# Better health for people, Brighter future for the world

## 40th Annual J.P. Morgan Healthcare Conference

Christophe Weber
President & CEO
January 10th, 2022

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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 21-28.

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# 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**

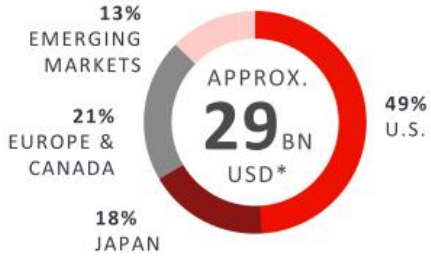
# A Global, Values-based Biopharmaceutical Company


TOP EMPLOYER® IN **38** COUNTRIES & 4 REGIONS
AS OF JANUARY 2021

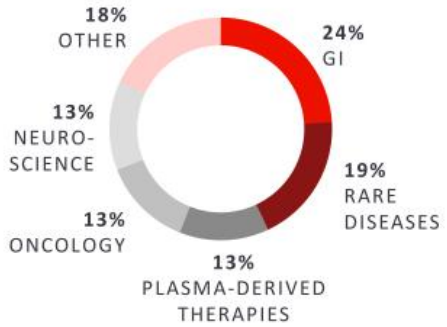
PRESENCE: APPROX. IN **80** COUNTRIES & REGIONS

R&D INVESTMENT APPROX. **$4.7** BN PLANNED FOR FY21*

## FY2020 GLOBAL REVENUE




## 5 KEY BUSINESS AREAS
(% OF FY2020 REVENUE)

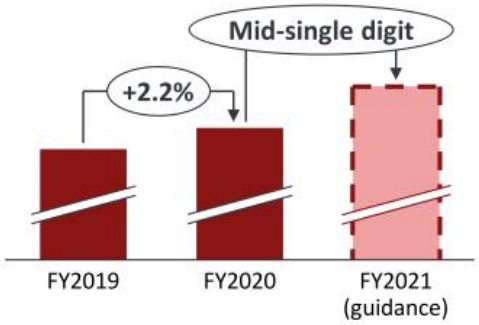




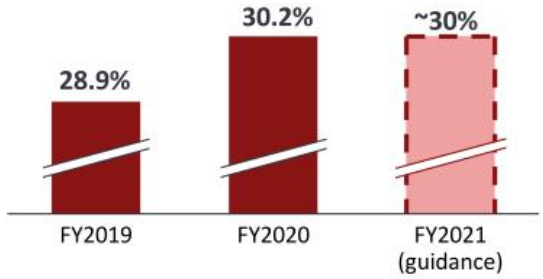

*Convenience translation of reported JPY figures into USD calculated at 110.6 JPY/USD

# Executing to deliver topline acceleration, competitive margins & strong cash flow

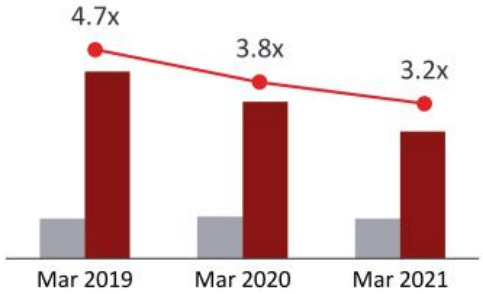
## UNDERLYING REVENUE GROWTH[1]




## UNDERLYING CORE O.P. MARGIN[1]




## NET DEBT / ADJ. EBITDA[2]




- Accelerating topline growth with 14 Global Brands and New Product Launches
- Highly innovative pipeline to support long-term growth outlook
- Competitive Underlying Core Operating Profit[1] margins
- Strong cash flow supporting deleveraging, targeting "low 2s" Net Debt / Adj. EBITDA[2] by FY2023
- Well-established dividend policy and announced first share buyback program since 2008

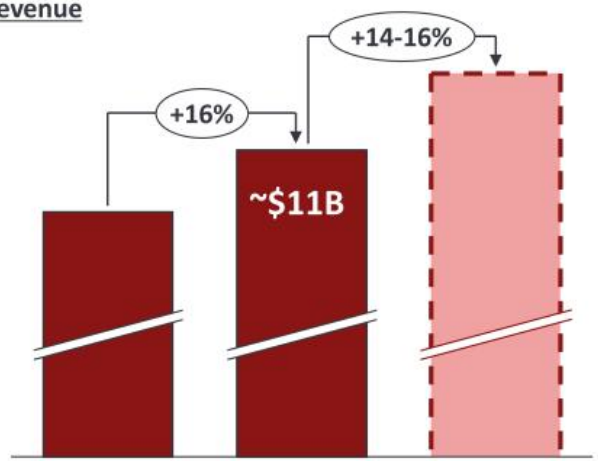


1. Please refer to slide 18 for definition, and 21-23 for reconciliation
2. Please refer to slide 20 for definition, and 24-28 for reconciliation

# 14 Global Brands drive mid-term growth expectations

**14 GLOBAL BRANDS FY2020 REVENUE ~$11 BILLION**
**FY2021 UNDERLYING GROWTH FORECAST: +14-16%**

**14 Global Brands revenue**




| | | | |
|---|---|---|---|
| 14 Global Brands as % total core revenue[2] | **34%** | **38%** | **~45%** |

Entyvio vedolizumab
Gattex (Teduglutide [rDNA origin]) for Injection
ALOFISEL (darvadstrocel)
TAKHZYRO (lanadelumab-flyo) injection
ADYNOVATE [Antihemophilic Factor (Recombinant), PEGylated]
Natpara (parathyroid hormone) for Injection
elaprase (idursulfase)
VPRIV
Flexbumin [Albumin (Human)], USP
GAMMAGARD LIQUID [Immune Globulin Infusion (Human)] 10%
Cuvitru [Immune Globulin Subcutaneous (Human)] 20%
HyQvia [Immune Globulin Infusion 10% (Human) with Recombinant Human Hyaluronidase]
NINLARO (ixazomib) capsules
ALUNBRIG BRIGATINIB

