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To whom it may concern

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Notice Concerning the Fourth Medium-Term Management Plan (FY2026-FY2028)

At a meeting of our Board of Directors held today, we resolved to implement our Group's Fourth Medium-Term Management Plan (FY2026-FY2028). We would like to inform you of its outline. For further details, please refer to the following document, "SATO SHOJI CORPORATION. Fourth Medium-Term Management Plan FY2026-FY2028."

1. Status of achievement of the previous Third Medium-Term Management Plan (FY2023-FY2025)
 - (1) Performance goals etc.

In fiscal year 2025, the final year of the Third Medium-Term Management Plan, while the employment and income environment improved, the situation remained largely uncertain due to factors such as a decline in personal consumption caused by continued price increases and rising geopolitical risks associated with the instability of the Middle East. Under these circumstances, our group managed the progress of the management objectives set forth in the Third Medium-Term Management Plan and addressed each key issue, resulting in the achievement of the "Performance Targets for the Final Year of the Medium-Term Management Plan" as shown in the table below.

(Consolidated)		(Millions of yen)				
Period	FY2023 (The fiscal year before last)	FY2024 (Previous fiscal year)	FY2025 (Current fiscal year)	FY2025 (Current fiscal year)	Percentage of progress	Achievement rate
	Actual results	Actual results	MTM Plan Performance Targets	Actual results	vs. FY2024	Performance targets for MTM Plan
Consolidated net sales	273,975	284,552	290,000	292,191	2.7%	100.8%
Consolidated operating profit	6,479	6,817	6,800	7,673	12.6%	112.8%
ROIC	5.5%	5.3%	5.0% or more	5.4%	-	-
Consolidated overseas net sales	46,896	59,268	58,000	66,643	12.4%	114.9%
Ratio of consolidated overseas net sales	17.1%	20.8%	20.0% or more	22.8%	-	-

(2) Growth investment

The total investment amount for the three-year period of the Third Medium-Term Management Plan was 14 billion yen, achieving the "Three-year total investment target of 13 billion yen or more" set in the Third Medium-Term Management Plan.

[Millions of yen]		[Millions of yen]						
Investment category	Total investment Total for three years (Objectives)	Investment category	Details of investment	Already invested amount		Third MTM Plan Period		
				3rd year of the MTM Plan (Actual)	Three-year total (Actual)	FY2023 (1st year of the MTM Plan)	FY2024 (2nd year of the MTM Plan)	FY2025 (3rd year of the MTM Plan)
Sites/ facilities	9,000	Sites/ facilities ※1	Land for the Urayasu Warehouse, Iron and Steel Division 2, etc.	1,615	4,373			
			Building for the Atsugi Plant, Fuji Jidoshu Kogyo Co., Ltd., etc.	45	2,035			
			Shiga Branch, land and buildings of a new warehouse, etc.	0	2,719			
			Electronic Niigata Sanjo Warehouse Land and Buildings	861	1,038			
			Investment amount other than the above	205	792			
			Subtotal	2,726	10,957			
IT investment	1,000	IT investment	Consideration of core system replacement, etc.	1,025	2,114			
M&A investment	3,000	M&A investment	Investments/loans, etc.	403	888			
ESG investment	200	ESG investment	Solar power generation, etc.	45	102			
Grand total	13,200	Grand total		4,199	14,061			
Achievement rate against the cumulative target amount over three years								
				106.5%				

※1 The above "Sites/facilities" lists only the actual amounts for major projects that have been disclosed in a timely manner.

(3) Dividend status

Regarding dividends, our policy is to maintain a stable dividend of "30% or more of consolidated deemed net income*, with a minimum of 76 yen per share per year," and the dividend trend is as shown in the table below.

*Consolidated deemed net income: Consolidated ordinary income × (1 - effective tax rate)

Period	(Millions of yen)			
	FY2023 (The fiscal year before last)	FY2024 (Previous fiscal year)	FY2025 (Current fiscal year)	Increase/ Decrease
	Actual results	Actual results	Actual results	vs. FY2024
Annual dividend per share	73yen	76yen	82yen	6yen
Total dividend a	1,538	1,599	1,711	112
Payout ratio	23.8%	26.6%	26.1%	-
Deemed consolidated net income b	5,059	4,989	5,662	673
(a/b)	30.4%	32.1%	30.2%	-

2. Management Vision for the Fourth Medium-Term Management Plan (FY2026-FY2028)

Our group's fundamental management policy is to "Contribute broadly to society through distribution and services."

In our Fourth Medium-Term Management Plan, we have adopted "The power to connect" as our management vision. Towards becoming a "100-year company," we will work together as a group to promote further growth while emphasizing the return to multiple stakeholders.

3. Key priorities of the Fourth Medium-Term Management Plan

In our Fourth Medium-Term Management Plan, we will address the following key issues while keeping multiple stakeholders in mind.

〈Our Business Partners〉

- Proactive investment activities and provision of products to meet customer needs
- Strengthening of legal compliance and information security systems

〈Employee〉

- Improving employee engagement through increased investment in human resources.

〈Shareholders and investors〉

- Strengthening and stabilizing shareholder returns
- Enhancing value through review of the business portfolio and optimization of the group

〈Local community〉

- Promoting decarbonization efforts
- Creating jobs through investment activities

4. Management objectives and policies of the Fourth Medium-Term Management Plan

In our Fourth Medium-Term Management Plan, we have set forth the following policies as our management objective.

(Performance targets for the final year of the Fourth Medium-Term Management Plan)

Consolidated Sales: 320 billion yen

Consolidated Operating Profit: 9 billion yen

Consolidated Ordinary Profit: 9.2 billion yen

ROIC: 6.0%

ROE: 8.0% or higher

PBR: 1.0 times or higher

(Medium- to long-term growth investments)

We will promote proactive investment activities from the perspective of growth investment and strengthening our foundation (DX promotion and human resource investment).

The total investment target for the three-year period of the Fourth Medium-Term Plan will be 15 billion yen or more.

(Shareholder return policy)

The dividend policy for the fourth medium-term plan period is to "Maintain a stable dividend of 30% or more of consolidated deemed net income (*1), with a minimum of a DOE (dividend on equity *2) of 2.7%."

*1 Consolidated deemed net income = Consolidated ordinary income × (1 - effective tax rate)

*2 DOE: Dividends paid ÷ Shareholders' equity at the beginning of the period

Shareholders' equity is calculated by excluding "Other components of capital," such as foreign currency translation adjustments and other valuation differences, from the parent company's equity at the beginning of the period.

As another form of shareholder return, we will continue to consider share buybacks.

(Note) The above performance targets are based on information available as of the date of publication of this document, and actual results may differ from the target figures due to various factors in the future.