
Takeda

Committed to Bring COVID-19 Vaccines to the People of Japan

Health Minister Shigeyuki Goto visited Hikari plant on June 23, 2022

Creating Value for Society

Christophe Weber
Representative Director, President & CEO

June 29th, 2022 | 146th Ordinary General Meeting of Shareholders

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 International Financial Reporting Standards (“IFRS”), such as Underlying Revenue, Core Operating Profit, Underlying Core Operating Profit, Core Net Profit, Underlying Core EPS, 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, core results and underlying trends. 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 on slides 23-30.

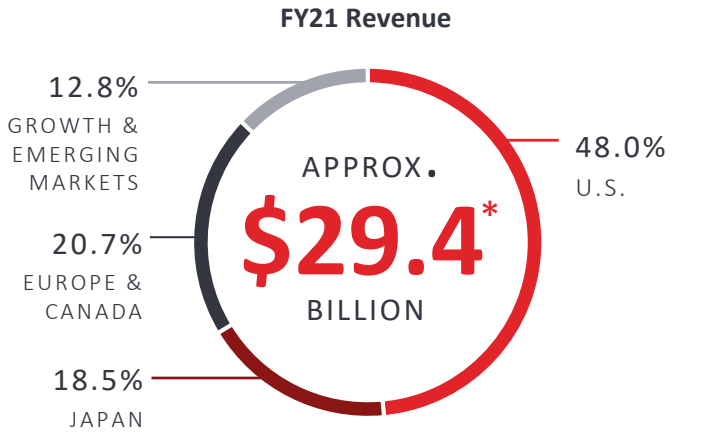
Exchange Rates

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 = 121.44 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on March 31, 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.

Medical information

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

A Global Biopharmaceutical Company with a Strong Presence in Japan & US



* Convenience translation of reported JPY figures into USD at an average rate of 121.44 JPY/USD.

30 MANUFACTURING SITES

3 RESEARCH SITES

TSE: 4502 / NYSE: TAK

PRESENCE: APPROX. IN **80** COUNTRIES & REGIONS AS OF MARCH 2022

GLOBAL HUB
CAMBRIDGE, MA, USA

FOUNDED IN
1781
OSAKA, JAPAN

HEADQUARTERS IN
TOKYO, JAPAN

OUR PEOPLE

TOP EMPLOYER® IN
39
COUNTRIES & 4 REGIONS
AS OF JANUARY 2022

52% WOMEN
48% MEN
AS OF MARCH 2022

AS OF MARCH 2022

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, data-driven, outcomes-based 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.

Focus on Human Capital

TALENT

Develop and attract top talent to deliver our vision with a highly engaged workforce.

83% of employees believe they can learn and grow in their work

LEARNING

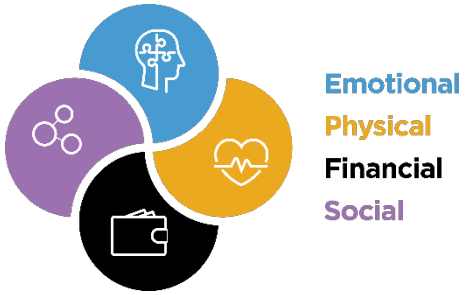
Create an environment that fosters **lifelong learning and a growth mindset,** enabling employees to thrive inside and outside of Takeda.

8% of employees have started Takeda Beyond Tomorrow program

DE&I

Drive positive change by **promoting and improving diversity, equity and inclusion**.

Named to Human Rights Campaign '**Best Places to Work' for LGBTQ+ Equality**



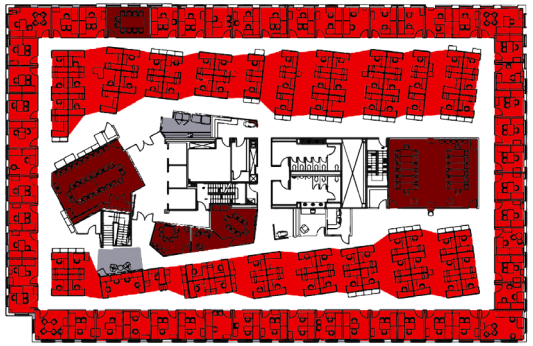
WELL-BEING

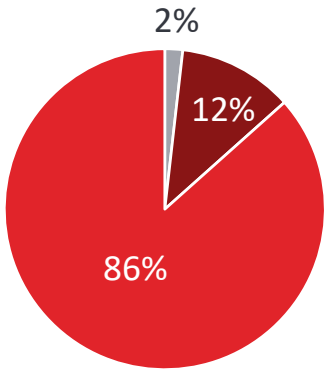
Focus on **improving employee** health, **well-being** and resilience.

