Annual Securities Report

From April 1, 2021 to March 31, 2022

(The 145th Fiscal Year)

Takeda Pharmaceutical Company Limited

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

In this annual securities report, we present our audited consolidated financial statements as of March 31, 2021 and 2022 and for the fiscal years ended March 31, 2021 and 2022. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The term IFRS also includes International Accounting Standards ("IAS") and the related interpretations of the committees (Standard Interpretations Committee and International Financial Reporting Interpretations Committee).

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

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

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

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[Document Filed]	Annual Securities Report
[Applicable Law]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 29, 2022
[Fiscal Year]	The 145th Fiscal Year (from April 1, 2021 to March 31, 2022)
[Company Name]	Takeda Pharmaceutical Company Limited
[Title and Name of Representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Address of Head Office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka (The above address is the registered head office location and the ordinary business operations are conducted at the "Nearest Place of Contact")
[Telephone Number]	Not applicable
[Name of Contact Person]	Not applicable
[Nearest Place of Contact]	1-1, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo (Global Headquarters)
[Telephone Number]	+81-3-3278-2111 (Main telephone number)
[Name of Contact Person]	Norimasa Takeda, Chief Accounting Officer & Corporate Controller, Global Finance
[Place for Public Inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

Part 1. Information on Takeda

I. Overview of Takeda

1. Key Financial Data

(1) Consolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	141st	142nd	143rd	144th	145th
Year Ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Revenue	¥ 1,770,531	¥ 2,097,224	¥ 3,291,188	¥ 3,197,812	¥ 3,569,006
Profit (loss) before tax	217,205	127,612	(60,754)	366,235	302,571
Net profit for the year	186,708	135,080	44,290	376,171	230,166
Net profit attributable to owners of the Company	186,886	135,192	44,241	376,005	230,059
Total comprehensive income (loss) for the year	242,664	121,595	(199,419)	697,416	824,427
Total equity	2,017,409	5,185,991	4,727,486	5,177,177	5,683,523
Total assets	4,106,463	13,792,773	12,821,094	12,912,293	13,178,018
Equity attributable to owners of the Company per share (JPY)	2,556.51	3,332.94	3,032.22	3,308.93	3,665.61
Basic earnings per share (JPY)	239.35	140.61	28.41	240.72	147.14
Diluted earnings per share (JPY)	237.56	139.82	28.25	238.96	145.87
Ratio of equity attributable to owners of the Company to total assets (%)	48.6	37.6	36.8	40.1	43.1
Return on equity attributable to owners of the Company (%)	9.6	3.8	0.9	7.6	4.2
Price earnings ratio (Times)	21.7	32.2	116.4	16.6	23.8
Net cash from (used in) operating activities	377,854	328,479	669,752	1,010,931	1,123,105
Net cash from (used in) investing activities	(93,342)	(2,835,698)	292,119	393,530	(198,125)
Net cash from (used in) financing activities	(326,226)	2,946,237	(1,005,213)	(1,088,354)	(1,070,265)
Cash and cash equivalents at the end of the year	294,522	702,093	637,614	966,222	849,695
Number of employees (Number of persons)	27,230	49,578	47,495	47,099	47,347

Notes:

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

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

(2) Unconsolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	141st	142nd	143rd	144th	145th
Year Ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	¥ 659,462	¥ 651,347	¥ 616,288	¥ 602,557	¥ 764,301
Ordinary income	125,944	17,514	72,252	50,010	550,876
Net income	187,004	88,231	130,626	247,513	324,450
Share capital	77,914	1,643,585	1,668,123	1,668,145	1,676,263
Total number of shares issued (Thousands of shares)	794,688	1,565,006	1,576,374	1,576,388	1,582,253
Total equity	1,565,913	4,647,171	4,549,000	4,434,889	4,294,899
Total assets	2,948,562	9,534,645	10,289,304	10,856,450	9,641,648
Net assets per share (JPY)	2,002.29	2,987.94	2,919.21	2,835.81	2,769.31
Dividend per share (JPY) [Interim dividend per share (JPY)]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]
Basic earnings per share (JPY)	239.47	91.76	83.88	158.45	207.50
Diluted earnings per share (JPY)	239.18	91.72	83.87	158.44	207.50
Equity ratio (%)	53.1	48.7	44.2	40.8	44.5
Return on equity (%)	12.1	2.8	2.8	5.5	7.4
Price earnings ratio (Times)	21.6	49.3	39.4	25.1	16.9
Payout ratio (%)	75.2	196.2	214.6	113.6	86.7
Number of employees (Number of persons)	5,461	5,291	5,350	4,966	5,149
Total shareholders return [Comparative indicator: TOPIX Net Total Return](%)	102.6 [115.9]	93.3 [110.0]	73.6 [99.6]	90.0 [141.5]	84.1 [144.3]
Highest stock price (JPY)	6,693	5,418	4,625	4,365	4,115
Lowest stock price (JPY)	5,105	3,498	2,895	3,119	2,993

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

2. History

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

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

3. Business Overview

Takeda consists of 225 companies: Takeda Pharmaceutical Company Limited (hereafter referred to as the "Company"), 205 consolidated subsidiaries (including partnerships), and 19 associates accounted for using the equity method. The major business of Takeda is research, development, manufacturing and marketing of pharmaceutical products. Takeda focuses on its five key business areas: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology and Neuroscience.

The outline of the roles of subsidiaries which compose Takeda as of March 31, 2022 is as follows.

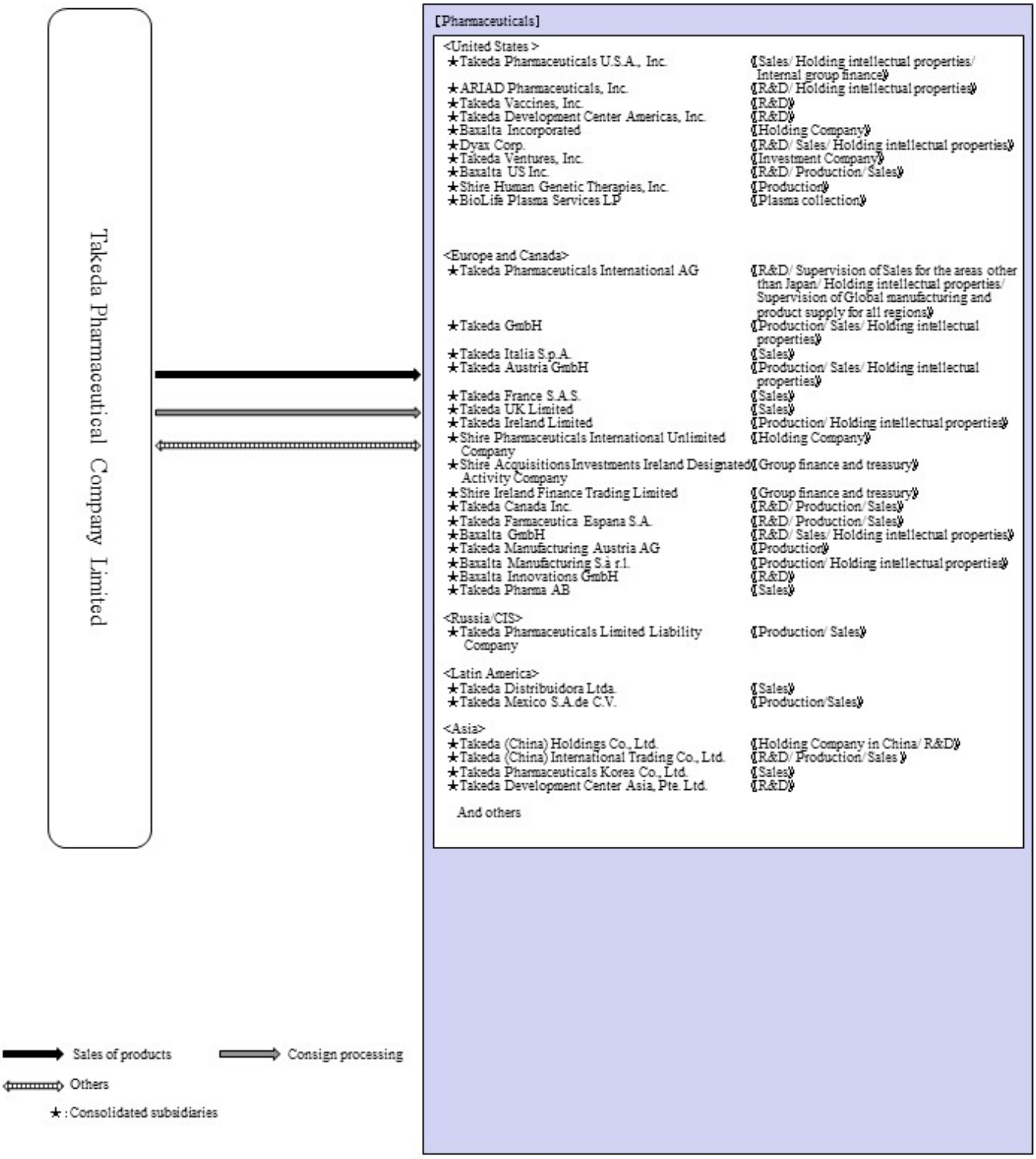
Segment information is omitted as Takeda operates a single reportable segment of Pharmaceuticals.

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

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

In research and development, Takeda focuses its efforts across three areas: "Innovative Biopharma" focusing on four core Therapeutic Areas (oncology, rare genetics and hematology, neuroscience and gastroenterology ("GI")), Plasma-Derived Therapies ("PDT") and Vaccines. Takeda strengthens its pipeline through in-house R&D activities at R&D centers mainly located in Japan and the U.S., and through alliances with external partners.

Overview of Takeda group is as follows:



4. Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2022

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

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Europe and Canada	Takeda Pharmaceuticals International AG (*)	Opfikon, Switzerland	5 million Swiss franc	Pharmaceuticals	100.0	—	100.0	—	—	Purchases drugs from the Company	Borrows fund
	Takeda GmbH	Konstanz, Germany	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Italia S.p.A.	Rome, Italy	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Austria GmbH	Linz, Austria	€15 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda France S.A.S.	Paris, France	€3 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda UK Limited	London, United Kingdom	£50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for payments of rental fees for real-estate and other
	Takeda Ireland Limited	Kilruddery, Ireland	€396 million	Pharmaceuticals	100.0	—	100.0	—	—	Produces drugs on behalf of the Company	—
	Shire Pharmaceuticals International Unlimited Company (*)	Dublin, Ireland	US$6,892 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Acquisitions Investments Ireland Designated Activity Company	Dublin, Ireland	US$20	Pharmaceuticals	100.0	—	100.0	—	—	—	Guarantees for redemption of bond
	Shire Ireland Finance Trading Limited (*)	Dublin, Ireland	US$3,165 million	Pharmaceuticals	100.0	—	100.0	—	—	—	Borrows fund Guarantees for foreign exchange derivatives
	Takeda Canada Inc.	Toronto, Canada	CAD41 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	€2 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta GmbH	Opfikon, Switzerland	20 thousand Swiss franc	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing Austria AG	Vienna, Austria	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Manufacturing, S.a.r.l.	Neuchatel, Switzerland	2 million Swiss franc	Pharmaceuticals	30.5	69.5	100.0	—	—	—	—
	Baxalta Innovations GmbH	Vienna, Austria	€36 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for lease payments
	Takeda Pharma AB	Stockholm, Sweden	2 million Swedish krona	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	26 thousand Russian ruble	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Latin America	Takeda Distribuidora Ltda.	Sao Paulo, Brazil	140 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Mexico S.A.de C.V.	Naucalpan, Mexico	387 million Mexican peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$75 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda (China) International Trading Co., Ltd.	Shanghai, China	US$16 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	2,100 million Korean won	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Asia, Pte. Ltd.	Singapore	S$5 million	Pharmaceuticals	100.0	—	100.0	—	—	Conducts development of drugs on behalf of the Company	—
	Other 171 subsidiaries										

(Associates accounted for using the equity method) 19 associates

Notes:

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

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

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

	Takeda Pharmaceuticals U.S.A. Inc. JPY (millions)
(1) Revenue	1,552,133
(2) Operating profit	105,682
(3) Net profit for the year	180,872
(4) Total equity	4,739,129
(5) Total assets	8,722,943

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

(5) (*) is a specified subsidiary.

5. Employees

(1) Takeda

As of March 31, 2022

Operating Segment	Number of Employees
Pharmaceuticals	47,347
Total	47,347

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

(2) The Company

As of March 31, 2022

Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)
5,149	42.4	14.2	11,051

Operating Segment	Number of Employees
Pharmaceuticals	5,149
Total	5,149

Notes:
(1) The number of employees represents the number of permanent employees excluding temporary employees. It is calculated on a full-time equivalent basis (*).
(*) If there are part-time workers among permanent employees, they are counted by converting into full- time employees.
(2) The average annual salary includes bonuses and extra wages.

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 3,819 in total as of March 31, 2022.

Regarding the workers' union of Takeda, the National Council of Takeda-Related Workers' Unions (NCTWU) was founded as a friendship organization in 1948 together with six workers' unions which have capital and business relationships with the Company. The union was renamed to TAKEZENKYO in 1969, and TAKEZENREN (National Federation of Takeda and Related Enterprise Based Unions) was founded as a federation in 2006. TAKEZENKYO was integrated into TAKEZENREN in 2009, and as of March 31, 2022, 11 enterprise-based unions including the Company, and Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, joined TAKEZENREN.

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

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

II. Operating and Financial Review and Prospects

1. Management Policy, Management Environment and Management Issues

Takeda Corporate Philosophy is as below:

Purpose

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

Vision

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

Values: Takeda-ism

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

Imperatives

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

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

People
- We create an exceptional people experience.

Planet
- We protect our planet.

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

The pace of innovation in the global pharmaceutical industry is faster than ever, accelerated by the introduction of new medical technologies such as immunotherapies in oncology, and cell and gene therapy. The COVID-19 pandemic has served as a catalyst for a new era in innovation, demonstrated by the remarkable speed of bringing life-saving vaccines to millions of people around the world. While such medical innovation has improved healthcare outcomes, investment in healthcare has been rising faster than gross domestic product (GDP) and incomes for decades due to growing and aging populations, lifestyle changes and the availability of more advanced solutions for complex diseases. Consequently, payers are becoming increasingly selective in determining which treatments will be reimbursed. National governments are promoting generic and biosimilar alternatives, and are increasing downward pressure on drug prices. On the other hand, many unmet medical needs still exist. The global healthcare system is under unprecedented strain, and ever-widening gaps in access to care have further demonstrated the need for better access and policies to address health inequity. Regional or multilateral conflicts caused by political divisions can quickly lead to shifts in the geopolitical landscape and turbulent market dynamics. In addition, public health is integrally linked to the impacts of climate change, and as temperatures rise there will be challenges related to climate-accelerated diseases and access to care for patients in impacted regions.

