

Sawai Group Holdings Co., Ltd.

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## **FY2021 Financial Results Presentation**

May 11, 2022

4887.T, TSE Prime

**sawai**

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## In Japan

- **Revenue growth in the second half of FY2021 has slowed.**

- Shipping adjustments continue for more than half of products\*, which are selected based on the inventory status, following the increased demand for Sawai Pharmaceutical products due to supply stoppages etc. of products from other generics companies.
- In the case of items subject to shipping adjustment, we have no choice but to decline new adoption for our products.

\*Released shipping adjustment of 57 items in April 2022, and the current number of items adjusted for shipment is 394 items (as of May 11)

- **In order to respond to growing demand, measures were implemented to increase production to the fullest extent possible by operating at night and on holidays.**

- Production volume for FY2021 was approx. 15.1 billion tablets (YoY: approx. 13.9 billion tablets in FY2020, 108.6% of FY2022).

- **Negative goodwill of approximately ¥8.7 billion was incurred.**

- Acquired assets related to production activities of Kobayashi Kako on March 31, 2022.

## In the United States

- **There has been steady progress in newly launched and brand products, while existing generic products remain challenging.**

- Significant impact of competitor entries to main generic.

- **Considered the ideal form of sustainable growth for the US group company, Upsher-Smith Laboratories, LLC (USL), decided to start business restructuring.**

- **Allocated impairment loss of 68.8 billion yen.**

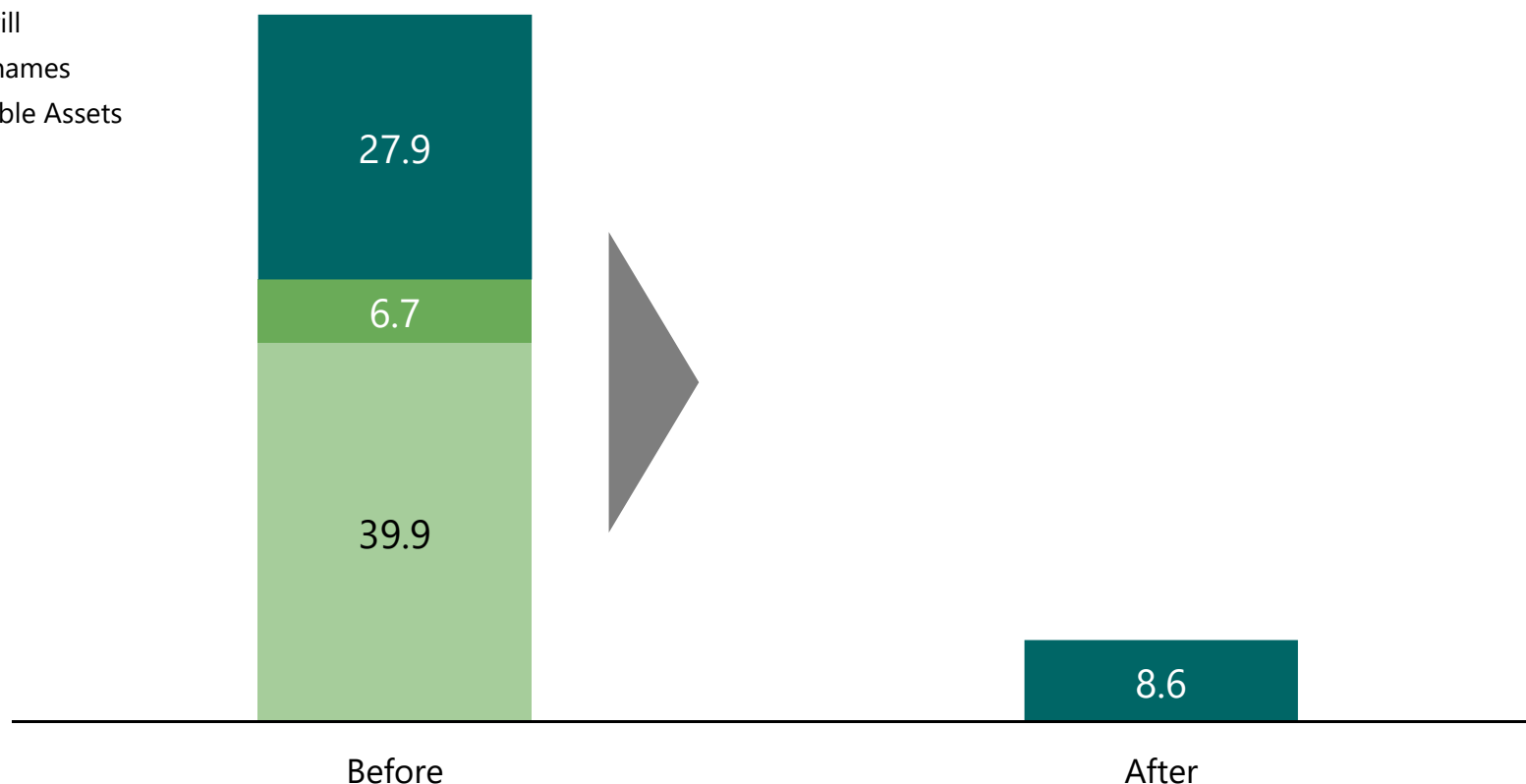
- As a result of reevaluating the future plan, the recoverable amount of assets including goodwill was less than the carrying amount.

- Considered the ideal form of sustainable growth for the US group company, USL, decided to start business restructuring.
- As a result of this evaluation, the future plan of the U.S. segment was revised. The recoverable amount was less than the carrying amount, and an impairment loss of 68.8 billion yen was allocated (breakdown: goodwill and intangible assets 65.9 billion yen, tangible fixed asset 2.9 billion yen).
- Annual depreciation of intangible assets in FY2022 will be 1.9 billion yen.

## Intangible Assets in the US

JPY, Billion

- Goodwill
- Trade names
- Intangible Assets



# Overview of FY2021

- Despite the impact of the NHI drug price revision, and the impact of shipping adjustments due to supply stoppages, etc. of products from other generics companies, sales exceeded the same period of the previous fiscal year with an increase of sales from products launched in FY2020, etc. Core operating income decreased due to an increase in R&D expenses, etc. Operating income increased from the previous fiscal year due to allocating of a gain on negative goodwill.
- Sales decreased from the same period last year, due to the impact of competitor entries into key USL generic product markets. In addition to the above, allocating of impairment losses and other factors resulted in a significant operating loss.

JPY, MM

	FY2020 Actual			FY2021 Actual			YoY
		Japan	US		Japan	US	
Net Sales	187,219	153,584	33,635	<b>193,816</b>	<b>163,841</b>	<b>29,975</b>	+3.5% (+6,597)
Core Operating Income	34,043	30,258	3,765	<b>26,321</b>	<b>27,016</b>	<b>-708</b>	-22.7% (-7,722)
Operating Income	18,888	26,284	-7,396	<b>-35,888</b>	<b>32,361</b>	<b>-68,249</b>	- (-54,776)
Profit before tax	18,460	-	-	<b>-36,214</b>	-	-	- (-54,674)
Profit attributable to owners of the parent	12,340	-	-	<b>-28,269</b>	-	-	- (-40,609)

