Consolidated Financial Results for FY2018 Q1

July 31, 2018

Takeda Pharmaceutical Company Limited
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Chief Financial Officer

Better Health, Brighter Future

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Profit Forecast for Takeda for the year ending March 31, 2019

Takeda is currently in an offer period (as defined in the City Code on Takeovers and Mergers (the "Code")) with respect to Shire plc. Pursuant to Rule 28 of the Code, statements made regarding Takeda's guidance for FY2018 (including statements regarding forecasts for FY2018 revenue, Core Earnings, Operating profit, Profit before income taxes, Net profit attributable to owners of the Company, Basic earnings per share, R&D expenses, Amortisation and impairment and other income/expense, Underlying Revenue, Underlying Core Earnings and Underlying Core EPS) constitute a profit forecast for the year ending March 31, 2019 (the "Takeda Profit Forecast"). For additional information regarding the Takeda Profit Forecast and the required statement by its Directors that such profit forecast is valid and has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Takeda's accounting policies, please see page 21 of Takeda's Financial Results (Tanshin) for the Fiscal Year Ended March 31, 2018, dated May 14, 2018.

Please see page 21 for the definition of Core Earnings, Core EPS, and an explanation of how Takeda calculates Underlying Growth.

Strong business momentum continues into FY2018

- **Solid progress against key priorities to Grow Portfolio, Strengthen Pipeline, and Boost Profitability**
- **Strong start on underlying revenue and profitability led by Growth Drivers and OPEX discipline**
- **Reported operating profit and EPS impacted by two large transactions in Q1 FY2017; excluding these OP grew 37.5%**
  - 106.3 billion yen one-time gain on sale of Wako
  - 16.8 billion yen from 2nd tranche of products sold to Teva JV

FY2018 Q1 year-on-year growth

Reported		excl. Q1 FY17 gain on Wako	excl. Q1 FY17 gains on Wako & Teva JV
Revenue	+0.4%	+0.4%	+4.3%
Operating Profit	-49.3%	+11.5%	+37.5%
EPS	-46.1%	+10.7%	+32.6%

Underlying	
Revenue	+6.4%
Core Earnings	+40.3%
Core EPS	+51.1%

Solid progress against key priorities

Grow Portfolio	• Underlying Revenue +6.4%, growth in every region • Growth Drivers +11.8%; Entyvio +34.1%, Ninlaro +43.3% • Acquired TiGenix in June; first EU patient treated with Alofisel • Divest Multilab in Brazil & Techpool in China (closing in Q2)
Strengthen Pipeline	• Entyvio approved for UC in Japan; vedolizumab subcutaneous achieved primary endpoint as maintenance therapy for UC • Alunbrig 1st line NSCLC (ALTA-1L) & Ninlaro MM maintenance post-SCT (TOURMALINE-MM3) studies met primary endpoints • 2 New Molecular Entity clinical stage-ups since April 2018
Boost Profitability	• Global Opex Initiative fully integrated into how we work (KPIs, objectives, budgets, and systems) • Underlying CE growth +40.3%; Underlying CE margin +640bps • Underlying Core EPS +51.1%

Growth Drivers: GI, Oncology, Neuroscience, and Emerging Markets
UC: Ulcerative colitis; NSCLC: Non small cell lung cancer; MM: Multiple myeloma;
SCT: Stem Cell Transplant; CE: Core Earnings

Strong underlying performance; reported EPS impacted by large one-time gain in FY2017

- **Reported EPS decreased -46.1% impacted by large one-time gains in FY2017**
  - Revenue +0.4% with Growth Drivers offsetting FX (-0.5pp) & divestitures (-5.6pp)
  - Operating profit -49.3% impacted by 106.3 billion yen one-time gain from sale of Wako shares and 16.8 billion yen from 2nd tranche of products sold to Teva JV, both in Q1 FY2017. Operating profit excluding one-time Wako & Teva JV impacts +37.5%

- **Strong Underlying performance led by Growth Drivers and OPEX discipline**
  - Underlying revenue +6.4% despite price cut in Japan
  - Underlying CE growth +40.3% with margin +640bps; some phasing benefits
  - Underlying Core EPS growth +51.1%

- **Operating Free Cash Flow decreased -90.6% due to positive R&D milestones and impact of additional products sale to Teva JV in Q1 FY2017**
  - Sale of non-core assets generated additional 31.9 Bn yen of cash, in line with plan

Positive momentum of reported Core Earnings +9.8%; One-time gains on Wako and Teva JV in FY2017 impacts Operating Profit & EPS

Reported P&L – FY2018 Q1

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Revenue	448.2	449.8	+1.6	+0.4%
Core Earnings	106.3	116.8	+10.5	+9.8%
Operating Profit	195.0	98.9	-96.1	-49.3%
Net Profit	144.8	78.2	-66.5	-46.0%
EPS	186 yen	100 yen	-86 yen	-46.1%
JPY/USD	111 yen	108 yen	-3 yen	-2.8%
JPY/EUR	121 yen	130 yen	+9 yen	+7.1%

