

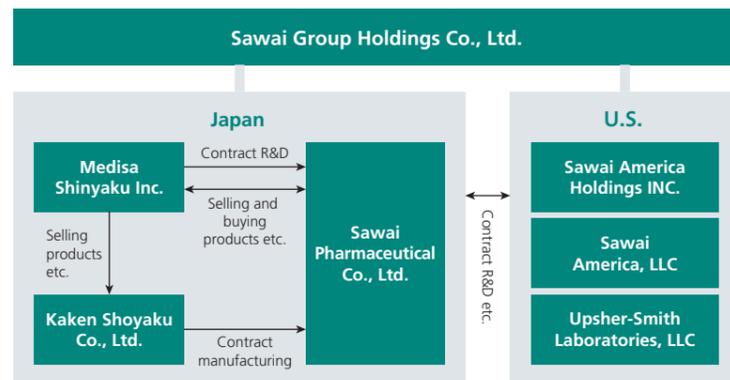
Sawai Group Holdings' corporate philosophy

Always putting healthier lives first

On April 1, 2021, Sawai Pharmaceutical transitioned to a holding company structure in the form of Sawai Group Holdings and established always putting healthier lives first as the Sawai Group Holdings' corporate philosophy.

This philosophy embodies our desire to contribute to the health of as many people as possible as a healthcare corporate group which develops sustainably alongside society with the generic drugs business as our core business. We will mobilize the strengths of all Group employees under the new system to pursue the challenge of meeting the expectations of all stakeholders.

Group organization diagram



Social issues

Sustainability of healthcare being called into question

Rising social security expenses

The falling birthrate and aging of the population is also driving up healthcare costs. In order to maintain Japan's excellent universal health insurance coverage system, the government has set a goal for the more widespread use of generic drugs.

What Sawai is doing → We are working to promote the use of affordable, highly reliable generic drugs.

Improving QOL in an aging society

In Japan, which is the world's most aging society, the question of how the elderly can lead healthy lives while remaining in good health over the long term has become a major social issue.

What Sawai is doing → We are working to provide high value-added drugs which meet the needs of patients, including the development of tablets that are easy to take and easy to use.

Improving healthcare access

Moreover, due to differences in health insurance systems, there are many countries in the world where people are unable to obtain adequate healthcare due to economic reasons. Patients in such countries are strongly calling for affordable drugs which they are able to use.

What Sawai is doing → We are promoting the globalization of our business so that we can deliver high-quality generic drugs around the world, not only in Japan.

Editorial policy

This report references the International Integrated Reporting Council's International Integrated Report Framework and includes information that could impact our medium- to long-term corporate value creation and that is connected with information about the Company's strategies, performance, and future projections, as well as non-financial information concerning the environment, society, and governance. The contents herein have been assigned priority internally based on their nature and quantity, risks, opportunities, and dialogues with stakeholders, and have been deemed to be of particular importance.

This report has been prepared by the Group Sustainability Committee, which is chaired by the President, and with the support of the committee's administrative office.

Reporting period: April 1, 2020 - March 31, 2021 (some information herein falls outside of this period)

Reporting scope: Sawai Group Holdings and its consolidated subsidiaries

Abbreviations used: Generic drugs are abbreviated as "GE" in this report.

A caution concerning forward-looking statements: This report contains information regarding the Company's strategy and performance, its future outlook, as well as its creation of corporate value in the short, medium, and long terms. In addition, this report includes information on matters related to finance, economic, social, environmental, governance, and other matters. Such information contained in this report has been included based on judgments regarding materiality from the points of view of assessments of quantity, quality, risk, and opportunities as well as inputs from dialogue with stakeholders. Information deemed to be of particularly high importance has been included.



Value generated

Sawai's ability to create value that supports people's healthier lives

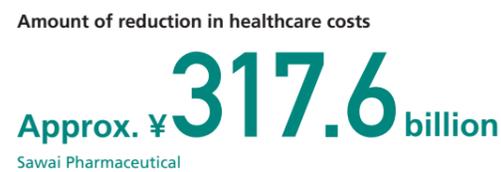
Research and development

We accumulate research daily with the mission of being first-to-market with high value-added drugs that have the same efficacy as new drugs through careful selection of only the best APIs from around the world and innovation in formulation to make drugs easier for patients to take and for healthcare professionals to handle.



