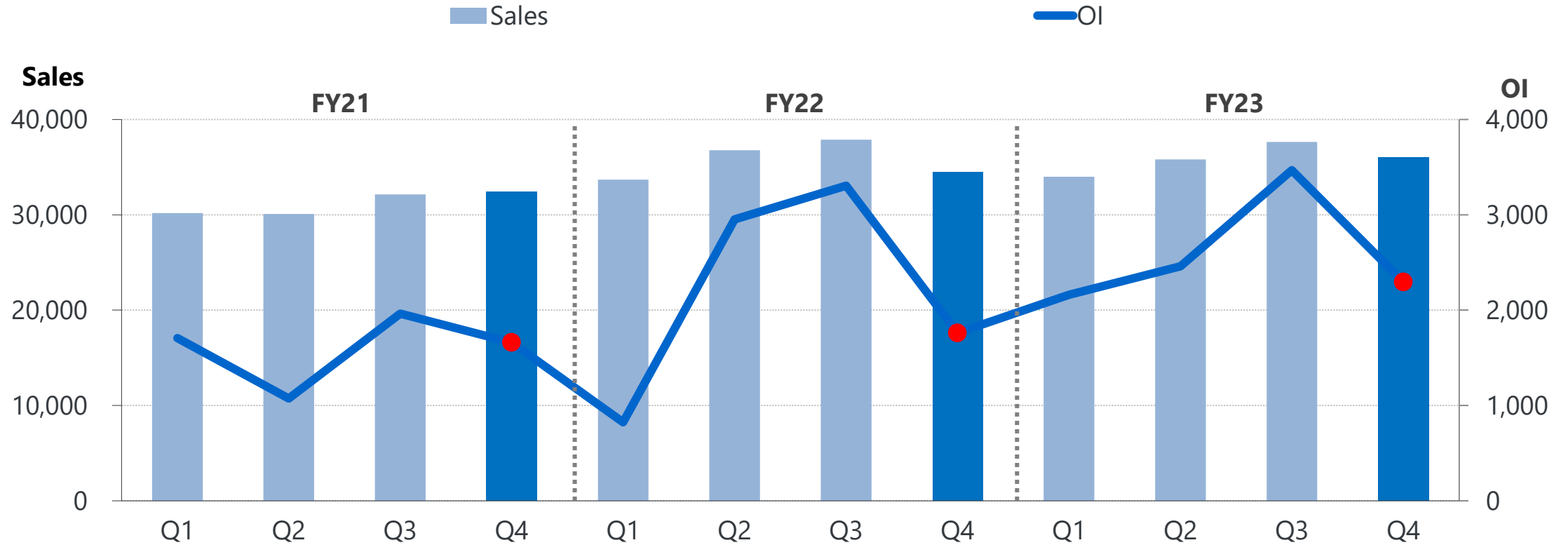


← Excludes exchange rate effects →

* Figures in parentheses exclude the Russian subsidiaries.

Quarterly Sales & OI

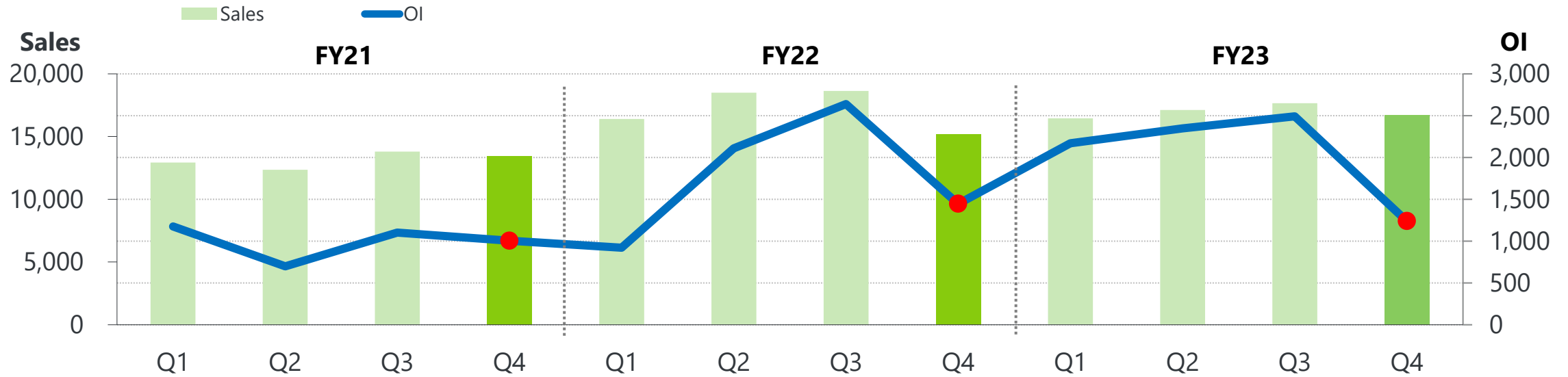
(Millions of JPY)



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

Quarterly Sales & OI

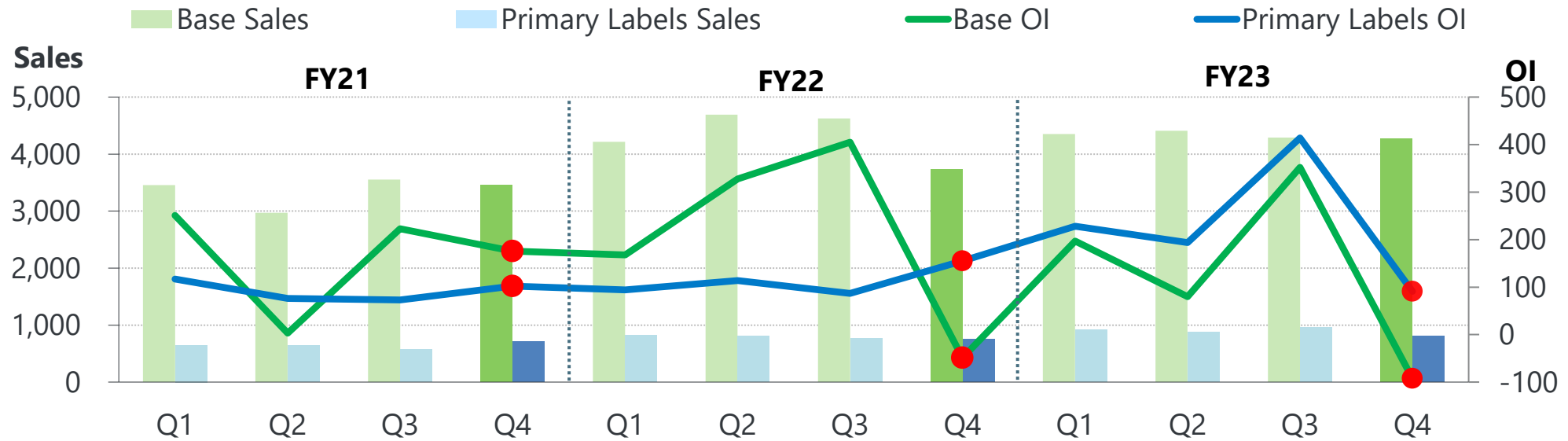
(Millions of JPY)



