

FY2020 Financial Results

for fiscal year ended March 31, 2021

Sawai Group Holdings Co., Ltd.
4887.T, TSE 1st section

Influence of COVID-19 on Business

Overall

Japan: In February 2020, Sawai Pharmaceutical assembled a Crisis Management team and implemented thorough measures to prevent infection.

US: In March 2020, USL assembled a cross-functional Crisis Response Team to gather and review information and to develop and implement applicable policies and processes. USL transitioned to a remote working model, with the exception of critical workers who needed to remain on-site, and also shifted to a digitally based sales and marketing.

Supply Chain

Maintained stable supply function by thoroughly implementing infection prevention and control in Japan and the U.S. There has been no disruption in the importation of raw materials or logistics.

Sales & Marketing

Japan: Under the state of emergency declared by the government, due to medical institutions restricting in-person visits by Medical Representatives, the provision of medical information has shifted to delivery by online meetings, etc. Sales of respiratory organ agents and antibiotics declined due to the decrease in the number of visits patients made to medical institutions.

US: Shifted to digitally based sales and marketing due to restriction of in-person physician sales activities. Restriction of sales activities adversely impacted sales, including Tosymra, which was acquired in 2019.

R&D and others

Japan: No significant impact on development schedule.

US: Several R&D projects have seen delays due to the shutdowns in US and OUS.

Sawai's Response to the Serious GMP Violation in the Japanese Generics Industry

Sawai's action toward quality

To minimize quality-related risks, the following measures are taken;

- Ensure the quality of APIs in compliance with Good Manufacturing Practices (GMP).
- Implement a quality control system through constant confirmation of GMP compliance at manufacturing facilities.
- Adopt manufacturing and quality control measures based on the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S-GMP).

Sawai's internal action related to this matter

- Our Quality Assurance Dept. internally disseminates all the product recall information of other companies and also shares Sawai products' relevant information on the products related to the recall. (As needed.)
- In addition to information sharing, reconfirmed at all the factories a supervision system of accepting, weighing and adding APIs; a training system for factory workers; and a prevention system of mix-ups of APIs. (Implemented in Dec. 2020.)
- Provided briefings on these cases to employees at all the factories and instruct to engage in operations strictly following procedures. (Implemented in Jan. 2021.)

Overview (IFRS)

- ◆ Slight increase in net sales and the same level as the previous year in core operating income, despite the severe business environment in both Japan and the US.
- ◆ Operating income decreased due to impairment loss on intangible assets in the US.