Underlying CE Margin up +640bps predominantly driven by OPEX discipline

Underlying P&L – FY2018 Q1

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Revenue	414.8	441.5	+26.7	+6.4%
Gross Profit	297.0	323.2	+26.2	+8.8%
% of revenue	71.6%	73.2%		+1.6pp
OPEX	-213.9	-206.6	+7.3	-3.4%
% of revenue	-51.6%	-46.8%		+4.8pp
Core Earnings	83.1	116.7	+33.5	+40.3%
% of revenue	20.0%	26.4%		+6.4pp
Core Net Profit	65.3	98.7	+33.4	+51.1%
Core EPS	84 yen	126 yen	+43 yen	+51.1%

Growth Drivers posted strong +11.8% revenue growth

	FY2018 Q1 Underlying Revenue growth	
Growth Drivers	GI	+19.3%
	Oncology	+6.7%
	Neuroscience	+23.5%
	Emerging Markets	+6.2%
	Total	**+ 11.8%**

Growth Drivers represent 62% of total Takeda revenue

Key products are driving profitable growth

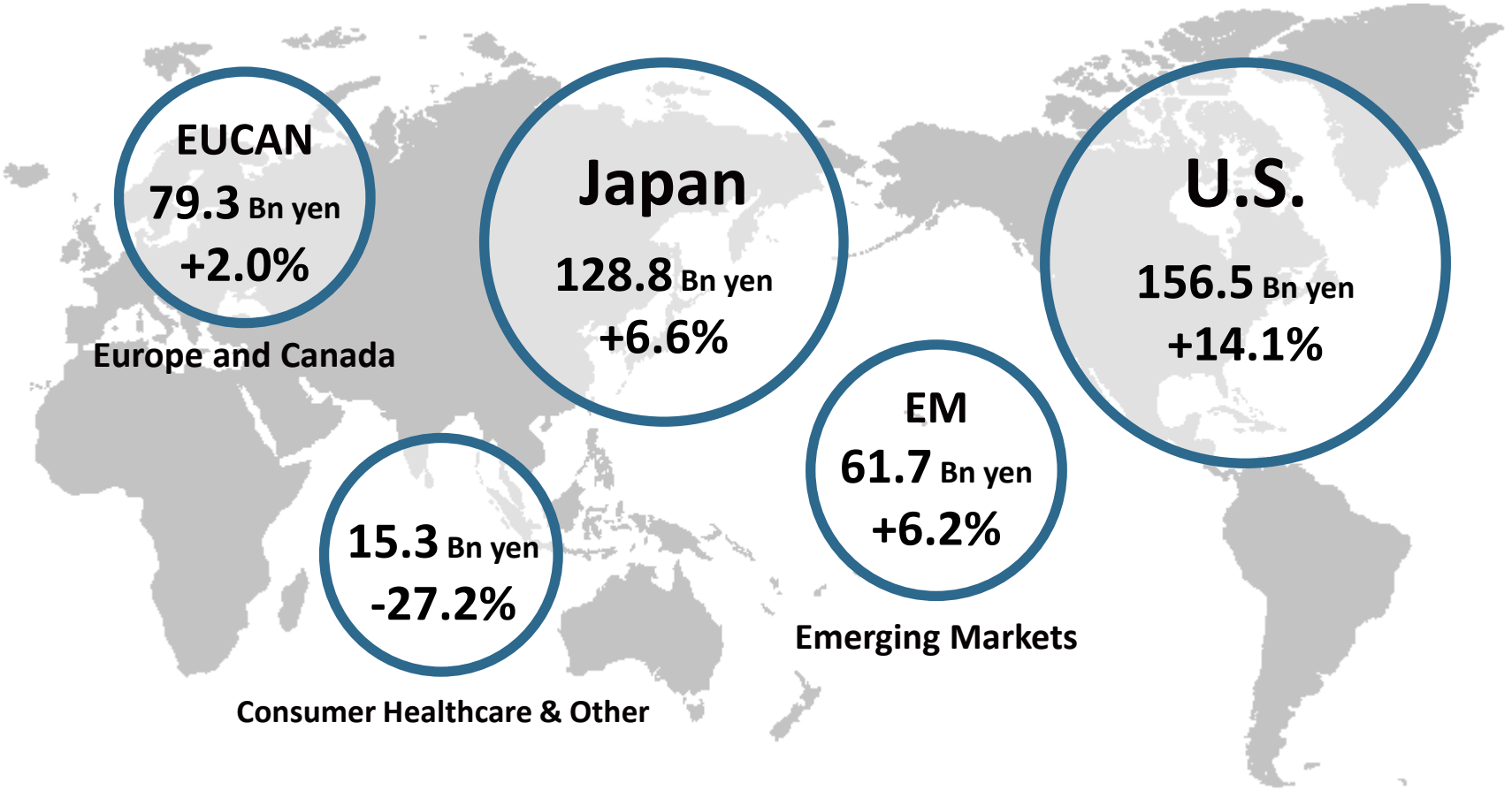
FY2018 Q1 Underlying Revenue

		Bn yen	vs. PY