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

The Americas: Quarterly Sales & OI

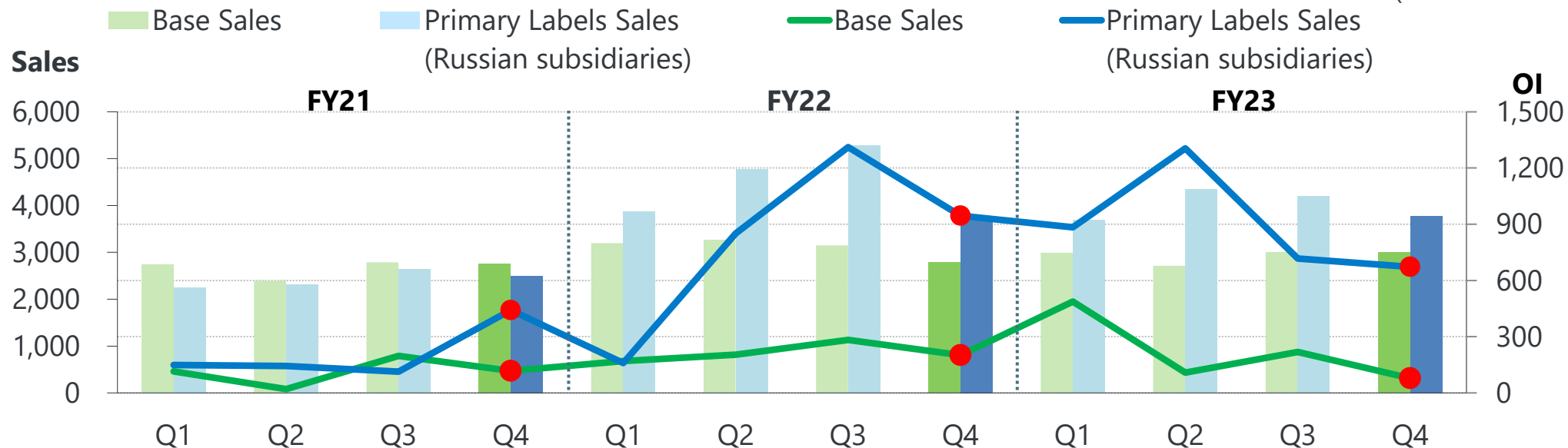
(Millions of JPY)



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

Europe: Quarterly Sales & OI

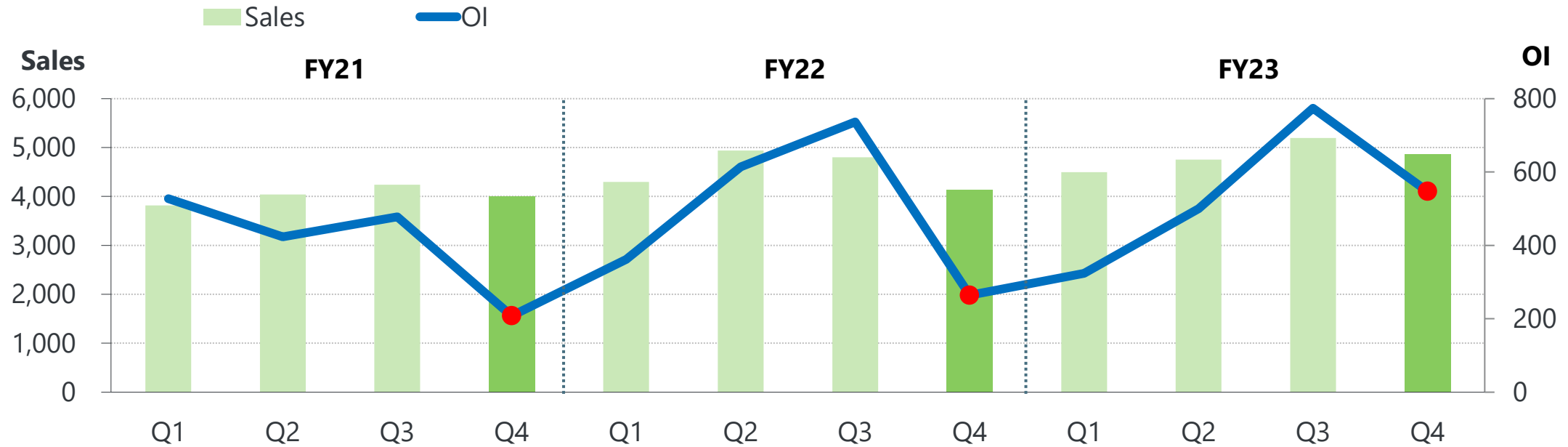
(Millions of JPY)



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

Asia/Oceania: Quarterly Sales & OI

(Millions of JPY)



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

Sales and OI by Region

(Millions of JPY)

■ Japan
 ■ The Americas
 ■ Europe
 ■ Asia/Oceania

Sales

142,824

FY22



143,446

FY23



Operating Income

* Ratio excludes eliminations.

9,748

FY22



9,968

FY23

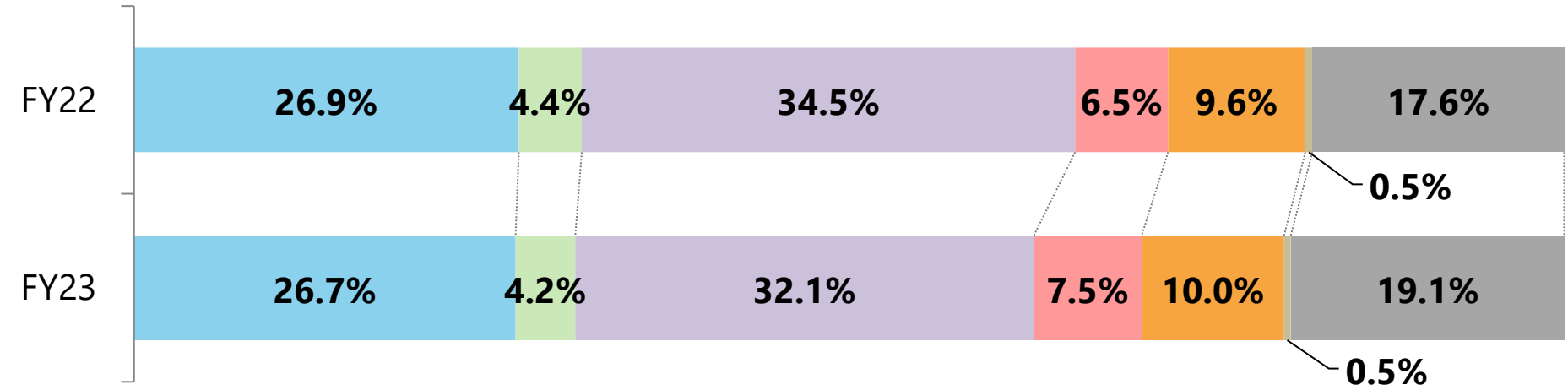


OI Ratio FY22 Japan : 3.6%, Overseas : 10.4%
 FY23 Japan : 2.3%, Overseas : 12.1%