Takeda continues to grow into the most trusted, science-driven, data and technology powered biopharmaceutical company and amid this external business environment our commitment to patients and the work that we do to support them is even more important. We aim to translate science into highly innovative, life-changing medicines where there is significant unmet need across our four core therapeutic areas: Oncology, Rare Genetics and Hematology, Neuroscience, and Gastroenterology. Our programs are based on targets with strong human validation, represent diverse modalities and leverage our growing platform capabilities in cell therapy, gene therapy and data sciences. Our global footprint and diverse product portfolio has given us the foundation to scale innovation and we continue to bring new therapies to patients, expand indications and launch existing products in new geographies. We expect the continued acceleration of our existing portfolio, driven by our global growth products and new product launches, will more than offset revenue decline from anticipated losses of exclusivity in the medium-term. We use this momentum to nurture a diverse pipeline with approximately 40 clinical stage medicines driven by our reimagined R&D engine and through more than 200 partnerships.

To ensure the creativity and innovation of business execution and to increase our focus on key strategic areas to remain competitive in the future, in April 2022, Takeda completed the strategic reorganization of the Takeda Executive Team (TET), comprising members with diverse backgrounds in generation, nationality, sexual orientation and gender. Our new Global Portfolio Division has been brought together to position Takeda's future success by growing our global brands – through lifecycle management, geographic expansion, and market penetration – as well as supporting the continued growth of our late-stage pipeline, driving commercial launches and supporting our expansion in China. The reorganization of the TET also reflected our focus on data, digital and technology and sustainability.

Technology is revolutionizing our business and creating better experiences and outcomes for patients by accelerating the discovery, development and delivery of life-transforming treatments. Data and digital has radically transformed the workplace and the way we work, and will continue to do so. Unleashing the power of data and technology will be crucial to Takeda's next phase of growth. Takeda is making significant progress already such that we are leveraging digital and data to create a patient-focused, hybrid approach to clinical trials that also may help us reach more diverse participants. We are building highly advanced manufacturing plants with automated visual inspection and using artificial intelligence (AI) companions to create an onboarding experience for new colleagues. Using AI and digital capabilities, we will create more personalized experiences for all employees – enabling inclusion and collaboration, and fostering innovation.

At Takeda, purpose-led sustainability is about creating sustainable value for all stakeholders using our core assets and capabilities - our unwavering corporate values and culture, R&D engine, manufacturing and commercial capabilities - to solve big societal challenges. In short, sustainability is about the way we do business. We look beyond environmental sustainability and apply this lens to the entire value chain, including the enablement of sustainable health care systems. This begins with applying a holistic approach to ensure patients have timely

access to the medications and treatments they need, through policy shaping, tiered-pricing, patient assistance programs and compassionate access. We believe that value-based healthcare will be essential to address the challenges health systems face and to deliver innovative health services in a sustainable and equitable way.

Recruiting, developing and retaining diverse talent is vital for creating value for the diverse patients we serve. Takeda recognizes that creating diverse, inclusive and equitable work environments is critical to building a healthy company culture that empowers our employees to live our purpose. Our intention is to continuously deliver an exceptional people experience. We believe that the innovation we create in our laboratories, in our manufacturing sites and in our offices are only as good as the people who make up Takeda. We respect the voices of our employees, provide support for employee well-being and life-long learning, and dedicate resources to understanding what the future of our workplace will look like with a hybrid working model.

Takeda is also committed to delivering a high standard of environmental leadership, recognizing that global warming and pollution both impact human health and our ability to realize our purpose. We have been carbon neutral across our value chain since 2020, and we are now committed to achieving net-zero greenhouse gas emissions related to our operations (including Scopes 1 and 2) before 2035 and for our entire value chain (including currently estimated[(1)] Scope 3 GHG emissions) before 2040[(2)]. These are challenging ambitions; however, based on our experiences in past years, we remain committed and confident that we can deliver. We are focused on product stewardship, water supply and waste management, and proactively identify pollution prevention opportunities and minimize negative environmental impacts throughout the entire life-cycle of our products.

[(1)] A lack of transparency into, and a difficulty measuring, actual Scope 3 emissions remains an important challenge to overcome as part of these efforts.
[(2)] Takeda defines carbon neutrality and net zero emissions in accordance with The Greenhouse Gas Protocol.

(Impact of the Spread of the Novel Coronavirus Infectious Disease (COVID-19) and Takeda’s Initiatives in Response)

(i) Impact of COVID-19 on Takeda’s Operations and Financial Condition

Takeda continues to respond to the COVID-19 pandemic and provide industry support in a number of ways. While vaccines are becoming more broadly available, we continue to strictly adhere to local public health guidance across our geographies in addition to the internal protocols we have put in place, and monitor any potential impacts of the effects and evolution of COVID-19, including new variants, on our business activities.

In monitoring demand for our products, we have seen limited impact as many of our medicines are for severe chronic or life-threatening diseases, without the requirement of a hospital elective procedure. In terms of our global supply chain, based on current assessments, we have not seen, nor do we anticipate, any material potential supply distribution issues due to the COVID-19 pandemic. Where appropriate and in accordance with local public health guidance and regulations, our field employees have resumed some face-to-face engagements with customers. Clinical trial activities that were temporarily paused during the previous fiscal year have generally been resumed while we continue to monitor the evolution of the pandemic.

As we continue to monitor developments in the financial markets, we currently do not anticipate any material liquidity or funding-related issues.

(ii) Takeda’s Initiatives to Mitigate the Impact of COVID-19

Guided by our values, Takeda's response to COVID-19 continues to focus on protecting the health and safety of our employees, our ability to ensure our medicines are available to patients who rely on them and playing our part to reduce transmission and support the communities where our employees live and work.

Major updates to Takeda’s initiatives in response to the spread of COVID-19 in the current fiscal year are as below.

- The highly contagious Omicron variant has temporarily slowed the roll out of a new hybrid working model in parts of the business. Moving forward, implementation of this model will vary by job function, and on the local level, given differences in public health guidance and regulations, changes in population and epidemiology over time and standards of practice in the community.
- After over two years of providing support for Takeda's global pandemic response, Takeda's firmwide COVID-19 Global Crisis Management Committee was discontinued and Takeda has shifted to an operating model in which regional crisis management committees will provide guidance based on regional information from public health authorities.
- Takeda has undertaken a number of efforts to help the world respond to COVID-19. This includes bringing COVID-19 vaccines to Japan through two partnerships. The first partnership is with Novavax, for the development, manufacturing, and commercialization of its COVID-19 vaccine in Japan. In September 2021, Takeda concluded an agreement with the Government of Japan’s Ministry of Health, Labour and Welfare (MHLW) to provide 150 million doses of Novavax’ COVID-19 vaccine manufactured in Japan by Takeda. In April 2022, Takeda received manufacturing and marketing approval from the MHLW for NUVAXOVID Intramuscular Injection, a novel recombinant protein-based COVID-19 vaccine, for primary and booster immunization in Japan.

  The second partnership is with Moderna and the MHLW to import and distribute Moderna’s mRNA COVID-19 vaccine (SPIKEVAX Intramuscular Injection (former product name: COVID-19 Vaccine Moderna Intramuscular Injection)) in Japan. Since May 2021, Takeda has been distributing the Moderna COVID-19 vaccine in Japan. In October 2021, Takeda and Moderna published an investigation report prompted by the recall of three lots of the Moderna COVID-19 vaccine in Japan based on the observation of foreign particles in unpunctured vials from a single lot. The report concluded that the event does not pose an undue risk to patient safety or adversely affect the benefit/risk profile of the product.

  In December 2021, the parties reached to an agreement to import and distribute 18 million additional doses of Moderna's COVID-19 vaccine, bringing the total to 93 million doses in 2022. Takeda started to import and distribute these booster doses from January 2022.

  In May 2022, Takeda and Moderna announced plans to transfer the marketing authorization in Japan for Moderna’s COVID-19 vaccine from Takeda to Moderna in Japan as of August 1, 2022. Takeda will continue to provide distribution support under the current national

vaccination campaign for Moderna's COVID-19 vaccine for a transitional period.

(iii) Business risks associated with the continued global spread of COVID-19

See "2. Risk Factors."

(iv) FY2021 financial impact from COVID-19

Overall, the global spread of COVID-19 did not have a material effect on our financials for the fiscal year ended March 31, 2022. Over the course of the pandemic, there have been adverse effects due to COVID-19 observed in certain therapeutic areas, especially in Neuroscience during periods when stay-at-home restrictions have been in place, reducing patient visits to medical care providers. This was notable especially in the early months of the previous fiscal year. The trend has occurred intermittently since then, and we have not yet seen a full recovery to pre-COVID-19 levels, however, a certain number of our life-saving medicines have shown resilience and have grown even under such an environment. Although it was financially immaterial, we have experienced some disruption to certain products in the second half of the fiscal year due to the spread of the Omicron variant, including shipping delays and fewer diagnostic procedures.

(Takeda's Operations in Ukraine and Russia)

Our commitment to patients, regardless of where they live, and to our people is unwavering and is even more important in times of crisis. Takeda is making every effort to protect our colleagues in Ukraine and to continue to supply patients in Ukraine and in the region with much needed treatments.

We are supporting the global humanitarian efforts by contributing 300 million JPY (approx. $2.6 million USD) to The International Federation of Red Cross and Red Crescent Societies, which is actively providing urgent local humanitarian support to people displaced and impacted by the conflict. We are also donating medicines to hospitals working to provide care around the clock to patients in need.

Takeda has taken further 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. 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.

Our focus only on essential activities is consistent with our values and ethical responsibility to our patients in Ukraine, Russia and the region who depend on our treatments. This commitment notwithstanding, we are adhering to all international sanctions imposed on Russia.

We will be increasing our humanitarian relief efforts, including monetary and medicine donations to benefit people affected by the conflict in Ukraine, and we will continue to assess new ways to provide support as we look to meet the needs of patients across the region.

Takeda will continue to monitor the situation closely and take appropriate actions grounded in our values.

In the fiscal year ended March 31, 2022, revenue attributable to Russia/CIS represented 1.7% of Takeda's total consolidated revenue of 3,569.0 billion JPY, as indicated in the Revenue by Geographic Region in 3. Management's Analysis of Financial Position, Operating Results and Cash Flows, (2) Management Discussion and Analysis on Business Performance, (a) Analysis of Consolidated Operating Results, (iii) Results of Operations. There was no material financial impact on Takeda's financial results for the current fiscal year resulting from the crisis in these countries. However, depending on the future status of the crisis, our results of operations and financial conditions could be adversely affected.

[List of Principal Products]

In GI, our principal products include:

- *ENTYVIO* (vedolizumab), a treatment for moderate to severe ulcerative colitis and Crohn's disease. Sales of *ENTYVIO* have grown strongly since its launch in the U.S. and Europe in 2014 to become our top selling product in the fiscal year ended March 31, 2022. *ENTYVIO* is now approved in 74 countries worldwide. We strive to maximize its potential by seeking approval in additional countries, examining use in further indications, while also pursuing a subcutaneously administered formulation. In the fiscal year ended March 31, 2022, our revenue from *ENTYVIO* was 521.8 billion JPY.
- *ALOFISEL* (darvadstrocel), a treatment for complex perianal fistulas in adult patients with nonactive/mildly active luminal Crohn's disease, when fistulas have shown an inadequate response to at least one conventional or biologic therapy. *ALOFISEL* was approved in Europe in 2018, becoming the first allogeneic stem cell therapy to receive central marketing authorization approval in Europe. *ALOFISEL* was also approved in Japan in 2021. In the fiscal year ended March 31, 2022, our revenue from *ALOFISEL* was 1.8 billion JPY.
- *TAKECAB* (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, 2022, our revenue from *TAKECAB* was 102.4 billion JPY.
- *GATTEX/REVESTIVE* (teduglutide[rDNA origin]), a treatment for patients with short bowel syndrome (SBS) who are dependent on parenteral support. In 2019, the FDA approved extending the indication of *GATTEX* to include children 1 year of age and older with SBS. *GATTEX/REVESTIVE* was also approved in Japan in 2021. In the fiscal year ended March 31, 2022, our revenue from *GATTEX/REVESTIVE* was 75.8 billion JPY.
- *DEXILANT* (dexlansoprazole), a treatment for gastric acid-related disorders such as healing of all grades of erosive esophagitis (EE), maintaining healing of EE and relief of heartburn and treating heartburn associated with symptomatic non-erosive gastroesophageal reflux disease (GERD), continues to decline in revenue due to generic competition. In the fiscal year ended March 31, 2022, our revenue from *DEXILANT* was 50.8 billion JPY.

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 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 the fiscal year ended March 31, 2022, our revenue from *TAKHZYRO* was 103.2 billion JPY.
- *LIVTENCITY* (maribavir), a treatment for adults and pediatric patients (12 years of age and older and weighing at least 35 kg) for post-transplant cytomegalovirus (CMV) infection/disease that is refractory to treatment (with or without genotypic resistance) with ganciclovir, valganciclovir, foscarnet or cidofovir, launched in the U.S. in December 2021. Early uptake has been strong as the first and only antiviral agent that targets and inhibits the pUL97 protein kinase and its natural substrates. In the fiscal year ended March 31, 2022, our revenue from *LIVTENCITY* was 1.3 billion JPY.
- *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, 2022, our revenue from *ELAPRASE* was 73.1 billion JPY.
- *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, 2022, our revenue from *REPLAGAL* was 51.7 billion JPY.
- *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, 2022, our revenue from *ADVATE* was 118.5 billion JPY.
- *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, 2022, our revenue from *ADYNOVATE/ADYNOVI* was 60.7 billion JPY.

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

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

  In the fiscal year ended March 31, 2022, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/ KIOVIG, HYQVIA,* and *CUVITRU*, was 385.9 billion JPY.
- *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, 2022, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was 90.0 billion JPY.

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 in the U.S. in 2017, and the European Commission granted the product marketing authorization in 2018. The indication of *ALUNBRIG* was expanded to include newly diagnosed ALK-positive NSCLC patients, first in the U.S. in May 2020. *ALUNBRIG* was also approved in China in March 2022. In the fiscal year ended March 31, 2022, our revenue from *ALUNBRIG* was 13.6 billion JPY.
- *EXKIVITY* (mobocertinib), a treatment for locally advanced or metastatic non-small cell lung cancer (NSCLC) with EGFR exon 20 insertion mutations, whose disease has progressed on or after platinum based chemotherapy, was granted accelerated approval in the U.S. in September 2021. Since its launch we are seeing rapid uptake in both the academic and community settings.In the fiscal year ended March 31, 2022, our revenue from E*XKIVITY* was 1.0 billion JPY.
- *VELCADE* (bortezomib), a treatment for multiple myeloma (MM) and patients with mantle cell lymphoma (MCL) who have already received at least one prior treatment, was approved in the U.S. in 2003. Sales of *VELCADE* have contributed significantly to Takeda since the acquisition of Millennium in 2008. However sales are expected to decline due to generic competition in the US in 2022. In the fiscal year ended March 31, 2022, our revenue from *VELCADE* was 110.0 billion JPY.

