

# Summary of Financial Statements for the Nine-month Period Ended December 31, 2022 (IFRS, Consolidated)

February 2, 2023

## Takeda Pharmaceutical Company Limited

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Scheduled date of dividend payment commencement: -

Supplementary materials for the financial statements: Yes

Presentation to explain the financial statements: Yes

(Million JPY, rounded to the nearest million)

## 1. Consolidated Financial Results for the Nine-month Period Ended December 31, 2022 (April 1 to December 31, 2022)

### (1) Consolidated Operating Results (year to date)

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

|   | Revenue  |       | Operating profit                          |        | Profit before tax        |       | Net profit for the period  |      |
|---|--|-------|---|--------|--------------------------|-------|----------------------------|------|
|   | (Million JPY)                                    | (%)   | (Million JPY)                             | (%)    | (Million JPY)            | (%)   | (Million JPY)              | (%)  |
| Nine-month Period Ended December 31, 2022 | 3,071,322  | 13.9  | 401,943                                   | (13.1) | 327,175                  | (8.3) | 285,903                    | 18.4 |
| Nine-month Period Ended December 31, 2021 | 2,695,717  | 11.0  | 462,463                                   | 28.9   | 356,618                  | 51.5  | 241,541                    | 34.9 |
|   | Net profit attributable to owners of the Company |       | Total comprehensive income for the period |        | Basic earnings per share |       | Diluted earnings per share |      |
|   | (Million JPY)                                    | (%)   | (Million JPY)                             | (%)    | (JPY)                    |       | (JPY)                      |      |
| Nine-month Period Ended December 31, 2022 | 285,883  | 18.4  | 750,209                                   | 63.4   | 184.32                   |       | 182.65                     |      |
| Nine-month Period Ended December 31, 2021 | 241,417  | 34.9  | 459,044                                   | 170.9  | 154.09                   |       | 153.03                     |      |
|   | Core Operating Profit                            |       | Core EPS                                  |        |                          |       |                            |      |
|   | (Billion JPY)                                    | (%)   | (JPY)                                     |        |                          |       |                            |      |
| Nine-month Period Ended December 31, 2022 | 954.7  | 26.0  | 456                                       |        |                          |       |                            |      |
| Nine-month Period Ended December 31, 2021 | 757.9  | (2.9) | 333                                       |        |                          |       |                            |      |

### (2) Consolidated Financial Position

|                         | Total assets<br>(Million JPY) | Total equity<br>(Million JPY) | Equity attributable to owners of the Company<br>(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 December 31, 2022 | 13,504,705                    | 6,176,498                     | 6,175,978   | 45.7  | 3,972.91   |
| As of March 31, 2022    | 13,178,018                    | 5,683,523                     | 5,683,019   | 43.1  | 3,665.61   |

## 2. Dividends

|  | Annual dividends per share (JPY) |                 |                 |          |        |
|--|----------------------------------|-----------------|-----------------|----------|--------|
|  | 1st quarter end                  | 2nd quarter end | 3rd quarter end | Year-end | Total  |
| For the Fiscal Year Ended March 31, 2022               | —                                | 90.00           | —               | 90.00    | 180.00 |
| For the Fiscal Year Ending March 31, 2023              | —                                | 90.00           | —               |          |        |
| For the Fiscal Year Ending March 31, 2023 (Projection) |                                  |                 |                 | 90.00    | 180.00 |

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

## 3. Forecasts for Consolidated Operating Results (Actual Exchange Rate basis) for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage figures represent changes from previous fiscal year)

|   | Revenue       |      | Operating profit |      | Profit before income taxes |      | Net profit attributable to owners of the Company |      | Basic earnings per share |
|---|---------------|------|------------------|------|----------------------------|------|--|------|--------------------------|
|   | (Million JPY) | (%)  | (Million JPY)    | (%)  | (Million JPY)              | (%)  | (Million JPY)                                    | (%)  | (JPY)                    |
| For the Fiscal Year Ending March 31, 2023 | 3,930,000     | 10.1 | 530,000          | 15.0 | 426,000                    | 40.8 | 307,000  | 33.4 | 197.83                   |

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

Forecasts for Core financial measures are shown below.

(Percentage figures represent changes from previous fiscal year)

|   | Core Revenue  |      | Core Operating Profit |      | Core EPS |
|---|---------------|------|-----------------------|------|----------|
|   | (Million JPY) | (%)  | (Million JPY)         | (%)  | (JPY)    |
| For the Fiscal Year Ending March 31, 2023 | 3,930,000     | 14.9 | 1,180,000             | 23.5 | 525      |

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

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

## 4. Management Guidance (Constant Exchange Rate basis) for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Takeda uses growth in its Core financial measures on a Constant Exchange Rate basis (“Core Growth at CER”) to provide its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2023 (FY2022) has not been changed from the management guidance announced at the FY2021 financial results announcement on May 11, 2022.

|   | Core Revenue Growth     | Core Operating Profit Growth | Core EPS Growth          |
|---|-------------------------|------------------------------|--------------------------|
|   | (%)                     | (%)                          | (%)                      |
| For the Fiscal Year Ending March 31, 2023 | Low-single-digit growth | High-single-digit growth     | High-single-digit growth |

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

▪ **Additional Information**

|   |                      |
|---|----------------------|
| (1) Changes in significant subsidiaries during the period<br>(changes in specified subsidiaries resulting in the change in consolidation scope) | : No                 |
| (2) Changes in accounting policies and changes in accounting estimates  |                      |
| 1) Changes in accounting policies required by IFRS  | : No                 |
| 2) Changes in accounting policies other than 1)   | : No                 |
| 3) Changes in accounting estimates  | : No                 |
| (3) Number of shares outstanding (common stock)   |                      |
| 1) Number of shares outstanding (including treasury stock) at period end:   |                      |
| December 31, 2022   | 1,582,290,825 shares |
| March 31, 2022  | 1,582,252,525 shares |
| 2) Number of shares of treasury stock at period end:  |                      |
| December 31, 2022   | 27,766,370 shares    |
| March 31, 2022  | 31,891,746 shares    |
| 3) Average number of outstanding shares (for the nine-month period ended December 31):  |                      |
| December 31, 2022   | 1,550,992,486 shares |
| December 31, 2021   | 1,566,730,171 shares |

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

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

- Takeda applies International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts and management guidance in this document are based on information currently available to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecasts or guidance to be revised, Takeda will disclose it in a timely manner.
- For details of the forecasts for consolidated operating results and the management guidance, please refer to "1. Financial Highlights for the Nine-month Period Ended December 31, 2022 (3) Outlook for the Fiscal Year Ending March 31, 2023" on page 9.
- Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on February 2, 2023, and its audio will be promptly posted on Takeda's website.

(Takeda Website):

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

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## [Financial Appendix]

## 1. Financial Highlights for the Nine-month Period Ended December 31, 2022

### (1) Business Performance

#### (i) Consolidated Financial Results (April 1 to December 31, 2022)

|  | FY2021<br>Q3YTD | FY2022<br>Q3YTD | Change versus the same period of the previous fiscal year |                            |         |
|--|-----------------|-----------------|---|----------------------------|---------|
|  |                 |                 | Actual % Change   | CER % Change <sup>*1</sup> |         |
| Revenue  | 2,695.7         | 3,071.3         | 375.6   | 13.9 %                     | (0.7)%  |
| Cost of sales  | (798.5)         | (934.3)         | (135.8)   | 17.0 %                     | 3.4 %   |
| Selling, general and administrative expenses                                     | (662.9)         | (742.5)         | (79.6)  | 12.0 %                     | (2.2)%  |
| Research and development expenses  | (382.5)         | (472.4)         | (89.9)  | 23.5 %                     | 4.9 %   |
| Amortization and impairment losses on intangible assets associated with products | (323.6)         | (409.2)         | (85.6)  | 26.4 %                     | 5.4 %   |
| Other operating income   | 34.3            | 16.7            | (17.6)  | (51.3)%                    | (54.4)% |
| Other operating expenses   | (100.0)         | (127.6)         | (27.6)  | 27.6 %                     | 8.6 %   |
| Operating profit   | 462.5           | 401.9           | (60.5)  | (13.1)%                    | (20.3)% |
| Finance income and (expenses), net   | (100.6)         | (71.6)          | 29.0  | (28.8)%                    | (31.6)% |
| Share of loss of investments accounted for using the equity method               | (5.3)           | (3.1)           | 2.1   | (40.4)%                    | (58.1)% |
| Profit before tax  | 356.6           | 327.2           | (29.4)  | (8.3)%                     | (16.5)% |
| Income tax expenses  | (115.1)         | (41.3)          | 73.8  | (64.1)%                    | (61.3)% |
| Net profit for the period  | 241.5           | 285.9           | 44.4  | 18.4 %                     | 4.8 %   |

\*1 Please refer to (ii) Core Results (April 1 to December 31, 2022), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

**Revenue.** Revenue for the nine-month period ended December 31, 2022 was 3,071.3 billion JPY, an increase of 375.6 billion JPY, or 13.9% (CER % change: -0.7%), compared to the same period of the previous fiscal year. The increase is primarily attributable to growth from business momentum and favorable foreign exchange rates, offsetting the decrease of revenue in the current period due to the sale of a portfolio of diabetes products in Japan to Teijin Pharma Limited for 133.0 billion JPY, which was recorded as revenue in the same period of the previous fiscal year.

Revenue of our core therapeutic areas (i.e. Gastroenterology (“GI”), Rare Diseases, Plasma-Derived Therapies (“PDT”) Immunology, Oncology, and Neuroscience) increased by 522.1 billion JPY, or 23.6%, compared to the same period of the previous fiscal year, to 2,735.6 billion JPY. Each of our core therapeutic areas, except Oncology, contributed to positive revenue growth due to growth from business momentum and favorable foreign exchange rates. Generic erosion and intensified competition impacted certain Oncology products in the current period.

Revenue outside of our core therapeutic areas significantly decreased by 146.5 billion JPY, or 30.4%, compared to the same period of the previous fiscal year to 335.7 billion JPY, largely due to the aforementioned non-recurring 133.0 billion JPY selling price of the diabetes portfolio in Japan, which was recorded as revenue in the same period of the previous fiscal year.

### Revenue by Geographic Region

The following shows revenue by geographic region:

| Revenue:               | Billion JPY or percentage |                 |   |                 |                |
|------------------------|---------------------------|-----------------|---|-----------------|----------------|
|                        | FY2021<br>Q3YTD           | FY2022<br>Q3YTD | Change versus the same period of the previous fiscal year |                 |                |
|                        |                           |                 |   | Actual % change | CER % change*1 |
| Japan*2                | 530.2                     | 389.8           | (140.4)   | (26.5)%         | (26.8)%        |
| United States          | 1,297.0                   | 1,621.8         | 324.8   | 25.0 %          | 2.6 %          |
| Europe and Canada      | 541.0                     | 632.4           | 91.4  | 16.9 %          | 7.9 %          |
| Asia (excluding Japan) | 139.8                     | 169.0           | 29.3  | 20.9 %          | 6.5 %          |
| Latin America          | 93.5                      | 121.4           | 27.9  | 29.8 %          | 10.3 %         |
| Russia/CIS             | 43.6                      | 66.7            | 23.1  | 53.0 %          | 15.6 %         |
| Other*3                | 50.6                      | 70.2            | 19.6  | 38.7 %          | 43.4 %         |
| Total                  | 2,695.7                   | 3,071.3         | 375.6   | 13.9 %          | (0.7)%         |

\*1 Please refer to (ii) Core Results (April 1 to December 31, 2022), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

\*2 The 133.0 billion JPY selling price of the sale of diabetes portfolio in Japan is included in the nine-month period ended December 31, 2021.

