Summary of Financial Statements for the Six-month Period Ended September 30, 2021 (IFRS, Consolidated)

October 28, 2021

Takeda Pharmaceutical Company Limited		Stock exchange listings:	Tokyo, Nagoya, Fukuoka, Sapporo
TSE Code:	4502	URL: http://www.takeda.com	
Representative:	Christophe Weber, President & CEO		
Contact:	Christopher O'Reilly Global Head of IR, Global Finance	Telephone: +81-3-3278-2306	Email: takeda.ir.contact@takeda.com

Scheduled date of securities report submission: November 5, 2021
Scheduled date of dividend payment commencement: December 1, 2021
Supplementary materials for the financial statements: Yes
Presentation to explain for the financial statements: Yes

(Million JPY, rounded to the nearest million)

1. Consolidated Financial Results for the Six-month Period Ended September 30, 2021 (April 1 to September 30, 2021)

(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)	(%)
Six-month Period Ended September 30, 2021	1,794,423	12.8	345,979	60.5	284,425	126.5	183,721	112.2
Six-month Period Ended September 30, 2020	1,590,785	(4.2)	215,588	97.7	125,561	302.9	86,589	15.7

	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)
Six-month Period Ended September 30, 2021	183,648	112.2	270,288	319.4	117.08	116.40
Six-month Period Ended September 30, 2020	86,548	15.8	64,443	—	55.45	55.13

	Core Operating Profit		Core EPS
	(Billion JPY)	(%)	(JPY)
Six-month Period Ended September 30, 2021	485.7	(4.3)	214
Six-month Period Ended September 30, 2020	507.6	(6.3)	221

(2) Consolidated Financial Position

	Total assets (Million JPY)	Total equity (Million JPY)	Equity attributable to owners of the Company (Million JPY)	Ratio of equity attributable to owners of the Company to total assets (%)	Equity attributable to owners of the Company per share (JPY)
As of September 30, 2021	12,560,273	5,324,361	5,323,935	42.4	3,384.94
As of March 31, 2021	12,912,293	5,177,177	5,173,037	40.1	3,308.93

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, 2021	—	90.00	—	90.00	180.00
For the Fiscal Year Ending March 31, 2022	—	90.00			
For the Fiscal Year Ending March 31, 2022 (Projection)			—	90.00	180.00

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

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures represent changes from previous fiscal year)

	Revenue		Core Operating Profit		Operating profit		Profit before income taxes		Net profit attributable to owners of the Company		Basic earnings per share	Core EPS
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)	(JPY)
For the Fiscal Year Ending March 31, 2022	3,370,000	5.4	930,000	(3.9)	488,000	(4.2)	352,000	(3.9)	184,300	(51.0)	117.35	394

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: Yes

FY2021 Management Guidance	
Underlying Revenue Growth	Mid-single-digit growth
Underlying Core Operating Profit Growth	Mid-single-digit growth
Underlying Core Operating Profit Margin	~30% margin
Underlying Core EPS Growth	Mid-single-digit growth

(Note) Please refer to page 6 for details of "Underlying growth".

- **Additional Information**

(1) Changes in significant subsidiaries during the period (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:

September 30, 2021	1,582,252,525 shares
March 31, 2021	1,576,387,908 shares

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

September 30, 2021	9,422,671 shares
March 31, 2021	13,029,749 shares

3) Average number of outstanding shares (for the six-month period ended September 30):

September 30, 2021	1,568,497,730 shares
September 30, 2020	1,560,848,065 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 other noteworthy items**

  - Takeda applies International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
  - 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, Takeda will disclose it in a timely manner.
  - For details of the financial forecast, please refer to "1. Financial Highlights for the Six-month Period Ended September 30, 2021 (3) Outlook for the Fiscal Year Ending March 31, 2022" on page 11.
  - Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on October 28, 2021, and its video will be promptly posted on Takeda's website.

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

Attachment Index

1. Financial Highlights for the Six-month Period Ended September 30, 2021

(1) Business Performance

(i) Consolidated Financial Results (April 1 to September 30, 2021)

Billion JPY or percentage

	FY2020 H1	FY2021 H1	Change versus the same period of the previous fiscal year	
Revenue	1,590.8	1,794.4	203.6	12.8 %
Cost of sales	(487.7)	(517.1)	(29.3)	6.0 %
Selling, general and administrative expenses	(418.6)	(431.9)	(13.2)	3.2 %
Research and development expenses	(225.0)	(254.1)	(29.1)	12.9 %
Amortization and impairment losses on intangible assets associated with products	(208.1)	(205.5)	2.6	(1.2)%
Other operating income	69.5	19.5	(49.9)	(71.9)%
Other operating expenses	(105.2)	(59.4)	45.8	(43.5)%
Operating profit	215.6	346.0	130.4	60.5 %
Finance income and (expenses), net	(81.1)	(58.0)	23.1	(28.4)%
Share of loss of investments accounted for using the equity method	(8.9)	(3.5)	5.4	(60.5)%
Profit before tax	125.6	284.4	158.9	126.5 %
Income tax expenses	(39.0)	(100.7)	(61.7)	158.4 %
Net profit for the period	86.6	183.7	97.1	112.2 %

Revenue. Revenue for the six-month period ended September 30, 2021 was 1,794.4 billion JPY, an increase of 203.6 billion JPY, or 12.8%, compared to the same period of the previous fiscal year. Excluding the impact from fluctuations in foreign exchange rates, which was calculated by translating revenue of the six-month period ended September 30, 2021 using corresponding exchange rates in the same period of the previous fiscal year, the increase in revenue was 8.7%. In April 2021, Takeda completed the sale of a portfolio of diabetes products in Japan to Teijin Pharma Limited for 133.0 billion JPY, which was recorded as revenue and accounted for 8.4 percentage points ("pp") of the increase in revenue. Excluding this selling price from revenue for the six-month period ended September 30, 2021, the increase was 4.4%.

Each of our core therapeutic areas (i.e. Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology, and Neuroscience) contributed to positive revenue growth; however, Rare Diseases would have declined if not for the positive impact of the depreciation of the yen. Intensified competition impacted some products in this area, especially treatments for Rare Hematology. Overall, the global spread of COVID-19 did not have a material effect on our revenue for the six-month period ended September 30, 2021.

Revenue outside of our core therapeutic areas increased by 68.0 billion JPY, or 23.3%, compared to the same period of the previous fiscal year to 359.8 billion JPY, largely due to the 133.0 billion JPY selling price of the diabetes portfolio in Japan, offsetting the impact from divestitures.

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

- *GI.* In Gastroenterology, revenue was 429.1 billion JPY, a year-on-year increase of 49.3 billion JPY, or 13.0%. Growth was driven by Takeda's top-selling product ENTYVIO (for ulcerative colitis ("UC") and Crohn's disease ("CD")), with sales of 255.9 billion JPY, a year-on-year increase of 48.9 billion JPY, or 23.6%. Sales in the U.S. increased by 28.2 billion JPY, or 19.7%, to 171.3 billion JPY and sales in Europe and Canada increased by 15.1 billion JPY, or 29.3%, to 66.6 billion JPY, due to an increase in demand. In the Growth and Emerging Markets, the increase in sales was primarily driven by Brazil and China. Sales of TAKECAB (for acid-related diseases) were 49.1 billion JPY, an increase of 9.2 billion JPY, or 22.9%, versus the same period of the previous fiscal year. This increase was mainly driven by the expansion of new prescriptions in the Japanese market due to TAKECAB's efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. Sales of GATTEX/REVESTIVE (for short bowel syndrome) were 36.8 billion JPY, an increase of 3.6 billion JPY, or 10.9%. In August 2021, REVESTIVE was launched as the first therapy to treat this disease in Japan. Sales of AMITIZA (for chronic constipation) decreased by 8.5 billion JPY, or 68.6%, to 3.9 billion JPY, due to generic entrants in the U.S. in January 2021.
- *Rare Diseases*. In Rare Diseases, revenue was 300.1 billion JPY, a year-on-year increase of 4.7 billion JPY, or 1.6%.

