



Delivering Transformational Progress in FY2019

Takeda Expresses Confidence in 2020 Growth Momentum and
Commitment to Patient and Societal Needs

May 13, 2020



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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 26-33.

Medical information

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

Financial information

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

The revenue of Shire plc (“Shire”), which was historically presented by Shire in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), has been conformed to IFRS, without material difference.

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

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

AGENDA

- 01.** We Are One Takeda
- 02.** 2019 Progress and Achievements
- 03.** Next Wave of Growth with Strong R&D Pipeline
- 04.** Confidence and Growth Momentum for 2020 and Beyond

We Are One Takeda

01.

**We are One
Takeda**

02.

2019 Progress and
Achievements

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Next Wave of Growth
with Strong R&D
Pipeline

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Confidence and
Growth Momentum
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KEY TAKEAWAYS: TRANSFORMATIONAL PROGRESS IN FY2019

ONE TAKEDA

One company with 5 key business areas, 14 global brands, and integration synergies driving solid financial results

PATIENT IMPACT

Wave 1 and Wave 2 R&D pipeline focused on life-changing medicines, priority on developing potential COVID-19 therapy

FUTURE GROWTH

Momentum heading into FY2020, medium-term growth to accelerate driven by pipeline launches, new indications and geographies

Takeda is carefully monitoring the current pandemic and associated economic impacts. To date, demand trends for medicines in the portfolio, which predominantly target severe chronic or life-threatening diseases not requiring elective procedures, have not been affected by COVID-19.

TRANSFORMATION TO TOP 10 GLOBAL R&D-DRIVEN BIOPHARMA COMPANY

Strategic Evolution

2014

GLOBALIZATION

R&D TRANSFORMATION

FY2014

TOP 20
GLOBALLY

REPORTED REVENUE
JPY 1,778bn

UNDERLYING CORE PROFIT¹ MARGIN
17%

We Are One Takeda

Today

VALUES BASED, R&D-DRIVEN GLOBAL BIOPHARMA COMPANY

GASTROENTEROLOGY, RARE DISEASES, PDT, ONCOLOGY, AND NEUROSCIENCE

FY2019

TOP 10
GLOBALLY

REPORTED REVENUE
JPY 3,291bn

UNDERLYING CORE PROFIT¹ MARGIN
29%

Accelerating Growth & Patient Impact

Next 5 Years

TRANSFORM SCIENCE INTO LIFE-CHANGING MEDICINES

WAVE 1 AND WAVE 2 PIPELINE GROWTH OPPORTUNITIES

MEDIUM TERM

GLOBAL PATIENT IMPACT
ACCELERATING GROWTH

UNDERLYING CORE PROFIT¹ MARGIN
MID 30s

COVID-19: COLLABORATING TO GET HELP TO PATIENTS AS FAST AS POSSIBLE

Potential treatment for high-risk patients highlights value and importance of Takeda's plasma derived therapy platform

WHAT WE'VE DONE

- Initiated development of a plasma-derived hyperimmune globulin (H-Ig) with the potential to treat individuals with complications from COVID-19
- Subsequently formed an Alliance with other world-leading plasma companies that brought each company's H-Ig development work together with the goal of accelerating development of a potential non-branded treatment, CoVlg-19
- In parallel exploring whether currently marketed and pipeline products may be an effective treatment option for infected patients

WHAT COMES NEXT

- Collaboration is expected to bring greater speed and scale
- Now collected sufficient convalescent plasma to initiate clinical development and are on track to start clinical trials in the summer
- Alliance will work with the National Institute of Allergy and Infectious Diseases (NIAID) at the NIH to test safety, tolerability and efficacy of the hyperimmune therapy in adult hospitalized patients at the onset of clinical progression of COVID-19
- If successful, CoVlg-19 has the potential to be one of the earliest approved treatment options.



Working Together to Fight COVID-19 with Immunoglobulin (Ig) Therapy

"We've set aside individual company interests to work together because together, we are stronger and together, we can potentially save more lives."

Julie Kim
President,
Plasma-Derived Therapies Business Unit



CoVlg-19 PLASMA ALLIANCE
Working Together to Fight COVID-19 with Immunoglobulin (Ig) Therapy



DECISIVE ACTION TO SUPPORT EMPLOYEES, PATIENTS AND HEALTH SYSTEMS

Takeda has demonstrated commitment to the safety of its people through early decisive action on COVID-19 to safeguard employees and their families, and reducing impact on the healthcare system

Supply continuity for patients:

Monitoring product demand, with limited impact seen to date as many of our medicines are for severe chronic or life-threatening diseases and not linked to elective procedures

9
February

Issued **global guidance** to cancel all **non-essential international travel**.

17
February
onwards

Employees and MRs in **Japan** asked to **telework** where possible. Strict **infection control protocols** in place across sites.

7 March

Instituted **global teleworking**, suspended all **non-essential travel**, attendance at **large gatherings** and **in-person interactions** with **customers and HCPs**.

January

February

March

January

Global Crisis Management Committee Activated

20
January
onwards

Issued **guidance to Takeda China** employees on **telework & suspending in-person HCP visit**. Issued **global guidance to cancel all non-essential travel to China** and follow **infection prevention protocols**.

