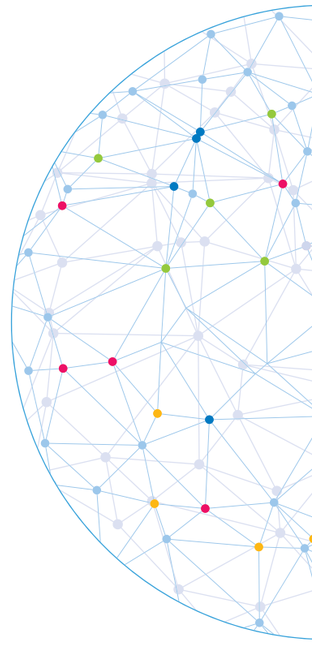
Filling in The Last Inch™:
Tagging Everything to Unleash the Power of IoT



INTEGRATED REPORT 2015

SATO HOLDINGS CORPORATION

Filling in The Last Inch™ to Deliver Peace of Mind and Satisfaction, Anytime, Anywhere

You may have heard of the term “last mile,” originally used by the telecommunications industry to refer to the last leg of a network that connects service providers and their customers. The phrase has since come to describe a short, final distance to an end destination – the last stretch that can potentially be a source of added value despite its daunting complexities. In the emerging IoT era, we make it our mission to connect the dots and close the gaps in business processes using Auto-ID solutions. SATO has adapted the “last mile” phrase to create our own expression: **“The Last Inch.”**

A reliable and robust last-inch infrastructure is needed everywhere; take for instance Tokyo, the capital of Japan, popular with international tourists and selected to host the 2020 Olympic Games. Imagine tourists that can explore new landscapes and cultures in comfort with easy-to-access information always at their fingertips. This vision inspired us to develop a service that allows individuals to scan 2D codes attached to in-store merchandise using their smartphones to retrieve corresponding product information in different languages. For this service to function, goods must be tagged with unique IDs and linked to IT systems. This is the last inch that must be bridged on site so as to successfully connect the virtual and physical with data.

Discover the stories behind the products you buy. Get to know who grew your food. Or learn about ingredients and allergens. A world where everyone, including tourists that are unable to read the local language, can enjoy food, travel, shopping, and all other aspects of life with ease and peace of mind — that is what SATO delivers by filling in the last inch.





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In March 2015, SATO Group took top honors in a business model competition organized by Japan’s Ministry of Economy, Trade and Industry (METI) to provide hospitality services to travelers visiting Japan for the 2020 Olympics. This award was in recognition of our plan to use ID data provided by international tourists with their consent, sharing it with business operators to allow both parties access to information of interest at various touch-points, including hotels, transportation, eating out, sightseeing and shopping.

SATO's Core Competency: Leveraging Technology to Enable Greater Visibility and Peace of Mind

SATO utilizes Auto-ID technology such as barcodes and RFID to collect and analyze data across a variety of industries. We leverage this technology to boost precision and efficiency, save on labor, and deliver solutions that provide increased safety and peace of mind. A prime example of this is SATO's blood tracking systems.

SATO has an extensive track record of working side-by-side with healthcare providers to ensure the safety of patients. Using AIDC technology, SATO provides robust traceability solutions that accurately track and trace the path of blood products from donor to recipient. By providing visibility throughout the transportation and inventory process, donation centers and hospitals can improve blood management practices.



Blood Donation
- Donor–recipient identification
- Tag blood bag and test sample tubes



Transportation
- Log the entire temperature history during transport; temperature management
- Monitor driver location and route



Blood Center
- Trace blood bags at center
- Real-time inventory management of blood bags and blood products



Hospital Blood Bank
- Inventory management
- Expiry management
- Transfusion Safety System: Positive matching of blood bag and patient



Vein-to-vein traceability

Making sure the right blood goes to the right patient

We are a Manufacturing Integrator of Engineered AIDC Solutions

To collect data on the movement of goods and people using AIDC solutions, we design systems that integrate printers, readers and software. Additionally, we provide labels, ribbons and consumables for those systems, and aftersales support. This delivery of end-to-end, total solutions is the core of the SATO Group's business model—Data Collection Systems and Labeling (DCS & Labeling). SATO is the only global AIDC solutions provider that has true manufacturing, integration and engineering capabilities.

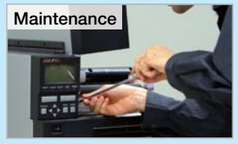
AIDC Technology



Robust Product Lineup


Hardware


Consumables


Maintenance


Design Services


Software


System Peripherals

Our Unique Approach: *Genbaryoku*

Genbaryoku is SATO's uncompromising hands-on approach to problem solving, demonstrated in the way we visit our customers' places of business and work side-by-side with them to truly understand their operations. This consultative, collaborative approach allows us to build long-lasting relationships with our customers to provide optimal results.

Genbaryoku

Hands-on consultation that goes the extra mile to understand the root of the problem

Added Value
- Precision
- Labor savings
- Resource savings
- Peace of mind
- Environmental protection

Solutions for a Variety of Industries


Retail


Healthcare


Food


Manufacturing


Logistics


Public Sector



“The Last Inch™” — Our Key to Connecting the Virtual and Physical to Realize Sustainable Business Growth

In FY2014*, the SATO Group posted record-high sales and profits, a strong finish to our three-year medium-term management plan launched in FY2012. Reaching this milestone prompted us to make upward revisions to our FY2020 targets for profitability, capital productivity and overseas sales ratios that the FY2012-14 plan had defined. The new medium-term management plan will set the pace for meeting these goals. To clear this new hurdle and move closer towards our business vision of becoming the leader in the Auto-ID solutions industry worldwide, SATO will strive to establish a unique market position, based on the concept of filling in “The Last Inch,” connecting the virtual and physical.

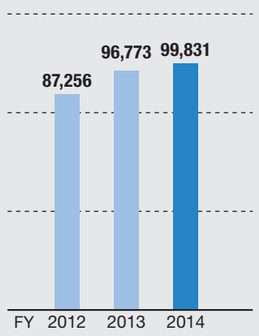
Record sales and income for the second consecutive year, propelled by overseas business gains

In the year under review, the SATO Group recorded an increase in net sales, up 3.2% from the previous fiscal year to ¥99.8 billion, and an increase in operating income, up 10.1% to ¥7.4 billion, topping previous highs for a second consecutive year. On the other hand, net income showed a decrease of 12.4% to ¥3.7 billion, weighed down by surges in tax expenditures accompanying legislation changes and other onetime factors that led to a sharp jump in effective tax rate.

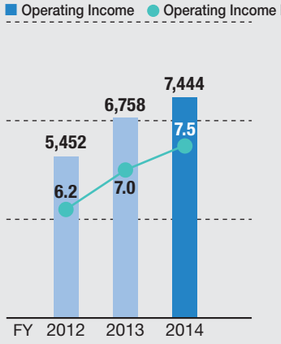
In the Japanese market, consumables sales to the retail, food, and logistics industries experienced sluggish growth, on account of the lull after the rush in demand related to the consumption tax hike and weaker consumer activity. While this caused overall sales in Japan to dip by 2.5% year-on-year, operating income improved by 3.7%, and was matched by an operating income ratio that rose to 8.0% from 7.5% the previous year, thanks to robust hardware sales to the public and manufacturing sectors in the second half of the fiscal year. Overseas, our business continued to achieve significant increases in both sales and operating income (up 16.9% and 39.2%, respectively), seeing operating income ratio climb from 6.4% to 7.6% on a full-year basis as sales of hardware products, including the global strategic CL4NX printer series, grew substantially and consumables deals gained profitability. Our overseas business has become a powerful driving force behind our consolidated Group performance, and is expected to play an increasing role in future sales and profit contributions.

*FY2014 = The fiscal year ended March 31, 2015

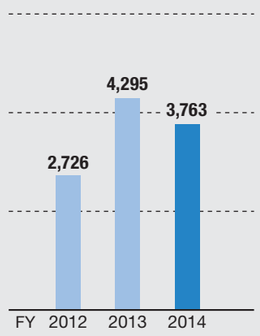
Sales (Millions of yen)



Operating Income and Operating Income Ratio (Millions of yen/%)



Net Income (Millions of yen)



FY2014 Financial Summary

Mechatronics: Hardware, software, maintenance service, etc.
Consumables: Primary labels and printer labels, tags, tickets, ribbons, etc.

Japan

Mechatronics Sales ▲ 1.6%
- Large-scale business deals
- Printer renewal deals

Consumables Sales ▼ 4.8%
- Economic slowdown
- Spending down due to recoil from tax hike

Gross Profit % ▲ 45.5% +0.9pt v.s. PY
- Decline in consumables sales
- Growth in mechatronics sales

Operating Income ▲ 3.7%
- Increase in gross profit %
- Effective deployment of SG&A expenses

Overseas

Highest-ever overseas sales and Operating Income

Sales ▲ 16.9%
- Increase in sales across all regions
- Acquisition of Okil (Russia)

Operating Income ▲ 39.2%
- CL4NX (planned figures unachieved)
- Acquisition of Okil (Russia)

Up-front Investments (Impact on Operating Income) ▼

SATO Vicinity (PJM technology) (Established 2013): JPY 200 mil
SATO Global Solutions (Established 2014): JPY 150 mil



Solid results despite shortcomings in speed of implementation

The most notable achievement of the former medium-term management plan was that it transformed our overseas business into a growth pillar. Under the plan, structural reforms were conducted in Europe to bring deficit-ridden businesses back to profit in FY2013, making all overseas regions now capable of generating operating income. In addition, the plan initiated the introduction of cutting-edge printing equipment and strengthened and expanded the entire production process, which helped raise the gross profit margin for our consumables business overseas by approximately 4 points over the three-year period, greatly contributing to profit growth.

