

Form 20-F **FY2024**

TAKEDA PHARMACEUTICAL COMPANY LIMITED

As filed with the Securities and Exchange Commission on June 25, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report
Commission file number: 001-38757

Takeda Yakuhin Kogyo Kabushiki Kaisha

(Exact name of registrant as specified in its charter)

Takeda Pharmaceutical Company Limited

(Translation of registrant's name into English)

Japan
(Jurisdiction of incorporation or organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbols</u>	<u>Name of Each Exchange On Which Registered</u>
American Depositary Shares Representing Common Stock	TAK	New York Stock Exchange
Common Stock, no par value*		
0.750% Senior Notes due 2027	TAK27	New York Stock Exchange
1.000% Senior Notes due 2029	TAK29	New York Stock Exchange
1.375% Senior Notes due 2032	TAK32	New York Stock Exchange
2.000% Senior Notes due 2040	TAK40A	New York Stock Exchange

* Listed not for trading, but only in connection with the registration of the American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

123,490,548 ADSs outstanding as of March 31, 2025

1,573,649,646 shares of common stock as of March 31, 2025

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☒

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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As used in this annual 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 report, we present our audited consolidated financial statements as of March 31, 2024 and 2025 and for the fiscal years ended March 31, 2023, 2024 and 2025. 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 (“SIC”) and International Financial Reporting Interpretations Committee (“IFRIC”).

As used in this annual report, “yen,” “¥” or “JPY” means the lawful currency of Japan, “U.S. dollar,” “\$” or “USD” means the lawful currency of the United States of America (“U.S.”) and “euro,” “€” or “EUR” means the lawful currency of the member states of the European Monetary Union.

As used in this annual 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. See “Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares.” “Notes” refers to the series of notes issued by us and registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) listed on the cover page of this annual report. References to “our securities” refer to collectively to our ADSs, the shares of our common stock and the notes.

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

Amounts shown in this annual 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.

Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements. These statements appear in a number of places in this annual report and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “intend,” “project,” “plan,” “aim,” “seek,” “target,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Our actual results, performance or achievements, or those of our industry, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. These forward-looking statements include, among other topics, statements regarding:

- our goals and strategies;
- our ability to develop and bring to market new products, including expectations for our pipeline, our business development activities and our ability to manufacture and supply;
- expected changes in our revenue, costs, expenditures, operating income or other components of our results;
- expected changes in the pharmaceutical industry or in government policies and regulations relating to it;
- the ability to achieve the expected benefits of businesses we may acquire;
- the extent to which our efforts to increase efficiency, productivity or cost-savings, such as the integration of digital technologies, including artificial intelligence (AI), in our business or other initiatives to restructure our operations will lead to the expected benefits;
- developments regarding or the outcome of any litigation or other legal, administrative, regulatory or governmental proceedings;
- information regarding competition within our industry, including the timing of anticipated competition from generics or biosimilars of our marketed products based on the expiration of patents or regulatory exclusivity or otherwise;
- our ability to reduce our greenhouse gas emissions, whether via internal energy conservation measures, future advancements in renewable energy or low carbon energy technology; or
- the effect of economic, political, legislative or other developments on our business or results of operations, including changes with respect to interest rates, foreign exchange rates, inflation, third-party suppliers and payers.

Forward-looking statements regarding operating income and operating results are particularly subject to a variety of assumptions, some or all of which may not be realized. Accordingly, the forward-looking statements included in this annual report should not be interpreted as predictions or representations of future events or circumstances.

Potential risks and uncertainties include those identified and discussed in “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company,” “Item 5. Operating and Financial Review and Prospects” and elsewhere in this annual report. Given these risks and uncertainties, undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this annual report. Except as required by law, we disclaim any obligation to update or review any forward-looking statements contained in this annual report, whether as a result of new information, future events or otherwise.

Part I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Any investment in our securities involves risk. Investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment decision with respect to our securities. If any of the following risks actually occur, it could have a material adverse effect on our business, financial condition, results of operations, future prospects, and the market value of our securities.

The risks discussed below are those that we believe are material, but these risks and uncertainties may not be the only risks that we face. Additional risks that are not known to us at this time, or that are currently believed to be not material, could also have a material adverse effect on our business, financial condition, results of operations, future prospects and the market value of our securities.

Risks Relating to Development, Production and Marketing of Pharmaceutical Products

Research and development of pharmaceutical products are expensive and subject to significant uncertainties, and we may be unsuccessful in bringing commercially successful products to market or recouping development costs.

Our ability to offset the effects of losses of exclusivity in our existing products and to continue to grow our business depends significantly on the success of our research and development activities in identifying, developing and successfully commercializing new products in a timely and cost-effective manner. To accomplish this, we commit substantial efforts, funds and other resources to research and development, both in-house and through collaborations with third parties. However, these research and development programs are expensive and involve intensive preclinical evaluation and clinical trials in connection with a highly complex and lengthy regulatory approval process. We discuss regulatory considerations below under “—If we fail to comply with government regulations over product development, regulatory approvals and reimbursement requirements, our business could be adversely affected.” The research and development process for a new biopharmaceutical product also requires us to attract and retain sufficient numbers of highly skilled employees and can often take more than ten years from discovery to commercial launch. Even if we successfully develop and bring to market new products, there is only a limited available patent life in which to recoup these development costs and the products may face competition that impacts their commercial success.

During each stage of the approval process and post-approval life cycle of our products, there is a substantial risk that we will encounter serious obstacles, including unfavorable results or indications of safety concerns regarding a new compound; difficulty or delays in enrolling patients or in administering clinical trials; delays in completing formulation and other testing and work necessary to support an application for regulatory approval; insufficient clinical trial data to support the safety or efficacy of the product candidate; difficulties in maintaining supply chains in investigational new drugs or commercial products; failure to bring a product to market prior to a competitor, or to develop a product sufficiently differentiated from a competing product to achieve significant market share; difficulty in obtaining reimbursement at satisfactory rates for our approved products from governments, pharmacy benefit managers and insurers; difficulty in obtaining regulatory approval for additional indications; failure to enter into or implement successful alliances for the development and/or commercialization of products or the inability to manufacture sufficient acceptable quantities of a product candidate for development or commercialization activities in a timely or cost-efficient manner. Moreover, the degree of market acceptance of any approved product candidate by the medical community, including physicians, healthcare professionals and patients, will depend on a number of factors, including changes in unmet medical needs, relative convenience and ease of administration, the prevalence and severity of any adverse reactions, availability of alternative treatments, pricing and our sales and marketing strategy. There can also be no assurance that we will be successful in bringing new products to market, marketing them, achieving sufficient acceptance thereof and recouping our investments in their development.

As a result of the foregoing or other factors, we may decide to delay, discontinue, terminate or externalize the development of potential pipeline products in which we have invested significant resources, even where the product is in the late stages of development, and have done so in the past. For example, in June 2024, we announced that soticlestat did not meet the primary endpoints in the phase 3 SKYLINE and SKYWAY studies for the treatment of Dravet syndrome and Lennox-Gastaut syndrome, respectively, and subsequently determined that we will not file for regulatory approval for either indication.

Products approved for use and successfully marketed in one market may be unable to obtain regulatory approval, become commercially successful or achieve satisfactory rates of reimbursement in other markets. Even following initial regulatory approval, the success of a product may be adversely affected by safety and efficacy findings in other clinical trials or larger real-world patient populations, as well as by the market entry of competitive products or other product-related developments, as a result of which we may not be able to recoup our investments in their development and commercialization. For example, in December 2024, Takeda announced that it was working with the European Medicines Agency (EMA) to voluntarily withdraw the marketing authorization of Alofisel in light of the results of the ADMIRE-CD II study, which did not meet its primary endpoints.

As a result, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with government regulations over product development, regulatory approvals and reimbursement requirements, our business could be adversely affected.

Obtaining marketing approval for pharmaceutical products is a lengthy, complex and highly regulated process that requires intensive preclinical and clinical data, and the approval process can vary significantly depending on the regulatory authority. Relevant health authorities may, at the time of the filing of the application for a marketing authorization, or later during their review, impose requirements that can evolve over time, including requiring additional clinical trials, and such authorities may delay or refuse to grant approval. Even where we have obtained marketing approval for a product in one or more major markets, we may need to invest significant time and resources in applying for approval in other markets, and there is no assurance that we will be able to obtain such approval. For example, despite having received a positive opinion from the Committee for Medicinal Products for Human Use of the European Medicines Agency (the “EMA”) for our dengue vaccine candidate, TAK-003, we announced in July 2023 that we had voluntarily withdrawn our U.S. biologics license application (BLA) for TAK-003 following discussions with the FDA about aspects of data collection that could not be addressed within that BLA review cycle.

Health authorities are increasingly focused on product safety and on the risk/benefit profile of pharmaceutical products, which could lead to more burdensome and costly approval processes and negatively affect our ability to obtain regulatory approval for products under development. For example, the FDA, the EMA, the Ministry of Health, Labour and Welfare (the “MHLW”) and the National Medical Products Administration (the “NMPA”) have been implementing strict requirements for approval, particularly in terms of the volume of data needed to demonstrate a product’s efficacy and safety.

Even after regulatory approval is obtained, marketed products are subject to various post-marketing commitments, including continual review, risk evaluations, comparative effectiveness studies and, in some cases, requirements to conduct post-marketing clinical trials to gather additional safety and other data. Regulatory authorities in many countries have worked to enhance post-approval monitoring in recent years, which has increased post-approval regulatory burdens. Post-regulatory approval reviews and data analyses can lead to the issuance of recommendations by government agencies, specialized organizations, healthcare professionals or patients regarding the use of products. For example, such recommendations could include a request to limit the patient population of a drug’s indication, the imposition of marketing restrictions, including changes in package insert or labeling, or the suspension or withdrawal of the product. Any such recommendation, whether implemented or not, could result in reductions in sales volume and/or new or increased concerns about the adverse reactions or efficacy of a product. These substantial regulatory requirements have, over time, increased the costs associated with maintaining regulatory approvals and achieving reimbursement for our products.

If the regulatory approval process or post-approval, reimbursement, monitoring or other requirements become significantly more burdensome in any of our major markets, we could become subject to increased costs and may be unable to obtain or maintain approval to market our products. Development of new and innovative products can also require the use of emerging platforms and technologies for which regulations either do not yet exist or are under development or modification. This may lead to greater uncertainty and risk in establishing the necessary data for approvals to conduct clinical trials and/or receiving marketing approvals. In addition, the current U.S. presidential administration has initiated a program to reduce federal spending, including the federal workforce, that is expected to impact health authorities, including the FDA, and could result in delays or other challenges to obtaining and maintaining regulatory approval for our products in the U.S. Any such adverse changes could materially and adversely affect our business, results of operations or financial condition.

If we fail to comply with laws and regulations governing the sales and marketing of our products, our business could be adversely affected.

We engage in various marketing, promotional and educational activities pertaining to, as well as the sale of, pharmaceutical products in a number of jurisdictions around the world. The promotion, marketing and sale of pharmaceutical products and medical devices are highly regulated and the sales and marketing practices of market participants have been subject to increasing supervision by governmental authorities, and we believe that this trend will continue.

In the U.S., our sales and marketing activities are monitored by several regulatory authorities and law enforcement agencies, including the FDA, the U.S. Department of Health and Human Services (the “HHS”), the U.S. Department of Justice, the Drug Enforcement Administration (the “DEA”) and the U.S. Securities and Exchange Commission (the “SEC”). In addition, our use of data, including sensitive patient information, and of technology, including machine learning and artificial intelligence (AI), is regulated by the Federal Trade Commission as well as various states under evolving standards. These authorities and agencies and their equivalents in other countries have broad authority to investigate market participants for potential violations of laws relating to the sale, marketing and promotion of pharmaceutical products and medical devices, including the False Claims Act, the Anti-Kickback Statute, the United Kingdom Bribery Act of 2010 and the Foreign Corrupt Practices Act (currently under a 180-day enforcement pause), among others, for alleged improper conduct, including corrupt payments to government officials, improper payments to medical professionals, off-label marketing of pharmaceutical products and medical devices, the submission of false claims for reimbursement by the federal government and the use or misuse of data and technology. Healthcare companies may also be subject to enforcement actions or prosecution for such improper conduct. Any inquiries or investigations into our operations, or enforcement or other regulatory action against us, by such authorities could result in significant defense costs, fines, penalties and injunctive or administrative remedies, distract management to the detriment of the business, result in the exclusion of certain products, or us as a whole, from government reimbursement programs or subject us to regulatory controls or government monitoring of our activities in the future. We are also subject to certain ongoing investigations by governmental agencies. See Note 32 to our audited consolidated financial statements for further details.

Government policies and other pressures to reduce medical costs could have an adverse effect on sales of our pharmaceutical products.

We are subject to governmental regulations mandating price controls in various countries in which we operate. The growth of overall healthcare costs as a percentage of gross domestic product in many countries means that governments and consumers are under intense pressure to control spending even more tightly. See “Item 4. Information on the Company—B. Business Overview—Third-Party Reimbursement and Pricing”.

In the U.S., managed care groups (including pharmacy benefit managers), as well as institutional and governmental purchasers, have put significant pricing pressure on drug manufacturers. In particular, as managed care groups have grown in size due to market consolidation, pharmaceutical companies have faced pressure in pricing and usage negotiations and are engaged in fierce competition to have their products included in the care providers’ formularies. Moreover, as a result of the legislative and regulatory environment, in the U.S. we continue to experience heightened pricing pressure on, and limitations on access to, our branded pharmaceutical products sold in the U.S. For example, expansion of the U.S. federal government’s 340B discount program has continued, potentially increasing the proportion of our U.S. sales that are subject to such mandatory discounts. In addition, 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. We expect the IRA to negatively impact profits due to changes in design of the Part D program and future price negotiation of Takeda products. The IRA may also lead to further political pressure or legislative, regulatory or other efforts to introduce lower prices, reduce spending on the Medicare and Medicaid programs, expand and strengthen the Affordable Care Act, and lower the overall spending by the government on prescription medicines. In May 2025, the U.S. administration issued an executive order intended to encourage or impose the use of “Most Favored Nation” (MFN) pricing in the U.S. market. MFN is a price-setting mechanism, which would tie U.S. prescription drug prices to the lowest price available in selected “comparably developed nations.” While complete details regarding the implementation of the order are not yet available and the actual impact cannot be estimated with certainty, if fully implemented, MFN pricing in the U.S. market could, among other things, result in the reduction of the prices of our products in the U.S., which could in turn materially and adversely impact our business, financial condition and results of operations. Various state legislatures and regulators have also enacted, or are pursuing, policy changes that could further increase pricing pressure on our products (e.g., prescription drug affordability boards). As a result, we expect the healthcare industry in the U.S. will continue to be subject to increased pricing and spending pressure and our products could face adverse impacts on pricing in the U.S.

In Japan, manufacturers of pharmaceutical products must have new products listed on the National Health Insurance (the “NHI”) Drug Price Standard, a price list published by the MHLW (the “NHI price list”). The NHI price list provides rates for calculating the price of pharmaceutical products used in medical services provided under various public medical care insurance systems. Prices on the NHI price list have been previously subject to revisions based on the actual prices and amounts by which the pharmaceutical products are purchased by medical institutions in Japan, and the average price of previously listed products generally decreases as a result of these price revisions. The Japanese government is currently undertaking healthcare reform initiatives with the goal of sustaining the universal coverage of the NHI program. As part of these initiatives, the annual NHI price list revision, implemented since April 2021, has led to more frequent downward price revisions. The government is also addressing the efficient use of generic drugs, with the target of 80% penetration in each prefecture by volume and 65% in value by March 2030 with respect to products for which market exclusivity has expired. In addition, products on the NHI price list nominated based on pre-defined criteria, such as innovativeness and the financial impact, are subject to a cost-effectiveness evaluation under MHLW rules, and subject to price adjustments depending on the outcome of this evaluation.

In Europe, drug prices have been subject to downward pressure due to measures implemented in each country to control drug costs, and prices continue to come under pressure due to parallel imports, generic competition, increasing use of health technology assessment based upon cost-effectiveness and other factors. European pricing and reimbursement authorities have also intensified efforts to increase transparency of prices as well as exchange of information among the various European pricing authorities in order to raise pressure towards the industry. This pricing debate has impacted the overall political climate in Europe and has triggered a European policy initiative to review the pharmaceutical industry’s intellectual property incentives with a particular emphasis on orphan drugs. The European Commission has also proposed to revise the European Union (“EU”) pharmaceutical legislation, which contains a proposal to reduce and/or modulate Intellectual Property incentives, regulatory data protection and orphan market exclusivity. While we expect that any new legislation in this area would take at least two to three years to be adopted, it could have significant impact on our business model. Starting in 2025, the EU Regulation on Health Technology Assessment will be implemented, initially for oncology and advanced therapeutic medicinal products, expanding in 2028 to orphan drugs and from 2030 to all centrally registered products, adding an additional layer of scrutiny to subsequent national-level pricing and reimbursement processes. While the exact impact of this regulation is not yet known, it is expected to increase clinical evidentiary requirements on manufacturers by pooling specific data requirements from all EU member states. If we are unable to meet these heightened requirements, our products could face potential adverse impacts on pricing and reimbursement in EU markets. In addition, the recent Critical Medicine Act proposal expands the existing possibilities for collaborative procurement involving Member States and the Commission. It sets out the options for joint procurement by Member States (facilitated by the Commission), centralized procurement by the Commission on behalf of or in the name of Member States and joint procurement by Member States and the Commission (Articles 21 to 24 CMA Proposal). If implemented, this could exert downward pressure on prices of such jointly procured products.

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.

We expect these efforts to control costs to continue as healthcare payers around the globe, in particular government-controlled health authorities, publicly funded or subsidized health programs, insurance companies and managed care organizations, increasingly pursue initiatives to reduce the overall cost of healthcare, restrict access to higher-priced new medicines, increase the use of generics and impose overall price revisions. Such further implementation of these policies could have a material adverse effect on our business, financial condition and results of operations.

The expiration or loss of patent or regulatory data or marketing protection over our products or patent infringement by generic or biosimilar manufacturers could lead to significant competition from generic versions or biosimilars of the relevant product and/or lead to declines in market share and price levels of our products.

Our pharmaceutical products are generally protected for a defined period per jurisdiction by various patents (including those covering drug substance, drug product, approved indications, methods of administration, methods of manufacturing, formulations and dosages) and/or regulatory exclusivity, which are intended to provide us with exclusive rights to market the products for the life of the patent or duration of the regulatory data protection period. The loss of regulatory exclusivity for pharmaceutical products may open such products to competition from generic substitutes that are typically priced significantly lower than the original products, which typically adversely affects the market share and prices of the original products.

Generic or biosimilar substitutes have high market shares in a number of key markets, including the U.S., Europe, Japan and many emerging countries, and the adverse effects of the launch of generic products are particularly significant in such markets. The introduction of generic or biosimilar versions of a pharmaceutical product frequently leads to a swift and substantial decline in the sales of the original product. Our continued innovation efforts cannot fully mitigate the impact of competition from generics or biosimilars. In the U.S., the EU and Japan for example, political pressure to reduce spending on prescription drugs has led to legislation and other measures that encourage the use of generic products. In Japan, the government is implementing various measures to control drug costs, including by encouraging medical practitioners to use and prescribe generic drugs, and in April 2023, announced that by the end of the fiscal year ending March 31, 2030, it aims to increase the ratio of Active Pharmaceutical Ingredients (APIs) with 80% or more of biosimilar replacement rates on a volume basis to at least 60% of all APIs that have biosimilar versions available. In addition, in March 2024, the government announced that it was extending its volume-based target of 80% in all prefectures (regions) for generic drug penetration with respect to products for which market exclusivity has expired, previously set in April 2021 with the deadline at the end of FY2023, as the main target until the end of fiscal year March 31, 2030. Legislation has also been passed in the U.S. and Europe encouraging the use of biosimilar products. Similar to generics, biosimilars aim to provide less expensive versions of innovative biologic products. Legislation has provided abbreviated pathways for the approval and marketing of biosimilar products, which may affect the profitability and commercial viability of our biologic products.

Certain products of ours have begun, or are expected over the next several years, to face declining sales due to the loss of patent protection or regulatory exclusivity. For example, following the expiration of patent protection covering the formulation of VELCADE and pediatric regulatory exclusivity, generic bortezomib products entered the market in 2022. Patent protection covering VYVANSE and the associated pediatric exclusivity expired in the U.S. in August 2023. While the effect has not been as strong as expected to date, we expect that sales of this product will be particularly affected in the fiscal year ending March 31, 2026 as a result of market erosion caused by the introduction of lower-priced generics. Furthermore, our current top selling product, ENTYVIO, will face loss of regulatory exclusivity in the latter half of this decade and certain patents covering various aspects of this product are expected to expire in 2032. See “Item 4. Information on the Company—B. Business Overview—Intellectual Property” for details.

We may also be subject to competition from generic or biosimilar drug manufacturers prior to the expiration of patents if a manufacturer successfully challenges the validity of our patents, if a manufacturer is able to design around our patents, or if a manufacturer obtains approval of their product and launches it at risk (i.e., prior to a judicial determination). If such a launch occurred prior to completion of court proceedings, a court may decline to grant a preliminary injunction. While we may be entitled to obtain damages subsequently, the amount we may ultimately be awarded and able to collect may be insufficient to compensate for the loss of sales and other harm caused to us. Furthermore, if we lose patent protection as a result of an adverse court decision or a settlement, in certain jurisdictions, we may face the risk that government and private third-party payers and purchasers of pharmaceutical products may claim damages alleging they have over-reimbursed or overpaid for a drug.

If our patent and other intellectual property rights are infringed by generic or biosimilar drug manufacturers or other third parties, we may not be able to take full advantage of the potential or existing demand for our products. The protection that we are able to obtain for our prescription drugs varies from product to product and country to country and may not always be sufficient because of local variations in issued patents, or differences in national law or legal systems, including inconsistency in the enforcement or application of law and limitations on the availability of meaningful legal remedies. In particular, patent protection in emerging markets is often less certain than in developed markets. Certain countries may also engage in compulsory licensing of pharmaceutical intellectual property to other manufacturers as a result of local political pressure. Furthermore, the attention of our management and other personnel could be diverted from their normal business activities if we decide to litigate against such infringement. The realization of any such risks could adversely and materially affect our business, financial condition and results of operations.

We may have difficulty maintaining the competitiveness of our products.

The pharmaceutical industry is highly competitive, and in order to maintain the competitiveness of our product portfolio, we are required to maintain ongoing, extensive research for technological innovations, including new compounds, to develop and commercialize existing pipeline products, to expand our product portfolio through acquisitions, partnerships and in-licensing, and to market our products effectively, including by communicating the efficacy, safety and value of our products to healthcare professionals. However, healthcare professionals and consumers may choose competitors’ products over ours, if they perceive these products to be safer, more reliable, more effective, easier to administer or less expensive. Sales of the rare disease portfolio are particularly concentrated among small groups of customers and we may be disproportionately affected by changes in their purchasing patterns, including if we are unable to maintain the competitiveness of our products.

The success of any product depends on our ability to effectively communicate with and educate healthcare professionals and patients and convince them of the advantage of our products over those of our competitors. We often carry out costly clinical trials even after our products have been launched to produce data to be utilized for these purposes, but such trials do not always produce the desired outcomes. Certain competitors have greater financial and other resources to conduct more of such trials or with larger patient populations, which may ultimately enable them to promote their products more effectively than we do. New competing products or the development of superior medical technologies and other treatment options could make our products or technologies lose their competitiveness or become obsolete. Furthermore, relevant regulators could increase their

approvals of new therapies developed by competitors for the conditions treated by our products, such as in order to increase the number of treatment options available for rare or orphan diseases. If we are unable to maintain the competitiveness of our products, our business, financial position and results of operations could be materially and adversely affected. For example, competitors have in recent years introduced novel hemophilia products, or such products have been approved for additional uses, which may affect (and in certain cases has affected) sales of our recombinant and plasma-based hemophilia products, such as our factor FVIII products and anti-inhibitor coagulant complex product. Increased competition from new products or therapies in other indications could similarly affect our other products.

We may not be able to adequately expand our product portfolio through third-party alliance arrangements.

We expect that we will continue to collaborate with third parties for key aspects of our business, including the discovery and development of new products, in-licensing products, and the marketing and distribution of approved products. A major part of our research and development strategy is to initiate alliances with third parties in the biotechnology industry, academia and the public sector, and we believe that the overall strength of our research and development program and product pipeline depends on our ability to identify and initiate partnerships, in-licensing arrangements and other collaborations with third parties. However, there can be no assurance that any of our third-party alliances will lead to the successful development and marketing of new products. Moreover, reliance on third-party alliances subjects us to a number of risks, including:

- We may be unable to identify suitable opportunities meeting our target return on investment at a reasonable cost and on terms that are acceptable to us due to active and intense competition among pharmaceutical groups for alliance opportunities or other factors;
- Entering into in-licensing or partnership agreements may require the payment of significant upfront and/or milestone payments well before the relevant products are placed in the market, without any assurance that such investments will ultimately become profitable in the long term. To the extent such payments are recorded as assets on our consolidated statement of financial position, any termination of the relevant partnership could require us to recognize an impairment loss up to the full value of such assets;
- When we research and market our products through collaboration arrangements, the performance of certain key tasks or functions is the responsibility of our collaboration partners, who may not perform effectively or otherwise meet our expectations; and
- Decisions may be under the control of or subject to the approval of our collaboration partners, and we may have differing views or be unable to agree upon an appropriate course of action. Any conflicts or difficulties that we may have with our partners during the course of these agreements or at the time of their renewal or renegotiation or any disruption in the relationships with our partners may affect the development, launch and/or marketing of certain of our products or product candidates.

In addition, a licensor or partner may attempt to terminate its license or partnership agreement with us or elect not to renew it to pursue other marketing opportunities. Our licensors or partners also could merge with or be acquired by another company or experience financial or other setbacks, such as challenges with regulators, unrelated to our alliance arrangements. Any of these events may force us to terminate a development project and adversely affect our ability to adequately expand or maintain our product portfolio.

Our use of third parties for the performance of certain key business functions, particularly product manufacture and commercialization, heightens the risks faced by our business.

We commonly use suppliers, vendors and partners, including alliances with other pharmaceutical companies, for certain key aspects of our business, including manufacturing and commercialization of products, support for information technology systems and certain human resource functions. We do not control these partners, but we depend on them in ways that may be significant to us. If these parties fail to meet our expectations or fulfill their obligations to us, we may fail to receive the expected benefits. These third parties are also exposed to cybersecurity risks that could result in operational interruptions, regulatory fines under privacy laws, or reputational damage to Takeda. Some of these third parties have experienced cybersecurity attacks that have resulted in information about Takeda's business, including our patients, being compromised. In addition, if any of these third parties fails to comply with applicable laws and regulations in the course of its performance of services for us, there is a risk that we may be held responsible for such violations as well. This risk is particularly serious in emerging markets, where corruption is often prevalent and where many of the third parties on which we rely do not have internal compliance resources comparable to our own. Any such failures by third parties, in emerging markets or elsewhere, could adversely affect our business, reputation, financial condition or results of operations.

Our dependence on third parties for the inputs for our products subjects us to various risks, and changes in the costs of materials may adversely affect our profitability.

Although we develop and manufacture the active ingredients used in some of our products at our own facilities, we are dependent on third-party suppliers for a substantial portion of the raw materials and compounds used in the products we produce. The price and availability of the raw materials for our products, including chemical compounds and biologics, are subject to the effects of weather, natural disasters, market forces, the economic environment, pandemics, geopolitical events, government regulations, fuel costs and foreign exchange rates. If our cost for such materials increases, we may not be able to make corresponding increases in the prices of our products due to regulations, market conditions or our relationships with our customers, and as a result, our profitability could be materially and adversely affected.

In particular, we rely on third-party suppliers of key manufacturing inputs of certain drug products. We also rely in part on third-party sources to provide the donated plasma necessary for our plasma-derived therapies. In addition, although we often dual-source certain key products and/or active ingredients, we currently rely on a single source for production of certain key products and/or active ingredients and final drug products. Sources of some materials may be limited to a single supplier, and if such a supplier faces any difficulty in supplying the materials, we may not be able to find an alternative supplier in a timely manner or at all. If materials become unavailable or if quality problems related to the materials arise, we may be forced to halt production and sales of products that use them. In the event that any of our third-party suppliers is delayed in its delivery of such raw materials or compounds, is unable to deliver the full quantity ordered by us at the appropriate level of quality, or is unable to deliver any raw materials or compounds at all, our ability to sell our products in the quantities demanded by the market may be impaired, which could damage our reputation and relationships with customers and patients. In such a case, our business and results of operations could be adversely

affected.

Moreover, global supply chains have been affected by such varying but interconnected factors such as increased geopolitical tensions and military conflicts, including the Russian invasion of Ukraine, turmoil in the Middle East and resulting disruptions to logistics, transportation, energy and other industries and significantly increased inflation in a number of markets. U.S. government officials have previously proposed legislation (such as the BIOSECURE Act) and other measures that could limit or impede our or our partners' ability to work with suppliers and other third parties in China or other countries deemed U.S. foreign adversaries. Escalating trade and other geopolitical tensions could impact our partners and have a material adverse impact on our global business operations. In addition, the current U.S. presidential administration has announced new tariffs, including measures on China, Mexico and Canada and global tariffs for many goods (but excluding pharmaceuticals), which has resulted in or may result in retaliatory measures by affected countries. The U.S. administration has also announced an investigation under Section 232 of the Trade Expansion Act of 1962 to determine the effects of imports of pharmaceuticals and pharmaceutical ingredients on national security, and certain administration officials have indicated that they expect to impose tariffs on pharmaceutical products as a result of this investigation. While, as of the date of this annual report, we believe that our exposure to tariffs and related risks is limited, the situation remains highly fluid (including the scope of goods and/or raw materials that will ultimately be subject to tariffs), and there can be no assurance that our current evaluation of such risk will remain accurate. Such pressures on global supply chains and other operations may also impede the ability of our third-party partners to supply us with the products and services we need to administer our business.

The manufacture of our products is technically complex and highly regulated, and supply interruptions, product recalls or other production problems caused by unforeseen events may reduce sales, adversely affect our operating results and financial condition and delay the launch of new products.

The manufacture of our products (from active pharmaceutical ingredients through to finished products) is technically complex and highly regulated, and as a result we may experience difficulties or delays including but not limited to seizure or recalls of products or shut-downs of manufacturing plants; problems with business continuity, including as a result of a natural or man-made disaster, at one of our facilities or at a critical supplier or vendor; failure by us or by any of our vendors or suppliers to comply with the Good Manufacturing/Laboratory Practice (the "GMP/GLP") and other applicable regulations and quality assurance guidelines, which could lead to manufacturing shutdowns, product shortages, delays in product manufacturing and/or administrative, enforcement or other actions by regulatory authorities if regulatory authorities deem our products to be non-compliant with or otherwise in violation of applicable laws; problems with manufacturing, quality assurance/quality control, storage or supply, or governmental approval delays, due to our consolidation and rationalization of manufacturing facilities and the sale or closure of certain sites; failure of a sole source or single source supplier to provide us with necessary raw materials, supplies or finished goods for an extended period of time, which could impact continuous supply; failure of a third-party manufacturer to supply us with semi-finished or finished products on time; construction or regulatory approval delays related to new facilities or the expansion of existing facilities; the inability to obtain sufficient components or raw materials on a timely basis or at a cost-effective price due to public health crises, medical epidemics or pandemics; additional costs related to deficiencies identified by regulatory agencies in connection with inspections of our facilities, and enforcement, remedial or punitive actions by regulatory authorities if we fail to remedy any deficiencies; and other manufacturing or distribution problems, including limits to manufacturing capacity due to regulatory requirements (e.g. Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation in the EU), changes in the types of products produced, physical limitations or other business interruptions, that could impact continuous supply. For example, in 2019, we issued a recall in the United States of NATPARA (parathyroid hormone) due to the potential for rubber particulate formation and, in 2022, the FDA issued a CRL in response to our Prior Approval Supplement (PAS) with respect to NATPARA (parathyroid hormone) to address this potential issue and indicated that it could not approve the PAS in its current form. In late 2022, Takeda made its decision that it would discontinue manufacturing NATPARA for injection globally at the end of 2024 due to unresolved supply issues that are specific to the product.

In addition, despite efforts at compliance, from time to time we or our partners may receive notices of manufacturing, quality-related, or other observations following inspections by regulatory authorities around the world, as well as official agency correspondence regarding compliance. For example, on June 9, 2020 the FDA issued a warning letter related to our manufacturing plant in Hikari, Yamaguchi, Japan which included several technical observations, including observations about procedures, personnel, records, investigations, training, equipment, and oversight. Based on our responses and corrective actions, the FDA revised the inspection classification to Voluntary Action Indicated and determined that the conditions in the Warning Letter were addressed and, as a result, the Warning Letter was closed. The corrective actions resulted in a temporary supply shortage of Leuporelin, a product which we supply to AbbVie, Inc. ("AbbVie") pursuant to a supply agreement. AbbVie filed a lawsuit against us on November 6, 2020 specifying an alleged breach of contract, and a Delaware state court has ruled in favor of AbbVie on the alleged breach in December 2023, with a final damages award of USD 505 million including interest. We or our partners may receive additional or similar observations, correspondence and claims in the future, whether regarding the Hikari plant or otherwise. If we are unable to resolve these observations and address regulator concerns and claims from partners in a timely fashion, our reputation, business, financial condition and results of operations could be materially affected. See *"We are involved in litigation relating to our operations on an ongoing basis, and such litigation could result in financial losses or harm our business"* for further discussion on risks associated with litigation and lawsuits relating to our operations.

The development and manufacture of biologics and cell therapies present heightened or additional risks. The manufacture of biologics, including cell therapy products, is highly complex and is characterized by inherent risks and challenges, such as raw material inconsistencies, logistical and sourcing challenges, significant quality control and assurance requirements, manufacturing complexity (including heightened regulatory requirements), short shelf life and significant manual processing. Unlike products that rely on chemicals for efficacy, such as most pharmaceuticals, biologics are more complex to characterize due to the inherent variability of biological input materials. As a result, assays of the finished product may not be sufficient to ensure that the product will perform in the intended manner. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in, among other things, lot failures, product recalls, product liability claims or insufficient inventory, which could be costly to us or result in reputational damage.

Furthermore, sourcing and transportation of plasma and production and distribution of plasma-derived products is complex, capital intensive and subject to extensive regulation. 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 facilities. Further development of such capacities and facilities involves a lengthy regulatory process and is highly capital intensive. In addition, access to and transport as well as use of plasma may be subject to restrictions by governmental agencies. If we are unable to manage these inherent risks and challenges, we may lose market share or customer confidence, be required to record charges related to idle capacity or impairment on facilities or take other actions which could materially and adversely affect the Plasma-Derived Therapies business.

Any of the above may reduce sales, delay the launch of new products, and adversely affect our business, financial condition and results of operations.

The illegal distribution and sale by third parties of counterfeit versions of our products or products stolen from us could have an adverse effect on our reputation and business.

Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards to which our products are subject. A patient who receives a counterfeit drug may be at risk for a number of dangerous health consequences. Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in our products, which could have a material adverse effect on our reputation and financial results. In addition, thefts at warehouses, at plants, or in transit of inventory that is not properly stored or that is sold through unauthorized channels could materially and adversely affect patient safety, our reputation and our results of operations.

Risks Relating to Our Business Strategies

We have substantial debt which may limit our ability to execute our business strategy, refinance existing debt or incur new debt, and if we are unable to maintain sufficient financial strength, we could be at a greater risk of a downgrade of our credit ratings.

Our consolidated bonds and loans were JPY 4,515.3 billion as of March 31, 2025, the majority of which was incurred in connection with the acquisition of the entire issued and to-be-issued share capital of Shire pursuant to a Scheme of Arrangement under the laws of Jersey (the “Shire Acquisition”) or represents the related indebtedness of Shire that is included in our consolidated statements of financial position. This significant amount of aggregate debt and the substantial amount of cash required for payments of interest and principal could adversely affect our liquidity. We are also required to comply with certain restrictive financial covenants in connection with our bank commitment line, from which we may choose to draw from time to time. Violations of such covenants may restrict us from accessing the line and force us to immediately repay all outstanding loans drawn from it, which may in turn have a material adverse effect on our financial condition, cash flows, business and results of operations. Furthermore, we may desire to or be required from time to time to incur additional borrowings, including in relation to the repayment or refinancing of any of our currently outstanding indebtedness. Our ability to arrange new financing, or a refinancing and the terms thereof will depend on our financial position and performance, prevailing market conditions (including fluctuations in market interest rates) and other factors beyond our control. Moreover, if we decide to refinance indebtedness, our overall leverage may not necessarily decrease (or may increase pending the use of the proceeds of the refinancing transaction to repay outstanding debt), and interest expense may increase if, among other factors, market interest rates are higher than at the time we incurred the indebtedness being refinanced.

Credit rating agencies routinely evaluate our business and financial condition, and their ratings are based on a number of factors, including our leverage, ability to generate cash flows, overall financial strength and diversification, as well as other factors beyond our control, such as the state of the global economy and our industry generally. While our credit ratings remain investment grade, each rating agency reviews its ratings periodically, and there is no assurance that the current credit ratings assigned to us will not be downgraded. A downgrade of our credit rating may materially and adversely affect the market prices of our equity and debt securities, including the notes, the interest rates at which our borrowings and debt securities are issued, fees charged to us by current or future lenders and our ability to obtain additional financing, as the case may be. This could make it significantly more costly for us to borrow money, to issue debt securities and to raise certain other types of capital and/or complete additional financings. Such negative credit rating actions and the underlying reasons for such actions could materially and adversely affect our cash flows, results of operations and financial condition and the market price of, and our ability to pay the principal and interest on our debt securities.

We face risks from the pursuit of acquisitions, and the anticipated benefits and synergies resulting from acquisitions may not be realized.

We regularly pursue acquisitions for several reasons, including strengthening our pipeline, complementing existing lines of business, adding research and development capabilities or pursuing other synergies. The pursuit of these acquisitions requires the commitment of significant management and capital resources in various stages, from the exploration of potential acquisition targets to the negotiation and execution of an acquisition to the integration of an acquired business into our own. The required commitment of time and resources may divert the attention of management or capital or other resources away from our day-to-day business. Moreover, we may not be able to recoup the investment of capital or other resources through the successful integration of acquired businesses, including the realization of any expected cost or other synergies. Specifically, we may encounter the following difficulties: we may face significant challenges in combining the infrastructure, management and information systems of acquired companies with ours, including integrating research and development, manufacturing, distribution, marketing and promotion activities and information technology systems; there may be difficulties in conforming standards, controls, procedures and accounting and other policies, as well as business cultures and compensation structures; we may not be able to retain key personnel at acquired companies, or our own employees may be motivated to leave due to acquisitions; we may not be successful in identifying and eliminating redundancies and achieving other cost savings as expected; and we may not be able to successfully realize benefits from acquired products, including pipeline products under development. For example, on February 8, 2023, we acquired all of the capital stock of Nimbus Lakshmi, Inc., a wholly owned subsidiary of Nimbus Therapeutics, LLC, that owns or controls the intellectual property rights and other associated assets related to TAK-279, the allosteric TYK2 inhibitor known internally at Nimbus as “NDI-034858”. While we seek to develop this molecule into an important part of our product portfolio, this remains subject to ongoing development, and we may be unable to develop it into a marketed product as successfully as expected or at all, which could harm

our ability to recoup our investment in the acquisition, require us to record impairment charges for related intangible assets or otherwise adversely affect our business, results of operations or financial condition.

We continue to pursue strategic business acquisitions globally as a key part of our continuous growth strategy. If we are not able to achieve the anticipated benefits of any future acquisitions in full or in a timely manner, we could be required to recognize impairment losses, we may not be able to recoup our investment, and our business, financial position and results of operations could be materially and adversely affected. Particularly, we may be unable to achieve the expected revenues pursuant to licensing, co-promotion or co-development agreements or collaborations. We may also assume unexpected contingent or other liabilities, or be required to mark up the fair value of liabilities (or mark down the fair value of assets) acquired upon the close of an acquisition.

Restructuring initiatives to improve efficiency in our business may not provide the expected benefits on the expected timeline.

In the ordinary course of our business, we continuously seek to improve operational efficiency across our organization. In addition to these improvements, we may also seek to implement more transformational initiatives. Most recently, on May 9, 2024, we announced a multi-year, enterprise-wide efficiency program aimed at promoting business growth and improving our profitability. This program includes increasing the agility and simplicity of our business organization, investing in digital, data and technology to enhance productivity and efficiency across the organization, and implementing cost reductions and process improvements in supply chain and vendor management. However, the design and implementation of both ordinary course and one-time initiatives are complicated and require the commitment of significant financial, managerial and other resources to complete. Moreover, there can be no assurance that such initiatives will provide the benefits we seek, or that such benefits can be realized on the targeted schedule. Initiatives to simplify our organization, for example, will require changes to our organization and the reallocation of human and other resources, which can require extended discussions with regulators, employees and other stakeholders, as well as the incurrence of significant costs, such as severance payments. Primarily as a result of the initiatives announced in May 2024, we recorded JPY 128.1 billion of restructuring expenses in the fiscal year ended March 31, 2025, and expect to continue to incur expenses (albeit at a decreased level) in the fiscal years ending March 31, 2026 and 2027. Even if these initiatives are ultimately successful, we expect that such expenses will negatively affect our consolidated profitability in the short term.

We have significant operations across the world, including emerging markets, and continued expansion into new and developing markets is a key strategy, which expose us to additional risks.

Our global operations, which encompass approximately 80 countries and regions across the world, are subject to a number of risks, including difficulties in monitoring and coordinating research and development, marketing, supply-chain and other operations in a large number of jurisdictions; risks related to laws, regulations and policies, including those implemented following changes in political leadership and trade, capital and exchange controls; changes with respect to taxation, including impositions or increases of withholding and other taxes on remittances and other payments by our overseas subsidiaries; varying standards and practices in the legal, regulatory and business cultures in which we operate, including potential inability to enforce contracts or intellectual property rights; trade restrictions, including restrictions on investment and import/export controls, cross-border data transfer restrictions, and changes in tariffs on cross-border trade; complex sanctions regimes in various countries such as the U.S., the EU and other jurisdictions, violations of which could lead to fines or other penalties; risks related to geopolitical and local political instability and uncertain business environments; changes in global, regional or local economies, or the overall political, economic or social climate, including inter-country relationships in Asia and elsewhere; acts of terrorism, war, global climate change, extreme weather events, medical epidemics or pandemics, and other sources of social disruption, including human rights violations; and difficulties associated with managing local personnel and preventing misconduct by local third-party alliance partners.

Any one or more of these or other factors could increase our costs, reduce our revenues, or disrupt our operations, with possible material adverse effects on our business, financial condition and results of operations. Further expansion overseas has been one of our key strategies, and, in the fiscal year ended March 31, 2025, regions outside of Japan accounted for 90.9% of our consolidated revenue, with the U.S. in particular contributing 51.9% of consolidated revenue. We expect that markets outside Japan, particularly the U.S. and also Europe and Canada, will continue to be increasingly important to our business and results of operations, increasing the likelihood that any of these risks is realized. We have also been taking steps to grow our business in most emerging markets. We define emerging markets to include Latin America, Asia (excluding Japan), Commonwealth of Independent States (“CIS”) and Other (including the Middle East, Africa and Oceania). Our revenue from emerging markets was JPY 728.2 billion (or 15.9% of our total revenue) for the fiscal year ended March 31, 2025. We intend to pursue further growth in most of these markets. In particular, we believe that there is an attractive opportunity to grow our business in China.

However, there is no guarantee that our efforts to expand sales in emerging markets will succeed. Some countries may be especially vulnerable to periods of global financial instability or may have very limited resources to spend on healthcare. Emerging markets present particular challenges in obtaining funding, achieving market access for our products and successfully ensuring that we receive appropriate levels of reimbursement. Emerging markets also tend to require substantial efforts in patient support and other programs. All of these factors may adversely affect the profitability of our businesses in these emerging markets.

In response to the Russian invasion of Ukraine begun in February 2022, Takeda has taken action to discontinue activities in Russia that are not essential to maintaining the supply of medicines to patients and providing ongoing support to our employees, subject to compliance with all international sanctions imposed on Russia. This includes suspending all new investments, suspending advertising and promotion, not initiating new clinical trials and stopping enrollment of new patients in ongoing clinical trials. In the fiscal year ended March 31, 2025, revenue attributable to Russia/CIS represented 1.6% of our total consolidated revenue, and we did not experience a material impact from the invasion, international responses thereto or our discontinuation of non-essential activities in Russia. Depending on the future status of the crisis, however, our results of operations and financial condition, and our strategy to increase our business in the region, could be adversely affected.

In order to successfully implement our emerging markets strategy, we must also attract and retain qualified personnel, despite the possibility that some emerging markets may have a relatively limited number of persons with the required skills and training. We may also be

required to increase our reliance on third-party agents within less-developed markets, which may put us at increased risk of liability. In addition, many emerging markets have currencies that fluctuate substantially, and if such currencies are devalued and we cannot offset the devaluations, our financial performance in such countries may be adversely affected. Further, many emerging markets have relatively weak intellectual property protection and inadequate protection against crime, including counterfeiting, corruption and fraud. Operations in certain emerging countries, where corruption may be more prevalent than in more developed countries and where internal compliance practices may not be well established, may also pose challenges from a legal and regulatory compliance perspective. Moreover, we may face additional legal and regulatory barriers to achieving growth, such as restrictions on the import of raw materials or other trade regulations (for example, on the import of plasma and plasma products into China) that will require us to expend additional resources to achieve our goals.

For reasons including but not limited to the above, significant parts of our operations across the world including emerging markets present significant risks, and the realization of such risks could have a material adverse effect on our business, financial condition and results of operations.

We may experience difficulty implementing and resourcing corporate sustainability-related measures, or complying with emerging sustainability-related requirements and expectations.

Governmental and regulatory authorities, counterparties such as suppliers, investors, the public at large and others have increasingly focused on sustainability, with new laws and regulations regarding such matters increasing in number and scope. This includes new public reporting obligations such as the European Union's Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, the SEC's final climate risk disclosure rules (currently stayed) as well as new sustainability disclosure rules expected to be adopted by Japan's Financial Services Authority. These emerging requirements, as well as other laws and regulations such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD), could increase costs associated with our business operations, including the allocation of additional staffing and other resources and exposure to regulatory, litigation and reputational risk. In February 2025, the European Commission proposed significant reforms to CSRD, CSDDD and the EU Taxonomy to simplify and streamline compliance with those laws but it is unclear if that proposal will be enacted or what the final requirements will be.

We have adopted certain corporate goals and programs to help us address environmental sustainability risks and may evolve them to address other sustainability-related risks in the future as our stakeholders increasingly focus on these topics. We are committed to the achievement of these goals and are working to meet them, but we may nevertheless be unable to meet expectations and such goals and initiatives may also result in increased costs. With respect to environmental sustainability, we have committed to reducing our carbon footprint, minimizing waste sent to landfill from our operations, sourcing sustainable paper packaging and enhancing our water stewardship practices. In addition, in FY2024, the Science Based Targets initiative (SBTi) validated our goals of achieving reductions in greenhouse gas emissions (GHG) in our operations (Scope 1 and 2) of 65% from a FY2016 baseline and GHG emissions in our value chain (estimated Scope 3) of 25% from a FY2022 baseline by FY2030 and achieving net-zero (as defined in the SBTi Corporate Net-Zero Standard) for Scope 1 and 2 GHG by FY2035 and Scope 3 by FY2040. Our ability to reduce Scope 3 emissions depends on our ability to secure emission reduction commitments from our suppliers and other business partners and continued advancements in technology that enables low emission activities and we may not be successful in achieving these reductions. For example, we were unable to meet our goal of obtaining commitments to establishing science-based emissions reduction targets from 67% of our suppliers by FY2024, having obtained commitments from 62% to date. We continue to engage with our vendors and suppliers to encourage them to cooperate with our environmental sustainability initiatives, including our net-zero goals. Moreover, although we have not yet recorded material expenses in connection with our net-zero initiatives, the costs of successfully implementing them, such as the costs of seeking renewable sources of energy, increasing the energy efficiency of our operations or reducing GHG emissions in our value chain, are currently unclear, will depend on factors outside of our control (such as the effect of governmental and societal initiatives to reduce greenhouse emissions and technological developments and the actions of our business partners and other market actors in our industry) and our internal risk assessments indicate that those costs could become significant in the future. Also, these initiatives may for example require us to seek alternative vendors or suppliers or impair our ability to procure or use certain materials.

To the extent that we are unable to meet the expectations of stakeholders, including governmental and regulatory authorities, counterparties, investors, customers, or the public with respect to sustainability matters, our reputation may be harmed, we may face increased compliance or other costs and demand for securities issued by us and our ability to participate in the debt and equity markets may decrease. Furthermore, such standards and expectations are subject to ongoing change and refinement, and may shift in unexpected and potentially significant ways, which we may struggle to accommodate.

Our digital transformation initiatives may be unsuccessful, and our profitability may be hurt or our business otherwise might be adversely affected.

We have made and plan to continue to make significant investments in digital transformation initiatives, with the goal of modernizing our platforms, accelerating data services, enhancing our ability to innovate, equipping our employees with new skills and ways of working and providing patients and donors with innovative digital products and services. These digital transformation initiatives also represent a key part of our strategy for improving our profitability, in particular our operating profit margins. These types of activities are complex and are dependent on a number of factors, including entering into successful partnerships and alliances with technology companies, as well as developing and deploying technology architecture successfully and, particularly with respect to the use of emerging digital technologies such as AI, ensuring appropriate technology and data ethics practices. In addition, we may increasingly be in possession of, or responsible for, sensitive patient and donor health information, which could be the target of malicious cybersecurity activity or otherwise expose us to increased risks, including reputational damage. See “—We are increasingly dependent on information technology systems and our systems and infrastructure face the risk of misuse, theft, exposure, tempering or other intrusions.” If we do not successfully manage our digitalization initiatives and digital technologies, or any other related activities that we may take in the future, any expected efficiencies and benefits might be delayed or not realized, our operations and business could be disrupted and our strategy for improving profitability may prove to be unsuccessful. If we fail to adequately or ethically integrate digitalization into our business, or if we cannot overcome difficulties that may arise in developing and implementing newly integrated technology, our reputation may be harmed and we

may lose customers and market share. Even if our efforts are successful, our competitors, including established competitors or new entrants with specialized expertise, may be better able to achieve digitalization and realize its benefits, giving them a competitive advantage over us, displace any technology that we may develop or implement or make it obsolete. In addition, the costs associated with implementing these initiatives might exceed expectations, which could result in additional future charges, and we may be exposed to increased cybersecurity or related risks. The occurrence of any of these risks could have a material adverse effect on our business, financial position and results of operations.

We are increasingly dependent on information technology systems and our systems and infrastructure face the risk of misuse, theft, exposure, tampering or other intrusions.

A variety of important processes relating to the research and development, production and sale of our products depend heavily on our information systems, including cloud-based computing, or those of third-party providers to whom we outsource certain business functions, including the storage and transfer of critical, confidential, sensitive or personal information regarding our patients, clinical trial subjects, vendors, customers, employees and others. We also increasingly seek to develop and collaborate on technology-based digital health products, such as mobile applications that aim to improve patient welfare in a variety of ways, which could lead us to store and transfer personal information about individual patients, customers and others. The size, age and complexity of our information technology systems make them potentially vulnerable to service interruptions, malicious intrusions and random attacks. Cyber-attacks are increasing in frequency, sophistication and intensity, and may occur opportunistically in response to Takeda's public statements, such as the announcement of a new strategic partnership or key pipeline milestone. These and other cyber-attacks are made by groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, hacktivists, nation-states and others. Cyber-attacks could include the deployment of harmful malware, denial of service attacks, worms, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. The development and maintenance of systems to safeguard against such attacks is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Moreover, the costs related to these security measures are expected to continue to increase. For zero-day threats, or new vectors of attack which are currently unknown, the risk that our defenses will be inadequate is particularly pronounced. Despite our efforts, Takeda has been the target of cyber-attacks and experienced data breaches and cannot eliminate all risks associated with such attacks. For example, in March 2024, Takeda notified regulators and BioLife plasma donors of potential unauthorized access of certain online donor accounts containing personal information and issued a password reset for impacted donor accounts.

If our data systems are compromised, our business operations may be impaired, we may lose profitable opportunities, or the value of those opportunities may be diminished, and we may lose revenue because of unlicensed use of our intellectual property or confidential or proprietary information. Cyber-attacks could significantly impact the availability of data systems that are essential to conducting routine business operations across the company, including product manufacturing or clinical development, and the recovery efforts could be both time consuming and costly. If personal information of our customers, employees, plasma donors or the patients we serve is misappropriated, our reputation may be injured resulting in loss of business and/or morale, and we may incur costs to remediate possible injury to those individuals and be required to pay fines or take other action with respect to judicial or regulatory actions arising out of such incidents. Data privacy or security breaches by employees and others with permitted access to our systems, including in some cases third-party service providers to which we may outsource certain business functions, may also pose a risk that sensitive data, including intellectual property or personal information, will be exposed to unauthorized persons or to the public. For more information on our risk management and governance for cybersecurity risks, as well as the impact of cyber incidents, refer to Item 16K – Cybersecurity.

We may not be able to attract and retain key management and other personnel.

In order to produce, develop, support and market our products, we depend on the expertise and leadership of our senior management team and other key members of our organization and need to attract and retain talent to support our operations in highly competitive markets or areas. The loss of key members of our organization, including senior members of our scientific and management teams, high-quality researchers and development specialists, could delay or prevent the achievement of major business objectives. The market is competitive in specific geographic regions and in specialized fields. While we are making targeted investments in the recruitment, development, and retention of key employees through competitive compensation, meaningful career development, and performance-based rewards, those employees could terminate their employment with us for any reason and there is no assurance that we will be able to attract or retain key employees and successfully manage them. Our inability to attract and integrate and retain highly skilled personnel, particularly those in leadership positions, may weaken our succession plans and may materially adversely affect our ability to implement our strategy and meet our strategic objectives, which could ultimately adversely affect our business and results of operations.

Legal and Regulatory Risks

We are involved in litigation relating to our operations on an ongoing basis, and such litigation could result in financial losses or harm our business.

We are involved in various litigation matters relating to our operations on an ongoing basis, including claims related to product liability, intellectual property and commercial disputes, as well as claims related to antitrust, sales and marketing and other regulatory regimes. Given the inherent unpredictability of litigation, it is possible that an adverse outcome in one or more pending or future litigation matters could have a material adverse effect on our operating results or cash flows. For a description of certain ongoing litigation, see Note 32 to our audited consolidated financial statements included in this annual report.

Our products may have unanticipated adverse effects or possible adverse effects, which may restrict use of the product or give rise to product liability claims.

As a pharmaceutical company, we are subject to significant risks related to product liability. Unanticipated adverse reactions or unfavorable publicity from complaints concerning any of our products, or those of our competitors, could have an adverse effect on our ability to obtain or maintain regulatory approvals or successfully market our products, and may even result in recalls, withdrawal of regulatory approval or adverse labeling of the product.

While our products are subject to comprehensive clinical trials and rigorous statistical analysis during the development process prior to approval, there are inherent limitations with regard to the design of such trials, including the limited number of patients enrolled in such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. In the event that such unanticipated adverse reactions are discovered, we may be required to add descriptions of the adverse reactions as precautions to the packaging of our products, recall and terminate sales of products or conduct costly post-launch clinical trials. Furthermore, concerns relating to potential adverse reactions could arise among consumers or medical professionals, and such concerns, whether justified or not, could have an adverse effect on sales of our products and our reputation. We could also be subject to product liability litigation by patients who have suffered, or claim to have suffered, such adverse reactions resulting in harm to their health as well as product recalls or the revocation of regulatory approvals.

Although we previously maintained a stand-alone comprehensive product liability insurance policy, currently we maintain reduced and limited product liability coverage through our self-insured General Liability insurance program, and we therefore could be subject to product liability that significantly exceeds our policy coverage and limits. As a result, the legal costs that we would bear for handling such claims and potential indemnifications to be paid to claimants could materially and adversely affect our financial condition. In addition, the negative publicity from product liability claims, whether justified, may damage our reputation and may negatively impact the number of prescriptions of the product in question or our other products. As a result, our business, financial condition and results of operations could be materially and adversely affected. We will continue to explore potentially re-visiting a stand-alone product liability insurance policy in the future.

We are subject to the risk of intellectual property infringement claims directed at us by third parties.

We are subject to the risk of infringement claims directed at us by third parties, even if we do not knowingly infringe on any valid third-party intellectual property rights. Although we monitor our operations to prevent infringement on the intellectual property rights of third parties, if we are found to have infringed the intellectual property rights of others or if we agree to settle infringement claims, we may be required to recall the relevant products, terminate manufacturing and sales of such products, pay significant damages or pay significant royalties.

We evaluate any such infringement claims to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, and in keeping with applicable accounting and disclosure standards, we establish reserves and/or disclose the relevant litigation claims or decide not to establish reserves or disclose litigation claims. These assessments and estimates are based on the information available to our management at such time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. Although the parties to such patent and intellectual property disputes in the pharmaceutical industry have often settled through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include the payment of ongoing royalties. Furthermore, the necessary licenses may not be available on acceptable terms or at all. Therefore, if we are unable to successfully defend against infringement claims by third parties, our financial results could be materially and adversely affected.

We are subject to evolving and complex tax and related risks, which may have a material adverse effect on our business, financial position and results of operations.

We are subject to evolving and complex tax laws in the jurisdictions in which we operate, and routinely obtain advice on tax-related matters. Significant judgment is required in determining our tax liabilities, and our tax returns are periodically examined by various tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our accrual for tax contingencies; however, due to the complexity of tax matters, the ultimate resolution of any tax matters may result in payments greater or less than the amounts accrued. Our tax liabilities are affected by many factors, including our intercompany transfer pricing related to the amounts we charge in cross-border intercompany transactions for inventory, services, licenses, funding and other items, which are subject to the use of assumptions and judgments. Although we believe that we transact intercompany business in accordance with arm's-length principles, tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result.

In addition, we may be affected by changes in tax laws, including tax rate changes, new tax laws, and revised tax law interpretations in domestic and foreign jurisdictions and between jurisdictions, including by the EU, which could materially adversely affect our tax expense and/or tax balances, and changes in tax policies could materially adversely impact our business. The occurrence of any of these risks could have a material adverse effect on our business, financial position and results of operations.

The Organization for Economic Co-operation and Development (OECD) introduced a new inclusive framework on Base Erosion and Profit Shifting (BEPS 2.0) that contains a two-pillar solution to address the tax challenges arising from the digitalization of the economy. These changes are now being progressively implemented by tax authorities around the world and represent a fundamental change to the international tax framework. Pillar One provides for a new nexus standard/taxing right that allocates a portion of intangible/residual profits directly to market jurisdictions but only for the largest and most profitable companies, including Takeda. Pillar Two provides for a global minimum level of taxation (15%) that establishes a floor for tax competition amongst jurisdictions. Since the introduction of the OECD Inclusive Framework, over 130 countries have endorsed the framework. On March 28, 2023 the Japanese Diet passed a tax reform bill containing laws to implement certain aspects of the OECD BEPS Pillar Two initiative. These provisions generally reflect the rules established by the OECD and are applicable to fiscal years beginning on or after April 1, 2024. Takeda has reviewed the enacted rules and determined that top-up taxes may be applicable in some jurisdictions in which we operate. For example, for the year ended March 31, 2025 we reported a Pillar Two tax expense of JPY 0.3 billion.

Changes in data privacy and protection laws and regulations or any failure to comply with such laws and regulations, could adversely affect our business and financial results.

We are subject to laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. Significant uncertainty exists as these laws vary across jurisdictions potentially leading to inconsistent or conflicting requirements. For example, the EU's General Data Protection Regulation (the "GDPR") imposes significant data protection obligations on companies regarding the handling of personal data and provides individuals with heightened privacy rights. EU regulators have increasingly imposed significant fines under the GDPR for non-compliant organizations reaching up to the higher of EUR 20 million or 4% of annual global turnover for the most serious breaches. Following the GDPR's regulatory model several countries have enacted enhanced privacy laws and cross-border data transfer restrictions, including Brazil, Canada, China, India, Japan, Russia, Singapore and the U.S. For example, a U.S. Department of Justice rule implementing Executive Order 14117, issued in December 2024, restricts certain types and quantities of sensitive U.S. personal data or government-related data transactions with countries of concern, and imposes burdensome due diligence and reporting requirements. The U.S. is also seeing a continued expansion of state-level privacy laws and enforcement actions, adding to the growing complexity of compliance in navigating an increasingly fragmented landscape of state regulations. Another example is the recent expansion of onerous cross-border transfer restrictions and obligations from countries and regions such as China, Brazil, Latin-America, Saudi Arabia and Turkey.

The increased use of digital technologies involving personal data, such as mobile health apps, wearables, digitalization of clinical trials or AI tools deployed on personal data pose additional risks for our company due to the larger volume of personal data we handle, potential security threats of such technology, and our ability to assess the deployment of each technology because of the volume and speed at which they are being developed. Compliance with existing, proposed and recently enacted laws and regulations can be costly and failure to comply could subject us to legal and reputational risks. We have also observed an increase in cyber-attacks targeting health information. See *"—Risks Relating to Our Business Strategies—We are increasingly dependent on information technology systems and our systems and infrastructure face the risk of misuse, theft, exposure, tempering or other intrusions."* Misuse of or failure to secure personal information could also result in violation of data privacy laws, regulations, legal proceedings against us by governmental entities or others, damage to our reputation and credibility, and it could also negatively impact our company results.

We may incur claims relating to our use, manufacture, handling, storage or disposal of hazardous materials.

Our research and development and manufacturing processes require the transportation, storage and use of hazardous materials, including chemicals and radioactive and biological materials, and may result in the generation of hazardous waste. National and local laws and regulations in many of the jurisdictions in which we operate impose substantial potential liability for the improper use, manufacture, handling, storage, transportation and disposal of hazardous materials as well as for land contamination, and, in some cases, this liability may continue over long periods of time. Despite our compliance efforts, we cannot eliminate the risk of industrial accidents that may lead to discharges or releases of hazardous materials and any resultant injury, property damage or environmental contamination from these materials. For example, real properties that we owned or used in the past or that we own or use now or in the future may contain detected or undetected contamination resulting from our operations at those sites or the activities of prior owners or occupants. We may suffer from expenses, claims or liability which may fall outside of or exceed our insurance coverage.

Furthermore, changes to current environmental laws and regulations may impose further compliance and tax related requirements on us that may impair our research, development and production efforts as well as our other business activities. Examples of new or evolving regulatory requirements in the EU include Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"); Classification, Labelling, and Packaging of substances and mixtures ("CLP"); the Globally Harmonized System of Classification and Labelling of Chemicals ("GHS"); producer responsibility frameworks; and regulations related to addressing climate change such as the EU's Carbon Border Adjustment Mechanism, or other emerging environmental areas such as the EU Regulation on Deforestation-free Products or so-called Per- and Polyfluoroalkyl Substances (PFAS) chemical use. Increased environment, health and safety laws, regulations and enforcement could result in substantial costs and liabilities to us and could subject our use, manufacture, handling, storage, transportation, and disposal of hazardous materials to additional constraints. Consequently, compliance with these laws could result in capital expenditures as well as other costs and liabilities, thereby adversely affecting business, financial position and results of operations.

Risks Relating to the Operating Environment

Our results of operations and financial condition may be adversely affected by foreign currency exchange rate fluctuations.

We manufacture and sell products to customers in numerous countries, and we have entered and will enter into acquisition, licensing, borrowings or other financial transactions that give rise to translation and transaction risks related to foreign currency exposure. Fluctuations in currency exchange rates in the markets where we are active could negatively affect our results of operations, financial position and cash flows. For the fiscal year ended March 31, 2025, 90.9% of our sales were in markets outside Japan. Our consolidated financial statements are presented in Japanese yen, and by translating the foreign currency financial statements of our foreign subsidiaries into Japanese yen, the amounts of our revenue, operating profit, assets and equity, on a consolidated basis, are affected by prevailing rates of exchange.

We utilize certain hedging measures with respect to some of our foreign currency transactions. However, such hedging measures do not cover all of our exposures and, even to the extent they do, they may only delay, or may otherwise be unable to completely eliminate, the impact of fluctuations in foreign currency exchange rates.

Our business may be adversely affected by climate change, extreme weather events, earthquakes, civil or political unrest, terrorism or other catastrophic events.

We are exposed to both physical and transition risks associated with climate change. To date, we have not experienced material impacts relating to climate change, including compliance or litigation-related impacts. However, in recent years, extreme weather events and changing weather patterns such as storms, flooding, droughts and temperature changes have become more common. As a result, we are potentially exposed to various natural disasters or extreme weather risks such as hurricanes, tornadoes, droughts or floods, typhoons, tidal waves, wildfires or other events and chronic risks such as sea level rise, extreme heat and water stress that may result from the impact of climate change on the environment. Our latest risk assessments indicate that some parts of our operations and certain of our contract manufacturers may be particularly exposed to increased heat stress, water scarcity or flooding as a result of climate change. Moreover, despite our internal evaluations regarding climate-related risks, there may be additional effects of climate change not currently contemplated by our internal models or by the market and society at large that may materialize in the future, leading to unexpected impacts on our business.

Climate change may also result in new or more stringent regulatory requirements globally. Climate-related regulations may require companies to accelerate and/or increase investment in technology to reduce energy consumption, water consumption and greenhouse gas emissions beyond current plans. Climate-related regulations could also lead to mandatory carbon pricing such as carbon taxes, for us or our suppliers or climate risk disclosures. We are currently subject to carbon emission-based taxation schemes in certain jurisdictions, including the EU and Japan. Our risk assessments suggest that the net impact of these climate-related transition risks could increase our operational expenses or that of our suppliers. We have also established a number of initiatives relating to the environment voluntarily, including a commitment to achieve net-zero (as defined in the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard) in greenhouse gas (GHG) emissions related to our operations (Scope 1 and Scope 2) by FY2035 and for our entire value chain (including currently estimated Scope 3 GHG emissions) by FY2040. See “—Risks Relating to Our Business Strategies—We may experience difficulty implementing sustainability-related measures, particularly those relating to the environment, or in meeting the expectations of stakeholders.”

In addition, Japan, the U.S. and other regions in the world where we operate are subject to the risk of natural disasters such as earthquakes, floods, tsunamis and/or volcanic eruptions. Other events outside our control, such as war, civil or political unrest, pandemics or the localized spread of new diseases, deliberate acts of sabotage, terrorism or industrial accidents such as fire and explosion, whether due to human or equipment error, could damage, cause operational interruptions, or otherwise adversely affect certain of our manufacturing or other facilities as well as potentially cause injury or death to our personnel. In the event of a major natural disaster or other uncontrollable event or accident, our facilities, particularly our production plants, may experience catastrophic loss, operations at such facilities may be halted, shipments of products may be suspended or delayed, trials or other research and development activities may be halted or otherwise affected and large losses and expenses to repair or replace facilities may be incurred. Such negative consequences could cause product shortages, significant losses of sales or require significant unexpected expenditures, and materially adversely affect our business, financial condition and results of operations. In addition, our business may also be adversely affected if our suppliers or business partners were to experience a catastrophic loss due to natural disasters, terrorism, accidents or other uncontrollable events.

Although we purchase comprehensive global insurance to cover property damage and consequent business interruption for certain potential losses at sites owned by us and at certain critical supplier sites, we do not maintain insurance policies to cover all potential losses and therefore our insurance policies may not be adequate to cover all possible losses and expenses. For instance, we do not maintain earthquake insurance in Japan.

