



Ceaseless Creativity for a Sustainable World

May 9, 2018

SATO HOLDINGS CORPORATION

FY2017

Financial Results

(Fiscal Year Ended March 31, 2018)

Securities Code: 6287

Agenda

- I. FY2017 Consolidated Financial Results
- II. New Medium-term Management Plan
- III. FY2018 Consolidated Financial Targets

Appendix

I. FY2017 Consolidated Financial Results

Summary of FY2017

Consolidated sales and OI increased YoY, while OI ratio fell due to OI losses at some overseas subsidiaries.

Auto-ID Solutions business ▶ Achieved record-high full-year OI

Japan : Successfully established a sustainable revenue base.

Overseas: Increased sales and OI to maintain a recovery momentum despite some soft spots.

Materials business ▶ Partial delays in R&D resulted in less costs than planned.

(Millions of JPY)

Sales and OI by Business Segment

		FY2017	FY2016	YoY	excl. FX impact
Auto-ID Solutions business	Total Sales	113,068	106,210	106.5%	104.5%
	Operating Income	7,697	6,221	123.7%	121.4%
Japan	Total Sales	70,482	67,283	104.8%	104.8%
	Operating Income	5,831	4,571	127.5%	126.7%
Overseas	Total Sales	42,585	38,926	109.4%	104.0%
	Operating Income	1,865	1,650	113.1%	106.7%
Materials business	Total Sales	315	92	342.6%	342.6%
	Operating Income	-1,426	-240	--	--
Consolidated (incl. eliminations)	Total Sales	113,383	106,302	106.7%	104.7%
	Operating Income	6,249	6,104	102.4%	100.1%

(Millions of JPY)

Consolidated Results

	FY2017	FY2016	Change	YoY
Net Sales	113,383	106,302	+7,081	106.7%
Operating Income	6,249	6,104	+144	102.4%
Operating Income %	5.5%	5.7%	-0.2pt	--
Ordinary Income	5,888	5,426	+462	108.5%
Profit attributable to owners of parent	4,074	3,221	+853	126.5%
Effective Tax Rate*1	39.5%	39.9%	-0.5pt	
EBITDA*2	11,814	11,296	+518	104.6%

Average exchange rates for FY17: JPY 110.85/USD, JPY 129.65/EUR
FY16: JPY 108.34/USD, JPY 118.74/EUR

*1 Effective Tax Rate: Remained high due to additional goodwill impairment at Argox and losses incurred at DataLase and few other group companies

*2 EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for FY17: JPY 4,307 million

· Amortization for FY17: JPY 1,258 million (incl. 625 mil. for DataLase)

FY16: JPY 3,996 million

FY16: JPY 1,195 million

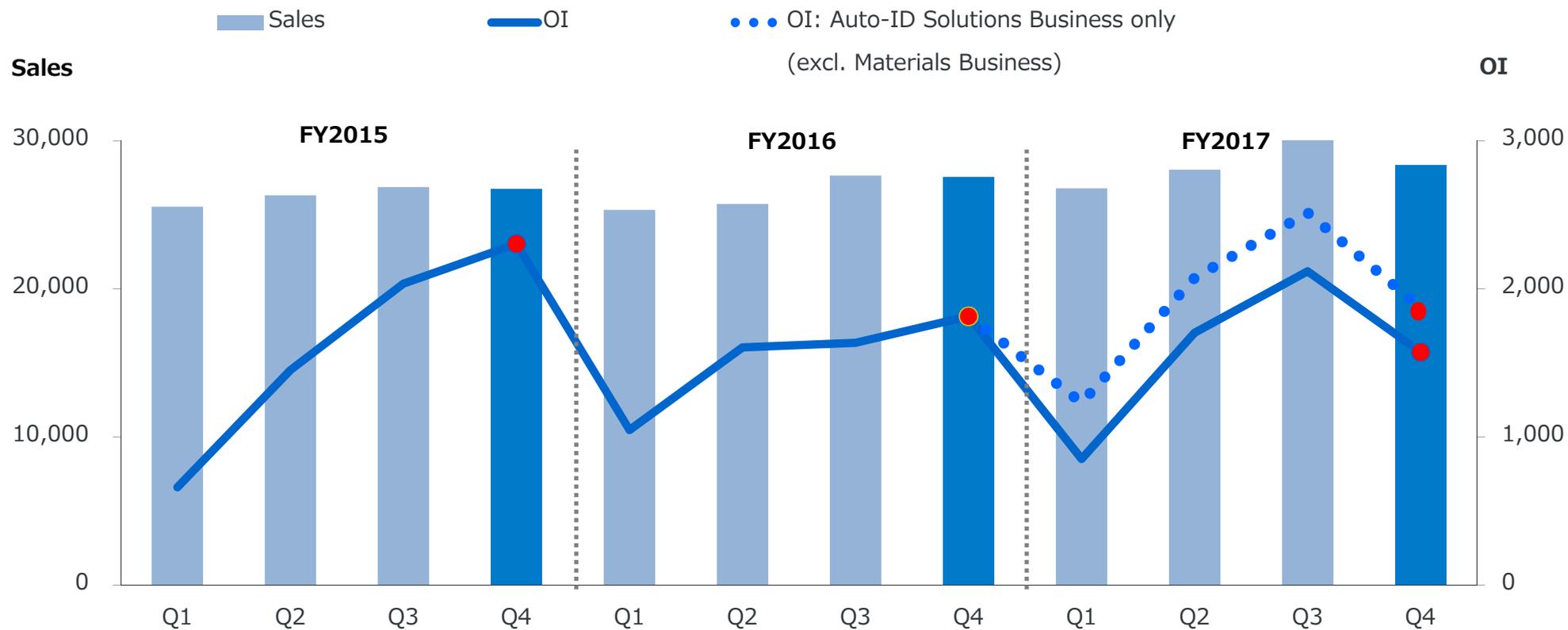
(Millions of JPY)

Extraordinary Income and Losses

		Major factors
Extraordinary income	2,835	
Gain on sales of non-current assets	2,835	Former head office building, Malaysia factory
Extraordinary losses	2,229	
Restructuring loss	929	SATO Global Solutions (SGS), Specialase
Impairment loss	656	Argox, SGS
Provision for loss on guarantees	350	RFID-related business partner
Loss on sales of non-current assets	171	Dormitory for Japan employees
Loss on retirement of non-current assets	122	Overseas manufacturing facility

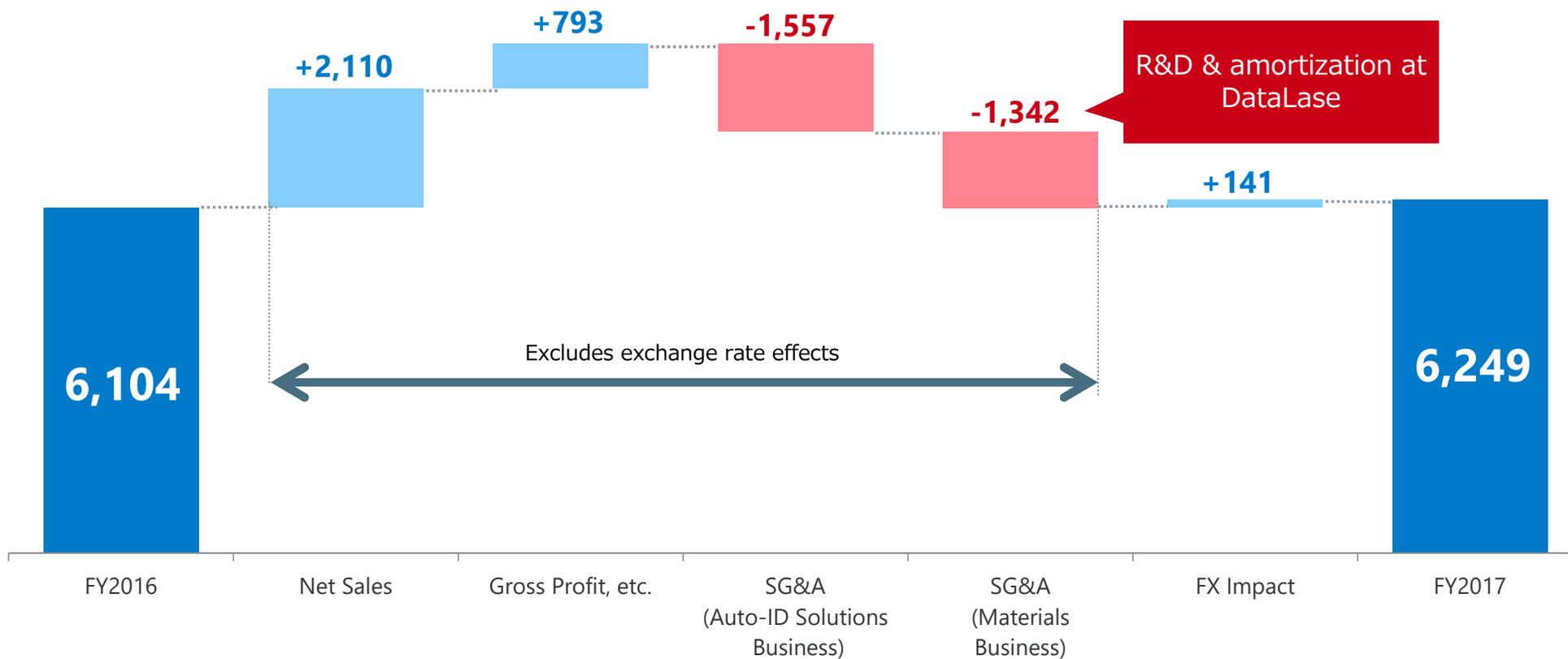
(Millions of JPY)

Quarterly Consolidated Sales & OI



(Millions of JPY)

Major Gains/Losses in Consolidated OI



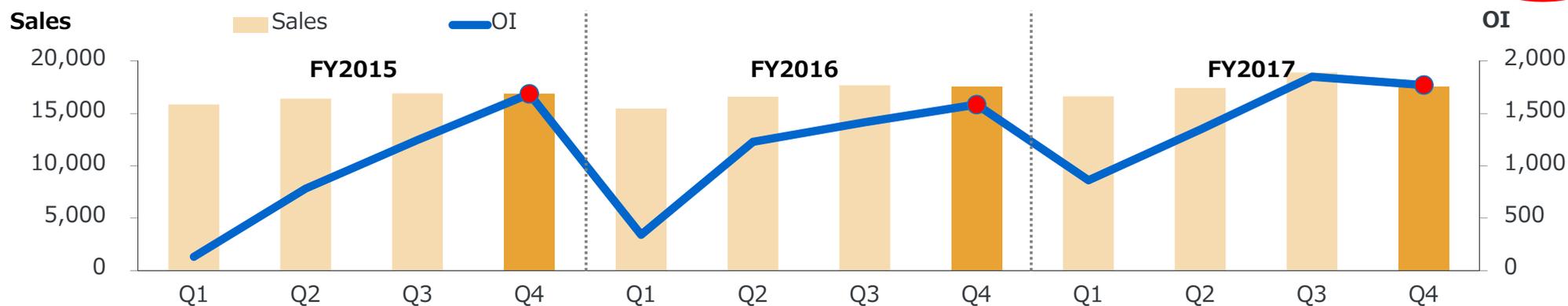
(Millions of JPY)

Auto-ID Solutions Business (Japan)

Positive trends in all verticals led to increases in sales and OI.

OI ratio improved by 1.5 percentage points YoY due mainly to favorable performance in mechatronics sales.

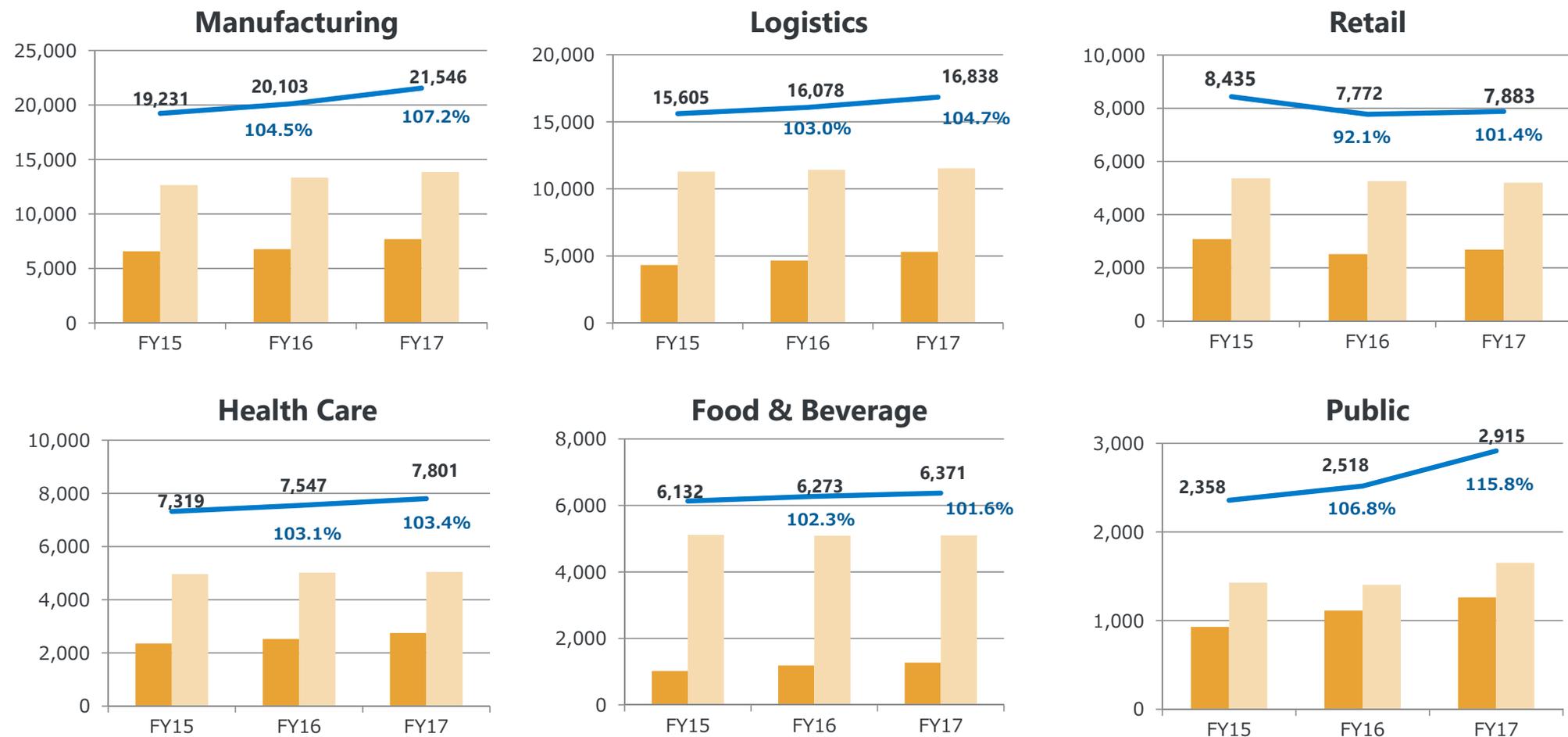
	FY2017			FY2016			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Mechatronics Sales	12,920	14,644	27,564	11,524	13,608	25,132	109.7%
Consumables Sales	21,138	21,779	42,917	20,552	21,598	42,150	101.8%
Total Sales	34,058	36,423	70,482	32,076	35,206	67,283	104.8%
Gross Profit	16,455	17,440	33,896	14,729	16,205	30,934	109.6%
Gross Profit %	48.3%	47.9%	48.1%	45.9%	46.0%	46.0%	+2.1pt
Operating Income	2,208	3,623	5,831	1,570	3,001	4,571	127.5%
Operating Income %	6.5%	9.9%	8.3%	4.9%	8.5%	6.8%	+1.5pt



