

Sawai Group Holdings Co., Ltd.

Conclusion of Asset Transfer (Acquisition) Agreement
—Toward Early Establishment of In-house Annual Production Capacity of
20 Billion Tablets or More—

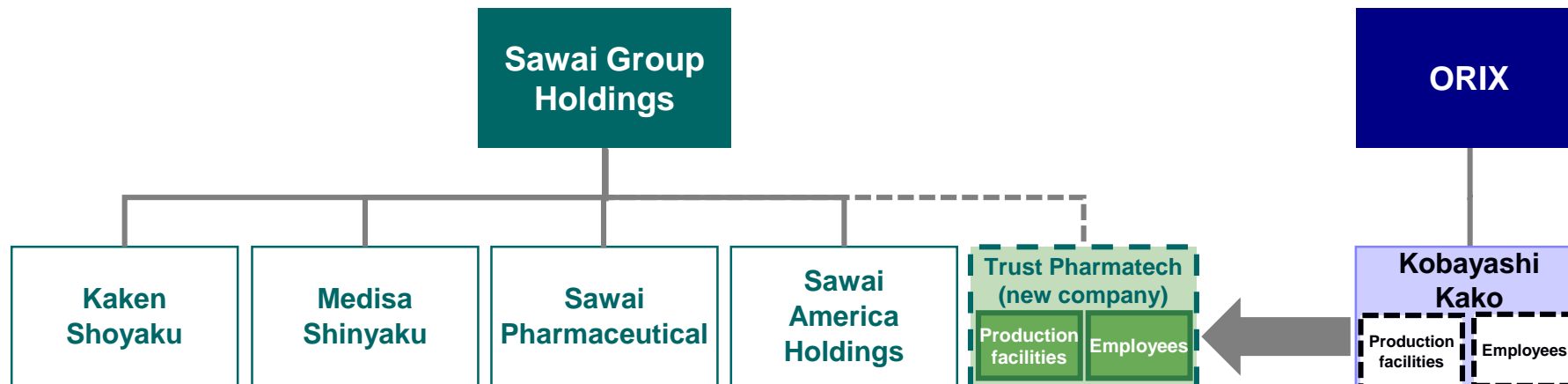
Dec 3, 2021

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sawai

Items to be acquired	Kobayashi Kako's assets and employees related to drug manufacturing (Its approved products, inventory, existing and potential debts, etc. will not be assumed)
Strategic significance	Strengthen Sawai Group's supply capacity and recover trust in the generics industry
Financing	Covered by funds on hand
Schedule	At present, the transfer is scheduled to be completed at the end of March 2022. Employees to be transferred are scheduled to join the company on April 1, 2022.

- Establish a new company (Trust Pharmatech) directly under Sawai Group Holdings
- The new company to take over Kobayashi Kako's assets and employees related to drug manufacturing



Acquiring entity

- Establish the new company Trust Pharmatech directly under Sawai Group Holdings
- Trust Pharmatech to take over Kobayashi Kako's assets related to drug manufacturing
- Kobayashi Kako's employees related to drug manufacturing to be transferred to the new company

- Need to act swiftly to strengthen the quality control system and resolve supply concerns in the generics industry
- Need to expand production capacity for early resolution of shipment adjustments while receiving more orders than expected

