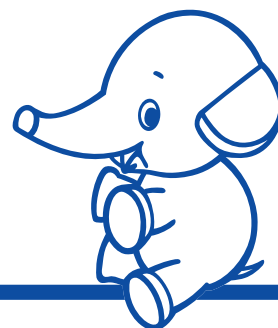


SATO

company profile

2022-

2023

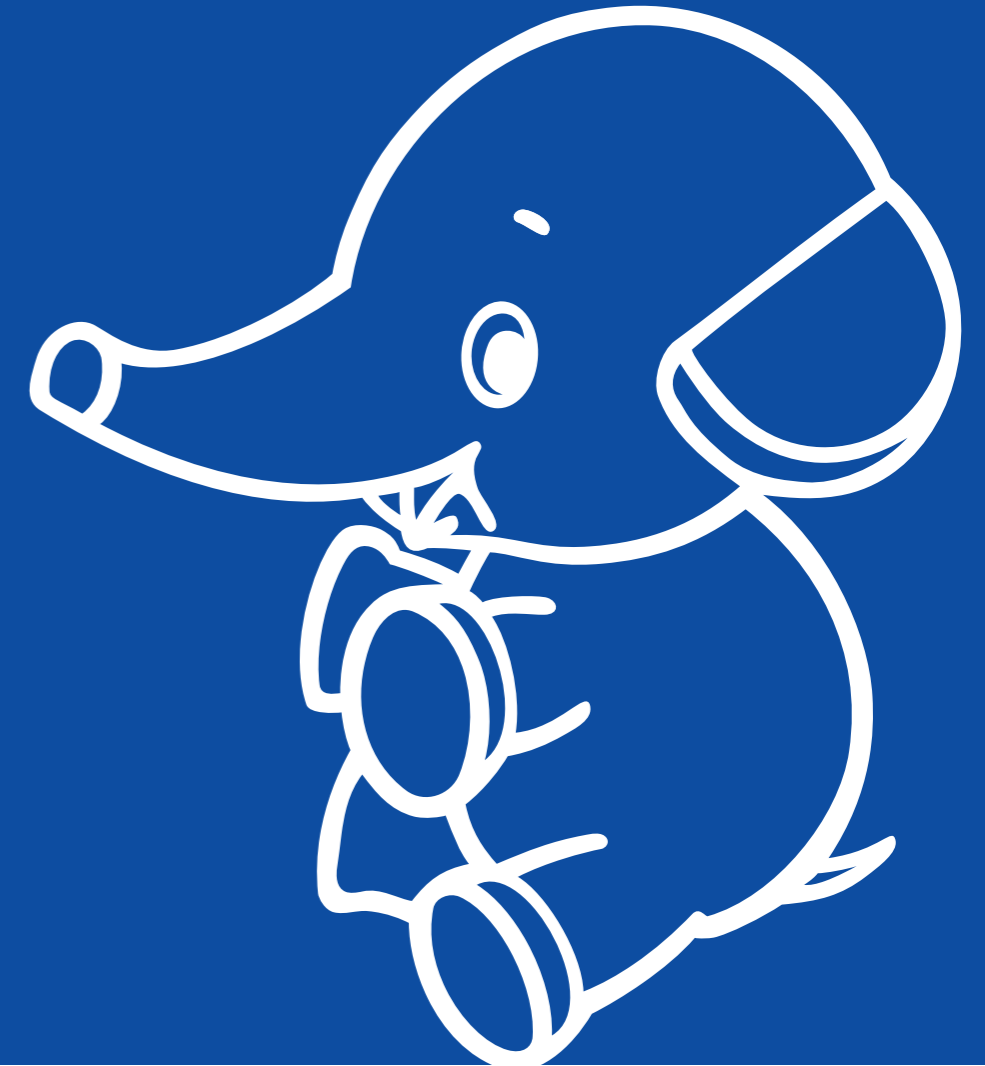


Sato Pharmaceutical Co., Ltd.

Company Profile

Introduction

Since its founding in 1915, Sato Pharmaceutical has achieved growth by introducing to society OTC drugs that precisely meet market needs as well as highly original ethical drugs. Today, the environment surrounding our business is changing significantly. All of us at Sato have renewed our commitment to the realization of a sustainable society, recognizing that the role expected of us will become ever greater. We have created this booklet so that more of our stakeholders can learn about our corporate stance, which has remained unchanged over the past 100 years, and can read about our new challenges toward future growth. We invite you to take a look at this information, and hope you will look forward to learning more about Sato going forward.



Company Information



Corporate Headquarters

1-5-27 Moto-Akasaka,
Minato-ku, Tokyo 107-0051, Japan
Tel: +81 (3)5412-7310
Fax: +81 (3)5412-7330

President and CEO Seiichi Sato
Capitalization ¥2 billion
Established August 1, 1939
Employees 1,000

URL: www.sato-seiyaku.co.jp/company/en/

Business Locations in Japan

- | | |
|---|--|
| ■ AHC 2 Bldg. | ■ Hokuriku Office |
| ■ AHC 3 Office | ■ Osaka Office |
| ■ Imperial Hotel Tower Office | ■ Chushikoku Office |
| ■ Shinagawa Research and Development Center | ■ Fukuoka Office |
| ■ Hachioji Factory | ■ Okinawa Office/
Distribution Center |
| ■ Kazusa Factory | ■ Tokyo Distribution Center |
| ■ Sapporo Office | ■ Osaka Distribution Center |
| ■ Sendai Office | ■ Sendai Distribution Center |
| ■ Nagoya Office | ■ Sapporo Distribution Center |

- Business Locations in Japan
- Research and Development Center
- Factory
- Distribution Center

International Business Offices

- Sato Pharmaceutical (USA) Inc.
- Sato Pharmaceutical (Hong Kong) Co., Ltd.
- Sato Pharmaceutical (Singapore) Pte., Ltd.
- Sato Pharmaceutical Co., Ltd. Shanghai Office
- Sato Pharmaceutical Co., Ltd. Europe Office
- Sato Pharmaceutical (Taiwan) Co., Ltd. /Taiwan Factory

Japan Subsidiaries

- KIP Yakuhin Co., Ltd.
- B&H Sato Co., Ltd.
- Medics Sato Co., Ltd.

CONTENTS

Introduction	01
Message from the President	03
Corporate Philosophy	05
Realizing a Sustainable Society	07
Healthcare Business	11
Ethical Pharmaceutical Business	19
Global Business	25
Production and Distribution	31

Sato, Evolving Healthcare Innovation to

Achieve Sustainable Growth

Today, the world is moving toward not only economic development, but the goal of a sustainable society, a goal seen in the Sustainable Development Goals (SDGs) raised by the UN and other efforts. The question now is how to maintain and develop society in a sustainable manner while improving the quality of life.

In addition, Japan's population is in decline due to a falling birthrate and aging population that are advancing at a faster rate than anywhere else in the world; the social security system is thus being reexamined in order to maintain the sustainability of the lives of the country's citizens.

In order to promote self-care, which means taking responsibility for one's own health and treating minor physical ailments on one's own, the government is ramping up initiatives that include the establishment of the Self-Care and Self-Medication Promotion Office of the Ministry of Health, Labour and Welfare in 2021, and the expansion and extension of the scope of the Self-Medication tax system in 2022. The role of OTC drugs will thus become even more important going forward.

In order to meet these social needs, our mainstay healthcare business is focusing on developing high-added-value products such as Switch OTC drugs. For our flagship brands, we appoint prominent brand ambassadors, conducting a variety of promotions using mass media and digital media. In the ethical pharmaceutical business, we offer highly original products centered primarily around the field of dermatology, while in new drug development and drug discovery we proactively advancing not only in-house development, but collaboration with companies, universities and research institutions both in and outside Japan.