(Millions of JPY)

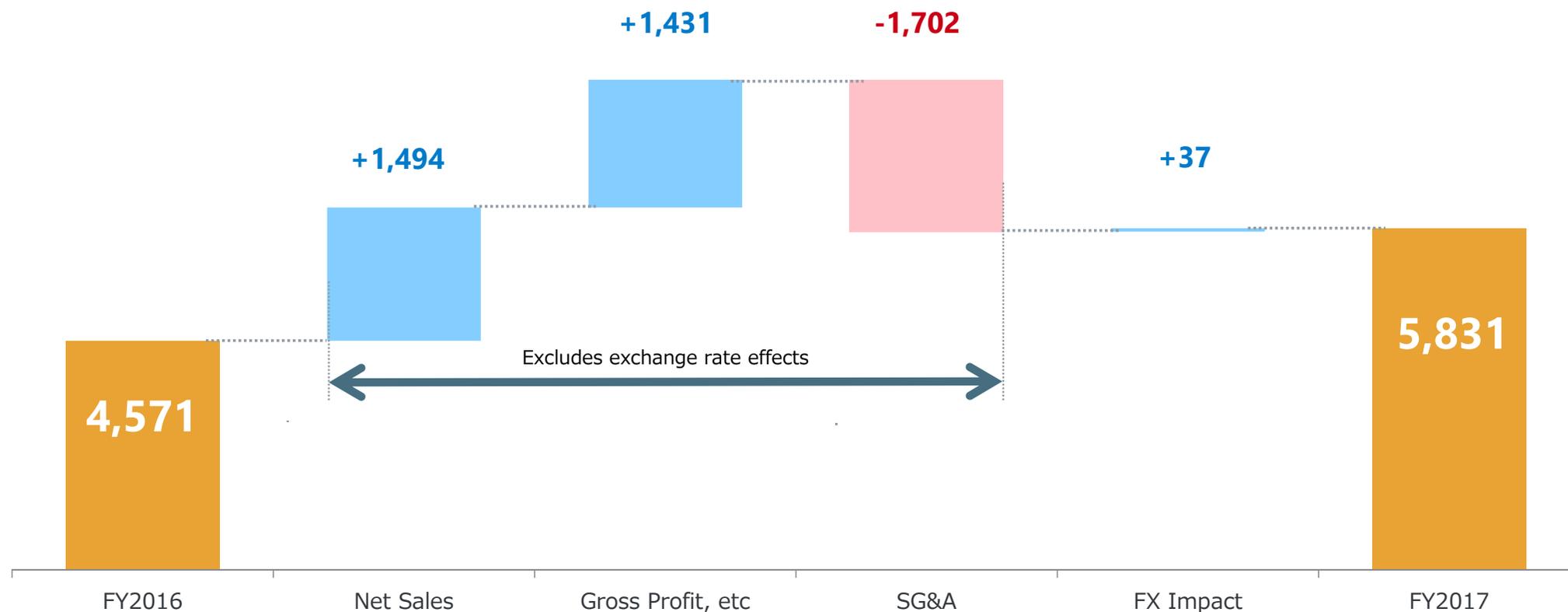
Auto-ID Solutions Business (Japan): Sales by Vertical

■ : Mechatronics ■ : Consumables — : Total (% indicating YoY change)



(Millions of JPY)

Auto-ID Solutions Business – Japan (Major Gains/Losses in OI)

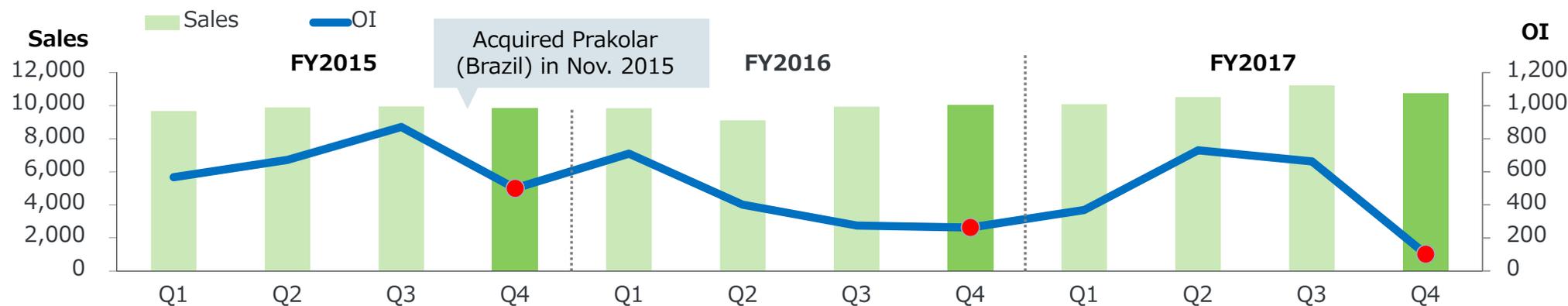


(Millions of JPY)

Auto-ID Solutions Business (Overseas)

Although some challenges remain, strong performance in Base business made up for the struggling Primary Labels business, resulting in YoY increases overall in sales and OI.

	FY2017			FY2016			YoY	
	1H	2H	Full Year	1H	2H	Full Year		excl. FX impact
Total Sales	20,604	21,980	42,585	18,957	19,969	38,926	109.4%	104.0%
Gross Profit	7,797	8,056	15,853	7,310	7,414	14,724	107.7%	--
Gross Profit %	37.8%	36.7%	37.2%	38.6%	37.1%	37.8%	-0.6pt	--
Operating Income	1,099	766	1,865	1,112	538	1,650	113.1%	106.7%
Operating Income %	5.3%	3.5%	4.4%	5.9%	2.7%	4.2%	+0.1pt	--

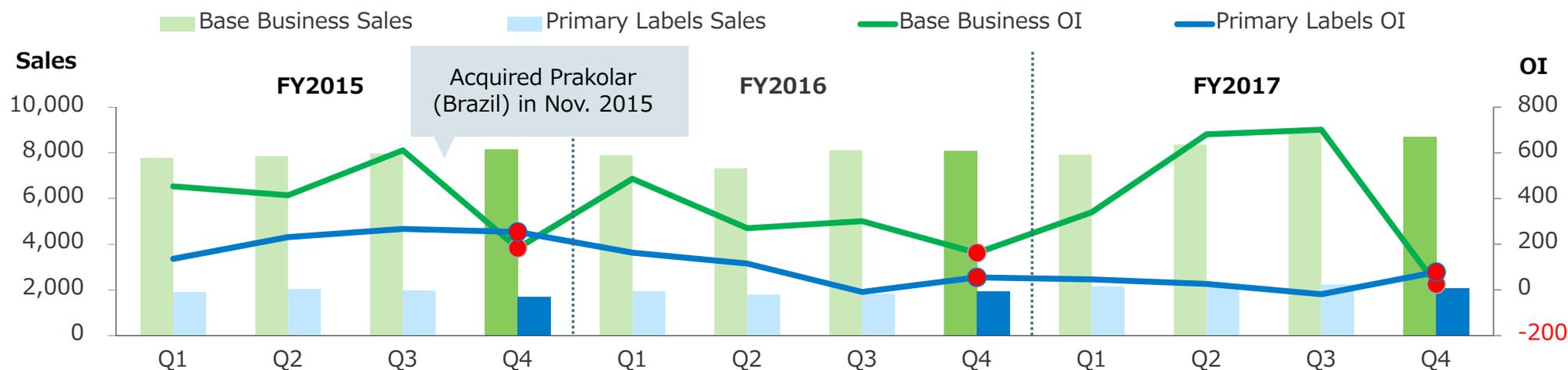


(Millions of JPY)

Auto-ID Solutions Business (Overseas Breakdown)

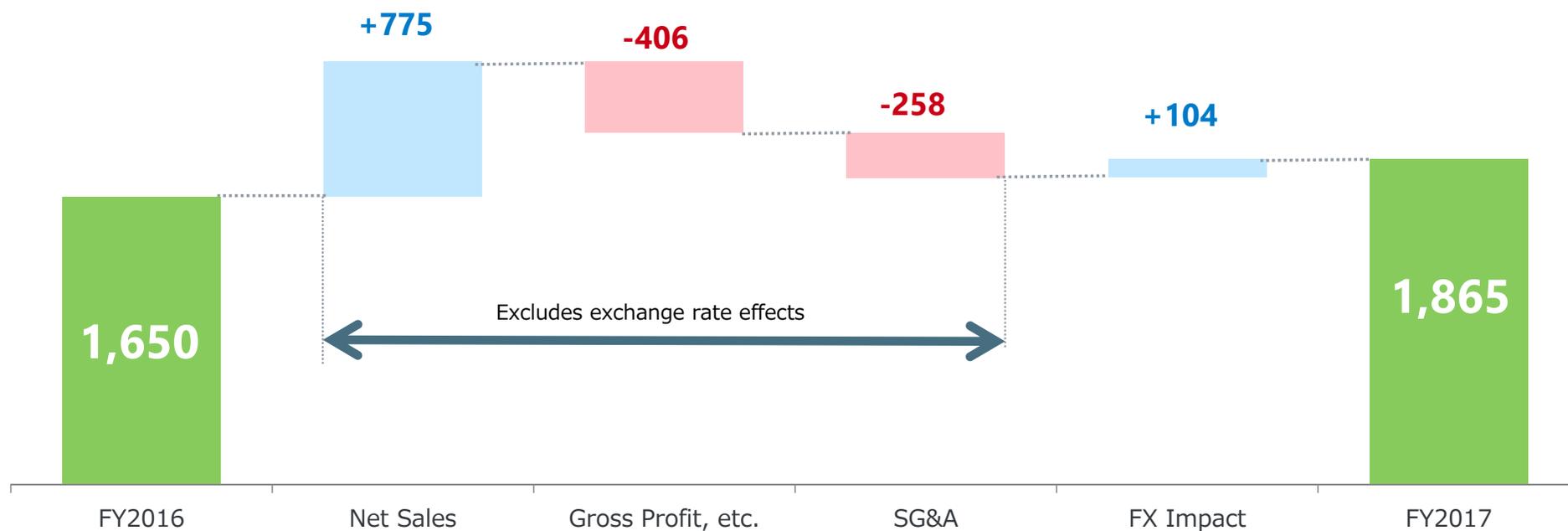
Base business: The Americas and APAC saw YoY increases in sales and OI, while Europe increased sales but fell behind in OI. Primary Labels business: Okil saw a fall in YoY OI due to negative FX impact and investment costs for ramping up production capabilities to expand business.

