38th ANNUAL J.P. MORGAN HEALTHCARE CONFERENCE

SAN FRANCISCO

JANUARY 14, 2020

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.

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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. Forward-looking statements in this document are based on Takeda's estimates and assumptions only as of the date hereof. Such forward-looking statements do not represent any guarantee by Takeda or its management of future performance and involve known and unknown risks, uncertainties and other factors, including but not limited to: 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; the success of or failure of product development programs; decisions of regulatory authorities and the timing thereof; fluctuations in interest and currency exchange rates; claims or concerns regarding the safety or efficacy of marketed products or product candidates; the timing and impact of post-merger integration efforts with acquired companies; and the ability to divest assets that are not core to Takeda's operations and the timing of any such divestment(s), any of which may cause Takeda's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking statements. For more information on these and other factors which may affect Takeda's results, performance, achievements, or financial position, see "Item 3. Key Information—D. Risk Factors" 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/reports/sec-filings/ or at www.sec.gov. Future results, performance, achievements or financial position of Takeda could differ materially from those expressed in or implied by the forward-looking statements. Persons receiving this presentation should not rely unduly on any forward-looking statements. Takeda undertakes no obligation 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 of Takeda in this presentation may not be indicative of, and are not an estimate, forecast or projection of Takeda's future results.

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This presentation and materials distributed in connection with this presentation include certain IFRS 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 reconciliation of non-IFRS financial measures to their most directly comparable IFRS measures, which are on slides 35, 36 and 38.

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 were presently, presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), have been conformed to IFRS, without material difference.

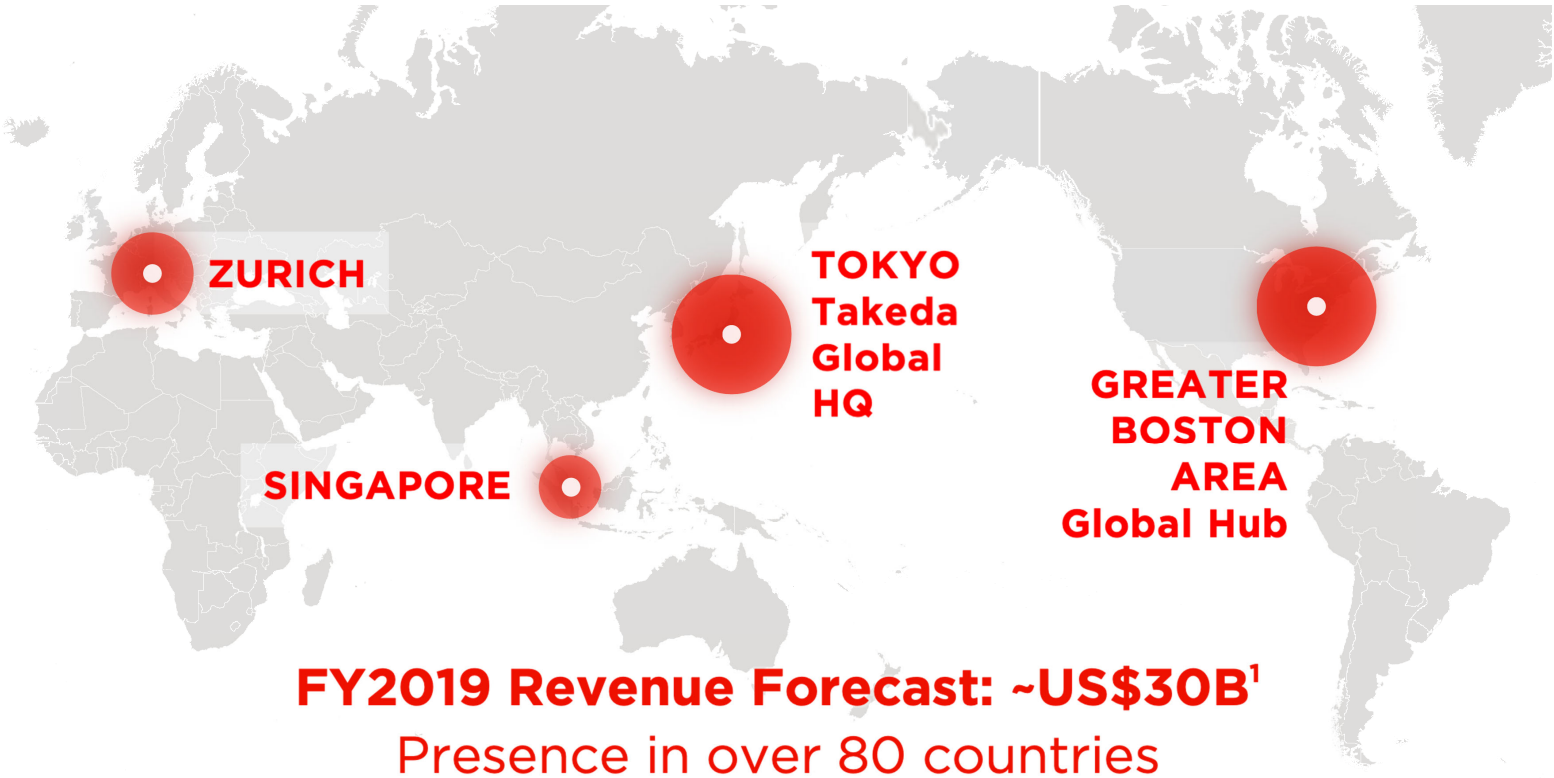
The Shire acquisition closed on January 8, 2019, and our consolidated results for the fiscal year ended March 31, 2019 include Shire's results from January 8, 2019 to March 31, 2019. References to "Legacy Takeda" businesses are to our businesses held prior to our acquisition of Shire. References to "Legacy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

LONG-TERM VALUE FOR PATIENTS, SOCIETY AND INVESTORS

- INTEGRATION OF SHIRE CONTINUES TO BE SUCCESSFUL; WE ARE OPERATING AS ONE TAKEDA 12 MONTHS AFTER CLOSING
- PATIENT-CENTRIC, VALUES-BASED COMPANY WITH COMMITMENT TO ESG
- GLOBAL BRANDS, R&D ENGINE & STRONG MARGINS WILL ENSURE GROWTH