In our global business, our six branches in Asia, North America and Europe offer products and conduct marketing tailored to the needs of each region. Going forward, we plan to expand our ethical pharmaceuticals globally, including the expansion of our topical onychomycosis treatment, LUCONAC, into Southeast Asia, using Singapore as a base.

In our CSR pursuits, through the activities of the OTC Self-Medication Promotion Foundation and the Sato Scholarship Foundation we continue our efforts to create an environment for self-care and self-medication, to develop human resources who can contribute to society, and to protect the environment at our production sites. Further, we are actively promoting initiatives to contribute to achieving the goals of the SDGs in order to realize a sustainable society.

The Company celebrated its 100th anniversary in 2015, and under our corporate philosophy of promoting healthcare innovation, we will continue to contribute to consumer health through our health-related businesses centered around OTC drugs and ethical pharmaceuticals.

Thank you very much; we hope to continue to draw on your invaluable advice and support.



Seiichi Sato
President and CEO

Working to Achieve Sustainable Growth

Establishing a Growth Platform for Mainstay Businesses

Healthcare Business

Sato supports people's health by providing high-quality, high-value-added OTC drugs.

Ethical Pharmaceutical Business

Sato aims to enhance patient quality of life with highly original products, mainly in our core area of dermatology.

Global Business

Sato works to develop the SATO brand, focusing on the ASEAN region but also in North America and Europe.



New Initiatives in Support of Growth



SDGs

Sato will contribute to international goals for sustainable development.

DX

Digital Transformation (DX)

Sato is working to improving quality and service by promoting an effective shift to digital.



HISTORY

- | | |
|---|--|
| 1915 Sato Pharmaceutical founded in Sendagi-cho, Hongo-ku, Tokyo. | 1992 Head office relocated from Higashi-Oi, Shinagawa-ku to Moto-Akasaka, Minato-ku. |
| 1939 Sato Pharmaceutical General Partnership restructured as a corporation. | 1994 Shinagawa R&D Center established. |
| 1952 Sato Marketing Associates (SMA) formed. | 2002 Kazusa Factory constructed and commenced production. |
| 1958 Began running TV commercials; former head office (now the Shinagawa R&D Center) completed. | 2003 New Research Wing completed at the Shinagawa R&D Center. |
| 1959 STONA and RINGL launched; Satochan created as a brand character. | 2006 OTC Self-Medication Promotion Foundation (OSPF) established. |
| 1961 Hachioji Factory constructed and commenced production. | 2008 Kazusa Factory external use wing commenced operation. |
| 1967 YUNKER KOTEI SOLUTION launched. | 2014 New Tokyo Distribution Center commenced operation. |
| 1978 ACCESS launched. | 2015 100th anniversary. |
| 1990 75th anniversary. Promotion of "Healthcare Innovation." | 2018 Ethical drug NAILIN Capsules 100mg launched. |

For a Healthy Tomorrow, for People and Society

Through our health-care related businesses focused on OTC pharmaceuticals and ethical drugs, Sato supports lifestyle improvements for people seeking healthy lives, contributing to the creation of a sustainable society. We promote healthcare innovation as a means of fulfilling that mission.

HEALTHCARE INNOVATION

For a future of well-being*

Healthcare Innovation: Our corporate philosophy is one in which health is the number-one priority, in which Sato provides the products that answer the demand for a more positive, enjoyable, fulfilling life.

Healthcare means more than simply maintaining good health—it involves sustaining people’s natural ability to live. Good health today is truly a resource for tomorrow. Healthcare will continue to evolve, changing our concept of what it is to be healthy in ages to come. Sato is committed to supporting good health through product and lifestyle innovation, for the future of both individuals and society.

*A state of physical, mental and social fulfillment

Developing Highly Novel Products

We actively tackle the challenge of developing Switch OTC and Direct OTC drugs.

Developing Products That Address Changing Needs

We respond to market needs resulting from changing lifestyles, including new dosage formulations, packaging and others.

New Drug Development in New Fields

We are advancing the development of new drugs required by the medical field through internal development and in-licensing.

Product Innovation

HEALTHCARE INNOVATION

Lifestyle Innovation

Spread of Self-Medication

- We strive to raise awareness of health, provide information that encourages the effective use of medicines, and work to improve health literacy.
- We provide support for pharmacists and other professionals who are directly involved in supporting consumer health.

Disease Awareness and Other Information

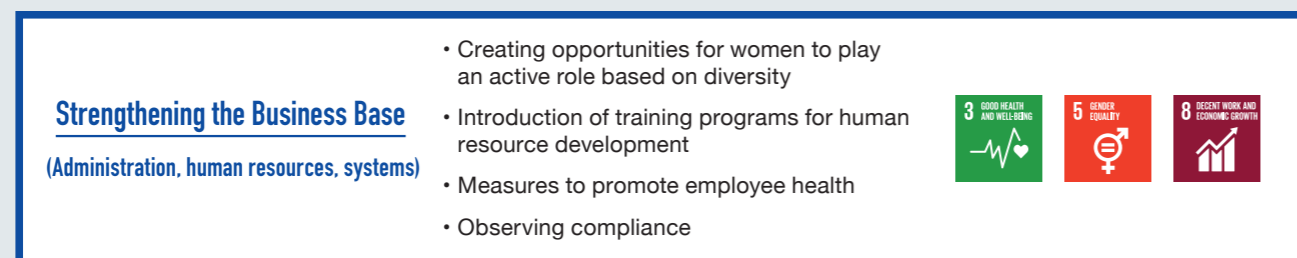
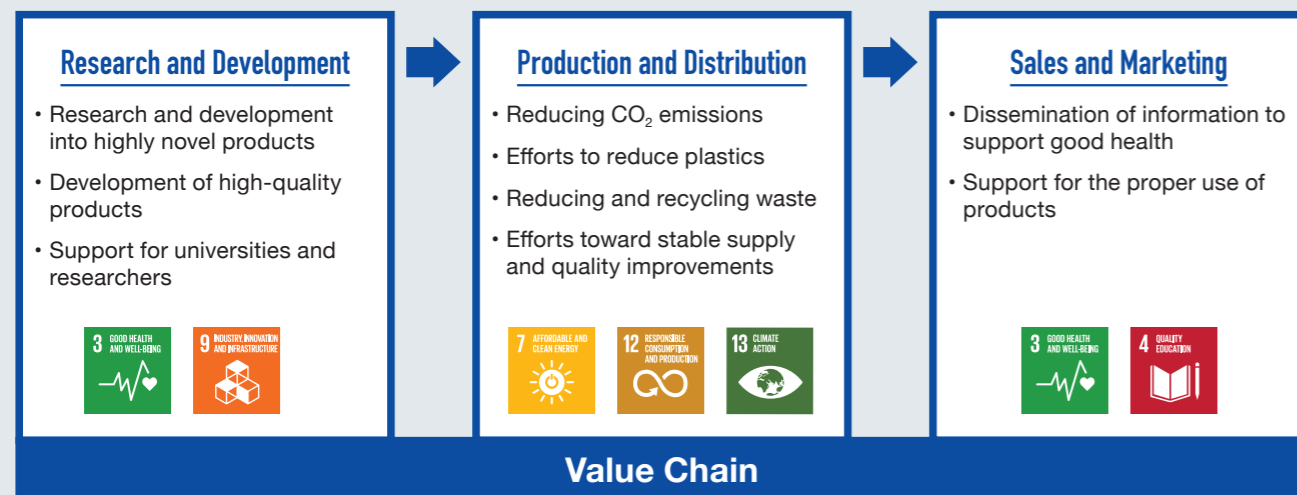
We aim for early detection and treatment of diseases by disseminating information, including disease awareness for patients.