		FY2017			FY2016			YoY	
		1H	2H	Full Year	1H	2H	Full Year		excl. FX impact
Base Business	Total Sales	16,281	17,683	33,964	15,217	16,193	31,411	108.1%	103.3%
	Operating Income	1,022	726	1,749	756	464	1,221	143.3%	134.9%
Primary Labels	Total Sales	4,323	4,297	8,620	3,739	3,776	7,515	114.7%	107.0%
	Operating Income	72	58	131	279	45	325	40.3%	39.7%
Eliminations	Operating Income	4	-19	-15	76	27	103	--	--



(Millions of JPY)

Auto-ID Solutions Business – Overseas (Major Gains/Losses in OI)

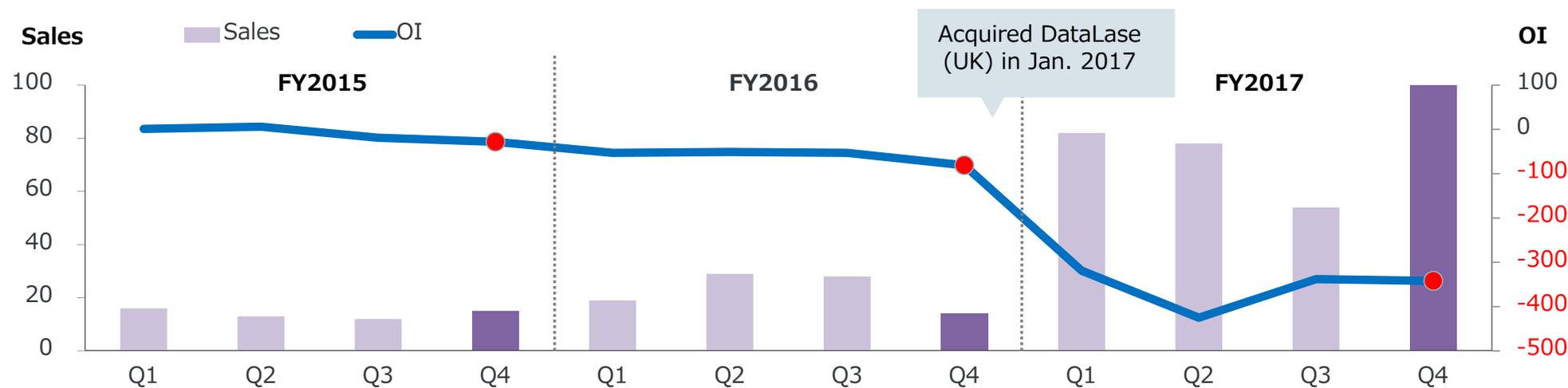


(Millions of JPY)

Materials Business

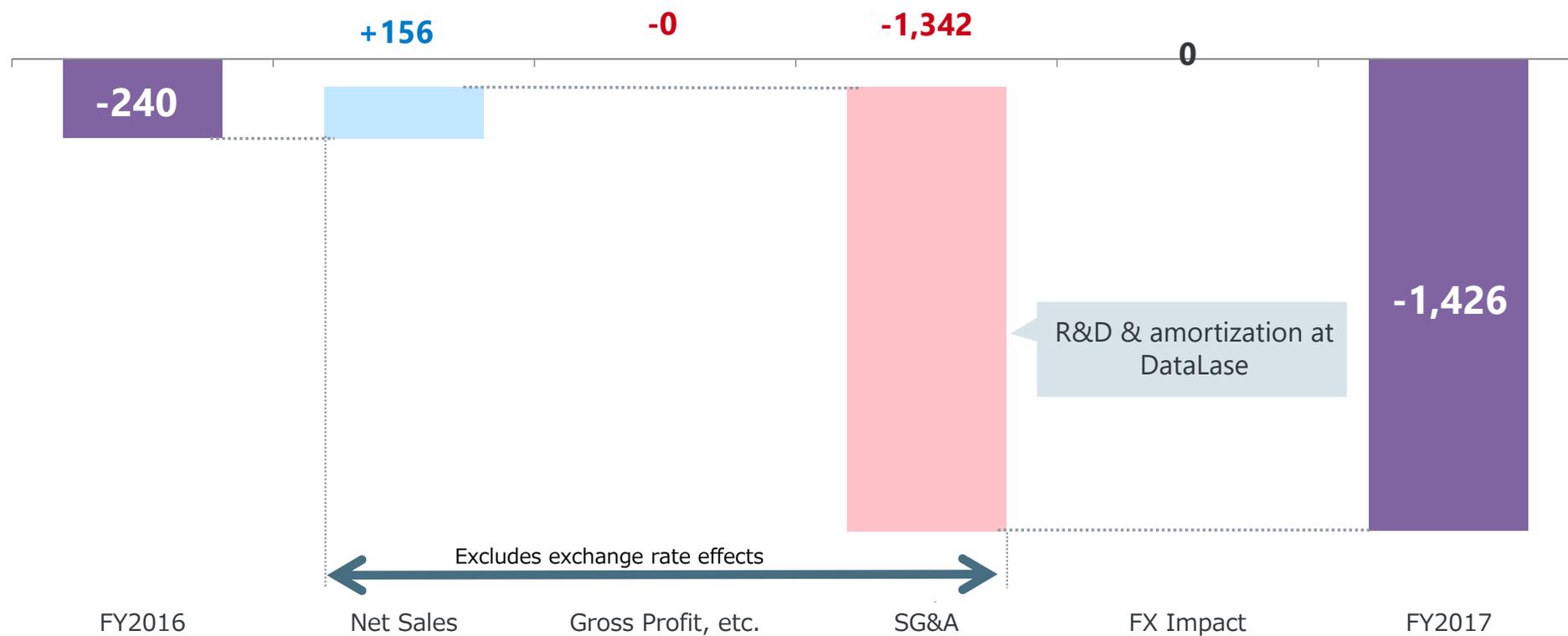
Partial delays in R&D at DataLase (consolidated FY2017) resulted in less costs than planned.

	FY2017			FY2016			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Total Sales	160	155	315	48	43	92	342.6%
Gross Profit	120	113	234	7	71	78	298.3%
Gross Profit %	75.5%	73.3%	74.4%	15.1%	165.4%	85.5%	-11.1pt
Operating Income	-745	-681	-1,426	-104	-135	-240	--
Operating Income %	--	--	--	--	--	--	--



(Millions of JPY)

Materials Business (Major Gains/Losses in OI)

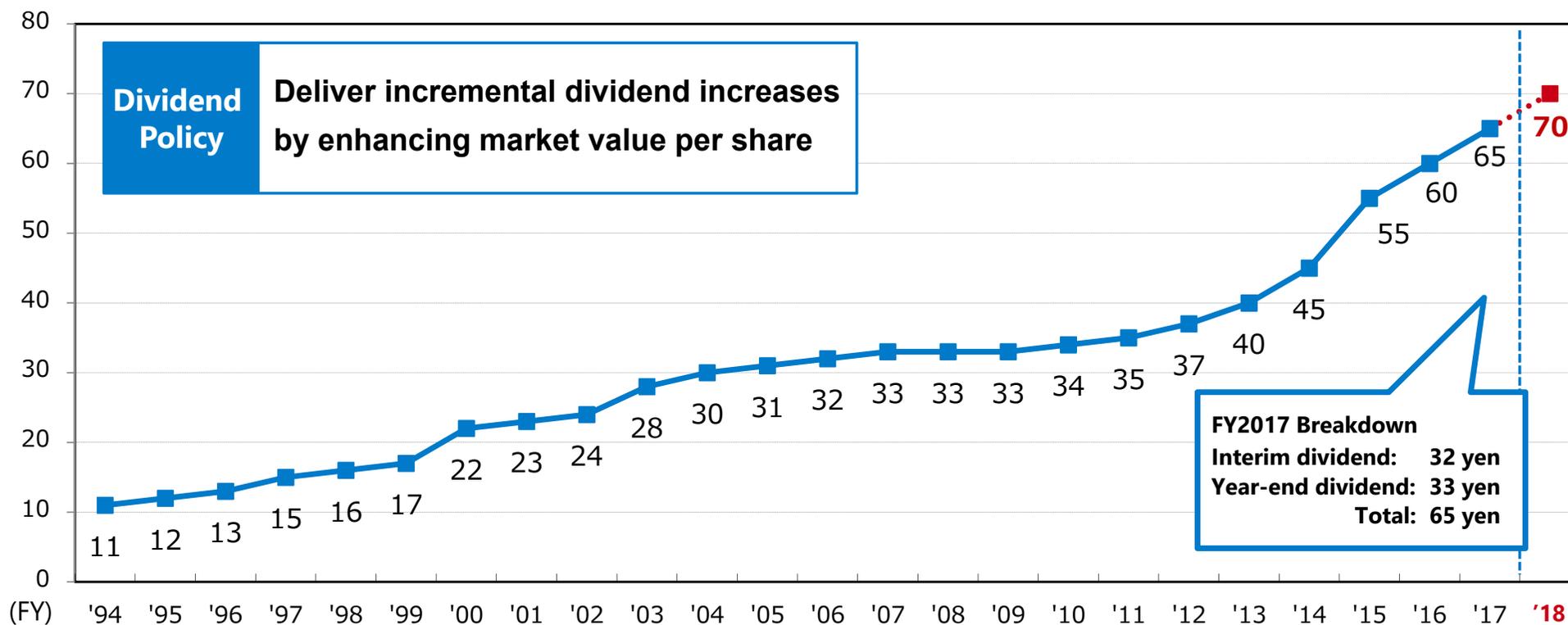


Dividends

- Total dividends for FY2017: JPY 65 (5-yen increase YoY)
- Total dividends planned for FY2018: JPY 70 (5-yen increase YoY)

	FY2016	FY2017	FY2018 (Forecast)
EPS	¥96.1	¥121.5	¥122.3
ROE	6.2%	7.6%	7.4%
(Ref.) Payout ratio	62%	53%	57%

(JPY per share)

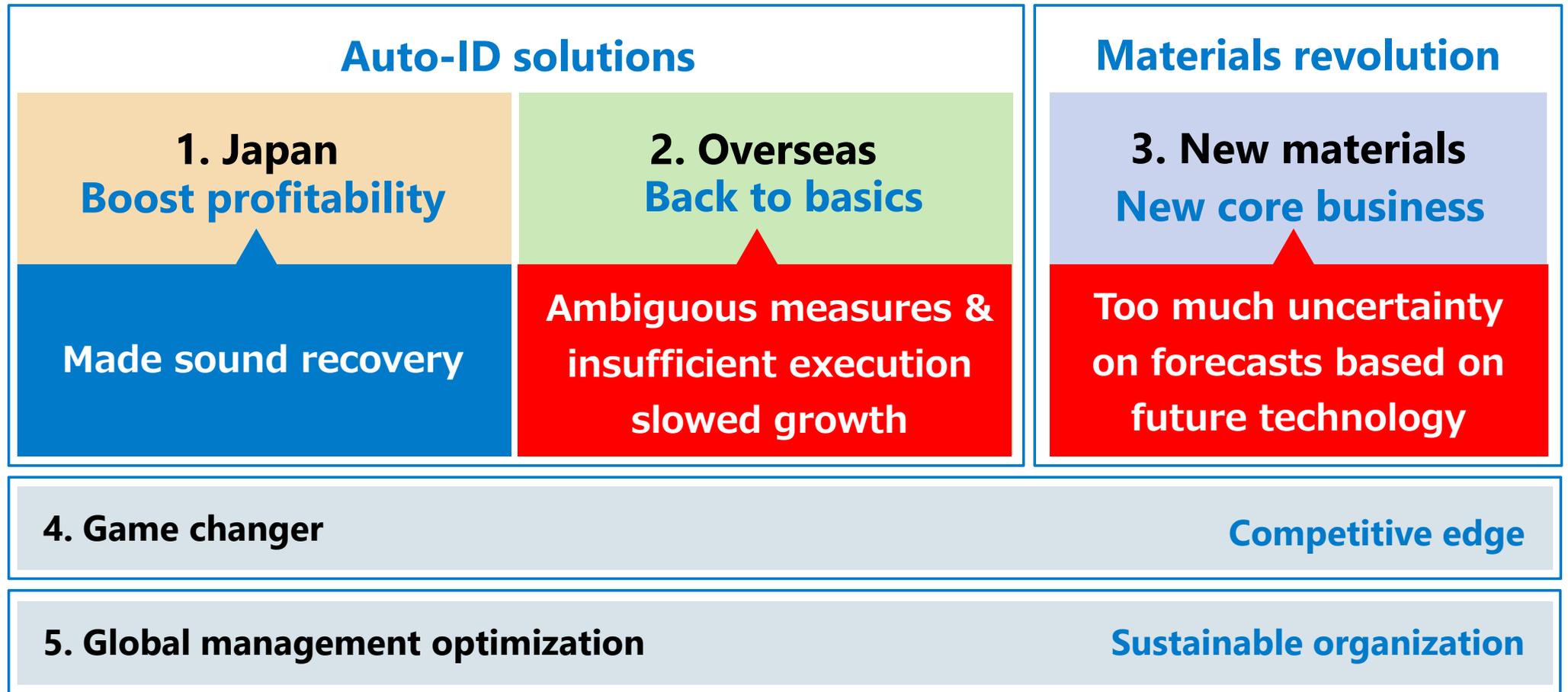


II. New Medium-term Management Plan

Understanding the New Medium-term Management Plan



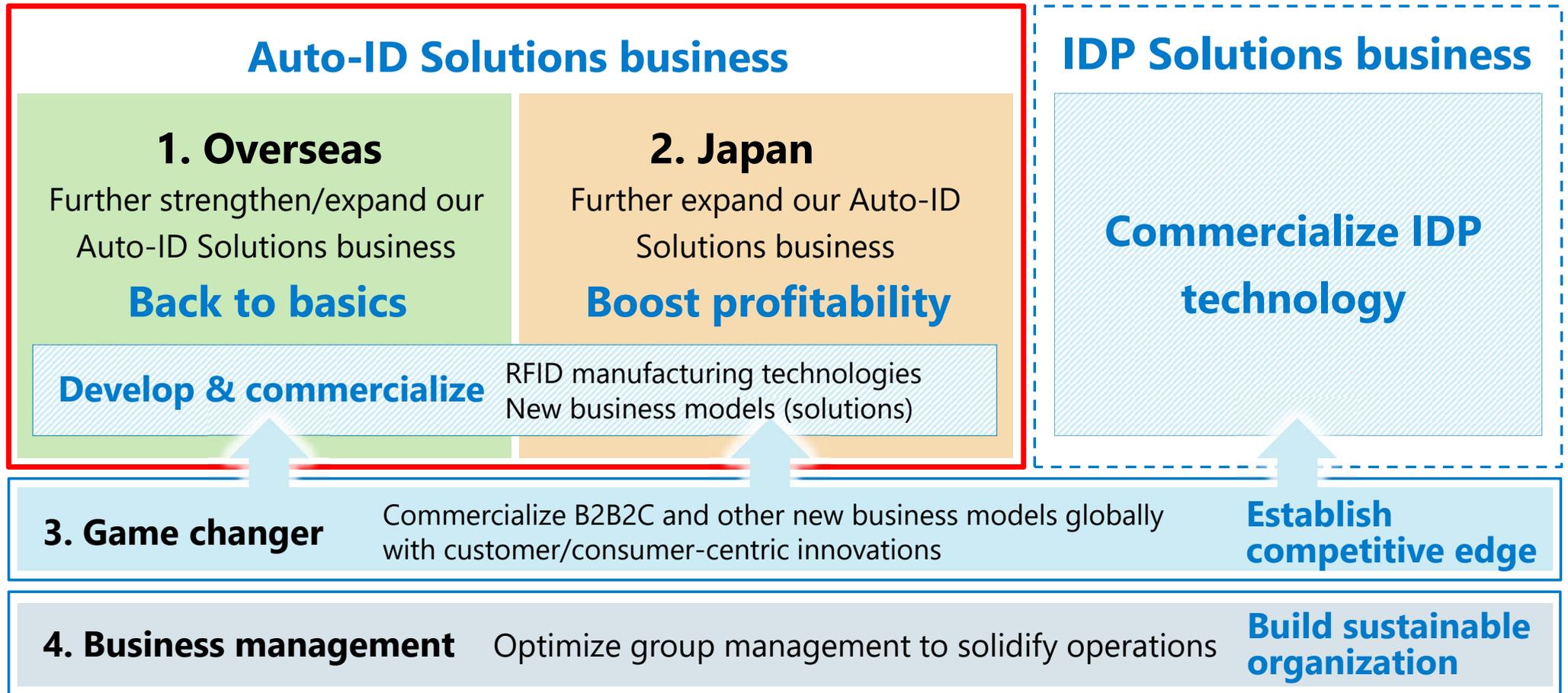
Review of the Previous Medium-term Management Plan



