

# Earnings Report (*Kessan Tanshin*) for the Three-month Period Ended June 30, 2024 (IFRS, Consolidated)

July 31, 2024

## 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 Three-month Period Ended June 30, 2024 (April 1 to June 30, 2024)

### (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)	(%)
Three-month Period Ended June 30, 2024	1,207,990	14.1	166,329	(1.3)	136,604	1.2	95,299	6.6
Three-month Period Ended June 30, 2023	1,058,618	8.9	168,571	12.0	135,033	(13.1)	89,406	(14.9)

	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)
Three-month Period Ended June 30, 2024	95,248	6.5	660,122	(4.9)	60.71	59.94
Three-month Period Ended June 30, 2023	89,395	(14.9)	693,874	(11.6)	57.51	57.12

	Core Operating Profit		Core EPS
	(Billion JPY)	(%)	(JPY)
Three-month Period Ended June 30, 2024	382.3	17.1	176
Three-month Period Ended June 30, 2023	326.3	2.3	150

### (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 June 30, 2024	16,227,683	7,799,232	7,798,417	48.1	4,970.05
As of March 31, 2024	15,108,792	7,274,005	7,273,264	48.1	4,635.56

## 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, 2024	—	94.00	—	94.00	188.00
For the Fiscal Year Ending March 31, 2025	—				
For the Fiscal Year Ending March 31, 2025 (Projection)		98.00	—	98.00	196.00

(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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	4,350,000	2.0	225,000	5.1	55,000	4.2	58,000	(59.7)	36.70

(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, 2025	4,350,000	2.0	1,000,000	(5.2)	431

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

The definition of Core financial measures is stated in “Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations” in the Financial Appendix.

## 4. Management Guidance (Constant Exchange Rate basis) for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

Takeda uses changes in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2025 (FY2024) has not been changed from the management guidance announced at the FY2023 financial results announcement on May 9, 2024.

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

The definition of Constant Exchange Rate change is stated in “Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations” in the Financial Appendix.

▪ **Additional Information**

(1) Significant changes in the scope of consolidation during the period	: 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:	
June 30, 2024	1,582,418,725 shares
March 31, 2024	1,582,418,725 shares
2) Number of shares of treasury stock at period end:	
June 30, 2024	13,336,181 shares
March 31, 2024	13,405,261 shares
3) Average number of outstanding shares (for the three-month period ended June 30):	
June 30, 2024	1,568,915,479 shares
June 30, 2023	1,554,419,453 shares

▪ **Review of the attached condensed interim consolidated financial statements by certified public accountants or an audit firm: No**

▪ **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 and assumptions to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecasts or guidance to be revised, Takeda will disclose it in a timely manner.
- For details of the forecasts for consolidated operating results and the management guidance, please refer to "1. Financial Highlights for the Three-month Period Ended June 30, 2024 (3) Outlook for the Fiscal Year Ending March 31, 2025" on page 11.
- Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on July 31, 2024, and its audio will be promptly posted on Takeda's website.

(Takeda Website):

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

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## [Financial Appendix]

## 1. Financial Highlights for the Three-month Period Ended June 30, 2024

### (1) Business Performance

#### (i) Consolidated Financial Results (April 1 to June 30, 2024)

	Billion JPY or percentage				
	FY2023 Q1	FY2024 Q1	Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Revenue	1,058.6	1,208.0	149.4	14.1 %	2.1 %
Cost of sales	(321.1)	(387.0)	(65.8)	20.5 %	8.1 %
Selling, general and administrative expenses	(248.1)	(270.0)	(21.9)	8.8 %	(2.4)%
Research and development expenses	(162.7)	(168.5)	(5.7)	3.5 %	(7.7)%
Amortization and impairment losses on intangible assets associated with products	(129.4)	(162.8)	(33.4)	25.8 %	12.9 %
Other operating income	4.3	10.9	6.6	155.7 %	135.4 %
Other operating expenses	(32.9)	(64.3)	(31.3)	95.3 %	72.8 %
Operating profit	168.6	166.3	(2.2)	(1.3)%	(12.0)%
Finance income and (expenses), net	(33.1)	(29.0)	4.1	(12.4)%	(16.6)%
Share of loss of investments accounted for using the equity method	(0.4)	(0.7)	(0.3)	70.3 %	60.3 %
Profit before tax	135.0	136.6	1.6	1.2 %	(11.1)%
Income tax expenses	(45.6)	(41.3)	4.3	(9.5)%	(14.8)%
Net profit for the period	89.4	95.3	5.9	6.6 %	(9.2)%
Net profit for the period attributable to owners of the Company	89.4	95.2	5.9	6.5 %	(9.3)%

In this section, when comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. For additional information on CER change, see “Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations” in the Financial Appendix.

#### **Revenue**

Revenue for the three-month period ended June 30, 2024 was JPY 1,208.0 billion (JPY +149.4 billion and +14.1% AER, +2.1% CER). The increase is attributable to favorable foreign exchange rates and growth from business momentum of Plasma-Derived Therapies (“PDT”), Gastroenterology (“GI”), Oncology, Rare Diseases and Vaccines. The increase of these business areas was offset in part by a decrease in Neuroscience. The decrease in Neuroscience, which was partially mitigated by favorable foreign exchange rates, was largely attributable to continued generic erosion of sales of VYVANSE (for attention deficit hyperactivity disorder (“ADHD”)) in the U.S., which began following loss of exclusivity in August 2023. In addition, revenue outside of our six key business areas decreased mainly due to the decline in sales of AZILVA (for hypertension), which were JPY 3.2 billion (JPY -15.4 billion and -82.6% AER, -82.6% CER) following the entry of generic competitors in Japan beginning in June 2023.

### Revenue by Geographic Region

The following shows revenue by geographic region:

Revenue:	FY2023 Q1	FY2024 Q1	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Japan	124.8	102.9	(21.9)	(17.5)%	(17.8)%
United States	554.4	636.7	82.3	14.8 %	1.0 %
Europe and Canada	224.3	269.8	45.5	20.3 %	6.1 %
Asia (excluding Japan)	60.8	63.9	3.1	5.1 %	(4.2)%
Latin America	43.7	72.2	28.5	65.2 %	45.6 %
Russia/CIS	17.4	23.7	6.4	36.7 %	33.0 %
Other* <sup>1</sup>	33.2	38.7	5.6	16.8 %	6.5 %
Total	1,058.6	1,208.0	149.4	14.1 %	2.1 %

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

### Revenue by Business Area

The following shows revenue by business area:

Revenue:	FY2023 Q1	FY2024 Q1	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
GI	293.5	348.5	54.9	18.7 %	6.0 %
Rare Diseases	170.8	199.5	28.7	16.8 %	4.4 %
PDT	209.2	271.4	62.2	29.7 %	14.7 %
Oncology	110.5	142.1	31.6	28.6 %	17.2 %
Vaccines	10.5	12.5	2.0	18.7 %	9.7 %
Neuroscience	177.0	169.1	(8.0)	(4.5)%	(15.0)%
Other	87.0	64.9	(22.0)	(25.3)%	(31.1)%
Total	1,058.6	1,208.0	149.4	14.1 %	2.1 %

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

#### GI

In GI, revenue was JPY 348.5 billion (JPY +54.9 billion and +18.7% AER, +6.0% CER).

Sales of ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)) were JPY 234.4 billion (JPY +42.4 billion and +22.1% AER, +7.6% CER). Sales in the U.S. were JPY 162.9 billion (JPY +28.6 billion and +21.3% AER). The increase was due to favorable foreign exchange rates, demand in the first line biologic inflammatory bowel disease (“IBD”) population primarily in UC and initial patient gains after the launch of the subcutaneous formulation. Sales in Europe and Canada were JPY 54.8 billion (JPY +10.8 billion and +24.6% AER). The increase was primarily due to favorable foreign exchange rates and new patient gains by an increased use of the subcutaneous formulation.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 36.8 billion (JPY +9.7 billion and +36.0% AER, +21.6% CER). The increase was primarily due to increased demand in the U.S., expansion activities (infant indication label expansion), and favorable exchange rates.

#### Rare Diseases

In Rare Diseases, revenue was JPY 199.5 billion (JPY +28.7 billion and +16.8% AER, +4.4% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 56.0 billion (JPY +14.7 billion and +35.6% AER, +19.8% CER). The increase was primarily due to the higher demand in the U.S., Europe and Canada, and favorable foreign exchange rates.

Sales of enzyme replacement therapy ELAPRASE (for hunter syndrome) were JPY 28.0 billion (JPY +5.1 billion and +22.4% AER, +10.2% CER) The increase was primarily due to strong demand in Growth and Emerging Markets, and favorable foreign exchange rates.

Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease) were JPY 7.6 billion (JPY +3.6 billion and +88.2% AER, +65.9% CER). The increase was primarily attributable to strong market penetration and successful launch performance in the U.S., complemented by continued geographical expansion in Europe and Growth and Emerging Markets.