Realizing a Sustainable Society

What We Can Do to Create a Sustainable World

Sato is working to solve a variety of issues through its business activities as the world works toward achieving the targets of the SDGs and realizing a sustainable society. We believe that healthcare innovation—continuing to strive for healthy everyday lives—and the philosophy of the SDGs are extremely compatible, as they both share the same goals.

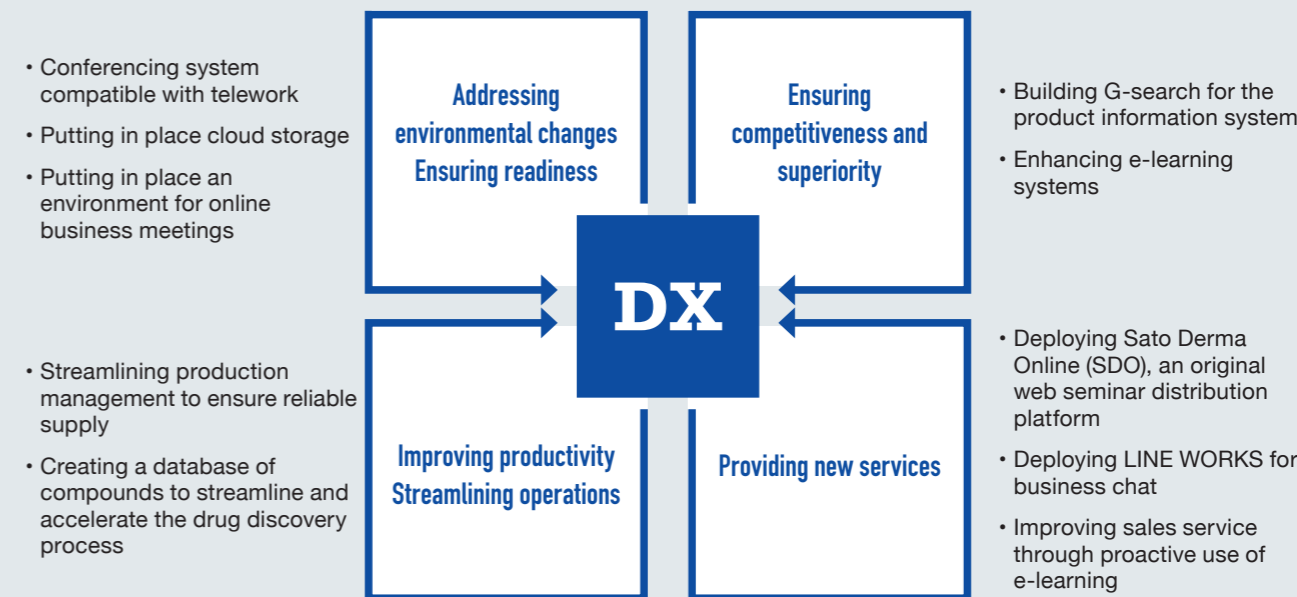
We will contribute to achieving the targets set out in the SDGs through our value chain and in our business base.



The SDGs represent common global goals essential to realizing a sustainable society. They comprise 17 goals and 169 targets to be addressed by 2030, and were adopted by the UN General Assembly in September 2015. They aim to achieve sustainable development in three aspects: economic, social and environmental.

Aiming to Promote an Even Higher-quality DX

Sato is actively promoting DX (Digital Transformation) in order to sustainably provide higher value in products, services and other areas. We are advancing a variety of Company-wide initiatives, including the digitalization of business processes and the development of new communication tools, with the goal of creating a system that can respond quickly to societal changes.



Sato, for example, is advancing the following initiatives.

- ### 1 Putting in Place an Environment to Promote Self-Medication

The OTC Self-Medication Promotion Foundation was established for the purpose of contributing to people's health and the promotion of self-medication. Sato offers a variety of grants for research and study through this Foundation. We are advancing efforts to put in place an environment for self-medication through a variety of study groups, lectures, symposia and educational activities.



Self-Medication Symposium
- ### 2 Building Environmentally Friendly Production and Distribution Systems

Sato has introduced company-wide initiatives such as the “greening” of rooftops at all business sites, and the installation of LED lighting to reduce environmental impact. Solar panels have been added at the Hachioji and Kazusa factories, as well as at the Tokyo Distribution Center and other production and distribution facilities. Power generation has increased 1.5 times compared to before installation of these panels. Other initiatives to reduce CO₂ emissions include the deployment of resource-saving equipment on mass production lines, including the drink lines, and the use of high-efficiency refrigeration in the formulation wing.



Kazusa Factory solar panels
- ### 3 Providing Opportunities for Employees to Develop Their Skills and Improve Their Health

Sato is actively focused on human resource development, both through employee health management and by enhancing a variety of training programs. We are also working to create an environment where women can play an active role by holding monthly women's meetings in addition to a shortened work-hour system and an on-site daycare center.



Have a YUNKER!

Since his first appearance in a YUNKER television commercial in 2002, Ichiro Suzuki is widely seen as the face of YUNKER. Ichiro himself has enjoyed YUNKER daily since he was in high school, and it has supported him in his ongoing pursuit of outstanding performance. Blue YUNKER was introduced in 2019, and the product continues to reach for ever-greater heights.



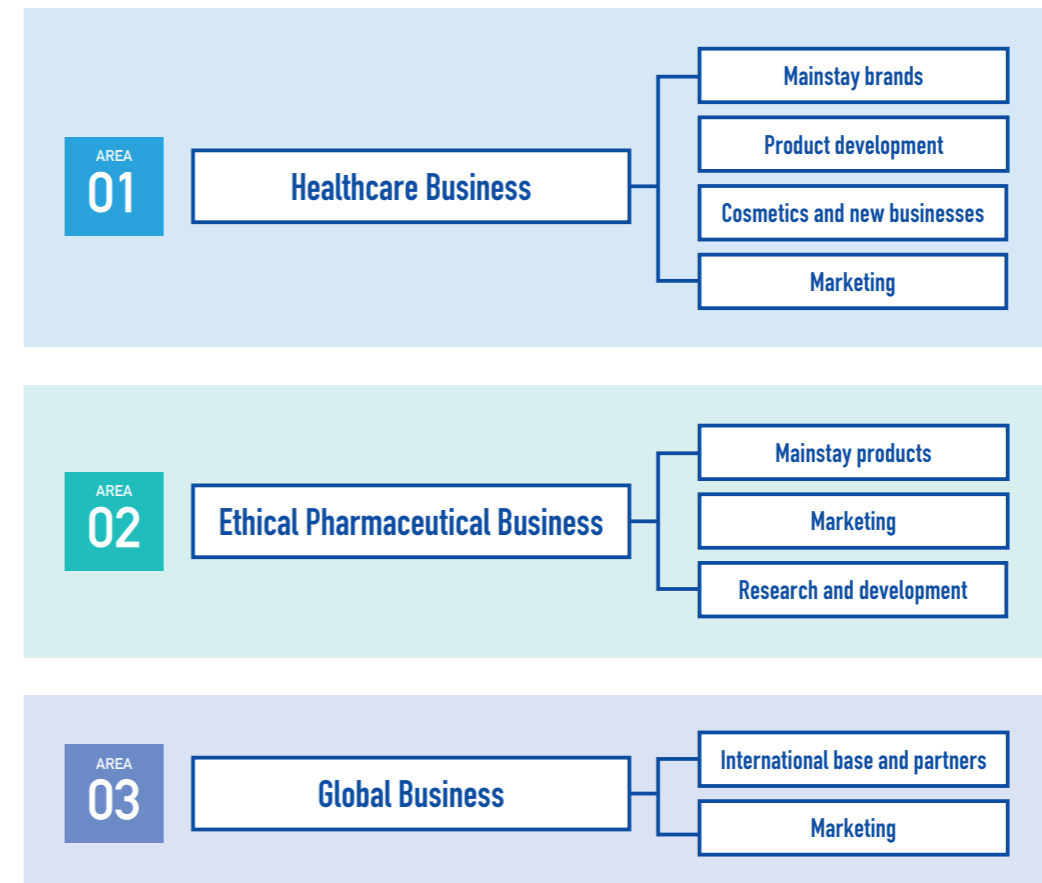
www.yunker.jp

Business Overview

Through Healthcare Innovation,

Sato Delivers High-value-added, High-quality Products

The healthcare business supports consumer health through familiar pharmacies and drugstores. Sato's ethical pharmaceutical business provides highly original products, largely in the field of dermatology. The global business introduces the reliable SATO brand outside of Japan to the rest of the world. These businesses are the pillars supporting our corporate philosophy of Healthcare Innovation—a concept incorporated in every safe, high-quality product that Sato delivers.