Revenue in Rare Metabolic increased by 4.6 billion JPY, or 5.8%, compared to the same period of the previous fiscal year to 84.2 billion JPY. Sales of enzyme replacement therapies VPRIV (for Gaucher disease), REPLAGAL (for Fabry disease) and ELAPRASE (for Hunter syndrome) increased primarily in Europe and Growth and Emerging Markets.

Revenue in Rare Hematology decreased by 1.2 billion JPY, or 0.9%, to 141.6 billion JPY. Sales of ADVATE decreased by 2.1 billion JPY, or 3.3%, to 61.3 billion JPY. Sales of ADYNOVATE increased by 0.5 billion JPY, or 1.6%, to 30.0 billion JPY, helped by the positive impact of the depreciation of the yen. Both products were impacted by the competitive landscape in the hemophilia A non-inhibitors market in the U.S. FEIBA sales decreased by 0.4 billion JPY, or 1.9%, to 20.2 billion JPY.

Revenue in Hereditary Angioedema ("HAE") was 74.3 billion JPY, a year-on-year increase of 1.3 billion JPY, or 1.8%. Sales of TAKHZYRO were 47.5 billion JPY, an increase of 3.8 billion JPY, or 8.7%, versus the same period of the previous fiscal year primarily due to new launches including prefilled syringe administration in Europe. Sales of FIRAZYR decreased by 0.8 billion JPY, or 5.3%, to 14.3 billion JPY, primarily due to the continued impact of generic entrants in the U.S.

- *PDT Immunology.* In Plasma-Derived Therapies ("PDT") Immunology, revenue increased by 32.1 billion JPY, or 15.6%, compared to the same period of the previous fiscal year to 238.0 billion JPY. Aggregate sales of immunoglobulin products were 181.3 billion JPY, an increase of 18.7 billion JPY, or 11.5%, compared to the same period of the previous fiscal year. In particular, sales of GAMMAGARD LIQUID (for the treatment of primary immunodeficiency ("PID") and multifocal motor neuropathy ("MMN")) increased due to higher demand versus the same period of the previous fiscal year. In addition, CUVITRU, a SCIG (subcutaneous immunoglobulin) therapy continued to mark double digit growth. Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia) were 41.7 billion JPY, an increase of 13.2 billion JPY, or 46.1%, versus the same period of the previous fiscal year driven by higher China sales following the resolution of the supply interruption which impacted HUMAN ALBUMIN for release in China in the second half of the previous fiscal year.
- *Oncology.* In Oncology, revenue was 233.7 billion JPY, a year-on-year increase of 23.7 billion JPY, or 11.3%. Sales of VELCADE (for multiple myeloma) increased by 5.1 billion JPY, or 10.2% versus the same period of the previous fiscal year to 55.1 billion JPY. While royalty income outside the U.S. decreased due to continued generic erosion, sales in the U.S. increased by 5.9 billion JPY, or 12.3%, versus the same period of the previous fiscal year. This reflects a rebound in demand after lower sales in the previous fiscal year, particularly in the first quarter, when prescribers favored orally administered products over infusions or injections early in the COVID-19 pandemic. In addition, increased use of VELCADE as part of initial treatment for new patients contributed to the growth this year in the U.S. Sales of NINLARO (for multiple myeloma) were 45.8 billion JPY, an increase of 1.4 billion JPY, or 3.3%, versus the same period of the previous fiscal year. In the U.S., NINLARO's profile as an effective oral treatment led to a temporary increase in demand early in the COVID-19 pandemic in 2020 because its oral administration facilitated treatment in the at-home setting. This benefit has been less impactful in the U.S. this year; however, there have been strong demand increases in other countries, particularly in China. Sales of LEUPLIN/ENANTONE (generic name: leuprorelin) (for endometriosis, uterine fibroids, premenopausal breast cancer, prostatic cancer, etc.), an off-patented product, increased by 4.0 billion JPY, or 8.0%, versus the same period of the previous fiscal year to 53.9 billion JPY mainly driven by an increased supply in the U.S. which was partially offset by a decrease in Japan due to generic erosion and competition. Sales of ADCETRIS (for malignant lymphomas) increased by 3.6 billion JPY, or 11.7% versus the same period of the previous fiscal year to 34.1 billion JPY, led by strong growth in sales in the Growth and Emerging Markets, particularly in China where it was approved in May 2020. Sales of ALUNBRIG (for non-small cell lung cancer) were 6.2 billion JPY, an increase of 2.0 billion JPY, or 46.2% due to new launches and market penetration in Europe and Growth and Emerging Markets.
- *Neuroscience.* In Neuroscience, revenue was 233.7 billion JPY, a year-on-year increase of 25.9 billion JPY, or 12.5%. Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder ("ADHD")) were 159.3 billion JPY, an increase of 26.7 billion JPY, or 20.1%, versus the same period of the previous fiscal year. VYVANSE/ELVANSE has been negatively affected by COVID-19 during the course of the pandemic, most notably during periods when stay-at-home restrictions have been in place reducing patient visits, subsequent diagnoses and creating temporary discontinuation of medication. The trend has been fluctuating throughout 2020 and into 2021; however, there has been a positive impact from increasing prescriptions versus the same period of the previous fiscal year. Sales of TRINTELLIX (for major depressive disorder ("MDD")) were 40.0 billion JPY, an increase of 5.1 billion JPY, or 14.6%, versus the same period of the previous fiscal year, primarily due to increasing prescriptions in the U.S. and in Japan. The increase of these products was partially offset by the decrease of other neuroscience products such as REMINYL (for Alzheimer's disease), attributable to the continued impact of competition from generic products.

Revenue by Geographic Region:

Billion JPY; percentages are portion of total revenue

Revenue:	FY2020 H1		FY2021 H1	
Japan*1	282.4	17.8 %	390.9	21.8 %
United States	786.1	49.4 %	838.4	46.7 %
Europe and Canada	327.2	20.6 %	354.0	19.7 %
Asia (excluding Japan)	78.3	4.9 %	89.7	5.0 %
Latin America	59.0	3.7 %	61.4	3.4 %
Russia/CIS	21.7	1.4 %	25.1	1.4 %
Other*2	36.2	2.3 %	35.0	2.0 %
Total	1,590.8	100.0 %	1,794.4	100.0 %

*1 The 133.0 billion JPY selling price of the sale of diabetes portfolio in Japan is included in the six-month period ended September 30, 2021.
*2 Other includes the Middle East, Oceania and Africa.

Cost of Sales. Cost of Sales increased by 29.3 billion JPY, or 6.0%, to 517.1 billion JPY. The increase was primarily due to the depreciation of the yen and a sales increase of the products with higher cost of sales ratio as compared to same period of the previous fiscal year. The increase was partially offset by a 28.4 billion JPY decrease in non-cash charges related to the unwind of the fair value step up on acquired inventory recognized in connection with the acquisition of Shire plc. The Cost of Sales Ratio decreased by 1.8pp compared to the same period of the previous fiscal year to 28.8%. The main reason for the decrease 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.