Sales of enzyme replacement therapy REPLAGAL (for fabry disease) were JPY 21.4 billion (JPY +3.4 billion and +19.1% AER, +8.0% CER). The increase was due to the increased demand in Growth and Emerging Markets, complemented by favorable foreign exchange rates.

### ***PDT***

In PDT, revenue was JPY 271.4 billion (JPY +62.2 billion and +29.7% AER, +14.7% CER).

Aggregate sales of immunoglobulin products were JPY 201.5 billion (JPY +55.9 billion and +38.4% AER, +21.9% CER). Sales of each of our three global immunoglobulin brands experienced double digit percentage sales growth, due to continued strong demand globally and growing supply, as well as favorable foreign exchange rates. Those include GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)), and subcutaneous immunoglobulin therapies (CUVITRU and HYQVIA) which are growing due to their benefit to patients and convenience in administration compared to intravenous therapies.

Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (both primarily used for hypovolemia and hypoalbuminemia) were JPY 29.4 billion (JPY -1.4 billion and -4.5% AER, -14.2% CER). The decrease was primarily due to supply timing in China, partially mitigated by favorable foreign exchange rates.

### ***Oncology***

In Oncology, revenue was JPY 142.1 billion (JPY +31.6 billion and +28.6% AER, +17.2% CER).

Sales of FRUZAQLA (for colorectal cancer), which was newly launched in November 2023 in the U.S., were JPY 11.9 billion.

Sales of ADCETRIS (for malignant lymphomas) were JPY 34.5 billion (JPY +7.4 billion and +27.2% AER, +14.1% CER). The increase was led by strong demand in Growth and Emerging Markets, Europe and Canada, as well as favorable foreign exchange rates.

Sales of LEUPLIN/ENANTONE (for endometriosis, uterine fibroids, premenopausal breast cancer, prostate cancer, etc.) were JPY 29.4 billion (JPY +4.8 billion and +19.6% AER, +12.7% CER). The increase was due to the sales increase in the U.S. and favorable foreign exchange rates.

Sales of ICLUSIG (for leukemia) were JPY 16.8 billion (JPY +4.2 billion and +33.3% AER, +17.2% CER). The increase was due to steady growth in the U.S., complemented by U.S. regulatory approval of a new indication of newly diagnosed Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) in combination with chemotherapy, as well as favorable foreign exchange rates.

### ***Vaccines***

In Vaccines, revenue was JPY 12.5 billion (JPY +2.0 billion and +18.7% AER, +9.7% CER).

Sales of QDENGGA (for dengue) were JPY 9.5 billion (JPY +8.8 billion and +1,231.5% AER, +1,098.6% CER). The increase was due to the expansion of QDENGGA availability in endemic countries, now reaching over 20 countries including non-endemic countries.

Sales of other vaccine products in aggregate decreased year-on-year, mainly due to lower revenue contribution from COVID-19 vaccines in Japan.

### ***Neuroscience***

In Neuroscience, revenue was JPY 169.1 billion (JPY -8.0 billion and -4.5% AER, -15.0% CER).

Sales of VYVANSE/ELVANSE (for ADHD) were JPY 114.6 billion (JPY -8.5 billion and -6.9% AER, -17.9% CER). The decrease was due to the multiple generic entrants in the U.S. starting from August 2023, while the growth of the adult market in Europe and favorable foreign exchange rates partially offset the negative impacts.

Sales of TRINTELLIX (for major depressive disorder (“MDD”)) were JPY 31.0 billion (JPY +6.7 billion, and +27.6% AER, +13.6% CER). The increase was due to the sales increase in the U.S..

Sales of ADDERALL XR (for ADHD) were JPY 7.7 billion (JPY -5.8 billion and -42.8% AER, -49.6% CER). The decrease was primarily due to an increase in the availability of generic versions of the instant release formulation marketed by competitors in the U.S., which negatively impacted ADDERALL XR.

#### ***Cost of Sales***

Cost of Sales was JPY 387.0 billion (JPY +65.8 billion and +20.5% AER, +8.1% CER). The increase was primarily due to the depreciation of the Japanese yen and revenue growth in our six key business area with a change in product mix as compared to the same period of the previous fiscal year.

#### ***Selling, General and Administrative (SG&A) expenses***

SG&A expenses were JPY 270.0 billion (JPY +21.9 billion and +8.8% AER, -2.4% CER). The increase was mainly due to the depreciation of the Japanese yen partially offset by various cost efficiencies.

#### ***Research and Development (R&D) expenses***

R&D expenses were JPY 168.5 billion (JPY +5.7 billion and +3.5% AER, -7.7% CER). The increase was mainly due to the depreciation of the Japanese yen, partially offset by lower expenses due to termination of development programs such as modakafusp alfa (TAK-573) and EXKIVITY (for non-small cell lung cancer) compared to the same period of the previous fiscal year.

#### ***Amortization and Impairment Losses on Intangible Assets Associated with Products***

Amortization and Impairment Losses on Intangible Assets Associated with Products was JPY 162.8 billion (JPY +33.4 billion and +25.8% AER, +12.9% CER). Amortization expenses increased by JPY 15.4 billion mainly due to the depreciation of the Japanese yen. Impairment losses increased by JPY 18.0 billion primarily due to a full impairment of intangible assets for soticlestat (TAK-935) amounting to JPY 21.5 billion following the results of the phase 3 studies in the current period.

#### ***Other Operating Income***

Other Operating Income was JPY 10.9 billion (JPY +6.6 billion and +155.7% AER, +135.4% CER). The increase was primarily due to a JPY 6.1 billion gain on completion of the TACHOSIL (fibrin sealant patch) related business divestiture, which includes a manufacturing facility, in the current period.

#### ***Other Operating Expenses***

Other Operating Expenses were JPY 64.3 billion (JPY +31.3 billion and +95.3% AER, +72.8% CER). The increase mainly resulted from an increase of restructuring expense by JPY 27.4 billion due to the enterprise-wide efficiency program in the current period.

#### ***Operating Profit***

As a result of the above factors, Operating Profit was JPY 166.3 billion (JPY -2.2 billion and -1.3% AER, -12.0% CER).

#### ***Net Finance Expenses***

Net Finance Expenses were JPY 29.0 billion (JPY -4.1 billion and -12.4% AER, -16.6% CER). The decrease of Net Finance Expenses compared to the same period of the previous fiscal year was primarily due to lower foreign exchange loss compared with the same period of the previous fiscal year.

#### ***Share of Loss of Investments Accounted for Using the Equity Method***

Share of Loss of Investments Accounted for Using the Equity Method was JPY 0.7 billion (JPY +0.3 billion and +70.3% AER, +60.3% CER).

#### ***Income Tax Expenses***

Income Tax Expenses was JPY 41.3 billion (JPY -4.3 billion and -9.5% AER, -14.8% CER).

#### ***Net Profit for the Period***

As a result of the above factors, Net Profit for the Period was JPY 95.3 billion (JPY +5.9 billion and +6.6% AER, -9.2% CER) and Net Profit for the Period Attributable to Owners of the Company was JPY 95.2 billion (JPY +5.9 billion and +6.5% AER, -9.3% CER)



## (ii) Results of Core Financial Measures (April 1 to June 30, 2024)

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

Takeda uses the concept of Core financial measures for measuring financial performance. These measures are not defined by International Financial Reporting Standards (IFRS). See “Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations” in the Financial Appendix for additional information.

### Results of Core Operations

	FY2023 Q1	FY2024 Q1	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% change	% change
Core revenue	1,058.6	1,208.0	149.4	14.1 %	2.1 %
Core operating profit	326.3	382.3	55.9	17.1 %	4.5 %
Core net profit for the period	233.4	276.9	43.5	18.6 %	3.9 %
Core net profit for the period attributable to owners of the Company	233.4	276.8	43.4	18.6 %	3.9 %
Core EPS (yen)	150	176	26	17.5 %	2.9 %

### Core Revenue

Core Revenue for the three-month period ended June 30, 2024 was JPY 1,208.0 billion (JPY +149.4 billion and +14.1% AER, +2.1% CER). The increase is attributable to favorable foreign exchange rates and growth from business momentum primarily led by Takeda’s Growth and Launch Products\* which totaled JPY 561.7 billion (JPY +140.6 billion and +33.4% AER, +17.8% CER), partially offset by lower sales of VYVANSE in the U.S. and AZILVA in Japan which were impacted by generic competition following loss of exclusivities.

