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Dedicated to building a healthier future for all

Sawai Group Holdings Co., Ltd.

Integrated Report **2026**



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Purpose of this report

Strengthening the management capabilities and competitive advantages to ensure stable supply

A strong operational foundation that supports a stable supply is our highest priority as the industry environment undergoes significant change. This section introduces our strategies and initiatives for accurately assessing market conditions and fulfilling our responsibility to ensure stable supply.

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Developing human resources for our business objectives

Development of the human resources to support our business is essential to the medium- and long-term enhancement of corporate value. This section introduces our approach to talent development and the initiatives we are undertaking to strengthen our human capital.

▸ P. 25 Ensuring a stable supply system
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Maintaining product quality by fostering a compliance-focused culture

Compliance with applicable laws and regulations and the implementation of management practices based on GQP and GMP are essential to ensuring product quality and a stable supply. This section introduces our initiatives to foster a culture of compliance in manufacturing and quality operations and our efforts to strengthen corporate governance.

▸ P. 25 Ensuring a stable supply system
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Dedicated to building a healthier future for all

The Sawai Group corporate philosophy of "dedicated to building a healthier future for all" embodies our desire to contribute to the health of as many people as possible as a comprehensive healthcare group which develops sustainably alongside society, with the generic drugs business as our core business.
We will mobilize the strengths of all Group employees to pursue the challenge of meeting the expectations of all stakeholders.

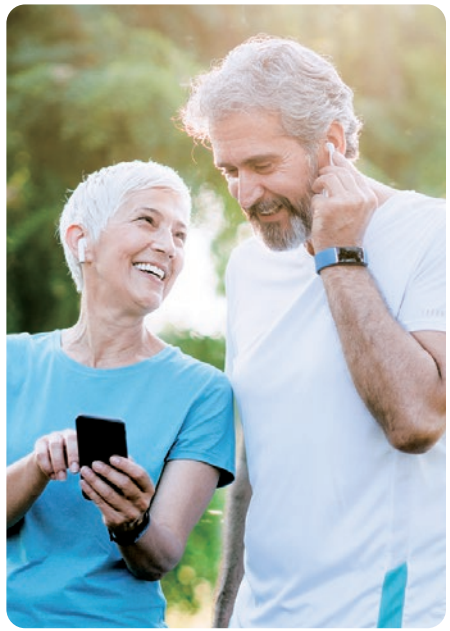
Sawai Group Mind



The Sawai Group will serve every stakeholder wholeheartedly.

The Sawai Group will continue the challenge to improve access to healthcare for more people.

The Sawai Group aspires to play a pivotal role in healthcare through its contribution to society.









Not only **"always putting patients first"** but also striving to succeed in **"dedicated to building a healthier future"** for all people

2000
Listed on second section of Tokyo Stock Exchange.

2003
Listed on first section of Tokyo Stock Exchange.

2006
Completed new premises combining Head Office and research laboratories in Yodogawa-ku, Osaka.

2007
Formulated Corporate Philosophy and Code of Conduct.

2019
Celebrated 90th year in business.

2021
Sawai Group Holdings Co., Ltd. established.
Trust Pharmatech Co., Ltd. established.



Note: Does not include purchased products

1929–

Sawai Pharmacy founded in Asahi-ku, Osaka as local pharmacy

Sawai Pharmaceutical's history starts almost 100 years ago. Hanpei Sawai and Noyo Sawai (a pharmacist) established Sawai Pharmacy, Sawai Pharmaceutical's predecessor. At that time, there were few pharmacies, and Sawai Pharmacy supported the health of residents by providing drugs as a local pharmacy.



1965–

Transformed into manufacturer of prescription medications and then into a leading GE company

In response to changes in the drug market due to the introduction of a universal medical care insurance system, Sawai transformed itself from a manufacturer of over-the-counter medications into a manufacturer of prescription medications. By supplying one product after another that meet the needs of healthcare professionals, we have built a foundation to grow into a leading company in the generic drug (GE) industry.



2003–

Contributed to spreading and expanding GE as a company listed on the First Section of the Tokyo Stock Exchange

In line with the basic policies of expanding market share, further strengthening the management structure, and building a solid Sawai brand, Sawai continued to grow, boosted by the tail wind of government policies to promote the use of generic drugs. We also strengthened our production and development capabilities, which included construction of the Kanto and Sanda Nishi factories and a new development center.



2021–

Transformed into GE manufacturer that continues to be selected with an eye toward industry reorganization

Sawai transitioned to a holding company structure in 2021 in order to strengthen its existing businesses and foster new businesses, as well as to strengthen the governance function that supports both. As a part of the social infrastructure, we will strive to ensure a stable supply of inexpensive, high-quality generic drugs while further enhancing our industry-leadin g production capacity and sales volume.



Listing Certificate

Dedicated to building a healthier future for all

Healthcare services for everyday life

Social issues

- Rising medical expenses
- The hyper-aging society
- Need for affordable and safe drugs
- Supply shortage of drugs
- Increasing interest in QOL

Input
Management capital

- Financial capital ▸ p. 23
- Manufactured capital ▸ p. 25
- Human capital ▸ p. 36
- Intellectual capital ▸ p. 29
- Social and relationship capital ▸ p. 40

Business activities

- Generic drug business ▸ p. 19
- New businesses ▸ p. 7
- Material issues ▸ p. 33
- Sawai Group Vision 2030

Output
Products/services

- Stable supply of high-quality generic drugs
- Health and QOL apps and digital medical devices

Outcome
Value provided to society



Improving healthcare access



Contributing to healthcare financing



Contributing to extension of healthy life expectancy



Developing talent

As the leading generic drug group, the Sawai Group strives to provide a stable supply of high-quality generic drugs and support the healthy lives of people. We are also taking on the challenge of evolving into a comprehensive healthcare group by developing new businesses.

(FY2025)

Performance

Revenue
¥201.7 billion Up 6.7% YoY ↑

Operating profit
¥15.9 billion Up 292.5% YoY ↑

ROE
5.9% Down 0.3 percentage point YoY ↓

ROIC
3.8% Down 0.5 percentage point YoY ↓

Ratio of equity attributable to owners of parent to total assets (Shareholders' equity to total assets)
49.6% Up 0.6 percentage point YoY ↑

Ratio of dividends to equity attributable to owners of parent (DOE)
3.6% Up 0.2 percentage point YoY ↑

Strengths

Production system ▶ p. 25
8 factories nationwide

Production capacity
20.5 billion tablets

Patents ▶ p. 29
78

Research and development expenses ▶ p. 29
¥12.4 billion

Quality assurance audits (GMP audits) ▶ p. 41
115

Number of MRs
Approx. 380

Social impact

Improving healthcare access

Sales volume
17.1 billion tablets

Share of prescription drug distribution volume in Japan
9.0%

Contributing to healthcare financing

Amount of reduction in healthcare costs
¥212.9 billion

Contributing to extension of healthy life expectancy

Personal health record (PHR) management app
Used by approx.
3,000 medical institutions

Fulfilling Sawai Group Vision 2030

Sawai Group Vision 2030

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

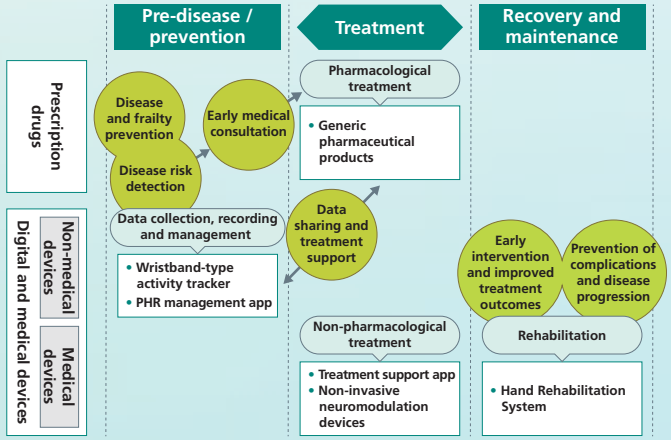
A company with a strong presence that continues to contribute to people's health by providing a multifaceted mix of products and services that meet individual needs based on scientific evidence

▸ p. 15 **Medium-term Business Plan "Beyond 2027"**

▸ p. 33 **Progress on materiality**

The highest responsibility of our core generic drug business is ensuring we deliver a stable supply of our products. We aim to achieve a production capacity of 25 billion tablets by fiscal 2030. We are also accelerating investments in new business areas, including digital healthcare, medical devices, and disease prediction. Our goal is to evolve into a comprehensive healthcare group that supports people from the pre-disease and prevention stages through treatment, recovery, and ongoing health maintenance.

Our business evolution



We are now expanding beyond pharmaceutical treatment by accelerating the development of our digital and medical devices business. Through this business, we aim to deliver optimal care across every stage of the healthcare journey— from the pre-disease and prevention phase through recovery.

Performance results and targets

	FY2025 Actual	Vision 2030 for FY2030
Revenue*	¥201.7 billion	**¥310.0 billion**
Sales volume	17.1 billion tablets	**24.0 billion tablets**
Share of sales	15.8%	**25.0% or more**
Production capacity	20.5 billion tablets	**25.0 billion tablets or more**
ROE	5.9%	**13% or more**
ROIC	3.8%	**10% or more**

*Including new businesses

Japan's aging population and rising demand for medical treatment are expected to drive growth in the generic drugs market by approximately 700 million tablets annually through fiscal 2030. The Sawai Group plans to increase its market share by expanding its production capacity to support growth in sales volume that exceeds the expected market growth.

Event showcasing Sawai's proprietary technologies and the future of healthcare

The Sawai Group Innovation Meetup in March 2026 showcased the formulation technologies that the Group has cultivated over many years in the generic drug business, as well as the digital healthcare and medical devices that form a key focus of our new businesses. Hands-on exhibits and presentations allowed internal and external stakeholders to experience new possibilities for healthcare.



Mitsuo Sawai

Representative Director,
Chairman and President,
Group Chief Executive Officer and
Group Chief Operating Officer
Sawai Group Holdings Co., Ltd.

Presentation: AI applications
in the Research and Development Division

Takuro Nishimura

Pharmaceutical Development Department
Sawai Pharmaceutical

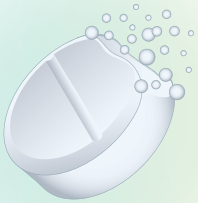
Event Overview

Date: Friday, March 13, 2026,
13:00-17:00
Invitees: Investors, analysts,
and members of the media
Attendees: 33

Date: Saturday, March 14, 2026,
10:30-15:45
Invitees: Employees and their families,
and executives
Number of visitors: 314

Sawai Group Technology

SAWAI HARMOTECH®



Proprietary formulation technologies supporting the Sawai Group's unique value and stable supply

SAWAI HARMOTECH® is Sawai Pharmaceutical's suite of formulation technologies to improve the ease of taking and using medications, developed through extensive analysis of feedback from patients and healthcare professionals. The platform comprises nine proprietary technologies, including orally disintegrating tablet and film coating technologies. These technologies improve the experience of taking medications while also enhancing convenience through better storability and portability. SAWAI HARMOTECH® addresses the needs of patients and healthcare providers by adding new value to pharmaceuticals and helping make medications easier to use.

Sawai Group's contribution to value and supply stability

The Sawai Group's formulation technologies are built on the knowledge and experience accumulated through research and the development of new products. Our researchers tackle new challenges every day by combining expertise in formulation technology, physicochemical analysis, pharmacokinetics, and intellectual property. As we develop and advance our proprietary technologies, SAWAI HARMOTECH® serves as our foundation for adding value to medications and ensuring a stable supply.

Toyohiro Sawada

Senior Executive Officer,
Group Chief Research &
Development Officer (Group CRO)
Sawai Group Holdings Co., Ltd.



Standout products featured at the Innovation Meetup

Supporting healthy lives and expanding treatment options

sawai

The launch of HAUDY* support app for treatment to reduce alcohol consumption

HAUDY is a prescription digital therapeutic designed to support treatment for alcohol dependence. The app, comprising a patient app and a physician app, is prescribed as a tool to help patients change their drinking habits and reduce alcohol consumption. Clinical trials have demonstrated its effectiveness, and HAUDY is covered by Japan's national health insurance system.

Wider adoption of HAUDY is expected to encourage more patients with alcohol dependence to start treatment.

* Product name: CureApp AUD Alcohol Reduction Treatment Support App



Relivion® device offering a new treatment option for migraine

Relivion® is a neuromodulation device that uses electrical stimulation to relieve pain from acute migraine attacks. New drug therapies for migraine continue to emerge, but side effects and other factors make medication unsuitable for many patients. Neuromodulation treatment, which regulates nerve function with electrical, magnetic, or other forms of stimulation, is already established in Europe and the United States as a non-pharmacological treatment option for migraine.

The Sawai Group aims to bring Relivion® to patients as Japan's first non-medication treatment option for migraine.



FrontAct



Takehiko Nomura
Representative Director, President and CEO

Accelerating value creation in digital healthcare as a member of the Sawai Group

FrontAct specializes in digital technologies that address healthcare challenges through biosignal sensing and algorithm-based analysis. We have developed and delivered innovative healthcare services spanning the continuum of care, from the pre-disease and prevention stages through long-term care.

Since joining the Sawai Group in 2025, FrontAct has been building on the Group's business platform and network while collaborating with Group companies to create greater value across both existing and new businesses.



MELTz® hand function rehabilitation device

The MELTz® Hand Rehabilitation System is a medical device that helps restore hand function in patients with hand paralysis, primarily following stroke. The system measures and analyzes the faint electrical signals (biosignals) generated by muscles when patients intend to move, animating a robotic exoskeleton to assist finger and hand movement.

More than 50 medical and rehabilitation facilities have adopted the system. The Sawai Group aims to make MELTz® a widely available treatment option for patients with hand paralysis.



MiMoRy® wrist-worn activity tracker for healthier living

MiMoRy® is a wrist-worn activity monitor equipped with five high-performance sensors. Worn during daily activities, the device automatically captures data on steps, resting heart rate, sleep score, conversational activity, skin temperature, calories burned, and ultraviolet exposure. MiMoRy® is a non-medical device designed to support daily self-care and help users maintain good health.

The device prioritizes essential functions to reduce charging frequency, making it easy for older adults to use. The Sawai Group provides MiMoRy® to companies, research institutions, and local governments.

We will expand production capacity and enhance our position as an industry leader, continuing to grow with quality and our people as the foundation.

Mitsuo Sawai
Representative Director,
Chairman and President
Sawai Group Holdings Co., Ltd.



Generic drug industry restructuring and the Sawai Group strategy

Highest priority on maintaining a stable supply amid industry changes

The generic drug industry is entering a period of significant structural change. In fiscal 2025, the Japanese government incorporated a Corporate Evaluation System into its official drug pricing system. Designed to help medical institutions and pharmacies identify reliable manufacturers, the process evaluates generic drug manufacturers on factors including their information disclosure, production capacity expansion plans, and supply continuity when other manufacturers discontinue products. (For details, see the Generic drug market landscape report on page 17.)

We believe this new system will substantially change the generic drug market. We expect demand from medical institutions and pharmacies to shift toward manufacturers that receive the highest rating, enabling those companies to expand their market share. The Sawai Group already has the scale and operational capabilities needed to earn the highest rating, and we are confident that we will continue to be a manufacturer of choice. At the same time, we recognize that preparing for the changes requires us to ensure we maintain sufficient production capacity. A key measure of our capabilities will be our ability to provide alternative supply when other manufacturers are unable to meet demand. Our Group is committed above all to ensuring a stable supply of medicines. We have already made strategic investments to increase our production capacity, and further expansion will be necessary. Strengthening the industry's backup supply capability will not only enhance our evaluation under the new system, it will also be essential to our ability to fulfill our responsibility to patients and healthcare professionals.

The Sawai Group currently manufactures approximately 700 pharmaceutical products, including a number with market shares of less than 3%. Discontinuing products with low market shares could improve our standing under the Corporate Evaluation System, but a pharmaceutical manufacturer should never discontinue products solely to achieve a higher evaluation. As we seek to fulfill our social responsibility as a pharmaceutical company and earn the highest rating under the new system, our highest priority is to continue supplying the medicines patients need.

The 2026 drug pricing reform also revised the drug prices of Authorized Generics (AGs) and biosimilar AGs at the time of listing to the same level as their corresponding originator drugs and reference biologics. AGs are generic medicines manufactured and marketed under license from originator

Key Regulatory Changes from April 2026

Authorized Generics (AG)	• NHI listing price for Authorized Generics (AG) and Bio-AG will be set at the same amount as the branded products • Revised NHI drug prices place items priced similar to originator drugs or reference biologics in the same price category.
Rationalization of Long-Listed Products	• Apply to long-listed products for which 5 years have passed since introduction of generic equivalents • Systematically reduce NHI prices for long-listed products regardless of generic drug availability (G1 Rule)
Price Range Consolidation for Generic Drugs	• Products from companies with high corporate ratings for supply stability will be exempt from price range consolidation.
Supporting NHI Price for Deficit Products	• Minimum NHI price will be increased approximately 3.5% * Products exceeding the average divergence rate are excluded * For Essential Drugs and Deemed minimum NHI price products will be raised to the minimum NHI price level

companies and have long served as a means for those companies to retain market share after patent expiration. An AG replacing an originator drug typically captures 50% to 60% of the generic market, leaving only a limited market share available for our Group's generic offerings.

We believe this pricing revision marks a turning point for the industry, changing its economics and triggering a transition from high-mix, low-volume production to high-volume manufacturing. If the reform results in fewer AG launches, the advantage of being the first company to launch a generic product will become even greater. For the Sawai Group, the greater potential to increase both revenue and profits under the new drug pricing structure has significant strategic implications.

We expect the Corporate Evaluation System to become more firmly established over time. Medical institutions will likely review the products they procure, but we believe it will take time before those changes are reflected in the performance of generic drug manufacturers. We also expect these structural changes in the industry to prompt companies to reassess their business models. As these significant changes unfold, the Sawai Group will continue its plans to expand its production capacity and respond decisively to industry changes while fulfilling its responsibility to ensure a stable supply of medicines.



Progress of the Medium-Term Business Plan

Strengthening our manufacturing capabilities and new product development to achieve our management targets

The Sawai Group has set a goal under its long-term Sawai Group Vision 2030 of increasing its annual production capacity to more than 25 billion tablets by fiscal 2030. Japan's population is declining, but the number of people aged 65 and older who require medication is expected to continue growing. As patents covering branded medicines equivalent to approximately 7 billion tablets are scheduled to expire over the next five years, it will be increasingly important for the industry to establish a robust and reliable supply infrastructure. Restructuring within the industry could also lead to greater demand than currently anticipated, and even our planned production capacity of 25 billion tablets may prove insufficient to meet that demand.

Trust Pharmatech*, a Sawai Group company, and Sawai Pharmaceutical's Daini Kyushu Factory will play central roles in expanding our production capacity. Trust Pharmatech has reached the stage where it expects to launch the new and high-volume products it has been developing in December 2026. The company plans to operate the plant at full capacity to support higher production volumes. The Daini Kyushu Factory is also constructing a new facility to accommodate the transfer of manufacturing for products currently produced on limited production lines at other plants. These initiatives will strengthen our ability to meet demand. Mr. Nakate, the new President of Sawai Pharmaceutical, will ensure that product transfers are executed while maintaining the highest quality standards. The Sawai Group's first focus is on ensuring a stable supply of medicines in Japan. At the same time, we are looking ahead to future opportunities to expand our business through exports to Southeast Asia.

The Sawai Group has identified key priorities under both business strategy and management foundation in its Medium-term Business Plan "Beyond 2027." Our business strategy focuses on three priorities,

* On May 22, 2026, the Board of Directors approved an absorption-type merger, effective April 1, 2027, under which consolidated subsidiary Sawai Pharmaceutical will become the surviving company and Trust Pharmatech will be dissolved.

achieving steady growth in the generic drug market, establishing sustainability in the generic drug business, and continuing to invest in growth areas. We understand that the litigation concerning drug use patent infringement for nalfurafine is a point of concern for some stakeholders. However, Sawai Pharmaceutical launched its product based on established judicial precedent, together with its formulation technology and proprietary intellectual property strategy. After the Tokyo District Court ruled in our favor, the subsequent Intellectual Property High Court ruling was unexpected because it adopted an interpretation that differed from previous court decisions. We have appealed the ruling to the Supreme Court and expect it to give due weight to established precedent and reach the same conclusion as the Tokyo District Court. The Sawai Group remains committed to developing new products and bringing first-to-market generic products to patients after patent expiry. We will apply even greater discipline when determining the appropriate launch timing and evaluating the uncertainties associated with each product.

Our strategy of continuing to invest in growth areas is currently focused on digital technologies. Advances in drug discovery technologies, treatments, and other modalities are reshaping the pharmaceutical industry and transforming the environment for drug development. The digital healthcare business is becoming increasingly important in supporting treatment and health management, yet no clear market leader has emerged. The Sawai Group's early commitment to this field has enabled us to deliver innovative technologies that meet healthcare professionals' expectations, including a therapeutic app for patients with non-alcoholic steatohepatitis (NASH[*1]), the HAUDY[*2] alcohol reduction support app, and Relivion®, a non-invasive neuromodulator for migraine treatment. We will deepen our collaboration with Group company FrontAct and further strengthen our digital healthcare business to establish a stronger presence in this growing field.

New Businesses: Digital Healthcare & Medical Devices Update

Company	Project	Category	Status
Sawai Pharma.	A Digital Therapeutic to Reduce Alcohol Consumption, HAUDY	Medical Device	Launched
	Non–invasive neuromodulation devices, Relivion® (Migraine)	Medical Device	Launch Planned (FY2026 or later)
	Non–invasive neuromodulation devices, Proliv® (Depression)	Medical Device	Under Dev.
	PHR management app, SaluDi	Non-Medical	Available (Sales promotion materials)
	DTx for NASH	Medical Device	Under Dev. (Launch planned for FY2027)
+			
FrontAct June 2025 Acquisition	Hand Rehabilitation System, MELTz®	Medical Device	Launched
	Wristband Activity Tracker, MiMoRy®	Non-Medical	Launched
	Digital medical device for depression diagnosis, SWIFT	Medical Device	Under Dev. (Launch planned for FY2028)
	Portable Hand Training Robot	Non-medical / Medical Device	Under Dev. (Launch planned for FY2026)

*1 The MASLD Clinical Practice Guidelines 2026 and other publications have begun replacing non-alcoholic steatohepatitis (NASH) with metabolic dysfunction-associated steatohepatitis (MASH). We use NASH in accordance with the terminology used in the clinical trial protocol and related documents.

*2 Brand name: CureApp AUD Alcohol Reduction Treatment Support App

Sustainability

Developing and retaining talent for a stronger foundation for sustainable growth

The highest priority for establishing the Group's sustainability is developing and retaining the people needed to drive our long-term growth. We have set an interim key performance indicator of achieving an employee engagement score of 4.50 by the end of fiscal 2026. That target reflects our commitment to building a workplace where employees find their work meaningful and motivating. Previous Sawai Pharmaceutical President Kimura launched this initiative based on the company's philosophy of "always putting patients first." He organized town hall meetings*1 and day-to-day operations to help employees develop a deeper understanding of the purpose of their work and the value they create for society. Mr. Nakate championed the same approach as Head of the Reliability Assurance Division, and I believe this initiative should continue to be a priority.

We recognize that the rapid growth in our workforce did not allow us to invest sufficient time and resources in training. Now that we have built a strong manufacturing workforce, the time is right to strengthen our training programs. In addition to Good Manufacturing Practice (GMP)*2 training, we are developing programs that help employees understand how their work connects with the processes before and after their own responsibilities. We have long encouraged employees to pursue self-directed skill development, and we are expanding that philosophy into an organization-wide commitment to learning and growing together. Managers will play a central role in driving this change, so we will begin by strengthening management training to raise quality awareness, which is one of our key priorities, and build a stronger organization.

