



GLOBAL FINANCE INVESTOR DAY

- Creating a best-in-class Finance organization by leveraging the power of data and digital

July 12, 7pm Eastern / July 13, 2021, 8am JST



Better Health, Brighter Future

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The companies in which Takeda directly and indirectly owns investments are separate entities. In this presentation, “Takeda” is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

Forward-Looking Statements

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

Certain Non-IFRS Financial Measures

This 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 58-64.

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.

Financial information

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The revenue of Shire plc (“Shire”), which was historically presented by Shire in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), has been conformed to IFRS, without material difference.

The Shire acquisition closed on January 8, 2019, and our consolidated results for the fiscal year ended March 31, 2019 include Shire’s results from January 8, 2019 to March 31, 2019. References to “Legacy Takeda” businesses are to our businesses held prior to our acquisition of Shire. References to “Legacy Shire” businesses are to those businesses acquired through the Shire acquisition.

This presentation includes certain pro forma information giving effect to the Shire acquisition as if it had occurred on April 1, 2018. This pro forma information has not been prepared in accordance with Article 11 of Regulation S-X. This pro forma information is presented for illustrative purposes and is based on certain assumptions and judgments based on information available to us as of the date hereof, which may not necessarily have been applicable if the Shire acquisition had actually happened as of April 1, 2018. Moreover, this pro forma information gives effect to certain transactions and other events which are not directly attributable to the Shire acquisition and/or which happened subsequently to the Shire acquisition, such as divestitures and the effects of the purchase price allocation for the Shire acquisition, and therefore may not accurately reflect the effect on our financial condition and results of operations if the Shire acquisition had actually been completed on April 1, 2018. Therefore, undue reliance should not be placed on the pro forma information included herein.



**Better health for people,
Brighter future for the world**

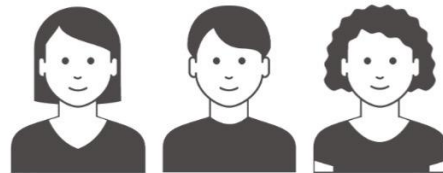


Our vision is to discover and deliver life-transforming treatments, guided by our commitment to:

PATIENTS



PEOPLE



PLANET



& BY UNLEASHING THE POWER OF DATA AND DIGITAL



Takeda's corporate transformation into a global values-based R&D-driven biopharmaceutical company



1. Underlying Core Operating Profit. Please refer to slide 58 for definition and slides 60-64 for reconciliations

2. Includes incremental revenue not adjusted for Probability of Technical Success (PTS) and is not a "forecast" or "target" figure. PTS applies to the probability that a given clinical trial/study will be successful based on pre-defined endpoints, feasibility and other factors and regulatory bodies will grant approval. Actual future net sales achieved by our commercialized products and pipelines will be different, perhaps materially so, as there

is a range of possible outcomes from clinical development, driven by a number of variables, including safety, efficacy and product labelling. If a product is approved, the effect of commercial factors including the patient population, the competitive environment, pricing and reimbursement is also uncertain.

Pivoting from integration to accelerating topline & pipeline

FY2018-FY2020

FINANCIALS



Delivered

management guidance each year through integration & pandemic

SYNERGIES



\$2.3B

Achieved one year ahead of plan and exceeding original \$1.4B target

MARGINS



30.2%

Underlying Core OP margin in FY20 vs 22% in FY18¹

DIVESTITURES



~\$12.9B²

announced non-core asset sales exceeding \$10B target

DELEVERAGING



3.2x

in Mar '21 vs 4.7x in Mar '19 driven by robust cash flow

FY2021 AND BEYOND

Acceleration of topline growth to mid-single digit underlying revenue growth guidance in FY2021

Topline growth momentum expected to continue in the mid-term, driven by 14 Global Brands and Wave 1 Pipeline launches

An inflection year for the pipeline, with ramp-up of R&D investment; **target for low-to-mid 30% margins** in FY21-23

Target **2x** (i.e. “low-twos”) Net Debt / Adjusted EBITDA³ ratio in FY21-23

AGENDA

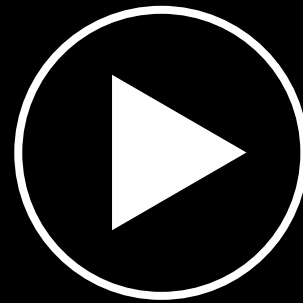
EASTERN TIME	JST	AGENDA	PRESENTERS
19:00 – 19:10	08:00 – 08:10	Introduction	Costa Saroukos Chief Financial Officer
19:10 – 19:30	08:10 – 08:30	Unleash the Power of Data and Digital	Karl Hick Chief Digital and Information Officer
19:30 – 19:50	08:30 – 08:50	Takeda Business Solutions	Sanjay Patel Head of Takeda Business Solutions
19:50 – 20:05	08:50 – 09:05	Global Real Estate, Facilities, and Procurement	Jill Zunshine Head of Global Real Estate, Facilities, and Procurement
20:05 – 20:20	09:05 – 09:20	Treasury	Amit Singh Head of Treasury
20:20 – 21:00	09:20 – 10:00	Panel Q&A Session	



Unleash The Power of Data and Digital

Karl Hick, Chief Digital and Information Officer

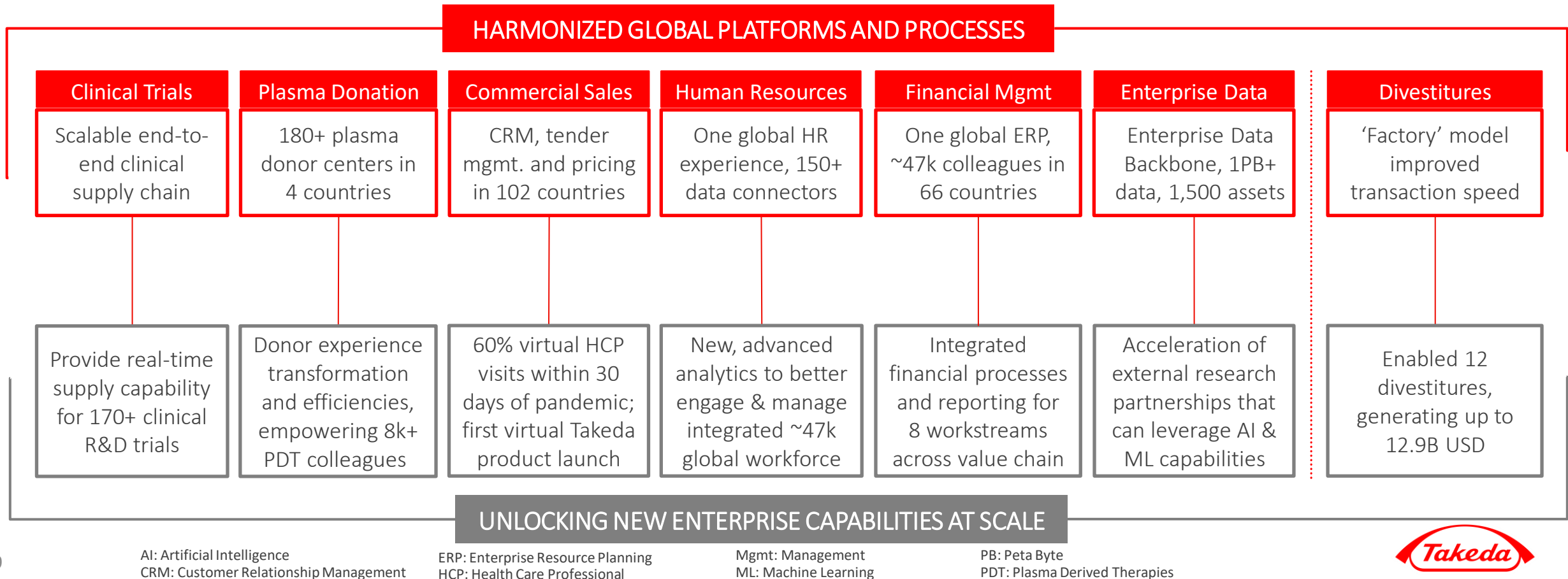




UNLEASH THE POWER OF DATA AND DIGITAL

Executed strategic integration, optimizing opportunities to accelerate data and digital transformation

Accelerated completion of 20 essential integration programs and synergy delivery from **3 to 2 years**



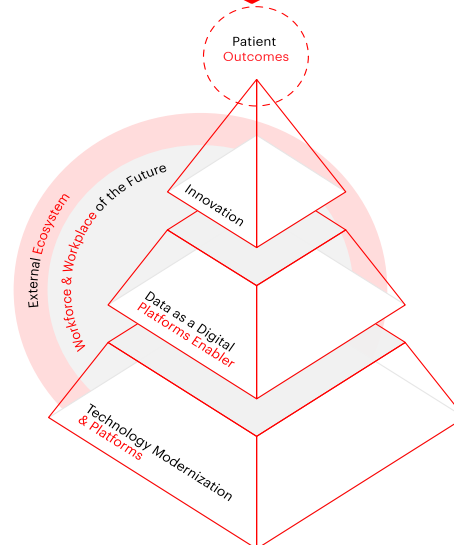
Unleashing the power of data and digital to deliver strategic priorities

