

September 27, 2024

Overseas Business Briefing -Europe-

SATO Holdings Corporation
Securities Code: 6287.T

Growth and Initiatives in Overseas Business

Tomoyuki Kumabayashi
Executive Officer
Oversees global sales companies and
alliance strategies, SATO Corporation



Growth Strategies and Specific Examples in Europe

Laurent Lassus
Head of Europe



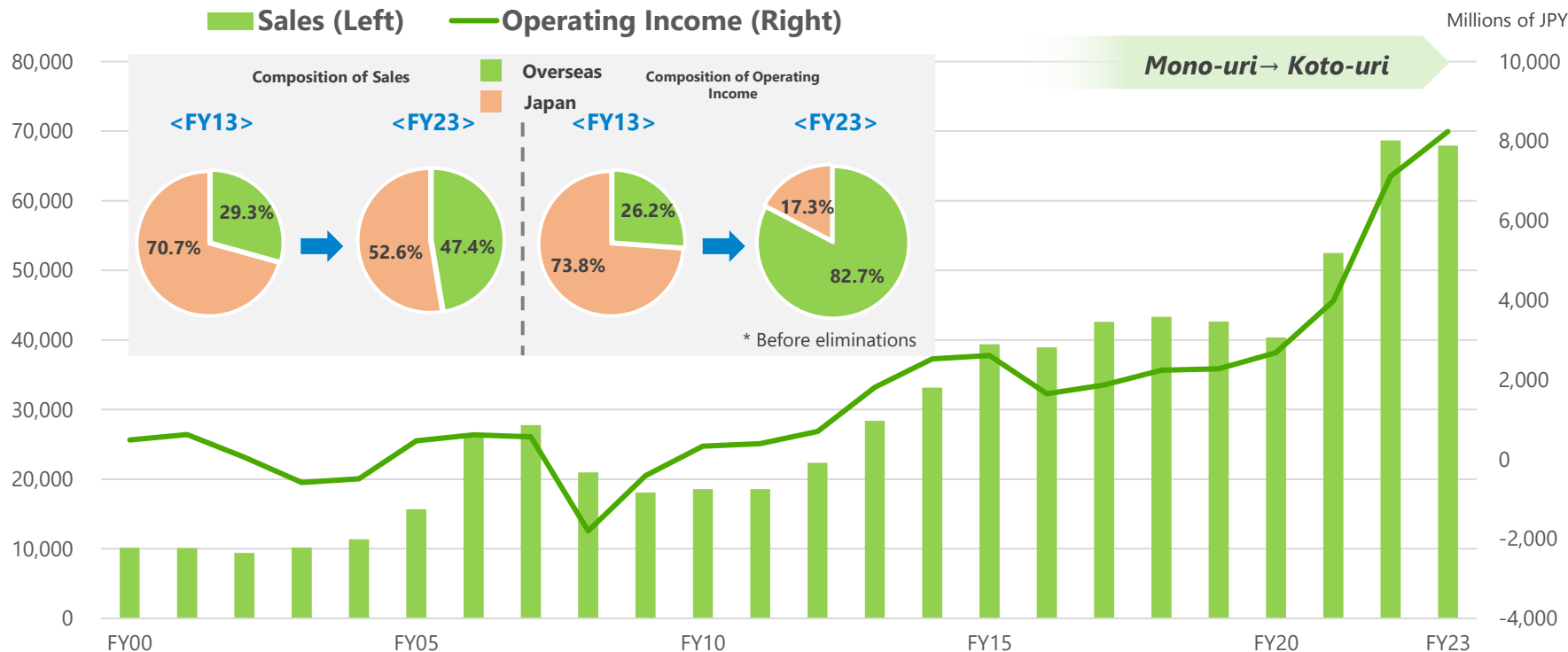
**Growth and Initiatives
in Overseas Business**