We also made progress reinventing the SATO business model. Traditionally, our business had centered on supplying hardware and consumables, but we are redefining this business model to capitalize on our strengths in offering diversified solutions for different customers, and have been working on adding “+ONE” ideas to our legacy business, which have delivered results. We have also been planting seeds for new business opportunities in green technology and other domains, and expect to see results over the next three years and beyond.

In retrospect, the FY2012-14 medium-term management plan was an overall success as we managed to achieve the majority of our high-level targets. But as speed of implementation remains an issue, we will carry out the new medium-term objectives and strategies that are largely adapted from the previous plan with particular emphasis on speed.

Developing country-specific, market-specific solutions, in anticipation of substantive growth

In Japan, we go beyond simply selling printers and other hardware, to instead offer total solutions. However, it took some twenty years for us to build up this business model and really put it to work. Outside Japan, we spent the last ten years or so steering our Group companies to profitability, and are starting to see sales of consumables and maintenance services increase alongside those of printers, which suggests that the business is becoming more solutions-oriented. Our next step is therefore to replicate the Japanese business model overseas full-scale. We will start by laying down a set of specific codes and practices, which we call the “SATO Sales Way.” By transferring relevant sales knowledge and best practices globally, we believe that we will be able to deliver innovation that translates into growth opportunities.

The SATO Group celebrates its 75th anniversary this year. We have been proactive in evolving our core business at roughly twenty-year intervals over the course of our history, crossing over from hand labelers to barcode printers to Auto-ID solutions. As we head into the next crucial turning point for our business, we took special care to clearly define the Group’s strategic positioning.

Defining SATO’s positioning, the underlying dynamics of our business strategies

The new medium-term management plan contains seven strategies, with six being growth strategies and the last dedicated to overall Group management. All seven strategies stem from the idea that the SATO Group positions itself as a company that focuses on "The Last Inch.”

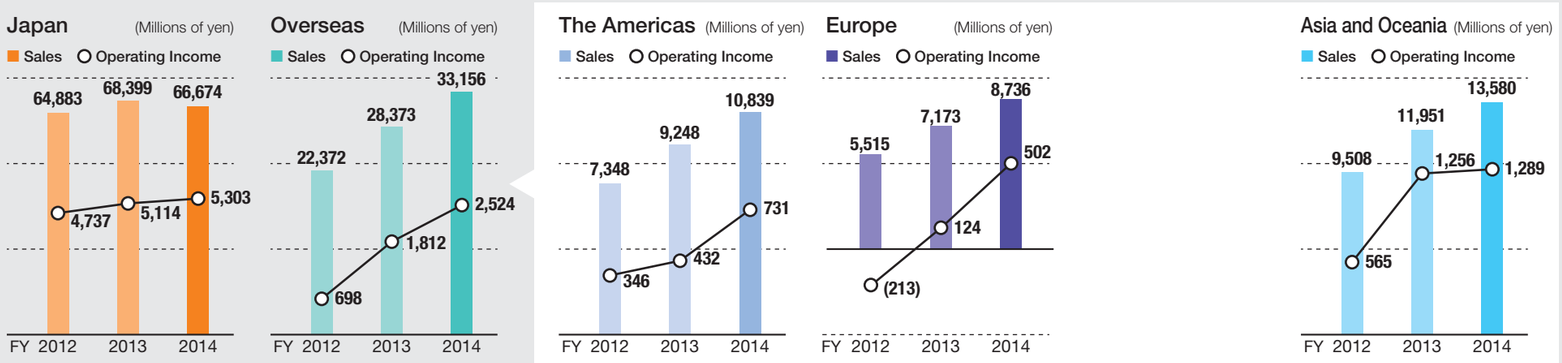
The Internet of Things (IoT) involves connecting everything to the Internet, and it is forecasted that the number of connected devices will increase expansively by about five times in the next five years. However, IoT and its integration into Big Data analytics can only happen and function seamlessly if objects are tagged with identifier information and linked accurately to IT systems in real time.

Anything from high-temperature iron materials at steelworks that can withstand temperatures over 1,000°C to stem cells stored at temperatures as low as -196°C can be tagged. Although this requires extensive work up-front, SATO has consistently played its part in offering barcode and labeling solutions to different industries, long before the days of IoT and Big Data. It is therefore only natural that we find our niche in filling in “The Last Inch” connecting the physical and virtual, as this best describes what we do with *Genbaryoku*, our uncompromising hands-on approach to problem-solving.

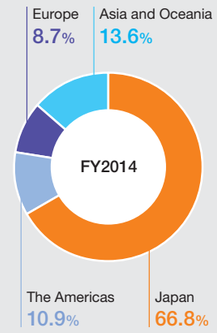
Clearly defining our positioning allows us to stand out in a rapidly changing global marketplace. Our key competitors follow a business model of selling hardware products through their distributors and business partners, and have been actively pursuing mergers and acquisitions to expand and realize economies of scale and scope in distribution. Instead of entering into M&A wars with our competitors, it made more sense to adopt a stance open to collaborations and partnerships for the tagging business, which our competitors are not directly involved in. In doing so, we aim to gain control of risks and threats, turning them into opportunities for growth and success.

At SATO, we aspire to develop deep, lasting relationships with customers, while providing a full range of standard and customized solutions meeting

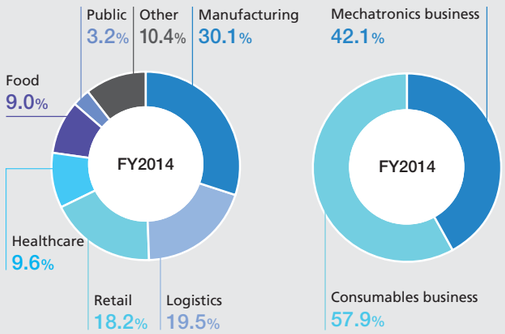
Sales and Operating Income by Geographical Segment for FY2014



Sales Ratio by Geographical Segment



Sales Ratio by Sector



their respective needs. To that end, we strive to be customer-centric in all of our business activities by readily looking beyond our own resources and interests to enable open innovation and collaboration through different partnerships and technological tie-ups. Ultimately, we aim to build a comprehensive portfolio of unique SATO solutions that will change the game completely.

Prioritizing resources for overseas operations and game-changing strategies

SATO's stance used to be to try to "do everything" to meet any need. One of the obvious drawbacks prior to our previous medium-term management plan was that resources became fragmented in a way that made business strategies less functional. In order to allot corporate resources in an even more efficient way in the new medium-term management plan we have set six growth strategies.

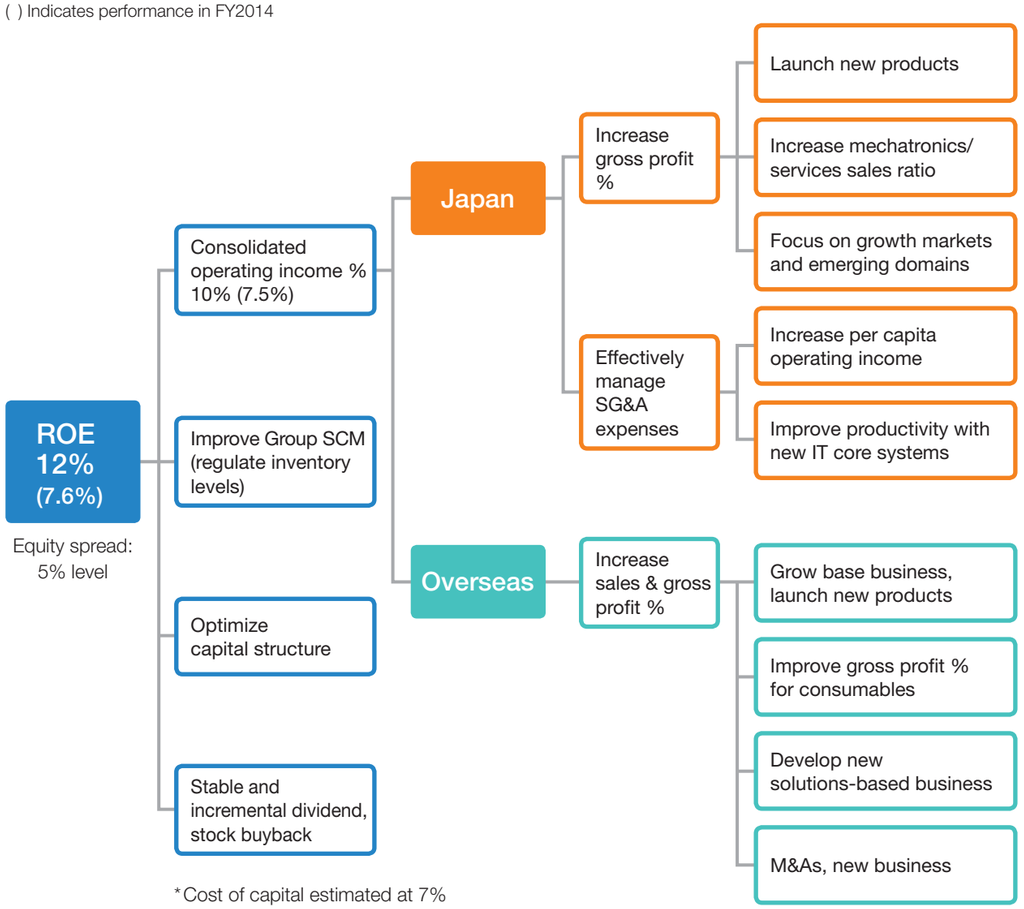
Strategy 1 relates to the Japanese market, while Strategies 3 to 6 are directed at growth domains (overseas markets, software, RFID and green solutions), and will be driven by the corresponding specialized Group companies that have been established. Strategy 2 attempts to commercialize game-changing innovations across all strategies. Strategy 3, focusing on increasing the ratio of overseas sales, also ties into other strategies as well. We will concentrate resources primarily on Strategies 2 and 3. In Japan, where we fund new investments with profits generated using growth models, we will be rolling out soft structural reforms to reallocate and shift business resources to key domains as necessary.

