

Sawai Group Holdings Co., Ltd.

---

# FY2022 Financial Results Presentation

May 11, 2023

4887.T, TSE Prime

**sawai**

# INDEX

- 1** **FY2022 Overview (P3-9)**
- 2** **FY2023 Forecasts (P10)**
- 3** **Progress of the Mid-Term Business Plan,  
“START 2024” (P11-35)**
- 4** **Initiatives Resolving Social Issues (P36-39)**
- 5** **Reference Materials (P39-44)**

## Consolidated

- **Achieved sales of 200 billion yen for the first time. Core operating income declined from the previous fiscal year mainly due to the impact of upfront costs to increase production capacity in Japan.**

## In Japan

- **Sales are on par and core operating income decreased from the previous fiscal year.**

The factors behind the decline in core operating income from FY2021 were as follows:

1. Decline in unit prices due to the NHI drug revision
2. Cumulative upfront cost for FY2022 of Trust Pharmatech Co., Ltd. (hereinafter, "Trust Pharmatech") : 5 billion yen
3. Rise in energy prices

- **Status of the products for which shipments have been limited,**

Reviewed products under shipment limitation as needed in consideration of supply status of other companies, supply and demand of limited shipment items, inventory status, etc.

\*The number of items that are limited for shipment is 293, as of May 11, 2023.

(452 and 258 items at the end of Mar. 2022 and Sep. 2022 respectively)

- **The quantity of products was manufactured as planned.**

Production volume of FY2022, including the volume of contract manufacturing, increased 10% year-on-year, to approx. 16.6 billion tablets.

## In the United States

- **Steady sales for brand products.**
- **Both core operating income and operating income returned to profitability due to cost reduction efforts.**

- **Consolidated:** While sales reached 200 billion yen for the first time, core operating income declined from the previous fiscal year mainly due to the impact of upfront costs to increase production capacity in Japan.
- **Japan:** Despite the impact of NHI drug price revision, sales remained the same level as the previous fiscal year, due to the growth in sales of new products and the limitation lifting of the product for which shipments have been restricted. Core operating income decreased from FY2021, due to higher energy prices in addition to the upfront cost for Trust Pharmatech, etc.
- **United States:** Steady sales for brand products. Sales increased year-on-year, due to the steady growth of products including brands in addition to the effect of the weak yen. Both core operating income and operating income increased year-on-year due to cost reduction efforts.

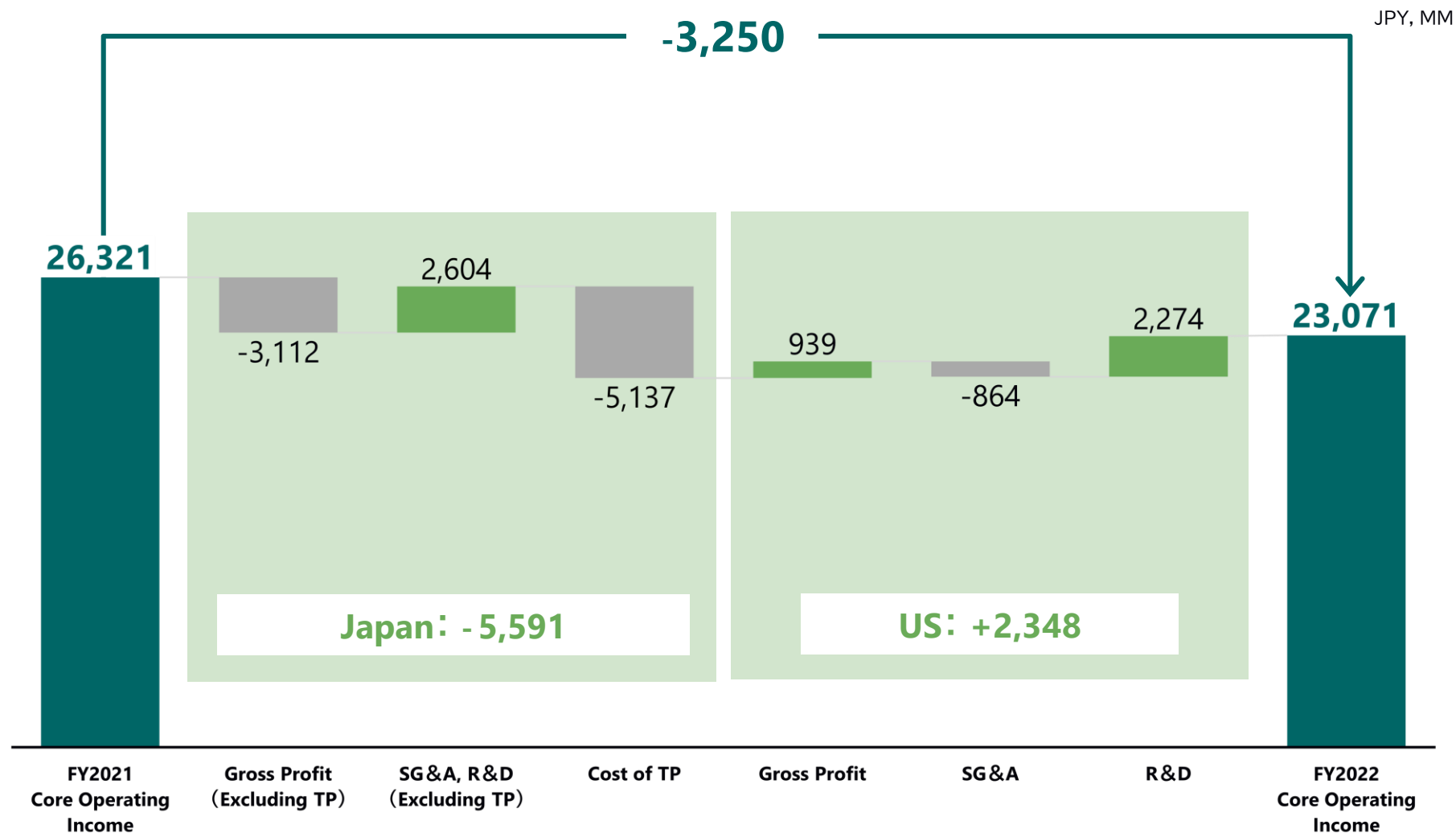
(JPY,MM)

	FY2021 Actual			FY2022 Actual			YoY	FY2022 Forecast	Achievement
		Japan	US		Japan	US			
Net Sales	193,816	163,841	29,975	<b>200,344</b>	<b>163,702</b>	<b>36,642</b>	+3.4% (+6,528)	207,000	96.8%
Core Operating Income	26,321	27,016	▲708	<b>23,071</b>	<b>21,425</b>	<b>1,640</b>	▲12.3% (▲3,250)	24,800	93.0%
Core Operating Income (Excluding Trust Pharmatech)	-	-	-	<b>28,208</b>	<b>26,562</b>	-	-	29,600	95.3%
Operating Income	▲35,888	32,361	▲68,249	<b>16,984</b>	<b>16,054</b>	<b>930</b>	- (+52,872)	21,400	79.4%
Operating Income (Excluding Trust Pharmatech)	-	-	-	<b>21,828</b>	<b>20,898</b>	-	-	26,200	82.4%
Profit before tax	▲36,214	-	-	<b>16,789</b>	-	-	- (+53,004)	21,100	79.6%
Profit attributable to owners of the parent	▲28,269	-	-	<b>12,667</b>	-	-	- (+41,935)	17,700	71.6%
Average rate	US\$1 = ¥112			US\$1 = ¥135			US\$1 = ¥120		