1



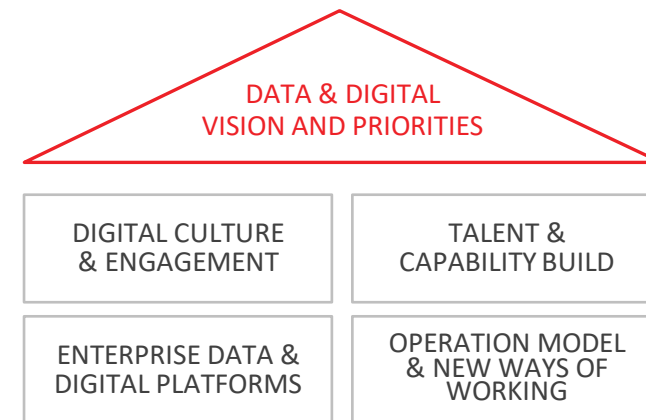
A CLEAR VISION AND IMPERATIVE

2



A COHESIVE,
COMPREHENSIVE STRATEGY

3



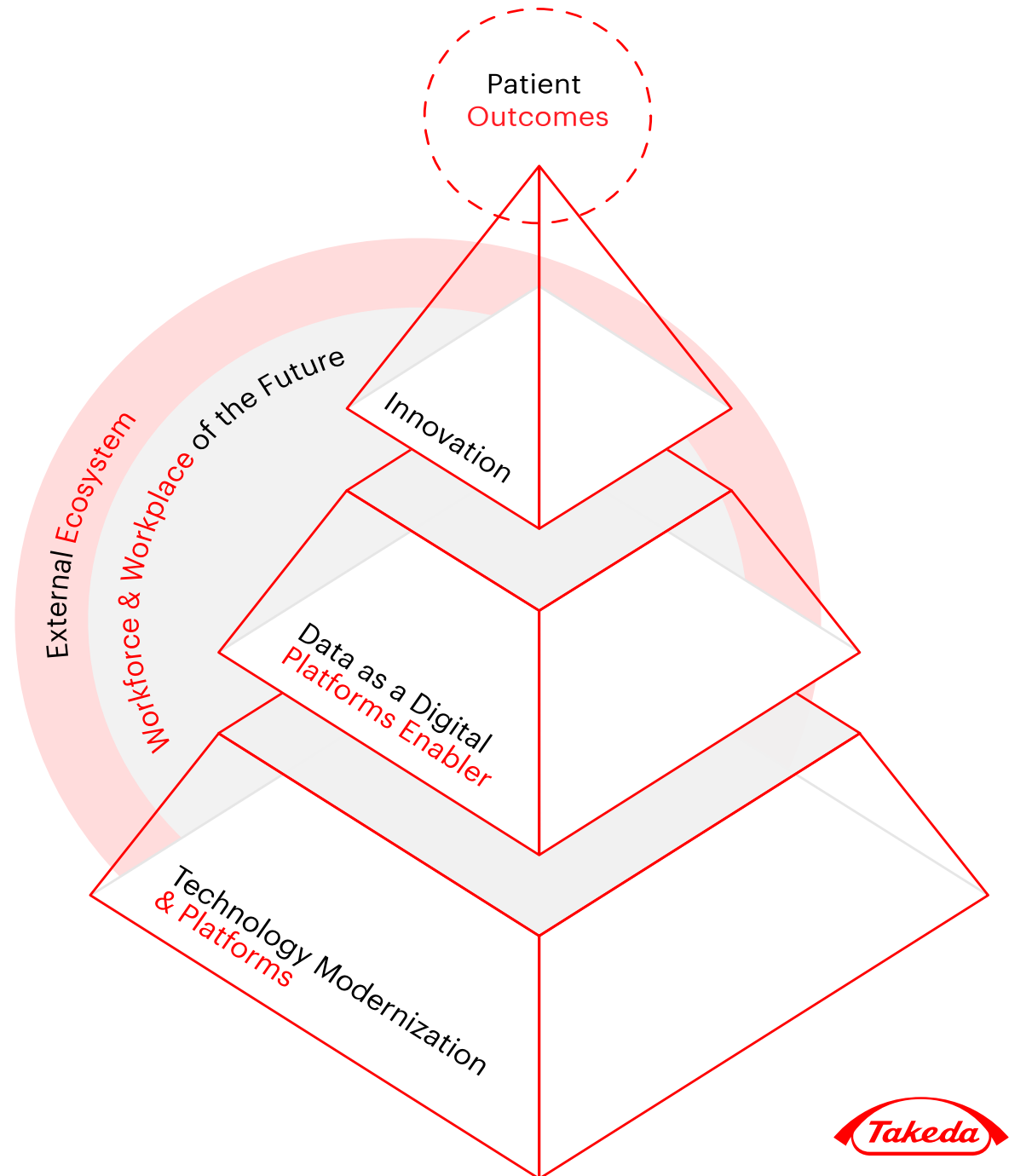
AN ACCELERATION FRAMEWORK

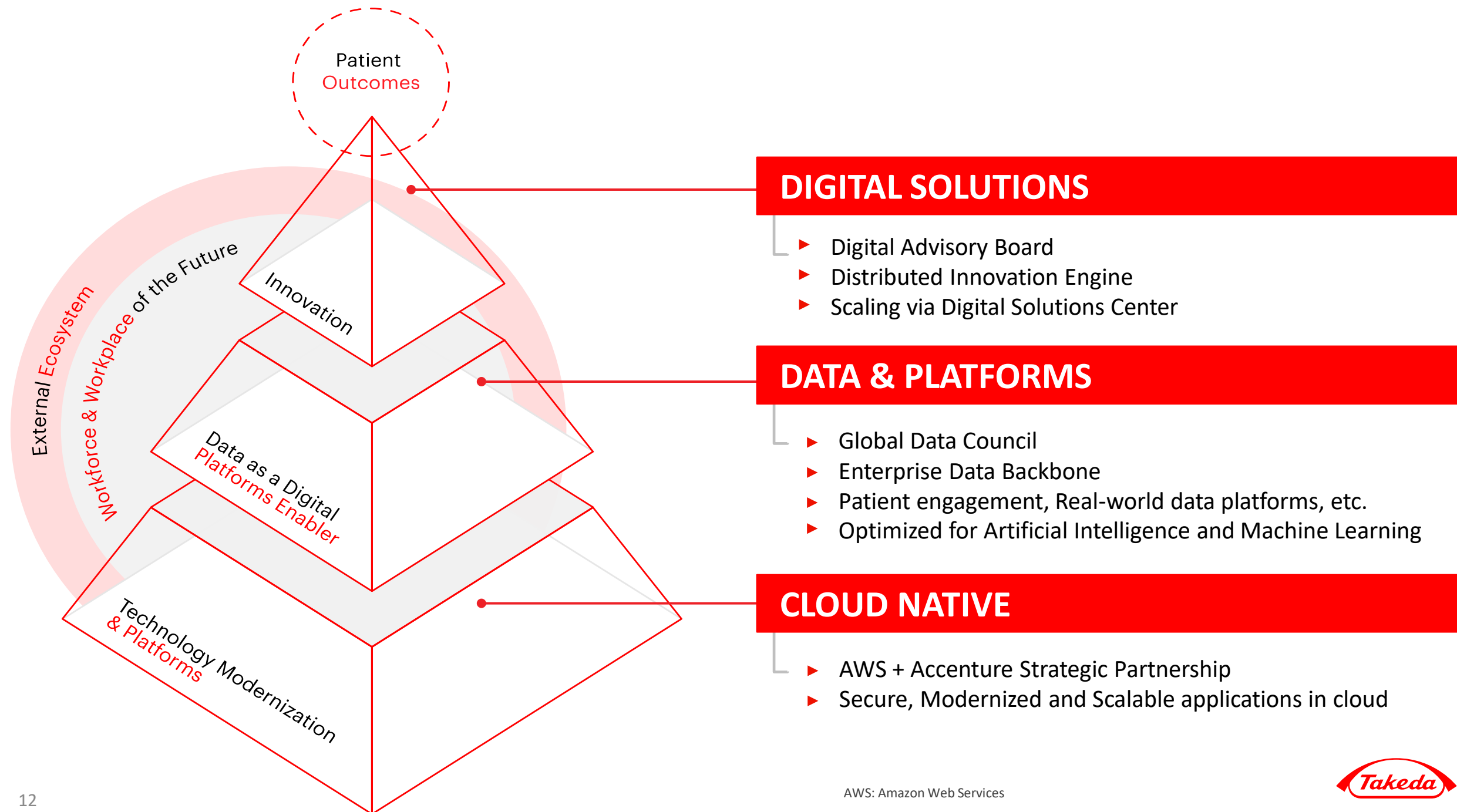
TO DELIVER ON KEY STRATEGIC PRIORITIES

- ▶ Support inline brands and pipeline assets
- ▶ Enable the workplace and workforce of the future
- ▶ Enhance profitability and efficiency

DATA AND DIGITAL STRATEGY

IS BEING ACTIVATED ACROSS
MULTIPLE DIMENSIONS



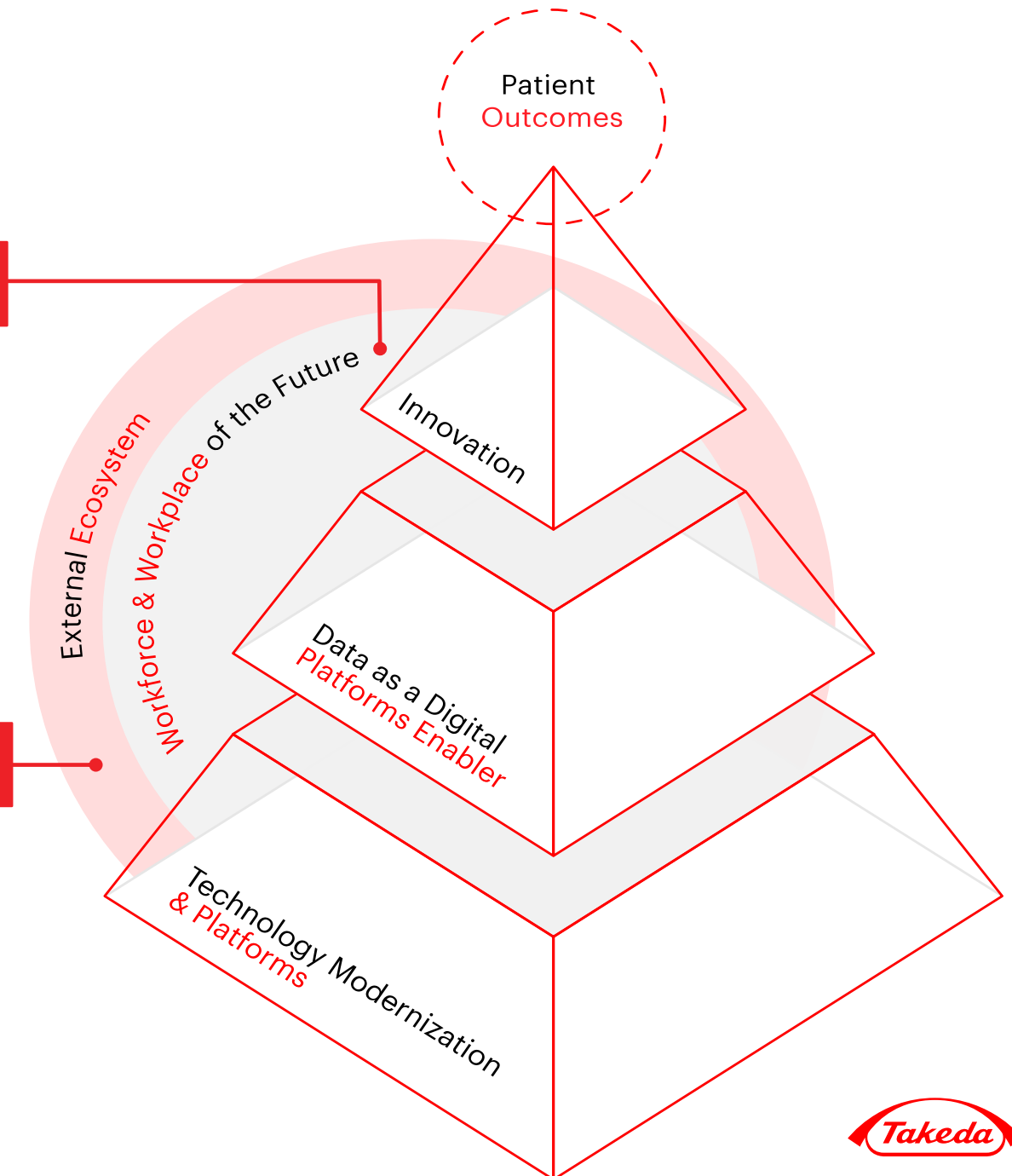


ENABLERS

- ▶ Enterprise-level orchestration
- ▶ Democratizing technology
- ▶ Data and digital learning pathways
- ▶ Innovative mindsets and behaviors
- ▶ Insourcing differentiating skills

ECOSYSTEM

- ▶ Strategic partnerships
- ▶ Commercial collaborations
- ▶ Health-tech investments
- ▶ Academic institutions



An aerial photograph of a busy subway station with a white tiled floor. Several groups of people are walking in different directions. Overlaid on the image are four red hexagons, each positioned above a person. A red arrow points from the right towards the central text.

MIT-TAKEDA PROGRAM

USING AI TO SOLVE SPECIFIC BUSINESS CHALLENGES, ACCESSING MIT LEARNING PROGRAMS



MIT-Takeda Program

Collaboration with
Massachusetts Institute of Technology,
part of the Abdul Latif Jameel Clinic for
Machine Learning in Health

