A Global, Values-Based, R&D-Driven Biopharmaceutical Leader

January 8, 2019

Christophe Weber
President & CEO
Takeda Pharmaceutical Company Limited

Better Health, Brighter Future

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Certain Non-IFRS Financial Measures

This presentation includes certain non-IFRS financial measures and targets. Takeda’s management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. Non-IFRS results exclude certain income and cost items which are included in IFRS results. 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. Non-IFRS results are not prepared in accordance with IFRS and non-IFRS information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with IFRS. Investors are encouraged to review the reconciliation of non-IFRS financial measures to their most directly comparable IFRS measures, which are on slides 27-28.

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Financial Information

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements of Shire plc ("Shire") are presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Therefore, the respective financial information of Takeda and Shire are not directly comparable.

Furthermore, this presentation refers to Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA. Takeda’s Adjusted EBITDA is not a measure presented in accordance with IFRS, and Shire's Non-GAAP EBITDA is not a measure presented in accordance with U.S. GAAP. The most closely comparable measure presented in accordance with IFRS (for Takeda) is net profit for the year and in accordance with U.S. GAAP (for Shire) is net income. Please see slides 29-28 for a further description of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA and a reconciliation to the respective most closely comparable measures presented in accordance with IFRS and U.S. GAAP.

The information in this presentation describes the Takeda group following completion of the acquisition of Shire on January 8, 2019.

Transaction Value & Multiples

- Equity Value: $57bn¹
- Enterprise Value: $73bn¹,²

<table>
<thead>
<tr>
<th>Multiples</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6x</td>
<td>LTM Shire Revenue³</td>
</tr>
<tr>
<td>11.1x</td>
<td>LTM Shire Non GAAP EBITDA³</td>
</tr>
<tr>
<td>15.1x</td>
<td>LTM Shire Net Income⁴</td>
</tr>
</tbody>
</table>

Pro Forma Financials

- Revenue: $31.3bn⁴
- Adjusted EBITDA: $10.1bn⁴,⁵

Financial Benefits

- At least $1.4bn of run-rate synergies
- Significantly accretive to underlying EPS⁶
- Attractive ROIC
- Strong cash flow to maintain dividend

Preserving Balance Sheet Strength

- Maintain investment grade
- Attractive interest rate
- Plan to de-lever to 2x net debt to Adjusted EBITDA within 3 to 5 years

A GLOBAL, VALUES-BASED, R&D-DRIVEN BIOPHARMACEUTICAL LEADER

Acquisition price 6.2tn JPY

¹ Based on the closing price of ¥ 3,995 per Takeda Share and converted using the ¥/£ exchange rate of 1:188.40 and £/¥ of 1:1.276 on January 7, 2019 (at 16:30 GMT); ² Net debt figure of $15,154mm used as of September 30, 2018; ³ LTM (Last Twelve Months) ended September 30, 2018, includes Oncology contribution; ⁴ LTM ended September 30, 2018 and an exchange rate of $/¥ of 1:113.6 as at September 30, 2018; ⁵ The sum of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA. Please see slides 29-28 for more details; ⁶ EPS on an underlying basis is the per-share amount of underlying core net profit. Please see slides 26 for more details.
Closing of the Shire acquisition: January 8th, 2019

8 months from deal announcement to deal close
- Regulatory approvals obtained ahead of plan
- **Financing completed** at highly competitive interest rates against a challenging market backdrop
- Strong shareholder support with high approval rates for both Takeda (89.1%) & Shire (99.8%)
- **Listing of Takeda ADSs on the New York Stock Exchange** on December 24, 2018

Integration planning well underway
- A new operating model to leverage Takeda and Shire know-how
- Announcement of New Takeda Executive Team and top 200 leaders
- Excited to formally welcome our new colleagues after months of close cooperation

Timeline of key upcoming IR events for further business updates (excluding IR roadshows, etc.)
A global, values-based, R&D-driven biopharmaceutical leader with an attractive geographic footprint and scale to drive future development