01

[Healthcare Business]

Healthcare

Mainstay Brands

Developing Leading Brands in the OTC Drug Market

All of Sato's mainstay brands are long-selling products that have been on the market for more than 40 years. They have established a position in the market as leading brands through the introduction of highly original new products and through our marketing strategy. We support consumers' daily health with products in a wide range of categories, including Quasi-drugs, Foods with Function Claims, cosmetics and others.

Health Drinks YUNKER



エンケル®

On the market for more than 60 years, YUNKER is one of Sato's leading brands. The product lineup includes more than 30 health drink varieties, and the brand continues to maintain top market share. Ichiro Suzuki, a former MLB player, serves as brand ambassador. With unique formulations based on years of research into herbal medicine, Sato is also focused on introducing new products to meet the needs of changing lifestyles.

YUNKER
Nutritional supplements for physical fatigue, or during and after illness.

Medicated Anti-gingivitis Product ACCESS



アセス®

ACCESS is the first medicated anti-gingivitis product in Japan derived from natural herbs. This leading brand has continued to stay at the top of the market for anti-gingivitis medications. It contains a blend of three herbs—chamomile, ratanhia and myrrh—the effectiveness of which in relation to periodontal disease has been confirmed in clinical tests. In a market that is expanding along with the aging of the population, we are also actively introducing new products.

ACCESS
Alleviates the symptoms of gingivitis and periodontitis (bleeding, swelling, mouth odor, etc.)

Cold Medicine STONA



ストナ®

The STONA series is a cold medicine brand from Sato which was introduced about 60 years ago. STONA has been well-received as a differentiated product offering a symptom-specific lineup and employing quick-dissolving gel capsules. By offering highly effective cold medicines tailored to each individual's specific cold symptoms, we contribute to improving consumer quality of life.

STONA
Alleviates cold symptoms (runny, stuffy nose, sore throat, fever, cough, phlegm, etc.)

Antipyretic Analgesic RINGL IB



リングルアイビー®

RINGL IB is an antipyretic analgesic effective against menstrual pain, headache, toothache and fever. To address the need for quick pain relief, the active ingredient ibuprofen is dissolved in liquid form in capsules. Its solid efficacy against menstrual pain, headaches and other pain as well as fever has won the support of many users, especially women.

RINGL IB
For relief of menstrual pain (period pain), headache, toothache, post-tooth-extraction pain, trauma pain, etc. Relief for chills and fever.

[Healthcare Business]

Healthcare

OTC Drugs

Switch OTC Drugs



Among ethical drugs prescribed by doctors, Switch OTC drugs are drugs with relatively few side effects and a high level of safety that can be sold as OTC drugs. They are expected to play a major role in the practice of self-medication, not only in improving symptoms, but also in preventing illness and improving quality of life. Sato is actively promoting the development of Switch OTC drugs, which are expected to have an advantage in the market, and many of the products we have launched to date have captured top market share.

NAZALαAR 0.1% <for Rhinitis from Seasonal Allergies>
Nasal drops formulated with beclomethasone dipropionate.

NASIVIN MEDI
Formulated with oxymetazoline hydrochloride for nasal congestion, runny nose and sneezing.

STONARHINI Z GEL
Formulated with cetirizine hydrochloride for allergic rhinitis. One daily dose provides 24 hours of continuous action.

LUMIFEN
The first OTC analgesic containing alminoprofen, which works against pain, including back pain and stiff shoulder pain.

EMPECID L CREAM
Formulated with clotrimazole for treatment of recurring vaginal candida.

ARASENA S, ARASENA S CREAM
Formulated with vidarabine for treatment of recurrent oral herpes.

OTC Drugs Supporting Self-Medication

Sato is focused on the development of products with higher added value, keeping in mind market needs and trends. In particular, we are actively working to develop Switch OTC drugs, which are prescription drugs that have been transferred to non-prescription status, making them available for purchase at pharmacies and drugstores.

New Products



We are actively working to strengthen the product lineup of our mainstay brands, while also developing new products that accurately meet the changing needs of consumers. We are also developing products that are easier for consumers to use, not only in terms of product formulation, but also in areas like dosage form and packaging. We support self-medication through the expansion of a wide range of products.

STONA FAMILY
A combination cold remedy for families that can be taken by anyone from 7-year-old children and up.

RINGL N
For fever and headache. Antipyretic and analgesic containing the maximum dose of acetaminophen among OTC drugs.

Foods with Function Claims



As consumer awareness of health grows, there is an increasing emphasis on efforts to prevent illness in everyday life. Functional foods based on scientific evidence are attracting particular attention, and Sato is focusing on the development of new functional foods. We support each individual's self-care and self-medication efforts, from prevention to treatment, through the sale of OTC drugs and Foods with Function Claims.

SATO DHA & EPA
Foods with Function Claims for both maintaining memory and lowering triglycerides.

SATO GINKGO LEAVES
Formulated with a high concentration of ginkgo leaf extract to maintain and support memory.

SALOMEGLUCO
Contains 2,000 mg of glucosamine to alleviate concerns about knee joint movement.

SATO ACTIVE JELLY
Jelly in a pouch with the dual function of reducing loss of energy and vitality and alleviating fatigue.

[Healthcare Business]

Healthcare

Cosmetics and New Businesses

A Pharmaceutical Company's Unique Approach to Beauty

Leveraging our years of experience in crude drug research and expertise in dermatological agents, Sato is delivering cosmetics brands that only a pharmaceutical company could develop. We also continue to tackle new challenges in the area of designated quasi-drugs.



Excellula

Based on about 100 years of technology developed by Sato, EXELLULA is an aging care cosmetic brand created from accumulated research into the mechanisms of aging skin from the perspective of dermatology. It has been highly rated as a highly functional basic skin care product, and going forward we will continue to leverage our unique technology as a pharmaceutical company to respond to the skin concerns of women with our proprietary highly concentrated, highly penetrating formula.