\*3 Other includes the Middle East, Oceania and Africa.

### Revenue by Therapeutic Area

The following shows revenue by therapeutic area:

| Revenue:                | Billion JPY or percentage |                 |   |                 |                |
|-------------------------|---------------------------|-----------------|---|-----------------|----------------|
|                         | FY2021<br>Q3YTD           | FY2022<br>Q3YTD | Change versus the same period of the previous fiscal year |                 |                |
|                         |                           |                 |   | Actual % change | CER % change*1 |
| GI                      | 665.7                     | 857.5           | 191.8   | 28.8 %          | 11.1 %         |
| Rare Diseases           | 462.9                     | 553.6           | 90.7  | 19.6 %          | 5.0 %          |
| Rare Hematology         | 211.6                     | 232.6           | 21.1  | 10.0 %          | (3.4)%         |
| Rare Genetics and Other | 251.3                     | 321.0           | 69.6  | 27.7 %          | 12.2 %         |
| PDT Immunology          | 363.2                     | 502.4           | 139.2   | 38.3 %          | 17.6 %         |
| Oncology                | 359.1                     | 345.0           | (14.1)  | (3.9)%          | (12.6)%        |
| Neuroscience            | 362.6                     | 477.1           | 114.5   | 31.6 %          | 10.2 %         |
| Other*2                 | 482.2                     | 335.7           | (146.5)   | (30.4)%         | (35.4)%        |
| Total                   | 2,695.7                   | 3,071.3         | 375.6   | 13.9 %          | (0.7)%         |

\*1 Please refer to (ii) Core Results (April 1 to December 31, 2022), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

\*2 The 133.0 billion JPY selling price of the sale of diabetes portfolio in Japan is included in the nine-month period ended December 31, 2021.

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

- *GI*. In Gastroenterology, revenue was 857.5 billion JPY, a year-on-year increase of 191.8 billion JPY, or 28.8% (CER % change: 11.1%). Growth was driven by Takeda's top-selling product ENTYVIO (for ulcerative colitis ("UC") and Crohn's disease ("CD")), with sales of 547.9 billion JPY and a year-on-year increase of 152.5 billion JPY, or 38.6%. Sales of ENTYVIO in the U.S. increased by 122.4 billion JPY, or 46.0%, to 388.3 billion JPY, driven by a continued increase in the first line biologic inflammatory bowel disease ("IBD") population both in UC and CD and favorable foreign exchange rates. Sales of ENTYVIO in Europe and Canada increased by 20.2 billion JPY, or 19.7%, to 122.4 billion JPY, supported by continued launches of the subcutaneous formulation and favorable foreign exchange rates. In the Growth and Emerging Markets, the increase in sales of ENTYVIO was led by growth in Brazil. Sales of GATTEX/REVESTIVE (for short bowel syndrome) were 78.2 billion JPY, an increase of 21.6 billion JPY, or 38.1%, primarily due to increased market penetration and new country launches, including Japan in August 2021, and favorable foreign exchange rates. Sales of DEXILANT (for acid reflux disease) were 55.1 billion JPY, an increase of 15.0 billion JPY, or 37.3% versus the same period of the previous fiscal year, due to the increased sales of authorized generics in the U.S. and favorable foreign exchange rates. Sales of TAKECAB/VOCINTI (for acid-related diseases) were 84.5 billion JPY, an increase of 6.2 billion JPY, or 7.9%, versus the same period of the previous fiscal year, primarily due to increased sales in China, partially offset by the decrease of sales in Japan, due to a negative impact associated with the market expansion re-pricing applied in April 2022, despite

an increase in volume. Sales of PENTASA (for UC) were 7.3 billion JPY, a decrease of 8.5 billion JPY, or 53.7%, versus the same period of the previous fiscal year due to generic erosion in the U.S. from May 2022.

- *Rare Diseases.* In Rare Diseases, revenue was 553.6 billion JPY, a year-on-year increase of 90.7 billion JPY, or 19.6% (CER % change: 5.0%).

Revenue in Rare Hematology increased by 21.1 billion JPY, or 10.0% (CER % change: -3.4%), to 232.6 billion JPY. Sales of ADVATE (for hemophilia A), ADYNOVATE/ADYNOVI (for hemophilia A) and FEIBA (for hemophilia A and B) increased by 2.8 billion JPY or 3.1% to 92.1 billion JPY, 4.0 billion JPY or 8.7% to 49.9 billion JPY, and 3.6 billion JPY or 12.5% to 32.6 billion JPY, respectively, primarily due to favorable foreign exchange rates partially offset by negative impacts from competition in the U.S. Other Rare Hematology products in aggregate increased year-on-year, primarily due to additional indications, newly consolidated products, and favorable foreign exchange rates.

Revenue in Rare Genetics and Other was 321.0 billion JPY, a year-on-year increase of 69.6 billion JPY, or 27.7% (CER % change: 12.2%). Sales of TAKHZYRO (for hereditary angioedema) were 116.9 billion JPY, an increase of 38.5 billion JPY, or 49.0%, versus the same period of the previous fiscal year primarily due to expansion of the prophylactic market, continued geographic expansion and strong patient uptake as well as favorable foreign exchange rates. Sales of REPLAGAL (for Fabry disease) increased by 11.0 billion JPY, or 27.8%, to 50.6 billion JPY, primarily due to the succession to manufacturing and marketing rights in Japan by Takeda upon expiration of the relevant license agreement in February 2022. Sales of other enzyme replacement therapies ELAPRASE (for Hunter syndrome) and VPRIV (for Gaucher disease) increased by 7.3 billion JPY and 4.2 billion JPY, respectively, primarily due to favorable foreign exchange rates. Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease), which was first launched in the U.S. in December 2021, followed by several other countries, were 7.3 billion JPY in the current period.

- *PDT Immunology.* In Plasma-Derived Therapies (“PDT”) Immunology, revenue increased by 139.2 billion JPY, or 38.3% (CER % change: 17.6%) compared to the same period of the previous fiscal year, to 502.4 billion JPY. Aggregate sales of immunoglobulin products were 390.5 billion JPY, an increase of 112.2 billion JPY, or 40.3%, compared to the same period of the previous fiscal year. 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, especially in the U.S., where the pandemic pressure is now easing, 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 (primarily used for hypovolemia and hypoalbuminemia) were 85.5 billion JPY, an increase of 24.0 billion JPY, or 39.1%, versus the same period of the previous fiscal year driven by strong albumin demand in the U.S. and in China and favorable exchange rates.
- *Oncology.* In Oncology, revenue was 345.0 billion JPY, a year-on-year decrease of 14.1 billion JPY, or 3.9% (CER % change: -12.6%), impacted by the rapid generic erosion of VELCADE (for multiple myeloma) sales in the U.S. Sales of VELCADE decreased by 59.7 billion JPY, or 70.7%, versus the same period of the previous fiscal year to 24.7 billion JPY predominantly due to multiple generic entrants in the U.S. starting in May 2022. Sales of NINLARO (for multiple myeloma) were 75.9 billion JPY, an increase of 5.2 billion JPY, or 7.3%, versus the same period of the previous fiscal year, aided by favorable foreign exchange rates, which were offset partially by intensified competition and decreased demand mainly in the U.S. Sales of ADCETRIS (for malignant lymphomas) were 65.8 billion JPY, an increase of 14.0 billion JPY, or 27.0%, versus the same period of the previous fiscal year, led by strong growth in countries such as Argentina, Italy and Japan. Sales of ICLUSIG (for leukemia) were 35.5 billion JPY, an increase of 8.8 billion JPY, or 33.1%, versus the same period of the previous fiscal year, due to steady growth in the U.S. and also aided by favorable foreign exchange rates. Sales of ALUNBRIG (for non-small cell lung cancer) were 15.8 billion JPY, an increase of 5.6 billion JPY, or 55.7%, benefiting from strong demand in European countries and the Growth and Emerging Markets such as China. Sales of ZEJULA (for ovarian cancer) were 9.8 billion JPY, an increase of 4.1 billion JPY, or 70.9%, primarily led by Japan where it was helped by a newly launched tablet formulation in June 2022, in addition to a capsule formulation. Sales of LEUPLIN/ENANTONE (for endometriosis, uterine fibroids, premenopausal breast cancer, prostatic cancer, etc.), an off-patent product, increased by 3.0 billion JPY, or 3.6%, versus the same period of the previous fiscal year to 85.2 billion JPY mainly due to favorable foreign exchange rates. Sales of EXKIVITY (for non-small cell lung cancer), which was first launched in the U.S. in September 2021, followed by several other countries, were 2.2 billion JPY in the current period.
- *Neuroscience.* In Neuroscience, revenue was 477.1 billion JPY, a year-on-year increase of 114.5 billion JPY, or 31.6% (CER % change: 10.2%). Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were 335.4 billion JPY, an increase of 90.5 billion JPY, or 36.9%, versus the same period of the previous fiscal year mainly driven by the growth of the adult market in the U.S., Europe and Canada and favorable foreign exchange rates. Sales of TRINTELLIX (for major depressive disorder (“MDD”)) were 79.7 billion JPY, an increase of 16.7 billion JPY, or 26.4%, versus the same period of the previous fiscal year, due to increasing prescriptions in the U.S. and Japan and favorable

foreign exchange rates. Sales of INTUNIV (for ADHD) increased by 4.1 billion JPY, or 32.8%, versus the same period of the previous fiscal year, to 16.6 billion JPY driven by an increase of sales in Japan. Sales of ADDERALL XR (for ADHD) also increased, by 3.1 billion JPY or 19.6% versus the same period of the previous fiscal year, to 19.1 billion JPY mainly due to a shortage of generic versions of the instant release formulation marketed by competitors and favorable foreign exchange rates.

**Cost of Sales.** Cost of Sales increased by 135.8 billion JPY, or 17.0% (CER % change: 3.4%), to 934.3 billion JPY. The increase was primarily due to the depreciation of the yen and a sales increase in our core therapeutic areas as compared to the same period of the previous fiscal year. The Cost of Sales Ratio increased by 0.8 pp compared to the same period of the previous fiscal year to 30.4%. The main reason for the increase in the Cost of Sales Ratio was the effect of the sale of a portfolio of diabetes products in Japan with the selling price of 133.0 billion JPY being recorded in revenue in the same period of the previous fiscal year.

**Selling, General and Administrative (SG&A) expenses.** SG&A expenses increased by 79.6 billion JPY, or 12.0% (CER % change: -2.2%) compared to the same period of the previous fiscal year, to 742.5 billion JPY, mainly due to the impact from the depreciation of the yen in the current period.

**Research and Development (R&D) expenses.** R&D expenses increased by 89.9 billion JPY, or 23.5% (CER % change: 4.9%) compared to the same period of the previous fiscal year, to 472.4 billion JPY, mainly due to the impact from the depreciation of the yen in the current period.

**Amortization and Impairment Losses on Intangible Assets Associated with Products.** Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 85.6 billion JPY, or 26.4% (CER % change: 5.4%) compared to the same period of the previous fiscal year, to 409.2 billion JPY, mainly due to the impact from the depreciation of the yen in the current period and an increase in impairment charges for certain assets related to in-process R&D and marketed products.

**Other Operating Income.** Other Operating Income was 16.7 billion JPY, a decrease of 17.6 billion JPY, or 51.3% (CER % change: -54.4%), compared to the same period of the previous fiscal year primarily due to a change in fair value of financial assets and liabilities associated with contingent consideration arrangements recognized and certain settlement proceeds recorded in the same period of the previous fiscal year.

**Other Operating Expenses.** Other Operating Expenses were 127.6 billion JPY, an increase of 27.6 billion JPY, or 27.6% (CER % change: 8.6%), compared to the same period of the previous fiscal year, primarily due to increases in reserves and provisions mainly for certain assets and pre-launch inventory during the current period, partially offset by a decrease in restructuring expenses attributable to the decrease in Shire integration costs.