66% of employees feel they can balance work and personal life

Leveraging More Flexible Ways of Working at Takeda

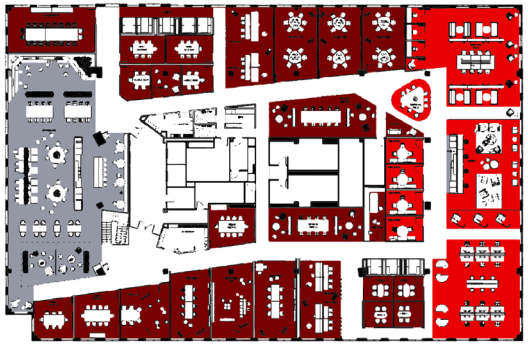
TRADITIONAL WORKPLACE DESIGN

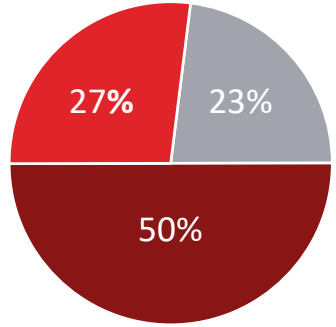




Individual spaces
Innovation
Community

COLLABORATIVE WORKPLACE DESIGN





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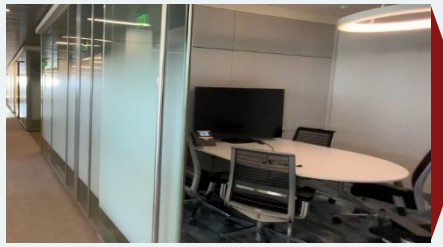

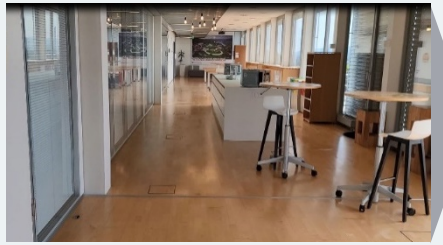

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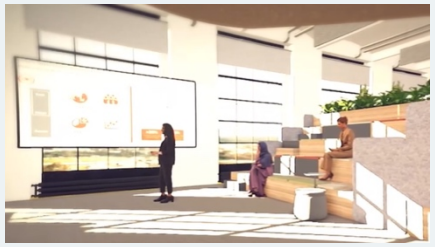


Diverse and Experienced Takeda Executive Team

CHRISTOPHE WEBER
Representative Director;
President & CEO

ANDY PLUMP
Director; President,
Research & Development

COSTA SAROUKOS
Director;
Chief Financial Officer

GABRIELE RICCI
Chief Data &
Technology Officer

KOKI SATO
Corporate Strategy
Officer & CEO Office

GILES PLATFORD
President, Plasma-Derived
Therapies Business Unit

JULIE KIM
President,
US Business Unit

NATIONALITIES
9

AGES
30-60s

WOMEN
33%

JERRY GRECO
Global Quality Officer

LAUREN DUPREY
Chief Human Resources
Officer

MARCELLO AGOSTI
Global Business
Development Officer

MASATO IWASAKI
Representative Director;
Japan General Affairs

MILANO FURUTA
President, Japan
Pharma Business Unit

RAMONA SEQUEIRA
President,
Global Portfolio Division

THOMAS WOZNIEWSKI
Global Manufacturing &
Supply Officer

MWANA LUGOGO
Chief Ethics &
Compliance Officer

TAKAKO OHYABU
Chief Global Corporate Affairs
& Sustainability Officer

YOSHIHIRO NAKAGAWA
Global General Counsel

TERESA BITETTI
President, Global
Oncology Business Unit

Accelerating our Decarbonization

We've been carbon neutral across our value chain since 2020. We're now committed to achieving net-zero greenhouse gas (GHG) emissions across our entire value chain - **scope 1 and 2 before 2035 and scope 3[1] before 2040.**

Before 2035

100% reduction of GHG emissions from our operations

Before 2040

100% reduction of GHG emissions from our suppliers

1. Currently calculated
GHG emissions are categorized as Scope 1 (direct emissions from company operations), Scope 2 (indirect emissions from purchased energy) and Scope 3 (emissions associated with our value chain – impacts from every purchase and use/disposal of our products).

20+ Conditions Treated with our Medicines and Vaccines

We are focused on key areas of unmet needs, including patient identification and diagnosis, digital health and devices, and integrated evidence-based solutions.