Graphs are illustrative
1. USD amounts provided for reference calculated at 110.6 JPY/USD
2. Percentage of sales are based on Core revenue; FY2021 adjusted to remove JPY 133.0B from sale of Japan diabetes portfolio recorded in revenue. Year-on-year growth rates are Underlying revenue (please refer to slide 18 for definition of Core and Underlying)

# Revising our base case assumption on Entyvio biosimilars: no longer expecting launch upon anticipated data exclusivity expiry timing

Entyvio vedolizumab

Takeda


**Anticipated expiry of data exclusivity**

- May 2024 EU[1]
- May 2026 U.S

- Our previous base case assumption for biosimilar entry timing was based on data exclusivity 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[2]

**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

- No evidence of biosimilar clinical trials to date
- In the U.S., the biosimilar litigation process is triggered by FDA acceptance of a relevant aBLA



1. Potential extension to May 2025 with pouchitis indication. On December 17, 2021, the CHMP granted a positive opinion for Entyvio as a treatment for active chronic pouchitis.
2. Assumes a biosimilar entering clinical studies in January 2022. In the U.S., the biosimilar litigation process is triggered by FDA acceptance of a relevant aBLA; litigation in other jurisdictions may occur earlier.

# Two new product launches in 2021 in areas of high unmet need

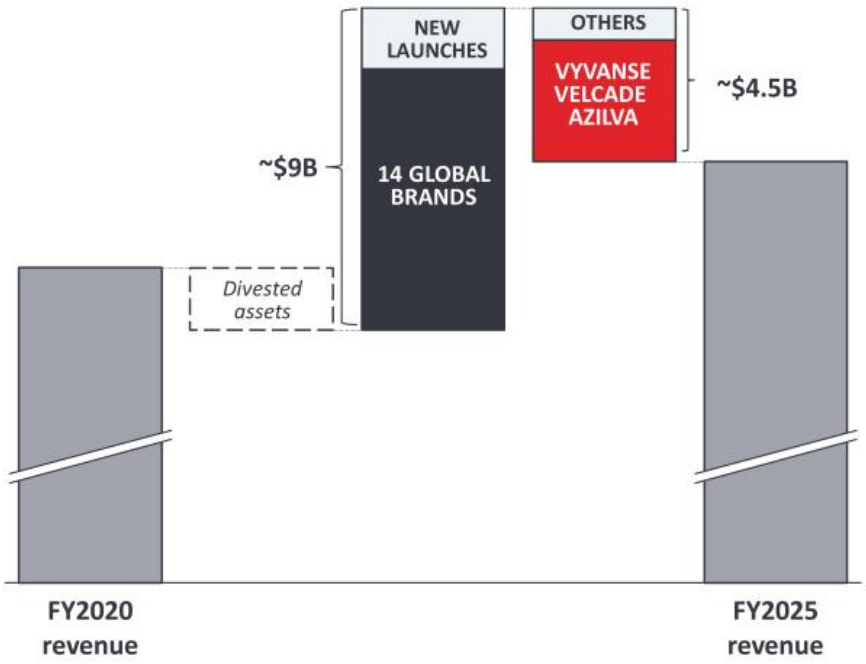

**FIRST AND ONLY APPROVED ORAL THERAPY TO TARGET EGFR EXON20 INSERTION+ NSCLC**

Approved U.S. September 2021


**POTENTIAL TO REDEFINE SUCCESS IN POST-TRANSPLANT CMV INFECTION**

Approved U.S. November 2021

# Mid-term growth expected to be driven by 14 Global Brands, more than offsetting Loss of Exclusivity headwinds




## STRONG INCREMENTAL REVENUE GROWTH POTENTIAL TO FY2025

- 14 Global Brands expected to deliver incremental revenue more than double mid-term LOE headwinds from Vyvanse, Velcade & Azilva
- Further upside from new product launches such as Exkivity & Livtencity more than offsetting decline of other in-line products (e.g. hemophilia)
- Focus on delivering competitive Underlying Core Operating Profit[1] margin in low-to-mid thirties %
- No Entyvio biosimilar launches expected in any major markets during this timeframe

Graphs are illustrative

"New Launches" refers to New Molecular Entities launched after April 1, 2021. All revenue numbers are adjusted for development and regulatory risk. 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. In addition, if a product is approved, the effect of commercial factors including the patient population, the competitive environment, pricing and reimbursement is also uncertain.