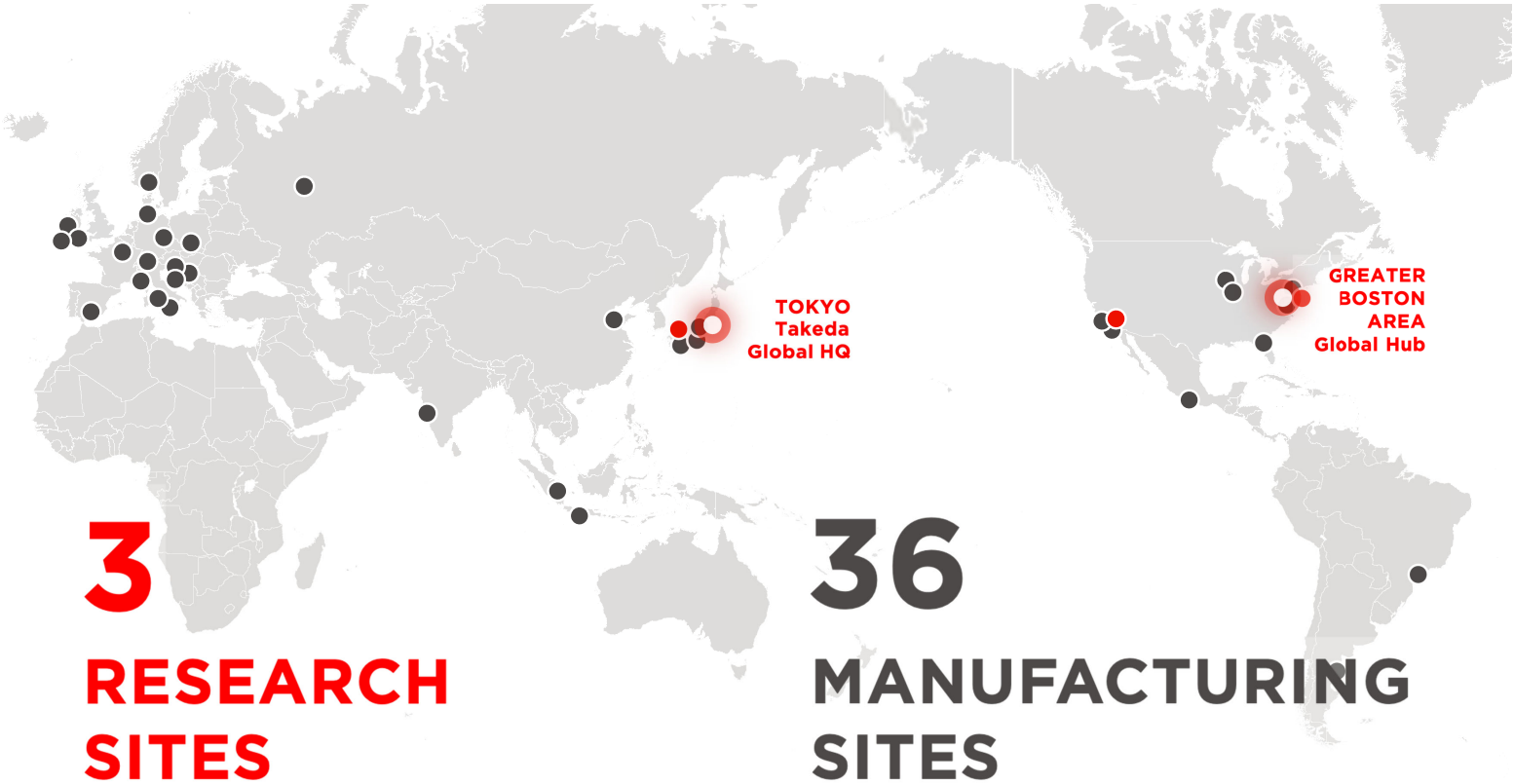
Our mission is to strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine



FY2019 Revenue Forecast: ~US$30B[1]

Presence in over 80 countries

1. Reported revenue forecast for FY2019 of 3,260 billion yen, converted at JPY/USD exchange rate of 109 yen and rounded.



3

RESEARCH SITES

36

MANUFACTURING SITES

~50,000

PEOPLE DEDICATED TO BRINGING BETTER HEALTH TO PATIENTS

TOP EMPLOYER IN 27 COUNTRIES

top EMPLOYER GLOBAL 2019
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Takeda

誠実 INTEGRITY

公正 Fairness

正直 Honesty

不屈 Perseverance

TAKEDA-ISM

FTSE4Good

2019 GLOBAL100

MEMBER OF Dow Jones Sustainability Indices
In collaboration with SAM

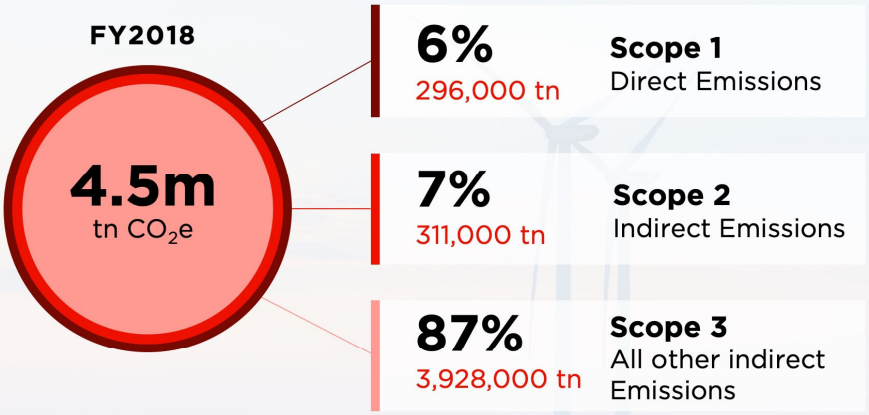
access to medicine FOUNDATION

Jefferies
Corporate Governance Scorecard

Takeda

ENVIRONMENT

Building on our Progress to Reduce our Carbon Emissions



Scope 1
Direct emissions from owned or controlled sources such as onsite fuel combustion, company-owned vehicles, and in-equipment in our facilities

Scope 2
Indirect greenhouse gas emissions resulting from purchased and consumed electricity, heat, and third-party steam supplied to our facilities