February
- ongoing

Recalibrating resources and processes to **ensure minimal disruptions** while providing full support to addressing COVID-19 needs

March - ongoing

Global donations: Aiding the COVID-19 response through donations, including **>US\$25 million** to non-profit organizations including the **Red Cross** and **United Nations-led organizations**, while also providing **in-kind donations**

2019 Progress and Achievements

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SOLID FY2019 RESULTS

- Reported revenue up 57% to JPY 3,291B in first full year following Shire integration
- Reported Op Profit exceeds initial guidance at JPY 100B, strong FY20 growth outlook
- Core Op Profit¹ up 110% to JPY 962B, Underlying Core OP margin of 28.9%² (+7pps)
- Strong free cash flow³ of JPY 968B (+156%) supports 180 yen dividend per share
- JPY 701B debt repayments improve net debt/adjusted EBITDA⁴ to 3.8x from 4.7x YoY




















































1. Previously referred to as Core Earnings (no change in definition). Please refer to slide 24 for its definition and slide 29 for reconciliation.

2. Please refer to slide 29 for reconciliation.

3. Please refer to slide 31 for reconciliation.

4. Please refer to slide 25 for definition, and slides 32-33 for reconciliation.

5 KEY BUSINESS AREAS REPRESENT ~79% OF FY2019 REVENUE; GROWTH +6%

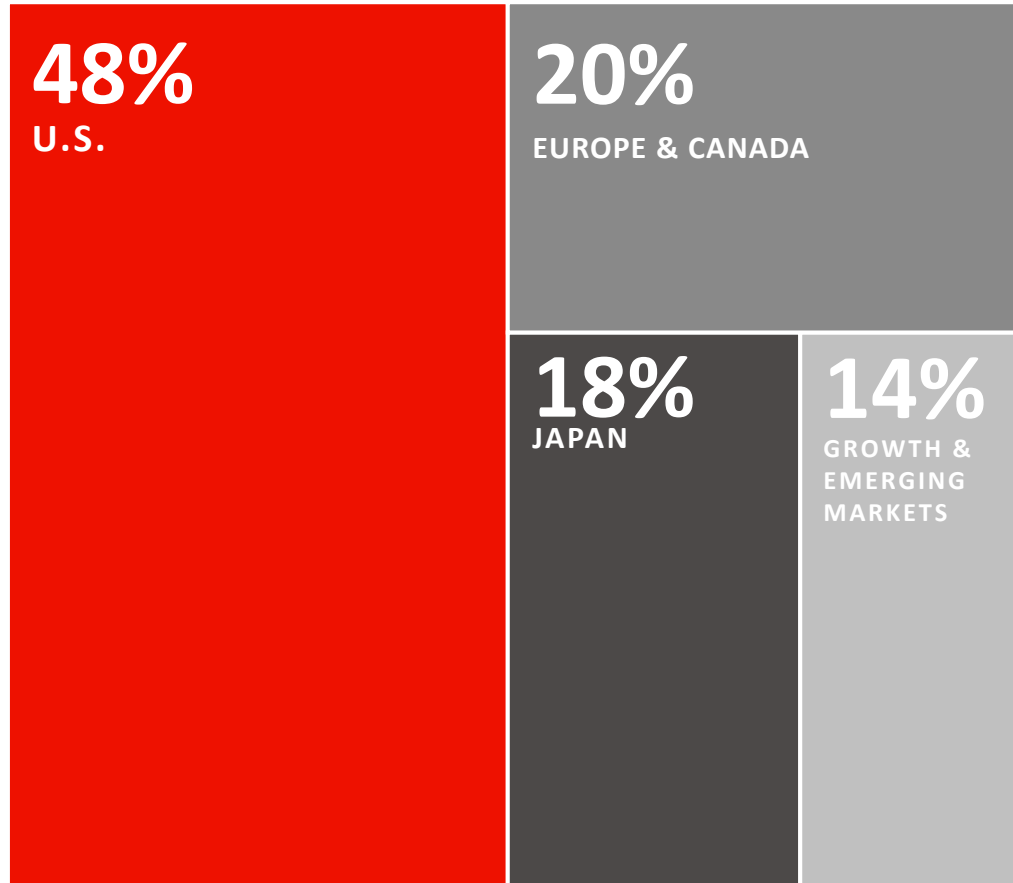
 GI % of Sales: 21% Growth: +11%	 RARE DISEASES % of Sales: 20% Growth: -5%			 PLASMA-DERIVED THERAPIES (PDT)	 ONCOLOGY % of Sales: 13% Growth: +8%	 NEUROSCIENCE % of Sales: 13% Growth: +11%	OTHER % of Sales: 21% Growth: -12%
RARE METABOLIC % of Sales: 6% Growth: -3% (+5% excluding NATPARA ¹)		RARE HEMATOLOGY % of Sales: 10% Growth: -9%	HEREDITARY ANGIOEDEMA % of Sales: 4% Growth: +3%	PDT IMMUNOLOGY % of Sales: 12% Growth: +9%			
       	   	      PDT RARE HEMATOLOGY     	   PDT HEREDITARY ANGIOEDEMA 	       kenketu glovenin-I KENKETU NONTHRON KENKETU ALBUMIN	     	     	AZILVA® Nesina® alogliptin Colcrys (colchicine, USP) tablets Neosaldina® Magnyl Xefo Ebrantil etc.