Auto-ID solutions are fuelled by demands that vary significantly between countries, industries and customers. For example, in Japan it is possible to station service engineers across the entire country to support the stable operations of our customers. However, the same cannot be done across the many regions we operate in due to differences in geography and market conditions. This is where an emphasis on innovation comes into play. To effectively meet the demands of overseas markets, we must be able to develop game changing solutions like SATO Online Services (see pages 16-17 for more information). We will need to implement Strategies 2 and 3 in close coordination as we seek to raise capital productivity to our target level.

In expanding our business investments, we will make it a point to apply clear exit rules to dissolve new investments that show no prospects after three years. For existing businesses, we will also consider making exits after assessing their profitability, strategic relevance, and synergistic effects collectively. This means that we will continue to invest in our RFID and green businesses for example, despite their current losses, as they are of high strategic importance to the company.

Roadmap to Improving Capital Productivity (FY2017)

( ) Indicates performance in FY2014



*Cost of capital estimated at 7%

New Medium-term Management Plan (FY2015-17)

7 Strategies

Strategy 1 Build new growth/profit models in Japan
Strategy 2 Pursue game-changing customer centric innovations and convert them into new businesses
Strategy 3 Strengthen base business and develop emerging markets to work towards 70% overseas sales/ profit ratio
Strategy 4 Create new solutions business centering on software and consulting services
Strategy 5 Deliver truly one-stop RFID solutions
Strategy 6 Expand our green business globally with speed
Strategy 7 Optimize Group management



FY2014-20 Targets

(Billions of yen)	FY2014 (Actual)	FY2015	YOY	FY2017	FY2020
Sales	99.8	110	110.2%	120	150
Operating income	7.4	8.5	114.2%	12.0	18.0
Operating income ratio	7.5%	7.7%	+0.2pt	10.0%	12.0%
EBITDA	11	13	117.7%	16.5	21.5
Overseas sales ratio	33.2%	39.1%	+5.9pt	40.0%	50.0%
ROE	7.6%	10.0%	+2.4pt	12.0%	14.0%

Focusing on acquiring and fostering global talent for sustainable business growth

In the new medium-term management plan, we have included human resource development with the objective of reinforcing our sustainable growth base. This new initiative aims to clearly define a skills matrix for existing employees, to improve their international competitiveness, and a recruitment roadmap for new hires, while proactively driving the deployment of global personnel who can truly identify with SATO's values and brand philosophy. In fact, we have always been on the lookout in our Group companies for candidates with leadership capabilities and the commitment to apply our corporate values throughout their work responsibilities. This is how we came to select Maria Olcese to join the SATO Holdings Board of Executive Officers in a short two years after we acquired Achernar, an Argentine label company where she serves as president. Currently, Maria oversees our Latin American sales region, and manages the execution of growth strategies such as mergers and acquisitions. We have also appointed Michael Beedles as president of SATO Global Solutions, a new company tasked with spearheading Strategy 4 in our new medium-term management plan. Michael was the president of a software company we acquired in America, and has more than twenty years of experience in the supply chain management industry. He has also joined the SATO Holdings Board of Executive Officers.

From our pool of diverse human resources, we hope to identify and groom talent who can embrace our corporate values to accelerate the speed of our business development. We will also make efforts to put in place reliable global management and governance structures, given their pivotal role in business globalization.

Increasing dividend payout with the start of the new medium-term management plan

The SATO Group practices the Return to Four Stakeholders policy, distributing profits gained from our business activities with shareholders, employees, society and the company to ensure that we thrive and prosper together. In terms of profit sharing with our shareholders, we have been providing increased dividends every year since being publicly listed on the Tokyo Stock Exchange. In light of the new medium-term management plan, which seeks to boost capital productivity, we are targeting greater market value per share while continuing to deliver stable incremental dividends. For FY2014, SATO has decided on a total dividend payout of ¥45 per share, an increase of ¥5 per share compared to the previous fiscal year.

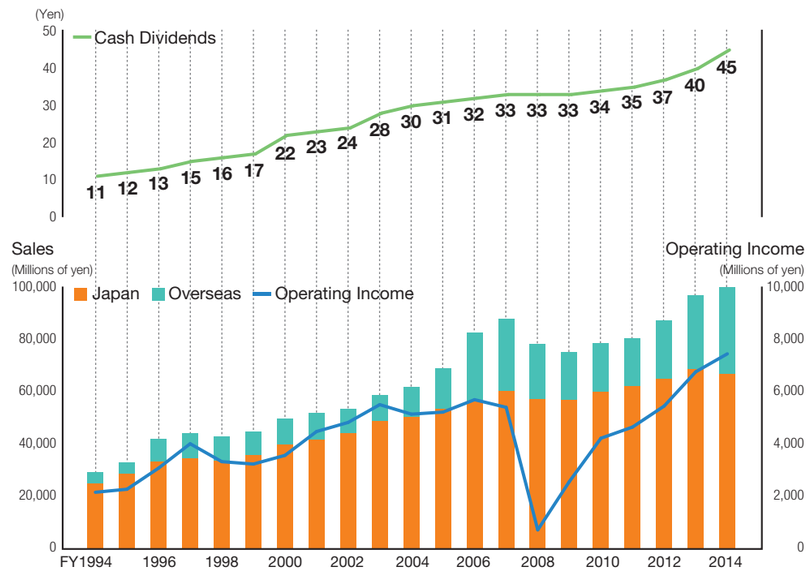
Delivering "The Last Inch" with the trust of our stakeholders

The management philosophy of contributing to society through our main business in the spirit of Ceaseless Creativity represents the beliefs of our late founder, Yo Sato, in the context of Creating Shared Value (CSV), and is what we regard as the fundamental cornerstone of our business. This will continue to be the binding framework for our business policies, decisions and actions, as we aim to further globalize and achieve dramatic leaps in our performance with the new medium-term management plan.

SATO has positioned itself to be the only global company capable of filling in "The Last Inch," connecting the virtual and physical to unleash the power of IoT and its vast benefits. As we make this journey, our top priority will always be to earn and maintain the trust of customers, as well as of other stakeholders including shareholders, employees, and business partners. I can also say without a doubt that this statement encapsulates the ethos of all our strategies and aspirations.

The SATO Group will strive to scale new and greater heights in the years to come, and on behalf of our employees and the management, I thank you and ask for your continued support in our businesses.

■ Cash Dividends / Sales / Operating Income



SATO Values

Mission Our mission is to create new value for our customers through products and services of superior quality, and to contribute towards a better and more sustainable world.

Vision Our vision is to be the leader in the Auto-ID Solutions Industry worldwide.
We aspire to be the world's most trusted company by dedicating ourselves to creating solutions for precision, labor and resource savings, peace of mind and environmental protection.

Credo

- We inspire changes, new ideas, and the courage of promoting customer-centric innovation in the spirit of Ceaseless Creativity.
- We seek to be true professionals by constantly striving to exceed the expectations of our customers.
- We see things as they are, and do the right thing right away.
- We show respect for all individuals, extend trust to each other, and work together as one cohesive team.
- We enable a vibrant and open-minded workplace, eliminating the formalities that cause "Big Company Disease."
- We share the returns from our business with our four stakeholders: shareholders, employees, society and the company.

Evolution and Innovation

The SATO Group has always changed with the times. From the invention of the hand labeler in 1962 to the development of the world's first thermal transfer barcode printer in 1981, SATO has continually met the needs of the market with innovative products and developed business models that drive growth and deliver value to customers.

Moving forward, SATO will continue to globalize operations, and drive business through innovation combining new technologies, services and strategic partnerships to give rise to next-generation AIDC solutions that fill in the last inch.

SATO's Global Footprint

SATO has sales, manufacturing and R&D facilities in 26 countries across the Americas, Europe and Asia Pacific and a business presence in over 90 countries around the world. SATO is increasing its global presence through acquisitions, investments and organic growth.