NEUROSCIENCE

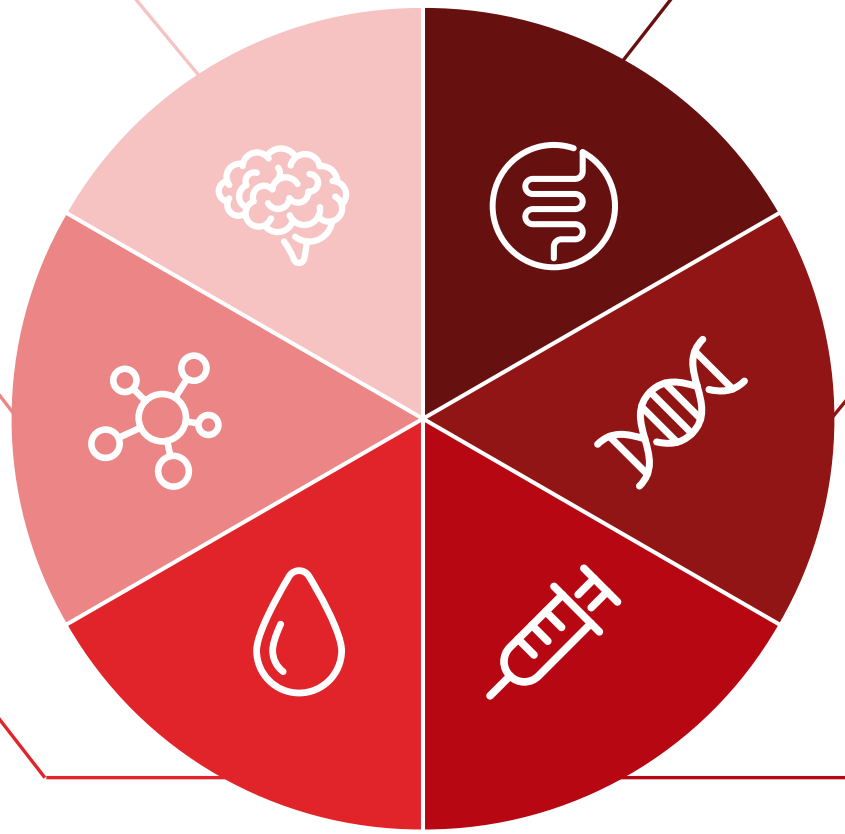
- Attention-Deficit Hyperactivity Disorder (ADHD)
- Major Depressive Disorder (MDD)

ONCOLOGY

- Multiple Myeloma
- Non-Small Cell Lung Cancer

PDT IMMUNOLOGY

- Immunodeficiency and Autoimmune Diseases
- Primary Immunodeficiency (PI)
- Alpha-1 Antitrypsin Deficiency



GASTROENTEROLOGY

- Ulcerative Colitis
- Crohn's Disease
- Crohn's Disease Complex Perianal Fistula
- Short Bowel Syndrome

RARE DISEASES

- Hunter Syndrome
- Type 1 Gaucher Disease
- Fabry Disease
- Hereditary Angioedema (HAE)
- Hemophilia A
- Von Willebrand Disease
- Hypoparathyroidism
- Cytomegalovirus (CMV) Infection

VACCINES[1]

- Dengue
- COVID-19

1 Includes Partnerships and clinical programs, see current Pipeline for details.

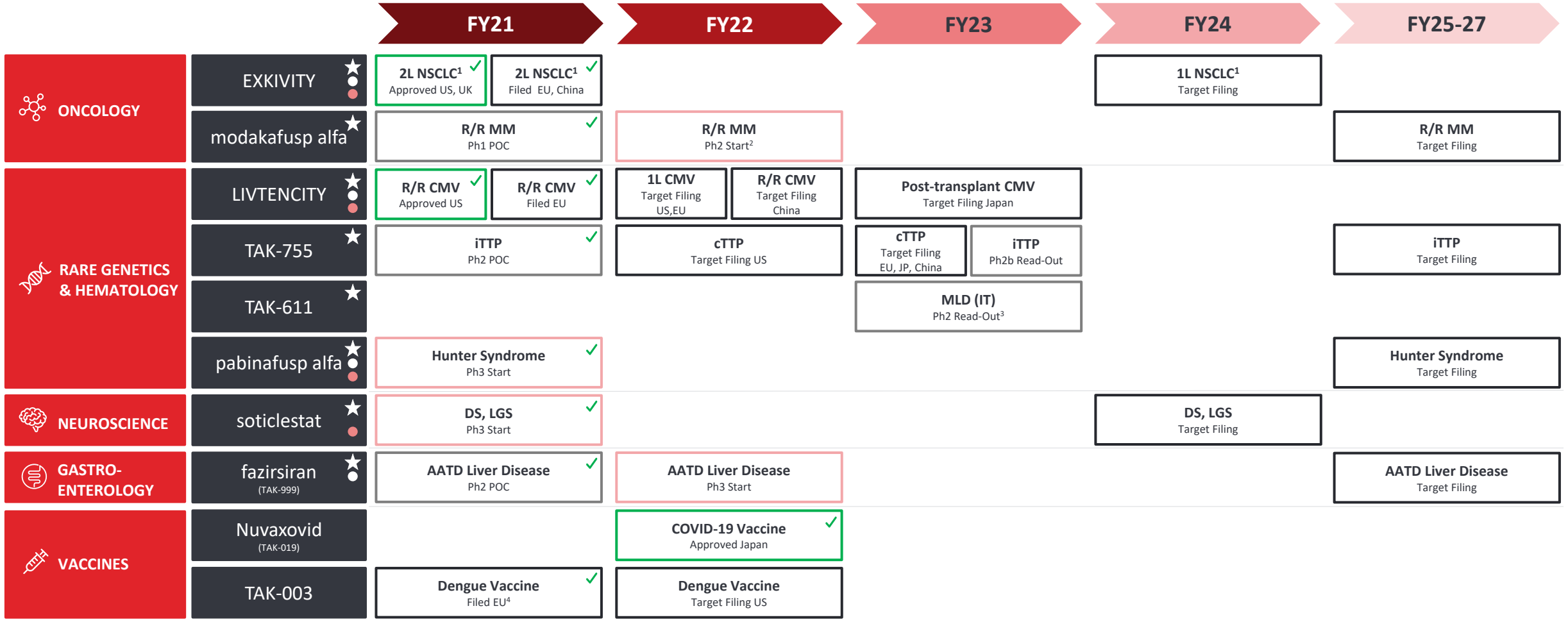
Balanced Portfolio in 5 Key Business Areas, with Growth Momentum Driven by Growth & Launch Products