$31.3bn\(^1\)  
Revenue

$10.1bn\(^{1,2}\)  
Adjusted EBITDA

**Approx. breakdown by region\(^3\)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Japan</th>
<th>US</th>
<th>Europe &amp; Canada</th>
<th>Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>18%</td>
<td>49%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Employees</td>
<td>12%</td>
<td>33%</td>
<td>16%</td>
<td>39%</td>
</tr>
</tbody>
</table>

\(^1\) LTM ended September 30, 2018 and an exchange rate of ¥/ of 1:113.6 as at September 30, 2018; \(^2\) The sum of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA. Please see slides 25-28 for more details;  
\(^3\) Percentages calculated using (a) the revenue by geography for the 12 month period ending on March 31, 2018 (in the case of Takeda) and (b) the approximate revenue by geography for the 12 month period ending on December 31, 2017 (in the case of Shire) and converted using the ¥/$ of 1:112.65 as of that date. Percentages for the combined group are calculated by aggregating the revenue by geography for Takeda and Shire.

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**VALUES-BASED**

Our long history since 1781 has shaped the values that are fundamental to the success of Takeda in the long term

**VALUES**

- **Integrity**
- **Fairness**
- **Honesty**
- **Perseverance**

We take action and make decisions by focusing on our four priorities, in order of:

1. Putting the patient at the center
2. Building trust with society
3. Reinforcing our reputation
4. Developing the business
Takeda's long-term profitable growth will be driven by our R&D Engine, Business Area Focus, and Financial Strength

1. **R&D Engine**
   - A unique R&D engine based on Therapeutic Area focus, leading partnership model, and patient-centric, science-driven culture of innovation
   - Focus on highly innovative medicines to progress a pipeline that can deliver significant value in areas of high unmet medical need

2. **Business Area Focus**
   - Focus on 5 key business areas of oncology, GI, neuroscience, rare diseases and plasma derived therapies
   - Lean & focused organization making the right investments to fuel future growth of our robust and innovative product portfolio, and able to respond with agility to changing market conditions

3. **Financial Strength**
   - Substantial cash flow generation to invest in R&D, de-leverage rapidly, and maintain 180 yen dividend
   - Continued focus on further boosting profitability through delivering on synergies and improving OPEX discipline
   - Committed to solid investment grade credit rating

R&D ENGINE

Takeda has a unique R&D engine driving innovation

<table>
<thead>
<tr>
<th>THERAPEUTIC AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONCOLOGY</td>
</tr>
<tr>
<td>GI</td>
</tr>
<tr>
<td>NEUROSCIENCE</td>
</tr>
<tr>
<td>RARE DISEASES</td>
</tr>
<tr>
<td>PLASMA DERIVED THERAPIES</td>
</tr>
<tr>
<td>VACCINE</td>
</tr>
</tbody>
</table>

**HIGHLY FOCUSED**

**LEADING PARTNERSHIP MODEL**

**CULTURE OF INNOVATION**

Unique R&D engine

- Agile and lean organization, freeing up resources to be invested into pipeline development
- Dynamic and sustainable research and early development engine with key capabilities
- Transformative advances via reciprocally advantageous partnerships
- Laser-focused on purposeful execution
Our innovative pipeline has the potential to deliver significant value

Highly focused pipeline concentrated on 4 therapeutic areas + Plasma Derived Therapies & Vaccines

