

# **Quarterly Securities Report**

(The third quarter of 144th Business Term)  
for The Nine-month Period and Three-month  
Quarter Ended December 31, 2020

TAKEDA PHARMACEUTICAL COMPANY LIMITED  
AND ITS SUBSIDIARIES

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### A. Company Information

#### I. Overview of Takeda

##### 1. Key Consolidated Financial Data

Term	JPY (millions), unless otherwise indicated		
	Nine-month period ended December 31,	Nine-month period ended December 31,	For the year ended March 31,
	2019	2020	2020
Revenue	2,519,486	2,427,538	3,291,188
<Three-month period ended December 31>	859,317	836,753	
Profit (loss) before tax	56,008	235,357	(60,754)
Net profit for the period	42,728	179,027	44,290
Net profit (loss) attributable to owners of the Company	42,517	178,907	44,241
<Three-month period ended December 31>	(32,221)	92,359	
Total comprehensive income (loss) for the period	(44,081)	169,450	(199,419)
Total equity	4,876,219	4,639,428	4,727,486
Total assets	13,031,494	12,286,137	12,821,094
Basic earnings (loss) per share (JPY)	27.31	114.57	28.41
<Three-month period ended December 31>	(20.68)	59.08	
Diluted earnings per share (JPY)	27.19	113.72	28.25
Ratio of equity attributable to owners of the Company to total assets (%)	37.4	37.7	36.8
Net cash from (used in) operating activities	484,315	609,971	669,752
Net cash from (used in) investing activities	255,874	100,199	292,119
Net cash from (used in) financing activities	(861,282)	(718,282)	(1,005,213)
Cash and cash equivalents at the end of the period	568,279	617,635	637,614

(Note 1) Revenue does not include the Value Added Tax.

(Note 2) All amounts shown are rounded to the nearest million JPY.

(Note 3) The key consolidated financial data for the nine-month period ended December 31, 2019 and 2020 are based on the condensed interim consolidated financial statements prepared in accordance with IAS 34.

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### **2. Business Overview**

There has been no significant change in our business for the nine-month period ended December 31, 2020.

Changes in number of our group companies were as follows:

During the three-month period ended June 30, 2020, Takeda added 1 subsidiary while deconsolidated 18 entities due to the mergers and liquidations of subsidiaries acquired in the acquisition of Shire plc (the "Shire Acquisition"). In addition, Takeda excluded 1 entity from associates accounted for using the equity method.

During the three-month period ended September 30, 2020, Takeda added 3 subsidiaries while deconsolidated 32 entities due to the mergers and liquidations of subsidiaries acquired in the Shire Acquisition.

During the three-month period ended December 31, 2020, Takeda deconsolidated 32 entities mainly due to the mergers and liquidations of subsidiaries acquired in the Shire Acquisition.

As a result, as of December 31, 2020, Takeda consisted of 272 entities comprised of 250 consolidated subsidiaries (including partnerships), 21 associates accounted for using the equity method, and Takeda Pharmaceutical Company Limited.

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### II. Operating and Financial Review

#### 1. Risk Factors

For the nine-month period ended December 31, 2020, there were no unusual changes in our business performance, financial position, and cash flows, as well as no significant changes in the risk factors compared to what we reported in our Annual Securities Report for the year ended March 31, 2020 which was filed in Japan.

For the impact of the spread of COVID-19 and Takeda's initiatives in response, please refer to "2. Analysis on Business Performance, Financial Position and Cash Flows (3) Management Policy, Management Environment and Management Issues."

#### 2. Analysis on Business Performance, Financial Position and Cash Flows

##### (1) Consolidated Financial Results (April 1 to December 31, 2020):

	Billion JPY or percentage			
	FY2019 Q3YTD	FY2020 Q3YTD	Change versus the same period of the previous fiscal year	
Revenue	2,519.5	2,427.5	(91.9)	(3.6)%
Cost of Sales	(841.6)	(740.9)	100.7	(12.0)%
Selling, General and Administrative expenses	(711.7)	(641.3)	70.4	(9.9)%
Research and Development expenses	(353.1)	(342.5)	10.5	(3.0)%
Amortization and Impairment Losses on Intangible Assets Associated with Products	(329.1)	(307.6)	21.6	(6.6)%
Other Operating Income	29.8	118.5	88.7	297.8 %
Other Operating Expenses	(151.3)	(155.1)	(3.8)	2.5 %
Operating Profit	162.5	358.7	196.2	120.7 %
Finance Income	32.5	58.0	25.5	78.5 %
Finance Expenses	(124.0)	(173.4)	(49.4)	39.9 %
Share of Loss on Investments Accounted for Using the Equity Method	(15.1)	(8.0)	7.1	(46.9)%
Profit Before Income Tax	56.0	235.4	179.3	320.2 %
Income Tax Expenses	(13.3)	(56.3)	(43.1)	324.2 %
Net Profit for the Period	42.7	179.0	136.3	319.0 %

**Revenue.** Revenue for the nine-month period ended December 31, 2020 was 2,427.5 billion JPY, a decrease of 91.9 billion JPY, or 3.6%, compared to the same period of the previous fiscal year. Excluding the impact from fluctuations in foreign exchange rates, which was calculated by applying the actual foreign exchange rates of the same period of the previous fiscal year to the current period, the decrease in revenue was 1.0%.

Within our core therapeutic areas, Gastroenterology (GI), Plasma-Derived Therapies (PDT) Immunology, and Oncology contributed positive revenue growth; however, they were offset by intensified competition and generic erosion in Rare Diseases, and the negative impact across the portfolio from changes in foreign exchange rates. Overall, the global spread of COVID-19 did not have a material effect on our revenue for the nine-month period ended December 31, 2020 with several offsetting factors. There were adverse effects due to COVID-19 observed in certain therapeutic areas, especially in Neuroscience during periods when stay-at-home restrictions are in place reducing patient visits to medical care providers. This trend has fluctuated throughout the nine-month period, especially in recent months, as transmission of COVID-19 has increased significantly in many parts of the world. These adverse impacts have been partially offset by benefits from prescribing trends during the pandemic, such as an expansion of certain products with a more convenient administration profile that was observed in the early phase of the outbreak.

Revenue outside of our core therapeutic areas decreased by 110.4 billion JPY, or 19.9%, mainly due to several divestitures completed in the fiscal year ended March 31, 2020, as well as a decline of off-patented products such as ULORIC (for hyperuricemia) and COLCRYS (for gout).

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

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- *GI*. In Gastroenterology, revenue was 588.8 billion JPY, a year-on-year increase of 55.6 billion JPY, or 10.4%. Growth was driven by Takeda's top-selling product ENTYVIO (for ulcerative colitis (UC) and Crohn's disease (CD)), with sales of 319.3 billion JPY, a year-on-year increase of 55.8 billion JPY, or 21.2%. ENTYVIO, the only inflammatory bowel disease (IBD) therapy that combines gut-selectivity, long-term remission and long-term safety, expanded patient share in the growing IBD biologics markets in the U.S. and in Europe. Sales in the U.S. increased by 34.7 billion JPY, or 18.8%, to 219.2 billion JPY and sales in Europe and Canada increased by 16.3 billion JPY, or 25.4%, to 80.5 billion JPY versus the same period of the previous fiscal year, respectively. In Japan, the increase in sales was primarily driven by the UC indication. Sales of TAKECAB (for acid-related diseases) were 64.1 billion JPY, an increase of 8.5 billion JPY, or 15.2%, versus the same period of the previous fiscal year. This increase was 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 RESOLOR/MOTTEGRITY (for chronic idiopathic constipation), increased by 3.9 billion JPY, or 82.6%, versus the same period of the previous fiscal year to 8.5 billion JPY, driven by further penetration into the U.S. market. Sales of GATTEX/REVESTIVE (for short bowel syndrome) increased by 3.2 billion JPY, or 6.8%, versus the same period of the previous fiscal year to 50.1 billion JPY, primarily due to increased average length of time on therapy for the adult population. Growth of ENTYVIO, TAKECAB, RESOLOR/MOTTEGRITY and GATTEX/REVESTIVE fully absorbed the net decrease of other GI products such as off-patented pantoprazole (for peptic ulcer), which declined by 6.0 billion JPY, as well as declines of DEXILANT (for acid reflux disease) by 4.6 billion JPY and AMITIZA (for chronic constipation) by 3.3 billion JPY primarily due to intensified competition coupled with the negative impact of the appreciation of the yen.
- *Rare Diseases*. In Rare Diseases, revenue decreased by 38.8 billion JPY, or 8.0%, compared to the same period of the previous fiscal year to 446.7 billion JPY. Revenue in Rare Hematology decreased by 40.6 billion JPY, or 15.7%, to 218.6 billion JPY. Sales of ADVATE decreased by 26.0 billion JPY, or 21.1%, to 97.1 billion JPY and sales of ADYNOVATE decreased by 1.0 billion JPY, or 2.3%, to 43.8 billion JPY, respectively, primarily driven by the competitive landscape in the hemophilia A non-inhibitors market in the U.S. FEIBA sales decreased by 5.4 billion JPY, or 13.5%, to 34.2 billion JPY mainly due to competitive pressure in the prophylaxis segment of the inhibitors market in Europe. Revenue in Rare Metabolic decreased by 10.5 billion JPY, or 7.9%, to 121.8 billion JPY primarily due to the product recall of NATPARA (for hypoparathyroidism) in the U.S. in September 2019, which resulted in a decline of NATPARA sales of 10.5 billion JPY, or 80.8%, to 2.5 billion JPY. Revenue in Hereditary Angioedema (HAE) was 106.4 billion JPY, a year-on-year increase of 12.4 billion JPY, or 13.1%, driven by TAKHZYRO launches with strong patient uptake. Sales of TAKHZYRO were 65.9 billion JPY, an increase of 17.0 billion JPY, or 34.9%, versus the same period of the previous fiscal year. Sales of FIRAZYR decreased by 2.6 billion JPY, or 11.5%, to 20.1 billion JPY, due to the continued impact of generic entrants and patient switches to TAKHZYRO. Sales of CINRYZE decreased by 1.6 billion JPY, or 8.7%, to 17.3 billion JPY, mainly due to patient switches to TAKHZYRO.
- *PDT Immunology*. In Plasma-Derived Therapies (PDT) Immunology, revenue increased by 16.5 billion JPY, or 5.6%, compared to the same period of the previous fiscal year to 313.0 billion JPY. Aggregate sales of immunoglobulin products were 248.0 billion JPY, an increase of 22.7 billion JPY, or 10.1%, fueled by strong demand and growing supply capabilities. In particular, GAMMAGARD LIQUID (for the treatment of primary immunodeficiency (PID) and multifocal motor neuropathy (MMN)) continued to build its position as a highly recognized IVIG (intravenous immunoglobulin) therapy that is the standard of care treatment for PID and MMN in the U.S. CUVITRU, an SCIG (subcutaneous immunoglobulin) therapy also marked double digit growth. Aggregate sales of albumin products including ALBUMIN GLASS and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia) were 43.6 billion JPY, a decrease of 6.1 billion JPY, or 12.3%, versus the same period of the previous fiscal year. The decline was partially due to the timing of shipments in China (higher sales in China during the first six-months of the previous fiscal year, which were the result of a supply phasing from the fiscal year prior to that) and partially due to a temporary interruption in submitting batches of ALBUMIN GLASS for release in China during the third quarter of the current period.
- *Oncology*. In Oncology, revenue was 318.5 billion JPY, a year-on-year increase of 0.5 billion JPY, or 0.2%. Sales of NINLARO (for multiple myeloma) were 67.9 billion JPY, an increase of 9.8 billion JPY, or 16.9%, versus the same period of the previous fiscal year, reflecting strong growth in global sales particularly in the U.S. and China, driven in part by its oral administration profile that is more attractive or convenient in light of the spread of COVID-19 during the first few months of the period. NINLARO is a once-weekly oral tablet that can be taken at home, which may reduce some of the logistical burden for patients as its administration does not require an infusion or injection at a hospital, clinic or physician's office. Sales of ADCETRIS (for malignant lymphomas) increased by 4.9 billion JPY, or 12.5% to 44.4 billion JPY versus the same period of the previous fiscal year, reflecting strong growth in sales particularly in Japan where it has progressively expanded its approved indications in recent years, especially at the end of 2019. Sales of ICLUSIG (for leukemia) increased by 3.4 billion JPY, or 15.0%, versus the same period of the previous fiscal year to 26.3 billion JPY, benefiting from a new omni-channel promotion approach in the U.S. and from geographic expansion ex-U.S. Sales of

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ALUNBRIG (for non-small cell lung cancer) increased by 1.4 billion JPY, or 26.4%, versus the same period of the previous fiscal year to 6.5 billion JPY, as it continues to launch in European and emerging countries. The growth of the aforementioned products was offset by the decline of off-patented products. Sales of VELCADE (for multiple myeloma) decreased by 14.9 billion JPY, or 16.4% compared to the same period of the previous fiscal year to 75.9 billion JPY. This included ex-U.S. royalty income of 3.7 billion JPY, a significant year-on-year decrease of 4.7 billion JPY, or 55.6%, due to generic entries in Europe and China in 2019. Sales in the U.S. decreased by 10.2 billion JPY, or 12.4%, to 72.2 billion JPY versus the same period of the previous fiscal year, reflecting fewer new patient starts in first-line therapy. We believe this was a consequence of patients refraining from visiting medical care providers due to COVID-19 as well as the launch of a competitor's subcutaneous formulation at the beginning of May 2020 in the U.S. Sales of leuprorelin (for endometriosis, uterine fibroids, premenopausal breast cancer, prostatic cancer, etc.), an off-patented product, decreased by 7.4 billion JPY, or 9.0%, versus the same period of the previous fiscal year to 75.3 billion JPY. This is in relation to production stoppages initiated at our manufacturing facility in Japan to enhance overall compliance in alignment with Takeda standards, extended as a part of corrective actions as follow up to inspection activities.

- Neuroscience.** In Neuroscience, revenue was 315.1 billion JPY, a year-on-year decrease of 15.4 billion JPY, or 4.7%. This decrease was partially attributable to REMINYL (for Alzheimer's disease), which faced the introduction of generic competitors in Japan in June 2020, and sales of which decreased by 7.3 billion JPY, or 52.8%, to 6.6 billion JPY. Sales of ROZEREM (for insomnia) and ADDERALL XR (for attention deficit hyperactivity disorder (ADHD)) were also negatively impacted by the loss of exclusivity in the U.S. in July 2019. Sales of VYVANSE (for ADHD), a leading branded medication in the U.S., were 202.4 billion JPY, a decrease of 4.4 billion JPY, or 2.1%, versus the same period of the previous fiscal year. Sales of TRINTELLIX (for major depressive disorder (MDD)) were 52.7 billion JPY, a decrease of 1.6 billion JPY, or 3.0%, versus the same period of the previous fiscal year. Sales of VYVANSE and TRINTELLIX have been negatively affected by COVID-19 most notably during periods when stay-at-home restrictions are in place reducing patient visits, subsequent diagnoses and creating temporary discontinuation of medication. The trend had temporarily normalized to pre-COVID-19 levels, but has been affected again in the latest three-month period as transmission has increased in many parts of the world.

