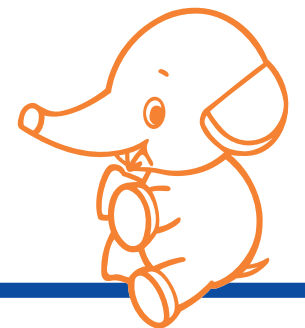




SATO

company profile

2024-
2025



Sato Pharmaceutical Co., Ltd.
www.sato-seiyaku.co.jp/company/en/
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Sato Pharmaceutical Co., Ltd.

Company Profile

Introduction

An era is approaching of 100-year life expectancies, and it is of vital importance to build a society in which people of all ages, from young to old, can live vibrantly in good health.

Through more than a century in business, Sato Pharmaceutical has consistently supported people's health by introducing highly original ethical drugs and OTC drugs to match public needs. We have renewed our commitment to the realization of a sustainable society, recognizing that Sato Pharmaceutical may need to play a more important role than ever in the future.

We plan to step up to new challenges with the same positive approach that we have taken since the company's founding.



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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 Seichi Sato
Capitalization ¥2 billion
Established August 1, 1939
Employees Approximately 1,000

URL: [www.sato-seiyaku.co.jp/
company/en/](http://www.sato-seiyaku.co.jp/company/en/)

Business Locations in Japan

- AHC 2 Bldg.
- AHC 3 Office
- Shinagawa Research and Development Center
- Hachioji Factory
- Kazusa Factory
- Sapporo Office
- Sendai Office
- Nagoya Office
- Hokuriku Office
- Osaka Office
- Hiroshima Office
- Fukuoka Office
- Okinawa Office/ Distribution Center
- Tokyo Distribution Center
- Osaka Distribution Center
- Sendai Distribution Center
- 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.

Sato Pharmaceutical, Evolving Healthcare Innovation to Achieve Sustainable Growth

As Japan's population rapidly ages and the birthrate continues to decline, serious measures will be needed to maintain the balance of supply and demand for medical and long-term care services in the country and the sustainability of Japan's social security system as we head toward 2040, the peak year of the population's aging.

The Japanese government has identified several important areas for action beyond addressing the falling birthrate and reforming social security. These include DX promotion and utilizing information and communication technology, task shifting among healthcare professionals, creating an environment that can take advantage of the potential workforce that includes women and seniors, and extending the length of time that elderly people can maintain their health. The government's Basic Policies for Economic and Fiscal Management and Reform 2023 even mentions the expansion of OTC drugs to promote self-medication.

To meet these social needs, our mainstay healthcare business is focused on developing high-added-value products such as Switch OTC drugs and supplying high-quality products. For our flagship brands, we appoint leaders in various fields to be our brand ambassadors and help us disseminate information through a variety of media.

In the pharmaceutical business, we offer highly original products primarily in the field of dermatology, and conduct detailed information campaigns using digital media. In new drug creation and development, we have been working with both domestic and foreign companies, universities and research institutions to improve our research on the synthesis of new compounds with high utility and enhance our research facilities.

In our global business, our six bases in Asia, North America and Europe offer products and conduct marketing tailored to the needs of each region. We have started to expand our pharmaceuticals globally, including the expansion of our topical onychomycosis treatment, LUCONAC, into Asia, using Singapore as a base, and are developing antifungal agents in North America.

In our CSR pursuits, we continue to work toward the SDGs by fostering an atmosphere that supports self-care and self-medication, developing human resources that are in line with societal demands, and protecting the environment, primarily at our production sites. These initiatives are carried out through the OTC Self-Medication Promotion Foundation and the Sato Scholarship Foundation.

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 pharmaceuticals.

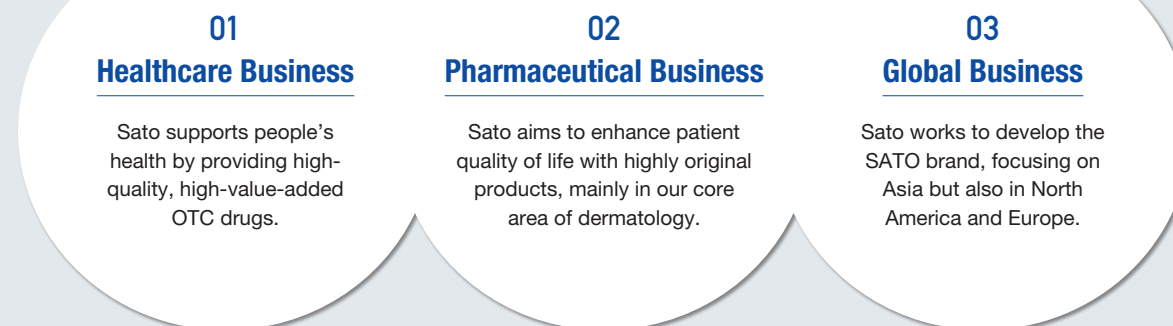
Thank you very much; we hope to continue to draw on your invaluable advice and support.