As a comprehensive healthcare group committed to growing sustainably alongside society, the Sawai Group is dedicated to reducing its environmental impact. Recognizing that expanding our production capacity will inevitably increase our CO_2 emissions, we are focusing on using clean electricity and installing equipment with the goal of achieving net zero emissions. Environmental considerations are part of every capital investment decision, and we will continue systematically upgrading our facilities with lower-emission equipment.

*1 Small-group management-employee dialogue sessions

*2 Good Manufacturing Practice (GMP) sets standards for pharmaceutical manufacturing and quality control. GMP provides clear operating procedures, which help prevent human error, contamination, and quality degradation, while comprehensive recordkeeping enables verification at every stage of the manufacturing process. In Japan, GMP compliance is a requirement for obtaining approval and licensing to manufacture and market pharmaceuticals.

Governance

Strengthening governance under a new management structure

The Group revised its management structure effective June 25, 2026. The review was driven by recommendations from the Nomination, Remuneration and Other Governance Committee. The committee reassessed the Group's mandatory retirement rules for officers and concluded that they should be applied rigorously. With a new medium-term business plan soon to be formulated, the Group also concluded that the new management team should develop the plan and lead its execution. In addition, the Nomination, Remuneration, and Other Governance Committee compared and evaluated multiple candidates for president of Sawai Pharmaceutical based on information presented to the Board of Directors and insights from individual interviews.

The Nomination, Remuneration, and Other Governance Committee accordingly selected Mr. Nakate as the new President of Sawai Pharmaceutical and a Director of Sawai Group Holdings. The committee selected Mr. Nakate for his extensive expertise and experience in quality and his strong commitment to putting that expertise into practice. Former President Kimura, whose career was in the Manufacturing Division, made significant progress in transforming the corporate mindset, particularly at the Company's manufacturing sites. However, more work remains to firmly embed those changes in the Company's corporate culture. The committee concluded that Mr. Nakate's experience, particularly his work in reliability assurance, made him the right person to lead the transition from top-down reform to embedding those reforms in the corporate culture. The committee also selected Mr. Nakaoka as a Director of Sawai Pharmaceutical and Sawai Group Holdings. In addition to his successful leadership of the withdrawal from the U.S. business, the committee expects him to contribute his expertise in corporate functions, including legal affairs and compliance.

The Group transitioned to a Company with an Audit and Supervisory Committee in June 2025. Ms. Taniguchi, an Outside Director, was appointed Chair of the Audit and Supervisory Committee. Audits had previously focused primarily on financial reporting, but the quality issues we faced highlighted the need to strengthen quality audits. The Internal Inspection Office now incorporates interviews on quality into its routine audits to

encourage candid feedback from employees at manufacturing sites and other workplaces. Ms. Taniguchi's career at an audit firm makes her well suited to serve as Chair. I believe under Ms. Taniguchi's supervision, the transition to a Company with an Audit and Supervisory Committee has already strengthened our quality audit and monitoring functions.

Board meetings previously focused primarily on reports on progress toward established objectives. The Board now also receives unfiltered feedback directly from frontline employees, and our Outside Directors have recognized this as a meaningful initiative. Every Director considers it critically important to ensure that systems for securing product quality are properly established and maintained, particularly in light of the administrative action against the Company. The Board will take seriously any feedback from frontline employees that further improvements are needed and discuss specific measures to address the issues raised.

Making Board discussions more productive requires Directors to have sufficient time to review the materials for each agenda item. We therefore provide supporting materials as early as possible to allow ample time for advance review. On the day of the Board of Directors meeting, an Outside Officer liaison meeting is held to explain the agenda items and solicit their views in advance. This process enables open, active, and productive discussions at Board meetings.



Message to stakeholders

Enhancing manufacturing capabilities, developing talent, and putting our corporate philosophy into action

As the industry's leading company, we have a responsibility to ensure both product quality and a stable supply. Our ability to fulfill that responsibility ultimately depends on our people, and this conviction informed the appointment of Toshiomi Nakate as President. His leadership in developing the talent that supports quality and reliability assurance will lay the foundation for our next stage of growth. The Sawai Group supports its businesses through capital investments and by directly recruiting and training the people they need to succeed. Developing our people, improving our operating efficiency, and building a manufacturing system capable of meeting demand will take time. I am convinced that this approach is the right long-term strategy.

The Group may currently be at a plateau or even in a temporary lull, but once we move beyond this stage, I am certain that our commitment to developing people throughout the Group will become one of our greatest strengths.

Maintaining our position as a leader in the industry requires every employee to understand the importance of their individual role and to engage proactively in their work. We will continue to embrace new challenges as part of our commitment to the Sawai Group corporate philosophy of being "dedicated to building a healthier future for all." I look forward to your continued support as we transform the Group for the future.



Mitsuo Sawai

Representative Director, Chairman and President
(Group Chief Executive Officer
and Group Chief Operating Officer)

Establishing a trusted corporate foundation and pursuing new growth

Status of the Beyond 2027 KPIs

Medium-term Business Plan “Beyond 2027” is a key milestone toward achieving our long-term vision for the Sawai Group.

Sales volume in fiscal 2025, the plan’s second year, exceeded our target to reach 17.1 billion tablets. The strong performance was driven by higher demand for long-listed products following the introduction of the Selective Coverage with Additional Fees system in October 2024, along with contributions from products launched in fiscal 2024 and fiscal 2025. Revenue increased 6.7% year on year to ¥201.7 billion. Profit, however, fell short of the target, primarily due to inventory valuation losses from streamlining the Group’s product portfolio in preparation for increases in production volume.

Core operating profit declined year on year due to the impact of NHI drug price revisions. Operating profit, however, increased 292.5% from the previous fiscal year, reflecting the absence of the approximately ¥16.8 billion litigation provision related to patent disputes recorded in fiscal 2024.

Capacity expansion under the medium-term business plan is progressing as planned. Step 2 of the new building at the Daini Kyushu Factory is planned to add 1.5 billion tablets of production capacity by the end of fiscal 2026. The Group will increase production volume by transferring high-volume products to Trust Pharmatech, launching production of new products there, and steadily training employees hired in recent years.

We project fiscal 2026 revenue to increase 3.3% year on year to ¥208.4 billion, and sales volume to grow to 17.6 billion tablets supported by sales growth for new products and ongoing initiatives to maintain product value. Despite this growth, we now expect to fall short of the medium-term business plan targets for revenue of ¥220 billion and sales volume of 19 billion tablets. We are responding to this situation by improving productivity at our manufacturing sites to increase production volume while expanding sales of new products.

We are also considering additional investments, including constructing new manufacturing facilities and forming partnerships with other companies, to expand in-house production capacity to 25 billion tablets by fiscal 2030. Demand for generic drugs has grown beyond the assumptions of the Beyond 2027 medium-term business plan. Additional measures will be needed to achieve a 25.0% share of sales volume, and we will continue considering initiatives to ensure we reach that target.

Beyond 2027 KPIs

	FY2025 Result	FY2026 Forecasts	Beyond 2027 targets	Vision 2030 targets
Revenue	¥201.7 billion	¥208.4 billion	¥220.0 billion	¥310.0 billion
Sales volume	17.1 billion tablets	17.6 billion tablets	19.0 billion tablets	24.0 billion tablets
Share of sales	15.8 %	16 %	20.5 %	25.0 % or more
Production capacity	20.5 billion tablets	22.0 billion tablets	22.0 billion tablets	25.0 billion tablets or more
ROE	5.9 %	10 % or more	10 % or more	13 % or more
ROIC	3.8 %	6.5 % or more	8 % or more	10 % or more

Progress of key Beyond 2027 themes

Guided by the Sawai Group Vision 2030, we provide a broad range of healthcare services spanning disease prevention, treatment, and maintenance and recovery as a comprehensive healthcare group centered on its generic drugs business. The Beyond 2027 plan focuses on key themes in both business strategy and the management foundation, with the establishment of a trusted corporate foundation serving as the cornerstone of the plan.

In fiscal 2025, the Sawai Group continued investing in production capacity to further strengthen its ability to ensure a stable supply of generic drugs. The Group recruited talent needed to support ongoing sustainable growth, fostered a culture of quality throughout the organization, and produced 16.6 billion tablets. We captured growth opportunities in the generic drug business by introducing nine new products using five active ingredients. We invested in a new growth area with the market launch of the HAUDY digital therapeutic app designed to assist patients seeking to reduce alcohol consumption. The Group also launched initiatives to improve employee engagement by establishing priority initiatives for each division and business site focused on fostering a culture that embraces challenges, optimizing workloads, and promoting communication.

In fiscal 2026, the final year of the current medium-term business plan, we will continue steadily advancing the plan's key themes and building a solid path toward realizing our long-term vision.

Progress of key Beyond 2027 themes

Key themes		FY2025 Progress	Related pages
Key themes for business strategy	Achieving steady growth in the generics market	• Produced 16.6 billion tablets and sold 17.1 billion tablets to establish a stable generic drug supply and alleviate supply concerns • In December 2025, launched nine new products containing five active ingredients, including the first generic SGLT2 inhibitor	▶ p. 19
	Establishing sustainability of the generics business	• Recruited personnel needed for an adequate workforce and to further expand production capacity to fulfill our role as social infrastructure • Continued instilling a culture of quality to ensure a stable supply of high-quality generic drugs	▶ p. 36
	Continuing investment in growth areas	• Launched the HAUDY alcohol consumption reduction assistant app (Product name; CureApp AUD: Alcohol Reduction Treatment Support App) • Expanded adoption of FrontAct's MELTz® hand movement rehabilitation system in rehabilitation wards	▶ p. 08
Key themes for management base	Creating talent that underpins sustainable growth	• Recruited approximately 200 new graduates (joining April 2026) and approximately 200 mid-career hires through various recruitment channels • Established initiatives at each division and business site to improve employee engagement	▶ p. 36
	Sustainability initiatives	• Reduced CO_2 emissions by approximately 24,100 tons (approximately 8,700 tons of CO_2-free electricity, 15,400 tons of non-fossil certificates purchased) • Began using mechanically recycled PET film materials in product packaging	▶ p. 43
	Improving capital efficiency	• Cash allocation maintained financial discipline while allocating capital and executing capital expenditures largely as planned • Dividend increases and share buybacks were actively considered while taking into account the Group's overall free cash flow position	▶ p. 23
Establishment of a trusted corporate foundation		• Meetings held by the Group Risk Management Committee (twice a year), Group Compliance Committee (monthly), and Group Information Security Committee (three times a year)	▶ p. 48

Toward an era where Sawai is preferred for its quality and supply capabilities

**The introduction of the Generic Drug Provider Evaluation System focused on quality and supply capabilities is expected to accelerate consolidation in the generic drug industry, a crowded field of approximately 190 companies.
The Sawai Group views this change as an opportunity and aims for sustainable growth through one of the industry's largest-scale supply systems.**

Continued on next page

1 Current situation An industry structure in which multiple companies market products containing the same active ingredient

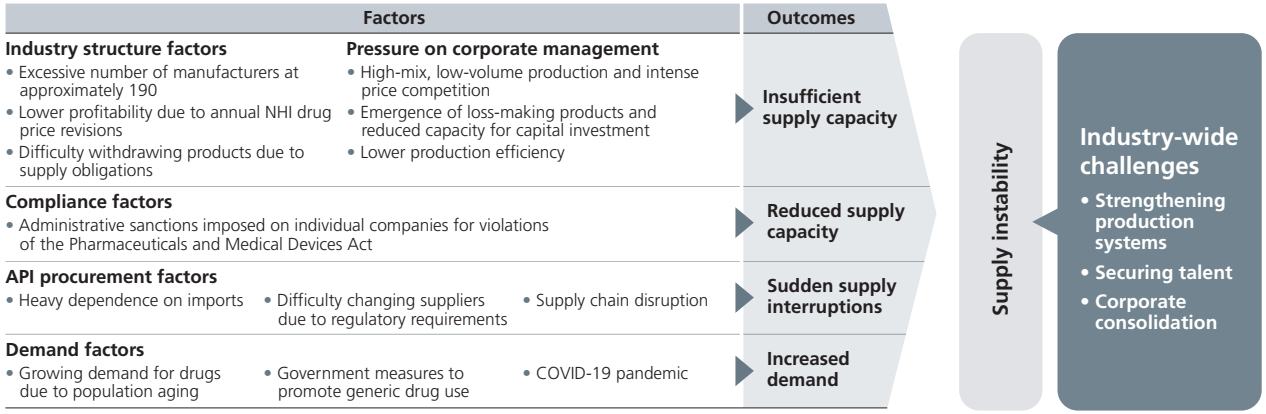
Supported by government measures to promote their use under the 2004 Basic Policy on Economic and Fiscal Management and Reform, generic drugs in Japan increased their volume share from just over 16% in 2004 to approximately 90% in 2025, becoming essential infrastructure underpinning the nation's healthcare system. However, ongoing reductions in NHI drug prices have kept the market virtually flat on a value basis over the past five years, putting pressure on the profitability of generic drug manufacturers.

The industry's rapid growth has also led to an accumulation of structural challenges. Low barriers to entry have resulted in a fragmented market of approximately 190 companies. Even though we are one of Japan's largest generic drug manufacturers, the Sawai Group held only around 16% of the generic drug market in 2025, according to our estimates.

Amid intense competition, manufacturers repeatedly launched new products as a survival strategy, making high-mix, low-volume production the norm and leading to lower production efficiency and weaker quality control systems.

Against this backdrop of structural challenges, manufacturing and quality control violations have been uncovered at several companies since 2020, and supply disruptions resulting from government orders to suspend operations have become more widespread. Compounded by supply chain disruption caused by the COVID-19 pandemic, concerns over drug supply have grown more serious and prolonged. As of September 2025, 14% of all drugs, or 2,224 products, were still subject to limited shipment or supply suspension, continuing to affect medical institutions.

Factors behind supply instability



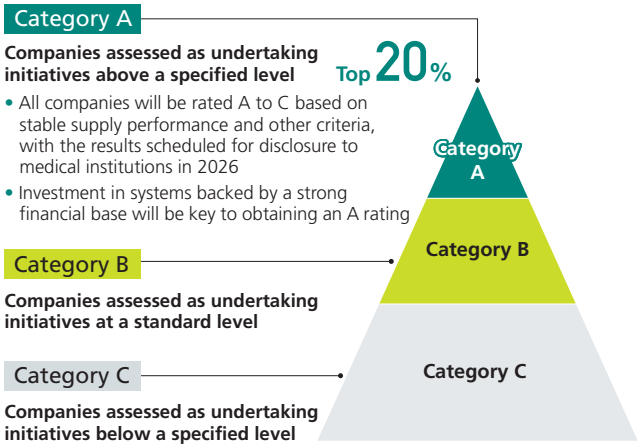
Reference: Japan Generic Medicines Association, Report of the Study Group on Ideal Industrial Structure for a Stable Supply of Generic Drugs
https://www.jga.gr.jp/assets/uploads/2026/2683ec6909b711c72406e774af863408a37d936c.pdf

2 Drivers of change Introduction of the government's

In response to these challenges, the government has recently embarked in earnest on reforming the industry's structure. A report issued in May 2024 by the Study Group on Ideal Industrial Structure for a Stable Supply of Generic Drugs, etc. designated the next five years or so as an intensive reform period and set out three objectives: ensuring appropriate manufacturing and quality control systems, securing stable supply capabilities, and establishing a sustainable industry structure.

The Generic Drug Provider Evaluation System is central to these reforms. It assesses generic drug manufacturers against 17 indicators in four areas: disclosure of stable supply information, contingency capacity, supply performance, and deviation between NHI drug prices and actual selling prices. Manufacturers are classified into three categories: the top

Generic Drug Provider Evaluation System



Generic Drug Provider Evaluation System

20% as Category A, those scoring below zero points as Category C, and all others as Category B.

The key feature of this system is that evaluation results are directly linked to the NHI drug pricing system. Relatively high NHI drug prices are maintained for products supplied by Category A companies, while Category C companies receive no preferential pricing treatment. Moreover, disclosure of company names and evaluation categories to medical institutions is expected to encourage medical institutions and pharmacies to prioritize products from Category A companies. This represents a shift to a system that rewards companies contributing to stable supply through both NHI drug prices and market selection, and could fundamentally transform an industry structure previously centered on price competition.

In addition, the 2025 amendments to the Pharmaceuticals and Medical Devices Act introduced legal requirements to report supply suspensions and appoint managers responsible for stable supply systems. The government also established the Fund for Generic Drug Manufacturing Infrastructure Development, totaling ¥84.4 billion, to support product consolidation and capital investment, thereby addressing high-mix, low-volume production through both institutional and financial measures.

3 Future outlook Consolidation around highly reliable companies

Through these reforms, the generic drug industry is expected to consolidate around companies with strong quality control and stable supply systems. According to estimates by the Japan Generic Medicines Association, industry-wide supply and demand will be nearly balanced in fiscal 2026, while supply is projected to exceed demand by approximately 4% in fiscal 2029, the final year of the intensive reform period. Product consolidation and intercompany collaboration are also beginning to take concrete shape, and steady progress is being made in addressing high-mix, low-volume production.

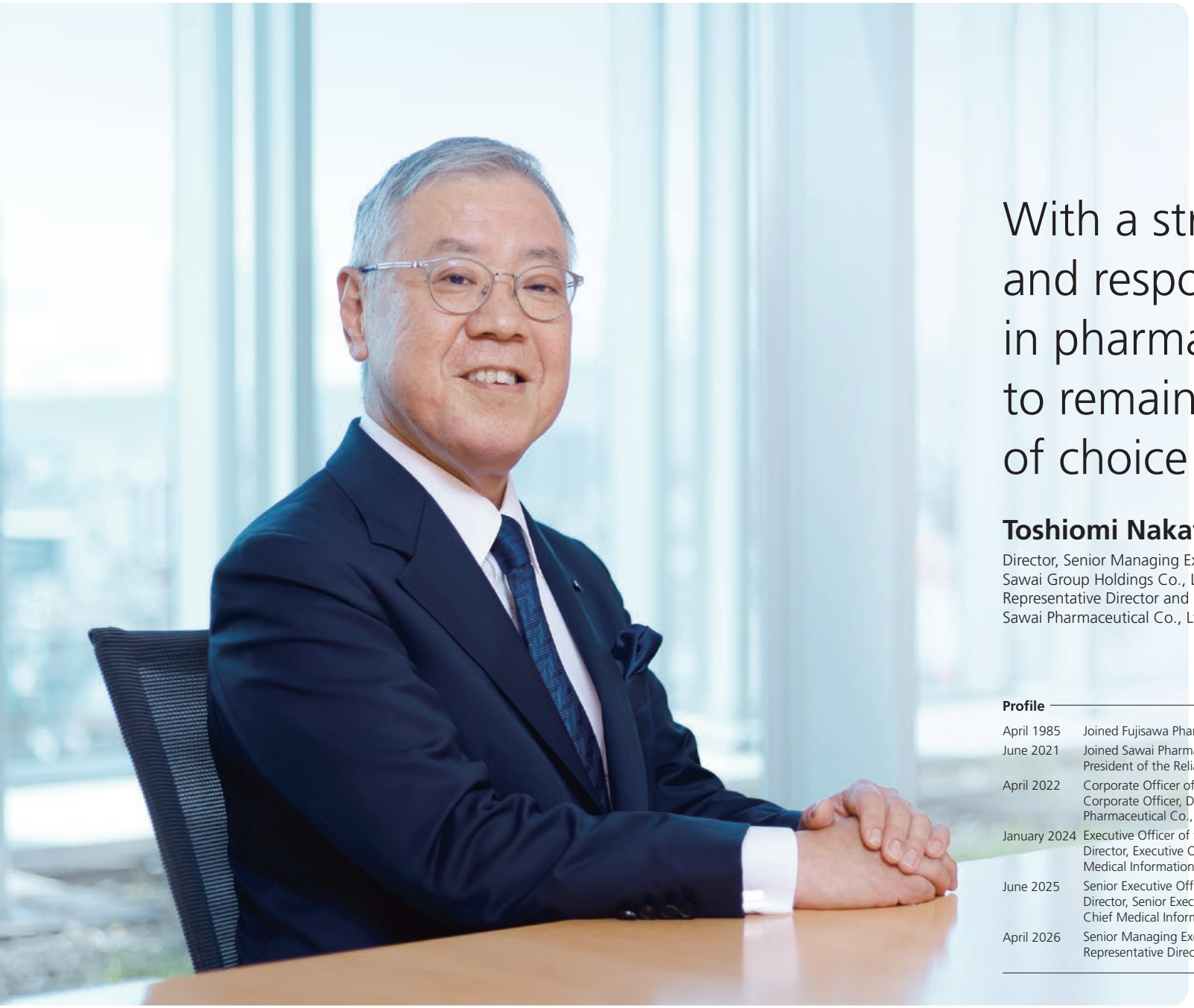
The Sawai Group views these changes in the business environment as a growth opportunity. To enhance its quality management systems, the Group has assigned on-site QA personnel* reporting directly to the pharmaceutical manufacturing supervisor at its factories. It is also diversifying its API suppliers and taking all necessary steps to achieve a Category A rating under the Generic Drug Provider Evaluation System.

The Group is also expanding production capacity, including through construction of a new building at the Daini Kyushu Factory, and expects to have an industry-leading annual production capacity of 25 billion tablets by the end of fiscal 2030. Since fiscal 2023, it has also shifted to a sales strategy emphasizing appropriate pricing, seeking to achieve both stable supply and profitability.

* On-site personnel verify that GMP activities at factories are conducted in accordance with prescribed procedures, among other matters.

Sawai Group initiatives

	Key initiatives	Related page
Increasing production facility utilization and output	Accelerating product transfers to the new building at the Daini Kyushu Factory and to Trust Pharmatech Reducing equipment downtime associated with production changeovers	▶ p. 25
Continuously expanding production capacity	Continuing to consider additional investments, including building its own factories and forming partnerships with other companies, toward achieving in-house production capacity of 25 billion tablets in fiscal 2030	▶ p. 25
Strengthening product quality assurance systems	Building close collaboration with manufacturing sites and promoting a two-way mechanism for rapidly sharing and assessing the status of manufacturing control and quality control at those sites	▶ p. 41
Recruiting and developing talent	Using diverse recruitment channels, successfully recruited approximately 200 new graduates scheduled to join in April 2026 and approximately 200 mid-career hires in fiscal 2025	▶ p. 36
Rebuilding corporate governance	Holding monthly meetings of the Group Compliance Committee and drawing on external experts' knowledge to verify, from a legal compliance perspective, the appropriateness of decisions made regarding deviations	▶ p. 48



With a strong awareness of and responsibility for our role in pharmaceuticals, we aim to remain the company of choice for society.

Toshiomi Nakate
Director, Senior Managing Executive Officer
Sawai Group Holdings Co., Ltd.
Representative Director and President
Sawai Pharmaceutical Co., Ltd.

