Summary of Financial Statements for the Fiscal Year Ended March 31, 2024 (IFRS, Consolidated)

May 9, 2024

Takeda Pharmaceutical Company Limited		Stock exchange listings:	Tokyo, Nagoya, Fukuoka, Sapporo
TSE Code:	4502	URL: https://www.takeda.com	
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Scheduled date of annual general meeting of shareholders: June 26, 2024
Scheduled date of securities report submission: June 26, 2024
Scheduled date of dividend payment commencement: June 27, 2024
Supplementary materials for the financial statements: Yes
Presentation to explain for the financial statements: Yes

(Million JPY, rounded to the nearest million)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Percentage figures represent changes over the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Net profit for the year		Net profit attributable to owners of the Company	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
For the Fiscal Year Ended March 31, 2024	4,263,762	5.9	214,075	(56.4)	52,791	(85.9)	144,197	(54.5)	144,067	(54.6)
For the Fiscal Year Ended March 31, 2023	4,027,478	12.8	490,505	6.4	375,090	24.0	317,038	37.7	317,017	37.8

	Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the Company	Ratio of profit before income taxes to total assets
	(Million JPY)	(%)	(JPY)	(JPY)	(%)	(%)
For the Fiscal Year Ended March 31, 2024	1,139,206	25.0	92.09	91.16	2.1	0.4
For the Fiscal Year Ended March 31, 2023	911,574	10.6	204.29	201.94	5.3	2.8

	Ratio of operating profit to revenue	Core Revenue		Core Operating Profit		Core EPS
	(%)	(Billion JPY)	(%)	(Billion JPY)	(%)	(JPY)
For the Fiscal Year Ended March 31, 2024	5.0	4,263.8	5.9	1,054.9	(11.2)	484
For the Fiscal Year Ended March 31, 2023	12.2	4,027.5	17.7	1,188.4	24.4	558

(Reference) Share of loss of investments accounted for using the equity method:
For the Fiscal Year Ended March 31, 2024 6,473 million JPY For the Fiscal Year Ended March 31, 2023 (8,630) million JPY

(2) Consolidated Financial Position

	Total assets (Million JPY)	Total equity (Million JPY)	Equity attributable to owners of the Company (Million JPY)	Ratio of equity attributable to owners of the Company to total assets (%)	Equity attributable to owners of the Company per share (JPY)
As of March 31, 2024	15,108,792	7,274,005	7,273,264	48.1	4,635.56
As of March 31, 2023	13,957,750	6,354,672	6,354,122	45.5	4,087.49

(3) Consolidated Cash Flows

	Net cash from (used in) operating activities (Million JPY)	Net cash from (used in) investing activities (Million JPY)	Net cash from (used in) financing activities (Million JPY)	Cash and cash equivalents at the end of the year (Million JPY)
For the Fiscal Year Ended March 31, 2024	716,344	(463,862)	(354,416)	457,800
For the Fiscal Year Ended March 31, 2023	977,156	(607,102)	(709,148)	533,530

2. Dividends

	Annual dividends per share (JPY)					Total Dividends (Million JPY)	Dividend Pay-out ratio (%) (Consolidated)	Ratio of dividends to net assets (%) (Consolidated)
	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	280,949	88.1	4.6
For the Fiscal Year Ended March 31, 2024	—	94.00	—	94.00	188.00	296,078	204.2	4.3
For the Fiscal Year Ending March 31, 2025 (Projection)	—	98.00	—	98.00	196.00		—	

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures represent changes over the previous fiscal year)

	Revenue		Operating profit		Profit before 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, 2025	4,350,000	2.0	225,000	5.1	55,000	4.2	58,000	(59.7)	36.70

Forecasts for Core financial measures are shown below.

(Percentage figures represent changes over the previous fiscal year)

	Core Revenue		Core Operating Profit		Core EPS
	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)
For the Fiscal Year Ending March 31, 2025	4,350,000	2.0	1,000,000	(5.2)	431

The definition of Core financial measures is stated in "Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations" in the Financial Appendix.

4. Management Guidance (Constant Exchange Rate basis) for the Fiscal Year Ending March 31, 2025

Takeda uses change in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance.

Change at CER	Core Revenue	Core Operating Profit	Core EPS
	(%)	(%)	(%)
For the Fiscal Year Ending March 31, 2025	Flat to slightly declining	Approx 10% decline	Mid-10s% decline

The definition of Constant Exchange Rate change is stated in "Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations" in the Financial Appendix.

▪ Additional Information

(1) Changes in significant subsidiaries during the period : No
(changes in specified subsidiaries resulting in the change in the consolidation scope)

(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 year end:

March 31, 2024	1,582,418,725 shares
March 31, 2023	1,582,296,025 shares

2) Number of shares of treasury stock at year end:

March 31, 2024	13,405,261 shares
March 31, 2023	27,767,213 shares

3) Average number of outstanding shares (for the fiscal year ended March 31):

March 31, 2024	1,564,450,432 shares
March 31, 2023	1,551,808,600 shares

(Reference) Summary of Unconsolidated Results

Summary of Unconsolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Unconsolidated Operating Results

(Percentage figures represent changes over the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
For the Fiscal Year Ended March 31, 2024	595,575	(5.8)	48,070	(64.7)	286,399	(15.8)
For the Fiscal Year Ended March 31, 2023	632,137	(17.3)	136,140	(53.6)	340,122	(38.3)

	Net income		Earnings per share	Fully diluted earnings per share
	(Million JPY)	(%)	(JPY)	(JPY)
For the Fiscal Year Ended March 31, 2024	338,874	2.5	216.60	216.56
For the Fiscal Year Ended March 31, 2023	330,649	1.9	213.06	213.05

(2) Unconsolidated Financial Position

	Total assets (Million JPY)	Net assets (Million JPY)	Shareholders' equity ratio (%)	Shareholders' equity per share (JPY)
As of March 31, 2024	9,756,319	4,088,198	41.9	2,604.87
As of March 31, 2023	9,407,303	4,206,219	44.7	2,704.87

(Reference) Shareholders' equity As of March 31, 2024 4,087,087 million JPY
As of March 31, 2023 4,205,031 million JPY

- **This summary of financial statements is exempt from audit procedures**
- **Note to ensure appropriate use of forecasts and guidance, and other noteworthy items**

  - Takeda has adopted 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 Fiscal Year Ended March 31, 2024 (5) Outlook for the Fiscal Year Ending March 31, 2025" on page 12.
  - Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on May 9, 2024 and its audio will be promptly posted on Takeda's website.

  (Takeda Website):
  https://www.takeda.com/investors/financial-results/

Attachment Index

1. Financial Highlights for the Fiscal Year Ended March 31, 2024

(1) Business Performance

(i) Business Overview

Takeda is a global, values-based, R&D-driven biopharmaceutical company with a diverse portfolio, engaged primarily in the research, development, production and global commercialization of pharmaceutical products. Takeda focuses on six key business areas: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT")[*1], Oncology, Vaccines[*2] and Neuroscience. Our R&D efforts are focused on three core therapeutic areas: Gastrointestinal and Inflammation, Neuroscience and Oncology. We also make targeted R&D investments in PDT and Vaccines. We focus on developing innovative medicines that make a difference in people's lives by advancing the frontier of new treatment options and leveraging our collaborative R&D engine and capabilities to create a robust, modality-diverse pipeline. We focus on the high unmet medical need, both in rare and more prevalent conditions, to deliver high-quality medicines and vaccines to patients and communities as quickly as possible. We have a presence in approximately 80 countries and regions, a network of manufacturing sites around the world, and major research centers in Japan and the United States.

Over the past several years, we have extended our global reach, strengthened our presence in GI, Oncology and Neuroscience, and established a leading position in Rare Diseases and PDT, while adding potential best-in-class or first-in-class assets to our R&D pipeline. Commercially, we have significantly strengthened our presence in the United States, Europe, and Growth and Emerging Markets. We have also accelerated our focus on data, digital and technology to make our business operations more effective and efficient, increase innovation and better serve our stakeholders.

[*1] Starting from the fiscal year ending March 31, 2025 (FY2024), "Plasma-Derived Therapies" replaces the previous category of "PDT Immunology", and now includes all plasma-derived products including those previously categorized within "Rare Diseases" (e.g., FEIBA, CINRYZE).

[*2] Starting from FY2024, "Vaccines" is now presented as a separate key business area (previously included in "Others"), reflecting the strategic focus on our dengue vaccine, QDENGA.

(ii) Consolidated Financial Results (April 1, 2023 to March 31, 2024)

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Revenue	4,027.5	4,263.8	236.3	5.9 %	1.5 %
Cost of sales	(1,244.1)	(1,426.7)	(182.6)	14.7 %	9.8 %
Selling, general and administrative expenses	(997.3)	(1,053.8)	(56.5)	5.7 %	0.9 %
Research and development expenses	(633.3)	(729.9)	(96.6)	15.3 %	8.4 %
Amortization and impairment losses on intangible assets associated with products	(542.4)	(652.1)	(109.7)	20.2 %	12.2 %
Other operating income	25.4	19.4	(6.0)	(23.8)%	(26.3)%
Other operating expenses	(145.2)	(206.5)	(61.3)	42.2 %	34.5 %
Operating profit	490.5	214.1	(276.4)	(56.4)%	(50.3)%
Finance income and (expenses), net	(106.8)	(167.8)	(61.0)	57.1 %	78.3 %
Share of profit (loss) of investments accounted for using the equity method	(8.6)	6.5	15.1	—	—
Profit before tax	375.1	52.8	(322.3)	(85.9)%	(84.1)%
Income tax (expenses) benefit	(58.1)	91.4	149.5	—	—
Net profit for the year	317.0	144.2	(172.8)	(54.5)%	(57.0)%

In this section, when comparing results to 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". For additional information on CER %, see "Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations" in the Financial Appendix.

Revenue

Revenue for the fiscal year ended March 31, 2024 was JPY 4,263.8 billion (JPY +236.3 billion and +5.9% AER, +1.5% CER).

The increase is primarily attributable to favorable foreign exchange rates and growth from business momentum of Plasma-Derived Therapies ("PDT") Immunology, Gastroenterology ("GI"), Rare Diseases and Oncology. The increase in these business areas was offset by the decrease in Neuroscience. Revenue outside of these key business areas decreased mainly due to the decline in sales of AZILVA (for hypertension), which were JPY 33.6 billion (JPY -39.3 billion and -53.9% AER, -53.9% CER) and impacted by generic entrants in Japan, as well as the lower revenue contribution from COVID-19 vaccines in Japan.

Revenue by Geographic Region

The following shows revenue by geographic region:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
Revenue:	2023	2024	Amount of Change	% Change	% Change
Japan	512.0	451.4	(60.7)	(11.8)%	(12.1)%
United States	2,103.8	2,195.7	91.9	4.4 %	(2.2)%
Europe and Canada	842.7	966.8	124.2	14.7 %	4.5 %
Asia (excluding Japan)	225.0	261.2	36.2	16.1 %	12.1 %
Latin America	160.4	198.1	37.7	23.5 %	48.4 %
Russia/CIS	88.4	72.6	(15.8)	(17.9)%	(6.5)%
Other*1	95.2	117.9	22.7	23.9 %	32.6 %
Total	4,027.5	4,263.8	236.3	5.9 %	1.5 %

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

Revenue by Business Area

The following shows revenue by business area:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
Revenue:	2023	2024	Amount of Change	% Change	% Change
GI	1,094.5	1,216.2	121.7	11.1 %	4.7 %
Rare Diseases *1	723.4	770.7	47.3	6.5 %	4.1 %
Rare Hematology	304.7	305.3	0.6	0.2 %	(2.9)%
Rare Genetics and Other	418.7	465.4	46.7	11.1 %	9.2 %
PDT Immunology *1	678.4	818.6	140.1	20.7 %	14.4 %
Oncology	438.7	462.4	23.6	5.4 %	2.5 %
Neuroscience	637.7	627.0	(10.7)	(1.7)%	(7.8)%
Other *1	454.6	368.9	(85.7)	(18.8)%	(17.7)%
Total	4,027.5	4,263.8	236.3	5.9 %	1.5 %

*1 Starting from the fiscal year ending March 31, 2025 (FY2024), "Plasma-Derived Therapies" replaces the previous category of "PDT Immunology", and includes all plasma-derived products including those previously categorized within "Rare Diseases" (e.g., FEIBA, CINRYZE). "Vaccines" is presented as a separate key business area (previously included in "Others"), reflecting the strategic focus on our dengue vaccine, QDENGA.
If the new categories are applied, revenue from "Rare Disease" is JPY 688.4 billion for FY2023 and JPY 639.8 billion for FY2022, revenue from "Plasma-Derived Therapies" is JPY 903.7 billion for FY2023 and JPY 765.4 billion for FY2022, revenue from "Vaccines" is JPY 50.4 billion for FY2023, and JPY 78.7 billion for FY2022, revenue from "Others" is JPY 315.7 billion for FY2023 and JPY 372.7 billion for FY2022.