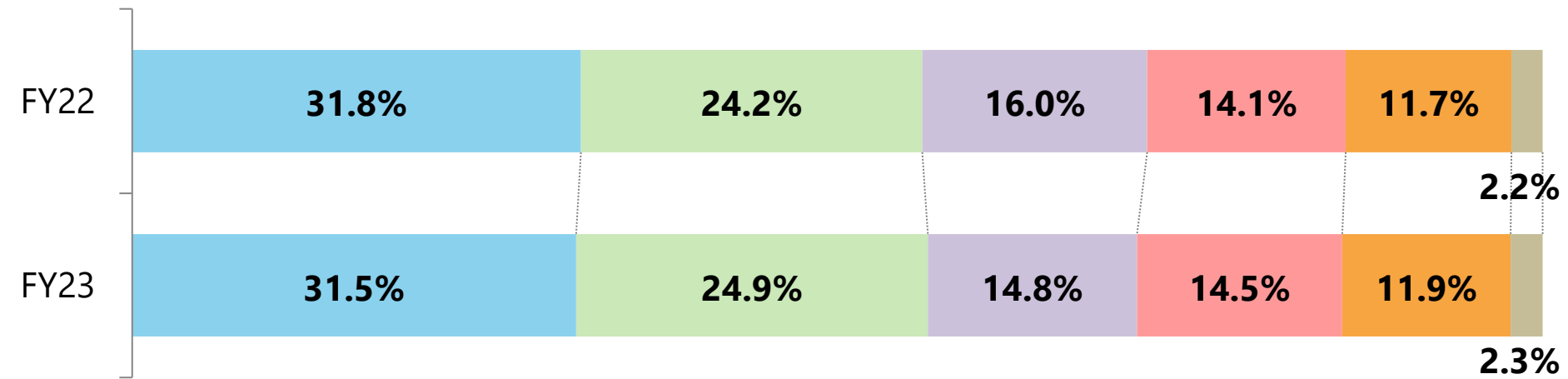
Sales by Vertical

■ Manufacturing
 ■ Logistics
 ■ Retail
 ■ Health Care
 ■ Food & Beverage
 ■ Public
 ■ Others

Overseas * Main sales subsidiaries only. Factories & primary label companies not included.



Japan * Maintenance services not included



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

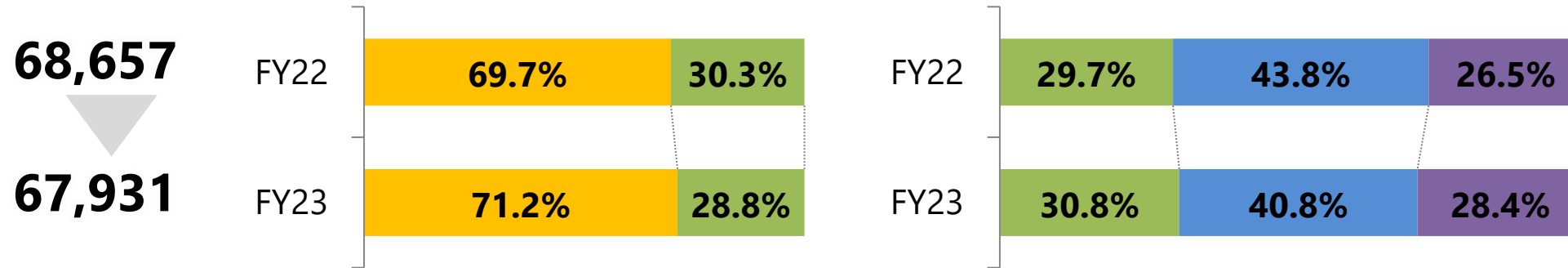


Sales and OI by Business Segment/Region

(Millions of JPY)

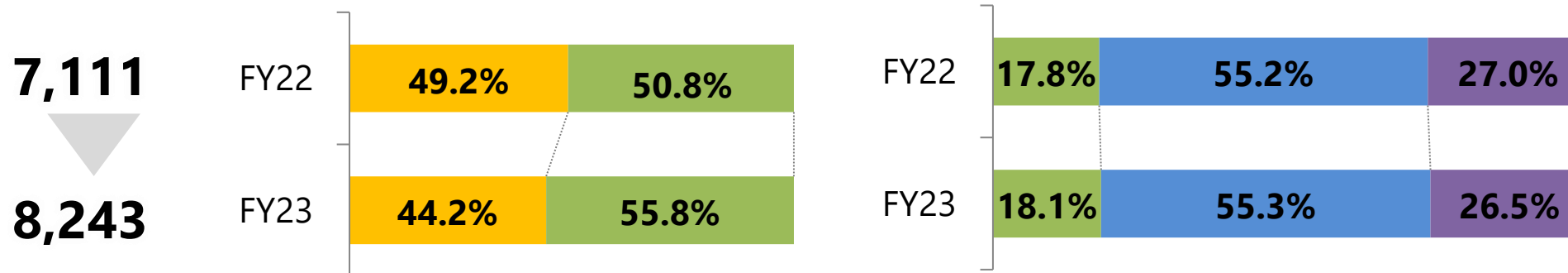
■ Base
 ■ Primary Labels
 ■ The Americas
 ■ Europe
 ■ Asia/Oceania

Sales



Operating Income

* Ratio excludes eliminations.



OI ratio:

FY22 Base : 7.5%, Primary Labels : 17.9%

FY23 Base : 7.4%, Primary Labels : 23.0%

FY22 The Americas : 6.4%, Europe : 13.4%
Asia/Oceania : 10.9%

FY23 The Americas : 7.0%, Europe : 16.1%
Asia/Oceania : 11.1%

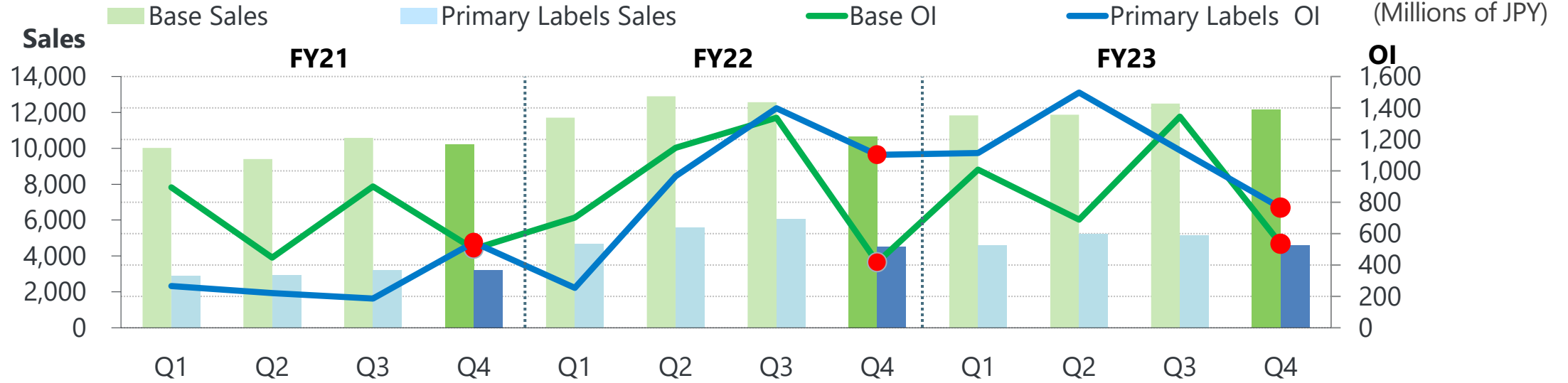
Breakdown by Business Segment

(Millions of JPY)