Note: Year-on-year changes are underlying growth for the fiscal year ended March 31, 2020 versus the previous fiscal year ended March 31, 2019, pro-forma. The pro-forma baseline represents the sum of Takeda revenue for the previous fiscal year (April 2018 to March 2019) plus Legacy Shire revenue from April 2018 through the acquisition date (January 8, 2019), both adjusted to remove the revenue from divested assets, with Legacy Shire revenue converted to JPY at the rate of 1 USD = 111 JPY (average FX rate for the previous fiscal year ended March 31, 2019) and converted from US GAAP to IFRS with no material differences.

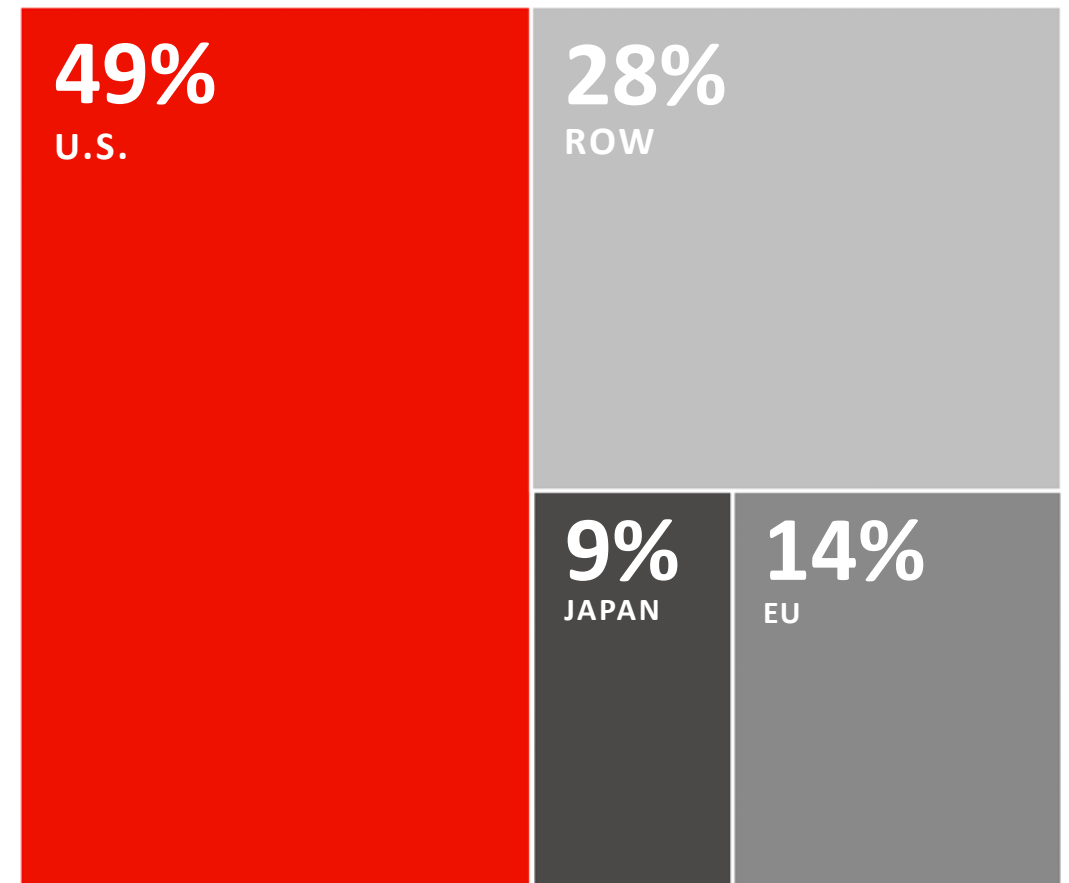
1. Takeda is working closely with the FDA on a proposed plan to resupply NATPARA in the U.S., however, it is anticipated that the required device modifications and product testing will likely delay availability beyond 2020. As a result, Takeda expects zero U.S. revenue for NATPARA to be recognized in FY2020.

