

Financial Summary for the Third Quarter of FY2022 (IFRS)

February 13, 2023

Company Name: **Sawai Group Holdings Co., Ltd.**

Stock Code Number (Japan): 4887

Listed Stock Exchange: Tokyo Stock Exchange

URL: <https://www.sawaigroup.holdings>

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Filing Date of Quarterly Report: February 13, 2023

Scheduled Date of Dividends Payment commencement: N/A

Supplemental Materials for the financial results: Yes

IR Conference on the financial Results: Scheduled (for institutional investors and analysts)

(Amount are rounded to the nearest million yen)

1. Financial Highlights for the Third Quarter of FY2022 (for the nine-month period ended December 31, 2022)

(1) Consolidated Operating Results

(% of changes over the same period of the previous year)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the Company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine-month Period Ended December 31, 2022	151,091	1.7	14,379	(39.9)	14,269	(39.9)	10,770	(34.4)	10,845	(31.7)
Nine-month Period Ended December 31, 2021	148,627	—	23,936	—	23,731	—	16,417	—	15,883	—

Note: Comprehensive Income: Nine-month Period Ended December 31, 2022: 15,604 million <(27.6)%> Nine-month Period Ended December 31, 2021: 21,552 million <- %>

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine-month Period Ended December 31, 2022	247.66	247.13
Nine-month Period Ended December 31, 2021	362.69	362.35

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	Million yen	Million yen	Million yen	%
As of December 31, 2022	364,815	210,139	199,352	54.6
As of March 31, 2022	349,502	200,083	190,067	54.4

2. Cash Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
For the Fiscal Year Ended March 31, 2022	—	65.00	—	65.00	130.00
For the Fiscal Year Ended March 31, 2023	—	65.00	—		

Notes: Revision to the cash dividend estimates since the latest announcement : No

Additional Information

- (1) Material changes in subsidiaries during this period: N/A

- (2) Changes in accounting policies and accounting estimates
 - (i) Changes in accounting policies required by IFRS: N/A
 - (ii) Changes in accounting policies other than (i): N/A
 - (iii) Changes in accounting estimates: N/A

- (3) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding (including treasury stock) at the end of each period:
 - December 31, 2022: 43,791,339 shares
 - March 31, 2022: 43,791,339 shares
 - (ii) Number of treasury stock at the end of each period:
 - December 31, 2022: 336 shares
 - March 31, 2022: 336 shares
 - (iii) Average number of shares issued and outstanding in each period:
 - Nine-month period ended December 31, 2022: 43,791,003 shares
 - Nine-month period ended December 31, 2021: 43,791,095 shares

This financial summary is not subject to audit by certified public accountants or audit firms.

Cautionary Statement with Respect to Forward-Looking Statements, and Other Information

The third quarter earnings conference for institutional investors and analysts is scheduled on February 13, 2023. Presentation and related materials of the conference will be promptly posted on our website.

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1. Financial Highlights for the Nine-month Period Ended December 31, 2022

(1) Operating Results

Sawai Group Holdings Co., Ltd. (the “Company”) and subsidiaries (collectively, “Sawai”) has adopted International Financial Reporting Standards (IFRS) in order to increase the international comparability of its financial information within the capital market.

During the nine-month period ended December 31, 2022, revenue increased to JPY 151,091 million (by 1.7%), operating profit decreased to JPY 14,379 million (by 39.9%), profit before tax decreased to JPY 14,269 million (by 39.9%), and profit attributable to owners of the Company decreased to JPY 10,845 million (by 31.7%) compared to the nine-month period ended December 31, 2021.