Management Policy

**Concentrate resources on
the Auto-ID solutions business and
establish sustainable growth and stable profits**

Changes in the New Medium-term Management Plan



(Millions of JPY)

Management Objectives

	FY2017	FY2018	FY2019
Net Sales	113,383	120,000	126,000
Overseas %	37.8%	39.9%	41.6%
OI %	5.5%	6.1%	7.4%
EBITDA %	10.4%	10.8%	12.0%
ROE	7.6%	7.4%	9.5%
Per capita productivity*2	1.84	1.90	2.10

FY2020	Gap (FY20 vs FY17)
135,000	6.0%*1
43.6%	+5.8pt
9.5%	+4.0pt
13.3%	+2.9pt
12.0%	+4.4pt
2.50	10.7%*1

FY2025
Net Sales
JPY 200,000 million
Operating Income
JPY 24,000 million
Operating Income %
12%

*1 CAGR

*2 Per capita productivity = (Operating income + Goodwill amortization + IT system depreciation) / No. of employees

Targets by Segment

(Millions of JPY)

	FY2017	FY2018 (target)	FY2019 (target)	FY2020 (target)
1. Auto-ID Solutions business (Overseas)				
Sales	42,585	47,500	51,500	55,700
Operating Income	1,865	3,100	4,000	5,100
2. Auto-ID Solutions business (Japan)				
Sales	70,482	72,000	73,500	76,000
Operating Income	5,831	6,100	6,300	7,700
3. IDP Solutions business^{*1}				
Sales	315	500	1,000	3,300
Operating Income	-1,426	-1,900	-1,000	0
Consolidated				
Sales	113,383	120,000	126,000	135,000
Operating Income	6,249 ^{*2}	7,300	9,300	12,800
Operating Income %	5.5%	6.1%	7.4%	9.5%

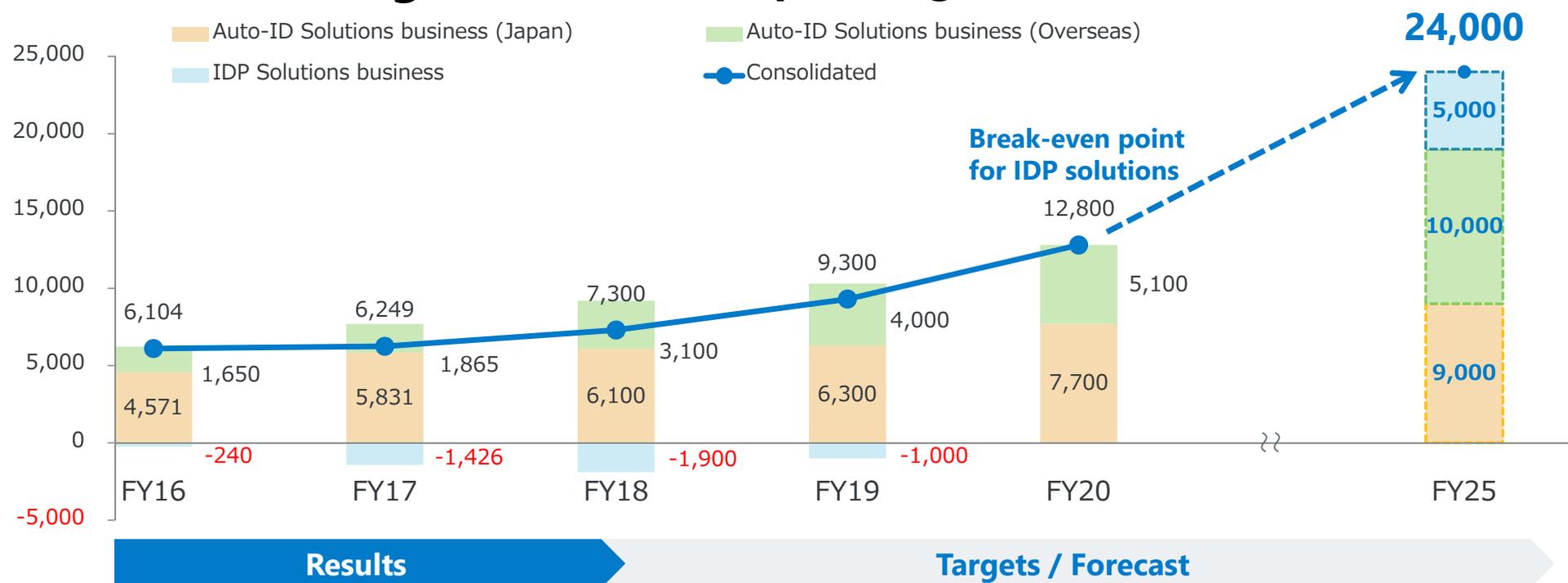


What to Expect in Consolidated Operating Income

- Pursue sustainable OI growth by concentrating resources on the Auto-ID solutions business and by firmly monetizing abundant business opportunities
- Plan OI for the IDP solutions business based on technologies that can be commercialized

Medium-term Management Plan (Operating Income)

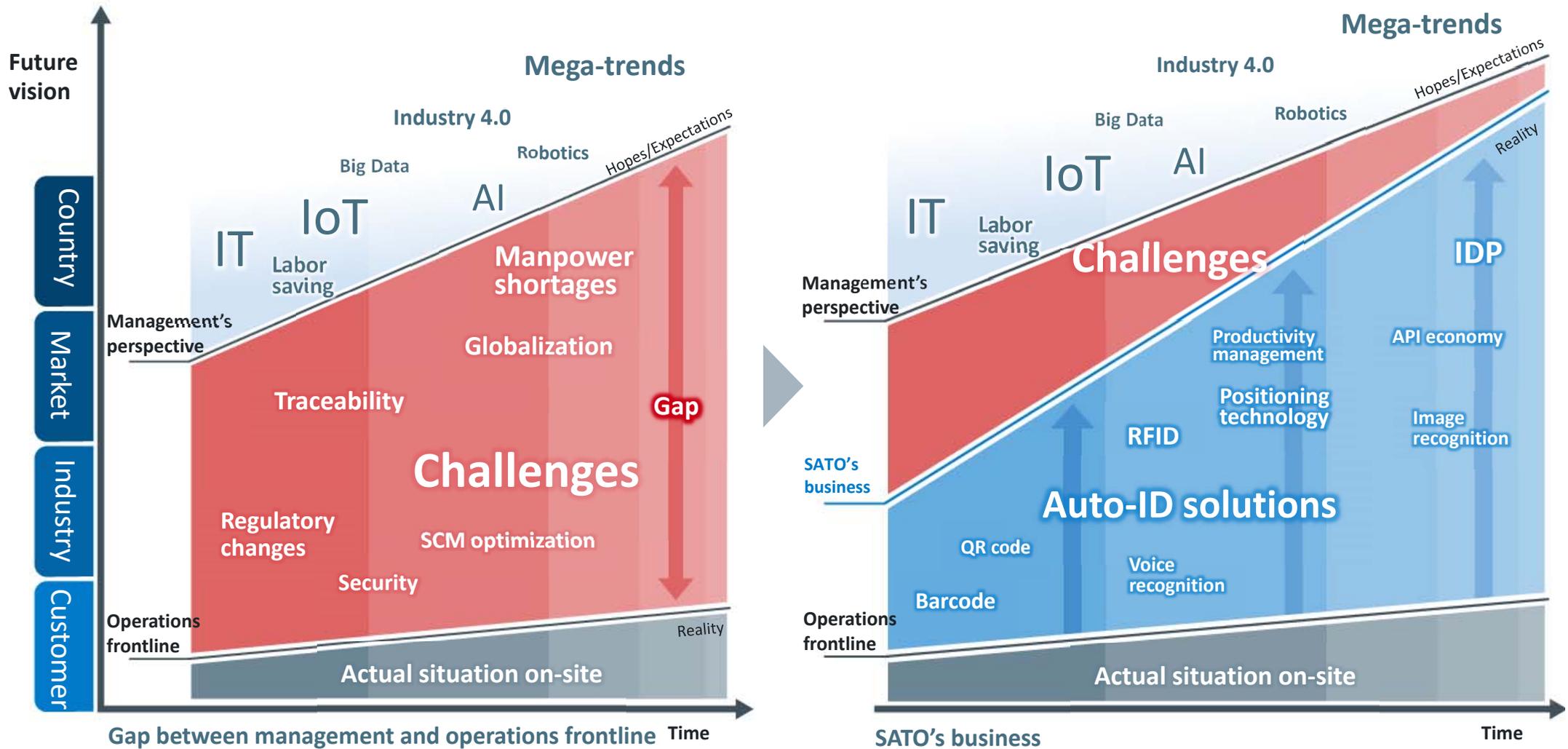
(Millions of JPY)



Growth Strategies

1. Grow and evolve the Auto-ID Solutions business
2. Create and expand business through global alliances
3. Commercialize IDP technology-based solutions

1-(1) Potential to Solving Challenges with Auto-ID Solutions



1-(2) Grow and evolve the Auto-ID Solutions business



MonotaRO Co., Ltd.

- Major online store of industrial supplies
- Number of products: **15 mil** as of Mar 2018
- Sales **more than doubled** (2.5x) and OI **tripled** in the last 5 years

Warehouse challenges

- Productivity varies among workers
- Stock-outs & opportunity losses
- Longer picking routes

Improve warehouse productivity with route navigation

Unique algorithm maps out & navigates the shortest picking route

New workers can pick as productively as experienced workers

Overall onsite productivity improved by approx. 20%

Potential e-commerce markets



Apparel



Household goods

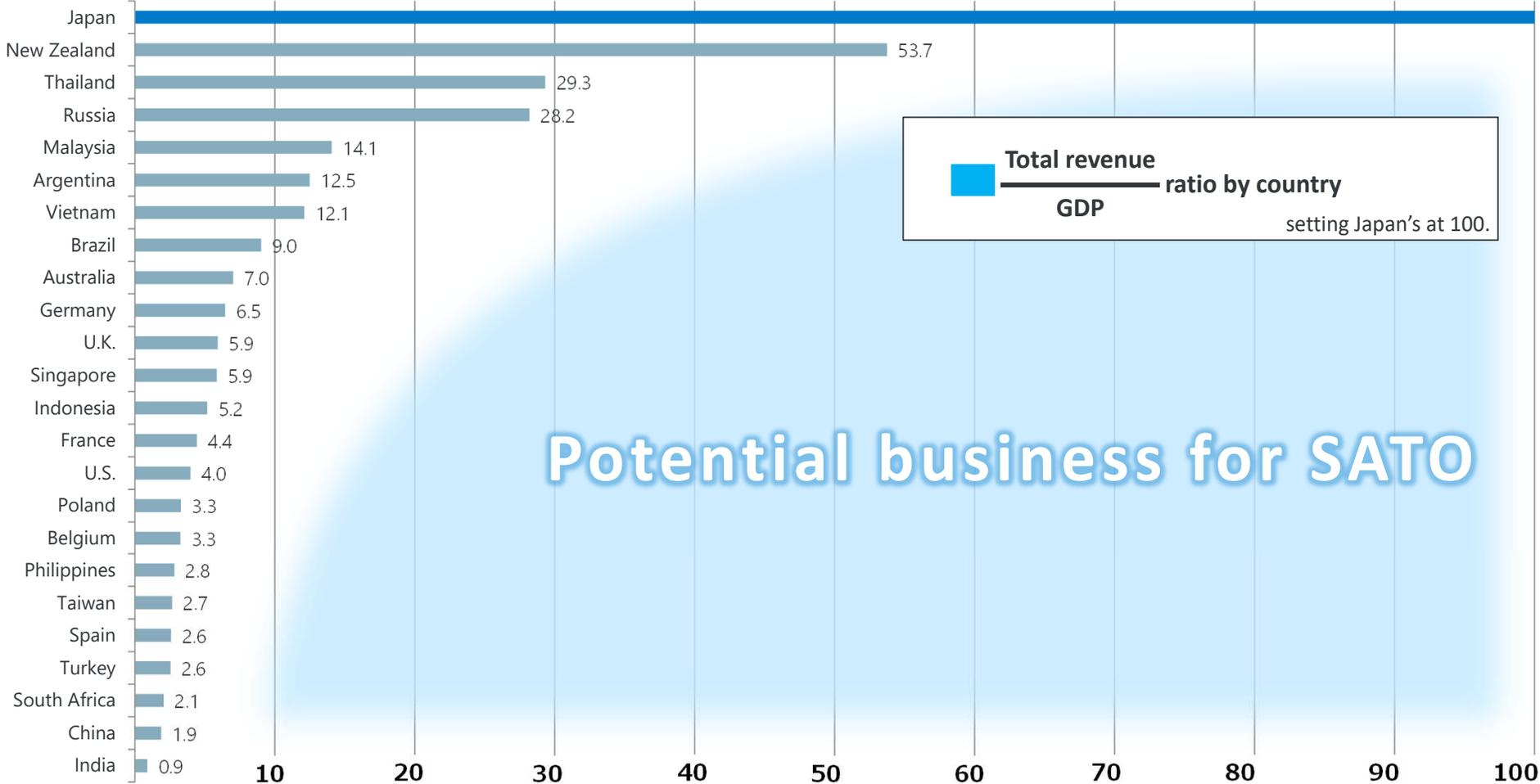


Food



Electric appliances

1-(3) Auto-ID Solutions Business (Overseas): Opportunities (1)