1. Please refer to slide 18 for definition

# Positioned to deliver topline growth out to FY2030 and beyond

FY2025 revenue

## IN-LINE PORTFOLIO OUTLOOK FY2025-2030

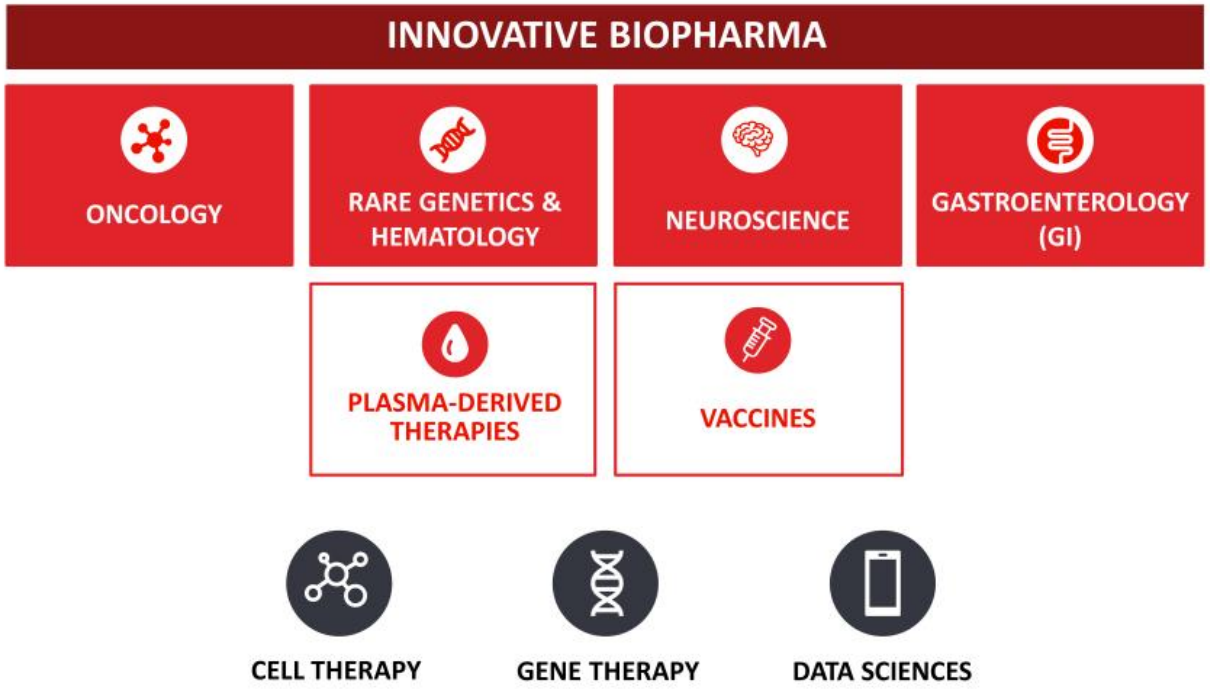
- Continued growth of multiple Global Brands (e.g. IG and Takhzyro) expected to offset main U.S. LOEs of Trintellix (2026) & Ninlaro (2029)
- Hemophilia portfolio decline levels off
- Any Entyvio biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of any relevant patents

## INNOVATIVE PIPELINE TO DELIVER VALUE

- Highly innovative pipeline of ~40 clinical stage assets
- In-house research engine to drive future innovation
- Further enriching the pipeline through partnerships and targeted, strategic bolt-on acquisitions

# Patient-centric and Science-first Innovative R&D Engine

## R&D STRATEGY




### INNOVATIVE PIPELINE

- ~40 NMEs in clinical stage development
- Diverse modality base
- Approx. 50% of pipeline has Orphan Drug Designation or Orphan potential in at least one indication

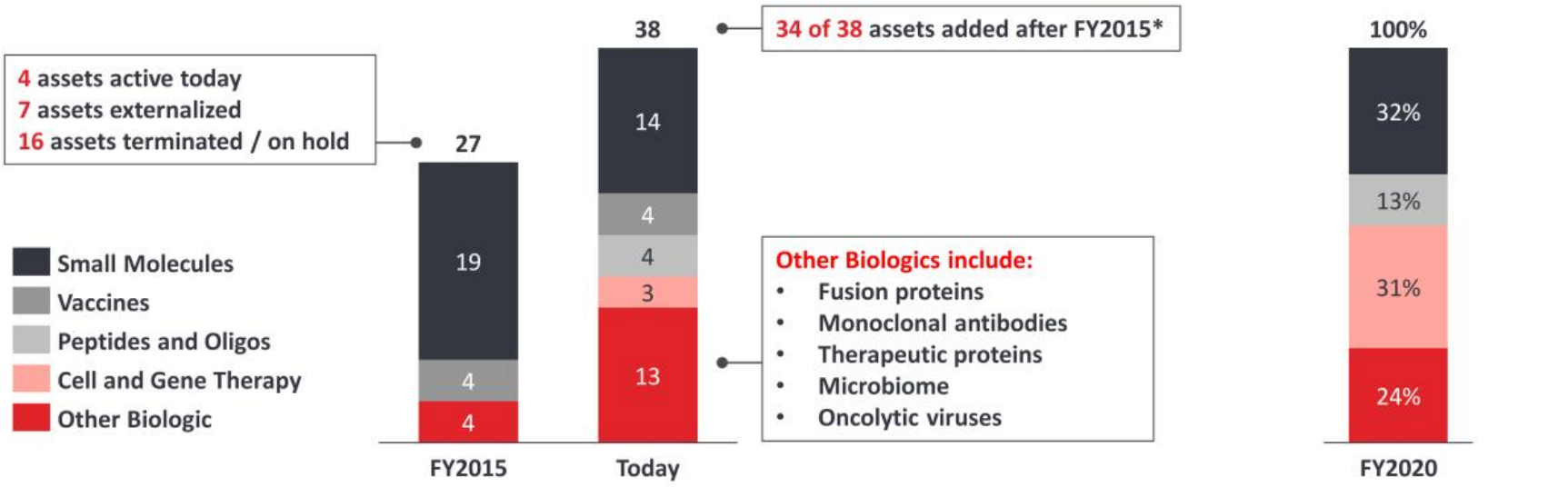
### ROBUST PARTNERSHIP MODEL

- Takeda's labs are designed to access innovation wherever it originates
- Investments in novel mechanisms and capabilities for a sustainable future

