

Region/market-specific strategies

The FY 2021–23 Medium-term Management Plan positions its three-year span as a period for us to see our efforts in instilling koto-uri come to fruition and to invest in paving the path of “Tagging for Sustainability.” In fulfilling these objectives, we set three growth strategies as pillars upholding this plan: **1 enhance strategies per region and market**, to expand business in supply chains of our target countries, markets and industries, **2 drive technological innovation**, to advance our tagging technologies and to assist the first pillar, and **3 integrate ESG into our corporate model** to lay the foundation for the first two. We offer a deeper look here into the first strategy.

Our market-specific strategies: then and now

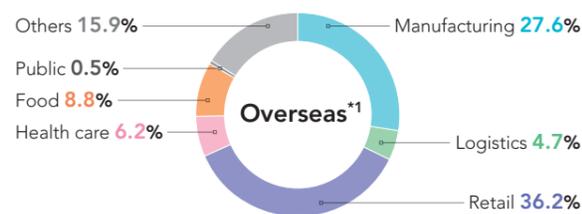
We first set up market-focused sales teams for our Japan business in 2004 to cover three segments: (A) retail and logistics, (B) manufacturing, health care and public works, and (C) food and primary labels. These teams sought further specialization in 2010 when we reorganized them into Retail, Manufacturing, Food, Logistics and Medical departments to hone their expertise in solving customer pain points of each respective market. In 2018, our sales companies outside Japan started identifying focal markets and industries to narrow down their targets and concentrate resources in driving their koto-uri actions. Our U.S. team, for example, now focuses on the retail, health care and food service sectors.

This history of fostering market-specific, koto-uri specialists proficient in customizing tagging technologies to shape auto-ID solutions for customers culminated in our April 2020 restructuring, when we formed five market strategy divisions succeeding the previous segmentation that would hone their sales expertise strategically and globally to deliver new customer value.

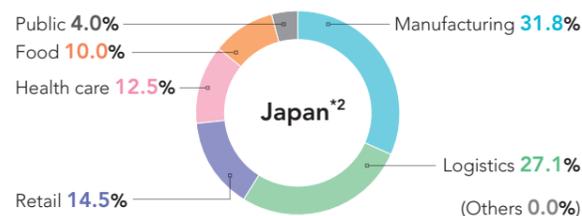
Each market strategy division has market specialists who assist sales representatives around the world in closing pipeline deals and help develop new solutions for the market and its industries. The divisions also serve as an information hub, collaborating with Marketing to share

information on the sales projects ongoing worldwide with global offices. Our customer relationship management (CRM) system keeps progress of these projects visualized, supporting sales representatives in an effective manner.

Sales breakdown for our auto-ID solutions business (FY 2020)



*1: Based on figures from major sales companies and excludes factories and primary labels companies



*2: Excludes servicing

Why we approach by region and market

SATO's domain is tagging, which involves efficiently associating accurate data to things and people at a customer's site, feeding the data to IT systems in real time to serve a part of IoT, and making use of the data in analytics to streamline operations and identify or resolve the customer's pain points. We don't simply provide the printers and labels to print barcodes with; we mix and match them with other products and technologies to offer the best solution to a customer's operational challenge.

In delivering the best solution, we need to look at so many different factors: what the challenge is and what societal changes come into play; what information from the customer's site is required; which auto-ID technology would best collect the information; how things are shaped, what material they are made of and which labels would work on them; how data would be read and fed to IT systems, and analyzed with which software; among more, including budget. Answers to each of these

questions shape our tagging solutions. And the best solution is different with each industry. The automotive and chemical industries, for example, are both manufacturing, but they each have different workflows over different supply chains, using different things and facing different issues. That's why we need to fine-tune ourselves to pick up on what each customer needs.

And when social environments are unique with each country or region, the same industry would demand different levels of “best,” which means we have to approach

each country and region differently. We are currently working to instill koto-uri in our global business, focusing on “selling the solution” with printers, consumables and maintenance services. Our Japan business, on the other hand, will innovate koto-uri, transforming its solution offerings to include subscription and recurring-billing type products. With “Tagging for Sustainability” laid down ahead of us, we are also preparing to start a data management business that would maximize the value of data with advanced tagging technologies.

Enhance region/market strategies: Key concept phrases

As the world changes unpredictably and with increasing speed, our customers today face tougher and more complex challenges, which are much different from those we have known and dealt with. These changes have called on us to anticipate market and industry trends in the medium- to long-term perspective to create and expand on new solutions businesses centered on tagging, driving us to coin key concept phrases for each market.

These phrases (see below) indicate what we aim to be in each market today and in the medium and long run, as

well as what solutions we would offer to get us there. As we set our sights on the medium-term run in creating new solutions and monetization models, these clear expressions of our vision are already proving effective in motivating employee actions for koto-uri and defining the direction of product or solution development projects. And by committing them to the public, we believe we can reach customers and partner companies who share the same aspiration to enable more collaborations for us to create new solutions together.