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

- In *GI*, revenue was JPY 1,216.2 billion (JPY +121.7 billion and +11.1% AER, +4.7% CER).

  Sales of ENTYVIO (for ulcerative colitis ("UC") and Crohn's disease) were JPY 800.9 billion (JPY +98.2 billion and +14.0% AER, +6.6% CER). Sales in the U.S. were JPY 546.1 billion (JPY +54.2 billion and +11.0% 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 195.8 billion (JPY +33.4 billion and +20.5% AER), supported by favorable foreign exchange rates and continued launches of the subcutaneous formulation.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 119.3 billion (JPY +26.2 billion and +28.1% AER, +22.7% 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 118.5 billion (JPY +9.8 billion and +9.0% AER, +8.2% 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 45.3 billion (JPY -24.1 billion and -34.7% AER, -39.6% CER). The decrease was due to the loss of exclusivity and the termination of the authorized generics program in the U.S.

- In Rare Diseases, revenue was JPY 770.7 billion (JPY +47.3 billion and +6.5% AER, +4.1% CER).

Revenue of Rare Hematology was JPY 305.3 billion (JPY +0.6 billion and +0.2% AER, -2.9% CER).

Sales of ADVATE (for hemophilia A) were JPY 122.9 billion (JPY +4.7 billion and +4.0% AER, +1.1% CER). The increase was attributable to favorable foreign exchange rates as well as sales increase in the Growth and Emerging Markets such as Brazil and China.

Sales of VONVENDI (for von Willebrand disease) were JPY 16.2 billion (JPY +4.0 billion and +32.5% AER, +23.1% CER). The increase was primarily due to increased demand in the U.S.

Sales of FEIBA (for hemophilia A and B) were JPY 40.5 billion (JPY -0.7 billion and -1.8% AER, -5.3% CER). The decrease was mainly due to competition in Brazil.

Sales of RECOMBINATE (for hemophilia A) were JPY 12.1 billion (JPY -0.7 billion and -5.6% AER, -11.8% CER). The decrease was mainly due to weaker demand in the U.S. attributable to increased adoption of next generation therapies.

Decrease in revenue of other rare hematology products largely offset the net increase of the above products.

Revenue of Rare Genetics and Other was JPY 465.4 billion (JPY +46.7 billion and +11.1% AER, +9.2% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 178.7 billion (JPY +26.9 billion and +17.7% AER, +11.6% 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 19.1 billion (JPY +8.6 billion and +81.7% AER, +68.7% CER). The increase was primarily attributable to strong launch performance and fast uptake in the U.S., complemented by continued geographical expansion in Europe and positive market access trends.

Sales of enzyme replacement therapy REPLAGAL (for fabry disease) were JPY 73.6 billion (JPY +6.8 billion and +10.2% AER, +15.1% CER). The increase was primary due to strong demand in the Growth and Emerging Markets.

Sales of enzyme replacement therapy ELAPRASE (for Hunter syndrome) were JPY 91.6 billion (JPY +6.2 billion and +7.3% AER, +7.3% CER). The increase was primarily due to strong demand in the Growth and Emerging Markets.

- In PDT Immunology, revenue was JPY 818.6 billion (JPY +140.1 billion and +20.7% AER, +14.4% CER).

Aggregate sales of immunoglobulin products were JPY 644.6 billion (JPY +122.4 billion and +23.4% AER, +16.8% 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 134.0 billion (JPY +12.5 billion and +10.3% AER, +5.9% CER). The increase was primarily driven by strong albumin demand in China.

- In Oncology, revenue was JPY 462.4 billion (JPY +23.6 billion and +5.4% AER, +2.5% CER).

Sales of ADCETRIS (for malignant lymphomas) were JPY 109.4 billion (JPY +25.5 billion and +30.4% AER, +31.3% CER). The increase was led by strong growth in Growth and Emerging Markets and Europe.

Sales of FRUZAQLA (for colorectal cancer), which newly launched in November 2023 in the U.S., were JPY 10.1 billion.

Sales of ALUNBRIG (for non-small cell lung cancer) were JPY 28.5 billion (JPY +8.0 billion and +38.8% AER, +35.3% CER). The increase benefited from strong demand across all regions.

Sales of ICLUSIG (for leukemia) were JPY 54.7 billion (JPY +7.5 billion and +15.9% AER, +7.5% CER). The increase was due to favorable foreign exchange rates and higher demand in the U.S.

Sales of VELCADE (for multiple myeloma) were JPY 5.5 billion (JPY -22.2 billion and -80.0% AER, -81.3% CER). The decrease was due to generic erosion in the U.S.

Sales of NINLARO (for multiple myeloma) were JPY 87.4 billion (JPY -5.3 billion and -5.7% AER, -9.2% CER). The decrease was due to intensified competition and decreased demand mainly in the U.S, partially aided by favorable foreign exchange rates.

- In Neuroscience, revenue was JPY 627.0 billion (JPY -10.7 billion and -1.7% AER, -7.8% CER).

Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were JPY 423.2 billion (JPY -36.1 billion and -7.9% AER, -14.1% CER). The decrease was due to multiple generic entrants in the U.S. starting from August 2023, with the growth of the adult market in Europe and favorable foreign exchange rates partially offset the negative impacts.

Sales of ADDERALL XR (for ADHD) were JPY 41.8 billion (JPY +13.2 billion and +46.0% AER, +36.6% CER). The increase was primarily due to a shortage of generic versions of the instant release formulation marketed by competitors in the U.S. and favorable foreign exchange rates.

Sales of INTUNIV (for ADHD) were JPY 33.6 billion (JPY +17.2 billion and +105.2% AER, +100.8% CER). The increase was primarily due to the buy-back of full rights in Japan effective in April 2023.

Cost of Sales

Cost of Sales was JPY 1,426.7 billion (JPY +182.6 billion and +14.7% AER, +9.8% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of Japanese yen as compared to the fiscal year ended March 31, 2023. 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 plc (“Shire”).

Selling, General and Administrative (SG&A) Expenses

SG&A expenses were JPY 1,053.8 billion (JPY +56.5 billion and +5.7% AER, +0.9% CER). The increase was mainly due to the depreciation of Japanese yen and investments in Data, Digital and Technology ("DD&T") partially offset by various cost efficiencies.

Research and Development (R&D) Expenses

R&D expenses were JPY 729.9 billion (JPY +96.6 billion and +15.3% AER, +8.4% 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 652.1 billion (JPY +109.7 billion and +20.2% AER, +12.2% 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. JPY 130.6 billion impairment losses recorded in the fiscal year ended March 31, 2024 primarily includes JPY 74.0 billion impairment charges for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of the phase 3 ADMIRE-CD II trial, JPY 28.5 billion impairment charges following a decision to voluntarily withdraw EXKIVITY (for non-small cell lung cancer) globally, and other impairment charges for certain in-process R&D assets including those related to TAK-007 and modakafusp alfa (TAK-573) in Oncology as results of decisions to terminate those programs. The increase was partially offset by a reversal of impairment loss of JPY 35.7 billion related to the approval of EOHILIA, a therapy for eosinophilic esophagitis (EoE), by the U.S. Food and Drug Administration (FDA) in February 2024.

Other Operating Income

Other Operating Income was JPY 19.4 billion (JPY -6.0 billion and -23.8% AER, -26.3% CER).

Other Operating Expenses

Other Operating Expenses were JPY 206.5 billion (JPY +61.3 billion and +42.2% AER, +34.5% CER). The increase was primarily driven by increases of restructuring expenses, additional losses recorded for the supply agreement litigation with AbbVie, Inc. ("AbbVie") in the fiscal year ended March 31,2024 and changes in the fair value of financial assets and liabilities associated with contingent consideration arrangements mainly from XIIDRA and EOHILIA.

Operating Profit

As a result of the above factors, Operating Profit was JPY 214.1 billion (JPY -276.4 billion and -56.4% AER, -50.3% CER).

Net Finance Expenses

Net Finance Expenses were JPY 167.8 billion (JPY +61.0 billion and +57.1% AER, +78.3% CER). The increase 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 the company held by Takeda recorded in the fiscal year ended March 31, 2023, as well as an increase in financial expenses in the fiscal year ended March 31, 2024 due to factors including interest recorded for the supply agreement litigation with AbbVie and increased expense on hyperinflation accounting.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Share of Profit of Investments Accounted for Using the Equity Method was JPY 6.5 billion (JPY +15.1 billion, compared to Share of Loss of Investments Accounted for Using the Equity Method of JPY 8.6 billion in the fiscal year ended March 31, 2023).

Income Tax (Expenses) Benefit

Income Tax Benefit was JPY 91.4 billion (JPY +149.5 billion, compared to Income Tax Expenses of JPY 58.1 billion in the fiscal year ended March 31, 2023). The increase was primarily due to lower pretax earnings as well as a tax expense reduction of JPY 63.5 billion resulting from the reversal of the income taxes payable in excess of the settlement with the Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014 ("AbbVie Break Fee Settlement"). These increases were partially offset by the tax charges from legal entity restructuring and the reassessment of recoverability of deferred tax assets.

Net Profit for the Year

As a result of the above factors, Net Profit for the Year was JPY 144.2 billion (JPY -172.8 billion and -54.5% AER, -57.0% CER).

(iii) Results of Core Financial Measures (April 1, 2023 to March 31, 2024)

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). See "Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations" in the Financial Appendix for additional information.

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core revenue	4,027.5	4,263.8	236.3	5.9 %	1.5 %
Core operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%
Core net profit for the year	866.4	756.9	(109.5)	(12.6)%	(15.0)%
Core EPS (yen)	558	484	(75)	(13.4)%	(15.7)%

Core Revenue

Core Revenue for the fiscal year ended March 31, 2024 was JPY 4,263.8 billion (JPY +236.3 billion and +5.9% AER, +1.5% CER). The increase is attributable to favorable foreign exchange rates and growth from business momentum primarily led by Takeda's Growth and Launch Products* which totaled JPY 1,833.0 billion (JPY +297.2 billion and +19.3% AER, +12.8% CER).

* Takeda's Growth and Launch Products in FY2023
GI: ENTYVIO, ALOFISEL, EOHILIA
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: QDENGA

Core Operating Profit

Core Operating Profit for the fiscal year ended March 31, 2024 was JPY 1,054.9 billion (JPY -133.5 billion and -11.2% AER, -13.3% CER). The components of Core Operating Profit are as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core revenue	4,027.5	4,263.8	236.3	5.9 %	1.5 %
Core cost of sales	(1,208.4)	(1,426.3)	(217.9)	18.0 %	13.0 %
Core selling, general and administrative (SG&A) expenses	(997.3)	(1,053.0)	(55.6)	5.6 %	0.8 %
Core research and development (R&D) expenses	(633.4)	(729.6)	(96.3)	15.2 %	8.3 %
Core operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%

During the periods presented, these items fluctuated as follows:

Core Cost of Sales

Core Cost of Sales was JPY 1,426.3 billion (JPY +217.9 billion and +18.0% AER, +13.0% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of Japanese yen as compared to the fiscal year ended March 31, 2023.

Core Selling, General and Administrative (SG&A) Expenses

Core SG&A expenses were JPY 1,053.0 billion (JPY +55.6 billion and +5.6% AER, +0.8% CER). The increase was mainly due to the depreciation of Japanese yen and investments in DD&T partially offset by various cost efficiencies.