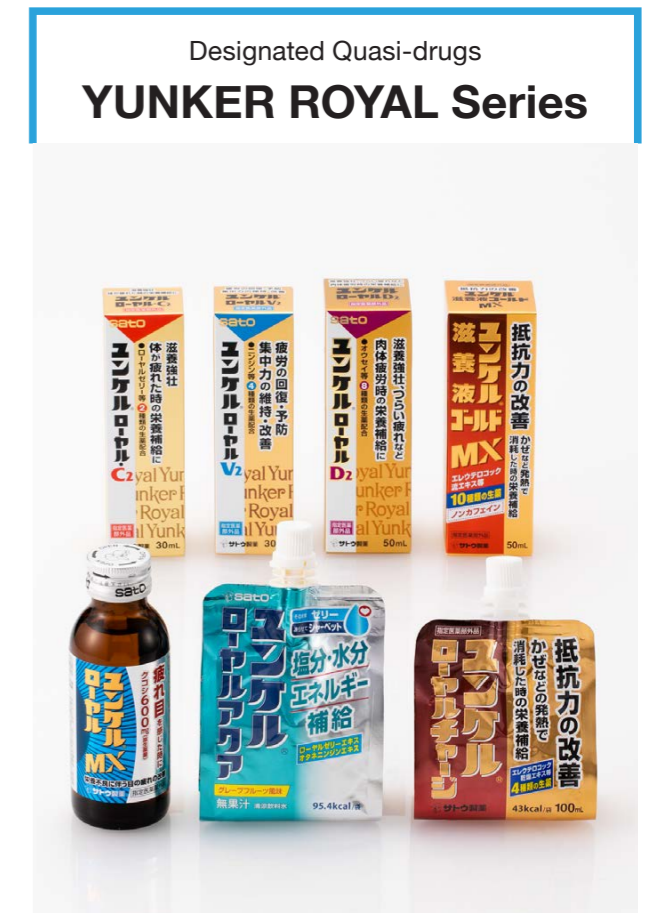
URIAGE
EAU THERMALE

URIAGE is a skin care brand from the south of France formulated with water from the Uriage hot springs, which have gushed forth for about 75 years. We are expanding our line of skin care products made with this hot springs water in addition to lotion, lip cream and others. In March 2022, we will launch the URIAGE CICADAILY series, aiming to further enhance the power of the brand as a dermocosmetic based on dermatological research.



sato

The SATO series was created in 2009 under the concept of "bringing confidence and shine to adult skin." This aging skin care series, which is steadily gaining a following, incorporates Sato Pharmaceutical's formulation technologies, including for extraction and blending of crude drugs, a deep delivery system created from the application of medical technology and ointment technologies.



エンケル
ロ-アルシリーズ

Products in the YUNKER ROYAL series are designated quasi-drugs, health drinks sold primarily at convenience stores, supermarkets and elsewhere. As with YUNKER, a pharmaceutical product, the series offers a lineup of products tailored to individual consumer needs with our unique blend of crude drugs. We are responding to market needs by introducing not only drinks, but also tablets and granules, as well as new dosage forms such as jelly pouches.

[Healthcare Business]

Healthcare

Marketing

An Effective Promotion Strategy Using Brand Ambassadors

Using former MLB player Ichiro Suzuki as the face of the YUNKER brand, we are working to expand the number of customers. The STONA brand ambassador is figure skater Mao Asada, while ACESS is represented by Shunputei Shota, a traditional storyteller. Akane Hotta, an actor represents RINGL IB, and actor Nao Matsushita is the face of EXCELLULA. Our goal is to expand recognition and increase market share through the use of television commercials.



YUNKER health drink



ACESS medicated anti-gingivitis product



STONA cold medicine



YUNKER ROYAL health drink



RINGL IB antipyretic/analgesic



EXCELLULA cosmetics

Developing Effective Strategies for the Times

With national policies underway to extend healthy life expectancy, the role of OTC drugs will become even more important going forward. At Sato, we provide retailers with a comprehensive sales system that takes advantage of our strength in direct sales, as well as offering a variety of seminars, PR activities and information utilizing DX.

Utilizing Digital Marketing to Provide a Variety of Information to Consumers and Retailers



The YUNKER brand site
www.yunker.jp

Supporting Retail Management Through Seminars and Symposia



Sato Drug Store Conference

Sato provides information using a variety of digital tools to ensure a correct understanding of our products and to help people select the products that are right for them. Starting from dedicated sites for each brand, we use a variety of digital advertising and social media to distribute detailed information.

Sato holds seminars and symposia nationwide for pharmacists and drugstore staff, providing useful information on new products and industry trends. This ongoing series includes the Sato Drug Store Conference, for drugstore managers, and the Sato Symposium for pharmacy and drugstore managers. As part of our support for retail management, lectures are also conducted by experts from Japan and overseas.

02 Ethical Pharmaceuticals Mainstay Products

[Ethical Pharmaceutical Business]

Leading the Onychomycosis Market in Both Topical and Oral Treatments NAILIN and LUCONAC



Our ethical pharmaceuticals business is driven by drugs related to the treatment of onychomycosis in the dermatology field. In 2016, Sato launched a topical onychomycosis treatment, LUCONAC Solution 5%, and in 2018, NAILIN Capsules 100mg, an oral onychomycosis treatment. Further, we are in the process of obtaining approval for LUCONAC in Singapore and expanding globally. As the only pharmaceutical company in Japan with both topical and oral formulations, Sato will continue to lead the market for onychomycosis treatments.

Developing Dermatology Products with Unique Qualities

At Sato, we are striving to improve patient quality of life by expanding our product lineup, especially in the area of dermatology. We are also focusing on the development of formulations to meet a wide range of needs.

Taking Top Share in the External Topical Anesthetic Market EMLA Series



In 2012, Sato launched EMLA Cream, Japan's first effective topical anesthetic pain-reduction therapy for dermatological laser radiation treatment. In 2015, application was expanded for relief of pain during injections and puncture of intravenous indwelling needle. In 2017, the EMLA Patch, a one-touch procedure, was launched as an additional dosage form. In 2018, EMLA took the top share of the domestic external anesthetic market (based on NHI price).

Contributing to Patient QOL with a Highly Original Product Line



Sato is also developing other unique products, primarily in the field of dermatology. PASTARON, a urea preparation, has been expanded to include a variety of products, and has been in use in the medical field for many years. We also address a wide range of needs in the medical field with products including the DALACIN series, an acne remedy, and PATCH TEST PANEL (S), a diagnostic agent for allergic dermatitis, contributing to improving patient quality of life.

[Ethical Pharmaceutical Business]

Ethical Pharmaceuticals

Marketing

Efforts as a Leading Company in Onychomycosis, and Promotional and Educational Activities



Lecture commemorating the first anniversary of the launch of NAILIN Capsules 100mg

As the only pharmaceutical company in Japan that has both topical and oral formulations for the treatment of onychomycosis—NAILIN and LUCONAC—Sato Pharmaceutical offers a variety of lectures and provides a wide range of information utilizing digital media.



NAILIN Capsules 100mg



LUCONAC Solution 5%



EMLA Series

Activities Designed to Provide Detailed Information

Sato is active in conducting activities aimed at providing information, primarily around onychomycosis treatment. We are particularly focused on providing information using digital tools, including web seminars for doctors and our website for patients.

Creating Sato Pharmaceutical's Unique Web Seminars



Original seminar distribution platform

We have created Sato Derma Online (SDO) as a new platform for distributing Sato Pharmaceutical's unique web seminars. We distribute useful information to dermatologists, primarily around onychomycosis. There were approximately 3,000 physicians registered as of March, 2022. About 10 seminars are held each month, each of them viewed by between about 200 and 300 doctors.

Educational Activities for Patients Using Digital Media



DTC advertising aimed at disease awareness

Sato has launched a website about onychomycosis. The goal is to have more patients visit medical institutions for diagnosis and a complete cure by giving them a correct understanding of the impact of onychomycosis on quality of life, such as the walking function.