MACHINE LEARNING (ML) TO
IDENTIFY NON-RESPONDERS TO
CONVENTIONAL TREATMENT IN
ULCERATIVE COLITIS

ML: Machine Learning

AI VS HUMAN INSPECTION OF TAK-003 VIALS



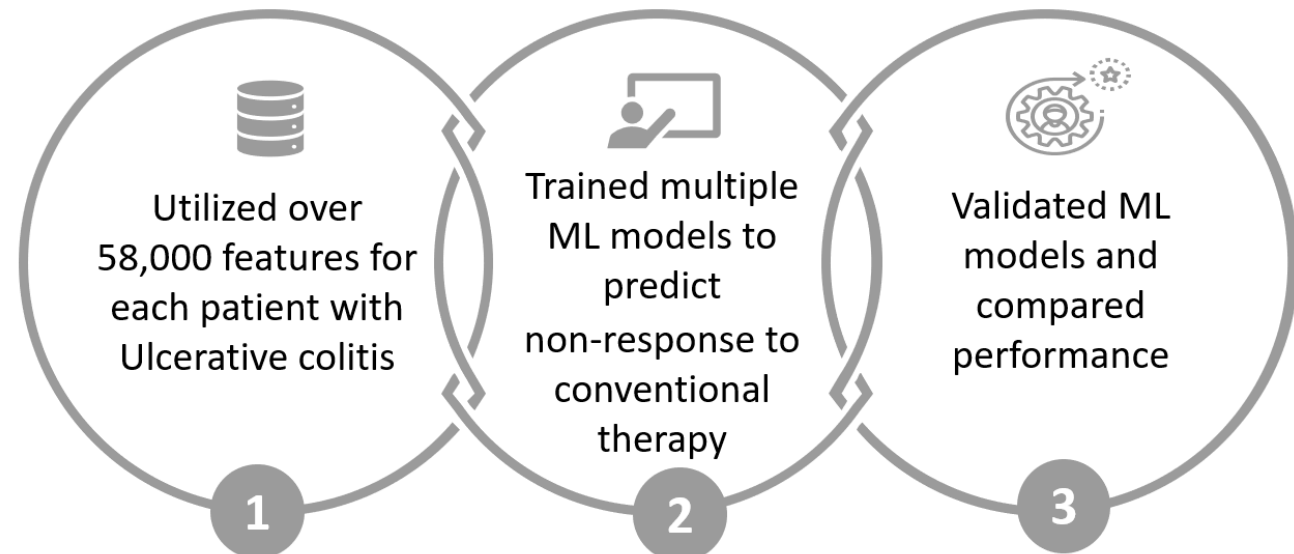
Good vial



Vial requiring additional
re-inspection



Reject vial

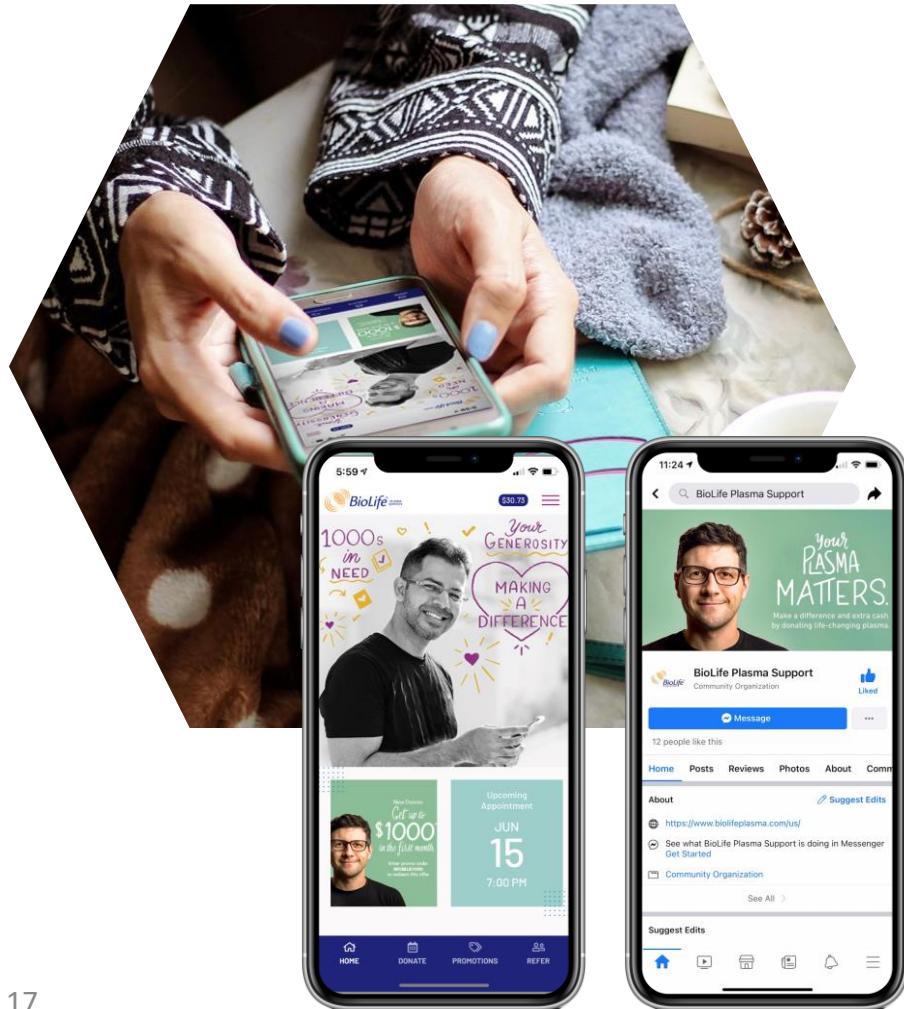




PLASMA-DERIVED THERAPIES



Plasma Derived Therapies are building a data and digital first business, activating all aspects of Takeda's data and digital strategy



+1M PERSONALIZED DONOR MESSAGES A WEEK



ENGAGED 90M TIMES WITH DONORS IN FY20



YEARS OF HISTORICAL DATA CENTRALIZED AND MADE AVAILABLE FOR USE ACROSS PDT GLOBALLY

“ Despite the pandemic, digital process improvements & operational excellence initiatives limited volume decline to -11% in FY20 v. FY19 (-5% at US centers) ”

Source: Takeda's Q4 FY20 Earnings



An aerial photograph of a dense urban area, likely Hong Kong, with thick fog or smoke partially obscuring the buildings. A white hexagonal outline is superimposed on the image, containing several red dots representing data points. A red line is visible in the top right corner, and a red abstract shape is in the bottom left corner.

UNLEASH THE POWER OF DATA AND DIGITAL





Takeda Business Solutions (TBS)

Sanjay Patel, Head of Takeda Business Solutions



Takeda Business Solutions (TBS)

Our mission is to partner with the business by building **simplified and innovative solutions** that deliver exceptional experiences

GLOBAL PRESENCE



8 Solution Centers

With **Close Proximity** to Our Partners

EMPOWERED & DIVERSE TEAM



Female Male
63% / 37%

Fostering an Environment of **Inclusivity, Equity & Belonging**

DELIVERING GLOBAL SOLUTIONS



Supporting
~47K
Employees

Including **Finance, Procurement & HR**

DRIVING PROCESS EXCELLENCE



Via Lean Six Sigma, Design Thinking, Robotic Process Automation, Artificial Intelligence & Machine Learning

To Enable **Best-In-Class Finance** Organization

OPTIMIZED FOR SUCCESS



~1.3x
Productivity

Scaled to Drive **Efficiencies**



We execute end-to-end operational activities and provide scalability to facilitate future growth

We take on work that is ...

HIGH VOLUME

RULE-BASED

REPETITIVE

And we ...

CONSOLIDATE

OPTIMIZE

DIGITALIZE

FINANCE

CASH COLLECTION
CLOSING OF 'BOOKS'
REPORTING ..



PROCUREMENT

SUPPLIER ENROLLMENT
INVOICE PROCESSING
INVOICE PAYMENT ..



HUMAN RESOURCES

EMPLOYEE DATA ADMIN
HR TECHNOLOGY MGMT
PAYROLL OPERATIONS ..



OTHER TAKEDA FUNCTIONS

HIGH VOLUME
RULE-BASED
REPETITIVE

Our investments in advanced technology, **in-house expertise** & new process solutions have enabled an acceleration of our journey over the last 12 months.

ZERO

Service
Disruptions



5.0_{DAYS}

Faster Consolidated
Pre-Tax Close (vs. FY19)



130K

Support Requests
Managed



12

Divestitures
Supported



17%

Scale-up Over
Last 12 Months



LOW

Employee Attrition
Vs. Peers



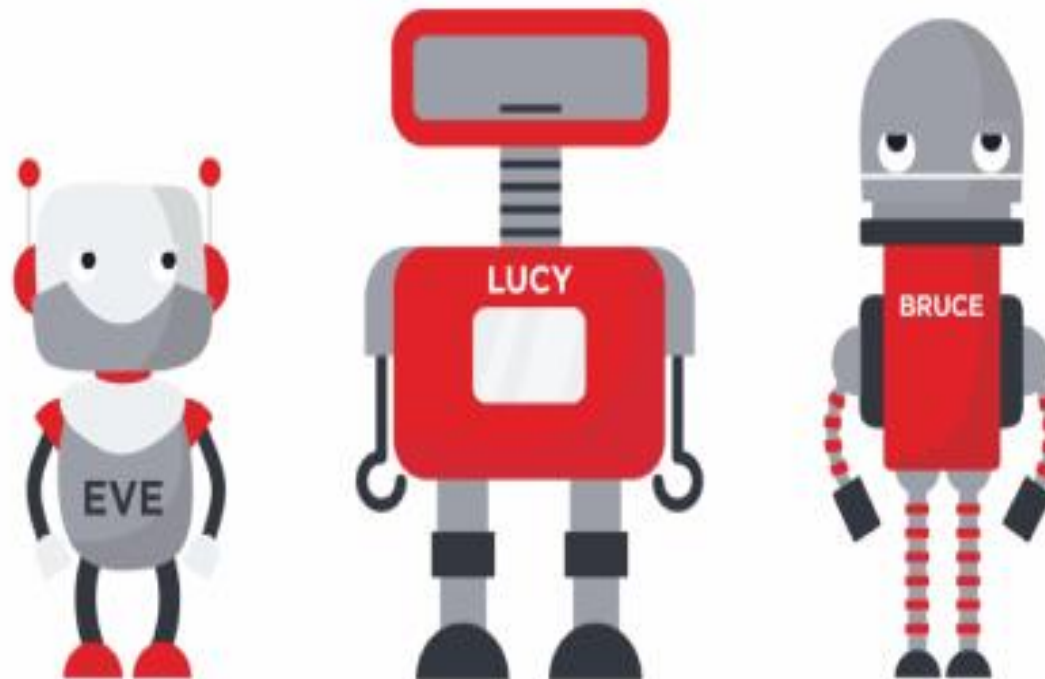
Takeda Business Solutions

Re-imagining captive shared services as a solutions partner for the business.



We are embedding a digital culture through our Innovation Hub and Automation Digital Champion program

UNLEASH THE
POWER OF DATA & DIGITAL



Rapid **democratization**
and scale-up of intelligent
automation across Takeda,
driving efficiencies.

1,700+ **EMPLOYEES
TRAINED**

360+ **AUTOMATION BOTS
DEVELOPED**

385,000+ **HOURS OF
PRODUCTIVITY GAINED**

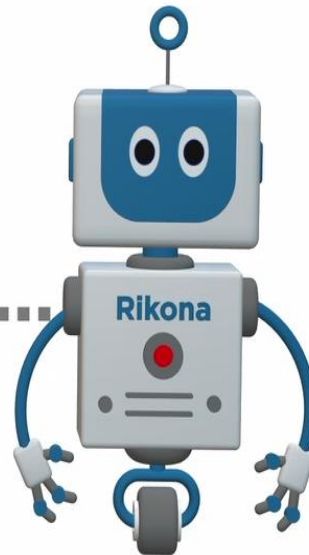
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UNLEASH THE
POWER OF DATA & DIGITAL

RIKONA

An Investor Relations Solution transforming **investor and regulatory disclosure reporting**, enabling end-to-end automation.

The **Rikona Solution**...



IMPACT



**> 200 HOURS SAVED
PER QUARTER**



**IMPROVED INVESTOR
EXPERIENCE**



SCALEABLE

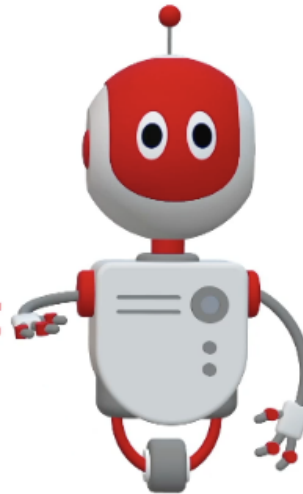
We are embedding a digital culture through our Innovation Hub and Automation Digital Champion program

UNLEASH THE
POWER OF DATA & DIGITAL

DINO

This Supply Chain Bot **speeds-up optimization of product allocation** ensuring supply consistency for our patients.

Enter '**Dino**'...
the **Stock Allocation Bot**



IMPACT



95% FASTER



**OPTIMIZED
DISTRIBUTION**



SCALEABLE

**Our award-winning, in-house developed financial data solution
delivers decision-ready insights**

UNLEASH THE
POWER OF DATA & DIGITAL

CFOinUr pocket

ONE VERSION OF THE TRUTH
FULLY AUTOMATED
DRILL-DOWN FUNCTIONALITY
INSIGHT GENERATOR
SAVINGS ENABLER

CFOinUr pocket™

Our simplified and innovative solutions are creating **exceptional & engaging experiences** for our Takeda colleagues & suppliers ...

Freeing up their time for moments that truly matter.



SELF-SERVE 24/7 mobile-enabled user support via the Takeda Solutions Employee & Supplier portals



TOUCHLESS invoice processing via digital invoice management



ARTIFICIAL INTELLIGENCE ENABLED on-the-go expense management solution



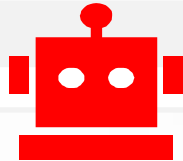
AUTOMATED & FASTER, financial close-process (-5 Days FY20 vs. FY19; targeting further -5 Days by FY22)

Takeda Business Solutions will continue to partner with the business by building **simplified and innovative solutions** that deliver exceptional experiences

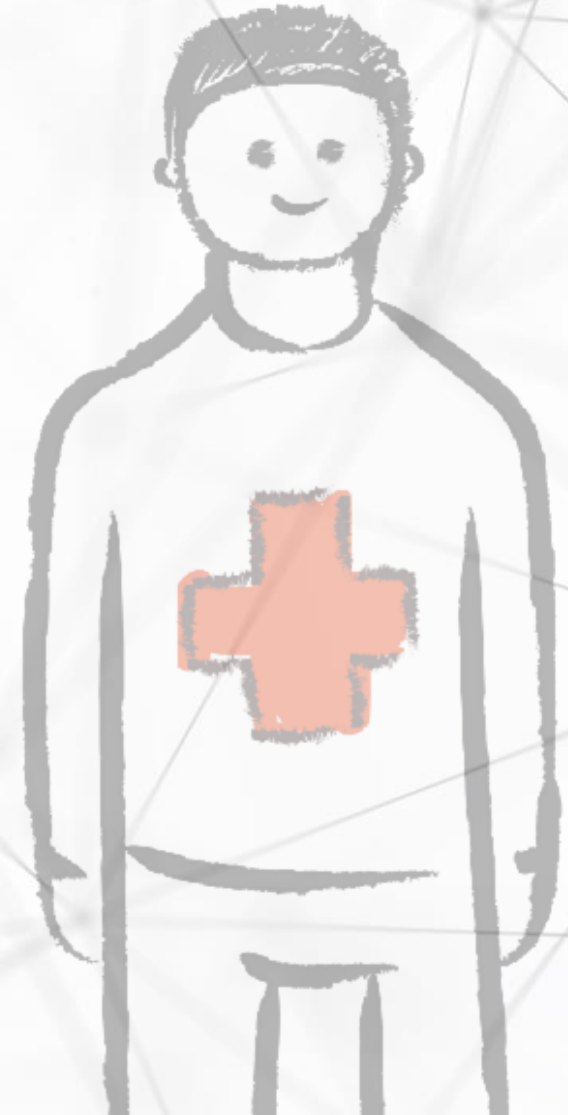
UNLOCK DATA TO
GENERATE INSIGHTS



UNLEASH THE
POWER OF DIGITAL



CREATE EXCEPTIONAL
PEOPLE EXPERIENCES





Global Real Estate, Facilities, and Procurement (GREFP)