Core Research and Development (R&D) Expenses

Core R&D expenses were JPY 729.6 billion (JPY +96.3 billion and +15.2% AER, +8.3% CER). The increase was mainly due to various investments in pipeline programs and the depreciation of Japanese yen.

Core Net Profit for the Year

Core Net Profit for the Year was JPY 756.9 billion (JPY -109.5 billion and -12.6% AER, -15.0% CER) and is calculated from Core Operating Profit are as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%
Core finance income and (expenses), net	(126.6)	(142.0)	(15.4)	12.2 %	13.9 %
Core share of profit of investments accounted for using the equity method	0.2	5.9	5.7	—	—
Core profit before tax	1,062.0	918.8	(143.2)	(13.5)%	(16.0)%
Core income tax (expenses) benefit	(195.6)	(161.9)	33.7	(17.2)%	(20.2)%
Core net profit for the year	866.4	756.9	(109.5)	(12.6)%	(15.0)%

During the periods presented, these items fluctuated as follows:

Core Net Finance Expenses

Core Net Finance Expenses were JPY 142.0 billion (JPY +15.4 billion and +12.2% AER, +13.9% CER).

Core Share of Profit of Investments Accounted for Using the Equity Method

Core Share of Profit of Investments Accounted for Using the Equity Method was JPY 5.9 billion (JPY +5.7 billion).

Core Profit Before Tax

Core Profit Before Tax was JPY 918.8 billion (JPY -143.2 billion and -13.5% AER, -16.0% CER).

Core Income Tax (Expenses) Benefit

Core Income Tax Expenses were JPY 161.9 billion (JPY -33.7 billion and -17.2% AER, -20.2% CER) and excludes the JPY 63.5 billion impact from AbbVie Break Fee Settlement in the fiscal year ended March 31, 2024. The decrease was mainly due to lower core pretax earnings.

Core EPS

Core EPS for the fiscal year ended March 31, 2024 was JPY 484 (JPY -75 and -13.4% AER, -15.7% CER).

(2) Consolidated Financial Position

Assets.

Total Assets as of March 31, 2024 were JPY 15,108.8 billion (JPY +1,151.0 billion). The increases of Goodwill, Property, Plant and Equipment, and Inventories (JPY +619.3 billion, JPY +298.5 billion, and JPY +223.4 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 -75.7 billion).

Liabilities.

Total Liabilities as of March 31, 2024 were JPY 7,834.8 billion (JPY +231.7 billion). Total Bonds and Loans were JPY 4,843.8 billion* (JPY +461.4 billion), which increased primarily due to the effect of foreign currency translation and a net increase in commercial paper drawings in the fiscal year ended March 31, 2024. The increase of total Other Financial Liabilities (JPY +111.4 billion) was mainly due to a lease term extension in the U.S. and the effect of foreign currency translation. These increases were partially offset by decreases in Deferred Tax Liabilities, Income Tax Payable, and Trade and Other Payables. The decrease of Deferred Tax Liabilities (JPY -156.8 billion) was mainly due to amortization of intangible assets and the impact of R&D capitalization and amortization for U.S. tax purposes. The decrease of total Income Taxes Payable (JPY -142.6 billion) was mainly due to tax payments in the fiscal year ended March 31, 2024 and a reduction of payables for tax-related settlements, including AbbVie Break Fee Settlement, offset by accruals for tax on profits for the fiscal year ended March 31, 2024. The decrease of Trade and Other Payables (JPY -101.7 billion) was primarily due to payments for two agreements entered into in the fiscal year ended March 31, 2023, which were the remaining upfront payment related to the acquisition of TAK-279 from Nimbus Therapeutics, LLC (Nimbus) and the payment related to the exclusive license agreement with HUTCHMED (China) Limited (HUTCHMED).

* The carrying amount of Bonds was JPY 4,092.9 billion and Loans was JPY 750.9 billion as of March 31, 2024. 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	198.1
Unsecured US dollar denominated senior notes (USD 3,000 million)	September 2016	September 2026	439.7
Unsecured Euro denominated senior notes (EUR 3,000 million)	November 2018	November 2026 ~ November 2030	487.4
Unsecured US dollar denominated senior notes (USD 1,750 million)	November 2018	November 2028	263.7
Hybrid bonds (subordinated bonds)	June 2019	June 2079	499.6
Unsecured US dollar denominated senior notes (USD 7,000 million)	July 2020	March 2030 ~ July 2060	1,053.7
Unsecured Euro denominated senior notes (EUR 3,600 million)	July 2020	July 2027 ~ July 2040	584.1
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.5
Commercial paper	February 2024 ~ March 2024	May 2024 ~ June 2024	317.0
Total			4,092.9

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	227.0
Syndicated loans	April 2023	April 2030	100.0
Bilateral loans	March 2016 ~ March 2023	April 2024 ~ March 2029	210.0
Other			0.4
Total			750.9

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 317.0 billion as of March 31, 2024.

Equity.

Total Equity as of March 31, 2024 was JPY 7,274.0 billion (JPY +919.3 billion). The increase of Other Components of Equity (JPY +1,001.2 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 -149.9 billion) mainly due to the decrease of JPY 287.8 billion related to dividends payments while Net Profit for the Year contributed to an increase.

(3) Consolidated Cash Flows

Billion JPY

	For the fiscal year ended March 31,	
	2023	2024
Net cash from (used in) operating activities	977.2	716.3
Net cash from (used in) investing activities	(607.1)	(463.9)
Net cash from (used in) financing activities	(709.1)	(354.4)
Net increase (decrease) in cash and cash equivalents	(339.1)	(101.9)
Cash and cash equivalents at the beginning of the year	849.7	533.5
Effects of exchange rate changes on cash and cash equivalents	22.9	26.2
Cash and cash equivalents at the end of the year	533.5	457.8

Net cash from operating activities

Net cash from operating activities for the fiscal year ended March 31, 2024 was JPY 716.3 billion (JPY -260.8 billion). The decrease was due to unfavorable impacts from Changes in Assets and Liabilities, mainly driven by changes in Provision, and unfavorable impacts from a lower net profit for the year adjusted for non-cash items and other adjustments, which was partially offset by Other, Net.

Net cash used in investing activities

Net cash used in investing activities for the fiscal year ended March 31, 2024 was JPY 463.9 billion (JPY -143.2 billion). The decrease was mainly due to a decrease in Acquisition of Intangible Assets (JPY -187.7 billion)*.

* USD 3.0 billion was paid to Nimbus for the acquisition of TAK-279 in the fiscal year ended March 31, 2023 while USD 1.0 billion and USD 0.4 billion were paid to Nimbus for the acquisition of TAK-279 and to HUTCHMED for the exclusive license agreement for FRUZAQLA, respectively, in the fiscal year ended March 31, 2024.

***Net cash used in financing activiti*es**

Net cash used in financing activities for the fiscal year ended March 31, 2024 was JPY 354.4 billion (JPY -354.7 billion). The decrease was mainly due to a net increase of JPY 237.0 billion in commercial paper drawings, a net decrease of JPY 60.9 billion in redemption of bonds, and the settlement of cross currency interest rate swaps related to bonds in the fiscal year ended March 31, 2024.

(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 in the fiscal year ended March 31, 2024. Takeda made a payment in the settlement in the fiscal year ended March 31, 2024.

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 paid USD 505 million, including interest, in March 2024 with a total financial impact of JPY 26.4 billion loss in other operating expenses and JPY 7.1 billion in finance expenses for the interest for the fiscal year ended March 31, 2024.

(5) Outlook for the Fiscal Year Ending March 31, 2025

Consolidated reported forecast for the fiscal year ending March 31, 2025 (FY2024) is as below:

Consolidated Reported Forecast for the Fiscal Year Ending March 31, 2025 (FY2024)

Billion JPY or percentage

	FY2023 Actual Results	FY2024 Forecast	Change versus the previous year	
Revenue	4,263.8	4,350.0	86.2	2.0 %
Gross Profit	2,837.1	2,850.0	12.9	0.5 %
Operating profit	214.1	225.0	10.9	5.1 %
Profit before tax	52.8	55.0	2.2	4.2 %
Net profit for the year (attributable to owners of the Company)	144.1	58.0	(86.1)	(59.7)%
EPS (JPY)	92.09	36.70	(55.39)	(60.1)%
Core Revenue	4,263.8	4,350.0	86.2	2.0 %
Core Operating Profit	1,054.9	1,000.0	(54.9)	(5.2)%
Core EPS (JPY)	484	431	(53)	(10.9)%

[Revenue]

Takeda expects FY2024 revenue to be JPY 4,350.0 billion, an increase of JPY 86.2 billion, or 2.0%, from FY2023. The continued decline of products experiencing generic competition, including VYVANSE in the U.S., is expected to be largely mitigated by expansion of Growth and Launch Products, including ENTYVIO, immunoglobulin products, and new products such as QDENGA, FRUZAQLA, and EOHILIA. In addition, the foreign exchange assumption rates for major currencies reflect the depreciation of the Japanese yen versus FY2023 actual rates, which results in a favorable year-on-year impact on revenue.
Because Takeda does not expect any significant non-core items that require adjustment in its revenue forecast, the Core revenue forecast for FY2024 is the same as the reported revenue forecast.

[Operating Profit]

Operating Profit is expected to increase by JPY 10.9 billion, or 5.1%, to JPY 225.0 billion. While various cost efficiency initiatives will continue, we will also actively make investments for new product launches and in data, digital, and technology. There will also be a modest increase in R&D expenses to support our late-stage pipeline. Other operating expenses are expected to be JPY 200.0 billion, including JPY 140.0 billion of restructuring expense which is primarily related to the enterprise-wide efficiency program scheduled to start from FY2024. Operating Profit growth versus FY2023 also benefits from a lower assumption for impairment losses on intangible assets associated with products, with JPY 50.0 billion included in our FY2024 forecast compared to JPY 130.6 billion booked in FY2023.
Core Operating Profit is expected to be JPY 1,000.0 billion, a decrease of JPY 54.9 billion JPY, or 5.2%.

[Net profit for the year (attributable to owners of the Company)]

Net profit for the year (attributable to owners of the Company) is expected to be JPY 58.0 billion, a decrease of JPY 86.1 billion, or 59.7%, mainly reflecting significant one-time tax expense reduction booked in FY2023 and resulting less tax benefit in FY2024 compared to FY2023. Profit Before Tax is expected to increase by JPY 2.2 billion, or 4.2%, to JPY 55.0 billion, reflecting an increase in net finance income and expenses, which partially offset the expected increase in Operating Profit of JPY 10.9 billion.
Reported EPS is expected to be JPY 36.70, a decrease of JPY 55.39, or 60.1%, and Core EPS is expected to be JPY 431, a decrease of JPY 53, or 10.9%.

Major assumptions used in preparing the FY2024 Reported Forecast

Billion JPY or percentage

	FY2023 Actual Results	FY2024 Forecast
FX rates	1 USD = 144 JPY 1 Euro = 156 JPY 1 RUB = 1.6 JPY 1 CNY = 20.1 JPY 1 BRL = 29.1 JPY	1 USD = 150 JPY 1 Euro = 160 JPY 1 RUB = 1.6 JPY 1 CNY = 20.9 JPY 1 BRL = 30.4 JPY
Cost of Sales	(1,426.7)	(1,500.0)
SG&A Expenses	(1,053.8)	(1,080.0)
R&D expenses	(729.9)	(770.0)
Amortization of intangible assets associated with products	(521.5)	(540.0)
Impairment of intangible assets associated with products*1	(130.6)	(50.0)
Other operating income	19.4	15.0
Other operating expenses*2	(206.5)	(200.0)
Other Core Operating Profit adjustments	(1.5)	—
Finance income and (expenses), net	(167.8)	(172.0)
Adjusted free cash flow*3	283.4	350.0 - 450.0
Capital expenditures (cash flow base)	(480.7)	(380.0 - 420.0)
Depreciation and amortization (excluding intangible assets associated with products)	(206.5)	(205.0)
Cash tax rate on adjusted EBITDA (excluding divestitures)	~15%	Mid teen %

*1 Includes in-process R&D.
*2 JPY 140.0 billion of restructuring expense which is primarily related to the enterprise-wide efficiency program is included in FY2024 Forecast.
*3 Starting from FY2024, we will i) change the title of free cash flow as currently represented to “Adjusted free cash flow” and ii) report “Free cash flow” as cash flows from operating activities less acquisition of property, plant and equipment.

