

Summary of Financial Statements for the Nine-month Period Ended December 31, 2023 (IFRS, Consolidated)

February 1, 2024

Takeda Pharmaceutical Company Limited

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Supplementary materials for the financial statements: Yes

Presentation to explain the financial statements: Yes

(Million JPY, rounded to the nearest million)

1. Consolidated Financial Results for the Nine-month Period Ended December 31, 2023 (April 1 to December 31, 2023)

(1) Consolidated Operating Results (year to date)

(Percentage figures represent changes over the same period of the previous year)

	Revenue		Operating profit		Profit before tax		Net profit for the period	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
Nine-month Period Ended December 31, 2023	3,212,893	4.6	224,144	(44.2)	100,313	(69.3)	147,191	(48.5)
Nine-month Period Ended December 31, 2022	3,071,322	13.9	401,943	(13.1)	327,175	(8.3)	285,903	18.4

	Net profit attributable to owners of the Company		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)	(JPY)
Nine-month Period Ended December 31, 2023	147,085	(48.6)	625,154	(16.7)	94.10	93.17
Nine-month Period Ended December 31, 2022	285,883	18.4	750,209	63.4	184.32	182.65

	Core Operating Profit		Core EPS
	(Billion JPY)	(%)	(JPY)
Nine-month Period Ended December 31, 2023	865.6	(9.3)	412
Nine-month Period Ended December 31, 2022	954.7	26.0	456

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets (%)	Equity attributable to owners of the Company per share (JPY)
	(Million JPY)	(Million JPY)	(Million JPY)	(%)	(JPY)
As of December 31, 2023	14,222,947	6,742,607	6,741,934	47.4	4,297.22
As of March 31, 2023	13,957,750	6,354,672	6,354,122	45.5	4,087.49

2. Dividends

	Annual dividends per share (JPY)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
For the Fiscal Year Ended March 31, 2023	—	90.00	—	90.00	180.00
For the Fiscal Year Ending March 31, 2024	—	94.00	—		
For the Fiscal Year Ending March 31, 2024 (Projection)				94.00	188.00

(Note) Modifications in the dividend projection from the latest announcement: None

3. Forecasts for Consolidated Operating Results (Actual Exchange Rate basis) for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentage figures represent changes from previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the Company		Basic earnings per share
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)
For the Fiscal Year Ending March 31, 2024	3,980,000	(1.2)	225,000	(54.1)	70,000	(81.3)	93,000	(70.7)	59.45

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: None

Forecasts for Core financial measures are shown below.

(Percentage figures represent changes from previous fiscal year)

	Core Revenue		Core Operating Profit		Core EPS
	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)
For the Fiscal Year Ending March 31, 2024	3,980,000	(1.2)	1,015,000	(14.6)	447

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: None

The definition of Core financial measures is stated in the Attachment.

4. Management Guidance (Constant Exchange Rate basis) for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

Takeda uses changes in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2024 (FY2023) has not been changed from the management guidance announced at the FY2022 financial results announcement on May 11, 2023.

	Core Revenue Growth	Core Operating Profit Growth	Core EPS Growth
	(%)	(%)	(%)
For the Fiscal Year Ending March 31, 2024	Low-single-digit % decline	Low-10s % decline	Low-20s % decline

The definition of Constant Exchange Rate change is stated in the Attachment.

▪ **Additional Information**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the consolidation scope)	: No
(2) Changes in accounting policies and changes in accounting estimates	
1) Changes in accounting policies required by IFRS	: No
2) Changes in accounting policies other than 1)	: No
3) Changes in accounting estimates	: No
(3) Number of shares outstanding (common stock)	
1) Number of shares outstanding (including treasury stock) at period end:	
December 31, 2023	1,582,392,825 shares
March 31, 2023	1,582,296,025 shares
2) Number of shares of treasury stock at period end:	
December 31, 2023	13,486,498 shares
March 31, 2023	27,767,213 shares
3) Average number of outstanding shares (for the nine-month period ended December 31):	
December 31, 2023	1,563,100,771 shares
December 31, 2022	1,550,992,486 shares

▪ **This summary of quarterly financial statements is not subject to quarterly review by the external auditor**

▪ **Note to ensure appropriate use of forecasts and guidance, and other noteworthy items**

- Takeda applies International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts and management guidance in this document are based on information currently available and assumptions to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecasts or guidance to be revised, Takeda will disclose it in a timely manner.
- For details of the forecasts for consolidated operating results and the management guidance, please refer to "1. Financial Highlights for the Nine-month Period Ended December 31, 2023 (3) Outlook for the Fiscal Year Ending March 31, 2024" on page 9.
- Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on February 1, 2024, and its audio will be promptly posted on Takeda's website.

(Takeda Website):

<https://www.takeda.com/investors/financial-results/quarterly-results/>

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[Financial Appendix]

1. Financial Highlights for the Nine-month Period Ended December 31, 2023

(1) Business Performance

(i) Consolidated Financial Results (April 1 to December 31, 2023)

	FY2022 Q3YTD	FY2023 Q3YTD	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Revenue	3,071.3	3,212.9	141.6	4.6 %	0.0 %
Cost of sales	(934.3)	(1,044.2)	(109.9)	11.8 %	6.8 %
Selling, general and administrative expenses	(742.5)	(768.6)	(26.1)	3.5 %	(1.3)%
Research and development expenses	(472.4)	(534.1)	(61.7)	13.1 %	7.3 %
Amortization and impairment losses on intangible assets associated with products	(409.2)	(507.0)	(97.8)	23.9 %	16.3 %
Other operating income	16.7	10.8	(5.9)	(35.4)%	(35.7)%
Other operating expenses	(127.6)	(145.7)	(18.0)	14.1 %	9.1 %
Operating profit	401.9	224.1	(177.8)	(44.2)%	(42.9)%
Finance income and (expenses), net	(71.6)	(126.6)	(54.9)	76.7 %	77.9 %
Share of profit (loss) of investments accounted for using the equity method	(3.1)	2.7	5.9	—	—
Profit before tax	327.2	100.3	(226.9)	(69.3)%	(67.9)%
Income tax (expenses) benefit	(41.3)	46.9	88.2	—	—
Net profit for the period	285.9	147.2	(138.7)	(48.5)%	(50.1)%

In this section, when comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to (ii) Core Results (April 1 to December 31, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition of “Constant Exchange Rate change”.

Revenue

Revenue for the nine-month period ended December 31, 2023 was JPY 3,212.9 billion (JPY +141.6 billion and +4.6% AER, +0.0% CER). The increase is attributable to favorable foreign exchange rates and growth from business momentum of Plasma-Derived Therapies (“PDT”) Immunology, Gastroenterology (“GI”) and Rare Diseases. The increase of these business areas was offset by the decrease in Oncology and Neuroscience. Although the decrease was partially mitigated by favorable foreign exchange rates, it was largely impacted by generic erosion and intensified competition on certain products in the current period. In addition, revenue outside of our five key business areas decreased mainly due to lower revenue contribution from COVID-19 vaccines in Japan.

Revenue by Geographic Region

The following shows revenue by geographic region:

Revenue:	FY2022 Q3YTD	FY2023 Q3YTD	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Japan	389.8	342.6	(47.2)	(12.1)%	(12.3)%
United States	1,621.8	1,685.5	63.7	3.9 %	(1.8)%
Europe and Canada	632.4	721.5	89.1	14.1 %	4.7 %
Asia (excluding Japan)	169.0	188.8	19.8	11.7 %	8.9 %
Latin America	121.4	138.4	16.9	14.0 %	15.2 %
Russia/CIS	66.7	45.4	(21.3)	(32.0)%	(16.9)%
Other* ¹	70.2	90.7	20.5	29.3 %	35.4 %
Total	3,071.3	3,212.9	141.6	4.6 %	0.0 %

*1 Other includes the Middle East, Oceania and Africa.

Revenue by Business Area

The following shows revenue by business area:

Revenue:	Billion JPY or percentage				
	FY2022 Q3YTD	FY2023 Q3YTD	Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
GI	857.5	936.1	78.5	9.2 %	3.6 %
Rare Diseases	553.6	585.1	31.5	5.7 %	3.3 %
Rare Hematology	232.6	230.0	(2.6)	(1.1)%	(4.3)%
Rare Genetics and Other	321.0	355.0	34.1	10.6 %	8.9 %
PDT Immunology	502.4	611.2	108.8	21.7 %	16.2 %
Oncology	345.0	346.3	1.3	0.4 %	(2.2)%
Neuroscience	477.1	474.9	(2.3)	(0.5)%	(5.8)%
Other	335.7	259.4	(76.3)	(22.7)%	(28.3)%
Total	3,071.3	3,212.9	141.6	4.6 %	0.0 %

Year-on-year change in revenue for this nine-month period in each of our business areas was primarily attributable to the following products:

GI

In GI, revenue was JPY 936.1 billion (JPY +78.5 billion and +9.2% AER, +3.6% CER).

Sales of ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)) were JPY 619.3 billion (JPY +71.4 billion and +13.0% AER, +6.6% CER). Sales in the U.S. were JPY 431.8 billion (JPY +43.5 billion and +11.2% AER). The increase was due to favorable foreign exchange rates and demand in the first line biologic inflammatory bowel disease (“IBD”) population primarily in UC. Sales in Europe and Canada were JPY 143.1 billion (JPY +20.7 billion and +16.9% AER). The increase was primarily due to favorable foreign exchange rates and new patient gains by an increased use of the subcutaneous formulation.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 90.0 billion (JPY +11.8 billion and +15.1% AER, +10.9% CER). The increase was primarily due to increased demand in the U.S., Europe and Japan, expansion activities (infant indication label expansion and geographic expansion), and favorable exchange rates.