~40% of pipeline is partnered

~50% of pipeline with Orphan Drug Designation

~50% non small molecule modalities

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**R&D ENGINE**

We have an innovative and maturing pipeline

<table>
<thead>
<tr>
<th>0NCOLOGY</th>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3/FIELD</th>
<th>APPROVED*</th>
</tr>
</thead>
</table>
| 0NCOLOGY | TAK-081
targeting IGF1R | TAK-805
targeting EGFR | TAK-428
targeting EGF/HER2 | NINELAIB Sandoz (JP) |
|          | TAK-054
targeting EGFR | TAK-807
targeting EGF/HER2 | TAK-425
targeting EGFR | ADOCETRX Xenon (US,JP) |
|          | TAK-079
targeting IGF1R | TAK-421
targeting EGF/HER2 | TAK-803
targeting EGFR | ALUMBRIB Jazz (US) |
|          | TAK-012
targeting EGFR | TAK-803
targeting EGFR | TAK-711
targeting EGFR | EROVIR0 Janssen (US) |
|          | TAK-018
targeting EGFR | TAK-806
targeting EGFR | TAK-711
targeting EGFR | ALUMBRIB Jazz (US) |

**NEUROSCIENCE**

| NEUROSCIENCE | TAK-653
targeting EGFR | TAK-658
targeting EGFR | TAK-651
targeting EGFR | GATTEX Genzyme (US) |
|--------------|-----------------|-----------------|-----------------|---------------------|
|              | TAK-654
targeting EGFR | TAK-654
targeting EGFR | TAK-654
targeting EGFR | RESOLOR Pfizer (JP) |
|              | TAK-655
targeting EGFR | TAK-655
targeting EGFR | TAK-655
targeting EGFR | TELTOMIR Alkermes (US) |

**GASTRO-ENTEROLOGY**

| GASTRO-ENTEROLOGY | TAK-012
targeting EGFR | TAK-012
targeting EGFR | TAK-012
targeting EGFR | TRINTELLIX Teva (US) |
|--------------------|-----------------|-----------------|-----------------|---------------------|
|                    | TAK-018
targeting EGFR | TAK-018
targeting EGFR | TAK-018
targeting EGFR | BUCCOLAM Eisai (JP) |
|                    | TAK-018
targeting EGFR | TAK-018
targeting EGFR | TAK-018
targeting EGFR | BUCCOLAM Eisai (JP) |

**RARE DISEASES**

| RARE DISEASES | TAK-651
targeting EGFR | TAK-651
targeting EGFR | TAK-651
targeting EGFR | VIVANEX Novartis (JP) |
|---------------|-----------------|-----------------|-----------------|---------------------|
|               | TAK-651
targeting EGFR | TAK-651
targeting EGFR | TAK-651
targeting EGFR | VIVANEX Novartis (JP) |

**PLASMA-DERIVED THERAPIES**

| PLASMA-DERIVED THERAPIES | TAK-651
targeting EGFR | TAK-651
targeting EGFR | TAK-651
targeting EGFR | VIVANEX Novartis (JP) |
|--------------------------|-----------------|-----------------|-----------------|---------------------|
|                          | TAK-651
targeting EGFR | TAK-651
targeting EGFR | TAK-651
targeting EGFR | VIVANEX Novartis (JP) |

**VACCINES**

| VACCINES | TAK-214
targeting EGFR | TAK-763
targeting EGFR | TAK-763
targeting EGFR | ICXLUSIG Celgene (JP) |
|-----------|-----------------|-----------------|-----------------|---------------------|

*With ongoing significant clinical development activities. Pipeline as of January 4, 2019 for Takeda and September 30, 2018 for Shire
As announced on October 27, 2018, Takeda has proposed a remedy to the European Commission of a potential divestment of SRP667 and certain associated rights
A distinctive focus on 5 key business areas representing ~75% of sales

<table>
<thead>
<tr>
<th>BUSINESS AREA FOCUS</th>
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</thead>
<tbody>
<tr>
<td><strong>ONCOLOGY</strong></td>
</tr>
<tr>
<td>~$3.4bn (12%)</td>
</tr>
<tr>
<td><strong>GI</strong></td>
</tr>
<tr>
<td>~$3.3bn (18%)</td>
</tr>
<tr>
<td><strong>NEUROSCIENCE</strong></td>
</tr>
<tr>
<td>~$3.8bn (13%)</td>
</tr>
<tr>
<td><strong>RARE DISEASES</strong></td>
</tr>
<tr>
<td>~$6.7bn (23%)</td>
</tr>
<tr>
<td><strong>PLASMA DERIVED THERAPIES</strong></td>
</tr>
<tr>
<td>~$3.2bn (12%)*</td>
</tr>
<tr>
<td><strong>OTHERS</strong></td>
</tr>
<tr>
<td>~$7.5bn (25%)</td>
</tr>
</tbody>
</table>