Recent Acquisitions and Investments

M&A

2012 **Argox Information Co., Ltd.**
Taiwan — Entry level printers

2012 **ACHERNAR S.A.**
Argentina — Primary labels

2013 **Magellan Technology Pty Ltd**
Australia — PJM RFID
(Acquired business and established SATO Vicinity Pty Ltd)

2014 **Okil-Holding, JSC**
Russia — Primary labels (75% stake)

Investments

2013 **Nexgen Packaging, LLC**
USA — Apparel business (14% stake)

SATO by the Numbers (As of March 31, 2015)

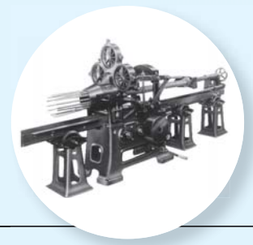
- Years in business: **75**
- Total number of global subsidiaries: **55**
- Workforce outside Japan: **61%**
- Number of offices/facilities in BRICs markets: **16**
- Global production facilities: Hardware: **5** Consumables: **28**

Global Centers of Innovation R&D and Software Development Centers

● **SATO Technology Co., Ltd.**	Japan (Hardware, software)
● **SATO Corporation**	Japan (Software)
● **SATO Printing Co., Ltd.**	Japan (Consumables)
● **SATO Material Co., Ltd.**	Japan (Consumables)
● **SATO Green Engineering Co., Ltd.**	Japan (Green technology)
● **SATO Global Solutions, Inc.**	USA (Software)
● **SATO Techno Lab Europe AB**	Sweden (Software)
● **SATO Global Business Services Pte Ltd**	Singapore (Software)
● **SATO Vicinity Pty Ltd**	Australia (Hardware, software, consumables)

Strategic Business Units Group Companies Targeting Growth Markets

● **SATO Green Engineering Co., Ltd.**	Japan (Green technology solutions)
● **SATO RFID Solutions Co., Ltd.**	Japan (RFID solutions)
● **SATO Healthcare Co., Ltd.**	Japan (Healthcare solutions)



1940
Founding; produced bamboo processing machinery



1962
Began manufacturing and sales of hand labelers



1981
Developed world's first thermal transfer barcode printer



1994
Created DCS & Labeling business model—Data Collection Systems and Labeling to launch solutions business

2015 Onward

AIDC Solutions + Technologies, Services, Partners → Innovations

Special Feature

Driving Business Growth with Value Creation

“The Last Inch” can take myriad forms and shapes depending on the context of our customers’ businesses. The focus of SATO’s legacy solutions has been to effectively address these diverse needs of our customers with the best combination of hardware, consumables, software and maintenance services. While maintaining this focus we endeavor to create and deliver even more value for customers by pursuing customer-centric innovations through the integration of breakthrough technologies, external partnerships, and by strengthening of our consulting services.

What kind of value are we truly capable of creating as we leverage our strengths and hands-on approach to problem solving? We offer you a look into some of SATO’s latest innovations that are set to bring us closer to our business vision of becoming the leader in the Auto-ID solutions industry worldwide.

Growth Drivers

A Virtual Customer Engineer, Right on Site P16-17

A True “Integrator of Things” P18-19

Foundations of Success

Caring for Society and the Environment P20-21

Nurturing Talent to Build a Truly Global Company P22-23

Achieving Corporate Transparency P24-25

Next-generation Services







A Virtual Customer Engineer, Right on Site

Harnessing the power of IoT, SATO Online Services obtains precise, real-time data, monitoring printers 24/7 to provide remote maintenance, ensure stable operations and deliver innovation to businesses as a virtual customer engineer in the workplace.

SOS SATO Online Services



Mats Hedberg
General Manager,
SATO Techno Lab Europe

Background and development of SATO Online Services

We are now part of an age in which we are dealing with a system of interconnected clouds. Social clouds, sales clouds and ERP clouds all exist as separate entities but can be, and are being, cross-linked to better connect people, customers and devices. In developing SATO Online Services (SOS), we looked at the best way to integrate our products with cloud-based services, but more importantly, we approached the service as a platform that would enable us to be closer to our customers.

There were numerous signs that indicated that customers really wanted to connect and integrate products across their business and make use of IoT applications. Across a variety of verticals, there is a trend in which companies are seeking to deliver greater value through connecting products and systems to be able to simultaneously push out updates to devices, assist customers when having issues and monitor usage patterns.

Anticipating customer needs

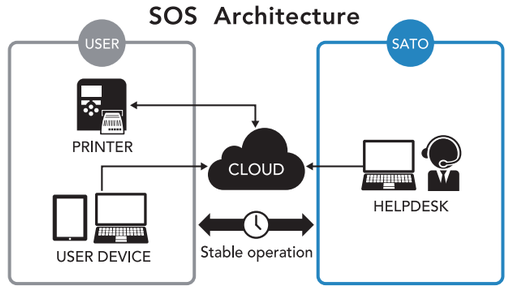
The ability to monitor and control devices remotely and collect information from products is huge. It allows users to really understand their business from the inside out, and allows SATO and its partners to analyze data and provide consultation based on usage patterns. Being able to anticipate needs and preemptively advise on maintenance means that customers enjoy the best service possible. We like to think of it as predictive customer service. For example, we can pinpoint the optimal timing for customers to reorder consumables like labels, or assist them in sourcing replacement parts prior to problems arising, thus fulfilling sales orders in an efficient manner. The service is built from the ground up to ensure stable operations, and with 24/7 connectivity customers have access to a *virtual customer engineer* anytime.

Harnessing data to enhance efficiencies and innovate

Data collected on usage patterns is vital to truly understanding customer needs. For example, data can be used to assess load balancing. When printing in a high-volume environment, load balancing can significantly improve overall output. By understanding a customer's usage pattern and assessing their workloads, SATO can provide guidance on the optimal number of printers to use and ideal setup.

But we take our data analysis a step further by using it in our product development. With SOS we can determine key features that customers frequently use, and also pinpoint features that are often ignored. We can remove or place less emphasis on under-utilized features that drive costs, and focus more on improving areas that deliver value for customers. As a result, data-driven insights will help to drive product innovation.

SATO Online Services will first launch in Japan in summer of 2015, followed by future roll outs in other regions.



Incorporating customer perspectives to build a better printer

When I visited a customer some years back, I asked them what their ideal printer would be like, to which they answered, "A printer that keeps on running without malfunction or downtime." With SOS, this is no longer a distant dream. SATO's innovative service is not so much about responding immediately to repair requests as it is about preventing breakdowns before they occur to eliminate unplanned downtime. When we visit customer sites personally and see with our own eyes how printer outages impact the shipping of goods, we are able to truly understand the importance of achieving stable operations. These on-site observations inspired the invention of SOS.

SOS will change how our customer engineers work as well. Currently, our engineers tend to be more passive, as they can only react to and fulfill technical support requests that come their way. Moving forward, I believe they will be able to better plan and perform their jobs proactively, thereby improving their productivity.



Hiroshi Nagao
General Manager,
Customer Support Unit,
SATO Corporation









A True "Integrator of Things"

The newly launched SATO Global Solutions leverages its software development capabilities to deliver customized global Auto-ID solutions, combining hardware, consumables and maintenance services through hands-on consulting.

SATO GLOBAL SOLUTIONS
a SATO company

A complete global solutions provider

SATO Global Solutions (SGS), launched in the U.S. in April 2015, integrates state-of-the-art products and services to meet the unique requirements for data capture within an organization or across an entire supply chain. SGS helps customers unleash the power of their data by providing technology to tag, track, and link objects to IT systems, going "the last inch" to connect the virtual and physical. SGS leverages SATO's global network, extensive vertical experience, and knowledge gained over the past 75 years as it develops cloud-based solutions to become the "Integrator of Things."

Through alliances with strategic partners, SGS provides a "one-stop shop," eliminating the logistical and technical hassles of managing multiple vendors. SGS invests in getting to know each customer and designs a comprehensive, turn-key solution tailored to the customer's unique needs. Solutions are technology- and vendor-agnostic, incorporating third-party products when needed.

SGS places a heavy emphasis on systems integration to manage supply chains from end-to-end. For example, solutions allow for farm-to-fork traceability and provide peace of mind to patients with vein-to-vein blood tracking.



Michael Beedles
President of
SATO Global Solutions

The role of software as a connector

Software plays a key role in our ability to offer true end-to-end solutions to our customers, and provides the framework for creating an interconnected system of products and services. SGS will create a global centralized repository of assets, and guide global development teams via the definition of application development standards, best practices and methodologies. With solid software development capabilities, SATO is better positioned to pursue growth in areas where major opportunities are emerging, such as the Internet of Things (IoT).

Target markets and growth opportunities

One of the most important vertical markets for SGS is healthcare. The healthcare market is vast, extensive and growing around the world. The United States spends approximately $2.8 trillion on healthcare, amounting to over 17% of its GDP. Tighter regulations, strong emphasis on cost containment, patient safety and satisfaction have pushed the industry to use more technology and data.

Hospitals face a diverse set of challenges and require solutions ranging from inventory control and patient identification to medication and specimen management. SATO's PJM* RFID technology serves those needs well and has been highly regarded by customers around the world, particularly Australia. Our solutions hold high potential for prevention of medical malpractice payouts and loss caused by theft at hospitals.

The regulatory environment is also creating opportunity for the Auto-ID industry. In the U.S., unique device identification (UDI) requirements for medical device providers began phasing in starting September 2014. We aim to ensure traceability by accurately identifying the UDI for medical devices marketed in the U.S. and improve patient safety through the creation of databases. As the largest pharmaceutical and medical device market in the world, the U.S. market presents a major growth opportunity for SGS.

Food and beverage is another area in which SGS sees opportunities. This industry will also be subject to new safety regulations requiring enhanced tracking and tracing capability for manufacturers, importers and sellers. The tightening of food safety regulations is not unique to the U.S. Other countries including Canada, Mexico, China and Korea are following suit, which brings opportunities for SGS and Group companies.