Sales of TAKECAB/VOCINTI (for acid-related diseases) were JPY 90.3 billion (JPY +5.8 billion and +6.8% AER, +6.2% CER). The increase was primarily due to increased sales in Japan and the Growth and Emerging Markets including Brazil and China.

Sales of DEXILANT (for acid reflux disease) were JPY 36.1 billion (JPY -19.0 billion and -34.5% AER, -38.7% CER). The decrease was due to the loss of exclusivity and the termination of the authorized generics program in the U.S.

Rare Diseases

In Rare Diseases, revenue was JPY 585.1 billion (JPY +31.5 billion and +5.7% AER, +3.3% CER).

Revenue of Rare Hematology was JPY 230.0 billion (JPY -2.6 billion and -1.1% AER, -4.3% CER).

Sales of FEIBA (for hemophilia A and B) were JPY 28.9 billion (JPY -3.7 billion and -11.3% AER, -14.1% CER). The decrease was mainly due to competition in many countries as well as tender delays in Growth and Emerging Markets.

Sales of VONVENDI (for von Willebrand disease) were JPY 12.0 billion (JPY +2.8 billion and +30.6% AER, +22.5% CER). The increase was primarily due to increased demand in the U.S.

Sales of ADVATE (for hemophilia A) were JPY 93.9 billion (JPY +1.8 billion and +2.0% AER, -0.9% CER). The increase was attributable to favorable foreign exchange rates.

The increase of VONVENDI and ADVATE was partially offset by the decrease of other rare hematology products.

Revenue of Rare Genetics and Other was JPY 355.0 billion (JPY +34.1 billion and +10.6% AER, +8.9% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 136.4 billion (JPY +19.5 billion and +16.7% AER, +11.5% CER). The continued growth was attributable to sustained launch momentum, expansion into new patient populations such as pediatrics, rising diagnosis rates, the growth of the prophylactic market, and favorable exchange rates.

Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease) were JPY 13.9 billion (JPY +6.6 billion and +90.8% AER, +78.8% CER). The increase was primarily attributable to strong market penetration and successful launch performance in the U.S., complemented by continued geographical expansion in Europe.

Sales of enzyme replacement therapy ELAPRASE (for Hunter syndrome) were JPY 70.0 billion (JPY +5.0 billion and +7.7% AER, +7.5% CER). The increase was primarily due to strong demand in the Growth and Emerging Markets.

PDT Immunology

In PDT Immunology, revenue was JPY 611.2 billion (JPY +108.8 billion and +21.7% AER, +16.2% CER).

Aggregate sales of immunoglobulin products were JPY 485.7 billion (JPY +95.2 billion and +24.4% AER, +18.4% CER). Sales of each of our three global immunoglobulin brands marked double digit percentage of revenue growth, due to continued strong demand globally and growing supply, as well as favorable foreign exchange rates. Those include GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)), and subcutaneous immunoglobulin therapies (CUVITRU and HYQVIA) which are growing due to their benefit to patients and convenience in administration compared to intravenous therapies.

Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (both primarily used for hypovolemia and hypoalbuminemia) were JPY 94.3 billion (JPY +8.8 billion and +10.2% AER, +6.9% CER). The increase was primarily driven by strong albumin demand in China.

Oncology

In Oncology, revenue was JPY 346.3 billion (JPY +1.3 billion and +0.4% AER, -2.2% CER).

Sales of VELCADE (for multiple myeloma) were JPY 4.1 billion (JPY -20.6 billion and -83.3% AER, -84.2% CER). The decrease was due to generic erosion in the U.S.

Sales of NINLARO (for multiple myeloma) were JPY 66.7 billion (JPY -9.2 billion and -12.1% AER, -15.1% CER). The decrease was due to intensified competition and decreased demand mainly in the U.S, partially aided by favorable foreign exchange rates.

Sales of ADCETRIS (for malignant lymphomas) were JPY 84.2 billion (JPY +18.5 billion and +28.1% AER, +27.9% CER). The increase was led by strong growth in Growth and Emerging Markets.

Sales of ICLUSIG (for leukemia) were JPY 41.5 billion (JPY +5.9 billion and +16.7% AER, +9.2% CER). The increase was due to steady growth in the U.S. and favorable foreign exchange rates.

Sales of ALUNBRIG (for small-cell lung cancer) were JPY 21.1 billion (JPY +5.4 billion and +34.0% AER, +30.3% CER). The increase benefited from strong demand across all regions.

Sales of other Oncology products in aggregate increased year-on-year, including the contribution from FRUZAQLA (for colorectal cancer), a product newly launched in the U.S. in November 2023.

Neuroscience

In Neuroscience, revenue was JPY 474.9 billion (JPY -2.3 billion and -0.5% AER, -5.8% CER).

Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were JPY 312.9 billion (JPY -22.6 billion and -6.7% AER, -12.1% CER). The decrease was due to the multiple generic entrants in the U.S. starting from August 2023, while the growth of the adult market in Europe and favorable foreign exchange rates could only offset the negative impacts partially.

Sales of ADDERALL XR (for ADHD) were JPY 35.2 billion (JPY +16.2 billion and +84.7% AER, +73.5% CER). The increase was primarily due to a shortage of generic versions of the instant release formulation marketed by competitors in the U.S.

Sales of INTUNIV (for ADHD) were JPY 25.4 billion (JPY +8.8 billion and +52.7% AER, +50.2% CER). The increase was primarily due to buy-back of full rights in Japan.

The increase of ADDERALL XR and INTUNIV was partially offset by the decrease of other neuroscience products such as ROZEREM (for insomnia), attributable to the continued impact of generic products in Japan.

Cost of Sales

Cost of Sales was JPY 1,044.2 billion (JPY +109.9 billion and +11.8% AER, +6.8% CER). The increase was primarily due to revenue growth in our five key business area with a change in product mix and the depreciation of Japanese yen as compared to the same period of the previous fiscal year. This was partially offset by a decrease in non-cash charges related to the unwind of the fair value step up on acquired inventories recognized in connection with the acquisition of Shire.

Selling, General and Administrative (SG&A) expenses

SG&A expenses were JPY 768.6 billion (JPY +26.1 billion and +3.5% AER, -1.3% CER). The increase was mainly due to the depreciation of Japanese yen partially offset by various cost efficiencies.

Research and Development (R&D) expenses

R&D expenses were JPY 534.1 billion (JPY +61.7 billion and +13.1% AER, +7.3% CER). The increase was mainly due to various investments in pipeline programs and the depreciation of Japanese yen.

Amortization and Impairment Losses on Intangible Assets Associated with Products

Amortization and Impairment Losses on Intangible Assets Associated with Products was JPY 507.0 billion (JPY +97.8 billion and +23.9% AER, +16.3% CER). The increase was mainly due to an increase in impairment charges for certain assets related to in-process R&D and marketed products and an increase of amortization expenses due to the depreciation of Japanese yen. The JPY 119.3 billion impairment losses recorded in the current period primarily includes JPY 74.0 billion impairment charges for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of phase 3 ADMIRE-CD II trial and JPY 28.5 billion impairment charges following a decision to voluntarily withdraw EXKIVITY (for non-small cell lung cancer) globally.

Other Operating Income

Other Operating Income was JPY 10.8 billion (JPY -5.9 billion and -35.4% AER, -35.7% CER).

Other Operating Expenses

Other Operating Expenses were JPY 145.7 billion (JPY +18.0 billion and +14.1% AER, +9.1% CER). The increase was primarily driven by increases of restructuring expenses and additional losses recorded for the supply agreement litigation with AbbVie, Inc. (AbbVie) in the current period, partially offset by a decrease in valuation reserve for pre-launch inventories.

Operating Profit

As a result of the above factors, Operating Profit was JPY 224.1 billion (JPY -177.8 billion and -44.2% AER, -42.9% CER).

Net Finance Expenses

Net Finance Expenses were JPY 126.6 billion (JPY +54.9 billion and +76.7% AER, +77.9% CER). The increase of Net Finance Expenses compared to the same period of the previous fiscal year was primarily due to a decrease in financial income reflecting gains from acquisitions of prior equity method companies and a positive impact from the remeasurement of warrants to purchase stocks of company held by Takeda recorded in the same period of the previous fiscal year.

Share of Profit of Investments Accounted for Using the Equity Method

Share of Profit of Investments Accounted for Using the Equity Method was JPY 2.7 billion (JPY +5.9 billion, compared to Share of Loss of Investments Accounted for Using the Equity Method of JPY 3.1 billion in the same period of the previous fiscal year).

Income Tax (Expenses) Benefit

Income Tax Benefit was JPY 46.9 billion (JPY +88.2 billion, compared to Income Tax Expenses of JPY 41.3 billion in the same period of the previous fiscal year). The increase was primarily due to a tax expense reduction of JPY 63.5 billion resulting from the reversal of the income taxes payable in excess of the settlement with Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014 as well as lower pretax earnings. These increases were partially offset by the tax charges from the write-down of deferred tax assets and legal entity restructuring in the current period.

Net Profit for the Period

Net Profit for the Period was JPY 147.2 billion (JPY -138.7 billion and -48.5% AER, -50.1% CER).

(ii) Core Results (April 1 to December 31, 2023)

Definition of Core financial measures and Constant Exchange Rate change

Takeda uses the concept of Core financial measures for measuring financial performance. These measures are not defined by International Financial Reporting Standards (IFRS).

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

Core Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs.