Jill Zunshine, Head of Global Real Estate, Facilities, and Procurement



Better Health, Brighter Future

Takeda established the Global Real Estate, Facilities, and Procurement (GREFP) organization in 2018 to drive value and create impact

Global Real Estate, Facilities, and Procurement



REAL ESTATE



FACILITIES



PROCUREMENT



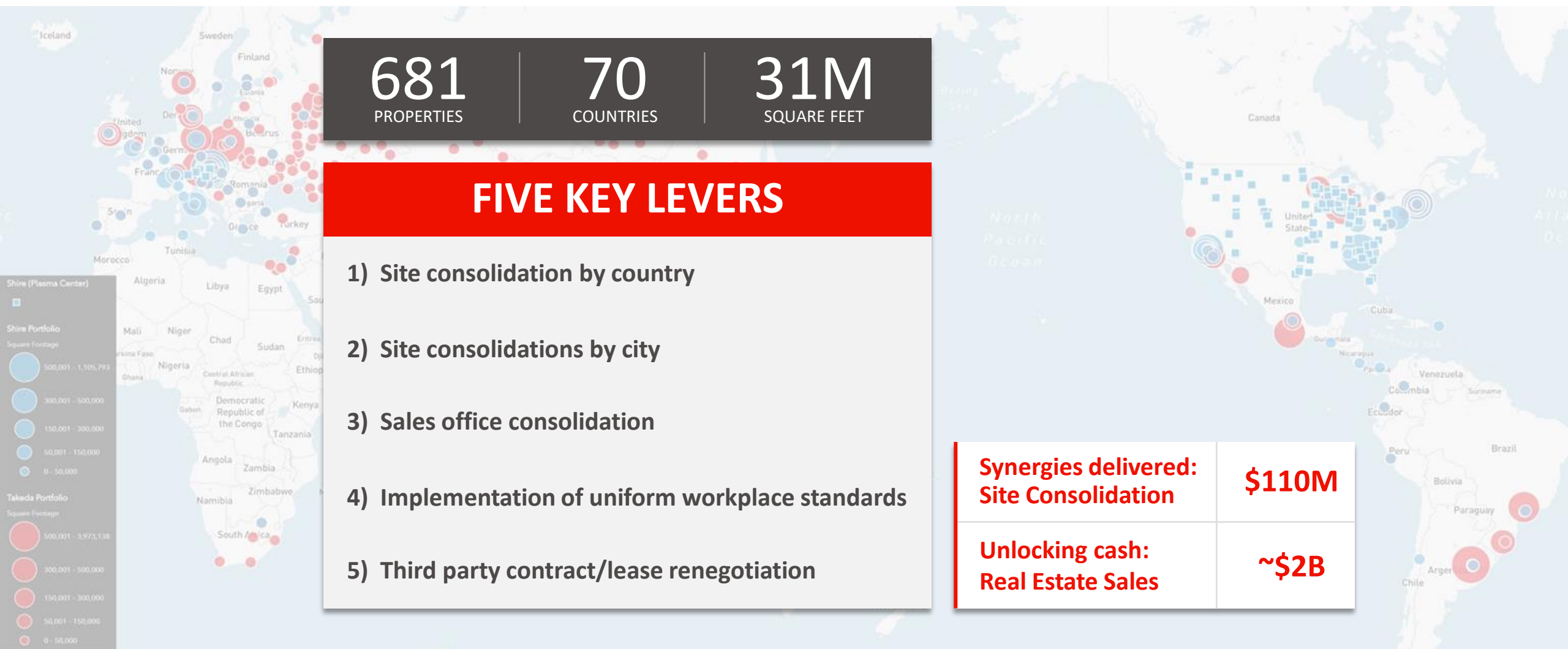
MEETINGS



TRAVEL

Empowering Takeda with vital and innovative solutions to do its best work in transforming patients' lives.

Before the Shire deal closed, Global Real Estate, Facilities, and Procurement worked with both teams to create our location strategy and real estate consolidation plans



Before day 1 as a combined company, we also crystalized our integration approach for third party spend

10 LEVERS



APPLICATION OF LEVERS

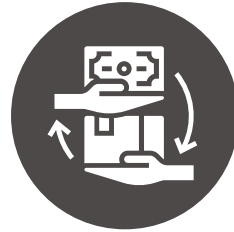
- Quick Wins
- Savings Projects
- Partner Value Summit

Synergy targets were incorporated into KPIs at key decision-making levels. Performance vs the KPI tracked from Day 1.

KPI: Key Performance Indicator

Takeda's Partner Value Summit 1.0 was a key supplier conference designed to accelerate cost savings, improve working capital, & drive agility & innovation

~\$200M
TOTAL SAVINGS



PROCUREMENT

50+ Takeda procurement leaders attended, specializing in 7+ spend categories



BUSINESS

50+ Takeda business stakeholders attended, spanning 10+ organizations



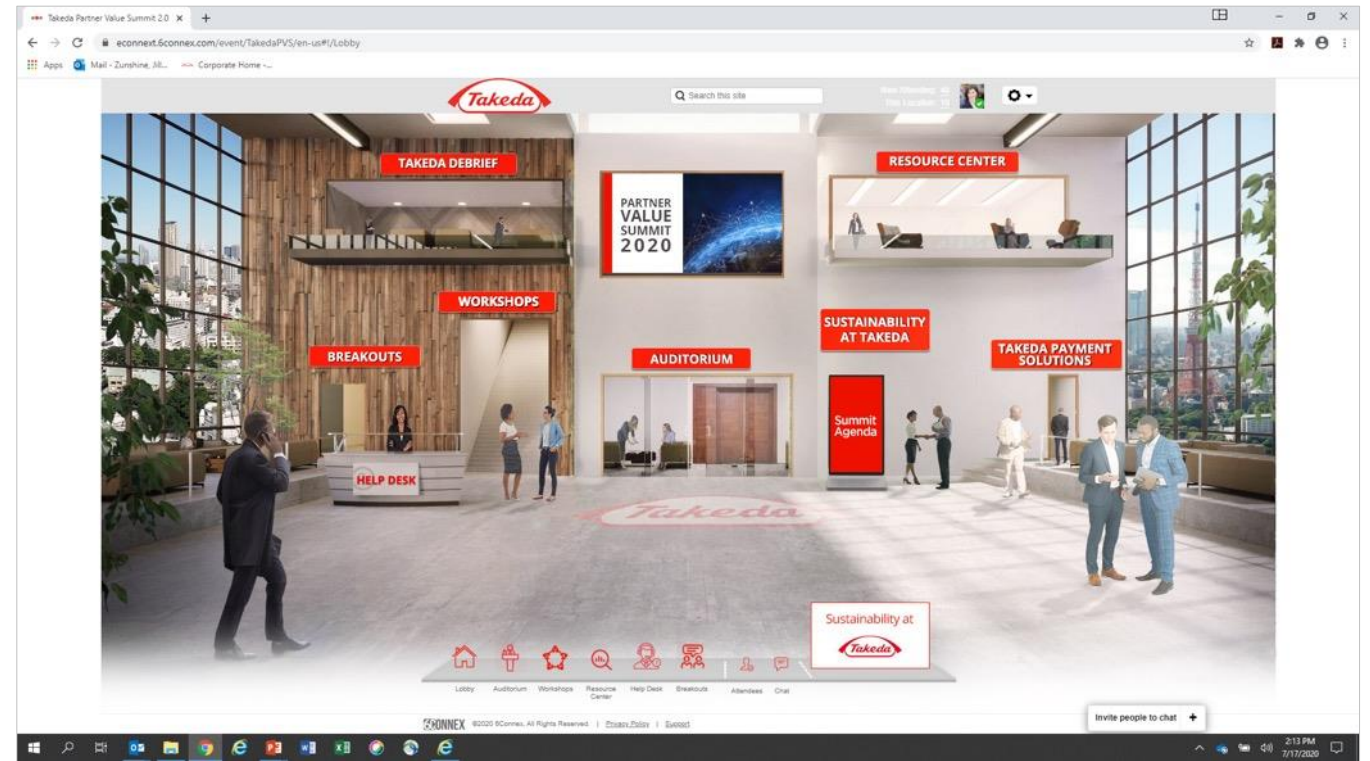
SUPPLIERS

200+ supplier representatives attended, working for 43 of Takeda's top suppliers

We organized a Partner Value Summit (PVS) 2.0 version which pivoted to fully virtual in the early stages of the COVID-19 pandemic

~\$100M
TOTAL SAVINGS

Takeda and suppliers navigated virtual meetings and workshops in an engaging conference experience.



“This was very impressive and a gold standard for how a virtual summit should be run.”

– Takeda Supplier

We collaborated, took a strategic approach, and unlocked value quickly, contributing to Takeda's delivery of 3-year synergy targets in 2 years

Contributions to Synergy Delivery

Procurement: Cost Savings	\$716M
Real Estate: Site Consolidation	\$110M
TOTAL	\$826M

Contributions to Cash

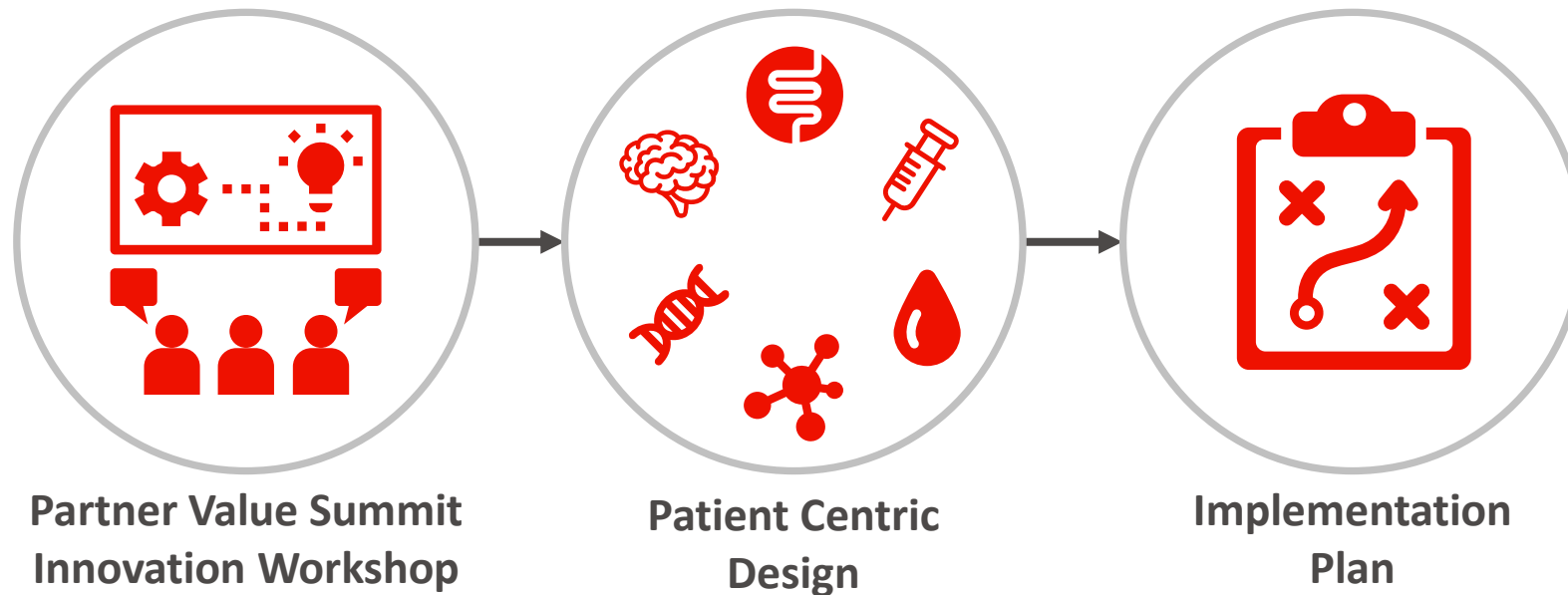
Real Estate Sales, TOTAL:	~\$2B
----------------------------------	--------------

Building open-innovation into PVS 2.0 generated many ideas that support Takeda's business objectives



PVS: Virtual Clinical Trial Design and e-Clinical Trial Platforms

We partnered with our suppliers to innovate



Piloting 10 Virtual Clinical Trials:

- Patients participate from home
- Allows access to patients in diverse geographies
- Reduces patient burden
- Streamlines data collection
- Provides flexibility for patients to increase retention
- Holistic monitoring of patients

PVS: Partnering to deliver on Sustainability Goals

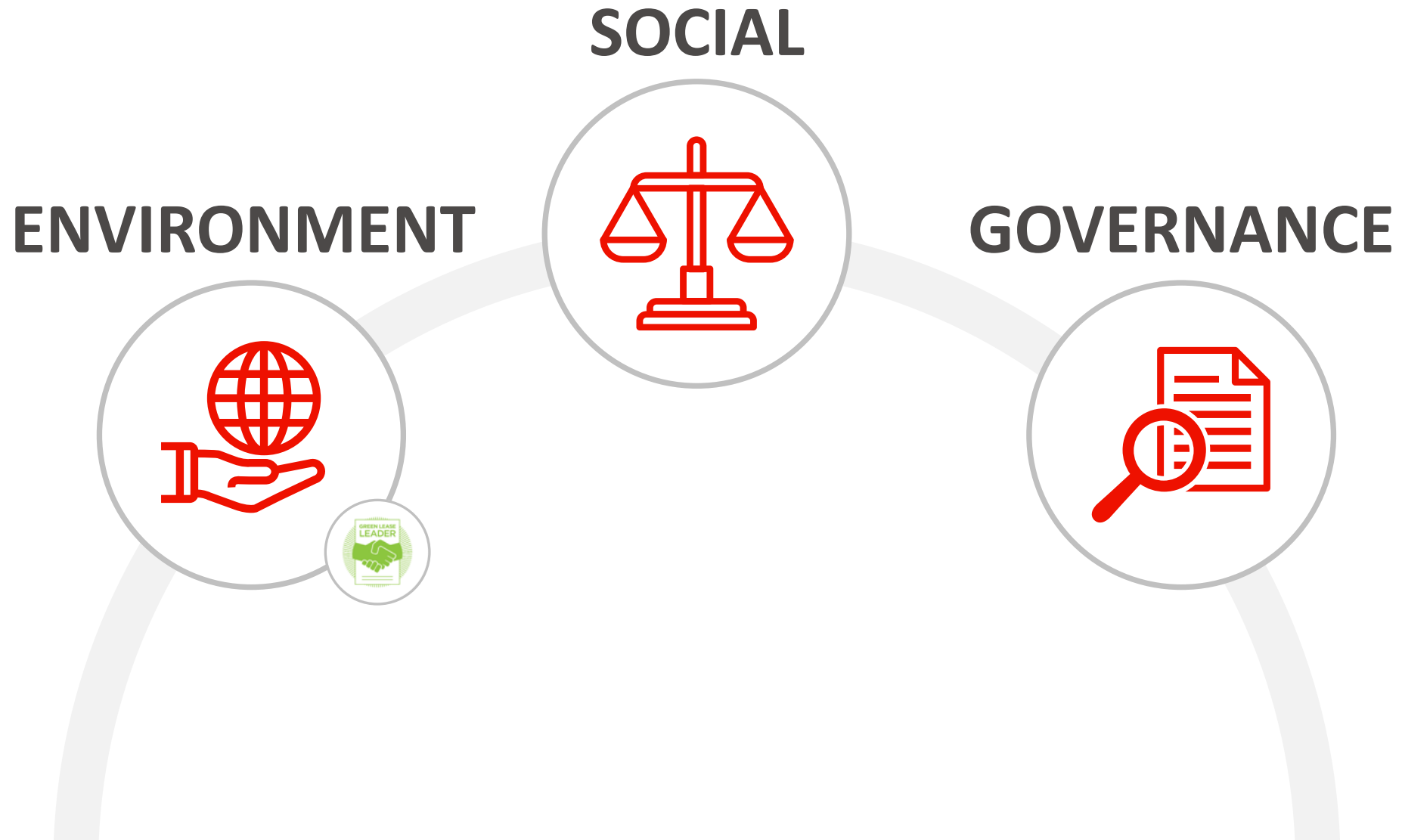
Meetings and Travel Center of Excellence

Takeda, Delta Airlines and United Airlines support cleaner travel with agreements on use of sustainable aviation fuel (SAF) that will cover frequently flown routes.



Making ESG contributions wherever we find opportunity

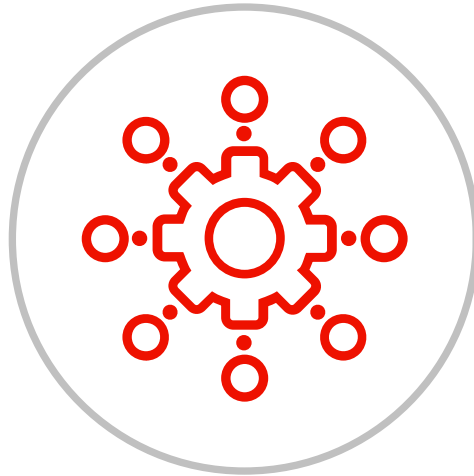
Global Real Estate, Facilities, and Procurement is unlocking additional value through Purpose-Led Sustainability and ESG



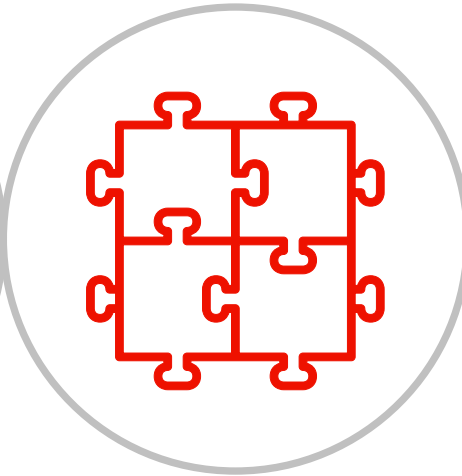
Global Real Estate, Facilities, and Procurement will continue to drive value and create impact to accelerate pipeline development

SUMMARY POINTS

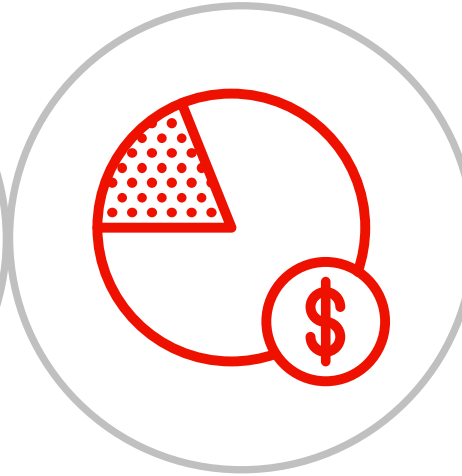
Building New
Function



Integration



Savings and
Synergy



Patient



Planet



**Empowering Takeda with vital and innovative solutions to
do its best work in transforming patients' lives.**

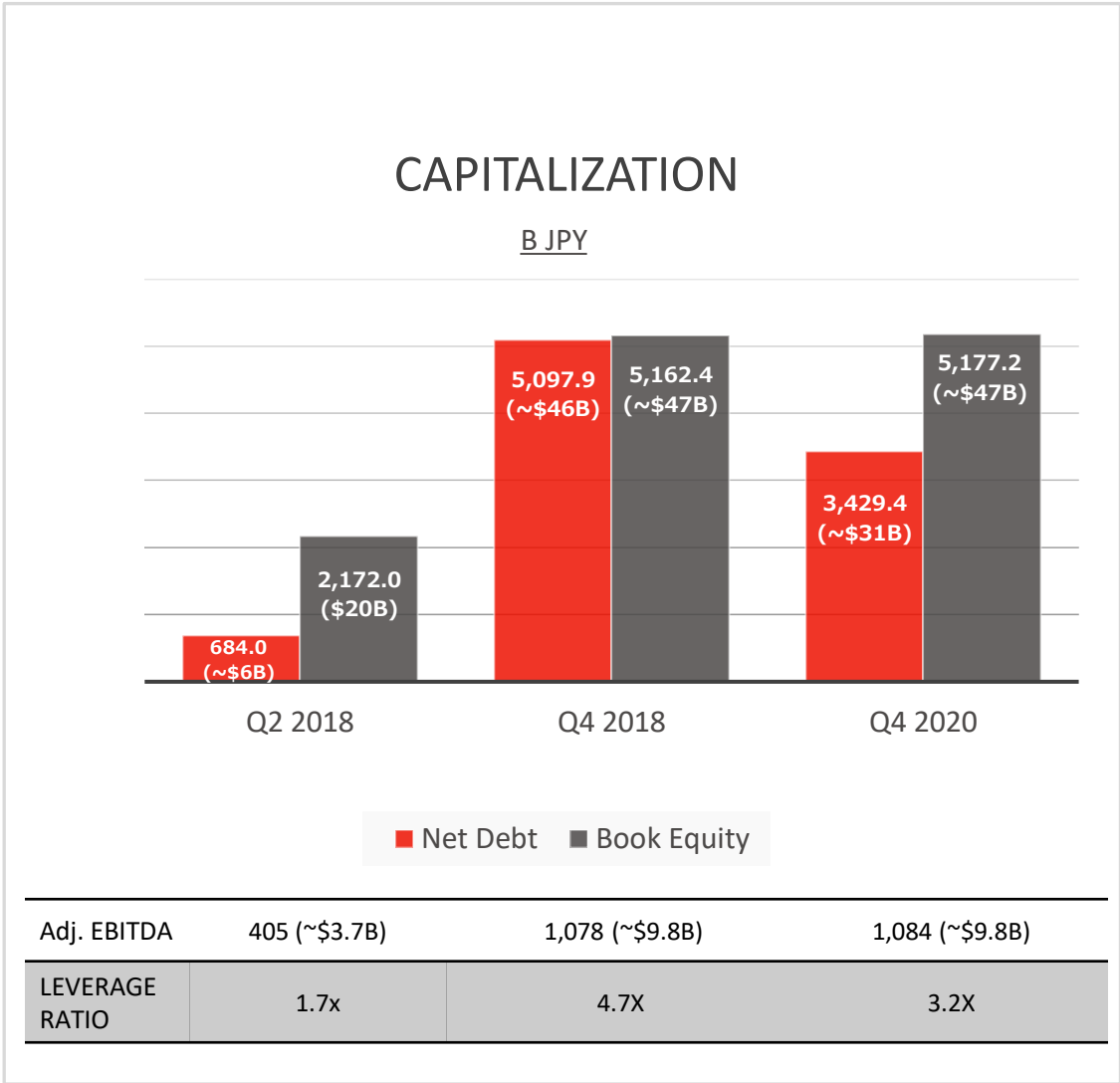
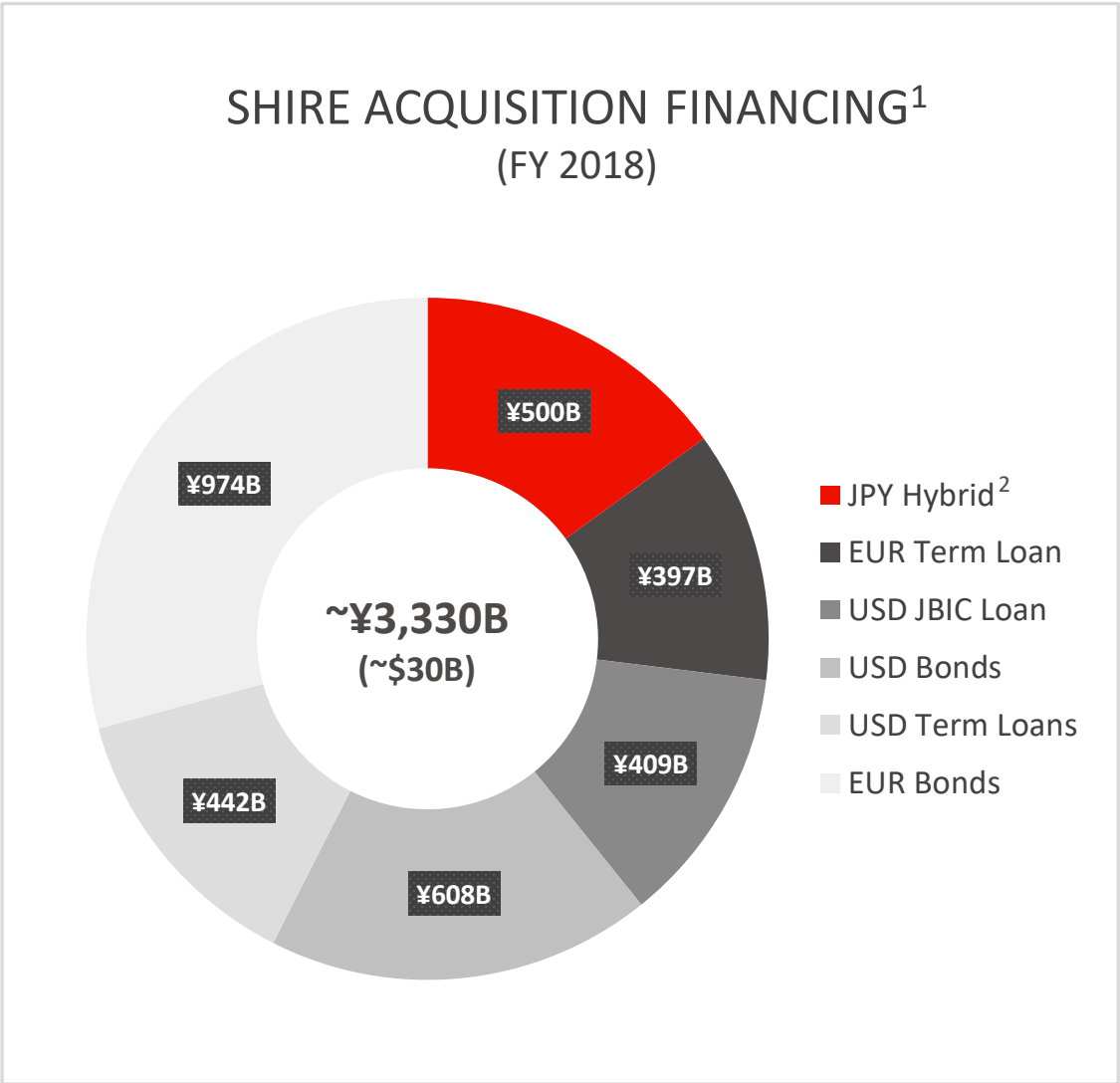