(Millions of yen, except percentages)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022	Change	Change (%)
Revenue	148,627	151,091	2,464	1.7
Operating profit	23,936	14,379	(9,557)	(39.9)
Profit before tax	23,731	14,269	(9,461)	(39.9)
Profit attributable to owners of the Company	15,883	10,845	(5,037)	(31.7)

In May 2021, the Company announced its long-term vision, “Sawai Group Vision 2030,” and its medium-term business plan for the three-year period ending March 31, 2024 titled “START 2024.” Sawai Group Vision 2030 defines the world Sawai wants to build by 2030 as “A world where more people receive healthcare services and live a full life with peace of mind among society” and the ideal state it hopes to reach by 2030 as “A company with a strong presence that continues to contribute to people’s health by providing a multifaced mix of products and services based on scientific evidence that meets individual needs.” START 2024 defines three categories for growth: 1) expanding share of the Japanese generics market, 2) business investment for future growth in the U.S., and 3) cultivating new growth areas. The plan also envisions that Sawai will increase sales of new products and strengthen its stable supply capabilities in the generics business while focusing resources on the three areas of the digital medical device business, the orphan drugs (including drugs for ALS) business, and the health food business with a view to entry into new businesses.

(i) Japan Business Segment

In the Japan Business segment, the Japanese Cabinet’s two basic policies—the “Basic Policy on Economic and Fiscal Management and Reform 2017 ~Increasing productivity through investment in human resources~” and the “Basic Policy on Economic and Fiscal Management and Reform 2019 ~A New Era of Reiwa: Challenges toward Society 5.0~”—clarify the government policy of setting quantitative targets for the widespread use of generic drugs and increasing incentives thereto. In addition, the “Basic Policy on Economic and Fiscal Management and Reform 2021,” approved by the Japanese Cabinet in June 2021, states, “With the aim of ensuring the reliability of the quality and stable supply of generic drugs as the main pillar, the Government and the private sector will work together to strengthen the manufacturing control system, strengthen the supervision of manufacturing sites, and implement quality inspections of commercial products. The goal is to increase the volume share of generic drugs to 80% or more in all prefectures by the end of FY2023.” On the occasion of the April 2022 medical fee revision, the evaluation standards were revised in favor of pharmacies dispensing a high percentage of generic drugs and medical institutions using a high percentage of generic drugs in order to further encourage the use of generic pharmaceuticals. As a result, the preliminary results of the Japanese government’s drug price survey in September 2022 showed that the latest share of generic drugs was 79.0% on a volume basis.

On the other hand, Sawai has experienced increasing difficulty earning greater profits. This is attributable to drug price revisions recently made for several consecutive years: regular revision in April 2018, temporary revision in October 2019 due to an increase in the Japanese consumption tax rate, regular revision in April 2020, the first-ever interim revision in April 2021, regular revision in April 2022, and interim revision scheduled for April 2023.

Under such circumstances, the entire Japanese drug market has faced the uncertainty of product supply due to health problems caused by pharmaceutical products of a second-tier generic drug company at the end of 2021 and violations committed by a number of generic drug companies, including major ones, against the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices. In response to this situation, in September 2021, the Japanese Ministry of Health, Labour and Welfare (MHLW) announced the “Pharmaceutical Industry Vision 2021,” which states that only enterprises that are able to monitor the actual conditions of manufacturing facilities and manage and supervise them to ensure that products are manufactured appropriately according to the Good Quality Practice (GQP) standards should be allowed to manufacture and distribute pharmaceutical products, and that the importance of continuous and stable product supply to the medical field should be reaffirmed. Ensuring good product quality and a reliable product supply system is thus positioned as the top priority of the generic drug industry and companies therein. Against this backdrop, in August 2022, the MHLW organized an Expert Panel on Comprehensive Measures to Achieve Rapid and Stable Supply of Pharmaceuticals to discuss a wide range of subjects, including the distribution of pharmaceuticals, the National Health Insurance (NHI) drug pricing system, and verification of the industrial structure.

In this business environment, Sawai, as a leading generic drug manufacturer in Japan, works according to START 2024 to reinforce its quality control system, increase sales of new products, and strengthen its capability for stable product supply with the aim of achieving its medium-term target of expanding its share of the Japanese generics market, while striving to restore public trust in the entire generic drug industry.