Selling, General and Administrative (SG&A) expenses. SG&A expenses increased by 13.2 billion JPY, or 3.2%, to 431.9 billion JPY compared to the same period of the previous fiscal year, 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 29.1 billion JPY, or 12.9%, to 254.1 billion JPY compared to the same period of the previous fiscal year, mainly due to further investment in prioritized new molecular entities as well as 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 decreased by 2.6 billion JPY, or 1.2%, to 205.5 billion JPY compared to the same period of the previous fiscal year.

Other Operating Income. Other Operating Income was 19.5 billion JPY, a decrease of 49.9 billion JPY, or 71.9%, compared to the same period of the previous fiscal year, mainly driven by a 60.2 billion JPY revaluation gain recorded in the same period of the previous fiscal year triggered by an update to previously recognized liabilities for pipeline compound SHP647 and certain associated rights ("SHP647"), to reflect management's decision to terminate the clinical trial program following the European Commission's decision in May 2020 to release Takeda's obligation to divest SHP647. This decrease was partially offset by a 8.4 billion JPY change in fair value of financial assets and liabilities associated with contingent consideration arrangements recognized in the current period.

Other Operating Expenses. Other Operating Expenses were 59.4 billion JPY, a decrease of 45.8 billion JPY, or 43.5%, compared to the same period of the previous fiscal year. This is mainly attributable to a 26.0 billion JPY decrease in restructuring expenses mainly attributable to lower Shire integration costs. There was also a 18.6 billion JPY loss recognized in the same period of the previous year from changes in the fair value of financial assets associated with contingent consideration arrangements from the divestment of XIIDRA.

Operating Profit. As a result of the above factors, Operating Profit increased by 130.4 billion JPY, or 60.5% compared to the same period of the previous fiscal year to 346.0 billion JPY.

Net Finance Expenses. Net Finance Expenses were 58.0 billion JPY in the current period, a decrease of 23.1 billion JPY compared to the same period of the previous fiscal year. The decrease is mainly due to a gain on prior equity method investments related to the acquisition of Maverick Therapeutics, Inc. in April 2021 and a decrease in interest expense primarily driven by reduction in outstanding balances of bond and loans.

Share of Loss of Investments Accounted for Using the Equity Method. Share of Loss of Investments Accounted for Using the Equity Method was 3.5 billion JPY, a decrease of 5.4 billion JPY compared to the same period of the previous fiscal year. This was mainly due to Takeda's shareholding ratio of impairment loss recognized by Teva Takeda Pharma Ltd. for the same period of the previous fiscal year resulting from the reassessment of the recoverable amount of relevant assets triggered by the decision to divest a part of its generics business and a manufacturing plant.

Income Tax Expenses. Income Tax Expenses were 100.7 billion JPY, an increase of 61.7 billion JPY compared to the same period of the previous year. This increase was primarily due to a tax charge of 63.7 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 as well as higher pretax earnings in the current period. These increases were partially offset by the tax benefits from internal entity restructuring transactions in the current period.

Net Profit for the Period. Net Profit for the Period increased by 97.1 billion JPY, or 112.2%, compared to the same period of the previous fiscal year to 183.7 billion JPY.

(ii) Underlying Results (April 1 to September 30, 2021)

Definition of Core and Underlying Growth

Takeda uses the concept of Underlying Growth for internal planning and performance evaluation purposes.

Underlying Growth compares two periods (fiscal quarters or years) of financial results under a common basis and is used by management to assess the business. These financial results are calculated on a constant currency basis using a full year plan rate and exclude the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations. Although these are not measures defined by IFRS, Takeda believes Underlying Growth is useful to investors as it provides a consistent measure of our performance.

Takeda uses "Underlying Revenue Growth", "Underlying Core Operating Profit Growth", and "Underlying Core EPS Growth" as key financial metrics.

Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures that occurred during the reported periods presented.

Underlying Core Operating Profit represents Core Operating Profit (as defined below) on a constant currency basis and further adjusted to exclude the impacts of divestitures that occurred during the reporting periods presented.

Underlying Core EPS represents net profit based on a constant currency basis, adjusted to exclude the impact of divestitures, items excluded in the calculation of Core EPS (as defined below), divided by the outstanding shares (excluding treasury shares) as of the end of the comparative period.

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.

Underlying Results

FY2021 H1	
Underlying Revenue Growth	+6.8%
Underlying Core Operating Profit Growth	+6.4%
Underlying Core Operating Profit Margin	29.1%
Underlying Core EPS Growth	+9.1%

Underlying Revenue Growth was 6.8% compared to the same six-month period of the previous fiscal year. Underlying revenue attributable to Takeda’s 14 global brands* grew by 11.4%, which constitute approximately 42% of the total Underlying revenue, led by ENTYVIO, HUMAN ALBUMIN/FLEXBUMIN and GAMMAGARD LIQUID/KIOVIG.

* Takeda's 14 global brands
GI: ENTYVIO, GATTEX/REVESTIVE, ALOFISEL
Rare Diseases: NATPARA/NATPAR, ADYNOVATE/ADYNOVI, TAKHZYRO, ELAPRASE, VPRIV
PDT Immunology: GAMMAGARD LIQUID/KIOVIG, HYQVIA, CUVITRU, HUMAN ALUBUMIN/FLEXBUMIN
Oncology: NINLARO, ALUNBRIG

Underlying Revenue Growth by Therapeutic Area

GI	+8.3%
Rare Diseases	-2.2%
Rare Metabolic	+2.1%
Rare Hematology	-4.6%
Hereditary Angioedema	-1.9%
PDT Immunology	+11.1%
Oncology	+7.8%
Neuroscience	+9.1%
Other	+9.7%
Total	+6.8%

(Note) Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures. Please refer to 1. Financial Highlights for the Six-month Period Ended September 30, 2021, (1) Business Performance, (i) Consolidated Financial Results (April 1 to September 30, 2021), for the revenue of each core therapeutic areas and sales of major products before underlying adjustments.

The impact of major non-recurring items and divestitures excluded to calculate Underlying Revenue:

- Revenue of select over-the-counter and non-core products in Asia Pacific is excluded from the same period of the previous fiscal year as the divestiture was completed in November 2020.
- Revenue of select non-core prescription pharmaceutical products predominantly in Europe is excluded from the same period of the previous fiscal year as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America is excluded from the same period of the previous fiscal year as the divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from the same period of the previous fiscal year as the divestiture was completed in January 2021.
- Revenue of select over-the-counter and non-core products predominantly in Europe is excluded from the same period of the previous fiscal year as the divestiture was completed in March 2021.
- Revenue of the former subsidiary, Takeda Consumer Healthcare Company Limited is excluded from the same period of the previous fiscal year as the divestiture was completed in March 2021.
- Net sales from a portfolio of diabetes products in Japan (NESINA, LIOVEL, INISYNC and ZAFATEK) are excluded from the same period of the previous fiscal year as the divestiture was completed at the beginning of April 2021. In addition, the non-recurring item of the 133.0 billion JPY selling price as the result of the completion of the divestiture is excluded from the current period.
- Revenue of select non-core prescription pharmaceutical products in China is excluded from both the current period and the same period of the previous fiscal year as the divestiture was publicly announced and had been expected to complete within the first half of the current fiscal year. It is now expected to complete in the second half of the current fiscal year.

Underlying Core Operating Profit Growth was 6.4% over the same six-month period of the previous fiscal year, attributable to Underlying Revenue Growth.

Core Operating Profit for the current period, which excludes items unrelated to Takeda's core operations such as the sale of a portfolio of diabetes products in Japan, was 485.7 billion JPY.

Underlying Core Operating Profit Margin for the current period was 29.1%.

Underlying Core EPS Growth for the current period was 9.1%.