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Constant Exchange Rate (CER) change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating Reported or Core results for the current period using corresponding exchange rates in the same period of the previous fiscal year.

Results of Core Operations

	FY2022 Q3YTD	FY2023 Q3YTD	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% change	% change
Core Revenue	3,071.3	3,212.9	141.6	4.6 %	0.0 %
Core Operating Profit	954.7	865.6	(89.1)	(9.3)%	(12.7)%
Core EPS (JPY)	456	412	(44)	(9.7)%	(12.9)%

Core Revenue

Core Revenue for the nine-month period ended December 31, 2023 was JPY 3,212.9 billion (JPY +141.6 billion and +4.6% AER, +0.0% CER). There were no significant items unrelated to Takeda's core operations excluded from revenue in the current period or in the same period of the previous fiscal year, and, accordingly, Core Revenue for these periods is the same as Reported Revenue. Business momentum was led by Takeda's Growth and Launch Products* which totaled JPY 1,384.7 billion (JPY +216.6 billion and +18.5% AER, +12.7% CER).

* Takeda's Growth and Launch Products

GI: ENTYVIO, ALOFISEL

Rare Diseases: TAKHZYRO, LIVTENCITY, ADZYNMA

PDT Immunology: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU,

Albumin products including HUMAN ALBUMIN and FLEXBUMIN

Oncology: ALUNBRIG, EXKIVITY (Takeda decided to voluntarily withdraw the product globally), FRUZAQLA

Other: QDENGGA

Core Operating Profit

Core Operating Profit for the current period was JPY 865.6 billion (JPY -89.1 billion and -9.3% AER, -12.7% CER). The decrease was primarily due to a change in product mix and investments in various pipeline programs and data and technology.

Core EPS

Core EPS for the current period was JPY 412 (JPY -44 and -9.7% AER, -12.9% CER).

(2) Consolidated Financial Position

The amount of change from the previous fiscal year-end is presented based on Actual Exchange Rates.

Assets.

Total Assets as of December 31, 2023 were JPY 14,222.9 billion (JPY +265.2 billion). The increases of Goodwill, Inventories, and Property, Plant and Equipment (JPY +320.6 billion, JPY +183.2 billion, JPY +150.3 billion, respectively) were mainly due to the effect of foreign currency translation. These increases were partially offset by a decrease in Cash and Cash Equivalents (JPY -245.2 billion). In addition, Intangible Assets decreased (JPY -172.6 billion) mainly due to amortization along with impairments partially offset by the effect of foreign currency translation.

Liabilities.

Total Liabilities as of December 31, 2023 were JPY 7,480.3 billion (JPY -122.7 billion). The decrease of Trade and Other Payables (JPY -165.6 billion) was primarily due to payments for the remaining upfront payment related to the acquisition of TAK-279 from Nimbus Therapeutics, LLC (Nimbus) and the exclusive license agreement with HUTCHMED (China) Limited (HUTCHMED). The decrease of Income Taxes Payable (JPY -140.4 billion) was mainly due to income taxes paid during the current period. In addition, Deferred Tax Liabilities decreased (JPY -137.6 billion). These decreases were partially offset by an increase in Bonds and Loans (JPY +281.8 billion) due to the issuance of commercial paper and the effect of foreign currency translation. Total Bonds and Loans were JPY 4,664.2 billion*.

* The carrying amount of Bonds was JPY 3,927.6 billion and Loans was JPY 736.5 billion as of December 31, 2023. Breakdown of Bonds and Loans' carrying amount is as follows.

Bonds:

Name of Bond (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount (Billion JPY)
Unsecured US dollar denominated senior notes (USD 1,301 million)	June 2015	June 2025 ~ June 2045	185.5
Unsecured US dollar denominated senior notes (USD 3,000 million)	September 2016	September 2026	410.6
Unsecured Euro denominated senior notes (EUR 3,000 million)	November 2018	November 2026 ~ November 2030	467.9
Unsecured US dollar denominated senior notes (USD 1,750 million)	November 2018	November 2028	246.9
Hybrid bonds (subordinated bonds)	June 2019	June 2079	499.4
Unsecured US dollar denominated senior notes (USD 7,000 million)	July 2020	March 2030 ~ July 2060	986.9
Unsecured Euro denominated senior notes (EUR 3,600 million)	July 2020	July 2027 ~ July 2040	560.8
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.5
Commercial paper	November 2023 ~ December 2023	February 2024 ~ March 2024	320.0
Total			3,927.6

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Syndicated loans	April 2016	April 2026	100.0
Syndicated loans	April 2017	April 2027	113.5
Syndicated loans (USD 1,500 million)	April 2017	April 2027	212.6
Syndicated loans	April 2023	April 2030	100.0
Bilateral loans	March 2016 ~ March 2023	April 2024 ~ March 2029	210.0
Other			0.4
Total			736.5

On April 26, 2023, Takeda repaid JPY 100.0 billion in Syndicated Loans falling due and on the same day entered into new Syndicated Loans of JPY 100.0 billion maturing on April 26, 2030. Following this, Takeda redeemed USD 1,000 million of unsecured senior notes issued in September 2016 on their maturity date of September 23, 2023. Furthermore, Takeda redeemed USD 500 million of unsecured senior notes issued in November 2018 on their maturity date of November 26, 2023. Takeda had short term commercial paper drawings outstanding of JPY 320.0 billion as at December 31, 2023.

Equity.

Total Equity as of December 31, 2023 was JPY 6,742.6 billion (JPY +387.9 billion). The increase of Other Components of Equity (JPY +481.5 billion) was mainly due to fluctuation in currency translation adjustments reflecting the depreciation of Japanese yen. This increase was partially offset by a decrease in Retained Earnings (JPY -144.3 billion) mainly due to the decrease of JPY 287.8 billion related to dividends payments while Net Profit for the Period contributed to an increase.

Consolidated Cash Flows

	Billion JPY	
	FY2022 Q3YTD	FY2023 Q3YTD
Net cash from (used in) operating activities	683.5	437.8
Net cash from (used in) investing activities	(168.6)	(402.4)
Net cash from (used in) financing activities	(702.5)	(296.2)
Net increase (decrease) in cash and cash equivalents	(187.7)	(260.8)
Cash and cash equivalents at the beginning of the year	849.7	533.5
Effects of exchange rate changes on cash and cash equivalents	23.1	15.6
Cash and cash equivalents at the end of the period	685.1	288.4

The amount of change from the same period of the previous fiscal year is presented based on Actual Exchange Rates.

Net cash from operating activities

Net cash from operating activities for the current period was JPY 437.8 billion (JPY -245.7 billion). The decrease was due to unfavorable impacts from Changes in Assets and Liabilities, unfavorable impacts from a lower net profit for the period adjusted for non-cash items and other adjustments, and other changes.

Net cash used in investing activities

Net cash used in investing activities was JPY 402.4 billion (JPY +233.8 billion). This increase was mainly due to an increase in Acquisition of Intangible Assets related to the acquisition of TAK-279 from Nimbus and the exclusive license agreement with HUTCHMED.

Net cash used in financing activities

Net cash used in financing activities was JPY 296.2 billion (JPY -406.4 billion). The decrease was mainly due to a net increase in commercial paper drawings of JPY 280.0 billion, a net decrease in redemption of bonds of JPY 60.9 billion, and the settlement of cross currency interest rate swaps related to bonds during the current period.

(3) Outlook for the Fiscal Year Ending March 31, 2024

Based on Takeda's financial results through the nine-month period ended December 31, 2023, and taking into account the anticipated financial outlook for the remaining three-month period of the fiscal year ending March 31, 2024 (FY2023), the full year consolidated reported forecast for FY2023 has not been revised from the latest forecast announced on October 26, 2023.

Consolidated Reported Forecast for the Fiscal Year Ending March 31, 2024 (FY2023)

Billion JPY or percentage

	FY2022 Actual Results	FY2023 Latest Forecast (October 26, 2023)	Change vs. FY2022 Actual Results	
Revenue	4,027.5	3,980.0	(47.5)	(1.2)%
Operating profit	490.5	225.0	(265.5)	(54.1)%
Profit before tax	375.1	70.0	(305.1)	(81.3)%
Net profit for the year (attributable to owners of the Company)	317.0	93.0	(224.0)	(70.7)%
Basic EPS (JPY)	204.29	59.45	(144.84)	(70.9)%
Core Revenue	4,027.5	3,980.0	(47.5)	(1.2)%
Core Operating Profit	1,188.4	1,015.0	(173.4)	(14.6)%
Core EPS (JPY)	558	447	(111)	(19.9)%

Major assumptions used in preparing the FY2023 Latest Reported Forecast

Billion JPY or percentage

	FY2022 Actual Results	FY2023 Latest Forecast (October 26, 2023)
FX rates (JPY)	USD/JPY 135	USD/JPY 137
	EUR/JPY 141	EUR/JPY 145
	RUB/JPY 2.1	RUB/JPY 1.6
	BRL/JPY 26.3	BRL/JPY 28.5
	CNY/JPY 19.7	CNY/JPY 19.8
R&D expenses	(633.3)	(680.0)
Amortization of intangible assets associated with products	(485.1)	(500.0)
Impairment of intangible assets associated with products*1	(57.3)	(120.0)
Other operating income	25.4	14.0
Other operating expenses	(145.2)	(180.0)
Other Core Operating Profit adjustments	(35.6)	4.0
Finance income and (expenses), net	(106.8)	(157.0)
Free cash flow*2	446.2	400.0 - 500.0
Capital expenditures (cash flow base)*2	(633.7)	(480.0 - 530.0)
Depreciation and amortization (excluding intangible assets associated with products)	(179.3)	(180.0)
Cash tax rate on adjusted EBITDA (excluding divestitures)	~13%	Mid-teen %*3

*1 Includes in-process R&D.

