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Better health for people, Brighter future for the world

FY2022 Q1 Earnings Announcement

July 28th, 2022

Better Health, Brighter Future

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

This presentation and materials distributed in connection with this presentation include certain financial measures not presented in accordance with IFRS, such as Core Revenue, Core Operating Profit, Core Net Profit, Core EPS, Constant Exchange Rate ("CER") change, Net Debt, EBITDA, Adjusted EBITDA and Free Cash Flow. Takeda's management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. These non-IFRS measures exclude certain income, cost and cash flow items which are included in, or are calculated differently from, the most closely comparable measures presented in accordance with IFRS. By including these non-IFRS measures, management intends to provide investors with additional information to further analyze Takeda's performance and core results, including when controlling for the effect of fluctuations in exchange rates. Takeda's non-IFRS measures are not prepared in accordance with IFRS and such non-IFRS measures should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS (which we sometimes refer to as "reported" measures). Investors are encouraged to review the definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures, which are in the financial appendix appearing at the end of this presentation.

Exchange Rates

In this presentation, certain amounts presented in Japanese yen have been translated to US dollars solely for the convenience of the reader. Except where otherwise noted, these convenience translations have been made at an exchange rate of 1USD = 135.69 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on June 30, 2022. The rate and methodologies used for these convenience translations differ from the currency exchange rates and translation methodologies under IFRS used for the preparation of Takeda's consolidated financial statements. These translations should not be construed as a representation that the relevant Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

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AGENDA

Introduction ..... **Christophe Weber**
President & CEO

Pipeline Update ..... **Andy Plump**
President, R&D

Financials ..... **Costa Saroukos**
Chief Financial Officer

Q&A Session

Better Health for People, Brighter Future for the World

Our vision is to discover and deliver life-transforming treatments, guided by our commitment to:

PATIENT

- Responsibly translate science into highly innovative, life-changing medicines and vaccines
- Accelerate access to improve lives worldwide

PEOPLE

- Create an exceptional people experience

PLANET

- Protect our planet

…AND BY UNLEASHING THE POWER OF DATA AND DIGITAL

- We strive to transform Takeda into the most trusted, science-driven, digital biopharmaceutical company

We are guided by our values of Takeda-ism which incorporate Integrity, Fairness, Honesty, and Perseverance, with Integrity at the core. They are brought to life through actions based on Patient-Trust-Reputation-Business, in that order.

FY2022 Q1: STRATEGY DELIVERS STRONG PERFORMANCE

Delivering Topline & Core Profit Growth

- Strong start to the year with Core Revenue growth +8.3% at CER[1,2]
- Core Operating Profit JPY 319.1B (+17.0% growth at CER); Reported Operating Profit year-on-year growth impacted by one-time gain in Q1 FY2021 from sale of Japan diabetes portfolio
- Core EPS 145 yen (+15.8% growth at CER); Reported EPS 68 yen
- On track towards full-year Management Guidance

FY2022 Q1 RESULTS SUMMARY

(BN YEN, except EPS)	REPORTED		CORE[1]		
	Q1 YTD	ACTUAL % CHANGE	Q1 YTD	ACTUAL % CHANGE	CER[2] % CHANGE
REVENUE	**972.5**	+2.4%	**972.5**	+19.1%	**+8.3%**
OPERATING PROFIT	**150.5**	-39.4%	**319.1**	+28.2%	**+17.0%**
EPS (JPY)	**68**	-22.8%	**145**	+28.5%	**+15.8%**

Momentum from Growth & Launch Products

- Revenue driven by Growth & Launch Products[3] +26% at CER, with strong growth of ENTYVIO (+19%), TAKHZYRO (+19%), Immunoglobulin (+22%)
- Rapid early uptake of LIVTENCITY since U.S. launch in Dec 2021; 56% of U.S. transplant centers have initiated patients on therapy
- EXKIVITY solid launch in the U.S. since Sept 2021

Progress in our Innovative Pipeline

- TAK-003 Phase 3 data shows protection against dengue fever through 4.5yrs[4]
- Positive Phase 3 results of HyQvia for maintenance treatment of CIDP[5]
- Positive Phase 2 results of fazirsiran (TAK-999) published in *NEJM*[6]
- Licensing agreement with Momenta Pharmaceuticals, Inc., which was acquired by Johnson & Johnson, for an investigational hypersialylated immunoglobulin (hsIgG) candidate

1. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.
2. Constant Exchange Rate. Please refer to appendix slide A-2 for definition.
3. Please refer to slide 20 for details of Growth & Launch Products
4. Please see Press Release for more details
5. Please see Press Release for more details
6. Please see Press Release for more details

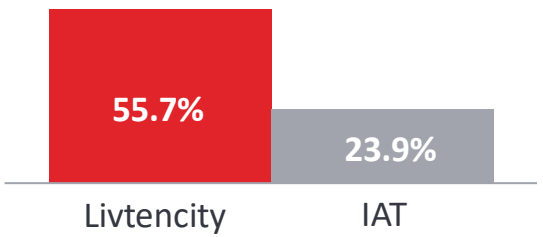
NEJM: New England Journal of Medicine
For full glossary of abbreviations please refer to appendix.

POTENTIAL TO REDEFINE TREATMENT OF POST-TRANSPLANT CYTOMEGALOVIRUS (CMV) INFECTION/DISEASE

Unique efficacy & safety profile

- Superior efficacy compared to investigator-assigned treatment (IAT) in achievement of CMV clearance[1] at Week 8 (55.7% vs 23.9%)[2]
- Reduction in hospitalizations (34.8%) and length of hospital stay (53.8%) compared to IAT[3] (rate of all-cause mortality was similar in both treatment arms)
- Favorable tolerability and safety profile
- Oral formulation making home treatment possible

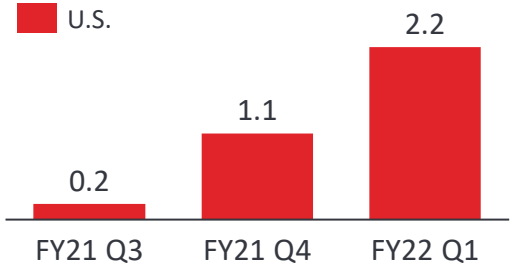
CMV Clearance in R/R Patients at Week 8 vs IAT[1,2]
(% of patient responders)



Rapid uptake since U.S. launch in Dec 2021

- 56% of U.S. transplant centers have initiated therapy for at least one patient, with ~60% of those having no prior experience with LIVTENCITY (i.e. through clinical trials)
- EU approval decision expected in FY2022 H2
- Read-out of the 302 AURORA study in 1st line CMV infection in HSCT expected in FY2022

LIVTENCITY REVENUE (BN JPY)



IAT = Investigator-assigned treatment with 1 or 2 of the conventional therapies: ganciclovir, valganciclovir, foscarnet, and/or cidofovir.
For full glossary of abbreviations please refer to appendix.

1. Defined as CMV DNA level below the lower limit of quantification (<137 IU/mL)
2. Avery RK, Alain S, Alexander BD, et al. *Maribavir for Refractory Cytomegalovirus Infections With or Without Resistance Post-Transplant: Results From a Phase 3 Randomized Clinical Trial*. Clin Infect Dis. Published online December 2, 2021. doi.org/10.1093/cid/ciab988.
3. Hirji I, et al. Healthcare resource utilization in transplant recipients with cytomegalovirus infection refractory/resistant to treatment receiving LIVTENCITY versus investigator assigned therapy: Exploratory analysis of a Phase 3 trial. In: *The 2022 Tandem Transplantation & Cellular Therapy (TCT) Meetings Of ASTCT and CIBMTR*. 2022. Abstract 52.

EXKIVITY™ mobocertinib 40 mg capsules

FIRST AND ONLY APPROVED ORAL THERAPY TO TARGET EGFR EXON20 INSERTION+ NSCLC

Unmet need exists in EGFR Exon20 insertion+ NSCLC

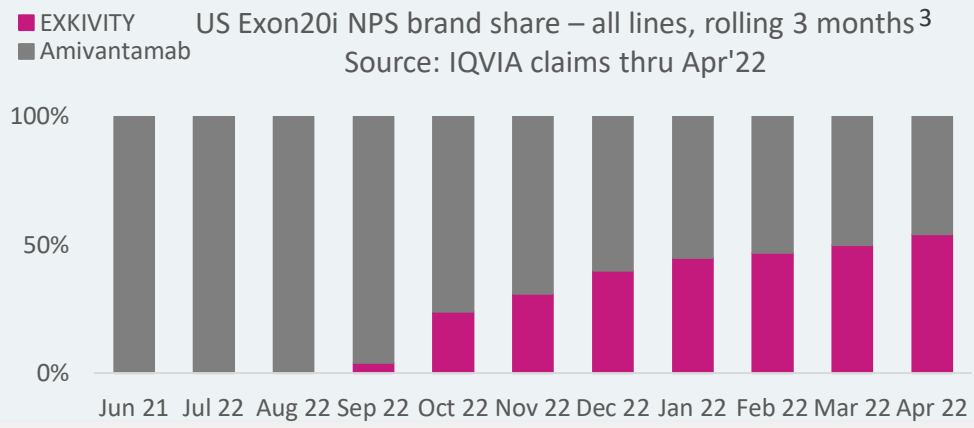
Efficacy endpoint	Docetaxel[1]	EGFR TKI	I-O mono-therapy
mPFS, months[0]	2.8–4.2	1.4–2.7	2.3–4.0

Exkivity is only approved oral TKI designed to selectively target EGFR Exon20 insertions

- ORR of 28% per BICR
- Duration of response: 17.5 mo
- Median progression free survival: 7.3 mo
- Median overall survival: 24 mo
- Safety consistent with broader EGFR TKI class[2]

Strong launch momentum continues

- Reached 50% EXON20+ brand share in US
- Global expansion with approvals in US, UK, Switzerland, Australia and South Korea
- EXCLAIM-2 (1L) study underway with potential FY24 filing
- Following discussions with the EMA, Takeda has decided to withdraw the EU Marketing Authorization Application in 2L



BIRC: Blinded Independent Central Review. For glossary of disease abbreviations please refer to appendix.

0 O'Kane GM 2017, Borghaei H 2015, Rittmeyer A 2017, Garon EB 2014, Herbst RS 2016, Reck M , 2014 and product monograph and Takeda White Paper

1 For Docetaxel: In EGFR unselected population (i.e. not just exon-20) | 2 *EXKIVITY Warnings & Precautions include QTc prolongation & Torsades de Pointes (Boxed Warning), ILD, cardiac toxicity and diarrhea

3 Total Rx may include some unsolicited off-label, non-Exon 20+ use

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President & CEO

Pipeline Update ..... **Andy Plump**
President, R&D

Financials ..... **Costa Saroukos**
Chief Financial Officer

Q&A Session

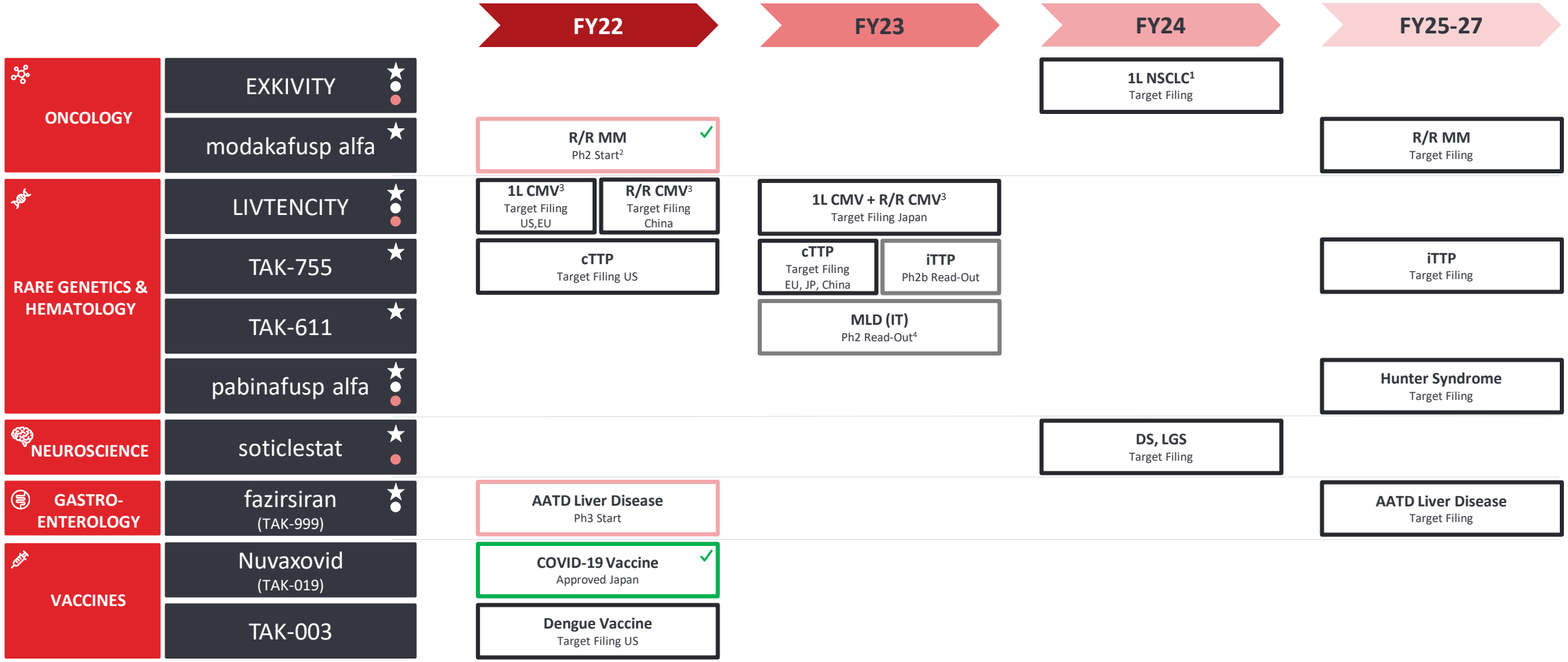
UPDATES TO OUR PIPELINE SINCE FY2021 Q4 ANNOUNCEMENT

CLINICAL UPDATES	**TAK-003 (Dengue vaccine)**	• Final 4.5-year Phase 3 data provides sustained long-term efficacy against hospitalized and overall dengue irrespective of serostatus[1]
	HYQVIA (CIDP)	• Phase 3 data demonstrated HyQvia reduced relapse of neuromuscular disability and impairment when used as a maintenance therapy for CIDP (majority of patients received four-weekly dosing)[2] • Filing in US and EU expected in FY22
	Fazirsiran (TAK-999)	• *NEJM* published Phase 2 open-label data (Arrowhead, AROAAT-2002), indicating safety and efficacy in AATD associated liver disease patients including regression of fibrosis in 7/12 pts receiving 200mg fazirsiran and a median 83% reduction in accumulated total liver Z-AAT at week 24 or 48.[3]
	TAK-280	• First-in-human study start of our conditional B7-H3 targeting bispecific T-cell engager in patients with solid tumors. This is the second program from Maverick Therapeutics to enter the clinic.
BUSINESS DEVELOPMENT	**Hypersialylated Immunoglobulin**	• Takeda in-licensed an investigational hypersialylated immunoglobulin (hsIgG) from Momenta Pharmaceutical, Inc., acquired by Johnson & Johnson in 2020. • HsIgG has the potential to have similar efficacy as IGs but at a significantly lower dose due to its increased potency.