# Our pipeline is modality diverse with transformative potential

## DEMONSTRATED PIPELINE GROWTH AND DIVERSIFICATION

## CONTINUED INVESTMENT IN NEW MODALITIES



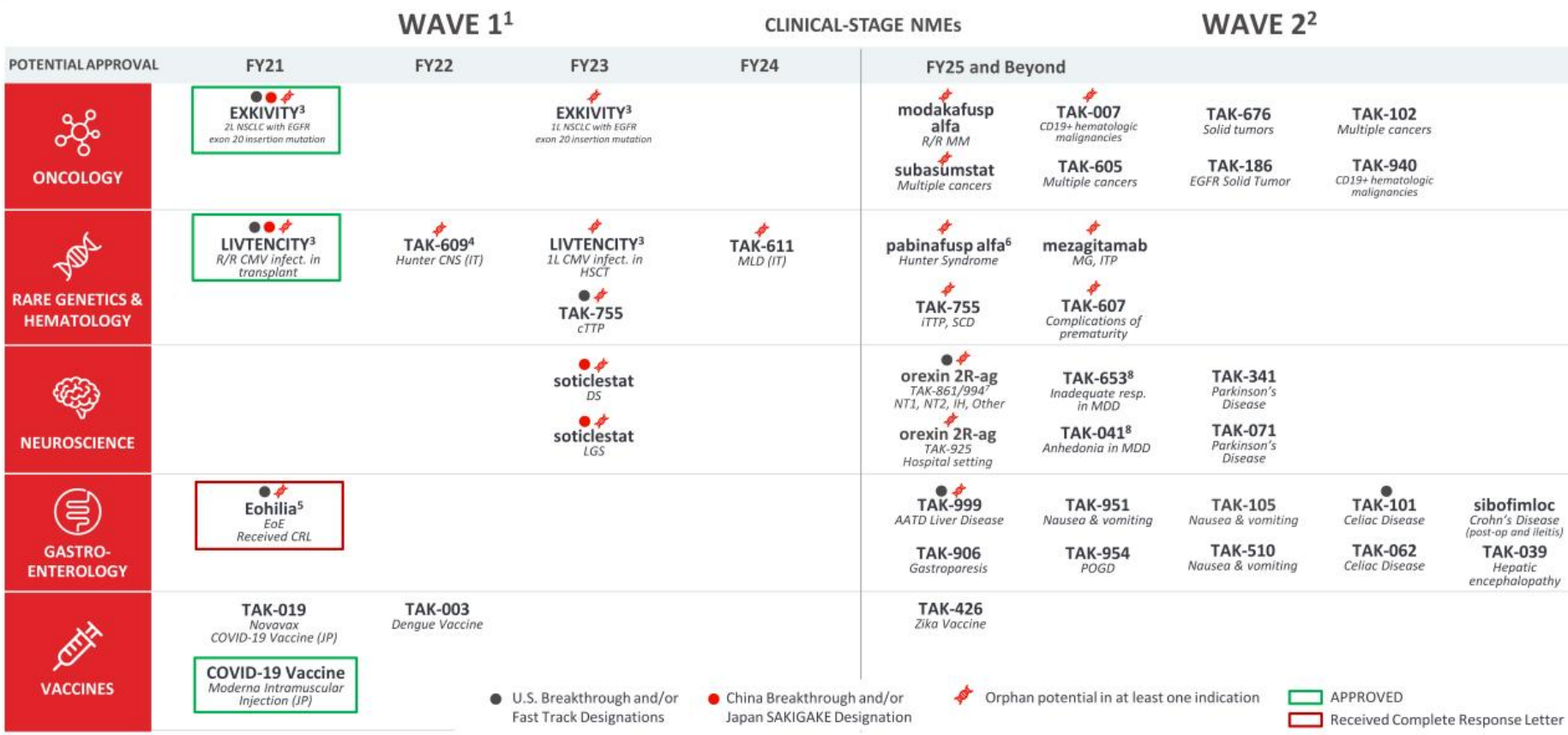

CLINICAL-STAGE NMEs

PRECLINICAL PIPELINE (Lead Optimization to IND)



NMEs counted on the asset (rather than indication) level. Today's count does not include assets removed from pipeline in FY2021 (pevonedistat, TAK-831). FY2015 count taken at end of fiscal year.
*Of the 38 assets in today's pipeline, 4 were in development in FY2015 (soticlestat, TAK-653, TAK-003, mezagitamab).

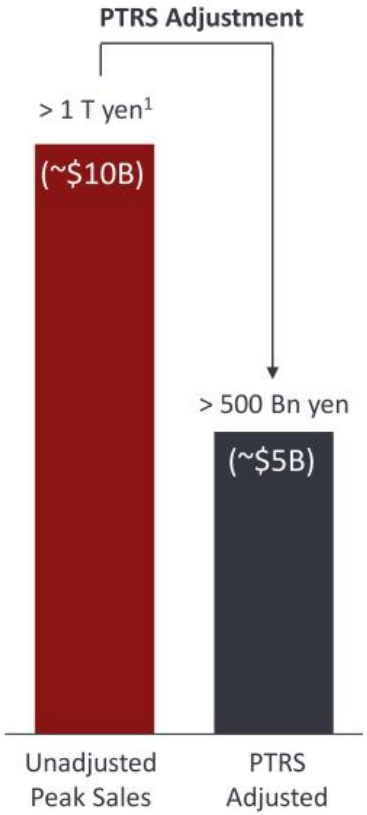
# Our highly innovative pipeline is starting to deliver value