- 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

sawai

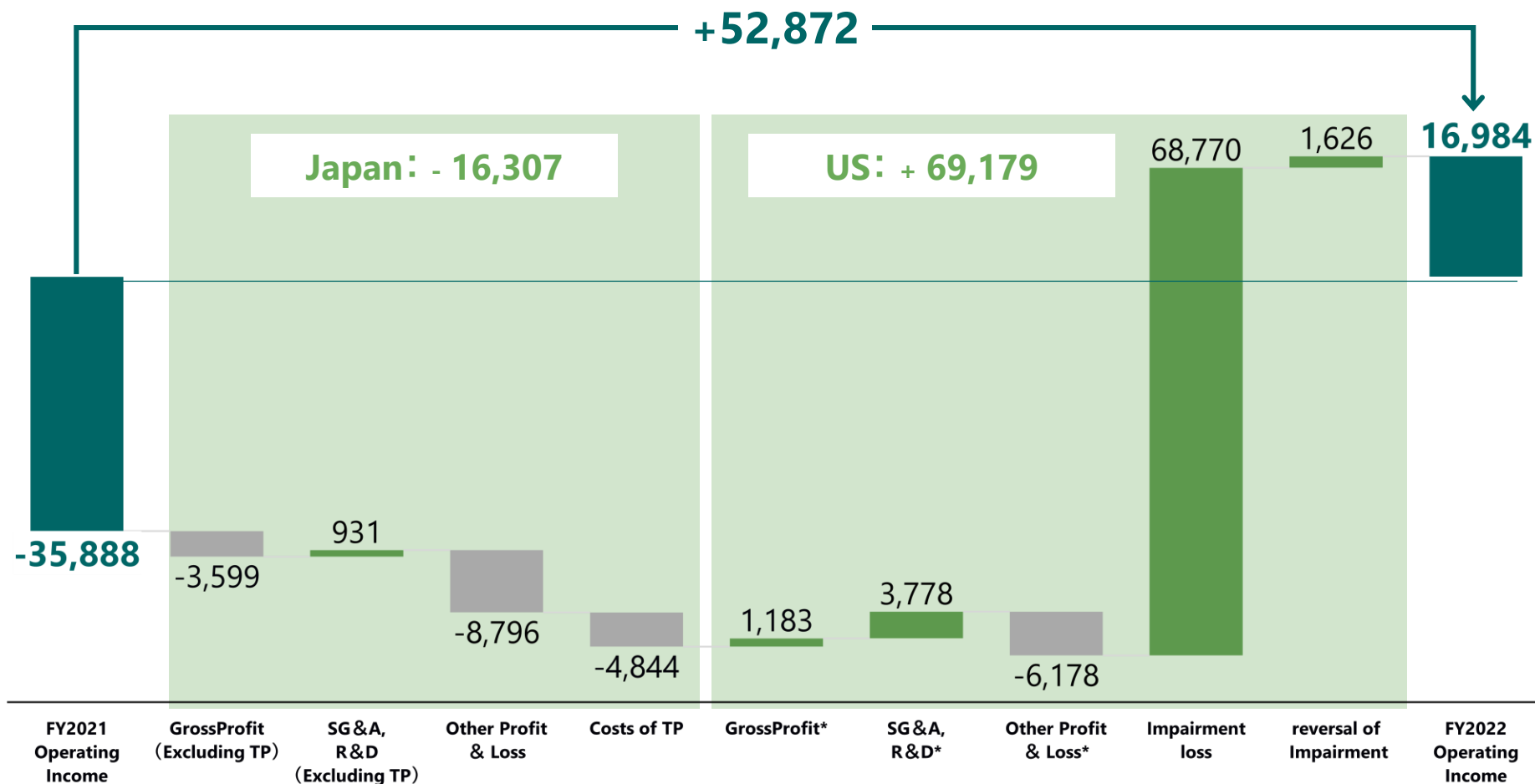


- Results by segment in Japan and the U.S. are not consistent with the overall figures, as each segment profit includes inter-segment transactions.
- TP: Trust Pharmatech Co., Ltd.

# Operating Income Analysis

sawai

JPY,MM



\* TP: Trust Pharmatech Co., Ltd.

\* Excluding Impairment loss

# Sales by Channel in Japan

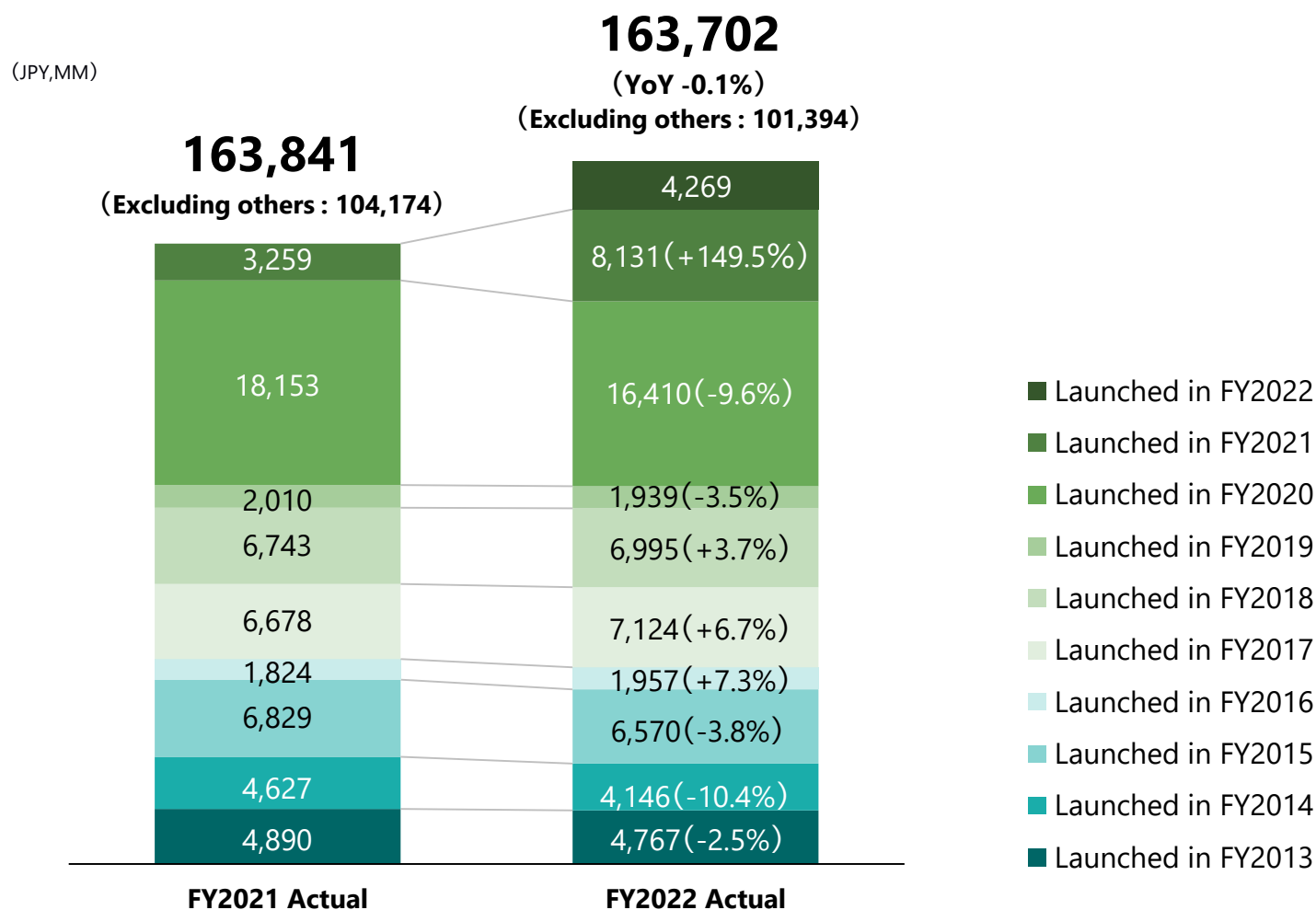
- Despite the reactionary decline in the first half of FY2022 caused by the extraordinary factors in FY2021, Sales increased in the second half due to growth of new products and the adoption increase in adoption that lifted shipping limitations.