1. Tricou V, et al. Oral presentation. (2022, June). Northern European Conference on Travel Medicine (NECTM), Rotterdam, Netherlands. Please see Press Release for more details.
2. Data on file. Please see Press Release for more details
3. Strnad et al., New England Journal of Medicine. 2022. DOI: 10.1056/NEJMoa2205416

For full glossary of abbreviations please refer to appendix.

10 LATE-STAGE DEVELOPMENT PROGRAMS WITH UPCOMING NME FILING AND EXPANSION OPPORTUNITIES



1. Non-small cell lung cancer with EGFR exon 20 insertion mutations
2. First of a series of Ph2 studies started, incl. single agent and multiple combination studies in R/R MM
3. Post-transplant CMV infection/disease
4. Single arm Phase 2, timelines and filing plans will follow the data.

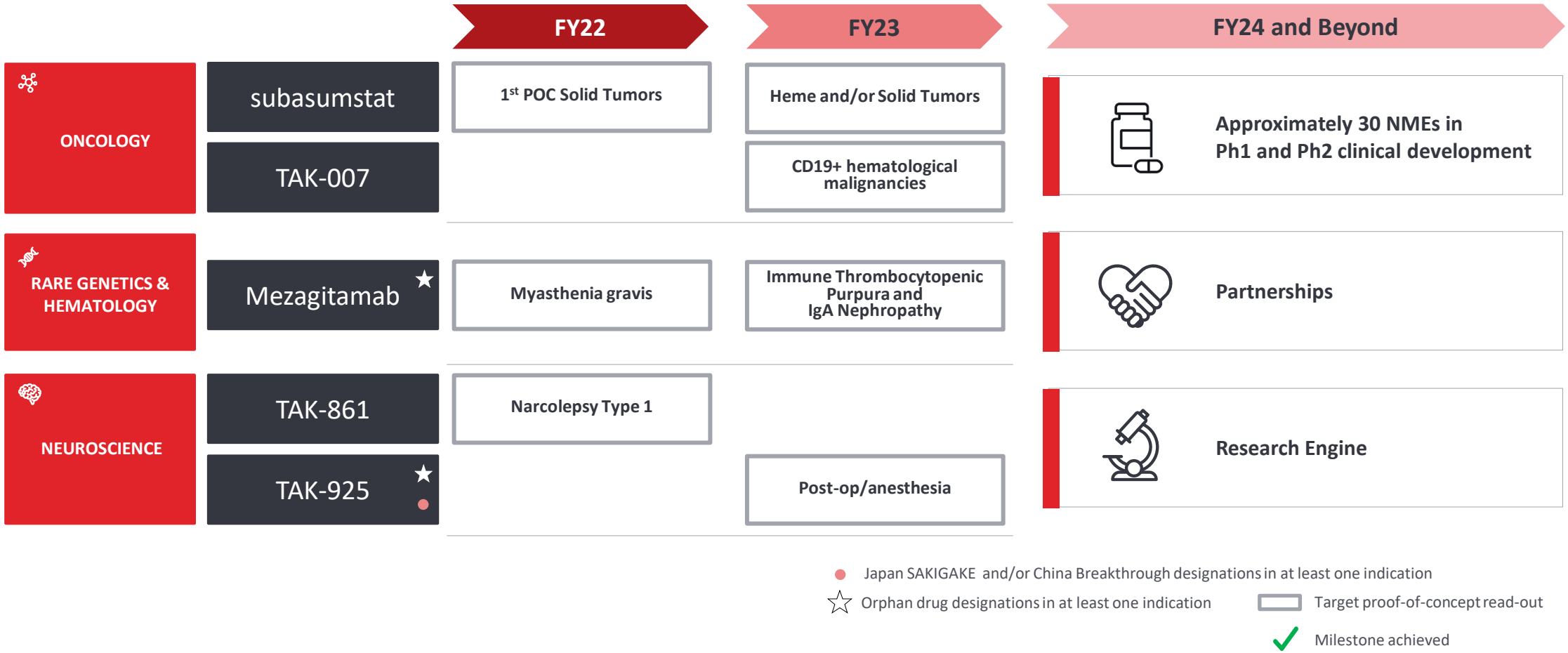
○ US Breakthrough and/or EU PRIME designations in at least one indication
● Japan SAKIGAKE and/or China Breakthrough designations in at least one indication
☆ Orphan drug designations in at least one indication

Approved
Proof-of-concept/ Ph2 study read-out
Study start
Target Filing, anticipated year of filing for regulatory approval
✓ Milestone achieved

Late-stage program: Program in or expected to be in potential pivotal trial or having achieved proof-of-concept.

All timelines are approximate estimates as of July 28, 2022 and are subject to change. Table only shows selected R&D milestones and is not comprehensive. For full glossary of abbreviations please refer to appendix.

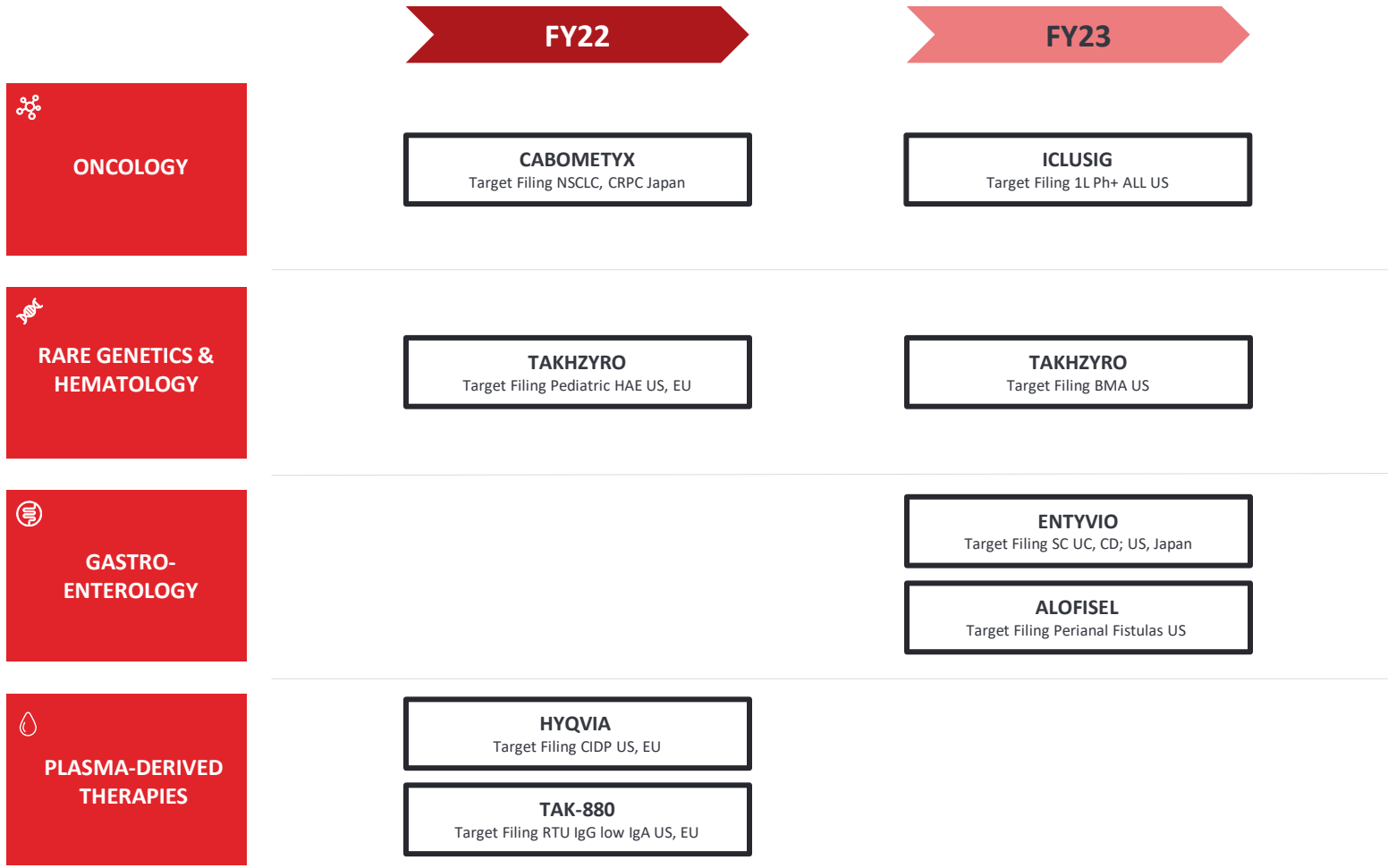
KEY PROOF-OF-CONCEPT READOUTS IN FY22/23 EXPECTED TO ADD TO LATE-STAGE PIPELINE AND GLOBAL FILINGS IN MID/LATE 2020'S



Proof-of-concept (POC): Achieving proof-of-concept means obtaining clinical data sufficient to initiate pivotal trials.

All timelines are approximate estimates as of July 28, 2022 and are subject to change. Table only shows selected R&D milestones and is not comprehensive. For full glossary of abbreviations please refer to appendix.

LCM MILESTONES FOR OUR GROWTH & LAUNCH AND OTHER KEY PRODUCTS IN MAJOR REGIONS



Approved Study read-out Target Filing Milestone achieved

All timelines are approximate estimates as of July 28, 2022 and are subject to change. Table only shows selected R&D milestones and is not comprehensive. For full glossary of abbreviations please refer to appendix.

EXPECTED KEY REGULATORY DECISIONS AND PHASE 3 READ-OUTS IN FY22

KEY POTENTIAL REGULATORY APPROVALS	TAK-003	Dengue vaccine	EU and endemic countries approval
	LIVTENCITY	Post-transplant R/R CMV	EU approval
	EXKIVITY	2L EGFR exon20 insertion+ mNSCLC (post-platinum chemo)	Switzerland approval ✓ Australia approval ✓ South Korea approval ✓ EU filing withdrawn ✗
	HYQVIA	HyHub AVA[1] device	US approval
KEY PHASE 3 / PIVOTAL READ-OUTS	LIVTENCITY	1L CMV infection in HSCT	Phase 3
	TAK-755	cTTP	Phase 3
	ICLUSIG	1L Ph+ ALL	Phase 3
	HYQVIA	CIDP	Phase 3 ✓

✓ Milestone achieved

1. HyHub: Advanced vial access or sterile, single-use, medical device that simplifies preparation & delivery of HYQVIA from vials to subcutaneous tissue.

All timelines are approximate estimates as of July 28, 2022 and are subject to change. Table only shows selected R&D milestones and is not comprehensive. For full glossary of abbreviations please refer to appendix.

TAK-003: DENGUE VACCINE CANDIDATE PREVENTS 84% OF HOSPITALIZATIONS OVER 4.5 YEARS FOR SERONEGATIVE AND SEROPOSITIVE INDIVDUALS

Dengue Disease Background

- Rapidly spreading mosquito-borne viral disease[1]
- Recognized by WHO to be one of the top ten threats to global health in 2019[2]
- Estimated to cause ~390 million infections, ~500,000 hospitalizations and ~20,000 deaths annually[3]

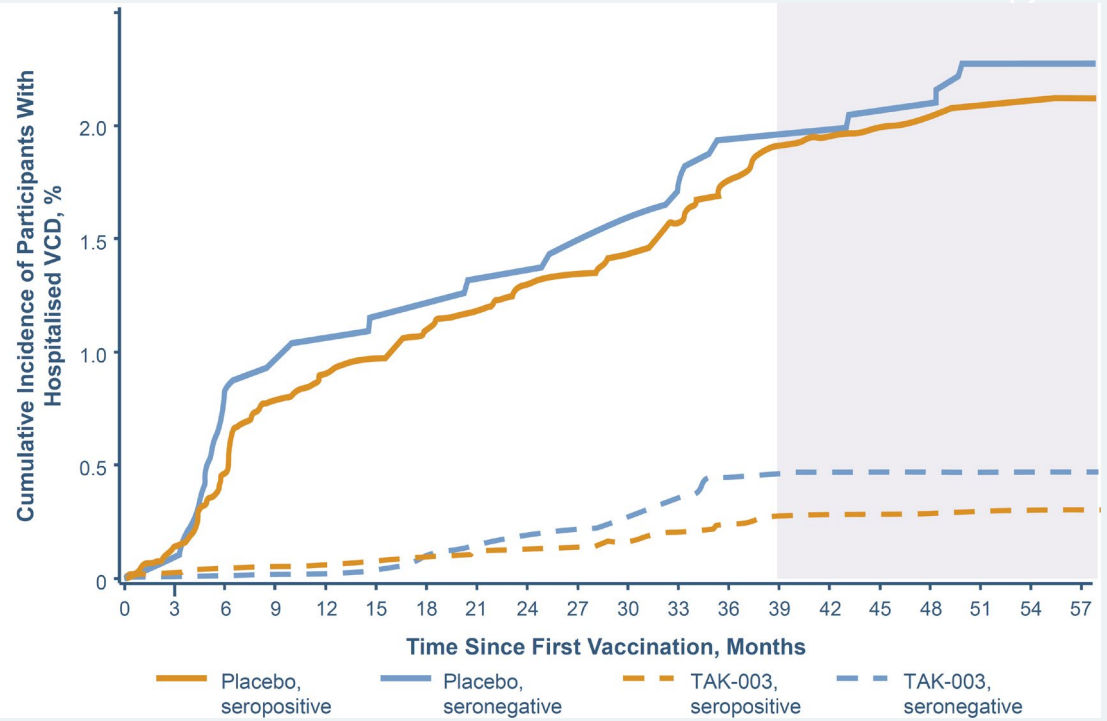
Key 4.5-Year Outcomes[4]

- Overall, prevented 84% of hospitalized cases and 61% of symptomatic dengue cases
- Vaccine efficacy varied by serotype
  - Strong efficacy in serotype DENV-1 and DENV-2, regardless of serostatus
  - Strong efficacy in serotype DENV-3 seropositives
  - No efficacy in serotype DENV-3 seronegatives
  - Not enough data for serotype DENV-4
- No important safety risks identified
- No evidence of disease enhancement observed

Regulatory Updates

- Currently under regulatory review in the EU (EU-M4ALL process) and select dengue-endemic countries
- Filing in U.S. expected in FY22

Cumulative incidence of hospitalized VCD[4] to ~4.5 yrs[5]



Efficacy against hospitalized dengue was maintained last 18 months[5]

By serostatus	Placebo (n=6,317)	TAK-003 (n=12,704)	Vaccine Efficacy (95% CI)
Seronegative	5 (0.2)	0 (0.0)	**100** (NE)[6]
Seropositive	10 (0.2)	2 (<0.1)	**90.4** (56.4-97.9)

