



144th Ordinary General Meeting of Shareholders



Christophe Weber

President & CEO

June 24th, 2020

Better Health, Brighter Future

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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 16-22.

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.

OUR COVID-19 RESPONSE PRIORITIZES PATIENTS AND GLOBAL HEALTH

As a patient-centric, values-based biopharmaceutical company, Takeda is focused on three priorities during the COVID-19 outbreak:

1.



Safeguarding employees and their families, and reducing impact on the healthcare system

2.



Maintaining business continuity, especially the supply of Takeda medicines to patients

3.



Developing potential therapies to treat or prevent COVID-19

TAKEDA IS NOW A COMPETITIVE, GLOBAL R&D-DRIVEN BIOPHARMACEUTICAL 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

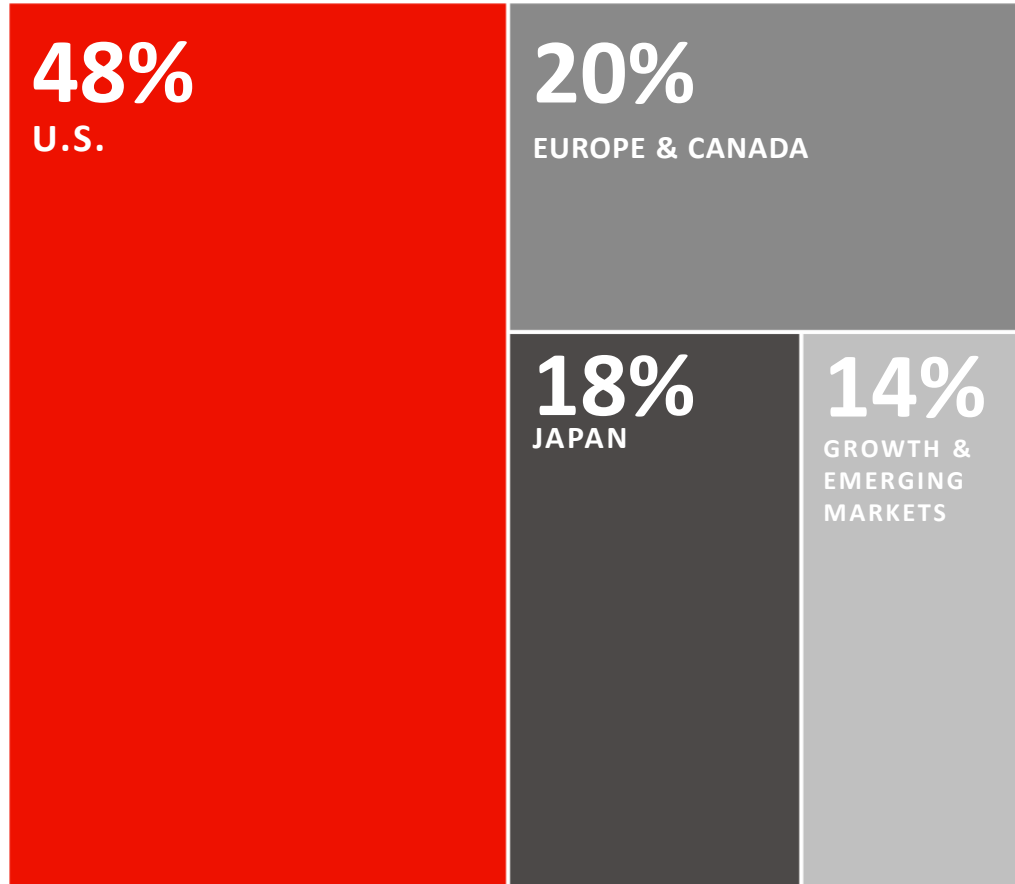
MEDIUM TERM

GLOBAL PATIENT IMPACT
ACCELERATING GROWTH

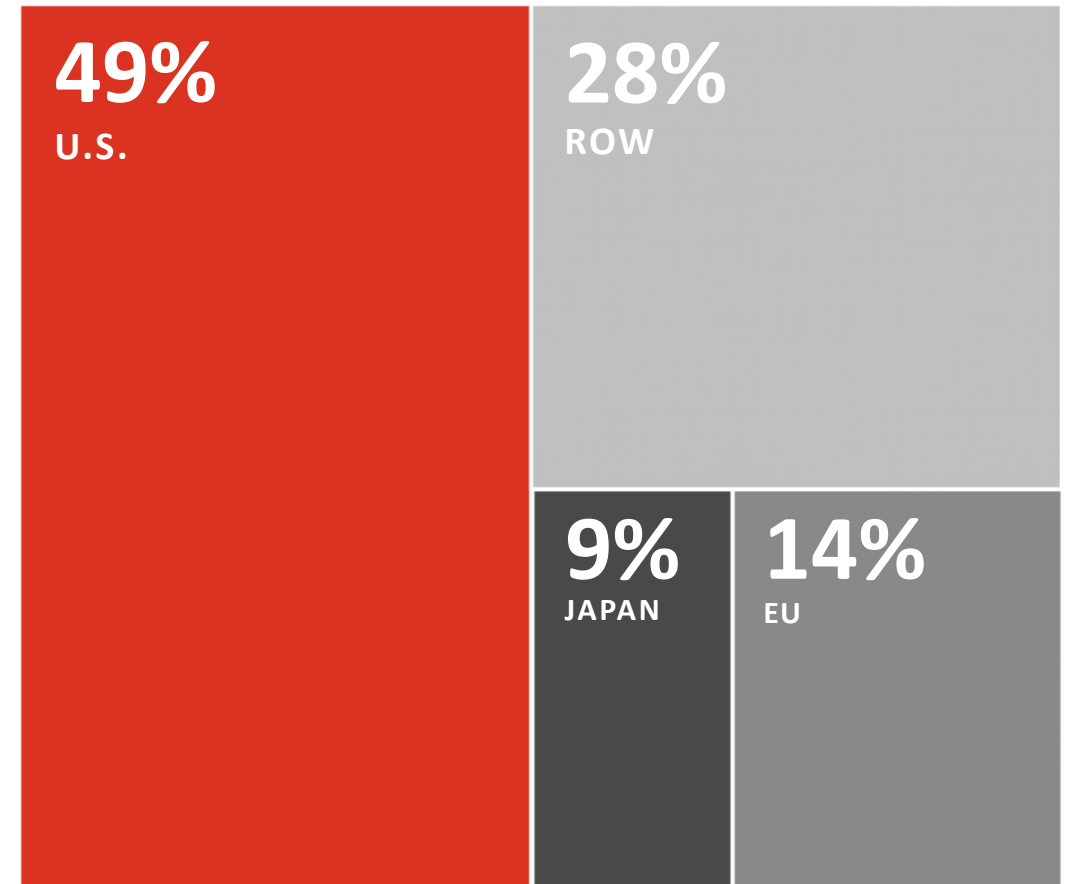
UNDERLYING CORE PROFIT¹ MARGIN
MID 30s

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

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 16 for its definition and slide 18 for reconciliation.