Given that the Japanese generic drug industry has seen serious quality control violations committed by certain companies, Sawai Pharmaceutical Co., Ltd. (“Sawai Pharmaceutical”), the core company in the Sawai Group, has taken the lead in minimizing quality risks mainly by ensuring the good quality of active pharmaceutical ingredients (APIs) in compliance with Good Manufacturing Practice (GMP) standards, maintaining the effectiveness of the quality control system through constant checks on GMP compliance at manufacturing facilities, and exerting manufacturing and quality control based on the internationally accepted Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) GMP Guide. (The PIC/S is a non-binding, informal cooperative arrangement between Regulatory Authorities in the field of GMP of medicinal products for human or veterinary use.) Furthermore, Sawai has implemented various initiatives to ensure that medical professionals are able to use its products without concern, including disclosing the names of all its manufacturing subcontractors and API suppliers and the dates of audits performed over their operations. Sawai also released a video introducing its efforts to improve quality control last fiscal year.

We are also pursuing even higher efficiency and lower cost for our production and supply systems by utilizing the unique characteristics of each of our six factories throughout Japan with the aim of eliminating the uncertainty of generic drug supply and accommodating growing demand. As part of such efforts, in September 2022, we completed construction of an injection production facility at the Kyushu Factory site and began construction of a new solid-formulation production facility with a maximum capacity to produce three billion tablets at the Daini Kyushu Factory site. Additionally, Trust Pharmatech Co., Ltd., a company newly established by Sawai last fiscal year, took over assets related to production activities from Kobayashi Kako Co., Ltd. and accepted the staff of Kobayashi Kako’s relevant divisions in April 2022. This new company is striving to build a production system by leveraging these transferred assets in order to become capable of manufacturing more than 20 billion tablets a year as soon as possible. Furthermore, Sawai opened and began to operate the East Japan Daini Distribution Center and the West Japan Daini Distribution Center last fiscal year with the aim of further strengthening its product supply system from the aspect of distribution.

In terms of product development and marketing, in June 2022, five generic drugs with 11 strengths, including Febuxostat tablets and oral dispersing tablets, and in December 2022, six generic drugs with 12 strengths, including Esomeprazole capsules from Sawai Pharmaceutical were inscribed on the Japanese National Health Insurance drug price list.

Moreover, Sawai Pharmaceutical has selected six technologies in three categories from technologies that can add value to medicines and create harmony in their formulation, such as technologies for making medicines more comfortable to take and for

increasing the efficiency of pharmaceutical production. These original formulation technologies are collectively named “SAWAI HARMOTECH[®]” and have been publicly disclosed since February 2022.

As a new initiative for the personal health record (PHR) business, in April 2022, we announced that we would link SaluDi, a PHR management app from the Sawai Pharmaceutical brand, and Smart One Health, a PHR management system developed by Integrity Healthcare Co., Ltd., with specified health guidance based on MIRAMED[®], a behavior modification support system developed by the Precision Health Department (Project Research Associate Akiko Kishi) of the University of Tokyo Center of Innovation (COI). Through this collaboration, we will verify the feasibility and effectiveness of a one-stop service for health, disease prevention, specified health guidance, and recommendation for medical consultation. In September 2022, we launched the “Health Support Community supported by SaluDi” in collaboration with QON Inc. to facilitate close communication between community members and thereby raise public awareness of healthy lifespans, healthcare and the PHR. In addition, in August, we concluded a licensing agreement with CureApp Inc. to develop and sell digital therapeutics (DTx) in the field of non-alcoholic steatohepatitis (NASH) with the aim of utilizing apps in this field to not only enhance digital-healthcare technology and expertise but also deliver IT-based solutions directly to patients and healthcare professionals. In the medical device business as well, in December 2022, we submitted an application to the Pharmaceuticals and Medical Devices Agency (PMDA) for marketing authorization for SWD001, a non-invasive neuromodulation device for acute-phase treatment of migraine.