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

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

Quarterly Sales & OI



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

Sales and OI Trends by Business Segment and Region

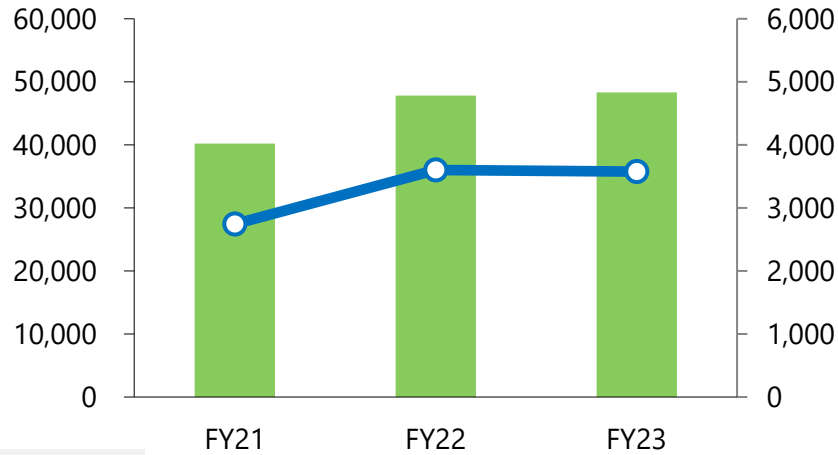
By Business Segment

█ Sales

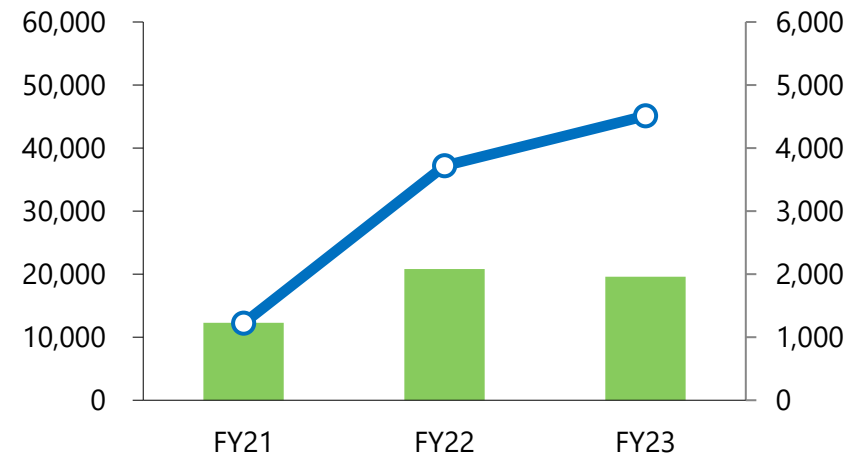
—○— OI

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

Base

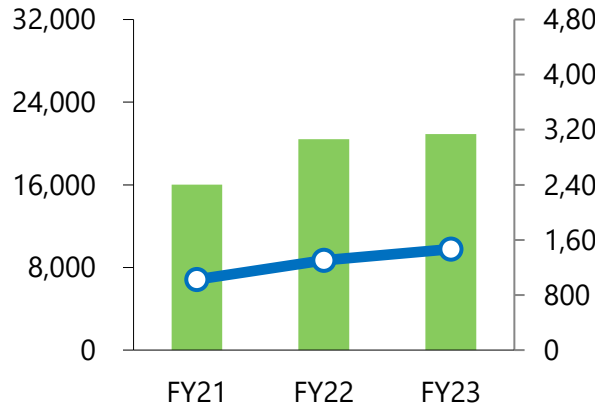


Primary Labels