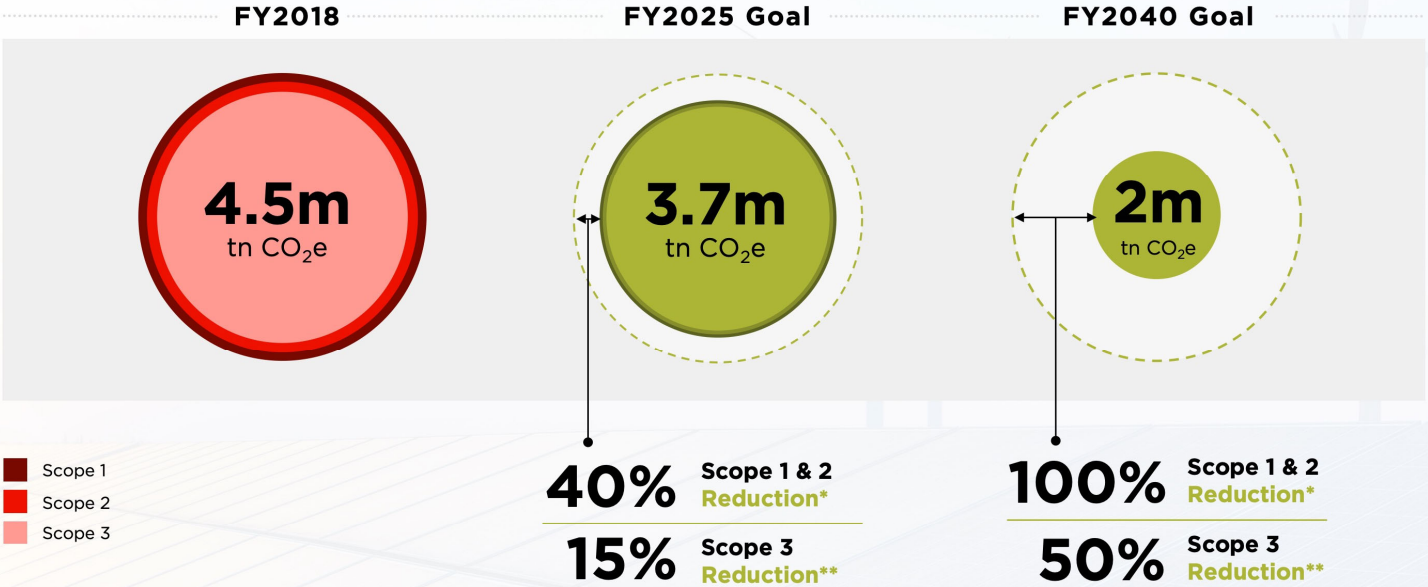
Scope 3
All other indirect emissions that occur in our value chain, including goods and services provided by suppliers, business travel, employee commuting, and landfill waste disposal

For more information on Takeda's commitment to environmental sustainability, please see our 2019 Sustainable Value Report.

Takeda

ENVIRONMENT

Accelerating our Environmental Sustainability Efforts with Carbon Emission Reduction Goals



*Based on FY2016. **Based on FY2018.
Takeda has established greenhouse gas (GHG) reduction goals in line with the Intergovernmental Panel on Climate Change special report Global Warming of 1.5°C and the Science Based Targets initiative (SBTi).
Takeda is currently seeking approval of its GHG reduction goals, in alignment with the 1.5°C scenario, from SBTi.

Takeda

ENVIRONMENT

Furthermore we are committed to Carbon Neutrality against our FY2019 emissions through Verified Carbon Offsets

PROJECTED
FY2019

4.5m
tn CO_2e

Carbon Neutral

CRITERIA

Financial Additionality
Carbon offset projects are "additional" if they would not have otherwise occurred without the assistance of our investment.

Measurability
Carbon offset projects that use widely accepted, science-based quantification protocols.

Verifiable
Carbon offsets where an independent, third-party auditor has completed a verification which substantiates the amount of emissions reductions achieved by the project.

Leakage
Carbon offset projects must demonstrate that no leakage, or displacement, of emissions occurs as a result of the project activity.

Permanence
Takeda seeks to invest in carbon offset projects that provide permanent reductions in greenhouse gas emissions.

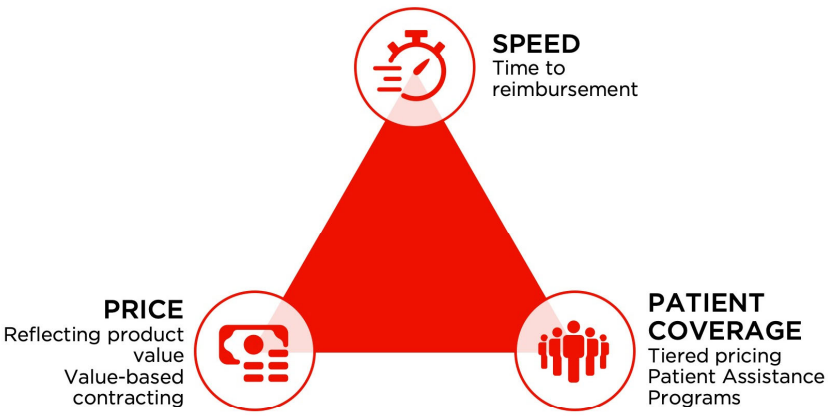
Vintage
Takeda seeks to invest in carbon reductions that took place in a similar timeframe to the emissions generated and prioritize carbon offset that are within three years of the emissions we are neutralizing.

Geography
Takeda will seek to prioritize investments in carbon offset projects located in geographies where Takeda operates.

Co-Benefits
Takeda is committed to creating shared sustainable value for society and will prioritize investments in carbon offsets that demonstrate co-benefits and improvements to public health.

SOCIAL

Ranked #5 in the 2018 Access to Medicines index, with Access Principles aligned to our Mission to bring Medicines to People Worldwide



For more information on our activities please see our 2019 Sustainable Value Report.