Profile

April 1985	Joined Fujisawa Pharmaceutical Co., Ltd. (Astellas Pharma Inc.)
June 2021	Joined Sawai Pharmaceutical Co., Ltd., Corporate Officer, Assigned to the Senior Vice President of the Reliability Assurance Division
April 2022	Corporate Officer of the Company, Deputy Group Chief Quality & Safety Officer Corporate Officer, Deputy Senior Vice President of Reliability Assurance Division of Sawai Pharmaceutical Co., Ltd.
January 2024	Executive Officer of the Company, Group Chief Quality & Safety Officer Director, Executive Officer and Senior Vice President of Reliability Assurance Division, Chief Medical Information Service Management Officer of Sawai Pharmaceutical Co., Ltd.
June 2025	Senior Executive Officer of the Company, Group Chief Quality & Safety Officer Director, Senior Executive Officer and Senior Vice President of Reliability Assurance Division, Chief Medical Information Service Management Officer of Sawai Pharmaceutical Co., Ltd.
April 2026	Senior Managing Executive Officer of the Company Representative Director and President of Sawai Pharmaceutical Co., Ltd. (incumbent)

We deliver medicines with awareness and responsibility, always mindful of the people whose lives our work touches

I am Toshiomi Nakate, and I became Representative Director and President of Sawai Pharmaceutical Co., Ltd. in April 2026. My involvement in pharmaceutical sciences and the pharmaceutical industry began in 1985, when I joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) after graduating from university. I spent more than 20 years there in formulation development, including formulation design and development at the company's formulation research laboratories and technology transfer to factories. I subsequently served as plant manager at three plants and spent three years as representative director of a manufacturing subsidiary. Since joining Sawai Pharmaceutical, I have drawn on these experiences in overseeing quality assurance and reliability assurance.

I chose to pursue a career in the pharmaceutical industry because of my own experience with childhood asthma. When I was in elementary school, an inhaler that opened the airways became available; it was amazingly effective and I was deeply grateful for it. This experience not only prompted my choice of major at university but also became the starting point for my approach to corporate management. In my previous career, I was posted overseas in Germany, the United States, and Ireland. The insights I gained there into global pharmaceutical industry trends, from development and production to technology transfer, have also been invaluable assets in my role as a business leader.

As Senior Vice President of the Reliability Assurance Division, I was personally responsible for executing the initiatives undertaken under my predecessor to strengthen the foundations of quality and reliability assurance. Now, as President, my principal mission is to further embed the systems introduced to date in our workplaces and make them an integral part of Sawai's culture. We aim to establish annual production capacity of 22 billion tablets at our own factories in fiscal 2026 and are moving forward with plans to expand this to 25 billion tablets by fiscal 2030. I will also take responsibility for steadily implementing the capacity enhancements at the Daini Kyushu Factory and Trust Pharmatech approved under my predecessor, further strengthening our supply capabilities.

Alongside expanding production capacity, it is important to develop the talent who support actual production and establish a system capable of producing medicines of reliable quality. The most important aspect of our quality initiatives is for every employee to recognize and take responsibility for the fact that what we manufacture and deliver are medicines. Without this awareness, they may take ambiguous actions or choose easy solutions that could deviate from established rules. We must not distance ourselves from the patients we serve; if we remember that we or a loved one could be in their position tomorrow, it should become clear how we must approach our work. Ensuring that every employee firmly embraces this awareness is the foundation of our quality.

To improve quality, it is also essential to understand the rules correctly and follow them without fail. Understanding the technology and science behind those rules is equally vital to reducing the risk of quality issues. I want those joining Sawai to begin with a strong awareness that they are handling medicines, acquire skills while following procedures, and maintain a commitment to supporting quality.

In addition to these initiatives, we place importance on increasing employee engagement. This requires transparency in management and the workplace, together with two-way communication. Regular small-group discussions between management and employees and the strengthening

SWOT analysis

Strengths
- Brand strength as top manufacturer
- Stable financial base
- Strengthened production capacity following quick investments
- Development capabilities that enable us to launch products first
- Formulation technologies that enable high-value-added products

Weaknesses
- Securing and developing talent that can handle growing production capacity
- Constraints on productivity due to high-mix, low-volume production

Opportunities
- Momentum toward restructuring of the generic drug industry
- Growing demand driven by population aging
- Growing healthcare and medical needs
- Generic drugs as social infrastructure
- Generic Drug Provider Evaluation System that promotes sales at reasonable prices
- Revision of the NHI drug pricing system for authorized generics (AGs)

Threats
- Rising geopolitical risks
- Lower reliability due to generic drug supply instability
- Growing raw material and utility costs
- Lower NHI drug prices due to annual drug price revisions
- Changes in various systems

of our whistleblowing channel, the Corporate Ethics Helpline, are part of this effort. Creating an environment in which employees feel comfortable speaking up enables us to identify organizational issues early and fosters a healthy culture of autonomous improvement.

We will continue efforts such as these to strengthen relationships of trust with our employees.

My policy as President for this fiscal year is "Making sincerity the power behind progress." Here, sincerity means maintaining compliance awareness, preventing harassment, collaborating across organizations, communicating openly, and remaining mindful of the patients and healthcare professionals whose lives our work touches. To translate this sincerity into the growth of both the Company and its people, I emphasize three concepts: challenge, thoughtful action, and compliance. The principles that will guide management decisions going forward are to make ethical awareness the foundation of everything we do, maintain a willingness to take on challenges by anticipating and addressing change rather than being satisfied with the status quo, and think and act autonomously.

Growing production capacity while appropriately managing inventories to meet market demand

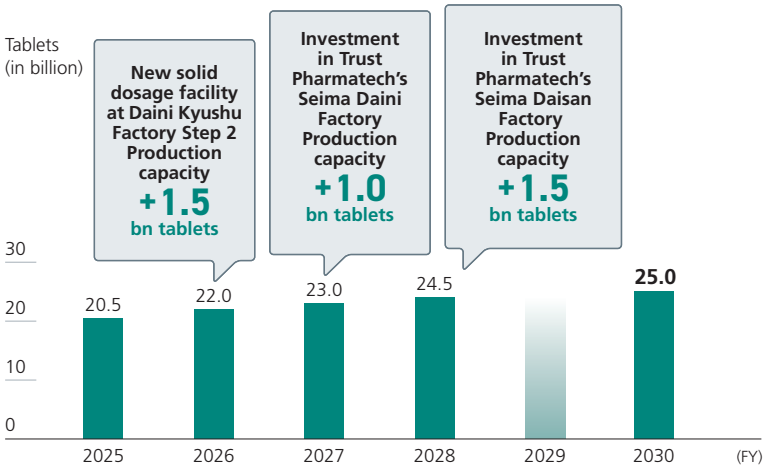
A major issue affecting our fiscal 2025 performance was the gap between production and sales volumes. Although we planned to produce 18.3 billion tablets, actual production was limited to 16.6 billion tablets, falling short of our projection. Meanwhile, sales volume was 17.1 billion tablets, meaning that we drew down inventories by 0.5 billion tablets. In response, we have set the fiscal 2026 production plan at 18.0 billion tablets and plan to increase sales volume by 2.9% year on year to 17.6 billion tablets. We will increase production capacity while maintaining appropriate inventory levels to meet market demand.

As part of our efforts to ensure stable supply and improve production efficiency, in September 2025 we reached an agreement with Nichi-Iko Pharmaceutical Co., Ltd. to collaborate on consolidating generic drug manufacturing and integrating product lineups. In June 2026, as the first outcome of this collaboration, we obtained approval through the expedited review process for specified manufacturing process changes related to consolidating the manufacturing sites for Atorvastatin Tablets and are optimizing production resources. Consolidating some of the products manufactured by the two companies will have great significance for us, improving production efficiency and reducing costs while also allowing the resulting manufacturing capacity to be allocated to other products.

Pursuing a range of measures to strengthen our stable supply system

I believe the primary reason fiscal 2025 production volume fell short of the plan was that it took longer than expected for newly hired talent to demonstrate their capabilities in the workplace and work independently. Although we increased staffing through recruitment and provided training, employee development required time and also placed a considerable burden on those providing instruction, affecting production growth. In response, we reviewed our training system. We now clearly separate the roles of mentors, who provide emotional support, and technical instructors, while also providing workplace readiness training, particularly for new employees joining directly after high school. As a result, employees are steadily developing their skills, giving me confidence that we can achieve future production capacity expansion. Therefore, I believe we now have a structure capable of achieving this fiscal year's production target of 18 billion tablets,

Expanding in-house production capacity towards FY2030



Note: Assumptions for production capacity: For the current number of items, it is assumed that the machines are kept running in two shifts per day on weekdays. The number of items produced under contract manufacturing is not included.

centered on employees hired through the previous fiscal year who have developed solid capabilities under the revised training system. We also welcomed more than 150 new graduates to the Manufacturing Division this fiscal year. We expect them to become a reliable force in further strengthening production capacity in the future.

We are systematically introducing robotics and automation and improving production efficiency. We are introducing the Laboratory Information Management System (LIMS), which supports laboratory testing, at all factories to further improve the efficiency of testing and quality control. We also view AI as a tool that can significantly improve how we use data on deviations and problems at factories and share knowledge. The Quality Event Management System launched last year stores cases from each factory as digital information. Using AI to rapidly search for and analyze similar past cases and responses should enable us to use this information as training material and improve the accuracy of investigations and decisions when problems occur.

One area we intend to pursue further is lifecycle management for individual products. When launching a new product, we use a range of indicators to assess the value it will deliver to society and its viability as a business, carefully determining whether it can be supplied sustainably. Medicines carry an extremely high level of social responsibility. If patients need a product and we are its sole supplier, we must take responsibility for continuing to deliver it to them.



At the same time, fulfilling our responsibility to ensure stable supply requires us to remain sustainable as a company. Through proactive investment in growth areas and appropriate earnings from other product groups, we must achieve a high-level balance between contributing to healthcare and maintaining a robust management foundation. Going forward, we will carefully assess the value of each product and maximize its role while further strengthening our stable supply system as social infrastructure.

We aim to remain a trusted company by translating each employee's growth into organizational growth.

The top priority for management going forward is to strengthen our system for the stable delivery of medicines of reliable quality. We also intend to focus closely on providing the information needed for the proper use of medicines. Medicines can fully deliver their value only when correct information is provided on matters such as administration, handling, and interactions with other drugs. Our Medical Communications Department, medical representatives, and Medical Information Department work in close coordination to provide healthcare institutions and patients with the information they need.

I tell employees that I want them to recognize their role as professionals in "creating" medicines. Here, "creating" encompasses not only manufacturing but every process involved in delivering medicines to patients, from research and development to quality control and information provision. When each employee considers what they must do as a professional and continues to grow, this drives the growth of the entire organization. By promoting individual growth and close collaboration across organizations, we will enable our quality assurance systems to function at a higher level and achieve the stable supply of medicines of reliable quality.

By steadily building on and continuing these initiatives, we aim to remain the company of choice for patients and healthcare professionals and to earn the lasting trust of society at large. We will also enhance corporate value and contribute to healthy lives for all our stakeholders.



Toshiomi Nakate
Director, Senior Managing Executive Officer
Representative Director and President of
Sawai Pharmaceutical Co., Ltd.

Further enhancing corporate value through continued investment in growth while maintaining strict financial discipline

Taku Nakaoka Director, Senior Executive Officer, Group Chief Financial Officer Sawai Group Holdings Co., Ltd.



Business performance for fiscal 2025

The Sawai Group identified improving capital efficiency as a key theme for strengthening its management foundation in its medium-term business plan, Beyond 2027. The Group's key performance targets are ROE of at least 10% and ROIC of at least 8%. These targets were set at levels that exceed the Group's cost of capital, reflecting our belief that management has a responsibility to generate returns that surpass the cost of the capital entrusted to us by our shareholders and creditors. The Group is making a concerted effort to improve capital efficiency by actively investing in the necessary areas and strongly emphasizing the prompt generation of returns on investment.

I must begin by acknowledging that our financial performance in fiscal 2025, the second year of Beyond 2027, fell short of plan. Revenue remained solid, increasing 6.7% year on year to ¥201.7 billion, driven by the impact of the Elective Care Scheme and contributions from new products. Profit, however, fell short of plan.

The first major factor affecting our results was settlement costs related to an intellectual property lawsuit involving teriparatide at the Group's core operating company, Sawai Pharmaceutical. Settlement costs of approximately ¥4.0 billion were recorded in the second quarter of fiscal 2025. This was a one-time expense and will not affect our financial performance from fiscal 2026 onward. The Group is strengthening its business viability assessments and litigation risk management while taking steps to prevent similar issues from occurring in the future.

The second factor was a shortfall in the Group's production volume. Production totaled 16.6 billion tablets, 1.7 billion tablets below the planned 18.3 billion tablets. As a result, the gross profit margin did not improve as planned.

The third factor was increased investment for future growth. Expanding the manufacturing workforce increased labor costs as an upfront investment to support future growth. Selling, general and administrative expenses also increased as we strengthened the stability of our supply system and made upfront investments in new businesses. The Group considers these investments essential to expanding earnings over the long term.

Core operating profit decreased 3.6% year on year to ¥24.8 billion. Weighing on earnings were, as mentioned above, labor costs and selling, general and administrative expenses that exceeded the increase in gross profit, and the revisions to National Health Insurance drug prices, which lowered our profit margins. The Group views these higher costs as investments necessary to lay the groundwork for expanding production capacity and improving profitability from fiscal 2026 onward. We recognize that we have a responsibility to ensure these investments deliver tangible numerical results.

The Group positions fiscal 2026 as the year to overcome these challenges and return our business performance to a growth trajectory. In fiscal 2026, we plan to increase revenue 3.3% year on year to ¥208.4 billion, core operating profit 19.5% to ¥29.6 billion, operating profit 71.1% to ¥27.2 billion, and profit attributable to owners of the parent 78.2% to ¥18.6 billion. Improved profitability from new product sales and higher production volume is expected to increase the gross profit margin from 29.2% to 31.4%, and we expect ROE to return to the 10% level.

We expect the October 2026 revisions to the NHI drug pricing system for Authorized Generics (AGs) to reduce the risk of disposal losses on new products, and provide further opportunities to expand our market share. We will continue improving profitability and capital efficiency throughout the Group to achieve the ROE target of at least 13% set in our long-term vision for fiscal 2030.

Cash allocation plan

The Group's basic policy for cash allocation is to fund growth investments and shareholder returns primarily through operating cash flow generated by the business, while supplementing those funds with borrowings and corporate bonds when appropriate. In fiscal 2025, we raised ¥20.5 billion through long-term borrowings and ¥7.4 billion through corporate bonds to fund capital investments in the new solid dosage form building at the Daini Kyushu Factory and at Trust Pharmatech.

The highest priority for cash allocation is growth investment to expand production capacity for our Japan generic drug business. The next priorities are providing shareholder returns, primarily by delivering stable dividends, and upfront investments in new businesses, including digital healthcare, that will form the foundation for future growth. We also recognize the importance of balancing operating cash flow and investing cash flow while maintaining an appropriate net debt-to-equity ratio.

Three growth investments are particularly important. The first is investment in Step 2 of the new solid dosage form building at the Daini Kyushu Factory. The facility, which will increase the Group's production capacity by 1.5 billion tablets, is scheduled to begin operations in December 2026. Demand is strong, and we fully expect the expanded capacity to translate directly to increased sales opportunities. We are aiming for this investment to begin generating returns in fiscal 2027 as increased sales volume boosts both revenue and profit.

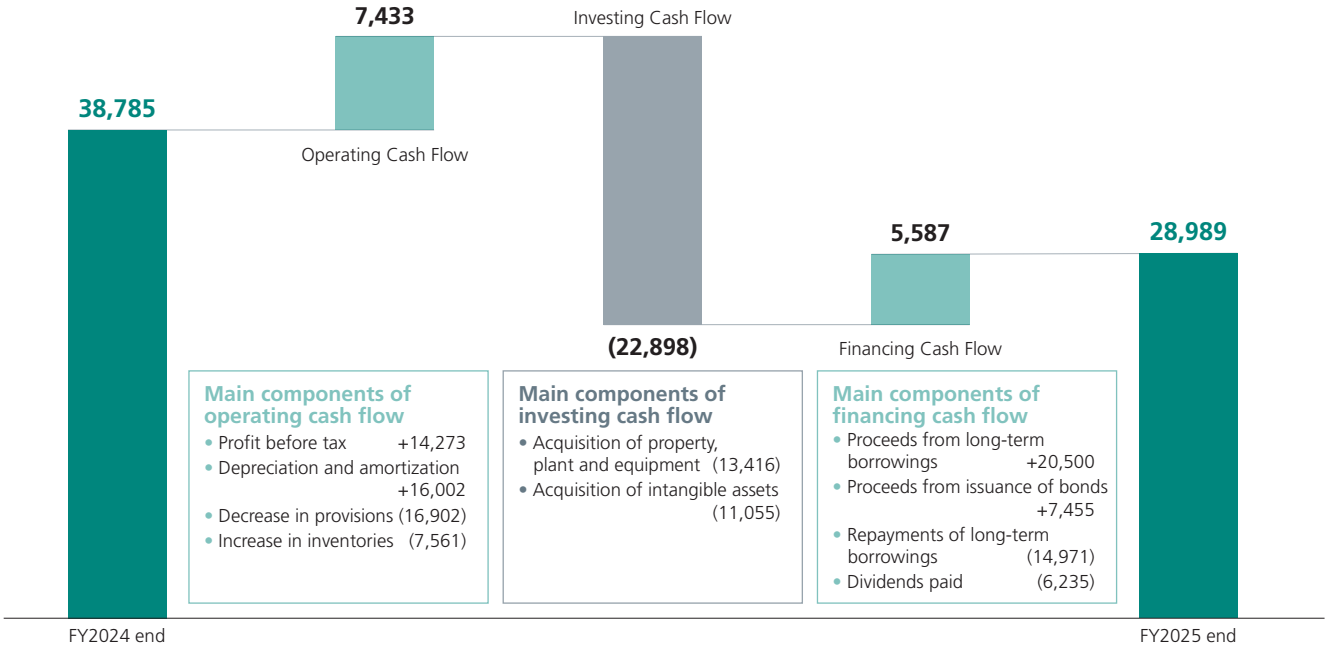
The second growth investment is our investment in Trust Pharmatech. This investment will expand production capacity by a total of 2.5 billion tablets and will be a cornerstone of our long-term plan to increase the Group's total production capacity to 25 billion tablets by fiscal 2030.

The third is our upfront investment in the digital healthcare and medical device business. While revisions to official drug prices effectively set limits on our main drug business, the digital business has no such constraints and can build sales steadily over time. We also see a significant opportunity in the digital business because there is not yet a dominant player in the market. We plan to build the digital business into a meaningful source of medium- and long-term earnings.

The cash allocation plan has progressed largely as expected, with capital expenditures tracking closely to the plan. However, litigation-related payments and higher inventories caused operating cash flow to decline sharply from ¥27.8 billion in fiscal 2024 to ¥7.4 billion in fiscal 2025, resulting in negative free cash flow. We expect operating cash flow to improve in fiscal 2026 as business performance recovers. We will continue to maintain strict financial discipline while executing a capital allocation strategy that balances growth investments with shareholder returns.

Cash flow

(Unit: million yen)



Shareholder return policy

Sawai Group Holdings' basic policy on shareholder returns is to provide stable and sustainable dividends while taking a comprehensive view of our medium- to long-term earnings level and maintaining a dividend on equity (DOE) attributable to owners of the parent of at least 3.0%.

We increased the annual dividend from ¥43.33 per share (adjusted for the stock split) in fiscal 2022 and fiscal 2023 to ¥53 in fiscal 2024. We will maintain a stable dividend and plan to distribute annual dividends of ¥55 in fiscal 2025 and ¥56 in fiscal 2026. DOE in fiscal 2025 was 3.6%, exceeding our target of 3.0%.

Share repurchase programs are conducted with the primary objective of enhancing the Group's capital efficiency. From July 2024 through February 2025, we repurchased approximately 16.01 million shares, representing 12.2% of our total shares outstanding, for a total of ¥33.0 billion. All of the repurchased shares were retired in April 2025.

We will continue to flexibly consider repurchasing shares, while taking into account free cash flow, market trends, and other factors. The medium-term business plan commits to distributing at least ¥19.0 billion in total dividends over the three years of fiscal 2024 through fiscal 2026. We aim to continue enhancing shareholder value by expanding our business to increase profits and earnings per share (EPS), while maintaining stable dividends with a focus on DOE.

We will continue working toward our long-term vision for fiscal 2030 as a comprehensive healthcare group committed to sustainable growth alongside society. We thank our shareholders and investors for their continued support.

Reliably delivering assured quality

Three production leaders discuss their mission and challenges

The Sawai Group is working to resolve the supply shortages affecting the generic drug industry as a whole. In this section, factory managers and the executive responsible for production discussed the progress made and the challenges ahead.



Teruo Araki
Factory Manager
Daini Kyushu Factory
Sawai Pharmaceutical Co., Ltd.

Toshihiro Yanagi
Factory Manager
Trust Pharmatech Co., Ltd.

Toshiya Hasuo
Senior Executive Officer,
Group Chief Production Officer (Group CPO),
Sawai Group Holdings Co., Ltd.

The Manufacturing Division's Operating Environment and Our Roles

Hasuo Supply shortages arose for numerous generic drug products following manufacturing and quality control issues at several generic drug manufacturers that came to light from 2020 onward. Sawai Pharmaceutical and other companies have been working to increase production, but the shortages have yet to be completely resolved. As the executive responsible for overseeing the Group's Manufacturing Division, I am working to eliminate uncertainty surrounding the supply of generic drugs.

Yanagi As Factory Manager at Trust Pharmatech, I see my mission as contributing to a stable supply and expanded production capacity across the Group. Production volume was just over 1 billion tablets in fiscal 2025 and is expected to reach around 1.5 times that level, or 1.65 billion tablets, in fiscal 2026. Our factory production capacity is approximately 3 billion tablets, and installation of new equipment will be completed at Seima Factory No. 2 and Seima Factory No. 3 in 2027, leaving ample scope to increase production. Looking ahead, we will continue accepting products transferred from Sawai Pharmaceutical and supporting the expansion of the Group's supply capacity.

Araki At Sawai Pharmaceutical's Daini Kyushu Factory, where I serve as Factory Manager, we are expanding production capacity in line with the Company's policy of increasing the Group's annual production capacity to 25 billion tablets by fiscal 2030. A new building was completed at the Daini Kyushu Factory in July 2024. In the first phase, equipment with production capacity of 2 billion tablets was installed, and shipments began in December of that year. As further production expansion is required, we are now installing additional equipment with capacity of 1.5 billion tablets as the second phase. I see my role as securing and developing the talent needed to accommodate increased production and

establishing systems that strengthen quality assurance, in preparation for all equipment becoming operational as scheduled in December 2026.

Hasuo Once the second phase of capital investment at the Daini Kyushu Factory is complete, the factory will have total production capacity of 6.0 billion tablets, including 2.5 billion tablets at the existing building. This will give it the Group's largest production capacity for solid dosage forms, a major product category for Sawai Pharmaceutical. In terms of quality, the new building is equipped with a Manufacturing Execution System (MES) and Laboratory Information Management System (LIMS), establishing a framework that enables manufacturing and quality testing to be performed more easily and reliably.

Production volume outlook

(Unit: tablets)

	FY2024 results	FY2025 results	FY2026 plan
Trust Pharmatech	0.88 billion	1.06 billion	1.65 billion
New solid dosage facility of Daini Kyushu Factory	0.07 billion	0.83 billion	1.20 billion
Other existing factories (excluding contract manufacturing)	13.70 billion	12.56 billion	12.70 billion
Total (including contract manufacturing)	16.6 billion	16.6 billion	18.0 billion

Investing in people to support stable supply

Yanagi Trust Pharmatech was established with 403 employees, including 243 production staff, transferred (along with facilities) from the former Kobayashi Kako. At the time of launch, we provided thorough GMP training and devoted considerable time to preparing operating procedures. We also dispatched more than 130 employees to Sawai Pharmaceutical factories, where they spent up to three years learning the standards established by the Group. Those employees have now returned to their respective workplaces and are taking the lead in sharing what they learned. I also feel that employees at production sites are increasingly drawing on their experience to determine what they need to do and act autonomously.