JPY, MM

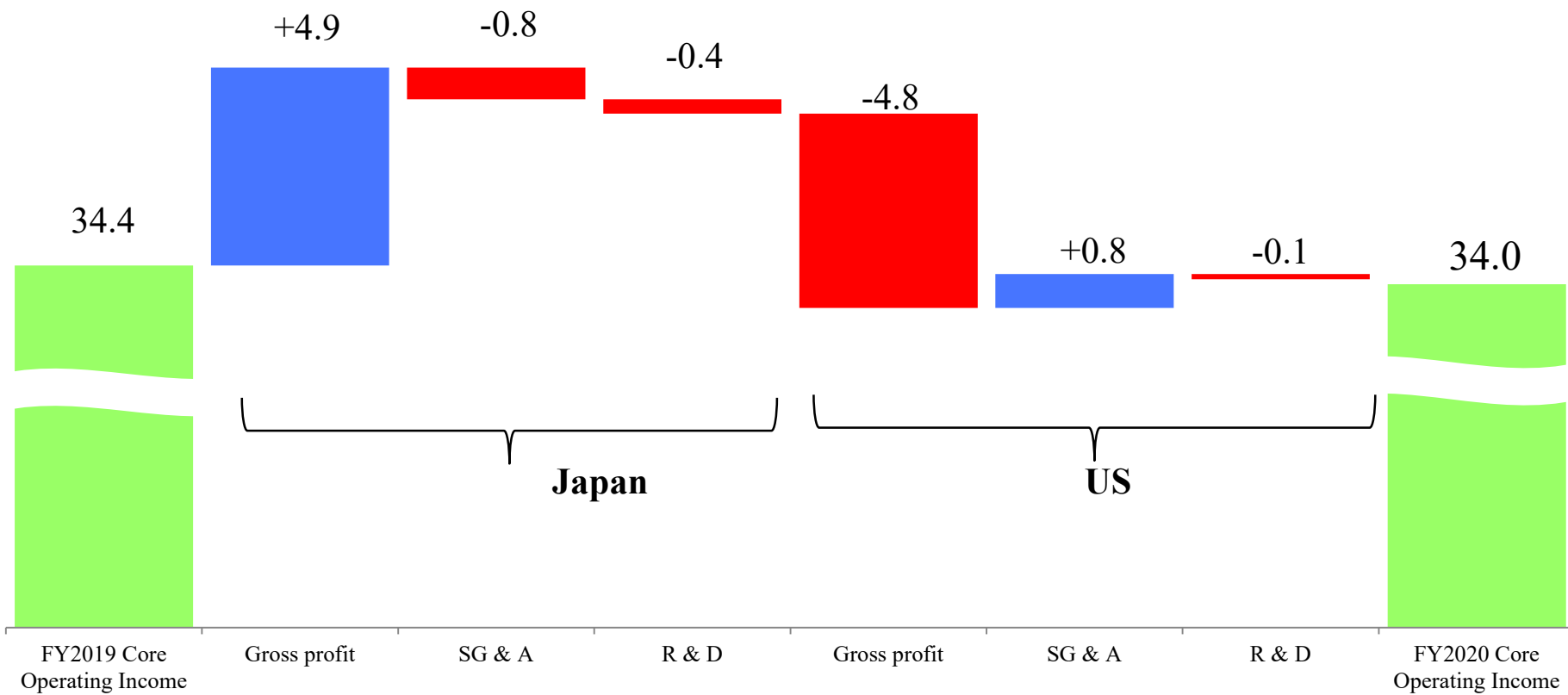
	FY 2019			FY 2020			YoY		FY 2020 Forecasts
	by Region			by Region		+/-	Growth		
	Japan	US		Japan	US				
Net Sales	182,537	144,130	38,407	187,219	153,584	33,635	4,682	2.6%	200,200
Core Operating Income *	34,391	26,483	7,883	34,043	30,258	3,765	-348	-1.0%	34,800
Operating Income	26,793	24,401	2,388	18,888	26,284	-7,396	-7,905	-29.5%	26,850
Profit before tax	26,497	—	—	18,460	—	—	-8,037	-30.3%	26,550
Profit attributable to owners of the parent	19,280	—	—	12,340	—	—	-6,940	-36.0%	20,050

*With the adoption of IFRS, we have introduced "Core Operating Income" as an indicator of recurring profitability, and we regard this as a key indicator of business performance that excludes non-recurring factors from operating income