Management Guidance

Takeda uses change in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance.

	FY2024 Management Guidance CER % Change*4
Core Revenue	Flat to slightly declining
Core Operating Profit	Approx 10% decline
Core EPS	Mid-10s% decline

*4 Please refer to “Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations” in the Financial Appendix for the definition.

Other assumptions used in preparing the FY2024 Reported Forecast and the Management Guidance

The FY2024 reported forecast and the management guidance assume global VYVANSE sales of JPY 225.0 billion, a year-on-year decline of JPY 198.2 billion (49% decline at CER).

Forward looking statements

All forecasts in this document are based on information 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, the Company will disclose it in a timely manner.

(6) Capital Allocation Policy and Dividends for the Fiscal Year Ended March 31, 2024 and Ending March 31, 2025

(i) Capital Allocation Policy

Guided by our vision to discover and deliver life-transforming treatments, and with a focus on maintaining solid investment grade credit ratings, we will allocate capital to deliver sustainable value to patients and attractive returns to our shareholders.

Takeda's policy in the allocation of capital is as follows:

- Invest in growth drivers; and
- Shareholder returns.

In respect of "Invest in growth drivers", Takeda makes strategic investments in internal and external opportunities to enhance the pipeline, new product launches, and plasma-derived therapies. With regard to "Shareholder returns", Takeda has adopted a progressive dividend policy of increasing or maintaining the annual dividend per share each year, alongside share buybacks when appropriate.

(ii) Dividend

Takeda is strongly committed to shareholder returns with the dividend as a key component.

[FY2023] 188 yen per share
Year-end dividend per share: 94 yen
Together with the interim dividend of 94 yen per share, the annual dividend will be 188 yen per share.

[FY2024 guidance] 196 yen per share

2. Management Policy

(1) Basic Management Policy

Our corporate philosophy tells the rich story of Takeda - who we are, what we do, how we do it, and why it matters. From our founding more than 240 years ago to today, we serve patients with integrity that also benefits society.

Our imperatives - Patient-People-Planet, powered by Data, Digital and Technology (DD&T), direct where Takeda must focus to deliver on our purpose and vision, guided by our values.

Purpose

"Better health for people, brighter future for the world."

Vision

Our vision is to discover and deliver life-transforming treatments, guided by our commitment to patients, our people and the planet.

Values: Takeda-ism

We are guided by our values of Takeda-ism, which incorporate Integrity, Fairness, Honesty and Perseverance, with Integrity at the core. They are brought to life through actions based on Patient-Trust-Reputation-Business, in that order.

Imperatives

We honor our responsibility to patients, colleagues and other stakeholders as well as the communities where we operate. Our imperatives help us realize our vision and purpose.

Patient
- We responsibly translate science into highly innovative, life-transforming medicines and vaccines, and accelerate access to improve lives worldwide.

People
- We create an exceptional people experience.

Planet
- We protect our planet.

Unleash the Power of Data and Digital
- We strive to transform Takeda into the most trusted, data-driven, outcomes-based biopharmaceutical company.

Our ambition is to be the most trusted, science-driven, digital biopharmaceutical company. Through our core business, Takeda creates long-term value for patients, shareholders and society while also sustaining positive impact for our people, communities, and the planet.

(2) Business Environment, Mid- to Long-Term Business Strategy and Issues to Be Addressed

Business Environment

We believe that we need to navigate geopolitical uncertainty, rising healthcare costs, and rapid advancement of technology to ensure that we deliver on our vision.

At the geopolitical level, risks are intensifying, with ongoing conflicts in Ukraine and the Middle East together with continued tensions between China and the U.S., EU and other countries creating an uncertain outlook for the global economy. As a global company, we need to be constantly attentive to the changing economic environment and attendant risks and adapt our business strategy accordingly.

The business environment in which we operate is also influenced by government health care policies. While medical innovation in recent years has improved health care outcomes, spending on health care has for decades needed to rise faster than the gross domestic product and gross domestic incomes of developed countries due to aging populations, lifestyle changes and the availability of more advanced solutions for complex diseases. Consequently, payers are becoming increasingly selective in determining which treatments will be reimbursed. National governments are promoting generic and biosimilar alternatives and are increasing downward pressure on drug prices. In the United States, the Inflation Reduction Act (IRA), while offering some positives for Medicare patients such as greater predictability in out-of-pocket prescription expenses, establishes an unprecedented government price-setting system for medicines that could potentially result in declines in R&D investment in the country. Meanwhile, widening gaps in access to care further demonstrate the need for better access and policies to address health inequity. We believe that a transition away from the current prevailing fee-for-service model and toward value-based health care – an approach that pays for outcomes and care quality – could slow the pace of rising health care costs while expanding coverage and improving equity.

The rapid advancement of technology must also be factored in to strategic planning. We believe that the pace of innovation in the global pharmaceutical industry continues to accelerate, enhanced by medical technologies such as immunotherapies in oncology and cell and gene therapy and, more recently, by the rapid adoption of artificial intelligence (AI). The potential to develop AI-enabled innovations to help individuals manage their disease and treatments is vast and we believe that this technology could transform how the pharmaceutical industry operates.

With these and other factors influencing the external business environment, our commitment to patients and the work we do to support them is even more important.

Patient

We pursue life-transforming science and focus on the highest unmet medical need, both in rare and more prevalent conditions. Our research programs are based on targets with strong human validation and represent diverse modalities. We leverage DD&T broadly, from accelerating the pipeline to driving quality and efficiency in manufacturing, to enhancing interactions with health care practitioners and patients.

AI is increasingly incorporated into the design of what we create to support patient experiences. Examples include our joint projects with Massachusetts Institute of Technology (MIT) to use AI to help accelerate diagnosis of rare diseases, such as Fabry disease; leveraging AI platforms to personalize the way we engage with physicians and improving diversity and data collection in clinical trials. We are intentional in looking at how we use technology in an ethical manner while trying to predict the regulatory environment in the future. We believe the potential to develop AI-enabled innovations to help individuals manage their disease and treatments is vast.

In the fiscal year ended March 31, 2024 (FY2023), we received nine approvals from the U.S. Food and Drug Administration (FDA), including three new molecular entities: FRUZAQLA for the treatment of metastatic colorectal cancer; ADZYNMA for patients with congenital thrombotic thrombocytopenic purpura (cTTP); and EOHILIA for eosinophilic esophagitis. For more information on our major activities and progress on R&D from April 2023 to date, please see our discussion of Pipeline and R&D Activities in our Quarterly Financial Report for the Year Ended March 31, 2024.

We continue to see momentum in our Growth & Launch Product portfolio. ENTYVIO is our number-one product by revenue and we launched our subcutaneous administration in the U.S. for maintenance therapy in moderate-to-severely active ulcerative colitis and Crohn's disease, providing more flexibility and choice to patients.

We are also encouraged by the global progress of our dengue vaccine QDENGA since first launching a little over a year ago. QDENGA is now available in more than 20 markets across the world, including many endemic countries where the need is highest. In 2023, there was an upsurge in dengue cases globally, with the disease spreading into previously unaffected regions.

We are now working to expand production and ensure cooperation with communities worldwide who need QDENGA to combat the increase in dengue prevalence.

To help us achieve our target to supply 100 million doses annually by 2030 we have entered into a manufacturing partnership agreement with Biological E. Limited (BE) in India that builds upon existing capabilities at our facility in Singen, Germany and our long-term contract manufacturing partnership with IDT Biologika GmbH in Germany. BE will manufacture up to 50 million doses of QDENGA per annum.

People

We recognize that no matter how far science and technology advance, meaningful change is always driven by people. Our intention is to create an inclusive workplace through diversity, equity, and inclusion (DE&I) initiatives, promote life-long learning, talent development and career growth, and reinforce our values-based culture, and prioritize employee well-being, which enable us to discover and deliver life-transforming treatments and vaccines for patients and communities.

Our culture is one of belonging, engaging our people who originate from over 80 countries and who represent a wide range of backgrounds and experiences. Takeda embraces diversity and strives to provide equitable opportunities for patients and employees. Takeda has increased its investment in DE&I, including the expansion of the Global DE&I Council, which focuses on strategic direction, relationship-building, and efforts to address health disparities and inequities on a global scale.

Life-long learning and career growth enhance employee motivation and expertise, leads to new ideas, and results in value creation for patients. We are upskilling employees and building in-house capabilities to create an agile and resilient organization that is positioned for long-term sustainable growth. Our new Career Navigator platform uses AI to show personalized internal positions and mentoring and learning opportunities so our people can reach their highest potential. We are also leveraging the rapid technological advancements shaping our sector today and investing in the digital skills of our people for the future of health care.

As part of an initiative to improve work environment, we have transformed Takeda offices into ‘Takeda Community Spaces’ centered around employee well-being and learning. These spaces are designed for maximizing in-person interactions, where people can focus, collaborate and connect more closely in a sustainable environment. Takeda has partnered with Thrive, a behavioral health platform, to help our employees improve their overall well-being, build mental resilience and increase productivity. These components help us to build an exceptional people experience that promotes well-being and performance, embraces flexibility and emphasizes the value of regular face-to-face interactions.

Planet

The reality of climate change must now be factored into the decision-making processes of every business. Public health is integrally linked to the impacts of climate change and, as temperatures rise, there will be challenges related to climate-accelerated diseases and access to care for patients in impacted regions.

Takeda is committed to delivering a high standard of environmental leadership, recognizing that climate change and pollution both impact human health. It is not enough to just work towards a healthier population – we need a healthier planet as well to realize our purpose. We are taking action to reduce our environmental impact on many fronts by prioritizing clean energy solutions, progressing toward net-zero targets and working to eliminate greenhouse gas (GHG) emissions from our entire value chain. While Takeda has maintained carbon neutrality through FY2022, in FY2024 we have transitioned away from carbon neutrality as a climate goal and are focusing resources on initiatives that advance our net-zero roadmap while continuing to invest in nature-based carbon removal projects in projects beyond our value chain. We are working to achieve net-zero GHG emissions in our operations by 2035 and across our value chain by 2040 in accordance with the Science Based Targets initiative's Corporate Net-Zero Standard, conserving natural resources, and designing our products with sustainability principles in mind.

We continue to make notable progress towards our GHG emissions goals and have issued Environmental Sustainability Improvement Plans for several commercial products. For example, we are pioneering the use of CMYK (cyan, magenta, yellow and key plate (black)) printing in Japan and plan to roll out this program globally. This switch is expected to reduce waste of unused ink in the supplier’s printing process, as well as the amount of solvents necessary to clean the printing machine and the amount of waste generated during changeover between different packaging. Furthermore, 52% of all secondary packaging for our products is now made from Forest Stewardship Council-certified or recycled content paper or paperboard.

In October 2023, we announced the opening of our BioLife plasma donation center in Linz, Austria, which is the first of our centers designed to operate as a zero-GHG emissions facility. Also in Austria, at our largest production site in Vienna we introduced a groundbreaking heat pump system that will reduce GHG emissions in the production area where it is installed by up to 90 percent.

DD&T is also a key enabler of our environmental efforts. At our manufacturing site in Osaka we reduced distilled water consumption by approximately 460,000 liters per year, leading to a reduction of over two million liters in freshwater consumption annually, by installing sensors and monitors at every point of water use and analyzing the combined data to find ways to optimize water volumes and standardize best practices. Similar projects have been undertaken to reduce electricity consumption and increase our use of solar and other green energy sources.

Financial Performance

Takeda plans and manages financial profiles based on future forecasts and has a strong financial foundation that enhances inflation resilience and minimizes exposure to interest rate increases.

Our financial foundation enables us to nurture a diverse pipeline with approximately 30 clinical stage medicines driven by our in-house R&D engine and through more than 200 partnerships. With our free cash flow, driven by financial discipline, we are also reinforcing our long-term growth potential through strategic investments in internal and external opportunities to strengthen the pipeline.

Our R&D organization has delivered momentum across our mid- and late-stage pipeline with the approvals of FRUZAQLA, ADZYNMA and EOHILIA, and the advancement of our most highly prioritized programs, zasocitinib (TAK-279) and TAK-861, which represent significant potential commercial opportunities.