SOCIAL

Our Global CSR Program from 2016-2019 has Committed ~US$100 million for Programs Focused on Health

unicef

UNITED NATIONS FOUNDATION

Seed GLOBAL HEALTH

World Vision

Save the Children

LAST MILE HEALTH

PLAN INTERNATIONAL

DNDi Drugs for Neglected Diseases *initiative*

ジョイセフ JOICFP Reproductive health for today and the future

C/Can City Cancer Challenge

seriousfun children's network founded by paul newman

Programs selected by our employees

Robust Corporate Governance

Experienced & Diverse Executive Team

11 Nationalities and 6 women in the Takeda Executive Team

Independent Directors

11

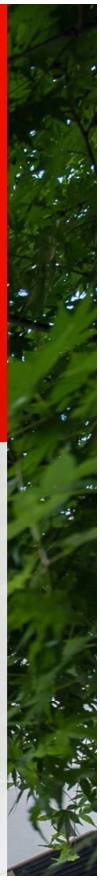
11 of our 16 Board members serve as Independent Directors[1]

Board Meetings are chaired by independent director

1. As defined by Tokyo Stock Exchange listing rules

Auditing & Advisory Bodies

Nomination, Compensation, Audit & Supervisory committees, comprised of and chaired by independent directors

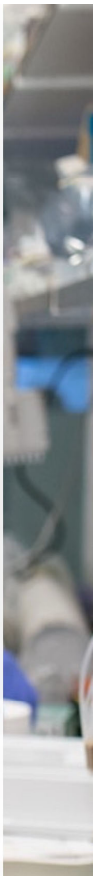


SCIENCE-DRIVEN COMPANY WITH A FOCUSED MIND

View all presentations from the 2019 Takeda R&D Day

Highly Focused R&D in Innovative Biopharma

- Oncology
- Rare Diseases
- Neuroscience
- Gastro-enterology



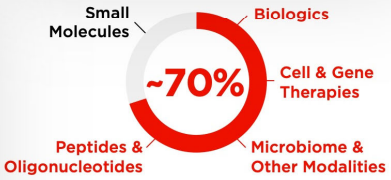
Doing More for Our Patients

12
NMEs with potential to launch by FY2024

≥15
Potential new NME launches within next five years in China

~40
NME clinical stage assets

Pipeline with orphan drug designation[1]



Diversified modalities in research

~4,500
R&D employees globally

NME: New Molecular Entity
1. 31 Orphan Drug Designations in at least one indication for assets in Phase 1 through LCM in 2019 versus 15 in 2018

Cultivating the Best Science through Differentiated Partnerships

~110
RESEARCH COLLABORATIONS

WAVE LIFE SCIENCES · stridebio

~50
IN-LICENSE

COUR · enterome bioscience

~20
JOINT DEVELOPMENT

Ovid THERAPEUTICS · SAMSUNG BIOEPIS

~20
NEWCO FORMATION

GAMMADELTA THERAPEUTICS · Ambys MEDICINES

Access to Innovation

Risk-Sharing

Expanding Capacity

Total Value in Public & Private Equity
>$1B
as of September 30, 2019

Select partnerships
Externalizations and venture investments are not included

Wave 1 New Molecular Entities Have Potential to Deliver >$10bn Aggregate Peak Sales

TARGET APPROVAL[1]	WAVE 1[1] FY20	WAVE 1[1] FY21	WAVE 1[1] FY22	WAVE 1[1] FY23	WAVE 1[1] FY24	WAVE 2[2] FY25 AND BEYOND	PLATFORMS
ONCOLOGY		TAK-788[3] 2L NSCLC with EGFR exon 20 insertion mutation TAK-924[3] HR-MDS		TAK-007 Hematologic malignancies TAK-788 1L NSCLC with EGFR exon 20 insertion mutation	TAK-924 Unfit AML	TAK-164 GI malignancies TAK-252 Solid tumors TAK-573 R/R MM TAK-981 Multiple cancers	Cell Therapy And Immune Engagers Targeted Innate Immune Modulation Next-gen Checkpoint Modulators
RARE DISEASES *Immunology Hematology Metabolic*		TAK-620 CMV infect. in transplant TAK-609 Hunter CNS (IT)		TAK-611 MLD (IT) TAK-755 cTTP	TAK-607 Complications of prematurity	TAK-079[4] MG, ITP TAK-754 HemA TAK-755 iTTP, SCD	Gene Therapy
NEUROSCIENCE				TAK-935 DEE	Orexin2R-ag (TAK-925/994) Narcolepsy T1	TAK-341 Parkinson's Disease Orexin2R-ag Sleep Disorders TAK-041 CIAS NS TAK-418 Kabuki Syndrome TAK-653 TRD TAK-831 CIAS NS WVE-120101 Huntington's Disease WVE-120102 Huntington's Disease	Gene Therapy Other Platforms RNA Modulation Antibody Transport Vehicle
GASTRO-ENTEROLOGY	TAK-721 EoE					Kuma062 Celiac Disease TAK-101 Celiac Disease TAK-018 Crohn's Disease (post-op and ileitis) TAK-671 Acute Pancreatitis TAK-954 POGD TAK-906 Gastroparesis TAK-951 Nausea & vomiting	Gene Therapy Micro-biome Cell Therapy
VACCINES		TAK-003 Dengue Vaccine				TAK-214 Norovirus Vaccine TAK-426 Zika Vaccine TAK-021 EV71 Vaccine	

1. Projected timing of approvals depending on data read-outs; some of these Wave 1 target approval dates assume accelerated approval
2. Some Wave 2 assets could be accelerated into Wave 1 if they have breakthrough data
3. Projected approval date assumes filing on Phase 2 data
4. TAK-079 to be developed in Rare Diseases indications myasthenia gravis (MG) and immune thrombocytopenic purpura (ITP) (FPI projected in each indication in 2H FY19)

