

April 28, 2022

Sawai Group Holdings Announces Recording of Impairment Loss of Assets Related to U.S. Segment and Gain on Bargain Purchase, Revision to Forecast of Business Results, Distribution Forecast and Reduction of Remuneration for Directors

Name	Sawai Group Holdings Co., Ltd. (Securities Code: 4887)
Fiscal year	April 1 to March 31
Current fiscal year	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Overview	Sawai Group Holdings announces that, with the resolution at the board of directors' meeting, it expects to record impairment loss of assets related to the U.S. segment as well as gain on bargain purchase. As a result, it has revised its forecast of business results for Fiscal 2021 announced on May 11, 2021. It also announces distribution information and reduction of remuneration for directors.

Recognition of Impairment Loss

Details	The group's U.S. segment saw entries of competitors for its main brand products one after the other in Fiscal 2021 and even though it strived to expand the number of products it placed on the market the business environment was severe. Therefore, it considered how its subsidiary Upsher-Smith Laboratories, LLC should attain sustainable growth and decided to embark on business restructuring. Consequently, it reviewed its future plan on the U.S. segment, which revealed that the recoverable amount of the U.S. segment's assets will fall below the book value. Therefore, it expects to recognize impairment loss of approximately 69.0 billion yen.
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Recognition of Gain on Bargain Purchase

Details	The company took over Kobayashi Kako's assets pertaining to production activities and personnel of related divisions on March 31, 2022, resulting in occurrence of negative goodwill of approximately 8.0 billion yen, which is expected to be recognized as revenue collectively in Fiscal 2021.
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Revision to Full-Year Business Results for Fiscal 2021

	Sales [mn yen]	(reference) Core operating profit [mn yen]	Operating profit [mn yen]	Profit before tax [mn yen]	Profit attributable to owners of parent [yen]	Basic earnings per share [yen]
Previous forecast (A)	196,400	31,300	26,400	26,100	19,500	445.30
Current forecast (B)	193,800	26,700	-35,900	-36,200	-28,300	-646.25
Net change (B)-(A)	-2,600	-4,600	-62,300	-62,300	-47,800	
Change (%)	-1.3	-14.7	-	-	-	
Details	While sales in the Japan segment is expected to be at the same level as the previous forecast figure, that of the U.S. segment is expected to fall below the previously announced forecast figure, resulting in reduction from the previous forecast as a whole. For operating profit, profit before tax and profit attributable to owners of parent, while recording a gain on bargain purchase, the company expects to					

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	<p>recognize impairment loss, resulting in the forecast that figures will largely fall below the previous forecast.</p> <p>As for core operating profit (reference), as same as sales, the forecast figure for the Japan segment is at the same level as the previous forecast figure, but that of the U.S. segment fell below the previously announced forecast figure, resulting in reduction from the previous forecast as a whole.</p>
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Distribution Forecast

Details	Distribution per share of 65 at the end of the fiscal year, unchanged from the initial forecast.
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Reduction of Remuneration for Directors

Details	All Fiscal 2021 bonuses of all directors will be returned	
	Reduction of monthly remuneration in Fiscal 2022	Reduction amount: Chairman, Representative Director: 6/12 Vice Chairman, Representative Director: 3/12 President, Representative Director: 1/12 Target period: From July 2022 to June 2023

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