



## News Release

### Notice of the Revised Forecast of Consolidated Financials for FY2019 (IFRS)

Osaka, Japan, February 4, 2020 - Takeda Pharmaceutical Company Limited ([TSE:4502/NYSE:TAK](https://www.takeda.com/stock)) (“Takeda”) announced today, the revised forecast of the full year consolidated financials for the fiscal year ending March 31, 2020, as below.

#### 1. Revised Forecast for Full Year Consolidated Financials for the Fiscal Year Ending March 31, 2020

(millions of yen)

	Revenue	Core Operating Profit	Operating profit	Profit before income taxes	Net profit attributable to owners of the Company	Basic earnings per share
Previous Forecast (A)* <sup>1</sup>	3,260,000	930,000	-110,000	-290,000	-273,000	-175.31 yen
Revised Forecast (B)	3,286,000	950,000	10,000	-140,000	-162,000	-104.03 yen
Discrepancy (B-A)	+26,000	+20,000	+120,000	+150,000	+111,000	—
Change %	+0.8%	+2.2%	—	—	—	—

\*<sup>1</sup> Announced on October 31, 2019.

#### 2. Reasons for Revision

The revised forecast in the table above reflects impacts from retrospective adjustments to amounts recognized in association with business combination to reflect the finalized purchase price allocation of the Shire acquisition. It also includes the business momentum of Takeda’s 14 global brands and improved efficiency in operating expenses and cost synergies.

The revenue forecast has been increased by 26.0 billion JPY, or 0.8%, to 3,286.0 billion JPY, primarily due to business momentum led by Takeda’s 14 global brands.

Core Operating Profit has been increased by 20.0 billion JPY, or 2.2%, to 950.0 billion JPY, reflecting the business momentum coupled with positive impact from cost efficiencies and synergies.

The Operating Profit forecast has been increased by 120.0 billion JPY, to a profit of 10.0 billion JPY. This reflects a 100.0 billion JPY increase primarily attributable to the revised full year expense expectations reflecting retrospective adjustments to amounts recognized in association with the purchase price allocation for the Shire acquisition. Due to the finalization of the purchase price allocation of the Shire acquisition, adjustments have been made to reduce these expenses, such as cost of sales and amortization of intangible assets, by a total of 118.8 billion JPY versus the previous full year forecast. It also reflects the 20.0 billion JPY increase in Core Operating Profit.

The net profit for the period attributable to owners of the Company has been increased by 111.0 billion JPY, to a loss of 162.0 billion JPY, primarily due to the factors explained above.

### 3. Upgrading Management Guidance

Takeda has upwardly revised its full-year Underlying Core EPS guidance to reflect the business momentum.

	Revised Guidance (October 31, 2019)	Revised Guidance (February 4, 2020)
Underlying Revenue Growth <sup>*2</sup>	Flat to slightly increasing	Flat to slightly increasing
Underlying Core Operating Profit Margin	High-twenties %	High-twenties %
Underlying Core EPS	370 - 390 yen	385 - 405 yen
Annual dividend per share	180 yen	180 yen

<sup>\*2</sup> Constant Exchange Rate growth compared to baseline of 3,300 billion JPY. This baseline revenue is a pro-forma which adds Legacy Shire's (April – December 2018) revenue previously reported under US GAAP and conformed to IFRS without material differences, excluding Legacy Shire's oncology business, which was sold in August 2018, and converted to JPY using FY2018 full year average rate (111 JPY/USD). Baseline revenue is also adjusted for divested assets such as Techpool, Multilab, and TACHOSIL from Legacy Takeda and XIIDRA from Legacy Shire.

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#### Important Notice

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The companies in which Takeda directly and indirectly owns investments are separate entities. In this press release, “Takeda” is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

#### Forward-Looking Statements

This press release and any materials distributed in connection with this press release may contain forward-looking statements, beliefs or opinions regarding Takeda's future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda. Without limitation, forward-looking statements often include words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”,

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#### **Certain Non-IFRS Financial Measures**

This press release and materials distributed in connection with this press release 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 press release. 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.

Further information on certain of Takeda’s Non-IFRS measures is posted on Takeda’s investor relations website at

<https://www.takeda.com/investors/reports/quarterly-announcements/quarterly-announcements-2019/>

#### **Medical information**

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

#### **Financial information**

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The revenue of Shire plc (“Shire”), which were presently, presented in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), have been conformed to IFRS, without material difference.

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

This press release 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.

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