### Revenue by Geographic Region:

Revenue:	Billion JPY; percentages are portion of total revenue			
	FY2019 Q3YTD		FY2020 Q3YTD	
Japan	467.4	18.6 %	435.1	17.9 %
United States	1,215.7	48.3 %	1,189.0	49.0 %
Europe and Canada	483.5	19.2 %	500.0	20.6 %
Russia/CIS	59.3	2.4 %	38.7	1.6 %
Latin America	111.7	4.4 %	95.4	3.9 %
Asia (excluding Japan)	127.3	5.1 %	119.2	4.9 %
Other*	54.6	2.2 %	50.2	2.1 %
Total	2,519.5	100.0 %	2,427.5	100.0 %

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

**Cost of Sales.** Cost of Sales decreased by 100.7 billion JPY, or 12.0%, to 740.9 billion JPY and the Cost of Sales Ratio decreased by 2.9 pp to 30.5% compared to the same period of the previous fiscal year. This was primarily caused by 99.3 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 "Shire Acquisition").

**Selling, General and Administrative (SG&A) expenses.** SG&A expenses decreased by 70.4 billion JPY, or 9.9%, to 641.3 billion JPY compared to the same period of the previous fiscal year, primarily due to the favorable impact from cost efficiencies and synergies from the integration of Shire and lower spend from impacts of COVID-19 such as less travel and fewer commercial events.

**Research and Development (R&D) expenses.** R&D expenses decreased by 10.5 billion JPY, or 3.0%, to 342.5 billion JPY, mainly due to lower costs related to pipeline prioritization and expenses of travel from impacts of COVID-19 partially offset by increase in pipeline expenditures including certain Wave 1\* pipeline and other new candidates in preclinical studies.

\* 12 new molecular entities representing potential best-in-class or first-in-class therapies across Takeda's core areas of focus which may be approved by the end of FY2024.



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**Amortization and Impairment Losses on Intangible Assets Associated with Products.** Amortization and Impairment Losses on Intangible Assets Associated with Products decreased by 21.6 billion JPY, or 6.6%, to 307.6 billion JPY compared to the same period of the previous fiscal year. This decrease is primarily attributable to an impairment charge of 15.6 billion JPY recorded in the same period of the previous fiscal year related to our decision to terminate the TAK-616 AMR program following the interim readout in May 2019.

**Other Operating Income.** Other Operating Income increased by 88.7 billion JPY, or 297.8%, to 118.5 billion JPY compared to the same period of the previous fiscal year, predominantly driven by a 60.2 billion JPY gain 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 related to SHP647 upon the European Commission's decision in May 2020 to release Takeda's obligation to divest SHP647. In addition, the increase was also driven by 37.2 billion JPY gain on the sale of non-core assets in Asia Pacific, Europe, and Canada recorded in the current period due to completion of the deals. The increase was partially offset by 10.8 billion JPY of recognition of deferred gain recorded in the same period of the previous fiscal year, accelerated by impairment of intangible assets related to long-listed products business transferred to Teva Takeda Pharma Ltd, a business venture of Takeda and Teva Pharmaceutical Industries Ltd.

**Other Operating Expenses.** Other Operating Expenses were 155.1 billion JPY, an increase of 3.8 billion JPY, or 2.5%, compared to the same period of the previous fiscal year. A 18.7 billion JPY loss recognized in the current period from changes in the fair value of contingent consideration assets driven by the impact of Novartis' withdrawal of the Marketing Authorisation Application in Europe for XIIDRA was partially offset by a 17.2 billion JPY decrease in restructuring expenses mainly comprised of Shire integration costs.

**Operating Profit.** As a result of the above factors, Operating Profit increased by 196.2 billion JPY, or 120.7% compared to the same period of the previous fiscal year to 358.7 billion JPY.

**Net Finance Expenses.** Net Finance Expenses was 115.4 billion JPY in the current period, an increase of 23.9 billion JPY compared to the same period of previous fiscal year. This increase was due primarily to 20.9 billion JPY lower derivative gain in financial income recognized on the warrant to purchase stocks of a company that went public in October 2019 compared to the same period of the previous fiscal year.

**Share of Loss of Associates Accounted for Using the Equity Method.** Share of Loss of Associates Accounted for Using the Equity Method was 8.0 billion JPY, a decrease of 7.1 billion JPY compared to Share of Loss of Associates Accounted for Using the Equity Method of 15.1 billion JPY for the same period of the previous fiscal year, mainly due to a decrease of impairment loss recognized by Teva Takeda Pharma Ltd. The impairment loss for the current period was recorded resulting from the reassessment of the recoverable amount of relevant assets triggered by the decision Teva Takeda Pharma Ltd. made to divest a part of its generics business and a manufacturing plant, as well as by a revision of forecast in the long-listed drug business.

**Income Tax Expenses.** Income Tax Expenses were 56.3 billion JPY, an increase of 43.1 billion JPY compared to the same period of the previous year. This increase was primarily due to higher pretax earnings in the current period and the recognition of a non-cash deferred tax benefit of 66.6 billion JPY as a result of the enactment of a new taxing regime in Switzerland (Swiss Tax Reform) during the same period of the previous year. These were partially offset by tax restructuring costs incurred in the same period of the previous year, in connection with the integration of the Shire entities principally consisting of a non-cash deferred tax charge of 52.6 billion JPY related to deferred tax liabilities on purchase price accounting intangibles as a result of change in tax rates.

**Net Profit for the Period.** Net Profit for the Period increased by 136.3 billion JPY, compared to the same period of the previous fiscal year to 179.0 billion JPY.

**Underlying Results (April 1 to December 31, 2020)**

***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 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 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***

**FY2020 Q3YTD**

Underlying Revenue Growth	+1.1%
Underlying Core Operating Profit Growth	+8.5%
Underlying Core Operating Profit Margin	32.1%
Underlying Core EPS Growth	+4.5%

***Underlying Revenue Growth*** was 1.1% compared to the same nine-month period of the previous fiscal year. Underlying revenue attributable to Takeda's 14 global brands\* grew by 15.4%, despite negative impacts such as the NATPARA recall in the U.S. and a decline of off-patented products.

\* Takeda's 14 global brands

GI: ENTYVIO, GATTEX/REVESTIVE, ALOFISEL

Rare Diseases: NATPARA, ADYNOVATE/ADYNOVI, TAKHZYRO, ELAPRASE, VPRIV

PDT Immunology: GAMMAGARD LIQUID/KIOVIG, HYQVIA, CUVITRU, ALUBUMIN/FLEXBUMIN

Oncology: NINLARO, ALUNBRIG

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### **Underlying Revenue Growth by Therapeutic Area**

GI	+13.7%
Rare Diseases	-3.0%
Rare Metabolic	-1.0%
Rare Hematology	-10.9%
Hereditary Angioedema	+16.2%
PDT Immunology	+8.8%
Oncology	+2.6%
Neuroscience	-1.7%
Other	-12.7%
Total	+1.1%

(Note) Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures. Please refer to II. Operating and Financial Review, 2. Analysis on Business Performance, Financial Position and Cash Flows, (1) Consolidated Financial Results, *Revenue*, for the revenue of each core therapeutic areas and sales of major products before underlying adjustments.

Major non-recurring items and the impact of divestitures excluded to calculate Underlying Revenue:

- Net sales of XIIDRA, a treatment for dry eye disease, the divestiture of which was completed in July 2019, are excluded from the same period of the previous fiscal year.
- Revenue of select over-the-counter and non-core products in a number of Near East, Middle East and Africa countries, is excluded from the same period of the previous fiscal year as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Russia, Georgia, and a number of countries from within the Commonwealth of Independent States, is excluded from the same period of the previous fiscal year as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Asia Pacific, is excluded from both the current period and the same period of the previous fiscal year. The divestiture was completed in November 2020.
- Revenue of select over-the-counter and non-core products in Latin America, is excluded from both the current period and the same period of the previous fiscal year, as the divestiture had been expected to complete within the calendar year 2020. The divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from both the current period and the same period of the previous fiscal year. The divestiture was completed in January 2021.
- Net sales of products related to other divestiture agreements that were publicly announced and completed or had been expected to complete within the calendar year 2020 are also excluded from both the current period and the same period of the previous fiscal year.

***Underlying Core Operating Profit Growth*** was 8.5% over the same nine-month period of the previous fiscal year, reflecting cost synergies and lower spend from impacts of COVID-19 offset by lower Gross Profit due to product mix.

Core Operating Profit for the current period, which excludes items unrelated to Takeda's core operations such as the integration of Shire related costs and non-cash expenses from purchase accounting, was 780.6 billion JPY.

***Underlying Core Operating Profit Margin*** for the current period was 32.1%, an increase of 2.2 pp compared to the same nine-month period of the previous fiscal year.

***Underlying Core EPS Growth*** for the current period was 4.5%.

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### (2) Consolidated Financial Position

**Assets.** Total Assets as of December 31, 2020 were 12,286.1 billion JPY, reflecting a decrease of 535.0 billion JPY compared to the previous fiscal year-end. Intangible Assets decreased by 414.6 billion JPY mainly due to amortization. Goodwill also decreased by 187.7 billion JPY resulting primarily from reclassification to Assets Held for Sale due to divestitures for the current period. These decreases were partially offset by an increase in Assets Held for Sale of 121.0 billion JPY mainly due to reclassification of goodwill and other assets related to the divestiture of Takeda Consumer Healthcare Company Limited\*<sup>1</sup>.

\*<sup>1</sup> In August 2020, Takeda announced that it has entered into an agreement to divest Takeda Consumer Healthcare Company Limited to Blackstone.

**Liabilities.** Total Liabilities as of December 31, 2020 were 7,646.7 billion JPY, reflecting a decrease of 446.9 billion JPY compared to the previous fiscal year-end. Bonds and Loans decreased by 342.3 billion JPY to 4,751.0 billion JPY\*<sup>2</sup> primarily as a result of the repayment of loans, the redemption of bonds and the reduction in commercial paper drawings. In addition, Deferred Tax Liabilities decreased by 134.2 billion JPY.

\*<sup>2</sup>The carrying amount of Bonds was 3,662.3 billion JPY and Loans was 1,088.8 billion JPY as of December 31, 2020. 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	156.5
Unsecured US dollar denominated senior notes (6,400 million USD)	September 2016	September 2021 ~ September 2026	628.3
Unsecured US dollar denominated senior notes (500 million USD)	July 2017	January 2022	51.4
Unsecured Euro denominated senior notes (5,250 million EUR)	November 2018	November 2022 ~ November 2030	660.5
Unsecured US dollar denominated senior notes (4,500 million USD)	November 2018	November 2021 ~ November 2028	461.6
Hybrid bonds (subordinated bonds)	June 2019	June 2079	497.3
Unsecured US dollar denominated senior notes (7,000 million USD)	July 2020	March 2030 ~ July 2060	715.9
Unsecured Euro denominated senior notes (3,600 million EUR)	July 2020	July 2027 ~ July 2040	451.8
Commercial Paper	October 2020 ~ December 2020	January 2021 ~ March 2021	39.0
Total			3,662.3

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### 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	154.3
Japan Bank for International Cooperation (3,700 million USD)	January 2019	December 2025	381.2
Bilateral loans	March 2016 ~ April 2017	March 2023 ~ March 2026	210.0
Other			29.8
<b>Total</b>			<b>1,088.8</b>

In April 2020, the mandatory repayment of 10 billion JPY was made on USD and EUR syndicated term loan borrowings in accordance with the underlying loan agreements. Following this, on July 9, 2020, Takeda issued unsecured U.S. dollar-denominated senior notes with an aggregate principal amount of 7,000 million USD and unsecured Euro-denominated senior notes with an aggregate principal amount of 3,600 million EUR. The proceeds from the offerings of these notes were efficiently deployed towards accelerating the repayment of syndicated term loan borrowings of 3,250 million USD and 3,019 million EUR on July 10, 2020, together with the early redemption of unsecured senior notes with face values of 2,400 million USD and 1,250 million EUR on August 3, 2020 in advance of their original maturities of September 2021 and November 2020 respectively. In July 2020, 130 billion JPY in mandatory repayments of debt issued in July 2013 were made comprising 70 billion JPY in loans and 60 billion JPY in unsecured straight bonds. Additionally, in November 2020, a mandatory repayment of 1,000 million EUR in unsecured floating rate senior notes was made, the notes having been incurred in connection with the Shire Acquisition. There was also a decrease of 105.0 billion JPY in commercial paper drawings in the nine months ended December 31, 2020.

**Equity.** Total Equity as of December 31, 2020 was 4,639.4 billion JPY, a decrease of 88.1 billion JPY compared to the previous fiscal year-end. This was mainly due to a decrease of 63.4 billion JPY in Retained Earnings resulting from dividends payment of 283.7 billion JPY partially offset by Net Profit for the Period as well as a 51.0 billion JPY decrease in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the appreciation of yen.

### **Consolidated Cash Flow**

	Billion JPY	
	FY2019 Q3	FY2020 Q3
Net cash from (used in) operating activities	484.3	610.0
Net cash from (used in) investing activities	255.9	100.2
Net cash from (used in) financing activities	(861.3)	(718.3)
Net increase (decrease) in cash and cash equivalents	(121.1)	(8.1)
Cash and cash equivalents at the beginning of the year	702.1	637.6
Effects of exchange rate changes on cash and cash equivalents	(13.4)	(11.8)
Net increase (decrease) in cash and cash equivalents resulting from a transfer from (to) assets held for sale	0.6	(0.1)
Cash and cash equivalents at the end of the period	568.3	617.6

**Net cash from operating activities** was 610.0 billion JPY for the current period compared to 484.3 billion JPY for the same period of the previous year. The increase of 125.7 billion JPY was mainly due to a 136.3 billion JPY increase in net profit for the period and an increase of favorable adjustments including a 43.1 billion JPY increase in income tax expenses mainly comprised of deferred tax which is a non-cash expense. The increase in net cash from operating activities was also resulting from favorable impacts from a decrease in income taxes paid as well as an increase in trade and other payables of 35.6 billion JPY and 34.1 billion JPY, respectively. These increases were partially offset by an unfavorable impact of 86.7 billion JPY from an increase in inventories for the current period due to a decrease of the unwind of the fair value step up on acquired

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inventory recorded in relation to the Shire Acquisition, as well as an adjustment for non-cash income of 60.2 billion JPY due to release from the obligation to divest the pipeline compound SHP 647 and certain associated rights.