Zasocitinib is a highly selective, oral allosteric tyrosine kinase 2 (TYK2) inhibitor that has the potential to offer best-in-class treatment for patients with psoriasis and other immune-mediated inflammatory diseases, including psoriatic arthritis and inflammatory bowel disease (IBD). We continue to advance the development of zasocitinib, having initiated two Phase 3 psoriasis trials, and aim to file a regulatory submission in psoriasis between FY2026 and FY2027.

TAK-861 is our lead orexin receptor 2 agonist, with the potential to address the underlying pathophysiology of narcolepsy. In February 2024, we made the decision to advance TAK-861 to Phase 3 development in narcolepsy type 1, further reinforcing our efforts to deliver growth into the next decade.

While we are facing short-term headwinds primarily due to the loss of exclusivity for VYVANSE (for attention deficit hyperactivity disorder) in the U.S., we believe our Growth and Launch Products* will drive topline growth in the medium-to-long term. In 2023, we raised our peak sales estimate for ENTYVIO (for ulcerative colitis and Crohn's disease) to USD 7.5 to 9.0 billion, based on its sustained global sales growth potential and our updated assumption for the timing of biosimilar competition. We expect that this momentum will be further boosted by new product launches.

In the medium-to-long term, we aim to return to low to mid-30% Core Operating Profit margin and maintain strong cash flow generation. We plan to continue to allocate cash flow towards internal and external opportunities to enhance the pipeline, new product launches and PDT, and towards delivering on our commitment to shareholder returns.

** Takeda's Growth and Launch Products for FY2024:*

GI:	ENTYVIO, EOHILIA
Rare Diseases:	TAKHZYRO, LIVTENCITY, ADZYNMA
PDT:	Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU, Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology:	ALUNBRIG, FRUZAQLA
Vaccines:	QDENGA

3. Basic Approach to the Selection of Accounting Standards

Takeda has been applying International Financial Reporting Standards ("IFRS") since the fiscal year ended March 31, 2014 with the aim of improving the comparison of financial information with global pharmaceutical companies, increasing financing options, and allowing Takeda to unify accounting treatment across the group.

4. Consolidated Financial Statements [IFRS] and Major Notes

(1) Consolidated Statements of Profit or Loss

	JPY (millions) For the year ended March 31,	
	2023	2024
Revenue	4,027,478	4,263,762
Cost of sales	(1,244,072)	(1,426,678)
Selling, general and administrative expenses	(997,309)	(1,053,819)
Research and development expenses	(633,325)	(729,924)
Amortization and impairment losses on intangible assets associated with products	(542,443)	(652,117)
Other operating income	25,424	19,379
Other operating expenses	(145,247)	(206,527)
Operating profit	490,505	214,075
Finance income	62,913	52,093
Finance expenses	(169,698)	(219,850)
Share of profit (loss) of investments accounted for using the equity method	(8,630)	6,473
Profit before tax	375,090	52,791
Income tax (expenses) benefit	(58,052)	91,406
Net profit for the year	317,038	144,197
Attributable to:		
Owners of the Company	317,017	144,067
Non-controlling interests	21	130
Net profit for the year	317,038	144,197
Earnings per share (JPY)		
Basic earnings per share	204.29	92.09
Diluted earnings per share	201.94	91.16

(2) Consolidated Statements of Comprehensive Income

	JPY (millions)	
	For the year ended March 31,	
	2023	2024
Net profit for the year	317,038	144,197
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	(2,654)	2,309
Remeasurement of defined benefit pension plans	17,752	(5,002)
	15,098	(2,693)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	618,773	968,842
Cash flow hedges	(21,451)	23,456
Hedging cost	(16,993)	7,197
Share of other comprehensive loss of investments accounted for using the equity method	(892)	(1,793)
	579,437	997,702
Other comprehensive income for the year, net of tax	594,535	995,009
Total comprehensive income for the year	911,574	1,139,206
Attributable to:		
Owners of the Company	911,529	1,139,033
Non-controlling interests	45	173
Total comprehensive income for the year	911,574	1,139,206

(3) Consolidated Statements of Financial Position

	JPY (millions)	
	As of March 31, 2023	As of March 31, 2024
ASSETS		
Non-current assets:		
Property, plant and equipment	1,691,229	1,989,777
Goodwill	4,790,723	5,410,067
Intangible assets	4,269,657	4,274,682
Investments accounted for using the equity method	99,174	89,831
Other financial assets	279,683	340,777
Other non-current assets	63,325	51,214
Deferred tax assets	366,003	393,865
Total non-current assets	11,559,794	12,550,212
Current assets:		
Inventories	986,457	1,209,869
Trade and other receivables	649,429	668,403
Other financial assets	20,174	15,089
Income taxes receivable	32,264	29,207
Other current assets	160,868	168,875
Cash and cash equivalents	533,530	457,800
Assets held for sale	15,235	9,337
Total current assets	2,397,956	2,558,580
Total assets	13,957,750	15,108,792
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities:		
Bonds and loans	4,042,741	4,476,501
Other financial liabilities	534,269	687,833
Net defined benefit liabilities	127,594	143,882
Income taxes payable	24,558	4,381
Provisions	55,969	14,373
Other non-current liabilities	65,389	80,938
Deferred tax liabilities	270,620	113,777
Total non-current liabilities	5,121,138	5,521,684
Current liabilities:		
Bonds and loans	339,600	367,251
Trade and other payables	649,233	547,521
Other financial liabilities	185,537	143,421
Income taxes payable	232,377	109,906
Provisions	508,360	524,420
Other current liabilities	566,689	619,174
Liabilities held for sale	144	1,410
Total current liabilities	2,481,940	2,313,103
Total liabilities	7,603,078	7,834,788

	JPY (millions)	
	As of March 31, 2023	As of March 31, 2024
EQUITY		
Share capital	1,676,345	1,676,596
Share premium	1,728,830	1,747,414
Treasury shares	(100,317)	(51,259)
Retained earnings	1,541,146	1,391,203
Other components of equity	1,508,119	2,509,310
Equity attributable to owners of the Company	6,354,122	7,273,264
Non-controlling interests	549	741
Total equity	6,354,672	7,274,005
Total liabilities and equity	13,957,750	15,108,792

(4) Consolidated Statements of Changes in Equity

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 year				317,017		
Other comprehensive income (loss)					617,866	(2,663)
Comprehensive income (loss) for the year	—	—	—	317,017	617,866	(2,663)
Transactions with owners:						
Issuance of new shares	82	82				
Acquisition of treasury shares		(5)	(27,060)			
Disposal of treasury shares		0	0			
Dividends				(278,313)		
Transfers from other components of equity				24,687		(6,935)
Share-based compensation		62,670				
Exercise of share-based awards		(42,791)	42,749			
Total transactions with owners	82	19,956	15,689	(253,626)	—	(6,935)
As of March 31, 2023	1,676,345	1,728,830	(100,317)	1,541,146	1,606,128	12,470

	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 year				—	317,017	21	317,038
Other comprehensive income (loss)	(21,451)	(16,993)	17,752	594,512	594,512	24	594,535
Comprehensive income (loss) for the year	(21,451)	(16,993)	17,752	594,512	911,529	45	911,574
Transactions with owners:							
Issuance of new shares				—	164		164
Acquisition of treasury shares				—	(27,065)		(27,065)
Disposal of treasury shares				—	1		1
Dividends				—	(278,313)		(278,313)
Transfers from other components of equity			(17,752)	(24,687)	—		—
Share-based compensation				—	62,670		62,670
Exercise of share-based awards				—	(42)		(42)
Total transactions with owners	—	—	(17,752)	(24,687)	(242,586)	—	(242,586)
As of March 31, 2023	(87,352)	(23,127)	—	1,508,119	6,354,122	549	6,354,672

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 year				144,067		
Other comprehensive income (loss)					967,279	2,036
Comprehensive income (loss) for the year	—	—	—	144,067	967,279	2,036
Transactions with owners:						
Issuance of new shares	251	251				
Acquisition of treasury shares			(2,367)			
Disposal of treasury shares		0	0			
Dividends				(287,785)		
Changes in ownership						
Transfers from other components of equity				(6,226)		1,224
Share-based compensation		69,836				
Exercise of share-based awards		(51,503)	51,426			
Total transactions with owners	251	18,584	49,059	(294,011)	—	1,224
As of March 31, 2024	1,676,596	1,747,414	(51,259)	1,391,203	2,573,407	15,729

	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, 2023	(87,352)	(23,127)	—	1,508,119	6,354,122	549	6,354,672
Net profit for the year				—	144,067	130	144,197
Other comprehensive income (loss)	23,456	7,197	(5,002)	994,966	994,966	44	995,009
Comprehensive income (loss) for the year	23,456	7,197	(5,002)	994,966	1,139,033	173	1,139,206
Transactions with owners:							
Issuance of new shares				—	502		502
Acquisition of treasury shares				—	(2,367)		(2,367)
Disposal of treasury shares				—	1		1
Dividends				—	(287,785)		(287,785)
Changes in ownership				—	—	18	18
Transfers from other components of equity			5,002	6,226	—		—
Share-based compensation				—	69,836		69,836
Exercise of share-based awards				—	(77)		(77)
Total transactions with owners	—	—	5,002	6,226	(219,892)	18	(219,873)
As of March 31, 2024	(63,896)	(15,930)	—	2,509,310	7,273,264	741	7,274,005

(5) Consolidated Statements of Cash Flows

	JPY (millions) For the year ended March 31,	
	2023	2024
Cash flows from operating activities:		
Net profit for the year	317,038	144,197
Depreciation and amortization	664,400	728,002
Impairment losses	64,394	150,017
Equity-settled share-based compensation	60,672	70,871
Loss on sales and disposal of property, plant and equipment	10	6,052
Gain on divestment of business and subsidiaries	(6,807)	(7,832)
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	3,991	20,757
Finance (income) and expenses, net	106,785	167,757
Share of loss (profit) of investments accounted for using the equity method	8,630	(6,473)
Income tax expenses (benefit)	58,052	(91,406)
Changes in assets and liabilities:		
Decrease in trade and other receivables	75,127	15,104
Increase in inventories	(79,155)	(115,743)
Decrease in trade and other payables	(84,804)	(9,895)
Increase (decrease) in provisions	31,899	(126,901)
Increase (decrease) in other financial liabilities	31,669	(18,568)
Other, net	(88,778)	(7,556)
Cash generated from operations	1,163,122	918,383
Income taxes paid	(198,439)	(219,941)
Tax refunds and interest on tax refunds received	12,473	17,902
Net cash from operating activities	977,156	716,344
Cash flows from investing activities:		
Interest received	5,054	11,161
Dividends received	3,562	13,191
Acquisition of property, plant and equipment	(140,657)	(175,420)
Proceeds from sales of property, plant and equipment	962	8,606
Acquisition of intangible assets	(493,032)	(305,310)
Acquisition of investments	(10,151)	(6,766)
Proceeds from sales and redemption of investments	22,254	8,021
Proceeds from sales of business, net of cash and cash equivalents divested	7,958	19,959
Payments for the settlement of forward exchange contracts designated as net investment hedges	—	(33,300)
Other, net	(3,052)	(4,003)
Net cash used in investing activities	(607,102)	(463,862)

	JPY (millions) For the year ended March 31,	
	2023	2024
Cash flows from financing activities:		
Net increase in short-term loans and commercial papers	40,000	277,000
Proceeds from issuance of bonds and long-term loans	75,000	100,000
Repayments of bonds and long-term loans	(356,670)	(320,901)
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	(108,555)	(100,375)
Dividends paid	(279,416)	(287,188)
Repayments of lease liabilities	(43,401)	(54,586)
Other, net	(9,178)	(26,102)
Net cash used in financing activities	(709,148)	(354,416)
Net decrease in cash and cash equivalents	(339,094)	(101,934)
Cash and cash equivalents at the beginning of the year	849,695	533,530
Effects of exchange rate changes on cash and cash equivalents	22,929	26,204
Cash and cash equivalents at the end of the year	533,530	457,800

(6) Notes to Consolidated Financial Statements

(Going Concern Assumption)

No events to be noted for this purpose.