~75% Total Sales

$: FY2017 approximate revenue (%): approximate % of total sales

* $1.2bn (11%) excludes Plasma Derived Therapies in HAE and Rare Hematology (Cirryx, Fedria, Immune, HemosPR M, Immunofi, IMMUNE). $4.7bn (16%) includes these products.

~ $1.4bn (13%) = $4.7bn (16%) 

Source: Shire plc Annual Report 2017, Takeda Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018

Notes: Percentages calculated using (a) the amount for the 12 month period ending on March 31, 2018 and converted using the $:¥ of 1:110 (in the case of Takeda) and (b) the amount for the 12 month period ending on March 31, 2018 (in the case of Shire).

Management Data

Robust and innovative portfolios in focus business areas to drive growth

<table>
<thead>
<tr>
<th>BUSINESS AREA FOCUS</th>
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<tbody>
<tr>
<td><strong>ONCOLOGY</strong></td>
</tr>
<tr>
<td><strong>GI</strong></td>
</tr>
<tr>
<td><strong>NEUROSCIENCE</strong></td>
</tr>
</tbody>
</table>

**Aspiration to become global top 10 oncology player**
- Growing leadership position in hematologic malignancies with NINLARO, ADCETRIS and ICLUSIG, and exciting pipeline in Multiple Myeloma, Acute Myeloid Leukemia & Myelodysplastic Syndromes
- Building presence in lung cancer with ALUNBRI4G and pipeline assets
- Pursuing novel Immuno-Oncology targets and next-generation platforms with external partners as well as exploring innovative cell therapies

**A global leader in IBD & other GI diseases**
- Maximizing the potential of our Inflammatory Bowel Disease franchise around flagship product ENTVVIO, including ALOFISEL in complex perianal fistulas
- Expanding position in specialty GI with GATTEX
- Expanding a pipeline built through partnerships exploring opportunities in motility disorders, celiac disease, liver disease, and the microbiome

**A leading force in alleviating patient need in neuroscience**
- Expanding presence in psychiatric diseases such as Major Depressive Disorder and Attention Deficit Hyperactivity Disorder with VYVANSE, TRINTELLIX, and MYDAYIS
- Building pipeline in neurology and rare diseases through combination of in-house expertise and collaboration with world class partners
**BUSINESS AREA FOCUS**

### Robust and innovative portfolios in focus business areas to drive growth

#### RARE DISEASES

**A global leader in rare diseases**

- **Area of significant market growth** (~11% over next five years<sup>1</sup>) with high unmet medical need and focused patient groups
- **R&D incentives** available such as Orphan Drug Designation, Breakthrough Therapy Designation, Fast Track Approvals, PRIME designation
- Takeda focused on **strong portfolio of multiple leading brands** across LSD, HAE, Primary/Secondary immunodeficiency diseases, and Hematology
- **Innovative pipeline** of 8 clinical-stage assets

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1. **Rare Immunology, e.g., Hereditary Angioedema (HAE)**
   - Potential for TAKHZYRO to transform the treatment paradigm; launched in the US in 2018, received European approval, and global regulatory progress on track

2. **Rare Hematology**
   - **Deep expertise** and established leadership in Hematology
   - **Broadest portfolio** across its competitors in Hematology and offers differentiated personalised treatment through ADYNOVATE or ADVATE plus myPKFit