Our path forward

Expanding business in each market				Tagging for Sustainability We give every 'thing' its own ID so it connects with the world
	Current	Medium-term	Long-term	
Retail SmartLiving with SATO Solutions	Improve productivity and reduce costs of sales operations	Improve in-store UX and store profitability	Pursue sustainability with high-value information	
Manufacturing ConnectedFlexible with SATO Solutions	Improve operations at manufacturing sites	Collect different on-site data for visibility and actionable insights	Connect manufacturers and consumers directly	
Food Right Food, Right Way with SATO Solutions	Aid compliance with regulations to ensure food safety	Help optimize food supply chains	Create healthy and quality food culture	
Logistics AgileLogistics with SATO Solutions	Improve warehouse QCD* with higher efficiency for each process on site	Address supply chain bottlenecks/losses caused by logistics reasons	Support the logistics industry as a lifeline	
Health care PatientSafety with SATO Solutions	Achieve patient safety and peace of mind	Improve hospital workstyles and patient satisfaction	Enrich lives in the longevity era	

* Quality, cost and delivery

What our concept phrases mean
— Example: Health care

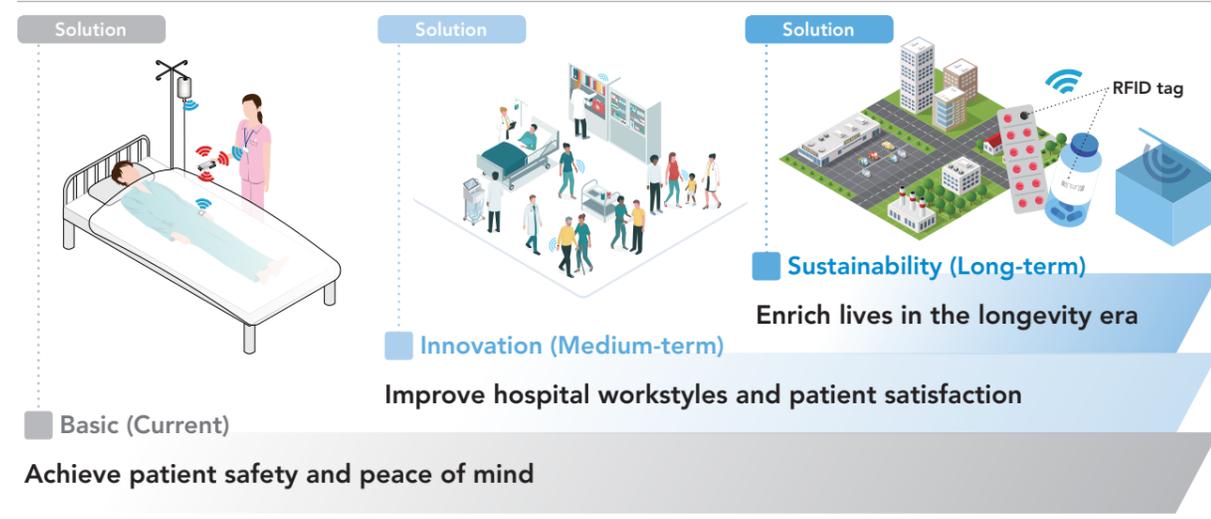
Our business for the health care market sets its current concept at achieving patient safety and peace of mind, medium-term concept at improving workstyles in hospitals and patient satisfaction, and long-term at providing environments that enrich lives in the longevity era.

The solutions we currently offer for health institutions, medical device and pharmaceutical manufacturers/wholesalers, clinical labs and other segments of the market deliver value in accuracy, labor- and resource-savings, and reassurance for safety. At hospitals, for example, we combine printers, wristbands, scanners and software into a three-point verification solution that tracks who administered which drug to which patient when, ensuring patient safety and reassurance. (See “Basic (Current)” in figure below)

In a medium-term prospect, we see ourselves tracking real-time location of patients and associating the data

with status information (e.g., pulse, sudden motion) to detect patients who fall or wander off. By taking similar data from nurses, we could help hospitals visualize how people work to optimize staffing and improve the quality of care. (See “Innovation (Medium-term)” in figure below)

And in the long run, we envision our solutions serving a critical part of an infrastructure that prevents diseases and provides appropriate medical care when necessary. An example would be our RFID tags embedded into medicine and supplement bottles to track how much a patient or consumer used the contents. The data could benefit pharmaceutical manufacturers in their R&D or physicians and pharmacists in offering guidance on medication adherence, to play a part in a societal system that supports the overall well-being of people. We are undergoing research and development with partner companies on such solutions that tag RFID on medicine bottles, infusion bags and drug capsules. (See “Sustainability (Long-term)” in figure below)



TOPIC S-cube, our new market-focused showroom

In November 2020, we opened the S-cube showroom in our new headquarters office. These booths that offer physical and digital experiences of SATO's solutions for each market serve as a powerful tool to boost our sales pitches and bring us closer to our global customers and business partners.