For our COVID-19 countermeasures, we established a Crisis Management Office in line with the Rules on Crisis Management and the Disaster BCP in February 2020 and have taken in-house measures to prevent COVID-19 infection, such as improving office ventilation and disinfection and instructing employees to wash and disinfect their hands, wear masks, and periodically check their body temperature. We also hold all meetings online in principle and have revised internal rules to restrict long-distance business trips, as well as allowing employees to switch flexibly between different working styles, including flex time, staggered work hours, and remote work, in order to ensure the operational continuity of each plant in Japan and consequently stable product supply. Under the states of emergency declared by the Japanese government, our medical representatives (MRs) avoided visiting medical institutions and instead began to utilize digital and other technologies to provide services. It is expected that any further lingering impacts of the pandemic will have an adverse impact on the supply of pharmaceuticals by disrupting raw material imports and logistics, on the demand for pharmaceuticals by restraining patients from having medical consultations, and on activities for sharing pharmaceutical information by restricting them. As a company primarily manufacturing and marketing pharmaceuticals, we will continue to implement infection control measures and maintain a stable supply of pharmaceuticals, which are essential for people’s lives and health.

As a result, the segment reported net sales of JPY 123,230 million (a decrease of 1.6% year on year) and a profit of JPY 14,672 million (a decrease of 30.8% year on year).

(ii) U.S. Business Segment

We entered the U.S. market by acquiring Upsher-Smith Laboratories, LLC (USL) in May 2017. START 2024, the current medium-term plan, envisions that Sawai will make “business investments for future growth in the U.S.” with the growth drivers of “contribution to sales by promoting sales of existing brand drugs and generics,” “further expansion of the product lineup mainly in niche generics,” and “strengthening of product pipelines with high complexity and the product lineup in cooperation with Sawai Pharmaceutical.” To accelerate our growth strategy in the U.S. Business segment, we will work closely with Sumitomo Corporation of the Americas, a U.S.-based Sumitomo Corporation subsidiary that owns a 20% share in USL.

In the U.S. generic drug market, however, generic drug prices have consistently declined. This is thought to have resulted from three major purchasing groups holding an approximately 90% market share through the formation of alliances amongst wholesalers and pharmacies, and also from the high number of approvals given by the U.S. Food and Drug Administration (FDA) for Abbreviated New Drug Applications (ANDA). USL is still in a challenging business environment with increasing competition in the generic market, as seen by the market entry of generic alternatives to Qudexy[®], our core branded product.

In the year ended March 31, 2022, we reviewed the future plan of the U.S. segment as part of our efforts to examine how to ensure USL’s sustainable growth and reconstruct its business. As a result, we recognized impairment losses of JPY 68,770 million on the

assets of the U.S. segment, including goodwill. However, in the current fiscal year, we are taking various measures to ensure that the U.S. segment will go back into the black as early as possible, including measures to stabilize revenue and to reduce R&D and other costs.

In the fiscal year ended March 31, 2022, USL sold and leased back its factory in Denver, Colorado and ceased the operation of this factory in December 2022. Now that the construction of the new factory at its headquarters site in Minnesota has been completed, USL will gradually transfer its manufacturing operations from the Denver factory to the new factory with the aim of improving quality control and production efficiency.

In early March 2020, USL established a cross-departmental COVID-19 Response Team to gather a wide range of information and develop countermeasures. Except for certain employees engaged in essential on-site operations, such as those engaged in manufacturing and R&D, USL has already shifted to telework. The company has also implemented measures to prevent the spread of infection among employees and has switched to IT-based sales activities. Significant progress in COVID-19 vaccinations in the U.S. has led economic activities to return to normal. Although the pandemic has discouraged patients from seeking medical assistance and has restricted business activities, USL continues to implement infection control measures and maintain its system for the stable supply of pharmaceutical products, which are essential for maintaining people's life and health.

As a result, the segment reported net sales of JPY 27,861 million (an increase of 19.4% year on year) and a loss of JPY 293 million (segment profit of JPY 2,726 million in the same period of the previous year).

