Annual Securities Report

From April 1, 2023 to March 31, 2024

(The 147th Fiscal Year)

Takeda Pharmaceutical Company Limited

As used in this annual securities report, references to the "Company," "Takeda," "we," "us" and "our" are to Takeda Pharmaceutical Company Limited and, except as the context otherwise requires, its consolidated subsidiaries.

In this annual securities report, we present our audited consolidated financial statements as of March 31, 2023 and 2024 and for the fiscal years ended March 31, 2023 and 2024. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The term IFRS also includes International Accounting Standards ("IAS") and the related interpretations of the committees (Standard Interpretations Committee and International Financial Reporting Interpretations Committee).

As used in this annual securities report, "ADS" means an American Depositary Share, representing 0.5 shares of the Company's common stock, and "ADR" means an American Depositary Receipt evidencing one or more ADSs.

As used in this annual securities report, except as the context otherwise requires, the "Companies Act" means the Companies Act of Japan.

Amounts shown in this annual securities report have been rounded to the nearest indicated digit unless otherwise specified. In tables and graphs with rounded figures, sums may not add up due to rounding.

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Independent Auditor's Report

Internal Control Report

Confirmation Letter

[Cover]

[Document Filed]	Annual Securities Report
[Applicable Law]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 26, 2024
[Fiscal Year]	The 147th Fiscal Year (from April 1, 2023 to March 31, 2024)
[Company Name]	Takeda Pharmaceutical Company Limited
[Title and Name of Representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Address of Head Office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka (The above address is the registered head office location and the ordinary business operations are conducted at the "Nearest Place of Contact")
[Telephone Number]	Not applicable
[Name of Contact Person]	Not applicable
[Nearest Place of Contact]	1-1, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo (Global Headquarters)
[Telephone Number]	+81-3-3278-2111 (Main telephone number)
[Name of Contact Person]	Norimasa Takeda, Chief Accounting Officer & Corporate Controller, Global Finance
[Place for Public Inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

Part 1. Information on Takeda

I. Overview of Takeda

1. Key Financial Data

(1) Consolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	143rd	144th	145th	146th	147th
Year Ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenue	¥ 3,291,188	¥ 3,197,812	¥ 3,569,006	¥ 4,027,478	¥ 4,263,762
Profit (loss) before tax	(60,754)	366,235	302,571	375,090	52,791
Net profit for the year	44,290	376,171	230,166	317,038	144,197
Net profit attributable to owners of the Company	44,241	376,005	230,059	317,017	144,067
Total comprehensive income (loss) for the year	(199,419)	697,416	824,427	911,574	1,139,206
Total equity	4,727,486	5,177,177	5,683,523	6,354,672	7,274,005
Total assets	12,821,094	12,912,293	13,178,018	13,957,750	15,108,792
Equity attributable to owners of the Company per share (JPY)	3,032.22	3,308.93	3,665.61	4,087.49	4,635.56
Basic earnings per share (JPY)	28.41	240.72	147.14	204.29	92.09
Diluted earnings per share (JPY)	28.25	238.96	145.87	201.94	91.16
Ratio of equity attributable to owners of the Company to total assets (%)	36.8	40.1	43.1	45.5	48.1
Return on equity attributable to owners of the Company (%)	0.9	7.6	4.2	5.3	2.1
Price earnings ratio (Times)	116.4	16.6	23.8	21.3	45.4
Net cash from (used in) operating activities	669,752	1,010,931	1,123,105	977,156	716,344
Net cash from (used in) investing activities	292,119	393,530	(198,125)	(607,102)	(463,862)
Net cash from (used in) financing activities	(1,005,213)	(1,088,354)	(1,070,265)	(709,148)	(354,416)
Cash and cash equivalents at the end of the year	637,614	966,222	849,695	533,530	457,800
Number of employees (Number of persons)	47,495	47,099	47,347	49,095	49,281

Notes:

(1) The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).

(2) All figures shown are rounded to the nearest million JPY.

(2) Unconsolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	143rd	144th	145th	146th	147th
Year Ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	¥ 616,288	¥ 602,557	¥ 764,301	¥ 632,137	¥ 595,575
Ordinary income	72,252	50,010	550,876	340,122	286,399
Net income	130,626	247,513	324,450	330,649	338,874
Share capital	1,668,123	1,668,145	1,676,263	1,676,345	1,676,596
Total number of shares issued (Thousands of shares)	1,576,374	1,576,388	1,582,253	1,582,296	1,582,419
Total equity	4,549,000	4,434,889	4,294,899	4,206,219	4,088,198
Total assets	10,289,304	10,856,450	9,641,648	9,407,303	9,756,319
Net assets per share (JPY)	2,919.21	2,835.81	2,769.31	2,704.87	2,604.87
Dividend per share (JPY) [Interim dividend per share (JPY)]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	188.00 [94.00]
Basic earnings per share (JPY)	83.88	158.45	207.50	213.06	216.60
Diluted earnings per share (JPY)	83.87	158.44	207.50	213.05	216.56
Equity ratio (%)	44.2	40.8	44.5	44.7	41.9
Return on equity (%)	2.8	5.5	7.4	7.8	8.2
Price earnings ratio (Times)	39.4	25.1	16.9	20.4	19.3
Payout ratio (%)	214.6	113.6	86.7	84.5	86.8
Number of employees (Number of persons)	5,350	4,966	5,149	5,486	5,474
Total shareholders return [Comparative indicator: TOPIX Net Total Return](%)	81.1 [90.5]	100.1 [128.6]	93.3 [131.2]	116.1 [138.8]	116.6 [196.2]
Highest stock price (JPY)	4,625	4,365	4,115	4,478	4,873
Lowest stock price (JPY)	2,895	3,119	2,993	3,495	3,900

Notes:
(1) All figures shown are rounded to the nearest million JPY.
(2) We have adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020) at the beginning of the 145th fiscal year, and financial data presented for the 145th fiscal year onward has been adjusted.
(3) The highest and lowest stock prices are from the Tokyo Stock Exchange (the First Section on or before April 3, 2022 and the Prime Market on or after April 4, 2022).

2. History

June	1781	Started business selling Japanese and Chinese medicines
May	1871	Began import of Western medicines
August	1914	Set up research division
October	1915	Established Takeda Pharmaceutical Company (currently the Osaka Plant)
August	1921	Established Daigo Nutritive Chemicals, Ltd. (currently Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary)
June	1922	Established Takeda Pure Chemicals Ltd. (later renamed to Wako Pure Chemical Industries, Ltd. in October 1947 and divested in April 2017)
January	1925	Established Chobei Takeda & Co., Ltd.
August	1943	Changed name to Takeda Pharmaceutical Industries, Ltd.
May	1946	Established the Hikari Plant in Yamaguchi prefecture
May	1949	Listed on the Tokyo Stock Exchange and Osaka Exchange
August	1962	Established Takeda Pharmaceuticals Taiwan, Ltd. (currently a consolidated subsidiary) in Taiwan
April	1984	Established dual headquarters in Osaka and Tokyo
May	1985	Established TAP Pharmaceuticals Inc., a joint venture with Abbott Laboratories Inc., in the U.S. (TAP Pharmaceuticals was first a wholly owned subsidiary according to the business reorganization in April 2008, and then, merged with Takeda Pharmaceuticals U.S.A., Inc., a consolidated subsidiary, in June 2008)
January	1988	Established Tsukuba Research Laboratories in Ibaraki prefecture (Integrated into Shonan Research Center (Kanagawa prefecture) in February 2011)
January	1992	Moved head office to its current location: 1-1, Doshomachi 4-chome, Chuo-ku, Osaka
March	1993	Established Takeda America, Inc. in the U.S. (Takeda America first merged with Takeda America Holdings, Inc. and others, and was renamed to Takeda America Holdings, Inc. in July 2001. It was then merged with Takeda Pharmaceuticals U.S.A., Inc. in March 2016)
October	1997	Established Takeda Global Research and Development Center, Inc. (currently Takeda Development Center Americas, Inc., a consolidated subsidiary) in the U.S.
October	1997	Established Takeda Ireland Limited (currently a consolidated subsidiary) in Ireland
December	1997	Established Takeda America Holdings, Inc. in the U.S. (later merged with Takeda America Inc. in July 2001)
May	1998	Established Takeda Pharmaceuticals America, Inc. (currently Takeda Pharmaceuticals U.S.A., Inc., a consolidated subsidiary) in the U.S.
September	1998	Established Takeda Europe Research & Development Centre Ltd. (currently Takeda Development Centre Europe Ltd., a consolidated subsidiary), in the U.K.
March	2005	Acquired Syrrx, Inc. (renamed to Takeda California, Inc.) in the U.S. It was later merged with Takeda Development Center Americas, Inc., (currently a consolidated subsidiary) in July 2021
April	2005	Transferred shares of Japan EnviroChemicals, Ltd., engaged in life- environment business, to Osaka Gas Chemicals Co., Ltd., a subsidiary of Osaka Gas Co., Ltd.
June	2005	Transferred shares of Takeda Schering-Plough Animal Health K.K., engaged in animal health business, to Schering-Plough Corporation
January	2006	Transferred shares of BASF Takeda Vitamin K.K., engaged in sales of bulk vitamins, to BASF Japan Ltd.
April	2006	Transferred shares of Mitsui Takeda Chemicals, Inc., engaged in chemicals business, to Mitsui Chemicals, Inc.
August	2006	Established Takeda Pharmaceuticals Europe Limited (liquidated in July 2018) in the U.K.
April	2007	Transferred shares of Takeda- Kirin Food Corporation, engaged in food business, to Kirin Brewery Co., Ltd.
October	2007	Transferred shares of House Wellness Foods Corporation, engaged in beverage and food business, to House Foods Corporation
October	2007	Transferred shares of Sumitomo Chemical Takeda Agro Company, Ltd., engaged in agrochemical business, to Sumitomo Chemical Co., Ltd.
March	2008	Acquired Amgen K.K., a wholly owned subsidiary of U.S. Amgen Inc. (The entire business was transferred to the Company in April 2014 and liquidated in September 2014)
May	2008	Acquired Millennium Pharmaceutical Inc., (currently a consolidated subsidiary) through a public tender offer
September	2008	Established Takeda Clinical Research Singapore Private Limited (currently Takeda Development Center Asia, Pte. Ltd., a consolidated subsidiary) in Singapore
February	2011	Established Shonan Research Center in Kanagawa prefecture
September	2011	Acquired Nycomed A.S. (currently Takeda A/S, a consolidated subsidiary, planned to be liquidated) in Switzerland
June	2012	Acquired URL Pharma, Inc. in the U.S. The core business was merged with Takeda Pharmaceuticals U.S.A., Inc. in October 2012, and other businesses were divested in February 2013
October	2012	Acquired LigoCyte Pharmaceuticals, Inc. (currently Takeda Vaccines, Inc., a consolidated subsidiary) in the U.S.

November	2012	Acquired Envoy Therapeutics, Inc. in the U.S. It was later merged with Takeda California, Inc. in December 2013 and was merged with Takeda Development Center Americas, Inc., (currently a consolidated subsidiary) in July 2021
May	2013	Acquired Inviragen, Inc. in the U.S. It was later merged with Takeda Vaccines, Inc. (currently a consolidated subsidiary) in December 2013
April	2015	Transferred shares of Mizusawa Industrial Chemicals, Ltd., engaged in chemical manufacturing and sales, to Osaka Gas Chemicals Co., Ltd.
April	2016	Split off long listed products business by an absorption-type split and transferred it to a wholly owned Japanese subsidiary of Israel-based Teva Pharmaceutical Industries Ltd., and acquired shares of Teva Pharma Japan Inc. (currently Teva Takeda Pharma Ltd., an associate accounted for using the equity method)
February	2017	Acquired ARIAD Pharmaceuticals, Inc. (currently a consolidated subsidiary) in the U.S through a public tender offer
April	2017	Split off Japan consumer healthcare business unit of the Company by an absorption-type split and transferred it to Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd., divested in March 2021)
April	2017	Transferred shares of Wako Pure Chemical Industries, Ltd., engaged in reagent, chemical products, and clinical diagnostics agent business, to FUJIFILM Corporation
April	2018	Established Shonan Health Innovation Park ("Shonan iPark") in Kanagawa prefecture (renamed from Shonan Research Center. It became an associate accounted for using the equity method since the operation business was transferred to Industrial & Infrastructure Fund Investment Corporation and Mitsubishi Corporation in April 2023)
June	2018	Acquired TiGenix NV (liquidated in March 2020) in Belgium through a public tender offer
July	2018	Established the Global Headquarter in Chuo-ku, Tokyo
December	2018	Listed American Depositary Shares on the New York Stock Exchange
January	2019	Acquired Shire plc (renamed to Shire Limited and liquidated in March 2024) through a scheme of arrangement
March	2021	Transferred shares of Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd.) to Blackstone
April	2021	Nihon Pharmaceutical Co., Ltd., became a wholly owned subsidiary through a share exchange (planned to be divested to Alinamin Pharmaceutical Co., Ltd. in July 2024)
October	2022	Succeeded businesses of Plasma-Derived Therapies of Nihon Pharmaceutical Co., Ltd., excluding the business conducted at its Osaka Plant, through a company split
February	2023	Acquired all shares of Nimbus Lakshmi, Inc. with the late-stage pipeline in immune-mediated diseases

3. Description of Business

Takeda consists of 186 companies: Takeda Pharmaceutical Company Limited (hereafter referred to as the "Company"), 169 consolidated subsidiaries (including partnerships), and 16 associates accounted for using the equity method. The major business of Takeda is research, development, manufacturing and marketing of pharmaceutical products. Takeda focuses on its key business areas[1]: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology and Neuroscience. In research and development, Takeda focuses its efforts across three areas: Innovative Biopharma focusing on core Therapeutic Areas (Gastrointestinal and Inflammation, Neuroscience, and Oncology), PDT and Vaccines. Takeda is committed to rare diseases, and many of the life-transforming medicines we are pursuing will treat rare diseases in our core therapeutic areas as well as in PDT. We are investing in new capabilities and next-generation platforms internally and through a network of partnerships. We are embracing data and digital technologies to improve the quality of innovation and accelerate execution.

The outline of the roles of major subsidiaries which compose Takeda as of March 31, 2024 is as follows.

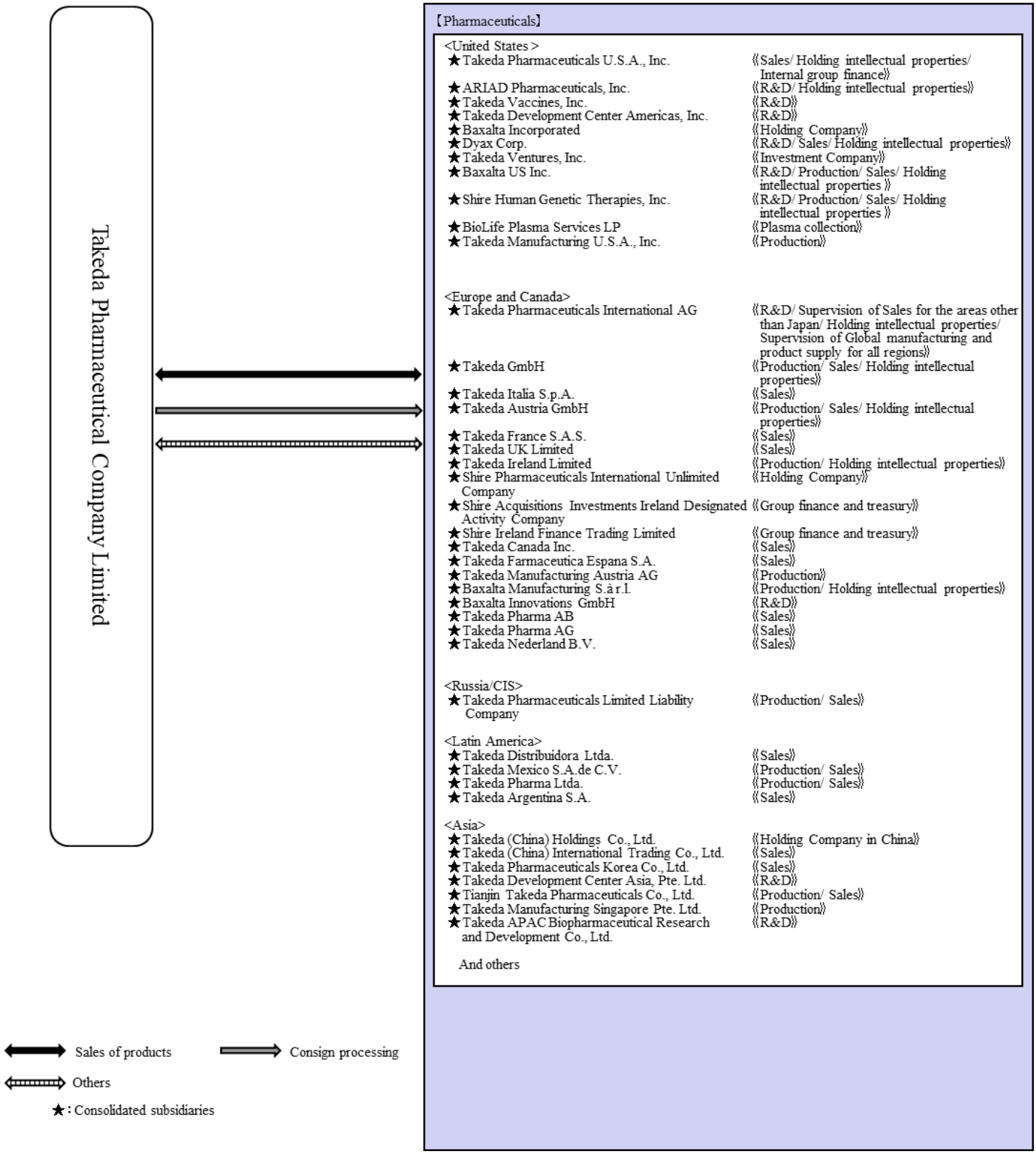
Segment information is omitted as Takeda operates a single reportable segment of Pharmaceuticals.

In Japan, the Company is engaged in research and development, manufacturing and marketing of pharmaceutical products.

In the areas other than Japan, subsidiaries and associates located in each country are engaged in research and development, manufacturing and marketing operations. Among these subsidiaries and associates, major subsidiaries are Takeda Pharmaceuticals U.S.A., Inc., Baxalta US Inc., Takeda Development Center Americas, Inc. and others in the U.S. and Takeda Pharmaceuticals International AG, Takeda GmbH and others in Europe and Canada. Major manufacturing and marketing companies in the other areas include Takeda (China) International Trading Co., Ltd., Takeda Distribuidora Ltda. and others.

[1] Starting from the fiscal year ending March 31, 2025 (FY2024), "Plasma-Derived Therapies" will replace the previous category of "PDT Immunology", and will include all plasma-derived products including those previously categorized within "Rare Diseases" (e.g., FEIBA, CINRYZE). "Vaccines" will be presented as a separate key business area (previously included in "Others"), reflecting the strategic focus on our dengue vaccine, QDENGA.

Overview of Takeda group is as follows:



4. Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2024

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
United States of America	Takeda Pharmaceuticals U.S.A., Inc. (*)	Cambridge, MA, U.S.A.	US$21	Pharmaceuticals	72.7	27.3	100.0	—	—	Purchases drugs from the Company	Borrows fund Guarantees for payments of rental fees for real-estate and other
	ARIAD Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	US$6	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Vaccines, Inc.	Cambridge, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Americas, Inc.	Cambridge, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Conducts development of drugs and acquisition of approval on behalf of the Company	—
	Baxalta Incorporated	Bannockburn, IL, U.S.A	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for redemption of bond
	Dyax Corp. (*)	Lexington, MA, U.S.A.	US$215	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Ventures, Inc.	Cambridge, MA, U.S.A.	US$2	Pharmaceuticals	—	100.0	100.0	✓	—	—	—
	Baxalta US Inc.	Bannockburn, IL, U.S.A	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Sells drugs to the Company	—
	Shire Human Genetic Therapies, Inc. (*)	Lexington, MA, U.S.A.	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	BioLife Plasma Services LP	Bannockburn, IL, U.S.A	US$0	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing U.S.A., Inc.	Cambridge, MA, U.S.A.	US$9 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Europe and Canada	Takeda Pharmaceuticals International AG (*)	Opfikon, Switzerland	€5 million	Pharmaceuticals	100.0	—	100.0	—	—	Purchases drugs from the Company	Borrows fund
	Takeda GmbH	Konstanz, Germany	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Italia S.p.A.	Rome, Italy	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Austria GmbH	Linz, Austria	€15 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda France S.A.S.	Paris, France	€3 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda UK Limited	London, United Kingdom	£50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Ireland Limited	Kilruddery, Ireland	€396 million	Pharmaceuticals	100.0	—	100.0	—	—	Produces drugs on behalf of the Company	—
	Shire Pharmaceuticals International Unlimited Company (*)	Dublin, Ireland	US$6,892 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Acquisitions Investments Ireland Designated Activity Company	Dublin, Ireland	US$20	Pharmaceuticals	100.0	—	100.0	—	—	—	Guarantees for redemption of bond
	Shire Ireland Finance Trading Limited (*)	Dublin, Ireland	US$3,163 million	Pharmaceuticals	100.0	—	100.0	—	✓	—	Loans fund
	Takeda Canada Inc.	Toronto, Canada	CAD41 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	€2 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing Austria AG	Vienna, Austria	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Manufacturing S.à r.l.	Neuchatel, Switzerland	3 million Swiss franc	Pharmaceuticals	30.5	69.5	100.0	—	—	—	—
	Baxalta Innovations GmbH	Vienna, Austria	€36 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for lease payments
	Takeda Pharma AB	Stockholm, Sweden	2 million Swedish krona	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma AG	Opfikon, Switzerland	550 thousand Swiss franc	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Nederland B.V.	Hoofddorp, Nederland	€5 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	126 thousand Russian ruble	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Latin America	Takeda Distribuidora Ltda.	São Paulo, Brazil	140 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Mexico S.A.de C.V.	Naucalpan, Mexico	820 million Mexican peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma Ltda.	Jaguariúna, Brazil	7 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Argentina S.A.	Buenos Aires, Argentina	853 million Argentine peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$192 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Borrows fund
	Takeda (China) International Trading Co., Ltd.	Shanghai, China	US$22 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	2,100 million Korean won	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Asia, Pte. Ltd.	Singapore	S$5 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd	Tianjin, China	US$155 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing Singapore Pte. Ltd.	Singapore	US$305 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda APAC Biopharmaceutical Research and Development Co., Ltd.	Shanghai, China	CNY50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Other 128 subsidiaries										

(Associates accounted for using the equity method) 16 associates

Notes:

(1) The amounts in the “Capital or Investment” are rounded to the nearest million of applicable currency if the company’s capital or investment is one million or more. If the company’s capital or investment is one thousand or more but less than one million, it is rounded to the nearest thousand of applicable currency.

(2) The “Principal business” column represents business segment information.

(3) Revenue of Takeda Pharmaceuticals U.S.A. Inc. (excluding intercompany revenue between consolidated companies) accounts for more than 10% of Takeda's revenue. The key financial information is as follows:

	Takeda Pharmaceuticals U.S.A. Inc. JPY (millions)
(1) Revenue	2,284,622
(2) Operating profit	99,908
(3) Net profit for the year	92,005
(4) Total equity	5,568,391
(5) Total assets	9,226,927

(4) The term for concurrent position of directors is as follows:
Concurrent holding of positions: When one or more of Takeda’s directors are directors of the companies concerned.

(5) (*) is a specified subsidiary.

5. Employees

(1) Takeda

As of March 31, 2024

Operating Segment	Number of Employees
Pharmaceuticals	49,281
Total	49,281

Note:

(1) The number of employees represents the number of permanent employees excluding temporary employees. It is calculated on full-time equivalent basis (*).
(*) If there are part-time workers among permanent employees, they are counted by converting into full- time employees.

(2) The Company

As of March 31, 2024

Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)
5,474	43.3	14.6	10,813

As of March 31, 2024

Operating Segment	Number of Employees
Pharmaceuticals	5,474
Total	5,474

Notes:

(1) The number of employees represents the number of permanent employees excluding temporary employees. It is calculated on a full-time equivalent basis (*).
(*) If there are part-time workers among permanent employees, they are counted by converting into full- time employees.

(2) The average annual salary includes bonuses and extra wages.

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 4,028 in total as of March 31, 2024.

Regarding the workers' union of Takeda, the National Council of Takeda-Related Workers' Unions (NCTWU) was founded as a friendship organization in 1948 together with six workers' unions which have capital and business relationships with the Company. The union was renamed to TAKEZENKYO in 1969, and TAKEZENREN (National Federation of Takeda and Related Enterprise Based Unions) was founded as a federation in 2006. TAKEZENKYO was integrated into TAKEZENREN in 2009, and as of March 31, 2024, 14 enterprise-based unions including the Company, and Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, joined TAKEZENREN.

The unions also join a superior body, UA ZENSEN (The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions), which is under the umbrella of RENGO (Japanese Trade Union Confederation) through TAKEZENREN.

There are no significant matters to report regarding labor-management relationships.

(4) Percentage of Female Workers in Management Positions, Percentage of Male Workers Taking Childcare Leave, and Difference in Wages Between Male and Female Workers

(a) The Company

As of and For the Year Ended March 31, 2024				
Percentage of Female Workers in Management Positions (%) (Note 1)	Percentage of Male Workers Taking Childcare Leave (%) (Note 2)	Difference in Wages Between Male and Female Workers - Ratio of Female Wages to Male Wages (%) (Notes 1 and 3)		
		Total Employees	Permanent Employees	Temporary Employees
20	78	76.9	79.4	66.1

Notes:

(1) Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

(2) The percentage of childcare leave taken is calculated as per Article 71-4-1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of Ministry of Labor No. 25 of 1991) based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

(3) Calculated based on the average annual salary (including base salary, various allowances, overtime pay, bonuses and excluding retirement and commuting allowances) and the average number of employees for the period from April 1, 2023 to March 31, 2024. Takeda aims to pay equitably for similar roles, and we rely on consistent grading structures, external survey data by reputable providers and an annual salary review process to ensure this is the case. Lower average pay for female workers compared to male workers is primarily the result of having fewer female workers in more senior roles. Takeda has initiatives and an action plan in place to increase the representation of women in management and other senior roles at the Company, which is expected to result in lower pay differentials over time.

(b) Takeda

As of March 31, 2024
Percentage of Female Workers in Management Positions (%) (Note 1)
43

Note:

(1) A worker in a management position includes an employee with direct reports who are Takeda employees and does not include a manager of only contractors.
The definition and calculation method of the above metric differ from those as required by the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

II. Operating and Financial Review and Prospects

1. Management Policy, Management Environment and Management Issues

Takeda's Corporate Philosophy and Imperatives

Our corporate philosophy tells the rich story of Takeda - who we are, what we do, how we do it, and why it matters. From our founding more than 240 years ago to today, we serve patients with integrity that also benefits society.
Our imperatives - Patient-People-Planet, powered by Data, Digital and Technology (DD&T), direct where Takeda must focus to deliver on our purpose and vision, guided by our values.

Purpose

"Better health for people, brighter future for the world."

Vision

Our vision is to discover and deliver life-transforming treatments, guided by our commitment to patients, our people and the planet.

Values: Takeda-ism

We are guided by our values of Takeda-ism, which incorporate Integrity, Fairness, Honesty and Perseverance, with Integrity at the core. They are brought to life through actions based on Patient-Trust-Reputation-Business, in that order.

Imperatives

We honor our responsibility to patients, colleagues and other stakeholders as well as the communities where we operate. Our imperatives help us realize our vision and purpose.

Patient
- We responsibly translate science into highly innovative, life-transforming medicines and vaccines, and accelerate access to improve lives worldwide.

People
- We create an exceptional people experience.

Planet
- We protect our planet.

Unleash the Power of Data and Digital
- We strive to transform Takeda into the most trusted, data-driven, outcomes-based biopharmaceutical

Our ambition is to be the most trusted, science-driven, digital biopharmaceutical company. Through our core business, Takeda creates long-term value for patients, shareholders and society while also sustaining positive impact for our people, communities, and the planet.

Business Environment

We believe that we need to navigate geopolitical uncertainty, rising healthcare costs, and rapid advancement of technology to ensure that we deliver on our vision.

At the geopolitical level, risks are intensifying, with ongoing conflicts in Ukraine and the Middle East together with continued tensions between China and the U.S., EU and other countries creating an uncertain outlook for the global economy. As a global company, we need to be constantly attentive to the changing economic environment and attendant risks and adapt our business strategy accordingly.

The business environment in which we operate is also influenced by government health care policies. While medical innovation in recent years has improved health care outcomes, spending on health care has for decades needed to rise faster than the gross domestic product and gross domestic incomes of developed countries due to aging populations, lifestyle changes and the availability of more advanced solutions for complex diseases. Consequently, payers are becoming increasingly selective in determining which treatments will be reimbursed. National governments are promoting generic and biosimilar alternatives and are increasing downward pressure on drug prices. In the United States, the Inflation Reduction Act (IRA), while offering some positives for Medicare patients such as greater predictability in out-of-pocket prescription expenses, establishes an unprecedented government price-setting system for medicines that could potentially result in declines in R&D investment in the country. Meanwhile, widening gaps in access to care further demonstrate the need for better access and policies to address health inequity. We believe that a transition away from the current prevailing fee-for-service model and toward value-based health care – an approach that pays for outcomes and care quality – could slow the pace of rising health care costs while expanding coverage and improving equity.

The rapid advancement of technology must also be factored in to strategic planning. We believe that the pace of innovation in the global pharmaceutical industry continues to accelerate, enhanced by medical technologies such as immunotherapies in oncology and cell and gene therapy and, more recently, by the rapid adoption of artificial intelligence (AI). The potential to develop AI-enabled innovations to help individuals manage their disease and treatments is vast and we believe that this technology could transform how the pharmaceutical industry operates.

With these and other factors influencing the external business environment, our commitment to patients and the work we do to support them is even more important.

Patient

We pursue life-transforming science and focus on the highest unmet medical need, both in rare and more prevalent conditions. Our research programs are based on targets with strong human validation and represent diverse modalities. We leverage DD&T broadly, from accelerating the pipeline to driving quality and efficiency in manufacturing, to enhancing interactions with health care practitioners and patients.

AI is increasingly incorporated into the design of what we create to support patient experiences. Examples include our joint projects with Massachusetts Institute of Technology (MIT) to use AI to help accelerate diagnosis of rare diseases, such as Fabry disease; leveraging AI platforms to personalize the way we engage with physicians and improving diversity and data collection in clinical trials. We are intentional in looking at how we use technology in an ethical manner while trying to predict the regulatory environment in the future. We believe the potential to develop AI-enabled innovations to help individuals manage their disease and treatments is vast.

In the fiscal year ended March 31, 2024 (FY2023), we received nine approvals from the U.S. Food and Drug Administration (FDA), including three new molecular entities: FRUZAQLA for the treatment of metastatic colorectal cancer; ADZYNMA for patients with congenital thrombotic thrombocytopenic purpura (cTTP); and EOHILIA for eosinophilic esophagitis. For more information on our major activities and progress on R&D, please refer to "6. Research and Development."

We continue to see momentum in our Growth & Launch Product portfolio. ENTYVIO is our number-one product by revenue and we launched our subcutaneous administration in the U.S. for maintenance therapy in moderate-to-severely active ulcerative colitis and Crohn's disease, providing more flexibility and choice to patients.

We are also encouraged by the global progress of our dengue vaccine QDENGA since first launching a little over a year ago. QDENGA is now available in more than 20 markets across the world, including many endemic countries where the need is highest. In 2023, there was an upsurge in dengue cases globally, with the disease spreading into previously unaffected regions. We are now working to expand production and ensure cooperation with communities worldwide who need QDENGA to combat the increase in dengue prevalence.

To help us achieve our target to supply 100 million doses annually by 2030 we have entered into a manufacturing partnership agreement with Biological E. Limited (BE) in India that builds upon existing capabilities at our facility in Singen, Germany and our long-term contract manufacturing partnership with IDT Biologika GmbH in Germany. BE will manufacture up to 50 million doses of QDENGA per annum.

People

We recognize that no matter how far science and technology advance, meaningful change is always driven by people. Our intention is to create an inclusive workplace through diversity, equity, and inclusion (DE&I) initiatives, promote life-long learning, talent development and career growth, and reinforce our values-based culture, and prioritize employee well-being, which enable us to discover and deliver life-transforming treatments and vaccines for patients and communities.

Our culture is one of belonging, engaging our people who originate from over 80 countries and who represent a wide range of backgrounds and experiences. Takeda embraces diversity and strives to provide equitable opportunities for patients and employees. Takeda has increased its investment in DE&I, including the expansion of the Global DE&I Council, which focuses on strategic direction, relationship-building, and efforts to address health disparities and inequities on a global scale.

Life-long learning and career growth enhance employee motivation and expertise, leads to new ideas, and results in value creation for patients. We are upskilling employees and building in-house capabilities to create an agile and resilient organization that is positioned for long-term sustainable growth. Our new Career Navigator platform uses AI to show personalized internal positions and mentoring and learning opportunities so our people can reach their highest potential. We are also leveraging the rapid technological advancements shaping our sector today and investing in the digital skills of our people for the future of health care.

As part of an initiative to improve work environment, we have transformed Takeda offices into ‘Takeda Community Spaces’ centered around employee well-being and learning. These spaces are designed for maximizing in-person interactions, where people can focus, collaborate and connect more closely in a sustainable environment. Takeda has partnered with Thrive, a behavioral health platform, to help our employees improve their overall well-being, build mental resilience and increase productivity. These components help us to build an exceptional people experience that promotes well-being and performance, embraces flexibility and emphasizes the value of regular face-to-face interactions.

Planet

The reality of climate change must now be factored into the decision-making processes of every business. Public health is integrally linked to the impacts of climate change and, as temperatures rise, there will be challenges related to climate-accelerated diseases and access to care for patients in impacted regions.

Takeda is committed to delivering a high standard of environmental leadership, recognizing that climate change and pollution both impact human health. It is not enough to just work towards a healthier population – we need a healthier planet as well to realize our purpose. We are taking action to reduce our environmental impact on many fronts by prioritizing clean energy solutions, progressing toward net-zero targets and working to eliminate greenhouse gas (GHG) emissions from our entire value chain. While Takeda has maintained carbon neutrality through FY2022, in FY2024 we have transitioned away from carbon neutrality as a climate goal and are focusing resources on initiatives that advance our net-zero roadmap while continuing to invest in nature-based carbon removal projects in projects beyond our value chain. We are working to achieve net-zero GHG emissions in our operations by 2035 and across our value chain by 2040 in accordance with the Science Based Targets initiative's Corporate Net-Zero Standard, conserving natural resources, and designing our products with sustainability principles in mind.

We continue to make notable progress towards our GHG emissions goals and have issued Environmental Sustainability Improvement Plans for several commercial products. For example, we are pioneering the use of CMYK (cyan, magenta, yellow and key plate (black)) printing in Japan and plan to roll out this program globally. This switch is expected to reduce waste of unused ink in the supplier’s printing process, as well as the amount of solvents necessary to clean the printing machine and the amount of waste generated during changeover between different packaging. Furthermore, 53% of all secondary packaging for our products is now made from Forest Stewardship Council-certified or recycled content paper or paperboard.

In October 2023, we announced the opening of our BioLife plasma donation center in Linz, Austria, which is the first of our centers designed to operate as a zero-GHG emissions facility. Also in Austria, at our largest production site in Vienna we introduced a groundbreaking heat pump system that will reduce GHG emissions in the production area where it is installed by up to 90 percent.

DD&T is also a key enabler of our environmental efforts. At our manufacturing site in Osaka we reduced distilled water consumption by approximately 460,000 liters per year, leading to a reduction of over two million liters in freshwater consumption annually, by installing sensors and monitors at every point of water use and analyzing the combined data to find ways to optimize water volumes and standardize best practices. Similar projects have been undertaken to reduce electricity consumption and increase our use of solar and other green energy sources.

Financial Performance

Takeda plans and manages financial profiles based on future forecasts and has a strong financial foundation that enhances inflation resilience and minimizes exposure to interest rate increases.

Our financial foundation enables us to nurture a diverse pipeline with approximately 30 clinical stage medicines driven by our in-house R&D engine and through more than 200 partnerships. With our free cash flow, driven by financial discipline, we are also reinforcing our long-term growth potential through strategic investments in internal and external opportunities to strengthen the pipeline.

Our R&D organization has delivered momentum across our mid- and late-stage pipeline with the approvals of FRUZAQLA, ADZYNMA and EOHILIA, and the advancement of our most highly prioritized programs, zasocitinib (TAK-279) and TAK-861, which represent significant potential commercial opportunities.

Zasocitinib is a highly selective, oral allosteric tyrosine kinase 2 (TYK2) inhibitor that has the potential to offer best-in-class treatment for patients with psoriasis and other immune-mediated inflammatory diseases, including psoriatic arthritis and inflammatory bowel disease (IBD). We continue to advance the development of zasocitinib, having initiated two Phase 3 psoriasis trials, and aim to file a regulatory submission in psoriasis between FY2026 and FY2027.

TAK-861 is our lead orexin receptor 2 agonist, with the potential to address the underlying pathophysiology of narcolepsy. In February 2024, we made the decision to advance TAK-861 to Phase 3 development in narcolepsy type 1, further reinforcing our efforts to deliver growth into the next decade.

While we are facing short-term headwinds primarily due to the loss of exclusivity for VYVANSE (for attention deficit hyperactivity disorder) in the U.S., we believe our Growth and Launch Products* will drive topline growth in the medium-to-long term. In 2022, we raised our peak sales estimate for ENTYVIO (for ulcerative colitis and Crohn's disease) to USD 7.5 to 9.0 billion, based on its sustained global sales growth potential and our updated assumption for the timing of biosimilar competition. We expect that this momentum will be further boosted by new product launches.

In the medium-to-long term, we aim to return to low to mid-30% Core Operating Profit margin and maintain strong cash flow generation. We plan to continue to allocate cash flow towards internal and external opportunities to enhance the pipeline, new product launches and PDT, and towards delivering on our commitment to shareholder returns.

** Takeda's Growth and Launch Products for FY2024:*

GI:	ENTYVIO, EOHILIA
Rare Diseases:	TAKHZYRO, LIVTENCITY, ADZYNMA
PDT:	Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU, Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology:	ALUNBRIG, FRUZAQLA
Vaccines:	QDENGA

[List of Principal Products]

In GI, our principal products include:

- *ENTYVIO* (vedolizumab), a treatment for moderate to severe ulcerative colitis and Crohn's disease. Sales of *ENTYVIO* have grown strongly since its launch in the U.S. and Europe in 2014 and was our top selling product in the fiscal year ended March 31, 2024. *ENTYVIO* is now approved in more than 70 countries worldwide with a subcutaneously administered formulation approved in the U.S., Europe, and Japan. We strive to maximize its potential by seeking approval in additional countries, examining use in further indications. In the fiscal year ended March 31, 2024, our revenue from *ENTYVIO* was JPY 800.9 billion .
- *ALOFISEL* (darvadstrocel), a treatment for complex perianal fistulas in adult patients with nonactive/mildly active luminal Crohn's disease, when fistulas have shown an inadequate response to at least one conventional or biologic therapy. *ALOFISEL* was approved in Europe in 2018, becoming the first allogeneic stem cell therapy to receive central marketing authorization approval in Europe. *ALOFISEL* was also approved in Japan in 2021. In the fiscal year ended March 31, 2024, our revenue from *ALOFISEL* was JPY 3.5 billion.
- *EOHILIA* (budesonide oral suspension), a therapy for eosinophilic esophagitis (EoE). *EOHILIA* is a corticosteroid, and the first and only FDA-approved oral therapy indicated for 12 weeks of treatment in patients 11 years and older with EoE. *EOHILIA* was approved by the U.S. FDA in February of 2024 and subsequently launched, in the fiscal year ended March 31, 2024, our revenue from *EOHILIA* was JPY 0.2 billion.
- *TAKECAB/VOCINTI* (vonoprazan fumarate), a treatment for acid-related diseases. *TAKECAB* was launched in Japan in 2015 and has achieved significant growth driven by its efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. *TAKECAB* (Chinese brand name: *VOCINTI*) was approved for reflux esophagitis in 2019 in China. In the fiscal year ended March 31, 2024, our revenue from *TAKECAB/VOCINTI* was JPY 118.5 billion.

- *GATTEX/REVESTIVE* (teduglutide[rDNA origin]), a treatment for patients with short bowel syndrome (SBS) who are dependent on parenteral support. *GATTEX/REVESTIVE* has been launched in the U.S., Europe, and Japan with adult and pediatric indications. In the fiscal year ended March 31, 2024, our revenue from *GATTEX/REVESTIVE* was JPY 119.3 billion.

In Rare Diseases, our principal products are:

- *TAKHZYRO* (lanadelumab-flyo), for the prevention of hereditary angioedema (HAE) attacks. *TAKHZYRO* is a fully human monoclonal antibody that specifically binds and decreases plasma kallikrein, an enzyme which is chronically uncontrolled in people with HAE. *TAKHZYRO* was approved for patients 12 years of age and older in both the U.S. and Europe in 2018, in China in 2020, and in Japan in 2022 and we are working to expand into further geographic areas. In 2023, *TAKHZYRO* was also approved by the FDA and the European Commission in patients aged 2 years and older. In the fiscal year ended March 31, 2024, our revenue from *TAKHZYRO* was JPY 178.7 billion
- *LIVTENCITY* (maribavir), a treatment for adults and pediatric patients (12 years of age and older and weighing at least 35 kg) for post-transplant cytomegalovirus (CMV) infection/disease that is refractory to treatment (with or without genotypic resistance) with ganciclovir, valganciclovir, foscarnet or cidofovir. *LIVTENCITY* launched in the U.S. in December 2021, and was approved in Europe in November 2022 and China in December 2023. *LIVTENCITY* continues to show strong launch performance driven by fast uptake, rapid geographic expansion, and positive market access trends indicating high unmet medical needs. In the fiscal year ended March 31, 2024, our revenue from *LIVTENCITY* was JPY 19.1 billion.
- *ADZYNMA* (ADAMTS13, recombinant-krhn), a prophylactic and on-demand treatment of adult and pediatric patients with congenital thrombotic thrombocytopenic purpura (cTTP). *ADZYNMA* is the first and only FDA-approved recombinant ADAMTS13 (rADAMTS13) designed to address an unmet medical need in people with cTTP by replacing the deficient ADAMTS13 enzyme. *ADZYNMA* (apadamtase alfa/cinaxadamtase alfa) has now also been approved in Japan for treatment of cTTP for individuals 12 years of age and older. In the fiscal year ended March 31, 2024, our revenue from *ADZYNMA* was JPY 0.4 billion.
- *ELAPRASE* (idursulfase), an enzyme replacement therapy for the treatment of Hunter syndrome (also known as Mucopolysaccharidosis Type II or MPS II). In the fiscal year ended March 31, 2024, our revenue from *ELAPRASE* was JPY 91.6 billion.
- *REPLAGAL* (agalsidase alfa), an enzyme replacement therapy for the treatment of Fabry disease, marketed outside of the U.S., and also approved in China in 2020. Additionally, Takeda has acquired the manufacturing and marketing approval and the marketing rights of *REPLAGAL* in Japan from Sumitomo Dainippon Pharma as of February 2022. Fabry disease is a rare, inherited genetic disorder resulting from a deficiency in the activity of the lysosomal enzyme alpha-galactosidase A, which is involved in the breakdown of fats. In the fiscal year ended March 31, 2024, our revenue from *REPLAGAL* was JPY 73.6 billion.
- *ADVATE* (antihemophilic factor (recombinant)), a treatment for hemophilia A (congenital factor VIII deficiency) for control and prevention of bleeding episodes, for perioperative management, and routine prophylaxis to prevent or reduce the frequency of bleeding episodes. In the fiscal year ended March 31, 2024, our revenue from *ADVATE* was JPY 122.9 billion.
- *ADYNOVATE/ADYNOVI* (antihemophilic factor (recombinant) [PEGylated]), an extended half-life recombinant factor VIII treatment for hemophilia A. *ADYNOVATE/ADYNOVI* uses the same manufacturing process as the standard half-life recombinant factor VIII therapy *ADVATE,* and adds a proven technology, PEGylation (a chemical process that prolongs the amount of time a compound remains in circulation, potentially allowing for fewer injections), which we exclusively licensed from Nektar Therapeutics. In the fiscal year ended March 31, 2024, our revenue from *ADYNOVATE/ADYNOVI* was JPY 66.3 billion.
- *VPRIV* (velaglucerase alfa), is indicated for long-term enzyme replacement therapy (ERT) in patients with type 1 Gaucher disease. In the fiscal year ended March 31, 2024, our revenue from *VPRIV* was JPY 51.3 billion.

In Plasma-Derived Therapies (PDT) Immunology, our principal products are:

- *GAMMAGARD LIQUID/KIOVIG* (Immune Globulin Intravenous (Human) 10%), a liquid formulation of the antibody replacement therapy immunoglobulin (IG), for the treatment of adult and pediatric patients two years of age or older with primary immunodeficiencies (PID) (administered either intravenously or subcutaneously), and adult patients with multifocal motor neuropathy (MMN) (administered intravenously). *GAMMAGARD LIQUID* was approved for adult patients with chronic inflammatory demyelinating polyneuropathy (CIDP) in the U.S. in January 2024. *KIOVIG* is the brand name used for *GAMMAGARD LIQUID* in many countries outside of the U.S.; *KIOVIG* is approved in Europe for multiple indications including CIDP.
- *HYQVIA* (Immune Globulin Infusion 10% (Human) with Recombinant Human Hyaluronidase), a product consisting of human normal IG and recombinant human hyaluronidase (licensed from Halozyme). *HYQVIA* is the only subcutaneous IG treatment for PID patients with a dosing regimen that requires only one infusion up to once per month and one injection site per infusion to deliver a full therapeutic dose of IG. *HYQVIA* is approved in the U.S. for adults with PID, and in Europe for patients with PID syndromes and myeloma or CLL with severe secondary hypogammaglobulinemia and recurrent infections. In January 2024, *HYQVIA* was approved for maintenance treatment in adult patients with chronic inflammatory demyelinating polyneuropathy (CIDP) in the U.S. and CIDP patients of all ages in Europe.
- *CUVITRU* (Immune Globulin Subcutaneous (Human), 20% Solution), indicated as replacement therapy for primary humoral immunodeficiency in adult and pediatric patients two years of age and older. *CUVITRU* is also indicated in Europe for the treatment of certain secondary immunodeficiencies. *CUVITRU* is the only 20% subcutaneous IG treatment option without proline and with the ability to infuse up to 60 mL (12 grams) per site and 60 mL per hour, per site as tolerated, resulting in fewer infusion sites and shorter infusion durations compared to other conventional subcutaneous IG treatments.

  In the fiscal year ended March 31, 2024, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/ KIOVIG, HYQVIA,* and *CUVITRU*, was JPY 644.6 billion.
- *FLEXBUMIN* (Human Albumin in a bag) and Human Albumin (glass), available as 5% and 25% solutions, indicated for hypovolemia, hypoalbuminemia due to general causes and burns, and for use during cardiopulmonary bypass surgery as a

component of the pump prime. *FLEXBUMIN* 25% is also indicated for hypoalbuminemia associated with adult respiratory distress syndrome (ARDS) and nephrosis, and hemolytic disease of the newborn (HDN). In the fiscal year ended March 31, 2024, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was JPY 134.0 billion.

In Oncology, our principal products include:

- *ALUNBRIG* (brigatinib), an orally administered small molecule anaplastic lymphoma kinase ("ALK") inhibitor used to treat ALK-positive non-small cell lung cancer (NSCLC), was granted accelerated approval for patients who have progressed on or are intolerant to crizotinib in the U.S. in 2017, and marketing authorization for patients previously treated with crizotinib in the EU in 2018. The indication of *ALUNBRIG* was expanded to include newly diagnosed ALK-positive NSCLC patients in both the U.S. and the EU in 2020. *ALUNBRIG* was approved as a first and second-line therapy in Japan in January 2021. *ALUNBRIG* was also approved in China in March 2022. In the fiscal year ended March 31, 2024, our revenue from *ALUNBRIG* was JPY 28.5 billion.
- *EXKIVITY* (mobocertinib), a treatment for locally advanced or metastatic non-small cell lung cancer (NSCLC) with EGFR exon 20 insertion mutations whose disease has progressed on or after platinum based chemotherapy, was granted accelerated approval in the U.S. in September 2021, and China National Medical Products Administration ("NMPA") approval in January 2023. In October 2023, we announced the voluntary withdrawal of *EXKIVITY* globally due to the outcome of the Phase 3 EXCLAIM-2 confirmatory trial, which did not meet its primary endpoint and thus did not fulfill the confirmatory data requirements of the Accelerated Approval granted by the U.S. FDA, nor the conditional marketing approvals granted in other countries. In the fiscal year ended March 31, 2024, our revenue from *EXKIVITY* was JPY 3.5 billion.
- *FRUZAQLA* (fruquintinib), a treatment for adults with metastatic colorectal cancer (mCRC) who have been previously treated with fluoropyrimidine-, oxaliplatin-, and irinotecan-based chemotherapy, an anti-VEGF therapy, and, if RAS wild-type and medically appropriate, an anti-EGFR therapy. *FRUZAQLA* is the first and only selective inhibitor of all three VEGF receptor kinases approved in the U.S. for previously treated mCRC regardless of biomarker status. Takeda has the exclusive worldwide license to further develop, commercialize, and manufacture fruquintinib outside of mainland China, Hong Kong and Macau. Fruquintinib is developed and marketed in China by HUTCHMED. In the fiscal year ended March 31, 2024, our revenue from *FRUZAQLA was* JPY 10.1 billion
- *LEUPLIN/ENANTONE* (leuprorelin), a treatment for hormone-responsive cancers such as prostate cancer or breast cancer in women, as well as children with central precocious puberty, women with endometriosis, infertility, and to improve anemia in women with uterine leiomyomata (fibroids). While leuprorelin is no longer protected by patent, there is limited generic competition due to manufacturing considerations. In the fiscal year ended March 31, 2024, our revenue from *LEUPLIN/ENANTONE* was JPY 107.4 billion.
- *NINLARO* (ixazomib), the first oral proteasome inhibitor for the treatment of multiple myeloma (MM), was approved in the U.S. in 2015 for relapsed/refractory MM and was approved in Europe in 2016, in Japan in 2017, and in China in 2018. In Japan, *NINLARO* is also approved as a maintenance treatment for MM. In the fiscal year ended March 31, 2024, revenue from *NINLARO* was JPY 87.4 billion.
- *ADCETRIS* (brentuximab vedotin), an anti-cancer agent used to treat Hodgkin lymphoma (HL) and systemic anaplastic large cell lymphoma (sALCL), has received marketing authorization in more than 70 countries worldwide and was approved in China in May 2020. Takeda jointly developed *ADCETRIS* with Seagen Inc., now a wholly owned subsidiary of Pfizer Inc. ("Pfizer"), and have commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2024, our revenue from *ADCETRIS* was JPY 109.4 billion.
- *ICLUSIG (ponatinib),*a tyrosine kinase inhibitor targeting BCR::ABL1 with indications across chronic myeloid leukemia (CML) and Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL), received full approval in the U.S. in 2016 and subsequent U.S. approvals in expanded indications in 2020 and 2024. We have commercialization rights in the U.S. and Australia. Outside of the U.S. and Australia, *ICLUSIG* is marketed over 60 markets by five authorized partners from whom Takeda receives varying levels of supply, royalty and milestone payments. In the fiscal year ended March 31, 2024, our revenue from *ICLUSIG* was JPY 54.7 billion.

In Neuroscience, our principal products are:

- *VYVANSE/ELVANSE* (lisdexamfetamine dimesylate), a stimulant medication indicated for the treatment of attention deficit hyperactivity disorder (ADHD) in patients aged six and above, and for the treatment of moderate to severe binge eating disorder in adults. Sales declined in the U.S. in 2023 following the entry of generic competition. In the fiscal year ended March 31, 2024, our revenue from *VYVANSE/ELVANSE* was JPY 423.2 billion.
- *TRINTELLIX* (vortioxetine), an antidepressant indicated for the treatment of major depressive disorder (MDD) in adults. *TRINTELLIX* was co-developed with H. Lundbeck A/S, and Takeda has commercialization rights in the U.S., where it was launched in 2014 and in Japan, where it was launched in 2019. In the fiscal year ended March 31, 2024, our revenue from *TRINTELLIX* was JPY 104.8 billion.

In Others, our principal product is:

- *QDENGA* (Dengue Tetravalent Vaccine [Live, Attenuated]), a dengue vaccine that is based on a live-attenuated dengue serotype 2 virus, which provides the genetic "backbone" for all four dengue virus serotypes and is designed to protect against any of these serotypes. *QDENGA* is available in 4 endemic countries and 17 European countries. In the fiscal year ended March 31, 2024, our revenue from *QDENGA* was JPY 9.6 billion.

For a breakdown of revenues by geographic region, see Note 4 to our audited consolidated financial statements.

2. Corporate Sustainability Policies and Initiatives

Governance

Takeda's Board of Directors (BOD) has responsibility for the oversight of our affairs, including those related to business risk and financial disclosures. The BOD delegates certain decision-making authorities to management. Takeda Executive Team (TET) members, which consists of the President & CEO and function heads of the Takeda Group, are responsible for making major decisions of the Company at certain executive-level management committees, including the Business & Sustainability Committee (BSC) and the Risk, Ethics and Compliance Committee (RECC). The BSC is responsible for the oversight of Takeda's corporate strategy and associated goals/commitments including sustainability. The RECC is responsible for oversight and decision matters related to Takeda's Enterprise Risk Management (ERM) Program, including mitigation plans for material risks, and the Global Monitoring Program. The BOD receives regular updates from the President and CEO, other TET members, and the management committees.

The BSC has delegated certain ongoing oversight responsibilities for sustainability matters to specific TET members based on Takeda's three sustainability imperatives, Patient, People and Planet. The President of Takeda's Global Portfolio Division is responsible for the Patient imperative, the Chief Human Resources Officer is responsible for the People imperative, and the Global Manufacturing & Supply Officer is responsible for the Planet imperative.

For further details of our general governance structure, please refer to "IV. Information on the Company, 4. Corporate Governance, (1) Corporate Governance, 3) Business Execution".

Strategies

Takeda creates sustained growth through values-based impact. By using our core strengths and capabilities as a biopharmaceutical company, Takeda creates long-term value for patients, shareholders and society while also sustaining positive impact for our people, communities, and the planet. Our sustained growth through enduring values fuses why we exist (our purpose) with where we are going (our vision) and how we deliver on our vision (our values). Our imperatives and priorities direct where Takeda must focus to deliver on our vision and purpose. Informed by an ESG materiality assessment of nonfinancial issues strategically important to our company and stakeholders, these imperatives and priorities are framed under patient-people-planet powered by data, digital and technology.

Patient

Takeda is translating science to discover and deliver life-transforming treatments and vaccines for patients and communities with limited or no options. This is central to Takeda's purpose. Our research and development (R&D) is focused on key therapeutic areas and highly differentiated. We deliver our pipeline through expert R&D capabilities within our laboratories and extensive external partnerships, collaboration with patient communities, addressing health equity and leveraging data, digital and technology capabilities.

We understand that patients rely on an uninterrupted supply of our high-quality treatments. To deliver on that responsibility, we build resiliency into our global supply chain. Among our strategies, Takeda implements a dual source/multi source approach for strategic products and active pharmaceutical ingredients (APIs) and considers geopolitical risks in our sourcing policy.