Cubicles displaying solutions for each market



Online demos available for our remote offices

From strategy leaders



Hiroki Kanayama
 General Manager of Market Strategy
 SATO Corporation

We commit to be a partner to customers worldwide

I feel that our customers today are increasingly in need of market specialists. Those particularly in B2B would have some knowledge about barcode printers and other auto-ID technologies and their specifications, but likely lack the broad and deep insight on how to make use of them to solve their business challenges. The process of intricately integrating know-how on technologies, products, cost, quality and tagging methods is, more often than not, beyond the scope of many of our customers' operations. SATO's expertise in five markets* and our koto-uri approach deliver values such as productivity improvement and environmental conservation as they solve customer challenges, and our market strategy divisions play a central role as the cornerstone of these values.

SATO's strengths are in our history of training market specialists for over ten years, our genbaryoku-based business model that builds longtime relationships with customers, and our koto-uri approach we continue to hone in each market. Add in our technical expertise, products/functions and servicing areas, and they make up a SATO that customers would continue to choose even during the uncertain times people live in today. That's what we hope to be, as our market strategy divisions work to reinforce our market specialization and koto-uri globally to lead the company up the path of “Tagging for Sustainability” in keeping with our brand statement of “We give every ‘thing’ its own ID so it connects with the world.” We are also creating new businesses that feature location tracking technology and new devices and are in line with our market concept phrases, to deliver accuracy, labor- and resource-savings, and reassurance for safety under ‘new normal’ standards while seeking greater sustainability and emotional connections through our koto-uri approach to meet customer expectations in terms of DX, CX and SDGs. We commit to be a partner to customers around the world.

* Retail, manufacturing, food, logistics and health care markets

Pursuing new tagging technologies in the spirit of Ceaseless Creativity



Hidetoshi Shinada
 General Manager, Innovation Lab
 SATO Holdings Corporation

SATO has a history of delivering technological innovations to the world with our hand labelers and thermal transfer barcode printers, and inherits this tradition in working with customers to solve their operational challenges and generate transformational changes in a variety of fields. In leveraging our expertise in customer worksites to create new tagging technologies and seeds of innovation, we must remind ourselves of our founding spirit of Ceaseless Creativity and seek not just short-term results but medium- to long-term research and development as well, which was our intent to establishing Innovation Lab.

While the technology of tagging information to things and people is indispensable in this IoT age that eyes Society 5.0, it must serve the world to be sustainable. We dare to dream the future of auto-ID solutions from our inherited market/industry/application-based approaches of problem-solving, reimagine what it means to tag everything, and take on the challenge together with our customers to develop unique technologies that realize “Tagging for Sustainability.” It takes collaborations and partnerships with industrial, academic and governmental sectors in Japan and around the world. We seek to innovate tagging technologies with partners who share the same vision.

I have a 38-year career in R&D ranging from elemental research to product development, working in and outside Japan. I hope to draw on this experience and that of our accomplished researchers to shape our brimming ideas into new creations that add a new page to SATO's history of innovations.

Retail market



Japan

Our advantages, strengths

- Knowledge and insights on tagging to make the most of data at retail sites
- Stable supply chain network across the country

Market environment and strategy

We have been helping our retail customers with their tagging needs, starting from the times when hand labelers were our main products. In recent years, our scope of business has expanded widely to include supermarkets, convenience stores, drugstores, mass retailers, specialty stores and e-commerce. While each retail industry has different objects to tag and operates differently, there is a general trend across the market to seek greater efficiency through standardization of supply chains. Therefore, when we customize a retail solution for one customer, very often it can also be used by another customer in the same industry.

Due to the COVID-19 pandemic, labor shortages are becoming a serious problem, especially for brick-and-mortar supermarkets. Many stores are shorthanded as they take on the extra work of implementing safe distancing and other precautionary measures to protect their customers and employees. To support these essential retailers, we work to provide automation and contactless solutions that help reduce their workload and improve in-store efficiency.

As e-commerce booms with people staying and shopping from home during the pandemic, retailers are eager to invest in omni-channel technologies to better handle the delivery of goods to stores and to consumers from the same logistics centers. Besides meeting this



demand, we are also promoting new in-store solutions that would streamline order picking and ensure accurate order collection by external couriers or the shoppers themselves as more people shift to online grocery shopping.

Actions in FY 2020 and outcomes

Sales of our FX3-LX stand-alone printer grew significantly as supermarket retailers rush to invest in productivity improvements to keep up with increasing demand from the stay-at-home economy. This printer can be used independently or integrated with the customer's existing systems/databases to enable centralized print data updates, thereby saving labor and preventing mislabeling.

Likewise, e-commerce retailers are also investing more to cope with rising parcel volumes, boosting sales of our auto-labeling systems (that are used for printing and applying labels to goods received as part of warehouse management) and other productivity solutions.

Our future

Retailers not only deal with diverse product lineups, workforces and supplier bases, but also need to serve shoppers across multiple channels including e-commerce, making their operations more complex than ever. Many of our customers are not fully leveraging or integrating data across their companies to get real-time inventory visibility, resulting in issues such as lost sales opportunities or duplicate orders. In view of this, we will offer tagging solutions that can be used easily and intuitively at customer sites to help them better control inventory and manage operations.