Average rate

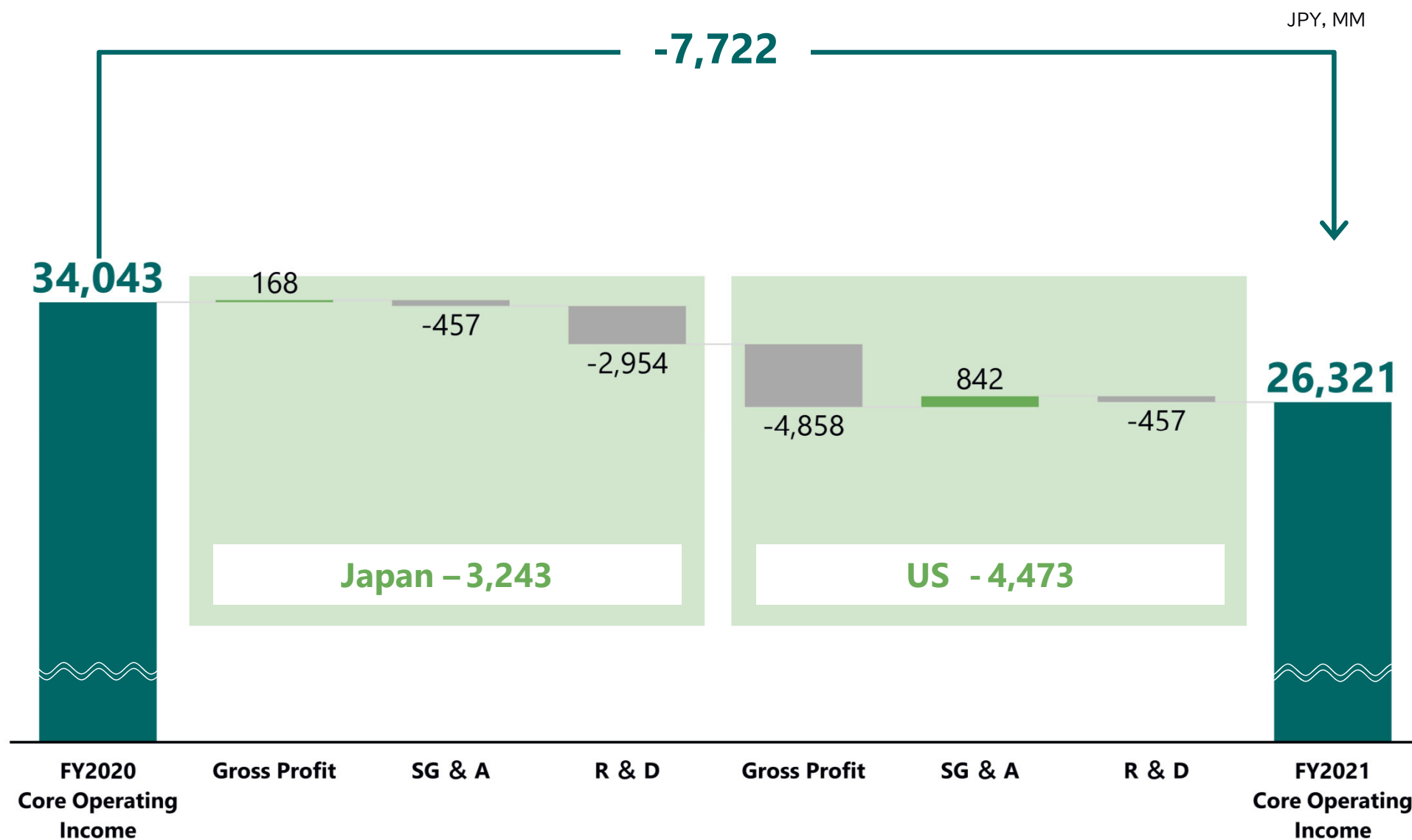
US\$1 = ¥106

US\$1 = ¥112

- Results by segment in Japan and the U.S. are not consistent with the overall figures, as each segment profit includes inter-segment transactions.
- Core operating income is calculated by excluding profits and losses attributed to non-recurring factors from operating income.

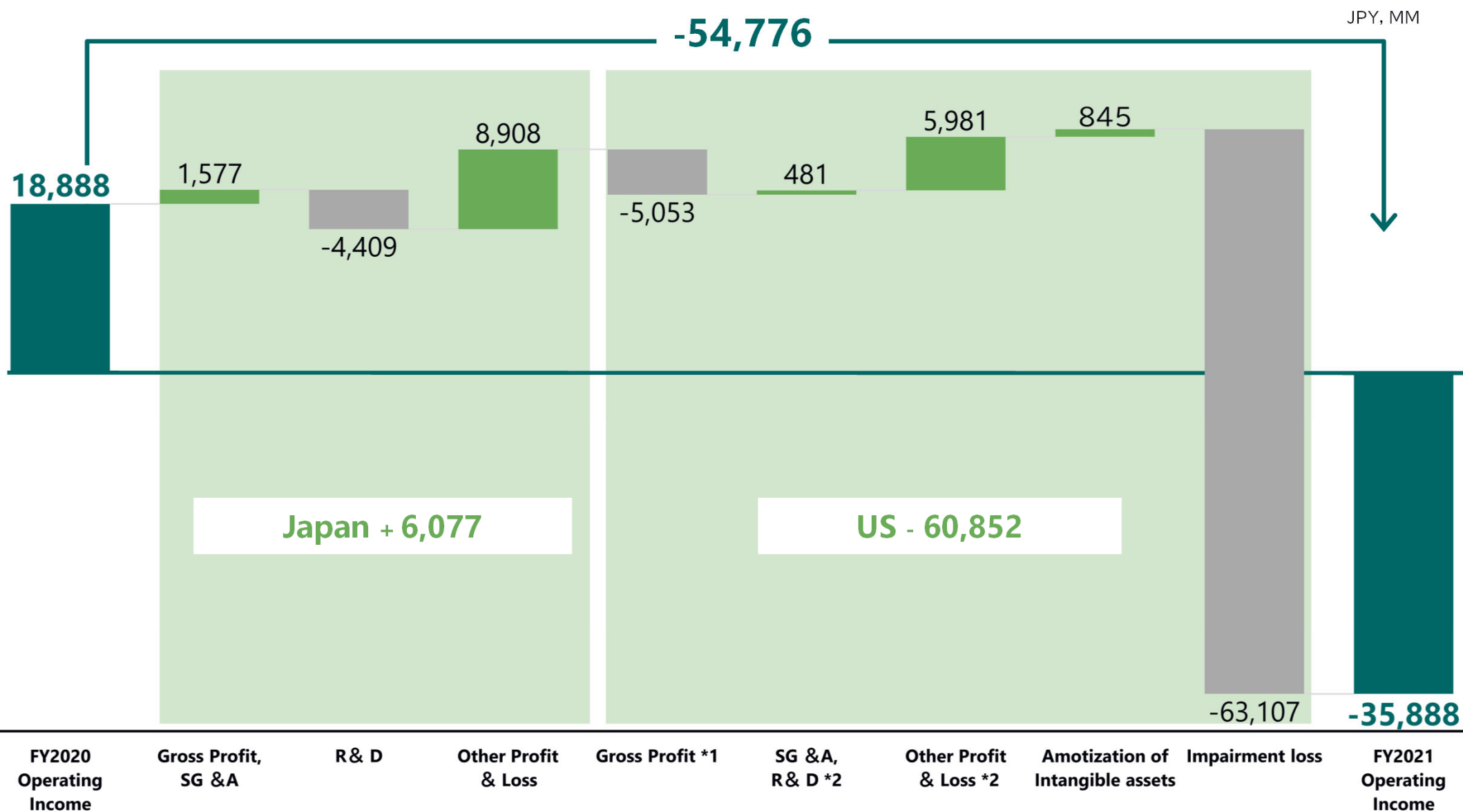
# Core Operating Income Analysis

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- Results by segment in Japan and the U.S. are not consistent with the overall figures, as each segment profit includes inter-segment transactions.

# Operating Income Analysis



\*1 Excluding Impairment loss

\*2 Excluding Amotization of Intangible assets and Impairment loss

# Sales by Channel in Japan

- Significant growth in sales mainly for pharmacies due to the adoption of products launched in FY2020 and main products.

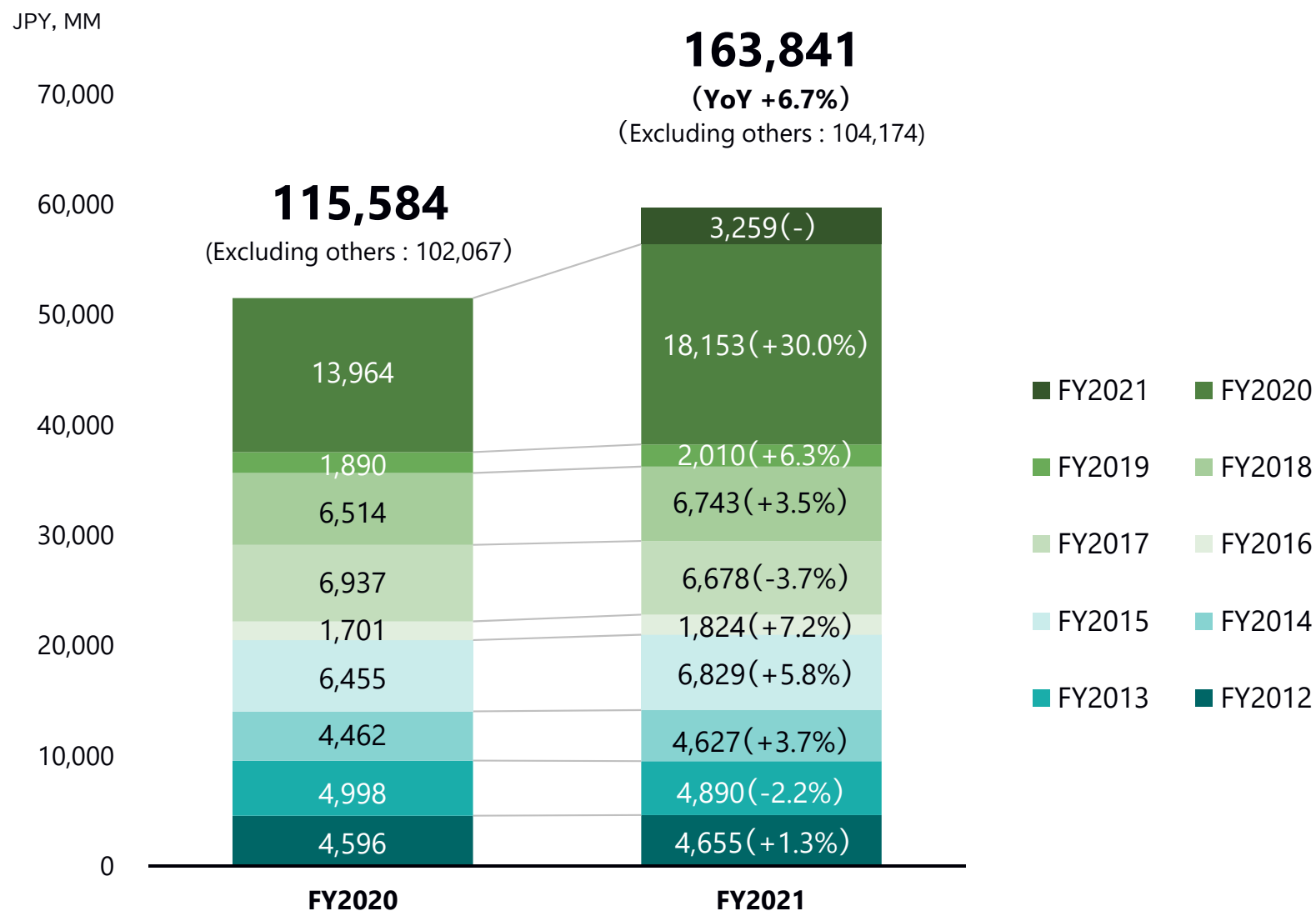
Medical institutions		FY2020		FY2021			YoY	
Channel	Total, Nationwide	# of Customers	Sales Share	# of Customers	Coverage Rate	Sales Share	# of Customers	Sales Growth
Hospital	8,216	8,048	10.3%	<b>8,028</b>	<b>97.7%</b>	<b>9.9%</b>	-20	+0.9%
DPC* Hospital	1,757	1,749	6.3%	<b>1,751</b>	<b>99.7%</b>	<b>6.1%</b>	+2	+1.3%
Clinic	108,236	40,922	9.0%	<b>41,438</b>	<b>38.3%</b>	<b>8.5%</b>	+516	-0.1%
Pharmacy	89,932	59,955	79.5%	<b>60,845</b>	<b>67.7%</b>	<b>80.5%</b>	+890	+6.8%
Dispensing	62,831	59,624	78.9%	<b>60,522</b>	<b>96.3%</b>	<b>80.0%</b>	+898	+6.9%
Drug Stores, etc.	27,101	331	0.6%	<b>323</b>	<b>1.2%</b>	<b>0.5%</b>	-8	-3.2%
Others	-	-	1.2%	-	-	<b>1.1%</b>	-	-2.9%
Total	206,384	108,925	100.0%	<b>110,311</b>	<b>53.4%</b>	<b>100.0%</b>	+1,386	+6.4%