**Growth Strategies and
Specific Examples
in Europe**

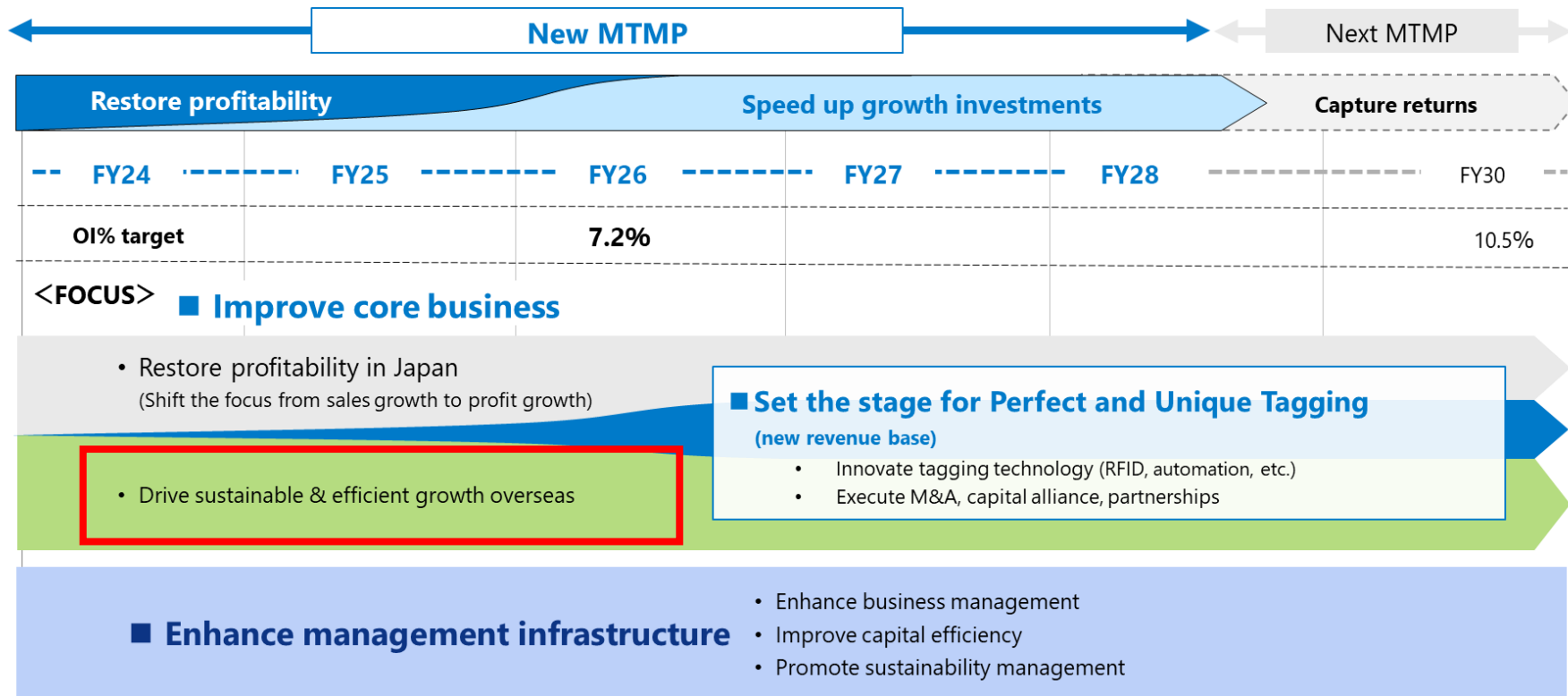
Today's message

- **Aiming for sustainable growth by efficiently creating and providing optimal local solutions to resolve customer issues**
 - Expanding opportunities for data business that contributes to traceability due to changes in customer issues
 - Establishing an organization to efficiently create and scale solutions optimized for each country/region
- **Boost competitiveness with value-added offering**
 - Penetrating solution-selling through channel sales, in addition to direct sales
 - Contributing to enable digital product passport by providing solutions at each stage of the supply chain

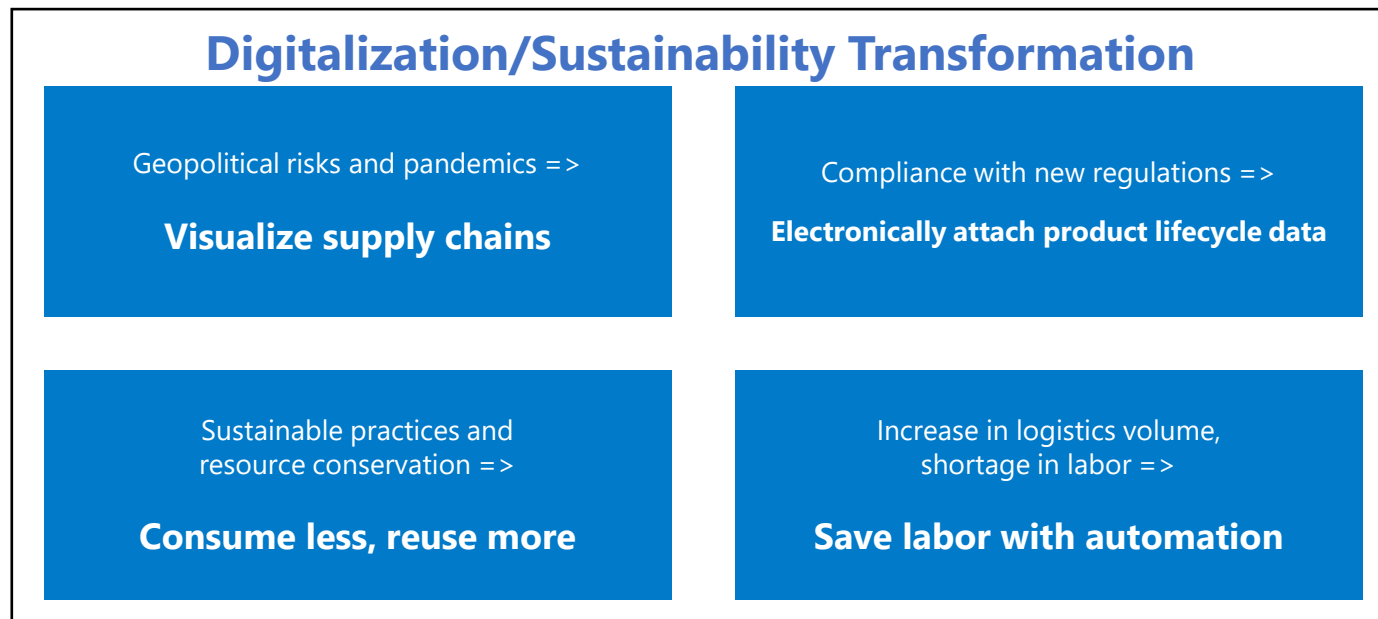
Sharp growth in sales and operating income over the past 10 years.
Successful strategic shift from *Mono-uri* to *Koto-uri*.
Overseas account for nearly 50% of total sales.