Because of the ongoing pandemic, consumer behaviors and global societies will continue changing at an accelerating speed. We hope to be able to provide solutions that can help customers reinvent their business models or corporate structures to adapt to the ever-changing world. At times when our own technologies do not suffice, we will take up partnerships flexibly with third-party companies to ensure that the solutions we build and deliver truly bring value to our customers.

Worldwide

Our advantages, strengths

- Proven track record and long-standing trust relationship with major retailers in Europe and the U.S.
- Global sales and servicing networks, combined with retail insights pooled from multiple countries

Market environment and strategy

Our global retail business stepped up significantly when we acquired the barcode systems businesses of the U.S.-based Checkpoint Systems, Inc., in 2006. In recent years, our Europe and U.S. sales subsidiaries have been taking up the koto-uri approach with customers, mainly targeting supermarkets, off-price retailers and drugstores. As many of these customers operate around the world, our global sales and servicing networks give us the competitive advantage we need in doing business with them.

Outside Japan, we also see the already booming e-commerce industry skyrocketing even further, presenting retailers with new challenges to realize efficient, safe and secure operations, combining online and offline commerce. This has heightened market expectations of what we can deliver through our koto-uri sales approach and solutions.

In response, our sales representatives are focusing greater efforts on collecting information at customer sites to better understand their real pain points. We are also strengthening our system engineering function (given the importance of integrating our solutions into the customer's core IT systems) and improving sales-marketing collaboration to roll out popular solutions across more customers more quickly. Our Retail Market Strategy Division in Japan also helps connect the dots so that global teams work together as one to deliver solutions and support our customers in transforming their businesses.

Actions in FY 2020 and outcomes

We were able to promote the koto-uri mindset throughout our global teams, down to each individual member. Now our sales representatives make it a point to get to the bottom of customers' pain points and create solutions by bringing together in-house knowledge and experience from different parts of the world. Through



koto-uri, we have made progress with developing new customer accounts that include a large global retailer and a U.S. convenience store chain.

Our future

Using our tagging technologies and auto-ID solutions, we aim to not only continue streamlining operations for our retail customers, but also create new value by improving the quality of life for our customer's customer, the consumer. For retailers, their businesses and the challenges they face will keep changing as online and offline retail intertwine and other new trends follow. We recognize that we must evolve with our customers and seek to advance our business further ahead to be able to always help them with their problems and realize "Smart Living" for the consumers they serve.

Manufacturing market



Japan

Our advantages, strengths

- Wide industry coverage and strong teamwork across different markets
- Technical expertise to put together the best integrated solution for each customer

Market environment and strategy

In Japan, we cover a wide range of manufacturing industries including automotive, chemical, iron and steel, electrical machinery, electronics and housing equipment. We have extensive knowledge about customer sites and abundant experience/know-how providing solutions for this market. Manufacturing has significant influence on the performance of our Japan business, contributing to more than 30 percent of domestic sales and gross profits.

As consumer preferences diversify, manufacturers have to meet higher expectations for versatility, quality, cost and delivery. Many are in need of solutions that can streamline and improve their manufacturing sites.

Answering to this demand, we provide RFID and automation solutions for reinforcing traceability and making warehouse receiving/shipping more efficient. We also provide solutions using locating technologies to track the movement of things and people in real time, helping customers identify and address their operational pain points accordingly.



Actions in FY 2020 and outcomes

The COVID-19 pandemic caused many of our customers to suspend their production or dial back their investment plans considerably, leading to a drop in demand for our printers and printer consumables, particularly in the first half of the year.

Seeing how the pandemic situation accelerated demand for supply chain visibility and productivity enhancement, however, we focused on proposing RFID and automation solutions. In automotive manufacturing, for example, we successfully implemented systems to improve the traceability of unit components and manage returnable transport items which we tag with RFID. In chemical manufacturing, we worked on promoting solutions that use RFID for process improvement or automate operations at fine chemical plants to help them cope with escalated demand for semiconductor products.

Our future

In Japan, we will take some time to see growth across the manufacturing market as different industries recover from the pandemic at different speeds in the short term. We can foresee an increasing shift to high-mix, low-volume production, owing to diversifying consumer preferences and booming e-commerce sales. We also expect growing attention on decarbonization and circular economy given their importance and urgency. Our value as a business will depend on how flexible and competent we are in responding to these trends and delivering the right solutions. We hope to continue supporting different business sites and supply chains, meeting their varied needs for productivity, sustainability and more through our solutions that “tag” IDs to things and people to “feed” and “make use” of collected information in their digital forms.

Worldwide

Our advantages, strengths

- Global coverage (with sales offices in 26 locations and presence in more than 90 countries/regions) established over the years
- Experience of deploying tagging solutions at diverse worksites to realize supply chain traceability

Market environment and strategy

For our global manufacturing market, we support a wide customer base largely comprising Japanese companies in some countries and local and multinational companies in others. Manufacturing currently accounts for 28 percent of total overseas sales, coming in as our second-largest revenue source after retail.