Contributing to healthcare financing

Through the manufacture and sale of high-quality, high value-added generic drugs which are more affordable than originator drugs, we are contributing to solving the social issue of rising healthcare costs associated with the falling birthrate and aging population as well as advancements in healthcare. In fiscal 2020, we helped to reduce healthcare costs by approximately ¥317.6 billion based on drug prices.



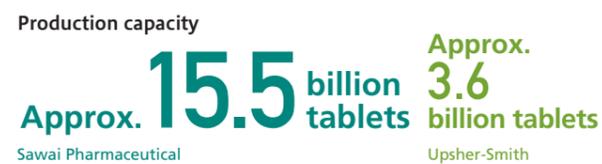
Stringent quality management

To ensure quality management, we have established standards that exceed national standards in all processes from the selection of APIs and additives to manufacturing processes and after sales. We make uncompromising efforts to improve quality with the aim of providing even better generic drugs that everyone can use with peace of mind.



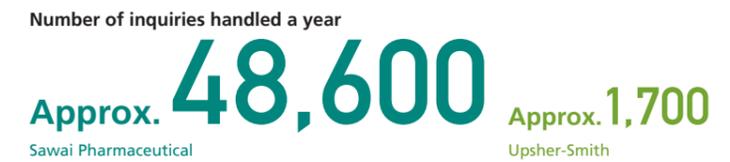
Ensuring stable supply

In order to deliver a stable supply of high-quality generic drugs, which require high-mix, low-volume production, we have developed an industry-leading production system equipped with the latest facilities. As our generic drug sales have reached approximately 13.3 billion tablets, which accounts for approximately 8% of sales volume in Japan, we serve as an essential part of the Japanese healthcare infrastructure.



Providing accurate information

Delivering accurate product information promptly is an important aspect of quality. We provide information for all patients and healthcare professionals through our three contact points, which consist of approximately 380 MRs (medical representatives), the Medical Information Center inquiry desk, which is open 24 hours a day, 365 days a year, and our website.



Strengthening business execution and striving for sustainable growth under a new management structure



Mitsuo Sawai

Representative Director,
Chairman and
Group Chief Executive Officer

The purpose of becoming a holding company

To flexibly and swiftly respond to business environment changes and dynamically pursue business execution

On April 1, 2021, we established Sawai Group Holdings Co., Ltd. and transitioned into a holding company structure, while in the process reorganizing the Group so that Sawai Pharmaceutical and its three subsidiaries are wholly owned subsidiaries of the holding company.

Accompanying this, I (Mitsuo Sawai) became Representative Director, Chairman and Group Chief Executive Officer (GCEO), Kenzo Sawai became Representative Director, Deputy Chairman and Group Chief Branding Officer (GCBO), and Kazuhiko Sueyoshi became Representative Director, President, Group Chief Operating Officer and Group Chief Administrative Officer (GCOO & GCAO).

The impetus for transitioning to a holding company structure came from an awareness of how severe the environment surrounding the generic drug industry has become. In response to expanding medical expenses accompanying Japan's declining birthrate and aging population, there has been an increasing switch to generics to hold down drug costs. As a result, the generic drug market has grown considerably; however, we forecast more intense competition and a battle for market share as the industry moves toward the national government's goal of achieving a generic drug market share of 80% or higher. Additionally, generics, as with new drug formulations, face pressure from more stringent regulations.

To grow and evolve within these challenging environmental changes, we must anticipate transitions and make our move ahead of the pack. We decided that a holding company structure was the optimal framework to flexibly and swiftly respond to business environment changes and leverage those changes as opportunities.

We have three major goals from becoming a holding company. First, is to further strengthen our core generic drug business. Through flexible and swift decision making as a holding company, we will continue to proactively and strategically coordinate with knowledgeable companies inside and outside Japan.

The second goal is to strengthen governance. As a company that provides pharmaceutical products that directly affect patient lives, governance as well as compliance are crucial themes related to quality. By separating management and supervisory duties from business execution, while also further strengthening governance to a yet higher level, we will pursue greater speed and efficiency for business execution.