GI	Entyvio vedolizumab	60.1	+34.1%
	Takecab	14.3	+26.5%
Oncology	NINLARO (ixazomib) capsules	13.7	+43.3%
	ADCETRIS brentuximab vedotin	11.2	+18.9%
	ICLUSIG (ponatinib) tablets 45mg, 15mg	6.8	+39.1%
	ALUNBRIG BRIGATINIB 30mg TABLETS	1.1	+351.3%
Neuro-science	Trintellix vortioxetine tablets	13.7	+29.4%

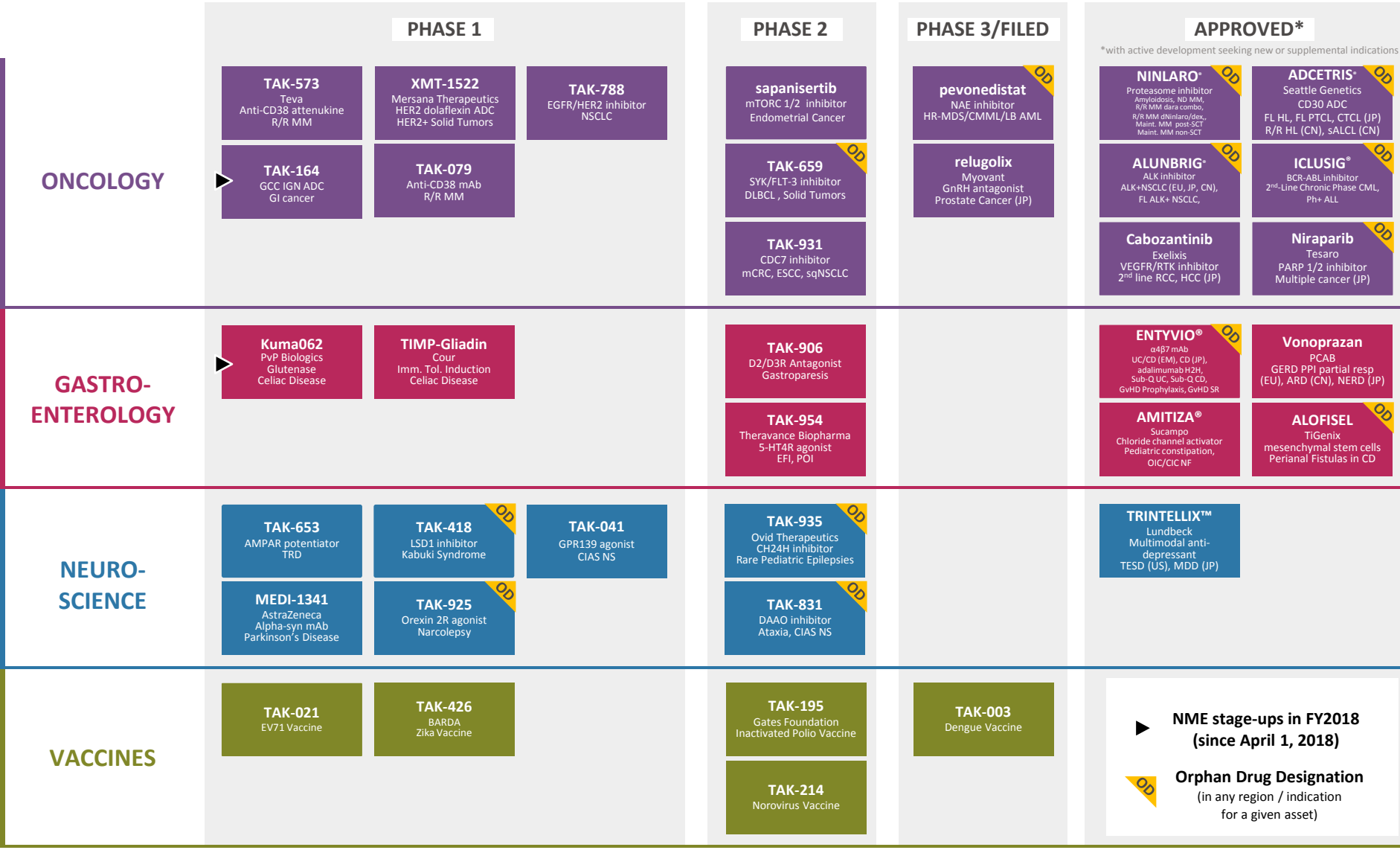
Note: Effective from FY2018, sales of certain products in Japan are now disclosed on a net basis, deducting items such as discounts and rebates, in alignment with the global managerial approach applied to individual product sales. The change in disclosure of individual product sales has been revised retrospectively, with prior year figures reclassified on a net basis to enable year-on-year comparisons. This reclassification has no impact on Takeda's financial statements and does not represent a correction of prior year figures.