3. **Lysosomal Storage Disorders (LSD)**
   - **Market leading LSD franchise** supported by steady demand growth and high barriers to entry against biosimilar competition
   - **Strong portfolio** focused on addressing Fabry Disease, Hunter Syndrome and Gaucher Disease

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*Source: Shire plc Corporate Presentation August 2018, Shire plc Investor Presentation November 2018
1. 2017-2022E, EvaluatePharma, Rare Diseases market includes all orphan drugs. Limited to drugs where the FDA Orphan designation is for primary indication; Excludes sales in Oncology and multiple sclerosis*

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#### PLASMA DERIVED THERAPIES

**Leading position in PDT**

- **IG is highly attractive market segment** with ~8% growth expected over the medium term<sup>2</sup> and strong & stable cash flow
- Takeda is a leading player in a **large market with only three global competitors**
- Takeda has a **broad, differentiated portfolio** with significant opportunity for global expansion
- **Newly created global end-to-end business unit**

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**Covington Manufacturing Facility approved in 2018**

- **World-class manufacturing facility** with $1.5bn+ investment to increase capacity for Plasma Derived Therapies
- **Ramp up to full production expected in 2020**, with a focus on manufacturing the IG portfolio and albumin
- **Fully integrated end-to-end production site**
- Plasma testing – Fractionation – Purification – Filling – Packaging
- **Manufacturing campus covering 1 million+ ft<sup>2</sup>** with the opportunity for further expansion over time to meet demand

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*Source: Shire plc Investor Presentation November 2018, Shire plc Covington Day Presentation from November 7, 2018 and management information
**FINANCIAL STRENGTH**

**Profitability and cash flow will support R&D investment, deleveraging and cash returns to shareholders**

- Significantly EPS accretive on underlying basis\(^1\) from the first full fiscal year, and reported basis from fiscal year 2021
- Recurring pre-tax cost synergies expected to reach a run-rate of at least $1.4bn per annum by the end of fiscal year 2021
- Return on Invested Capital (ROIC) is expected to exceed Takeda’s weighted average cost of capital (WACC) within the first full fiscal year
- Committed to solid investment grade credit rating
- Intend to maintain well-established dividend policy with 180 JPY dividend per share

\(^1\) EPS on an underlying basis is the per-share amount of underlying core net profit. Please see slides 26 for more details.

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**FINANCIAL STRENGTH**

**Takeda has a clear path to realize top tier margins in the medium-term**

**Adjusted EBITDA margin\(^1\) expansion**

- \(\sim 32\%\)
- + \(>5\%\)

- Targeted synergies from the Shire acquisition, with incremental upside from additional cost efficiencies and revenue synergies
- Continued OPEX discipline

Note: does not include potential divestitures

\(^1\) Adjusted EBITDA margin represents the ratio of (1) the sum of Takeda’s Adjusted EBITDA for the LTM ended September 30, 2018, of ¥405bn and Shire’s Non-GAAP EBITDA for the LTM ended September 30, 2018, of $6,552mm and (2) the sum of Takeda’s revenue of ¥1,770bn for the LTM ended September 30, 2018, and Shire’s revenue of $15,702mm for the LTM, based on an exchange rate of 5.4 of 1:113.6 as at September 30, 2018. Please see slides 25-28 for more details.
Committed to solid investment grade credit rating, with rapid deleveraging to 2.0x Net Debt/Adjusted EBITDA in the medium term, supported by divestitures

**Acquisition financing split by type**

- **JPY Hybrid (Oct 2018)**: $4.5bn
- **JBIC Loan in USD (Dec 2018)**: $3.7bn
- **EUR Term Loan (June 2018)**: $3.5bn
- **$4.0bn USD Term Loan (June 2018)**
- **$5.5bn USD Bonds (Nov 2018)**: $8.5bn
- **$29.7bn**