1. World Health Organization. Fact Sheet. Dengue and Severe Dengue. January 2022. Retrieved July 2022.
2. World Health Organization. Ten threats to global health in 2019. 2019. Retrieved July 2022.
3. Knowlton K, et al. Mosquito-Borne Dengue Fever Threat Spreading in the Americas. The Natural Resources Defense Council (NRDC) 2009. Retrieved July 2022
4. VCD: Virologically confirmed dengue
5. Tricou V, et al. Efficacy and Safety of Takeda's Tetravalent Dengue Vaccine Candidate (TAK-003) After 4.5 Years of Follow-Up Oral presentation]. (2022, June). Northern European Conference on Travel Medicine (NECTM), Rotterdam, Netherlands.
6. NE: Non-estimable

HYQVIA: POSITIVE PHASE 3 DATA IN CHRONIC INFLAMMATORY DEMYELINATING POLYRADICULONEUROPATHY (CIDP)

ADVANCE-1 Trial: HYQVIA reduced relapse versus placebo in CIDP patients when used as maintenance therapy

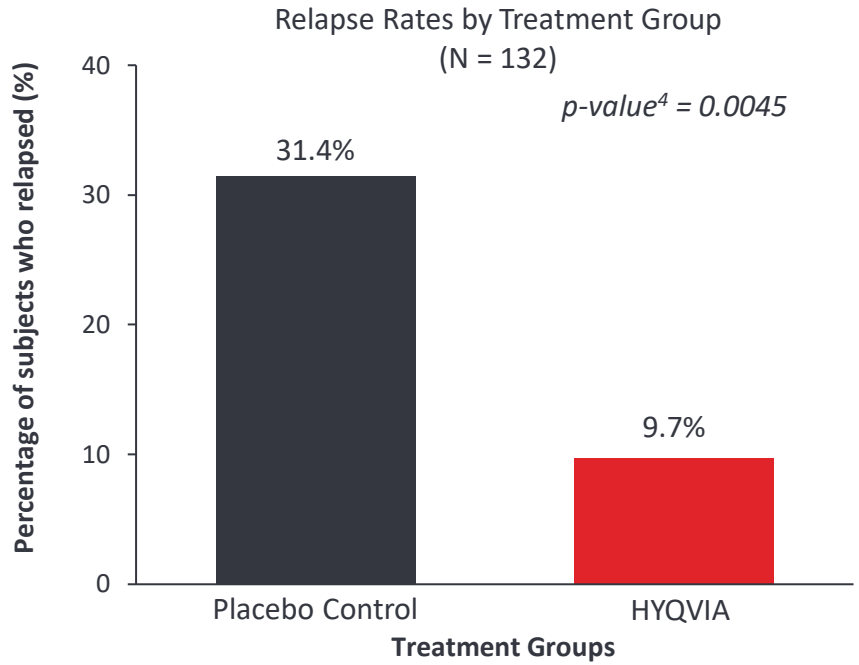
CIDP Disease Background

- Rare, debilitating, slow progressing, or relapsing chronic disease
- Condition results in symmetric weakness and impaired sensory function in the arms and legs
- 0.67-10.3 cases per 100,000 globally[1]

Key Outcomes at 6-months[2]

- HyQvia reduced relapse of neuromuscular disability and impairment when used as a maintenance therapy for CIDP
- Majority of patients received once every four-week dosing regimen
- Favorable safety profile; no new safety risks identified

% Relapse rates vs. placebo as measured by INCAT[2,3]



Regulatory Updates

- Currently additional analysis and preparations for registration are on-going
- Filing in U.S. and EU expected in FY2022

1. Broers MC, et al. Neuroepidemiology. 2019;52(3-4):161-172
2. Data on file. Please see Press Release for more details.
3. INCAT: Inflammatory Neuropathy Cause and Treatment disability score
4. Relapse rates compared using continuity-corrected chi-square test

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STRONG START TO THE YEAR WITH Q1 CORE REVENUE GROWTH +8.3% AT CER[1,2]

FY2022 Q1 (APR-JUN)

TOPLINE

- **Core Revenue JPY 972.5B (USD 7.2B)[1,3] grew +8.3% at CER[2]**, driven by Growth & Launch Products[4] +26%, including ENTYVIO (+19%), TAKHZYRO (+19%), Immunoglobulin (+22%), and new launches of LIVTENCITY and EXKIVITY
- **Reported Revenue grew +2.4%** as business momentum and FX more than offset JPY 133.0B one-time revenue from sale of Japan diabetes portfolio in Q1 FY2021. Excluding this portfolio sale, Reported Revenue is the same as Core Revenue

MARGINS

- **Core Operating Profit JPY 319.1B (USD 2.4B)[1,3] grew +17.0% at CER;[2]** Core Operating Profit margin 32.8%
- **Reported Operating Profit JPY 150.5B** declining -39.4% impacted by JPY 131.4B gain on sale of diabetes portfolio in prior year

CASH FLOW

- **Free Cash Flow JPY 42.6B (USD 314M);[3,5]** full year forecast unchanged at JPY 600-700B
- **Net Debt / Adjusted EBITDA[6] at 2.8x** after year-end FY21 dividend payment; on track towards low-twos target by FY2023

ON TRACK TOWARDS FULL-YEAR FY2022 MANAGEMENT GUIDANCE

- Strong revenue, profit, and cash flow outlook, with Growth & Launch Products expected to more than offset loss of exclusivity headwinds

1. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.
2. Constant Exchange Rate. Please refer to appendix slide A-2 for definition.
3. Please refer to disclaimer on Exchange Rates on slide 2
4. Please refer to slide 20 for details of Growth & Launch Products
5. Please refer to appendix slide A-1 for definition and slide A-7 for reconciliation
6. Please refer to appendix slide A-2 for definition and slides A-8 to A-11 for reconciliation

BUSINESS MOMENTUM DRIVING EXCEPTIONAL CORE GROWTH AT CER[1]
REPORTED GROWTH RATES IMPACTED BY SALE OF DIABETES PORTFOLIO IN Q1 FY2021

FY2022 Q1 (APR-JUN) FINANCIAL RESULTS (SUMMARY)

(BN YEN, except EPS)	REPORTED		CORE[2]		
	FY2022 Q1 YTD	ACTUAL % CHANGE	FY2022 Q1 YTD	ACTUAL % CHANGE	CER % CHANGE[1]
REVENUE	972.5	+2.4%	972.5	+19.1%	**+8.3%**
OPERATING PROFIT	150.5	-39.4%	319.1	+28.2%	**+17.0%**
Margin	*15.5%*	*-10.7pp*	*32.8%*	*+2.3pp*	
NET PROFIT	105.0	-23.7%	224.1	+26.9%	**+14.3%**
EPS (JPY)	68 yen	-22.8%	145 yen	+28.5%	**+15.8%**

OPERATING CASH FLOW	84.2	-49.5%
FREE CASH FLOW[2]	42.6	-67.2%

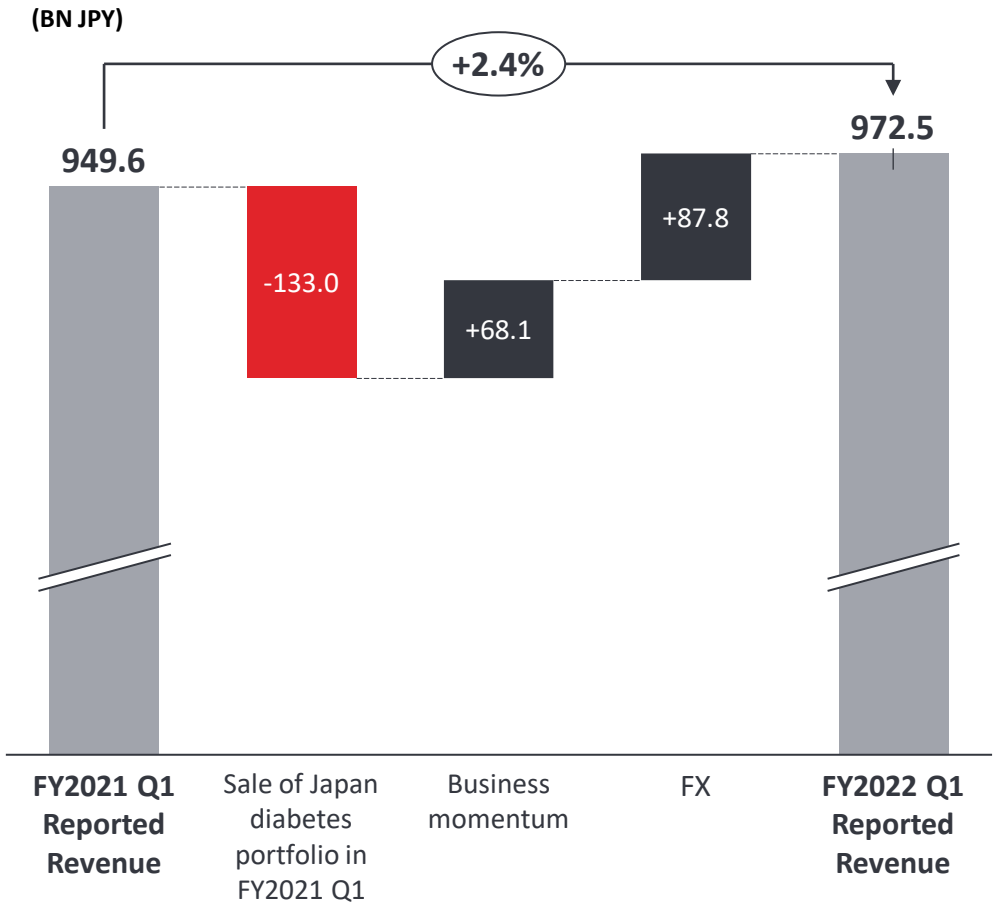
- Year-on-year cash flow impacted by JPY 131.4B cash from sale of Japan diabetes portfolio received in FY2021 Q1

1. Constant Exchange Rate. Please refer to appendix slide A-1 for definition
2. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.

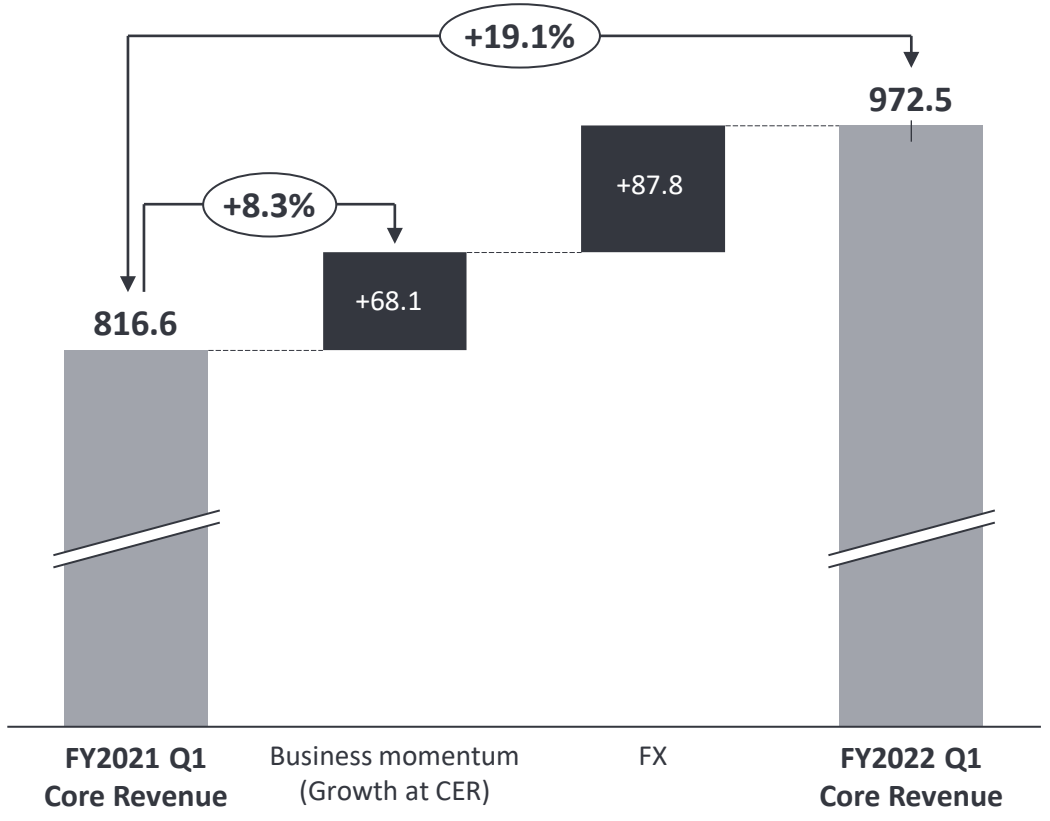
FY2022 Q1 REVENUE: BUSINESS MOMENTUM AND FX TAILWIND MORE THAN OFFSET IMPACT OF SALE OF JAPAN DIABETES PORTFOLIO IN Q1 OF PRIOR YEAR

FY2022 Q1 REVENUE VS PRIOR YEAR

REPORTED REVENUE



CORE REVENUE[1]



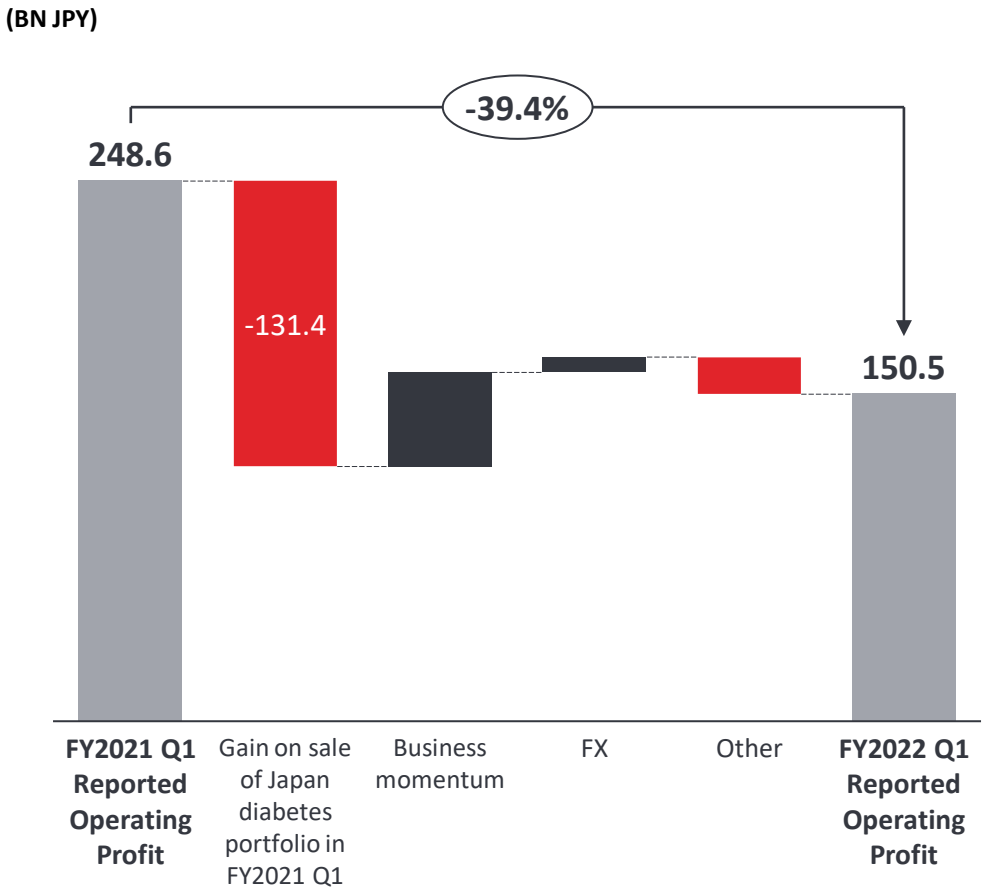
Graphs are illustrative

1. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.