GEOGRAPHIC FOOTPRINT ALIGNS WITH GLOBAL PHARMA OPPORTUNITIES

Takeda FY2019 revenues by key region



Global pharma industry est. 2020 sales



SOURCE: EvaluatePharma®, April 2020, Evaluate, Ltd

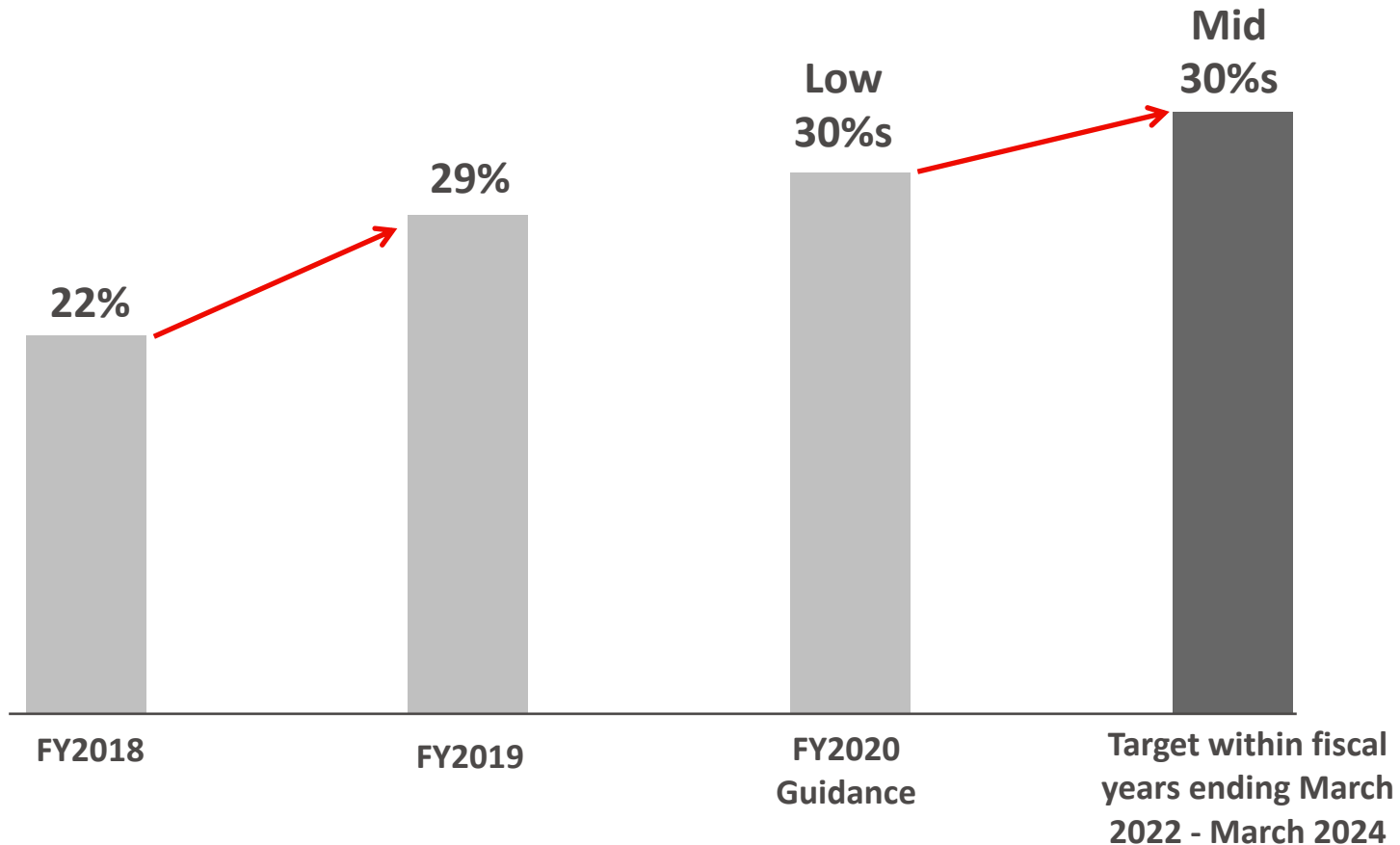
DIVESTITURES, DELEVERAGING AND DRIVING DOWN COSTS

	FY2018 baseline	FY2019 progress	Target
DIVESTMENTS	<p>\$10bn</p> <p>TARGET SET IN NON-CORE ASSET SALES</p>	<p>~\$7.7bn</p> <p>5 ANNOUNCED DEALS VALUED UP TO THIS TOTAL</p>	<p>\$10bn</p>
DELEVERAGING	<p>4.7x</p> <p>NET DEBT/ADJ. EBITDA¹ JPY 5.097.9bn NET DEBT</p>	<p>3.8x</p> <p>NET DEBT/ADJ. EBITDA¹ JPY 701bn DEBT PAID DOWN</p>	<p>2x</p> <p>NET DEBT/ADJ. EBITDA¹ WITHIN FISCAL YEARS ENDING MARCH 2022 TO MARCH 2024</p>
COST SYNERGIES TARGET	<p>\$1.4bn</p> <p>POST-ACQUISITION COST SAVINGS TARGET</p>	<p>\$2.0bn</p> <p>TARGET RAISED \$1.1bn ACHIEVED IN FY19</p>	<p>~\$2.3bn</p> <p>TARGET RAISED AGAIN BY END OF FY21</p>

INNOVATION + INTEGRATION = INDUSTRY TOP-TIER MARGIN POTENTIAL

Sustained launches of new medicines, integration synergies to lower the cost base, increased U.S. scale all add up to industry-leading margin potential over medium term

UNDERLYING CORE OPERATING PROFIT¹ MARGIN² EVOLUTION



Graph is illustrative

1. Previously referred to as Underlying Core Earnings (no change in definition). Please refer to slide 24 for its definition.