**Operating Profit.** As a result of the above factors, Operating Profit decreased by 60.5 billion JPY, or 13.1% (CER % change: -20.3%) compared to the same period of the previous fiscal year to 401.9 billion JPY.

**Net Finance Expenses.** Net Finance Expenses were 71.6 billion JPY in the current period, a decrease of 29.0 billion JPY, or 28.8% (CER % change: 31.6%) compared to Net Finance Expenses of 100.6 billion JPY for the same period of the previous fiscal year. This decrease was mainly driven by a positive impact from the remeasurement of warrants to purchase stocks of companies held by Takeda as well as a gain on prior equity method investments related to the acquisitions of GammaDelta Therapeutics and Adaptate Biotherapeutics in April 2022.

**Share of Loss of Investments Accounted for Using the Equity Method.** Share of Loss of Investments Accounted for Using the Equity Method was 3.1 billion JPY, a decrease of 2.1 billion JPY, or 40.4% (CER % change: -58.1%), compared to the same period of the previous fiscal year.

**Income Tax Expenses.** Income Tax Expenses were 41.3 billion JPY, a decrease of 73.8 billion JPY, or 64.1% (CER % change: -61.3%), compared to the same period of the previous year. This decrease was primarily due to a tax charge of 64.6 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014 in the same period of the previous year as well as decreased tax charges for US international tax provisions and tax benefits from recognition of deferred tax assets in the current period. These decreases were partially offset by the tax benefits from internal entity restructuring transactions in the same period of the previous year.



**Net Profit for the Period.** Net Profit for the Period increased by 44.4 billion JPY, or 18.4% (CER % change: 4.8%), compared to the same period of the previous fiscal year to 285.9 billion JPY.

**(ii) Core Results (April 1 to December 31, 2022)**

**Definition of Core financial measures and Constant Exchange Rate change**

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

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

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

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

**Results of Core Operations**

|                       | <b>Billion JPY or percentage</b> |                         |  |              |        |
|-----------------------|----------------------------------|-------------------------|--|--------------|--------|
|                       | <b>FY2021<br/>Q3YTD</b>          | <b>FY2022<br/>Q3YTD</b> | <b>Change versus the same period of the previous fiscal year</b> |              |        |
|                       |                                  |                         | Actual % change  | CER % change |        |
| Core Revenue          | 2,562.7                          | 3,071.3                 | 508.6  | 19.8 %       | 4.5 %  |
| Core Operating Profit | 757.9                            | 954.7                   | 196.7  | 26.0 %       | 9.7 %  |
| Core EPS (yen)        | 333                              | 456                     | 123  | 37.0 %       | 17.1 % |

**Core Revenue** for the nine-month period ended December 31, 2022 was 3,071.3 billion JPY, an increase of 508.6 billion JPY, or 19.8% (CER % change: 4.5%), compared to the same period of the previous fiscal year. Core revenue for the nine-month period ended December 31, 2021, was 2,562.7 billion JPY, which excluded the non-recurring 133.0 billion JPY selling price of the diabetes portfolio in Japan. There were no significant items unrelated to Takeda's core operations excluded from revenue in the current period, resulting in Core revenue for the current period being the same as Reported revenue at 3,071.3 billion JPY. Business momentum was led by Takeda's Growth and Launch Products\* which totaled 1,199.6 billion JPY, a year-on-year increase of 350.7 billion JPY, or 41.3% (CER % change: 20.4%).

- \* Takeda's Growth and Launch Products
- GI: ENTYVIO, ALOFISEL
- Rare Diseases: TAKHZYRO, LIVTENCITY
- PDT Immunology: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU,  
 Albumin products including HUMAN ALBUMIN and FLEXBUMIN
- Oncology: ALUNBRIG, EXKIVITY
- Other: SPIKEVAX Intramuscular Injection, NUVAXOVID Intramuscular Injection

**Core Operating Profit** for the current period was 954.7 billion JPY, an increase of 196.7 billion JPY or 26.0% (CER % change: 9.7%) compared to the same period of the previous fiscal year driven by revenue growth in our core therapeutic areas and the depreciation of the yen in the current period.

**Core EPS** for the current period was 456 yen, an increase of 123 yen, or 37.0% (CER % change: 17.1%), compared to the same period of the previous fiscal year.

## (2) Consolidated Financial Position

**Assets.** Total Assets as of December 31, 2022 were 13,504.7 billion JPY, reflecting an increase of 326.7 billion JPY compared to the previous fiscal year-end. Goodwill and Property, Plant and Equipment increased by 283.2 billion JPY and 73.6 billion JPY respectively mainly due to the effect of foreign currency translation. In addition, Inventories increased by 74.1 billion JPY. These increases were partially offset by a decrease in Cash and Cash Equivalents of 164.6 billion JPY.

**Liabilities.** Total Liabilities as of December 31, 2022 were 7,328.2 billion JPY, reflecting a decrease of 166.3 billion JPY compared to the previous fiscal year-end. Trade and Other Payables and Deferred Tax Liabilities decreased by 135.2 billion JPY and 62.8 billion JPY, respectively. In addition, Bonds and Loans decreased by 58.5 billion JPY to 4,286.9 billion JPY\* primarily due to the redemption of bonds partially offset by an increase due to the effect of foreign currency translation. These decreases were partially offset by an increase in Other Liabilities of 54.5 billion JPY.

\* The carrying amount of Bonds was 3,565.0 billion JPY and Loans was 721.9 billion JPY as of December 31, 2022. Breakdown of Bonds and Loans carrying amount is as follows.

### Bonds:

| Name of Bond<br>(Face Value if Denominated in<br>Foreign Currency) | Issuance       | Maturity                           | Carrying Amount<br>(Billion JPY) |
|--|----------------|------------------------------------|----------------------------------|
| Unsecured US dollar denominated senior notes (1,301 million USD)   | June 2015      | June 2025 ~<br>June 2045           | 172.3                            |
| Unsecured US dollar denominated senior notes (4,000 million USD)   | September 2016 | September 2023 ~<br>September 2026 | 508.2                            |
| Unsecured Euro denominated senior notes (3,000 million EUR)        | November 2018  | November 2026 ~<br>November 2030   | 419.7                            |
| Unsecured US dollar denominated senior notes (2,250 million USD)   | November 2018  | November 2023 ~<br>November 2028   | 295.5                            |
| Hybrid bonds (subordinated bonds)                                  | June 2019      | June 2079                          | 498.7                            |
| Unsecured US dollar denominated senior notes (7,000 million USD)   | July 2020      | March 2030 ~<br>July 2060          | 918.1                            |
| Unsecured Euro denominated senior notes (3,600 million EUR)        | July 2020      | July 2027 ~<br>July 2040           | 503.1                            |
| Unsecured JPY denominated senior bonds                             | October 2021   | October 2031                       | 249.4                            |
| <b>Total</b>   |                |                                    | <b>3,565.0</b>                   |

### Loans:

| Name of Loan<br>(Face Value if Denominated in<br>Foreign Currency) | Execution                  | Maturity                   | Carrying Amount<br>(Billion JPY) |
|--|----------------------------|----------------------------|----------------------------------|
| Syndicated loans   | April 2016                 | April 2023 ~<br>April 2026 | 200.0                            |
| Syndicated loans   | April 2017                 | April 2027                 | 113.5                            |
| Syndicated loans<br>(1,500 million USD)                            | April 2017                 | April 2027                 | 197.8                            |
| Bilateral loans  | March 2016 ~<br>April 2017 | March 2023 ~<br>March 2026 | 210.0                            |
| Other  |                            |                            | 0.6                              |
| <b>Total</b>   |                            |                            | <b>721.9</b>                     |

On April 23, 2022, Takeda redeemed 219 million USD of unsecured U.S. dollar-denominated senior notes issued in June 2015 in advance of their original maturity date of June 23, 2022. Following this, on October 27, 2022, Takeda redeemed 1,000 million USD of unsecured U.S. dollar-denominated senior notes issued in November 2018 in advance of their original maturity date of November 26, 2023. Furthermore, on November 21, 2022, Takeda redeemed 750 million EUR of unsecured floating rate senior notes issued in November 2018 on their maturity date.

**Equity.** Total Equity as of December 31, 2022 was 6,176.5 billion JPY, an increase of 493.0 billion JPY compared to the previous fiscal year-end. This was primarily resulted from an increase of 446.0 billion JPY in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the depreciation of yen and an increase in Retained Earnings of 28.0 billion JPY. The increase in Retained Earnings was primarily attributable to Net Profit for the Period largely offset by the dividends payments of 278.3 billion JPY.

### Consolidated Cash Flows

|   | Billion JPY  |              |
|---|--------------|--------------|
|   | FY2021 Q3YTD | FY2022 Q3YTD |
| Net cash from (used in) operating activities                  | 747.5        | 683.5        |
| Net cash from (used in) investing activities                  | (172.5)      | (168.6)      |
| Net cash from (used in) financing activities                  | (826.5)      | (702.5)      |
| Net increase (decrease) in cash and cash equivalents          | (251.4)      | (187.7)      |
| Cash and cash equivalents at the beginning of the year        | 966.2        | 849.7        |
| Effects of exchange rate changes on cash and cash equivalents | 9.5          | 23.1         |
| Cash and cash equivalents at the end of the period            | 724.3        | 685.1        |

**Net cash from operating activities** was 683.5 billion JPY for the current period compared to 747.5 billion JPY for the same period of the previous year. The decrease of 64.1 billion JPY was primarily driven by unfavorable impacts from changes in trade and other payables as well as trade and other receivables compared to the same period of the previous year. These were partially offset by a favorable impact from changes in provisions and higher net profit for the period adjusted for non-cash items and other adjustments reflecting sales increases in core therapeutic areas and favorable foreign exchange rates, while there was the decrease of cash from the sale of Japan diabetes portfolio in the same period of prior fiscal year.

**Net cash used in investing activities** was 168.6 billion JPY for the current period compared to 172.5 billion JPY for the same period of the previous year. This decrease of 3.9 billion JPY was mainly due to a decrease of 49.7 billion JPY in acquisition of business (net of cash and cash equivalents acquired), partially offset by an increase of 38.2 billion JPY in acquisition of intangible assets.

**Net cash used in financing activities** was 702.5 billion JPY for the current period compared to 826.5 billion JPY for the same period of the previous year. The decrease of 123.9 billion JPY was mainly due to a decrease in repayments of bonds and long-term loans, net of proceeds from issuance of bonds upon refinancing, of 104.1 billion JPY. In addition, there was a decrease in purchase of treasury shares of 25.6 billion JPY resulting from the higher share buybacks conducted in the same period of the previous year compared to the current period.

### (3) Outlook for the Fiscal Year Ending March 31, 2023

Based on Takeda's financial results through the nine-month period ended December 31, 2022, and taking into account the anticipated financial outlook for the remaining three-month period of the fiscal year ending March 31, 2023 (FY2022), the full year consolidated reported forecast for FY2022 has not been revised from the latest forecast announced on October 27, 2022.