\* Takeda’s Growth and Launch Products

GI: ENTYVIO, EOHILIA

Rare Diseases: TAKHZYRO, LIVTENCITY, ADZYNMA

PDT: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU,

Albumin products including HUMAN ALBUMIN and FLEXBUMIN

Oncology: ALUNBRIG, FRUZAQLA

Vaccines: QDENG A

### Core Operating Profit

Core Operating Profit for the current period was JPY 382.3 billion (JPY +55.9 billion and +17.1% AER, +4.5% CER). The components of Core Operating Profit are as below:

	FY2023 Q1	FY2024 Q1	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Core revenue	1,058.6	1,208.0	149.4	14.1 %	2.1 %
Core cost of sales	(321.2)	(387.1)	(65.8)	20.5 %	8.1 %
Core selling, general and administrative (SG&A) expenses	(248.3)	(270.2)	(21.8)	8.8 %	(2.5)%
Core research and development (R&D) expenses	(162.7)	(168.5)	(5.8)	3.5 %	(7.7)%
Core operating profit	326.3	382.3	55.9	17.1 %	4.5 %

During the periods presented, these items fluctuated as follows:

### Core Cost of Sales

Core Cost of Sales was JPY 387.1 billion (JPY +65.8 billion and +20.5% AER, +8.1% CER). The increase was primarily due to the depreciation of Japanese yen and revenue growth in our six key business area with a change in product mix as compared to the same period of the previous fiscal year.

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

Core SG&A expenses were JPY 270.2 billion (JPY +21.8 billion and +8.8% AER, -2.5% CER). The increase was mainly due to the depreciation of Japanese yen partially offset by various cost efficiencies.

**Core Research and Development (R&D) Expenses**

Core R&D expenses were JPY 168.5 billion (JPY +5.8 billion and +3.5% AER, -7.7% CER). The increase was mainly due to the depreciation of Japanese yen, partially offset by lower expenses due to termination of development programs such as modakafusp alfa (TAK-573) and EXKIVITY (for non-small cell lung cancer) compared to the same period of the previous fiscal year.

**Core Net Profit for the Period**

Core Net Profit for the Period was JPY 276.9 billion (JPY +43.5 billion and +18.6% AER, +3.9% CER) and Core Net Profit Attributable to Owners of the Company was JPY 276.8 billion (JPY +43.4 billion and +18.6% AER, +3.9% CER) and are calculated from Core Operating Profit as below:

	FY2023 Q1	FY2024 Q1	Billion JPY or percentage		
			Change versus the same period of the previous fiscal year		
			AER		CER
			Amount of Change	% Change	% Change
Core operating profit	326.3	382.3	55.9	17.1 %	4.5 %
Core finance income and (expenses), net	(28.5)	(30.1)	(1.5)	5.3 %	0.9 %
Core share of profit of investments accounted for using the equity method	0.8	0.4	(0.4)	(48.8)%	(57.6)%
Core profit before tax	298.6	352.6	54.0	18.1 %	4.7 %
Core income tax expenses	(65.2)	(75.7)	(10.6)	16.2 %	7.5 %
Core net profit for the period	233.4	276.9	43.5	18.6 %	3.9 %
Core net profit for the period attributable to owners of the Company	233.4	276.8	43.4	18.6 %	3.9 %

During the periods presented, these items fluctuated as follows:

**Core Net Finance Expenses**

Core Net Finance Expenses were JPY 30.1 billion (JPY +1.5 billion and +5.3% AER, +0.9% CER).

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

Core Share of Profit of Investments Accounted for Using the Equity Method was JPY 0.4 billion (JPY -0.4 billion and -48.8% AER, -57.6% CER).

**Core Profit Before Tax**

Core Profit Before Tax was JPY 352.6 billion (JPY +54.0 billion and +18.1% AER, +4.7% CER).

**Core Income Tax Expenses**

Core Income Tax Expenses were JPY 75.7 billion (JPY +10.6 billion and +16.2% AER, +7.5% CER). The increase was mainly due to higher core pretax earnings.

**Core EPS**

Core EPS was JPY 176 (JPY +26 and +17.5% AER, +2.9% CER).

## (2) Consolidated Financial Position

	<b>Billion JPY</b>		
	<b>As of</b>		<b>Change versus the previous fiscal year</b>
	<b>March 31, 2024</b>	<b>June 30, 2024</b>	
Total Assets	15,108.8	16,227.7	1,118.9
Total Liabilities	7,834.8	8,428.5	593.7
Total Equity	7,274.0	7,799.2	525.2

### *Assets*

Total Assets as of June 30, 2024 were JPY 16,227.7 billion (JPY +1,118.9 billion). In addition to an increase of Cash and Cash Equivalents (JPY +346.5 billion), Goodwill, Property, Plant and Equipment, Intangible Assets, and Trade and Other Receivables increased (JPY +323.6 billion, JPY +95.6 billion, JPY +91.5 billion, and JPY +87.0 billion, respectively) mainly due to the effect of foreign currency translation.

### *Liabilities*

Total Liabilities as of June 30, 2024 were JPY 8,428.5 billion (JPY +593.7 billion). Total Bonds and Loans were JPY 5,481.0 billion\* (JPY +637.2 billion), which increased primarily due to the issuance of Hybrid bonds and the effect of foreign currency translation.

\* The carrying amount of Bonds was JPY 4,716.0 billion and Loans was JPY 765.0 billion as of June 30, 2024. Breakdown of Bonds and Loans' carrying amount is as follows.

### Bonds:

<b>Name of Bond (Face Value if Denominated in Foreign Currency)</b>	<b>Issuance</b>	<b>Maturity</b>	<b>Carrying Amount (Billion JPY)</b>
Unsecured US dollar denominated senior notes (USD 1,301 million)	June 2015	June 2025 ~ June 2045	210.6
Unsecured US dollar denominated senior notes (USD 3,000 million)	September 2016	September 2026	468.6
Unsecured Euro denominated senior notes (EUR 3,000 million)	November 2018	November 2026 ~ November 2030	514.1
Unsecured US dollar denominated senior notes (USD 1,750 million)	November 2018	November 2028	280.2
Hybrid bonds (subordinated bonds)	June 2019	June 2079	499.8
Unsecured US dollar denominated senior notes (USD 7,000 million)	July 2020	March 2030 ~ July 2060	1,119.5
Unsecured Euro denominated senior notes (EUR 3,600 million)	July 2020	July 2027 ~ July 2040	616.1
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.5
Hybrid bonds (subordinated bonds)	June 2024	June 2084	457.6
Commercial paper	May 2024 ~ June 2024	July 2024	300.0
<b>Total</b>			<b>4,716.0</b>

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Syndicated loans	April 2016	April 2026	100.0
Syndicated loans	April 2017	April 2027	113.5
Syndicated loans (USD 1,500 million)	April 2017	April 2027	241.2
Syndicated loans	April 2023	April 2030	100.0
Bilateral loans	March 2016 ~ April 2024	April 2025 ~ April 2031	210.0
Other			0.3
<b>Total</b>			<b>765.0</b>

On April 25, 2024, Takeda repaid JPY 50.0 billion in Bilateral Loans falling due and on the same day entered into new Bilateral Loans of JPY 50.0 billion maturing on April 25, 2031. Following this, on June 25, 2024, Takeda issued 60-year unsecured Hybrid bonds with an aggregate principal amount of JPY 460.0 billion and a maturity date of June 25, 2084. Takeda had short term commercial paper drawings outstanding of JPY 300.0 billion as of June 30, 2024.

**Equity**

Total Equity as of June 30, 2024 was JPY 7,799.2 billion (JPY +525.2 billion). The increase of Other Components of Equity (JPY +565.4 billion) was mainly due to fluctuation in currency translation adjustments reflecting the depreciation of the Japanese yen. This increase was partially offset by a decrease in Retained Earnings (JPY -53.0 billion) mainly due to the decrease of JPY 147.7 billion related to dividend payments while Net Profit for the Period increased.

## Consolidated Cash Flows

	<b>Billion JPY</b>		
	<b>FY2023 Q1</b>	<b>FY2024 Q1</b>	<b>Change versus the same period of the previous fiscal year</b>
Net cash from (used in) operating activities	92.4	170.3	77.9
Net cash from (used in) investing activities	(266.5)	(156.7)	109.8
Net cash from (used in) financing activities	(57.8)	316.4	374.2
Net increase (decrease) in cash and cash equivalents	(231.9)	330.0	561.9
Cash and cash equivalents at the beginning of the year	533.5	457.8	(75.7)
Effects of exchange rate changes on cash and cash equivalents	14.8	17.2	2.5
Cash and cash equivalents reclassified to assets held for sale	—	(0.7)	(0.7)
Cash and cash equivalents at the end of the period (Condensed interim consolidated statements of financial position)	<u>316.4</u>	<u>804.3</u>	<u>487.9</u>

### *Net Cash from Operating Activities*

Net Cash from Operating Activities was JPY 170.3 billion (JPY +77.9 billion). The increase was mainly due to favorable impacts from Changes in Assets and Liabilities, primarily driven by changes in Trade and Other Receivables and Provisions, and favorable impacts from a higher net profit for the period adjusted for non-cash items and other adjustments, which was partially offset by Other, Net.

### *Net Cash used in Investing Activities*

Net Cash used in Investing Activities was JPY 156.7 billion (JPY -109.8 billion). The decrease was mainly due to a decrease in Acquisition of Intangible Assets.

### *Net Cash from Financing Activities*

Net Cash from Financing Activities was JPY 316.4 billion (JPY +374.2 billion). The increase was mainly due to the issuance of Hybrid bonds. This increase was partially offset by a net decrease in commercial paper drawings.