In July 2023, one year and three months after the company was established, we made our first shipment of a product manufactured through an integrated process from weighing to packaging. Former Kobayashi Kako employees were deeply emotional when they realized they could ship products from their factory again.

Hasuo Trust Pharmatech invested considerable time and effort in production preparations. After receiving technology transfers from Sawai Pharmaceutical, it rebuilt all manufacturing and testing documentation in accordance with Group standards, thereby establishing a robust production system. When the new solid dosage facility at the Daini Kyushu Factory was being constructed, rapidly rising demand created expectations that production would begin earlier and ramp up faster than initially planned. Under this pressure, approximately 40 project members worked hard on everything from construction and equipment installation to preparations for launch, overcoming schedule extensions caused by extreme heat and heavy rain as well as rising prices. In parallel, they prepared the documentation needed to manufacture and test products using the new equipment and systematically recruited and trained the employees who would handle actual production. Securing and developing talent is the highest-priority issue for both factories. I am grateful that past talent development efforts have enabled steady progress in this way.

Yanagi Our immediate challenge is developing mid-level personnel involved in manufacturing. We are applying Sawai Pharmaceutical's training programs at Trust Pharmatech and are also introducing a mentoring system. Cultivating talent inevitably takes time. It is important to instill an awareness of compliance, maintain and improve each employee's motivation, and further strengthen their sense of responsibility for handling pharmaceuticals that affect patients' health.

Araki At the Daini Kyushu Factory, recruitment has progressed smoothly since 2020, ahead of construction of the new building, with the cooperation of Iizuka City in Fukuoka Prefecture, where the factory is located. However, we face the same talent development challenge as Trust Pharmatech. From a quality assurance perspective, we must rapidly provide training that raises individual awareness and practical capabilities and revise operating procedures to meet increasingly stringent GMP requirements. We will continue using e-learning and other tools while focusing on training employees to obtain operator certification. I believe that expanding our training framework from a long-term perspective will enhance instructors' teaching capabilities and accelerate the development of new employees.

Fostering a Quality Culture

Araki The Manufacturing Execution System (MES) and Laboratory Information Management System (LIMS) introduced at the Daini Kyushu Factory's new building play a major role in reducing human error and dramatically improving the precision of quality control and assurance. They also improve production efficiency, for example by enabling one person, with support from the systems, to perform checks that previously required two people. When the systems were first introduced, some employees at the production site expressed concerns about the time required for implementation, a shortage of personnel capable of operating them, and a decline in work efficiency until employees became accustomed to them. However, by carefully explaining the benefits, including improved work efficiency and stronger quality assurance, we gained their understanding. The systems are now operating smoothly.

Hasuo The number of Group employees has grown rapidly, more than doubling over ten years from 1,490 in March 2016 to 3,630 in March 2026. Of these, approximately one-quarter joined within the past two or three years. The development of mid-level personnel capable of leading production sites has not yet kept pace with this rapid organizational expansion. As highly proficient mid-level personnel are essential to ensuring quality, I have held repeated discussions on skills enhancement and talent development measures with Mr. Araki, Mr. Yanagi, and the other factory managers.

Yanagi At Trust Pharmatech, many of our employees have experienced manufacturing control issues faced by the former Kobayashi Kako, so I feel that the importance of compliance as the foundation supporting the business is deeply rooted in each employee's awareness. At the same time, we must remain alert to the risk that this awareness may fade as the number of mid-career hires increases and time passes. Training that merely presents technical terms will not communicate the message effectively. We therefore do not assume that participants already understand the material, but focus on presenting it in a way that they can accept and view as personally relevant. For example, we use videos to make the content easier to understand and provide training that enhances the skills of all employees, including new hires.

Araki As Factory Manager, my foremost priority is operating the factory with safety first. On that basis, I emphasize maintaining a balance between ensuring quality and stable supply, while creating an open workplace environment that supports both.

Sawai Pharmaceutical and Trust Pharmatech production personnel structure

	Personnel at the end of FY2025		End of FY2026 initial plan
	Initial plan	Results	
Sawai Pharmaceutical	2,593	2,559 (increase of 172)	2,776
Trust Pharmatech	451	439 (increase of 72)	563
Total	3,044	2,998 (increase of 244)	3,339

Figures in parentheses show changes from the end of the previous fiscal year. Personnel figures are for factories only and include contract and temporary employees.

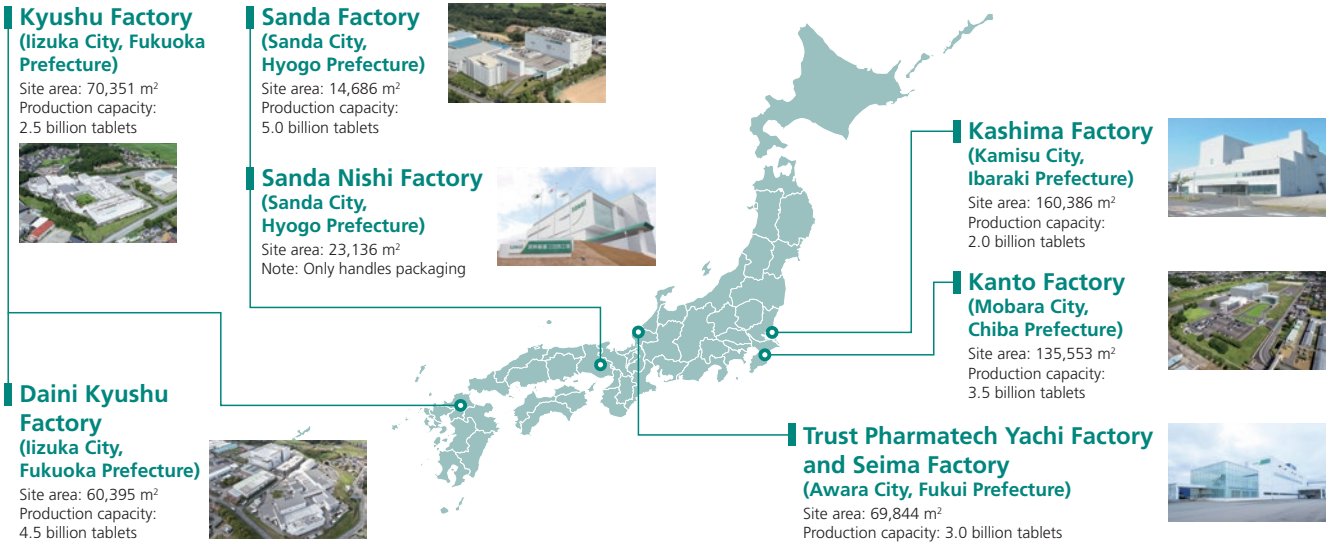


Hasuo Ensuring quality and stable supply are the two essential pillars of pharmaceutical manufacturing. However, quality issues often arise when this balance is lost and stable supply is given undue priority. Preventing problems requires active communication with supervisors and colleagues and an environment in which employees can speak candidly about difficulties or anything that does not seem right.

Araki To improve the workplace environment and operations, including quality, the Group has long conducted M1 Club Activities. "M1" means "everyone striving to be number one." Small groups spend approximately six months planning and carrying out improvement activities, then present the ideas they devised and the results achieved across the Company. Following Group-wide selection, the Daini Kyushu Factory won awards for two consecutive years in fiscal 2025 and fiscal 2026. From what I see at the production site, I feel that we are establishing a culture in which employees are conscious not only of safety and quality, but also identify issues themselves, exchange opinions candidly, and translate them into improvements.

Yanagi Trust Pharmatech's training programs also include active cross-departmental group discussions. Building internal relationships through training helps daily operations run more smoothly, so I tell participants to broaden their connections across departments to help create a more facilitative workplace. I have also built connections across departments through various opportunities over the years. The colleagues I met

Production facilities (Sawai Pharmaceutical 6 factories; Trust Pharmatech: 2 factories)



remain people I can rely on in difficult times. I believe this mutual support gives employees a sense that they are helping their colleagues and the company and contributing to society, ultimately fostering pride in never compromising on quality.

Hasuo Streamlining and optimizing operations while putting quality first is another important challenge for the Manufacturing Division. In response to the quality testing issue that resulted in administrative sanctions, the Group has spent the past several years reviewing and rebuilding its quality control framework, including compliance with GMP. At the same time, the increase in required checks and other factors has temporarily reduced productivity per employee. Our next major task is to improve productivity without compromising quality by combining various measures, including process automation, longer periods of unattended operation, systemization, and the use of AI. At the beginning of fiscal 2025, we also established an improvement proposal program and a framework for sharing improvements among factories to promote continuous improvement activities. I see these efforts as more than simply establishing programs and systems. They are intended to foster a corporate climate and culture rooted in each employee's awareness and actions. We will continue working steadily to foster a quality culture in which everyone embodies the Group's desire to "push ourselves to pursue higher quality in everything we do" as stated in our Code of Conduct.

Building a Manufacturing Division growing with mutual employee inspiration in pursuit of higher quality

Hasuo Guided by Sawai Pharmaceutical's corporate philosophy of "always putting patients first" and our Group's effort to "push ourselves to pursue higher quality in everything we do" as stated in our Code of Conduct, each factory is taking action toward four goals: become a team of highly committed employees; create a workplace with good communication; create a safe and secure workplace; and become a team of employees committed to talent development and personal growth. It is important to achieve all four of these in a balanced manner.

Yanagi People are the key to these initiatives. The more equipment we add, the more it can produce, but the same does not apply to people. Employees need training to become fully proficient, and their development takes time. At present, that training cannot be replaced by AI, nor can the issue be resolved simply by adding more people. That is why I believe our mission is to carefully develop the talent who will pursue stable supply and quality as two equally important priorities.

Araki As you say, it is important to maintain a balance among quality, stable supply, and talent development. Just as prioritizing stable supply alone can lead to quality being neglected, focusing too heavily on any one of these three will inevitably create distortions. As those ultimately responsible for our factories, we must continually assess this balance and steer operations accordingly. By doing so, we will fulfill our fundamental role of reliably delivering medicines of assured quality to society.

Hasuo I regularly tell factory managers and department heads such as yourselves that we must continue learning and improving ourselves if we are to lead our subordinates effectively. By communicating these messages repeatedly and passionately, I want to make continuous self-improvement part of the Manufacturing Division's culture and build a division whose members inspire one another and continue to grow.



Achieving first-to-market launches through advanced formulation technology and meticulous analysis and evaluation

Toyohiro Sawada Executive Officer, Group Chief Research & Development Officer (Group CRO)
Sawai Group Holdings Co., Ltd.



Strengths of our research and development strategy

The Sawai Group's strength lies in its formulation technology capabilities, supported by talent with both advanced expertise and broad perspectives. This strength has enabled us to launch several generic drugs which are the first or the sole item in their market category. In recent years, we have been working to improve the accuracy of bioequivalence (BE) predictions.

Specifically, based on the Decision Tree (DT), a proprietary set of criteria developed by Sawai Pharmaceutical, we identify and classify risks in demonstrating BE arising from API and formulation characteristics under fasting, fed, and low-gastric-acidity BE study conditions. Based on the risks identified, we then assign a BE Score Category that rates the level of difficulty on a five-point scale, thereby quantitatively visualizing the risks.

In addition, we have systematized the optimal formulation evaluation methods for each risk. By using risk-based, multifaceted analyses to clarify differences between our formulations and the reference products, we can minimize risks with a high degree of certainty. The resulting knowledge is centrally managed through our proprietary Bioequivalence Management System (BEAMS) and used for cross-product analysis, providing a robust foundation for improving the probability of BE success.

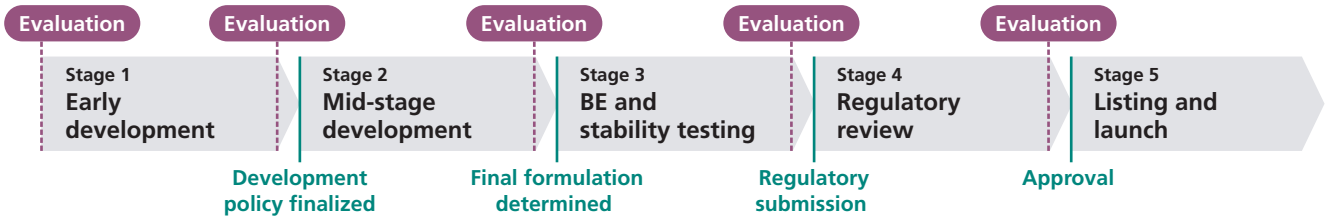
Optimizing the allocation of management resources and creating social value through the Portfolio Strategy Committee

For new product development, we have established the Portfolio Strategy Committee, chaired by the President of Sawai Pharmaceutical, to make rigorous decisions that both optimize investment efficiency and address social needs.

As a basis for these decisions, the R&D Division has introduced a stage-gate process for project management. In addition to quantitative indicators such as net present value (NPV) and internal rate of return (IRR), we conduct qualitative assessments through risk and opportunity analysis. This process integrates scientific evidence, regulatory requirements, intellectual property strategy, and financial perspectives to present the key issues and supporting rationale needed to determine whether a project should advance to the next stage.

In addition to managing individual projects, we take a comprehensive view of all products under development as a development portfolio, enabling us to optimally reallocate management resources based on the risks and opportunities across the pipeline. While balancing contributions to medical needs with investment discipline, we seek to maximize medium- to long-term corporate value, with final decisions made by top management.

Stage-gate process and business viability assessment



Intellectual property risks and response policy

The Sawai Group focuses on reducing infringement risk and strengthening its intellectual property foundation. We have established a system for assessing intellectual property risks by closely examining patents covering the active ingredients, indications, dosage and administration, API crystalline forms, formulations, and other aspects of original drugs. When considering patent avoidance strategies, multiple departments, including the Intellectual Property Department, Development Department, and Pharmaceutical Development Department, discuss strategies at the Patent Strategy Committee, including the possibility of patent invalidation trials. We also work with attorneys specializing in intellectual property to formulate patent strategies, enabling us to identify and mitigate in advance risks that could lead to disputes over infringement.

We continuously monitor the patent landscape from the development review stage onward to ensure reliable product launches, while actively filing patent applications for technologies developed in-house. In addition to applications covering formulations and designs related to products under development, we focus on developing manufacturing and analytical technologies, thereby expanding the intellectual property foundation that supports sustainable competitive advantage.

Research and development

Established competitive advantages

- Scientific knowledge, technologies, and experience accumulated through efforts to launch new products at the earliest opportunity and be first to market
- Swift and steady responses to increasingly rigorous quality regulations

Initiatives for stronger advantages

- Research and development of new products with consideration for product life cycles, and improvements to the quality and productivity of existing products
- Development of technologies for assessing the risk of nitrosamine contamination and establishment of a specialized analytical facility

Comment

Bringing together expertise from across the organization to deliver high-quality pharmaceuticals

My workplace has a deeply rooted shared understanding that achieving higher pharmaceutical quality is connected to "always putting patients first". We therefore bring together our accumulated scientific and technological knowledge and experience as organization-wide expertise and collaborate across organizational boundaries to address the challenges before us. We also actively use digital transformation technologies, including generative AI, to standardize and streamline operations. Through these efforts, we uphold high ethical standards and compliance in research activities while further enhancing our scientific and technological capabilities. In this environment, I will continue to view every change as an opportunity for growth and sincerely take on new challenges each day as a researcher helping to lead the generic drug industry, so that I can provide patients with genuine peace of mind.



Emiko Onishi
Analytical Research II
Analytical Research Department
Research & Development Division
Sawai Pharmaceutical Co., Ltd.

Manufacturing

Established competitive advantages

- More advanced operations through the introduction of highly effective systems aligned with on-site needs, including LIMS and MES
- Expertise passed down from one generation to the next
- An organizational culture that disseminates accumulated expertise throughout the factory

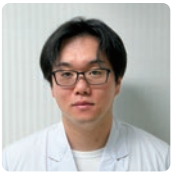
Initiatives for stronger advantages

- Education and training that convey on-site pharmaceutical manufacturing capabilities and mindsets to new employees
- Development of mid-level personnel who enhance teamwork by applying on-site awareness and expertise and drive initiatives under the medium-term business plan
- Establishment of mechanisms for sharing best practices with other workplaces and factories

Comment

Aiming to develop more user-friendly systems by listening to frontline employees

My workplace has long valued listening to the voices of those on the front lines. When introducing the Laboratory Information Management System (LIMS), an initiative under "establishing a trusted corporate foundation" in the medium-term business plan, we also work to improve operational efficiency by carefully listening to the requests of the analysts who will actually use the system. This project is led primarily by younger employees, and the team lacked sufficient frontline experience in the beginning. By actively consulting senior colleagues and learning from their past experience, the entire team is deepening its understanding of workplace operations as we seek to develop a user-friendly system. After its introduction, I hope to take the lead in ensuring stable operation and pursue improvements and training to increase the efficiency of testing operations. By continuing to listen closely to workplace feedback and passing this mindset on to the next generation of younger employees, we will enhance the ability of the entire Sanda site to respond to change.



Yuta Sugama
Quality Control Section
Quality Control Department
Manufacturing Division, Sanda Factory
Sawai Pharmaceutical Co., Ltd.

Reliability assurance

Established competitive advantages

- Close quality assurance collaboration with manufacturing sites within and outside the Group, supported by a team of 142 specialists in the Reliability Assurance Division, including 58 in the Quality Assurance Departments (headcounts as of April 1, 2026)
- Cultivation of compliance awareness and a quality culture through operational improvement initiatives
- Reestablishment and operation of an appropriate reporting system centered on management reviews for management issues relating to reliability assurance

Initiatives for stronger advantages

- A training framework designed to enhance the expertise required to properly perform quality, efficacy, and safety management duties
- Periodic reviews of the operation of the reliability assurance system through management reviews, followed by revisions and enhancements
- Deeper collaboration across the reliability assurance system, led by the marketing director, quality assurance manager, and safety control manager

Comment

Passing on a quality-first organizational culture to the next generation

My workplace is steadily fostering an organizational culture of rigorous compliance and seeing every task through to completion. As a foundation for this culture, we are enhancing education, training, and study sessions to raise compliance awareness and share and expand specialist knowledge. Personnel also visit the Sawai Group's drug product manufacturing sites each month, engaging in face-to-face dialogue and building strong relationships of trust. We value creating an environment that encourages proactive information sharing and allows everyone to offer opinions or seek advice without hesitation. We also review procedures against actual working practices and promote standardization to prevent dependence on specific individuals and avoid incidents before they occur. Going forward, I will pass on to junior colleagues the importance of quality assurance that fulfills our accountability to patients and all other stakeholders. Through attentive communication with both internal and external stakeholders, I will contribute to deeper relationships of trust and stronger collaboration.



Hiroki Kido
Quality Assurance 1 Department
Reliability Assurance Division
Sawai Pharmaceutical Co., Ltd.

Sales and marketing

Established competitive advantages

- Timely and appropriate provision of information through nine branches nationwide
- Strong collaboration with pharmaceutical wholesalers and sales companies
- An extensive range of drug information materials

Initiatives for stronger advantages

- Promotion of accurate information provision through collaboration between medical representatives (MRs) and supporting internal departments
- Strengthening of the stable supply system through collaboration with pharmaceutical wholesalers and sales companies nationwide
- Enhancement of materials promoting the proper use of the Company's products and providing patients with information on taking their medications

Comment

Providing accurate information as a bridge between Sawai's teams and the medical field

In my workplace, we strive to accurately understand the needs of patients and healthcare professionals through our daily sales activities and provide information promptly. To deliver accurate information, I thoroughly update my pharmaceutical knowledge and carefully verify information while actively learning from the outstanding work of colleagues and incorporating it into my own activities. When interacting with healthcare professionals, I always consider what to say and when from their perspective as I work to become a trusted medical representative. I reliably communicate the feedback obtained from healthcare settings to Sawai's teams, using it to further improve our products and materials. I believe my mission is to serve as a bridge between Sawai Pharmaceutical and the medical field by creating a two-way connection between frontline needs and internal initiatives.

I will continue passing on the knowledge and experience I have inherited to junior colleagues and boldly taking on new challenges without ever becoming complacent.



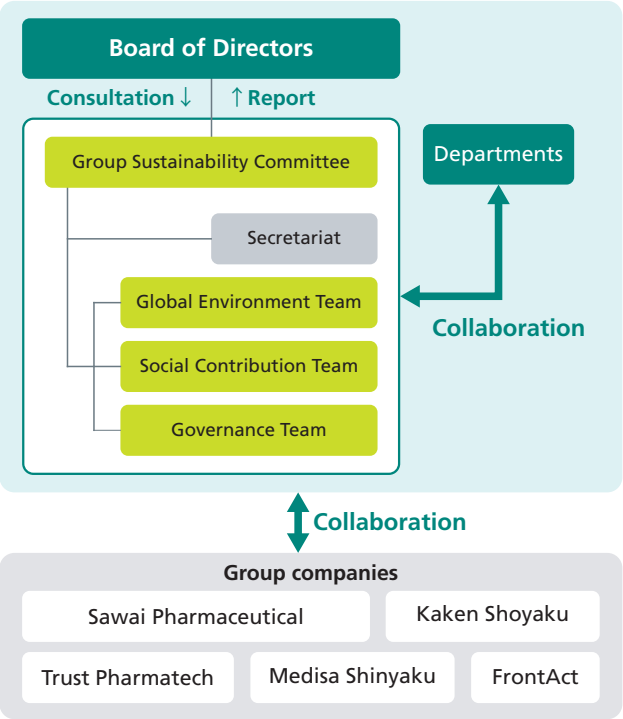
Aoi Mizumoto
Nagoya Branch
Sales Division
Sawai Pharmaceutical Co., Ltd.

Aiming to become a corporate group trusted by stakeholders

Sustainability Promotion Structure

The Sawai Group has established the Group Sustainability Committee, which comprises officers from Sawai Group Holdings and representatives from Group companies and meets quarterly, to advance sustainability. At the operational level, three teams—Environment (E), Social (S), and Governance (G)—have been set up under the committee to drive specific initiatives in each area in alignment with the medium-term business plan.

Sustainability promotion diagram



The committee reports to the Board of Directors at least once a year on matters such as sustainability-related risks and opportunities, strategies, and progress toward goals, and receives guidance and advice on key measures and response policies. In this way, under the supervision of the Board of Directors and in collaboration with various departments and Group companies, the committee promotes sustainability initiatives across the entire Group and works to refine measures and confirm strategic direction.

Major discussions at the Group Sustainability Committee (FY2025)

Theme	Discussions
Progress Report on Medium-Term Business Plan ESG Targets	We reported on the progress of ESG-related targets set forth in the medium-term business plan—covering areas such as CO_2 emission reductions, improved employee engagement, respect for human rights, and compliance—while also discussing future initiatives and sharing a common direction for future efforts.
Establishment of the Group Environmental Policy ►p. 43	Following extensive discussions, the Group Environmental Policy was established in March 2026, serving as the Group's fundamental policy for preserving the global environment, protecting natural resources, and conserving biodiversity across all business activities.
Forest Adoption Initiative Activity Report ►p. 45	We reported on the results of our Forest Adoption Initiative activities, which were conducted in collaboration with Osaka Prefecture and local residents. We also discussed the details of the initiative, the significance of satoyama (woodland-farmland mosaic) conservation, and how participation by employees and their families can raise environmental awareness.
Supporting the "Docodemo EXPO" project	We reported on our sponsorship of the "Docodemo EXPO" (Expo Anywhere) project, an initiative aligned with the SDG principle of "leaving no one behind." That project enables children who have difficulty going out due to intractable diseases or disabilities to experience the Osaka-Kansai Expo. Our report covered the process leading up to its implementation and the reactions of the participating children.
Non-financial information management regulations	In light of the mandatory disclosure of non-financial information in securities reports, we discussed the establishment of a company-wide information collection and management system, clarification of responsibilities, regulations governing training and monitoring, and efforts to ensure awareness among all employees. We also shared related issues and measures.