***Net cash from investing activities*** was 100.2 billion JPY for the current period compared to 255.9 billion JPY for the same period of the previous year. This decrease of 155.7 billion JPY was mainly due to a decrease in proceeds from sales of business of 250.6 billion JPY reflecting the sale of XIIDRA of 375.5 billion JPY for the same period of the previous year, partially offset by an increase in proceeds from sales of property, plant and equipment of 42.6 billion JPY and an increase in proceeds from sales and redemption of investments 25.9 billion JPY.

***Net cash used in financing activities*** was 718.3 billion JPY for the current period compared to 861.3 billion JPY for the same period of the previous year. This decrease in net cash used of 143.0 billion JPY was mainly due to an increase in proceeds from issuance of bonds of 683.3 billion JPY as a result of issuance of U.S. dollar-denominated senior notes 7,000 million USD and Euro-denominated senior notes 3,600 million EUR for the current period compared to 500.0 billion JPY issuance of hybrid bonds for the same period of the previous year. There was a favorable impact from short-term loans and commercial papers of 240.2 billion JPY primarily due to repayment of the short-term syndicated loans 500.0 billion JPY in June 2019, partially offset by a decrease in commercial paper drawings. These decreases in net cash used were partially offset by an increase in repayments of bonds and long-term loans of 766.0 billion JPY primarily resulting from early redemptions and repayments for the current period.

### **(3) Management Policy, Management Environment and Management Issues**

There was no significant change in management policy, management environment and management issues for the nine-month period ended December 31, 2020.

Impact of the spread of the novel coronavirus infectious disease (COVID-19) and Takeda's initiatives in response are as follows:

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

In recent months transmission of COVID-19 has increased significantly in many parts of the world, along with several new virus mutations, placing tremendous strain on health care systems and health care workers. While vaccines are starting to become available, it is unclear how they impact the initial spread of these variants. As such, Takeda continues to strictly adhere to local public health guidance across our geographies in addition to the existing protocols we have had in place over the past 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.

During the year, we have implemented voluntary suspensions of certain business activities, including business travel, attending industry events, and holding company-sponsored events.

In the early stages of the global pandemic, we placed a temporary pause on the initiation of new clinical trial studies, with the exception of CoVIg-19, the investigational plasma-derived therapy for COVID-19. 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 now resumed most of our trial activities.

While we do anticipate some delays on some studies we anticipate that we will regain this time as studies restart. We are closely monitoring the situation on a per-study level, down to each country and site in the event that we need to temporarily pause studies again due to the impact of COVID-19.

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.

In order to address the issues relating to COVID-19, in January 2020 we activated a Global Crisis Management Committee (GCMC), who along with the support of internal and external experts has guided Takeda's response to the pandemic. This includes the development of employee guidance, support resources, and implementing enhanced infection control and workplace case management protocols across our essential operations. The GCMC have also developed comprehensive workplace readiness checklists to support a safe and gradual return to office workplaces where this is possible.

With regards to measures to safeguard employees, we continue to enforce work from home policies and provide enhanced technology to support such initiatives. We have applied our telework guidance broadly to our global employees including as many of our customer facing employees as possible, especially those who interact with health care professionals. For our employees who are required to continue to work on-site in our manufacturing, laboratory, and BioLife plasma donation facilities, we have implemented enhanced safety measures to mitigate the spread of the virus.

Our Global Crisis Management Committee and a dedicated Return to the Workplace Team developed guidance on how to configure our "new workplace" to limit the introduction and transmission of the COVID-19 virus while maintaining and even strengthening our operations. Plans have been tailored to each country and are based on the science, epidemiology, and relevant local public health context, but also follow common principles and requirements such as compliance with local government and public health regulations; workplace readiness including necessary infection prevention measures like face coverings and physical distancing; reduced population density; enhanced infection control protocols; employee-specific circumstances; and a careful, stepwise approach.

In terms of our post-COVID workplace strategy, we do not intend to have one single strategy or policy. Instead, we are creating core principles, design guidance and toolkits to help Takeda leaders determine and implement the best working environment strategy for their teams.

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We have continued to suspend all non-essential international travel and large external meetings until further notice, while monitoring the situation on an ongoing basis.

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.

Takeda has aided the COVID-19 response through donations, including approximately US\$25 million to non-profit organizations including the Red Cross and United Nations-led organizations (World Food Programme (WFP), United Nations Population Fund (UNFPA), and International Atomic Energy Agency (IAEA)), while also providing in-kind donations and matching employee donations.

In order to maintain business continuity, we are managing levels of inventory, including assessing alternative suppliers for the production of our medicines, to secure product supply continuity for patients. This strategy is generally applied across our global supply chain for key starting materials, excipients, raw materials, APIs, and finished products. We are tracking the situation as it evolves and will take all necessary actions in an effort to ensure supply continuity for the people we serve.

In R&D, where possible, Takeda has implemented solutions such as direct to patient delivery of study medicines and the re-evaluation of trial design to account for potential disruptions. We continue to assess and build out digital technologies to enable remote monitoring of patients enrolled in clinical trials.

CoVIg-19 is one example of Takeda's initiatives to develop potential therapies to combat COVID-19. In April 2020, we joined other leading plasma companies to form the CoVIg-19 Plasma Alliance, putting patients first and setting aside individual company interests in the quest to fight COVID-19. In early October 2020, the CoVIg-19 Plasma Alliance announced patients are now being enrolled in the NIAID/NIH Phase 3 ITAC clinical trial evaluating the safety, tolerability and efficacy of hyperimmune globulin (H-Ig) to treat individuals at risk for serious complications from COVID-19. We expect it will take several months to complete the study. Assuming the clinical trial is successful, we will prepare to submit for regulatory authorization. We continue to urge individuals who have recovered from COVID-19 to donate convalescent plasma, which contains vital antibodies that could help others fight the disease, through the "Fight Is In Us" campaign in the U.S.

In addition to the CoVIg-19 Plasma Alliance, Takeda has undertaken a number of efforts to help the world respond to COVID-19, including the evaluation of a number of our marketed products and pipeline compounds for efficacy against the COVID-19 virus and participation in global research collaborations.

Takeda has also announced two partnerships to bring COVID-19 vaccines to Japan. The first partnership is with Novavax, for the development, manufacturing and commercialization of its COVID-19 vaccine candidate (NVX CoV2373) in Japan. The second partnership is with Moderna and the Government of Japan's Ministry of Health Labour & Welfare (MHLW) to import and distribute its COVID-19 vaccine candidate mRNA-1273 (development code in Japan: TAK-919) in Japan.

### **(iii) FY2020 Q3 YTD financial impact from COVID-19**

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



#### **(4) Research & Development Activities and Results**

Research and development expenses for the nine-month period ended December 31, 2020 were 342.5 billion JPY.

Takeda's R&D engine is focused on translating science into highly innovative, life-changing medicines that make a critical difference to patients. Takeda supports dedicated R&D efforts across three areas: Innovative Biopharma, Plasma Derived Therapies (PDT) and Vaccines. The R&D engine for Innovative Biopharma is the largest component of our R&D investment and has produced exciting new molecular entities (NMEs) that represent potential best-in-class and/or first-in-class medicines in areas of high unmet medical need across our core Therapeutic Areas (oncology, rare genetic and hematology, neuroscience, and gastroenterology (GI)). Over the past several years, and bolstered by our acquisition of Shire, we have also harnessed the potential of cell and gene therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships.

Major progress on R&D activities so far for the fiscal year ending March 31, 2021 are listed as follows:

#### **R&D pipeline**

##### **Oncology**

In oncology, Takeda endeavors to deliver novel medicines to patients with cancer worldwide through a commitment to breakthrough innovation and a passion for improving the lives of patients. Takeda focuses on three key areas in oncology: (1) building on its foundational expertise in hematologic malignancies through continued investment in lifecycle management programs for marketed products NINLARO, ADCETRIS, and ICLUSIG, as well as in pipeline assets in Multiple Myeloma, Acute Myeloid Leukemia, Myelodysplastic Syndromes, and other blood cancers; (2) further developing its portfolio in lung cancer with the marketed product ALUNBRIG and development programs in targeted lung cancer populations; and (3) pursuing novel immuno-oncology targets and next-generation platforms with external partners as well as exploring innovative cell therapies.

##### *NINLARO / Generic name: ixazomib*

- In May 2020, Takeda announced that it submitted an application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to the manufacturing and marketing approval for NINLARO regarding the additional indication as a first-line maintenance therapy in adult patients diagnosed with multiple myeloma who have not been treated with stem cell transplantation in Japan. This application is based primarily on the results of the TOURMALINE-MM4 trial, a randomized, placebo-controlled, double-blind, multicenter, international Phase III trial.
- In June 2020, Takeda announced it orally presented the results of two studies at the 25th Congress of the European Hematology Association (EHA). Presentations included positive results from TOURMALINE-MM4, a Phase 3, randomized clinical trial evaluating the effect of single-agent oral NINLARO as a first-line maintenance therapy in adult patients diagnosed with multiple myeloma who had not been treated with stem cell transplantation. Takeda also presented key insights from the US MM-6 trial, which investigates the effectiveness and safety of an in-class transition to oral NINLARO in combination with lenalidomide and dexamethasone in newly diagnosed multiple myeloma patients who have previously received a parenteral bortezomib-based triplet induction therapy.
- In September 2020, Takeda announced results from the Phase 3 TOURMALINE-MM2 trial evaluating the addition of NINLARO to lenalidomide and dexamethasone versus lenalidomide and dexamethasone plus placebo in newly diagnosed multiple myeloma patients not eligible for autologous stem cell transplant. These data were presented at the virtual scientific meeting of the Society of Hematologic Oncology (SOHO). The study found the addition of NINLARO to lenalidomide and dexamethasone resulted in a 13.5 month increase in median progression-free survival (PFS) (35.3 months in the NINLARO arm, compared to 21.8 months in the placebo arm; hazard ratio [HR] 0.830; p=0.073). The trial did not meet the threshold for statistical significance and the primary endpoint of PFS was not met.

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### *ICLUSIG / Generic name: ponatinib*

- In May 2020, Takeda presented interim analysis data from the Phase II OPTIC (Optimizing Ponatinib Treatment In CML) trial during an oral session at the virtual 56th American Society of Clinical Oncology (ASCO) Annual Meeting. The OPTIC trial is an ongoing, randomized, open-label study prospectively evaluating response-based dosing regimens of ICLUSIG over a range of three starting doses (45-, 30-, or 15-mg) with the aim of optimizing its efficacy and safety in patients with chronic-phase chronic myeloid leukemia (CP-CML) who are resistant or intolerant to prior tyrosine kinase inhibitor (TKI) therapy.
- In December 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) approved the supplemental New Drug Application (sNDA) for ICLUSIG for adult patients with chronic-phase (CP) chronic myeloid leukemia (CML) with resistance or intolerance to at least two prior kinase inhibitors. The updated label includes an optimized, response-based ICLUSIG dosing regimen in CP-CML with a daily starting dose of 45 mg and, upon achieving  $\leq 1\%$  BCR-ABL1<sup>IS</sup>, dose reduction to 15 mg. This dosing regimen aims to maximize benefit-risk by providing efficacy and decreasing the risk of adverse events (AEs), including arterial occlusive events (AOEs).

### *ALUNBRIG / Generic name: brigatinib*

- In May 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) approved ALUNBRIG for adult patients with anaplastic lymphoma kinase-positive (ALK+) metastatic non-small cell lung cancer (NSCLC) as detected by an FDA-approved test. This approval expands ALUNBRIG's current indication to include the first-line setting.
- In September 2020, Takeda presented the sub-analysis data of ALUNBRIG at the virtual European Society for Medical Oncology (ESMO) conference. The sub-analyses of the Phase 3 ALTA 1L study reinforce both the compelling evidence of intracranial efficacy with ALUNBRIG as a first-line treatment for patients with anaplastic lymphoma kinase-positive (ALK+) non-small cell lung cancer (NSCLC) as well as associated quality of life (QoL) data.
- In January 2021, Takeda announced that it obtained approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market ALUNBRIG as a first and second-line therapy for the treatment of patients with unresectable, advanced or recurrent ALK fusion gene-positive non-small cell lung cancer (ALK+ NSCLC). The approval was granted mainly based on the results of Brigatinib-2001 (J-ALTA), a Phase 2 clinical trial conducted in Japan involving 72 ALK+ patients with unresectable advanced or recurrent NSCLC who progressed after treatment with an ALK tyrosine kinase inhibitor, as well as the AP26113-13-301 (ALTA-1L) global Phase 3 clinical trial focused on ALK+ patients with unresectable advanced or recurrent NSCLC who had not been treated with an ALK tyrosine kinase inhibitor.

### *ADCETRIS / Generic name: brentuximab vedotin*

- In May 2020, Takeda announced that the European Commission (EC) extended the current conditional marketing authorization of ADCETRIS to include treatment of adult patients with previously untreated systemic anaplastic large cell lymphoma (sALCL), in combination with CHP (cyclophosphamide, doxorubicin, prednisone). Systemic anaplastic large cell lymphoma is a subtype of peripheral T-cell lymphoma (PTCL).
- In May 2020, Takeda announced that ADCETRIS was approved by China's National Medical Products Administration (NMPA) for use in adult patients with relapsed or refractory systemic Anaplastic Large Cell Lymphoma (sALCL) or CD30-positive Hodgkin Lymphoma.

### *CABOMETYX / Generic name: cabozantinib*

- In April 2020, Takeda announced the top-line result from CheckMate -9ER, a global, multi-center, randomized, open-label Phase III study evaluating Ono Pharmaceutical (Ono)'s Opdivo (nivolumab), a human anti-human PD-1 (programmed cell death-1) monoclonal antibody, and CABOMETYX in patients with previously untreated advanced or metastatic renal cell carcinoma (RCC). In this study, OPDIVO and CABOMETYX combination treatment demonstrated a significant benefit in its primary endpoint of progression-free survival (PFS) at final analysis, compared to sunitinib, as well as its secondary endpoints of overall survival (OS) at a pre-specified interim analysis, and objective response rate (ORR). In October 2020, based on the result from CheckMate -9ER, Takeda and Ono announced that the companies submitted a supplemental application for combination therapy of OPDIVO and CABOMETYX to expand the use for the combination therapy for the treatment of unresectable, advanced or

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metastatic RCC to the Japanese Ministry of Health, Labour and Welfare (MHLW), for a partial change in approved items of the manufacturing and marketing approval in Japan.