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



# Sales by Product Launch Year, Japan

- Steady growth in sales of products launched in FY2020.



# US Sales Analysis

- Sales of main generic products declined significantly, due to the impact of competitor entries into the market.
- The sales of the newly launched products, including isotretinoin capsules that launched in June 2021, came in above forecast.
- Sales of brand products increased due to unique distribution and sales promotion measures.

## By Segment

JPY, MM

	FY2020		FY2021		YoY
	Actual	Comp.	Actual	Comp.	
Generic products	27,226	80.9%	<b>21,833</b>	<b>72.8%</b>	-19.8%
Main products*1	15,587	46.3%	<b>9,196</b>	<b>30.7%</b>	-41.0%
New products launched in FY2021	-	-	<b>2,244</b>	<b>7.5%</b>	-
Others	11,639	34.6%	<b>10,393</b>	<b>34.7%</b>	-10.7%
Brand products*2	6,409	19.1%	<b>8,142</b>	<b>27.2%</b>	+27.0%
Total	33,635	100.0%	<b>29,975</b>	<b>100.0%</b>	-10.9%

## By therapeutic areas

JPY, MM

	FY2020		FY2021		YoY
	Actual	Comp.	Actual	Comp.	
Central nervous system	17,432	51.8%	<b>14,579</b>	<b>48.6%</b>	-16.4%
Cardiovascular	10,715	31.9%	<b>9,218</b>	<b>30.8%</b>	-14.0%
Dermatologic agents	593	1.8%	<b>2,516</b>	<b>8.4%</b>	+324.6%
Hormone preparations (including antihormone preparations)	1,181	3.5%	<b>1,252</b>	<b>4.2%</b>	+6.0%
Agents for urogenital organs and the anus	1,555	4.6%	<b>721</b>	<b>2.4%</b>	-53.6%
Others	2,160	6.4%	<b>1,689</b>	<b>5.6%</b>	-21.8%
Total	33,635	100.0%	<b>29,975</b>	<b>100.0%</b>	-10.9%

Average rate

US\$1 = ¥106

US\$1 = ¥112

\*1 Klor-con®, Chlorpromazine, Qudexy®

\*2 Zembrace®, Symtouch®, Tosymra™, Vigadrone®

- Consolidated** • Upfront costs will be incurred in FY2022. Core operating profit excluding Trust Pharmatech is forecast to increase 12.5% to 29.6 billion yen compared to the previous year.
- In Japan** • Sales are expected to increase due to sales of new products, etc., despite the impact of NHI drug price revision.  
• Core operating profit calculated excluding Trust Pharmatech is forecast to remain the same level as FY2021.  
• Expenses of Trust Pharmatech for FY2022 are expected to be approx. 4.8 billion yen, including depreciation of 2.2 billion yen.
- In the US** • While the business environment continues to be challenging, aiming for operating profit in the black for both core and full basis in FY2022 with a drastic restructuring.

JPY, MM

	FY 2021 Actual			FY2022 Full Year Forecast			YoY
		Japan	US		Japan	US	
Net Sales	193,816	163,841	29,975	<b>207,000</b>	<b>174,800</b>	<b>32,200</b>	+6.8%
Core Operating Income	26,321	27,016	-708	<b>24,800<sup>*3</sup></b>	<b>22,300</b>	<b>2,500</b>	-5.8%
Core Operating Income (Excluding Trust Pharmatech)	-	-	-	<b>29,600</b>	<b>27,100</b>	<b>2,500</b>	-
Operating Income	-35,888	32,361	-68,249	<b>21,400</b>	<b>20,800</b>	<b>600</b>	-
Operating Income (Excluding Trust Pharmatech)	-	-	-	<b>26,200</b>	<b>25,600</b>	<b>600</b>	-
Profit before tax	-36,214	-	-	<b>21,100</b>	-	-	-
Profit attributable to owners of the parent	-28,269	-	-	<b>17,700</b>	-	-	-

Average rate

US\$1 = ¥112

US\$1 = ¥120

\*1 Results by segment in Japan and the U.S. are not consistent with the overall figures, as each segment profit includes inter-segment transactions.

\*2 Core operating income is calculated by excluding profits and losses attributed to non-recurring factors from operating income.

\*3 Adjust the followings from operating income

- Japan: SG&A expenses 500, R&D expenses 1,300, other income and expenditure -300

- US: SG&A expenses 1,500, R&D expenses 400

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# Progress of the Mid- Term Business Plan, "START 2024"

## The World We Want to Build

**A world where more people can receive healthcare services and live a full life with peace of mind among society**



## Our Ideal State

**A company with a strong presence that continues to contribute to people's health by providing a multifaceted mix of products and services based on scientific evidence that meet individual needs**

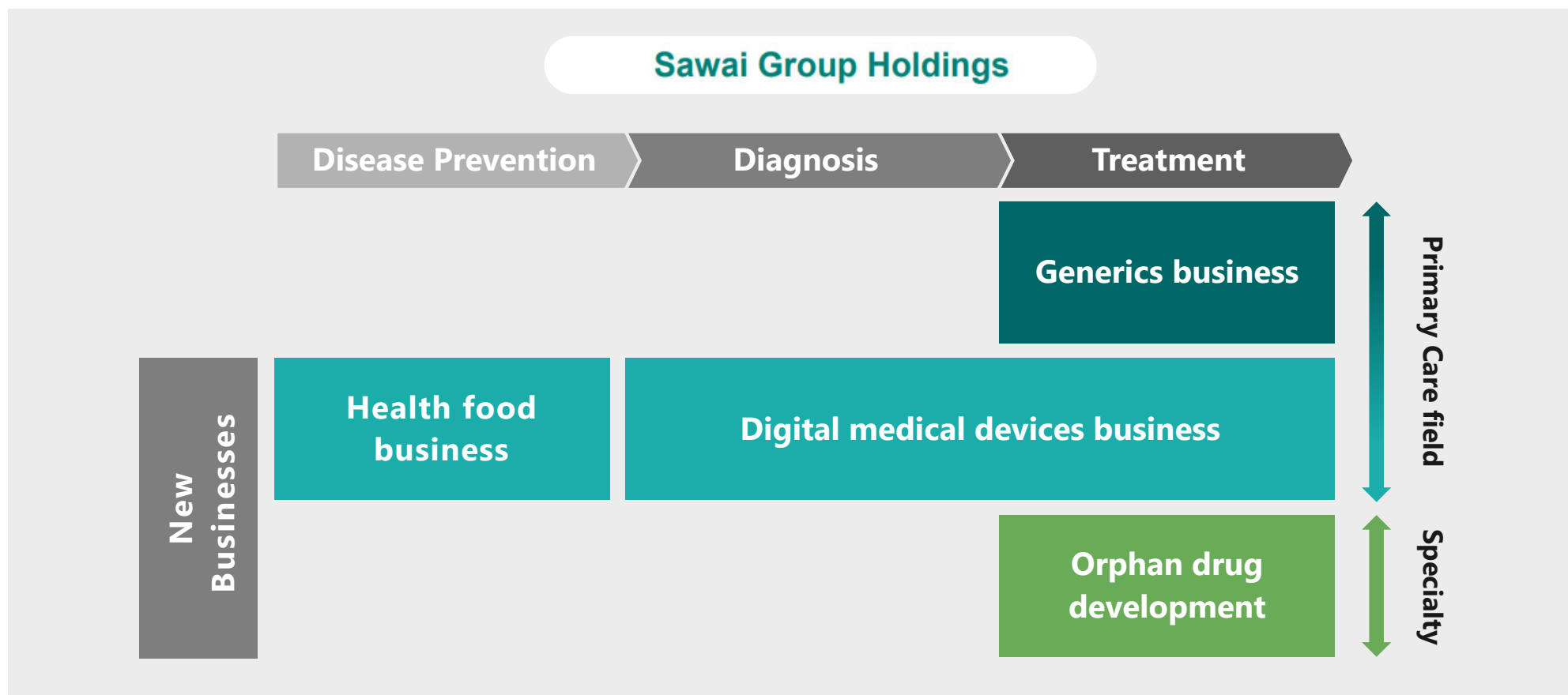
## Targets and Prerequisite Values

(Yen/\$ = 100)