Treasury

Amit Singh, Head of Treasury



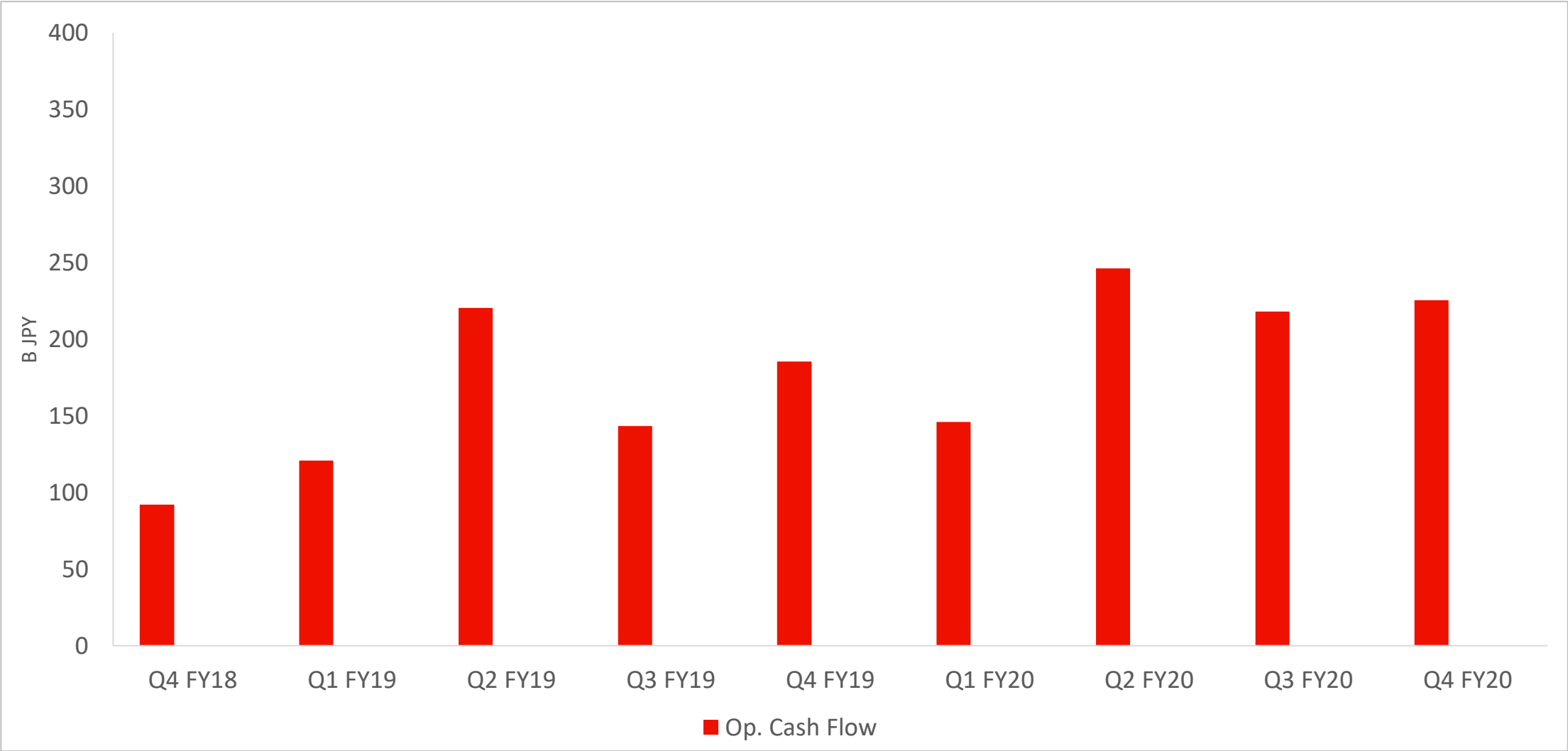
Shire acquisition transformed Takeda's balance sheet...



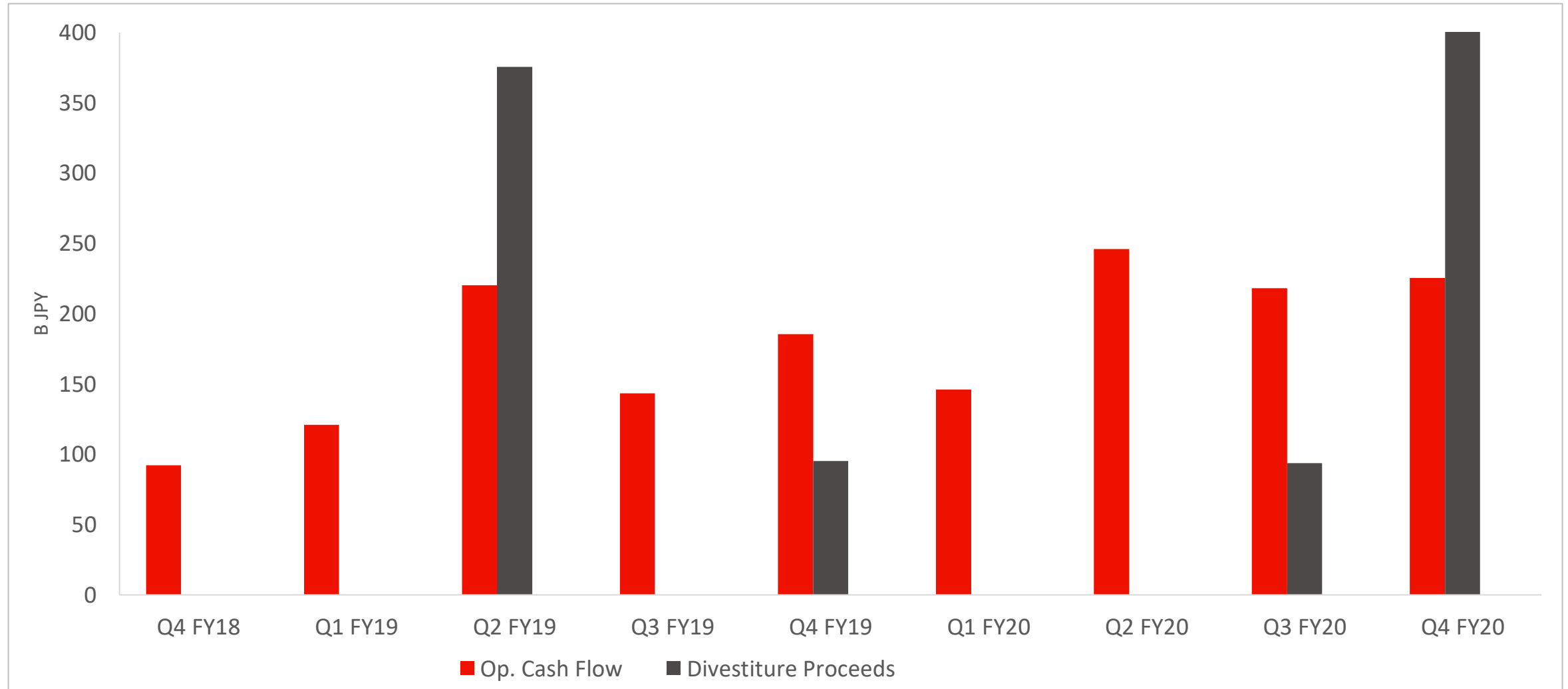
1) Non-JPY debt calculated as at end of March 2021 FX Rates 110.54 JPY/USD and 129.84 JPY/EUR
2) JPY 500 Bn Hybrid Debt issued in FY2019 which replaced then existing short dated Term Loan of equal amount.



FY19 & FY20: Business has generated strong steady cash flows

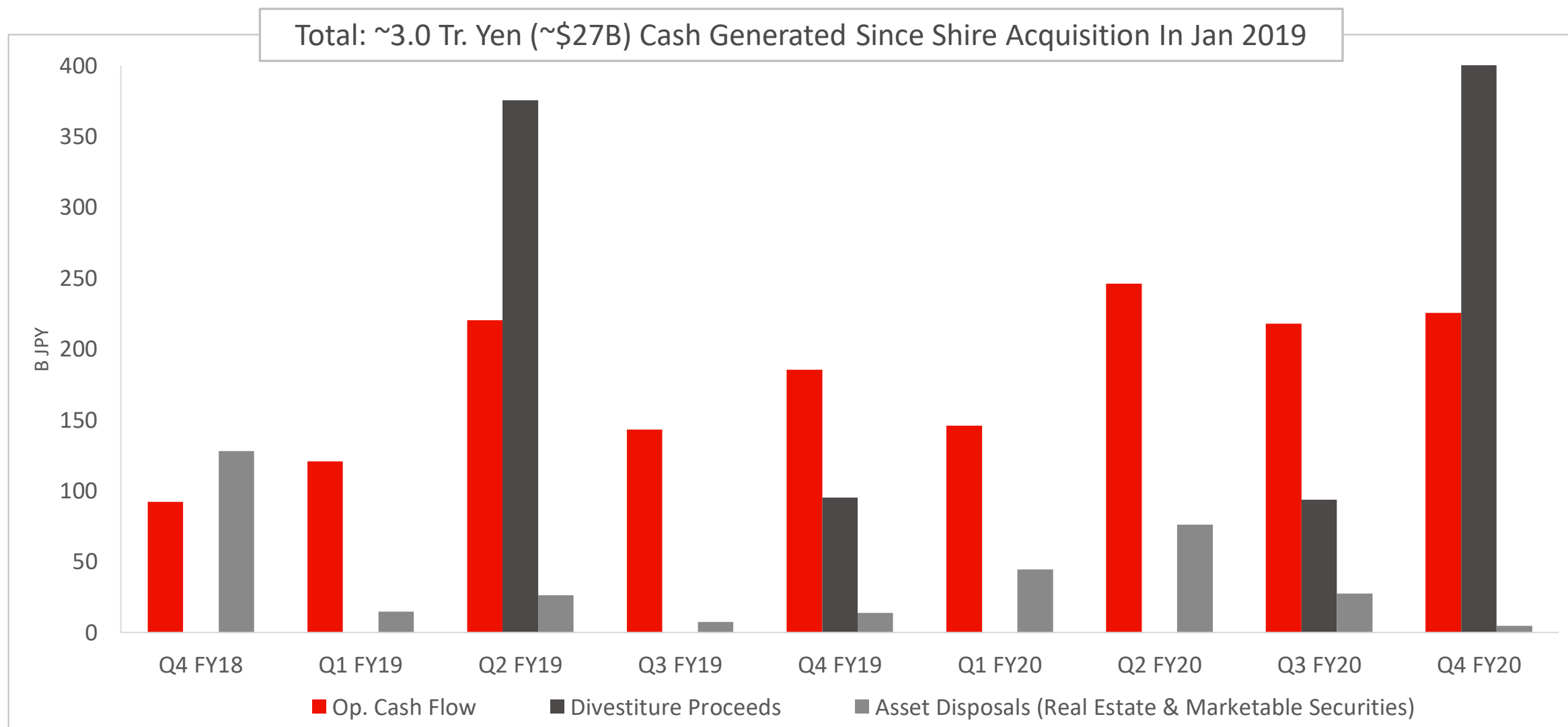


Supplemented by non-core asset divestitures...