#### Full Year Reported Forecast for the Fiscal Year Ending March 31, 2023 (FY2022)

Billion JPY or percentage

|  | FY2021<br>Actual Results | FY2022<br>Latest Forecast<br>(October 27, 2022) | vs. FY2021 Actual Results |        |
|--|--------------------------|---|---------------------------|--------|
| Revenue  | 3,569.0                  | 3,930.0   | 361.0                     | 10.1 % |
| Operating profit   | 460.8                    | 530.0   | 69.2                      | 15.0 % |
| Profit before tax  | 302.6                    | 426.0   | 123.4                     | 40.8 % |
| Net profit for the year<br>(attributable to owners of the Company) | 230.1                    | 307.0   | 76.9                      | 33.4 % |
| EPS (JPY)  | 147.14                   | 197.83  | 50.69                     | 34.4 % |
| Core Revenue   | 3,420.5                  | 3,930.0   | 509.5                     | 14.9 % |
| Core Operating Profit  | 955.2                    | 1,180.0   | 224.8                     | 23.5 % |
| Core EPS (JPY)   | 425                      | 525   | 100                       | 23.6 % |

#### Major assumptions used in preparing the FY2022 Reported Forecast

Billion JPY or percentage

|  | FY2021<br>Actual Results   | FY2022<br>Latest Forecast<br>(October 27, 2022)  |
|--|--|--|
| FX rates   | 1 USD = 112 JPY<br>1 Euro = 131 JPY<br>1 RUB = 1.5 JPY<br>1 BRL = 20.9 JPY<br>1 CNY = 17.4 JPY | 1 USD = 132 JPY<br>1 Euro = 138 JPY<br>1 RUB = 2.1 JPY<br>1 BRL = 26.4 JPY<br>1 CNY = 19.8 JPY |
| R&D expenses   | (526.1)  | (620.0)  |
| Amortization of intangible assets associated with products                           | (418.8)  | (480.0)  |
| Of which Shire acquisition related   | (339.7)  | (390.0)  |
| Impairment of intangible assets associated with products                             | (54.1)   | (50.0)   |
| Other operating income   | 43.1   | 13.0   |
| Other operating expenses   | (159.1)  | (100.0)  |
| Japan diabetes portfolio divestiture gain  | 131.4  | —  |
| Other Core Operating Profit adjustments  | (36.9)   | (33.0)   |
| Of which Shire acquisition related to unwind of inventories step-up                  | (31.9)   | (25.0)   |
| Finance income and (expenses), net   | (142.9)  | (105.0)  |
| Free cash flow   | 943.7  | 650.0 - 750.0  |
| Capital expenditures (cash flow base)  | (186.0)  | (260.0 - 310.0)  |
| Depreciation and amortization (excluding intangible assets associated with products) | (161.0)  | (160.0)  |
| Cash tax rate on adjusted EBITDA (excluding divestitures)                            | ~12%   | Mid-teen %   |

## Management Guidance

Beginning from FY2022, Takeda uses growth in its Core financial measures on a Constant Exchange Rate basis (“Core Growth at CER”) to provide its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2023 (FY2022) has not been changed from the management guidance announced at the FY2021 financial results announcement on May 11, 2022.

|                              | <b>FY2022 Management Guidance<br/>Core Growth at CER (%)*</b> |
|------------------------------|---|
| Core Revenue Growth          | Low-single-digit growth                                       |
| Core Operating Profit Growth | High-single-digit growth                                      |
| Core EPS Growth              | High-single-digit growth                                      |

\* Please refer to 1. Financial Highlights for the Nine-month Period Ended December 31, 2022, (i) Business Performance, (ii) Core Results (April 1 to December 31, 2022), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

## Other assumptions used in preparing the FY2022 Reported Forecast and the Management Guidance

- Based on currently available information, Takeda expects that its financial results for FY2022 will not be materially affected by COVID-19 or the crisis in Ukraine and Russia and, accordingly, Takeda's FY2022 reported forecast and the management guidance reflect this expectation.
- The FY2022 reported forecast and the management guidance include approximately 50.0 billion JPY revenue contribution from COVID-19 vaccines.
- Free cash flow and capital expenditures assumptions do not include the impact of acquisitions that have been announced but not completed yet, including the upfront cash payment for the acquisition of NDI-034858 from Nimbus Therapeutics, LLC, for 4 billion USD, as the exact timing of cash payment is dependent upon deal close.

## 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.

#### **(4) Other**

##### **Takeda's Initiatives to Mitigate the Impact of COVID-19**

Takeda's response to COVID-19 continues to focus on protecting the health and safety of our employees, our ability to ensure our medicines are available to patients who rely on them and playing our part to reduce transmission and support the communities where our employees live and work. While vaccines are becoming more broadly available, we continue to strictly adhere to local public health guidance across our geographies in addition to the internal protocols we have put in place, and monitor any potential impacts of the effects and evolution of COVID-19, including new variants, on our business activities.

Takeda is manufacturing NUVAXOVID Intramuscular Injection, a novel recombinant protein-based COVID-19 vaccine which was licensed, with manufacturing technologies transferred, from Novavax, at its Hikari facility and has been distributing it in Japan since May 2022. Also, Takeda will continue to provide distribution support in bringing an mRNA COVID-19 vaccine, SPIKEVAX Intramuscular Injection, to Japan through its partnership with Moderna.

##### **Takeda's Operations in Ukraine and Russia**

Our commitment to patients, regardless of where they live, and to our people is unwavering and is even more important in times of crisis. Takeda is making every effort to protect our colleagues in Ukraine and to continue to supply patients in Ukraine and in the region with much needed treatments.

Takeda discontinued activities in Russia that are not essential to maintaining the supply of medicines to patients and providing ongoing support to our employees. This includes suspending all new investments, suspending advertising and promotion, not initiating new clinical trials and stopping enrollment of new patients in ongoing clinical trials. Our focus only on essential activities is consistent with our values and ethical responsibility to our patients in Ukraine, Russia and the region who depend on our treatments. This commitment notwithstanding, we are adhering to all international sanctions imposed on Russia.

We will be increasing our humanitarian relief efforts, including monetary and medicine donations to benefit people affected by the conflict in Ukraine, and we will continue to assess new ways to provide support as we look to meet the needs of patients across the region.

In the nine-month period ended December 31, 2022, revenue attributable to Russia/CIS represented 2.2% of Takeda's total consolidated revenue of 3,071.3 billion, as indicated in the Revenue by Region in 1. Financial Highlights for the Nine-month Period Ended December 31, 2022, (1) Business Performance, (i) Consolidated Financial Results (April 1 to December 31, 2022). There was no material financial impact on Takeda's financial results for the current period resulting from the crisis in these countries. However, depending on the future status of the crisis, our results of operations and financial conditions could be adversely affected.

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

### (1) Condensed Interim Consolidated Statements of Profit or Loss

|  | <b>JPY (millions, except per share data)</b> |             |
|--|--|-------------|
|  | <b>Nine-month Period Ended December 31,</b>  |             |
|  | <b>2021</b>                                  | <b>2022</b> |
| Revenue  | 2,695,717                                    | 3,071,322   |
| Cost of sales  | (798,466)                                    | (934,300)   |
| Selling, general and administrative expenses                                     | (662,932)                                    | (742,513)   |
| Research and development expenses  | (382,459)                                    | (472,381)   |
| Amortization and impairment losses on intangible assets associated with products | (323,632)                                    | (409,219)   |
| Other operating income   | 34,269                                       | 16,676      |
| Other operating expenses   | (100,034)                                    | (127,643)   |
| Operating profit   | 462,463                                      | 401,943     |
| Finance income   | 42,949                                       | 55,130      |
| Finance expenses   | (143,539)                                    | (126,765)   |
| Share of loss of investments accounted for using the equity method               | (5,255)                                      | (3,133)     |
| Profit before tax  | 356,618                                      | 327,175     |
| Income tax expenses  | (115,077)                                    | (41,273)    |
| Net profit for the period  | 241,541                                      | 285,903     |
| Attributable to:   |  |             |
| Owners of the Company  | 241,417                                      | 285,883     |
| Non-controlling interests  | 124  | 19          |
| Net profit for the period  | 241,541                                      | 285,903     |
| Earnings per share (JPY)   |  |             |
| Basic earnings per share   | 154.09                                       | 184.32      |
| Diluted earnings per share   | 153.03                                       | 182.65      |

## (2) Condensed Interim Consolidated Statements of Comprehensive Income

|   | <b>JPY (millions)</b>                       |             |
|---|---|-------------|
|   | <b>Nine-month Period Ended December 31,</b> |             |
|   | <b>2021</b>                                 | <b>2022</b> |
| Net profit for the period   | 241,541                                     | 285,903     |
| 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 | (5,951)                                     | 730         |
| Remeasurement of defined benefit pension plans  | (2,912)                                     | 12,977      |
|   | (8,862)                                     | 13,707      |
| Items that may be reclassified subsequently to profit or loss:                                      |   |             |
| Exchange differences on translation of foreign operations   | 206,582                                     | 481,206     |
| Cash flow hedges  | 13,958                                      | (17,584)    |
| Hedging cost  | 5,969                                       | (12,107)    |
| Share of other comprehensive loss of investments accounted for using the equity method              | (145)                                       | (915)       |
|   | 226,365                                     | 450,599     |
| Other comprehensive income for the period, net of tax   | 217,503                                     | 464,306     |
| Total comprehensive income for the period   | 459,044                                     | 750,209     |
| Attributable to:  |   |             |
| Owners of the Company   | 458,887                                     | 750,193     |
| Non-controlling interests   | 157   | 16          |
| Total comprehensive income for the period   | 459,044                                     | 750,209     |



### (3) Condensed Interim Consolidated Statements of Financial Position

|   | JPY (millions)          |                            |
|---|-------------------------|----------------------------|
|   | As of March 31,<br>2022 | As of December<br>31, 2022 |
| <b>ASSETS</b>                                     |                         |                            |
| Non-current assets:                               |                         |                            |
| Property, plant and equipment                     | 1,582,800               | 1,656,416                  |
| Goodwill  | 4,407,749               | 4,690,949                  |
| Intangible assets                                 | 3,818,544               | 3,765,757                  |
| Investments accounted for using the equity method | 96,579                  | 94,426                     |
| Other financial assets                            | 233,554                 | 275,043                    |
| Other non-current assets                          | 82,611                  | 66,774                     |
| Deferred tax assets                               | 362,539                 | 359,393                    |
| Total non-current assets                          | 10,584,376              | 10,908,758                 |
| Current assets:                                   |                         |                            |
| Inventories                                       | 853,167                 | 927,286                    |
| Trade and other receivables                       | 696,644                 | 707,318                    |
| Other financial assets                            | 25,305                  | 41,467                     |
| Income taxes receivable                           | 27,733                  | 72,554                     |
| Other current assets                              | 141,099                 | 154,824                    |
| Cash and cash equivalents                         | 849,695                 | 685,141                    |
| Assets held for sale                              | —                       | 7,356                      |
| Total current assets                              | 2,593,642               | 2,595,946                  |
| Total assets                                      | 13,178,018              | 13,504,705                 |
| <b>LIABILITIES AND EQUITY</b>                     |                         |                            |
| <b>LIABILITIES</b>                                |                         |                            |
| Non-current liabilities:                          |                         |                            |
| Bonds and loans                                   | 4,141,418               | 3,914,884                  |
| Other financial liabilities                       | 468,943                 | 503,542                    |
| Net defined benefit liabilities                   | 145,847                 | 132,809                    |
| Income taxes payable                              | 21,634                  | 25,152                     |
| Provisions  | 52,199                  | 59,628                     |
| Other non-current liabilities                     | 67,214                  | 66,701                     |
| Deferred tax liabilities                          | 451,511                 | 388,681                    |
| Total non-current liabilities                     | 5,348,764               | 5,091,397                  |
| Current liabilities:                              |                         |                            |
| Bonds and loans                                   | 203,993                 | 372,019                    |
| Trade and other payables                          | 516,297                 | 381,109                    |
| Other financial liabilities                       | 196,071                 | 180,575                    |
| Income taxes payable                              | 200,918                 | 188,779                    |
| Provisions  | 443,502                 | 473,194                    |
| Other current liabilities                         | 584,949                 | 639,959                    |
| Liabilities held for sale                         | —                       | 1,173                      |
| Total current liabilities                         | 2,145,730               | 2,236,809                  |
| Total liabilities                                 | 7,494,495               | 7,328,206                  |

|  | <b>JPY (millions)</b>           |                                    |
|--|---------------------------------|------------------------------------|
|  | <b>As of March 31,<br/>2022</b> | <b>As of December<br/>31, 2022</b> |
| <b><u>EQUITY</u></b>                         |                                 |                                    |
| Share capital                                | 1,676,263                       | 1,676,334                          |
| Share premium                                | 1,708,873                       | 1,712,036                          |
| Treasury shares                              | (116,007)                       | (100,314)                          |
| Retained earnings                            | 1,479,716                       | 1,507,720                          |
| Other components of equity                   | 934,173                         | 1,380,202                          |
| Equity attributable to owners of the company | <u>5,683,019</u>                | <u>6,175,978</u>                   |
| Non-controlling interests                    | 504                             | 520                                |
| Total equity                                 | <u>5,683,523</u>                | <u>6,176,498</u>                   |
| Total liabilities and equity                 | <u><u>13,178,018</u></u>        | <u><u>13,504,705</u></u>           |