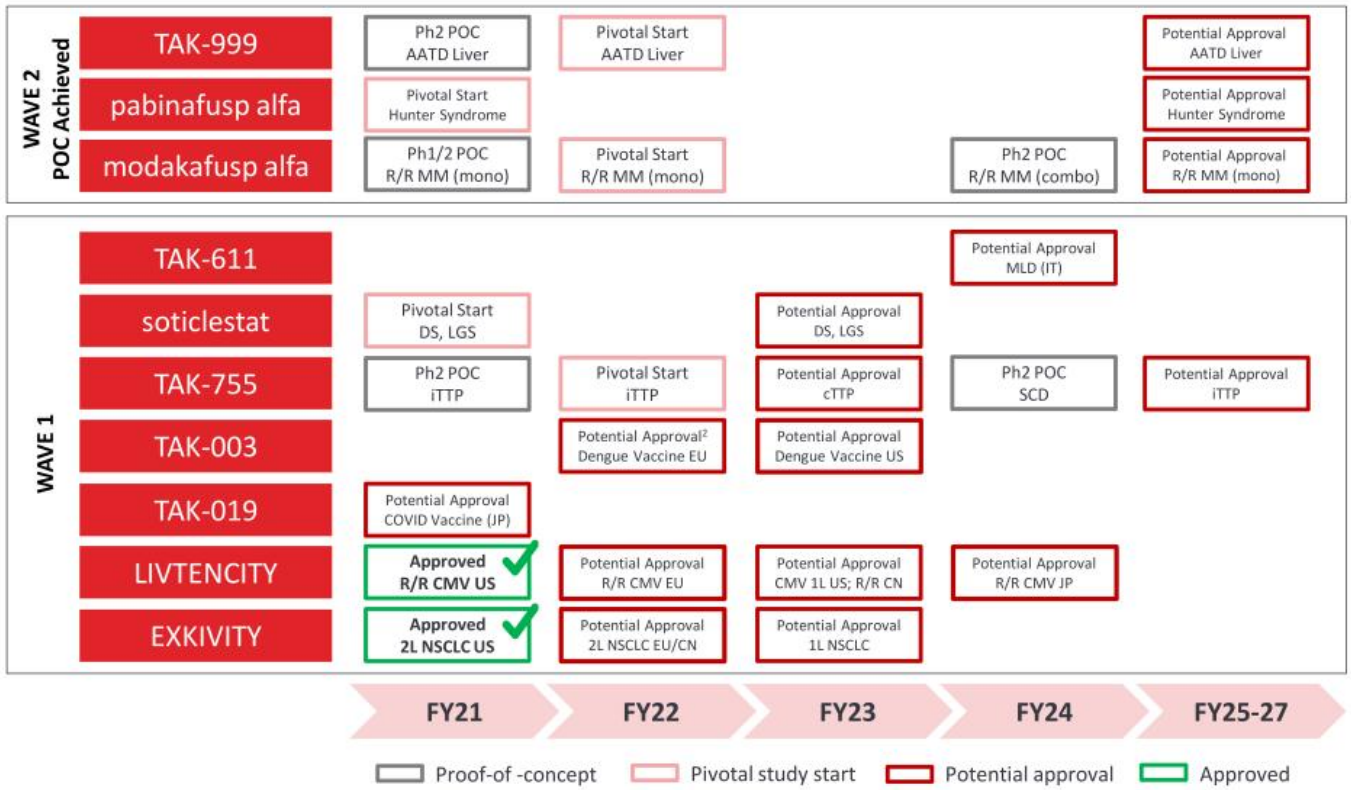



1. Potential approval dates depend on data read-outs; some WAVE 1 target approval dates assume accelerated approval
2. Certain WAVE 2 programs may be accelerated into WAVE 1 depending on future data read outs
3. EXKIVITY (brand) – mobocertinib (generic), LIVTENCITY (brand) – maribavir (generic)
4. Filing of TAK-609 is subject to feedback from regulatory agencies on the ongoing extension trial and may change
5. Takeda has received a Complete Response Letter (CRL) from the FDA, and no longer expects approval in FY2021. Takeda is assessing the details of the CRL
6. Partnership with JCR Pharmaceuticals
7. TAK-994 timeline under evaluation
8. Partnership with Neurocrine Biosciences

Takeda's Fiscal Year ends March 31 of the following year; e.g.,"FY21" refers to the twelve-month period ending March 31, 2022.
All timelines are approximate estimates of January 10, 2022. For glossary of disease abbreviations please refer to appendix.

# Pipeline assets expected to be in pivotal trials by end of FY2022 have significant peak sales potential

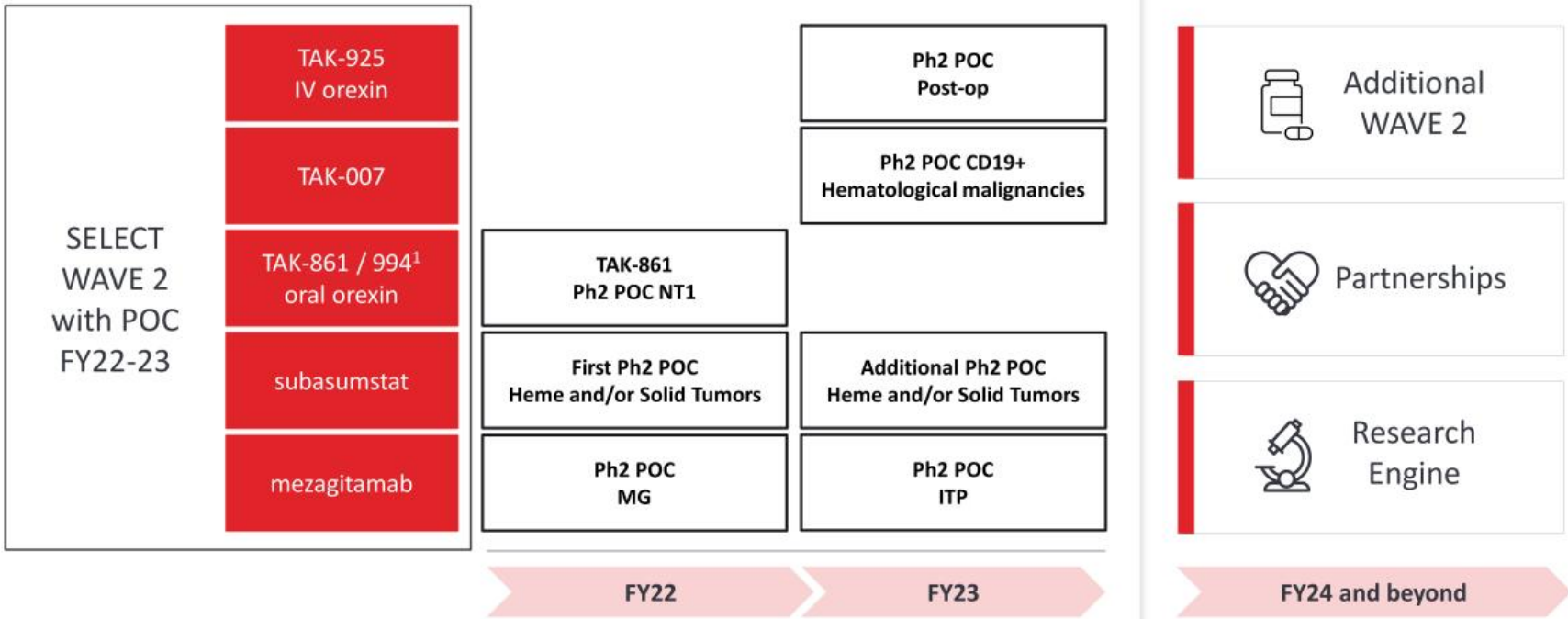



PTRS: Probability of Technical and Regulatory Success. For glossary of disease abbreviations please refer to appendix.