		FY2021 Actual	Vision 2030 - FY2030
<b>Japan Business</b>	Revenue	163.8 billion yen	<b>260 billion yen</b>
	Sales Volume	14.8 billion tablets	<b>20 billion tablets</b>
	Share of Sales	16.3%	<b>20.0% or more</b>
	Production Capacity	15.5 billion tablets	<b>23 billion tablets or more</b>
<b>New Businesses</b>	Revenue	—	<b>80billion yen</b>
<b>US Business</b>	Revenue	30billion yen	<b>60billion yen</b>
<b>Total Revenue</b>		193.8billion yen	<b>400billion yen</b>
<b>ROE</b>		—	<b>10% or more</b>

## Fostering new businesses with generics as our core business

Providing a wide-range of options, not limited to drug treatment, from prevention to treatment in the primary care field  
Entering the new drug development business in the orphan diseases field in order to provide unprecedented treatment opportunities



## Generics business

### 1 Expanding share in the Japanese generics market

- Increasing sales of new products
- Strengthening stable supply capabilities

### 2 Business investment for future growth in the US



## Entry into new businesses

### 3 Cultivating new growth areas

- Digital medical devices business
- Orphan drug business (ALS, etc.)
- Health food business

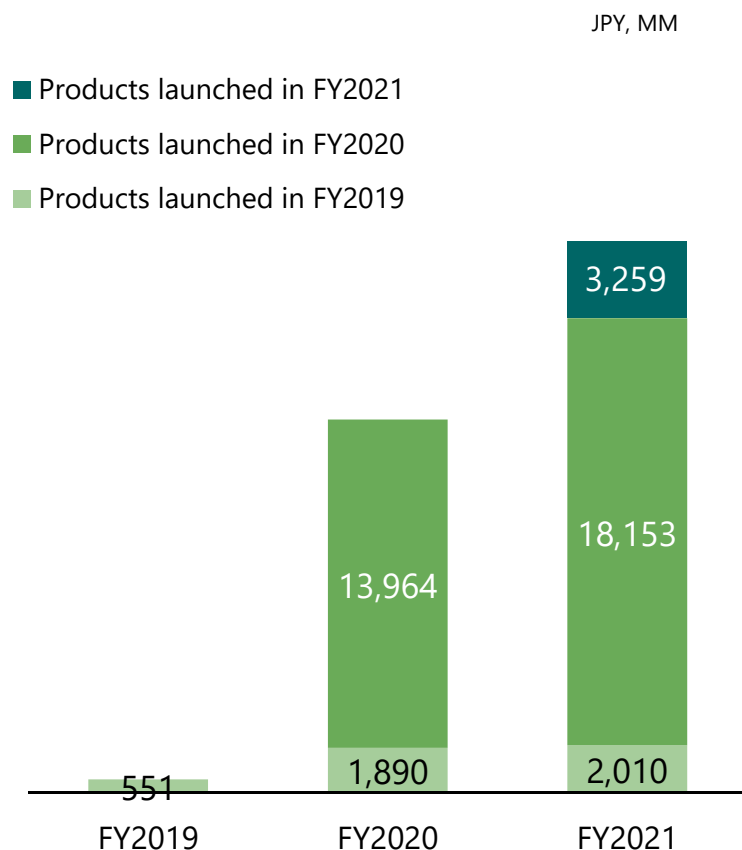
Expanding share in  
the Japanese  
generics market



# Increasing Sales of New Products

- Launched 32 products, including 6 strongly competitive products, in FY2021.
- Aims to expand sales from FY2022, although sales are only 3.259 billion yen as there were unlisted items and the launch timing was delayed.

## Revenue from products launched in the past three years



## Numbers of products launched in the past three years and strongly competitive products

	FY2020	FY2021
Number of products	42	<b>32</b>
Single-market and strongly competitive products (included in above)	9	<b>6</b>
Major products released (generic name)	<ul style="list-style-type: none"> <li>• Eldecalcitol</li> <li>• Bazedoxifene Acetate</li> <li>• Fexofenadine Hydrochloride and Pseudoephedrine Hydrochloride</li> <li>• Repaglinide</li> <li>• Bazedoxifene Acetate</li> <li>• Vardenafil</li> </ul>	<ul style="list-style-type: none"> <li>• Solifenacin Succinate</li> <li>• Azilsartan Amlodipine Besilate</li> <li>• Eszopiclone</li> <li>• Duloxetine Hydrochloride</li> <li>• Levetiracetam</li> <li>• Iguratimod</li> </ul>

# Increasing Sales of New Products

- Achieve early development of strongly competitive products
- Aiming to contribute to society and increase profitability by delivering our generic drugs to patients and healthcare professionals at the earliest possible time

## New product launch plan

	FY2021 (Actual)	FY2022	FY2023
Number of ingredients	13	9	7
Number of products	32	21	17
Original drug market (billions of yen)	-	269.1	154.1

Also planning launch of single launch products other than those listed above

## Future Major Initiatives

- Development of highly difficult formulations (including applying patents) based on quality assurance using Sawai's pharmaceutical technology
- Strengthen efforts for the formulation design and early industrialization of pharmaceutical products that are expected to ensure quality with the first priority on stable supply to patients and healthcare professionals
- Improving the degree of certainty for success of highly difficult bioequivalent studies (clinical trials)
- Expansion of target areas including in new businesses

# Initiatives to Expand Generics Market Share in Japan : Trust Pharmatech Co., Ltd.

- Sawai Group Holdings established Trust Pharmatech to acquire Kobayashi Kako's assets and employees related to drug manufacturing.
- Assets manufacturing related to drug manufacturing acquired at the end of March in 2022.  
(Its approved products, inventory, existing and potential debts, etc. are not be assumed)
- The first shipping is scheduled to be April 2023.

## Corporate Profile

Founded	December 3, 2021
Business Outline	Manufacturing pharmaceutical Products
Address	5-15 Yachi, Awara city, Hukui, Japan
Representative	Toshiya Hasuo
Number of Employees	403 (As of April 2022)
Production Capacity	3 billion tablets

## Schedule



## Manufacturing / Research Facilities



- Conduct classroom lectures and on-the-job training based on the content of trainings for new and mid-career hires to Sawai Pharmaceutical so that production activities equivalent to those of existing factories can be carried out.
- Training achievement is evaluated every three months and is scheduled to continue for at least one year.

## Training carried out in April 2022

- Conducted basic training about Sawai's Corporate Philosophy, compliance, Pharmaceutical and Medical Devices Act and GMP\*.
- Actual training about related procedure manuals for the work in charge, according to the proficiency level.

## Training to be carried out after May 2022

- Planned on-site training guided by experts from Reliability Assurance and Manufacturing divisions at Sawai Pharmaceutical.
- Implemented dissemination and procedure guidance regarding management, confirmation, and approval schemes for managers and supervisors.
- Assessment of performance records regarding GMP is also carried out monthly at the same level as audits and recommendations are made monthly by Reliability Assurance division and Quality Assurance department of each factory of Sawai Pharmaceutical.

## ■ Training at Sawai's existing factories.

- Approximately half of the people involved in manufacturing are scheduled to acquire practical trainings on Sawai-standard production ways at the existing factories of Sawai Pharmaceutical.
- Employees who are in charge of other core businesses at Trust Pharmatech are also scheduled to acquire trainings at existing factories of Sawai Pharmaceutical, as appropriate.

# Efforts to Increase Generics Market Share in Japan

## - Construction of the New Solid Dosage Facility at Daini Kyushu Factory Area

- Decided in October 2021 to invest in the construction of a new solid dosage form facility at Daini Kyushu factory.
- Three billion tablet production capacity to be added in total of Step 1 and 2, and the first shipping is scheduled to be April 2024.