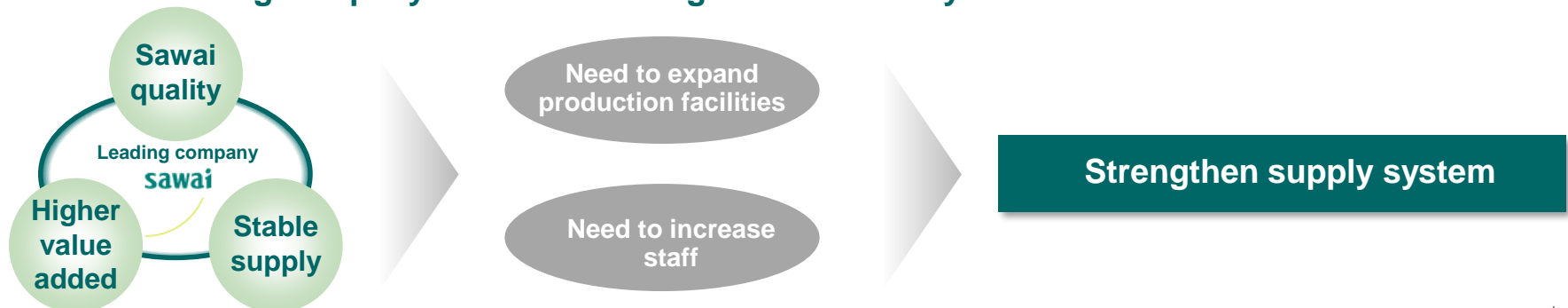
Issues in the generics industry

Generics industry required to serve as social infrastructure



Issues for Sawai Group's Japan business

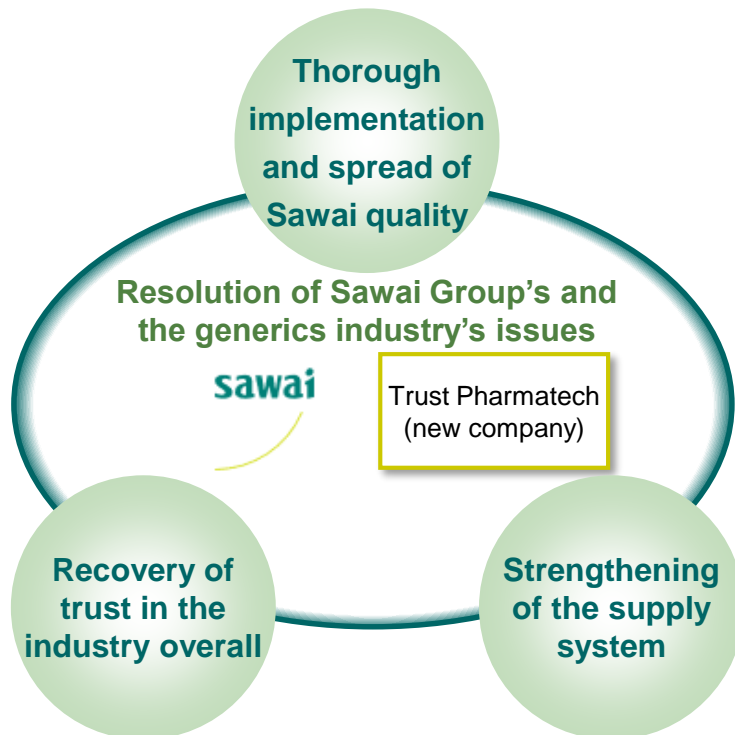
Role as a leading company in the domestic generics industry



- Contribution to resolving industry issues as a leading company in the generics industry
- Strategic efforts to achieve increased market share, which is a pillar of the present Medium-Term Business Plan

Significance of the deal

Resolve industry issues as a leading company
Increase the Group's market share



Positioning of the deal and future policy

- **Realize increased market share aimed for in the Medium-Term Business Plan**
 - Expansion of production capacity is essential to increase market share
- **Acquire production facilities and personnel to produce the Group's products**
 - The facilities and personnel will help increase production of the Group's products
- **Realize stable supply system, taking into account examinations of legal position of stable supply duty**

- **End of March 2022 : Completion of transfer expected**
- **Around April 2023 : Start of shipments expected**

Outline

Manufacturing bases*

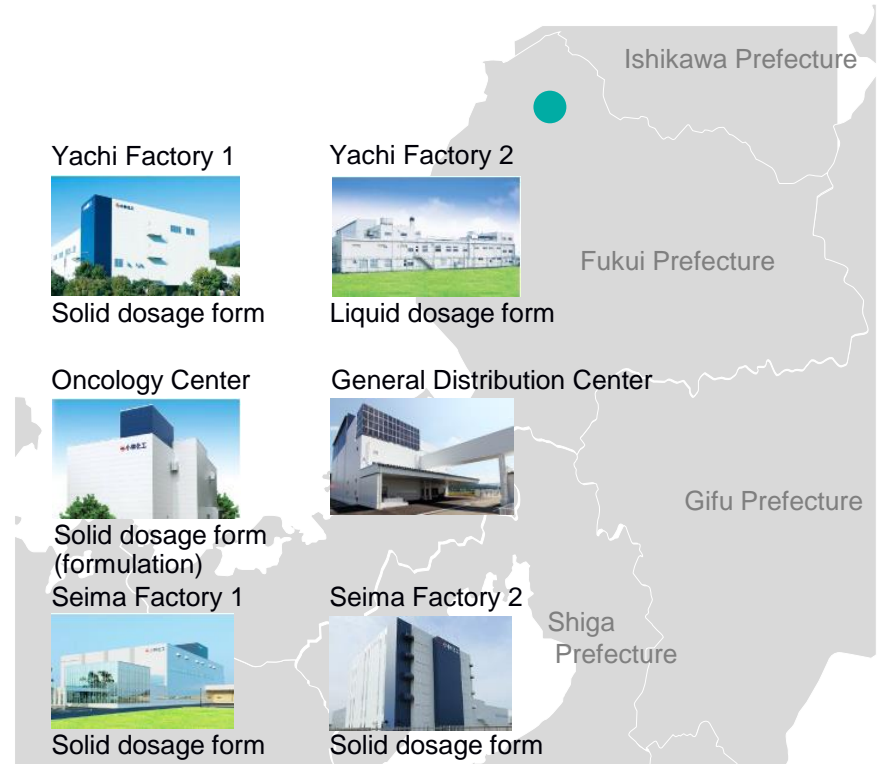
- Yachi Factory 1 (Fukui Prefecture)
- Yachi Factory 2 (Fukui Prefecture)
- Oncology Center (Fukui Prefecture)
- Seima Factory 1 (Fukui Prefecture)
- Seima Factory 2 (Fukui Prefecture)
- General Distribution Center (Fukui Prefecture)