- In September 2020, Takeda and Chugai Pharmaceutical Co., Ltd. (Chugai) announced that they have decided to study the combination of Tecentriq (atezolizumab), an engineered anti-PD-L1 monoclonal antibody and CABOMETYX, a tyrosine kinase inhibitor, in Japan. Subsequent to a joint clinical research agreement between Roche and Exelixis and in conjunction with certain rights granted in Japan, Chugai and Takeda will study atezolizumab and cabozantinib combination therapy in Japan. The three global phase III CONTACT studies are ongoing to investigate the combination of atezolizumab and cabozantinib as a potential new treatment option in multiple tumor types, and Chugai and Takeda are planning to support these studies in Japan.
- In September 2020, the first presentation of results from the pivotal Phase 3 CheckMate -9ER trial was announced by Bristol Myers Squibb and Exelixis, Inc., in which Opdivo (nivolumab) in combination with CABOMETYX showed superior overall survival (OS) and doubled median progression-free survival (PFS) and objective response rate (ORR) with a favorable safety profile vs. sunitinib in patients with previously untreated advanced or metastatic RCC. Opdivo in combination with CABOMETYX reduced the risk of death by 40% vs. sunitinib (Hazard Ratio [HR] 0.60; 98.89% Confidence Interval [CI]: 0.40 to 0.89; p=0.0010; median OS not reached in either arm). In patients receiving Opdivo in combination with CABOMETYX, median progression-free survival (PFS), the trial's primary endpoint, was doubled compared to those receiving sunitinib alone: 16.6 months vs. 8.3 months, respectively (HR 0.51; 95% CI: 0.41 to 0.64; p<0.0001). These results were featured as a Proffered Paper during a Presidential Symposium at the European Society for Medical Oncology (ESMO) Virtual Congress 2020. The trial is sponsored by Bristol Myers Squibb and Ono Pharmaceutical Co and co-funded by Exelixis, Ipsen and Takeda.
- In November 2020, Takeda announced that it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to its manufacturing and marketing approval for CABOMETYX in the treatment of unresectable hepatocellular carcinoma (HCC) that has progressed after prior systemic therapy. This approval was granted based mainly on the results of a global, randomized, placebo-controlled, double-blind, Phase 3 CELESTIAL trial, which showed statistically significant improvement in efficacy over placebo and confirmed safety profile of CABOMETYX when used as second- or later line therapy in patients with advanced HCC, and the Cabozantinib-2003 trial, an open-label, single-arm, Phase 2 clinical trial in Japan testing efficacy and safety in Japanese patients with previously treated HCC.

### *ZEJULA/ Generic name: niraparib*

- In September 2020, Takeda announced it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market the oral poly (ADP-ribose) polymerase (PARP) inhibitor ZEJULA capsule 100 mg as a maintenance treatment of patients with ovarian cancer after first-line chemotherapy, a maintenance treatment of patients with platinum-sensitive relapsed ovarian cancer, and a treatment of homologous recombination deficient platinum-sensitive relapsed ovarian cancer. This approval was granted based on the results of the global, clinical, phase III PRIMA trial, the global, clinical, phase III NOVA trial, the global, clinical, phase II QUADRA trial, as well as a Japanese, clinical, phase II Niraparib-2001 trial being investigations of the safety of niraparib in Japanese patients with ovarian cancer, and a Japanese, clinical, phase II Niraparib-2002 trial being investigations of the efficacy and safety of niraparib in Japanese patients with ovarian cancer.
- In November 2020, Takeda announced that it submitted an approval to the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market an additional formulation of Zejula tablet 100mg for Zejula capsule 100 mg. The application is based on the results of a human bioequivalence study (3000-01-004 study) and a dissolution study that confirmed the equivalence of Zejula capsules and Zejula tablets. Zejula capsules require refrigerated storage, however the Zejula tablets for which the current application was filed can be stored at room temperature, potentially making them more convenient for medical personnel and patients.

### *Development code: TAK-924 / Generic name: pevonedistat*

- In May 2020, Takeda announced the results of the Phase 2 Pevonedistat-2001 trial was presented during oral sessions at the virtual 56th American Society of Clinical Oncology (ASCO) Annual Meeting. The study evaluated pevonedistat plus azacitidine versus azacitidine alone in patients with rare leukemias, including higher-risk myelodysplastic syndromes (HR-MDS). These results show that the combination of pevonedistat and azacitidine is a highly active, promising therapeutic approach and suggest benefit in the HR-MDS subgroup across multiple clinically meaningful endpoints, including overall survival (OS), event-free survival (EFS), complete remission (CR) and transfusion independence, with a safety profile similar to azacitidine alone.

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- In July 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for its investigational drug pevonedistat for the treatment of patients with higher-risk myelodysplastic syndromes (HR-MDS).

*Development code: TAK-788 / Generic name: mobocertinib*

- In April 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for its investigational drug mobocertinib for the treatment of patients with metastatic non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) exon 20 insertion mutations whose disease has progressed on or after platinum-based chemotherapy.
- In September 2020, Takeda presented an updated 10-month follow-up results from the Phase 1/2 trial of mobocertinib at the virtual European Society for Medical Oncology (ESMO) conference, demonstrating mobocertinib achieved a duration of response (DoR) of more than one year in the trial's study population of patients with epidermal growth factor receptor (EGFR) Exon20 insertion+ metastatic NSCLC (mNSCLC).
- In January 2021, Takeda announced new data from the Phase 1/2 trial of mobocertinib in previously treated patients with epidermal growth factor receptor (EGFR) Exon20 insertion+ metastatic non-small cell lung cancer (mNSCLC) was presented as a late-breaking oral session at the International Association for the Study of Lung Cancer (IASLC) 2020 World Conference on Lung Cancer (WCLC). Mobocertinib, an oral targeted therapy, demonstrated clinically meaningful responses, with a confirmed objective response rate of 35% as assessed by investigator and 28% as assessed by an independent review committee (IRC). Responses shown with mobocertinib were durable, with a median duration of response of 17.5 months as assessed by IRC. The safety profile observed was manageable. The safety profile from the November (2020) data cutoff was consistent with that of the May (2020) data cutoff.

### **Rare Genetic & Hematology.**

In rare genetic & hematology, Takeda focuses on hereditary angioedema to transform the treatment paradigm including through recently launched TAKHZYRO; going forward the focus will be on rare hematology and rare metabolic diseases, with the aim to deliver functional cures in a select group of diseases using novel modalities and platforms.

*TAKHZYRO / Generic name: lanadelumab-flyo*

- In May 2020, Takeda announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion on a Type II Variation regulatory application and recommended the approval of a pre-filled syringe presentation of TAKHZYRO. TAKHZYRO is a subcutaneous injectable prescription medication approved in Europe for routine prevention of recurrent attacks of hereditary angioedema (HAE) in patients aged 12 years and older.
- In June 2020, Takeda announced findings from two new interim analyses of data from the Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ Open-label Extension (OLE). The analyses suggest that TAKHZYRO is well-tolerated and can prevent hereditary angioedema (HAE) attacks over an extended treatment period, with sustained and consistent reduction in monthly attack rate across a range of different patient subgroups. The data were presented at the 2020 European Academy of Allergy and Clinical Immunology (EAACI) Digital Congress.
- In November 2020, Takeda announced the final results from the Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ Open-label Extension (OLE) showing that TAKHZYRO helped prevent and reduce the frequency of hereditary angioedema (HAE) attacks long term in patients 12 years of age and older who received treatment for a mean (standard deviation) duration of 29.6 (8.2) months. Results were consistent with the safety and efficacy of TAKHZYRO in the pivotal trial. The mean (min, max) HAE attack rate was reduced by 87.4% (-100; 852.8) overall versus baseline (n=212) and in a pre-specified exploratory endpoint, nearly 70% (68.9%) of patients treated with TAKHZYRO 300 mg every two weeks experienced an attack-free period of more than 12 months (n=209). The data were presented at the 2020 American College of Allergy, Asthma and Immunology (ACAAI) Virtual Annual Scientific Meeting and were also published in the November issue of ACAAI's journal *Annals of Allergy, Asthma & Immunology*.
- In December 2020, Takeda announced that China's National Medical Products Administration (NMPA) approved TAKHZYRO subcutaneous injection for prophylaxis to prevent attacks of hereditary angioedema (HAE) in patients 12 years and older.

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### *ADVATE / Generic name: antihemophilic factor (recombinant), rAHF*

- In June 2020, Takeda announced a scientific update from the AHEAD real-world study investigating the long-term outcomes associated with ADVATE in patients with hemophilia A, presented as an oral presentation at the World Federation of Hemophilia Virtual Summit 2020 (WFH 2020). Interim analysis results from the AHEAD real-world outcomes study demonstrate that the number of hemophilia A patients who were able to achieve zero bleeds increased over the years by receiving rAHF. For those receiving prophylaxis, the number of patients with zero bleeds increased from 34% in year 1 to 53% in year 6. For those receiving on-demand treatment, it increased from 28% in year 1 to 38% in year 6.

### *Development code: TAK-620 / Generic name: maribavir*

- In December 2020, Takeda announced top-line results from the Phase 3 clinical trial evaluating the efficacy and safety of the investigational drug maribavir, in the treatment of transplant recipients with refractory/resistant cytomegalovirus (CMV) infection. The TAK-620-303 (SOLSTICE) trial is a multicenter, randomized, open-label, active-controlled trial comparing eight weeks of treatment with either maribavir or investigator assigned treatment (IAT) in transplant recipients with CMV infection refractory or resistant to existing antiviral treatments (i.e., one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir). The SOLSTICE trial met its primary endpoint, defined as the proportion of patients who achieved confirmed CMV viremia clearance compared to IAT at the end of Study week 8. In addition, the SOLSTICE trial met its key secondary endpoint, defined as achievement of CMV viremia clearance and symptom control at end of week 8, and maintained through week 16. No new safety signals were identified and maribavir was associated with lower incidence of neutropenia compared to IAT.

## **Neuroscience**

In neuroscience, Takeda aims to bring innovative medicines to patients suffering from neurologic diseases with high unmet need. Takeda is building its pipeline in neurology (e.g., Alzheimer's disease, Parkinson's disease) and selected rare CNS diseases such as narcolepsy, potentially other sleep disorders, and Huntington's Disease through a combination of in-house expertise and collaboration with partners.

### *BUCCOLAM / Generic name: midazolam*

- In September 2020, Takeda announced that it has obtained a New Drug Application Approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for BUCCOLAM for the treatment of status epilepticus. The approval this time is based on results from two Phase 3 multicenter joint intervention non-randomized open-label trials in Japan in which patients under the age of 18 and suffering from convulsive status epilepticus conditions were buccally administered the drug. BUCCOLAM is the first buccally administered formulation for status epilepticus in Japan, and can even be administered in homes or other locations outside of medical facilities under the guidance of a doctor. In October 2020, Takeda completed the sale of BUCCOLAM to a subsidiary of Neuraxpharm Group (Neuraxpharm). For a defined period, Takeda will continue to provide certain services to Neuraxpharm, including serving as the Japanese marketing authorization holder.

### *Development code: TAK-935/OV935/ Generic name: Soticlestat*

- In August 2020, Takeda and Ovid Therapeutics Inc. (Ovid) announced positive topline results from the randomized Phase 2 ELEKTRA study of soticlestat in children with Dravet syndrome (DS) or Lennox-Gastaut syndrome (LGS). The ELEKTRA study achieved its primary endpoint with high statistical significance in the combined DS and LGS study population, demonstrating a 27.8% median reduction from baseline in convulsive seizure (DS) and drop seizure (LGS) frequency compared to a 3.1% median increase in patients taking placebo during the 12-week maintenance period (median placebo-adjusted reduction=30.5%; p=0.0007, based on the efficacy analysis set of 120 patients with seizure data in the maintenance period). In addition, DS and LGS patients treated with soticlestat demonstrated a 29.8% median reduction in convulsive seizure (DS) and drop seizure (LGS) frequency compared to 0.0% change in median seizure frequency in patients taking placebo during the full 20-week treatment period (titration plus maintenance) of the ELEKTRA study (placebo-adjusted reduction=25.1%; p=0.0024). Soticlestat was well-tolerated and demonstrated a safety profile consistent with the findings of previous studies, with no new safety signals identified.

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### **Gastroenterology**

In gastroenterology (GI), Takeda focuses on delivering innovative, life-changing therapeutics for patients with GI and liver diseases. Takeda is maximizing the potential of our inflammatory bowel disease (IBD) franchise around ENTYVIO and ALOFISEL, expanding our position in specialty GI with GATTEX / REVESTIVE and progressing a pipeline built through partnerships exploring opportunities in motility disorders, celiac disease, liver disease and the microbiome.

#### *ENTYVIO / Generic name: vedolizumab*

- In April 2020, Takeda announced that a self-injectable formulation of ENTYVIO was approved in Canada for at-home maintenance treatment of adult patients 18 years or older with moderately to severely active ulcerative colitis (UC) who have had an inadequate response, loss of response to, or were intolerant to either conventional therapy or infliximab, a tumor necrosis factor-alpha (TNF $\alpha$ ) antagonist. The approval of a self-injectable formulation of ENTYVIO is based on the VISIBLE 1 randomized, double-blind, placebo-controlled clinical study evaluating the efficacy and safety of subcutaneous ENTYVIO as maintenance therapy for adult patients with moderately to severely active ulcerative colitis.
- In May 2020, Takeda announced that the European Commission has granted a Marketing Authorization for the subcutaneous (SC) formulation of ENTYVIO, as maintenance therapy in adults with moderately to severely active ulcerative colitis (UC) or Crohn's disease (CD). Entyvio SC will be made available in both a pre-filled syringe and a pre-filled pen.
- In September 2020, Takeda announced the update on the U.S. development program for the investigational Subcutaneous Formulation (SC) of ENTYVIO as a Maintenance Therapy in adults with moderate to severe Ulcerative Colitis (UC). In August, Takeda had a productive meeting with the FDA to review the company's latest data and to seek guidance on additional data needs required to support the approval of Entyvio SC. During the meeting, Takeda gained clarity on data needs for the device, and has begun moving forward to address them. Continued testing of the device will take time, and as a result, Takeda anticipates launching Entyvio SC for moderate to severe UC in the United States in 2022, pending FDA approval.
- In October 2020, Takeda announced interim results from the VISIBLE open-label extension (OLE) study on the long-term safety and efficacy of maintenance treatment with the subcutaneous (SC) formulation of Entyvio in patients with moderately to severely active ulcerative colitis (UC). In evaluating the primary safety endpoint of the trial, interim data of the UC patient population showed that following two years of maintenance therapy with vedolizumab SC, long-term safety findings were consistent with the known safety profile of vedolizumab. Patients also continued to demonstrate clinical benefit from treatment, through maintenance of clinical remission\* and corticosteroid-free clinical remission\*\* rates, the clinical efficacy outcomes of the trial. These data were announced in an oral presentation at the UEG Week Virtual 2020 congress.