Medical institutions		FY2021		FY2022			YoY	
Channel	Total, Nationwide	# of Customers	Sales Share	# of Customers	Coverage Rate	Sales Share	# of Customers	Sales Growth
Hospital	8,170	8,028	9.9%	<b>8,043</b>	<b>98.4%</b>	<b>10.2%</b>	+15	+2.4%
DPC* Hospital	1,764	1,751	6.1%	<b>1,759</b>	<b>99.7%</b>	<b>6.3%</b>	+8	+2.8%
Clinic	110,648	41,438	8.5%	<b>44,197</b>	<b>39.9%</b>	<b>8.9%</b>	+2,759	+3.9%
Pharmacy	90,206	60,845	80.5%	<b>61,692</b>	<b>68.4%</b>	<b>79.8%</b>	+847	▲0.3%
Dispensing	63,398	60,522	80.0%	<b>61,358</b>	<b>96.8%</b>	<b>79.3%</b>	+836	▲0.3%
Drug Stores, etc.	26,808	323	0.5%	<b>334</b>	<b>1.2%</b>	<b>0.5%</b>	+11	▲4.9%
Others	-	-	1.1%	-	-	<b>1.1%</b>	-	+1.9%
Total	209,024	110,311	100.0%	<b>113,932</b>	<b>54.5%</b>	<b>100.0%</b>	+3,621	+2.8%

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

# Sales by Product Launch Year, Japan

- Steady increase in sales of products launched in FY2021.





- Sales, including of brand drugs, remained steady throughout FY2022.
- On a dollar basis, sales increased 1.4% year on year, remaining unchanged from the previous fiscal year.
- Up 22.2% on a yen basis due to the effect of the depreciation of the yen.

## By Segment

JPY, MM

	FY2021		FY2022		YoY
	Actual	Comp.	Actual	Comp.	
Generic products	21,833	72.8%	<b>25,260</b>	<b>68.9%</b>	+15.7%
Main products*1	9,196	30.7%	<b>10,641</b>	<b>29.0%</b>	+15.7%
New products launched in FY2021	2,244	7.5%	<b>3,821</b>	<b>10.4%</b>	+70.3%
Others	10,393	34.7%	<b>10,798</b>	<b>29.5%</b>	+3.9%
Brand products	8,142	27.2%	<b>11,382</b>	<b>31.1%</b>	+39.8%
Total	29,975	100.0%	<b>36,642</b>	<b>100.0%</b>	+22.2%

\*1 Klor-Con®, Chlorpromazine, Qudexy® XR

## By therapeutic areas

JPY, MM

	FY2021		FY2022		YoY
	Actual	Comp.	Actual	Comp.	
Central nervous system	14,579	48.6%	<b>19,128</b>	<b>52.2%</b>	+31.2%
Cardiovascular	9,218	30.8%	<b>10,151</b>	<b>27.7%</b>	+10.1%
Dermatologic agents	2,516	8.4%	<b>3,509</b>	<b>9.6%</b>	+39.4%
Hormone preparations (including antihormone preparations)	1,252	4.2%	<b>1,207</b>	<b>3.3%</b>	▲3.6%
Agents for urogenital organs and the anus	721	2.4%	<b>670</b>	<b>1.8%</b>	▲7.1%
Others	1,689	5.6%	<b>1,977</b>	<b>5.4%</b>	+17.1%
Total	29,975	100.0%	<b>36,642</b>	<b>100.0%</b>	+22.2%

Average rate

US\$1 = ¥112

US\$1 = ¥135

## Consolidated

- Sales are expected to increase 8.4%, mainly due to an increase in sales volume compared with the previous year. Core operating income is projected to decline due to the impact of soaring raw material and energy prices and an increase in upfront costs.

## In Japan

- Sales are expected to increase due to growth in new products and main items, despite the impact of the NHI drug price revision. However, profit is expected to decline due to the impact of soaring raw material and energy prices associated with yen depreciation, as well as the increased upfront costs for production capacity expansion and for new businesses.
- Expenses for Trust Pharmatech are projected to be approx. 5.4 billion yen, including depreciation and amortization of 2.3 billion yen.

## In the US

- Aiming to increase profits by expanding sales of new products and controlling costs.

(JPY,MM)

	FY 2022 Actual			FY2023 Full Year Forecast			YoY
		Japan	US		Japan	US	
Net Sales	200,344	163,702	36,642	<b>217,200</b>	<b>180,500</b>	<b>36,700</b>	+8.4%
Core Operating Income	23,071	21,425	1,640	<b>19,900<sup>*3</sup></b>	<b>16,300</b>	<b>3,600</b>	▲13.7%
Core Operating Income (Excluding Trust Pharmatech)	28,208	26,562	-	<b>25,300</b>	<b>21,700</b>	-	▲9.8%
Operating Income	16,984	16,054	930	<b>15,100</b>	<b>13,500</b>	<b>1,600</b>	▲11.1%
Operating Income (Excluding Trust Pharmatech)	21,828	20,898	-	<b>20,500</b>	<b>18,900</b>	-	▲5.0%
Profit before tax	16,789	-	-	<b>14,800</b>	-	-	▲11.8%
Profit attributable to owners of the parent	12,667	-	-	<b>11,300</b>	-	-	▲10.8%

Average rate


US\$1= ¥135

US\$1= ¥135

\*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 300, R&D expenses 2,500 US : SG&A expenses 1,600, R&D expenses 400