Average rate	FY2019 Actual	FY2020 Actual
1 US dollar	109	106

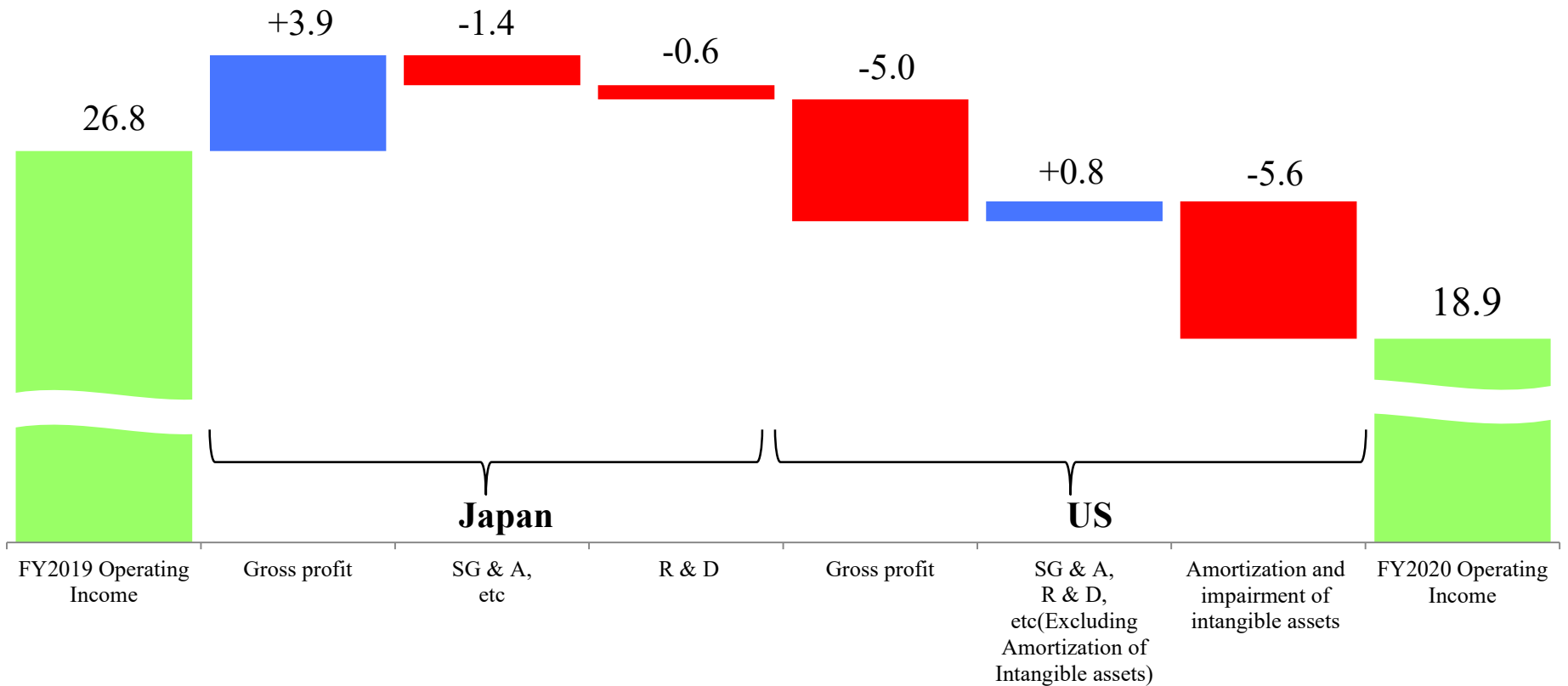
Core Operating Income Analysis

(JPY, bn)



Operating Income Analysis

(JPY, bn)



Sales by Channel, Japan (Unconsolidated)