Social media platforms and new technologies present risks and challenges for our reputation and business.

Consumers, the media, pharmaceutical companies and other parties increasingly use social media to communicate about pharmaceutical products and the diseases they are intended to treat, and may use other, newer technologies in a similar way in the future. For pharmaceutical companies, the use of these technologies requires specific attention, monitoring programs and moderation of comments. For example, social media platforms or other digital media may amplify negative or inaccurate posts or comments about us or our products and spread misinformation, causing damage to our reputation and business. They could also be used to bring negative attention to us or to the pharmaceutical industry as a whole, which could in turn cause reputational harm to Takeda, our employees, or our products and negatively impact our business. The nature of evidence-based healthcare, however, may prevent us from rapidly and adequately defending our interests against such comments. In addition, our employees and partners may use social media and other digital platforms and mobile technologies inappropriately or in ways that violate applicable laws or our internal policies, which may expose us to liability, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information, including information about our employees, clinical trial subjects or customers.

Other Risks Affecting Our Business

Sales to wholesalers are concentrated, which exposes us to credit risks and pricing pressures.

A significant portion of our global sales is made to a relatively small number of wholesale distributors, retail chains and other purchasing groups. In the fiscal year ended March 31, 2025, there were two wholesale distributors, McKesson Group and Cencora Group, that each individually accounted for over ten percent of Takeda's total revenue. If one of our significant wholesale distributors encounters financial or other difficulties, such a distributor may decrease the amount of business that it does with us, and we may be unable to collect the amounts that the distributor owes us on a timely basis or at all. Furthermore, the concentration of wholesale distributors has been increasing through mergers and acquisitions. In addition to increased credit risks, this has resulted in such distributors gaining additional purchasing leverage, which may increase pricing pressure on our products. Such credit concentration risks and pricing pressure could adversely affect our business, financial condition and results of operations.

We may have to recognize additional charges on our statements of profit or loss due to impairment of goodwill, other intangible assets and equity method investments.

We carry significant amounts of goodwill and intangible assets on our consolidated statements of financial position as a result of past acquisitions, including the Shire Acquisition. As of March 31, 2025, we had goodwill of JPY 5,324.4 billion and intangible assets of JPY 3,631.6 billion. Goodwill and intangible assets recorded in relation to acquisitions are recognized on our consolidated statements of financial position on the acquisition date. Under IFRS, we are required to examine such assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Critical Accounting Policies—Impairment of Goodwill and Intangible Assets".

We may from time to time enter into business ventures with third-party entities where we have significant influence over the decisions on financial and operating policies, but do not have control or joint control (referred to as investments in associates). We may also from time to time enter into joint arrangements whereby we and the other parties that have joint control of the arrangement have rights to the net assets of the arrangement (referred to as joint venture). Our policy is to account for these investments using the equity method of accounting. As of March 31, 2025, there were no joint arrangement of IFRS 11 in existence.

As of March 31, 2025, the carrying amount of investments accounted for using the equity method was JPY 10.8 billion. Under IFRS, at each reporting period, we are required to determine whether there is objective evidence that the investment in each associate or joint venture is impaired.

The recognition of such impairment charges may adversely affect our business, financial condition and results of operations. For example, for the reporting period ended March 31, 2025, we reported a JPY 27.8 billion in impairment charges resulting from the decision to terminate the development of TAK-186 and TAK-280 acquired through Maverick Therapeutics Inc. In addition, our ability to pay dividends depends on our ability to meet the requirements for distribution of Surplus under the Companies Act and impairment charges may reduce the amount of Surplus available for dividends. See "Item 10. Additional Information—B. Memorandum and Articles of Association—Restrictions on the Distribution of Surplus."

Risks Relating to the ADSs

A holder of ADSs has fewer rights than a holder of our common stock has, and a holder of ADSs has to act through the depositary to exercise those rights.

The rights of shareholders under Japanese law to take various actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising appraisal rights, are available only to holders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. Pursuant to the deposit agreement, the depositary will endeavor, to the extent practicable, to make efforts to vote or cause to be voted the shares underlying the ADSs as instructed by the holders and will pay to the holders the dividends and distributions collected from the Company. The depositary and its agents may not be able to send voting instructions to holders of ADSs or carry out their voting instructions in a timely manner. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote. Moreover, in the capacity as an ADS holder, such a holder will not be able to bring a derivative action, examine the Company's accounting books or records or exercise appraisal rights except through the depositary.

Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions.

Our Articles of Incorporation, Board of Directors Charter, Audit and Supervisory Committee Charter and the Companies Act govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties, and shareholders' rights may be different from those that would apply to a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other jurisdictions. ADS holders may have more difficulty in asserting their rights as a shareholder than such holders would as shareholders of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against the Company in actions brought in Japan that are based upon the securities laws of other jurisdictions.

Because of daily price range limitations under Japanese stock exchange rules, a holder of ADSs who has surrendered his or her ADSs in favor of shares of our common stock may not be able to sell his/her shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, a holder of ADSs who has surrendered his or her ADSs in favor of shares of our common stock wishing to sell on a Japanese stock exchange at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

U.S. investors may have difficulty in serving process or enforcing a judgment against us or our directors or executive officers.

We are a limited liability, joint stock corporation incorporated under the laws of Japan. Many of our directors and executive officers reside in Japan, Europe or elsewhere outside of the U.S., and a large portion of our assets and the assets of these persons are located in Japan and elsewhere outside the U.S. It may not be possible, therefore, for U.S. investors to effect service of process within the U.S. upon us or these persons or to enforce against us or these persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the U.S. There is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgment of U.S. courts, of liabilities predicated solely upon the federal securities laws of the U.S.

Investors holding less than a full unit of shares will have limited rights as shareholders.

Our Articles of Incorporation provide that 100 shares of our common stock constitute one unit. Although holders of ADSs may withdraw shares of our common stock constituting less than one unit, in connection with the direct holding of the shares of our common stock, the Companies Act imposes significant restrictions and limitations on holders of shares of our common stock that do not constitute a full unit. In general, holders of shares of our common stock constituting less than one unit do not have the right to vote with respect to those shares.

Dividend payments and the amount you may realize upon a sale of our ADSs will be affected by fluctuations in the exchange rate between the U.S. dollar and the Japanese yen.

Cash dividends, if any, in respect of the shares of our common stock represented by our ADSs will be paid to the depositary in Japanese yen and then converted by the depositary into U.S. dollars, subject to certain conditions. Accordingly, fluctuations in the exchange rate between the Japanese yen and the U.S. dollar will affect, among other things, the U.S. dollar amounts a holder of ADSs will receive from the depositary in respect of dividends, the U.S. dollar value of the proceeds that a holder of ADSs would receive upon sale in Japan of the shares of our common stock obtained upon surrender of ADSs and the secondary market price of ADSs.

Our shareholders of record on a given record date may not receive the dividend they anticipate.

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practices widely followed or otherwise deemed necessary or fair in foreign markets. We ultimately have a discretion to determine any dividend payment amount to our shareholders of record as of a record date, including whether we will make any dividend payment to such shareholders at all, only after such record date. For that reason, our shareholders of record on a given record date may not receive the dividends they anticipate.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, which may include any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the U.S. Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that prospective investors consult legal counsel regarding the jury waiver provision before investing in the ADSs.

As a result, if a holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, such a holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not enforced under applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Item 4. Information on the Company

A. History and Development of the Company

Takeda is a global, values-based, R&D-driven biopharmaceutical company with a diverse portfolio, engaged primarily in the research, development, production and global commercialization of pharmaceutical products. Takeda's business is grouped into six key business areas: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT"), Oncology, Vaccines and Neuroscience. Our R&D efforts focus on three core therapeutic areas: Gastrointestinal and Inflammation, Neuroscience and Oncology. We also make targeted R&D investments in PDT. 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 high unmet medical needs, both in rare and more prevalent conditions, to deliver high-quality medicines 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, primarily in the United States, Europe, Japan and Singapore and major research centers in Japan and the United States. Commercially, we have a very significant presence in the United States, Japan, and Europe as well as a fast-growing business in China. 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 purpose is to contribute to better health for people and a brighter future for the world. We do this through the pursuit of our vision to discover and deliver life-transforming treatments, guided by our three imperatives of Patient, People and Planet and powered by data and technology: 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. Our values ensure that the decisions we make consider all our stakeholders. We create long-term value for patients, shareholders and society while sustaining positive impact for our people, the communities we reach and the planet we share.

Our 244-year history started in 1781, when Chobei Takeda began selling traditional Japanese and Chinese herbal medicines in Doshomachi, Osaka. After Japan's Meiji Restoration opened the country to increased overseas trade in the late 1860s, we were one of the first companies to begin importing Western medicines into Japan. In 1895, we began our pharmaceutical manufacturing business, and our research division was formed in 1914, allowing us to begin to discover our own pharmaceutical products. In 1925, we were incorporated as Chobei Takeda & Co., Ltd. and our name was later changed to Takeda Pharmaceutical Company Limited. In 1949, our shares were listed on the Tokyo and Osaka stock exchanges. We began expanding into overseas markets in the 1960s; first in Asia and, subsequently, other markets around the world. We began enhancing our overseas business infrastructure in the late 1990s, with the formation of new subsidiaries in the U.S. and Europe.

In 2008, we acquired a leading U.S. biopharmaceutical company in Millennium Pharmaceuticals, Inc. We leveraged the complementary strengths of Millennium and Takeda, with Millennium's innovative products, pipeline and expertise in oncology. Takeda also acquired Nycomed in 2011, with a strong presence in Europe and emerging markets. This allowed Takeda to expand to more than 70 markets and enhance our global sales structure in order to deliver pharmaceutical products to more patients around the world. These two large acquisitions within a short time span allowed Takeda to accelerate its globalization.

In the period since 2014, our efforts have focused on enhancements to our R&D capabilities, prudent value-enhancing acquisition activities and post-acquisition integration. Specifically, Takeda implemented an R&D transformation process to diversify modalities in our research and actively engage with innovative ecosystems around the world in the form of partnerships. As examples of acquisition activities, in January 2019, we acquired Shire plc., bringing together Takeda and Shire's complementary positions in gastroenterology and neuroscience, and establishing leading positions in rare diseases and PDT. Takeda continues to pursue prudent value-enhancing acquisitions and in February 2023, we acquired all shares of Nimbus Lakshmi, Inc., a subsidiary of Nimbus Therapeutics, LLC, which brought into our pipeline zasocitinib (TAK-279). Zasocitinib is a highly selective oral TYK2 inhibitor with potential to demonstrate best-in-class efficacy, safety and convenience in the treatment of psoriasis as well as multiple other immune-mediated diseases, including inflammatory bowel disease and psoriatic arthritis. With the continued progression of zasocitinib and other late-stage pipeline programs, Takeda has entered a new period focused on strategic pipeline investment, new product launches, efficiency improvements and shareholder returns.

During the three fiscal years ended March 31, 2025, Takeda divested several businesses and assets in non-core areas. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results" for further details on major businesses and assets acquired and divested.

Our principal capital expenditures during the three fiscal years ended March 31, 2025, comprise our investment in, and acquisition of property, plant and equipment and intangible assets. In the fiscal years ended March 31, 2023, 2024 and 2025, we made capital expenditures (comprising the investment in, and acquisition of property, plant and equipment and intangible assets recorded on our consolidated statements of financial position) of JPY 898.7 billion, JPY 496.7 billion and JPY 319.4 billion respectively, including the following highlights:

- In the fiscal year ended March 31, 2023, we continued investing in our plasma collection center network, with the addition of 29 new centers to bring Takeda's total global footprint to 233 centers. We also executed several in-licensing deals and an acquisition to strengthen the pipeline, including zasocitinib (TAK-279) from Nimbus Therapeutics, LLC, fruquintinib from HUTCHMED Limited and TAK-227 from Zedira GmbH and Dr. Falk Pharma GmbH.
- In the fiscal year ended March 31, 2024, we continued investing in our plasma collection center network, with the addition of 27 new centers to bring Takeda's total global footprint to 260 centers. We also signed a worldwide license and collaboration agreement with Protagonist Therapeutics for the development and commercialization of rusfertide, an investigational injectable hepcidin mimetic peptide of the natural hormone hepcidin. In March 2025, the Phase 3 VERIFY trial evaluating rusfertide for the treatment of pancytopenia vera (PV), met its primary endpoint and all key secondary endpoints.

- In the fiscal year ended March 31, 2025, we continued investing in our plasma donation center network, with the addition of 15 new centers to bring Takeda's total global footprint to 275 centers. We also signed an exclusive licensing agreement with Keros Therapeutics, Inc. to further develop, manufacture and commercialize elritercept, a late-stage investigational activin inhibitor designed to treat anemia associated with certain hematologic cancers, including myelodysplastic syndromes (MDS) and myelofibrosis (MF), worldwide outside of mainland China, Hong Kong and Macau.

We currently have various capital expenditure projects in process, including the continued expansion of production capacity in our plasma manufacturing network and the projects described in Item 4.D. (Property, Plant and Equipment). We are primarily financing these projects with funds on hand. For additional information on our ongoing capital expenditure projects, see Note 10 and Note 12 to our audited consolidated financial statements.

The address of our global head office is 1-1, Nihonbashi-Honcho 2-Chome, Chuo-ku, Tokyo, 103-8668, Japan; telephone number: 81-3-3278-2111. Takeda's agent in the U.S. in connection with this annual report, as well as its agent for service of process for its registration statements filed with the SEC, is Takeda Pharmaceuticals U.S.A., Inc., 500 Kendall Street, Cambridge, MA 02142 U.S.A., telephone number: 1-857-757-6000.

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders. Our corporate website is www.takeda.com.

B. Business Overview

We are 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. Our intent is to translate science into highly innovative life-transforming medicines. We have built an R&D engine focused on three core therapeutic areas, leveraging internal research and external partners in order to have access to different modalities like biologics or small molecules. We have a geographically diversified global business base and our prescription drugs are marketed worldwide.

We have approximately 47,000 employees worldwide dedicated to our purpose of better health for people and a brighter future for the world through leading innovation in medicine. Our culture is based on our values of Takeda-ism which incorporates 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.

Our commercial efforts are focused on six key business areas of GI, Rare Diseases, PDT, Oncology, Vaccines and Neuroscience, which in the fiscal year ended March 31, 2025 accounted for 94.4% of our total revenue. We believe these business areas will drive our future revenue growth, and we will continue to make the necessary investments, as well as targeted acquisitions and divestitures, to further sharpen our focus and maximize the contributions of our portfolios in these areas. As of March 31, 2025, the following Growth & Launch Products are our growth driver products in our key business areas: *ENTYVIO*, *EOHILIA*, *TAKHZYRO*, *LIVTENCITY*, *ADZYNMA*, Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*), Albumin products (including *HUMAN ALBUMIN/FLEXBUMIN*), *FRUZAQLA*, *ALUNBRIG* and *QDENG*.

Our 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 (PDT) 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 both rare and more prevalent 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 therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships. We are embracing data and digital technologies with the aim of improving the quality of innovation and accelerating execution.

We are also focused on our goals of optimizing our financial strength, delivering competitive margins and generating cash flows to invest in the business, to maintain a solid investment grade credit rating and to return cash to shareholders. In addition to these improvements, we also seek to improve operational efficiency across our organization through implementing transformational initiatives. On May 9, 2024, we announced a multi-year, enterprise-wide efficiency program aimed at promoting business growth and improving our profitability. This program includes increasing the agility and simplicity of our business organization, investing in digital, data and technology to enhance productivity and efficiency across the organization and implementing cost reductions and process improvements in supply chain and vendor management.

The following is a summary of our principal products by business area.

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 it was our top selling product in the fiscal year ended March 31, 2025. *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, 2025, our revenue from *ENTYVIO* was JPY 914.1 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, 2025, our revenue from *EOHILIA* was JPY 5.5 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, 2025, our revenue from *TAKECAB/VOCINTI* was JPY 130.8 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, 2025, our revenue from *GATTEX/REVESTIVE* was JPY 146.3 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 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, and in February 2025, an additional 2 mL pre-filled pen option for the product was approved by the European Medicines Agency (EMA) for subcutaneous administration in adolescents (aged 12 years and above) and adult patients with hereditary angioedema. In the fiscal year ended March 31, 2025, our revenue from *TAKHZYRO* was JPY 223.2 billion.
- *LIVTENCITY* (maribavir), a treatment for adults and pediatric patients (12 years 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, 2025, our revenue from *LIVTENCITY* was JPY 33.0 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 and older, and in Europe (EMA markets) for individual of all ages. In the fiscal year ended March 31, 2025, our revenue from *ADZYNMA* was JPY 7.1 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, 2025, our revenue from *ELAPRASE* was JPY 97.2 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, 2025, our revenue from *REPLAGAL* was JPY 77.9 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, 2025, our revenue from *ADVATE* was JPY 111.8 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, 2025, our revenue from *ADYNOVATE/ADYNOVI* was JPY 64.6 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, 2025, our revenue from *VPRIV* was JPY 53.5 billion.

In Plasma-Derived Therapies (PDT), 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 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, in Europe for patients with PID syndromes and myeloma or CLL with severe secondary hypogammaglobulinemia and recurrent infections and in Japan for patients with PID or secondary immunodeficiency (SID) with agammaglobulinemia or hypogammaglobulinemia. 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 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, 2025, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*, was JPY 757.8 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, 2025, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was JPY 141.4 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, 2025, our revenue from *ALUNBRIG* was JPY 36.4 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 approved in the U.S., EU, Japan and a number of other countries around the world as a selective oral inhibitor of all three VEGF receptors. 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, 2025, our revenue from *FRUZAQLA* was JPY 48.0 billion.
- *LEUPLIN/ENANTONE* (leuporelin), 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 and infertility, and to improve anemia in women with uterine leiomyomata (fibroids). While leuporelin is no longer protected by patent, there is limited generic competition due to manufacturing considerations. In the fiscal year ended March 31, 2025, our revenue from *LEUPLIN/ENANTONE* was JPY 119.3 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, 2025, revenue from *NINLARO* was JPY 91.2 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 has commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2025, our revenue from *ADCETRIS* was JPY 129.0 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 in 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, 2025, our revenue from *ICLUSIG* was JPY 70.7 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 six years and older and for the treatment of moderate to severe binge eating disorder in adults. Sales declined in the U.S. since 2023, following the entry of generic competition. In the fiscal year ended March 31, 2025, our revenue from *VYVANSE/ELVANSE* was JPY 350.6 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, 2025, our revenue from *TRINTELLIX* was JPY 125.7 billion.

In Vaccines, our principal product is:

- *QDENG*A (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. *QDENG*A is available in 29 countries including endemic countries and travel markets. In the fiscal year ended March 31, 2025, our revenue from *QDENG*A was JPY 35.6 billion.

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

Research and Development

Research and development expenses for the fiscal year ended March 31, 2025 were JPY 730.2 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 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 clinical trials

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

Phase 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 (PDT) 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 both rare and more prevalent 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 therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships. We are embracing data and digital technologies with the aim of improving the quality of innovation and accelerating 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 sites are located in Cambridge and Lexington, Massachusetts in the United States. They are the R&D center for global gastrointestinal and inflammation, oncology and our global R&D Headquarters. They also support R&D in other areas including plasma-derived therapies. The sites are 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.
- *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.

The following summarizes our primary 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 2024. 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 therapy' or 'biologic and other'.

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 the introduction of a subcutaneous formulation and running real-world evidence generation studies that demonstrate ENTYVIO's place as a backbone therapy in the IBD treatment paradigm and further our understanding of how to improve outcomes for patients. Zascotinib (TAK-279) is a next-generation oral tyrosine kinase 2 (TYK2) inhibitor with potential to treat multiple immune-mediated inflammatory diseases. Fazirsiran (TAK-999) is a potential first-in-class RNAi treatment for alpha-1 antitrypsin-deficiency associated liver disease in late-stage development. Mezagitamab (TAK-079) is a potential best-in-class anti-CD38 antibody with disease modifying potential for multiple immune-mediated diseases like ITP and IgA Nephropathy. Furthermore, Takeda is making progress on its pipeline built through in-house discovery, partnerships and business development, which explores opportunities in inflammatory diseases (specifically in gastric, dermatological and rheumatic disorders, along with select rare hematological and renal disorders (ADZYNMA, mezagitamab (TAK-079)), liver diseases and neurogastric disorders.

Our gastrointestinal and inflammation pipeline in clinical development as of May 8, 2025 (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 $\alpha 4\beta 7$ integrin (injection)	Biologic and other	Crohn's disease (subcutaneous formulation)	U.S.	Approved (Apr 2024)
			Pediatric Study (intravenous formulation for ulcerative colitis, Crohn's disease)	Global	P-III
			Pediatric Study (subcutaneous formulation for ulcerative colitis, Crohn's disease)	Global	P-III
TAK-755 ¹ <apadamtase alfa/ cinaxadamtase alfa> ADZYNMA (U.S., EU, Japan)	ADAMTS13 enzyme replacement therapy (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	EU China	Approved (Aug 2024) Filed (Mar 2025)
			Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II (b) P-II (b)
TAK-625 ² <maralixibat>	IBAT inhibitor (oral)	Small molecule	Alagille syndrome	Japan	Approved (Mar 2025)
			Progressive Familial Intrahepatic Cholestasis	Japan	Approved (Mar 2025)
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
TAK-279 <zascotinib>	TYK2 inhibitor (oral)	Small molecule	Psoriasis	Global	P-III
			Psoriatic arthritis	Global	P-III
			Crohn's disease	-	P-II (b)
			Ulcerative colitis	-	P-II (b)
TAK-079 <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Immune thrombocytopenia	Global	P-III
			Immunoglobulin A nephropathy	-	P-I
TAK-227/ZED1227 ⁴	Transglutaminase 2 inhibitor (oral)	Small molecule	Celiac disease	-	P-II (b)

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-101 ⁵	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II
TAK-004	Peptide agonist (injection)	Peptide/ oligonucleotide	Nausea and Vomiting	-	P-I

Notes:

- (1) Partnership with KM Biologics.
- (2) Partnership with Mirum Pharmaceuticals.
- (3) Partnership with Arrowhead Pharmaceuticals
- (4) Partnership with Zedira and Dr. Falk Pharma. Dr. Falk Pharma leads development.
- (5) Partnership with COUR Pharmaceuticals.

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 innovative pipeline by leveraging internal expertise and external collaborations. Takeda Neuroscience's core focus is orexin biology, rare neurology and neurodegeneration diseases. We are advancing a portfolio of tailored therapies designed to unlock the full power of orexin (i.e., oreporexton (TAK-861), TAK-360) to redefine the standard of care for people living with rare sleep-wake disorders and other conditions where orexin biology is implicated. Across our portfolio, we are harnessing advances in disease biology understanding, translational tools, innovative modalities and digital innovation to accelerate development and patient access.

Our neuroscience pipeline in clinical development as of May 8, 2025 (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-861 <oveporexton>	Orexin 2R agonist (oral)	Small molecule	Narcolepsy type 1	Global	P-III
TAK-341/MEDI1341 ¹	Alpha-synuclein antibody (injection)	Biologic and other	Multiple System Atrophy (MSA)	-	P-II
TAK-594/DNL593 ²	Brain-penetrant progranulin fusion protein (injection)	Biologic and other	Frontotemporal dementia	-	P-II
TAK-360	Orexin 2R agonist (oral)	Small molecule	Idiopathic hypersomnia	-	P-II
			Narcolepsy type 2	-	P-I
TAK-925 <danavorexton>	Orexin 2R agonist (injection)	Small molecule	Narcolepsy	-	P-I

Notes:

- (1) Partnership with Alexion, a subsidiary of AstraZeneca.
- (2) Partnership with Denali Therapeutics. Denali leads development.

Oncology

In oncology, we are committed to ensuring that patients globally can benefit from and access our portfolio of medicines, while also making progress on a pipeline of potential treatments for the future. Our research and development efforts are focused on three disease areas and four modalities. We are advancing medicines for thoracic, gastrointestinal and hematologic cancers. Within hematologic cancers, we are growing a portfolio of medicines for myeloid cancers, including rusfertide (TAK-121) and elritercept (TAK-226). Our core modalities include antibody drug conjugates (ADCs), complex biologics, small molecules and gamma delta T cell therapies. We complement our internal expertise and global footprint with a robust network of collaborators. We aspire to cure cancer, with inspiration from patients and innovation from everywhere.

Note: From Q4 FY2024, rusfertide is part of the Oncology portfolio.

Our oncology pipeline in clinical development as of May 8, 2025 (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-113 ¹ <fruquintinib> <i>FRUZAQLA</i> (U.S., EU, Japan)	VEGFR inhibitor (oral)	Small molecule	Previously treated metastatic Colorectal Cancer (mCRC)	EU	Approved (Jun 2024)
			Treatment of unresectable advanced or recurrent Colorectal Cancer (CRC) that has progressed after chemotherapy	Japan	Approved (Sep 2024)
SGN-35 ² <brentuximab vedotin> <i>ADCETRIS</i> (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Front line Hodgkin's lymphoma – BrECADD regimen (brentuximab vedotin, etoposide, cyclophosphamide, doxorubicin, dacarbazine, dexamethasone) ³	EU	Filed (Apr 2024) ⁴
TAK-121 ⁵ <rusfertide>	Hepcidin mimetic peptide (injection)	Peptide/oligonucleotide	Polycythemia vera	U.S.	P-III
TAK-226 ⁶ <elritercept>	Activin A and B inhibitor (injection)	Biologic and other	2L anemia-associated Myelodysplastic Syndrome	U.S. EU	P-III ⁷
			Anemia-associated Myelofibrosis	-	P-II
TAK-853 ⁸ <mirvetuximab soravtansine-gynx>	Antibody-drug conjugate targeting folate receptor α (FR α) (injection)	Biologic and other	Platinum-sensitive ovarian cancer	Japan	P-III
			Platinum-resistant ovarian cancer	Japan	P-II
TAK-012	Variable delta 1 (V δ 1) gamma delta ($\gamma\delta$) T cells (injection)	Cell therapy	Relapsed/refractory Acute Myeloid Leukemia	-	P-I

Notes:

- (1) Partnership with HUTCHMED
- (2) Partnership with Pfizer Inc.
- (3) Submission based on data from German Hodgkin Study Group HD21 trial.
- (4) In June 2025, Takeda announced that it received approval from the European Commission (EC).
- (5) Partnership with Protagonist Therapeutics. Protagonist leads development.
- (6) Partnership with Keros Therapeutics, Inc.
- (7) Elritercept MDS trial actively recruiting
- (8) Partnership with AbbVie. Global P-III trial in platinum-sensitive ovarian cancer is led by AbbVie.

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, on top of marketed products such as TAKHZYRO in hereditary angioedema. 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.

Our other rare diseases pipeline in clinical development as of May 8, 2025 (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> <i>LIVTENCITY</i> (Global)	Benzimidazole riboside inhibitor (oral)	Small molecule	Post-transplant cytomegalovirus (CMV) infection/ disease that is refractory to existing anti-CMV therapies	Japan	Approved (Jun 2024)
			Treatment of children and teenage transplant recipients with CMV infection	Global	P-III
TAK-577 <i>VONVENDI</i> (U.S., Japan, China) <i>VEYVONDI</i> (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Adult on-demand and surgery treatment of von Willebrand disease	China	Approved (Aug 2024)
			Pediatric on-demand and surgery treatment of von Willebrand disease	Global	P-III ²
			Pediatric prophylaxis treatment of von Willebrand disease	Global	P-III
TAK-660 <i>ADYNOVATE</i> (U.S., Japan) <i>ADYNOVI</i> (EU)	Antihemophilic factor [recombinant], PEGylated (injection)	Biologic and other	Pediatric Hemophilia A	EU	P-III
			Hemophilia A	China	P-III

Note:

(1) Partnership with GSK.

(2) In June 2025, Takeda announced that it filed an application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for an additional dosage and administration for patients under the age of 18.

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. Additionally, we are developing next-generation immunoglobulin products with 20% facilitated SCIG (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.

Our PDT pipeline in clinical development as of May 8, 2025 (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> <i>HYQVIA</i> (U.S., EU, Japan)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (subcutaneous infusion)	Biologic and other	Primary Immunodeficiencies and Secondary Immunodeficiencies	Japan	Approved (Dec 2024)
			Chronic inflammatory demyelinating polyradiculoneuropathy and Multifocal Motor Neuropathy	Japan	Filed (Aug 2024) ²
TAK-880 <10% IVIG (Low IgA)>	Immunoglobulin (10%) [human] (injection) (Low IgA)	Biologic and other	Primary Immunodeficiencies	EU U.S.	Approved (May 2025) Filed (Aug 2024)
TAK-961 <IVIG> <i>GLOVENIN-I</i> (Japan)	Immunoglobulin (10%) [human] (injection)	Biologic and other	Multiple Indications	Japan	Filed (Feb 2025)
	Immunoglobulin (5%) [human] (injection)	Biologic and other	Autoimmune Encephalitis (AE)	Japan	P-III
TAK-330 <i>PROTHROMPLEX TOTAL</i> (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-881 <Facilitated 20% SCIG>	Immunoglobulin (20%) [human] + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Primary Immunodeficiencies	U.S. EU Japan	P-III P-III P-III

Note:

- (1) Partnership with Halozyme.
- (2) In June 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved a partial change to the manufacturing and marketing authorization for these indications.

Vaccines

In Vaccines, Takeda is applying innovation to tackle some of the world's most challenging infectious diseases such as dengue (QDENG), and 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 leading global institutions including WHO (World Health Organization), PAHO (Pan American Health Organization) and Gavi (Global Alliance for Vaccines and Immunization), among others. These partnerships have been essential in building the critical capabilities that will be necessary to deliver on our programs and realize their full potential.

Our vaccines pipeline in clinical development as of May 8, 2025 (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-019 ¹ NUVAXOVID Intramuscular Injection (Japan)	Recombinant coronavirus (SARS-CoV-2) vaccine (intramuscular injection)	Biologic and other	For the prevention of infectious disease caused by SARS-CoV-2 (monovalent vaccine based on Omicron JN.1 variant)	Japan	Approved (Sep 2024)
TAK-003 QDENG (Global)	Tetavalent 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 (booster extension)	-	P-III

Note:

(1) Partnership with Novavax, Inc.

Select Options: Other Selected Assets That Takeda Holds Contractual Rights to Potentially Clinically Develop and/or Commercialize in the Future

Other selected assets that Takeda holds contractual rights to potentially clinically develop and/or commercialize in the future as of May 8, 2025 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, are as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
HQP1351 ¹ <oliverembatinib>	BCR-ABL tyrosine kinase inhibitor (TKI) (oral)	Small molecule	Chronic phase-chronic myeloid leukemia	U.S. EU Japan	P-III
ACI-24.060 ²	Abeta active immunotherapy	Biologic and other	Alzheimer's disease	-	P-II

Notes:

- (1) Olverembatinib/HQP1351 is included for reference only. Ascentage Pharma retains ownership of this asset and is solely responsible for its clinical development prior to Takeda's potential exercise of its option to exclusively license certain rights, which is subject to customary conditions including regulatory approval.
- (2) ACI-24.060 is included for reference only. AC Immune retains ownership of this asset and is solely responsible for its clinical development prior to Takeda's potential exercise of its option to exclusively license certain rights, which is subject to customary conditions including regulatory approval.

Projects removed from pipeline

Our projects removed from pipeline since April 1, 2024 are as follows:

Development code <generic name>	Indications (Region/Country, Stage)	Reason
TAK-141/JR-141 <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-935 <soticlestat>	Lennox-Gastaut syndrome (Global, P-III)	Trial did not meet primary endpoint.
<ponatinib>	Pediatric indication for Philadelphia chromosome-positive Acute Lymphoblastic Leukemia (P-I)	Trial closed due to dose-limiting toxicities.
TAK-925 <danavorexton>	Postanesthesia Recovery (P-II)	Trial closed due to enrollment challenges.
Cx601 <darvadstrocel>	Pediatric indication for refractory complex perianal fistulas in patients with Crohn's disease (EU, Japan, P-III)	Product withdrawn from market in Europe.
MLN0002 <vedolizumab>	Graft-versus-Host Disease prophylaxis in patients undergoing allogeneic hematopoietic stem cell transplant (intravenous formulation) (EU, Japan, P-III)	Trial enrollment closed early during COVID-19 pandemic. Regulatory filing not pursued.
<cabozantinib>	Metastatic castration-resistant prostate cancer in combination with atezolizumab (Japan, P-III)	mCRPC development discontinued based on the trial results and assessment of Takeda's development strategy.
TAK-500	Solid tumors (P-I)	Trial closed due to dose-limiting toxicities.
TAK-653	Inadequate response to treatment in major depressive disorder (P-II)	Takeda/Neurocrine agreement amended. Takeda re-acquired exclusive rights in Japan and is eligible to receive milestone payments and royalties from commercialization in other regions. Takeda will be responsible for the development costs in Japan; Neurocrine will be responsible for the development costs worldwide ex-Japan and is eligible to receive royalties for sales in Japan.
TAK-935 <soticlestat>	Dravet Syndrome (Global, P-III)	Trial did not meet primary endpoint.
TAK-186	EGFR expressing solid tumors (P-II)	Data-driven decision to discontinue development informed by the available clinical data from a Phase 1/2 study.
TAK-280	B7-H3 expressing solid tumors (P-I)	Data-driven decision to discontinue development informed by the available clinical data from a Phase 1/2 dose-escalation study.
TAK-062	Celiac disease (P-II)	Trial did not meet primary endpoint.
TAK-676 <dazostinag>	Solid tumors (P-II)	Data-driven decision to discontinue development informed by the available clinical data from a Phase 1/2 study.

Availability of Raw Materials

In the ordinary course of business, we purchase raw materials and supplies essential to our operations from suppliers around the world. While we develop and manufacture the active ingredients used in some of our products at our own facilities, we are dependent on third-party suppliers for a portion of the raw materials and compounds used in certain other products we produce. We believe that, in the event we are unable to source any products or ingredients from any of our major suppliers, we could replace those products or substitute ingredients from other suppliers, although we may not be able to do so without significant difficulty or significant increases in our cost of sales. While efforts are made to diversify our sources of components and materials, in certain instances we acquire components and materials from a sole supplier.

In the case of plasma-derived-therapies, we are dependent on healthy individuals to donate human plasma to develop and manufacture our products. We own and operate plasma donation facilities, principally in the U.S., Austria, Hungary and Czech Republic, and we also maintain relationships with other plasma suppliers for external sourcing to meet our planned supply commitments to patients.

We closely monitor, continuously review and revise the supply sourcing strategy for our products to identify in a timely manner any risks in our supply chain, including risks arising from our dependency on outsourced manufacturing relationships with third-party suppliers or risks arising from geopolitical decision-making including but not limited to trade policies such as policies that impose tariffs. Where necessary, inventory levels of either key materials or finished products are managed strategically to address potential risks relating to operational and quality issues, production capacity and single sourcing among others. For critical and strategic products, we have decided to make significant long-term capital investments to build internal manufacturing capacity and secure dual sources to reduce the dependency on outsourced manufacturing relationships with third-party suppliers.

Manufacturing

The manufacturing of our products is highly regulated by governmental health authorities around the world, including the U.S. FDA, EMA, Japan's Pharmaceuticals and Medical Devices Agency ("PMDA") and NMPA. Furthermore, many of our products involve technically complex manufacturing processes or may require a supply of highly specialized raw materials.

We manufacture a certain number of our products in our own facilities within our global manufacturing network. In addition, we source certain other products from third-party contract manufacturers. We have a network of more than 100 contract manufacturers which provide varying services such as the manufacture of active pharmaceutical ingredients, bulk drug product, aseptic fill finish and final packaging. In cases where we utilize contract manufacturers, we are often dual sourced with an internal manufacturing site. In cases where we are not dual sourced, we manage the risks associated with the reliance on a single source of production by carrying additional inventories.

Sales and Marketing

Our primary sales and marketing activities are organized around regional business units and select therapeutic area business units focused on the U.S., Japan, Europe and Canada, China and Growth and Emerging Markets. These business units make focused investments that support the growth potential of our portfolios in each market.

The U.S. is the largest pharmaceutical market in the world and is also Takeda's largest region by revenue. The United States Business Unit ("USB") is focused on the successful launch of a subcutaneous administration of *ENTYVIO* (*ENTYVIO* Pen), approved for ulcerative colitis in September 2023 and Crohn's disease in April 2024, *EOHILIA*, approved in February 2024, and the expanded indications for *HYQVIA* and *GAMMAGARD LIQUID* in patients with chronic inflammatory demyelinating polyneuropathy (CIDP) approved in January 2024. In addition, core promoted products such as *TRINTELLIX*, *GATTEX* and *TAKHZYRO* will contribute to the growth as being supported by significant investment in the marketing and sales force promotion.

The Japan Pharma Business Unit ("JPBU") is focused on retaining Takeda's position as one of the leading pharmaceutical companies in our home market of Japan. Although we continue to promote our strong primary care portfolio, with the Japanese government driving stricter control of drug prices and promoting the penetration of generics, our strategy is to shift focus more towards the uptake of our highly innovative and differentiated specialty medicines such as *ENTYVIO*, *GATTEX/REVESTIVE*, *TAKECAB*, *TRINTELLIX* and *TAKHZYRO*. Furthermore, four new products—*ADZYNMA*, *OBIZUR*, *LIVTENCITY* and *CEPROTIN*—were launched in FY2024, along with the introduction of a new 2-dose vial of *NUVAXOVID* for Omicron JN.1, to further drive revenue growth.

The Global Portfolio Division ("GPD") is focused on accelerating our growth through a global footprint, as well as a diverse portfolio and pipeline of transformational medicines and vaccines. The GPD comprises the China, EUCAN (defined below), GEM (defined below) and Global Vaccine Business Units, and the Global Medical and Global Product & Launch Strategy ("GPLS") functions.

The Europe and Canada ("EUCAN") business unit focuses on a specialized approach in the European and Canadian markets, where public insurance has set a high bar for the reimbursement of medicines, requiring innovation and clear differentiation in order for products to be reimbursed. The EUCAN business unit is focused on continuing to grow core products such as *ENTYVIO*, *TAKHZYRO*, *ELVANSE/VYVANSE*, and our immunoglobulin products and recently approved products such as *LIVTENCITY*.

The China Business Unit ("China BU") focuses on unleashing the growth potential in the world's second largest pharmaceutical market. The China BU continues to maximize the value of brands such as *ENTYVIO*, *ADCETRIS*, *TAKHZYRO*, *REPLAGAL*, *ALUNBRIG*, *LIVTENCITY* and *HUMAN ALBUMIN/FLEXBUMIN* while also aiming to bring more new medicines and treatment options to China in the future from the therapeutic areas of Gastrointestinal and Inflammation, Neuroscience, Oncology, and Rare Genetics and Hematology.

The Growth and Emerging Markets (“GEM”) Business Unit is focused on delivering highly innovative medicines to patients in GEM countries living with complex and rare diseases in our six key business areas of GI, Rare Diseases, PDT, Oncology, Vaccines and Neuroscience.

The Oncology Business Unit (“OBU”) is focused on the development and marketing of oncology medicines in the U.S., Japan, Europe and Canada. Our promoted oncology portfolio consists of three global brands (*ALUNBRIG*, *NINLARO* and *FRUZAQLA*) as well as products that we market on a regional basis including *ICLUSIG* in the U.S., *ADCETRIS* in markets outside of the U.S. and Canada and *VECTIBIX*, *ZEJULA*, and *CABOMETYX* in Japan.

The PDT Business Unit is focused on transforming the lives of patients from the collection of plasma to the production and delivery of life-saving medicines worldwide. We offer a broad portfolio of greater than twenty therapies, four of which represent Global Brands for Takeda, *HYQVIA* and *CUVITRU*, subcutaneous immunoglobulin, *KIOVIG/GAMMAGARD LIQUID*, intravenous immunoglobulin and *FLEXBUMIN*, our differentiated bag Albumin product.

The Global Vaccine Business Unit (“GVBU”) is applying innovation to tackle some of the world’s most challenging infectious diseases, such as dengue (*QDenga*), pandemic influenza and COVID-19 through a partnered program in Japan with Novavax, Inc.

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 or market 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, 7 years for an orphan drug or 12 years for a biological 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 re-examination system which confirms the safety and efficacy of drugs and 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 the national patent office of 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 United Kingdom, Switzerland and Turkey. When the EPO grants a patent, it is then validated in the countries that the patent owner designates. At the patent owner's request, unitary effect is given for the territory of the EU Member States participating in the Unitary Patent (“UP”) system, that have ratified the Agreement on a Unified Patent Court (“UPC”). The term of a patent granted by the EPO or a European country office 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. The Pharma Legislation in Europe, including systems such as regulatory data protection is currently under revision and may result in different exclusivity periods in the future.

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 and business 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, except that, in least developed countries (LDCs) and low-income countries (LICs), we committed not to file or enforce patents as part of our commitment to widen access to our medicine.

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):			
<i>ENTYVIO</i>	Patent: - RP: July 2028 ⁽²⁾	Patent: - RP: May 2026 ⁽⁶⁾	Patent: - RP: May 2025 ⁽⁶⁾
<i>GATTEX/REVESTIVE</i>	Patent: - RP: June 2031 ⁽²⁾	Patent: - ⁽⁵⁾	Patent: -
<i>TAKECAB</i> ⁽³⁾	Patent: August 2031	Patent: - ⁽³⁾	Patent: - ⁽³⁾
<i>PANTOLOC /CONTROLOC</i> (<i>PANTOPRAZOLE</i>)	Not commercialized	Patent: -	Patent: -
<i>DEXILANT</i>	Not commercialized	Patent: -	Patent: -
<i>LIALDA/MEZAVANT</i> ⁽³⁾	Patent: - ⁽³⁾	Patent: -	Patent: -
<i>RESOLOR/MOTEGRITY</i>	Not commercialized	Patent: -	Patent: -
<i>EOHILIA</i>	Not commercialized	Patent: - RP: February 2031	Not commercialized

Our product	Japan expiry dates ⁽¹⁾⁽²⁾	U.S. expiry dates ⁽¹⁾	EU expiry dates ⁽¹⁾
Rare Diseases:			
<i>TAKHZYRO</i>	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
<i>ADVATE</i>	Patent: -	Patent: -	Patent: -
<i>ADYNOVATE/ADYNOVI</i>	Patent: January 2026	Patent: February 2026 RP: November 2027	Patent: February 2029 RP: January 2028
<i>ELAPRASE</i> ⁽³⁾	Patent: - ⁽³⁾	Patent: -	Patent: -
<i>REPLAGAL</i>	Patent: -	Not commercialized	Patent: -
<i>VPRIV</i>	Patent: -	Patent: -	Patent: -
<i>FIRAZYR</i>	Patent: - RP: September 2028 ⁽²⁾	Patent: -	Patent: -
<i>LIVTENCITY</i>	Patent: - RP: June 2034 ⁽²⁾	Patent: - RP: November 2028	Patent: - RP: November 2032
<i>VONVENDI</i>	Patent: - RP: March 2030 ⁽²⁾	Patent: December 2030 RP: December 2027	Patent: - RP: August 2028
<i>RECOMBINATE</i>	Not commercialized	Patent: -	Patent: -
<i>ADZYNMA</i>	Patent: - RP: March 2034 ⁽²⁾	Patent: - RP: November 2035	Patent: - RP: August 2034
PDT:			
<i>GAMMAGARD LIQUID</i>	Not commercialized	Patent: -	Patent: -
<i>HYQVIA</i>	Patent: - RP: September 2031 ⁽²⁾	Patent: - RP: September 2026	Patent: -
<i>CUVITRU</i>	Patent: - RP: September 2031	Patent: - RP: September 2028	Patent: - RP: July 2027
<i>FLEXBUMIN</i>	Not commercialized	Patent: -	Patent: -
<i>HUMANALBUMIN</i>	Not commercialized	Patent: -	Not commercialized
<i>FEIBA</i>	Patent: -	Patent: -	Patent: -
<i>HEMOFIL</i>	Not commercialized	Patent: -	Not commercialized
<i>IMMUNATE</i>	Not commercialized	Not commercialized	Patent: -
<i>IMMUNINE</i>	Not commercialized	Not commercialized	Patent: -
<i>CINRYZE</i>	Not commercialized	Patent: -	Patent: -
<i>GLASSIA</i>	Not commercialized	Patent: -	Not commercialized
<i>ARALAST</i>	Not commercialized	Patent: -	Not commercialized
Oncology:			
<i>ADCETRIS</i> ⁽⁴⁾	Patent: July 2028 ⁽⁷⁾ RP: May 2028 ⁽²⁾⁽⁸⁾	Patent: - ⁽⁴⁾	Patent: October 2027
<i>LEUPLIN/ENANTONE</i>	Patent: -	Patent: -	Patent: -
<i>NINLARO</i>	Patent: July 2031 RP: March 2027 ⁽²⁾	Patent: November 2029	Patent: November 2031 RP: November 2026
<i>ICLUSIG</i> ⁽³⁾	Patent: - ⁽³⁾	Patent: January 2027	Patent: - ⁽³⁾
<i>ALUNBRIG</i>	Patent: November 2032 RP: January 2029 ⁽²⁾	Patent: April 2031 RP: April 2024	Patent: November 2033 RP: November 2028
<i>VECTIBIX</i> ⁽⁴⁾	Patent: -	Patent: - ⁽⁴⁾	Patent: - ⁽⁴⁾
<i>ZEJULA</i> ⁽⁴⁾	Patent: January 2033 RP: September 2028 ⁽²⁾	Patent: - ⁽⁴⁾	Patent: - ⁽⁴⁾

Our product	Japan expiry dates ⁽¹⁾⁽²⁾	U.S. expiry dates ⁽¹⁾	EU expiry dates ⁽¹⁾
<i>FRUZAQLA</i>	Patent: May 2029 (Extended expiry of March 2034 if PTE granted) RP: September 2032 ⁽²⁾	Patent: May 2028 (Extended expiry of March 2032 if PTE granted) RP: Nov 2028	Patent: May 2029 RP: June 2034
<i>CABOMETYX</i> ⁽⁴⁾	Patent: September 2029 RP: March 2028 ⁽²⁾	Patent: - ⁽⁴⁾	Patent: - ⁽⁴⁾
Vaccines:			
<i>QDENG A</i>	Not commercialized	Not commercialized	Patent: - RP: December 2032
Neuroscience:			
<i>VYVANSE/ELVANSE</i>	Patent: June 2029 RP: March 2027 ⁽²⁾	Patent: -	Patent: June 2024 (Extended expiry of February 2028, July 2028 or September 2029 in certain countries)
<i>TRINTELLIX</i> ⁽⁴⁾	Patent: October 2027 RP: September 2029 ⁽²⁾	Patent: December 2026	Patent: - ⁽⁴⁾
<i>ADDERALL XR</i>	Not commercialized	Patent: -	Not commercialized
<i>INTUNIV</i>	Patent: -	Patent: -	Patent: - RP: September 2025
Other:			
<i>AZILVA</i>	Patent: -	Not commercialized	Not commercialized
<i>FOSRENOL</i> ⁽³⁾	Patent: - ⁽³⁾	Patent: -	Patent: -

- 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 in the U.S. as of March 2025. The exact timing of the market entry of the generic version of *GATTEX/REVESTIVE* is uncertain.
 - (6) 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.
 - (7) Patent term extensions (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).
 - (8) 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 September 2029.)

Licensing and Collaboration

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”) (as successor in interest to Seagen, Inc., which 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 low-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, 2025, 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.
- **FRUZAQLA:** We entered into a License Agreement with HUTCHMED Limited (“HUTCHMED”) in 2023 for the global development, commercialization and manufacture of fruquintinib outside of mainland China, Hong Kong and Macau. FRUZAQLA is now approved in the U.S., EU, Japan and a number of other countries in our licensed territory. Under the License Agreement, we are required to pay milestone payments related to development, regulatory and commercial progress by us, as well as royalties on net sales. Subject to earlier termination, the License Agreement will continue until the expiration of the last royalty term for the last licensed product in our licensed territory. We may terminate the License Agreement for convenience by providing a written notice in advance. Additionally, either party may terminate the License Agreement for cause.
- **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. In July 2024, Lundbeck announced our agreement to amend the Collaboration to provide for royalty payments by Takeda to Lundbeck based on net sales of TRINTELLIX in the U.S. in lieu of Lundbeck’s co-promotion and co-funding responsibilities, which have concluded. The term of the agreement is indefinite, but the agreement may be terminated by mutual decision of the parties or for cause.

The following tables describe other research & development collaborations/partnering and externalization projects entered into by Takeda, 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).

Partner	Country of incorporation	Subject
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.
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
AC Immune	Switzerland	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.
AcuraStem	U.S.	Exclusive worldwide license agreement to develop and commercialize AcuraStem's PIKFYVE targeted therapeutics for the treatment of Amyotrophic Lateral Sclerosis (ALS).
Alexion, a subsidiary of 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.
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases.
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).
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 the ATV:TREM2 collaboration program was terminated in February 2025 by mutual agreement between Takeda and Denali.
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.

Partner	Country of incorporation	Subject
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. In September 2024, Neurocrine announced that TAK-831/NBI-1065846 Phase 2 results did not meet primary endpoint in patients with CIAS and that they were stopping further development of the asset. In January 2025, the Takeda/Neurocrine agreement was amended for TAK-653. Takeda re-acquired exclusive rights in Japan and is eligible to receive milestone payments and royalties from commercialization in other regions. Takeda will be responsible for the development costs in Japan; Neurocrine will be responsible for the development costs worldwide ex-Japan and is eligible to receive royalties for sales in Japan.
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular and neurodegenerative 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.
Ascentage Pharma	China	Option agreement to enter into an exclusive license agreement for olverembatinib/HQP1351, a BCR-ABL tyrosine kinase inhibitor (TKI), 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.
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	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.

Partner	Country of incorporation	Subject
Heidelberg Pharma	Germany	Antibody-Drug-Conjugate (ADC) research collaboration on 2 targets and licensing agreement (α -amanitin payload and proprietary linker).
Keros Therapeutics	U.S.	Exclusive licensing agreement with Keros Therapeutics, Inc. to further develop, manufacture and commercialize elritercept (TAK-226) worldwide 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. Takeda and Memorial Sloan Kettering will maintain the ongoing business relationship in the field of cell therapy related technology licensing.
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.
Teva Pharmaceutical Industries	Israel	Agreement for worldwide license to multi-target discovery collaboration accessing Teva's Attenukine™ platform.

Plasma-Derived Therapies

Partner	Country of incorporation	Subject
Halozyne	U.S.	Agreement for the in-license of Halozyne'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 (hslgG) candidate.
PreviPharma	EU	Research collaboration and option agreement to develop new targeted proteins

Vaccines

Partner	Country of incorporation	Subject
Novavax	U.S.	Partnership for the development, manufacturing and commercialization of Nuvaxovid Intramuscular Injection, Novavax's 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). In September 2024, Takeda announced that the MHLW granted manufacturing and marketing approval for the 2 dose NUVAXOVID Intramuscular Injection 1 mL for the prevention of infectious disease caused by the SARS-CoV-2 Omicron JN.1 variant.

Other / Multiple Therapeutic Area

Partner	Country of incorporation	Subject
BridGene Biosciences	U.S.	Research collaboration to discover small molecule drugs for “undruggable” targets using BridGene's chemoproteomics platform.
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.
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.

Competition

Competition in each market where we conduct business is based on, among other things, product safety, efficacy, convenience of dosing, reliability, availability and pricing. Our competitors include large international companies whose capabilities cover the entire product creation process from R&D to manufacturing and marketing, as well as biopharmaceutical companies with a focus on specific therapeutic areas.

We also face competition from generic drugs and biosimilars that enter the market when our patent protection or regulatory exclusivity expires. See “—*Intellectual Property*” for additional description of our patents. Additionally, we may face competition from the introduction of our own new products that treat similar diseases as our older products.

The competition we face often differs by product and geographic market, and competitors may emerge and fall away over time due to advances in innovation, merger activity and other business and market changes.

The following table shows the principal sources of competition for our main products:

Our product	Principal competing product	Primary manufacturer or distributor
GI:		
<i>DEXILANT, PANTOPRAZOLE (Protonix)</i>	<i>Generic lansoprazole</i>	Various
	<i>Generic dexlansoprazole</i>	Various
	<i>Pantoprazole</i>	Pfizer
	<i>Nexium</i>	AstraZeneca
	<i>Prilosec</i>	Procter and Gamble
	<i>Prevacid</i>	Takeda
<i>ENTYVIO</i>	<i>Remicade</i>	Janssen Biotech
	<i>Humira</i>	Abbvie
	<i>Stelara</i>	Janssen Biotech
	<i>Xeljanz</i>	Pfizer
	<i>Velsipity</i>	Pfizer
	<i>Omvo</i>	Eli Lilly and Company
	<i>Infliximab biosimilars</i>	Amgen, Pfizer, Organon
	<i>Adalimumab biosimilars</i>	Various
	<i>Rinvoq</i>	AbbVie
	<i>Skyrizi</i>	AbbVie
	<i>Zeposia</i>	BMS
	<i>Jyseleca</i>	Alphasigma / Galapagos
	<i>Carogra</i>	EA Pharma
	<i>Zymfentra</i>	Celltrion
	<i>Simponi</i>	Janssen Biotech
<i>EOHILIA</i>	<i>Cimzia</i>	UCB
	<i>Tremfya</i>	Johnson & Johnson
	<i>Ustekinumab biosimilars</i>	Various
<i>EOHILIA</i>	<i>Dupixent</i>	Regeneron / Sanofi
	<i>Jorveza</i>	Dr. Falk Pharma
<i>GATTEX/REVESTIVE</i>	—	—
<i>TAKECAB</i>	<i>Nexium</i>	AstraZeneca
	Generic lansoprazole, omeprazole, esomeprazole	—

Our product	Principal competing product	Primary manufacturer or distributor
Rare Diseases:		
<i>ADVATE and ADYNOVATE</i>	<i>Xyntha/Refacto AF</i>	Pfizer and Sobi
	<i>Kovaltry</i>	Bayer
	<i>Eloctate/Elocta</i>	Sanofi and Sobi
	<i>Novoeight</i>	Novo Nordisk
	<i>Nuwiq</i>	Octapharma
	<i>Afstyla</i>	CSL
	<i>Jivi</i>	Bayer
	<i>Esperoct</i>	Novo Nordisk
	<i>Hemlibra</i>	Roche
	<i>Roctavian</i>	Biomarin
	<i>Altuviiio</i>	Sanofi and Sobi
	<i>Hypmavzi</i>	Pfizer
	<i>Alphanate</i>	Grifols
	<i>Qfitlia</i>	Sanofi
<i>ADZYNMA</i>	<i>Octaplas</i>	Octapharma
	<i>Koate-DVI</i>	Kedrion
	<i>Dried Factor VIII Fraction Type 8Y</i>	Bio Products Laboratory
<i>ELAPRASE</i>	<i>Hunterase</i>	Korean Green Cross
	<i>IZCARGO</i>	JCR Pharmaceuticals
<i>FEIBA</i>	<i>Hemlibra</i>	Roche
	<i>Novo 7</i>	Novo Nordisk
	<i>Alhemo</i>	Novo Nordisk
	<i>Qfitlia</i>	Sanofi
<i>LIVTENCITY</i>	<i>Ganciclovir</i>	Various
	<i>Valganciclovir</i>	Various
	<i>Valaciclovir</i>	Various
	<i>Aciclovir</i>	Various
	<i>Foscarnet</i>	Various
	<i>Cidofovir</i>	Various
	<i>Letermovir</i>	Merck / MSD
<i>REPLAGAL</i>	<i>Fabrazyme</i>	Sanofi Genzyme
	<i>Galafold</i>	Amicus
	<i>Fabagal</i>	Isu Abxis
	<i>Elfabrio</i>	Chiesi
<i>TAKHZYRO</i>	<i>Ruconest</i>	Pharming
	<i>Generic Icatibant</i>	Various
	<i>Haegarda</i>	CSL
	<i>Berinert</i>	CSL
	<i>Orladeyo</i>	BioCryst
	<i>Androgens</i>	Various
	<i>Andembry</i>	CSL
<i>VPRIV</i>	<i>Cerezyme</i>	Sanofi Genzyme
	<i>Elelyso/uplyso</i>	Pfizer/Protalix
	<i>Zavesca</i>	Actelion [Janssen]
	<i>Cerdelga</i>	Sanofi Genzyme
	<i>Abcertin</i>	Isu Abxis

Our product	Principal competing product	Primary manufacturer or distributor
PDT Immunology		
<i>FLEXBUMIN and HUMAN ALBUMIN</i>	<i>Alburex/AlbuRx</i>	CSL
	<i>Albuminar, Albumex</i>	CSL
	<i>Plasbumin</i>	Grifols
	<i>Albutein/Albutein Flexbag</i>	Grifols
	<i>Albunorm</i>	Octapharma
	<i>Kedbumin, Albuked</i>	Kedrion
<i>GAMMAGARD LIQUID, HYQVIA, CUVITRU</i>	<i>Hizentra</i>	CSL
	<i>Xembify</i>	Grifols
	<i>Gamunex-C</i>	Grifols
	<i>Cutaquig/Gammanorm</i>	Octapharma
	<i>Vvygart Hytrulo</i>	Argenx
	<i>Privigen</i>	CSL
	<i>Gamunex-C</i>	Grifols
	<i>Flebogamma</i>	Grifols
	<i>Asceniv</i>	ADMA
	<i>Bivigam</i>	ADMA
	<i>Gammaked</i>	Kedrion
	<i>Gammaplex</i>	BPL
	<i>Octagam</i>	Octapharma
	<i>Panzyga</i>	Octapharma
Oncology:		
<i>ADCETRIS</i>	<i>Keytruda</i>	Merck/MSD
	<i>Opdivo</i>	Bristol-Myers Squibb
<i>ALUNBRIG</i>	<i>Xalkori</i>	Pfizer
	<i>Zykadia</i>	Novartis
	<i>Alecensa</i>	Roche
	<i>Lorbrena</i>	Pfizer
	<i>Ensacove</i>	Xcovery
<i>FRUZAQLA</i>	<i>Lonsurf</i>	Taiho Pharmaceutical Co.
	<i>Stivarga</i>	Bayer
<i>ICLUSIG</i>	<i>Gleevec</i>	Novartis
	<i>Tasigna</i>	Novartis
	<i>Scemblix</i>	Novartis
	<i>Sprycel</i>	Bristol-Myers Squibb
	<i>Bosulif</i>	Pfizer
<i>LEUPRORELIN (LEUPLIN)</i>	<i>Zoladex</i>	AstraZeneca
	<i>Eligard</i>	Recordati
	<i>Gonax</i>	Ferring
	<i>Orgovyx</i>	Sumitomo, Accord Healthcare
	<i>Camcevi</i>	Accord BioPharma
	<i>Generic leuprorelin</i>	Various
<i>NINLARO</i>	<i>Revlimid</i>	Bristol-Myers Squibb
	<i>Pomalyst/Imnovid</i>	Bristol-Myers Squibb
	<i>Kyprolis</i>	Amgen
	<i>Darzalex</i>	Janssen Biotech
	<i>Empliciti</i>	Bristol-Myers Squibb
	<i>Xpovio</i>	Karyopharm
	<i>Sarclisa</i>	Sanofi
	<i>Abecma</i>	Bristol-Myers Squibb
	<i>Blenrep</i>	GSK
	<i>Talvey/ Tecvayli</i>	Janssen
	<i>Carvykti</i>	Janssen
	<i>Elrexfio</i>	Pfizer

Our product	Principal competing product	Primary manufacturer or distributor
Neuroscience:		
<i>ADDERALL XR</i>	Lisdexamfetamine	Various
	Generic mixed salts of a single-entity	
	– Adderall IR	Various
	Generic mixed salts of amphetamine	
	– Dyanavel XR	Tris Pharama
	– Azstarvs	Corium
	– Concerta	Janssen Pharmaceuticals
	Generic methylphenidate, extended	
<i>INTUNIV</i>	– Jornay PM	Ironshore Pharmaceuticals
	– Adhansia XR	Purdue Pharma
	– Quillivant XR	Tris Pharma
<i>TRINTELLIX</i>	<i>Strattera</i>	Eli Lilly and Company
	Generic Guanfacine	Various
	<i>Qelbree</i>	Supernus
<i>VYVANSE</i>	<i>Fetzima</i>	AbbVie
	<i>Auvelity</i>	Axsome
	Generics:	Various
	Amitriptyline, amoxapine, bupropion, citalopram, clomipramine, desipramine, desvenlafaxine, doxepin, duloxetine, esketamine, escitalopram, fluoxetine, fluvoxamine, imipramine, maprotiline, mirtazapine, nefazodone, nomifensine, nortriptyline, paroxetine, protriptyline, sertraline, trazodone, trimipramine, venlafaxine, vilazodone	
	Generic mixed salts of a single-entity amphetamine product:	
<i>QDENG</i>	– Adderall IR	Various
	Generic mixed salts of a single-entity amphetamine product, extended release:	
	– Adderall XR	Various
	– Dyanavel XR	Tris Pharma
	– Azstarys	Corium
	Generic methylphenidate, extended release:	
	– Concerta	Janssen Pharmaceuticals
	– Jornay PM	Ironshore Pharmaceuticals
	– Adhansia XR	Purdue Pharma
	– Quillivant XR	Tris Pharma
<i>QDENG</i>	Non-stimulants:	
	– Strattera (atomoxetine)	Eli Lilly and Company
	– Intuniv (guanfacine)	Takeda
	– Kapvay (clonidine)	Shionogi
	– Qelbree (viloxazine)	Supernus
	– Onyda XR (clonidine)	Tris Pharma
Vaccines:		
<i>QDENG</i>	<i>Dengvaxia</i>	Sanofi Pasteur

Regulation

The pharmaceutical industry is subject to extensive global regulation by regional, national, state and local agencies. The regulatory agencies govern the testing, approval, production, labeling, distribution, post-market surveillance, advertising, dissemination of information and promotion of our products. The following is a description of the major regulations affecting our products in the U.S., Japan and the EU, our largest markets.

The introduction of new pharmaceutical products generally entails a lengthy approval process. Products must be authorized or registered prior to marketing, and such authorization or registration must subsequently be maintained. In recent years, the registration process has required increased testing and documentation for the approval of new drugs, with a corresponding increase in the expense of introducing a new product to market. To register a pharmaceutical product, a registration dossier containing evidence establishing the safety, efficacy and quality of the product must be submitted to regulatory authorities. Generally, a therapeutic product must be registered in each country in which it will be sold. It is possible that a drug can be registered and marketed in one country while the registration authority in another country may, prior to registration, request additional information from the pharmaceutical company or even reject the product. It is also possible that a drug may be approved for different indications in different countries. The registration process generally takes between six months to several years, depending on the country, the quality of the data submitted, the efficiency of the registration authority's procedures and the nature of the product. Many countries provide for accelerated processing of registration applications for innovative products of therapeutic interest. In recent years, efforts have been made among the U.S., Japan and the EU to harmonize registration requirements to achieve shorter development and registration times for medical products.

United States

In the U.S., applications for drug registration are submitted to and reviewed by the FDA, which regulates the testing, manufacturing, labeling and approval for marketing of pharmaceutical products intended for commercialization. The FDA continues to monitor the safety of pharmaceutical products after they have been approved for sale in the U.S. market. When a pharmaceutical company has gathered data to demonstrate a drug's safety, efficacy and quality, it may file for the drug an NDA or Biologics License Application ("BLA"), along with information regarding the clinical experiences of patients tested in the drug's clinical trials. A supplemental New Drug Application ("sNDA") or supplemental Biologics License Application ("sBLA") must be filed for new indications for a previously approved drug.

Once an application is submitted, the FDA assigns reviewers from its staff, including experts in biopharmaceutics, chemistry, clinical microbiology, pharmacology/toxicology, and statistics. After a complete review, these content experts then provide written evaluations of the NDA or BLA. These evaluations are consolidated and are used by senior FDA staff in its final evaluation of the NDA or BLA. Based on that final evaluation, the FDA then provides to the NDA or BLA's sponsor an approval, or a "complete response" letter if the NDA or BLA application is not approved. If not approved, the letter will state the specific deficiencies in the NDA or BLA which need to be addressed. The sponsor must then submit an adequate response to the deficiencies to restart the review procedure. Once the FDA has approved an NDA, BLA, sNDA or sBLA amendment, the company can make the new drug available for physicians to prescribe. The drug owner must submit periodic reports to the FDA, including any cases of adverse reactions. For some medications, the FDA requires additional post-approval studies (Phase IV) to evaluate long-term effects or to gather information on the use of the product under specified conditions. Throughout the life cycle of a product, the FDA requires compliance with standards relating to good laboratory, clinical and manufacturing practices. The FDA also requires compliance with rules pertaining to the manner in which we may promote our products.

The Drug Price Competition and Patent Restoration Term Act of 1984, known as the Hatch-Waxman Act, established the application procedures for obtaining FDA approval for generic forms of brand-name drugs. Under these procedures, instead of conducting full-scale pre-clinical and clinical trials, the FDA can accept data establishing that the drug formulation, which is the subject of an abbreviated application, is bio-equivalent and has the same therapeutic effect as the previously approved drug, among other requirements. This act also provides market exclusivity provisions for brand-name drugs that can delay the submission and/or the approval of Abbreviated New Drug Applications ("ANDAs"), which are the applications for generic drug registrations. The Orphan Drug Act of 1983 grants seven years of exclusive marketing rights to a specific drug for a specific orphan indication. The term "orphan drug" refers, generally, to a drug that treats a rare disease affecting fewer than 200,000 persons in the U.S. and the applicable market exclusivity provisions are distinct from patent protections and apply equally to patented and non-patented drug products.

While the Hatch-Waxman Act addresses the development and approval of generic drugs, the Biologics Price Competition and Innovation Act of 2009 (the "BPCIA"), enacted in the Affordable Care Act (the "ACA") amended the Public Health Service Act (the "PHS Act") to create an abbreviated licensure pathway for biological products that are demonstrated to be "biosimilar" to, or "interchangeable", with an FDA-licensed reference product. BPCIA allows for approval of a biosimilar if it is "highly similar" and has no clinically meaningful differences from its approved and existing biological product. Furthermore, as codified in the 2016 Physician Fee Schedule Final Rule, effective January 1, 2016, the physician reimbursement amount for a biosimilar is based on the average sales price (the "ASP") of all National Drug Codes (the "NDCs") assigned to the biosimilars included within the same billing and payment code. In general, this meant that CMS grouped biosimilar products that were licensed with a common reference product with the same payment limit and HCPCS code. However, effective January 1, 2018 under the 2018 Physician Fee Schedule Final Rule, newly approved biosimilar biological products with a common reference product were no longer grouped into the same billing code. Instead, biosimilars are separately coded and paid for under Medicare Part B.

Japan

Manufacturers and sellers of drugs, quasi-drugs, cosmetics, medical devices and regenerative medical products (collectively the “Designated Products”) in Japan are subject to the supervision of the MHLW primarily under the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics of Japan (“Pharmaceutical and Medical Device Act” or the “PMD Act”). Under the PMD Act, the relevant licenses must be obtained from the MHLW in order to conduct the business of manufacturing, marketing or selling Designated Products.

Applications for the approval of new products are made through the PMDA. The clinical trial data and other pertinent data must be attached to the application for approval. If the drugs, medical devices or regenerative medical products under application are of types designated by ministerial ordinance of the MHLW, the attached data mentioned above must be obtained in compliance with the standards established by the Minister, such as the Good Laboratory Practice (the “GLP”) and the Good Clinical Practice (the “GCP”). Once an application for approval is submitted, a review team is formed, which consists of specialized officials of the PMDA, including experts on chemistry/manufacturing, non-clinical, clinical, and biostatistics. Team evaluation results are passed to the PMDA’s external experts, who then report back to the PMDA. After a further team evaluation, a report is provided to the Minister; the Minister makes a final determination for approval and refers this to the Council on Drugs and Foods Sanitation, which then advises the MHLW on final approvability. Marketing and distribution approvals require a review to determine whether or not the product in the application is suitable as a drug to be manufactured and distributed with which a manufacturing and distribution business license for the type of drug concerned has been obtained, and to confirm that the product has been manufactured in a plant compliant with the GMP.