(2) Consolidated Financial Position

Assets. Total Assets as of September 30, 2021 were 12,560.3 billion JPY, reflecting a decrease of 352.0 billion JPY compared to the previous fiscal year-end. Cash and Cash Equivalents decreased by 358.3 billion JPY, and Intangible Assets decreased by 125.4 billion JPY mainly due to amortization. These decreases were partially offset by an increase in Trade and Other Receivables of 60.5 billion JPY.

Although there was a decline in share price after September 30, 2021 that eliminated our surplus in market capitalization compared to the carrying value of our one cash-generating unit (CGU), we concluded there was no indication of goodwill impairment through the issuance date of this report.

Liabilities. Total Liabilities as of September 30, 2021 were 7,235.9 billion JPY, reflecting a decrease of 499.2 billion JPY compared to the previous fiscal year-end. Bonds and Loans decreased by 404.0 billion JPY to 4,231.4 billion JPY* primarily as a result of the repayment of loans and the redemption of bonds. In addition, Provisions decreased by 59.4 billion JPY and Other Financial Liabilities decreased by 53.7 billion JPY.

* The carrying amount of Bonds was 3,344.7 billion JPY and Loans was 886.7 billion JPY as of September 30, 2021. Breakdown of Bonds and Loans carrying amount is as follows.

Bonds:

Name of Bond (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount (Billion JPY)
Unsecured US dollar denominated senior notes (1,520 million USD)	June 2015	June 2022 ~ June 2045	170.2
Unsecured US dollar denominated senior notes (5,500 million USD)	September 2016	September 2023 ~ September 2026	588.3
Unsecured Euro denominated senior notes (3,750 million EUR)	November 2018	November 2022 ~ November 2030	484.3
Unsecured US dollar denominated senior notes (3,250 million USD)	November 2018	November 2023 ~ November 2028	362.0
Hybrid bonds (subordinated bonds)	June 2019	June 2079	497.8
Unsecured US dollar denominated senior notes (7,000 million USD)	July 2020	March 2030 ~ July 2060	778.0
Unsecured Euro denominated senior notes (3,600 million EUR)	July 2020	July 2027 ~ July 2040	464.1
Total			3,344.7

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Syndicated loans	April 2016	April 2023 ~ April 2026	200.0
Syndicated loans	April 2017	April 2027	113.5
Syndicated loans (1,500 million USD)	April 2017	April 2027	167.7
Japan Bank for International Cooperation (1,700 million USD)	January 2019	December 2025	190.3
Bilateral loans	March 2016 ~ April 2017	March 2023 ~ March 2026	210.0
Other			5.2
Total			886.7

On May 17, 2021, Takeda redeemed the remaining 200 million USD of unsecured U.S. dollar-denominated senior notes issued in July 2017 in advance of their original maturity date of January 18, 2022. Following this, on June 11, 2021, Takeda prepaid 2,000 million USD of the Japan Bank for International Cooperation loan ("JBIC Loan") amount of 3,700 million USD (that was entered into on December 3, 2018) in advance of its original maturity date of December 11, 2025. On August 10, 2021, Takeda redeemed 1,500 million EUR of unsecured senior notes issued in November 2018 in advance of their original maturity date of November 21, 2022. On September 3, 2021, Takeda provided a formal notice of prepayment to the Japan Bank for International Cooperation committing the company to prepay the remaining 1,700 million USD outstanding JBIC Loan amount on December 13, 2021.

Equity. Total Equity as of September 30, 2021 was 5,324.4 billion JPY, an increase of 147.2 billion JPY compared to the previous fiscal year-end. This was mainly due to an increase of 85.0 billion JPY in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the depreciation of yen as well as an increase of 41.2 billion JPY in Retained Earnings resulting from Net Profit for the Period partially offset by dividends payment of 141.9 billion JPY.

Consolidated Cash Flow

	Billion JPY	
	FY2020 H1	FY2021 H1
Net cash from (used in) operating activities	392.0	400.0
Net cash from (used in) investing activities	28.2	(103.3)
Net cash from (used in) financing activities	(418.2)	(658.4)
Net increase (decrease) in cash and cash equivalents	2.0	(361.7)
Cash and cash equivalents at the beginning of the year	637.6	966.2
Effects of exchange rate changes on cash and cash equivalents	(8.6)	3.4
Net increase (decrease) in cash and cash equivalents resulting from a transfer from (to) assets held for sale	(0.2)	—
Cash and cash equivalents at the end of the period	630.9	607.9

Net cash from operating activities was 400.0 billion JPY for the current period compared to 392.0 billion JPY for the same period of the previous year. The increase of 8.0 billion JPY was primarily driven by higher net profit for the period adjusted for non-cash items and other adjustments, including the income relating to the release from the obligation to divest the pipeline compound SHP 647 and certain associated rights in the same period of the previous year. It was partially offset by a decrease in provisions and an increase in trade and other receivables.

Net cash used in investing activities was 103.3 billion JPY for the current period compared to net cash from investing activities of 28.2 billion JPY for the same period of the previous year. This increase in net cash used of 131.6 billion JPY was mainly due to a decrease of 40.6 billion JPY in proceeds from sales and redemption of investments, a decrease of 38.1 billion JPY in proceeds from sales of property, plant and equipment, and a decrease of 29.3 billion JPY in proceeds from sales of business, net of cash and cash equivalents divested.

Net cash used in financing activitie**s** was 658.4 billion JPY for the current period compared to 418.2 billion JPY for the same period of the previous year. This increase in net cash used of 240.2 billion JPY was mainly due to a decrease in proceeds from issuance of bonds and long-term loans of 1,179.5 billion JPY. This was partially offset by a decrease in repayments of bonds and long-term loans of 824.6 billion JPY as well as the favorable impact from short-term loans and commercial papers of 89.9 billion JPY.

(3) Outlook for the Fiscal Year Ending March 31, 2022

The full year consolidated reported forecast for the fiscal year ending March 31, 2022 (FY2021) has been revised from the previous forecast (announced on July 30, 2021), reflecting a tax charge arising from a 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.

For the details, please refer to the press release, "Takeda Receives Decision by the Irish Tax Appeals Commission Relating to Tax Assessment on Break Fee Shire Received from AbbVie", announced on August 2, 2021.

Full Year Reported Forecast for the Fiscal Year Ending March 31, 2022 (FY2021)

Billion JPY or percentage

	Previous Forecast (July 30, 2021)	Revised Forecast (October 28, 2021)	vs. Previous Forecast	
Revenue	3,370.0	3,370.0	—	— %
Operating profit	488.0	488.0	—	— %
Profit before tax	352.0	352.0	—	— %
Net profit for the year (attributable to owners of the Company)	250.0	184.3	(65.7)	(26.3)%
EPS (JPY)	159.91	117.35	(42.56)	(26.6)%
Core Operating Profit	930.0	930.0	—	— %
Core EPS (JPY)	394	394	—	— %

Net profit for the year attributable to owners of the Company has been decreased by 65.7 billion JPY, or 26.3%, to 184.3 billion JPY. This reflects an estimated full year impact of the aforementioned tax charge, including interest expected to be accrued through March 31, 2022.

The forecast for EPS has been decreased by 42.56 JPY, or 26.6%, to 117.35 JPY. Core EPS remains unchanged as the tax charge is adjusted to be excluded from the Core financial results as a non-recurring item unrelated to Takeda's ongoing operations.

Major assumptions used in preparing the FY2021 Revised Reported Forecast

There are no changes in the major assumptions.