### Overview

Purpose	In response to rising demand and further market expansion for generics in the future
Planned amount of Investment	STEP1 : approx. 35 billion yen STEP2 : approx. 5.5 billion yen
Production Capacity	STEP1 : 2 billion tablet capacity to be added in 2024 STEP2 : 1 billion tablet capacity to be added (Step 2 will be implemented without delay in consideration of market trends including other companies and the status of our new product development)
Number of new employment (plan)	STEP1 : 330 STEP2 : 490 (Total number including step 1)

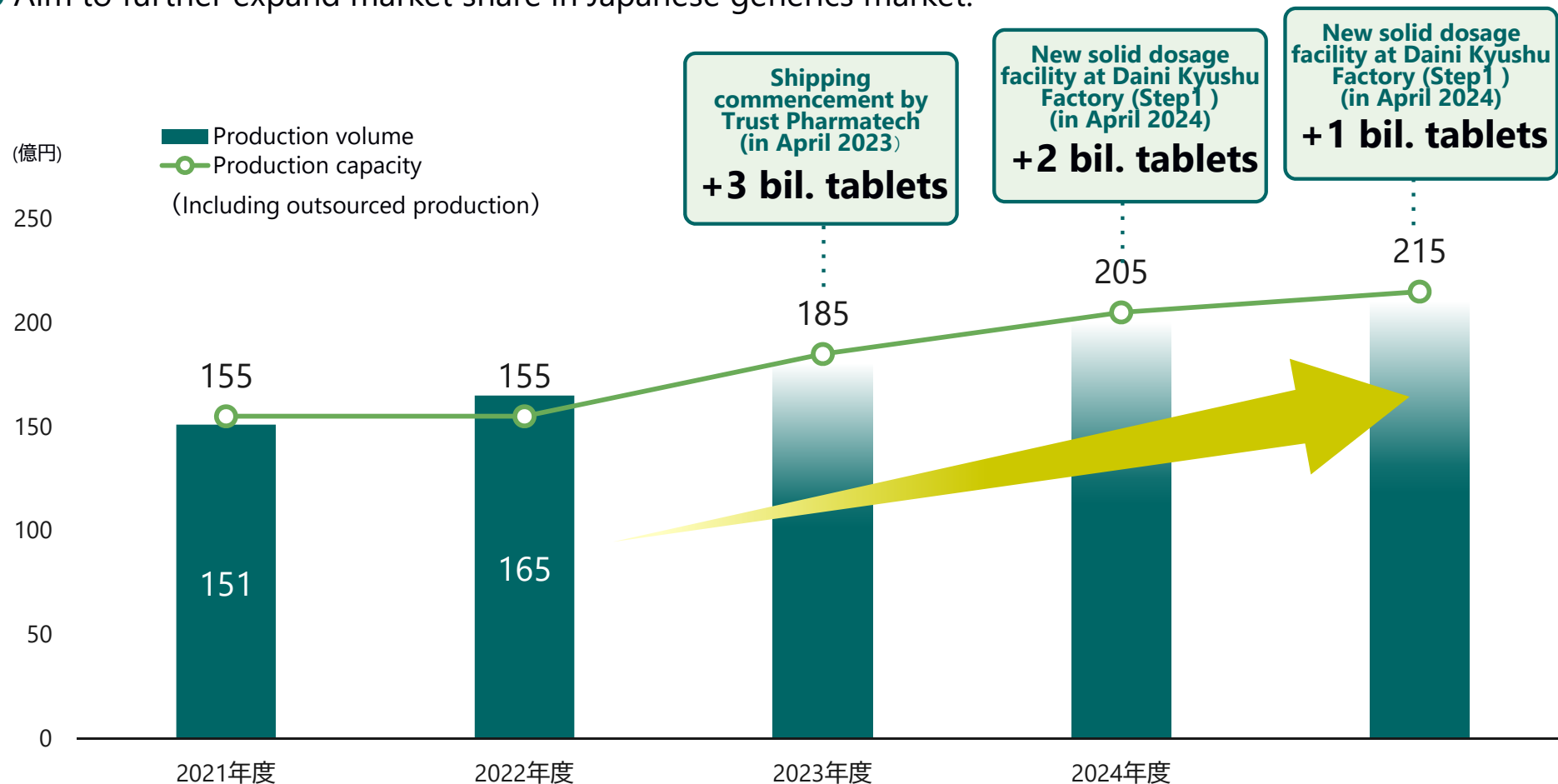


### Schedule



# Future Production Capacity to Strengthen Stable Supply Capabilities

- Planned production of approximately 16.5 billion tablets, including outsourced production, due to an increase in the number of employees at existing plants (compared to 15.1 billion tablets in the previous fiscal year).
- From the next fiscal year (fiscal 2023) onward, factories of Trust Pharmatech and the new solid dosage facility at Daini Kyushu factory will begin operations progressively.
- Aim to further expand market share in Japanese generics market.





# Strategies for US Operations

# Strategy and Growth Drivers for US Business(USL)

## Desired State

USL will drive sustainable long-term growth as a specialty generic company focused on generics, branded generics and brands that leverage its unique commercial capabilities

## Growth Driver

- Promote sales of existing brand drugs and leverage USL's outstanding reputation to capitalize on market disruptions within the generic market
- Increase ability to compete in generic market through strengthening of gross margin by product cost reduction initiatives
- Further expansion of product lineup mainly in niche generics
- Strengthen product pipeline through new partnerships



# Outline of Strategies for US Operations (USL)

## Products Strategy

### Existing Products

#### Focus on key products

- **Zembrace, Tosymra :**
  - Introduce new Field Reimbursement Specialists to assist physician offices with processing Prior Approval Authorizations and other matters associated with correct filling of prescriptions
  - Shift resources from Tosymra to Zembrace to achieve an overall higher return on investment
- **Vigadrone :** Maintain market share and pricing
- **Generic Products :** Focus on cost reduction initiatives

### New Products Pipeline

#### Generics Drugs

- USL will offset revenue losses due to pricing deflation on existing mature products through the introduction of new products. Several new product launches are expected in FY2023.

#### 505(b)(2)

- USL will continue to grow through the introduction of new brand products.
- The brand strategy calls for a focus on 505(b)(2) products, which can be brought to market more quickly, and at less expense, than 505(b)(1) products.

#### CNS Focus

- USL has developed expertise in the area of Central Nervous System (CNS) diseases. USL will continue to focus on adding new CNS products to the pipeline with an opportunity for near-term revenue.

#### Orphan Drugs

- Sawai Pharmaceutical, in cooperation with Neugen Pharma, is developing a drug for amyotrophic lateral sclerosis (ALS). Preparing for the clinical study in the US.

## Cost Control Measures

USL recently restructured their R&D function and portfolio to lower costs. The cost savings significantly exceed projected increases in margin associated with previous pipeline products.

# US business: Measures to move into the black in FY2022 (and beyond)

## ■ Measures to Stabilize Revenue

- Significant Generics price deflation is expected to continue in the U.S.
- USL will offset generic pricing decreases through increases in revenue for brand products
- USL will also enjoy full-year revenue from new generic products launched in the middle of FY2021

## ■ Cost Reduction Measures

- FY2021 R&D restructuring will significantly reduce ongoing R&D expenses
- Portfolio rationalization will significantly reduce product development expenditures. Only low-value programs were eliminated from the product portfolio, therefore the impact on future profitability was minimal
- Lower COGS for generic products through cost reduction initiatives such as qualifying multiple API suppliers for individual products

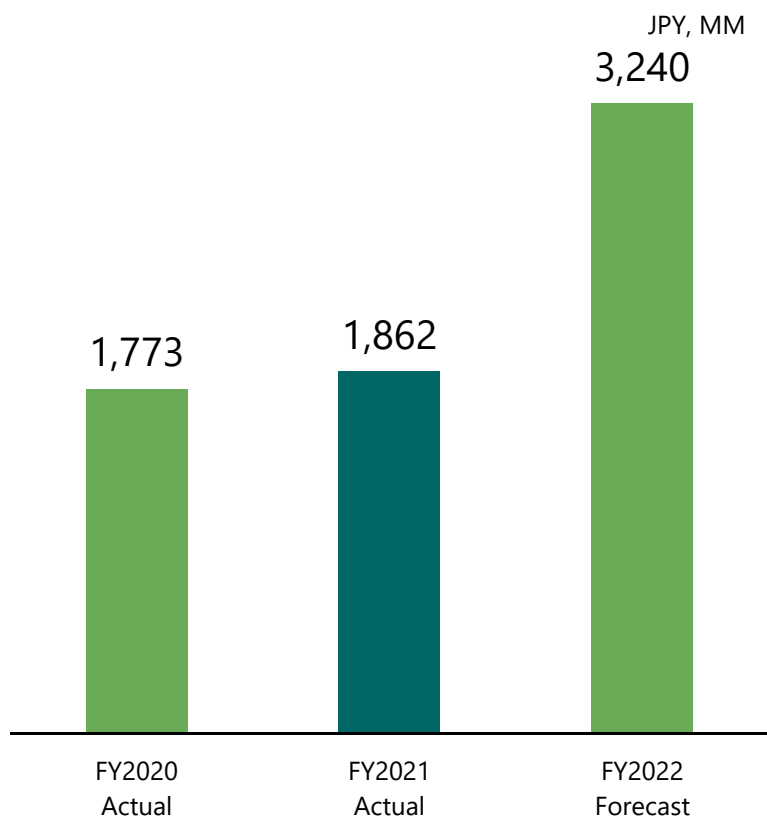
## ■ Pipeline Development Strategies

- USL will access new products exclusively through partnerships
- Success-based deal structures allow USL to lower the risk profile of the development portfolio

# Zembrace & Tosymra Performance, US

- Combined sales for Zembrace and Tosymra were 1.8 billion yen in FY2021.
- Tosymra was below the plan due to CGRP share of voice.
- USL's plan in FY 22 is to increase focus on Zembrace to achieve 3.2 billion yen in combined Zembrace and Tosymra net sales.