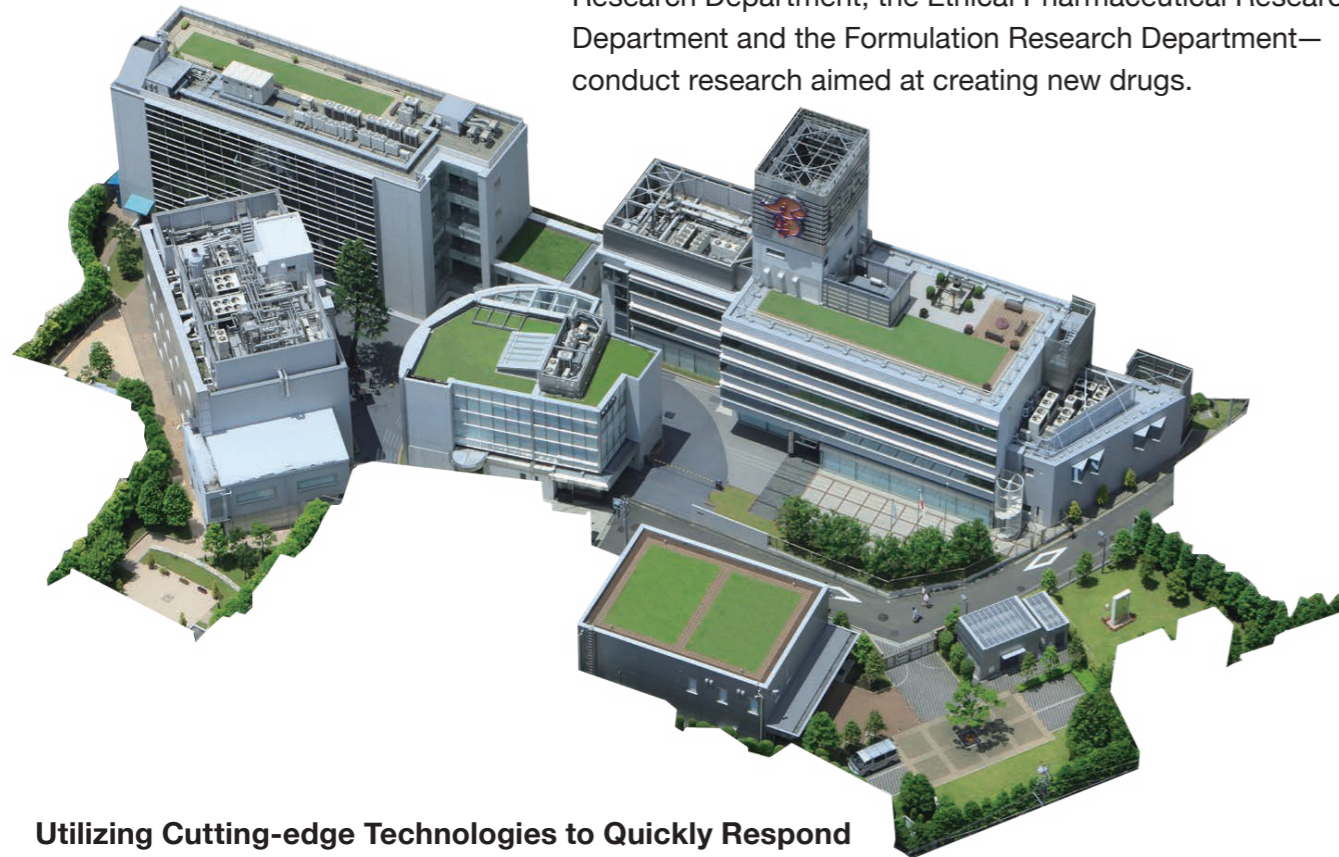
[Ethical Pharmaceutical Business]

Ethical Pharmaceuticals

Research and Development

Cutting-edge Efforts Aimed at Creating New Drugs

The Shinagawa R&D Center, located in Shinagawa-ku, Tokyo, is lined with facilities that include the New Research Wing, the Formulation Research Wing and others. Here, four departments—the Research Planning Office, the Drug Discovery Research Department, the Ethical Pharmaceutical Research Department and the Formulation Research Department—conduct research aimed at creating new drugs.



Utilizing Cutting-edge Technologies to Quickly Respond to the Need for New Drugs the Times Demand

The Shinagawa R&D Center conducts the research and development activities needed to produce Sato's ethical pharmaceuticals, OTC drugs, quasi-drugs, cosmetics, and foods for specified health uses. The R&D Center pursues research into high value-addition products that are always based on the needs of consumers. Currently, it focuses on four main themes: ocular disease, wound healing, antifungal agents and sarcopenia. Active research is underway to meet the needs of the medical field, including new compound synthesis, biological screening, and pharmacological and pharmacokinetic assessment.

Table 1: Status of products in development and currently under investigation

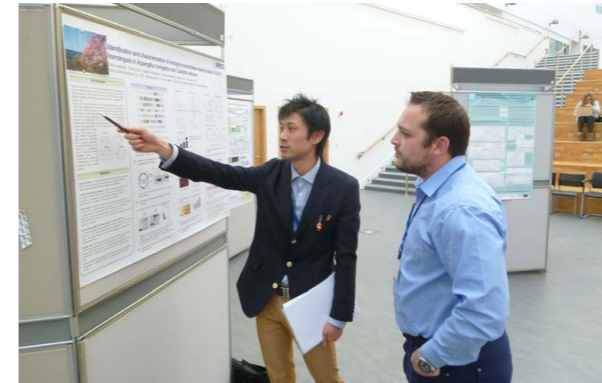
Development code	Treatment	Active ingredient	Development stage
SKN-14	Acne	New active ingredients (license in)	Phase I clinical study
SKN-15	Viral skin disease	New active ingredients (license in)	Phase I clinical study

Table 2: Status of products developed internally

Disease area	Research status
ocular disease	Non-clinical development research
Wound healing	Lead compound optimization
antifungal agents	Lead compound exploration
Sarcopenia	Drug discovery, target identification

Description of Main Research

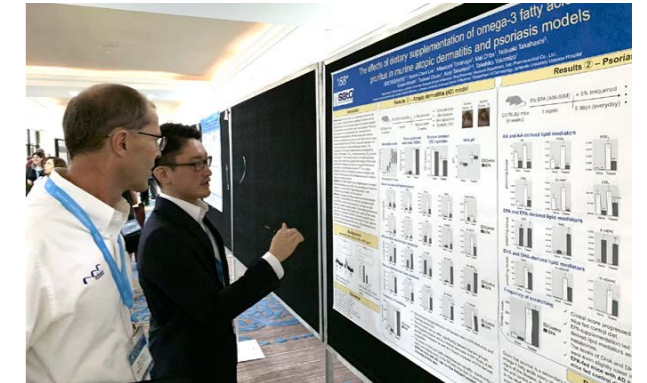
Joint Research with Specialist Institutions



Joint research with Kyushu University

Sato proactively engages in joint research into drug discovery with companies, universities, and research institutes in Japan and overseas. In addition to drug discovery activities targeting lipid metabolism-related enzymes with Kyushu University, we have established the Advanced Research Chair in Wound Healing in collaboration with Juntendo University, and are conducting joint research in the field of ophthalmology with the University of Tokyo.

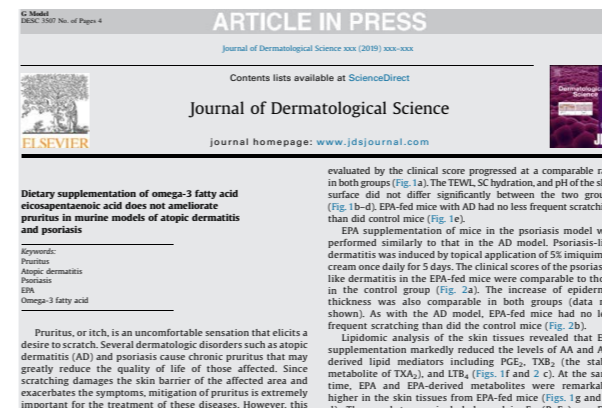
Reporting on Research Results at International Conferences



Joint research with Juntendo University

Sato conducts research using molecular biology and genetic technologies. The research results we obtain are presented at domestic and international conferences, actively advancing basic research directly tied to drug discovery. We also utilize the knowledge acquired through basic research in the discovery, identification and validation of drug targets.