- *LEUPLIN/ENANTONE* (leuprorelin), a treatment for hormone-responsive cancers such as prostate cancer or breast cancer in women, as well as children with central precocious puberty, women with endometriosis, infertility, and to improve anemia in women with uterine leiomyomata (fibroids). While leuprorelin is no longer protected by patent, there is limited generic competition due to manufacturing considerations. In the fiscal year ended March 31, 2022, our revenue from *LEUPLIN/ENANTONE* was 106.5 billion JPY.
- *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, 2022, revenue from *NINLARO* was 91.2 billion JPY.
- *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. We jointly developed *ADCETRIS* with Seagen Inc. and have commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2022, our revenue from *ADCETRIS* was 69.2 billion JPY.

In neuroscience, our principal products are:

- *VYVANSE* (lisdexamfetamine dimesylate), a stimulant medication indicated for the treatment of attention deficit hyperactivity disorder (ADHD) in patients aged six and above, and for the treatment of moderate to severe binge eating disorder in adults. In the fiscal year ended March 31, 2022, our revenue from *VYVANSE* was 327.1 billion JPY.
- *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, 2022, our revenue from *TRINTELLIX* was 82.3 billion JPY.

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

2. Risk Factors

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

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

The potential future events and risks contained in the following statements are based on our assumptions as of March 31, 2022.

(1) Risks relating to research and development

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

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

(2) Risks relating to intellectual property rights

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

(3) Risks of sales decrease following patent expirations

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

For details of the timing of patent expirations for major products, please refer to "II. Operating and Financial Review and Prospects 5. Research and Development, Intellectual Property".

(4) Risks of adverse effects

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

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

In the pharmaceutical markets of various countries in which we operate, there has been increasing pressure on healthcare budgets and price erosion due to Health Technology Assessment and International Reference Pricing. In the United States, the largest market for our products, there has been increased pricing pressure on original products, driven in part by consolidation across health plans and intermediaries and ongoing legislative and regulatory efforts to lower drug prices. In Japan, governments are promoting greater use of generics and the price of many products listed on the National Health Insurance price list is decreasing annually. In Europe, prices of products have also decreased due to policies intended to reduce medical costs, an increased emphasis on transparency of prices and international price referencing. Although we attempt to avoid risks of price-reduction and mitigate the potential impact of such risks, through constructing our organizational structure to manage our portfolio by analyzing and monitoring details of each country’s initiatives on reducing medical costs, and working together with governments and healthcare systems for new value-based pricing models to establish an appropriate rewards system for innovative pharmaceutical products, any of these reductions could negatively impact the price of our products, which could have an material adverse effect on our results of operations and financial conditions.

(6) Risks relating to corporate acquisitions

We conduct corporate acquisitions as necessary to accelerate our sustainable growth. However, there is a possibility that anticipated benefits

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

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

(7) Risks relating to the stable supply

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

(8) Risks relating to IT security and information management

We are accelerating digital transformation to ensure a successful transition to a future business model to meet customer needs. In addition, we constantly deal with large amounts of confidential data including sensitive personal information in our business due to the characteristics of our business, and data protection is increasingly important. The size and complexity of our information technology and information security systems, including those of our third-party service providers, make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees or service providers, or from attacks by malicious third parties (such as cyberattack). We have maintained comprehensive policies and procedures in order to mitigate these risks. We also seek to continually strengthen our IT security through evaluation of business risk analysis via internal risk assessments, audits and independent tests, shaping security strategy and driving effective investment which includes cloud-driven business transformation. However, system shutdowns or security issues could adversely affect our business operations and/or result in a leak or loss of critical or sensitive confidential information including personal information and information on intellectual property, and could result in financial, legal, and reputational damage to us.

(9) Risks relating to compliance

Our business is subject to various legal regulations, such as pharmaceutical regulations, product liability, antitrust, and personal information protection law as well as various guidelines including GMP (Good Manufacturing Practice), GQP (Good Quality Practice), GCP (Good Clinical Practice) and GLP (Good Laboratory Practice). Besides, our business is in cooperation with various third parties such as agents, suppliers and distributors and rely on their business activities in the key aspects of our business. Furthermore, we are increasingly dependent on digital platforms including social media platforms which can be used in non-compliant way. We put Global Ethics & Compliance in place to promote compliance globally. Global Ethics & Compliance monitors to ensure that our business activities and those of third parties with which we are involved are in compliance with laws and internal policies. However, violation of regulations or improper conduct of our employees or third parties could result in penalties, sanction and regulatory disposition or filling lawsuit against us and damage our reputation and financial conditions.

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

In developing our business globally, we have established a risk management structure to mitigate risks, including political instabilities, the deterioration of economic conditions, spread of emerging infectious diseases and social disruptions in the countries and regions in which we operate as well as trade conflict among those countries and regions. Our priority is to protect patient access to medicine, and we attempt to manage such risks through examining how to mitigate and to deal with such risks. However, in the case where we face unexpected situations related to such risks, our results of operations and financial conditions could be adversely affected. For details on our operations in Ukraine and Russia, please refer to "II. Operating and Financial Review and Prospects 1. Management Policy, Management Environment and Management Issues (Takeda's Operations in Ukraine and Russia)".

(11) Risks relating to fluctuations in foreign exchange rates

For the fiscal year ended March 31, 2022, sales outside Japan amounted to 2,910.0 billion JPY, which accounted for 81.5% of our consolidated revenue and revenue in the United States in particular amounted to 1,714.4 billion JPY, or 48.0% of our consolidated revenue. Although a decrease in the value of the Japanese yen relative to other currencies has a positive effect on revenue, expenses incurred with foreign currencies such as research and development expenses can be downward factor that contributes to decreases in consolidated revenue. In addition, there is a foreign currency exchange risk of operational transactions, financial transactions and investments in non-functional currency. We mitigate these risks by managing the exchange rate risk centrally and executing derivative transactions to hedge foreign currency denominated transactional risk. However, if the exchange rate fluctuates more than we expected, our results of operations and financial conditions could be adversely affected.

(12) Risks relating to litigation and other legal matters

In addition to the ongoing litigation relating to our operations, we may be involved in litigation related to adverse effects from pharmaceutical

products, product liability, labor issues, fair trade or other issues that may have an adverse effect on our results of operations and financial conditions. For details of major litigation matters, please refer to "V. Financial Information 1. Consolidated Financial Statements and Others, 32 Commitment and Contingent Liabilities".

(13) Risks relating to environment

Environmental awareness and stewardship are integral to our business and aligned with the Company values. Being responsible environmental stewards is not only the right thing to do, but it protects the Company's reputation and ensures that we can continue to responsibly supply our patients with life-saving and life-changing medications. Accordingly, we have implemented robust environmental management systems and internal programs designed to assure that the expectations of applicable stakeholders regarding environmental stewardship and regulatory compliance are met. We also have an internal audit program to help ensure that these programs are effectively implemented and achieve desired results. However, in the event of accidental environmental contamination, regulatory non-compliance, or perceived poor environmental stewardship, we could become subject to negative reputational impact or even governmental action. This could expose the Company to claims or liability or require that we undertake significant remedial measures, which may fall outside of, or exceed, our insurance coverage and adversely affect our business. Furthermore, changes to environmental regulations or the expectations of current or future stakeholders may impose additional requirements on us that may impact our research, development, and production efforts or other business activities. Climate-related regulations could also lead to mandatory carbon pricing or climate risk disclosures. Failure to meet such requirements may subject us to legal or regulatory liability, harm our reputation, impair our ability to administer our business, or decrease our attractiveness to current and potential investors.

We recognize that climate change associated with the release of greenhouse gases (GHGs) in the atmosphere is an important environmental issue that poses risks to global health and potentially financial risks to our business. In FY2021, we completed an assessment of climate-related risks. The assessment was limited to certain of our direct operations and included three climate scenarios varying by the level of global response to climate change (i.e., No Action, "Middle of the Road", and Aggressive Mitigation) across year 2030 and year 2050 time horizons. Through this process, we were able to identify several climate-related risk categories with direct applicability to Takeda, including an increase in the incidence and geographic spread of disease (i.e., "disease acceleration") leading to community impacts and potentially fewer available donors for our Plasma Derived Therapies group, energy/carbon pricing and policies leading to increased costs, reputational threats arising from our inability to achieve our climate goals, direct exposure of our facilities to physical risk from severe weather or similar occurrences, and indirect exposure to climate change risk through our critical suppliers. While understanding the limitations of this initial assessment, Takeda believes that it is well positioned to address identified climate-related risks and to capitalize on identified opportunities. Climate change risk is incorporated into our Enterprise Risk Management Program, and we are aggressively transitioning to low-carbon operations. Takeda has been carbon neutral since 2020 (for FY2019 emissions) and continues to reduce its GHG carbon footprint through internal energy conservation measures, electrification of facilities, procurement of renewable energy, and investment in renewable energy certificates and high-quality and third-party verified carbon offsets. We are now committed to achieving net zero GHG emissions related to our operations (including scopes 1 and 2) before 2035 and for our entire value chain (including currently estimated[(1)] Scope 3 GHG emissions) before 2040[(2)].

Takeda believes that our key stakeholders expect good environmental stewardship. This means continuously looking for opportunities to decrease the environmental impacts of our products and associated operations. Accordingly, we continue our focus on natural resources conservation and have set targets for reducing paper and fiberboard packaging impacts through the increased use of recycled or sustainably harvested content, decreasing water withdrawals especially in water scarce regions, and minimizing waste while eliminating waste to landfill by 2030. We also recognize that up to 80% of product environmental impacts are determined during the design phase and have established an internal eco-design program to ensure that environmental impacts designed out. If we are successful in these efforts, we will enhance our reputation and business. If we fail to act on our aggressive sustainability goals or otherwise fail to meet stakeholder expectations, our reputation may be damaged, which could lead to challenges with employee attraction and retention, customer and investor relations, and our results of operations and financial conditions could be adversely affected.

[(1)] A lack of transparency into, and a difficulty measuring, actual Scope 3 emissions remains an important challenge to overcome as part of these efforts.
[(2)] Takeda defines carbon neutrality and net zero emissions in accordance with The Greenhouse Gas Protocol.

(14) Risks relating to recruitment and retention

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

(15) Risks relating to the spread of the Novel Coronavirus Infectious Disease (COVID-19)

Depending on the severity and duration of the impacts resulting from COVID-19 pandemic, and despite our various efforts, we may experience further adverse effects on our business including, but not limited to, disruptions to our ability to procure raw materials or to supply products, additional disruptions to our clinical trial programs, or disruptions to our ability to observe regulations applicable to us. While vaccines, including those used for additional vaccination, are becoming widely available across the globe, it remains unclear how long the pandemic of COVID-19, including the impact of new variants, and measures intended to stop or slow its spread will last in many regions worldwide.

We will continue to closely monitor the situation and take necessary measures to minimize any future business risks, but our results of operations and financial conditions could be adversely affected depending on the future status of the COVID-19 pandemic. For main updates for FY2021 on the effects of the spread of the COVID-19 and Takeda's initiatives in response, please refer to "II. Operating and Financial Review and Prospects 1. Management Policy, Management Environment and Management Issues (Impact of the Spread of the Novel Coronavirus Infectious Disease (COVID-19) and Takeda's Initiatives in Response)".

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

(1) Overview of Operating Results

1) Financial Position and Operating Results

Billion JPY or percentage

	Amount		Change versus the previous year	
Revenue	¥ 3,569.0	¥	+371.2	11.6 %
R&D expense	(526.1)		(70.3)	15.4 %
Operating profit	460.8		(48.4)	(9.5)%
Profit before tax	302.6		(63.7)	(17.4)%
Net profit for the year	230.2		(146.0)	(38.8)%
Basic EPS (JPY)	147.14		(93.58)	(38.9)%
Total assets	13,178.0		+265.7	2.1 %
Total liabilities	7,494.5		(240.6)	(3.1)%
Total equity	5,683.5		+506.3	9.8 %

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

2) Cash Flows

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

3) Production, Orders received and Sales

(a) Production

The amount of production for the year ended March 31, 2022 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 1,663,185	5.6
Total	¥ 1,663,185	5.6

Notes:

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

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

(b) Orders received

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

(c) Sales

The amounts of sales for the year ended March 31, 2022 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 3,569,006	11.6
< Japan >	< 658,983 >	< 17.7 >
< Overseas >	< 2,910,022 >	< 10.3 >
Consolidated Statement of Profit or Loss	¥ 3,569,006	11.6
< Out-licensing and service income >	< 273,283 >	< 195.6 >

Notes:

(1) Takeda's reportable segment is a single segment of Pharmaceuticals.
(2) The amounts show sales revenues from external customers.
(3) The amounts of sales for major customers and their percentage to total sales are as follows.

	For the fiscal year ended March 31,			
	2021		2022	
Name of Customer	Amount JPY(millions)	Percentage to total sales	Amount JPY(millions)	Percentage to total sales
AmerisourceBergen Corporation and its group companies	¥ 370,759	11.6	¥ 504,487	14.1
McKesson Corporation and its group companies	345,292	10.8	406,709	11.4

(2) Management Discussion and Analysis on Business Performance

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

(a) Analysis of Consolidated Operating Results

(i) Factors Affecting Our Results of Operations

Overview

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. Our R&D efforts are focused on four therapeutic areas: Oncology, Rare Genetics and Hematology, Neuroscience, and Gastroenterology ("GI"). We also make targeted R&D investments in Plasma-Derived Therapies ("PDT") and Vaccines. We focus on developing highly 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 have a presence in approximately 80 countries and regions, a network of manufacturing sites around the world, and major research centers in Japan and the United States.

Over the past several years, we have extended our global reach, strengthened our presence in 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 are now in a position to deliver top line growth, maintain competitive margins, and generate strong cash flow, which we plan to continue to allocate towards ongoing investment for long-term growth in R&D, PDT and new product launches, reducing the debt incurred to finance the acquisition of Shire in January 2019, and delivering on our commitment to shareholder returns.

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, 2022, our revenue and operating profit were 3,569.0 billion JPY and 460.8 billion JPY, respectively.

Factors Affecting Our Results of Operations

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

Acquisitions

We may acquire new businesses 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 these acquisitions as business combinations and record the assets acquired and liabilities assumed at fair value. Our results are impacted due to the impacts of purchase accounting, which typically includes fair value step-ups of inventory and property, plant and equipment and recognized material intangible assets which result in costs related to unwinding the step up and amortization expense, respectively, in future periods. Our results are also impacted due to additional interest expenses when an acquisition is financed with incremental borrowings.

Due to the impacts of our acquisitions, our results year over year may not be comparable.

Divestitures

In addition to acquisitions, we divested from businesses and product lines to maintain our focus on our key growth drivers and provide additional cash flow to accelerate the repayment of debts. The following are major divestitures completed or announced in the fiscal years ended March 31, 2021, 2022 and through the issuance of this annual report.