Improve core business in FY24-25.
Pursue sustainable and efficient growth overseas.



Customer pain points are now expanding beyond individual and corporate issues to encompass broader societal and industrial challenges.



Visualize data through tagging solutions to solve issues
(Business opportunities)

Expanding opportunities for data business that contributes to traceability due to changes in customer issues.

Customer pain points



Reverse logistics



Digital Product Passport



Source tagging



Blood and sample management

Growing demand for traceability
QR Codes/RFIDs
(Unique information such as
SGTIN/UDI*)

Existing business

Tagging



Increase in objects to be tagged

Increased burden of manual tagging

Expanding demand for automatic recognition
technology and relevant markets

Expanding demand for auto-labeling

Data business

Data

System Integrators, etc.

* SGTIN: A serial number is added to GTIN, which is a product identification code. Even products with the same GTIN can be individually identified.
UDI: Unique Device Identification.
Identifier to uniquely identify the medical device

Efficiently create and scale solutions

<MTMP initiatives overseas>

- **Expand solutions scaling**
- **Create locally-suited solutions**
- Redefine roles of Headquarters and overseas operations
- Increase consumable sales and profits

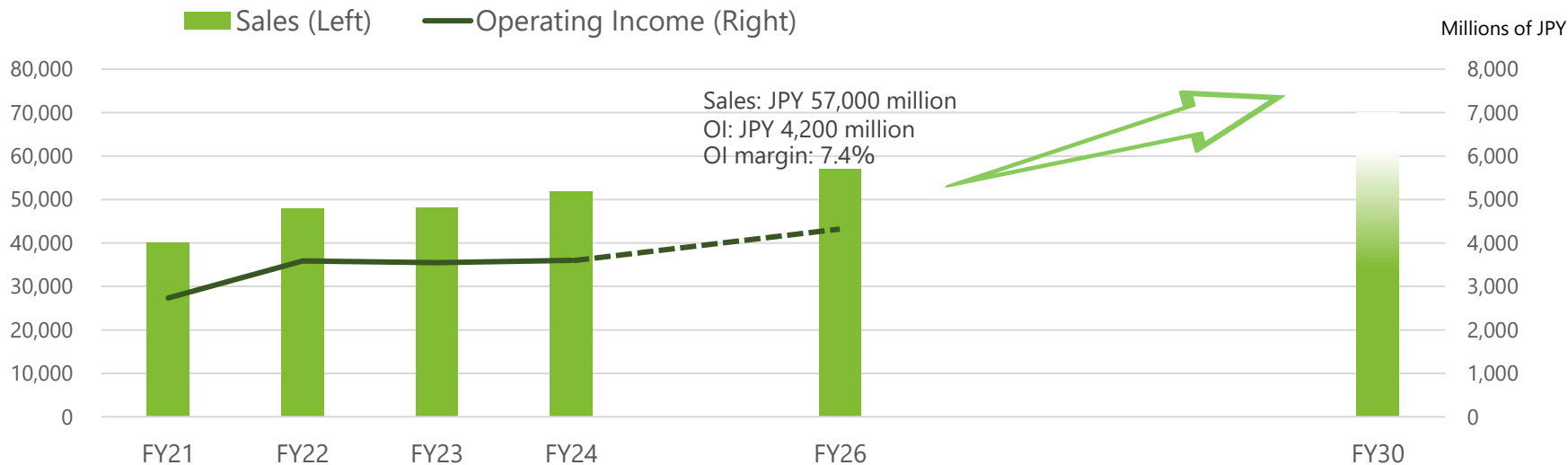


Region	Basic Strategy	Organizational Measures (FY24-)
Europe	<ul style="list-style-type: none"> • <u>Expand solution business</u> • <u>Expand circular economy-oriented businesses (DPP, etc.)</u> • Cultivate the healthcare market 	<ul style="list-style-type: none"> • Started to deploy cloud services through alliances • Established dedicated organization • Established sales structure
The Americas	<ul style="list-style-type: none"> • <u>Target Key accounts (e.g., source tagging)</u> • <u>Capture demand for RFID and automated labeling</u> • Bolster consumable production capacity 	<ul style="list-style-type: none"> • Established Global Key Account Promotion Dept. • Established dedicated organization • Strengthened cooperation among three US factories
Asia Oceania	<ul style="list-style-type: none"> • <u>Target Key accounts (e.g., source tagging)</u> • <u>Capture demand for RFID and automated labeling</u> • Strengthen cross-border collaboration 	<ul style="list-style-type: none"> • Established Japanese-affiliated Key Account Promotion Dept. • Reinforce solution organization • Strengthened collaboration between subsidiaries in Oceania

Aiming for sustainable growth by providing optimal local solutions to resolve customer issues.