Message from the Group Sustainability Management Department

We aim to establish a framework for effectively driving sustainability initiatives.



Motokazu Takeuchi
Corporate Governance Group Manager
Group Sustainability Management Department
Sawai Group Holdings Co., Ltd.

The Group Sustainability Committee shares policies and key issues relevant to the entire Sawai Group and engages in ongoing discussions.

The Group Sustainability Management Department, which serves as the committee's secretariat, establishes an operational framework to ensure that committee discussions translate into effective initiatives. This involves setting agendas, preparing materials, and managing the progress of various measures.

Additionally, three promotion teams composed of members selected from various departments act as the driving force behind the Group's sustainability efforts. The secretariat actively supports these activities and serves as a link between the promotion teams and the Sustainability Committee, which includes senior management, thereby aligning frontline initiatives with management decisions and facilitating the implementation of measures across the entire Group.

Advancing sustainability entails addressing numerous challenges, such as ensuring alignment with management, embedding sustainability principles throughout the company, and fostering understanding across departments. While tackling these challenges, we strive to build trust through transparent, timely, and appropriate disclosure of information to internal and external stakeholders.

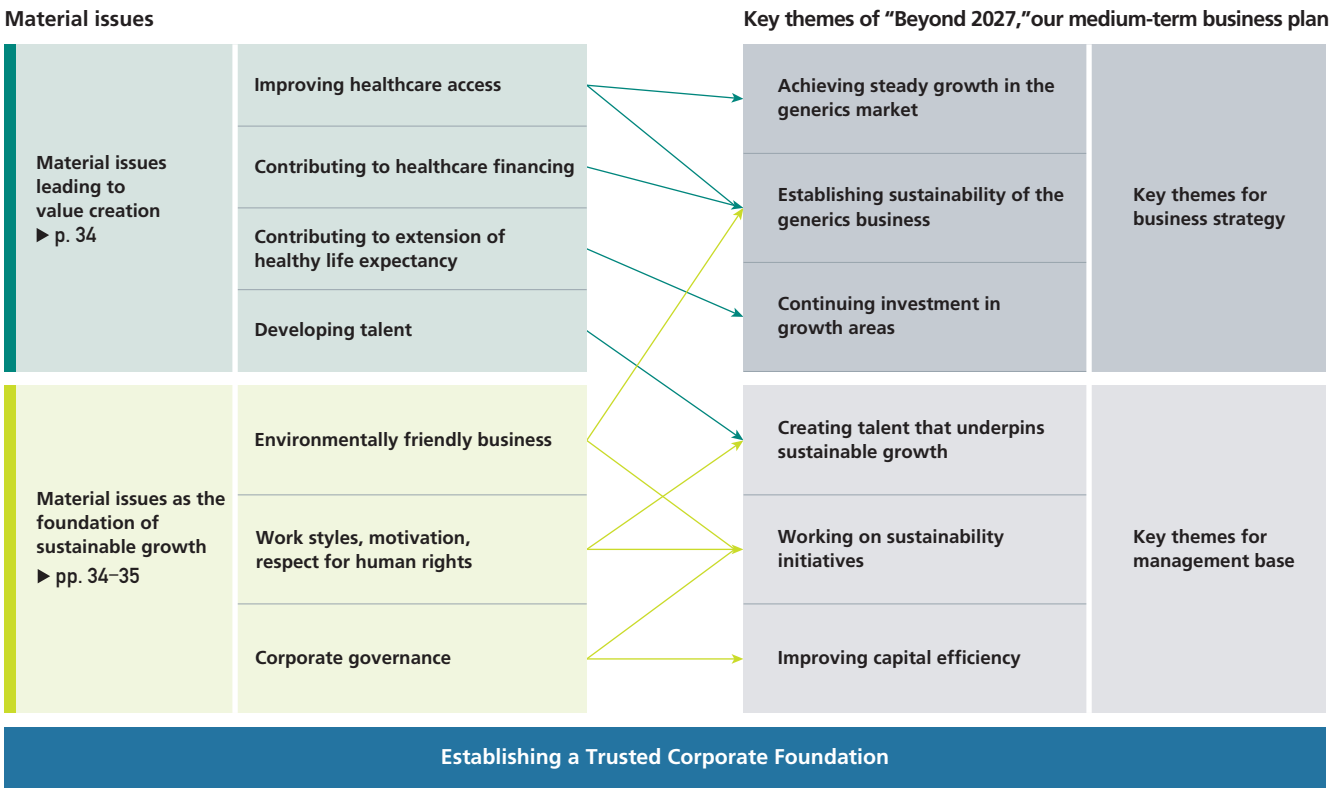
Looking ahead, we remain committed to continuously enhancing corporate value by meeting societal expectations and responding swiftly to emerging issues.

Materiality for Realizing Value Creation and Sustainable Growth

The Sawai Group has identified specific materiality issues as key challenges to be addressed through our business activities in order to achieve both the sustainable enhancement of corporate value and contributions to society. In identifying these issues, we referenced international guidelines and standards while comprehensively considering dialogues with internal and external stakeholders, external evaluation results, and trends in the business environment and social issues surrounding the Group. Based on this, we organized and prioritized these issues according to two perspectives: "stakeholder interest" and "importance to the Group."

Materiality is not merely a list of issues demanded by society. It serves as a management compass guiding the Group to continue creating value over the medium to long term. We have designated themes deeply linked to our business and social responsibilities as priority areas. These include the responsibility to ensure a stable supply of pharmaceuticals, quality and safety assurance, reduction of environmental impact, promotion of employee engagement and success, and strengthening of governance. We also integrate these priority areas into our management strategies and various initiatives.

The environment surrounding society and our business is constantly evolving, marked by issues such as the loss of biodiversity, the aging population, and the diversification of medical needs. The Group closely monitors these changes, periodically reviews the validity of its materiality, and makes adjustments as necessary to reflect shifting priorities in our business activities. Moving forward, we will continue to use materiality as a starting point in our pursuit of both the realization of a sustainable society and the Group's own sustainable growth.



Step 1

Creating lists of candidate issues

We held exchanges of opinion among employees and identified issues for each of the ESG areas (environmental, social, and governance), where the participants created a list of management issues that were considered closely related to the Sawai Group's medium- to long-term corporate value in line with standards and goals established by international initiatives, including the Sustainability Accounting Standards Board (SASB) Standards, the Global Reporting Initiative (GRI) Standards, and the Sustainable Development Goals (SDGs), as well as the Sawai Group Corporate Philosophy, the Code of Conduct, the Sawai Group Vision, and the status of the business environment.

Step 2

Identifying issues and assessing their impacts

The candidates for material issues listed in Step 1 were mapped from the two perspectives of stakeholders' interests and the impact on the Sawai Group, and the issues in each relevant area on the map were categorized into two groups: material issues leading to value creation and material issues as the foundation of sustainable growth.

Step 3

Verifying appropriateness

Targets, initiatives, and monitoring indicators were defined for each of the identified material issues, and their appropriateness was verified by the Group Sustainability Committee. Subsequently, the Board of Directors discussed and deliberated on the issues before granting final approval.

Material issues leading to value creation and progress toward achievement

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Improving healthcare access	**Product quality and safety**	Supplying high-quality, safe products based on our corporate philosophy, the goal of which is to achieve healthy lives, is an important responsibility as a pharmaceutical company.	● Introduce a system and fortify the personnel structure to establish reliability assurance system ● Introduce the Quality Event Management System	● Continuously promote a quality culture to ensure the stable supply of high-quality generic drugs	○	● Strengthen oversight frameworks for all manufacturing sites—both in-house and contracted—based on GQP regulations to reinforce product management
	Maintaining a stable supply	A stable supply of medicines and, consequently, constant access to medicines for healthcare professionals and patients is the important responsibility of pharmaceutical companies.	● Update top-level production capacity equipment in Japan ● Company production capacity: 22.0 billion tablets or more (increase Daini Kyushu Factory's solid dosage form capacity to 3.5 billion tablets)	● Produce 16.6 billion tablets to resolve generic drug supply instability ● Recruit personnel to secure the workforce needed to increase production ● Conduct training to promote understanding of the social mission and key role of pharmaceutical manufacturing	△	● Target 18 billion tablets in FY2026 production volume, including contract manufacturing ● Increase in-house production capacity to 22 billion tablets by the end of FY2026 with the start of Step 2 operations at the Daini Kyushu Factory's solid dosage form building
Contributing to healthcare financing	**Development of high value-added generic drugs**	The Company's reason for existence is to contribute to making healthcare financing sustainable through the early launch of high value-added generic drugs.	● Continue to make top-tier R&D investments in the generics industry (for the development of new products and the improvement of existing products) ● Plan to launch 44 or more new products over the three-year medium-term plan period	● Establish the "Portfolio Strategy Committee" to balance investment efficiency with alignment to societal needs ● Launch 9 new products across 5 active ingredients (December 2025)	○	● Continue operating the "Portfolio Strategy Committee" ● List 9 items across 6 active ingredients on the NHI drug price list (June 2026)
Contributing to extension of healthy life expectancy	**Expanding business to a wider range of healthcare domains, including pre-symptomatic illness and prevention**	We want to achieve sustainable growth by leveraging the strengths acquired through the generic drug business and contributing to solutions to social issues in related fields.	● Having digital medical devices (neuromodulation device) and PHR management application begin to contribute to earnings	● Begin sales of HAUDY, an alcohol reduction therapy app (product name: CureApp AUD Alcohol Reduction Treatment Support App) ● Expand adoption of FrontAct's MELTz® hand rehabilitation system	○	● Consider sales of the non-invasive neuromodulation device Relivion® for self-pay medical treatments ● Develop a portable hand movement robot equipped with MELTz® biosignal processing technology
Developing talent	**Securing production, quality, and R&D talent**	The Group's medium- and long-term growth will be achieved by securing and developing talent, which is most important for our business, as the labor force shrinks.	● Strengthening capability to recruit new graduates and mid-career workers ● Establishing attractive working conditions that are mindful of the work environment ● Appointing and utilizing diverse talent such as women and the elderly	● Recruit approximately 200 new graduates (joining April 2026) and 200 mid-career hires by leveraging diverse recruitment channels ● Establish a Group Human Capital Strategy Council to optimize talent deployment across the Company	○	● Drive HR strategies linked to business strategy through the Group Human Capital Strategy Council ● Strengthen recruitment for production personnel and hard-to-fill positions ● Promote active utilization of the internal job application system

Material issues as the foundation of sustainable growth and progress toward achievement

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Environmentally friendly business	**Responding to climate change**	Limiting climate change is the most important issue humanity faces because of its severity and seriousness	● Reduction of more than 46% in total emissions from the FY2013 level (FY2030)	● Reduce CO_2 emissions by approx. 24,100t-CO_2 (via purchasing approx. 8,700t equivalent of CO_2-free electricity and 15,400t equivalent of non-fossil certificates) ● Reduce annual CO_2 emissions by approx. 44t-CO_2 by lowering boiler steam discharge pressure	○	● Explore expanding the implementation of on-site and off-site PPAs ● Continue purchasing CO_2-free electricity and non-fossil certificates ● Evaluate the introduction of energy-saving equipment at each factory

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Environmentally friendly business	**Promotion of recycling/ energy conservation and the reduction of energy use and waste**	To build a sustainable future, we consider it necessary to contribute to the realization of a circular society and make effective use of and recycle resources.	● Waste plastic recycling rate of 65% or more (FY2030)	● Adopt packaging materials using mechanically recycled PET film for select products ● Promote the reuse of analytical equipment at five factories, including Kashima, and the R&D Division	○	● Establish a "Waste Team" within the Global Environment Team to consider measures for increasing waste plastic recycling rates
	Conservation of biodiversity	Recognizing that biodiversity provides various benefits, we consider promoting nature-positive initiatives important for business continuity.	● Consideration and start of content on TNFD-related initiatives	● Participate in Osaka Prefecture's Forest Adoption initiative to carry out sustainable forest management (thinning, weeding, planting) and satoyama conservation through environmental education and community engagement	○	● Continue the Forest Adoption initiative and Itasenpara bitterling protection activities ● Continue initiatives based on the TNFD framework
Work styles, motivation, respect for human rights	**Promoting inclusion, diversity and equity (ID&E)**	We consider fostering a corporate culture in which various values and backgrounds are accepted as an important element for the growth of the company and the individual.	● Ratio of women in management positions: 15% or more ● Men's utilization of childcare leave: 100% ● Percentage of employees with disabilities: 2.85% or more	● Continuously conduct training and awareness activities to develop next-generation female leaders ● Introduce a new childcare leave system for employees raising children under two years of age	○	● Continue training programs to support and develop next-generation female leaders ● Consider measures to help employees stay connected with the company while on childcare leave ● Consider career design training for young female employees
	Improving employee engagement	Under our human resources philosophy, we value the individuality and creativity of each employee and strive to enhance employee engagement.	● Employee engagement indicator score: 4.50	● Initiate improvement efforts by setting priority focus areas at the division and site levels—such as fostering a culture of taking on challenges and promoting communication—alongside company-wide initiatives	△	● Continue employee engagement surveys ● Conduct training for managers focused on improving engagement
	Working on human rights due diligence	As a healthcare company deeply linked to life, we believe that giving consideration to the human rights of all stakeholders is an important responsibility.	● Reinforcing human rights due diligence at business partners ● Initiatives to spread awareness of the importance of respecting human rights within the company	● Conduct e-learning human rights training for all executives and employees ● Raise awareness of whistleblowing channels for human rights issues such as harassment, and investigate and analyze reported cases	△	● Evaluate internal and external human rights risks as part of human rights due diligence, and determine priority initiatives ● Formulate, publish, and internally disseminate a basic policy to address customer harassment
Corporate governance	**Enhancing risk management and compliance**	As a company that handles drugs, which are products linked to life, we must ensure high ethics and business continuity.	● Reinforcing the Risk Management Committee and the Compliance Committee	● Hold Group Risk Management Committee meetings twice a year to evaluate risks related to disaster response and other contingencies ● Hold monthly Group Compliance Committee meetings to implement measures for raising compliance awareness and hold Company-Wide Compliance Day	○	● Continue the initiatives listed on the left
	Strengthening information security	It is important to build a system to fully protect and manage information related to our company and stakeholders.	● Enhancing the Computer Security Incident Response Team (CSIRT) ● Reinforcing cyber risk countermeasures ● Automating incident response	● Develop generative AI guidelines and user manuals ● Host lectures by external experts	○	● Strengthen the information security monitoring framework ● Continue enhancing security capabilities through external assessments ● Strengthen data backup measures

Driving individual and organizational growth through continuous investment in human resources

Ichiro Takahashi Executive Officer,
Group Chief Human Resource Officer
Sawai Group Holdings Co., Ltd.



Our Corporate Philosophy and human capital strategy

The Sawai Group conducts its business activities under the Corporate Philosophy of "Dedicated to building a healthier future for all." In particular, in the generic drug business, we have made it our mission to contribute to society through superior quality and a stable supply, placing Sawai Pharmaceutical's philosophy, "Always putting patients first," at the core of our daily duties.

In continuing to fulfill this mission, human resources are our most important management foundation. In this VUCA era, where the future is uncertain, and changes are rapid, sustainable corporate growth cannot be achieved solely through facilities and systems. Each and every employee is required to accurately grasp changes, think for themselves, make decisions on the front lines, and solve issues while collaborating with those around them. This is precisely why we consider our employees not as mere "costs," but as vital "capital" that creates corporate value.

Our Group's human resources philosophy is "Nurturing individuals and maximizing their potential." Under this philosophy, we place recruitment, placement, evaluation, promotion, and development at the core of our human capital strategy. At the same time, we are focusing on building supportive work environments through efforts such as promoting ID&E*, supporting career development, practicing health and productivity management, and supporting employees in balancing work with childcare and nursing care. By promoting these measures comprehensively, we are creating an environment in which each employee can experience growth and maximize their abilities, thereby driving the vitality of the entire organization.

At the same time, the driving force of growth is ultimately each individual employee. While the Company actively supports employee growth, we also expect our employees not to be satisfied with the status quo, but to identify issues from new perspectives and take on challenges aimed at improvement. As a pharmaceutical company, compliance with laws and regulations and a quality-first approach are absolute prerequisites. Beyond that, we require employees to act proactively—constantly pursuing ongoing learning, thinking independently, and seeking better ways to work. The core of our human capital strategy is to build an organization where all employees can thrive and be empowered, growing alongside the Company, by continuing to provide systems and opportunities that support their efforts to take on new challenges.

*An abbreviation for inclusion, diversity, and equity. We stipulate policies that focus on understanding and accepting differences in each person's background (race, nationality, gender, age, etc.) (inclusion), leveraging talent regardless of background (diversity), and treating all employees impartially (equity) .

To achieve the Medium-Term Business Plan "Beyond 2027"

To achieve the objectives of "Beyond 2027," our medium-term business plan, it is essential to steadily advance growth in the generic drug market, establish sustainability in the generic drug business, and make continuous investments in growth areas, all underpinned by "Establishing a trusted corporate foundation." To realize these goals, human resources remain one of our most critical management foundations. It is none other than the power of each employee working on the front lines that supports a stable supply while putting quality first, drives the expansion of production capacity and the development of high-value-added products, and responds to the changing market landscape.

Therefore, the Group is promoting a human capital strategy integrated with our management strategies, rather than simply securing the required headcount. In addition to strengthening recruitment in key operational areas such as production, quality control, R&D, and sales, we are holistically managing training, optimal placement, job rotation, evaluation, and promotion to build a system that maximizes the capabilities of our human resources.

We are also working on the systematic cultivation of next-generation leaders and executive candidates, human resource management from a company-wide perspective through the Group Human Capital Strategy Council, which is attended by senior management, and the more sophisticated use of human resources data. Through ongoing investment in human resources, we will continue to build a robust human foundation that underpins the realization of our medium-term business plan, "Beyond 2027."

Human resources are the source of a company's competitiveness

Regarding human resources, which are the source of our corporate competitiveness, we are currently placing particular emphasis on strengthening areas that directly support sustainable business growth, such as production, quality control, and R&D. As social demands for a stable supply of pharmaceutical products become increasingly higher, we are

systematically recruiting and training personnel for these roles, which could otherwise become bottlenecks in growing production capacity. In fiscal 2025, we achieved an increase of approximately 400 employees across Sawai Pharmaceutical and Trust Pharmatech combined. Going forward, we will not only increase headcount but also steadily train and retain employees who can perform effectively on the front lines. Furthermore, we will aim to improve the organizational strength that supports a stable supply through multi-skilling, knowledge sharing, and inter-factory collaboration.

In addition, cultivating leaders who will lead our future is essential for continuously enhancing our competitiveness. Through the Group Human Capital Strategy Council, our Group is advancing the selection and development of next-generation leaders, managers, and executive candidates from a company-wide perspective. By viewing human resources from a Group-wide perspective rather than a department-by-department perspective, we are building a human resource foundation that enables employees to take on greater responsibilities through job rotation, training, and dialogue.

Furthermore, creating a work environment in which diverse human resources can maximize their abilities is also important. We are promoting ID&E initiatives, including cultivating female leaders, promoting the employment of people with disabilities, and promoting understanding of LGBTQ+. We also support employees' autonomous growth through career counseling services, an internal job-posting system, and career design training. We are committed to creating a workplace where employees with diverse circumstances can continue to work with peace of mind, including supporting employees to balance work and childcare and nursing care, promoting remote work, and advancing health and productivity management.

Moreover, improving employee engagement is a critical theme that supports all of these initiatives. We implement semi-annual employee engagement surveys and will steadily advance improvement measures based on the results. By strengthening the utilization of human resources data and linking individual growth with organizational growth, we will fortify the human foundation required to ensure that our Group remains a company continuously trusted and chosen by society.

Human capital strategy to enhance corporate value

Medium-Term Business Plan "Beyond 2027"	Human capital strategy themes	High-priority measures	Emphasized indicators	Increase corporate value
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	**Strengthening our ability to recruit and secure human resources with the necessary skills and mindset**	● Strengthening the recruitment brand ● Utilizing various recruitment channels ● Optimizing the recruitment process and improving the candidate experience	● Number of internship programs held ● Number of recruitment briefings ● Number of new graduate and mid-career applicants	● **Provide a stable supply of generic drugs** ● **Increase quality control capabilities** ● **Increase R&D capabilities**
	Promoting inclusion, diversity and equity (ID&E)	● Promoting active engagement for women and cultivating leaders ● Supporting the elderly and employees with disabilities ● Creating an inclusive work environment	● Ratio of women in management positions ● Men's utilization of childcare leave ● Percentage of employees with disabilities	
	Human resource development and career growth support	● Systematically developing talent with a management perspective ● Supporting proactive career development ● Providing learning opportunities and skill development support	● Number of employees eligible for succession planning ● Number of employees using the internal recruitment or dual job system ● Number of career consultations	
	Creating more facilitative and motivating environments	● Promoting flexible work styles ● Strengthening health management and health and safety ● Improving employee engagement ● Reforming corporate culture	● Utilization of paid leave ● Health checkup rate ● Number of town hall meeting participants	
	Expertise and skill development support	● Strengthening expertise and skills ● Supporting external training and qualification acquisition ● Providing opportunities for self-directed learning	● Number of training participants ● Number of external training program courses ● Number of external training participants	

Continuous Organizational Improvement Cycle (PDCA Model)

Identifying Issues and Developing Improvement Plans
- Providing tools to visualize department-specific issues
- Creating an environment that supports stronger management capabilities
- Formulating frontline-participatory plans

Ensuring Feedback for Work Environment Improvements
- Conducting in-depth analysis and interpretation of human resources data
- Optimizing measures to accelerate employee ramp-up and reduce turnover, and other key outcomes



Frontline-Led Improvement Activities
- Implementing employee-led improvement actions
- Encouraging expressions of appreciation through recognition apps
- Deepening dialogue in a spirit of "mutual care"
- Sharing success stories on the intranet

Multifaceted Assessment and Evaluation of the Current Status
- Conducting various surveys
- Verifying the effectiveness of measures using quantitative and qualitative data
  - Engagement surveys
  - Evaluation feedback questionnaires
  - Stress checks, etc.

Human capital strategy

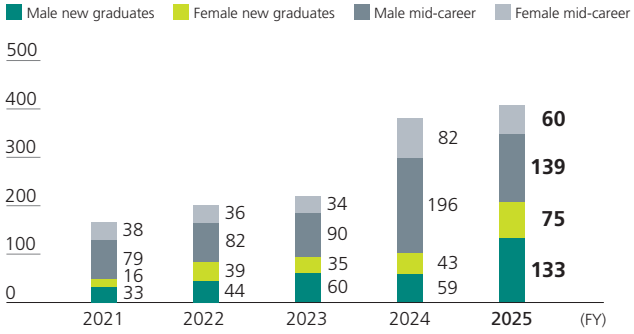
Building a Human Resource Foundation to Support a Stable Supply

As societal expectations for a stable supply of pharmaceuticals continue to rise, fulfilling our corporate mission of "quality and a stable supply" is our top-priority management issue for the Group's sustainable growth. To support this robust production and supply system, we are systematically securing human resources in tandem with our management strategies, while strengthening recruitment and development in critical operational areas such as production, quality control, and R&D. In fiscal 2025, we achieved a significant increase in headcount across Sawai Pharmaceutical and Trust Pharmatech—which is scheduled to merge with Sawai Pharmaceutical in April 2027—thereby expanding our supply capabilities and strengthening our organizational capacity in anticipation of future integration.