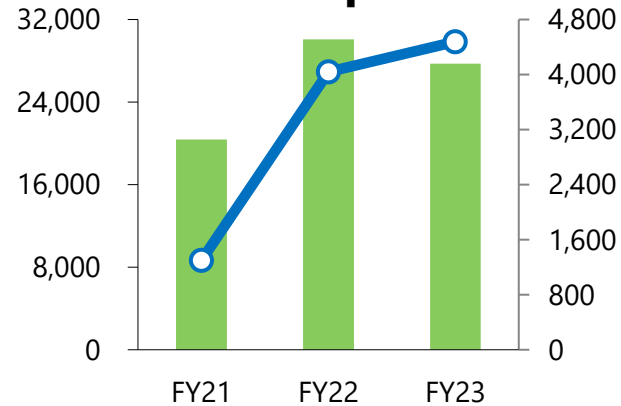


By Region

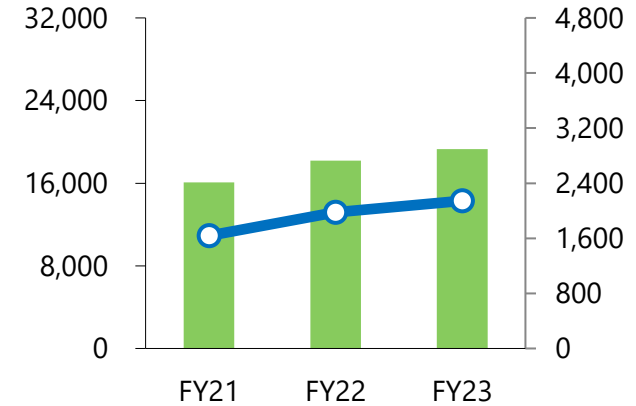
The Americas



Europe

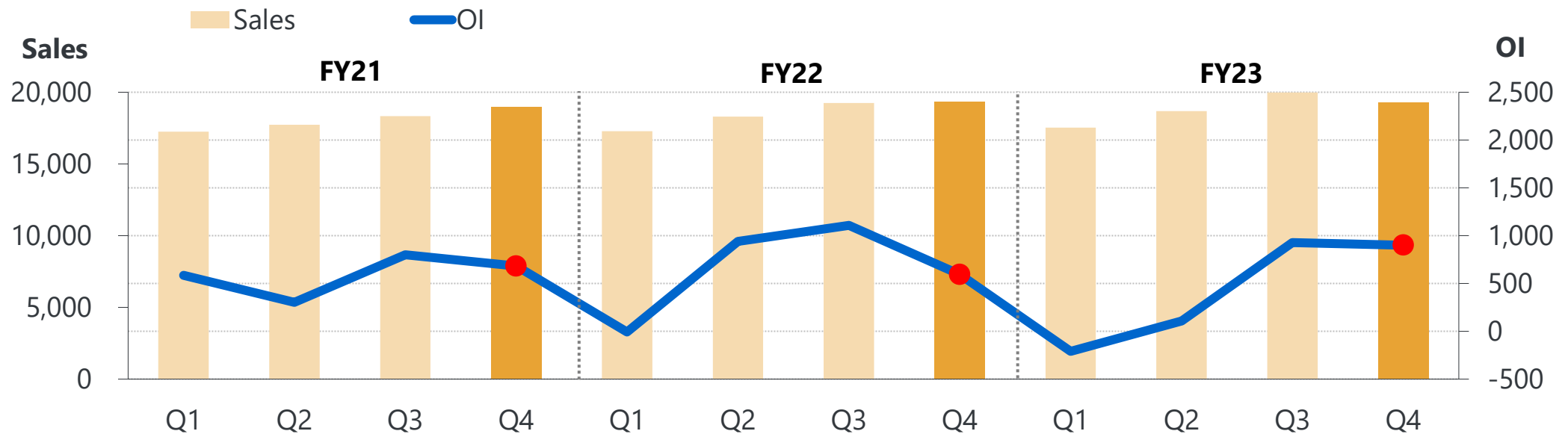


Asia/Oceania



Quarterly Sales & OI

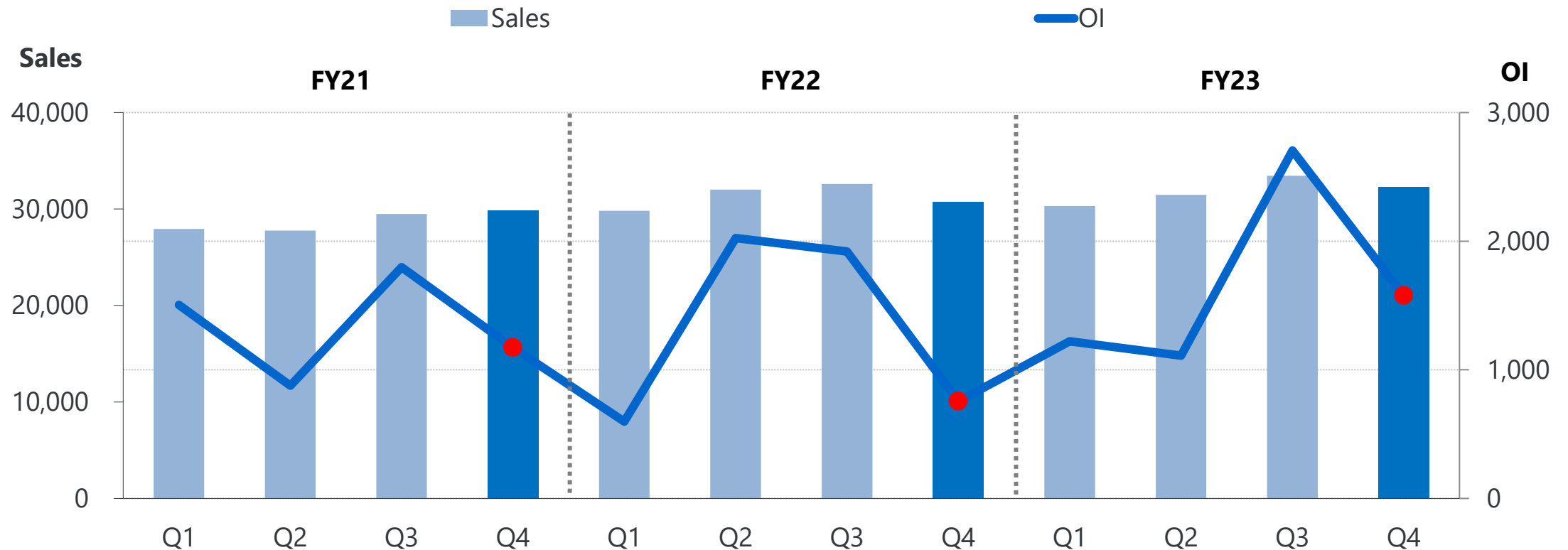
(Millions of JPY)



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

Quarterly Sales & OI (Figures exclude the Russian subsidiaries)

(Millions of JPY)

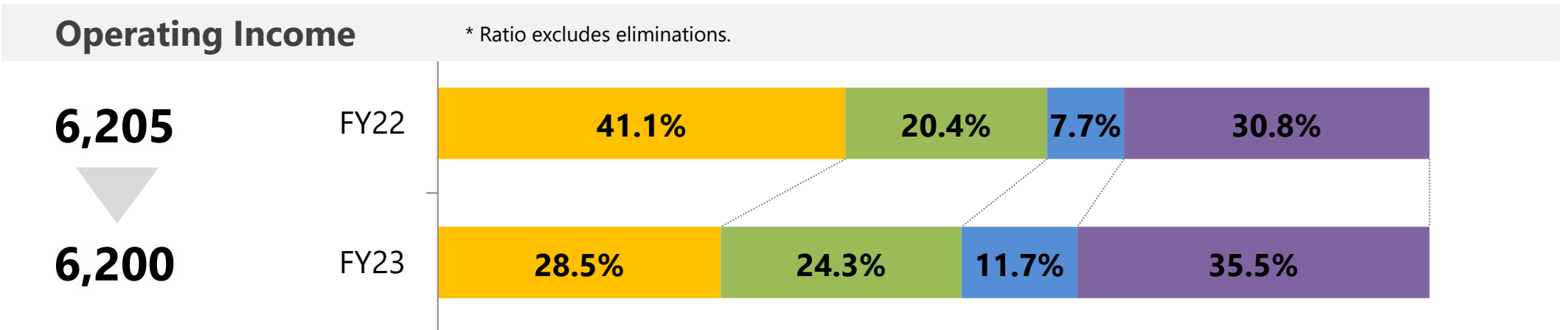
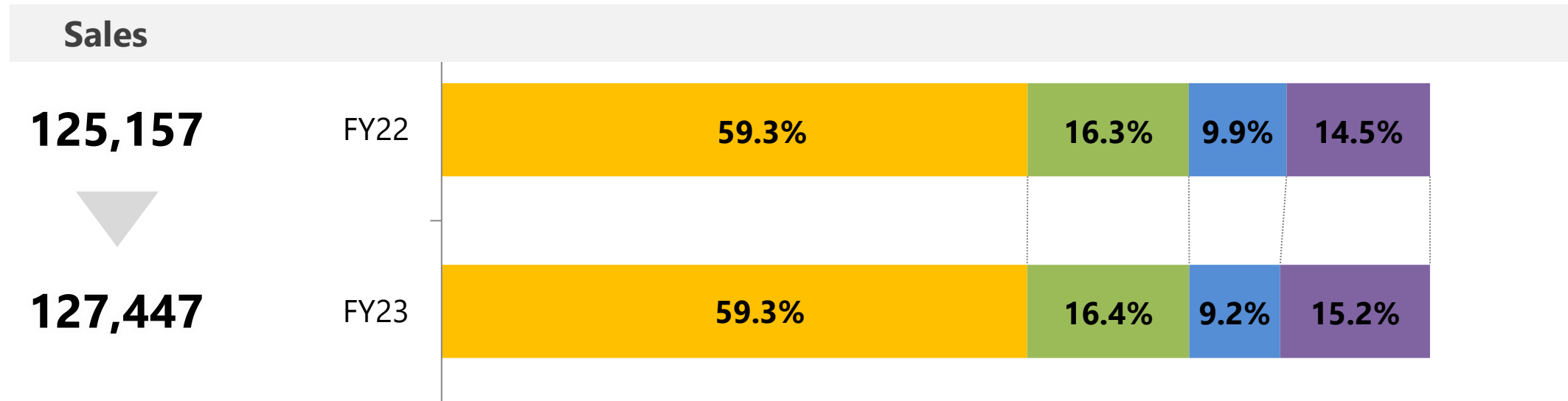