Seiichi Sato
President and CEO

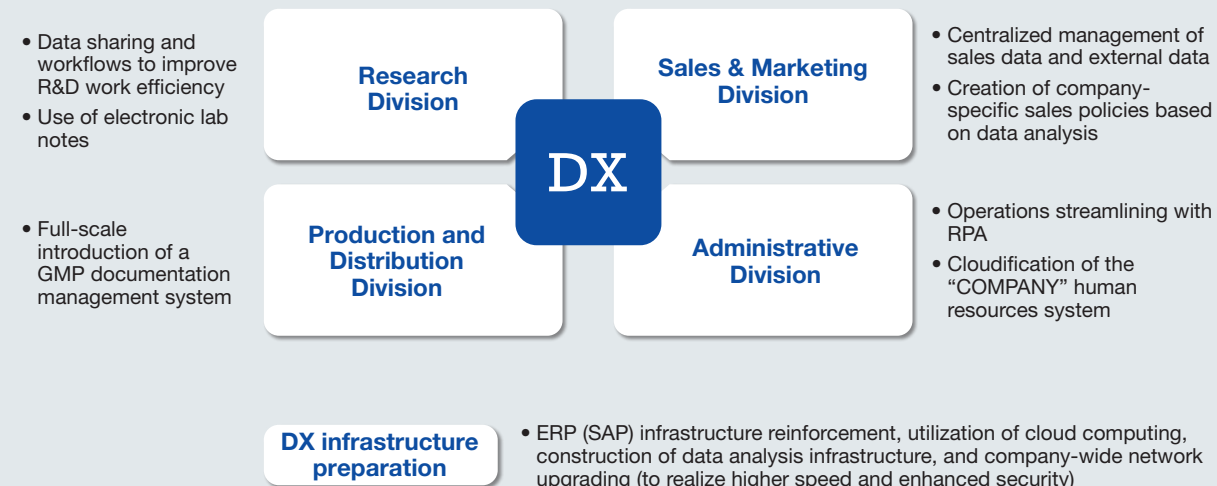
Working to Achieve Sustainable Growth

Establishing a Growth Platform for Mainstay Businesses



Further Promoting Digitalization for Business Expansion and Streamlining Operations

Sato Pharmaceutical is actively promoting DX (Digital Transformation) in order to sustainably provide higher value in products, services, and other areas.



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*

In an era of 100-year lifespans, healthcare takes on greater importance than ever.

Healthcare innovation is Sato Pharmaceutical's corporate philosophy.

It supports our natural strength to live and encourages people to lead long, healthy, engaging, and fulfilling lives.

Healthcare will also continue to evolve, changing our concept of what it is to be healthy in times to come. Our efforts to generate new value and develop innovations will lead to people's future well-being.

Sato Pharmaceutical is committed to supporting good health through product and lifestyle innovation.

*A state of physical, mental and social fulfillment

HEALTHCARE INNOVATION

Product Innovation

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.

Lifestyle Innovation

Spread of Self-Medication

- We strive to raise health awareness, 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.

HISTORY

1915 Sato Pharmaceutical founded in Sendagi-cho, Hongo-ku, Tokyo.

1959 STONA (cold medicine) and RINGL (antipyretic analgesic) launched; Satochan created as a brand character.

1961 Hachioji Factory constructed and commenced production.

1967 YUNKER KOTEI SOLUTION (No. 1 OTC health drink) launched.

1978 ACCESS (No. 1 OTC medicated anti-gingivitis product) launched.

1982 Mascot character Satokochan created.

1990 "Healthcare Innovation" established as corporate philosophy; Taiwan Factory newly established, production commenced.

1992 Head office relocated from Higashi-Oi, Shinagawa-ku to Moto-Akasaka, Minato-ku.

1994 Shinagawa R&D Center established.

1995 Seiichi Sato made president.

2002 Kazusa Factory constructed and commenced production.

2006 OTC Self-Medication Promotion Foundation (OSPF) established.

2010 Seiichi Sato made first chairperson of Asia-Pacific Self-Medication Industry (APSMI).

2012 Topical anesthetic EMLA Cream launched.

2014 New Tokyo Distribution Center operations commenced.

2015 100th anniversary.

2016 Topical onychomycosis treatment LUCONAC Solution 5% launched.

2017 YUNKER KOTEI SOLUTION 50th anniversary celebrated.

2018 Seiichi Sato made chairperson of the Japan Self-Medication Industry (JSMI); Oral antifungal agent NAILIN Capsules 100mg launched.

2022 Sustainability activities in full swing.

2023 Reformulation of YUNKER KOTEI with a strengthened crude drug formula.

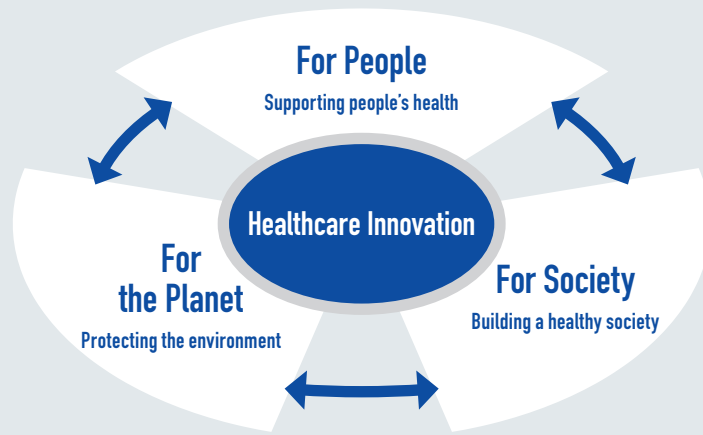
What We Can Do to Create a Sustainable World

Sato Pharmaceutical 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.