* PJM (Phase Jitter Modulation) is an RFID technology that can quickly and accurately identify large volumes of tagged items stacked or stored in any physical orientation.

SGS Solutions Delivery Lifecycle



Caring for Society and the Environment

The SATO Group proactively engages in environmental management efforts, providing customers with environmentally friendly products and solutions to minimize their impact on the environment.

About environmental management

Akihiro Kushida
Chairperson of the Eco-management Committee
Director, Vice President and Chief Financial Officer (CFO), SATO HOLDINGS CORPORATION



Through environmental management policies and practices the SATO Group works to protect the environment with a long-term commitment under its vision of realizing a sustainable world.

In 2008, we launched an Eco-management Committee made up of representatives from different Group companies and departments. This committee is tasked with communicating the importance of environmental management to employees and promoting environmental consciousness throughout the company. SATO will continue to make efforts to foster employees who can develop a high level of environmental awareness and provide creative ideas. Incorporating these enables us to contribute to society through our core business.

Progress of our long-term environmental management plan

SATO makes concerted efforts to reduce environmental impacts globally, working towards its long-term goals leading up to FY2020.

Action Items		Goals	Key Indicators		FY2014 Target	FY2014 Results	Achieved	Mid-term Target (FY2015)	Long-term Target (FY2015)
External	Reduce environmental load for customers using SATO products	Switch to selling stickers/ labels with less environmental load than conventional products	Japan, Overseas	CO_2 reduced	6,400t	Did not achieve CO_2 reduction target of 4,998t	Requires improvement	9,700t	24,700t
Internal	Reduce CO_2 originating in our business activities	Maintain CO_2 emissions at levels achieved in FY 2012 through continued efforts to reduce environmental load	Japan	Reduction in energy consumed (kWh) (compared to FY2008)	Cut by 4%	Achieved target, cutting energy consumption by 9% compared to FY2008	✓ Yes	Cut by 11%	Cut by 15%
				Ratio of eco-friendly vehicles for company cars	40%	Converted 53% of company cars to eco-friendly vehicles	✓ Yes	60%	100%
	Effective use of resources	Promote zero emissions at production plants	Japan, Overseas	Factories that achieved zero emissions (20 total)	1	Achieved zero emissions at Kitakami Factory	✓ Yes	3	20
	Social contribution activities	Reduce CO_2 by participating in the Tokyo Metropolitan Government's Forest of Companies projects and its activities to conserve forests and coexist with nature	Japan	CO_2 absorbed	1,500kg	Achieved target, planting trees on an approx. 1.16-hectare area of forest in Ome City, Tokyo	✓ Yes	3,000kg	18,600kg

Actions to realize environmental vision
(excerpt from the environmental management plan)

Our green business

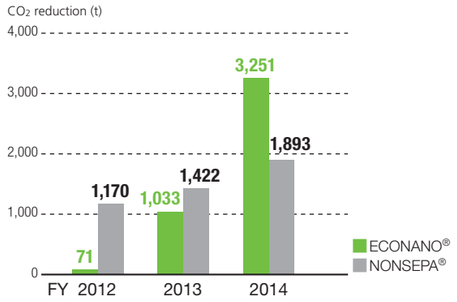
The SATO Group has constantly sought to offer products that help reduce the environmental impact of our customers' operations. Many business establishments are using SATO's environmentally friendly products, which include NONSEPA® linerless labels that are produced without release liners, thus reducing the amount of paper used while leaving behind no liner waste to be disposed of or incinerated. It is for this same linerless label series that we obtained the Carbon Footprint of Products certification in December 2012, which allows us to display the amount of CO_2 produced during the product life cycle for the purpose of raising environmental awareness. SATO is the first company in the Japanese label industry to achieve this certification. Also in our green product lineup are the ECONANO®* labels we released in 2011 as the world's first labels capable of absorbing and reducing CO_2 emissions when they are incinerated. Besides labels, we are also working to convert a variety of non-recyclable materials into ECONANO®—vinyl bags and stretch films for wrapping cargo, among others—to ensure that we play a constant role in shaping the environmental performance of our customers.



NONSEPA® linerless labels

* Jointly developed by SATO Holdings, Professor Masahiko Abe (Tokyo University of Science), and Acteiive Corporation, the university's venture company. Currently, ECONANO® products are only available in select markets.

Amount of CO_2 Reduced through the Use of ECONANO® and NONSEPA® Labels



Notes on calculation
1) Subjects of calculation: Standard labels and ECONANO® labels (facestock paper & adhesive) designated for disposal
2) Calculated on the assumption that labels are incinerated when disposed
3) CO_2 reduction rate of ECONANO® labels at incineration: 20% (TG/DTA analysis results)

Sources
1) Waste incineration: Investigative Commission on Methods for Calculating Greenhouse Gas Emissions; Global Warming Control Division, Global Environment Bureau, Japan Ministry of the Environment (August 2002)
2) CO_2 reduction rate: From results of TG/DTA analysis; CO_2 absorbent materials manufacturer

ECONANO® Label Adoption

The ECONANO® label has been adopted by over 20,000 customers across a vast range of industries, including retail, logistics and manufacturing.

ECONANO® logo

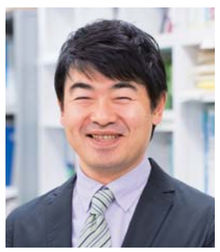
Example of use





Seven & i Holdings product labels

Norihiro Itsubo
Professor, Faculty of Environmental Studies, Tokyo City University



In a joint research project, I had the opportunity to study the environmental performance of SATO's ECONANO® and NONSEPA® products. As labels are consumables that cannot be easily recycled, it is important to work at reducing the raw materials they use or environmental load they impose at the point of disposal. SATO has effectively addressed these environmental hot spots in its label products' life cycle with its ECONANO® and NONSEPA® inventions.

Both ECONANO® and NONSEPA® contribute greatly to the environment: the former absorbs CO_2 released when labels are incinerated to mitigate climate change caused by greenhouse gas emissions, while the latter cuts down on raw materials (i.e. paper, water) used and generates no liner waste. I hope SATO will bring these innovative technologies into full-scale use not only in Japan but also in emerging markets and other parts of the world. I understand that SATO also offers RFID solutions that are capable of improving traceability to reduce inventory shrinkage, shortening production lead time to achieve energy savings, or maintaining required temperatures to avoid food spoilage/wastage. I believe that these solutions have the potential to significantly reduce environmental impact, and I look forward to SATO leveraging empirical evidence from research to further expand its green business model in the near future.



Nurturing Talent to Build a Truly Global Company

The SATO Group believes it is important to foster talent that can perform on the international stage, and to empower individuals to drive innovation in order to truly globalize its business.

Tapping the power of diversity to produce new creations

The SATO Group is dedicated to integrating diversity and inclusion into the core of our management practices, ensuring that the company stays competitive in the global marketplace where diverse perspectives and business requirements converge. In diversity management, we endeavor to respect the uniqueness of each and every employee, putting the right people in the right jobs to maximize their potential. Diversity breeds differences in opinions and ideas, and we perceive these differences as our business strength and our engine for generating better and more innovative creations.

SATO's diversity initiatives date back to the 1990s. During the years 1990-2007 when the late Mr. Tokuo Fujita served as President and Chairman of SATO Corporation (now SATO Holdings), he advocated the "potpourri hiring approach," which promotes the recruiting of diverse members who shine in their own way to bring agility and vitality to the organization. He believed that homogeneity could limit the company's performance to a narrow context and hamper its capacity to adapt in a changing business environment, which he described in the company's handbook, "The Spirit of SATO", that was published in 2002.

Uniting a diverse workforce with a shared commitment

Besides adopting a strong set of corporate values, the Group has its standards of conduct detailed within "The Spirit of SATO" handbook, which is published in eight languages for distribution to all employees worldwide in an effort to bring together its workforce of varied backgrounds.

Similarly, messages from top management featured in the quarterly company magazine are also translated from Japanese into seven additional languages and shared across the Group to enable the thorough understanding and execution of strategic objectives. SATO also ensures that criteria for employee training, performance appraisals and other HR functions include checks on whether employee actions comply with the company's core ideology or not.

Fostering globally competent leaders

As SATO seeks to expand its overseas business to account for over 50% of total sales in 2020, recruitment and training of international talent and development of a supportive management framework is top priority, as business development depends primarily on our people and the customer values they create with their solutions.

We specifically hope to attract talent that can demonstrate their understanding of the following concepts and inspire others at our global locations to do the same.

1. **Our corporate values and standards of professional conduct**
2. **Our business model centered on Auto-ID solutions**
3. **Our core competence, *Genbaryoku***

SATO recognizes that our human resource management systems must change to match international benchmarks if we want to continue to secure outstanding talent. As such, we have been working to put new systems into operation starting in 2016. Changes will include defining clear job descriptions and career paths to help employees visualize their development roadmaps, and applying global standards for employee selection, training, evaluation, remuneration and incentive practices.

We will also be implementing a regular rotation program to groom promising employees from a wide range of job functions. Candidates will be given opportunities to work at the Tokyo headquarters, Group companies and affiliates outside their home countries where they can gain practical hands-on experience and learn communication skills as they interact with coworkers from different geographical and cultural backgrounds.

With the successful implementation of our human resource development plans, we are confident in our ability to foster globally competent talent and ensure that SATO is attractive as an employer and remains competitive in the global market for talent.

