

## Our key drivers for long-term growth

### SATO's core business: Auto-ID solutions

We provide solutions for tagging things and people using automatic identification technologies such as barcodes, RFID and image recognition to support worksites and supply chains in traceability, asset control, supply chain management and many other areas.

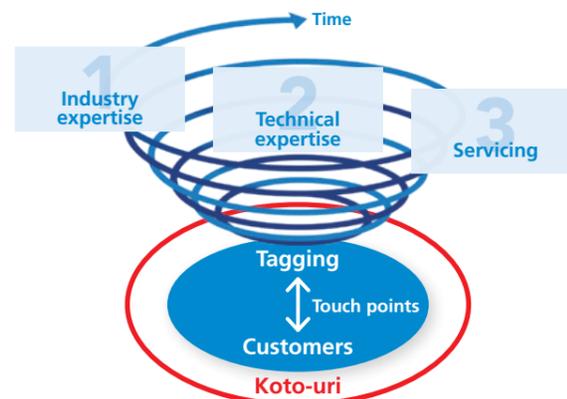
### Tagging is our domain

The very essence of our auto-ID solutions lies in tagging: the act of attaching information to things and people. For us to tag something and collect data that a customer most needs, we need to look at how things are shaped, what material they are made of, which labels or tags to use and how to use them, and how to associate the collected data with what kind of other data. It cannot be learned overnight; SATO has accumulated this expertise since its founding through practice and decades of trial and error, and it is our unique market positioning that competitors cannot easily imitate.



### Our relationships with customers hone our genbaryoku

Tagging cannot be done without seeing the customer's worksite and understanding their actual operations. This nature of our business creates customer touch points, and with every issue we help solve on site through our koto-uri approach of "selling the solution, not the product," our relationship with the customer becomes stronger. It's a positive cycle, which continues to hone our genbaryoku in its three constituents of 1 industry expertise, 2 technical expertise and 3 servicing. (Page 35)



#### From the front lines

#### Experts who are Powered On Site identify and solve customer pain points

I support customers in electrical and electronics manufacturing, a diverse industry that produces everything from component parts to finished products. It naturally calls for a different type of solution for each worksite, but as RFID, automation and other advanced technologies have now become available, the variety of solutions we can offer customers keeps growing.

I've trained myself on-site and developed a knack for asking the right discovery questions and pinpointing customer priorities to propose the best solution. But with all the variety of options available and changes in customer needs, I'm aware that I need to keep updating myself.

SATO has many tagging experts not only in our front-line sales and servicing functions but also in the market strategy divisions that we formed to capture demand trends, develop new solutions and share sales insights for specific markets. We also have RFID and automation specialists who assist our sales teams. Customers trust us because of this collective know-how and organizational capabilities that allow us to identify and solve their pain points. They're also why customers keep coming back for more.

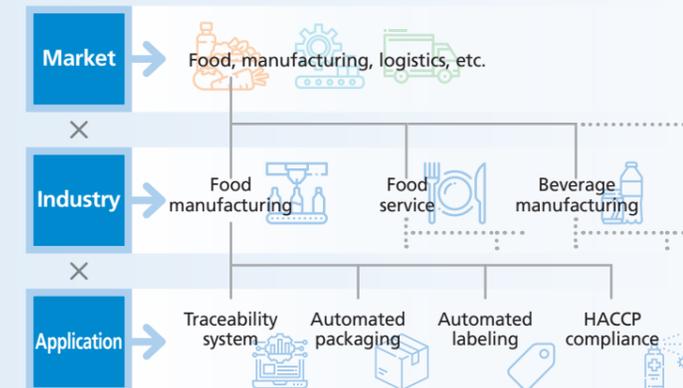


**Yoma Matsumoto**  
Sales, Kanagawa Branch  
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### Three elements of genbaryoku

Leading companies choose SATO because we can provide optimal solutions from our core competency we call genbaryoku, which we built up over time through our business model of collecting on-site data. We define genbaryoku to comprise three strengths that we continue to hone in delivering auto-ID solutions that are powered on site.

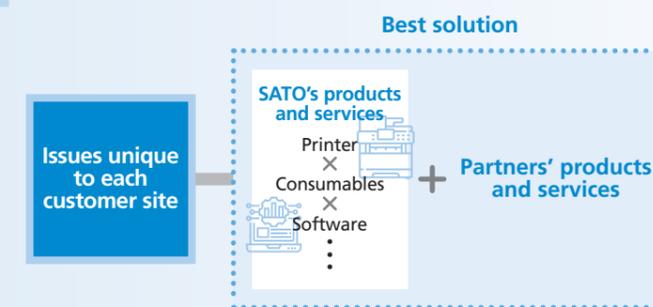
#### 1 Industry expertise — We are versed in an array of worksites



#### Know-how on diverse customer markets, industries and applications

Operational procedures and objects to be tagged vary depending on the customer. We have seen and versed ourselves in so many on-site processes and issues across a wide variety of markets and industries that the accumulated expertise helps us provide the best tagging solutions for each unique usage.

#### 2 Technical expertise — We match products best for each customer



#### New solutions from mixing and matching the right technologies

Our products are thoroughly customer-centric, yet the best solution for a customer does not always consist solely of our own products. We collaborate with business partners who have different strengths from us to create the ideal combination of products, services and technologies.

#### 3 Servicing — We keep bettering our customers' operations



#### Continuous connection and long-term relationship with customers

We continue to provide products and services to customers even after installation to help their operations run stably and with ease. The long-term relationship we maintain with customers through after-sales support allows us to spot new issues and improve their business sites on an ongoing basis.