With the pandemic boosting the digital transformation trend started in recent years, businesses are rapidly picking up speed in going digital. We have customers keen on using automation to build up smart factories who find themselves faced with unprecedented fluctuations in supply due to sudden lockdowns and in demand triggered by the stay-at-home economy. We work to support them in establishing global supply chains with our tagging solutions that use SATO-original RFID tags and smart AEP*-ready printers.

* Application Enabled Printing; an on-board intelligence that builds applications to customize printer operations so that the printer can be used as a stand-alone printing solution capable of interacting with other systems/databases without connecting to a PC.

Actions in FY 2020 and outcomes

In FY 2020, we had predicted a reduction in consumables orders and capital investments from automotive customers as manufacturers halted production due to the pandemic. Therefore, we shifted our focus to proactively introducing solutions for the electrical machinery and electronics manufacturing industries, which we expected to thrive with the rise of the stay-at-home economy, remote working and 5G technology. Leveraging the expertise of our Manufacturing Market Strategy Division in Japan and manufacturing representatives in different countries, we put efforts into identifying latent customer needs, pitching solution proposals and sharing case studies for these industries. As a result, we were able to grow our business primarily in Vietnam, Malaysia, India



and China, making it possible for us to acquire more new customer accounts and expand our solutions portfolio.

Our future

Customers place high expectations on SATO because we not only possess wide, deep domain knowledge and industry experience but also operate a sales and servicing network at the global level. These serve as our competitive advantage, which we will further harness in the future to bring our tagging solutions to more business sites and supply chains around the world to solve their operational pain points.

With the “Connected & Flexible” concept in mind, we will strive to enhance the interoperability of our manufacturing solutions with IT tools, system platforms, and production and inspection equipment so as to become our customer’s indispensable partner for achieving digital transformation and harmony with the environment.

Food market



Japan

Our advantages, strengths

- End-to-end solution proposals drawing on and matching from our wide array of offerings (hardware, consumables, stickers, maintenance service)
- Diverse customer touch points and flexible support that answer to customer pain points

Market environment and strategy

SATO's business in the food market in Japan is associated 70 percent with food manufacturing and the rest with food service and primary food production. Labor shortages and the COVID-19 pandemic have intensified the need to raise productivity in this market as well, and customers face the challenge of streamlining their food management operations that continue to increase in task from the need to comply with food regulations, such as the Food Sanitation Act that came into full force in June 2021, and others that mandate traceability to ensure food safety. Food waste reduction is another issue that our customers are trying to address.

To help customers tackle these challenges, we offer solutions for automating processes, facilitating regulatory compliance and bolstering traceability.



Actions in FY 2020 and outcomes

As food manufacturers experienced greater demand from retailers due to the pandemic-induced stay-at-home economy, we stepped up promotion of our stronghold print & apply automation solutions (for outbound logistics) and Trace Eye traceability systems. This effort increased the number of deals made and closed. We also participated in RFID proof-of-concept programs, one led by the Ministry of Agriculture, Forestry and Fisheries, and the other by the Ministry of Economy, Trade and Industry, which lay the potential groundworks to a new business that tracks ID and status (such as temperature) of things across a supply chain.

Our future

The importance of managing food across the supply chain and optimizing the process continues to grow as concerns for food safety and waste heighten while consumer needs diversify. We will be playing a greater role in this challenge and are eager to fulfill it.

The future we envision realizes full traceability over the supply chain from procurement and production to consumption and disposal by tagging ingredients upstream. We set our medium-term goal at achieving traceability ranging as far up as the primary sector of agriculture, livestock farming and fishery and down as food retailing and food service; the long-term range would extend further down to consumption and disposal of food products.

Worldwide

Our advantages, strengths

- Proven experience in proposing tagging solutions to the primary sector
- Global expertise in the procedures of tagging retailer-specific price tags to products before shipment to stores

Market environment and strategy

SATO has a history of serving the food market in Europe, with a particularly strong presence in food service among fast food and coffee chains. While the pandemic currently impacts our immediate business, we see plenty of opportunities ahead of us in the medium to long run, as more and more customers around the world heighten their awareness on food safety issues and seek stricter food management. Companies handling food products must not only comply with regulations and ensure safety but also let consumers know they do so, in order to gain trust. In other words, they face the challenge of managing information across the supply chain and providing that information as well. SATO helps customers meet this challenge with solutions that tag products in a way that best manages necessary information from their country of origin to the consuming country.

Actions in FY 2020 and outcomes

We focused on the fast food industry that has been faring well amid the pandemic, promoting our FX3-LX and other printers while developing and globally marketing solutions featuring tamper-evident labels for the food delivery business now in popular demand, or systems to track employees' health conditions. We also developed an RFID solution to manage inventory of wine bottles. This system would help wineries save labor with faster and more accurate stocktaking.

The fact that we were able to act promptly amid the pandemic and have reasonable success owes in part to the regular information meetings we have held internally since FY 2018. The practice of sharing



information on major projects around the world with our global colleagues to benefit sales activities has yielded fruit in this difficult market situation.