Sales: Growth through organic growth and increased market share through M&A and capital alliances

Operating Income: Maintain profit margins by expanding market share while investing for growth



**Growth and Initiatives
in Overseas Business**

**Growth Strategies and
Specific Examples
in Europe**



Laurent Lasso

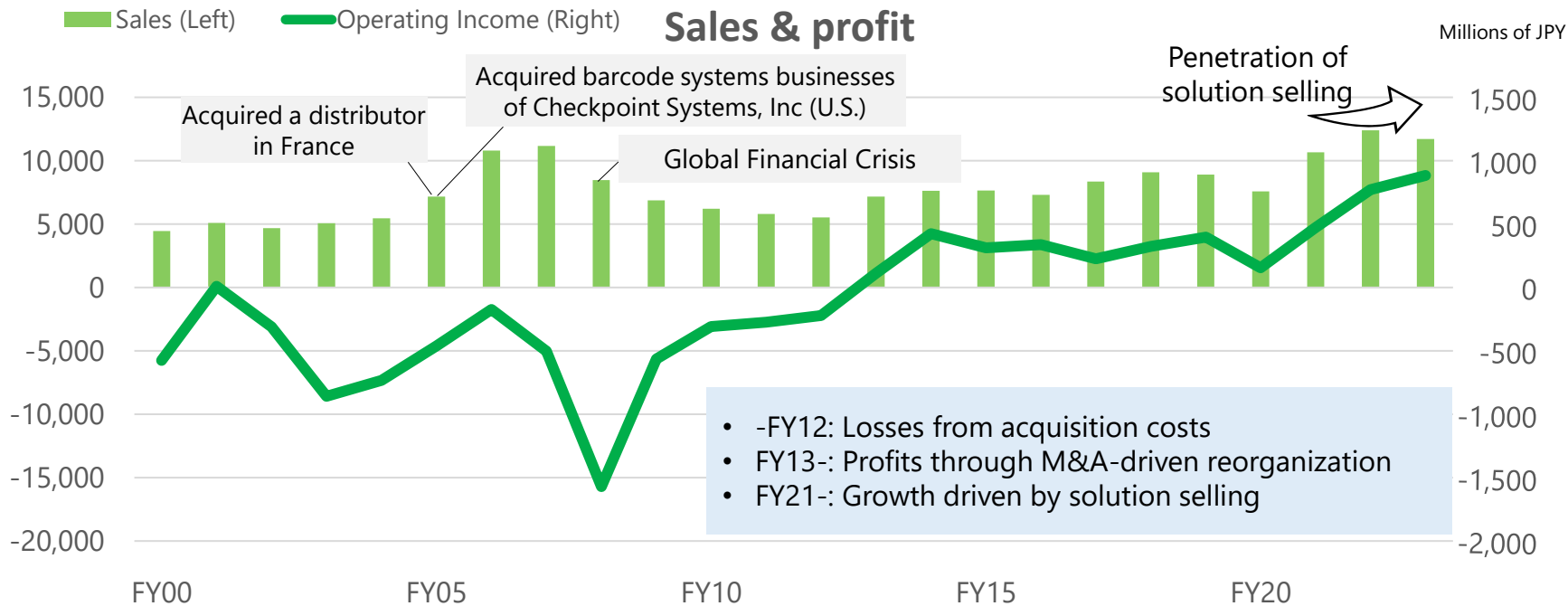
Head of SATO Europe



がんばります!

Post-M&A reorganization boosts profits

Solution selling drives growth



Geographical footprint

- Subsidiaries - 8
- Representative Offices - 9
- Logistics Centers - 1
- Label Factories - 3
- Service Workshops - 9
- R&D Center - 1

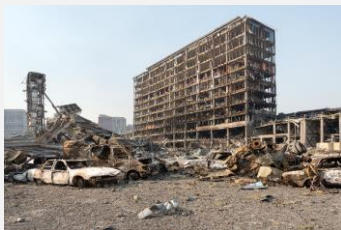
350 Employees

- SATO Offices
- SATO Offices & Label Factories



Aiming not to fall into price competition through value-added offerings

Geopolitical risks



- Russia / Ukraine
 - Middle East
- => Potential escalation to damage economy

Economy / End market

- Sustainability requirements impact investment decisions
- The value of data continues to rise
- Excessive inventory due to drop in demand

Retail



- Focusing on online shopping
- Adopting discount strategies
- Reducing spending to maintain profits