**Illustrative Net Debt⁵ / Adjusted EBITDA⁶ Ratio**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Illustrative pro forma¹</th>
<th>Mar-21</th>
<th>Mar-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8x</td>
<td>3.3x</td>
<td>2.9x</td>
<td>2.1x</td>
</tr>
<tr>
<td>1:113.6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Blended interest rate for new debt approx. 2.5%⁴**

**Blended interest rate for Takeda total debt of approx. 2.3%⁴**

1. Illustrative pro forma net debt / Adjusted EBITDA of 4.8x calculated using the Illustrative pro forma net debt of $44.8bn. Adjusted EBITDA is calculated by adding: (i) Takeda’s Adjusted EBITDA for the ITR ended September 30, 2018, of $4.0bn, based on an exchange rate of 3.101 JPY/USD at the September 30, 2018, (ii) Shire’s pro forma net debt of $44.8bn. Please see slide 25-28 for further details. 2. Based on forecast net debt taking into account the expected cash balance, net cash from operations, annual cash generation and forecast FY EBITDA. 3. Based on forecast net debt taking into account the expected cash balance, annual cash generation, forecast FY EBITDA and forecast FY EBITDA (adjusted for divestitures). 4. Interest calculated based on weighted average interest rate on EUR, USD, JPY bonds and loans as of November 19, 2018; 5. Gross debt (incl. Senior and Hybrid Bonds and Senior Term Loan) less cash and cash equivalents. 6. The sum of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA. Please refer to slides 25-28 for more details.

**INTEGRATION**

A new operating model to leverage Takeda and Shire know-how

**PRINCIPLES**

**Patient-centric**
- Developing more innovative medicines through a leading R&D engine
- Getting closer to patients and meeting their unique needs in each market

**Agile & Simple**
- Continuing to be LOC-centric¹, empowering General Managers to make local decisions
- Minimizing complexity

**Lean & Focused**
- Focusing on five business areas
- Leveraging global scale while keeping the right balance of country resources
- Resilience to deal with demanding healthcare environments

**Regional Business Units**

4

**Global Specialty Business Units**

3

¹ Local Operating Company; ² Plasma Derived Therapies
An experienced and diverse executive team with a strong track record

**An Integration**

**GOVERNANCE**

Board composition for best-in-class governance

**INTERNAL DIRECTORS**
- Christophe Weber
  - Representative Director, President & CEO
- Masato Iwasaki
  - Director, President, Japan Pharma Business Unit
- Andrew Plump
  - Director, President, Research & Development

**EXTERNAL DIRECTORS**
- Masahiro Sakane
  - Independent Director
  - Chair of the Board Meeting
  - Chair of Nomination Committee
- Michel Orsinger
  - Independent Director
- Toshiyuki Shiga
  - Independent Director
  - Chair of Compensation Committee
- Emiko Higashi
  - Independent Director
- Yoshiaki Fujimori
  - Independent Director
- Ian Clark
  - Independent Director
- Olivier Bohuon
  - Independent Director
- Steven Gillis
  - Independent Director

**DIRECTORS ON THE AUDIT & SUPERVISORY COMMITTEE (A&SC)**
- Yasuhiko Yamanaka
  - Director, A&SC member
- Shiro Kuniya
  - Independent Director, Chair A&SC
- Koji Hatsukawa
  - Independent Director, A&SC member
- Jean-Luc Butel
  - Independent Director, A&SC member
In 2019: Flawless execution of the new business model

1. Sustain the impressive momentum of the underlying business
2. Continue to drive pipeline with minimal R&D disruption
3. Integration - one company, one team
4. Dispose non-core assets to accelerate deleveraging and simplify portfolio

A Global, Values-Based, R&D-Driven Biopharmaceutical Leader
Appendix

Definition of Takeda’s EBITDA / 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 periods. 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 use IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

EBITDA and Adjusted EBITDA

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.
Use of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA in pro forma financials

Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA are not directly comparable due to differences in definition and accounting standards. Adjusted EBITDA and Non-GAAP EBITDA adjust for items not core to Takeda and Shire’s ongoing operations such as the effect of taxes, profit / loss attributable to equity method affiliates, impairment losses, certain restructuring and transaction costs, financing income and loss and certain other cash and non-cash items. The most closely comparable measure presented in accordance with IFRS (for Takeda) are net profit for the year and in accordance with U.S. GAAP (for Shire) is net income. Please see slides 27-28 for a further description of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA and a reconciliation to the respective most closely comparable measures presented in accordance with IFRS and U.S. GAAP.