2. Please refer to slide 18 for reconciliation.

3. Please refer to slide 19 for reconciliation.

4. Please refer to slide 17 for definition, and slides 20-21 for reconciliation.

GROWTH MOMENTUM EXPECTED TO CONTINUE IN FY2020 WITH DIVIDEND OF 180 YEN / SHARE

(BN YEN)	FY2019 RESULTS	FY2020 FORECAST	UNDERLYING GROWTH ³ (MANAGEMENT GUIDANCE)
REVENUE	3,291.2	3,250.0	Low-single-digit
CORE OPERATING PROFIT ¹	962.2	984.0	High-single-digit
CORE EPS ² (YEN)	387	420	Low-teen
ANNUAL DIVIDEND PER SHARE (YEN)	180	180	

- 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.
- It is premature to speculate on the medium-term financial implications of the COVID-19 outbreak, which may arise from issues such as rising unemployment, changes in payer mix, and the possibility of government initiatives being introduced to reduce healthcare spending

Other key assumptions in FY2020 guidance:

- (1) Takeda does not expect any additional 505(b)2 competitor for subcutaneous VELCADE to launch in the U.S. within FY2020;
- (2) FY2020 guidance does not include the impact of any potential further divestitures beyond what has already been disclosed by Takeda

Note: FY2020 forecast, management guidance and assumptions are as of May 13, 2020