HoReCa*



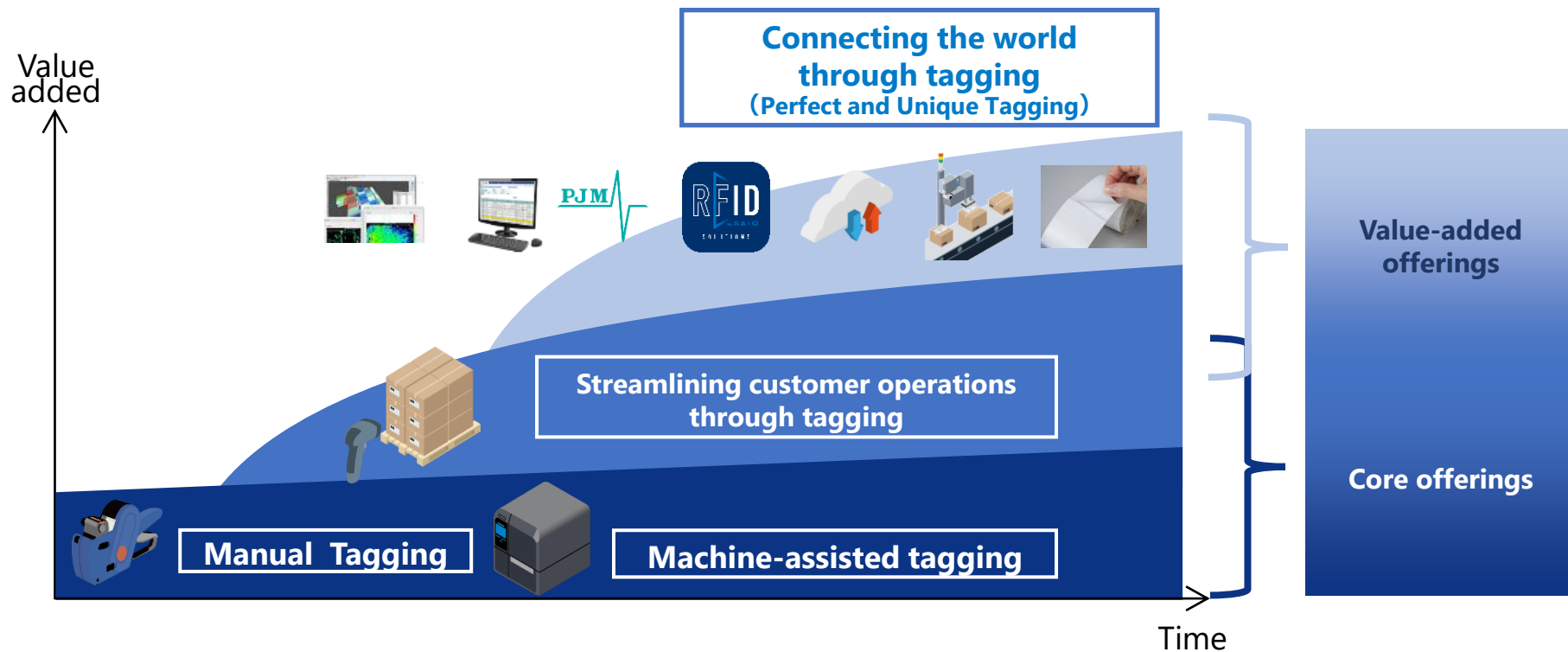
- Labor shortage leading to automation & digital orders
- Food safety becoming key along with sustainability & circular economy