	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	27,920	27,772	29,493	29,895	29,818	32,001	32,588	30,748	30,301	31,455	33,433	32,257
YoY	+27.3%	+14.2%	+7.5%	+6.6%	+6.8%	+15.2%	+10.5%	+2.9%	+1.6%	-1.7%	+2.6%	+4.9%
OI	1,505	877	1,797	1,172	598	2,024	1,919	755	1,222	1,110	2,704	1,577
YoY	6.5x	+2.2%	-13.4%	-40.6%	-60.2%	2.3x	+6.8%	-35.6%	2.0x	-45.1%	+40.9%	2.1x%

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

(Millions of JPY)

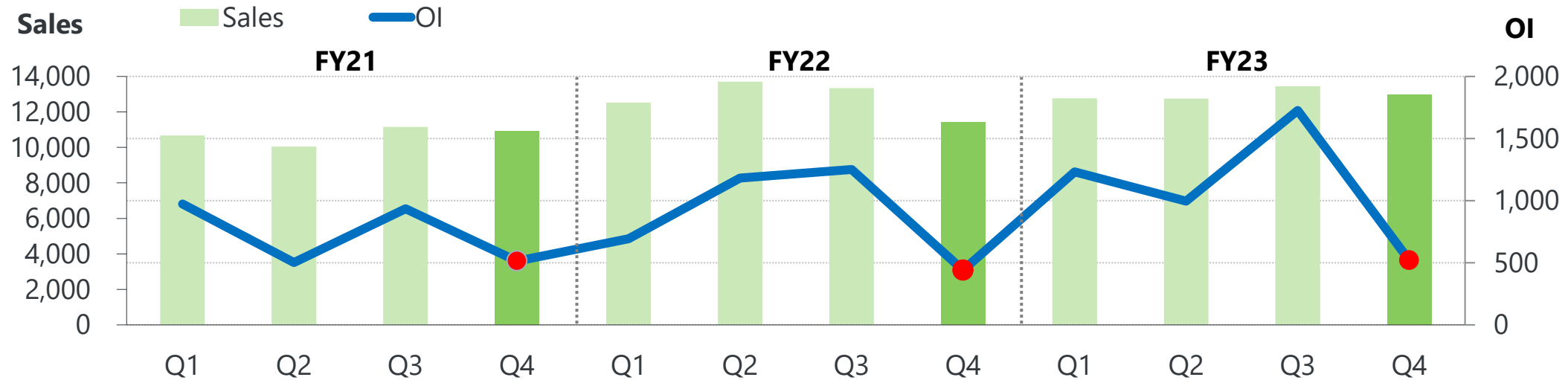
■ Japan
 ■ The Americas
 ■ Europe
 ■ Asia/Oceania



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

Quarterly Sales & OI (Figures exclude the Russian subsidiaries)

(Millions of JPY)



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

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

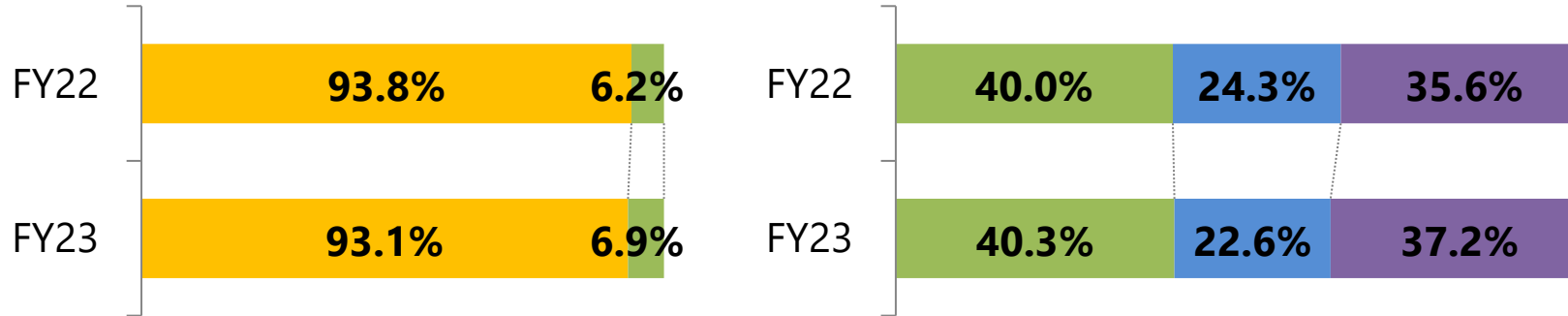
(Millions of JPY)

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

Sales

50,990

51,993

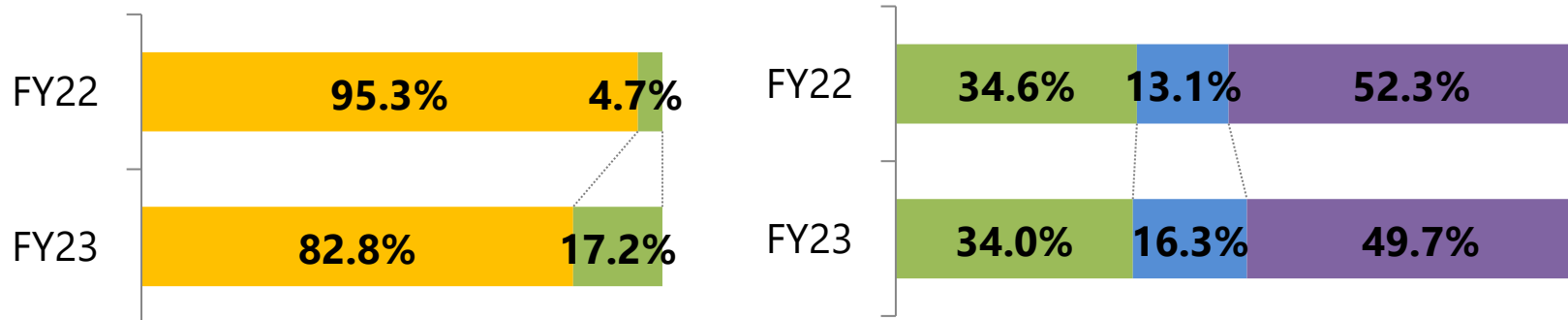


Operating Income

* Ratio excludes eliminations.