FY2021 REVENUE[1]	GI	RARE DISEASES		PLASMA-DERIVED THERAPIES (PDT)	ONCOLOGY	NEUROSCIENCE	OTHER
	% of Sales: 25% Growth: +7%	% of Sales: 18% Growth: -1%		PDT IMMUNOLOGY % of Sales: 15% Growth: +14%	% of Sales: 14% Growth: +8%	% of Sales: 14% Growth: +10%	% of Sales: 14% Growth: +13%
		RARE HEMATOLOGY % of Sales: 8% Growth: -7%	RARE GENETICS & OTHER % of Sales: 10% Growth: +9%				
GROWTH & LAUNCH PRODUCTS	Entyvio® vedolizumab ALOFISEL	TAKHZYRO (lanadelumab-flyo) injection LIVTENCITY™ (maribavir) tablets 200mg		GAMMAGARD LIQUID, HyQvia, Cuvitru IMMUNOGLOBULIN ALBUMIN Flexbumin (Human Albumin), HUMANALBUMIN	ALUNBRIG® BRIGATINIB EXKIVITY™ mobocertinib 40 mg capsules		Spikevax™ (JP) Nuvaxovid® (JP)

Growth & Launch Products represent approx. 1/3 of Core Revenue, and delivered an incremental approx. JPY 240B ($2B)[2,3] in FY2021 (+19% growth)

1. Percentage of sales are based on Core Revenue, which is adjusted to remove JPY 133.0B for the sale of the diabetes portfolio in Japan, and other non-core asset transfers booked as revenue. Year-on-year growth rates are Underlying Revenue. Please refer to slide 24 for definitions of Core and Underlying, and slide 27 for reconciliation.
2. Absolute value is presented on an IFRS (reported) basis; Year-on-year changes are Underlying Revenue growth
3. Please refer to disclaimer on Exchange Rates on slide 4

Among our 40 Medicines in Clinical Stage, 21 in Phase 1 Study, 5 in Proof-of-concept, and 10 in Late-stage



1. Non-small cell lung cancer with EGFR exon 20 insertion mutations
2. Pursuing single agent and multiple combination studies in R/R MM
3. Single arm Phase 2, timelines and filing plans will follow the data.
4. EU approval is expected to be referenced by many endemic countries for local approval. Filed in FY2020.

○ 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 May 11, 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.

Core Operating Profit Expected to Exceed 1Trn Yen for First Time

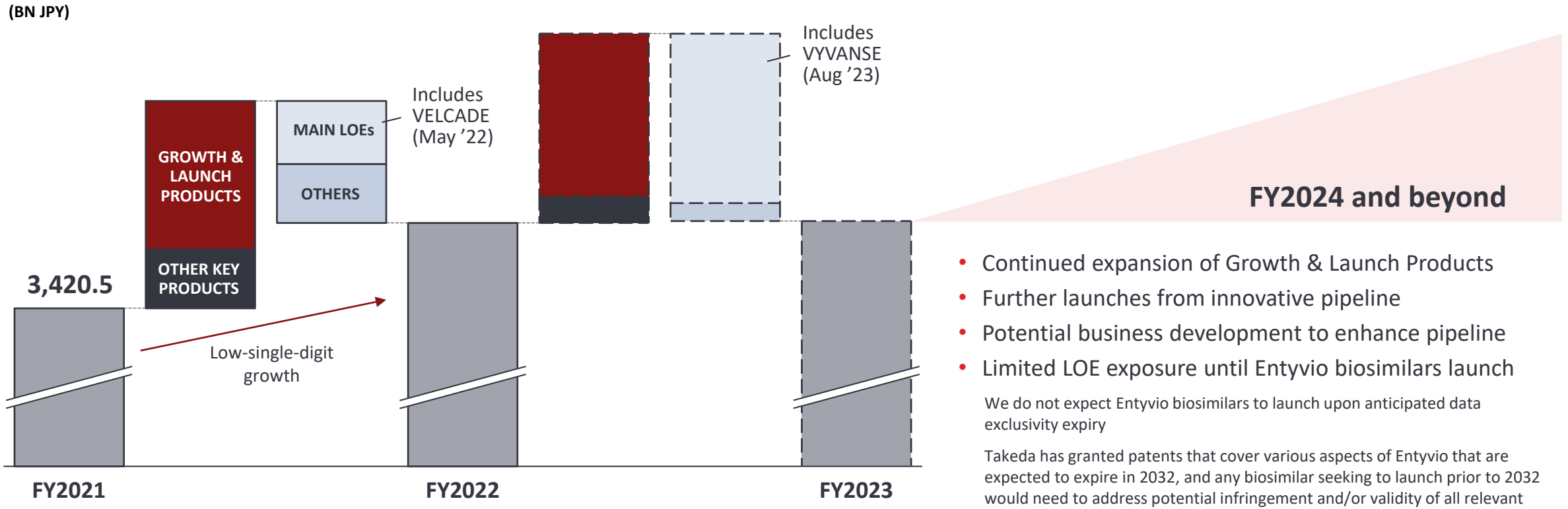
(BN YEN)	FY2021 ACTUAL	FY2022 FORECAST	VS PY	CORE GROWTH AT CER[2] MANAGEMENT GUIDANCE
CORE REVENUE[1]	3,420.5	**3,690.0**	**+7.9%**	**Low-single-digit growth**
REPORTED REVENUE	3,569.0	**3,690.0**	**+3.4%**	
CORE OPERATING PROFIT[1]	955.2	**1,100.0**	**+15.2%**	**High-single-digit growth**
REPORTED OPERATING PROFIT	460.8	**520.0**	**+12.8%**	
CORE EPS[1] (JPY)	425 yen	**484 yen**	**+14.0%**	**High-single-digit growth**
REPORTED EPS (JPY)	147 yen	**188 yen**	**+27.9%**	