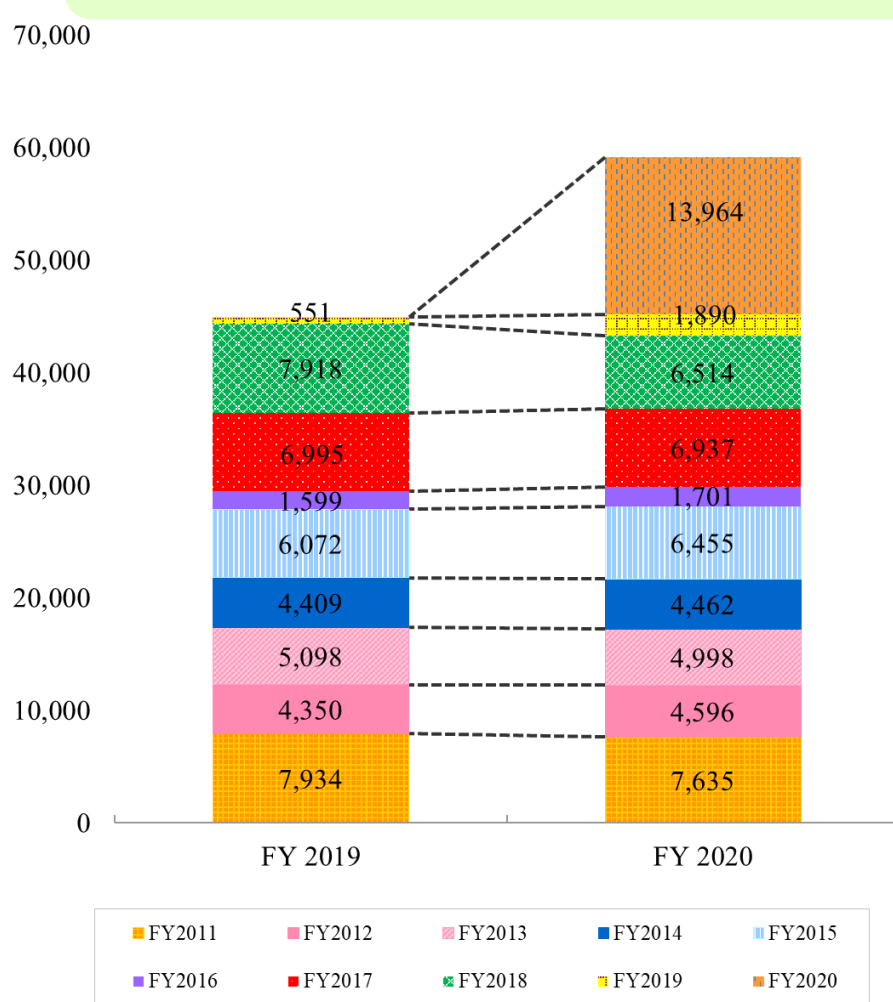
- ◆ Sales in the hospital sector were affected by patients refraining from seeking medical attention, due to COVID-19, in addition to the impact of two NHI drug price revisions.
- ◆ Double-digit growth in sales in the pharmacy sector due to the adoption of new and main products.

Channel	Total, Nationwide	FY 2019		FY 2020			YoY	
		# of Customers	Sales Share	# of Customers	Coverage Rate	Sales Share	# of Customers	Sales Growth
Hospital	8,269	8,093	11.5%	8,048	97.3%	10.3%	-45	-2.5%
DPC* Hospital	1,757	1,725	6.9%	1,749	99.5%	6.3%	24	-2.1%
Clinic	106,357	40,475	9.3%	40,922	38.5%	9.0%	447	4.0%
Pharmacy	89,268	59,137	77.9%	59,955	67.2%	79.5%	818	10.2%
Dispensing	62,042	58,799	77.3%	59,624	96.1%	78.9%	825	10.3%
Drug Stores, etc.	27,226	338	0.6%	331	1.2%	0.6%	-7	-2.5%
Others	-	-	1.3%	-	-	1.2%	-	-2.4%
Total	203,894	107,705	100.0%	108,925	53.4%	100.0%	1,220	6.7%

*DPC: Diagnosis Procedure Combination, a fixed payment system for inpatients

Sales by Product Launch Year, Japan

◆ Steady sales growth for new products launched in FY2020, mainly in categories with few competitors.



JPY, MM

Year Launched	FY 2019	FY 2020	YoY
FY2020	-	13,964	-
FY2019	551	1,890	242.8%
FY2018	7,918	6,514	-17.7%
FY2017	6,995	6,937	-0.8%
FY2016	1,599	1,701	6.4%
FY2015	6,072	6,455	6.3%
FY2014	4,409	4,462	1.2%
FY2013	5,098	4,998	-2.0%
FY2012	4,350	4,596	5.6%
FY2011	7,934	7,635	-3.8%
Launched before FY2010	99,202	94,432	-4.8%
Total	144,130	153,584	6.6%

US Sales Analysis

- ◆ Below plan due to i) negative impact on acute branded products by spread of COVID-19 and ii) new competitor entries to major generic products.