Three Themes

Based on our corporate philosophy of promoting healthcare innovation, Sato Pharmaceutical is committed to supporting people’s health as we strive to protect the global environment and help build a healthy society to improve people’s quality of life and maintain and improve societal sustainability.



10 Goals

Sato Pharmaceutical has identified 10 goals as priority issues to be specifically pursued to attain sustainability in society, and is working on solutions to these issues.

1	Pharmaceutical research and development	6	Diversity
2	Improvement of health access	7	Human resource development
3	Stable supply of pharmaceuticals (supply chain management)	8	Promotion of employee health
4	Promotion of carbon neutrality	9	Fair and honest business activities
5	Resource recycling and waste reduction	10	Social contributions

Sato Pharmaceutical, for example, is advancing the following initiatives



Self-Medication Symposium

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.



Kazusa Factory solar panels

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.

3 Initiatives for Employees

Sato Pharmaceutical implements health management and various other initiatives to enable our employees to work in good health and live up to their potential. We are actively focused on human resource development, enhancing a variety of training programs to encourage mutual sustainable growth for both the company and our employees who will lead it forward in the next generation. We are also working to create an environment where women can play an active role by carrying out initiatives to increase the number of female managers, as well as establishing a shortened workhour system and an on-site daycare center.



brand ambassador for **YUNKER**

Ichiro Suzuki

Make your body strong.

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. In 2023, YUNKER was reformulated to better address fatigue in a diversifying modern society, and has now been released as YUNKER KOTEI.

Through Healthcare Innovation, Sato Delivers High-value-added, High-quality Products

The healthcare business supports consumer health through familiar pharmacies and drugstores. Sato's 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

- Mainstay Brands
- Product Development
- Cosmetics and New Businesses
- Marketing

02

Pharmaceutical Business

- Mainstay Products
- Marketing
- Research and Development

03

Global Business

- International Bases and Partners
- Marketing

01

[Healthcare Business]

Developing Leading Brands in the OTC Drug Market

All of Sato Pharmaceutical'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.

Mainstay Brands



Nutrient and Tonic Drinks **YUNKER Series**

On the market for more than 60 years, YUNKER is one of Sato Pharmaceutical's leading brands. The product lineup includes more than 40 health drink varieties, and the brand continues to maintain top market share. Ichiro Suzuki, a former MLB player, serves as brand ambassador. In 2023, YUNKER KOTEL was released with a strengthened formula to address the fatigue of our increasingly diverse modern society. Our unique formulations based on years of research into herbal medicine support a fulfilling life and overall well-being.

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



Medicated Anti-gingivitis Product **ACCESS Series**

ACCESS is the first medicated anti-gingivitis product in Japan derived from natural herbs. It contains a blend of three herbs, and clinical tests have confirmed its effectiveness in alleviating the symptoms of periodontal disease. In 2022, we launched the "Medicated ACCESS" series of quasi-drugs designed to contribute to people's oral health through an approach of both preventing periodontal disease and easing the symptoms.

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

Medicated ACCESS
Prevents gingivitis and periodontitis (alveolar pyorrhea), blocks the occurrence and progression of tooth decay, stops bad breath, whitens the teeth, and cleans and freshens the mouth.



Cold Medicine **STONA** Nasal Sprays **NAZAL**

The STONA series has been well received as a differentiated product offering a symptom-specific lineup and employing quick-dissolving gel capsules.

NAZAL is a nasal spray brand that provides quick relief from painful rhinitis symptoms; it holds the top market share among nasal sprays that relieve runny and stuffy noses.

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

NAZAL
Relief of the following symptoms due to allergic rhinitis, acute rhinitis or sinusitis: stuffy nose, runny nose (excessive nasal discharge), sneezing, dull headache



Antipyretic Analgesic **RINGL IB**

RINGL IB is an antipyretic analgesic effective against menstrual pain, headache, 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.

OTC Drugs Supporting Self-Medication

Sato Pharmaceutical 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 nonprescription status, making them available for purchase at pharmacies and drugstores.

Product Development



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.

NAZALαAR0.1% <for Rhinitis from Seasonal Allergies>
For severe hay fever. Antedrug steroid nasal sprays formulated with beclomethasone dipropionate.

NASIVIN MEDI
Formulated with oxymetazoline hydrochloride for nasal congestion.

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.

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.

YUNKER KOTEI
A new formulation of a standard product with herbal components Eleutherococcus and γ -oryzanol. As a tonic, it supplies nutrients that are highly effective in counteracting physical fatigue and debilitating febrile illnesses such as colds. (Nutrient and tonic drink)

YUNKER KOTEI DCF
Because it does not contain caffeine, it can be taken before bedtime and is highly effective as a tonic and nutritional supplement when experiencing physical fatigue and febrile illnesses such as colds. (Nutrient and tonic drink)

NAZAL G SPRAY
Effective treatment for severe nasal congestion and runny noses. In addition to active ingredients that narrow the blood vessels, these nasal sprays also contain dipotassium glycyrrhizinate to control inflammatory response. (Nasal spray for rhinitis)



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 lowering triglycerides and maintaining human memory, thereby supporting cognitive functioning. The seamless capsule protects DHA/EPA from oxidation.