(Significant Items that Form the Basis of Preparing the Consolidated Financial Statements)

1. Basis of Preparation

(1) Compliance

Since Takeda satisfies all of the criteria of the "Specified Company" prescribed in Article 1-2 of the Regulation On Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No.28, 1976 "Regulations for Consolidated Financial Statements"), the consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to the provision of Article 93 of the Regulations for Consolidated Financial Statements.

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities recorded at fair value including equity investments, derivative financial instruments, and financial assets and liabilities associated with contingent consideration arrangements, and the application of hyperinflationary accounting at subsidiaries.

(3) Functional and Presentation Currency

The consolidated financial statements are presented in Japanese Yen ("JPY"), which is the functional currency of the Company. All financial information presented in JPY has been rounded to the nearest million JPY, except when otherwise indicated. In tables with rounded figures, sums may not add up due to rounding.

2. Material Accounting Policies

During the year ended March 31, 2024, there were no new accounting standards applied by Takeda that had a significant impact on Takeda’s consolidated financial statements.

On May 23, 2023, amendments to IAS 12 Income Taxes (“IAS12”) were issued to clarify requirements relating to the International Tax Reform - Pillar Two model rules. As required by the amended IAS12, Takeda adopted immediately and retrospectively the exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two model rules. The amended IAS12 requirements to provide new disclosures regarding the exposure of Pillar Two model rules to the consolidated financial statements have been incorporated starting from the fiscal year ended March 31, 2024.

(Segment Information)

Disclosure is omitted as Takeda's reportable segment is a single segment of "Pharmaceuticals."

(Earnings Per Share)

The basis for calculating basic and diluted earnings per share (attributable to owners of the Company) is as follows:

	For the year ended March 31,	
	2023	**2024**
Net profit for the year attributable to owners of the Company:		
Net profit for the year attributable to owners of the Company JPY (millions)	317,017	144,067
Net profit used for calculation of earnings per share JPY (millions)	317,017	144,067
Weighted-average number of ordinary shares outstanding during the year (thousands of shares) [basic]	1,551,809	1,564,450
Dilutive effect (thousands of shares)	18,064	15,893
Weighted-average number of ordinary shares outstanding during the year (thousands of shares) [diluted]	1,569,872	1,580,343
Earnings per share		
Basic (JPY)	204.29	92.09
Diluted (JPY)	201.94	91.16

(Significant Subsequent Events)
The Company’s Board of Directors held on May 9, 2024 approved a multi-year efficiency program, which resulted in the estimates to incur one-time restructuring expense of JPY 140.0 billion in the fiscal year ending March 31, 2025.

FINANCIAL APPENDIX

Definition of Non-IFRS Measures

Reconciliations and Other Financial Information

Important Notice

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

Core Financial Measures

We present our Core Financial Measures, particularly Core Revenue, Core Operating Profit, Core Net Profit for the Year and Core EPS because we believe that these measures are useful to understanding our business without the effect of items that we consider to be unrelated to the underlying trends and business performance of our core operations, including items (i) which may vary significantly from year-to-year or may not occur in each year, or (ii) whose recognition we believe is largely uncorrelated to trends in the underlying performance of our core business. We believe that similar measures are frequently used by other companies in our industry, and that providing these measures helps investors evaluate Takeda's performance against not only its performance in prior years but on a similar basis as its competitors. We also present Core Financial Measures because these measures are used by Takeda for budgetary planning and compensation purposes (i.e., certain targets for the purposes of Takeda's Short-Term Incentive and Long-Term Incentive compensation programs, including incentive compensation of the CEO and CFO, are set in relation to the results of Takeda's Core Financial Measures).

Takeda's Core Financial Measures exclude revenue from divestments, amortization and impairment losses on acquired intangible assets and other impacts unrelated to the underlying trends and business performance of Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs. **Core Revenue** represents revenue adjusted to exclude significant revenue items unrelated to the underlying trends and business performance of Takeda's core operations. **Core Operating Profit** represents operating profit adjusted to exclude other operating expenses and income, amortization and impairment losses on acquired intangible assets and other non-cash items or items unrelated to the underlying trends and business performance of Takeda's core operations. **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 the underlying trends and business performance of 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. Starting from the quarter ending June 30, 2024, we will cease adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflation Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29.

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 acquisitions and divestitures of businesses contribute to the cash flows and liquidity.

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 represent 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. Starting from the quarter ending June 30, 2024, we will i) change the title of Free Cash Flow as currently represented to "Adjusted Free Cash Flow" and ii) report "Free Cash Flow" as cash flows from operating activities less acquisition of PP&E. This change is intended to enhance the comparability of our Free Cash Flow disclosures to those of our peers and to better describe the nature of these measures as presented by Takeda.

U.S. Dollar Convenience Translations

In the 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 = 151.22 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on March 29, 2024. 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 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 Reported Results with CER % Change

(Billion JPY, except EPS)	FY2022	FY2023	vs. PY AER Amount of Change	vs. PY AER % CHANGE	vs. PY CER[*1] % CHANGE	(Million USD, except EPS) FY2023 Convenience USD Translation
Revenue	4,027.5	4,263.8	236.3	5.9%	1.5%	28,196
Cost of sales	(1,244.1)	(1,426.7)	(182.6)	(14.7)%	(9.8)%	(9,434)
Gross profit	2,783.4	2,837.1	53.7	1.9%	(2.2)%	18,761
Margin	*69.1 %*	*66.5 %*		*(2.6) pp*	*(2.5) pp*	*66.5 %*
SG&A expenses	(997.3)	(1,053.8)	(56.5)	(5.7)%	(0.9)%	(6,969)
R&D expenses	(633.3)	(729.9)	(96.6)	(15.3)%	(8.4)%	(4,827)
Amortization of intangible assets associated with products	(485.1)	(521.5)	(36.4)	(7.5)%	(0.4)%	(3,449)
Impairment losses on intangible assets associated with products[*2]	(57.3)	(130.6)	(73.3)	(127.7)%	(112.4)%	(864)
Other operating income	25.4	19.4	(6.0)	(23.8)%	(26.3)%	128
Other operating expenses	(145.2)	(206.5)	(61.3)	(42.2)%	(34.5)%	(1,366)
Operating profit	490.5	214.1	(276.4)	(56.4)%	(50.3)%	1,416
Margin	*12.2 %*	*5.0 %*		*(7.2) pp*	*(6.2) pp*	*5.0 %*
Finance income	62.9	52.1	(10.8)	(17.2)%	(18.2)%	344
Finance expenses	(169.7)	(219.8)	(50.2)	(29.6)%	(42.5)%	(1,454)
Share of profit (loss) of investments accounted for using the equity method	(8.6)	6.5	15.1	—	—	43
Profit before tax	375.1	52.8	(322.3)	(85.9)%	(84.1)%	349
Income tax (expenses) benefit	(58.1)	91.4	149.5	—	—	604
Net profit for the year	317.0	144.2	(172.8)	(54.5)%	(57.0)%	954
Non-controlling interests	(0.0)	(0.1)	(0.1)	(509.7)%	(492.2)%	(1)
Net profit attributable to owners of the Company	317.0	144.1	(172.9)	(54.6)%	(57.0)%	953
Basic EPS (JPY or USD)	204.29	92.09	(112.20)	(54.9)%	(57.3)%	0.61

*1 Starting from the quarter ending June 30, 2024, we will cease adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflation Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29. Had the methodology been used for FY2023 Reported Results with CER % change, CER changes for revenue, operating profit and net profit would have been (0.3)%, (56.8)% and (55.7)%, respectively.

*2 Includes in-process R&D

When comparing results to 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 the previous fiscal year is presented as positive when favorable to profits, and negative when unfavorable to profits.

FY2023 Q4 (Jan-Mar) Reported Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q4 (Jan-Mar)	FY2023 Q4 (Jan-Mar)	vs. PY			(Million USD, except EPS) FY2023 Q4 (Jan-Mar) Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	956.2	1,050.9	94.7	9.9%	6.2%	6,949
Cost of sales	(309.8)	(382.5)	(72.7)	(23.5)%	(18.8)%	(2,529)
Gross profit	646.4	668.4	22.0	3.4%	0.2%	4,420
Margin	*67.6 %*	*63.6 %*		*(4.0) pp*	*(3.8) pp*	*63.6 %*
SG&A expenses	(254.8)	(285.2)	(30.4)	(11.9)%	(7.1)%	(1,886)
R&D expenses	(160.9)	(195.9)	(34.9)	(21.7)%	(11.6)%	(1,295)
Amortization of intangible assets associated with products	(114.5)	(133.8)	(19.3)	(16.9)%	(6.1)%	(885)
Impairment losses on intangible assets associated with products *1	(18.7)	(11.3)	7.4	39.7%	39.3%	(75)
Other operating income	8.7	9.3	0.6	6.7%	(8.4)%	62
Other operating expenses	(17.6)	(61.6)	(44.0)	(249.7)%	(219.2)%	(407)
Operating profit	88.6	(10.1)	(98.6)	—	(84.1)%	(67)
Margin	*9.3 %*	*(1.0)%*		*(10.2) pp*	*(7.9) pp*	*(1.0)%*
Finance income	14.0	6.6	(7.3)	(52.6)%	(53.5)%	44
Finance expenses	(49.2)	(47.8)	1.3	2.6%	(41.5)%	(316)
Share of profit (loss) of investments accounted for using the equity method	(5.5)	3.7	9.2	—	—	25
Profit before tax	47.9	(47.5)	(95.4)	—	—	(314)
Income tax (expenses) benefit	(16.8)	44.5	61.3	—	—	294
Net profit for the period	31.1	(3.0)	(34.1)	—	—	(20)
Non-controlling interests	(0.0)	(0.0)	(0.0)	(1,112.2)%	(1,021.9)%	(0)
Net profit attributable to owners of the Company	31.1	(3.0)	(34.2)	—	—	(20)
Basic EPS (JPY or USD)	20.03	(1.92)	(21.95)	—	—	(0.01)

*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 the same period of the previous fiscal year is presented as positive when favorable to profits, and negative when unfavorable to profits.

FY2023 Core Results with CER % Change

(Billion JPY, except EPS)	FY2022	FY2023	vs. PY AER Amount of Change	vs. PY AER % CHANGE	vs. PY CER[*1] % CHANGE	(Million USD, except EPS) FY2023 Convenience USD Translation
Revenue	4,027.5	4,263.8	236.3	5.9%	1.5%	28,196
Cost of sales	(1,208.4)	(1,426.3)	(217.9)	(18.0)%	(13.0)%	(9,432)
Gross profit	2,819.1	2,837.5	18.4	0.7%	(3.5)%	18,764
Margin	*70.0 %*	*66.5 %*		*(3.4) pp*	*(3.4) pp*	*66.5 %*
SG&A expenses	(997.3)	(1,053.0)	(55.6)	(5.6)%	(0.8)%	(6,963)
R&D expenses	(633.4)	(729.6)	(96.3)	(15.2)%	(8.3)%	(4,825)
Operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%	6,976
Margin	*29.5 %*	*24.7 %*		*(4.8) pp*	*(4.3) pp*	*24.7 %*
Finance income	16.9	51.5	34.6	204.7%	201.2%	341
Finance expenses	(143.5)	(193.5)	(50.0)	(34.9)%	(36.0)%	(1,280)
Share of profit (loss) of investments accounted for using the equity method	0.2	5.9	5.7	3,174.0%	3,163.8%	39
Profit before tax	1,062.0	918.8	(143.2)	(13.5)%	(16.0)%	6,076
Income tax (expenses) benefit	(195.6)	(161.9)	33.7	17.2%	20.2%	(1,071)
Net profit for the year	866.4	756.9	(109.5)	(12.6)%	(15.0)%	5,005
Non-controlling interests	(0.0)	(0.1)	(0.1)	(509.7)%	(492.2)%	(1)
Net profit attributable to owners of the Company	866.4	756.8	(109.6)	(12.6)%	(15.0)%	5,005
Basic EPS (JPY or USD)	558	484	(75)	(13.4)%	(15.7)%	3.20

*1 Starting from the quarter ending June 30, 2024, we will cease adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflation Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29. Had the methodology been used for FY2023 Core Results with CER % change, CER changes for core revenue, core operating profit and core net profit would have been (0.3)%, (16.0)% and (17.0)%, respectively.