Once the MHLW has approved the application, the company can make the new drug available for physicians to prescribe. After that, the MHLW lists its NHI price within 60 days (or 90 days at the latest) from the approval, and physicians can obtain reimbursement. For some medications, the MHLW requires additional post-marketing studies (Phase IV) to further evaluate safety and/or to gather information concerning the quality, efficacy, and safety of the product under specified conditions, in addition to post-marketing surveillance including Early Post-marketing Phase Vigilance (“EPPV”) based on the risk management plan (“RMP”) for all new medications. The MHLW also requires the drug’s sponsor to submit periodic safety update reports. Within three months from the specified re-examination period, which is designated at the time of the approval of the application for the new product, the company must submit a re-examination application to enable the drug’s quality, efficacy, and safety to be reassessed against approved labeling by the PMDA.

The PMD Act also provides for special regulations applicable to drugs, quasi-drugs, cosmetics and medical devices made of biological raw materials. These regulations impose various obligations on manufacturers and other persons in relation to manufacturing facilities, explanation to patients, labeling on products, record-keeping and reporting to the Minister.

Under the PMD Act, the Minister may take various measures to supervise manufacturing and marketing license holders of Designated Products. The Minister has the authority to order manufacturing and marketing license holders to temporarily suspend the marketing, leasing or providing of the Designated Products to prevent risks or increases in risks to the public health. Also, the Minister may revoke a license or approval granted to a manufacturing and marketing license holder or order a temporary business suspension under certain limited circumstances such as violation of laws relating to drugs.

European Union

In the EU, there are two main routes for an application for authorization to market pharmaceutical products in the EU Member States: the Centralized route and a national route. The national route includes the Mutual Recognition Procedure (the “MRP”) and the Decentralized Procedure (the “DCP”). It is also possible to obtain a pure national authorization for products intended for commercialization in a single EU Member State only.

Under the Centralized Procedure, applications are made to the EMA for an authorization which is valid throughout the EU, as well as in Iceland, Liechtenstein and Norway. The Centralized Procedure is mandatory for human medicines containing a new active substance to treat cancer, neurodegenerative disorders, diabetes, AIDS, autoimmune diseases or other immune dysfunctions, viral diseases, medicines derived from biotechnology processes, advanced therapy medicines, and orphan medicines. It is optional for other medicines containing new active substances for indications other than those stated above or if there is a significant therapeutic, scientific or technical innovation or if in the interest of public health. When a pharmaceutical company has gathered data which it believes sufficiently demonstrates a drug’s safety, efficacy, and quality, then the company may submit an application to the EMA. The EMA then receives and validates the application, and the Committee for Medicinal Products for Human Use (the “CHMP”) appoints a Rapporteur and Co-Rapporteur to lead review of the dossier. The entire review cycle must be completed within 210 days, although there is a “clock stop” at day 120, which allows the company to respond to questions set forth in the Rapporteur and Co-Rapporteur’s Assessment Report. After the company’s complete response is submitted to the EMA, the clock restarts on day 121. If there are further aspects of the dossier requiring clarification, the EMA will then request an Oral Explanation on day 180, in which case the sponsor must appear before the CHMP to provide the requested additional information. On day 210, the CHMP will then take a vote to recommend the approval or non-approval of the application. The final decision under this Centralized Procedure is a European Community decision which is binding in its entirety on all EU Member States. This decision occurs on average 60 days after a positive CHMP recommendation. In the case of a negative opinion, a written request for re-examination of the opinion can be made by the applicant within a time limit of 15 days from the date of the opinion. The detailed grounds for re-examination must be submitted to the EMA within 60 days from the date of the opinion. In the EU, biosimilars may be approved under the centralized procedure. Similar to the pathway in the U.S., applicants seek and obtain regulatory approval for a biosimilar once the data exclusivity period for the original reference product has expired relying in part on the data submitted for the original reference product together with data evidencing that the biosimilar is “highly similar” in terms of quality, safety and efficacy to the original reference product authorized in the European Economic Area.

Under both the MRP and DCP, the assessment is led by a single EU Member State, called the Reference Member State (the “RMS”), which then liaises with other EU Member States, known as the concerned member states (the “CMSs”). In the MRP, the company first obtains a marketing authorization in the RMS, which is then recognized by the CMSs in 90 days. In the DCP, the application is done simultaneously in the RMS and all

CMSs. During the DCP, the RMS drafts an assessment report within 120 days. Within an additional 90 days, the CMSs review the application and can issue objections or requests for additional information. On day 90, each CMS must be assured that the product is safe and effective, and that it will cause no risks to the public health. Once an agreement has been reached, each member state grants national marketing authorizations for the product.

After the Marketing Authorizations have been granted, the company must submit periodic safety reports to the EMA, if approval was granted under the Centralized Procedure, or to the National Health Authorities, if approval was granted under the DCP or the MRP. In addition, several pharmacovigilance measures must be implemented and monitored including Adverse Event collection, evaluation and expedited reporting and implementation, as well as update Risk Management Plans. For some medications, post-approval studies (Phase IV) may be required to complement available data with additional data to evaluate long-term effects (called a Post-Approval Safety Study) or to gather additional efficacy data (called a Post-Approval Efficacy Study).

European Marketing Authorizations have an initial duration of five years. After this first five-year period, the holder of the marketing authorization must apply for its renewal, which may be granted based on the competent authority's full benefit-risk review of the product. Once renewed, the marketing authorization is generally valid for an unlimited period. Any Marketing Authorization which is not followed within three years of its granting by the actual placing on the market in any EU member state of the corresponding medicinal product ceases to be valid.

Third-Party Reimbursement and Pricing

We consider domestic and international competitive conditions, such as the price of competing products, in setting and revising the price of our pharmaceutical products. Government regulation also has a significant effect in determining the price of pharmaceutical products in many of the countries in which we operate due to the fact that government policy in many countries has emphasized and purchasers continue to seek large discounts on pharmaceutical products.

United States

In the U.S. our sales are subject to various voluntary and mandatory rebates and ceiling prices, which vary depending on the type of coverage and can have a significant impact on our results. The most significant of these are rebates associated with commercial managed care, Medicaid, Medicare and other government programs. In general, the details of these rebates are not disclosed publicly.

Commercial Managed Care

Payers negotiate rebates to reduce the pricing of products, and use formularies to encourage members to utilize preferred products to manage their costs. Exclusion from a formulary, or a disfavored formulary position, can directly reduce product usage. Consolidation of payers, pharmacy benefit managers and specialty pharmacies has resulted, and may continue to result, in increasing rebates and other discounts due to the purchasing power of the consolidated entities. Copay assistance to help patients afford their prescribed drugs may also affect product usage. In recent years, some states such as California and Massachusetts, have passed legislation that limits the use of manufacturer sponsored copay assistance programs, and some payers have limited manufacturer copay assistance benefits to patients.

Medicaid

Medicaid is a state administered program adhering to federal requirements that provides healthcare coverage to eligible low-income adults, children, pregnant women, elderly adults and people with disabilities.

Takeda must pay rebates on purchases of our products under the Medicaid Drug Rebate Program. This includes a mandatory minimum rebate, additional rebates if commercial discounts are greater than the mandatory minimum rebate and an inflation penalty if our prices have increased above inflation. These rebates guarantee that any patient in the Medicaid program can have access to Takeda's products, although there could be significant utilization management imposed by the state. In addition to the mandatory rebates, Takeda may also choose to offer supplemental rebates to a state or Medicaid managed care organization to ensure Takeda's drugs are on the preferred drug list (which is similar to a formulary for Medicaid programs). Takeda must also calculate and report to government agencies the amount of the rebate. The required calculations are complex, and a misrepresentation in the reported information may expose Takeda to penalties. We are required to report any revisions to prior calculations, which could affect the rebate liability for prior quarters.

Medicare

Medicare is a federally run program that provides healthcare to persons aged 65 and over, and certain persons under the age of 65 who have a long-term disability and meet certain eligibility requirements. Drugs are primarily covered under two different benefits for Medicare beneficiaries, Medicare Part B and Medicare Part D. Medicare Part B covers outpatient health and medical services, which includes some drugs under the medical benefit. These drugs tend to be the most biologically complex and are generally administered in a doctor's office or hospital outpatient setting. Medicare Part D is a voluntary drug offering available to Medicare beneficiaries through private health insurance plans that contract with the government to deliver this benefit.

Part B covers drugs that are administered by infusion or injection in a doctor's office or hospital outpatient setting, as well as certain drugs furnished in the home. Medicare pays physicians and outpatient hospitals for most separately payable Part B-covered drugs they furnish to beneficiaries at a rate of 106 percent of the manufacturer-reported ASP before sequestration. A product's ASP reflects the average price realized by the manufacturer for sales to all commercial purchasers net of rebates, discounts, and price concessions with certain exceptions. Takeda must also

calculate and report specific prices to government agencies, including the ASP used by the Medicare Part B program. The required calculations are complex, and a misrepresentation in the reported pricing may expose Takeda to penalties.

Part D covers most of the other outpatient prescription drugs. Except as set forth below with respect to drugs covered by the negotiation provisions of the Inflation Reduction Act (“IRA”), rather than Medicare setting prices administratively, Medicare pays Part D plan sponsors (health plans offering the benefit) that, through their pharmacy benefit managers, contract with pharmacies over payment rates for each prescription filled by an enrollee and negotiate with drug manufacturers for prices and post-sale rebates. Takeda may offer a rebate as part of the negotiation between plan sponsors and manufacturers to ensure that our products are on the formulary. In 2022, Congress passed the IRA, which imposes penalties on manufacturers that raise Part D and Part B drug prices, AMP and ASP respectively, faster than the rate of inflation starting in 2022 for Part D drugs and 2023 for Part B drugs; shifts greater liability to the manufacturer in the Part D program resulting in a 10% discount on brand drugs in the initial coverage phase and 20% in the catastrophic phase, as well as implementing a USD 2,000 out-of-pocket cap for patients on drug expenses starting in 2025; and mandates the negotiation of a new Medicare “maximum fair price” for certain drugs in the Medicare Part D program and the Part B program effective in 2026 and 2028 respectively.

340B and Federal Agency Discounted Pricing

Takeda must offer discounted pricing for purchases by certain designated health care entities and federal agencies under certain federal programs, including the Public Health Service (the “PHS”) pharmaceutical pricing program (“340B”) and the Federal Supply Schedule (the “FSS”).

The 340B program was designed to assist safety net hospitals that serve a disproportionate share of indigent patients by requiring manufacturers, as a stipulation of participation in the Medicaid Drug Rebate Program, to provide deep discounts on covered outpatient drugs. The discounts adhere to a statutory formula, per product, that requires manufacturers to charge no more than a certain price. Entities that may apply to participate in the 340B program include qualifying hospitals, federal grantees, the Centers for Disease Control and Prevention, and the Indian Health Service.

The FSS is a list of contracts and prices for frequently used supplies and services available for purchase by federal agencies and other entities such as the U.S. territories and tribal governments. Although there are no statutory ceilings on prices, the government often uses a favored price as a starting point in negotiations to obtain below-market prices.

Health Care System Reform

For the past few years, there has been an increased focus and downward pressure on pricing which we expect to continue for a variety of circumstantial reasons. There are a number of legislative and regulatory proposals under consideration that would impact how drugs are reimbursed in the U.S., could restrict patient access, and have financial implications for manufacturers. Potential Executive Orders and other policy proposals by the U.S. administration addressing pharmaceutical pricing and reimbursement could result in additional pricing pressures or changes on manufacturers. See also “Item 3. Key Information—D. Risk Factors—*Government policies and other pressures to reduce medical costs could have an adverse effect on sales of our pharmaceutical products.*”

Japan

In Japan, manufacturers of pharmaceutical products must have new products listed on the National Health Insurance (the “NHI”), a price list published by the MHLW. The NHI price list provides rates for calculating the price of pharmaceutical products used in medical services provided under various public medical care insurance systems. Prices on the NHI price list have been previously subject to revisions based on the actual prices and amounts by which the pharmaceutical products are purchased by medical institutions in Japan, and the average price of previously listed products generally decreases as a result of these price revisions. The Japanese government is currently undertaking healthcare reform initiatives with the goal of sustaining the universal coverage of the NHI program. As part of these initiatives, the annual NHI price list revision, implemented since April 2021, has led to more frequent downward price revisions. The government is also addressing the efficient use of generic drugs, with the target of 80% penetration in each prefecture by volume and 65% in value by March 2030 with respect to products for which market exclusivity has expired. In addition, products on the NHI price list nominated based on pre-defined criteria, such as innovativeness and the financial impact, are subject to a cost-effectiveness evaluation under MHLW rules, and subject to price adjustments depending on the outcome of this evaluation.

Europe

In the EU, our operations are subject to significant price and marketing regulations. Many governments in the EU continuously introduce revisions to healthcare reforms to curb increasing healthcare costs. The governments in the EU influence the price of pharmaceutical products through their control of national healthcare systems that fund a large part of the cost of such products to patients. The general downward pressure on healthcare costs, particularly regarding prescription drugs, has been increasing. In addition, prices for marketed products are referenced within and amongst the EU Member States and internationally, which further affects pricing in each EU Member State. As an additional control for healthcare budgets, some EU Member States have passed legislation to impose further mandatory rebates for pharmaceutical products and financial claw-backs on the pharmaceutical industry. In this regard, many countries have health technology assessment organizations that use formal clinical and economic metrics such as cost-effectiveness to inform prices, coverage and reimbursement decisions of new therapies, and these organizations are expanding in established and emerging markets. We expect that countries will continue to take aggressive actions to seek to ensure the sustainability of expenditures related to drugs and biologics. Similarly, fiscal constraints may also affect the extent to which countries are willing to approve new and innovative therapies and/or allow access to new treatments. Starting in 2025, the EU Regulation on Health Technology Assessment will be implemented, initially for oncology and advanced therapeutic medicinal products, expanding in 2028 to orphan drugs and from 2030 to all centrally registered products, adding an additional layer of scrutiny to subsequent national-level pricing and reimbursement processes. While the exact impact of this regulation is not yet known, it is expected to increase clinical evidentiary requirements on manufacturers by pooling specific data requirements

from all EU member states. If we are unable to meet these heightened requirements, our products could face potential adverse impacts on pricing and reimbursement in EU markets. In addition, the recent Critical Medicine Act proposal expands the existing possibilities for collaborative procurement involving Member States and the Commission. It sets out the options for joint procurement by Member States (facilitated by the Commission), centralized procurement by the Commission on behalf of or in the name of Member States and joint procurement by Member States and the Commission (Articles 21 to 24 CMA Proposal). If implemented, this could exert downward pressure on prices of such jointly procured products.

The EU is currently undergoing an analysis of the rewards extended for intellectual property of pharmaceutical products as well as the overall regulatory framework for the approval and commercialization of all medicinal products. This may lead to significant changes in the way drugs are approved and commercialized as well as the duration of exclusivity, in particular for orphan drugs. These changes are likely to affect the market within a 3-5-year timeframe.

Furthermore, certain European countries also utilize aggressive competitive tendering practices to secure undifferentiated prescription drugs at lower price levels, fueled by competitive forces. Takeda often participates in tendering in these regions, which usually results in a significant price discount.

Other

Many other countries around the world are also taking steps to control prescription drug prices. For example, China's National Health Security Administration (NHSA) conducts annual price negotiations and assessments to determine which new drugs can be added to the national reimbursement list. This has accelerated the inclusion of innovative drugs, with significant price discounts. Additionally, Volume-based Procurement (VBP) allows off-patent drugs to compete with their generics in a tendering process, where they must compete on price to win large volume contracts. Canada has proposed amendments to its Patented Medicines Regulations that could reduce prices for specialty medicines, such as biologics and medicines for rare diseases.

C. Organizational Structure

We are a holding company and administer our business through a number of subsidiaries worldwide. Information about Takeda's organizational structure, including a list of our subsidiaries, their country of incorporation and residence and our proportion of ownership interest, is included in Note 29 to our audited consolidated financial statements included in this annual report.

D. Property, Plant and Equipment

Our registered head office is located in Osaka, Japan and our global head office is located in Tokyo, Japan. We generally own our facilities or have entered into long-term lease arrangements for them.

As of March 31, 2025, the net book values of the buildings and structures, machinery and vehicles, tools, furniture and fixtures and land we owned were JPY 1,117.7 billion, JPY 385.2 billion, JPY 51.6 billion and JPY 104.1 billion, respectively. We own the majority of our facilities, none of which are subject to any material encumbrances. We believe our facilities are generally suitable for future needs. Please refer to Item 3.D Risk Factors for more information about risks related to our manufacturing.

The following table describes our major facilities, including production facilities for biopharmaceutical products, plasma-derived therapies and vaccines, as of March 31, 2025:

<u>Group company</u>	<u>Location⁽¹⁾</u>	<u>Use of facility</u>	<u>Land Area (in square meter)</u>
Takeda Pharmaceutical Company Limited	Chuo-ku, Tokyo, Japan and others	Global Headquarters ⁽²⁾ (Administrative and sales)	16,052
Takeda Pharmaceutical Company Limited	Chuo-ku, Osaka, Japan and others	Head Office ⁽²⁾ (Administrative and sales)	362,305
Takeda Pharmaceutical Company Limited	Yodogawa-ku, Osaka, Japan	Production, research and development	163,694
Takeda Pharmaceutical Company Limited	Hikari-shi, Yamaguchi, Japan	Production, research and development	1,011,061
Takeda Pharmaceutical Company Limited	Narita-shi, Chiba, Japan	Production, research and development	27,644
Takeda Pharmaceutical Company Limited	Fujisawa-shi, Kanagawa, Japan	Research and development	21,009
Baxalta US Inc.	Covington, GA, U.S.	Production and others	823,227
BioLife Plasma Services LP	Bannockburn, IL, U.S.	Production and others	453,691
Shire Human Genetic Therapies, Inc	Lexington, MA, U.S.	Production and others	393,799
Takeda Ireland Limited	Kilruddery, Ireland	Production and others	202,679
Baxalta Belgium Manufacturing S.A.	Lessines, Belgium	Production and others	150,599
Takeda Manufacturing Austria AG	Vienna, Austria	Production and others	128,801
Takeda Manufacturing Italia S.p.A.	Rome, Italy	Production and others	111,150
Baxalta Manufacturing S.à r.l.	Neuchatel, Switzerland	Production and others	87,040
Takeda Development Center Americas, Inc.	Cambridge, MA, U.S.	Research, development and others	73,382
Takeda Singen Real Estate GmbH & Co. KG	Singen, Germany	Production and others	141
Takeda Pharmaceuticals U.S.A., Inc.	Cambridge, MA, U.S.	Administrative, sales and others	—
Takeda GmbH	Konstanz, Germany	Production and others	—
Takeda Manufacturing Singapore Pte. Ltd.	Singapore	Production and others	—

Notes:

- (1) For subsidiaries, location specified is the main location of the subsidiary. Certain production facilities may be in other locations in the country specified.
- (2) Global Headquarters and Head Office consist of buildings, accompanying facilities and lands, including dormitories, company housing and other lands and facilities managed by Global Headquarters and Head Office.

The following table sets forth our material 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 ⁽¹⁾	153,000 ⁽²⁾	5,582	Funds on hand	Fiscal year 2025 ⁽²⁾	Fiscal year 2029 ⁽²⁾
Construction	Baxalta US Inc. [Los Angeles, CA, U.S.A.]	Pharmaceuticals	Manufacturing ⁽³⁾	34,009	14,987	Funds on hand	January 2024	June 2027
Construction	Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and office	284,322 ⁽⁴⁾	2,557	Funds on hand/Lease	January 2023	December 2028
Construction	Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Manufacturing and warehouse ⁽⁵⁾	41,262	34,125	Funds on hand	February 2022	June 2027

Notes:

- (1) The facility is for the manufacturing of plasma-derived therapies.
- (2) Takeda had planned a long-term investment to construct a new manufacturing facility for plasma-derived therapies at the Osaka plant with the total budget of JPY 95 billion. Considering the current circumstances, including a price surge in construction materials partly due to the depreciation of the Japanese yen and the labor shortage among construction companies, during the current fiscal year, Takeda has decided to increase the total planned investment amount and revised the expected commencement and completion schedule.
- (3) The facility is for a plasma fractionation capacity expansion.
- (4) The budget includes a lease term payment obligation expected to start in 2026 based on a lease agreement we entered into.
- (5) The facility is for the manufacturing of plasma-derived therapies.

Environmental Matters

We are subject to laws and regulations concerning the environment, safety matters, regulation of chemicals and product safety in the countries where we manufacture and sell our products or otherwise operate our business. These requirements include regulation of the handling, manufacture, transportation, use and disposal of materials, including the discharge of pollutants into the environment. In the normal course of our business, we are exposed to risks relating to possible releases of hazardous substances into the environment, which could cause environmental or property damage or personal injuries, and which could require remediation of contaminated soil and groundwater, in some cases over many years, regardless of whether the contamination was caused by us, or by previous occupants of the property. See “Item 3. Key Information—D. Risk Factors—*We may incur claims relating to our use, manufacture, handling, storage or disposal of hazardous materials.*”

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion of our operating and financial review and prospects together with our consolidated financial statements included in Item 18 in this annual report. Our consolidated financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”). IFRS includes IAS and related interpretations of the committees (SIC and IFRIC).

The following discussion and analysis contain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors, including, but not limited to, those under Item 3. D “Risk Factors” and elsewhere in this annual report.

A. Operating Results

Overview

Takeda is a patient-focused, values-based, research and development (“R&D”) driven global biopharmaceutical company, headquartered in Japan. We have grown both organically and through acquisitions, completing a series of major transactions that have resulted in growth in our areas of therapeutic, geographic and pipeline focus. For more information on the history and development of our company, please refer to “Item 4.A. History and Development of the Company”.

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, 2025, our revenue and operating profit were JPY 4,581.6 billion and JPY 342.6 billion, respectively.

Operating Environment

Over the past several years, we have extended our global reach, strengthened our presence in Oncology, GI and Neuroscience, and established a leading position in Rare Diseases and PDT, while adding significant assets to our growing 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, leading to greater innovation and better serving our stakeholders.

Factors Affecting Our Results of Operations

Our results are affected by global industry trends and our operating environment as described in “Item 3.D. Risk Factors” and “Item 4. Information on the Company” of this annual report and other factors described below.

Tariffs and Other Trade Restrictions

As with other goods, pharmaceutical products are potentially subject to the effect of tariffs or other restrictions on trade. Since taking office in January 2025, the new U.S. administration has announced new tariffs, including measures on China, Mexico and Canada and global tariffs for many goods (but excluding pharmaceuticals), which has resulted in or may result in retaliatory measures by affected countries, including China. The U.S. administration has also announced an investigation under Section 232 of the Trade Expansion Act of 1962 to determine the effects of imports of pharmaceuticals and pharmaceutical ingredients on national security and certain administration officials have indicated that they expect to impose tariffs on pharmaceutical products as a result of this investigation. The duration and scope of tariffs that are or may be implemented whether by the United States or other countries, is unknown and it is unclear whether or to what extent our business will ultimately be affected thereby. Nevertheless, based on our current assumptions, we believe the effects of tariffs imposed by the U.S. and Chinese governments will be limited. Based on our financial results for the fiscal year ended March 31, 2025, we estimate that approximately 8-10% of our U.S. revenue (or approximately 4-5% of our consolidated revenue) was attributable to the customs value of products from a non-U.S. country of origin and therefore subject to U.S. tariffs, while the U.S.-country of origin value of our products sold in China was approximately 12-15% of our revenue in China (or approximately 0.5-0.6% of our consolidated revenue). We are also implementing mitigation measures, primarily in our inventory and supply chain management, to manage potential tariff impacts through our global network, which included 22 global manufacturing sites as of May 8, 2025, of which a total of 20 served the United States and seven were located in the United States.

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 three years (CER, or constant exchange rate, % change is a non-IFRS measure. For additional information on CER % change, see “Annex to Item 5. Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda”).

Billion JPY or percentage					
For the fiscal year ended March 31,					
Revenue:	2024	2025	Amount of Change		CER % change
VELCADE	¥ 5.5	¥ 5.2	¥ (0.4)		(12.0)%
VYVANSE	423.2	350.6	(72.6)		(21.6)%
AZILVA	33.6	11.8	(21.8)		(64.9)%

Billion JPY or percentage					
For the fiscal year ended March 31,					
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, to JPY 5.5 billion in the fiscal year ended March 31, 2024, and declining even further to JPY 5.2 billion in the fiscal year ended March 31, 2025. 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 423.2 billion in the fiscal year ended March 31, 2024 to JPY 350.6 billion in the fiscal year ended March 31, 2025; sales of *AZILVA* decreased from JPY 33.6 billion to JPY 11.8 billion during the same period. We expect these decreasing trends for both of these products to continue in the fiscal year ending March 31, 2026.

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. See “Item 4. Information on the Company—B. Business Overview—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, 2025, Takeda classified the following as Growth & Launch Products: *ENTYVIO*, *EOHILIA*, *TAKHZYRO*, *LIVTENCITY*, *ADZYNMA*, Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*), Albumin products (including *HUMAN ALBUMIN/FLEXBUMIN*), *FRUZAQLA*, *ALUNBRIG* and *QDENG*.

In the fiscal year ended March 31, 2025, these Growth & Launch Products accounted for JPY 2,201.9 billion, or 48%, of our consolidated revenue. In particular, in the fiscal year ended March 31, 2025, *ENTYVIO* accounted for JPY 914.1 billion or 20% of our consolidated revenue, our three global immunoglobulin brands (*GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*) accounted for JPY 757.8 billion or 17% of our consolidated revenue, *ALBUMIN* accounted for JPY 141.4 billion or 3% of our consolidated revenue, and *TAKHZYRO* accounted for JPY 223.2 billion or 5% of our consolidated revenue. In addition, *ALOFISEL* and *EXKIVITY* experienced clinical trial failures during the fiscal year ended March 31, 2024, and, accordingly, Takeda removed them from the Growth and Launch Product category for the fiscal year ended March 31, 2025¹ in light of changed commercial expectations. On the other hand, recently launched products *FRUZAQLA* and *QDENG*A 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, 2025 was JPY 2,201.9 billion, or 48% of total consolidated revenue.

In the fiscal year ending March 31, 2026, we anticipate filing for FDA approval of rusfertide as well as Phase 3 clinical trial read outs for opeporexton and zasocitinib, which, if successful, could result in the commercial launch of each of those products as Growth & Launch Products in 2026 or 2027.

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.

We account for 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.

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 transaction², 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.

As a result of the acquisition and the impacts described above, our year-over-year results 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. The following is a major divestiture completed or announced in the fiscal years ended March 31, 2023, 2024, 2025 and through the issuance of this annual report.

- During the fiscal year ended March 31, 2025, Takeda decided to enter into discussions with Teva Pharmaceutical Industries Ltd. to dissolve a joint venture business in Japan primarily focused on generic medicines and long-listed products. Following the decision, Takeda reclassified all of its outstanding shares in its associate, Teva Takeda Pharma Ltd., to assets held for sale and recorded an impairment loss of JPY 18.9 billion. Upon the completion of the transfer in March 2025, Takeda received the proceeds from the sale of shares in the associate of JPY 56.5 billion, including JPY 50.8 billion of dividends received, and this amount comprised the majority of Takeda's proceeds from sales of shares in associates in the consolidated statement of cash flows of JPY 57.7 billion for the fiscal year ended March 31, 2025. Takeda also recognized JPY 1.7 billion in revenue and JPY 3.8 billion in other operating income due to the realization of the unrealized profit from past transactions.

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 facilities.

¹ As of the date of this annual report, Growth and Launch products for the fiscal year ending March 31, 2026 consist of: *ENTYVIO*, *EOHILIA*, *TAKHZYRO*, *LIVTENCITY*, *ADZYNMA*, Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*), Albumin products (including *HUMAN ALBUMIN/FLEXBUMIN*), *FRUZAQLA*, *ALUNBRIG* and *QDENG*A.

² 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.

Foreign Exchange Fluctuations

In the fiscal year ended March 31, 2023, 2024 and 2025, 87.3%, 89.4% and 90.9% 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, 2024 and 2025. 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 year-over-year exchange rate fluctuations 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 “Item 5. Operating and Financial Review and Prospects —A. Operating Results” 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 “Annex to Item 5. 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, 2024, and 2025 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.

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, 2025, we have JPY 5,324.4 billion of goodwill and JPY 3,631.6 billion of intangible assets which in aggregate represent 62.9% 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 in the U.S. 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.

If there are changes in these assumptions in subsequent periods, we recognize impairment losses and, excluding goodwill, reversal of impairment losses 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, 2025, we had a provision of JPY 12.5 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 forecasts 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, 2025, we had unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of JPY 1,183.7 billion, JPY 427.4 billion, and JPY 27.0 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.

On May 9, 2024, we announced a multi-year, enterprise-wide efficiency program aimed at promoting business growth and improving our profitability. This program includes increasing the agility and simplicity of our business organization, investing in digital, data and technology to enhance productivity and efficiency across the organization and implementing cost reductions and process improvements in supply chain and vendor management. Primarily as a result of the initiatives announced in May 2024, we recorded JPY 128.1 billion of restructuring expenses in the fiscal year ended March 31, 2025 and currently expect to incur JPY 48.0 billion of restructuring expenses in the fiscal year ending March 31, 2026, with lower expenses in the fiscal years to follow.

As of March 31, 2025, we had a provision of JPY 14.0 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.

Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2023, 2024 and 2025.

	For the fiscal year ended March 31,					
	2023		2024		2025	
	(billions of yen)					
Revenue	¥	4,027.5	¥	4,263.8	¥	4,581.6
Cost of sales		(1,244.1)		(1,426.7)		(1,580.2)
Selling, general and administrative expenses		(997.3)		(1,053.8)		(1,104.8)
Research and development expenses		(633.3)		(729.9)		(730.2)
Amortization and impairment losses on intangible assets associated with products		(542.4)		(652.1)		(643.2)
Other operating income		25.4		19.4		26.2
Other operating expenses		(145.2)		(206.5)		(206.7)
Operating profit		490.5		214.1		342.6
Finance income		62.9		52.1		46.5
Finance expenses		(169.7)		(219.8)		(210.1)
Share of profit (loss) of investments accounted for using the equity method		(8.6)		6.5		(4.0)
Profit before tax		375.1		52.8		175.1
Income tax (expenses) benefit		(58.1)		91.4		(66.9)
Net profit for the year		317.0		144.2		108.1
Net profit for the year attributable to owners of the Company	¥	317.0	¥	144.1	¥	107.9

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 “Annex to Item 5. Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda”.

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

Revenue

Revenue for the fiscal year ended March 31, 2025 was JPY 4,581.6 billion (JPY +317.8 billion and +7.5% AER, +2.9% CER). The increase was attributable to favorable foreign exchange rates and growth from business momentum of Gastroenterology (“GI”), Rare Diseases, Plasma-Derived Therapies (“PDT”), Oncology and Vaccines. Among our six key business areas, the increase of these business areas was offset in part by a decrease in Neuroscience. The decrease in Neuroscience, which was partially mitigated by favorable foreign exchange rates, was largely attributable to continued generic erosion of sales of VYVANSE (for attention deficit hyperactivity disorder (“ADHD”)) in the U.S., which began following loss of exclusivity in August 2023. In addition, revenue outside of our six key business areas decreased mainly due to the decline in sales of AZILVA (for hypertension), which were JPY 11.8 billion (JPY -21.8 billion and -64.9% AER, -64.9% CER) following the entry of generic competitors in Japan beginning in June 2023.

Revenue by Geographic Region

The following shows revenue by geographic region:

Revenue:	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER		CER	
	2024	2025	Amount of Change	% Change	% Change	
Japan	¥ 451.4	¥ 418.5	¥ (32.9)	(7.3)%	(7.4)%	
United States	2,195.7	2,379.7	183.9	8.4 %	2.5 %	
Europe and Canada	966.8	1,055.3	88.4	9.1 %	4.1 %	
Latin America	198.1	235.8	37.7	19.1 %	19.7 %	
China	174.8	191.7	16.9	9.7 %	4.8 %	
Asia (excluding Japan & China)	86.4	99.4	13.0	15.1 %	11.6 %	
Russia/CIS	72.6	72.4	(0.2)	(0.3)%	(1.0)%	
Other ⁽¹⁾	117.9	128.8	10.9	9.3 %	4.7 %	
Total	¥ 4,263.8	¥ 4,581.6	317.8	7.5 %	2.9 %	

Note:

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

Revenue by Business Area

The following shows revenue by business area:

	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER		CER	
	2024	2025	Amount of Change	% Change	% Change	
Gastroenterology:						
ENTYVIO	¥ 800.9	¥ 914.1	¥ 113.2	14.1 %	8.5 %	
GATTEX/REVESTIVE	119.3	146.3	27.0	22.7	17.2	
TAKECAB/VOCINTI ⁽¹⁾	118.5	130.8	12.2	10.3	9.7	
PANTOLOC/CONTROLOC ⁽²⁾	46.5	44.6	(1.9)	(4.1)	(8.2)	
DEXILANT	45.3	38.5	(6.7)	(14.9)	(16.5)	
EOHILIA	0.2	5.5	5.3	2,627.1	2,500.6	
Others	85.5	77.3	(8.3)	(9.7)	(13.8)	
Total Gastroenterology	1,216.2	1,357.0	140.8	11.6	6.8	
Rare Diseases:						
TAKHZYRO	178.7	223.2	44.5	24.9	18.9	
ADVATE	122.9	111.8	(11.2)	(9.1)	(13.4)	
ELAPRASE	91.6	97.2	5.7	6.2	2.1	
REPLAGAL	73.6	77.9	4.3	5.8	2.1	
ADYNOVATE/ADYNOVI	66.3	64.6	(1.7)	(2.6)	(6.0)	
VPRIV	51.3	53.5	2.2	4.2	(0.5)	
LIVTENCITY	19.1	33.0	13.9	72.9	64.5	
ADZYNMA	0.4	7.1	6.7	1,566.2	1,515.8	
Others	84.6	84.7	0.0	0.1	(4.4)	
Total Rare Diseases	688.4	752.8	64.4	9.4	4.6	

PDT:					
Immunoglobulin	644.6	757.8	113.2	17.6	11.5
Albumin	134.0	141.4	7.4	5.5	1.1
Others	125.1	133.5	8.4	6.7	1.5
Total PDT	903.7	1,032.7	129.0	14.3	8.6
Oncology:					
ADCETRIS	109.4	129.0	19.6	17.9	14.8
LEUPLIN/ENANTONE	107.4	119.3	11.9	11.1	8.2
NINLARO	87.4	91.2	3.9	4.4	(0.2)
ICLUSIG	54.7	70.7	16.0	29.3	23.0
FRUZAQLA	10.1	48.0	37.9	375.7	351.3
ALUNBRIG	28.5	36.4	7.9	27.7	22.7
Others	64.9	65.8	0.9	1.3	0.3
Total Oncology	462.4	560.4	98.1	21.2	17.2
Vaccines:					
QDENG A	9.6	35.6	26.0	272.3	259.0
Others	40.8	19.8	(21.0)	(51.4)	(51.4)
Total Vaccines	50.4	55.4	5.1	10.0	7.5
Neuroscience:					
VYVANSE/ELVANSE	423.2	350.6	(72.6)	(17.2)	(21.6)
TRINTELLIX	104.8	125.7	20.9	20.0	14.2
ADDERALL XR	41.8	28.4	(13.3)	(31.9)	(35.3)
Others	57.2	61.0	3.8	6.6	4.5
Total Neuroscience	627.0	565.8	(61.2)	(9.8)	(14.1)
Other:					
AZILVA ⁽¹⁾	33.6	11.8	(21.8)	(64.9)	(64.9)
FOSRENOL	13.5	7.9	(5.6)	(41.5)	(44.1)
Others	268.5	237.7	(30.9)	(11.5)	(13.2)
Total Other	315.7	257.4	(58.3)	(18.5)	(20.0)
Total	¥ 4,263.8	¥ 4,581.6	¥ 317.8	7.5 %	2.9 %

Notes:

(1) The figures include the amounts of fixed dose combinations and blister packs.

(2) Generic name: pantoprazole.

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

- *GI.* In GI, revenue was JPY 1,357.0 billion (JPY +140.8 billion and +11.6% AER, +6.8% CER).

Sales of ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)) were JPY 914.1 billion (JPY +113.2 billion and +14.1% AER, +8.5% CER). Sales in the U.S. were JPY 619.2 billion (JPY +73.1 billion and +13.4% AER). The increase was due to maintaining strong demand in the first line biologic inflammatory bowel disease (“IBD”) population and continued patient gains after the launch of the subcutaneous formulation, as well as favorable foreign exchange rates. Sales in Europe and Canada were JPY 227.4 billion (JPY +31.6 billion and +16.1% AER). The increase was primarily due to continued patient gains by an increased use of the subcutaneous formulation and favorable foreign exchange rates.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 146.3 billion (JPY +27.0 billion and +22.7% AER, +17.2% CER). The increase was primarily due to increased demand in the U.S., expansion activities (pediatric indication label expansion), and favorable exchange rates.

- *Rare Diseases.* In Rare Diseases, revenue was JPY 752.8 billion (JPY +64.4 billion and +9.4% AER, +4.6% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 223.2 billion (JPY +44.5 billion and +24.9% AER, +18.9% CER). The increase was primarily due to higher demand in the U.S., Europe and Canada supported by strong patient persistency and prophylactic market growth, as well as favorable foreign exchange rates.

Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease) were JPY 33.0 billion (JPY+13.9 billion and +72.9% AER, +64.5% CER). The increase was primarily attributable to continued performance in the U.S. market reflecting strong market penetration, complemented by continued geographical expansion in Europe and the Growth and Emerging Markets.

Sales of enzyme replacement therapy ELAPRASE (for Hunter syndrome) were JPY 97.2 billion (JPY +5.7 billion and +6.2% AER, +2.1% CER). The increase was primarily due to favorable foreign exchange rates, and strong demand in the Growth and Emerging Markets.

Sales of enzyme replacement therapy REPLAGAL (for Fabry disease) were JPY 77.9 billion (JPY +4.3 billion and +5.8% AER, +2.1% CER). The increase was due to favorable foreign exchange rates, and increased demand in the Growth and Emerging Markets.

Sales of ADVATE (for hemophilia A) were JPY 111.8 billion (JPY-11.2 billion and -9.1% AER, -13.4% CER). The decrease was primarily due to competitor pressure in the U.S., as well as lower demand in China, with the decline partially offset by favorable foreign exchange rates.

- *PDT.* In PDT, revenue was JPY 1,032.7 billion (JPY +129.0 billion and +14.3% AER, +8.6% CER).

Aggregate sales of immunoglobulin products were JPY 757.8 billion (JPY +113.2 billion and +17.6% AER, +11.5% CER). Sales of each of our three global immunoglobulin brands experienced double digit percentage sales 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), sales of which are growing at a fast pace 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 141.4 billion (JPY +7.4 billion and +5.5% AER, +1.1% CER). The increase was primarily driven by favorable foreign exchange rates.

- *Oncology.* In Oncology, revenue was JPY 560.4 billion (JPY +98.1 billion and +21.2% AER, +17.2% CER).

Sales of FRUZAQLA (for colorectal cancer) were JPY 48.0 billion (JPY +37.9 billion and +375.7% AER, +351.3% CER). The increase was due to momentum from launch in the U.S. in November 2023, followed by several other countries, as it addressed a need for new treatment options in metastatic colorectal cancer.

Sales of ADCETRIS (for malignant lymphomas) were JPY 129.0 billion (JPY +19.6 billion and +17.9% AER, +14.8% CER). The increase was led by strong demand in the Growth and Emerging Markets and Europe, primarily driven by increased use as a first line treatment for Hodgkin lymphoma, complemented by favorable foreign exchange rates.

Sales of ICLUSIG (for leukemia) were JPY 70.7 billion (JPY+16.0 billion and +29.3% AER, +23.0% CER). The increase was due to the U.S. label expansion for newly diagnosed Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) in combination with chemotherapy in March 2024, complemented by favorable foreign exchange rates.

Sales of LEUPLIN/ENANTONE (for endometriosis, uterine fibroids, premenopausal breast cancer, prostate cancer, and other certain indications) were JPY 119.3 billion (JPY +11.9 billion and +11.1% AER, +8.2% CER). The increase was primarily due to a sales increase in the U.S. and in Growth and Emerging Markets, as well as favorable foreign exchange rates.

- *Vaccines.* In Vaccines, revenue was JPY 55.4 billion (JPY +5.1 billion and +10.0% AER, +7.5% CER).

Sales of QDENG A (for prevention of dengue) were JPY 35.6 billion (JPY +26.0 billion and +272.3% AER, +259.0% CER). The increase was due to the expansion of QDENG A availability in endemic countries, with the vaccine now available in approximately 30 countries including both endemic and non-endemic countries.

Sales of other vaccine products in aggregate decreased primarily due to the termination of the distribution contract of SPIKEVAX, a COVID-19 vaccine in Japan in March 2024.

- *Neuroscience.* In Neuroscience, revenue was JPY 565.8 billion (JPY -61.2 billion and -9.8% AER, -14.1% CER).

Sales of VYVANSE/ELVANSE (for ADHD) were JPY 350.6 billion (JPY -72.6 billion and -17.2% AER, -21.6% CER). The decrease was due to the impact of multiple generic entrants in the U.S. starting from August 2023, partially offset by favorable foreign exchange rates.

Sales of ADDERALL XR (for ADHD) were JPY 28.4 billion (JPY -13.3 billion and -31.9% AER, -35.3% CER). The decrease was primarily due to an increase in the availability of generic versions of the instant release formulation in the U.S., which negatively impacted ADDERALL XR.

Sales of TRINTELLIX (for major depressive disorder (“MDD”)) were JPY 125.7 billion (JPY+20.9 billion, and +20.0% AER, +14.2% CER). The increase was primarily due to improved commercial terms related to pricing in the U.S., complemented by favorable foreign exchange rates.

Cost of Sales

Cost of Sales was JPY 1,580.2 billion (JPY +153.5 billion and +10.8% AER, +6.5% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of the Japanese yen as compared to the fiscal year ended March 31, 2024.

Selling, General and Administrative (SG&A) Expenses

SG&A Expenses were JPY 1,104.8 billion (JPY +50.9 billion and +4.8% AER, +0.6% CER). The increase was mainly due to the depreciation of the Japanese yen, with efficiency gains largely offsetting incremental investments in Data, Digital and Technology (“DD&T”) and the impact of inflation.

Research and Development (R&D) Expenses

R&D Expenses were JPY 730.2 billion (JPY +0.3 billion and +0.0% AER, -4.5% CER), essentially flat compared to the fiscal year ended March 31, 2024, reflecting the depreciation of the Japanese yen offset by lower expenses attributable to efficiency gains and termination of development programs in the fiscal year ended March 31, 2024, such as modakafusp alfa (TAK-573) and EXKIVITY (for non-small cell lung cancer).

Amortization and Impairment Losses on Intangible Assets Associated with Products

Amortization and Impairment Losses on Intangible Assets Associated with Products were JPY 643.2 billion (JPY -8.9 billion and -1.4% AER, -6.0% CER). The decrease resulted from lower impairment charges related to in-process R&D and marketed products (JPY -35.5 billion), partially offset by higher amortization expenses (JPY +26.7 billion) due to the depreciation of the Japanese yen. The decrease in impairment charges was due to the larger impairment charges recorded in the fiscal year ended March 31, 2024, compared with those recorded in the fiscal year ended March 31, 2025. The impairment charges in the fiscal year ended March 31, 2024 primarily include JPY 74.0 billion impairment charges for ALOFISEL (for complex Crohn's perianal fistulas), JPY 28.5 billion impairment charges for EXKIVITY (for non-small cell lung cancer), and impairment charges related to the decision to terminate development of certain in-progress R&D assets in Oncology, which were partially offset by a reversal of impairment loss of JPY 35.7 billion for EOHILIA (for eosinophilic esophagitis). The impairment charges in the fiscal year ended March 31, 2025 include JPY 27.8 billion resulting from the decision to terminate the development of TAK-186 and TAK-280 acquired through Maverick Therapeutics Inc. and JPY 21.5 billion as a result of the Phase 3 studies for soticlestat (TAK-935) failing to meet their primary endpoints.

Other Operating Income

Other Operating Income was JPY 26.2 billion (JPY +6.8 billion and +35.3% AER, +30.8% CER). The increase was mainly due to a JPY 6.1 billion gain recognized on completion of the sale of TACHOSIL (fibrin sealant patch), including a related manufacturing facility, during the fiscal year ended March 31, 2025.

Other Operating Expenses

Other Operating Expenses were JPY 206.7 billion (JPY +0.2 billion and +0.1% AER, -3.6% CER), essentially flat compared to the fiscal year ended March 31, 2024, reflecting an increase in restructuring expenses (JPY +46.8 billion) mainly due to the enterprise-wide efficiency program during the fiscal year ended March 31, 2025 being offset by higher provisions for legal proceedings primarily as a result of the supply agreement litigation of AbbVie, Inc. (“AbbVie”) and higher charges on the fair value of financial assets and liabilities associated with contingent consideration arrangements mainly from XIIDRA and EOHILIA recorded in the fiscal year ended March 31, 2024, as well as the effect of a reversal of valuation reserve for pre-launch inventory recorded in the fiscal year ended March 31, 2025.

Operating Profit

As a result of the above factors, Operating Profit was JPY 342.6 billion (JPY +128.5 billion and +60.0% AER, +51.2% CER).

Net Finance Expenses

Net Finance Expenses were JPY 163.5 billion (JPY -4.2 billion and -2.5% AER, -5.7% CER). The decrease in Net Finance Expenses was primarily due to a decrease of net loss from Gains and Losses on Foreign Currency Exchange and Derivative Financial Assets related to Foreign Currency Exchange, largely offset by an impairment loss of JPY 18.9 billion related to the sale of Teva Takeda Pharma Ltd. shares, which was completed in the fiscal year ended March 31, 2025.

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

For the fiscal year ended March 31, 2025, Share of Loss of Investments Accounted for Using the Equity Method was JPY 4.0 billion (JPY -10.5 billion). For the fiscal year ended March 31, 2024, Share of Profit of Investments Accounted for Using the Equity Method was JPY 6.5 billion.

Income Tax (Expenses) Benefit

Income Tax Expenses were JPY 66.9 billion (JPY +158.3 billion, compared to Income Tax Benefit of JPY 91.4 billion for the fiscal year ended March 31, 2024). The increase was primarily due to a tax expense reduction of JPY 63.5 billion recorded during the fiscal year ended March 31, 2024 resulting from the reversal of the income taxes payable in excess of the settlement with Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014 and an increase in tax expenses due to the reassessment of recoverability of deferred tax assets as well as higher pretax earnings during the fiscal year ended March 31, 2025.

Net Profit for the Year

As a result of the above factors, Net Profit for the Year was JPY 108.1 billion (JPY -36.1 billion and -25.0% AER, -33.1% CER) and Net Profit for the Year attributable to owners of the Company was JPY 107.9 billion (JPY -36.1 billion and -25.1% AER, -33.2% CER).

Fiscal Year Ended March 31, 2024 compared with the Fiscal Year Ended March 31, 2023

Revenue

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 was 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:

Revenue:	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER		CER	
	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 %	
Latin America	160.4	198.1	37.7	23.5 %	48.4 %	
China	151.0	174.8	23.9	15.8 %	12.6 %	
Asia (excluding Japan & China)	74.0	86.4	12.3	16.7 %	11.0 %	
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.

Revenue by Business Area

The following shows revenue by business area:

	Billion JPY or percentage					
	For the fiscal year ended March 31,		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)	

	Billion JPY or percentage				
	For the fiscal year ended March 31,		AER		CER
	2023	2024	Amount of Change	% Change	% Change
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
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 ⁽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 ended March 31, 2025 (FY2024), “Plasma-Derived Therapies” replaced the previous category of “PDT Immunology” and included all plasma-derived products including those previously categorized within “Rare Diseases” (e.g., *FEIBA*, *CINRYZE*). “Vaccines” was presented as a separate key business area (previously included in “Others”), reflecting the strategic focus on our dengue vaccine, *QDENG*A.

If the new categories were applied, revenue from “Rare Disease” would be 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” would be 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” would be 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” would be 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:

- *GI.* 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.
- *Rare Diseases.* 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.
- *PDT Immunology.* 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.
- *Oncology.* 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.

- *Neuroscience.* 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).

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 “Annex to Item 5. Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda” below 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 “Annex to Item 5. Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda” for more information.

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER		CER	
	2024	2025	Amount of Change	% Change	% Change	
Core revenue	¥ 4,263.8	¥ 4,579.8	¥ 316.1	7.4 %	2.8 %	
Core operating profit	1,054.9	1,162.6	107.8	10.2 %	4.9 %	
Core net profit for the year	756.9	775.8	18.9	2.5 %	(3.4)%	
Core net profit for the year attributable to owners of the Company	756.8	775.6	18.8	2.5 %	(3.4)%	
Core EPS (yen)	484	491	7	1.5 %	(4.3)%	

Core Revenue

Core Revenue for the fiscal year ended March 31, 2025 was JPY 4,579.8 billion (JPY +316.1 billion and +7.4% AER, +2.8% CER). The increase was primarily attributable to favorable foreign exchange rates and growth from business momentum primarily led by Takeda’s Growth and Launch Products* which totaled JPY 2,201.9 billion (JPY +375.9 billion and +20.6% AER, +14.7% CER), partially offset by lower sales of VYVANSE in the U.S. and AZILVA in Japan, which were impacted by generic competition following loss of exclusivities.

* Takeda’s Growth and Launch Products for the fiscal year ended March 31, 2025

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: QDENGGA

Core Operating Profit

Core Operating Profit for the fiscal year ended March 31, 2025 was JPY 1,162.6 billion (JPY +107.8 billion and +10.2% AER, +4.9% CER). The components of Core Operating Profit are as below:

	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER		CER	
	2024	2025	Amount of Change	% Change	% Change	
Core revenue	¥ 4,263.8	¥ 4,579.8	¥ 316.1	7.4 %	2.8 %	
Core cost of sales	(1,426.3)	(1,581.8)	(155.5)	10.9 %	6.6 %	
Core selling, general and administrative (SG&A) expenses	(1,053.0)	(1,105.0)	(52.1)	4.9 %	0.7 %	
Core research and development (R&D) expenses	(729.6)	(730.4)	(0.7)	0.1 %	(4.4)%	
Core operating profit	¥ 1,054.9	¥ 1,162.6	¥ 107.8	10.2 %	4.9 %	

During the periods presented, these items fluctuated as follows:

Core Cost of Sales

Core Cost of Sales was JPY 1,581.8 billion (JPY +155.5 billion and +10.9% AER, +6.6% CER). The increase was primarily due to revenue growth in our key business areas with a change in product mix and the depreciation of the Japanese yen as compared to the fiscal year ended March 31, 2024.

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

Core SG&A Expenses were JPY 1,105.0 billion (JPY +52.1 billion and +4.9% AER, +0.7% CER). The increase was mainly due to the depreciation of the Japanese yen, with efficiency gains largely offsetting incremental investments in Data, Digital and Technology (“DD&T”) and the impact of inflation.

Core Research and Development (R&D) Expenses

Core R&D Expenses were JPY 730.4 billion (JPY +0.7 billion and +0.1% AER, -4.4% CER), essentially flat compared to the fiscal year ended March 31, 2024, reflecting the depreciation of the Japanese yen offset by lower expenses attributable to efficiency gains and termination of development programs in the fiscal year ended March 31, 2024, such as modakafusp alfa (TAK-573) and EXKIVITY (for non-small cell lung cancer).

Core Net Profit for the Year

Core Net Profit for the Year was JPY 775.8 billion (JPY +18.9 billion and +2.5% AER, -3.4% CER) and Core Net Profit attributable to owners of the Company was JPY 775.6 billion (JPY +18.8 billion and +2.5% AER, -3.4% CER) and are calculated from Core Operating Profit as below:

	For the fiscal year ended March 31,		Billion JPY or percentage		
			AER		CER
	2024	2025	Amount of Change	% Change	% Change
Core operating profit	¥ 1,054.9	¥ 1,162.6	¥ 107.8	10.2 %	4.9 %
Core finance income and (expenses), net	(142.0)	(140.7)	1.3	(0.9)%	(4.5)%
Core share of profit of investments accounted for using the equity method	5.9	1.1	(4.8)	(81.2)%	(82.2)%
Core profit before tax	918.8	1,023.1	104.3	11.3 %	5.8 %
Core income tax expenses	(161.9)	(247.3)	(85.4)	52.7 %	48.7 %
Core net profit for the year	756.9	775.8	18.9	2.5 %	(3.4)%
Core net profit for the year attributable to owners of the Company	¥ 756.8	¥ 775.6	¥ 18.8	2.5 %	(3.4)%

During the periods presented, these items fluctuated as follows:

Core Net Finance Expenses

Core Net Finance Expenses were JPY 140.7 billion (JPY -1.3 billion and -0.9% AER, -4.5% 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 1.1 billion (JPY -4.8 billion and -81.2% AER, -82.2% CER).

Core Profit Before Tax

Core Profit Before Tax was JPY 1,023.1 billion (JPY +104.3 billion and +11.3% AER, +5.8% CER).

Core Income Tax Expenses

Core Income Tax Expenses were JPY 247.3 billion (JPY +85.4 billion and +52.7% AER, +48.7% CER). The increase was primarily due to higher core pretax earnings and the reassessment of recoverability of deferred tax assets leading to higher core tax expenses during the fiscal year ended March 31, 2025 as well as a reduction of tax expense during the fiscal year ended March 31, 2024 due to a favorable resolution of tax contingencies.

Core EPS

Core EPS was JPY 491 (JPY +7 and +1.5% AER, -4.3% CER).

Fiscal Year Ended March 31, 2024 compared with the Fiscal Year Ended March 31, 2023

	Billion JPY or percentage					
	For the fiscal year ended March 31,		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 net profit for the year attributable to owners of the Company	866.4	756.8	(109.6)	(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 was 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 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: QDENG A

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,		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,		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)%	
Core net profit for the year attributable to owners of the Company	¥ 866.4	¥ 756.8	¥ (109.6)	(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

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. Liquidity and Capital Resources

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, JPY 496.7 billion and JPY 319.4 billion for the fiscal years ended March 31, 2023, 2024 and 2025, respectively. As of March 31, 2025, we had contractual commitments for the acquisition of property, plant and equipment of JPY 20.1 billion. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2025. 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, 2024 and 2025 were JPY 280.8 billion, JPY 288.5 billion and JPY 303.9 billion, respectively. Takeda returned capital to shareholders using dividends at an annual level of JPY 196 per share, consisting of interim and fiscal year-end dividends of JPY 98 per share for the fiscal year ended March 31, 2025. It is our intention to return capital to shareholders using dividends at an annual level of JPY 200 per share in the fiscal year ending March 31, 2026, consisting of interim and fiscal year-end dividends of JPY 100 per share. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information-Dividends” for a description of our dividend policy.

We are required to make interest and principal payments on our outstanding borrowings. As of March 31, 2025, we had JPY 112.8 billion of interest due within one year and JPY 548.9 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, 2024 and 2025, 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, 2025, we held JPY 385.1 billion in cash and cash equivalents on hand, of which JPY 105.8 billion was cash temporarily held on behalf of third parties related to vaccine operations and a trade receivables sales program. Takeda had access to JPY 700.0 billion in an undrawn bank commitment line. In addition, we held JPY 79.3 billion of U.S. Treasury Marketable Securities (U.S. Treasuries) classified as Level 1 in the fair value hierarchy. Total liquidity available therefore was JPY 1,058.7 billion. 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, 2024 and 2025:

	For the fiscal year ended March 31,					
	2023		2024		2025	
	(billions of yen)					
Net cash from operating activities	¥	977.2	¥	716.3	¥	1,057.2
Net cash used in investing activities		(607.1)		(463.9)		(367.1)
Net cash used in financing activities		(709.1)		(354.4)		(751.4)
Net decrease in cash and cash equivalents	¥	(339.1)	¥	(101.9)	¥	(61.3)
Cash and cash equivalents at the beginning of the year		849.7		533.5		457.8
Effects of exchange rate changes on cash and cash equivalents		22.9		26.2		(11.4)
Cash and cash equivalents at the end of the year	¥	533.5	¥	457.8	¥	385.1

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

Net cash from operating activities. Net Cash from Operating Activities was JPY 1,057.2 billion (JPY +340.8 billion). The increase was mainly due to favorable impacts from Changes in Assets and Liabilities driven by changes in Provisions and Inventories, partially offset by a lower net profit for the year adjusted for non-cash items and other adjustments.

Net cash used in investing activities. Net Cash used in Investing Activities was JPY 367.1 billion (JPY -96.8 billion). The decrease was mainly due to a decrease in Acquisition of Intangible Assets, as well as Proceeds from Sales of Shares in Associates primarily attributable to the sale of Teva Takeda Pharma Ltd. This was partially offset by other investing activities, including the investment in U.S. Treasury Marketable Securities (U.S. Treasuries), as well as the upfront payment to AC Immune SA and a minority equity investment in and acquisition of licensing options from Ascentage Pharma Group International.

Net cash used in financing activities. Net Cash used in Financing Activities was JPY 751.4 billion (JPY +397.0 billion). The increase was mainly due to a decrease in net cash inflow from short-term loans and commercial papers, repayments of Syndicated Loans and Hybrid Bonds, and an acquisition of treasury shares. This was partially offset by proceeds from issuance of bonds primarily driven by Hybrid Bonds and Unsecured U.S. Dollar-Denominated Senior Notes.

Fiscal Year Ended March 31, 2024 compared with the Fiscal Year Ended March 31, 2023

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)*¹.

*¹ 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 “Annex to Item 5. 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	2025
	(billions of yen)		
Net cash from operating activities (IFRS)	¥ 977.2	¥ 716.3	¥ 1,057.2
Free cash flow (non-IFRS)	836.5	540.9	856.4
Adjusted free cash flow (non-IFRS)	446.2	283.4	769.0

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

Free Cash Flow for the fiscal year ended March 31, 2025 was JPY 856.4 billion (JPY +315.5 billion). The increase was mainly driven by higher Net Cash from Operating Activities.

Adjusted Free Cash Flow for the fiscal year ended March 31, 2025 was JPY 769.0 billion (JPY +485.5 billion). The increase was primarily due to higher Free Cash Flow, further driven by a decrease in Acquisition of Intangible Assets.

Fiscal Year Ended March 31, 2024 compared with the Fiscal Year Ended March 31, 2023

Free Cash Flow for the fiscal year ended March 31, 2024 was JPY 540.9 billion (JPY -295.6 billion). The decrease was mainly driven by lower Net Cash from Operating Activities.

Adjusted Free Cash Flow for the fiscal year ended March 31, 2024 was JPY 283.4 billion (JPY -162.8 billion). The decrease was primarily due to lower Free Cash Flow, which was partially offset by a decrease in Acquisition of Intangible Assets.

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.

Borrowings and Financial Obligations

Our total bonds and loans were JPY 4,843.8 billion and JPY 4,515.3 billion as of March 31, 2024 and 2025, 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 25, 2024, Takeda repaid JPY 50.0 billion in Bilateral Loans falling due and on the same day entered into new Bilateral Loans of JPY 50.0 billion maturing on April 25, 2031. Following this, on June 25, 2024, Takeda issued 60-year Unsecured Hybrid Bonds with an aggregate principal amount of JPY 460.0 billion and a maturity date of June 25, 2084. On July 5, 2024, Takeda issued USD 3,000 million in Unsecured U.S. Dollar-Denominated Senior Notes with maturity dates ranging from July 5, 2034 to July 5, 2064. The proceeds of the USD bond issuance were efficiently deployed to fund a tender offer to redeem USD 1,500 million in Unsecured Senior Notes on July 12, 2024 in advance of their original maturity in September 2026, with the balance of proceeds deployed towards the reduction of Commercial Paper drawings in July 2024. On October 3, 2024, Takeda drew down a Syndicated Hybrid Loan with an aggregate principal amount of JPY 40.0 billion and a maturity date of October 3, 2084. The proceeds of the Syndicated Hybrid Loan, together with the proceeds of the Hybrid Bonds issued on June 25, 2024 were deployed towards the redemption of JPY 500.0 billion in Hybrid Bonds issued in June 2019 on October 6, 2024, in advance of their original maturity of June 6, 2079. On March 31, 2025, Takeda prepaid JPY 313.5 billion and USD 1,500 million in Syndicated Loans in advance of their original maturity dates ranging from April 27, 2026 to April 26, 2030. To repay the Syndicated Loans, Takeda used cash on hand, Short Term Loan with an aggregated principal amount of USD 500 million, which was drawn down on March 31, 2025, as well as Short Term Commercial Paper drawings. The principal amount of Commercial Paper drawings outstanding was JPY 270.0 billion as at March 31, 2025.

As of March 31, 2025, we had commitment facility that contained certain financial covenants. One of financial covenants requires Takeda's ratio of consolidated Adjusted Net Debt to Adjusted EBITDA, as defined in the facility 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, 2025 in a similar manner to the prior year ended March 31, 2024. 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 317.0 billion as of March 31, 2024 and JPY 270.0 billion as of March 31, 2025. 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, 2024 and 2025, respectively.

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

Material Cash Requirements from Contractual and Other Obligations

Material Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2025:

	Total contractual amount ⁽¹⁾	Within one year	Between one and three years (billions of yen)	Between three and five years	More than five years
Bonds and loans: ⁽²⁾					
Bonds ⁽³⁾	¥ 5,635.9	¥ 499.8	¥ 786.6	¥ 1,402.2	¥ 2,947.3
Loans ⁽³⁾	334.9	162.0	3.7	118.4	50.8
Purchase obligations for property, plant and equipment	20.1	20.1	—	—	—
Repayment of lease liabilities	825.8	64.4	111.5	100.1	549.7
Leases not yet commenced	221.2	—	19.5	25.8	175.9
Contributions to defined benefit plans ⁽⁴⁾	10.2	10.2	—	—	—
Total ⁽⁵⁾⁽⁶⁾	¥ 7,048.1	¥ 756.5	¥ 921.3	¥ 1,646.5	¥ 3,723.7

Notes:

- (1) Obligations denominated in currencies other than Japanese yen have been translated into Japanese yen using the exchange rates as of March 31, 2025 and may fluctuate due to changes in exchange rates.
- (2) Includes interest payment obligations.
- (3) The contractual amount in “Between three and five years” includes a JPY 460.0 billion of 2024 hybrid subordinated bonds (“2024 Hybrid Bonds”) and a JPY 40.0 billion of 2024 syndicated hybrid subordinated loan (“2024 Syndicated Hybrid Loan”) as Takeda expects to make early repayments of all of the principal of the 2024 Hybrid Bonds on the first call date of June 25, 2029 and the 2024 Syndicated Hybrid Loan on the first prepayment date of October 3, 2029. For details of the principal and interest rate associated with the 2024 Hybrid Bonds and the 2024 Syndicated Hybrid Loan, see Note 20 to our audited consolidated financial statements.
- (4) Pension and post-retirement contributions cannot be determined beyond the fiscal year ending March 31, 2026 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.
- (5) 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, 2025 were JPY 16.5 billion and JPY 4.4 billion, respectively. Milestone payments that are dependent on the occurrence of certain future events are not included.
- (6) 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, 2025, the contractual amount of potential milestone payments totaled JPY 1,074.3 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 "Annex to Item 5. 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,	
	2024	2025
	(billions of yen, except for ratios)	
IFRS:		
Bonds and loans	¥ (4,843.8)	¥ (4,515.3)
Net profit for the year	144.2	108.1
Ratio of bonds and loans to net profit for the year	33.6x	41.8x
Non-IFRS:		
Adjusted net debt	¥ (4,091.3)	¥ (3,975.5)
Adjusted EBITDA	1,319.9	1,441.0
Adjusted net debt to adjusted EBITDA ratio	3.1x	2.8x

C. Research and Development, Patents and Licenses, etc.

The information required by this item is set forth in "Item 4. Information on the Company—B. Business Overview—Research and Development" of this annual report.

D. Trend Information

The information required by this item is set forth in "Item 5.A. Operating Results—Factors Affecting Our Results of Operations—Periodic Trends" of this annual report.

E. Critical Accounting Estimates

The requirements of this item are not applicable to Takeda, as it prepares its financial statements in accordance with IFRS. Takeda presents information about its critical accounting policies under "Item 5.A. Operating Results—Critical Accounting Policies" of this annual report.

Annex to Item 5. 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 attributable to owners of the Company* and *Core EPS*, exclude revenue from divestments, amortization and impairment losses on intangible assets associated with products (including in-process R&D) 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 revenue items unrelated to the underlying trends and business performance of Takeda's core operations (primarily revenue or related adjustments associated with divestments and liquidations). *Core Operating Profit* represents operating profit adjusted to exclude other operating expenses and income, amortization and impairment losses on intangible assets associated with products (including in-process R&D) and non-cash items or items unrelated to the underlying trends and business performance of Takeda's core operations. *Core EPS* represents net profit for the year attributable to owners of the Company, 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 "Item 6. Directors, Senior Management and Employees—B. Compensation".

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 attributable to owners of the Company to Net Profit for the Year attributable to owners of the Company as presented under IFRS.

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

	For the Year Ended March 31, 2025					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses ⁽²⁾	Others ⁽³⁾	Core Financial Measures (non-IFRS)
	(billions of yen)					
Revenue	¥ 4,581.6	¥ —	¥ —	¥ —	¥ (1.7)	¥ 4,579.8
Cost of sales	(1,580.2)	—	—	—	(1.6)	(1,581.8)
Selling, general and administrative expenses	(1,104.8)	—	—	—	(0.3)	(1,105.0)
Research and development expenses	(730.2)	—	—	—	(0.1)	(730.4)
Amortization of intangible assets associated with products	(548.2)	548.2	—	—	—	—
Impairment losses on intangible assets associated with products ⁽¹⁾	(95.0)	—	95.0	—	—	—
Other operating income (expenses)	(180.5)	—	—	184.3	(3.8)	—
Operating profit	¥ 342.6	¥ 548.2	¥ 95.0	¥ 184.3	¥ (7.5)	¥ 1,162.6

Notes:

- (1) Intangible assets associated with products include in-process R&D (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, expenses for post-trial access, impairment of assets held for sale, legal provisions, write-offs of option assets and other operating income (expenses) non-recurring in nature.
- (3) Others: revenue and other operating income (expenses) include JPY 1.7 billion of deferred revenue recognized from the asset sale to Teva Takeda Pharma Ltd. ("Teva") and JPY 3.8 billion of deferred gain from the business divestiture to Teva, respectively, triggered by the divestment of Teva shares in the fiscal year ended March 31, 2025; cost of sales includes expenses related to the unwinding of acquisition accounting adjustments (i.e., step up) in value of PP&E associated with the Shire acquisition completed in the fiscal year ended March 31, 2019.

	For the Year Ended March 31, 2024					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses ⁽²⁾	Others	Core Financial Measures (non-IFRS)
	(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 associated with products	(521.5)	521.5	—	—	—	—
Impairment losses on intangible assets associated with products ⁽¹⁾	(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 associated with products include in-process R&D (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	Other operating income/ expenses ⁽²⁾	Others ⁽³⁾	Core Financial Measures (non-IFRS)
	(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 associated with products	(485.1)	485.1	—	—	—	—
Impairment losses on intangible assets associated with products ⁽¹⁾	(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 associated with products include in-process R&D (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 associated with the Shire acquisition completed in the fiscal year ended March 31, 2019.