Scientific innovation won't mean much if we can't make medicines and vaccines broadly accessible to those who need them the most. No treatment can reach the patient without trained and motivated health workers, a well-maintained infrastructure and a reliable supply of medicines and technologies backed by funding, strong health plans and evidence-based policies. That is why

- Takeda aims to implement comprehensive strategies to accelerate patient access and supports global policies and programs that foster Value-Based Healthcare. We advocate for creating an ecosystem that bolsters sustainable and equitable patient access to innovative treatments, while rewarding treatments' proven clinical/economic value fairly.
- Takeda launches global products ("growth and launch products") to provide patients access to new and innovative treatments. We set different price corridors for every medicine, called tiered pricing, adjusting prices that are relative to a country's economic stage and the maturity of its health care system. We also offer Patient Assistance Programs, the Access to Medicine program being one of them, to provide patients who are unable to pay for the treatments they need.
- Takeda partners with supernational organizations, NGOs and NPOs to support Health System Strengthening in Low- and Middle-Income countries through our global CSR programs.

While our products are global, we act locally. Because our values are embedded across our global operations, our local employees are empowered to provide timely access to our treatments by making time-sensitive decisions closest to patients.

For further information on how we commit to patients, please refer to "COMMITMENT TO PATIENTS" part of the 2024 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2024.

People

We recognize that no matter how far science and technology advances, meaningful change is always driven by people. Our people are the source of our innovation, enabling us to create long-term value for patients, shareholders, and society. At Takeda, we focus on building an inclusive workplace by investing in Diversity, Equity and Inclusion (DE&I), creating a culture that encourages employees' upskilling, lifelong learning and career growth, fostering well-being and enhancing employee engagement, which enable us to discover and deliver life-transforming treatments and vaccines for patients and communities.

Diversity, Equity and Inclusion (DE&I)

Our culture is one of belonging, engaging our people who originate from over 80 countries and who represent a wide range of backgrounds and experiences. Across Takeda, we embrace and celebrate diversity, while striving to give patients and our people equitable access to opportunities that help them achieve their full potential. We take a values-based approach to inclusive patient experiences, inclusive work environments, workforce diversity and sustainable societal impact. We've expanded our investment in DE&I, including growing our Global DE&I Council that is focused on strategic direction, building relationships and supporting efforts that help recognize and address health disparities and inequities globally.

On a global basis, we are committed to gender diversity, and the percentage of women in management positions is 43% as of March 31, 2024. As of April 1, 2024, our TET comprises 17 members, of whom 9 (53%) are women. Our approach to DE&I is very much aligned with Takeda's operating model, with each business unit and location setting their own DE&I goals, strategies and programs, aligned with our global DE&I ambition and roadmap. We will continue our efforts to promote diversity of our employees in terms of gender, nationality, age and business backgrounds.

Talent Development and Corporate Culture

Our commitment to lifelong learning and career growth enhances the employee experience, motivation and expertise, leading to new ideas, and results in value creation for patients. Through tools, technologies, resources and support, we enable employees to develop customized ways of learning what they need and want to learn, when and how they want to learn it. One of the ways we help employees learn is through real-life experience such as on-the-job preceptorship program where participants contribute to projects led by senior members across the department gaining valuable skills in the process. We are also committed to empowering our employees to define and own their career growth, with the support of their people leader, peers and mentors along the way. In January 2024, we launched Career Navigator, an AI-enabled platform, to allow all employees to explore development opportunities and grow their careers within Takeda. Based on employee input about their career goals and interests, the tool provides recommendations for internal job opportunities within Takeda; helps identify learning opportunities to address any skill gaps; and connects employees to mentors to facilitate growth.

In addition to leveraging the rapid technological advancements shaping our sector today and to be ready for the future of health care, we are investing in the digital skills of our employees. We are providing skill building opportunities across our business units and functions to enable our employees to increase their digital dexterity skills, skills such as automation, content creation & retrieval and generative AI. Additionally, we established new Innovation Capability Centers (ICCs) to build our own tech muscle with our internal talent. They play a vital role in insourcing data and digital capability. Teams at the centers are creating and managing digital solutions across the business, enabling less reliance on external partners, as well as enhancing our engagement with health care providers and patients and allowing them to access our products and services more easily.Guided by our value of discovering and delivering life-transformative treatments, we are committed to fostering a culture that promotes lifelong learning and career growth, including digital skills.

Policies on improvement and maintenance of work environment

Takeda's purpose of better health for people, brighter future for the world is only possible when we take care of the well-being of our colleagues. Well-being at Takeda focuses on four key dimensions: emotional, physical, financial and social. In support of these dimensions and inspired by employees' feedback, we set two long- term global well-being strategic imperatives: empowering life-work alignment and ensuring equitable access to our global programs and benefits. Life-work alignment is a top consideration for our people as they adapt to our new flexible work arrangements. We support different types of work to unleash the full potential of our employees, including a blend of in-person collaboration and remote work. While specific work arrangements will differ for every team, we are finding creative ways to design our physical spaces to promote well-being and performance, embrace flexibility and emphasize the value of regular face-to-face interactions, and fuel innovation. We also utilize a learning program to strengthen resilience skills and equip our people managers with tools to talk about mental health.

For further information on our policies related to human capital and DE&I, talent development and corporate culture, and internal work environment, please refer to "COMMITMENT TO PEOPLE" part of the 2024 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2024.

Planet

Takeda is committed to delivering a high standard of environmental leadership as climate change and biodiversity loss impact patient and human health. Our environmental sustainability efforts focus on minimizing greenhouse gas (GHG) emissions within our operations and throughout our value chain, supporting nature and biodiversity and designing and manufacturing our products with sustainability principles in mind. Takeda's planet imperative currently consists of three programs dedicated to various aspects of environmental sustainability managed by Takeda's Environmental Health and Safety (EHS) group.

- The Climate Action Program: committing to achieving net-zero emissions in our own operations (scopes 1 and 2) by 2035 and across our entire value chain (scope 3) by 2040.
- The Sustainability by Design Program, which focuses on integrating life cycle thinking within product, packaging design and development to minimize the environmental footprint across our value chain.
- The Natural Resources Conservation Program, which focuses on reducing direct environmental impacts from our operations and includes water conservation, responsible waste management and biodiversity.

Takeda is continuing to take a proactive stance on building resilience towards climate-related risks and identifying opportunities. Assessment and management of physical and transition climate-related risks is led by the EHS team and is integrated into our overall ERM framework. Site specific climate-related operational risks are identified through bottom-up escalations from site and facility level risk assessments, while supply chain risks are captured through supplier screening in our Third-Party Risk Management Program (TPRM). To mitigate the potential for the rise of severe physical risks, we are doing our part to reduce our GHG footprint through energy conservation efforts and through transitioning to renewable energy when possible. To mitigate the potential for physical risk in our supply chain, we screen key suppliers for climate change-related risks to ensure that unacceptable risks are not assumed through our supply chain.

In 2021, Takeda completed a scenario analysis of climate-related risks and opportunities. The assessment was limited to certain of our direct operations and included three climate scenarios varying by the level of global response to climate change (i.e., No Action, "Middle of the Road", and Aggressive Mitigation) across year 2030 and year 2050 time horizons. The modeling exercise was intended to provide insight into expected future trends and exposures to certain physical climate hazards across different regions where Takeda operates, but did not fully consider site-level conditions at specific Takeda locations.

Through this process, we were able to identify several climate-related risks and opportunities with potential applicability to Takeda. In particular, our modeled scenarios identified the following potential climate-related risks and impacts to Takeda's direct operations:

Risk Type	Risk Description	Potential Impact Under Aggressive Mitigation Scenario	Potential Impact Under No Climate Action Scenario
Physical (Acute)	Wet Extremes Wildfires	Limited effects on operating expenses and productivity, primarily from wet extremes as certain European countries would remain at High Risk (over 10.2% increase per year in extreme rain days).	Higher relative exposure to business interruption losses (operating expenses and productivity losses). High Risk (over 10.2% increase per year in extreme rain days) of wet extremes in Europe and the U.S. constitute greatest share of exposure. Losses also projected due to wildfires in Europe and Brazil, rated as High Risk (more than 10 additional days annually) for severe fire weather days. Potential operational disruption, damage to Takeda facilities and increased insurance costs. Sites in coastal regions may be at particular risk to typhoons and other extreme weather events.
Physical (Chronic)	Extreme Heat Sea Level Rise Water Stress	Limited effects on operating expenses and productivity (sea level rise and water stress not modeled). Certain European countries, Japan, the U.S. and Brazil projected to be at Medium Risk (between 11 and 27 additional severe heatwave days annually).	Higher relative exposure to business interruption losses (operating expenses and productivity losses), primarily from extreme heat. Certain European countries, Japan, the U.S. and Brazil at High Risk (over 27 additional severe heatwave days annually) of extreme heat. In addition, certain European countries, Japan and Brazil projected to experience high (over .29 m) sea level rises. Existing high water stress regions (U.S., Germany, Brazil) will continue, with China, Belgium and Ireland also experiencing increases in water stress levels. Water stress may also result in increased capital and/ or operating expenditures to adapt and implement water treatment/saving upgrades.
Transition	Carbon Tax/ Regulation/Policy	Takeda may be exposed to cost increases due to carbon pricing schemes. Carbon prices increase significantly over time, but decarbonization efforts are anticipated to mitigate these increases.	Takeda projected to experience minimal cost increases from carbon pricing schemes, and carbon prices are projected to remain generally flat.
	Energy Market	Overall energy prices projected to remain generally flat overall.	Takeda may face increases in overall energy costs, but energy demand reduction initiatives may mitigate this impact.

In addition to the foregoing modeled risks and impacts, we conducted a qualitative analysis of climate risks and impacts incorporating information from Takeda and third party sources as part of our 2021 assessment, which identified disease acceleration due to rising global temperatures as a risk to our business operations, including our employees and the availability of donors for our Plasma Derived Therapies group, as well as a potential opportunity that may expand the market for Takeda's dengue vaccine, QDENGA, particularly in a "No Climate Action" scenario. We also identified reputation risks and opportunities depending on our success in achieving our climate ambitions, which could impact our relationships with stakeholders, including employees, payers and other partners.

Takeda plans to continue to refine our assumptions, update our analysis and expand the scope of our climate-related risk assessments to increase our understanding of potential climate risks, as well as identify additional steps we can take now to mitigate any such risk.

Risk Management

Risk management helps protect Takeda's people, assets and reputation while supporting Takeda's long-term strategy for growth and success. Sustainability risks identified to date are addressed through our existing global and site risk management processes.

The overall ERM process is the responsibility of the Chief Ethics & Compliance Officer, with oversight from the Board of Directors. Principal enterprise risks and their mitigation effectiveness are approved by the RECC and Board of Directors on an annual basis.

We embed risk management within all levels of Takeda through our enterprise risk assessment process in which risks, including those related to sustainability, are identified, assessed, and for which corresponding mitigations are implemented. This process is designed to generate a holistic view of risks for Takeda and drive a culture of risk-based decision making. Each relevant functional area within the business is responsible for managing its key risks and responses to them.

For further details of our general risk management processes, please refer to "IV. Information on the Company, 4. Corporate Governance, (1) Corporate Governance, 3) Business Execution, [Basic Views on the Internal Control System and the Progress of System Development], (iii) Rules and other systems for managing risk of loss".

Metrics and Targets

We measure our progress toward our corporate philosophy imperatives and sustainability focus areas through our corporate philosophy metrics. We developed these metrics with employees from across the company in a bottom-up approach and provide employees with frequent progress updates in our internal metrics dashboard. By doing so, we are creating ownership among all employees in all parts of our operations. These metrics also help hold us accountable for delivering sustainable growth and building trust with our external stakeholders.

Patient

We responsibly translate science into highly innovative, life-transforming treatments and vaccines for patients and communities with limited or no options. Translating science to discover and deliver life-transforming treatments and vaccines for patients and communities with limited or no options is central to our purpose. We deliver our pipeline through expert R&D capabilities within our laboratories and extensive external R&D partnerships, collaboration with patient communities, addressing health equity and leveraging data, digital and technology capabilities.

We are accelerating access to innovative healthcare for more people worldwide.

WHY IT MATTERS		METRICS	FY2022	FY2023
Patient	We put patients at the center of everything we do. Our long-term success is based on discovering, developing and delivering life-transforming, safe and affordable medicines and vaccines that enhance the well-being of patients, communities and countries. We create a competitive advantage with our ability to bring innovative products to market in a timely fashion. Building and maintaining the trust of stakeholders — including health care professionals, customers, regulators and patients — is also crucial for our sustainable business. To achieve this, we prioritize making our products affordable and accessible through reimbursement and patient assistance programs (PAPs). Additionally, ensuring transparency through disclosures of clinical trial results and quality inspection results and securing uninterrupted supply plays a vital role.	**Achieving Pipeline Milestones** # of pivotal study starts and approvals	18	29
		Disclosing Clinical Trial Results % of achievement for timely disclosure of clinical trial summary results on public registries	100%	100%
		Maintaining Uninterrupted Supply % of order lines dispatched on-time-in-full	99.3%	99.1%
		Upholding Manufacturing Quality % of health authority inspections with no regulatory compliance actions	100%	100%
		Global Access to Growth & Launch Products[2] # of key countries where patients have access to the product through reimbursement	ALUNBRIG 9 TAKHZYRO 9 ALOFISEL 4 EXKIVITY 2 LIVTENCITY 2	TAKHZYRO 9 ALOFISEL 4 LIVTENCITY 6
		Access to Medicines Programs in Low- and Middle-Income Countries and Countries with Evolving Health Care Systems # of newly enrolled patients in Takeda's affordability-based PAPs	1,366	1,682

(1) For the fiscal year 2023 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 25, 2024, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (to be posted on Takeda's website in July 2024), and no matters were identified that could not be considered as not represented.

(2) We scope in our growth and launch products which had been launched within 5 years as of the beginning fiscal year 2023.

Our people are the cornerstone of Takeda's success. We recognize that no matter how far science and technology advances, meaningful change is always driven by people. We develop talent and invest in Diversity, Equity and Inclusion efforts, wellbeing and life-long learning to help our people feel fulfilled personally and professionally. Our people are the source of our innovation, enabling us to create long-term value for patients, shareholders and society.

We prioritize building resilience in our workforce to meet the challenges of a rapidly changing world.

	WHY IT MATTERS	METRICS	FY2022	FY2023
People	Highly skilled, motivated and engaged employees are key to achieving our purpose of better health for people and a brighter future for the world. Creating a workplace that invests in the well-being of employees while respecting each individual for who they are helps us attract and retain top talent. By building our employees' professional skills in data, digital and technology, we accelerate innovation and improve outcomes for patients and society. By bringing together people with diverse backgrounds, cultures, identities and experiences we can incorporate a wide range of stakeholder voices in our decision-making. This helps ensure our science is optimized to better meet patient needs.	**Engaging Employees** Average score on a 1-100 scale to questions regarding engagement in the annual Employee Experience Survey[2]	79	77
		Improving Employee Well-being Average score on a 1-100 scale to questions regarding well-being in the annual Employee Experience Survey[2]	68	67
		Embracing DE&I (Gender Representation) Enterprise-wide gender breakdown	Male 48.0% Female 51.8% Other/Non-Binary 0.2%	Male 48% Female 52% Other/Non-Binary 0.1%
		Upskilling Employees in Progressive Technologies Cumulative % of employees who have taken at least one data, digital and technology training course since the first quarter of fiscal year 2020	37%	49%

(1) For the fiscal year 2023 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 25, 2024, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (to be posted on Takeda's website in July 2024), and no matters were identified that could not be considered as not represented.

(2) Our measure for these metrics changed from "% favorable responses to questions regarding engagement in the Annual Employee Experience Survey" to the current measure to fully incorporate the entire range of survey responses. These figures have been recalculated based on the current measure. Results for fiscal year 2022 have been recalculated based on the current measure.

Planet

We have established a Climate Action Program to implement Takeda's climate strategy and to determine and track key performance indicators (KPIs) and metrics. Within the Climate Action Program, workstreams are focused on a variety of goals including minimizing direct, indirect and value chain GHG emissions.

In 2020, we set a target to reduce absolute scope 1 and 2 GHG emissions 40% by FY2025 from a FY2016 base year, and a target to have 67% of our suppliers by emissions to have science-based targets by FY2024, both of which were approved by the Science Based Targets initiative (SBTi). In 2022, we announced new commitments to achieve net-zero[(1)] GHG emissions related to our operations (Scopes 1 and 2) by 2035 and for our entire value chain (including estimated[(2)] Scope 3 GHG emissions) by 2040. These commitments, along with required short-term emissions reduction targets, have been submitted to the SBTi for review and approval. While Takeda has maintained carbon neutrality through FY2022, in FY2024 we have transitioned away from carbon neutrality as a climate goal. As part of our focus on net-zero, we will continue to support the Voluntary Carbon Market (VCM) by investing in nature-based carbon removal solutions and projects, prioritizing solutions that benefit human health and aligned with the SBTi's Corporate Net-Zero Standard.

[(1)] Takeda defines net-zero emissions in accordance with the Science Based Target initiative's (SBTi's) Corporate Net-Zero Standard.
[(2)] A lack of transparency into, and a difficulty measuring, actual scope 3 emissions remains an important challenge to overcome as part of these efforts.

GHG Scope	Targets	FY2023 Results (Thousand Metric Tonnes (tMT) CO2e)*
Scope 1	Net-zero GHG emissions related to our operations (Scopes 1 and 2) by 2035.	279
Scope 2 (Market Based)		33
Scope 3	Net-zero GHG emissions by 2040	3953

*For details on Takeda's methodology for calculating greenhouse gas emissions, refer to the Statements and Notes on Environmental, Health and Safety Metric available on the sustainability disclosures page of Takeda's website.

	WHY IT MATTERS	METRICS	FY2022	FY2023
Planet	As a global biopharmaceutical company, Takeda recognizes the clear link between human health and environmental health. The impacts of global issues such as climate change and biodiversity loss, present not only a threat to public health but to business operations as well. Guided by ambitious targets across climate change and nature, we are staying true to our values and commitment to put the patient first by integrating environmental sustainability considerations into every facet of our operations and across our value chain.	**Reducing Scope 1 & 2 GHG Emissions** % reduction in Scope 1 & 2 GHG emissions below 2016 baseline	34%	53%
		Engaging Suppliers toward Scope 3 GHG Reduction % of Takeda's Scope 3 GHG emissions that are from suppliers who have committed to setting science-based climate targets, aligning with SBTi standards	45%	56%
		Diverting Waste from Landfill % of waste diverted from landfills	78%	78%
		Conserving Freshwater % of reduction in freshwater below 2019 baseline	7.9%	4.9%
		Making Paper and Paperboard Packaging from Sustainable Forest Certified or Recycled Content [2] % of the company's secondary and tertiary packaging paper/paperboard by weight that is recycled content or sustainable forest-certified	42%	53%

(1) For the fiscal year 2023 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 25, 2024, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (to be posted on Takeda's website in July 2024), and no matters were identified that could not be considered as not represented.

(2) The reporting period for this metric is fiscal year 2022. The data collection process for fiscal year 2023 will be concluded in fall of 2024 and the metric will be reported in the following year.

Business

	WHY IT MATTERS	METRICS	FY2022	FY2023
Business	The business growth allows us to deliver long-term value to the patients and communities we serve. Growth and Launch Products are the key driver of future revenue growth, and a key indicator of our ability to successfully launch new products from our pipeline.	**Growth and Launch Product Incremental Core Revenue** % of year-over-year core revenue growth in Growth and Launch Products vs. target	96.1%	79.5%

(1) For the fiscal year 2023 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 25, 2024, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (to be posted on Takada's website in July 2024), and no matters were identified that could not be considered as not represented.

For further information on our sustainability commitments, please refer to the 2024 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2024.

3. Risk Factors

Our business performance is subject to various present and future risks that could significantly affect business performance. The risks discussed below are risks that we believe are significant though may not cover all potential risks and uncertainties we could face. We may also be harmed by risks and uncertainties that are not discussed below and which may have an effect on investor decision making.

For details of our Global Risk Management Policy, please refer to "IV. Information on the Company 4. Corporate Governance (1) Corporate Governance 3) Business Execution [Basic Views on the Internal Control System and the Progress of System Development] (iii) Rules and other systems for managing risk of loss.

The potential future events and risks contained in the following statements are based on our assumptions as of March 31, 2024.

(1) Risks relating to research and development

We aim to achieve long-term sustainable growth by translating science into highly innovative medicines. We are focusing on strengthening our pipeline through enhancing internal capabilities as well as building external partnerships. We make efforts to effectively conduct research and development activities aiming to bring new products to markets around the world as early as possible by improving the probability of success of our research and development activities through building a quality and transformative R&D portfolio.

However, launching pharmaceutical products, whether developed in-house or licensed molecules, is allowed only when they have been approved through rigorous examinations of efficacy and safety as stipulated by the regulatory bodies. If we recognize that the efficacy and safety of the molecules do not meet the required standard for regulatory approval, or if the reviewing authorities express concern regarding the conformity of such molecules with the relevant standards, we may decide to abandon the research and development activities of the molecules at that point or conduct additional clinical or non-clinical trials. As a result, we may not be able to recoup our development costs, may experience delays in bringing products to the market and may be forced to revise our research and development strategies.

(2) Risks relating to intellectual property rights

Our pharmaceutical products are generally protected for a defined period by various patents (including those covering drug substance, drug product, indications, methods of administration, methods of manufacturing, formulations and dosages). Although we attempt to avoid risks relating to our intellectual property rights and mitigate the potential impact of such risks through strictly managing our intellectual property rights and continuously monitoring, evaluating and analyzing intellectual property rights and potential patent infringement by third parties in the markets that we do business in, if our intellectual property rights are infringed by third parties, it may have a significant adverse effect on our anticipated revenues. Moreover, if our products infringe intellectual property rights of third parties, we may be subject to claims seeking termination of manufacturing and sale of relevant products and/or compensation for damages.

(3) Risks of sales decrease following patent expirations

While we make efforts to extend product life cycles, including the addition of new indications and formulations, generic drugs inevitably penetrate the market following loss or expiration of patent or regulatory exclusivity of most branded products. In the United States and Europe, when generics enter the market, patients usually switch from original products to generics in a short period of time, which greatly reduces the revenue of original products. In Japan, the relevant authorities are actively promoting generic use and further reducing prices for long-listed products. Moreover, the introduction of generic drugs due to patent expiration of competitive products and prescription-to-OTC switches also intensifies competition, both in domestic and overseas markets. Our sales of pharmaceutical products may decrease sharply as a result of these trends.

For details of the timing of patent expirations for major products, please refer to "II. Operating and Financial Review and Prospects 6. Research and Development, Intellectual Property".

(4) Risks of adverse effects

Pharmaceutical products are launched after rigorous reviews by the applicable regulatory bodies. Although we attempt to avoid risks of adverse effects and mitigate the potential impact of such risks, through our pharmacovigilance activities, including gathering safety information and evaluating benefit-risk balance on post-marketing products and conducting safety monitoring activities and risk mitigation activities, the accumulated data during the post-marketing period may reveal adverse effects that were not anticipated at the time of launch. In the case when such adverse effects are identified, we are required to describe the adverse effects on the precaution section of the package insert and/or restrict patients' usage of products. In addition, if serious cases are found, we may also be forced to either recall or terminate sales of the product and be subject to product liability as well as financial, other legal, and reputational damages.

(5) Risks of price-reduction due to the movements to curtail drug costs

In the pharmaceutical markets of various countries in which we operate, there has been increasing pressure on healthcare budgets and price erosion due to the use of Health Technology Assessments and International Reference Pricing. In the United States, the largest market for our products, there has been increased pricing pressure on original products, driven in part by consolidation across health plans and intermediaries and ongoing legislative and regulatory efforts to lower drug prices. In 2022, Congress passed the Inflation Reduction Act (the “IRA”), which significantly changes the compensation terms for drugs under the Medicare program, including by imposing penalties on manufacturers who raise drug prices faster than inflation, instituting a cap on out-of-pocket expenditures by Medicare beneficiaries and allowing the federal government to set prices for certain drugs covered under Medicare beginning in 2026. In Japan, governments are promoting greater use of generics and the price of many products listed on the National Health Insurance price list is decreasing annually. In Europe, prices of products have also decreased due to policies intended to reduce medical costs, an increased emphasis on transparency of prices and International Price Referencing. Furthermore, the European Commission has proposed to revise the EU’s pharmaceutical laws to reduce and/or modify intellectual property incentives, regulatory data protection and orphan market exclusivity, which may also have the effect of reducing drug prices over time. We are also facing similar pricing pressures in other regions, such as various emerging countries including China. We expect such pricing pressures to continue as we expand our business in those regions and countries.

Although we attempt to avoid risks of price-reductions and mitigate the potential impact of such risks, through constructing our organizational structure to manage our portfolio by analyzing and monitoring details of each country's initiatives on reducing medical costs, and working together with governments and healthcare systems for new value-based pricing models to establish an appropriate rewards system for innovative pharmaceutical products, any of these reductions could negatively impact the price of our products, which could have an material adverse effect on our results of operations and financial conditions.

(6) Risks relating to corporate acquisitions

We conduct corporate acquisitions as necessary to accelerate our sustainable growth. However, there is a possibility that anticipated benefits and synergies resulting from acquisitions may not be realized, as business activities in countries around the world expose us to many risks including, but not limited to, changes in laws and regulations, political unrest, economic uncertainties and differences in business practices. We could be required to recognize impairment losses related to goodwill and intangible assets and our results of operations and financial conditions could be adversely affected if valuation losses are recognized due to a decrease in the value of acquired assets or if we fail to realize the anticipated benefits from the integration of businesses acquired.

We have substantial debt, including a significant amount incurred from financing arrangements with financial institutions in connection with our acquisitions in the past years. We accelerated rapid de-leveraging through generation of earnings and selective divestitures of non-core assets. However, if our future financial conditions deteriorate, out credit ratings may be downgraded and it may negatively influence the terms for refinancing our existing debt, new borrowings or other financings. We are also required to comply with certain covenants within various financing arrangements and violations of such covenants may require the acceleration and immediate repayment of the indebtedness, which may in turn have a material adverse effect on our financial conditions.

(7) Risks relating to the stable supply

In response to the continued globalization of our sales network as well as to ensure adequate supply to meet demand for our products, we are strengthening our global supply chain and quality assurance system. Specifically, we invest adequately in our facilities and have formulated our Global Manufacturing & Supply Product Strategy in order to maintain possible multiple suppliers as necessary and appropriate inventory levels, select alternative suppliers, introduce emergency management procedures for our internal manufacturing network, adopt business continuity management systems, and conduct periodic internal audits and other inspections. However, in the event of technical or legal / regulatory issues in our or our subcontractors' production or distribution facilities, shortage of raw materials, unexpected high demand, or other disruptions due to an occurrence of natural disasters, an outbreak of emerging infectious diseases, conflicts in the countries in which we operate, geopolitical tensions among countries and regions or other events, we may experience a substantial delay in the supply of products, which could adversely affect our results of operations and financial conditions and our reputation.

(8) Risks relating to IT security and information management and digital technologies

We are accelerating digital transformation to ensure a successful transition to a future business model to meet customer needs. In addition, we constantly deal with large amounts of confidential data including sensitive personal information in our business due to the characteristics of our business, and data protection is increasingly important. The size and complexity of our information technology and information security systems, including those of our third-party service providers, make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees or service providers, or from attacks by malicious third parties (such as cyberattack). We have maintained comprehensive policies and procedures in order to mitigate these risks. We also seek to continually strengthen our IT security through evaluation of business risk analysis via internal risk assessments, audits and independent tests, shaping security strategy and driving effective investment which includes cloud-driven business transformation. The increasing use of artificial intelligence (AI) and other new digital technologies has made it increasingly important to establish technology ethics and data ethics. Strategic initiatives have been taken, including a comprehensive risk assessment, strengthening internal structure and enhanced organization awareness. However, system shutdowns or security issues or inappropriate use of digital technologies could adversely affect our business operations and/ or result in a leak or loss of critical or sensitive confidential information including personal information and information on intellectual property, and could result in financial and reputational damage to us. In addition, social media or other digital media potentially expose us to the risk of amplification of negative information and the spread of misinformation about Takeda, our employees, or our products. Such misinformation, if spread, could negatively impacts our reputation or trust, although we continuously monitor those media.

(9) Risks relating to compliance

Our business is subject to various legal regulations, such as pharmaceutical regulations, product liability, antitrust, and personal information protection law as well as various guidelines including GMP (Good Manufacturing Practice), GQP (Good Quality Practice), GCP (Good Clinical Practice) and GLP (Good Laboratory Practice). In addition, our business is in cooperation with various third parties such as agents, suppliers and distributors and increasingly rely on their business activities in the key aspects of our evolving business as Takeda's customer engagement strategy continues to evolve through digital technologies and omnichannel, with expanded partnerships with external stakeholders due to Takeda's portfolio shifting to rare diseases and orphan drugs, vaccine commercialization as well as rapid advancements in data and digital technologies. Furthermore, we are increasingly dependent on digital platforms including social media platforms which can be used in non-compliant way. We put Global Ethics & Compliance in place to promote compliance globally. Global Ethics & Compliance monitors to ensure that our business activities and those of third parties with which we are involved are in compliance with laws and internal policies. We issued new policies or revised existing policies around interactions with third party to mitigate risks. We also enhanced due diligence of suppliers as part of third party risk management as well as continuous screening of vendors and transactions to identify potential risks. However, violation of regulations or improper conduct of our employees or third parties could result in penalties, sanction and regulatory disposition or filling lawsuit against us and damage our reputation and financial conditions.

(10) Country risks of the countries and regions in which we operate

In developing our business globally, we have established a risk management structure to mitigate risks, including political instabilities, the deterioration of economic conditions, spread of emerging infectious diseases, social disruptions and conflicts in the countries and regions in which we operate as well as restrictions on investments and import/export controls, restrictions on cross-border data transfer associated with geopolitical tensions among those countries and regions. Our relevant departments work closely together to mitigate these risks through business impact analysis and monitoring political situations in each region. Our priority is to protect patient access to medicine, and we

attempt to manage risks through examining how to mitigate and to deal with such risks. However, in the case we face unexpected situations in region where we or third parties with which we are involved have presence, our results of operations and financial conditions could be adversely affected.

(11) Risks relating to fluctuations in foreign exchange rates, interest rates and inflation

For the fiscal year ended March 31, 2024, sales outside Japan amounted to JPY 3,812.4 billion, which accounted for 89.4% of our consolidated revenue and revenue in the United States in particular amounted to JPY 2,195.7 billion, or 51.5% of our consolidated revenue. Although a decrease in the value of the Japanese yen relative to other currencies has a positive effect on revenue, expenses incurred with foreign currencies such as research and development expenses can be downward factor that contributes to decreases in profits. In addition, there is a foreign currency exchange risk of operational transactions, financial transactions and investments in non-functional currency. Fluctuations in interest rates can lead to increase in our financing costs and continuing global inflation may also cause pressure on our profits. We manage the exchange rate and interest rate risks centrally and executing derivative transactions to hedge the financial risks and attempt to mitigate potential impacts by measures such as revising contract terms with business partners. However, if the economic environment and financial markets fluctuate more than we expected, our results of operations and financial conditions could be adversely affected.

(12) Risks relating to litigation and other legal matters

In addition to the ongoing litigation relating to our operations, we may be involved in litigation related to adverse effects from pharmaceutical products, product liability, labor issues, fair trade or other issues that may have an adverse effect on our results of operations and financial conditions. For details of major litigation matters, please refer to "V. Financial Information 1. Consolidated Financial Statements and Others, 32 Commitment and Contingent Liabilities".

(13) Risks relating to environment

The environment is the foundation of well-being, and we derive natural resources from the environment that are essential to our business activities. Environmental stewardship is integral to our business and aligned with the Company's values. Being responsible environmental stewards is not only the right thing to do, but it ensures that we can continue to responsibly supply our patients with life-transforming medicines and vaccines. Accordingly, we have implemented robust environmental management systems and internal programs designed to assure that the expectations of stakeholders and regulatory compliance are met. We also have internal audit programs to help ensure that these programs are effectively implemented and achieve desired results. However, in the event of accidental environmental contamination, regulatory non-compliance, or perceived poor environmental stewardship, we could become subject to negative reputational impacts or regulatory actions. This could expose the Company to claims, liabilities or the undertaking of remedial measures, which may fall outside of, or exceed our insurance coverage and adversely affect our business. Furthermore, changes to environmental regulations or the expectations of current or future stakeholders may impose additional requirements on us that may impact our research, development, and production efforts or other business activities. Failure to meet such requirements may subject us to legal or regulatory liability, harm our reputation, impair our ability to administer our business, or decrease our attractiveness to current and potential stakeholders.

We recognize that climate change is a critical global issue that poses risks to global health and potentially financial risks to our business. In 2021, we completed an assessment of climate-related risks and opportunities. The assessment was limited to certain of our direct operations and included three climate scenarios varying by the level of global response to climate change (i.e., No Action, “Middle of the Road”, and Aggressive Mitigation) across year 2030 and year 2050 time horizons. Through this process, we were able to identify several climate-related risk categories with potential applicability to Takeda, including an increase in the incidence and geographic spread of disease (i.e., “disease acceleration”) leading to workforce impacts and potentially fewer available donors for our Plasma Derived Therapies group, energy/carbon pricing and policies leading to increased costs, reputational threats arising from our inability to achieve our climate goals, direct exposure of our facilities to physical risk from severe weather or similar occurrences, and indirect exposure to climate change risk through our critical suppliers. Takeda plans to continue to refine our assumptions, update our analysis and expand the scope of our climate-related risk assessments to increase our understanding of possible climate risks, as well as identify additional steps we can take now to mitigate any such risk. Climate change related risks are also incorporated into our Enterprise Risk Management Program to enable us to effectively monitor emerging risk trends going forward. We are transitioning to low-carbon operations to mitigate potential impacts. While Takeda has maintained carbon neutrality through FY2022, in FY2024 we have transitioned away from carbon neutrality as a climate goal and are focusing resources on initiatives that advance our net-zero roadmap while continuing to invest in nature-based carbon removal projects in projects beyond our value chain.

Takeda believes that our key stakeholders expect the Company to excel at environmental stewardship. This means continuously looking for opportunities to decrease the environmental impacts of our products and operations. Our environmental sustainability efforts focus on minimizing greenhouse gas (GHG) emissions within our operations and throughout our value chain, supporting nature and biodiversity and designing and manufacturing our products with sustainability principles in mind. We continue our focus in the areas complementary to these efforts including natural resource conservation commitments to support water conservation, responsible waste management and preserving biodiversity, and incorporating sustainability principles in all stages of product development to minimize the environmental impact of products throughout their life cycle. If we are successful in these efforts, we will uphold our unwavering commitment to patients and enhance our reputation and business while improving the health of the planet and its people. If we fail to act on our aggressive sustainability goals or otherwise fail to meet stakeholder expectations, our reputation may be damaged, which could lead to challenges with employee attraction and retention, customer and investor relations, and our results of operations and financial conditions could be adversely affected.

(14) Risks relating to recruitment and retention

In order to achieve long-term sustainable growth, we need to attract and retain talent to support our operations in highly competitive markets or areas. We are implementing measures to provide working models which offer more flexibility, improve work environment, and promote Diversity, Equity and Inclusion (DE&I) while maintaining organizational effectiveness, culture and values. We also provide continuous career development opportunities, promoting engagement, and propose robust value to employees to attract and retain the right talent. However, if we fail to recruit and retain key talent, our competitiveness may weaken through the loss or lack of talent and our results of operations and financial conditions could be adversely affected.

4. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Operating Results

1) Financial Position and Operating Results

Billion JPY or percentage

	Amount	Change versus the previous year	
Revenue	¥ 4,263.8	¥ 236.3	5.9 %
R&D expense	(729.9)	(96.6)	15.3 %
Operating profit	214.1	(276.4)	(56.4)%
Profit before tax	52.8	(322.3)	(85.9)%
Net profit for the year	144.2	(172.8)	(54.5)%
Basic EPS (JPY)	92.09	(112.20)	(54.9)%
Total assets	15,108.8	1,151.0	8.2 %
Total liabilities	7,834.8	231.7	3.0 %
Total equity	7,274.0	919.3	14.5 %

Operating results by each segment have been omitted since Takeda is comprised of a single segment of Pharmaceuticals.

2) Cash Flows

See "(2) Management Discussion and Analysis on Business Performance."

3) Production, Orders received and Sales

(a) Production

The amount of production for the year ended March 31, 2024 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 2,468,426	10.3
Total	¥ 2,468,426	10.3

Notes:

(1) Takeda's reportable segment is a single segment of Pharmaceuticals.

(2) The amount of production is based on the sales price.

(b) Orders received

Takeda carries out production according to production plans, which are based primarily on sales plans. The amount of orders received or balances of some make-to-order production is not material.

(c) Sales

The amounts of sales for the year ended March 31, 2024 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 4,263,762	5.9
< Japan >	< 451,391 >	< (11.8)>
< Overseas >	< 3,812,371 >	< 8.4 >
Consolidated Statement of Profit or Loss	¥ 4,263,762	5.9
< Out-licensing and service income >	< 100,110 >	< (4.8)>

Notes:

(1) Takeda's reportable segment is a single segment of Pharmaceuticals.

(2) The amounts show sales revenues from external customers.

(3) The amounts of sales for major customers and their percentage to total sales are as follows.

Name of Customer	For the fiscal year ended March 31, 2023 Amount JPY(millions)	2023 Percentage to total sales (%)	2024 Amount JPY(millions)	2024 Percentage to total sales (%)
AmerisourceBergen Corporation and its group companies	¥ 575,294	14.3	¥ 579,065	13.6
McKesson Corporation and its group companies	540,356	13.4	578,767	13.6
Cardinal Health, Inc. and its group companies	424,527	10.5	436,951	10.2

(2) Management Discussion and Analysis on Business Performance

1) Management Discussion and Analysis on Business Performance for the current fiscal year

(a) Analysis of Consolidated Operating Results

(i) Factors Affecting Our Results of Operations

Business Overview

Takeda is a patient-focused, values-based, R&D-driven global biopharmaceutical company with a diverse portfolio, engaged primarily in the research, development, production and global commercialization of biopharmaceutical products. Takeda focuses on five key business areas[(1)]: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology and Neuroscience. Our R&D efforts are focused on core therapeutic areas: Gastrointestinal and Inflammation, Neuroscience and Oncology. We also make targeted R&D investments in PDT and Vaccines. We focus on developing innovative medicines that make a difference in people's lives by advancing the frontier of new treatment options and leveraging our collaborative R&D engine and capabilities to create a robust, modality-diverse pipeline. We focus on the high unmet medical need, both in rare and more prevalent conditions, to deliver high-quality medicines and vaccines to patients and communities as quickly as possible. We have a presence in approximately 80 countries and regions, a network of manufacturing sites around the world, and major research centers in Japan and the United States.

Over the past several years, we have extended our global reach, strengthened our presence in GI, Oncology and Neuroscience, and established a leading position in Rare Diseases and PDT, while adding potential best-in-class or first-in-class assets to our R&D pipeline. Commercially, we have significantly strengthened our presence in the United States, Europe, and Growth and Emerging Markets. We have also accelerated our focus on data, digital and technology to make our business operations more effective and efficient, increase innovation and better serve our stakeholders.

Our business is organized as a single operating segment, reflecting the presentation of information to our management for the purposes of allocating resources, measuring performance and forecasting future periods. For the fiscal year ended March 31, 2024, our revenue and operating profit were JPY 4,263.8 billion and JPY 214.1 billion, respectively.

Note:

(1) Starting from the fiscal year ending March 31, 2025 (FY2024), "Plasma-Derived Therapies" will replace the previous category of "PDT Immunology" and will include all plasma-derived products including those previously categorized within "Rare Diseases" (e.g., *FEIBA*, *CINRYZE*). "Vaccines" will be presented as a separate key business area (previously included in "Others"), reflecting the strategic focus on our dengue vaccine, *QDENGA*.

Factors Affecting Our Results of Operations

Our results are affected by global industry trends and our operating environment and other factors as described below.

Patent Protection and Generic Competition

For pharmaceutical products, in particular, patent protection and/or regulatory exclusivity benefit our results of operations by restricting competition. Newly introduced products, particularly those which treat conditions for which alternative treatments may not be readily available, may significantly contribute to sales. However, even protected products must compete with products of other manufacturers based on efficacy, lack of adverse reactions and price. On the other hand, the loss or expiration of patent protection or regulatory exclusivity with respect to any of our principal products could have a material adverse effect on our results of operations, as generic products, which tend to be quickly adopted once introduced, may enter the market. Some of our principal products face, or are expected to face, considerable competition due to the expiration of patent or other intellectual property protection. The following chart shows the performance of certain of our key products that have experienced the launch of generic or biosimilar competitors in the last two years (CER, or constant exchange rate, % change is a non-IFRS measure. For additional information on CER % change, see "Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda").

	Billion JPY or percentage			
	For the fiscal year ended March 31,		Change versus the previous fiscal year	
Revenue:	2023	2024	Amount of Change	CER % change
VELCADE	¥ 27.8	¥ 5.5	¥ (22.2)	(81.3)%
VYVANSE	459.3	423.2	(36.1)	(14.1)%
AZILVA	72.9	33.6	(39.3)	(53.9)%

Generic erosion has negatively impacted sales of *VELCADE* following the expiration of patent protection over bortezomib, that product's active ingredient, in 2022, with revenue falling to JPY 27.8 billion in the fiscal year ended March 31, 2023, and declining even further to JPY 5.5 billion in the fiscal year ended March 31, 2024. Patent protections covering *VYVANSE* expired in the U.S. in August 2023 and a generic version of *AZILVA* was approved by the PMDA in Japan in February 2023 (with a drug price listing for the generic competitor approved in June 2023), which led to declines in sales for both products in the relevant jurisdictions. Sales of *VYVANSE* decreased from JPY 459.3 billion in the fiscal year ended March 31, 2023 to JPY 423.2 billion in the fiscal year ended March 31, 2024; sales of *AZILVA* decreased from JPY 72.9 billion to JPY 33.6 billion during the same period. We expect these decreasing trends for both of these products to continue in the fiscal year ending March 31, 2025.

In certain cases, generic competitors may successfully challenge the validity of patents, or the manufacturer may decide that the benefits of prematurely launching the generic drug "at risk" outweigh the costs of defending infringement litigation. In situations where the validity of patents or the value of the protection is challenged, we may record impairment losses with respect to the relevant intangible property.

Development and Commercialization of New Products and Expansion of Existing Products

The development and commercialization of new biopharmaceutical products is key to our business, as is the expansion of existing products to additional indications and/or geographic markets, particularly as we seek to grow our revenue and to offset the effect of losses of exclusivity. The process to achieve these goals is lengthy and expensive and requires us to incur significant research and development costs, which are recorded as a component of operating expenses in our consolidated statements of income. Please refer to "6. Research and Development" for information about our research and development efforts, and Note 3 to our audited consolidated financial statements contained in elsewhere in this annual report for discussions of our accounting policies regarding research and development expenses and intangible assets relating to products (including amortization and impairment thereof).

Takeda refers to certain products in its portfolio as "Growth & Launch Products." Although, particularly for products early in their life cycle, most of these products' contribution to consolidated revenue is limited, Takeda's management monitors these products in particular as key drivers of future growth, and believes that information on these products is useful to investors to understand where Takeda expects growth to arise in the future. The specific products that make up this group may vary over time, and products may be added or removed to this group depending on, among other things, the results of clinical trials and regulatory approvals being obtained. During the fiscal year ended March 31, 2024, Takeda classified the following as Growth & Launch Products: *ENTYVIO, ALOFISEL, EOHILIA, TAKHZYRO, LIVTENCITY, ADZYNMA, Immunoglobulin products (including GAMMAGARD LIQUID/KIOVIG, HYQVIA and CUVITRU), Albumin products (including HUMAN ALBUMIN/FLEXBUMIN), ALUNBRIG, EXKIVITY, FRUZAQLA and QDENGA.*

In the fiscal year ended March 31, 2024, these Growth & Launch Products accounted for JPY 1,833.0 billion, or 43%, of our consolidated revenue. In particular, in the fiscal year ended March 31, 2024, *ENTYVIO* accounted for JPY 800.9 billion or 19% of our consolidated revenue, our three global immunoglobulin brands (*GAMMAGARD LIQUID/KIOVIG*, *HYQVIA*, *CUVITRU*) accounted for JPY 644.6 billion or 15% of our consolidated revenue, *ALBUMIN* accounted for JPY 134.0 billion or 3% of our consolidated revenue, and *TAKHZYRO* accounted for JPY 178.7 billion or 4% of our consolidated revenue. In addition, *ALOFISEL* and *EXKIVITY* experienced clinical trial failures during the fiscal year ended March 31, 2024, and, accordingly, Takeda will remove them from the Growth and Launch Product category for the fiscal year ending March 31, 2025[2] in light of changed commercial expectations. On the other hand, recently launched products *FRUZAQLA* and *QDENGA* have been added based on Takeda's expectation that they will contribute to revenue more significantly over time as a result of their anticipated growth. The total contribution to consolidated revenue of the updated classification during the year ended March 31, 2024 was JPY 1,826.0 billion, or 43% of total consolidated revenue.

Acquisitions

We may acquire new businesses or assets to expand our R&D capabilities (including expanding into new methodologies) and to acquire new products (whether in the development pipeline or at the marketing stage) or enter other strategic regions. Similarly, we divest from businesses and product lines to maintain our focus on our key growth drivers and to manage our portfolio.

In February 2023, we acquired all of the capital stock of Nimbus Lakshmi, Inc. ("Lakshmi"), a wholly owned subsidiary of Nimbus Therapeutics, LLC ("Nimbus"), that owns or controls the intellectual property rights and other associated assets related to TAK-279, a highly selective oral TYK2 inhibitor. Under the terms of the agreement, we paid Nimbus USD 4.0 billion upfront following the closing of the transaction[3], and will pay two milestone payments of USD 1.0 billion each upon achieving annual net sales of USD 4.0 billion and USD 5.0 billion of products developed from the TAK-279 program, formally known as NDI-034858 at Nimbus. In addition, in connection with the transaction, we have agreed to assume Nimbus's obligations under a January 2022 settlement agreement with Bristol-Myers Squibb and its Celgene Corporation subsidiary (collectively, "BMS") to make certain payments to BMS following the achievement of development, regulatory, and sales-based milestones for products developed from the TAK-279 program.

We account for these acquisitions as business combinations or asset acquisitions. For business combinations, we record the assets acquired and liabilities assumed at fair value, which impacts our results in future periods due to costs related to unwinding fair value step-ups of inventory and amortization expense of acquired property, plant and equipment and intangible assets. For assets acquisitions, we record the assets acquired at transaction price. Our results are also impacted due to additional interest expense when an acquisition is financed with incremental borrowings.

As a result of our acquisitions, and the impacts described above, our results year over year may not be comparable.

Divestitures

In addition to acquisitions, we divested from businesses and product lines to maintain our focus on our key growth drivers and provide additional cash flow to accelerate the repayment of debts. There are no major divestitures in the fiscal years ended March 31, 2023, 2024 and through the issuance date of this annual report.

[2] As of the date of this annual report, Growth and Launch products for the fiscal year ending March 31, 2025 consist of: *ENTYVIO, EOHILIA, TAKHZYRO, LIVTENCITY, ADZYNMA,* Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG, HYQVIA and CUVITRU),* Albumin products (including *HUMAN ALBUMIN/ FLEXBUMIN), ALUNBRIG, FRUZAQLA* and *QDENGA.*

[3] Of the USD 4.0 billion upfront payment, USD 3.0 billion, USD 0.9 billion, and USD 0.1 billion were paid in February 2023, April 2023, and August 2023, respectively.

Impact of the Availability of Raw Materials

Our results of operations may be negatively impacted if we are not able to internally or externally source critical raw materials. For example, human plasma is a critical raw material in our PDT. Efforts to increase the collection of plasma may require strengthening acquisition and third-party contracting capacities and successful regulatory approval of additional plasma collection facilities and plasma fractionation facilitates.

Foreign Exchange Fluctuations

In the fiscal year ended March 31, 2023 and 2024, 87.3% and 89.4% of our revenue were from outside of Japan. Changes in foreign exchange rates, particularly for the U.S. dollar and the euro, relative to the yen, which is our reporting currency, will impact our revenues and expenses. When the yen weakens against other currencies, our revenues attributable to such other currencies increase, having a positive impact on our results of operations, which may be offset by increased expenses denominated in such currencies. Particularly, our revenues were positively impacted by the weakened yen against other currencies during the fiscal years ended March 31, 2023 and 2024. Conversely, when the yen strengthens against other currencies, our revenues attributable to such currencies decrease, having a negative impact on our results of operations, which may be offset by decreased expenses denominated in such currencies.

In order to help investors understand the effect of exchange rate fluctuations year over year on its results, Takeda presents, on a supplementary basis, year-over-year percentage changes calculated on the basis of constant exchange rates, which it refers to as "CER" change (Year-over-year changes calculated on the basis of actual exchange rates, in accordance with IFRS, are referred to as "AER" change.) See "(iii) Results of Operations" for the analysis of our operating results year over year with CER percentage changes.

CER Change is a measure not presented in accordance with IFRS. See "Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information.

To mitigate the risk exposed by foreign exchange fluctuations, we utilize certain hedging measures with respect to some of our significant foreign currency transactions, primarily forward exchange contracts, currency swaps and currency options for individually significant foreign currency transactions.

Periodic Trends

Our revenues were lower in the fourth quarter of each of the fiscal years ended March 31, 2023, and 2024 partially due to the tendency of wholesalers to increase purchases ahead of the New Year holidays across the region, annual price increases and the reset of annual insurance deductibles in the U.S. at the start of the calendar year.

(ii) Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with IFRS. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. On an ongoing basis, management evaluates its estimates and assumptions. Management bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable at the time the estimates and assumptions are made. Actual outcomes may differ from those estimates and assumptions.

We believe the following critical accounting policies are affected by management's estimates and assumptions, changes to which could have a significant impact on our consolidated financial statements.

Revenue Recognition

See Note 3 "Material Accounting Policies—*Revenue"* to our audited consolidated financial statements

Impairment of Goodwill and Intangible Assets

We review goodwill and intangible assets for impairment whenever events or changes in circumstance indicate that the asset's balance sheet carrying amount may not be recoverable. Goodwill and intangible assets that are currently not amortized are tested for impairment annually and whenever there is any indication of impairment. As of March 31, 2024, we have JPY 5,410.1 billion of goodwill and JPY 4,274.7 billion of intangible assets which in aggregate represent 64.1% of our total assets.

An intangible asset associated with a marketed product is amortized on a straight-line basis over the estimated useful life, which is based on expected patent life, and/or other factors depending on the expected economic benefits of the asset, ranging from 3 to 20 years. Intangible assets related to in-process research and development ("IPR&D") product rights are not amortized until the product is approved for sale by regulatory authorities in specified markets. At that time, we will determine the useful life of the asset and begin amortization.

Goodwill and intangible assets are generally considered impaired when their balance sheet carrying amount exceeds their estimated recoverable amount. The recoverable amount of an intangible asset is estimated for each individual asset or at the larger cash generating unit (CGU) level when cash is generated in combination with other assets. Our cash generating units or group of cash generating units are identified based on the smallest identifiable group of assets that generate independent cash inflows. Goodwill is tested for impairment at the single operating segment level (one CGU), which is the level at which goodwill is monitored for internal management purposes. The estimation of the recoverable value requires us to make a number of assumptions including:

- amount and timing of projected future cash flows;
- behavior of competitors (launch of competing products, marketing initiatives, etc.);
- probability of obtaining regulatory approvals;
- future tax rates;
- terminal growth rate; and

- discount rates.

The significant assumptions used in estimating the amount and timing of future cash flows are the probability of technical and regulatory success related to IPR&D projects and the sales forecast of the products. The sales forecast related to certain products is one of the significant assumptions used in estimating the recoverable amount of goodwill. Events that may result in a change in the assumptions include IPR&D projects that are not successfully developed, fail during development, are abandoned or subject to significant delay or do not receive the relevant regulatory approvals, and/or lower sales projections of certain commercially marketed products typically due to launch of newly competing products, and supply constraints. If these events were to occur, we may not recover the value of the initial or subsequent R&D investments made subsequent to acquisition of the asset project nor realize the future cash flows that we have estimated.

Due to changes in these assumptions in subsequent periods, we have recognized impairment and, excluding goodwill, reversal of impairment related to intangible assets during the periods presented. See Notes 11 and 12 to our audited consolidated financial statements.

Legal Contingencies

We are involved in various legal proceedings primarily related to product liability and commercial liability arising in the normal course of our business. These contingencies are described in detail in Note 32 to our consolidated financial statements.

These and other contingencies are, by their nature, uncertain and based upon complex judgments and probabilities. The factors we consider in developing our provision for litigation and other contingent liability amounts include the merits and jurisdiction of the litigation, the nature and the number of other similar current and past litigation cases, the nature of the product and the current assessment of the science subject to the litigation, and the likelihood of settlement and current state of settlement discussions, if any. In addition, we record a provision for product liability claims incurred, but not filed, to the extent we can formulate a reasonable estimate of their costs based primarily on historical claims experience and data regarding product usage. In cases we may become involved in significant legal proceedings for which it is not possible to make a reliable estimate of the expected financial effect, if any, which may result from ultimate resolution of the proceedings, no provision is recognized for such cases. We also consider the insurance coverage we have to diminish the exposure for periods covered by insurance. In assessing our insurance coverage, we consider the policy coverage limits and exclusions, the potential for denial of coverage by the insurance company, the financial condition of the insurers, and the possibility of and length of time for collection. Any provision and the related estimated insurance recoverable have been reflected on a gross basis as liabilities and assets, respectively, on our consolidated statements of financial position. As of March 31, 2024, we have a provision of JPY 22.3 billion for outstanding legal cases and other disputes.

Income Taxes

We prepare and file our tax returns based on an interpretation of tax laws and regulations, and record estimates based on these judgments and interpretations. In the normal course of business, our tax returns are subject to examination by various tax authorities, which may result in additional tax, interest or penalty assessment by these authorities. Inherent uncertainties exist in estimates of many uncertain tax positions due to changes in tax law resulting from legislation, regulation, and/or as concluded through the various jurisdictions' tax court systems. When we conclude that it is not probable that a tax authority will accept an uncertain tax position, we recognize the best estimate of the expenditure required to settle a tax uncertainty. The amount of unrecognized tax benefits is adjusted for changes in facts and circumstances. For example, adjustments could result from significant amendments to existing tax law, the issuance of regulations or interpretations by the tax authorities, new information obtained during a tax examination, or resolution of a tax examination. We believe our estimates for uncertain tax positions are appropriate and sufficient based on currently known facts and circumstances.

We also assess our deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, we consider the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability are estimated based on our business plan. The change in judgment upon determining the revenue forecast related to certain products used for our business plan could have a significant impact on the amount of the deferred tax assets to be recognized. Based on the level of historical taxable profits and projected future taxable profits during the periods in which the temporary differences become deductible, we determine the amount the tax benefits we believe are realizable. As of March 31, 2024, we had unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of JPY 1,186.1 billion, JPY 263.1 billion, and JPY 23.7 billion , respectively. A change in our estimates and assumptions in future periods could have a significant impact on our income tax provision.