#### (4) Condensed Interim Consolidated Statements of Changes in Equity

Nine-month period ended December 31, 2021 (From April 1 to December 31, 2021)

|  | 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, 2021                        | 1,668,145                                    | 1,688,424     | (59,552)        | 1,509,906         | 400,798   | 41,983  |
| Net profit for the period                  |  |               |                 | 241,417           |   |   |
| Other comprehensive income (loss)          |  |               |                 |                   | 206,337   | (5,883)   |
| Comprehensive income (loss) for the period | —  | —             | —               | 241,417           | 206,337   | (5,883)   |
| Transactions with owners:                  |  |               |                 |                   |   |   |
| Issuance of new shares                     | 8,118  | 14,036        |                 |                   |   |   |
| Acquisition of treasury shares             |  |               | (54,451)        |                   |   |   |
| Disposal of treasury shares                |  | (0)           | 1               |                   |   |   |
| Dividends                                  |  |               |                 | (284,246)         |   |   |
| Changes in ownership                       |  |               |                 | (2,143)           |   |   |
| Transfers from other components of equity  |  |               |                 | 1,992             |   | (4,904)   |
| Share-based compensation                   |  | 32,057        |                 |                   |   |   |
| Exercise of share-based awards             |  | (36,955)      | 22,989          |                   |   |   |
| Total transactions with owners             | 8,118  | 9,138         | (31,461)        | (284,397)         | —   | (4,904)   |
| As of December 31, 2021                    | 1,676,263                                    | 1,697,562     | (91,013)        | 1,466,926         | 607,135   | 31,196  |

|  | Equity attributable to owners of the company |              |   |                                  |  |                           |              |
|--|--|--------------|---|----------------------------------|--|---------------------------|--------------|
|  | Equity attributable to owners of the company |              |   |                                  | Other components of equity                         |                           |              |
|  | Cash flow hedges                             | Hedging cost | Remeasurements of defined benefit pension plans | Total other components of equity | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| As of April 1, 2021                        | (68,075)                                     | (8,592)      | —   | 366,114                          | 5,173,037  | 4,140                     | 5,177,177    |
| Net profit for the period                  |  |              |   | —                                | 241,417  | 124                       | 241,541      |
| Other comprehensive income (loss)          | 13,958                                       | 5,969        | (2,912)   | 217,470                          | 217,470  | 33                        | 217,503      |
| Comprehensive income (loss) for the period | 13,958                                       | 5,969        | (2,912)   | 217,470                          | 458,887  | 157                       | 459,044      |
| Transactions with owners:                  |  |              |   |                                  |  |                           |              |
| Issuance of new shares                     |  |              |   | —                                | 22,154   |                           | 22,154       |
| Acquisition of treasury shares             |  |              |   | —                                | (54,451)   |                           | (54,451)     |
| Disposal of treasury shares                |  |              |   | —                                | 1  |                           | 1            |
| Dividends                                  |  |              |   | —                                | (284,246)  |                           | (284,246)    |
| Changes in ownership                       |  |              |   | —                                | (2,143)  | (3,804)                   | (5,948)      |
| Transfers from other components of equity  |  |              | 2,912   | (1,992)                          | —  |                           | —            |
| Share-based compensation                   |  |              |   | —                                | 32,057   |                           | 32,057       |
| Exercise of share-based awards             |  |              |   | —                                | (13,966)   |                           | (13,966)     |
| Total transactions with owners             | —  | —            | 2,912   | (1,992)                          | (300,594)  | (3,804)                   | (304,399)    |
| As of December 31, 2021                    | (54,116)                                     | (2,623)      | —   | 581,592                          | 5,331,330  | 493                       | 5,331,822    |

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

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

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

**(5) Condensed Interim Consolidated Statements of Cash Flows**

|   | JPY (millions)                       |           |
|---|--------------------------------------|-----------|
|   | Nine-month Period Ended December 31, |           |
|   | 2021                                 | 2022      |
| Cash flows from operating activities:   |                                      |           |
| Net profit for the period   | 241,541                              | 285,903   |
| Depreciation and amortization   | 430,877                              | 502,990   |
| Impairment losses   | 14,666                               | 41,969    |
| Equity-settled share-based compensation   | 32,057                               | 45,823    |
| Loss (gain) on sales and disposal of property, plant and equipment  | 258                                  | (161)     |
| Gain on divestment of business and subsidiaries   | (1,095)                              | (959)     |
| Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net | (9,683)                              | 4,323     |
| Finance (income) and expenses, net  | 100,589                              | 71,635    |
| Share of loss of investments accounted for using the equity method  | 5,255                                | 3,133     |
| Income tax expenses   | 115,077                              | 41,273    |
| Changes in assets and liabilities:  |                                      |           |
| Decrease in trade and other receivables   | 82,243                               | 6,856     |
| Increase in inventories   | (39,268)                             | (34,240)  |
| Decrease in trade and other payables  | (1,797)                              | (144,971) |
| Increase (decrease) in provisions   | (70,098)                             | 11,605    |
| Decrease in other financial liabilities   | (51,158)                             | (7,906)   |
| Other, net  | (858)                                | 21,258    |
| Cash generated from operations  | 848,607                              | 848,529   |
| Income taxes paid   | (107,224)                            | (173,363) |
| Tax refunds and interest on tax refunds received  | 6,138                                | 8,297     |
| Net cash from operating activities  | 747,521                              | 683,463   |
| Cash flows from investing activities:   |                                      |           |
| Interest received   | 2,468                                | 2,792     |
| Dividends received  | 2,598                                | 3,234     |
| Acquisition of property, plant and equipment  | (87,673)                             | (104,888) |
| Proceeds from sales of property, plant and equipment  | 412                                  | 80        |
| Acquisition of intangible assets  | (46,541)                             | (84,721)  |
| Acquisition of investments  | (7,600)                              | (5,441)   |
| Proceeds from sales and redemption of investments   | 16,065                               | 20,553    |
| Acquisition of businesses, net of cash and cash equivalents acquired  | (49,672)                             | —         |
| Proceeds from sales of business, net of cash and cash equivalents divested  | 2,138                                | —         |
| Other, net  | (4,683)                              | (219)     |
| Net cash used in investing activities   | (172,487)                            | (168,610) |

|   | <b>JPY (millions)</b>                       |                       |
|---|---|-----------------------|
|   | <b>Nine-month Period Ended December 31,</b> |                       |
|   | <b>2021</b>                                 | <b>2022</b>           |
| Cash flows from financing activities:                         |   |                       |
| Net decrease in short-term loans and commercial papers        | (2)   | —                     |
| Proceeds from issuance of bonds and long-term loans           | 249,334                                     | —                     |
| Repayments of bonds and long-term loans                       | (635,047)                                   | (281,585)             |
| Acquisition of treasury shares                                | (52,538)                                    | (26,929)              |
| Interest paid   | (84,917)                                    | (86,563)              |
| Dividends paid  | (273,024)                                   | (268,997)             |
| Repayments of lease liabilities                               | (29,904)                                    | (32,510)              |
| Other, net  | (366)                                       | (5,964)               |
| Net cash used in financing activities                         | <u>(826,465)</u>                            | <u>(702,548)</u>      |
| Net decrease in cash and cash equivalents                     | <u>(251,430)</u>                            | <u>(187,695)</u>      |
| Cash and cash equivalents at the beginning of the year        | 966,222                                     | 849,695               |
| Effects of exchange rate changes on cash and cash equivalents | 9,549                                       | 23,141                |
| Cash and cash equivalents at the end of the period            | <u><u>724,341</u></u>                       | <u><u>685,141</u></u> |

**(6) Notes to Condensed Interim Consolidated Financial Statements**

(Significant Uncertainty Regarding Going Concern Assumption)

Not applicable.

(Significant Accounting Policies)

Significant accounting policies adopted for the condensed interim consolidated financial statements are the same as those adopted for the consolidated financial statements of the fiscal year ended March 31, 2022.

Takeda calculated income tax expenses for the nine-month period ended December 31, 2022, based on the estimated average annual effective tax rate.

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

Not applicable.

(Significant Subsequent Events)

Not applicable.

# FINANCIAL APPENDIX



## Definition of Non-IFRS Measures

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## Important Notice

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## Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow

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

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

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

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

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

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

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



## 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 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 expenses and income (excluding depreciation and amortization), finance expenses and income (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 year. 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 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. From this figure, we deduct cash and cash equivalents, excluding cash that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, to calculate Net Debt.

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 are 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.



## FY2022 Q3 YTD Reported Results with Actual and CER % Change

| (Billion JPY)   | FY2021<br>Q3 YTD | FY2022<br>Q3 YTD |         | vs. PY          |                            |
|---|------------------|------------------|---------|-----------------|----------------------------|
|   |                  |                  |         | ACTUAL % CHANGE | CER % CHANGE* <sup>1</sup> |
| Revenue   | 2,695.7          | 3,071.3          | 375.6   | 13.9%           | (0.7)%                     |
| Cost of sales   | (798.5)          | (934.3)          | (135.8) | (17.0)%         | (3.4)%                     |
| Gross profit  | 1,897.3          | 2,137.0          | 239.8   | 12.6%           | (2.4)%                     |
| <i>Margin</i>   | 70.4 %           | 69.6 %           |         | (0.8) pp        | (1.2) pp                   |
| SG&A expenses   | (662.9)          | (742.5)          | (79.6)  | (12.0)%         | 2.2%                       |
| R&D expenses  | (382.5)          | (472.4)          | (89.9)  | (23.5)%         | (4.9)%                     |
| Amortization of intangible assets associated with products                  | (309.1)          | (370.6)          | (61.5)  | (19.9)%         | (0.4)%                     |
| Impairment losses on intangible assets associated with products             | (14.6)           | (38.6)           | (24.0)  | (165.0)%        | (112.2)%                   |
| Other operating income  | 34.3             | 16.7             | (17.6)  | (51.3)%         | (54.4)%                    |
| Other operating expenses  | (100.0)          | (127.6)          | (27.6)  | (27.6)%         | (8.6)%                     |
| Operating profit  | 462.5            | 401.9            | (60.5)  | (13.1)%         | (20.3)%                    |
| <i>Margin</i>   | 17.2 %           | 13.1 %           |         | (4.1) pp        | (3.4) pp                   |
| Finance income  | 42.9             | 55.1             | 12.2    | 28.4%           | 17.6%                      |
| Finance expenses  | (143.5)          | (126.8)          | 16.8    | 11.7%           | 16.9%                      |
| Share of profit (loss) of investments accounted for using the equity method | (5.3)            | (3.1)            | 2.1     | 40.4%           | 58.1%                      |
| Profit before tax   | 356.6            | 327.2            | (29.4)  | (8.3)%          | (16.5)%                    |
| Income tax expenses   | (115.1)          | (41.3)           | 73.8    | 64.1%           | 61.3%                      |
| Net profit for the period   | 241.5            | 285.9            | 44.4    | 18.4%           | 4.8%                       |
| Non-controlling interests   | (0.1)            | (0.0)            | 0.1     | 84.4%           | 87.8%                      |
| Net profit attributable to owners of the Company                            | 241.4            | 285.9            | 44.5    | 18.4%           | 4.9%                       |
| Basic EPS (yen)   | 154.09           | 184.32           | 30.23   | 19.6%           | 5.9%                       |

\*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition.