\* Clinical remission is defined as a partial Mayo score of  $\leq 2$  with no individual subscore  $>1$  point

\*\* Corticosteroid-free clinical remission is defined as patients using oral corticosteroids at baseline (week 0)

#### *GATTEX / REVESTIVE / Generic name: teduglutide*

- In October 2020, Takeda announced that it submitted an application to the Japanese Ministry of Health, Labour and Welfare to manufacture and market teduglutide (recombined DNA) for the treatment of Short Bowel Syndrome. The application is based on the results of a phase III clinical trial in adult and pediatric patients conducted in Japan as well as a trial conducted overseas. The trials confirmed the efficacy of Teduglutide and no major safety issues were observed.

#### *Development code: TAK-721/ Generic name: budesonide oral suspension*

- In December 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review the company's New Drug Application (NDA) and granted Priority Review for the investigational therapy budesonide oral suspension, TAK-721, which has been designed specifically for eosinophilic esophagitis (EoE). If approved, TAK-721 will be the first FDA-approved treatment for EOE, and Takeda plans to use the trade name Eohilia. TAK-721 previously received both Breakthrough Therapy designation and Orphan Drug designation from the FDA.

## **Plasma Derived Therapies**

Takeda created a dedicated plasma-derived therapy business unit with a focus to manage the business end-to-end, from plasma collection to manufacturing and commercialization. In plasma-derived therapies, we maximize the therapeutic value of plasma-derived therapies for patients with rare and complex diseases through innovation across the product life cycle. The dedicated R&D organization in PDT is charged with identifying new targeted therapies and optimizing efficiencies of current product manufacturing. PDT focuses on developing products which are essential for effectively treating patients with a variety of rare, life-threatening, chronic and genetic diseases across the world.

*Development code: CoVIg-19 (previously TAK-888) /Generic name: anti-SARS-CoV-2 polyclonal hyperimmune immunoglobulin*

- In April 2020, Takeda announced that Biotest, BPL, LFB, and Octapharma joined the CoVIg-19 Plasma Alliance formed by CSL Behring and Takeda to develop a potential plasma-derived therapy for treating COVID-19. The alliance begins immediately with the investigational development of one, unbranded anti-SARS-CoV-2 polyclonal hyperimmune immunoglobulin medicine with the potential to treat individuals with serious complications from COVID-19.
- In May 2020, the CoVIg-19 Plasma Alliance announced that it has expanded globally to include 10 plasma companies, and also includes global organizations from outside the plasma industry who are providing vital support to encourage more people who recovered from COVID-19 to donate plasma. In addition to those announced at its inception - Biotest, BPL, CSL Behring, LFB, Octapharma and Takeda - the Alliance welcomes new industry members ADMA Biologics, BioPharma Plasma, GC Pharma, and Sanquin. Together, these organizations will contribute specialist advisory expertise, technical guidance and/or in-kind support to contribute to the Alliance goal of accelerating development and distribution of a potential treatment option for COVID-19.
- In October 2020, the CoVIg-19 Plasma Alliance announced that patients are now being enrolled in the Inpatient Treatment with Anti-Coronavirus Immunoglobulin (ITAC) Phase 3 clinical trial sponsored by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH). The trial will evaluate the safety, tolerability and efficacy of an investigational anti-coronavirus hyperimmune intravenous immunoglobulin (H-Ig) medicine for treating hospitalized adults at risk for serious complications of COVID-19 disease. The global multi-center, double-blind, placebo-controlled, randomized trial will enroll 500 adult patients at up to 58 sites in the United States, Mexico and 16 other countries on five continents (utilizing the NIH's global INSIGHT Network).

## **Vaccine**

In vaccines, Takeda is applying innovation to tackle some of the world's most challenging infectious diseases such as dengue, COVID-19, zika, and norovirus. To support the expansion of our pipeline and the development of our programs, we have entered into partnerships with government organizations in Japan, the U.S., and Singapore and leading global institutions. Such partnerships have been essential in building the critical capabilities that will be necessary to deliver on our programs and realize their full potential.

*Development code: mRNA-1273 (Japanese development code: TAK-919)/ Generic name: COVID-19 vaccine*

- In October 2020, Takeda announced that it will import and distribute 50 million doses of Moderna, Inc.'s (Moderna) COVID-19 vaccine candidate, mRNA-1273, starting in the first half of 2021, pending licensure in Japan. This effort is part of a three-way agreement among Takeda, Moderna and the Japanese Ministry of Health, Labour and Welfare (MHLW). Under the terms of the new agreement with the MHLW and Moderna, Takeda will be responsible for securing the necessary regulatory approvals prior to distributing 50 million doses of Moderna's COVID-19 vaccine candidate in Japan. Moderna will provide finished product and will support Takeda with its development and regulatory efforts.
- In January 2021, Takeda announced that it initiated a clinical phase 1/2 study in Japan of TAK-919. This study is a placebo-controlled study to evaluate the safety and immunogenicity of the mRNA-1273 vaccine in 200 adult subjects.

## **Building a sustainable research platform / Enhancing R&D collaboration**

In addition to our concentrated efforts to increase our in-house research and development capabilities, external partnerships with third-party partners are a key component of our strategy for enhancing our R&D pipeline. Our strategy to expand and

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diversify our external partnerships allows us to take part in research of a wide variety of new products and increases the chances that we will be able to take part in a major research-related breakthrough.

- In June 2020, Takeda and Neurocrine Biosciences, Inc. announced a strategic collaboration to develop and commercialize compounds in Takeda’s early-to-mid-stage psychiatry pipeline. Specifically, Takeda granted an exclusive license to Neurocrine Biosciences for seven pipeline programs, including three clinical stage assets for schizophrenia, treatment-resistant depression and anhedonia.
- In June 2020, Takeda and Carmine Therapeutics signed a research collaboration agreement to discover, develop and commercialize transformative non-viral gene therapies for two rare disease targets using Carmine’s REGENT(TM) technology, based on red blood cell extracellular vesicles.
- In August 2020, members of the COVID R&D Alliance, Takeda, AbbVie, Inc. and Amgen Inc. (Amgen) announced the first patients enrolled in the I-SPY COVID Trial (Investigation of Serial Studies to Predict Your COVID Therapeutic Response with Biomarker Integration and Adaptive Learning) clinical trial. The I-SPY COVID Trial will evaluate the efficacy of cenicriviroc, a chemokine (CCR2 and CCR5) dual-receptor antagonist, Otezla (apremilast), a PDE4 inhibitor, and Firazyr (icatibant injection), a bradykinin B2 receptor antagonist in severely ill, hospitalized COVID-19 patients who require high-flow oxygen. The I-SPY COVID Trial utilizes Quantum Leap Healthcare Collaborative’s adaptive platform trial design, which is intended to increase trial efficiency by minimizing the number of participants and time required to evaluate potential treatments.
- In August 2020, Takeda and Novavax, Inc. (Novavax) announced a partnership for the development, manufacturing and commercialization of NVX CoV2373, Novavax’ COVID-19 vaccine candidate, in Japan. NVX CoV2373 is a stable, prefusion protein made using Novavax’ recombinant protein nanoparticle technology and includes Novavax’ proprietary Matrix-M™ adjuvant. Takeda and Novavax are partnering on manufacturing, clinical development and regulatory activities in Japan. Novavax will license and transfer manufacturing technologies to enable Takeda to manufacture the vaccine antigen and will supply the Matrix-M adjuvant to Takeda. Takeda will be responsible for regulatory submission to the Japanese Ministry of Health, Labour and Welfare (MHLW) and will produce and distribute NVX CoV2373 in Japan. Takeda will receive funding from MHLW to support the technology transfer, establishment of infrastructure and scale-up of manufacturing. Takeda anticipates the capacity to manufacture over 250 million doses of the COVID-19 vaccine per year.
- In September 2020, Takeda announced the expansion of its cell therapy manufacturing capabilities with the opening of a new 24,000 square-foot R&D cell therapy manufacturing facility at its R&D headquarters in Boston, Massachusetts. The facility provides end-to-end research and development capabilities and will accelerate Takeda’s efforts to develop next-generation cell therapies, initially focused on oncology with potential to expand into other therapeutic areas.
- In October 2020, Takeda and Arrowhead Pharmaceuticals Inc. (Arrowhead) announced a collaboration and licensing agreement to develop ARO-AAT, a Phase 2 investigational RNA interference (RNAi) therapy in development to treat alpha-1 antitrypsin-associated liver disease (AATLD). ARO-AAT is a potential first-in-class therapy designed to reduce the production of mutant alpha-1 antitrypsin protein, the cause of AATLD progression. Under the terms of the agreement, Takeda and Arrowhead will co-develop ARO-AAT which, if approved, will be co-commercialized in the United States under a 50/50 profit-sharing structure. Outside the U.S., Takeda will lead the global commercialization strategy and receive an exclusive license to commercialize ARO-AAT.
- In December 2020, PeptiDream Inc. (PeptiDream) and Takeda announced that they agreed to a collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular diseases. Despite advances in the understanding of neuromuscular diseases, the broad biodistribution required to target key tissues throughout the body that contribute to disease remains a key challenge for drug development. The agreement aims to address these challenges by conjugating peptides developed by PeptiDream and JCR Pharmaceuticals Co., Ltd. that bind to the transferrin receptor to specific drug payloads selected by Takeda to improve their profile of tissue distribution for treating neuromuscular diseases.
- In December 2020, three members of the COVID R&D Alliance - Takeda, Amgen and UCB, Inc. (UCB) - announced the first patient enrolled in the COMMUNITY Trial (COVID-19 Multiple Agents and Modulators Unified Industry Members), a randomized, double-blind, placebo-controlled, adaptive platform trial that enables an array of therapeutic candidates to be studied in hospitalized COVID-19 patients. Uncontrolled vascular and immune inflammatory responses have proven to be hallmark symptoms in patients facing severe COVID-19 infections. These patients may face increased risk of acute respiratory distress syndrome (ARDS), stroke and death. Initial therapies entering into COMMUNITY were selected based upon their potential to suppress or control the immune response or the resulting inflammation. These include: Amgen’s OTEZLA (apremilast), which may suppress immune response



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inflammation; Takeda's investigational intravenous administration of lanadelumab, which modulates the kallikrein-kinin system and suppresses production of bradykinin, potentially lessening inflammation; UCB's zilucoplan, an investigational medicine that may reduce overactivation of the immune system that contributes to ARDS.

### **3. Material Contracts**

There were no material contracts executed during the three-month period ended December 31, 2020.

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**III. Information on the Company**

**1. Information on the Company's Shares**

(1) Total number of shares and other related information

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	3,500,000,000
Total	3,500,000,000

2) Number of shares issued

Class	Number of shares outstanding (As of December 31, 2020)	Number of shares outstanding as of the filing date (February 12, 2021)	Stock exchange on which the Company is listed	Description
Common stock	1,576,387,908	1,576,387,908	Tokyo, Nagoya (both listed on the first section), Fukuoka, Sapporo, New York	The number of shares per one unit of shares is 100 shares.
Total	1,576,387,908	1,576,387,908	—	—

(Note1) The Company's American Depositary Shares (ADS) are listed on the New York Stock Exchange.

(Note2) The number of shares outstanding as of the filing date does not include newly issued shares exercised by stock acquisition rights from February 1, 2021 to the filing date of Quarterly Securities Report (February 12, 2021).

(2) Status of stock acquisition rights

1) Contents of stock option plans

Not applicable.

2) Status of other stock acquisition rights

Not applicable.

(3) Exercise status of bonds with stock acquisition rights containing a clause for exercise price adjustments

Not applicable.

(4) Changes in the total number of issued shares and the amount of share capital and capital reserve

Date	Change in the total number of issued shares (Thousand of shares)	Balance of the total number of issued shares (Thousand of shares)	Change in share capital JPY (millions)	Balance of share capital JPY (millions)	Change in capital reserve JPY (millions)	Balance of capital reserve JPY (millions)
From October 1 to December 31, 2020	—	1,576,388	—	1,668,145	—	1,654,238

(Note) There was no increase in the total number of issued shares, share capital or capital reserve due to the exercise of stock acquisition rights from January 1, 2021 to January 31, 2021.

(5) Major shareholders

No information required in the 3rd quarter.

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### (6) Information on voting rights

#### 1) Total number of shares

Classification	As of December 31, 2020		
	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock and other)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock and other)	(Treasury stock) Common stock	171,700	—
	(Crossholding stock) Common stock	287,000	—
Shares with full voting rights (Others)	Common stock	1,575,152,200	15,751,522
Shares less than one unit	Common stock	777,008	—
			Shares less than one unit (100 shares)
Number of issued shares	1,576,387,908	—	—
Total number of voting rights	—	15,751,522	—

(Note1) "Shares with full voting rights (Others)" includes 10,782,700 (voting rights: 107,827) and 1,992,700 (voting rights: 19,927) of the shares held by the ESOP and BIP trust, respectively.

(Note2) "Shares less than one unit" includes 64 of the shares as the treasury stock, and 181 and 205 of the shares held by the ESOP and BIP trust, respectively.

#### 2) Treasury stock and other

Name of shareholders	Address	As of December 31, 2020			
		Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total shares held (Shares)	Percentage of total issued shares issued (%)
(Treasury stock)					
Takeda Pharmaceutical Company Limited	1-1, Doshomachi 4- chome, Chuo-ku, Osaka	171,700	—	171,700	0.01
(Crossholding stock)					
Amato Pharmaceutical Products, Ltd.	5-3, Shinsenri Higashi- machi 1-chome, Toyonaka-city, Osaka	275,000	—	275,000	0.02
Watanabe Chemical, Co.,Ltd.	6-1, Hiranomachi 3- chome, Chuo-ku, Osaka-city, Osaka	12,000	—	12,000	0.00
Total		458,700	—	458,700	0.03

(Note) In addition to the above treasury stock and shares less than one unit of 64 shares, 10,782,881 of the shares held by the ESOP trust and 1,992,905 of the shares held by the BIP trust are included in treasury stock on the condensed interim consolidated financial statements.

## 2. Members of the Board of Directors

No changes from the latest Annual Securities Report.

#### **IV. Financial Information**

##### Basis of Preparation of the Condensed Interim Consolidated Financial Statements

Takeda has prepared the condensed interim consolidated financial statements in accordance with IAS 34 “Interim Financial Reporting” based on the provision of Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 64, 2007 in Japan).