Restructuring Costs

We incur restructuring costs associated with planned initiatives to reduce our costs. Our most significant restructuring costs are severance payments. We establish a provision for restructuring costs when we have developed a detailed formal plan for the restructuring and, through an execution of the plan or an announcement of its main features to those affected by it, a valid expectation has been raised in those affected by the plan that the plan will be implemented. The recognition of restructuring provision requires estimates including timing of payments and the number of individuals impacted by the restructuring. As a result of these estimates, the actual restructuring costs may differ from our estimates.

As of March 31, 2024, we have a provision of JPY 12.1 billion for restructuring costs. See Note 23 to our audited consolidated financial statements for a further description of our restructuring provisions and the change between periods. Moreover, on May 9, 2024, we announced a multi-year, enterprise-wide program aimed at increasing efficiencies and improving our profitability, including initiatives to increase the agility and simplicity of our business organization, improve our procurement models and increase productivity and efficiency through the implementation of digital, automation and artificial intelligence (AI) technologies. Primarily as a result of the initiatives announced in May 2024, we expect to record JPY 140.0 billion of restructuring expenses in the fiscal year ending March 31, 2025, and may incur lower expenses in the fiscal years to follow.

(iii) Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2023 and 2024.

			Billion JPY or percentage		
	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Revenue	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %
Cost of sales	(1,244.1)	(1,426.7)	(182.6)	14.7 %	9.8 %
Selling, general and administrative expenses	(997.3)	(1,053.8)	(56.5)	5.7 %	0.9 %
Research and development expenses	(633.3)	(729.9)	(96.6)	15.3 %	8.4 %
Amortization and impairment losses on intangible assets associated with products	(542.4)	(652.1)	(109.7)	20.2 %	12.2 %
Other operating income	25.4	19.4	(6.0)	(23.8)%	(26.3)%
Other operating expenses	(145.2)	(206.5)	(61.3)	42.2 %	34.5 %
Operating profit	490.5	214.1	(276.4)	(56.4)%	(50.3)%
Finance income and (expenses), net	(106.8)	(167.8)	(61.0)	57.1 %	78.3 %
Share of profit (loss) of investments accounted for using the equity method	(8.6)	6.5	15.1	—	—
Profit before tax	375.1	52.8	(322.3)	(85.9)%	(84.1)%
Income tax (expenses) benefit	(58.1)	91.4	149.5	—	—
Net profit for the year	¥ 317.0	¥ 144.2	¥ (172.8)	(54.5)%	(57.0)%

In this section, changes versus the previous fiscal year are given both on an as-reported (IFRS) basis (also referred to as "AER") and, on a supplementary basis, using constant exchange rates (CER), as calculated by Takeda. CER % change is a Non-IFRS Measure. For additional information on CER % change, see"Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda".

Revenue for the fiscal year ended March 31, 2024 was JPY 4,263.8 billion (JPY +236.3 billion and +5.9% AER, +1.5% CER). The increase is primarily attributable to favorable foreign exchange rates and growth from business momentum of Plasma-Derived Therapies ("PDT") Immunology, Gastroenterology ("GI"), Rare Diseases and Oncology. The increase in these business areas was offset by the decrease in Neuroscience. Revenue outside of these key business areas decreased mainly due to the decline in sales of AZILVA (for hypertension), which were JPY 33.6 billion (JPY -39.3 billion and -53.9% AER, -53.9% CER) and impacted by generic entrants in Japan, as well as the lower revenue contribution from COVID-19 vaccines in Japan.

Revenue by Geographic Region

The following shows revenue by geographic region:

			Billion JPY or percentage		
	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
Revenue:	2023	2024	Amount of Change	% Change	% Change
Japan	¥ 512.0	¥ 451.4	¥ (60.7)	(11.8)%	(12.1)%
United States	2,103.8	2,195.7	91.9	4.4 %	(2.2)%
Europe and Canada	842.7	966.8	124.2	14.7 %	4.5 %
Asia (excluding Japan)	225.0	261.2	36.2	16.1 %	12.1 %
Latin America	160.4	198.1	37.7	23.5 %	48.4 %
Russia/CIS	88.4	72.6	(15.8)	(17.9)%	(6.5)%
Other[(1)]	95.2	117.9	22.7	23.9 %	32.6 %
Total	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %

Note:
(1) Other includes the Middle East, Oceania and Africa.

We rely on certain key prescription drug products to generate a significant portion of our revenue. The following shows revenue by business area.

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Gastroenterology:					
ENTYVIO	¥ 702.7	¥ 800.9	¥ 98.2	14.0 %	6.6 %
GATTEX/REVESTIVE	93.1	119.3	26.2	28.1	22.7
TAKECAB/VOCINTI [1]	108.7	118.5	9.8	9.0	8.2
PANTOLOC/CONTROLOC [2]	45.5	46.5	1.0	2.1	(6.6)
DEXILANT	69.4	45.3	(24.1)	(34.7)	(39.6)
ALOFISEL	2.7	3.5	0.8	28.9	18.2
Others	72.4	82.2	9.8	13.6	6.6
Total Gastroenterology	1,094.5	1,216.2	121.7	11.1	4.7
Rare Diseases:					
Rare Hematology:					
ADVATE	118.2	122.9	4.7	4.0	1.1
ADYNOVATE/ADYNOVI	66.6	66.3	(0.2)	(0.4)	(3.6)
FEIBA	41.3	40.5	(0.7)	(1.8)	(5.3)
VONVENDI	12.2	16.2	4.0	32.5	23.1
RECOMBINATE	12.8	12.1	(0.7)	(5.6)	(11.8)
Others	53.7	47.3	(6.4)	(12.0)	(13.0)
Total Rare Hematology	304.7	305.3	0.6	0.2	(2.9)
Rare Genetics and Other:					
TAKHZYRO	151.8	178.7	26.9	17.7	11.6
ELAPRASE	85.3	91.6	6.2	7.3	7.3
REPLAGAL	66.7	73.6	6.8	10.2	15.1
VPRIV	48.4	51.3	2.9	6.0	9.1
LIVTENCITY	10.5	19.1	8.6	81.7	68.7
Others	56.0	51.2	(4.8)	(8.5)	(12.5)
Total Rare Genetics and Other	418.7	465.4	46.7	11.1	9.2
Total Rare Diseases [3]	723.4	770.7	47.3	6.5	4.1
PDT Immunology:					
immunoglobulin	522.2	644.6	122.4	23.4	16.8
albumin	121.4	134.0	12.5	10.3	5.9
Others	34.8	40.0	5.2	15.0	8.4
Total PDT Immunology [3]	678.4	818.6	140.1	20.7	14.4
Oncology:					
ADCETRIS	83.9	109.4	25.5	30.4	31.3
LEUPLIN/ENANTONE	111.3	107.4	(4.0)	(3.6)	(7.1)
NINLARO	92.7	87.4	(5.3)	(5.7)	(9.2)
ICLUSIG	47.2	54.7	7.5	15.9	7.5
ALUNBRIG	20.6	28.5	8.0	38.8	35.3
FRUZAQLA	—	10.1	10.1	—	—
VELCADE	27.8	5.5	(22.2)	(80.0)	(81.3)
EXKIVITY	3.7	3.5	(0.3)	(7.3)	(10.9)
Others	51.6	55.9	4.4	8.5	7.5
Total Oncology	438.7	462.4	23.6	5.4	2.5

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Neuroscience:					
VYVANSE/ELVANSE	459.3	423.2	(36.1)	(7.9)	(14.1)
TRINTELLIX	100.1	104.8	4.7	4.7	(1.1)
ADDERALL XR	28.6	41.8	13.2	46.0	36.6
INTUNIV	16.4	33.6	17.2	105.2	100.8
Others	33.4	23.7	(9.7)	(29.1)	(31.6)
Total Neuroscience	637.7	627.0	(10.7)	(1.7)	(7.8)
Other:					
AZILVA-F [(1)]	72.9	33.6	(39.3)	(53.9)	(53.9)
FOSRENOL	13.5	13.5	(0.0)	(0.0)	(8.3)
Others	368.2	321.7	(46.4)	(12.6)	(10.8)
Total Other [(3)]	454.6	368.9	(85.7)	(18.8)	(17.7)
Total	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %

Notes:
(1) The figures include the amounts of fixed dose combinations and blister packs.
(2) Generic name: pantoprazole.
(3) Starting from the fiscal year ending March 31, 2025 (FY2024), "Plasma-Derived Therapies" will replace the previous category of "PDT Immunology", and will include all plasma-derived products including those previously categorized within "Rare Diseases" (e.g., *FEIBA*, *CINRYZE*). "Vaccines" will be presented as a separate key business area (previously included in "Others"), reflecting the strategic focus on our dengue vaccine, *QDENGA*. If the new categories are applied, revenue from "Rare Disease" is JPY 688.4 billion for the fiscal year ended March 31, 2024 and JPY 639.8 billion for the fiscal year ended March 31, 2023, revenue from "Plasma-Derived Therapies" is JPY 903.7 billion for the fiscal year ended March 31, 2024 and JPY 765.4 billion for the fiscal year ended March 31, 2023, revenue from "Vaccines" is JPY 50.4 billion for the fiscal year ended March 31, 2024, and JPY 78.7 billion for the fiscal year ended March 31, 2023, revenue from "Others" is JPY 315.7 billion for the fiscal year ended March 31, 2024 and JPY 372.7 billion for the fiscal year ended March 31, 2023.

Year-on-year change in revenue for this fiscal year in each of our main business areas was primarily attributable to the following products:

- In *GI*, revenue was JPY 1,216.2 billion (JPY +121.7 billion and +11.1% AER, +4.7% CER).

Sales of ENTYVIO (for ulcerative colitis ("UC") and Crohn's disease) were JPY 800.9 billion (JPY +98.2 billion and +14.0% AER, +6.6% CER). Sales in the U.S. were JPY 546.1 billion (JPY +54.2 billion and +11.0% AER). The increase was due to favorable foreign exchange rates and demand in the first line biologic inflammatory bowel disease ("IBD") population primarily in UC. Sales in Europe and Canada were JPY 195.8 billion (JPY +33.4 billion and +20.5% AER), supported by favorable foreign exchange rates and continued launches of the subcutaneous formulation.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 119.3 billion (JPY +26.2 billion and +28.1% AER, +22.7% CER). The increase was primarily due to increased demand in the U.S., Europe and Japan, expansion activities (infant indication label expansion and geographic expansion), and favorable exchange rates.

Sales of TAKECAB/VOCINTI (for acid-related diseases) were JPY 118.5 billion (JPY +9.8 billion and +9.0% AER, +8.2% CER). The increase was primarily due to increased sales in Japan and the Growth and Emerging Markets including Brazil and China.

Sales of DEXILANT (for acid reflux disease) were JPY 45.3 billion (JPY -24.1 billion and -34.7% AER, -39.6% CER). The decrease was due to the loss of exclusivity and the termination of the authorized generics program in the U.S.

- In Rare Diseases, revenue was JPY 770.7 billion (JPY +47.3 billion and +6.5% AER, +4.1% CER).

Revenue of Rare Hematology was JPY 305.3 billion (JPY +0.6 billion and +0.2% AER, -2.9% CER).

Sales of ADVATE (for hemophilia A) were JPY 122.9 billion (JPY +4.7 billion and +4.0% AER, +1.1% CER). The increase was attributable to favorable foreign exchange rates as well as sales increase in the Growth and Emerging Markets such as Brazil and China.

Sales of VONVENDI (for von Willebrand disease) were JPY 16.2 billion (JPY +4.0 billion and +32.5% AER, +23.1% CER). The increase was primarily due to increased demand in the U.S.

Sales of FEIBA (for hemophilia A and B) were JPY 40.5 billion (JPY -0.7 billion and -1.8% AER, -5.3% CER). The decrease was mainly due to competition in Brazil.

Sales of RECOMBINATE (for hemophilia A) were JPY 12.1 billion (JPY -0.7 billion and -5.6% AER, -11.8% CER). The decrease was mainly due to weaker demand in the U.S. attributable to increased adoption of next generation therapies.

Decrease in revenue of other rare hematology products largely offset the net increase of the above products.

Revenue of Rare Genetics and Other was JPY 465.4 billion (JPY +46.7 billion and +11.1% AER, +9.2% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 178.7 billion (JPY +26.9 billion and +17.7% AER, +11.6% CER). The continued growth was attributable to sustained launch momentum, expansion into new patient populations such as pediatrics, rising diagnosis rates, the growth of the prophylactic market, and favorable exchange rates.

Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease) were JPY 19.1 billion (JPY +8.6 billion and +81.7% AER, +68.7% CER). The increase was primarily attributable to strong launch performance and fast uptake in the U.S., complemented by continued geographical expansion in Europe and positive market access trends.

Sales of enzyme replacement therapy REPLAGAL (for fabry disease) were JPY 73.6 billion (JPY +6.8 billion and +10.2% AER, +15.1% CER). The increase was primary due to strong demand in the Growth and Emerging Markets.

Sales of enzyme replacement therapy ELAPRASE (for Hunter syndrome) were JPY 91.6 billion (JPY +6.2 billion and +7.3% AER, +7.3% CER). The increase was primarily due to strong demand in the Growth and Emerging Markets.

- In PDT Immunology, revenue was JPY 818.6 billion (JPY +140.1 billion and +20.7% AER, +14.4% CER).

Aggregate sales of immunoglobulin products were JPY 644.6 billion (JPY +122.4 billion and +23.4% AER, +16.8% CER). Sales of each of our three global immunoglobulin brands marked double digit percentage of revenue growth, due to continued strong demand globally and growing supply, as well as favorable foreign exchange rates. Those include GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)), and subcutaneous immunoglobulin therapies (CUVITRU and HYQVIA) which are growing due to their benefit to patients and convenience in administration compared to intravenous therapies.

Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (both primarily used for hypovolemia and hypoalbuminemia) were JPY 134.0 billion (JPY +12.5 billion and +10.3% AER, +5.9% CER). The increase was primarily driven by strong albumin demand in China.

- In Oncology, revenue was JPY 462.4 billion (JPY +23.6 billion and +5.4% AER, +2.5% CER).

Sales of ADCETRIS (for malignant lymphomas) were JPY 109.4 billion (JPY +25.5 billion and +30.4% AER, +31.3% CER). The increase was led by strong growth in Growth and Emerging Markets and Europe.

Sales of FRUZAQLA (for colorectal cancer), which newly launched in November 2023 in the U.S., were JPY 10.1 billion.

Sales of ALUNBRIG (for non-small cell lung cancer) were JPY 28.5 billion (JPY +8.0 billion and +38.8% AER, +35.3% CER). The increase benefited from strong demand across all regions.

Sales of ICLUSIG (for leukemia) were JPY 54.7 billion (JPY +7.5 billion and +15.9% AER, +7.5% CER). The increase was due to favorable foreign exchange rates and higher demand in the U.S.

Sales of VELCADE (for multiple myeloma) were JPY 5.5 billion (JPY -22.2 billion and -80.0% AER, -81.3% CER. The decrease was due to generic erosion in the U.S.

Sales of NINLARO (for multiple myeloma) were JPY 87.4 billion (JPY -5.3 billion and -5.7% AER, -9.2% CER). The decrease was due to intensified competition and decreased demand mainly in the U.S, partially aided by favorable foreign exchange rates.

- In Neuroscience, revenue was JPY 627.0 billion (JPY -10.7 billion and -1.7% AER, -7.8% CER).

Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were JPY 423.2 billion (JPY -36.1 billion and -7.9% AER, -14.1% CER). The decrease was due to multiple generic entrants in the U.S. starting from August 2023, with the growth of the adult market in Europe and favorable foreign exchange rates partially offset the negative impacts.

Sales of ADDERALL XR (for ADHD) were JPY 41.8 billion (JPY +13.2 billion and +46.0% AER, +36.6% CER). The increase was primarily due to a shortage of generic versions of the instant release formulation marketed by competitors in the U.S. and favorable foreign exchange rates.

Sales of INTUNIV (for ADHD) were JPY 33.6 billion (JPY +17.2 billion and +105.2% AER, +100.8% CER). The increase was primarily due to the buy-back of full rights in Japan effective in April 2023.

Cost of Sales

Cost of Sales was JPY 1,426.7 billion (JPY +182.6 billion and +14.7% AER, +9.8% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of Japanese yen as compared to the fiscal year ended March 31, 2023. This was partially offset by a decrease in non-cash charges related to the unwind of the fair value step up on acquired inventories recognized in connection with the acquisition of Shire plc (“Shire”).

Selling, General and Administrative (SG&A) Expenses

SG&A expenses were JPY 1,053.8 billion (JPY +56.5 billion and +5.7% AER, +0.9% CER). The increase was mainly due to the depreciation of Japanese yen and investments in Data, Digital and Technology ("DD&T") partially offset by various cost efficiencies.

Research and Development (R&D) expense

R&D expenses were JPY 729.9 billion (JPY +96.6 billion and +15.3% AER, +8.4% CER). The increase was mainly due to various investments in pipeline programs and the depreciation of Japanese yen.

Amortization and Impairment Losses on Intangible Assets Associated with Products

Amortization and Impairment Losses on Intangible Assets Associated with Products was JPY 652.1 billion (JPY +109.7 billion and +20.2% AER, +12.2% CER). The increase was mainly due to an increase in impairment charges for certain assets related to in-process R&D and marketed products and an increase of amortization expenses due to the depreciation of Japanese yen. JPY 130.6 billion impairment losses recorded in the fiscal year ended March 31, 2024 primarily includes JPY 74.0 billion impairment charges for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of the phase 3 ADMIRE-CD II trial, JPY 28.5 billion impairment charges following a decision to voluntarily withdraw EXKIVITY (for non-small cell lung cancer) globally, and other impairment charges for certain in-process R&D assets including those related to TAK-007 and modakafusp alfa (TAK-573) in Oncology as results of decisions to terminate those programs. The increase was partially offset by a reversal of impairment loss of JPY 35.7 billion related to the approval of EOHILIA, a therapy for eosinophilic esophagitis (EoE), by the FDA in February 2024.

Other Operating Income

Other Operating Income was JPY 19.4 billion (JPY -6.0 billion and -23.8% AER, -26.3% CER).

Other Operating Expenses

Other Operating Expenses were JPY 206.5 billion (JPY +61.3 billion and +42.2% AER, +34.5% CER). The increase was primarily driven by increases of restructuring expenses, additional losses recorded for the supply agreement litigation with AbbVie, Inc. ("AbbVie") in the fiscal year ended March 31, 2024 and changes in the fair value of financial assets and liabilities associated with contingent consideration arrangements mainly from XIIDRA and EOHILIA.

Operating Profit

As a result of the above factors, Operating Profit was JPY 214.1 billion (JPY -276.4 billion and -56.4% AER, -50.3% CER).

Net Finance Expenses

Net Finance Expenses were JPY 167.8 billion (JPY +61.0 billion and +57.1% AER, +78.3% CER). The increase was primarily due to a decrease in financial income reflecting gains from acquisition of additional shares in companies accounted for using the equity method companies and a positive impact from the remeasurement of warrants to purchase stocks of the company held by Takeda recorded in the fiscal year ended March 31, 2023, as well as an increase in financial expenses in the fiscal year ended March 31, 2024 due to factors including interest recorded for the supply agreement litigation with AbbVie and increased expense on hyperinflationary accounting.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Share of Profit of Investments Accounted for Using the Equity Method was JPY 6.5 billion (JPY +15.1 billion, compared to Share of Loss of Investments Accounted for Using the Equity Method of JPY 8.6 billion in the fiscal year ended March 31, 2023).

Income Tax (Expenses) Benefit

Income Tax Benefit was JPY 91.4 billion (JPY +149.5 billion, compared to Income Tax Expenses of JPY 58.1 billion in the fiscal year ended March 31, 2023). The increase was primarily due to lower pretax earnings as well as a tax expense reduction of JPY 63.5 billion resulting from the reversal of the income taxes payable in excess of the settlement with the Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014 ("AbbVie Break Fee Settlement"). These increases were partially offset by the tax charges from legal entity restructuring and the reassessment of recoverability of deferred tax assets.

Net Profit for the Year

As a result of the above factors, Net Profit for the Year was JPY 144.2 billion (JPY -172.8 billion and -54.5% AER, -57.0% CER).

(iv)Core Results (April 1, 2023 to March 31, 2024)

Supplemental Discussion: Results of Core Financial Measures (Non-IFRS Measures)

In addition to its results prepared in accordance with IFRS, on a supplemental basis, Takeda also presents the results of its Core Financial Measures. Takeda strongly encourages investors to review "Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information on these metrics, including their definitions, limitations on their usefulness and reconciliations to the most directly comparable financial measures calculated and presented in accordance with IFRS. Takeda also presents period-over-period change in its Core Financial Measures on a CER % change basis; see "Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information.

Results of Core Operations

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core revenue	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %
Core operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%
Core net profit for the year	866.4	756.9	(109.5)	(12.6)%	(15.0)%
Core EPS (yen)	558	484	(75)	(13.4)%	(15.7)%

Core Revenue

Core Revenue for the fiscal year ended March 31, 2024 was JPY 4,263.8 billion (JPY +236.3 billion and +5.9% AER, +1.5% CER). The increase is attributable to favorable foreign exchange rates and growth from business momentum primarily led by Takeda's Growth and Launch Products* which totaled JPY 1,833.0 billion (JPY +297.2 billion and +19.3% AER, +12.8% CER).

* Takeda's Growth and Launch Products in FY2023 in the fiscal year ended March 31, 2024
GI: ENTYVIO, ALOFISEL, EOHILIA
Rare Diseases: TAKHZYRO, LIVTENCITY, ADZYNMA
PDT Immunology: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU,
Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology: ALUNBRIG, EXKIVITY (Takeda decided to voluntarily withdraw the product globally), FRUZAQLA
Other: QDENGA

Core Operating Profit.

Core Operating Profit for the fiscal year ended March 31, 2024 was JPY 1,054.9 billion (JPY -133.5 billion and -11.2% AER, -13.3% CER). The components of Core Operating Profit are as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core revenue	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %
Core cost of sales	(1,208.4)	(1,426.3)	(217.9)	18.0 %	13.0 %
Core selling, general and administrative (SG&A) expenses	(997.3)	(1,053.0)	(55.6)	5.6 %	0.8 %
Core research and development (R&D) expenses	(633.4)	(729.6)	(96.3)	15.2 %	8.3 %
Core operating profit	¥ 1,188.4	¥ 1,054.9	¥ (133.5)	(11.2)%	(13.3)%

During the periods presented, these items fluctuated as follows:

Core Cost of Sales

Core Cost of Sales was JPY 1,426.3 billion (JPY +217.9 billion and +18.0% AER, +13.0% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of Japanese yen as compared to the fiscal year ended March 31, 2023.

Core Selling, General and Administrative (SG&A) Expenses

Core SG&A expenses were JPY 1,053.0 billion (JPY +55.6 billion and +5.6% AER, +0.8% CER). The increase was mainly due to the depreciation of Japanese yen and investments in DD&T partially offset by various cost efficiencies.

Core Research and Development (R&D) Expenses

Core R&D expenses were JPY 729.6 billion (JPY +96.3 billion and +15.2% AER, +8.3% CER). The increase was mainly due to various investments in pipeline programs and the depreciation of Japanese yen.

Core Net Profit for the Year

Core Net Profit for the Year was JPY 756.9 billion (JPY -109.5 billion and -12.6% AER, -15.0% CER) and is calculated from Core Operating Profit are as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER
	2023	2024	Amount of Change	% Change	% Change
Core operating profit	¥ 1,188.4	¥ 1,054.9	¥ (133.5)	(11.2)%	(13.3)%
Core finance income and (expenses), net	(126.6)	(142.0)	(15.4)	12.2 %	13.9 %
Core share of profit of investments accounted for using the equity method	0.2	5.9	5.7	—	—
Core profit before tax	1,062.0	918.8	(143.2)	(13.5)%	(16.0)%
Core income tax expenses	(195.6)	(161.9)	33.7	(17.2)%	(20.2)%
Core net profit for the year	¥ 866.4	¥ 756.9	¥ (109.5)	(12.6)%	(15.0)%

During the periods presented, these items fluctuated as follows:

Core Net Finance Expenses

Core Net Finance Expenses were JPY 142.0 billion (JPY +15.4 billion and +12.2% AER, +13.9% CER).

Core Share of Profit of Investments Accounted for Using the Equity Method

Core Share of Profit of Investments Accounted for Using the Equity Method was JPY 5.9 billion (JPY +5.7 billion).

Core Profit Before Tax

Core Profit Before Tax was JPY 918.8 billion (JPY -143.2 billion and -13.5% AER, -16.0% CER).

Core Income Tax (Expenses) Benefit

Core Income Tax Expenses were JPY 161.9 billion (JPY -33.7 billion and -17.2% AER, -20.2% CER) and excludes the JPY 63.5 billion impact from AbbVie Break Fee Settlement in the fiscal year ended March 31, 2024. The decrease was mainly due to lower core pretax earnings.

Core EPS

Core EPS for the fiscal year ended March 31, 2024 was JPY 484 (JPY -75 and -13.4% AER, -15.7% CER).

(b) Consolidated Financial Position

Assets.

Total Assets as of March 31, 2024 were JPY 15,108.8 billion (JPY +1,151.0 billion). The increases of Goodwill, Property, Plant and Equipment, and Inventories (JPY +619.3 billion, JPY +298.5 billion, and JPY +223.4 billion, respectively) were mainly due to the effect of foreign currency translation. These increases were partially offset by a decrease in Cash and Cash Equivalents (JPY -75.7 billion).

Liabilities.

Total Liabilities as of March 31, 2024 were JPY 7,834.8 billion (JPY +231.7 billion). Total Bonds and Loans were JPY 4,843.8 billion* (JPY +461.4 billion), which increased primarily due to the effect of foreign currency translation and a net increase in commercial paper drawings in the fiscal year ended March 31, 2024. The increase of total Other Financial Liabilities (JPY +111.4 billion) was mainly due to a lease term extension in the U.S. and the effect of foreign currency translation. These increases were partially offset by decreases in Deferred Tax Liabilities, Income Tax Payable, and Trade and Other Payables. The decrease of Deferred Tax Liabilities (JPY -156.8 billion) was mainly due to amortization of intangible assets and the impact of R&D capitalization and amortization for U.S. tax purposes. The decrease of total Income Taxes Payable (JPY -142.6 billion) was mainly due to tax payments in the fiscal year ended March 31, 2024 and a reduction of payables for tax-related settlements, including AbbVie Break Fee Settlement, offset by accruals for tax on profits for the fiscal year ended March 31, 2024. The decrease of Trade and Other Payables (JPY -101.7 billion) was primarily due to payments for two agreements entered into in the fiscal year ended March 31, 2023, which were the remaining upfront payment related to the acquisition of TAK-279 from Nimbus Therapeutics, LLC (Nimbus) and the payment related to the exclusive license agreement with HUTCHMED (China) Limited (HUTCHMED).

* The carrying amount of Bonds was JPY 4,092.9 billion and Loans was JPY 750.9 billion as of March 31, 2024. Breakdown of Bonds and Loans' carrying amount is as follows.

Bonds:

Name of Bond (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount (Billion JPY)
Unsecured US dollar denominated senior notes (USD 1,301 million)	June 2015	June 2025 ~ June 2045	198.1
Unsecured US dollar denominated senior notes (USD 3,000 million)	September 2016	September 2026	439.7
Unsecured Euro denominated senior notes (EUR 3,000 million)	November 2018	November 2026 ~ November 2030	487.4
Unsecured US dollar denominated senior notes (USD 1,750 million)	November 2018	November 2028	263.7
Hybrid bonds (subordinated bonds)	June 2019	June 2079	499.6
Unsecured US dollar denominated senior notes (USD 7,000 million)	July 2020	March 2030 ~ July 2060	1,053.7
Unsecured Euro denominated senior notes (EUR 3,600 million)	July 2020	July 2027 ~ July 2040	584.1
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.5
Commercial paper	February 2024 ~ March 2024	May 2024 ~ June 2024	317.0
Total			4,092.9

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Syndicated loans	April 2016	April 2026	100.0
Syndicated loans	April 2017	April 2027	113.5
Syndicated loans (USD 1,500 million)	April 2017	April 2027	227.0
Syndicated loans	April 2023	April 2030	100.0
Bilateral loans	March 2016 ~ March 2023	April 2024 ~ March 2029	210.0
Other			0.4
Total			750.9

On April 26, 2023, Takeda repaid JPY 100,000,000,000.0 billion in Syndicated Loans falling due and on the same day entered into new Syndicated Loans of JPY 100.0 billion maturing on April 26, 2030. Following this, Takeda redeemed USD 1,000,000,000 million of unsecured senior notes issued in September 2016 on their maturity date of September 23, 2023. Furthermore, Takeda redeemed USD 500,000,000 million of unsecured senior notes issued in November 2018 on their maturity date of November 26, 2023. Takeda had short term commercial paper drawings outstanding of JPY 317.0 billion as of March 31, 2024.

Equity.

Total Equity as of March 31, 2024 was JPY 7,274.0 billion (JPY +919.3 billion). The increase of Other Components of Equity (JPY +1,001.2 billion) was mainly due to fluctuation in currency translation adjustments reflecting the depreciation of Japanese yen. This increase was partially offset by a decrease in Retained Earnings (JPY -149.9 billion) mainly due to the decrease of JPY 287.8 billion related to dividends payments while Net Profit for the Year contributed to an increase.

(c) Sources and Uses of Liquidity

Sources and Uses of Liquidity

Our liquidity requirements mainly relate to operating cash, capital expenditures, contractual obligations, repayment of indebtedness and payment of interest and dividends. Our operating cash requirements include cash outlays for R&D expenses, milestone payments, sales and marketing expenses, personnel and other general and administrative costs and raw material costs. Income tax payments also require significant cash outlays as well as working capital financing.

Our capital expenditures for tangible assets consist primarily of enhancing and streamlining our production facilities, replacing fully depreciated items, and promoting efficiency of our operations. Our capital expenditures for intangible assets represent mainly milestone payments related to licensed products, where such assets have been acquired from third-party partners, as well as software development expenditures. Our capital expenditures, which consist of additions to property, plant and equipment and intangible assets recorded on our consolidated statements of financial position, were JPY 898.7 billion and JPY 496.7 billion for the fiscal years ended March 31, 2023 and 2024, respectively. As of March 31, 2024, we had contractual commitments for the acquisition of property, plant and equipment of JPY 31.1 billion. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2024. See Note 32 to our consolidated financial statements for a description of our milestone payments of intangible assets. As part of our capital management, we periodically assess our level of capital expenditures in light of capital needs, market and other conditions and other relevant factors.

Our dividend payments for the fiscal years ended March 31, 2023 and 2024 were JPY 280.8 billion and JPY 288.5 billion, respectively. Takeda returned capital to shareholders using dividends at an annual level of JPY 188 per share, consisting of interim and fiscal year-end dividends of JPY 94 per share for the fiscal year ended March 31, 2024. It is our intention to return capital to shareholders using dividends at an annual level of JPY 196 per share in the fiscal year ending March 31, 2025, consisting of interim and fiscal year-end dividends of JPY 98 per share. See “IV. Information on the Company, 3. Dividend Policy” for a description of our dividend policy.

We are required to make interest and principal payments on our outstanding borrowings. As of March 31, 2024, we had JPY 113.0 billion of interest due within one year and JPY 867.2 billion of principal payments on our borrowings due within one year. See “*Borrowings and Financial Obligations.*”

Our primary sources of liquidity include cash and cash equivalents on hand, short-term commercial paper, committed borrowing lines from financial institutions and long-term debt financing that includes bonds from the global capital markets. Additionally, we had access to short-term uncommitted borrowing lines of JPY 150.0 billion and USD 750 million from financial institutions as of March 31, 2023 and 2024, respectively.

We monitor and adjust the amount of foreign cash based on projected cash flow requirements. As the majority of our business is conducted outside Japan, we hold a significant portion of cash outside of Japan. Our ability to use foreign cash to fund cash flow requirements in Japan may be impacted by local regulations and, to a lesser extent, income taxes associated with transferring cash to Japan.

We continue to closely monitor our funding situation and do not currently anticipate experiencing funding or liquidity shortfalls in the short term as a result of general market conditions. In addition to the ability to seek additional funding (if needed) from market and other sources, we may also manage our funding and liquidity needs by reconsidering, to the extent necessary and appropriate, our capital expenditure plans.

As of March 31, 2024, we held JPY 457.8 billion in cash and cash equivalents on hand, of which JPY 107.8 billion was cash temporarily held on behalf of third parties related to vaccine operations and a trade receivables sales program. In addition, Takeda had access to JPY 700.0 billion in an undrawn bank commitment line. We believe that working capital is sufficient for our current business requirements. Furthermore, we continually seek to ensure that our level of liquidity and access to capital market funding continues to be maintained to successfully support our business operations.

Consolidated Cash Flows

The following table shows information about our consolidated cash flows during the fiscal years ended March 31, 2023 and 2024:

Billion JPY

	For the fiscal year ended March 31	
	2023	2024
Net cash from (used in) operating activities	¥ 977.2	¥ 716.3
Net cash from (used in) investing activities	(607.1)	(463.9)
Net cash from (used in) financing activities	(709.1)	(354.4)
Net increase (decrease) in cash and cash equivalents	(339.1)	(101.9)
Cash and cash equivalents at the beginning of the year	849.7	533.5
Effects of exchange rate changes on cash and cash equivalents	22.9	26.2
Cash and cash equivalents at the end of the year	¥ 533.5	¥ 457.8

Net cash from operating activities. Net cash from operating activities for the fiscal year ended March 31, 2024 was JPY 716.3 billion (JPY -260.8 billion). The decrease was due to unfavorable impacts from Changes in Assets and Liabilities, mainly driven by changes in Provision, and unfavorable impacts from a lower net profit for the year adjusted for non-cash items and other adjustments, which was partially offset by Other, Net.

Net cash used in investing activities. Net cash used in investing activities for the fiscal year ended March 31, 2024 was JPY 463.9 billion (JPY -143.2 billion). The decrease was mainly due to a decrease in Acquisition of Intangible Assets (JPY -187.7 billion)*.

* USD 3.0 billion was paid to Nimbus for the acquisition of TAK-279 in the fiscal year ended March 31, 2023 while USD 1.0 billion and USD 0.4 billion were paid to Nimbus for the acquisition of TAK-279 and to HUTCHMED for the exclusive license agreement for FRUZAQLA, respectively, in the fiscal year ended March 31, 2024.

Net cash used in financing activities. Net cash used in financing activities for the fiscal year ended March 31, 2024 was JPY 354.4 billion (JPY -354.7 billion). The decrease was mainly due to a net increase of JPY 237.0 billion in commercial paper drawings, a net decrease of JPY 60.9 billion in redemption of bonds, and the settlement of cross currency interest rate swaps related to bonds in the fiscal year ended March 31, 2024.

Supplemental Discussion: Free Cash Flow and Adjusted Free Cash Flow (Non-IFRS Measures)

Free cash flow and Adjusted Free Cash Flow are non-IFRS measures, see "—Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda—Free Cash Flow and Adjusted Free Cash Flow" for further information. The most directly comparable measures under IFRS for Free Cash Flow and Adjusted Free Cash Flow is Net Cash from Operating Activities.

	For the Year Ended March 31	
	2023	2024
	(billions of yen)	
Net cash from operating activities (IFRS)	¥ 977.2	¥ 716.3
Free cash flow (non-IFRS)	836.5	540.9
Adjusted free cash flow (non-IFRS)	¥ 446.2	¥ 283.4

Adjusted Free Cash Flow for the fiscal year ended March 31, 2024 was JPY 283.4 billion (JPY -162.8 billion). The decrease was mainly driven by lower Net Cash from Operating Activities after adjustment to the change in cash balance that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program. These decreases were partially offset by a decrease in Acquisition of Intangible Assets.

Borrowings and Financial Obligations

Our total bonds and loans were JPY 4,382.3 billion and JPY 4,843.8 billion as of March 31, 2023 and 2024, respectively. These borrowings include unsecured bonds and senior notes issued by Takeda, bilateral and syndicated loans entered into by the Company, borrowings incurred to fund a portion of the Shire Acquisition, debt assumed in connection with the Shire Acquisition and debt refinanced and are included in our consolidated statements of financial position. Our borrowings are mainly incurred in connection with acquisitions and therefore are not exposed to seasonality.

On April 26, 2023, Takeda repaid JPY 100.0 billion in Syndicated Loans falling due and on the same day entered into new Syndicated Loans of JPY 100.0 billion maturing on April 26, 2030. Following this, Takeda redeemed USD 1,000 million of unsecured senior notes issued in September 2016 on their maturity date of September 23, 2023. Furthermore, Takeda redeemed USD 500 million of unsecured senior notes issued in November 2018 on their maturity date of November 26, 2023. Takeda had short term commercial paper drawings outstanding of JPY 317.0 billion as of March 31, 2024.

As of March 31, 2024, we had certain outstanding borrowings that contained financial covenants. A key financial covenant requires Takeda's ratio of consolidated Adjusted Net Debt to Adjusted EBITDA, as defined in the loan agreements, for the previous twelve-month period to not surpass certain levels as of March 31 and September 30 of each year. Takeda was in compliance with all financial covenants as of March 31,

2024 in a similar manner to the prior year ended March 31, 2023. There are no restrictions on the ability to draw from the JPY 700.0 billion commitment line that was put in place in 2019 and matures at the end of September 2026.

We currently have a Japanese unsecured commercial paper program in place to facilitate short-term liquidity management. The total amount drawn on the commercial paper program was JPY 40.0 billion as of March 31, 2023 and JPY 317.0 billion as of March 31, 2024. We further have access to short-term uncommitted lines of JPY 150.0 billion and USD 750 million which were undrawn as of March 31, 2023 and 2024, respectively.

For further description of our borrowings, see Note 20 to our audited consolidated financial statements.

Credit Ratings

Our credit ratings, which reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our obligations, as of the date of this annual report are as follows:

Rating Agency	Category	Rating	Outlook	Rating Structure
S&P Global Ratings	Issuer credit rating/foreign currency long-term and local currency long-term	BBB+	Stable	Fourth highest of 11 rating categories and first within the category based on modifiers (e.g. BBB+, BBB and BBB- are within the same category).
	Issuer credit rating (short-term)	A-2		Second highest of six rating categories
Moody's	Long-term issuer rating and Long-term senior unsecured rating	Baa1	Stable	Fourth highest of nine rating categories and first within the category based on modifiers (e.g. Baa1, Baa2 and Baa3 are within the same category).

The ratings are not a recommendation to buy, sell or hold securities. The ratings are subject to revision or withdrawal at any time by the assigning rating agency. Each of the financial strength ratings should be evaluated independently.

Material Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2024:

	(billions of yen)				
	Total Contractual Amount [1]	Within One Year	Between One and Three Years	Between Three and Five Years	More than Five Years
Bonds and loans: [2] [3]					
Bonds [4]	¥ 5,090.6	¥ 913.3	¥ 981.3	¥ 512.1	¥ 2,683.9
Loans	805.8	67.0	214.1	423.8	101.0
Purchase obligations for property, plant and equipment	31.1	31.1	—	—	—
Repayment of lease liabilities	900.8	66.2	116.8	104.7	613.1
Contributions to defined benefit plans [5]	19.2	19.2	—	—	—
Total [6] [7]	¥ 6,847.5	¥ 1,096.8	¥ 1,312.2	¥ 1,040.6	¥ 3,398.0

Notes:

(1) Obligations denominated in currencies other than Japanese yen have been translated into Japanese yen using the exchange rates as of March 31, 2024 and may fluctuate due to changes in exchange rates.
(2) Repayment obligations may be accelerated if we breach the relevant covenants under the relevant instruments.
(3) Includes interest payment obligations.
(4) The contractual amount of bonds in "Within one year" includes a JPY 500.0 billion principal amount of hybrid subordinated bonds ("Hybrid Bonds") as Takeda expects to make an early repayment of all of the principal of the Hybrid Bonds on the bond call date of October 6, 2024. For details of the principal and interest rate associated with the Hybrid Bond, see Note 20 to our audited consolidated financial statements.
(5) Pension and post-retirement contributions cannot be determined beyond the fiscal year ending March 31, 2025 because the timing of funding is uncertain and dependent on future movements in interest rates and investment returns, changes in laws and regulations and other variables.
(6) Does not include contractual obligations whose timing we are unable to estimate, including defined benefit obligations, litigation reserves and long-term income tax liabilities and does not include liabilities recorded at fair value as amounts will fluctuate based on any changes in fair value including derivative liabilities and financial liabilities associated with contingent consideration arrangements. The carrying amounts of derivative liabilities and financial liabilities associated with contingent consideration arrangements as of March 31, 2024 were JPY 25.1 billion and JPY 7.8 billion, respectively. Milestone payments that are dependent on the occurrence of certain future events are not included.
(7) Does not include purchase orders entered into for purchases made in the normal course of business.

Off-Balance Sheet Arrangements

Milestone Payments

Under the terms of our collaborations with third parties for the development of new products, we may be required to make payments for the achievement of certain milestones related to the development of pipeline products and the launch and subsequent marketing of new products. As of March 31, 2024, the contractual amount of potential milestone payments totaled JPY 1,331.4 billion, in each case excluding potential commercial milestone payments. See Note 13 and 32 to our audited consolidated financial statements for further details.

Supplemental Discussion of Financial Leverage (Adjusted Net Debt to Adjusted EBITDA Ratio) (Non-IFRS Measure)

Particularly following the acquisition of Shire, investors, analysts and ratings agencies have closely monitored Takeda's financial leverage, as represented by the ratio of its Adjusted Net Debt to Adjusted EBITDA. Adjusted Net Debt, Adjusted EBITDA and the ratio thereof are all non-IFRS measures. See "—Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information, including reconciliations of bonds and loans to Adjusted Net Debt, and of Net Profit for the year to EBITDA and Adjusted EBITDA, in each case, to the most directly comparable measures presented in accordance with IFRS. Takeda's ratio of Adjusted Net Debt to Adjusted EBITDA, and the ratio of each of the most directly comparable measures to Adjusted Net Debt and Adjusted EBITDA presented in accordance with IFRS as of the dates shown was as follows:

	For the Year Ended March 31,	
	2023	2024
	(billions of yen, except for ratios)	
IFRS:		
Bonds and loans	¥ (4,382.3)	¥ (4,843.8)
Net profit for the year	317.0	144.2
Ratio of bonds and loans to net profit for the year	13.8x	33.6x
Non-IFRS:		
Adjusted net debt	¥ (3,716.1)	¥ (4,091.3)
Adjusted EBITDA	1,421.8	1,319.9
Adjusted net debt to adjusted EBITDA ratio	2.6x	3.1x

Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda

In addition to its results presented in accordance with IFRS, Takeda presents certain "Non-IFRS" financial measures on a supplemental basis. These financial measures include *Constant Exchange Rate ("CER") change, Core Financial Measures, Net Debt, Adjusted Net Debt, EBITDA, Adjusted EBITDA, Free Cash Flow* and *Adjusted Free Cash Flow*.

Takeda's management evaluates its results of operations and financial condition and makes operating and investment decisions using both IFRS measures and the non-IFRS measures presented herein. Accordingly, Takeda presents both types of measures to provide investors with additional information to analyze Takeda's results of operations and financial condition and understand how Takeda's management assesses the same. Takeda's non-IFRS measures exclude or adjust the calculation of certain income, cost, cash flow or statement of financial position items which are included in the most closely comparable measures presented in accordance with IFRS. These 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 Takeda sometimes refer to as "reported" measures). Takeda strongly encourages investors to review its historical financial statements in their entirety and to use the measures presented in accordance with IFRS as the primary means of evaluating its performance. Moreover, Takeda encourages investors to review the definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures. Takeda also encourages investors to review the discussions of these non-IFRS financial measures—particularly the limitations on their usefulness—and to understand how such measures differ from similarly titled measures that may be presented by other companies in the pharmaceutical industry or in general.

Core Financial Measures

Takeda's Core Financial Measures, particularly *Core Revenue*, *Core Operating Profit*, *Core Net Profit for the Year* and *Core EPS*, exclude revenue from divestments, amortization and impairment losses on intangible assets and other impacts unrelated to the underlying trends and business performance of Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs. Core Revenue represents revenue adjusted to exclude significant revenue items unrelated to the underlying trends and business performance of Takeda's core operations. Core Operating Profit represents operating profit adjusted to exclude other operating expenses and income, amortization and impairment losses on acquired intangible assets and non-cash items or items unrelated to the underlying trends and business performance of Takeda's core operations. Core EPS represents net profit adjusted to exclude the impact of 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 the underlying trends and business performance of Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Takeda presents its Core Financial Measures because Takeda believes that these measures are useful to understanding its business without the effect of items that Takeda considers to be unrelated to the underlying trends and business performance of its core operations, including items (i) which may vary significantly from year-to-year or may not occur in each year, or (ii) whose recognition Takeda believes is largely uncorrelated to trends in the underlying performance of our core business. Takeda believes that similar measures are frequently used by other companies in its industry, and that providing these measures helps investors evaluate Takeda's performance against not only its performance in prior years but on a similar basis as its competitors. Takeda also presents Core Financial Measures because these measures are used by Takeda for budgetary

planning and compensation purposes (i.e., certain targets for the purposes of Takeda's Short-Term Incentive and Long-Term Incentive compensation programs, including incentive compensation of the CEO and CFO, are set in relation to the results of Takeda's Core Financial Measures. See "(4) Remuneration for Directors").

The usefulness of Core Financial Measures to investors has significant limitations including, but not limited to, (i) they are not necessarily identical to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) they exclude financial information and events, such as the effects of non-cash expenses such as dispositions or amortization of intangible assets, that some may consider important in evaluating Takeda's 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 (however, it is Takeda's policy not to adjust out normal, recurring cash operating expenses necessary to operate our business) and (iv) they may not include all items which investors may consider important to an understanding of our results of operations, or exclude all items which investors may not consider to be so.

The following tables reconcile, for each of the periods shown, Takeda's Core Financial Measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, namely: (i) Core Revenue to Revenue as presented under IFRS; (ii) Core Operating Profit to Operating Profit as presented under IFRS and (iii) Core Net Profit for the Year to Net Profit for the Year as presented under IFRS.

Adjustments to Revenue and Operating Profit to calculate Core Revenue and Core Operating Profit:

	For the Year Ended March 31, 2024					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets[1]	Other operating income/ expenses[2]	Others	Core Financial Measures
	(billions of yen)					
Revenue	¥ 4,263.8	¥ —	¥ —	¥ —	¥ —	¥ 4,263.8
Cost of sales	(1,426.7)	—	—	—	0.4	(1,426.3)
Selling, general and administrative expenses	(1,053.8)	—	—	—	0.9	(1,053.0)
Research and development expenses	(729.9)	—	—	—	0.3	(729.6)
Amortization of intangible assets	(521.5)	521.5	—	—	—	—
Impairment of intangible assets	(130.6)	—	130.6	—	—	—
Other operating income (expenses)	(187.1)	—	—	187.1	—	—
Operating profit	¥ 214.1	¥ 521.5	¥ 130.6	¥ 187.1	¥ 1.5	¥ 1,054.9

Notes:
(1) Intangible assets include IPR&D.
(2) Other operating income/expenses include changes in fair value of financial assets and liabilities associated with contingent consideration arrangements, gains/losses on sales of property, plant and equipment and investment property, gain on divestment of business and subsidiaries, donations and contributions, rental income and lease expense for sublease, restructuring expenses, valuation reserves for pre-launch inventories, impairment of assets held for sale, legal provisions and write-offs of option assets.

	For the Year Ended March 31, 2023					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets[1]	Other operating income/ expenses[2]	Others[3]	Core Financial Measures
	(billions of yen)					
Revenue	¥ 4,027.5	¥ —	¥ —	¥ —	¥ —	¥ 4,027.5
Cost of sales	(1,244.1)	—	—	—	35.7	(1,208.4)
Selling, general and administrative expenses	(997.3)	—	—	—	(0.0)	(997.3)
Research and development expenses	(633.3)	—	—	—	(0.0)	(633.4)
Amortization of intangible assets	(485.1)	485.1	—	—	—	—
Impairment of intangible assets	(57.3)	—	57.3	—	—	—
Other operating income (expenses)	(119.8)	—	—	119.8	—	—
Operating profit	¥ 490.5	¥ 485.1	¥ 57.3	¥ 119.8	¥ 35.6	¥ 1,188.4

Notes:
(1) Intangible assets include IPR&D.
(2) Other operating income/expenses include changes in fair value of financial assets and liabilities associated with contingent consideration arrangements, gains/losses on sales of property, plant and equipment and investment property, change in estimate of liabilities related to SHP647, donations and contributions, rental income and lease expense for sublease, restructuring expenses, valuation reserves for pre-launch inventories, impairment of assets held for sale, legal provisions and write-offs of option assets.
(3) Others: cost of sales includes expenses related to the COVID-19 pandemic and the unwinding of acquisition accounting adjustments (i.e., step up) in value of inventory and PP&E related to the Shire acquisition completed in the fiscal year ended March 31, 2019.

Adjustments to Net Profit for the Year to calculate Core Net Profit for the Year:

	For the Year Ended March 31, 2024					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others[1]	Core Financial Measures
	(billions of yen, except for percentages)					
Operating profit	¥ 214.1	¥ 521.5	¥ 130.6	¥ 187.1	¥ 1.5	¥ 1,054.9
Operating margin	5.0 %	—	—	—	—	24.7 %
Finance income (expenses), net	(167.8)	—	—	—	25.8	(142.0)
Share of profit (loss) of investments accounted for using the equity method	6.5	—	—	—	(0.5)	5.9
Profit before tax	52.8	521.5	130.6	187.1	26.8	918.8
Income tax (expenses) benefit[2]	91.4	(108.7)	(28.6)	(43.1)	(73.0)	(161.9)
Net profit for the year	¥ 144.2	¥ 412.8	¥ 102.0	¥ 144.1	¥ (46.2)	¥ 756.9

Notes:

(1) Others: finance income (expenses), net includes the loss on non-monetary items for subsidiaries in hyperinflationary economies and for which, IAS29, Financial Reporting in Hyperinflationary Economies, is applied, and finance income and expense related to non-core transactions

(2) Taxes on the adjustments between IFRS Accounting Standards and core results, take into account the statutory tax rate applicable to the item based upon the jurisdiction where the adjustment is recorded. Total income tax expense on core profit before tax adjustments (JPY 866.0 billion) was JPY 253.3 billion, resulting in an average tax rate of 29.2% on core adjustments.

	For the Year Ended March 31, 2023					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others[1]	Core Financial Measures
	(billions of yen, except for percentages)					
Operating profit	¥ 490.5	¥ 485.1	¥ 57.3	¥ 119.8	¥ 35.6	¥ 1,188.4
Operating margin	12.2 %	—	—	—	—	29.5 %
Finance income (expenses), net	(106.8)	—	—	—	(19.8)	(126.6)
Share of profit (loss) of investments accounted for using the equity method	(8.6)	—	—	—	8.8	0.2
Profit before tax	375.1	485.1	57.3	119.8	24.6	1,062.0
Income tax (expenses) benefit[2]	(58.1)	(103.5)	(12.5)	(25.5)	3.9	(195.6)
Net profit for the year	¥ 317.0	¥ 381.6	¥ 44.9	¥ 94.4	¥ 28.5	¥ 866.4

Notes:

(1) Others: finance income (expenses), net includes the loss on non-monetary items for subsidiaries in hyperinflationary economies and for which, IAS29, Financial Reporting in Hyperinflationary Economies, is applied, and finance income and expense related to non-core transactions; share of profit (loss) of investments accounted for using the equity method includes gains and losses associated with divestments and liquidations, and other fair value adjustments.

(2) Taxes on the adjustments between IFRS Accounting Standards and core results, take into account the statutory tax rate applicable to the item based upon the jurisdiction where the adjustment is recorded. Total income tax expense on core profit before tax adjustments (JPY 686.8 billion) was JPY 137.6 billion, resulting in an average tax rate of 20.0% on core adjustments.

Constant Exchange Rate ("CER") Change

CER, or "constant exchange rate" change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating financial results in accordance with IFRS or core (non-IFRS) financial measures for the current period using corresponding exchange rates in the same period of the previous fiscal year.

Takeda presents CER change because we believe that this measure is useful to investors to better understand the effect of exchange rates on our business, and to understand how our results of operations might have changed from year to year without the effect of fluctuations in exchange rates. These are the primary ways in which our management uses these measures to evaluate our results of operations. We also believe that this is a useful measure for investors as similar performance measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the results of operations of other companies in our industry (many of whom similarly present measures that adjust for the effect of exchange rates).

The usefulness of this presentation has significant limitations including, but not limited to, that while CER change is calculated using the same exchange rates used to calculate financial results as presented under IFRS for the previous fiscal year, this does not necessarily mean that the transactions entered into during the relevant fiscal year could have been entered into or would have been recorded at the same exchange rates. Moreover, other companies in our industry using similarly titled measures may define and calculate those measures differently than we do, and therefore such measures may not be directly comparable. Accordingly, CER change at constant exchange rates should not be considered in isolation and is not, and should be viewed as, a substitute for change in financial results as prepared and presented in accordance with IFRS.

The following tables show our results of operations, including the year-over-year percentages changes thereto, in each case as calculated and presented in accordance with IFRS, and reconcile the CER percentage changes for each line item to such presentation.

CER Change (IFRS):

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER[(1)]
	2023	2024	Amount of Change	% Change	% Change
Revenue	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %
Cost of sales	(1,244.1)	(1,426.7)	(182.6)	14.7 %	9.8 %
Selling, general and administrative expenses	(997.3)	(1,053.8)	(56.5)	5.7 %	0.9 %
Research and development expenses	(633.3)	(729.9)	(96.6)	15.3 %	8.4 %
Amortization and impairment losses on intangible assets associated with products	(542.4)	(652.1)	(109.7)	20.2 %	12.2 %
Other operating income	25.4	19.4	(6.0)	(23.8)%	(26.3)%
Other operating expenses	(145.2)	(206.5)	(61.3)	42.2 %	34.5 %
Operating profit	490.5	214.1	(276.4)	(56.4)%	(50.3)%
Finance income (expenses), net	(106.8)	(167.8)	(61.0)	57.1 %	78.3 %
Share of profit (loss) of investments accounted for using the equity method	(8.6)	6.5	15.1	—	—
Profit before tax	375.1	52.8	(322.3)	(85.9)%	(84.1)%
Income tax (expenses) benefit	(58.1)	91.4	149.5	—	—
Net profit for the year	¥ 317.0	¥ 144.2	¥ (172.8)	(54.5)%	(57.0)%

(1) Starting from the quarter ending June 30, 2024, we will cease adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflationary Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29. Had the methodology been used for FY2023 Reported Results with CER % change, CER changes for revenue, operating profit and net profit would have been (0.3)%, (56.8)% and (55.7)%, respectively.