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



## FY2022 Q3 (Oct-Dec) Reported Results with Actual and CER % Change

| (Billion JPY)   | FY2021 Q3<br>(Oct-Dec) | FY2022 Q3<br>(Oct-Dec) |        | vs. PY          |                            |
|---|------------------------|------------------------|--------|-----------------|----------------------------|
|   |                        |                        |        | ACTUAL % CHANGE | CER % CHANGE* <sup>1</sup> |
| Revenue   | 901.3                  | 1,096.6                | 195.3  | 21.7%           | 2.6%                       |
| Cost of sales   | (281.4)                | (336.0)                | (54.6) | (19.4)%         | (2.3)%                     |
| Gross profit  | 619.9                  | 760.6                  | 140.7  | 22.7%           | 2.7%                       |
| <i>Margin</i>   | <i>68.8 %</i>          | <i>69.4 %</i>          |        | <i>0.6 pp</i>   | <i>0.1 pp</i>              |
| SG&A expenses   | (231.1)                | (262.3)                | (31.2) | (13.5)%         | 3.8%                       |
| R&D expenses  | (128.4)                | (174.6)                | (46.3) | (36.0)%         | (11.9)%                    |
| Amortization of intangible assets associated with products                  | (105.0)                | (129.8)                | (24.8) | (23.6)%         | 0.9%                       |
| Impairment losses on intangible assets associated with products             | (13.1)                 | (5.8)                  | 7.3    | 55.8%           | 65.1%                      |
| Other operating income  | 14.7                   | 3.2                    | (11.5) | (78.3)%         | (77.7)%                    |
| Other operating expenses  | (40.6)                 | (44.3)                 | (3.7)  | (9.1)%          | 11.2%                      |
| Operating profit  | 116.5                  | 147.0                  | 30.5   | 26.2%           | 10.8%                      |
| <i>Margin</i>   | <i>12.9 %</i>          | <i>13.4 %</i>          |        | <i>0.5 pp</i>   | <i>1.0 pp</i>              |
| Finance income  | 4.1                    | 41.7                   | 37.5   | 905.5%          | 918.1%                     |
| Finance expenses  | (46.7)                 | (79.7)                 | (33.0) | (70.7)%         | (57.1)%                    |
| Share of profit (loss) of investments accounted for using the equity method | (1.7)                  | (1.8)                  | (0.0)  | (2.1)%          | 20.3%                      |
| Profit before tax   | 72.2                   | 107.2                  | 35.0   | 48.4%           | 33.6%                      |
| Income tax expenses   | (14.4)                 | 12.0                   | 26.4   | —               | —                          |
| Net profit for the period   | 57.8                   | 119.1                  | 61.3   | 106.1%          | 87.1%                      |
| Non-controlling interests   | (0.1)                  | (0.0)                  | 0.0    | 56.3%           | 65.2%                      |
| Net profit attributable to owners of the Company                            | 57.8                   | 119.1                  | 61.4   | 106.2%          | 87.2%                      |
| Basic EPS (yen)   | 36.91                  | 76.63                  | 39.72  | 107.6%          | 88.5%                      |

\*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition.

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



## FY2022 Q3 YTD Core Results with Actual and CER % Change

| (Billion JPY)   | FY2021<br>Q3 YTD | FY2022<br>Q3 YTD |         | vs. PY          |                            |
|---|------------------|------------------|---------|-----------------|----------------------------|
|   |                  |                  |         | ACTUAL % CHANGE | CER % CHANGE* <sup>1</sup> |
| Revenue   | 2,562.7          | 3,071.3          | 508.6   | 19.8%           | 4.5%                       |
| Cost of sales   | (764.7)          | (901.7)          | (137.0) | (17.9)%         | (4.2)%                     |
| Gross profit  | 1,798.0          | 2,169.6          | 371.7   | 20.7%           | 4.6%                       |
| <i>Margin</i>   | 70.2 %           | 70.6 %           |         | 0.5 pp          | 0.1 pp                     |
| SG&A expenses   | (659.1)          | (742.9)          | (83.8)  | (12.7)%         | 1.6%                       |
| R&D expenses  | (380.9)          | (472.1)          | (91.2)  | (23.9)%         | (5.3)%                     |
| Operating profit  | 757.9            | 954.7            | 196.7   | 26.0%           | 9.7%                       |
| <i>Margin</i>   | 29.6 %           | 31.1 %           |         | 1.5 pp          | 1.5 pp                     |
| Finance income  | 25.2             | 9.2              | (16.0)  | (63.7)%         | (69.4)%                    |
| Finance expenses  | (114.2)          | (114.2)          | 0.0     | 0.0%            | 4.9%                       |
| Share of profit (loss) of investments accounted for using the equity method | 3.8              | 2.5              | (1.3)   | (34.2)%         | (29.6)%                    |
| Profit before tax   | 672.7            | 852.1            | 179.4   | 26.7%           | 9.0%                       |
| Income tax expenses   | (151.1)          | (144.9)          | 6.2     | 4.1%            | 15.1%                      |
| Net profit for the period   | 521.6            | 707.2            | 185.6   | 35.6%           | 15.9%                      |
| Non-controlling interests   | (0.1)            | (0.0)            | 0.1     | 84.4%           | 87.8%                      |
| Net profit attributable to owners of the Company                            | 521.5            | 707.2            | 185.7   | 35.6%           | 15.9%                      |
| Basic EPS (yen)   | 333              | 456              | 123     | 37.0%           | 17.1%                      |

\*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition.

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



## FY2022 Q3 (Oct-Dec) Core Results with Actual and CER % Change

| (Billion JPY)   | FY2021 Q3<br>(Oct-Dec) | FY2022 Q3<br>(Oct-Dec) |        | vs. PY          |                            |
|---|------------------------|------------------------|--------|-----------------|----------------------------|
|   |                        |                        |        | ACTUAL % CHANGE | CER % CHANGE* <sup>1</sup> |
| Revenue   | 901.3                  | 1,096.6                | 195.3  | 21.7%           | 2.6%                       |
| Cost of sales   | (270.6)                | (330.1)                | (59.5) | (22.0)%         | (4.7)%                     |
| Gross profit  | 630.7                  | 766.4                  | 135.7  | 21.5%           | 1.7%                       |
| <i>Margin</i>   | 70.0 %                 | 69.9 %                 |        | (0.1) pp        | (0.6) pp                   |
| SG&A expenses   | (230.4)                | (262.4)                | (32.0) | (13.9)%         | 3.5%                       |
| R&D expenses  | (128.1)                | (174.6)                | (46.5) | (36.3)%         | (12.1)%                    |
| Operating profit  | 272.2                  | 329.5                  | 57.3   | 21.0%           | 1.1%                       |
| <i>Margin</i>   | 30.2 %                 | 30.0 %                 |        | (0.2) pp        | (0.4) pp                   |
| Finance income  | 1.6                    | 39.5                   | 37.9   | 2,333.4%        | 2,395.0%                   |
| Finance expenses  | (32.2)                 | (76.2)                 | (44.0) | (136.8)%        | (119.3)%                   |
| Share of profit (loss) of investments accounted for using the equity method | 0.9                    | (0.2)                  | (1.1)  | —               | —                          |
| Profit before tax   | 242.6                  | 292.5                  | 50.0   | 20.6%           | 1.0%                       |
| Income tax expenses   | (56.9)                 | (32.0)                 | 24.9   | 43.7%           | 56.7%                      |
| Net profit for the period   | 185.6                  | 260.5                  | 74.9   | 40.3%           | 18.7%                      |
| Non-controlling interests   | (0.1)                  | (0.0)                  | 0.0    | 56.3%           | 65.2%                      |
| Net profit attributable to owners of the Company                            | 185.6                  | 260.5                  | 74.9   | 40.4%           | 18.7%                      |
| Basic EPS (yen)   | 119                    | 168                    | 49     | 41.3%           | 19.5%                      |

\*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition.

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



## FY2022 Q3 YTD Reconciliation from Reported to Core

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



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

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





## FY2021 Q3 YTD Reconciliation from Reported to Core

| (Billion JPY)   | REPORTED | REPORTED TO CORE ADJUSTMENTS      |                                 |                                 |                                  |                         |  |        | CORE    |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|----------------------------------|-------------------------|--|--------|---------|
|   |          | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Sale of Japan diabetes portfolio | Irish Tax Assessment *1 | TEVA JV related accounting adjustments | Others |         |
| Revenue   | 2,695.7  |                                   |                                 |                                 | (133.0)                          |                         |  |        | 2,562.7 |
| Cost of sales   | (798.5)  |                                   |                                 |                                 | 0.6                              |                         |  | 33.1   | (764.7) |
| Gross profit  | 1,897.3  |                                   |                                 |                                 | (132.4)                          |                         |  | 33.1   | 1,798.0 |
| SG&A expenses   | (662.9)  |                                   |                                 |                                 | 1.0                              |                         |  | 2.8    | (659.1) |
| R&D expenses  | (382.5)  |                                   |                                 |                                 |                                  |                         |  | 1.6    | (380.9) |
| Amortization of intangible assets associated with products                  | (309.1)  | 309.1                             |                                 |                                 |                                  |                         |  |        | —       |
| Impairment losses on intangible assets associated with products             | (14.6)   |                                   | 14.6                            |                                 |                                  |                         |  |        | —       |
| Other operating income  | 34.3     |                                   |                                 | (33.2)                          |                                  |                         | (1.1)                                  |        | —       |
| Other operating expenses  | (100.0)  |                                   |                                 | 100.0                           |                                  |                         |  |        | —       |
| Operating profit  | 462.5    | 309.1                             | 14.6                            | 66.9                            | (131.4)                          |                         | (1.1)                                  | 37.5   | 757.9   |
| <i>Margin</i>   | 17.2 %   |                                   |                                 |                                 |                                  |                         |  |        | 29.6%   |
| Finance income and (expenses), net  | (100.6)  |                                   |                                 |                                 |                                  |                         |  | 11.6   | (89.0)  |
| Share of profit (loss) of investments accounted for using the equity method | (5.3)    |                                   |                                 |                                 |                                  |                         | 6.6                                    | 2.4    | 3.8     |
| Profit before tax   | 356.6    | 309.1                             | 14.6                            | 66.9                            | (131.4)                          |                         | 5.5                                    | 51.5   | 672.7   |
| Tax expenses  | (115.1)  | (68.9)                            | (3.6)                           | (17.5)                          | 40.2                             | 64.6                    | (1.7)                                  | (49.1) | (151.1) |
| Non-controlling interests   | (0.1)    |                                   |                                 |                                 |                                  |                         |  |        | (0.1)   |
| Net profit attributable to owners of the Company                            | 241.4    | 240.2                             | 10.9                            | 49.4                            | (91.2)                           | 64.6                    | 3.8                                    | 2.3    | 521.5   |
| EPS (yen)   | 154      |                                   |                                 |                                 |                                  |                         |  |        | 333     |
| Number of shares (millions)   | 1,567    |                                   |                                 |                                 |                                  |                         |  |        | 1,567   |

\*1 Tax charges of 64.6 billion JPY arising from the tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014, net of 0.5 billion JPY of associated tax benefit.