The third goal is to take on new businesses that delight and inspire Sawai shareholders as well as employees. Japan aims to realize a society with health longevity through pre-symptomatic approaches, preventive measures, and data health reforms. For Sawai to continue growing, it is necessary for us to foster business in fields that the future will demand. Our transition to a holding company will build a structure for that purpose.

If we foster employees with diverse viewpoints as we create a multifaceted business, that will engender a competitive spirit and we expect it will help cultivate a next-generation management team.

Our Group's core business, however, will not change, since the generic drug business is part of social infrastructure and is an indispensable part of national finance policy. Because of the severe environment, expectations are high for the Sawai brand and its reliability, and we expect future growth.

Furthermore, as we become a holding company, sustainability is a theme that we would like to energetically address. With regard to the social issue of rising medical care costs, Sawai is faster than competitors at bringing to market—and stably supplying—generic drugs that offer high quality and high added value, yet lower prices than originator drugs. In other words, the Company itself is a social contribution. We established a Group Sustainability Committee in order to reinforce awareness of this concept for the entire Group. We believe that contributing in our unique way to achieving

the Sustainable Development Goals (SDGs) set by the United Nations for a better, more sustainable society will lead to realizing Sawai's corporate philosophy of "always putting healthier lives first."

About our new management structure

Pursuing execution with clear division of duties while also strengthening governance

With regard to the division of executive duties for the management team, I (Mitsuo Sawai) am in charge of the Group overall, while Kenzo Sawai, as deputy chairman and president of Sawai Pharmaceutical, handles the domestic generic drug business, and Kazuhiko Sueyoshi, as president of the holding company, is in charge of overseas and new businesses.

Deputy Chairman Kenzo Sawai, with his intimate knowledge of critical manufacturing R&D, will competently handle the growth and development of Sawai Pharmaceutical. It is my hope that he will leverage his marketing knowledge fostered in the Corporate Strategy Department, as well as his perspective that substantial growth can come from augmenting the Company's abilities with accretive M&A.

President Sueyoshi has accumulated considerable experience in corporate restructuring, reorganization, and starting new businesses during his career in banking. He has produced great results as a cost-savings leader at Sawai Pharmaceutical, where we have faced a tough environment of three straight years of NHI drug price revisions. Leveraging the track records of these two executives, we will move forward with business execution through clear division of duties addressing each of our business themes.

One of my major roles as a leader of the holding company is to make on-site visits to each Group company and carefully observe management and governance in person, which I believe will strengthen Group governance going forward.

The TSE Governance Code changed in June 2021 and further reinforced the supervisory functions of external directors. The Sawai Group has appointed two external directors, one an attorney and the other a physician, with knowledge that is directly related to our business. On the Board of Directors, these two executives are providing valuable opinions on topics such as compliance and the needs of those on the front lines of healthcare, and we are leveraging their opinions to strengthen our governance.

The Sawai Group going forward

Sharing the "hope" expressed in our Corporate Philosophy and contributing to healthier lives

After the words "mission" and "challenge" in our Sawai Pharmaceutical Corporate Philosophy, our third goal focuses on "hope;" that is, the "hope that we will become an indispensable part of society through our desire to be of service." If you ask our employees, they will recite this same hope.

This is evidence of a shared spirit committed to becoming an indispensable part of society through our desire to be of service to customers and to each other. Going forward, we will strive to contribute to the health of as many people as possible as a corporate healthcare Group focused on the generic drug business and sustainably growing alongside society.