(2) Financial Position

Assets

As of December 31, 2022, current assets amounted to JPY 207,167 million, an increase of JPY 5,044 million from March 31, 2022. The increase was mainly due to an increase of JPY 11,336 million in trade and other receivables as a result of a difference between recognition and collection of trade receivables, and an increase of JPY 12,440 million in inventories achieved by production efforts to strengthen the ability for stable product supply in the Japan segment, despite a decrease of JPY 18,815 million in Cash and cash equivalents (see (3) Cash Flow below). Non-current assets as of December 31, 2022 amounted to JPY 157,648 million, an increase of JPY 10,269 million from March 31, 2022. The increase was primarily due to an increase of JPY 9,633 million in the value of property, plant and equipment resulting from capital investments made by subsidiaries, including payments for the construction of a new solid-formulation production facility at the Sawai Pharmaceutical Daini Kyushu Factory. Total assets as of December 31, 2022 were JPY 364,815 million, an increase of JPY 15,313 million compared to the balance as of March 31, 2022.

Liabilities

As of December 31, 2022, current liabilities amounted to JPY 87,309 million, a decrease of JPY 1,530 million from March 31, 2022. The decrease resulted mainly from a decrease of 2,574 million yen in accrued income taxes due to tax payment, and a decrease of 2,028 million yen in other current liabilities due to a difference in the period for the calculation of accrued bonuses, despite an increase of JPY 2,207 million in trade and other payables caused by the measure to increase production in order to ensure stable supply in the Japan segment. Non-current liabilities as of December 31, 2022 was JPY 67,366 million, an increase of JPY 6,787 million from March 31, 2022, primarily due to an increase of JPY 7,245 million in borrowings as a result of borrowing. Total liabilities as of December 31, 2022 were JPY 154,676 million, an increase of JPY 5,257 million compared to the balance as of March 31, 2022.

Equity

Total equity as of December 31, 2022 was JPY 210,139 million, an increase of JPY 10,056 million compared to the balance as of March 31, 2022, primarily due to the net profit for the nine-month period ended December 31, 2022 and the favorable effect of foreign exchange rates, offset by dividend payments. As a result, the ratio of equity attributable to owners of the Company to total assets as of December 31, 2022 became 54.6% (54.4% as of March 31, 2022).

(3) Cash Flow

Cash and cash equivalents as of December 31, 2022 decreased by JPY 18,815 million to JPY 28,902 million, compared to the balance as of March 31, 2022.

The results of cash flow for each activity are as follows:

Cash flows generated from operating activities was JPY 3,414 million for the current period (decrease of JPY 23,062 million compared to the same period of the previous year) which mainly consists of profit before tax (JPY 14,269 million), depreciation and amortization (JPY 13,199 million), increase in trade and other receivables (JPY 9,530 million), increase in inventories (JPY 11,428 million), increase in trade and other payables (JPY 3,175 million) and income taxes paid (JPY 7,473 million).

Cash flows used in investing activities was JPY 23,010 million for the current period (increase of JPY 9,279 million compared to the same period of the previous year) which mainly consists of acquisition of property, plant and equipment (JPY 17,792 million), and acquisition of intangible assets (JPY 5,265 million).

Cash flows generated from financing activities was JPY 77 million for the current period (JPY 8,177 million used in the same period of the previous year) which mainly consists of net proceeds from short-term borrowings (JPY 10,000 million), proceeds from long-term borrowings (JPY 9,500 million), repayments of long-term borrowings (JPY 2,255 million), redemption of bonds (JPY 10,000 million) and dividends paid (JPY 5,693 million).