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

Based on Takeda's financial results through the three-month period ended June 30, 2024, and considering higher expenses expected to be incurred and further accelerations of generic erosion of VYVANSE in the U.S. during the remaining nine-month period of the fiscal year ending March 31, 2025 (FY2024), the full year consolidated forecast for FY2024 has not been revised from the forecast announced at the FY2023 financial results announcement on May 9, 2024.

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

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

\*1 Please refer to “Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations” in the Financial Appendix for the definition.

#### Major assumptions used in preparing the FY2024 Forecast

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

\*2 Includes in-process R&D.

\*3 JPY 140.0 billion of restructuring expense which is primarily related to the enterprise-wide efficiency program is included in FY2024 Forecast.

## Management Guidance

Takeda uses change in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2025 (FY2024) has not been changed from the management guidance announced at the FY2023 financial results announcement on May 9, 2024.

	<b>FY2024 Management Guidance CER % Change<sup>*1</sup></b>
Core Revenue	Flat to slightly declining
Core Operating Profit	Approx 10% decline
Core EPS	Mid-10s% decline

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

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

## Forward looking statements

All forecasts in this document are based on information and assumptions 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.

## 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>Three-month Period Ended June 30,</b>	
	<b>2023</b>	<b>2024</b>
Revenue	1,058,618	1,207,990
Cost of sales	(321,114)	(386,954)
Selling, general and administrative expenses	(248,113)	(270,030)
Research and development expenses	(162,741)	(168,463)
Amortization and impairment losses on intangible assets associated with products	(129,423)	(162,831)
Other operating income	4,251	10,868
Other operating expenses	(32,907)	(64,252)
Operating profit	168,571	166,329
Finance income	26,455	30,677
Finance expenses	(59,575)	(59,691)
Share of loss of investments accounted for using the equity method	(418)	(712)
Profit before tax	135,033	136,604
Income tax expenses	(45,627)	(41,304)
Net profit for the period	89,406	95,299
Attributable to:		
Owners of the Company	89,395	95,248
Non-controlling interests	11	51
Net profit for the period	89,406	95,299
Earnings per share (JPY)		
Basic earnings per share	57.51	60.71
Diluted earnings per share	57.12	59.94



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

	<b>JPY (millions)</b>	
	<b>Three-month Period Ended June 30,</b>	
	<b>2023</b>	<b>2024</b>
Net profit for the period	89,406	95,299
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	14,192	(5,077)
Remeasurement of defined benefit pension plans	(310)	1,916
	13,881	(3,160)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	593,939	563,483
Cash flow hedges	(11,021)	(3,271)
Hedging cost	7,859	6,908
Share of other comprehensive income (loss) of investments accounted for using the equity method	(191)	864
	590,586	567,983
Other comprehensive income for the period, net of tax	604,467	564,823
Total comprehensive income for the period	693,874	660,122
Attributable to:		
Owners of the Company	693,816	660,048
Non-controlling interests	58	74
Total comprehensive income for the period	693,874	660,122

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

	JPY (millions)	
	As of March 31, 2024	As of June 30, 2024
<b>ASSETS</b>		
Non-current assets:		
Property, plant and equipment	1,989,777	2,085,382
Goodwill	5,410,067	5,733,710
Intangible assets	4,274,682	4,366,147
Investments accounted for using the equity method	89,831	87,688
Other financial assets	340,777	359,493
Other non-current assets	51,214	106,098
Deferred tax assets	393,865	381,632
Total non-current assets	12,550,212	13,120,151
Current assets:		
Inventories	1,209,869	1,276,739
Trade and other receivables	668,403	755,425
Other financial assets	15,089	53,386
Income taxes receivable	29,207	16,942
Other current assets	168,875	197,010
Cash and cash equivalents	457,800	804,272
Assets held for sale	9,337	3,759
Total current assets	2,558,580	3,107,532
Total assets	15,108,792	16,227,683
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Non-current liabilities:		
Bonds and loans	4,476,501	5,042,242
Other financial liabilities	687,833	616,388
Net defined benefit liabilities	143,882	148,677
Income taxes payable	4,381	—
Provisions	14,373	12,698
Other non-current liabilities	80,938	87,733
Deferred tax liabilities	113,777	55,510
Total non-current liabilities	5,521,684	5,963,249
Current liabilities:		
Bonds and loans	367,251	438,743
Trade and other payables	547,521	468,882
Other financial liabilities	143,421	264,438
Income taxes payable	109,906	162,201
Provisions	524,420	565,124
Other current liabilities	619,174	564,382
Liabilities held for sale	1,410	1,433
Total current liabilities	2,313,103	2,465,202
Total liabilities	7,834,788	8,428,451

	<b>JPY (millions)</b>	
	<b>As of March 31, 2024</b>	<b>As of June 30, 2024</b>
<b><u>EQUITY</u></b>		
Share capital	1,676,596	1,676,596
Share premium	1,747,414	1,759,813
Treasury shares	(51,259)	(50,897)
Retained earnings	1,391,203	1,338,192
Other components of equity	2,509,310	3,074,714
Equity attributable to owners of the Company	7,273,264	7,798,417
Non-controlling interests	741	815
Total equity	7,274,005	7,799,232
Total liabilities and equity	15,108,792	16,227,683

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

Three-month period ended June 30, 2023 (From April 1 to June 30, 2023)

	JPY (millions)					
	Equity attributable to owners of the Company				Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2023	1,676,345	1,728,830	(100,317)	1,541,146	1,606,128	12,470
Net profit for the period				89,395		
Other comprehensive income (loss)					593,692	14,201
Comprehensive income (loss) for the period	—	—	—	89,395	593,692	14,201
Transactions with owners:						
Issuance of new shares	66	66				
Acquisition of treasury shares			(2,350)			
Disposal of treasury shares		0	0			
Dividends				(140,122)		
Changes in ownership						
Transfers from other components of equity				(322)		12
Share-based compensation		15,467				
Exercise of share-based awards		(2,425)	2,412			
Total transactions with owners	66	13,108	62	(140,444)	—	12
As of June 30, 2023	1,676,411	1,741,937	(100,255)	1,490,097	2,199,820	26,682

	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, 2023	(87,352)	(23,127)	—	1,508,119	6,354,122	549	6,354,672
Net profit for the period				—	89,395	11	89,406
Other comprehensive income (loss)	(11,021)	7,859	(310)	604,421	604,421	47	604,467
Comprehensive income (loss) for the period	(11,021)	7,859	(310)	604,421	693,816	58	693,874
Transactions with owners:							
Issuance of new shares				—	132		132
Acquisition of treasury shares				—	(2,350)		(2,350)
Disposal of treasury shares				—	0		0
Dividends				—	(140,122)		(140,122)
Changes in ownership				—	—	9	9
Transfers from other components of equity			310	322	—		—
Share-based compensation				—	15,467		15,467
Exercise of share-based awards				—	(13)		(13)
Total transactions with owners	—	—	310	322	(126,886)	9	(126,877)
As of June 30, 2023	(98,373)	(15,268)	—	2,112,861	6,921,052	617	6,921,668

Three-month period ended June 30, 2024 (From April 1 to June 30, 2024)

	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, 2024	1,676,596	1,747,414	(51,259)	1,391,203	2,573,407	15,729
Net profit for the period				95,248		
Other comprehensive income (loss)					564,327	(5,080)
Comprehensive income (loss) for the period	—	—	—	95,248	564,327	(5,080)
Transactions with owners:						
Acquisition of treasury shares			(1,913)			
Disposal of treasury shares		0	0			
Dividends				(147,655)		
Transfers from other components of equity				(603)		2,520
Share-based compensation		14,673				
Exercise of share-based awards		(2,274)	2,274			
Total transactions with owners	—	12,399	361	(148,258)	—	2,520
As of June 30, 2024	1,676,596	1,759,813	(50,897)	1,338,192	3,137,735	13,169

	Equity attributable to owners of the Company						
	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	Total other components of equity			
As of April 1, 2024	(63,896)	(15,930)	—	2,509,310	7,273,264	741	7,274,005
Net profit for the period				—	95,248	51	95,299
Other comprehensive income (loss)	(3,271)	6,908	1,916	564,800	564,800	23	564,823
Comprehensive income (loss) for the period	(3,271)	6,908	1,916	564,800	660,048	74	660,122
Transactions with owners:							
Acquisition of treasury shares				—	(1,913)		(1,913)
Disposal of treasury shares				—	0		0
Dividends				—	(147,655)		(147,655)
Transfers from other components of equity			(1,916)	603	—		—
Share-based compensation				—	14,673		14,673
Exercise of share-based awards				—	—		—
Total transactions with owners	—	—	(1,916)	603	(134,895)	—	(134,895)
As of June 30, 2024	(67,167)	(9,022)	—	3,074,714	7,798,417	815	7,799,232