## FY2021 Q3 (Oct-Dec) Reconciliation from Reported to Core

| (Billion JPY)   | REPORTED | REPORTED TO CORE ADJUSTMENTS      |                                 |                                 |                                  |                         |  |        | CORE    |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|----------------------------------|-------------------------|--|--------|---------|
|   |          | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Sale of Japan diabetes portfolio | Irish Tax Assessment *1 | TEVA JV related accounting adjustments | Others |         |
| Revenue   | 901.3    |                                   |                                 |                                 |                                  |                         |  |        | 901.3   |
| Cost of sales   | (281.4)  |                                   |                                 |                                 |                                  |                         |  | 10.8   | (270.6) |
| Gross profit  | 619.9    |                                   |                                 |                                 |                                  |                         |  | 10.8   | 630.7   |
| SG&A expenses   | (231.1)  |                                   |                                 |                                 |                                  |                         |  | 0.7    | (230.4) |
| R&D expenses  | (128.4)  |                                   |                                 |                                 |                                  |                         |  | 0.3    | (128.1) |
| Amortization of intangible assets associated with products                  | (105.0)  | 105.0                             |                                 |                                 |                                  |                         |  |        | —       |
| Impairment losses on intangible assets associated with products             | (13.1)   |                                   | 13.1                            |                                 |                                  |                         |  |        | —       |
| Other operating income  | 14.7     |                                   |                                 | (14.4)                          |                                  |                         | (1.1)                                  | 0.7    | —       |
| Other operating expenses  | (40.6)   |                                   |                                 | 40.6                            |                                  |                         |  |        | —       |
| Operating profit  | 116.5    | 105.0                             | 13.1                            | 26.2                            |                                  |                         | (1.1)                                  | 12.5   | 272.2   |
| <i>Margin</i>   | 12.9 %   |                                   |                                 |                                 |                                  |                         |  |        | 30.2%   |
| Finance income and (expenses), net  | (42.6)   |                                   |                                 |                                 |                                  |                         |  | 12.0   | (30.6)  |
| Share of profit (loss) of investments accounted for using the equity method | (1.7)    |                                   |                                 |                                 |                                  |                         | 6.6                                    | (4.0)  | 0.9     |
| Profit before tax   | 72.2     | 105.0                             | 13.1                            | 26.2                            |                                  |                         | 5.5                                    | 20.5   | 242.6   |
| Tax expenses  | (14.4)   | (23.4)                            | (3.1)                           | (6.0)                           |                                  | 0.9                     | (1.7)                                  | (9.2)  | (56.9)  |
| Non-controlling interests   | (0.1)    |                                   |                                 |                                 |                                  |                         |  |        | (0.1)   |
| Net profit attributable to owners of the Company                            | 57.8     | 81.6                              | 10.0                            | 20.2                            |                                  | 0.9                     | 3.8                                    | 11.3   | 185.6   |
| EPS (yen)   | 37       |                                   |                                 |                                 |                                  |                         |  |        | 119     |
| Number of shares (millions)   | 1,565    |                                   |                                 |                                 |                                  |                         |  |        | 1,565   |

\*1 Interest on tax charges arising from the tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014.



## Free Cash Flow

| (Billion JPY)   | FY2021<br>Q3 YTD | FY2022<br>Q3 YTD | Change versus the previous year |                |
|---|------------------|------------------|---------------------------------|----------------|
| Net profit  | 241.5            | 285.9            | 44.4                            | 18.4%          |
| Depreciation, amortization and impairment loss  | 445.5            | 545.0            | 99.4                            |                |
| Decrease (increase) in trade working capital  | 41.2             | (172.4)          | (213.5)                         |                |
| Income taxes paid   | (107.2)          | (173.4)          | (66.1)                          |                |
| Tax refunds and interest on tax refunds received  | 6.1              | 8.3              | 2.2                             |                |
| Other   | 120.3            | 190.0            | 69.7                            |                |
| <b>Net cash from operating activities</b>   | <b>747.5</b>     | <b>683.5</b>     | <b>(64.1)</b>                   | <b>(8.6)%</b>  |
| Adjustment for cash temporarily held by Takeda on behalf of third parties <sup>*1</sup> | 47.0             | 76.2             | 29.2                            |                |
| Acquisition of PP&E   | (87.7)           | (104.9)          | (17.2)                          |                |
| Proceeds from sales of PP&E   | 0.4              | 0.1              | (0.3)                           |                |
| Acquisition of intangible assets  | (46.5)           | (84.7)           | (38.2)                          |                |
| Acquisition of investments  | (7.6)            | (5.4)            | 2.2                             |                |
| Proceeds from sales and redemption of investments                                       | 16.1             | 20.6             | 4.5                             |                |
| Proceeds from sales of business, net of cash and cash equivalents divested              | 2.1              | —                | (2.1)                           |                |
| <b>Free Cash Flow</b>   | <b>671.3</b>     | <b>585.2</b>     | <b>(86.1)</b>                   | <b>(12.8)%</b> |

\*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.

## FY2022 Q3 YTD Net Debt to Adjusted EBITDA

### NET DEBT/ADJUSTED EBITDA RATIO

| (Billion JPY)  | FY2022 Q3 YTD    |
|--|------------------|
| Cash and cash equivalents <sup>*1</sup>                          | 553.8            |
| Book value debt on consolidated statements of financial position | (4,286.9)        |
| Hybrid bond 50% equity credit                                    | 250.0            |
| FX adjustment <sup>*2</sup>                                      | 67.4             |
| Gross debt <sup>*3</sup>   | (3,969.5)        |
| <b>Net cash (debt)</b>   | <b>(3,415.7)</b> |
| <b>Net debt/Adjusted EBITDA ratio</b>                            | <b>2.5 x</b>     |
| <b>Adjusted EBITDA (LTM)<sup>*4</sup></b>                        | <b>1,381.2</b>   |

### NET INCREASE (DECREASE) IN CASH

| (Billion JPY)  | FY2021 Q3 YTD  | FY2022 Q3 YTD  | Change versus the previous year |                |
|--|----------------|----------------|---------------------------------|----------------|
| Net cash from operating activities   | 747.5          | 683.5          | (64.1)                          | (8.6)%         |
| Acquisition of PP&E  | (87.7)         | (104.9)        |                                 |                |
| Proceeds from sales of PP&E  | 0.4            | 0.1            |                                 |                |
| Acquisition of intangible assets   | (46.5)         | (84.7)         |                                 |                |
| Acquisition of investments   | (7.6)          | (5.4)          |                                 |                |
| Proceeds from sales and redemption of investments                          | 16.1           | 20.6           |                                 |                |
| Acquisition of business, net of cash and cash equivalents acquired         | (49.7)         | —              |                                 |                |
| Proceeds from sales of business, net of cash and cash equivalents divested | 2.1            | —              |                                 |                |
| Net decrease in short-term loans and commercial papers                     | (0.0)          | —              |                                 |                |
| Repayment of long-term loans   | (414.1)        | (0.1)          |                                 |                |
| Proceeds from issuance of bonds  | 249.3          | —              |                                 |                |
| Repayment of bonds   | (220.9)        | (281.5)        |                                 |                |
| Purchase of treasury shares  | (52.5)         | (26.9)         |                                 |                |
| Interest paid  | (84.9)         | (86.6)         |                                 |                |
| Dividends paid   | (273.0)        | (269.0)        |                                 |                |
| Others   | (29.9)         | (32.7)         |                                 |                |
| <b>Net increase (decrease) in cash</b>                                     | <b>(251.4)</b> | <b>(187.7)</b> | <b>63.7</b>                     | <b>(25.3)%</b> |

\*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. 250Bn yen reduction in debt due to 500Bn yen hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

\*4 LTM represents Last Twelve Months (January 2022 - December 2022). Calculated by subtracting FY2021 Q3 YTD from FY2021 Full Year and adding FY2022 Q3 YTD.

## FY2021 Net Debt to Adjusted EBITDA

### NET DEBT/ADJUSTED EBITDA RATIO

| (Billion JPY)  | FY2021           |
|--|------------------|
| Cash and cash equivalents <sup>*1</sup>                          | 642.2            |
| Book value debt on consolidated statements of financial position | (4,345.4)        |
| Hybrid bond 50% equity credit                                    | 250.0            |
| FX adjustment <sup>*2</sup>                                      | 219.4            |
| Gross debt <sup>*3</sup>   | (3,876.0)        |
| <b>Net cash (debt)</b>   | <b>(3,233.8)</b> |
| <b>Net debt/Adjusted EBITDA ratio</b>                            | <b>2.8 x</b>     |
| <b>Adjusted EBITDA</b>   | <b>1,168.0</b>   |

### NET INCREASE (DECREASE) IN CASH

| (Billion JPY)  | FY2020       | FY2021         | vs. PY         |          |
|--|--------------|----------------|----------------|----------|
| Net cash from operating activities   | 1,010.9      | 1,123.1        | 112.2          | 11.1 %   |
| Acquisition of PP&E  | (111.2)      | (123.3)        |                |          |
| Proceeds from sales of PP&E  | 46.5         | 1.8            |                |          |
| Acquisition of intangible assets   | (125.3)      | (62.8)         |                |          |
| Acquisition of investments   | (12.6)       | (8.3)          |                |          |
| Proceeds from sales and redemption of investments                          | 74.6         | 16.9           |                |          |
| Acquisition of business, net of cash and cash equivalents acquired         | —            | (49.7)         |                |          |
| Proceeds from sales of business, net of cash and cash equivalents divested | 530.4        | 28.2           |                |          |
| Net increase (decrease) in short-term loans and commercial papers          | (149.0)      | (0.0)          |                |          |
| Repayment of long-term loans   | (792.5)      | (414.1)        |                |          |
| Proceeds from issuance of bonds  | 1,179.5      | 249.3          |                |          |
| Repayment of bonds   | (859.2)      | (396.0)        |                |          |
| Purchase of treasury shares  | (2.1)        | (77.5)         |                |          |
| Interest paid  | (107.3)      | (108.2)        |                |          |
| Dividends paid   | (283.4)      | (283.7)        |                |          |
| Others   | (83.1)       | (41.1)         |                |          |
| <b>Net increase (decrease) in cash</b>                                     | <b>316.1</b> | <b>(145.3)</b> | <b>(461.4)</b> | <b>-</b> |

\*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. 250Bn yen reduction in debt due to 500Bn yen 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 Q3 YTD and FY2021 Q3 YTD Net Profit to Adjusted EBITDA Bridge

| (Billion JPY)   | FY2021<br>Q3 YTD | FY2022<br>Q3 YTD | Change versus the previous year |       |
|---|------------------|------------------|---------------------------------|-------|
| Net profit  | 241.5            | 285.9            | 44.4                            | 18.4% |
| Income tax expenses   | 115.1            | 41.3             |                                 |       |
| Depreciation and amortization   | 430.9            | 503.0            |                                 |       |
| Interest expense, net   | 86.7             | 86.0             |                                 |       |
| EBITDA  | 874.2            | 916.2            | 42.0                            | 4.8%  |
| Impairment losses   | 14.7             | 42.0             |                                 |       |
| Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item) | 59.5             | 105.4            |                                 |       |
| Finance expense (income), net, excluding interest income and expense, net   | 13.9             | (14.4)           |                                 |       |
| Share of loss on investments accounted for under the equity method  | 5.3              | 3.1              |                                 |       |
| Other adjustments:  | (46.6)           | 77.2             |                                 |       |
| Non-core expense related to COVID-19  | 7.2              | 8.4              |                                 |       |
| Sales of Japan diabetes portfolio and other non-core product divestitures   | (131.4)          | —                |                                 |       |
| Impact on profit related to fair value step up of inventory in Shire acquisition  | 24.8             | 24.9             |                                 |       |
| Other costs <sup>*1</sup>   | 52.9             | 43.9             |                                 |       |
| Adjusted EBITDA   | 920.9            | 1,129.5          | 208.6                           | 22.7% |