- Revenue growth expected to continue as Growth & Launch Products more than offset Velcade generics impact
- Profit growth driven by product mix and OPEX discipline
- Free Cash Flow[3] forecast of JPY 600-700B supporting further debt paydown and investment for growth

1. Please refer to slide 24 for definition of Core, and slides 27 & 30 for reconciliation
2. CER: Constant Exchange Rate. Please refer to slide 24 for definition
3. Please refer to slide 25 for definition

Momentum of Growth & Launch Products Gives us Position of Strength Through Upcoming Loss of Exclusivity (LOE) Headwinds

CORE REVENUE OUTLOOK[1]



- Continued expansion of Growth & Launch Products
- Further launches from innovative pipeline
- Potential business development to enhance pipeline
- Limited LOE exposure until Entyvio biosimilars launch

We do not expect Entyvio biosimilars to launch upon anticipated data exclusivity expiry

Takeda has granted patents that cover various aspects of Entyvio that are expected to expire in 2032, and any biosimilar seeking to launch prior to 2032 would need to address potential infringement and/or validity of all relevant patents

1. Assuming constant exchange rates
- GROWTH & LAUNCH PRODUCTS includes Entyvio, Alofisel, Immunoglobulin, Albumin, Takhzyro, Livtencity, Alunbrig, Exkivity, Spikevax, Nuvaxovid, and TAK-003
- OTHER KEY PRODUCTS between FY2021 and FY2022 includes Takecab/Vocinti, Gattex/Revestive, Adynovate, Vonvendi, Vpriv, Elaprase, Replagal, Glassia, Aralast, Ninlaro, Adcetris, Iclusig, Zejula, Cabometyx, Leuprorelin, Vyvanse, Trintellix, and Azilva. Between FY2022 and FY2023, it contains the same products with the exception of Gattex/Revestive, Vyvanse and Azilva, which are re-categorized to MAIN LOEs because we expect them to face Loss of Exclusivity in FY2023.
- MAIN LOEs (Loss of Exclusivities) between FY2021 and FY2022 includes assumptions of generic entrants for Dexilant (Jan 2022, U.S.), Velcade (May 2022, U.S.), and Lotriga (June 2022, Japan). Between FY2022 and 2023, it contains the continued decline of those products, with the addition of Azilva (June 2023, Japan), Vyvanse (Aug 2023, U.S.), and Gattex/Revestive (Sep 2023, U.S.).

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 reduced to 2.8x as of March 2022; target of 2x (i.e. “low-twos”) by FY2023
- Maintain solid investment grade credit ratings

