



Takeda Information

FAQs regarding Q3 FY2020 earnings

Global Finance IR
February 19, 2021

The following are responses to some frequently asked questions (FAQs) regarding the Q3 FY2020 earnings of Takeda Pharmaceutical Company Limited (Takeda), announced on February 4, 2021.

Q1. Consensus: What was the consensus estimate for Q3 FY2020 (October-December 2020) results?

A1. To our knowledge, analysts from nine financial institutions¹ prepared updated estimates on Takeda's Q3 FY2020 (October-December 2020) results. Based on the estimates of these nine analysts:

- Average estimated revenue was 832.1 bn yen
- Average estimated Core Operating Profit was 265.3 bn yen
- Average estimated Core Earnings Per Share (EPS) was 116 yen
- Average estimated Reported Operating Profit was 124.9 bn yen

Takeda's actual revenue was 836.8 bn yen, actual Core Operating Profit was 273.1 bn yen, actual Core EPS was 111 yen, and actual Reported Operating Profit was 143.1 bn yen for Q3 FY2020.

Q2. COVID-19 Impact: What was the impact of the novel coronavirus infectious disease (COVID-19) on Takeda's Q3 FY2020 results?

A2. The overall impact of the global spread of COVID-19 on Takeda's consolidated financial results for the nine-month period ended December 31, 2020 was not material, with several offsetting factors. There were adverse effects due to COVID-19 observed in certain therapeutic areas, especially in Neuroscience during periods when stay-at-home restrictions were in place reducing patient visits to medical care providers. This trend has fluctuated throughout the nine-month period, especially in recent months, as transmission of COVID-19 has increased significantly in many parts of the world. These adverse impacts have been partially offset by benefits from prescribing trends during the pandemic, such as an expansion of certain products with a more convenient administration profile that was observed in the early phase of the outbreak. With regard to operating expenses, voluntary suspension of certain business activities such as business travel and events in response to COVID-19 led to lower spending. As a result of these factors, the impact on Takeda's profit was immaterial. However, the situation surrounding COVID-19 remains highly fluid, and future COVID-19-related developments in FY2020, including new or additional COVID-19 outbreaks and additional or extended

¹ BofA Securities Japan, Citigroup, Cowen, Goldman Sachs, Jefferies, J.P. Morgan, Mizuho Securities, Morgan Stanley MUFG Securities and Nomura Securities.

lockdowns, shelter-in-place orders or other government action in major markets, could result in further or more serious disruptions to Takeda's business, such as slowdowns in demand for Takeda's products, supply chain related issues or significant delays in its clinical trial programs. These events, if they occur, could result in additional impacts on Takeda's business, results of operations or financial condition, as well as result in significant deviations from our FY2020 forecast.

Please refer to pages 14-16 of the [Summary of Financial Statements](#) submitted to the Tokyo Stock Exchange for details on the impact on the spread of the COVID-19 and Takeda's initiatives in response.

Q3. COVID-19 Impact: Do you expect the pandemic to impact plasma volume targets/ plasma collection for FY2020 and beyond?

Takeda saw a decline in plasma collections, as did the industry, in the spring of last year. Takeda saw quarter over quarter recovery in Q2 over Q1, and we have seen growth again in Q3 over Q2. Due to mitigation plans and the significant investments we have been making to increase our plasma collection, we remain on track to deliver 65% growth in collections by 2024 (versus 2018 baseline).

Takeda expects to meet our supply commitments through the end of FY2020 and deliver double digit sales growth of our IG portfolio vs last year. While we are approaching new long-term commitments cautiously and cannot be definitive regarding 2021 IG supply volumes, we expect to grow our total IG supply volume further in 2021.

Q4. Q3 YTD achievement rate: Regarding Core Operating Profit, Q3 YTD achievement rate was 79%. What headwinds do you expect in Q4 FY2020?

A4. Takeda has a quarterly fluctuation of Core Operation Profit, and over the past 5 years, the profit contribution in Q4 (January-March) has typically been lower compared to other quarters. Although the quarterly fluctuation of our results has become much less pronounced after the acquisition of Shire, Takeda expects this trend to continue in FY2020, as such 79% achievement is generally in line with our expectations.

Q5. FY2020 guidance: While Underlying Core EPS guidance for FY2020 is 'low-teen growth', the growth in Q3 YTD FY2020 was +4.5%. Is it possible to achieve the FY2020 guidance?

A5. Takeda expects further acceleration of Underlying Core EPS growth in Q4 FY2020 based on a higher tax rate in Q4 FY2019 (i.e. lower Underlying Core EPS) due to phasing of tax expenses.

Q6. Reported Tax rate: Takeda maintains its full-year forecast for profit before tax in FY2020, but raised its reported net profit. What is the reason for the improvement in the reported tax rate compared to the previous forecast?

A6. The reason for upgrading FY2020 full-year reported net profit is primarily due to updated tax rate assumptions reflecting lower tax costs associated with on-going integration and optimization of the legal entities within our organizational structure.