Underlying revenue growth across all regions

FY2018 Q1 Underlying Revenue: 441.5 Bn yen, +6.4%



Investing in early pipeline innovation, while maximizing the value of our marketed portfolio



Pipeline as of July 31, 2018
For glossary of disease abbreviations please refer to page 30.

Important R&D milestones expected in FY2018

Therapeutic Area	Compound	Expected Event
Oncology	**Adcetris**	Front-Line Hodgkin's Lymphoma EU approval decision (H2) Front-Line Hodgkin's Lymphoma Japan approval decision (H2)
	Alunbrig	ALTA-1L Front-line ALK+ NSCLC 1st Interim Analysis (H1) ✓ 2nd-line ALK+ NSCLC EU approval decision (H2)
	Cabozantinib	Hepatocellular carcinoma Japan pivotal study start (H2)
	Iclusig	Ph+ Acute Lymphoblastic Leukemia Global pivotal study start (H1)
	Ninlaro	Newly Diagnosed Multiple Myeloma 1st Interim Analysis (H1) ✓ Study continues to 2nd IA in FY2019 Multiple Myeloma Maintenance Post-Transplant 1st Interim Analysis (H1) ✓
	Pevonedistat	HR-MDS/CMML/LB AML Ph-2 final analysis (H2) → Move final analysis to FY2019 with potential filing from ongoing Phase 2 study
	TAK-788	First patient dosed in registration enabling Ph-2 NSCLC study (H2)
Gastroenterology	**Entyvio**	Crohn's Disease Japan submission (H1) ✓ Ulcerative Colitis Japan approval decision (H1) ✓ Subcutaneous administration Ulcerative Colitis submission (H2) ○ Study met primary and secondary endpoints. BLA and MAA submission planned
	TAK-954	Enteral Feeding Intolerance Ph-2b study initiation (H1) Postoperative Ileus Ph-2b initiation (H2)
	TAK-906	Gastroparesis Ph-2b initiation (H2)
Neuroscience	**Trintellix**	Major Depressive Disorder Japan submission (H2) ○ Positive phase 3 results in Japanese patients; intend to move forward with regulatory filing TESD U.S. label update approval decision (H2)
	TAK-925	Proof of concept in narcolepsy patients (H2)
Vaccines	**TAK-003**	Dengue Virus Vaccine Ph-3 primary analysis (H2)
	TAK-214	Norovirus Vaccine Ph-2b final analysis (in adults) (H1)

Table only shows select R&D milestones, and is not comprehensive. All timelines are current assumptions and subject to change.

BLA: Biologics Licensing Application; MAA: Marketing Authorisation Application
For glossary of disease abbreviations please refer to page 30.

Global Opex Initiative fully integrated into how we work

- **Total underlying OPEX spend reduced by 3.4% vs. prior year, trending ahead of FY2018 target**
- **OPEX savings contributed 480bps of the 640bps improvement in underlying CE margin**
- **Zero Based Budgeting ("ZBB") for cost packages ahead of target by 4.7%**
- **Embedded ZBB targets into KPI of all management**

Operating Free Cash Flow -90.6% due to positive R&D milestones and impact of additional products sale to Teva JV in Q1 FY2017

Cash Flow Statement – FY2018 Q1

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Net profit	**145.0**	**78.1**	**-66.9**	**-46.1%**
Depreciation, amortization and impairment loss	46.0	38.6	-7.4	
Decrease (increase) in trade working capital	-41.2	-58.4	-17.2	
Income taxes paid	-12.3	-13.8	-1.5	
Other	-62.9	-4.0	+58.9	
Net cash from operating activities	**74.6**	**40.5**	**-34.1**	**-45.7%**
Acquisition of tangible assets (net)*	-14.0	-19.6	-5.6	
Acquisition of intangible assets**	-5.0	-15.7	-10.6	
Operating Free Cash Flow	**55.5**	**5.2**	**-50.3**	**-90.6%**

- **Sale of non-core assets generated an additional 31.9 Bn yen, in line with plan**
- **Net debt/EBITDA of 2.0x in FY2018 Q1, slightly increased from 1.8x in FY2017 Q4 due to dividend payment and facilities for bridge & term loans, but lower than 2.1x as of Q1 FY2017**

The following items have been excluded from the above cash flow statement:
* (FY2017 Q1) 31.9 Bn yen proceeds from sales of TS Tower, a building in Shinagawa, Tokyo.
(FY2018 Q1) 6.0 Bn yen proceeds from sales of land and facilities, mainly in Juso, Osaka.
** (FY2017 Q1) Payment of 8.4 Bn yen to buy back future royalties.