CER Change (non-IFRS):

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
			AER		CER[(1)]
	2023	2024	Amount of Change	% Change	% Change
Core revenue	¥ 4,027.5	¥ 4,263.8	¥ 236.3	5.9 %	1.5 %
Core cost of sales	(1,208.4)	(1,426.3)	(217.9)	18.0 %	13.0 %
Core selling, general and administrative expenses	(997.3)	(1,053.0)	(55.6)	5.6 %	0.8 %
Core research and development expenses	(633.4)	(729.6)	(96.3)	15.2 %	8.3 %
Core amortization and impairment losses on intangible assets associated with products	—	—	—	—	—
Core other operating income	—	—	—	—	—
Core other operating expenses	—	—	—	—	—
Core operating profit	1,188.4	1,054.9	(133.5)	(11.2)%	(13.3)%
Core finance income (expenses), net	(126.6)	(142.0)	(15.4)	12.2 %	13.9 %
Core share of profit of investments accounted for using the equity method	0.2	5.9	5.7	—	—
Core profit before tax	1,062.0	918.8	(143.2)	(13.5)%	(16.0)%
Core income tax (expenses)	(195.6)	(161.9)	33.7	(17.2)%	(20.2)%
Core net profit for the year	¥ 866.4	¥ 756.9	¥ (109.5)	(12.6)%	(15.0)%

Note:

(1) Starting from the quarter ending June 30, 2024, we will cease adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflationary Economies, is applied, because of the increased impacts of hyperinflation in the calculation of CER change using corresponding exchange rates in the same period of the previous fiscal year, effectively keeping CER change for these subsidiaries unchanged from those reported with IAS29. Had the methodology been used for FY2023 Core Results with CER % change, CER changes for core revenue, core operating profit and core net profit would have been (0.3)%, (16.0)% and (17.0)%, respectively.

Free Cash Flow and Adjusted Free Cash Flow

Takeda defines Free Cash Flow as cash flows from operating activities less acquisition of property, plant and equipment ("PP&E"). Takeda defines Adjusted Free Cash Flow as cash flows from operating activities, subtracting acquisition of PP&E, intangible assets and investments as well as removing any other cash that is not available to Takeda's immediate or general business use, and adding proceeds from sales of PP&E, and the net effect of sales (including redemptions where relevant) and acquisition of investments and businesses, net of cash and cash equivalents acquired and divested.

Takeda presents Free Cash Flow and Adjusted Free Cash Flow because Takeda believes that these measures are useful to investors as similar measures of liquidity are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Adjusted Free Cash Flow is also used by our management to evaluate our liquidity and our cash flows, particularly as they relate to our ability to meet our liquidity requirements and to support our capital allocation policies. Takeda also believes that Free Cash Flow and Adjusted Free Cash Flow are helpful to investors in understanding how our strategic acquisitions and divestitures of businesses contribute to our cash flows and liquidity.

The usefulness of Free Cash Flow and Adjusted Free Cash Flow to investors has significant 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 do not reflect the effect of our current and future contractual and other commitments requiring the use or allocation of capital and (iii) the addition of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents acquired and divested do not represent cash received from our core ongoing operations. Free Cash Flow and Adjusted Free Cash Flow should not be considered in isolation and are not, and should not be viewed as, substitutes for cash flows from operating activities or any other measure of liquidity presented in accordance with IFRS. The most directly comparable measure under IFRS for Free Cash Flow and Adjusted Free Cash Flow is net cash from operating activities.

The following table provides a reconciliation from Net Cash from Operating Activities, the most comparable measure presented in accordance with IFRS, to Free Cash Flow and Adjusted Free Cash Flow for the fiscal year ended March 31, 2023 and 2024:

	2023	2024
	(billions of yen)	
Net cash from operating activities (IFRS)	¥ 977.2	¥ 716.3
Acquisition of PP&E	(140.7)	(175.4)
Free cash flow (non-IFRS)	836.5	540.9
Adjustment for cash temporarily held by Takeda on behalf of third parties[(1)]	81.7	18.0
Proceeds from sales of PP&E	1.0	8.6
Acquisition of intangible assets[(2)]	(493.0)	(305.3)
Acquisition of investments	(10.2)	(6.8)
Proceeds from sales and redemption of investments	22.3	8.0
Proceeds from sales of business, net of cash and cash equivalents divested	8.0	20.0
Adjusted free cash flow (non-IFRS)	¥ 446.2	¥ 283.4

Notes:

(1) Adjustment for cash temporarily held by Takeda on behalf of third parties refers to changes in cash balances that are temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, which are not available to Takeda's immediate or general business use.

(2) Proceeds from sale of intangible assets are separately adjusted as they are recorded within operating cash flows, except certain immaterial transactions.

EBITDA and Adjusted EBITDA

Takeda defines EBITDA as consolidated net profit before income tax expenses, depreciation and amortization and net interest expense. Takeda defines Adjusted EBITDA as EBITDA further adjusted to exclude impairment losses, other operating income and expenses (excluding depreciation and amortization), finance income and expenses (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.

Takeda presents EBITDA and Adjusted EBITDA because Takeda believes 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. Primarily, Adjusted EBITDA is used by Takeda for the purposes of monitoring its financial leverage. See "(c) Sources and Uses of Liquidity Supplemental Discussion of Financial Leverage (Adjusted Net Debt to Adjusted EBITDA Ratio) (Non-IFRS Measure)" "—Adjusted Net Debt/Adjusted EBITDA Ratio" below. Takeda further believes 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.

The usefulness of EBITDA and Adjusted EBITDA to investors has significant limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in the pharmaceutical 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 Takeda's 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 Takeda's long-term operations, such as the results of businesses divested during a period. EBITDA and Adjusted EBITDA should not be considered in isolation and are not, and should not be viewed as, substitutes for operating income, net profit for the year or any other measure of performance presented in accordance with IFRS.

The following table provides a reconciliation from net profit to EBITDA and Adjusted EBITDA for the fiscal years ended March 31, 2023 and 2024:

	For the Year Ended March 31,	
	2023	2024
	(billions of yen)	
Net profit for the year (IFRS)	¥ 317.0	¥ 144.2
Income tax expenses (benefit)	58.1	(91.4)
Depreciation and amortization	664.4	728.0
Interest expense, net	111.5	108.2
EBITDA (non-IFRS)	1,151.0	889.0
Impairment losses	64.4	150.0
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous non-cash expenses	109.0	162.2
Finance expense (income), net, excluding interest income and expense, net	(4.7)	59.5
Share of loss (profit) on investments accounted for under the equity method	8.6	(6.5)
Other adjustments[(1)]	93.5	65.6
Adjusted EBITDA (non-IFRS)	¥ 1,421.8	¥ 1,319.9

Note:

(1) Other adjustments include expenses related to the COVID-19 pandemic, the impact on profit related to the "step up" in value of inventory related to the Shire acquisition and adjustments for EBITDA from divested products which are removed as part of Adjusted EBITDA.

Adjusted Net Debt/Adjusted EBITDA Ratio

Takeda defines Net Debt as the book value of bonds and loans adjusted only for cash and cash equivalents, and Adjusted Net Debt first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates for non-JPY debt outstanding at the beginning of the period and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period, which reflects the methodology our management uses to monitor our leverage, and (ii) the 50% "equity credit" applied to Takeda's "hybrid" subordinated indebtedness by S&P Global Rating Japan in recognition of the equity-like features of those instruments pursuant to such agency's ratings methodology. To calculate Adjusted Net Debt, Takeda deducts from this figure cash and cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

Takeda presents Net Debt and Adjusted Net Debt because Takeda believes that these measures are useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents, and, in conjunction with Adjusted EBITDA, to monitor our financial leverage (for the avoidance of doubt, Adjusted Net Debt and the ratio of Adjusted Net Debt to Adjusted EBITDA are not intended to be indicators of Takeda's liquidity). Takeda also believes that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Particularly following the acquisition of Shire, investors, analysts and, in particular, ratings agencies, have closely monitored Takeda's leverage, as represented by the ratio of its Adjusted Net Debt to Adjusted EBITDA. In light of the weight given by ratings agencies in particular to this ratio, Takeda believes that such information is useful to investors to help understand not only Takeda's financial leverage, but also how ratings agencies evaluate the level of financial leverage in evaluating Takeda's quality of credit. Accordingly, as described below, Takeda includes an adjustment to its Adjusted Net Debt to reflect the "equity treatment" afforded to certain of its subordinated indebtedness by ratings agencies (such indebtedness does not qualify for treatment as equity under IFRS).

The usefulness of Adjusted Net Debt to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) it does not reflect the amounts of interest payments to be paid on Takeda's indebtedness, (iii) it does not reflect any restrictions on Takeda's ability to prepay or redeem any of our indebtedness, (iv) it does not reflect any fees, costs or other expenses that Takeda may incur in converting cash equivalents to cash, in converting cash from one currency into another or in moving cash within our consolidated group, (v) it applies to gross debt an adjustment for average foreign exchange rates which, although consistent with Takeda's financing agreements, does not reflect the actual rates at which Takeda would be able to convert one currency into another and (vi) it reflects an equity credit despite the fact that Takeda's subordinated bonds are not eligible for equity treatment under IFRS, although Takeda believes this adjustment to be reasonable and useful to investors. Adjusted Net Debt should not be considered in isolation and is not, and should not be viewed as, a substitute for bonds and loans or any other measure of indebtedness presented in accordance with IFRS.

Takeda's ratio of Adjusted Net Debt to Adjusted EBITDA as of the dates shown was as follows.

	For the Year Ended March 31,	
	2023	2024
	(billions of yen)	
Adjusted net debt	¥ (3,716.1)	¥ (4,091.3)
Adjusted EBITDA	1,421.8	1,319.9
Adjusted net debt to adjusted EBITDA ratio	2.6x	3.1x

The following table provides a reconciliation from bonds and loans to Adjusted Net Debt as of March 31, 2023 and 2024:

	For the Year Ended March 31	
	2023	2024
	(billions of yen)	
Non-current portion of bonds and loans (IFRS)	¥ (4,042.7)	¥ (4,476.5)
Current portion of bonds and loans (IFRS)	(339.6)	(367.3)
Bonds and loans (IFRS)	(4,382.3)	(4,843.8)
Cash and cash equivalents (IFRS)[(1)]	533.5	457.8
Net debt (non-IFRS)	(3,848.8)	(4,386.0)
Cash temporarily held by Takeda on behalf of third parties[(1)]	(125.8)	(107.8)
Level 1 debt investments[(1)]	—	—
Foreign exchange adjustment[(2)]	8.5	152.5
Application of equity credit[(3)]	250.0	250.0
Adjusted net debt (non-IFRS)	¥ (3,716.1)	¥ (4,091.3)

Notes:

(1) Deducts cash and cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, which is not available to Takeda's immediate or general business use, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

(2) Foreign exchange adjustment refers to change from the month-end rate to the average rate used for calculation of debt denominated in currencies other than Japanese yen to match the calculation of Adjusted EBITDA.

(3) Application of equity credit includes JPY 250.0 billion reduction in debt due to JPY 500.0 billion hybrid bond issuance in June 2019, given that the hybrid bond qualifies for a 50% equity credit for leverage purposes.

5. Material Contracts

Acquisition of Nimbus Lakshmi, Inc.

On December 13, 2022, we entered into a share purchase agreement with Nimbus Therapeutics, LLC ("Nimbus") to acquire all of the capital stock of Nimbus Lakshmi, Inc. ("Lakshmi"), a wholly owned subsidiary of Nimbus, that owns or controls the intellectual property rights and other associated assets related to the allosteric TYK2 inhibitor known internally at Nimbus as "NDI-034858". Under the terms of the agreement, we paid Nimbus USD 4.0 billion upfront following the closing of the transaction, and will pay two milestone payments of USD 1.0 billion each upon achieving annual net sales of USD 4.0 billion and USD 5.0 billion of products developed from the "TAK-279" program, formally known as "NDI-034858" at Nimbus. The transaction closed on February 8, 2023. In addition, in connection with the transaction, we have agreed to assume Nimbus's obligations under a January 2022 settlement agreement with Bristol-Myers Squibb and its Celgene Corporation subsidiary (collectively, "BMS") to make certain payments to BMS following the achievement of development, regulatory, and sales-based milestones for products developed from the TAK-279 program.

See "4. Management's Analysis of Financial Position, Operating Results and Cash Flows, (2) Management Discussion and Analysis on Business Performance, (a) Analysis of Consolidated Operating Results, i) Factors Affecting Our Results of Operations, *Factors Affecting Our Results of Operations, Acquisitions.*"

6. Research and Development

Research and development expenses for the fiscal year ended March 31, 2024 were JPY 729.9 billion. Takeda does not report disaggregated R&D expenses, including by therapeutic area or clinical trial stage, as our R&D budget is determined on a company-wide basis and specific expenditures may be subject to re-allocation depending on development results and priorities.

The research and development (R&D) of biopharmaceutical products is a lengthy and expensive process that can span more than 10 years. The process includes multiple studies to evaluate a product's efficacy and safety, followed by submission to regulatory authorities who review the data and decide whether to grant marketing approval. Only a small number of therapeutic candidates pass such rigorous investigation and become available for use in clinical treatment. Once approved, there is ongoing R&D support for marketed products, including life-cycle management, medical affairs, and other investments.

Clinical trials, which must comply with regional and international regulatory guidelines, generally take five to seven years or longer, and require substantial expenditures. In general, clinical trials are performed in accordance with the guidelines set by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use. The relevant regional regulatory authorities are the Food and Drug Administration (FDA) for the United States, the European Medicines Agency (EMA) for the EU, the Ministry of Health, Labour and Welfare (MHLW) for Japan and National Medical Products Administration (NMPA) for China.

The three phases of human clinical trials, which may overlap with each other, are as follows:

Phase 1 ("P-1") clinical trials

Conducted using a small group of healthy adult volunteers in order to evaluate safety and absorption, distribution, metabolism and excretion of the drug.

Phase 2 ("P-2") clinical trials

Conducted using a small group of patient volunteers in order to evaluate safety, efficacy, dosage and administration methods. P-2 clinical trials may be divided into two sub-categories, P-2a and P-2b. P-2a are usually pilot studies designed to demonstrate clinical efficacy or biological activity. P-2b studies look to find the optimum dose at which the drug shows biological activity with minimal side-effects.

Phase 3 ("P-3") clinical trials

Conducted using a large number of patient volunteers in order to evaluate safety and efficacy in comparison to other medications already available or placebo.

Of these three phases, Phase 3 requires the largest expenditures and thus the decision to proceed with Phase 3 testing is a critical business decision in the drug development process. For those drug candidates that pass Phase 3 clinical trials, a New Drug Application ("NDA"), Biologics License Application ("BLA") or a Marketing Authorization Application ("MAA") is submitted to the relevant governmental authorities for approval, which if granted permits the subsequent launch of the drug. The preparation of an NDA, BLA or MAA submission involves considerable data collection, verification, analysis and expense. Even after the launch of the product, health authorities require post-marketing surveillance of adverse events, and they may request a post-marketing study to provide additional information regarding the risks and benefits of the product.

Takeda's R&D engine is focused on translating science into highly innovative, life-transforming medicines that make a critical difference to patients. Takeda supports dedicated R&D efforts across three areas: Innovative Biopharma, Plasma-Derived Therapies and Vaccines. The R&D engine for Innovative Biopharma is the largest component of our R&D investment and has produced exciting new molecular entities ("NMEs") that represent potential best-in-class and/or first-in-class medicines in areas of high unmet medical need, both in rare and more prevalent conditions, across our core therapeutic areas (Gastrointestinal and Inflammation, Neuroscience, and Oncology). Takeda is committed to rare diseases, and many of the life-transforming medicines we are pursuing will treat rare diseases in our core therapeutic areas as well as in PDT. We are working to harness the potential of cell and gene therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships. We are embracing data and digital technologies to improve the quality of innovation and accelerate execution.

Takeda's pipeline is positioned to support both the near-term and long-term sustained growth of the company. Once first approval of a product is achieved, Takeda R&D is equipped to support geographic expansions of such approval and approvals in additional indications, as well as post-marketing commitment and potential additional formulation work. Takeda's R&D team works closely with the commercial functions to maximize the value of marketed products and reflect commercial insights in its R&D strategies and portfolio.

In addition to our concentrated efforts to increase our in-house R&D capabilities, external partnerships with third-party partners are a key component of our strategy for enhancing our R&D pipeline. Our strategy to expand and diversify our external partnerships allows us to take part in research of a wide variety of new products and increases the chances that we will be able to take part in a major research-related breakthrough.

Our key in-house R&D facilities include:

- Greater Boston Area Research and Development Site: Our Boston R&D site is located in Cambridge, Massachusetts in the United States. It is the center of our global gastrointestinal and inflammation, oncology, and other rare diseases programs R&D, and also supports R&D in other areas including plasma-derived therapies and vaccines, as well as research in immunomodulation and biologics. The site is home to the Takeda Cell Therapy engine with a state-of-the-art cell therapy manufacturing facility. Furthermore, Takeda signed a 15-year lease for an approximately 600,000 square foot state-of-the-art R&D and office facility under construction in Kendall Square, which Takeda plans to occupy from 2026.
- Shonan Health Innovation Park: Located in Fujisawa and Kamakura in Kanagawa Prefecture in Japan, the Shonan Health Innovation Park ("Shonan iPark") was opened in 2018 when Takeda transformed its Shonan Research Center into the first pharma-led science park in Japan by opening its doors to external parties and is the primary location for Takeda's neuroscience research. To attract more diverse partners and to further the success of the Shonan iPark, Takeda transferred ownership rights of Shonan iPark to a trustee in

2020 and transferred operation of Shonan iPark to a company established by Takeda in 2023. Takeda, as a flagship tenant, is committed to invigorating life science research in Japan.

- San Diego Research and Development Site*: Our R&D site located in San Diego, California in the United States supports R&D in the gastrointestinal and inflammation and neuroscience areas. The San Diego research center operates as a "biotech-like" site and leverages internal capabilities such as structural biology and biophysics to catalyze research internally and externally.
- Vienna, Austria Research and Development Site: Our R&D site, located in Vienna, Austria, supports programs in R&D and in PDT. The research center focuses on biologics programs in R&D and contains manufacturing sites for plasma derived products. A new R&D laboratory is planned to be constructed in Vienna's Donaustadt district in 2026 as a "Green Building" and is designed to be certified as a Total Quality Building (TQB), which includes accessibility, comfort and adherence to environmental sustainability standards.

* In May 2024, Takeda decided to close the research and development site in San Diego.

Major progress on R&D events since April 2023 are listed as follows:

R&D pipeline

Gastrointestinal and Inflammation

In Gastrointestinal and Inflammation, Takeda focuses on delivering innovative, life-changing therapeutics for patients with gastrointestinal diseases, including those of the liver as well as immune-mediated inflammatory diseases. Takeda is maximizing the potential of our inflammatory bowel disease (IBD) franchise around ENTYVIO, including development of a subcutaneous formulation and expansion into other indications such as active chronic pouchitis. Takeda is also expanding its position with GATTEX/REVESTIVE to support further potential geographic expansion. Furthermore, Takeda is progressing a pipeline built through in-house discovery, partnerships and business development, exploring opportunities in inflammatory diseases (specifically in gastric, dermatological and rheumatic disorders, along with select rare hematological & renal diseases (mezagitamab (TAK-079), etc.)), liver diseases, and neurogastric diseases. Zasocitinib (TAK-279) is an example of an acquisition through business development of a late-stage, potential best-in-class oral allosteric tyrosine kinase 2 (TYK2) inhibitor with potential to treat multiple immune-mediated inflammatory diseases. Fazirsiran (TAK-999) is an example of an addition through partnership and a potential first-in-class RNAi for alpha-1 antitrypsin-deficiency associated liver disease in late-stage development.

Note: ADZYNMA (*apadamtase alfa/cinaxadamtase alfa (recombinant) (Development code:* TAK-755)) and mezagitamab (TAK-079) have been developed in Gastrointestinal and Inflammation starting from FY2023 Q4.

ENTYVIO / Generic name: vedolizumab

- In April 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review its Biologics License Application (BLA) resubmission for the investigational subcutaneous (SC) administration of ENTYVIO for maintenance therapy in adults with moderately to severely active ulcerative colitis (UC) after induction therapy with ENTYVIO intravenous (IV). The resubmission was intended to address FDA feedback in a December 2019 Complete Response Letter (CRL). Since receiving the CRL Takeda worked closely with the FDA to address the Agency's feedback; and this resubmission package included additional data collected to investigate the use of subcutaneous administration of ENTYVIO. The contents of the letter were unrelated to the IV formulation of ENTYVIO, the clinical safety and efficacy data, and conclusions from the pivotal VISIBLE 1 trial supporting the ENTYVIO SC BLA. VISIBLE 1 assessed the safety and efficacy of a SC formulation of ENTYVIO as maintenance therapy in 216 adult patients with moderately to severely active UC who achieved clinical response at week 6 following two doses of open-label ENTYVIO IV therapy at weeks 0 and 2. The primary endpoint was clinical remission at week 52, which was defined as a total Mayo score of ≤2 and no subscore >1. In September 2023, Takeda announced that the FDA approved a SC administration of ENTYVIO for maintenance therapy in adults with moderately to severely active UC after induction therapy with ENTYVIO IV.
- In September 2023, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to the marketing authorization status of ENTYVIO Pens for SC Injection 108 mg /Syringes for SC Injection 108 mg (ENTYVIO SC) as a maintenance therapy for moderate to severe active Crohn's disease with inadequate response to conventional treatment. This approval is based on the results of the MLN0002SC-3031 and MLN0002SC-3030 clinical trials, which are international Phase 3 trials that evaluated the efficacy and safety of ENTYVIO SC as a maintenance therapy in moderate to severe active Crohn's disease.
- In April 2024, Takeda announced that the FDA approved ENTYVIO SC administration for maintenance therapy in adults with moderately to severely active Crohn's disease after induction therapy with ENTYVIO IV. The approval is based on the VISIBLE 2 Study (SC CD Trial), a Phase 3, randomized, double-blind, placebo-controlled trial, which assessed the safety and efficacy of an SC formulation of ENTYVIO as maintenance therapy in total 409 adult patients with moderately to severely active Crohn's disease who had clinical response at week 6 following two doses of open-label ENTYVIO intravenous therapy at weeks 0 and 2. A statistically significant proportion of patients receiving ENTYVIO SC 108 mg maintenance therapy administered every 2 weeks achieved long-term clinical remission compared to patients receiving placebo (ENTYVIO SC: 48% vs. Placebo: 34%; $p<0.01$) at week 52. In clinical studies, the ENTYVIO SC safety profile was generally consistent with the known safety profile of ENTYVIO IV, with the addition of injection site reactions (including injection site erythema, rash, pruritus, swelling, bruising, hematoma, pain, urticaria and edema) as an adverse reaction for ENTYVIO SC.

ALOFISEL / Generic name: darvadstrocel

- In October 2023, Takeda announced that the Phase 3 ADMIRE-CD II study, assessing the efficacy and safety of ALOFISEL for the treatment of complex Crohn's Perianal Fistulas (CPF), did not meet its primary endpoint of combined remission at 24 weeks, based on topline data. The safety profile for darvadstrocel was consistent with prior studies and there were no new safety signals identified. Full results of the study will be presented at a future medical meeting or published in a peer-reviewed journal. ALOFISEL is approved in the European Union (EU), Israel, Switzerland, Serbia, United Kingdom and Japan based on positive data from the previously completed ADMIRE-CD study.

ADZYNMA / Generic name: apadamtase alfa/cinaxadamtase alfa (recombinant) (Development code: TAK-755)

- In June 2023, Takeda presented favorable interim results from a global pivotal Phase 3 randomized, controlled, open-label, crossover trial evaluating the safety and efficacy of TAK-755 replacement therapy for the prophylactic treatment of congenital thrombotic thrombocytopenic purpura (cTTP), and pharmacokinetics (PK) characteristics of TAK-755, as well as long-term data on TAK-755 prophylaxis from a Phase 3b continuation study at the International Society on Thrombosis and Haemostasis (ISTH) 2023 Congress. In the pivotal trial, no patient had an acute TTP event while receiving TAK-755 prophylactic treatment. TAK-755 also reduced the incidence of thrombocytopenia by 60%, as compared to plasma-based therapy (hazard ratio [HR] 0.40; 95% confidence interval [CI]; 0.3- 0.7). Treatment-emergent adverse events (TEAEs) were reported in 10.3% of patients ages 12-68 receiving TAK-755 compared to 50% of patients receiving plasma-based therapy, demonstrating a favorable safety and tolerability profile with a potential safety advantage over plasma-based therapies. PK characteristics of ADAMTS13 after a single infusion (0-168 hours) were evaluated and compared to plasma-based therapy in 36 cTTP patients aged 12 and older. Patients receiving TAK-755 achieved a five-fold increase in their ADAMTS13 activity levels compared to those receiving plasma-based therapy (Cmax 100% activity for TAK-755 vs. 19% activity for plasma-based therapy) and lower variability (23.8% vs. 56% coefficient of variation [CV], respectively). Also, the results of an interim analysis of the Phase 3b continuation study, evaluating the safety and efficacy of long-term TAK-755 prophylaxis in 29 patients with cTTP, demonstrated a consistently favorable safety profile with TAK-755 prophylaxis and no development of neutralizing antibodies. Zero acute TTP events occurred during TAK-755 prophylaxis, and the incidence rates of subacute TTP events and TTP manifestations were comparable to those with TAK-755 prophylaxis in the pivotal study.
- In November 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) approved ADZYNMA for the prophylactic and on-demand treatment of adult and pediatric patients with cTTP. The FDA previously granted Fast Track Designation, Orphan Drug Designation, and Rare Pediatric Disease Designation in cTTP, as well as Priority Review for ADZYNMA's Biologic License Application (BLA). The FDA granted the company a Rare Pediatric Disease Voucher for the approval of ADZYNMA. The FDA approval of ADZYNMA was supported by the totality of the evidence provided by the analysis of efficacy, pharmacokinetic, safety and tolerability data from the first randomized, controlled, open-label, crossover Phase 3 trial in cTTP as well as by data from the continuation trial. ADZYNMA is the first and only FDA-approved recombinant ADAMTS13 (rADAMTS13) designed to address an unmet medical need in people with cTTP by replacing the deficient ADAMTS13 enzyme.
- In March 2024, Takeda announced that that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved the use of ADZYNMA for the treatment of cTTP for individuals 12 years of age and older. The approval is supported by the totality of the evidence provided from an interim analysis of efficacy, pharmacokinetic, safety and tolerability data from the first randomized, controlled, open-label, crossover Phase 3 trial (281102) in cTTP patients primarily in ages 12-68, which includes five Japanese patients and supported by long-term safety and efficacy data from a continuation study (TAK-755-3002).
- In May 2024, Takeda announced that the European Medicines Agency's (EMA)'s Committee for Medicinal Products for Human Use (CHMP) recommended the approval, under exceptional circumstances, of TAK-755 for the treatment of ADAMTS13 deficiency in children and adult patients with cTTP. The Committee's positive opinion was supported by the totality of evidence including the interim analysis of efficacy, pharmacokinetic, safety and tolerability data from the first randomized, controlled open-label, crossover Phase 3 trial in cTTP.

EOHILIA / Generic name: budesonide (Development code: TAK-721)

- In February 2024, Takeda announced that the U.S. Food and Drug Administration (FDA) approved EOHILIA (budesonide oral suspension) for 12 weeks of treatment in people 11 years and older with eosinophilic esophagitis (EoE). The FDA approval of EOHILIA 2 mg twice daily is based on efficacy and safety data from two multicenter, randomized, double-blind, parallel-group, placebo-controlled 12-week studies (Study 1 and Study 2) in patients (ages 11 to 56 and 11 to 42, respectively) with EoE.

Development Code: TAK-279 / Generic name: zasocitinib

- In November 2023, Takeda presented positive results from its randomized, double-blind, placebo-controlled, Phase 2b trial evaluating zasocitinib in patients with active psoriatic arthritis during a late-breaking session at the American College of Rheumatology (ACR) Convergence 2023. The study met its primary endpoint with a statistically significant proportion of patients, 53.3% (15 mg) and 54.2% (30 mg), treated once-daily with zasocitinib achieving at least an American College of Rheumatology 20 (ACR 20) response compared to 29.2% in the placebo arm at week 12 ($p = 0.002$). zasocitinib demonstrated improvements in key secondary endpoints and the safety and tolerability profile in the trial was consistent with that observed in the Phase 2b plaque psoriasis clinical study. Based on the Phase 2b results, Takeda intends to initiate a Phase 3 development program of zasocitinib in psoriatic arthritis. Takeda also initiated a Phase 3 development program of zasocitinib in plaque psoriasis in Q3 FY2023 and plans to evaluate zasocitinib in Crohn's disease, ulcerative colitis and additional immune-mediated inflammatory diseases.

Development code: TAK-079 / Generic name: mezagitamab

- In June 2024, Takeda presented positive results from its Phase 2b, randomized, double-blind, placebo-controlled study (TAK-079-1004 trial) evaluating the safety, tolerability and efficacy of mezagitamab in patients with persistent or chronic primary immune thrombocytopenia (ITP) at the oral Late-Breakthrough Session of the 32nd Congress of the International Society on Thrombosis and Haemostasis (ISTH). The TAK-079-1004 trial evaluated three different doses of subcutaneous mezagitamab (100mg, 300mg and 600mg) versus placebo, given once weekly for eight weeks in patients with chronic or persistent primary ITP, followed by >8 weeks of safety follow-up. The primary endpoint is the percentage of patients with at least one Grade 3 or higher treatment emergent adverse events (TEAEs), serious adverse events (SAEs), and adverse events (AEs) leading to mezagitamab discontinuation. Secondary endpoints included platelet response, complete platelet response, clinically meaningful platelet response, and hemostatic platelet response. The Phase 2b trial results demonstrated that mezagitamab treatment improved platelet response compared to placebo, across all three dose levels of mezagitamab tested. Patients treated with mezagitamab showed rapid and sustained increases in platelet counts (above the 50,000/μL therapeutic threshold), that persisted eight weeks after the last dose through to Week 16, illustrating the rapid and post-therapy effects of mezagitamab on platelet response. In this study, mezagitamab had a favorable safety/

tolerability profile in patients with ITP, with no new safety signals and a safety profile consistent with prior studies of mezagitamab. Takeda plans to initiate a global Phase 3 trial of mezagitamab in patients with ITP in the second half of FY2024. Mezagitamab previously received Orphan Drug Designation for the treatment of ITP from the U.S. Food and Drug Administration (FDA) and the program received Fast Track Designation.

Neuroscience

In Neuroscience, Takeda is focusing its R&D investments on potentially transformative treatments for neurological and neuromuscular diseases of high unmet need and building its pipeline through a combination of in-house expertise and partnerships. By harnessing advances in disease biology understanding, translational tools, and innovative modalities, Takeda is primarily focusing on rare neurology, in particular, on potential investigative therapies for sleep-wake disorders such as narcolepsy and idiopathic hypersomnia with a franchise of orexin-2 receptor agonists (TAK-861, danavorexton (TAK-925), etc.), and rare epilepsies with soticlestat (TAK-935). Additionally, Takeda makes targeted investments to investigate well-defined segments of neuromuscular diseases, neurodegenerative diseases and movement disorders.

Development Code: TAK-861

- In February 2024, Takeda announced positive topline results from a randomized, double-blind, placebo-controlled, multiple dose Phase 2b trial evaluating TAK-861 in patients with narcolepsy type 1 (NT1). Two separate Phase 2b studies were conducted in NT1 and narcolepsy type 2 (NT2). Based on these results, and in consultation with global health authorities, Takeda plans to initiate global Phase 3 trials of TAK-861 in NT1 rapidly in the first half of its fiscal year 2024. At this time, Takeda does not plan to advance TAK-861 in NT2. TAK-861 was generally safe and well tolerated in both NT1 and NT2 trials.
- In June 2024, Takeda presented positive results from its Phase 2b trial of TAK-861 in NT1 at SLEEP 2024, the 38th annual meeting of the American Academy of Sleep Medicine and the Sleep Research Society. The randomized, double-blind, placebo-controlled, multiple dose trial, TAK-861-2001, in 112 patients with NT1 demonstrated statistically significant and clinically meaningful improvements across primary and secondary endpoints, with efficacy sustained over 8 weeks of treatment. The primary endpoint demonstrated statistically significant and clinically meaningful increased sleep latency on the Maintenance of Wakefulness Test (MWT) versus placebo across all doses (LS mean difference versus placebo all $p \leq 0.001$). Consistent results were achieved in the key secondary endpoints including the Epworth Sleepiness Scale (ESS) and Weekly Cataplexy Rate (WCR), demonstrating significantly improved subjective measures of sleepiness and cataplexy (sudden loss of muscle tone) frequency versus placebo. The majority of the participants who completed the trial enrolled in the long-term extension (LTE) study with some patients reaching one year of treatment. The dataset showed that TAK-861 was generally safe and well tolerated during the study, with no treatment-related serious treatment-emergent adverse events (TEAEs) or discontinuations due to TEAEs. No cases of hepatotoxicity or visual disturbances were reported in the Phase 2b trial or in the ongoing LTE study. The most common TEAEs were insomnia, urinary urgency and frequency, and salivary hypersecretion. Most TEAEs were mild to moderate in severity, and most started within 1-2 days of treatment and were transient. The Phase 2b data also supported the recent Breakthrough Therapy designation for TAK-861 for the treatment of excessive daytime sleepiness (EDS) in NT1 from the U.S. Food and Drug Administration (FDA).

Development code: TAK-935 / Generic name: soticlestat

- In June 2024, Takeda announced topline data for soticlestat from its SKYLINE and SKYWAY studies. SKYLINE (TAK-935-3001) was a multicenter, randomized, double-blind Phase 3 study that evaluated soticlestat plus standard of care versus placebo plus standard of care in patients with refractory Dravet syndrome (DS). Soticlestat narrowly missed the primary endpoint of reduction from baseline in convulsive seizure frequency as compared to placebo (p-value = 0.06). Among the six key secondary endpoints, soticlestat showed clinically meaningful and nominally significant results in the responder rate, measures of caregiver and clinician global impression of improvement, and seizure intensity and duration scales over the 16-week treatment period (all p-values $\leq$ 0.008). SKYWAY (TAK-935-3002) was a multicenter, randomized, double-blind Phase 3 study that evaluated soticlestat plus standard of care versus placebo plus standard of care in patients with refractory Lennox-Gastaut syndrome (LGS). Soticlestat missed the novel primary endpoint of reduction from baseline in Major Motor Drop (MMD) seizure frequency as compared to placebo. In SKYLINE and SKYWAY, some pre-specified subgroups of patients also showed nominally significant treatment effects on the primary and secondary efficacy endpoints of caregiver and clinician global impression of improvement, and seizure intensity and duration scales over the 16-week treatment period. Soticlestat was generally well tolerated in both SKYLINE and SKYWAY studies and demonstrated a safety profile consistent with the findings of previous studies. Takeda will engage with regulatory authorities to discuss the totality of the data generated by SKYLINE, SKYWAY and the Phase 2 ELEKTRA study to determine next steps. Takeda will also plan to present results of both Phase 3 studies at an upcoming scientific congress.

Oncology

In Oncology, we aspire to cure cancer, with inspiration from patients and innovation from everywhere. We are focused on: (1) building on our legacy in hematologic malignancies with marketed products (NINLARO, ADCETRIS, and ICLUSIG, etc.); (2) growing a solid tumor portfolio with marketed products (ALUNBRIG and FRUZAQLA [marketed in the U.S., development in other regions outside of mainland China, Hong Kong and Macau ongoing]); and (3) advancing a cutting-edge pipeline of highly innovative assets and platforms.

CABOMETYX / Generic name: cabozantinib

- In January 2024, Takeda announced that the detailed results from CONTACT-02, a phase 3 pivotal study led by Exelixis, evaluating CABOMETYX in combination with atezolizumab compared with a second novel hormonal therapy (NHT) in patients with metastatic castration-resistant prostate cancer (mCRPC) and measurable extra-pelvic soft tissue disease who have progressed on one prior NHT were presented during Oral Abstract Session at the American Society of Clinical Oncology 2024 Genitourinary Cancers Symposium (ASCO GU). For the primary endpoint of progression-free survival (PFS), at a median follow-up of 14.3 months for the PFS ITT (intent-to-treat) population (n=400), the hazard ratio (HR) was 0.65 (95% confidence interval [CI]: 0.50-0.84; p=0.0007); the median PFS (mPFS) was 6.3 months for CABOMETYX in combination with atezolizumab compared with 4.2 months for NHT. This was nearly identical to the PFS for the ITT population (n=507): HR was 0.64 (95% CI: 0.50-0.81, p=0.0002). At a median follow-up of 12.0 months for the ITT population, the median overall survival (OS), the other primary endpoint, was 16.7 months for CABOMETYX in combination with atezolizumab compared with 14.6 months for second NHT (HR: 0.79; 95% CI: 0.58-1.07; p=0.13), showing a trend toward OS improvement. The safety profiles of CABOMETYX and atezolizumab observed in this trial were consistent with their known safety profiles as monotherapies, and no new safety concerns were identified with the combination regimen.

ADCETRIS / Generic name: brentuximab vedotin

- In October 2023, Takeda announced that the European Commission (EC) approved ADCETRIS in combination with doxorubicin, vinblastine and dacarbazine (AVD) to treat adult patients with previously untreated CD30+ Stage III Hodgkin lymphoma. The decision follows a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) in September, 2023. The approval is based on the results of the randomized Phase 3 ECHELON-1 trial designed to compare ADCETRIS plus AVD to doxorubicin, bleomycin, vinblastine, and dacarbazine (ABVD) as a therapy in adult patients with previously untreated Stage III or IV Hodgkin lymphoma. The trial met its primary endpoint of modified progression-free survival (PFS), as well as its key secondary endpoint of overall survival (OS), demonstrating a statistically significant improvement in OS in adult patients with previously untreated Stage III or IV classical Hodgkin lymphoma treated with ADCETRIS+AVD. The safety profile of ADCETRIS was consistent with previous studies, and no new safety signals were observed.
- In November 2023, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change in approved items of the manufacturing and marketing approval of ADCETRIS with the new indication of relapsed or refractory CD30-positive cutaneous T-cell lymphoma (CTCL). The approval is based on the results of the Phase 3 ALCANZA trial conducted outside of Japan as well as the Japanese Phase 2 investigator-initiated SGN-35-OU trial in patients with relapsed or refractory CD30-positive CTCL.
- In June 2024, Takeda and Pfizer announced that the German Hodgkin Study Group (GHSG) will present positive results from the Phase 3 HD21 trial evaluating ADCETRIS in combination with chemotherapy as a late-breaking oral presentation at the 60th American Society of Clinical Oncology (ASCO) Annual Meeting and at the 29th European Hematology Association (EHA) Annual Meeting. The four-year analysis presented by the GHSG showed superior progression-free survival (PFS) and improved tolerability compared to a current standard of care regimen used in Europe in this setting. The HD21 study is a Phase 3, randomized, multi-country, prospective, open-label study, designed to evaluate ADCETRIS in combination with etoposide, cyclophosphamide, doxorubicin, dacarbazine and dexamethasone (BrECADD) in comparison to a standard of care treatment – escalated doses of bleomycin, etoposide, doxorubicin, cyclophosphamide, vincristine, procarbazine, prednisone (eBEACOPP) – in patients with newly diagnosed Stage IIb/III/IV classical Hodgkin lymphoma. The ASCO presentation provides details of a four-year PFS analysis of the HD21 study conducted by GHSG. After 48 months, BrECADD showed superior efficacy to BEACOPP (94.3% PFS for BrECADD and 90.9% PFS for eBEACOPP; hazard ratio "HR": 0.66 [95% CI:88.7-93.1]; p<0.035). As previously reported in the three-year analysis, treatment with BrECADD was also associated with a significant reduction in the incidence of treatment-related morbidity (TRMB) compared with BEACOPP (n=738; 42% vs 59%; p<0.001), as well as clinically meaningful reductions in adverse events (AEs). The safety profile of ADCETRIS in patients receiving BrECADD remained consistent with other approved ADCETRIS combination regimens, and no new safety signals were identified.

NINLARO / Generic name: ixazomib

- In September 2023, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for NINLARO capsules 0.5 mg as an additional dosage form of NINLARO (Capsules 2.3 mg/3 mg/4 mg). Aiming to achieve more appropriate dose adjustment in maintenance therapy for patients with multiple myeloma, Takeda filed this application to provide patients with a new treatment option (1.5 mg dose (0.5 mg/capsule x 3)) using a low-dose formulation of NINLARO.

EXKIVITY / Generic name: mobocertinib

- In October 2023, Takeda announced that, following discussions with the U.S. Food and Drug Administration (FDA), it will be working with the FDA towards a voluntary withdrawal of EXKIVITY in the U.S. for adult patients with epidermal growth factor receptor (EGFR) exon20 insertion mutation-positive (insertion+) locally advanced or metastatic non-small cell lung cancer (NSCLC) whose disease has progressed on or after platinum-based chemotherapy. Takeda intends to similarly initiate voluntary withdrawal globally where EXKIVITY is approved and is working with regulators in other countries where it is currently available on next steps. This decision was based on the outcome of the Phase 3 EXCLAIM-2 confirmatory trial, which did not meet its primary endpoint and thus did not fulfill the confirmatory data requirements of the accelerated approval granted by the U.S. FDA nor the conditional marketing approvals granted in other countries. The EXCLAIM-2 trial was a Phase 3, multicenter, open-label study designed to investigate the safety and efficacy of EXKIVITY as a monotherapy versus platinum-based chemotherapy in first-line EGFR exon20 insertion+ locally advanced or metastatic NSCLC. No new safety signals were observed in the EXCLAIM-2 trial. Full data from the trial will be presented at an upcoming medical meeting or published in a peer-reviewed journal.

FRUZAQLA / Generic name: fruquintinib

- In June 2023, Takeda and HUTCHMED (China) Limited announced that results of the Phase 3 FRESCO-2 study evaluating fruquintinib in patients with previously treated metastatic colorectal cancer (mCRC) were published in The Lancet. FRESCO-2 is a global Phase 3 clinical trial (MRCT) conducted in the U.S., Europe, Japan and Australia investigating fruquintinib plus best supportive care (BSC) vs placebo plus BSC in patients with previously treated mCRC. The FRESCO-2 study met its primary and key secondary endpoints, demonstrating that treatment with fruquintinib resulted in a statistically significant and clinically meaningful improvement in overall survival (OS) and progression-free survival (PFS), respectively. The safety profile of fruquintinib in FRESCO-2 was consistent with previously reported fruquintinib studies.
- In September 2023, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for fruquintinib for the treatment of previously treated mCRC. The NDA for fruquintinib is based on the global Phase 3 FRESCO-2 clinical trial and the Phase 3 FRESCO clinical trial.
- In November 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) approved FRUZAQLA for adults with mCRC who have been previously treated with fluoropyrimidine-, oxaliplatin-, and irinotecan-based chemotherapy, an anti-VEGF therapy, and, if RAS wild-type and medically appropriate, an anti-EGFR therapy. FRUZAQLA is the first and only selective inhibitor of all three VEGF receptor kinases approved in the U.S. for previously treated mCRC regardless of biomarker status. The approval of FRUZAQLA is based on data from two large Phase 3 trials: the global FRESCO-2 clinical trial along with the FRESCO clinical trial conducted in China.
- In June 2024, Takeda announced that the European Commission approved FRUZAQLA as a monotherapy indicated for the treatment of adult patients with mCRC who have been previously treated with available standard therapies, including fluoropyrimidine-, oxaliplatin-, and irinotecan-based chemotherapies, anti-VEGF agents, and anti-EGFR agents, and who have progressed on or are intolerant to treatment with either trifluridine-tipiracil or regorafenib. The approval is based on results from the Phase 3 multi-regional FRESCO-2 trial.

ICLUSIG / Generic name: ponatinib

- In March 2024, Takeda announced that the U.S. Food and Drug Administration (FDA) approved the supplemental New Drug Application (sNDA) for ICLUSIG for the treatment of adult patients with newly diagnosed Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) in combination with chemotherapy. This indication is approved under accelerated approval based on minimal residual disease (MRD)-negative complete remission (CR) at the end of induction met by the global Phase 3 PhALLCON study in which ICLUSIG demonstrated superiority in MRD-negative complete remission rates to imatinib. In the trial, the safety profile of ICLUSIG was comparable to imatinib, and no new safety signals were identified. Continued approval for this indication may be contingent upon verification and description of clinical benefit in confirmatory trials. This accelerated approval application was granted Priority Review and evaluated under the Real-Time Oncology Review (RTOR) program, an FDA initiative designed to expedite the delivery of cancer medicines by allowing components of an application to be reviewed before submission of the complete application.

VECTIBIX / Generic name: panitumumab

- In February 2024, Takeda announced that the study on biomarker research analyzing circulating tumor DNA (ctDNA) obtained from patients participating in the PARADIGM trial, a Japanese Phase 3 clinical trial of VECTIBIX for the first-line treatment of unresectable advanced recurrent colorectal cancer, to investigate the correlation of baseline ctDNA with treatment efficacy was published in the biomedical journal Nature Medicine. The results of this follow-up analysis showed that, in a group who did not have 10 genetic mutations reported to be associated with resistance to anti-EGFR antibody drugs (KRAS, NRAS, BRAF (V600E), PTEN and EGFR extracellular domain mutations, HER2 and MET amplification, as well as ALK, RET, and NTRK1 fusions), overall survival was longer in the mFOLFOX6 + VECTIBIX combination therapy group than in the mFOLFOX6 + bevacizumab combination therapy group in both left and right sided tumors combined (VECTIBIX combination therapy group: 40.7 months, bevacizumab combination therapy group: 34.4 months, HR: 0.76 [95% CI: 0.62-0.92]). The safety profile of VECTIBIX in this analysis aligns with the findings reported in previously published clinical trial results. The results suggest that analysis of ctDNA extracted from patients' blood may identify patients who are more likely to benefit from treatment with panitumumab, rather than simply selecting the treatment by the site of the primary tumor.

Other Rare Diseases programs

Takeda's R&D engine is focused on areas of high unmet medical need, both in rare and more prevalent conditions, across three core therapeutic areas (gastrointestinal and inflammation, neuroscience, and oncology). In other Rare Diseases programs, Takeda focuses on several areas of high unmet medical need. In hereditary angioedema, Takeda aspires to transform the treatment paradigm, including through TAKHZYRO, with continued investment in lifecycle management programs. In rare hematology, Takeda focuses on addressing today's needs in the treatment of bleeding disorders, including through ADVATE and ADYNOVATE/ADYNOVI. In addition, Takeda aims to redefine the management of post-transplant cytomegalovirus (CMV) infection/disease with LIVTENCITY. Takeda commits to fulfilling our vision to deliver life-transforming medicines to patients with rare diseases. Takeda will continue to explore late-stage business development that may leverage our rare diseases capabilities as well as bolster our commitment and leadership in rare diseases.

ADYNOVATE/ADYNOVI / Generic name: antihemophilic factor (recombinant), PEGylated

- In June 2023, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change in approved items of the manufacturing and marketing approval of ADYNOVATE for dosage and administration. This approval will contribute driving personalized treatments by adjusting dosage and administration including dosing amount and intervals, depending on individual patient's clinical presentation and activity level. The approval is based primarily on the results of the global Phase 3 CONTINUATION study and Phase 3 PROPEL study conducted outside of Japan.

OBIZUR / Generic name: Susoctocog Alfa (recombinant)

- In March 2024, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved OBIZUR, recombinant porcine coagulation factor VIII that is deficient in the glycosylated B domain, for the control of bleeding in patients with acquired hemophilia A (AHA). The approval is based primarily on a Phase 2/3 clinical trial in 5 Japanese patients aged 18 years and older with AHA and a Phase 2/3 clinical trial conducted outside of Japan in non-Japanese patients aged 18 years and older with AHA.

LIVTENCITY / Generic name: maribavir

- In December 2023, Takeda announced that LIVTENCITY was approved by the National Medical Products Administration (NMPA) of China for the treatment of adult patients with post-hematopoietic stem cell transplant (HSCT) or solid organ transplant (SOT) cytomegalovirus (CMV) infection/disease that is refractory to treatment (with or without genotypic resistance) with ganciclovir, valganciclovir, cidofovir or foscarnet. The NMPA approval is based on the results of the Phase 3 SOLSTICE trial. LIVTENCITY was granted Breakthrough Therapy Designation by China Center for Drug Evaluation (CDE) in 2021. LIVTENCITY is the first and only inhibitor of CMV-specific UL97 protein kinase in China for this indication.
- In June 2024, Takeda announced that LIVTENCITY 200mg tablets has been approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) for post-transplant CMV infection/disease that is refractory to existing anti-CMV therapies. The approval is primarily based on the results of the Phase 3 SOLSTICE trial conducted outside of Japan, which evaluated the safety and efficacy of LIVTENCITY versus alternative antiviral treatments for patients with CMV infection/disease refractory to prior therapies who underwent HSCT or SOT, and the Japanese Phase 3 open-label study in patients with CMV infection, including those with refractory CMV infection who underwent HSCT or SOT.

Plasma-Derived Therapies (PDT)

Takeda has created a dedicated PDT business unit with a focus on managing the business end-to-end, from plasma donation to manufacturing, R&D, and commercialization. In PDT, we aspire to develop life-saving plasma derived therapies, which are essential for patients with a variety of rare and complex chronic diseases. The dedicated R&D organization within PDT is charged with maximizing the value of existing therapies, identifying new targeted therapies, and optimizing efficiencies across the PDT value chain, from plasma donation to product manufacturing. Near-term, our priority is focused on delivering value from our broad immunoglobulin portfolio (HYQVIA, CUVITRU, GAMMAGARD LIQUID and GAMMAGARD S/D) through the pursuit of new indications, geographic expansions, and enhanced patient experience through integrated healthcare technologies. In our hematology and specialty care portfolio, our priority is pursuing new indication and formulation development opportunities for PROTHROMPLEX (4F-PCC), FEIBA and CEPROTIN. Additionally, we are developing next generation immunoglobulin products with 20% fSCIg (TAK-881) and liquid low IgA IG (TAK-880) and are pursuing other early stage opportunities (e.g. hypersialylated Immunoglobulin (hsIgG)) that would add to our diversified commercial portfolio of more than 20 therapeutic products distributed worldwide.

HYQVIA / Generic name: Immunoglobulin (IG) Infusion 10% (Human) w/ Recombinant Human Hyaluronidase for subcutaneous administration (Development code: TAK-771)

- In April 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) approved a supplemental biologics license application (sBLA) to expand the use of HYQVIA to treat primary immunodeficiency (PI) in children 2-16 years old. The FDA approval of HYQVIA for the treatment of PI in pediatric patients was based on evidence from a pivotal, prospective, open-label, non-controlled Phase 3 clinical trial that included 44 PI patients between the ages of 2 and 16. During the 12-month trial period, HYQVIA was shown to be efficacious with respect to the occurrence of acute serious bacterial infections (aSBIs), a primary endpoint. The mean aSBI rate per year was 0.04 and was statistically significantly lower (with an upper 1-sided 99% confidence interval of 0.21, $p<0.001$) than the predefined success rate of less than one aSBI per subject per year, favoring efficacy of HYQVIA treatment in pediatric subjects with PI diseases. Results from the interim data analysis, where all subjects completed 12 months of participation (one year of observation period) in the study, indicated similar safety profiles to adults.
- In June 2023, Takeda announced full results from the pivotal Phase 3 ADVANCE-CIDP 1 clinical trial investigating HYQVIA as maintenance therapy in adult patients with chronic inflammatory demyelinating polyneuropathy (CIDP). ADVANCE-CIDP 1 is a Phase 3, prospective, randomized, double-blind, multicenter, placebo-controlled study in which adults with stable CIDP on

intravenous immunoglobulin (IVIG) were randomized 1:1 to be switched to HYQVIA (n=62) or placebo (n=70) and received their assigned treatment for six months or until relapse or study withdrawal. The primary endpoint was proportion of participants who experienced a relapse defined as worsening of CIDP symptoms as measured by Inflammatory Neuropathy Cause and Treatment (INCAT). Secondary endpoints included patient proportion experiencing functional worsening, time to relapse, change from pre-subcutaneous treatment baseline in Rasch-built Overall Disability Scale (R-ODS) centile score and safety. Results showed a clinically significant reduction in relapse rate with HYQVIA vs placebo (9.7% vs. 31.4%, respectively; p=0.0045) and other analysis showed delayed time to relapse with HYQVIA vs. placebo. Favorable data across other endpoints from the study and favorable tolerability were also observed. These findings were presented at the 2023 Peripheral Nerve Society (PNS) Annual Meeting in Denmark in June 2023, and simultaneously published in the Journal of the Peripheral Nervous System (JPNS).

- In January 2024, Takeda announced that the FDA approved HYQVIA for the treatment of CIDP as maintenance therapy to prevent the relapse of neuromuscular disability and impairment in adult patients. The approval is based on results from ADVANCE-CIDP 1 clinical trial and ADVANCE-CIDP 3, a single-arm, open-label, extension study. HYQVIA is the only FDA-approved combination of immunoglobulin (IG) and hyaluronidase, which makes it a facilitated subcutaneous immunoglobulin (SCIG) infusion. For adults with CIDP, HYQVIA can be infused up to once monthly (every two, three or four weeks) due to the hyaluronidase component, which facilitates the dispersion and absorption of large IG volumes in the subcutaneous space between the skin and the muscle. Because it is delivered subcutaneously, HYQVIA can be administered by a healthcare professional in a medical office, infusion center or at a patient's home. In addition, it can be self-administered after appropriate patient or caregiver training.
- In January 2024, Takeda announced that the European Commission (EC) approved HYQVIA as maintenance therapy in patients of all ages with CIDP after stabilization with IVIG therapy. The approval is based on data from the pivotal Phase 3 ADVANCE-CIDP 1 clinical trial, which evaluated efficacy and safety of HYQVIA as maintenance therapy to prevent relapse in patients with CIDP.
- In February 2024, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for manufacturing and marketing approval of TAK-771 for the treatment of agammaglobulinemia and hypogammaglobulinemia, disorders characterized by very low or absent levels of antibodies and an increased risk of serious recurring infection caused by primary immunodeficiency (PID) or secondary immunodeficiency (SID). The application is based primarily on a Phase 3 study (TAK-771-3004) in Japanese patients with primary immunodeficiency (PID) and three Phase 2/3 studies conducted outside of Japan in patients with PID (160603 study, 160902 study and 161503 study), which were conducted to evaluate efficacy, safety, tolerability, and pharmacokinetics.
- In June 2024, Takeda announced data from the Phase 3 ADVANCE-CIDP 3 clinical trial, a long-term extension study evaluating the safety and efficacy of HYQVIA in patients CIDP. Results showed favorable long-term safety and tolerability of HYQVIA, and a low relapse rate, supporting its use as maintenance treatment for CIDP. These findings will be presented in a poster session at the Peripheral Nerve Society (PNS) Annual Meeting. The ADVANCE-CIDP 3 clinical trial is the longest extension study ever performed within context of a clinical trial in CIDP to date. The study, which enrolled 85 patients from the ADVANCE-CIDP 1 clinical trial, evaluated the safety/tolerability and immunogenicity of HYQVIA as the primary outcome measure. The median duration of HYQVIA treatment was 33 months (0 to 77 months) with a cumulative overall follow-up time of 220 patient years. The findings were consistent with the known safety and tolerability profile of HYQVIA and no new safety concerns were observed.

CUVITRU / Generic name: Immunoglobulin (IG) Infusion 20% (Human) for subcutaneous administration

- In September 2023, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved the use of CUVITRU in patients aged 2 years and older with agammaglobulinemia or hypogammaglobulinemia, disorders characterized by very low or absent levels of antibodies and an increased risk of serious recurring infection caused by primary immunodeficiency (PID) or secondary immunodeficiency (SID). The approval marks Takeda's first subcutaneous immunoglobulin (SCIG) therapy for patients in Japan. The approval is based on results from a Phase 3 clinical trial that evaluated the efficacy, safety, tolerability and pharmacokinetics of CUVITRU in Japanese patients with PID, as well as two Phase 2/3 clinical trials conducted in patients with PID in North America and Europe. Results from the clinical trial in 17 patients in Japan confirmed its efficacy and safety profile. No serious or severe adverse events were reported, and CUVITRU was well-tolerated. The most frequently reported adverse reactions were headache and injection site swelling in four patients (23.5%) and injection site erythema in three patients (17.6%) during CUVITRU treatment. Previously reported clinical trial results also confirmed the efficacy and safety of CUVITRU.