Billion JPY or percentage

	Previous Forecast (July 30, 2021)	Revised Forecast (October 28, 2021)
FX rates	1 USD = 108 JPY 1 Euro = 131 JPY 1 RUB = 1.4 JPY 1 BRL = 19.9 JPY 1 CNY = 16.8 JPY	1 USD = 108 JPY 1 Euro = 131 JPY 1 RUB = 1.4 JPY 1 BRL = 19.9 JPY 1 CNY = 16.8 JPY
R&D expenses	(522.0)	(522.0)
Amortization of intangible assets associated with products	(406.0)	(406.0)
Of which Shire acquisition related	(328.0)	(328.0)
Impairment of intangible assets associated with products	(50.0)	(50.0)
Other operating income	23.0	23.0
Other operating expenses	(100.0)	(100.0)
Japan diabetes portfolio divestiture gain	130.0	130.0
Other Core Operating Profit adjustments	(39.0)	(39.0)
Of which Shire acquisition related to unwind of inventories step-up	(31.1)	(31.1)
Finance income and (expenses), net	(130.0)	(130.0)
Free cash flow (including announced divestitures)	600.0 - 700.0	600.0 - 700.0
Capital expenditures (cash flow base)	(210.0 - 260.0)	(210.0 - 260.0)
Depreciation and amortization (excluding intangible assets associated with products)	(150.0)	(150.0)
Cash tax rate on adjusted EBITDA (excluding divestitures)	Mid-teen%	Mid-teen%

Management Guidance*

The management guidance for the fiscal year ending March 31, 2022 (FY2021) has not been changed from the previous guidance (announced on July 30, 2021). The tax charge arising from a tax assessment involving Irish taxation is adjusted to be excluded from the Core financial results as a non-recurring item unrelated to Takeda's ongoing operations, and therefore, it does not impact the Underlying financial results.

	Guidance as of July 30, 2021	Guidance as of October 28, 2021
Underlying Revenue Growth	Mid-single-digit growth	Mid-single-digit growth
Underlying Core Operating Profit Growth	Mid-single-digit growth	Mid-single-digit growth
Underlying Core Operating Profit Margin	~30% margin	~30% margin
Underlying Core EPS Growth	Mid-single-digit growth	Mid-single-digit growth

* Please refer to section 1. Financial Highlights for the Six-month Period Ended September 30, 2021, (1) Business Performance, (ii) Underlying Results (April 1 to September 30, 2021), Definition of Core and Underlying Growth.

Other assumptions used in preparing the FY2021 Reported Forecast and the Management Guidance

- To date, Takeda has not experienced a material effect on its financial results as a result of the global spread of the novel coronavirus infectious disease (COVID-19). Based on currently available information, Takeda believes that its financial results for FY2021 will not be materially affected by COVID-19 and, accordingly, Takeda's FY2021 forecast reflects this belief. However, the situation surrounding COVID-19 remains highly fluid, and future COVID-19-related developments in FY2021, including new or additional COVID-19 outbreaks and additional or extended lockdowns, shelter-in-place orders or other government action in major markets, could result in further or more serious disruptions to Takeda's business, such as slowdowns in demand for Takeda's products, supply chain related issues or significant delays in its clinical trial programs. These events, if they occur, could result in an additional impact on Takeda's business, results of operations or financial condition, as well as result in significant deviations from Takeda's FY2021 forecast.
- Takeda expects at least one 505(b)2 competitor for subcutaneous VELCADE to launch in the U.S. around mid FY2021.
- Takeda does not expect to restart sales of NATPARA in the U.S. market in FY2021.
- The forecast and the guidance do not include the impact of any potential further divestitures beyond what has already been disclosed by Takeda.

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) Impact of the Spread of the Novel Coronavirus Infectious Disease (COVID-19) and Takeda's Initiatives in Response

(i) Impact of COVID-19 on Takeda's Operations and Financial Condition

Takeda continues to respond to the COVID-19 pandemic and provide industry support in a number of ways. While vaccines are becoming more broadly available, we continue to strictly adhere to local public health guidance across our geographies in addition to the existing protocols we have had in place for over a year, and monitor any potential impacts of effects of COVID-19 on our business activities.

In monitoring demand for our products, we have seen limited impact to date as many of our medicines are for severe chronic or life-threatening diseases, without the requirement of a hospital elective procedure. In terms of our global supply chain, based on current assessments, we have not yet seen, nor do we anticipate, any material potential supply distribution issues due to the COVID-19 outbreak.

Since the COVID-19 pandemic began, we have continued voluntary suspensions of certain business activities, including business travel, attending industry events, and holding company-sponsored events. However, and in accordance with local guidelines, we are slowly easing some of these restrictions in some geographies with high rates of vaccinations and low new infection rates. In addition, our field force are resuming a small number of face-to-face engagements with customers, with the majority of all interactions still virtual. Where we are engaging face-to-face, it is only with the agreement of healthcare providers and employees follow strict infection prevention protocols set out by both Takeda and any additional public health and customer requirements.

In the early stages of the global pandemic, we placed a temporary pause on the initiation of the majority of new clinical trial studies. At the same time, for studies already ongoing, we temporarily paused the activation of new study sites and new patient enrollment with a small number of exceptions. This was a short-term action and we have resumed most of our trial activities during the previous fiscal year.

As we continue to monitor developments in the financial markets, we currently do not anticipate any material liquidity or funding-related issues.

(ii) Takeda's Initiatives to Mitigate the Impact of COVID-19

Guided by our values, 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.

Major updates to Takeda's initiatives in response to the spread of COVID-19 in the current period are as below.

- We spent several months evaluating new ways of working to ensure we consider the long-term effects of virtual and hybrid working on our overall people experience and to build an exceptional working environment in a "post-COVID-19" world. Now we are rolling out a new hybrid working model in parts of Takeda on a regional and local level. To ensure all Takeda working environments remain safe, we have created core principles, global guidelines and toolkits to help Takeda leaders and managers determine and implement new hybrid working models for their teams post-COVID. Implementation of this guidance varies on the local level, given differences in public health guidance and regulations, changes in population and epidemiology over time and standards of practice in the community.
- Takeda has undertaken a number of efforts to help the world respond to COVID-19. One example is to bring COVID-19 vaccines to Japan through two partnerships. The first partnership is with Novavax, for the development, manufacturing with production capacity of 250 million doses per year and commercialization of its COVID-19 vaccine candidate, NVX-CoV2373 (development code in Japan: TAK-019) in Japan. In September 2021, Takeda concluded the agreement with the Government of Japan's Ministry of Health, Labour and Welfare (MHLW) to provide 150 million doses of Novavax' COVID-19 vaccine candidate manufactured in Japan by Takeda subject to licensing and approval, starting in early calendar year 2022. The second partnership is with Moderna and the MHLW to import and distribute Moderna's mRNA COVID-19 vaccine (COVID-19 Vaccine Moderna Intramuscular Injection) in Japan. In May 2021, Takeda obtained approval from the MHLW for Moderna's COVID-19 vaccine following positive interim results in Takeda's Phase 1/2 immunogenicity and safety clinical trial, and has since commenced distribution in Japan. Takeda initially entered a three-way agreement with Moderna and MHLW to distribute 50 million doses of TAK-919 in Japan, and in July 2021, Takeda announced an additional three-way agreement to import and distribute an additional 50 million doses from as early as the beginning of 2022, totaling 100 million doses between the two agreements. The

July 2021 agreement includes the potential to secure and supply vaccines corresponding to COVID-19 variants or booster products, should they be successfully developed by Moderna and licensed by the MHLW.