SATO GINKGO LEAVES
Soft capsules that contain a high concentration of ginkgo leaf extract to maintain and support memory as part of cognitive functioning in middle-aged and older adults.



A Pharmaceutical Company's Unique Approach to Beauty

Leveraging our years of experience in crude drug research and expertise in dermatological agents, Sato Pharmaceutical 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.

Cosmetics and New Businesses



Designated Quasi-drugs **YUNKER ROYAL Series**

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.



Bringing Together a Pharmaceutical Company's Technology **EXCELLULA**

Based on about 100 years of technology developed by Sato, EXCELLULA 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 SATO Series

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 launched the URIAGE CICADAILY series in March 2022. The SATO series was created in 2009 under the concept of "bringing confidence and luster to adult skin." This aging skin care series employs Sato Pharmaceutical's formulation technologies that include the extraction and blending of crude drugs, a deep delivery system created from the application of medical technology, and ointment technologies incorporated into a cosmetic.



Nasal Dilation Tape **Breathe Right**

Breathe Right strips use elasticity to widen the nostrils and increase airflow. From the moment you stick one on the sides of your nose, breathing becomes easier. The strip reduces snoring caused by nasal congestion to help you sleep comfortably. Because it is a medicine-free solution, a strip can be used while other medication is being taken, and since wearing one does not cause drowsiness, it can be used even while driving.

Marketing

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 Pharmaceutical, 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.

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 ACCESS is represented by Shunputei Shota, a traditional storyteller, 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.



STONA



YUNKER



YUNKER ROYAL



EXCELLULA



ACCESS

Supporting Retail Management Through Seminars and Symposia

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.



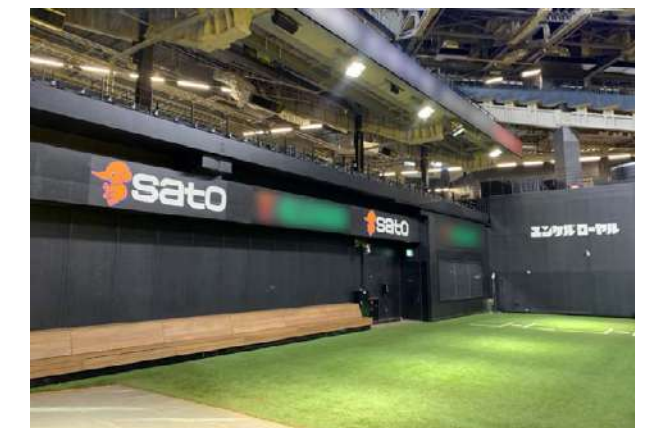
Sato Drug Store Conference
Mr. Leo Shen, Executive Director and COO, AliHealth

Working to Enhance Consumer Brand Recognition Through Baseball Stadium Signage Advertising and Sponsorship of Sports Events

Through the holding of annual promotional events for our YUNKER brand at the Tokyo Dome stadium, as well as sponsorship of sporting events such as the Naha Marathon (in Okinawa) and golf tournaments, besides marketing YUNKER, our key product line, and other Sato Pharmaceutical brands, we are also aiming to strengthen public awareness of Sato as a company that contributes towards enhancing human health and provides support for self-medication.



YUNKER promotion



Advertising using signage at ES CON Field Hokkaido

02

[Pharmaceutical Business]

Developing Dermatology Products with Unique Qualities

At Sato Pharmaceutical, we are striving to improve patients' 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.

Mainstay Products



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

Our 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.

Activities Designed to Provide Detailed Information

Marketing

Sato Pharmaceutical 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.

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



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

Sato Pharmaceutical is the pharmaceutical company that offers both oral and topical formulations for the treatment of onychomycosis—NAILIN and LUCONAC. We hold a variety of lectures and provide a wide range of information utilizing digital media. We will continue to strive to get more patients to seek medical attention and have a complete cure for this nail fungus condition.

Creating Sato Pharmaceutical's Unique Web Seminars



Original seminar distribution platform

We offer Sato Derma Online (SDO) as a platform for distributing Sato Pharmaceutical's unique web seminars. We distribute useful information to dermatologists, primarily related to onychomycosis, to approximately 5,000 physicians registered as of October 2023. About five seminars are held each month, each of them viewed by between about 200 to 300 doctors.

Educational Activities for Patients Using Various Channels

Sato Pharmaceutical conducts disease awareness activities for onychomycosis through newspaper ads and our own website about the disease. In addition to disseminating information across Japan, we are working to promote a correct understanding of foot and nail diseases by carrying out activities tailored to the needs of each area. We will continue to promote such activities to get more patients to visit medical institutions for a diagnosis and get a complete cure to improve their quality of life.