Our future

As the food market consists of many life-essential businesses such as food manufacturing, our sales companies outside Japan are increasingly renewing their focus on this sector. We commit to delivering tagging technologies and our know-how on their use to food markets around the world, allowing traceability over the supply chain and helping businesses reduce food waste and optimize food management.

Logistics market



Japan

Our advantages, strengths

- Knowledge and insights on labor saving and process visualization
- Digitization solutions to improve operations and productivity

Market environment and strategy

SATO's scope of business in the logistics market includes transportation, wholesale, warehousing and 3PL (third-party logistics) industries. As digital transformation advances and e-commerce expands to drive these industries, the entire logistics market continues to grow, but societal challenges such as labor shortage, aging workforce and increasing carbon footprint pose serious concerns for logistics companies. SATO's solutions cover a wide range of logistics operations including goods receiving, put-away, stocktaking, distribution processing, picking, inspection, packing and shipping, and we can offer proposals that streamline not just individual operations but a series of operations to optimize the entire logistics flow. With this strength of ours, we help customers solve their challenges through automation and digitization solutions.

Actions in FY 2020 and outcomes

Demand for goods delivery expanded due to the growth of e-commerce and stay-at-home economy, increasing total shipment volume of the entire industry. As a result, we saw sales increase in our print & apply systems and other automation solutions that answer to labor shortage and social distancing needs. We also had greater success offering the print & apply systems together with automated pre- and post-labeling processes such as box forming and sealing. Many businesses also needed our help to adapt their existing logistics operations and systems to the e-commerce services they jump-started amid the pandemic. And with the popularity of marketplace apps, shipment volume between individual consumers also rose significantly, leading to increased demand for printers that issue shipping labels with features to protect personal information.

Our future

We aim to continue proposing automation solutions to enhance productivity at customer worksites, while taking a broader perspective over the entire supply chain to address bottlenecks and losses and establish a foundation for smart and seamless logistics. This requires that we innovate SATO's strength in tagging, which we will achieve by partnering with companies that own voice/image recognition or location tracking technologies and creating new solutions.



Hino Motors

Boosted put-away productivity by 27% at parts center with indoor route navigation system

Hino Motors is Japan's largest manufacturer of trucks and buses. Regular maintenance of these vehicles is crucial for safety, and requires a raft of parts, which are stored at its global parts center located in Tokyo. As daily receiving at the warehouse relied on workers' experience, there was a pressing need to make the job learnable even for newcomers to improve operations.

After visiting Hino Motors to understand its parts center, current challenges and future vision, SATO proposed the optimal solution: Visual Warehouse.* This helped improve the site's put-away productivity by 27 percent and simplify work for both new and experienced workers.

Hino Motors is dedicated to establishing a sustainable value chain in support of the SDGs under its "Challenge 2025" initiative. With our tagging solutions, we hope to support Hino Motors as it pursues sustainability at its global parts center, which is at the forefront of its value chain for parts supply.

* Visual Warehouse is a trademark or a registered trademark of SATO Holdings Corporation in Japan and other countries.

COLUMN

SATO's expertise in system solutions, which we lack, is indispensable for us, and we count on them to bring us a lot more new proposals in the future.



Kyosuke Ueno
General Manager,
Global Logistics Dept.,
Hino Motors, Ltd.

BEFORE

- Productivity gap between new and experienced workers was significant.
- Training a newcomer took more than two weeks.
- Racking layout could not be changed, as workers would have to relearn.

AFTER

- New workers can work productively once they start. Productivity of experienced staff improved as well.
- Training now takes as short as one day.
- Staff do not have to memorize racking layout, allowing layout modifications for better efficiency.

EG Group

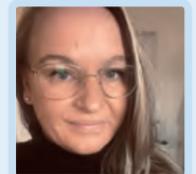
SATO provides ingredient labeling with brand uniformity for safety and assurance across convenience stores

EG Group is a world-leading independent convenience retailer operating more than 6,000 forecourt outlets in North America, Europe and Australia, across a total of ten countries.

Consumers visiting its stores expect not only convenience but also high-quality, fresh and healthy food options in attractive store formats. To meet these expectations and adhere to food safety standards, EG Group required accurate time and date stamps that would enable track and trace. It also needed a cloud-connected database to prioritize food safety and hygiene processes, while ensuring the end customer receives best-in-class service from its food-to-go stores.

EG Group turned to SATO for a solution. FX3-LX printers were soon installed in more than 30 Go Fresh bakeries across Europe. With the printers' built-in AEP (Application Enabled Printing) intelligence, all bakery products can now be easily found and updated on a regular basis over a local database, contributing to enhanced store productivity and food safety.

Since our biggest challenge was to create brand uniformity with a complete end-to-end food safety process, we're pleased to say that the SATO FX3-LX delivers every time. With the printer, we have a complete solution in our stores which enables us to deliver the freshest produce at the highest quality to our customers. In addition, and thanks to its ease of use, the large 7-inch full color touchscreen provides categories that are quick to navigate, helping employees search and locate products at speed.