GAMMAGARD LIQUID / Generic name: Immunoglobulin (IG) Infusion 10% (Human)

- In January 2024, Takeda announced that the U.S. Food and Drug Administration (FDA) approved GAMMAGARD LIQUID as an intravenous immunoglobulin (IVIG) therapy to improve neuromuscular disability and impairment in adults with chronic inflammatory demyelinating polyneuropathy (CIDP). It can be used as induction therapy, which includes an induction dose and maintenance doses. For treatment of CIDP, GAMMAGARD LIQUID has not been studied in immunoglobulin-naive patients nor as maintenance therapy for periods longer than 6 months. The approval is based on results from a prospective, open-label, single-arm, multicenter ADVANCE-CIDP 2 clinical trial that evaluated the efficacy and safety of GAMMAGARD LIQUID in adults with CIDP who developed a relapse in HYQVIA's ADVANCE-CIDP 1 trial.

CEPROTIN / Generic name: Human Dry Protein C Concentrate (Development code: TAK-662)

- In March 2024, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved CEPROTIN for the treatment of venous thromboembolism and purpura fulminans caused by congenital protein C deficiency, as well as for the prevention of thrombophilia. The approval is based primarily on a Phase 1/2 trial in five Japanese patients primarily in ages 4-27 with congenital protein C deficiency and two Phase 2/3 trials (IMAG-098 and 400101) conducted outside of Japan in non-Japanese patients with congenital protein C deficiency.

Vaccine

In Vaccines, Takeda is applying innovation to tackle some of the world's most challenging infectious diseases such as dengue (QDENGA (development code: TAK-003)), COVID-19 (NUVAXOVID). To support the expansion of our pipeline and the development of our programs, we have entered into partnerships with government organizations in Japan and the U.S., and leading global institutions. Such partnerships have been essential in building the critical capabilities that will be necessary to deliver on our programs and realize their full potential.

QDENGA / Generic name: Dengue tetravalent vaccine [live,attenuated] (Development code: TAK-003)

- In July 2023, Takeda announced that it voluntarily withdrew the U.S. Biologics License Application (BLA) for TAK-003, following discussions with the U.S. Food and Drug Administration (FDA) on aspects of data collection, which cannot be addressed within the current BLA review cycle. The future plan for TAK-003 in the U.S. will be further evaluated given the need for travelers and those living in dengue-endemic areas of the U.S., such as Puerto Rico. The efficacy and safety profiles of TAK-003 have been demonstrated through a robust clinical trial program, including a 4.5-year Phase 3 study of over 20,000 children and adolescents living in eight dengue endemic areas. The study was designed per World Health Organization (WHO) guidance for a second-generation dengue vaccine, and it considered the need to achieve high levels of subject retention and protocol compliance in endemic regions. The vaccine is approved in multiple endemic and non-endemic countries, with more approvals expected over the coming years.

- In October 2023, Takeda announced that the WHO Strategic Advisory Group of Experts on Immunization (SAGE) shared recommendations for use of QDENGA.
  SAGE made the following recommendations:
  - The vaccine to be considered for introduction in settings with high dengue disease burden and high transmission intensity to maximize the public health impact and minimize any potential risk in seronegative persons.
  - The vaccine to be introduced to children aged 6 to 16 years of age. Within this age range, the vaccine should be introduced about 1-2 years prior to the age-specific peak incidence of dengue-related hospitalizations. The vaccine should be administered in a 2-dose schedule with a 3-month interval between doses.
  - The vaccine introduction should be accompanied by a well-designed communication strategy and community engagement.

  SAGE reviewed data across 19 Phase 1, 2 and 3 trials with more than 28,000 children and adults, including the pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial, which was designed according to the WHO's guidance for a second-generation dengue vaccine.
  In May 2024, WHO issued a position paper, recommending the use of QDENGA in children aged 6-16 years in settings with high dengue burden and transmission intensity.

Current status of our pipeline

The following summarizes our R&D activities within each of our therapeutic and business areas. The therapeutic candidates in our pipeline disclosed within the key therapeutic and business areas below are in various stages of development, and the contents of the pipeline may change as candidates currently under development are removed and new candidates are introduced. Whether the candidates listed below are ever successfully released as products depends on various factors, including the results of pre-clinical and clinical trials, market conditions for various drugs and regulatory approvals. This table primarily shows the indications for which we are actively pursuing regulatory approval and those regulatory approvals granted in fiscal year 2023. We are also conducting additional studies of certain assets to examine their potential for use in further indications and in additional formulations. The listings in the tables below are limited to the U.S., EU, Japan, and China, but we are also conducting development activities in other regions. "Global" refers to U.S., EU, Japan, and China. Modality of our pipeline assets in the following table is classified into either of the following categories: 'small molecule', 'peptide/oligonucleotide', 'cell and gene therapy' or 'biologic and other'.

Our gastrointestinal and inflammation pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
MLN0002 <vedolizumab> ENTYVIO (Global)	Humanized monoclonal antibody against α4β7 integrin (injection)	Biologic and other	Ulcerative colitis (subcutaneous formulation)	U.S.	Approved (Sep 2023)
			Crohn's disease (subcutaneous formulation)	Japan U.S.	Approved (Sep 2023) Approved (Apr 2024)
			Graft-versus-Host Disease prophylaxis in patients undergoing allogeneic hematopoietic stem cell transplantation (intravenous formulation)	EU Japan	P-III P-III
			Pediatrics Study (intravenous formulation for ulcerative colitis, Crohn's disease)	Global	P-III
TAK-438 <vonoprazan> TAKECAB (Japan) VOCINTI (China)	Potassium-competitive acid blocker (oral)	Small molecule	Acid related diseases (adjunct to Helicobacter pylori eradication)	China	Approved (Nov 2023)
TAK-755[1] <apadamtase alfa/ cinaxadamtase alfa> ADZYNMA (U.S.)	ADAMTS13 enzyme replacement therapy (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	U.S. Japan EU China	Approved (Nov 2023) Approved (Mar 2024) Filed (May 2023)[2] P-III
			Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II (b) P-II (b)
TAK-721 <budesonide> EOHILIA (U.S.)	Glucocorticosteroid (oral)	Small molecule	Eosinophilic esophagitis	U.S.	Approved (Feb 2024)
TAK-633 <teduglutide> GATTEX (U.S.) REVESTIVE (EU, Japan)	GLP-2 analogue (injection)	Peptide/ oligonucleotide	Short bowel syndrome	China	Approved (Feb 2024)
Cx601 <darvadstrocel> ALOFISEL (EU, Japan)	A suspension of allogeneic expanded adipose-derived stem cells (injection)	Biologic and other	Pediatric indication for refractory complex perianal fistulas in patients with Crohn's disease	EU Japan	P-III P-III
TAK-999[3] <fazirsiran>	GalNAc based RNA interference (RNAi) (injection)	Peptide/ oligonucleotide	Alpha-1 antitrypsin-deficiency associated liver disease	U.S. EU	P-III P-III

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-625[4] <maralixibat>	IBAT inhibitor (oral)	Small molecule	Alagille syndrome	Japan	P-III
			Progressive Familial Intrahepatic Cholestasis	Japan	P-III
TAK-121[5] <rusfertide>	Hepcidin mimetic peptide (injection)	Peptide/ oligonucleotide	Polycythemia vera	U.S.	P-III
TAK-279 <zasocitinib>	TYK2 inhibitor (oral)	Small molecule	Psoriasis	U.S. EU Japan	P-III P-III P-III
			Psoriatic Arthritis	-	P-II (b)
			Crohn's disease	-	P-II (b)
			Ulcerative colitis	-	P-II (b)[6]
TAK-227/ZED1227[7]	Transglutaminase 2 inhibitor (oral)	Small molecule	Celiac disease	-	P-II (b)
TAK-062 <zamaglutenase>	Glutenase (oral)	Biologic and other	Celiac disease	-	P-II
TAK-101[8]	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II
TAK-079 <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Immune thrombocytopenia	-	P-II
			Immunoglobulin A nephropathy	-	P-I

Notes:
(1) Partnership with KM Biologics.
(2) In May 2024, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicine Agency (EMA) recommended the approval, under exceptional circumstances, of TAK-755 for the treatment of ADAMTS13 deficiency in children and adult patients with cTTP.
(3) Partnership with Arrowhead Pharmaceuticals
(4) Partnership with Mirum Pharmaceuticals.
(5) Partnership with Protagonist Therapeutics. Protagonist leads development.
(6) Study actively recruiting.
(7) Partnership with Zedira and Dr. Falk Pharma.
(8) Partnership with COUR Pharmaceuticals.

Our neuroscience pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-935 <soticlestat>	CH24H inhibitor (oral)	Small molecule	Dravet syndrome	Global	P-III [1]
			Lennox-Gastaut syndrome	Global	P-III [1]
TAK-861	Orexin 2R agonist (oral)	Small molecule	Narcolepsy type 1	-	P-II (b)
TAK-653/NBI-1065845[2]	AMPA receptor potentiator (oral)	Small molecule	Inadequate response to treatment in major depressive disorder (MDD)	-	P-II
TAK-341/MEDI1341[3]	Alpha-synuclein antibody (injection)	Biologic and other	Multiple System Atrophy (MSA)	-	P-II
TAK-594/DNL593[4]	Brain-penetrant progranulin fusion protein (injection)	Biologic and other	Frontotemporal dementia	-	P-II
TAK-925 <danavorexton>	Orexin 2R agonist (injection)	Small molecule	Postanesthesia Recovery	-	P-II
			Narcolepsy	-	P-I
TAK-360	Orexin 2R agonist (oral)	Small molecule	Narcolepsy type 2 and Idiopathic hypersomnia	-	P-I

Notes:
(1) In June 2024, Takeda announced Phase 3 topline results in patients with Dravet syndrome and Lennox-Gastaut syndrome.
(2) Partnership with Neurocrine Biosciences. Neurocrine leads development.
(3) Partnership with AstraZeneca. P-I Parkinson's disease study is completed.
(4) Partnership with Denali Therapeutics. Denali leads development.

Our oncology pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
SGN-35[1] <brentuximab vedotin> ADCETRIS (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Front line Hodgkin's lymphoma – Stage III	EU	Approved (Oct 2023)
			Relapsed or refractory cutaneous T-cell lymphoma	Japan	Approved (Nov 2023)
			Front line Hodgkin's lymphoma – BrECADD regimen (brentuximab vedotin, etoposide, cyclophosphamide, doxorubicin, dacarbazine, dexamethasone)[2]	EU	Filed (Apr 2024)
TAK-113[3] <fruquintinib> FRUZAQLA (U.S.)	VEGFR inhibitor (oral)	Small molecule	Previously treated metastatic Colorectal Cancer (mCRC)	U.S. EU Japan	Approved (Nov 2023) Filed (Jun 2023)[4] Filed (Sep 2023)
<ponatinib> ICLUSIG (U.S.)	BCR-ABL inhibitor (oral)	Small molecule	Front line Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	U.S.	Approved (Mar 2024)
			Pediatric indication for Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	-	P-I[5]
<cabozantinib>[6] CABOMETYX (Japan)	Multi-targeted kinase inhibitor (oral)	Small molecule	Metastatic Castration-Resistant Prostate Cancer in combination with atezolizumab[7]	Japan	P-III
TAK-676 <dazostinag>	STING agonist (injection)	Small molecule	Solid tumors	-	P-II
TAK-500	STING agonist antibody drug conjugate (injection)	Biologic and other	Solid tumors	-	P-I
TAK-186	T Cell Engager (injection)	Biologic and other	EGFR expressing solid tumors	-	P-I
TAK-280	T Cell Engager (injection)	Biologic and other	B7-H3 expressing solid tumors	-	P-I
TAK-012	Variable delta 1 (Vδ1) gamma delta (γδ) T cells (injection)	Cell and gene therapy	Relapsed/refractory Acute Myeloid Leukemia	-	P-I

Notes:
(1) Partnership with Pfizer Inc.
(2) Submission based on data from German Hodgkin Study Group HD21 trial.
(3) Partnership with HUTCHMED
(4) Approved by the European Commission (EC) in June 2024.
(5) ICLUSIG pediatric Ph+ ALL enrolment has been closed.
(6) Partnership with Exelixis, Inc.
(7) Partnership with Chugai Pharmaceutical. Takeda operates P-III development

Our other rare diseases pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	**Type of Drug (administration route)**	**Modality**	**Indications / additional formulations**	**Country /Region**	**Stage**
TAK-620[1] <maribavir> LIVTENCITY (U.S., EU)	Benzimidazole riboside inhibitor (oral)	Small molecule	Post-transplant cytomegalovirus (CMV) infection/disease resistant/refractory to (val) ganciclovir, cidofovir or foscarnet	China	Approved (Dec 2023)
			Treatment of CMV Infection/disease Post Transplantation (Including HSCT)	Japan	Filed (Nov 2023)[2]
			Treatment of children and teenage transplant recipients with CMV infection	EU	P-III
TAK-743 <lanadelumab> TAKHZYRO (Global)	Plasma kallikrein inhibitor (injection)	Biologic and other	Pediatric Hereditary Angioedema	EU	Approved (Nov 2023)
TAK-577 VONVENDI (U.S., Japan) VEYVONDI (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Adult prophylactic treatment of von Willebrand disease	EU	Approved (Nov 2023)
			Adult on-demand and surgery treatment of von Willebrand disease	China	Filed (Jan 2023)
			Pediatric on-demand and surgery treatment of von Willebrand disease	Global	P-III
TAK-672[3] OBIZUR (U.S., EU)	Porcine Coagulation Factor VIII [recombinant] (injection)	Biologic and other	Acquired hemophilia A (AHA)	China Japan	Approved (Feb 2024) Approved (Mar 2024)
TAK-660 ADYNOVATE (U.S., Japan) ADYNOVI (EU)	Antihemophilic factor [recombinant], PEGylated (injection)	Biologic and other	Pediatric Hemophilia A	EU	P-III
			Hemophilia A	China	P-III

Notes:
(1) Partnership with GSK.
(2) Approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) in June 2024.
(3) Partnership with Ipsen.

Our PDT pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-771[1] <IG Infusion 10% (Human) w/ Recombinant Human Hyaluronidase> HYQVIA (U.S., EU)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (subcutaneous infusion)	Biologic and other	Pediatric indication for Primary Immunodeficiency	U.S.	Approved (Apr 2023)
			Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU	Approved (Jan 2024) Approved (Jan 2024)
			Primary Immunodeficiencies and Secondary Immunodeficiencies	Japan	Filed (Feb 2024)
			Chronic inflammatory demyelinating polyradiculoneuropathy and Multifocal Motor Neuropathy	Japan	P-III
TAK-664 <IG Infusion 20% (Human)> CUVITRU (U.S., EU, Japan)	Immunoglobulin 20% [human] (subcutaneous infusion)	Biologic and other	Primary Immunodeficiencies and Secondary Immunodeficiencies	Japan	Approved (Sep 2023)
			Secondary Immunodeficiencies	EU	Approved (Jan 2024)
<Anti-Inhibitor Coagulant Complex> FEIBA (U.S., EU, Japan)	Activated prothrombin complex concentrate [human](injection)	Biologic and other	FEIBA STAR label extension: Label updated to enable up to 5x faster infusion and a new presentation which allows for a 50% reduced volume of diluent for use in patients with hemophilia A or B with inhibitors	U.S. EU	Approved (June 2023) Approved (Dec 2023)
TAK-339 <IG Infusion 10% (Human)> GAMMAGARD LIQUID (U.S.) KIOVIG (EU)	Immunoglobulin 10% [human] (intravenous and subcutaneous infusion)	Biologic and other	Chronic inflammatory demyelinating polyradiculoneuropathy	U.S.	Approved (Jan 2024)
TAK-662 CEPROTIN (U.S., EU)	Protein C concentrate [human] (injection)	Biologic and other	Severe congenital protein C deficiency	Japan	Approved (Mar 2024)
TAK-880 <10% IVIG (Low IgA)>	Immunoglobulin (10%) [human] (injection) (Low IgA)	Biologic and other	Primary Immunodeficiencies and Multifocal Motor Neuropathy	EU U.S.	Filed (Mar 2024) Complete Response Letter (CRL) received (May 2023)
TAK-330 PROTHROMP LEX TOTAL (EU)	Four-factor prothrombin complex concentrate [human] (injection)	Biologic and other	Coagulation Disorder, Direct Oral Anticoagulants (DOAC) reversal in surgical situations	U.S.	P-III
TAK-961 <5% IVIG> GLOVENIN-I (Japan)	Immunoglobulin (5%) [human] (injection)	Biologic and other	Autoimmune Encephalitis (AE)	Japan	P-III
TAK-881 <Facilitated 20% SCIG>	Immunoglobulin (20%) [human] + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Primary Immunodeficiencies	U.S. EU	P-III

Notes:
(1) Partnership with Halozyme.

Our vaccines pipeline in clinical development as of May 9, 2024 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code Brand name (country/region)	Type of vaccine (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-003[1] QDENGA (EU)[2]	Tetravalent dengue vaccine (injection)	Biologic and other	For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 and older	U.S.	Filing withdrawn (Jul 2023)
			For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 and older (booster extension)	-	P-III

Notes:
(1) In October 2022, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicine Agency (EMA) recommended the approval of TAK-003 in Europe and in dengue-endemic countries participating in the parallel EU-M4all procedure. QDENGA (TAK-003) was approved for use in the EU in December 2022.
(2) QDENGA (TAK-003) is also approved in Indonesia, Brazil, the U.K., Argentina, Colombia, Malaysia and Thailand.

Discontinued projects

Our discontinued projects since April 1, 2023 are as follows:

Development code <generic name>	Indications (Region/Country, Stage)	Reason
SGN-35 <brentuximab vedotin>	Front line Peripheral T-cell lymphoma-Not Otherwise Specified (PTCL-NOS) (EU, Filed)	Following discussions with the European Medicines Agency (EMA), Takeda decided to withdraw the type-II variation application.
<niraparib>	Breast cancer (Japan, P-III)	Following GSK's permanent discontinuation of enrolment in the ZEST global Phase 3 study due to eligibility challenges impacting the ability to fully enroll targeted patients, Takeda discontinued enrollment in this study in Japan.
TAK-788 <mobocertinib>	Previously treated Non-Small Cell Lung Cancer with EGFR exon 20 insertion (Japan, P-III)	Global voluntary withdrawal due to failure of confirmatory trial in 1L NSCLC with EGFR Exon 20 insertion mutations.
	Treatment Naïve Non-Small Cell Lung Cancer with EGFR exon 20 insertion (Global, P-III)	
Cx601 <darvadstrocel>	Refractory complex perianal fistulas in patients with Crohn's disease (U.S., P-III)	ALOFISEL Phase 3 ADMIRE CD-II study did not meet primary endpoint, and as result Takeda does not plan to file regulatory applications in the US.
TAK-577	Adult prophylactic treatment of von Willebrand disease (China, P-III)	A business decision considering the current unmet medical need in China.
MLN9708 <ixazomib>	Maintenance therapy in patients with newly diagnosed Multiple Myeloma following autologous stem cell transplant (TOURMALINE-MM3) (U.S., EU, P-III)	Given the final analysis of the trial, Takeda will not pursue this indication in the US, EU (NINLARO has been approved in the maintenance setting in Japan, South Korea, Thailand, Taiwan, and Brazil).
TAK-141/JR0141 <pabinafusp alfa>	Hunter syndrome (CNS and somatic symptoms) (EU, P-III)	Takeda and JCR entered into an agreement ending the geographically-focused exclusive collaboration and license agreement to commercialize pabinafusp alfa (JR-141; TAK-141) in Hunter syndrome, following Takeda's strategic assessment of the alliance. JCR has been and remains the study sponsor for JR-141, and JCR plans to continue the Phase 3 trial for participating patients.
TAK-611	Metachromatic leukodystrophy (P-II)	TAK-611 Phase 2 trial results did not meet primary and secondary endpoints, which did not support further development.

Development code <generic name>	Indications (Region/Country, Stage)	Reason
TAK-041/NBI-1065846	Anhedonia in major depressive disorder (MDD) (P-II)	TAK-041/NBI-1065846 Phase 2 trial results did not meet primary and secondary endpoints, which does not support further development in MDD.
TAK-071	Parkinson's disease (P-II)	A business decision to maximize the value of TAK-071 for patients and for Takeda through the pursuit of externalization options is in progress.
TAK-573 <modakafusp alfa>	Relapsed/refractory Multiple Myeloma (P-II)	Takeda made a decision to discontinue the modakafusp alfa (TAK-573) development programs based on strategic considerations.
	Solid tumors (P-I)	
TAK-861	Narcolepsy type 2 (P-II)	Takeda does not plan to advance TAK-861 in Narcolepsy type 2.
TAK-951	Nausea and vomiting (P-II)	Clinical data did not support further development.
TAK-981 <subasumstat>	Multiple cancers (P-II)	Strategic decision to discontinue clinical development of subasumstat based on portfolio prioritization, informed by the currently available data and clinical development timelines.
TAK-007	Relapsed/refractory B cell malignancies (P-II)	Data-driven decision to discontinue clinical development of TAK-007 for relapsed/refractory B cell malignancies. TAK-007 will be examined for autoimmune diseases.
TAK-079 <mezagitamab>	Myasthenia gravis (P-II)	There is no plan to advance TAK-079 in myasthenia gravis at this time due to deprioritization.
TAK-079 <mezagitamab>	Systemic lupus erythematosus (P-I/II)	There is no plan to advance TAK-079 monotherapy in systemic lupus erythematosus at this time due to deprioritization.
TAK-105	Nausea and vomiting (P-I)	Phase 1 data did not support further development.
TAK-920/DNL919	Alzheimer disease (P-I)	Discontinuation based on the totality of Phase 1 clinical data and the treatment landscape. Denali and Takeda will focus research efforts on back-up molecules in preclinical development, including exploration of potential combination therapy.
TAK-102	Solid tumors (P-I)	Takeda decided to terminate the further development of TAK-102 and TAK-103 due to the pipeline prioritization considerations and Takeda's strategic focus on developing allogeneic cell therapies, and is not related to any concerns about the safety or efficacy of TAK-102 and TAK-103.
TAK-103	Solid tumors (P-I)	
TAK-940	Solid tumors (P-I)	Takeda decided to terminate further development of TAK-940 due to the pipeline prioritization considerations and Takeda's strategic focus on developing allogeneic cell therapies, and is not related to any concerns about the safety or efficacy of TAK-940.
TAK-426	Active immunization for the prevention of disease caused by Zika virus (P-I)	Takeda decided to terminate further development of TAK-426 based on limited potential use given the current state of Zika virus epidemiology.
TAK-755 <apadamtase alfa/ cinaxadamtase alfa>	Sickle cell disease (U.S., P-I)	There is no plan to advance TAK-755 in sickle cell disease at this time due to deprioritization.
TAK-647	Metabolic dysfunction-associated steatohepatitis (MASH) (previously known as Nonalcoholic Steatohepatitis (NASH)) (P-I)	Takeda decided to discontinue further development of TAK-647 in MASH based on portfolio prioritization.

Licensing and Collaboration

1) Overview

In the ordinary course of business, we enter into arrangements for licensing and collaboration for the development and commercialization of products with third parties. Our business does not materially depend on any one of these arrangements. Instead they form a portion of our strategy and give us the ability to leverage a mix of internal and external resources to develop and commercialize new products. A sample of the agreements which have led to successful commercialization to date are summarized below:

- ADCETRIS: We entered into a Collaboration Agreement with Pfizer Inc. ("Pfizer") (Seagen, Inc. was acquired by Pfizer in December 2023) in 2009 for the global co-development of ADCETRIS and its commercialization around the world (other than the U.S. and Canada, where ADCETRIS is commercialized by Pfizer). We were required to pay milestone payments related to regulatory and commercial progress by us under the collaboration. We also pay tiered royalties with percentages ranging from the mid-teens to the mid-twenties based on net sales of ADCETRIS within our licensed territories. We and Pfizer equally co-fund the cost of selected development activities conducted under the collaboration, but as of March 31, 2024, there are no further incremental potential commercial milestone payments remaining under the ADCETRIS collaboration. Either party may terminate the collaboration for cause, or by mutual consent. We may terminate the collaboration at will, and Pfizer may terminate the collaboration in certain circumstances. If neither party terminates the collaboration agreement, then the agreement automatically terminates on the expiration of all payment obligations.
- TRINTELLIX: We entered into a License, Development, Supply and Commercialization Agreement with H. Lundbeck A/S in 2007 for the exclusive co-development and co-commercialization in the U.S. and Japan of several compounds in Lundbeck's pipeline for the treatment of mood and anxiety disorders. Under the agreement, both partners commercialize TRINTELLIX in the U.S. and Japan and have agreed to jointly develop the relevant compounds, with most of development funding provided by us. Revenues for TRINTELLIX are booked by us, and we pay Lundbeck a portion of net sales, as well as tiered royalties ranging from the low to mid-teens on the portion of sales retained by us. We have also agreed to pay Lundbeck certain development and commercialization milestone payments relating to regulatory and commercial progress under the collaboration, but as of March 31, 2024, there are no further incremental potential commercial milestone payments remaining under the TRINTELLIX collaboration. The term of the agreement is indefinite, but the agreement may be terminated by mutual decision of the parties or for cause.

2) Building a sustainable research platform / Enhancing R&D collaboration

In addition to our concentrated efforts to increase our in-house R&D capabilities, external partnerships with third-party partners are a key component of our strategy for enhancing our R&D pipeline. Our strategy to expand and diversify our external partnerships allows us to take part in research of a wide variety of new products and increases the chances that we will be able to take part in a major research-related breakthrough.

- In August 2023, Takeda announced that it entered into an exclusive licensing agreement with ImmunoGen, Inc. (ImmunoGen) to develop and commercialize mirvetuximab soravtansine-gynx (MIRV) for the Japanese market. MIRV is an intravenous injection antibody-drug conjugate (ADC), in which a microtubule inhibitor is linked to an anti-folate receptor-α (FRα) antibody. It is the first ADC developed for the treatment of ovarian cancer. MIRV is approved under accelerated approval (and was granted full approval thereafter) in the U.S. for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. MIRV was the first medicine to show a significant prolongation of overall survival (OS) compared with conventional chemotherapy for the treatment of platinum-resistant relapsed or refractory ovarian cancer in a phase 3 MIRASOL study, conducted outside of Japan. In February 2024, ImmunoGen was acquired by AbbVie Inc.
- In January 2024, Takeda and Protagonist Therapeutics, Inc. announced the signing of a worldwide license and collaboration agreement for the development and commercialization of rusfertide, an investigational injectable hepcidin mimetic peptide of the natural hormone hepcidin, currently in a pivotal Phase 3 trial, VERIFY, for the treatment of Polycythemia Vera (PV). Discovered through Protagonist's peptide technology platform, rusfertide's mechanism of action is thought to regulate iron homeostasis and control the absorption, storage and distribution of iron in the body. The randomized portion of the Phase 2 REVIVE study of rusfertide in PV achieved its primary endpoint. The long-term follow-up data from the 2-year open label extension were presented at the American Society of Hematology 2023 Annual Meeting, which showed durable hematocrit control, decreased phlebotomy use, long-term tolerability and no new safety signals in patients with PV. Protagonist will remain responsible for research and development through the completion of the Phase 3 clinical trial and U.S regulatory approval. Takeda has rights for ex-U.S. development and is responsible for leading global commercialization activities.
- In April 2024, Takeda and Japanese Foundation for Cancer Research (JFCR) announced that the signing of a partnership agreement with the goal to advance research and development in the field of oncology. Under the terms of this agreement, Takeda and JFCR will engage in mutual exchange utilizing each other's strengths for the purpose of advancing global early clinical trials and facilitating translational research based on this agreement. This will include necessary information exchanging and consultation regarding ongoing drug development. The partnership seeks to expedite the development of groundbreaking anti-cancer therapies and facilitate swift delivery to cancer patients and their families.
- In April 2024, Takeda, Astellas Pharma Inc. (Astellas), and Sumitomo Mitsui Banking Corporation announced that three companies signed a master agreement to establish a joint venture company. The new company will be dedicated to the incubation of early drug discovery programs originating from Japan and toward the creation of innovative therapeutics. In addition to establishing the joint venture company, Takeda and Astellas will provide support to the joint venture company leveraging their expertise gained from global drug discovery research and development, aiming to accelerate open innovation in early-stage drug discovery, and toward the creation of start-up companies for the benefit of society. The joint venture company, once established, plans to begin incubation activities by collaboratively working with academia, pharmaceutical companies, and start-up companies across Japan to enable access to potentially transformative early drug discovery programs.

- In May 2024, Takeda and AC Immune SA (AC Immune) announced an exclusive, worldwide option and license agreement for AC Immune's active immunotherapies targeting toxic forms of amyloid beta (Abeta), including ACI-24.060 for the treatment of Alzheimer's disease. ACI-24.060 is an anti-Abeta active immunotherapy candidate designed to induce a robust antibody response against the toxic forms of Abeta believed to drive plaque formation and Alzheimer's disease progression. By inducing plaque clearance and efficiently inhibiting plaque formation in the brain, ACI-24.060 has the potential to delay or slow Alzheimer's disease progression. ACI-24.060 is being investigated in the ongoing ABATE randomized, double-blind, placebo-controlled Phase 1b/2 trial to assess the safety, tolerability, immunogenicity and pharmacodynamic effects of the investigational immunotherapy in subjects with prodromal Alzheimer's disease and in adults with Down syndrome. AC Immune will be responsible for completing the ABATE trial. Following option exercise, Takeda would conduct and fund all further clinical development and be responsible for all global regulatory activities as well as worldwide commercialization.
- In June 2024, Takeda announced the signing of an option agreement with Ascentage Pharma to enter into an exclusive license agreement for olverembatinib, an oral, potentially best-in-class, third-generation BCR-ABL tyrosine kinase inhibitor (TKI), which is currently in development for chronic myeloid leukemia (CML) and other hematological cancers. If exercised, the option would allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of mainland China, Hong Kong, Macau, Taiwan and Russia. As part of the agreement, Ascentage Pharma will continue to be solely responsible for all clinical development of olverembatinib prior to potential exercise of the option to license. Olverembatinib is currently approved and marketed in China for the treatment of adult patients with TKI-resistant chronic-phase CML (CP-CML) or accelerated-phase CML (AP-CML) harboring the T315I mutation and in adult patients with CP-CML resistant to and/or intolerant of first- and second-generation TKIs.

3) Research & Development collaborations/partnering

The following tables describe research & development collaborations/partnering and externalization projects entered into by Takeda other than *1) Overview*, but do not represent a comprehensive list of all Takeda R&D collaborations. All of the "subject" descriptions listed below are as of the date of execution of the relevant agreement unless otherwise noted:

Gastrointestinal and Inflammation

Partner	Country of incorporation	Subject
Arrowhead Pharmaceuticals	U.S.	Collaboration and licensing agreement to develop fazirsiran (TAK-999; ARO-AAT), an investigational RNA interference (RNAi) therapy in development to treat alpha-1 antitrypsin-associated liver disease (AATLD). ARO-AAT is a potential first-in-class therapy designed to reduce the production of mutant alpha-1 antitrypsin protein, the cause of AATLD progression.
COUR Pharmaceuticals	U.S.	Takeda has acquired an exclusive global license to develop and commercialize the investigational medicine TIMP-GLIA (TAK-101), an immune modifying nanoparticle containing gliadin proteins.
Engitix	U.K.	Collaboration and licensing agreement to utilize Engitix's unique extracellular matrix discovery platform to identify and develop novel therapeutics for liver fibrosis and fibrostenotic inflammatory bowel disease, including Crohn's disease and ulcerative colitis.
Genevant Sciences Corporation	U.S.	Collaboration and License Agreements to leverage Genevant's hepatic stellate cell-partitioning LNP platform to deliver Takeda-designed RNAi oligonucleotides intended to halt or reverse the progression of liver fibrosis.
KM Biologics	Japan	Collaboration and license agreement for the development of therapeutic uses of rADAMTS13 (TAK-755), including but not limited to TTP.
Mirum Pharmaceuticals	U.S.	Exclusive licensing agreement for the development and commercialization of maralixibat (TAK-625) in Japan for Alagille syndrome (ALGS), progressive familial intrahepatic cholestasis (PFIC), and biliary atresia (BA).
Pfizer	U.S.	2016 exclusive licensing agreement for development and commercialization of TAK-647 worldwide. Takeda decided to discontinue further development of TAK-647 in MASH based on portfolio prioritization.
Protagonist Therapeutics	U.S.	Worldwide license and collaboration agreement for the development and commercialization of rusfertide (TAK-121), an investigational injectable hepcidin mimetic peptide of the natural hormone hepcidin for treatment of polycythemia vera.
Sosei Heptares	U.K.	Collaboration and License agreement to leverage Sosei Heptares's StaR® technology and structural biology expertise with GPCRs to enable structure based drug discovery to advance novel therapeutics for gastroenterology diseases.

UCSD/Fortis Advisors	U.S.	Technology license for the development of oral budesonide formulation (TAK-721) for treatment of eosinophilic esophagitis.
Zedira/Dr. Falk Pharma	Germany	Collaboration and license agreement to develop and commercialize a potential first-in-class therapy TAK-227/ZED1227, a tissue transglutaminase 2 (TG2) inhibitor, designed to prevent the immune response to gluten in celiac disease. Takeda has exclusive rights in the US and other territories outside of Europe, Canada, Australia and China.

Neuroscience

Partner	Country of incorporation	Subject
AcuraStem	U.S.	Exclusive worldwide license agreement to develop and commercialize AcuraStem's PIKFYVE targeted therapeutics for the treatment of Amyotrophic Lateral Sclerosis (ALS).
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases.
AstraZeneca	U.K.	Agreement for the joint development and commercialization of MEDI1341/TAK-341, an alpha-synuclein antibody currently in development as a potential treatment for Multiple System Atrophy (MSA) and Parkinson's disease.
BioMarin	U.S.	Agreement for the in-license of enabling technology for the exogenous replacement of Arylsulfatase A enzyme with intrathecal (IT) administration directly into the central nervous system for the long-term treatment of patients with metachromatic leukodystrophy (MLD), a rapidly-progressive and ultimately fatal neuro-degenerative rare disease (TAK-611).
BridGene Biosciences	U.S.	Research collaboration to discover small molecule drugs for "undruggable" targets using BridGene's chemoproteomics platform.
Denali Therapeutics	U.S.	Strategic option and collaboration agreement to develop and commercialize up to three specified therapeutic product candidates for neurodegenerative diseases, incorporating Denali's transport vehicle (TV) platform for increased exposure of biotherapeutic products in the brain; options exercised on DNL593/TAK-594 and DNL919/TAK-920 in Q3 FY2021. DNL919/TAK-920 molecule was discontinued in Q2 FY2023, and exploration for ATV:TREM2 backup is ongoing.
Luxna Biotech	Japan	Exclusive worldwide license agreement for the use of Luxna's breakthrough xeno nucleic acid technology for multiple undisclosed target genes in the area of neurological diseases.
Neurocrine Biosciences	U.S.	Collaboration to develop and commercialize 7 compounds in Takeda's early-to-mid stage neuroscience pipeline, including TAK-041/NBI-1065846, TAK-653/NBI-1065845 and TAK-831/NBI-1065844 (luvadaxistat). Takeda will be entitled to certain development milestones, commercial milestones and royalties on net sales and will, at certain development events, be able opt in or out of a 50:50 profit share on all clinical programs on an asset-by-asset basis. In June 2021, Takeda decided not to cost share further TAK-831/NBI-1065844 (luvadaxistat) development; Takeda maintains its right to receive milestones and royalties regarding TAK-831/NBI-1065844 (luvadaxistat). In Nov 2023, Neurocrine announced that TAK-041/NBI-1065846 Phase 2 trial results did not meet primary and secondary endpoints, which does not support further development of the asset.
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular and neurodegenerative diseases.
Wave Life Sciences	Singapore	Multi-program option agreement to co-develop and co-commercialize antisense oligonucleotides for a range of neurological diseases.

Oncology

Partner	Country of incorporation	Subject
AbbVie*	U.S.	Exclusive licensing agreement to develop and commercialize mirvetuximab soravtansine-gynx in Japan for folate receptor-alpha (FRa) positive ovarian cancer.
Adimab	U.S.	Agreement for the discovery, development and commercialization of three mAbs and three CD3 Bi-Specific antibodies for oncology indications.
Crescendo Biologics	U.K	Collaboration and licensing agreement for the discovery, development and commercialization of Humabody®-based therapeutics for cancer indications.
Egle Therapeutics	France	Identify novel tumor-specific regulatory T cell targets and develop unique anti-suppressor-based immunotherapies.
Exelixis, Inc.	U.S.	Exclusive licensing agreement to commercialize and develop novel cancer therapy cabozantinib and all potential future cabozantinib indications in Japan, including advanced renal cell carcinoma and hepatocellular carcinoma.
F-star	U.K	Discovery collaboration and worldwide, exclusive royalty-bearing license to Takeda to research, develop, and commercialize a bispecific antibody directed towards an undisclosed immuno-oncology target using F-star's proprietary Fcab™ and mAb2 ™ platforms. Takeda will be responsible for all research, development and commercialization activities under the agreement.
GSK	U.K.	Exclusive licensing agreement to develop and commercialize novel cancer therapy niraparib for the treatment of all tumor types in Japan, and all tumor types excluding prostate cancer in South Korea and Taiwan.
Heidelberg Pharma	Germany	Antibody-Drug-Conjugate (ADC) research collaboration on 2 targets and licensing agreement (α-amanitin payload and proprietary linker).
HUTCHMED	China	Exclusive licensing agreement with HUTCHMED (China) Limited and its subsidiary HUTCHMED Limited for the further development and commercialization of fruquintinib (TAK-113) in all indications, including metastatic colorectal cancer, outside of mainland China, Hong Kong and Macau.
KSQ Therapeutics	U.S.	Strategic collaboration to research, develop and commercialize novel immune-based therapies for cancer using KSQ's CRISPRomics® technology.
Kumquat Biosciences	U.S.	Strategic and exclusive collaboration to develop and commercialize a novel immuno-oncology small molecule inhibitor as a mono- and/or combination-therapy.
MD Anderson Cancer Center (MDACC)	U.S.	Exclusive license and research agreement to utilize MDACC's platform and expertise, and to leverage Takeda's development, manufacturing and commercialization capabilities to bring patients cord blood-derived chimeric antigen receptor-directed natural killer (CAR-NK) cell therapies for the treatment of B cell malignancies and other cancers. Takeda made a data-driven decision to discontinue the clinical development of TAK-007 for relapsed/refractory B cell malignancies.
Memorial Sloan Kettering Cancer Center	U.S.	Strategic research collaboration and license to develop novel chimeric antigen receptor T cell (CAR-T) products for the treatment of multiple myeloma, acute myeloid leukemia and additional solid tumor indications. The collaboration is co-led by Michel Sadelain, who is currently head of the Center for Cell Engineering at Memorial Sloan Kettering. Takeda decided to terminate further development of TAK-940 due to the pipeline prioritization considerations and Takeda's strategic focus on developing allogeneic cell therapies.

Partner	Country of incorporation	Subject
Noile-Immune Biotech	Japan	Collaboration agreement for the development of next generation CAR-T cell therapy, developed by Professor Koji Tamada at Yamaguchi University. Takeda has exclusive options to obtain licensing rights for the development and commercialization of Noile-Immune Biotech's pipeline and products resulting from this partnership. Due to the success of the collaboration, Takeda licensed NIB-102 and NIB-103. In December 2023, Takeda decided to terminate the further development of TAK-102 and TAK-103 due to the pipeline prioritization considerations and Takeda's strategic focus on developing allogeneic cell therapies.
Teva Pharmaceutical Industries	Israel	Agreement for worldwide License to TEV-48573/TAK-573 (modakafusp alfa, Anti-CD38-AttenukineTM) and multi-target discovery collaboration accessing Teva's AttenukineTM platform. Takeda made a decision to discontinue the modakafusp alfa (TAK-573) development programs based on strategic considerations .

*ImmunoGen acquired by AbbVie in February 2024.

Plasma Derived Therapies

Partner	Country of incorporation	Subject
Halozyme	U.S.	Agreement for the in-license of Halozyme's proprietary ENHANZE™ platform technology to increase dispersion and absorption of HYQVIA.
Kamada	Israel	In-license agreement to develop and commercialize IV Alpha-1 proteinase inhibitor (GLASSIA); Exclusive supply and distribution of GLASSIA in the U.S., Canada, Australia and New Zealand; work on post market commitments ongoing.
Johnson & Johnson/Momenta Pharmaceuticals	U.S.	In-licensing agreement with Momenta Pharmaceuticals, Inc. which was acquired by Johnson & Johnson for an investigational hypersialylated immunoglobulin (hsIgG) candidate.
PreviPharma	EU	Research collaboration and option agreement to develop new targeted proteins

Vaccines

Partner	Country of incorporation	Subject
U.S. Government - The Biomedical Advanced Research and Development Authority (BARDA)	U.S.	Partnership to develop TAK-426, a Zika vaccine candidate, for the U.S. with the option to use data generated for filing also in affected regions around the world. Takeda decided to terminate further development of TAK-426.
Novavax	U.S.	Partnership for the development, manufacturing and commercialization of Nuvaxovid Intramuscular Injection, Novavax' COVID-19 vaccine in Japan, which is being funded by the Government of Japan's Ministry of Health, Labour and Welfare (MHLW) and Agency for Medical Research and Development (AMED). Takeda finalized an agreement with the MHLW to supply 150 million doses of Nuvaxovid, the supply of which will be dependent on many factors, including need. In February 2023, MHLW cancelled the order of the remaining doses not yet supplied. Takeda is working with Novavax to develop vaccines against the future variants including the Omicron variant. In April 2024, Takeda submitted a New Drug Application to the MHLW for 2 dose vial of Nuvaxovid® Intramuscular Injection (refrigerated at 2-8℃).

Other / Multiple Therapeutic Area

Partner	Country of incorporation	Subject
Asklepios Biopharmaceuticals	U.S.	Agreement for multiple research and development collaborations using FVIII Gene Therapy for the treatment of Hemophilia A and B.
Bridge Medicines	U.S.	Partnership with Sanders Tri-Institutional Therapeutics Discovery Institute, Bay City Capital and Deerfield Management in the establishment of Bridge Medicines. Bridge Medicines will give financial, operational and managerial support to move projects seamlessly from a validating, proof-of-concept study to an in-human clinical trial.
Center for iPS Cell Research Application, Kyoto University (CiRA)	Japan	Collaboration agreement for clinical applications of iPS cells in Takeda strategic areas including applications in neuroscience, oncology and gastroenterology as well as discovery efforts in additional areas of compelling iPSC translational science.
Charles River Laboratories	U.S.	Collaboration on multiple integrated programs across Takeda's core therapeutic areas using Charles River Laboratories' end-to-end drug discovery and safety assessment platform to progress these programs towards candidate status.
Code Bio	U.S.	Collaboration and license agreement for Takeda and Code Bio to design and develop a targeted gene therapy leveraging Code Bio's 3DNA platform for a liver-directed rare disease program, plus conduct additional studies for central nervous system-directed rare disease programs. Takeda has the right to exercise options for an exclusive license for four programs.
Codexis, Inc.	U.S.	Strategic collaboration and license for the research and development of novel gene therapies for certain disease indications, including the treatment of lysosomal storage disorders and blood factor deficiencies.
Evozyne	U.S.	Research collaboration and license agreement with Takeda to research and develop proteins that could be incorporated into next-generation gene therapies for up to four rare disease targets.
GSK	U.K.	In-license agreement between GSK and University of Michigan for TAK-620 (maribavir) in the treatment of human cytomegalovirus.
Ipsen	France	Purchase agreement for the development of Obizur for the treatment of Acquired Hemophilia A including for patients with Congenital Hemophilia A with inhibitors indication in elective or emergency surgery.
Massachusetts Institute of Technology	U.S.	MIT-Takeda Program to fuel the development and application of artificial intelligence (AI) capabilities to benefit human health and drug development. Centered within the Abdul Latif Jameel Clinic for Machine Learning in Health (J-Clinic), the new program will leverage the combined expertise of both organizations, and is supported by Takeda's investment.
Schrödinger	U.S.	Agreement for the multi-target research collaboration combining Schrödinger's in silico platform-driven drug discovery capabilities with Takeda's deep therapeutic area knowledge and expertise in structural biology.

Intellectual Property

An important part of our business strategy is to protect our products and technologies using patents and trademarks, to the extent available. We rely on trade secrets, proprietary know-how, technological innovations and contractual arrangements with third parties to maintain and enhance our competitive position. Our commercial success depends, in part, upon our ability to obtain and enforce strong patents, to maintain trade secret protection, to operate without infringing the proprietary rights of others and to comply with the terms of licenses granted to us. Due to the lengthy development periods for new drugs, the high costs of R&D and the small percentage of researched therapeutic candidates that reach the market, the protection of intellectual property plays an important role in the return on investments into R&D for a new drug.

We seek patent protection for proprietary technology whenever possible in the U.S., Japan and major European countries. Where practicable, we seek patent protection in other countries on a selective basis. In all cases, we endeavor to either obtain patent protection itself or support patent applications through licensors. Patents are our primary means of protecting the technologies we use. Patents provide the holder with the right to exclude others from making, using, selling, or offering for sale an invention related to a pharmaceutical product during the term of the patent. We use various types of patents to protect our biopharmaceutical products, including substance patents, which cover active ingredients, as well as patents covering usage, manufacturing processes, and formulation of drugs.

Our products, especially small molecules, are mainly protected by substance patents. While the expiration of a substance patent can result in a loss of market exclusivity for the protected pharmaceutical products, commercial benefits may continue to be protected by non-substance patents such as patents relating to the method of use of such substance, patents relating the manufacturing method of such substance, and patents relating to the new composition or formulation of such substance. The products can be also protected by regulatory data protection under relevant laws in each country even if the substance patent expired.

In the U.S., patents generally expire 20 years after the earliest non-provisional filing date of the application, subject to potential patent term adjustments for delays in patent issuance based upon certain delays in prosecution by the U.S. Patent and Trademark Office. A U.S. pharmaceutical patent that claims a product, method of treatment using a product or method of manufacturing a product may also be eligible for a patent term extension based on the time the FDA took to approve the product. This type of extension may only extend the patent term for a maximum of 5 years and may not extend the patent term beyond 14 years from regulatory approval. Only one patent may be extended for any product based on FDA delay. In addition to patent exclusivities, the FDA may provide data or market exclusivity for a new chemical entity or an orphan drug, each of which run in parallel to any patent protection. Regulatory data protection or exclusivity prevents a potential generic competitor from relying on clinical trial data that were generated by the sponsor when establishing the safety and efficacy of its competing product for a period of 5 years for a new chemical entity, or 7 years for an orphan drug. Market exclusivity prohibits any marketing of the same drug for the same indication.

In Japan, a patent can be issued for active pharmaceutical ingredients by the Japan Patent Office (“JPO”). Although claims directed to methods of treating/diagnosing human diseases are not patentable in Japan, claims directed to pharmaceutical compositions for use to treat a specific conditions or indications are patentable, as well as processes to make a pharmaceutical composition are patentable. Patents in Japan generally expire 20 years after the filing date of the patent application. Patents for pharmaceuticals may be extended for up to 5 years, depending on the amount of time spent for the drug approval process. Unlike the U.S., more than one patent per product can be extended in Japan. Japan also has a regulatory data protection system that offers a re-examination period of 8 years for pharmaceuticals that contain new active pharmaceutical ingredients and 4 years to 6 years for new combination products and 10 years for orphan drugs.

In the EU, patent applications may be filed in the European Patent Office (“EPO”) or in a country in Europe. The EPO system permits a single application to be granted for the EU, plus certain other non-EU countries, such as Switzerland and Turkey. When the EPO grants a patent, it is then validated in the countries that the patent owner designates. While the term of a patent granted by the EPO or a European country office may be extended or adjusted, it is generally 20 years from the filing date of the patent application. Pharmaceutical patents covering an approved medicinal product can be granted a further period of exclusivity under the Supplementary Protection Certificate (“SPC”) system. SPCs are designed to compensate the owner of the patent for the time it took to receive marketing authorization by the European Medicines Agency or the National Health Authorities. An SPC may only extend the patent term for a maximum of 5 years and not extend the patent term beyond 15 years from the date of the first European marketing authorization. The SPC duration can additionally be extended by a further Pediatric Extension of 6 months if the SPC relates to a non-orphan medicinal product for which data has been submitted according to a Pediatric Investigation Plan (“PIP”). The post-grant phase of patents, including the SPC system, is currently administered on a country-by-country basis under national laws. Therefore, although regulations concerning patents and SPCs have been created at the EPO and EU level, respectively, due to different national implementation they may not always lead to the same result, for example, if challenged in National Courts in the various EU countries. The EU also provides a system of regulatory data exclusivity for authorized human medicines, which runs in parallel to any patent protection. The system for drugs being approved today is usually referred to as 8+2+1 rule because it provides an initial period of 8 years of data exclusivity, during which a competitor cannot rely on the relevant data, a further period of 2 years of market exclusivity, during which the data can be used to support applications for marketing authorization but the competitive product cannot be launched and a possible 1-year extension of the market exclusivity period if, during the initial 8-year data exclusivity period, the sponsor registered a new therapeutic indication for the concerned drug. However, the additional 1-year extension is only available if either no therapy exists for the new indication or if the concerned product provides for the new indication a “significant clinical benefit over existing therapies”. This system applies both to national and centralized authorizations. The EU also has an orphan drug exclusivity system for medicines similar to the U.S. system. If a medicine is designated as an orphan drug, it benefits from 10 years of market exclusivity, during which time a similar medicine for the same indication will not receive marketing authorization. Under certain circumstances, this exclusivity can be extended with a 2-year Pediatric Extension for completion of a PIP.

Worldwide, we experience challenges in the area of intellectual property from factors such as the penetration of generic versions of our products following the expiry of the relevant patents and the launch by competitors of over-the-counter versions of our products. Our Global General Counsel is responsible for the oversight of our Intellectual Property operations, as well as our legal operations. Our Intellectual Property Department supports our overall corporate strategy by focusing efforts on three main themes:

- maximization of the value of our products and research pipeline and protection of related rights aligned to the strategies of our therapeutic area units;
- facilitation of more dynamic harnessing of external innovation through partner alliance support; and
- securing and protection of intellectual property rights around the world, including in emerging markets.

As infringement of our intellectual property rights poses a risk of loss of expected earnings derived from those rights, we have internal processes in place to manage patents and other intellectual property. This process includes both remaining vigilant against patent infringement by others as well as exercising caution, starting at the R&D stage, to ensure that our products and activities do not violate intellectual property rights held by others.

In the regular course of business, our patents may be challenged by third parties. We are party to litigation or other proceedings relating to intellectual property rights. Details of material ongoing litigation are provided in Note 32 to our audited consolidated financial statements included in this annual report.

The following table describes our outstanding substance patents and the regulatory protection ("RP") (U.S. and EU) or re-examination period ("RP") (Japan) for the indicated product by territory and expiry date. Patent term extensions ("PTE"), SPC, and pediatric exclusivity periods ("PEP") are reflected in the expiry dates to the extent they have been granted by the issuing authority. For PTE's, SPC's, and PEP's in which the application is in process but not yet granted, the extended expiry is separately provided.

Our biologic products may face or already face competition from companies who produce similar products for the same indications, and/or biosimilars, regardless of expiry dates below. Certain European patents may be the subject of supplemental protection certificates that provide additional protection for the product in certain countries beyond the dates listed in the table.

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
Gastroenterology (GI):			
ENTYVIO	Patent: - RP: July 2028[2]	Patent: - RP: May 2026[7]	Patent: - RP: May 2025[7]
DEXILANT	Not commercialized	Patent: -	Patent: -
PANTOLOC /CONTROLOC (PANTOPRAZOLE)	Not commercialized	Patent: -	Patent: -
TAKECAB[3]	Patent: August 2031	Patent: -[3]	Patent: -[3]
GATTEX/REVESTIVE	Patent: - RP: June 2031[2]	Patent: -[5]	Patent: - RP: September 2024
LIALDA/MEZAVANT[3]	Patent: -[3]	Patent: -	Patent: -
RESOLOR/MOTEGRITY	Not commercialized	Patent: -	Patent: -
ALOFISEL	Patent: - RP: September 2031[2]	Not commercialized	Patent: - RP: March 2028
EOHILIA	Not commercialized	Patent: - RP: February 2031	Not commercialized
Rare Metabolic:			
ELAPRASE[3]	Patent: -[3]	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: - RP: July 2024[2]	Patent: -	Patent: -
Rare Hematology:			
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE/ADYNOVI	Patent: January 2026	Patent: February 2026 RP: November 2027	Patent: February 2029 RP: January 2028
FEIBA[6]	Patent: -	Patent: -	Patent: -
HEMOFIL[6]	Not commercialized	Patent: -	Not commercialized
IMMUNATE[6]	Not commercialized	Not commercialized	Patent: -
IMMUNINE[6]	Not commercialized	Not commercialized	Patent: -
VONVENDI	Patent: - RP: March 2030[2]	Patent: December 2030 RP: December 2027	Patent: - RP: August 2028
RECOMBINATE	Not commercialized	Patent: -	Not commercialized
ADZYNMA	Patent: - RP: March 2034[2]	Patent: - RP: November 2035	Not commercialized
Hereditary Angioedema:			
FIRAZYR	Patent: - RP: September 2028[2]	Patent: -	Patent: -

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
TAKHZYRO	Patent: January 2031 Extended expiry of January 2036 if PTE granted RP: March 2032[2]	Patent: August 2032 RP: August 2030	Patent: November 2033 RP: November 2028
CINRYZE[6]	Not commercialized	Patent: -	Patent: -
Rare Diseases - Others:			
LIVTENCITY	Not commercialized	Patent: - RP: November 2028	Patent: - RP: November 2032
Plasma-Derived Therapies (PDT) Immunology:			
GAMMAGARD LIQUID[6]	Not commercialized	Patent: -	Patent: -
HYQVIA[6]	Not commercialized	Patent: - RP: September 2026	Patent: -
CUVITRU[6]	Patent: - RP: September 2031	Patent: - RP: September 2028	Patent: - RP: July 2027
FLEXBUMIN[6]	Not commercialized	Patent: -	Patent: -
HUMANALBUMIN[6]	Not commercialized	Patent: -	Not commercialized
GLASSIA[6]	Not commercialized	Patent: -	Not commercialized
ARALAST[6]	Not commercialized	Patent: -	Not commercialized
Oncology:			
VELCADE[3]	Patent: -[3]	Patent: -	Patent: -[3]
LEUPLIN/ENANTONE	Patent: -	Patent: -	Patent: -
NINLARO	Patent: July 2031 RP: March 2027[2]	Patent: November 2029	Patent: November 2031 RP: November 2026
ADCETRIS[4]	Patent: July 2028[8] RP: May 2028[2][9]	Patent: -[4]	Patent: October 2027 RP: October 2023
ICLUSIG[3]	Patent: -[3]	Patent: January 2027	Patent: -[3]
ALUNBRIG	Patent: November 2032 RP: January 2029[2]	Patent: April 2031 RP: April 2024	Patent: May 2029 Extended expiry of November 2033 if SPC granted RP: November 2028
VECTIBIX[4]	Patent: -	Patent: -[4]	Patent: -[4]
EXKIVITY	Not commercialized	Patent: May 2035 Extended expiry of September 2035 if PTE granted RP: September 2028	Not commercialized
ZEJULA[4]	Patent: January 2033 RP: September 2028[2]	Patent: -[4]	Patent: -[4]
CABOMETYX[4]	Patent: September 2029 RP: March 2028[2]	Patent: -[4]	Patent: -[4]
FRUZAQLA	Not commercialized	Patent: May 2028 (Extended expiry of March 2032 if PTE granted) RP: Nov 2028	Not commercialized
Neuroscience:			
VYVANSE/ELVANSE	Patent: June 2029 RP: March 2027[2]	Patent: -	Patent: June 2024 (Extended expiry of February 2028 or September 2029 in certain countries)
TRINTELLIX[4]	Patent: October 2027 RP: September 2027[2]	Patent: December 2026	Patent: -[4]
ADDERALL XR	Not commercialized	Patent: -	Not commercialized

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
INTUNIV	Patent: - RP: March 2025[2]	Patent: -	Patent: - RP: September 2025
Other:			
AZILVA-F	Patent: -	Not commercialized	Not commercialized
FOSRENOL[3]	Patent: -[3]	Patent: -	Not commercialized
QDENGA	Not commercialized	Not commercialized	Patent: - RP: December 2032

Notes:

(1) A "-" within the table indicates the substance patent is expired or not applicable.