Making English the official company language by 2020

SATO's targets for 2020 include getting all employees to conduct meetings in English and use English for all official documents. To this end, the English Promotion Office was established in August 2013 with the objective of raising the English proficiency level throughout the company. Currently, the office organizes various level-specific English study programs for employees in Japan, and will make efforts to reach out to overseas employees in the future so as to create an environment where diverse individuals can work together effectively.

SATO Voices (Diversity)

Turning my business idea into reality

Aya Watanabe
President, Design Promotion Co., Ltd.



From my past sales experience, I came up with the business idea of integrating marketability in design as the selling point for preprinted labels. This idea led to the creation of a new Design Promotion department that grew into an independent start-up two years later in April 2015. We have customers who say that their retail revenue has increased ten times after using our designs, and this is the kind of motivation that keeps us going to improve our design offerings even further.

Giving back to the company

Daphne Tay
Senior Executive Officer and Chief Communications Officer (CCO), SATO HOLDINGS CORPORATION



Since joining SATO in 1987, I have had the opportunity to participate in various mission-critical business operations including the setting up of Group companies and factories in Asia and post-merger integration activities in Europe. I spent my first 10 years at SATO trying to learn everything I could, and the next 10 years putting that knowledge to use to deliver business results. I was very fortunate to have some great mentors who helped shape my career into what it is today. Now I strive to give back to the company in the same way by mentoring and nurturing young talent.

SATO Voices (Global workforce)

What I learned from working overseas

Hayato Shindo
Head of Asia and Managing Director, SATO Auto-ID (Thailand) Co., Ltd.



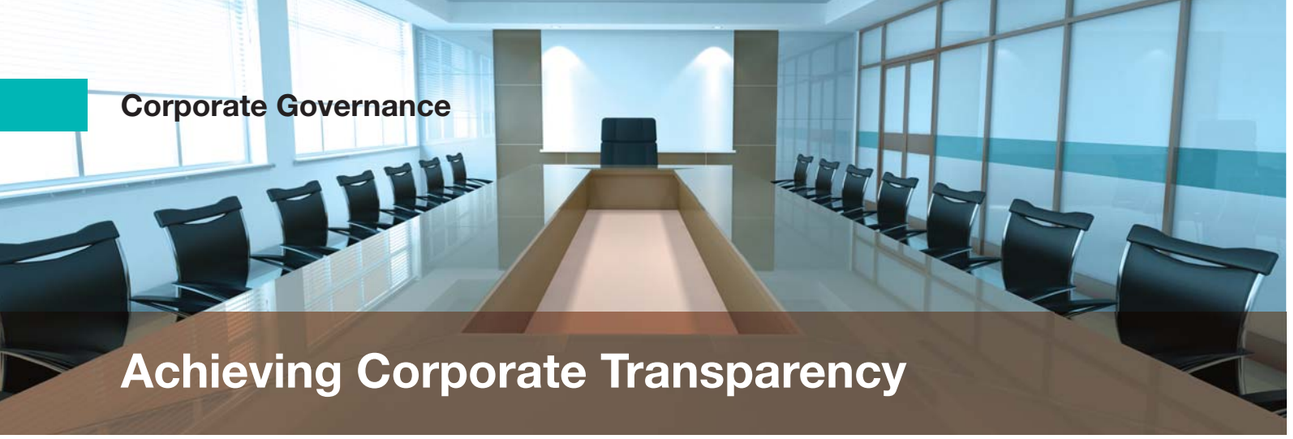
Having worked in sales for over 14 years, first in Japan, then China, and now Thailand, I have learned to value the importance of localization, or in other words, adapting to the communication and business practices of local markets. Working in a foreign country can be challenging, but it also gives one access to valuable business connections that go beyond national and geographic borders. I feel a sense of fulfillment working together with colleagues overseas to build up our business, and at times, my team and I would get so engrossed that we would forget that I am Japanese.

Bridging multinational operations

Andrey Korostelyov
Assistant Manager, SATO Primary Label International Co., Ltd.



I have been primarily involved in production management, handling duties such as preparing label quotations and coordinating orders for our overseas sales functions. Currently, I also support the post-merger integration of Okil-Holding, JSC, a Russian label manufacturer that we acquired in December 2014. Okil has key strengths in manufacturing value-added product labels with outstanding technical capabilities and extensive know-how, and I am thrilled to be playing my part as the bridge between Okil and SATO to enable the sharing and integration of their expertise for the enhancement of our overall technical competencies.



Achieving Corporate Transparency

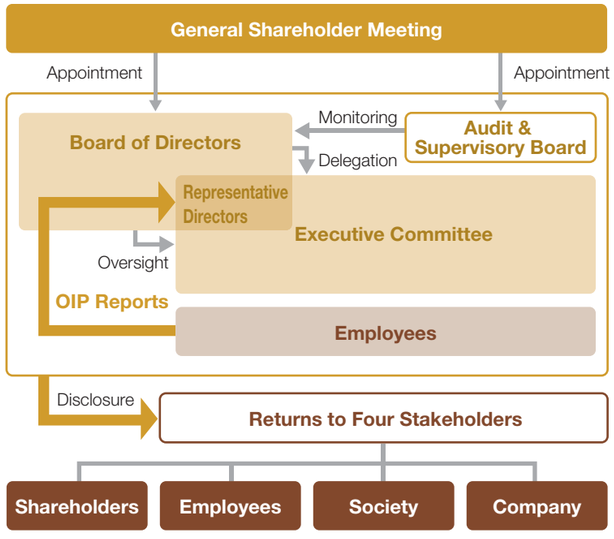
Committed to fulfilling its obligations to stakeholders and society, the SATO Group is dedicated to fair and transparent governance.

Corporate governance

The SATO Group places emphasis on transparency, which we believe is the key to increasing business efficiency and maintaining sound management.

We aim to achieve an effective corporate governance structure by implementing a corporate auditor system to facilitate management oversight and an executive officer system to expedite and streamline decisions on company management.

Corporate Governance



Board of Directors
This board comprises of twelve members, six of which are independent external members, who discuss ways to increase corporate value and consider the needs of all stakeholders from a range of angles. The position of chairman is held by directors not involved in business operations in a rotating system to ensure executive transparency.

Executive Committee
This committee of directors, corporate auditors, executive officers and senior management discusses and passes decisions on key issues. It also reports to the Board of Directors when necessary.

Audit & Supervisory Board
This board comprises four auditors (two external members), conducts meetings regularly and attends Board of Directors meetings to provide necessary input.

OIP Report System

At SATO, employees follow the unique system of submitting OIP Reports (original ideas, inventions and proposals) to top management every day in three lines in Japanese or about 100 English words to share new information and improvement ideas derived from work and interactions with customers. This provides top management with immediate insight into internal/external circumstances surrounding and influencing the business, allowing them to speed decisions and take actions accordingly. The OIP Report system* also provides an avenue for all employees, regardless of their rank or years of service, to participate in and ensure transparent management of the company with their suggestions and proposals.

* The OIP Report system is implemented in Japan and some SATO Group companies overseas. In other regions, the culture of communicating such ideas and information takes the form of weekly reports.

Compliance and risk management

The SATO Group strives to enforce compliance under a clear set of guidelines. Besides conducting regular internal audits, the Group also educates employees on corporate ethics and legal compliance required in business activities. As evident from the OIP Report System, we have a framework to collect ideas and proposals that maintains operational transparency to prevent any potential crisis and cultivate a culture of information sharing.

To counter risks effectively, SATO has set up a risk management committee that identifies and shares risk factors, explores preventive measures and discusses immediate corrective actions for issues that have occurred to manage risk across the Group.

In terms of protecting confidential information, SATO has established a robust and efficient security system that protects it from the threat of information leakage, loss or destruction.

Messages from external director and external auditor

Contributing to SATO's transparent management and increasing value

Mitsuaki Shimaguchi External Director



In today's service-dominated business environment, many companies promise solutions but fail to solve real-world problems and produce true sustainable value. The majority of companies are so busy focusing on daily operations that they are usually oblivious to value-creating innovations unless necessitated by exceptional circumstances. In reality, it requires less effort and is more efficient to fall back on internal knowledge, while converting external knowledge into innovations is laborious and easier said than done. However, it is services of true value that will be widely sought after, and will also transform individuals, organizations, and society.

The SATO Group's mission is to create new value for customers across regions and industries by offering Auto-ID solutions that will add value to society as a whole. The Group operates as one, carrying out business activities actively to realize this mission under the leadership of President & CEO Kaz Matsuyama. As external director, I seek to monitor SATO's executive activities over the long term from an unbiased perspective, maintaining a critical yet receptive approach to ensure that the company remains competitive while delivering greater satisfaction in a fair and inclusive manner.

Chieko Matsuda External Audit & Supervisory Board member



The SATO Group is unique. While it engages in the evolving IoT market trend and works with the most leading-edge technologies, it also pursues the business of connecting virtual data to the real world — a seemingly ordinary business that in fact plays an extremely important role in making a hyper-connected, information rich world function. Today, SATO's business presence spans multiple industries and countries around the world, and continues to grow steadily. In the midst of this, I find that it is my responsibility as external auditor to constructively question if SATO's business is creating value, keeping potential risks under control, bringing satisfaction to its stakeholders, and contributing to society, all from a rational and objective viewpoint that is not grounded in the context of business growth.