*2 FY2023 Latest Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus and in-licensing of FRUZAQLA (fruquintinib) from HUTCHMED.

*3 Adjusted from "Mid-to-high teen %" to "Mid-teen %" (February 1, 2024).

Management Guidance

Takeda uses changes in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2024 (FY2023) has not been changed from the management guidance announced at the FY2022 financial results announcement on May 11, 2023.

	FY2023 Management Guidance CER % Change^{*4}
Core Revenue	Low-single-digit % decline
Core Operating Profit	Low-10s % decline
Core EPS	Low-20s % decline

*4 Please refer to 1. Financial Highlights for the Nine-month Period Ended December 31, 2023, (1) Business Performance, (ii) Core Results (April 1 to December 31, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

Forward looking statements

All forecasts in this document are based on information and assumptions currently available to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecast to be revised, Takeda will disclose it in a timely manner.

(4) Other

Tax Assessment Settlement with Irish Revenue Commissioners

Shire received a tax assessment from the Irish Revenue Commissioners (“Irish Revenue”) on November 28, 2018 for EUR 398 million. This assessment relates to the tax treatment of the USD 1,635 million break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014. Shire was acquired by Takeda in January 2019. Takeda appealed the assessment to the Tax Appeals Commission (“TAC”) and the appeal was heard by the TAC in late 2020. On July 30, 2021, Takeda received a ruling on the matter from the TAC, with the TAC ruling in favor of the Irish Revenue and recorded an income taxes payable for the case. Subsequently, on October 17, 2023, Takeda agreed with the Irish Revenue to settle the tax assessment for EUR 130 million including interest and without penalties, as a full and final settlement of all liabilities in relation to the receipt of the break fee. As a result, Takeda reversed its income taxes payable in excess of the settlement amount of EUR 130 million and recorded JPY 63.5 billion reduction to tax expenses for the current period. Takeda made a payment in the settlement in the three-month period ended December 31, 2023.

AbbVie Supply Agreement Litigation

In November 2020, AbbVie brought suit against Takeda Pharmaceutical Company Limited (“Takeda”) in Delaware Chancery Court alleging Takeda breached its agreement with AbbVie related to the supply of LUPRON in the U.S. due to shortages arising from quality issues the U.S. Food & Drug Administration identified concerning Takeda’s production facility in Hikari, Japan as part of a Form 483 issued in November 2019 and a Warning Letter issued in June 2020. In the litigation, AbbVie sought both preliminary injunctive relief and monetary damages. In September 2021, the court issued an order denying AbbVie’s request for injunctive relief. The court subsequently issued a decision finding Takeda in breach of the supply agreement. In September 2023, the court issued a decision regarding the quantification of AbbVie’s monetary damages and subsequently entered judgment in December 2023. In accordance with the judgment, Takeda will pay USD 506 million, including interest, in April 2024. Takeda had established a provision against this case during the course of the litigation and, as a result of the court’s September 2023 decision, recorded an additional JPY 25.3 billion loss in other operating expenses and JPY 6.6 billion in finance expenses for the interest for the current period.

2. Condensed Interim Consolidated Financial Statements [IFRS] and Major Notes

(1) Condensed Interim Consolidated Statements of Profit or Loss

	JPY (millions, except per share data)	
	Nine-month Period Ended December 31,	
	2022	2023
Revenue	3,071,322	3,212,893
Cost of sales	(934,300)	(1,044,177)
Selling, general and administrative expenses	(742,513)	(768,585)
Research and development expenses	(472,381)	(534,068)
Amortization and impairment losses on intangible assets associated with products	(409,219)	(507,003)
Other operating income	16,676	10,768
Other operating expenses	(127,643)	(145,685)
Operating profit	401,943	224,144
Finance income	55,130	46,101
Finance expenses	(126,765)	(172,663)
Share of profit (loss) of investments accounted for using the equity method	(3,133)	2,731
Profit before tax	327,175	100,313
Income tax (expenses) benefit	(41,273)	46,878
Net profit for the period	285,903	147,191
Attributable to:		
Owners of the Company	285,883	147,085
Non-controlling interests	19	106
Net profit for the period	285,903	147,191
Earnings per share (JPY)		
Basic earnings per share	184.32	94.10
Diluted earnings per share	182.65	93.17

(2) Condensed Interim Consolidated Statements of Comprehensive Income

	JPY (millions)	
	Nine-month Period Ended December 31,	
	2022	2023
Net profit for the period	285,903	147,191
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Changes in fair value of financial assets measured at fair value through other comprehensive income	730	(1,383)
Remeasurement of defined benefit pension plans	12,977	(3,038)
	13,707	(4,421)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	481,206	459,803
Cash flow hedges	(17,584)	22,746
Hedging cost	(12,107)	301
Share of other comprehensive loss of investments accounted for using the equity method	(915)	(466)
	450,599	482,383
Other comprehensive income for the period, net of tax	464,306	477,963
Total comprehensive income for the period	750,209	625,154
Attributable to:		
Owners of the Company	750,193	625,030
Non-controlling interests	16	124
Total comprehensive income for the period	750,209	625,154

(3) Condensed Interim Consolidated Statements of Financial Position

	JPY (millions)	
	As of March 31, 2023	As of December 31, 2023
ASSETS		
Non-current assets:		
Property, plant and equipment	1,691,229	1,841,499
Goodwill	4,790,723	5,111,287
Intangible assets	4,269,657	4,097,022
Investments accounted for using the equity method	99,174	103,312
Other financial assets	279,683	269,606
Other non-current assets	63,325	54,703
Deferred tax assets	366,003	316,689
Total non-current assets	11,559,794	11,794,117
Current assets:		
Inventories	986,457	1,169,640
Trade and other receivables	649,429	716,230
Other financial assets	20,174	29,045
Income taxes receivable	32,264	26,849
Other current assets	160,868	179,393
Cash and cash equivalents	533,530	288,359
Assets held for sale	15,235	19,313
Total current assets	2,397,956	2,428,830
Total assets	13,957,750	14,222,947
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities:		
Bonds and loans	4,042,741	4,293,872
Other financial liabilities	534,269	542,126
Net defined benefit liabilities	127,594	138,945
Income taxes payable	24,558	4,101
Provisions	55,969	13,619
Other non-current liabilities	65,389	72,473
Deferred tax liabilities	270,620	133,036
Total non-current liabilities	5,121,138	5,198,172
Current liabilities:		
Bonds and loans	339,600	370,292
Trade and other payables	649,233	483,666
Other financial liabilities	185,537	248,100
Income taxes payable	232,377	112,446
Provisions	508,360	482,467
Other current liabilities	566,689	585,197
Liabilities held for sale	144	—
Total current liabilities	2,481,940	2,282,168
Total liabilities	7,603,078	7,480,340

	JPY (millions)	
	As of March 31, 2023	As of December 31, 2023
<u>EQUITY</u>		
Share capital	1,676,345	1,676,543
Share premium	1,728,830	1,730,138
Treasury shares	(100,317)	(51,253)
Retained earnings	1,541,146	1,396,838
Other components of equity	1,508,119	1,989,669
Equity attributable to owners of the Company	6,354,122	6,741,934
Non-controlling interests	549	673
Total equity	6,354,672	6,742,607
Total liabilities and equity	13,957,750	14,222,947

(4) Condensed Interim Consolidated Statements of Changes in Equity

Nine-month period ended December 31, 2022 (From April 1 to December 31, 2022)

	JPY (millions)					
	Equity attributable to owners of the Company				Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2022	1,676,263	1,708,873	(116,007)	1,479,716	984,141	22,068
Effect of hyperinflation				(1,960)	4,121	
Restated opening balance	1,676,263	1,708,873	(116,007)	1,477,756	988,263	22,068
Net profit for the period				285,883		
Other comprehensive income (loss)					480,326	698
Comprehensive income (loss) for the period	—	—	—	285,883	480,326	698
Transactions with owners:						
Issuance of new shares	71	71				
Acquisition of treasury shares		(5)	(27,056)			
Disposal of treasury shares		0	1			
Dividends				(278,321)		
Transfers from other components of equity				22,402		(9,424)
Share-based compensation		45,823				
Exercise of share-based awards		(42,727)	42,749			
Total transactions with owners	71	3,162	15,693	(255,919)	—	(9,424)
As of December 31, 2022	1,676,334	1,712,036	(100,314)	1,507,720	1,468,588	13,341

	Equity attributable to owners of the Company						
	Equity attributable to owners of the Company				Other components of equity		
	Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total other components of equity	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
As of April 1, 2022	(65,901)	(6,135)	—	934,173	5,683,019	504	5,683,523
Effect of hyperinflation				4,121	2,161		2,161
Restated opening balance	(65,901)	(6,135)	—	938,294	5,685,180	504	5,685,684
Net profit for the period				—	285,883	19	285,903
Other comprehensive income (loss)	(17,584)	(12,107)	12,977	464,310	464,310	(4)	464,306
Comprehensive income (loss) for the period	(17,584)	(12,107)	12,977	464,310	750,193	16	750,209
Transactions with owners:							
Issuance of new shares				—	142		142
Acquisition of treasury shares				—	(27,062)		(27,062)
Disposal of treasury shares				—	1		1
Dividends				—	(278,321)		(278,321)
Transfers from other components of equity			(12,977)	(22,402)	—		—
Share-based compensation				—	45,823		45,823
Exercise of share-based awards				—	22		22
Total transactions with owners	—	—	(12,977)	(22,402)	(259,395)	—	(259,395)
As of December 31, 2022	(83,486)	(18,242)	—	1,380,202	6,175,978	520	6,176,498