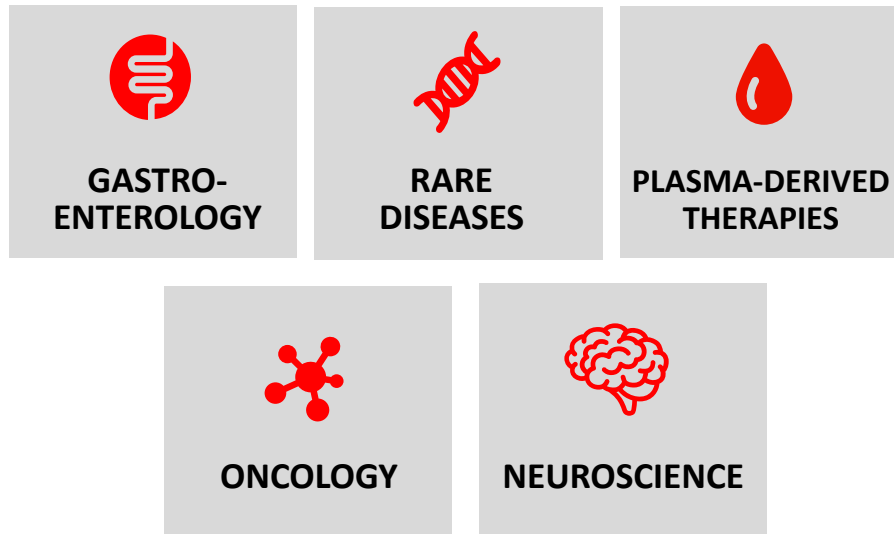
1. Previously referred to as Core Earnings (no change in definition). Please refer to slide 16 for its definition, slide 18 for historical reconciliation, and slide 22 for FY2020 forecast reconciliation.

2. Please refer to slide 18 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 16 for definition of underlying growth. Underlying measures are also the basis for calculating management KPIs. Please refer to slides 23-24 for more details.

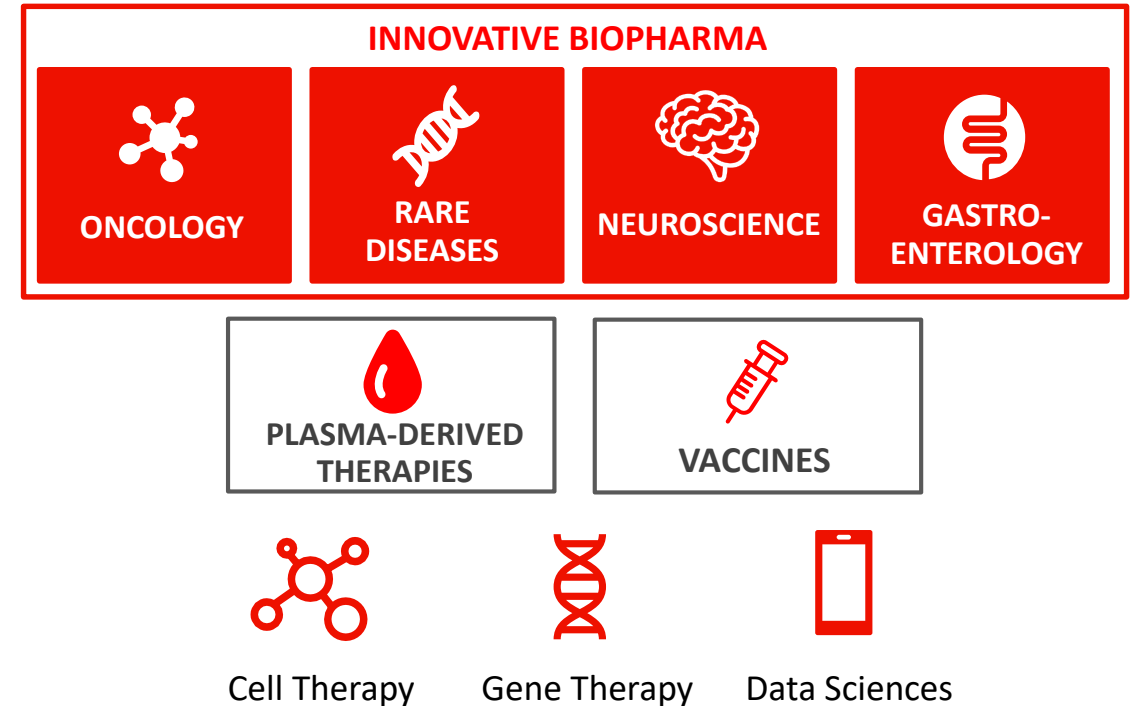
14 GLOBAL BRANDS AND 12 WAVE 1 PIPELINE ASSETS TO DRIVE SUSTAINABLE GROWTH

BUSINESS AREA FOCUS



- **5 Key Business Areas** representing ~79% of FY2019 revenue, underlying growth +6%¹
- **14 Global Brands** underlying growth +22%¹