## Net Sales

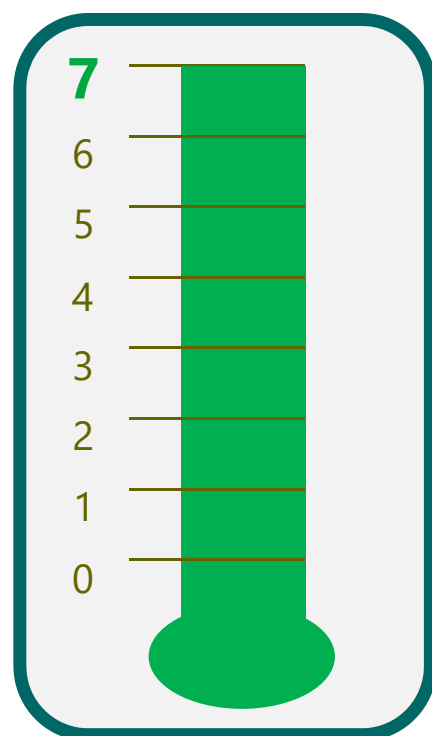


## Key Actions

- **Drive improved Average Selling Price (ASP)**  
Enhance Prior Authorization (PA) performance by adding new "Field Reimbursement Specialists" to assist physician offices with processing of prescriptions and claims
- **Drive new prescription growth**  
Increase focus on Zembrace by targeting physicians who currently are writing scripts for other injectable migraine products

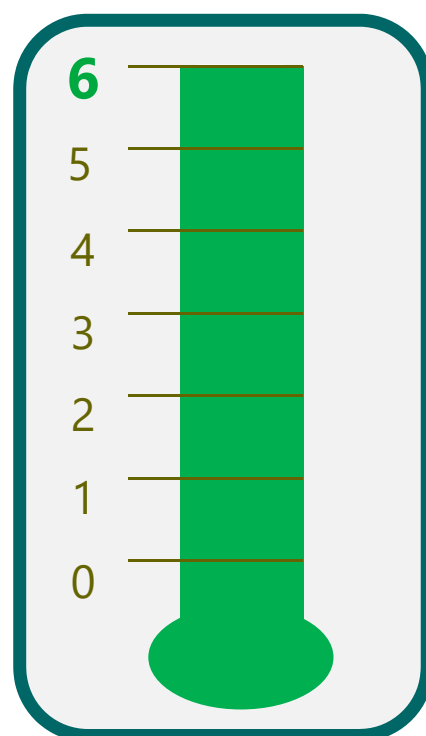
# About the development status of new products

- In FY 2021, launched four products, including isotretinoin. Due to the deterioration of the market environment, launch of multiple products were postponed.
- Eliminate unprofitable items by streamlining the portfolio. The goal is to launch two products in FY2022.



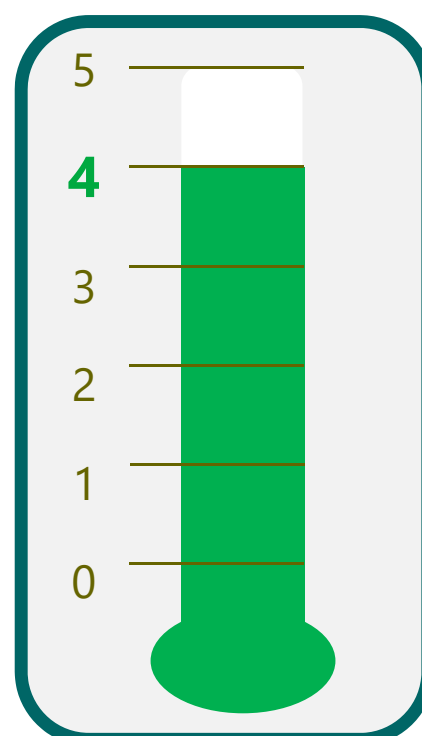
**Applications**

Achieved 7/7



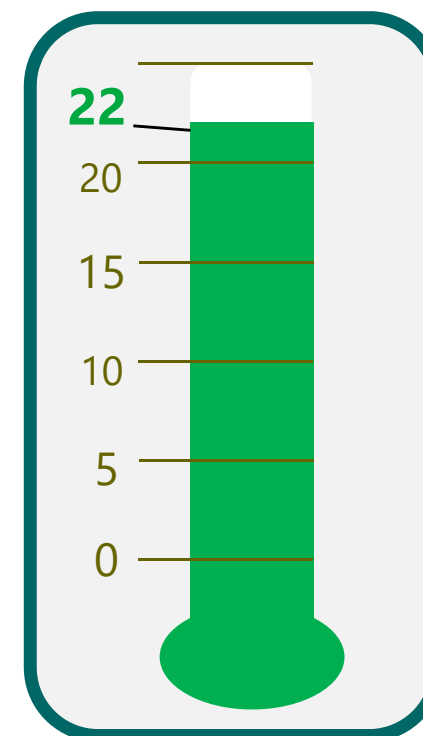
**Approvals**

Achieved 6/5  
(Target was 5)



**Launches**

Achieved 4/5



**Pipeline**

22 products  
(as of at the end of March 2022)

# Project to Create a New Factory in the US



## Project to Create a New Factory

We continue to be on schedule and budget for the consolidation of our Denver, CO and Plymouth, MN manufacturing facilities into a modern facility connected to our Maple Grove, MN HQ to lower operating expenses and improve quality and efficiency.

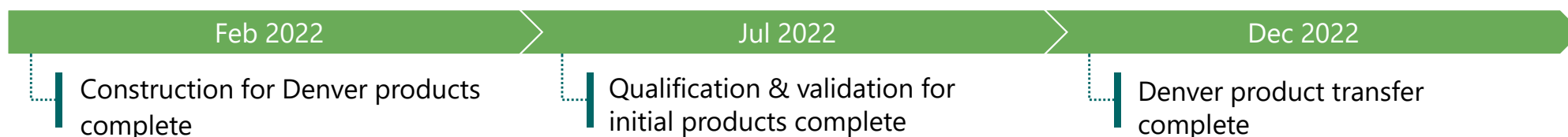
### Expected Benefits

- Meaningful positive Net Income impact beginning in 2023 through consolidation of facilities and repatriation of CMO products
- Improved efficiencies driven by the long-term benefit of consolidating operations into modernized facility
- Improved quality through electronic batch records, better material and manufacturing flow and improved equipment

### Cost Estimates & Deliverables

- Construction work almost completed in Dec. 2021.
- Test running of the facilities is in progress.
- Operations at Denver CO plant will be completed before 31 Dec. 2022.
- Continuity of commercial production is ongoing as planned.

### Key Milestones



# New management Structure in the US

- Shifted to a new management structure following the departure of the president and CEO, Rusty Field.

Name	Position (Date of acceptance of appointment)	Current Position at Sawai Group Holdings
Taku Nakaoka	Chairman & CEO (May 13, 2022)	Corporate Officer, Group Chief Officer, Group Strategy
Rich Fisher	President & COO (Apr. 7, 2022)	-
Dave Amelotte	Chief Administration Officer and CFO (Apr. 2018)	-
Scott Hussey	SVP Sales & Marketing (Oct. 2013)	-
Scott Denicourt	SVP Operations (Apr. 2018)	-
Arun Nataraj	VP Corporate Development (Sep. 2021)	-

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Cultivating new  
growth areas

## New Drug Businesses (Orphan diseases)

### | Orphan Drugs

- A drug for amyotrophic lateral sclerosis (ALS) treatment developed jointly with Neugen Pharma is being prepared for clinical trials.
- Strengthening the internal evaluation system and continuing to consider expanding the pipeline.

## Digital medical devices business

### | Business development in the digital healthcare field

- Studying collaborations with companies for treatment apps.

### | Digital Medical devices for migraines/depression

- Preparing for filing an application for approval in 2022.

### | Personal Health Record (PHR) Business

- Started collaboration with Integrity Healthcare and launched a personal health record management app SaluDi, an OEM app provided by Integrity Healthcare.
- Plans to launch and expand various services in the future.

## Health food business

### | Health food business, where we would support longer healthy lifespans (e.g., locomotive syndrome/frailty measures, and dementia/lifestyle-related disease prevention)

- Product development, filing a registration of “product with functional claims” and trademark registration completed.
- Preparing for implementation of test marketing.



- Preparing for application and launch in collaboration with each department.
- Scheduled to file an application for the indication of migraine for approval to PMDA (Pharmaceuticals and Medical Devices Agency) in 2022, aiming for launch in 2024.

## About digital medical devices for migraines/depression

- Entered into an exclusive development and marketing agreement with Neurolief, targeting the Japanese market in January 2021.
- Non-invasive neuromodulation device allows patients to use it at home.
- Patients can share treatment data with their physician, in addition to uploading the data to the cloud database through a dedicated app.
- The device is also designed to self-learn and analyze the treatments using AI technology in order to optimize the treatments for patients according to their symptoms.
- Proposed as a new treatment method to patients who are receiving drug treatment but feel no effect.
- Neurolief received approval from the U.S. Food and Drug Administration for the indication of migraine.
  - **Number of target patients**
    - Patients with migraines who are non-responsive to drug treatment: 392,000
    - Patients with acute depression who are non-responsive to drug treatment : 161,000

## Estimated Schedule

### ● For migraine

- Current Status : Prior consultation to PMDA before development
- Application : FY2022
- Launch target : 2024

### ● For depression

- Application : 2023
- Launch target : 2025

# Personal Health Record Business: Management App, "SaluDi"

- Personal health record, PHR, management app, "SaluDi" was launched in October 2021 with the functions of recording and managing daily health conditions, linkage with telemedicine and its reservation, and access to information on pre-symptomatic illness and disease prevention.

## Main functions

### 1. Provision of health-related information

- ✓ Lifestyle disease Information.
- ✓ Information from one of the popular websites run by Sawai Pharmaceutical which offers health-related information.



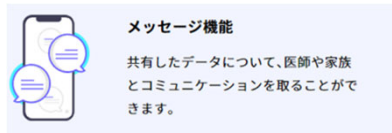
### 2. Record and visualization of PHR data

- ✓ Automatically input PHR data linking with healthcare devices besides manual input.
- ✓ Manage dietary photos, check-up result data, etc.