JPY, MM

	FY2019	FY2020	
	Actual	Actual	Forecast (Full Year)
Existing products	32,482	25,022	29,500
New products*¹	5,925	8,613	11,100
Total	38,407	33,635	40,600
Brand products*² (Reference)	6,885	6,220	—

*¹ Sales of products launched since FY2018

*² Sales of Qudexy[®], Zembrace[®], Symtouch[®] and Tosymra[™]

By therapeutic areas

Therapeutic Area	FY2019	FY2020	FY2020 YoY Sales
	Central nervous system	45.3%	51.8%
Cardiovascular	38.6%	32.2%	-27.7%
Agents for urogenital and rectal systems	3.9%	4.7%	2.8%
Hormone preparations	4.4%	3.2%	-30.3%
Antineoplastic agents	2.6%	1.9%	-38.3%
The others	5.2%	6.2%	7.2%
Total	100.0%	100.0%	-12.4%

Sawai Group Holdings FY2021 Forecasts, Consolidated

- ◆ Japan: Sales are expected to continue to grow steadily due to sales of new products, etc., despite the impact of NHI drug price revisions.
- ◆ US: Expected to remain challenging due to the impact of new competitor entries to main generic products, etc.

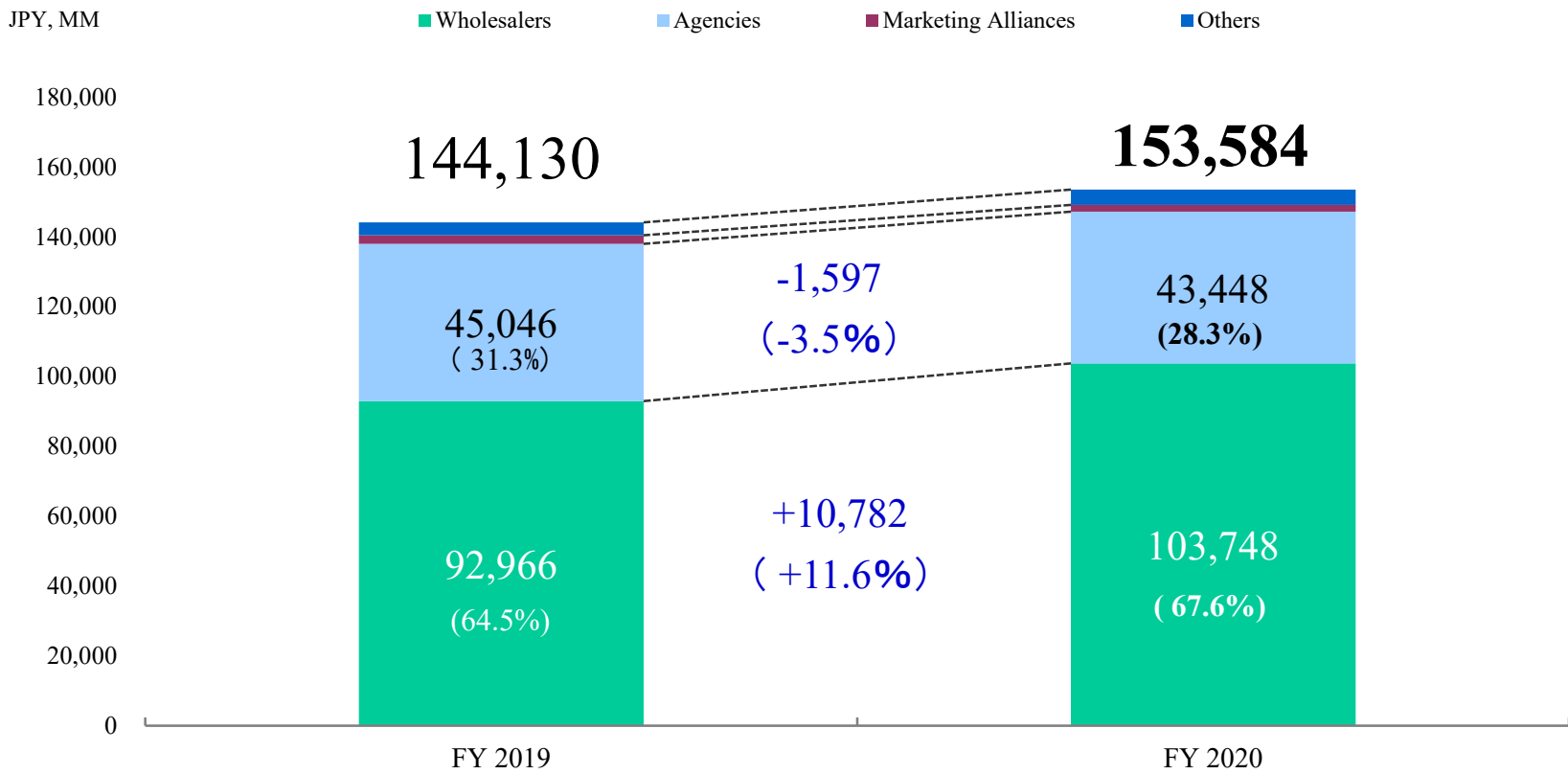
	FY 2020 Actual			FY 2021 Full Year Forecast		
	by Region			by Region		
	Japan	US		Japan	US	
Net Sales	187,219	153,584	33,635	196,400	163,700	32,700
Core Operating Income	34,043	30,258	3,765	31,300	27,900	3,400
Operating Income	18,888	26,284	-7,396	26,400	26,400	0
Profit before tax	18,460	—	—	26,100	—	—
Profit attributable to owners of the parent	12,340	—	—	19,500	—	—

