

Consolidated financial results for Q1 FY2014 shows increased revenues and profits for the sixth consecutive quarter, overcoming impacts from post-consumption tax hike pullback

Dear shareholders and investors,

Thank you for your continued trust and support in SATO's businesses.

Having posted sales and income increases consecutively for the past 5 quarters, the SATO Group again recorded an increase in revenues (104%) and profits (119%) for its consolidated performance in the first quarter this year, minimizing impacts in reaction to the anticipated downturn in business demand related to consumption tax hike. With ongoing efforts to establish growth-potential revenue bases in Japan and all overseas regions, our consolidated operating income ratio improved significantly from 5.7% in the same period of the previous fiscal year to 6.5% this year.

This is the final year of our current Medium-term Management Plan, and I am happy to report that we have made a great start toward achieving our goals for the milestone year.

		<u>Year-on-year</u>
Sales	¥23,512 million	(104.0%)
Operating income	¥1,536 million	(118.9%)
Ordinary income	¥1,591 million	(111.6%)
Net income	¥886 million	(104.9%)

From Q2, we will follow the Mid-term Management Plan to speed up global expansion of our growth strategies, while concentrating business resources on strategic areas where we anticipate significant growth this year.

- Expand sales of our new, global strategic printer (CL4NX), released worldwide on April 1;
- Drive PJM (RFID) system business for medical implants;
- Drive RFID system business for the apparel market;
- Drive printer renewal business in the Japan market;
- Commit to the fulfillment of large-lot deals scheduled for delivery in Q2 and thereafter.

With these activities, we will endeavor to achieve our year-end goal of ¥100 billion in sales, operating income of ¥8 billion, and ROE of 10%.

July 2014
President and CEO

松山 一雄

Kaz Matsuyama