In October 2021, Takeda and Moderna published an investigation report prompted by the recall of three lots of the Moderna COVID-19 vaccine in Japan based on the observation of foreign particles in unpunctured vials from a single lot. The joint report concluded that the rare presence of 316L stainless steel particles – observed in one of the recalled lots – presented no undue risk to patient safety and did not adversely affect the benefit/risk profile of the product. It also concluded that the most probable cause of the particles identified in one of the recalled lots is related to friction between two pieces at the production line at ROVI, Moderna's third party manufacturer. The investigation conducted and actions taken specific to the impacted lots confirm that no other lots were impacted by the equipment event described in the investigation report.

(iii) FY2021 H1 financial impact from COVID-19

Overall, the global spread of COVID-19 did not have a material effect on our financials for the six-month period ended September 30, 2021. Over the course of the pandemic, there have been adverse effects due to COVID-19 observed in certain therapeutic areas, especially in Neuroscience during periods when stay-at-home restrictions have been in place, reducing patient visits to medical care providers. This was notable especially in the early months of the previous fiscal year when transmission of COVID-19 rapidly expanded across the countries where we operate. The trend has fluctuated since then, and we have not yet seen a full recovery to pre-COVID-19 levels, however, a certain number of our life-saving medicines have shown resilience and have grown even under such an environment.

(5) Interim Dividend for Fiscal 2021

Takeda maintains its annual dividend policy of 180 JPY per share.

For the six-month period ended September 30, 2021, Takeda's Board of Directors approved the payment of an interim dividend of 90 JPY per share. The dividend will be paid on December 1, 2021.

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

(1) Condensed Interim Consolidated Statements of Profit or Loss

	JPY (millions, except per share data) Six-month Period Ended September 30,	
	2020	**2021**
Revenue	1,590,785	1,794,423
Cost of sales	(487,720)	(517,061)
Selling, general and administrative expenses	(418,631)	(431,854)
Research and development expenses	(224,978)	(254,081)
Amortization and impairment losses on intangible assets associated with products	(208,097)	(205,545)
Other operating income	69,463	19,535
Other operating expenses	(105,234)	(59,438)
Operating profit	215,588	345,979
Finance income	29,628	46,912
Finance expenses	(110,720)	(104,940)
Share of loss of investments accounted for using the equity method	(8,935)	(3,525)
Profit before tax	125,561	284,425
Income tax expenses	(38,972)	(100,704)
Net profit for the period	86,589	183,721
Attributable to:		
Owners of the Company	86,548	183,648
Non-controlling interests	41	73
Net profit for the period	86,589	183,721
Earnings per share (JPY)		
Basic earnings per share	55.45	117.08
Diluted earnings per share	55.13	116.40

(2) Condensed Interim Consolidated Statements of Comprehensive Income

	JPY (millions)	
	Six-month Period Ended September 30,	
	2020	2021
Net profit for the period	86,589	183,721
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	31,352	4,269
Remeasurement of defined benefit pension plans	(2,759)	(1,702)
	28,593	2,568
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(31,403)	66,700
Cash flow hedges	(5,889)	11,553
Hedging cost	(13,544)	5,785
Share of other comprehensive income (loss) of investments accounted for using the equity method	97	(37)
	(50,739)	84,000
Other comprehensive income (loss) for the period, net of tax	(22,146)	86,568
Total comprehensive income for the period	64,443	270,288
Attributable to:		
Owners of the Company	64,272	270,198
Non-controlling interests	171	90
Total comprehensive income for the period	64,443	270,288

(3) Condensed Interim Consolidated Statements of Financial Position

	JPY (millions)	
	As of March 31, 2021	As of September 30, 2021
ASSETS		
Non-current assets:		
Property, plant and equipment	1,453,917	1,459,919
Goodwill	4,033,917	4,078,369
Intangible assets	3,909,106	3,783,677
Investments accounted for using the equity method	112,468	115,247
Other financial assets	235,882	236,844
Other non-current assets	100,341	94,289
Deferred tax assets	353,769	335,575
Total non-current assets	10,199,400	10,103,919
Current assets:		
Inventories	753,881	783,476
Trade and other receivables	783,091	843,625
Other financial assets	36,598	25,742
Income taxes receivable	29,623	43,670
Other current assets	122,789	131,842
Cash and cash equivalents	966,222	607,881
Assets held for sale	20,689	20,118
Total current assets	2,712,893	2,456,353
Total assets	12,912,293	12,560,273
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities:		
Bonds and loans	4,613,218	4,016,473
Other financial liabilities	517,677	464,505
Net defined benefit liabilities	158,857	164,638
Income taxes payable	33,690	29,393
Provisions	38,748	35,581
Other non-current liabilities	56,898	59,226
Deferred tax liabilities	542,852	547,345
Total non-current liabilities	5,961,940	5,317,162
Current liabilities:		
Bonds and loans	22,153	214,886
Trade and other payables	343,838	336,600
Other financial liabilities	248,053	247,558
Income taxes payable	145,203	188,065
Provisions	471,278	415,076
Other current liabilities	542,651	516,565
Total current liabilities	1,773,176	1,918,750
Total liabilities	7,735,116	7,235,912

	JPY (millions)	
	As of March 31, 2021	As of September 30, 2021
EQUITY		
Share capital	1,668,145	1,676,263
Share premium	1,688,424	1,686,493
Treasury shares	(59,552)	(41,037)
Retained earnings	1,509,906	1,551,150
Other components of equity	366,114	451,066
Equity attributable to owners of the company	5,173,037	5,323,935
Non-controlling interests	4,140	426
Total equity	5,177,177	5,324,361
Total liabilities and equity	12,912,293	12,560,273

(4) Condensed Interim Consolidated Statements of Changes in Equity

Six-month period ended September 30, 2020 (From April 1 to September 30, 2020)

	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, 2020	1,668,123	1,680,287	(87,463)	1,369,972	91,848	22,891
Net profit for the period				86,548		
Other comprehensive income (loss)					(31,402)	31,318
Comprehensive income (loss) for the period	—	—	—	86,548	(31,402)	31,318
Transaction with owners:						
Issuance of new shares	22	22				
Acquisition of treasury shares			(2,135)			
Disposal of treasury shares		(0)	2			
Dividends				(141,858)		
Transfers from other components of equity				22,403		(25,162)
Share-based compensation		18,098				
Exercise of share-based awards		(29,535)	30,031			
Total transactions with owners	22	(11,415)	27,898	(119,455)	—	(25,162)
As of September 30, 2020	1,668,145	1,668,872	(59,565)	1,337,065	60,446	29,047

	Equity attributable to owners of the company						
	Other components of equity						
	Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total	Total	Non-controlling interests	Total equity
As of April 1, 2020	(22,730)	555	—	92,564	4,723,483	4,003	4,727,486
Net profit for the period				—	86,548	41	86,589
Other comprehensive income (loss)	(5,889)	(13,544)	(2,759)	(22,276)	(22,276)	130	(22,146)
Comprehensive income (loss) for the period	(5,889)	(13,544)	(2,759)	(22,276)	64,272	171	64,443
Transaction with owners:							
Issuance of new shares				—	44		44
Acquisition of treasury shares				—	(2,135)		(2,135)
Disposal of treasury shares				—	2		2
Dividends				—	(141,858)	(77)	(141,935)
Transfers from other components of equity			2,759	(22,403)	—		—
Share-based compensation				—	18,098		18,098
Exercise of share-based awards				—	496		496
Total transactions with owners	—	—	2,759	(22,403)	(125,353)	(77)	(125,430)
As of September 30, 2020	(28,619)	(12,989)	—	47,885	4,662,402	4,097	4,666,499