Printer & label market

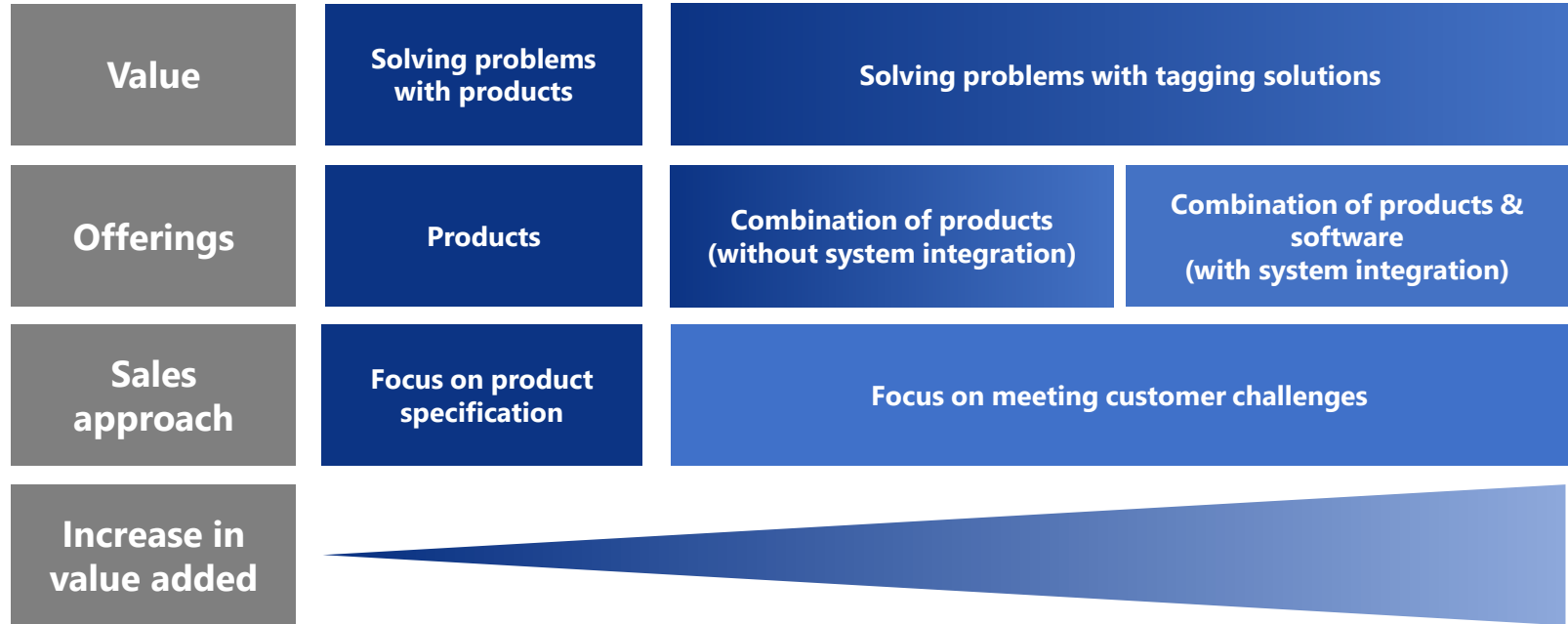


- Intensifying competition forcing manufacturers to lower prices
- **SATO aiming to move away from price competition by providing value-added offerings**