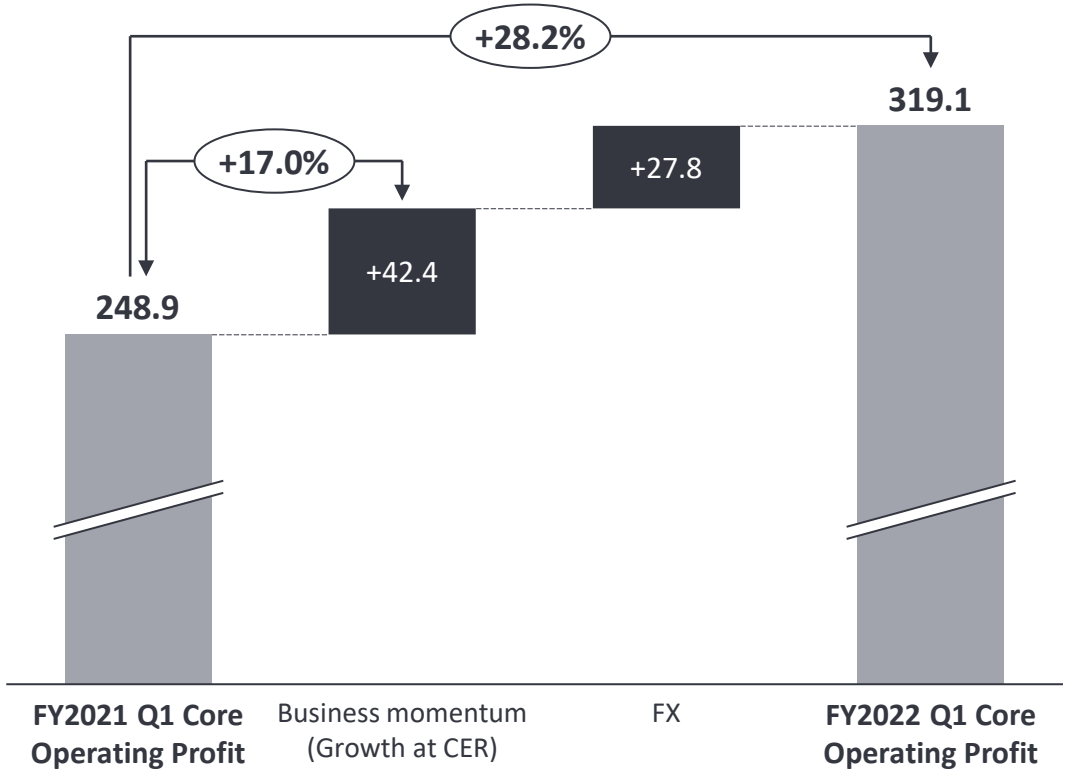
FY2022 Q1 OPERATING PROFIT: CORE O.P. GROWTH OF +17% AT CER; REPORTED O.P. GROWTH IMPACTED BY ONE-TIME GAIN IN Q1 OF PRIOR YEAR

FY2022 Q1 OPERATING PROFIT VS PRIOR YEAR

REPORTED OPERATING PROFIT



CORE OPERATING PROFIT[1]



Graphs are illustrative

1. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.

BALANCED PORTFOLIO ACROSS 5 KEY BUSINESS AREAS WITH GROWTH & LAUNCH PRODUCTS REVENUE GROWTH +26% AT CER

FY2022 Q1 REVENUE[1]	GI	RARE DISEASES		PLASMA-DERIVED THERAPIES (PDT)	ONCOLOGY	NEUROSCIENCE	OTHER
	% of Sales: 28% Growth: +15%	% of Sales: 19% Growth: +7%			% of Sales: 12% Growth: -10%	% of Sales: 15% Growth: +11%	% of Sales: 12% Growth: +5%
		RARE HEMATOLOGY % of Sales: 8% Growth: +1%	RARE GENETICS & OTHER % of Sales: 11% Growth: +13%	PDT IMMUNOLOGY % of Sales: 15% Growth: +18%			
GROWTH & LAUNCH PRODUCTS	Entyvio® vedolizumab ALOFISEL	TAKHZYRO® (lanadelumab-flyo) injection LIVTENCITY™ (maribavir) tablets 200mg		GAMMAGARD LIQUID [Immune Globulin Intravenous (Human)] 10% HyQvia Cuvitru [Immune Globulin Subcutaneous (Human)] 20% IMMUNOGLOBULIN ALBUMIN Flexbumin (Human Albumin) HUMANALBUMIN	ALUNBRIG® BRIGATINIB EXKIVITY™ mobocertinib 40 mg capsules		COVID-19 Vaccine spikevax Suspension for Intramuscular Injection (JP) ヌバキソビッド®筋注 Nuvaxovid® (JP)
OTHER KEY PRODUCTS	Takecab® (JP) VOCINTI (China) Gattex® (Teduglutide [rDNA origin]) for Injection (U.S) Revestive® (EU, JP)	ADYNOVATE® Rurioctocog alfa pegol (Recombinant Coagulation Factor VIII) (U.S., JP) ADYNOVI (EU) vonvendi® [von Willebrand factor (Recombinant)] VPRIV® elaprase® (idursulfase) REPLAGAL® agalsidase alfa CHANGING THE FACE OF FABRY DISEASE (EU, JP)		Glassia Aralast NP [alpha1-proteinase inhibitor (human)]	NINLARO® (ixazomib) capsules ADCETRIS® brentuximab vedotin (ex-North America) ICLUSIG® (ponatinib) tablets 45mg / 30mg / 15mg / 10mg Zejula® (JP) CABOMETYX® (JP) (cabozantinib) tablets Leuprorelin	Vyvanse® Trintellix® vortioxetine (U.S., JP)	Azilva® (JP)

Total FY2022 Q1 Revenue 363.6B (USD 2.7B)[2] (+26% growth)

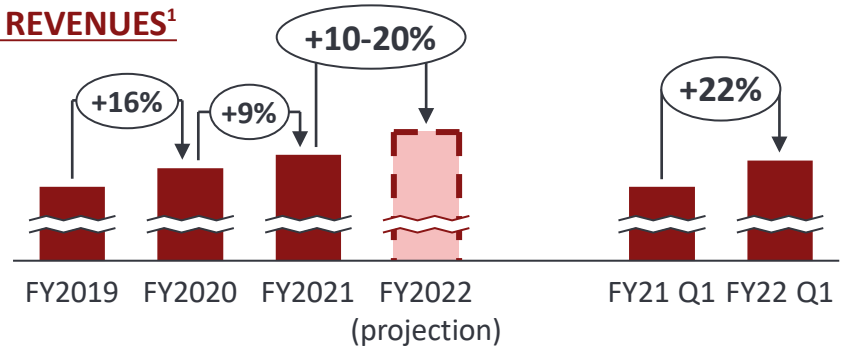
1. Year-on-year growth rates are Core Revenue at CER. Please refer to appendix slide A-1 for definition.
2. Please refer to disclaimer on Exchange Rates on slide.

PLASMA-DERIVED THERAPIES: DELIVERING OUTSTANDING REVENUE GROWTH SUPPORTED BY ROBUST SUPPLY WHILE FOCUSING ON MARGIN IMPROVEMENT

PDT delivered outstanding growth in FY2022 Q1

- PDT Immunology delivered revenue growth of **+18%** versus FY2021 Q1 in line with our growth guidance of +10-20%
- IG portfolio grew **+22%** fueled by strong demand for our products globally and enabled by steady supply

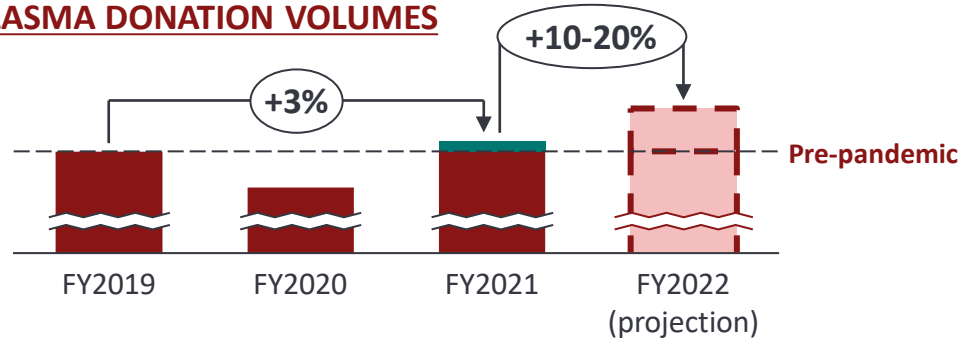
IG REVENUES[1]



Surpassing pre-pandemic donation volumes since FY2021 Q1

- We manage plasma donation volume to meet supply commitments to patients on Takeda therapies and to deliver growth commitment
- Increase of 8 donation centers in FY2022 Q1, in line with plan
- Project **+10-20%** volume increase in FY2022 versus FY2021

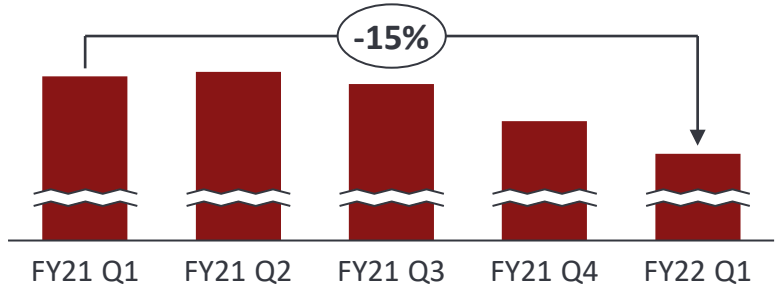
PLASMA DONATION VOLUMES



Managing costs to improve margins

- Agile value chain management and transformational efficiency gains minimized the cost and volume impact of the pandemic
- Donor compensation is one of many margin components. In FY2022 Q1 we reduced donor compensation by **~15%** vs FY2021 Q1

AVERAGE DONOR COMPENSATION PER LITER IN U.S. CENTERS

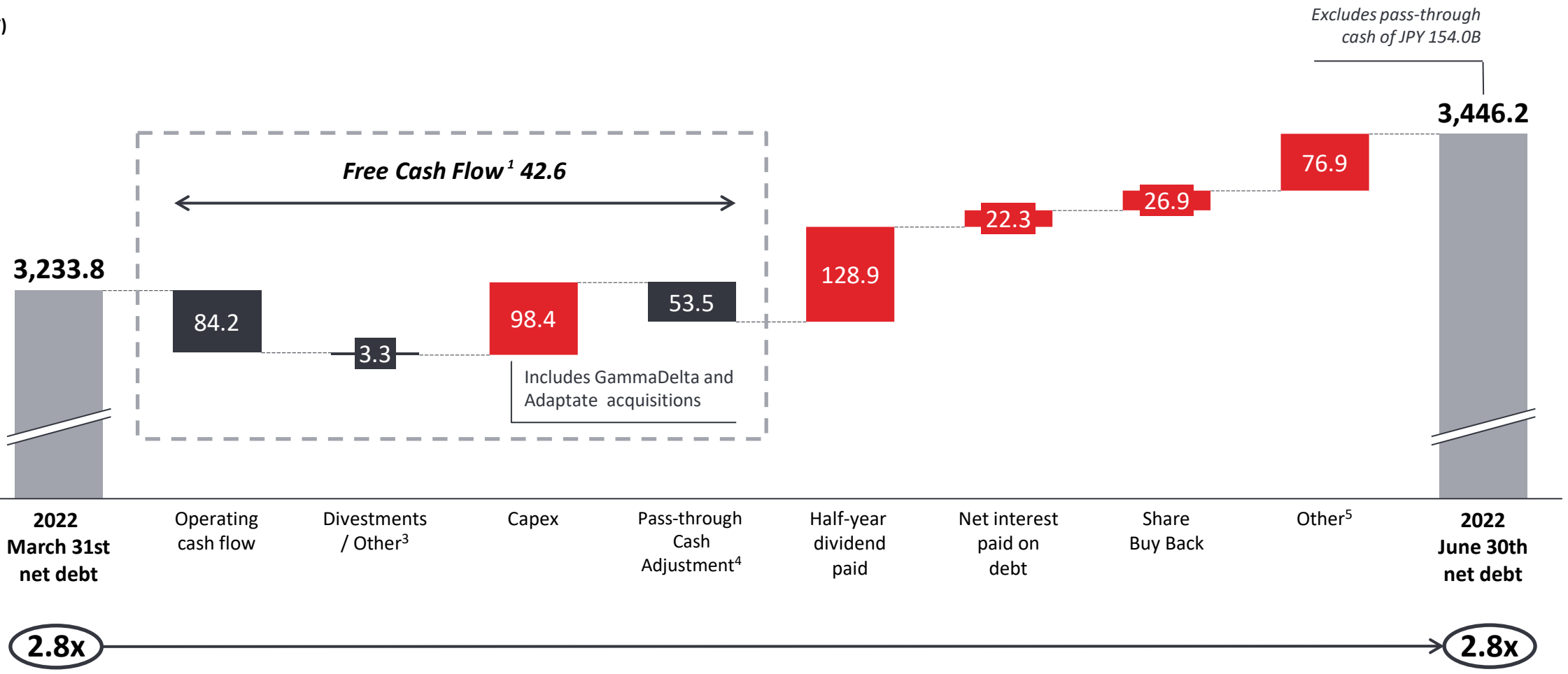


1. Year-on-year revenue changes are at CER (please refer to appendix slide A-1 for definition).

NET DEBT/ADJUSTED EBITDA MAINTAINED AT 2.8x DESPITE HALF-YEAR DIVIDEND PAYMENT AND GAMMADELTA/ADAPTATE ACQUISITIONS

CHANGE IN NET DEBT

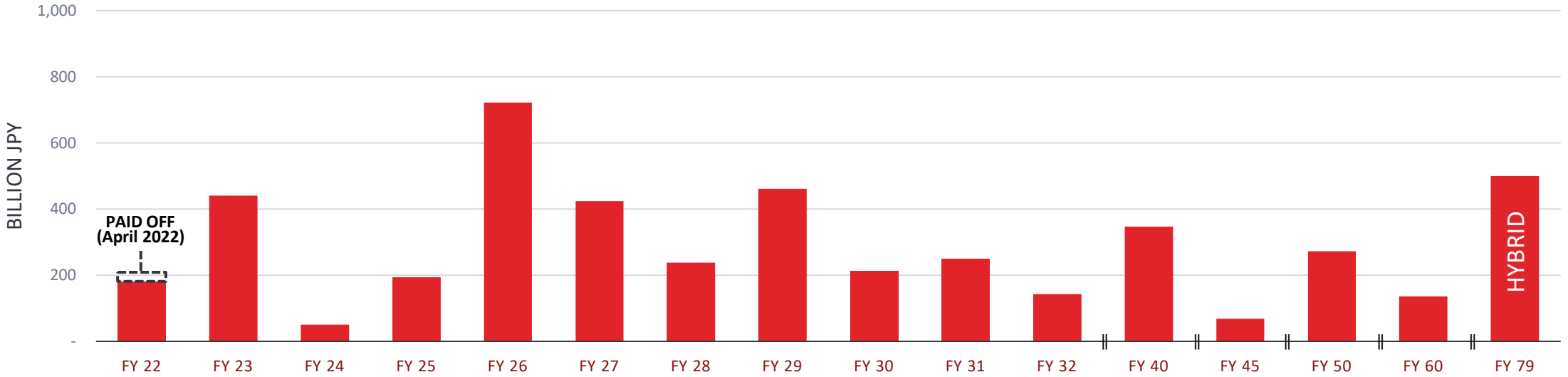
(BN JPY)