Adjustments to Net Profit for the Year attributable to owners of the Company to calculate Core Net Profit for the Year attributable to owners of the Company:

	For the Year Ended March 31, 2025						
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others ⁽¹⁾	Core Financial Measures (non-IFRS)	
	(billions of yen, except for percentages)						
Operating profit	¥ 342.6	¥ 548.2	¥ 95.0	¥ 184.3	¥ (7.5)	¥ 1,162.6	
Operating margin	7.5 %	—	—	—	—	25.4 %	
Finance income (expenses), net	(163.5)	—	—	—	22.8	(140.7)	
Share of profit (loss) of investments accounted for using the equity method	(4.0)	—	—	—	5.1	1.1	
Profit before tax	175.1	548.2	95.0	184.3	20.4	1,023.1	
Income tax (expenses) benefit ⁽²⁾	(66.9)	(114.9)	(23.4)	(45.1)	3.2	(247.3)	
Net profit for the year	108.1	433.3	71.6	139.2	23.6	775.8	
Non-controlling interests	0.2	—	—	—	—	0.2	
Net profit for the year attributable to owners of the Company	¥ 107.9	¥ 433.3	¥ 71.6	¥ 139.2	¥ 23.6	¥ 775.6	

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 divestment 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 adjustments (JPY 848.0 billion) to profit before tax was JPY 180.3 billion, resulting in an average tax rate of 21.3% on core adjustments.

	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 (non-IFRS)	
	(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
Non-controlling interests	0.1	—	—	—	—		0.1
Net profit for the year attributable to owners of the Company	¥ 144.1	¥ 412.8	¥ 102.0	¥ 144.1	¥ (46.2)	¥	756.8

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 adjustments (JPY 866.0 billion) to profit before tax 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 (non-IFRS)
(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
Non-controlling interests	0.0	—	—	—	—	0.0
Net profit for the year attributable to owners of the Company	¥ 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 adjustments (JPY 686.8 billion) to profit before tax was JPY 137.6 billion, resulting in an average tax rate of 20.0% on core adjustments.

Constant Exchange Rate (“CER”) Change

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 should not be considered in isolation and is not, and should not 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 (Reported Measures):

	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER (IFRS)		CER (Non-IFRS)	
	2024	2025	Amount of Change	% Change	% Change	
Revenue	¥ 4,263.8	¥ 4,581.6	¥ 317.8	7.5 %	2.9 %	
Cost of sales	(1,426.7)	(1,580.2)	(153.5)	10.8 %	6.5 %	
Selling, general and administrative expenses	(1,053.8)	(1,104.8)	(50.9)	4.8 %	0.6 %	
Research and development expenses	(729.9)	(730.2)	(0.3)	0.0 %	(4.5)%	
Amortization and impairment losses on intangible assets associated with products	(652.1)	(643.2)	8.9	(1.4)%	(6.0)%	
Other operating income	19.4	26.2	6.8	35.3 %	30.8 %	
Other operating expenses	(206.5)	(206.7)	(0.2)	0.1 %	(3.6)%	
Operating profit	214.1	342.6	128.5	60.0 %	51.2 %	
Finance income and (expenses), net	(167.8)	(163.5)	4.2	(2.5)%	(5.7)%	
Share of profit (loss) of investments accounted for using the equity method	6.5	(4.0)	(10.5)	—	—	
Profit before tax	52.8	175.1	122.3	231.7 %	206.4 %	
Income tax (expenses) benefit	91.4	(66.9)	(158.3)	—	—	
Net profit for the year	144.2	108.1	(36.1)	(25.0)%	(33.1)%	
Non-controlling interests	0.1	0.2	0.1	65.7 %	66.3 %	
Net profit for the year attributable to owners of the Company	¥ 144.1	¥ 107.9	¥ (36.1)	(25.1)%	(33.2)%	

	Billion JPY or percentage					
	For the fiscal year ended March 31,		AER (IFRS)		CER ⁽¹⁾ (Non-IFRS)	
	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)%	
Non-controlling interests	0.0	0.1	0.1	509.7 %	492.2 %	
Net profit for the year attributable to owners of the Company	¥ 317.0	¥ 144.1	¥ (172.9)	(54.6)%	(57.0)%	

Note:

- (1) Starting from the quarter ended June 30, 2024, we ceased adjustments for CER change for the results of operations of subsidiaries in countries experiencing hyperinflation and for which IAS29, Financial Reporting in Hyperinflation 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,		AER		CER
	2024	2025	Amount of Change	% Change	% Change
Core revenue	¥ 4,263.8	¥ 4,579.8	¥ 316.1	7.4 %	2.8 %
Core cost of sales	(1,426.3)	(1,581.8)	(155.5)	10.9 %	6.6 %
Core selling, general and administrative expenses	(1,053.0)	(1,105.0)	(52.1)	4.9 %	0.7 %
Core research and development expenses	(729.6)	(730.4)	(0.7)	0.1 %	(4.4)%
Core operating profit	1,054.9	1,162.6	107.8	10.2 %	4.9 %
Core finance income (expenses), net	(142.0)	(140.7)	1.3	(0.9)%	(4.5)%
Core share of profit (loss) of investments accounted for using the equity method	5.9	1.1	(4.8)	(81.2)%	(82.2)%
Core profit before tax	918.8	1,023.1	104.3	11.3 %	5.8 %
Core income tax (expenses) benefit	(161.9)	(247.3)	(85.4)	52.7 %	48.7 %
Core net profit for the year	756.9	775.8	18.9	2.5 %	(3.4)%
Non-controlling interests	0.1	0.2	0.1	65.7 %	66.3 %
Core net profit for the year attributable to owners of the Company	¥ 756.8	¥ 775.6	¥ 18.8	2.5 %	(3.4)%

	Billion JPY or percentage				
	For the fiscal year ended March 31,		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 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 (loss) 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) benefit	(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)%
Non-controlling interests	0.0	0.1	0.1	509.7 %	492.2 %
Core net profit for the year attributable to owners of the Company	¥ 866.4	¥ 756.8	¥ (109.6)	(12.6)%	(15.0)%

Note:

- (1) Starting from the quarter ending June 30, 2024, we ceased 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 payments for acquisition of PP&E, intangible assets, investments (excluding debt investments classified as Level 1 in the fair value hierarchy), shares in associates and businesses, net of cash and cash equivalents acquired and other transactional payments deemed related or similar in substance thereto as well as adding proceeds from sales of PP&E, sales and redemption of investments (excluding debt investments classified as Level 1 in the fair value hierarchy), sales of shares in associates and sales of businesses, net of cash and cash equivalents divested and further adjusting for the movement of any other cash that is not available to Takeda’s immediate or general business use.

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 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, 2024 and 2025:

	For the Year Ended March 31,		
	2023	2024	2025
	(billions of yen)		
Net cash from operating activities (IFRS)	¥ 977.2	¥ 716.3	¥ 1,057.2
Acquisition of PP&E	(140.7)	(175.4)	(200.8)
Free cash flow (non-IFRS)	836.5	540.9	856.4
Adjustment for cash temporarily held by Takeda on behalf of third parties ⁽¹⁾	81.7	18.0	2.1
Proceeds from sales of PP&E	1.0	8.6	0.1
Acquisition of intangible assets ⁽²⁾	(493.0)	(305.3)	(147.0)
Acquisition of option to license	—	—	(31.8)
Acquisition of investments ⁽³⁾	(10.2)	(6.8)	(17.4)
Proceeds from sales and redemption of investments	22.3	8.0	29.4
Acquisition of shares in associates	—	—	(1.0)
Proceeds from sales of shares in associates	—	—	57.7
Proceeds from sales of business, net of cash and cash equivalents divested	8.0	20.0	20.6
Adjusted free cash flow (non-IFRS)	¥ 446.2	¥ 283.4	¥ 769.0

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 included in net cash from operating activities, except certain immaterial transactions.
- (3) Acquisition of JPY 80.1 billion debt investments classified as Level 1 in the fair value hierarchy is excluded for the period ended March 31, 2025.

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, amortization and other miscellaneous non-cash expenses), finance income and expenses (excluding net interest expense), our share of loss (profit) of investments accounted for using 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 “Item 5.B Liquidity and Capital Resources — Supplemental Discussion of Financial Leverage (Adjusted Net Debt to Adjusted EBITDA Ratio) (Non-IFRS Measure)” and “—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 include all items which investors may consider important to an understanding of our results of operations, or may not exclude all items which investors may not consider important for such understanding. 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 most closely comparable measure presented in accordance with IFRS is net profit for the year.

The following table provides a reconciliation from net profit to EBITDA and Adjusted EBITDA for the fiscal years ended March 31, 2024 and 2025:

	For the Year Ended March 31,			
	2024		2025	
	(billions of yen)			
Net profit for the year (IFRS)	¥	144.2	¥	108.1
Income tax expenses (benefit)		(91.4)		66.9
Depreciation and amortization		728.0		761.4
Interest expense, net		108.2		117.7
EBITDA (non-IFRS)		889.0		1,054.2
Impairment losses		150.0		106.5
Other operating expense (income), net, excluding depreciation, amortization and other miscellaneous non-cash expenses		162.2		163.2
Finance expense (income), net, excluding interest income and expense, net		59.5		45.8
Share of loss (profit) on investments accounted for under the equity method		(6.5)		4.0
Other adjustments ⁽¹⁾		65.6		67.3
Adjusted EBITDA (non-IFRS)	¥	1,319.9	¥	1,441.0

Note:

(1) Other adjustments include adjustments for non-cash equity-based compensation expense, other one-time non-cash expenses and adjustments for EBITDA from divested products, including the JPY 1.7 billion of non-cash revenue adjustment related to the asset sale to Teva for FY2024, 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 on consolidated statements of financial position 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 “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 credit" 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. The most directly comparable measures under IFRS for Net Debt is bonds and loans.

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

	For the Year Ended March 31,	
	2024	2025
	(billions of yen, except for ratios)	
Adjusted net debt	¥ (4,091.3)	¥ (3,975.5)
Adjusted EBITDA	1,319.9	1,441.0
Adjusted net debt to adjusted EBITDA ratio	3.1x	2.8x

The following table provides a reconciliation from bonds and loans to Adjusted Net Debt as of March 31, 2024 and 2025:

	For the Year Ended March 31,	
	2024	2025
	(billions of yen)	
Non-current portion of bonds and loans (IFRS)	¥ (4,476.5)	¥ (3,966.3)
Current portion of bonds and loans (IFRS)	(367.3)	(548.9)
Bonds and loans (IFRS)	(4,843.8)	(4,515.3)
Cash and cash equivalents (IFRS)	457.8	385.1
Net debt (non-IFRS)	(4,386.0)	(4,130.2)
Cash temporarily held by Takeda on behalf of third parties ⁽¹⁾	(107.8)	(105.8)
Level 1 debt investments ⁽¹⁾	—	79.3
Foreign exchange adjustment ⁽²⁾	152.5	(68.9)
Application of equity credit ⁽³⁾	250.0	250.0
Adjusted net debt (non-IFRS)	¥ (4,091.3)	¥ (3,975.5)

Notes:

- (1) Adjustments related to 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 (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.
- (3) Application of equity credit includes JPY 250.0 billion reduction in debt due to a 50% equity credit applied to JPY 500.0 billion principal amount of our hybrid (subordinated) bonds and loans by S&P Global Rating Japan, given that those instruments qualify for certain equity credit for leverage purposes.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Directors

The following table provides information about Directors of the Company as of the date of this annual report.

Name (Date of birth)	Responsibilities and status within Takeda	Business experience	End of term
Christophe Weber (November 14, 1966)	Representative Director, President and Chief Executive Officer ("CEO")	Christophe Weber is President and CEO of Takeda. He joined Takeda in April 2014 as Chief Operating Officer and Corporate Officer, was named President and Representative Director in June 2014 and was subsequently appointed Chief Executive Officer in April 2015. Since September 2020, Mr. Weber has also served as Head of Global Business of Takeda Pharmaceuticals U.S.A., Inc. Prior to joining Takeda, Mr. Weber held positions of increasing responsibility at GlaxoSmithKline, including President and General Manager at GlaxoSmithKline Vaccines, Chief Executive Officer of GlaxoSmithKline Biologicals SA in Belgium, and member of the GlaxoSmithKline global Corporate Executive Team. From 2008 to 2010, Mr. Weber served as Asia Pacific SVP and Regional Director at GlaxoSmithKline Asia Pacific in Singapore.	Note 1
Milano Furuta (February 26, 1978)	Director and Chief Financial Officer ("CFO")	Milano Furuta has been Takeda's Chief Financial Officer since April 2024. He was appointed as a Director in June 2024. Mr. Furuta joined Takeda in 2010 and has worked on various projects in corporate strategy, corporate development, and post-merger integration in Japan and Switzerland. He managed the Diabetes Business Unit in Mexico and served as General Manager in Sweden. He went on to serve as Corporate Strategy Officer and Chief of Staff in Japan for two years and President, Japan Pharma Business Unit for three years before his appointment to CFO. Prior to joining Takeda, Mr. Furuta worked as an equity research analyst at Taiyo Pacific Partners L.P. in the United States. He began his career in banking and private equity investment at The Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.) in Japan, where he was involved with several types of financial transactions, including leveraged buyouts and debt restructuring.	Note 1
Andrew S. Plump, M.D., Ph.D. (October 13, 1965)	Director and President, Research and Development	Andrew S. Plump, MD., Ph.D., is the President of Research and Development at Takeda. Dr. Plump joined Takeda as Chief Medical and Scientific Officer ("CMSO") in 2015. In his position, he leads our global research and development organization, where he provides strategic direction and oversight. Prior to joining Takeda, Dr. Plump served as Senior Vice President, Research and Translational Medicine, Deputy to the President of research and development at Sanofi, where he was responsible for global research and translational medicine across all therapeutic areas. Dr. Plump also spent more than 10 years at Merck in a Clinical Pharmacology group, working on programs in neurodegeneration, immunology, metabolism and infectious diseases.	Note 1

Name (Date of birth)	Responsibilities and status within Takeda	Business experience	End of term
Masami Iijima (September 23, 1950)	External Director and Chair of the Board of Directors	Masami Iijima served as External Director who is a member of the Audit and Supervisory Committee of Takeda from June 2021 to June 2022, and was appointed External Director of Takeda and Chair of the Board of Directors in June 2022. Mr. Iijima currently also serves as Counselor of Mitsui & Co., Ltd., External Director of SoftBank Group Corp., Counsellor at Bank of Japan and External Director of Kajima Corporation. Mr. Iijima started his career at Mitsui & Co., Ltd. in April 1974. At Mitsui & Co., Ltd., he served in several senior leadership positions including Chairman of the Board of Directors and Representative Director, President and Chief Executive Officer.	Note 1
Ian Clark (August 27, 1960)	External Director	Ian Clark has been an External Director with Takeda since January 2019. Prior to his appointment, Mr. Clark was an External Director of Shire plc. He also currently holds External Directorships at Corvus Pharmaceuticals, Inc., Guardant Health, Inc., and Olema Pharmaceuticals, Inc. Mr. Clark served as CEO and Director of Genentech Inc. (part of the Roche Group) and Head of North American Commercial Operations for Roche until 2016. From 2003 to 2010 he held the positions of Head of Global Product Strategy and Chief Marketing Officer, Executive Vice President—Commercial Operations and Senior Vice President and General Manager—BioOncology at Genentech.	Note 1
Steven Gillis, PhD (April 25, 1953)	External Director	Steven Gillis has been an External Director with Takeda since January 2019. Prior to his appointment, he was an External Director of Shire plc. He also currently holds the positions of Managing Director at ARCH Venture Partners. Dr. Gillis previously served as External Director and Chairman at Codiak BioSciences, Inc. and VBI Vaccines, Inc. He was a founder and Director of Corixa Corporation, acquired by GlaxoSmithKline in 2005, and before that a founder and Director of Immunex Corporation.	Note 1
Emiko Higashi (November 6, 1958)	External Director	Emiko Higashi served as External Director who is not a member of the Audit and Supervisory Committee of Takeda from June 2016 to June 2019, and as External Director who is a member of the Audit and Supervisory Committee of Takeda from June 2019 to June 2024. She was appointed External Director who is not a member of the Audit and Supervisory Committee of Takeda in June 2024. She currently also serves as Managing Director of Tomon Partners, LLC, External Director of KLA Corporation, External Director of Rambus Inc, and External Director of Rapidus Corporation. Ms. Higashi previously served as External Director of MetLife Insurance K.K., External Director of InvenSense Inc., External Director of Sanken Electric Co., Ltd., External Director of One Equity Partners Open Water I Corporation, CEO of Gilo Ventures, LLC, Managing Director of Investment Banking, Merrill Lynch & Co. and Director of Wasserstein Perella & Co., Inc.	Note 1
John Maraganore, PhD (October 11, 1962)	External Director	John Maraganore was appointed External Director of Takeda in June 2022. He currently also holds External Directorships at Beam Therapeutics, Inc., and Kymera Therapeutics, Inc. He previously served as Senior Vice President and Strategic Product Development at Millennium Pharmaceuticals, Inc., Director and CEO of Alnylam Pharmaceuticals, Inc., External Director at ProKidney Corporation and Chairperson of Biotechnology Innovation Organization.	Note 1

Name (Date of birth)	Responsibilities and status within Takeda	Business experience	End of term
Michel Orsinger (September 15, 1957)	External Director	Michel Orsinger has served as External Director who is not a member of the Audit and Supervisory Committee of Takeda from June 2016 to June 2019, and as External Director who is a member of the Audit and Supervisory Committee of Takeda from June 2019 to June 2022. He was appointed External Director who is not a member of the Audit and Supervisory Committee of Takeda in June 2022. He previously served as a Member of Global Management Team of Johnson & Johnson, Worldwide Chairman, Global Orthopedics Group of DePuy Synthes Companies of Johnson & Johnson and President and Chief Executive Officer and Chief Operating Officer of Synthes, Inc. (currently Johnson & Johnson). He has also held several leadership positions at Novartis AG, including Chief Executive Officer and President of OTC Division Worldwide, Consumer Health; President of Global Medical Nutrition, Consumer Health; and Regional President of Europe, Middle East and Africa, Consumer Health.	Note 1
Miki Tsusaka (April 24, 1963)	External Director	Miki Tsusaka was appointed External Director of Takeda in June 2023. She currently also serves as President of Microsoft Japan Co., Ltd. Prior to joining Microsoft Japan, she was a Senior Partner and Managing Director at Boston Consulting Group (BCG). She established strategic consulting groups specializing in marketing, sales and pricing strategy development and led the expansion of BCG's service areas. As for BCG's operation, she was a member of the Executive Committee for two three-year terms and served as Chief Marketing Officer (CMO) as well.	Note 1
Koji Hatsukawa (September 25, 1951)	External Director (Head of Audit and Supervisory Committee)	Koji Hatsukawa has served as External Director and member of the Audit and Supervisory Committee of Takeda since June 2016. He was appointed Head of Audit and Supervisory Committee in June 2019. He currently also serves as External Audit and Supervisory Board Member of Fujitsu Limited. Mr. Hatsukawa started his career at Price Waterhouse accounting office in March 1974. Mr. Hatsukawa has previously served as CEO of PricewaterhouseCoopers Arata and has held leadership positions at ChuoAoyama PricewaterhouseCoopers and Aoyama Audit Corporation. In addition, he has also served as External Audit and Supervisory Board Member of Accordia Golf co., Ltd. as well as Audit and Supervisory Board Member of The Norinchukin Bank.	Note 2
Jean-Luc Butel (November 8, 1956)	External Director (Audit and Supervisory Committee Member)	Jean-Luc Butel served as External Director and member of the Audit and Supervisory Committee of Takeda from June 2016 to June 2019, and as External Director who is a not member of the Audit and Supervisory Committee of Takeda from June 2019 to June 2024. He was appointed External Director who is a member of the Audit and Supervisory Committee of Takeda in June 2024. He currently also serves as Global Healthcare Advisor, President of K8 Global Pte. Ltd., and External Director of Rani Therapeutics. Mr. Butel previously served as External Director of Novo Holdings A/S, President, International, Corporate Vice President and Operating Committee Member of Baxter International Inc. and has held leadership positions at Medtronic, Inc., Johnson & Johnson, Becton, Dickinson and Company and Nippon Becton Dickinson Company, Ltd.	Note 2

Name (Date of birth)	Responsibilities and status within Takeda	Business experience	End of term
Yoshiaki Fujimori (July 3, 1951)	External Director (Audit and Supervisory Committee Member)	Yoshiaki Fujimori served as External Director who is not a member of the Audit and Supervisory Committee of Takeda from June 2016 to June 2022 and was appointed External Director who is a member of the Audit and Supervisory Committee of Takeda in June 2022. Mr. Fujimori currently also serves as Senior Executive Advisor of CVC Asia Pacific (Japan) Kabushiki Kaisha, and External Director and Chairman of Oracle Corporation Japan, External Director of Riraku K.K. . He previously served as External Director of Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Incorporated), External Director of Toshiba Corporation, External Director of Shiseido Company, Limited and in a number of senior leadership positions within the LIXIL Group, including Representative Director, Chairman and CEO of LIXIL Corporation. Mr. Fujimori has also served in a number of senior positions in the General Electric Group, including Chairman of GE Japan Corporation and Chairman, President and CEO of General Electric Japan Ltd.	Note 2
Kimberly A. Reed (March 11, 1971)	External Director (Audit and Supervisory Committee Member)	Kimberly A. Reed was appointed External Director who is a member of the Audit and Supervisory Committee of Takeda in June 2022. She currently also serves as Distinguished Fellow of Council on Competitiveness, External Director of Momentus, Inc. and External Director of Hannon Armstrong Sustainable Infrastructure Capital, Inc. Ms. Reed previously served as Counsel for United States House of Representatives, Senior Advisor to United States Secretaries of the Treasury, Director and Chief Executive Officer of Community Development Financial Institutions Fund, Vice President, Financial Markets Policy Relations of Lehman Brothers, President of International Food Information Council Foundation, and Chairman of the Board of Directors, President, and Chief Executive Officer of Export-Import Bank of the United States.	Note 2

Notes:

- (1) The term of office for Directors who are not members of the Audit and Supervisory Committee is from the end of the annual general meeting of shareholders for the fiscal year ended March 31, 2025 through the end of the annual general meeting of shareholders for the fiscal year ending March 31, 2026.
- (2) The term of office for Directors who are also Audit and Supervisory Committee members is two years. The term of office for these Directors who are also Audit and Supervisory Committee members is from the end of the annual general meeting of shareholders for the fiscal year ended March 31, 2024 through the end of the annual general meeting of shareholders for the fiscal year ending March 31, 2026.

Takeda Executive Team

The following table presents biographical information about the members of the Takeda Executive Team as of the date of this annual report. For more information about the Takeda Executive Team, see “—C. Board Practices—Takeda Executive Team.”

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Marcello Agosti (June 2, 1971)	Global Business Development Officer	Marcello Agosti is Global Business Development Officer for Takeda Pharmaceutical Company Limited and is responsible for Takeda’s business development activities, including M&A and Corporate Development.
		Mr. Agosti led the Shire acquisition and several other strategic acquisitions for Takeda, including ARIAD Pharmaceuticals, and TiGenix as well as asset acquisitions such as TAK-279 from Nimbus Therapeutics and fruquintinib from HUTCHMED. He also spearheaded a number of strategic divestments of non-core assets as part of Takeda’s commitment after the Shire acquisition. Mr. Agosti and his group continue to be active on inbound transactions in Takeda’s core therapy areas.
		Prior to joining Takeda, Mr. Agosti worked in business development at Novartis in the U.K. and Switzerland. Before joining the pharmaceutical industry, he was a consultant at McKinsey & Company.
		He holds an MBA from the University of Oxford and a business administration degree from Bocconi University, Milan.
Akiko Amakawa (November 24, 1972)	Corporate Strategy Officer & CEO Chief of Staff	Akiko Amakawa is Corporate Strategy Officer & CEO Chief of Staff. She oversees the Board of Directors & CEO Office, Corporate Strategy, and Corporate Governance Management for Takeda Pharmaceutical Company Limited.
		Since joining Takeda’s Corporate Business Development group in 2018, and most recently serving as the Global Business Development Head of Gastrointestinal & Inflammation, Neuroscience and Vaccines Corporate Development, she has led several strategic business development initiatives, including the acquisition of Nimbus Therapeutics’ TYK2 program (TAK-279), and partnering with Moderna, Novavax and the Government of Japan to supply critical Covid-19 vaccines to Japan during the height of the pandemic.
		Ms. Amakawa has more than 20 years of corporate development, business development, and corporate strategy experience across different countries and industries, primarily in the Pharmaceutical, Life Sciences, Technology and Automotive sectors in Japan, the U.S. and China. Prior to joining Takeda, she worked for Corning Incorporated, Bristol-Myers Squibb, and Mitsubishi Corporation.
		Ms. Amakawa holds a bachelor’s degree in economics from University of Tokyo and a master’s degree in business administration from The Wharton School of the University of Pennsylvania.

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Teresa Bitetti (September 21, 1962)	President, Global Oncology Business Unit	<p>Teresa Bitetti is President of Global Oncology Business Unit and a member of Takeda Executive Team of Takeda Pharmaceutical Company Limited, where she oversees a global portfolio of therapies targeting gastrointestinal, thoracic and hematological cancers. In this role, Ms. Bitetti leads all aspects of Takeda's multi-billion-dollar oncology business, with major markets in the US, Europe and Japan.</p> <p>With a proven track record in product development, launch excellence and successful commercialization, Ms. Bitetti is recognized for her ability to drive product growth in both emerging and mature markets. Her leadership has been instrumental in launching blockbuster medicines and in inspiring and mobilizing teams to deliver exceptional performance. Ms. Bitetti's commercial expertise and experience building and accelerating pipelines has consistently delivered value for patients.</p> <p>Since joining Takeda, she has led the launch of a medicine for patients with previously treated metastatic colorectal cancer and secured approvals for Takeda Oncology therapies in new indications in lymphoma, leukemia and lung cancer. Her strategic vision has strengthened Takeda's oncology portfolio through the execution of impactful business development partnerships and close collaboration with R&D to translate scientific discoveries into meaningful therapies.</p> <p>Before joining Takeda, Ms. Bitetti was Senior Vice President and Head of Worldwide Oncology Commercialization at Bristol Myers Squibb (BMS). At BMS, she was pivotal in launching the blockbuster lung cancer treatment Opdivo, accelerating the oncology pipeline and developing the long-term strategy for the immuno-oncology portfolio. Her experience at BMS also included leadership roles in infectious diseases and neuroscience, where she successfully launched the blockbuster medicine Abilify. While at BMS, she served as Senior Vice President and Head of U.S. Oncology, President and General Manager of BMS Canada and Worldwide Head of BMS Virology. Prior to BMS, Ms. Bitetti was part of the Capital Markets Group at Mobil Oil Corporation, overseeing the investment of Mobil's worldwide pension assets.</p> <p>In addition to her role at Takeda, Ms. Bitetti serves on the Board of Directors for Osmol Therapeutics, which is focused on developing a treatment to prevent chemotherapy-induced peripheral neuropathy and for Aura Biosciences, which is focused on leveraging a novel targeted oncology platform, with an initial focus on ocular and urologic oncology.</p> <p>Ms. Bitetti holds an MBA in Finance from the Darden School of Business at the University of Virginia and a B.A. in Classical Civilization from Wellesley College.</p>
Lauren Duprey (May 13, 1984)	Chief Human Resources Officer	<p>Lauren Duprey is Chief Human Resources Officer of Takeda Pharmaceutical Company Limited with responsibility for delivering an exceptional people experience across the globe. She joined Takeda in August 2019 as Head of Human Resources (HR) for U.S. Business Unit, Global Product & Launch Strategy and the U.S. People Advisory Group. Since joining Takeda, Ms. Duprey has implemented a transformation of HR, including a new operating model, structure, capabilities and technology.</p> <p>Prior to joining Takeda, Ms. Duprey served as Head of HR, U.S. Organization & Worldwide Medical at Biogen where she developed and drove the talent and organization strategy and served as a trusted advisor for key business, talent and organizational decisions. She has held various HR roles at companies such as General Electric and began her career in management consulting at Clarion Healthcare focused on biopharma commercialization.</p> <p>Ms. Duprey holds a bachelor's degree in biology from Harvard University and an MBA from Massachusetts Institute of Technology (MIT) Sloan School of Management.</p>

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Julie Kim (June 6, 1970)	President, U.S. Business Unit and U.S. Country Head	<p>Julie Kim is President of U.S. Business Unit and U.S. Country Head and a member of Takeda Executive Team of Takeda Pharmaceutical Company Limited. The U.S. Business Unit portfolio encompasses gastroenterology, neuroscience, plasma-derived therapies and rare diseases.</p> <p>Ms. Kim joined Takeda in 2019 through the acquisition of Shire, where she held several diverse roles with increasing responsibility. She became President of Plasma-Derived Therapies Business Unit, the position she occupied until April of 2022, when she became President of U.S. Business Unit and U.S. Country Head.</p> <p>With three decades working in health care and leadership positions at global, regional, country and functional levels, Ms. Kim's experiences have spanned a variety of therapeutic areas, international market access, country and regional general management, marketing and emerging market development.</p> <p>Ms. Kim is known for strong, collaborative and inclusive leadership style that enables Takeda to meet the needs of the people Takeda serves while driving innovations that will improve patients' lives. Her global outlook, a result of having worked in many countries in Europe, Asia and Latin America, as well as having lived in the U.K., Switzerland and the U.S., has helped her foster diverse teams to enable inclusive decision-making that keeps the patient at the center.</p> <p>A committed community leader, she participated in the Massachusetts Governor's Economic Development Planning Council in 2023 as the lead for the Life Sciences working group to advise the administration on how the life sciences industry can continue to drive economic growth for the state. She was also appointed by the Mayor of Boston to the Board of Trustees of the Boston Public Library, one of the most iconic and respected institutions in the city. Further, she is a member of the Council of Korean Americans and serves on the boards of the Pharmaceutical Research and Manufacturers of America (PhRMA) and Croda International.</p> <p>Ms. Kim earned an MBA from the J. L. Kellogg Graduate School of Management at Northwestern University and a bachelor's degree in economics from Dartmouth College.</p> <p>On January 30, 2025, our board of directors unanimously resolved to appoint Ms. Kim as the successor to Christophe Weber, president, chief executive officer (CEO) and representative director, upon Mr. Weber's retirement from Takeda, expected in June 2026. Ms. Kim will also be proposed as a candidate for election to our board of directors at the annual general meeting of shareholders to be held in June 2026.</p> <p>In addition, effective August 1, 2025, Ms. Kim will assume responsibility on an interim basis for overseeing the Global Portfolio Division, following the retirement of Ms. Sequeira and is currently expected to transition responsibility for overseeing the U.S. Business Unit later this year.</p>
Asuka Miyabashira (December 30, 1979)	President, Japan Pharma Business Unit	<p>Asuka Miyabashira is President of Japan Pharma Business Unit of Takeda Pharmaceutical Company Limited.</p> <p>Ms. Miyabashira joined Takeda in 2004 and has served in roles of increased responsibility in marketing and medical in Japan and other countries. Her experiences include leading regional sales in Japan as well as important international assignments, such as country manager at Takeda Vietnam, where she led the development of the local business strategy and transformation. Prior to this role, she served as business operation manager at Takeda Indonesia to build the foundation for Takeda Oncology's new product launch and access strategy. She served as Head of Neuroscience Business Unit within Japan Pharma Business Unit for two years before the appointment to her current role.</p> <p>Ms. Miyabashira holds an MSc in Agriculture from Kyushu University, Japan.</p>

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Mwana Lugogo (January 30, 1970)	Chief Ethics and Compliance Officer	<p>Mwana Lugogo is Chief Ethics & Compliance Officer of Takeda Pharmaceutical Company Limited. She joined Takeda in 2012 to establish the Compliance function for Growth & Emerging Market Business Unit, and was appointed to lead the newly-created Global Ethics & Compliance organization in 2015. In January 2019, she joined the Takeda Executive Team. Ms. Lugogo is passionate about strengthening ethics-based culture and bringing Takeda's values to life, as part of our commitment to patients, to each other and to society.</p> <p>Ms. Lugogo is the current co-chair of the Ethics and Business Integrity Committee and the chair of the Chief Ethics & Compliance Officer Roundtable at the International Federation of Pharmaceutical Manufacturers and Associations, which represents the innovative pharmaceutical industry at the international level.</p> <p>Ms. Lugogo is an international studies graduate of Virginia Polytechnic Institute & State University. She has a J.D. from Harvard Law School, and a master's degree in public policy from Harvard's John F. Kennedy School of Government.</p>
Yoshihiro Nakagawa (July 26, 1960)	Global General Counsel	<p>Yoshihiro Nakagawa is Global General Counsel of Takeda Pharmaceutical Company Limited. Mr. Nakagawa joined Takeda in 1983, serving in a variety of roles including Company Secretary of Takeda Europe Holdings in London and Senior Vice President of Takeda Legal Department, prior to his 2014 appointment as Global General Counsel.</p> <p>Mr. Nakagawa received a law degree from Kobe University in Japan.</p> <p>Mr. Nakagawa will retire as Global General Counsel, effective June 30, 2025. Natalie Furney, currently Global General Counsel Elect, will become Global General Counsel effective July 1, 2025. Ms. Furney joined Takeda in April 2025, having previously served as Senior Vice President and Deputy General Counsel at Eli Lilly and Company and is also serving as a member of the Takeda Executive Team during her transition period.</p>
Takako Ohyabu (August 26, 1979)	Chief Global Corporate Affairs & Sustainability Officer	<p>Takako Ohyabu is Chief Global Corporate Affairs & Sustainability Officer overseeing global corporate communications, global corporate social responsibility, global public affairs, global security & crisis management, health data partnerships and global sustainability for Takeda Pharmaceutical Company Limited.</p> <p>Prior to joining Takeda, Ms. Ohyabu led Global Corporate Communications at Nissan Motor Corporation. Before that she was with General Electric (GE) Company managing corporate communications for a variety of industries building the GE corporate brand in both developed and emerging markets.</p> <p>Ms. Ohyabu holds a master's degree in public administration from Columbia University's School of International and Public Affairs and a bachelor's degree in political science from the International Christian University in Japan.</p>
Giles Platford (April 26, 1978)	President, Plasma-Derived Therapies Business Unit	<p>Giles Platford is President, of Plasma-Derived Therapies Business Unit of Takeda Pharmaceutical Company Limited, which researches and delivers critical life-transforming medicines used to treat a variety of rare and complex chronic diseases.</p> <p>Mr. Platford also serves as the current global chair of the board for the Plasma Protein Therapeutics Association, which represents the private sector manufacturers of plasma protein therapies.</p> <p>Mr. Platford joined Takeda in 2009 as General Manager of Brazil, and later took on the role of Area Head for Middle East, Turkey & Africa. He then joined Takeda Executive Team in 2014 as President of Emerging Markets. In 2017 he became President of Europe & Canada, where he also represented Takeda as a board member of the European Federation of Pharmaceutical Industries and Associations (EFPIA).</p> <p>Prior to joining Takeda, Mr. Platford spent eight years in Asia Pacific, where he held a number of roles of increasing responsibility in Business Development, Commercial and General Management.</p> <p>Mr. Platford holds a Bachelor of Arts degree in business and marketing management from Oxford Brookes University, UK, and is currently based in Boston, USA.</p>

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Gabriele Ricci (October 18, 1978)	Chief Data and Technology Officer	<p>Gabriele Ricci is Chief Data and Technology Officer of Takeda Pharmaceutical Company Limited. He was appointed to this role in February 2022 and leads the transformation of Takeda's Data, Digital and Technology division.</p> <p>Mr. Ricci joined Takeda in 2019 as Head of Plasma-Derived Therapies IT, during which he drove initiatives to meet the large and growing demand for plasma-derived products, with highly specialized services that require strategic capacity, innovative business models, dedicated R&D and agile supply allocation on a global scale. Prior to joining Takeda, Mr. Ricci served as Head of Digital Health and Emerging Technology at Shire, where he leveraged new and emerging technologies to optimize internal operations and deliver differentiated patient and customer experiences.</p> <p>Mr. Ricci has also served as Shire's Head of Technical Operations IT and held leadership positions at Novartis, Johnson & Johnson and Bristol-Myers Squibb. Mr. Ricci brings more than 20 years of information technology and engineering expertise in the life sciences industry and sits on several advisory boards for non-profit organizations focused on digital, life sciences and manufacturing.</p> <p>Mr. Ricci holds an MBA from the MIB Trieste School of Management and a bachelor's degree in engineering from the University of Rome Tor Vergata.</p>
Ramona Sequeira (November 21, 1965)	President, Global Portfolio Division	<p>Ramona Sequeira is a member of Takeda Executive Team and President of Global Portfolio Division of Takeda Pharmaceutical Company Limited where she leads Takeda's Regional Business Units across Europe and Canada, Growth and Emerging Markets, and China – as well as Takeda's Global Vaccine Business Unit and Global Medical and Global Product and Launch Strategy functions.</p> <p>Joining Takeda in 2015 to lead Takeda's U.S. Business Unit, Ms. Sequeira has been instrumental in shifting the business structure, portfolio and investment mix to enable focus, agility and resiliency while aligning her organization around common values, vision and culture. Her focus on trust and collaboration has enabled Takeda to build numerous strategic partnerships with other health care stakeholders to deliver innovative solutions across a wide range of areas, including patient support, health equity and value-based care. Ms. Sequeira emphasizes the need to keep decisions as close to the patient as possible, recognizing that people – whether patients, colleagues, customers or partners – are impacted by Takeda's actions.</p> <p>Ms. Sequeira spent seven years as a member of PhRMA's board of directors, serving on numerous committees, as treasurer, vice-president and most recently as the first woman to serve as chair in the organization's history. Ms. Sequeira is a member of the Board of Directors of Edwards Life Sciences, and previously served on the Board of Trustees of Harvey Mudd College.</p> <p>Ms. Sequeira holds an MBA from McMaster University in Canada and a Bachelor of Science degree with honours in molecular genetics and molecular biology from the University of Toronto.</p> <p>Effective July 31, Ms. Sequeira will retire from Takeda, after which Ms. Kim will oversee the Global Portfolio Division on an interim basis.</p>

Name (Date of birth)	Responsibilities and status within Takeda	Business experience
Elaine Shannon (June 25, 1974)	Global Quality Officer	<p>Elaine Shannon is Global Quality Officer of Takeda Pharmaceutical Company Limited, where she oversees the enterprise quality organization that establishes consistent quality management systems and programs across the network. As Global Quality Officer, Ms. Shannon continues to lead best-in-class global quality operations globally, through one quality management system.</p> <p>Prior to her role as Global Quality Officer, Ms. Shannon held several roles at Takeda, where she has honed her expertise in quality, manufacturing and oncology. Most recently, she served as site head for Takeda's Massachusetts Biologics Operations manufacturing site. Ms. Shannon also served as Global Head of Quality Oncology & External Supply Small Molecules and Global Head of Quality Audits and Supplier Management. She joined Takeda's Global Quality Compliance and Systems group in June 2016 to develop Takeda's knowledge management processes.</p> <p>Ms. Shannon has more than 25 years of industry experience in quality, compliance, assurance and R&D, including work with Teva Pharmaceuticals and Pinewood Healthcare.</p> <p>She holds a master's degree in pharmaceutical manufacturing technology and a bachelor's degree in good manufacturing practice (GMP).</p>
Thomas Wozniowski, Ph.D. (July 26, 1962)	Global Manufacturing and Supply Officer	<p>Thomas Wozniowski serves as Global Manufacturing & Supply Officer and Country Head of Switzerland and as a member of Takeda Executive Team of Takeda Pharmaceutical Company Limited.</p> <p>Dr. Wozniowski joined Takeda in this role in July 2014. Since then, he has focused on the technological and digital transformation and the implementation of a continuous improvement culture within the global network of more than 25 manufacturing sites.</p> <p>Prior to joining Takeda, Dr. Wozniowski gained more than 25 years of experience in the pharmaceutical industry, holding senior leadership roles in manufacturing, quality and supply-chain management at Bayer Consumer Care Switzerland, Bayer Healthcare AG, Schering AG and Boehringer Ingelheim in Germany.</p> <p>Outside of Takeda, Dr. Wozniowski is member of the Pharmaceutical Manufacturing Forum, which facilitates the exchange of technical operations and supply leaders from key global research and development based pharmaceutical companies.</p> <p>Dr. Wozniowski holds a doctorate degree in pharmaceutical biology from the University of Regensburg, Germany.</p>

B. Compensation

The following table provides information about our Internal Directors' compensation on an individual basis in the fiscal year ended March 31, 2025.

Name (Position)	Total consolidated compensation (millions of yen)	Company	Amount of consolidated compensation by type (millions of yen)				
			Basic compensation	Performance-based compensation		Restricted Stock Unit awards ⁽¹⁾	Other
				Annual bonus	Performance Share Unit awards ⁽¹⁾		
Christophe Weber (Director)	¥ 2,160	Takeda Pharmaceutical Company Limited	¥ 255 ⁽³⁾	¥ 309	¥ 574 ⁽⁴⁾	¥ 401 ⁽⁴⁾	¥ —
		Takeda Pharmaceuticals U.S.A., Inc. ⁽²⁾	82	184	183 ⁽⁵⁾	173 ⁽⁵⁾	—
Andrew S. Plump (Director)	1,195	Takeda Pharmaceutical Company Limited	12	—	—	—	—
		Takeda Development Center Americas, Inc. ⁽⁶⁾	190	323	351 ⁽⁷⁾	270 ⁽⁷⁾	49 ⁽⁸⁾
Milano Furuta (Director)	303	Takeda Pharmaceutical Company Limited ⁽⁹⁾	88 ⁽¹⁰⁾	144	31 ⁽¹¹⁾	39 ⁽¹¹⁾	—
Costa Saroukos (Director) ⁽¹²⁾	289	Takeda Pharmaceutical Company Limited	59 ⁽¹³⁾	—	151 ⁽¹⁴⁾	79 ⁽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, 2025.
- (2) Shows the salary and annual bonus earned as Head of Global Business of Takeda Pharmaceuticals U.S.A., Inc.
- (3) Basic compensation includes the grossed-up amount paid for residence and pension allowances etc. for the relevant officer (JPY 117 million).
- (4) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2021-2024.
- (5) 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 2023-2024.
- (6) Shows the salary and other amounts earned as the President, Research and Development of Takeda Development Center Americas, Inc.
- (7) 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 2021-2024.
- (8) Amounts of local retirement plan contributions and other additional benefits paid by Takeda Development Center Americas, Inc. during the fiscal year, as well as the amount equal to taxes on such amounts.
- (9) Compensation granted to or earned by Milano Furuta before appointment as a Director is not included.
- (10) Basic compensation includes the amount paid for pension allowance etc. for the relevant officer. (JPY 5 million)
- (11) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal year 2024.
- (12) Costa Saroukos retired at the close of 148th General Meeting of Shareholders held on June 26, 2024.
- (13) Basic compensation includes the grossed-up amount paid for residence, pension allowances, and educational allowances etc. for the relevant officer. (JPY 25 million).
- (14) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2021-2023.
- (15) In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2021-2022 for Masato Iwasaki, who retired at the close of 147th General Meeting of Shareholders held on June 28, 2023, were recognized as JPY 26 million and JPY 9 million respectively during the fiscal year.

The following table provides information about our External Directors' compensation on an individual basis in the fiscal year ended March 31, 2025.

Name (Position)	Total consolidated compensation (millions of yen)	Company	Amount of consolidated compensation by type (millions of yen)				
			Basic compensation	Performance-based compensation		Restricted Stock Unit awards ⁽¹⁾	Other ⁽²⁾
				Annual bonus	Performance Share Unit awards		
Masami Iijima (Director)	¥ 43	Takeda Pharmaceutical Company Limited	¥ 24	¥ —	¥ —	¥ 19	¥ —
Ian Clark (Director)	50	Takeda Pharmaceutical Company Limited	19	—	—	19	11
Steven Gillis (Director)	50	Takeda Pharmaceutical Company Limited	19	—	—	19	11
Emiko Higashi (Director)	51	Takeda Pharmaceutical Company Limited	22	—	—	19	9
John Maraganore (Director)	43	Takeda Pharmaceutical Company Limited	19	—	—	19	5
Michel Orsinger (Director)	53	Takeda Pharmaceutical Company Limited	19	—	—	19	15
Miki Tsusaka (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	43	Takeda Pharmaceutical Company Limited	23	—	—	19	—
Jean-Luc Butel (Director who is an Audit and Supervisory Committee Member)	51	Takeda Pharmaceutical Company Limited	21	—	—	19	11
Yoshiaki Fujimori (Director who is an Audit and Supervisory Committee Member)	40	Takeda Pharmaceutical Company Limited	21	—	—	19	—
Kimberly A. Reed (Director who is an Audit and Supervisory Committee Member)	46	Takeda Pharmaceutical Company Limited	21	—	—	19	5
Olivier Bohuon ⁽³⁾ (Director)	37	Takeda Pharmaceutical Company Limited	3	—	—	3	30

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, 2025.
- (2) The amounts represent expenses for adjustments on compensation, paid to External Directors residing outside of Japan, 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.

Share-based Compensation Payments

We maintain certain share-based compensation payment plans for the benefit of our directors and certain of our employees. In the fiscal years ended March 31, 2023, 2024 and 2025, we recorded total compensation expense related to our share-based payment plans of JPY 61.0 billion, JPY 71.5 billion and JPY 73.6 billion, respectively, in our consolidated statements of profit or loss. For detailed information about our share-based compensation plans, including our stock option plan, stock incentive plan, phantom stock appreciation rights and restricted stock units, see Note 28 to our audited consolidated financial statements.

Director's Compensation Policy

Please see “Item 6.A Directors and Senior Management” for a list of Takeda’s directors and their positions, including their status as “Internal” or “External” directors and membership on the Audit & Supervisory Committee.

Since there are no Internal Directors who are Audit & Supervisory Committee Members in the Company, they are referred to simply as "Internal Directors" hereinafter in this section.

1. Guiding Principles

The following are the guiding principles of the Company's compensation system for Directors to achieve our 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 a 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 with, and the 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 we monitor 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 Director 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 the 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 Base Salary for "Long-term Incentive", reflecting the market practices of global companies.

- Standard Compensation Mix Model for Internal Directors

Basic Compensation	Bonus 100%-250% of Base Salary*	Long-term Incentive Plan (stock compensation) 200% to 600% or more of Base Salary*
Fixed	Performance-based Compensation	

* The ratio of Bonus and Long-term Incentives to Base Salary is determined according to the Internal Director’s position.

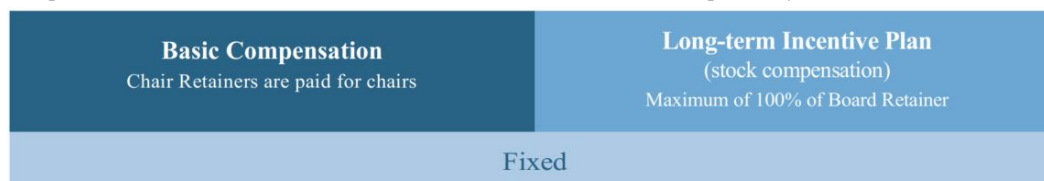
3-2. External Directors who are not Audit & Supervisory Committee Members

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

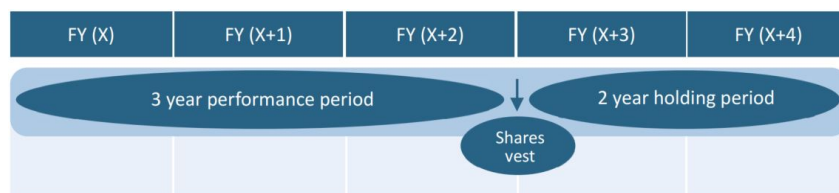
4-1. Internal Directors

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.

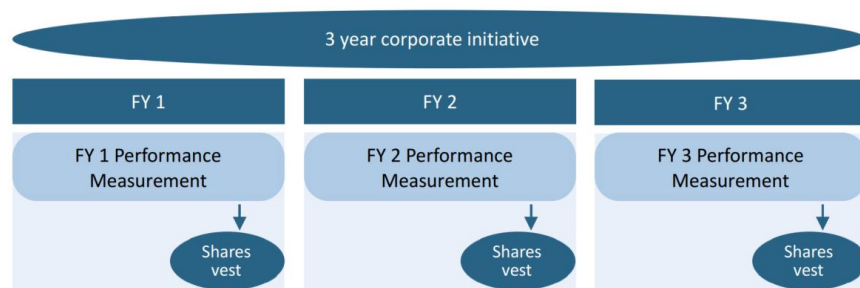
• Annual Performance Share Unit Awards Image



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 the 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 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 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.

C. Board Practices

See “—A. Directors and Senior Management.” for information about the terms of service of the members of our Board of Directors and the committees thereof.

Corporate Governance Structure

Under the Companies Act, joint stock corporations in Japan may adopt a corporate governance structure comprised of a board of directors and an audit and supervisory committee, commonly referred to as the audit and supervisory committee system, in lieu of the traditional structure comprised of a board of directors and a board of corporate auditors or the alternative structure comprised of a board of directors and three statutory committees. The members of the audit and supervisory committee consist of three or more directors. We adopted the audit and supervisory committee system in June 2016, in order to increase transparency and independence of our board of directors, and further enhance our corporate governance, by establishing the systems of audit and supervision conducted by the Audit and Supervisory Committee and increasing the proportion of the number of External Directors and the diversity of our board of directors. This governance structure also enables us to enhance the separation of business execution and supervision by delegating certain decision-making authority to individual members of our board of directors, realizing increased agility in decision-making and helping the board of directors focus more on discussions of business strategies and particularly important business matters.

Board of Directors

Pursuant to the audit and supervisory committee system, our board of directors is comprised of directors who are Audit and Supervisory Committee members and directors who are not. Our articles of incorporation provide for a board of directors consisting of no more than 12 members who are not Audit and Supervisory Committee members and no more than four directors who are Audit and Supervisory Committee members. All directors are elected by our shareholders at a general meeting of shareholders, with directors who are Audit and Supervisory Committee members elected separately from other directors. The term of office for directors who are not Audit and Supervisory Committee members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ending within one year after their election, and the term of office for directors who are Audit and Supervisory Committee members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ending within two years after their election. The current terms of our directors are set forth under “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.” All directors may serve any number of consecutive terms. Except as described below, none of our directors has entered service contracts with us or any of our subsidiaries providing for benefits upon termination of employment.

Upon a termination by the relevant company, other than for cause, or the voluntary termination by the relevant director for good reason of his appointment as director or employment relationship, in each case as defined in the relevant agreement, and subject to the other conditions contained in such agreement, the following directors will be entitled to the severance payments or other benefits described below. The payments and benefits described below are in addition to any accrued and unpaid amounts that may be owed to the relevant director at the time of such termination.

Name	Company	Severance Payment	Other Benefits
Christophe Weber	Takeda	Sum of (i) 100% of annual base salary, (ii) 100% of annual target amount of bonus and (iii) 100% of annual target value of Long-Term Incentive, subject to the approval of the shareholders’ meeting, to the extent required by applicable law and to the extent permitted in light of fiduciary duty and the duty of loyalty of the directors of Takeda	Certain repatriation-related benefits, subject to the approval of the shareholders’ meeting, to the extent required by applicable law and to the extent permitted in light of fiduciary duty and the duty of loyalty of the directors of Takeda
	Takeda Pharmaceuticals U.S.A., Inc.	Sum of (i) 100% of annual base salary, (ii) 100% of annual target amount of Short-Term Incentive and (iii) 100% of annual target value of Long-Term Incentive, subject to the approval of the shareholders’ meeting, to the extent required by applicable law and to the extent permitted in light of fiduciary duty and the duty of loyalty of the directors of Takeda	None
Andrew S. Plump	Takeda Development Center Americas, Inc.	Sum of (i) 12 months of current monthly base salary (24 months in the case where Mr. Plump voluntarily terminates his employment for good reason) and (ii) 100% of annual target level bonus under the Short-Term Incentive Program	Certain health insurance benefits

Our board of directors has the ultimate responsibility for the administration of our affairs. Our board of directors, however, may delegate by its resolution some or all of its decision-making authority in respect of the execution of operational matters (excluding certain matters specified in the Companies Act) to individual directors and has delegated such decision-making authority as described below. Our board of directors elect one or more representative directors from among its members who are not Audit and Supervisory Committee members. Each of the representative directors has the authority to represent us in the conduct of our affairs.

We entered into indemnity agreements with each of Takeda's directors for liability arising from their status as directors or out of an alleged wrongful act by them in such capacity to the extent permitted by applicable law.

Audit and Supervisory Committee

Our directors who are Audit and Supervisory Committee members are not required to be certified public accountants. They may not serve concurrently as executive directors, managers or any other type of employee for us or for any of our subsidiaries, or as accounting advisors or corporate executive officers for any of our subsidiaries. In addition, more than half of our directors who are Audit and Supervisory Committee members at any one time must be external directors as defined under the Companies Act, who have not served as executive directors, corporate executive officers, managers or any other type of employee for us or any of our subsidiaries for ten years prior to their election and fulfill certain other requirements specified in the Companies Act.

The Audit and Supervisory Committee has a statutory duty to audit the administration of our affairs by our directors, to examine the financial statements and business reports to be submitted to the shareholders by a representative director, to prepare an audit report each year, to determine details of proposals concerning the appointment and dismissal of independent auditors and the refusal to reappoint independent auditors for submission to general meetings of shareholders and to determine the opinion on election, removal, resignation of or compensation for directors who are not Audit and Supervisory Committee members, which may be expressed at a general meeting of shareholders. An Audit and Supervisory Committee member may note his or her opinion in the audit report issued by the Audit and Supervisory Committee if such an opinion differs from that expressed in the audit report. Additionally, our Audit and Supervisory Committee serves as our "audit committee" for the purposes of Rule 10A-3 under the Exchange Act. We are required to appoint and have appointed an independent auditor, who has a statutory duty of examining the financial statements to be submitted to the shareholders by a Representative Director and preparing its audit report thereon. KPMG AZSA LLC currently acts as our independent auditor.

As of the date of this annual report, Mr. Koji Hatsukawa, Mr. Jean-Luc Butel, Mr. Yoshiaki Fujimori and Ms. Kimberly A. Reed are appointed as the Audit and Supervisory Committee members.

Takeda Executive Team

As management tasks continue to diversify, we have established a Takeda executive team under the President and Chief Executive Officer, consisting of certain directors and employees in senior positions who manage and supervise our key functions. The Takeda executive team participates in a Business and Sustainability Committee (BSC), which is responsible for corporate / business development matters and corporate sustainability-related matters, a Portfolio Review Committee (PRC), which is responsible for R&D and products-related matters, and a Risk, Ethics and Compliance Committee (RECC), which is responsible for internal audit, risk management and compliance matters. Our board of directors has delegated via Takeda Group's Management Policy all of its decision-making authority in respect of operational matters (excluding certain matters specified in the Companies Act, as well as substantive matters valued at JPY 100 billion or more or those matters which will have substantial impact on us or our stakeholders) to the President and Chief Executive Officer, and the three Internal Directors belonging to the BSC, PRC, and RECC, in each case with respect to the BSC, PRC and RECC, for matters allocated under Takeda Group's Management Policy for decisions by such committees.

Nomination Committee and Compensation Committee

We also have voluntarily established a Nomination Committee and a Compensation Committee as advisory committees of the board of directors. All members of each Committee must be External Directors. Furthermore, at least one director who is an Audit and Supervisory Committee member must be assigned to each committee and each committee must be chaired by an external director. As of the date of this annual report, the Nomination Committee consists of one external director who serves as chairperson, and five other external directors. One Internal Director attends the Nomination Committee as an observer. The Compensation Committee consists of one external director who serves as chairperson, and four other external directors. Together, the committees serve to ensure transparency and objectivity in decision-making relating to personnel matters for directors (including appropriate standards and procedures for appointment and reappointment and establishing and administering appropriate succession plans) and the compensation system (including appropriate levels of compensation for the directors, appropriate performance targets within the bonus system for directors and appropriate bonuses based on business results). Also, by resolution of the board of directors, the authority to decide the amount of individual remuneration of Internal Directors is delegated to the Compensation Committee, through which we have realized a more transparent process in determining individual remuneration.

As of the date of this annual report, Mr. Masami Iijima (Chairperson), Dr. Steven Gillis, Ms. Emiko Higashi, Mr. Michel Orsinger, Mr. Jean-Luc Butel and Mr. Yoshiaki Fujimori are appointed as the Nomination Committee members, and Mr. Christophe Weber is appointed as an observer. Ms. Emiko Higashi (Chairperson), Dr. John Maraganore, Mr. Michel Orsinger, Ms. Miki Tsusaka and Ms. Kimberly A. Reed are appointed as the Compensation Committee members.

Limitation of Liability of Directors

Under the Companies Act and our articles of incorporation, we may exempt, by resolution of the board of directors, our directors from liabilities to us arising in connection with their failure to execute their duties in good faith and without gross negligence, within the limits stipulated by applicable laws and regulations. In addition, our articles of incorporation provide that we may enter into agreements with our directors (excluding executive directors as defined under the Companies Act) to limit their respective liabilities to us arising from their failure to execute their duties in good faith and without gross negligence, subject to applicable laws and regulations.

D. Employees

As of March 31, 2023, 2024 and 2025, we had 49,095, 49,281 and 47,455 employees on a consolidated basis, respectively. These numbers of employees represent the number of permanent employees excluding temporary employees and were calculated on a full-time equivalent basis. The following table shows our employees by geographic locations.

As of March 31, 2025				
Japan	United States	Europe and Canada	Other	Total
4,932	20,955	14,012	7,555	47,455

We have concluded a collective bargaining agreement with the Takeda Pharmaceutical Workers Union, through which we have established sound relations with our employees in Japan. We hold regular dialogues with the union concerning, among other issues, conditions of employment and human resources practices. Similarly, all of our group companies hold discussions with their respective workers unions and employee representatives in accordance with local laws. We have an employee stock ownership association for employees of Takeda in Japan.

E. Share Ownership

The following table shows the number of shares as of March 31, 2025 owned by directors of the Company as of the date of this annual report.

Directors

Name	Number of shares held (Number of shares to be provided) ⁽¹⁾	Number of ADSs held (Number of ADSs to be provided) ⁽²⁾
Christophe Weber	914,100 (700,616)	15,398 (456,506)
Milano Furuta	17,800 (81,822)	— (—)
Andrew Plump	— (—)	425,849 (828,870)
Masami Iijima	3,300 (13,965)	— (—)
Ian Clark	— (16,321)	2,096 (—)
Steven Gillis	— (16,321)	8,257 (—)
Emiko Higashi	5,000 (20,497)	— (—)
John Maraganore	— (13,965)	— (—)
Michel Orsinger	— (20,497)	— (—)
Miki Tsusaka	— (8,844)	— (—)
Koji Hatsukawa	13,600 (18,483)	— (—)
Jean-Luc Butel	— (20,497)	— (—)
Yoshiaki Fujimori	16,000 (18,483)	— (—)
Kimberly A. Reed	— (13,965)	1,375 (—)
Total	969,800 (964,276)	452,975 (1,285,376)

Notes:

- (1) The number of shares held represents the number of ordinary shares held as of March 31, 2025. 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, 2025, 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.
- (2) The number of ADSs held represents the number of American Depositary Shares held as of March 31, 2025 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, 2025, 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.

Each of our directors held less than one percent of our total issued shares as of March 31, 2025. Shares held by directors have equal voting rights as common stock held by other holders.

For detailed information about our share-based compensation plans, including BIP and LTIP, see Note 28 to our audited consolidated financial statements.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth the number of shares held of record by each of our principal shareholders as well as the percentage of our issued shares held by each of our principal shareholders as of March 31, 2025.

Shareholder	Number of shares held of record (thousands, except percentages)	Percentage of issued shares ⁽¹⁾
The Master Trust Bank of Japan, Ltd. (Trust account)	278,204	17.62 %
Custody Bank of Japan, Ltd. (Trust account)	93,117	5.90
The Bank of New York Mellon as depositary bank for depositary receipt holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	61,745	3.91
State Street Bank West Client-Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	33,923	2.15
SMBC Nikko Securities Inc.	30,424	1.93
JP Morgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	30,117	1.91
State Street Bank And Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	26,667	1.69
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	24,752	1.57
JP Morgan Securities Japan Co., Ltd.	23,082	1.46
JP Morgan Chase Bank 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	22,172	1.40
Total	624,204	39.53 %

Note:

- (1) Percentage of issued shares excludes treasury stock held as of March 31, 2025. As of March 31, 2025, we held 17,299,963 shares of common stock as treasury stock, which include 11,734,484 shares held by us, 5,565,479 shares held in trust for our stock-based compensation plans and no shares held by equity-method affiliates. The total number of issued shares, less treasury stock, used to calculate percentages in the above table include such shares held in trust.

Our major shareholders of common stock have the same voting rights as other holders of common stock.

According to a statement on Schedule 13G (Amendment No. 3) filed on February 5, 2024, Sumitomo Mitsui Trust Holdings, Inc. (including its affiliates) beneficially owned 87,400,834 shares of our common stock, representing 5.5% of our outstanding shares of common stock. However, we have not confirmed the status of these shareholdings as of the date of this annual report.

According to an amendment to the Report of Substantial Shareholding (*tairyo hoyu hokokusho*) filed with the Director of the Kanto Local Finance Bureau on April 17, 2025, affiliates of BlackRock, Inc. beneficially owned 134,171,730 shares of our common stock, representing 8.43% of our outstanding shares of common stock. However, we have not confirmed the status of these shareholdings as of the date of this annual report.

As of March 31, 2025, there were 386 holders of record of our common stock with addresses in the U.S., whose shareholdings represented approximately 17% of our outstanding common stock on that date. One such shareholder was The Bank of New York Mellon as depositary for holders of ADSs, which held 61,745 thousand shares, or 3.91% of the total number of shares in issue, as of March 31, 2025. Because some of these shares were held by brokers or other nominees, the number of holders of record with addresses in the U.S. might not fully reflect the number of beneficial owners in the U.S.

To the extent known to us, we are not directly or indirectly owned or controlled by any other corporation, by any foreign government or by any other natural or legal person severally or jointly.

To our knowledge, there are no arrangements, which may at a subsequent date result in a change in control of us.

B. Related Party Transactions

From time to time, we enter into agreements and engage in transactions with our related parties, within the meaning of Item 7.B of Form 20-F, in the ordinary course of our business. For the fiscal year ended March 31, 2025, such transactions included, but were not limited to, R&D-related services agreements, charitable donations and equity investments transactions. The terms and conditions of our related party transactions are consistent with third-party transactions and reflect market prices. Takeda does not consider the amounts involved in these transactions to be material to its business.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Our audited consolidated financial statements are included under “Item 18—Financial Statements.”

Legal Proceedings

The information required by this item is set forth in our consolidated financial statements included in this annual report. See Note 32 to our audited consolidated financial statements for a detailed discussion of legal proceedings.

Dividends

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

- Invest in growth drivers; and
- Shareholder returns.

With respect to "Invest in growth drivers", Takeda makes strategic investments in internal and external opportunities to enhance its 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.

As noted above, the return of capital to shareholders is one of the focus areas for our management, and we believe our dividend policy is an important tool for accomplishing our goals.

The following table sets forth the dividends paid with respect to each of our fiscal years indicated.

Dividends declared and paid	JPY (billions) Total dividends	Dividends per share JPY	Record date	Effective date
April 1, 2022, to March 31, 2023				
Q1 2022	¥ 140.4	¥ 90.00	March 31, 2022	June 30, 2022
Q3 2022	140.5	90.00	September 30, 2022	December 1, 2022
April 1, 2023, to March 31, 2024				
Q1 2023	140.5	90.00	March 31, 2023	June 29, 2023
Q3 2023	148.0	94.00	September 30, 2023	December 1, 2023
April 1, 2024, to March 31, 2025				
Q1 2024	148.0	94.00	March 31, 2024	June 27, 2024
Q3 2024	155.9	98.00	September 30, 2024	December 2, 2024

Dividend declared for which the effective date falls in the following fiscal year are as follows:

Dividends declared	JPY (billions) Total dividends	Dividends per share JPY	Record date	Effective date
April 1, 2025, to March 31, 2026				
Q1 2025	¥ 154.8	¥ 98.00	March 31, 2025	June 26, 2025

B. Significant Changes

No significant change has occurred since the date of the annual financial statements.

Item 9. The Offer and Listing

A. Offer and Listing Details

See “Item 9.C. Markets” of this annual report.

B. Plan of Distribution

Not applicable.

C. Markets

In Japan, our common stock has been listed since 1949 on the Tokyo Stock Exchange. Our common stock is also listed on the Nagoya Stock Exchange, the Fukuoka Stock Exchange and the Sapporo Securities Exchange. On each of these markets, our common stock trades under the securities identification code “4502.”

ADSs, each representing 0.5 shares of our common stock, have been listed on the New York Stock Exchange since 2018 and trade under the symbol “TAK.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a joint-stock corporation incorporated in Japan under the Companies Act. The rights of our shareholders are represented by shares of our common stock as described below, and shareholders' liability is limited to the amount of subscription for such shares. As of March 31, 2025, our authorized share capital consisted of 3,500,000,000 shares of common stock of which 1,590,949,609 shares were issued.

Only the holders of our common stock will be entitled to the shareholder rights described below. In order to exercise the rights described below, holders of our ADSs will be required to withdraw their ADSs in favor of shares of our common stock in order to exercise their rights as shareholders. Additional information about the rights of ADSs is available in Exhibit 2.2.

Article 3 of our Articles of Incorporation, which are included as an exhibit hereto, set forth our objects and purposes, which are to engage in the following businesses:

- Manufacture, purchase and sale of medicines, chemicals for non-medicinal uses, quasi-medicines, medical instruments, appliances and supplies, measuring equipment, cosmetics, food products, beverages, food additives, livestock feed additives and other chemical products, and instruments, appliances and equipment relating to any of the foregoing products;
- Computerized information processing services, development, purchase and sale of software, and information providing services;
- Support of businesses, and advice, training and assistance for management;
- Trucking and freight forwarding;
- Warehousing;
- Publishing;
- Management, purchase, sale and lease of real estate; and
- Business ancillary or related to any of those specified in each foregoing clause.

Book-Entry Transfer System

The Japanese book-entry transfer system for listed shares of Japanese companies under the Book-Entry Act of Japan (the “Book-Entry Act”) applies to the shares of our common stock. Under this system, shares of all Japanese companies listed on any Japanese stock exchange are dematerialized. Under the book-entry transfer system, in order for any person to hold, sell or otherwise dispose of listed shares of Japanese companies, they must have an account at an account management institution unless such person has an account at Japan Securities Depository Center, Incorporated (the “JASDEC”). “Account management institutions” are financial instruments business operators (i.e., securities firms), banks, trust companies and certain other financial institutions that meet the requirements prescribed by the Book-Entry Act, and only those financial institutions that meet the further stringent requirements of the Book-Entry Act can open accounts directly at JASDEC.

The following description of the book-entry transfer system assumes that the relevant person has no account at JASDEC.

Under the Book-Entry Act, any transfer of shares is affected through book-entry, and the title to the shares passes to the transferee at the time when the transferred number of shares is recorded in the transferee's account at an account management institution. The holder of an account at an account management institution is presumed to be the legal owner of the shares held in such account.