R&D FOCUS

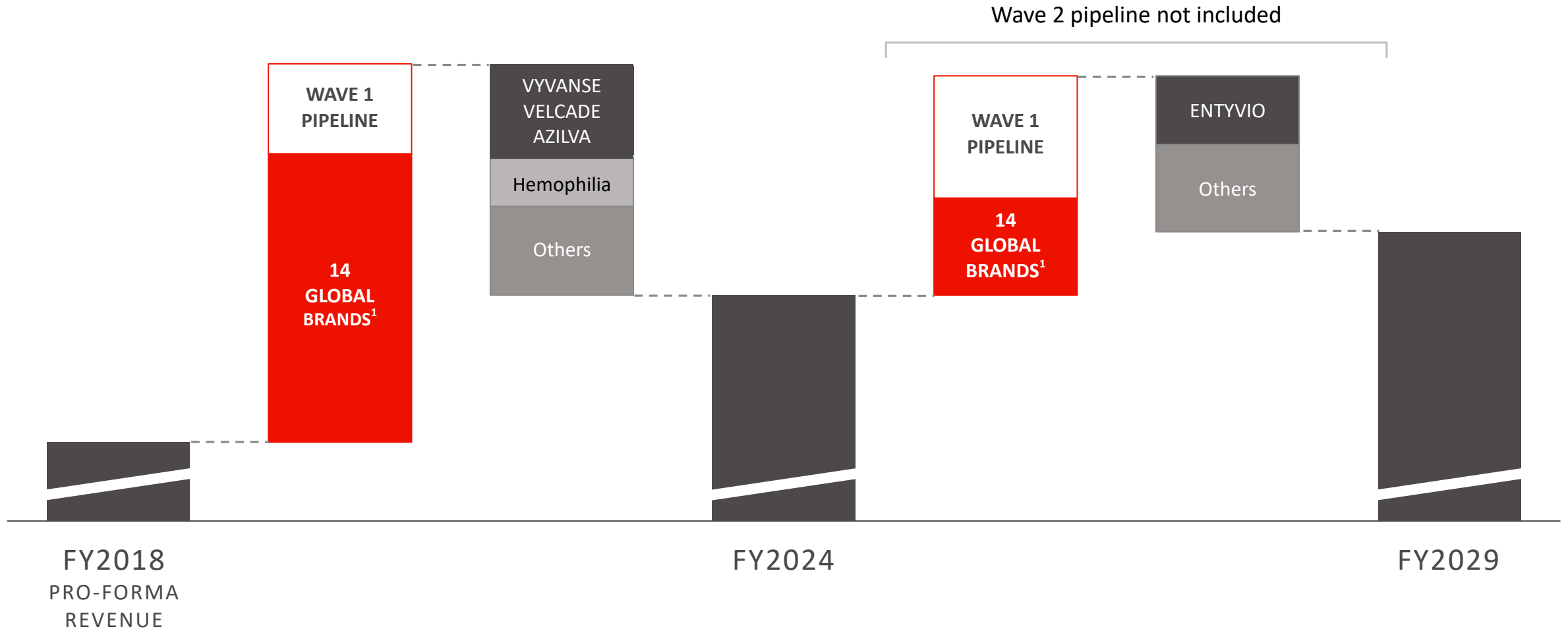


- **12 Wave 1 NMEs²** with potential for >\$10B aggregate peak sales
- **~30 Wave 2 NMEs²** in rich early clinical pipeline

1. 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.

2. NME: New Molecular Entity. Wave 1 programs are NMEs projected to launch through FY2024; Wave 2 programs are NMEs projected to launch after FY2024

GROWTH MOMENTUM IS ACCELERATING WITH WAVE 1 NMEs POTENTIAL FOR >\$10B AGGREGATED PEAK SALES



Note: Chart is unchanged since first being presented at Takeda's R&D Day, November 14th, 2019.

1. The 14 Global Brands column includes ENTYVIO within the FY2018 to FY2024 timeframe, but ENTYVIO is excluded from the 14 Global Brands column in the FY2024 to FY2029 timeframe.

The above chart represents conceptual changes in revenue through FY2024 and FY2029 demonstrating growth over time offsetting loss of exclusivities and achieving single digit growth as compared to FY2018 pro forma baseline. 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. 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 for Wave 1 Pipeline is non-risk adjusted, but only considers revenue contribution from the lead indication.