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

	JPY (millions)	
	Three-month Period Ended June 30,	
	2023	2024
Cash flows from operating activities:		
Net profit for the period	89,406	95,299
Depreciation and amortization	171,501	192,220
Impairment losses	7,829	26,000
Equity-settled share-based compensation	15,442	15,386
Loss on sales and disposal of property, plant and equipment	326	2,088
Gain on divestment of business and subsidiaries	(147)	(6,229)
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	44	(12)
Finance (income) and expenses, net	33,120	29,014
Share of loss of investments accounted for using the equity method	418	712
Income tax expenses	45,627	41,304
Changes in assets and liabilities:		
Increase in trade and other receivables	(90,373)	(47,744)
Increase in inventories	(28,589)	(10,079)
Decrease in trade and other payables	(34,656)	(37,455)
Increase (decrease) in provisions	(22,583)	6,120
Increase in other financial liabilities	25,254	8,964
Other, net	(67,640)	(109,785)
Cash generated from operations	144,980	205,805
Income taxes paid	(55,907)	(37,811)
Tax refunds and interest on tax refunds received	3,327	2,310
Net cash from operating activities	92,400	170,304
Cash flows from investing activities:		
Interest received	2,322	4,331
Dividends received	147	206
Acquisition of property, plant and equipment	(45,957)	(57,441)
Proceeds from sales of property, plant and equipment	11	9
Acquisition of intangible assets	(223,280)	(80,357)
Acquisition of option to license	—	(15,693)
Acquisition of investments	(674)	(12,980)
Proceeds from sales and redemption of investments	543	5,317
Proceeds from sales of business, net of cash and cash equivalents divested	372	2,941
Payments for the settlement of forward exchange contracts designated as net investment hedges	—	(2,999)
Other, net	(15)	(28)
Net cash used in investing activities	(266,530)	(156,693)

	<b>JPY (millions)</b>	
	<b>Three-month Period Ended June 30,</b>	
	<b>2023</b>	<b>2024</b>
Cash flows from financing activities:		
Net increase (decrease) in short-term loans and commercial papers	110,000	(17,000)
Proceeds from issuance of bonds and long-term loans	100,000	507,638
Repayments of bonds and long-term loans	(100,088)	(50,109)
Proceeds from the settlement of cross currency interest rate swaps related to bonds and loans	—	46,880
Acquisition of treasury shares	(2,326)	(1,882)
Interest paid	(19,815)	(15,466)
Dividends paid	(130,746)	(138,110)
Repayments of lease liabilities	(10,546)	(10,916)
Other, net	(4,257)	(4,654)
Net cash from (used in) financing activities	<u>(57,778)</u>	<u>316,381</u>
Net increase (decrease) in cash and cash equivalents	<u>(231,908)</u>	<u>329,991</u>
Cash and cash equivalents at the beginning of the year	533,530	457,800
Effects of exchange rate changes on cash and cash equivalents	14,759	17,220
Cash and cash equivalents at the end of the period	<u>316,380</u>	<u>805,012</u>
Cash and cash equivalents reclassified to assets held for sale	—	(740)
Cash and cash equivalents at the end of the period (Condensed interim consolidated statements of financial position)	<u><u>316,380</u></u>	<u><u>804,272</u></u>

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

(Significant Uncertainty Regarding Going Concern Assumption)

Not applicable.

(Material Accounting Policies)

Material accounting policies adopted for the condensed interim consolidated financial statements are the same as those adopted for the consolidated financial statements as of and for the fiscal year ended March 31, 2024.

Takeda calculated income tax expenses for the three-month period ended June 30, 2024, based on the estimated average annual effective tax rate.

(Operating Segment and Revenue Information)

Takeda comprises a single operating segment and is engaged in the research, development, manufacturing, marketing and out-licensing of pharmaceutical products. This is consistent with how the financial information is viewed in allocating resources, measuring performance, and forecasting future periods by the CEO who is Takeda's Chief Operating Decision Maker.

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

Not applicable.

(Significant Subsequent Events)

On July 5, 2024, Takeda issued USD 3,000 million in unsecured U.S. dollar-denominated senior notes (the "Notes") with maturity dates and coupon rates ranging from July 5, 2034 to July 5, 2064 and 5.300%-5.800% per annum, respectively. On July 12, 2024, the proceeds of the Notes were fully used to fund a tender offer to redeem USD 1,500 million in unsecured senior notes in advance of their original maturity in September 2026, in addition to the reduction of commercial paper drawings during the month of July 2024. The impact from these redemptions on the consolidated statements of profit or loss was not material.

On July 9, 2024, Takeda provided a call notice of redemption effective October 6, 2024 to the holders of JPY 500,000 million in Hybrid subordinated bonds that were issued in June 2019, in advance of their original maturity in June 2079. The impact from the accelerated debt prepayment on the consolidated statements of profit or loss is not expected to be material.



# FINANCIAL APPENDIX



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# Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations

## Core Financial Measures

Takeda's Core Financial Measures, particularly Core Revenue, Core Operating Profit, Core Net Profit for the Year attributable to owners of the Company and Core EPS, exclude revenue from divestments, amortization and impairment losses on intangible assets associated with products (includes in-process R&D) and other impacts unrelated to the underlying trends and business performance of Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs. **Core Revenue** represents revenue adjusted to exclude significant revenue items unrelated to the underlying trends and business performance of Takeda's core operations. **Core Operating Profit** represents operating profit adjusted to exclude other operating expenses and income, amortization and impairment losses on intangible assets associated with products (includes in-process R&D) and non-cash items or items unrelated to the underlying trends and business performance of Takeda's core operations. **Core EPS** represents net profit for the year attributable to owners of the Company, adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to the underlying trends and business performance of Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

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

## Constant Exchange Rate ("CER") Change

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

Takeda presents CER change because we believe that this measure is useful to investors to better understand the effect of exchange rates on our business, and to understand how our results of operations might have changed from year to year without the effect of fluctuations in exchange rates. These are the primary ways in which our management uses these measures to evaluate our results of operations. We also believe that this is a useful measure for investors as similar performance measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the results of operations of other companies in our industry (many of whom similarly present measures that adjust for the effect of exchange rates).

The usefulness of this presentation has significant limitations including, but not limited to, that while CER change is calculated using the same exchange rates used to calculate financial results as presented under IFRS for the previous fiscal year, this does not necessarily mean that the transactions entered into during the relevant fiscal year could have been entered into or would have been recorded at the same exchange rates. Moreover, other companies in our industry using similarly titled measures may define and calculate those measures differently than we do, and therefore such measures may not be directly comparable. Accordingly, CER change at constant exchange rates should not be considered in isolation and is not, and should not be viewed as, a substitute for change in financial results as prepared and presented in accordance with IFRS. Starting from the quarter ended June 30, 2024, we ceased adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflation Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29.



### Free Cash Flow and Adjusted Free Cash Flow

Takeda defines **Free Cash Flow** as cash flows from operating activities less acquisition of property, plant and equipment ("PP&E"). Takeda defines **Adjusted Free Cash Flow** as cash flows from operating activities, subtracting payments for acquisition of PP&E, intangible assets, investments and businesses, net of cash and cash equivalents acquired, and other transactional payments deemed related or similar in substance thereto as well as adding proceeds from sales of PP&E, investments (including redemptions where relevant) and businesses, net of cash and cash equivalents acquired and divested, and further adjusting for the movement of any other cash that is not available to Takeda's immediate or general business use.

Takeda presents Free Cash Flow and Adjusted Free Cash Flow because Takeda believes that these measures are 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. Adjusted 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. Takeda also believes that Free Cash Flow and Adjusted Free Cash Flow are helpful to investors in understanding how our strategic acquisitions and divestitures of businesses contribute to our cash flows and liquidity.

The usefulness of Free Cash Flow and Adjusted Free Cash Flow to investors has significant 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 do not reflect the effect of our current and future contractual and other commitments requiring the use or allocation of capital and (iii) the addition of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents divested do not represent cash received from our core ongoing operations. Free Cash Flow and Adjusted Free Cash Flow should not be considered in isolation and are not, and should not be viewed as, substitutes 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 and Adjusted Free Cash Flow is net cash from operating activities. Starting from the quarter ended June 30, 2024, we i) changed the title of Free Cash Flow as previously represented to "Adjusted Free Cash Flow" and ii) began reporting "Free Cash Flow" as cash flows from operating activities less acquisition of PP&E. This change is intended to enhance the comparability of our Free Cash Flow disclosures to those of our peers and to better describe the nature of these measures as presented by Takeda.

### EBITDA and Adjusted EBITDA

Takeda defines **EBITDA** as consolidated net profit before income tax expenses, depreciation and amortization and net interest expense. Takeda defines **Adjusted EBITDA** as EBITDA further adjusted to exclude impairment losses, other operating income and expenses (excluding depreciation and amortization), finance income and expenses (excluding net interest expense), our share of loss from investments accounted for under the equity method and other items that management believes are unrelated to our core operations such as purchase accounting effects and transaction related costs.

Takeda presents EBITDA and Adjusted EBITDA because Takeda believes 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. Primarily, Adjusted EBITDA is used by Takeda for the purposes of monitoring its financial leverage. Takeda further believes 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.