1. Please refer to appendix slide A-2 for definition and slide A-7 for reconciliation.
2. Adjusted EBITDA mainly adjusts for non-cash items and one-time expenses. Please refer to appendix slide A-1 for definition and slides A-8 to A-11 for reconciliation.
3. "Divestments / Other" includes proceeds from sale of securities net of certain investments.
4. "Pass-through cash adjustment" refers to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.
5. Includes cash and non-cash adjustments to debt book-value, lease obligations and certain investments. Non-cash adjustments include changes due to debt amortization and FX impact from converting non-JPY debt into JPY.

WELL BALANCED MATURITY PROFILE WITH 98% OF DEBT AT FIXED RATE

MATURITY LADDER AS OF 30 JUNE 2022 (AS ADJUSTED)[1]



Weighted Average Interest Coupon: ~2% (~98% fixed rate debt)

Expect 100% fixed rate debt by end of FY2022 (outstanding floating rate debt scheduled to be paid in Q3)

Average annual maturity JPY ~200B out to FY2025

Q1 FY2022: Takeda paid $219M of June 2022 USD Bonds (interest rate 3.6%)

1. Debt Maturity Profile of outstanding principal values as of June 30, 2022, as adjusted for debt paid.
Non-JPY debt principal calculated as at end of June 2022 FX Rates (136.23 JPY/USD and 142.23 JPY/EUR). This reflects the actual conversion rate used for reporting purposes.

FY2022: ON TRACK TOWARDS FULL-YEAR MANAGEMENT GUIDANCE

REPORTED & CORE FORECASTS AND MANAGEMENT GUIDANCE UNCHANGED FROM PREVIOUS DISCLOSURE ON MAY 11

(BN YEN, except EPS)	REPORTED		CORE[1]		CORE GROWTH AT CER[2]
	FY2022 FORECAST	VS. PRIOR YEAR	FY2022 FORECAST	VS. PRIOR YEAR	FY2022 MANAGEMENT GUIDANCE
REVENUE	3,690.0	+3.4%	3,690.0	+7.9%	**Low-single-digit growth**
OPERATING PROFIT	520.0	+12.8%	1,100.0	+15.2%	**High-single-digit growth**
EPS (JPY)	188 yen	+27.9%	484 yen	+14.0%	**High-single-digit growth**

FREE CASH FLOW[3]	600.0 – 700.0
ANNUAL DIVIDEND PER SHARE	180 yen

Key assumptions in FY2022 forecast:

- Based on currently available information, Takeda expects that its financial results for FY2022 will not be materially affected by COVID-19 or the crisis in Ukraine and Russia.
- The FY2022 forecast includes approx. 50 billion yen revenue contribution from COVID-19 vaccines. This includes distribution fees for the remaining portion of Spikevax, and our expectation of supplying in FY2022 approximately 20% of the total doses agreed with the Japanese government for Nuvaxovid (total agreed doses 150 million).
- Forecast assumes 119 JPY/USD and 133 JPY/EUR. Please refer to appendix slide A-12 for more details on FX assumptions and sensitivity.

Please refer to appendix slide A-14 for more details of the FY2022 forecast

1. Please refer to appendix slide A-1 for definition and slide A-16 for reconciliation
2. CER: Constant Exchange Rate. Please refer to appendix slide A-1 for definition of CER change.
3. Please refer to appendix slide A-1 for definition

TOPLINE, MARGINS & CASH FLOW TO DELIVER LONG-TERM VALUE

	FY2022 Q1 (APR-JUN)	FY2022 AND BEYOND
TOPLINE	Core Revenue growth at CER +8.3%[1,2]	• On track to "low-single digit" full-year FY22 guidance for CER growth • Momentum of Growth & Launch Products puts us in position of strength through near-term loss of exclusivity headwinds
MARGINS	Core Operating Profit[1] JPY 319.1B (+17.0% growth at CER) Core Operating Profit margin 32.8%	• On track to "high-single-digit" full-year FY22 guidance for CER growth; tracking well towards full-year Core Operating Profit forecast of JPY 1.1 trillion[3]
CASH FLOW	Free Cash Flow[4] JPY 42.6B Net Debt/Adjusted EBITDA[5] 2.8x	• Full year Free Cash Flow target of JPY 600-700B • Resilient financial position with strong cash flows, abundant liquidity, ~98% of debt at fixed rates with average interest of ~2% • Target 2x ("low twos") Net debt / Adjusted EBITDA[5] ratio by FY2023

1. Please refer to appendix slide A-1 for definition of core financial measures, and slides A-5 and A-6 for reconciliation.
2. Constant Exchange Rate. Please refer to appendix slide A-1 for definition.
3. Please refer to appendix slide A-16 for reconciliation
4. Please refer to appendix slide A-1 for definition and slide A-7 for reconciliation
5. Please refer to appendix slide A-2 for definition and slides A-8 to A-11 for reconciliation

Q&A SESSION

CHRISTOPHE WEBER
Representative Director;
President & CEO

ANDY PLUMP
Director; President,
Research & Development

COSTA SAROUKOS
Director;
Chief Financial Officer

MASATO IWASAKI
Representative Director;
Japan General Affairs

APPENDIX

CAPITAL ALLOCATION TO MAXIMIZE VALUE FOR PATIENTS & SHAREHOLDERS

- Takeda is delivering on its financial commitments and has a robust cash flow outlook driven by revenue growth and strong margins. Guided by our values and commitment to patients, people and the planet, we will allocate capital to maximize value for patients & shareholders.

INVEST IN GROWTH DRIVERS

- Strategic investment in R&D (in-house and partnerships)
- New product launches, including in China
- Plasma-Derived Therapies

DELEVERAGE RAPIDLY

- Net Debt / Adjusted EBITDA[1] ratio target of 2x (i.e. “low-twos”) by FY2023
- Maintain solid investment grade credit ratings

SHAREHOLDER RETURNS

- Positioned for revenue and profit growth over the medium-term
- Return cash to shareholders: maintain well-established dividend policy of 180 yen per share annually, alongside share buybacks when appropriate

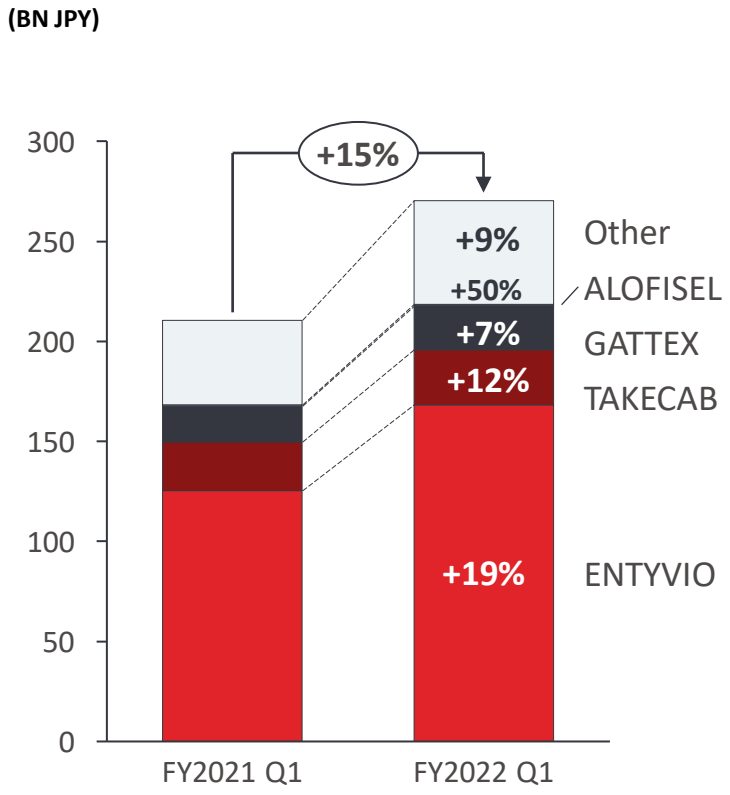
1. Please refer to appendix slide A-2 for definition

GASTROENTEROLOGY (GI)

GI FRANCHISE CONTINUES TO DRIVE SIGNIFICANT GROWTH OF +15%

GI PORTFOLIO

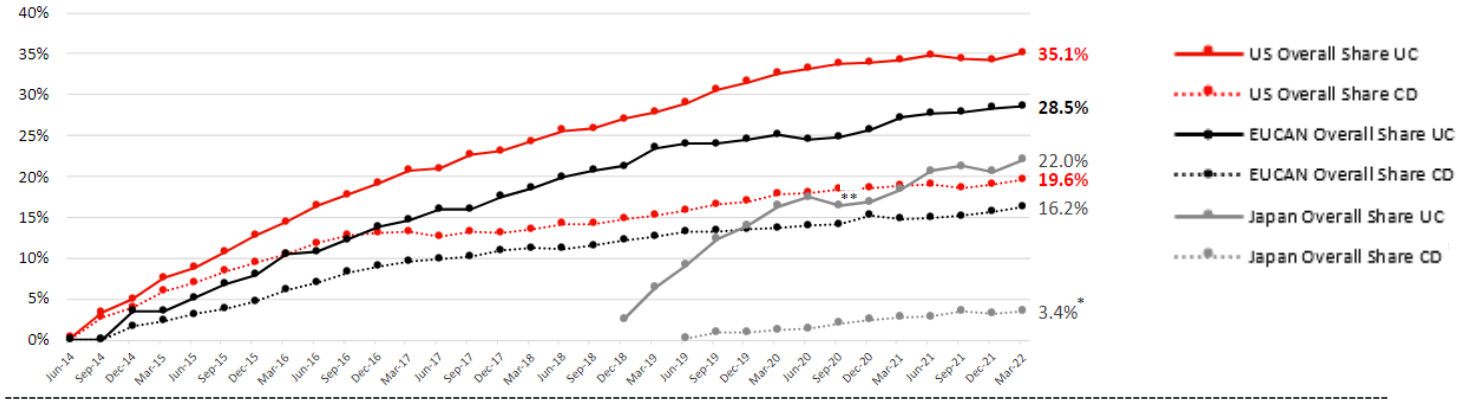
FY2022 Q1 REVENUE



Entyvio vedolizumab — FY2022 Q1 Revenue JPY 168.3B (+19.4% growth)

- Growth across all markets driven by continued share growth in bio-naïve, amid overall biologic market growth (Entyvio global revenue forecast for FY2022: +20% at CER).
  - U.S.: #1 prescribed therapy in bio-naïve[1]; U.S. growth in Q1 +22% at CER
  - EU: Subcutaneous launches in Europe progressing well and driving incremental growth
- We are aware of a Chinese company having registered to initiate a clinical trial in China of a biosimilar for Entyvio. This does not change our assumptions for biosimilar entry timing disclosed in January 2022.
- Takeda has granted patents that cover various aspects of Entyvio, some of which are expected to expire in 2032, including formulation, dosing regimens and process for manufacturing; therefore, any biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of all relevant patents.

% of patients receiving ENTYVIO[1]



Takecab VOCINTI — FY2022 Q1 Revenue JPY 27.6B (+11.8% growth)

- Market leading anti-acid therapy in Japan
- Strong launch in China also a key contributor to growth

Absolute values are presented on an IFRS (reported) basis;
Year-on-year changes are at CER (please refer to appendix slide A-1 for definition).

NMPA: National Medical Products Administration

1. Source: US: SHA Medical and Pharmacy Claims data, December 2021; EUCAN: Internal estimate; Japan: Japan Medical Data Center, September 2021

ANY BIOSIMILAR THAT SEEKS TO LAUNCH PRIOR TO 2032 WOULD NEED TO ADDRESS POTENTIAL INFRINGEMENT AND/OR THE VALIDITY OF ALL RELEVANT PATENTS

Anticipated expiry of data exclusivity

- May 2025 EU
- May 2026 U.S

- We do not expect biosimilar launch upon anticipated data exclusivity expiry timing

Takeda has granted patents that cover various aspects of Entyvio, including formulation, dosing regimens and process for manufacturing. These patents are expected to expire in 2032 in the U.S.