PATIENT



TRUST



REPUTATION



BUSINESS

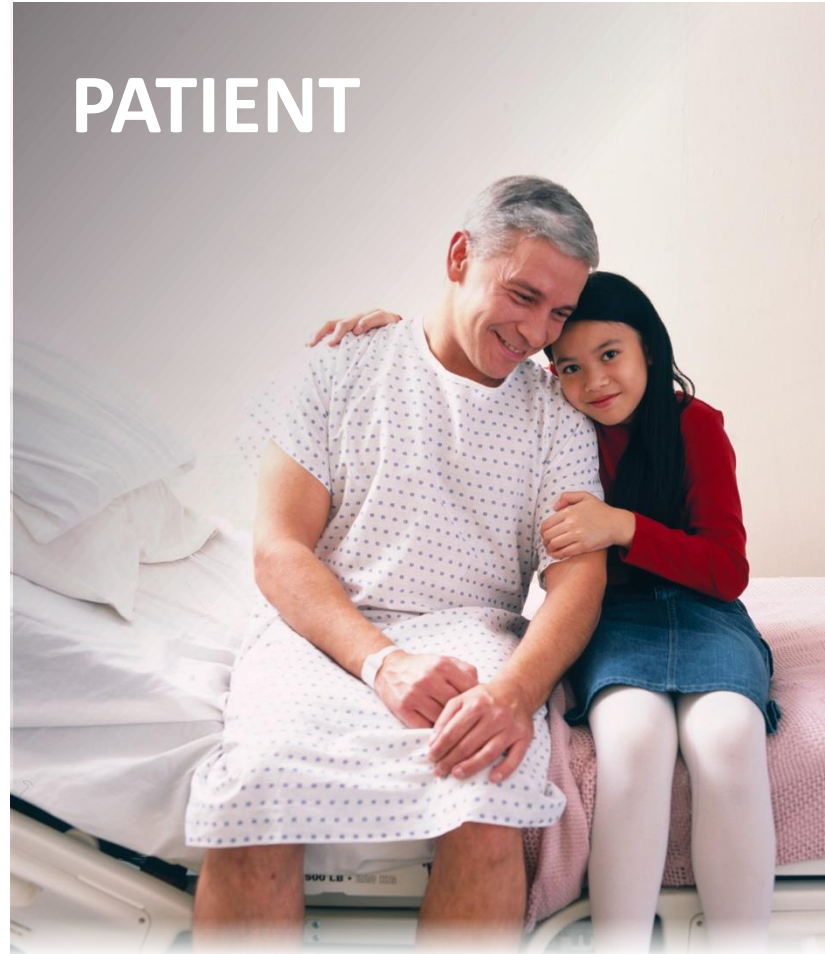


BETTER HEALTH FOR PEOPLE, BRIGHTER FUTURE FOR THE WORLD

PEOPLE



PATIENT

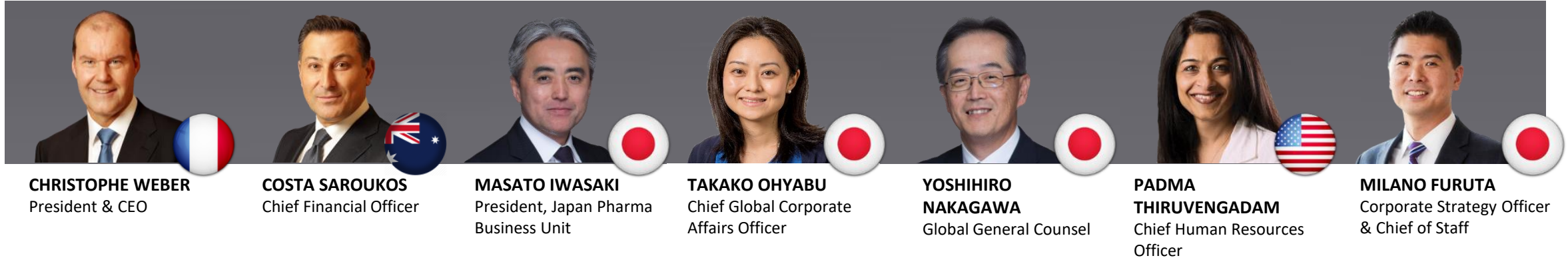


PLANET

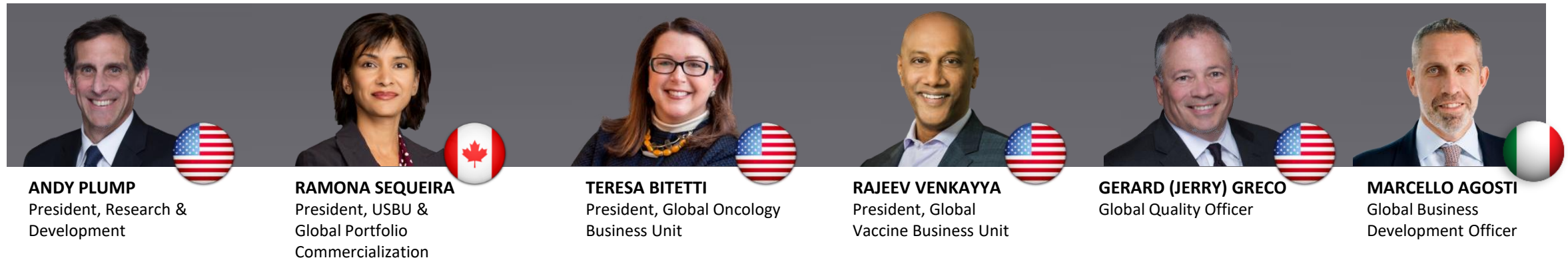


TAKEDA EXECUTIVE TEAM DEDICATED TO DELIVER ON GROWTH MOMENTUM

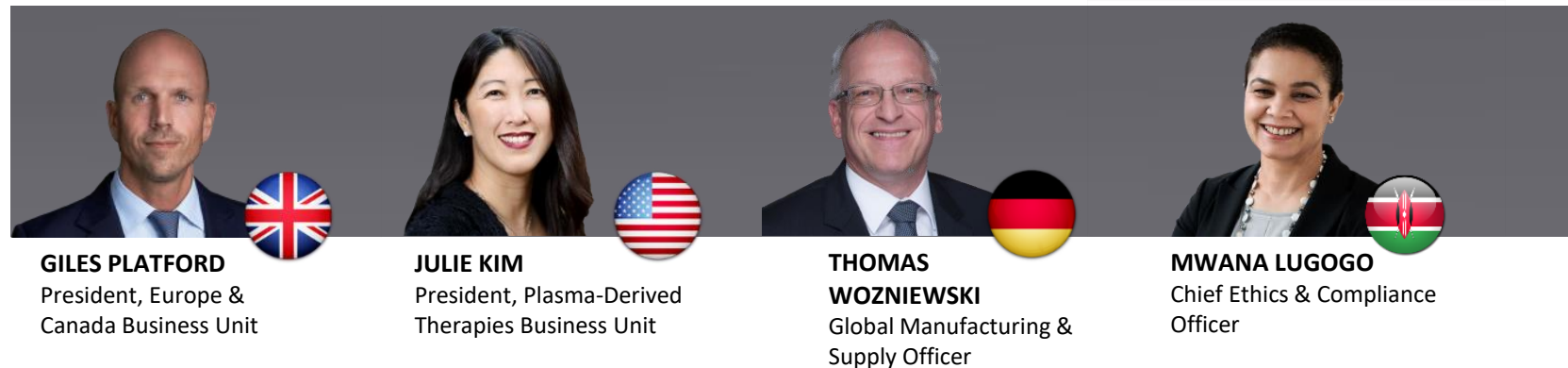
JAPAN



US



SWITZERLAND



SINGAPORE



A STRONG INDEPENDENT BOARD LEADS A ROBUST 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

AUDIT & SUPERVISORY COMMITTEE (A&SC)



Yasuhiko Yamanaka
Director,
A&SC member

INDEPENDENT DIRECTORS¹



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



Olivier Bohuon
Independent Director



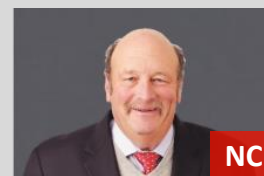
Jean-Luc Butel
Independent Director



Ian Clark
Independent Director



Yoshiaki Fujimori
Independent Director



Steven Gillis
Independent Director



Shiro Kuniya
Independent Director



Toshiyuki Shiga
Independent Director







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

-  CHAIR OF THE BOARD MEETING
-  INDEPENDENT DIRECTOR¹
-  NOMINATION COMMITTEE²
-  COMPENSATION COMMITTEE

CONFIDENCE AND GROWTH MOMENTUM FOR 2020 AND BEYOND

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



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

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

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.