2. Please refer to slide 27-29 for reconciliation.

Next Wave of Growth with Strong R&D Pipeline

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TRANSLATING SCIENCE INTO LIFE-CHANGING MEDICINES THAT MAKE A CRITICAL DIFFERENCE TO PATIENTS

4

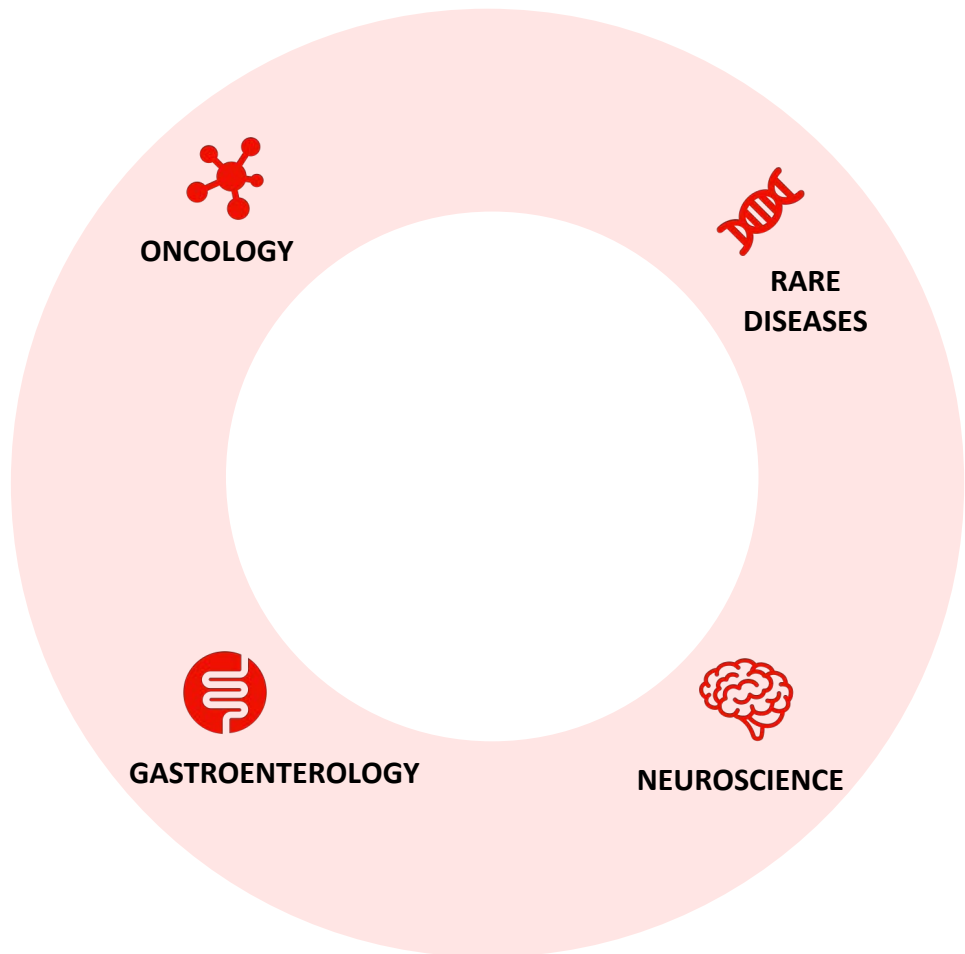
THERAPEUTIC AREAS FOCUSED ON CRITICAL PATIENT NEEDS

14

GLOBAL BRANDS WITH >20 ONGOING REGISTRATION ENABLING STUDIES IN NEW INDICATIONS / GEOGRAPHIES

38

NEW R&D COLLABORATIONS WITH BIOTECH AND ACADEMIA IN FY2019



WAVE ONE

12

BEST-IN-CLASS / FIRST-IN-CLASS NMES WITH POTENTIAL FOR >\$10B AGGREGATE PEAK SALES, POTENTIAL APPROVAL THROUGH FY2024 AND 9 ONGOING REGISTRATION ENABLING STUDIES

WAVE TWO

~30

CLINICAL STAGE EARLY DEVELOPMENT NMES AND INCREASING INVESTMENT IN NEXT GENERATION PLATFORMS FOR SUSTAINED GROWTH IN FY2025 AND BEYOND

>15

PLANNED APPROVALS IN CHINA IN NEXT 5 YEARS

Next Wave of Growth with Strong R&D Pipeline

FOLLOWING THROUGH ON OUR FY2019 COMMITMENTS AND PLANNING FOR ROBUST WAVE 1 NEAR-TERM GROWTH

- Potential NME Approval
- Potential Global Brand Extension
- Potential Regional Brand Extension