Boost competitiveness with value-added offerings

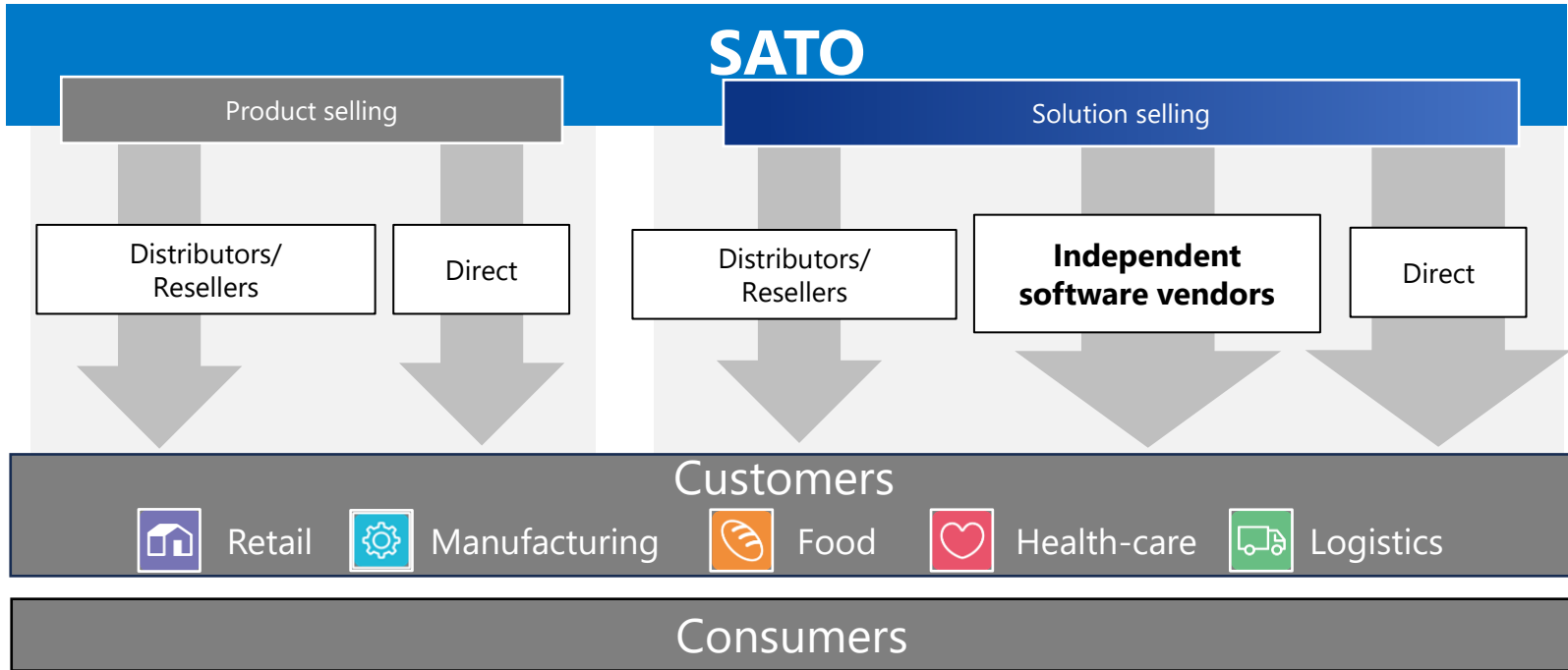


Solution selling = value-added offerings

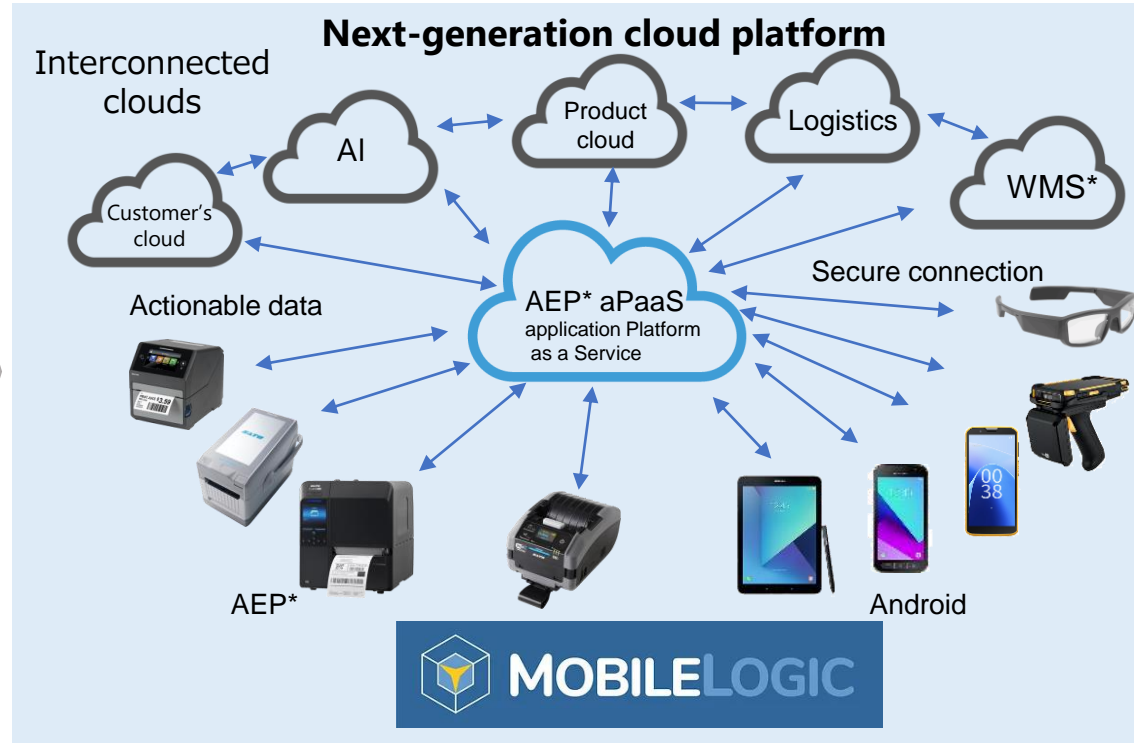


Best solution offering with SATO & its partner's products/services

Distribution channels



Efficiently create and scale solutions with next-generation cloud platform



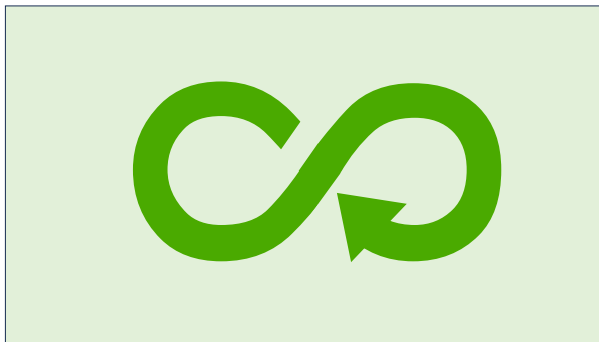
Digital Product Passport to drive climate neutrality by 2050