Average rate	FY2020 Actual	FY2021 Assumption
1 US dollar	106	110

Reference Materials

Sales by Distribution Channel, Japan

◆ Sales through wholesalers increased due to newly launched products.



Comparison of Sales Volume by Therapeutic Area, Japan

- ◆ Steady growth in CNS (Central Nervous System) and Vitamin lines.
- ◆ Volume reductions of more than 20% for respiratory organ agents and antibiotics due to the decline in the number of visits patients made to Pediatric and Otolaryngology offices.

Therapeutic Category	Volume Composition		YoY (volume)	YoY (value)
	FY2019	FY2020		
Cardiovascular drugs	29.4%	29.7%	8.8%	1.8%
Gastro-intestinal drugs	19.5%	18.2%	0.6%	-3.1%
Central nervous system drugs	13.0%	13.2%	9.4%	22.4%
Blood/body fluid pharmaceutical products	8.3%	8.1%	5.2%	0.5%
Other metabolic drugs	6.1%	6.8%	20.8%	22.0%
Vitamin drugs	3.9%	5.8%	60.0%	299.4%
Respiratory organ agents	6.9%	5.2%	-20.3%	-17.7%
Antibiotics drugs	2.5%	1.8%	-20.7%	-18.7%
Antineoplastic agents	0.4%	0.4%	15.1%	-2.1%
Others	10.0%	10.6%	13.7%	1.4%
Total	100.0%	100.0%	7.4%	6.6%