Nine-month period ended December 31, 2023 (From April 1 to December 31, 2023)

	JPY (millions)					
	Equity attributable to owners of the Company				Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2023	1,676,345	1,728,830	(100,317)	1,541,146	1,606,128	12,470
Net profit for the period				147,085		
Other comprehensive income (loss)					459,256	(1,320)
Comprehensive income (loss) for the period	—	—	—	147,085	459,256	(1,320)
Transactions with owners:						
Issuance of new shares	198	198				
Acquisition of treasury shares			(2,362)			
Disposal of treasury shares		0	0			
Dividends				(287,788)		
Changes in ownership						
Transfers from other components of equity				(3,605)		567
Share-based compensation		52,603				
Exercise of share-based awards		(51,492)	51,426			
Total transactions with owners	198	1,308	49,064	(291,393)	—	567
As of December 31, 2023	1,676,543	1,730,138	(51,253)	1,396,838	2,065,384	11,717

	Equity attributable to owners of the Company							
	Other components of equity					Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total other components of equity				
As of April 1, 2023	(87,352)	(23,127)	—	1,508,119	6,354,122	549	6,354,672	
Net profit for the period				—	147,085	106	147,191	
Other comprehensive income (loss)	22,746	301	(3,038)	477,945	477,945	18	477,963	
Comprehensive income (loss) for the period	22,746	301	(3,038)	477,945	625,030	124	625,154	
Transactions with owners:								
Issuance of new shares				—	395		395	
Acquisition of treasury shares				—	(2,362)		(2,362)	
Disposal of treasury shares				—	1		1	
Dividends				—	(287,788)		(287,788)	
Changes in ownership				—	—	(0)	(0)	
Transfers from other components of equity			3,038	3,605	—		—	
Share-based compensation				—	52,603		52,603	
Exercise of share-based awards				—	(67)		(67)	
Total transactions with owners	—	—	3,038	3,605	(237,218)	(0)	(237,219)	
As of December 31, 2023	(64,606)	(22,826)	—	1,989,669	6,741,934	673	6,742,607	

(5) Condensed Interim Consolidated Statements of Cash Flows

	JPY (millions)	
	Nine-month Period Ended December 31,	
	2022	2023
Cash flows from operating activities:		
Net profit for the period	285,903	147,191
Depreciation and amortization	502,990	541,258
Impairment losses	41,969	134,281
Equity-settled share-based compensation	45,823	52,683
Loss (gain) on sales and disposal of property, plant and equipment	(161)	1,988
Gain on divestment of business and subsidiaries	(959)	(441)
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	4,323	12,773
Finance (income) and expenses, net	71,635	126,563
Share of loss (profit) of investments accounted for using the equity method	3,133	(2,731)
Income tax expenses (benefit)	41,273	(46,878)
Changes in assets and liabilities:		
Decrease (increase) in trade and other receivables	6,856	(58,793)
Increase in inventories	(34,240)	(128,490)
Increase (decrease) in trade and other payables	(144,971)	20,587
Increase (decrease) in provisions	11,605	(138,669)
Decrease in other financial liabilities	(7,906)	(10,014)
Other, net	21,258	(47,242)
Cash generated from operations	848,529	604,064
Income taxes paid	(173,363)	(179,298)
Tax refunds and interest on tax refunds received	8,297	12,990
Net cash from operating activities	683,463	437,756
Cash flows from investing activities:		
Interest received	2,792	8,245
Dividends received	3,234	531
Acquisition of property, plant and equipment	(104,888)	(130,884)
Proceeds from sales of property, plant and equipment	80	8,604
Acquisition of intangible assets	(84,721)	(285,520)
Acquisition of investments	(5,441)	(4,724)
Proceeds from sales and redemption of investments	20,553	1,089
Proceeds from sales of business, net of cash and cash equivalents divested	—	365
Other, net	(219)	(82)
Net cash used in investing activities	(168,610)	(402,378)

	JPY (millions)	
	Nine-month Period Ended December 31,	
	2022	2023
Cash flows from financing activities:		
Net increase in short-term loans and commercial papers	—	280,000
Proceeds from issuance of bonds and long-term loans	—	100,000
Repayments of bonds and long-term loans	(281,585)	(320,817)
Proceeds from the settlement of cross currency interest rate swaps related to bonds	—	60,063
Acquisition of treasury shares	(26,929)	(2,326)
Interest paid	(86,563)	(78,685)
Dividends paid	(268,997)	(278,062)
Repayments of lease liabilities	(32,510)	(43,394)
Other, net	(5,964)	(12,971)
Net cash used in financing activities	<u>(702,548)</u>	<u>(296,193)</u>
Net decrease in cash and cash equivalents	<u>(187,695)</u>	<u>(260,814)</u>
Cash and cash equivalents at the beginning of the year	849,695	533,530
Effects of exchange rate changes on cash and cash equivalents	23,141	15,644
Cash and cash equivalents at the end of the period	<u><u>685,141</u></u>	<u><u>288,359</u></u>

(6) Notes to Condensed Interim Consolidated Financial Statements

(Significant Uncertainty Regarding Going Concern Assumption)

Not applicable.

(Material Accounting Policies)

Material accounting policies adopted for the condensed interim consolidated financial statements are the same as those adopted for the consolidated financial statements as of and for the fiscal year ended March 31, 2023.

Takeda calculated income tax expenses for the nine-month period ended December 31, 2023, based on the estimated average annual effective tax rate.

(Significant Changes in Equity Attributable to Owners of the Company)

Not applicable.

(Significant Subsequent Events)

Not applicable.

FINANCIAL APPENDIX



Definition of Non-IFRS Measures

Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations [A-1](#)

Definition of EBITDA/Adjusted EBITDA and Net Debt [A-2](#)

Reconciliations and Other Financial Information

FY2023 Q3 YTD Reported Results with CER % Change [A-3](#)

FY2023 Q3 (Oct-Dec) Reported Results with CER % Change [A-4](#)

FY2023 Q3 YTD Core Results with CER % Change [A-5](#)

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FY2023 Q3 YTD Reconciliation from Reported to Core [A-7](#)

FY2023 Q3 (Oct-Dec) Reconciliation from Reported to Core [A-8](#)

FY2022 Q3 YTD Reconciliation from Reported to Core [A-9](#)

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Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

Core Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs.

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Constant Exchange Rate (CER) change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating Reported or Core results for the current period using corresponding exchange rates in the same period of the previous fiscal year.

We present **Free Cash Flow** because we believe that this measure is useful to investors as similar measures of liquidity are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Free Cash Flow is also used by our management to evaluate our liquidity and our cash flows, particularly as they relate to our ability to meet our liquidity requirements and to support our capital allocation policies. We also believe that Free Cash Flow is helpful to investors in understanding how our strategic divestitures of non-core businesses and of portions of our investment portfolio contribute to the cash flows and liquidity available to us.

We define Free Cash Flow as cash flows from operating activities, subtracting acquisition of property, plant and equipment ("PP&E"), intangible assets and investments as well as removing any other cash that is not available to Takeda's immediate or general business use, and adding proceeds from sales of PP&E, as well as from sales of investments and businesses, net of cash and cash equivalents divested.

The usefulness of Free Cash Flow to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the effect of our current and future contractual and other commitments requiring the use or allocation of capital and (iii) the addition of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents divested do not reflect cash received from our core ongoing operations. Free Cash Flow should not be considered in isolation and is not, and should not be viewed as, a substitute for cash flows from operating activities or any other measure of liquidity presented in accordance with IFRS. The most directly comparable measure under IFRS for Free Cash Flow is net cash from operating activities.

U.S. Dollar Convenience Translations

In Financial Appendix, certain amounts presented in Japanese yen have been translated to U.S. dollars solely for the convenience of the reader at an exchange rate of 1USD = 140.92 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on December 29, 2023. The rate and methodologies used for the convenience translations differ from the currency exchange rates and translation methodologies under IFRS used for the preparation of the condensed interim consolidated financial statements. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.



Definition of EBITDA/Adjusted EBITDA and Net Debt

We present **EBITDA and Adjusted EBITDA** because we believe that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We further believe that Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. These non-IFRS measures may not be comparable to similarly-titled measures presented by other companies.

The usefulness of EBITDA and Adjusted EBITDA to investors has limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all items which investors may consider to be unrelated to our long-term operations. These non-IFRS measures are not, and should not be viewed as, substitutes for IFRS reported net income (loss). We encourage investors to review our historical financial statements in their entirety and caution investors to use IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

We define EBITDA as consolidated net profit before income tax expenses, depreciation and amortization and net interest expense. We define Adjusted EBITDA as EBITDA further adjusted to exclude impairment losses, other operating income and expenses (excluding depreciation and amortization), finance income and expenses (excluding net interest expense), our share of loss from investments accounted for under the equity method and other items that management believes are unrelated to our core operations such as purchase accounting effects and transaction related costs.