(*) Divestiture proceeds shown here do not include proceeds (~133B yen) from diabetes portfolio divestiture in Japan as this deal closed in Q1 FY21

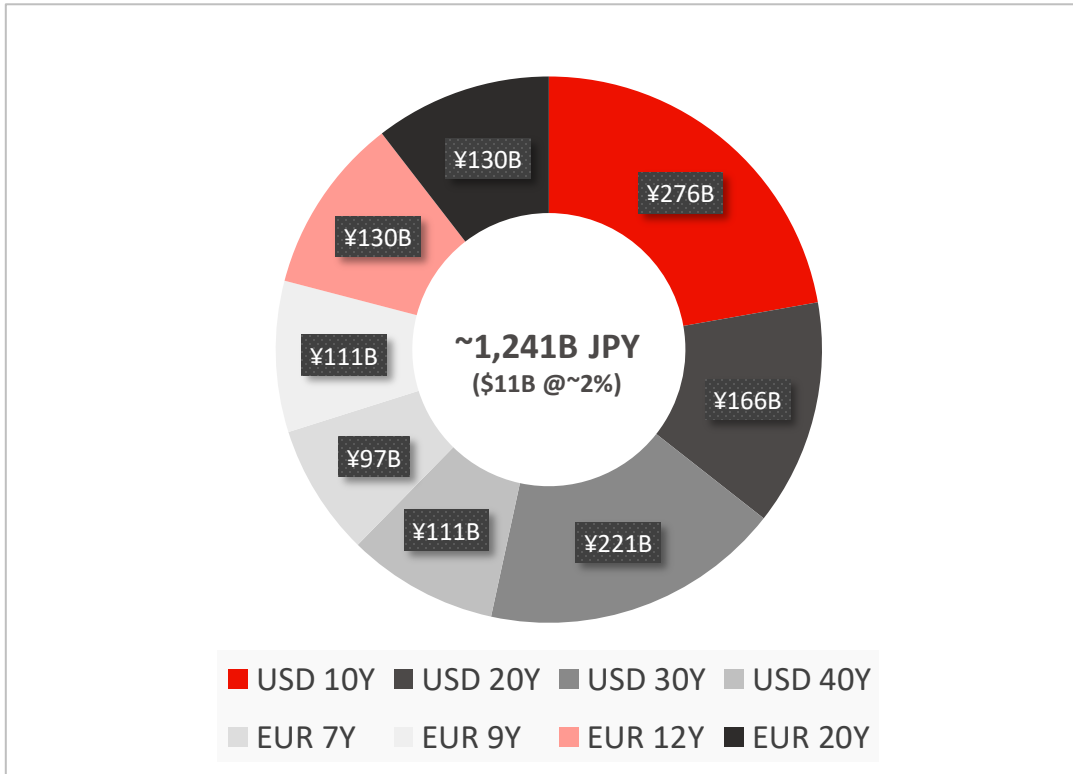
...and unlocking of idle assets on balance sheet



(*) Divestiture proceeds shown here do not include proceeds (~133B yen) from diabetes portfolio divestiture in Japan as this deal closed in Q1 FY21

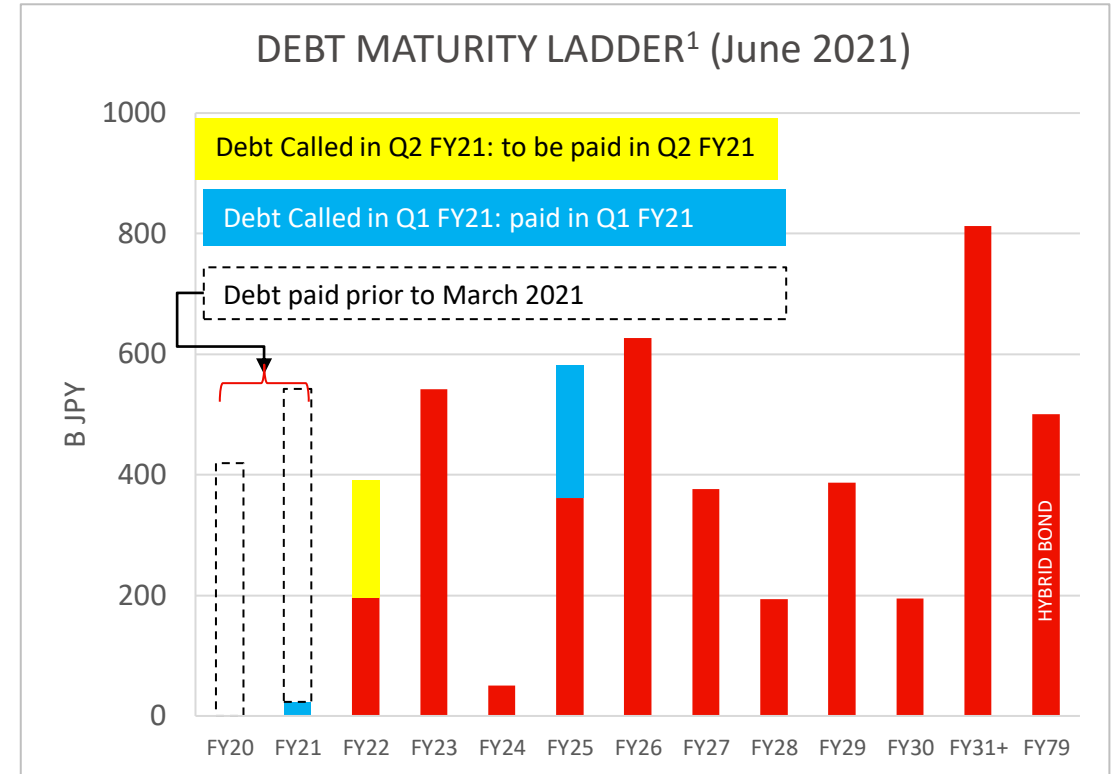
We also re-aligned our debt maturities

Leverage Neutral Re-Financing In July 2020¹...



- USD 20Y #1 Lowest Ever BBB Corp. Coupon²
- USD 40Y #1 Lowest Ever BBB Corp. Coupon²
- USD 10Y #2 Lowest Ever BBB Corp. Coupon²

...Positioned Our Debt Maturities Comfortably



- Weighted average coupon ~2% (~90% fixed rate)
- Targeting pre-paying 450B yen in FY21 (including debt shown as “called” above)

1) Non-JPY debt calculated as at end of March 2021 FX Rates 110.54 JPY/USD and 129.84 JPY/EUR

2) According to bond underwriters' research

We are deploying data and digital solutions to enhance global cash visibility...

Cash in Local Markets



kyriba™

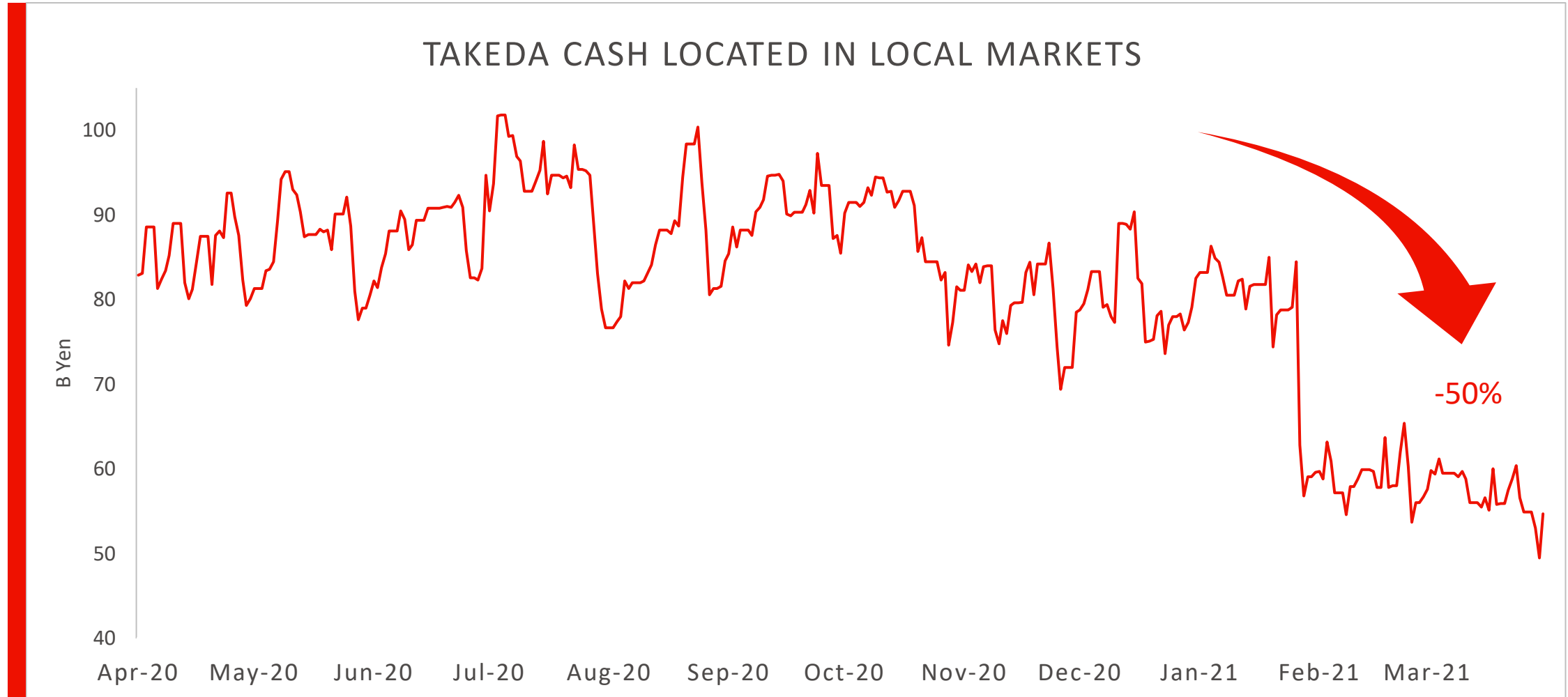


CASHinUrpocket

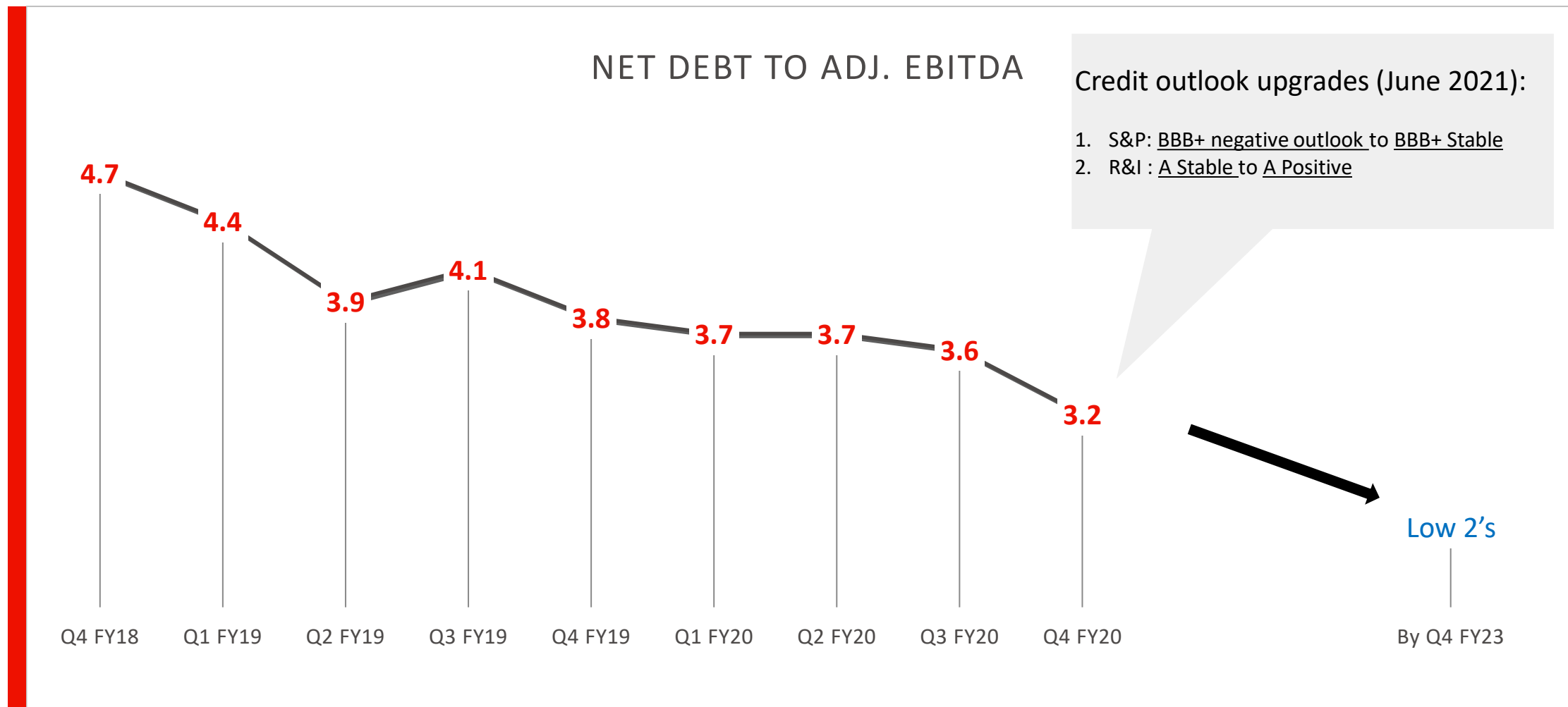
Best-in-Class Solution for Visualizing Local Market Cash to Centralize it and to Help Manage its FX and Credit Risks