1. Aggregate total of peak sales potential of the assets shown on this slide. Peak sales will be realized in different years depending on the asset. Includes revenue from additional indications which are pre-POC. Includes potential revenue from regions for which Takeda has yet to execute option agreements for commercialization rights. Eohilia and TAK-609 excluded due to uncertain timelines.
2. EU approval is expected to be referenced by many endemic countries for local approval

# Of the ~30 Wave 2 assets in clinical trials, several high-potential programs are expected to have Proof-of-Concept readouts over the next two fiscal years






1. TAK-994 timeline under evaluation
For glossary of disease abbreviations please refer to appendix.

# Positioned for growth over the mid- and long-term and committed to delivering shareholder value

## EXECUTING ON OUR GROWTH STRATEGY

- Executing to deliver topline acceleration, competitive margins and strong cash flow

## MID-TERM GROWTH DRIVEN BY 14 GLOBAL BRANDS

- 14 Global Brands expected to more than offset Loss of Exclusivity headwinds to FY2025
- Focus on delivering competitive Underlying Core Operating Profit[1] margin in low-to-mid thirties %

## INNOVATIVE PIPELINE TO DELIVER LONG-TERM GROWTH

- Highly innovative pipeline of ~40 clinical stage assets
- In-house research engine to drive future innovation
- Further enriching the pipeline through partnerships and targeted, strategic bolt-on acquisitions



1. Please refer to slide 18 for definition

# APPENDIX

# 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 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.

# 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, excluding acquisition of property, plant and equipment, intangible assets and investments, and any other cash that is not available to Takeda's immediate or general business use, and including proceeds from sales of property, plant, sales and redemption 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 inclusion of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents divested, although they reflect the execution of our current strategy of divesting non-core assets, 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 slides 25 and 28 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 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 slides 24, 26 and 27 for reconciliations to this measure.

# FY2020 RECONCILIATION FROM REPORTED REVENUE TO UNDERLYING REVENUE

| (BN JPY) | FY2019 | FY2020 | vs. PY | |
|---|---|---|---|---|
| **Revenue** | **3,291.2** | **3,197.8** | **-93.4** | **-2.8%** |
| Fx effects*1 | | | | +3.0pp |
| Divestitures*2 | | | | +2.1pp |
| XIIDRA | | | | +0.3pp |
| Regional portfolio | | | | +1.2pp |
| TACHOSIL | | | | +0.1pp |
| Others | | | | +0.4pp |
| **Underlying Revenue Growth** | | | | **+ 2.2%** |

*1 FX adjustment applies plan rate to both periods.
*2 Major adjustments are as follow;

- Net sales of XIIDRA, a treatment for dry eye disease, the divestiture of which was completed in July 2019, are excluded from FY2019.
- Revenue of select over-the-counter and non-core products in a number of Near East, Middle East and Africa countries, is excluded from FY2019 as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Russia, Georgia, and a number of countries from within the Commonwealth of Independent States, is excluded from FY2019 as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Asia Pacific, is excluded from both FY2020 and FY2019 , as the divestiture was completed in November 2020.
- Revenue of select non-core products predominantly in Europe, is excluded from both FY2020 and FY2019, as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America, is excluded from both FY2020 and FY2019, as the divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from both FY2020 and FY2019, as the divestiture was completed in January 2021.

# FY2020 RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE

| (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.

# FY2019 RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE

| (BN YEN) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | | | | CORE | CORE TO UNDERLYING CORE ADJ. | | UNDERLYING CORE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Amortization & impairment of intangible assets | Other operating income/ expense | Shire acquisition related costs | Shire purchase accounting adjustments | Swiss Tax Reform | Teva JV related accounting adjustments | Others | | FX | Divestitures | |
| Revenue | 3,291.2 | | | | | | | | 3,291.2 | 102.4 | -30.5 | |
| Cost of sales | -1,089.8 | | | | 199.5 | | | | -890.3 | -27.9 | 5.0 | |
| Gross Profit | 2,201.4 | | | | 199.5 | | | | 2,400.9 | 74.4 | -25.5 | |
| SG&A expenses | -964.7 | | | 5.5 | 2.4 | | | | -956.8 | -29.0 | | |
| R&D expenses | -492.4 | | | 10.4 | 0.1 | | | | -481.9 | -8.9 | | |
| Amortization of intangible assets | -412.1 | 87.0 | | | 325.1 | | | | - | | | |
| Impairment losses on intangible assets | -43.3 | 43.3 | | | | | | | - | | | |
| Other operating income | 60.2 | | -46.0 | | | | -14.2 | | - | | | |
| Other operating expenses | -248.7 | | 113.3 | 135.4 | | | | | - | | | |
| Operating profit<br>Margin | 100.4<br>3.1% | 130.3 | 67.3 | 151.2 | 527.1 | | -14.2 | | 962.2<br>29.2% | 36.5 | -25.5 | **28.9%** |
| Financial income/expenses | -137.2 | | | 7.1 | 14.4 | | | -20.1 | -135.7 | 5.3 | | |
| Equity income/loss | -24.0 | | | | | | 32.2 | | 8.2 | -0.0 | | |
| Profit before tax | -60.8 | 130.3 | 67.3 | 158.3 | 541.6 | | 18.0 | -20.1 | 834.7 | 41.8 | -25.5 | |
| Tax expense | 105.0 | -31.7 | -10.8 | -29.2 | -98.2 | -94.6 | -5.5 | -67.5 | -232.4 | -10.0 | 5.9 | |
| Non-controlling interests | -0.0 | | | | | | | | -0.0 | | | |
| Net profit | 44.2 | 98.7 | 56.5 | 129.1 | 443.4 | -94.6 | 12.5 | -87.6 | 602.2 | 31.8 | -19.6 | |
| EPS (yen) | 28 | | | | | | | | 387 | 21 | -13 | **395** |
| Number of shares (millions) | 1,557 | | | | | | | | 1,557 | | | 1,555 |