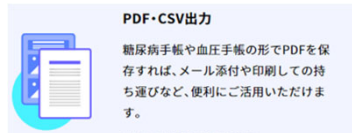
### 3. Communication features

- ✓ Messaging functions between medical institutions and patients.
- ✓ Medical institutions can cooperate to support



#### メッセージ機能

共有したデータについて、医師や家族とコミュニケーションを取ることができます。



#### PDF・CSV出力

糖尿病手帳や血圧手帳の形でPDFを保存すれば、メール添付や印刷しての持ち運びなど、便利にご活用いただけます。

※ クラウド連携が必要です。

### 4. Linkage with telemedicine

- ✓ Recorded PHR data can be used when using telemedicine as well as seeing doctors in person.

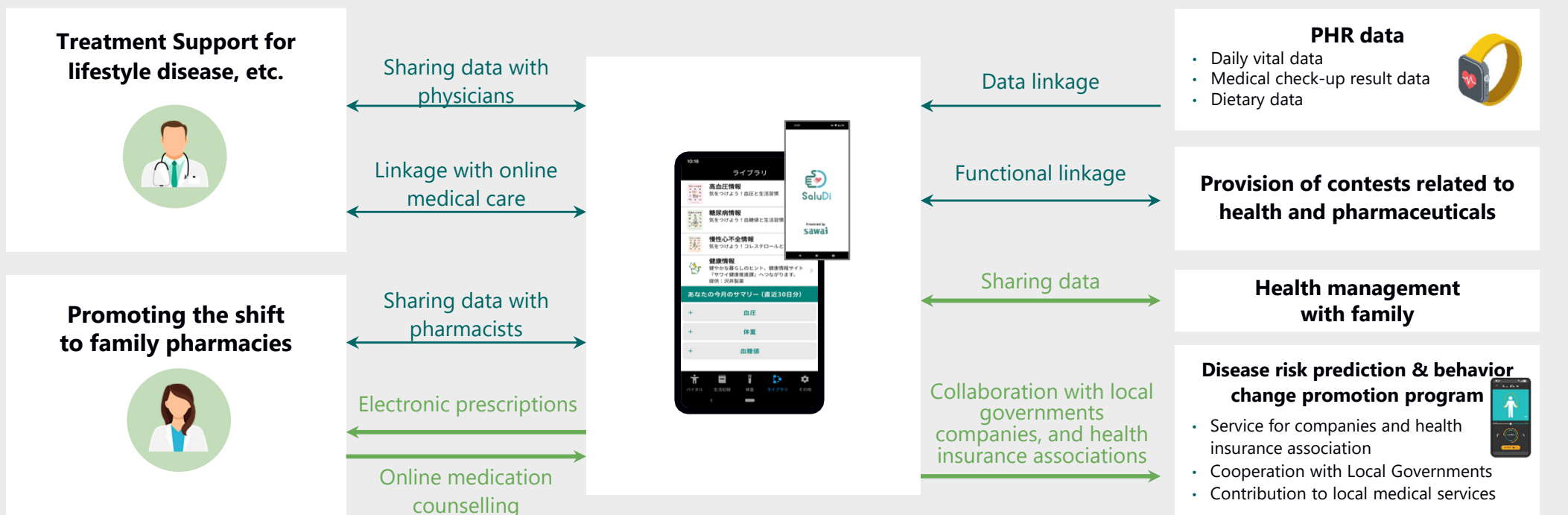


- SaluDi is an OEM app of Smart One Health provided by Integrity Healthcare.
- SaluDi is available only in Japan.

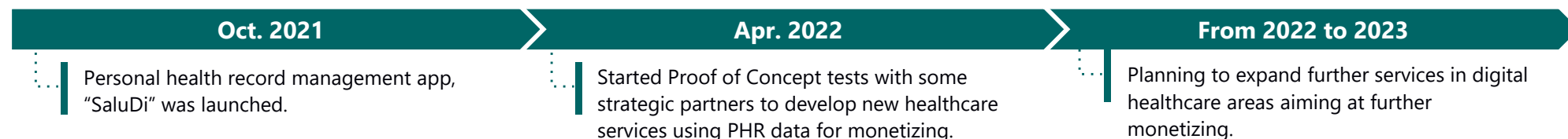
# Future Development of PHR Business

- Contribute to medical care by not only supplying medicines but also providing medical and healthcare information through the PHR app named SaluDi.
- Aiming to play a role in connecting stakeholders such as patients and healthcare professionals through strategic collaboration with various companies.

## Overall conceptual image of PHR business



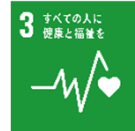

## Schedule







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# Initiatives Resolving Social Issues

- The Sawai Group's greatest contribution to society lies in improving healthcare access and increasing the sustainability of the health insurance system by reducing the burden of medical expenses through the supply of generic drugs.
- Sales volume of Sawai Pharmaceutical's drugs reached approximately 14.8 billion tablets in FY2021, accounting for some 8.2% of pharmaceutical sales volume in Japan. (based on analysis by Sawai Pharmaceutical)

Issues to address	Targets (quantitative/etc.)	FY2021 Results (Main Initiatives)	Related SDGs Goals
Contributing to sustainable social security systems and improved access to healthcare (medical cost savings using generics)	Achieving medical cost savings impact of approx. 2x of Japan & US generics business sales	<p>The amount of Medical expenses reduced</p> <ul style="list-style-type: none"> <li>● In Japan : 338.2 billion yen</li> <li>● In the US : 99.4 billion yen</li> </ul>	 
Contributing to longer healthy lifespans through new businesses	Expanding business to a wider range of healthcare domains, including pre-symptomatic illness and prevention	See pp. 31~35	

# The Foundation of Value Creation

Issues to address	Targets (quantitative/etc.)	FY2021 Results (Main Initiatives)	Related SDGs Goals
<b>E</b> Environmentally friendly production	Cuts of 25% in CO2 emissions on production volume intensity basis  Waste plastic recycling rate of 65% or more (in 2030)	<ul style="list-style-type: none"> <li>Solar-power Panels installed at Sanda Factory.</li> <li>Crafting climate-change related financial risks, etc. in response to the TCFD, Task Force on Climate-related Financial Disclosures.</li> <li>Actual figures for CO2 emissions and waste plastic recycling rate are currently being calculated.</li> </ul>	
<b>S</b> Talent development, work styles/motivation, respect for human rights	Safe and diverse work environment	<ul style="list-style-type: none"> <li>Work-site Vaccination of COVID-19.</li> <li>Full-scale introduction of work-from-home system.</li> <li>100% of consultation rate for an annual medical check-up.</li> <li>Use of stress check results for workplace improvement.</li> </ul>	 
	Promotion of diversity	<ul style="list-style-type: none"> <li>Achievement of mandatory employment rate of persons with disabilities, and implementation of measures to retain the employment.</li> </ul>	
	Initiatives for respect of human rights	<ul style="list-style-type: none"> <li>Compliance e-learning on harassment.</li> <li>Establishment of consultation hotline for harassment, etc.</li> </ul>	
<b>G</b> Deepening corporate governance	Improvement and deepening of governance through conversion to holding company structure	<ul style="list-style-type: none"> <li>Holding Group Governance Meetings.</li> <li>Direct reporting and explanation at the board of directors meetings about various committees which include members from the group companies.</li> <li>Development and operation of rules for approval by Sawai Group Holdings and reporting rules for group companies.</li> </ul>	
	Stronger risk management / compliance	<ul style="list-style-type: none"> <li>Implementation of E-learning on compliance, information security, etc.</li> <li>Improving the Effectiveness of the Board of Directors meetings.</li> </ul>	

# Always Putting Healthier Lives First

## Working to resolve social issues through Sawai Group Holdings' businesses

- Realizing a sustainable society through the generics business
- Contributing to the extension of healthy lifespans through new businesses

We will strive to contribute to the health of as many people as possible as a healthcare corporate group developing sustainably alongside society, with the generic drugs as our core business.

The background is an abstract composition of several overlapping, wavy, horizontal bands of different shades of green. The colors range from a deep, dark teal on the left to a bright, light green on the right. The waves create a sense of movement and depth. The text is centered in the middle of the image.