● Orphan potential in at least one indication

Estimated dates as of December 31, 2019

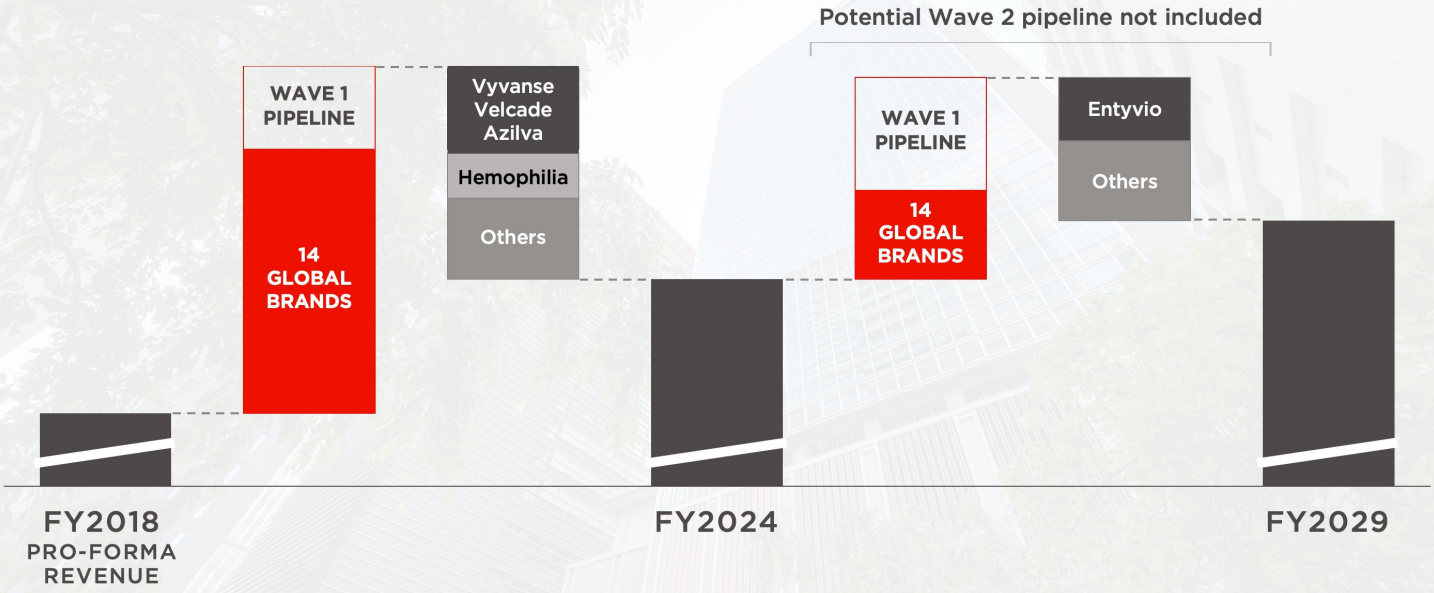
Balanced Portfolio in 5 Key Business Areas ~79% of Revenue

GI 21% of Sales	RARE DISEASES 20% of Sales			PLASMA-DERIVED THERAPIES (PDT)	ONCOLOGY 13% of Sales	NEUROSCIENCE 13% of Sales:	OTHERS 21% of Sales
	RARE METABOLIC 6% of Sales	RARE HEMATOLOGY 11% of Sales	HEREDITARY ANGIOEDEMA 4% of Sales	PDT IMMUNOLOGY 12% of Sales			
Entyvio® vedolizumab ✓	elaprase® (idursulfase) ✓	ADVATE [Antihemophilic Factor (Recombinant)]	TAKHZYRO (lanadelumab-flyo) injection ✓	GAMMAGARD LIQUID [Immune Globulin Intravenous (Human)] 10% ✓	NINLARO® (ixazomib) capsules ✓	Vyvanse®	AZILVA®
Takecab®	REPLAGAL® agalsidase alfa	ADYNOVATE® (Recombinant Coagulation Factor VIII) ✓	firazyr® icatibant	HyQvia® Human Normal Immunoglobulin (10%) Recombinant Human Hyaluronidase ✓	ALUNBRIG® (brigatinib) ✓	Tintellix® vortioxetine	Nesina® alogliptin
ALOFISEL® ✓	VPRIV® ✓	vonvendi® [von Willebrand factor (Recombinant)]	KALBITOR® ecallantide	Cuvitru® [Immune Globulin Subcutaneous (Human)] 20% ✓	VELCADE® (bortezomib) FOR INJECTION	Mydayis®	Colcrys® (colchicine, USP) tablets
Gattex® (teduglutide [rDNA origin]) for injection ✓	Natpara® ✓	Obizur® [Antihemophilic Factor (Recombinant), Porcine Sequence]		Flexbumin® (Human Albumin) ✓	ADCETRIS® brentuximab vedotin	AZILECT®	Neosaldina®
DEXILANT® dexlansoprazole		RIXUBIS® [COAGULATION FACTOR IX (RECOMBINANT)]		HUMANALBUMIN®	ICLUSIG®	intuniv®	Magnyl Xefo Ebrantil
Lialda® (mesalamine) 1.2g		AGRYLIN® (anagrelide hydrochloride) Capsules of 0.5 mg and 1 mg		Glassia®		BUCCOLAM®	etc.
amitiza® lubiprostone		PDT RARE HEMATOLOGY	PDT HEREDITARY ANGIOEDEMA	Aralast® NP [alpha-1-proteinase inhibitor (human)]			
motegrity® (prucalopride) tablets 1 mg, 2 mg		FEIBA® IMMUNATE® IMMUNINE® HEMOFIL M® IMMUSEVEN®	CINRYZE® C1 inhibitor (human)	kenketu glovenin-I® KENKETU NONTHRON® KENKETU ALBUMIN®			

Note: Percentage of sales refers to FY2019 H1 (April-September 2019) revenue.