	FY19	FY20	FY21	FY22	FY23	FY24
✓	ENTYVIO IV CD, JP IV UC/CD, CN	VIPRIV Gaucher Disease, CN	TAK-609 Hunter CNS (IT)			
✓	GATTEX Pediatric, US	BUCCOLAM Status epilepticus, JP	TAK-003 Dengue vaccine			
✓	NINLARO NDMM SCT, JP	ICLUSIG CML, US	maribavir TAK-620 CMV transplant		TAK-007 Hematologic malignancies	
✓	TRINTELLIX MDD, JP	FIRAZYR HAE CN	mobocertinib TAK-788 2L NSCLC exon 20 ³		TAK-611 MLD (IT)	
✓	VONVENDI VWD, JP	REPLAGAL Fabry Disease, CN	TAKHZYRO HAE, JP	pevonedistat TAK-924 HR-MDS	TAK-935 DEE ⁴	
✓	ADCETRIS FL PTCL, JP R/R HL/ALCL peds, JP	niraparib Ovarian cancer, JP	ALUNBRIG 1L NSCLC, CN 2L NSCLC, CN	ENTYVIO sc CD US/JP ⁷	mobocertinib TAK-788 1L NSCLC exon 20 ^{5,6}	
✓	cabozantinib 1L, 2L RCC, JP	ADCETRIS FL PTCL, EU R/R HL, R/R ALCL, CN	ALUNBRIG H2H alectinib, EU Post-2Gen, US, EU	ALUNBRIG H2H alectinib, US	TAK-755 cTTP ⁵	
✓	vonoprazan L-ASA, JP Reflux Esophagitis, CN	cabozantinib HCC, JP	NINLARO NDMM nSCT, JP	ICLUSIG 1L Ph+ ALL, EU, JP	NINLARO NDMM nSCT & SCT, US, EU	
			ALOFISEL CPF, JP	vonoprazan ARD (Duodenal Ulcer), CN	ENTYVIO GvHD, EU	
			GATTEX SBS, JP	VONVENDI Peds, US, EU, JP	ALOFISEL CPF, US	
			ICLUSIG 1L Ph+ ALL, US	relugolix Prostate, JP	niraparib Prostate Cancer, JP	
			cabozantinib 1L RCC, JP	ADYNOVATE Hema, CN	cabozantinib NSCLC, JP	
			vonoprazan OD ARD, JP Erosive Esophagitis mt., CN	ADYNOVATE Hema, CN	VONVENDI Prophy, JP	Orexin 2R agonist Narcolepsy T1
			ADCETRIS CTCL, CN	ADCETRIS CTCL, JP	ICLUSIG 1L Ph+ ALL, EU, JP	pevonedistat TAK-924 AML ⁵
			VONVENDI Prophy, US, EU	OBIZUR CHAWI, EU	relugolix Prostate, CN	TAKHZYRO BMA, US
					OBIZUR CHAWI, US	NINLARO NDMM nSCT, CN

1. China approval projected in 2023

2. US approval for sc UC dependent on timeline to resolve CRL

3. EU, China approval projected in 2022

4. China approval projected in 2024

5. New projected indication for currently unapproved asset

6. EU, JP, China approval projected in 2024

7. CD submission and subsequent approval timing depends on UC approval

✓ Achieved approvals in FY19. Future target dates are estimates based on current data and are subject to change, as of May 13, 2020

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GROWTH MOMENTUM EXPECTED TO CONTINUE IN FY2020

(BN YEN)	FY2019 RESULTS	FY2020 FORECAST	UNDERLYING ³ (MANAGEMENT GUIDANCE)
REVENUE	3,291.2	3,250.0	Low-single-digit growth
REPORTED OPERATING PROFIT	100.4	355.0	
CORE OPERATING PROFIT ¹	962.2	984.0	High-single-digit growth
CORE OPERATING PROFIT ¹ MARGIN	29.2%	30.3%	Low-30s%
REPORTED EPS (YEN)	28	39	
CORE EPS ² (YEN)	387	420	Low-teen growth
ANNUAL DIVIDEND PER SHARE (YEN)	180	180	

Key assumptions in FY2020 forecast:

(1) To date, Takeda has not experienced a material effect on its financial results as a result of the global spread of the novel coronavirus infectious disease (COVID-19), despite the various effects on its operations as detailed elsewhere herein. Based on currently available information, Takeda believes that its financial results for FY2020 will not be materially affected by COVID-19 and, accordingly, Takeda's FY2020 forecast reflects this belief. However, the situation surrounding COVID-19 remains highly fluid, and future COVID-19-related developments in FY2020, including new or additional COVID-19 outbreaks and additional or extended lockdowns, shelter-in-place orders or other government action in major markets, could result in further or more serious disruptions to Takeda's business, such as slowdowns in demand for Takeda's products, supply chain related issues or significant delays in its clinical trial programs. These events, if they occur, could result in an additional impact on Takeda's business, results of operations or financial condition, as well as result in significant deviations from Takeda's FY2020 forecast.

(2) Takeda does not expect any additional 505(b)2 competitor for subcutaneous VELCADE to launch in the U.S. within FY2020;

(3) FY2020 guidance does not include the impact of any potential further divestitures beyond what has already been disclosed by Takeda

1. Previously referred to as Core Earnings (no change in definition). Please refer to slide 24 for its definition, slide 29 for historical reconciliation, and slide 30 for FY2020 forecast reconciliation.

2. Please refer to slide 29 for historical reconciliation.

3. Underlying growth adjusts for divestitures (assets divested in FY2019 and disclosed divestitures expected to close in FY2020) and applies a constant exchange rate (FY2019 full year average FX rate). Please refer to slide 24 for definition of underlying growth.