- Any biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of all relevant patents

Potential scenario in the U.S. should patents be challenged in biosimilar litigation

Clinical development timeline

Biosimilar clinical trials expected to take 3-4+ years

Regulatory review (~1 year)

Legal proceedings

Pre-litigation process

In general, biosimilar litigation proceedings in the U.S. may take 3-5 years

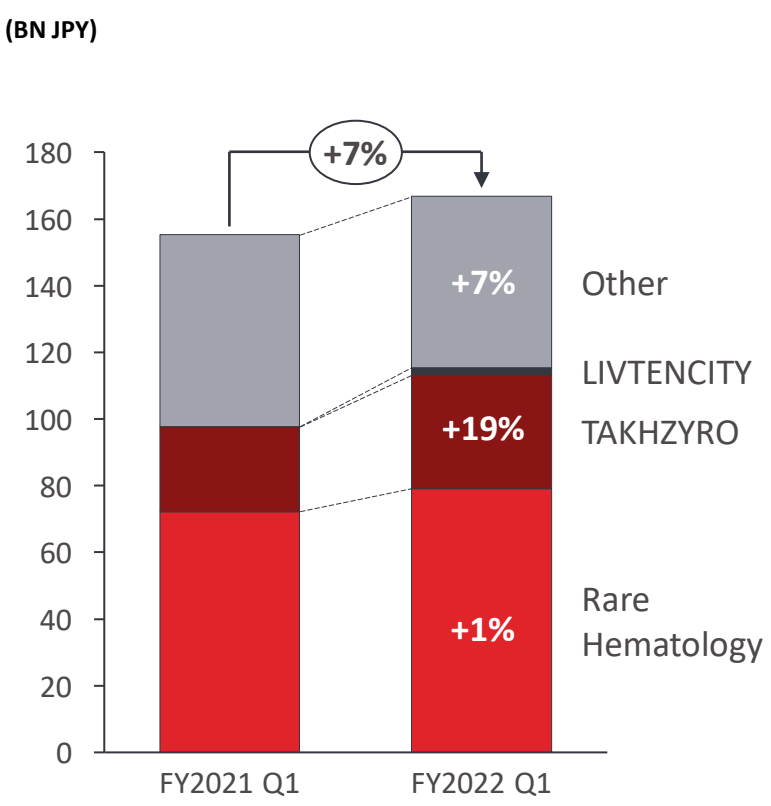
- Entyvio is only approved in IBD indications, for which clinical trials are typically longer and more challenging to complete than other auto-immune diseases which we have recently observed biosimilar manufacturers target

- In the U.S., the biosimilar litigation process is triggered by FDA acceptance of a relevant aBLA

TAKHZYRO CONTINUING TO GROW; LIVTENCITY LAUNCH ENHANCING PORTFOLIO

RARE DISEASES PORTFOLIO

FY2022 Q1 REVENUE



TAKHZYRO (lanadelumab-flyo) injection

FY2022 Q1 Revenue JPY 34.0B (+18.7% growth)

- TAKHZYRO is the global market prophylaxis leader treating over 3,500 patients.
- Leading scientific advancement to meet unmet patient needs with successful trial in children ages 2<12 y/o.
- The WAO/EAACI International guidelines state the goal of prophy treatment is for patients to have no HAE attacks. TAKHZRYO's strong efficacy profile delivers on this goal for many patients. In the HELP OLE study of 2.5 years, the longest HAE study to date, patients on average remained attack free for almost 15 months.
- Demand growth in the U.S. continues, albeit at a slower rate due to the U.S.'s leading prophy market share, natural transition of patients from Q2W to Q4W dosing, and increased competitive landscape.
- Strong performance continues in Europe & Canada with 41% growth driven by strong patient recruitment.
- Growth supported by geo-expansion: available in 42 countries with 11 more launches planned in FY2022.

LIVTENCITY™ (maribavir) tablets 200mg

Early indicators of success since U.S. launch in December 2021

- LIVTENCITY has the potential to redefine post-transplant CMV with clinical data in R/R showing superior efficacy compared to conventional therapies in achievement of CMV clearance[1] at Week 8 (55.7% vs 23.9%) and a favorable tolerability/safety profile.
- We are very encouraged by the high interest and rapid early uptake we have observed since launch in Dec 2021 - a strong confirmation of the need for more treatment options for transplant patients with CMV-infections.
- 56% of U.S. transplant centers have initiated therapy for at least one patient with ~60% of those having no prior experience with LIVTENCITY (i.e. through clinical trials)
- Despite the challenges of launching during COVID, our sales force has called on most of the 314 U.S. transplant centers
- Near term global expansion opportunity with EU approval decision expected in FY2022
- Read-out of the 302 AURORA study in 1st line CMV infection in HSCT expected in FY2022

Absolute values are presented on an IFRS (reported) basis;
Year-on-year changes are at CER (please refer to appendix slide A-1 for definition).

WAO/EAACI: World Allergy Organization (WAO) in collaboration with the European Academy of Allergy and Clinical Immunology (EAACI)

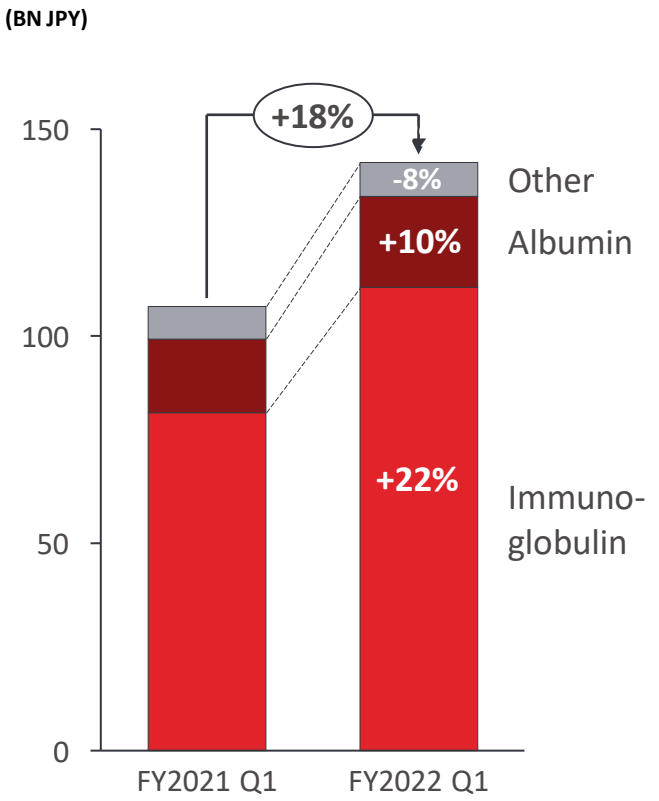
1. Defined as CMV DNA level below the lower limit of quantification (<137 IU/mL)

PLASMA-DERIVED THERAPIES

PDT PORTFOLIO CONTINUES TO DELIVER OUTSTANDING GROWTH

PDT IMMUNOLOGY PORFOLIO

FY2022 Q1 REVENUE



Immunoglobulin

FY2022 Q1 Revenue JPY 111.8B (+22.1% growth)

- Strong demand globally, especially in U.S. where pandemic pressure is now easing, coupled with steady and growing supply
- Continued expansion of SCIG portfolio; double-digit percentage revenue growth
- Anticipate growth of +10-20% in FY2022 (at CER)
- Announced positive Phase 3 data for HYQVIA in CIDP

GAMMAGARD LIQUID [Immune Globulin Intravenous (Human)] 10% · Kiovig Human Normal Immunoglobulin (IVIg) · HyQvia Human Normal Immunoglobulin (10%) Recombinant Human Hyaluronidase · Cuvitru [Immune Globulin Subcutaneous (Human)] 20%

Albumin

FY2022 Q1 Revenue JPY 22.0B (+10.5% growth)

- Solid growth building on last year's momentum but tempered by China lockdown
- Strong demand for our differentiated product, Flexbumin, in both China and the U.S.
- Anticipate growth of +10-20% in FY2022 (at CER)

Flexbumin (Human Albumin) · HUMANALBUMIN SOLUTION FOR INFUSION

CONTINUING TO INVEST IN PLASMA DONATION

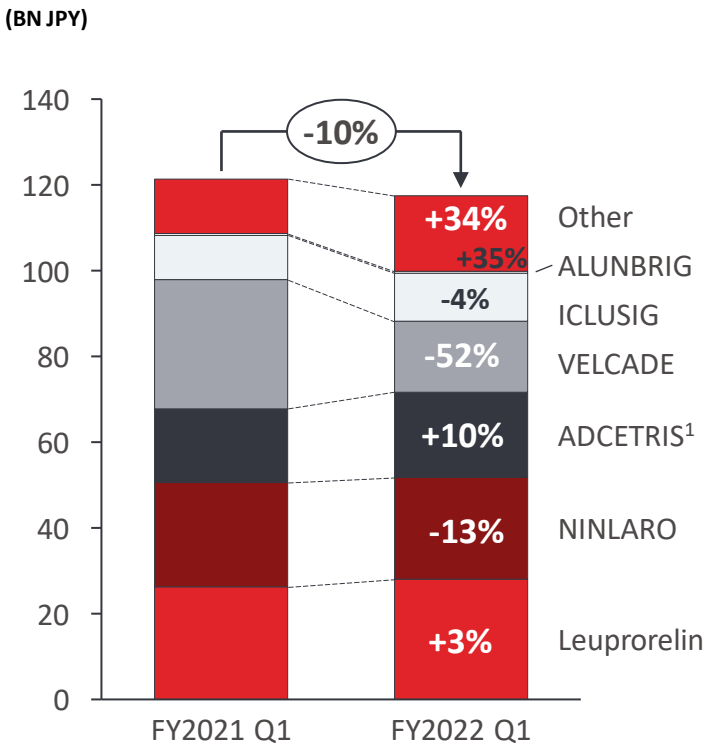
- Global plasma donation center footprint totals 212 centers, an increase of 8 in Q1 FY2022 in line with plan. In FY2022 we aim to add >25 new centers.
- Ramp-up of new centers and efficiency improvements expected to drive projected +10-20% increase in plasma donation volume in FY2022 vs FY2021
- Focus on reducing costs to more sustainable levels, while striking the right balance between collecting enough plasma to meet our commitments to patients and improving margins.
- Remain on track to increase plasma supply and manufacturing capacity by >65% by end of FY2023 (versus 2018 baseline)

Absolute values are presented on an IFRS (reported) basis;
Year-on-year changes are at CER (please refer to appendix slide A-1 for definition).

RECENT APPROVALS AND DATA SUPPORT GROWTH OF PROMOTED BRANDS

ONCOLOGY PORTFOLIO

FY2022 Q1 REVENUE



1. ADCETRIS is in-licensed from Seagen Inc.; Takeda has development and marketing rights outside of the U.S. and Canada

Received Three Recent Approvals for EXKIVITY

EXKIVITY™ mobocertinib 40 mg capsules

- Received provisional approval in Australia and temporary marketing authorization in Switzerland, both achieved through Project ORBIS. Also received approval in South Korea; additional approval decisions expected in FY2022
- Following discussions with the EMA, Takeda has decided to withdraw the EU Marketing Authorisation Application (MAA) in 2nd line

FY2022 Q1 Revenue JPY 4.5B (+34.7% growth)

ALUNBRIG® BRIGATINIB

- Continued focus on growing share of the 1L market where ALUNBRIG received an expanded label to 1L in U.S. and EU

Positive Data in First-line Hodgkin Lymphoma

ADCETRIS® brentuximab vedotin

- Statistically significant improvement in Overall Survival for A+AVD vs. ABVD in patients with advanced Hodgkin lymphoma in the ECHELON-1 Phase 3 study. Data presented at American Society of Clinical Oncology (ASCO) and European Hematology Association (EHA) annual congresses and published in New England Journal of Medicine (NEJM)
- Q1 growth primarily driven by continued increase in access and uptake of the frontline indications.

FY2021 Q1 Revenue JPY 23.7B (-12.8% decline)

NINLARO® (ixazomib) capsules 4mg | 3mg | 2.3mg

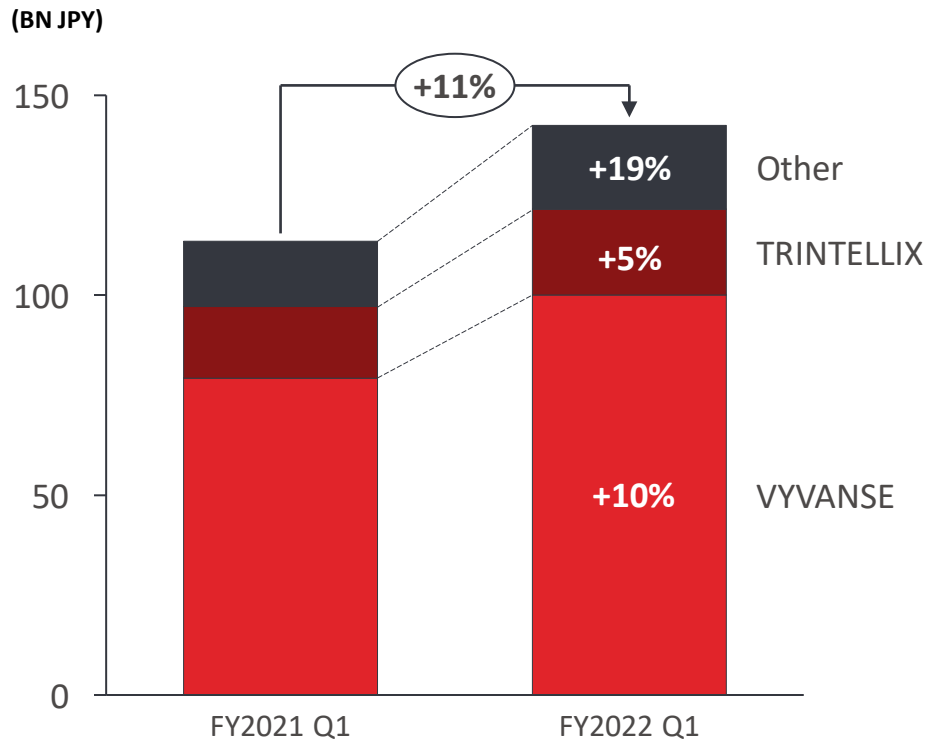
- Facing headwinds due to further fragmentation of the myeloma market in later lines; Continued strong growth in Japan

Absolute values are presented on an IFRS (reported) basis;
Year-on-year changes are at CER (please refer to appendix slide A-1 for definition).

NEUROSCIENCE FRANCHISE CONTINUES REBOUND FROM COVID-19 IMPACT

NEUROSCIENCE PORTFOLIO

FY2022 Q1 REVENUE



1. TRINTELLIX is in-licensed from Lundbeck; Takeda has co-marketing rights in the U.S. and Japan.

FY2022 Q1 Revenue JPY 100.0B (+10.3% growth)

- Growth in FY2022 driven by the expanding ADHD adult population in the U.S.
- Ramping down product-related OPEX ahead of loss of exclusivity in August 2023

FY2022 Q1 Revenue JPY 21.4B (+5.2% growth)

- U.S. MDD market recovery from COVID-19 continues, with new starts still trailing pre-pandemic levels (-5~10%), improved from -25% peak impact in FY2020. Focused messaging and sales force effort across prioritized TRINTELLIX HCP segments is expected to drive new patient starts and overall demand growth by end FY2022.
- In Japan, the number of doctors prescribing Trintellix increased by approx. 20% compared to Q1 FY2021. Stronger positioning is being established as the number of psychiatrists choosing TRINTELLIX as a first-line treatment continues to increase. As a result, market share of TRINTELLIX has almost doubled[2], compared to the beginning of FY2021.

Absolute values are presented on an IFRS (reported) basis;
Year-on-year changes are at CER (please refer to appendix slide A-1 for definition).