✓ Global Brands

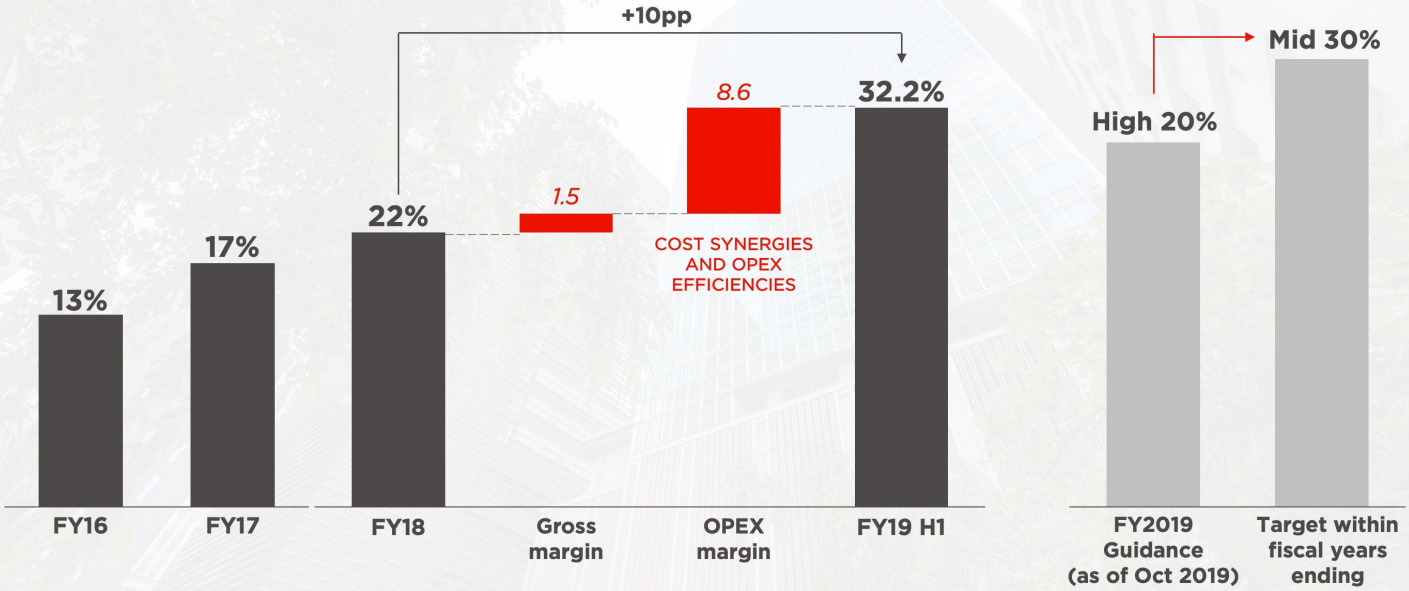
Positioned for Sustainable Revenue Growth



Note: The above chart represents conceptual changes in revenue through FY2024 and FY2029 demonstrating growth over time offsetting loss of exclusivities and achieving a single digit growth as compared to FY2018 pro forma revenue which represents the sum of Takeda revenue for FY2018 (April 2018-September 2019) plus Shire revenue for the same period (not including the Legacy Shire oncology business, which was sold in August 2018), converted to JPY at the rate of $1 = 111 JPY, and converted from US GAAP to IFRS. 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. Sales estimate in Wave 1 Pipeline is non-risk adjusted.

Cost Synergies & Opex Efficiencies Driving Margins Towards Target

Underlying Core Operating Profit[1] Margin Evolution[2]



1. Previously called Core Earnings (no change in definition). Please refer slide 33 for its definition.
2. Please refer slide 35 for reconciliation.

Committed to Rapid De-leveraging Driven by Strong Cash Flow and Proceeds from Non-core Asset Divestitures

Net Debt/Adjusted EBITDA Evolution

MARCH 31, 2019

4.7x

Net debt: ~USD$45.5B[1]
Adj. EBITDA: ~USD$9.7B[2]

SEPTEMBER 30, 2019

3.9x

Net debt: ~USD$40.1B[3]
Adj. EBITDA: ~USD$10.4B[4]

TARGET
Within fiscal years ending March 2022 - March 2024

2x

1. Rounded number based on Net debt as of March 31, 2019 of 5,048.9 billion yen, converted at JPY/USD exchange rate of 111 yen (average exchange rate April 2018-March 2019).
2. Rounded number based on pro forma Adjusted EBITDA of 1,077.7 billion yen, converted at JPY/USD exchange rate of 111 yen (average exchange rate April 2018-March 2019).
3. Rounded number based on Net debt as of September 30, 2019 of 4,367.1 billion yen, converted at JPY/USD exchange rate of 109 yen (average exchange rate April 2019-September 2019).
4. Rounded number based on pro forma Adjusted EBITDA of 1,131.2 billion yen, converted at JPY/USD exchange rate of 109 yen (average exchange rate April 2019-September 2019).
Please refer to slides 36-39 for net debt calculations and adjusted EBITDA reconciliations.

Capital Allocation to Create Value for Patients and Shareholders

CAPITAL

DE-LEVERAGE RAPIDLY

- Target reaching 2x Net Debt / Adjusted EBITDA ratio within fiscal years ending March 2022 – March 2024
- Committed to investment grade credit ratings

INVEST IN GROWTH DRIVERS

- Strategic internal investment in R&D and product launches
- Disciplined and focused R&D partnerships

SHAREHOLDER RETURNS

- Well established dividend policy of 180 yen/share annually

ONE TAKEDA DELIVERING LONG-TERM VALUE FOR PATIENTS, SOCIETY AND INVESTORS

- BEST EMPLOYER
- PATIENT-CENTRIC, VALUES-BASED COMPANY WITH COMMITMENT TO ESG
- GLOBAL BRANDS, R&D ENGINE & STRONG MARGINS WILL ENSURE GROWTH

APPENDIX

ENVIRONMENT

Building on our Progress to Reduce our Carbon Emissions

Carbon Neutral

100%
Scope 1 & 2 Reduction*

50%
Scope 3 Reduction**

2040 GOAL

2m tn CO_2e

OUR CLIMATE ACTION STRATEGY

CURRENT

- Renewable Energy Contracts
- Internal Energy Reduction Program
- Renewable Fuel Sources
- Engaging suppliers

FUTURE

- New Technologies
- Climate policy advocacy
- Power Purchase Agreements

Scope 1
Direct emissions from owned or controlled sources such as onsite fuel combustion, company-owned vehicles, and in-equipment in our facilities

Scope 2
Indirect greenhouse gas emissions resulting from purchased and consumed electricity, heat, and third-party steam supplied to our facilities

Scope 3
All other indirect emissions that occur in our value chain, including goods and services provided by suppliers, business travel, employee commuting, and landfill waste disposal

*Based on 2016. **Based on 2018.
Takeda has established greenhouse gas (GHG) reduction goals in line with the Intergovernmental Panel on Climate Change special report Global Warming of 1.5°C and the Science Based Targets initiative (SBTi). Takeda is currently seeking approval of its GHG reduction goals, in alignment with the 1.5°C scenario, from SBTi.
For more information on Takeda's commitment to environmental sustainability, please see our 2019 Sustainable Value Report.