Inge Visser
Brand Manager,
EG Group



Health care market



Japan

Our advantages, strengths

- Dominant market share in the industry (particularly with hospitals) and wide network of customer touch points
- Unique positioning as a provider of innovative tagging solutions based on auto-ID technology

Market environment and strategy

The market for hospital-use printers and printer consumables in Japan has largely saturated with competition, and slowed down further with the COVID-19 pandemic denting demand. Yet SATO continues to cover industries throughout the health care supply chain, doing business with health institutions, medical device and pharmaceutical makers/wholesalers, diagnostic labs and clinics.

As the pandemic aggravated nursing shortage and made patient safety more important than ever, we now work to provide our hospital customers more than just printers. New solutions are making their way, such as our IoT hand hygiene compliance monitoring system, which uses location tracking and sensor technologies to record

hand hygiene events for infection control. We are also targeting medical device and pharmaceutical makers/wholesalers and diagnostic labs with our industrial printers, automation, RFID and other productivity solutions, which would answer to their strong needs while expanding our business.

Actions in FY 2020 and outcomes

In the past year where in-person sales were near impossible, our sales representatives went digital, leveraging new tools to meet customers and present proposals online. In addition to promoting purpose-built COVID-19 solutions such as our @Form paperless record-keeping system and temperature check stickers, we pursued more deals with medical device and pharmaceutical makers given how the industry has stayed relatively resilient amid the pandemic. These focused efforts helped us achieve higher year-on-year sales for the health care market.

Our future

Looking ahead, we have launched a joint project with partner companies to apply RFID throughout the entire pharmaceutical supply chain from manufacturing to consumption in the form of a new concept solution called Tag4Link. The solution involves embedding RFID tags in medicine bottles or bags to track their use, which would serve to optimize the supply chain and develop a social infrastructure geared to support rising life expectancy. This concept would also prompt us to explore how we could recycle and reuse pharmaceutical product packaging to contribute to the circular economy.



Worldwide

Our advantages, strengths

- Expertise in solutions, with a proven track record of success in medical device and pharmaceutical supply chains
- Broad product lineup and strong technical collaborations that keep solutions up to date with the latest industry standards

Market environment and strategy

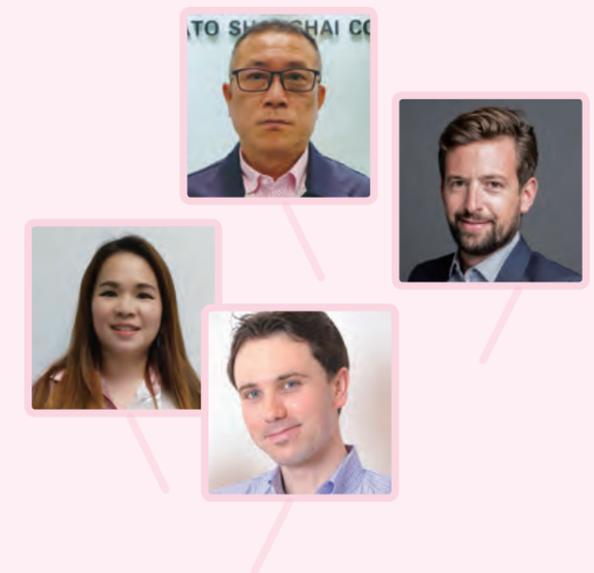
Outside Japan, our health care business operates primarily in Europe, Asia and Oceania. Although the revenue it generates only accounts for just over 6 percent of total global sales, we see high potential in the market where we find many customer pain points we can address with our solutions for productivity, safety, traceability and supply chain management.

We set our focal areas judging from market potential and our in-house resources in each country. Our sales companies in Asia, for example, focus on promoting RFID wristbands that enable contactless patient identification for hospitals, while those in Europe and Oceania focus on PJM* RFID-based solutions that improve supply chains in pharmaceutical and medical device industries. Under the same PJM RFID product line, we also have blood management solution packages, which we are currently enhancing to drum up sales with blood banks in our target countries.

* PJM (Phase Jitter Modulation) is 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 liquids or metals.

Actions in FY 2020 and outcomes

We had limited sales activities with hospitals amid the pandemic, but were active with the thriving pharmaceutical and medical device industries, seeking opportunities with our PJM RFID solutions. Our koto-uri efforts, in large part, found us reaching wider and deeper into the operations of existing customer accounts, uncovering multiple needs from a single approach. We also succeeded in developing new accounts and winning several large orders. As a result, we closed the fiscal year with our global sales exceeding the prior year's figures.



Our future

While the global health care market promises great potential, we should not try to cover all of its industries in the way we do in Japan, because each country/region is different in how the market is developing or in the degree of competition we would face. We need to narrow down on industries and applications we would target for each country based on how our strengths play out. For our customers operating globally, we will tap into our worldwide network to ensure they receive the same products and servicing in every country, demonstrating our strength and expanding our business.