M. Sawai
 Representative Director,
 Chairman and Group Chief Executive Officer



Kazuhiko Sueyoshi

Representative Director, President,
 Group Chief Operating Officer and
 Group Chief Administrative Officer

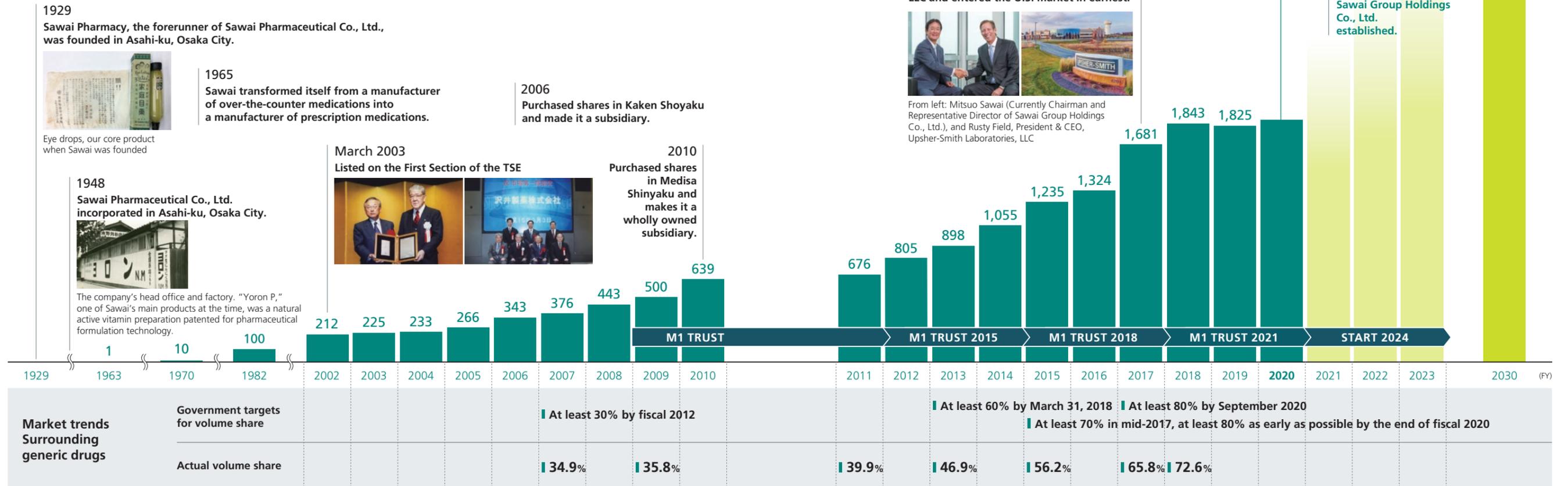
Mitsuo Sawai

Representative Director,
 Chairman and Group Chief Executive Officer

Kenzo Sawai

Representative Director,
 Deputy Chairman and
 Group Chief Branding Officer

Going beyond Always Putting Patients First to Always Putting Healthier Lives First



History of developing non-financial capital

1981
Completed the Kyushu Factory boasting advanced facilities

Manufacturing Capital

We built the Kyushu Factory in Izuka City, Fukuoka Prefecture as an advanced factory compliant with GMP standards, the international standards for pharmaceutical manufacturing and quality management. In addition to underpinning the stable supply of high-quality Sawai products, the factory also contributed to developing the brand image of Sawai Pharmaceutical.

2006
Consolidated and relocated Head Office/ Research Laboratories to the new building

Intellectual Capital

We constructed a new building in Yodogawa-ku, Osaka City and relocated the Head Office from Asahi-ku, Osaka City, where the Company was founded. We also consolidated the Company's dispersed research laboratories, putting in place a system that facilitates more efficient research and development.

2007
Established a new Corporate Philosophy and Code of Conduct

Social and Relationship Capital

We established the Corporate Philosophy consisting of the three tenets of mission, challenge, and hope as the basis for the participation of all employees, centered on the Company's longtime motto Always Putting Patients First. We also established the Code of Conduct as a guide for the implementation of the Corporate Philosophy.

2007
Established the framework for provision of information to hospitals

Human Capital

We established new Hospital Sections in seven branches throughout Japan to serve as sales centers for hospitals that had introduced the diagnosis procedure combination (DPC) system. We also opened sales offices in Okayama and Kumamoto with the aim of reinforcing our sales structure.

2009
Announced M1 TRUST, its Medium-Term Business Plan

Social and Relationship Capital

We announced a plan to achieve ¥100.0 billion in consolidated net sales within five years with expanding market share, further strengthening the management structure, and building a solid Sawai brand as the basic policies. The basic policies were carried over into the Company's subsequent Medium-Term Business Plans.