Six-month period ended September 30, 2021 (From April 1 to September 30, 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				183,648		
Other comprehensive income (loss)					66,578	4,337
Comprehensive income (loss) for the period	—	—	—	183,648	66,578	4,337
Transaction with owners:						
Issuance of new shares	8,118	14,036				
Acquisition of treasury shares			(4,468)			
Disposal of treasury shares		(0)	1			
Dividends				(141,859)		
Changes in ownership				(2,143)		
Transfers from other components of equity				1,599		(3,301)
Share-based compensation		20,972				
Exercise of share-based awards		(36,938)	22,982			
Total transactions with owners	8,118	(1,931)	18,515	(142,404)	—	(3,301)
As of September 30, 2021	1,676,263	1,686,493	(41,037)	1,551,150	467,376	43,019

	Equity attributable to owners of the company						
	Other components of equity						
	Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total	Total	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				—	183,648	73	183,721
Other comprehensive income (loss)	11,553	5,785	(1,702)	86,551	86,551	17	86,568
Comprehensive income (loss) for the period	11,553	5,785	(1,702)	86,551	270,198	90	270,288
Transaction with owners:							
Issuance of new shares				—	22,154		22,154
Acquisition of treasury shares				—	(4,468)		(4,468)
Disposal of treasury shares				—	1		1
Dividends				—	(141,859)		(141,859)
Changes in ownership				—	(2,143)	(3,804)	(5,948)
Transfers from other components of equity			1,702	(1,599)	—		—
Share-based compensation				—	20,972		20,972
Exercise of share-based awards				—	(13,956)		(13,956)
Total transactions with owners	—	—	1,702	(1,599)	(119,300)	(3,804)	(123,104)
As of September 30, 2021	(56,522)	(2,807)	—	451,066	5,323,935	426	5,324,361

(5) Condensed Interim Consolidated Statements of Cash Flows

	JPY (millions) Six-month Period Ended September 30,	
	2020	2021
Cash flows from operating activities:		
Net profit for the period	86,589	183,721
Depreciation and amortization	280,531	283,595
Impairment losses	8,303	1,489
Equity-settled share-based compensation	18,098	20,972
Change in estimate of liabilities related to SHP647	(60,179)	—
Loss on sales and disposal of property, plant and equipment	323	219
Gain on divestment of business and subsidiaries	(730)	(730)
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	19,937	(8,099)
Finance (income) and expenses, net	81,092	58,028
Share of loss of investments accounted for using the equity method	8,935	3,525
Income tax expenses	38,972	100,704
Changes in assets and liabilities:		
Increase in trade and other receivables	(1,542)	(55,190)
Decrease (increase) in inventories	3,010	(24,965)
Decrease in trade and other payables	(26,336)	(9,043)
Increase (decrease) in provisions	41,490	(63,512)
Increase in other financial liabilities	13,722	1,023
Other, net	(40,099)	(17,856)
Cash generated from operations	472,116	473,883
Income taxes paid	(103,775)	(78,707)
Tax refunds and interest on tax refunds received	23,670	4,835
Net cash from operating activities	392,011	400,011
Cash flows from investing activities:		
Interest received	577	2,126
Dividends received	177	142
Acquisition of property, plant and equipment	(50,479)	(60,601)
Proceeds from sales of property, plant and equipment	38,535	389
Acquisition of intangible assets	(30,413)	(25,182)
Acquisition of investments	(6,219)	(3,591)
Proceeds from sales and redemption of investments	50,650	10,070
Acquisition of businesses, net of cash and cash equivalents acquired	—	(27,549)
Proceeds from sales of business, net of cash and cash equivalents divested	31,400	2,138
Other, net	(6,004)	(1,292)
Net cash from (used in) investing activities	28,224	(103,349)

	JPY (millions)	
	Six-month Period Ended September 30,	
	2020	2021
Cash flows from financing activities:		
Net decrease in short-term loans and commercial papers	(89,917)	(1)
Proceeds from issuance of bonds and long-term loans	1,179,515	—
Repayments of bonds and long-term loans	(1,265,629)	(441,072)
Payments for settlement of forward rate agreement related to bonds	(34,830)	—
Acquisition of treasury shares	(2,135)	(2,542)
Interest paid	(47,562)	(52,668)
Dividends paid	(141,754)	(141,573)
Repayments of lease liabilities	(15,779)	(20,536)
Other, net	(119)	(13)
Net cash used in financing activities	(418,210)	(658,405)
Net increase (decrease) in cash and cash equivalents	2,025	(361,743)
Cash and cash equivalents at the beginning of the year		
(Consolidated statements of financial position)	637,614	966,222
Effects of exchange rate changes on cash and cash equivalents	(8,570)	3,402
Cash and cash equivalents at the end of the period	631,069	607,881
Cash and cash equivalents reclassified to assets held for sale	(201)	—
Cash and cash equivalents at the end of the period		
(Consolidated statements of financial position)	630,868	607,881

(6) Notes to Condensed Interim Consolidated Financial Statements

(Significant Uncertainty Regarding Going Concern Assumption)

Six-month period ended September 30, 2021 (April 1 to September 30, 2021)

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, 2021.

Takeda calculated income tax expenses for the six-month period ended September 30, 2021, based on the estimated average annual effective tax rate.

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

Six-month period ended September 30, 2021 (April 1 to September 30, 2021)

Not applicable.

(Significant Subsequent Events)

On October 14, 2021, Takeda issued a 0.40%, 250 billion JPY 10-year unsecured senior bond maturing on October 14, 2031. Takeda intends to use the proceeds from the bond offering primarily to prepay the remaining 1,700 million USD outstanding JBIC Loan amount on December 13, 2021 in advance of its original maturity date of December, 2025. The remaining bond issuance proceeds will be used for the redemption of bonds or be deployed towards the working capital needs of Takeda.

On October 28, 2021, Takeda resolved to engage in the acquisition of its own shares at the Board of Directors Meeting pursuant to the provision of its Articles of Incorporation in accordance with Article 459, paragraph 1 of the Companies Act of Japan.

1. Reason for acquisition of its own shares
   To enhance capital efficiency and improve shareholder returns
2. Details of acquisition

Class of shares to be acquired:	Shares of common stock
Number of shares to be acquired:	Up to 35 million shares (equivalent to 2.23% of the total number of shares outstanding excluding treasury shares)
Total amount of shares to be acquired:	Up to 100 billion JPY
Schedule of acquisition:	From November 2, 2021 to April 29, 2022
Method of acquisition:	Open-market repurchase through a trust bank

APPENDIX

1 FY2021 H1 Reconciliation from Reported Revenue to Core/Underlying Revenue

(Billion JPY)	H1 FY2020	H1 FY2021	vs. PY	
Reported Revenue	**1,590.8**	**1,794.4**	**+203.6**	**+ 12.8%**
Sale of Japan diabetes portfolio[*2]	—	(133.0)	(133.0)	-8.4pp
Core Revenue	**1,590.8**	**1,661.4**	**+70.6**	**+ 4.4%**
FX effects[*1]				-3.9pp
Divestitures[*2]				+6.3pp
Regional portfolio				+4.6pp
Japan diabetes portfolio				+1.0pp
TACHOSIL				+0.5pp
Others				+0.2pp
Underlying Revenue Growth				**+ 6.8%**

[*1] FX adjustment applies plan rate to both periods.