When comparing results to 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 the previous fiscal year is presented as positive when favorable to profits, and negative when unfavorable to profits.

FY2023 Q4 (Jan-Mar) Core Results with CER % Change

(Billion JPY, except EPS)	FY2022 Q4 (Jan-Mar)	FY2023 Q4 (Jan-Mar)	vs. PY AER Amount of Change	vs. PY AER % CHANGE	vs. PY CER % CHANGE	(Million USD, except EPS) FY2023 Q4 (Jan-Mar) Convenience USD Translation
Revenue	956.2	1,050.9	94.7	9.9%	6.2%	6,949
Cost of sales	(306.7)	(382.0)	(75.3)	(24.5)%	(19.8)%	(2,526)
Gross profit	649.4	668.8	19.4	3.0%	(0.2)%	4,423
Margin	*67.9 %*	*63.6 %*		*(4.3) pp*	*(4.1) pp*	*63.6 %*
SG&A expenses	(254.4)	(283.9)	(29.5)	(11.6)%	(6.8)%	(1,877)
R&D expenses	(161.3)	(195.6)	(34.3)	(21.3)%	(11.2)%	(1,293)
Operating profit	233.7	189.3	(44.4)	(19.0)%	(15.7)%	1,252
Margin	*24.4 %*	*18.0 %*		*(6.4) pp*	*(5.0) pp*	*18.0 %*
Finance income	13.3	6.5	(6.8)	(51.0)%	(51.9)%	43
Finance expenses	(34.9)	(41.2)	(6.3)	(18.1)%	(41.6)%	(273)
Share of profit (loss) of investments accounted for using the equity method	(2.3)	1.6	3.9	—	—	10
Profit before tax	209.9	156.2	(53.6)	(25.6)%	(25.9)%	1,033
Income tax (expenses) benefit	(50.6)	(43.0)	7.7	15.2%	20.7%	(284)
Net profit for the period	159.2	113.3	(46.0)	(28.9)%	(27.5)%	749
Non-controlling interests	(0.0)	(0.0)	(0.0)	(1,112.2)%	(1,021.9)%	(0)
Net profit attributable to owners of the Company	159.2	113.2	(46.0)	(28.9)%	(27.5)%	749
Basic EPS (JPY or USD)	102	72	(30)	(29.5)%	(28.2)%	0.48

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 the same period of the previous fiscal year is presented as positive when favorable to profits, and negative when unfavorable to profits.

FY2023 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	4,263.8					4,263.8
Cost of sales	(1,426.7)				0.4	(1,426.3)
Gross profit	2,837.1				0.4	2,837.5
SG&A expenses	(1,053.8)				0.9	(1,053.0)
R&D expenses	(729.9)				0.3	(729.6)
Amortization of intangible assets associated with products	(521.5)	521.5				—
Impairment losses on intangible assets associated with products *1	(130.6)		130.6			—
Other operating income	19.4			(19.4)		—
Other operating expenses	(206.5)			206.5		—
Operating profit	214.1	521.5	130.6	187.1	1.5	1,054.9
Margin	5.0 %					24.7 %
Finance income and (expenses), net	(167.8)				25.8	(142.0)
Share of profit (loss) of investments accounted for using the equity method	6.5				(0.5)	5.9
Profit before tax	52.8	521.5	130.6	187.1	26.8	918.8
Income tax (expenses) benefit	91.4	(108.7)	(28.6)	(43.1)	(85.4)	(161.9)
Non-controlling interests	(0.1)					(0.1)
Net profit attributable to owners of the Company	144.1	412.8	102.0	144.1	(58.7)	756.8
Basic EPS (JPY)	92					484
Number of shares (millions)	1,564					1,564

*1 Includes in-process R&D.

FY2023 Q4 (Jan-Mar) 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	1,050.9					1,050.9
Cost of sales	(382.5)				0.5	(382.0)
Gross profit	668.4				0.5	668.8
SG&A expenses	(285.2)				1.3	(283.9)
R&D expenses	(195.9)				0.3	(195.6)
Amortization of intangible assets associated with products	(133.8)	133.8				—
Impairment losses on intangible assets associated with products *1	(11.3)		11.3			—
Other operating income	8.6			(8.6)		—
Other operating expenses	(60.8)			60.8		—
Operating profit	(10.1)	133.8	11.3	52.2	2.0	189.3
Margin	(1.0)%					18.0 %
Finance income and (expenses), net	(41.2)				6.5	(34.7)
Share of profit (loss) of investments accounted for using the equity method	3.7				(2.2)	1.6
Profit before tax	(47.5)	133.8	11.3	52.2	6.4	156.2
Income tax (expenses) benefit	44.5	(26.2)	(2.2)	(11.3)	(60.3)	(43.0)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	(3.0)	107.7	9.1	40.9	(53.9)	113.2
Basic EPS (JPY)	(2)					72
Number of shares (millions)	1,569					1,569

*1 Includes in-process R&D.

FY2022 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	4,027.5					4,027.5
Cost of sales	(1,244.1)				35.7	(1,208.4)
Gross profit	2,783.4				35.7	2,819.1
SG&A expenses	(997.3)				(0.0)	(997.3)
R&D expenses	(633.3)				(0.0)	(633.4)
Amortization of intangible assets associated with products	(485.1)	485.1				—
Impairment losses on intangible assets associated with products[*1]	(57.3)		57.3			—
Other operating income	25.4			(25.4)		—
Other operating expenses	(145.2)			145.2		—
Operating profit	490.5	485.1	57.3	119.8	35.6	1,188.4
Margin	12.2 %					29.5 %
Finance income and (expenses), net	(106.8)				(19.8)	(126.6)
Share of profit (loss) of investments accounted for using the equity method	(8.6)				8.8	0.2
Profit before tax	375.1	485.1	57.3	119.8	24.6	1,062.0
Income tax (expenses) benefit	(58.1)	(103.5)	(12.5)	(25.5)	3.9	(195.6)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	317.0	381.6	44.9	94.4	28.5	866.4
Basic EPS (JPY)	204					558
Number of shares (millions)	1,552					1,552

*1 Includes in-process R&D.

FY2022 Q4 (Jan-Mar) 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	956.2					956.2
Cost of sales	(309.8)				3.0	(306.7)
Gross profit	646.4				3.0	649.4
SG&A expenses	(254.8)				0.4	(254.4)
R&D expenses	(160.9)				(0.3)	(161.3)
Amortization of intangible assets associated with products	(114.5)	114.5				—
Impairment losses on intangible assets associated with products*1	(18.7)		18.7			—
Other operating income	8.7			(8.7)		—
Other operating expenses	(17.6)			17.6		—
Operating profit	88.6	114.5	18.7	8.9	3.1	233.7
Margin	9.3 %					24.4 %
Finance income and (expenses), net	(35.2)				13.6	(21.5)
Share of profit (loss) of investments accounted for using the equity method	(5.5)				3.2	(2.3)
Profit before tax	47.9	114.5	18.7	8.9	19.9	209.9
Income tax (expenses) benefit	(16.8)	(24.1)	(4.3)	(1.4)	(4.1)	(50.6)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	31.1	90.4	14.5	7.5	15.8	159.2
Basic EPS (JPY)	20					102
Number of shares (millions)	1,555					1,555

*1 Includes in-process R&D.

FY2023 Free Cash Flow

(Billion JPY)	FY2022	FY2023	vs. PY		(Million USD) FY2023 Convenience USD Translation
Net profit	317.0	144.2	(172.8)	(54.5)%	954
Depreciation, amortization and impairment loss	728.8	878.0	149.2		5,806
Decrease (increase) in trade working capital	(88.8)	(110.5)	(21.7)		(731)
Income taxes paid	(198.4)	(219.9)	(21.5)		(1,454)
Tax refunds and interest on tax refunds received	12.5	17.9	5.4		118
Other	206.1	6.7	(199.4)		44
Net cash from operating activities (Operating Cash Flow)	977.2	716.3	(260.8)	(26.7)%	4,737
Adjustment for cash temporarily held by Takeda on behalf of third parties*1	81.7	18.0	(63.7)		119
Acquisition of PP&E	(140.7)	(175.4)	(34.8)		(1,160)
Proceeds from sales of PP&E	1.0	8.6	7.6		57
Acquisition of intangible assets	(493.0)	(305.3)	187.7		(2,019)
Acquisition of investments	(10.2)	(6.8)	3.4		(45)
Proceeds from sales and redemption of investments	22.3	8.0	(14.2)		53
Proceeds from sales of business, net of cash and cash equivalents divested	8.0	20.0	12.0		132
Free Cash Flow	446.2	283.4	(162.8)	(36.5)%	1,874

*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 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2023
Cash & cash equivalents and Level 1 debt investments*1	350.0
Book value debt on consolidated statements of financial position	(4,843.8)
Hybrid bond 50% equity credit	250.0
FX adjustment*2	152.5
Gross debt*3	(4,441.2)
Net cash (debt)	**(4,091.3)**
Net debt/Adjusted EBITDA ratio	**3.1x**
Adjusted EBITDA	**1,319.9**

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(Billion JPY)	FY2022	FY2023	vs. PY	
Net cash from operating activities	977.2	716.3	(260.8)	(26.7)%
Acquisition of PP&E	(140.7)	(175.4)		
Proceeds from sales of PP&E	1.0	8.6		
Acquisition of intangible assets	(493.0)	(305.3)		
Acquisition of investments	(10.2)	(6.8)		
Proceeds from sales and redemption of investments	22.3	8.0		
Proceeds from sales of business, net of cash and cash equivalents divested	8.0	20.0		
Net increase in short-term loans and commercial papers	40.0	277.0		
Proceeds from long-term loans	75.0	100.0		
Repayment of long-term loans	(75.2)	(100.4)		
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	(108.6)	(100.4)		
Dividends paid	(279.4)	(287.2)		
Others	(47.0)	(93.6)		
Net increase (decrease) in cash and cash equivalents	(339.1)	(101.9)	237.2	69.9 %

*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.

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 AND CASH EQUIVALENTS

(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 and cash equivalents	(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 Net Profit to Adjusted EBITDA Bridge

(Billion JPY)	FY2022	FY2023	vs. PY	
Net profit	317.0	144.2	(172.8)	(54.5)%
Income tax (expenses) benefit	58.1	(91.4)		
Depreciation and amortization	664.4	728.0		
Interest expense, net	111.5	108.2		
EBITDA	1,151.0	889.0	(261.9)	(22.8)%
Impairment losses	64.4	150.0		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	109.0	162.2		
Finance expense (income), net, excluding interest income and expense, net	(4.7)	59.5		
Share of loss on investments accounted for under the equity method	8.6	(6.5)		
Other adjustments:	93.5	69.9		
Non-core expense related to COVID-19	9.9	—		
Impact on profit related to fair value step up of inventory in Shire acquisition	24.9	—		
Other costs*1	58.7	69.9		
EBITDA from divested products*2	—	(4.2)		
Adjusted EBITDA	1,421.8	1,319.9	(101.9)	(7.2)%

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

*2 Represents adjustments for EBITDA from divested products which are removed as part of Adjusted EBITDA

FY2023 CAPEX, Depreciation and Amortization and Impairment Losses

(Billion JPY)	FY2022	FY2023	vs. PY		FY2024 Forecast
Capital expenditures[*1]	633.7	480.7	(153.0)	(24.1)%	380.0 - 420.0
Tangible assets	140.7	175.4	34.8	24.7 %	
Intangible assets	493.0	305.3	(187.7)	(38.1)%	
Depreciation and amortization	664.4	728.0	63.6	9.6 %	745.0
Depreciation of tangible assets[*2] (A)	153.7	174.1	20.4	13.2 %	
Amortization of intangible assets (B)	510.7	553.9	43.3	8.5 %	
Of which Amortization associated with products (C)	485.1	521.5	36.4	7.5 %	540.0
Of which Amortization excluding intangible assets associated with products (D)	25.6	32.4	6.8	26.7 %	
Depreciation and amortization (excluding intangible assets associated with products) (A)+(D)	179.3	206.5	27.2	15.2 %	205.0
Impairment losses	64.4	150.0	85.6	133.0 %	
Impairment losses associated with products[*3]	57.3	130.6	73.3	127.7 %	50.0
Amortization and impairment losses on intangible assets associated with products	542.4	652.1	109.7	20.2 %	590.0