2013-2017
Built the Kanto Factory and the Sanda Nishi Factory to boost production capacity

Manufacturing Capital

We built a new formulation factory on the site of the Kanto Factory (Mobarra City, Chiba Prefecture) in March 2013, and the Sanda Nishi Factory (Sanda City, Hyogo Prefecture) specializing in packaging processes adjacent to the Sanda Factory in January 2017. This boosted production capacity and risk management, including disaster response.

2015
Built Development Center in Suita City, Osaka

Intellectual Capital

We established a new Development Center in Suita City, Osaka Prefecture close to the Head Office. The Development Center consolidated some of the functions of the former Pharmaceutical Technology Center, which had been located in Asahi-ku, Osaka City, and the Research Laboratories as a site with responsibilities including commercialization and stable supply of products as well as improvement of launched products, in addition to the development of new products.

2018
Packaging for Minodronic Acid Tablets 50 mg for which SAWAI won an award

Intellectual Capital

The patient-friendly packaging for Minodronic Acid Tablets 50 mg SAWAI, an osteoporosis drug, was highly rated, winning awards in Japan and overseas, including the WorldStar Packaging Awards sponsored by the World Packaging Organisation (WPO).

Pursuing better quality in all processes

In recent years, the Sawai Group has achieved rapid growth with the success of upfront investment in production facilities and personnel in anticipation of expanding demand for generic drugs. In fiscal 2020, the Group recorded all-time high revenue despite the impact of a reduced number of medical consultations and other factors due to the spread of COVID-19.

Social issues

Rising medical expenses

Medical expenses
¥ 43.6 trillion

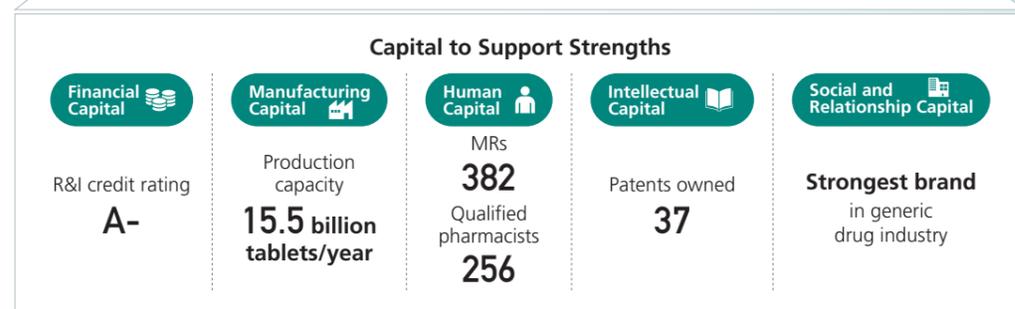
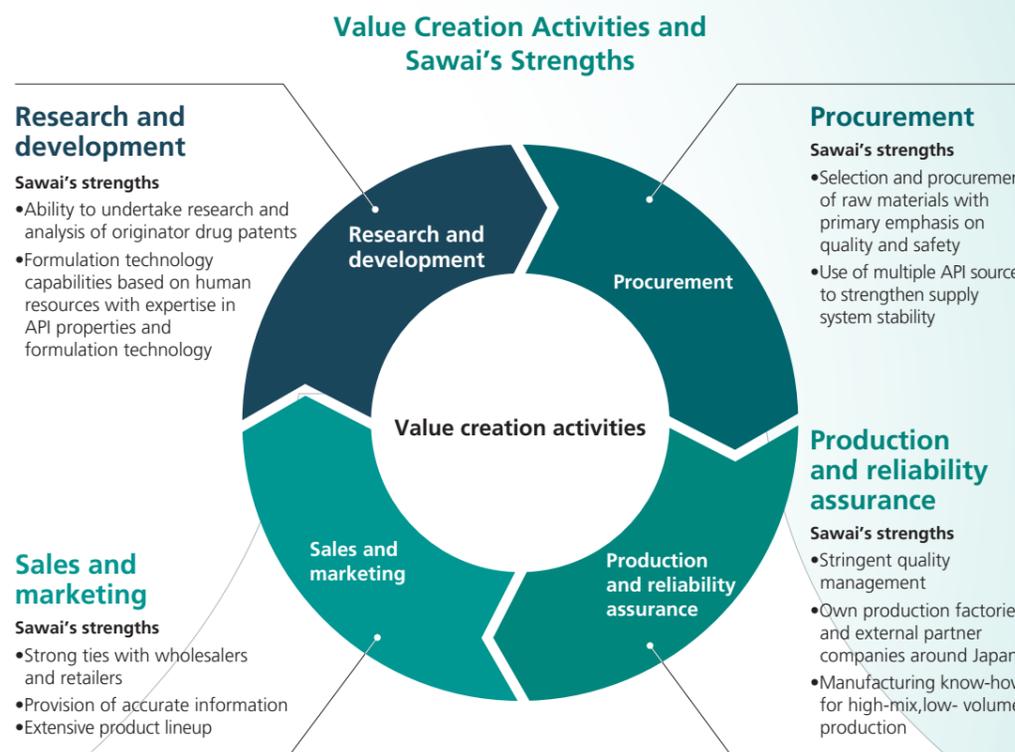
The Hyper-aging society