New project to raise disease awareness



Contributing to Patients' QOL with a Highly Original Product Line
PASTARON DALACIN Series PATCH TEST PANEL

Sato Pharmaceutical 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 patients' quality of life.

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 in the domestic external anesthetic market (based on NHI price) in Japan, and has maintained this position every year since then.



Research and Development

New Drugs Currently Undergoing Clinical Trials, and Developing the Global Market with Prescription Medication Products

Sato Pharmaceutical is developing new drugs for the treatment of skin disorders, an area where there is high demand, both in Japan and overseas.

Development of New Indications – Current Status

Area	Research status	Research content
NAILIN	Skin infections	Phase II clinical study Preparations underway

We are proceeding with the development of new treatments for other skin diseases besides onychomycosis using NAILIN Capsules 100 mg.

New Drug Development Status (Japan)

Development code	Treatment	Active ingredient	Development stage
SKN-15	Viral skin disease	New active ingredients (license in)	Phase II clinical study
SKE-18	Inflammatory skin disorder	New dosage and indications (license in)	Phase I clinical study
SKA-19	Inflammatory skin disorder	New active ingredients (license in)	Clinical study Preparations underway

To meet medical needs, we are proceeding with the development of medicines to treat viral skin diseases and inflammatory skin disorders, treatment options for which are limited in Japan, through collaboration with overseas corporations.

New Drug Development Status (Overseas)

Country	Product	Treatment	Development stage
Singapore	LUCONAC	Topical onychomycosis treatment	Approval obtained
Asia region Philippines, Malaysia, and Thailand	LUCONAC	Topical onychomycosis treatment	Preparing application
United States	Luliconazole topical treatment	Topical onychomycosis treatment	Phase II clinical study Preparations underway

We are proactively developing overseas markets for LUCONAC Solution 5%, which has already been approved for sale in Japan. This product is expected to be launched in Singapore in July 2024, and applications for approval have already been submitted in other Asian regions, so we will be making a positive contribution toward the treatment of onychomycosis (fungal nail infection) in Asia.

In the US, applications for treatment of onychomycosis using Luliconazole topical agent manufactured by Sato are being developed, and we will be proceeding with clinical trials with the aim of securing regulatory approval as soon as possible.

Status of Products Developed Internally

We are actively undertaking collaborative research with several universities, creating ground-breaking new medicines by incorporating the latest insights. Currently, we are focusing on five key topics: ocular diseases, wound healing, antifungal agents, sarcopenia, and natural remedy research. There are several areas where we are undertaking non-clinical development research on candidate compounds, and besides working steadily to achieve results in each area, we are also making a proactive effort to identify new topics. Our vigorous research activities, which are tailored to meet manufacturing facilities' actual needs, include new compound synthesis and biological screening, pharmacological and pharmacokinetic assessment, safety evaluation, etc.

Area	Research status	Research content
Ocular disease	Non-clinical development research	Medical eye drop agent R&D
Wound healing	Drug candidate selection	New wound healing medicine R&D
Antifungal agents	Lead compound optimization	New antifungal agent R&D
Sarcopenia	Drug target identification	Using disease model research to explore new drug targets
Natural remedy research	Evaluation of natural remedies for possible use in YUNKER products	Research on the physiological response mechanisms of natural remedies, and exploration of possible applications

Collaborative research partners (listed in alphabetical order)

Dokkyo Medical University, Juntendo University, Keio University, Kyushu University, Teikyo University, University of Tokyo