(2) In Japan, an application for a generic product is filed after the re-examination period ends, and the product is listed in the approval and drug price listing after a regulatory review. Therefore, the generic product would enter the market after a certain period of time from the expiry of the re-examination period.

(3) This product is not sold by Takeda in all regions because of out-licensing agreements to third parties.

(4) This product is not sold by Takeda in all regions because of in-licensing agreements from third parties exclusive to certain regions. See "—Licensing and Collaboration" for further information on the licensing agreements.

(5) No generic has been launched as of March 2024. The exact timing of the market entry of the generic version of *GATTEX/REVESTIVE* is uncertain.

(6) Relates to plasma-derived therapies products.

(7) Takeda has been granted patents that cover various aspects of *ENTYVIO*, including formulation, dosing regimens and process for manufacturing, some of which are expected to expire in 2032. Any biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of all relevant patents and therefore the exact timing of biosimilar entry is uncertain.

(8) Extended patent term (PTE) for (a) frontline Hodgkin's lymphoma, (b) relapsed/refractory PTCL excluding ALCL, and (c) pediatric use for relapsed/refractory Hodgkin's lymphoma, relapsed/refractory PTCL and frontline Hodgkin's lymphoma (PTE for each of relapsed/refractory Hodgkin's lymphoma and relapsed/refractory ALCL expires in April 2026).

(9) RP for pediatric frontline Hodgkin's lymphoma only (RP for each of relapsed/refractory Hodgkin's lymphoma, relapsed/refractory ALCL, frontline Hodgkin's lymphoma, PTCL and pediatric relapsed/refractory Hodgkin's lymphoma and pediatric relapsed/refractory PTCL expired in January 2024, RP for relapsed/refractory CTCL is Sep 2029.)

III. Property, Plant, and Equipment

1. Overview of Capital Expenditures

Takeda has continued to make capital expenditures to maintain and strengthen its competitive edge. Our capital expenditures represent mainly enhancing and streamlining our production facilities, enhancing and strengthening research and development structure, strengthening sales capabilities, and promoting efficiency of our operations.

The total capital expenditures (on an acquisition basis) of Takeda for the year ended March 31, 2024 was JPY 324.4 billion.

2. Major Facilities

Takeda's major facilities, including production facilities for biopharmaceutical products, plasma-derived therapies and vaccines, are as follows:

(1) The Company

As of March 31, 2024

Office Name [Location]	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
		Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
				Area (m^2)	Amount				
Global Headquarters [Chuo-ku,Tokyo and others]	Administrative and sales	25,894	133	(513) 16,052	28,531	499	3,501	58,558	1,260
Head Office [Chuo-ku, Osaka and others]	Administrative and sales	3,094	41	(1,006) 362,305	990	2	430	4,557	438
Osaka Plant [Yodogawa-ku, Osaka]	Production, research and development	18,006	1,642	(6,250) 163,694	1,046	2	14,007	34,702	456
Hikari Plant [Hikari-shi, Yamaguchi]	Production, research and development	30,443	18,427	(3,763) 1,011,061	3,618	704	5,294	58,487	1,083
Narita Plant [Narita-shi, Chiba]	Production, research and development	1,008	1,113	27,644	584	6	1,522	4,231	168
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research and development	2,701	356	21,009	274	—	5,203	8,534	672
Sales Hubs [Chuo-ku,Tokyo and others]	Administrative and sales	114	—	—	—	—	129	243	1,397

Notes:
(1) The carrying amount of the Company's facilities are the unconsolidated financial statements which is based on J-GAAP.
(2) The Company’s facilities belong to the Pharmaceuticals segment.
(3) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(4) The table above includes land of JPY 1 million (237m^2) and buildings of JPY 295 million which are leased to parties other than consolidated companies.
(5) The part of land and buildings are leased from parties other than consolidated companies. The annual lease payments were JPY 4,478 million. Figures in parentheses of "Land" represent the square meters of the leased land.
(6) Global Headquarters and Head Office mainly consist of buildings, accompanying facilities and lands (includes dormitory and company housing, etc.) managed by Global Headquarters and Head Office.

(2) Consolidated Subsidiaries

As of March 31, 2024

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m2)	Amount				
Baxalta, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	207,886	109,847	(6,217) 503,695	5,744	71,903	62,030	457,410	2,865
BioLife Plasma Services LP [Bannockburn, IL , U.S.A.]	Pharmaceuticals	Production and others	58,307	20,598	(77,137) 448,959	4,401	98,542	9,288	191,136	8,562
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	48,294	19,240	(6,637) 395,024	27,253	59,154	20,553	174,494	860
Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Administrative, sales and others	22,194	454	—	—	134,369	15,385	172,402	4,325
Takeda Manufacturing Austria AG [Vienna, Austria]	Pharmaceuticals	Production and others	60,056	28,753	368,551	7,635	3,714	13,746	113,904	3,077
Baxalta Manufacturing, S.à r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	14,355	19,555	87,040	2,706	—	37,444	74,061	628
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	14,701	29,117	150,581	485	856	27,255	72,414	1,122
Takeda Development Center Americas, Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research, development and others	19,193	16,620	73,382	9,327	10,571	5,674	61,385	4,245
ARIAD Pharmaceuticals, Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research, development and others	1,481	—	—	—	55,192	600	57,273	—
Takeda Manufacturing Italia S.p.A.[Rome, Italy]	Pharmaceuticals	Production and others	12,142	17,251	109,000	1,382	—	16,971	47,746	751
Takeda Ireland Limited [Kilruddery, Ireland]	Pharmaceuticals	Production and others	19,341	10,592	202,679	3,466	4	7,673	41,076	536
Takeda Manufacturing Singapore Pte. Ltd. [Singapore]	Pharmaceuticals	Production and others	8,995	22,792	(3,619) —	—	202	7,056	39,045	384
Takeda GmbH [Konstanz, Germany]	Pharmaceuticals	Production and others	3	22,412	—	—	776	12,746	35,937	1,738
Takeda Singen Real Estate GmbH & Co. KG [Singen, Germany]	Pharmaceuticals	Production and others	17,344	—	141	918	—	11,010	29,272	—

Notes:

(1) The carrying amount of subsidiaries' companies are based on IFRS.
(2) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(3) The table above includes land of JPY 1,512 million (1,488m^2) and buildings and structures of JPY 1,236 million which are leased to parties other than consolidated companies.

(4) The table above includes the part of buildings and structures, machinery and vehicles and land leased from parties other than consolidated companies. The annual lease payments were JPY 11,196 million. Figures in parentheses of "Land" represent the square meters of the leased land.
(5) Location specified is the main location of the subsidiary. Certain production facilities may be in other locations in the country specified.

3. Plans for New Facility Construction, Old Facility Disposal, etc.

The following are the important plans of new facility construction, facility removal projects and/or facilities sales projects.

Classification	Company Name [Main Location]	Operating Segment	Details	Budget		Financing	Schedule	
				Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction	Takeda Pharmaceutical Company Limited [Yodogawa-ku, Osaka, Japan]	Pharmaceuticals	Manufacturing	95,000	1,869	Funds on hand	Fiscal year 2024	Fiscal year 2028
Construction	Baxalta US Inc. [Los Angeles, CA, U.S.A.]	Pharmaceuticals	Manufacturing	34,570	2,044	Funds on hand	January 2024	June 2027
Construction	Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and office	281,686*	6,117	Funds on hand/Lease	January 2023	March 2027
Construction	Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Manufacturing and warehouse	47,258	25,102	Funds on hand	February 2022	December 2024

* The budget of Takeda Pharmaceuticals U.S.A., Inc. includes a lease term payment obligation expected to start in 2025 based on a lease agreement we entered into.

IV. Information on the Company

1. Information on the Company's Shares

(1)Total Number of Shares and Other Related Information

1)Total number of shares

Class	Total Number of Shares Authorized to be Issued (shares)
Common stock	3,500,000,000
Total	3,500,000,000

2)Number of shares issued

Class	Number of Shares Issued as of March 31, 2024	Number of Shares Issued as of the Filing Date (June 26, 2024)	Names of Stock Exchanges on Which the Company is Listed or Names of Authorized Financial Instruments Firms Association with Which the Company Is Registered	Description
Common stock	1,582,418,725	1,582,418,725	Securities Exchanges in Tokyo (Prime Market), Nagoya (Premium Market), Fukuoka, Sapporo, and New York	The number of shares per unit is 100 shares.
Total	1,582,418,725	1,582,418,725	—	—

Notes:

(1) The Company's American Depositary Shares (ADSs) are listed on the New York Stock Exchange.

(2) The number of shares issued as of the filing date does not include the shares issued upon exercise of stock acquisition rights from June 1, 2024 to the filing date.

(2) Stock Acquisition Rights

1) Description of stock option plans

Date of resolution	June 24, 2011
Position and the number of grantees	113 Corporate officers and other senior management
Number of stock acquisition rights (*)	7,894 [7,894] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 789,400 [789,400] (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 3,705
Exercise period of stock acquisition rights (*)	From July 16, 2014 to July 15, 2031 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 4,132 (Note4) Amount of Capitalization: JPY 2,066
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director, an employee or other position similar thereto within the Company or the Company's subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason. 2)Where the holder of stock acquisition rights is found to have acted in breach of trust against the Company or the Company group, the holder of stock acquisition rights may not exercise his/her share options. 3)If the holder of stock acquisition rights is subject to imprisonment or severer penalty, such holder of stock acquisition rights may not exercise his/her share options. 4)Pledges and any other disposal of the stock acquisition rights may not be approved. 5)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2024). For items changed between the end of the current fiscal year and May 31, 2024 (the end of the month preceding the submission date), the status as of May 31, 2024 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

(1) One hundred shares are allocated for one stock acquisition right.

(2) In the event that the Company conducts a stock split, a free distribution ("musho-wariate") of shares or a stock consolidation of its common stock, such number of shares shall be adjusted by application of the equation noted below. Such adjustment shall be made for the number of shares to be issued or transferred upon exercise of stock acquisition rights that have not been exercised as of that time. Any fractional figure of less than one (1) share arising as a result of this adjustment shall be rounded down.
* Post-adjustment number of shares = pre-adjustment number of shares x split or consolidation rate

Note: In the event of free distribution of shares, the rate shown above shall be the quotient of division of the post- distribution outstanding stock volume (excluding treasury stock) by the pre-distribution outstanding stock volume (excluding treasury stock).
In the event of a stock split, the post-adjustment number of shares shall be applied beginning on the base day for that split. In the event of free distribution of shares or stock consolidation, it shall be applied beginning on the effective date of the distribution or consolidation.
In addition to the cases noted above, the Company shall reasonably adjust to the extent possible, the number of shares to be issued or transferred upon exercise of stock acquisition rights, based on resolutions by the Board of Directors in the event of occurrence of circumstances requiring such adjustment. In the event of such adjustment of the number of shares, the Company shall notify each holder of stock acquisition rights noted in the stock acquisition rights ledger about the requisite matters no later than the previous day of the application of the post-adjustment number of shares. However, when notification cannot be made by this date, the Company shall promptly make the notification thereafter.

(3) In the event that a director to whom stock acquisition rights are allocated retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason, such person may exercise stock acquisition rights immediately following the date of such retirement even if the exercise period has not commenced.

(4) Issue price consists of exercise price (JPY 3,705 per share) and a fair value per stock acquisition right on the allotment date (JPY 427 per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the Corporate Officers and Senior Management against the Company and fair value of stock acquisition rights allocated to each Corporate Officer and Senior Management director.

Date of resolution	July 30, 2012
Position and the number of grantees	118 Corporate officers and other senior management
Number of stock acquisition rights (*)	13,382 [13,382] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,338,200 [1,338,200] (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 3,725
Exercise period of stock acquisition rights (*)	From July 18, 2015 to July 17, 2032 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 4,094 (Note4) Amount of Capitalization: JPY 2,047
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director, an employee or other position similar thereto within the Company or the Company's subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason. 2)Where the holder of stock acquisition rights is found to have acted in breach of trust against the Company or the Company group, the holder of stock acquisition rights may not exercise his/her share options. 3)If the holder of stock acquisition rights is subject to imprisonment or severer penalty, such holder of stock acquisition rights may not exercise his/her share options. 4)Pledges and any other disposal of the stock acquisition rights may not be approved. 5)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2024). For items changed between the end of the current fiscal year and May 31, 2024 (the end of the month preceding the submission date), the status as of May 31, 2024 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

(1) One hundred shares are allocated for one stock acquisition right.

(2) In the event that the Company conducts a stock split, a free distribution ("musho-wariate") of shares or a stock consolidation of its common stock, such number of shares shall be adjusted by application of the equation noted below. Such adjustment shall be made for the number of shares to be issued or transferred upon exercise of stock acquisition rights that have not been exercised as of that time. Any fractional figure of less than one (1) share arising as a result of this adjustment shall be rounded down.
* Post-adjustment number of shares = pre-adjustment number of shares x split or consolidation rate

Note: In the event of free distribution of shares, the rate shown above shall be the quotient of division of the post- distribution outstanding stock volume (excluding treasury stock) by the pre-distribution outstanding stock volume (excluding treasury stock).
In the event of a stock split, the post-adjustment number of shares shall be applied beginning on the base day for that split. In the event of free distribution of shares or stock consolidation, it shall be applied beginning on the effective date of the distribution or consolidation.
In addition to the cases noted above, the Company shall reasonably adjust to the extent possible, the number of shares to be issued or transferred upon exercise of stock acquisition rights, based on resolutions by the Board of Directors in the event of occurrence of circumstances requiring such adjustment. In the event of such adjustment of the number of shares, the Company shall notify each holder of stock acquisition rights noted in the stock acquisition rights ledger about the requisite matters no later than the previous day of the application of the post-adjustment number of shares. However, when notification cannot be made by this date, the Company shall promptly make the notification thereafter.

(3) In the event that a director to whom stock acquisition rights are allocated retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason, such person may exercise stock acquisition rights

immediately following the date of such retirement even if the exercise period has not commenced.

(4) Issue price consists of exercise price (JPY 3,725 per share) and a fair value per stock acquisition right on the allotment date (JPY 369 per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the Corporate Offices and Senior Management against the Company and fair value of stock acquisition rights allocated to each Corporate Officer and Senior Management.

Date of resolution	December 19, 2013
Position and the number of grantees	134 Corporate officers and other senior management
Number of stock acquisition rights (*)	10,533 [10,533] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,053,300 [1,053,300] (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 4,981
Exercise period of stock acquisition rights (*)	From July 20, 2016 to July 19, 2033 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 5,534 (Note4) Amount of Capitalization: JPY 2,767
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director, an employee or other position similar thereto within the Company or the Company's subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason. 2)Where the holder of stock acquisition rights is found to have acted in breach of trust against the Company or the Company group, the holder of stock acquisition rights may not exercise his/her share options. 3)If the holder of stock acquisition rights is subject to imprisonment or severer penalty, such holder of stock acquisition rights may not exercise his/her share options. 4)Pledges and any other disposal of the stock acquisition rights may not be approved. 5)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2024). For items changed between the end of the current fiscal year and May 31, 2024 (the end of the month preceding the submission date), the status as of May 31, 2024 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

(1) One hundred shares are allocated for one stock acquisition right.

(2) In the event that the Company conducts a stock split, a free distribution ("musho-wariate") of shares or a stock consolidation of its common stock, such number of shares shall be adjusted by application of the equation noted below. Such adjustment shall be made for the number of shares to be issued or transferred upon exercise of stock acquisition rights that have not been exercised as of that time. Any fractional figure of less than one (1) share arising as a result of this adjustment shall be rounded down.

* Post-adjustment number of shares = pre-adjustment number of shares x split or consolidation rate

Note: In the event of free distribution of shares, the rate shown above shall be the quotient of division of the post- distribution outstanding stock volume (excluding treasury stock) by the pre-distribution outstanding stock volume (excluding treasury stock).

In the event of a stock split, the post-adjustment number of shares shall be applied beginning on the base day for that split. In the event of free distribution of shares or stock consolidation, it shall be applied beginning on the effective date of the distribution or consolidation.

In addition to the cases noted above, the Company shall reasonably adjust to the extent possible, the number of shares to be issued or transferred upon exercise of stock acquisition rights, based on resolutions by the Board of Directors in the event of occurrence of circumstances requiring such adjustment. In the event of such adjustment of the number of shares, the Company shall notify each holder of stock acquisition rights noted in the stock acquisition rights ledger about the requisite matters no later than the previous day of the application of the post-adjustment number of shares. However, when notification cannot be made by this date, the Company shall promptly make the notification thereafter.

(3) In the event that a director to whom stock acquisition rights are allocated retires due to the expiration of his/her term of board membership, mandatory retirement or for other valid reason, such person may exercise stock acquisition rights immediately following the date of such retirement even if the exercise period has not commenced.

(4) Issue price consists of exercise price (JPY 4,981 per share) and a fair value per stock acquisition right on the allotment date (JPY 553 per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the Corporate Offices and Senior Management against the Company and fair value of stock acquisition rights allocated to each Corporate Officer and Senior Management.

2) Description of rights plan

Not applicable.

3) Other stock acquisition rights

Not applicable.

(3) Exercise Status of Bonds with Stock Acquisition Rights Containing a Clause for Exercise Price Adjustments
Not applicable.

(4) Changes in Number of Shares Issued, Share Capital, Etc.

Date	Increase/Decrease in Number of Shares Issued (Thousands of Shares)	Balance of Shares Issued (Thousands of Shares)	Increase/Decrease in Share Capital JPY (millions)	Balance of Share Capital JPY (millions)	Increase/Decrease in Legal Capital Surplus JPY (millions)	Balance of Legal Capital Surplus JPY (millions)
From April 1, 2019 to March 31, 2020 (Notes 1 and 2)	11,368	1,576,374	24,538	1,668,123	24,538	1,654,217
From April 1, 2020 to March 31, 2021 (Note 1)	14	1,576,388	22	1,668,145	22	1,654,239
From April 1, 2021 to March 31, 2022 (Notes 1, 3, 4 and 5)	5,865	1,582,253	8,118	1,676,263	14,037	1,668,276
From April 1, 2022 to March 31, 2023 (Note 1)	44	1,582,296	82	1,676,345	82	1,668,357
From April 1, 2023 to March 31, 2024 (Note 1)	123	1,582,419	251	1,676,596	251	1,668,608

Notes:
(1) The increase in the number of shares issued in fiscal year 2019 (18 thousand), 2020 (14 thousand), 2021 (10 thousand), 2022 (44 thousand) and 2023 (123 thousand) is due to exercise of stock acquisition rights.
(2) 11,350 thousand shares out of the increase in the number of shares issued in fiscal year 2019 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: JPY 4,318 Amount of capitalization: JPY 2,159
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(3) Due to the share exchange where Nihon Pharmaceutical Co., Ltd. will be Takeda's wholly-owned subsidiary effective April 1, 2021, the number of shares issued increased by 1,462 thousand and the amount of legal capital surplus increased by JPY 5,919 million.
(4) 518 thousand shares out of the increase in the number of issued shares in fiscal year 2021 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: JPY 3,730 Amount of capitalization: JPY 1,865
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(5) Based on the resolution on July 8, 2021, new stocks were issued through third party allotment on July 26, 2021. Due to the issuance, the number of issued shares increased by 3,874 thousand shares and the amount of share capital and legal capital surplus increased by JPY 7,138 million, respectively.
(6) There was no increase in the total number of issued shares, share capital or capital reserve due to the exercise of stock acquisition rights from April 1, 2024 to May 31, 2024.

(5) Status by Type of Holder

As of March 31, 2024

	Status of Shares (1 unit = 100 shares)								
					Foreign Shareholders				
Classification	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders Other Than Individuals	Individuals	Individuals and Others	Total	Shares Less Than One Unit
Number of shareholders (persons)	1	263	65	3,618	1,080	926	569,319	575,272	—
Number of shares held (Trading units)	4	4,379,835	938,607	506,941	5,979,642	8,265	3,994,668	15,807,962	1,622,525
Percentage of shares held (%)	0.00	27.71	5.94	3.21	37.83	0.05	25.27	100.00	—

Note: 7,514,277 shares of treasury stock include 75,142 units of shares held by “Individuals and Others” and 77 shares held by “Shares Less Than One Unit.”

(6) Major Shareholders

As of March 31, 2024

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Total Number of Shares Issued (Excluding Treasury Stocks) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	261,696	16.62
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	86,763	5.51
The Bank of New York Mellon as depositary bank for depositary receipt holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	240 Greenwich Street, 8th Floor West, New York, NY 10286 U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	60,085	3.82
JP Morgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	37,232	2.36
State Street Bank West Client-Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo	33,756	2.14
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (8-1, Akasaka 1-chome, Minato-ku, Tokyo)	24,752	1.57
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	23,396	1.49
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	22,032	1.40
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	One Congress Street, Suite 1, Boston MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	21,344	1.36
JP Morgan Chase Bank 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	21,118	1.34
Total		592,174	37.60

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2024

Classification	Number of Shares (Shares)		Number of Voting Rights (Units)	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (Treasury stock, etc.)		—	—	—
Shares with restricted voting rights (Others)		—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock	7,514,200	—	—
	(Crossholding stock) Common stock	12,000	—	—
Shares with full voting rights (Others)	Common stock	1,573,270,000	15,732,700	—
Shares less than one unit	Common stock	1,622,525	—	Shares less than one unit (100 shares)
Number of shares issued		1,582,418,725	—	—
Total number of voting rights		—	15,732,700	—

Notes:

(1) On July 7, 2023, Takeda conducted the disposal of 13,958,202 treasury shares based on the resolution made on June 9, 2023 by Christophe Weber, Representative Director and Chief Executive Officer, for the purpose of providing the Company's ADS to group employees overseas under the long-term incentive plan. Shares of common stock disposed were converted to the Company's ADS and provided to the employees.

(2) "Shares with full voting rights (Others)" includes 3,630,200 shares (voting rights: 36,302 units) held by the ESOP trust account and 2,257,800 shares (voting rights: 22,578 units) held by the BIP trust account, respectively.

(3) "Shares less than one unit" includes 77 shares of treasury stock, and 139 shares held by the ESOP trust account and 219 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2024

Name of Shareholders	Address	Number of Shares Held under Own Name (Shares)	Number of Shares Held under the Name of Others (Shares)	Total Shares Held (Shares)	Percentage of Total Shares Issued (%)
(Treasury stock) Takeda Pharmaceutical Company Limited	1-1, Doshomachi 4-chome, Chuo-ku, Osaka	7,514,200	—	7,514,200	0.47
(Crossholding stock) Watanabe Chemical Co.,Ltd.	6-1, Hiranomachi 3-chome, Chuo-ku, Osaka	12,000	—	12,000	0.00
Total	—	7,526,200	—	7,526,200	0.48

Note: In addition to the above treasury stock and 77 shares of less than one unit, 3,630,339 shares held by the ESOP trust account and 2,258,019 shares held by the BIP trust account are recorded as treasury stock in the financial statements.

(8) Officer / Employee Stock Ownership Plan

1) Employee (Takeda Group Management) Stock Ownership Plan

The Company introduced an Employee Stock Ownership Plan (the "Plan") in 2014 for Takeda Group Management in Japan and outside of Japan as a highly transparent and objective incentive plan that is closely linked to company performance. The purpose of this Plan is to improve the Company's mid- and long-term performance as well as raise awareness of the need to enhance the Company's value.
In addition, the Company introduced an Employee Stock Purchase Plan (ESPP) and Long Term Incentive Plan (LTIP) for the Takeda Group employees residing outside of Japan in 2020. Accordingly, since 2020, a trust which is newly established, or the period of which is extended for purposes of the Plan, covers the Company Management in Japan.

(i) Outline of the Plan

The Plan uses a structure referred to as an Employee Stock Ownership Plan Trust (ESOP Trust). The ESOP Trust is an employee incentive plan designed based on Restricted Stock Units and Performance Share Units, whereby Restricted Stock Unit awards and Performance Share Unit awards are granted to Company Management in Japan. Restricted Stock Unit awards and Performance Share Unit awards are granted to certain members of senior management while Restricted Stock Unit awards are granted to the remainder of employees. The Company delivers the Company's shares acquired through the ESOP Trust, or pays money equivalent to the liquidation value of the Company's shares, along with dividends arising from the Company's shares, to employees based on their job positions and their achievement of performance indicators.

The Company plans to continue this scheme by introducing a new ESOP Trust or changing and entrusting additional funds to the existing expired ESOP Trust every year starting from 2014 to maintain the Plan. Consequently, on May 16, 2022, the Company extended the trust period of the ESOP Trust which was established in 2019 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2022. On May 16, 2023, the Company extended the trust period of the ESOP Trust which was established in 2020 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2023. On May 14, 2024, the Company extended the trust period of the ESOP Trust which was established in 2021 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 9, 2024.

(ii) Trust Agreement

[2022]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company Management in Japan
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among the Company Management in Japan
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 20, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of May 16, 2022)
Trust term:	From May 20, 2016 to August 31, 2025 (the Trust term was extended by the amendment agreement executed as of May 16, 2022) (Base points were granted on July 1, 2022)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[2023]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company Management in Japan
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among the Company Management in Japan
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 21, 2014 (an amendment agreement was executed regarding the extension of the Trust term as of May 16, 2023)
Trust term:	From May 21, 2014 to August 31, 2026 (the Trust term was extended by the amendment agreement executed as of May 16, 2023) (Base points were granted on July 1, 2023)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[2024]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company Management in Japan
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among the Company Management in Japan
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 14, 2024)
Trust term:	From May 22, 2015 to August 31, 2027 (the Trust term was extended by the amendment agreement executed as of May 14, 2024) (Base points will be granted on July 1, 2024 (scheduled))
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

(iii) Maximum number of shares to be acquired by employees

Grant trust for FY 2024: Approximately 500,000 shares (scheduled)

(iv) Beneficiaries

Person(s) who meet beneficiary requirements among Takeda Management in Japan

2) ESPP and LTIP for Takeda Group employees

In 2020, the Company introduced (i) an ESPP under which eligible Takeda Group employees residing outside of Japan will be provided with the opportunity to purchase American depositary shares of the Company (Company ADS) at a discount, with the goal of encouraging employees to enter into broad-based employee ownership of the Company, and (ii) an LTIP under which eligible Takeda Group employees residing outside of Japan may be awarded Company ADS-based incentive compensation, with the goal of aligning the employees' interests with those of the Company's shareholders, to attract and retain Takeda Group employees residing outside of Japan and to further the Company's risk mitigation strategy by enabling the Company and its Group Companies to provide incentive compensation that appropriately balances risk and reward.

(i) Outline of ESPP

The ESPP allows eligible Takeda Group employees residing outside of Japan to receive Company ADSs purchased in the open market by making cash contributions. Eligible Takeda Group employees may enroll in the ESPP every six months, and their participation in the ESPP will be terminated, in principle, upon the termination of their employment with the Company and its Group Companies. From October 2020, the maximum amount of the contribution by a Takeda Group employee upon each enrollment will be, in principle, USD 7,500 or the equivalent thereof in the local currency.

(ii) Outline of LTIP

In the LTIP, certain equity awards, including Restricted Stock Unit awards (RSU awards) using Restricted Stock Units, and Performance Stock Unit awards (PSU awards) using Performance Stock Units, may be granted to eligible Takeda Group employees

residing outside of Japan. Awards granted pursuant to the LTIP may be settled by Company ADSs to be converted from newly issued shares of common stock in the Company or treasury shares, Company ADSs purchased in the open market, or cash in an amount equivalent to the vested Company ADSs. In July 2021, July 2022 and July 2023, RSU awards and PSU awards were granted to eligible Takeda Group employees. With respect to RSU awards, the number of Company ADSs corresponding to one-third of the RSU awards granted vests annually over a three-year period upon the fulfillment of applicable conditions, including the relevant persons being continuously employed by the Company or its Group Companies. With respect to PSU awards, in addition to the fulfillment of applicable conditions, including the relevant persons being continuously employed by the Company or its Group Companies, a number of Company ADSs, corresponding to the degree or level of achievement of company performance goals for the three fiscal years including and commencing from the grant year and other factors, fully vests after the end of the three fiscal year period. For both RSU awards and PSU awards, upon the occurrence of certain events, including the employee's death, instead of Company ADSs, cash in an amount equivalent to the vested Company ADSs is paid on a certain designated date.

3) Board Incentive Plan

The Company introduced the Board Incentive Plan (the Plan) for members of the Board of Directors in accordance with the resolution of the 140th General Shareholders' Meeting held on June 29, 2016. With the transition of the Company to a company with Audit and Supervisory Committee, this plan substitutes the former Board Incentive Plan (the former Plan) which was adopted in 2014 for members of the Board of Directors (excluding External Directors and Directors residing outside of Japan) in accordance with the resolution of 138th General Shareholders' Meeting held on June 27, 2014.
The Company partially revised the Plan in accordance with the resolution of the of 143rd General Shareholders' Meeting held on June 27, 2019.

(i) Outline of the Plan

The Plan uses a structure referred to as a Board Incentive Plan trust (the BIP Trust). The BIP Trust is an incentive plan for Directors designed based on Performance Share Units and Restricted Stock Units, whereby Performance Share Unit awards and Restricted Stock Unit awards are granted to Directors. The Company delivers or pays the Company's shares acquired through the BIP Trust and money equivalent to the liquidation value of the Company's shares, along with dividends arising from the Company's shares to (1) Directors who are not members of the Audit and Supervisory Committee (excluding External Directors and Directors residing outside of Japan) at a set time after the grant of Performance Share Unit awards and Restricted Stock Unit awards, and to (2) Directors who are members of the Audit and Supervisory Committee and External Directors three years after the date when the applicable base points allocated under the plan are granted after the grant of only Restricted Stock Unit awards in furtherance of these Directors' proper and objective supervisory function over business execution.

The Company plans to continue this scheme by introducing a new BIP Trust or changing and entrusting additional funds to the existing expired BIP Trust every year starting from 2014 and maintain the similar incentive plan as the former plan. In 2016, in adoption of the Plan instead of the former Plan, Directors who are members of the Audit and Supervisory Committee and External Directors appointed in 2016 were added in the scope of the Plan, and new BIP Trusts was established each for Directors who are not members of the Audit and Supervisory Committee (excluding Directors residing outside of Japan who are not External Directors.) as well as Directors who are members of the Audit and Supervisory Committee. (Such BIP Trust associated with Directors who are not members of the Audit and Supervisory Committee shall be referred to as the NSV (Non-Supervisory) Trust and such BIP Trust for those who are as the SV (Supervisory) Trust hereinafter).

On May 16, 2017, the Company partially revised the BIP Trust which was established in 2014 in order to allow it to be continued as the NSV Trust for the Plan and then extended the trust period and entrusted additional funds based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 10, 2017. (SV Trust was not established in 2017 as there were no newly appointed Directors who are members of the Audit and Supervisory Committee in 2017).

On May 21, 2018, the Company partially revised the BIP Trust which was established in 2015 in order to allow it to be continued as the NSV Trust for the Plan and then extended the trust period and entrusted additional funds based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 14, 2018. Also, based on the same resolution, the Company extended the trust period for the SV Trust which was established in 2016 and entrusted additional funds.

On August 1, 2019 the Company partially revised the plans to extend the term and changed a part of the BIP Trust already established in 2016 to the NSV Trust with entrustment of additional money to the Trust in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing outside of Japan) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III") and such plans were approved by Shareholders on June 27, 2019.

On May 16, 2022, the Company extended the BIP Trust which was established in 2019 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2022 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing outside of Japan) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

On May 16, 2023, the Company extended the BIP Trust which was established in 2020 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2023 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing outside of Japan) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

On May 14, 2024, the Company extended the BIP Trust which was established in 2021 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 9, 2024 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing outside of Japan) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

(ii) Trust Agreement

[2022 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	August 3, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of May 16, 2022)
Trust term:	August 3, 2016 to August 31, 2025 (the Trust term was extended by the amendment agreement executed as of May 16, 2022) (Base points were granted on July 1, 2022)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	1.94 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 18, 2022
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[2023 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	August 4, 2014 (an amendment agreement was executed regarding the extension of the Trust term as of May 16, 2023)
Trust term:	August 4, 2014 to August 31, 2026 (the Trust term was extended by the amendment agreement executed as of May 16, 2023) (Base points were granted on July 1, 2023)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	2.4 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 18, 2023
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[2024 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 14, 2024)
Trust term:	May 22, 2015 to August 31, 2027 (the Trust term was extended by the amendment agreement executed as of May 14, 2024) (Base points will be granted on July 1, 2024 (scheduled))
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	1.9 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 16, 2024
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

(iii) Maximum number of shares to be acquired by Directors

Grant trust for FY 2024: Approximately 520,000 shares (scheduled)

(iv) Beneficiaries

Person(s) who meet beneficiary requirements among Directors

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares] Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Not applicable.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of Shares (Shares)	Total Amount (JPY)
Treasury stock acquired during the current fiscal year	5,514	¥ 24,221,483
Treasury stock acquired during the current period	413	1,704,008

Notes:
(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2024 to the filing date of this report.
(2) The above table does not include the shares of the Company acquired by the trust account relating to the ESOP Trust or BIP Trust.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (JPY)	Number of Shares (Shares)	Total Disposition Amount (JPY)
Acquired treasury stock for which subscribers were solicited	13,958,202	¥ 47,613,714,585	—	¥ —
Acquired treasury stock that was cancelled	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/ stock exchange/ stock issuance/ corporate separation	—	—	—	—
Other (Sold due to request for sale of shares constituting less than one full unit)	125	551,920	75	310,050
Number of shares of treasury stock held	7,514,277	—	7,514,615	—

Notes:
(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2024 to the filing date of this report.
(2) The above table does not include the shares of the Company held by the trust account relating to the ESOP Trust or BIP Trust.

3. Dividend Policy

Guided by our vision to discover and deliver life-transforming treatments, and with a focus on maintaining solid investment grade credit ratings, we will allocate capital to deliver sustainable value to patients and attractive returns to our shareholders.

Takeda's policy in the allocation of capital is as follows:

- Invest in growth drivers; and
- Shareholder returns.

In respect of "Invest in growth drivers", Takeda makes strategic investments in internal and external opportunities to enhance the pipeline, new product launches, and plasma-derived therapies. With regard to "Shareholder returns", Takeda has adopted a progressive dividend policy of increasing or maintaining the annual dividend per share each year, alongside share buybacks when appropriate.

The Company’s Articles of Incorporation stipulates that an interim dividend may be paid. Our policy is to distribute surplus twice a year, an interim and a year-end dividend. The Company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided in laws and regulations.

(For dividends for which the basis date falls in the year ended March 31, 2024, refer to the "Notes to Consolidated Financial Statements, "Note 26. Equity and Other Equity Items," Consolidated IFRS Financial Statements for the year ended March 31, 2024.)

4. Corporate Governance

(1) Corporate Governance

1) Corporate Governance Structure

In line with the Company's purpose "Better Health for People, Brighter Future for the World," the Company continues to pursue a management framework appropriate for a global, values-based, R&D-driven, digital biopharmaceutical company. The Company is strengthening its internal controls, including thorough compliance and risk management, and establishing a structure that enables agile, sound, and transparent decision-making. These measures will further improve the Company's corporate governance and maximize its corporate value.

2) Organizational Composition and Operation

[Organization Form]

Company with Audit and Supervisory Committee

(Reasons for Adoption of Current Corporate Governance System)

The Company is a company with an Audit and Supervisory Committee (ASC), which enables the Board of Directors (BOD) to delegate a substantial part of their decision-making authority of important business executions to Management, and to enhance the separation of business execution and supervision. The governance structure allows the Company to further expedite the decision-making process and enables the BOD to focus more on discussions on business strategies and, particularly important business matters. The Company is aiming to increase transparency and independence of the BOD and further enhancing its corporate governance, by establishing systems of audit and supervision conducted by the ASC, and increasing the proportion of the number of External Directors and the diversity of the BOD.

[Directors]

- Chair of the Board Meeting: Independent External Director
- Number of Directors: 14 persons (Male 11 persons, Female 3 persons including 4 Directors who are Audit and Supervisory Committee Members)
- Election of External Directors: Elected

[Audit and Supervisory Committee]

- Number of Audit and Supervisory Committee members: 4 persons including 4 External Directors

From June 2021, the ASC has consisted only of External Directors to further enhance the independence of the Committee.

- Audit and Supervisory Committee

The ASC consists only of External Directors and ensures its independence and effectiveness in line with the ASC Charter and Internal Guidelines on Audit and Supervision of ASC. The Committee conducts audits of the Directors' performance of duties and performs any other duties stipulated under laws and regulations and the Articles of Incorporation.

- Matters Relating to the Independence of Such Directors and/or Staff from the Executive Directors

The ASC Office was established to support the operations of the ASC, and an appropriate number of staff members are appointed among employees. The appointment and any personnel change of the members of the ASC Office require the agreement of the ASC.

The ASC Office assists the ASC in fulfilling its duties by collecting information on a regular basis through attendance at important meetings and review of important documents, and by periodical interviews etc. with executives through business reporting. In addition, the Company ensures the effectiveness of audit by conducting a systematic audit through the internal control system. For the reasons above, no full-time ASC member are appointed.

- Cooperation among the ASC, Accounting Auditors and Internal Audit Departments

(Cooperation between the ASC and Accounting Auditors)

The ASC receives reports directly from the Accounting Auditors on audit plans, the audit structure/system and audit results for each business year. In addition, the ASC and Accounting Auditors closely cooperate with each other by exchanging information and opinions, as necessary.

(Cooperation between the ASC and Group Internal Audit (GIA) department)

Based on the status of the development and operation of the internal control system, the ASC works in close cooperation with the GIA department to improve audit efficiency. This is done through audit reports from the GIA department to the ASC, and instructions from the ASC to the GIA department.

(Relationship between the ASC and Internal Control Promoting Department)

The ASC works closely with the divisions responsible for internal control, such as Global Ethics and Compliance, Global Finance, etc. and utilizes the information received from these divisions to ensure that the ASC audits are conducted effectively.

[Internal Criteria for Independence of External Directors of the Company]

The Company will judge whether an External Director has sufficient independence against the Company with the emphasis on his/her meeting the following quality requirements, on the premise that he/she meets the criteria for independence established by the financial instruments exchanges.

The Company believes that such persons will truly meet the shareholders' expectations as the External Directors of the Company, i.e., the persons who can exert strong presence among the diversified members of the Directors and of the Company by proactively continuing to inquire the nature of, to encourage improvement in and to make suggestions regarding the important matters of the Company doing pharmaceutical business globally, for the purpose of facilitating impartial and fair judgment on the Company's business and securing sound management of the Company. The Company requires such persons to meet two or more of the following four quality requirements to be an External Director:

(1) He/She has advanced insights based on the experience of corporate management;
(2) He/She has a high level of knowledge in the area requiring high expertise such as accounting and law;
(3) He/She is well versed in the pharmaceutical and/or global business; and
(4) He/She has advanced linguistic skill and/or broad experience which enable him/her to understand diverse values and to actively participate in discussion with others.

3) Business Execution

[Management Setup]

At the Company, the BOD determines the fundamental policies for the group, and the Takeda Executive Team (TET) executes the management and business operations in accordance with such decisions. The External Directors of the Board are all qualified individually and with a diverse and relevant experience as a group. The ASC, which is composed entirely of External Directors audits and supervises the execution of directors from an independent standpoint and contributes to proper governance and decision-making of the Board. Moreover, in order to respond to management tasks that continue to diversify, the Company has established the TET, as well as the Business & Sustainability Committee (which is responsible for corporate / business development matters and sustainability-related matters), the Portfolio Review Committee (which is responsible for R&D and products related matters), and the Risk, Ethics & Compliance Committee (which is responsible for risk management, business ethics and compliance matters). These committees review important matters to ensure the agility and flexibility of business execution and ensure greater coordination among the various functions. Matters not requiring the approval of the aforementioned committees are delegated to the TET stipulated in the Takeda Group’s Management Policy (T-MAP). The Company aims for agile and efficient decision-making across the group.

[Board of Directors]

The Company has given its BOD the primary function of observing and overseeing business execution as well as decision-making for strategic or particularly important matters regarding company management. The BOD is operated by the “Board of Directors Charter”. The BOD consists of 14 Directors (including three females), including 11 External Directors, six Japanese and eight non-Japanese (as of June 26, 2024), and meets in principle eight times per year to make resolutions and receive reports on important matters regarding management. In the fiscal year 2023, the BOD discussed and made decisions on particularly important matters including the convocation and proposal matters of the General Meeting of Shareholders, enterprise risk assessments, annual and mid-range business plan, interim financial results, quarterly financial results, financial statements, business report. They also made decisions on updating the Company’s capital allocation policy which includes the progressive dividend policy of increasing or maintaining the dividend each year and a dividend increase proposal based on this policy. In addition, it had a strategic session to focus on the discussion about long-term business forecasts, R&D pipeline strategy and global business strategy, etc., as well as an executive session for discussion among only External Directors. Eight BOD meetings were held in fiscal year 2023 and all Internal Directors who took office at the end of fiscal year 2023 attended all meetings. (Please refer to the Table “External Directors’ Relationship with the Company (2)” in [Directors], Part II, section 1 of this report about the attendance of External Directors.) The BOD is chaired by an Independent External Director to increase the independence of the BOD. To ensure the validity and transparency of the decision-making process for the election of Director candidates and compensation of Directors, the Company established a Nomination Committee and a Compensation Committee, all the members of which are External Directors and both of which are chaired by External Directors, as advisory committees to the BOD.

[Internal Audit]

The GIA department, comprising 55 members, the Corporate Environment, Health and Safety (EHS) department in the Global Manufacturing & Supply division, and Global Quality conduct regular internal audits for each division of the Company and each Group company using their respective guiding documents, the “Group Internal Audit Charter”, the “Global Environment, Health and Safety Policy and Position” and the “Global Quality Policy.”

[Takeda Executive Team]

The TET consists of the President & Chief Executive Officer ("President & CEO") and function heads of the Takeda Group who report directly to the President & CEO.

[Business & Sustainability Committee]

The Business & Sustainability Committee consists of TET members. In principle, it holds a meeting twice a month to discuss and make decisions on important execution of corporate/business development matters and sustainability-related matters.

[Portfolio Review Committee]

The Portfolio Review Committee (PRC) consists of TET members and the heads of the R&D core functions. In principle, it holds a meeting two to three times a month. The PRC is responsible for ensuring that the Company’s portfolio is optimized to achieve the organization’s strategic objectives, and determines the composition of the portfolio by reviewing and approving R&D investments in portfolio assets. In addition to determining which assets and projects will be funded, the PRC defines how investments will be resourced.

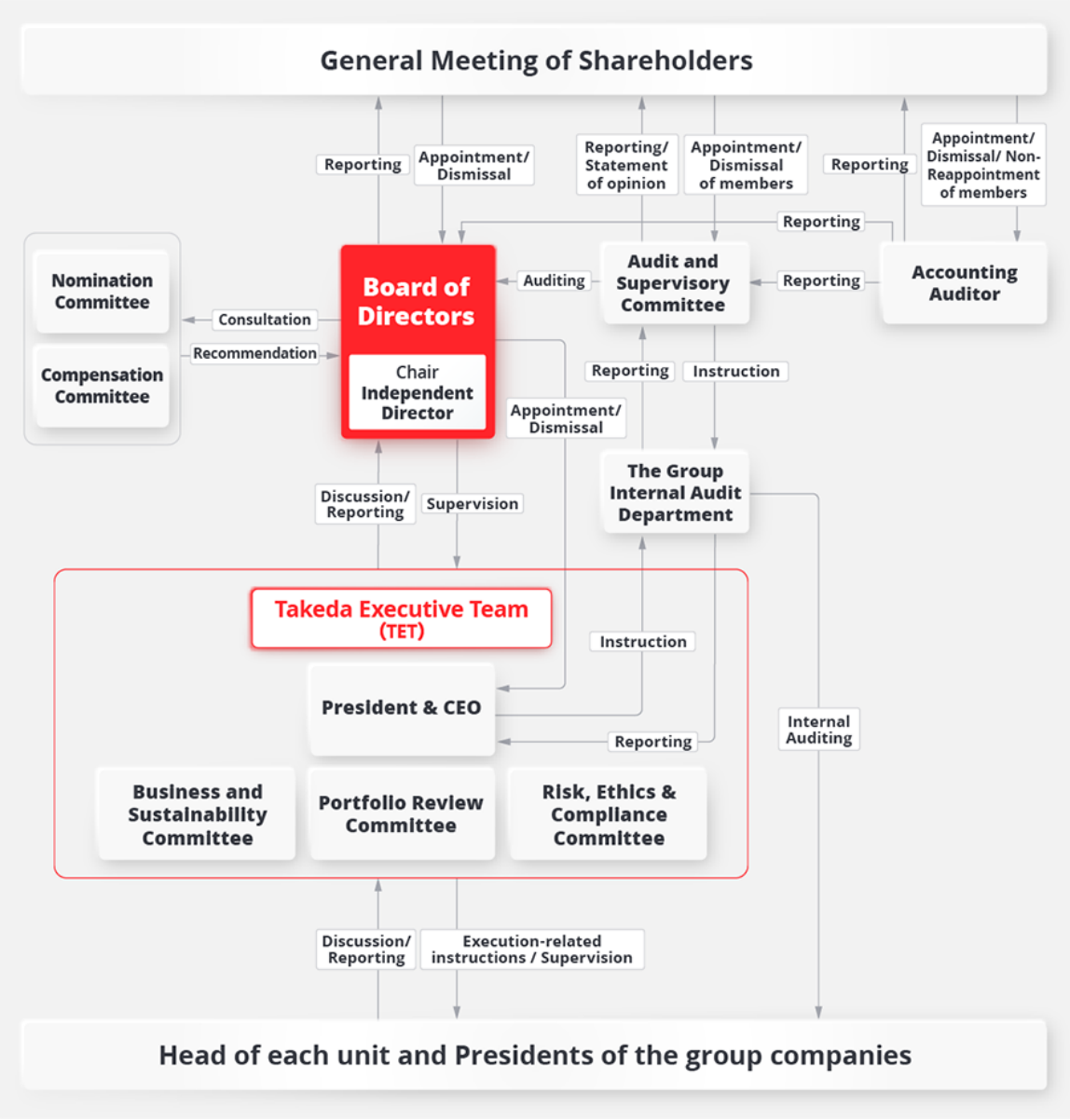
[Risk, Ethics & Compliance Committee]

The Risk, Ethics & Compliance Committee consists of TET members. In principle, it holds a meeting once every quarter to discuss and make decisions on important matters concerning risk management, business ethics and compliance matters, and the risk mitigation measures.

[Basic Views on the Internal Control System and the Progress of System Development]

The Company regards internal control, together with risk management, as an important component of corporate governance and has developed its internal control system as described below.

The below shows a schematic diagram of Takeda's internal control system.



(i) Systems to ensure the appropriateness of operations in the Takeda Group

- The Company's "Corporate Philosophy," consisting of its "Purpose," "Values: Takeda-ism," "Vision" and "Imperatives," permeates the entire Takeda Group. These principles serve as the foundation of the Takeda corporate culture. In addition, the Company is working to strengthen its compliance system through the dissemination of the "Takeda Global Code of Conduct" and by developing ethics and compliance programs.
- As a "company with an Audit and Supervisory Committee," the Company has established a system that enables the ASC to effectively perform its duties relating to audit and supervision, and is increasing the proportion and diversity of External Directors in order to ensure the transparency and objectivity of the BOD.
- The Company voluntarily has established its Nomination Committee and Compensation Committee, as advisory bodies for the BOD. Both committees ensure objectivity and fairness in the selection and compensation of Directors by having only External Directors as committee members, including the Chairperson. In the fiscal year 2023, the Nomination Committee and the Compensation Committee held four meetings and five meetings, respectively. The election of members of both committees was held on June 28, 2023, and almost all members attended all committee meetings held during their tenure (Mr. Olivier Bohuon attended three out of four required Compensation Committee meetings as he passed away on May 5, 2024). In the fiscal year 2023, the Nomination Committee discussed director candidates and director succession plans, and provided guidance to the BOD. In fiscal year 2023, the Compensation Committee reviewed and discussed the goals and results of performance-based compensation, the alignment of the

compensation policy to the achievement of the Company's medium- and long-term plans and to the business environment, the amount of compensation for directors, the appropriate Corporate KPIs for STI (Short Term Incentive) and Performance Share Unit awards (PSU awards), the public disclosure of compensation, etc., and the committee further provided guidance to the BOD.

The member composition is as follows (as of June 26, 2024) :

Nomination Committee: Mr. Masami Iijima (Chairperson), Dr. Steven Gillis, Ms. Emiko Higashi, Mr. Michel Orsinger, Mr. Jean-Luc Butel and Mr. Yoshiaki Fujimori (Mr. Christophe Weber as an observer)

Compensation Committee: Ms. Emiko Higashi (Chairperson), Dr. John Maraganore, Mr. Michel Orsinger and Ms. Kimberly A. Reed

- The Company has established the below committees in order to properly deliberate and decide on important matters:
  - Business & Sustainability Committee: responsible for corporate/business development matters and sustainability-related matters
  - Portfolio Review Committee: responsible for R&D and product related matters
  - Risk, Ethics & Compliance Committee: responsible for risk management, business ethics and compliance matters.
- The Company has established the Takeda Executive Team ("TET"), which consists of the President & CEO and the heads of the divisions of the Takeda Group, in order to strengthen its global business management and deepen collaboration among various divisions.
- The Company has established the "Takeda Group's Management Policy (T-MAP)," which summarizes the Company's business and operations, decision-making and reporting structure, important operational rules, and applies it to all divisions and subsidiaries of the Takeda Group. In addition, each TET member establishes rules for operations and delegation of authority in each division and subsidiary to ensure that operations are conducted appropriately.
- The Company has developed a group-wide management system by establishing Global Policies for enterprise risk management, crisis management, Environment, Health and Safety (EHS) and raising & handling concerns.
- The Company has established a Quality Management System (QMS) and developed documents describing requirements and procedures, and conducts audits, monitors, and controls the compliance with these documents. This helps to ensure proper operations in research and development, manufacturing and product quality, as well as compliance with the laws and regulations of the pharmaceutical industry (GxP).
- The Company has established the Group Internal Audit (GIA), an independent assurance function within Takeda Group, to support the enhancement and protection of organizational value through its audit activities. The results of internal audit are reported to the President & CEO, the Audit and Supervisory Committee, and the Board of Directors. The GIA department develops and maintains an audit quality assurance and improvement program and conducts internal audit activities in accordance with the "International Standards for the Professional Practice of Internal Auditing (IIA Standards)" issued by the Institute of Internal Auditors.

(ii) System for retention and management of information concerning the execution of the duties of Directors

- The Company has established the "Global Records and Information Management (RIM) Policy" and properly retains and manages the BOD meeting minutes, approvals of management decisions, and other information concerning the execution of the duties of Directors.

(iii) Rules and other systems for managing the risk of loss

- The Company has established an integrated system that brings together the three areas of enterprise risk management, business continuity management, and crisis management based on the "Global Business Resilience Policy."
  - The Company conducts annual enterprise risk assessment for the identification, evaluation, and mitigation planning for prioritized risks.
  - The Company develops business continuity plans for major risks and essential business areas.
  - The Company formulates crisis management plans to identify, manage and recover from a crisis and responds to it by organizing a Crisis Management Committee according to the level of impact.
- The Company has established the principles and processes to identify, monitor and report selected high-risk business activities based on the "Global Monitoring Policy."
- The Company has established a patient safety and quality management framework, under both normal state and crisis mode, to initiate necessary actions for patient safety and quality issues including product recall.

(iv) System to ensure that the duties of Directors are executed efficiently

- Under the provisions of its Articles of Incorporations, the Company has established a structure that delegates a certain degree of decision-making authorities to certain Directors, which enables the BOD to focus more on business strategies, internal controls and other important business matters of the Takeda Group.
- The matters delegated to the Directors are discussed and decided at the appropriate management committees, to ensure an agile and effective decision-making process.
- The Company has established delegation of authority and decision-making rules such as the "Board of Directors Charter" and "T-MAP" to ensure the duties of the Directors are executed in an appropriate and efficient manner.

(v) Systems to ensure that Directors and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties

- The Company has established a dedicated department responsible for business ethics and compliance in order to strengthen the group-wide compliance systems.
- The Company has established its Code of Conduct, global policies (prohibition of bribery, handling of personal information, prohibition of insider trading, etc.) and other compliance-related internal rules, and implements training programs throughout the Takeda Group.
- The Company has established global policies and internal regulations for interactions with healthcare entities, patient organizations,

and government entities to comply with laws and regulations, which are essential for pharmaceutical companies.
- The Company has established guidelines for raising and handling concerns of potential misconduct and has procedures for employees to remain anonymous and ensure their confidentiality through the Takeda Ethics Line.

(vi) System to ensure the reliability of financial reporting

- The Company ensures the reliability of disclosed materials by establishing and implementing an internal control system for financial reporting based on the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(vii) Basic Views on Eliminating Anti-Social Forces

The Company's basic policy is to eliminate any relationship, including normal transactions, with antisocial forces that pose a threat to the order or safety of civil society. The Company takes the following actions:

- The Company has built and maintains close cooperative relationships with the supervising police station and external specialist bodies, to proactively collect information on antisocial forces.
- The Company disseminates information on antisocial forces to relevant divisions in the Company and also to employees, as necessary, during internal training, etc., in order to implement activities that avert any damage from antisocial forces.

(viii) System to ensure that the audits by the ASC are conducted effectively

The Company has established the following system that defines the roles, authority, duties, etc. of the ASC through the "Audit and Supervisory Committee Charter," as well as internal guidelines regarding the audit and supervision of the ASC.