FY2020 PRIORITIES: DELIVER PATIENT IMPACT AND SHAREHOLDER VALUE

LIFE-CHANGING IMPACT

Achieve important R&D
Wave 1 pipeline milestones
for life-changing medicines

Develop plasma-derived
therapy for COVID-19

GROWTH AND MARGIN POTENTIAL

Grow 5 key business areas
and prepare new launches

Accelerate cost synergies

Drive sustainable revenue
and profit growth

SHAREHOLDER VALUE

Growth momentum with
strong cash generation

Deliver on deleveraging
and divestiture targets

Maintain 180 yen dividend

APPENDIX



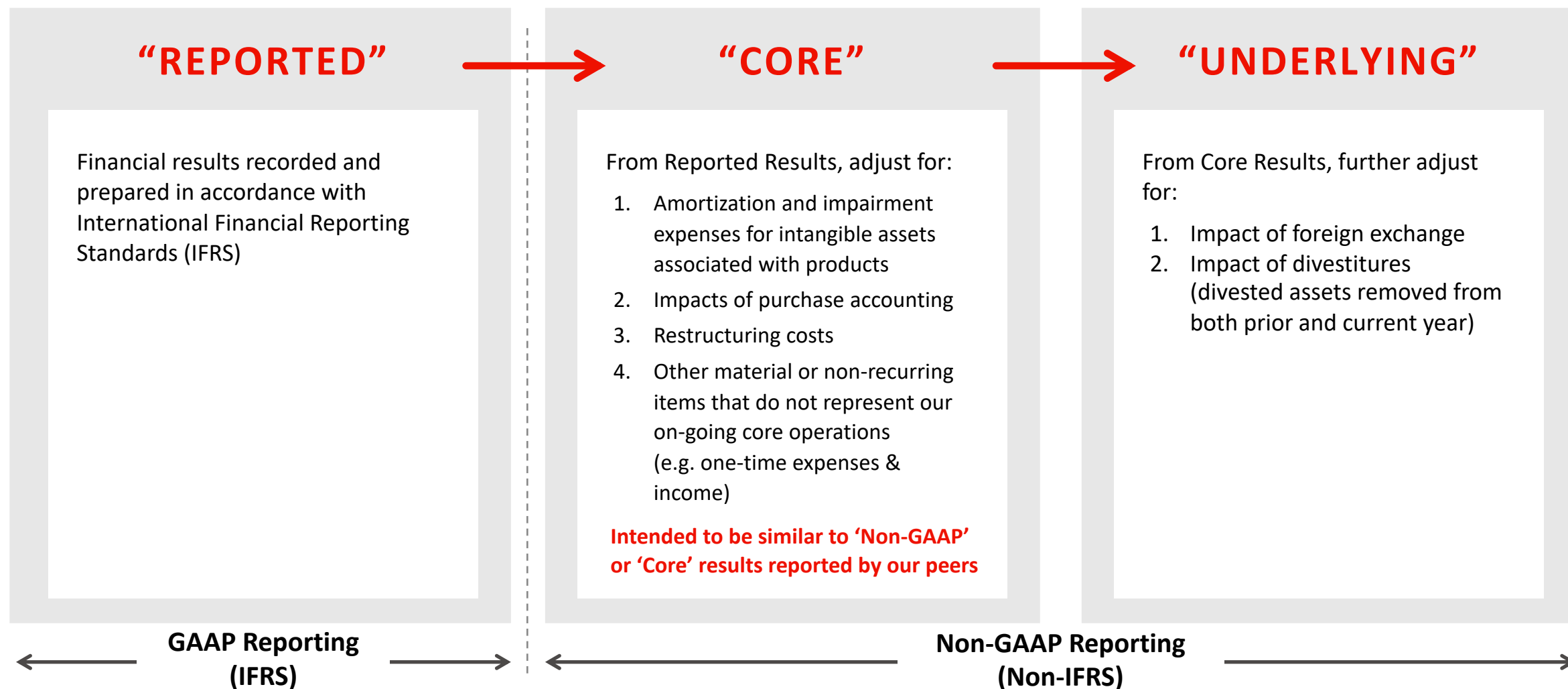
Takeda Pharmaceutical Company Limited

GLOSSARY OF ABBREVIATIONS

AML	acute myeloid leukemia
ARD	acid-related diseases
CD	Crohn's disease
CHAWI	congenital hemophilia A with inhibitors
CML	chronic myeloid leukemia
CMV	Cytomegalovirus
CNS	central nervous system
CRL	complete response letter
CTCL	cutaneous T-cell lymphoma
cTTP	congenital thrombotic thrombocytopenic purpura
DEE	developmental and epileptic encephalopathies
FL	front line
GvHD	graft versus host disease
HAE	hereditary angioedema
H2H	head to head
HCC	hepatocellular carcinoma
HemA	hemophilia A
HL	Hodgkin's lymphoma

L-ASA	low dose aspirin
MLD	metachromatic leukodystrophy
MM	multiple myeloma
NME	new molecular entity
NSCLC	non-small cell lung cancer
NSCT	non stem cell transplant
Ph+ ALL	Philadelphia chromosome-positive acute lymphoblastic leukemia
PTCL	peripheral T-cell lymphoma
R/R	relapsed/refractory
RCC	renal cell cancer
SBS	short bowel syndrome
SC	subcutaneous formulation
SCT	stem cell transplant
UC	ulcerative colitis
vWD	von Willebrand disease

TAKEDA'S DISCLOSURE METRICS (DEFINITIONS UNCHANGED)