Strong Q1 confirms confidence in full-year underlying guidance

	FY2018 full-year guidance (growth %)	FY2018 Q1 results (growth %)
Underlying Revenue	Low single digit	+6.4%
Underlying Core Earnings	High single digit	+40.3%
Underlying Core EPS	Low teens	+51.1%

- **Q1 included some phasing benefits**
- **Guidance assumes one additional therapeutically non-equivalent competitor to Velcade with IV and SC administration launching in the U.S. in Sept 2018** [Global revenue: FY17 129.6 Bn yen; FY18 75.5 Bn yen]*

* Applying constant currency based on FY2018 plan rate
IV: intravenous, SC: subcutaneous

FY2018 full-year outlook unchanged

Underlying Guidance	
Revenue	Low single digit
Core Earnings	High single digit
Core EPS	Low teens

(Bn yen)

Reported Forecast			vs PY
	Revenue	1,737.0	-1.9%
	Operating Profit	201.0	-16.9%
	EPS	178 yen	-25.7%

This forecast does not include the full fiscal year 2018 estimated financial impact related to the proposed acquisition of Shire plc by Takeda. A forecast that does include the estimated financial impact of the deal will be announced by Takeda once a reasonable assumption has been confirmed.

Strong business momentum continues into FY2018

- **Solid progress against key priorities to Grow Portfolio, Strengthen Pipeline, and Boost Profitability**
- **Reported operating profit +37.5% excluding the 106.3 Bn yen one-time gain on sale of Wako and 16.8 Bn yen from 2nd tranche of products sold to Teva JV, both in Q1 FY2017**
- **Strong start on underlying revenue and profitability led by Growth Drivers and OPEX discipline**
- **Strong Q1 confirms confidence in full-year underlying guidance; FY2018 reported forecast unchanged**

Upcoming R&D days estimated timing

TOKYO R&D Day
Thursday, September 27th, 2018*

BOSTON R&D Day
Wednesday, October 10th, 2018*

***Invitations forthcoming upon confirmation of dates**

Recommended offer for Shire – Transaction update

Progress to Date	• $7.5 billion term loan agreed with leading global financial institutions
	• Regulatory review process commenced
	  - U.S. Federal Trade Commission (FTC) clearance received
	• Integration preparation underway
	• 10.6 billion yen Shire-related costs booked in Q1
	  - G&A expense 4.6 Bn yen (advisory fees, etc.)
	  - Financial expense 6.0 Bn yen (bridge loan fee, etc.)

Key Next Steps	• Detailed functional integration planning kicked off; consistent with Takeda's core values, leveraging both companies' knowledge and expertise • Remaining regulatory approvals pending (including EU, China, Japan and Brazil) • Expected to close in first half of calendar year 2019

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 (quarters or years) of financial results under a common basis and is used by management to assess the business. These financial results are calculated based on constant currency basis and excluding the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations. Although this is not a measure 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 Earnings 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 impacts of divestitures occurred during the reporting periods presented.

Core Earnings represents Operating Profit adjusted to exclude amortization and impairment losses on intangible assets associated with products as well as other operating income, other operating expenses and certain other significant items that are unusual, non-recurring or unrelated to its ongoing operations. These items include but are not limited to, purchase accounting effects, major litigation costs, integration costs, the impact of natural disasters, and certain government actions.
Underlying Core Earnings represents Core Earnings based on a constant currency basis and further adjusted to exclude the impacts of divestitures occurred during the reporting periods presented.

Underlying Core EPS represents net income based on a constant currency basis, adjusted to exclude the impact of divestitures, items excluded in the calculation of Core Earnings 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 its 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.

Underlying revenue of Growth Drivers

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
ENTYVIO	44.9	60.1	+15.3	+34.1%
TAKECAB	11.3	14.3	+3.0	+26.5%
DEXILANT	15.6	17.1	+1.5	+9.7%
AMITIZA	8.1	7.6	-0.5	-6.2%
LANSOPRAZOLE	9.0	6.9	-2.1	-23.4%
GI*	**88.9**	**106.0**	**+17.1**	**+19.3%**
NINLARO	9.5	13.7	+4.1	+43.3%
ICLUSIG	4.9	6.8	+1.9	+39.1%
ADCETRIS	9.4	11.2	+1.8	+18.9%
ALUNBRIG	0.2	1.1	+0.8	NA
LEUPRORELIN	27.8	28.6	+0.7	+2.7%
VECTIBIX	5.0	5.4	+0.4	+8.0%
VELCADE	34.2	30.5	-3.7	-10.8%
Oncology	**91.0**	**97.2**	**+6.1**	**+6.7%**
TRINTELLIX	10.6	13.7	+3.1	+29.4%
ROZEREM	4.2	5.1	+0.9	+21.5%
AZILECT	—	0.3	+0.3	NA
REMINYL	4.3	4.5	+0.2	+4.7%
COPAXONE	0.2	0.2	+0.0	+17.7%
Neuroscience	**19.3**	**23.8**	**+4.5**	**+23.5%**