2. Copyright © 2022 IQVIA. (Calculated based on JPM May 2021 - May 2022.) Reprinted with permission

CONSOLIDATED DEVELOPMENT PIPELINE BY PHASE

	PHASE 3 (6 NMEs + 26 LCMs)					FILED (1 NMEs + 3 LCMs)
ONCOLOGY	**EXKIVITY®** 1L NSCLC EGFR exon 20	**ICLUSIG®** FL Ph+ ALL (US)	**CABOMETYX®** mCRPC combo w/atezolizumab (JP)	**CABOMETYX®** 2L mNSCLC combo w/atezolizumab (JP)		
	NINLARO® Maint. ND MM no SCT (US, EU, CN)	**NINLARO®** Maint. ND MM post-SCT (US, EU)	**ZEJULA®** Breast cancer (JP)	**relugolix** Prostate cancer (JP, CN)		
RARE GENETICS & HEMATOLOGY	**TAK-755** cTTP	**pabinafusp alfa** Hunter Syndrome	**LIVTENCITY®** 1L CMV infect. in HSCT	**LIVTENCITY®** Post-transplant CMV infect. (JP)	**OBIZUR®** Recomb antihemophilic factor porcine (JP)	**OBIZUR®** Recomb antihemophilic factor porcine (CN)
	ADYNOVATE® recombinant Factor VIII Pediatric HemA (EU)	**TAKHZYRO®** HAE pediatric	**TAKHZYRO®** BMA	**VONVENDI®** vWD Adult Prophylaxis (EU, CN)	**VONVENDI®** vWD peds on-demand & surgery	
NEUROSCIENCE	**soticlestat** DS	**soticlestat** LGS				
GASTRO-ENTEROLOGY	**ENTYVIO®** SC CD (US, JP)	**ENTYVIO®** GvHD Prophylaxis	**ALOFISEL®** Perianal Fistulas in CD (US)	**ALOFISEL®** Pediatric perianal Fistulas in CD		
	ENTYVIO® Pediatric UC	**ENTYVIO®** Pediatric CD	**VOCINTI®** *H. Pylori* (CN)			
PDT	**CUVITRU®** PID (JP)	**HYQVIA®** CIDP (US, EU)	**HYQVIA®** CIDP, MMN (JP)			**HYQVIA®** HyHub AVA Device (US)
	TAK-880 IgG – Low IgA	**Prothromplex** DOAC Reversal[1]	**HYQVIA®** PID (JP)			**HYQVIA®** Pediatric PID (US)
VACCINES	**Nuvaxovid®** COVID-19 Vaccine Booster (JP)					**TAK-003** Dengue Vaccine (EU + endemic countries)

1. Study actively recruiting

Status as of July 28, 2022 and is subject to change. Table is not comprehensive. For full glossary of abbreviations please refer to appendix.

★ Orphan Drug Designation potential (in any region / indication for a given asset)

APPROVED | NME | LCM

CONSOLIDATED DEVELOPMENT PIPELINE BY PHASE

	PHASE 1 (19 NMEs + 2 LCMs)	PHASE 2 (14 NMEs + 2 LCMs)
ONCOLOGY	**TAK-102** Solid tumors **TAK-103** Solid tumors **TAK-186** EGFR Solid Tumor[2] **TAK-940** CD19+ hematologic malignancies ★ **modakafusp alfa** Solid tumors **TAK-500** Solid tumors **TAK-676** Solid tumors NEW **TAK-280** B7-H3 Solid Tumor[2] **ICLUSIG®** Pediatric Ph+ ALL	★ **modakafusp alfa** R/R MM ★ **subasumstat** Multiple cancers ★ **TAK-007** CD19+ hematologic malignancies[1]
RARE GENETICS & HEMATOLOGY	★ **TAK-755** SCD ★ **mezagitamab** IgAN[1], MM **NATPARA®** Hypoparathyrodism (JP)	★ **mezagitamab** MG, ITP ★ **TAK-611** MLD (IT) ★ **TAK-755** iTTP
NEUROSCIENCE	★ **TAK-861** NT1 **TAK-341** Parkinson's Disease ★ **TAK-925** Post-op/anesthesia ★ **TAK-594** Frontotemporal dementia[2]	**TAK-071** Parkinson's Disease **TAK-041** Anhedonia in MDD **TAK-653** Inadequate resp. in MDD
GASTRO-ENTEROLOGY	**TAK-062** Celiac Disease **TAK-510** Nausea & vomiting **TAK-105** Nausea & vomiting **sibofimloc** Luminal Crohn's Disease	**TAK-101** Celiac Disease **TAK-954** POGD ★ **fazirsiran** AATD-Associated Liver Disease **TAK-951** Nausea & vomiting **sibofimloc** Crohn's Disease (Post-op Ileitis)
PDT		**CEPROTIN®** SC PCD (JP) **TAK-881** Immunodeficiencies
VACCINES	**TAK-426** Zika Vaccine	

1. Study actively recruiting
2. Currently in phase 1 of a phase 1/2 trial

Status as of July 28, 2022 and is subject to change. Table is not comprehensive. For full glossary of abbreviations please refer to appendix.

NEW Added to clinical development since last quarter

★ Orphan Drug Designation potential (in any region / indication for a given asset)

NME LCM

GLOSSARY OF ABBREVIATIONS

Regional Abbreviations:
CN: China; EU: Europe; JP: Japan; US: United States of America

AATD	α1-antitrypsin deficiency
ADC	antibody drug conjugate
ADHD	attention deficit hyperactivity disorder
AHA	acquired hemophilia A
ALK	anaplastic lymphoma kinase
ALCL	anaplastic large-cell lymphoma
ALL	acute lymphocytic leukemia
AML	acute myeloid leukemia
ASCT	autologous stem cell transplant
ARD	acid-related diseases
AVA	Advanced Vial Access
BBB	blood brain barrier
BLA	biologics license application
BMA	bradykinin mediated angioedema
BTD	breakthrough therapy designation
CAR-T	chimeric antigen receptor-T
CD	Crohn's disease
CHMP	Committee for Medicinal Products for Human Use
CIDP	chronic inflammatory demyelinating polyradiculoneuropathy
CLL	chronic lymphocytic leukemia
CML	chronic myeloid leukemia
CMV	cytomegalovirus
CNS	central nervous system
CPF	complex perianal fistulas
CRL	complete response letter
CRPC	Castrate-resistant prostate cancer
CTCL	cutaneous T-cell lymphoma
cTTP	congenital thrombotic thrombocytopenic purpura
DEE	developmental and epileptic encephalopathies
DLBCL	diffuse large B-cell lymphoma
DOAC	direct oral anti-coagulation
DS	Dravet syndrome
DU	duodenal ulcer
Dx	Diagnosis
EE H	erosive esophagitis healing
EE M	erosive esophagitis maintenance
EGFR	epidermal growth factor receptor
EMA	European Medicines Agency
FDA	the U.S. Food & Drug Administration
FL	front line
FSI	first subject in
FY	fiscal year
GERD	gastroesophageal reflux disease
GI	gastrointestinal
GU	gastric ulcer
GvHD	graft versus host disease
HAE	hereditary angioedema
H2H	head-to-head
HemA	hemophilia A
HL	Hodgkin lymphoma
HSCT	hematopoietic stem cell transplant
IBD	inflammatory bowel disease
IgAN	immunoglobulin A nephropathy
IH	idiopathic hypersomnia
INCAT	Inflammatory Neuropathy Cause and Treatment disability score
IND	investigational new drug
iNHL	indolent non-Hodgkin's lymphoma
ITP	Immune thrombocytopenic purpura
iTTP	immune thrombotic thrombocytopenic purpura
IV	intravenous
iPSC	induced pluripotent stem cells
L-ASA	low dose aspirin
LSD	lysosomal storage disorder
LCM	lifecycle management
LGS	Lennox-Gastaut syndrome
mAb	monoclonal antibody
MAOB	monoamine oxidase B
MDD	major depressive disorder
MG	myasthenia gravis
MLD	metachromatic leukodystrophy
MM	multiple myeloma
MMN	multifocal motor neuropathy
NBE	New Biological Entity
NCE	New Chemical Entity
ND	newly diagnosed
NDA	new drug application
Neg	Negative
NERD	non-erosive reflux disease
NHL	non-Hodgkin lymphoma
NK	natural killer
NME	new molecular entity
NMPA	National Medical Products Administration
NSCLC	non-small cell lung cancer
NSCT	non stem cell transplant
NT1 or 2	narcolepsy Type 1 or 2
ORR	overall response rate
OSA	obstructive sleep apnea
PARP	poly (ADP-ribose) polymerase
PAS	prior approval supplement
PCAB	potassium competitive acid blocker
PCD	protein C deficiency
PEX	plasma exchange
Ph+ ALL	Philadelphia chromosome-positive acute lymphoblastic leukemia
PID	primary immunodeficiency
PK	pharmacokinetics
PMDA	Japan's Pharmaceuticals and Medical Devices Agency
POC	proof of concept
POGD	post-operative gastrointestinal dysfunction
PONV	postoperative nausea and vomiting
PRIME	Priority medicines scheme by EMA
PTCL	peripheral T-cell lymphoma
PTH	parathyroid hormone
R/R	relapsed/refractory
RCC	renal cell cancer
RTK	receptor tyrosine kinase
RTU	ready to use
sALCL	systemic anaplastic large cell lymphoma
SBS	short bowel syndrome
SC	subcutaneous formulation
SCD	sickle cell disease
SCT	stem cell transplant
SID	secondary immunodeficiency
SLE	systemic lupus erythematosus
sq	squamous
STING	stimulator of interferon genes
SUMO	small ubiquitin-related modifier
TCE	T-cell engager
TESD	treatment emergent sexual dysfunction
TKI	tyrosine kinase inhibitor
UC	ulcerative colitis
VCD	virologically confirmed dengue
vWD	von Willebrand disease
VWF	von Willebrand factor

FINANCIAL APPENDIX

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

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

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

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

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

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

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

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

Definition of EBITDA/Adjusted EBITDA and Net Debt

We present **EBITDA and Adjusted EBITDA** because we believe that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We further believe that Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. These non-IFRS measures may not be comparable to similarly-titled measures presented by other companies.

The usefulness of EBITDA and Adjusted EBITDA to investors has limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all items which investors may consider to be unrelated to our long-term operations. These non-IFRS measures are not, and should not be viewed as, substitutes for IFRS reported net income (loss). We encourage investors to review our historical financial statements in their entirety and caution investors to IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

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

The most closely comparable measure presented in accordance with IFRS is net profit for the year. Please refer to Net Profit to Adjusted EBITDA Bridge for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

We present **Net Debt** because we believe that it is useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents, and, in conjunction with Adjusted EBITDA, to monitor our leverage. We also believe that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We define Net Debt first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates for non-JPY debt outstanding at the beginning of the period and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period, which reflects the methodology our management uses to monitor our leverage, and (ii) a 50% equity credit applied to our aggregate principal amount of 500.0 billion hybrid (subordinated) bonds issued in June 2019 by S&P Global Rating Japan in recognition of the equity-like features of those bonds pursuant to such agency's ratings methodology. From this figure, we deduct cash and cash equivalents, excluding cash that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, to calculate Net Debt.

The usefulness of Net Debt to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the amounts of interest payments to be paid on our indebtedness, (iii) it does not reflect any restrictions on our ability to prepay or redeem any of our indebtedness, (iv) it does not reflect any fees, costs or other expenses that we may incur in converting cash equivalents to cash, in converting cash from one currency into another or in moving cash within our consolidated group, (v) it applies to gross debt an adjustment for average foreign exchange rates which, although consistent with our financing agreements, does not reflect the actual rates at which we would be able to convert one currency into another and (vi) it reflects an equity credit due to the fact that the amounts of our subordinated bonds, although we believe it to be reasonable, do not affect the status of those instruments as indebtedness. Net Debt should not be considered in isolation and are not, and should not be viewed as, a substitute for bonds and loans or any other measure of indebtedness presented in accordance with IFRS.

The most directly comparable measures under IFRS for Net Debt is bonds and loans. Please refer to Net Debt to Adjusted EBITDA for a reconciliation to this measure.

FY2022 Q1 Reported Results with Actual and CER % Change

(Billion JPY)	FY2021Q1	FY2022Q1		vs. PY	
				ACTUAL % CHANGE	CER % CHANGE*1
Revenue	949.6	972.5	22.9	2.4%	(6.8)%
Cost of sales	(241.3)	(292.9)	(51.6)	(21.4)%	(11.3)%
Gross profit	708.3	679.6	(28.8)	(4.1)%	(13.0)%
Margin	*74.6 %*	*69.9 %*		*(4.7) pp*	*(5.0) pp*
SG&A expenses	(219.8)	(231.5)	(11.6)	(5.3)%	4.4%
R&D expenses	(122.5)	(143.6)	(21.1)	(17.2)%	(4.4)%
Amortization of intangible assets associated with products	(102.8)	(117.0)	(14.2)	(13.8)%	(0.6)%
Impairment losses on intangible assets associated with products	—	(14.2)	(14.2)	—	—
Other operating income	11.1	5.5	(5.6)	(50.7)%	(52.5)%
Other operating expenses	(25.8)	(28.2)	(2.4)	(9.4)%	6.2%
Operating profit	248.6	150.5	(98.0)	(39.4)%	(42.2)%
Margin	*26.2 %*	*15.5 %*		*(10.7) pp*	*(9.9) pp*
Finance income	45.9	60.9	15.1	32.9%	29.8%
Finance expenses	(71.1)	(55.5)	15.6	21.9%	22.8%
Share of profit (loss) of investments accounted for using the equity method	(0.4)	(0.5)	(0.1)	(39.3)%	2.0%
Profit before tax	223.0	155.5	(67.5)	(30.3)%	(33.7)%
Income tax expenses	(85.3)	(50.5)	34.8	40.8%	41.7%
Net profit for the period	137.7	105.0	(32.7)	(23.7)%	(28.7)%
Non-controlling interests	(0.0)	(0.0)	0.0	82.9%	86.4%
Net profit attributable to owners of the Company	137.7	105.0	(32.7)	(23.7)%	(28.7)%
Basic EPS (yen)	87.96	67.94	(20.02)	(22.8)%	(27.8)%

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

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

FY2022 Q1 Core Results with Actual and CER % Change

(Billion JPY)	FY2021 Q1	FY2022 Q1		vs. PY	
				ACTUAL % CHANGE	CER % CHANGE*1
Revenue	816.6	972.5	155.9	19.1%	8.3%
Cost of sales	(227.9)	(278.2)	(50.4)	(22.1)%	(12.1)%
Gross profit	588.7	694.3	105.5	17.9%	6.9%
Margin	*72.1 %*	*71.4 %*		*(0.7) pp*	*(1.0) pp*
SG&A expenses	(218.0)	(231.7)	(13.7)	(6.3)%	3.5%
R&D expenses	(121.8)	(143.5)	(21.7)	(17.8)%	(4.9)%
Operating profit	248.9	319.1	70.1	28.2%	17.0%
Margin	*30.5 %*	*32.8 %*		*2.3 pp*	*2.4 pp*
Finance income	36.3	23.7	(12.6)	(34.8)%	(34.8)%
Finance expenses	(64.0)	(50.8)	13.2	20.6%	20.7%
Share of profit (loss) of investments accounted for using the equity method	2.0	1.0	(1.0)	(50.8)%	(48.5)%
Profit before tax	223.2	292.9	69.7	31.2%	18.8%
Income tax expenses	(46.6)	(68.7)	(22.2)	(47.6)%	(36.0)%
Net profit for the period	176.6	224.2	47.5	26.9%	14.3%
Non-controlling interests	(0.0)	(0.0)	0.0	82.9%	86.4%
Net profit attributable to owners of the Company	176.6	224.1	47.6	26.9%	14.3%
Basic EPS (yen)	113	145	32	28.5%	15.8%

