



News Release

Takeda Announces FY2023 Full Year Results and FY2024 Outlook, Affirming Commitment to Late-Stage Pipeline Development and Core Operating Profit Margin Expansion

- *Revenue Growth of +5.9% at Actual Exchange Rates (AER); +1.5% at Constant Exchange Rate (CER) Driven by Growth & Launch Products*
- *Core Operating Profit Change of -13.3% at CER Reflecting Generic Impact and Investment in R&D and Data, Digital & Technology*
- *Three New Molecular Entity (NME) Approvals from U.S. FDA in FY2023*
- *Up to Six NMEs with Significant Revenue Potential in Phase 3 Development in FY2024*
- *Committed to 100-250 Basis Points Core Operating Profit Margin Improvement Each Year from FY2025 Towards Low-to-Mid 30s% Target*

OSAKA, Japan, May 9, 2024 – Takeda (TSE:4502/NYSE:TAK) today announced financial results for fiscal year 2023 (period ended March 31, 2024), delivering its Management Guidance for Core Operating Profit and exceeding its Management Guidance for Revenue and Core EPS performance at CER, in a year of significant loss-of-exclusivity impact.

Takeda is committed to growing its business through continued advancement of its Growth & Launch Product portfolio and progression of six promising programs through its late-stage pipeline, while maintaining cost discipline and achieving its Core Operating Profit margin improvement target. Beginning in FY2024, the company will implement a significant, multi-year efficiency program focused on organizational agility, procurement saving, and capitalizing on its ongoing investment in data, digital and technology, including AI.

Takeda president and chief executive officer, Christophe Weber, commented:

“With three new therapy approvals from the U.S. FDA in FY2023, Takeda’s performance demonstrates the potential of our pipeline and our ability to bring our innovative medicines to patients. In an otherwise challenging year, our Core financial results reinforce my confidence in our resilience and our ability to navigate the short-term impact of generic competition to return to sustainable revenue and profit growth beginning in FY2025.

“As we look ahead to FY2024, we anticipate having up to six programs in Phase 3 development. Advancing these promising potential therapies through late-stage development while moderately increasing our biopharma R&D investment is requiring rigorous prioritization, efficiencies and organizational agility.

“Furthermore, beginning in FY2024 we are implementing a multi-year program to improve our efficiency through organizational agility, capital savings and leveraging our capabilities in data, digital and technology. In addition to revenue growth from our Growth & Launch Products and significant decline in

generic exposure, we expect this program will help drive Core Operating Margin improvement of 100 – 250 basis points per year from FY2025.”

Takeda chief financial officer, Milano Furuta, commented:

“Takeda delivered or exceeded full year Management Guidance for Revenue, Core Operating Profit and Core EPS performance at CER, driven by continued strong performance in our Growth & Launch Product portfolio—with Core Operating Profit performance impacted by generic entrants for high-margin products and strategic investments in R&D and our data, digital and technology capabilities to ensure our long-term competitiveness.

“In alignment with our progressive dividend policy and reflecting confidence in our long-term growth outlook and cash flow generation, we are proposing a dividend increase for a second consecutive year from 188 yen per share to 196 yen per share.

“While we anticipate revenue to remain flat or decline slightly at CER in FY2024, we expect double-digit CER revenue growth from our Growth & Launch Products, accounting for approximately 50% of our total revenue and helping to offset remaining impact from generic competition. With no further significant loss of exclusivity impact expected from FY2025 until the early 2030s, we remain focused on returning to sustainable revenue and profit growth from FY2025 onwards and are confident in our long-term growth trajectory.”

FINANCIAL HIGHLIGHTS

Results for FY2023 Ended March 31, 2024

(Billion yen, except percentages and per share amounts)	REPORTED		CORE (Non-IFRS)		
	FY2023	vs. PRIOR YEAR (Actual % change)	FY2023	vs. PRIOR YEAR (Actual % change)	vs. PRIOR YEAR (CER % change)
Revenue	4,263.8	+5.9%	4,263.8	+5.9%	+1.5%
Operating Profit	214.1	-56.4%	1,054.9	-11.2%	-13.3%
Margin	5.0%	-7.2pp	24.7%	-4.8pp	
Net Profit	144.1	-54.6%	756.8	-12.6%	-15.0%
EPS (yen)	92	-54.9%	484	-13.4%	-15.7%
Operating Cash Flow	716.3	-26.7%			
Free Cash Flow (Non-IFRS)	283.4	-36.5%			

FY2024 Outlook

(Billion yen)	FY2024 FORECAST	FY2024 MANAGEMENT GUIDANCE Core Change at CER (Non-IFRS)
Revenue	4,350.0	
Core Revenue	4,350.0	Flat to slightly declining
Reported Operating Profit	225.0	
Core Operating Profit	1,000.0	Approximately 10% decline
Reported Net Profit	58.0	
Reported EPS (Yen)	37	
Core EPS (Yen)	431	Mid-10s% decline
Adjusted Free Cash Flow*	350.0 - 450.0	
Annual Dividend per Share (Yen)	196	

*From FY2024, we will 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).

For more details on Takeda’s FY2023 results and other financial information including key assumptions in FY2024 forecast and management guidance and definitions of non-IFRS financial measures, please refer to Takeda’s FY2023 Q4 investor presentation (available at: <https://www.takeda.com/investors/financial-results/quarterly-results/>)

Other Notable Progress

- As of the end of FY2023, Takeda has increased to 46% female or non-binary representation across its senior most leaders (up 15% from FY22). This increase represents strong progress towards achieving its aspiration to have 50% representation by female or non-binary leaders among its senior-most leaders by the end of fiscal year 2027.
This data includes permanent and fixed-term employees.

Additional Information About Takeda’s FY2023 Earnings Results

For more details on Takeda’s FY2023 results and other financial information, including key assumptions in FY2024 forecast and management guidance, please visit: <https://www.takeda.com/investors/financial-results/quarterly-results/>

For more information on Takeda’s commercial progress across the six key business areas and pipeline updates, please visit: https://takeda.info/qr2023_q4_qfr_en

About Takeda

Takeda is focused on creating better health for people and a brighter future for the world. We aim to discover and deliver life-transforming treatments in our core therapeutic and business areas, including gastrointestinal and inflammation, rare diseases, plasma-derived therapies, oncology, neuroscience and vaccines. Together with our partners, we aim to improve the patient experience and advance a new frontier of treatment options through our dynamic and diverse pipeline. As a leading values-based, R&D-driven biopharmaceutical company headquartered in Japan, we are guided by our commitment to patients, our people and the planet. Our employees in approximately 80 countries and regions are driven by our purpose and are grounded in the values that have defined us for more than two centuries. For more information, visit www.takeda.com.

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The companies in which Takeda directly and indirectly owns investments are separate entities. In this press release, “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 press release and any materials distributed in connection with this press release 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-and-security-reports/> or at www.sec.gov. Takeda does not undertake to update any of the forward-looking statements contained in this press release 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 press release 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 press release and materials distributed in connection with this press release 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 press release. 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, which are in the Financial Appendix appearing at the end of our Q4 FY23 investor presentation (available at www.takeda.com/investors). Beginning in the first quarter of FY24, 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). For more information about the changes, including how the new methodology would have impacted Takeda's FY23 results, refer to the Financial Appendix included in our Q4 FY23 investor presentation (available at www.takeda.com/investors).

Medical information

This press release contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any prescription drugs including the ones under development.

Please refer to slide 9 of Takeda's FY2023 investor presentation (available at <https://www.takeda.com/investors/financial-results/quarterly-results/>) for the definition of Growth & Launch Products.

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