Consolidated Financial Highlights-1

JPY, MM

	FY2019 Actual		FY2020 Actual			FY2021 Forecast				
		/Sales (%)		/Sales (%)	YoY (%)	1H	/Sales (%)	Full Year	/Sales (%)	YoY (%)
Key Income Statements Data										
Net Sales	182,537	100.0	187,219	100.0	2.6	94,800	100.0	196,400	100.0	4.9
Cost of Sales	109,036	59.7	114,785	61.3	5.3	58,800	62.0	120,600	61.4	5.1
Gross Profit	73,500	40.3	72,434	38.7	-1.5	36,000	38.0	75,800	38.6	4.6
SG&A Expenses	33,375	18.3	39,937	21.3	19.7	17,100	18.0	34,800	17.7	-12.9
R&D Expenses	13,487	7.4	13,883	7.4	2.9	7,400	7.8	16,400	8.4	18.1
Other income(expenses)	156	0.1	274	0.1	76.1	1,800	1.9	1,800	0.9	557.1
Core operating income	34,391	18.8	34,043	18.2	-1.0	14,800	15.6	31,300	15.9	-8.1
Operating Income	26,793	14.7	18,888	10.1	-29.5	13,300	14.0	26,400	13.4	39.8
Profit before tax	26,497	14.5	18,460	9.9	-30.3	13,100	13.8	26,100	13.3	41.4
Profit attributable to owners of the parent	19,279	10.6	12,340	6.6	-36.0	10,000	10.5	19,500	9.9	58.0
EBITDA *	46,135	25.3	45,481	24.3	-1.4	20,400	21.5	42,500	21.6	-6.6

* Core operating income + amortization and depreciation expenses included in core operating income

	As of March 31, 2020	As of March 31, 2021
Key Balance Sheets Data		
Total Assets	384,814	393,341
Equity	233,686	240,750
Ratio of equity attributable to owners of the company to total assets (%)	54.6	55.5

	FY2019 Actual	FY2020 Actual	FY2021 Full Year Forecast
Amounts Per Common Share			
Basic earnings per share	440.37	281.80	445.29
Diluted earnings per Share	440.00	281.51	—
Dividend (interim)	130.0	130.00	130.0

Consolidated Financial Highlights-2

Sales and Operating Income by Area

Japan

JPY, MM

Key Income Statements Data	FY2019 Actual		FY 2020 Actual			FY2021 Full Year Forecast		
		/Sales (%)		/Sales (%)	YoY (%)		/Sales (%)	YoY (%)
Net Sales	144,130	100.0	153,584	100.0	6.6	163,700	100.0	6.6
Cost of Sales	91,856	63.7	97,401	63.4	6.0	103,600	63.3	6.4
Gross Profit	52,274	36.3	56,183	36.6	7.5	60,100	36.7	7.0
SG&A Expenses	20,490	14.2	21,822	14.2	6.5	23,300	14.2	6.8
R&D Expenses	7,551	5.2	8,130	5.3	7.7	10,400	6.4	27.9
Other income(expenses)	169	0.1	54	0.0	-68.1	0	—	—
Core Operating Income	26,483	18.4	30,258	19.7	14.3	27,900	17.0	-7.8
operating income	24,401	16.9	26,284	17.1	7.7	26,400	16.1	0.4
EBITDA *	37,138	25.8	40,628	26.5	9.4	37,900	23.2	-6.7

US

Key Income Statements Data	FY2019 Actual		FY 2020 Actual			FY2021 Full Year Forecast		
		/Sales (%)		/Sales (%)	YoY (%)		/Sales (%)	YoY (%)
Net Sales	38,407	100.0	33,635	100.0	-12.4	32,700	100.0	-2.8
Cost of Sales	17,180	44.7	17,384	51.7	1.2	17,000	52.0	-2.2
Gross Profit	21,227	55.3	16,251	48.3	-23.4	15,700	48.0	-3.4
SG&A Expenses	12,895	33.6	18,119	53.9	40.5	11,500	35.2	-36.5
R&D Expenses	5,952	15.5	5,768	17.1	-3.1	6,000	18.3	4.0
Other income(expenses)	8	0.0	240	0.7	3079.0	1800	5.5	649.3
Core operating income	7,883	20.5	3,765	11.2	-52.2	3,400	10.4	-9.7
Operating income	2,388	6.2	-7,397	—	—	0	—	—
EBITDA *	8,973	23.4	4,832	14.4	-46.1	4,600	14.1	-4.8