# 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

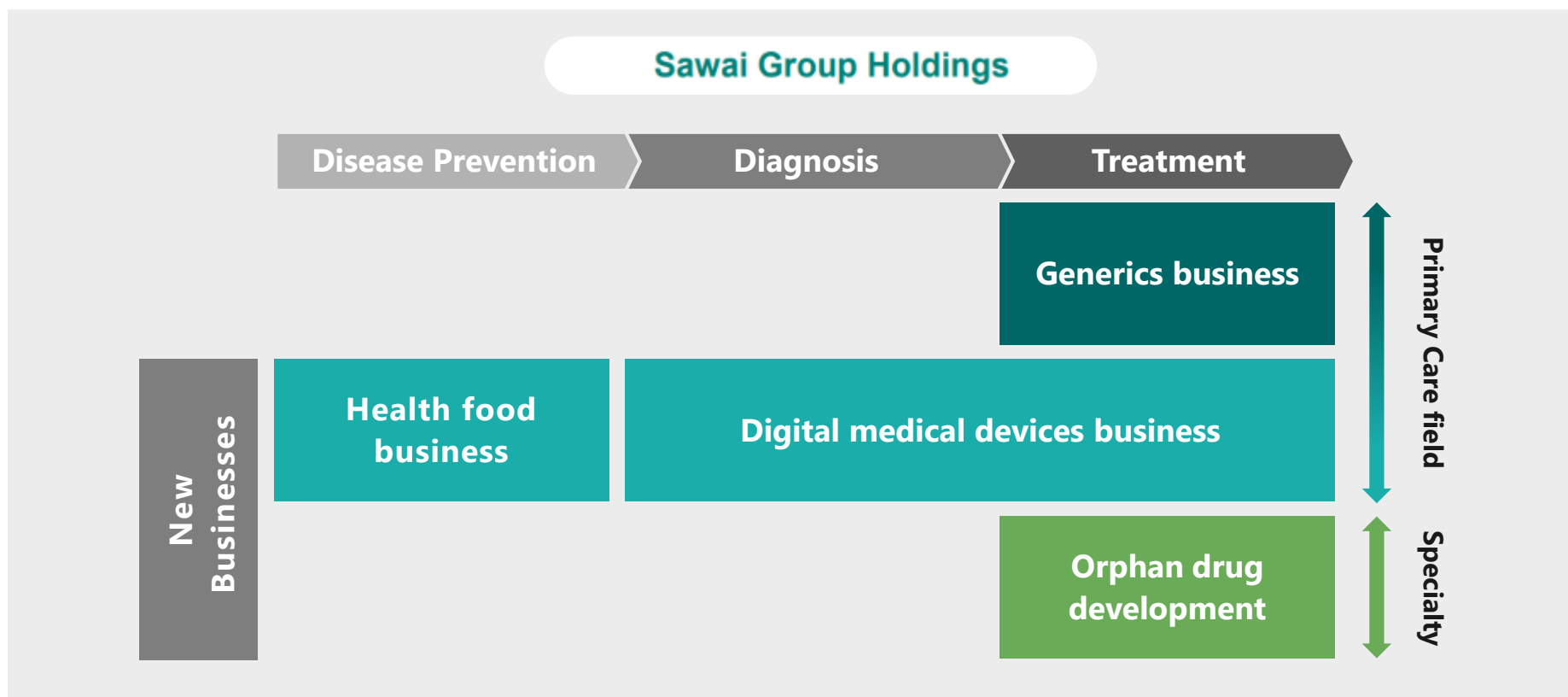
## Targets and Prerequisite Values

(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

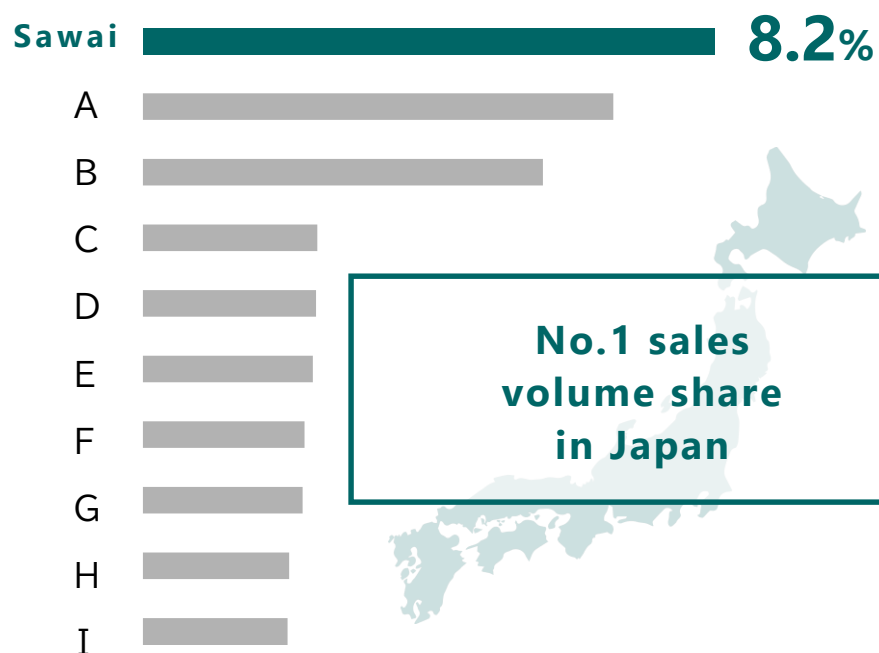
- Digital medical devices business
- Orphan drug business (ALS, etc.)
- Health food business



Expanding share in  
the Japanese  
generics market

- Sawai Pharmaceutical, as a company specializing in generics, supplies 16% of total generic drugs and 8.2% of total ethical pharmaceuticals in Japan.
- Also, it contributed to the reduction of medical expenses by approx. 280.9 billion yen on a NHI drug price basis in FY2022.

## Number of ethical drug tablets sold by company in Japan



## Total medical cost savings from Sawai's products

Annually approx. **280.9 billion yen**

Difference in the assumption that all of Sawai's generic drugs were used in brand products



- R&D expenses and capital investment are essential for the stable supply of Sawai generics.

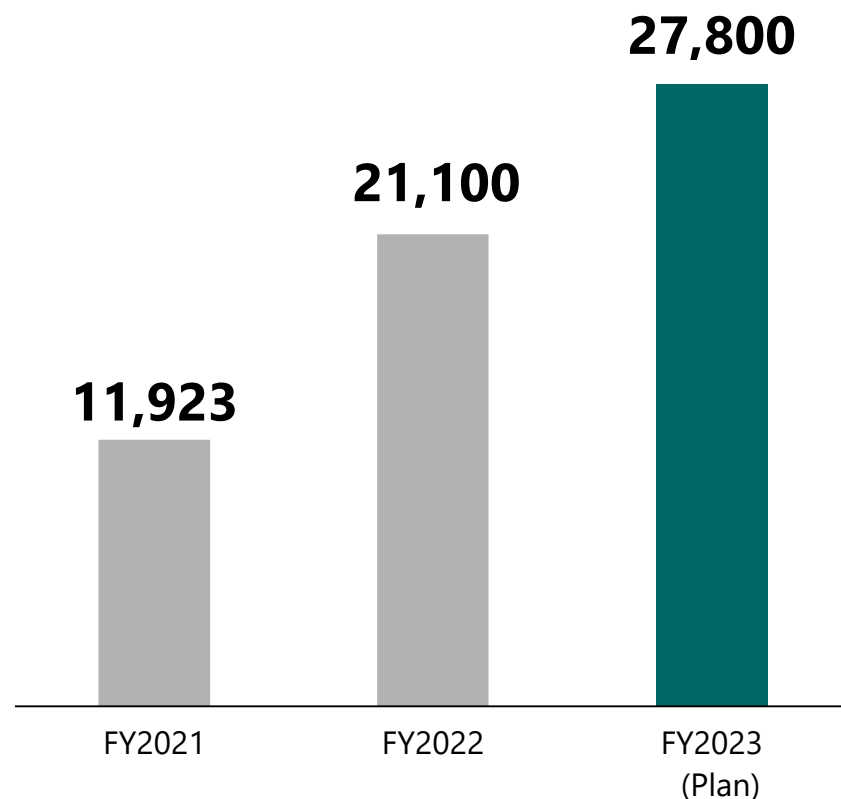
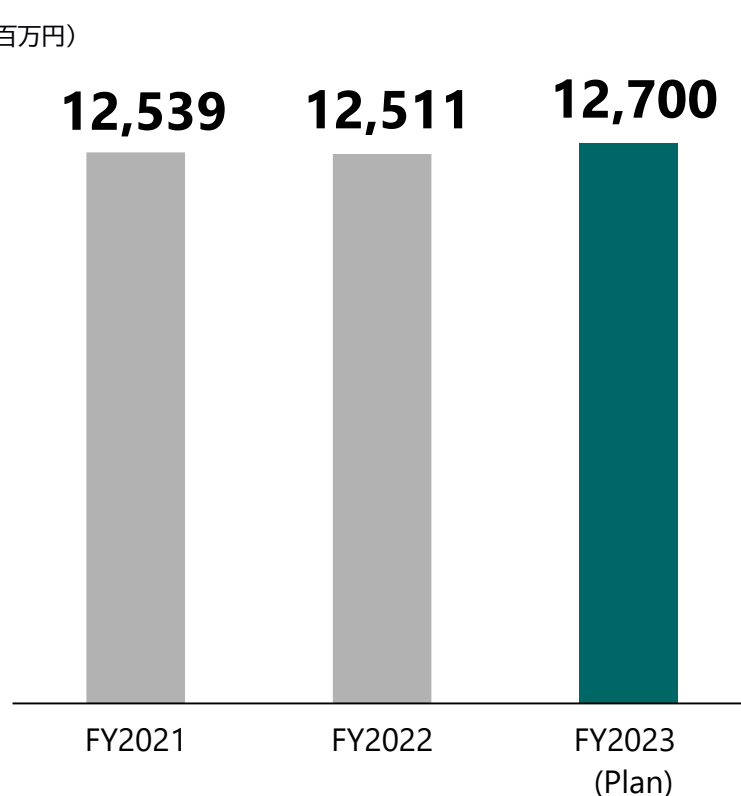
## R&D Expenses

R&D costs of at least 10 billion yen per year to develop high-value-added products.