Under the Companies Act, in order to assert shareholders' rights against us, the transferee must have its name and address registered in the register of our shareholders, except in limited circumstances. Under the book-entry transfer system, such registration is generally made upon receipt of an all shareholders notice (*soukabunushi tsuchi*) (as described in “— Register of Shareholders”) from JASDEC. For this purpose, shareholders are required to file their names and addresses with our transfer agent through the account management institution and JASDEC. See “—Register of Shareholders” for more information.

Non-resident shareholders are required to appoint a standing proxy in Japan or provide a mailing address in Japan. Each such shareholder must give notice of its standing proxy or a mailing address to the relevant account management institution. Such notice will be forwarded to our transfer agent through JASDEC. Japanese securities firms and commercial banks customarily act as standing proxies and provide related services for standard fees. Notices from us to non-resident shareholders are delivered to the standing proxies or mailing addresses.

Register of Shareholders

Under the book-entry transfer system, the registration of names, addresses and other information of shareholders in the register of our shareholders will be made by us upon the receipt of an all shareholders notice (with the exception that in the event of the issuance of new shares, we will register the names, addresses and other information of our shareholders in the register of our shareholders without an all shareholders notice from JASDEC) given to us by JASDEC, which will give us such an all shareholders notice based on information provided by the account management institutions. Such an all shareholders notice will be made only in cases prescribed under the Book-Entry Act such as when we fix the record date and when we make a request to JASDEC with any justifiable reason. Therefore, a shareholder may not assert shareholders' rights against us immediately after such a shareholder acquires our shares, unless such a shareholder's name and address are registered in the register of our shareholders upon our receipt of an all shareholders notice; provided, however, that, in respect of the exercise of rights of minority shareholders as defined in the Book-Entry Act, a shareholder may exercise such rights upon giving us an individual shareholder notice (*kobetsukabunushi tsuchi*) through JASDEC only during a certain period prescribed under the Book-Entry Act.

Distribution of Surplus

Under the Companies Act, the distribution of dividends takes the form of a distribution of Surplus (as defined in “—Restriction on Distribution of Surplus”), and a distribution of Surplus may be made in cash and/or in kind, with no restrictions on the timing and frequency of such distributions. The Companies Act generally requires a joint-stock corporation to make distributions of Surplus authorized by a resolution of a general meeting of shareholders. However, in accordance with the Companies Act, our Articles of Incorporation provide that the board of directors has the authority to make decisions regarding distributions of Surplus, except for limited exceptions, as provided by the Companies Act, as long as the company that has both of an independent auditor and an audit and supervisory committee satisfies the following requirements:

- (a) the normal term of office of directors who are not audit and supervisory committee members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within one year after their election (our Articles of Incorporation currently satisfies this requirement); and
- (b) its non-consolidated annual financial statements and certain documents for the latest fiscal year fairly present its assets and profit or loss, as required by the ordinances of the Ministry of Justice.

A resolution of a general meeting of shareholders or the board of directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or the board of directors, grant a right to the shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders. See “—Voting Rights” for more details regarding a special resolution. Our Articles of Incorporation provide that we are relieved of our obligation to pay any distributions in cash that go unclaimed for three years after the date they first become payable.

Restrictions on the Distribution of Surplus

Under the Companies Act, we may distribute a Surplus up to the excess of the aggregate of (a) and (b) below, less the aggregate of (c) through (f) below, as of the effective date of such distribution, if our net assets are not less than JPY 3,000,000:

- (a) the amount of Surplus, as described below;
- (b) in the event that extraordinary financial statements as of, or for a period from the beginning of the fiscal year to, the specified date are approved, the aggregate amount of (i) the aggregate amount as provided for by an ordinance of the Ministry of Justice as the net profit for such period described in the statement of profit and loss constituting the extraordinary financial statements, and (ii) the amount of consideration that we received for the treasury stock that we disposed of during such period;
- (c) the book value of our treasury stock;
- (d) in the event that we disposed of treasury stock after the end of the previous fiscal year, the amount of consideration that we received for such treasury stock;
- (e) in the event described in (b) in this paragraph, the aggregate amount as provided for by an ordinance of the Ministry of Justice as the net loss for such period described in the statement of profit and loss constituting the extraordinary financial statements; and
- (f) certain other amounts set forth in the ordinances of the Ministry of Justice, including (if the sum of one-half of goodwill and the deferred assets exceeds the total of share capital, additional paid-in capital and legal earnings reserve, each such amount as it appears on the balance sheet as of the end of the previous fiscal year) all or a certain part of such excess amount as calculated in accordance with the ordinances of the Ministry of Justice.

For the purposes of this section, the amount of “Surplus” is the excess of the aggregate of (I) through (IV) below, less the aggregate of (V) through (VII) below:

- (I) the aggregate of other capital surplus and other retained earnings at the end of the previous fiscal year;
- (II) in the event that we disposed of treasury stock after the end of the previous fiscal year, the difference between the book value of such treasury stock and the consideration that we received for such treasury stock;
- (III) in the event that we reduced our share capital after the end of the previous fiscal year, the amount of such a reduction less the portion thereof that has been transferred to additional paid-in capital and/or legal earnings reserve (if any);
- (IV) in the event that we reduced additional paid-in capital and/or legal earnings reserve after the end of the previous fiscal year, the amount of such a reduction less the portion thereof that has been transferred to share capital (if any);
- (V) in the event that we canceled treasury stock after the end of the previous fiscal year, the book value of such treasury stock;
- (VI) in the event that we distributed a Surplus after the end of the previous fiscal year, the aggregate of the following amounts:
 - (1) the aggregate amount of the book value of the distributed assets, excluding the book value of such assets that would be distributed to shareholders but for their exercise of the right to receive dividends in cash instead of dividends in kind;
 - (2) the aggregate amount of cash distributed to shareholders who exercised the right to receive dividends in cash instead of dividends in kind; and
 - (3) the aggregate amount of cash paid to shareholders holding fewer shares than the shares that were required in order to receive dividends in kind;
- (VII) the aggregate amounts of (1) through (4) below, less (5) through (8) below:
 - (1) in the event that the amount of Surplus was reduced and transferred to additional paid-in capital, legal earnings reserve and/or share capital after the end of the previous fiscal year, the amount so transferred;
 - (2) in the event that we distributed a Surplus after the end of the previous fiscal year, the amount set aside in additional paid-in capital and/or legal earnings reserve;
 - (3) in the event that we disposed of treasury stock in the process of (w) a merger in which we acquired all rights and obligations of a company, (x) a corporate split in which we acquired all or a part of the rights and obligations of a split company, (y) a share exchange in which we acquired all shares of a company, or (z) a share delivery in which we acquired shares, stock acquisition rights or bonds with stock acquisition rights of a company and delivered our shares to the transferor of them as a consideration for such acquisition after the end of the previous fiscal year, the difference between the book value of such treasury stock and the consideration that we received for such treasury stock;
 - (4) in the event that the amount of Surplus was reduced in the process of a corporate split in which we transferred all or a part of our rights and obligations after the end of the previous fiscal year, the amount so reduced;
 - (5) in the event of (w) a merger in which we acquired all rights and obligations of a company, (x) a corporate split in which we acquired all or a part of the rights and obligations of a split company, (y) a share exchange in which we acquired all shares of a company, or (z) a share delivery in which we acquired shares, stock acquisition rights or bonds with stock acquisition rights of a company and delivered our shares to the transferor of them as a consideration for such acquisition after the end of the previous fiscal year, the aggregate amount of (i) the amount of other capital surplus after such merger, corporate split, share exchange or share delivery, less the amount of other capital surplus before such merger, corporate split, share exchange or share delivery, and (ii) the amount of other retained earnings after such merger, corporate split, share exchange or share delivery, less the amount of other retained earnings before such merger, corporate split, share exchange or share delivery;
 - (6) in the event that an obligation to cover a deficiency, such as the obligation of a person who subscribed for newly issued shares with an unfair amount to be paid in, was fulfilled after the end of the previous fiscal year, the amount of other capital surplus increased by such payment;
 - (7) in the event that we allotted our shares to the directors in consideration of providing service after the end of the last fiscal year, the changes in other capital surplus by such allotment; and
 - (8) in the event that we allotted our treasury stock to the directors in consideration of providing service and the directors transferred these stock to us for free after the end of the last fiscal year, the amount of increase in treasury stock by such transfer.

In Japan, the “ex-dividend” date and the record date for any distribution of Surplus come before the date a company determines the amount of distribution of Surplus to be paid.

For information as to Japanese taxes on dividends, see “—Taxation — Japanese Taxation.”

Capital and Reserves

Under the Companies Act, the paid-in amount of any newly-issued shares of stock is required to be accounted for as share capital, although we may account for an amount not exceeding one-half of such a paid-in amount as additional paid-in capital. We may generally reduce additional paid-in capital and/or legal earnings reserve by resolution of a general meeting of shareholders, subject to completion of protection procedures for creditors in accordance with the Companies Act, and, if so decided by the same resolution, we may account for the whole or any part of the amount of such reduction as share capital. We may generally reduce share capital by a special resolution of a general meeting of shareholders subject to completion of protection procedures for creditors in accordance with the Companies Act, and, if so decided by the same resolution, we may account for the whole or any part of the amount of such reduction as additional paid-in capital or legal earnings reserve.

Stock Splits

Under the Companies Act, we may at any time split shares issued into a greater number of the same class of shares by a resolution of the board of directors or by determination of an individual director to whom the authority to make such a determination has been delegated by resolution of the board of directors. A company that has issued only one class of shares may amend its articles of incorporation to increase the number of the authorized shares to be issued up to a number in proportion to the stock split by resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors, rather than a special resolution of a general meeting of shareholders, which is otherwise required for amending the articles of incorporation. When a stock split is to be made, we must give public notice of the stock split, specifying the record date therefor, at least two weeks prior to such record date.

Under the book-entry transfer system, on the effective date of the stock split, the numbers of shares recorded in all accounts held by our shareholders at account management institutions will be increased in accordance with the applicable ratio.

Gratuitous Allocations

Under the Companies Act, we may allot any class of shares to our existing shareholders without any additional contribution by resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors; provided that although our treasury stock may be allotted to our shareholders, any allotment of shares will not accrue to shares of our treasury stock.

When a gratuitous allocation is to be made and we set a record date therefor, we must give public notice of the gratuitous allocation, specifying the record date therefor, at least two weeks prior to the record date.

Under the book-entry transfer system, on the effective date of the gratuitous allocation, the number of shares of our common stock recorded in accounts held by our shareholders at account management institutions will be increased in accordance with a notice from us to JASDEC.

Reverse Stock Split

Under the Companies Act, we may at any time consolidate our shares into a smaller number of shares by a special resolution of the general meeting of shareholders. We must disclose the reason for the reverse stock split at the general meeting of shareholders. When a reverse stock split is to be made, we must give public notice of the reverse stock split, at least two weeks (or, in certain cases where any fractions of shares are left as a result of a reverse stock split, 20 days) prior to the effective date of the reverse stock split.

Under the book-entry transfer system, on the effective date of the reverse stock split, the numbers of shares recorded in all accounts held by our shareholders at account management institutions will be decreased in accordance with the applicable ratio.

Unit Share System

General

Our Articles of Incorporation provide that 100 shares constitute one “unit” of common stock. Our board of directors or an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors is permitted to reduce the number of shares that will constitute one unit or to abolish the unit share system entirely by amending our Articles of Incorporation, without shareholders’ approval, with public notice without delay after the effective date of such amendment.

Transferability of Shares Constituting Less Than One Unit

Under the book-entry transfer system, shares constituting less than one unit are transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on Japanese stock exchanges.

Voting Rights of a Holder of Shares Constituting Less Than One Unit

A holder of shares constituting less than one unit cannot exercise any voting rights pertaining to those shares. In calculating the quorum for various voting purposes, the aggregate number of shares constituting less than one unit will be excluded from the number of outstanding shares. A holder of shares representing one or more full units will have one vote for each full unit represented.

A holder of shares constituting less than one unit does not have any rights related to voting, such as the right to participate in a demand for the resignation of a director, the right to participate in a request for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose a matter to be included in the agenda of a general meeting of shareholders.

Rights of a Holder of Shares Constituting Less Than One Unit to Require Us to Purchase Shares and to Sell Shares

Under the Companies Act, a holder of shares constituting less than one full unit may at any time request that we purchase such shares. In addition, our Articles of Incorporation provide that, pursuant to our Company Share Policy, a holder of shares constituting less than one full unit has the right to request that we sell to such a holder such number of shares constituting less than one full unit which, when added to the shares constituting less than one full unit currently owned by such a holder, will constitute one full unit.

Under the book-entry system, such a request must be made to us through the relevant account managing institution. The price at which shares of common stock constituting less than one unit will be purchased or sold by us pursuant to such a request will be equal to (a) the closing price of shares of our common stock reported by the Tokyo Stock Exchange on the day when the request is received by our transfer agent or (b) if no sale takes place on the Tokyo Stock Exchange on that day, the price at which the sale of shares of our common stock is executed on such stock exchange immediately thereafter.

General Meeting of Shareholders

Our ordinary general meeting of shareholders is usually held every June in Japan. The record date for an ordinary general meeting of shareholders is March 31 of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary by giving at least two weeks' advance notice to shareholders.

The time, the place, and the purpose thereof and certain other matters relating to the general meeting of shareholders, including the information contained in the reference materials, must be uploaded onto the website at least three weeks prior to the date set for the meeting, and notice of the URL of the website to be used and certain other matters relating to the meeting must be mailed to each shareholder having voting rights (or, in the case of a non-resident shareholder, to his or her standing proxy or mailing address in Japan) at least two weeks prior to the date set for such a meeting.

The Act for Partially Amending the Industrial Competitiveness Act of Japan partially came into effect on June 16, 2021, which allows companies to add a provision to their Articles of Incorporation stating that a general meeting of shareholders may be held without specifying a venue, subject to confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice that such companies satisfy the requirements specified by the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice, for falling under cases where holding a general meeting of shareholders without specifying a venue contributes to enhancing industrial competitiveness while securing the interests of shareholders.

Assuming cases where an infectious disease such as COVID-19 spreads or a natural disaster occurs and the impact thereof is ongoing or is reasonably expected to be ongoing at the time of the general meeting of shareholders, we believe that setting a venue for a general meeting of shareholders while asking shareholders to refrain from attending the venue out of consideration of shareholders' health and safety, may not always be the best option for us as the method of holding a general meeting of shareholders. Therefore, we submitted a proposal to our annual general meeting of shareholders held on June 29, 2021, which was approved by partially amending our Articles of Incorporation to the effect that we may hold a general meeting of shareholders without specifying a venue when our Board of Directors decides that, considering the interests of shareholders as well, it is not appropriate to hold the general meeting of shareholders with a specific venue in situations such as the spread of an infectious disease or the occurrence of a natural disaster. The partial amendment of our Articles of Incorporation based on this proposal came into effect on August 5, 2021 by obtaining the above mentioned confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice.

Any shareholder or group of shareholders holding at least 3% of the total number of voting rights for a period of six months or more may require, with an individual shareholder notice (as described in "— Register of Shareholders"), the convocation of a general meeting of shareholders for a particular purpose. Unless such a general meeting of shareholders is convened without delay or a convocation notice of a meeting which is to be held not later than eight weeks from the day such a demand is dispatched, the requiring shareholder may, upon obtaining a court approval, convene such a general meeting of shareholders.

Any shareholder or group of shareholders holding at least 300 voting rights or 1% of the total number of voting rights for a period of six months or more may propose a matter to be included in the agenda of a general meeting of shareholders, and may propose to describe such a matter together with a summary of the proposal to be submitted by such a shareholder in a convocation notice to our shareholders, by submitting a request to a director at least eight weeks prior to the date set for such a meeting (provided that we are able to limit the number of such matters proposed by each shareholder to 10), with an individual shareholder notice (as described in "— Register of Shareholders").

The Companies Act enables a company to amend its articles of incorporation in order to loosen the requirements for the number of shares held and shareholding period, as well as the period required for dispatching a convocation notice or submission of requests, all of which are required for any shareholder or group of shareholders to request the convocation of a general meeting of shareholders or to propose a matter to be included in the agenda of a general meeting of shareholders. Our Articles of Incorporation do not provide for loosening such requirements.

Voting Rights

A shareholder of record is entitled to one vote per unit (100 shares) of common stock, except that neither we nor any corporation, partnership or other similar entity in which we hold, directly or indirectly, 25% or more of the voting rights shall exercise any voting rights in respect of shares held by us or such an entity, as the case may be. Except as otherwise provided by law or by our Articles of Incorporation, a resolution can be adopted at a general meeting of shareholders by a majority of the voting rights represented at the meeting. Shareholders may also exercise their voting rights through proxies, provided that the proxy is granted to one of our shareholders having voting rights. The Companies Act and our Articles of Incorporation provide that the quorum for the election of directors is one-third of the total number of voting rights. Our Articles of Incorporation provide that the shares may not be voted cumulatively for the election of directors.

The Companies Act provides that a special resolution of the general meeting of shareholders is required for certain significant corporate transactions, including:

- any amendment to our Articles of Incorporation (except for amendments that may be made without the approval of shareholders under the Companies Act);
- a reduction of share capital, subject to certain exceptions under which a shareholders' resolution is not required, such as a reduction of share capital for the purpose of replenishing capital deficiencies;
- transfer of the whole or a part of our equity interests in any of our subsidiaries, subject to certain exceptions under which a shareholders' resolution is not required;
- a dissolution, merger or consolidation, subject to certain exceptions under which a shareholders' resolution is not required;
- the transfer of the whole or a substantial part of our business, subject to certain exceptions under which a shareholders' resolution is not required;
- the taking over of the whole of the business of any other corporation, subject to certain exceptions under which a shareholders' resolution is not required;
- a corporate split, subject to certain exceptions under which a shareholders' resolution is not required;
- a share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*) for the purpose of establishing 100% parent-subsidiary relationships, subject to certain exceptions under which a shareholders' resolution is not required;
- a share delivery (*kabushiki kofu*) for the purpose of making another corporation a subsidiary, subject to certain exceptions under which a shareholders' resolution is not required;
- any issuance of new shares or transfer of existing shares held by us as treasury stock at a "specially favorable" price and any issuance of stock acquisition rights or bonds with stock acquisition rights at a "specially favorable" price or on "specially favorable" conditions to any persons other than shareholders;
- any acquisition by us of our own shares from specific persons other than our subsidiaries;
- any reverse stock splits; or
- the removal of directors who are audit and supervisory committee members.

Except as otherwise provided by law or in our Articles of Incorporation, a special resolution of the general meeting of shareholders requires the approval of the holders of at least two-thirds of the voting rights of all shareholders present or represented at a meeting where a quorum is present. Our Articles of Incorporation provide that a quorum exists when one-third of the total number of voting rights is present or represented.

Liquidation Rights

If we are liquidated, the assets remaining after payment of all taxes, liquidation expenses and debts will be distributed among shareholders in proportion to the number of shares they hold.

Rights to Allotment of Shares

Holders of shares of our common stock have no pre-emptive rights. Authorized but unissued shares may be issued at the times and on the terms as the board of directors or an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors determines, so long as the limitations with respect to the issuance of new shares at “specially favorable” prices (as described in “— Voting Rights”) are observed. Our board of directors or an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors may, however, determine that shareholders shall be given rights to allotment regarding a particular issue of new shares, in which case such rights must be given on uniform terms to all holders of the shares as of a record date for which not less than two weeks’ prior public notice must be given. Each shareholder to whom such rights are given must also be given notice of the expiration date thereof at least two weeks prior to the date on which such rights expire. The rights to allotment of new shares may not be transferred. However, the Companies Act enables us to allot stock acquisition rights to shareholders without consideration therefor, and such stock acquisition rights are transferable. See “— Stock Acquisition Rights” below.

In cases where a particular issuance of new shares (i) violates laws and regulations or our Articles of Incorporation, or (ii) will be performed in a manner materially unfair, and shareholders may suffer disadvantages therefrom, such shareholders may file an injunction with a court of law to enjoin such issuance.

Stock Acquisition Rights

Subject to certain conditions and to the limitations on issuances at a “specially favorable” price or on “specially favorable” conditions described in “— Voting Rights,” we may issue stock acquisition rights (*shinkabu yoyakuken*) and bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*) by a resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors. Holders of stock acquisition rights may exercise their rights to acquire a certain number of shares within the exercise period as set forth in the terms of their stock acquisition rights. Upon exercise of stock acquisition rights, we will be obligated either to issue the relevant number of new shares or, alternatively, to transfer the necessary number of shares of treasury stock held by us.

Record Date

The record date for annual dividends and the determination of shareholders entitled to vote at the ordinary general meeting of our shareholders is March 31. The record date for interim dividends is September 30.

In addition, by a resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors, we may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks’ prior public notice.

Under the rules of JASDEC, we are required to give notice of each record date to JASDEC promptly after setting such record date. JASDEC is required to promptly give us notice of the names and addresses of the holders of shares of our common stock, the number of shares of our common stock held by them and other relevant information as at each record date.

Purchase of Our Own Shares

Under the Companies Act and our Articles of Incorporation, we may acquire our own shares:

- by purchase on any stock exchange on which our shares are listed or by way of a tender offer, pursuant to a resolution of our board of directors subject to certain requirements;
- by purchase from a specific party other than any of our subsidiaries, pursuant to a special resolution of a general meeting of shareholders; and
- by purchase from any of our subsidiaries, pursuant to a resolution of the board of directors or determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors.

If we acquire our own shares from a specific party other than any of our subsidiaries as specified above at a price higher than the greater of (i) (a) the closing price of the shares at the market trading such shares on the day immediately preceding the day on which the relevant special resolution of a general meeting of shareholders is made or (b) if no sale takes place at such a market on that day, the price at which the sale of the shares is effected on such a market immediately thereafter and (ii) in the event that such shares are subject to a tender offer, the price set in the contract regarding such a tender offer on that day, shareholders may request that we include him or her as the seller of his or her shares in the proposed purchase. Any such acquisition of shares must satisfy certain requirements, such as that we may only acquire our own shares in an aggregate amount up to the amount that we may distribute as a Surplus. See “— Distribution of Surplus” above for more details regarding this amount.

Our own shares acquired by us may be held by us as treasury stock for any period or may be canceled by resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors. We may also transfer the shares held by us to any person, subject to a resolution of the board of directors or determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors, and subject also to other requirements similar to those applicable to the issuance of new shares, as described in “— Rights to Allotment of Shares” above. We may also utilize our treasury stock (x) for the purpose of transfer to any person upon exercise of stock acquisition rights or (y) for the purpose of acquiring another company by way of merger, share exchange, share delivery or corporate split through exchange of treasury stock for shares or assets of the acquired company.

Request by Controlling Shareholder to Sell All Shares

Under the Companies Act and our Articles of Incorporation, in general, a shareholder holding 90% or more of our voting rights, directly or through wholly-owned subsidiaries, shall have the right to request that all other shareholders other than us (and all other holders of stock acquisition rights other than us, as the case may be) sell all shares (and all stock acquisition rights, as the case may be) held by them with our approval, which must be made by a resolution of the board of directors or by determination of an individual director to whom the authority to make such determination has been delegated by resolution of the board of directors (*kabushiki tou uriwatashi seikyu* or a “Share Sales Request”). In order to make a Share Sales Request, such a controlling shareholder will be required to issue a prior notice to us. If we approve such a Share Sales Request, we will be required to make a public notice to all holders and registered pledgees of shares (and stock acquisition rights, as the case may be) not later than 20 days before the effective date of such sales.

Sale by Us of Shares Held by Shareholders Whose Addresses Are Unknown

Under the Companies Act, we are not required to send a notice to a shareholder if notices to such shareholder fail to arrive for a continuous period of five or more years at the registered address of such a shareholder in the register of our shareholders or at the address otherwise notified to us.

In addition, we may sell or otherwise dispose of the shares held by a shareholder whose location is unknown. Generally, if

- notices to a shareholder fail to arrive for a continuous period of five or more years at the shareholder’s registered address in the register of our shareholders or at the address otherwise notified to us, and
- the shareholder fails to receive distribution of Surplus on the shares for a continuous period of five or more years at the address registered in the register of our shareholders or at the address otherwise notified to us;

then we may sell or otherwise dispose of the shareholder’s shares at the market price after giving at least three months’ prior public and individual notices, and hold or deposit the proceeds of such sale or disposal for the shareholder.

Reporting of Substantial Shareholdings

The Financial Instruments and Exchange Law of Japan and its related regulations require any person who has become beneficially, solely or jointly, a holder of more than 5% of total issued shares of our common stock, to file with the director of a relevant local finance bureau of the Ministry of Finance within five business days a report concerning such shareholdings. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in any such holdings or any change in material matters set out in reports previously filed. For this purpose, shares of our common stock issuable to such a person upon exchange of exchangeable securities, conversion of convertible securities or exercise of warrants or stock acquisition rights (including those incorporated in bonds with stock acquisition rights) are taken into account in determining both the number of our shares held by the holder and our total issued shares.

C. 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 owned or controlled the intellectual property rights and other associated assets related to the allosteric TYK2 inhibitor, TAK-279, 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. 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 “Item 5.A. Operating Results—Factors Affecting Our Results of Operations ‘*Acquisitions*’”.

Licensing and Collaboration Agreements

In the ordinary course of our business, we enter into agreements for licensing or collaboration in the development and commercialization of products. Our business does not materially depend on any one of these agreements. Instead, they form a portion of our overall strategy to leverage a mix of internal and external resources to develop and commercialize new products. Certain of the agreements which have led to successful commercialization to date are summarized in “Item 4. Information on the Company—B. Business Overview—Licensing and Collaboration.” Our Licensing and Collaboration Agreement with Seagen Inc., now a wholly owned subsidiary of Pfizer Inc. (“Pfizer”), is filed as an exhibit hereto to provide investors with an example of one such agreement. We believe this agreement is representative of our licensing and collaboration agreements for marketed products in that it provides for the payment of development and commercial milestone payments and sales-based royalties and sets forth the parties’ responsibilities relating to the terms of co-development, co-manufacturing and co-marketing efforts, as well as providing for certain geographic limitations and limitations on term for the relevant licensing and collaboration efforts. The specific terms of each of our licensing or collaboration agreements are negotiated individually. Agreements for compounds still in development may have additional terms governing, for example, equity investments or other financial and non-financial matters.

D. Exchange Controls

The Foreign Exchange and Foreign Trade Act of Japan (*Gaikoku Kawase oyobi Gaikoku Boueki Hou*) (the “FEFTA”) and related cabinet orders and ministerial ordinances, which we refer to collectively as the Foreign Exchange Regulations, govern certain aspects relating to the acquisition and holding of shares by “exchange non-residents” and by “foreign investors” (as these terms are defined below). It also applies in some cases to the acquisition and holding of ADSs representing shares of our common stock acquired and held by exchange non-residents and by foreign investors. In general, the Foreign Exchange Regulations currently in effect do not affect transactions between exchange non-residents to purchase or sell shares or ADSs outside Japan using currencies other than Japanese yen.

Exchange residents are defined in the Foreign Exchange Regulations as:

- (i) individuals who reside within Japan; or
- (ii) corporations whose principal offices are located within Japan.

Exchange non-residents are defined in the Foreign Exchange Regulations as:

- (i) individuals who do not reside in Japan; or
- (ii) corporations whose principal offices are located outside Japan.

Generally, branches and other offices of non-resident corporations located within Japan are regarded as exchange residents. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

Foreign investors are defined in the Foreign Exchange Regulations as:

- (i) individuals who do not reside in Japan;
- (ii) corporations or other entities organized under the laws of foreign countries or whose principal offices are located outside Japan (excluding partnerships falling within (iv));
- (iii) corporations of which 50% or more of the total voting rights are held, directly or indirectly, by individuals and/or corporations falling within (i) and/or (ii) above;
- (iv) general partnerships or limited partnerships under Japanese law or any similar partnerships under the laws of foreign countries, where either: (A) 50% or more of the capital contributions to those entities are made by individuals who do not reside in Japan or certain other foreign investors or (B) a majority of the general partners of such entities are individuals who do not reside in Japan or certain other foreign investors; or
- (v) corporations or other entities of which a majority of either (A) directors or other persons equivalent thereto or (B) directors or other persons equivalent thereto having the power of representation are individuals who do not reside in Japan.

Acquisition of Shares

Acquisition by an exchange non-resident of shares of a Japanese corporation from an exchange resident requires post facto reporting by the exchange resident to the Minister of Finance of Japan through the Bank of Japan. No such reporting requirement is imposed, however, if:

- (i) the aggregate purchase price of the relevant shares is JPY 100 million or less;
- (ii) the acquisition is affected through any bank, financial instruments business operator or other entity prescribed by the Foreign Exchange Regulations acting as an agent or intermediary; or
- (iii) the acquisition constitutes an “inward direct investment” described below.

Inward Direct Investment in Shares of Listed Corporations

Inward Direct Investment

If a foreign investor acquires shares or voting rights of a Japanese corporation that is listed on a Japanese stock exchange, such as the shares of our common stock and ADSs, or that is traded on an over-the-counter market in Japan and, as a result of the acquisition, the foreign investor, in combination with any existing holdings and holdings of its closely-related persons (as defined in the Foreign Exchange Regulations), directly or indirectly holds 1% or more of (i) the total issued shares or (ii) the total voting rights of the relevant corporation (shares and voting rights of the relevant corporation to be acquired are referred to as the “Inward Direct Investment Shares”), such an acquisition constitutes an “inward direct investment” under the FEFTA.

Prior Notification

Where a foreign investor intends to acquire the Inward Direct Investment Shares, and any of the business conducted by the investee Japanese corporation falls within any business sectors designated under the Foreign Exchange Regulations (the “Designated Business Sectors”, *Shitei-Gyoshu*) (which is the case for Takeda), in principle, a notification of the acquisition must be made in advance to the Minister of Finance and any other competent Ministers having jurisdiction over that Japanese corporation (including the MHLW).

If such a notification is made, the proposed acquisition cannot be consummated until 30 days have passed from the date thereof (this period is referred to as the “Screening Period”); provided, however, that the Screening Period will be shortened unless any of the relevant Ministers finds it necessary to check whether the proposed acquisition should be restricted from the viewpoint of national security or certain other factors, and may be shortened to 5 business days, if the proposed acquisition is determined not to raise such concerns. If the relevant Ministers find it necessary to check whether the proposed acquisition should be restricted, the Ministers may extend the Screening Period for up to five months; and the Ministers may eventually recommend any modifications to, or abandonment of, the proposed acquisition if necessary from the viewpoint of national security or certain other factors. If the foreign investor does not accept any of the recommendations, the relevant Ministers may order that the proposed acquisition be modified or abandoned.

Foreign investors acquiring the Inward Direct Investment Shares by way of a stock split are not subject to these notification requirements.

In addition, in the event a foreign investor, in combination with any holdings of its closely-related persons, directly or indirectly holds 1% or more of the total voting rights of a Japanese listed corporation engaging in the Designated Business Sectors, certain other activities of such a foreign investor such as (i) voting for appointment of his/herself or a person related thereto (as defined in the Foreign Exchange Regulations) as a director or corporate auditor of such corporation and (ii) proposal and voting for transfer or abolishment of business activities related to the Designated Business Sectors of such a corporation also constitute “inward direct investments” and, as a result, are subject to the prior notification requirements under the FEFTA.

Exemption from Prior Notification

Irrespective of the foregoing, where any of the business conducted by the investee Japanese corporation falls within certain Designated Business Sectors specified in the Foreign Exchange Regulations (the “Core Sectors”, *Core Gyoshu*) (we are currently conducting business falling within the Core Sectors), the foreign investor (including (a) the foreign financial institutions specified in the Foreign Exchange Regulations and (b) sovereign wealth funds or public pension funds which have been accredited by the Japanese government and excluding the foreign financial institutions specified in the Foreign Exchange Regulations), who (i) acquires less than 10% of the Inward Direct Investment Shares (comprised of the aggregate amount of any existing holdings and holdings of its closely-related persons) of such a Japanese corporation, and (ii) complies with the following conditions is not required to make a prior notification upon his/her acquisition of the Inward Direct Investment Shares since an exemption therefrom is applicable, as long as;

- (a) the foreign investor and its related persons (as defined in the Foreign Exchange Regulations) will not become board members of such corporation or its certain related corporations;
- (b) the foreign investor will not propose transfer or abolishment of the business activities related to the Designated Business Sectors to or at a general meeting of shareholders;
- (c) the foreign investor will not access non-public information about the technology of such a corporation or its certain related corporations in relation to business activities related to Designated Business Sectors;
- (d) the foreign investor will not attend the meetings of the board of directors or executive committees of corporation or its certain related corporations that make important decisions in connection with business activities related to the Core Sectors; and
- (e) the foreign investor will not make any proposals, in a written form, to the board of directors or executive committees that make important decisions or their members of such corporation or its certain related corporations requesting that they respond and/or take any action in connection with business activities related to the Core Sectors by a certain deadline.

Further, foreign financial institutions specified in the Foreign Exchange Regulations who comply with conditions (a), (b) and (c) above are exempted from prior notification requirements.

This exemption is not applicable to certain types of foreign investors (for example, a foreign investor with a certain record of sanctions due to violation of the Foreign Exchange Regulations, or state-owned enterprises except those who are accredited by the Minister of Finance), and such foreign investors must file the prior notification set forth above.

Post Transaction Report

A foreign investor who has made a prior notification, as mentioned above must file a post transaction report (the “Post Transaction Report”) with the Minister of Finance and any other competent Ministers having jurisdiction over that Japanese corporation within 45 days after his/hers acquisition of the Inward Direct Investment Shares.

A foreign investor who has acquired the Inward Direct Investment Shares in reliance on an exemption from prior notification, must, in principle, file a Post Transaction Report within 45 days after such acquisition, if the ratio of the total number of shares or voting rights held directly or indirectly by the foreign investor in combination with any existing holdings and holdings of its closely related persons after the acquisition to the number of (i) the total issued shares or (ii) the total voting rights of the relevant corporation reaches:

- (i) 1% or more but less than 3% for the first time;

- (ii) 3% or more but less than 10% for the first time; and
- (iii) 10% or more for each acquisition.

Provided, however, that foreign financial institutions specified in the Foreign Exchange Regulations are only required to file a Post Transaction Report for (iii) above.

Foreign investors acquiring the Inward Direct Investment Shares by way of a stock split are not subject to the Post Transaction Report requirements.

Dividends and Proceeds of Sale

Under the Foreign Exchange Regulations, dividends paid on, and the proceeds from sales in Japan of, shares held by exchange non-residents may generally be converted into any foreign currency and repatriated abroad.

E. Taxation

Material U.S. Federal Income Tax Consequences

This section describes the material U.S. federal income tax consequences of owning ADSs. It applies to you only if you are a U.S. holder (as defined below) and you hold your ADSs as capital assets for tax purposes. This discussion addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a life insurance company,
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock,
- a person that holds ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells ADSs as part of a wash sale for tax purposes, or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the Government of the United States of America and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “Treaty”). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the assumption that each obligation in the deposit agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds the ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ADSs should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the ADSs.

You are a U.S. holder if you are a beneficial owner of ADSs and you are for U.S. federal income tax purposes:

- a citizen or resident of the U.S.,
- a domestic corporation,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or
- a trust if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

You should consult your own tax advisor regarding the U.S. federal, state and local tax consequences of owning and disposing of ADSs in your particular circumstances.

In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to U.S. federal income tax.

The tax treatment of your ADSs will depend in part on whether or not we are classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Except as discussed below under “PFIC Rules”, this discussion assumes that we are not classified as a PFIC for U.S. federal income tax purposes.

Distributions

Under U.S. federal income tax laws, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), other than certain pro-rata distributions of our shares, will be treated as a dividend that is subject to U.S. federal income taxation. If you are a non-corporate U.S. holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends that we distribute with respect to the ADSs will be qualified dividend income if the ADSs are readily tradable on an established securities market in the U.S. in the year that we distribute the dividend. Our ADSs are listed on the NYSE which is considered an established securities market in the U.S. We therefore expect that dividends that we distribute on our ADSs will be qualified dividend income, provided that you satisfy the aforementioned holding period requirements.

You must include any Japanese tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when the depositary receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The amount of the dividend distribution that you must include in income will be the U.S. dollar value of the yen payments made, determined at the spot yen/U.S. dollar rate on the date the dividend is distributed, even if the depositary (a) converts the yen into U.S. dollars at a different rate or (b) does not convert the dividend payment into U.S. dollars. If the depositary converts the yen into U.S. dollars at a different rate, then you will recognize U.S. source ordinary income (that would not be treated as qualified dividends) or loss equal to the difference between the U.S. dollars that you receive and the U.S. dollar amount that you included as dividend income. If the depositary does not convert the dividend payment into U.S. dollars, then you will recognize U.S. source ordinary income (that would not be treated as qualified dividend income) or loss upon a conversion of the yen into U.S. dollars equal to the difference between the U.S. dollars that you receive in the conversion and the U.S. dollar amount that you included as dividend income.

Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

Subject to certain limitations, the Japanese tax withheld in accordance with the Treaty and paid over to Japan will be creditable or deductible against your U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to you under Japanese law or under the Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against your U.S. federal income tax liability.

Dividends will generally be income from sources outside the U.S. and will generally be “passive” income for purposes of computing the foreign tax credit allowable to you. However, if (a) we are 50% or more owned, by vote or value, by U.S. persons and (b) at least 10% of our earnings and profits are attributable to sources within the U.S., then for foreign tax credit purposes, a portion of our dividends would be treated as derived from sources within the U.S. With respect to any dividend paid for any taxable year, the U.S. source ratio of our dividends for foreign tax credit purposes would be equal to the portion of our earnings and profits from sources within the U.S. for such taxable year, divided by the total amount of our earnings and profits for such taxable year.

Distributions of additional shares to you with respect to ADSs that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

Sales or Dispositions

If you are a U.S. holder and you sell or otherwise dispose of your ADSs, you will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your ADSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the U.S. for foreign tax credit limitation purposes.

PFIC Rules

We believe that ADSs should not currently be treated as stock of a PFIC for U.S. federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year.

In general, if you are a U.S. holder, we will be a PFIC with respect to you if for any taxable year in which you held our ADSs:

- at least 75% of our gross income for the taxable year is passive income or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

“Passive income” generally includes dividends, interest, gains from the sale or exchange of investment property, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation’s income.

If we are treated as a PFIC, and you are a U.S. holder that did not make a mark-to-market election, as described below, you will generally be subject to special rules with respect to:

- any gain you realize on the sale or other disposition of your ADSs and
- any excess distribution that we make to you (generally, any distributions to you during a single taxable year, other than the taxable year in which your holding period in the ADSs begins, that are greater than 125% of the average annual distributions received by you in respect of the ADSs during the three preceding taxable years or, if shorter, your holding period for the ADSs that preceded the taxable year in which you receive the distribution).

Under these rules:

- the gain or excess distribution will be allocated ratably over your holding period for the ADSs,
- the amount allocated to the taxable year in which you realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to you will be taxed as ordinary income,
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If we are a PFIC in a taxable year and our ADSs are treated as “marketable stock” in such year, you may make a mark-to-market election with respect to your ADSs. If you make this election, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your ADSs at the end of the taxable year over your adjusted basis in your ADSs. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. Any gain that you recognize on the sale or other disposition of your ADSs would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss.

Your ADSs will generally be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your ADSs, even if we are not currently a PFIC.

In addition, notwithstanding any election you make with regard to the ADSs, dividends that you receive from us will not constitute qualified dividend income to you if we are a PFIC (or are treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for U.S. federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

If you own ADSs during any year that we are a PFIC with respect to you, you may be required to file Internal Revenue Service Form 8621. However, as mentioned above, we believe that ADSs should not currently be treated as stock of a PFIC for U.S. federal income tax purposes and we do not expect to become a PFIC in the foreseeable future.

Japanese Taxation

The following is a general summary of the principal Japanese tax consequences (limited to national tax) to owners of shares of our common stock, in the form of shares or ADSs, who are non-resident individuals of Japan or who are non-Japanese corporations without a permanent establishment in Japan, collectively referred to in this section as non-resident holders. The statements below regarding Japanese tax laws are based on the laws and treaties in force and as interpreted by the Japanese tax authorities as of the date of this annual report, and are subject to changes in applicable Japanese laws, tax treaties, conventions or agreements, or in the interpretation of them, occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares of our common stock, including, specifically, the tax consequences under Japanese law, under the laws of the jurisdiction of which they are resident and under any tax treaty, convention or agreement between Japan and their country of residence, by consulting their own tax advisors.

For the purpose of Japanese tax law and the tax treaty between the U.S. and Japan, a U.S. holder of ADSs will generally be treated as the owner of the shares underlying the ADSs evidenced by the ADRs.

Generally, a non-resident holder of shares or ADSs will be subject to Japanese income tax collected by way of withholding on dividends (meaning in this section distributions made from our retained earnings for the Companies Act purposes) we pay with respect to shares of our common stock and such tax will be withheld prior to payment of dividends. Stock splits generally are not subject to Japanese income or corporation taxes.

In the absence of any applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of the Japanese withholding tax applicable to dividends paid by Japanese corporations on their shares of stock to non-resident holders is generally 20.42% (or 20% for dividends due and payable on or after January 1, 2038) under Japanese tax law. However, with respect to dividends paid on listed shares issued by a Japanese corporation (such as shares or ADSs) to non-resident holders, other than any individual shareholder who holds 3% or more of the total number of shares issued by the relevant Japanese corporation (to whom the aforementioned withholding tax rate will still apply), the aforementioned withholding tax rate is reduced to (i) 15.315% for dividends due and payable up to and including December 31, 2037 and (ii) 15% for dividends due and payable on or after January 1, 2038. The withholding tax rates described above include the special reconstruction surtax (2.1% multiplied by the original applicable withholding tax rate, i.e., 15% or 20%, as the case may be), which is imposed during the period from and including January 1, 2013 to and including December 31, 2037, to fund the reconstruction from the Great East Japan Earthquake.

If distributions were made from our capital surplus, rather than retained earnings, for the Companies Act purposes, the portion of such distributions in excess of the amount corresponding to a pro rata portion of return of capital as determined under Japanese tax laws would be deemed dividends for Japanese tax purposes, while the rest would be treated as return of capital for Japanese tax purposes. The deemed dividend portion, if any, would generally be subject to the same tax treatment as dividends as described above, and the return of capital portion would generally be treated as proceeds derived from the sale of shares and subject to the same tax treatment as sale of shares of our common stock as described below. Distributions made in consideration of repurchase by us of our own shares or in connection with certain reorganization transactions will be treated substantially in the same manner.

Japan has income tax treaties whereby the withholding tax rate (including the special reconstruction surtax) may be reduced, generally to 15%, for portfolio investors, with, among others, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway and Singapore, while the income tax treaties with, among others, Australia, Belgium, France, Hong Kong, the Netherlands, Portugal, Sweden, Switzerland, the United Arab Emirates, the U.K. and the U.S. generally reduce the withholding tax rate to 10% for portfolio investors and the income tax treaty, among others, with Spain generally reduce the withholding tax rate to 5% for portfolio investors. In addition, under the income tax treaty between Japan and the U.S., dividends paid to pension funds which are qualified U.S. residents eligible to enjoy treaty benefits are exempt from Japanese income taxation by way of withholding or otherwise unless the dividends are derived from the carrying on of a business, directly or indirectly, by the pension funds. Similar treatment is applicable to dividends paid to pension funds under the income tax treaties between Japan and, among others, Belgium, Denmark, the Netherlands, Spain, Switzerland, and the U.K. Under Japanese tax law, any reduced maximum rate applicable under a tax treaty shall be available when such maximum rate is below the rate otherwise applicable under the Japanese tax law referred to in the second preceding paragraph with respect to the dividends to be paid by us on our shares or ADSs.

Non-resident holders of our shares who are entitled under an applicable tax treaty to a reduced rate of, or exemption from, Japanese withholding tax on any dividends on our shares, in general, are required to submit, through the withholding agent to the relevant tax authority prior to the payment of dividends, an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends together with any required forms and documents. A standing proxy for a non-resident holder of shares of our common stock or ADSs may be used in order to submit the application on a non-resident holder's behalf. In this regard, a certain simplified special filing procedure is available for non-resident holders to claim treaty benefits of reduction of or exemption from Japanese withholding tax, by submitting a Special Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stock, together with any required forms or documents. If the depository needs investigation to identify whether any non-resident holders of ADSs are entitled to claim treaty benefits of exemption from or reduction of Japanese withholding tax, the depository or its agent submits an application form before payment of dividends so that the withholding cannot be made in connection with such holders for eight months after the record date concerning such payment of dividends. If it is proved that such holders are entitled to claim treaty benefits of exemption from or reduction of Japanese withholding tax within the foregoing eight-month period, the depository or its agent submits another application form together with certain other documents so that such holder can be subject to exemption from or reduction of Japanese withholding tax. To claim this reduced rate or exemption, such a non-resident holder of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership, as applicable, and to provide other information or documents as may be required by the depository. Non-resident holders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident holders are entitled to a

reduced treaty rate under the applicable tax treaty) or the full amount of tax withheld (if such non-resident holders are entitled to an exemption under the applicable tax treaty), as the case may be, by complying with a certain subsequent filing procedure. We do not assume any responsibility to ensure withholding at the reduced treaty rate, or exemption therefrom, for shareholders who would be eligible under an applicable tax treaty but who do not follow the required procedures as stated above.

Gains derived from the sale of our shares or ADSs outside Japan by a non-resident holder that is a portfolio investor will generally not be subject to Japanese income or corporation taxes. Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired from another individual our shares or ADSs as a legatee, heir or donee, even if none of the acquiring individual, the decedent or the donor is a Japanese resident.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed this annual report with the SEC under the Exchange Act with respect to the ADSs. We are subject to the information requirements of the Exchange Act and, in accordance therewith, we are required to file annual reports on Form 20-F and furnish other reports and information on Form 6-K with the SEC.

A copy of our filings may be reviewed without charge at the SEC's web site at www.sec.gov that contains reports and other information regarding registrants that file electronically with the SEC. Such filings can be also viewed on our web site at <https://www.takeda.com/investors/reports/sec-filings/>. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

We intend to submit any annual report to security holders required to be furnished on Form 6-K in electronic format in accordance with the EDGAR Filer Manual.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks primarily from changes in foreign currency exchange rates, interest rate changes and changes in the value of our investment securities. The information required under this Item 11 is set forth in Note 27 to our audited consolidated financial statements included in this annual report.

Item 12. Description of Securities Other Than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Each ADS represents one-half of one share of our common stock deposited with our depositary's (The Bank of New York Mellon) custodian (Sumitomo Mitsui Banking Corporation) in Japan. Each ADS will also represent any other securities, cash or other property which may be held by the depositary from time to time. The deposited shares of our common stock, together with any other securities, cash or other property held by the depositary are referred to as the "deposited securities."

Fees and Expenses

Persons depositing or withdrawing shares of our common stock or ADS holders must pay:

	<i>For:</i>
5.00 USD (or less) per 100 ADSs (or portion of 100 ADSs)	Issue of ADSs, including issues resulting from a distribution of shares of our common stock or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
0.05 USD (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to ADS holders had been shares of our common stock and the shares of our common stock had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
0.05 USD (or less) per ADS per calendar year	Depository services
Registration or transfer fees	Transfer and registration of shares of our common stock on our share register to or from the name of the depositary or its agent when persons deposit or withdraw shares of our common stock
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADSs or shares of our common stock underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares of our common stock or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

ADS holders will be responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of their ADSs. The depositary may refuse to register any transfer of ADSs or allow an ADS holder to withdraw the deposited securities represented by his or her ADSs until those taxes or other charges are paid. It may apply payments owed to such ADS holder or sell deposited securities represented by such ADS holder's ADSs to pay any taxes owed and such ADS holder will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Direct and Indirect Payments by the Depositary

The depositary has agreed to make revenue sharing payments to us based on a fixed portion of the net issuance, net cancellation and net depositary servicing fees received by it under the deposit agreement, subject to a minimum annual payment based on the total of such fees received by the depositary. In the fiscal year ended March 31, 2025, we received USD 1.6 million of such revenue sharing payments.

The depositary has also agreed to waive fees and expenses for services provided to us, to ADS holders or to their respective brokers by the depositary in connection with the establishment, administration and ongoing servicing of the ADS program. Furthermore, the depositary has agreed to waive fees for certain value-added services, including training for our staff, investor relations advisory services and access to the depositary's analytics and reporting platform. Accordingly, in the fiscal year ended March 31, 2025, the depositary waived approximately USD 0.1 million of fees and expenses.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

We have carried out an evaluation under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2025. Disclosure controls and procedures require that information to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported as and when required, within the time periods specified in the applicable rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO and CFO have concluded that, as of March 31, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Takeda’s internal control over financial reporting is designed to provide reasonable assurance to management regarding the reliability of financial reporting and the preparation and fair presentation of its consolidated financial statements in accordance with IFRS. Management assessed the effectiveness of Takeda’s internal control over financial reporting as of March 31, 2025 based on the framework in Internal Control - Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management concluded that, Takeda’s internal control over financial reporting is effective as of March 31, 2025. The effectiveness of internal control over financial reporting as of March 31, 2025 has been audited by KPMG AZSA LLC, our independent registered public accounting firm. Its audit report on the effectiveness of Takeda’s internal control over financial reporting is included in the audited consolidated financial statements.

Attestation Report of the Registered Public Accounting Firm

See “—Report of Independent Registered Public Accounting Firm” included in the audited consolidated financial statements.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal year ended March 31, 2025 that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Koji Hatsukawa, an external director and member of our Audit and Supervisory Committee, is an “audit committee financial expert” as defined in Item 16A of Form 20-F and is “independent” as defined in the listing standards of the New York Stock Exchange as applicable to Takeda and as further set forth in Rule 10A-3 under the Exchange Act.

Item 16B. Code of Ethics

We have adopted the Takeda Global Code of Conduct, which applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Takeda Global Code of Conduct is posted on our corporate website at <https://www.takeda.com/who-we-are/global-ethics-compliance/>. No waivers to the Global Code of Conduct were granted to our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions in the fiscal year ended March 31, 2025.

Item 16C. Principal Accountant Fees and Services

Audit and Non-Audit Fees

The following table sets forth the fees billed to us by our independent certified public accountant, KPMG AZSA LLC (including its Japanese and non-Japanese affiliates), in the fiscal years ended March 31, 2024 and 2025:

	For the fiscal year ended March 31,	
	2024	2025
	(billions of yen)	
Audit fees ⁽¹⁾	¥ 3.71	¥ 3.57
Audit-related fees ⁽²⁾	0.22	0.14
Other fees ⁽³⁾	0.03	0.07
Total fees	¥ 3.97	¥ 3.78

Notes:

- (1) Audit fees were related to the audit of our consolidated financial statements and other audit services provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees include fees related to other assurance and related services including limited assurance on certain sustainability information and agreed-upon procedures.
- (3) Other fees include fees for other permissible services including readiness review for certain rule and regulations.

Pre-Approval Policies and Procedures

Pursuant to Rule 2-01(c)(7)(i) of Regulation S-X, we have adopted policies and procedures under which all services (including permissible non-audit services) for which we or our subsidiaries engage our independent certified public accountant, KPMG AZSA LLC, and its affiliates must be approved by our Audit and Supervisory Committee prior to entering into an engagement.

All audit services are subject to the pre-approval by the Audit and Supervisory Committee in principle, regardless of monetary value. Audit services include statutory or financial statement audits for us and our subsidiaries, services associated with the audit of internal control over financial reporting and services associated with the review of our semi-annual financial statements. On a yearly basis, our management, following a review by our Chief Financial Officer, presents the proposed audit services to our Audit and Supervisory Committee for approval, and proposes audit fees on an entity basis to the Audit and Supervisory Committee for its consent. Once such services and fees are approved or consented to, as applicable, any additional audit services must be separately presented to and approved by our Audit and Supervisory Committee.

Permissible non-audit services, which are limited to certain services permissible under applicable regulation and our internal rules, are pre-approved by the Audit and Supervisory Committee for individual services below JPY 25 million annually, subject to an aggregate annual limit of up to JPY 250 million for all such services. These services are subject to review by our management for compliance with our internal policies. All non-audit services exceeding the applicable monetary limits or which are not clearly within the scope of permitted non-audit services must be presented to and pre-approved by the Audit and Supervisory Committee. All services relating to tax or internal control are also subject to separate presentation to and pre-approval by the Audit and Supervisory Committee regardless of monetary value.

Item 16D. Exemptions from the Listing Standards for Audit Committees

As of the date of this annual report, we do not rely on any of the exemptions contained in paragraph (b)(1)(iv), the general exemption contained in paragraph (c)(3) or the last sentence of paragraph (a)(3) of Rule 10A-3 under the Exchange Act.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth purchases of our common stock by us and our affiliated purchasers during the fiscal year ended March 31, 2025:

	Total number of shares purchased (⁽¹⁾)	Average price paid per share (yen)	Total number of shares purchased as part of publicly announced plans or programs (⁽²⁾)	Maximum approximate value of shares that may yet be purchased under the plans or programs (billions of yen)
April 1 to April 30, 2024	282	¥ 4,123.65	—	¥ —
May 1 to May 31, 2024	460,531	4,146.95	460,400	—
June 1 to June 30, 2024	400	4,102.21	—	—
July 1 to July 31, 2024	542	4,230.06	—	—
August 1 to August 31, 2024	672	4,249.99	—	—
September 1 to September 30, 2024	160	4,310.53	—	—
October 1 to October 31, 2024	563	4,232.87	—	—
November 1 to November 30, 2024	321	4,197.67	—	—
December 1 to December 31, 2024	461	4,112.81	—	—
January 1 to January 31, 2025	118	4,149.24	—	—
February 1 to February 28, 2025	5,395,633	4,225.49	5,395,400	77
March 1 to March 31, 2025	6,148,478	4,420.76	6,148,200	50
Total	<u>12,008,161</u>	<u>¥ 4,208.52</u>	<u>12,004,000</u>	<u>¥ —</u>

Notes:

- (1) Total number of shares purchased in the above table reflect (a) purchases of shares in relation to stock-based incentive compensation plans, (b) acquisition of own shares in relation to up to the JPY 100.0 billion share buyback approved by our board of directors on January 30, 2025 and (c) purchases of shares constituting less than one “unit” (100 shares).
A total of 4,161 shares were purchased other than through publicly announced plans or programs during the fiscal year ended March 31, 2025, due to our purchase of shares constituting less than one “unit” (100 shares) from holders of shares constituting less than one unit at the current market price of those shares.
- (2) Total number of shares purchased as part of publicly announced plans or programs in the above table reflect purchases of shares in May 2024 in relation to stock-based incentive compensation plans.
On May 9, 2024, we announced that our board of directors resolved to continue the stock compensation plan which was introduced as a long-term incentive plan for members of the board of directors in the fiscal year ended March 31, 2017, as well as to continue the stock grant system which was introduced in the fiscal year ended March 31, 2015 as a global long-term incentive plan for Company Group Management in Japan.
On January 30, 2025, we announced that our board of directors had resolved to approve the repurchase of shares of common stock by us, consisting of a total of up to 28.5 million shares for a total aggregate purchase price of up to JPY 100.0 billion to be purchased through a trust bank between February 17, 2025 and May 31, 2025. Pursuant to this plan, we repurchased an aggregate of 11,543,600 shares through March 31, 2025.

Item 16F. Change in Registrant’s Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Our ADSs have been listed on the NYSE since 2018. NYSE-listed companies are required to comply with corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, we are permitted to follow home country practices in lieu of certain provisions of Section 303A. Below, we provide a brief description of significant differences between the NYSE listing standards applicable to U.S. domestic issuers and our corporate governance policies pursuant to 303A.11 of the NYSE Listed Company Manual.

Composition of the Board (303A.01)

Under the NYSE listing standards, U.S. domestic issuers are required to have a majority of directors meeting the independence tests set forth in the NYSE listed company manual.

Takeda is a “company with audit and supervisory committee” as defined in the Companies Act. Companies with audit and supervisory committees are not required to have a majority of independent directors. Such companies must have a board of directors as well as an audit and supervisory committee consisting of at least three of its directors. A majority of the members of the audit and supervisory committee must be “external directors” as defined under the Companies Act, which differs from, and may be considered to be less stringent than, the director independence standards under the NYSE listed company manual in that the former constitute prescriptive requirements relating to service as company management. Additionally, under the regulations of the Tokyo Stock Exchange, we are required to have at least one director who is “independent” for the purposes of such regulations, which are more stringent than the requirements for “external directors” under the Companies Act, but also constitute certain prescriptive requirements relating to the director’s current or previous relationships with the company.

Our board of directors consists of 14 directors, of which 11 are external directors under the Companies Act. Our Audit and Supervisory Committee is comprised of four of our directors, all of whom qualify as external directors under this standard. Each of our external directors also qualifies as “independent” as described under “Director Independence (303A.02)” below, and each of the members of our Audit and Supervisory Committee qualifies as “independent” for purposes of Rule 10A-3 under the Exchange Act.

Directors who are Audit and Supervisory Committee members are elected separately from our other directors. The term of office for a director who is an Audit and Supervisory Committee member is two years, whereas the term of office for other directors is one year.

Director Independence (303A.02)

We deem a director as being an “independent director” when such director also meets independence requirements stipulated in the regulations of the Tokyo Stock Exchange, on which our common stock is listed, and independence requirements established internally. These requirements differ in certain respects from the requirements under the NYSE listed company manual. Our internal independence standards emphasize the satisfaction of certain skills- or experience-based criteria in addition to meeting applicable regulatory and statutory independence standards.

Executive Sessions (303A.03)

The NYSE listed company manual requires that non-management directors of U.S. domestic issuers meet in regularly scheduled executive sessions without management. Although not required under Japanese law or Tokyo Stock Exchange rule, our independent external directors hold regularly scheduled executive sessions without management.

Composition of Committees (303A.04, 05, 06 and 07)

The NYSE listed company manual requires that U.S. domestic issuers establish a nomination/corporate governance committee and a compensation committee, each of which must be composed entirely of independent directors. The NYSE listed company manual also requires that all listed companies, including a foreign private issuer (as defined in the Exchange Act) such as us, establish an audit committee satisfying the requirements of Rule 10A-3 under the Exchange Act. Audit committees of U.S. domestic issuers are also subject to certain additional requirements under Section 303A.07 of the NYSE listed company manual.

Although the Companies Act does not require companies with audit and supervisory committees to establish nomination committees or compensation committees, we have voluntarily established such committees in order to ensure transparency. Our Nomination Committee consists of six directors (all of which are independent external directors for the purposes of Japanese law and the rules of the Tokyo Stock Exchange) plus one director as an observer who is not an external director. Director candidates nominated by our Board of Directors based on the advice of our Nomination Committee must be approved at our general meeting of shareholders. Unlike the nomination/corporate governance committees of U.S. domestic issuers, our Nomination Committee is not also responsible for corporate governance policies.

Our Compensation Committee consists of five directors (all of which are independent external directors for the purposes of Japanese law and the rules of the Tokyo Stock Exchange). The maximum total amount of compensation for our directors must be approved at our general meeting of shareholders, provided that the maximum total amounts for directors who are Audit and Supervisory Committee members and for other directors must be separately approved. The individual amounts of compensation for our directors (other than Audit and Supervisory Committee members) is determined in accordance with the compensation standards determined by our board of directors or a resolution of our board of directors. The Board of Directors delegates the decision on the amount of compensation for individual directors to the Compensation Committee. The individual amounts

of compensation for our Audit and Supervisory Committee members are determined by discussion among the Audit and Supervisory Committee members.

Our Audit and Supervisory Committee consists of four directors (all of whom are independent external directors for the purposes of Japanese law and the rules of the Tokyo Stock Exchange), and all of whom currently satisfy the independence requirements of Rule 10A-3 under the Exchange Act. Our Audit and Supervisory Committee does not necessarily satisfy all of the additional audit committee requirements applicable to NYSE-listed U.S. domestic companies under Section 303A.07, nor is it required to under the standards applicable to foreign private issuers under Section 303A. U.S. domestic issuers listed on NYSE are also required to disclose the respective charters of their nomination/corporate governance committee, their compensation committee and their audit committee. Although Japanese law and the regulations of the Tokyo Stock Exchange do not require us to disclose these charters, we voluntarily publish our Nomination Committee Charter, Compensation Committee Charter and Audit and Supervisory Committee Charter on our website in order to increase the transparency of our corporate governance.

Equity Compensation Plans (303A.08)

U.S. domestic issuers listed on NYSE are required to obtain the approval of shareholders for equity compensation plans and any material changes thereto, subject to certain limited exceptions.

Under Japanese law, the adoption of an equity compensation plan, including for directors, requires shareholder approval. Pursuant to the approval of our general meeting of shareholders, we grant certain stock-based compensation to the directors. Stock acquisition rights or shares of common stock may be granted by resolution of the board of directors, except that, if stock acquisition rights or shares of common stock are to be granted on particularly favorable conditions, a special resolution of the general meeting of shareholders is required. The passage of a special resolution of the general meeting of shareholders requires the approval of two-thirds or more of the voting rights represented at a quorate general meeting of shareholders.

Corporate Governance Guidelines (303A.09)

U.S. domestic issuers listed on the NYSE must adopt and disclose corporate governance guidelines as set forth in the NYSE listed company manual. Japanese law and the regulations of the Tokyo Stock Exchange require us to disclose our basic views on corporate governance. In accordance with these requirements, we publish our Corporate Governance Report annually, which is posted on our website and furnished to the SEC under cover of Form 6-K, although this may not necessarily cover all of the same items as contemplated by the NYSE listed company manual.

Code of Business Conduct and Ethics (303A.10)

U.S. domestic issuers listed on NYSE are required to adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Although not required to do so under the NYSE listed company manual, we have established a global code of business conduct and ethics, known as the Takeda Global Code of Conduct, which is posted on our website. Although the Takeda Global Code of Conduct functions as a code of business conduct and ethics, it is not required to cover all of the same areas as that of a U.S. domestic issuer under the NYSE listed company manual. Pursuant to the requirements of Form 20-F, waivers, if any, to the Takeda Global Code of Conduct given to our directors or senior management are disclosed by us in our annual reports on Form 20-F. No such waivers were granted in the fiscal year ended March 31, 2025.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Takeda has adopted a Global Insider Trading Policy governing the purchase, sale, and other dispositions of securities by directors, senior management, and employees that is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any applicable listing standards. A copy of the policy is included as Exhibit 11.1.

Item 16K. Cybersecurity

Risk management and strategy

Cybersecurity Risk Management Framework

Takeda maintains a cybersecurity controls framework designed to identify, protect from, detect, respond to and recover from cybersecurity threats consistent with the U.S. Department of Commerce’s National Institute of Standards and Technology (NIST) Cybersecurity Framework. Preventive control measures are deployed across Takeda’s application, cloud, end-user device, networking and manufacturing infrastructure. Takeda’s Chief Information Security Officer (“CISO”) oversees our cybersecurity risk management framework, reporting to the Chief Data and Technology Officer (“CDTO”). Our CISO has over 30 years of experience in information technology, including more than 10 years serving in a CISO capacity at companies in various industries, including pharmaceuticals.

Experienced and trained cyber risk professionals in the Cybersecurity & Risk team (“TCR”) within Takeda’s global data, digital & technology function (“DD&T”), many of whom hold certifications from established cybersecurity organizations, are responsible for identifying and managing cybersecurity risks from various sources, including proactive control evaluations, reporting by Takeda personnel, third-party security assessments, penetration testing, threat modeling, and vulnerability scanning of information systems. Takeda’s internal audit function performs periodic assessments on our cybersecurity controls framework. Third-party security assessments are performed during the vendor selection process or when significant changes are made to a vendor relationship, with each vendor assigned a residual risk rating which determines the frequency of re-assessment. Our commercial agreements typically include contractual provisions to ensure third-party vendors meet Takeda’s standards for data protection.

TCR risk professionals assess identified risks for their perceived severity of impact on Takeda and likelihood of occurrence, and design and implement appropriate responsive measures in collaboration with relevant business units. TCR provides to the CISO on a monthly basis, and to other members of DD&T senior management on a quarterly basis, operational reports regarding the number and nature of cyber incidents detected and the status of controls and program enhancements. Cybersecurity risk management is integrated into Takeda’s Enterprise Risk Management (“ERM”) program and addressed as a principal risk in our annual Enterprise Risk Assessment, which is reported to the RECC and the Board of Directors, each of which is responsible for approving the reported risks and associated mitigation plans, as well as assessing the effectiveness of the mitigation. In addition, all Takeda employees receive online training on cyber threats as well as periodic e-mail reminders about best practices to safeguard from those threats.

While Takeda’s cybersecurity risk management program is principally directed by TCR risk professionals, during the fiscal year ended March 31, 2025, Takeda initiated a multi-year program to invest further in its cybersecurity capabilities in part through the retention of a third-party managed security service provider (MSSP). The MSSP is responsible for facilitating cybersecurity operations, incident response and access management activities involving Takeda personnel and other third parties in a centralized and coordinated manner to enhance the effectiveness and efficiency of Takeda’s cybersecurity program. TCR risk professionals oversee the MSSP and remain principally responsible for cybersecurity risk management. Takeda also engages with other third parties for its cybersecurity program on an as-needed basis, including with respect to technical consulting and third-party digital forensic or cyber recovery partners in connection with incident response activities.

Cybersecurity Incident Response

The TCR team has established an incident response procedure that governs our response to cybersecurity events and regularly conducts tabletop incident response exercises during the year. In the event a potential cybersecurity incident is detected, TCR’s core Cybersecurity Incident Response Team (“CIRT”) is responsible with the support of Takeda’s MSSP, for investigation, analysis, containment and eradication of the threat, as well as recovery efforts, in coordination with other functions, such as Takeda’s Privacy Office, Human Resources, Crisis Management, Compliance and Legal, as needed depending on the severity and scope of the incident. Following recovery from an incident, CIRT analyzes the underlying cause of the incident to identify and, as applicable, implement potential improvements to internal controls.

Cyber Incident Impacts

During the three fiscal years ended March 31, 2025, no risks from cybersecurity threats, including previous incidents, have materially affected or are reasonably likely to materially affect Takeda, including its business strategy, results of operations or financial condition. Notwithstanding our risk management efforts described above, we have been the target of cyber-attacks and anticipate they will continue. Takeda cannot completely eliminate all risks associated with such attacks, which could have a material adverse effect on Takeda’s business strategy, results of operations or financial condition as further described in “Item 3.D. Risk Factors—*Risks Relating to Our Business Strategies—We are increasingly dependent on information technology systems and our systems and infrastructure face the risk of misuse, theft, exposure, tampering or other intrusions.*”

Governance

Takeda's Board of Directors (the "Board") is ultimately responsible for overseeing Takeda's management of cybersecurity risk and provides strategic direction for Takeda's information security program and responses to cybersecurity risks and incidents. Takeda's CISO generally provides an annual update to the Board on the status of Takeda's information security program, including significant developments, and the Board receives reports of any decisions by any of Takeda's Business and Sustainability Committee, Portfolio Review Committee or Risk, Ethics and Compliance Committee (see "Item 6. Directors, Senior Management and Employees—C. Board Practices—Takeda Executive Team") related to cybersecurity. In addition, the Board reviews and approves the Enterprise Risk Assessment, which includes significant cybersecurity risk matters, on an annual basis. On an as-needed basis, the Board is informed of, and provides strategic direction on, significant cybersecurity risks or incidents, if and when identified, by the CISO and CDTO.