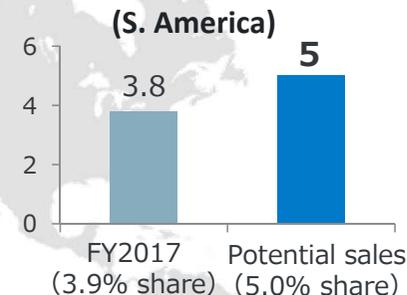
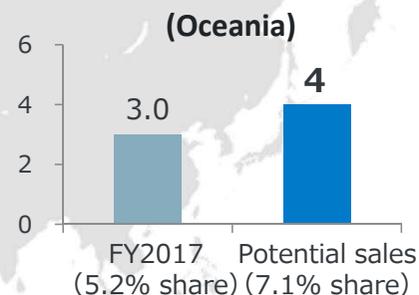
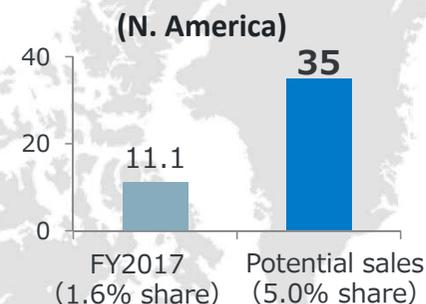
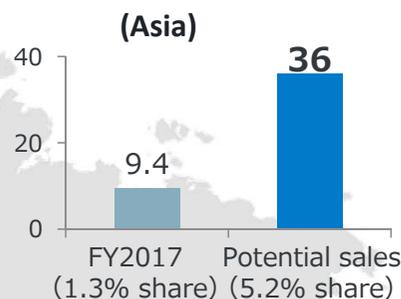
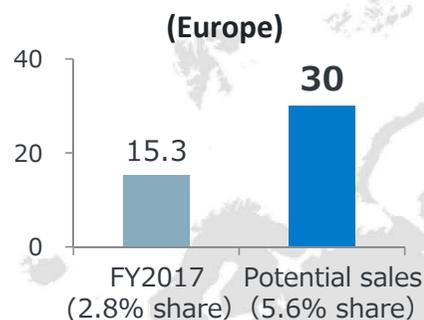


Potential business for SATO



1-(4) Auto-ID Solutions Business (Overseas): Opportunities (2)

(Billions of JPY)



• Business revenue and estimated share by region based on our Auto-ID solutions business overseas for FY 2017 (*1)

• Potential business revenue and share by region, assuming we secure at least 5% share in each country within region (*2)

*1 Only countries where we operate business are included in the respective regions

*2 Note that potential business share will exceed 5% for those regions with countries where our current share exceeds 5%

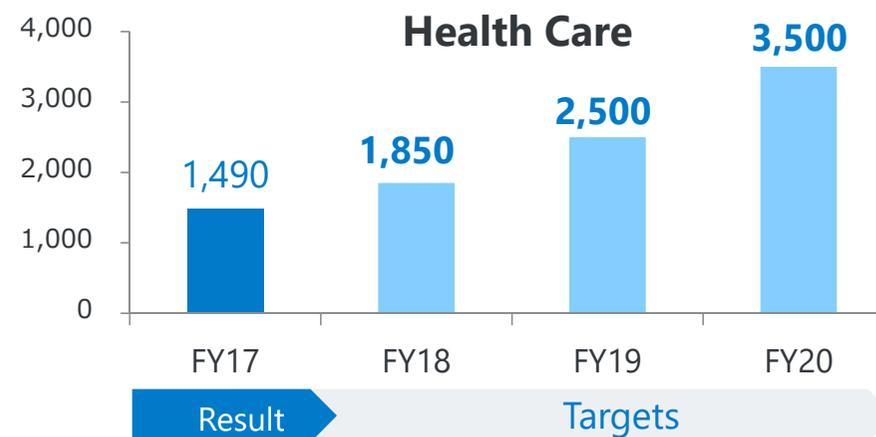
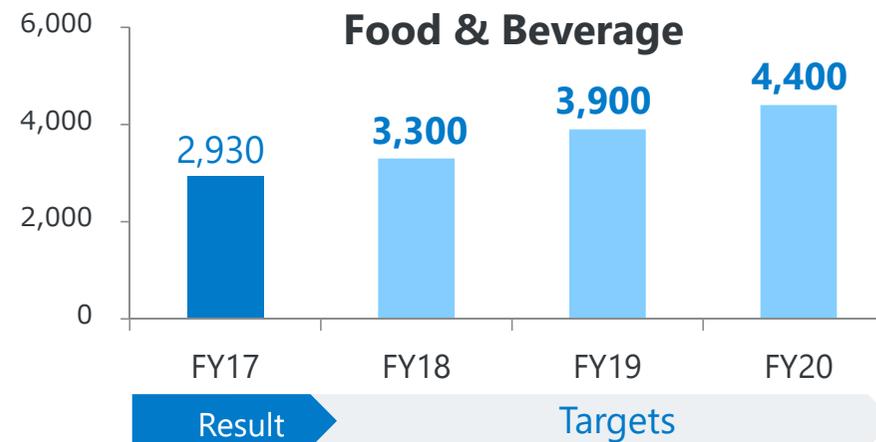
FY2017 overseas sales
JPY 42.6 billion
 (2% market share)



Overseas potential
Approx. JPY 110 billion
 (5%+ market share)

1-(5) Auto-ID Solutions Business (Overseas): Sales Targets by Vertical

(Millions of JPY)



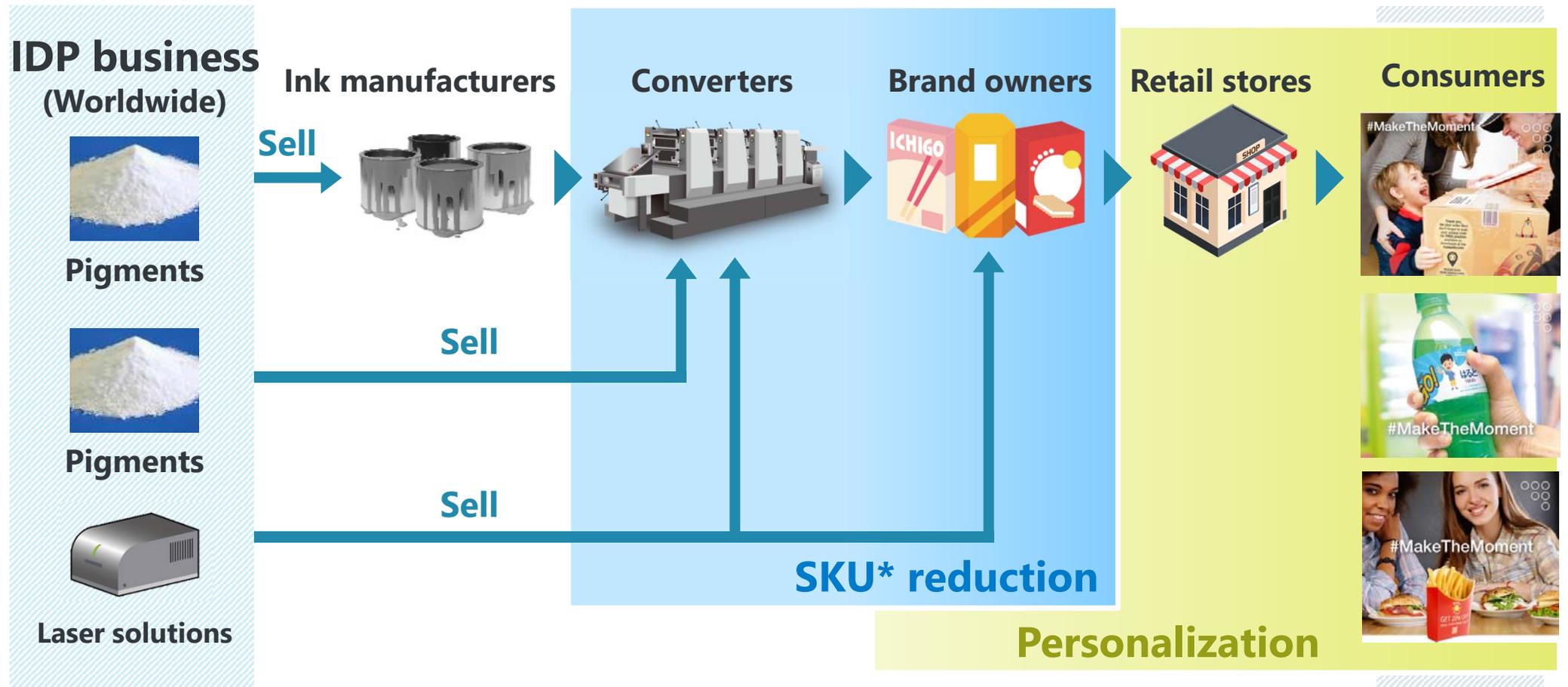
2 Create and expand business through global alliances



*Application Programming Interface

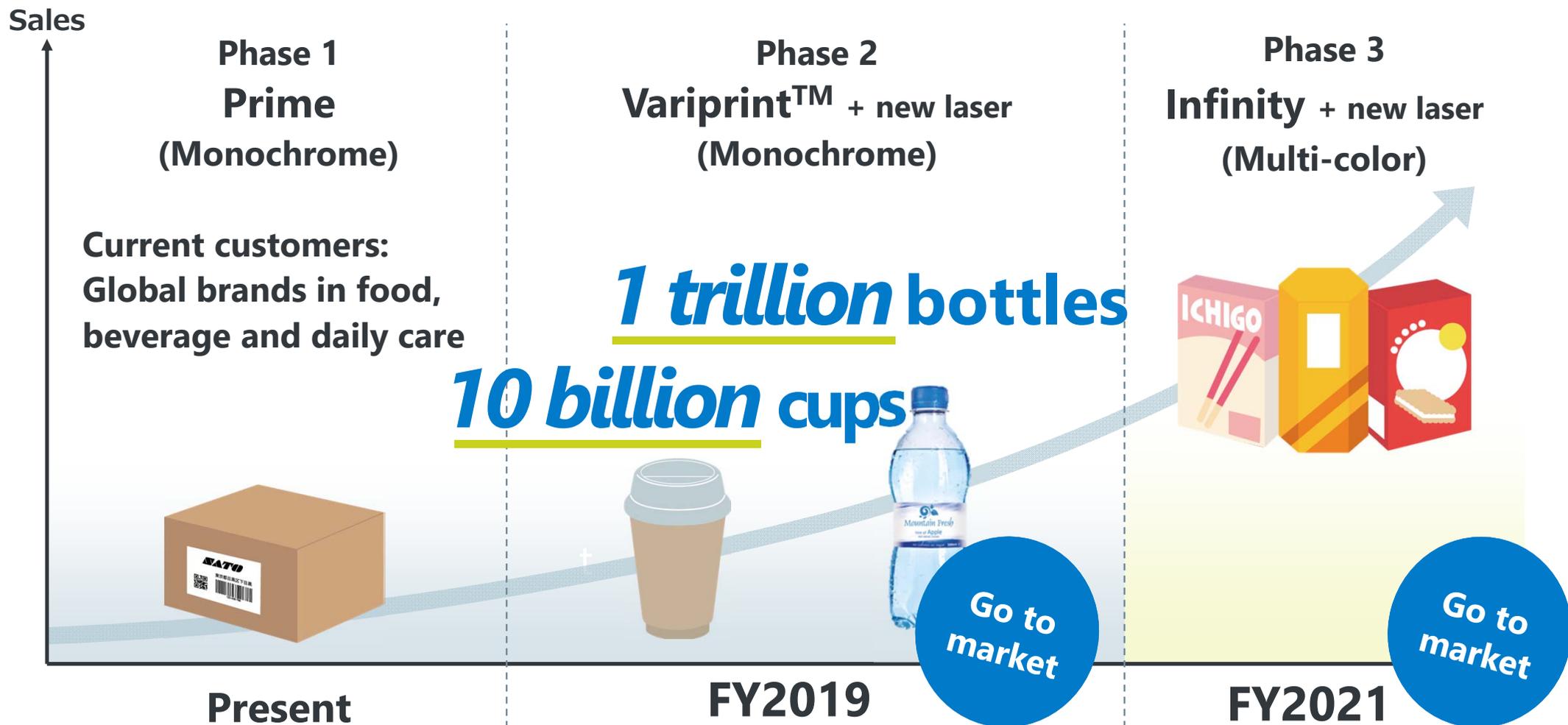
3-(1) Commercialize IDP technology-based solutions

