



November 2, 2017

Company name: SATO Holdings Corporation
Representative: Kazuo Matsuyama, President and CEO
(Securities code 6287, TSE 1st section)
URL: <http://www.satoworldwide.com>
Contact person: Yoichi Abe, Chief Financial Officer (CFO)
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Notice Concerning Merger of Consolidated Subsidiaries

This notice is to inform that SATO Holdings Corporation (hereafter “the Company”) has passed a resolution at its board of directors’ meeting held today to merge subsidiaries, SATO Corporation, SATO Advance Co., Ltd., SATO Printing Co., Ltd., and SATO Technology Co., Ltd.

As this is an absorption-type merger of consolidated subsidiaries wholly owned by the Company, only material facts/details are provided in this notice as per disclosure requirements.

1. Reason for merger

The Company has made this decision to merge its R&D, production, sales and other functions currently spread across the aforementioned subsidiaries into one to integrate their operations and optimize human resources for improving productivity and business management efficiency so as to deliver greater customer value through its products and services.

2. Merger details

(a) Method

Merger through absorption; SATO Advance, SATO Printing, and SATO Technology will be dissolved and combined into SATO Corporation.

(b) Schedule

- Resolution by board of directors’ meeting (SATO Corporation and SATO Printing) Nov. 2, 2017
Consensus by directors (SATO Advance and SATO Technology) “
*SATO Advance and SATO Technology are subsidiaries without board of directors.
- Signing of merger agreement Nov. 2, 2017
- Public notice period Feb. 22 - March 22, 2018 (tentative)
- Approval by General Shareholders’ Meeting (absorbed companies) March 30, 2018 (tentative)
*For SATO Corporation (surviving company), this corresponds to a simplified merger as set forth in Article 796, Paragraph 2 of the Companies Act, and therefore does not require approval by a general meeting of shareholders.
- Date effective April 1, 2018 (tentative)

(c) Allotment associated with merger

As this is an absorption-type merger of consolidated subsidiaries wholly owned by the Company, there will be no issue of new shares, capital increases or exchange of monies resulting from the merger.

- (d) Handling of subscription rights to shares and bonds with subscription rights to shares of absorbed companies
Not applicable

3. Profile of subsidiaries involved

(As of March 31, 2017)

(1) Name	SATO Corporation (Surviving company)	SATO Advance Co., Ltd. (Absorbed company)	SATO Printing Co., Ltd. (Absorbed company)	SATO Technology Co., Ltd. (Absorbed company)
(2) Head office	1-7-1 Shimomeguro, Meguro-ku, Tokyo			
(3) Representative	President Ryutaro Kotaki	President Haruki Tadokoro	President Akihiro Kushida	President Kenji Ushiki
(4) Main business	Sales of mechatronics (incl. printers and hand labelers) and consumables, maintenance services	Market research and support for sales of hand labelers and related products	Development and production of base materials, production of consumables	Development, design and production of mechatronics (incl. printers and hand labelers)
(5) Paid-in capital	¥4,000 million	¥10 million	¥300 million	¥200 million
(6) Established	Oct. 3, 2011	July 2, 2012	Oct. 3, 2011	
(7) No. of shares issued	80,000	200	6,000	4,000
(8) Fiscal year-end	March 31			
(9) Major shareholders and shareholding ratio	SATO Holdings Corporation 100%			
(10) Financial position and business performance for fiscal year ended March 31, 2017				
Net assets	¥11,506 million	¥88 million	¥4,276 million	¥1,753 million
Total assets	¥29,567 million	¥130 million	¥19,598 million	¥3,357 million
Book value per share	¥143,825	¥443,475	¥712,827	¥438,275
Net sales	¥70,492 million	¥208 million	¥32,682 million	¥5,523 million
Operating income	¥255 million	¥64 million	¥1,253 million	¥194 million
Ordinary income	¥167 million	¥64 million	¥1,199 million	¥203 million
Net income	¥63 million	¥40 million	¥827 million	¥137 million
Earnings per share	¥798	¥203,432	¥137,937	¥34,492

4. Status after merger

This merger will not affect the name, location, representative, paid-in capital and fiscal year-end of SATO Corporation, the surviving company. After merger, SATO Corporation will assume and continue all business activities of the absorbed companies as part of its main business.

5. Future outlook

As this is an absorption-type merger of consolidated subsidiaries wholly owned by the Company, there will be no impact on its consolidated financial results.