## Capital investment

Capital expenditures of 60 billion yen over the three years from FY2021 to expand production capacity.

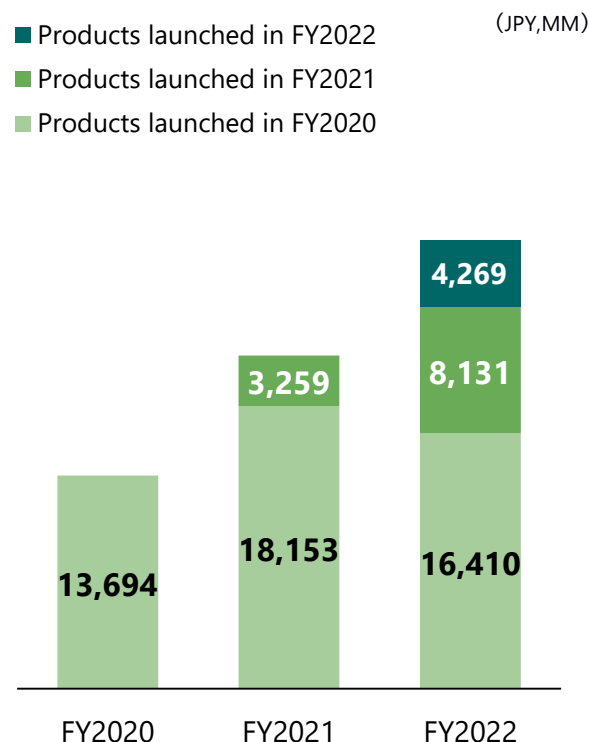
(百万円)



# Increasing Sales of New Products

- Launched 23 products, including 4 strongly competitive products, in FY2022.
- Aims to expand sales from FY2023, although sales are only 4.269 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	FY2022
Number of products	42	32	<b>23</b>
Single-market and strongly competitive products (included in above)	9	6	<b>4</b>
Major products released (generic name)	<ul style="list-style-type: none"> <li>• Eldecacitol</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>	<ul style="list-style-type: none"> <li>• Febuxostat</li> <li>• Azacitidine</li> <li>• Daptomycin</li> <li>• Teriparatide</li> <li>• Escitalopram</li> <li>• Esomeprazole</li> <li>• Tolvaptan</li> <li>• Aripiprazole</li> </ul>

- 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

	FY2022 (Actual)	FY2023	FY2024
Number of ingredients	11	5	11
Number of products	23	12	18
Original drug market (billions of yen)	-	220	206

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

- Sawai Pharmaceutical has six plants and an industry-leading production structure with the largest scale of total site area in the industry in Japan.
- Each factory, which boasts state-of-the-art equipment, is pursuing initiatives to ensure a stable supply of about 800 items with dosage forms including tablets, OD (Orally Disintegrating) tablets, and injectables.



## Factory

## Main dosage form manufactured

Kanto Factory

Tablets, OD tablets, granules, fine granules, capsules, ampoules, vials, syringes

Kashima Factory

Tablets, OD tablets, granules, fine granules, capsules, dry syrup

Sanda Factory

Tablets, OD tablets

Sanda Nishi Factory

Tablets, OD tablets

Kyushu Factory

Tablets, OD tablets, granules, fine granules, capsules, powder, dry syrup, ampoules, vials, creams

Daini Kyushu Factory

Tablets, OD tablets, granules, fine granules, powder, dry syrup

- Will begin to ship products as planned after a preparation period of about one year.
- Aiming to become a company that earns the true TRUST of society by continuing to provide drugs that patients can use with peace of mind and that are trusted by medical professionals.

## Corporate Profile

Founded	December 3, 2021
Established	April 1, 2022
Address	5-15 Yachi, Awara city, Fukui, Japan
Number of Employees	403 (As of April 2023)
Production Capacity	3 billion tablets



## Future Initiatives

Human Resource Development	Aiming to create a system that enables employees of Trust to conduct human resource training, which was previously promoted with support from Sawai Pharmaceutical
Compliance	<ul style="list-style-type: none"> <li>• GMP and other compliance-related measures at Trust have exceeded the standard.</li> <li>• Aiming for the same criteria as Sawai Pharmaceutical Factory toward fiscal 2025</li> </ul>

## Production Volume Forecast

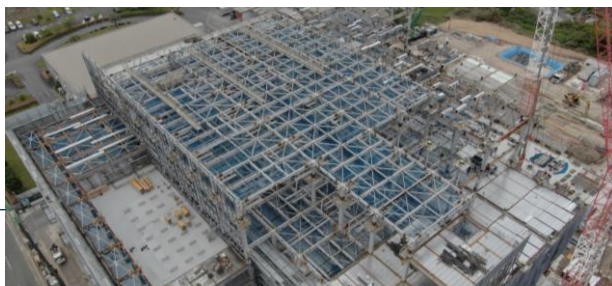
	FY2023	FY2024	FY2025
Quantity of products (Tablets)	600M	1.5B	2B
Number of Items	9	17	22~

- Steady progress in the construction of factories toward with the goal to the start shipments in April 2024

## Summary

Objective	To meet rising demand and further market expansion of generic drugs in the future	Production Capacity (Tablets)	Step1: 2 billion in 2024 Step2: Add 10 billion
Address	1144-3, Hiratsune, Iizuka, Fukuoka, Japan	Employment Plans	Step1: 330 Step2: 490 (total)
Investment	Step1: 35 billion yen Step2: 5.5 billion yen		