[*2] Major adjustments are as follows:

- Revenue of select over-the-counter and non-core products in Asia Pacific is excluded from FY2020 H1 as the divestiture was completed in November 2020.
- Revenue of select non-core prescription pharmaceutical products predominantly in Europe is excluded from FY2020 H1 as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America is excluded from FY2020 H1 as the divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from FY2020 H1 as the divestiture was completed in January 2021.
- Revenue of select over-the-counter and non-core products predominantly in Europe is excluded from FY2020 H1 as the divestiture was completed in March 2021.
- Revenue of the former subsidiary, Takeda Consumer Healthcare Company Limited is excluded from FY2020 H1 as the divestiture was completed in March 2021.
- Net sales from a portfolio of diabetes products in Japan (NESINA, LIOVEL, INISYNC and ZAFATEK) are excluded from FY2020 H1 as the divestiture was completed at the beginning of April 2021. In addition, the non-recurring item of the 133.0 billion JPY selling price as the result of the completion of the divestiture is excluded from FY2021 H1.
- Revenue of select non-core prescription pharmaceutical products in China is excluded from both FY2021 H1 and FY2020 H1 as the divestiture was publicly announced and had been expected to complete within FY2021 H1. It is now expected to complete in FY2021 H2.

2 FY2021 H1 Reconciliation from Reported to Core/Underlying Core

FY2021 H1

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS						CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING GROWTH
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Sale of Japan diabetes portfolio	Irish Tax Assessment *1	Others		FX	Divestitures	
Revenue	1,794.4				(133.0)			1,661.4	(64.8)	(8.9)	+6.8 %
Cost of sales	(517.1)				0.6		22.3	(494.1)	21.8	2.6	
Gross Profit	1,277.4				(132.4)		22.3	1,167.2	(43.0)	(6.2)	
SG&A expenses	(431.9)				1.0		2.1	(428.7)	17.0		
R&D expenses	(254.1)						1.3	(252.8)	8.7		
Amortization of intangible assets	(204.1)	204.1						—			
Impairment losses on intangible assets	(1.5)		1.5					—			
Other operating income	19.5			(18.8)			(0.7)	—			
Other operating expenses	(59.4)			59.4				—			
Operating profit	346.0	204.1	1.5	40.6	(131.4)		25.0	485.7	(17.2)	(6.2)	+6.4 %
Margin	19.3 %							29.2 %			29.1 %*2
Financial income/expenses	(58.0)						(0.4)	(58.5)	5.2		
Equity income/loss	(3.5)						6.4	2.8	0.1		
Profit before tax	284.4	204.1	1.5	40.6	(131.4)		31.0	430.1	(11.9)	(6.2)	
Tax expenses	(100.7)	(45.5)	(0.5)	(11.5)	40.2	63.7	(39.9)	(94.2)	2.5	1.9	
Non-controlling interests	(0.1)							(0.1)	—		
Net profit	183.6	158.6	0.9	29.2	(91.2)	63.7	(9.0)	335.9	(9.4)	(4.3)	
EPS (yen)	117							214	(5)	(3)	+9.1 %
Number of shares (millions)	1,568							1,568			1,563

*1 A tax charge of 63.7 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.
*2 Underlying Core Operating Profit Margin.

3 FY2020 H1 Reconciliation from Reported to Core/ Underlying Core

FY2020 H1

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS					CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING GROWTH
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	TEVA JV related accounting adjustments	Others		FX	Divestitures	
Revenue	1,590.8						1,590.8	(2.6)	(102.2)	+0.5 %
Cost of sales	(487.7)					47.3	(440.4)	(7.7)	28.5	
Gross Profit	1,103.1					47.3	1,150.4	(10.4)	(73.7)	
SG&A expenses	(418.6)			0.0		(0.6)	(419.2)	2.0	7.8	
R&D expenses	(225.0)			(0.2)		1.6	(223.6)	0.9	0.4	
Amortization of intangible assets	(206.0)	206.0					—			
Impairment losses on intangible assets	(2.1)		2.1				—			
Other operating income	69.5			(8.6)	(0.7)	(60.2)	—			
Other operating expenses	(105.2)			86.7		18.6	—			
Operating profit	215.6	206.0	2.1	78.0	(0.7)	6.7	507.6	(7.4)	(65.5)	+1.9 %
Margin	13.6 %						31.9 %			29.3 %*
Financial income/expenses	(81.1)					17.2	(63.9)	3.5	(0.0)	
Equity income/loss	(8.9)				11.0		2.1	(0.0)		
Profit before tax	125.6	206.0	2.1	78.0	10.3	23.9	445.8	(3.9)	(65.5)	
Tax expenses	(39.0)	(42.2)	(0.3)	(13.5)	(3.2)	(2.1)	(100.2)	0.9	18.3	
Non-controlling interests	(0.0)						(0.0)	(0.0)	0.0	
Net profit	86.5	163.8	1.8	64.5	7.2	21.8	345.5	(3.1)	(47.2)	
EPS (yen)	55						221	(2)	(30)	(0.4) %
Number of shares (millions)	1,561						1,561			1,558

* Underlying Core Operating Profit Margin.

Important Notice
For the purposes of this notice, "report" means this document, any oral presentation, any question and answer session and any written or oral material discussed or distributed by Takeda Pharmaceutical Company Limited ("Takeda") regarding this release. This report (including any oral briefing and any question-and-answer in connection with it) is not intended to, and does not constitute, represent or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No shares or other securities are being offered to the public by means of this report. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. This report is being given (together with any further information which may be provided to the recipient) on the condition that it is for use by the recipient for information purposes only (and not for the evaluation of any investment, acquisition, disposal or any other transaction). Any failure to comply with these restrictions may constitute a violation of applicable securities laws. The companies in which Takeda directly and indirectly owns investments are separate entities. In this report, "Takeda" is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

The product names appearing in this document are trademarks or registered trademarks owned by Takeda, or their respective owners.

Forward-Looking Statements
This report and any materials distributed in connection with this report may contain forward-looking statements, beliefs or opinions regarding Takeda's future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda. Without limitation, forward-looking statements often include words such as "targets", "plans", "believes", "hopes", "continues", "expects", "aims", "intends", "ensures", "will", "may", "should", "would", "could" "anticipates", "estimates", "projects" or similar expressions or the negative thereof. These forward-looking statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those expressed or implied by the forward-looking statements: the economic circumstances surrounding Takeda's global business, including general economic conditions in Japan and the United States; competitive pressures and developments; changes to applicable laws and regulations, including global health care reforms; challenges inherent in new product development, including uncertainty of clinical success and decisions of regulatory authorities and the timing thereof; uncertainty of commercial success for new and existing products; manufacturing difficulties or delays; fluctuations in interest and currency exchange rates; claims or concerns regarding the safety or efficacy of marketed products or product candidates; the impact of health crises, like the novel coronavirus pandemic, on Takeda and its customers and suppliers, including foreign governments in countries in which Takeda operates, or on other facets of its business; the timing and impact of post-merger integration efforts with acquired companies; the ability to divest assets that are not core to Takeda's operations and the timing of any such divestment(s); and other factors identified in Takeda's most recent Annual Report on Form 20-F and Takeda's other reports filed with the U.S. Securities and Exchange Commission, available on Takeda's website at: https://www.takeda.com/investors/sec-filings/ or at www.sec.gov. Takeda does not undertake to update any of the forward-looking statements contained in this report or any other forward-looking statements it may make, except as required by law or stock exchange rule. Past performance is not an indicator of future results and the results or statements of Takeda in this report may not be indicative of, and are not an estimate, forecast, guarantee or projection of Takeda's future results.

Certain Non-IFRS Financial Measures
This report includes certain non-IFRS financial measures and targets. Takeda's management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this report. Non-IFRS results exclude certain income and cost items which are included in IFRS results. By including these non-IFRS measures, management intends to provide investors with additional information to further analyze Takeda's performance, core results and underlying trends. Non-IFRS results are not prepared in accordance with IFRS and non-IFRS information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with IFRS. Investors are encouraged to review the reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures, which are on appendices 1-3.

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

Financial information
Takeda's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").