ENVIRONMENT

We Will Work with Our Suppliers as We Evolve Our Strategy

We will continuously engage with our suppliers to reduce indirect emissions across our value chain (Scope 3)

87% of emissions across our value chain are from Scope 3

~300 suppliers represent → **67%** of Scope 3 emissions

Supplier Strategy

We will work with our suppliers to set science-based targets, monitor progress regularly, and create incentives for action to significantly reduce our Scope 3 emissions

By 2040 we aim to lower our reliance on verified carbon offsets and only use them for Scope 3 emissions remaining in our value chain

*Based on FY2018

By **FY2025** we aim to reduce our Scope 3 emissions by: **15%***

By **FY2040** we aim to reduce our Scope 3 emissions by: **50%***

Diverse and Experienced Takeda Executive Team

JAPAN

CHRISTOPHE WEBER
President & CEO

COSTA SAROUKOS
Chief Financial Officer

MASATO IWASAKI
President, Japan Pharma Business Unit

HARUHIKO HIRATE
Corporate Communications & Public Affairs Officer

YOSHIHIRO NAKAGAWA
Global General Counsel

PADMA THIRUVENGADAM
Chief Human Resources Officer

MILANO FURUTA
Corporate Strategy Officer & Chief of Staff

US

ANDY PLUMP
President, Research & Development

RAMONA SEQUEIRA
President, US Business Unit

TERESA BITETTI
President, Global Oncology Business Unit

RAJEEV VENKAYYA
President, Global Vaccine Business Unit

GERARD (JERRY) GRECO
Global Quality Officer

MARCELLO AGOSTI
Global Business Development Officer

SWITZERLAND

GILES PLATFORD
President, Europe & Canada Business Unit

CAMILLA SOENDERBY
Chief Patient Value & Product Strategy Officer

JULIE KIM
President, Plasma-Derived Therapies Business Unit

THOMAS WOZNIEWSKI
Global Manufacturing & Supply Officer

MWANA LUGOGO
Chief Ethics & Compliance Officer

SINGAPORE

RICARDO MAREK
President, Growth & Emerging Markets Business Unit

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

Costa Saroukos
Director, Chief Financial Officer

INDEPENDENT DIRECTORS[1]

Masahiro Sakane
Independent Director
Chair of the Board meeting
Chair of Nomination Committee

Olivier Bohuon
Independent Director

Jean-Luc Butel
Independent Director

Ian Clark
Independent Director

Yoshiaki Fujimori
Independent Director

Steven Gillis
Independent Director

Shiro Kuniya
Independent Director

Toshiyuki Shiga
Independent Director

AUDIT & SUPERVISORY COMMITTEE (A&SC)

Yasuhiko Yamanaka
Director, A&SC member

Koji Hatsukawa
Independent Director, Chair of A&SC

Emiko Higashi
Independent Director
A&SC member
Chair of Compensation Committee

Michel Orsinger
Independent Director
A&SC Member

CB CHAIR OF THE BOARD MEETING

INDEPENDENT DIRECTOR

NC NOMINATION COMMITTEE[2]

CC COMPENSATION COMMITTEE

1. As defined by Tokyo Stock Exchange listing rules
2. Christophe Weber participates in the committee as an observer

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 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* on a constant currency basis and further adjusted to exclude the impacts of divestitures that occurred during the reporting periods presented.

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.

* From FY2019 Q1, Takeda renamed "Core Earnings" to "Core Operating Profit". Its definition has not changed as described above.

Underlying Core EPS represents net profit based on a constant currency basis, adjusted to exclude the impact of divestitures, 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 outstanding shares (excluding treasury shares) as of the end of the comparative period.

Definition of 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 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 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.

The most closely comparable measure presented in accordance with IFRS is net profit for the year. Please see slides 36 and 38 for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

FY2019 H1: 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	Others		FX	Divestitures	
Revenue	1,660.2							1,660.2	44.2	-21.2	
Cost of sales	-572.3				137.8			-434.5	-11.0	3.0	
Gross Profit	1,087.9				137.8			1,225.7	33.1	-18.2	
SG&A expenses	-462.5			1.4	2.3			-458.8	-11.9		
R&D expenses	-230.4			5.2	-0.1			-225.3	-3.0		
Amortization of intangible assets	-256.3	45.0			211.3			-			
Impairment losses on intangible assets	-17.3	17.3						-			
Other operating income	11.3		-11.3					-			
Other operating expenses	-82.4		23.6	58.8				-			
Operating profit Margin	50.3 3.0%	62.3	12.3	65.3	351.4			541.6 32.6%	18.2	-18.2	**32.2%**
Financial income/expenses	-81.9			3.5	8.4		-0.4	-70.3	4.2		
Equity income/loss	4.0						1.2	5.3	0.0		
Profit before tax	-27.6	62.3	12.3	68.8	359.8		0.9	476.5	22.4	-18.2	
Tax expense	60.8	-11.1	1.6	-13.1	-68.1	-56.3	-9.9	-96.1	-1.4	4.3	
Non-controlling interests	-0.1							-0.1	-0.0		
Net profit	33.2	51.3	14.0	55.7	291.6	-56.3	-9.0	380.4	21.0	-13.9	
EPS (yen)	21							244	14	-9	**249**
Number of shares (millions)	1,557							1,557			1,555

FY2018: Reconciliation from Net Profit to EBITDA/Adjusted EBITDA

(Bn yen)	Full year ended March 31		
	2017	2018	2019
Net profit for the year	115.5	186.7	109.0
Income tax expenses	27.8	30.5	-14.1
Depreciation and amortization	171.4	182.1	272.4
Interest expense, net	5.5	6.8	41.6
EBITDA	320.2	406.1	408.9
Impairment losses	51.4	13.5	10.1
Other operating expense (income), net, excluding depreciation and amortization	-78.3	-61.1	-58.6
Finance expense (income), net, excluding interest income and expense, net	5.4	-14.4	24.9
Share of loss on investments accounted for under the equity method	1.5	32.2	43.6
Other adjustments:			
Transaction costs related to the acquisition of ARIAD	3.2	-	-
Impact on profit related to fair value step up of inventory in ARIAD acquisition	-	1.4	-
Acquisition costs related to Shire	-	-	23.8
Other costs related to Shire	-	-	1.6
Impact on profit related to fair value step up of inventory in Shire acquisition	-	-	82.2
Adjusted EBITDA	303.4	377.7	536.4
Shire's Non GAAP EBITDA (Apr 2018 - Dec 2018)*	-	-	541.3
Pro-forma Adjusted EBITDA**	-	-	1,077.7

* Subtracted Shire Jan – Mar 2018 (3 months) Non GAAP EBITDA from Shire Jan – Dec 2018 (12 months) Non GAAP EBITDA and converted to JPY with average exchange rate of $:¥ of 1: 110.8 (Apr – Dec 2018).
** 12-month Apr 2018 – Mar 2019 combined Adjusted EBITDA of Takeda and Shire.
Note: Takeda's Adjusted EBITDA and Shire's Non-GAAP EBITDA are not directly comparable, because (1) Takeda's results are based on IFRS and Shire's results are based on U.S. GAAP and (2) Takeda's Adjusted EBITDA and Shire's Non-GAAP EBITDA are defined differently.