# FY2020 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 dues to debt amortization and FX impact.

# FY2020 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.

# FY2019 NET DEBT/ADJUSTED EBITDA

## NET DEBT/ADJUSTED EBITDA RATIO

| (BN YEN) | FY2019 |
|---|---|
| Cash and cash equivalents[*1] | 637.6 |
| Book value debt on the balance sheet | -5,093.3 |
| Hybrid bond 50% equity credit | 250.0 |
| FX adjustment[*2] | -28.3 |
| Gross debt[*3] | -4,871.6 |
| **Net cash (debt)** | **-4,234.0** |
| **Net debt/Adjusted EBITDA ratio** | **3.8 x** |
| **Adjusted EBITDA** | **1,125.9** |

## NET INCREASE (DECREASE) IN CASH

| (BN YEN) | FY2018 | FY2019 | vs. PY | |
|---|---|---|---|---|
| Net cash from operating activities | 328.5 | 669.8 | +341.3 | +103.9% |
| Acquisition of PP&E | -77.7 | -127.1 | | |
| Proceeds from sales of PP&E | 50.7 | 12.6 | | |
| Acquisition of intangible assets | -56.4 | -90.6 | | |
| Acquisition of investments | -17.1 | -7.6 | | |
| Proceeds from sales and redemption of investments | 65.0 | 49.4 | | |
| Acquisition of business, net of cash and cash equivalents acquired | -2,958.7 | -4.9 | | |
| Proceeds from sales of business, net of cash and cash equivalents divested | 85.1 | 461.5 | | |
| Proceeds from withdrawal of restricted deposit | 71.8 | - | | |
| Net increase (decrease) in short-term loans | 367.3 | -351.2 | | |
| Proceeds from long-term loans | 1,215.5 | - | | |
| Repayment of long-term loans | - | -137.4 | | |
| Proceeds from issuance of bonds | 1,580.4 | 496.2 | | |
| Repayment of bonds | - | -563.6 | | |
| Interest paid | -34.9 | -127.2 | | |
| Dividends paid | -143.0 | -282.6 | | |
| Others | -37.7 | -40.6 | | |
| Net increase (decrease) in cash | 439.0 | -43.3 | -482.4 | — |

1. Includes short-term investments which mature or become due within one year from the reporting date.
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 dues to debt amortization and FX impact.

# FY2018 NET DEBT/ADJUSTED EBITDA

| (Bn yen) | FY2017 | FY2018 | vs. PY | |
|---|---|---|---|---|
| Operating Free Cash Flow | 242.9 | 194.4 | -48.5 | -20.0% |
| Sale of Wako shares | 84.5 | - | | |
| Sale of Techpool and Multilab shares | - | 27.5 | | |
| Sale of other shareholdings*1 | 40.6 | 65.0 | | |
| Real estate disposals*1 | 39.3 | 108.3 | | |
| Payment into restricted deposit of TiGenix | -71.8 | - | | |
| Dividend | -141.9 | -143.0 | | |
| Repayment of long term loans and bonds | -140.0 | - | | |
| Bridge and term loan facilities, etc. - Shire acquisition | - | -19.5 | | |
| Net of cash consideration - Shire acquisition | - | -2,891.9 | | |
| Proceeds from long-term loans and issuance of bonds - Shire acquisition | - | 3,295.9 | | |
| Others | -78.6 | -229.2 | | |
| Net increase (decrease) in cash | -24.9 | 407.6 | +432.5 | — |

| (Bn yen) | FY2017 | FY2018 | vs. PY | |
|---|---|---|---|---|
| Cash and cash equivalents*2 | 294.5 | 702.1 | +407.6 | +138.4% |
| Debt*3 | -985.7 | -5,751.0 | -4,765.3 | -483.5% |
| Net cash (debt) | -691.1 | -5,048.9 | -4,357.7 | -630.5% |
| Gross debt/Adjusted EBITDA ratio | 2.6 x | 10.7 x | +8.1 | |
| Net debt/Adjusted EBITDA ratio | 1.8 x | 9.4 x | +7.6 | |
| Net debt/Pro-forma Adjusted EBITDA ratio | | 4.7 x | | |
| Adjusted EBITDA*4 | 377.7 | 536.4 | +158.7 | +42.0% |
| Pro-forma Adjusted EBITDA*4 | | 1,077.7 | | |

*1 FY2018 disposal objective: ~110 Bn yen in total *2 Includes short-term investments which mature or become due within one year from the reporting date *3 Bonds and loans of current and non-current liabilities *4 Please see slide 28 for details.

# FY2018-2019 NET PROFIT TO ADJUSTED EBITDA BRIDGE

| (BN JPY) | FY2018 | FY2019 |
|---|---|---|
| Net profit for the year | 135.1 | 44.3 |
| Income tax expenses | -7.5 | -105.0 |
| Depreciation and amortization | 247.7 | 583.6 |
| Interest expense, net | 41.6 | 137.8 |
| EBITDA | 416.9 | 660.7 |
| Impairment losses | 10.1 | 101.9 |
| Other operating expense (income), net, excluding depreciation and amortization | -58.6 | 124.1 |
| Finance expense (income), net, excluding interest income and expense, net | 24.9 | -0.6 |
| Share of loss on investments accounted for under the equity method | 43.6 | 24.0 |
| Other adjustments: | | |
| Impact on profit related to fair value step up of inventory in Shire acquisition | 74.2 | 191.0 |
| Acquisition costs related to Shire | 23.8 | 5.3 |
| Other costs [*1] | 1.6 | 19.5 |
| Adjusted EBITDA | 536.4 | 1,125.9 |
| Legacy Shire's Non-GAAP EBITDA [*2] | 541.3 | N/A |
| Pro-forma Adjusted EBITDA [*3] | 1,077.7 | N/A |

1. FY2019 includes adjustments for non-cash equity based compensation expense and EBITDA of divested products.
2. Subtracted Legacy Shire's Jan – Mar 2018 (3 months) Non GAAP EBITDA from Legacy Shire's Jan – Dec 2018 (12 months) Non GAAP EBITDA and converted to JPY with average exchange rate of 110.8 JPY/USD (Apr – Dec 2018).
3. 12-month Apr 2018 – Mar 2019 combined Adjusted EBITDA of Takeda and Legacy Shire.