CashinUr
pocket

...Which is allowing us to reduce idle cash and to use it towards deleveraging



...All these efforts are leading us in the right direction





TAKEDA GLOBAL FINANCE

- Creating a best-in-class Finance organization by leveraging the power of data and digital



...Our team is being recognized globally as best-in-class



Dealwatch
Bond of the Year
Takeda Pharmaceuticals Series 1
Unsecured Subordinated Bonds



Q&A



Costa Saroukos

Chief Financial Officer



Karl Hick

Chief Digital and
Information Officer



Sanjay Patel

Head of Takeda
Business Solutions



Jill Zunshine

Head of Global Real
Estate, Facilities, and
Procurement

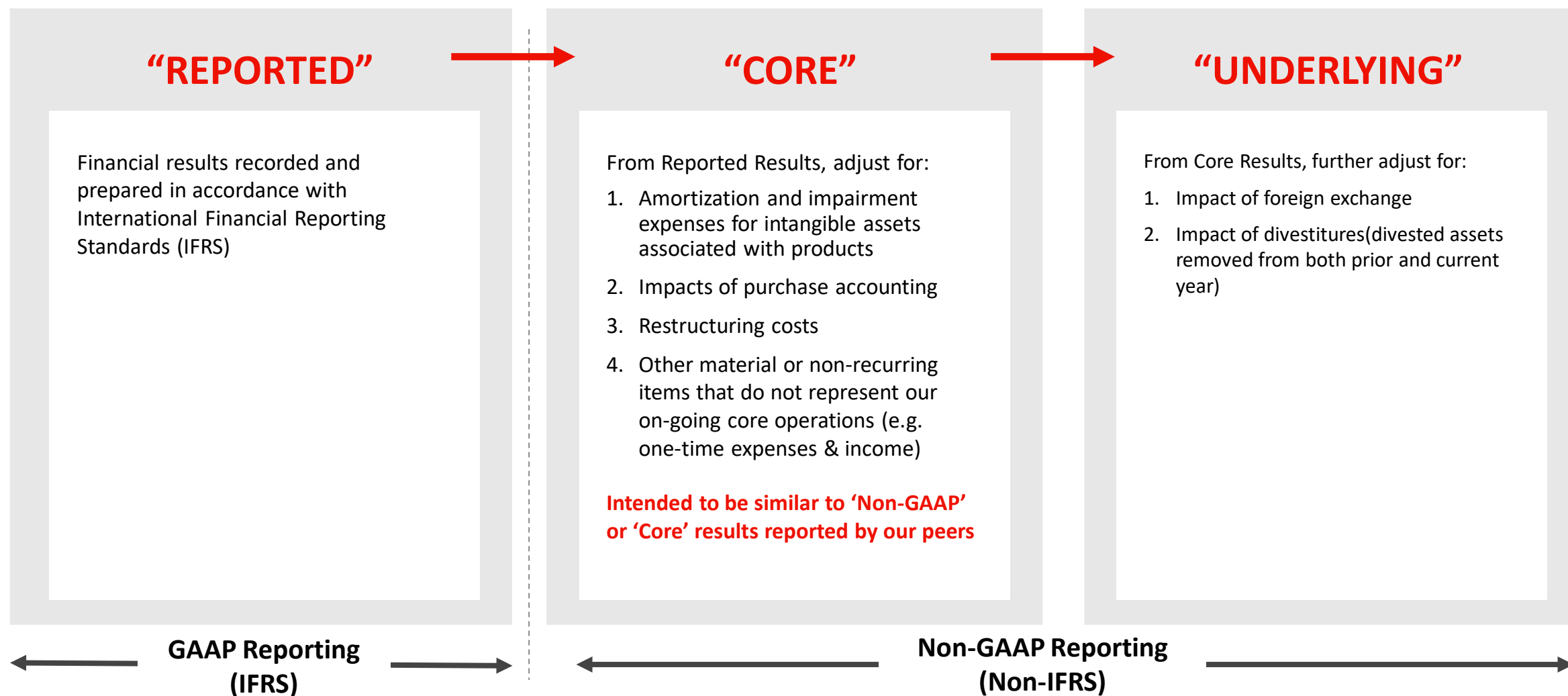


Amit Singh

Head of Treasury

APPENDIX

Takeda's disclosure metrics



Definition of core and underlying growth

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

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

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

Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures that occurred during the 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 Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as purchase accounting effects and transaction related costs.

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

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 62 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 period-average, rather than period-end, exchange rates, which reflects the methodology for calculating our leverage ratios as contained in our term loans and revolving credit financing agreement, and which is the methodology which 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 not available to Takeda's immediate or general business use, 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 61 for a reconciliation to this measure.

Reconciliation from reported to core/underlying core FY2020

(BN JPY)	REPORTED	REPORTED TO CORE ADJUSTMENTS								CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING GROWTH
		Amortization & impairment of intangible assets	Other operating income/expense	Shire integration costs	Shire purchase accounting adjustments	Teva JV related accounting adjustments	TCHC divestiture*	Swiss Tax Reform	Others		FX	Divestitures	
Revenue	3,197.8									3,197.8	199.5	-70.1	+2.2 %
Cost of sales	-994.3				81.2				6.2	-906.9	-47.0	21.0	
Gross Profit	2,203.5				81.2				6.2	2,290.9	152.5	-49.2	
SG&A expenses	-875.7			1.9	-0.3				1.4	-872.6	-47.0		
R&D expenses	-455.8			-0.3	0.0				5.7	-450.4	-18.3		
Amortization of intangible assets	-405.3	85.8			319.5					—			
Impairment losses on intangible assets	-16.6	16.6								—			
Other operating income	318.0		-116.9		-60.2	-1.5	-139.5			—			
Other operating expenses	-258.9		107.2	78.1					73.6	—			
Operating profit	509.3	102.4	-9.7	79.6	340.2	-1.5	-139.5		87.0	967.9	87.1	-49.2	+13.0 %
Margin	15.9 %									30.3%			30.2 %**
Financial income/expenses	-143.1			7.9	12.9				-4.0	-126.3	3.6		
Equity income/loss	0.1					16.6			-13.1	3.5	-0.3		
Profit before tax	366.2	102.4	-9.7	87.5	353.2	15.1	-139.5		69.8	845.1	90.4	-49.2	
Tax expense	9.9	-25.6	8.1	-18.6	-88.7	-4.6			-70.0	-189.4	-20.3	12.8	
Non-controlling interests	-0.2									-0.2	-0.0		
Net profit	376.0	76.8	-1.6	69.0	264.5	10.5	-139.5		-0.2	655.5	70.2	-36.4	
EPS (yen)	241									420	46	-23	+24.6 %
Number of shares (millions)	1,562									1,562			1,558

* On March 31, 2021, Takeda completed the sale of Takeda Consumer Healthcare Company Limited ("TCHC"), a wholly-owned subsidiary of Takeda primarily focused on the consumer healthcare market in Japan, to The Blackstone Group Inc.

** Underlying Core Operating Profit Margin.

Net debt/adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(BN JPY)	FY2020
Cash and cash equivalents* ¹	790.7
Book value debt on the balance sheet	-4,635.4
Hybrid bond 50% equity credit	250.0
FX adjustment* ²	165.2
Gross debt* ³	-4,220.2
Net cash (debt)	-3,429.4
Net debt/Adjusted EBITDA ratio	3.2 x
Adjusted EBITDA	1,083.5

NET INCREASE (DECREASE) IN CASH

(BN JPY)	FY2019	FY2020	vs. PY	
Net cash from operating activities	669.8	1,010.9	+341.2	+50.9%
Acquisition of PP&E	-127.1	-111.2		
Proceeds from sales of PP&E	12.6	46.5		
Acquisition of intangible assets	-90.6	-125.3		
Acquisition of investments	-7.6	-12.6		
Proceeds from sales and redemption of investments	49.4	74.6		
Acquisition of business, net of cash and cash equivalents acquired	-4.9	—		
Proceeds from sales of business, net of cash and cash equivalents divested	461.5	530.4		
Net increase (decrease) in short-term loans and commercial papers	-351.2	-149.0		
Repayment of long-term loans	-137.4	-792.5		
Proceeds from issuance of bonds	496.2	1,179.5		
Repayment of bonds	-563.6	-859.2		
Interest paid	-127.2	-107.3		
Dividends paid	-282.6	-283.4		
Others	-40.6	-85.3		
Net increase (decrease) in cash	-43.3	316.1	+359.4	—

*1 Includes short-term investments which mature or become due within one year from the reporting date and excludes deposits restricted to certain vaccines operations.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation, to match with adjusted EBITDA calculation.

*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 cash and non cash adjustments to debt book-value. Non cash adjustments include changes due to debt amortization and FX impact.

Net profit to adjusted EBITDA bridge

(BN JPY)	FY2019 LTM*1	FY2020 LTM*1	vs. PY	
Net profit	44.3	376.2	+331.9	+749.3%
Income tax expenses	-105.0	-9.9		
Depreciation and amortization	583.6	559.7		
Interest expense, net	137.8	129.0		
EBITDA	660.7	1,054.9	+394.2	+59.7%
Impairment losses	101.9	25.5		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	124.1	-74.5		
Finance expense (income), net, excluding interest income and expense, net	-0.6	14.1		
Share of loss on investments accounted for under the equity method	24.0	-0.1		
Non-core expense related to COVID-19	—	14.0		
Other adjustments:				
Impact on profit related to fair value step up of inventory in Shire acquisition	191.0	79.4		
Acquisition costs related to Shire	5.3	1.9		
Other costs*2	37.9	36.1		
EBITDA from divested products*3	-18.4	-67.8		
Adjusted EBITDA	1,125.9	1,083.5	-42.4	-3.8%

*1 LTM represents Last Twelve Months (FY2019: April 2019 - March 2020, FY2020: April 2020 - March 2021).

*2 Includes adjustments for non-cash equity-based compensation expense and non-recurring wind-down costs related to pipeline de-prioritization after Shire acquisition.

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

Reconciliation from reported to core FY2018 full year

(BN JPY)	REPORTED*1	REPORTED TO CORE ADJUSTMENTS							CORE
		Amortization & impairment of intangible assets	Other operating income/expense	Shire acquisition related costs	Shire*1 purchase accounting adjustments	Teva JV related accounting adjustments	Gains on Sales of Securities & Properties	Others	
Revenue	2,097.2								2,097.2
Cost of sales	-651.7				73.8				-578.0
Gross Profit	1,445.5				73.8				1,519.3
SG&A expenses	-717.6			23.8	0.6				-693.2
R&D expenses	-368.3			1.6					-366.7
Amortization of intangible assets	-170.0	95.5			74.5				—
Impairment losses on intangible assets	-8.6	8.6							—
Other operating income	159.9		-40.9			-30.4	-88.6		—
Other operating expenses	-103.2		43.5	59.6					—
Operating profit	237.7	104.1	2.6	85.0	148.9	-30.4	-88.6		459.3
Margin	11.3%								21.9%
Financial income/expenses	-66.4			18.1	4.0			2.3	-42.0
Equity income/loss	-43.6					53.5			9.8
Profit before tax	127.6	104.1	2.6	103.1	152.9	23.1	-88.6	2.3	427.2
Tax expense	7.5	-25.5	-4.0	-12.3	-37.3	-7.1	30.2	-57.5	-105.9
Non-controlling interests	0.1								0.1
Net profit	135.2	78.6	-1.4	90.8	115.6	16.0	-58.4	-55.2	321.4
EPS (yen)	141								334
Number of shares (millions)	961								961

*1 During FY2019, Takeda completed the purchase price allocation for the assets acquired and the liabilities assumed as part of the Shire acquisition. Accordingly, PL statements for FY2018 were retrospectively adjusted.

Reconciliation from reported to core/underlying core FY2014 full year

Billion yen	FY2013	FY2014
Revenue	1,691.7	1,777.8
Fx effects	6.0	(40.0)
Divestments	(22.1)	(16.0)
Underlying Revenue	1,675.7	1,721.9
Operating Profit	139.3	-129.3
Actos one off		274.1
Amortization of intangibles	119.7	123.8
Impairment of intangibles	23.1	63.5
Disposal of unused property	(6.7)	(32.8)
Restructuring costs	21.7	31.2
Contingent consideration	5.6	(51.3)
Litigation costs, etc.	11.6	9.2
Core Earnings	314.2	288.3
Fx effects	3.0	13.8
Divestments and other	(16.1)	(7.3)
Underlying Core Earnings	301.1	294.9
Underlying Core Earnings margin	18.0%	17.1%