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	200.9	
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 36 for details.

FY2019 H1 (LTM): Reconciliation from Net Profit to EBITDA/Adjusted EBITDA

(BN JPY)	FY2019 H1	FY2019 LTM[*1]
Net profit for the year	33.3	15.8
Income tax expenses	-60.8	-109.2
Depreciation and amortization	342.0	536.4
Interest expense, net	71.0	109.1
EBITDA	385.4	552.1
Impairment losses	18.6	28.0
Other operating expense (income), net, excluding depreciation and amortization	69.7	28.7
Finance expense (income), net, excluding interest income and expense, net	10.9	24.0
Share of loss on investments accounted for under the equity method	-4.0	43.6
Other adjustments:		
Impact on profit related to fair value step up of inventory in Shire acquisition	132.1	214.3
Acquisition costs related to Shire	1.2	17.1
Other costs[*2]	19.0	31.3
Adjusted EBITDA	632.9	939.1
Legacy Shire's Adjusted EBITDA[*3]	-	192.1
Pro-forma Adjusted EBITDA	632.9	1,131.2

[*1] LTM represents Last Twelve Months (October 2018 – September 2019).
[*2] Includes adjustment for non-cash equity based compensation expense starting from FY2019 Q1.
[*3] Represents Legacy Shire's adjusted EBITDA based on its financial information converted to IFRS for the corresponding period. There was no significant difference in the definition of and methodology for adjusted EBITDA between Legacy Takeda and Legacy Shire.

FY2019 H1 (LTM): Net Debt/Adjusted EBITDA

NET DEBT/PRO-FORMA ADJUSTED EBITDA RATIO

(BN YEN)	FY2019 H1
Cash and cash equivalents[*1]	543.5
Book value debt on the balance sheet	-5,024.6
Hybrid bond 50% equity credit	250.0
FX adjustment[*2]	-136.0
Gross debt[*3]	-4,910.6
Net cash (debt)	**-4,367.1**
Net debt/Pro-forma Adjusted EBITDA ratio	**3.9 x**
Adjusted EBITDA	939.1
Pro-forma Adjusted EBITDA	**1,131.2**

NET INCREASE (DECREASE) IN CASH

(BN YEN)	FY2018 H1	FY2019 H1	vs. PY	
Net cash from operating activities	117.8	341.1	+223.3	+189.5%
Acquisition of PP&E	-37.3	-55.1		
Proceeds from sales of PP&E	6.1	0.1		
Acquisition of intangible assets	-21.1	-21.4		
Acquisition of investments	-10.3	-3.9		
Proceeds from sales and redemption of investments	38.2	40.6		
Acquisition of business, net of cash and cash equivalents acquired	27.2	375.5		
Net increase (decrease) in short-term loans	-0.4	-461.4		
Repayment of long-term loans	-	-60.0		
Proceeds from issuance of bonds	-	496.2		
Repayment of bonds	-	-563.1		
Dividends paid	-71.4	-140.8		
Others	-30.2	-87.9		
Net increase (decrease) in cash	18.5	-140.2	-158.7	—

LTM represents Last Twelve Months (October 2018 – September 2019).

[*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 pro-forma 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.

Glossary of Abbreviations

AD	Alzheimer's disease
ADC	antibody drug conjugate
ADHD	attention deficit hyperactivity disorder
ALK	anaplastic lymphoma kinase
ALS	amyotrophic lateral sclerosis
AML	acute myeloid leukemia
ASCT	autologous stem cell transplant
ARD	acid-related diseases
BTK	Bruton's tyrosine kinase
BBB	blood brain barrier
BOS	budesonide oral suspension
CAR-T	Chimeric antigen receptor-T
CD	Crohn's disease
CHAWI	congenital hemophilia A with inhibitors
CIAS	cognitive impairment associated with schizophrenia
CIDP	chronic inflammatory demyelinating polyradiculoneuropathy
CML	chronic myeloid leukemia
CMML	chronic myelomonocytic leukemia
CSF	cerebrospinal fluid
CNS	central nervous system
CRL	complete response letter
CTCL	cutaneous T-cell lymphoma
CTTP	congenital thrombotic thrombocytopenic purpura
DAAO	D-amino acid oxidase
DED	dry eye disease
DLBCL	diffuse large B-cell lymphoma
DU	duodenal ulcer
Dx	diagnosis
EE H	erosive esophagitis healing
EE M	erosive esophagitis maintenance
EFI	enteral feeding intolerance
EGFR	epidermal growth factor receptor
EOE	eosinophilic esophagitis
ESCC	esophageal squamous-cell carcinoma
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's lymphoma
HR MDS	high-risk myelodysplastic syndromes
IBD	inflammatory bowel disease
IND	investigational new drug
I/O	immuno-oncology
iTTP	immune thrombotic thrombocytopenic purpura
IV	intravenous
iPSC	induced pluripotent stem cells
LBD	Lewy body dementia
LB AML	low-blast acute myeloid leukemia
LSD1	Lysine specific demethylase 1
LCM	lifecycle management
mAb	monoclonal antibody
MAOB	monoamine oxidase B
MLD	metachromatic leukodystrophy
MM	multiple myeloma
NAE	NEDD8 activating enzyme
ND	newly diagnosed
NDA	new drug application
Neg	negative
NERD	non-erosive reflux disease
NK	natural killer
NME	new molecular entity
NSCLC	non-small cell lung cancer
NSCT	non stem cell transplant
NS	negative symptoms
ORR	overall response rate
PARP	poly (ADP-ribose) polymerase
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
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
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 resistant depression
UC	ulcerative colitis
vWD	von Willebrand disease