1) Matters related to ensuring the independence from the directors, of employees who assist the ASC, and the effectiveness of instructions given to such employees by the ASC:
   - The ASC Office is established, and dedicated staff members are appointed in order to assist ASC in the execution of duties under the direction of the ASC.
   - The appointment, personnel changes, personnel evaluations and other matters related to the dedicated staff members require the consent of the ASC.
2) A structure for the directors and the employees to report to the ASC, and other reporting structures related to the ASC:
   - The ASC is informed on matters concerning the Company's basic management policy and plans, and material matters including those related to subsidiaries and affiliates of the Company.
   - Any facts that could cause significant damage to the Takeda Group need to be immediately reported to the ASC.
   - The ASC can access the minutes and materials of important meetings at any time.
   - The Company has established a system to ensure that Directors and employees, etc. would not be subject to any unfavorable treatment for reporting to the ASC.
3) Other systems to ensure that audits by the ASC are performed effectively:
   - The ASC can conduct systematic audits in cooperation with the internal audit division, to which the ASC is authorized to give instructions, the internal control promotion division and the accounting auditor.
   - Expenses necessary for the execution of duties by the ASC and the ASC members are borne by the Company.

4) Adoption of Anti-Takeover Measures

The Company has not adopted any defense measures against hostile takeovers

5) Other

[Liability Limitation Agreement]

– The Company has executed agreements with Non-Executive Directors stating that the maximum amount of their liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies Act shall be the amount provided by law.

[Outline of the terms of the company indemnification agreement]

– The Company has executed company indemnification agreements as defined in Article 430-2, Paragraph 1 of the Companies Act with Directors, providing that the Company shall indemnify expenses set forth in Article 430-2, Paragraph 1, Item 1 thereof and damages set forth in Article 430-2, Paragraph 1, Item 2 thereof within the scope permitted by the laws and regulations.

[Outlines of the terms of the directors & officers liability insurance]

– The Company has executed directors & officers liability insurance contracts as defined in Article 430-3, Paragraph 1 of the Companies Act with insurance companies, under which directors, statutory auditors and employees in managerial or supervisory positions of the Company or the Company's group are insured. Such insurance covers damages which may arise from liability incurred by such insured persons in connection with the execution of their duties or claims made against such insured persons in relation to such liability unless any exclusion stipulated in the insurance policy applies.
The Company bears the full amount of the premium for such insurance and any insured person does not bear any substantial amount of the premium.

[Other stipulation in the Company's articles of incorporation regarding Number and Appointment of Directors]

– The Company shall have 12 or fewer Directors (excluding Directors who are Audit and Supervisory Committee Members). The Company shall have four or fewer Directors who are Audit and Supervisory Committee Members.

– The Directors shall be elected at a general meeting of shareholders that distinguishes between Directors who are Audit and Supervisory Committee Members and other Directors. Voting on resolutions for appointments shall take place in the presence of shareholders who have one-third or more of the voting rights of shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution. The appointment of Directors shall not be made by cumulative voting.

[Other stipulation in the Company's articles of incorporation regarding matters to be resolved at the general meeting of shareholders or the board of directors]

– For the purpose of agile implementation of capital policy and dividend policy, the company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

– In order to fully demonstrate the expected role of directors in executing their duties, the Company may, by a resolution of the Board of Directors, exempt Directors (and former Audit and Supervisory Board members) from their liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by laws.

– For the purpose of smooth operation of general meeting of shareholders, the extraordinary resolution of general meeting of shareholders provided for in Paragraph 2, Article 309 of the Companies Act shall be adopted by two-thirds or more of the votes of the shareholders present at the meeting and entitled to exercise their voting rights at which a quorum shall be one-third or more of the voting rights of the shareholders entitled to exercise their voting rights.

(2) Members of the Board of Directors

1) List of the Board of Directors

11 male Directors and 3 female Directors (percentage of female: 21%)

Name	Christophe Weber	
Title	Representative Director, President and Chief Executive Officer	
Date of Birth	November 14, 1966	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		785,900 shares (684,353 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (211,810 shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2012	President & General Manager, GlaxoSmithKline Vaccines	
April 2012	CEO, GlaxoSmithKline Biologicals	
April 2012	Member of GlaxoSmithKline Corporate Executive Team	
April 2014	Chief Operating Officer of the Company	
June 2014	President and Representative Director of the Company (to present)	
April 2015	Chief Executive Officer of the Company (to present)	
September 2020	Head of Global Business, Takeda Pharmaceuticals U.S.A., Inc. (to present)	

Name	Milano Furuta	
Title	Director, Chief Financial Officer	
Date of Birth	February 26, 1978	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		13,200 shares (41,211 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2000	Joined The Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.)	
June 2006	Joined Taiyo Pacific Partners, USA	
July 2010	Joined the Company	
June 2017	Country Manager, Takeda Pharma AB (Sweden)	
January 2019	Corporate Strategy Officer & Chief of Staff of the Company	
April 2021	President, Japan Pharma Business Unit of the Company	
April 2024	Chief Financial Officer of the Company (to present)	
June 2024	Director of the Company (to present)	

Name	Andrew Plump	
Title	Director, President, Research and Development	
Date of Birth	October 13, 1965	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		276,845 shares (739,658 shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2008	Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.	
March 2014	Senior Vice President & Deputy to the President for Research & Translational Medicine, Sanofi	
February 2015	Chief Medical & Scientific Officer Designate of the Company	
June 2015	Director of the Company (to present)	
June 2015	Chief Medical & Scientific Officer of the Company	
January 2019	President, Research and Development (to present)	
July 2021	President, Research and Development, Takeda Development Center Americas, Inc. (to present)	

Name	Masami Iijima	
Title	Director, Chair of the Board of Directors meeting	
Date of Birth	September 23, 1950	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		300 shares (14,522 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
June 2008	Representative Director, Executive Managing Officer, Mitsui & Co., Ltd	
October 2008	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd.	
April 2009	Representative Director, President and Chief Executive Officer, Mitsui & Co., Ltd.	
April 2015	Representative Director, Chairman of the Board of Directors, Mitsui & Co., Ltd.	
June 2018	External Director, SoftBank Group Corp. (to present)	
June 2019	Counselor, Bank of Japan (to present)	
April 2021	Director, Mitsui & Co., Ltd.	
June 2021	Counselor, Mitsui & Co., Ltd. (to present)	
June 2021	External Director of the Company who is an Audit and Supervisory Committee Member	
June 2022	External Director of the Company (to present)	
June 2022	Chair of the Board of Directors meeting of the Company (to present)	
June 2023	External Director, Kajima Corporation (to present)	

Name	Ian Clark	
Title	Director	
Date of Birth	August 27, 1960	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (16,878 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		2,096 shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2010	Director, Chief Executive Officer and Head of North American Commercial Operations, Genentech, Inc.	
January 2017	External Director, Shire plc	
January 2017	External Director, Corvus Pharmaceuticals, Inc. (to present)	
January 2017	External Director, Guardant Health, Inc. (to present)	
January 2019	External Director of the Company (to present)	
August 2020	External Director, Olema Pharmaceuticals, Inc. (to present)	

Name	Steven Gillis	
Title	Director	
Date of Birth	April 25, 1953	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (16,878 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		8,257 shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
August 1981	Founder, Director and Executive Vice President, Research and Development, Immunex Corporation (currently, Amgen, Inc.)	
May 1993	Chief Executive Officer, Immunex Corporation (currently, Amgen, Inc.)	
October 1994	Founder, Director and Chief Executive Officer, Corixa Corporation (currently, GlaxoSmithKline)	
January 1999	Director and Chairman, Corixa Corporation (currently, GlaxoSmithKline)	
August 2005	Managing Director, ARCH Venture Partners (to present)	
October 2012	External Director, Shire plc	
October 2015	External Director and Chairman, Codiak BioSciences, Inc. (to present)	
May 2016	External Director and Chairman, VBI Vaccines, Inc. (to present)	
January 2019	External Director of the Company (to present)	

Name	Emiko Higashi	
Title	Director	
Date of Birth	November 6, 1958	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		2,500 shares (21,054 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 1994	Managing Director, Investment Banking, Merrill Lynch & Co.	
April 2000	CEO, Gilo Ventures, LLC	
January 2003	Managing Director, Tomon Partners, LLC (to present)	
November 2010	External Director, KLA-Tencor Corporation (currently KLA Corporation) (to present)	
June 2016	External Director of the Company	
May 2017	External Director, Rambus Inc. (to present)	
June 2019	External Director of the Company who is an Audit and Supervisory Committee Member	
March 2023	External Director, Rapidus Corporation (to present)	
June 2024	External Director of the Company (to present)	

Name	John Maraganore	
Title	Director	
Date of Birth	October 11, 1962	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (9,373 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2000	Senior Vice President, Strategic Product Development, Millennium Pharmaceuticals, Inc.	
December 2002	Director and Chief Executive Officer, Alnylam Pharmaceuticals, Inc.	
June 2017	Chairperson, Biotechnology Innovation Organization	
November 2021	External Director, Beam Therapeutics, Inc. (to present)	
February 2022	External Director, Kymera Therapeutics, Inc. (to present)	
June 2022	External Director of the Company (to present)	
July 2022	External Director, ProKidney Corporation (to present)	

Name	Michel Orsinger	
Title	Director	
Date of Birth	September 15, 1957	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (21,054 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March 2001	Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG	
April 2007	President and Chief Executive Officer, Synthes, Inc. (currently Johnson & Johnson)	
June 2012	Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson	
June 2012	Member of Global Management Team, Johnson & Johnson	
June 2016	External Director of the Company	
June 2019	External Director of the Company who is an Audit and Supervisory Committee Member	
June 2022	External Director of the Company (to present)	

Name		Miki Tsusaka
Title		Director
Date of Birth		April 24, 1963
Number of Shares Held, (Number of Shares to be Provided) (Note3) Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (4,252 shares) — shares (— shares)
Term		See (Note 5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May	1995	Partner and Managing Director, Boston Consulting Group
May	2003	Senior Partner and Managing Director, Boston Consulting Group
May	2005	Global Leader, Marketing, Sales & Pricing Practice, Boston Consulting Group
October	2011	Executive Committee Member, Boston Consulting Group
June	2013	Chief Marketing Officer, Boston Consulting Group
February	2023	President, Microsoft Japan Co., Ltd. (to present)
June	2023	External Director of the Company (to present)

Name		Koji Hatsukawa
Title		Director, Head of Audit and Supervisory Committee
Date of Birth		September 25, 1951
Number of Shares Held, (Number of Shares to be Provided) (Note3) Number of ADSs Held (Number of ADSs to be Provided) (Note4)		10,000 shares (19,040 shares) — shares (— shares)
Term		See (Note 6)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March	1974	Joined Price Waterhouse Accounting Office
July	1991	Representative Partner, Aoyama Audit Corporation
October	2005	Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers
May	2009	CEO, PricewaterhouseCoopers Arata
June	2013	External Audit & Supervisory Board Member, Fujitsu Limited (to present)
June	2016	External Director who is an Audit and Supervisory Committee Member
June	2019	External Director of the Company who is the Head of the Audit and Supervisory Committee (to present)

Name		Jean-Luc Butel
Title		Director, Audit and Supervisory Committee Member
Date of Birth		November 8, 1956
Number of Shares Held, (Number of Shares to be Provided) (Note3) Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (21,054 shares) — shares (— shares)
Term		See (Note 6)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January	1998	Corporate Officer, President, Worldwide Consumer Healthcare, Becton, Dickinson and Company
November	1999	President, Independence Technology, Johnson & Johnson
May	2008	Corporate Officer, Executive Committee Member, Executive Vice President and Group President, International, Medtronic, Plc.
January	2015	President, International, Baxter International Inc.
July	2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)
June	2016	External Director of the Company who is an Audit and Supervisory Committee Member
September	2017	External Director, Novo Holdings A/S (to present)
June	2019	External Director of the Company
September	2021	External Director, Rani Therapeutics (to present)
June	2024	External Director of the Company who is an Audit and Supervisory Committee Member (to present)

Name	Yoshiaki Fujimori	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	July 3, 1951	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		12,500 shares (19,040 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		— shares (— shares)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 2001	Senior Vice President, General Electric Company	
March 2011	Representative Director and Chairman, GE Japan Corporation	
August 2011	Representative Director, President and CEO, LIXIL Corporation	
August 2011	Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation	
January 2016	Representative Director, Chairman and CEO, LIXIL Corporation	
June 2016	External Director of the Company	
July 2016	External Director, Boston Scientific Corporation (to present)	
February 2017	Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha (to present)	
August 2018	External Director and Chairman of the Board, Oracle Corporation Japan (to present)	
June 2019	External Director, Riraku K.K. (to present)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	
July 2022	External Director, Trygroup Inc. (to present)	

Name	Kimberly A. Reed	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	March 11, 1971	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		— shares (9,373 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		1,375 shares (— shares)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
October 1997	Counsel, United States House of Representatives	
May 2004	Senior Advisor to United States Secretaries of the Treasury, United States Department of the	
February 2007	Director and Chief Executive Officer, Community Development Financial Institutions Fund, United States Department of the Treasury	
December 2007	Vice President, Financial Markets Policy Relations, Lehman Brothers	
September 2009	President, International Food Information Council Foundation	
May 2019	Chairman of the Board of Directors, President, and Chief Executive Officer, Export-Import Bank of the United States	
February 2021	Distinguished Fellow, Council on Competitiveness (to present)	
August 2021	External Director, Momentus Inc. (to present)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to	
March 2023	External Director, Hannon Armstrong Sustainable Infrastructure Capital, Inc. (to present)	

Total Number of Shares Held (Total Number of Shares to be Provided)	824,400 shares	(898,082 shares)
Total Number of ADSs Held (Total Number of ADSs to be Provided)	288,573 shares	(951,468 shares)

Notes:

(1) Mr. Masami Iijima, Mr. Ian Clark, Dr. Steven Gillis, Ms. Emiko Higashi, Dr. John Maraganore, Mr. Michel Orsinger, and Ms. Miki Tsusaka are External Directors.

(2) Mr. Koji Hatsukawa, Mr. Jean-Luc Butel, Mr. Yoshiaki Fujimori, and Ms. Kimberly A. Reed are External Directors who are also Audit and Supervisory Committee Members.

(3) The number of shares held represents the number of ordinary shares held as of March 31, 2024. The number of shares to be provided includes the number of ordinary shares vested but undelivered and scheduled to be vested, including those granted to directors based outside of Japan that will be converted to ADSs for settlement following vesting, under the Board Incentive Plan (“BIP”). The number of shares to be provided pursuant to the BIP and the Employee Stock Ownership Plan (“ESOP”) are comprised of Restricted Stock Unit awards (“RSU awards”) and PSU awards. RSU awards vest one third each year over a three-year period and PSU awards vest three years from the date of grant. Included PSU awards to be vested in the future years represent the total number of shares to be issued assuming that relevant targets are met at the 100% level; the actual number of shares issued may be fewer or greater depending on the level at which targets are met. If there are Performance Share Unit awards (“PSU awards”) vested after March 31, 2024, the number of such shares to be provided has been adjusted to the results of KPI. In addition, with regard to the Company's shares to be provided under the Plan, the voting rights thereof may not be exercised before such shares are provided to each Director.

(4) The number of ADSs held represents the number of American Depositary Shares held as of March 31, 2024 and is rounded to the nearest whole number. Each ADS represents one half of an ordinary share. The number of ADSs to be provided includes the number of American Depositary Shares vested but undelivered and scheduled to be vested under Long-Term Incentive Plan for Company Group Employees Overseas ("LTIP"). The number of ADSs to be provided pursuant to the LTIP is comprised of RSU awards and PSU awards. RSU awards vest one third each year over a three-year period and PSU awards vest three years from the date of grant. Included PSU awards to be vested in the future years represent the total number of ADSs to be issued assuming that relevant targets are met at the 100% level; the actual number of ADSs issued may be fewer or greater depending on the level at which targets are met. If there are PSU awards vested after March 31, 2024, the number of such ADSs to be provided has been adjusted to the results of KPI. In addition, with regard to the ADSs to be provided under the Plan, the voting rights thereof may not be exercised before such shares are provided to each Director.

(5) The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2024 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2025.

(6) The term of office of Directors who are Audit and Supervisory Committee Members shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2024 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2026.

2) External Directors

Number of External Directors:	11 persons (including 4 independent External Directors who are Audit and Supervisory Committee Members)
Number of independent officers under the rule of financial instruments exchange such as Tokyo Stock Exchange on which the company is listed:	11 persons

Mr. Masami Iijima served as Representative Director, President, and CEO of Mitsui & Co., Ltd, where he oversaw global management of the company. He then focused on supervising management and enhancing the effectiveness of the BOD as the Representative Director, Chairman of the BOD, and Chair of the Board meeting of the company. Through his career, he has gained extensive experience in various fields including corporate governance and risk management. Since June 2021, he has been involved in the management of the Company as an External Director who is an ASC Member, and since June 2022, as an External Director who is not an ASC Member. He has also served as the chair of the BOD meeting since June 2022, facilitating the BOD meetings as well as leading the discussions in the External Director meetings. As an External Director, he has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2023. His ownership of the Company's shares is immaterial (as of June 2024), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Ian Clark served as an External Director of Shire, and based on such experience, has a deep expertise in the company's portfolio and its related therapeutic areas. He has also served in several key positions at global healthcare companies in Europe and Canada. He has gained deep insights through such extensive experience in the management of global healthcare business. He especially has remarkable expertise in oncology marketing and managing the biotechnology division of healthcare companies. Since January 2019, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended seven of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Dr. Steven Gillis served as an External Director of Shire, and based on such experience, has deep expertise in the company's portfolio and its related therapeutic areas. He has a Ph.D. in biology and has served in several key positions at global healthcare companies in the U.S. and Europe. He also has extensive experience in global healthcare business management and especially has significant expertise in immune-related healthcare business. Since 2019, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Ms. Emiko Higashi has experience in various key positions, including experience as CEO of investment funds mainly in the U.S., as well as experience in investment funds specializing in healthcare and technology. She has advanced knowledge and extensive experience in the areas of finance and accounting and financial industry, healthcare industry and data and technology. She has been involved in the management of the Company as an External Director who is not an ASC Member since June 2016, as an External Director who is an ASC Member since June 2019 and as an External Director who is not an ASC Member since June 2024. She has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. She attended eight of the eight BOD meetings held in the fiscal year 2023. Her ownership of the Cpmany's shares is immaterial (as of June 2024) and there are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

Dr. John Maraganore has a wide experience in the pharmaceutical industry for more than 30 years. He served as the Director and CEO of Alnylam Pharmaceuticals for around 20 years and retired at the end of 2021. Prior to that, he served as an officer and a member of the management team at Millennium Pharmaceuticals. Since June 2022, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Michel Orsinger has served in several key positions at global healthcare companies in the U.S. and Europe. He has gained deep insights from extensive experience in global healthcare business management. He has been involved in the management of the Company as an External Director who is not an ASC Member since June 2016, as an External Director who is an ASC Member since June 2019 and as an External Director who is not an ASC Member since June 2022. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Ms. Miki Tsusaka has exceptional leadership skills and wide expertise in global business & strategy, data & digital, and deep insights in driving innovation and creating value by technology utilization. Having worked with companies across Asia, Europe, and North America, she has deep knowledge and a wide variety of experience working in a global environment across various industries. Since June 2023, she has been involved in the management of the Company as an External Director. She has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. She attended seven of the seven BOD meetings held after her appointment in fiscal year 2023. There are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

Mr. Koji Hatsukawa has extensive experience and expertise in the areas of corporate finance and accounting as a certified public accountant. He has also held top management positions, including serving as representative and CEO of an auditing firm. Since June 2016, he has been involved in the management of the Company as an External Director who is an ASC Member, and since June 2019, he has been serving as the head of the ASC. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2023. His ownership of the Company's shares is immaterial (as of June 2024), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Jean-Luc Butel has served in several key positions at global healthcare companies in the U.S., Europe, and Asia. Based on such extensive experience in global healthcare business management, he has deep insights in healthcare business management. He has been involved in the management of the Company as an External Director who is an ASC Member since June 2016, as an External Director who is not an ASC Member since June 2019 and as an External Director who is an ASC Member since June 2024. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Yoshiaki Fujimori has served in several key positions, such as CEO at a global U.S. company and its Japanese subsidiary, as well as at a Japanese company that spearheaded global expansion ahead of other companies. Through his career, he has gained deep insights from extensive experiences in global management of such healthcare companies. Since June 2016, he has been involved in the management of the Company as an External Director who is not an ASC Member since, and since June 2022, as an External Director who is an ASC Member. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight BOD meetings held in the fiscal year 2023. His ownership of the Company's shares is immaterial (as of June 2024), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Ms. Kimberly A. Reed was the first woman to serve as Chairman of the Board of Directors, President, and CEO of the Export-Import Bank of the United States (EXIM), —the nation's official export credit agency—where she helped companies succeed in the competitive global marketplace. She has extensive domestic and international experience in the field, having held pivotal positions at the International Foundation and Community Development Financial Institutions Fund in the U.S., and having served as a Senior Advisor of the U.S. Government and Counsel with U.S. Congressional Committees. Through her career, she has gained substantial leadership experience and wide expertise in the area of global business, legal, and public policy, finance and accounting. Since June 2022, she has been involved in the management of the Company as an External Director who is an ASC Member. She has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. She has also contributed to the realization of the

ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. She attended eight of the eight BOD meetings held in the fiscal year 2023. There are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

- Supporting System for External Directors

The Company provides, in a timely manner, relevant information about important management-related matters to External Directors to help them make informed decisions. The agenda of the Board of Directors meetings are shared in advance. Explanations of the summary of topics to be discussed at board meetings are also provided in advance. The BOD & CEO Office is responsible for the coordination with External Directors who are not Audit and Supervisory Committee Members. The Audit and Supervisory Committee Office is responsible for supporting the operation of External Directors who are Audit and Supervisory Committee Members. They serve as the secretariat for the Audit and Supervisory Committee, and shares the necessary information for auditing and other duties at the Audit and Supervisory Committee.

(3) Status of Auditing

1) Audit and Supervisory Committee

1. Organization, Members and Procedures

For the organization, members and procedures of the Audit and Supervisory Committee, refer to (1) Corporate Governance, 2. Organizational Composition and Operation [Audit and Supervisory Committee] and (2) Members of the Board of Directors, 1) List of the Board of Directors and (2) External Directors.

2. Activities of the Audit and Supervisory Committee and Its Members

The Takeda Group held the Audit and Supervisory Committee meetings 8 times (the length per meeting was approximately 3 hours) in the fiscal year ended March 31, 2024. The table below shows the attendance by each Audit and Supervisory Committee member:

Type	Name	Attendance at the Audit and Supervisory Committee
External Audit and Supervisory Committee member	Koji Hatsukawa	8 out of 8 meetings (100%)
External Audit and Supervisory Committee member	Yoshiaki Fujimori	8 out of 8 meetings (100%)
External Audit and Supervisory Committee member	Emiko Higashi	8 out of 8 meetings (100%)
External Audit and Supervisory Committee member	Kimberly A. Reed	8 out of 8 meetings (100%)

In the current fiscal year, the Audit and Supervisory Committee primarily considered and discussed the audit policy and plan, directors' performance of duties, the design and operating effectiveness of the internal control system, the audit approach of the Accounting Auditors and the appropriateness of their audits based on the information acquired through the following activities, and made proposals to directors and executive departments as necessary.

Audit activities

(1) Directors' performance of duties	Attending the Board of Directors meetings
	Exchanging opinions with the President and CEO
	Attending significant meetings (e.g., Business & Sustainability Committee)
	Inspecting and reviewing significant materials/documents (e.g., agendas and minutes of significant meetings)
(2) Internal control system	Exchanging opinions with the executives including TET members
	Approval of the internal audit plan, receipt of the audit results by and exchanging opinions with the Group Internal Audit
	Receipt of the reports on control status from and exchanging opinions with the internal control promoting departments (e.g., the Global Ethics & Compliance Division)
(3) Accounting Auditors	Explaining the audit plan, receipt of the reports on the results of quarterly review and audit (including internal control audit) from and exchanging opinions with Accounting Auditors
	Discussion of Key Audit Matters (KAM / CAM)
	Conducting the assessment of Accounting Auditors

2) Internal Audit

For the organization, members and procedures of the internal audit function, see (1) Corporate Governance 3) Business Execution, [Internal Audit] and (1) Corporate Governance 3) Business Execution, [Basic Views on the Internal Control System and the Progress of System Development] (i) Systems to ensure the appropriateness of operations in the Takeda Group. With respect to cooperation among internal audit, audit by Audit and Supervisory Committee and accounting audit, refer to (1) Corporate Governance, 2) Organizational Composition and Operation, [Audit and Supervisory Committee].

3) Accounting Audit

1. Name of Audit Firm
KPMG AZSA LLC

2. Consecutive auditing period
17 years

3. Certified Public Accountants who performed Accounting Audit
Mr. Mr. Kotetsu Nonaka (consecutive auditing period: 6 years), Masahiko Chino (consecutive auditing period: 2 years) and Mr. Hiroaki Namba (consecutive auditing period: 4 years)

4. Composition of other members who supported Accounting Audit
28 certified public accountants and 106 other individuals.

5. Policy and reasons on the appointment of Accounting Auditor
The Audit and Supervisory Committee appoints KPMG AZSA LLC as its Accounting Auditor based on the criteria we established for the appointment that enable us to comprehensively consider the Accounting Auditor's expertise, audit quality, independence, audit capabilities for the Company's worldwide business operations, quality control systems and other factors.

In addition, if the Accounting Auditor is determined to fall under any of the events prescribed in each item of Article 340, Paragraph 1 of the Companies Act, or if an event which has a material adverse effect on the audit procedures of the Company occurs, including, but not limited to, the case in which such Accounting Auditor's auditing license is suspended, the Accounting Auditor shall be dismissed by the Audit and Supervisory Committee based on the approval of all members thereof. The Audit and Supervisory Committee also determines whether to reappoint the Accounting Auditor considering audit quality, quality control systems, independence and other factors.

6. Assessment of the Accounting Auditor by the Audit and Supervisory Committee
The Audit and Supervisory Committee has determined the assessment criteria based on the practical guidance for Audit & Supervisory Committee members in assessing its Accounting Auditor and developing its assessment criteria issued by Japan Audit & Supervisory Board Members Association and assessed the expertise, audit quality, independence, and other factors of KPMG AZSA LLC annually based on the criteria.

4) Details of audit fees and other matters

1. Details of fees paid to the certified public accountant auditor

(JPY millions)

	For the Year ended March 31, 2023		For the Year ended March 31, 2024	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ 2,400	¥ 10	¥ 2,599	¥ 15
Consolidated subsidiaries	9	—	—	—
Total	¥ 2,408	¥ 10	¥ 2,599	¥ 15

Fees for non-audit service for the year ended March 31, 2023 and 2024 were for services for consent letter regarding the issuance of Form S-8.

2. Details of fees paid to member firms of the KPMG network (excluding fees paid to the certified public accountant auditor)

(JPY millions)

	For the Year ended March 31, 2023		For the Year ended March 31, 2024	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ —	¥ 20	¥ —	¥ 201
Consolidated subsidiaries	1,235	40	1,114	38
Total	¥ 1,235	¥ 60	¥ 1,114	¥ 239

Fees for non-audit services for the year ended March 31, 2023 and 2024 include mainly services related to non-financial information.
Fees for non-audit services of the consolidated subsidiaries for the year ended March 31, 2023 include mainly the agreed-upon procedures engagement, and for the year ended March 31, 2024 include mainly assurance services based on the local laws and regulations to member firms of the KPMG network, to which the Company's certified public accountant auditor, KPMG AZSA LLC, belongs.

3. Details of other significant fees for audit and attestation services
No significant fees for audit and attestation services were provided for the fiscal years ended March 31, 2023 and 2024.

4. Policy for determining audit fees
Audit fees are determined upon approval of the Audit and Supervisory Committee, taking into account the estimated number of hours required for auditing based on the execution of duties by the auditors required for auditing and other factors. In addition, the Audit and Supervisory Committee gives an approval upon confirmation of the independence of the certified public accountant auditor prior to the certified public accountant auditor providing services to the Company and its subsidiaries.

5. The rationale for the Audit and Supervisory Committee agreement with accounting auditor's fee
The Audit and Supervisory Committee confirms and examines the auditing plan of the Accounting Auditor, the implementation status of auditing by Accounting Auditor and the rationale for calculating the estimated remuneration. As a result of such confirmation and examination, the Audit and Supervisory Committee agreed on the remuneration, etc. of the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

(4) Remuneration for Directors

1) Policies concerning the calculation method of or the amount of compensation for directors of the Company

The Company has formulated the Compensation Policy for Directors and based on the policies and decision-making processes described therein, the composition and level of compensation for directors are determined.

The resolutions of the general shareholders meetings regarding director compensation and the dates of the resolutions are as follows:

(a) Remuneration for Directors who are not Audit & Supervisory Committee Members

(i) Regarding basic compensation, the total per month is no more than JPY 150 million (no more than JPY 30 million per month of the total is to be paid to External Directors) (based on a resolution made at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. Eleven (11) directors were eligible (including six (6) external directors)).

(ii) Regarding directors' bonuses for fiscal year 2023 company performance results, the proposal "Payment of Bonuses to Directors who are not Audit & Supervisory Committee Members" was approved as proposed at the 148th General Meeting of Shareholders held on June 26, 2024. Accordingly, bonuses for 2 Directors for this fiscal year will be paid within the upper limit of JPY 500 million as set forth in this proposal.

(iii) The stock compensation (Performance Share Unit awards and Restricted Stock Unit awards) is based on the resolution of the 143rd Ordinary General Meeting of Shareholders held on June 27, 2019. The upper limit on the monetary value of stock compensation and the number of the shares to be granted are as follows:

a. Stock compensation granted to Internal Directors (excluding Directors residing outside of Japan) (Three (3) directors were eligible at the time of resolution)

Upper limit of JPY 4.5 billion per year for three consecutive fiscal years (the upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stock of the Company on the Tokyo Stock Exchange on a predetermined day each fiscal year)

b. Stock compensation granted to External Directors (Eight (8) directors were eligible at the time of resolution)
Upper limit of JPY 0.3 billion for each fiscal year (the upper limit on the number of stocks to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stocks of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year)

(b) Remuneration for Directors who are Audit & Supervisory Committee Members

(i) The basic compensation is a fixed amount depending on the position, and the total per month is no more than JPY 15 million (based on a resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016). (Four (4) directors were eligible at the time of resolution)

(ii) The stock compensation (Restricted Stock Unit awards) is based on a resolution made at the 143rd Ordinary General Meeting of Shareholders held on June 27, 2019, for which no more than JPY 200 million will be allocated for each fiscal year. The upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stocks of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year. (Four (4) directors were eligible at the time of resolution)

The Board of Directors has the authority to decide the amount of or any specific policy on the calculation method to determine the compensation of Directors who are not Audit & Supervisory Committee Members. The Audit & Supervisory Committee has the authority to decide the amount of, or any specific policy on the calculation method to determine, the compensation, of Directors who are Audit & Supervisory Committee Members.

The Compensation Committee has been established with all the Committee members being External Directors, to serve as an advisory body for the Board of Directors to ensure the appropriateness of Directors' Compensation and the transparency in its decision-making process. The level of compensation, compensation mix and performance-based compensation (Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors.

The determination of the amount of individual compensation for Internal Directors who are not Audit & Supervisory Committee Members (Since there are no Internal Directors who are Audit & Supervisory Committee Members in the Company, they are referred to as "Internal Directors" hereinafter from page in "(4) Remunerations for Directors") has been delegated to the Compensation Committee by resolution of the Board of Directors in order to ensure the objectivity and transparency of the process of determining individual compensation. Regarding activities in fiscal year 2023, the Compensation Committee held five meetings. During fiscal year 2023, with advice from external compensation advisers, the committee continued its focus on evolving the executive compensation framework to reflect that of a patient-focused, values-based, R&D-driven global biopharmaceutical company. Within this context, the committee reviewed and discussed the goals

and results of performance-linked compensation, the alignment of the compensation policy to the achievement of the Company's medium- and long-term plans and to the business environment, the amount of compensation for directors, the appropriate Corporate KPIs for STI (Short Term Incentive) and Performance Share Unit awards and the public disclosure of compensation, and the committee further provided guidance to the Board of Directors. With the advice of the Compensation Committee, the Board of Directors determines the compensation of External Directors who are not Audit & Supervisory Committee members.

<FY2023 Compensation Committee members>

Chairperson: Emiko Higashi (External Director, Audit & Supervisory Committee member)

Members: Olivier Bohuon (External Director), Ian Clark (External Director), Michel Orsinger (External Director)

The compensation of Directors consists of both "Performance-based Compensation" and "non-Performance-based Compensation". The composition and level of compensation for directors is determined based on the policies and decision-making processes described in the Company's Compensation Policy for Directors which is outlined later in this section. As part of the enhancements to our compensation framework, the Company set the proportion of Performance Share Unit awards as 60% of our long-term incentive mix for Internal Directors.

Internal Directors may be eligible for an annual bonus (STI). Bonuses may be paid with the aim of driving the achievement of annual goals.
As the FY2023 Corporate KPIs for internal director bonuses, the Company set Total Core Revenue, Growth and Launch Product Incremental Core Revenue and Total Core Operating Profit as the annual indicators, and the Board of Directors set target values in order to facilitate the achievement of the management guidance with review and advice from the Compensation Committee.

Additionally, Division KPIs have been set for individual divisions depending on the roles and responsibilities of internal directors, with exception of the CEO. For example, KPIs of sales divisions include revenues and Division KPIs of the research divisions include R&D goals. The goals for each Division KPI have been set based on the divisional annual plans with the aim of achieving group- wide annual targets.

For the FY 2023 President and CEO, the annual bonus was weighted as 100% to the achievement of the specified Corporate KPI(s). For other Internal Directors that have divisional responsibilities, 75% of their annual bonus opportunity was linked to the achievement of the specified Corporate KPI(s) to drive their commitment to group-wide goals, while 25% was linked to the achievement of the division KPI.

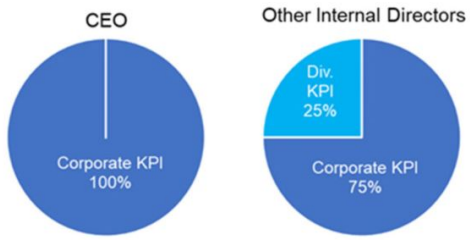
The annual bonus (Short-Term Incentive Plan (STI)) cash payout is calculated as follows:

Annual STI Payout Calculation for CEO						
Base Salary	×	STI Target %	×	STI Payout Multiple (based on Corporate KPI performance)	=	STI Payout

Annual STI Payout Calculation for Internal Directors (other than CEO)						
Base Salary	×	STI Target %	×	STI Payout Multiple (based on 75% Corporate KPI performance + 25% Division KPI performance))	=	STI Payout

The STI Target range is from 100% to 250% of Base Salary for "Bonuses" and reflects the market practices of global companies.

STI Payout Multiple (STI payout rate based on KPI performance) used for annual Bonuses varies from 0% to 200% in accordance with the achievement of KPIs, which may include top line revenues and indicators on profit, and other performance factors established for a single fiscal year. Payout Scores for specific Corporate KPIs are calculated and determined based on pre-established performance and payout ranges.



(Reference) Management Guidance

Fiscal Year 2023	Core Change at CER (%)
Revenue	Low-single-digit % decline
Operating Profit	Low-10s % decline
EPS (JPY)	Low-20s % decline

The targets and the results of Corporate KPIs related to STI for FY2023 are as follows:

KPI	Rationale	Weight (A)	Target	Result	Performance Achievement (% of Target)	Payout Score (B)	Weighted Payout Score (A) x (B)
Total Core Revenue	• Key indicator of growth, including pipeline delivery • Important measure of success within the industry	45 %	4,021.7 billion JPY	4,153.2 billion JPY	103.3 %	165.4 %	74.4 %
Growth and Launch Product Incremental Core Revenue	• Growth Products : Emphasis on subset of revenue that is a key driver of future revenue growth • Launch Products: Key indicator of driving pipeline growth and commercial revenue success	15 %	245.1 billion JPY	194.8 billion JPY	79.5 %	0 %	0 %
Total Core Operating Profit	• 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 %	1,073.5 billion JPY	1,127.2 billion JPY	105.0 %	133.3 %	53.3 %
Corporate KPI Payout Multiple							127.7 %

Notes:

* The payout score was reduced by an adjustment made to remove the effect of hyperinflation in certain countries.

Division KPIs related to annual bonuses for Internal Directors (other than the CEO) are set according to each division's specific business and organizational goals which can clearly represent each division's performance. The performance scores have also exceeded 100%. Please refer to "Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" of "II. Operating and Financial Review and Prospects 4. Management's Analysis of Financial Position, Operating Results and Cash Flows" for definition of Core financial measures.

A Long-term Incentive Plan that allocated 60% for the plan designed based on Performance Share Units (Performance Share Unit awards) and 40% for the plan designed based on Restricted Stock Units (Restricted Stock Unit awards) is in place for Internal Directors to strengthen the link between compensation, company performance and share price, and to reinforce the commitment to increasing corporate value in the mid- and long-term. Regarding Performance Share Unit (PSU) awards, which represent 60% of the standard points allocated to each Internal Director as part of the Long-Term Incentives Plan, the number of PSUs earned and granted to Internal Directors is calculated as follows:

Target PSU Awards (Standard Points (Target Number of Units))	×	PSU Payout Multiple (based on KPI performance)	=	PSUs earned

The PSU payout multiple ranges from 0% to 200%, based on performance of KPIs, such as top line revenues, cash flow, indicators on profit, R&D metrics, and other performance factors over a three-year performance period.

The number of shares to be vested to Internal Directors based on the PSUs earned according to the achievement of company performance objectives are determined as one share per one unit. After a certain period after grant, 50% of the PSUs earned are vested as stock and the remaining are paid in cash.

KPIs used for the PSU awards granted in 2023 which will be vested in 2026, were 3-year Accumulated Core Revenue, 3-year Accumulated Core Operating Profit, and R&D Approvals, Pivotal Study Start, and other key events.

The targets and the results of KPIs related to PSU awards from FY2021-2023 are as follows:

KPI[1]	Weight (A)	Target	Result	Performance Achievement (% of Target)	Payout Score (B)	Weighted Payout Score (A)x(B)
3-year Accumulated Underlying Revenue[2]	25 %	10,854.3 billion JPY	10,900.4 billion JPY	100.4 %	108.5 %	27.1 %
Aggregated FY21-23 Underlying Core Operating Profit Margin	25 %	32.0 %	28.0 %	87.5 %	0 %	0 %
3-year Accumulated Free Cash Flow[3]	25 %	2,100.9 billion JPY	2,212.7 billion JPY	105.3 %	135.5 %	33.9 %
R&D Pivotal Study Start and Approvals	25 %	—	—	105.7 %	112.6 %	28.1 %
3-year Relative TSR	Modifier +/-20% points	—	—	—	—	0% points
PSU Payout Multiple						89.1 %

Notes:

(1) Each KPI has been set in order to align the long-term strategy with shareholder returns, while also promoting the retention of critical global executive talent.

(2) The payout score was reduced by an adjustment made to remove the effect of hyperinflation in certain countries.

(3) Free cash flows excluding upfront payment related to the acquisition of TAK-279 were used for FY2022 and FY2023 to exclude the impact of a significant one-time event which was not predicted in the initial target from a consistent performance evaluation standpoint.

With respect to Restricted Stock Unit awards as part of the Long-Term Incentives Plan, based on the standard points determined according to the Director's professional duties and responsibility, regardless of company performance, the share conversion units are calculated by multiplying the percentage for each Director below and are granted to the Directors.

The number of shares to be vested to each Director is one share per one unit.

Directors	Percentage of RSU awards in Total LTI
Internal Directors	40%
External Directors who are not Audit and Supervisory Committee Members	100%
Directors who are Audit and Supervisory Committee Members	100%

Regarding the number of share conversion units to be vested in a certain period after the grant for Internal Directors, and 3 years after the grant of standard points for External Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members, 50% of the share conversion units are vested as stock and the remaining are paid in cash.

2) Total remuneration paid to Directors of the Company and the number of subject Directors (by job title and remuneration type)

Director title	Total remuneration JPY (millions)	Total remuneration amount by remuneration type JPY (millions)					Number of subject directors
		Basic compensation	Performance-based compensation		Non-monetary remuneration	Other [5]	
			Annual bonus [3]	Performance Share Unit awards [4]	Restricted Stock Unit awards		
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) [1]	¥ 2,645	¥ 501	¥ 446	¥ 1,094	¥ 604	—	4
Directors (Audit and Supervisory Committee members) (excluding External Directors) [2]	—	—	—	—	—	—	—
External Directors	505	246	—	—	227	32	12

Notes:

(1) These amounts do not include salaries and bonuses that Directors, who also work as employees, receive for the employee portion of their compensation. In addition, these amounts do not include remuneration that Directors who also serve or work as directors or employees of consolidated subsidiaries, receive from them.

(2) Directors who are Audit & Supervisory Committee Members are all External Directors.

(3) The final amount of annual bonus is stated.

(4) Although Performance Share Unit awards are categorized as both Performance-based Compensation and Non-monetary Remuneration, Performance Share Unit awards are reported as Performance-based Compensation.

(5) The total amount of 32 million yen were paid to 8 External Directors residing outside of Japan to account for the impact of foreign exchange rates on compensation.

3) Total remuneration (on a consolidated basis) paid to Internal Directors of the Company (by director)

Name (Director title)	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Basic compensation	Performance-based compensation		Non-monetary remuneration	Other
				Annual bonus	Performance Share Unit awards[1][2]	Restricted Stock Unit awards[1]	
Christophe Weber (Director)	¥ 2,082	Takeda Pharmaceutical Company Limited	¥ 241[4]	¥ 257	¥ 778[5]	¥ 426[5]	¥ —
		Takeda Pharmaceuticals U.S.A., Inc.[3]	76	145	72[6]	88[6]	—
Andrew S. Plump (Director)	1,154	Takeda Pharmaceutical Company Limited	12	—	—	—	—
		Takeda Development Center Americas, Inc.[7]	174	252	424[8]	239[8]	53[9]
Costa Saroukos (Director)[10]	811	Takeda Pharmaceutical Company Limited	231[11]	189	241[12]	150[12]	—
Masato Iwasaki (Director)[13]	120	Takeda Pharmaceutical Company Limited	17	—	75[14]	28[14]	—

Notes:

(1) Compensation expense related to Performance Share Unit awards and Restricted Stock Unit awards are recognized over multiple fiscal years, depending on the length of the period eligible for earning compensation. This column shows amounts recognized as expenses during the fiscal year ended March 31, 2024.

(2) Although Performance Share Unit awards are categorized as both Performance-based compensation and Non-monetary compensation, Performance Share Unit awards are reported as Performance-based compensation.

(3) Shows the salary and annual bonus earned as Head of Global Business of Takeda Pharmaceuticals U.S.A., Inc.

(4) Basic compensation includes the grossed-up amount paid for residence and pension allowances etc. for the relevant officer (JPY 110 million).

(5) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2020-2023.
(6) The amount recognized as an expense during the fiscal year for the stock incentive plan (the Long-Term Incentive Plan for Company Group Employees Overseas (LTIP)) grants awarded in fiscal year 2023.
(7) Shows the salary and other amounts earned as the President, Research and Development of Takeda Development Center Americas, Inc.
(8) The amount recognized as an expense during the fiscal year for the stock incentive plan (the Long Term Incentive Plan for Company Group Employees Overseas (LTIP)) grants awarded in fiscal years 2020-2023.
(9) Amounts of local retirement plan contributions and other additional benefits paid by Development of Takeda Development Center Americas, Inc. during the fiscal year, as well as the amount equal to taxes on such amounts.
(10) Costa Saroukos retired at the close of 148th General Meeting of Shareholders held on June 26, 2024.
(11) Basic compensation includes the grossed-up amount paid for residence, pension allowances, and educational allowances etc. for the relevant officer. (JPY 99 million).
(12) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2020-2023.
(13) Masato Iwasaki retired at the close of 147th General Meeting of Shareholders held on June 28, 2023.
(14) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2020-2022.

4) Total remuneration (on a consolidated basis) paid to External Directors of the Company (by director)

Name (Director title)	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Basic compensation	Performance-based compensation		Non-monetary remuneration	
				Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards[1]	Other[2]
Masami Iijima (Director)	¥ 43	Takeda Pharmaceutical Company Limited	¥ 24	¥ —	¥ —	¥ 19	¥ —
Olivier Bohuon[3] (Director)	43	Takeda Pharmaceutical Company Limited	19	—	—	19	5
Jean-Luc Butel (Director)	39	Takeda Pharmaceutical Company Limited	19	—	—	19	0
Ian Clark (Director)	44	Takeda Pharmaceutical Company Limited	19	—	—	19	6
Steven Gillis (Director)	44	Takeda Pharmaceutical Company Limited	19	—	—	19	6
John Maraganore (Director)	39	Takeda Pharmaceutical Company Limited	19	—	—	19	1
Michel Orsinger (Director)	46	Takeda Pharmaceutical Company Limited	19	—	—	19	8
Miki Tsusaka[4] (Director)	32	Takeda Pharmaceutical Company Limited	16	—	—	16	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	43	Takeda Pharmaceutical Company Limited	24	—	—	19	—
Yoshiaki Fujimori (Director who is an Audit and Supervisory Committee Member)	41	Takeda Pharmaceutical Company Limited	21	—	—	19	—
Emiko Higashi (Director who is an Audit and Supervisory Committee Member)	49	Takeda Pharmaceutical Company Limited	24	—	—	19	6
Kimberly A. Reed (Director who is an Audit and Supervisory Committee Member)	42	Takeda Pharmaceutical Company Limited	21	—	—	19	1

Notes:

(1) Compensation expense related to Restricted Stock Unit awards are recognized over multiple fiscal years, depending on the length of the period eligible for earning compensation. This column shows amounts recognized as expenses during the fiscal year ended March 31, 2024.
(2) The amounts represent expenses for adjustments on compensation to account for the impact of foreign exchange rates.
(3) Olivier Bohuon passed away on May 5, 2024 and his term as director terminated on the same date as a result.
(4) Miki Tsusaka was newly elected and took office at the 147th Ordinary General Meeting of Shareholders held on June 28, 2023.

5) Employee Portion or Consolidated Subsidiaries' Portion of Internal Director Remuneration and Number of Directors

		Total employee remuneration amount by remuneration type JPY (millions)					
			Performance-based compensation		Non-monetary remuneration		
Director title	Total employee remuneration JPY (millions)	Basic compensation	Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards	Other	Number of subject directors
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors)	¥ 1,523	¥ 250	¥ 397	¥ 496	¥ 326	¥ 53	2

Note: The amounts include the salary and other amounts paid to Director Christophe Weber for the role of Head of Global Business of Takeda Pharmaceuticals U.S.A., Inc., and to Director Andy Plump for the role of the President, Research and Development of Takeda Development Center Americas, Inc.

6) Director's Compensation Policy

1. Guiding Principles

The following are the guiding principles of the Company's compensation system for Directors to achieve management objectives under the corporate governance code:

- To attract, retain and motivate managerial talent to realize our Vision
- To increase corporate value through optimization of the Company's mid- and long-term performance, while reinforcing our patient-first values
- To be closely linked with company performance, highly transparent and objective
- To support a strong alignment with the interests of shareholders and enhance shareholder-oriented management perspective
- To encourage Directors' spirit of challenge aligned with the values of Takeda-ism, perseverance
- To establish transparent and appropriate governance of Directors' compensation to establish the credibility and support of our stakeholders

2. Level of Compensation

We aim to be competitive in the global marketplace to attract and retain talent who will contribute to Takeda's continued transformation into a Global, Values-based, R&D-driven Biopharmaceutical Leader.

Directors' compensation is intended to be competitive in the global market consisting of major global companies. Specifically, the global market data includes compensation data from major global pharmaceutical companies with which we compete, and from other major companies in Japan, the U.S. and Switzerland.

3. Compensation Mix

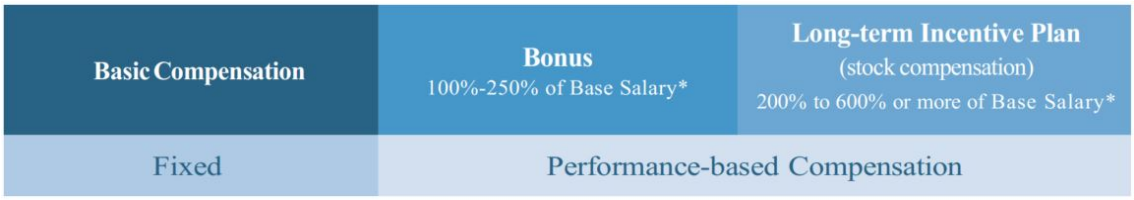
3-1. Internal Directors

The compensation of Internal Directors consists of "Basic Compensation" (Base Salary and other fixed compensation (if applicable)), which is paid at a fixed amount and "Performance-based Compensation", which is paid as a variable amount based on company and other performance factors.

"Performance-based Compensation" consists of an annual "Bonus (short-term incentive compensation)" to be paid based on financial and other performance results for each fiscal year, and a "Long-term Incentive Plan (stock compensation)" linked with long-term company performance results over a 3-year period and with Takeda's share price.

Both Bonus and Long-term incentives represent a significantly higher proportion of Total Direct Compensation putting Internal Directors' pay at risk in alignment with the Company's performance. The ratio of Long-term Incentives is particularly high within Performance-based Compensation in order to ensure the alignment of interests of Internal Directors and shareholders and drive mid-term and long-term company value creation. The targets range from 100%-250% of Base Salary for "Bonus" and range from 200% to 600% of Basic Salary for "Long-term Incentive", reflecting the market practices of global companies.

- Standard Compensation Mix Model for Internal Directors



* The ratio of Bonus and Long-term Incentives to Base Salary is determined according to the Internal Director's position.

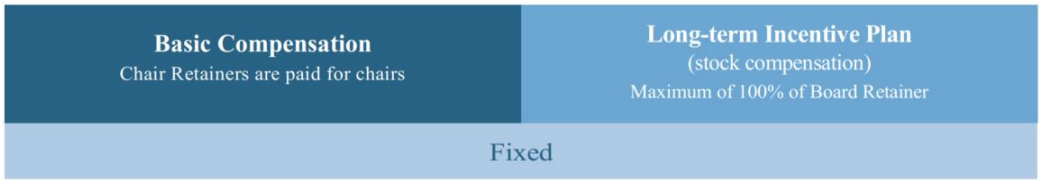
3-2. External Directors who are not Audit & Supervisory Committee Members

The compensation of External Directors who are not Audit & Supervisory Committee Members consists of Basic Compensation, which is paid as a fixed amount, and Long-term Incentive (stock compensation). As part of the Basic Compensation, Chair Retainers are paid for the

chair of the board of directors meeting, chairperson of the Compensation Committee, and chairperson of the Nomination Committee, in addition to the Board Retainer. Bonus is not available for this category of Director.
The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 100% of the Board Retainer.

The compensation of External Directors who are not Audit & Supervisory Committee Members based outside of Japan may be adjusted to account for the impact of foreign exchange rates.

- Standard Compensation Mix Model for External Directors who are not Audit & Supervisory Committee Members



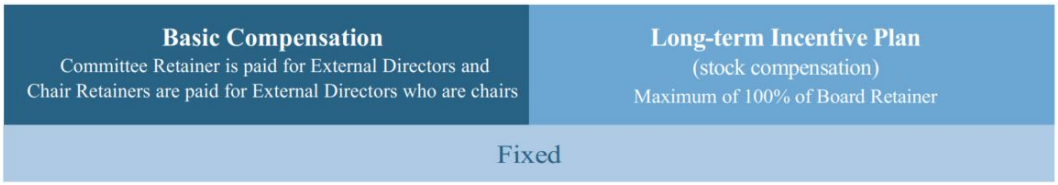
3-3. Directors who are Audit & Supervisory Committee Members

The compensation of Directors who are Audit & Supervisory Committee Members consists of Basic Compensation, which is paid as a fixed amount, and Long-term Incentive (stock compensation). As part of the Basic Compensation, Committee Retainer is paid for External Directors who are Audit & Supervisory Committee Members, and Chair Retainers are also paid for External Directors who are head of the Audit & Supervisory Committee, chairperson of the Compensation Committee, and chairperson of the Nomination Committee, in addition to the Board Retainer. Bonus is not available for this category of Director.

The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 100% of the Board Retainer.

The compensation of External Directors who are Audit & Supervisory Committee Members based outside of Japan may be adjusted to account for the impact of foreign exchange rates.

- Standard Compensation Mix Model for Directors who are Audit & Supervisory Committee Members



4. Performance-based Compensation

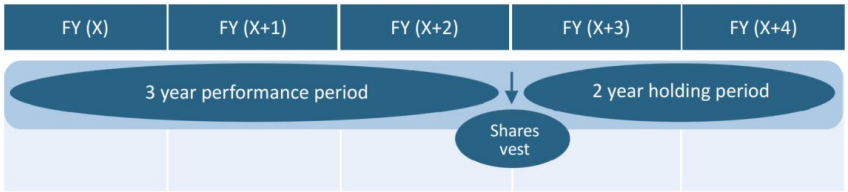
4-1. Internal Directors

For Internal Directors, the Company has introduced a Long-term Incentive Plan that is allocated as 60% for the plan designed based on Performance Share Units (Performance Share Unit awards) and 40% for the plan designed based on Restricted Stock Units (Restricted Stock Unit awards). Performance Share Unit awards are tied to company performance results to strengthen the link between compensation and company performance and share price, and to reinforce Internal Directors' commitment to increasing corporate value in the mid- and long-term. Restricted Stock Unit awards are linked only to share price.

Annual Performance Share Unit Awards

Performance Share Unit awards, which fall under Performance-based Compensation, will be linked to the latest mid- to long- term key performance indicators (KPIs) over a three-year performance period. KPIs are intended to be transparent and objective and may include top line revenues, cash flow, indicators on profit, R&D metrics and other performance factors. The payout range for Performance Share Unit awards is from 0% to 200% (100% at target), based on performance achievement. For Long-term Incentive awarded in 2019 and after, a two-year holding period will be mandated, and this includes Restricted Stock Unit awards if and when shares become vested.

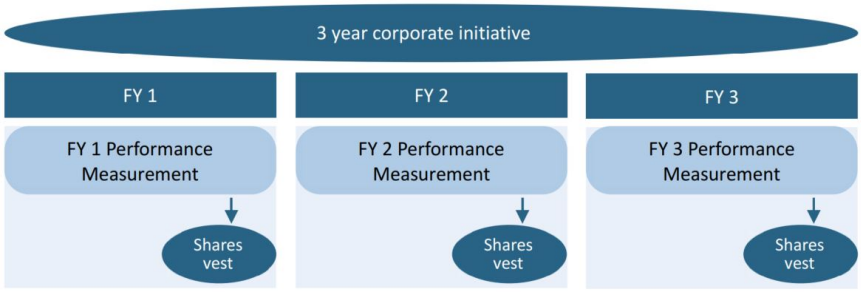
- Annual Performance Share Unit Awards Image



Special Performance Share Unit Awards

In addition to regular stock compensation, the Company may, from time to time, award one-time special Performance Share Unit awards which are directly linked to point-in-time corporate initiatives and which are aligned with shareholder expectations. Performance against established KPIs for one-time special Performance Share Unit awards are determined independently each year over a three-year period, with shares becoming vested after the relevant performance metric(s) are determined to have been achieved for the applicable period. There is no post-vesting holding period established for one-time special Performance Share Unit awards.

- Special Performance Share Unit Awards (stock compensation) Image



- Annual Bonus (Short-Term Incentive)

Bonuses will be paid based on performance achievement of annual goals. Bonuses will be paid in the range of 0% to 200% (100% at target) in accordance with the achievement of KPIs, which may include top line revenues, indicators on profit, and other performance factors established for a single fiscal year. For President and CEO, the annual bonus is weighted as 100% to the achievement of the specified Corporate KPI(s).