Q7. FY2021 guidance: What factors should we keep in mind when considering FY2021 guidance?

A7. Takeda will inform the market of our FY2021 guidance at the Q4 and FY2020 full year financial results earnings announcement, scheduled for May 11, 2021. Takeda will continue to execute our strategy and grow our 14 global brands, ensure launch excellence (particularly for EOHILIA) and invest in R&D, China and the PDT business. We intend to do this while driving improvements in our Underlying Core Operating Profit margin by delivering cost synergies and maintaining discipline on OPEX spending in FY2021. Regarding factors you should keep in mind to estimate our performance in FY2021, Takeda will no longer book approximately \$1.4 bn of revenues in FY2021 from divested assets.

Q8. Albumin performance: Albumin sales in Q3 YTD FY2020 decreased -10% versus the same period of the prior year. What is the reason, and why does Takeda downgrade the full-year growth forecast of Albumin sales (now 0-10% decline)?

A8. Albumin sales declined -10% versus Q3 YTD FY2019, partially due to phasing and supply dynamics in China in 2019 and in some part due to a temporary interruption in submitting batches of Albumin Glass for release in China in H2 2020, for which we expect a resolution soon. Takeda continues to monitor the China Albumin market and sees continued strong demand growth near to mid-term. However, full-year 2020 Albumin growth is now expected to decline given the impact to sales in Q3 and the fact that this may partially affect Q4 FY2020 sales.

Q9. ALBUMIN GLASS in China: Will this impact long-term guidance for PDT? Do you continue to expect to meet expectations long-term?

A9. The decline in Albumin Glass sales in China is not a performance-related issue and has been largely offset by strong performance of Albumin Glass in other markets and by our other PDT products. Our overall PDT business is performing in line with guidance in spite of the pandemic and our long-term expectations for PDT growth are unchanged. In fact, given the impact to plasma donations during the pandemic, our FY2020 performance continues to be strong.

Flexbumin is still expected to deliver double digit sales growth and our IG portfolio is growing significantly faster than the market (+13% in Q3 FY2020 and +14% in Q3 YTD FY2020 vs prior year). This provides a clear indicator that our significant investment in collections and manufacturing capacity, as well as the transformation of our entire business, is advancing well.

Q10. R&D efforts against COVID-19: What R&D efforts is Takeda taking against COVID-19?

A10. Takeda is taking a comprehensive approach to treat and prevent COVID-19 through multiple activities and partnerships focused on advancing the development of a variety of potential therapies and vaccines.

- **Vaccines:** Takeda has partnered with the Government of Japan, Novavax and Moderna to help accelerate the availability of COVID-19 vaccines in Japan. We are leveraging our extensive and well-established global manufacturing and supply capabilities regarding the vaccines from Novavax and Moderna, and building upon our existing influenza pandemic preparedness efforts in Japan. Regarding the development timeline of clinical trials in Japan, the Phase 1/2 study of TAK-919, in-licensed from Moderna, began January 21, 2021, and the Phase 1/2 study of TAK-019, in-licensed from Novavax, is set to begin near the end of February 2021.
- **Hyperimmune globulin:** Takeda co-founded the CoVig-19 Plasma Alliance and joined forces with other leading plasma companies to develop and manufacture investigational hyperimmune immunoglobulin medicine for the global fight against COVID-19. It is currently being evaluated in a phase three global clinical trial. The Alliance is also participating in The Fight Is In Us campaign and related convalescent plasma donation campaigns.
- **Repositioning of existing therapies:** The company is also assessing existing Takeda products including FIRAZYR (icatibant) and lanadelumab, and others in development, for efficacy against the COVID-19 virus. Takeda has joined the COVID R&D Alliance, the IMI Care Alliance and the Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) partnership.

For more details, please refer to page 6 in [the Q3 FY2020 presentation material](#).

About Takeda Pharmaceutical Company Limited

Takeda Pharmaceutical Company Limited ([TSE:4502/NYSE:TAK](#)) is a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan, committed to bringing Better Health and a Brighter Future to patients by translating science into highly-innovative medicines. Takeda focuses its R&D efforts on four therapeutic areas: Oncology, Rare Genetic and Hematology, Neuroscience and Gastroenterology (GI). We also make targeted R&D investments in Plasma-Derived Therapies and Vaccines. We are focusing on developing highly innovative medicines that contribute to making a difference in people's lives by advancing the frontier of new treatment options and leveraging our enhanced collaborative R&D engine and capabilities to create a robust, modality-diverse pipeline. Our employees are committed to improving quality of life for patients and to working with our partners in health care in approximately 80 countries.

For more information, visit <https://www.takeda.com>.

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Further information on certain of Takeda's Non-IFRS measures is posted on Takeda's investor relations website at <https://www.takeda.com/investors/reports/quarterly-announcements/>

Reconciliation from reported revenue to underlying revenue growth presented in accordance with IFRS are included as an appendix to FY2020 Q3 presentation.

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