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

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

FY2022 Q1 Reconciliation from Reported to Core

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others	
Revenue	972.5					972.5
Cost of sales	(292.9)				14.7	(278.2)
Gross profit	679.6				14.7	694.3
SG&A expenses	(231.5)				(0.2)	(231.7)
R&D expenses	(143.6)				0.1	(143.5)
Amortization of intangible assets associated with products	(117.0)	117.0				—
Impairment losses on intangible assets associated with products	(14.2)		14.2			—
Other operating income	5.5			(5.5)		—
Other operating expenses	(28.2)			28.2		—
Operating profit	150.5	117.0	14.2	22.7	14.6	319.1
Margin	15.5 %					32.8%
Finance income and (expenses), net	5.5				(32.6)	(27.1)
Share of profit (loss) of investments accounted for using the equity method	(0.5)				1.5	1.0
Profit before tax	155.5	117.0	14.2	22.7	(16.6)	292.9
Tax expenses	(50.5)	(25.1)	(3.1)	(3.9)	13.8	(68.7)
Non-controlling interests	(0.0)					(0.0)
Net profit attributable to owners of the Company	105.0	92.0	11.1	18.8	(2.7)	224.1
EPS (yen)	68					145
Number of shares (millions)	1,546					1,546

FY2021 Q1 Reconciliation from Reported to Core

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS						CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Sale of Japan diabetes portfolio	Irish Tax Assessment *1	Others	
Revenue	949.6		—		(133.0)			816.6
Cost of sales	(241.3)				0.6		12.8	(227.9)
Gross profit	708.3		—		(132.4)		12.8	588.7
SG&A expenses	(219.8)				1.0		0.9	(218.0)
R&D expenses	(122.5)						0.7	(121.8)
Amortization of intangible assets associated with products	(102.8)	102.8						—
Impairment losses on intangible assets associated with products	—							—
Other operating income	11.1			(10.8)			(0.4)	—
Other operating expenses	(25.8)			25.1			0.7	—
Operating profit	248.6	102.8	—	14.3	(131.4)		14.7	248.9
Margin	26.2 %							30.5%
Finance income and (expenses), net	(25.2)						(2.5)	(27.7)
Share of profit (loss) of investments accounted for using the equity method	(0.4)						2.3	2.0
Profit before tax	223.0	102.8	—	14.3	(131.4)		14.5	223.2
Tax expenses	(85.3)	(22.9)		(4.8)	40.2	62.7	(36.5)	(46.6)
Non-controlling interests	(0.0)						0.0	(0.0)
Net profit attributable to owners of the Company	137.7	79.9	—	9.5	(91.2)	62.7	(22.0)	176.6
EPS (yen)	88							113
Number of shares (millions)	1,565							1,565

*1 A tax charge of 62.7 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014.

Free Cash Flow

(Billion JPY)	FY2021 Q1	FY2022 Q1	Change versus the previous year	
Net profit	137.7	105.0	(32.7)	(23.7)%
Depreciation, amortization and impairment loss	143.0	172.5	29.5	
Decrease (increase) in trade working capital	(87.7)	(124.2)	(36.5)	
Income taxes paid	(35.9)	(24.9)	11.0	
Tax refunds and interest on tax refunds received	—	4.1	4.1	
Other	9.7	(48.2)	(58.0)	
Net cash from operating activities	166.9	84.2	(82.6)	(49.5)%
Adjustment for cash temporarily held by Takeda on behalf of third parties*1	5.9	53.5	47.6	
Acquisition of PP&E	(29.8)	(42.1)	(12.3)	
Proceeds from sales of PP&E	0.1	0.0	(0.0)	
Acquisition of intangible assets	(12.5)	(56.3)	(43.8)	
Acquisition of investments	(3.3)	(2.9)	0.3	
Proceeds from sales and redemption of investments	0.5	6.2	5.7	
Proceeds from sales of business, net of cash and cash equivalents divested	2.1	—	(2.1)	
Free Cash Flow	129.9	42.6	(87.3)	(67.2)%

*1 Adjustment refers to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

FY2022 Q1 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(Billion JPY)	FY2022 Q1
Cash and cash equivalents[*1]	492.0
Book value debt on consolidated statements of financial position	(4,602.3)
Hybrid bond 50% equity credit	250.0
FX adjustment[*2]	414.1
Gross debt[*3]	(3,938.2)
Net cash (debt)	**(3,446.2)**
Net debt/Adjusted EBITDA ratio	**2.8 x**
Adjusted EBITDA	**1,244.3**

NET INCREASE (DECREASE) IN CASH

(Billion JPY)	FY2021 Q1	FY2022 Q1	Change versus the previous year	
Net cash from operating activities	166.9	84.2	(82.6)	(49.5)%
Acquisition of PP&E	(29.8)	(42.1)		
Proceeds from sales of PP&E	0.1	0.0		
Acquisition of intangible assets	(12.5)	(56.3)		
Acquisition of investments	(3.3)	(2.9)		
Proceeds from sales and redemption of investments	0.5	6.2		
Acquisition of business, net of cash and cash equivalents acquired	(27.5)	—		
Proceeds from sales of business, net of cash and cash equivalents divested	2.1	—		
Net increase (decrease) in short-term loans and commercial papers	0.0	—		
Repayment of long-term loans	(220.1)	—		
Proceeds from issuance of bonds	—	—		
Repayment of bonds	(22.8)	(26.8)		
Purchase of treasury shares	(2.5)	(26.9)		
Interest paid	(23.2)	(22.8)		
Dividends paid	(132.0)	(128.9)		
Others	(10.4)	(10.0)		
Net increase (decrease) in cash	(314.6)	(226.2)	88.4	(28.1)%

*1 Includes short-term investments which mature or become due within one year from the reporting date and excludes cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

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

FY2021 Q4 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

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

NET INCREASE (DECREASE) IN CASH

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

*1 Includes short-term investments which mature or become due within one year from the reporting date and excludes cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

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

FY2022 Q1 and FY2021 Q1 Net Debt to Adjusted EBITDA Bridge

(Billion JPY)	FY2021 Q1	FY2022 Q1	Change versus the previous year	
Net profit	137.7	105.0	(32.7)	(23.7)%
Income tax expenses	85.3	50.5		
Depreciation and amortization	142.9	158.3		
Interest expense, net	29.9	28.5		
EBITDA	395.9	342.3	(53.6)	(13.5)%
Impairment losses	0.1	14.2		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	12.6	21.5		
Finance expense (income), net, excluding interest income and expense, net	(4.7)	(34.0)		
Share of loss on investments accounted for under the equity method	0.4	0.5		
Other adjustments:	(108.6)	26.7		
Non-core expense related to COVID-19	3.4	2.7		
Sales of Japan diabetes portfolio and other non-core product divestitures	(131.4)	—		
Impact on profit related to fair value step up of inventory in Shire acquisition	10.8	12.4		
Other costs*1	8.7	11.6		
Adjusted EBITDA	295.6	371.2	75.6	25.6 %

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

FY2022 Q1 Net Debt to Adjusted EBITDA LTM Bridge

(Billion JPY)	FY2021 Full Year (Apr-Mar)	FY2021 Q1 (Apr - Jun)	FY2022 Q1 (Apr - Jun)	FY2022 Q1 LTM*1 (Jul-Jun)
Net profit	230.2	137.7	105.0	197.5
Income tax expenses	72.4	85.3	50.5	37.6
Depreciation and amortization	583.2	142.9	158.3	598.5
Interest expense, net	117.8	29.9	28.5	116.4
EBITDA	1,003.6	395.9	342.3	950.0
Impairment losses	54.5	0.1	14.2	68.7
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	106.3	12.6	21.5	115.2
Finance expense (income), net, excluding interest income and expense, net	25.1	(4.7)	(34.0)	(4.2)
Share of loss on investments accounted for under the equity method	15.4	0.4	0.5	15.5
Other adjustments:	(30.2)	(108.6)	26.7	105.0
Non-core expense related to COVID-19	10.4	3.4	2.7	9.7
Sale of Japan diabetes portfolio	(144.8)	(131.4)	—	(13.4)
Impact on profit related to fair value step up of inventory in Shire acquisition	31.9	10.8	12.4	33.5
Other costs*2	72.4	8.7	11.6	75.2
Adjusted EBITDA	1,174.5	295.6	371.2	1,250.2
EBITDA from divested products*3	(6.6)			(5.9)
Adjusted EBITDA (LTM)	1,168.0			1,244.3

*1 LTM represents Last Twelve Months (July 2021 - June 2022). Calculated by subtracting FY2021 Q1 from FY2021 Full Year and adding FY2022 Q1.

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

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

FX Rates and FY2022 Currency Sensitivity

Average Exchange Rates vs. JPY				Impact of depreciation of yen from April 2022 to March 2023 on FY2022 forecast (100 million JPY)				
	FY2021 Actual (Apr-Jun)	FY2022 Actual (Apr-Jun)	FY2022 Assumption (Apr-Mar)		Revenue (IFRS)	Operating Profit (IFRS)	Net Profit (IFRS)	Core Operating Profit (non-IFRS)
USD	110	127	119	1% depreciation	192.2	34.7	29.8	75.1
				1 yen depreciation	161.7	29.2	25.1	63.2
EUR	132	137	133	1% depreciation	49.6	(31.6)	(33.5)	(21.8)
				1 yen depreciation	37.4	(23.8)	(25.3)	(16.5)
RUB	1.5	1.8	1.3	1% depreciation	4.0	2.1	2.1	2.5
CNY	17.0	19.4	18.8		15.6	8.6	8.6	8.6
BRL	20.2	26.3	24.0		8.8	5.5	5.5	5.6

CAPEX, Depreciation and Amortization and Impairment Losses

(Billion JPY)	FY2021	FY2021 Q1	FY2022 Q1	vs. PY		FY2022 Forecast
Capital expenditures*	186.0	42.3	98.4	56.1	132.6 %	260.0 to 310.0
Tangible assets	123.3	29.8	42.1	12.3	41.2 %	
Intangible assets	62.8	12.5	56.3	43.8	351.7 %	
* Cash flow base						
Depreciation and amortization	579.8	142.0	157.5	15.4	10.9 %	588.0
Depreciation of tangible assets* (A)	132.4	32.4	34.7	2.3	7.0 %	
Amortization of intangible assets (B)	447.4	109.6	122.8	13.2	12.0 %	
Of which Amortization associated with products (C)	418.8	102.8	117.0	14.2	13.8 %	438.0
Of which Amortization excluding intangible assets associated with products (D)	28.6	6.8	5.8	(1.1)	(15.5)%	
* Excluding depreciation from investment properties						
Depreciation and amortization (excluding intangible assets associated with products) (A)+(D)	161.0	39.2	40.4	1.2	3.1 %	150.0
Impairment losses	54.5	0.1	14.2	14.2	— %	
Impairment losses associated with products	54.1	—	14.2	14.2	— %	50.0
Amortization and impairment losses on intangible assets associated with products	472.9	102.8	131.3	28.5	27.7 %	488.0

FY2022 Detailed Forecast

(Billion JPY)	FY2021 Actual	FY2022 Forecast	vs. PY		Variances
Revenue	3,569.0	3,690.0	121.0	3.4 %	Core business growth & Fx tailwind offsetting the decrease from FY2021 booking of 133.0B in reported revenue from sale of Japan diabetes business
Cost of sales	(1,106.8)	N/D[*1]			
R&D expenses	(526.1)	(570.0)	(43.9)	(8.3)%	Fx: Majority of R&D spend is in USD. R&D expenses are expected to grow slower than revenue on CER basis
Amortization of intangible assets associated with products	(418.8)	(438.0)	(19.2)	(4.6)%	Fx: Amortization is primarily of USD- and EUR-denominated assets
Impairment losses on intangible assets associated with products	(54.1)	(50.0)	4.1	7.6 %	
Other operating income	43.1	12.0	(31.1)	(72.2)%	Lower divestiture income & other one-offs
Other operating expenses	(159.1)	(73.0)	86.1	54.1 %	Lower restructuring costs, lower pre-launch inventory & other expenses
Operating profit	460.8	520.0	59.2	12.8 %	
Finance income and (expenses), net	(142.9)	(107.0)	35.9	25.1 %	Lower interest expenses, and fewer one-offs
Profit before tax	302.6	411.0	108.4	35.8 %	
Net profit attributable to owners of the Company	230.1	292.0	61.9	26.9 %	
Basic EPS (yen)	147.14	188.13	40.99	27.9 %	
Core Revenue[*2]	3,420.5	3,690.0	269.5	7.9 %	Core business growth & Fx tailwind
Core Operating Profit[*2]	955.2	1,100.0	144.8	15.2 %	
Core EPS (yen)	425	484	60	14.0 %	
USD/JPY (yen)	112	119	7		
EUR/JPY (yen)	131	133	2		

*1. Not Disclosed.
*2. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate change, and Free Cash Flow, for the definition and A-16 FY2022 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit, for reconciliation.

FY2022 Core Operating Profit Adjustment Items & Cash Flow Forecast

CORE OPERATING PROFIT ADJUSTMENT ITEMS

(Billion JPY)	FY2022 Q1	FY2022 Forecast
Amortization of intangible assets associated with products	117.0	438.0
Of which Shire-acquisition related	*94.7*	*358.0*
Impairment losses on intangible assets associated with products	14.2	50.0
Other operating income	(5.5)	(12.0)
Other operating expenses	28.2	73.0
Other Core Operating Profit adjustments	14.6	31.0
Of which Shire-acquisition related to unwind of inventories step-up	*12.4*	*22.0*
Total core operating profit adjustments	168.5	580.0

CASH FLOW GUIDANCE

(Billion JPY)	FY2022 Q1	FY2022 Forecast
Free cash flow	42.6	600.0 to 700.0
CAPEX (cash flow base)	(98.4)	(260.0) to (310.0)
Depreciation and amortization (excluding intangible assets associated with products)	(40.4)	(150.0)
Cash tax rate on adjusted EBITDA (excluding divestitures)	N/A	mid-teen %

FY2022 Reconciliation from Reported Operating Profit to Core Operating Profit

(Billion JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income (expenses)	Others	
Revenue	3,690.0					3,690.0
Cost of sales					24.0	
Gross Profit					24.0	
SG&A and R&D expenses					7.0	
Amortization of intangible assets associated with products	(438.0)	438.0				—
Impairment losses on intangible assets associated with products	(50.0)		50.0			—
Other operating income	12.0			(12.0)		—
Other operating expenses	(73.0)			73.0		—
Operating profit	520.0	438.0	50.0	61.0	31.0	1,100.0

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