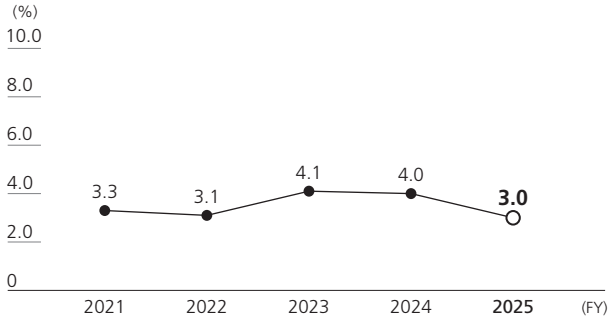
Amid continued competition for young talent, particularly in new graduate recruitment, the Group is expanding recruitment communications focused on minimizing expectation gaps and mismatches between candidates and the company. Specifically, building on the foundation of providing appropriate information to students and conducting internships, we focus on holding events and strengthening communications that help students form a realistic picture of what working at the Company will be like. In these activities, many young frontline employees participate in information sessions and events to convey their daily tasks and workplace atmosphere. They also serve as recruiters to attentively address students' concerns and anxieties about job hunting, establishing a company-wide cooperative framework. By responding carefully to each student's information needs and engaging in continuous dialogue, we ensure the acquisition of human resources who resonate with the Group's philosophy and working styles and aim to grow together with us.

Furthermore, we are enhancing onboarding activities so that mid-career hires—who have been increasing in recent years—and new graduates entering the workforce can smoothly adapt to and remain in the organization. Fostering awareness as employees engaged in the manufacture and sales of pharmaceuticals—a business involving human lives and carrying immense social responsibility—is an absolute prerequisite. To this end, we conduct introductory training to support their smooth adaptation to the strict regulatory environment of the pharmaceutical industry. As one example, we work to cultivate an attitude where employees go beyond merely complying with standard operating procedures (SOPs) to understanding their underlying rationale and purpose, thinking and acting independently. Through the development of such human resources, we aim to heighten ownership and problem-solving capabilities on the front lines, thereby building organizational strength that underpins a stable supply and sustainable growth.

Number of recruits (for Sawai Pharmaceutical)



Employee turnover rate



* Sawai Pharmaceutical (before FY2022), Sawai Group (from FY2023 onward).

Autonomous Career Development and Company-wide Human Resource Development

The driving force for the Group to achieve the targets of "Beyond 2027," our medium-term business plan, lies in each employee's ability and willingness to accurately grasp changes, make decisions on the front lines, and solve issues while collaborating with those around them. Under our human resources philosophy of "Nurturing individuals and maximizing their potential," the Group is advancing initiatives to support the autonomous growth of our employees.

Specifically, we offer multifaceted career development support, such as establishing career counseling desks to address individual concerns and introducing career design training for employees to periodically reflect on their strengths and future aspirations. In addition to fostering self-driven growth through these measures, our internal recruitment system, which allows employees to take on new duties and roles on their own initiative, has become an established mechanism for encouraging employees to take on new challenges.

Moreover, the Group links this career support with systematic human resource development from a company-wide perspective. Viewing human resources from the perspective of overall Group optimization rather than departmental optimization, we implement systematic selection and training programs for next-generation leaders,

managers, and executive candidates. We are also working to broaden the pool of talent that leads the organization through various training programs and rotations based on our human capital strategy. By continuously providing frameworks and opportunities to support employees' voluntary challenges, the Group strives to strengthen a solid human foundation that maximizes the potential of each individual and enables them to grow alongside the Company.

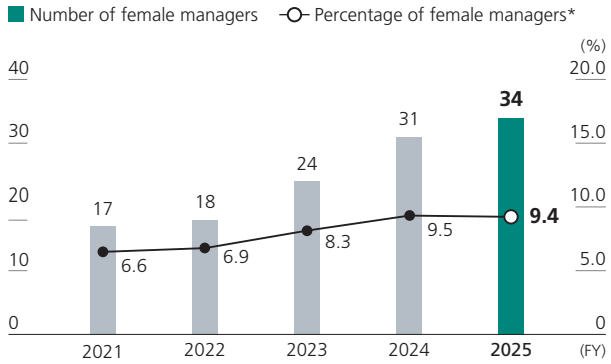
Establishing an ID&E Environment to Support Autonomous Growth

The Group is advancing the cultivation of an organizational culture (ID&E) in which talent with diverse backgrounds can maximize their potential and collaborate proactively. While systematically advancing measures such as cultivating next-generation female leaders, expanding the hiring of people with disabilities, and promoting understanding of LGBTQ+, we are working to build a workplace where employees with diverse lifestyles and values can work with peace of mind through support for balancing work with childcare and nursing care, promoting the use of a remote work system, and advancing health and productivity management.

To secure the diversity of human resources and leverage their capabilities, an environment where each employee can experience growth and autonomously shape their career is indispensable. The Group supports employees' autonomous growth in a variety of ways through the aforementioned career development support. At the same time, we promote flexible work styles by enhancing systems that help employees balance work with major life events like childcare and nursing care, as well as promoting the use of a remote work system. Creating a workplace environment where employees can continue to thrive and be empowered through these efforts leads to organizational vitality that generates new value from diverse perspectives.

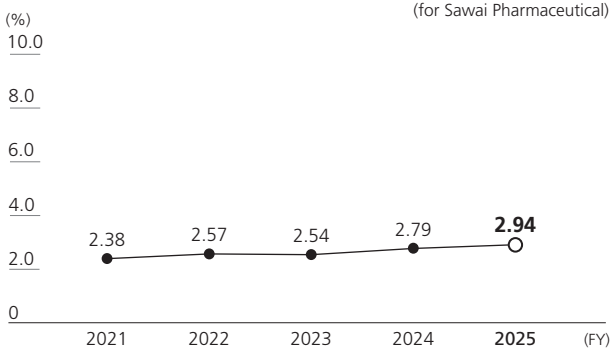
Going forward, through continuous investment in diverse talent and the workplace environment, we aim to strengthen a robust organizational capability that flexibly adapts to rapidly changing market landscapes and continuously creates corporate value.

Number and percentage of female managers*

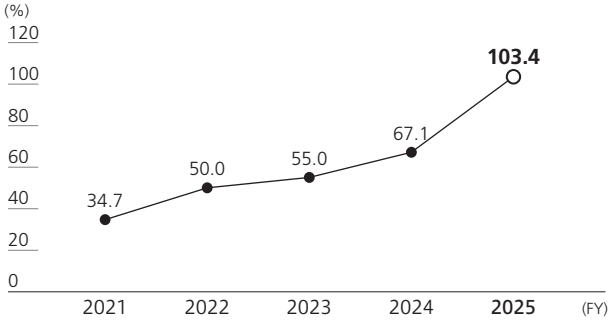


* Sawai Pharmaceutical (before FY2022), Sawai Group (from FY2023 onward).Target ratio of female employees in management positions: 15% and above by the end of March 2027.

Employment rate of persons with disabilities



Percentage of childcare leave take-up*



* Denominator is the number of employees who gave birth to children by themselves or their spouses among Sawai-registered or transferred employees to Sawai (before FY2023), Entire Sawai Group (from FY2024 onward).

Enhancing Employee Engagement

As a management foundation supporting sustainable value creation, the Group positions "employee engagement" as a key metric and is engaged in ongoing organizational improvements based on survey results.

To improve employee engagement, it is essential to accurately grasp the distinct challenges in each workplace. Rather than attempting to resolve these issues solely through the Group Human Resources Department, the Group focuses on building an environment to strengthen people management capabilities so that managers at each workplace can accurately identify organizational challenges in daily operations and changes in employee attitudes. For instance, we provide support such as providing departments with analysis results from internal surveys—including engagement surveys—to departments and providing tools that visualize department-specific issues. Furthermore, beyond merely sharing survey results, we promote participatory organizational development on the front lines so that employees can autonomously initiate improvement actions tailored to each workplace based on the data presented.

In addition, to create a workplace with high psychological safety where diverse employees can respect one another regardless of background or department, we are fostering a culture in which superiors, subordinates, and colleagues deepen dialogue in a spirit of "mutual care" and recognize positive everyday behaviors. Leveraging already introduced digital tools such as recognition apps, we are encouraging more active workplace communication by making small everyday contributions and expressions of gratitude visible.

By appropriately analyzing and utilizing engagement data obtained through these activities, we ensure that results are fed back into improving the environment of each workplace while striving to create a workplace environment that supports retention where employees can continue contributing with confidence over the long term. By linking individual growth with organizational growth, we are working to improve organizational capability to ensure that our Group remains a company continuously trusted and chosen by society.

Society

WEB
Sawai Group Human Rights Policy:
https://global.sawaigroup.holdings/about/globalpolicy/pdf/human-rights-policy.pdf
Human Resources Development:
https://global.sawaigroup.holdings/sustainability/social/development/

Consideration for Human Rights

As a comprehensive healthcare group deeply involved in matters affecting human life, the Sawai Group recognizes human rights as one of its most important responsibilities to all stakeholders, including patients, medical professionals, business partners, local communities, and employees. We therefore comply with all laws and regulations related to human rights and support and respect the protection of internationally proclaimed human rights.

The Group Code of Conduct also stipulates that we oppose any form of discrimination on the basis of race, gender, nationality, ethnicity, religion, ideology, political opinion, sexual orientation, disease, or disability and will not be complicit in any human rights abuses.

Initiatives to respect human rights

Formulation of the Human Rights Policy

The Sawai Group published the Group Human Rights Policy in April 2025 with the aim of further strengthening its commitment to respect for human rights. As the highest level of human rights policy based on the Group Corporate Philosophy, the Group Code of Conduct and the Group Sustainability Policy, this policy forms the basis for all of the Group's business activities. The policy applies to officers and employees of the Sawai Group and we will continue to encourage all business partners to support the policy and work together to respect human rights.

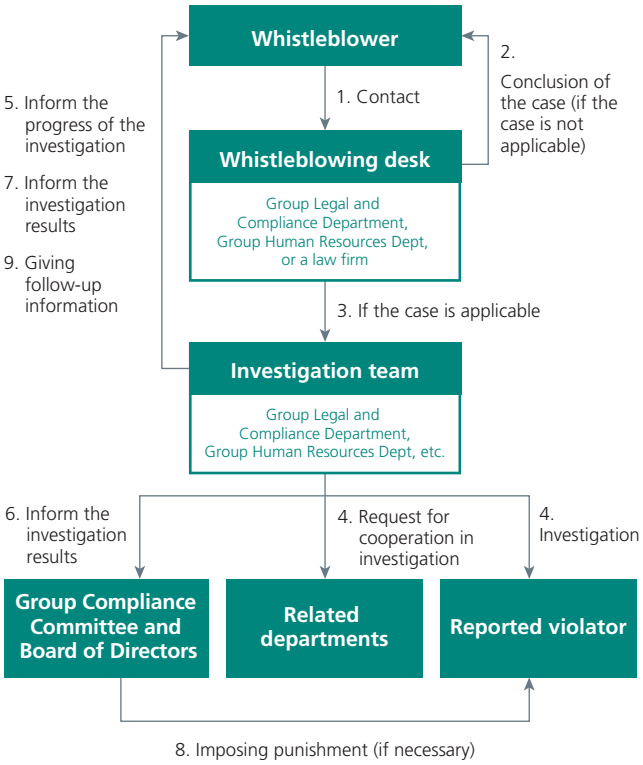
Human rights training

The Group provides human rights training to all employees to deepen their understanding of the importance of respecting human rights. In fiscal 2025, we conducted e-learning covering examples of human rights abuses by companies, the history of human rights, the background to the formulation of the United Nations Guiding Principles on Business and Human Rights, the content of the Group Human Rights Policy, and points to bear in mind in daily operations. We will continue working to raise awareness of respect for human rights among all employees through ongoing education.

Access to remedy

The Group has established the Corporate Ethics Helpline (internal whistleblowing system) as a reporting and consultation channel to facilitate the early detection and correction of human rights abuses in its business activities.

Corporate Ethics Helpline framework



The system is available to all Group employees as well as business partners. The confidentiality of whistleblowers and individuals seeking consultation is strictly protected, and anonymous reports and consultations are accepted. Any adverse treatment arising from making a report or seeking consultation is strictly prohibited. We promptly investigate the facts of each case and, if a human rights abuse is confirmed, take appropriate corrective action to provide remedy to the victim and prevent recurrence, thereby enhancing the effectiveness of our efforts to respect human rights.

Measures against harassment by customers

The Group places importance on appropriate communication with customers, including medical professionals and patients. However, harassment by customers, such as demands or behavior that exceed socially accepted norms, may affect employees' physical and mental health and their ability to perform their duties. The Group has therefore developed a manual defining criteria for identifying harassment by customers and methods for responding to it. In addition to annual training in this area, education is provided when employees are newly assigned. Going forward, we will continue working to create an environment in which employees can perform their duties with peace of mind.

At the Medical Information Center/Patient Support Office, we have also introduced a system that transcribes calls in real time and enables continuous monitoring of call content, helping to reduce the psychological burden on employees.

Message from the responsible officer

Establishing an accountable quality assurance system and continuing to earn trust in quality



Kazuhisa Adachi
Executive Officer
Group Chief Quality & Safety Officer (Group CQO)
Sawai Group Holdings Co., Ltd.

As Senior Vice President of the Reliability Assurance Division at Sawai Pharmaceutical and Group Chief Quality & Safety Officer (Group CQO) for the Sawai Group, I am responsible for reliability assurance relating to product quality, efficacy, and safety, as well as for maintaining and enhancing the Group-wide system for compliance with the Pharmaceuticals and Medical Devices Act and related regulations.

In light of past quality issues, my highest priority is now to establish a system capable of continuously ensuring compliance and to maintain the ability to explain that system transparently. I recognize that continuing to provide all stakeholders, including patients, medical professionals, and regulatory authorities, with products whose quality, efficacy, and safety are rigorously controlled is the foundation for further restoring trust.

Specifically, I am strengthening collaboration between the headquarters quality assurance division and our factories and continuing to identify and resolve issues at an early stage through regular factory visits. I am also drawing on the expertise of external specialists to enhance management based on Good Manufacturing Practice (GMP) and Good Quality Practice (GQP) and strengthen our audit system. In addition, I am promoting data integrity by systematizing quality information processing and reporting processes and enhancing responses to inquiries through the use of AI. I am also clarifying operational responsibilities to accelerate decision-making and improve the quality of decisions.

Going forward, I will continue working to restore and further enhance society's trust by strengthening our quality assurance system and further transforming our corporate culture, thereby continuing to embody our philosophy of "always putting patients first."

Strengthening the quality assurance system

The Group is guided by its aforementioned philosophy of "always putting patients first." It regards the stable delivery of high-quality pharmaceuticals as the cornerstone of reliability assurance and gives top priority to continuously strengthening its quality assurance system. For pharmaceuticals, which are directly linked to human life, ensuring efficacy and safety and maintaining a stable supply of high-quality products are our mission, while thorough and appropriate product management forms the foundation for sustainable value creation.

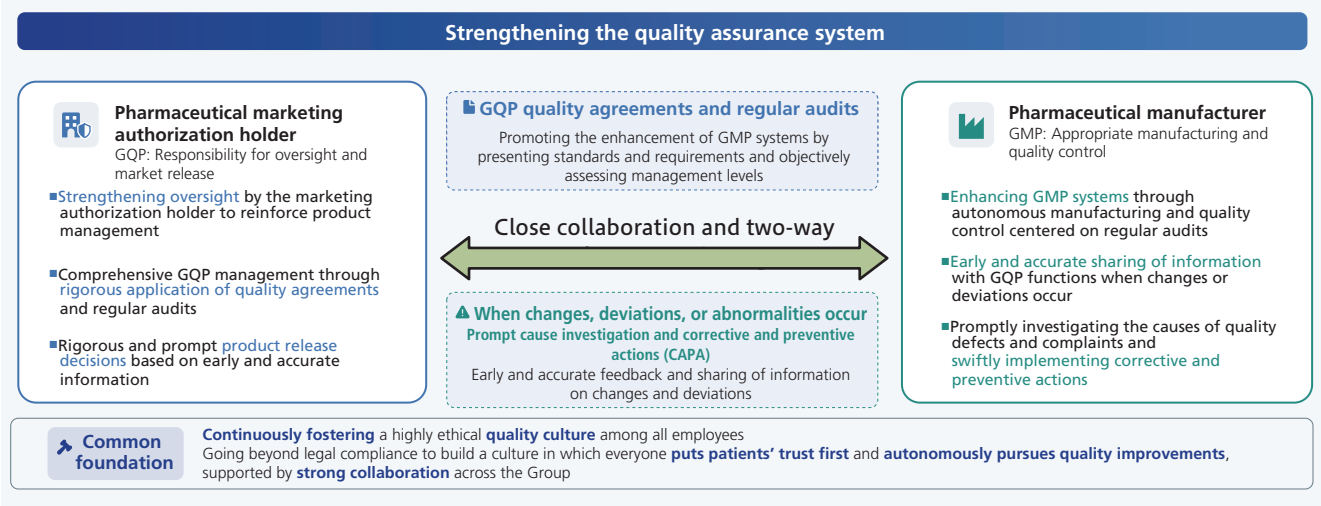
To further reinforce appropriate product management, we will strengthen our system for overseeing and supervising all manufacturing sites and their GMP systems, whether operated in-house or by contractors, in accordance with the Japanese government's ordinance on GQP. Rather than relying solely on unilateral monitoring, we emphasize close collaboration with manufacturing sites and are developing a two-way system that enables the prompt sharing and assessment of manufacturing and quality control conditions. Specifically, we support further enhancement of GMP systems through the rigorous application of quality agreements and regular audits. We also obtain information on changes and deviations earlier and more accurately and assess it appropriately based on scientific knowledge before products are released. If a quality defect or complaint arises, we thoroughly investigate the cause and promptly implement corrective action and preventive action (CAPA), thereby minimizing quality risks throughout the supply chain.

To support our quality assurance system, we are also fostering a culture of high ethical standards throughout the Group. By building an open organizational culture in which signs of quality risks can be detected and shared at an early stage and integrating frontline quality assurance activities with objective reliability assurance mechanisms, we will continue to earn society's trust.

Initiatives to ensure quality assurance and reliability

Promoting data integrity

To ensure the quality, efficacy, and safety of pharmaceuticals and medical devices, the Group ensures the authenticity of data and records throughout their life cycles, regardless of whether they are in paper or electronic form. To maintain this assurance appropriately, we are digitizing



operations and eliminating human intervention by automatically generating data and records. We also provide thorough education on appropriate recording and management methods to prevent deficiencies or errors from leading to misconduct and foster awareness of misconduct prevention. Electronic records are subject to rigorous security controls and backups, with audit trails ensuring verifiability. For paper records, we also make revision histories visible and protect original documents.

GMP training

Taking the Teprenone issue extremely seriously, the Group launched the Corporate Culture Reform Project under the direct leadership of the President in October 2023 to restore trust and fundamentally reform compliance awareness. As part of this initiative, we provided all employees with basic training on the Pharmaceuticals and Medical Devices Act and GMP.

Reflecting management's firm determination that all employees of a pharmaceutical company must acquire a sound basic knowledge of the Pharmaceuticals and Medical Devices Act and GMP, the program comprised 12 lectures delivered over one year beginning in November 2023. It covered all employees, including those in departments not directly involved in GMP operations, such as general affairs and human resources, and used extensively illustrated materials to promote understanding. The participation rate reached 100%, and the post-training survey found that, in addition to employees who were already aware of the importance of legal compliance, approximately 40% experienced a change in awareness. The program helped employees see the Pharmaceuticals and Medical Devices Act and GMP as relevant to their own work and gave us a tangible sense of progress in reforming our corporate culture.

In response to calls from many employees for continued learning, we continue to provide all employees with regular training on the Pharmaceuticals and Medical Devices Act and GMP. Rather than allowing this to be a one-time program, we will press ahead with embedding a corporate culture that gives top priority to compliance.

Approach to collaboration with stakeholders

The Group believes that building strong relationships of trust with all stakeholders and creating value through collaboration are essential to realizing a sustainable society and enhancing corporate value over the medium to long term. We emphasize dialogue and engagement with our business partners, employees who support the development of our business and their families, the local communities with which we coexist, children who will shape the future, and society as a whole. By fulfilling our responsibilities to each, we aim to achieve sustainable growth that draws on our respective strengths.

Building relationships with suppliers

Business Partner Briefings

A stable supply of generic drugs requires the continuous procurement of high-quality raw materials and other materials. We therefore hold an annual Business Partner Briefing to share information on the Group's production status, market trends, and outlook. The briefing also provides an opportunity to increase the transparency of transaction terms, promote technical cooperation, and seek understanding of and cooperation with our Sustainable Procurement Policy, including respect for human rights, environmental considerations, and compliance. Through close dialogue with our business partners, we will build strong relationships of trust and pursue sustainable growth together while fulfilling our social responsibilities.

Building relationships with employees and their families

Family Day

The Group held a Family Day for employees' children to express appreciation to the families who support our employees and deepen their understanding of the workplace environment.

The day included an online tour of the Sanda Nishi Factory, a visit to headquarters research and development facilities, and a program in which children experienced exchanging business cards, providing them with an opportunity to gain a feel for the workplace. We will continue fostering a corporate culture in which employees and their families can take pride.

Building relationships with local communities

Hosting factory tours

In the belief that improving access to healthcare requires promoting public understanding of generic drugs, the Sawai Group actively offers factory tours to people from various walks of life, including schoolchildren, students, local residents, and healthcare professionals.

On these tours, participants closely observe drug manufacturing processes while learning about our quality control and safety initiatives. Through question-and-answer sessions, we also seek to deepen their interest in pharmaceuticals.

We will continue engaging with local residents so that we are a trusted and approachable member of the community.

Social contribution activities

Sawai Pharmaceutical sponsors the International Women's Wheelchair Basketball Friendship Games OSAKA CUP, held annually in Osaka City.

This international tournament brings together women's wheelchair basketball teams from various countries, promoting understanding of persons with disabilities and providing opportunities for international exchange through sports.

During the tournament, exchange events are also held between local residents and participating teams, attracting many participants. Through these activities, we aim to realize a society in which everyone can enjoy sports and develop mutual understanding.

Environment

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Sawai Group Environmental Policy (PDF) : https://global.sawaigroup.holdings/sustainability/environment/management/pdf/environmentalpolicy.pdf
Disclosure based on TCFD recommendations (details) : https://global.sawaigroup.holdings/sustainability/environment/tcfd/
Disclosure based on TNFD recommendations (details) : https://global.sawaigroup.holdings/sustainability/environment/biodiversity/
ESG data : https://global.sawaigroup.holdings/sustainability/esg/

Basic approach

At the Sawai Group, we strive to realize the Group Corporate Philosophy, "Dedicated to building a healthier future for all." As a comprehensive healthcare group committed to developing sustainably alongside society, we position environmental conservation activities, including responses to climate change and biodiversity conservation, among our key material issues in management and actively promote and continuously improve these activities.

Sawai Group Environmental Policy

In all of its business activities, the Sawai Group works to preserve the global environment, protect natural resources, and prevent pollution. Based on this fundamental policy and its commitment to continue contributing to the realization of a healthy and sustainable society for all people, the Group established the Sawai Group Environmental Policy in March 2026.

The following are excerpts of the key provisions of the Sawai Group Environmental Policy.