- In November 2020, we completed the sale of a portfolio of select non-core over-the-counter and prescription pharmaceutical products sold exclusively in Asia Pacific to Celltrion Inc., for a total value of 278 million USD, or 26.8 billion JPY, inclusive of milestone payments and a gain of 15.8 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In December 2020, we completed the sale of a portfolio of select non-core prescription pharmaceutical products sold predominantly in Europe and Canada to Cheplapharm for a total value of 562 million USD or 59.4 billion JPY and a gain of 21.4 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In January 2021, we completed the sale of a portfolio of select products sold in Latin America to Hypera S.A. for a total value of 825 million USD or 82.5 billion JPY and a gain of 35.3 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In January 2021, we completed the sale of TachoSil® Fibrin Sealant Patch to Corza Health, Inc. for 350 million EUR or 42.9 billion JPY and a gain of 2.3 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In March 2021, we completed the sale of a portfolio of select products to Orifarm Group for a sales price of 505 million USD or 55.8 billion JPY in cash at closing and approximately 70 million USD or 8.6 billion JPY[(1)] in non-contingent cash to be paid within four years post-closing. In addition, we may receive up to an additional 95 million USD or 11.6 billion JPY[(1)] in potential milestone receipts. Further, a gain of 14.7 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In March 2021, we completed the sale of Takeda Consumer Healthcare Company Limited to Oscar A-Co KK, a company controlled by funds managed by The Blackstone Group Inc. and its affiliates for a total value of 242.0 billion JPY and a gain of 139.5 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In April 2021, we completed the asset transfer associated with a portfolio of select non-core products in Japan to Teijin Pharma Limited for a total value of 133.0 billion JPY. The transaction had a favorable impact of 131.4 billion JPY on profit (loss) before income tax for the fiscal year ended March 31, 2022.

- In March 2022, we completed the sale of a portfolio of non-core prescription pharmaceutical products sold in China to Hasten Biopharmaceutic Co., Ltd. (China) for a total value of 230 million USD or 28.1 billion JPY[(1)] and a gain of 5.6 billion JPY was recognized in the fiscal year ended March 31, 2022.

Note:

(1) Calculated using the Japanese yen—U.S. dollar exchange rate of 122.2 JPY as of March 31, 2022.

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. For example, following the expiration of patent protection over bortezomib, the active ingredient in *VELCADE*, one of our largest selling products in the U.S., a competing bortezomib-containing product has been introduced. This is expected to lead to a decrease in sales of *VELCADE*, and further entry of competing products could result in substantial additional declines. 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.

Impact of the Availability of Raw Materials

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

Foreign Exchange Fluctuations

In the fiscal year ended March 31, 2022, 81.5% of our revenue was 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. 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. The following shows revenue at constant exchange rates for the year ended March 31, 2022 as compared to revenue for the year ended March 31, 2021.

	(billions of yen, except percentages)			
	For the fiscal year ended March 31,			
	2021	2022	Change versus the previous year	
Revenue	¥ 3,197.8	¥ 3,569.0	¥ 371.2	11.6 %
Effect of exchange rates		(169.1)		
Revenue at constant exchange rates	3,197.8	3,399.9	202.1	6.3 %

Revenue at constant exchange rates is not a measure prepared in accordance with IFRS, or a "Non-IFRS Measure." We strongly encourage investors to review our historical financial statements in their entirety and to use measures presented in accordance with IFRS as the primary means of evaluating our performance, value and prospects for the future, and to use this Non-IFRS Measure as a supplemental measure. The most directly comparable measure to revenue at constant exchange rate that is prepared in accordance with IFRS is revenue, and a reconciliation of revenue at constant exchange rates to revenue is shown above.

We present revenue at constant exchange rates 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.

For a given fiscal year, revenue at constant exchange rates is defined as revenue calculated by translating revenue of the current fiscal year using corresponding exchange rates of the previous fiscal year. The usefulness of this presentation has significant limitations including, but not limited to, that while revenue at constant exchange rates is calculated using the same exchange rates used to calculate revenue 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, revenue at constant exchange rates should not be considered in isolation and is not, and should be viewed as, a substitute for revenue as prepared and presented in accordance with IFRS.

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, 2021 and 2022 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 US at the start of the calendar year.

(ii) Critical Accounting Policies

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

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

Revenue Recognition

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 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.

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, 2022, we have 4,407.7 billion JPY of goodwill and 3,818.5 billion JPY of intangible assets which in aggregate represent 62.4% of our total assets.

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

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

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

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

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

Legal Contingencies

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

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

insurance recoverable have been reflected on a gross basis as liabilities and assets, respectively, on our consolidated statements of financial position. As of March 31, 2022, we have a provision of 42.9 billion JPY for outstanding legal cases and other disputes.

Income Taxes

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

We also assess our deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, we consider the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability are estimated based on our business plan. The change in judgment upon determining the revenue forecast 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, 2022, we had unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of 1,729.8 billion JPY, 240.9 billion JPY, and 10.0 billion JPY, 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 or in connection with the integration of our acquisitions. 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. The recognition of restructuring provision requires estimates including timing of payments and the number of individuals impacted by the restructuring. As a result of these estimates, the actual restructuring costs may differ from our estimates.

As of March 31, 2022, we have a provision of 13.4 billion JPY 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.

(iii) Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2021 and 2022.

Billion JPY or percentage

	For the fiscal year ended March 31,			
	2021	2022	Change versus the previous year	
Revenue	¥ 3,197.8	¥ 3,569.0	¥ 371.2	11.6 %
Cost of sales	(994.3)	(1,106.8)	(112.5)	11.3 %
Selling, general and administrative expenses	(875.7)	(886.4)	(10.7)	1.2 %
Research and development expenses	(455.8)	(526.1)	(70.3)	15.4 %
Amortization and impairment losses on intangible assets associated with products	(421.9)	(472.9)	(51.1)	12.1 %
Other operating income	318.0	43.1	(274.9)	(86.4)%
Other operating expenses	(258.9)	(159.1)	99.8	(38.6)%
Operating profit	509.3	460.8	(48.4)	(9.5)%
Finance income and (expenses), net	(143.1)	(142.9)	0.2	(0.1)%
Share of loss of investments accounted for using the equity method	0.1	(15.4)	(15.4)	—
Profit (loss) before tax	366.2	302.6	(63.7)	(17.4)%
Income tax (expenses) benefit	9.9	(72.4)	(82.3)	—
Net profit for the year	¥ 376.2	¥ 230.2	¥ (146.0)	(38.8)%

Revenue. Revenue for the fiscal year ended March 31, 2022 was 3,569.0 billion JPY, an increase of 371.2 billion JPY, or 11.6%, compared to the previous fiscal year. Excluding the impact from fluctuations in foreign exchange rates, which was calculated by translating revenue of the fiscal year ended March 31, 2022, using corresponding exchange rates in the previous fiscal year, the increase in revenue was 6.3%. In April 2021, Takeda completed the sale of a portfolio of diabetes products in Japan to Teijin Pharma Limited for 133.0 billion JPY, which was recorded as revenue and accounted for 4.2 percentage points ("pp") of the increase in revenue. Excluding this selling price from revenue for the fiscal year ended March 31, 2022, the increase was 7.4%.

Revenue of our core therapeutic areas in the business (i.e. Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology, and Neuroscience) increased by 321.1 billion JPY, or 12.2%, compared to the previous fiscal year to 2,944.9 billion JPY. Each of our core therapeutic areas contributed to positive revenue growth; however, Rare Diseases would have declined if not for the positive impact of the depreciation of the yen. Intensified competition impacted some products in this area, especially treatments for Rare Hematology. Although the impact of the global spread of COVID-19 did not have a material effect on our overall consolidated revenue for the fiscal year ended March 31, 2022, we have experienced some disruption to certain products in the second half of the fiscal year due to the spread of the Omicron variant, including shipping delays and fewer diagnostic procedures.

Revenue outside of our core therapeutic areas increased by 50.1 billion JPY, or 8.7%, compared to the previous fiscal year to 624.1 billion JPY, due to the 133.0 billion JPY selling price of the diabetes portfolio in Japan and other increases including revenue from distributing Moderna's COVID-19 vaccine, SPIKEVAX Intramuscular Injection, in Japan, offsetting the impact from prior divestitures.

Revenue by Region

The following shows revenue by geographic region:

	For the fiscal year ended March 31,			
	2021		2022	
	(billions of yen, percentages are the proportion to total revenue)			
Revenue:				
Japan[(1)]	¥ 559.7	17.5 %	¥ 659.0	18.5 %
United States	1,567.9	49.0	1,714.4	48.0
Europe and Canada	666.2	20.8	739.2	20.7
Asia (excluding Japan)	156.2	4.9	197.0	5.5
Latin America	121.6	3.8	128.5	3.6
Russia/CIS	57.6	1.8	62.1	1.7
Other[(2)]	68.5	2.1	68.9	1.9
Total	¥ 3,197.8	100.0 %	¥ 3,569.0	100.0 %

Note:
(1) The 133.0 billion JPY selling price of the sale of diabetes portfolio in Japan is included in the fiscal year ended March 31, 2022.
(2) Other includes the Middle East, Oceania and Africa.

We rely on certain key prescription drug products to generate a significant portion of our revenue. The following provides revenue by for such key products by therapeutic area.

	For the Year Ended March 31,			
	2021	2022	Change versus the previous year	
	(billions of yen, except for percentages)			
Gastroenterology:				
ENTYVIO	¥ 429.3	¥ 521.8	¥ 92.5	21.5 %
TAKECAB-F [1]	84.8	102.4	17.6	20.7
GATTEX/REVESTIVE	64.6	75.8	11.2	17.3
DEXILANT	55.6	50.8	(4.8)	(8.7)
PANTOLOC/CONTROLOC [2]	43.1	40.3	(2.8)	(6.6)
ALOFISEL	0.8	1.8	1.1	135.1
Others	99.7	82.9	(16.8)	(16.8)
Total Gastroenterology	777.8	875.7	97.9	12.6
Rare Diseases:				
Rare Metabolic:				
ELAPRASE	68.8	73.1	4.3	6.3
REPLAGAL	51.8	51.7	(0.0)	(0.1)
VPRIV	38.5	42.4	3.9	10.1
NATPARA/NATPAR	3.6	5.4	1.8	50.7
Total Rare Metabolic	162.6	172.6	10.0	6.1
Rare Hematology:				
ADVATE	128.5	118.5	(10.0)	(7.8)
ADYNOVATE/ADYNOVI	58.1	60.7	2.7	4.6
FEIBA	44.5	39.2	(5.3)	(12.0)
RECOMBINATE	13.4	12.3	(1.1)	(8.2)
Others	45.3	53.0	7.7	17.0
Total Rare Hematology	289.8	283.7	(6.1)	(2.1)
Hereditary Angioedema:				
TAKHZYRO	86.7	103.2	16.5	19.1
FIRAZYR	26.8	26.7	(0.1)	(0.5)
Others	25.8	23.7	(2.1)	(8.3)
Total Hereditary Angioedema	139.3	153.6	14.3	10.2
Others	—	1.3	1.3	—
Total Rare Diseases	591.7	611.2	19.5	3.3
PDT Immunology:				
immunoglobulin	334.9	385.9	51.0	15.2
albumin	57.6	90.0	32.5	56.4
Others	27.9	31.1	3.1	11.2
Total PDT Immunology	420.4	507.0	86.6	20.6
Oncology:				
VELCADE	101.1	110.0	8.9	8.8
LEUPLIN/ENANTONE	95.4	106.5	11.1	11.6
NINLARO	87.4	91.2	3.8	4.4
ADCETRIS	59.4	69.2	9.8	16.4
ICLUSIG	34.2	34.9	0.7	1.9
ALUNBRIG	8.8	13.6	4.8	54.9
Others	30.2	43.3	13.1	43.4
Total Oncology	416.5	468.7	52.2	12.5
Neuroscience:				
VYVANSE/ELVANSE	271.5	327.1	55.5	20.4
TRINTELLIX	68.9	82.3	13.4	19.5
Others	76.9	72.9	(4.0)	(5.2)

	For the Year Ended March 31,			
	2021	2022	Change versus the previous year	
	(billions of yen, except for percentages)			
Total Neuroscience	417.3	482.3	65.0	15.6
Other:				
AZILVA-F [1]	82.2	76.3	(5.9)	(7.2)
LOTRIGA	31.8	32.7	0.9	2.9
Others [3]	460.1	515.2	55.1	12.0
Total Other	574.1	624.2	50.1	8.7
Total	¥ 3,197.8	¥ 3,569.0	¥ 371.2	11.6 %

Notes:
[1] The figures include the amounts of fixed dose combinations and blister packs.
[2] Generic name: pantoprazole.
[3] The figure for the years ended March 31, 2021 includes the revenue of Takeda Consumer Healthcare Company Limited, which was divested on March 31, 2021.
The figure for the year ended March 31, 2022 includes the 133.0 billion JPY selling price on sales of four diabetes products (NESINA, LIOVEL, INISYNC and ZAFATEK) in Japan to Teijin Pharma Limited, which was divested on April 1, 2021.

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

– *GI.* In Gastroenterology, revenue was 875.7 billion JPY, a year-on-year increase of 97.9 billion JPY, or 12.6%. Growth was driven by Takeda's top-selling product ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)), with sales of 521.8 billion JPY, a year-on-year increase of 92.5 billion JPY, or 21.5%. Sales in the U.S. increased by 55.2 billion JPY, or 18.8%, to 349.5 billion JPY driven by increases in the first line biologic inflammatory bowel disease (“IBD”) population both in UC and CD. Sales in Europe and Canada increased by 27.0 billion JPY, or 24.8%, to 136.0 billion JPY. In Growth and Emerging Markets, sales increased by 7.8 billion JPY, or 45.7%, to 25.0 billion JPY, primarily driven by increased sales in Brazil and China. Sales of TAKECAB (for acid-related diseases) were 102.4 billion JPY, an increase of 17.6 billion JPY, or 20.7%, versus the previous fiscal year. This increase was mainly driven by the expansion of new prescriptions in the Japanese market due to TAKECAB's efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. Sales of GATTEX/REVESTIVE (for short bowel syndrome) were 75.8 billion JPY, an increase of 11.2 billion JPY, or 17.3%, primarily due to increased market penetration and new country launches including Japan. Sales of AMITIZA (for chronic constipation), included in Others, decreased by 14.8 billion JPY, or 69.6%, to 6.5 billion JPY, due to generic entrants in the U.S. in January 2021.

– *Rare Diseases*. In Rare Diseases, revenue was 611.2 billion JPY, a year-on-year increase of 19.5 billion JPY, or 3.3%.

Revenue in Rare Metabolic increased by 10.0 billion JPY, or 6.1%, compared to the previous fiscal year to 172.6 billion JPY. Sales of enzyme replacement therapies ELAPRASE (for Hunter syndrome) and VPRIV (for Gaucher diseases) increased primarily in Europe and Growth and Emerging Markets, and in the U.S., Europe and Growth and Emerging Markets, respectively.