The usefulness of EBITDA and Adjusted EBITDA to investors has significant limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) they exclude financial information and events, such as the effects of an acquisition, or amortization of intangible assets, that some may consider important in evaluating Takeda's performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not include all items which investors may consider important to an understanding of our results of operations, or exclude all items which investors may not consider to be so. EBITDA and Adjusted EBITDA should not be considered in isolation and are not, and should not be viewed as, substitutes for operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. The most closely comparable measure presented in accordance with IFRS is net profit for the period.



### **Net Debt and Adjusted Net Debt**

Takeda defines **Net Debt** as the book value of bonds and loans on consolidated statements of financial position adjusted only for cash and cash equivalents, and **Adjusted 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) the “equity credit” applied to Takeda’s “hybrid” subordinated indebtedness by S&P Global Rating Japan in recognition of the equity-like features of those instruments pursuant to such agency’s ratings methodology. To calculate Adjusted Net Debt, Takeda deducts from this figure cash and cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

Takeda presents Net Debt and Adjusted Net Debt because Takeda believes that these measures are 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 financial leverage (for the avoidance of doubt, Adjusted Net Debt and the ratio of Adjusted Net Debt to Adjusted EBITDA are not intended to be indicators of Takeda’s liquidity). Takeda also believes that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Particularly following the acquisition of Shire, investors, analysts and, in particular, ratings agencies, have closely monitored Takeda’s leverage, as represented by the ratio of its Adjusted Net Debt to Adjusted EBITDA. In light of the weight given by ratings agencies in particular to this ratio, Takeda believes that such information is useful to investors to help understand not only Takeda’s financial leverage, but also how ratings agencies evaluate the level of financial leverage in evaluating Takeda’s quality of credit. Accordingly, as described below, Takeda includes an adjustment to its Adjusted Net Debt to reflect the “equity credit” afforded to certain of its subordinated indebtedness by ratings agencies (such indebtedness does not qualify for treatment as equity under IFRS).

The usefulness of Adjusted 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 the pharmaceutical industry, (ii) it does not reflect the amounts of interest payments to be paid on Takeda’s indebtedness, (iii) it does not reflect any restrictions on Takeda’s ability to prepay or redeem any of our indebtedness, (iv) it does not reflect any fees, costs or other expenses that Takeda 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 Takeda’s financing agreements, does not reflect the actual rates at which Takeda would be able to convert one currency into another and (vi) it reflects an equity credit despite the fact that Takeda’s subordinated bonds are not eligible for equity treatment under IFRS, although Takeda believes this adjustment to be reasonable and useful to investors. Adjusted Net Debt should not be considered in isolation and is not, and should not be viewed as, a substitute for bonds and loans or any other measure of indebtedness presented in accordance with IFRS. The most directly comparable measures under IFRS for Net Debt is bonds and loans. Starting from the quarter ended June 30, 2024, we i) changed the title of Net Debt as previously represented to "Adjusted Net Debt" and ii) began reporting “Net Debt” as the book value of bonds and loans on consolidated statements of financial position adjusted only for cash and cash equivalents. This change is intended to enhance the comparability of our Net Debt disclosures to those of our peers and to better describe the nature of these measures as presented by Takeda.

### **U.S. Dollar Convenience Translations**

In the Financial Appendix, certain amounts presented in Japanese yen have been translated to U.S. dollars solely for the convenience of the reader at an exchange rate of 1USD = 160.88 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on June 28, 2024. The rate and methodologies used for the convenience translations differ from the currency exchange rates and translation methodologies under IFRS used for the preparation of the condensed interim consolidated financial statements. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.



## FY2024 Q1 Reported Results with CER % Change

(Billion JPY, except EPS)	FY2023 Q1	FY2024 Q1	vs. PY			(Million USD, except EPS) FY2024 Q1 Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	1,058.6	1,208.0	149.4	14.1%	2.1%	7,509
Cost of sales	(321.1)	(387.0)	(65.8)	(20.5)%	(8.1)%	(2,405)
Gross profit	737.5	821.0	83.5	11.3%	(0.5)%	5,103
<i>Margin</i>	69.7 %	68.0 %		(1.7) pp	(1.8) pp	68.0 %
SG&A expenses	(248.1)	(270.0)	(21.9)	(8.8)%	2.4%	(1,678)
R&D expenses	(162.7)	(168.5)	(5.7)	(3.5)%	7.7%	(1,047)
Amortization of intangible assets associated with products	(123.2)	(138.6)	(15.4)	(12.5)%	0.8%	(862)
Impairment losses on intangible assets associated with products <sup>*1</sup>	(6.2)	(24.2)	(18.0)	(288.8)%	(284.1)%	(151)
Other operating income	4.3	10.9	6.6	155.7%	135.4%	68
Other operating expenses	(32.9)	(64.3)	(31.3)	(95.3)%	(72.8)%	(399)
Operating profit	168.6	166.3	(2.2)	(1.3)%	(12.0)%	1,034
<i>Margin</i>	15.9 %	13.8 %		(2.2) pp	(2.2) pp	13.8 %
Finance income	26.5	30.7	4.2	16.0%	14.5%	191
Finance expenses	(59.6)	(59.7)	(0.1)	(0.2)%	2.8%	(371)
Share of profit (loss) of investments accounted for using the equity method	(0.4)	(0.7)	(0.3)	(70.3)%	(60.3)%	(4)
Profit before tax	135.0	136.6	1.6	1.2%	(11.1)%	849
Income tax (expenses) benefit	(45.6)	(41.3)	4.3	9.5%	14.8%	(257)
Net profit for the period	89.4	95.3	5.9	6.6%	(9.2)%	592
Non-controlling interests	(0.0)	(0.1)	(0.0)	(351.2)%	(331.8)%	(0)
Net profit attributable to owners of the Company	89.4	95.2	5.9	6.5%	(9.3)%	592
Basic EPS (JPY or USD)	57.51	60.71	3.20	5.6%	(10.1)%	0.38

\*1 Includes in-process R&D

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in "AER" (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in "CER". Please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations*, for the definition of the "Constant Exchange Rate change".

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



## FY2024 Q1 Core Results with CER % Change

(Billion JPY, except EPS)	FY2023 Q1	FY2024 Q1	vs. PY			(Million USD, except EPS) FY2024 Q1 Convenience USD Translation
			AER		CER	
			Amount of Change	% CHANGE	% CHANGE	
Revenue	1,058.6	1,208.0	149.4	14.1%	2.1%	7,509
Cost of sales	(321.2)	(387.1)	(65.8)	(20.5)%	(8.1)%	(2,406)
Gross profit	737.4	820.9	83.5	11.3%	(0.5)%	5,103
<i>Margin</i>	69.7 %	68.0 %		(1.7) pp	(1.8) pp	68.0 %
SG&A expenses	(248.3)	(270.2)	(21.8)	(8.8)%	2.5%	(1,679)
R&D expenses	(162.7)	(168.5)	(5.8)	(3.5)%	7.7%	(1,047)
Operating profit	326.3	382.3	55.9	17.1%	4.5%	2,376
<i>Margin</i>	30.8 %	31.6 %		0.8 pp	0.7 pp	31.6 %
Finance income	26.3	25.0	(1.3)	(4.8)%	(6.2)%	156
Finance expenses	(54.8)	(55.1)	(0.3)	(0.5)%	2.5%	(342)
Share of profit (loss) of investments accounted for using the equity method	0.8	0.4	(0.4)	(48.8)%	(57.6)%	2
Profit before tax	298.6	352.6	54.0	18.1%	4.7%	2,192
Income tax (expenses) benefit	(65.2)	(75.7)	(10.6)	(16.2)%	(7.5)%	(471)
Net profit for the period	233.4	276.9	43.5	18.6%	3.9%	1,721
Non-controlling interests	(0.0)	(0.1)	(0.0)	(351.2)%	(331.8)%	(0)
Net profit attributable to owners of the Company	233.4	276.8	43.4	18.6%	3.9%	1,721
Basic EPS (JPY or USD)	150	176	26	17.5%	2.9%	1.10

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in "AER" (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in "CER". Please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations*, for the definition of the "Constant Exchange Rate change".

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



## FY2024 Q1 Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	1,208.0					1,208.0
Cost of sales	(387.0)				(0.1)	(387.1)
Gross profit	821.0				(0.1)	820.9
SG&A expenses	(270.0)				(0.1)	(270.2)
R&D expenses	(168.5)				(0.0)	(168.5)
Amortization of intangible assets associated with products	(138.6)	138.6				—
Impairment losses on intangible assets associated with products*1	(24.2)		24.2			—
Other operating income	10.9			(10.9)		—
Other operating expenses	(64.3)			64.3		—
Operating profit	166.3	138.6	24.2	53.4	(0.3)	382.3
Margin	13.8 %					31.6 %
Finance income and (expenses), net	(29.0)				(1.0)	(30.1)
Share of profit (loss) of investments accounted for using the equity method	(0.7)				1.1	0.4
Profit before tax	136.6	138.6	24.2	53.4	(0.2)	352.6
Income tax (expenses) benefit	(41.3)	(29.0)	(7.2)	(11.4)	13.2	(75.7)
Non-controlling interests	(0.1)					(0.1)
Net profit attributable to owners of the Company	95.2	109.6	17.0	42.0	13.0	276.8
Basic EPS (JPY)	61					176
Number of shares (millions)	1,569					1,569

\*1 Includes in-process R&D.