3,568

4,475



OI ratio:

FY22 Base : 7.5%, Primary Labels : 5.6%

FY23 Base : 7.4%, Primary Labels : 20.7%

FY22 The Americas : 6.4%, Europe : 4.0%

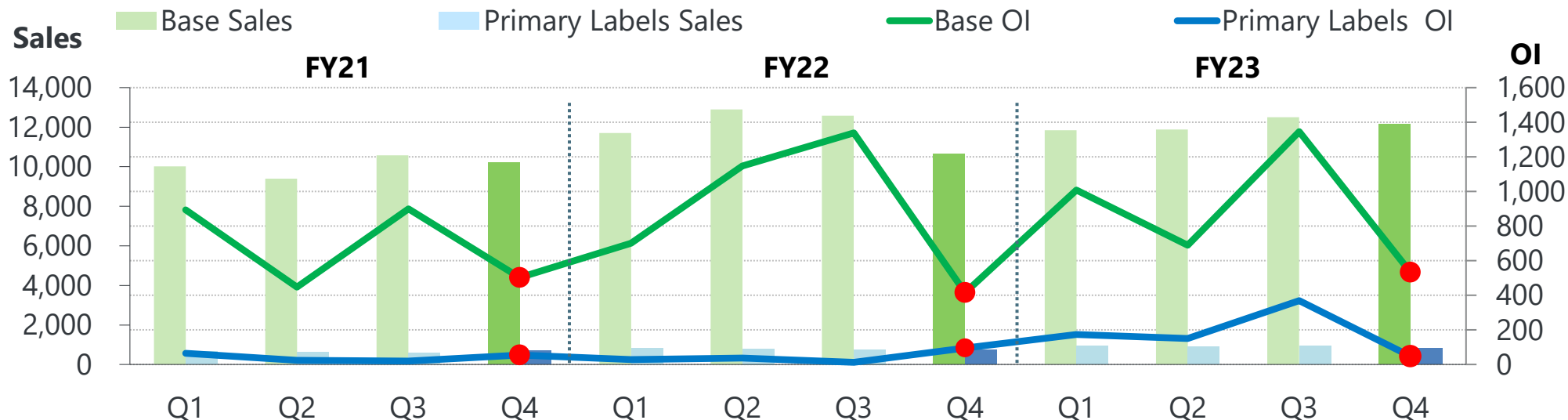
Asia/Oceania : 10.9%

FY23 The Americas : 7.0%, Europe : 6.0%

Asia/Oceania : 11.1%

Quarterly Sales & OI (Figures exclude the Russian subsidiaries)

(Millions of JPY)



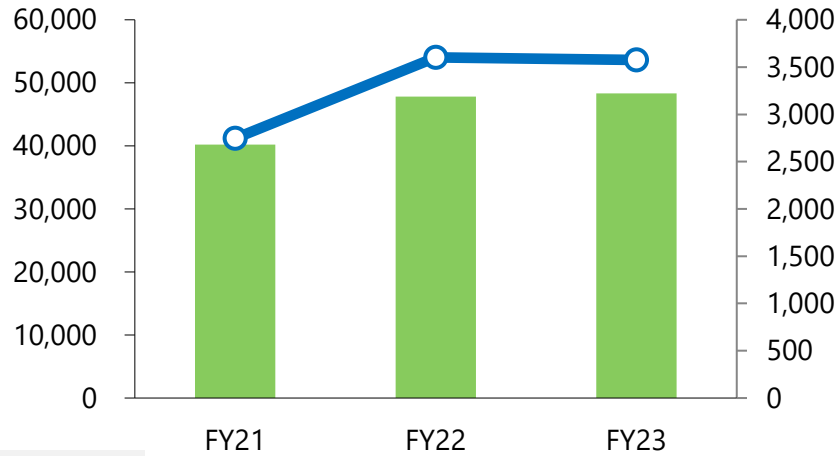
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Base	Sales	10,023	9,399	10,578	10,206	11,706	12,901	12,574	10,659	11,840	11,877	12,498	12,142
	YoY	+74.2%	+20.8%	+24.5%	+13.7%	+16.8%	+37.2%	+18.9%	+4.4%	+1.2%	-7.9%	-0.6%	+13.9%
	OI	894	447	900	502	701	1,147	1,338	416	1,008	689	1,345	533
	YoY	-	+5.8%	+23.7%	-31.5%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

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

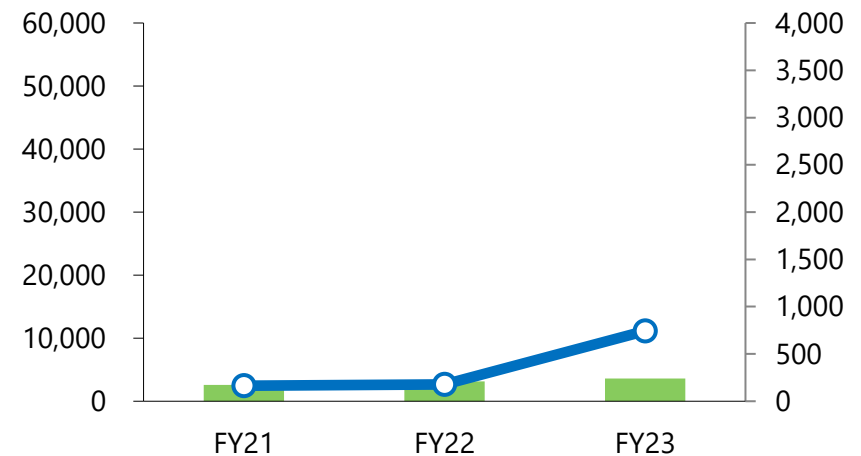
By Business Segment

■ Sales —○— OI (Millions of JPY, Sales (left axis), OI (right axis))