Revenue in Rare Hematology decreased by 6.1 billion JPY, or 2.1%, to 283.7 billion JPY. Sales of ADVATE decreased by 10.0 billion JPY, or 7.8%, to 118.5 billion JPY. Sales of ADYNOVATE/ADYNOVI increased by 2.7 billion JPY, or 4.6%, to 60.7 billion JPY. Both products were impacted by the competitive landscape in the hemophilia A non-inhibitors market in the U.S. FEIBA sales decreased by 5.3 billion JPY, or 12.0%, to 39.2 billion JPY, negatively impacted by the difference in timing of government tenders in Growth and Emerging Markets.

Revenue in Hereditary Angioedema (“HAE”) was 153.6 billion JPY, a year-on-year increase of 14.3 billion JPY, or 10.2%. Sales of TAKHZYRO were 103.2 billion JPY, an increase of 16.5 billion JPY, or 19.1%, versus the previous fiscal year primarily due to expansion of the prophylactic market, continued geographic expansion and strong patient uptake. Sales of CINRYZE, included in Others, decreased by 2.6 billion JPY, or 11.8%, to 19.3 billion JPY, primarily due to conversion to TAKHZYRO and a shift to newer agents marketed by competitors.

– *PDT Immunology.* In Plasma-Derived Therapies (“PDT”) Immunology, revenue increased by 86.6 billion JPY, or 20.6%, compared to the previous fiscal year to 507.0 billion JPY. Aggregate sales of immunoglobulin products were 385.9 billion JPY, an increase of 51.0 billion JPY, or 15.2%, compared to the previous fiscal year. In particular, sales of GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)) increased due to continued strong demand globally and enabled by growing supply. In addition, CUVITRU and HYQVIA, which are SCIG (subcutaneous immunoglobulin) therapies, marked double digit percentage of revenue growth. Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia) were 90.0 billion JPY, an increase of 32.5 billion JPY, or 56.4%, versus the previous fiscal year driven by higher sales following the resolution of the supply interruption which impacted HUMAN ALBUMIN for release in China in the second half of the previous fiscal year, in addition to strong FLEXBUMIN demand in China and the U.S.

– *Oncology.* In Oncology, revenue was 468.7 billion JPY, a year-on-year increase of 52.2 billion JPY, or 12.5%. Sales of VELCADE (for multiple myeloma) increased by 8.9 billion JPY, or 8.8% versus the previous fiscal year to 110.0 billion JPY. This growth was driven by an increase in U.S. sales of 10.4 billion JPY, or 10.8%, versus the previous fiscal year. This reflects a rebound in demand after lower sales in the first quarter of the previous fiscal year, when prescribers favored orally administered products over infusions or injections early in the COVID-19 pandemic. In addition, increased use of VELCADE as part of initial treatment for new patients contributed to the growth this year in the U.S. Royalty income outside the U.S. decreased due to continued generic erosion. Sales of

LEUPLIN/ENANTONE (generic name: leuprorelin) (for endometriosis, uterine fibroids, premenopausal breast cancer, prostatic cancer, etc.), an off-patented product, increased by 11.1 billion JPY, or 11.6%, versus the previous fiscal year to 106.5 billion JPY mainly driven by an increased supply in the U.S. which was partially offset by a decrease in Japan due to generic erosion and competition. Sales of NINLARO (for multiple myeloma) were 91.2 billion JPY, an increase of 3.8 billion JPY, or 4.4%, versus the previous fiscal year. In the U.S., NINLARO growth was adversely impacted by a temporary demand increase favoring oral options early in the previous fiscal year due to COVID-19, and by demand slow-downs in the fourth quarter of the current fiscal year. There has been continued strong growth in other regions, particularly in China and Japan. Sales of ADCETRIS (for malignant lymphomas) increased by 9.8 billion JPY, or 16.4% versus the previous fiscal year to 69.2 billion JPY, led by strong growth in sales in Growth and Emerging Markets, particularly in China where it was approved in May 2020. Sales of ALUNBRIG (for non-small cell lung cancer) were 13.6 billion JPY, an increase of 4.8 billion JPY, or 54.9% due to new launches and market penetration around the world.

– *Neuroscience.* In Neuroscience, revenue was 482.3 billion JPY, a year-on-year increase of 65.0 billion JPY, or 15.6%. Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were 327.1 billion JPY, an increase of 55.5 billion JPY, or 20.4%, versus the previous fiscal year. VYVANSE/ELVANSE has been negatively affected by COVID-19 during the course of the pandemic, most notably during periods when stay-at-home restrictions have been in place reducing patient visits, subsequent diagnoses and creating temporary discontinuation of medication. While the trend has been fluctuating since 2020, overall, there has been a positive impact from increasing prescriptions in the current fiscal year. Sales of TRINTELLIX (for major depressive disorder (“MDD”)) were 82.3 billion JPY, an increase of 13.4 billion JPY, or 19.5%, versus the previous fiscal year, due to increasing prescriptions in the U.S. and in Japan. The increase of these products was partially offset by the decrease of other neuroscience products such as REMINYL (for Alzheimer's disease), included in Others, attributable to the continued impact of competition from generic products in Japan.

Cost of Sales. Cost of Sales increased by 112.5 billion JPY, or 11.3%, to 1,106.8 billion JPY. The increase was primarily due to the depreciation of the yen and a sales increase of products with higher cost of sales ratio for the fiscal year ended March 31, 2022. The increase was partially offset by a 46.5 billion JPY decrease in non-cash charges related to the unwind of the fair value step up on acquired inventory recognized in connection with the acquisition of Shire as well as a decrease of cost of sales from divested products of the previous fiscal year.

Selling, General and Administrative (SG&A) expenses. SG&A expenses increased by 10.7 billion JPY, or 1.2%, to 886.4 billion JPY for the fiscal year ended March 31, 2022, mainly due to the impact from the depreciation of the yen in the current fiscal year.

Research and Development (R&D) expenses. R&D expenses increased by 70.3 billion JPY, or 15.4%, to 526.1 billion JPY for the fiscal year ended March 31, 2022, mainly due to further investment in prioritized new molecular entities as well as the impact from the depreciation of the yen in the current fiscal year.

Amortization and Impairment Losses on Intangible Assets Associated with Products. Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 51.1 billion JPY, or 12.1%, to 472.9 billion JPY for the fiscal year ended March 31, 2022 mainly due to impairment charges of certain in-process R&D assets including TAK-721 due to discontinuation of the program and intangible assets related to NATPARA resulting from the reassessment of the recoverable amount and recorded in the current fiscal year.

Other Operating Income. Other Operating Income was 43.1 billion JPY, a decrease of 274.9 billion JPY, or 86.4%, for the fiscal year ended March 31, 2022, predominantly driven by the effect of a 228.9 billion JPY divestiture gain in the previous fiscal year. This included a 139.5 billion JPY gain on sale of shares and relevant assets of Takeda Consumer Healthcare Company Ltd., and other non-core assets amounting to 89.4 billion JPY. The decrease is also due to a 60.2 billion JPY revaluation gain recorded in the previous fiscal year, triggered by an update to previously recognized liabilities for pipeline compound SHP647 and certain associated rights ("SHP647"), to reflect management’s decision to terminate the clinical trial program following the European Commission’s decision in May 2020 to release Takeda’s obligation to divest SHP647.

Other Operating Expenses. Other Operating Expenses were 159.1 billion JPY, a decrease of 99.8 billion JPY, or 38.6%, for the fiscal year ended March 31, 2022. This is mainly attributable to a 72.9 billion JPY loss recognized in the previous year from changes in the fair value of financial assets associated with contingent consideration arrangements from the divestment of XIIDRA and a 32.0 billion JPY decrease in restructuring expenses mainly attributable to the decrease in Shire integration costs.

Operating Profit. As a result of the above factors, Operating Profit decreased by 48.4 billion JPY, or 9.5%, for the fiscal year ended March 31, 2022 to 460.8 billion JPY.

Net Finance Expenses. Net Finance Expenses were 142.9 billion JPY for the fiscal year ended March 31, 2022, a decrease of 0.2 billion JPY, or 0.1%, compared to the previous fiscal year. These results include a negative impact from the remeasurement of a warrant to purchase stocks of a company held by Takeda that was offset by factors including a gain on prior equity method investments related to the acquisition of Maverick Therapeutics, Inc. in April 2021 recorded in the current fiscal year and a decrease in net interest expense primarily driven by the reduction in outstanding balances of bonds and loans.

Share of Loss of Investments Accounted for Using the Equity Method. Share of Loss of Investments Accounted for Using the Equity Method was 15.4 billion JPY, a decrease of 15.4 billion JPY compared to Share of Profit of Investments Accounted for Using the Equity Method of 0.1 billion JPY for the previous fiscal year, mainly due to the negative impact from Takeda's share of loss on an investment held by Takeda Ventures, Inc. This negative impact was partially offset by a decrease of Takeda's share of impairment loss recognized by Teva Takeda Pharma Ltd.

Income Tax Expenses. Income Tax Expenses were 72.4 billion JPY for the fiscal year ended March 31, 2022, compared to income tax benefit of 9.9 billion JPY for the previous fiscal year. This was primarily due to a decrease of tax benefits from internal entity

restructuring transactions and a current fiscal year's tax charge of 65.4 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014. There was also a decrease in tax benefits from the recognition of previously unrecognized deferred tax assets. These unfavorable changes were partially offset by a tax charge on divestitures in the previous fiscal year, decreased deferred tax liabilities for unremitted earnings in foreign subsidiaries, and lower pretax earnings.

Net Profit for the Year. Net Profit for the Year decreased by 146.0 billion JPY, or 38.8%, for the fiscal year ended March 31, 2022 to 230.2 billion JPY.

(iv) Underlying Growth (April 1, 2021 to March 31, 2022)

Takeda uses the concept of Underlying Growth for internal planning and performance evaluation purposes.

Underlying Growth compares two periods (fiscal quarters or years) of financial results under a common basis and is used by management to assess the business. These financial results are calculated on a constant currency basis using a full year plan rate and exclude the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations. Although these are not measures defined by IFRS, Takeda believes Underlying Growth is useful to investors as it provides a consistent measure of our performance.

Takeda uses "Underlying Revenue Growth", "Underlying Core Operating Profit Growth", and "Underlying Core EPS Growth" as key financial metrics.

Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures that occurred during the reported periods presented.

Underlying Core Operating Profit represents Core Operating Profit (as defined below) on a constant currency basis and further adjusted to exclude the impacts of divestitures that occurred during the reporting periods presented.

Underlying Core EPS represents net profit based on a constant currency basis, adjusted to exclude the impact of divestitures, items excluded in the calculation of Core EPS (as defined below), divided by the outstanding shares (excluding treasury shares) as of the end of the comparative period.

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

Core Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda’s core operations, such as non-recurring items, purchase accounting effects and transaction related costs.

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to 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.

Underlying Results

For the fiscal year ended March 31, 2022	
Underlying Revenue Growth	+7.4%
Underlying Core Operating Profit Growth	+5.4%
Underlying Core Operating Profit Margin	28.0%
Underlying Core EPS Growth	+9.4%

Underlying Revenue Growth was 7.4% compared to the previous fiscal year, driven by our diverse portfolio of global products as well as new product launches. Underlying revenue attributable to Takeda’s 14 global brands* grew by 12.0%, which constitute approximately 42% of the total Underlying revenue.

* Takeda's 14 global brands
GI: ENTYVIO, GATTEX/REVESTIVE, ALOFISEL
Rare Diseases: NATPARA/NATPAR, ADYNOVATE/ADYNOVI, TAKHZYRO, ELAPRASE, VPRIV
PDT Immunology: GAMMAGARD LIQUID/KIOVIG, HYQVIA, CUVITRU, HUMAN ALUBUMIN/FLEXBUMIN
Oncology: NINLARO, ALUNBRIG

Underlying Revenue Growth by Therapeutic Area	
GI	+6.8%
Rare Diseases	-1.4%
Rare Metabolic	+2.4%
Rare Hematology	-6.7%
Hereditary Angioedema	+4.3%
PDT Immunology	+13.6%
Oncology	+7.6%
Neuroscience	+9.5%
Other	+12.8%
Total	+7.4%

(Note) Underlying Revenue represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures. Please refer to II. Operating and Financial Review and Prospects, 3. Management's Analysis of Financial Position, Operating Results and Cash Flows, (2) Management Discussion and Analysis on Business Performance, a) Analysis of Consolidated Operating Results iii) Results of Operations, *Revenue.*, for the revenue of each core therapeutic areas and sales of major products before underlying adjustments.

The impact of major non-recurring items and divestitures* excluded to calculate Underlying Revenue:

- Revenue of select over-the-counter and non-core products in Asia Pacific is excluded from the previous fiscal year as the divestiture was completed in November 2020.
- Revenue of select non-core prescription pharmaceutical products predominantly in Europe is excluded from the previous fiscal year as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America is excluded from the previous fiscal year as the divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from the previous fiscal year as the divestiture was completed in January 2021.
- Revenue of select over-the-counter and non-core products predominantly in Europe is excluded from the previous fiscal year as the divestiture was completed in March 2021.
- Revenue of the former subsidiary, Takeda Consumer Healthcare Company Limited, is excluded from the previous fiscal year as the divestiture was completed in March 2021.
- Net sales from a portfolio of diabetes products in Japan (NESINA, LIOVEL, INISYNC and ZAFATEK) are excluded from the previous fiscal year as the divestiture was completed at the beginning of April 2021. In addition, the non-recurring item of the 133.0 billion JPY selling price as the result of the completion of the divestiture is excluded from the current fiscal year.

*Revenue of select non-core prescription pharmaceutical products in China had been excluded from both the current fiscal year and the previous fiscal year until the third quarter of the fiscal year ended March 31, 2022. However, as the divestiture was completed at the end of March 2022, the current fiscal year and the previous fiscal year are comparable, thus, in this quarter, no exclusion of its divestiture impact has been made for either fiscal year.

Underlying Core Operating Profit Growth was 5.4%, attributable to Underlying Revenue Growth.

Core Operating Profit for the current fiscal year, which excludes items unrelated to Takeda's core operations such as the sale of a portfolio of diabetes products in Japan, was 955.2 billion JPY.

Underlying Core Operating Profit Margin for the current fiscal year was 28.0%.

Underlying Core EPS Growth for the current fiscal year was 9.4%.

(b) Consolidated Financial Position

Assets. Total Assets as of March 31, 2022 were 13,178.0 billion JPY, reflecting an increase of 265.7 billion JPY compared to the previous fiscal year-end. Goodwill increased by 373.8 billion JPY mainly due to the effect of foreign currency translation. In addition, Property, Plant and Equipment increased by 128.9 billion JPY due to the effect of foreign currency translation as well as acquisitions, and Inventories increased by 99.3 billion JPY. These increases were partially offset by a decrease in Cash and Cash Equivalents of 116.5 billion JPY and a decrease in Intangible Assets of 90.6 billion JPY mainly due to amortization. In addition, Trade and Other Receivables decreased by 86.4 billion JPY mainly due to the trade receivables sales program put in place in the current fiscal year.