Percentage of Japanese population aged 65 or older
28.7%

Need for affordable and safe drugs

Increasing interest in QOL

Disparities in healthcare access



Achievements of value creation activities (FY2020)

Revenue **¥187.2 billion**

Core operating profit **¥34.0 billion**

ROE **5.8%**

Dividends per share **¥130**

Number of tablets sold **13.3 billion tablets**

Number of new products launched **44**

Number of inquiries handled **48,600**

Investment in new businesses (FY2021 to FY2023)

Maximum of **¥30.0 billion**

The Medium-Term Business Plan START 2024 has envisioned the orphan drug business, the digital medical devices business, and the health food business as three growth areas that the Sawai Group should cultivate and set a maximum of ¥30.0 billion as the amount to be invested over three years.

Value Provided

Always putting healthier lives first

Reducing the burden on patients from medical costs

Volume share of generic drugs **78.3%**

Access to healthcare / improving QoL

Extending healthy life expectancy (2001-2016)

Men + **2.74** years, women + **2.14** years

* Based on 2018 White Paper on the Aging Society, Cabinet Office

A sustainable health insurance system

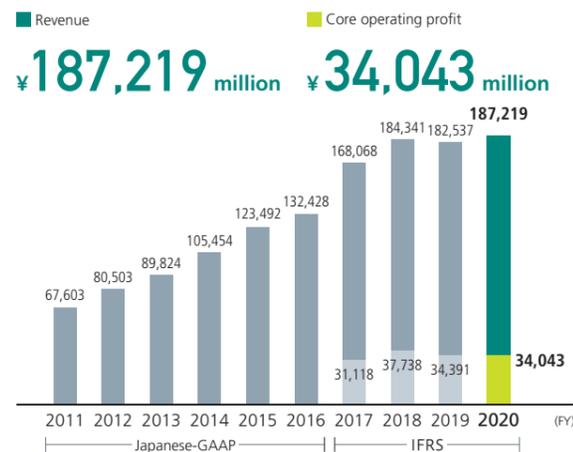
Reduction in medical expenses

¥317.6 billion

Financial highlights

The Sawai Group adopted International Financial Reporting Standards (IFRS) in the preparation of its consolidated financial statements in fiscal 2017.

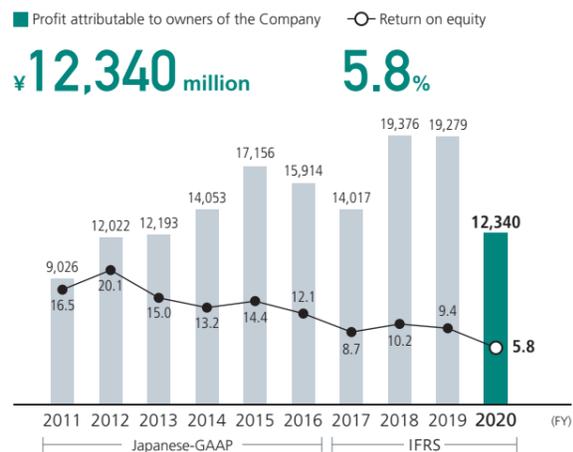
Revenue / Core operating profit



In recent years, the Sawai Group has achieved rapid growth with the success of upfront investment in production facilities and personnel in anticipation of expanding demand for generic drugs. In fiscal 2020, the Group recorded all-time high revenue despite the impact of a reduced number of medical consultations and other factors due to the spread of COVID-19.