Employees

Scheduled to take over personnel from production-related and other divisions

* The factory and distribution center names are the Kobayashi Kako facility names as of December 3, 2021

Factories and distribution center*



- This deal is part of the strategic efforts in line with the investment plan announced in the Medium-Term Business Plan.
- As initially planned, the expenditures for strengthening the supply system including this deal will be covered by cash and deposits on hand and operating cash flow from the generics business.

Operating cash flow and investment plan

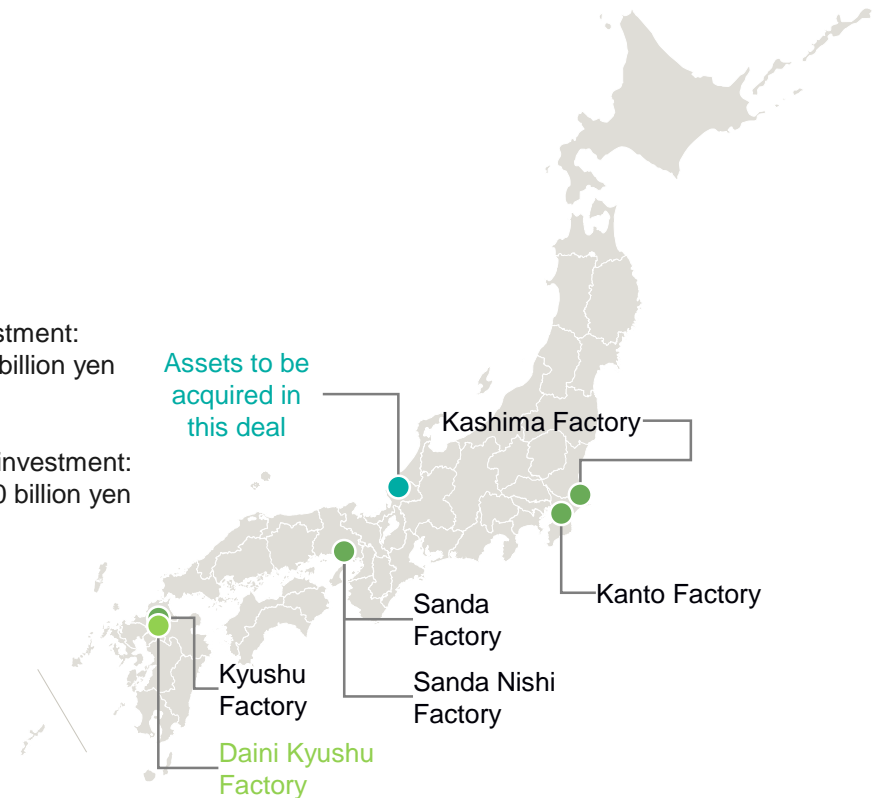
	R&D expenses (generics business)	Approx. 45 billion yen
Operating cash flow from generics business: Approx. 100 billion yen (three-year projection)	R&D investment, acquisition of products, etc.	Approx. 30 billion yen
	Others	
	This deal	
	Construction of new solid dosage form facility at Daini Kyushu Factory	
Cash and deposits: Approx. 54 billion yen (as of March 31, 2021)	New businesses (planned investment amount)	30 billion yen
	Shareholder returns	Dividends (three-year total): 17 billion yen or more