Definition of EPS on an underlying basis

EPS on an underlying basis is the per-share amount of underlying core net profit, which is not a measure presented in accordance with IFRS. The closest comparable measure to underling core net profit presented in accordance with IFRS is net profit. Takeda defines underlying core net profit as net profit adjusted for amortization and impairment of intangibles, other income and expenses (including integration costs relating to the Shire acquisition), costs and financial expenses related to the Shire acquisition, other exceptional gains and losses, the effect of foreign exchange fluctuations and divestitures. A reconciliation of EPS on an underlying basis for the first full fiscal year following the completion of the Shire acquisition has not been presented, as Takeda is unable to forecast without unreasonable efforts the amounts of its expected net profit or of the adjustments to net profit necessary to calculate underlying core net profit for such fiscal year.

Reconciliation from net profit to EBITDA / Adjusted EBITDA of Takeda

<table>
<thead>
<tr>
<th>(Bn JPY)</th>
<th>Full year ended Mar 31</th>
<th>6 months ended Sep 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td>83.5</td>
<td>115.5</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>37.1</td>
<td>27.8</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>182.2</td>
<td>171.4</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>3.0</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>305.8</strong></td>
<td><strong>320.2</strong></td>
</tr>
<tr>
<td>Impairment losses</td>
<td>15.2</td>
<td>51.4</td>
</tr>
<tr>
<td>Other operating expense (income), net, excluding depreciation and amortization</td>
<td>17.0</td>
<td>(78.3)</td>
</tr>
<tr>
<td>Finance expense (income), net, excluding interest income and expense, net</td>
<td>7.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Share of loss on investments accounted for under the equity method</td>
<td>0.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Other adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on deconsolidation</td>
<td>6.3</td>
<td>–</td>
</tr>
<tr>
<td>Transaction costs related to the acquisition of ARIAD</td>
<td>–</td>
<td>3.2</td>
</tr>
<tr>
<td>Impact on profit related to fair value step up of inventory in ARIAD acquisition</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition costs related to Shire</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>351.6</strong></td>
<td><strong>303.4</strong></td>
</tr>
</tbody>
</table>
Reconciliation from U.S. GAAP Net income to Non GAAP EBITDA of Shire

This presentation contains the Non GAAP EBITDA of Shire, which is a financial measure not prepared in accordance with U.S. GAAP. Non GAAP measures exclude the effect of certain cash and non-cash items, which Shire’s management believes are not related to the core performance of Shire’s business. Shire’s Remuneration Committee uses these Non GAAP measures when assessing the performance and compensation of employees, including Shire’s Executive Directors. The most directly comparable measure under U.S. GAAP for Non GAAP EBITDA is U.S. GAAP Net income.

<table>
<thead>
<tr>
<th>(USDmm)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. GAAP Net Income</td>
<td>1,303.4</td>
<td>327.4</td>
<td>4,271.5</td>
<td>—</td>
<td>1,166.1</td>
</tr>
<tr>
<td>U.S. GAAP Operating Income from continuing operations</td>
<td>1,419.5</td>
<td>962.9</td>
<td>2,455.2</td>
<td>—</td>
<td>1,604.9</td>
</tr>
</tbody>
</table>

Glossary of Abbreviations

| AD | Alzheimer’s disease |
| ADC | antibody drug conjugate |
| ADHD | attention deficit hyperactivity disorder |
| AUC | anaplastic lymphoma kinase |