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**1. Condensed Interim Consolidated Financial Statements**

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

	Note	JPY (millions, except per share data)			
		Nine-month Period Ended December 31,		Three-month Period Ended December 31,	
		2019	2020	2019	2020
Revenue	4	2,519,486	2,427,538	859,317	836,753
Cost of sales		(841,583)	(740,862)	(279,575)	(253,142)
Selling, general and administrative expenses		(711,679)	(641,275)	(249,210)	(222,644)
Research and development expenses		(353,072)	(342,544)	(122,709)	(117,566)
Amortization and impairment losses on intangible assets associated with products		(329,148)	(307,570)	(103,925)	(99,473)
Other operating income	5	29,794	118,532	18,478	49,069
Other operating expenses	6	(151,254)	(155,090)	(68,865)	(49,856)
Operating profit		162,544	358,729	53,511	143,141
Finance income		32,517	58,030	34,197	28,402
Finance expenses		(123,955)	(173,389)	(43,737)	(62,669)
Share of profit (loss) of investments accounted for using the equity method	7	(15,098)	(8,013)	(19,129)	922
Profit before tax		56,008	235,357	24,842	109,796
Income tax expenses		(13,280)	(56,330)	(56,948)	(17,358)
Net profit (loss) for the period		42,728	179,027	(32,106)	92,438
Attributable to:					
Owners of the Company		42,517	178,907	(32,221)	92,359
Non-controlling interests		211	120	115	79
Net profit (loss) for the period		42,728	179,027	(32,106)	92,438
Earnings per share (JPY)					
Basic earnings (loss) per share	8	27.31	114.57	(20.68)	59.08
Diluted earnings (loss) per share	8	27.19	113.72	(20.68)	58.61

See accompanying notes to condensed interim consolidated financial statements.

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

	JPY (millions)			
	Nine-month Period Ended December 31,		Three-month Period Ended December 31,	
	2019	2020	2019	2020
Net profit (loss) for the period	42,728	179,027	(32,106)	92,438
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	12,684	69,336	22,600	37,984
Remeasurement of defined benefit pension plans	(2,283)	(4,879)	2,329	(2,120)
	10,401	64,457	24,929	35,864
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(97,125)	(42,370)	84,857	(10,967)
Cash flow hedges	(86)	(21,596)	1,170	(15,707)
Hedging cost	41	(10,288)	108	3,256
Share of other comprehensive income (loss) of investments accounted for using the equity method	(40)	220	(43)	123
	(97,210)	(74,034)	86,092	(23,295)
Other comprehensive income (loss) for the period, net of tax	(86,809)	(9,577)	111,021	12,569
Total comprehensive income (loss) for the period	(44,081)	169,450	78,915	105,007
Attributable to:				
Owners of the Company	(44,375)	169,301	78,738	105,029
Non-controlling interests	294	149	177	(22)
Total comprehensive income (loss) for the period	(44,081)	169,450	78,915	105,007

See accompanying notes to condensed interim consolidated financial statements.

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(3) Condensed Interim Consolidated Statements of Financial Position

		<b>JPY (millions)</b>	
		<b>As of March 31, 2020</b>	<b>As of December 31, 2020</b>
	<b>Note</b>		
<b><u>ASSETS</u></b>			
Non-current assets:			
Property, plant and equipment		1,386,370	1,363,141
Goodwill		4,012,528	3,824,804
Intangible assets		4,171,361	3,756,723
Investments accounted for using the equity method		107,334	104,331
Other financial assets		262,121	271,720
Other non-current assets		103,846	96,568
Deferred tax assets		308,102	252,252
Total non-current assets		<u>10,351,662</u>	<u>9,669,539</u>
Current assets:			
Inventories		759,599	739,352
Trade and other receivables		757,005	791,480
Other financial assets		15,822	36,664
Income taxes receivable		27,916	37,462
Other current assets		114,196	115,703
Cash and cash equivalents		637,614	617,635
Assets held for sale	10	157,280	278,302
Total current assets		<u>2,469,432</u>	<u>2,616,598</u>
Total assets		<u><u>12,821,094</u></u>	<u><u>12,286,137</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Non-current liabilities:			
Bonds and loans	11	4,506,487	4,466,574
Other financial liabilities		399,129	495,306
Net defined benefit liabilities		156,617	170,297
Income taxes payable		54,932	46,629
Provisions		37,605	38,551
Other non-current liabilities		52,793	48,428
Deferred tax liabilities		710,147	575,966
Total non-current liabilities		<u>5,917,710</u>	<u>5,841,751</u>
Current liabilities:			
Bonds and loans	11	586,817	284,474
Trade and other payables		318,816	326,978
Other financial liabilities		95,706	96,691
Income taxes payable		182,738	135,804
Provisions		405,245	461,707
Other current liabilities		499,386	476,018
Liabilities held for sale	10	87,190	23,286
Total current liabilities		<u>2,175,898</u>	<u>1,804,958</u>
Total liabilities		<u><u>8,093,608</u></u>	<u><u>7,646,709</u></u>

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JPY (millions)

	Note	As of March 31, 2020	As of December 31, 2020
<b><u>EQUITY</u></b>			
Share capital		1,668,123	1,668,145
Share premium		1,680,287	1,678,656
Treasury shares		(87,463)	(59,567)
Retained earnings		1,369,972	1,306,568
Other components of equity		92,564	41,551
Equity attributable to owners of the company		4,723,483	4,635,353
Non-controlling interests		4,003	4,075
Total equity		4,727,486	4,639,428
Total liabilities and equity		12,821,094	12,286,137

See accompanying notes to condensed interim consolidated financial statements.



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

Nine-month period ended December 31, 2019 (From April 1 to December 31, 2019)

JPY (millions)

	Equity attributable to owners of the company													
	Equity attributable to owners of the company					Other components of equity								
	Note	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	Cash flow hedges	Hedging cost	Re-measurement gain or loss on defined benefit plans	Total	Total	Non-controlling interests	Total equity
As of April 1, 2019		1,643,585	1,650,232	(57,142)	1,595,431	299,128	46,380	2,959	1,412	—	349,879	5,181,985	4,006	5,185,991
Cumulative effects of changes in accounting policies					(512)						—	(512)		(512)
Restated opening balance		1,643,585	1,650,232	(57,142)	1,594,919	299,128	46,380	2,959	1,412	—	349,879	5,181,473	4,006	5,185,479
Net profit for the period					42,517						—	42,517	211	42,728
Other comprehensive income (loss)						(97,248)	12,684	(86)	41	(2,283)	(86,892)	(86,892)	83	(86,809)
Comprehensive income (loss) for the period		—	—	—	42,517	(97,248)	12,684	(86)	41	(2,283)	(86,892)	(44,375)	294	(44,081)
Transaction with owners:														
Issuance of new shares		24,507	24,507								—	49,014		49,014
Acquisition of treasury shares				(52,744)							—	(52,744)		(52,744)
Disposal of treasury shares			(0)	1							—	1		1
Dividends	12				(282,692)						—	(282,692)	(153)	(282,845)
Transfers from other components of equity					23,703		(25,986)			2,283	(23,703)	—		—
Share-based compensation			21,482								—	21,482		21,482
Exercise of share-based awards			(22,494)	22,407							—	(87)		(87)
Total transactions with owners		24,507	23,495	(30,336)	(258,989)	—	(25,986)	—	—	2,283	(23,703)	(265,026)	(153)	(265,179)
As of December 31, 2019		1,668,092	1,673,727	(87,478)	1,378,447	201,880	33,078	2,873	1,453	—	239,284	4,872,072	4,147	4,876,219

See accompanying notes to condensed interim consolidated financial statements.

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Nine-month period ended December 31, 2020 (From April 1 to December 31, 2020)

JPY (millions)														
Equity attributable to owners of the company					Other components of equity									
	Note	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	Cash flow hedges	Hedging cost	Re-measurement gain or loss on defined benefit plans	Total	Total	Non-controlling interests	Total equity
As of April 1, 2020		1,668,123	1,680,287	(87,463)	1,369,972	91,848	22,891	(22,730)	555	—	92,564	4,723,483	4,003	4,727,486
Net profit for the period					178,907						—	178,907	120	179,027
Other comprehensive income (loss)						(42,191)	69,348	(21,596)	(10,288)	(4,879)	(9,606)	(9,606)	29	(9,577)
Comprehensive income (loss) for the period		—	—	—	178,907	(42,191)	69,348	(21,596)	(10,288)	(4,879)	(9,606)	169,301	149	169,450
Transaction with owners:														
Issuance of new shares		22	22								—	44		44
Acquisition of treasury shares				(2,138)							—	(2,138)		(2,138)
Disposal of treasury shares			(0)	2							—	2		2
Dividends	12				(283,718)						—	(283,718)	(77)	(283,795)
Transfers from other components of equity					41,407		(46,286)			4,879	(41,407)	—		—
Share-based compensation			28,119								—	28,119		28,119
Exercise of share-based awards			(29,772)	30,032							—	260		260
Total transactions with owners		22	(1,631)	27,896	(242,311)	—	(46,286)	—	—	4,879	(41,407)	(257,431)	(77)	(257,508)
As of December 31, 2020		1,668,145	1,678,656	(59,567)	1,306,568	49,657	45,953	(44,326)	(9,733)	—	41,551	4,635,353	4,075	4,639,428

See accompanying notes to condensed interim consolidated financial statements.

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

	Notes	JPY (millions)	
		Nine-month Period Ended December 31,	
		2019	2020
Cash flows from operating activities:			
Net profit for the period		42,728	179,027
Depreciation and amortization		437,921	420,281
Impairment losses		34,970	10,118
Equity-settled share-based compensation		21,213	28,119
Change in estimate of liabilities related to SHP647	5	—	(60,179)
Loss (gain) on sales and disposal of property, plant and equipment		381	(3,435)
Gain on divestment of business and subsidiaries		(12,964)	(38,273)
Loss on liquidation of foreign operations		399	—
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	6	1,884	8,888
Finance (income) and expenses, net		91,438	115,359
Share of loss of investments accounted for using the equity method		15,098	8,013
Income tax expenses		13,280	56,330
Changes in assets and liabilities:			
Increase in trade and other receivables		(68,919)	(49,908)
Decrease in inventories		92,741	6,059
Decrease in trade and other payables		(39,195)	(5,082)
Increase in provisions		40,055	66,844
Other, net		16,478	14,129
Cash generated from operations		687,508	756,290
Income taxes paid		(210,267)	(174,694)
Tax refunds and interest on tax refunds received		7,074	28,375
Net cash from operating activities		484,315	609,971
Cash flows from investing activities:			
Interest received		9,547	752
Dividends received		1,382	215
Acquisition of property, plant and equipment		(89,845)	(75,041)
Proceeds from sales of property, plant and equipment		257	42,818
Acquisition of intangible assets		(64,982)	(49,469)
Acquisition of investments		(7,327)	(9,479)
Proceeds from sales and redemption of investments		47,795	73,717
Acquisition of businesses, net of cash and cash equivalents acquired		(4,590)	—
Proceeds from sales of business, net of cash and cash equivalents divested		375,536	124,969
Other, net		(11,899)	(8,283)
Net cash from investing activities		255,874	100,199

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	Notes	JPY (millions)	
		Nine-month Period Ended December 31,	
		2019	2020
Cash flows from financing activities:			
Net decrease in short-term loans and commercial papers		(325,242)	(84,997)
Proceeds from issuance of bonds and long-term loans		496,190	1,179,515
Repayments of bonds and long-term loans		(623,149)	(1,389,102)
Payments for settlement of forward rate agreement related to bonds		—	(34,830)
Acquisition of treasury shares		(3,725)	(2,138)
Interest paid		(105,161)	(84,185)
Dividends paid		(274,258)	(274,679)
Acquisition of non-controlling interests		(1,700)	—
Repayments of lease liabilities		(21,099)	(27,710)
Other, net		(3,138)	(156)
Net cash used in financing activities		(861,282)	(718,282)
Net decrease in cash and cash equivalents		(121,093)	(8,112)
Cash and cash equivalents at the beginning of the year			
(Consolidated statements of financial position)		702,093	637,614
Cash and cash equivalents reclassified back from assets held for sale		629	—
Cash and cash equivalents at the beginning of the year		702,722	637,614
Effects of exchange rate changes on cash and cash equivalents		(13,350)	(11,797)
Cash and cash equivalents at the end of the period		568,279	617,705
Cash and cash equivalents reclassified to assets held for sale		—	(70)
Cash and cash equivalents at the end of the period			
(Consolidated statements of financial position)		568,279	617,635

See accompanying notes to condensed interim consolidated financial statements.

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### Notes to Condensed Interim Consolidated Financial Statements

#### 1. Reporting Entity

Takeda Pharmaceutical Company Limited (the “Company”) is a public company incorporated in Japan. The Company and its subsidiaries (collectively, “Takeda”) is a global, values-based, research and development (“R&D”) driven biopharmaceutical company with an innovative portfolio, engaged primarily in the research, development, manufacturing and marketing of pharmaceutical products. Takeda has grown both organically and through acquisitions, completing a series of major transactions that have brought therapeutic, geographic and pipeline growth. Takeda’s principal pharmaceutical products include medicines in the following key business areas: gastroenterology (“GI”), rare diseases, Plasma-Derived Therapies (“PDT”), oncology, and neuroscience.

#### 2. Basis of Preparation

##### (1) Compliance

Takeda has prepared the condensed interim consolidated financial statements in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements do not contain all the information required in consolidated financial statements as of the end of a fiscal year. Therefore, the condensed interim consolidated financial statements should be used with the consolidated financial statements as of and for the fiscal year ended March 31, 2020.

##### (2) Approval of Financial Statements

Takeda’s condensed interim consolidated financial statements as of and for the period ended December 31, 2020 were approved on February 12, 2021 by Representative Director, President & Chief Executive Officer (“CEO”) Christophe Weber and Director & Chief Financial Officer Costa Saroukos.

##### (3) Functional Currency and Presentation Currency

The condensed interim consolidated financial statements are presented in Japanese yen (“JPY”), which is the functional currency of the Company. All financial information presented in JPY has been rounded to the nearest million, except when otherwise indicated.

##### (4) Use of Judgments, Estimates and Assumptions

The preparation of the condensed interim consolidated financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

These estimates and underlying assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The condensed interim consolidated financial statements are prepared based on the same judgments and estimations as well as the accounting estimates and assumptions applied and described in Takeda’s consolidated financial statements for the fiscal year ended March 31, 2020.

Although the effects of the spread of COVID-19 could potentially impact business activities within Takeda, the overall impact on Takeda’s consolidated financial results have been limited to date. Therefore, the spread of COVID-19 did not have a significant impact on accounting estimates and assumptions used for the preparation of the condensed interim consolidated financial statements.

#### 3. 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, 2020.

Takeda calculated income tax expenses for the nine-month period ended December 31, 2020, based on the estimated average annual effective tax rate.