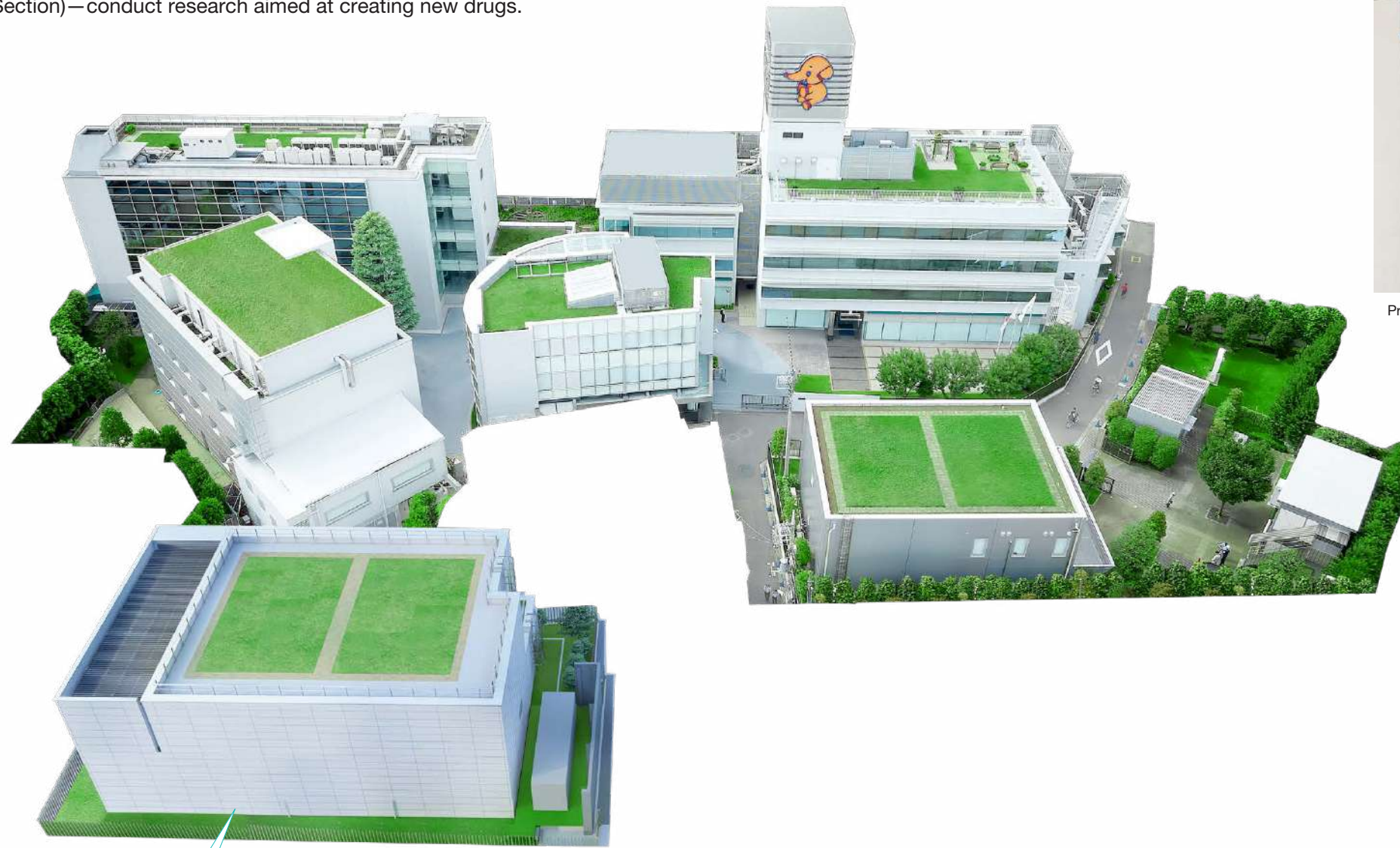
Cutting-edge Efforts Aimed at Creating New Drugs

The Shinagawa R&D Center, located in Shinagawa-ku, Tokyo, comprises several facilities, including the New Research Wing and the Formulation Research Wing. In the Center, four departments—the Research Planning Office, the Drug Discovery Research Department (comprising the Lifestyle Research Section and Synthesis Research Section), the Pharmaceutical Research Department (comprising the Pharmacological Research Section and Pharmacokinetic Research Section) and the Formulation Research Department (comprising the Formulation Research Section, Analytical Research Section, and Cosmetics R&D Section)—conduct research aimed at creating new drugs.



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

The Shinagawa R&D Center conducts the research and development activities needed to produce Sato's 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 five main themes: ocular disease, wound healing, antifungal agents, sarcopenia, and research on natural remedies. We are recruiting both experienced mid-career hires and young researchers to further strengthen our drug formulation capabilities, and active research is underway to meet the needs of the medical field, including new compound synthesis, biological screening, and pharmacological and pharmacokinetic assessment. In addition, to speed up development of synthesis research, which is the foundation for low-molecular-weight synthetic drug formulation, a new Synthesis Research Wing, equipped with leading-edge equipment, is under construction. This new facility will provide a safe and pleasant environment in which researchers can engage in research, with ample workspace per researcher, which we believe will greatly improve their research efficiency.



New Synthesis Research Wing (under construction)

Construction of New Synthesis Research Wing

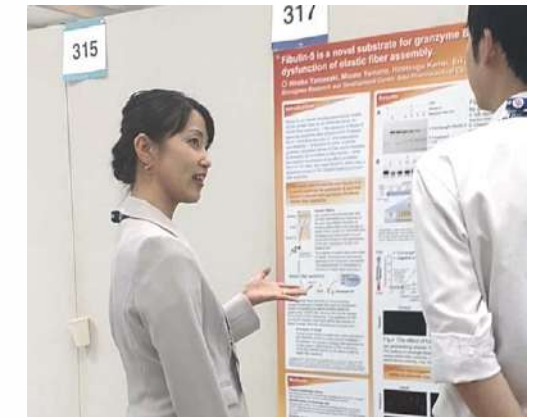
We are in the process of constructing a New Synthesis Research Wing, to strengthen our drug synthesis research (the new building is scheduled for completion in December 2024). To bring about a further expansion of our pharmaceutical business, the new facility will focus on the development of low-molecular-weight synthetic drugs, and will realize the creation of new drugs through the adoption of original drug targets and approaches that differentiate us from our competitors.