## Schedule



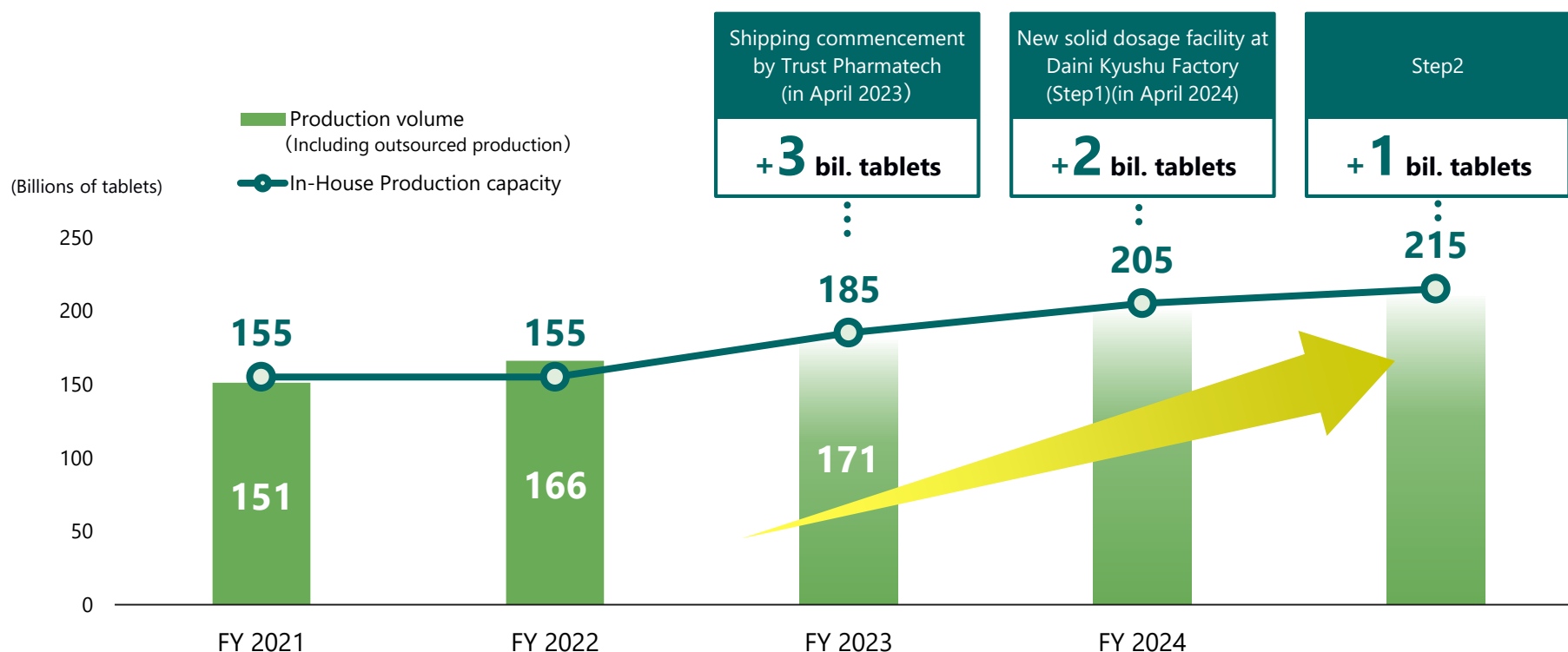
Under Construction



Image of the Completed Plant

# Future Production Capacity to Strengthen Stable Supply Capabilities

- In the current fiscal year, due to increased production by Trust and other factors, the Company is planning approximately 17.1 billion tablets including outsourced production.
- From the next fiscal year (FY2024) onward, factories of Trust Pharmatech and the new solid dosage facility at Daini Kyushu factory will also begin operations progressively.
- Aim to further expand market share in Japanese generics market.



\* The current number of items is assumed to be two shifts per week to keep the machine running. Outsourcing is not included.

\* Step2: No schedule has yet been set

- Despite efforts to strengthen cost competitiveness by improving production efficiency, procurement prices of API and materials are increasing due to soaring energy prices and the yen's depreciation.
- Impact on cost of sales in FY2023 plan: approx. 2.7 billion yen (vs. initial plan in FY2022) .
- Continue pricing policy in parallel with further improvements in production efficiency to ensure a stable supply in the long term of generic drugs that patients can use with peace of mind.

## ■ Our Initiatives

- Improving production efficiency by integrating packaging units and scaling up.
- Realizing of cost reductions and stable procurement by promoting multi-sourcing of API.
- Further improvement of the product mix.
- Reflecting the impact of rising costs on prices, mainly on low-priced generics.





# Strategies for US Operations

## 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

## Products Strategy

### Existing Products

#### Focus on key products

- **Generic Products** : Focus on cost reduction initiatives and divestitures of non profitable products
- **Zembrace, Tosymra** :
  - Optimize sales efforts to adequately support the growth
  - Implement new initiatives to drive the volume and price.

### New Products Pipeline

#### Generics Drugs

- USL will offset revenue losses due to pricing deflation on existing mature products through the introduction of new products. Strong focus on near-term launching opportunities.

#### CNS and Orphan Drug Focus

- USL has increased its expertise in the areas of the Central Nervous System (CNS) and orphan drug diseases.
- USL will continue to focus on adding new generics to CNS and orphan products to the pipeline

# Measures to maintain profitability in FY2023 and beyond (US business)

## Measures to Stabilize and Grow Revenue

- Significant generics price deflation is expected to continue in the U.S.
- USL will offset generic pricing decreases through increases in revenue from new launches
- USL intends to add a few contract manufacturing projects in FY2023.
- USL will capitalize on unpredictable market disruptions, as possible

## Pipeline Development Strategies

- Pipeline: 25 products at the end of FY2022. (19 of them are under FDA review or in the launching phase)

### Main Focus

- USL will access new products mainly through partnerships
- Success-based deal structures allow USL to lower the risk profile of the development portfolio
- USL will also leverage internal capabilities and develop products in conjunction with contract service organizations
- USL will add products which USL manufactures internally
- USL will assess its own dormant ANDA's for a relaunch depending on the market analysis

### Pipelines and New Products

	FY2022 (Result)	FY2023 (Plan)
FDA approvals	5	7
Launches	2	8
New start in Pipeline	8	9

- Completed construction of new plant (Plant C) in Maple Grove, MN
- Closed Denver plant in December 2022 and started commercial manufacturing in the new plant in January 2023
- FDA Approved (FDA inspection August 2022)

## Expected improvement by the new plant

- Repatriation of key intermediate processes are expected to save \$4 - \$6 million annually
- Continued optimization of gross margin will occur with increased utilization of new facility
- Exploring expansion of the business through contract manufacturing service opportunities utilizing Plant C

## Summary of Plant C

Objectives	<ul style="list-style-type: none"> <li>• Consolidate manufacturing facilities</li> <li>• Increase efficiency</li> <li>• Increase capacity</li> </ul>
Location	Maple Grove, MN (Upsher-Smith HQ)
Investment	\$130 million
Manufacturing Capacity	5B doses per year; Tablets, Capsules, Powders, Liquids.
Square Footage	~270,000 square feet (~25,000 m <sup>2</sup> )
USL manufacturing employees total	~150
Depreciation in FY23	\$5 million





Cultivating new  
growth areas

## Digital medical devices business

### | **SWD001** (non-invasive neuromodulation device)

- Acute treatment of migraine : Applies for marketing and manufacturing approval in December 2022. Preparing for launch.
- Depression : To be considered after completion of the study in the U.S.

### | **SWD002** (DTx for NASH)

- Digital Therapeutic App for NASH\* that entered into a development and marketing license agreement with CureApp, Inc. Phase 3 study is scheduled to start in FY2023.

\*NASH: non-alcoholic steatohepatitis

### | **SaluDi** (Personal Health Record (PHR) app)

- Adoption to the "Digital Healthy Aging Project" in Yabu City, Hyogo Prefecture, scheduled to start operation in April 2023.
- Adopt into standard PHR app of "Ajisai Net" in Nagasaki prefecture. Work on EHR/PHR cooperation.

## Health food business

### | **"Triple Seikatsu Shukan** (Triple lifestyle habit)" (Foods with Functional Claims)

- Test marketing completed in November 2022.
- Evaluated business feasibility based on test marketing results and decided to start business this fiscal year.

## New Drug Businesses (Orphan diseases )

### | **Orphan Drugs**

- Strengthening the internal evaluation structure and continuing to consider expanding the pipeline.



## SaluDi New Version Release (2023.4)

- Significantly improved UI/UX
- Enhancement of functions  
(Enhancement of meal management function, addition of headache management function, etc.)



## Regional Cooperation

- Adopted in the “Yabu City Digital Healthy Aging Project” in Yabu City, Hyogo
- Scheduled to begin operation in July 2023

Overview	Eliminate the temporal and distant "brinkmanship" of hilly and mountainous areas by keeping people healthy, maintaining relationships with society, and strengthening mutual support among citizens
Purpose	Realizing healthy aging for a long-lived society
Future Activities	<ul style="list-style-type: none"><li>• Establishment of SaluDi utilization for adopted father citizens</li><li>• Deployment to other local governments</li></ul>



## ■ Adopt as a standard PHR app of “Ajisai Net” in Nagasaki prefecture

- Scheduled to begin operation in May 2023

### ■ About Ajisai Net

Overview	Network system connects medical institutions in Nagasaki Prefecture, which started in 2004. Enables the use of medical information (e-karte, test results, images, etc.) at general hospitals at other medical institutions.
Purpose	Improving the quality of local medical care.
Future Activities	<ul style="list-style-type: none"><li>• Establishment of SaluDi utilization on the Ajisai Net.</li><li>• Expand into other regional medical collaboration networks.</li></ul>

## ■ Future Activities of Region Cooperation

- Further use of SaluDi at medical institutions, including collaboration with local medical institutions
- Utilize to help local government residents and corporate employees in SaluDi stay healthy
- Enhancement of functions (expansion of preventive diseases, contribute to countermeasures against declining birthrate, etc.)
- Launch of a consortium related to wellbeing



**Through these activities, we will also strive to monetize as a business**

# New Businesses: Progress of Health food business

- Evaluate business potential based on results of test marketing and decide to start business in FY2023.