## FY2023 Q1 Reconciliation from Reported to Core

(Billion JPY, except EPS and number of shares)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	1,058.6					1,058.6
Cost of sales	(321.1)				(0.1)	(321.2)
Gross profit	737.5				(0.1)	737.4
SG&A expenses	(248.1)				(0.2)	(248.3)
R&D expenses	(162.7)				(0.0)	(162.7)
Amortization of intangible assets associated with products	(123.2)	123.2				—
Impairment losses on intangible assets associated with products*1	(6.2)		6.2			—
Other operating income	4.3			(4.3)		—
Other operating expenses	(32.9)			32.9		—
Operating profit	168.6	123.2	6.2	28.7	(0.3)	326.3
Margin	15.9 %					30.8 %
Finance income and (expenses), net	(33.1)				4.6	(28.5)
Share of profit (loss) of investments accounted for using the equity method	(0.4)				1.2	0.8
Profit before tax	135.0	123.2	6.2	28.7	5.4	298.6
Income tax (expenses) benefit	(45.6)	(26.2)	(1.4)	(6.4)	14.5	(65.2)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	89.4	97.0	4.9	22.2	19.9	233.4
Basic EPS (JPY)	58					150
Number of shares (millions)	1,554					1,554

\*1 Includes in-process R&D.





## FY2024 Q1 Adjusted Free Cash Flow

(Billion JPY)	FY2023 Q1	FY2024 Q1	vs. PY		(Million USD) FY2024 Q1 Convenience USD Translation
Net profit	89.4	95.3	5.9	6.6 %	592
Depreciation, amortization and impairment loss	179.3	218.2	38.9		1,356
Decrease (increase) in trade working capital	(153.6)	(95.3)	58.3		(592)
Income taxes paid	(55.9)	(37.8)	18.1		(235)
Tax refunds and interest on tax refunds received	3.3	2.3	(1.0)		14
Other	29.9	(12.4)	(42.3)		(77)
Net cash from operating activities (Operating Cash Flow)	92.4	170.3	77.9	84.3 %	1,059
Acquisition of PP&E	(46.0)	(57.4)	(11.5)		(357)
Free Cash Flow <sup>*1</sup>	46.4	112.9	66.4	143.0 %	702
Adjustment for cash temporarily held by Takeda on behalf of third parties <sup>*2</sup>	(30.9)	11.6	42.5		72
Proceeds from sales of PP&E	0.0	0.0	(0.0)		0
Acquisition of intangible assets <sup>*3</sup>	(223.3)	(80.4)	142.9		(499)
Acquisition of option to license	—	(15.7)	(15.7)		(98)
Acquisition of investments	(0.7)	(13.0)	(12.3)		(81)
Proceeds from sales and redemption of investments	0.5	5.3	4.8		33
Proceeds from sales of business, net of cash and cash equivalents divested	0.4	2.9	2.6		18
Adjusted Free Cash Flow <sup>*1</sup>	(207.5)	23.7	231.2	—	147

\*1 Please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations* for additional information on change in the titles and definitions of Free Cash Flow and Adjusted Free Cash Flow from FY2024.

\*2 Adjustment for cash temporarily held by Takeda on behalf of third parties refers to changes in cash balances that are temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, which are not available to Takeda's immediate or general business use.

\*3 Proceeds from sale of intangible assets are separately adjusted as they are recorded within operating cash flows, except certain immaterial transactions.

## FY2024 Q1 Adjusted Net Debt to Adjusted EBITDA

### NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2024 Q1
Book value of bonds and loans on consolidated statements of financial position	(5,481.0)
Cash & cash equivalents	804.3
Net Debt <sup>*1</sup>	(4,676.7)
Application of equity credit <sup>*2</sup>	250.0
FX adjustment <sup>*3</sup>	247.3
Cash temporarily held by Takeda on behalf of third parties <sup>*4</sup>	(96.2)
Level 1 debt investments <sup>*4</sup>	—
Adjusted Net Debt <sup>*1</sup>	(4,275.7)
Adjusted EBITDA (LTM) <sup>*5</sup>	1,382.4
Adjusted Net Debt/Adjusted EBITDA ratio	3.1x
Book value of bonds and loans on consolidated statements of financial position	(5,481.0)
Application of equity credit <sup>*2</sup>	250.0
FX adjustment <sup>*3</sup>	247.3
Adjusted Gross Debt	(4,983.7)

### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(Billion JPY)	FY2023 Q1	FY2024 Q1	vs. PY	
Net cash from operating activities (Operating Cash Flow)	92.4	170.3	77.9	84.3 %
Acquisition of PP&E	(46.0)	(57.4)		
Proceeds from sales of PP&E	0.0	0.0		
Acquisition of intangible assets	(223.3)	(80.4)		
Acquisition of option to license	—	(15.7)		
Acquisition of investments	(0.7)	(13.0)		
Proceeds from sales and redemption of investments	0.5	5.3		
Proceeds from sales of business, net of cash and cash equivalents divested	0.4	2.9		
Payments for the settlement of forward exchange contracts designated as net investment hedges	—	(3.0)		
Net increase (decrease) in short-term loans and commercial papers	110.0	(17.0)		
Proceeds from long-term loans	100.0	50.0		
Repayment of long-term loans	(100.1)	(50.1)		
Proceeds from issuance of bonds	—	457.6		
Proceeds from the settlement of cross currency interest rate swaps related to bonds and loans	—	46.9		
Acquisition of treasury shares	(2.3)	(1.9)		
Interest paid	(19.8)	(15.5)		
Dividends paid	(130.7)	(138.1)		
Others	(12.3)	(11.1)		
Net increase (decrease) in cash and cash equivalents	(231.9)	330.0	561.9	—

\*1 Please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations* for additional information on change in the titles and definitions of Net Debt and Adjusted Net Debt from FY2024.

\*2 Application of equity credit includes JPY 250.0 billion reduction in debt due to a 50% equity credit applied to JPY 500.0 billion principal amount of our hybrid (subordinated) bonds and loans by S&P Global Rating Japan, given that those instruments qualify for certain equity credit for leverage purposes.

\*3 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.

\*4 Adjustments related to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, which is not available to Takeda's immediate or general business use, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

\*5 LTM represents Last Twelve Months (July 2023 - June 2024). Calculated by subtracting FY2023 Q1 from FY2023 Full Year and adding FY2024 Q1.

## FY2023 Adjusted Net Debt to Adjusted EBITDA

### NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2023
Book value of bonds and loans on consolidated statements of financial position	(4,843.8)
Cash & cash equivalents	457.8
Net Debt <sup>*1</sup>	(4,386.0)
Application of equity credit <sup>*2</sup>	250.0
FX adjustment <sup>*3</sup>	152.5
Cash temporarily held by Takeda on behalf of third parties <sup>*4</sup>	(107.8)
Level 1 debt investments <sup>*4</sup>	—
Adjusted Net Debt <sup>*1</sup>	(4,091.3)
Adjusted EBITDA	1,319.9
Adjusted Net Debt/Adjusted EBITDA ratio	3.1x
Book value of bonds and loans on consolidated statements of financial position	(4,843.8)
Application of equity credit <sup>*2</sup>	250.0
FX adjustment <sup>*3</sup>	152.5
Adjusted Gross Debt	(4,441.2)

### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(Billion JPY)	FY2022	FY2023	vs. PY	
Net cash from operating activities (Operating Cash Flow)	977.2	716.3	(260.8)	(26.7)%
Acquisition of PP&E	(140.7)	(175.4)		
Proceeds from sales of PP&E	1.0	8.6		
Acquisition of intangible assets	(493.0)	(305.3)		
Acquisition of investments	(10.2)	(6.8)		
Proceeds from sales and redemption of investments	22.3	8.0		
Proceeds from sales of business, net of cash and cash equivalents divested	8.0	20.0		
Net increase in short-term loans and commercial papers	40.0	277.0		
Proceeds from long-term loans	75.0	100.0		
Repayment of long-term loans	(75.2)	(100.4)		
Repayment of bonds	(281.5)	(220.5)		
Proceeds from the settlement of cross currency interest rate swaps related to bonds	—	60.1		
Purchase of treasury shares	(26.9)	(2.3)		
Interest paid	(108.6)	(100.4)		
Dividends paid	(279.4)	(287.2)		
Others	(47.0)	(93.6)		
Net increase (decrease) in cash and cash equivalents	(339.1)	(101.9)	237.2	69.9 %

\*1 The FY2023 presentation included herein has been adjusted for new definitions applied starting from the quarter ended June 30, 2024; please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations* for additional information on change in the titles and definitions of Net Debt and Adjusted Net Debt from FY2024.