Investment plan during the Medium-Term Business Plan period

Production system after the execution of the deal

US investment: Approx. 10 billion yen

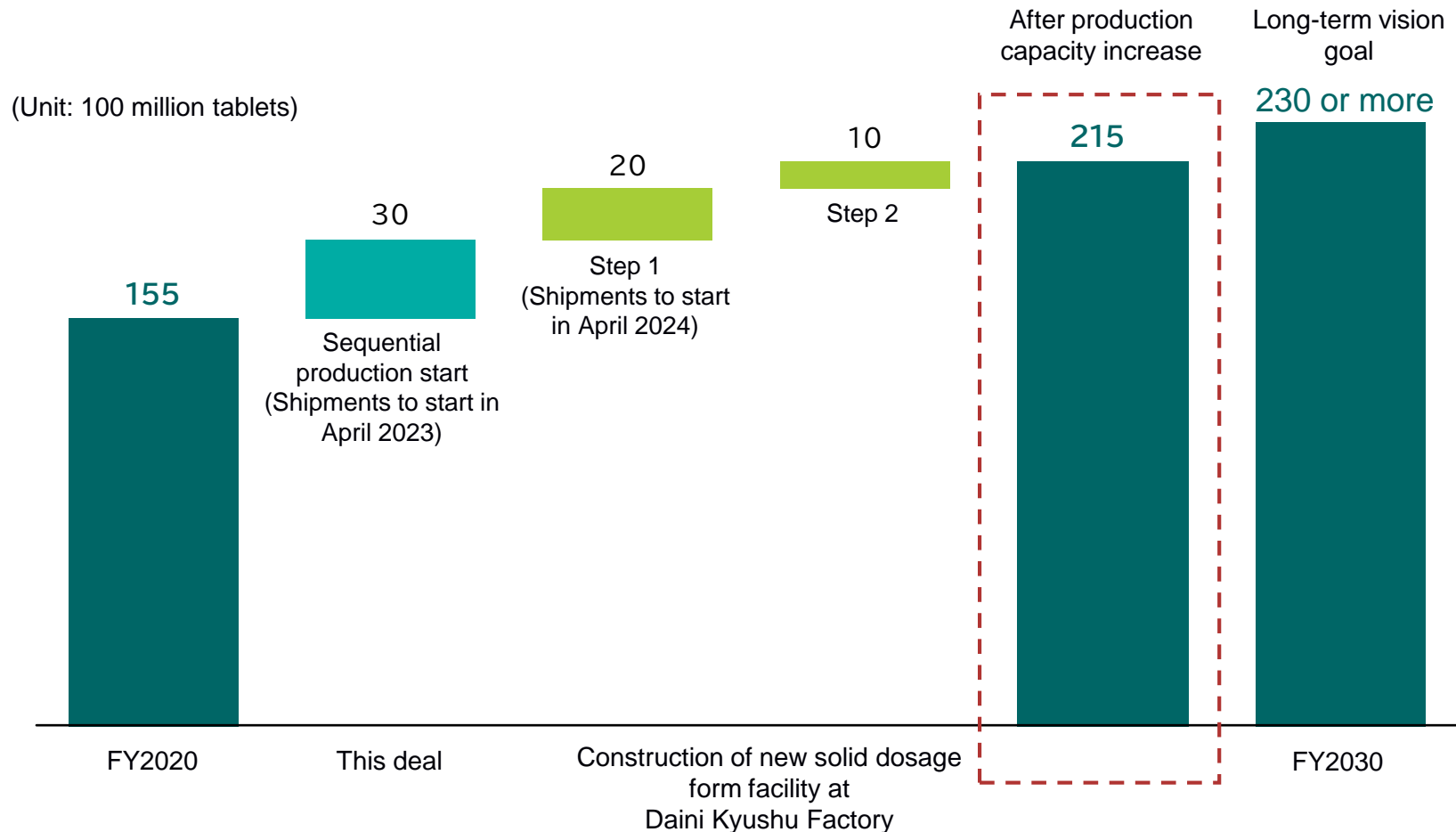
Domestic investment: Approx. 60 billion yen



- Factories owned by Sawai Pharmaceutical
- Factories to be owned by Trust Pharmatech (new company)

- Aim at further increasing market share by reinforcing production capacity with this deal and the construction of the new solid dosage form facility at the Daini Kyushu Factory

Production capacity and long-term vision



- 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

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