The most closely comparable measure presented in accordance with IFRS is net profit for the period. Please refer to Net Profit to Adjusted EBITDA Bridge for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

We present **Net Debt** because we believe that it is useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents, and, in conjunction with Adjusted EBITDA, to monitor our leverage. We also believe that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We define Net Debt first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates for non-JPY debt outstanding at the beginning of the period and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period, which reflects the methodology our management uses to monitor our leverage, and (ii) a 50% equity credit applied to our aggregate principal amount of JPY 500.0 billion hybrid (subordinated) bonds issued in June 2019 by S&P Global Rating Japan in recognition of the equity-like features of those bonds pursuant to such agency's ratings methodology. To calculate Net Debt, we deduct from this figure cash & cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

The usefulness of Net Debt to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the amounts of interest payments to be paid on our indebtedness, (iii) it does not reflect any restrictions on our ability to prepay or redeem any of our indebtedness, (iv) it does not reflect any fees, costs or other expenses that we may incur in converting cash equivalents to cash, in converting cash from one currency into another or in moving cash within our consolidated group, (v) it applies to gross debt an adjustment for average foreign exchange rates which, although consistent with our financing agreements, does not reflect the actual rates at which we would be able to convert one currency into another and (vi) it reflects an equity credit due to the fact that the amounts of our subordinated bonds, although we believe it to be reasonable, do not affect the status of those instruments as indebtedness. Net Debt should not be considered in isolation and is not, and should not be viewed as, a substitute for bonds and loans or any other measure of indebtedness presented in accordance with IFRS.

The most directly comparable measures under IFRS for Net Debt is bonds and loans. Please refer to Net Debt to Adjusted EBITDA for a reconciliation to this measure.



FY2023 Q3 YTD Reported Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY			(Million USD, except EPS) FY2023 Q3 YTD Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	3,071.3	3,212.9	141.6	4.6%	0.0%	22,799
Cost of sales	(934.3)	(1,044.2)	(109.9)	(11.8)%	(6.8)%	(7,410)
Gross profit	2,137.0	2,168.7	31.7	1.5%	(3.0)%	15,390
<i>Margin</i>	69.6 %	67.5 %		(2.1) pp	(2.1) pp	67.5 %
SG&A expenses	(742.5)	(768.6)	(26.1)	(3.5)%	1.3%	(5,454)
R&D expenses	(472.4)	(534.1)	(61.7)	(13.1)%	(7.3)%	(3,790)
Amortization of intangible assets associated with products	(370.6)	(387.7)	(17.1)	(4.6)%	1.4%	(2,751)
Impairment losses on intangible assets associated with products*1	(38.6)	(119.3)	(80.7)	(208.9)%	(186.0)%	(847)
Other operating income	16.7	10.8	(5.9)	(35.4)%	(35.7)%	76
Other operating expenses	(127.6)	(145.7)	(18.0)	(14.1)%	(9.1)%	(1,034)
Operating profit	401.9	224.1	(177.8)	(44.2)%	(42.9)%	1,591
<i>Margin</i>	13.1 %	7.0 %		(6.1) pp	(5.6) pp	7.0 %
Finance income	55.1	46.1	(9.0)	(16.4)%	(17.1)%	327
Finance expenses	(126.8)	(172.7)	(45.9)	(36.2)%	(36.6)%	(1,225)
Share of profit (loss) of investments accounted for using the equity method	(3.1)	2.7	5.9	—	—	19
Profit before tax	327.2	100.3	(226.9)	(69.3)%	(67.9)%	712
Income tax (expenses) benefit	(41.3)	46.9	88.2	—	—	333
Net profit for the period	285.9	147.2	(138.7)	(48.5)%	(50.1)%	1,045
Non-controlling interests	(0.0)	(0.1)	(0.1)	(449.6)%	(439.4)%	(1)
Net profit attributable to owners of the Company	285.9	147.1	(138.8)	(48.6)%	(50.1)%	1,044
Basic EPS (JPY or USD)	184.32	94.10	(90.22)	(48.9)%	(50.5)%	0.67

*1 Includes in-process R&D

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q3 (Oct-Dec) Reported Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q3 (Oct-Dec)	FY2023 Q3 (Oct-Dec)	vs. PY			(Million USD, except EPS) FY2023 Q3 (Oct-Dec) Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	1,096.6	1,111.2	14.6	1.3%	(2.6)%	7,885
Cost of sales	(336.0)	(379.5)	(43.5)	(13.0)%	(8.3)%	(2,693)
Gross profit	760.6	731.7	(28.9)	(3.8)%	(7.4)%	5,192
<i>Margin</i>	69.4 %	65.8 %		(3.5) pp	(3.4) pp	65.8 %
SG&A expenses	(262.3)	(267.5)	(5.2)	(2.0)%	2.1%	(1,898)
R&D expenses	(174.6)	(187.4)	(12.8)	(7.3)%	(3.2)%	(1,330)
Amortization of intangible assets associated with products	(129.8)	(133.8)	(4.0)	(3.1)%	1.1%	(949)
Impairment losses on intangible assets associated with products*1	(5.8)	(3.6)	2.2	38.6%	42.0%	(25)
Other operating income	3.2	0.9	(2.3)	(72.1)%	(70.0)%	6
Other operating expenses	(44.3)	(35.4)	8.8	20.0%	25.0%	(252)
Operating profit	147.0	104.9	(42.1)	(28.6)%	(29.5)%	744
<i>Margin</i>	13.4 %	9.4 %		(4.0) pp	(3.7) pp	9.4 %
Finance income	41.7	22.5	(19.1)	(45.9)%	(46.2)%	160
Finance expenses	(79.7)	(67.3)	12.4	15.6%	16.5%	(478)
Share of profit (loss) of investments accounted for using the equity method	(1.8)	1.1	2.9	—	—	8
Profit before tax	107.2	61.3	(45.9)	(42.8)%	(43.5)%	435
Income tax (expenses) benefit	12.0	44.5	32.5	270.9%	276.1%	316
Net profit for the period	119.1	105.8	(13.4)	(11.2)%	(11.3)%	750
Non-controlling interests	(0.0)	(0.0)	(0.0)	(61.1)%	(59.8)%	(0)
Net profit attributable to owners of the Company	119.1	105.7	(13.4)	(11.3)%	(11.3)%	750
Basic EPS (JPY or USD)	76.63	67.38	(9.25)	(12.1)%	(12.1)%	0.48

*1 Includes in-process R&D

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in "AER" (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in "CER". Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the "Constant Exchange Rate change".

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q3 YTD Core Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY			(Million USD, except EPS) FY2023 Q3 YTD Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	3,071.3	3,212.9	141.6	4.6%	0.0%	22,799
Cost of sales	(901.7)	(1,044.2)	(142.6)	(15.8)%	(10.7)%	(7,410)
Gross profit	2,169.6	2,168.7	(1.0)	(0.0)%	(4.4)%	15,389
<i>Margin</i>	70.6 %	67.5 %		(3.1) pp	(3.1) pp	67.5 %
SG&A expenses	(742.9)	(769.1)	(26.1)	(3.5)%	1.3%	(5,457)
R&D expenses	(472.1)	(534.1)	(62.0)	(13.1)%	(7.3)%	(3,790)
Operating profit	954.7	865.6	(89.1)	(9.3)%	(12.7)%	6,142
<i>Margin</i>	31.1 %	26.9 %		(4.1) pp	(3.9) pp	26.9 %
Finance income	9.2	45.6	36.4	398.2%	394.5%	324
Finance expenses	(114.2)	(152.9)	(38.7)	(33.9)%	(28.3)%	(1,085)
Share of profit (loss) of investments accounted for using the equity method	2.5	4.4	1.9	74.8%	74.9%	31
Profit before tax	852.1	762.6	(89.5)	(10.5)%	(13.5)%	5,412
Income tax (expenses) benefit	(144.9)	(118.9)	26.0	17.9%	20.0%	(844)
Net profit for the period	707.2	643.7	(63.5)	(9.0)%	(12.2)%	4,568
Non-controlling interests	(0.0)	(0.1)	(0.1)	(449.6)%	(439.4)%	(1)
Net profit attributable to owners of the Company	707.2	643.6	(63.6)	(9.0)%	(12.2)%	4,567
Basic EPS (JPY or USD)	456	412	(44)	(9.7)%	(12.9)%	2.92

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in "AER" (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in "CER". Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the "Constant Exchange Rate change".

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q3 (Oct-Dec) Core Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q3 (Oct-Dec)	FY2023 Q3 (Oct-Dec)	vs. PY			(Million USD, except EPS) FY2023 Q3 (Oct-Dec) Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	1,096.6	1,111.2	14.6	1.3%	(2.6)%	7,885
Cost of sales	(330.1)	(379.4)	(49.3)	(14.9)%	(10.2)%	(2,692)
Gross profit	766.4	731.8	(34.6)	(4.5)%	(8.1)%	5,193
<i>Margin</i>	<i>69.9 %</i>	<i>65.9 %</i>		<i>(4.0) pp</i>	<i>(3.9) pp</i>	<i>65.9 %</i>
SG&A expenses	(262.4)	(267.6)	(5.2)	(2.0)%	2.1%	(1,899)
R&D expenses	(174.6)	(187.4)	(12.8)	(7.3)%	(3.3)%	(1,330)
Operating profit	329.5	276.8	(52.7)	(16.0)%	(18.8)%	1,964
<i>Margin</i>	<i>30.0 %</i>	<i>24.9 %</i>		<i>(5.1) pp</i>	<i>(5.0) pp</i>	<i>24.9 %</i>
Finance income	39.5	21.6	(17.9)	(45.3)%	(45.4)%	153
Finance expenses	(76.2)	(65.1)	11.2	14.6%	15.1%	(462)
Share of profit (loss) of investments accounted for using the equity method	(0.2)	2.1	2.2	—	—	15
Profit before tax	292.5	235.4	(57.1)	(19.5)%	(22.6)%	1,670
Income tax (expenses) benefit	(32.0)	0.5	32.6	—	—	4
Net profit for the period	260.5	235.9	(24.6)	(9.4)%	(9.5)%	1,674
Non-controlling interests	(0.0)	(0.0)	(0.0)	(61.1)%	(59.8)%	(0)
Net profit attributable to owners of the Company	260.5	235.9	(24.6)	(9.4)%	(9.5)%	1,674
Basic EPS (JPY or USD)	168	150	(17)	(10.3)%	(10.3)%	1.07