Note: Fiscal years 2011 through 2016 show figures for revenue based on Japanese-GAAP.

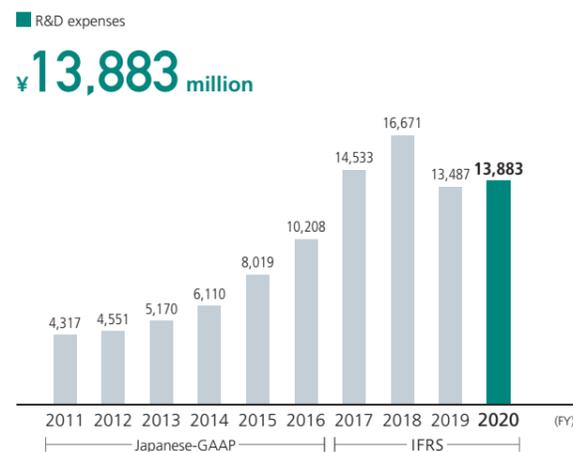
Profit attributable to owners of the Company / Return on equity



In a challenging environment for both the Japan business and the U.S. business, the Group worked to secure profits by aggressively reducing raw material and other costs. The decrease in fiscal 2020 was mainly due to impairment loss on manufacturing and marketing approval rights for Tosymra™ acquired through the U.S. business in 2019.

Note: Fiscal years 2011 through 2016 show figures for profit attributable to owners of parent and return on equity based on Japanese-GAAP.

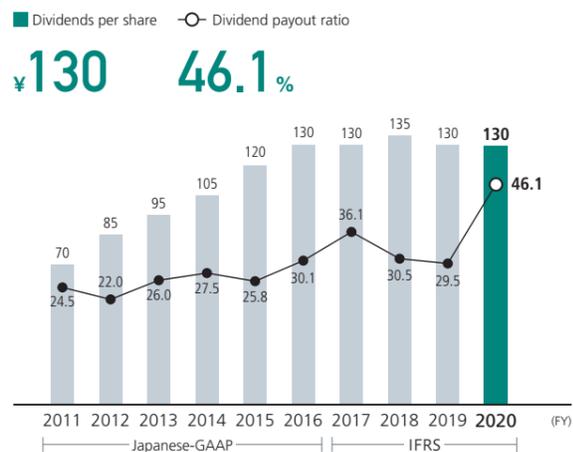
R&D expenses



The Sawai Group invested aggressively in research and development in order to be first to market with new products that will differentiate us from our competitors to achieve future growth. In fiscal 2020, R&D expenses were ¥13,883 million, up 7.7% year on year.

Note: Fiscal years 2011 through 2016 show figures for R&D expenses based on Japanese-GAAP.

Dividends per share / Dividend payout ratio



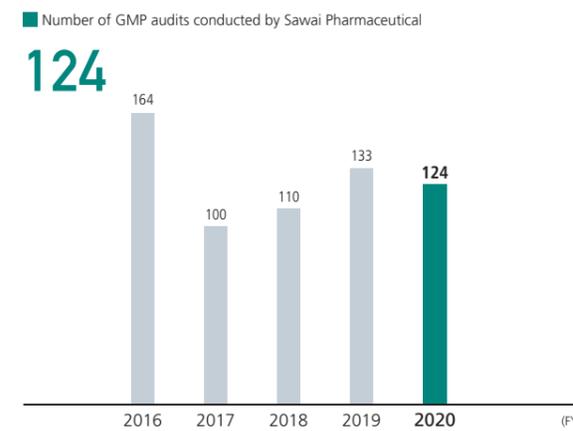
We aim to pay stable and continuous dividends with a target payout ratio of 30%, taking account of the balance between investment for growth and dividends, as well as comprehensively considering the consolidated financial results for each fiscal year, the dividend payout ratio, and other measures aimed at shareholder returns. In fiscal 2020, the Company provided an annual return to shareholders of ¥130 per share.