IDP business model



*Stock Keeping Unit

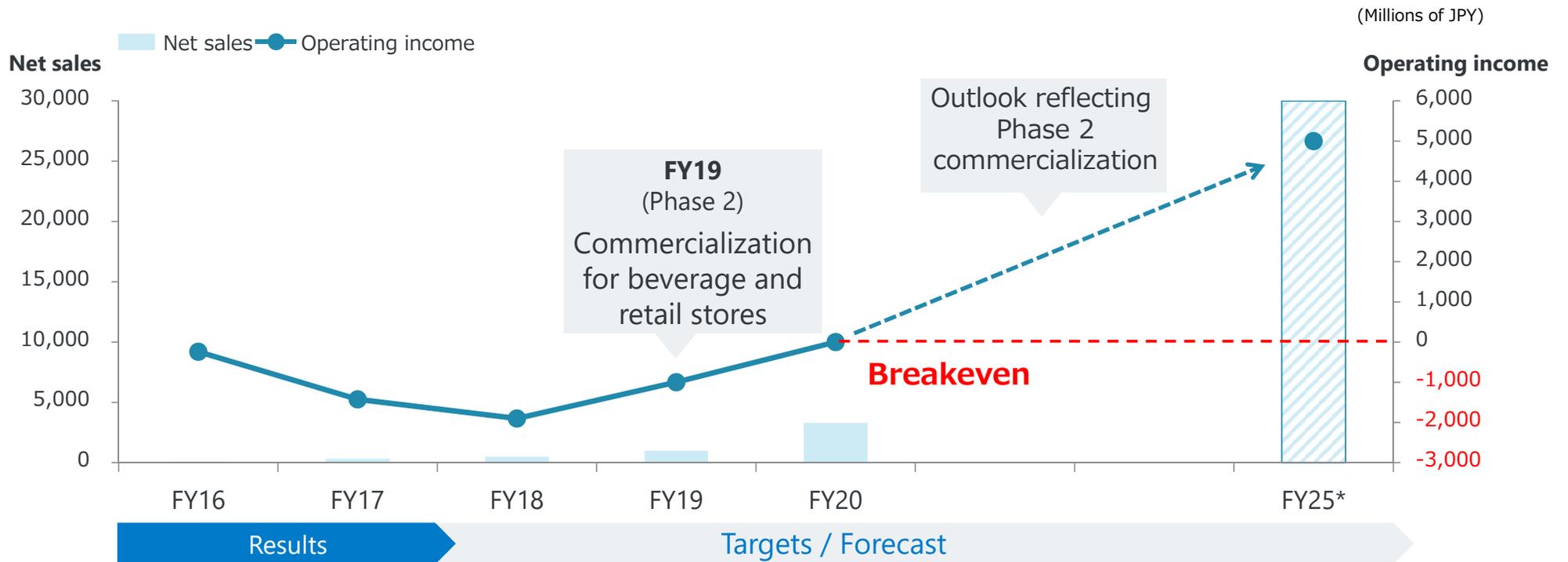
3-(2) Commercialize IDP technology-based solutions



3-(3) Commercialize IDP technology-based solutions

Promoting the sales of technologies that can be commercialized has the potential to bring substantial growth

Medium-term management plan (IDP business outlook)



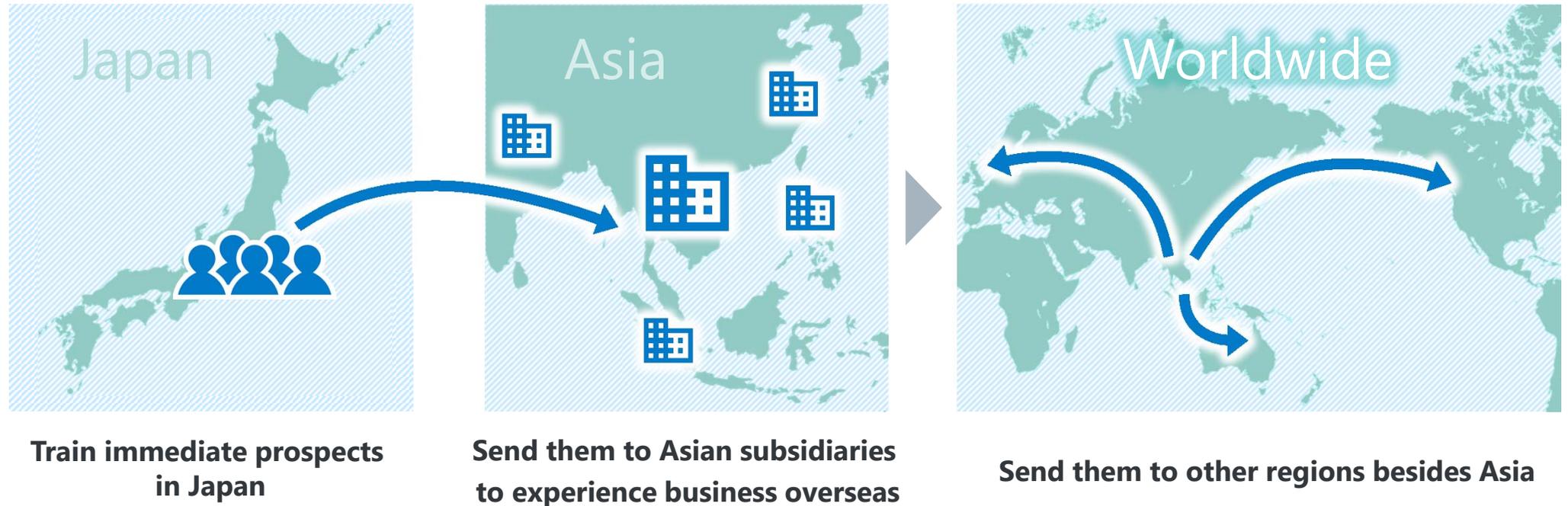
*Excl. multi-color (Phase 3)

Focus areas for resource allocation

Invest with emphasis on overseas Auto-ID Solutions business

- 1. Invest in personnel who would drive our Auto-ID Solutions business worldwide**
- 2. Develop high-speed RFID manufacturing equipment in-house**
3. Optimize consumables production functions
4. Establish global network for primary labels business outside Japan
- 5. Invest in research & development of strategic printer models**
6. Build global sales infrastructure (CRM)
7. Develop and roll out our solution services in Japan for markets outside Japan
8. Develop IDP technologies and IDP solutions businesses

1. Invest in personnel who would drive our Auto-ID Solutions business worldwide



Example: A domestic department head has been posted to one of our key target countries overseas for about 3 months to study feasibility of setting up a subsidiary to expand our Auto-ID Solutions business

2. Develop high-speed RFID manufacturing equipment in-house

Example: Annual RFID potential in the health care industry*1



*1 Calculated based on 2016 statistics from WHO

*2 Flexible tubes inserted into a body to remove fluid or inject medicine

Implementation example: Mie University Hospital



Improving 3-point verification efficiency with RFID



Attach RFID wristbands



Read patient's wristband over blanket



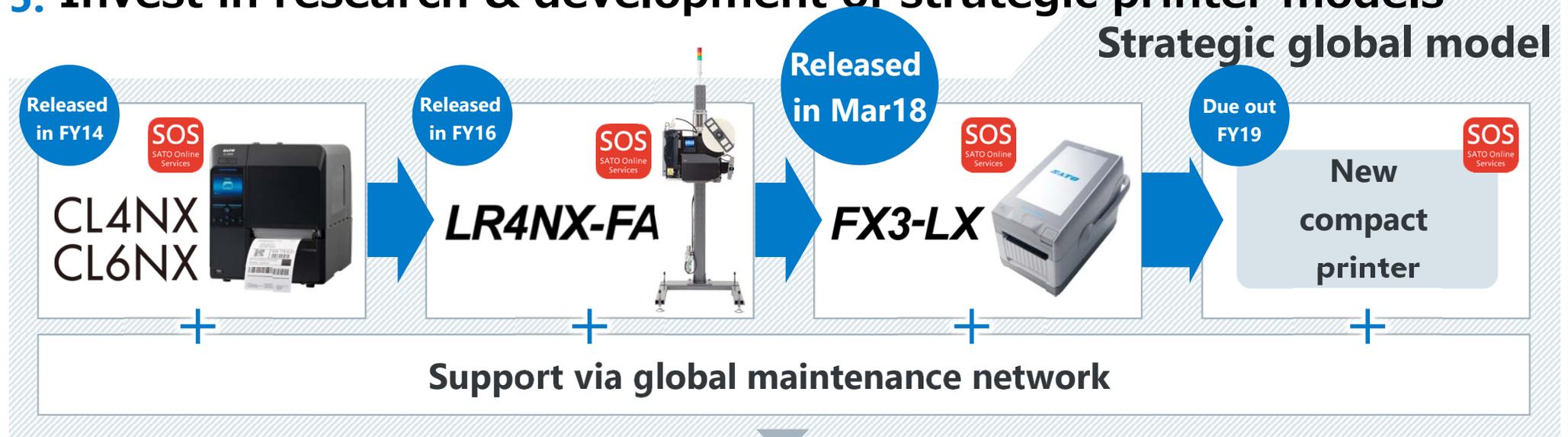
Read medicine

RFID's capability of reading data without making contact can reduce patient burden and data collection time in comparison to barcodes

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5. Invest in research & development of strategic printer models

Strategic global model



High value-add, high profitability

Expand to various markets



Retail



Manufacturing



Public



Food



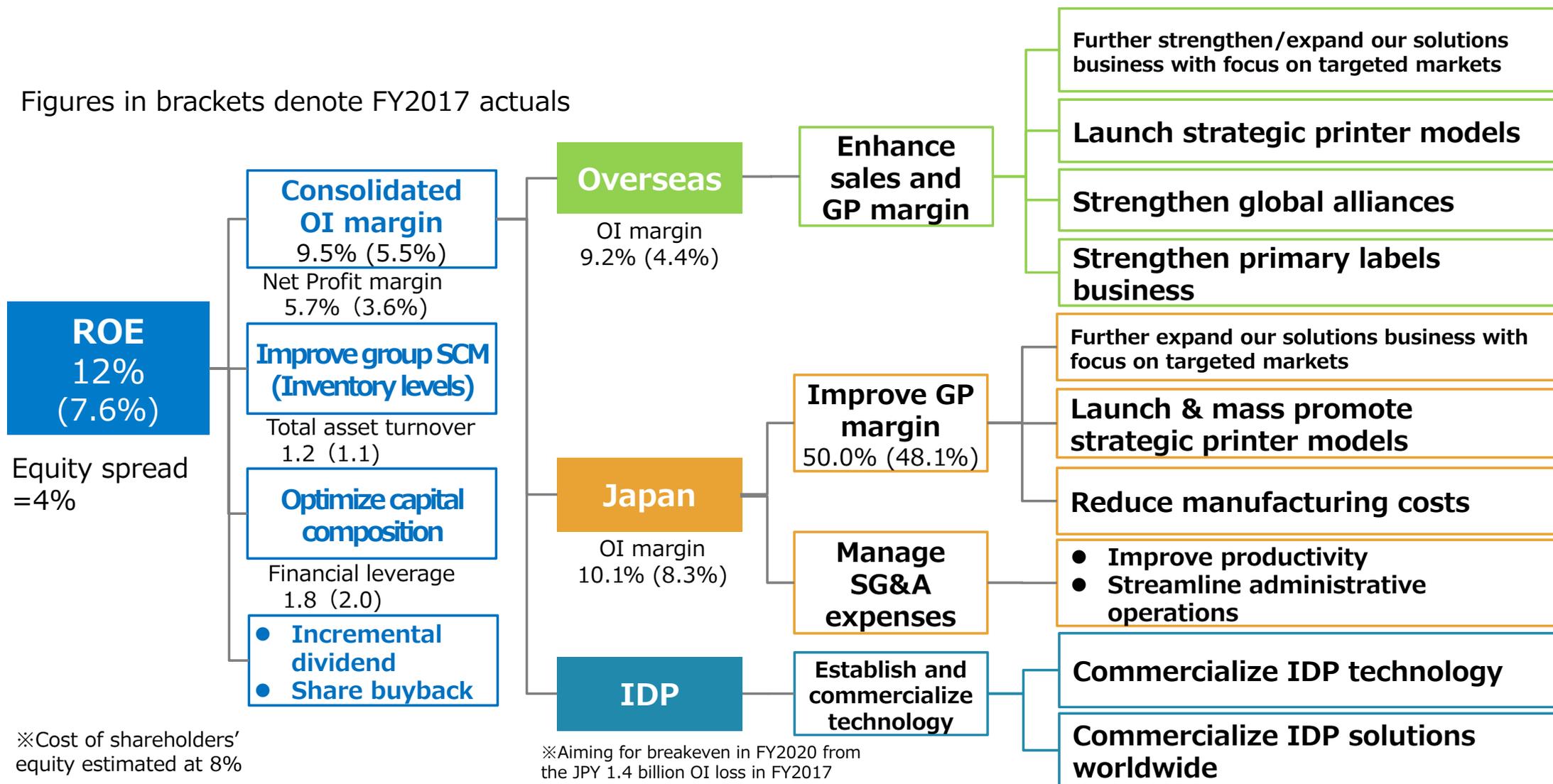
Logistics



Health Care

Roadmap to Higher Capital Efficiency (FY2020)

Figures in brackets denote FY2017 actuals



※Cost of shareholders' equity estimated at 8%

<Reference> Examples of Initiatives to Boost Capital Efficiency in FY17

Launch new products

- Strengthen solutions capabilities
- Focus on targeted markets and new domains

Reduce manufacturing costs

- Improve productivity
- Streamline administrative operations

- Expand end user business
- Launch new products

Improve consumables GP margin

Develop new solutions businesses

M&A, Innovative businesses

Inline digital printing (IDP)