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q3 YTD Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	3,212.9					3,212.9
Cost of sales	(1,044.2)				(0.1)	(1,044.2)
Gross profit	2,168.7				(0.1)	2,168.7
SG&A expenses	(768.6)				(0.5)	(769.1)
R&D expenses	(534.1)				0.0	(534.1)
Amortization of intangible assets associated with products	(387.7)	387.7				—
Impairment losses on intangible assets associated with products ^{*1}	(119.3)		119.3			—
Other operating income	10.8			(10.8)		—
Other operating expenses	(145.7)			145.7		—
Operating profit	224.1	387.7	119.3	134.9	(0.5)	865.6
<i>Margin</i>	7.0 %					26.9 %
Finance income and (expenses), net	(126.6)				19.3	(107.3)
Share of profit (loss) of investments accounted for using the equity method	2.7				1.6	4.4
Profit before tax	100.3	387.7	119.3	134.9	20.4	762.6
Income tax (expenses) benefit	46.9	(82.5)	(26.4)	(31.8)	(25.1)	(118.9)
Non-controlling interests	(0.1)					(0.1)
Net profit attributable to owners of the Company	147.1	305.2	92.9	103.1	(4.7)	643.6
Basic EPS (JPY)	94					412
Number of shares (millions)	1,563					1,563

*1 Includes in-process R&D.



FY2023 Q3 (Oct-Dec) Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	1,111.2					1,111.2
Cost of sales	(379.5)				0.1	(379.4)
Gross profit	731.7				0.1	731.8
SG&A expenses	(267.5)				(0.1)	(267.6)
R&D expenses	(187.4)				0.0	(187.4)
Amortization of intangible assets associated with products	(133.8)	133.8				—
Impairment losses on intangible assets associated with products ^{*1}	(3.6)		3.6			—
Other operating income	0.9			(0.9)		—
Other operating expenses	(35.4)			35.4		—
Operating profit	104.9	133.8	3.6	34.6	(0.0)	276.8
<i>Margin</i>	9.4 %					24.9 %
Finance income and (expenses), net	(44.8)				1.3	(43.5)
Share of profit (loss) of investments accounted for using the equity method	1.1				0.9	2.1
Profit before tax	61.3	133.8	3.6	34.6	2.2	235.4
Income tax (expenses) benefit	44.5	(28.4)	(0.8)	(15.3)	0.5	0.5
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	105.7	105.3	2.8	19.3	2.8	235.9
Basic EPS (JPY)	67					150
Number of shares (millions)	1,569					1,569

*1 Includes in-process R&D.



FY2022 Q3 YTD Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	3,071.3					3,071.3
Cost of sales	(934.3)				32.6	(901.7)
Gross profit	2,137.0				32.6	2,169.6
SG&A expenses	(742.5)				(0.4)	(742.9)
R&D expenses	(472.4)				0.3	(472.1)
Amortization of intangible assets associated with products	(370.6)	370.6				—
Impairment losses on intangible assets associated with products ^{*1}	(38.6)		38.6			—
Other operating income	16.7			(16.7)		—
Other operating expenses	(127.6)			127.6		—
Operating profit	401.9	370.6	38.6	111.0	32.5	954.7
<i>Margin</i>	13.1 %					31.1 %
Finance income and (expenses), net	(71.6)				(33.4)	(105.0)
Share of profit (loss) of investments accounted for using the equity method	(3.1)				5.6	2.5
Profit before tax	327.2	370.6	38.6	111.0	4.8	852.1
Income tax (expenses) benefit	(41.3)	(79.4)	(8.2)	(24.1)	8.0	(144.9)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	285.9	291.2	30.4	86.9	12.8	707.2
Basic EPS (JPY)	184					456
Number of shares (millions)	1,551					1,551

*1 Includes in-process R&D.



FY2022 Q3 (Oct-Dec) Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	1,096.6					1,096.6
Cost of sales	(336.0)				5.9	(330.1)
Gross profit	760.6				5.9	766.4
SG&A expenses	(262.3)				(0.1)	(262.4)
R&D expenses	(174.6)				0.1	(174.6)
Amortization of intangible assets associated with products	(129.8)	129.8				—
Impairment losses on intangible assets associated with products*1	(5.8)		5.8			—
Other operating income	3.2			(3.2)		—
Other operating expenses	(44.3)			44.3		—
Operating profit	147.0	129.8	5.8	41.1	5.8	329.5
<i>Margin</i>	13.4 %					30.0 %
Finance income and (expenses), net	(38.1)				1.3	(36.8)
Share of profit (loss) of investments accounted for using the equity method	(1.8)				1.6	(0.2)
Profit before tax	107.2	129.8	5.8	41.1	8.7	292.5
Income tax (expenses) benefit	12.0	(27.9)	(1.2)	(11.0)	(4.0)	(32.0)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	119.1	101.9	4.6	30.1	4.7	260.5
Basic EPS (JPY)	77					168
Number of shares (millions)	1,555					1,555

*1 Includes in-process R&D.



FY2023 Q3 YTD Free Cash Flow

(Billion JPY)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY		(Million USD) FY2023 Q3 YTD Convenience USD Translation
Net profit	285.9	147.2	(138.7)	(48.5)%	1,045
Depreciation, amortization and impairment loss	545.0	675.5	130.6		4,794
Decrease (increase) in trade working capital	(172.4)	(166.7)	5.7		(1,183)
Income taxes paid	(173.4)	(179.3)	(5.9)		(1,272)
Tax refunds and interest on tax refunds received	8.3	13.0	4.7		92
Other	190.0	(52.0)	(242.0)		(369)
Net cash from operating activities (Operating Cash Flow)	683.5	437.8	(245.7)	(36.0)%	3,106
Adjustment for cash temporarily held by Takeda on behalf of third parties ^{*1}	76.2	9.6	(66.6)		68
Acquisition of PP&E	(104.9)	(130.9)	(26.0)		(929)
Proceeds from sales of PP&E	0.1	8.6	8.5		61
Acquisition of intangible assets	(84.7)	(285.5)	(200.8)		(2,026)
Acquisition of investments	(5.4)	(4.7)	0.7		(34)
Proceeds from sales and redemption of investments	20.6	1.1	(19.5)		8
Proceeds from sales of business, net of cash and cash equivalents divested	—	0.4	0.4		3
Free Cash Flow	585.2	36.3	(548.9)	(93.8)%	257

*1 Adjustment refers to changes in cash balance that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

FY2023 Q3 YTD Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2023 Q3 YTD
Cash & cash equivalents and Level 1 debt investments ^{*1}	172.2
Book value debt on consolidated statements of financial position	(4,664.2)
Hybrid bond 50% equity credit	250.0
FX adjustment ^{*2}	53.0
Gross debt ^{*3}	(4,361.2)
Net cash (debt)	(4,189.0)
Net debt/Adjusted EBITDA ratio	3.1x
Adjusted EBITDA (LTM)^{*4}	1,358.9

NET INCREASE (DECREASE) IN CASH

(Billion JPY)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY	
Net cash from operating activities	683.5	437.8	(245.7)	(36.0)%
Acquisition of PP&E	(104.9)	(130.9)		
Proceeds from sales of PP&E	0.1	8.6		
Acquisition of intangible assets	(84.7)	(285.5)		
Acquisition of investments	(5.4)	(4.7)		
Proceeds from sales and redemption of investments	20.6	1.1		
Proceeds from sales of business, net of cash and cash equivalents divested	—	0.4		
Net increase in short-term loans and commercial papers	—	280.0		
Proceeds from long-term loans	—	100.0		
Repayment of long-term loans	(0.1)	(100.3)		
Repayment of bonds	(281.5)	(220.5)		
Proceeds from the settlement of cross currency interest rate swaps related to bonds	—	60.1		
Purchase of treasury shares	(26.9)	(2.3)		
Interest paid	(86.6)	(78.7)		
Dividends paid	(269.0)	(278.1)		
Others	(32.7)	(47.7)		
Net increase (decrease) in cash	(187.7)	(260.8)	(73.1)	(39.0)%

*1 Represents cash & cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

For the calculation of net debt, starting from the quarter ended June 30, 2023, debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets are included in the items deducted from gross debt. Had the same methodology been used for the calculation of net debt as of March 31, 2023 and prior periods, net debt would have remained unchanged.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

*3 Bonds and loans of current and non-current liabilities. JPY 250.0 billion reduction in debt due to JPY 500.0 billion hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

*4 LTM represents Last Twelve Months (January 2023 - December 2023). Calculated by subtracting FY2022 Q3 YTD from FY2022 Full Year and adding FY2023 Q3 YTD.