SATO is intriguingly unique in its corporate governance as well. Its OIP system and the Board of Directors that undertakes rotating chairmanship are just some examples of the uncommon systems and policies put into operation within the company. At board meetings, all members including internal/external directors and auditors have the opportunity to speak from their own perspectives, adding diversity, vitality and dimension to the discussion. Corporate governance will be one of SATO's greatest strengths for advancing its business on the global stage.



The Knowledge Center at SATO Group headquarters in Meguro, Tokyo

In summer of 2014, SATO rolled out working style innovations across Japan to ensure employees could enjoy a lively work environment. As part of this initiative, a "free address" system of unassigned workspaces was implemented and the Knowledge Center free space area was created to stimulate communication among employees at the Group headquarters in Japan.

Directors

1. Kazuo Matsuyama
   Representative Director,
   President and CEO,
   SATO HOLDINGS CORPORATION
2. Keisuke Yamada
   Vice President,
   SATO HOLDINGS CORPORATION
   President, SATO Corporation
3. Akihiro Kushida
   Vice President,
   Chief Financial Officer (CFO),
   SATO HOLDINGS CORPORATION
4. Koichi Nishida
5. Ikuo Dobashi
6. Tatsuo Narumi

Directors (External)

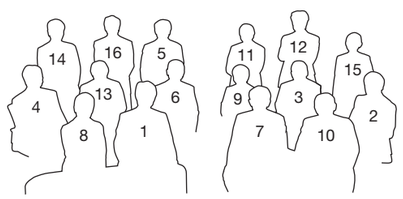
7. Ken Suzuki
   Chairman, VITAL KSK HOLDINGS, INC.
   Chairman, VITAL-NET, INC.
8. Yuko Tanaka
   President, Professor, Faculty of Social Sciences (Media and Communication Studies),
   Professor, International Japan Studies Institute (Graduate School),
   Head of Department - Faculty of Social Sciences,
   Hosei University
9. Kiyoko Ishiguro
   Attorney at Law, Partner of Noda Law Office
10. Ryoji Itoh
    Project Professor, the Graduate School of Media and Governance, Keio University
    Representative Director, PLANET PLAN. CO., LTD.
11. Mitsuaki Shimaguchi
    Professor Emeritus, Keio University
    President, Japan Marketing Association
12. Hideo Yamada
    President, Partner of Yamada & Ozaki Law Office

Audit & Supervisory Board Members

13. Nobuhiro Yokoi
14. Junichi Nagakura

Audit & Supervisory Board Members (External)

15. Chieko Matsuda
    Professor, Graduate School of Social Sciences,
    Professor, Faculty of Urban Liberal Arts,
    Tokyo Metropolitan University
16. Takao Yamaguchi
    Certified Public Accountant in Japan,
    Yamaguchi C.P.A. Office



Executive Officers

Ryutaro Kotaki
Vice President, SATO HOLDINGS CORPORATION
President, SATO Technology Co., Ltd.

Kenji Ushiki
Senior Executive Officer,
SATO HOLDINGS CORPORATION
President, SATO Printing Co., Ltd.
President, SATO Material Co., Ltd.

Daphne Tay
Senior Executive Officer,
Chief Communications Officer (CCO),
SATO HOLDINGS CORPORATION
Managing Director,
SATO Global Business Services Pte Ltd

Nobuo Watanabe
Senior Executive Officer,
SATO HOLDINGS CORPORATION
Vice President, SATO Corporation

Hiromichi Yasue
Executive Officer,
Senior Manager, Quality Assurance Office,
SATO HOLDINGS CORPORATION

Chinami Kotaki
Executive Officer, SATO HOLDINGS CORPORATION
Vice President, SATO Printing Co., Ltd.

Tomoyuki Kumabayashi
Executive Officer, SATO HOLDINGS CORPORATION
President, SATO RFID Solutions Co., Ltd.

Yoshinori Sasahara
Executive Officer, SATO HOLDINGS CORPORATION
Director, SATO Corporation

Kozo Senda
Executive Officer, SATO HOLDINGS CORPORATION
President, SATO Primary Label International Co., Ltd.

Maria Olcese
Executive Officer, SATO HOLDINGS CORPORATION
Head of South America
General Manager, ACHERNAR S.A.

Masao Kodama
Executive Officer,
Chief Marketing Officer (CMO),
SATO HOLDINGS CORPORATION

Hiroyuki Konuma
Executive Officer, Chief Wellness Officer (CWO),
SATO HOLDINGS CORPORATION
President, SATO Healthcare Co., Ltd.

Michael Beedles
Executive Officer, SATO HOLDINGS CORPORATION
Head of North America
President, SATO America, LLC
President, SATO Global Solutions, Inc.

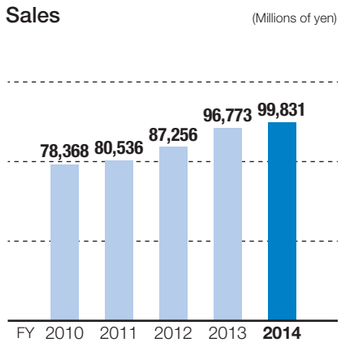
Yasuhiro Tanabe
Executive Officer, SATO HOLDINGS CORPORATION
Vice President, SATO International Co., Ltd.

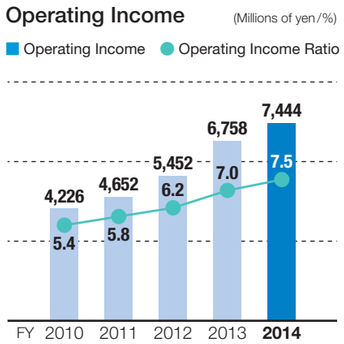
(As of July 1, 2015)

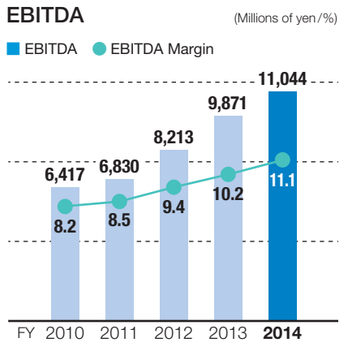
Financial Highlights

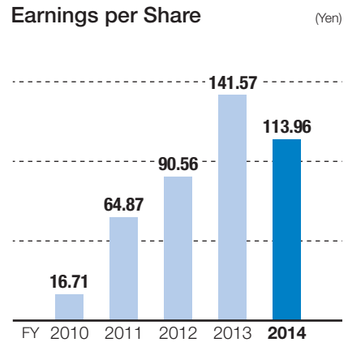
Fiscal years ending March 31 (Millions of yen)

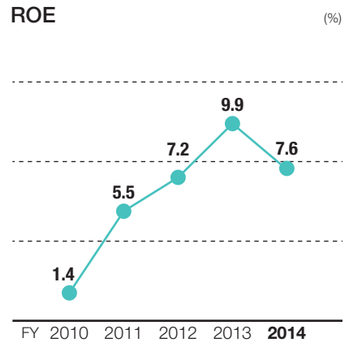
	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Business Performance											
Sales	61,752	68,964	82,491	87,790	78,163	74,917	78,368	80,536	87,256	96,773	**99,831**
Overseas sales ratio	18.4%	22.8%	31.5%	31.6%	26.8%	24.2%	23.7%	23.0%	25.6%	29.3%	**33.2%**
Gross profit	28,422	30,593	35,890	37,857	32,399	31,279	33,018	34,217	36,410	41,180	**42,708**
Selling, general and administrative expenses	23,277	25,371	30,195	32,453	31,669	28,705	28,791	29,564	30,958	34,421	**35,264**
Operating income	5,144	5,222	5,695	5,404	730	2,574	4,226	4,652	5,452	6,758	**7,444**
EBITDA (Earnings before interest, tax, depreciation and amortization)	6,843	7,252	8,180	8,208	3,565	5,123	6,417	6,830	8,213	9,871	**11,044**
Net income	3,012	2,646	2,389	2,062	2,050	781	503	1,953	2,726	4,295	**3,763**
Financial Position											
Total assets	51,705	61,624	66,923	66,103	61,692	64,203	66,134	74,830	77,521	86,737	**95,174**
Net assets	34,008	36,119	37,508	36,671	35,918	35,985	34,929	36,172	40,205	46,734	**53,158**
Research and development	1,458	1,280	1,501	1,728	1,922	1,826	1,902	1,859	2,042	2,225	**2,292**
Capital expenditures	3,498	2,683	4,278	2,424	2,361	2,387	5,084	1,836	3,059	6,106	**7,372**
Depreciation and amortization of goodwill	1,698	2,029	2,484	2,804	2,835	2,549	2,190	2,177	2,760	3,112	**3,599**
Cash Flow											
Cash flow from operating activities	2,873	4,801	2,912	4,108	4,994	5,860	1,595	4,434	3,793	10,589	**9,205**
Cash flow from investing activities	(3,281)	(6,575)	(4,066)	(2,522)	(2,217)	(2,093)	(4,283)	(7,015)	(984)	(4,776)	**(6,221)**
Free cash flow (Net cash provided by operating activities and cash used in investing activities)	(408)	(1,774)	(1,154)	1,585	2,777	3,766	(2,687)	(2,581)	2,809	5,812	**2,983**
Cash flow from financing activities	(999)	2,069	496	(793)	(2,476)	(826)	(3)	3,273	(2,839)	(1,511)	**(3,062)**
Cash and cash equivalents at end of year	10,234	10,751	10,344	11,035	10,814	13,774	10,813	11,377	11,992	16,763	**17,145**
Per-share Data (Yen)											
Net income (Earnings per share)	96.01	84.32	76.30	66.70	67.40	25.95	16.71	64.87	90.56	141.57	**113.96**
Book value per share	1,083.72	1,149.80	1,205.33	1,195.69	1,189.50	1,191.84	1,156.88	1,201.02	1,330.77	1,454.90	**1,579.15**
Dividends per share	30	31	32	33	33	33	34	35	37	40	**45**
Financial Indicators											
Gross profit margin	46.0%	44.4%	43.5%	43.1%	41.5%	41.8%	42.1%	42.5%	41.7%	42.6%	**42.8%**
Operating income ratio	8.3%	7.6%	6.9%	6.2%	0.9%	3.4%	5.4%	5.8%	6.2%	7.0%	**7.5%**
EBITDA margin	11.1%	10.5%	9.9%	9.4%	4.6%	6.8%	8.2%	8.5%	9.4%	10.2%	**11.1%**
Return on assets (ROA)	10.5%	9.5%	8.5%	7.1%	0.6%	3.6%	5.7%	5.9%	7.1%	8.6%	**8.2%**
Return on equity (ROE)	9.2%	7.5%	6.4%	5.6%	5.7%	2.2%	1.4%	5.5%	7.2%	9.9%	**7.6%**
Equity ratio	65.8%	58.6%	56.0%	55.4%	58.1%	55.9%	52.7%	48.3%	51.7%	53.7%	**55.6%**
Debt-equity ratio (Including lease obligations and zero coupon convertible bonds)	1.6%	10.2%	15.6%	18.5%	17.1%	19.6%	24.9%	38.2%	31.8%	23.5%	**18.7%**