\*2 Application of equity credit includes JPY 250.0 billion reduction in debt due to a 50% equity credit applied to JPY 500.0 billion principal amount of our hybrid (subordinated) bonds and loans by S&P Global Rating Japan, given that those instruments qualify for certain equity credit for leverage purposes.

\*3 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.

\*4 Adjustments related to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, which is not available to Takeda's immediate or general business use, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

## FY2024 Q1 Net Profit to Adjusted EBITDA Bridge

(Billion JPY)	FY2023 Q1	FY2024 Q1	vs. PY	
Net profit	89.4	95.3	5.9	6.6 %
Income tax (expenses) benefit	45.6	41.3		
Depreciation and amortization	171.5	192.2		
Interest expense, net	26.6	26.6		
EBITDA	333.2	355.4	22.2	6.7 %
Impairment losses	7.8	26.0		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	25.7	50.7		
Finance expense (income), net, excluding interest expense, net	6.5	2.4		
Share of loss on investments accounted for under the equity method	0.4	0.7		
Other costs <sup>*1</sup>	14.6	14.9		
Adjusted EBITDA	388.2	450.1	61.9	16.0 %

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



## FY2024 Q1 Net Profit to Adjusted EBITDA LTM Bridge

(Billion JPY)	FY2023 Full Year (Apr - Mar)	FY2023 Q1 (Apr - Jun)	FY2024 Q1 (Apr - Jun)	FY2024 Q1 LTM <sup>*1</sup> (Jul - Jun)
Net profit	144.2	89.4	95.3	150.1
Income tax (expenses) benefit	(91.4)	45.6	41.3	(95.7)
Depreciation and amortization	728.0	171.5	192.2	748.7
Interest expense, net	108.2	26.6	26.6	108.2
EBITDA	889.0	333.2	355.4	911.3
Impairment losses	150.0	7.8	26.0	168.2
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	162.2	25.7	50.7	187.2
Finance expense (income), net, excluding interest expense, net	59.5	6.5	2.4	55.5
Share of profit (loss) on investments accounted for using the equity method	(6.5)	0.4	0.7	(6.2)
Other costs <sup>*2</sup>	69.9	14.6	14.9	70.1
Adjusted EBITDA	1,324.1	388.2	450.1	1,386.0
EBITDA from divested products <sup>*3</sup>	(4.2)			(3.6)
Adjusted EBITDA (LTM)	1,319.9			1,382.4

\*1 LTM represents Last Twelve Months (July 2023 - June 2024). Calculated by subtracting FY2023 Q1 from FY2023 Full Year and adding FY2024 Q1.

\*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.

## FY2024 Q1 CAPEX, Depreciation and Amortization and Impairment Losses

(Billion JPY)	FY2023 Q1	FY2024 Q1	vs. PY		FY2024 Forecast
Capital expenditures <sup>*1</sup>	269.2	137.8	(131.4)	(48.8)%	380.0 - 420.0
Tangible assets	46.0	57.4	11.5	25.0 %	
Intangible assets	223.3	80.4	(142.9)	(64.0)%	
Depreciation and amortization	171.5	192.2	20.7	12.1 %	745.0
Depreciation of tangible assets <sup>*2</sup> (A)	41.1	43.9	2.9	7.0 %	
Amortization of intangible assets (B)	130.4	148.3	17.9	13.7 %	
Of which Amortization associated with products (C)	123.2	138.6	15.4	12.5 %	540.0
Of which Amortization excluding intangible assets associated with products (D)	7.2	9.7	2.4	33.6 %	
Depreciation and amortization (excluding intangible assets associated with products) (A)+(D)	48.3	53.6	5.3	11.0 %	205.0
Impairment losses	7.8	26.0	18.2	232.1 %	
Impairment losses on intangible assets associated with products <sup>*3</sup>	6.2	24.2	18.0	288.8 %	50.0
Amortization and impairment losses on intangible assets associated with products	129.4	162.8	33.4	25.8 %	590.0

\*1 Cash flow base

\*2 Includes depreciation of investment properties

\*3 Includes in-process R&D



# FY2024 Full Year Detailed Forecast

(BN JPY)		FY2023 Actual	FY2024 Forecast (May 9, 2024)	vs. PY	
REPORTED	Revenue	4,263.8	4,350.0	86.2	2.0 %
	Cost of sales	(1,426.7)	(1,500.0)	(73.3)	(5.1)%
	Gross Profit	2,837.1	2,850.0	12.9	0.5 %
	SG&A expenses	(1,053.8)	(1,080.0)	(26.2)	(2.5)%
	R&D expenses	(729.9)	(770.0)	(40.1)	(5.5)%
	Amortization of intangible assets associated with products	(521.5)	(540.0)	(18.5)	(3.5)%
	Impairment losses on intangible assets associated with products* <sup>1</sup>	(130.6)	(50.0)	80.6	61.7 %
	Other operating income	19.4	15.0	(4.4)	(22.6)%
	Other operating expenses	(206.5)	(200.0)	6.5	3.2 %
	Operating profit	214.1	225.0	10.9	5.1 %
	Finance income (expenses), net	(167.8)	(172.0)	(4.2)	(2.5)%
	Profit before tax	52.8	55.0	2.2	4.2 %
	Net profit attributable to owners of the Company	144.1	58.0	(86.1)	(59.7)%
	Basic EPS (yen)	92	37	(55)	(60.1)%
	Core Revenue* <sup>2</sup>	4,263.8	4,350.0	86.2	2.0 %
Core Operating Profit* <sup>2</sup>	1,054.9	1,000.0	(54.9)	(5.2)%	
Core EPS (yen)* <sup>2</sup>	484	431	(53)	(10.9)%	
Adjusted Free Cash Flow* <sup>2</sup>	283.4	350.0 to 450.0			
CAPEX (cash flow base)	(480.7)	(380.0) to (420.0)			
Depreciation and amortization (excl. intangible assets associated with products)	(206.5)	(205.0)	1.5	0.7 %	
Cash tax rate on Adjusted EBITDA (excl. divestitures)* <sup>2</sup>	~15%	Mid teen %			
USD/JPY	144	150	6	4.1 %	
EUR/JPY	156	160	4	2.4 %	

Variations
Momentum of Growth & Launch products and FX benefit largely offset by LOE impact (mainly VYVANSE)
Reflects revenue growth; Gross margin negatively impacted by LOE of VYVANSE
Increased DD&T investment and FX headwind, partially offset by efficiency gains
Increased investment in late-stage assets and FX headwind; Low-single-digit increase on CER basis
Mainly FX impact
FY2023 Actual includes impairment of ALOFISEL, EXKIVITY etc.; FY2024 based on historical trends
FY2023 includes litigation expense and revaluation of contingent consideration; FY2024 includes restructuring expenses of JPY 140B
FY2023 includes impact from Irish Revenue settlement; FY2024 positive tax mainly due to earnings mix
Momentum of Growth & Launch products and FX benefit largely offset by LOE impact (mainly VYVANSE)
Product mix impact and R&D and DD&T investment, partially offset by efficiency gains and FX benefit
Normalization of core tax rate following lower tax rate in FY2023
FY2024 reflects VYVANSE decline, cash impact of restructuring, and CAPEX budget for targeted licensing deals

\*1 Includes in-process R&D.

\*2 Please refer to *Definition and Explanation of Non-IFRS Measures and U.S. Dollar Convenience Translations*, for the definition of Non-IFRS Measures and *FY2024 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast*.



## FY2024 Full Year 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) and other adjustments	
Revenue	4,350.0				4,350.0
Cost of sales	(1,500.0)				
Gross Profit	2,850.0				
SG&A expenses	(1,080.0)				(3,350.0)
R&D expenses	(770.0)				
Amortization of intangible assets associated with products	(540.0)	540.0			—
Impairment losses on intangible assets associated with products* <sup>1</sup>	(50.0)		50.0		—
Other operating income	15.0			(15.0)	—
Other operating expenses	(200.0)			200.0	—
Operating profit	225.0	540.0	50.0	185.0	1,000.0

\*1 Includes in-process R&D





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

Average Exchange Rates vs. JPY				Impact of depreciation of yen from April 2024 to March 2025 (100 million JPY)				
	FY2023 Actual (Apr-Jun)	FY2024 Actual (Apr-Jun)	FY2024 Assumption (Apr-Mar)		Revenue (IFRS)	Operating Profit (IFRS)	Net Profit (IFRS)	Core Operating Profit (non-IFRS)
USD	136	155	150	1% depreciation	225.6	15.0	5.0	67.2
				1 yen depreciation	150.4	10.0	3.3	44.8
EUR	148	167	160	1% depreciation	63.8	(49.4)	(41.4)	(37.5)
				1 yen depreciation	39.9	(30.9)	(25.9)	(23.5)
RUB	1.7	1.7	1.6	1% depreciation	4.5	2.6	2.1	3.1
CNY	19.6	21.4	20.9		19.9	12.2	9.8	12.2
BRL	27.1	30.4	30.4		12.6	8.7	6.9	8.8

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## **Financial Information and Non-IFRS Measures**

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

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

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

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