New Synthesis Research Wing (under construction)

Reporting on Research Results at International Conferences

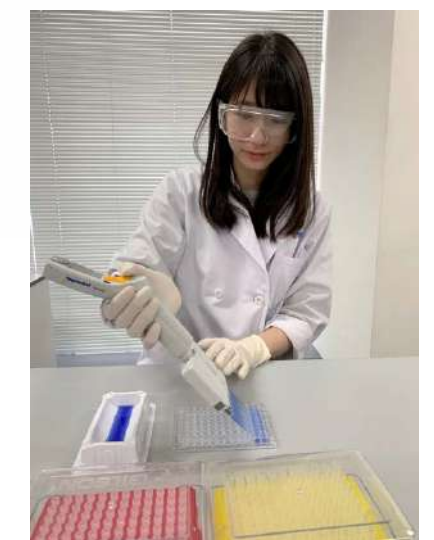
We have been exploring the mechanisms of exacerbation of skin conditions from new perspectives, and we have reported on the results to the International Societies for Investigative Dermatology Meeting (ISID). We are making effective use of these insights in the highly unique drug target exploration, and cosmetics material research.



Presenting research results at an academic conference

Patent Acquisition in Development of Cosmetics

Obtaining high-quality, scientific evidence for new cosmetics materials provides a basis for securing patents. Through research on the potential of bark extract from the Amur cork tree for improving barrier functionality, we identified the active ingredient, and we have obtained related patents, not only in Japan, but also in China, which is an important cosmetics market.



Cosmetics research

03

[Global Business]

Cultivating and Popularizing SATO Brands through Six Global Bases

Focusing on the fast-growing Asian market, North America, and Europe, Sato Pharmaceutical continues to develop its international business through its six bases in Taiwan, Hong Kong, Singapore, China, the US, and Germany. We are working to strengthen development of pharmaceuticals and OTC drugs through business tie-ups with companies in the US and Europe. In addition, we conduct marketing and sales activities carefully tailored to each business location, responding to regional and local needs.



International bases and international business partners

- International base
- Technology/product in-licensing
- Product out-licensing



Marketing

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.

Promotional Activities in the US

In North America, we have arranged corporate advertising in Yankee Stadium and in T-Mobile Park. We have also sponsored golf tournaments held in Hawaii and Los Angeles.



Advertising using billboards in T-Mobile Park, home of the Seattle Mariners baseball team



Billboards at Yankee Stadium, home of the New York Yankees



Sponsor of the Sony Open, held at Waialae Country Club, Hawaii



Sponsor of the Genesis Invitational golf tournament, held at the Riviera Country Club in Los Angeles



Promotional Activities in Asia

We are currently enhancing our use of digital advertising, primarily in Asia. Digital advertising is centered on social networking ads that utilize popular bloggers and others to convey the value of the product experience. We are also rolling out bus wrap advertising for the Sato brand in Taiwan and Hong Kong.



Blogger tie-up ad in Singapore



Bus wrapping ad in Taiwan



brand ambassador for **STONA**

Figure skater

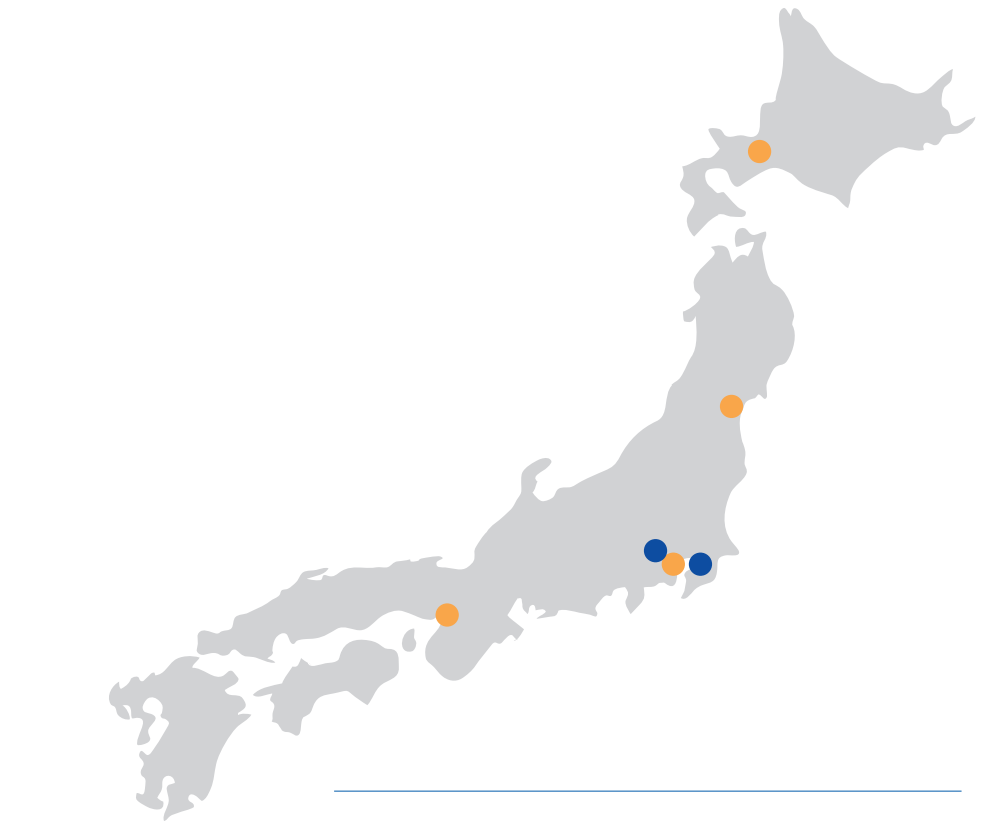
Mao Asada

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 Pharmaceutical has served as the official sponsor of the Mao Asada Thanks Tour, a show she produced herself, and we also sponsored her 2022 ice show, BEYOND.