FY2022 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2022
Cash and cash equivalents ^{*1}	407.7
Book value debt on consolidated statements of financial position	(4,382.3)
Hybrid bond 50% equity credit	250.0
FX adjustment ^{*2}	8.5
Gross debt ^{*3}	(4,123.9)
Net cash (debt)	(3,716.1)
Upfront payment related to the acquisition of TAK-279 ^{*4}	400.4
Net cash (debt) excluding upfront payment related to the acquisition of TAK-279	(3,315.7)
Net debt/Adjusted EBITDA ratio	2.6 x
Net debt/Adjusted EBITDA ratio excluding upfront payment related to the acquisition of TAK-279	2.3 x
Adjusted EBITDA	1,421.8

NET INCREASE (DECREASE) IN CASH

(Billion JPY)	FY2021	FY2022	vs. PY	
Net cash from operating activities	1,123.1	977.2	(145.9)	(13.0)%
Acquisition of PP&E	(123.3)	(140.7)		
Proceeds from sales of PP&E	1.8	1.0		
Acquisition of intangible assets	(62.8)	(493.0)		
Acquisition of investments	(8.3)	(10.2)		
Proceeds from sales and redemption of investments	16.9	22.3		
Acquisition of business, net of cash and cash equivalents acquired	(49.7)	—		
Proceeds from sales of business, net of cash and cash equivalents divested	28.2	8.0		
Net decrease in short-term loans and commercial papers	(0.0)	40.0		
Proceeds from long-term loans	—	75.0		
Repayment of long-term loans	(414.1)	(75.2)		
Proceeds from issuance of bonds	249.3	—		
Repayment of bonds	(396.0)	(281.5)		
Purchase of treasury shares	(77.5)	(26.9)		
Interest paid	(108.2)	(108.6)		
Dividends paid	(283.7)	(279.4)		
Others	(41.1)	(47.0)		
Net increase (decrease) in cash	(145.3)	(339.1)	(193.8)	(133.4)%

*1 Includes short-term investments which mature or become due within one year from the reporting date and excludes cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

*3 Bonds and loans of current and non-current liabilities. JPY 250.0 billion reduction in debt due to JPY 500.0 billion hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

*4 This represents the portion of the USD 4.0 billion upfront payment related to the acquisition of TAK-279 paid in February 2023 (such portion totaling USD 3.0 billion), converted to JPY using the Japanese yen – U.S. dollar exchange rate of 133.48, which is applicable to translation of foreign currency denominated cash as of March 31, 2023.



FY2023 Q3 YTD Net Profit to Adjusted EBITDA Bridge

(Billion JPY)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY	
Net profit	285.9	147.2	(138.7)	(48.5)%
Income tax expenses	41.3	(46.9)		
Depreciation and amortization	503.0	541.3		
Interest expense, net	86.0	82.0		
EBITDA	916.2	723.6	(192.6)	(21.0)%
Impairment losses	42.0	134.3		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	105.4	116.4		
Finance expense (income), net, excluding interest income and expense, net	(14.4)	44.6		
Share of profit (loss) of investments accounted for using the equity method	3.1	(2.7)		
Other adjustments:	77.2	50.5		
Non-core expense related to COVID-19	8.4	—		
Impact on profit related to fair value step up of inventory in Shire acquisition	24.9	—		
Other costs ^{*1}	43.9	50.5		
Adjusted EBITDA	1,129.5	1,066.6	(62.9)	(5.6)%

*1 Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.



FY2023 Q3 YTD Net Profit to Adjusted EBITDA LTM Bridge

(Billion JPY)	FY2022 Full Year (Apr - Mar)	FY2022 Q3 YTD (Apr - Dec)	FY2023 Q3 YTD (Apr - Dec)	FY2023 Q3 LTM ^{*1} (Jan - Dec)
Net profit	317.0	285.9	147.2	178.3
Income tax expenses	58.1	41.3	(46.9)	(30.1)
Depreciation and amortization	664.4	503.0	541.3	702.7
Interest expense, net	111.5	86.0	82.0	107.4
EBITDA	1,151.0	916.2	723.6	958.3
Impairment losses	64.4	42.0	134.3	156.7
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	109.0	105.4	116.4	120.0
Finance expense (income), net, excluding interest income and expense, net	(4.7)	(14.4)	44.6	54.3
Share of profit (loss) on investments accounted for using the equity method	8.6	3.1	(2.7)	2.8
Other adjustments:	93.5	77.2	50.5	66.8
Non-core expense related to COVID-19	9.9	8.4	—	1.6
Impact on profit related to fair value step up of inventory in Shire acquisition	24.9	24.9	—	—
Other costs*2	58.7	43.9	50.5	65.2
Adjusted EBITDA	1,421.8	1,129.5	1,066.6	1,358.9

*1 LTM represents Last Twelve Months (January 2023 - December 2023). Calculated by subtracting FY2022 Q3 YTD from FY2022 Full Year and adding FY2023 Q3 YTD.

*2 Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.



FY2023 Q3 YTD CAPEX, Depreciation and Amortization and Impairment Losses

(Billion JPY)	FY2022 Q3 YTD	FY2023 Q3 YTD	vs. PY		FY2023 Latest Forecast
Capital expenditures ^{*1}	189.6	416.4	226.8	119.6 %	480.0 - 530.0 ^{*4}
Tangible assets	104.9	130.9	26.0	24.8 %	
Intangible assets	84.7	285.5	200.8	237.0 %	
Depreciation and amortization	503.0	541.3	38.3	7.6 %	680.0
Depreciation of tangible assets ^{*2} (A)	113.3	129.8	16.5	14.6 %	
Amortization of intangible assets (B)	389.7	411.4	21.8	5.6 %	
Of which Amortization associated with products (C)	370.6	387.7	17.1	4.6 %	500.0
Of which Amortization excluding intangible assets associated with products (D)	19.1	23.8	4.7	24.4 %	
Depreciation and amortization (excluding intangible assets associated with products) (A)+(D)	132.4	153.6	21.2	16.0 %	180.0
Impairment losses	42.0	134.3	92.3	220.0 %	
Impairment losses associated with products ^{*3}	38.6	119.3	80.7	208.9 %	120.0
Amortization and impairment losses on intangible assets associated with products	409.2	507.0	97.8	23.9 %	620.0

*1 Cash flow base

*2 Includes depreciation of investment properties

*3 Includes in-process R&D

*4 FY2023 Latest Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus and in-licensing of FRUZAQLA (fruquintinib) from HUTCHMED.



FY2023 Full Year Detailed Forecast (unchanged from October 26, 2023)

(BN JPY)	FY2022 Actual	FY2023 Latest Forecast (Oct 26, 2023)	FY2023 Latest Forecast % change vs. PY
REPORTED			
Revenue	4,027.5	3,980.0	(1.2)%
R&D expenses	(633.3)	(680.0)	(7.4)%
Amortization of intangible assets associated with products	(485.1)	(500.0)	(3.1)%
Impairment losses on intangible assets associated with products ^{*1}	(57.3)	(120.0)	(109.3)%
Other operating income	25.4	14.0	(44.9)%
Other operating expenses	(145.2)	(180.0)	(23.9)%
Operating profit	490.5	225.0	(54.1)%
Finance income (expenses), net	(106.8)	(157.0)	(47.0)%
Profit before tax	375.1	70.0	(81.3)%
Net profit attributable to owners of the Company	317.0	93.0	(70.7)%
Basic EPS (yen)	204	59	(70.9)%
Core Revenue ^{*2}	4,027.5	3,980.0	(1.2)%
Core Operating Profit ^{*2}	1,188.4	1,015.0	(14.6)%
Core EPS (yen)	558	447	(19.9)%
Free cash flow ^{*3}	446.2	400.0 to 500.0	
CAPEX (cash flow base) ^{*3}	(633.7)	(480.0) to (530.0)	
Depreciation and amortization (excl. intangible assets associated with products)	(179.3)	(180.0)	(0.4)%
Cash tax rate on adjusted EBITDA (excl. divestitures)	~13%	Mid-teen % ^{*4}	
USD/JPY	135	137	1.6 %
EUR/JPY	141	145	3.1 %

*1 Includes in-process R&D.

*2 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition and A-18 FY2023 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast, for reconciliation.

*3 FY2023 Latest Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus and in-licensing of FRUZAQLA (fruquintinib) from HUTCHMED.

*4 Adjusted from "Mid-to-high teen %" to "Mid-teen %" (February 1, 2024).



FY2023 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income (expenses)	Others	
Revenue	3,980.0					3,980.0
Cost of sales						
Gross Profit						
SG&A and R&D expenses					4.0	
Amortization of intangible assets associated with products	(500.0)	500.0				—
Impairment losses on intangible assets associated with products ^{*1}	(120.0)		120.0			—
Other operating income	14.0			(14.0)		—
Other operating expenses	(180.0)			180.0		—
Operating profit	225.0	500.0	120.0	166.0	4.0	1,015.0

*1 Includes in-process R&D



FY2023 Full Year FX Rates Assumptions and Currency Sensitivity vs Forecast

Average Exchange Rates vs. JPY				Impact of depreciation of yen from April 2023 to March 2024 (100 million JPY)				
	FY2022 Q3 Actual (Apr-Dec)	FY2023 Q3 Actual (Apr-Dec)	FY2023 Assumption (Apr-Mar)		Revenue (IFRS)	Operating Profit (IFRS)	Net Profit (IFRS)	Core Operating Profit (non-IFRS)
USD	136	143	137	1% depreciation	207.0	15.4	5.8	65.1
				1 yen depreciation	151.1	11.2	4.2	47.5
EUR	140	155	145	1% depreciation	57.2	(37.4)	(32.5)	(30.3)
				1 yen depreciation	39.5	(25.8)	(22.4)	(20.9)
RUB	2.2	1.6	1.6	1% depreciation	4.4	2.6	2.0	3.0
CNY	19.8	20.0	19.8		17.3	10.1	7.8	10.1
BRL	26.5	28.9	28.5		10.9	7.0	5.4	7.1

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