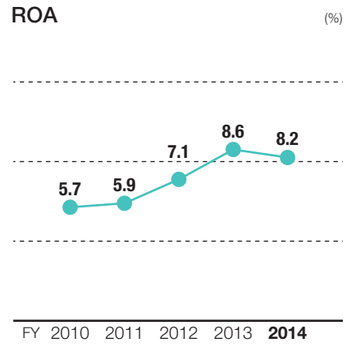












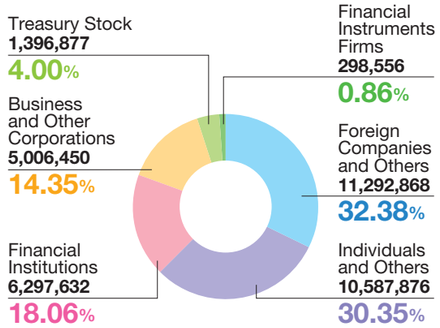
Stock Information

(As of March 31, 2015)

General Information

Number of Shares Authorized	80,000,000
Number of Shares Issued	34,880,259
Number of Shareholders	8,589
Stock Listing	First Section of the Tokyo Stock Exchange
Securities Code	6287
Fiscal Year	April 1 to March 31
General Meeting of Shareholders	June
Transfer Agent for Shares	Mitsubishi UFJ Trust and Banking Corporation

Composition of Shareholders

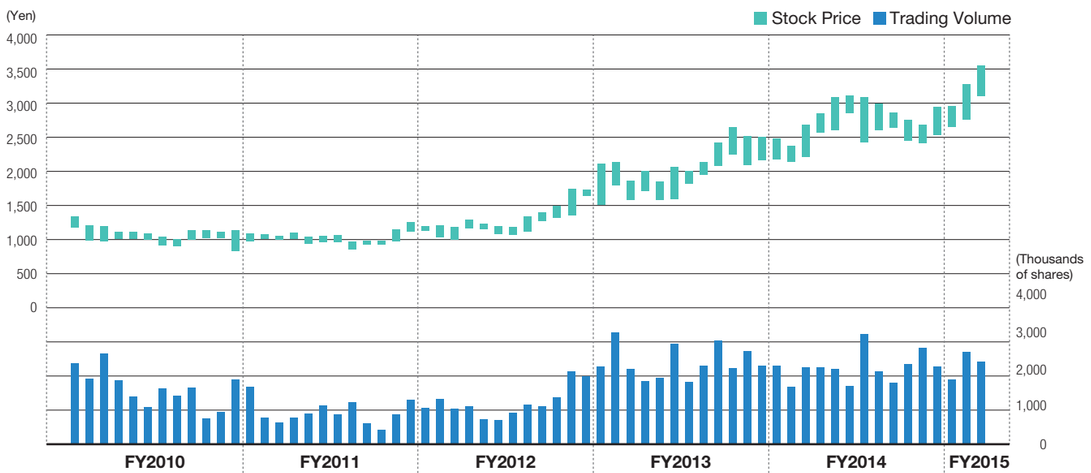


Major Shareholders

Name	Shares Owned	% of Shares Outstanding
Sato Yo International Scholarship Foundation	3,786,200	10.85
Japan Trustee Service Bank, Ltd. (Trust account)	1,798,400	5.15
SATO Holdings Corporation	1,396,877	4.00
Northern Trust Co. (Avfc) Re 15PCT Treaty Account	1,316,000	3.77
SATO Employees' Stockholding	1,288,364	3.69
The Master Trust Bank of Japan, Ltd. (Trust account)	1,004,300	2.87
Arena Co.	954,460	2.73
Mieko Yokoi	905,145	2.59
Shizue Sato	897,470	2.57
Mari Iwabuchi	844,570	2.42

* Actual amount of treasury stock held by the company: 1,396,867.

Stock Price and Trading Volume



	FY2010	FY2011	FY2012	FY2013	FY2014
High (Yen)	1,344	1,249	1,747	2,640	3,105
Low (Yen)	832	860	1,000	1,511	2,133
At Year-End (Yen)	1,099	1,165	1,695	2,391	2,725

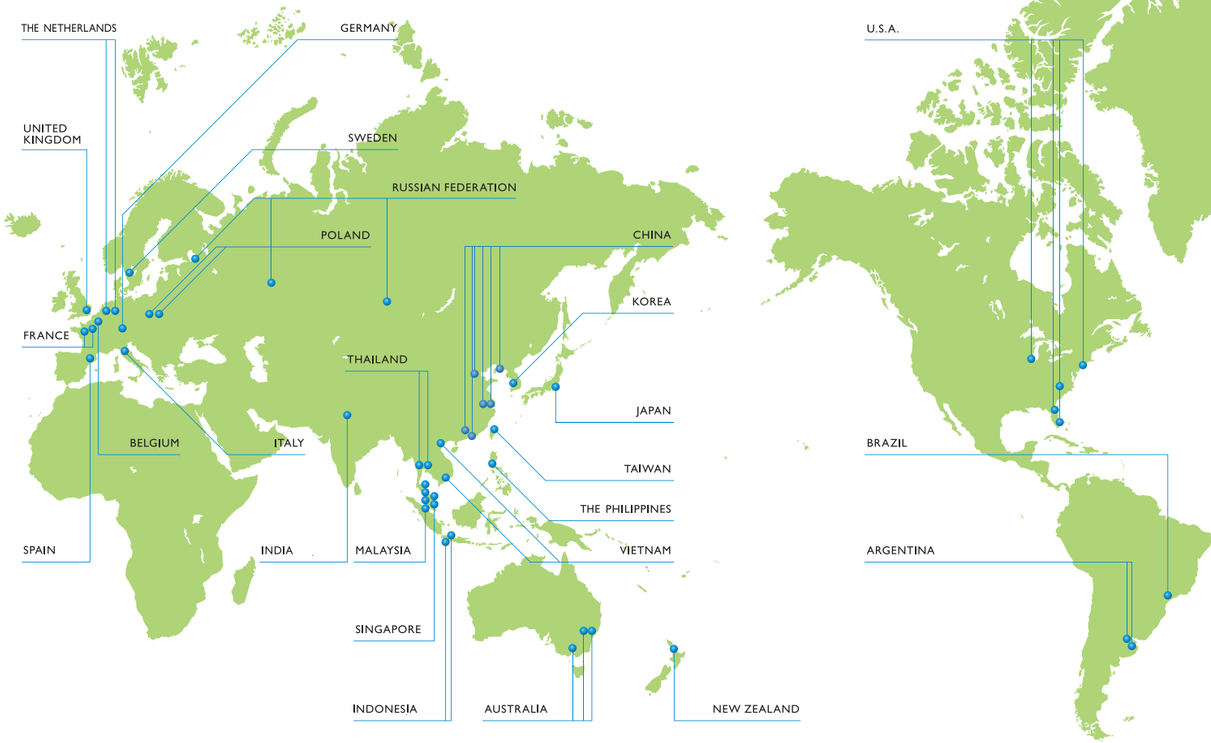
Corporate Data

(As of March 31, 2015)

Name	SATO HOLDINGS CORPORATION	
Location	Knowledge Plaza, 1-7-1 Shimomeguro, Meguro-ku, Tokyo 153-0064, Japan	
Established	1940	
Incorporated	1951	
Representative Director	Kazuo Matsuyama, President and CEO	
Paid-in Capital	¥8,438 million	
Employees	Consolidated	4,719
	Japan	1,842
	The Americas	326
	Europe	863
	Asia and Oceania	1,688
Consolidated Sales	¥99,831 million	

Global Network

(As of March 31, 2015)



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