* Sales of pantoprazole is not included in GI (Gastroenterology).
As it is a key driver in emerging markets, its sales is included in the 4th Growth Driver, EM.

Note: Effective from FY2018, sales of certain products in Japan are now disclosed on a net basis, deducting items such as discounts and rebates, in alignment with the global managerial approach applied to individual product sales. The change in disclosure of individual product sales has been revised retrospectively, with prior year figures reclassified on a net basis to enable year-on-year comparisons. This reclassification has no impact on Takeda's financial statements and does not represent a correction of prior year figures.

FY2018 Q1 reported income statement

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Revenue	**448.2**	**449.8**	**+1.6**	**+ 0.4%**
Gross Profit	**327.4**	**329.2**	**+1.9**	**+ 0.6%**
% of revenue	73.0%	73.2%		+0.2pp
SG&A	-145.9	-145.0	+0.8	- 0.6%
R&D	-75.7	-72.0	+3.7	- 4.9%
Non-recurring Items	***0.5***	***4.6***		
Core Earnings	***106.3***	***116.8***	***+10.5***	***+ 9.8%***
Amortization and impairment of intangibles	-32.5	-24.0	+8.5	- 26.1%
Other income/expenses	121.6	10.6	-111.0	- 91.3%
Non-recurring Items (reversal)	***-0.5***	***-4.6***		
Operating Profit	**195.0**	**98.9**	**-96.1**	**- 49.3%**
% of revenue	43.5%	22.0%		-21.5pp
Financial income/expenses	3.5	-8.6	-12.1	NA
Equity income/loss	-0.3	3.6	+3.8	NA
Profit Before Tax	**198.2**	**93.9**	**-104.4**	**- 52.7%**
Income tax	-53.3	-15.8	+37.5	- 70.4%
Non-controlling interests	-0.2	0.2	+0.4	NA
Net Profit	**144.8**	**78.2**	**-66.5**	**- 46.0%**
EPS	**186 yen**	**100 yen**	**- 86 yen**	**- 46.1%**

FY2018 Q1 underlying income statement

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Underlying Revenue	**414.8**	**441.5**	**+26.7**	**+ 6.4%**
Underlying Gross Profit	**297.0**	**323.2**	**+26.2**	**+ 8.8%**
% of revenue	71.6%	73.2%		+1.6pp
SG&A	-141.0	-136.3	+4.7	- 3.4%
R&D	-72.9	-70.3	+2.6	- 3.6%
Underlying Core Earnings	**83.1**	**116.7**	**+33.5**	**+ 40.3%**
% of revenue	20.0%	26.4%		+6.4pp
Financial income/expenses	-0.9	-1.2	-0.3	+ 37.5%
Equity income/loss	0.8	4.5	+3.7	NA
Underlying Core Profit Before Tax	**83.0**	**119.9**	**+36.9**	**+ 44.4%**
Income tax	-17.6	-21.1	-3.5	+ 20.2%
Non-controlling interests	-0.1	-0.1	+0.1	- 47.8%
Underlying Core Net Profit	**65.3**	**98.7**	**+33.4**	**+ 51.1%**
Underlying Core EPS	**84 yen**	**126 yen**	**+43 yen**	**+ 51.1%**

Bridge from Reported Revenue to Underlying Revenue

(Bn yen)	Q1 FY2017	Q1 FY2018	vs. PY	
Revenue	**448.2**	**449.8**	**+1.6**	**+ 0.4%**
FX effects*	-5.1	-3.0	+2.1	+0.5pp
Revenue excluding FX effects*	443.1	446.8	+3.7	+ 0.8%
Divestitures**	-28.3	-5.3	+23.0	+5.6pp
LLPs sold to Teva JV	-16.8	—	+16.8	+4.1pp
TAK-935	-3.5	—	+3.5	+0.8pp
Multilab	-1.3	-1.1	+0.2	+0.0pp
Techpool	-5.2	-4.0	+1.2	+0.3pp
Others	-1.5	-0.2	+1.4	+0.3pp
Underlying Revenue	**414.8**	**441.5**	**+26.7**	**+ 6.4%**