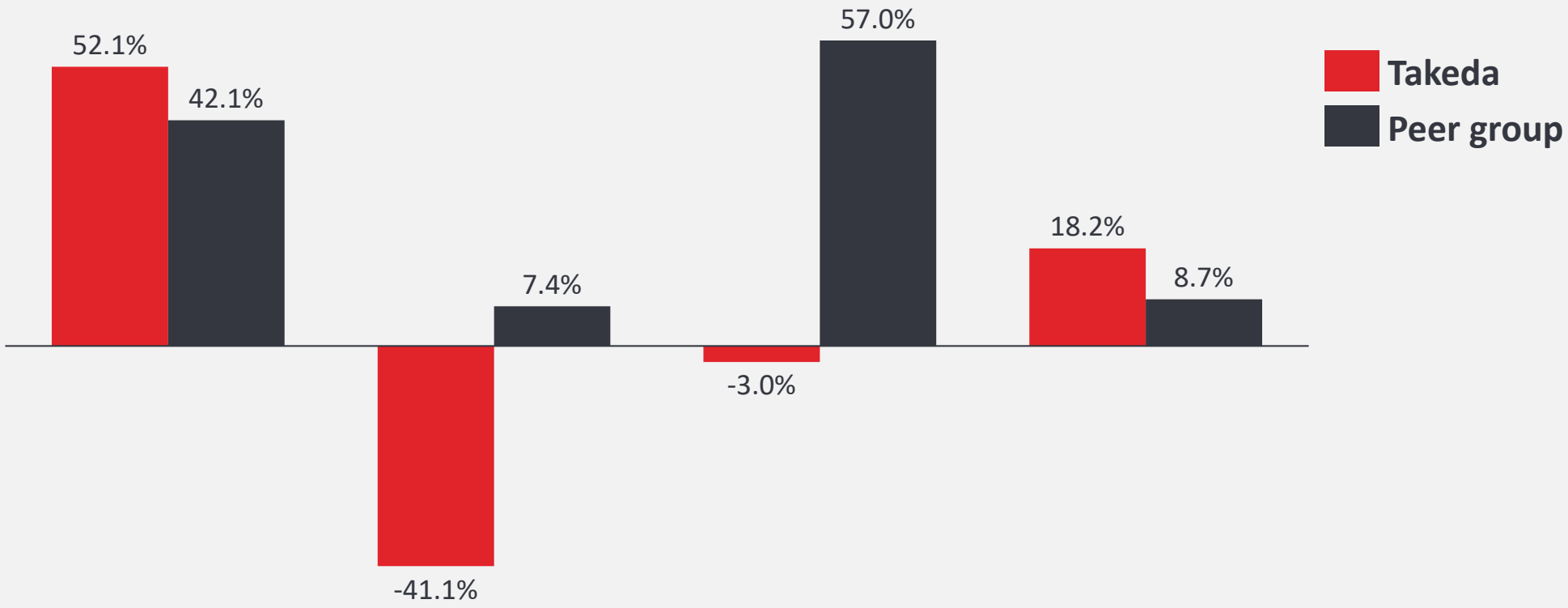
SHAREHOLDER RETURNS

- 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 slide 26 for definition

Aiming for Competitive Total Shareholder Returns

Total Shareholder Returns (%)	Jan. 2014 – Dec. 2017	Jan. 2018 – Dec. 2018	Jan. 2019 – Dec. 2021	Jan. 2022 – May 2022



Source: Capital IQ dividend-adjusted share price. This methodology adjusts historical closing prices to reflect dividend payments, providing a more accurate reflection of historical returns compared to share price performance alone.
Takeda peer group: AbbVie, Amgen, Bristol-Myers Squibb, Gilead, AstraZeneca PLC, Eli Lilly, Novartis, GlaxoSmithKline, Merck & Co, MERCK KgaA, Johnson & Johnson, Sanofi, Roche, Pfizer, Astellas

Strong Governance Led by Takeda Board of Directors

INTERNAL DIRECTORS

CHRISTOPHE WEBER
Representative Director,
President & CEO

MASATO IWASAKI
Representative Director,
Japan General Affairs

ANDY PLUMP
Director, President,
Research & Development

COSTA SAROUKOS
Director,
Chief Financial Officer

CB CHAIR OF THE BOARD MEETING

A&SC AUDIT & SUPERVISORY COMMITTEE

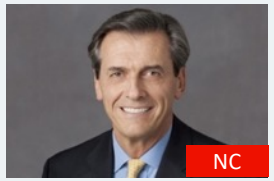
NC NOMINATION COMMITTEE[2,3]

CC COMPENSATION COMMITTEE[3]

INDEPENDENT EXTERNAL DIRECTORS[1]

MASAHIRO SAKANE
Independent Director
Chair of the Board meeting
Chair of Nomination Committee

OLIVIER BOHUON
Independent Director



JEAN-LUC BUTEL
Independent Director

IAN CLARK
Independent Director

YOSHIAKI FUJIMORI
Independent Director

STEVEN GILLIS
Independent Director

SHIRO KUNIYA
Independent Director

TOSHIYUKI SHIGA
Independent Director

KOJI HATSUKAWA
Independent Director,
Chair of A&SC[4]

EMIKO HIGASHI
Independent Director
Chair of Compensation Committee

MICHEL ORSINGER
Independent Director

MASAMI IIJIMA
Independent Director

1. As defined by Tokyo Stock Exchange listing rules
2. Christophe Weber participates in the committee as an observer
3. Current members of NC and CC subject to be confirmed at the Board of Directors meeting after the Ordinary General Meeting of Shareholders
4. Current chair of A&SC subject to be decided at A&SC after the Ordinary General Meeting of Shareholders