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



## FY2022 Q3 YTD Net Profit to Adjusted EBITDA LTM Bridge

| (Billion JPY)   | FY2021<br>Full Year<br>(Apr-Mar) | FY2021<br>Q3 YTD<br>(Apr - Dec) | FY2022<br>Q3 YTD<br>(Apr - Dec) | FY2022<br>Q3 YTD LTM <sup>*1</sup><br>(Jan-Dec) |
|---|----------------------------------|---------------------------------|---------------------------------|---|
| Net profit  | 230.2                            | 241.5                           | 285.9                           | 274.5   |
| Income tax expenses   | 72.4                             | 115.1                           | 41.3                            | (1.4)   |
| Depreciation and amortization   | 583.2                            | 430.9                           | 503.0                           | 655.3   |
| Interest expense, net   | 117.8                            | 86.7                            | 86.0                            | 117.2   |
| EBITDA  | 1,003.6                          | 874.2                           | 916.2                           | 1,045.6   |
| Impairment losses   | 54.5                             | 14.7                            | 42.0                            | 81.8  |
| Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item) | 106.3                            | 59.5                            | 105.4                           | 152.1   |
| Finance expense (income), net, excluding interest income and expense, net   | 25.1                             | 13.9                            | (14.4)                          | (3.2)   |
| Share of loss on investments accounted for under the equity method  | 15.4                             | 5.3                             | 3.1                             | 13.2  |
| Other adjustments:  | (30.2)                           | (46.6)                          | 77.2                            | 93.6  |
| Non-core expense related to COVID-19  | 10.4                             | 7.2                             | 8.4                             | 11.6  |
| Sale of Japan diabetes portfolio  | (144.8)                          | (131.4)                         | —                               | (13.4)  |
| Impact on profit related to fair value step up of inventory in Shire acquisition  | 31.9                             | 24.8                            | 24.9                            | 32.0  |
| Other costs <sup>*2</sup>   | 72.4                             | 52.9                            | 43.9                            | 63.4  |
| Adjusted EBITDA   | 1,174.5                          | 920.9                           | 1,129.5                         | 1,383.2   |
| EBITDA from divested products <sup>*3</sup>   | (6.6)                            |                                 |                                 | (1.9)   |
| Adjusted EBITDA (LTM)   | 1,168.0                          |                                 |                                 | 1,381.2   |

\*1 LTM represents Last Twelve Months (January 2022 - December 2022). Calculated by subtracting FY2021 Q3 YTD from FY2021 Full Year and adding FY2022 Q3 YTD.

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

\*3 Represents adjustments for EBITDA from divested products which are removed as part of LTM Adjusted EBITDA.

## FX Rates and FY2022 Currency Sensitivity

| Average Exchange Rates vs. JPY |                         |                         | Impact of depreciation of yen from October 2022 to March 2023 on FY2022 forecast (100 million JPY) |                    |                |                         |                   |                                  |
|--------------------------------|-------------------------|-------------------------|--|--------------------|----------------|-------------------------|-------------------|----------------------------------|
|                                | FY2021 Actual (Apr-Dec) | FY2022 Actual (Apr-Dec) | FY2022 Assumption (Apr-Mar)  |                    | Revenue (IFRS) | Operating Profit (IFRS) | Net Profit (IFRS) | Core Operating Profit (non-IFRS) |
| USD                            | 111                     | 136                     | 132  | 1% depreciation    | 86.9           | 14.0                    | 10.5              | 31.4                             |
|                                |                         |                         |  | 1 yen depreciation | 66.1           | 10.7                    | 8.0               | 23.9                             |
| EUR                            | 131                     | 140                     | 138  | 1% depreciation    | 22.0           | (14.7)                  | (15.5)            | (11.7)                           |
|                                |                         |                         |  | 1 yen depreciation | 16.0           | (10.6)                  | (11.2)            | (8.5)                            |
| RUB                            | 1.5                     | 2.2                     | 2.1  | 1% depreciation    | 2.9            | 1.6                     | 1.6               | 1.8                              |
| CNY                            | 17.2                    | 19.8                    | 19.8   |                    | 8.6            | 5.1                     | 5.1               | 5.1                              |
| BRL                            | 20.7                    | 26.5                    | 26.4   |                    | 3.9            | 2.4                     | 2.4               | 2.5                              |





## CAPEX, Depreciation and Amortization and Impairment Losses

| (Billion JPY)  | FY2021 | FY2021<br>Q3 YTD | FY2022<br>Q3 YTD | vs. PY |        | FY2022 Latest<br>Forecast<br>(Oct 27, 2022) |
|--|--------|------------------|------------------|--------|--------|---|
| Capital expenditures <sup>*1</sup>   | 186.0  | 134.2            | 189.6            | 55.4   | 41.3%  | 260.0 to 310.0                              |
| Tangible assets  | 123.3  | 87.7             | 104.9            | 17.2   | 19.6%  |   |
| Intangible assets  | 62.8   | 46.5             | 84.7             | 38.2   | 82.0%  |   |
| *1 Cash flow base  |        |                  |                  |        |        |   |
| Depreciation and amortization  | 579.8  | 428.4            | 500.5            | 72.2   | 16.8%  | 640.0                                       |
| Depreciation of tangible assets <sup>*2</sup> (A)  | 132.4  | 99.6             | 110.8            | 11.2   | 11.3%  |   |
| Amortization of intangible assets (B)  | 447.4  | 328.8            | 389.7            | 60.9   | 18.5%  |   |
| Of which Amortization associated with products (C)   | 418.8  | 309.1            | 370.6            | 61.5   | 19.9%  | 480.0                                       |
| Of which Amortization excluding intangible assets associated with products (D)               | 28.6   | 19.7             | 19.1             | (0.6)  | (3.2)% |   |
| *2 Excluding depreciation from investment properties   |        |                  |                  |        |        |   |
| Depreciation and amortization (excluding intangible assets associated with products) (A)+(D) | 161.0  | 119.3            | 129.9            | 10.6   | 8.9%   | 160.0                                       |
| Impairment losses  | 54.5   | 14.7             | 38.9             | 24.2   | 165.3% |   |
| Impairment losses associated with products   | 54.1   | 14.6             | 38.6             | 24.0   | 165.0% | 50.0  |
| Amortization and impairment losses on intangible assets associated with products             | 472.9  | 323.6            | 409.2            | 85.6   | 26.4%  | 530.0                                       |

\* Capital expenditures in the latest forecast do not include the impact of acquisitions that have been announced but not completed yet, including the upfront cash payment for the acquisition of NDI-034858 from Nimbus Therapeutics, LLC, for 4 billion USD, as the exact timing of cash payment is dependent upon deal close.



## FY2022 Detailed Forecast

| (BN JPY)  | FY2021<br>Actual | FY2022<br>Latest<br>Forecast<br>(Oct 27, 2022) | FY2022<br>Latest<br>Forecast<br>% change vs. PY |
|---|------------------|--|---|
| Revenue   | 3,569.0          | 3,930.0  | 10.1%   |
| R&D expenses  | (526.1)          | (620.0)  | (17.9)%   |
| Amortization of intangible assets associated with products      | (418.8)          | (480.0)  | (14.6)%   |
| Impairment losses on intangible assets associated with products | (54.1)           | (50.0)   | 7.6%  |
| Other operating income  | 43.1             | 13.0   | (69.9)%   |
| Other operating expenses  | (159.1)          | (100.0)  | 37.1%   |
| Operating profit  | 460.8            | 530.0  | 15.0%   |
| Finance income (expenses), net                                  | (142.9)          | (105.0)  | 26.5%   |
| Profit before tax   | 302.6            | 426.0  | 40.8%   |
| Net profit attributable to owners of the Company                | 230.1            | 307.0  | 33.4%   |
| Basic EPS (yen)   | 147              | 198  | 34.4%   |
| Core Revenue* <sup>1</sup>                                      | 3,420.5          | 3,930.0  | 14.9%   |
| Core Operating Profit* <sup>1</sup>                             | 955.2            | 1,180.0  | 23.5%   |
| Core EPS (yen)  | 425              | 525  | 23.6%   |
| USD/JPY (yen)   | 112              | 132  | 18.3%   |
| EUR/JPY (yen)   | 131              | 138  | 5.9%  |

\*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition and A-20 FY2022 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast, for reconciliation.



## FY2022 Core Operating Profit Adjustment Items & Cash Flow Forecast

### CORE OPERATING PROFIT ADJUSTMENT ITEMS

| (Billion JPY)  | FY2022<br>Q3 YTD | FY2022<br>Latest<br>Forecast<br>(Oct 27, 2022) |
|--|------------------|--|
| Amortization of intangible assets associated with products                 | 370.6            | 480.0  |
| <i>Of which Shire-acquisition related</i>                                  | <i>300.9</i>     | <i>390.0</i>                                   |
| Impairment losses on intangible assets associated with products            | 38.6             | 50.0   |
| Other operating income   | (16.7)           | (13.0)   |
| Other operating expenses   | 127.6            | 100.0  |
| Other Core Operating Profit adjustments                                    | 32.5             | 33.0   |
| <i>Of which Shire-acquisition related to unwind of inventories step-up</i> | <i>24.9</i>      | <i>25.0</i>                                    |
| Total core operating profit adjustments                                    | 552.7            | 650.0  |

### CASH FLOW GUIDANCE

| (Billion JPY)  | FY2022<br>Q3 YTD | FY2022<br>Latest<br>Forecast<br>(Oct 27, 2022) |
|--|------------------|--|
| Free cash flow <sup>*1</sup>   | 585.2            | 650.0 to 750.0                                 |
| CAPEX (cash flow base)*1   | (189.6)          | (260.0) to (310.0)                             |
| Depreciation and amortization (excluding intangible assets associated with products) | (129.9)          | (160.0)  |
| Cash tax rate on adjusted EBITDA (excluding divestitures)                            | N/A              | mid-teen %                                     |

\*1 Free cash flow and capital expenditures in the latest forecast do not include the impact of acquisitions that have been announced but not completed yet, including the upfront cash payment for the acquisition of NDI-034858 from Nimbus Therapeutics, LLC, for 4 billion USD, as the exact timing of cash payment is dependent upon deal close.



## FY2022 Reconciliation from Reported Operating Profit to Core Operating Profit Forecast

| (Billion JPY)   | REPORTED | REPORTED TO CORE ADJUSTMENTS      |                                 |                                   |        | CORE    |
|---|----------|-----------------------------------|---------------------------------|-----------------------------------|--------|---------|
|   |          | Amortization of intangible assets | Impairment of intangible assets | Other operating income (expenses) | Others |         |
| Revenue   | 3,930.0  |                                   |                                 |                                   |        | 3,930.0 |
| Cost of sales   |          |                                   |                                 |                                   | 28.0   |         |
| Gross Profit  |          |                                   |                                 |                                   | 28.0   |         |
| SG&A and R&D expenses   |          |                                   |                                 |                                   | 5.0    |         |
| Amortization of intangible assets associated with products      | (480.0)  | 480.0                             |                                 |                                   |        | —       |
| Impairment losses on intangible assets associated with products | (50.0)   |                                   | 50.0                            |                                   |        | —       |
| Other operating income  | 13.0     |                                   |                                 | (13.0)                            |        | —       |
| Other operating expenses  | (100.0)  |                                   |                                 | 100.0                             |        | —       |
| Operating profit  | 530.0    | 480.0                             | 50.0                            | 87.0                              | 33.0   | 1,180.0 |

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