Base

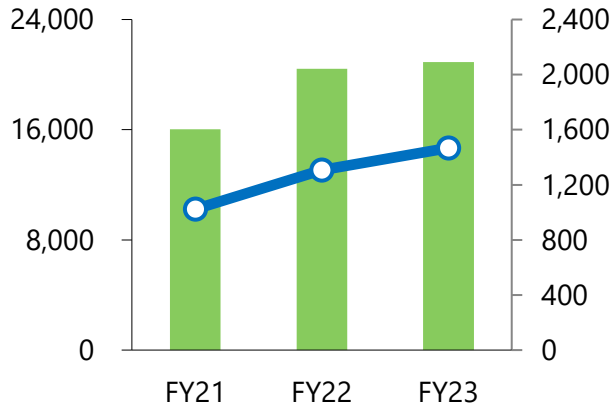


Primary Labels

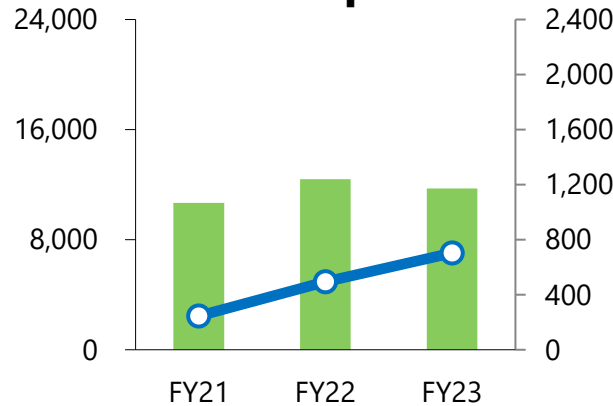


By Region

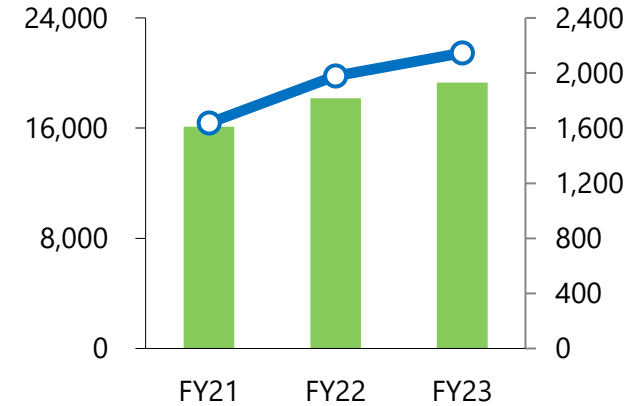
The Americas



Europe



Asia/Oceania



SATO-unique business concepts/initiatives		Description*
1	Auto-ID Solutions business	Our business that carries out <u>DCS & Labeling</u> . 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 <u>Base</u> and the <u>Primary Labels businesses</u> .
2	DCS & Labeling (DCS: Data Collection Systems)	SATO's business model that incorporates auto-ID technology (such as barcodes and <u>RFID</u>) with barcode printers and labels/labeling services to (a) systematically collect data on people and things at business sites and (b) offer <u>tagging</u> /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 <u>tagging</u> variable information, such as prices, manufactured dates and expiration dates in the form of barcodes and more.
4	Primary Labels business	Overseas business of <u>tagging</u> fixed information via product labels and other media. This business operates from SATO Group companies; <u>Achernar</u> (Argentina), <u>Prakolar</u> (Brazil), <u>Okil</u> (Russia) and <u>X-Pack</u> (Russia).
5	Tagging	The process of physically attaching to something data that identifies and/or locates it. This involves digitizing information of the things it is tagged to so that the tagged data can be fed to and processed by core IT systems. This domain, connecting people and things with information, has remained central to SATO's business, ever since our days of pioneering in hand labelers that attached price and other information to products.
6	Koto-uri (Selling the solution, not the product)	Sales approach of selling not the product but combinations of products in the form of solutions that include hardware, <u>consumables</u> , maintenance services and software, together with ROI and other value propositions for the customer. The opposite concept of "Mono-uri", or selling single products.
7	IDP business	Develops, manufactures and sells materials used mainly in Inline Digital Printing (IDP). SATO Holdings transferred all shares of SATO consolidated subsidiary DataLase Ltd. that conducted the business to DataLase Holdings Limited in September 2020. IDP is a direct marking technology comprised of a special heat-sensitive pigment that can be applied as a coating to virtually any substrate and exposed to a laser beam to create a color change.

SATO-unique business concepts/initiatives		Description
8	Genbaryoku	Our core competency of going to customer sites to understand their operations and identify the essence of issues to offer optimized solutions. It is our ability to (1) address a wide range of market, industry and application needs with our expertise in sites of operations, (2) integrate products, services and technologies into solutions, working together with strategic partners, and (3) offer maintenance services and solutions continuously to build trust and establish lasting relationships with customers.
9	Teiho	System of reports and proposals in effect since 1976. Employees share new information and ideas they come across on-site every day with top management via the Teiho system. Teiho helps top management gain immediate insight into the internal/external business situation to facilitate quick decision-making and execution of initiatives, while allowing "participation by all" in the management of the company. As Teiho reports are directly addressed to top management, it is also an effective means of compliance monitoring to prevent malpractice and other inappropriate behavior and assist in corporate governance. Some of our global offices have also started Teiho, with more to follow.
Products, services, Technologies		Description
1	Auto-ID Solutions	Combination of products such as printers, labels, software and maintenance services using auto-ID technologies to carry out <u>DCS & Labeling</u> . 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 <u>consumables</u> , including hardware (e.g., printers, automatic labelers, scanners, hand labelers), software and maintenance services. They generate higher gross profit margin than <u>consumables</u> . Printers are manufactured in Malaysia, Vietnam and Taiwan.
3	Consumables	"Consumable" products such as <u>variable information labels</u> , <u>RFID tags</u> , primary labels (product labels) and ribbons. They generate lower gross profit margin than <u>mechatronics</u> 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.

Products, services, technologies		Description
5	RFID (Radio Frequency Identification)	A type of auto-ID technology that uses radio waves to read/write data from/to an RFID tag without making contact. RFID offers faster read rates (from reading multiple tags at the same time) and greater read range than traditional barcode technology. Also, unlike barcodes, RFID tags can be read when covered by another object or stained, and are read/write-capable to enable updates to the encoded data. Because of these key benefits, RFID can significantly improve operational efficiency.
6	SOS (SATO Online Services)	A cloud-based monitoring service for printers that enables preventative maintenance and on-the-spot troubleshooting. With SOS, users can view the status of their cloud-connected printers at a glance and manage them centrally with ease, while SATO can increase productivity of its service personnel, allowing for even small service teams (as is often the case overseas) to provide improved support.
7	AEP (Application Enabled Printing)	A powerful on-board intelligence which enables customization of printer operation. Printers can link to other systems on a stand-alone basis, without going through any computers.
8	Source tagging	A supply chain management practice of instructing vendors or suppliers to affix labels containing specified information of products upon delivery.

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 <u>RFID</u> 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. <u>X-Pack</u> is affiliated with Okil.
5	Prakolar Rótulos Autoadesivos LTDA. (Brazil)	[2015] Company specializing in primary labels.
6	Stafford Press, Inc. (U.S)	[2023] Company engaging in production and sales of horticulture tags and labels, and inkjet printers for on-demand color printing of such tags and labels.
Overseas subsidiaries founded after 2017		Description
1	X-Pack (Russia)	[2017] A subsidiary producing and selling shrink sleeves, in-mould labels and soft packages in <u>Primary Labels business</u> , 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.



©2023 SATO HOLDINGS CORPORATION. All rights reserved.

This document is prepared based on information as of May 2024.

Specifications subject to change without notice.

Any unauthorized reproduction of the contents of this presentation, in part or whole, is strictly prohibited.

SATO is a registered trademark of SATO Holdings Corporation and its subsidiaries in Japan, the U.S. and other countries.

All other trademarks are the property of their respective owners.