Note: As the Company implemented a two-for-one stock split of its common shares on October 1, 2013, figures for fiscal 2011 through fiscal 2013 were recalculated to reflect this split.

Non-financial highlights

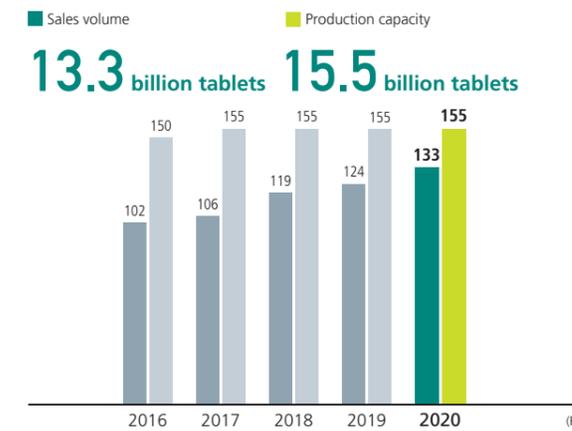
Scope of data: Sawai Pharmaceutical Co., Ltd.

Number of GMP audits conducted by Sawai Pharmaceutical



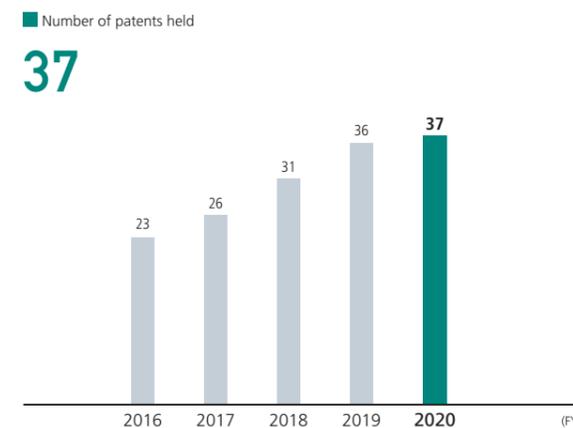
Sawai Pharmaceutical has formed a dedicated audit team, which performs more than 100 GMP audits a year. The number of audits conducted each fiscal year fluctuates within a certain range as the year for the next audit is determined based on the results of the previous audit. In fiscal 2020, the number of audits conducted declined temporarily due to the impact of the COVID-19 pandemic. However, we plan to implement remote audits and third party audits (outsourcing) going forward.

Sales volume / Production capacity



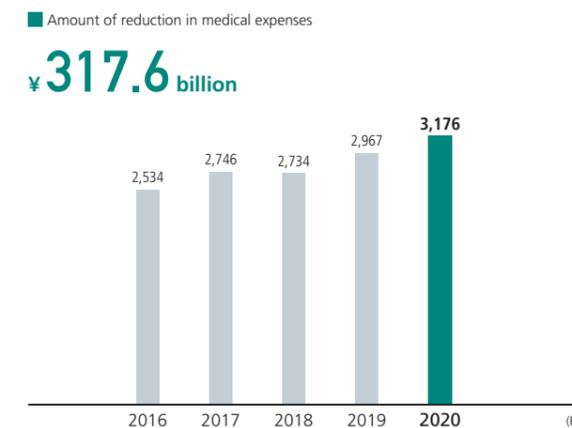
The Group's ability to supply a large number of top quality generic drugs is backed by our industry-leading production capacity. We are also able to adjust production in accordance with supply and demand due to the high proportion of in-house manufacturing.

Number of patents held



We own a variety of patents, including a patent for reducing the bitterness of active ingredients and a patent for orally dissolving (OD) tablets that can be taken without water. Recently, there has been an increase in the number of patent applications for unique Sawai formulation technologies that are not linked to specific active ingredients.

Amount of reduction in medical expenses



The Sawai Group's greatest contribution to society lies in increasing the sustainability of the health insurance system by reducing the burden of medical expenses through the supply of generic drugs. We have contributed to reducing medical expenses by approximately ¥300.0 billion.