Publication in International Academic Journals



Published paper

Based on findings from gene and protein analysis research, Sato has clarified the relationship between pathogenesis mechanisms and candidate target molecules; the results of that research were published in the international academic *Journal of Dermatological Science*.

Patent Acquisition in Development of Cosmetics



Cosmetics research unique to a pharmaceutical company

By using our own screening and evaluation systems at the gene/protein level, or at the cellular level such as three-dimensional culture models, Sato has obtained high-quality scientific evidence and acquired patents for new cosmetic materials. We are also working on the development of cosmetics unique to a pharmaceutical company.

03 AREA

[Global Business]

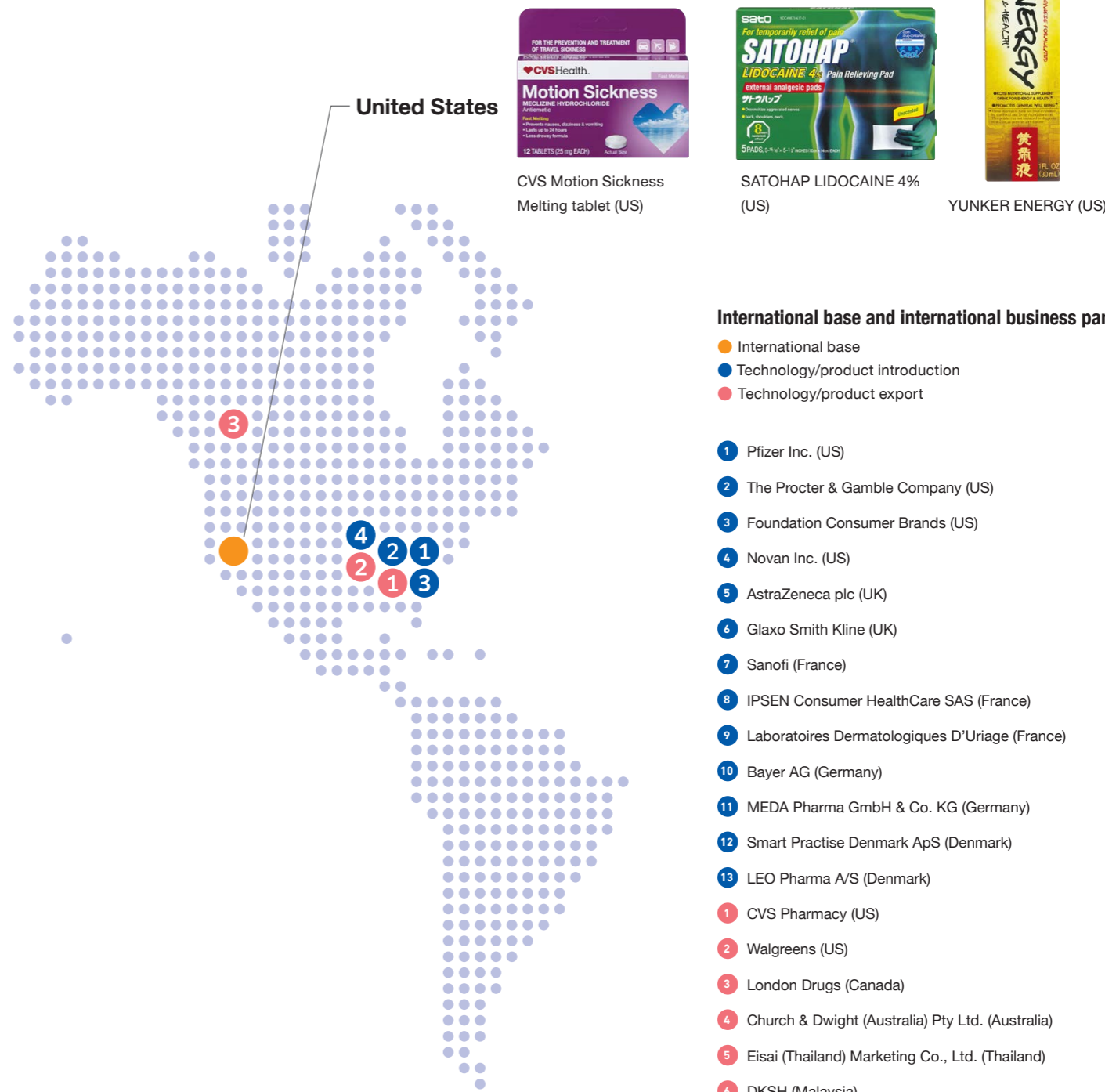
Global Business

International base and international business partners



Cultivating and Popularizing SATO Brands through Six Global Branches

Focusing on the fast-growing ASEAN region, North America, and Europe, Sato continues to develop its international business through its six branches in Taiwan, Hong Kong, Singapore, China, the US and Germany. We conduct marketing and sales activities carefully tailored to each business location, responding to regional and local needs.



International base and international business partners

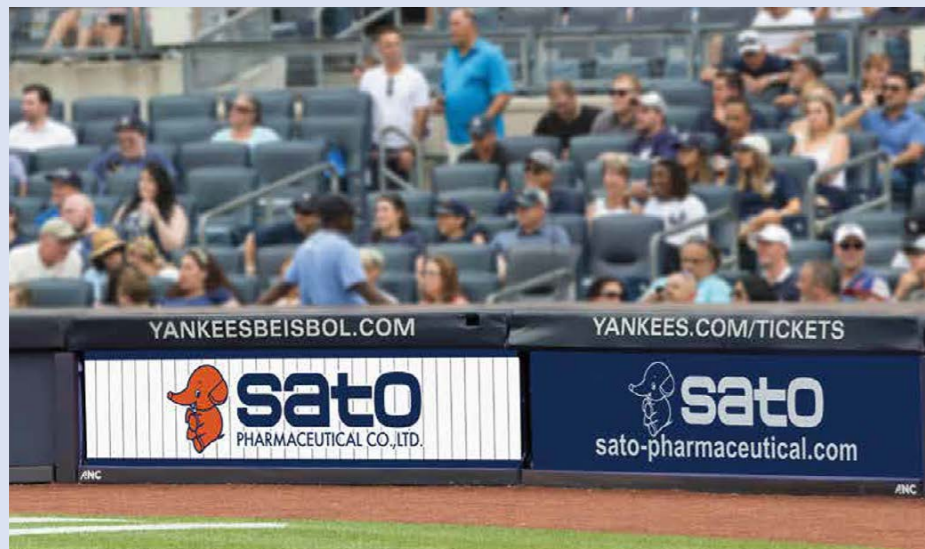
- International base
 - Technology/product introduction
 - Technology/product export
- 1 Pfizer Inc. (US)
 - 2 The Procter & Gamble Company (US)
 - 3 Foundation Consumer Brands (US)
 - 4 Novan Inc. (US)
 - 5 AstraZeneca plc (UK)
 - 6 Glaxo Smith Kline (UK)
 - 7 Sanofi (France)
 - 8 IPSEN Consumer HealthCare SAS (France)
 - 9 Laboratoires Dermatologiques D'Uriage (France)
 - 10 Bayer AG (Germany)
 - 11 MEDA Pharma GmbH & Co. KG (Germany)
 - 12 Smart Practise Denmark ApS (Denmark)
 - 13 LEO Pharma A/S (Denmark)
 - 1 CVS Pharmacy (US)
 - 2 Walgreens (US)
 - 3 London Drugs (Canada)
 - 4 Church & Dwight (Australia) Pty Ltd. (Australia)
 - 5 Eisai (Thailand) Marketing Co., Ltd. (Thailand)
 - 6 DKSH (Malaysia)
 - 7 Anugerah Pharmindo Lestari (Indonesia)
 - 8 Baheal Pharmaceutical Group (China)
 - 9 Zuellig Pharma (Vietnam, Philippines, Cambodia)

[Global Business]

Global Business

Marketing

Physical Advertising Tailored to Regional Characteristics



A billboard at Yankee Stadium, home of the New York Yankees

In physical advertising, we have developed corporate ads at Yankee Stadium in the North America region, bus wrapping advertisements for the SATO brand in Singapore, and other ads tailored to each region.