*1 Cash flow base

*2 Includes depreciation of investment properties

*3 Includes in-process R&D

FY2023 Results vs. Forecast (Oct. 2023)

	(BN JPY)	FY2023 Forecast (October 26, 2023)	FY2023 Actual	vs. Forecast		Variances
REPORTED	Revenue	3,980.0	4,263.8	283.8	7.1 %	FX benefit and business momentum including milder-than-anticipated generic erosion of VYVANSE in the U.S.
	R&D expenses	(680.0)	(729.9)	(49.9)	(7.3)%	Mainly FX headwind and program termination accruals
	Amortization of intangible assets associated with products	(500.0)	(521.5)	(21.5)	(4.3)%	Mainly FX headwind
	Impairment losses on intangible assets associated with products*1	(120.0)	(130.6)	(10.6)	(8.8)%	Termination of partnered programs (e.g., TAK-007, TAK-573) partially offset by EOHILIA reversal
	Other operating income	14.0	19.4	5.4	38.4 %	
	Other operating expenses	(180.0)	(206.5)	(26.5)	(14.7)%	Includes revaluation of XIIDRA future milestone and EOHILIA milestone payment
	Operating profit	225.0	214.1	(10.9)	(4.9)%	
	Finance income (expenses), net	(157.0)	(167.8)	(10.8)	(6.9)%	
	Profit before tax	70.0	52.8	(17.2)	(24.6)%	Lower operating profit and higher financial expense
	Net profit attributable to owners of the Company	93.0	144.1	51.1	54.9 %	Lower tax due to earnings mix and recognition of previously unrecognized tax losses and disallowed interest expenses
	Basic EPS (yen)	59	92	33	54.9 %	
	Core Revenue*2	3,980.0	4,263.8	283.8	7.1 %	FX benefit and business momentum
	Core Operating Profit*2	1,015.0	1,054.9	39.9	3.9 %	FX benefit and business momentum
	Core EPS (yen)	447	484	36	8.1 %	Lower core tax due to earnings mix
	Free cash flow	400.0 to 500.0	283.4			Mainly litigation payment and higher than anticipated working capital
	CAPEX (cash flow base)	(480.0) to (530.0)	(480.7)			
	Depreciation and amortization (excl. intangible assets associated with products)	(180.0)	(206.5)	(26.5)	(14.7)%	
	Cash tax rate on adjusted EBITDA (excl. divestitures)	Mid teen %	~15%			
	USD/JPY (yen)	137	144	7	5.2 %	
	EUR/JPY (yen)	145	156	11	7.8 %	

*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-7 FY2023 Reconciliation from Reported to Core, for reconciliation.

FY2024 Detailed Forecast

	(BN JPY)	FY2023 Actual	FY2024 Forecast (May 9, 2024)	vs. PY		Variances
REPORTED	Revenue	4,263.8	4,350.0	86.2	2.0 %	Momentum of Growth & Launch products and FX benefit largely offset by LOE impact (mainly VYVANSE)
	Cost of sales	(1,426.7)	(1,500.0)	(73.3)	(5.1)%	
	Gross Profit	2,837.1	2,850.0	12.9	0.5 %	Reflects revenue growth; Gross margin negatively impacted by LOE of VYVANSE
	SG&A expenses	(1,053.8)	(1,080.0)	(26.2)	(2.5)%	Increased DD&T investment and FX headwind, partially offset by efficiency gains
	R&D expenses	(729.9)	(770.0)	(40.1)	(5.5)%	Increased investment in late-stage assets and FX headwind; Low-single-digit increase on CER basis
	Amortization of intangible assets associated with products	(521.5)	(540.0)	(18.5)	(3.5)%	Mainly FX impact
	Impairment losses on intangible assets associated with products*1	(130.6)	(50.0)	80.6	61.7 %	FY2023 Actual includes impairment of ALOFISEL, EXKIVITY etc.; FY2024 based on historical trends
	Other operating income	19.4	15.0	(4.4)	(22.6)%	
	Other operating expenses	(206.5)	(200.0)	6.5	3.2 %	FY2023 includes litigation expense and revaluation of contingent consideration; FY2024 includes restructuring expenses of JPY 140B
	Operating profit	214.1	225.0	10.9	5.1 %	
	Finance income (expenses), net	(167.8)	(172.0)	(4.2)	(2.5)%	
	Profit before tax	52.8	55.0	2.2	4.2 %	
	Net profit attributable to owners of the Company	144.1	58.0	(86.1)	(59.7)%	FY2023 inlcudes impact from Irish Revenue settlement; FY2024 positive tax mainly due to earnings mix
	Basic EPS (yen)	92	37	(55)	(60.1)%	
	Core Revenue*2	4,263.8	4,350.0	86.2	2.0 %	Momentum of Growth & Launch products and FX benefit largely offset by LOE impact (mainly VYVANSE)
	Core Operating Profit*2	1,054.9	1,000.0	(54.9)	(5.2)%	Product mix impact and R&D and DD&T investment, partially offset by efficiency gains and FX benefit
	Core EPS (yen)	484	431	(53)	(10.9)%	Normalization of core tax rate following lower tax rate in FY2023
	Adjusted free cash flow*2	283.4	350.0 to 450.0			FY2024 reflects VYVANSE decline, cash impact of restructuring, and CAPEX budget for targeted licensing deals
	CAPEX (cash flow base)	(480.7)	(380.0) to (420.0)			
	Depreciation and amortization (excl. intangible assets associated with products)	(206.5)	(205.0)	1.5	0.7 %	
	Cash tax rate on adjusted EBITDA (excl. divestitures)	~15%	Mid teen %			
	USD/JPY	144	150	6	4.1 %	
	EUR/JPY	156	160	4	2.4 %	

*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 of Core Financial Measures and A-18 FY2024 Reconciliation from Reported Operating Profit to Core Operating Profit Forecast, for reconciliation. Please also refer to A-1 for the definition and change in the title of Free Cash Flow from FY2024.

FY2024 Reconciliation from Reported Operating Profit to Core Operating Profit Forecast

<table>
<tr><th rowspan="2">(Billion JPY)</th><th rowspan="2">REPORTED</th><th colspan="3">REPORTED TO CORE ADJUSTMENTS</th><th rowspan="2">CORE</th></tr>
<tr><th>Amortization of intangible assets</th><th>Impairment of intangible assets</th><th>Other operating income (expenses) and other adjustments</th></tr>
<tr><td>Revenue</td><td>4,350.0</td><td></td><td></td><td></td><td>4,350.0</td></tr>
<tr><td>Cost of sales</td><td>(1,500.0)</td><td rowspan="5" colspan="3"></td><td rowspan="5">(3,350.0)</td></tr>
<tr><td>Gross Profit</td><td>2,850.0</td></tr>
<tr><td>SG&A expenses</td><td>(1,080.0)</td></tr>
<tr><td>R&D expenses</td><td>(770.0)</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Amortization of intangible assets associated with products</td><td>(540.0)</td><td>540.0</td><td></td><td></td><td>—</td></tr>
<tr><td>Impairment losses on intangible assets associated with products*1</td><td>(50.0)</td><td></td><td>50.0</td><td></td><td>—</td></tr>
<tr><td>Other operating income</td><td>15.0</td><td></td><td></td><td>(15.0)</td><td>—</td></tr>
<tr><td>Other operating expenses</td><td>(200.0)</td><td></td><td></td><td>200.0</td><td>—</td></tr>
<tr><td>Operating profit</td><td>225.0</td><td>540.0</td><td>50.0</td><td>185.0</td><td>1,000.0</td></tr>
</table>

*1 Includes in-process R&D

FY2024 Full Year FX Rates Assumptions and Currency Sensitivity vs. Forecast

Average Exchange Rates vs. JPY				Impact of depreciation of yen from April 2024 to March 2025 (100 million JPY)				
	FY2022 Actual (Apr-Mar)	FY2023 Actual (Apr-Mar)	FY2024 Assumption (Apr-Mar)		Revenue (IFRS)	Operating Profit (IFRS)	Net Profit (IFRS)	Core Operating Profit (non-IFRS)
USD	135	144	150	1% depreciation	225.6	15.0	5.0	67.2
				1 yen depreciation	150.4	10.0	3.3	44.8
EUR	141	156	160	1% depreciation	63.8	(49.4)	(41.4)	(37.5)
				1 yen depreciation	39.9	(30.9)	(25.9)	(23.5)
RUB	2.1	1.6	1.6	1% depreciation	4.5	2.6	2.1	3.1
CNY	19.7	20.1	20.9		19.9	12.2	9.8	12.2
BRL	26.3	29.1	30.4		12.6	8.7	6.9	8.8

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The companies in which Takeda directly and indirectly owns investments are separate entities. In this report, “Takeda” is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

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This report and any materials distributed in connection with this report may contain forward-looking statements, beliefs or opinions regarding Takeda’s future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda. Without limitation, forward-looking statements often include words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”, “intends”, “ensures”, “will”, “may”, “should”, “would”, “could”, “anticipates”, “estimates”, “projects,” "forecasts," "outlook" or similar expressions or the negative thereof. These forward-looking statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those expressed or implied by the forward-looking statements: the economic circumstances surrounding Takeda’s global business, including general economic conditions in Japan and the United States; competitive pressures and developments; changes to applicable laws and regulations; challenges inherent in new product development, including uncertainty of clinical success and decisions of regulatory authorities and the timing thereof; uncertainty of commercial success for new and existing products; manufacturing difficulties or delays; fluctuations in interest and currency exchange rates; claims or concerns regarding the safety or efficacy of marketed products or product candidates; the impact of health crises, like the novel coronavirus pandemic; the success of our environmental sustainability efforts, in enabling us to reduce our greenhouse gas emissions or meet our other environmental goals; the extent to which our efforts to increase efficiency, productivity or cost-savings, such as the integration of digital technologies, including artificial intelligence, in our business or other initiatives to restructure our operations will lead to the expected benefits; and other factors identified in Takeda’s most recent Annual Report on Form 20-F and Takeda’s other reports filed with the U.S. Securities and Exchange Commission, available on Takeda’s website at: https://www.takeda.com/investors/sec-filings/ or at www.sec.gov. Takeda does not undertake to update any of the forward-looking statements contained in this report or any other forward-looking statements it may make, except as required by law or stock exchange rule. Past performance is not an indicator of future results and the results or statements of Takeda in this report may not be indicative of, and are not an estimate, forecast, guarantee or projection of Takeda’s future results.

Financial Information and Certain Non-IFRS Financial Measures
Takeda's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

This report and materials distributed in connection with this report include certain financial measures not presented in accordance with IFRS, such as Core Revenue, Core Operating Profit, Core Net Profit, Core EPS, Constant Exchange Rate ("CER") change, Net Debt, EBITDA, Adjusted EBITDA and Free Cash Flow. Takeda's management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. These non-IFRS measures exclude certain income, cost and cash flow items which are included in, or are calculated differently from, the most closely comparable measures presented in accordance with IFRS. Takeda's non-IFRS measures are not prepared in accordance with IFRS and such non-IFRS measures should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS (which we sometimes refer to as "reported" measures). Investors are encouraged to review the definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures. Beginning in the quarter ending June 30, 2024, Takeda will (i) change its methodology for CER adjustments to results of subsidiaries in hyperinflation countries to present those results in a manner consistent with IAS 29, Financial Reporting in Hyperinflation Economies, and (ii) re-name Free Cash Flow as currently calculated as "Adjusted Free Cash Flow" (with "Free Cash Flow" to be reported as Operating Cash Flow less Property, Plant and Equipment).

The usefulness of Core Financial Measures to investors has significant limitations including, but not limited to, (i) they are not necessarily identical to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) they exclude financial information and events, such as the effects of non-cash expenses such as dispositions or amortization of intangible assets, that some may consider important in evaluating Takeda's 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 (however, it is Takeda's policy not to adjust out normal, recurring cash operating expenses necessary to operate our business) and (iv) they may not include all items which investors may consider important to an understanding of our results of operations, or exclude all items which investors may not consider to be so.

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