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

CLAWBACK POLICY AND MANAGEMENT KPI DETAILS

TAKEDA CLAWBACK POLICY

- Consistent with Takeda's ongoing efforts to further strengthen its commitment to best-in-class corporate governance and alignment with shareholders, the Compensation Committee recommended and the Board of Directors of Takeda adopted a compensation recoupment policy (clawback policy) on March 31, 2020.
- The clawback policy provides that in the event of a significant restatement of financial results or significant misconduct, the independent external members of Takeda's Board of Directors may require Takeda to recoup incentive compensation. This would include all or a portion of the compensation received by any member of the Takeda Executive Team, any Internal Director on the Takeda's Board of Directors, and any other individual designated by the independent external members of Takeda's Board of Directors within the fiscal year, and the three (3) prior fiscal years, that the need for a significant restatement of financial results or significant misconduct was discovered.
- The policy took effect on April 1, 2020 and applies to short-term incentive compensation beginning with the Fiscal Year 2020 performance year and long-term incentive granted in Fiscal Year 2020 and continues to apply for all subsequent periods.

DETERMINING KEY PERFORMANCE INDICATORS FOR FY2020

- Each year, the Compensation Committee and the Board of Directors review and establish the annual Key Performance Indicators ("KPI") used for the Short-Term Incentive Plan (annual cash bonus) ("STI") and the Long-Term Incentive Plan Performance Share Units ("PSU").
- The KPIs included in the STI and PSU plans were carefully considered by the Compensation Committee before being recommended to and approved by the Board of Directors. Takeda believes these KPIs enable the organization to focus on growth, profitability, pipeline performance, expense management and shareholder value creation.
- The KPIs correlate to Takeda's operating plan and external guidance. Underlying KPIs reflect the understanding that divestitures and significant events will impact the evaluation of the respective KPI over the performance period and enables required adjustments.
- Both the STI and the PSU Plans are designed in a way that allows participants to be rewarded for delivering strong results for shareholders if Takeda exceeds the plan targets. Conversely, if Takeda does not achieve its targets, participants will receive a below target payout. If performance is below threshold participants would receive a 0% payout for that KPI. The maximum payout participants can receive under the plan is 200% of target.

FY2020 MANAGEMENT KPIS

FY2020 Short-Term Incentive (Metrics, Weight, and Performance Range Consistent with FY2019)

Metric	Rationale	Weight	Measurement	Threshold	Target	Maximum
Underlying Revenue	<ul style="list-style-type: none"> Key indicator of growth, including pipeline delivery Important measure of success within the industry 	30%	Performance Goal as a % of Target	97%	100%	105%
			STI Payout as a % of Target	40%	100%	200%
Underlying Core Operating Profit	<ul style="list-style-type: none"> Measure of margin achievement while ensuring expense discipline Reflects synergy capture Communicated to shareholders as a key measure of Takeda success post Shire acquisition 	40%	Performance Goal as a % of Target	95%	100%	115%
			STI Payout as a % of Target	50%	100%	200%
Underlying Core EPS	<ul style="list-style-type: none"> Aligns participants with shareholders Communicated to shareholders as a key measure of Takeda success post Shire acquisition 	30%	Performance Goal as a % of Target	95%	100%	115%
			STI Payout as a % of Target	50%	100%	200%

FY2020 Long-Term Incentive (Performance Share Units) (Metrics, Weight, and Performance Range Consistent with FY2019)

Metric	Rationale	Weight	Measurement	Threshold	Target	Maximum
3-year Accumulated Underlying Revenue	<ul style="list-style-type: none"> Aligns with investor expectations Focuses participants on continued growth and pipeline delivery Important measure of success within the industry 	25%	Performance Goal as a % of Target	96%	100%	105%
			PSU Payout as a % of Target	50%	100%	200%
Point in time Core Operating Profit Margin (at end of performance period)	<ul style="list-style-type: none"> Measures quality of the earnings over the performance period High shareholder expectation for strong earnings growth 	25%	Performance Goal as a % of Target	93%	100%	107%
			PSU Payout as a % of Target	50%	100%	200%
3-year Accumulated Free Cash Flow	<ul style="list-style-type: none"> Focuses participants on cash generation and paying down debt following the Shire acquisition 	25%	Performance Goal as a % of Target	90%	100%	115%
			PSU Payout as a % of Target	50%	100%	200%
Pivotal Study Start	<ul style="list-style-type: none"> Reflects future strength of Takeda's overall performance through delivery of innovative research and development programs Underscores our commitment to patients 	25%	PSU Payout as a % of Target	0%	100%	200%
3-year Relative TSR ¹	<ul style="list-style-type: none"> Aligns payout from our performance share plan with the shareholder experience Only applies if absolute TSR is positive 	Modifier +/-20%				