Liabilities. Total Liabilities as of March 31, 2022 were 7,494.5 billion JPY, reflecting a decrease of 240.6 billion JPY compared to the previous fiscal year-end. Bonds and Loans decreased by 290.0 billion JPY to 4,345.4 billion JPY* primarily as a result of the repayment of loans and the redemption of bonds. In addition, Deferred Tax Liabilities decreased by 91.3 billion JPY. These decreases were partially offset by an increase in Trade and Other Payables of 172.5 billion JPY.

* The carrying amount of Bonds was 3,637.4 billion JPY and Loans was 708.1 billion JPY as of March 31, 2022. Breakdown of Bonds and Loans carrying amount is as follows.

Bonds:

Name of Bond (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount (Billion JPY)
Unsecured US dollar denominated senior notes (1,520 million USD)	June 2015	June 2022 ~ June 2045	186.0
Unsecured US dollar denominated senior notes (4,000 million USD)	September 2016	September 2023 ~ September 2026	466.0
Unsecured Euro denominated senior notes (3,750 million EUR)	November 2018	November 2022 ~ November 2030	507.2
Unsecured US dollar denominated senior notes (3,250 million USD)	November 2018	November 2023 ~ November 2028	395.3
Hybrid bonds (subordinated bonds)	June 2019	June 2079	498.2
Unsecured US dollar denominated senior notes (7,000 million USD)	July 2020	March 2030 ~ July 2060	849.4
Unsecured Euro denominated senior notes (3,600 million EUR)	July 2020	July 2027 ~ July 2040	486.0
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.4
Total			3,637.4

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Syndicated loans	April 2016	April 2023 ~ April 2026	200.0
Syndicated loans	April 2017	April 2027	113.5
Syndicated loans (1,500 million USD)	April 2017	April 2027	183.0
Bilateral loans	March 2016 ~ April 2017	March 2023 ~ March 2026	210.0
Other			1.5
Total			708.1

On May 17, 2021, Takeda redeemed the remaining 200 million USD of unsecured U.S. dollar-denominated senior notes issued in July 2017 in advance of their original maturity date of January 18, 2022. Following this, on June 11, 2021, Takeda prepaid 2,000 million USD of the Japan Bank for International Cooperation loan ("JBIC Loan") amount of 3,700 million USD (that was entered into on December 3, 2018) in advance of its original maturity date of December 11, 2025. On August 10, 2021, Takeda redeemed 1,500 million EUR of unsecured senior notes issued in November 2018 in advance of their original maturity date of November 21, 2022. On October 14, 2021, Takeda issued 10-year unsecured senior bonds with an aggregate principal amount of 250 billion JPY and a maturity date of October 14, 2031. Following this, on December 13, 2021 Takeda prepaid the remaining 1,700 million USD amount outstanding on the JBIC Loan in advance of its original maturity date of December 11, 2025. Furthermore, on March 24, 2022, Takeda redeemed 1,500 million USD of unsecured senior notes issued in September 2016 in advance of their original maturity date of September 23, 2023.

Equity. Total Equity as of March 31, 2022 was 5,683.5 billion JPY, an increase of 506.3 billion JPY compared to the previous fiscal year-end. This was mainly due to an increase of 568.1 billion JPY in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the depreciation of yen. This increase was partially offset by an increase in Treasury Shares of 56.5 billion JPY mainly due to the share buybacks conducted in the current fiscal year and a decrease in Retained Earnings of 30.2 billion JPY. The decrease in Retained Earnings reflects primarily dividend payments of 284.2 billion JPY despite the recording of Net Profit for the Year.

(c) Sources and Uses of Liquidity

Sources and Uses of Liquidity

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

Our capital expenditures for tangible assets consist primarily of enhancing and streamlining our production facilities, replacing fully depreciated items, and promoting efficiency of our operations. Our capital expenditures for intangible assets represent mainly milestone payments related to licensed products, where such assets have been acquired from third-party partners, as well as software development expenditures. Our capital expenditures, which consist of additions to property, plant and equipment and intangible assets recorded on our consolidated statements of financial position, were 330.7 billion JPY and 239.9 billion JPY for the fiscal years ended March 31, 2021 and 2022, respectively. As of March 31, 2022, we had contractual commitments for the acquisition of property, plant and equipment of 14.2 billion JPY. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2022. 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, 2021 and 2022 were 283.7 billion JPY and 284.2 billion JPY, respectively. It is our intention to continue to return capital to shareholders using dividends at an annual level of 180 JPY per share, consisting of interim and fiscal year-end dividends of 90 JPY per share. See "Part 1. Information on Takeda-IV. Information on the Company-Dividend Policy" for a description of our dividend policy.

We are required to make interest and principal payments on our outstanding borrowings. As of March 31, 2022, we had 95.4 billion JPY of interest due within one year and 203.9 billion JPY 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 have access to short-term uncommitted borrowing lines of 150 billion JPY and 750 million USD from financial institutions as of March 31, 2021 and 2022, 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 do not currently anticipate experiencing funding or liquidity shortfalls in the short term as a result of the spread of COVID-19 and the related effects on financial and other markets, although we continue to closely monitor our funding situation and 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, 2022, we held 849.7 billion JPY in cash and cash equivalents on hand of which 207.5 billion JPY was cash temporarily held on behalf of third parties related to vaccine operations and a trade receivables sales program. In addition, Takeda had access to 700 billion JPY in an undrawn bank commitment line. We believe that working capital is sufficient for our current business requirements. Furthermore, we continually seek to ensure that our level of liquidity and access to capital market funding continues to be maintained to successfully support our business operations.

Consolidated Cash Flows

The following table shows information about our consolidated cash flows during the fiscal years ended March 31, 2021 and 2022:

Billion JPY

	For the fiscal year ended March 31,	
	2021	**2022**
Net cash from (used in) operating activities	1,010.9	1,123.1
Net cash from (used in) investing activities	393.5	(198.1)
Net cash from (used in) financing activities	(1,088.4)	(1,070.3)
Net increase (decrease) in cash and cash equivalents	316.1	(145.3)
Cash and cash equivalents at the beginning of the year	637.6	966.2
Effects of exchange rate changes on cash and cash equivalents	12.5	28.8
Cash and cash equivalents at the end of the year	966.2	849.7

Net cash from operating activities was 1,123.1 billion JPY for the fiscal year ended March 31, 2022 compared to 1,010.9 billion JPY for the fiscal year ended March 31, 2021. The increase of 112.2 billion JPY was primarily driven by higher net profit for the year adjusted for non-cash items and other adjustments, including gain on divestment of business and subsidiaries as well as the income relating to the release from the obligation to divest the pipeline compound SHP647 and certain associated rights in the previous fiscal year. In addition, there was a decrease in trade and other receivables mainly due to the trade receivables sales program put in place in

the current fiscal year. These favorable impacts were partially offset by a decrease of other financial liabilities primarily attributable to a decrease of deposits restricted to certain vaccine operations and a decrease in provisions due to payments.

Net cash used in investing activities was 198.1 billion JPY for the fiscal year ended March 31, 2022 compared to net cash from investing activities of 393.5 billion JPY for the fiscal year ended March 31, 2021. This increase in net cash used of 591.7 billion JPY was mainly due to a decrease of 502.2 billion JPY in proceeds from sales of business (net of cash and cash equivalents divested) reflecting the sales of the non-core assets in the previous fiscal year, a decrease of 57.7 billion JPY in proceeds from sales and redemptions of investments, an increase of 49.7 billion JPY in the acquisition of businesses (net of cash and cash equivalents acquired), and a decrease of 44.6 billion JPY in proceeds from sales of property, plant and equipment. These were partially offset by a decrease of 62.5 billion JPY in acquisition of intangible assets.

Net cash used in financing activitie**s** was 1,070.3 billion JPY for the fiscal year ended March 31, 2022 compared to 1,088.4 billion JPY for the fiscal year ended March 31, 2021. The decrease of 18.1 billion JPY was mainly due to a net increase in short-term loans and commercial papers of 149.0 billion JPY and a decrease in payments for settlement of forward rate agreements related to bonds of 34.8 billion JPY, partially offset by an increase in repayments of bonds and long-term loans, net of proceeds from issuance of bonds upon refinancing, of 88.6 billion JPY and an increase in purchase of treasury shares of 75.4 billion JPY mainly due to the share buybacks conducted in the current fiscal year.

Borrowings and Financial Obligations

Our total bonds and loans were 4,635.4 billion JPY and 4,345.4 billion JPY as of March 31, 2021 and 2022, respectively. These borrowings include unsecured bonds and senior notes issued by Takeda and syndicated loans entered into by the Company in prior years, 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 May 17, 2021, Takeda redeemed the remaining 200 million USD of unsecured U.S. dollar-denominated senior notes issued in July 2017 in advance of their original maturity date of January 18, 2022. Following this, on June 11, 2021, Takeda redeemed 2,000 million USD of the Japan Bank for International Cooperation loan ("JBIC Loan") amount of 3,700 million USD (that was entered into on December 3, 2018) in advance of its original maturity date of December 11, 2025. On August 10, 2021, Takeda redeemed 1,500 million EUR of unsecured senior notes issued in November 2018 in advance of their original maturity date of November 21, 2022. On October 14, 2021, Takeda issued 10-year unsecured senior bonds with an aggregate principal amount of 250 billion JPY and a maturity date of October 14, 2031. Following this, on December 13, 2021, Takeda redeemed the remaining 1,700 million USD amount outstanding on the JBIC Loan in advance of its original maturity date of December 11, 2025. Furthermore, on March 24, 2022, Takeda redeemed 1,500 million USD of unsecured senior notes issued in September 2016 in advance of their original maturity date of September 23, 2023.

On April 23, 2022, Takeda redeemed 219 million USD of unsecured U.S. dollar-denominated senior notes issued in June 2015 in advance of their original maturity date of June 23, 2022.

As of March 31, 2022, we had certain outstanding borrowings that contained financial covenants. A key financial covenant requires Takeda's ratio of consolidated net debt to adjusted EBITDA, as defined in the loan agreements, for the previous twelve-month period to not surpass certain levels as of March 31 and September 30 of each year. Takeda was in compliance with all financial covenants as of March 31, 2022 in a similar manner to the prior year ended March 31, 2021. There are no restrictions on the ability to draw from the 700 billion JPY commitment line that was put in place in 2019 and has a current maturity of September 2026 having been extended by one year at the end of September 2021.

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 nil as of March 31, 2021 and 2022. We further have access to short-term uncommitted lines of 150 billion JPY and 750 million USD which were undrawn as of March 31, 2021 and 2022, respectively.

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

Credit Ratings

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

Rating Agency	Category	Rating	Outlook March 31, 2022	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	Baa2	Positive**	Fourth highest of nine rating categories and second highest within the category based on modifiers (e.g. Baa1, Baa2 and Baa3 are within the same category).

* = S&P Global Ratings revised the long-term issuer credit rating from Negative to Stable on June 1, 2021 and this was retained as at March 31, 2022 (March 31, 2021: Negative).

** = Moody's revised the long-term issuer credit rating from Stable to Positive on September 27, 2021 and this was retained as at March 31, 2022 (March 31, 2021: Stable).

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

Material Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2022:

	JPY (billions)				
	Total Contractual Amount [1]	Within One Year	Between One and Three Years	Between Three and Five Years	More than Five Years
Bonds and loans: [2] [3]					
Bonds [4]	¥ 4,648.1	¥ 221.2	¥ 975.4	¥ 799.5	¥ 2,652.0
Loans	733.2	78.2	158.2	196.6	300.3
Purchase obligations for property, plant and equipment	14.2	14.2	—	—	—
Repayment of lease liabilities	645.8	53.9	101.1	84.4	406.3
Contributions to defined benefit plans [5]	11.0	11.0	—	—	—
Total [6] [7]	¥ 6,052.3	¥ 378.5	¥ 1,234.7	¥ 1,080.5	¥ 3,358.6

Notes:

(1) Obligations denominated in currencies other than yen have been translated into yen using the exchange rates as of March 31, 2022 and may fluctuate due to changes in exchange rates.
(2) Repayment obligations may be accelerated if we breach the relevant covenants under the relevant instruments.
(3) Includes interest payment obligations.
(4) The contractual amount of bonds in "Between one and three years" includes a 500.0 billion JPY principal amount of hybrid subordinated bonds ("Hybrid Bonds") as Takeda may make an early repayment of all of the principal of the Hybrid Bonds on each interest payment date beginning October 6, 2024. For details of the principal and interest rate associated with the Hybrid Bond, see Note 20 to our audited consolidated financial statements.
(5) Pension and post-retirement contributions cannot be determined beyond the fiscal year ended March 31, 2023 because the timing of funding is uncertain and dependent on future movements in interest rates and investment returns, changes in laws and regulations and other variables.
(6) Does not include contractual obligations whose timing we are unable to estimate, including defined benefit obligations, litigation reserves and long-term income tax liabilities and does not include liabilities recorded at fair value as amounts will fluctuate based on any changes in fair value including derivative liabilities and financial liabilities associated with contingent consideration arrangements. The carrying amounts of derivative liabilities and financial liabilities associated with contingent consideration arrangements as of March 31, 2022 were 36.5 billion JPY and 5.8 billion JPY, respectively. Milestone payments that are dependent on the occurrence of certain future events are not included.
(7) Does not include purchase orders entered into for purchases made in the normal course of business.

Off-Balance Sheet Arrangements

Milestone Payments

Under the terms of our collaborations with third parties for the development of new products, we may be required to make payments for the achievement of certain milestones related to the development of pipeline products and the launch and subsequent marketing of new products. As of March 31, 2022, the contractual amount of potential milestone payments totaled 1,568.0 billion JPY, in each case excluding potential commercial milestone payments. See Note 13 and 32 to our audited consolidated financial statements for further details.

4. Material Contracts

Divestment of TCHC

In connection with our sale of Takeda Consumer Healthcare Company Limited ("TCHC"), on August 24, 2020, we entered into a Share Purchase Agreement with Oscar A-Co KK, a company controlled by funds managed by The Blackstone Group Inc. and its affiliates. The sale was completed on March 31, 2021. TCHC's portfolio includes a variety of over-the-counter medicines and health products including Alinamin®, a vitamin B1 preparation and Benza®, a cold remedy. See "3. Management's Analysis of Financial Position, Operating Results and Cash Flows - (2) Management Discussion and Analysis on Business Performance - 1) Management Discussion and Analysis on Business Performance for the current fiscal year - (a) Analysis of Consolidated Operating Results - (i) Factors Affecting Our Results of Operations - Divestitures" for further details of the transaction.