* FX adjustment applies FY2018 plan rate to both years (1USD=105 yen, 1EUR=130 yen)
** Divestitures adjustments in FY2017, mainly include one-time gain from the 7 LLPs sold to the JV with Teva in May 2017, and in FY2018, mainly include Multilab and Techpool revenue.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

Bridge from Operating Profit to Underlying Core Earnings

(Bn yen)	Q1 FY2017	Q1 FY2018	vs. PY	
Operating Profit	**195.0**	**98.9**	**-96.1**	**- 49.3%**
Amortization and impairment of intangibles	32.5	24.0	-8.5	-4.7pp
Other income/expenses	-121.6	-10.6	+111.0	+61.6pp
Non-recurring items (proposed Shire acquisition costs)	—	4.6	+4.6	+2.5pp
Non-recurring items (Others)	0.5	—	-0.5	-0.3pp
Core Earnings	**106.3**	**116.8**	**+10.5**	**+ 9.8%**
FX effects*	-2.1	-0.3	+1.9	+2.5pp
Divestitures**	-21.1	0.1	+21.2	+28.0pp
LLPs sold to Teva JV	-16.8	—	+16.8	+22.1pp
TAK-935	-3.5	—	+3.5	+4.6pp
Multilab	0.2	-0.1	-0.3	-0.4pp
Techpool	-0.8	0.4	+1.2	+1.6pp
Others	-0.2	-0.2	+0.1	+0.1pp
Underlying Core Earnings	**83.1**	**116.7**	**+33.5**	**+ 40.3%**

* FX adjustment applies FY2018 plan rate to both years (1USD=105 yen, 1EUR=130 yen)
** Divestitures adjustments in FY2017, mainly include one-time gain from the 7 LLPs sold to the JV with Teva in May 2017, and in FY2018, mainly include Multilab and Techpool profits/losses.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

Bridge from Net Profit to Underlying Core Net Profit

(Bn yen)	Q1 FY2017	Q1 FY2018	vs. PY	
Net Profit	**144.8**	**78.2**	**-66.5**	**- 46.0%**
EPS	***186 yen***	***100 yen***	***- 86 yen***	***- 46.1%***
Amortization and impairment of intangibles	21.9	18.3	-3.7	-3.0pp
Other income/expenses	-83.6	-7.5	+76.2	+61.5pp
Proposed Shire acquisition costs	—	4.3	+4.3	+3.5pp
Proposed Shire acquisition financial expenses	—	4.2	+4.2	+3.4pp
Other exceptional gains and losses	-2.9	0.2	+3.2	+2.6pp
Core Net Profit	**80.1**	**97.7**	**+17.6**	**+ 21.9%**
FX effects*	-0.3	1.0	+1.4	+2.5pp
Divestitures**	-14.5	-0.1	+14.4	+26.7pp
Underlying Core Net Profit	**65.3**	**98.7**	**+33.4**	**+ 51.1%**
Underlying Core EPS	***84 yen***	***126 yen***	***+ 43 yen***	***+ 51.1%***

* FX adjustment applies FY2018 plan rate to both years (1USD=105 yen, 1EUR=130 yen)
** Divestitures adjustments in FY2017, mainly include one-time gain from the 7 LLPs sold to the JV with Teva in May 2017, and in FY2018, mainly include Multilab and Techpool profits/losses.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

Net debt/EBITDA ratio slightly increased to 2.0x; non-core asset disposals generated 31.9 Bn yen in line with plan

Net debt/EBITDA ratio – FY2018 Q1

(Bn yen)	FY2017 Q1	FY2018 Q1	vs. PY	
Operating Free Cash Flow	55.5	5.2	- 50.3	-90.6%
Sale of Wako shares	84.5	–		
Sale of other shareholdings*	11.3	25.9	31.9	
Real estate disposals*	31.9	6.0		
Dividend	-63.5	-65.0		
Bridge and term loan facilities	—	-10.4		
Others	-6.8	-24.8		
Net increase (decrease) in cash	112.8	-63.0	- 175.9	NA

* FY2018 disposal objective: ~110 Bn yen in total

	FY2017 Q4	FY2018 Q1	vs. PY	
Debt	-985.7	-995.0	- 9.3	+0.9%
Net cash (debt)	-691.1	-763.5	- 72.4	+10.5%
Gross debt/EBITDA ratio	2.6 x	2.6 x	- 0.1	
Net debt/EBITDA ratio	1.8 x	2.0 x	+0.1	

FY2018 underlying business strength lessens the impact of a significant decline in one-time income