1. After measuring performance under the financial and non-financial metrics outlined above, Takeda will assess the Total Shareholder Return ("TSR") performance relative to our Fiscal Year 2020 Takeda Peer Group (excluding Celgene after the which was acquired). Relative TSR can modify the final LTI payout (up or down) by 20 percentage points. If absolute TSR performance is negative but Takeda outperforms our peers, a positive adjustment would not be made to the performance share payout factor. The TSR peer group for the Fiscal Year 2019-2021 performance cycle is as follows: AbbVie, Amgen, Astellas, AstraZeneca, Bristol-Myers Squibb, Eli Lilly, Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co, Merck Group, Novartis, Pfizer, Roche, Sanofi

GLOSSARY OF ABBREVIATIONS

Regional Abbreviations:

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

AD	Alzheimer's disease	DLBCL	diffuse large B-cell lymphoma	IND	investigational new drug	PBS	phosphate buffered saline
ADC	antibody drug conjugate	DU	duodenal ulcer	I/O	immuno-oncology	PCAB	potassium competitive acid blocker
ADHD	attention deficit hyperactivity disorder	Dx	diagnosis	iTTP	immune thrombotic thrombocytopenic purpura	Ph+ ALL	Philadelphia chromosome-positive acute lymphoblastic leukemia
ALK	anaplastic lymphoma kinase	EE H	erosive esophagitis healing	IV	intravenous	PID	primary immunodeficiency
ALS	amyotrophic lateral sclerosis	EE M	erosive esophagitis maintenance	iPSC	induced pluripotent stem cells	PK	pharmacokinetics
AML	acute myeloid leukemia	EFI	enteral feeding intolerance	L-ASA	low dose aspirin	POC	proof of concept
ASCT	autologous stem cell transplant	EGFR	epidermal growth factor receptor	LBD	Lewy body dementia	POGD	post-operative gastrointestinal dysfunction
ARD	acid-related diseases	EOE	eosinophilic esophagitis	LB AML	low-blast acute myeloid leukemia	POI	post-operative ileus
BTK	Bruton's tyrosine kinase	ESCC	esophageal squamous-cell carcinoma	LSD1	Lysine specific demethylase 1	PTCL	peripheral T-cell lymphoma
BBB	blood brain barrier	FL	front line	LCM	lifecycle management	PTH	parathyroid hormone
BOS	budesonide oral suspension	FSI	first subject in	mAb	monoclonal antibody	R/R	relapsed/refractory
CAR-T	Chimeric antigen receptor-T	GCC	guanylyl cyclase C	MAOB	monoamine oxidase B	RCC	renal cell cancer
CD	Crohn's disease	GERD	gastroesophageal reflux disease	MG	myesthenia gravis	RTK	receptor tyrosine kinase
CHAWI	congenital hemophilia A with inhibitors	GI	gastrointestinal	MLD	metachromatic leukodystrophy	sALCL	systemic anaplastic large cell lymphoma
CIAS	cognitive impairment associated with schizophrenia	GnRH	gonadotropin-releasing hormone	MM	multiple myeloma	SBS	short bowel syndrome
CIDP	chronic inflammatory demyelinating polyradiculoneuropathy	GU	gastric ulcer	NAE	NEDD8 activating enzyme	SC	subcutaneous formulation
CML	chronic myeloid leukemia	GvHD	graft versus host disease	ND	newly diagnosed	SCD	sickle cell disease
CMML	chronic myelomonocytic leukemia	HAE	hereditary angioedema	NDA	new drug application	SCT	stem cell transplant
CMV	Cytomegalovirus	H2H	head to head	Neg	negative	SCZ	schizophrenia
CSF	cerebrospinal fluid	HCC	hepatocellular carcinoma	NERD	non-erosive reflux disease	SLE	systemic lupus erythematosus
CNS	central nervous system	HemA	hemophilia A	NK	natural killer	sq	squamous
CRL	complete response letter	HER2	human epidermal growth factor receptor 2	NME	new molecular entity	STING	stimulator of interferon genes
CRPS	complex regional pain syndrome	HL	Hodgkin's lymphoma	NSCLC	non-small cell lung cancer	SUMO	small ubiquitin-related modifier
CTCL	cutaneous T-cell lymphoma	HR MDS	high-risk myelodysplastic syndromes	NSCT	non stem cell transplant	TESD	treatment emergent sexual dysfunction
cTTP	congenital thrombotic thrombocytopenic purpura	IBD	inflammatory bowel disease	NS	negative symptoms	TKI	tyrosine kinase inhibitor
DAAO	D-amino acid oxidase			ORR	overall response rate	TRD	treatment resistant depression
DEE	developmental and epileptic encephalopathies			PARP	poly (ADP-ribose) polymerase	UC	ulcerative colitis
						vWD	von Willebrand disease