2. Condensed Quarterly Consolidated Financial Statements and Selected Notes

(1) Condensed Quarterly Consolidated Statements of Income and Condensed Quarterly Consolidated Statements of Comprehensive Income

(Condensed Quarterly Consolidated Statements of Income)

Yen in millions (except per share data)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Revenue	148,627	151,091
Cost of sales	(94,133)	(102,930)
Gross profit	54,494	48,161
Selling, general and administrative expenses	(24,088)	(23,173)
Research and development expenses	(12,867)	(10,825)
Other income	6,407	393
Other expenses	(10)	(177)
Operating profit	23,936	14,379
Finance income	143	195
Finance expenses	(348)	(305)
Profit before tax	23,731	14,269
Income tax expenses	(7,314)	(3,499)
Profit for the period	16,417	10,770
Profit attributable to:		
Owners of the Company	15,883	10,845
Non-controlling interests	534	(75)
Total	16,417	10,770
Earnings per share (Yen)		
Basic earnings per share	362.69	247.66
Diluted earnings per share	362.35	247.13

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

Yen in millions

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Profit for the period	16,417	10,770
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in fair value of financial assets measured at fair value through other comprehensive income	471	164
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	4,664	4,670
Other comprehensive income for the period, net of tax	5,135	4,834
Total comprehensive income for the period	21,152	15,604
Total comprehensive income attributable to:		
Owners of the Company	20,081	14,833
Non-controlling interests	1,471	771
Total	21,552	15,604

(2) Condensed Quarterly Consolidated Statements of Financial Position

Yen in millions

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	47,717	28,902
Trade and other receivables	65,059	76,395
Inventories	85,853	98,293
Other financial assets	146	168
Other current assets	3,348	3,409
Total current assets	202,123	207,167
Non-current assets		
Property, plant and equipment	111,218	120,852
Intangible assets	26,289	26,513
Other financial assets	7,223	7,515
Other non-current assets	2,303	2,434
Deferred tax assets	346	334
Total non-current assets	147,379	157,648
Total assets	349,502	364,815

Yen in millions

	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	50,912	53,118
Bonds and borrowings	13,116	13,118
Income taxes payable	3,430	856
Refund liabilities	7,581	8,280
Provisions	1,062	641
Other financial liabilities	4,419	5,004
Other current liabilities	8,320	6,292
Total current liabilities	88,840	87,309
Non-current liabilities		
Borrowings	53,633	60,878
Provisions	319	132
Other financial liabilities	2,889	2,628
Other non-current liabilities	1,435	1,385
Deferred tax liabilities	2,303	2,344
Total non-current liabilities	60,579	67,366
Total liabilities	149,419	154,676
Equity		
Share capital	10,000	10,000
Capital surplus	73,672	37,714
Retained earnings	98,709	139,821
Treasury shares	(2)	(2)
Other component of equity	7,688	11,819
Equity attributable to owners of the Company	190,067	199,352
Non-controlling interests	10,016	10,787
Total equity	200,083	210,139
Total liabilities and equity	349,502	364,815

(3) Condensed Quarterly Consolidated statements of Changes in Equity

Nine-month period ended December 31, 2021

	Yen in millions							
	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other component of equity	Total		
Balance at April 1, 2021	41,219	42,453	132,429	-	2,177	218,278	22,472	240,750
Profit for the period			15,883			15,883	534	16,417
Other comprehensive income					4,198	4,198	937	5,135
Total comprehensive income	-	-	15,883	-	4,198	20,081	1,471	21,552
Acquisition of treasury shares				(1)		(1)		(1)
Dividends			(5,693)			(5,693)		(5,693)
Increase (decrease) by share transfers	(31,219)	31,219				-		-
Forfeiture of share based payment			242		(242)	-		-
Share based payment					50	50		50
Total transactions with owners	(31,219)	31,219	(5,451)	(1)	(192)	(5,644)	-	(5,644)
Balance at December 31, 2021	10,000	73,672	142,861	(1)	6,183	232,715	23,943	256,658

Nine-month period ended December 31, 2022

	Yen in millions							
	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other component of equity	Total		
Balance at April 1, 2022	10,000	73,672	98,709	(2)	7,688	190,067	10,016	200,083
Profit for the period			10,845			10,845	(75)	10,770
Other comprehensive income					3,987	3,987	846	4,834
Total comprehensive income	-	-	10,845	-	3,987	14,833	771	15,604
Dividends		(2,846)	(2,846)			(5,693)		(5,693)
Transfer to retained earnings from capital surplus		(33,112)	33,112			-		-
Share based payment					145	145		145
Total transactions with owners	-	(35,959)	30,266	-	145	(5,548)	-	(5,548)
Balance at December 31, 2022	10,000	37,714	139,821	(2)	11,819	199,352	10,787	210,139

