

# Business Model

Sawai Pharmaceutical creatively engineers its own unique manufacturing technologies and leverages those technologies to develop inexpensively priced, high-value-added generic versions of existing drugs on the expiry of those drugs' patent protection. We develop and launch our products in advance of competing companies while concurrently maintaining high-quality standards and ensuring stable product supplies. By providing those conscientiously created products via medical institutions to patients, we are helping patients realize healthy lives, contributing to a sustainable society by means of medical care expense reductions, and achieving robust corporate growth. Our business model centers on efforts to sustain this virtuous cycle of societal contributions and corporate growth and thereby implement our Corporate Philosophy while augmenting our corporate value.

## Inputs

### Manufactured Capital

- Manufacturing facilities designed to ensure stable generic drug supply capabilities (annual production capacity of 10 billion tablets)
- Plan for introducing leading-edge technologies that reduce environmental impacts and support efficient operations
- Use of high-quality raw materials as a means of ensuring the high quality of our generic drug products

### Financial Capital

- Strong financial position (equity ratio: 67.6%; credit rating: A-) enabling proactive growth investment
- Strong profitability enabling the realistic setting of ROE targets of 12% and higher

### Human Capital

- Top executives and employees with relevant expertise and abundant experience
- Robust education/training programs resulting in 244 employees with pharmacist qualification and 100% certification of medical representatives (MRs) for six consecutive years

### Intellectual Capital

- R&D operations enabling first-to-market launches of high-quality generic drug products
- Capabilities for pharmaceutical technology R&D based on the understanding of patients' and medical professionals' perspectives
- Manufacturing know-how making possible high-mix, low-volume production

### Social and Relationship Capital

- Outstanding pharmaceutical affairs system and business deployment for meeting special needs associated with Japan's National Health Insurance (NHI) System and other aspects of the business environment in Japan
- Strong relationships with wholesaling/marketing companies responsible for social infrastructure supporting drug distribution
- Strong relationships with supply chain entities supporting stable product supply capabilities

### Natural Capital

- Strengths stemming from uncontaminated land and abundant natural sources of clean water
- Biological resources used as raw material for pharmaceuticals

## Research and Development

- R&D operations designed to realize "first-to-market launches" with a foundation of outstanding patent search and analysis capabilities
- Development of high-value-added products

When developing generic drugs that can be launched immediately after the patent expirations, it is important to confirm the timing of patent expirations and the date at which products can be launched, and Sawai has outstanding strengths regarding patent search and analysis capabilities. Another of our strengths lies in our R&D capabilities for creatively engineering high-value-added products – such as orally disintegrating (OD) tablets that patients can easily ingest without drinking water and products with key information printed on each tablet to facilitate healthcare providers' efforts to prevent drug administration-related errors – and for efficiently implementing development programs in advance of competing companies to enable first-to-market product launches.

## Production, Stable Supplies, and Quality Control

- Strong emphasis on being "a step ahead" of competitors regarding quality
- High-mix, low-volume production
- Leading investments based on a long-term perspective

For companies providing medical drugs with a decisive impact on human lives, it is of crucial importance to ensure high-quality and stable product supplies. Accordingly, Sawai places strong emphasis on being "a step ahead" of competitors regarding quality and systematically procures raw materials from multiple sources that meet rigorous quality standards and are geographically dispersed throughout the world. Furthermore, we have manufacturing strengths associated with high-mix, low-volume production know-how that enables quick responses to demand fluctuations and associated with our maintenance of excess production capacity owing to leading investments based on a long-term perspective. By fully leveraging all these strengths, we are advantageously positioned to ensure both high product quality and stable product supplies.

# Patients First

## Marketing and Sales

- Marketing and sales operations that comprehensively capitalize on all of Sawai's strengths
- Nationwide coverage of healthcare institutions stemming from marketing operations closely coordinated with the operations of wholesalers and marketing agencies
- Product portfolio management based on product life-cycle analyses

By emphasizing efforts to fully utilize the capabilities of wholesalers and marketing agencies and closely cooperate with such distribution infrastructure partners, Sawai is able to marshal powerful marketing and sales operations covering more than 50,000 pharmacies throughout Japan as well as most of the country's hospitals, clinics, and other medical institutions. Reflecting pharmacies' high appraisal of our comprehensive array of strengths leveraged in our marketing and sales operations – including high-quality, high-value-added products; capabilities for ensuring stable product supplies; information dissemination power; and market survey power – approximately 75% of our sales are from the pharmacy market.

## Outcomes

It is **sawai**'s mission to enable people to live healthy lives through pharmaceutical products imbued with our whole-hearted dedication.

It is **sawai**'s challenge to grow in tandem with society through innovation and cooperation, while pursuing creativity.

It is **sawai**'s hope that we will become an indispensable part of society through our desire to be of service.