

Formulating the New Medium-Term Business Plan "Beyond 2027" to Achieve the Sawai Group Vision 2030

Establishing a trusted corporate foundation and aiming for further growth

The Company announced its new Medium-Term Business Plan in June 2024. In addition to paving a path to achieve our long-term vision based on "establishing a trusted corporate foundation," we will concentrate management resources on quality assurance and production capacity enhancement in the generics business.

Management Plan Overview	START 2024 FY2021–2023	Medium-Term Business Plan Beyond 2027 FY2024–2026	Sawai Group Vision 2030
Review	<ul style="list-style-type: none"> Expanding share in the Japanese generics market Withdrawing from the U.S. business Cultivating new growth areas 	Plan Summary <ul style="list-style-type: none"> Establishing a position as a trusted company Steadfastly capturing opportunities and establishing sustainability in the generics business Reviewing our business portfolio and capital policy to promote business management focused on related KPIs 	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 that meet individual needs based on scientific evidence
Revenue (consolidated) Core operating profit (consolidated)			
	FY2023 (result)	FY2026 (target)	FY2030 (target)*
Revenue (Generics business)	¥176.9 billion	¥219.0 billion	¥300.0 billion
Revenue (New business)	¥0.01 billion	¥1.0 billion	¥10.0 billion
Operating profit	¥18.6 billion	¥31.0 billion	–
Share in the generics market / Sales volume (Generics business)	17.1% / 15.7 billion tablets	20.5% / 19.0 billion tablets	25.0% or above / 24.0 billion tablets
In-house production capacity	18.5 billion tablets	22.0 billion tablets	25.0 billion tablets or more
ROE	6.6%	10% or above	13% or above
ROIC	4.8%	8% or above	10% or above
Net DE ratio	0.27	0.4 or below (benchmark)	–
Shareholders' equity to total assets	55.7%	50% or above (benchmark)	–
DOE	2.7%	3.0% or above	–

* Revised June 2024

Overview of previous Medium-Term Business Plan Start 2024

During the first three years of our efforts to realize our long-term vision, we worked to expand our share in the Japanese generics market, make business investments for future growth in the U.S., and cultivate new growth areas.

For the Japanese generics business, there have been both positive and negative developments. Even so, we increased production volume by further reinforcing our production system and succeeded in becoming at times the first and at times the only generic drug company to launch certain generic drugs. Our market share increased by 1 percentage point, and revenue, EPS, ROE, and ROIC also improved. On the other hand, we withdrew from the U.S. business in general. As for new businesses, we launched the challenge of entering fields in which we can leverage the strengths we have acquired in our existing businesses.

Qualitative review of START 2024

Japanese generics business	<ul style="list-style-type: none"> Non-compliance with GMP in the stability monitoring of Teprenone Capsules 50mg "Sawai" Increase in production volume due to the strengthened system for increased production at our existing factories and partner companies A better outlook for early establishment of our own production system with an annual capacity of 20.0 billion tablets or more Revised distribution pricing policy to realize a long-term stable supply
U.S. business	<ul style="list-style-type: none"> In April 2024, withdrew, in principle, from the U.S. business, for which return on capital has fallen short of the cost of capital, mainly due to large impairment losses recorded in FY2021
New businesses	<ul style="list-style-type: none"> Started taking on the challenge of new businesses that leverage the strengths we have acquired in existing businesses in order to achieve the government's goal of a society with healthy longevity

New Medium-Term Business Plan and 2030 Long-term Vision

Beyond 2027 (FY2024–FY2026) key themes

In the new Medium-Term Business Plan, we have set a total of six key themes, which are grouped into business strategy and business foundation, and positioned "establishing a trusted corporate foundation" as the basis for all we do.

Through the business strategy, we aim to increase new product sales by developing items that offer a competitive advantage using our advanced formulation technology and launching them exclusively. We will continue to strengthen our ability to provide a stable supply. Furthermore, we will work to export Sawai generics to China and ASEAN member countries.

As for business foundation, we will strive to secure and develop diverse human resources, who are essential to the growth strategy, while also reducing our CO₂ emissions and implementing additional reforms to corporate governance. To improve capital efficiency, we will also transition from management focused on profit and loss to management that is conscious of the cost of capital, and we will work to improve management so that we can meet our shareholders' expectations.

Key themes for business strategy

- 1 Achieving steady growth in the generics market
- 2 Establishing sustainability of the generics business
- 3 Continuing investment in growth areas

Key themes for business foundation

- 1 Creating talent that underpins sustainable growth
- 2 Working on sustainability initiatives
- 3 Improving capital efficiency

Establishing a trusted corporate foundation

Achieving the Sawai Group Vision 2030

To play a leading role in the generic drugs industry into the future, we will work over the next three years to build a system that enables us to respond to potential changes in the structure of the industry, to strengthen our cost competitiveness, and to improve capital efficiency. In addition, we consider reinforcing human capital, the source of value creation, the most important issue for achieving that, and we are implementing related initiatives.

As the generic drug manufacturer with top sales of 24.0 billion tablets, we are an indispensable part of Japan's social infrastructure and have a social responsibility to fulfill. Furthermore, we will contribute to solutions to social issues and the development of society by providing products and services, including those in the field of disease prevention and diagnosis.

Initiatives to achieve long-term vision

Japanese generics business	<ul style="list-style-type: none"> Establishing a sustainable business model Establishing a reliability assurance system and improving compliance and governance Increasing the utilization of our production facilities (in which we have already invested) to quickly eliminate drug supply shortage and to further drive our growth, and further expanding our production capabilities Steadily developing and launching new products to support our growth Further reducing costs and creating production capacity Continuously implementing the pricing policy to achieve a long-term stable supply and implementing cost control Promoting collaboration and cooperation with other companies
New businesses	<ul style="list-style-type: none"> Taking ongoing measures to quickly monetize each business
Financial capital policy	<ul style="list-style-type: none"> Increasing ROE by improving capital efficiency
Sustainability efforts	<ul style="list-style-type: none"> Strengthening human capital, which is a main source of our value creation