Asset Transfer to Teijin

On February 26, 2021, we entered into an asset purchase agreement with Teijin Limited and Teijin Pharma Limited ("Teijin Pharma"), to transfer our marketing rights of a portfolio of four brands of type 2 diabetes drugs (Nesina®, Liovel®, Inisync® and Zafatek®) sold in Japan, to Teijin Pharma. The transfer of the marketing rights was completed on April 1, 2021. We also entered into separate agreements with Teijin Pharma whereby we will continue to manufacture the products for, and provide the distribution channel of the products to, Teijin Pharma, and will, for the time being, continue holding the marketing authorizations of the products. See "3. Management's Analysis of Financial Position, Operating Results and Cash Flows - (2) Management Discussion and Analysis on Business Performance - 1) Management Discussion and Analysis on Business Performance for the current fiscal year - (a) Analysis of Consolidated Operating Results - (i) Factors Affecting Our Results of Operations - Divestitures" for further details of the transaction.

5. Research and Development

Research and development expenses for the year ended March 31, 2022 were 526.1 billion JPY.

The research and development (R&D) of pharmaceutical 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 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 Ministry of Health, Labour and Welfare (MHLW) for Japan, the Food and Drug Administration (FDA) for the United States, the European Medicines Agency (EMA) for the EU and National Medical Products Administration (NMPA) for China.

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

Phase 1 ("P-1") clinical trials
Conducted using a small group of healthy adult volunteers in order to evaluate safety and absorption, distribution, metabolism and excretion of the drug.

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

Phase 3 ("P-3") clinical trials
Conducted using a large number of patient volunteers in order to evaluate safety and efficacy in comparison to other medications already available or placebo.

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

Takeda's R&D engine is focused on translating science into highly innovative, life-changing 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 across our core therapeutic areas (oncology, rare genetics and hematology, neuroscience, and gastroenterology ("GI")). Over the past several years, including via our acquisition of Shire, we are working to harness the potential of cell and gene therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships.

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:

- *Shonan Heath Innovation Park*: Located in Fujisawa and Kamakura in Kanagawa Prefecture in Japan, the Shonan Health Innovation Park ("Shonan iPark") was established in 2011 as the Shonan Research Center and is our primary location for neuroscience research. In April 2018, we launched Shonan iPark to enhance scientific innovation and establish a life science ecosystem with diverse external parties. To attract more diverse partners and to further the success of the Shonan iPark, in April 2020 Takeda transferred ownership rights of Shonan iPark to a trustee and Takeda, as a flagship tenant, has signed a 20-year lease agreement with the trustee and is committed to invigorating life science research in Japan.
- *Greater Boston Area Research and Development Site*: Our Boston R&D site is located in Cambridge, Massachusetts in the United States. It is the center of our global oncology, GI, and rare genetics and hematology R&D, and also supports R&D in other areas including plasma-derived therapies and vaccines, as well as research in immunomodulation and biologics. The site is home to the Takeda Cell Therapy engine with a recently opened state-of-the-art cell therapy manufacturing facility.
- *San Diego Research and Development Site*: Our R&D site located in San Diego, California in the United States supports R&D in the GI and neuroscience areas. The San Diego research center operates as a "biotech-like" site and leverages internal capabilities such as structural biology and biophysics to catalyze research internally and externally.
- *Vienna, Austria Research and Development Site*: Our R&D sites, located in Vienna and nearby Orth, Austria, support R&D in PDT and Gene Therapy. The research centers contain manufacturing sites for plasma derived products and gene therapy products.

Major progress on R&D events since April 2021 are listed as follows:

R&D pipeline

Oncology

In Oncology, Takeda endeavors to deliver novel medicines to patients with cancer worldwide through a commitment to breakthrough innovation and a passion for improving the lives of patients. Takeda focuses on three key areas in oncology: (1) building on its foundational expertise in hematologic malignancies through continued investment in lifecycle management programs for marketed products NINLARO, ADCETRIS, and ICLUSIG, as well as in pipeline assets in Multiple Myeloma, and other blood cancers; (2) further developing its portfolio in lung cancer with the marketed products ALUNBRIG, EXKIVITY, and development programs in targeted lung cancer populations; and (3) pursuing novel immuno-oncology targets and next-generation platforms harnessing the power of the innate immune system, internally and through external partnerships.

NINLARO / Generic name: ixazomib

- In May 2021, Takeda announced that it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial amendment to the manufacturing and marketing approval of NINLARO to expand the eligible patient population for this medicine to those requiring a maintenance therapy after first-line treatment for multiple myeloma without prior stem cell transplant. The approval is based primarily on the results of the TOURMALINE-MM4 study, a randomized and placebo-controlled double-blind multicenter international Phase 3 clinical trial. The study achieved its primary endpoint, demonstrating a statistically significant improvement in progression-free survival (PFS) in adult patients with multiple myeloma receiving NINLARO maintenance who had not undergone stem cell transplantation. The safety profile of NINLARO as a maintenance therapy is similar to its established safety profile in the monotherapy setting, and, notably, no new concerns were identified in the TOURMALINE-MM4 study.

ICLUSIG / Generic name: ponatinib

- In June 2021, Takeda presented primary analysis data from the Phase 2 OPTIC (Optimizing Ponatinib Treatment in CML) trial during an oral session at the virtual 57th American Society of Clinical Oncology (ASCO) Annual Meeting, and as an oral session at the virtual 26th European Hematology Association (EHA) Annual Meeting. The OPTIC trial, which evaluated treatment in patients with resistant disease, with and without mutations, met its primary endpoint. The study demonstrated that the optimal benefit-risk profile for ICLUSIG in patients with CP-CML is achieved with a daily starting dose of 45-mg and, upon achieving ≤1% BCR-ABL1^{IS}, dose reduction to 15-mg. The results also suggest a clinically manageable safety and arterial occlusive event (AOE) profile for ICLUSIG.

ALUNBRIG / Generic name: brigatinib

- In June 2021, Takeda announced that ALUNBRIG can be used for first-line treatment of patients with non-small cell lung cancer (NSCLC) who are ALK fusion gene positive (ALK-positive) as determined by the companion diagnostic ALK fusion protein kit, Ventana OptiView ALK (D5F3) (Ventana) in Japan. Ventana, developed by Roche Diagnostics, which uses as its assay principle the immunohistochemical staining method (IHC method), received an additional indication through a partial change of the drug's manufacturing and marketing approval to include its use to ALUNBRIG. The additional approval of ALUNBRIG for the indication of Ventana, in addition to the Fluorescence *In Situ* Hybridization (FISH) diagnostic, will provide a wider range of ALK-positive NSCLC patients with the opportunity to be treated with ALUNBRIG.
- In March 2022, Takeda announced that the National Medical Products Administration (NMPA) of China approved ALUNBRIG as a monotherapy for the treatment of patients with anaplastic lymphoma kinase-positive (ALK+) locally advanced or metastatic non-small cell lung cancer (NSCLC). In the US, it has been listed as a preferred first-line therapy by the National Comprehensive Cancer Network (NCCN) Clinical Practice Guidelines in Oncology and also listed in the Chinese Society of Clinical Oncology (CSCO) Guidelines for Diagnosis and Treatment of Non-Small Cell Lung Cancer. Alunbrig is Takeda's first lung cancer drug approved in China.

ADCETRIS / Generic name: brentuximab vedotin

- In September 2021, Takeda announced that it submitted a Supplemental New Drug Application (sNDA) of ADCETRIS in the first-line treatment of CD30-positive Hodgkin lymphoma in pediatric patients in Japan. This application is based on the results of a global Phase 1/2 trial (C25004 Trial) evaluating the efficacy and safety of ADCETRIS in combination with AVD (doxorubicin, vinblastine and dacarbazine) as a first-line therapy in pediatric patients with previously untreated advanced-stage Hodgkin lymphoma.
- In May 2022, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change in approved items of the manufacturing and marketing approval of ADCETRIS as a first-line treatment for CD30-positive Hodgkin lymphoma in pediatric patients.
- In May 2022, Takeda and Seagen Inc. announced the overall survival (OS) data from the Phase 3 ECHELON-1 clinical trial of an ADCETRIS plus chemotherapy combination. The data was presented in an oral session at the 59th American Society of Clinical Oncology (ASCO) Annual Meeting and at the 27th European Hematology Association (EHA) Annual Meeting. Data from the ECHELON-1 trial demonstrated a statistically significant improvement in OS in adult patients with previously untreated Stage III or IV classical Hodgkin lymphoma treated with ADCETRIS plus doxorubicin, vinblastine and dacarbazine (A+AVD) vs. doxorubicin, bleomycin, vinblastine, and dacarbazine (ABVD). With approximately six years median follow up (73 months), patients receiving A+AVD had a 41 percent reduction in the risk of death (hazard ratio [HR] 0.59; 95% confidence interval [CI]: 0.396 to 0.879), with an estimated OS rate (95% CI) of 93.9% (91.6, 95.5) at 6 years. The safety profile of ADCETRIS was consistent with previous studies, and no new safety signals were observed.

CABOMETYX / Generic name: cabozantinib

- In August 2021, Takeda and Ono Pharmaceutical (Ono) announced that the companies received an approval from the Japanese Ministry of Health. Labour and Welfare (MHLW) for CABOMETYX and Ono's OPDIVO (nivolumab), a human anti-human PD-1 monoclonal antibody, in combination therapy for the treatment of unresectable or metastatic renal cell carcinoma (RCC), for a partial change in approved items of the manufacturing and marketing approval. This approval is based on results from the global, multi-center, randomized, open-label Phase 3 CheckMate-9ER study, evaluating OPDIVO and CABOMETYX combination therapy versus sunitinib alone in patients with previously untreated advanced or metastatic RCC. In this study, OPDIVO and CABOMETYX combination therapy demonstrated a significant and clinically meaningful improvement in the primary endpoint of progression-free survival (PFS) as assessed by the blind independent central review (BICR), compared to sunitinib alone at the final analysis, as well as the secondary endpoints of overall survival (OS) and objective response rate (ORR) as assessed by the BICR. The safety profiles of OPDIVO and CABOMETYX combination therapy observed in the study were consistent with the previously reported safety profile of each product.

ZEJULA / Generic name: niraparib

- In September 2021, Takeda announced that it has received approval from the Japanese Ministry of Health. Labour and Welfare (MHLW) to manufacture and market ZEJULA tablets 100mg (ZEJULA tablets) as an additional formulation for ZEJULA capsules 100mg (ZEJULA capsules), an oral poly (ADP-ribose) polymerase (PARP) inhibitor. The approval was granted based on the results of a human bioequivalence trial (3000-01-004 trial) and a dissolution study that confirmed the equivalence of ZEJULA capsules and ZEJULA tablets. ZEJULA capsules require refrigerated storage, however the newly approved ZEULA tablets can be stored at room temperature.

EXKIVITY / Generic name: mobocertinib

- In May 2021, Takeda announced updated data from the Phase 1/2 trial of mobocertinib in patients with epidermal growth factor receptor (EGFR) Exon20 insertion mutation-positive (insertion+) metastatic non-small cell lung cancer (mNSCLC) who received prior platinum-based chemotherapy. The results showed mobocertinib continued to demonstrate clinically meaningful benefit after over a year of follow up and were presented at the virtual 57th American Society of Clinical Oncology (ASCO) Annual Meeting. Results showed a median overall survival (OS) of 24 months with a median follow up of 14 months, and responses were observed across diverse EGFR Exon20 insertion variants. Other key data points such as confirmed objective response rate (ORR), a median duration of response (DoR) and a disease control rate (DCR), remained consistent with previously reported data. The safety profile observed was manageable and consistent with previous findings.
- In July 2021, Takeda announced that Center for Drug Evaluation (CDE) of the National Medical Products Administration of China (NMPA) has accepted the New Drug Application (NDA) for mobocertinib and granted priority review for this Class-1 innovative drug, for the treatment of adult patients with non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) Exon20 insertion mutations.
- In September 2021, Takeda announced that the U.S. Food and Drug Administration (FDA) has approved EXKIVITY for the treatment of adult patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) exon 20 insertion mutations as detected by an FDA-approved test, whose disease has progressed on or after platinum-based chemotherapy. The FDA approval is based on results from the platinum-pretreated population in the Phase 1/2 trial of EXKIVITY, which consisted of 114 patients with EGFR Exon20 insertion+ NSCLC who received prior platinum-based therapy and were treated at the 160 mg dose once- daily. EXKIVITY, which was granted priority review and received Breakthrough Therapy Designation, Fast Track Designation and Orphan Drug Designation from the FDA, is the first and only approved oral therapy specifically designed to target EGFR Exon20 insertion mutations. This indication is approved under Accelerated Approval based on overall response rate (ORR) and duration of response (DoR). Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial. The FDA simultaneously approved Thermo Fisher Scientific's Oncomine Dx Target Test as a next-generation sequencing (NGS) companion diagnostic for EXKIVITY to identify NSCLC patients with EGFR Exon20 insertions.

VECTIBIX / Generic name: panitumumab

- In March 2022, Takeda announced that the PARADIGM trial (Panitumumab and RAS, Diagnostically useful Gene Mutation for mCRC), a Phase 3 clinical study of VECTIBIX conducted in Japan, has met its primary endpoint. The PARADIGM trial is a randomized Phase 3 study designed to compare the efficacy and safety of VECTIBIX versus Bevacizumab, both used in combination with mFOLFOX6, in patients with RAS wild-type metastatic colorectal cancer (mCRC) who are previously untreated with chemotherapy. The PARADIGM trial is the first prospective study to evaluate the optimal treatment for patients with left-sided primary tumors (descending colon, sigmoid colon, rectum), RAS wild-type mCRC. The topline results of the trial demonstrated that VECTIBIX plus mFOLFOX6 arm resulted in statistically significant overall survival (OS) improvement, the primary endpoint of this study, in both left-sided primary tumor population and intent-to-treat population, compared to the bevacizumab plus mFOLFOX6 arm. The safety profile of VECTIBIX in this study was consistent with the current package insert.

Development code: TAK-924 / Generic name: pevonedistat

- In September 2021, Takeda announced the Phase 3 PANTHER (Pevonedistat-3001) study did not achieve pre-defined statistical significance for the primary endpoint of event-free survival (EFS). The trial evaluated whether the combination of pevonedistat plus azacitidine as first-line treatment for patients with higher-risk myelodysplastic syndromes (MDS), chronic myelomonocytic leukemia (CMML) and low-blast acute myeloid leukemia (AML) improved EFS versus azacitidine alone. An event in the trial was

defined as death or transformation to AML in participants with higher-risk MDS or CMML, whichever occurred first, and death in participants with AML. Takeda discontinued all research and development.

Rare Genetics & Hematology

In Rare Genetics & Hematology, Takeda focuses on several areas of high unmet medical need. In hereditary angioedema, Takeda aspires to transform the treatment paradigm, including through TAKHZYRO, with continued investment in lifecycle management programs including evaluating TAKHZYRO in Bradykinin-mediated angioedema with normal C1-inhibitor. In rare hematology, Takeda focuses on addressing today's needs in the treatment of bleeding disorders, including through ADVATE and ADYNOVATE/ADYNOVI, as well as on the development of pipeline assets including TAK-755 for the treatment of immune thrombotic thrombocytopenic purpura (iTTP) and congenital thrombotic thrombocytopenic purpura (cTTP). In rare genetics and others, Takeda is developing treatments for lysosomal storage disorders (LSDs), with a portfolio that includes commercial products such as ELAPRASE and REPLAGAL, and late-stage investigational therapies and pipeline candidates like pabinafusp alfa for Hunter Syndrome. In addition, Takeda aims to redefine the management of post-transplant cytomegalovirus (CMV) infection/disease with LIVTENCITY. We are also building differentiated gene therapy capabilities for the development and delivery of functional cures to patients with rare diseases.