Bus wrapping ad in Singapore



EXCELLULA Announcement in China

Digital Advertising That Communicates the Experiential Value of Products

With our six global bases, we carry out fine-tuned marketing and sales activities closely tied to each region. We will work to cultivate and further popularize SATO brands in a way that responds to the varying lifestyles and needs in different countries and regions by making effective use of both physical and digital advertising.

We are currently enhancing our use of digital advertising, primarily in the ASEAN region. Digital advertising is centered on social networking ads that utilize popular bloggers and others to convey the value of the product experience.



Blogger tie-up ad in Singapore



EXCELLULA SNS ad in China

Promoting the Global Expansion of Ethical Drugs

Sato Pharmaceutical is promoting the global expansion of ethical drugs. Currently, we have obtained for approval for LUCONAC, our topical onychomycosis treatment, in Singapore, and plan to further expand the product in the US and ASEAN.





Effectively Remedies Specific Cold Symptoms

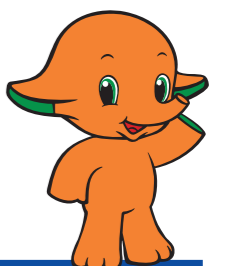
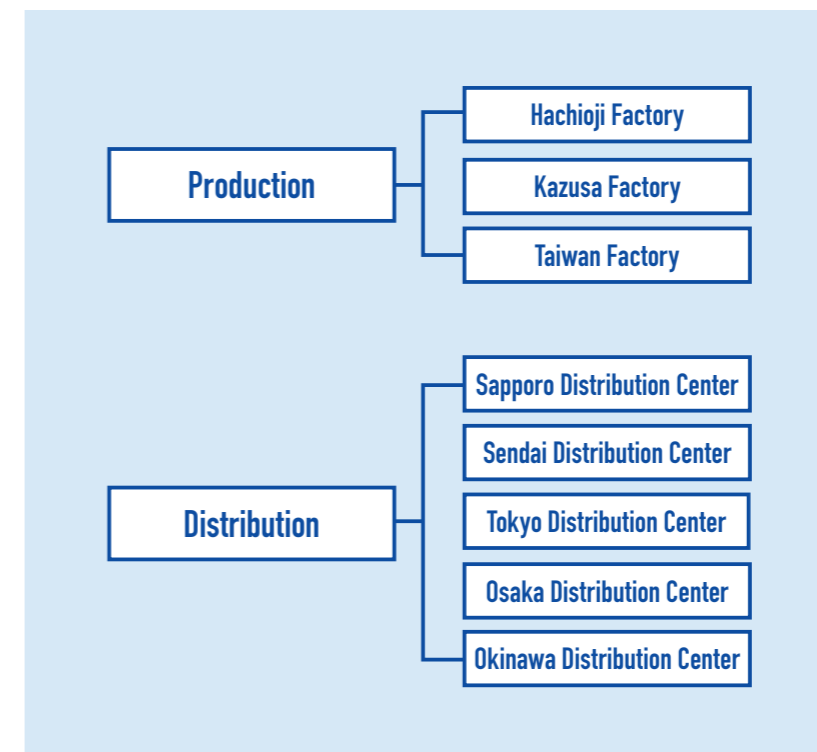
Mao Asada appears in television commercials for STONA. She was appointed brand ambassador in 2010 because of the compatibility of her image as someone who cheers up the world through figure skating, and STONA's brand image of cheering up those suffering from a cold. Since 2018, Sato has served as an official sponsor of the Mao Asada Thanks Tour, a show she produced herself, and together with her we continue to support people's health.



Production and Distribution

Products That Meet the Expectations of Individual Consumers, Anytime, Anywhere

Sato has the latest equipment to produce high-quality products, along with an efficient distribution network to deliver the products needed as quickly as possible. Based on these comprehensive production and distribution systems, Sato quickly and reliably supplies products that meet the expectations of each individual consumer.



Production and Distribution

Production System

Delivering High-quality Products Quickly and Reliably

At Sato, production is the responsibility of our central Hachioji Factory and the Kazusa Factory, which features the latest equipment. Both the Hachioji Factory and the Kazusa Factory have world-class production systems that meet global Good Manufacturing Practices (GMP).

Hachioji Factory

Complete facilities and a global production system at Sato's main factory

Kazusa Factory

A fully automated, IT-enhanced next-generation production center



The 25,000m² Hachioji Factory has played a central role in production for Sato. The factory includes facilities such as a drink production line, ointment wing, formulation wing and the production line for ACCESS and other products. To respond to the introduction of new products and changes in the market, we are actively expanding our production lines and enhancing our systems. We are also planning to construct a new manufacturing wing to accommodate expanded production. In March, 2022, we obtained ISO22716 certification, an international standard for quality and safety in the manufacture of cosmetics.



The Kazusa Factory is a next-generation facility featuring the latest technologies. The production facilities in its drink production wing and external-use wing use IT technologies that make the entire process almost completely automated. Sato is actively making capital investments, including deploying a new line in December 2021 to accommodate expanded sales of NAZAL SPRAY.



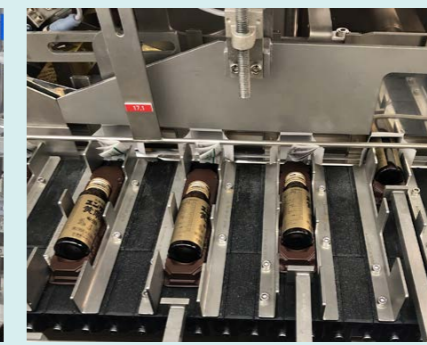
New manufacturing wing (architectural model)



Health drink production line



NAZAL SPRAY production line



YUNKER production line



LUCONAC production line

Production and Distribution

Distribution System

Distribution Centers in Five Locations Nationwide are Equipped with Advanced Technology for Safe, Secure, Reliable Distribution

Sato has five distribution centers located in Sapporo, Sendai, Tokyo, Osaka and Okinawa. Information on product orders placed nationwide are collected through the mobile terminals carried by all sales staff and transmitted to the nationwide distribution centers. A speedy delivery system has been established to deliver orders received by evening within the next day. The distribution of ethical pharmaceutical products is handled by a network that links Sato to wholesalers, allowing them to keep up with rising demand.



Tokyo Distribution Center



Osaka Distribution Center



Sendai Distribution Center

A Highly Efficient Distribution Network to Meet Tomorrow's Needs

Building an efficient distribution network allows us to quickly manage product order information. Stored in a database, the information is utilized in product development and in enhancing services.

Advanced automation, including automated picking systems, is at work at Sato's high-tech distribution centers in Tokyo, Osaka and Sendai. Sato has introduced a warehouse management system (WMS) at all five of its distribution centers to enable centralized product information control and more efficient warehouse management.



Automated picking equipment at the Tokyo Distribution Center

Taiwan Factory

A global standard production site responsible for manufacturing highly reliable products



Sato's Taiwan Factory undergoes regular checks undertaken by quality control management in Japan to ensure reliable, high-quality products. In 2014, it achieved conformity with PIC/S-GMP global quality control standards. In 2019, it was qualified once again with a renewed certificate. The factory operates as the production base for the growing Asian market.



Filling machine



On-site lounge



Sato Pharmaceutical Co., Ltd.

www.sato-seiyaku.co.jp/company/en/

1-5-27 Moto-Akasaka, Minato-ku, Tokyo 107-0051, Japan

Tel: +81 (3)5412-7310 Fax: +81 (3)5412-7330