Reported Forecast – Full Year FY2018

(Bn yen)	FY2017 Actual	FY2018 Forecast	Fav/(unfav)	
Revenue	**1,770.5**	**1,737.0**	**-33.5**	**-1.9%**
R&D expenses	**-325.4**	**-311.0**	**+14.4**	**+4.4%**
Core Earnings	**322.5**	**309.5**	**-13.0**	**-4.0%**
Amortization & impairment	**-122.1**	**-108.0**	**+14.1**	**+11.6%**
Other income/expense*	**41.4**	**-0.5**	**-41.9**	**-101.2%**
Operating profit	**241.8**	**201.0**	**-40.8**	**-16.9%**
Profit before tax	**217.2**	**183.0**	**-34.2**	**-15.7%**
Net profit	**186.9**	**139.0**	**-47.9**	**-25.6%**
EPS	**239 yen**	**178 yen**	**-61 yen**	**-25.7%**
USD/JPY	**111 yen**	**108 yen**	**-3 yen**	**-2.5%**
EUR/JPY	**129 yen**	**133 yen**	**+4 yen**	**+2.9%**

* Includes non-recurring items

Impact of FX and divestitures on growth

Revenue -1.9%	
• FX	~-1.0pp
• Divestitures	~-2.0pp
Core Earnings -4.0%	
• FX	~-3.0pp
• Divestitures	~-7.0pp

Key items (Bn yen)	FY2017	FY2018
Amortization	**-126.1**	**-96.0**
Impairment	**4.0**	**-12.0**
Other income	**169.4**	**65.0**
• Sale of Wako shares	106.3	-
• Sale of real estate	18.8	55.5
• LLP transfer gain	27.5	4.5
Other expense	**-126.6**	**-65.5**
• Restructuring	-44.7	-40.5
• CTA	-41.7	-

This forecast does not include the full fiscal year 2018 estimated financial impact related to the proposed acquisition of Shire plc by Takeda. A forecast that does include the estimated financial impact of the deal will be announced by Takeda once a reasonable assumption has been confirmed.

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CTA: Currency Translation Adjustment

Glossary of Abbreviations

AD	Alzheimer's disease
ADC	antibody drug conjugate
ADHD	attention deficit hyperactivity disorder
ALK	anaplastic lymphoma kinase
ALS	amyotrophic lateral sclerosis
ARD	acid-related diseases
BTK	Bruton's tyrosine kinase
CD	Crohn's disease
CIAS	cognitive impairment associated with schizophrenia
CIC	chronic idiopathic constipation
CML	chronic myeloid leukemia
CMML	chronic myelomonocytic leukemia
CNS	central nervous system
CRL	complete response letter
CTCL	cutaneous T-cell lymphoma
DAAO	D-amino acid oxidase
DLBCL	diffuse large B-cell lymphoma
EFI	enteral feeding intolerance
EGFR	epidermal growth factor receptor
ESCC	esophageal squamous-cell carcinoma
FL	front line
FLT-3	FMS-like tyrosine kinase 3
GCC	guanylyl cyclase C
GERD	gastroesophageal reflux disease
GI	gastrointestinal
GnRH	gonadotropin-releasing hormone
GvHD	graft versus host disease
H2H	head to head
HCC	hepatocellular carcinoma
HER2	human epidermal growth factor receptor 2
HL	Hodgkin's lymphoma
HR MDS	high-risk myelodysplastic syndromes
IBD	inflammatory bowel disease
IO	immuno-oncology
iPSC	induced pluripotent stem cells
LBD	Lewy body dementia
LB AML	Low-Blast Acute Myeloid Leukemia
LSD1	Lysine specific demethylase 1
mAb	monoclonal antibodies
MAOB	monoamine oxidase B
MCL	mantle cell lymphoma
MDD	major depressive disorder
MM	multiple myeloma
mCRC	metastatic colorectal cancer
mTORC	mammalian target of rapamycin complex
MTCL	mature T-cell lymphoma
NAE	NEDD8 activating enzyme
ND	newly diagnosed
NDA	new drug application
Neg	negative
NERD	non-erosive reflux disease
NF	new formulation
NSCLC	non-small cell lung cancer
NS	negative symptoms
OIC	opioid induced constipation
PARP	poly (ADP-ribose) polymerase
PCAB	potassium competitive acid blocker
Ph+ ALL	Philadelphia chromosome-positive acute lymphoblastic leukemia
PPI	proton pump inhibitor
POI	post-operative ileus
PTCL	peripheral T-cell lymphoma
R/R	relapsed/refractory
RA	rheumatoid arthritis
RCC	renal cell cancer
RTK	receptor tyrosine kinase
sALCL	systemic anaplastic large cell lymphoma
SCT	stem cell transplant
SCZ	schizophrenia
SLE	systemic lupus erythematosus
sq	squamous
SR	steroid refractory
SR-GvHD	steroid refractory acute graft vs host disease
SubQ	subcutaneous formulation
SYK	spleen tyrosine kinase
TESD	treatment emergent sexual dysfunction
TRD	treatment resistant depression
UC	ulcerative colitis
VEGFR	vascular endothelial growth factor receptor

Takeda Pharmaceutical Company Limited