Sawai Group Environmental Policy

1. **Compliance with Environmental Laws and Regulations and Establishment of a Management Framework** ▶ p. 43
2. **Response to Climate Change and Reduction of GHG Emissions** ▶ pp. 43-44
3. Prevention of Environmental Pollution and Appropriate Management of Chemical Substances
4. **Efficient Use of Resources and Contribution to a Recycling-Oriented Society** ▶ p. 44
5. **Conservation of Biodiversity** ▶ p. 45
6. **Water Resource Management** ▶ p. 43
7. Environmentally Conscious Products and Services
8. Education, Training, and Awareness-raising
9. **Collaboration with All Parties in the Supply Chain** ▶ p. 46
10. **Auditing and Disclosure** ▶ p. 46

Compliance with Environmental Laws and Regulations and Establishment of a Management Framework 1

The Sawai Group will comply with international declarations, agreements, and conventions related to environmental conservation, as well as the environmental laws and regulations of the countries and regions where it operates and other arrangements it has agreed upon, treating these as the foundation of its business activities. To help achieve a sustainable society, each of us will actively work to preserve the global environment with keen awareness of the environmental impact of our corporate activities. To drive specific initiatives to address environmental issues, the Group has established a Global Environment Team under the Group Sustainability Committee and will maintain a system whereby sustainability-related risks and opportunities are reported to and overseen by the Board of Directors.

Response to Climate Change and Reduction of GHG Emissions 2

In recognition of climate change as a material risk with significant implications for management, the Sawai Group will identify, assess, and manage climate-related risks and opportunities across the entire value chain. The Group will also purposefully avoid donating to organizations that deny climate change or oppose climate-related regulations or funding any related lobbying activities. To achieve net zero greenhouse gas (GHG) emissions by 2050, the Group will promote its efforts to reduce GHG emissions, improve energy efficiency, and introduce and make wider use of renewable energy.

Water Resource Management 6

In recognition of the importance of water resources across the entire pharmaceutical value chain, the Sawai Group will strive to maintain a healthy water cycle and coexist harmoniously with local communities. The Group will support efforts to ensure all stakeholders' access to safe water and sanitation and, based on risk assessments conducted with external data such as those from the World Resources Institute (WRI) Aqueduct, promote the reduction of water withdrawal and consumption, as well as more efficient water use, in accordance with water stress in each region. In addition, the Group will work to protect freshwater ecosystems and reduce water-related risks through rigorous wastewater management, thereby contributing to the realization of a sustainable society.

Reduction of GHG emissions 2

The Group's GHG emissions are trending upward as we expand facilities to strengthen our stable supply system for generic drugs. At the same time, we are actively working to reduce our environmental impact to help realize a sustainable society.

Installation of solar power generation equipment

We have installed solar power generation equipment at the Sanda Nishi Factory (Sanda City, Hyogo Prefecture) and the Daini Kyushu Factory (Iizuka City, Fukuoka Prefecture).



Solar power generation equipment

The Sanda Nishi Factory has installed approximately 450 solar panels, which generate 266 MWh annually. This is equivalent to approximately 6% of the factory's annual electricity consumption and contributes to an annual reduction of 89 t-CO_2. Solar panels have also been installed on the roof of the new solid dosage form building at the Daini Kyushu Factory, completed in July 2024, with plans to expand capacity to approximately 300MWh in the future.

We will further advance our initiatives to expand the use of renewable energy while considering the optimal approach for the terrain and characteristics of each site.

Installation of heat pump equipment

The Kanto Factory (Mobara City, Chiba Prefecture) has an annual manufacturing capacity of more than 3.5 billion tablets and is one of the Group's key manufacturing sites. As part of its efforts to reduce environmental impact, the factory introduced a waste heat recovery heat pump system in March 2024.

This system efficiently recovers waste heat that was previously released into the atmosphere from air-cooled chillers and reuses it to heat the hot water required for cleanroom air-conditioning control, thereby making effective use of thermal energy. In the first year after installation, this initiative reduced city gas consumption by 22.7% year on year and CO_2 emissions by 822 tons annually. These results exceeded initial expectations, and we are expanding the system to other factories.



Heat pump equipment at the Kanto Factory

We will continue to accelerate Group-wide initiatives toward carbon neutrality while maintaining our production system and addressing environmental issues.

Efficient Use of Resources and Contribution to a Recycling-Oriented Society 4

Even as we expand facilities and equipment to increase drug production, the Group is thoroughly pursuing the efficient use of resources to reduce its environmental impact.

While providing large-scale production capacity, the new solid dosage form building at the Daini Kyushu Factory, which began operations in December 2024, was designed from the outset as a sustainable factory focused on resource and energy conservation. As part of this effort, approximately 1,070 kg of waste aluminum foil used for testing during validation and other procedures when the building was launched was recycled as material. By replacing conventional incineration with a resource circulation scheme that reuses the waste as a raw material for aluminum products, we reduced GHG emissions by 20% and curbed disposal costs.

We are expanding this initiative to other factories and plan to apply it when production equipment is expanded at Trust Pharmatech's Seima Factories No. 2 and No. 3 and on other occasions.

At all of its manufacturing sites in Japan, the Group promotes waste reduction suited to the characteristics of each facility and the effective use of finite water and energy resources, aiming to contribute to a sustainable, recycling-oriented society across the Group. The following are specific environmentally conscious initiatives at the new building of the Daini Kyushu Factory.

Supply equipment for liquefied natural gas (LNG)

In consideration of reducing GHG emissions, LNG was selected as the fuel for six steam boilers used primarily as

heat sources for the air-conditioning required for production. Because there is no city gas supply network around the factory, two 60 kL storage tanks were installed as LNG supply equipment. For safety management, the tank manufacturer also monitors the equipment continuously to ensure stable and safe operation.

Wastewater reuse equipment

Previously, 40%–60% of water to be purified by our purified water production equipment was discharged as wastewater. To make effective use of water resources, the wastewater is now temporarily stored, disinfected, and reused as toilet flushing water.

This initiative promotes resource circulation by minimizing waste in the use of finite water resources.

Steam-powered compressor

We have introduced a steam-powered compressor to make effective use of the energy generated when steam pressure is reduced. Steam is normally supplied after its pressure is adjusted by a pressure-reducing valve. This equipment instead uses the energy from pressure reduction to supply compressed air, while recovering the resulting waste heat as hot water for use as part of the feedwater for the steam boilers.

By using thermal energy effectively while minimizing energy loss, we are improving energy efficiency throughout the factory.

Conservation of Biodiversity 5

Forest adoption activities

Osaka Prefecture's forest adoption program matches companies and organizations wishing to participate in forest development activities with forest owners. The companies and organizations "adopt" and manage designated forests and conserve rural (agricultural) land. Through a variety of activities, including forest maintenance such as thinning, undergrowth clearing, and tree planting, environmental education, and interaction with volunteer members of local communities, the Group aims to foster sustainable forests and conserve agricultural land.

Forests play essential roles in our lives, including preventing global warming, conserving biodiversity, and nurturing water resources. However, in recent years, forest degradation and shortages of forest caretakers have become challenges. Through these forest adoption activities, we also help prevent wildlife damage caused when increasing amounts of abandoned farmland blur the boundary between mountainous areas and rural land.

By encouraging companies and organizations to take the initiative in conserving forest and rural land, the forest adoption program protects the local natural environment and passes on rich forests and satoyama (forest land used and maintained mainly for agricultural purposes by local communities)/rural land to future generations. It also leads to enhanced environmental awareness and strengthened relationships with local communities.



Forest adoption activities

Itasenpara conservation activities

The Group participates in activities to conserve the Itasenpara, a freshwater fish designated as a Natural Monument by the Japanese government and listed as an endangered species.

The Itasenpara is a small kind of bitterling-like cyprinid that was once commonly seen in rivers across the Kansai region, including the Yodo River. However, its population has declined drastically due to changes in river environments, the spread of non-native fish, and a reduction in its habitats,

Comment

Introducing optimal renewable energy solutions from a long-term perspective



Koya Irie
Facility Control Section,
Administration Department,
Daini Kyushu Factory
Manufacturing Division
Sawai Pharmaceutical Co., Ltd.

I was involved in installing solar power generation equipment at our factory as part of "working on sustainability initiatives," one of the key themes of the Beyond 2027 medium-term business plan.

The greatest challenge in advancing this project was balancing the initial and maintenance costs of two different installation models: in-house ownership and a power purchase agreement (PPA). Based on the plans submitted by each potential partner company, we performed and visualized multifaceted simulations of total costs over 20 years, failure risks, and future environmental value, enabling us to propose and promote the optimal installation method.

Through this initiative, I learned the importance of taking a long-term, forward-looking perspective. I will apply this experience to make the Daini Kyushu Factory more environmentally conscious. Going beyond solar power, I will take a comprehensive approach that also considers synergies with other energy-saving technologies and contribute to creating a factory that strongly drives the Sawai Group's sustainability while remaining closely attuned to the local community and the environment.

resulting in its inclusion in the Japanese Ministry of the Environment's Red List (list of endangered and threatened wildlife species). It has also been selected as the Yodo River's symbol fish and represents the biodiversity of the region.

Twice a year, we remove non-native fish and clean the riverbanks at the Shirokita Wando backwaters in Asahi Ward, Osaka City, near the birthplace of Sawai Pharmaceutical. These activities are essential to protecting a safe habitat and spawning environment for the Itasenpara.

These conservation activities also provide opportunities for each employee to learn about the importance of biodiversity and environmental conservation and strengthen their ties with the local community. We will continue our conservation activities to safeguard precious wildlife, including the Itasenpara, and hand it down to future generations.

Collaboration with All Parties in the Supply Chain 9

Basic approach

Through collaboration with business partners and suppliers, we promote initiatives to realize a sustainable society while addressing social expectations concerning the environment, human rights, and other issues. Through ongoing disclosure of environmental information, dialogue, and transparent communication, we build relationships of trust with stakeholders and contribute to the realization of a sustainable society.

Business Partner Briefings

The Group regularly holds briefings for business partners that supply raw materials and other materials. In fiscal 2025, we surveyed packaging material manufacturers to understand, identify, and mitigate risks involving environmental impacts, human rights, and other issues in the supply chain.

Through the survey, we share information on each company's initiatives and challenges, such as reducing waste and promoting resource recovery. By providing feedback on the results, we also engage in dialogue to enhance transparency and sustainability among our suppliers. In addition, to support decarbonization, which is becoming increasingly important throughout society, we requested specific forms of collaboration, including the provision of information on the carbon footprint of each product.

We will continue to deepen mutual understanding through ongoing dialogue and build sustainable procurement and supply systems.

Recycling of PTP packaging waste

At the Kashima Factory, prompted by a proposal from a business partner that supplies pharmaceutical packaging materials, including PTP packaging materials, we are working to recycle PTP packaging waste in collaboration with a company that developed technology for separating the plastic and aluminum components of such waste.

Because the plastic and aluminum in PTP sheets are firmly bonded through heat and pressure, they were previously difficult to separate and were therefore primarily incinerated. By using separation technology to separate the plastic and aluminum, we have achieved material recycling of each material. The supplier that collaborated with us on this initiative received an Excellence Award in the FY2025 Pharmaceutical Supply Chain Environmental Awards presented by the Federation of Pharmaceutical Manufacturers' Associations of Japan.

Members of the Global Environment Team, which promotes sustainability, also worked together to devise methods for sorting and storing the relevant waste, enabling us to become the first generic drug manufacturer to launch such an initiative. Expected to reduce CO_2 emissions by approximately 94% compared with incineration, this collaboration is a strong example of achieving both resource circulation and a reduced environmental impact.

We will continue working to enhance sustainability in pharmaceutical manufacturing through close collaboration with our suppliers.

Auditing and Disclosure 10

We emphasize transparency and reliability in our environmental initiatives and related data, striving to ensure objectivity and accuracy through internal audits and verification by independent third parties. Key environmental indicators are also disclosed in our integrated report and on our corporate website and updated as needed, providing stakeholders with clear and accessible information.

We also regularly audit and assess compliance with environmental laws and regulations and take corrective and preventive measures as necessary to ensure appropriate environmental management.

Going forward, we will continue to disclose our environmental initiatives and related data in a timely and appropriate manner and pursue more advanced environmental management through dialogue with stakeholders.

Recycling of PTP packaging waste



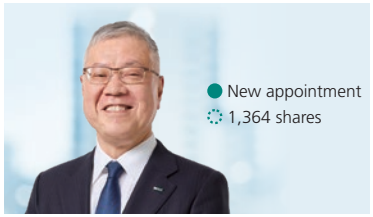
Board of Directors (as of June 25, 2026)

● Years of service as a Director (numbers in parentheses show service period at Sawai Pharmaceutical when it was publicly listed)
○ Board of Directors meeting attendance (FY2025)
◌ Shares of the Company held

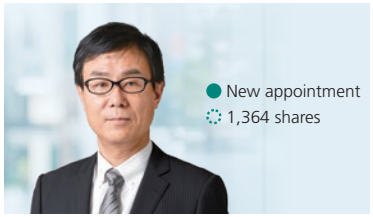
Directors


● 5 years (21 years)
○ 14/14 times (100%)
◌ 3,174,428 shares

Mitsuo Sawai
Representative Director, Chairman and President (Group Chief Executive Officer and Group Chief Operating Officer)


● New appointment
◌ 1,364 shares

Toshiomi Nakate
Director, Senior Managing Executive Officer


● New appointment
◌ 1,364 shares

Taku Nakaoka
Director, Senior Executive Officer


● 5 years (2 years)
○ 14/14 times (100%)
◌ 4,100 shares

Masatoshi Ohara
Outside Director (Independent Officer) (Nomination, Remuneration and Other Governance Committee Chair)


● 3 years
○ 14/14 times (100%)
◌ 200 shares

Masayuki Mitsuka, Ph. D.
Outside Director (Independent Officer)

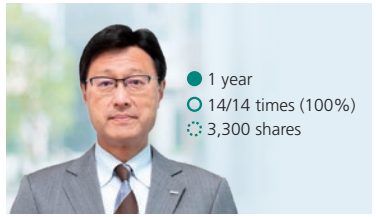

● 1 year
○ 11/11 times (100%)
◌ 0 shares

Yasuko Aitoku
Outside Director (Independent Officer)

Directors, Audit & Supervisory Committee Members


● 1 year
○ 11/11 times (100%)
◌ 0 shares

Etsuko Taniguchi
Outside Director, Audit and Supervisory Committee Member (Chair) (Independent Officer)


● 1 year
○ 14/14 times (100%)
◌ 3,300 shares

Tadao Tsubokura
Director, Full-time Audit and Supervisory Committee Member


● 1 year
○ 11/11 times (100%)
◌ 0 shares

Yukiyo Nose
Outside Director, Audit and Supervisory Committee Member (Independent Officer)

Skill matrix

	Reason considered important	Mitsuo Sawai	Toshiomi Nakate	Taku Nakaoka	Masatoshi Ohara	Masayuki Mitsuka	Yasuko Aitoku	Etsuko Taniguchi	Tadao Tsubokura	Yukiyo Nose
Corporate management	Experience in making decisions in line with the corporate philosophy and being responsible for business is important for management decisions that lead to the Group's sustainable growth.	●	●	●		●	●			●
Healthcare	Knowledge and experience in a wide range of healthcare fields is important to expand our core business, including new businesses as well as pharmaceuticals, and to increase corporate value.	●	●	●		●	●		●	●
Global	Understanding global markets and regulations is important for business operations, including international supply chains.		●	●	●		●			●
Medicine and pharmaceuticals	As a comprehensive healthcare group, medicine and pharmaceuticals are important for creating value in overall management, including quality improvement, by capturing the needs of healthcare professionals and patients.		●			●	●			●
Finance, accounting, tax practice	Knowledge of finance, accounting, and tax practice is important to accurately calculate corporate value, improve capital efficiency, and properly pay taxes.			●				●	●	●
Legal affairs/risk management	Legal affairs and risk management insights to ascertain and judge rules and risks is important to maximize corporate value through optimal decision making.				●			●		
Sustainability/ESG	ESG perspectives are important for the Group to both achieve sustainable growth and address social issues.			●	●	●				●

Corporate governance structure and initiatives

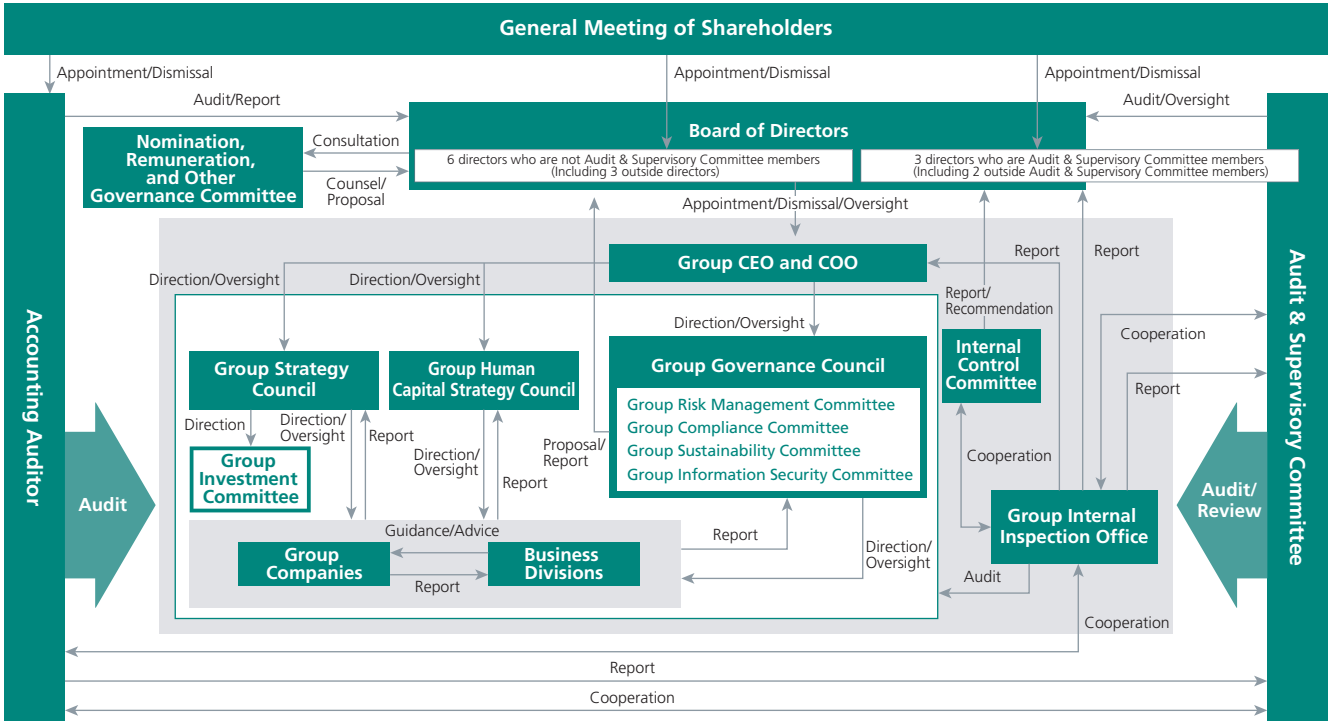
Governance system and reason for its adoption

To achieve sustainable growth and increase corporate value over the medium to long term across Sawai Group Holdings and its subsidiaries (hereinafter, the "Group"), the Sawai Group is working to establish a business execution structure capable of responding appropriately and promptly to changes in the external environment. The Group also regards enhancing corporate governance as a key management issue in order to ensure fair and transparent decision-making in management. With a company that provides prescription drugs at its core, the Group conducts corporate activities with due consideration for stakeholders in accordance with its various standards of conduct and internal regulations under the shared corporate philosophy, "Dedicated to building a healthier future for all", with the aim of maintaining and enhancing high ethical standards.

Under this policy, the Company's corporate governance structure comprises six directors who are not Audit & Supervisory Committee members, including three outside directors, and three directors who are Audit & Supervisory Committee members, including two outside directors.

After comprehensively considering factors such as the Company's size and approach to management, the Company determined that combining business management by directors who are well versed in the prescription drug industry and internal matters and who maintain high ethical standards with management oversight by outside directors and the Audit & Supervisory Committee would help ensure management efficiency and legal compliance. The Company therefore adopted the system of a company with an audit & supervisory committee. It has also introduced a corporate officer system to separate management decision-making from business execution, strengthen and streamline the execution of operations based on management strategies, and clarify responsibility for business execution.

Corporate governance structure

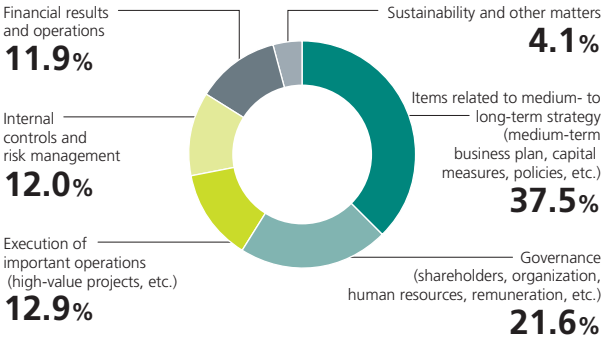


Main Board of Directors issues

The Company continually improves the operation of the Board of Directors and secures the time necessary for in-depth discussions on management. The key agenda items discussed by the Board of Directors in fiscal 2025 were as follows.

(1) Progress on the medium-term business plan and growth strategies
(2) Internal control system policies, evaluations, and reports
(3) Confirmation of the effectiveness of and follow-up on quality-related improvement initiatives
(4) Response to intellectual property litigation
(5) Succession planning
(6) Financing through bond issuance and bank borrowings
(7) Progress on capital efficiency KPIs
(8) Engagement with shareholders

Breakdown of time spent on deliberations and reports



Evaluation of the effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors once a year and makes improvements as necessary. In response to issues identified in the previous fiscal year's effectiveness evaluation, the Company addressed the following three issues in fiscal 2025.

Fiscal 2025 initiatives

- Succession planning, ensuring diversity of and developing core talent
- Following up on and monitoring progress with respect to the management plan and key resolutions
- Deepening discussions and enhancing information sharing related to sustainable growth and the creation of corporate value

The following diagram provides an overview of the results of the fiscal 2025 Board of Directors effectiveness evaluation and the policy for initiatives in fiscal 2026.

Overview of the results of the fiscal 2025 evaluation of the effectiveness of the Board of Directors

Evaluation method / results

- A third-party organization conducts a self-assessment questionnaire using a confidential written format.
- The third-party organization compiles the responses and analyzes the results.
- The Board of Directors reviews and verifies the findings based on the report provided by the third-party organization.
- The results showed improvement even in areas identified as issues in the previous evaluation, and the Company determined that its Board of Directors was generally functioning effectively.

Major comments

- Discussions continue to deepen regarding succession planning and mandatory retirement rules for directors.
- Based on detailed analyses of capital efficiency and other matters, open and constructive exchanges of opinions have increased, and publishing quarterly financial results enables progress to be reviewed in alignment with management strategies.
- Further discussion and consensus building are needed regarding the balance with future growth investments.
- Greater determination to achieve target profit margins and more thorough consideration of measures for responding to unplanned costs are also needed.

Policy for fiscal 2026 initiatives

We will work to improve the following two items.

(1) Deepening management strategy discussions from a broad perspective with a view to medium- to long-term growth while remaining mindful of profitability, capital efficiency, and other factors

(2) Strengthening internal control and risk management functions across the Group and enhancing discussions of sustainability initiatives

Message from the Nomination, Remuneration and Other Governance Committee Chair

Strengthening nomination and remuneration governance with a view to the next generation of management

Masatoshi Ohara Outside Director (Independent Officer)

The Nomination, Remuneration, and Other Governance Committee was established to make proposals and recommendations concerning the nomination and remuneration of senior management and other important governance matters, enabling the Board of Directors to make objective and transparent decisions. The committee consists of four members: three outside directors with diverse expertise and experience and one internal director with extensive knowledge of the Company's business and internal affairs. It has conducted repeated deliberations in light of Japan's Corporate Governance Code. This fiscal year in particular, the committee examined the succession plan for the Company's central management positions from objective and multifaceted perspectives, referring to guidelines issued by the Ministry of Economy, Trade and Industry and examples from other companies.