## Objectives of the health food business

- In accordance with the Group Philosophy and long-term vision, we will expand our business areas into areas of "non-illness and prevention" and strengthen the Group's business foundation.
- Enhance the value of the Sawai brand by directly delivering the various products and services demanded by customers in the field of "non-disease and prevention".

## Initiatives in the Past Year

- Conducted test marketing for about four months from August for KPI of CPO and regular CPO, which are key indicators in repeat-type direct marketing.
- Achieved KPI. Confirmed that Sawai healthy foods are well-received in the marketplace.

※ CPO:Cost Per Order

## Future Development

- Implementation of direct marketing using our own EC website.
- Aiming to expand business and further accumulate knowledge by expanding the period, targets, and measures.
- For the foreseeable future, the target market would be areas including lifestyle-related diseases prevention, locomotive syndrome prevention and frailty prevention, and will gradually be expanded to the surrounding areas.

## Ideal form

- Develop products and services unique to Sawai
- Aim to expand business with a view to becoming an operating company

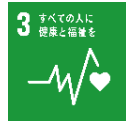





# Initiatives Resolving Social Issues

# Value Creation by Business

- 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 15 billion tablets in FY2022, accounting for some 8.2% of pharmaceutical sales volume in Japan. (based on analysis by Sawai Pharmaceutical)

Issues to address	Targets (quantitative/etc.)	FY2022 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 : 280.9 billion yen</li> <li>● In the US : 131.2 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	

# Value Creation by Business: Changing Targets





- Changed environmental targets in response to the "Long-term Strategy as a Growth Strategy Based on the Paris Agreement" approved by the government in 2021
- Shifting to non-fossil energy through purchase of non-fossil certificates and other means to achieve the target

## Targets for reductions of CO2 emissions

	Initial Target (2021)	Changed Targets
In 2030	<b>Reduce CO2 emissions by 25%</b> in FY2030 on a production volume unit basis (based on FY 2013 emissions + $\alpha$ )	<b>Reduce CO2 emissions by 46%</b> in FY2030 on a gross volume basis (based on FY 2013 emissions + $\alpha$ )
In 2050	None	Net zero CO2 emissions

# The Foundation of Value Creation



Issues to address	Targets (quantitative/etc.)	FY2022 Results (Main Initiatives)
 <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>● Change and add medium-term management plan environmental targets.</li> <li>● Solar-power Panels installed at Kyushu Daini Factory.</li> <li>● Started power generation using photovoltaic power generation panels at the Sanda-Nishi Factory. (FY22 power generation: 5.9% of annual electricity used by the plant)</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. (open to stakeholders at the Head Office and Kanto Plant as vaccination venues)</li> <li>● Transition from a telecommuting system to a permanent telecommuting system to deal with the Corona disaster.</li> <li>● Use of stress check results for workplace improvement.</li> <li>● Conducting employee awareness surveys and hearing surveys.</li> </ul>
	Promotion of diversity	<ul style="list-style-type: none"> <li>● Launch of S-wing Projects based on gender-awareness survey.</li> <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>● DE &amp; I Initiatives based on engagement survey (USL).</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>● Direct reporting and explanation at the board of directors meetings about various committees which include members from the 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>● Nomination and compensation governance committee initiates planning of succession planning for CEO, etc.</li> <li>● Strengthening information-security governance, such as obtaining ISMS certification (ISO27001) and targeted mail-based training.</li> </ul>



# Reference Materials

# Comparison of Sales Volume by Therapeutic Area, Japan

- Steady growth in "central nervous system drugs" and "other metabolic drugs" lines, due to contributions from products launched in FY2021 and FY2022.

	FY2021	FY2022	YoY (volume)	YoY (value)
	Comp.	Comp.		
Cardiovascular drugs	29.3%	<b>27.5%</b>	▲5.3%	▲7.6%
Gastro-intestinal drugs	17.0%	<b>16.5%</b>	▲1.5%	▲3.6%
Central nervous system drugs	13.9%	<b>15.1%</b>	+9.8%	+10.8%
Blood/body fluid pharmaceutical products	8.4%	<b>8.5%</b>	+1.7%	▲3.5%
Other metabolic drugs	7.0%	<b>8.1%</b>	+16.7%	+16.2%
Vitamin drugs	6.0%	<b>5.6%</b>	▲5.2%	▲16.0%
Respiratory organ agents	5.3%	<b>5.6%</b>	+5.2%	+3.2%
Antiallergic drugs	3.6%	<b>3.6%</b>	▲0.7%	▲5.3%
Antibiotics drugs	1.9%	<b>2.0%</b>	+3.6%	+8.9%
Others	7.6%	<b>7.5%</b>	▲0.9%	+0.5%
Total	100.0%	<b>100.0%</b>	+0.9%	▲0.1%



# Consolidated Financial Highlights-1

sawai

## Key Income Statements Data

JPY, MM

	FY2021 Actual		FY2022 Actual			FY2023 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	193,816	100.0%	<b>200,344</b>	100.0%	3.4%	105,700	100.0%	217,200	100.0%	+8.4%
Cost of Sales	127,164	65.6%	<b>137,711</b>	68.7%	8.3%	72,600	68.7%	151,100	69.6%	+9.7%
Gross Profit	66,652	34.4%	<b>62,633</b>	31.3%	-6.0%	33,100	31.3%	66,100	30.4%	+5.5%
SG&A Expenses	46,690	24.1%	<b>30,156</b>	15.1%	-35.4%	17,800	16.8%	34,900	16.1%	+15.7%
R&D Expenses	24,413	12.6%	<b>16,090</b>	8.0%	-34.1%	8,300	7.9%	16,100	7.4%	+0.1%
Other income( expenses)	-31,436	-	<b>597</b>	0.3%	-	0	-	0	-	-
Core operating income	26,321	13.6%	<b>23,071</b>	11.5%	-12.3%	9,500	9.0%	19,900	9.2%	-13.7%
Core Operating Income (Excluding Trust Pharmatech)	-	-	<b>28,208</b>	14.1%	-	12,200	11.5%	25,300	11.6%	-9.8%
Operating Income	-35,888	-	<b>16,984</b>	8.5%	-	7,000	6.6%	15,100	7.0%	-11.1%
Operating Income (Excluding Trust Pharmatech)	-	-	<b>21,828</b>	10.9%	-	9,700	9.2%	20,500	9.4%	-5.0%
Profit before tax	-36,214	-	<b>16,789</b>	8.4%	-	6,800	6.4%	14,800	6.8%	-11.8%
Profit attributable to owners of the parent	-28,269	-	<b>12,667</b>	6.3%	-	5,100	4.8%	11,300	5.2%	-10.8%
EBITDA *	37,022	19.1%	<b>36,423</b>	18.2%	-1.6%	16,200	15.3%	34,000	15.7%	-6.7%

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

## Key Balance Sheets Data

	As of March 31, 2022	As of March 31, 2023
Total Assets	349,502	<b>364,165</b>
Equity	200,083	<b>212,738</b>
Ratio of equity attributable to owners of the company to total assets (%)	54.4%	<b>55.4%</b>