Note: Takeda's Adjusted EBITDA and Legacy Shire's Non-GAAP EBITDA are not directly comparable, because (1) Takeda's results are based on IFRS and Legacy Shire's results are based on U.S. GAAP and (2) Takeda's Adjusted EBITDA and Legacy Shire's Non-GAAP EBITDA are defined differently.

# GLOSSARY OF ABBREVIATIONS

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

| | |
|---|---|
| **AATD** | α1-antitrypsin deficiency |
| **AD** | Alzheimer's disease |
| **ADC** | antibody drug conjugate |
| **ADHD** | attention deficit hyperactivity disorder |
| **AHA** | acquired hemophilia A |
| **ALK** | anaplastic lymphoma kinase |
| **ALCL** | anaplastic large-cell lymphoma |
| **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 |
| **BTK** | Bruton's tyrosine kinase |
| **BOS** | budesonide oral suspension |
| **CAR-T** | chimeric antigen receptor-T |
| **CD** | Crohn's disease |
| **CHAWI** | congenital hemophilia A with inhibitors |
| **CHMP** | Committee for Medicinal Products for Human Use |
| **CIAS** | cognitive impairment associated with schizophrenia |
| **CIDP** | chronic inflammatory demyelinating polyradiculoneuropathy |
| **CLL** | chronic lymphocytic leukemia |
| **CML** | chronic myeloid leukemia |
| **CMML** | chronic myelomonocytic leukemia |
| **CMV** | cytomegalovirus |
| **CSF** | cerebrospinal fluid |
| **CNS** | central nervous system |
| **CPF** | complex perianal fistulas |
| **CRL** | complete response letter |
| **CRPS** | complex regional pain syndrome |
| **CTCL** | cutaneous T-cell lymphoma |
| **cTTP** | congenital thrombotic thrombocytopenic purpura |
| **DAAO** | D-amino acid oxidase |
| **DEE** | developmental and epileptic encephalopathies |
| **DLBCL** | diffuse large B-cell lymphoma |
| **DS** | Dravet syndrome |
| **DU** | duodenal ulcer |
| **Dx** | diagnosis |
| **EDS** | excessive daytime sleepiness |
| **EE H** | erosive esophagitis healing |
| **EE M** | erosive esophagitis maintenance |
| **EFI** | enteral feeding intolerance |
| **EGFR** | epidermal growth factor receptor |
| **EMA** | European Medicines Agency |
| **EOE** | eosinophilic esophagitis |
| **ESCC** | esophageal squamous-cell carcinoma |
| **FDA** | the U.S. Food & Drug Administration |
| **FL** | front line |
| **FSI** | first subject in |
| **GCC** | guanylyl cyclase C |
| **GERD** | gastroesophageal reflux disease |
| **GI** | gastrointestinal |
| **GnRH** | gonadotropin-releasing hormone |
| **GU** | gastric ulcer |
| **GvHD** | graft versus host disease |
| **HAE** | hereditary angioedema |
| **H2H** | head-to-head |
| **HCC** | hepatocellular carcinoma |
| **HemA** | hemophilia A |
| **HER2** | human epidermal growth factor receptor 2 |
| **HL** | Hodgkin lymphoma |
| **HR MDS** | higher-risk myelodysplastic syndromes |
| **HSCT** | hematopoietic stem cell transplant |
| **IBD** | inflammatory bowel disease |
| **IH** | idiopathic hypersomnia |
| **IND** | investigational new drug |
| **iNHL** | Indolent non-Hodgkin's lymphoma |
| **I/O** | immuno-oncology |
| **iTTP** | immune thrombotic thrombocytopenic purpura |
| **IV** | intravenous |
| **iPSC** | induced pluripotent stem cells |
| **L-ASA** | low dose aspirin |
| **LBD** | Lewy body dementia |
| **LB AML** | low-blast acute myeloid leukemia |
| **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 |
| **NAE** | NEDD8 activating enzyme |
| **ND** | newly diagnosed |
| **NDA** | new drug application |
| **Neg** | Negative |
| **NERD** | non-erosive reflux disease |
| **NHL** | non-Hodgkin's lymphoma |
| **NK** | natural killer |
| **NME** | new molecular entity |
| **NMPA** | National Medical Products Administration |
| **NSCLC** | non-small cell lung cancer |
| **NSCT** | non stem cell transplant |
| **NS** | negative symptoms |
| **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 |
| **PBS** | phosphate buffered saline |
| **PCAB** | potassium competitive acid blocker |
| **Ph+ ALL** | Philadelphia chromosome-positive acute lymphoblastic leukemia |
| **PID** | primary immunodeficiency |
| **PK** | pharmacokinetics |
| **POC** | proof of concept |
| **POGD** | post-operative gastrointestinal dysfunction |
| **POI** | post-operative ileus |
| **PTCL** | peripheral T-cell lymphoma |
| **PTH** | parathyroid hormone |
| **R/R** | relapsed/refractory |
| **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 |
| **SCZ** | schizophrenia |
| **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 |
| **TRD** | treatment resistNMPAant depression |
| **UC** | ulcerative colitis |
| **vWD** | von Willebrand disease |