The Risk, Ethics & Compliance Committee ("RECC") is the governing management committee responsible for overseeing risk management, including cybersecurity risk. The RECC is composed of the Takeda Executive Team, including Takeda's CDTO and is chaired by Takeda's Chief Ethics and Compliance Officer. In addition, Takeda's CISO attends RECC meetings for relevant agenda items and generally provides an update to the RECC on the status of Takeda's information security program, including significant developments, on at least an annual basis. On an as-needed basis, DD&T senior management escalates decisions regarding significant cybersecurity risks to the RECC, which also reviews and approves Takeda's annual Enterprise Risk Assessment before it is approved by the Board. For a description of the relevant expertise of the CISO and of management's role and processes in assessing and managing material risks from cybersecurity threats, see "—Risk management and strategy—Cybersecurity Risk Management Framework."

Part III

Item 17. Financial Statements

The Company has responded to Item 18 in lieu of this item.

Item 18. Financial Statements

The information required by this item is set forth in our consolidated financial statements included in this annual report.

Item 19. Exhibits

Exhibit No.	Exhibit
Exhibit 1.1	Articles of Incorporation of Takeda Pharmaceutical Company Limited (English Translation) (incorporated by reference to Exhibit 99.1 to the Current Report on Form 6-K of the registrant furnished on March 1, 2023)
Exhibit 1.2	Board of Directors Charter of Takeda Pharmaceutical Company Limited (English Translation) (incorporated by reference to Exhibit 1.2 to the Annual Report for the Fiscal Year Ended March 31, 2023 on Form 20-F of the registrant, filed on June 28, 2023).
Exhibit 1.3	Company Share Policy of Takeda Pharmaceutical Company Limited (English Translation) (incorporated by reference to Exhibit 1.3 to the Annual Report for the Fiscal Year Ended March 31, 2022 on Form 20-F of the registrant, filed on June 29, 2022).
Exhibit 2.1	Form of Amended and Restated Deposit Agreement among the Takeda Pharmaceutical Company Limited, The Bank of New York Mellon, as Depositary, and all Owners and Holders from time to time of American Depositary Shares issued thereunder (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Registration Statement on Form 20-F of the registrant, filed on December 17, 2018).
Exhibit 2.2	Description of the rights of each class of securities that is registered under Section 12 of the Exchange Act as of the end of the period covered by this report (incorporated by reference to Exhibit 2.2 to the Annual Report for the Fiscal Year Ended March 31, 2021 on Form 20-F of the registrant, filed on June 29, 2021).
Exhibit 4.1+	Collaboration Agreement dated December 14, 2009 by and between Seagen Inc. (f/k/a Seattle Genetics, Inc.) and Takeda Manufacturing U.S.A., Inc. (as successor in interest to Millennium Pharmaceuticals, Inc) (incorporated by reference to Exhibit 4.1 to the Annual Report for the Fiscal Year Ended March 31, 2021 on Form 20-F of the registrant, filed on June 29, 2021).
Exhibit 4.2+	Amendment to Collaboration Agreement dated November 7, 2022 by and between Seagen Inc. and Takeda Manufacturing U.S.A., Inc. (incorporated by reference to Exhibit 10.2 to the Annual Report of Seagen Inc. on Form 10-K filed on February 15, 2023).
Exhibit 4.3	Takeda Pharmaceutical Company Limited Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of the registrant filed on June 25, 2020).
Exhibit 4.4+	Stock Purchase Agreement dated December 13, 2022 by and between Takeda Pharmaceuticals U.S.A., Inc. and Nimbus Therapeutics, LLC (incorporated by reference to Exhibit 4.4 to the Annual Report for the Fiscal Year Ended March 31, 2024 on Form 20-F of the registrant, filed on June 26, 2024)
Exhibit 8.1	List of subsidiaries of Takeda Pharmaceutical Company Limited, as of March 31, 2025: See “Item 4. Information on the Company—C. Organizational Structure.”
Exhibit 11.1	Global Insider Trading Policy of Takeda Pharmaceutical Company Limited (incorporated by reference to Exhibit 11.1 to the Annual Report for the Fiscal Year Ended March 31, 2024 on Form 20-F of the registrant, filed on June 26, 2024)
Exhibit 12.1*	Certification of the principal executive officer required by 17 C.F.R. 240.13a-14(a).
Exhibit 12.2*	Certification of the principal financial officer required by 17 C.F.R. 240.13a-14(a).
Exhibit 13.1*	Certification of the chief executive officer required by 18 U.S.C. Section 1350.
Exhibit 13.2*	Certification of the chief financial officer required by 18 U.S.C. Section 1350.
Exhibit 15.1*	Consent of Independent Registered Public Accounting Firm
Exhibit 15.2*	Consent of Independent Registered Public Accounting Firm
Exhibit 97.1	Compensation Recoupment Policy of Takeda Pharmaceutical Company Limited (incorporated by reference to Exhibit 97.1 to the Annual Report for the Fiscal Year Ended March 31, 2024 on Form 20-F of the registrant, filed on June 26, 2024).
101.INS*	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document

Exhibit No.	Exhibit
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	The cover page for the registrant's Annual Report on Form 20-F for the year ended March 31, 2025, has been formatted in Inline XBRL

* Filed herewith.

+ Certain confidential information contained in this exhibit, marked by brackets therein, has been omitted, because it is both not material and would likely cause competitive harm if publicly disclosed.

We have not included as exhibits certain instruments with respect to our long-term debt where the amount of debt authorized under each such debt instrument does not exceed 10% of our total assets on a consolidated basis. We will furnish a copy of any such instrument to the SEC upon request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TAKEDA PHARMACEUTICAL COMPANY LIMITED

By: /s/ Milano Furuta

Name: Milano Furuta

Title: Director and Chief Financial Officer

Date: June 25, 2025

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

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TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Takeda Pharmaceutical Company Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Takeda Pharmaceutical Company Limited and its subsidiaries (the Company) as of March 31, 2025 and 2024, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended March 31, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2025, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 25, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the provisions for U.S. Medicaid and U.S. commercial managed care rebates

As discussed in Notes 3 and 23 to the consolidated financial statements, the Company recorded 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") of 241,704 million JPY which included U.S. Medicaid and U.S. commercial managed care programs as a reduction to gross sales to arrive at net sales as of March 31, 2025. 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.

We identified the evaluation of the provisions for U.S. Medicaid and U.S. commercial managed care rebates as a critical audit matter. A high degree of auditor judgement was required to evaluate the expected product specific assumptions used to estimate the provisions for the U.S. Medicaid and U.S. commercial managed care rebates. The expected product specific assumptions relate to estimating which of the Company's revenue transactions will ultimately be subject to the U.S. Medicaid and U.S. commercial managed care programs.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested operating effectiveness of certain internal controls over the Company's U.S. Medicaid and U.S. commercial managed care programs provision process. This included 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. 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 the results to the Company's estimated U.S. Medicaid and U.S. commercial managed care programs provisions. 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.

Valuation of goodwill

As discussed in Notes 3 and 11 to the consolidated financial statements, the Company recorded goodwill of 5,324,430 million JPY as of March 31, 2025. Goodwill was tested for impairment at the single operating segment level (one cash generating unit (CGU)), which was the level at which goodwill was monitored for internal management purposes. Goodwill was tested for impairment annually and whenever 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 of goodwill was assessed based on fair value less costs of disposal. The fair value less costs of disposal was determined by discounting the estimated future cash flows based on a 10-year projection using a terminal growth rate and a discount rate as well as deducting the estimated costs of disposal. The projection included the sales forecast related to certain products in the U.S. as the significant assumption. The Company did not record an impairment loss for goodwill as a result of the impairment testing.

We identified the valuation of goodwill as a critical audit matter. Subjective and challenging auditor judgment was required to evaluate the sales forecast related to certain products in the U.S. used to determine the fair value in the impairment testing of goodwill.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal control over the sales forecast related to certain products in the U.S. in the Company's fair value measurement process for the annual goodwill impairment test. We evaluated the reasonableness of the Company's sales forecast related to certain products in the U.S. We compared such sales forecast with a sales forecast independently developed using forecasted revenue growth rates from external information such as analysts' expectations, industry trends and market trends based on the most recent actual sales. We evaluated the Company's ability to accurately forecast sales related to certain products in the U.S. by comparing the Company's previous sales forecast to the actual sales.

/s/ KPMG AZSA LLC

We have served as the Company's auditor since 2007.

Tokyo, Japan
June 25, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Takeda Pharmaceutical Company Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Takeda Pharmaceutical Company Limited and its subsidiaries' (the Company) internal control over financial reporting as of March 31, 2025, 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, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of March 31, 2025 and 2024, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended March 31, 2025, and the related notes (collectively, the consolidated financial statements), and our report dated June 25, 2025 expressed an unqualified opinion on those consolidated financial statements.

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, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to 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 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 standards 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 exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

/s/ KPMG AZSA LLC

Tokyo, Japan
June 25, 2025

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Profit or Loss for the Year Ended March 31,

	Note	JPY (millions, except per share data)		
		2023	2024	2025
Revenue	4	¥ 4,027,478	¥ 4,263,762	¥ 4,581,551
Cost of sales		(1,244,072)	(1,426,678)	(1,580,217)
Selling, general and administrative expenses		(997,309)	(1,053,819)	(1,104,766)
Research and development expenses		(633,325)	(729,924)	(730,227)
Amortization and impairment losses on intangible assets associated with products	12	(542,443)	(652,117)	(643,233)
Other operating income	5	25,424	19,379	26,212
Other operating expenses	5	(145,247)	(206,527)	(206,733)
Operating profit		490,505	214,075	342,586
Finance income	6	62,913	52,093	46,549
Finance expenses	6	(169,698)	(219,850)	(210,065)
Share of profit (loss) of investments accounted for using the equity method	14	(8,630)	6,473	(3,986)
Profit before tax		375,090	52,791	175,084
Income tax (expenses) benefit	7	(58,052)	91,406	(66,941)
Net profit for the year		¥ 317,038	¥ 144,197	¥ 108,143
Attributable to:				
Owners of the Company	8	¥ 317,017	¥ 144,067	¥ 107,928
Non-controlling interests		21	130	215
Net profit for the year		¥ 317,038	¥ 144,197	¥ 108,143
Earnings per share (JPY)				
Basic earnings per share	8	¥ 204.29	¥ 92.09	¥ 68.36
Diluted earnings per share	8	201.94	91.16	67.23

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income for the Year Ended March 31,

	Note	JPY (millions)		
		2023	2024	2025
Net profit for the year		¥ 317,038	¥ 144,197	¥ 108,143
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Changes in fair value of financial assets measured at fair value through other comprehensive income	9	(2,654)	2,309	(12,311)
Remeasurement of defined benefit pension plans	9	17,752	(5,002)	(7,046)
		15,098	(2,693)	(19,357)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	9	618,773	968,842	(153,345)
Cash flow hedges	9	(21,451)	23,456	(956)
Hedging cost	9	(16,993)	7,197	7,963
Share of other comprehensive loss of investments accounted for using the equity method	9, 14	(892)	(1,793)	(145)
		579,437	997,702	(146,484)
Other comprehensive income (loss) for the year, net of tax	9	594,535	995,009	(165,841)
Total comprehensive income (loss) for the year		¥ 911,574	¥ 1,139,206	¥ (57,698)
Attributable to:				
Owners of the Company		¥ 911,529	¥ 1,139,033	¥ (57,852)
Non-controlling interests		45	173	154
Total comprehensive income (loss) for the year		¥ 911,574	¥ 1,139,206	¥ (57,698)

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position as of March 31,

		JPY (millions)			
	Note	2024		2025	
Assets					
Non-current assets:					
Property, plant and equipment	10	¥	1,989,777	¥	1,968,209
Goodwill	11		5,410,067		5,324,430
Intangible assets	12		4,274,682		3,631,560
Investments accounted for using the equity method	14		89,831		10,802
Other financial assets	15		340,777		351,124
Other non-current assets			51,214		70,282
Deferred tax assets	7		393,865		370,745
Total non-current assets			12,550,212		11,727,152
Current assets:					
Inventories	16		1,209,869		1,217,349
Trade and other receivables	17		668,403		709,465
Other financial assets	15		15,089		20,476
Income taxes receivable			29,207		15,789
Other current assets			168,875		159,603
Cash and cash equivalents	18		457,800		385,113
Assets held for sale	19		9,337		13,397
Total current assets			2,558,580		2,521,192
Total assets		¥	15,108,792	¥	14,248,344

See accompanying notes to consolidated financial statements.

		JPY (millions)	
	Note	2024	2025
Liabilities and Equity			
Liabilities:			
Non-current liabilities:			
Bonds and loans	20	¥ 4,476,501	¥ 3,966,326
Other financial liabilities	21	687,833	550,900
Net defined benefit liabilities	22	143,882	135,429
Income taxes payable		4,381	317
Provisions	23	14,373	35,177
Other non-current liabilities	24	80,938	82,542
Deferred tax liabilities	7	113,777	35,153
Total non-current liabilities		5,521,684	4,805,844
Current liabilities:			
Bonds and loans	20	367,251	548,939
Trade and other payables	25	547,521	475,541
Other financial liabilities	21	143,421	219,120
Income taxes payable		109,906	133,497
Provisions	23	524,420	533,140
Other current liabilities	24	619,174	596,283
Liabilities held for sale	19	1,410	—
Total current liabilities		2,313,103	2,506,521
Total liabilities		7,834,788	7,312,365
Equity:			
Share capital		1,676,596	1,694,685
Share premium		1,747,414	1,775,713
Treasury shares		(51,259)	(74,815)
Retained earnings		1,391,203	1,187,586
Other components of equity		2,509,310	2,351,915
Equity attributable to owners of the Company		7,273,264	6,935,084
Non-controlling interests		741	895
Total equity		7,274,005	6,935,979
Total liabilities and equity		¥ 15,108,792	¥ 14,248,344

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

JPY (millions)							
	Note	Equity attributable to owners of the Company				Other components of equity	
		Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2022		¥ 1,676,263	¥ 1,708,873	¥ (116,007)	¥ 1,479,716	¥ 984,141	¥ 22,068
Effect of hyperinflation					(1,960)	4,121	
Restated opening balance		1,676,263	1,708,873	(116,007)	1,477,756	988,263	22,068
Net profit for the year					317,017		
Other comprehensive income (loss)						617,866	(2,663)
Comprehensive income (loss) for the year		—	—	—	317,017	617,866	(2,663)
Transactions with owners:							
Issuance of new shares	26	82	82				
Acquisition of treasury shares	26		(5)	(27,060)			
Disposal of treasury shares			0	0			
Dividends	26				(278,313)		
Transfers from other components of equity					24,687		(6,935)
Share-based compensation	28		62,670				
Exercise of share-based awards	28		(42,791)	42,749			
Total transactions with owners		82	19,956	15,689	(253,626)	—	(6,935)
As of March 31, 2023		¥ 1,676,345	¥ 1,728,830	¥ (100,317)	¥ 1,541,146	¥ 1,606,128	¥ 12,470

	Note	Equity attributable to owners of the Company						
		Other components of equity					Non-controlling interests	Total equity
		Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total other components of equity	Total equity attributable to owners of the Company		
As of April 1, 2022		¥ (65,901)	¥ (6,135)	¥ —	¥ 934,173	¥ 5,683,019	¥ 504	¥ 5,683,523
Effect of hyperinflation					4,121	2,161		2,161
Restated opening balance		(65,901)	(6,135)	—	938,294	5,685,180	504	5,685,684
Net profit for the year					—	317,017	21	317,038
Other comprehensive income (loss)		(21,451)	(16,993)	17,752	594,512	594,512	24	594,535
Comprehensive income (loss) for the year		(21,451)	(16,993)	17,752	594,512	911,529	45	911,574
Transactions with owners:								
Issuance of new shares	26				—	164		164
Acquisition of treasury shares	26				—	(27,065)		(27,065)
Disposal of treasury shares					—	1		1
Dividends	26				—	(278,313)		(278,313)
Transfers from other components of equity				(17,752)	(24,687)	—		—
Share-based compensation	28				—	62,670		62,670
Exercise of share-based awards	28				—	(42)		(42)
Total transactions with owners		—	—	(17,752)	(24,687)	(242,586)	—	(242,586)
As of March 31, 2023		¥ (87,352)	¥ (23,127)	¥ —	¥ 1,508,119	¥ 6,354,122	¥ 549	¥ 6,354,672

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

		JPY (millions)					
		Equity attributable to owners of the Company				Other components of equity	
	Note	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2023		¥ 1,676,345	¥ 1,728,830	¥ (100,317)	¥ 1,541,146	¥ 1,606,128	¥ 12,470
Net profit for the year					144,067		
Other comprehensive income (loss)						967,279	2,036
Comprehensive income (loss) for the year		—	—	—	144,067	967,279	2,036
Transactions with owners:							
Issuance of new shares	26	251	251				
Acquisition of treasury shares				(2,367)			
Disposal of treasury shares			0	0			
Dividends	26				(287,785)		
Changes in ownership							
Transfers from other components of equity					(6,226)		1,224
Share-based compensation	28		69,836				
Exercise of share-based awards	28		(51,503)	51,426			
Total transactions with owners		251	18,584	49,059	(294,011)	—	1,224
As of March 31, 2024		¥ 1,676,596	¥ 1,747,414	¥ (51,259)	¥ 1,391,203	¥ 2,573,407	¥ 15,729

		Equity attributable to owners of the Company					
		Other components of equity					
	Note	Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total other components of equity	Total equity attributable to owners of the Company	Non-controlling interests
As of April 1, 2023		¥ (87,352)	¥ (23,127)	¥ —	¥ 1,508,119	¥ 6,354,122	¥ 549
Net profit for the year					—	144,067	130
Other comprehensive income (loss)		23,456	7,197	(5,002)	994,966	994,966	44
Comprehensive income (loss) for the year		23,456	7,197	(5,002)	994,966	1,139,033	173
Transactions with owners:							
Issuance of new shares	26				—	502	502
Acquisition of treasury shares					—	(2,367)	(2,367)
Disposal of treasury shares					—	1	1
Dividends	26				—	(287,785)	(287,785)
Changes in ownership					—	—	18
Transfers from other components of equity				5,002	6,226	—	—
Share-based compensation	28				—	69,836	69,836
Exercise of share-based awards	28				—	(77)	(77)
Total transactions with owners		—	—	5,002	6,226	(219,892)	18
As of March 31, 2024		¥ (63,896)	¥ (15,930)	¥ —	¥ 2,509,310	¥ 7,273,264	¥ 741

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

JPY (millions)							
	Note	Equity attributable to owners of the Company				Other components of equity	
		Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income
As of April 1, 2024		¥ 1,676,596	¥ 1,747,414	¥ (51,259)	¥ 1,391,203	¥ 2,573,407	¥ 15,729
Net profit for the year					107,928		
Other comprehensive income (loss)						(153,429)	(12,311)
Comprehensive income (loss) for the year		—	—	—	107,928	(153,429)	(12,311)
Transactions with owners:							
Issuance of new shares	26	18,089	18,089				
Acquisition of treasury shares	26		(20)	(51,905)			
Disposal of treasury shares			0	0			
Dividends	26				(303,160)		
Transfers from other components of equity					(8,385)		1,339
Share-based compensation	28		74,707				
Exercise of share-based awards	28		(64,476)	28,348			
Total transactions with owners		18,089	28,300	(23,557)	(311,545)	—	1,339
As of March 31, 2025		¥ 1,694,685	¥ 1,775,713	¥ (74,815)	¥ 1,187,586	¥ 2,419,978	¥ 4,757

	Note	Equity attributable to owners of the Company				Other components of equity		
		Cash flow hedges	Hedging cost	Remeasurements of defined benefit pension plans	Total other components of equity	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
As of April 1, 2024		¥ (63,896)	¥ (15,930)	¥ —	¥ 2,509,310	¥ 7,273,264	¥ 741	¥ 7,274,005
Net profit for the year					—	107,928	215	108,143
Other comprehensive income (loss)		(956)	7,963	(7,046)	(165,780)	(165,780)	(61)	(165,841)
Comprehensive income (loss) for the year		(956)	7,963	(7,046)	(165,780)	(57,852)	154	(57,698)
Transactions with owners:								
Issuance of new shares	26				—	36,178		36,178
Acquisition of treasury shares	26				—	(51,925)		(51,925)
Disposal of treasury shares					—	0		0
Dividends	26				—	(303,160)		(303,160)
Transfers from other components of equity				7,046	8,385	—		—
Share-based compensation	28				—	74,707		74,707
Exercise of share-based awards	28				—	(36,129)		(36,129)
Total transactions with owners		—	—	7,046	8,385	(280,328)	—	(280,328)
As of March 31, 2025		¥ (64,852)	¥ (7,967)	¥ —	¥ 2,351,915	¥ 6,935,084	¥ 895	¥ 6,935,979

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows for the Year Ended March 31,

	Note	JPY (millions)		
		2023	2024	2025
Cash flows from operating activities:				
Net profit for the year		¥ 317,038	¥ 144,197	¥ 108,143
Depreciation and amortization		664,400	728,002	761,396
Impairment losses		64,394	150,017	106,529
Equity-settled share-based compensation	28	60,672	70,871	72,867
Loss on sales and disposal of property, plant and equipment		10	6,052	4,495
Gain on divestment of business and subsidiaries		(6,807)	(7,832)	(10,198)
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net	5	3,991	20,757	(602)
Finance (income) and expenses, net		106,785	167,757	163,516
Share of loss (profit) of investments accounted for using the equity method		8,630	(6,473)	3,986
Income tax expenses (benefit)		58,052	(91,406)	66,941
Changes in assets and liabilities:				
Decrease (increase) in trade and other receivables		75,127	15,104	(58,959)
Increase in inventories		(79,155)	(115,743)	(34,973)
Decrease in trade and other payables		(84,804)	(9,895)	(7,118)
Increase (decrease) in provisions		31,899	(126,901)	45,166
Increase (decrease) in other financial liabilities		31,669	(18,568)	(3,488)
Other, net		(88,778)	(7,556)	(10,107)
Cash generated from operations		1,163,122	918,383	1,207,595
Income taxes paid		(198,439)	(219,941)	(170,589)
Tax refunds and interest on tax refunds received		12,473	17,902	20,176
Net cash from operating activities		977,156	716,344	1,057,182
Cash flows from investing activities:				
Interest received		5,054	11,161	17,660
Dividends received		3,562	13,191	635
Acquisition of property, plant and equipment		(140,657)	(175,420)	(200,795)
Proceeds from sales of property, plant and equipment		962	8,606	78
Acquisition of intangible assets		(493,032)	(305,310)	(147,046)
Acquisition of option to license		—	—	(31,784)
Acquisition of investments		(10,151)	(6,766)	(97,536)
Proceeds from sales and redemption of investments		22,254	8,021	29,442
Acquisition of shares in associates		—	—	(1,004)
Proceeds from sales of shares in associates	19	—	—	57,691
Proceeds from sales of business, net of cash and cash equivalents divested	19	7,958	19,959	20,556
Payments for the settlement of forward exchange contracts designated as net investment hedges		—	(33,300)	(13,847)
Other, net		(3,052)	(4,003)	(1,111)
Net cash used in investing activities		(607,102)	(463,862)	(367,060)
Cash flows from financing activities:				
Net increase in short-term loans and commercial papers	27	40,000	277,000	27,490
Proceeds from issuance of bonds and long-term loans	27	75,000	100,000	1,024,460
Repayments of bonds and long-term loans	27	(356,670)	(320,901)	(1,321,090)
Proceeds from the settlement of cross currency interest rate swaps related to bonds and loans	27	—	60,063	46,880
Acquisition of treasury shares		(26,929)	(2,326)	(51,860)
Interest paid		(108,555)	(100,375)	(112,984)
Dividends paid		(279,416)	(287,188)	(302,498)
Repayments of lease liabilities	27	(43,401)	(54,586)	(45,174)
Other, net		(9,178)	(26,102)	(16,647)
Net cash used in financing activities		(709,148)	(354,416)	(751,425)
Net decrease in cash and cash equivalents		(339,094)	(101,934)	(61,303)
Cash and cash equivalents at the beginning of the year	18	849,695	533,530	457,800
Effects of exchange rate changes on cash and cash equivalents		22,929	26,204	(11,385)
Cash and cash equivalents at the end of the year	18	¥ 533,530	¥ 457,800	¥ 385,113

See accompanying notes to consolidated financial statements.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Reporting Entity

Takeda Pharmaceutical Company Limited (the “Company”) is a public company incorporated in Japan. The Company and its subsidiaries (collectively, “Takeda”) is a global, values-based, R&D-driven biopharmaceutical company with a diverse portfolio, engaged primarily in the research, development, production and global commercialization of pharmaceutical products. Takeda’s principal pharmaceutical products include medicines in the following key business areas: Gastroenterology (“GI”), Rare Diseases, Plasma-Derived Therapies (“PDT”), Oncology, Vaccines and Neuroscience.

2. Basis of Preparation

Compliance with International Financial Reporting Standards

Takeda’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The term IFRS also includes International Accounting Standards (“IASs”) and the related interpretations of the interpretation’s committees (Standard Interpretations Committee (“SIC”) and International Financial Reporting Interpretations Committee (“IFRIC”)).

Approval of Financial Statements

The Company’s consolidated financial statements presented were approved on June 25, 2025 by Representative Director, President & Chief Executive Officer (“CEO”) Christophe Weber and Director & Chief Financial Officer (“CFO”) Milano Furuta.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities recorded at fair value including equity investments, derivative financial instruments, financial assets and liabilities associated with contingent consideration arrangements, and the application of hyperinflationary accounting at subsidiaries.

Functional and Presentation Currency

The consolidated financial statements are presented in Japanese Yen (“JPY”), which is the functional currency of the Company. All financial information presented in JPY has been rounded to the nearest million JPY, except when otherwise indicated. In tables with rounded figures, sums may not add up due to rounding.

New Accounting Standards and Interpretations Adopted

During the year ended March 31, 2025, there were no new accounting standards applied by Takeda that had a significant impact on Takeda’s consolidated financial statements.

New Accounting Standards and Interpretations Issued and Not Yet Adopted

On April 9, 2024, the IASB has issued IFRS 18 *Presentation and Disclosure in Financial Statements* (“IFRS 18”), which replaces IAS 1 *Presentation of Financial Statements*.

IFRS 18 introduces certain new requirements to improve the reporting of companies’ financial performance and comparability in the statement of profit or loss between entities. The accounting standard introduces three new defined categories for income and expenses—operating, investing and financing, and requires all companies to provide certain new defined subtotals. IFRS 18 also requires companies to disclose explanations of company-specific measures that are related to the income statement, referred to as management-defined performance measures. Furthermore, the accounting standard sets out enhanced guidance on how to organize information and whether to provide it in primary financial statements or in the notes and requires companies to provide more transparency about operating expenses. IFRS 18 will not impact the recognition or measurement of items in the financial statements. The accounting standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

Takeda is currently in the process of assessing the impact from meeting the new disclosure requirements and will adopt the standard from the fiscal year beginning April 1, 2027.

Use of Judgments, Estimates, and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

These estimates and underlying assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments and estimates that have been made in the process of applying accounting policies and that have significant effects on the amounts reported in the consolidated financial statements, and information about accounting estimates and assumptions that have significant effects on the amounts reported in the consolidated financial statements, are as follows:

- Recognition and measurement of taxes based on uncertain tax positions (Note 7)
- Recoverability of deferred tax assets (Note 7)
- Impairment of goodwill and intangible assets (Note 11 and Note 12)
- Measurement of provisions (Note 23)
- Estimation of rebates and return reserves associated with Takeda's product sales (Note 3 and Note 23)
- Probability of an outflow of resources embodying economic benefits on contingent liabilities (Note 32)

3. Material Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries that are directly or indirectly controlled by the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

Takeda controls an entity when it is exposed or has rights to variable returns from involvement with the entity and has the ability to affect those returns using its power, which is the current ability to direct the relevant activities, over the entity. To determine whether Takeda controls an entity, status of voting rights or similar rights, contractual agreements and other specific factors are considered.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when control is lost. The financial statements of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company as necessary.

Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of consideration transferred or received, is recognized directly in equity attributable to owners of the Company. When control over a subsidiary is lost, the investment retained after the loss of control is re-measured at fair value as of the date when control is lost, and any gain or loss on such re-measurement and disposal of the interest sold is recognized in profit or loss.

Investments in Associates and Joint Arrangements

Associates are entities over which Takeda has significant influence over the decisions on financial and operating policies but does not have control or joint control. Investments in associates are accounted for using the equity method and recognized at cost on the acquisition date. The carrying amount is subsequently increased or decreased to recognize Takeda's share of profit or loss and other comprehensive income of the associates. Intra-group profits on transactions with associates accounted for using the equity method are eliminated against the investment to the extent of Takeda's equity interest in the associates. Intra-group losses are eliminated in the same way as intra-group profits unless there is evidence of impairment. The use of the equity method is discontinued from the date when significant influence over an associate is lost. The investment retained after the cessation of the equity method is re-measured at fair value, and any gain or loss on such re-measurement and disposal of the interest sold is recognized in profit or loss.

Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Takeda classifies joint arrangement into either joint operations or joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The assets, liabilities, revenues and expenses in joint operations are recognized in relation to Takeda's interest. The investment in joint ventures is accounted for using the equity method. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in profit or loss.

Business Combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and the liabilities assumed are measured at the fair values at the acquisition date. Goodwill is measured as the excess of the sum of the fair value of consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree less the fair value of identifiable assets acquired, net of liabilities assumed at the acquisition date. As part of business combinations, when the acquired entity consists of foreign operations with multiple functional currencies, Takeda allocates goodwill recognized upon the acquisition to the foreign operations based on the estimated cash flows of the acquired foreign operations.

The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred to former owners of the acquiree, and the equity interests issued by Takeda at the acquisition date. Non-controlling interests is initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis. The consideration for certain acquisitions includes amounts contingent upon future events, such as the achievement of development milestones and sales targets.

Any contingent consideration included in the consideration payable for a business combination is recorded at fair value at the date of acquisition. These fair values are generally based on risk-adjusted future cash flows discounted using appropriate discount rates. The fair values are reviewed at the end of each reporting period. The changes in the fair value based on the time value of money are recognized in finance expenses and the other changes are recognized in other operating income or other operating expenses in the consolidated statements of profit or loss.

Acquisition related costs are recognized as expenses in the period they are incurred. Changes in Takeda's ownership interests in subsidiaries arising from transactions between Takeda and non-controlling interests that do not result in Takeda losing control over a subsidiary are treated as equity transactions and therefore, do not result in adjustments to goodwill.

Foreign Currency Translations

Foreign Currency Transactions

Foreign currency transactions are remeasured into the functional currency of each entity within Takeda using the exchange rates at the dates of the transactions or rates that approximate the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured into the functional currency using the spot rates of exchange at the end of each reporting period. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are remeasured using historical exchange rates at the date when the fair value was determined. Non-monetary assets and liabilities measured based on historical cost that are denominated in foreign currencies are remeasured at the exchange rate at the date of the initial transaction. Exchange differences arising from the remeasurement or settlement are recognized in profit or loss except when related to financial assets measured at fair value through other comprehensive income, as well as financial instruments designated as hedges of net investments in foreign operations and cash flow hedges subsequently recognized as other comprehensive income. The gain or loss arising from remeasurement of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss, are also recognized in other comprehensive income or profit or loss, respectively.

Foreign Operations

The assets and liabilities of foreign operations are translated using the spot exchange rates at the end of the reporting period, while income and expenses of foreign operations presented in profit or loss and other comprehensive income are translated using the exchange rates at the dates of the transactions or rates that approximate the exchange rates at the dates of the transactions. When a foreign operation's functional currency is the currency of a hyperinflationary economy, adjustments are made to its separate financial statements to reflect current price levels, and income and expenses of the foreign operation are translated into the presentation currency at the exchange rate at the end of the reporting period. The impact of the restatement of the non-monetary assets and liabilities with the general price index at the beginning of the period is recorded in other comprehensive income. The subsequent gains and losses resulting from the restatement of non-monetary assets and liabilities are recorded in finance income or finance expenses in the consolidated statements of profit or loss. Exchange differences arising from translation are recognized as other comprehensive income.

In cases in which foreign operations are disposed of, the cumulative amount of exchange differences related to the foreign operations is recognized as part of the gain or loss on disposal.

Revenue

Takeda'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 Takeda 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 Takeda 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 Takeda 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.

Takeda's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies, wholesalers, health insurance companies and managed healthcare organizations. 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. Takeda monitors the obligation for these deductions on at least a quarterly basis and records adjustments when rebate trends, rebate programs and contract terms, legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, adjustments to rebate accruals have not been material to net earnings. The United States (the "U.S.") market has the most complex arrangements related to revenue deductions.

The following summarizes the nature of the most significant adjustments to revenue:

- **U.S. Medicaid:** The U.S. Medicaid Drug Rebate Program is administered by state governments using state and federal funds to provide assistance to certain qualifying individuals and families, who cannot finance their own medical expenses. Calculating the rebates to be paid related to this program involves interpreting relevant regulations, which are subject to challenge or change in interpretative guidance by government authorities. Provisions for Medicaid rebates are estimated based upon identifying the products subject to a rebate, historical experience, patient demand, product pricing and the mix of contracts and specific terms in the individual state agreements. The provisions for Medicaid rebates are recorded in the same period that the corresponding revenues are recognized; however, the Medicaid rebates are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for Medicaid rebates. These expected product specific assumptions relate to estimating which of Takeda's revenue transactions will ultimately be subject to the U.S. Medicaid program.
- **U.S. Medicare:** The U.S. Federal Medicare Program, which funds healthcare benefits to individuals age 65 or older and certain disabilities, provides prescription drug benefits under Part D section of the program. This benefit is provided and administrated through private prescription drug plans. Provisions for Medicare Part D rebates are calculated based on the terms of individual plan agreements, patient demand, product pricing and the mix of contracts. The provisions for Medicare Part D rebates are recorded in the same period that the corresponding revenues are recognized; however, the Medicare Part D rebates are not fully paid until subsequent periods. There is often a

time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for Medicare Part D rebates. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the U.S. Medicare program.

- Customer rebates: Customer rebates including commercial managed care in the U.S. are offered to purchasing organizations, health insurance companies, managed healthcare organizations, and other direct and indirect customers to sustain and increase market share, and to ensure patient access to Takeda's products. Since rebates are contractually agreed upon, the related provisions are estimated based on the terms of the individual agreements, historical experience, and patient demand. The provisions for commercial managed care rebates in the U.S. are recorded in the same period that the corresponding revenues are recognized; however, commercial managed care rebates in the U.S. are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for commercial managed care rebates in the U.S. These expected product specific assumptions relate to estimating which of Takeda's revenue transactions will ultimately be subject to the commercial managed care in the U.S.
- Wholesaler chargebacks: Takeda has arrangements with certain indirect customers whereby the customer is able to buy products from wholesalers at reduced prices. A chargeback represents the difference between the invoice price to the wholesaler and the indirect customer's contractual discounted price. Provisions for estimating chargebacks are calculated based on the terms of each agreement, historical experience and product demand. Takeda has a legally enforceable right to set off the trade receivables and chargebacks and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Thus the provision for chargebacks are recorded as a deduction from trade receivables on the consolidated statements of financial position.
- Return reserves: When Takeda sells a product providing a customer with the right to return, Takeda records a provision for estimated sales returns based on its sales return policy and historical return rates. Takeda estimates the proportion of recorded revenue that will result in a return by considering relevant factors, including past product returns activity, the estimated level of inventory in the distribution channel and the shelf life of products.

Because the amounts are estimated, they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, expected product specific assumptions used in estimating which of Takeda's revenue transactions will ultimately be subject to the respective programs.

Takeda generally receives payments from customers within 90 days after the point in time when goods are delivered to the customers. Takeda usually performs those transactions as a principal, but Takeda also sells products on behalf of others in which case revenue is recognized at an amount of sales commission that Takeda expects to be entitled as an agent.

Takeda 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 Takeda 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.

Takeda generally receives payments from customers within 60 days after entering into out-licensing contracts or confirmation by customers that conditions for the milestone payments are met. Takeda licenses its own intellectual property rights to customers and performs those transactions as a principal. Takeda also provides other services as a principal or an agent.

Takeda identifies a contract modification in case of a change in the scope or price (or both) of a contract. If a contract modification is not accounted for as a separate contract, both of the revenue recognized before and after contract modification is presented in the same categories of the disaggregation of revenue information.

Government Grants

Government grants are recognized when there is reasonable assurance that Takeda will comply with the conditions attached to them and receive the grants. Government grants for the purchasing of property, plant and equipment are recognized as deferred income and then recognized in profit or loss and offset the related expenses on a systematic basis over the useful lives of the related assets. Government grants for expenses incurred are recognized in profit or loss and offset the related expenses over the periods in which Takeda recognizes costs for which the grants are intended to compensate.

Research and Development Expenses

Research costs are expensed in the period incurred. Internal development expenditures are capitalized when the criteria for recognizing an asset are met in accordance with IAS 38 *Intangible Assets*, usually when a regulatory filing has been made in a major market and approval is considered highly probable. Where regulatory and other uncertainties are such that the criteria are not met, the expenditures are recognized in profit or loss in the consolidated statements of profit or loss. Property, plant and equipment used for R&D is capitalized and depreciated over the estimated life of the asset.

Income Taxes

Income taxes consist of current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss, except for income taxes resulting from business combinations, and income taxes recognized in either other comprehensive income or equity related to items that are recognized, in the same or different period, outside of profit or loss.

Current Taxes

The current taxes payable or receivable is based on taxable profit for the year. Taxable profit differs from reported profit because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period. Income taxes payable and income taxes receivable, including those from prior fiscal years, are measured at the amount that is expected to be paid to or received from the taxation authorities using tax rates and tax law that have been enacted or substantively enacted by the reporting date, reflecting uncertainty related to income taxes, if any. Takeda's current taxes also include liabilities related to uncertain tax positions. 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 Takeda concludes that it is not probable that a tax authority will accept an uncertain tax position, Takeda recognizes the best estimate of the expenditure required to settle a tax uncertainty. This is measured either based on the most likely amount or the expected value amount, depending on which method provides a better prediction of the resolution of the uncertainty. The amount of unrecognized tax benefits is adjusted for changes in facts and circumstances. Takeda's current tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred Taxes

Deferred taxes are calculated based on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the end of the reporting period. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. This requires Takeda to evaluate and assess the probability of future taxable profit and Takeda's business plan, which are inherently uncertain. The change in judgment upon determining the revenue forecast used for Takeda's business plan could have a significant impact on the amount of the deferred tax assets to be recognized. Uncertainty of estimates of future taxable profit could increase due to changes in economies in which Takeda operates, changes in market conditions, effects of currency fluctuations, or other factors. Takeda's deferred taxes also include liabilities related to uncertain tax positions. Deferred tax liabilities are generally recognized for taxable temporary differences.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising on the initial recognition of goodwill
- The initial recognition of assets and liabilities in transactions that are not business combinations and affect neither accounting profit nor taxable profit (loss) at the time of the transaction
- Deductible temporary differences arising from investments in subsidiaries and associates, when it is not probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences can be utilized
- Taxable temporary differences arising from investments in subsidiaries and associates when the timing of the reversal of the temporary differences is controllable and it is not probable that they will reverse in the foreseeable future

Further, Takeda has not recognized nor disclosed deferred tax assets and liabilities of income taxes relating to the Pillar Two model's rules published by the Organization for Economic Cooperation and Development ("OECD"), as required by IAS 12 as amended on May 23, 2023.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods in which the temporary differences are expected to reverse based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities for those related to income taxes levied by the same taxation authority on the same taxable entity.

Earnings per Share

Basic earnings per share is calculated by dividing profit or loss for the year attributable to owners of ordinary shares of the Company, by the weighted-average number of ordinary shares outstanding during the reporting period, adjusted by the number of treasury shares. Diluted earnings per share is calculated by adjusting all the effects of dilutive potential ordinary shares.

Property, Plant and Equipment

Property, plant and equipment are measured using the cost model and is stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes mainly the costs directly attributable to the acquisition and the initial estimated dismantlement, removal, and restoration costs associated with the asset. Except for assets that are not subject to depreciation, such as land and construction in progress, assets are depreciated mainly using the straight-line method over the estimated useful life of the asset. Right of use (“ROU”) assets are depreciated using the straight-line method over the shorter of the lease term or the estimated useful life unless it is reasonably certain that Takeda will obtain ownership by the end of the lease term. The depreciation of these assets begins when they are available for use.

The estimated useful life of major asset items is as follows:

- Buildings and structures 3 to 50 years
- Machinery and vehicles 2 to 20 years
- Tools, furniture and fixtures 2 to 20 years

Goodwill

Goodwill arising from business combinations is stated at its cost less accumulated impairment losses. Goodwill is not amortized. Goodwill is allocated to cash-generating units (CGUs) or groups of cash-generating units that represent the lowest level within the entity for which information about goodwill is available and monitored for internal management purposes and are not larger than an operating segment. Goodwill is only allocated to CGUs or groups of CGUs that are expected to benefit from synergies related to the business combination from which goodwill arose and the method of allocation depends on the facts and circumstances of the business combination. Goodwill is tested for impairment annually and whenever there is any indication of impairment. Impairment losses on goodwill are recognized in the consolidated statements of profit or loss and no subsequent reversal will be made.

Intangible Assets Associated with Products

Amortization and impairment losses on intangible assets associated with products is separately stated in the consolidated statements of profit or loss because intangible assets associated with products have various comprehensive rights and contribute to our ability to sell, manufacture, research, market and distribute products, compounds and benefit multiple business functions.

Marketed Products

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, from marketing approval. These intangible assets are assessed for impairment if indicators of a potential impairment exist. An impairment is recorded if the carrying value exceeds the recoverable amount of the intangible assets. Intangible assets relating to marketed products of which Takeda recalls or ceases sales for any reason are written down to their recoverable amount. Amortization, impairment and reversal of impairment related to intangible assets associated with marketed products are included in amortization and impairment losses on intangible assets associated with products in the consolidated statements of profit or loss.

In-Process R&D

Takeda enters into collaboration and in-license agreements with third parties for products and compounds for R&D projects. Payments for collaboration agreements generally take the form of subsequent development milestone payments. Payments for in-license agreements generally take the form of up-front payments and subsequent development milestone payments. Up-front payments for in-license agreements are capitalized upon commencement of the in-license agreements, and development milestone payments are capitalized when the milestone is achieved.

These intangible assets relating to products in development that are not yet available for use are not amortized. These intangible assets are assessed for impairment on an annual basis, and more frequently if indicators of a potential impairment exist. An impairment is recorded if the carrying value exceeds the recoverable amount of the intangible assets. Intangible assets relating to in-process R&D which fail during development or for which development ceases for any reason are written down to their recoverable amount which is typically nil. Impairment and reversal of impairment related to intangible assets associated with in-process R&D are included in amortization and impairment losses on intangible assets associated with products in the consolidated statements of profit or loss.

If and when Takeda obtains approval for the commercial application of a product in development, the related in-process R&D assets will be reclassified to intangible assets associated with marketed products.

Intangible Assets – Software

Software is recognized at cost and amortized on a straight-line basis over the expected useful life. The useful life used for this purpose is 3 to 10 years. Amortization of intangible assets – software is included in cost of sales, selling, general and administrative expenses, and research and development expenses in the consolidated statements of profit or loss.

Leases

As Lessee

Takeda assesses whether a contract is or contains a lease at inception of a contract. As a lessee, Takeda recognizes a ROU asset and a corresponding lease liability for all contracts in which it is a lessee in the consolidated statements of financial position at the lease commencement date.

The ROU asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date and subsequently at cost less any accumulated depreciation and impairment losses. The ROU asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the estimated useful life of the underlying asset. The ROU asset is subject to impairment assessment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if not readily determinable, the Takeda's incremental borrowing rate.

Generally, Takeda uses its incremental borrowing rate as the discount rate. The lease term comprises a non-cancellable period of lease contracts and periods covered by an option to extend or terminate the lease if Takeda is reasonably certain to exercise that option. After initial recognition, the lease liability is measured at amortized cost using the effective interest method. If there is a change in future lease payments, such as from reassessment of whether an extension or termination option will be exercised, the lease liability is remeasured. A corresponding adjustment is made to the ROU asset or is recorded in the consolidated statements of profit or loss when the right-of-use asset has been fully depreciated.

Takeda has elected to apply recognition exemption for leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments for such leases are recognized as an expense on a straight-line basis over the lease term.

As a practical expedient, Takeda has elected not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

Impairment of Non-Financial Assets

Takeda assesses whether there is any indication of impairment for non-financial assets at the end of each reporting period, excluding inventories, deferred tax assets, assets held for sale, and net defined benefit assets. If any such indication exists, and in cases in which an impairment test is required to be performed each year, the recoverable amount of the asset is estimated. In cases the recoverable amount cannot be estimated for each asset, they are estimated at the cash-generating unit level. The recoverable amount of an asset or a cash-generating unit is determined at the higher of its fair value less costs of disposal or its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the asset. If the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, impairment loss is recognized in profit or loss and the carrying amount is reduced to the recoverable amount. An asset or a cash-generating unit other than goodwill, for which impairment losses were recognized in prior years, is assessed at the end of the reporting period to determine whether there is any indication that the impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the lower of the estimated recoverable amount or the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized in prior years. The reversal of impairment loss is immediately recognized in profit or loss.

Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is determined mainly using the weighted-average cost formula. The cost of inventories includes purchase costs, costs of conversion, and other costs incurred in bringing the inventories to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product. Before that point, a provision is made against the carrying value to its recoverable amount. The provision is then reversed at the point when a high probability of regulatory approval is determined.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

Assets Held for Sale

An asset or disposal group for which the cash flows are expected to arise principally from sale rather than continuing use is classified as an asset held for sale when it is highly probable that the asset or disposal group will be sold within one year, the asset or disposal group is available for immediate sale in its present condition, and the management of Takeda is committed to the sale. In such cases, the asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

Post-employment Benefit

Takeda sponsors lump-sum payments on retirement, pensions and other plans such as post-retirement medical care as post-employment benefit plans. They are classified as defined benefit plans or defined contribution plans, depending on the characteristics of the plans.

Defined Benefit Plans

Takeda uses the projected unit credit method to determine the present value, the related current service cost, and the past service cost by each defined benefit obligation. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period. The net defined benefit liabilities (assets) in the consolidated statements of financial position are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations. If the defined benefit plan has a surplus, the net defined benefit asset is limited to the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Past service cost defined as the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment is recognized in profit or loss upon occurrence of the plan amendment or curtailment.

Remeasurement of net defined benefit plans is recognized in full in other comprehensive income and transferred to retained earnings in the period in which they are recognized.

Defined Contribution Plans

The costs for defined contribution plans are recognized as expenses when employees render related services.

Provisions

Takeda recognizes rebates and return reserves if Takeda receives consideration from a customer and expects to refund some or all of that consideration to the customer. In addition, provisions are recognized when Takeda has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. Takeda's provisions consist primarily of rebates and return reserves, as well as provisions for litigation and restructuring.

Financial Instruments

Takeda's financial instruments include financial instruments related to lease contracts, trade and other receivables and payables, financial assets and liabilities associated with contingent consideration arrangements, derivative instruments, and rights and obligations under employee benefit plans, which are dealt with in specific accounting policies.

Financial Assets

Initial Recognition and Measurement

Financial assets are recognized in the consolidated statements of financial position when Takeda becomes a party to the contract of the instruments. Financial assets, except for investments in debt instruments measured at fair value through profit or loss ("FVTPL"), are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

- Investments in debt instruments measured at amortized cost: Assets such as trade and other receivables that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. Trade receivables are initially recognized at their invoiced amounts, including any related sales taxes less adjustments for deductions such as impairment loss allowance and cash discounts.
- Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"): Assets that are held within a business model objective whose objective is achieved by both collecting contractual cash flows and selling financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.
- Investments in debt instruments measured at FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL.
- Equity instruments measured at FVTOCI: On initial recognition, Takeda makes an irrevocable FVTOCI election (on an instrument-by-instrument basis) to present the subsequent changes in the fair value of equity instruments in other comprehensive income for certain equity instruments held for the long-term for strategic purposes. At the reporting date, Takeda designates all of its equity instruments as financial assets measured at FVTOCI.

Subsequent Measurement and Derecognition

Takeda derecognizes a financial asset only when the contractual right to receive the cash flows from the asset expires or when Takeda transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

- Investments in debt instruments measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Investments in debt instruments measured at FVTOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses arising from changes in fair value are recognized in other comprehensive income. Upon derecognition of the investments, the gains and losses accumulated in other comprehensive income related to the investment is reclassified to profit or loss.
- Investments in debt instruments measured at FVTPL: These assets are subsequently measured at fair value, and a gain or loss on debt instruments that is subsequently measured at FVTPL is recognized in profit or loss.
- Equity instruments measured at FVTOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss. Upon derecognition of the investments, the amounts in other comprehensive income related to the investment is reclassified within equity to retained earnings.

Impairment

Loss allowances are established using an Expected Credit Loss (“ECL”) model. The provisions are based on a forward-looking ECL, which includes possible default events on the trade receivables over the entire holding period of the trade receivables. Takeda has elected to measure provisions for trade receivables, contract assets and lease receivables at an amount equal to lifetime ECL. Takeda uses a provisions matrix based on historical loss rates adjusted for forward-looking information to calculate ECL. These provisions represent the difference between the contractual amount of the trade receivables, the contract assets and the lease receivables in the consolidated statements of financial position and the estimated collectible net amount.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognized in the consolidated statements of financial position when Takeda becomes a party to the contract of financial instruments. Financial liabilities are classified, at initial recognition, as financial liabilities measured at FVTPL, bonds and loans, or payables.

Financial liabilities, except for those measured at FVTPL, are initially measured at fair value less transaction costs that are directly attributable to the issuance.

Subsequent Measurement

- Financial liabilities measured at FVTPL: Financial liabilities measured at FVTPL are subsequently measured at fair value, and any gains or losses arising on re-measurement are recognized in profit or loss. Financial liabilities measured at FVTPL include derivatives and financial liabilities associated with contingent consideration arrangements.
- Other financial liabilities, including bonds and loans: Other financial liabilities are measured at amortized cost mainly using the effective interest method.

Derecognition

Takeda derecognizes a financial liability only when the obligation specified in the contract is discharged, canceled, or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid or payable is recognized in profit or loss.

Derivatives

Takeda hedges the risks arising mainly from its exposure to fluctuations in foreign currency exchange rates and interest rates using derivatives such as forward exchange contracts, currency options, interest rate swaps, cross currency interest rate swaps and forward interest rate. In addition, Takeda hedges the risks arising from its exposure to fluctuations in prices of renewable energy using forward contracts. Takeda does not enter into derivative transactions for trading or speculative purposes. Derivatives are measured at FVTPL unless the derivative contracts are designated as hedging instruments. The gains and losses on derivatives that are not designed as hedging instruments are recognized in profit or loss. The treatment of the change in fair value for derivatives designated as hedging instruments varies based on the type of hedge as described below.

Hedge Accounting

For foreign currency exposure as a result of translation risk, Takeda designates certain non-derivatives, such as foreign currency denominated bonds and loans and certain derivatives such as forward exchange contracts, as net investment hedges of foreign operations. For foreign currency exposure due to foreign currency denominated transactions, Takeda designates certain derivatives, such as forward exchange contracts, currency options and cross currency interest rate swaps, as cash flow hedges of forecasted transactions. For interest risk exposure, Takeda designates derivatives such as interest rate swaps, cross currency interest rate swaps and forward interest rate, as cash flow hedges of forecasted transactions. Within the designation documentation at inception, Takeda documents the risk management objective, nature of the risk being hedged, and relationship between hedging instruments and hedged risk based on the strategy for undertaking the hedging relationships. At inception and on a quarterly basis, Takeda also assesses whether the hedging instruments are highly effective in offsetting changes in the hedged transactions or net investment.

- Cash flow hedges: the effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. The cumulative gain or loss that was previously recognized in other comprehensive income is reclassified to profit or loss in the same period when the cash flows of the hedged items are recognized in profit or loss and in the same line item in the consolidated statements of profit or loss. The currency basis spread and the time value of the foreign currency options are accounted for and presented as hedging cost under other components of equity separately from cash flow hedges.
- Net investment hedges in foreign operations: the gain or loss on hedging instruments in foreign operation is recognized in other comprehensive income. At the time of disposal of the foreign operations, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer qualifies for hedge accounting.

The cash flows of hedging instruments qualified for hedge accounting are classified in the same manner as the cash flows of the items being hedged.

Transaction costs of financial liabilities

Transaction costs relating to the financial liabilities of debt issued are recorded against the corresponding debt and amortized to the consolidated statements of profit or loss over the period to the earliest redemption date of the debt, using the effective interest rate method. On extinguishment of the related debt, any unamortized deferred transaction costs are written off and charged to interest expense in the consolidated statements of profit or loss.

Share-based Payments

Takeda has implemented share-based payment programs and provides equity and cash-settled share-based payments.

Equity-settled Share-based Payments

Equity-settled share-based payments are granted based on the service performed by the employees, directors, and senior management. The service received and the corresponding increase in equity are measured at the fair value of the equity instruments at the grant date. The fair value of the equity instruments granted to employees, directors, and senior management are recognized as expense over the vesting period of the awards with a corresponding amount as an increase in equity.

Cash-settled Share-based Payments

Cash-settled share-based payments are granted based on the service performed by the employees, directors, and senior management. The service received and the corresponding liability are measured at the fair value of the corresponding liability. The fair value of the liability-classified awards granted to employees, directors, and senior management are recognized as expense over the vesting period of the awards with a corresponding amount as an increase in liability. Takeda re-measures the fair value of the liability at the end of each reporting period and at the date of settlement and recognizes any changes in fair value in profit or loss.

Capital

Ordinary Shares

Proceeds from the issuance of ordinary shares by Takeda are included in share capital and share premium.

Treasury Shares

When Takeda acquires treasury shares, the consideration paid is recognized as a deduction from equity. When Takeda sells the treasury shares, the difference between the carrying amount and the consideration received is recognized in share premium.

4. Operating Segment and Revenue Information

Takeda comprises a single operating segment and is engaged in the research, development, manufacturing, marketing and out-licensing of pharmaceutical products. This is consistent with how the financial information is viewed in allocating resources, measuring performance, and forecasting future periods by the CEO who is Takeda's Chief Operating Decision Maker.

Disaggregation of Revenue Information

Takeda's revenue from contracts with customers is comprised of the following:

Revenue by Type of Good or Service

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Sales of pharmaceutical products	¥ 3,922,280	¥ 4,163,652	¥ 4,495,972
Out-licensing and service income	105,198	100,110	85,579
Total	¥ 4,027,478	¥ 4,263,762	¥ 4,581,551

Revenue by Business Area and Product

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Gastroenterology:			
ENTYVIO	¥ 702,744	¥ 800,919	¥ 914,098
GATTEX/REVESTIVE	93,076	119,252	146,289
TAKECAB/VOCINTI ⁽¹⁾	108,719	118,526	130,763
PANTOLOC/CONTROLOC ⁽²⁾	45,518	46,495	44,591
DEXILANT	69,371	45,278	38,548
EOHILIA	—	200	5,452
Others	75,113	85,538	77,282
Total Gastroenterology	1,094,541	1,216,207	1,357,022
Rare Diseases:			
TAKHZYRO	151,800	178,677	223,163
ADVATE	118,188	122,911	111,758
ELAPRASE	85,321	91,561	97,243
REPLAGAL	66,741	73,553	77,852
ADYNOVATE/ADYNOVI	66,553	66,308	64,613
VPRIV	48,372	51,295	53,457
LIVTENCITY	10,501	19,085	32,997
ADZYNMA	—	425	7,082
Others	92,298	84,607	84,650
Total Rare Diseases	639,774	688,423	752,816
PDT:			
Immunoglobulin	522,211	644,587	757,771
Albumin	121,446	133,990	141,381
Others	121,702	125,123	133,510
Total PDT	765,359	903,699	1,032,662

JPY (millions) For the Year Ended March 31			
	2023	2024	2025
Oncology:			
ADCETRIS	83,937	109,425	129,025
LEUPLIN/ENANTONE	111,311	107,350	119,265
NINLARO	92,691	87,361	91,242
ICLUSIG	47,206	54,706	70,728
FRUZAQLA	—	10,080	47,954
ALUNBRIG	20,556	28,524	36,432
Others	83,042	64,915	65,783
Total Oncology	438,742	462,362	560,430
Vaccines:			
QDENG A	144	9,557	35,580
Others	78,521	40,798	19,832
Total Vaccines	78,664	50,355	55,412
Neuroscience:			
VYVANSE/ELVANSE	459,289	423,221	350,607
TRINTELLIX	100,081	104,797	125,735
ADDERALL XR	28,594	41,756	28,430
Others	49,747	57,241	61,044
Total Neuroscience	637,711	627,014	565,816
Other:			
AZILVA ⁽¹⁾	72,897	33,636	11,808
FOSRENOL	13,532	13,529	7,911
Others	286,256	268,536	237,673
Total Other	372,685	315,701	257,392
Total	¥ 4,027,478	¥ 4,263,762	¥ 4,581,551

(1) The figures include the amounts of fixed dose combinations and blister packs.

(2) Generic name: pantoprazole

Geographic Information

Takeda's revenue from contracts with customers is based in the following geographic locations:

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Japan	¥ 512,043	¥ 451,391	¥ 418,462
U.S.	2,103,772	2,195,711	2,379,651
Europe and Canada	842,668	966,835	1,055,252
Latin America	160,375	198,100	235,848
China	150,973	174,844	191,740
Asia (excluding Japan & China)	74,033	86,375	99,392
Russia/CIS	88,431	72,594	72,356
Other	95,182	117,911	128,849
Total	¥ 4,027,478	¥ 4,263,762	¥ 4,581,551

“Other” includes the Middle East, Oceania and Africa. This disaggregation provides revenue attributable to countries or regions based on the customer location.

Takeda's non-current assets are held in the following geographic locations:

	JPY (millions)	
	As of March 31	
	2024	2025
Japan	¥ 366,276	¥ 317,089
U.S.	8,223,949	7,654,971
Ireland	885,496	872,944
Switzerland	860,795	799,783
Other	1,361,811	1,330,348
Total	¥ 11,698,327	¥ 10,975,135

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

Information Related to Major Customers

During the year ended March 31, 2023, Cencora, Inc. (previously called “AmerisourceBergen Corporation”) and its subsidiaries (collectively, “Cencora Group”), McKesson Corporation and its subsidiaries (collectively, “McKesson Group”) and Cardinal Health, Inc. and its subsidiaries (collectively, “Cardinal Health Group”) represented more than 10% of Takeda's sales. The sales to Cencora Group, McKesson Group and Cardinal Health Group were JPY 575,294 million, JPY 540,356 million and JPY 424,527 million, respectively, for the year ended March 31, 2023.

During the year ended March 31, 2024, Cencora Group, McKesson Group and Cardinal Health Group, represented more than 10% of Takeda's sales. The sales to Cencora Group, McKesson Group and Cardinal Health Group were JPY 579,065 million, JPY 578,767 million and JPY 436,951 million, respectively, for the year ended March 31, 2024.

During the year ended March 31, 2025, McKesson Group and Cencora Group represented more than 10% of Takeda's sales. The sales to McKesson Group and Cencora Group were JPY 592,323million and JPY 577,017million, respectively, for the year ended March 31, 2025.

Other Revenue Information

Contract Balances

	JPY (millions) As of March 31			
	2024		2025	
Receivables from contracts with customers				
Trade receivables (Note 17)	¥	612,439	¥	651,414
Contract assets				
Unbilled receivables		2,574		1,372
Contract liabilities				
Deferred income (Note 24)		8,259		23,547
Advance payments		45		64

Takeda's contract assets relate to the right to receive consideration where performance was completed based on the contract, and trade receivables are recognized when the right to receive consideration becomes unconditional.

Takeda's contract liabilities primarily relate to out-licensing arrangements or product purchase and supply agreements where Takeda receives cash consideration prior to the completion of its performance obligations under the agreements. The revenue recognized during the years ended March 31, 2023, 2024, and 2025 that was included in the contract liability balance as of the beginning of the year was JPY 49,319 million, JPY 5,526 million, and JPY 5,634 million, respectively. The revenue recognized during the years ended March 31, 2023, 2024, and 2025 from performance obligations satisfied (or partially satisfied) in previous periods was JPY 79,251 million, JPY 80,794 million, and JPY 97,560 million, respectively, and primarily relates to royalty income.

Transaction price allocated to the remaining performance obligations

	JPY (millions)				
	Duration of the remaining performance obligations				
	Total	Within one year	Between one and five years	More than five years	
Contract liabilities as of March 31, 2024	¥ 8,304	¥ 6,119	¥ 517	¥ 1,668	
Contract liabilities as of March 31, 2025	23,611	21,781	526	1,304	

5. Other Operating Income and Expenses

		JPY (millions) For the Year Ended March 31		
		2023	2024	2025
Other operating income:				
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements (Note 27)	¥	—	¥	—
Gain on sales of property, plant and equipment and investment property		2,094	144	363
Gain on divestment of business to Teva Takeda Yakuhin		6,807	588	4,117
Gain on divestment of business and subsidiaries (Note 19)		—	7,243	6,081
Change in estimate of liabilities related to SHP647		4,102	—	—
Other		12,421	11,404	13,262
Total	¥	25,424	¥	19,379
Other operating expenses:				
Donations and contributions	¥	7,685	¥	7,009
Restructuring expenses (Note 23)		59,234	81,358	128,133
Change in fair value of financial assets and liabilities associated with contingent consideration arrangements (Note 27)		3,991	20,757	1,788
Valuation reserve for pre-launch inventories (reversal)		9,466	11,052	(7,313)
Impairment of assets held for sale (Note 19)		4,693	1,685	6,812
Other		60,178	84,666	69,650
Total	¥	145,247	¥	206,527

For the year ended March 31, 2023, "Other" in other operating expenses includes JPY 16,470 million of a write-off of option fees Takeda paid as part of collaboration agreements and JPY 16,455 million of legal provision for certain legal proceedings.

For the year ended March 31, 2024, "Other" in other operating expenses includes JPY 45,212 million of legal provision for certain legal proceeding, comprising JPY 26,405 million of additional losses recorded for the supply agreement litigation with AbbVie, Inc. ("AbbVie").

For the year ended March 31, 2025, "Other" in other operating expenses includes JPY 27,004 million of post-trial access costs related to TAK-611 and TAK-609.

6. Finance Income and Expenses

		JPY (millions)		
		For the Year Ended March 31		
		2023	2024	2025
Finance Income:				
Interest income				
Interest income from financial assets measured at amortized cost	¥	4,187	¥ 8,850	¥ 16,576
Interest income from financial assets measured at fair value through P&L		1,318	2,442	3,062
Interest income on sublease		3	1	0
Total interest income		5,508	11,293	19,638
Dividend income				
Dividend income from financial assets measured at fair value through OCI and disposed of during the period		6	—	1
Dividend income from financial assets measured at fair value through OCI and held at end of the period		267	335	344
Total dividend income		273	335	345
Gain on derivatives – Foreign currency exchange		4,476	31,053	7,999
Gain on derivatives – Warrants		15,896	—	—
Gain on derivatives – Virtual power purchase agreement		6,843	3,393	4,959
Gain on derivatives – Interest rate swaps		—	—	2,968
Gain on derivatives – Cross currency interest rate swaps		—	4,144	3,856
Remeasurement to fair value of pre-existing interest in an acquiree		22,416	—	—
Other		7,501	1,875	6,784
Total	¥	62,913	¥ 52,093	¥ 46,549
Finance Expenses:				
Interest expense				
Interest expense on financial debt	¥	100,393	¥ 98,710	¥ 112,800
Interest expense on lease liabilities		16,580	20,826	24,511
Total interest expense		116,973	119,535	137,311
Loss on derivatives – Virtual power purchase agreement		6,843	3,393	5,311
Loss on foreign currency exchange, net		14,205	44,665	7,213
Hyperinflation effect expense		12,256	18,160	10,565
Other		19,421	34,096	49,665
Total	¥	169,698	¥ 219,850	¥ 210,065

For the year ended March 31, 2025, "Other" in finance expenses includes JPY 18,885 million of impairment of assets held for sale (Note 19).

7. Income Taxes

Income Tax Expense (Benefit)

The composition of income tax expense (benefit) is as follows:

	JPY (millions) For the Year Ended March 31		
	2023	2024	2025
Current tax expense	¥ 246,578	¥ 107,349	¥ 138,057
Deferred tax benefit	(188,526)	(198,755)	(71,116)
Total	¥ 58,052	¥ (91,406)	¥ 66,941

Current tax expense includes the benefits arising from previously unrecognized tax losses, tax credits and temporary differences of prior periods. These effects decreased current tax expense by JPY 17,529 million, JPY 4,952 million and JPY 4,654 million for the years ended March 31, 2023, 2024 and 2025, respectively. Current tax expense for the year ended March 31, 2025 includes Pillar Two global minimum tax expense of JPY 317 million.

Deferred tax benefit includes the benefits arising from previously unrecognized tax losses, tax credits and temporary differences of prior periods. These effects increased deferred tax benefits by JPY 54,974 million, JPY 32,290 million and JPY 19,542 million for the years ended March 31, 2023, 2024 and 2025, respectively.

Takeda is mainly subject to income taxes, inhabitant tax, and deductible enterprise tax in Japan. The statutory tax rate calculated based on these taxes is 30.6% for the years ended March 31, 2023, 2024 and 2025.

The following is a reconciliation from income tax expense at Takeda's domestic (Japanese) statutory tax rate to Takeda's income tax expense (benefit) reported for the year ended March 31:

	JPY (millions)		
	2023	2024	2025
Profit before tax	¥ 375,090	¥ 52,791	¥ 175,084
Income tax expense at Takeda's domestic (Japanese) statutory tax rate of 30.6%	114,703	16,143	53,541
Non-deductible expenses for tax purposes ⁽¹⁾	15,158	21,353	25,860
Changes in unrecognized deferred tax assets and deferred tax liabilities ⁽²⁾	(21,791)	(3,512)	45,243
Tax credits	(26,676)	(30,654)	(28,371)
Differences in applicable tax rates of overseas subsidiaries ⁽³⁾	(31,446)	(29,782)	(39,963)
Changes in tax effects of undistributed profit of overseas subsidiaries	6,174	(1,737)	10,282
Effect of changes in applicable tax rates and tax law ⁽⁴⁾	2,482	(11,994)	(6,964)
Tax contingencies ⁽⁵⁾	13,991	(83,784)	426
Effect of prior year items	(7,524)	(2,479)	3,305
Entity reorganizations/Divestments	(6,321)	33,469	2,880
Other	(698)	1,571	702
Income tax expense (benefit) reported for the year	¥ 58,052	¥ (91,406)	¥ 66,941

⁽¹⁾ Amounts for the years ended March 31, 2023, 2024 and 2025 include the impact from intra territory eliminations, the pre-tax effect of which has been eliminated in arriving at Takeda's consolidated income from continuing operations before income taxes. Additionally, amounts for the years ended March 31, 2023, 2024 and 2025 include non-deductible interest due to Japanese earnings stripping rules.

⁽²⁾ Amounts for the years ended March 31, 2023, 2024 and 2025 include deferred tax expenses (benefits) associated with carried forward net operating losses. The amount for the year ended March 31, 2023 is driven by recognition of tax benefits from previously unrecognized tax losses as result of internal entity restructuring transactions. Amounts for the year ended March 31, 2025 includes JPY 21,600 million of deferred tax expense related to derecognition of previously recognized interest expense carryforwards under Japanese earnings stripping rules.

⁽³⁾ Amounts for the years ended March 31, 2023, and 2024 include unitary and minimum taxes on overseas subsidiaries. Amount for the year ended 2025 includes unitary, minimum and Pillar Two taxes on overseas subsidiaries.