## Amounts Per Common Share

	FY2021 Actual	FY2022 Actual	FY2023 Full Year Forecast
Basic earnings per share	-645.53	289.25	258.04
Diluted earnings per Share	-645.53	288.60	-
Dividend	130.00	130.00	130.00

# Consolidated Financial Highlights-2

## Sales and Operating Income by Area, Japan

JPY, MM

	FY2021 Actual		FY2022 Actual			FY2023 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	163,841	100.0%	<b>163,702</b>	100.0%	- 0.1%	87,800	100.0%	180,500	100.0%	+10.3%
Cost of Sales	106,088	64.8%	<b>113,450</b>	69.3%	+6.9%	60,700	69.1%	126,800	70.2%	+11.8%
Gross Profit	57,753	35.2%	<b>50,252</b>	30.7%	- 13.0%	27,100	30.9%	53,700	29.8%	+6.9%
SG&A Expenses	21,815	13.3%	<b>22,246</b>	13.6%	+2.0%	13,600	15.5%	27,500	15.2%	+23.6%
R&D Expenses	12,539	7.7%	<b>12,511</b>	7.6%	- 0.2%	6,300	7.2%	12,700	7.0%	+1.5%
Other income( expenses)	8,962	5.5%	<b>560</b>	0.3%	- 93.8%	0	-	0	-	-
Core operating income	27,016	16.5%	<b>21,425</b>	13.1%	- 20.7%	8,700	9.9%	16,300	9.0%	-23.9%
Core Operating Income (Excluding Trust Pharmatech)	-	-	<b>26,562</b>	16.2%	-	11,400	13.0%	21,700	12.0%	-17.9%
Operating Income	32,361	19.8%	<b>16,054</b>	9.8%	- 50.4%	7,200	8.2%	13,500	7.5%	-15.8%
Operating Income (Excluding Trust Pharmatech)	-	-	<b>20,898</b>	12.8%	-	9,900	11.3%	18,900	10.5%	-8.5%
EBITDA *	36,599	22.3%	<b>33,505</b>	20.5%	- 8.5%	14,900	17.0%	29,500	16.3%	-12.0%

## Sales and Operating Income by Area, US

	FY2021 Actual		FY2022 Actual			FY2023 Forecast				
	Full Year	/Sales(%)	Full Year	/Sales(%)	YoY	1H	/Sales(%)	Full Year	/Sales(%)	YoY
Net Sales	29,975	100.0%	<b>36,642</b>	100.0%	+22.2%	17,900	100.0%	36,700	100.0%	+0.2%
Cost of Sales	21,076	70.3%	<b>24,261</b>	66.2%	+15.1%	11,900	66.5%	24,300	66.2%	+0.2%
Gross Profit	8,899	29.7%	<b>12,381</b>	33.8%	+39.1%	6,000	33.5%	12,400	33.8%	+0.2%
SG&A Expenses	24,879	83.0%	<b>7,915</b>	21.6%	- 68.2%	4,200	23.5%	7,400	20.2%	-6.5%
R&D Expenses	11,884	39.6%	<b>3,580</b>	9.8%	- 69.9%	2,000	11.2%	3,400	9.3%	-5.0%
Other income( expenses)	-40,385	-	<b>43</b>	0.1%	-	0	-	0	-	-
Core operating income	-708	-	<b>1,640</b>	4.5%	-	800	4.5%	3,600	9.8%	+119.5%
Operating Income	-68,249	-	<b>930</b>	2.5%	-	-200	-	1,600	4.4%	+72.1%
EBITDA *	410	1.4%	<b>2,912</b>	7.9%	+611.0%	1,300	7.3%	4,500	12.3%	+54.5%

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

# Consolidated Financial Highlights-3

sawai

## Adjusted from Full basis to Core basis

JPY,MM

	FY2021 Actual				FY2022 Actual			
	Full Basis	Adjusting		Core Basis	Full Basis	Adjusting		Core Basis
		Japan	US			Japan	US	
Net Sales	193,816	-	-	193,816	<b>200,344</b>	-	-	<b>200,344</b>
Cost of Sales	-127,164	- 439	2,746	-124,858	<b>- 137,711</b>	48	202	<b>-137,461</b>
Inventory step-up	- 8	-	8	-	<b>- 2</b>	-	2	-
Impairment loss	- 2,299	-	2,299	-	-	-	-	-
Others	-	- 439	439	-	<b>- 248</b>	48	200	-
Gross Profit	66,652	- 439	2,746	68,958	<b>62,633</b>	48	202	<b>62,883</b>
SG&A Expenses	- 46,690	617	17,926	- 28,147	<b>- 30,156</b>	806	97	<b>- 29,253</b>
Amortization of intangible assets	- 4,388	593	3,796	-	<b>- 2,297</b>	595	1,702	-
Impairment loss	- 14,141	-	14,141	-	-	-	-	-
reversal of Impairment					<b>1,626</b>	-	- 1,626	-
Others	- 11	24	- 13	-	<b>- 232</b>	211	21	-
R&D Expenses	- 24,413	3,439	6,484	- 14,490	<b>- 16,090</b>	5,076	455	<b>- 10,559</b>
Amortization of intangible assets	- 1,956	1,196	760	-	<b>- 2,034</b>	1,580	455	-
Impairment loss	- 7,957	2,233	5,724	-	<b>- 3,464</b>	3,464	-	-
Others	- 10	10	0	-	<b>- 33</b>	33	0	-
Other income	15,181	- 8,969	- 6,212	-	<b>869</b>	- 730	- 139	-
Other expenses	- 46,618	12	46,606	-	<b>- 272</b>	174	98	-
Operating Income	- 35,888	- 5,341	67,550	26,321	<b>16,984</b>	5,374	713	<b>23,071</b>

## ■ Selling General and Administrative Expenses

JPY,MM

	FY2021 Actual		FY2022 Actual			FY2023 Forecast	
	Full year	/Sales(%)	Full year	/Sales(%)	YoY	Full year	/Sales(%)
R&D Expenses	24,413	12.6%	<b>16,090</b>	8.0%	-34.1%	16,100	7.4%
Japan	12,539	7.7%	<b>12,511</b>	7.6%	-0.2%	12,700	7.0%
US	11,884	39.6%	<b>3,580</b>	9.8%	-69.9%	3,400	9.0%
Advertisement Expenses	2,608	1.3%	<b>1,151</b>	0.6%	-55.9%	2,100	1.0%

## ■ Capital Expenditure & Depreciation and Amortization

	FY2021 Actual	FY2022 Actual	FY2023 Full Year Forecast
Capital Expenditure	16,620	<b>22,632</b>	28,900
Japan	11,923	<b>21,100</b>	27,800
US	4,696	<b>1,531</b>	1,100
Depreciation and Amortization	17,045	<b>17,683</b>	19,300
Japan	11,372	<b>14,255</b>	15,700
Manufacturing Division	7,329	<b>9,157</b>	10,300
R&D Division	2,264	<b>2,895</b>	3,600
Administration Div. & Business Div.	1,779	<b>2,202</b>	1,800
US	5,673	<b>3,428</b>	3,600

## ■ Personnel Information Number of Employees

	FY2021 Actual		FY2022 Actual	
	As of March 31, 2022	Comp.(%)	As of March 31, 2023	Comp.(%)
Japan	2,474	83.4%	<b>2,944</b>	86.8%
Manufacturing Division	1,636	55.1%	<b>2,015</b>	59.4%
R&D Division	253	8.5%	<b>295</b>	8.7%
Administration Div. & Business Div.	585	19.7%	<b>634</b>	18.7%
(MR)	379	-	<b>375</b>	-
US	494	16.6%	<b>449</b>	13.2%
Total	2,968	100.0%	<b>3,393</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.

---

## Contact Information

---

### **Sawai Group Holdings Co., Ltd.**

**Public Relations & Investor Relations Corporate Communications**



ir@sawai.co.jp