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 refer to slide 28 for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE FY2014 FULL YEAR

billion yen	FY2013	FY2014	Growth
Revenue	1,691.7	1,777.8	+ 5.1%
Fx effects	6.0	(40.0)	
Divestments	(22.1)	(16.0)	
Underlying Revenue	1,675.7	1,721.9	Underlying Growth + 2.8%
Operating profit	139.3	-129.3	-
Actos one off		274.1	
Amortization of intangibles	119.7	123.8	
Impairment of intangibles	23.1	63.5	
Disposal of unused property	(6.7)	(32.8)	
Restructuring costs	21.7	31.2	
Contingent consideration	5.6	(51.3)	
Litigation costs, etc.	11.6	9.2	
Core Earnings	314.2	288.3	- 8.2%
Fx effects	3.0	13.8	
Divestments and other	(16.1)	(7.3)	
Underlying Core Earnings	301.1	294.9	Underlying Growth - 2.1%

RECONCILIATION FROM REPORTED TO CORE FY2018 FULL YEAR

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

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

FY2018 RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE: LEGACY TAKEDA

(BN YEN)	REPORTED NOTE	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	Teva JV purchase accounting adjustments	Other purchase accounting adjustments	Gains on sales of securities & properties	U.S. Tax Reform	Others		FX	Divestitures	
Revenue	1,788.0										1,788.0	-15.3	-10.4	
Cost of sales	-476.4										-476.4	1.9	2.3	
Gross Profit	1,311.7										1,311.7	-13.4	-8.1	
SG&A expenses	-618.4			23.8							-594.7	4.1	5.4	
R&D expenses	-323.7										-323.7	11.1	0.4	
Amortization of intangible assets	-95.4	95.4									-			
Impairment losses on intangible assets	-8.7	8.7									-			
Other operating income	161.2		-59.8					-88.6		-12.9	-			
Other operating expenses	-74.1		36.5	35.5						2.1	-			
Operating profit	352.5	104.1	-23.3	59.3				-88.6		-10.8	393.3	1.7	-2.3	
Margin	19.7%										22.0%			22.3%
Financial income/expenses	-51.8			18.1						2.3	-31.4	3.1	0.3	
Equity income/loss	-43.9					53.5					9.6	0.1	-	
Profit before tax	256.8	104.1	-23.3	77.4		53.5		-88.6		-8.5	371.4	5.0	-2.0	
Tax expense	-23.1	-25.5	5.0	-15.7		-16.4		30.2		-57.2	-102.7	-1.7	0.8	
Non-controlling interests	0.1										0.1	-	-0.4	
Net profit	233.7	78.6	-18.3	61.6		37.1		-58.4		-65.7	268.8	3.3	-1.5	
EPS (yen)	243										280			346
Number of shares (millions)	961										961			781

Note: Includes Shire acquisition related costs incurred at Legacy Takeda.

RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE FY2019 FULL YEAR

(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 Margin	100.4 3.1%	130.3	67.3	151.2	527.1			-14.2	962.2 29.2%	36.5	-25.5	28.9%
Financial income/expenses	-137.2			7.1	14.4				-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	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

RECONCILIATION FROM REPORTED OPERATING PROFIT TO CORE OPERATING PROFIT – FY2020 FORECAST

(BN YEN)	REPORTED	REPORTED TO CORE ADJUSTMENTS					CORE
		Amortization of intangible assets (Takeda)	Impairment of intangible assets	Other operating income/expense	Shire integration costs	Shire purchase accounting adjustments	
Revenue	3,250.0						3,250.0
Cost of sales						85.7	
Unwind of inventories step-up							
Depreciation of PPE step-up						2.0	
Gross Profit						87.7	
SG&A and R&D expenses						-0.7	
Amortization of intangible assets	-407.0	83.0				324.0	-
Impairment losses on intangible assets	-50.0		50.0				-
Other operating income	58.0			-58.0			-
Other operating expenses	-143.0			53.0	90.0		-
Operating profit	355.0	83.0	50.0	-5.0	90.0	411.0	984.0

FREE CASH FLOW

(BN YEN)	FY2018	FY2019	vs. PY	
Net profit	135.1	44.3	-90.8	-67.2%
Depreciation, amortization and impairment loss	257.8	685.5	+427.7	
Decrease (increase) in trade working capital	20.9	72.7	+51.8	
Income taxes paid	-44.9	-226.8	-181.9	
Other	-40.4	94.0	+134.4	
Net cash from operating activities	328.5	669.8	+341.3	+103.9%
Acquisition of PP&E	-77.7	-127.1	-49.4	
Proceeds from sales of PP&E	50.7	12.6	-38.1	
Acquisition of intangible assets	-56.4	-90.6	-34.2	
Acquisition of investments	-17.1	-7.6	+9.5	
Proceeds from sales and redemption of investments	65.0	49.4	-15.6	
Proceeds from sales of business, net of cash and cash equivalents divested	85.1	461.5	+376.4	
Free Cash Flow	378.1	968.0	+589.9	+156.0%

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 due to debt amortization and FX impact.

RECONCILIATION FROM NET PROFIT TO EBITDA/ADJUSTED EBITDA

(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.