For succession planning, the committee has established multifaceted criteria that emphasize a passion for realizing the corporate philosophy, the confidence of stakeholders, outstanding foresight and leadership, and high integrity, while also considering candidates' potential capabilities and prospects, experience and track record, health, and age. The committee carefully deliberated the selection of the new president of Sawai Pharmaceutical, whose succession was expected this fiscal year, including by interviewing several potential candidates. As a result, it selected Toshiomi Nakate, who has extensive knowledge and experience in the pharmaceutical industry and worked diligently to restore trust as the Chief Quality Officer. The Company also decided to retain its Group CEO and Group COO structure to ensure that appropriate responses to the challenging environment facing the generic drug business continue to be implemented steadily under the new Representative Director and President of Sawai Pharmaceutical.

Looking ahead, the committee will remain mindful of its mission and responsibilities and continue to deliberate the appointment and development of senior management, including top executives, and decisions on remuneration from a medium- to long-term perspective.

Enhancing the effectiveness of governance to support quality assurance and stable supply

Etsuko Taniguchi
Outside Director, Audit and Supervisory Committee Member (Chair) (Independent Officer)



Expectations for governance under the new management structure

In June 2025, the Company transitioned to a company with an audit and supervisory committee and is working to establish a more effective governance structure.

Taking seriously the administrative sanctions imposed in December 2023 due to the quality issue, we have advanced corporate culture reform and recurrence prevention measures to restore the trust of all Group stakeholders. We are now at a critical stage in firmly embedding these initiatives and translating them into sustainable growth across the organization.

In the generic drug business, quality assurance and stable supply are fundamental to Sawai's operations and constitute a social mission that the Group must fulfill. Strengthening its production and supply systems and enhancing its quality assurance system are also key priorities as Sawai responds to future growth in demand and changes in the healthcare environment.

Based on this recognition, the Audit and Supervisory Committee focuses not only on whether various measures are being implemented as planned, but also on whether they are functioning effectively at operational sites. From the perspective of whether corporate culture reform and recurrence prevention measures have taken root throughout the organization and are functioning as mechanisms that support quality assurance and stable supply, we review management's decision-making processes and the operation of internal controls.

Strengthening supervisory functions through coordination among outside officers

The Company's five outside directors draw on their respective expertise and experience to engage in active discussions at meetings of the Board of Directors from the perspective of enhancing corporate value over the medium to long term.

We also use the Outside Officer Liaison Meeting not only to share information but also to clarify the key issues relating to important agenda items and management challenges. Through ongoing dialogue between outside officers and the executive team on issues such as quality assurance and stable supply, responses to changes in the business environment, and future growth strategies, we examine management challenges from multiple perspectives and enrich discussions at meetings of the Board of Directors.

As a certified public accountant, I focus on how changes in the business environment and industry structure affect the Group's management and corporate value over the medium to long term. Going forward, I will continue to work with my fellow outside directors to complement one another's professional expertise, enhance management transparency and objectivity, and, through constructive dialogue with the executive team, fulfill my role in supporting sustainable growth across the Group.

Role and effectiveness of the Audit and Supervisory Committee

The generic drug business has a significant public responsibility, and issues concerning quality assurance and stable supply directly affect corporate foundation and public trust.

Accordingly, the Audit and Supervisory Committee, comprising one full-time member and two outside members, reviews the status of legal compliance and internal controls from the perspective of whether systems for quality assurance, stable supply, and risk management have been appropriately established and are operating effectively.

We also work to identify significant risks through coordination with the accounting auditor, the Group Internal Inspection Office, and corporate auditors of subsidiaries. We share information obtained by attending important meetings and conducting site inspections, and perform audits commensurate with the significance of each risk.

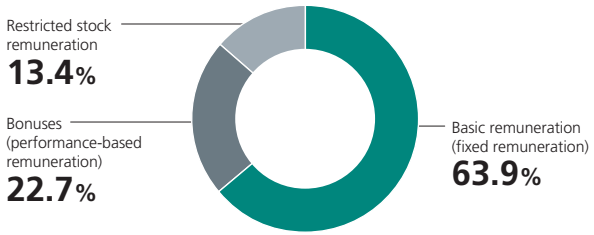
Over the past year, the Audit and Supervisory Committee has placed particular emphasis on whether the various reforms introduced in response to the quality issue have taken root at operational sites and are functioning effectively. We will continue to monitor how firmly these reforms have taken root and how effectively the various systems function; furthermore, we will enhance our audit and supervisory functions to support the social mission of quality assurance and stable supply while contributing to sustainable growth and increased corporate value across the Group.

Corporate Officer Remuneration System

Remuneration for directors of the Company (excluding directors who are members of the Audit and Supervisory Committee and outside directors) consists of a basic remuneration (fixed remuneration), bonus (performance-based remuneration), and restricted stock remuneration as a medium- to long-term incentive. Restricted stock remuneration consists of the continuous service type, which is granted in advance according to the position, etc., and the performance-based type, which is granted after the fact according to the degree of achievement of medium- to long-term corporate value improvement. Based on position and years of service, and in accordance with separately established internal regulations, a target of at least 10% of total remuneration is allocated as restricted stock remuneration, and basic remuneration and bonuses are generally paid at a 3:1 ratio.

Within the limits approved at the General Meeting of Shareholders, the Company has established a remuneration system designed to incentivize corporate officers to contribute to the medium- to long-term and sustainable enhancement of corporate value, enable the Company to secure outstanding management talent, and discourage excessive risk-taking.

Composition of remuneration for directors (excluding Audit & Supervisory Committee members and outside directors) (fiscal 2025)



Overview of the remuneration system

Type of remuneration	Basic remuneration	Bonuses	Restricted stock remuneration	
			Continuous service type	Performance-based type
Payment method	Cash	Cash	Shares	Shares
Performance-linked indicators	None (fixed remuneration)	Core operating profit before investment expenses, evaluated for the responsible area	None (continuous service for a specified period)	Core operating profit (50%), ROE (30%), relative TSR (20%)
Eligible officers	All directors	Directors (excluding outside directors and Audit & Supervisory Committee members)		
Maximum	The maximum total amount of all remuneration is as follows. [Directors (excluding directors who are Audit & Supervisory Committee members)] 620 million yen per year (including 100 million yen per year for outside directors) [Directors who are Audit & Supervisory Committee members] 100 million yen per year			
	None	None	50 million yen per year	100 million yen per year

Calculation methods for bonuses and performance-based restricted stock remuneration

Bonus = Standard amount by position × performance evaluation indicators + evaluation indicator for the responsible area (quantitative + qualitative)

Quantitative: Degree of target achievement for core operating profit before investment expenses
Qualitative: Degree of target achievement for the area of responsibility, including risk management and compliance initiatives*1

Number of shares granted = Base remuneration amount*2 ÷ share price of the Company's common stock*3

*1 The Representative Director is evaluated solely based on the performance evaluation indicators.
*2 Calculated by multiplying the standard amount determined by the Company's Board of Directors according to each eligible director's position, duties, and other factors by a percentage determined by the Company's Board of Directors within a range of 0% to 200%, based on the degree of achievement of the performance evaluation indicators for each applicable period and other factors.
*3 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Company's Board of Directors resolution determining the standard amount, performance evaluation indicators, and other matters (If no transaction is concluded on that day, the closing price on the most recent preceding trading day)

Distribution of remuneration for Directors and Audit & Supervisory Committee members

Classification	Total remuneration (Millions of yen)	Total remuneration by category (Millions of yen)				Number of eligible persons
		Fixed salary	Bonuses	Restricted stock remuneration		
				Continuous service type	Performance-based type	
Directors (not including Audit & Supervisory Committee members and outside Directors)	97	62	22	6	7	2
Directors who are Audit & Supervisory Committee members (not including outside directors)	14	14	—	—	—	1
Audit & Supervisory Board members (not including outside Audit & Supervisory Board members)	5	5	—	—	—	1
Outside directors and Audit & Supervisory Board members	48	48	—	—	—	8

Group Compliance Committee

The Group Compliance Committee is at the core of the Group's compliance framework, supporting compliance with laws and regulations and the practice of fair and honest management.

The committee deliberates and decides on Group-wide basic compliance policies, supports the development of compliance systems, identifies and reports important matters to the Board of Directors, handles matters reported through the Corporate Ethics Helpline, manages the progress of compliance enhancement measures, and responds to misconduct, thereby strengthening governance across the Group. Since November 2023, the committee has met monthly to identify issues promptly and respond swiftly. It also shares information on incidents and quality issues at business sites and factories, including details of each incident, its cause, and the status of the response, reviews and evaluates the appropriateness of the actions taken and decisions made, and works to prevent similar incidents and drive continuous improvement.

In particular, to prevent the recurrence of misconduct, we are working to enhance the effectiveness of management oversight and verification in light of the improvement order and improvement measures. In addition, we draw on the expertise of external specialists to verify the appropriateness of decisions from a legal compliance perspective and enhance the effectiveness of recurrence prevention measures.



Company-wide Compliance Day

Building on the Corporate Culture Reform Project launched in October 2023, we are prioritizing efforts to foster observance of laws and regulations and a culture of compliance. In addition to developing mechanisms that keep employees mindful of compliance in their daily work, we provide e-learning for all employees, including basic training on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and GMP, to deepen understanding and raise awareness among officers and employees.

In December 2025, we held our Company-wide Compliance Day for the second consecutive year. Our headquarters and each business site were connected live, and the event featured remarks by Chairman Sawai and President Kimura as well as messages from external specialists and division heads, providing an opportunity to deepen understanding of compliance throughout the Company. Chairman Sawai spoke on four topics: our responsibility as a company that manufactures and markets pharmaceuticals that affect human lives; raising awareness of compliance with laws and regulations; organizational support systems for addressing human error; and the cumulative impact of improvements made by each employee.

External specialists also advised that a quality culture is fostered when employees continually examine their own work and consult those around them whenever they have concerns or uncertainties, and compliance awareness and the conditions that support it are strengthened when each employee takes ownership of quality culture and puts it into practice through daily actions.

Through these initiatives, we will continue to embed compliance in our organizational culture and pursue the stable, sustainable growth of the entire Group.

Message from an external specialist

Honest reporting and reliable action prevent risks before they materialize



Takamasa Horio
Partner
Mori Hamada & Matsumoto

Each month, the Group Compliance Committee receives reports on various types of quality information and deviation cases at each factory. For cases deemed particularly serious or requiring attention at other factories, the committee requests additional investigations or action and conducts careful follow-up.

I believe that sincerely addressing this quality information and these deviations and responding to them continuously are essential to fostering a quality culture at the Sawai Group and building a strong organization.

Unexpected events and human error naturally occur in day-to-day operations. These are not problems in themselves. What is important is for the organization to consider how to recover from them in accordance with internal processes. A true problem would be failing to report unexpected events or errors and concealing their occurrence.

Accurate records are vital to pharmaceutical manufacturing and quality control. Without accurate records, problems cannot be detected promptly and the measures needed to ensure quality cannot be taken, potentially resulting in serious quality issues. When a problem arises in the course of work, remaining calm, not handling it alone, reporting it honestly, and responding sincerely as an organization can lead to a better solution.

The goal should not be an organization in which no problems occur, but one in which everyone works together toward a solution when a problem arises. I hope that you will foster such a corporate culture.

Group Risk Management Committee

As part of developing an internal control system pursuant to the Companies Act and other laws and regulations, the Group Risk Management Committee works to strengthen risk management across the Group. The committee deliberates and decides on basic risk management policies and annual plans, confirms the reports or refers responses by each division and Group company, reviews progress, and considers necessary measures. It also reports or refers important matters to the Management Meeting and, as necessary, reports them to the Board of Directors.

In fiscal 2025, the committee met twice, in September 2025 and March 2026. At the September 2025 meeting, an external lecturer gave a presentation on disaster response and the duty of care for safety. Drawing on lessons from the Great East Japan Earthquake, the presentation confirmed the importance of advance preparations, information gathering, and appropriate instructions during a disaster. Committee members also learned about the latest risk trends and practical considerations, enhancing their risk awareness and response capabilities.

At the March 2026 meeting, the committee received a report on the use of risk assessment sheets and reviewed them. In fiscal 2025, it focused on the Reliability Assurance Division, Research & Development Division, and administrative divisions, confirming their risk assessment results and response status.

Going forward, we will continue to enhance the effectiveness of risk identification, assessment, and measures while continuously strengthening the Group-wide risk management system.

Examples of risks and measures discussed by the Risk Management Committee

Theme	Risk	Measures
Disaster response and duty of care for safety	Inadequate advance preparations or information gathering during a disaster may prevent appropriate instructions or action at the disaster site and could constitute a breach of the duty of care for safety.	• Thorough pre-emptive measures • Establishment of an information-gathering system • Establishment of a system for issuing appropriate evacuation and action instructions
Protection and infringement of intellectual property	Risk of infringing the intellectual property of original drug manufacturers or other parties, or of facing and/or losing litigation for infringement	• Stronger collaboration with intellectual property attorneys and other specialists • Preparation for asserting rights and sharing information internally and with regulatory authorities
Information system deficiencies and failures	Risk of outages in information systems used for production, research and development, adverse drug reaction information, and other purposes; network breaches; or compromised GxP data integrity, including authenticity, legibility, and retention	• Migrate servers to the cloud • Perform regular maintenance • Establish alternative operating procedures

Group Information Security Committee

Based on the Information Security Measures Matrix, the Group Information Security Committee continuously develops systems, strengthens measures, and provides education and awareness programs to protect information assets across the Group. Our information security measures address risks with respect to both unauthorized intrusions and internal misconduct and are constantly improved. We also regularly engage third parties to conduct information security assessments, using objective external evaluations to enhance the effectiveness of our measures.

Given the recent cyberattacks affecting various companies and organizations, we are reviewing and strengthening the Group's measures based on lessons from external incidents. Specifically, we are enhancing the management of key accounts, reviewing data protection measures, expanding third-party assessments, and improving monitoring and response capabilities.

Furthermore, as the spread of generative AI has made emails impersonating business partners or internal personnel increasingly sophisticated, we continue to review training materials and issue alerts so that every employee can identify and respond appropriately to suspicious emails.

Through the Group Information Security Committee, we will continue to monitor and review the status of measures and advance information security management under effective governance.

Financial indicators (Sawai Group Holdings Co., Ltd. and its subsidiaries)

	IFRS	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
For the fiscal year (Millions of yen)											
Revenue		132,392	168,068	184,341	182,537	187,219	193,816	163,702	176,862	189,024	**201,676**
Cost of sales		80,548	98,628	109,442	109,037	114,785	127,164	113,450	122,543	132,673	**142,882**
Gross profit		51,844	69,440	74,899	73,500	72,434	66,652	50,252	54,319	56,352	**58,793**
Selling, general and administrative expenses (including research and development expenses)		28,497	47,264	49,051	46,862	53,820	71,103	34,754	35,433	36,111	**38,444**
Operating profit (loss)		22,943	22,209	25,798	26,793	18,888	(35,888)	16,054	18,620	4,050	**15,894**
Profit (loss) before tax		22,757	20,251	25,666	26,497	18,460	(36,214)	15,850	18,262	3,161	**14,273**
Profit (loss) attributable to owners of the Company		17,969	14,017	19,376	19,279	12,340	(28,269)	12,667	13,695	11,969	**10,438**
Research and development (R&D) expenses		7,238	14,533	16,671	13,487	13,883	24,413	12,509	12,189	12,593	**12,388**
Capital expenditures		18,839	16,807	10,709	18,173	21,124	23,344	27,141	24,649	27,514	**18,533**
Depreciation and amortization		8,520	14,239	16,280	17,954	18,291	17,045	17,683	18,055	15,241	**16,002**
At fiscal year-end (Millions of yen)											
Total assets		225,609	358,453	372,889	384,814	393,341	349,502	364,165	382,024	354,623	**359,919**
Inventories		61,924	65,217	63,449	75,460	79,120	85,853	101,805	100,002	109,867	**117,607**
Total current liabilities		57,668	74,579	72,826	82,715	80,452	88,840	85,154	93,618	102,815	**80,934**
Total non-current liabilities		26,704	81,433	76,861	68,413	72,139	60,579	66,272	70,375	77,954	**100,429**
Total equity		141,237	202,441	223,204	233,686	240,750	200,083	212,738	218,030	173,854	**178,556**
Cash flows (Millions of yen)											
Cash flows from operating activities		23,270	28,472	42,923	30,256	31,857	34,310	13,026	23,149	27,851	**7,433**
Cash flows from investing activities		(18,827)	(127,900)	(16,820)	(18,173)	(21,794)	(30,395)	(27,134)	(23,112)	6,480	**(22,898)**
Cash flows from financing activities		(6,761)	108,597	(9,513)	(12,747)	(11,991)	(11,262)	(1,267)	2,363	(32,704)	**5,587**
Cash and cash equivalents at the end of the year		30,771	39,992	57,067	56,082	54,269	47,717	33,076	26,368	38,785	**28,989**
Financial indicators (%)											
Ratio of research and development expenses to revenue		5.5	8.6	9.0	7.4	7.4	12.6	7.6	6.9	6.7	**6.1**
Return on equity attributable to owners of the Company (ROE)		13.4	8.7	10.2	9.4	5.8	(13.8)	6.5	6.6	6.2	**5.9**
Ratio of equity attributable to owners of the Company to total assets (Shareholders' equity to total assets)		62.6	50.6	53.4	54.6	55.5	54.4	55.4	55.7	49.0	**49.6**
Per share information (yen)											
Basic earnings per share		162.46	120.16	147.54	146.79	93.93	(215.18)	96.42	104.22	96.54	**90.39**
Diluted earnings per share		162.36	120.09	147.44	146.67	93.84	(215.18)	96.20	103.93	96.25	**90.10**
Dividends per share		43.33	43.33	45.00	43.33	43.33	43.33	43.33	43.33	53.00	**55.00**
Equity attributable to owners of the Company per share		1,276.95	1,381.05	1,517.17	1,598.80	1,661.50	1,446.77	1,534.89	1,618.32	1,505.86	**1,546.13**

Notes
1. Capital expenditures are presented on a cash flow basis.
2. Dividend per share in fiscal 2018 included our 90th anniversary commemorative dividend of ¥5.
3. The U.S. business was classified as a non-continuing business in fiscal 2023. Fiscal 2022 through fiscal 2025 revenue, operating profit, and profit before tax are those for continuing businesses, excluding non-continuing business.
4. Per-share information has been recalculated to reflect the three-for-one share split of common stock effective October 1, 2024.

Non-financial indicators (unless specially noted, for Sawai Pharmaceutical)

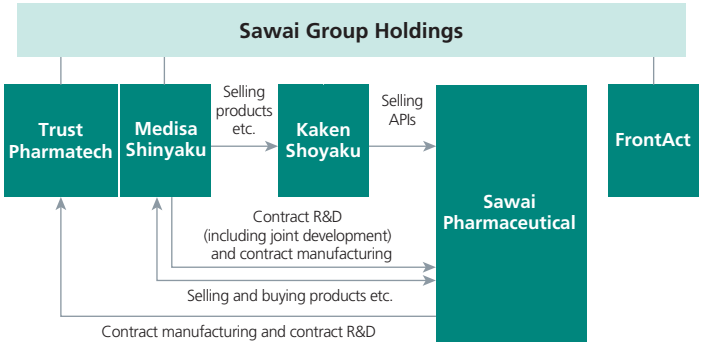
WEB **See the webpage for non-financial data (ESG data).**
https://global.sawaigroup.holdings/sustainability/esg/

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Sales volume (Billion tablets)	10.2	10.6	11.9	12.4	13.3	14.8	15.0	15.7	16.1	**17.1**
Production capacity (Billion tablets)	15.0	15.5	15.5	15.5	15.5	15.5	15.5	18.5	20.5	**20.5**
Number of new products launched	18	43	33	12	44	32	23	10	13	**10**
Number of patents held	23	26	31	36	37	42	45	53	69	**78**
Number of GMP audits	164	100	110	133	124	141	153	92	91	**115**
Number of employees (Sawai Group)	2,502	3,252	3,131	3,066	3,003	2,968	3,393	3,482	3,310	**3,630**
Number of female employees in management positions	11	14	15	15	15	17	18	24	31	**34**
Ratio of female employees in management positions (%)	4.5	5.5	6.0	6.1	5.8	6.6	6.9	8.3	9.5	**9.4**
Employee training expenses (Sawai Group) (Millions of yen)	111	128	87	62	45	63	88	92	91	**112**
Number of employees who have received training (Sawai Group)	660	579	654	600	4,038	2,840	4,034	3,795	5,842	**8,195**
Number of employees involved in production (Sawai Group)	1,612	1,749	1,687	1,644	1,607	1,636	2,015	2,097	2,374	**2,662**
Number of employees involved in R&D (Sawai Group)	230	246	257	251	246	253	295	297	300	**316**
Energy used (Sawai Group) (Crude oil conversion kl)	30,914	31,948	32,336	31,015	30,130	30,452	40,628	36,955	42,216	**47,227**

Notes 1. Production capacity and female manager data show figures for Sawai Pharmaceutical through fiscal year 2022, and Sawai Group figures from FY2023 onward.

Corporate profile

Company name	Sawai Group Holdings Co., Ltd.
Address	5-2-30, Miyahara, Yodogawa-ku, Osaka 532-0003, Japan
Representative	Mitsuo Sawai, Chairman and President
Business outline	Holding company responsible for the management of the group and its related activities
Paid-in capital	10 billion yen
Founded	April 1, 2021
Fiscal year-end	March 31
Consolidated net sales	201.7 billion yen (FY2025, for the year ended March 31, 2026)
Number of employees	3,630 (FY2025, as of March 31, 2026)
Webpage	https://global.sawaigroup.holdings/



Group companies

Sawai Pharmaceutical Co., Ltd.

Business outline
Manufacturing, sales and import/export of pharmaceuticals and medical devices

Headquarters
5-2-30, Miyahara, Yodogawa-ku, Osaka, Japan

https://global.sawai.co.jp/

Medisa Shinyaku Inc.

Business outline
Manufacturing, sales of pharmaceuticals

Headquarters
5-2-27, Miyahara, Yodogawa-ku, Osaka, Japan

https://www.medisa.co.jp/

Kaken Shoyaku Co., Ltd.

Business outline
Sales of ethical pharmaceuticals and manufacturing of pharmaceutical products

Headquarters
1-11-12, Yamato-cho, Nakano-ku, Tokyo, Japan

https://www.kakenshoyaku.com/

Trust Pharmatech Co., Ltd.

Business outline
Manufacturing of ethical pharmaceuticals

Headquarters
5-15, Yachi, Awara, Fukui, Japan

https://www.trustpharmatech.co.jp/

FrontAct Co., Ltd.

Business outline
Development, manufacturing, sales and marketing, leasing, export and import of products, software, and system including but not limited to medical care, nursing care, welfare, health, and daily living

Headquarters
NMF Kayabacho Bldg. 5F, 1-17-24, Shinkawa, Chuo-ku, Tokyo, Japan

https://frontact-gl.com/

Editorial policy

This report references the International Financial Reporting Standards Foundation'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 supervised by the President, and with the support of the committee's administrative office.

Reporting period:
April 1, 2025 to March 31, 2026 (some information herein falls outside of this period)

Abbreviations used:
In this report, "generic drugs" are abbreviated as either "GE drugs" or "GE."

Reporting scope:
Sawai Group Holdings and its consolidated subsidiaries

A caution concerning forward-looking statements:
This report contains forward-looking statements regarding the Company's plans, outlook, strategies, and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication. Accordingly, please be aware that the impact of certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report.

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