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 Pharmaceutical quickly and reliably supplies products that meet the expectations of each individual consumer.



Production
Factory

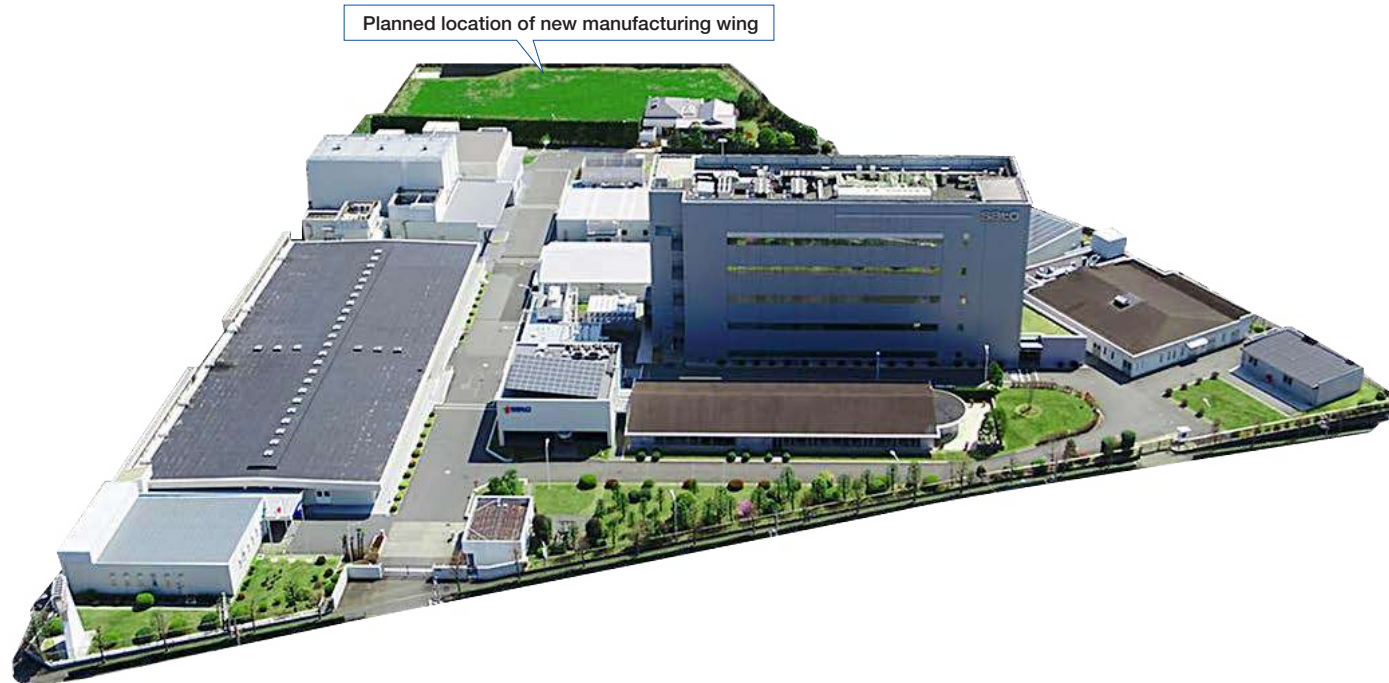
- Hachioji Factory
- Kazusa Factory
- Taiwan Factory

Distribution
Center

- Sapporo Distribution Center
- Sendai Distribution Center
- Tokyo Distribution Center
- Osaka Distribution Center
- Okinawa Distribution Center

Delivering High-quality Products Quickly and Reliably

For a pharmaceutical manufacturer, it is essential to have a system in place that enables the quick and reliable supply of high-quality products. At Sato Pharmaceutical, 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).



Planned location of new manufacturing wing



Hachioji Factory

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

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.



New manufacturing wing (architectural rendering)



ACCESS production line

Kazusa Factory

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

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.



YUNKER production line



LUCONAC production line

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.

Our Distribution Centers Form a Safe, Secure, and Reliable Nationwide Distribution Network Employing State-of-the-Art Software

Sato Pharmaceutical has five distribution centers—in Sapporo, Sendai, Tokyo, Osaka, and Okinawa.

The digital transformation of operations ensures prompt delivery of packages with full traceability. We also aim to maintain global standards in logistics through environmentally friendly initiatives such as waste recycling, solar power generation, compliance with GDP guidelines, enhanced security, and the protection of personal information.



Osaka Distribution Center

Tokyo Distribution Center



Automated picking equipment at the Tokyo Distribution Center

State-of-the-Art Hardware and Enhanced Management Systems

Automated picking systems make it possible to respond to an ever-changing quantity of goods. Our largest facility, the Tokyo Distribution Center, processes each order in less than 30 seconds. All facilities are also equipped with a storage temperature monitoring system that alerts management if the temperature exceeds a certain level.



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 2022, it was qualified once again with a renewed certificate. The factory operates as the production base for the growing Asian market.



NAZAL production line



On-site lounge