⁽⁴⁾ Amounts for the year ended March 31, 2024 includes JPY 4,206 million deferred tax expense related to US state law change and JPY 16,200 million deferred tax benefit relating to extension of the carryforward period relating to Japanese earnings stripping rules. Amounts for the year ended March 31, 2025 includes JPY 5,809 million deferred tax benefit related to US state law changes and JPY 1,155 million deferred tax benefit related to the change in Japan's enacted tax rate (from 30.6% to 31.5%) for years beginning April 1, 2026.

⁽⁵⁾ Tax benefit for the year ended March 31, 2024 is from favorable resolutions of tax contingencies including JPY 63,547 million relating to the settlement with Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014.

The decrease in Takeda's income tax expense between the years ended March 31, 2023 and 2024 was primarily due to lower pretax earnings as well as a tax expense reduction of JPY 63,547 million 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. These decreases were partially offset by the tax charges from legal entity restructuring and the reassessment of recoverability of deferred tax assets.

The increase in Takeda's income tax expense between the years ended March 31, 2024 and 2025 was primarily due to a tax expense reduction of JPY 63,547 million recorded during the fiscal year ended March 31, 2024 resulting from the reversal of the income taxes payable in excess of the settlement with Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie in 2014 and an increase in tax expenses due to the reassessment of recoverability of deferred tax assets as well as higher pretax earnings during the fiscal year ended March 31, 2025.

As a company with worldwide operations, Takeda is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. In December 2021, the OECD issued model rules for a new global minimum tax framework (Pillar Two).

Pillar Two legislation was enacted by Japanese Diet on March 28, 2023. Takeda has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Deferred Taxes

Deferred tax assets and liabilities reported in the consolidated statements of financial position are as follows:

	JPY (millions) As of March 31	
	2024	2025
Deferred tax assets	¥ 393,865	¥ 370,745
Deferred tax liabilities	(113,777)	(35,153)
Net deferred tax assets	¥ 280,088	¥ 335,592

The major items and changes in deferred tax assets and liabilities are as follows:

	JPY (millions)				
	As of April 1, 2023	Recognized in profit or (loss)	Recognized in other comprehensive income	Other ⁽¹⁾	As of March 31, 2024
Research and development expenses	¥ 136,230	¥ 77,180	¥ —	¥ 3,600	¥ 217,010
Inventories	110,911	20,482	—	7,009	138,402
Property, plant and equipment	(71,759)	9,249	—	(5,999)	(68,509)
Intangible assets	(452,594)	99,039	—	(36,715)	(390,270)
Financial assets measured at FVTOCI	(5,128)	—	(2,056)	(455)	(7,639)
Accrued expenses and provisions	165,043	7,469	—	13,081	185,593
Defined benefit plans	6,406	667	2,170	5,485	14,728
Deferred income	7,432	(1,955)	—	16	5,493
Unused tax losses	101,092	(15,970)	—	3,549	88,671
Tax credits	52,091	(11,230)	—	5,298	46,159
Investments in subsidiaries and associates	(36,838)	10,183	—	(146)	(26,801)
Cash flow hedges	38,480	2,227	(19,062)	—	21,645
Other	44,017	1,414	(3,171)	13,346	55,606
Total	¥ 95,383	¥ 198,755	¥ (22,119)	¥ 8,069	¥ 280,088

JPY (millions)					
	As of April 1, 2024	Recognized in profit or (loss)	Recognized in other comprehensive income	Other ⁽¹⁾	As of March 31, 2025
Research and development expenses	¥ 217,010	¥ 53,732	¥ —	¥ 9,816	¥ 280,558
Inventories	138,402	64,265	—	(10,788)	191,879
Property, plant and equipment	(68,509)	5,332	—	(1,839)	(65,016)
Intangible assets	(390,270)	65,032	—	(16,599)	(341,837)
Financial assets measured at FVTOCI	(7,639)	—	4,235	1,119	(2,285)
Accrued expenses and provisions	185,593	(75,010)	—	7,624	118,207
Defined benefit plans	14,728	(3,768)	2,231	375	13,566
Deferred income	5,493	(875)	—	41	4,659
Unused tax losses	88,671	(36,355)	—	2,973	55,289
Tax credits	46,159	(21,469)	—	2,664	27,354
Investments in subsidiaries and associates	(26,801)	17,595	—	(361)	(9,567)
Cash flow hedges	21,645	2,969	3,775	1,461	29,850
Other	55,606	(332)	(3,350)	(18,989)	32,935
Total	¥ 280,088	¥ 71,116	¥ 6,891	¥ (22,503)	¥ 335,592

⁽¹⁾ Other consists primarily of foreign currency translation differences, reclassification of deferred tax assets and liabilities classified as held for sale and the tax impact of items charged directly to equity.

The aggregate amount of current and deferred tax related to items charged directly to equity for the years ended March 31, 2024 and 2025 was JPY 506 million and JPY 1,347 million, respectively.

Takeda considers the probability that a portion or all of the future deductible temporary differences, unused tax losses, or unused tax credits can be utilized against future taxable profits upon recognition of deferred tax assets. In assessing the recoverability of deferred tax assets, Takeda considers the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies.

Based on the level of historical taxable profits and projected future taxable profits during the periods in which the temporary differences become deductible, Takeda has determined that it is not probable a portion of the tax benefits can be utilized.

The unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized are as follows:

JPY (millions) As of March 31			
	2024		2025
Unused tax losses	¥ 1,186,106	¥	1,183,701
Deductible temporary differences	263,143		427,373
Unused tax credits	23,724		26,993

The unused tax losses and unused tax credits for which deferred tax assets were not recognized will expire as follows:

JPY (millions) As of March 31			
Unused tax losses	2024		2025
1st year	¥ 812	¥	114
2nd year	85		1,278
3rd year	1,989		2,375
4th year	6,233		549,705
5th year	578,648		469,391
After 5th year	590,813		152,121
Indefinite	7,526		8,717
Total	¥ 1,186,106	¥	1,183,701

	JPY (millions) As of March 31			
Unused tax credits	2024		2025	
Less than 5 years	¥	3,901	¥	3,715
5 years or more		19,823		23,278
Indefinite		—		—
Total	¥	23,724	¥	26,993

The aggregate amounts of temporary differences associated with investments in subsidiaries for which deferred tax assets were not recognized were JPY 65,232 million and JPY 447,645 million as of March 31, 2024 and 2025, respectively.

The aggregate amounts of temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were JPY 532,960 million and JPY 578,601 million as of March 31, 2024 and 2025, respectively.

Changes in the amounts of unrecognized deferred tax assets and liabilities associated with investments in subsidiaries are primarily due to changes in temporary differences that had no impact on the consolidated statements of profit or loss.

8. Earnings per Share

The basis for calculating basic and diluted earnings per share (“EPS”) (attributable to owners of the Company) is as follows:

	For the Year Ended March 31					
	2023		2024		2025	
Net profit for the year attributable to owners of the Company:						
Net profit for the year attributable to owners of the Company JPY (millions)	¥	317,017	¥	144,067	¥	107,928
Net profit used for calculation of earnings per share JPY (millions)		317,017		144,067		107,928
Weighted-average number of ordinary shares outstanding during the year (thousands of shares) [basic]		1,551,809		1,564,450		1,578,873
Dilutive effect (thousands of shares)		18,064		15,893		26,450
Weighted-average number of ordinary shares outstanding during the year (thousands of shares) [diluted]		1,569,872		1,580,343		1,605,323
Earnings per share						
Basic (JPY)		204.29		92.09		68.36
Diluted (JPY)		201.94		91.16		67.23

Basic EPS is calculated by dividing the net profit for the year attributable to owners of the Company, with the weighted average number of ordinary shares outstanding during the year. This calculation excludes the average number of treasury shares. Diluted EPS is calculated by dividing the net profit for the year attributable to owners of the Company, with the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued upon conversion of all the dilutive ordinary shares into ordinary shares.

There were 814 thousand shares that are anti-dilutive stock options, and therefore not included in the calculation of diluted EPS for the fiscal years ended March 31, 2023, 2024, and 2025, respectively.

9. Other Comprehensive Income (Loss)

Amounts arising during the year, reclassification adjustments to profit or loss, and tax effects for each component of other comprehensive income (loss) are as follows:

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial assets measured at fair value through OCI:			
Amounts arising during the year	¥ (2,868)	¥ 4,365	¥ (16,546)
Tax effects	214	(2,056)	4,235
Changes in fair value of financial assets measured at fair value through OCI	¥ (2,654)	¥ 2,309	¥ (12,311)
Remeasurement of defined benefit pension plans:			
Amounts arising during the year	¥ 23,315	¥ (7,172)	¥ (9,277)
Tax effects	(5,563)	2,170	2,231
Remeasurement of defined benefit pension plans	¥ 17,752	¥ (5,002)	¥ (7,046)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:			
Amounts arising during the year	¥ 566,683	¥ 956,254	¥ (153,790)
Reclassification adjustments to profit or (loss)	—	—	—
Before tax effects	566,683	956,254	(153,790)
Tax effects	52,090	12,588	445
Exchange differences on translation of foreign operations	¥ 618,773	¥ 968,842	¥ (153,345)
Changes in fair value of financial assets measured at fair value through OCI:			
Amounts arising during the year	¥ (9,118)	¥ (16,150)	¥ (16,363)
Reclassification adjustments to profit or (loss)	9,118	16,150	16,363
Before tax effects	—	—	—
Tax effects	—	—	—
Changes in fair value of financial assets measured at fair value through OCI	¥ —	¥ —	¥ —
Cash flow hedges:			
Amounts arising during the year	¥ 56,437	¥ 171,059	¥ 3,627
Reclassification adjustments to profit or (loss)	(87,337)	(137,265)	(6,453)
Before tax effects	(30,900)	33,794	(2,826)
Tax effects	9,449	(10,338)	1,870
Cash flow hedges	¥ (21,451)	¥ 23,456	¥ (956)
Hedging cost:			
Amounts arising during the year	¥ (21,426)	¥ 12,392	¥ 18,663
Reclassification adjustments to profit or (loss)	(3,052)	(2,024)	(7,350)
Before tax effects	(24,478)	10,368	11,313
Tax effects	7,485	(3,171)	(3,350)
Hedging cost	¥ (16,993)	¥ 7,197	¥ 7,963
Share of other comprehensive loss of investments accounted for using the equity method:			
Amounts arising during the year	¥ (892)	¥ (1,793)	¥ (145)
Reclassification adjustments to profit or (loss)	—	—	—
Before tax effects	(892)	(1,793)	(145)
Tax effects	—	—	—
Share of other comprehensive loss of investments accounted for using the equity method	¥ (892)	¥ (1,793)	¥ (145)
Total other comprehensive income (loss) for the year	¥ 594,535	¥ 995,009	¥ (165,841)

10. Property, Plant and Equipment

JPY (millions)							
Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Total	
As of April 1, 2023	¥ 1,400,108	¥ 851,382	¥ 141,867	¥ 98,227	¥ 207,400	¥ 2,698,984	
Additions and other increases	158,460	27,662	11,508	5	126,788	324,423	
Transfers	26,434	39,784	10,803	—	(77,021)	—	
Disposals and other decreases	(45,337)	(11,583)	(10,694)	(9)	(2,817)	(70,440)	
Reclassification to assets held for sale (Note 19)	(9,188)	(6,236)	(483)	(597)	(53)	(16,558)	
Foreign currency translation differences	148,576	80,936	11,946	8,220	24,391	274,069	
As of March 31, 2024	¥ 1,679,054	¥ 981,944	¥ 164,945	¥ 105,845	¥ 278,689	¥ 3,210,478	
Additions and other increases	37,969	22,271	10,480	—	154,435	225,155	
Transfers	36,236	48,722	13,185	68	(98,211)	—	
Disposals and other decreases	(36,322)	(29,931)	(5,668)	(0)	(7,325)	(79,245)	
Reclassification to assets held for sale (Note 19)	(22,552)	(15,493)	(346)	(399)	(12)	(38,803)	
Foreign currency translation differences	(22,509)	(12,205)	(2,539)	(1,172)	(5,920)	(44,345)	
As of March 31, 2025	¥ 1,671,876	¥ 995,309	¥ 180,056	¥ 104,342	¥ 321,656	¥ 3,273,239	
Accumulated depreciation and accumulated impairment losses							
As of April 1, 2023	¥ (419,530)	¥ (486,618)	¥ (98,207)	¥ (243)	¥ (3,156)	¥ (1,007,755)	
Depreciation expenses	(80,067)	(71,588)	(18,684)	—	—	(170,339)	
Impairment losses	(1,082)	(4,039)	(781)	—	(9,552)	(15,454)	
Disposals and other decreases	22,173	8,682	10,127	—	1,210	42,192	
Reclassification to assets held for sale (Note 19)	7,961	5,353	419	—	—	13,733	
Foreign currency translation differences	(36,879)	(37,869)	(8,058)	(30)	(242)	(83,078)	
As of March 31, 2024	¥ (507,425)	¥ (586,080)	¥ (115,184)	¥ (273)	¥ (11,739)	¥ (1,220,701)	
Depreciation expenses	(86,344)	(66,372)	(20,676)	—	—	(173,392)	
Impairment losses	(498)	(830)	(116)	—	(3,333)	(4,778)	
Disposals and other decreases	19,132	24,985	5,341	—	2,840	52,298	
Reclassification to assets held for sale (Note 19)	14,087	11,642	192	47	—	25,968	
Foreign currency translation differences	6,892	6,541	1,974	3	166	15,575	
As of March 31, 2025	¥ (554,156)	¥ (610,114)	¥ (128,469)	¥ (223)	¥ (12,068)	¥ (1,305,030)	

JPY (millions)							
Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Total	
As of April 1, 2023	¥ 980,578	¥ 364,763	¥ 43,660	¥ 97,983	¥ 204,245	¥ 1,691,229	
As of March 31, 2024	1,171,629	395,865	49,761	105,572	266,950	1,989,777	
As of March 31, 2025	1,117,720	385,195	51,587	104,119	309,589	1,968,209	

Leases

The changes in acquisition cost of property, plant and equipment for the years ended March 31, 2024 and 2025 include the following changes in ROU assets:

JPY (millions)				
Acquisition cost of ROU Assets	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Total
As of April 1, 2023	¥ 573,585	¥ 16,818	¥ 320	¥ 590,724
Additions and other increases	136,969	7,950	31	144,950
Disposals and other decreases	(36,468)	(4,840)	(33)	(41,341)
Reclassification to assets held for sale (Note 19)	(408)	(38)	(127)	(573)
Foreign currency translation differences	68,220	1,988	20	70,228
As of March 31, 2024	¥ 741,898	¥ 21,880	¥ 211	¥ 763,989
Additions and other increases	18,118	6,867	—	24,986
Disposals and other decreases	(32,499)	(4,677)	(110)	(37,286)
Foreign currency translation differences	(10,687)	(795)	(2)	(11,484)
As of March 31, 2025	¥ 716,831	¥ 23,275	¥ 98	¥ 740,204

The changes in accumulated depreciation and accumulated impairment losses for the years ended March 31, 2024 and 2025 include the following changes in accumulated depreciation and accumulated impairment losses related to ROU assets:

JPY (millions)				
Accumulated depreciation and accumulated impairment losses of ROU Assets	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Total
As of April 1, 2023	¥ (172,149)	¥ (8,037)	¥ (264)	¥ (180,450)
Depreciation expenses	(45,635)	(5,286)	(33)	(50,954)
Disposals and other decreases	17,251	4,221	33	21,505
Reclassification to assets held for sale (Note 19)	405	38	120	562
Foreign currency translation differences	(20,368)	(865)	(16)	(21,249)
As of March 31, 2024	¥ (220,496)	¥ (9,930)	¥ (160)	¥ (230,586)
Depreciation expenses	(44,571)	(6,065)	(19)	(50,656)
Disposals and other decreases	14,587	3,741	109	18,437
Foreign currency translation differences	3,738	352	2	4,092
As of March 31, 2025	¥ (246,742)	¥ (11,902)	¥ (68)	¥ (258,712)

The carrying amount of property, plant and equipment includes the carrying amount of following ROU assets:

JPY (millions)				
Carrying amount of ROU Assets	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Total
As of April 1, 2023	¥ 401,437	¥ 8,781	¥ 56	¥ 410,274
As of March 31, 2024	521,403	11,950	51	533,403
As of March 31, 2025	470,089	11,373	30	481,492

Takeda recognized expenses related to leases not included in the measurement of the lease liabilities as follows:

	JPY (millions) For the Year Ended March 31		
	2023	2024	2025
Expense relating to short-term leases	¥ 4,521	¥ 4,312	¥ 4,160
Expense relating to leases of low-value assets that are not short-term leases expenses	1,255	887	493
Expense relating to variable lease payments	4,794	10,954	11,250
Total expenses not included in lease liabilities	¥ 10,570	¥ 16,152	¥ 15,904
Total cash outflow for leases not included in lease liabilities	¥ 10,570	¥ 16,152	¥ 15,904

The total cash outflow for leases on lease liabilities for the years ended March 31, 2023, 2024 and 2025 was JPY 59,981 million, JPY 75,412 million and JPY 69,685 million, respectively. Also, the total future cash outflow for leases not yet commenced to which Takeda is committed for the year ended March 31, 2025 is JPY 221,192 million.

Impairment

Takeda recognized the following impairment losses for property, plant and equipment, which are reflected as follows, in the consolidated statements of profit or loss:

	JPY (millions) For the Year Ended March 31		
	2023	2024	2025
Cost of sales	¥ (375)	¥ (6,225)	¥ (1,485)
Selling, general and administrative expenses	(75)	—	(34)
Research and development expenses	—	(1,307)	(1)
Other operating expenses	(1,881)	(7,923)	(3,257)
Total	¥ (2,331)	¥ (15,454)	¥ (4,778)

Impairment losses for the year ended March 31, 2023 resulted primarily from a decision to discontinue a production facility in Europe.

Impairment losses for the year ended March 31, 2024 resulted primarily from production facilities, whose recoverable amounts were nil, related to ALOFISEL (for complex Crohn's perianal fistulas) following topline results of the phase 3 ADMIRE-CD II trial.

The carrying amounts of the impaired assets were reduced to the recoverable amounts, which were measured at fair value less costs of disposal. This fair value is classified as Level 3 in the fair value hierarchy.

11. Goodwill

	JPY (millions)			
	For the Year Ended March 31			
	2024		2025	
Acquisition cost				
As of beginning of the year	¥	4,790,723	¥	5,410,067
Reclassification to assets held for sale (Note 19)		(6,626)		(6,999)
Foreign currency translation differences and others		625,970		(78,637)
As of end of the year	¥	5,410,067	¥	5,324,430
Carrying amount				
As of beginning of the year	¥	4,790,723	¥	5,410,067
As of end of the year		5,410,067		5,324,430

Impairment Testing of Goodwill

For the years ended March 31, 2024 and 2025, respectively, goodwill was tested for impairment at the single operating segment level (one CGU), which is the level at which goodwill is monitored for internal management purposes. 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.

For the years ended March 31, 2023, 2024 and 2025, respectively, Takeda did not record an impairment loss for goodwill as a result of the impairment testing performed as of January 1.

For the years ended March 31, 2024 and 2025, the recoverable amount of goodwill was assessed based on fair value less costs of disposal. The fair value less costs of disposal was determined by discounting the estimated future cash flows based on a 10-year projection using a terminal growth rate and a discount rate as well as deducting the estimated costs of disposal. The projection included the sales forecast related to certain products in the U.S. as the significant assumption, associated with product launches, competition from rival products and pricing policy as well as the possibility of generics entering the market and loss of exclusivity. In setting the sales forecast, Takeda considered past experience, external sources of information, knowledge of competitor activity, and industry trends. The valuation methodology uses significant inputs which are not based on observable market data. Therefore, this fair value less costs of disposal is classified as level 3 in the fair value hierarchy.

Terminal growth rate and discount rate used in the discounted cash flow models for the impairment tests are as follows:

	For the Year Ended March 31	
	2024	2025
Terminal growth rate	0.0%	0.0%
Discount rate (post-tax)	6.2%	5.8%

Terminal growth rate is based on management's estimate of future long-term average growth rates. Discount rate is based on weighted average cost of capital ("WACC") of Takeda.

The fair value less costs of disposal exceeded the carrying amount of the CGU, and a reasonable change in the assumptions used for the recoverable amount calculation would not result in an impairment.

12. Intangible Assets

	JPY (millions)					
	Software		Intangible assets associated with products		Other	Total
Acquisition cost						
As of April 1, 2023	¥	219,559	¥	7,324,072	¥ 11,839	¥ 7,555,471
Additions and other increases		47,179		124,878	206	172,263
Disposals and other decreases		(4,885)		(57,869)	(149)	(62,903)
Reclassification to assets held for sale (Note 19)		(266)		(33,052)	—	(33,318)
Foreign currency translation differences		27,529		942,404	48	969,980
As of March 31, 2024	¥	289,116	¥	8,300,433	¥ 11,944	¥ 8,601,492
Additions and other increases		38,769		55,345	134	94,248
Disposals and other decreases		(4,048)		(15,453)	(116)	(19,617)
Reclassification to assets held for sale (Note 19)		(95)		(11,108)	—	(11,204)
Foreign currency translation differences		(4,424)		(122,279)	(9)	(126,712)
As of March 31, 2025	¥	319,318	¥	8,206,937	¥ 11,953	¥ 8,538,208
Accumulated amortization and accumulated impairment losses						
As of April 1, 2023	¥	(96,220)	¥	(3,189,051)	¥ (542)	¥ (3,285,813)
Amortization		(32,587)		(521,998)	(83)	(554,668)
Impairment losses		(3,126)		(166,278)	—	(169,405)
Reversal of impairment losses		—		35,686	—	35,686
Disposals and other decreases		4,614		57,838	11	62,462
Reclassification to assets held for sale (Note 19)		203		26,558	—	26,761
Foreign currency translation differences		(12,366)		(429,462)	(5)	(441,833)
As of March 31, 2024	¥	(139,483)	¥	(4,186,707)	¥ (620)	¥ (4,326,810)
Amortization		(40,414)		(548,660)	(113)	(589,187)
Impairment losses		(556)		(95,047)	—	(95,602)
Disposals and other decreases		3,081		15,283	20	18,384
Reclassification to assets held for sale (Note 19)		63		11,108	—	11,171
Foreign currency translation differences		2,538		72,858	1	75,397
As of March 31, 2025	¥	(174,771)	¥	(4,731,164)	¥ (713)	¥ (4,906,647)
Carrying amount						
As of April 1, 2023	¥	123,340	¥	4,135,020	¥ 11,297	¥ 4,269,657
As of March 31, 2024		149,632		4,113,726	11,324	4,274,682
As of March 31, 2025		144,547		3,475,773	11,240	3,631,560

There were no material internally generated intangible assets recorded in the consolidated statements of financial position.

The intangible assets associated with products are comprised of the following:

	JPY (millions)		
	Marketed products	In-process R&D	Carrying amount
As of April 1, 2023	¥ 3,164,380	¥ 970,640	¥ 4,135,020
As of March 31, 2024	3,148,680	965,045	4,113,726
As of March 31, 2025	2,556,431	919,342	3,475,773

Marketed products mainly represent license rights associated with commercialized products. In-process R&D mainly represents products in development and license rights obtained in connection with Takeda's collaborations, in-licensing agreements and others. These agreements relate to the right to sell products that are being developed (Note 13).

The table below provides information about significant intangible assets.

		JPY (millions) Carrying amount		Remaining amortization period
		As of March 31		As of March 31
		2024	2025	2025
Immunoglobulins	Marketed products	¥ 795,903	¥ 710,287	10 Years
Zasocitinib (TAK-279)	In-process R&D	613,329	609,329	-
TAKHZYRO	Marketed products	562,434	496,676	9 Years
ADVATE & ADYNOVATE/ADYNOVI	Marketed products	269,275	220,595	5 Years
ALUNBRIG	Marketed products	212,376	163,329	6 Years
VYVANSE/ELVANSE	Marketed products	223,589	95,566	1 Year

Impairment

Takeda's impairment assessment for intangible assets requires a number of significant judgments to be made by management to estimate the recoverable amount, including the estimated pricing and costs, likelihood of regulatory approval, and the estimated market and Takeda's share of the market. The most significant assumption for intangible assets associated with marketed products is the product market share of the therapeutic area and estimated pricing, whereas the most significant assumption with pre-marketed products and in-process R&D is the probability of regulatory approval. A change in these assumptions may have a significant impact on the amount, if any, of an impairment charge recorded during a period. For example, negative results from a clinical trial may change the assumption and result in an impairment. Products in development may be fully impaired when a trial is unsuccessful and there is no alternative use for the development asset.

During the year ended March 31, 2023, Takeda recorded impairment losses of JPY 57,341 million, primarily resulting from a decision to terminate development of GI products, a decision to terminate a collaboration agreement of an oncology product, and a decision to discontinue manufacturing of a rare diseases product. The recoverable amount of the impaired assets amounted to JPY 20,545 million.

During the year ended March 31, 2024, Takeda recorded impairment losses of JPY 169,405 million, primarily resulting from JPY 73,979 million impairment losses for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of the phase 3 ADMIRE-CD II trial, JPY 28,477 million impairment charges for EXKIVITY (for the treatment of non-small cell lung cancer) following a decision to initiate a voluntary withdrawal globally, and impairment charges for certain assets related to 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. There were no recoverable amounts of the impaired assets. This was offset by a reversal of impairment losses of JPY 35,686 million related to EOHILIA (TAK-721), a therapy for eosinophilic esophagitis (EoE), following its approval by the U.S. Food and Drug Administration (FDA).

During the year ended March 31, 2025, Takeda recorded impairment losses of JPY 95,602 million, primarily resulting from the decision to terminate the acquired development of oncology products and the results of studies for the neuroscience products. The recoverable amount of the impaired assets amounted to JPY 163,392 million.

These losses are recognized mainly in amortization and impairment losses on intangible assets associated with products in the consolidated statements of profit or loss.

Impairment losses were calculated by deducting the recoverable amount from the carrying amount.

For the year ended March 31, 2023, the recoverable amount was calculated at value in use and the significant assumptions used are as follows:

	Discount rate (Post-tax)	Discount rate (Pre-tax)
For the year ended March 31, 2023	6.5% - 22.0%	8.6% - 27.5%

For the years ended March 31, 2024 and 2025, the recoverable amount was measured at fair value less costs of disposal. This fair value is classified as Level 3 in the fair value hierarchy. The discount rates (post-tax) used for the measurement for the years ended March 31, 2024 and 2025 were 7.2% and 5.8%, respectively.

13. Collaborations, Licensing Arrangements, Other Asset Acquisitions, and Others

Takeda is a party to certain collaborations, in-licensing agreements, out-licensing arrangements, other asset acquisitions, and others.

Out-licensing agreements

Takeda has entered into various licensing arrangements where it has licensed certain products or intellectual property rights for consideration such as up-front payments, equity interest of partners, milestone payments (development, regulatory approval, launch, and commercial/sales), and/or sales-based royalty payments. The receipt of the variable considerations related to these substantive milestones is uncertain and contingent on the achievement of certain development milestones or the achievement of a specified level of annual net sales by the licensee.

Collaborations, in-licensing arrangements, and other asset acquisitions

These agreements generally provide for commercialization rights to a product or products being developed by the partner, and in exchange, often resulted in an up-front payment being paid upon execution of the agreement and resulted in an obligation that may require Takeda to make future development, regulatory approval, launch, and commercial/sales milestone payments as well as sales-based royalty payments. In some of these arrangements, Takeda and the licensee are both actively involved in the development and commercialization of the licensed products and have exposure to risks and rewards that are dependent on its commercial success. Other asset acquisitions include acquisitions of legal entities that do not qualify as business combinations under IFRS3, such as acquisitions of entities where the value of these acquired entities largely consists of the rights to a single product or group of products.

Under the terms of these collaborations, in-licensing arrangements, and other asset acquisitions, Takeda made the following payments:

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Initial up-front payments, milestone payments, and other asset acquisitions	¥ 676,156	¥ 124,878	¥ 87,129
Acquisition of shares of collaboration and in-licensing partners	494	2,050	12,268

The following is a description of Takeda's significant collaborations, and in-licensing agreements, and other asset acquisitions which Takeda entered into for the past three fiscal years.

Nimbus Therapeutics, LLC ("Nimbus")

In December 2022, Takeda entered into an agreement to acquire all shares of Nimbus Lakshmi, Inc., a wholly-owned subsidiary of Nimbus. The transaction closed in February 2023. Through this transaction, Takeda acquired TAK-279, formally known as NDI-034858, an oral, selective allosteric tyrosine kinase 2 (TYK2) inhibitor being evaluated for the treatment of multiple autoimmune diseases following successful recent Phase 2b results in psoriasis. Under the terms of the agreement, Takeda agreed to pay USD 4.0 billion upfront following the closing of the transaction*, and will pay 2 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.

In addition, in connection with the transaction, Takeda 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.

* 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.

HUTCHMED (China) Limited and its subsidiary HUTCHMED Limited (collectively, “HUTCHMED”)

In January 2023, Takeda entered into an exclusive licensing agreement with HUTCHMED, for the further development and commercialization of fruquintinib outside of mainland China, Hong Kong and Macau. Approved in China in 2018, fruquintinib is a highly selective and potent inhibitor of vascular endothelial growth factor receptors (VEGFR) -1, 2 and 3. Fruquintinib is orally administered and has the potential to be used across subtypes of refractory metastatic colorectal cancer (CRC), regardless of biomarker status. Under the terms of the agreement, Takeda received an exclusive worldwide license to develop and commercialize fruquintinib in all indications and territories outside of mainland China, Hong Kong and Macau. The transaction closed in March 2023. Subject to the terms of the agreement, Takeda paid HUTCHMED USD 400 million upfront in April 2023, and will pay up to USD 730 million in additional potential payments relating to regulatory, development and commercial sales milestones, as well as royalties on net sales.

Protagonist Therapeutics, Inc. (“Protagonist”)

In January 2024, Takeda signed a worldwide license and collaboration agreement with Protagonist 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). Under the terms of the agreement, Takeda paid USD 300 million upfront in April 2024. Protagonist is eligible to receive additional worldwide development and regulatory milestone payments, as well as commercial milestones and tiered royalties on ex-U.S. net sales. Protagonist remains responsible for research and development through the completion of the Phase 3 clinical trial and U.S. regulatory approval while Takeda has rights for ex-U.S. development and is responsible for leading global commercialization activities.

AC Immune SA (“AC Immune”)

In May 2024, Takeda entered into an exclusive, worldwide option and license agreement with AC Immune for AC Immune’s active immunotherapies targeting toxic forms of amyloid beta (Abeta), including ACI-24.060 for the treatment of Alzheimer’s disease. Under the terms of the agreement, Takeda made an upfront payment of USD 100 million to AC Immune in May 2024. AC Immune will be eligible to receive an option exercise fee and additional potential development, commercial and sales-based milestones of up to approximately USD 2,100 million if all related milestones are achieved over the course of the agreement. In addition, upon commercialization, AC Immune will be entitled to receive tiered double-digit royalties on worldwide net sales.

Ascentage Pharma Group International (“Ascentage Pharma”)

In June 2024, Takeda signed an option agreement with Ascentage Pharma to enter into an exclusive license agreement for olverembatinib. Under the terms of this agreement, Takeda made an option payment of USD 100 million and made a minority equity investment in Ascentage Pharma in July 2024. Ascentage Pharma will be eligible for an option exercise fee and additional potential milestone and royalty payments if Takeda exercises the option to license olverembatinib, with the exercise of the option being subject to customary regulatory approvals.

Keros Therapeutics, Inc. (“Keros Therapeutics”)

In December 2024, Takeda entered into an exclusive licensing agreement with Keros Therapeutics to further develop, manufacture and commercialize elritercept worldwide outside of mainland China, Hong Kong and Macau. Under the terms of the agreement, Takeda made an upfront payment of USD 200 million in February 2025. Keros Therapeutics will be eligible to receive potential payments relating to regulatory, development and commercial sales milestones, as well as royalties on net sales.

The following is a description of Takeda’s significant collaborations, and in-licensing agreements, and other asset acquisitions which Takeda completed during the fiscal year ended March 31, 2025.

Wave Life Sciences, Inc. (“Wave”)

In February 2018, Takeda entered into an agreement with Wave to discover, develop and commercialize nucleic acid therapies for disorders of the central nervous system (CNS). Under the agreement, Takeda had the option to co-develop and co-commercialize WVE-003 which includes programs in areas of Huntington’s disease, amyotrophic lateral sclerosis, frontotemporal dementia, and spinocerebellar ataxia type 3. In addition, Takeda had the right to license multiple preclinical programs targeting CNS disorders, including Alzheimer’s disease and Parkinson’s disease.

In October 2024, Takeda made the decision not to exercise the multi-program option to co-develop and co-commercialize WVE-003. As a result of this decision, the collaboration with Wave has completed. The impact on the consolidated financial statements from the completion of the partnership was not material.

Other R&D Related Agreements

Blackstone Life Sciences (“BXLS”)

In March 2025, Takeda entered into a development funding agreement with BXLS for mezagitamab (TAK-079). Under this agreement, Takeda will receive up to a total of USD 300 million to co-fund Phase 3 trials of immune thrombocytopenia (ITP) and immunoglobulin A nephropathy (IgAN) from the fiscal year ending March 31, 2026, through the fiscal year ending March 31, 2029. Takeda will recognize the funding as a reduction of research and development expenses as incurred as there is sharing of risk and costs of the Phase 3 trial with BXLS. BXLS is eligible to receive regulatory approval milestone payments of up to USD 240 million and cumulative sales milestone payments of up to USD 300 million if all related milestones are achieved. These milestone payments will be capitalized as intangible assets associated with products which are amortized on a straight-line method over the estimated useful life. Additionally, upon commercialization, BXLS will be entitled to receive royalties on U.S. sales. Royalties will be recorded in cost of sales as incurred. After regulatory approval, Takeda has the option to buy-out its remaining sales milestone payments and royalty obligations for the funding provided by BXLS. In a case where Takeda chooses to exercise the buy-out option, the payment will be capitalized as intangible assets associated with products which are amortized on a straight-line method over the estimated useful life. If Takeda terminates the agreement, BXLS has an option to acquire or license mezagitamab from Takeda at fair value.

14. Investments Accounted for Using the Equity Method

Financial information for associates accounted for using the equity method is as follows:
These amounts are based on the ownership interests of Takeda.

	JPY (millions) For the Year Ended March 31		
	2023	2024	2025
Net profit (loss) for the year	¥ (8,630)	¥ 6,473	¥ (3,986)
Other comprehensive income (loss)	(892)	(1,793)	(145)
Total comprehensive income (loss) for the year	¥ (9,522)	¥ 4,681	¥ (4,131)

The carrying amount of the investments in associates accounted for using the equity method is as follows:

	JPY (millions) As of March 31	
	2024	2025
Carrying amount of investments accounted for using the equity method	¥ 89,831	¥ 10,802

15. Other Financial Assets

	JPY (millions) As of March 31	
	2024	2025
Derivative assets (Note 27)	¥ 120,223	¥ 84,369
Investment in convertible notes at fair value through P&L (Note 27)	13,459	10,424
Investment in debt instruments (Note 27)	1,113	91,348
Investment in equity instruments at fair value through OCI (Note 27)	182,887	151,687
Financial assets associated with contingent consideration arrangements (Note 27)	12,293	10,197
Other	25,892	23,576
Total	¥ 355,866	¥ 371,600
Non-current	¥ 340,777	¥ 351,124
Current	¥ 15,089	¥ 20,476

As of March 31, 2024 and 2025, equity instruments included JPY 93,962 million and JPY 78,073 million, respectively, of investments in public companies. These are considered Level 1 in the fair value hierarchy as defined in Note 27. The remainder of the equity instruments primarily relates to investments acquired in connection with collaborations and licensing agreements (Note 13) and are considered Level 3 investments in the fair value hierarchy.

As of March 31, 2024 and 2025, financial assets associated with contingent consideration arrangements are assets mainly recognized in relation to the divestiture of XIIDRA (Note 27) and are considered Level 3 investments in the fair value hierarchy.

16. Inventories

	JPY (millions) As of March 31	
	2024	2025
Finished products and merchandise	¥ 349,590	¥ 323,513
Work-in-process	522,667	552,200
Raw materials and supplies	337,612	341,636
Total	¥ 1,209,869	¥ 1,217,349

The amount of inventory write-downs recognized was JPY 18,392 million, JPY 26,335 million, and JPY 40,203 million for the years ended March 31, 2023, 2024 and 2025 respectively, and was included in cost of sales.

17. Trade and Other Receivables

	JPY (millions) As of March 31	
	2024	2025
Trade receivables	¥ 718,675	¥ 770,896
Other receivables	55,964	58,050
Impairment loss allowance	(8,376)	(9,763)
Chargebacks and other allowances	(97,860)	(109,718)
Total	¥ 668,403	¥ 709,465

Takeda utilizes programs to sell certain trade and other receivables to a select group of banks on a non-recourse basis. Under these programs, trade and other receivables sold are derecognized when the risks and rewards of ownership have been transferred. These trade and other receivables relate to specific customers determined in advance and are eligible for sale, but which of them will be sold will be determined by both parties on a monthly basis. Therefore, these trade and other receivables are held for both collecting cash from customers as well as selling to banks.

Trade and other receivables due from customers that Takeda has the option to factor are classified as investments in debt instruments measured at FVTOCI since they are held to collect and sell. As of March 31, 2024 and 2025, trade and other receivables measured at FVTOCI were JPY 83,734 million and JPY 65,568 million, respectively.

18. Cash and Cash Equivalents

	JPY (millions) As of March 31	
	2024	2025
Cash and deposits	¥ 205,190	¥ 233,742
Short-term investments	252,611	151,371
Total	¥ 457,800	¥ 385,113

19. Assets and Disposal Groups Held for Sale

Takeda has classified certain assets as held for sale in the consolidated statements of financial position. Non-current assets and disposal groups are transferred to assets held for sale when it is expected that their carrying amounts will be recovered principally through a sale and the sale is considered highly probable. The non-current assets and disposal groups held for sale are held at the lower of carrying amount or fair value less costs to sell.

Gains or losses recognized from measuring the assets or disposal groups (excluding those related to associates) classified as held for sale at the lower of their carrying amounts or fair value less costs to sell are recorded as other operating income or expenses.

Assets Held for Sale

During the fiscal year ended March 31, 2025, Takeda decided to enter into discussions with Teva Pharmaceutical Industries Ltd. to dissolve a joint venture business in Japan primarily focused on generic medicines and long-listed products. Following the decision, Takeda reclassified all of its outstanding shares in its associate, Teva Takeda Pharma Ltd., to assets held for sale and recorded an impairment loss of JPY 18,885 million in financial expenses (Note 6). Upon the completion of the transfer in March 2025, Takeda received the proceeds from the sale of shares in the associate of JPY 56,525 million, including JPY 50,806 million of dividends received, and this amount comprised the majority of Takeda's proceeds from sales of shares in associates in the consolidated statement of cash flows of JPY 57,691 million for the fiscal year ended March 31, 2025. Takeda also recognized JPY 1,727 million in revenue and JPY 3,823 million in other operating income (Note 5) due to the realization of the unrealized profit from past transactions.

Disposal Groups Held for Sale

	JPY (millions)	
	As of March 31	
	2024	2025
Property, plant and equipment	¥ 3,162	¥ 6,259
Goodwill	3,745	7,011
Intangible assets	62	33
Inventories	1,242	95
Trade and other receivables	767	—
Deferred tax assets	347	—
Other assets	13	—
Total assets	¥ 9,337	¥ 13,397
Trade and other payables	¥ 660	¥ —
Deferred tax liabilities	307	—
Other liabilities	442	—
Total liabilities	¥ 1,410	¥ —

The disposal groups held for sale consisted of the following and their associated fair value is classified as Level 3 in the fair value hierarchy as of March 31, 2024.

- The assets such as goodwill and property, plant and equipment were classified as held for sale during the fiscal year ended March 31, 2023, following an agreement Takeda entered into to transfer manufacturing operation of TACHOSIL in Austria. The transfer of the operation is completed in May 2024.
- Takeda entered into an agreement to divest Takeda's entire shares of a wholly-owned subsidiary, Nihon Pharmaceutical Co. Ltd, and classified the corresponding assets and liabilities such as property, plant and equipment as held for sale.

In addition, during the fiscal year ended March 31, 2024, Takeda classified the assets and liabilities such as intangible assets and goodwill as held for sale related to an asset purchase agreement to transfer Instanyl and Matrifen and completed the divestiture in January 2024 (Note 5). The proceeds from this divestiture comprised the majority of Takeda's proceeds from sales of business (net of cash and cash equivalents divested) in the consolidated statements of cash flows of JPY 19,959 million for the fiscal year ended March 31, 2024.

The disposal groups held for sale consisted of the following and their associated fair value is classified as Level 3 in the fair value hierarchy as of March 31, 2025.

- The assets such as property, plant and equipment related to a manufacturing site in Orth, Austria was classified as held for sale as a result of a transfer agreement Takeda entered into. The transfer was completed in May 2025.
- Following an agreement Takeda entered into to transfer business operations related to MEPACT, Takeda classified the assets, including goodwill allocated to the business, as held for sale. The transfer was completed in May 2025.
- Takeda entered into an agreement to transfer business operations related to non-core products in the Middle East and North Africa regions and classified the corresponding goodwill as held for sale. The transfer was completed in June 2025.

During the fiscal year ended March 31, 2025, Takeda recognized a divestiture gain in other operating income (Note 5) upon the completion of transfer of the manufacturing operation of TACHOSIL and the proceeds from this divestiture are reflected in Takeda's proceeds from sales of business (net of cash and cash equivalents divested) in the consolidated statements of cash flows of JPY 20,556 million for the fiscal year ended March 31, 2025.

When disposal groups were classified as held for sale, Takeda recorded an impairment loss of JPY 4,693 million, JPY 1,685 million and JPY 6,812 million in other operating expenses (Note 5) during the year ended March 31, 2023, 2024 and 2025, respectively.

20. Bonds and Loans

	JPY (millions) As of March 31	
	2024	2025
Bonds	¥ 4,092,879	¥ 4,190,632
Short-term loans	251	74,621
Long-term loans	750,622	250,012
Total	¥ 4,843,752	¥ 4,515,265
Non-current	¥ 4,476,501	¥ 3,966,326
Current	¥ 367,251	¥ 548,939

The composition of bonds is as follows:

Instrument	Principal amount in contractual currency (millions)	JPY (millions) Carrying amount		Interest rate (%)	Maturity
		As of March 31, 2024	As of March 31, 2025		
2019 Hybrid bonds (subordinated bonds)	¥ 500,000	499,614	—	1.720% per annum through October 6, 2024 and 6 month LIBOR + margin (1.750 - 2.750%) thereafter	June 2079 ⁽⁷⁾
2018 EUR Unsecured Senior Notes – fixed rate	€ 3,000	487,381	482,180	2.250 - 3.000%	November 2026 - November 2030
2018 USD Unsecured Senior Notes – fixed rate	\$ 1,750	263,701	259,681	5.000%	November 2028
Unsecured Senior Notes Assumed in Shire Acquisition	\$3,000 as of March 31, 2024 \$1,500 as of March 31, 2025	439,725	219,033	3.200%	September 2026 ⁽⁵⁾
Unsecured Senior Notes Assumed in Shire Acquisition	\$ 1,301	198,116	195,295	4.000 - 5.250%	June 2025 - June 2045
2020 USD Unsecured Senior Notes – fixed rate	\$ 7,000	1,053,742	1,037,021	2.050 - 3.375%	March 2030 - July 2060
2020 EUR Unsecured Senior Notes – fixed rate	€ 3,600	584,105	577,703	0.750 - 2.000%	July 2027 - July 2040
2021 JPY Unsecured Senior Bonds – fixed rate	¥ 250,000	249,495	249,561	0.400%	October 2031
2024 Hybrid bonds (subordinated bonds)	¥ 460,000	—	457,983	1.934% per annum through June 25, 2029 and One-Year JGB interest rate + margin (1.400 - 2.400%) thereafter	June 2084 ⁽¹⁾⁽³⁾
2024 USD Unsecured Senior Notes – fixed rate	\$ 3,000	—	442,175	5.300 - 5.800%	July 2034 - July 2064 ⁽⁴⁾
Commercial Paper	¥317,000 as of March 31, 2024 ¥270,000 as of March 31, 2025 ⁽⁹⁾	317,000	270,000	—	April 2025 - June 2025
Total		¥ 4,092,879	¥ 4,190,632		

The composition of loans is as follows:

Instrument	Principal amount in contractual currency (millions)	JPY (millions) Carrying amount		Interest rate (%)	Maturity
		As of March 31, 2024	As of March 31, 2025		
2016 Syndicated Loans	¥ 100,000	100,000	—	0.300%	April 2026 ⁽⁸⁾
2017 Syndicated Loans	¥ 113,500	113,500	—	0.350%	April 2027 ⁽⁸⁾
2017 USD Syndicated Loans	\$ 1,500	227,018	—	6 months Term SOFR + 0.42826% + 0.500%	April 2027 ⁽⁸⁾
2023 Syndicated Loans	¥ 100,000	100,000	—	0.679%	April 2030 ⁽⁸⁾
Bilateral Loans	¥ 210,000	210,000	210,000	0.190 - 1.046%	April 2025 - April 2031 ⁽²⁾
2025 USD Bilateral Loan	\$ 500	—	74,505	4.71492%	April 2025
2024 Syndicated Hybrid Loans (Subordinated Loans)	¥ 40,000	—	40,000	6 months TIBOR + margin (1.350% - 2.350%)	October 2084 ⁽¹⁾⁽⁶⁾
Other		355	128		
Total		¥ 750,873	¥ 324,633		

⁽¹⁾ The Hybrid Bonds are callable on or after June 25, 2029 and the Hybrid Loan is prepayable on or after October 3, 2029.

On April 25, 2024, Takeda repaid JPY 50,000 million in Bilateral Loans falling due and on the same day entered into new Bilateral Loans of JPY 50,000 million maturing on April 25, 2031⁽²⁾. Following this, on June 25, 2024, Takeda issued 60-year Unsecured Hybrid Bonds with an aggregate principal amount of JPY 460,000 million and a maturity date of June 25, 2084⁽³⁾.

On July 5, 2024, Takeda issued USD 3,000 million (principal amount) in Unsecured U.S. Dollar-Denominated Senior Notes with maturity dates ranging from July 5, 2034 to July 5, 2064⁽⁴⁾. The proceeds of the USD bond issuance were efficiently deployed to fund a tender offer to redeem USD 1,500 million (principal amount) in Unsecured Senior Notes on July 12, 2024 in advance of their original maturity in September 2026⁽⁵⁾, with the balance of proceeds deployed towards the reduction of Commercial Paper drawings in July 2024.

On October 3, 2024, Takeda drew down a Syndicated Hybrid Loan with an aggregate principal amount of JPY 40,000 million and a maturity date of October 3, 2084⁽⁶⁾. The proceeds of the Syndicated Hybrid Loan, together with the proceeds of the Hybrid Bonds issued on June 25, 2024 were deployed towards the redemption of JPY 500,000 million (principal amount) in Hybrid Bonds issued in June 2019 on October 6, 2024, in advance of their original maturity of June 6, 2079⁽⁷⁾.

On March 31, 2025, Takeda prepaid JPY 313,500 million and USD 1,500 million (principal amounts) in Syndicated Loans in advance of their original maturity dates ranging from April 27, 2026 to April 26, 2030⁽⁸⁾. To repay the Syndicated Loans, Takeda used cash on hand, Short Term Loan with an aggregated principal amount of USD 500 million, which was drawn down on March 31, 2025, as well as Short Term Commercial Paper drawings. The principal amount of Commercial Paper drawings outstanding was JPY 270,000 million as at March 31, 2025⁽⁹⁾.

In September 2019, Takeda reached an agreement on a commitment facility of JPY 700,000 million with various Japanese and non-Japanese banks. The commitment facility has a maturity of September 2026 and is available for general business use. There were no drawdowns on the JPY 700,000 million commitment facility as of March 31, 2024 and 2025, respectively.

This commitment facility contains certain financial covenants, one of which requires Takeda's ratio of consolidated Adjusted Net Debt to Adjusted EBITDA, as defined in the facility agreement, 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 and 2025, respectively.

In 2017, Takeda entered into USD to JPY cross currency interest rate swap agreements to fix the USD to JPY cross currency interest rate for USD 925 million of the floating rate 2017 USD Syndicated Loans. In respect of the remaining USD 575 million of the floating rate 2017 USD Syndicated Loans, Takeda entered into an interest rate swap agreement to fix the applicable interest rate. Furthermore, in 2020, Takeda entered into USD to JPY cross currency interest rate swaps of USD 5,750 million in respect of USD 1,750 million of the fixed rate 2018 USD Unsecured Senior Notes and USD 4,000 million of the fixed rate 2020 USD Unsecured Senior Notes. During the fiscal year ended March 31, 2025, cross currency interest rate swaps of USD 925 million entered in 2017 were terminated, and Takeda entered into new cross currency interest rate swaps of same amount and terms in May 2024. On March 31, 2025, all interest rate swap entered in 2017 and all cross currency interest rate swaps entered in 2024 were terminated due to the early repayment of USD Syndicated Loans of USD 1,500 million.

21. Other Financial Liabilities

	JPY (millions) As of March 31			
	2024		2025	
Derivative liabilities (Note 27)	¥	25,108	¥	16,528
Lease liabilities (Note 27)		619,639		573,325
Financial liabilities associated with programs to sell certain receivables		79,062		67,223
Financial liabilities associated with contingent consideration arrangements (Note 27)		7,772		4,362
Other		99,673		108,582
Total	¥	831,254	¥	770,020
Non-current	¥	687,833	¥	550,900
Current	¥	143,421	¥	219,120

“Other” mainly includes deposits related to certain vaccines operations.

22. Employee Benefits

Defined Benefit Plans

The Company and some of its subsidiaries have various defined benefit plans such as lump-sum retirement payments plans and defined benefit pension plans, which define the amount of benefits that an employee will receive on or after retirement, usually based on one or more factors, such as age, years of employment, compensation, classes, and service.

The Company’s defined benefit plans are the most significant plans among Takeda’s defined benefit obligations and plan assets.

Defined benefit pension plans

Japan

The Company’s corporate defined benefit pension plan in Japan is a funded defined benefit pension plan, which is regulated by the Defined-Benefit Corporate Pension Act, one of the Japanese pension laws. Benefits are paid in exchange for services rendered by employees who worked for more than a specified period, typically three years, considering their years of service and the degree of their contribution to the Company.

The Company’s pension fund (the “Fund”) is an independent entity established in accordance with the Japanese pension laws, and Takeda has an obligation to make contributions. The Director(s) of the Fund has the fiduciary duty to comply with laws; the directives by the Minister of Health, Labour and Welfare, and the Director-Generals of Regional Bureaus of Health and Welfare made pursuant to those laws; and the by-laws of the Fund and the decisions made by the Board of Representatives of the Fund. Contributions are also regularly reviewed and adjusted as necessary to the extent permitted by laws and regulations.

Foreign

Other types of defined benefit pension plans operated by Takeda are generally established and operated in the same manner as described above and in accordance with local laws and regulations where applicable.

The present value of the defined benefit obligation is calculated annually based on actuarial valuations that are dependent upon a number of assumptions, including discount rates and future salary (benefit) increases. Service costs charged to operating expense related to defined benefit plans represent the increase in the defined benefit liability arising from pension benefits earned by active participants in the current period. Takeda is exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be met from regular contributions, expected investment income, and assets held.

In addition, during the fiscal year ended March 31, 2025, a pension buyout was implemented for a certain retirement pension plan with participants in multiple U.S. subsidiaries. As a result, an insurance company assumed the defined benefit obligation and the plan assets at an amount that includes fees and other charges added to the obligation with the plan assets. The insurance company is henceforth responsible for providing benefit payments to the plan participants. Consequently, the investment risk of the plan assets and the risk of increasing defined benefit obligations due to factors such as the longevity of beneficiaries have been eliminated for pension benefits to active employees, vested deferred members and retired employees under the plan. This pension buyout does not have a significant impact on the consolidated statement of profit or loss.

The amounts recognized in the consolidated statements of profit or loss and the consolidated statements of financial position are as follows:

Consolidated statements of profit or loss

JPY (millions) For the Year Ended March 31			
	2023	2024	2025
Japan	¥ 2,990	¥ 2,741	¥ 4,182
Foreign	13,782	15,956	13,925
Defined benefit costs	¥ 16,772	¥ 18,697	¥ 18,106

Consolidated statements of financial position

JPY (millions) As of March 31, 2024			
	Japan	Foreign	Total
Present value of defined benefit obligations	¥ 143,712	¥ 301,078	¥ 444,790
Fair value of plan assets	226,229	165,514	391,743
Effect of asset ceiling	63,422	—	63,422
Net defined benefit liabilities (assets)	¥ (19,096)	¥ 135,564	¥ 116,469
Consolidated statements of financial position			
Net defined benefit liabilities	¥ 8,317	¥ 135,564	¥ 143,882
Net defined benefit assets	27,413	—	27,413
Net amount of liabilities (assets) recognized in the consolidated statements of financial position	¥ (19,096)	¥ 135,564	¥ 116,469

JPY (millions) As of March 31, 2025			
	Japan	Foreign	Total
Present value of defined benefit obligations	¥ 130,864	¥ 253,624	¥ 384,488
Fair value of plan assets	¥ 221,422	¥ 125,701	¥ 347,123
Effect of asset ceiling	78,717	—	78,717
Net defined benefit liabilities (assets)	¥ (11,840)	¥ 127,922	¥ 116,083
Consolidated statements of financial position			
Net defined benefit liabilities	¥ 7,462	¥ 127,967	¥ 135,429
Net defined benefit assets	19,302	44	19,346
Net amount of liabilities (assets) recognized in the consolidated statements of financial position	¥ (11,840)	¥ 127,922	¥ 116,083

Net defined benefit assets were included in other non-current assets on the consolidated statements of financial position.

Defined benefit obligations

A summary of changes in present value of the defined benefit obligations for the periods presented is as follows:

JPY (millions) For the Year Ended March 31, 2024			
	Japan	Foreign	Total
At beginning of the year	¥ 153,371	¥ 247,725	¥ 401,096
Current service cost	3,004	11,233	14,236
Interest cost	2,078	9,427	11,505
Remeasurement of defined benefit pension plans			
From changes in demographic assumptions	(341)	197	(143)
From changes in financial assumptions	(5,508)	11,387	5,879
Experience adjustments	426	(4,628)	(4,202)
Past service cost	—	(67)	(67)
Benefits paid	(9,318)	(12,939)	(22,257)
Contributions by the employees	—	4,610	4,610
Foreign currency translation differences	—	34,132	34,132
At end of the year	¥ 143,712	¥ 301,078	¥ 444,790

JPY (millions) For the Year Ended March 31, 2025			
	Japan	Foreign	Total
At beginning of the year	¥ 143,712	¥ 301,078	¥ 444,790
Current service cost	2,918	12,281	15,199
Interest cost	2,448	9,170	11,618
Remeasurement of defined benefit pension plans			
From changes in demographic assumptions	40	37	77
From changes in financial assumptions	(7,622)	(3,952)	(11,574)
Experience adjustments	696	7,006	7,701
Past service cost	1,535	(2,731)	(1,196)
Settlement ⁽¹⁾	—	(57,537)	(57,537)
Benefits paid	(12,701)	(17,053)	(29,754)
Contributions by the employees	—	5,053	5,053
Effect of business combinations and disposals	(161)	(95)	(256)
Foreign currency translation differences	—	366	366
At end of the year	¥ 130,864	¥ 253,624	¥ 384,488

⁽¹⁾ The defined benefit obligation for the fiscal year ended March 31, 2025, decreased due to the implementation of a pension buyout for a certain retirement pension plan with participants in multiple U.S. subsidiaries.

The remaining weighted average duration of the defined benefit obligations was 12.5 years and 12.1 years as of March 31, 2024 and 2025, respectively.

Significant actuarial assumptions used to determine the present value are as follows:

	Discount rate	Future salary increases
As of March 31, 2024		
Japan	1.7%	—
Foreign	3.0%	3.1%
As of March 31, 2025		
Japan	2.4%	—
Foreign	2.5%	3.0%

Takeda has cash balance plans and the future salary increases are not used to determine the present value of the defined benefit obligations for those plans. As of March 31, 2024 and 2025, future salary increases were not used to determine the present value of the defined benefit obligations related to all the defined benefit plans in Japan and certain plans in foreign countries.

A 0.5% change in these actuarial assumptions would affect the present value of defined benefit obligations at the end of the reporting period, while holding all other assumptions constant, by the amounts shown below:

	JPY (millions)			
	Discount Rate		Future Salary Increases	
	Change in assumption	Impact	Change in assumption	Impact
As of March 31, 2024				
Japan	+0.50 %	(8,414)	+0.50 %	—
	-0.50 %	9,092	-0.50 %	—
Foreign	+0.50 %	(17,458)	+0.50 %	4,463
	-0.50 %	19,599	-0.50 %	(4,129)
As of March 31, 2025				
Japan	+0.50 %	(7,178)	+0.50 %	—
	-0.50 %	7,914	-0.50 %	—
Foreign	+0.50 %	(14,452)	+0.50 %	4,871
	-0.50 %	16,049	-0.50 %	(4,397)

Plan assets

The defined benefit plans are independent of Takeda and funded only by contributions from Takeda. Takeda's investment policies are designed to secure the necessary returns in the long-term within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. The acceptable risk level in the return rate on the plan assets is derived from a detailed study considering the mid- and long-term trends and the changes in income such as contributions and payments. Based on policies and studies, after consideration of issues such as the expected rate of return and risks, Takeda formulates a basic asset mix which aims at an optimal portfolio on a long-term basis with the selection of appropriate investment assets.

A summary of changes in fair value of plan assets for the periods presented is as follows:

	JPY (millions)			
	For the Year Ended March 31			
	2024		2025	
Balance at beginning of the year	¥ 345,630	¥	391,743	
Interest income on plan assets	7,527		8,574	
Remeasurement of defined benefit plans				
Return on plan assets	15,923		1,164	
Contributions by the employer	14,758		18,845	
Contributions by the employees	4,610		5,053	
Settlement ⁽¹⁾	—		(60,320)	
Benefits paid	(15,161)		(18,826)	
Foreign currency translation differences	18,457		890	
Balance at end of the year	¥ 391,743	¥	347,123	

⁽¹⁾ Plan assets for the fiscal year ended March 31, 2025, decreased due to the implementation of a pension buyout for a certain retirement pension plan with participants in multiple U.S. subsidiaries.

Takeda expects to contribute JPY 10,168 million to the defined benefit plans for the year ending March 31, 2026.

The breakdown of fair value by asset class is as follows:

	JPY (millions) As of March 31			
	2024		2025	
	With quoted prices in active markets	No quoted prices in active markets	With quoted prices in active markets	No quoted prices in active markets
Equities:				
Japan	¥ 11,796	¥ 2,803	¥ 10,531	¥ 2,315
Foreign	53,396	86,372	57,690	81,589
Bonds:				
Japan	399	17,276	387	19,513
Foreign	33,153	79,251	33,014	33,246
Life insurance company general accounts	—	70,070	—	68,741
Cash and cash equivalent	10,951	—	11,070	—
Others	1,541	24,736	1,640	27,386
Total plan assets	¥ 111,236	¥ 280,507	¥ 114,332	¥ 232,791

Equities and bonds with no quoted prices in active markets include pooled funds that are primarily invested in listed securities on active markets. Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on a pooled basis.

Changes in effect of asset ceiling for the periods presented are as follows:

	JPY (millions) For the Year Ended March 31	
	2024	2025
Balance at beginning of the year	¥ 41,311	¥ 63,422
Interest income	549	1,059
Remeasurement		
Changes in effect of asset ceiling	21,561	14,237
Balance at end of the year	¥ 63,422	¥ 78,717

Defined Contribution Plans

The Company and some of the Company's subsidiaries offer defined contribution benefit plans.

Benefits of defined contribution plans are linked to contributions paid, the performance of each participant's chosen investments, and the form in which participants choose to redeem their benefits. Contributions made into these plans are generally paid into an independently administered fund.

Contributions payable by Takeda for these plans are charged to operating expenses. Takeda has no exposure to investment risks and other experience risks with regard to defined contribution plans.

The amount of defined contribution costs was JPY 46,446 million, JPY 60,521 million, and JPY 52,692 million for the years ended March 31, 2023, 2024, and 2025, respectively. These amounts include contributions to publicly provided plans.

Other Employee Benefit Expenses

Major employee benefit expenses other than retirement benefits for each fiscal year are as follows:

	JPY (millions) For the Year Ended March 31		
	2023	2024	2025
Salary	¥ 573,080	¥ 688,316	¥ 701,775
Bonuses	133,792	161,821	174,576
Other	237,857	274,094	266,491

The above table excludes severance and other personnel expenses related to restructuring, as detailed in Note 23.

23. Provisions

The movements in the provisions are as follows:

	JPY (millions)				
	Litigation (Note 32)	Restructuring	Rebates and return reserves	Other	Total
As of April 1, 2023	¥ 64,290	¥ 8,951	¥ 465,214	¥ 25,874	¥ 564,329
Increases	54,679	14,326	956,682	10,864	1,036,551
Decreases (utilized)	(93,016)	(10,716)	(993,456)	(12,106)	(1,109,294)
Decreases (reversed)	(6,864)	(1,664)	(30,307)	(5,734)	(44,568)
Foreign currency translation differences	3,253	1,205	85,127	2,191	91,775
As of March 31, 2024	¥ 22,342	¥ 12,102	¥ 483,259	¥ 21,089	¥ 538,793
Increases	7,181	41,794	871,225	39,848	960,049
Decreases (utilized)	(16,959)	(29,976)	(799,841)	(16,829)	(863,606)
Decreases (reversed)	(63)	(8,609)	(42,854)	(750)	(52,275)
Foreign currency translation differences	(40)	(1,316)	(12,624)	(664)	(14,644)
As of March 31, 2025	¥ 12,462	¥ 13,995	¥ 499,165	¥ 42,695	¥ 568,317

The current portion of the provision is JPY 508,360 million, JPY 524,420 million and JPY 533,140 million as of April 1, 2023, March 31, 2024 and 2025, respectively. The non-current portion of the provision is JPY 55,969 million, JPY 14,373 million and JPY 35,177 million as of April 1, 2023, March 31, 2024 and 2025, respectively.

Restructuring

Takeda has various restructuring efforts in place during the years ended March 31, 2023, 2024 and 2025, in connection with the following:

- Integration of Shire - In the year ended March 31, 2023, Takeda directed various restructuring efforts following the Shire acquisition. The integration of Shire includes initiatives to consolidate systems, sites, and functions, and to optimize the workforce.
- Enterprise-wide efficiency program - Takeda implemented an enterprise-wide program in the fiscal year ended March 31, 2025, aimed at promoting business growth and improving profitability. This program includes increasing the agility and simplicity of our business organization, investing in digital, data, and technology to enhance productivity and efficiency across the organization, and implementing cost reductions and process improvements in supply chain and vendor management.
- Various other efforts to improve the efficiency of its operations and related facilities.

A restructuring provision is recorded when Takeda has 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. Takeda records the provision and associated expenses based on estimated costs associated with the plan. The ultimate cost and the timing of any payments under the plan will be impacted by the actual timing of the actions and the actions of employees impacted by the restructuring activities.

Restructuring expenses recorded for the fiscal years ended March 31, 2023, 2024 and 2025 are as follows:

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Cash:			
Severance	¥ 10,605	¥ 13,685	¥ 62,595
Consulting fees	12,709	11,528	16,205
Other	33,601	48,622	44,784
Total	¥ 56,915	¥ 73,835	¥ 123,584
Non-Cash:			
Depreciation and impairment	¥ 2,320	¥ 7,523	¥ 4,548
Total	¥ 59,234	¥ 81,358	¥ 128,133

Other restructuring expenses for the fiscal years ended March 31, 2023, 2024 and 2025 include personnel expenses of JPY 9,683 million, JPY 9,769 million, and JPY 16,353 million, respectively, and mainly related to retention bonus and salary of employees fully dedicated to restructuring programs. Also, other restructuring expenses for the fiscal year ended March 31, 2023 include expenses related to system optimization by the

integration of Shire in digital transformation initiatives and those expenses for the fiscal year ended March 31, 2024 include expenses related to lease termination agreement to consolidate the offices for the purpose of maximizing organizational effectiveness.

Rebates and Returns

Takeda has recognized a provision related mainly to sales rebates and returns for products and merchandises. The balances stated in the summary table above include provisions of JPY 253,832 million and JPY 241,704 million as of March 31, 2024 and 2025, respectively, for contractual and statutory rebates payable under Commercial healthcare provider contracts and U.S. State and Federal government health programs, such as U.S. Medicaid and U.S. commercial managed care programs. These are expected to be paid out generally within one year. Return reserves are recorded primarily for credits expected to be issued to customers for certain expired product that will be returned. Sales rebates and sales returns reserves are reviewed and updated monthly or when there is a significant change in its amount.

Other

Other provisions are primarily related to post-trial access costs for the terminated program (Note 5), asset retirement obligations, contract termination fees and onerous contracts.

24. Other Liabilities

	JPY (millions) As of March 31	
	2024	2025
Accrued expenses	¥ 627,659	¥ 605,697
Deferred income	30,015	38,213
Other	42,439	34,916
Total	¥ 700,112	¥ 678,826
Non-current	¥ 80,938	¥ 82,542
Current	¥ 619,174	¥ 596,283

Accrued expenses include accrued employee benefit expenses of JPY 283,359 million and JPY 291,957 million as of March 31, 2024 and 2025, respectively.

Deferred income includes contract liabilities related to out-licensing agreements, product procurement and supply agreements, and government grants for the purchase of property, plant and equipment. The grants received were JPY 14,211 million and JPY 12,001 million during the fiscal years ended March 31, 2024 and 2025, respectively. The primary government grants relate to funding a portion of Takeda's investment in the development and production of vaccines. Takeda received reimbursement for its investments in facilities. The grant income is recognized over the life of the associated assets and is recorded as an offset to the depreciation expense included in cost of sales, selling, general and administrative expenses, and research and development expenses.

25. Trade and Other Payables

	JPY (millions) As of March 31	
	2024	2025
Trade payables	¥ 319,955	¥ 308,450
Other payables	227,566	167,091
Total	¥ 547,521	¥ 475,541

26. Equity and Other Equity Items

	Thousands of Shares For the Year Ended March 31	
	2024	2025
Authorized shares as of the beginning of the year	3,500,000	3,500,000
Shares issued:		
At the beginning of the year	1,582,296	1,582,419
Exercise of stock options	123	12
Issuance of shares	—	8,519
As of the end of the year	1,582,419	1,590,950

The shares issued by the Company are ordinary shares with no par value that have no restrictions on any rights.

The number of treasury shares included in the above shares issued was 27,767 thousand shares, 13,405 thousand shares, and 17,300 thousand shares as of April 1, 2023, March 31, 2024, and 2025, respectively.

The number of treasury shares as of April 1, 2023, March 31, 2024 and 2025 includes 6,215 thousand shares, 5,888 thousand shares and 5,565 thousand shares, respectively, held by the Employee Stock Ownership Plan (“ESOP”) Trust and the Board Incentive Plan (“BIP”) Trust. During the year ended March 31, 2024, the ESOP and BIP Trust acquired 520 thousand shares and sold 847 thousand shares. During the year ended March 31, 2025, the ESOP and BIP Trust acquired 460 thousand shares and sold 783 thousand shares.

During the year ended March 31, 2024, the Company conducted the disposal of 13,958 thousand treasury shares under Long-Term Incentive Plan (“LTIP”) for the Company Group employees overseas. The disposal of treasury shares resulted in a decrease in treasury shares of JPY 47,614 million.

