

January 17, 2020

Company name: SATO Holdings Corporation  
Representative: Ryutaro Kotaki, President and CEO  
(Securities code 6287, TSE 1st section)  
URL: <http://www.satoworldwide.com>  
Contact person: Yoichi Abe, Vice President and CFO  
Contact no.: 03-5745-3414

## Notice Concerning Merger of Consolidated Subsidiaries

SATO Holdings Corporation passed a resolution at its Board of Directors' meeting held today to merge the following subsidiaries: SATO Corporation, Design Promotion Co., Ltd., SATO International Co., Ltd., and SATO Primary Label International Co., Ltd.

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

### Reasons for merger

- 1) SATO International and SATO Primary Label International will be merged with industry-specific strategy planning units in SATO Corporation to establish a new global HQ function in Japan to strengthen planning, execution, and management of sales strategies for each sector at the global level to accelerate business growth outside Japan.
- 2) Integrating Design Promotion into SATO Corporation allows the company to pool and tap its consulting and operational resources collectively to increase the value for customers.

### Merger method

- Merger through absorption; Design Promotion, SATO International and SATO Primary Label International to be dissolved and combined into SATO Corporation.

### Schedule

Resolution by board of directors' meeting (SATO Corporation) Consensus by directors (Design Promotion, SATO International and SATO Primary Label International) <small>*Design Promotion, SATO International and SATO Primary Label International are subsidiaries without board of directors.</small>	January 17, 2020
Signing of merger agreement	January 17, 2020
Public notice period	February 22 – March 23, 2020 (tentative)
Approval by General Shareholders' Meeting (absorbed companies) <small>*For SATO Corporation (surviving company), this corresponds to a simplified merger as set forth in Article 796, Paragraph 2 of the Companies Act, and therefore does not require approval by a general meeting of shareholders.</small>	March 30, 2020 (tentative)
Date effective	April 1, 2020 (tentative)

### Allotment associated with merger

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

### Handling of subscription rights to shares and bonds with subscription rights to shares of absorbed companies

Not applicable

**Profile of subsidiaries involved (As of March 31, 2019)**

(1) Name	SATO Corporation (Surviving)	Design Promotion Co., Ltd. (Absorbed)	SATO International Co., Ltd. (Absorbed)	SATO Primary Label International Co., Ltd. (Absorbed)
(2) Head office	1-7-1 Shimomeguro, Meguro-ku, Tokyo			
(3) Representative	President Hiroyuki Konuma	President Aya Watanabe	President Hayato Shindo	President Ryutaro Kotaki
(4) Main business	Market research, planning, development, production, sales and maintenance of printers, software, label consumables, hand labelers and other products for auto-ID solutions, solutions for marketing of consumer products	Product planning, marketing, design and printing services for product packaging, and web-related design services	Management of global auto-ID solutions business	Management of global primary labels business, including design/development of value-added products and sales support
(5) Paid-in capital	¥4,000 million	¥30 million	¥10 million	¥10 million
(6) Established	Oct. 3, 2011	April 1, 2015	Dec. 26, 2014	April 1, 2013
(7) No. of shares issued	80,000	3,000	200	200
(8) Fiscal year-end	March 31			
(9) Major shareholders and shareholding ratio	SATO Holdings Corporation 100%			
(10) Financial position and business performance for fiscal year ended March 31, 2019				
Net assets	¥21,799 million	¥73 million	¥11 million	¥90 million
Total assets	¥49,910 million	¥94 million	¥54 million	¥101 million
Book value per share	¥272,499	¥24,399	¥59,057	¥453,061
Net sales	¥76,199 million	¥72 million	¥290 million	¥90 million
Operating income	¥3,442 million	¥17 million	(¥12 million)	¥3 million
Ordinary income	¥3,275 million	¥17 million	(¥12 million)	¥3 million
Net income	¥2,367 million	¥12 million	(¥5 million)	¥2 million
Earnings per share	¥29,593	¥4,332	-	¥12,436

**Status after merger**

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

**Outlook**

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