FY2022 Proposed Takeda Board of Directors

New Board Subject to Shareholders' Approval

4 INTERNAL DIRECTORS

CHRISTOPHE WEBER
Representative Director,
President & CEO

MASATO IWASAKI
Representative Director,
Japan General Affairs

ANDY PLUMP
Director, President,
Research & Development

COSTA SAROUKOS
Director,
Chief Financial Officer

11 INDEPENDENT EXTERNAL DIRECTORS

MASAMI IIJIMA
External Director
Chair of the Board meeting

OLIVIER BOHUON
External Director

JEAN-LUC BUTEL
External Director

IAN CLARK
External Director

STEVEN GILLIS
External Director

JOHN MARAGANORE
External Director

MICHEL ORSINGER
External Director

COMMITTEE CHAIR & MEMBERS

CB Chair of the Board meeting

Audit & Supervisory Committee Members (FY22-23)

Chair & Membership of Nomination Committee & Compensation Committee will be appointed after Annual General Shareholders Meeting in June

Audit & Supervisory Committee (A&SC)

KOJI HATSUKAWA
External Director,
Chair of A&SC

YOSHIAKI FUJIMORI
External Director

EMIKO HIGASHI
External Director

KIMBERLY A. REED
External Director

1. Until the conclusion of this General Meeting of Shareholders ("Meeting"), Mr. Iijima and Mr. Orsinger serve as Directors who are members of the A&SC, and at this Meeting, they are candidates for new Directors who are not members of the A&SC.
2. Until the conclusion of this Meeting, Mr. Fujimori serves as a Director who is not a member of the A&SC, and at this Meeting, he is a candidate for a new Director who is a member of the A&SC.

2022 Annual Integrated Report

Long-term Value Creation to All Stakeholders

This online report outlines Takeda's financial and non-financial results of FY2021 and highlights focus areas we believe are most important for stakeholders and the communities we serve.

APPENDIX

Imperatives and Priorities

PATIENT		PEOPLE	PLANET
Responsibly translate science into highly innovative, life-changing medicines and vaccines *We focus on diseases with the highest unmet needs to bring medicines and vaccines of the highest quality to patients as quickly as possible.*	**Accelerate access to improve lives worldwide** *We partner with diverse stakeholders to support the sustainability of health care systems.*	**Create an exceptional people experience** *We aim to create a diverse and inclusive organization where people can thrive, grow and realize their own potential while enabling our purpose.*	**Protect our planet** *We will harness our unique capabilities to deliver a high standard of environmental leadership that protects our planet's natural systems and human health.*
PRIORITY 1: Deliver life-changing medicines and vaccines to people by cultivating the best science generated through our strong internal research and development capabilities complemented by our extensive partnership network. **PRIORITY 2:** Embed a patient-centric and science-driven approach from discovery through commercialization to ensure rapid, global access to all transformative medicines and vaccines. **PRIORITY 3:** Ensure the high quality, uninterrupted supply and delivery of our medicines and vaccines to people by harnessing innovation.	**PRIORITY 1:** Provide timely, broad and sustainable access to our innovative medicines worldwide. **PRIORITY 2:** Ensure sustainable access to our innovative medicines for patients diagnosed with a serious condition in underserved communities, in particular where there are no medical alternatives. **PRIORITY 3:** Improve patient outcomes and create societal value through partnerships.	**PRIORITY 1:** Develop and attract top talent to deliver our vision with a highly engaged workforce. **PRIORITY 2:** Focus on improving employee health, well-being and resilience. **PRIORITY 3:** Drive positive change by promoting diversity, equity and inclusion. **PRIORITY 4:** Create an environment that fosters lifelong learning and a growth mindset, enabling employees to thrive inside and outside of Takeda.	**PRIORITY 1:** Minimize the environmental impact of products and services based on the principles of a circular economy. **PRIORITY 2:** Decarbonize our operations and value chain. **PRIORITY 3:** Empower our employees to go above and beyond to conserve the world's natural resources.

DATA AND DIGITAL			
Unleash the power of data and digital *We strive to transform Takeda into the most trusted, data-driven, outcomes-based biopharmaceutical company.*	**PRIORITY 1:** Provide personalized digital experiences to patients across the care pathway.	**PRIORITY 2:** Harness data as a digital enabler to generate sustainable value by acting on insights derived from analytics and Ai.	**PRIORITY 3:** Democratize technology and develop digital talent to speed innovation, improve outcomes and deliver on our commitments to patients.

Takeda's Disclosure Metrics

"REPORTED"

Financial results recorded and prepared in accordance with International Financial Reporting Standards (IFRS)

"CORE"

From Reported Results, adjust for:

1. Amortization and impairment expenses for intangible assets associated with products
2. Impacts of purchase accounting
3. Restructuring costs
4. Other material or non-recurring items that do not represent our on-going core operations (e.g. one-time expenses & income)

Intended to be similar to 'Non-GAAP' or 'Core' results reported by our peers

"UNDERLYING"

From Core Results, further adjust for:

1. Impact of foreign exchange
2. Impact of divestitures (divested assets removed from both prior and current year)

"CORE GROWTH AT CER"

From Core Results, further adjust for impact of foreign exchange

GAAP Reporting (IFRS) ← → **Non-GAAP Reporting (Non-IFRS)** →

Beginning with FY2022, Takeda will now use growth in its Core financial measures on a Constant Exchange Rate basis ("Core Growth at CER") to provide its Management Guidance. Previously, Takeda used Underlying financial measures for its Management Guidance, which also adjusted for the impact of divestitures. Because Takeda now anticipates that all the major divestitures following its acquisition of Shire have been completed, we will no longer use Underlying financial measures in our financial reporting going forward.