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**4. Operating Segment and Revenue Information**

Takeda comprises a single operating segment and is engaged in the research, development, manufacturing and marketing of pharmaceutical products, over-the-counter (“OTC”) medicines and quasi-drug consumer products, and other healthcare 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.

(1) Disaggregation of Revenue Information

Takeda’s revenue from contracts with customers is comprised of the following:

*Revenue by Type of Good or Service*

	<b>JPY (millions)</b>	
	<b>Nine-month Period Ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
Sales of pharmaceutical products	2,453,324	2,358,501
Royalty and service income	66,162	69,037
<b>Total</b>	<b>2,519,486</b>	<b>2,427,538</b>

	<b>JPY (millions)</b>	
	<b>Three-month period ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
Sales of pharmaceutical products	840,300	813,997
Royalty and service income	19,017	22,756
<b>Total</b>	<b>859,317</b>	<b>836,753</b>

*Revenue by Therapeutic Area and Product*

	<b>JPY (millions)</b>	
	<b>Nine-month Period Ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
<b>Gastroenterology:</b>		
Entyvio	263,537	319,307
Takecab-F <sup>(1)</sup>	55,660	64,134
Dexilant	48,034	43,458
Gattex/Revestive	46,945	50,149
Pantoprazole	38,354	32,383
Alofisel	193	565
Others	80,455	78,815
<b>Total Gastroenterology</b>	<b>533,178</b>	<b>588,811</b>
<b>Rare Diseases:</b>		
<b>Rare Metabolic:</b>		
Elaprase	52,369	51,531
Replagal	38,526	38,874
Vpriv	28,382	28,868
Natpara	13,005	2,503
<b>Total Rare Metabolic</b>	<b>132,282</b>	<b>121,776</b>
<b>Rare Hematology:</b>		
Advate	123,104	97,112
Adynovate	44,782	43,765
FEIBA	39,592	34,235

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	JPY (millions)	
	Nine-month Period Ended December 31,	
	2019	2020
Others	51,702	43,462
Total Rare Hematology	259,180	218,574
Hereditary Angioedema:		
Takhzyro	48,846	65,891
Firazyr	22,721	20,100
Cinryze	18,904	17,264
Kalbitor	3,530	3,102
Total Hereditary Angioedema	94,001	106,357
Total Rare Diseases	485,463	446,707
PDT Immunology:		
Immunoglobulin	225,361	248,031
Albumin	49,728	43,599
Others	21,469	21,410
Total PDT Immunology	296,558	313,040
Oncology:		
Velcade	90,795	75,892
Leuprorelin	82,691	75,255
Ninlaro	58,050	67,863
Adcetris	39,459	44,385
Iclusig	22,841	26,259
Alunbrig	5,130	6,483
Others	18,950	22,325
Total Oncology	317,916	318,462
Neuroscience:		
Vyvanse	206,815	202,430
Trintellix	54,308	52,680
Adderall XR	14,988	13,353
Others	54,437	46,635
Total Neuroscience	330,548	315,098
Other:		
Azilva-F <sup>(1)</sup>	59,123	62,793
Nesina-F <sup>(1)</sup>	44,067	44,562
Lotriga	24,766	24,466
Others	427,867	313,599
Total Other	555,823	445,420
Total	2,519,486	2,427,538

<sup>(1)</sup> The figures include the amounts of fixed dose combinations and blister packs.

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	<b>JPY (millions)</b>	
	<b>Three-month period ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
<b>Gastroenterology:</b>		
Entyvio	95,117	112,333
Takecab-F <sup>(1)</sup>	20,689	24,182
Dexilant	16,931	15,055
Gattex/Revestive	17,676	16,930
Pantoprazole	13,928	10,918
Alofisel	94	284
Others	27,173	29,283
<b>Total Gastroenterology</b>	<b>191,608</b>	<b>208,985</b>
<b>Rare Diseases:</b>		
<b>Rare Metabolic:</b>		
Elaprase	16,828	17,215
Replagal	13,070	13,907
Vpriv	9,688	10,034
Natpara	622	997
<b>Total Rare Metabolic</b>	<b>40,208</b>	<b>42,153</b>
<b>Rare Hematology:</b>		
Advate	39,868	33,704
Adynovate	15,103	14,264
FEIBA	11,742	13,663
Others	17,133	14,134
<b>Total Rare Hematology</b>	<b>83,846</b>	<b>75,765</b>
<b>Hereditary Angioedema:</b>		
Takhzyro	18,175	22,149
Firazyr	7,466	4,952
Cinryze	6,883	5,231
Kalbitor	1,142	1,095
<b>Total Hereditary Angioedema</b>	<b>33,666</b>	<b>33,427</b>
<b>Total Rare Diseases</b>	<b>157,720</b>	<b>151,345</b>
<b>PDT Immunology:</b>		
Immunoglobulin	78,880	85,364
Albumin	15,670	15,028
Others	7,342	6,748
<b>Total PDT Immunology</b>	<b>101,892</b>	<b>107,140</b>
<b>Oncology:</b>		
Velcade	27,185	25,880
Leuprorelin	26,042	25,389
Ninlaro	19,771	23,506
Adcetris	13,705	13,815
Iclusig	8,163	9,414
Alunbrig	1,779	2,215
Others	6,437	8,193
<b>Total Oncology</b>	<b>103,082</b>	<b>108,412</b>
<b>Neuroscience:</b>		
Vyvanse	75,299	69,810
Trintellix	19,677	17,725



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	JPY (millions)	
	Three-month period ended December 31,	
	2019	2020
Adderall XR	4,370	4,380
Others	17,316	15,392
<b>Total Neuroscience</b>	<b>116,662</b>	<b>107,307</b>
Other:		
Azilva-F <sup>(1)</sup>	20,418	22,866
Nesina-F <sup>(1)</sup>	15,454	15,542
Lotriga	8,801	8,808
Others	143,680	106,348
<b>Total Other</b>	<b>188,353</b>	<b>153,564</b>
<b>Total</b>	<b>859,317</b>	<b>836,753</b>

<sup>(1)</sup> The figures include the amounts of fixed dose combinations and blister packs.

(2) Geographic Information

Takeda's revenue from contracts with customers is based in the following geographic locations:

	JPY (millions)							Total
	Nine-month Period Ended December 31,							
	Japan	U.S.	Europe and Canada	Russia/ CIS	Latin America	Asia	Other	
2019	467,402	1,215,665	483,532	59,265	111,748	127,272	54,602	2,519,486
2020	435,112	1,188,965	499,962	38,724	95,414	119,178	50,183	2,427,538

“Other” includes the Middle East, Oceania and Africa. This disaggregation provides revenue attributable to countries or regions based on the customer location.

	JPY (millions)							Total
	Three-month period ended December 31,							
	Japan	U.S.	Europe and Canada	Russia/ CIS	Latin America	Asia (excluding Japan)	Other	
2019	167,958	409,805	161,716	22,381	35,945	43,413	18,099	859,317
2020	152,729	402,847	172,801	17,063	36,445	40,887	13,981	836,753

“Other” includes the Middle East, Oceania and Africa. This disaggregation provides revenue attributable to countries or regions based on the customer location.

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### **5. Other Operating Income**

Other Operating Income for the nine-month period ended December 31, 2019 was 29,794 million JPY, including the realization of 10,808 million JPY related to the transfer of Takeda's long-listed products business to Teva Takeda Yakuhin Ltd., 8,232 million JPY insurance proceeds, and 2,156 million JPY of gain on sale of the shares of Axcelead Drug Discovery Partners, Inc.

Other Operating Income for the nine-month period ended December 31, 2020 was 118,532 million JPY, including 60,179 million JPY revaluation gain triggered by an update to previously recognized liabilities for pipeline compound SHP647 and certain associated rights ("SHP647") to reflect a change in expected future costs, such as program termination costs. This change was a result of the European Commission's decision in May 2020 to release Takeda's obligation to divest SHP647. In addition, Takeda also recorded a 37,203 million JPY gain from divestiture of non-core assets in Asia Pacific, Europe, and Canada due to completion of the deals.

### **6. Other Operating Expenses**

Other operating expenses was 151,254 million JPY and 155,090 million JPY for the nine-month period ended December 31, 2019 and 2020, respectively.

Restructuring expenses such as reductions in the workforce and consolidation of sites included in other operating expenses were 103,624 million JPY and 86,435 million JPY for the nine-month period ended December 31, 2019 and 2020, respectively. Restructuring expenses for the nine-month period ended December 31, 2019 and nine-month period ended December 31, 2020 mainly included Shire integration costs after the acquisition of Shire plc (the "Shire Acquisition"). Restructuring expenses for the nine-month period ended December 31, 2020 also included expenses related to the business transformation in Japan.

Also, other operating expenses included 16,822 million JPY and 11,480 million JPY of pre-launch inventory write-offs for the nine-month period ended December 31, 2019 and 2020, respectively.

During the nine-month period ended December 31, 2020, Takeda recorded 18,666 million JPY loss from changes in the fair value of financial assets associated with contingent consideration arrangements driven by the impact of Novartis' withdrawal of the Marketing Authorisation Application in Europe for Xiidra (dry eye medication), which Takeda sold to Novartis in July 2019 (Note 13).

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

Share of loss of investments accounted for using the equity method for the nine-month period ended December 31, 2019 and December 31, 2020 included a loss of 19,920 million JPY and 14,861 million JPY, respectively, related to Takeda's shareholding ratio of the impairment loss recognized by Teva Takeda Pharma Ltd., a business venture of Takeda and Teva Pharmaceutical Industries Ltd., which operates the long listed products business and the generics business.

The impairment loss for the nine-month period ended December 31, 2019 was due to the changes in the business environment such as the Drug Pricing Reform, while the impairment loss for the nine-month period ended December 31, 2020 was recorded resulting from the reassessment of the recoverable amount of triggered by the decision Teva Takeda Pharma Ltd. made to divest a part of generic business and a manufacturing plant, as well as by a revision of forecast in the long-listed drug business.

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### 8. Earnings Per Share

The basis for calculating basic and diluted earnings per share (attributable to owners) is as follows:

	Nine-month Period Ended December 31,	
	2019	2020
Net profit for the period attributable to owners of the Company		
Net profit for the period attributable to owners of the Company (million JPY)	42,517	178,907
Net profit used for calculation of earnings per share (million JPY)	42,517	178,907
Weighted average number of ordinary shares outstanding during the period (thousands of shares) [basic]	1,557,038	1,561,600
Dilutive effect (thousands of shares)	6,861	11,623
Weighted average number of ordinary shares outstanding during the period (thousands of shares) [diluted]	1,563,899	1,573,223
Earnings per share		
Basic earnings per share (JPY)	27.31	114.57
Diluted earnings per share (JPY)	27.19	113.72

	Three-month period ended December 31,	
	2019	2020
Net profit for the period attributable to owners of the Company		
Net profit (loss) for the period attributable to owners of the Company (million JPY)	(32,221)	92,359
Net profit (loss) used for calculation of earnings per share (million JPY)	(32,221)	92,359
Weighted average number of ordinary shares outstanding during the period (thousands of shares) [basic]	1,557,746	1,563,356
Dilutive effect (thousands of shares)	—	12,346
Weighted average number of ordinary shares outstanding during the period (thousands of shares) [diluted]	1,557,746	1,575,702
Earnings per share		
Basic earnings (loss) per share (JPY)	(20.68)	59.08
Diluted earnings (loss) per share (JPY)	(20.68)	58.61

### 9. Collaborations and Licensing Arrangements

Takeda is party to certain collaborations, in-licensing agreements and out-licensing arrangements.

#### *Out-licensing agreements*

Takeda has entered into various licensing arrangements where it has licensed certain products or intellectual property rights for consideration such as up-front payments, equity interest of partners, development milestones, sales milestones and/or sales-based royalty payments. The receipt of the variable considerations related to these substantive milestones is uncertain and contingent on the achievement of certain development milestones or the achievement of a specified level of annual net sales by the licensee.

#### *Collaborations and in-licensing arrangements*

These agreements generally provide for commercialization rights to a product or products being developed by the partner, and in exchange, often resulted in an up-front payment being paid upon execution of the agreement and resulted in an obligation that may require Takeda to make future development, regulatory approval, or commercial milestone payments as well as sales-based royalty payments. In some of these arrangements, Takeda and the licensee are both actively involved in the development and commercialization of the licensed products and have exposure to risks and rewards that are dependent on its commercial success.

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There were no significant updates on the out-licensing agreements, the collaboration and in-licensing arrangements disclosed in the consolidated financial statements as of and for the year ended March 31, 2020 except for the below contracts.

### *Neurocrine Biosciences, Inc. ("Neurocrine Biosciences")*

In June 2020, Takeda entered into a strategic collaboration with Neurocrine Biosciences to develop and commercialize compounds in Takeda's early-to-mid-stage neuroscience pipeline, including TAK-041b, TAK-653 and TAK-831. Takeda received an upfront cash payment in July 2020 and is entitled to certain development milestones, commercial milestones and royalties on net sales. At certain development events, Takeda may elect to opt in or out of a 50:50 profit share on all clinical programs on an asset-by-asset basis. For any asset in which Takeda is participating in a 50:50 profit share arrangement, Takeda will not be eligible to receive development or commercial milestones.

### *AB Biosciences Inc. ("AB Biosciences")*

In January 2019, Takeda acquired a licensing agreement with AB Biosciences through its acquisition of Shire. The agreement granted Takeda a license to exclusive worldwide rights to develop and commercialize a recombinant immunoglobulin product candidate and an exclusive, worldwide license to AB Bioscience's intellectual property relating to its pan receptor interacting molecule program. AB Biosciences was eligible to receive contingent research, development, and commercialization milestone payments and tiered royalty payments. In October 2020, Takeda and AB Biosciences terminated the partnership. The impact on the condensed interim consolidated financial statements from the termination of the partnership was not significant.

### *Arrowhead Pharmaceuticals Inc. ("Arrowhead")*

In October 2020, Takeda entered into a collaboration and licensing agreement with Arrowhead to develop ARO-AAT, a Phase 2 investigational RNA interference (RNAi) therapy in development to treat alpha-1 antitrypsin-associated liver disease (AATLD). ARO-AAT is a potential first-in-class therapy designed to reduce the production of mutant alpha-1 antitrypsin protein, the cause of AATLD progression. Under the terms of the agreement, Takeda and Arrowhead will co-develop ARO-AAT which, if approved, will be co-commercialized in the United States under a 50/50 profit-sharing structure. Outside the U.S., Takeda will lead the global commercialization strategy and receive an exclusive license to commercialize ARO-AAT with Arrowhead eligible to receive tiered royalties on net sales. Arrowhead received an upfront payment and is eligible to receive potential development, regulatory and commercial milestones.