For other Internal Directors that have divisional responsibilities, 75% of their annual bonus opportunity is linked to achievement of the specified Corporate KPI(s) to drive their commitment to group-wide goals, while 25% is linked to the achievement of the division KPI.

4-2. Directors who are Audit & Supervisory Committee Members and External Directors

The Long-term Incentive Plan (stock compensation) for Directors who are Audit & Supervisory Committee Members and External Directors consists of Restricted Stock Unit awards linked only to share price and is not otherwise linked to company performance results. The stock compensation awarded in 2019 and after will vest three years after the award date of base points used for the calculation and Directors will be required to hold at least 75% of their vested share portion until they cease service as a director (however, stock compensation awarded in or before 2018 will vest and be paid after they cease service as a director). Bonuses are not available for these categories of Director.

- Whole Picture of Director's Compensation

		Directors who are not Audit and Supervisory Committee Members		Directors who are Audit and Supervisory Committee Members
		Internal Directors	External Directors	External Directors
Basic Compensation		●	●	●
Bonus		● [2]		
Long-term Incentive Plan (stock compensation)	Performance based [1]	● [3, 4]		
	Not linked to performance results	● [4]	● [5]	● [5]

1. Includes Special Performance Share Unit awards
2. Varies from 0% to 200% in accordance with the achievement of KPIs, which may include top line revenues, indicators on profit and other performance factors established for a single fiscal year
3. Varies from 0% to 200% in accordance with the achievement of KPIs, which may include top line revenues, cash flow, indicators on profit, R&D metrics, and other performance factors over a three year performance period
4. During term of office
5. Vest and paid three years after the award date of the base points used for the calculation are granted

5. Compensation Governance

5-1. Compensation Committee

The Compensation Committee, with all the Committee members being External Directors, has been established, to serve as an advisory body for the Board of Directors to ensure the appropriateness of Directors' compensation and the transparency in its decision-making process. The level of compensation, compensation mix and performance-based compensation (Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors. The Company delegated to the Compensation Committee, by resolution of the Board of Directors, the authority to determine Internal Directors' individual compensation in order to ensure the objectivity and transparency in the decision making process. In order to enhance transparency of the Company's corporate governance, the Company has externally disclosed the Compensation Committee Charter as a part of the Company's corporate governance documents.

The Director's Compensation Policy may continue to evolve and be revised to guide the development of compensation programs that align with Directors' accountabilities and responsibilities, shareholder value creation and Takeda-ism.

5-2. Recoupment Policy

The Compensation Committee and Board of Directors adopted a clawback policy in 2020 and amended that policy in 2023. The amended policy provides that, in the event of a restatement of financial results, Takeda will, in accordance with SEC and NYSE rules, recover from its executive officers any erroneously paid incentive compensation, which consists of incentive-based compensation for the applicable recovery period that would not have been granted absent the restatement (i.e., mandatory clawbacks). In addition, in the event of a restatement and/or significant misconduct, the independent External Directors may require Takeda to recoup additional incentive and other contingent compensation. This would include all or a portion of the incentive and other contingent compensation received by any Internal Director, any other member of the Takeda Executive Team (TET), and any other individual designated by the independent External Directors, within the fiscal year, and the three (3) prior fiscal years preceding the date of the Board of Directors' determination of the restatement or the date that independent External Directors determines that significant misconduct occurred, as applicable. The amended policy became effective on October 2, 2023 and, with respect to mandatory clawbacks in the event of a restatement, applies to incentive compensation beginning in the fiscal year ended March 31, 2024.

7) Rationale that compensation for each Director (excluding Audit & Supervisory Committee Members) is in line with Director's Compensation Policy

As stated in 5. Compensation Governance in section 6) Director's Compensation Policy, in order to provide for objectivity and transparency in the compensation setting process, based on the resolution by the Board of Directors, the Compensation Committee has been delegated the authority to make decisions on individual compensation for Internal Directors. Individual compensation for External Directors who are not Audit & Supervisory Committee Members proposed by the Compensation Committee is approved by the Board of Directors.

The level of compensation, compensation mix, and performance-based compensation (Short- and Long-term Incentives programs) for Directors is reviewed by the Compensation Committee from a multilateral perspective, consistent with the Director's Compensation Policy stated above.

Based on the resolution by the Board of Directors, the Compensation Committee was delegated authority to make decisions on individual compensation and determined the amount of individual compensation for Internal Directors for this fiscal year. The Compensation Committee proposed the amount of compensation for External Directors who are not Audit & Supervisory Committee Members to the Board of Directors. Therefore, after confirming the review of the process and the content of the proposal of the Compensation Committee, the Board of Directors believes that the individual compensation for Internal Directors and External Directors who are not Audit & Supervisory Committee Members is aligned with the Director's Compensation Policy stated above.

(5) Shareholdings

1) Standard and concept of classification of shareholdings

Those stocks held for the purpose of capital gain and dividend income are classified as "pure investment purpose stocks."
Those stocks held for the purpose of improvement of mid-to-long term corporate value are classified as "Non-pure investment purpose stocks."

2) Shareholdings for reasons other than pure investment purposes

(a) Shareholding policy and method for assessing its rationality and details of assessment by the Board of Directors regarding possession of individual shares

The Company only holds shares of other companies with which it has business relationships and seeks to minimize the number of shares. With respect to such shareholdings, the Company assesses whether or not each shareholding contributes to the corporate value of the Company group by considering the Company's mid-to-long term business strategy, and comparing benefits of such ownership (dividends, business transactions, expected returns from strategic alliance, etc.) with the Company's cost of capital. As a result of the review, the Company divests shares from applicable shareholdings that are deemed to be of little significance after taking the financial strategy and market environment into consideration. For this fiscal year, the Company decided to keep holding 6 names as a result of aforementioned reviewing process.

(b) Number of issues and amount posted on the balance sheet

	Number of Shares	Balance Sheet Amounts JPY (millions)
Unlisted Shares	46	¥ 9,504
Shares other than unlisted shares	6	26,439

(Shares increased in the current fiscal year)

	Number of Shares	Total Amounts of Acquisition Costs for the Increase in Number of Shares JPY (millions)	Reasons for the Increase in Number of Shares
Unlisted Shares	1	¥ 500	Additional investment in business partner
Shares other than unlisted shares	1	—	Reclassification due to listing

(Shares decreased in the current fiscal year)

	Number of Shares	Total Sales Amount for the Decrease in Number of Shares JPY (millions)
Unlisted Shares	6	¥ 653
Shares other than unlisted shares	1	5,407

(Note) Two of shares decreased for unlisted shares are due to the liquidation, and “Total Sales Amount for the Decrease in Number of Shares” includes the amount of liquidating dividend.

(c) Shareholdings (other than unlisted shares) for reasons other than pure investment purposes are as follows:

Specified investment shares

Issue	Current Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY (millions)	Prior Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY (millions)	Purpose of Holding, Outline of business alliance, Quantitative/Economic Rationale for Shareholding and the Reason for the Increase in the Number of Shares	Holding of the Company's Share
Noile-Immune Biotech Inc.	8,119,800 ¥ 1,527	— ¥ —	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Technology License concerning CAR-T cell therapies (Quantitative / economic rationale for shareholding) Note:2 (Reason for the Increase in the Number of Shares) Due to newly listing of this company during the current fiscal year	
Denali Therapeutics, Inc.	4,214,559 13,100	4,214,559 12,916	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for neurodegenerative diseases (Quantitative / economic rationale for shareholding) Note:2	
Phathom Pharmaceuticals, Inc.	3,153,217 5,072	7,459,286 7,109	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for gastrointestinal diseases and disorders (Quantitative / economic rationale for shareholding) Note:2	
ASKA Pharmaceutical Holdings, Co. Ltd. Note:3	2,204,840 4,893	2,204,840 2,622	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business and strategic partnership. (Outline of business alliance, etc.) Partnership for pharmaceuticals distribution and out-licensing (Quantitative / economic rationale for shareholding) Note:2	✓
Ovid Therapeutics, Inc.	1,781,996 823	1,781,996 614	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Alliance concerning therapies for developmental and epileptic encephalopathies (Quantitative / economic rationale for shareholding) Note:2	
Wave Life Sciences Ltd.	1,096,892 1,025	1,096,892 634	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for neurological diseases (Quantitative / economic rationale for shareholding) Note:2	

Notes:

(1) "-" means that the Company does not hold applicable stocks

(2) The method by which the company verified the rationality of holding is as follows. although it is difficult to state the quantitative effect from holding specific investment shares.
The Company comprehensively assesses the rationale for its shareholdings based on the cost of capital, dividends, transaction amounts as well as strategic importance and business relationships. As a result of verification, the Company believes these investments will have a sufficient quantitative effect or contribute to improving corporate value in the medium to long term.

(3) Shareholding company is ASKA Pharmaceutical Co. Ltd., the subsidiary of ASKA Pharmaceutical Holdings, Co. Ltd.

Deemed Shareholdings

Not applicable

3) Shareholdings for pure investment purposes

Category	Current Fiscal Year		Prior Fiscal Year	
	Number of Issues (Name of Issues)	Total Amounts on Balance Sheet JPY (millions)	Number of Issues (Name of Issues)	Total Amounts on Balance Sheet JPY (millions)
Unlisted Shares	—	¥ —	—	¥ —
Shares except unlisted shares	2	241	1	0

Category	Current Fiscal Year		
	Total Amounts of Dividends Received JPY (million)	Total Amounts of Profit/ Loss from Sales of Shares JPY (million)	Total Amounts of Profit/Loss from Revaluation of Shares JPY (million)
Unlisted Shares	¥ —	¥ —	¥ —
Shares except unlisted shares	5	—	—

V. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company have been prepared in accordance with IFRS pursuant to Article 93 of "Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976) (hereinafter "Ordinance on Consolidated Financial Statements").

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance of the Ministry of Finance No. 59 of 1963 "Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements" (hereinafter "Ordinance on Financial Statements").

Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Ordinance on Financial Statements.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 and the non-consolidated financial statements for the fiscal year (from April 1, 2023 to March 31, 2024) were audited by KPMG AZSA LLC.

3. Particular efforts to secure the appropriateness of the consolidated financial statements and a framework to ensure that the consolidated financial statements are appropriately prepared in accordance with IFRS

The Company has made particular efforts to ensure the appropriateness of the consolidated financial statements and has established a framework to ensure that the consolidated financial statements are appropriately prepared in accordance with IFRS. The details of these are the follows:

(1) To establish a framework capable of appropriately adopting changes in accounting standards, the Company has made efforts to build expert knowledge by appointing employees who have sufficient knowledge about IFRS, joining the Accounting Standards Board of Japan and similar organizations, and participating in their training programs.

(2) To ensure that the Company appropriately prepares the consolidated financial statements in accordance with IFRS, the Company has created the Group guidelines for accounting practices based on IFRS, and has been conducting accounting procedures based on these guidelines. The Company regularly obtains press releases and accounting standards published by the International Accounting Standards Board, understands the latest accounting standards and assesses their potential impact on the Company, and then updates the Group guidelines in a timely manner.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

1. Consolidated Financial Statements and Others

(1) Consolidated financial statements

See below link for the consolidated financial statements included in the financial section of the Form 20-F for FY2023 (on pages from F-5 to F-78).

https://www.takeda.com/investors/sec-filings-and-security-reports/

(2) Others

1) Quarterly financial information for the year ended March 31, 2024

Cumulative period		Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Fiscal year ended March 31,
Revenue	JPY (millions)	1,058,618	2,101,707	3,212,893	4,263,762
Profit before tax	JPY (millions)	135,033	39,053	100,313	52,791
Net profit attributable to owners of the Company	JPY (millions)	89,395	41,365	147,085	144,067
Basic earnings per share	JPY	57.51	26.51	94.10	92.09

Fiscal period		Three months ended June 30, 2023	Three months ended September 30, 2023	Three months ended December 31, 2023	Three months ended March 31, 2024
Basic earnings (loss) per share	JPY	57.51	(30.68)	67.38	(1.92)

2) Litigation and others

See Note 32 Commitments and Contingent Liabilities - Litigation to the consolidated financial statements which is disclosed in our Form 20-F.

2. Unconsolidated Financial Statements and Others

(1) Unconsolidated Financial Statements

1) Unconsolidated Balance Sheets

	Note	JPY(millions) Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
ASSETS			
CURRENT ASSETS			
Cash and deposits		164,860	130,947
Accounts receivable	3	59,765	47,917
Securities		97,030	122,471
Merchandise and products		39,202	62,146
Work in process		46,094	38,541
Raw materials and supplies		39,399	43,223
Income taxes receivables		2,192	1,865
Short-term loans receivable from subsidiaries and affiliates	3	275,053	179,261
Other	3	139,082	104,390
Allowance for doubtful accounts		(8)	—
Total current assets		862,669	730,761
NON-CURRENT ASSETS			
Tangible non-current assets			
Buildings and structures		85,059	81,261
Machinery and equipment		17,276	21,668
Vehicles		35	45
Tools and fixtures		8,492	10,837
Land		39,794	35,043
Lease assets		1,300	1,211
Construction in progress		24,396	19,248
Total tangible non-current assets		176,354	169,311
Intangible non-current assets		33,100	31,933
Investments and other assets			
Investment securities		32,854	37,044
Investment in subsidiaries and affiliates		8,000,147	7,853,042
Investments in other securities of subsidiaries and affiliates		5,031	—
Contributions to subsidiaries and affiliates		26,344	647,460
Long-term deposits		6,743	5,913
Prepaid pension costs		54,350	64,926
Deferred tax assets		165,410	123,639
Other	3	44,301	92,290
Total investments and other assets		8,335,180	8,824,314
Total non-current assets		8,544,633	9,025,558
Total assets		9,407,303	9,756,319

	Note	JPY(millions) Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	54,471	71,654
Other payable	3	150,115	141,538
Accrued expenses	3	63,007	71,022
Income taxes payable		1,462	445
Short-term loans	3	388,195	415,969
Current portion of bonds		106,715	317,000
Current portion of long-term loans		100,000	50,000
Deposits received	3	92,025	69,157
Reserve for employees' bonuses		14,120	14,817
Reserve for share-based payments		3,281	3,171
Reserve for bonuses for directors and corporate auditors		385	436
Reserve for restructuring costs		2,020	1,022
Other	3	24,205	15,408
Total current liabilities		1,000,002	1,171,639
NON-CURRENT LIABILITIES			
Bonds		2,787,470	3,016,582
Long-term loans	3	1,262,420	1,341,465
Reserve for retirement benefits		7,047	7,789
Reserve for litigation		38,283	762
Reserve for share-based payments		2,548	2,438
Reserve for restructuring costs		2,219	452
Asset retirement obligations		1,893	1,832
Long-term deferred income		12,486	12,880
Other		86,717	112,282
Total non-current liabilities		4,201,082	4,496,482
Total liabilities		5,201,084	5,668,121
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share capital		1,676,345	1,676,596
Share premium			
Additional paid-in capital		1,668,357	1,668,608
Other share premium		2,055	16,989
Total share premium		1,670,413	1,685,597
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,284,127	1,334,490
Reserve for retirement benefits		5,000	5,000
Reserve for dividends		11,000	11,000
Reserve for research and development		2,400	2,400
Reserve for capital improvements		1,054	1,054
Reserve for promotion of exports		434	434
Reserve for reduction of non-current assets	2	29,890	28,832
General reserve		814,500	814,500
Unappropriated retained earnings		419,850	471,270
Total retained earnings		1,300,012	1,350,375
Treasury shares		(100,288)	(51,229)
Total shareholders' equity		4,546,482	4,661,339
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		8,584	11,031
Deferred gains on derivatives under hedge accounting		(350,036)	(585,282)
Total valuation and translation adjustments		(341,452)	(574,252)
Share acquisition rights		1,188	1,111
Total net assets		4,206,219	4,088,198
Total liabilities and net assets		9,407,303	9,756,319

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2022 (April 1, 2022 to March 31, 2023)	JPY (millions) Fiscal 2023 (April 1, 2023 to March 31, 2024)
Net sales	1	632,137	595,575
Cost of sales	1	214,973	245,505
Gross profit		417,164	350,070
Selling, general and administrative expense	1,2	281,023	302,001
Operating income		136,140	48,070
Non-operating income			
Interest and dividend income	1	276,023	306,382
Other	1	53,361	85,231
Total non-operating income		329,384	391,614
Non-operating expenses			
Interest expenses	1	85,589	82,204
Other	1	39,814	71,081
Total non-operating expenses		125,403	153,285
Ordinary income		340,122	286,399
Extraordinary income			
Gain on restructuring of subsidiaries and affiliates	1,3	42,851	138,488
Total extraordinary income		42,851	138,488
Extraordinary loss			
Loss on litigation	4	—	33,545
Total extraordinary loss		—	33,545
Income before income taxes		382,973	391,342
Income taxes-current		35,854	20,281
Income taxes-deferred		16,469	32,187
Income taxes		52,324	52,468
Net income		330,649	338,874

3) Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2022 (April 1, 2022 to March 31, 2023)		Fiscal 2023 (April 1, 2023 to March 31, 2024)	
Classification	**Note**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
I Raw materials cost		121,280	69.6	158,413	72.6
II Labor cost		16,011	9.2	16,801	7.7
III Expenses	1	37,060	21.3	42,853	19.7
Gross production cost		174,351	100.0	218,067	100.0
Beginning work-in-process		34,094		46,094	
Total		208,445		264,161	
Ending work-in-process		46,094		38,541	
Transfer to other accounts	2	1,918		3,543	
Cost of products manufactured		160,433		222,077	

(Note1) The major items of expenses are as follows:

	JPY (millions)	
	Fiscal 2022 (April 1, 2022 to March 31, 2023)	Fiscal 2023 (April 1, 2023 to March 31, 2024)
Depreciation and amortization	10,844	11,991
Outsourced labor cost	5,512	5,298

(Note 2) This item includes transfers to expenses related to pre-launch products in non-operating expenses.

(Note 3) The method of cost accounting is an actual and continuous costing by process and by lot.

4) Unconsolidated Statements of Changes in Net Assets

(April 1, 2022 to March 31, 2023)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Additional paid-in capital	Other share premium	Total share premium	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,676,263	1,668,276	—	1,668,276	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	82	82		82			
Dividends				—			
Provision for reserve for reduction of non-current assets				—			
Reversal of reserve for reduction of non-current assets				—			
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			2,055	2,055			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	82	82	2,055	2,137	—	—	—
Balance at the end of the fiscal year	1,676,345	1,668,357	2,055	1,670,413	15,885	5,000	11,000

(April 1, 2022 to March 31, 2023)

	JPY (millions)					
	Shareholders' equity					
	Retained earnings					
	Other retained earnings					
	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for reduction of non-current assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	30,439	814,500	369,489
Changes of items during the fiscal year						
Issuance of new shares						
Dividends						(280,839)
Provision for reserve for reduction of non-current assets				2,522		(2,522)
Reversal of reserve for reduction of non-current assets				(3,071)		3,071
Net income						330,649
Acquisition of treasury shares						
Disposal of treasury shares						
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	(550)	—	50,360
Balance at the end of the fiscal year	2,400	1,054	434	29,890	814,500	419,850

(April 1, 2022 to March 31, 2023)

	JPY (millions)					
	Shareholders' equity		Validation and translation adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(115,977)	4,478,763	16,411	(201,505)	1,230	4,294,899
Changes of items during the fiscal year						
Issuance of new shares		164				164
Dividends		(280,839)				(280,839)
Provision for reserve for reduction of non-current assets		—				—
Reversal of reserve for reduction of non-current assets		—				—
Net income		330,649				330,649
Acquisition of treasury shares	(27,060)	(27,060)				(27,060)
Disposal of treasury shares	42,749	44,805				44,805
Net change in items other than shareholders' equity during the fiscal year		—	(7,826)	(148,531)	(42)	(156,399)
Total changes of items during the fiscal year	15,689	67,719	(7,826)	(148,531)	(42)	(88,680)
Balance at the end of the fiscal year	(100,288)	4,546,482	8,584	(350,036)	1,188	4,206,219

(April 1, 2023 to March 31, 2024)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Additional paid-in capital	Other share premium	Total share premium	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,676,345	1,668,357	2,055	1,670,413	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	251	251		251			
Dividends				—			
Provision for reserve for reduction of non-current assets				—			
Reversal of reserve for reduction of non-current assets				—			
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			14,933	14,933			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	251	251	14,933	15,184	—	—	—
Balance at the end of the fiscal year	1,676,596	1,668,608	16,989	1,685,597	15,885	5,000	11,000

(April 1, 2023 to March 31, 2024)

	JPY (millions)					
	Shareholders' equity					
	Retained earnings					
	Other retained earnings					
	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for reduction of non-current assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	29,890	814,500	419,850
Changes of items during the fiscal year						
Issuance of new shares						
Dividends						(288,512)
Provision for reserve for reduction of non-current assets				773		(773)
Reversal of reserve for reduction of non-current assets				(1,830)		1,830
Net income						338,874
Acquisition of treasury shares						
Disposal of treasury shares						
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	(1,057)	—	51,420
Balance at the end of the fiscal year	2,400	1,054	434	28,832	814,500	471,270

(April 1, 2023 to March 31, 2024)

	JPY (millions)					
	Shareholders' equity		Validation and translation adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(100,288)	4,546,482	8,584	(350,036)	1,188	4,206,219
Changes of items during the fiscal year						
Issuance of new shares		502				502
Dividends		(288,512)				(288,512)
Provision for reserve for reduction of non-current assets		—				—
Reversal of reserve for reduction of non-current assets		—				—
Net income		338,874				338,874
Acquisition of treasury shares	(2,367)	(2,367)				(2,367)
Disposal of treasury shares	51,426	66,359				66,359
Net change in items other than shareholders' equity during the fiscal year		—	2,447	(235,246)	(77)	(232,877)
Total changes of items during the fiscal year	49,059	114,856	2,447	(235,246)	(77)	(118,021)
Balance at the end of the fiscal year	(51,229)	4,661,339	11,031	(585,282)	1,111	4,088,198

Notes to the Unconsolidated Financial Statements

Going Concern Assumption

No events to be noted for this purpose.

Significant Accounting Policies

1. Valuation of Significant Assets

(1) Valuation of Securities

Shares of subsidiaries and affiliates: Valued at cost using the moving-average method

Available-for-sale securities

Other than non-marketable equity securities: Valued at market prices on the balance sheet date (Unrealized gains and losses are included in net assets, and cost of securities sold is calculated using the moving-average method.)

Non-marketable equity securities: Valued at cost using the moving-average method

(2) Valuation of Derivatives: Valued at market value

(3) Valuation of Inventories

Merchandise and products: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

Work in process: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

Raw materials and Supplies: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

2. Depreciation Methods for Significant Non-current Assets

(1) Tangible non-current assets (excluding lease assets)

The Company uses the declining-balance method.

However, for buildings (excluding building improvements) acquired on or after April 1, 1998, the straight-line method is applied.

Estimated useful lives are mainly as follows:

Buildings and structures: 15-50 years

Machinery and equipment: 4-15 years

(2) Intangible non-current assets (excluding lease assets)

The Company uses the straight line depreciation method for intangible non-current assets. The depreciation period is based on the period of availability.

(3) Lease assets

The Company depreciates lease assets related to finance leases with no transfer of ownership rights over the lease term, with a nil residual value.

3. Significant Reserves

(1) With respect to allowance for doubtful receivables, in order to account for potential losses from uncollectible notes and accounts receivable, the Company recognizes reserve for uncollectible receivables based on historical loss ratios. Specific claims, including doubtful claims, are individually evaluated in light of their recoverability, and the allowance for doubtful receivables is recognized at the amount deemed unrecoverable.

(2) Reserve for employees' bonuses is stated at the estimated amount of bonuses required to be paid to eligible employees at the balance sheet date based on the applicable payments period in order to cover payment of bonuses to employees.

(3) Reserve for bonuses for directors and corporate auditors is stated as the estimated amount to be paid in order to cover payments of bonuses to directors and corporate auditors.

(4) Reserve for retirement benefits is based on the present value of the projected retirement benefit obligation as of the balance sheet date estimated at the beginning of each fiscal year, less pension assets under the corporate pension plans measured at fair value in order to cover payments of retirement benefits to employees. In calculating retirement benefit obligations, the benefit formula basis is used as the method of attributing expected benefit to periods up to this fiscal year end.

Prior service cost is amortized using the straight-line method over a fixed number of years (five years) within the average remaining years of service when obligations arise.

Unrecognized net actuarial gains and losses are expensed from the period of occurrence in proportional amounts, on a straight-line basis over the fixed number of years (five years) within the average remaining years of service in each period when obligations arise.

(5) Reserve for litigation is recorded, after taking appropriate legal and other specialist advice, where an outflow of resources is considered probable and a reliable estimate can be made for the likely outcome of the dispute.

(6) Reserve for share-based payments is stated at the estimated amount of share-based obligations as of the balance sheet date mainly in order to grant the Company's share to directors and employees in accordance with the share-based payment rules.

(7) Reserve for restructuring costs is primarily reasonably estimated based on costs expected to arise from the R&D transformation.

4. Revenue and expenses

(Revenue recognition)

The Company's revenue is primarily related to the sale of pharmaceutical products and is generally recognized when control of the products is passed to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products. Control is generally transferred at the point in time of shipment to or receipt of the products by the customer, or when the services are performed. The amount of revenue to be recognized is based on the consideration the Company expects to receive in exchange for its goods or services. If a contract contains more than one contractual promise to a customer (performance obligation), the consideration is allocated based on the standalone selling price of each performance obligation. The consideration the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized to the extent it is highly probable that a significant reversal will not occur.

The Company's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies and wholesalers. These deductions represent estimates of the related obligations, requiring the use of judgment when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. The Company monitors the obligation for these deductions on annually basis and records adjustments when rebate trends, contract terms and legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, subsequent changes in sales rebates and discounts have not been material to net earnings.

The Company generally receives payments from customers within 90 days after the point in time when goods are delivered to the customers. The Company usually performs those transactions as a principal, but the Company also sells products on behalf of others in which case revenue is recognized at an amount of sales commission that the company expects to be entitled as an agent.

The Company also generates revenue in the form of royalty payments, upfront payments, and milestone payments from the out-licensing and sale of intellectual property ("IP"). Royalty revenue earned through a license is recognized when the underlying sales have occurred. Revenue from upfront payment is generally recognized when the Company provides a right to use IP. Revenue from milestone payments is recognized at the point in time when it is highly probable that the respective milestone event criteria is met, and a significant reversal in the amount of revenue recognized will not occur. Revenue from other services such as R&D of therapeutic candidates that are out-licensed is recognized over the service period.

The Company generally receives payments from customers within 30 days after entering into out-licensing contracts or confirmation by customers that conditions for the milestone payments are met. The Company licenses its own intellectual property rights to customers and performs those transactions as a principal. The Company also provides other services as a principal or an agent.

The Company identifies a contract modification in case of a change in the scope or price (or both) of a contract.

5. Other Significant Accounting Policies for the Unconsolidated Financial Statements

(1) Hedge Accounting

1) Methods of hedge accounting
The Company uses deferred hedging. The allocation treatment is adopted for forward exchange transactions that meet the requirements for that method and special treatment is adopted for interest rate swaps that meet the requirements for special treatment.

2) Hedging instruments, hedged items and hedging policies
The Company uses interest rate swaps and forward interest rate contracts to hedge a portion of future cash flow related to the trade and other receivables due from customers that the Company has the option to factor and income or expense that is linked to short-term variable interest rates. In addition, the Company uses forward foreign exchange transactions, etc. to hedge a portion of risk of changes in future cash flow arising from changes in foreign exchanges. Foreign currency risk of the investments in foreign operations is managed through the use of foreign-currency-denominated bonds and borrowings. These hedge transactions are conducted in accordance with established policies regarding the scope of usage and standards for selection of financial institutions.

3) Method of assessing effectiveness of hedges
Preliminary testing is conducted using statistical methods such as regression analysis, and post-transaction testing is conducted using ratio analysis. The Company omits the assessment if material terms of the transaction are the same and also the hedging effect is extremely high.

(2) Stated Amount
All amounts shown are rounded to the nearest million Japanese Yen ("JPY") (i.e., a half of a million or more is rounded up to a full one million and less than a half of a million is disregarded).

Accounting Estimates and Assumptions

The items which were recorded on the financial statements as of March 31, 2023 and 2024 using accounting estimates or assumptions and could have a material impact on the financial statements as of the March 31, 2025 are described below.

Deferred Tax Assets

The Company recognized deferred tax assets of JPY 165,410 million and JPY 123,639 million on the balance sheet as of March 31, 2023 and 2024, respectively. As discussed in the note (Accounting for Deferred Income Taxes), the amounts of deferred tax assets before offsetting with the deferred tax liabilities as of March 31, 2023 and 2024 are JPY 202,868 million and JPY 184,778 million, which are a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of JPY 573,001 million and JPY 551,846 million with valuation allowances of JPY 370,132 million and JPY 367,068 million.

These deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company.

The Company also assesses deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, the Company considers the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability is estimated based on the Company's business plan. Therefore, the change in judgment upon determining the revenue forecast related to certain products used for the Company's business plan could have a material impact on the amount of the deferred tax assets to be recorded on the financial statements of the following fiscal year.

Additional Information

Long-Term Incentive Scheme

The Company has a long-term incentive scheme for the directors and senior management for the purpose of improving the Company's mid- and long-term performance as well as raising awareness of the need to enhance the Company's value.

(1) Outline of the scheme

See "Notes to Consolidated Financial Statement, 28 Share-based Payments, Equity-settled Plans, Stock Incentive Plans" in Consolidated IFRS Financial Statements for the year ended March 31, 2024.

(2) Treasury shares owned by the trust

As for accounting treatment of long-term incentive scheme for senior executives, the Company applied "Practical treatment concerning transactions which grant stocks of the company to employees etc. through trusts" (Practical Issue Task Force NO. 30, March 26, 2015) and recognizes carrying amount (excluding incidental acquisition costs) of treasury shares owned by the trust as "Treasury shares" in "Net Assets". In addition, as for accounting treatment of long-term incentive scheme for directors, the Company applied Practical Issue Task Force No. 30 mutatis mutandis. The carrying amount and number of the treasury shares were JPY 27,062 million, 6,215 thousand shares and JPY 25,593 million, 5,888 thousand shares as of March 31, 2023 and 2024, respectively. The amounts of dividend paid to the treasury shares were JPY 1,384 million and JPY 1,113 million for the years ended March 31, 2023 and 2024, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were JPY 554 million.

Notes on Unconsolidated Balance Sheet

1. Contingent liabilities

(Guarantees)

The Company has provided guarantees to the following persons/subsidiaries mainly for obligations to cover the redemption or repayment of liabilities, payments of certain liabilities related to the factoring transactions, payments of rental fees based on the real estate lease contracts and foreign exchange derivatives.

JPY (millions)

	Fiscal 2022 (As of March 31, 2023)	**Fiscal 2023 (As of March 31, 2024)**
Employees of Takeda Pharmaceutical Company Limited	8	6
Shire Acquisitions Investments Ireland Designated Activity Company	534,270	454,733
Baxalta Incorporated	175,753	199,448
Pharma International Insurance Designated Activity Company	66,679	81,477
Takeda Pharmaceuticals U.S.A., Inc.	29,744	30,041
Baxalta Innovations GmbH	18,206	20,445
Takeda Pharmaceuticals America, Inc.	27,220	9,048
Total	851,878	795,198

(Litigation)

For details of major litigation matters, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note 32. Commitment and Contingent Liabilities, Litigation."

Product Liability and Related Claims

ACTOS Economic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

2. Fiscal 2022 (April 1, 2022 to March 31, 2023)

Reserve for reduction of non-current assets is recognized based on the Special Taxation Measures Law.

Fiscal 2023 (April 1, 2023 to March 31, 2024)

Reserve for reduction of non-current assets is recognized based on the Special Taxation Measures Law.

3. Receivables from and payables to subsidiaries and associates **JPY (millions)**

	Fiscal 2022 (As of March 31, 2023)	**Fiscal 2023 (As of March 31, 2024)**
Short-term receivables	342,617	222,783
Long-term receivables	170	170
Short-term payables	478,558	539,671
Long-term payables	638,711	640,763

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and associates

JPY (millions)

	Fiscal 2022 (April 1, 2022 to March 31, 2023)	Fiscal 2023 (April 1, 2023 to March 31, 2024)
Operating transactions:		
Sales	106,010	126,005
Purchases	78,912	122,918
Other	58,760	82,293
Non-operating transactions:		
Non-operating income	283,862	305,394
Non-operating expenses	25,094	50,075
Extraordinary income	29,474	138,488
Sales of assets	98,995	—
Purchases of assets	—	639,448
Acquisition amount of loans receivable from the Company as a result of in-kind dividends	—	639,448
Acquisition amount of loans receivable from subsidiaries and affiliates as a result of in-kind dividends	311,227	159,448

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	Fiscal 2022 (April 1, 2022 to March 31, 2023)	Fiscal 2023 (April 1, 2023 to March 31, 2024)
Sales commission	30,861	32,951

(2) General and administrative expense

JPY (millions)

	Fiscal 2022 (April 1, 2022 to March 31, 2023)	Fiscal 2023 (April 1, 2023 to March 31, 2024)
Reserve for bonuses	7,990	8,976
Depreciation	7,806	7,792
Outside service fees	13,276	14,515
Research and development	141,050	164,472

3. Extraordinary income

Fiscal 2022 (April 1, 2022 to March 31, 2023)

(Gain on restructuring of subsidiaries and affiliates)

The gain on restructuring of subsidiaries and affiliates was recognized mainly in the course of preparation for the liquidation of subsidiaries and affiliates in connection with the restructuring of Takeda Group

Fiscal 2023 (April 1, 2023 to March 31, 2024)

(Gain on restructuring of subsidiaries and affiliates)

The gain on restructuring of subsidiaries and affiliates was recognized mainly the liquidation of subsidiaries and affiliates in connection with the restructuring of Takeda Group.

4. Extraordinary loss

Fiscal 2022 (April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal 2023 (April 1, 2023 to March 31, 2024)

(Loss on litigation)

The loss on litigation was recognized in connection with the supply agreement litigation with AbbVie, Inc.

Notes on Securities

Fiscal 2022 (As of March 31, 2023)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: JPY 7,995,849 million, Investment in associates: JPY 4,298 million) is not disclosed as they are non-marketable equity securities.

Fiscal 2023 (As of March 31, 2024)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: JPY 7,852,715 million, Investment in associates: JPY 327 million) is not disclosed as they are non-marketable equity securities.

Accounting for Deferred Income Taxes

1. Major components of deferred tax assets and deferred tax liabilities:

JPY (millions)

	Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
(Deferred tax assets)		
Reserve for employees' bonuses	4,318	4,531
Research and development costs	15,048	14,677
Inventories	18,307	22,436
Deferred hedge gains or losses on derivatives under hedge accounting	25,731	19,452
Accrued expenses	13,996	12,780
Reserve for retirement benefits	2,131	2,364
Reserve for restructuring costs	1,296	451
Tangible non-current assets	4,021	4,998
Patent rights	9,380	7,368
Sales rights	14,129	17,183
Investments in subsidiaries and affiliates	44,553	31,426
Securities	4,291	4,149
Net operating loss carryforward (Notes1,3)	360,151	357,821
Excess interest under Japanese earnings stripping rules	21,555	34,303
Other	34,095	17,909
Deferred tax assets - subtotal	573,001	551,846
Valuation allowance for net operating loss carryforward (Notes1,3)	(309,365)	(318,409)
Valuation allowance for deductible temporary difference	(60,767)	(48,659)
Total valuation allowance	(370,132)	(367,068)
Total deferred tax assets	202,868	184,778
(Deferred tax liabilities)		
Prepaid pension costs	(16,620)	(19,854)
Unrealized gain on available-for-sale securities	(3,421)	(4,499)
Reserve for reduction of non-current assets	(17,265)	(16,774)
Bonds	—	(20,011)
Other	(151)	0
Total deferred tax liabilities	(37,458)	(61,139)
Net deferred tax assets	165,410	123,639

(Notes)

(1) As part of integration with the Shire, the subsidiaries were liquidated in order to reorganize capital in subsidiaries. As a result of this liquidation, losses from liquidation of subsidiaries were treated as a tax deductible expense, which resulted in a substantial amount of Net operating loss.

(2) The deferred tax assets are not recognized for the deductible temporary difference arose from the recognition of the stock of sub-subsidiaries as a dividend in kind at fair value for tax purposes in association with liquidation of subsidiaries in the previous fiscal year because they are not expected to be sold in the foreseeable future. The aggregate amounts of deductible temporary difference for these investments in subsidiaries and affiliates were JPY 2,360,015 million and JPY 3,007,046 million as of March 31, 2023

and 2024, respectively. The aggregate amounts of taxable temporary differences for investments in subsidiaries and affiliates for which deferred tax liabilities were not recognized were JPY 553,456 million and JPY 549,074 million as of March 31, 2023 and 2024, respectively.

(3) Net operating loss carryforward and related deferred tax assets by the expiry date are as follows:

Fiscal 2022 (As of March 31, 2023)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	—	—	360,151		360,151
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(309,365)		(309,365)
Net deferred tax assets	—	—	—	—	—	50,786	(b)	50,786

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described in Note(1), the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of JPY 360,151 million of net operating loss carry forward, JPY 50,786 million was considered as recoverable based on the estimation of future taxable profit from future revenue forecasts and other.

Fiscal 2023 (As of March 31, 2024)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	—	202,096	155,726		357,821
Valuation allowance for net operating loss carry forward	—	—	—	—	(180,379)	(138,030)		(318,409)
Net deferred tax assets	—	—	—	—	21,717	17,696	(b)	39,413

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described in Note(1), the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of JPY 357,821 million of net operating loss carry forward, JPY 39,413 million was considered as recoverable based on the estimation of future taxable profit from future revenue forecasts and other.

2. The effective income tax rate of the Company after application of deferred tax accounting differs from the statutory tax rate for the following reasons:

(%)

	Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
Statutory tax rate	30.6	30.6
(Adjustments)		
Entertainment expenses and other non-deductible tax expenses	0.5	0.4
Dividend income and other nontaxable income	(26.5)	(69.3)
Changes in valuation allowance	2.0	(0.6)
Unitary tax on overseas subsidiaries	6.8	1.9
Changes in unrecognized deferred tax assets	2.4	50.6
Changes in unrecognized deferred tax liabilities	(1.0)	0.3
Japanese earnings stripping rules	1.7	—
Deduction for research and development costs	(1.0)	(0.1)
Deduction in foreign tax for specified overseas subsidiaries	(1.4)	(0.2)
Other	(0.5)	(0.2)
Effective tax rate after application of tax effect accounting	13.7	13.4

3. Accounting treatment of income taxes and inhabitant tax or accounting treatment of tax effects relevant to these taxes:

The Company apply the Group Tax Sharing System. Accordingly, the accounting treatment and disclosure of income taxes, inhabitant tax, and tax effect accounting are in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021) ("Practical Issues Task Force No.42").

Business combinations

Transactions under common control

1 . Overview of the transaction

The Company has acquired ownership of subsidiary in order to reorganize capital in the subsidiary.

JPY(millions)

Name	Principal Business	Transaction date	Acquisition cost	
Takeda Financing GK	Fund management	February 1, 2024	639,448	(Note)

(Note)

This was the acquisition of 100% ownership of Takeda Financing GK which had been wholly owned by Baxalta US Inc. The breakdown of the acquisition cost and consideration of the acquired subsidiary ownership is as below.

Consideration for acquisition	Recognition of the intercompany borrowing	JPY 639,448 million
Acquisition cost		JPY 639,448 million

2 . Overview of the accounting treatment

The Company accounted for the transaction as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019).

Revenue Recognition

Information that forms the basis for understanding revenues is described in "*Significant Accounting Policies* - 4. *Revenue and expenses*."

Significant Subsequent Events

On June 25, 2024, Takeda issued subordinated JPY Hybrid Bonds with an aggregate principal amount of JPY 460,000 million. For details of the Hybrid Bonds, please refer to "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note33 Subsequent Events" in our Form 20-F.

5) Supplementary Schedules

[Details of Tangible non-current assets and Intangible non-current assets]

Class of assets	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Depreciation in current year JPY (millions)	Balance at the end of year JPY (millions)	Accumulated depreciation JPY (millions)	Acquisition cost at the end of year JPY (millions)
Buildings and structures	85,059	5,569	3,173 (46)	6,195	81,261	130,168	211,429
Machinery and equipment	17,276	11,555	326 (302)	6,837	21,668	210,713	232,381
Vehicles	35	37	3	25	45	354	398
Tools and fixtures	8,492	7,740	484 (60)	4,911	10,837	31,578	42,415
Land	39,794	—	4,751	—	35,043	—	35,043
Lease assets	1,300	207	27	270	1,211	863	2,073
Construction in progress	24,396	6,643	11,792 (1,890)	—	19,248	—	19,248
Total tangible non-current assets	176,354	31,751	20,556 (2,299)	18,237	169,311	373,676	542,987
Use right of facilities	69	—	—	31	37	440	477
Other intangible non-current assets	33,031	5,258	1,204 (9)	5,190	31,895	37,830	69,725
Total intangible non-current assets	33,100	5,258	1,204 (9)	5,221	31,933	38,270	70,202

(Note 1)

The reason for major increase for the year is as follows:

Buildings and structures	Acquisition from Tokyo headquarters' office renovation	JPY 2,237 million
Machinery and equipment	Acquisition from operation of the new manufacturing line for production of ENTYVIO in the Hikari plant	JPY 6,127 million
Tools and fixtures	Acquisition from Tokyo headquarters' office renovation	JPY 1,701 million
Other intangible non-current assets	Acquisition of software	JPY 2,520 million

(Note 2)

Numbers in parentheses in "Decrease in current year" represent impairment losses.

[Details of Reserve]

Item	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Balance at the end of year JPY (millions)
Allowance for doubtful accounts	8	—	8	—
Reserve for employees' bonuses	14,120	14,817	14,120	14,817
Reserve for share-based payments	5,829	3,518	3,739	5,609
Reserve for bonuses for directors and corporate auditors	385	436	385	436
Reserve for restructuring costs	4,238	22	2,785	1,475
Reserve for retirement benefits	7,047	1,546	805	7,789
Reserve for litigation	38,283	32,281	69,802	762

(2) Major Assets and Liabilities

The disclosure of these items is omitted since the consolidated financial statements are prepared.

(3) Others

For details of major litigation, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note 32. Commitment and Contingent Liabilities, Litigation" in our Form 20-F.

Product Liability and Related Claims

ACTOS Economic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

VI. Overview of Administrative Procedures for Shares of the Company

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	March 31, September 30
Number of shares in one unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Division 6-3, Fushimicho 3-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-
Fees for buyback and increase in holdings	Free of charge
Method of giving public notice	The Company carries out its public notifications by means of electronic public notice. However, in the event of an accident, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun. The electronic public notices are posted on the Company's website, and the URL is as follows: https://www.takeda.com/jp/investors/public-notice/ (Japanese Only)
Shareholder privileges	None

VII. Reference Information on the Company

1.Information on the Parent Company

The Company does not have the parent company and other companies prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2.Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2023 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (146th)	From	April 1, 2022	Filed with Director of the Kanto Local Finance Bureau on June 28, 2023
			To	March 31, 2023	
(2)	Internal Control Report and documents attached	Fiscal Year (146th)	From	April 1, 2022	Filed with Director of the Kanto Local Finance Bureau on June 28, 2023
			To	March 31, 2023	
(3)	Quarterly Report and Confirmation Letter	Fiscal Year (147th First Quarter)	From	April 1, 2023	Filed with Director of the Kanto Local Finance Bureau on August 1, 2023
			To	June 30, 2023	
		Fiscal Year (147th Second Quarter)	From	July 1, 2023	Filed with Director of the Kanto Local Finance Bureau on October 30, 2023
			To	September 30, 2023	
		Fiscal Year (147th Third Quarter)	From	October 1, 2023	Filed with Director of the Kanto Local Finance Bureau on February 2, 2024
			To	December 31, 2023	

(4)	Extraordinary Report	
	The Extraordinary Report pursuant to Article 19, paragraph 2, item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (results of resolution at the general meeting of shareholders)	Filed with Director of the Kanto Local Finance Bureau on July 3, 2023
(5)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on August 31, 2023 Filed with Director of the Kanto Local Finance Bureau on June 3, 2024
(6)	Amendment Report for Shelf Registration Statement	Filed with Director of the Kanto Local Finance Bureau on April 15, 2024
(7)	Shelf Registration Supplements (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on June 7, 2024 Filed with Director of the Kanto Local Finance Bureau on June 11, 2024

Part 2. Information on Guarantors for Takeda

Not applicable.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 26, 2024

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Masahiko Chino
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Consolidated Financial Statement Audit

Opinion

We have audited the accompanying consolidated financial statements of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries (the "Company") provided in the Financial Information section in the Company's Annual Securities Report, which comprise the consolidated statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended March 31, 2024, and notes to the consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as prescribed in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements of Japan (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Reasonableness of evaluation of the provisions for U.S. Medicaid and U.S. commercial managed care rebates

The key audit matter and why it is determined to be a key audit matter

As discussed in Note 3 “Material Accounting Policies” and Note 23 “Provisions” to the consolidated financial statements, the Company records provisions for contractual and statutory rebates payable under Commercial healthcare provider contracts and U.S. State and Federal government health programs (collectively, U.S. rebates) as a reduction to gross sales to arrive at net sales. The programs subject to U.S. rebates include U.S. Medicaid and U.S. commercial managed care programs.

The provisions for U.S. rebates are recorded in the same period that the corresponding revenues are recognized; however, the U.S. rebates are not fully paid until subsequent periods. Provisions for U.S. rebates are JPY 253,832 million as of March 31, 2024.

The expected product specific assumptions used to estimate the provisions for the U.S. Medicaid and U.S. commercial managed care programs relate to estimating which of the Company’s revenue transactions will ultimately be subject to the respective programs and required a high degree of subjective judgment.

As a result of the above, we identified the reasonableness of evaluation of the provisions for U.S. Medicaid and U.S. commercial managed care programs as one of the key audit matters because such evaluation was particularly significant in our audit of the consolidated financial statements for the current fiscal year.

How the matter was addressed

In order to evaluate the reasonableness of the estimation regarding the provisions for U.S. Medicaid and U.S. commercial managed care rebates, we instructed component auditors of relevant consolidated subsidiaries in U.S. to perform audit procedures and report the results of their procedures to confirm that sufficient and appropriate audit evidence have been obtained. The audit procedures performed by the component auditors of the consolidated subsidiaries includes the following:

(1) Test of internal controls

We tested the design and operating effectiveness of certain internal controls over the Company’s U.S. Medicaid and U.S. commercial managed care programs provision process, including controls related to the determination of the expected product specific assumptions used to estimate the provisions for U.S. Medicaid and U.S. commercial managed care programs.

(2) Test on the reasonableness of estimation of U.S. rebate provisions

- We developed independent expectations of U.S. Medicaid and U.S. commercial managed care programs provisions based on the ratios of historical U.S. Medicaid and U.S. commercial managed care programs claims paid to historical gross sales and compared such independent estimates to management’s estimates.
- We compared a selection of U.S. Medicaid and U.S. commercial managed care programs claims paid by the Company for consistency with the contractual terms of the Company’s rebate agreements.
- We evaluated the Company’s ability to accurately estimate the provisions for U.S. Medicaid and U.S. commercial managed care programs by comparing historically recorded provisions to the actual amounts that were ultimately paid by the Company.

2 Evaluation of goodwill

The key audit matter and why it is determined to be a key audit matter

As discussed in Note 3 “Material Accounting Policies” and Note 11 “Goodwill” to the consolidated financial statements, the Company recorded JPY 5,410,067 million of goodwill as of March 31, 2024.

Goodwill is tested for impairment at the single operating segment level (one CGU), which is the level at which goodwill is monitored for internal management purposes. The Company conducts impairment tests for goodwill annually and if there is any indication of impairment. Impairment loss for goodwill is recognized if the recoverable amount of goodwill is less than the carrying amount. The recoverable amount is the greater of fair value less costs of disposal, or value in use of the CGU. The fair value less costs of disposal is determined by discounting the estimated future cash flows based on a 10-year projection as well as deducting the estimated costs of disposal. The measurement of fair value uses a terminal growth rate and a discount rate. The projection includes the sales forecast related to certain products as the significant assumption. As a result of annual impairment test, the Company did not record any impairment loss on goodwill.

Assessing the fair value at the single operating segment level in the impairment testing of goodwill requires the evaluation of assumptions of the sales forecast related to certain products, which is subject to a high degree of subjective judgment.

As a result of the above, we identified the evaluation of goodwill as one of the key audit matters because such evaluation was particularly significant in our audit of the consolidated financial statements for the current fiscal year.

How the matter was addressed

We performed the following audit procedures to test the evaluation of goodwill:

(1) Test of internal controls

We tested the design and operating effectiveness of internal controls over the development of sales forecast related to certain products in relation to the estimation of fair value for the annual impairment testing of goodwill.

(2) Test on the reasonableness of fair value estimation

We performed the following procedures to evaluate the appropriateness of sales forecast related to certain products which is a significant assumption used for the estimation of fair value:

- Developed independent sales forecast using the future sales growth rate estimated based on external information such as market projections by analysists and industry and market trends, and compared such independent estimates to recent actual sales.
- Compared actual sales to historical sales forecasts of certain products.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them matters that could reasonably be considered to bear on our independence, and where applicable, measures taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our

auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Internal Control Audit

Opinion on Internal Control Over Financial Reporting

We have audited the Company's internal control over financial reporting as of March 31, 2024, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to independently express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the auditing standards for internal control over financial reporting of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness to be disclosed exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Primary Differences from the Audit of Internal Control in Japan

We conducted our audit in accordance with the standards of the PCAOB. The primary differences from an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan are as follows;

1. The auditing standards in Japan require us to express an opinion on the internal control report prepared by management, while the PCAOB standards require us to express an opinion on the internal control over financial reporting.
2. The PCAOB standards require us to perform an audit only on the internal control over financial reporting related to the preparation of consolidated financial statements presented in the Financial Information section, and not on the internal control which relate only to the unconsolidated financial statements or which relate to disclosure and other information that could have a material effect on the reliability of financial statements.
3. The PCAOB standards does not require us to perform an audit on the internal control over financial reporting of associates accounted for using the equity method.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Fee-related information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in"(3) Status of Auditing"of"Corporate Governance"in"Information on the Company."

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting:

The Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting herein is the English translation of the Independent Auditor's Report on Financial Statements and Internal Control Over Financial Reporting as required by the Financial Instruments and Exchange Act of Japan.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 26, 2024

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Masahiko Chino
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Financial Statement Audit

Opinion

We have audited the accompanying financial statements of Takeda Pharmaceutical Company Limited (the "Company") provided in the Financial Information section in the Company's Annual Securities Report for the 147th fiscal year, which comprise the balance sheet as at March 31, 2024, and the statements of income, statements of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Takeda Pharmaceutical Company Limited as at March 31, 2024, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of judgment on recoverability of deferred tax assets

The key audit matter and why it is determined to be a key audit matter

The Company recognized deferred tax assets of JPY 123,639 million on the balance sheet as of March 31, 2024. As discussed in the notes (Accounting Estimates and Assumptions) and (Accounting for Deferred Income Taxes), the amount of deferred tax assets before offsetting with the deferred tax liabilities is JPY 184,778 million, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 551,846 million JPY with valuation allowances of JPY 367,068 million.

These deferred tax assets are recorded to the extent that it is probable that future taxable income (before adjusting for temporary differences) will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company.

Recoverability of deferred tax assets are determined based on criteria such as the reversal schedule of taxable temporary differences, future taxable income according to the Company's profitability and the taxable income schedule including tax planning opportunities. Future taxable income according to profitability is estimated based on the Company's business plan for which there is uncertainty in forecasting the revenue. The judgment by management upon determining the revenue forecast related to certain products has a significant impact on the amount of the deferred tax assets to be recognized.

As a result of the above, we identified reasonableness of judgment on recoverability of deferred tax assets as a key audit matter because such judgment was a significant matter in our audit of the financial statements of the current fiscal year.

How the matter was addressed

In order to test the reasonableness of judgment on recoverability of deferred tax assets, we primarily performed following audit procedures.

(1) Test of internal controls

We tested the design and operating effectiveness of certain internal controls over the Company's assessment process on recoverability of deferred tax assets including those related to setting of assumptions used for the forecasted sales.

(2) Test on the reasonableness of estimation of future taxable income

We performed the following procedures to evaluate the reasonableness of estimated future taxable income based on profitability.

- We confirmed consistency of the taxable income schedule used to assess the recoverability of deferred tax assets with the business plan approved at the Board of Directors meeting.
- We evaluated the appropriateness of the major assumptions used for forecasting the sale of products included in the business plan by testing consistency with relevant documents and materials such as analyst reports, past market trend information, market research reports issued by external research organizations, and notices from regulatory authorities.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them matters that could reasonably be considered to bear on our independence, and where applicable, measures taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee related information

Fee related information is described in the Independent Auditor's Report of the consolidated financial statements.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Cover

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 26, 2024
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Milano Furuta, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters relating to the basic framework for internal control over financial reporting

Christophe Weber, Representative Director, President and Chief Executive Officer, and Milano Furuta, Director and Chief Financial Officer are responsible for maintaining and implementing internal control over financial reporting defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has maintained and implemented effective internal control over financial reporting based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

2. Matters relating to the scope of assessment, the base date of assessment and the assessment procedures

The Company assessed the effectiveness of internal control over financial reporting as of March 31, 2024.

In making the assessment, the Company assessed controls which have a material effect on financial reporting on a consolidated basis (entity-level controls) and based on the result of the assessment, selected the business processes to be assessed. In the business processes assessments, the Company analyzed the selected business processes, identified key controls that have a material effect on the reliability of financial reporting and assessed the internal controls by assessing the design and operating effectiveness of these key controls.

The Company determined the required assessment scope of internal control over financial reporting for the Company and its subsidiaries from the perspective of the materiality of their effect on the reliability of financial reporting. The materiality of their effect on the reliability of financial reporting is determined by reasonably taking into account the quantitative and qualitative materiality.

3. Matters relating to the results of the assessment

As a result of performing the assessment procedures in accordance with the assessment standards above, the Company concluded that internal control over financial reporting of the Company was effective as of March 31, 2024. KPMG AZSA LLC, which is the Company's independent registered public accounting firm, has audited the effectiveness of internal control over financial reporting, as described in Report of Independent Registered Public Accounting Firm.

4. Additional note

The Company assesses and reports the effectiveness of internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act in accordance with Article 18 of Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information. The main differences from the assessment performed in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan are as follows:

1. The standards applied in performing the assessment of internal control over financial reporting is Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), instead of the basic framework for internal control established by the Business Accounting Council;
2. The assessment scope of internal control over financial reporting is the preparation of the consolidated financial statements included in the Financial Information section by the Company; and
3. The scope of companies subject to the assessment of internal control over financial reporting does not include associates accounted for using the equity method.

5. Special note

There is no applicable matter.

Cover

[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 26, 2024
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Milano Furuta, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Takeda's Representative Director, President and Chief Executive Officer, Christophe Weber, and Director and Chief Financial Officer, Milano Furuta, have confirmed that the content of the Annual Securities Report of Takeda Pharmaceutical Company Limited for the 147th fiscal year (from April 1, 2023 to March 31, 2024) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.