Note: Please refer to slides 24-30 for a more detailed definition of Core and Underlying measures, and for reconciliation tables.

Definition of Core, Underlying Growth and Constant Exchange Rate

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 reporting periods presented.

Underlying Core Operating Profit represents Core Operating Profit (as defined to the right) 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 and items excluded in the calculation of Core EPS (as defined to the right), divided by the outstanding shares (excluding treasury shares) as of the end of the comparative period.

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

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

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

CER (Constant Exchange Rate) eliminates the effect of foreign exchange rates by translating results of operations using corresponding exchange rates in the same period of the previous fiscal year.

Definition of Free Cash Flow

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 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

EBITDA and Adjusted EBITDA

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, such as the results of businesses divested during a period. 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 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 slide 29 for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

Net Debt

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 slide 28 for a reconciliation to this measure.

Reconciliation from Reported to Core/Underlying FY2021

(BN JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS							CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING GROWTH
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expense	Sale of Japan diabetes portfolio	Irish Tax Assessment[1]	TEVA JV related accounting adjustments	Others		FX	Divestitures	
Revenue	3,569.0				-133.0		-0.8	-14.6	3,420.5	-166.9	-6.9	**+7.4 %**
Cost of sales	-1,106.8				0.6			45.6	-1,060.6	52.0	3.6	
Gross Profit	2,462.2				-132.4		-0.8	31.0	2,359.9	-114.9	-3.2	
SG&A expenses	-886.4				1.0			5.1	-880.2	46.1	0.0	
R&D expenses	-526.1							1.6	-524.5	25.6	-0.0	
Amortization of intangible assets	-418.8	418.8							-			
Impairment losses on intangible assets	-54.1		54.1						-			
Other operating income	43.1			-41.7			-1.4		-			
Other operating expenses	-159.1			159.1					-			
Operating profit	460.8	418.8	54.1	117.4	-131.4		-2.2	37.7	955.2	-43.2	-3.2	**+5.4 %**
Margin	12.9 %								27.9 %			**28.0 %**[2]
Financial income/expenses	-142.9							21.0	-121.9	13.5		
Equity income/loss	-15.4						7.3	11.8	3.7	0.3		
Profit before tax	302.6	418.8	54.1	117.4	-131.4		5.1	70.5	837.0	-29.4	-3.2	
Tax expenses	-72.4	-89.7	-15.2	-26.1	40.2	65.4	-1.6	-73.8	-173.2	6.1	1.0	
Non-controlling interests	-0.1								-0.1	-0.0	0.0	
Net profit	230.1	329.1	38.9	91.2	-91.2	65.4	3.5	-3.2	663.7	-23.3	-2.2	
EPS (yen)	147								425	-15	-1	**+9.4 %**
Number of shares (millions)	1,564								1,564			1,563

1. A tax charge of 65.4 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014.
2. Underlying Core Operating Profit Margin.

Net Debt/Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(BN JPY)	FY2021
Cash and cash equivalents[1]	642.2
Book value debt on the balance sheet	-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

(BN 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.

Net Profit to Adjusted EBITDA Bridge FY2021 Versus Prior Year

(BN JPY)	FY2020	FY2021	vs. PY	
Net profit	376.2	230.2	-146.0	-38.8%
Income tax expenses	-9.9	72.4		
Depreciation and amortization	559.7	583.2		
Interest expense, net	129.0	117.8		
EBITDA	1,054.9	1,003.6	-51.4	-4.9%
Impairment losses	25.5	54.5		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	-74.5	106.3		
Finance expense (income), net, excluding interest income and expense, net	14.1	25.1		
Share of loss on investments accounted for under the equity method	-0.1	15.4		
Other adjustments:	131.4	-30.2		
Non-core expense related to COVID-19	14.0	10.4		
Sale of Japan diabetes portfolio and other non-core product divestitures	-	-144.8		
Impact on profit related to fair value step up of inventory in Shire acquisition	79.4	31.9		
Acquisition costs related to Shire	1.9	-		
Other costs[1]	36.1	72.4		
EBITDA from divested products[2]	-67.8	-6.6		
Adjusted EBITDA	1,083.5	1,168.0	+84.5	+7.8%

1. Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.
2. Represents adjustments for EBITDA from divested products which are removed as part of Adjusted EBITDA.

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

(BN 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	-438.0	438.0				-
Impairment losses on intangible assets	-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

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
IH	idiopathic hypersomnia
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 or refractory/resistant
RCC	renal cell cancer
RTK	receptor tyrosine kinase
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
TESD	treatment emergent sexual dysfunction
TKI	tyrosine kinase inhibitor
UC	ulcerative colitis
vWD	von Willebrand disease
VWF	von Willebrand factor