# R e f e r e n c e M a t e r i a l s



# Comparison of Sales Volume by Therapeutic Area, Japan

- Significant increase in sales volume for each therapeutic category

(Unit: %)

	FY2020	FY2021	YoY	YoY
	Comp.	Comp.	(volume)	(value)
Cardiovascular drugs	29.7%	<b>29.3%</b>	+9.8%	+1.8%
Gastro-intestinal drugs	18.2%	<b>17.0%</b>	+3.8%	-1.2%
Central nervous system drugs	13.2%	<b>13.9%</b>	+17.1%	+18.9%
Blood/body fluid pharmaceutical products	8.1%	<b>8.4%</b>	+16.0%	+9.2%
Other metabolic drugs	6.8%	<b>7.0%</b>	+14.5%	+13.2%
Vitamin drugs	5.8%	<b>6.0%</b>	+15.8%	+9.1%
Respiratory organ agents	5.2%	<b>5.3%</b>	+15.6%	+12.7%
Antibiotics drugs	1.8%	<b>1.9%</b>	+16.5%	+13.0%
Agents for urogenital organs and the anus	1.5%	<b>1.7%</b>	+24.9%	+14.4%
Others	9.7%	<b>9.4%</b>	+8.9%	+2.8%
Total	100.0%	<b>100.0%</b>	+11.4%	+6.7%

# Consolidated Financial Highlights-1

sawai

## Key Income Statements Data

JPY, MM

	FY2020 Actual		FY2021 Actual			FY2022 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1 H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	187,219	100.0%	<b>193,816</b>	100.0%	3.5%	100,600	100.0%	207,000	100.0%	+6.8%
Cost of Sales	114,785	61.3%	<b>127,164</b>	65.6%	10.8%	68,600	68.2%	138,500	66.9%	+8.9%
Gross Profit	72,434	38.7%	<b>66,652</b>	34.4%	-8.0%	32,000	31.8%	68,500	33.1%	+2.8%
SG&A Expenses	39,937	21.3%	<b>46,690</b>	24.1%	16.9%	16,700	16.6%	34,100	16.5%	-27.0%
R&D Expenses	13,883	7.4%	<b>24,413</b>	12.6%	75.8%	5,800	5.8%	13,300	6.4%	-45.5%
Other income( expenses)	274	0.1%	<b>-31,436</b>	-	-	100	0.1%	300	0.1%	-
Core operating income	34,043	18.2%	<b>26,321</b>	13.6%	-22.7%	11,300	11.2%	24,800	12.0%	-5.8%
Core Operating Income (Excluding Trust Pharmatech)	-	-	-	-	-	13,700	13.6%	29,600	14.3%	-
Operating Income	18,888	10.1%	<b>-35,888</b>	-	-	9,600	9.5%	21,400	10.3%	-
Operating Income (Excluding Trust Pharmatech)	-	-	-	-	-	12,000	11.9%	26,200	12.7%	-
Profit before tax	18,460	9.9%	<b>-36,214</b>	-	-	9,400	9.3%	21,100	10.2%	-
Profit attributable to owners of the parent	12,340	6.6%	<b>-28,269</b>	-	-	7,900	7.9%	17,700	8.6%	-
EBITDA *1	45,481	24.3%	<b>37,022</b>	19.1%	-18.6%	17,800	17.7%	37,600	18.2%	+1.6%

\*1 Core operating income + amortization and depreciation expenses included in core operating income

## Key Balance Sheets Data

	As of March 31, 2021	As of March 31, 2022
Total Assets	393,341	<b>349,502</b>
Equity	240,750	<b>200,083</b>
Ratio of equity attributable to owners of the company to total assets (%)	55.5%	<b>54.4%</b>

## Amounts Per Common Share

	FY2020 Actual	FY2021 Actual	FY2022 Full Year Forecast
Basic earnings per share	281.80	-645.53	404.19
Diluted earnings per Share	281.51	-645.53	-
Dividend	130.00	130.00	130.00

# Consolidated Financial Highlights-2

## Sales and Operating Income by Area, Japan

JPY, MM

	FY2020 Actual		FY2021 Actual			FY2022 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	153,584	100.0%	<b>163,841</b>	100.0%	+6.7%	84,300	100.0%	174,800	100.0%	+6.7%
Cost of Sales	97,401	63.4%	<b>106,088</b>	64.8%	+8.9%	58,700	69.6%	119,300	68.2%	+12.5%
Gross Profit	56,183	36.6%	<b>57,753</b>	35.2%	+2.8%	25,600	30.4%	55,500	31.8%	-3.9%
SG&A Expenses	21,822	14.2%	<b>21,815</b>	13.3%	- 0.0%	12,300	14.6%	25,300	14.5%	+16.0%
R&D Expenses	8,130	5.3%	<b>12,539</b>	7.7%	+54.2%	3,900	4.6%	9,700	5.5%	-22.6%
Other income( expenses)	54	0.0%	<b>8,962</b>	5.5%	+16530.8%	100	0.1%	300	0.2%	-96.7%
Core operating income	30,258	19.7%	<b>27,016</b>	16.5%	- 10.7%	10,200	12.1%	22,300	12.8%	-17.5%
Core Operating Income (Excluding Trust Pharmatech)	-	-	-	-	-	12,600	14.9%	27,100	15.5%	-
Operating Income	26,284	17.1%	<b>32,361</b>	19.8%	+23.1%	9,500	11.3%	20,800	11.9%	-35.7%
Operating Income (Excluding Trust Pharmatech)	-	-	-	-	-	11,900	14.1%	25,600	14.6%	-
EBITDA *	40,628	26.5%	<b>36,599</b>	22.3%	- 9.9%	16,100	19.1%	34,000	19.5%	-7.1%

## Sales and Operating Income by Area, US

	FY2020 Actual		FY2021 Actual			FY2022 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	33,635	100.0%	<b>29,975</b>	100.0%	- 10.9%	16,300	100.0%	32,200	100.0%	+7.4%
Cost of Sales	17,384	51.7%	<b>21,076</b>	70.3%	+21.2%	9,900	60.7%	19,200	59.6%	-8.9%
Gross Profit	16,251	48.3%	<b>8,899</b>	29.7%	- 45.2%	6,400	39.3%	13,000	40.4%	+46.1%
SG&A Expenses	18,119	53.9%	<b>24,879</b>	83.0%	+37.3%	4,400	27.0%	8,800	27.3%	-64.6%
R&D Expenses	5,768	17.1%	<b>11,884</b>	39.6%	+106.0%	1,900	11.7%	3,600	11.2%	-69.7%
Other income( expenses)	240	0.7%	<b>-40,385</b>	-	-	0	-	0	-	-
Core operating income	3,765	11.2%	<b>-708</b>	-	-	1,100	6.7%	2,500	7.8%	-
Operating Income	-7,396	—	<b>-68,249</b>	-	-	100	-	600	-	-
EBITDA *	4,832	14.4%	<b>410</b>	1.4%	- 91.5%	1,700	10.4%	3,600	11.2%	+779.1%

\* 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

	FY2020 Actual				FY2021 Actual			
	Full Basis	Adjusting		Core Basis	Full Basis	Adjusting		Core Basis
		Japan	US			Japan	US	
Net Sales	187,219	-	-	187,219	<b>193,816</b>	-	-	<b>193,816</b>
Cost of Sales	- 114,785	962	252	- 113,571	<b>-127,164</b>	- 439	2,746	<b>-124,858</b>
Inventory step-up	- 27	-	27	-	<b>- 8</b>	-	8	-
Impairment loss	-	-	-	-	-	-	2,299	-
Others	- 1,853	962	225	-	-	- 439	439	-
Gross Profit	72,434	962	252	73,648	<b>66,652</b>	- 439	2,746	<b>68,958</b>
SG&A Expenses	- 39,937	1,081	10,324	- 28,532	<b>- 46,690</b>	617	17,926	<b>- 28,147</b>
Amortization of intangible assets	- 5,158	528	4,630	-	<b>- 4,388</b>	593	3,796	-
Others	- 5,572	0	5,572	-	<b>- 14,141</b>	-	14,141	-
R&D Expenses	- 13,883	1,985	826	- 11,073	<b>- 24,413</b>	3,439	6,484	<b>- 14,490</b>
Amortization of intangible assets	- 1,695	967	728	-	<b>- 1,956</b>	1,196	760	-
Impairment loss	- 930	839	91	-	<b>- 7,957</b>	2,233	5,724	-
Other income	325	- 97	- 229	-	<b>15,181</b>	- 8,969	- 6,212	-
Other expenses	- 51	48	3	-	<b>- 46,618</b>	12	46,606	-
Operating Income	18,888	3,980	11,176	34,043	<b>- 35,888</b>	- 5,341	67,550	<b>26,321</b>

## ■ Selling General and Administrative Expenses

JPY, MM

	FY2020 Actual		FY2021 Actual			FY2022 Forecast	
	Full year	/Sales(%)	Full year	/Sales(%)	YoY	Full year	/Sales(%)
R&D Expenses	13,883	7.4%	<b>24,413</b>	12.6%	+75.8%	13,300	6.4%
Japan	8,130	5.3%	<b>12,539</b>	7.7%	+54.2%	9,700	5.5%
US	5,768	17.4%	<b>11,884</b>	39.6%	+106.0%	3,600	11.2%
Advertisement Expenses	2,680	1.4%	<b>2,608</b>	1.3%	-2.7%	2,800	1.4%

## ■ Capital Expenditure & Depreciation and Amortization

	FY2020 Actual	FY2021 Actual	FY2022 Full Year Forecast
Capital Expenditure	15,018	<b>16,620</b>	24,600
Japan	7,884	<b>11,923</b>	22,300
US	7,133	<b>4,696</b>	2,300
Depreciation and Amortization	18,291	<b>17,045</b>	16,700
Japan	11,866	<b>11,372</b>	13,500
Manufacturing Division	8,209	<b>7,329</b>	9,300
R&D Division	1,990	<b>2,264</b>	2,500
Administration Div. & Business Div.	1,667	<b>1,779</b>	1,700
US	6,426	<b>5,673</b>	3,200

## ■ Personnel Information Number of Employees

	FY2020 Actual		FY2021 Actual	
	As of March 31, 2021	Comp.(%)	As of March 31, 2022	Comp.(%)
Japan	2,444	81.4%	<b>2,474</b>	83.4%
Manufacturing Division	1,607	53.5%	<b>1,636</b>	55.1%
R&D Division	246	8.2%	<b>253</b>	8.5%
Administration Div. & Business Div.	591	19.7%	<b>585</b>	19.7%
(MR)	382	-	<b>379</b>	-
US	559	18.6%	<b>494</b>	16.6%
Total	3,003	100.0%	<b>2,968</b>	100.0%

- 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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Contact  
Information

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