Better Health, Brighter Future

News Release

May 14, 2019

Notice Regarding Deviation of Consolidated Results Between the Period Ended March 31, 2019 and the Previous Period

Osaka, Japan, May 14, 2019 - Takeda announces the deviation of net profit attributable to owners of the Company as well as basic earnings per share, between the period ended March 31, 2019 and the previous period, which was not disclosed in the revised consolidated forecast (IFRS) for the period ended March 31, 2019 announced on April 25, 2019.

1. Deviation in results between the period ended March 31, 2019 and the previous period ended March 31, 2018

(millions of yen)

	Revenue	Core Earnings	Operating profit	Profit before income taxes	Net profit attributable to owners of the Company	Basic earnings per share
FY2017 Results (A)	1,770,531	322,493	241,789	217,205	186,886	239.35 yen
FY2018 Results (B)	2,097,224	459,322	204,969	94,896	109,126	113.50 yen
Difference (B-A)	＋326,694	＋136,829	-36,821	-122,309	-77,760	-125.85 yen
Percentage Change %	＋18.5%	＋42.4%	-15.2%	-56.3%	-41.6%	-52.6%
Reference: Previous Forecast*	2,097,000	459,000	205,000	95,000	-	-

* Announced on April 25, 2019.

2. Reasons for Deviation

Takeda completed the acquisition of Shire plc (Shire) on January 8, 2019, and has consolidated its results since January 8, 2019 until March 31, 2019. As a result, revenue increased +18.5% compared to last year, and Core Earnings, which excludes effects unrelated to our ongoing operations such as the financial impact of purchase accounting and acquisition related costs, increased significantly by +42.4% compared to last fiscal year.

However, the negative impact of purchase accounting on profit before tax was 185.6 billion JPY with the expense related to the unwinding of inventory fair value adjustment, and amortization of intangible assets for Shire. Also, while the growth of key products and Opex savings absorbed the entire Shire acquisition related costs, the negative effect on profit before tax was 126.3 billion JPY.

Net profit attributable to owners of the Company, which was not included in the revised forecast of consolidated financials announced on April 25 as taxes were still being calculated at the time, decreased 41.6% compared to last fiscal year. Basic earnings per share decreased 52.6% partly due to the shares issued as a consideration for the Shire acquisition.

Please refer to the “Summary of Financial Statement [IFRS] (Consolidated)” announced today for details.

###