During the year ended March 31, 2025, the Company issued 8,519 thousand shares of common stock and conducted the disposal of 7,327 thousand treasury shares under LTIP for the Company Group employees overseas. The issuance of these shares resulted in an increase in share capital of JPY 18,064 million and share premium of JPY 18,064 million and the disposal of treasury shares resulted in a decrease in treasury shares of JPY 24,999 million.

The shares of the Company’s common stock and treasury shares were converted into the Company’s American Depositary Shares (“ADSs”) and settled with employees.

During the year ended March 31, 2025, Takeda acquired a total of 11,544 thousand shares of its common stock for JPY 49,978 million in accordance with the resolution on the acquisition of its own shares at the Board of Directors Meeting held on January 30, 2025. Combined with its own shares acquired in April 2025, Takeda acquired a total of 23,367 thousand shares of its common stock for JPY 99,956 million, and the acquisition in accordance with the resolution was completed in the same month.

Dividends declared and paid	JPY (millions) Total dividends		Dividends per share JPY		Record date	Effective date
April 1, 2022, to March 31, 2023						
Q1 2022	¥	140,365	¥	90.00	March 31, 2022	June 30, 2022
Q3 2022		140,474		90.00	September 30, 2022	December 1, 2022
April 1, 2023, to March 31, 2024						
Q1 2023		140,475		90.00	March 31, 2023	June 29, 2023
Q3 2023		148,037		94.00	September 30, 2023	December 1, 2023
April 1, 2024, to March 31, 2025						
Q1 2024		148,041		94.00	March 31, 2024	June 27, 2024
Q3 2024		155,893		98.00	September 30, 2024	December 2, 2024

Dividends declared for which the effective date falls in the following fiscal year are as follows:

Dividends declared	JPY (millions) Total dividends	Dividends per share JPY	Record date	Effective date
April 1, 2025, to March 31, 2026				
Q1 2025	154,763	¥ 98.00	March 31, 2025	June 26, 2025

27. Financial Instruments

Takeda promotes risk management to reduce the financial risks arising from business operations. The principal risks to which Takeda is exposed include market risk, counterparty credit risk, and liquidity risk caused by changes in the market environment such as fluctuations in foreign exchange rates, interest rates and market prices of commodities and other financial holdings. Each of these risks is managed in accordance with Takeda's policies.

Financial Assets and Liabilities

		JPY (millions) As of March 31, 2024									
	Financial assets measured at amortized cost		Measured at fair value through other comprehensive income		Measured at fair value through profit or loss		Derivative hedging instruments		Other financial liabilities		Total
Financial assets measured at fair value											
Other financial assets -											
Equity instruments	¥	—	¥	182,887	¥	—	¥	—	¥	—	¥ 182,887
Derivative financial instruments		—		—		17,617		102,606		—	120,223
Investments in convertible notes		—		—		13,459		—		—	13,459
Investments in debt instruments		—		—		1,113		—		—	1,113
Financial assets associated with contingent consideration arrangements		—		—		12,293		—		—	12,293
Trade and other receivables		—		83,734		—		—		—	83,734
Total	¥	—	¥	266,621	¥	44,482	¥	102,606	¥	—	¥ 413,709
Financial assets not measured at fair value											
Other financial assets -											
Other	¥	25,892	¥	—	¥	—	¥	—	¥	—	¥ 25,892
Trade and other receivables		584,669		—		—		—		—	584,669
Cash and cash equivalents		457,800		—		—		—		—	457,800
Total	¥	1,068,361	¥	—	¥	—	¥	—	¥	—	¥ 1,068,361
Financial liabilities measured at fair value											
Other financial liabilities -											
Derivative financial instruments	¥	—	¥	—	¥	13,783	¥	11,325	¥	—	¥ 25,108
Financial liabilities associated with contingent consideration arrangements		—		—		7,772		—		—	7,772
Other		—		—		1,797		—		—	1,797
Total	¥	—	¥	—	¥	23,352	¥	11,325	¥	—	¥ 34,677
Financial liabilities not measured at fair value											
Other financial liabilities -											
Lease liabilities	¥	—	¥	—	¥	—	¥	—	¥	619,639	¥ 619,639
Other		—		—		—		—		176,938	176,938
Trade and other payables		—		—		—		—		547,521	547,521
Bonds and loans		—		—		—		—		4,843,752	4,843,752
Total	¥	—	¥	—	¥	—	¥	—	¥	6,187,850	¥ 6,187,850

JPY (millions)
As of March 31, 2025

	As of March 31, 2020										
	Financial assets measured at amortized cost		Measured at fair value through other comprehensive income		Measured at fair value through profit or loss		Derivative hedging instruments		Other financial liabilities		Total
Financial assets measured at fair value											
Other financial assets -											
Equity instruments	¥	—	¥	151,687	¥	—	¥	—	¥	—	¥ 151,687
Derivative financial instruments		—		—		12,361		72,007		—	84,369
Investments in convertible notes		—		—		10,424		—		—	10,424
Investments in debt instruments		—		79,342		12,005		—		—	91,348
Financial assets associated with contingent consideration arrangements		—		—		10,197		—		—	10,197
Trade and other receivables		—		65,568		—		—		—	65,568
Total	¥	—	¥	296,597	¥	44,987	¥	72,007	¥	—	¥ 413,592

Financial assets not measured at fair value

Other financial assets -											
Other	¥	23,576	¥	—	¥	—	¥	—	¥	—	¥ 23,576
Trade and other receivables		643,896		—		—		—		—	643,896
Cash and cash equivalents		385,113		—		—		—		—	385,113
Total	¥	1,052,586	¥	—	¥	—	¥	—	¥	—	¥ 1,052,586

Financial liabilities measured at fair value

Other financial liabilities -											
Derivative financial instruments	¥	—	¥	—	¥	16,309	¥	219	¥	—	¥ 16,528
Financial liabilities associated with contingent consideration arrangements		—		—		4,362		—		—	4,362
Total	¥	—	¥	—	¥	20,671	¥	219	¥	—	¥ 20,890

Financial liabilities not measured at fair value

Other financial liabilities -											
Lease liabilities	¥	—	¥	—	¥	—	¥	—	¥	573,325	¥ 573,325
Other		—		—		—		—		175,805	175,805
Trade and other payables		—		—		—		—		475,541	475,541
Bonds and loans		—		—		—		—		4,515,265	4,515,265
Total	¥	—	¥	—	¥	—	¥	—	¥	5,739,936	¥ 5,739,936

Fair Value Measurement

Derivative and non-derivative financial instruments measured at fair value are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 is defined as observable inputs, such as quoted prices in active markets for an identical asset or liability. Level 2 is defined as inputs other than quoted prices in active markets within Level 1 that are directly or indirectly observable. Level 3 is defined as unobservable inputs.

		JPY (millions) As of March 31, 2024			
		Level 1	Level 2	Level 3	Total
Assets:					
Financial assets measured at fair value through profit or loss					
Derivatives	¥	—	¥ 8,511	¥ 9,106	¥ 17,617
Investment in convertible notes		—	—	13,459	13,459
Investment in debt instruments		—	—	1,113	1,113
Financial assets associated with contingent consideration arrangements		—	—	12,293	12,293
Derivatives for which hedge accounting is applied		—	102,606	—	102,606
Financial assets measured at fair value through OCI					
Trade and other receivables		—	83,734	—	83,734
Equity instruments		93,962	—	88,925	182,887
Total	¥	93,962	¥ 194,851	¥ 124,896	¥ 413,709
Liabilities:					
Financial liabilities measured at fair value through profit or loss					
Derivatives	¥	—	¥ 4,677	¥ 9,106	¥ 13,783
Financial liabilities associated with contingent consideration arrangements		—	—	7,772	7,772
Other		—	—	1,797	1,797
Derivatives for which hedge accounting is applied		—	11,325	—	11,325
Total	¥	—	¥ 16,002	¥ 18,675	¥ 34,677

		JPY (millions) As of March 31, 2025			
		Level 1	Level 2	Level 3	Total
Assets:					
Financial assets measured at fair value through profit or loss					
Derivatives	¥	—	¥ 2,892	¥ 9,470	¥ 12,361
Investment in convertible notes		—	—	10,424	10,424
Investment in debt instruments		—	—	12,005	12,005
Financial assets associated with contingent consideration arrangements		—	—	10,197	10,197
Derivatives for which hedge accounting is applied		—	72,007	—	72,007
Financial assets measured at fair value through OCI					
Trade and other receivables		—	65,568	—	65,568
Equity instruments		78,073	—	73,614	151,687
Investments in debt instruments		79,342	—	—	79,342
Total	¥	157,415	¥ 140,467	¥ 115,709	¥ 413,592
Liabilities:					
Financial liabilities measured at fair value through profit or loss					
Derivatives	¥	—	¥ 6,475	¥ 9,834	¥ 16,309
Financial liabilities associated with contingent consideration arrangements		—	—	4,362	4,362
Derivatives for which hedge accounting is applied		—	219	—	219
Total	¥	—	¥ 6,694	¥ 14,196	¥ 20,890

Valuation Techniques

The fair value of derivatives classified as Level 2 is measured based on Treasury management system valuation models or the Black-Scholes model, whose significant inputs are based on observable market data.

Derivatives classified as Level 3 include those recognized in connection with settlements of cash flows arising from differences between the fixed prices and floating market prices of renewable energy in a virtual power purchase agreement and those recognized in an agreement to offset the volatility of such cash flows. The fair value of derivatives in Level 3 is measured using the discounted cash flow method. The key assumptions taken into account include forecasted renewable energy prices and the expected generation of the renewable energy generating facility.

The fair value of the investment in convertible notes is measured using techniques such as the discounted cash flow and option pricing models.

The fair value of trade and other receivables, which are due from customers that Takeda has the option to factor, are measured based on the invoiced amount.

Equity instruments and investments in debt instruments are not held for trading. If equity instruments or investments in debt instruments are quoted in an active market, the fair value is based on price quotations at the period-end-date. If equity instruments or investments in debt instruments are not quoted in an active market, the fair value is calculated utilizing an adjusted book value per share method or EBITDA multiples approach based on available information as of each period-end-date and comparable companies. The principal input that is not observable and utilized for the calculation of the fair value of equity instruments and investments in debt instruments classified as Level 3 is the EBITDA rate used for the EBITDA multiples approach, which ranges from 4.7 times to 10.5 times. During the years ended March 31, 2024 and 2025, cumulative losses on equity investments of JPY (1,224) million and JPY (1,339) million were reclassified from other comprehensive income to retained earnings, respectively, upon the disposal of certain equity investments in publicly traded companies. The fair value of these investments on the dates of disposal during the years ended March 31, 2024 and 2025 were JPY 6,458 million and JPY 25,019 million, respectively. The investments were disposed of after management's assessment of these investments relative to the investment strategy.

Financial assets and liabilities associated with contingent consideration arrangements are measured at fair value at the time of the divestiture or the acquisition date of business combination. When the contingent consideration arrangement meets the definition of a financial asset or liability, it is subsequently re-measured at fair value at each closing date. The determination of the fair value is based on models such as scenario-based methods and discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target, forecasted revenue projections, and the discount factor. The financial assets associated with contingent consideration arrangements are recognized mainly in relation to the divestiture of XIIDRA. The financial liabilities associated with contingent consideration arrangements are discussed in *Financial liabilities associated with contingent consideration arrangements*.

The fair value of the other financial liabilities is measured using the discounted cash flow model.

Transfers between levels

Takeda recognizes transfers between levels of the fair value hierarchy, at the end of the reporting period during which the change has occurred. There were transfers from Level 3 to Level 1 recorded in the years ended March 31, 2024 and 2025. These transfers resulted from the investments in the companies whose shares were previously not listed on an equity or stock exchange and had no recent observable active trades in the shares. During the years ended March 31, 2024 and 2025, the companies listed its equity shares on an exchange and are currently actively traded in the market. As the equity shares have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 on the fair value hierarchy during the years ended March 31, 2024 and 2025, respectively. There were no other significant transfers between levels of the fair value hierarchy during the years ended March 31, 2024 and 2025.

Level 3 financial assets fair values

Takeda invests in equity instruments mainly for research collaboration. The following table shows a reconciliation from the opening balances to the closing balances for Level 3 financial asset fair values for the years ended March 31, 2024 and 2025. The disclosure related to Level 3 financial liabilities which are financial liabilities associated with contingent consideration arrangements are included in *Financial liabilities associated with contingent consideration arrangements*. There are no significant changes in fair value during the changes in certain assumptions which influence the fair value measurement for Level 3 financial assets.

JPY (millions)
For the Year Ended March 31

	2024		2025	
	Financial assets associated with contingent consideration arrangements	Equity instruments	Financial assets associated with contingent consideration arrangements	Equity instruments
As of the beginning of the year	¥ 23,806	¥ 83,236	¥ 12,293	¥ 88,925
Recognition of financial assets associated with contingent consideration arrangements	—	—	147	—
Changes recognized as finance income (expenses)	(702)	—	516	—
Changes in fair value of financial assets associated with contingent consideration due to other elements than time value	(12,415)	—	(1,789)	—
Changes in fair value of financial assets measured at fair value through OCI and exchange differences on translation of foreign operations	1,604	4,900	(970)	(16,846)
Purchases	—	1,760	—	2,843
Sales	—	(217)	—	(361)
Transfers to Level 1	—	(5,008)	—	(1,626)
Acquisition from conversion of convertible notes	—	4,254	—	1,488
Transfers to investments accounted for using the equity method	—	—	—	(809)
As of the end of the year	¥ 12,293	¥ 88,925	¥ 10,197	¥ 73,614

Financial liabilities associated with contingent consideration arrangements

Financial liabilities associated with contingent consideration arrangements represent consideration related to business combinations or license agreements that are payable only upon future events such as the achievement of development milestones and sales targets, including pre-existing contingent consideration arrangements of the companies that are acquired by Takeda. At each reporting date, the fair value of financial liabilities associated with contingent consideration arrangements is re-measured based on risk-adjusted future cash flows discounted using an appropriate discount rate.

As of March 31, 2024 and 2025, the balance primarily relates to pre-existing contingent consideration arrangements from historical acquisitions.

The fair value of financial liabilities associated with contingent consideration arrangements could increase or decrease due to changes in certain assumptions which underpin the fair value measurements. The assumptions include probability of milestones being achieved.

The fair value of financial liabilities associated with contingent consideration arrangements are classified as Level 3 in the fair value hierarchy. The following table shows a reconciliation from the opening balances to the closing balances and payment term for financial liabilities associated with contingent consideration arrangements for the years ended March 31, 2024 and 2025, respectively. There are no significant changes in fair value during the changes in significant assumptions which influence the fair value measurement for financial liabilities associated with contingent consideration arrangements.

	JPY (millions)	
	For the Year Ended March 31	
	2024	2025
As of the beginning of the year	¥ 8,139	¥ 7,772
Changes in the fair value during the period	8,678	(2,059)
Settled and paid during the period	(9,032)	(774)
Foreign currency translation differences	(13)	(577)
As of the end of the year	¥ 7,772	¥ 4,362

	JPY (millions)	
	As of March 31	
	2024	2025
Payment term (undiscounted)		
Within one year	¥ 2,207	¥ 3,003
Between one and three years	3,698	1,398
Between three and five years	1,855	—
More than five years	1,171	—

Financial instruments not measured at fair value

The carrying amount and fair value of financial instruments that are not measured at fair value in the consolidated statements of financial position are as follows. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments.

	JPY (millions)			
	As of March 31			
	2024		2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	¥ 3,775,879	¥ 3,420,668	¥ 3,920,632	¥ 3,578,117
Long-term loans	750,622	746,831	250,012	245,220

Long-term financial liabilities are recognized at their carrying amount. The fair value of bonds is measured at quotes whose significant inputs to the valuation model used are based on observable market data. The fair value of loans is measured at the present value of future cash flows discounted using the applicable market rate on the loans in consideration of the credit risk by each group classified in a specified period. The fair value of bonds and long-term loans are classified as Level 2 in the fair value hierarchy.

Market Risk

Major market risks to which Takeda is exposed are 1) foreign currency risk, 2) interest rate risk and 3) price fluctuation risk. Financial instruments affected by market risk include loans and borrowings, deposits, equity investments and derivative financial instruments.

Foreign Currency Risk

Takeda's exposure to foreign exchange rates primarily relates to its foreign currency denominated operations and Takeda's net investments in foreign subsidiaries. Takeda manages foreign currency risks in a centralized manner using derivative financial instruments. Takeda's policy does not permit the use of speculative foreign currency financial instruments or derivatives.

Takeda uses forward exchange contracts, cross currency interest rate swaps, currency options to hedge individually significant foreign currency transactions. Takeda has also designated bonds and loans denominated in the US dollar and Euro and certain forward exchange contracts as hedging instruments of net investments in foreign operations. As of March 31, 2024 and 2025, the total fair value of the foreign currency denominated loans was JPY 227,309 million and JPY 74,517 million, respectively, and the total fair value of the foreign currency denominated bonds was JPY 2,679,660 million and JPY 2,892,158 million, respectively.

Takeda is exposed mainly to foreign currency risks of the US dollar and Euro. The fair values of Takeda's financial instrument holdings are analyzed to determine their sensitivity to changes in foreign exchange rates. Our analysis shows that if the JPY were to change against all other currencies by 5%, as of March 31, 2024 and 2025, the hypothetical impact on net income would not be material. This analysis assumes that all other variables, in particular interest rates, remain constant and that a change in one currency's rate relative to the JPY would not have any effect on another currency's rate relative to the JPY. In addition, this analysis does not include the effects of foreign currency translation on financial instruments that are denominated in the functional currency of the entity holding them.

JPY (millions)			
As of March 31, 2024			
		Contract amount to be settled in more than one year	Fair value
Contract amount			
Forward exchange contracts:			
Selling:			
Euro	¥ 710,301	¥ —	¥ (9,663)
United States Dollar	170,364	—	(2,618)
Buying:			
Euro	336,271	—	6,268
Cross currency interest rate swaps:			
Buying:			
United States Dollar	874,974	874,974	95,368

JPY (millions)			
As of March 31, 2025			
		Contract amount to be settled in more than one year	Fair value
Contract amount			
Forward exchange contracts:			
Selling:			
Euro	¥ 1,178,796	¥ —	¥ (3,120)
United States Dollar	128,717	—	1,673
Buying:			
Euro	305,964	—	1,054
United States Dollar	129,574	—	(1,693)
Cross currency interest rate swaps:			
Buying:			
United States Dollar	774,089	774,089	68,154

The above cross currency interest rate swaps, designated as hedging instruments in a cash flow hedge, were related to foreign currency denominated bonds and loans. The cash flow hedge reserve related to the cross currency interest rate swaps were reclassified to profit or loss in the same period as the hedged expected future cash flows occur.

Interest Rate Risk

Takeda's exposure to the risk of changes in benchmark interest rates and foreign exchange rate relates to the debts with floating interest rates as well as the trade and other receivables due from customers that Takeda has the option to factor. Takeda uses interest rate swaps, forward interest rate, cross currency interest rate swaps that fix the amount of future payments to manage interest and foreign exchange rate risks through cash flow hedge strategies. Takeda may also use derivatives that effectively convert its fixed rate debt to floating through fair-value hedge strategies. The following summarizes interest rate swaps, forward interest rate contracts, and cross currency interest rate swaps designated as cash flow hedges as of March 31:

	JPY (millions) As of March 31		
	Contract amount	Contract amount to be settled in more than one year	Fair value
2024	¥ 1,322,069	¥ 1,052,069	¥ 101,128
2025	1,103,099	829,089	70,291

The fair values of Takeda's financial instrument holdings are analyzed to determine their sensitivity to interest rate changes. Our analysis shows that if there were a 1% change in interest rates, as of March 31, 2024 and 2025, the hypothetical impact on net income would not be material. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Price Fluctuation Risk Management

Commodity Price Risk

For its business operations, Takeda is exposed to risks from commodity price fluctuations. Takeda manages this risk primarily by utilizing fixed price contracts but may also use financial instruments to lock in a fixed price.

Market Price Risk

Market pricing and valuations of Takeda's fixed-income financial assets and liabilities are impacted by changes in currency rates, interest rates and credit spreads, which are managed as described above. For equity instruments, Takeda manages the risk of price fluctuations in the instruments by regularly reviewing share prices and financial positions of the issuers.

Our analysis shows that if the market price of equity instruments held by Takeda and investments in trusts which hold equity instruments on behalf of Takeda had changed by 10%, as of March 31, 2024 and 2025, the hypothetical impact on other comprehensive income would not be material. This analysis assumes that all other variables, in particular interest rates and foreign currency exchange rates, remain constant. There is no impact on net income because the changes in the fair value of equity instruments are recognized directly in equity.

Derivative Financial Instruments

As described above, Takeda is exposed to effects related to foreign exchange fluctuations in connection with our international business activities that are denominated in various currencies and Takeda's overseas entities that have different functional currencies. Takeda is also exposed to currency and interest rate fluctuations on our borrowings that we use to finance our business operations and our acquisitions. In addition, Takeda is exposed to interest rate fluctuations on the trade and other receivables due from customers that Takeda has the option to factor. These are denominated in various currencies and may bear interest at variable rates, resulting in the risk related to the currency and interest rate movements.

In order to manage the risk of currency exchange rate and interest rate fluctuations, Takeda may enter into derivative contracts with highly rated financial institutions. Takeda enters into derivative contracts based on our risk management policies, which determine the authority for entering into such transactions and the transaction limits. The policy, which has been consistently followed, is that financial derivatives be used only for hedging foreign currency and interest rate exposure and not for speculative purposes.

Takeda generally designates its derivatives as hedges for accounting purposes. In certain instances, Takeda enters into derivative contracts ("balance sheet hedges") that do not qualify for hedge accounting but are nevertheless utilized to manage the underlying foreign currency exposure risk. Balance sheet hedges are used to offset the foreign currency impact from assets and liabilities on Takeda balance sheet that are denominated in non-functional currencies. Given these foreign currency derivatives work on an offset basis they do not require hedge accounting. Takeda has established guidelines for risk assessment procedures and controls for the use of financial instruments. These guidelines include a clear segregation of duties between execution and administration, and then again between accounting and controlling.

Summary of Financial Position and Financial Performance for Derivative and Hedging Activities

The following tables represent the items designated as hedging instruments, amounts within other components of equity related to items designated as hedged items and amounts of changes in fair value of hedging instruments recorded in other comprehensive income and the amounts reclassified from the hedging reserve to profit or loss as of and for the year ended March 31, 2024:

		JPY (millions) As of March 31, 2024				
	Notional	Carrying amount – assets	Carrying amount – liabilities	Line item in the statement of financial position where hedging instrument is included	Average rate used for the fair value of the hedging instrument	
Cash flow hedges						
Interest risk						
Interest rate swaps	USD 575 million	¥ 7,172	¥ —	Other financial assets	2.83 %	
	JPY 90,000 million	33	0	Other financial assets / liabilities	0.57 %	
Forward interest rate	JPY 270,000 million	34	1,477	Other financial assets / liabilities	0.53 %	
Currency and interest risk						
Cross currency interest rate swaps	USD 6,675 million	95,368	—	Other financial assets	131.08 JPY (0.09)%	
Net investment hedges						
Foreign currency denominated bonds and loans	USD 3,581 million	—	542,399	Bonds and loans		
	EUR 6,628 million	—	1,081,796	Bonds and loans		
Forward exchange contracts	USD 1,168 million	—	2,618	Other financial liabilities		
	EUR 1,000 million	—	7,229	Other financial liabilities		

		JPY (millions) As of March 31, 2024	
		Balance in cash flow hedges and net investment hedges	Balance in hedge cost reserve
Cash flow hedges			
Interest risk			
Interest rate swaps		¥ 4,063	¥ —
Forward interest rate		(19,283)	—
Currency and interest risk			
Cross currency interest rate swaps		(52,236)	(15,930)
Currency risk			
Hedge related to acquisition		3,560	—
Net investment hedges			
Foreign currency denominated bonds and loans		344,866	—
Forward exchange contracts		189,796	—

JPY (millions)						
For the year ended March 31, 2024						
	Amounts recognized in OCI			Amount reclassified to profit or loss		
	Change in fair value of hedging instruments	Hedging costs		Cash flow hedge	Hedging costs	Line item in which reclassification adjustment is included
Cash flow hedges						
Interest risk						
Interest rate swaps	¥ 4,098	¥ —		¥ (2,492)	¥ —	Finance income
Forward interest rate	387	—		2,349	—	Finance expenses
Currency and interest risk						
Cross currency interest rate swaps	166,574	12,392		(137,122)	(2,024)	Finance income and Finance expenses
Net investment hedges						
Foreign currency denominated bonds and loans	169,111	—		—	—	
Forward exchange contracts	109,212	—		—	—	

The following tables represent the items designated as hedging instruments, amounts within other components of equity related to items designated as hedged items and amounts of changes in fair value of hedging instruments recorded in other comprehensive income and the amounts reclassified from the hedging reserve to profit or loss as of and for the year ended March 31, 2025:

JPY (millions)					
As of March 31, 2025					
	Notional	Carrying amount – assets	Carrying amount – liabilities	Line item in the statement of financial position where hedging instrument is included	Average rate used for the fair value of the hedging instrument
Cash flow hedges					
Interest risk					
Interest rate swaps	JPY 130,000 million	1,412	—	Other financial assets	1.04 %
Forward interest rate	JPY 50,000 million	119	37	Other financial assets / liabilities	1.32 %
	USD 1,000 million	650	7	Other financial asset/ liability	4.20 %
Currency and interest risk					
Cross currency interest rate swaps	USD 5,750 million	68,154	—	Other financial assets	134.62 JPY (0.11)%
Net investment hedges					
Foreign currency denominated bonds and loans	USD 6,506 million	—	969,495	Bonds and loans	
	EUR 6,632 million	—	1,070,017	Bonds and loans	
Forward exchange contracts	USD 863 million	1,673	—	Other financial assets	
	EUR 1,000 million	—	175	Other financial liabilities	

JPY (millions) As of March 31, 2025			
		Balance in cash flow hedges and net investment hedges	Balance in hedge cost reserve
Cash flow hedges			
Interest risk			
Interest rate swaps	¥	1,010	¥ —
Forward interest rate		(15,795)	—
Currency and interest risk			
Cross currency interest rate swaps		(53,627)	(7,967)
Currency risk			
Hedge related to acquisition		3,560	—
Net investment hedges			
Foreign currency denominated bonds and loans		324,759	—
Forward exchange contracts		203,262	—

JPY (millions)								
For the year ended March 31, 2025								
Amounts recognized in OCI				Amount reclassified to profit or loss				
Change in fair value of hedging instruments		Hedging costs		Cash flow hedge	Hedging costs	Line item in which reclassification adjustment is included		
Cash flow hedges								
Interest risk								
Interest rate swaps	¥	2,037	¥	—	¥ (6,415)	¥	—	Finance income
Forward interest rate		2,301		—	2,317		—	Finance expenses
Currency and interest risk								
Cross currency interest rate swaps		(711)		18,663	(2,355)		(7,350)	Finance income and Finance expenses
Net investment hedges								
Foreign currency denominated bonds and loans		(19,662)		—	—		—	
Forward exchange contracts		13,466		—	—		—	

The amount relating to the ineffectiveness recorded in profit or loss was immaterial for the years ended March 31, 2024 and 2025. The amount of hedging gains/losses recorded in other comprehensive income and reclassified to profit or loss as hedged future cash flows were no longer expected to occur was not material for the years ended March 31, 2024 and 2025.

Capital Management

The capital structure of Takeda consists of shareholders' equity (Note 26), bonds and loans (Note 20), and cash and cash equivalents (Note 18). The fundamental principles of Takeda's capital risk management are to build and maintain a steady financial base for the purpose of maintaining soundness and efficiency of operations and achieving sustainable growth. According to these principles, Takeda conducts capital investment, profit distribution such as dividends, and repayment of loans based on steady operating cash flows through the development and sale of competitive products.

Takeda utilizes factoring arrangements for selected trade and other receivables. Under these programs, trade and other receivables sold are derecognized when the risks and rewards of ownership have been transferred. Amounts due from customers that are subject to the factoring arrangements but have not been factored at fiscal year end are disclosed in Note 17.

Takeda balances and monitors its capital structure between debt and equity and adheres to a conservative financial discipline.

Credit Risk

Takeda is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments. The maximum exposure to credit risk, without taking into account any collateral held at the end of the reporting period, is represented by the carrying amount of the financial instruments which is exposed to credit risk on the consolidated statements of financial position. Takeda regularly monitors the status of credit risk exposure with banks and financial institutions.

Customer Credit Risk

Trade and other receivables are exposed to customer credit risk. Takeda monitors the status of overdue balances, reviews outstanding balances for each customer and regularly examines the credibility of major customers in accordance with Takeda's policies for credit management to facilitate the early evaluation and the reduction of potential credit risks. In parallel, Takeda utilizes programs to sell certain trade and other receivables due from certain customers to a select group of banks on a non-recourse basis which in turn minimizes the credit risk associated with such customers. If necessary, Takeda obtains rights to collateral or guarantees on the receivables.

The following represents the carrying amount of the trade receivables categorized by due date and the analysis of impairment loss allowance as of March 31, 2024 and 2025:

JPY (millions) except for percentage As of March 31, 2024							
	Amount past due						Total
	Current	Within 30 days	Over 30 days but within 60 days	Over 60 days but within 90 days	Over 90 days but within one year	Over one year	
Gross carrying amount	¥ 527,383	¥ 34,960	¥ 12,645	¥ 3,956	¥ 21,492	¥ 20,379	¥ 620,815
Impairment loss allowance	(2,482)	(107)	(143)	(99)	(450)	(5,095)	(8,376)
Net carrying amount	524,901	34,853	12,502	3,857	21,042	15,284	612,439
Weighted average loss rate	0.5 %	0.3 %	1.1 %	2.5 %	2.1 %	25.0 %	1.3 %

JPY (millions) except for percentage As of March 31, 2025							
	Amount past due						Total
	Current	Within 30 days	Over 30 days but within 60 days	Over 60 days but within 90 days	Over 90 days but within one year	Over one year	
Gross carrying amount	¥ 585,910	¥ 28,481	¥ 9,162	¥ 5,605	¥ 19,894	¥ 12,127	¥ 661,178
Impairment loss allowance	(1,965)	(299)	(459)	(505)	(2,171)	(4,364)	(9,763)
Net carrying amount	583,945	28,181	8,702	5,100	17,723	7,763	651,414
Weighted average loss rate	0.3 %	1.1 %	5.0 %	9.0 %	10.9 %	36.0 %	1.5 %

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

As of March 31, 2024 and 2025, Takeda has provided loss allowance on trade receivables and other receivables not past due based on an analysis of credit histories. Loss allowance for trade receivables are measured based on expected credit losses on a collective basis using the simplified approach. However, when events that have a detrimental impact on the estimated future cash flows such as customers' deterioration of financial conditions or failure of payment overdue have occurred, expected credit losses are measured on an individual basis as credit-impaired financial assets. Takeda considers a financial asset to be in default when the customer is unlikely to pay the obligation in full, without recourse by Takeda to take actions such as realizing collaterals, if any.

The following is a summary of the change in the impairment loss allowance for trade receivables for the years ended March 31, 2024 and 2025. The impairment loss allowance recognized for other than trade receivables is immaterial.

	JPY (millions)		
	Bad debt provision calculated by simplified approach	Bad debt provision recognized to credit- impaired financial assets	Total
As of April 1, 2023	¥ 3,327	¥ 4,029	¥ 7,356
Increases	857	561	1,419
Decreases (written off)	(437)	(377)	(814)
Decreases (reversed)	(324)	(231)	(555)
Foreign currency translation differences	410	561	971
As of March 31, 2024	¥ 3,833	¥ 4,543	¥ 8,376
Increases	3,249	550	3,799
Decreases (written off)	(1,590)	(391)	(1,981)
Decreases (reversed)	(258)	(56)	(314)
Foreign currency translation differences	(26)	(91)	(117)
As of March 31, 2025	¥ 5,207	¥ 4,556	¥ 9,763

Other Counterparty Credit Risk

Cash reserves of Takeda are concentrated mostly with the Company and entities acting as the cash pool leader in the U.S. and Europe. These cash reserves are primarily managed exclusively by investments in highly rated short-term bank deposits and bonds of highly rated issuers within the investment limits determined by reviewing the investment ratings and terms under Takeda's policies for fund management, resulting in limited credit risk. Cash reserves, other than those subject to the group cash pooling system, are managed by each consolidated subsidiary in accordance with the Company's fund management policies. For derivatives, Takeda enters into contracts only with financial counterparties rated investment grade or higher in order to minimize counterparty risk.

Liquidity Risk

Takeda manages liquidity risk and establishes an adequate management framework for liquidity risk to secure stable short-, mid-, and long-term funds and sufficient liquidity for operations. Takeda manages liquidity risk by monitoring forecasted cash flows and actual cash flows on an ongoing basis. In addition, Takeda has commitment lines with some counterparty financial institutions to manage liquidity risk (Note 20). Takeda strives to maximize the available liquidity with a combination of liquid short-term investments and committed credit lines with strong rated counterparties. The objective is to maintain levels in excess of project cash needs to mitigate the risk of contingencies.

The table below presents the balances of financial liabilities by maturity. The total contract amount below reflects cash flows presented on an undiscounted cash flow basis, including interest expense. The amounts disclosed as of March 31, 2024 and 2025 are undiscounted cash flows using the respective spot foreign exchange rates as of March 31, 2024 and 2025.

	JPY (millions)									
	Carrying amount	Total	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years		
As of March 31, 2024										
Bonds and loans										
Bonds	¥ 4,092,879	¥ 5,090,592	¥ 913,282	¥ 206,481	¥ 774,784	¥ 185,176	¥ 326,949	¥ 2,683,919		
Loans	750,873	805,847	66,983	100,467	113,605	347,612	76,162	101,019		
Trade and other payables	547,521	547,521	547,521	—	—	—	—	—		
Lease liabilities	619,639	900,755	66,208	60,944	55,831	53,459	51,235	613,078		
Derivative liabilities	25,108	27,590	16,547	762	1,053	1,113	1,096	7,019		
Derivative assets	(120,223)	(400,354)	(56,538)	(40,327)	(39,186)	(73,404)	(35,218)	(155,681)		
As of March 31, 2025										
Bonds and loans										
Bonds	¥ 4,190,632	¥ 5,635,859	¥ 499,779	¥ 570,054	¥ 216,517	¥ 355,414	¥ 1,046,745	¥ 2,947,350		
Loans	324,633	334,907	161,958	1,837	1,903	76,945	41,495	50,769		
Trade and other payables	475,541	475,541	475,541	—	—	—	—	—		
Lease liabilities	573,325	825,819	64,443	57,426	54,117	50,974	49,114	549,744		
Derivative liabilities	16,528	18,043	7,766	1,078	1,047	1,013	1,081	6,057		
Derivative assets	(84,369)	(269,425)	(35,404)	(29,400)	(29,428)	(30,556)	(18,240)	(126,397)		

The contractual amount of bonds in “Within one year” as of March 31, 2024 includes JPY 500,000 million principal amount of the 2019 Hybrid bonds (subordinated bonds) as Takeda made an early repayment of all of the principal of the bonds on October 6, 2024.

The contractual amount of bonds in “Between four and five years” as of March 31, 2025 includes JPY 460,000 million principal amount of the 2024 Hybrid bonds (subordinated bonds) as Takeda expects to make an early repayment of all of the bonds in June 2029.

In addition, the contractual amount of loans in “Between four and five years” as of March 31, 2025 includes JPY 40,000 million principal amount of the 2024 Syndicated hybrid loans (subordinated loans) as Takeda expects to make an early repayment in October 2029.

For details on the principal and interest rates associated with these bonds and loans, see Note 20.

Reconciliation of liabilities arising from financing activities

JPY (millions)							
	Bonds	Long-term loans	Short-term loans	Lease liabilities	Derivative assets used for hedge of debts	Derivative liabilities used for hedge of debts	Total
As of April 1, 2023	¥ 3,658,314	¥ 723,772	¥ 256	¥ 479,351	¥ (55,223)	¥ 14,179	¥ 4,820,649
Cash flows from financing activities							
Net increase (decrease) in short-term loans and commercial papers	277,000	—	—	—	—	—	277,000
Proceeds from long-term loans	—	100,000	—	—	—	—	100,000
Repayments of long-term loans	—	(100,351)	—	—	—	—	(100,351)
Repayments of bonds	(220,550)	—	—	—	—	—	(220,550)
Proceeds from the settlement of cross currency interest rate swaps related to bonds	—	—	—	—	60,063	—	60,063
Repayments of lease liabilities	—	—	—	(54,586)	—	—	(54,586)
Interest paid	—	—	—	(20,826)	—	—	(20,826)
Non-cash items							
Foreign exchange movement	369,442	27,686	39	58,169	—	—	455,336
Change in fair value	—	—	—	—	(100,207)	(14,179)	(114,386)
New, amended and terminated leases	—	—	—	136,705	—	—	136,705
Others	8,673	(485)	(44)	20,826	—	—	28,970
As of March 31, 2024	¥ 4,092,879	¥ 750,622	¥ 251	¥ 619,639	¥ (95,368)	¥ —	¥ 5,368,024

JPY (millions)							
	Bonds	Long-term loans	Short-term loans	Lease liabilities	Derivative assets used for hedge of debts	Derivative liabilities used for hedge of debts	Total
As of April 1, 2024	¥ 4,092,879	¥ 750,622	¥ 251	¥ 619,639	¥ (95,368)	¥ —	¥ 5,368,024
Cash flows from financing activities							
Net increase (decrease) in short-term loans and commercial papers	(47,000)	—	74,490	—	—	—	27,490
Proceeds from long-term loans	—	90,000	—	—	—	—	90,000
Repayments of long-term loans	—	(587,246)	—	—	—	—	(587,246)
Proceeds from bonds	934,460	—	—	—	—	—	934,460
Repayments of bonds	(733,844)	—	—	—	—	—	(733,844)
Proceeds from the settlement of cross currency interest rate swaps related to bonds and loans	—	—	—	—	46,880	—	46,880
Repayments of lease liabilities	—	—	—	(45,174)	—	—	(45,174)
Interest paid	—	—	—	(24,511)	—	—	(24,511)
Non-cash items							
Foreign exchange movement	(62,248)	(3,603)	(0)	(8,892)	—	—	(74,744)
Change in fair value	—	—	—	—	(19,666)	—	(19,666)
New, amended and terminated leases	—	—	—	7,752	—	—	7,752
Others	6,385	239	(119)	24,511	—	—	31,016
As of March 31, 2025	¥ 4,190,632	¥ 250,012	¥ 74,621	¥ 573,325	¥ (68,154)	¥ —	¥ 5,020,436

Others includes an increase in debts due to application of amortized cost method.

28. Share-based Payments

Takeda maintains share-based compensation payment plans for the benefit of its directors and certain employees of the Company and its subsidiaries and affiliates worldwide. Takeda recorded total compensation expense related to its share-based payment plans of JPY 61,024 million, JPY 71,510 million, and JPY 73,585 million for the years ended March 31, 2023, 2024 and 2025, respectively, in its consolidated statements of profit or loss.

Equity-settled Plans

Stock Options

Takeda previously provided a stock option plan under which it granted awards to members of Takeda's board of directors (the "Board") and senior management through the year ended March 31, 2014. There were no stock options granted for the years ended March 31, 2024 and 2025 and all previously granted awards are fully vested. These awards generally vested three years after the grant date. The stock options are exercisable for 10 years after the grant date for options held by members of the Board and 20 years for options held by senior management. The individual must be either a Board member or an employee of the Company or the Company's subsidiaries to exercise the options, unless the individual retired due to the expiration of their term of office, mandatory retirement or other acceptable reasons.

There was no compensation expense recorded during the years ended March 31, 2023, 2024 and 2025 as all awards were fully vested.

The following table summarizes the stock option activity:

	For the Year Ended March 31					
	2023		2024		2025	
	Number of options (shares)	Weighted average exercise price (JPY)	Number of options (shares)	Weighted average exercise price (JPY)	Number of options (shares)	Weighted average exercise price (JPY)
As of beginning of the year	3,347,100	¥ 4,094	3,303,600	¥ 4,111	3,180,900	¥ 4,136
Exercised	(43,500)	2,802	(122,700)	3,464	(12,000)	3,712
As of end of the year	<u>3,303,600</u>	<u>4,111</u>	<u>3,180,900</u>	<u>4,136</u>	<u>3,168,900</u>	<u>4,138</u>

All of the stock options were exercisable as of March 31, 2023, 2024 and 2025.

The weighted-average share price at the date of exercise was JPY 3,852, JPY 4,540 and JPY 4,167 during the years ended March 31, 2023, 2024 and 2025, respectively. The weighted-average exercise price and weighted-average remaining contractual life of the share options outstanding were JPY 4,111 and 9 years, JPY 4,136 and 8 years, and JPY 4,138 and 7 years, as of March 31, 2023, 2024 and 2025, respectively.

Stock Incentive Plans

Takeda has the following 3 stock-based incentive compensation plans for its directors and eligible employees including members of senior management:

Board incentive plan ("BIP") Trust -The BIP Trust is an incentive plan for board directors designed based on Restricted Stock Units and Performance Share Units, whereby Restricted Stock Unit awards and Performance Share Unit awards are granted to board directors. Each award point is settled in a single share of the Company's common stock. Under the BIP, Restricted Stock Unit awards are subject to certain service-based conditions, and vest ratably over three years or vest three years from the date of grant. Performance Share Unit awards are granted to internal directors and are subject to certain service-based conditions and also subject to the achievement of certain performance metrics that are intended to align with Takeda's strategic focus and long-term growth. Performance Share Unit awards vest three years from the date of grant. For purposes of the Performance Share Unit awards, the performance metrics may include top line revenues, cash flow, indicators on profit, R&D metrics and other performance factors over a three-year performance period. The settlement value of the awards is based on stock price and subject to, among other things, applicable tax withholding, foreign exchange rates (in countries other than Japan) and the value of company dividends during the vesting period. Takeda, through a wholly owned trust, buys shares of the Company's common stock in the market on the grant date, and uses these shares to settle the awards upon vesting. The number of shares the individual receives (either through physical settlement or cash) is based on the achievement of the performance criteria and vesting of the award. The trust settles the awards through the issuance of shares to individuals residing in Japan. For individuals residing outside of Japan, the trust sells the shares the individual is eligible to receive and pays cash to the individual in settlement of the award.

Employee Stock Ownership Plan ("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 certain employees, including members of senior management of the Company. Each award point is settled in a single share of the Company's common stock. 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. Restricted Stock Unit awards are subject to certain service-based conditions and vest ratably over three years. Performance Share Unit awards are subject to certain service-based conditions and also subject to the achievement of certain performance metrics that are intended to align with Takeda's strategic focus and long-term growth. Performance Share Unit awards vest three years from the date of grant. For purposes of the Performance Share Unit awards, the performance metrics may include top line revenues, cash flow, indicators on profit, R&D metrics and other performance factors over a three-year performance period. The settlement value of the awards is based on stock price and subject to, among other things, applicable tax withholding and the value of company dividends during the vesting period. Takeda, through a wholly owned

trust, buys shares of the Company's common stock in the market or issues shares the Company's common stock on the grant date and uses these shares to settle the awards upon vesting. The number of shares the individual receives is based on the achievement of the performance criteria and vesting of the award. The trust settles the awards through the issuance of shares to individuals residing in Japan. For individuals residing outside of Japan, the trust sells the shares the individual is eligible to receive and pays cash to the individual in settlement of the award.

Long-Term Incentive Plan for Company Group Employees residing outside of Japan ("LTIP") - The LTIP was approved by the Board on June 24, 2020 and is an incentive plan that provides for the grant of awards to eligible employees, including members of senior management of the Company and its subsidiaries and affiliates outside of Japan. The LTIP provides for the grant of Restricted Stock Units and Performance Stock Units, as well as other equity based awards. Grants under the LTIP may be settled in American Depositary Shares ("ADSs") or cash, or a combination thereof. Takeda first granted awards under the LTIP on July 1, 2020 in the form of Restricted Stock Unit awards and Performance Stock Unit awards, and no other forms of awards have been granted under the LTIP to date. Restricted Stock Unit awards are subject to certain service-based conditions and vest ratably over three years. Performance Stock Unit awards are subject to certain service-based conditions and also subject to the achievement of certain performance metrics that are intended to align with Takeda's strategic focus and long-term growth. Performance Stock Unit awards vest three years from the date of grant. For purposes of the Performance Stock Unit awards, the performance metrics may include top line revenues, cash flow, indicators on profit, R&D metrics and other performance factors over a three-year performance period. The value of such awards when such awards are to be settled in ADSs is based on the fair market value of the shares of the Company's common stock converted into ADSs, subject to, among other things, applicable tax withholding, foreign exchange rates and the value of company dividends during the vesting period. Restricted Stock Unit awards and Performance Stock Unit awards granted under the LTIP are to be settled in ADSs to award recipients residing and employed in countries outside of Japan where settlement in ADSs is permitted by local law and regulation. In countries outside of Japan where such form of settlement is not permissible due to legal, regulatory and/or administrative reasons, Restricted Stock Unit awards and Performance Stock Unit awards are structured such that settlement is to be made in cash and accounted as a "Cash-Settled LTIP Award" (please refer to Cash-Settled LTIP Awards).

The total compensation expense recognized related to these plans was JPY 60,672 million, JPY 70,871 million and JPY 72,867 million during the years ended March 31, 2023, 2024 and 2025, respectively.

The weighted average fair value of the award points/units at the grant date is as follows (in JPY):

	For the Year Ended March 31		
	2023	2024	2025
BIP:			
Weighted average fair value at grant date	¥ 3,759	¥ 4,527	¥ 4,192
ESOP:			
Weighted average fair value at grant date	3,759	4,527	4,192
Equity-Settled LTIP:			
Weighted average fair value at grant date	1,909 (USD14.09 in contractual currency)	2,273 (USD15.71 in contractual currency)	2,092 (USD13.00 in contractual currency)

The grant date fair value for BIP and ESOP was calculated using the share price of the Company's common stock on the grant date while the grant date fair value for LTIP was calculated using the share price of ADS as it was determined to be approximately the same as the fair value of the awards. One ADS equals 0.5 of the Company's common stock.

The following table summarizes the award activity related to the BIP (the number of award points) (1 award point represents 1 share of the Company's common stock), ESOP (the number of award points) (1 award point represents 1 share of the Company's common stock) and Equity-settled LTIP (the number of award units) (1 award unit represents 1 share of the ADS). One ADS equals 0.5 of the Company's common stock:

	For the Year Ended March 31								
	2023			2024			2025		
	BIP	ESOP	Equity-Settled LTIP	BIP	ESOP	Equity-Settled LTIP	BIP	ESOP	Equity-Settled LTIP
At beginning of the year	1,216,361	3,372,452	40,861,734	1,311,989	773,844	59,752,598	1,199,972	746,762	65,410,484
Granted	544,491	450,340	38,897,622	338,189	363,559	36,531,621	331,999	363,868	44,722,656
Forfeited/expired before vesting	(13,554)	(96,015)	(4,682,948)	—	(39,545)	(4,747,804)	—	(98,350)	(10,023,316)
Vested	(435,309)	(2,949,200)	(15,237,880)	(450,206)	(351,096)	(25,916,216)	(461,783)	(346,903)	(29,843,482)
Transfer to Cash-Settled LTIP	—	—	(85,930)	—	—	(209,715)	—	—	—
Transfer to Cash-Settled RSU	—	(3,733)	—	—	—	—	—	—	—
At end of the year	<u>1,311,989</u>	<u>773,844</u>	<u>59,752,598</u>	<u>1,199,972</u>	<u>746,762</u>	<u>65,410,484</u>	<u>1,070,188</u>	<u>665,377</u>	<u>70,266,342</u>

The balance as of March 31, 2023, 2024 and 2025, each represents unvested awards. The weighted average remaining contractual life of the outstanding award points/units was one year for the BIP as of March 31, 2024 and 2025, one year for the ESOP as of March 31, 2024 and 2025, and one year for the Equity-Settled LTIP plans as of March 31, 2024 and 2025.

Cash-Settled Awards

Takeda previously provided a phantom stock appreciation rights (“PSARs”) plan through the year ended March 31, 2014, and a restricted stock units (“RSUs”) plan through the year ended March 31, 2021 for certain employees of subsidiaries of the Company. The value of these awards is linked to share price of the Company and are settled in cash. Moreover, where settlement of awards granted under the LTIP described under “—Equity Settled Plans” above in ADSs or shares of common stock is not permissible due to legal, regulatory and/or administrative reasons, such awards are settled in cash. The total compensation expense recorded in association with these plans was JPY 352 million, JPY 639 million and JPY 717 million during the years ended March 31, 2023, 2024 and 2025, respectively. The total liability reflected in the consolidated statements of financial position as of March 31, 2023, 2024 and 2025 was JPY 1,026 million, JPY 1,018 million and JPY 642 million, respectively.

Phantom stock appreciation rights (“PSARs”)

The PSARs vest one third each year over a three-year period from the end of the fiscal year during which the awards were granted and can be exercised for a period of ten years from the end of the fiscal year during which the awards were granted. The awards are settled through a cash payment to the holder based on the difference between the share price of the Company at the date of exercise, and the share price at the date of grant.

The following table summarizes the award activity related to the PSARs (the number of awards) (1 award represents 1 share of the Company's common stock) :

	For the Year Ended March 31					
	2023		2024		2025	
	Number of PSARs	Weighted average exercise price (JPY)	Number of PSARs	Weighted average exercise price (JPY)	Number of PSARs	Weighted average exercise price (JPY)
As of beginning of the year	1,471,095	¥ 5,481	217,530	¥ 5,956	—	¥ —
Forfeited/expired after vesting	(1,253,565)	6,054	(217,530)	6,428	—	—
As of end of the year	<u>217,530</u>	<u>5,956</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

All PSARs were vested and expired as of March 31, 2024 and 2025. There was no intrinsic value of vested cash-settled share-based payments as of March 31, 2023.

Restricted stock units (RSUs)

The RSUs vest one third each year over a three-year period from the end of the fiscal year during which the awards were granted. The RSUs are settled upon vesting based on the share price at the vesting date plus any dividends paid on shares during the vesting period. There is no exercise price payable by the holder.

The following table summarizes the award activity related to the RSUs (the number of awards) (1 award represents 1 share of the Company's common stock):

	For the Year Ended March 31		
	2023	2024	2025
As of the beginning of the year	317,734	—	—
Forfeited/expired before vesting	(8,208)	—	—
Vested	(313,259)	—	—
Transfer from Equity-Settled ESOP	3,733	—	—
As of the end of the year	—	—	—

There is no unvested balance as of March 31, 2023, 2024 and 2025.

Cash-Settled LTIP Awards

As noted above, for purposes of restricted stock unit awards and performance stock units granted under the LTIP in countries where settlement in ADSs is not permissible due to legal, regulatory and/or administrative reasons, such grants are structured such that settlement is to be made in cash and accounted for as Cash-Settled LTIP Awards.

The following table summarizes the award activity related to the Cash-Settled LTIP Awards (the number of awards) (1 award represents 1 ADS):

	For the Year Ended March 31		
	2023	2024	2025
As of the beginning of the year	296,640	367,642	395,762
Granted	213,224	197,798	341,518
Forfeited/expired before vesting	(30,372)	(38,245)	(53,520)
Vested	(197,780)	(341,148)	(312,092)
Transfer from Equity-Settled LTIP	85,930	209,715	—
As of the end of the year	367,642	395,762	371,668

The balance as of March 31, 2023, 2024 and 2025, each represents unvested awards.

29. Subsidiaries and Associates

The number of consolidated subsidiaries decreased by 11 in the year ended March 31, 2025, primarily due to liquidations and mergers to reorganize capital in subsidiaries. The number of associates accounted for using the equity method decreased by 1 primarily due to a divestiture and change of ownership ratio.

The following is a listing of the Company's consolidated subsidiaries (including partnerships): 158 subsidiaries as of March 31, 2025

Company name	Country	Ownership of Voting Rights (%)
Takeda Argentina S.A.	Argentina	100.0%
Takeda Austria GmbH	Austria	100.0%
Takeda Manufacturing Austria AG	Austria	100.0%
Baxalta Innovations GmbH	Austria	100.0%
Baxalta Belgium Manufacturing S.A.	Belgium	100.0%
Takeda Distribuidora Ltda.	Brazil	100.0%
Takeda Pharma Ltda.	Brazil	100.0%
Takeda Canada Inc.	Canada	100.0%
Takeda APAC Biopharmaceutical Research and Development Co., Ltd.	China	100.0%
Takeda (China) Holdings Co., Ltd.	China	100.0%
Takeda (China) International Trading Co., Ltd.	China	100.0%
Tianjin Takeda Pharmaceuticals Co., Ltd.	China	100.0%
Takeda France S.A.S.	France	100.0%
Takeda GmbH	Germany	100.0%
Takeda Ireland Limited	Ireland	100.0%
Shire Acquisitions Investments Ireland Designated Activity Company	Ireland	100.0%
Shire Ireland Finance Trading Limited	Ireland	100.0%
Takeda Italia S.p.A.	Italy	100.0%
Takeda Pharmaceuticals Korea Co., Ltd.	Korea	100.0%
Takeda Mexico S.A.de C.V.	Mexico	100.0%
Takeda Nederland B.V.	Netherlands	100.0%
Takeda Pharmaceuticals Limited Liability Company	Russia	100.0%
Takeda Development Center Asia, Pte. Ltd.	Singapore	100.0%
Takeda Manufacturing Singapore Pte. Ltd.	Singapore	100.0%
Takeda Farmaceutica Espana S.A.	Spain	100.0%
Takeda Pharma AB	Sweden	100.0%
Takeda Pharmaceuticals International AG	Switzerland	100.0%
Baxalta Manufacturing S.à r.l.	Switzerland	100.0%
Takeda Pharma AG	Switzerland	100.0%
Takeda İlaç Sağlık Sanayi Ticaret Limited Şirketi	Turkey	100.0%
Takeda UK Limited	United Kingdom	100.0%
Takeda Pharmaceuticals U.S.A., Inc.	U.S.	100.0%
Takeda Vaccines, Inc.	U.S.	100.0%
Takeda Development Center Americas, Inc.	U.S.	100.0%
Baxalta Incorporated	U.S.	100.0%
Dyax Corp.	U.S.	100.0%
Takeda Ventures, Inc.	U.S.	100.0%
Baxalta US Inc.	U.S.	100.0%

Company name	Country	Ownership of Voting Rights (%)
Shire Human Genetic Therapies, Inc.	U.S.	100.0%
BioLife Plasma Services LP	U.S.	100.0%
Takeda Manufacturing U.S.A., Inc.	U.S.	100.0%
Takeda Pharmaceuticals America, Inc.	U.S.	100.0%
Other 116 subsidiaries		

Associates accounted for using the equity method: 15 associates as of March 31, 2025.

30. Related Party Transactions

Compensation for Key Management Personnel

Key management personnel are defined as members of the Board and CFO. The compensation for key management personnel is as follows:

	JPY (millions)		
	For the Year Ended March 31		
	2023	2024	2025
Basic compensation and bonuses	¥ 1,640	¥ 1,839	¥ 1,879
Share-based compensation (expensed amount)	2,403	2,749	2,466
Other	43	85	147
Total	¥ 4,085	¥ 4,673	¥ 4,491

Compensation granted to or earned by Milano Furuta before appointment as a Director is not included.

31. Business Combinations

Acquisitions during the Years ended March 31, 2023, 2024, and 2025

There was no material business combination during the years ended March 31, 2023, 2024, and 2025.

32. Commitments and Contingent Liabilities

Purchase commitments

The amount of contractual commitments for the acquisition of property, plant and equipment was JPY 20,073 million as of March 31, 2025.

Milestone Payments

As discussed in Note 13, Takeda has certain contractual agreements related to the acquisition of intangible assets that require it to make payments of up to JPY 1,074,308 million as of March 31, 2025. These commitments include development, regulatory approval and launch milestone payments in relation to R&D programs under development. The related commercial milestone payments were not included in the commitments given the payments were not deemed reasonably likely to occur.

Litigation

Takeda is involved in various legal and administrative proceedings. The most significant matters are described below.

Takeda 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. In these cases, appropriate disclosures about such cases would be included in this note, but no provision would be made for the cases.

With respect to each of the legal proceedings described below, other than those for which a provision has been made, Takeda is unable to make a reliable estimate of the expected financial effect at this stage. This is due to a number of factors, including, but not limited to, the stage of proceedings, the entitlement of parties to appeal a decision, if any, and lack of clarity as to the merits of theories of liability, the merits of Takeda's defenses, the amount and recoverability of damages and/or governing law. Takeda does not believe that information about the amount sought by the plaintiffs, if that is known, is, by itself, meaningful in every instance with respect to the outcome of those legal proceedings.

Legal expenses incurred and charges related to legal claims are recorded in selling, general and administrative expenses. Provisions are recorded, after taking appropriate legal and other specialist advice, where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome of the dispute. The factors Takeda considers in developing a provision include the merits and jurisdiction of the litigation, the nature and the number of other similar current and past litigation, 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. As of March 31, 2024 and 2025, Takeda's aggregate provisions for legal and other disputes were JPY 22,342 million and JPY 12,462 million, respectively. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. Unless otherwise stated below, Takeda is unable to predict the outcome or duration of these matters at this time.

Takeda's position could change over time, and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed, by a material amount, the amount of the provisions reported in these consolidated financial statements. Matters that were previously disclosed may no longer be reported because, as a result of rulings in the case, settlements, changes in our business or other developments, in our judgment, they are no longer material to our financial condition or operating results.

Product Liability and Related Claims

Pre-clinical and clinical trials are conducted during the development of potential products to determine the safety and efficacy of products for use by humans following approval by regulatory bodies. Notwithstanding these efforts, when drugs and vaccines are introduced into the marketplace, unanticipated safety issues may become, or be claimed by some to be, evident. Takeda is currently a defendant in a number of product liability lawsuits related to its products. For the product liability lawsuits and related claims, other than those for which a provision has been made, Takeda is unable to make a reliable estimate of the expected financial effect at this stage.

Takeda's principal pending legal and other proceedings are disclosed below. The outcomes of these proceedings are not always predictable and can be affected by various factors. For those legal and other proceedings for which it is considered at least reasonably possible that a loss has been incurred, Takeda discloses the possible loss or range of possible loss in excess of the recorded loss contingency provision, if any, where such excess is both material and estimable.

ACTOS Economic Loss Cases

Takeda has been named in ACTOS-related lawsuits brought by plaintiffs who do not assert any claims for personal injuries. Instead plaintiffs claim they suffered an economic loss by paying for ACTOS prescriptions that allegedly would not have been written had Takeda provided additional information about the alleged risks of bladder cancer associated with ACTOS in its US product label. A putative class of third party payors and consumers brought suit against Takeda in the U.S. District Court for the Central District of California.

Proton Pump Inhibitor (“PPI”) Product Liability Claims

As of March 31, 2024, more than 6,100 product liability lawsuits related to the use of PREVACID and DEXILANT had been filed against Takeda in U.S. federal and state courts. Most of these cases were pending in U.S. federal court and were consolidated for pre-trial proceedings in a multi-district litigation in federal court in New Jersey. The plaintiffs in these cases alleged that they developed kidney injuries or, in some cases, gastric cancer as a result of taking PREVACID and/or DEXILANT, and that Takeda failed to adequately warn them of these potential risks. Similar cases were filed against other manufacturers of drugs in the same PPI class as Takeda’s products, including AstraZeneca plc, Procter & Gamble Company and Pfizer Inc. Outside the U.S., one proposed class action is pending in Canada (Saskatchewan).

In April 2024, Takeda reached an agreement in principle to resolve the U.S. cases and established a provision for a non-material amount. In November 2024, the final written settlement agreement was executed with lead plaintiffs’ counsel for the same amount. The terms of the settlement are confidential. The settlement has no material impact on Takeda’s consolidated statements of profit or loss.

Intellectual property

Intellectual property claims include challenges to the validity and enforceability of Takeda’s patents on various products or processes as well as assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequences of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for Takeda.

TRINTELLIX

Takeda has received notices from sixteen generic pharmaceutical companies that they have submitted Abbreviated New Drug Applications (“ANDAs”) with paragraph IV certifications seeking to sell generic versions of TRINTELLIX. Takeda filed patent infringement lawsuits against the ANDA filers in federal court in Delaware. Lawsuits against ten ANDA filers were resolved before trial. A trial took place from January 15 to January 28, 2021 with six ANDA filers, including Alembic Pharmaceuticals Limited and Alembic Pharmaceuticals (collectively, “Alembic”), Inc., Lupin Limited and Lupin Pharmaceuticals, Inc. (collectively, “Lupin”), Macleods Pharmaceuticals Ltd. (“Macleods”), Sigmapharm Laboratories, LLC, Sandoz, Inc. (“Sandoz”), and Zydus Pharmaceuticals (USA) Inc. and Cadila Healthcare Limited. The Court issued its decision on September 30, 2021 and found that US Patent 7,144,884, which covers vortioxetine (the active ingredient in TRINTELLIX), is valid. For the rest of the asserted patent, only US Patent 9,101,626, which covers processes for synthesizing vortioxetine, was found to be infringed by Lupin. Other patents (including crystalline form and certain method of use patents) were found to be valid but not infringed by any of the defendants.

Takeda filed a notice of appeal on November 24, 2021. Lupin filed a notice of appeal on November 29, 2021 and other defendants filed a notice of appeal on December 8, 2021. Oral argument at the Federal Circuit Court took place on September 8, 2023. On December 7, 2023, the Federal Circuit Court affirmed the district court decision that the method of use patents are valid but not infringed and the process patent is infringed by Lupin. Takeda did not appeal to the Supreme Court (petition for the Supreme Court to grant a writ of certiorari). Lupin did not appeal to the Supreme Court by the deadline of March 6, 2024.

Macleods, Sandoz, and Alembic filed motions seeking recovery of attorney fees in February 2024. Takeda filed opposition briefs on March 15, 2024. On February 8, 2025, the Court ruled to deny these fee motions. As no further appeal was filed within the 30-day deadline, the case was officially closed.

This decision has no material impact on Takeda’s consolidated statements of profit or loss.

Other

In addition to the individual cases described above, there are no other patent litigations that have a material impact on Takeda’s consolidated financial statements as of and for the year ended March 31, 2025.

Sales, Marketing, and Regulation

Takeda has other litigations related to its products and its activities, the most significant of which are describe below.

ACTOS Antitrust Litigation

In December 2013, the first of two antitrust class action lawsuits was filed against Takeda in the U.S. District Court for the Southern District of New York by a putative class of patients who were prescribed ACTOS. The second class action was filed against Takeda in the same court in April 2015 by a putative class of wholesalers that purchased ACTOS from Takeda. In both actions, plaintiffs allege, inter alia, that Takeda improperly characterized certain patents for ACTOS in the FDA Orange Book, which they claim imposed requirements on generic companies that filed Abbreviated New Drug Applications and, in turn, resulted in delayed market entry for generic forms of ACTOS.

INTUNIV Antitrust Litigation

In January 2017, an antitrust class action was filed against Shire plc, Shire LLC, and Shire U.S. Inc. (collectively, “Shire”) in the U.S. District Court for the District of Massachusetts. The plaintiffs, a putative class of wholesalers, allege that Shire’s settlement in 2013 of patent litigation claims against Actavis Elizabeth LLC related to its generic formulation of INTUNIV constituted an anticompetitive “reverse payment.”

In June 2024, Takeda has reached an agreement-in-principle to resolve the matter on a class basis for an amount that is immaterial. The settlement received final approval from the court in November 2024. The settlement has no material impact on Takeda’s consolidated statements of profit or loss.

AMITIZA Antitrust Litigation

In August 2021, an antitrust class action was filed against Takeda Pharmaceuticals U.S.A., Inc. (“Takeda”) in the U.S. District Court for the District of Massachusetts. The plaintiffs, a putative class of wholesalers, allege that a settlement that Takeda and Sucampo Pharmaceuticals, Inc. entered into in 2014 with Par Pharmaceutical, Inc. (“Par”) to resolve patent litigation claims related to Par’s generic formulation of AMITIZA were anticompetitive. In December 2023, a health insurer plaintiff filed a complaint on behalf of a class of end payors, and in January 2024, retail pharmacies plaintiffs also filed a complaint. In January and February 2025, separate individual health insurer plaintiffs filed additional complaints in Massachusetts State Court.

COLCRYS Antitrust Litigation

In September 2021, an antitrust class action was filed against Takeda Pharmaceuticals U.S.A., Inc. (“Takeda”) in the U.S. District Court for the Eastern District of Pennsylvania. The plaintiffs, a putative class of wholesalers, allege that settlements that Takeda entered into in 2015 and 2016 to resolve patent litigation claims against several generic pharmaceutical manufacturers related to generic formulations of COLCRYS were anticompetitive. In September 2023, Takeda reached an agreement in principle to resolve the antitrust matter for an amount that is immaterial, which was fully executed in December 2023. The settlement had no material impact on Takeda’s consolidated statements of profit or loss.

In November 2023, a subsequent antitrust class action challenging the same settlements was filed in the U.S. District Court for the Southern District of New York by plaintiffs seeking to represent a putative class of end payors.

DEXILANT Antitrust Litigation

In March 2025, four individual retail pharmacies filed a civil action in the U.S. District Court for the Northern District of California against Takeda and Twi Pharmaceuticals, Inc. (“Twi”), a generic pharmaceutical manufacturer, alleging that the settlement agreement Takeda and Twi entered into in April 2015 to resolve patent litigation related to DEXILANT violated the U.S. antitrust laws. Subsequently, complaints were filed on behalf of classes of direct and indirect purchasers, as well as individual retail pharmacies, asserting substantially the same allegations.

Department of Justice Civil Investigative Demands

On February 19, 2020, Takeda received a Civil Investigative Demand (“CID”) from the DOJ (through its office in Washington, DC). The CID seeks information as part of an investigation of possible off-label promotion and violations of the Anti-Kickback Statute in connection with the promotion and sale of TRINTELLIX. Takeda is cooperating with the DOJ’s investigation.

On February 28, 2020, Takeda received a CID from the DOJ (through its office in Washington, DC). The CID seeks information as part of an investigation of possible kickbacks to a Florida allergy center in connection with the promotion and sale of Takeda’s subcutaneous IG products, CUVITRU, HYQVIA and GAMMAGARD. Takeda is cooperating with the DOJ’s investigation.

Brazilian Investigation Related to ELAPRASE and REPLAGAL

On November 30, 2021, the Brazilian federal authorities executed a search warrant at Takeda offices in Brazil. The warrant sought records about information Takeda received from the Brazilian National Sanitary Surveillance Agency (AVISA) as well as any records related to donations made to charitable organizations which provide funding to patients who are pursuing claims for reimbursement from the Brazilian government for prescriptions of ELAPRASE and REPLAGAL. Takeda is cooperating with the investigation.

33. Subsequent Events

On June 12, 2025, Takeda issued unsecured JPY denominated senior bonds (“JPY Bonds”) with an aggregate principal amount of JPY 184,000 million. The proceeds obtained through the JPY Bonds issuance will be used to redeem short-term commercial paper that was issued to fund the early repayment of the syndicated loan in March 2025. The JPY Bonds are comprised of three tranches of JPY 103,000 million, JPY 41,000 million and JPY 40,000 million, and these will mature on June 12, 2030, June 11, 2032 and June 12, 2035, respectively. Interest is payable semi-annually at rates of 1.599%, 1.935% and 2.292% per annum, respectively. Takeda is not subject to any financial covenants related to the JPY Bonds.