SATO continues to run its health care business under the "Patient Safety" concept to provide assurance to patients in the new normal. We will also start speeding efforts to launch new smart solutions that would help improve hospital environments for medical staff to extend quicker and better care to patients, which should come to realize our medium-term concept of "Patient Happiness."

Global marketing

Mission

Creating mechanisms to sell our products and services is the mission of SATO's global marketing team. We put customers at the heart of our business and practice genbaryoku through strong collaboration with our local teams, facilitating communications with customers and bringing us closer to their challenges.

Changes in customers' purchasing behavior

Due to the COVID-19 pandemic, remote work and online meetings became the new normal for many workplaces, changing purchasing behavior of our customers as well. Customers who used to obtain product information or make purchase choices when our

sales representatives made direct visits now do so through websites, web advertisements, online seminars and newsletters. It means that customer touch points for generating leads and pipelines are rapidly shifting from in-person sales activities to digital marketing channels.

Our strategy and ongoing actions

We have set four key strategies in response to these changes in customers' purchasing behaviors: (1) upgrade marketing skills to create pipelines globally, (2) enrich marketing contents to reinforce our koto-uri approach, (3) boost our brand marketing to build top-of-mind awareness, and (4) establish a platform to connect sales and marketing teams.

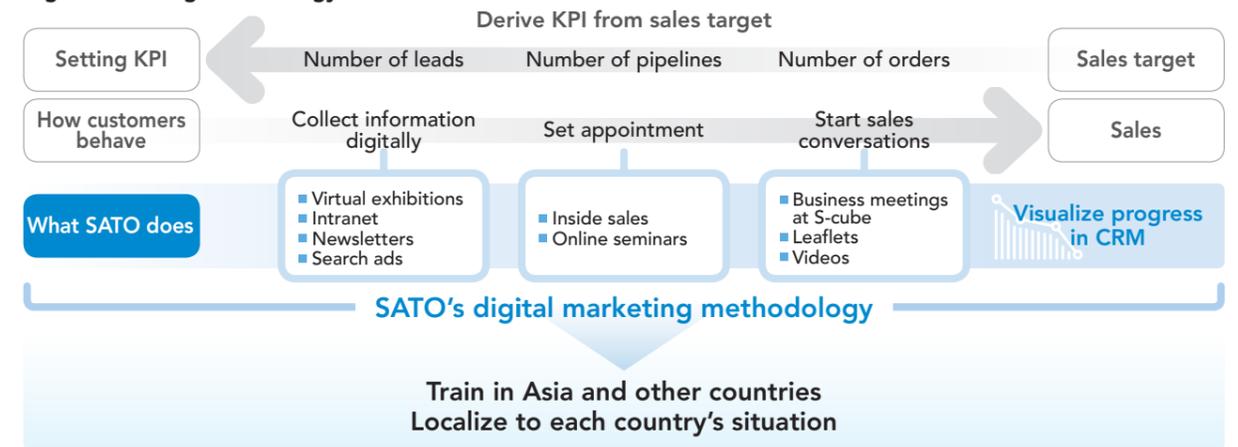


For the first strategy, we are promoting a digital marketing methodology for our sales offices around the world to use, which draws on our insights gained in Japan regarding each market, industry and application. This methodology involves the process of deriving how many pipelines we should close from our sales target, and then using systematized data on how customers collect information and behave at purchase to analyze the best timing to approach the customer in what kind of action. We hope to provide training sessions on this methodology to our global office heads and their sales and marketing teams to localize it to meet their region's situations.

In order to enrich marketing contents to reinforce our koto-uri approach, we support our sales teams with powerful collaterals to speed execution of sales strategies for each market. Our "Stories of Success" is a series of internal online sessions where sales representatives present stories of their successful sales projects to their global colleagues, sharing the challenges, solutions, processes and success factors involved. The session has been held roughly every other month since FY 2020, with more than 200 participants learning how the presenters demonstrated genbaryoku in their koto-uri approaches and finding takeaways to make use of in their own sales activities.

In FY 2021, the global marketing team will upgrade the contents of this online session leveraging feedback obtained from participants and presenters, and promptly convert the solutions presented into useful sales collaterals.

Digital marketing methodology



Stories of Success, an online session to share information



Challenges and plans

Teamwork between marketing and sales functions is more necessary than ever for us to generate pipelines and maximize revenue. We set our KPIs for three phases — lead generation, pipeline development and project closing — in line with the group's sales strategies. Local

marketing teams will use CRM* tools to manage progress and measure effects, while reevaluating and improving our marketing strategies to quantify their contribution to the entire group's performance.

* CRM: Customer Relationship Management

TOPIC Stories of Success project shortlisted to the Credo Awards World Cup 2021

SATO Values Office holds Credo Awards World Cup every year for the entire group to share and commend excellent examples of bold challenges that demonstrate our Credo and involve mutual collaboration and

learning. A member of Marketing Department who coordinated the planning and arrangement of Stories of Success was recognized as a finalist in the non-sales category of the Awards in FY 2021.



Shortlisted member from Marketing Department