(4) Condensed Quarterly Consolidated Statements of Cash Flows

Yen in millions

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Cash flows from operating activities		
Profit before tax	23,731	14,269
Depreciation and amortization	13,130	13,199
Impairment loss	1,645	1,523
Financial income	(143)	(201)
Financial expenses	348	305
(Gain) loss on sale and disposal of property, plant and equipment and intangible assets	(2,106)	126
Increase in trade and other receivables	(4,028)	(9,530)
Increase in inventories	(4,157)	(11,428)
Increase in trade and other payables	3,643	3,175
Increase in refund liabilities	2,550	319
Decrease in provisions	(314)	(608)
Increase in other financial liabilities	501	667
Other	(1,995)	(2,054)
Subtotal	32,805	9,763
Interest received	1	1
Dividends received	138	192
Interest paid	(449)	(331)
Income taxes paid	(6,020)	(7,473)
Income taxes refund	-	1,263
Cash flows generated from operating activities	26,475	3,414
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,525)	(17,792)
Sale of property, plant and equipment	3,088	27
Acquisition of intangible assets	(7,256)	(5,265)
Other	(38)	20
Cash flows used in investing activities	(13,731)	(23,010)
Cash flows from financing activities		
Net proceeds from short-term borrowings	1,600	10,000
Proceeds from long-term borrowings	-	9,500
Repayments of long-term borrowings	(2,790)	(2,255)
Redemption of bonds	-	(10,000)
Payments of lease liabilities	(1,276)	(1,458)
Dividends paid	(5,693)	(5,693)
Other	(18)	(18)
Cash flows (used in) generated from financing activities	(8,177)	77
Effect of exchange rate change on cash and cash equivalents	320	705
Net increase (decrease) in cash and cash equivalents	4,887	(18,815)
Cash and cash equivalents at beginning of the period	54,269	47,717
Cash and cash equivalents at end of the period	59,156	28,902

(5) Selected Notes to Condensed Quarterly Consolidated Financial Statements

(Significant Uncertainty Regarding Going Concern Assumption)

Not applicable

(Segment Information)

Sawai's operating segments are the components for which separate financial information is available, and the Board of Directors, as the chief operating decision maker, regularly assesses the financial information in deciding how to allocate resources, measure performance, and forecast future periods. Sawai manufactures and sells generic pharmaceutical products with operations in Japan and the U.S., each requiring differing marketing strategies. Accordingly, Sawai has designated two operating segments, which are Japan Business segment and U.S. Business segment.

Nine-month period ended December 31, 2021

	Yen in millions				
	Operating segment			Adjustments and elimination	Amount recorded in the condensed quarterly consolidated statements of income
	Japan Business	U.S. Business	Total		
Segment revenue					
Revenue from external customers	125,291	23,336	148,627	-	148,627
Intersegment revenue or transfers	-	-	-	-	-
Total	125,291	23,336	148,627	-	148,627
Segment (operating) profit	21,210	2,726	23,936	0	23,936
Finance income					143
Finance expenses					(348)
Profit before tax					23,731

Nine-month period ended December 31, 2022

	Yen in millions				
	Operating segment			Adjustments and elimination	Amount recorded in the condensed quarterly consolidated statements of income
	Japan Business	U.S. Business	Total		
Segment revenue					
Revenue from external customers	123,230	27,861	151,091	-	151,091
Intersegment revenue or transfers	-	-	-	-	-
Total	123,230	27,861	151,091	-	151,091
Segment (operating) profit (loss)	14,672	(293)	14,379	0	14,379
Finance income					195
Finance expenses					(305)
Profit before tax					14,269