European Green Deal



- Achieve a carbon neutral economy by 2050

Eco-Design for Sustainable Products Regulation



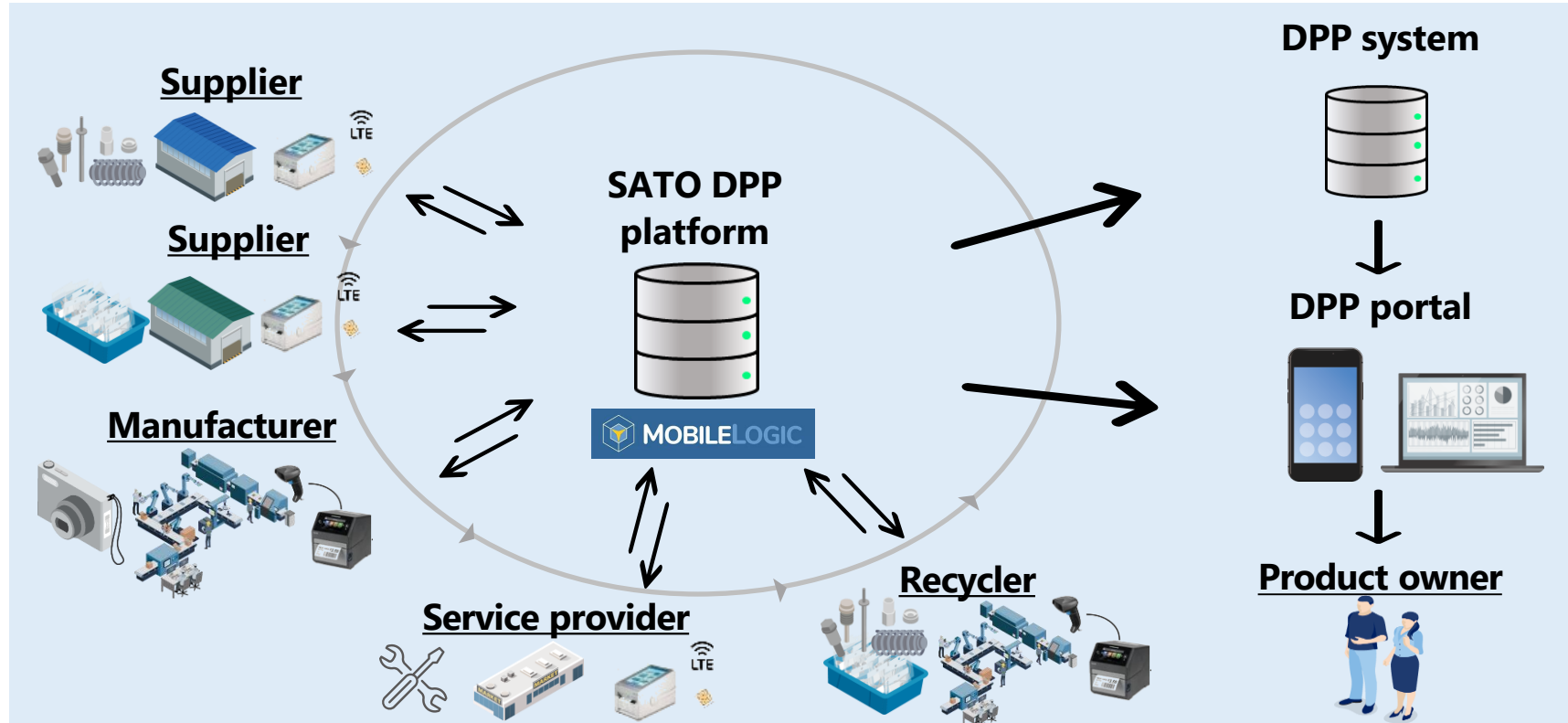
- Improve
 - Circularity
 - Energy performance
 - Other environmental sustainability

Digital Product Passport (DPP)



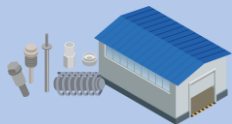
- Provide digital information of products on environmental impact. Used by manufacturers, suppliers, governments, and consumers, etc.

Tracing each item from materials to recycling, offering a complete history of the product

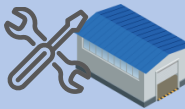
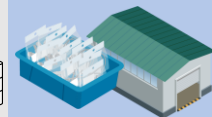


SATO delivers the necessary solutions at every stage of the supply chain

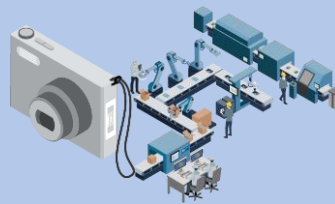
Supplier Material



- Company ID
- Batch ID
- Country of origin, etc.



Manufacturer Product



- Linking information to create a product passport QR code



Product Owner



Redirect

Int'l body of distribution standards

Redirect



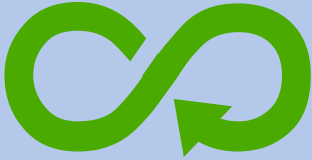
Third party product platform



Sales to grow 10% CAGR and DPP to represent 10%+ of total by 2030

DPP summary

1.



Provide product information throughout lifecycle for a carbon-neutral economy

2.



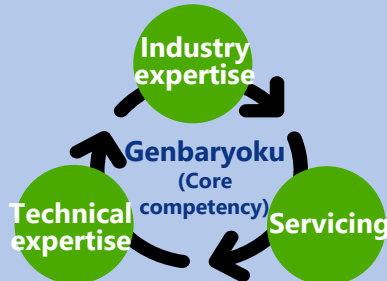
Assign, link, and record information at each stage of the supply chain

3.

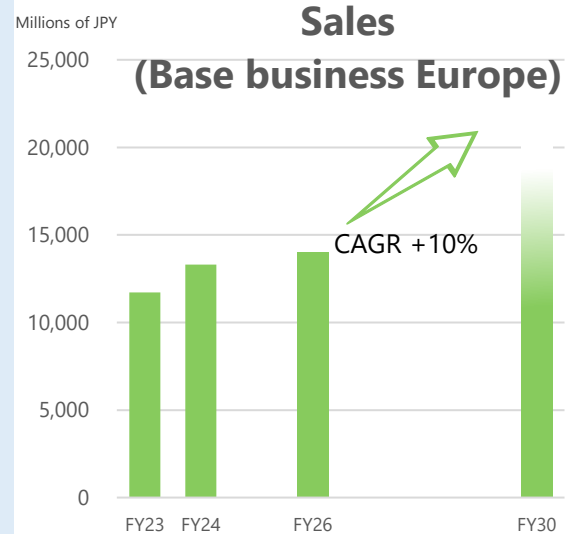


Identify demand for Auto-ID solutions to comply with DPP

4.



Capture demand leveraging our Genbaryoku





©2023 SATO HOLDINGS CORPORATION. All rights reserved.

This document is prepared based on information as of September 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.