* Core operating income + amortization and depreciation expenses included in core operating income

Consolidated Financial Highlights-3

Adjusted from Full basis to Core basis

JPY, MM

	Full Basis	Adjusting (Japan)	Adjusting (US)	Core Basis	Full Basis	Adjusting (Japan)	Adjusting (US)	Core Basis
Net Sales	182,537	—	—	182,537	187,219	—	—	187,219
Cost of Sales	-109,036	-43	107	-108,972	-114,785	962	252	-112,905
Inventory step-up	-115	—	115	—	-27	—	27	—
Impairment loss	—	—	—	—	—	—	—	—
Others	51	-43	-8	—	-1,187	962	225	—
Gross Profit	73,500	-43	107	73,565	72,434	962	252	74,314
SG&A Expenses	-33,375	538	4,259	-28,578	-39,937	1,081	10,324	-28,532
Amortization of intangible assets	-4,787	528	4,259	—	-5,158	528	4,630	—
Impairment loss	—	—	—	—	-5,572	—	5,572	—
R&D Expenses	-13,487	1,755	1,136	-10,596	-13,883	1,985	826	-11,073
Amortization of intangible assets	-1,422	710	712	—	-1,695	967	728	—
Impairment loss	-1,467	1,043	424	—	-930	839	91	—
Other income	238	-210	-28	—	325	-96	-229	—
Other expenses	-83	43	40	—	-51	48	3	—
Operating Income	26,793	2,083	5,515	34,391	18,888	3,980	11,176	34,043

Consolidated Financial Data

JPY, MM

Selling General and Administrative Expenses		FY2019 Actual		FY 2020 Actual			FY2021 Full Year Forecast	
			/Sales(%)		/Sales(%)	YoY(%)		/Sales (%)
R&D Expenses	Japan	7,551	5.2	8,130	5.3	7.7	10,400	6.4
	US	5,952	15.5	5,768	17.1	-3.1	6,000	18.3
	Total	13,487	7.4	13,883	7.4	2.9	16,400	8.4
Advertisemet Expenses	Total	2,829	1.5	2,680	1.4	-5.3	3,800	1.9

Capital Expenditure & Depreciation and Amortization		FY2019 Actual		FY 2020 Actual		FY2021 Full Year Forecast	
Capital Expenditure	Japan	4,265		7,884		7,800	
	US	2,735		7,133		4,500	
	Total	7,000		15,018		12,300	
Depreciation and Amortization	Japan	11,893		11,866		10,900	
	Manufacturing Division	8,352		8,209		7,400	
	R&D Division	1,776		1,990		1,800	
	Administration Div. & Business Div.	1,665		1,667		1,700	
	US	6,061		6,426		7,000	
	Total	17,954		18,291		17,900	

Personnel Information		As of March 31, 2020		As of March 31, 2021	
Number of Employees			Comp.(%)		Comp.(%)
Japan		2,491	81.2	2,677	81.4
Manufacturing Division		1,644	53.6	1,607	53.5
R&D Division		251	8.2	246	8.2
Administration Div. & Business Div.		596	19.4	591	19.7
	(MRs)	(394)		(382)	
US		575	18.8	559	18.6
Total		3,066	100.0	3,003	100.0

Disclaimer

- The plans, forecasts, strategy and other information regarding the Sawai Group contained in this presentation are based on the Company's assumptions and judgments using information available at the time of publication. Therefore, due to potential risks and uncertainties, there is no guarantee of the accuracy of this information.
- Potential risks and uncertainties include, but are not limited to, the economic environment for prescription drugs, which is the main operating domain of the Sawai Group, market competition and services offered by the Group.

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