Sustainable consumer packaging

- Released new label printer “FLEQV® FX3-LX”
- Provided a high precision indoor location system in support of Nagoya Univ. Hospital’s Smart Hospital Initiative
- Reduced consumables cost by 2.7% through materials change and capital expenditures for productivity improvement (vs. 2.2% in FY16)
- Improved per capita productivity to JPY 3.3 million from previous FY level of JPY 2.7 million
- Expanded direct sales business within the retail sector (North America)
- Improved consumables GP margin by 2.9 percentage points YoY for the Base business overseas
- Made progress in development of digital retail solution (North America)
- Achieved sales of JPY 8.6 billion in Primary Labels business (vs. JPY 7.5 billion in FY16)
- Showcased packaging solution with high-speed, high-resolution printing of grayscale images at “drinktec” (international trade fair for beverage and liquid food industry), Germany
- Pursued discussions with a food manufacturer to expand products utilizing sustainable packaging



III. FY2018 Consolidated Financial Targets

(Millions of JPY)

FY2018 Consolidated Targets

	FY2018 (Targets)	FY2017	Change	YoY
Net Sales	120,000	113,383	+6,616	105.8%
Operating Income	7,300	6,249	+1,050	116.8%
Ordinary Income	7,100	5,888	+1,211	120.6%
Profit attributable to owners of parent	4,100	4,074	+25	100.6%
EBITDA*	13,000	11,814	+1,185	110.0%

Exchange rates assumed in FY18 forecast: JPY 110/USD, JPY 130/EUR
Average exchange rates for FY17: JPY 110.85/USD, JPY 129.65/EUR

* EBITDA = Operating Income + Depreciation + Amortization

(Millions of JPY)

Sales and OI by Segment

	FY2018 (Targets)	FY2017	Change	YoY
1. Auto-ID Solutions business (Overseas)				
Sales	47,500	42,585	+4,914	111.5%
Operating Income	3,100	1,865	+1,234	166.1%
2. Auto-ID Solutions business (Japan)				
Sales	72,000	70,482	+1,517	102.2%
Operating Income	6,100	5,831	+268	104.6%
3. IDP Solutions business				
Sales	500	315	+184	158.6%
Operating Income	-1,900	-1,426	-473	--
Consolidated				
Sales	120,000	113,383	+6,616	105.8%
Operating Income	7,300	6,249 [*]	+1,050	116.8%
Operating Income %	6.1%	5.5%	+0.6pt	--

(Millions of JPY)

Major Initiatives for FY2018

	Operating Income	
	FY2017	FY2018
① Auto-ID Solutions business (Overseas)		
<ul style="list-style-type: none">● Gain benefits of investments● Reduce costs at SATO Global Solutions	1,865	3,100 (+1,234)
② Auto-ID Solutions business (Japan)		
<ul style="list-style-type: none">● Keep improving product mix & mechatronics GP margin● Do more of "Sell the solution, not the product"	5,831	6,100 (+268)
③ IDP Solutions business		
<ul style="list-style-type: none">● Commercialize advanced monochrome printing technology● Continue development of multi-color printing capability	▲ 1,426	▲ 1,900 (▲473)

Appendix

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| 1. FY2017 Results based on FY2016 Classification | P49 – P55 |
| 2. SATO Terminologies | P56 – P59 |

(Millions of JPY)

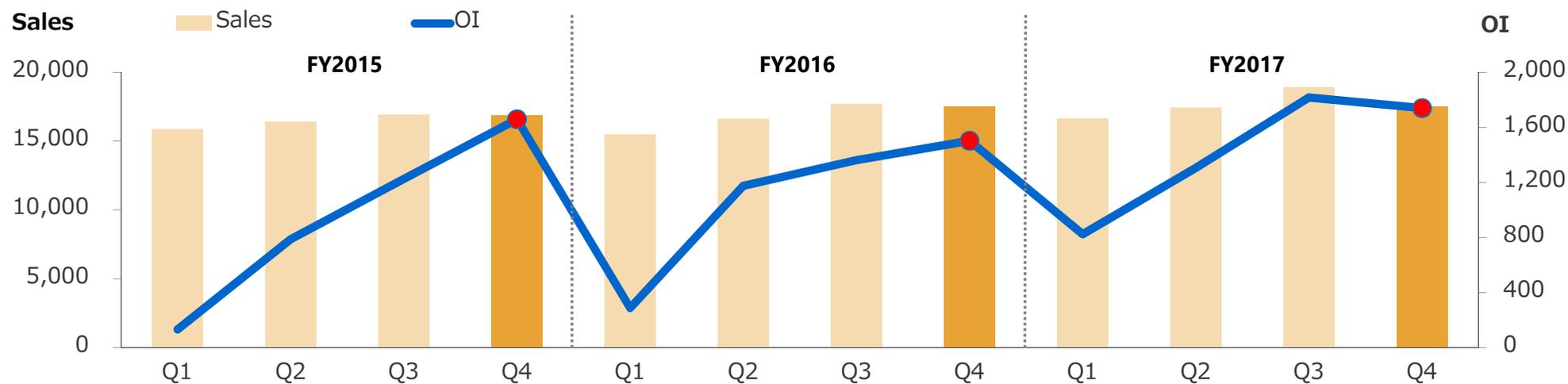
Consolidated Results

		FY2017	FY2016	Change	YoY	excl. FX impact
Japan	Total Sales	70,558	67,375	+3,182	104.7%	104.7%
	Operating Income	5,688	4,331	+1,357	131.3%	130.5%
North America	Total Sales	11,006	10,646	+360	103.4%	101.0%
	Operating Income	-57	-62	+4	--	--
South America	Total Sales	3,437	2,933	+503	117.2%	118.6%
	Operating Income	264	146	+118	181.2%	177.9%
Europe	Total Sales	14,567	12,525	+2,042	116.3%	106.6%
	Operating Income	-1,115	584	-1,699	--	--
Asia/Oceania	Total Sales	13,813	12,821	+992	107.7%	102.4%
	Operating Income	1,505	965	+540	156.0%	148.3%
Overseas	Total Sales	42,825	38,926	+3,898	110.0%	104.6%
	Operating Income	597	1,633	-1,036	36.6%	30.2%
Elimination	Operating Income	-36	139	-176	--	--
Total Sales		113,383	106,302	+7,081	106.7%	104.7%
Operating Income		6,249	6,104	+144	102.4%	100.1%

Japan

(Millions of JPY)

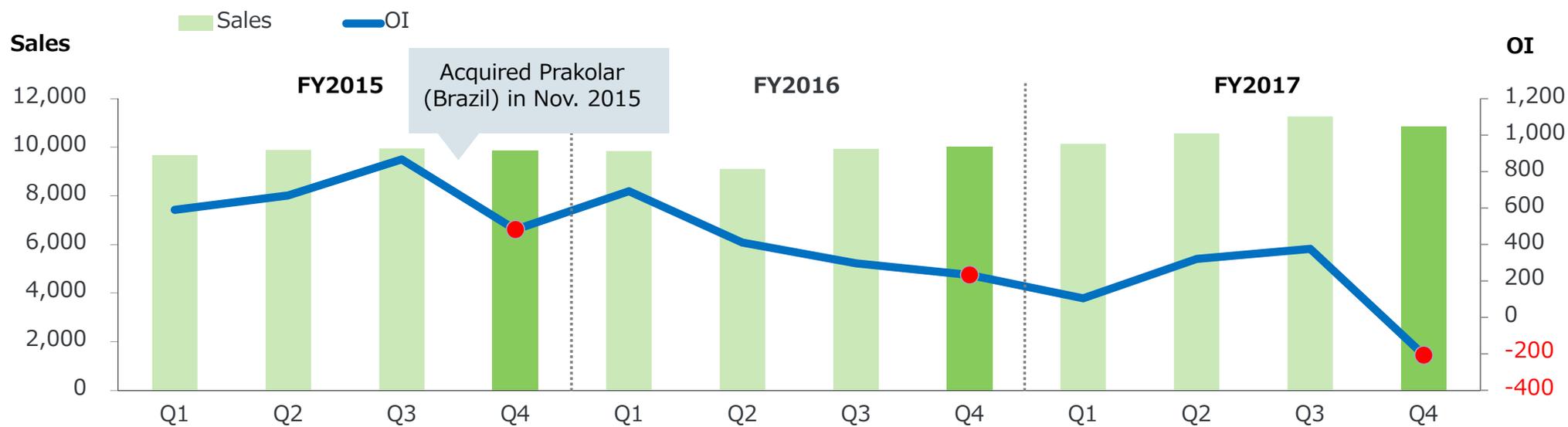
	FY2017	FY2016	Change	
				YoY
Mechatronics Sales	27,564	25,136	+2,428	109.7%
Consumables Sales	42,993	42,238	+754	101.8%
Total Sales	70,558	67,375	+3,182	104.7%
Gross Profit	33,903	30,943	+2,960	109.6%
Gross Profit %	48.1%	45.9%	+2.1pt	--
Operating Income	5,688	4,331	+1,357	131.3%
Operating Income %	8.1%	6.4%	+1.6pt	--



Overseas

(Millions of JPY)

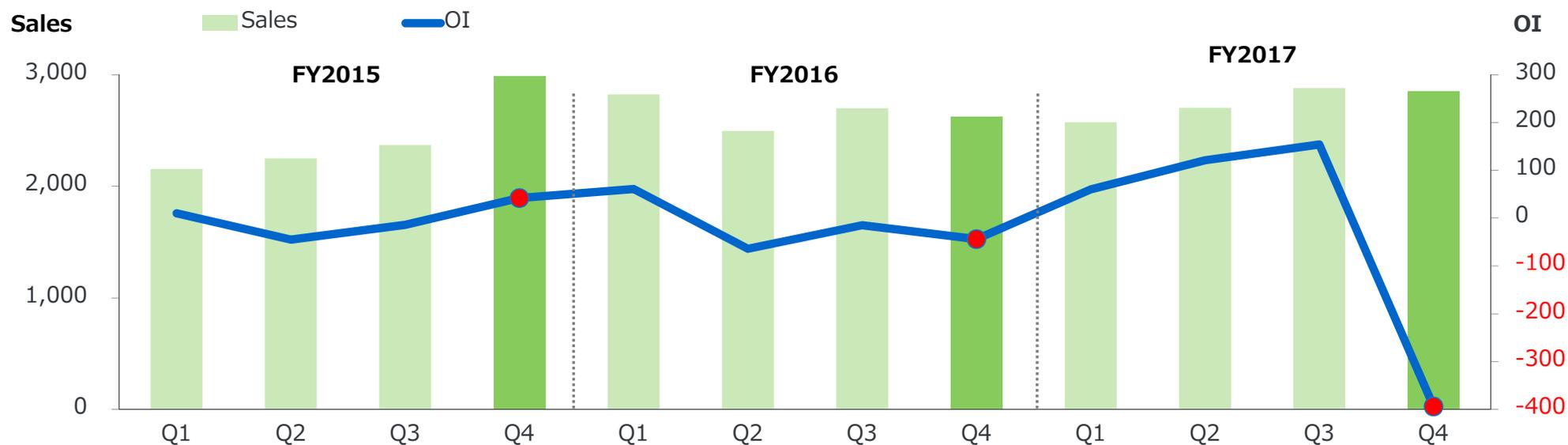
	FY2017	FY2016	Change	Change	
				YoY	excl. FX impact
Total Sales	42,825	38,926	+3,898	110.0%	104.6%
Gross Profit	16,029	14,703	+1,326	109.0%	--
Gross Profit %	37.4%	37.8%	-0.3pt	--	--
Operating Income	597	1,633	-1,036	36.6%	30.2%
Operating Income %	1.4%	4.2%	-2.8pt	--	--



North America

(Millions of JPY)

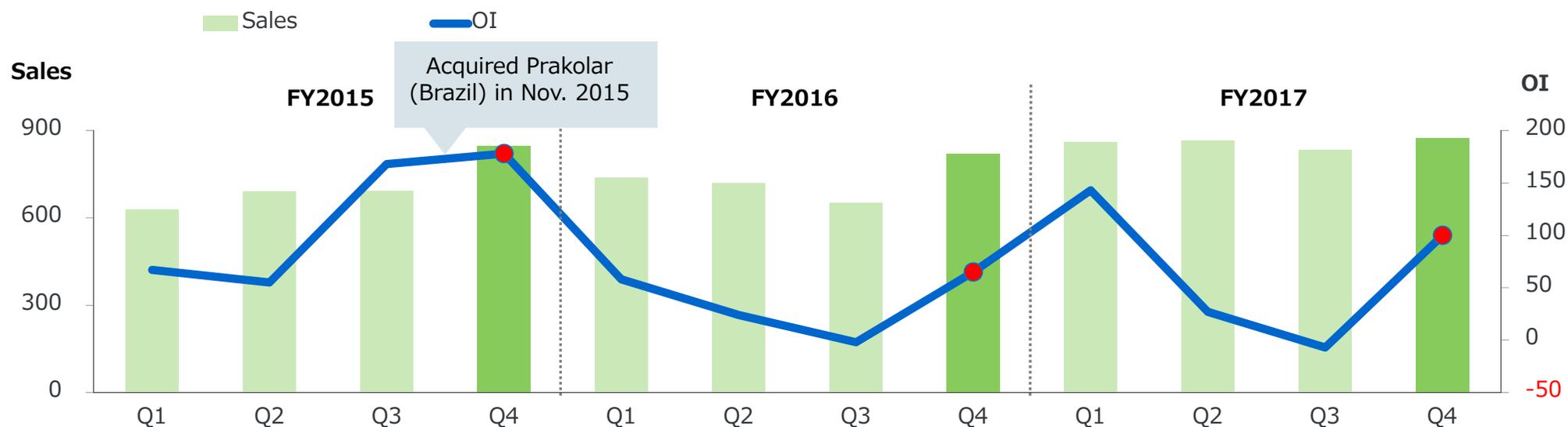
	FY2017	FY2016	Change	YoY	
					excl. FX impact
Total Sales	11,006	10,646	+360	103.4%	101.0%
Gross Profit	3,256	2,845	+411	114.4%	--
Gross Profit %	29.6%	26.7%	+2.9pt	--	--
Operating Income	-57	-62	+4	--	--
Operating Income %	--	--	--	--	--