## **10. Disposal Groups Held for Sale**

The disposal groups held for sale as of March 31, 2020, consisted mainly of the followings.

- Pipeline compound SHP647 and certain associated rights ("SHP647")
- Property, plant and equipment related to a manufacturing site in Ireland and Shonan Health Innovation Park ("Shonan iPark") in Japan
- The assets and liabilities such as intangible assets and goodwill related to the portfolio of selected over-the-counter and prescription pharmaceutical assets in Latin America.
- The assets and liabilities such as intangible assets and goodwill related to TachoSil (Fibrin Sealant Patch) product.

In April 2020, Takeda entered into an agreement to divest a portfolio of select over-the-counter and prescription pharmaceutical products sold in Europe and two manufacturing sites located in Denmark and Poland. By the agreement, 51,439 million JPY of assets such as goodwill and intangible assets related to the product were classified as the disposal groups held for sale as of December 31, 2020.

In August 2020, Takeda entered into an agreement to divest Takeda Consumer Healthcare Company Limited and classified 111,705 million JPY of assets such as goodwill and 16,675 million JPY of liabilities including other payables were classified as disposal groups held for sale as of December 31, 2020.

Takeda newly entered into an agreement in December 2020 to divest a portfolio of non-core prescription pharmaceutical assets sold in China and classified 20,222 million JPY of assets such as goodwill and intangible assets as the disposal groups held for sale as of December 31, 2020.

During the nine-month period ended December 31, 2020, Takeda completed the following divestitures or ceased to classify as disposal groups held for sale.

In May 2020, the European Commission released Takeda from the obligation to divest SHP647, which Takeda classified as the disposal groups held for sale as of March 31, 2020. As a result, these assets and liabilities related to SHP647 ceased to be

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classified as disposal groups held for sale as of December 31, 2020 and recognized a 60,179 million JPY revaluation gain in other operating income, as further described in Note 5.

In September 2020, Takeda completed divestitures of property, plant and equipment related to a manufacturing site in Ireland and Shonan iPark in Japan, which were classified as the disposal groups held for sale as of March 31, 2020. The impact from these divestitures on the consolidated statements of profit or loss was immaterial. Following the completion of Shonan iPark divestiture, sale and leaseback was executed and Takeda recognized 75,131 million JPY and 63,859 million JPY of right-of-use assets and lease liabilities, respectively.

Additionally, Takeda also completed divestitures of a portfolio of selected non-core over-the-counter and prescription pharmaceutical assets sold exclusively in Asia Pacific in November 2020 and a portfolio of selected non-core prescription pharmaceutical products sold predominantly in Europe and Canada in December 2020. Consequently, 37,203 million JPY of gain from divestiture was recognized in other operating income (Note 5).

## 11. Bonds and Loans

### (1) Bonds

During the nine-month period ended December 31, 2020, the Company issued unsecured bonds as outlined below.

#### Unsecured U.S. Dollar-Denominated Senior Notes

Issue Amount	7,000 million USD
Coupon	2.050-3.375% per annum
Issue Price	99.225-99.404% of the principle amount
Maturity Date	March 31, 2030 - July 9, 2060
Optional Redemption	Takeda may redeem the notes, in whole or in part, at any time prior to maturity in line with the optional redemption provisions of the notes
Pledge	None
Security	None
Securities Exchange on which the notes will be listed	None

#### Unsecured Euro-Denominated Senior Notes

Issue Amount	3,600 million EUR
Coupon	0.750-2.000% per annum
Issue Price	98.650-99.630% of the principle amount
Maturity Date	July 9, 2027 - July 9, 2040
Optional Redemption	Takeda may redeem the notes, in whole or in part, at any time prior to maturity in line with the optional redemption provisions of the notes
Pledge	None
Security	None
Securities Exchange on which the notes will be listed	Listed on the New York Stock Exchange

During the nine-month period ended December 31, 2020, in addition to the mandatory repayments, Takeda redeemed the following bonds in advance of the original maturity dates.

Instrument	Issuance	Redemption date	Principal Amount in contractual currency
Unsecured Senior Notes Assumed in Shire acquisition	September 2016	August 3, 2020	2,400 million USD
2018 EUR Unsecured Senior Notes - fixed rate	November 2018	August 3, 2020	1,250 million EUR

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### (2) Loans

During the nine-month period ended December 31, 2020, in addition to the mandatory repayments, Takeda prepaid the following borrowings in advance of the original maturity dates.

<b>Instrument</b>	<b>Issuance</b>	<b>Repayment date</b>	<b>Principal Amount in prepayment currency (contractual currency)</b>
USD Syndicated Loans 2019	January 2019	July 10, 2020	3,250 million USD 3,019 million EUR (3,456 million USD)

## 12. Equity and Other Equity Items

### Dividends

<b>Dividends declared and paid</b>	<b>Total dividends declared and paid JPY (millions)</b>	<b>Dividends per share (JPY)</b>	<b>Basis date</b>	<b>Effective date</b>
April 1, 2019 to December 31, 2019				
Q1 2019	140,836	90.00	March 31, 2019	June 28, 2019
Q3 2019	141,857	90.00	September 30, 2019	December 2, 2019
April 1, 2020 to December 31, 2020				
Q1 2020	141,858	90.00	March 31, 2020	June 25, 2020
Q3 2020	141,860	90.00	September 30, 2020	December 1, 2020

## 13. Financial Instruments

### (1) Fair Value Measurements

Derivative and non-derivative financial instruments measured at fair value are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 is defined as observable inputs, such as quoted prices in active markets for an identical asset or liability. Level 2 is defined as inputs other than quoted prices in active markets within Level 1 that are directly or indirectly observable. Level 3 is defined as unobservable inputs. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments.

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As of December 31, 2020	JPY (millions)			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial assets measured at fair value through profit or loss				
Derivatives	—	56,095	—	56,095
Investments in convertible notes	—	—	9,587	9,587
Investments in debt securities	—	—	800	800
Financial assets associated with contingent consideration arrangements	—	—	74,085	74,085
Financial assets measured at fair value through OCI				
Equity instruments	103,144	—	47,122	150,266
<b>Total</b>	<b>103,144</b>	<b>56,095</b>	<b>131,594</b>	<b>290,833</b>
<b>Liabilities:</b>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	10,899	—	10,899
Financial liabilities associated with contingent consideration arrangements	—	—	31,568	31,568
Other	—	—	2,038	2,038
Derivatives for which hedge accounting is applied	—	79,091	—	79,091
<b>Total</b>	<b>—</b>	<b>89,990</b>	<b>33,606</b>	<b>123,596</b>

### (2) Valuation Techniques

The fair value of derivatives is measured based on quoted price or quotes obtained from financial institutions or the Black-Scholes model, whose significant inputs to the valuation model used are based on observable market data.

The fair value of the investment in convertible notes is measured using techniques such as the discounted cash flow and option pricing models.

Equity instruments and investments in debt securities are not held for trading. If equity instruments or investments in debt securities are quoted in an active market, the fair value is based on price quotations at the period-end-date. If equity instrument or investments in debt securities are not quoted in an active market, the fair value is calculated utilizing an adjusted book value net assets method or multiples of EBITDA approach based on available information as of each period-end-date and company comparable. The principle input that is not observable and utilized for the calculation of the fair value of equity instruments and investments in debt securities classified as Level 3 is the EBITDA rate used for the EBITDA multiples approach, which ranges from 3.6 times to 10.2 times.

Financial assets and liabilities associated with contingent consideration arrangements are valued at fair value at timing of the divestiture or the acquisition date of business combination. When the contingent consideration meets the definition of a financial asset or liability, it is subsequently re-measured to fair value at each closing date. The determination of the fair value is based on models such as scenario-based methods and discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target, forecasted revenue projections, and the discount factor. The financial assets associated with contingent consideration arrangements are recognized mainly in relation to the divestiture of Xiidra. The financial liabilities associated with contingent consideration arrangements are discussed in Note (5) Financial liabilities associated with contingent consideration arrangements.

The joint venture net written option, included in other Level 3 liabilities above is valued at fair value, and subsequently re-measured to fair value at each closing date. The determination of the fair value is based on the Monte Carlo Simulation model. The key assumptions include probability weighting, estimated earnings and assumed market participant discount rates that are taken into account for the fair value.

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### (3) Transfers between levels

Takeda recognizes transfers between levels of the fair value hierarchy, at the end of the reporting period during which the change has occurred. There were transfers from Level 3 to Level 1 recorded in the nine-month period ended December 31, 2020. These transfers resulted from the investments in the companies whose shares were previously not listed on an equity or stock exchange and had no recent observable active trades in the shares. During the nine-month period ended December 31, 2020, the companies listed their equity shares on an exchange and are currently actively traded in the market. As the equity shares have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 on the fair value hierarchy during the nine-month period ended December 31, 2020. There were no other transfers between levels of the fair value hierarchy during the nine-month period ended December 31, 2020.

### (4) Level 3 fair values

#### 1) Changes in the Fair Value of financial assets

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 financial asset fair values for the period ended December 31, 2020. The disclosure related to the Level 3 financial liabilities which are financial liabilities associated with contingent consideration arrangements are included in (5) Financial liabilities associated with contingent consideration arrangements.

	<b>JPY (millions)</b>	
	<b>Nine-month Period Ended December 31, 2020</b>	
	<b>Financial assets associated with contingent consideration arrangements</b>	<b>Equity instruments</b>
As of the beginning of the period	92,516	48,237
Recognition of financial assets associated with contingent consideration arrangements	1,146	—
Changes recognized as finance income	3,066	—
Changes in fair value of financial assets associated with contingent consideration due to other elements than time value (Note)	(18,666)	—
Changes in fair value of financial assets measured at fair value through OCI and exchange differences on translation of foreign operations	(3,977)	7,175
Purchases	—	8,033
Sales	—	(6,866)
Transfers to Level 1	—	(9,257)
Reclassification to assets held for sale	—	(200)
As of the end of the period	<u>74,085</u>	<u>47,122</u>

(Note) During the nine-month period ended December 31, 2020, Takeda recognized other operating expenses of 18,666 million JPY as the loss from changes in the fair value of contingent consideration assets which was driven by the impact of Novartis' withdrawal of the Marketing Authorization Application in Europe for Xiidra, which Takeda sold to Novartis in July 2019, as also described in Note 6.



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### 2) Sensitivity Analysis

The following sensitivity analysis represents effect on the fair value of financial assets associated with contingent consideration arrangements from changes in major assumptions. For other Level 3 financial assets, there are no significant changes in fair value during the changes in certain assumptions which influence the fair value measurement.

	<b>Change in assumption</b>	<b>JPY (millions) Impact</b>
Forecast Xiidra sales	Increase by 5%	1,648
	Decrease by 5%	(1,545)
Discount rate	Increase by 0.5%	(3,297)
	Decrease by 0.5%	3,503

### (5) Financial liabilities associated with contingent consideration arrangements

Financial liabilities associated with contingent consideration arrangements represent consideration related to business combinations or license agreements that are payable only upon future events such as the achievement of development milestones and sales targets, including pre-existing contingent consideration arrangements of the companies that are acquired by Takeda. At each reporting date, the fair value of contingent consideration is re-measured based on risk-adjusted future cash flows discounted using an appropriate discount rate.

As of December 31, 2020, the balance primarily relates to pre-existing contingent consideration arrangements from Shire's historical acquisition. The pre-existing contingent consideration acquired from Shire through Shire's historical acquisitions is due upon the achievement of certain milestones related to the development, regulatory, first commercial sale and other sales milestones of products at various stages of development and marketing. The fair value of the contingent consideration payable could increase or decrease due to changes in certain assumptions which underpin the fair value measurements. The assumptions include probability of milestones being achieved.

The fair value of financial liabilities associated with contingent consideration arrangements are classified as Level 3 in the fair value hierarchy.

#### 1) Changes in the Fair Value of financial liabilities associated with contingent consideration arrangements

	<b>JPY (millions) Nine-month Period Ended December 31, 2020</b>
As of the beginning of the period	41,664
Changes in the fair value during the period	(4,514)
Settled during the period	(3,757)
Foreign currency translation differences	(1,825)
As of the end of the period	31,568

### 2) Sensitivity Analysis

The following sensitivity analysis represents effect on the fair value of financial liabilities associated with contingent consideration arrangements from changes in major assumptions:

	<b>Change in assumption</b>	<b>JPY (millions) Impact</b>
Probability of technical milestones being achieved for financial liabilities associated with Shire's historical contingent consideration arrangements	Increase by 5%	3,770
	Decrease by 5%	(3,770)
Discount rate	Increase by 0.5%	(1,149)
	Decrease by 0.5%	1,149

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### (6) Financial instruments not measured at fair value

The carrying amount and fair value of financial instruments that are not measured at fair value in the condensed interim consolidated statements of financial position are as follows:

	<b>JPY (millions)</b>	
	<b>As of December 31, 2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
Bonds	3,662,274	4,022,511
Long-term loans	1,063,670	1,057,778

Long-term financial liabilities are recognized at their carrying amount. The fair value of bonds is measured at quotes obtained from financial institutions whose significant inputs to the valuation model used are based on observable market data. The fair value of loans is measured at the present value of future cash flows discounted using the applicable market rate on the loans in consideration of the credit risk by each group classified in a specified period. The fair value of bonds and long-term loans are classified as Level 2 in the fair value hierarchy.

## **14. Subsequent Events**

Early redemption of unsecured U.S. dollar-denominated senior notes

On January 22, 2021, Takeda redeemed 900 million USD in unsecured U.S. dollar-denominated senior notes in advance of their original maturity date of September 23, 2021. These notes were issued in September 2016 and were assumed as part of the Shire Acquisition.

On January 25, 2021, Takeda provided a notice of redemption to the holders of 1,250 million USD and 300 million USD of unsecured U.S. dollar-denominated senior notes in advance of their original maturity dates of November 26, 2021 and January 18, 2022. These notes were issued in November 2018 and July 2017, with the redemptions scheduled to take place on February 26, 2021 and February 25, 2021 respectively.

The impact from these redemptions on the consolidated statements of profit or loss is not expected to be material.

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### **2. Others**

#### *Interim Dividend*

In accordance with the provision of Article 29 of the Articles of Incorporation of the Company, Takeda made the following resolution on an interim dividend for the 144th fiscal year (from April 1, 2020 to March 31, 2021) at the meeting of the Board of Directors held on October 29, 2020, and paid the interim dividend.

(a)	Total amount of interim dividends	141,859,525,320 JPY
(b)	Interim dividend per share	90.00 JPY
(c)	Effective date/ Payment start date	December 1, 2020

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**B. Information on Guarantors of the Company**

Not applicable.