South America

(Millions of JPY)

	FY2017	FY2016	Change	Change	
				YoY	excl. FX impact
Total Sales	3,437	2,933	+503	117.2%	118.6%
Gross Profit	1,311	1,124	+187	116.7%	--
Gross Profit %	38.2%	38.3%	-0.2pt	--	--
Operating Income	264	146	+118	181.2%	177.9%
Operating Income %	7.7%	5.0%	+2.7pt	--	--

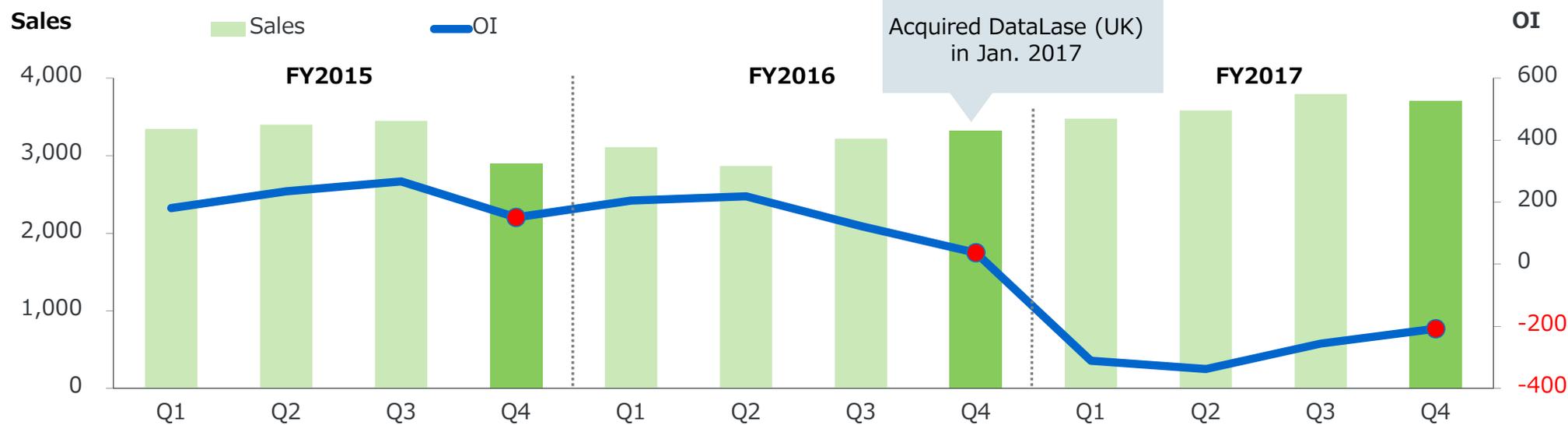


Europe*

(Millions of JPY)

* DataLase consolidated in FY2017

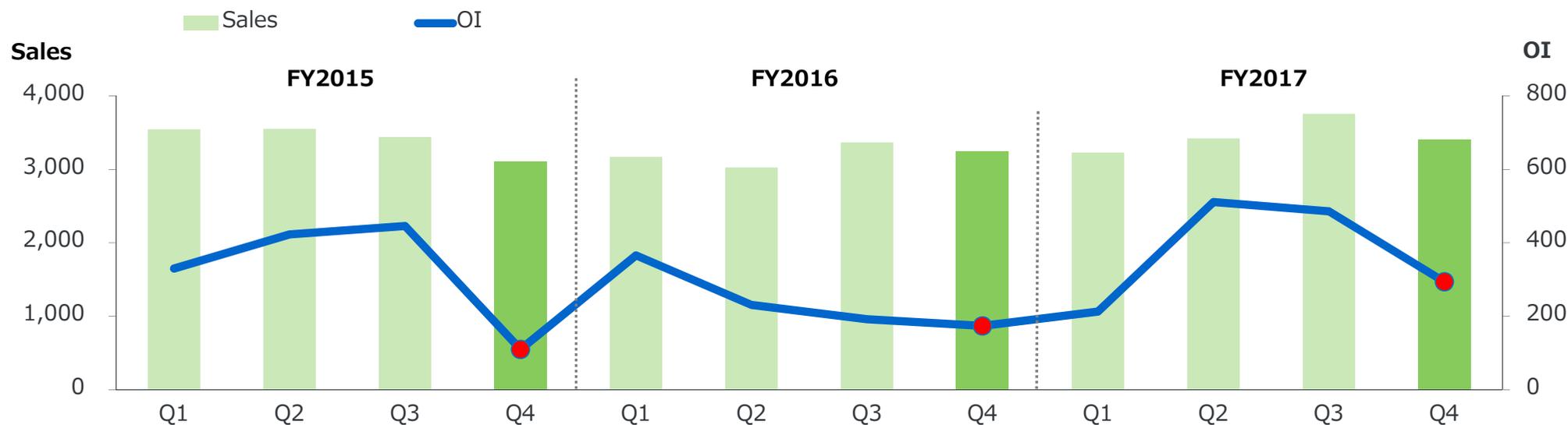
	FY2017	FY2016	Change	Change	
				YoY	excl. FX impact
Total Sales	14,567	12,525	+2,042	116.3%	106.6%
Gross Profit	4,862	4,640	+222	104.8%	--
Gross Profit %	33.4%	37.1%	-3.7pt	--	--
Operating Income	-1,115	584	-1,699	--	--
Operating Income %	--	4.7%	--	--	--



Asia & Oceania

(Millions of JPY)

	FY2017	FY2016	Change	YoY	excl. FX impact
Total Sales	13,813	12,821	+992	107.7%	102.4%
Gross Profit	6,599	6,093	+505	108.3%	--
Gross Profit %	47.8%	47.5%	+0.2pt	--	--
Operating Income	1,505	965	+540	156.0%	148.3%
Operating Income %	10.9%	7.5%	+3.4pt	--	--



SATO Terminologies (1/4)

SATO-unique business concepts/initiatives		Description
1	Auto-ID Solutions business	Our business that carries out DCS & Labeling +One. It is specifically about integrating barcode printers/labels, software and services designed in-house and products from partners to resolve customers' worksite issues. It involves matching data with people and things by tagging them with variable information. It breaks down into Japan and overseas businesses. The latter is made up of Base and Primary Labels businesses.
2	Auto-ID Solutions business overseas: Base business and Primary Labels business	The overseas segment of our Auto-ID Solutions business is made up of Base business (tagging variable information at worksites) and Primary Labels business (handles fixed information, i.e., labels on products such as beverages and everyday goods.)
3	Materials business	Develops, manufactures and sells special materials used mainly in Inline Digital Printing. A reporting segment established new in FY 2017, it was renamed to "IDP Solutions business" in FY2018 to reflect our focus on IDP technology.
4	Tagging	The physical process of attaching identifier data to things and people. SATO is committed to tagging a diverse range of objects handled by different businesses, drawing upon a wealth of practical technical know-how in Auto-ID solutions backed by <i>Genbaryoku</i> .
5	The Last Inch	The final leg of last mile challenges crucial to IoT (Internet of Things) where a wide range of items must be tagged with identifiers to be collected as reliable small data. This "last inch" is SATO's business domain and where it connects the virtual and physical to provide customers value by ensuring accuracy and sustainability, saving labor and resources, offering reassurance, and building emotional connections.
6	DCS & Labeling +One (DCS: Data Collection Systems)	SATO's business model based on a) the systematic collection of data on people and things at business sites and b) tagging/labeling of information, using accurate, efficient and optimized solutions that incorporate Auto-ID technology such as barcodes and RFID with barcode printers and labels/labeling services. In line with increasingly sophisticated user needs, SATO also pursues a policy of open innovation and partnerships to provide value-added "+One" technologies such as voice recognition and location tracking to its legacy business model to deliver greater customer value.
7	Matching data with people and things	Connecting people and things at customer sites with information. Ever since our days of pioneering in hand labelers that tagged price information to products, this concept has remained central to SATO's business.
8	Genbaryoku	Our core competency of going to customer sites to understand their operations and identify the essence of issues to offer optimized solutions.

SATO Terminologies (2/4)

SATO-unique business concepts/initiatives		Description
9	Teiho	<p>Teiho is SATO'S unique system of reports and proposals in effect since 1976. Employees share new information and ideas they come across on-site every day to top management via the Teiho system.</p> <p>Teiho helps top management gain immediate insight into the internal/external business situation to facilitate quick decision-making and execution of initiatives, while allowing "participation by all" in the management of the company.</p> <p>As Teiho involves all employees regardless of rank or years of service, it is also an effective means of compliance monitoring to prevent malpractice and other inappropriate behavior and assist in corporate governance. Some of our global offices have also started Teiho, with more to follow.</p>
Products, Services, Technologies		Description
1	Mechatronics	All products not consumables, including hardware (e.g., barcode printers, automatic labelers, scanners, hand labelers), software and maintenance services. They generate higher gross profit margin than consumables. Mechatronics hardware are manufactured in Malaysia, Vietnam and Taiwan.
2	Consumables	"Consumable" products such as printer labels/tags, primary labels (product labels) and ribbons. They generate lower gross profit margin than mechatronics, but incur low SG&A expenses as they are typically sold through repeat business.
3	Auto-ID Solutions	<p>Combination of products such as barcode printers, labels, software and maintenance services using Auto-ID technologies to connect people, things and information to bridge the last inch.</p> <p>To meet ever complex and diverse user needs, SATO also looks beyond its own resources and interests to pursue open partnerships, for example, to enable solutions combining Auto-ID and location technologies to track items by tags and inventory/worker movements in real time for managing manufacturing processes and visualizing productivity on-site.</p>
4	CLNX series	SATO's first universal printer released worldwide in 2014 (2015 for the Japan market). Engineered for zero downtime, the CLNX series is built to be strong, simple to operate and ready for use with SOS (SATO Online Services), the industry's first IoT maintenance platform for printers.
5	SOS (SATO Online Services)	<p>A cloud-based monitoring service for printers that enables preventative maintenance and on-the-spot troubleshooting.</p> <p>With SOS, users can view the status of their cloud-connected printers at a glance and manage them centrally with ease, while SATO can increase productivity of its service personnel through preventative maintenance and improve responsiveness over widely spread areas outside Japan with limited service teams.</p>

SATO Terminologies (3/4)

Products, Services, Technologies		Description
6	AEP (Application Enabled Printing)	Intelligence (i.e. label/tag printing application installed) inside the printer to enable PC-less printing. AEP-enabled printers also support communication with host databases or IT systems.
7	API (Application Programming Interface)	A set of programming instructions and standards that allows applications to communicate with each other and exchange data, making it easier to create applications across a wide variety of platforms, devices, and programming languages.
8	Variable information labels	Blank or pre-printed labels used to print variable elements such as barcode, product price, manufactured or expiry date on-demand at the customer's site of operations. Unlike fixed information labels that are identical and printed at large quantities in a single run, variable information labels offer flexibility to print whenever and wherever needed.
9	RFID (Radio Frequency Identification)	A type of Auto-ID technology that uses radio waves to read/write data from/to an RFID tag without making contact. RFID offers faster read rates (from reading multiple tags at the same time) and greater read range than traditional barcode technology. Also, unlike barcodes, RFID tags can be read when covered by another object or stained, and are read/write-capable to enable updates to the encoded data. Because of these key benefits, RFID can significantly improve operational efficiency.
10	VISION Retail Platform	An RFID-based IoT solution for the retail industry that delivers a game-changing consumer experience. VISION was developed by SATO Global Solutions (SGS), a US subsidiary established in 2015 to globally drive the Auto-ID solutions integration business that includes development, production and maintenance of hardware and consumables.
11	IDP (Inline Digital Printing)	A revolutionary, direct marking technology comprised of a special color-change pigment that can be applied as a coating to virtually any substrate and exposed to a laser beam to create a color change. As IDP uses no ink or labels at the point of printing, it eliminates the need for labels, minimizes stock keeping units (SKUs) and reduces waste, while also shortening time spent on hardware maintenance. Besides delivering cost savings, productivity improvements and environmental benefits, IDP allows the printing of variable data for late stage customization/personalization of products and packaging, making it ideal for real-time, consumer-directed marketing. Joint development with Xerox for multi-color capability – crucial for marketing applications – currently underway with target launch in 2021.

SATO Terminologies (4/4)

Key acquisitions since 2012		Description
1	Argox Information Co., Ltd. (Taiwan)	[2012] Company engaging in the development, production and sales of entry level printers.
2	Achernar S.A. (Argentina)	[2012] Company specializing in primary labels.
3	Magellan Technology Pty Ltd. (Australia)	[2013] Company from which SATO acquired its healthcare business for PJM (Phase Jitter Modulation), a highly unique 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 metals and liquids. Now SATO Vicinity Pty Ltd.
4	Okil-Holding, JSC (Russia)	[2014] Primary label company in which SATO acquired 75% ownership stake.
5	Prakolar Rótulos Autoadesivos LTDA. (Brazil)	[2015] Company specializing in primary labels.
6	DataLase Ltd. (UK)	[2017] Company engaging in the development, production and sales of the Inline Digital Printing color-change pigment. Now a SATO consolidated subsidiary.



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