TAKHZYRO / Generic name: lanadelumab

- In July 2021, Takeda announced the results from two final analyses from the Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ Open-label Extension (OLE), which evaluated the long-term safety (primary endpoint) and efficacy of TAKHZYRO (lanadelumab) 300 mg every two weeks for up to 2.5 years. In the first analysis, the mean (min, max) reduction in the attack rate compared to baseline observed in the study population (N=212) was of 87.4 percent (-100; 852.8), and the median reduction was 97.7 percent and patients received treatment for a mean (standard deviation) duration of 29.6 (8.2) months. At steady state – day 70 to the end of the treatment period – attack rates were further reduced to a mean of 92.4 percent and a median reduction of 98.2 percent. An additional analysis further suggests TAKHZYRO was a well-tolerated treatment that prevented HAE attacks over an extended planned 132 week treatment period across specific HAE patient demographic and disease characteristic subgroups. These data were presented at the 2021 European Academy of Allergy and Clinical Immunology (EAACI) Hybrid Congress.
- In February 2022, Takeda announced the U.S. Food and Drug Administration (FDA) approval of the TAKHZYRO injection single-dose prefilled syringe (PFS) to prevent attacks of hereditary angioedema (HAE) in adult and pediatric patients 12 years of age and older. The PFS is ready to use and requires fewer preparation steps than the current TAKHZYRO vial injection, while also reducing supplies and waste.
- In February 2022, Takeda announced that it presented four abstracts including interim real-world data from the observational Phase 4 EMPOWER study of TAKHZYRO as a treatment for people with Hereditary Angioedema (HAE) Type I or II in North America, as well as findings from a post-hoc analysis of the Phase 3 HELP Open Label Extension (OLE) study of long-term safety and efficacy of TAKHZYRO in HAE patients 12 years of age and older at the American Academy of Allergy, Asthma and Immunology (AAAAI) 78th Annual Meeting. Interim real-world data from Phase 4 EMPOWER study showed attack rate reduction and improvement in treatment satisfaction and other patient-reported outcome scores. The interim patient-reported outcomes showed a reduction of monthly attack rates in new users and showed sustained angioedema control in established users over twelve-months using the angioedema control test (AECT). In addition, a post-hoc analysis of global Phase 3 HELP and HELP OLE showed that reduction of attack rates with TAKHZYRO were similar for patients previously on androgen treatments.
- In March 2022, Takeda announced that it has received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for TAKHZYRO subcutaneous injection 300mg syringes for prophylaxis against acute attacks of hereditary angioedema (HAE) in adult and pediatric patients 12 years of age and older in Japan. The approval is primarily based on results of the global Phase 3 HELP Study and the Phase 3 HELP Study Open Label Extension (OLE), in addition to results of a Phase 3 study evaluating the efficacy and safety of TAKHZYRO in Japanese patients. Combined, these studies have demonstrated the efficacy and safety profile of TAKHZYRO as a preventive treatment for HAE attacks.
- In April 2022, Takeda announced that the Phase 3 SHP643-301 study evaluating the safety profile and pharmacokinetics of TAKHZYRO in patients 2 to <12 years of age is complete and has met its objectives. The safety profile was consistent with that seen in the clinical program for patients 12 years of age and older; there were no serious adverse events and no dropouts due to adverse events. The study also successfully reached the secondary objective evaluating the clinical activity/outcome of TAKHZYRO in preventing hereditary angioedema (HAE) attacks as well as characterizing the pharmacodynamics of TAKHZYRO in pediatric subjects 2 to <12 years of age.

REPLAGAL / Generic name: agalsidase alfa

- In November 2021, Takeda and Sumitomo Dainippon Pharma Co., Ltd. (Sumitomo Dainippon Pharma) announced that Takeda will assume the manufacturing and marketing authorization (and the marketing rights) of REPLAGAL 3.5mg for Fabry disease, an α-galactosidase enzyme intravenous (IV) infusion, from Sumitomo Dainippon Pharma as of February 15, 2022 in Japan.

FIRAZYR / Generic name: icatibant

- In December 2021, Takeda announced that it has submitted an application for a revision to the marketing approval for the selective bradykinin B2 receptor blocker FIRAZYR for the treatment of pediatric patients with hereditary angioedema (HAE) in Japan. This application is based primarily on a Japanese Phase 3 open-label study and an overseas Phase 3 open-label study evaluating the safety, efficacy and pharmacokinetics of subcutaneous administration of FIRAZYR in children mainly aged between two and 18 years. The Japanese pediatric treatment response in the Japanese Phase 3 open-label study was similar to the pediatric treatment response in Japanese and overseas adults and in the overseas Phase 3 open-label study.

VONVENDI / Generic name: von Willebrand factor (Recombinant)

- In January 2022, Takeda announced that the U.S. Food & Drug Administration (FDA) approved VONVENDI for routine prophylaxis to reduce the frequency of bleeding episodes in patients with severe Type 3 von Willebrand disease (VWD) receiving on-demand therapy. The approval is based on data from a prospective, open-label, international multicenter study to evaluate efficacy and safety of prophylactic treatment of VONVENDI in reducing the frequency of bleeding episodes in 10 adult patients diagnosed with severe Type 3 VWD who were previously treated on-demand. VONVENDI is now indicated for routine prophylaxis in adults with severe Type 3 VWD receiving on-demand therapy, as well as on-demand and perioperative bleed management in adults with VWD.

LIVTENCITY / Generic name: maribavir

- In June 2021, Takeda announced the results from a new subgroup analysis of SOT recipients in the Phase 3 TAK-620-303 (SOLSTICE) trial, for the investigational drug maribavir, at the American Transplant Congress (ATC) 2021 Virtual Connect. More than twice (55.6%, 79/142) as many SOT recipients with R/R CMV infection at baseline treated with maribavir achieved confirmed CMV viremia clearance at Study Week 8 (end of treatment phase) compared to those treated with conventional antiviral therapies (26.1%, 18/69) (investigator assigned treatment; IAT consists of one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir) (adjusted difference [95% CI]: 30.5% [17.3, 43.6]). The results presented showed consistent efficacy in SOT recipients receiving maribavir in heart, lung and kidney transplants.
- In October 2021, Takeda announced that the U.S. Food and Drug Administration (FDA) Antimicrobial Drugs Advisory Committee (AMDAC) voted unanimously to recommend use of maribavir for the treatment of refractory cytomegalovirus (CMV) infection and disease with genotypic resistance to ganciclovir, valganciclovir, foscarnet or cidofovir in transplant recipients. The committee also voted unanimously to recommend use of maribavir for the treatment of refractory CMV infection and disease without genotypic resistance to ganciclovir, valganciclovir, foscarnet or cidofovir in transplant recipients. Both recommendations were based on the results of the Phase 2 and Phase 3 TAK-620-303 (SOLSTICE) trials. The New Drug Application (NDA) for maribavir is currently under Priority Review by the FDA.
- In November 2021, Takeda announced that the U.S. Food and Drug Administration (FDA) approved LIVTENCITY for the treatment of adults and pediatric patients (12 years of age or older and weighing at least 35 kg) with post-transplant cytomegalovirus (CMV) infection/disease that is refractory to treatment (with or without genotypic resistance) with ganciclovir, valganciclovir, cidofovir, or foscarnet. Prior to FDA approval, LIVTENCITY was granted Orphan Drug Designation by the FDA for treatment of clinically significant CMV viremia and disease in at-risk patients, as well as Breakthrough Therapy Designation as a treatment for CMV infection and disease in transplant patients resistant or refractory to prior therapy. Takeda is also investigating LIVTENCITY as a first-line treatment of CMV in hematopoietic stem cell transplant recipients in an ongoing Phase 3 clinical trial.
- In December 2021, Takeda announced that the data from the pivotal Phase 3 SOLSTICE clinical trial of LIVTENCITY in post-transplant refractory CMV infections with or without resistance (R/R) were published in the journal of Clinical Infectious Diseases. The SOLSTICE study primary endpoint was met, with 55.7% (131/235) of adult patients on LIVTENCITY achieving confirmed CMV DNA level below the lower limit of quantification (<LLOQ, i.e. <137 IU/mL) at the end of Study Week 8 (end of treatment phase) in comparison with 23.9% (28/117) of patients on conventional antiviral therapies (one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir); adjusted difference [95% CI]: 32.8% [22.80 to 42.74]; P<0.001. The key secondary endpoint of the composite achievement of CMV DNA level <LLOQ and symptom control at Week 8 maintained through Week 16 was met, with a higher proportion of patients in the LIVTENCITY arm (18.7%, 44/235) meeting the endpoint compared to those on conventional antiviral therapies (10.3%, 12/117); adjusted difference [95% CI]: 9.5% [2.02 to 16.88]; P=0.013.
- In March 2022, Takeda announced that it has received Orphan Drug Designation from the Japanese Ministry of Health, Labour and Welfare (MHLW) for maribavir for the expected indications of cytomegalovirus (CMV) infection following organ transplantation (including hematopoietic stem cell transplantation). Maribavir is the first and only orally administrable CMV antiviral compound that targets and inhibits the pUL97 kinase as well as its natural substrates, and a Phase 3 clinical trial in post-transplant CMV infection/disease is ongoing in Japan.
- In April 2022, Takeda announced that it presented four company-sponsored abstracts on LIVTENCITY at the Tandem Transplantation & Cellular Therapy Meetings in Salt Lake City, Utah, and the 32nd European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in Lisbon, Portugal. The abstracts include an exploratory analysis of the Phase 3 SOLSTICE trial showing LIVTENCITY-treated patients with post-transplant cytomegalovirus (CMV) infections/disease had reductions in hospitalizations (34.8%; p=0.021) and length of hospital stay (53.8%; p=0.029), compared to those treated with conventional antiviral therapies. In addition, a post-hoc, sub-group analysis of the Phase 3 SOLSTICE trial showed shorter time to first confirmed CMV DNA level less than the lower limit of quantification (<LLOQ) with LIVTENCITY, compared to conventional antiviral therapies, which was consistent with previously reported findings.

Neuroscience

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

Development code: TAK-994

- In July 2021, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation (BTD) to TAK-994, its Phase 2 investigational oral orexin agonist, which is designed to selectively target orexin 2 receptors. TAK-994 is currently being studied in an ongoing Phase 2 (TAK-994-1501) study for the treatment of excessive daytime sleepiness (EDS) in patients with narcolepsy type 1 (NT1), a chronic neurological disorder that alters the sleep-wake cycle. The TAK-994 BTD was based, in part, on early phase and preliminary clinical data that indicates Takeda's investigational oral orexin agonist may demonstrate substantially improved objective and subjective measurements of daytime wakefulness in NT1 patients.
- In October 2021, Takeda announced that a safety signal had emerged in Phase 2 studies of TAK-994 (TAK-994-1501 study and TAK-994-1504 study). As an immediate precautionary measure, Takeda suspended dosing of patients and decided to stop both Phase 2 studies early. In June 2022, Takeda decided not to proceed with further development activities of TAK-994 following an assessment of the benefit/risk profile.

Development code: TAK-935 /Generic name: soticlestat

- In February 2022, Takeda announced that it has received Orphan Drug Designation from the Japanese Ministry of Health, Labour and Welfare (MHLW) for the cholesterol 24 hydroxylase (CH24H) inhibitor soticlestat for the expected indications of Dravet Syndrome (DS) and Lennox-Gastaut Syndrome (LGS). DS and LGS are forms of developmental epileptic encephalopathy (DEE) and are both specified in Japan as intractable diseases. Soticlestat is expected to improve the symptoms of DS and LGS by inhibition of CH24H and following reduction of 24S-hydroxycholesterol (24HC) levels in neurons. Phase 3 clinical trials in DS and LGS are currently ongoing.

Gastroenterology (GI)

In Gastroenterology, Takeda focuses on delivering innovative, life-changing therapeutics for patients with gastrointestinal and liver diseases. Takeda is maximizing the potential of our inflammatory bowel disease ("IBD") franchise around ENTYVIO, including development of a subcutaneous formulation, a needle free device, and expanding into other indications such as active chronic pouchitis. Takeda is also expanding its position with GATTEX / REVESTIVE and ALOFISEL, which are in ongoing and planned Phase 3 trials to support further potential geographic expansion, including in the U.S. Furthermore, Takeda is progressing a pipeline built through partnerships exploring opportunities in IBD, celiac disease, select liver diseases, and motility disorders. TAK-999 is an example of an addition through partnership and a potential first-in-class RNAi for alpha-1 antitrypsin-deficiency associated liver disease in late-stage development.

ENTYVIO / Generic name: vedolizumab

- In October 2021, Takeda announced the update on the U.S. development program for the investigational subcutaneous (SC) formulation of ENTYVIO as a maintenance therapy in adults with moderate to severe ulcerative colitis (UC). Through our ongoing interactions with the U.S. Food and Drug Administration (FDA), Takeda has received feedback which has provided clarity on the regulatory package and critical elements for the resubmission of the Biologics License Application (BLA) for Entyvio SC, and we are moving forward accordingly. We are reviewing our development program timelines and currently anticipate potential approval in FY 2023.
- In December 2021, Takeda announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has recommended the approval of intravenous (IV) ENTYVIO for the treatment of adult patients with moderately to severely active chronic pouchitis, who have undergone proctocolectomy and ileal pouch-anal anastomosis for ulcerative colitis, and have had an inadequate response with or lost response to antibiotic therapy. The positive opinion from the CHMP was based on the EARNEST trial, recently presented at the United European Gastroenterology's annual meeting, UEG Week Virtual 2021, which assessed the safety and efficacy of ENTYVIO IV in the treatment of active chronic pouchitis. Moreover, information from a number of retrospective studies of historical data indicating that ENTYVIO can have a positive impact on patients with inflammation of the pouch was also included in the application. In January 2022, European Commission (EC) approved ENTYVIO as the first treatment indicated for active chronic pouchitis across the European Union.

GATTEX / REVESTIVE / Generic name: teduglutide

- In June 2021, Takeda announced that it obtained approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market REVESTIVE 3.8 mg for subcutaneous injection as a treatment for short bowel syndrome. The approval is mainly based on the results of several trials conducted overseas, as well as Phase 3 clinical trials (SHP633-302, SHP633-305, SHP633-306, and SHP633-307) conducted in pediatric and adult patients in Japan.
- In November 2021, Takeda announced that it submitted the New Drug Application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for the low dose formulation (0.95 mg) as an additional dosage for REVESTIVE as a treatment for short bowel syndrome (SBS). This new formulation would allow REVESTIVE to be administered to SBS patients weighing less than 10 kg, or less than 20 kg with moderate or severe renal impairment (creatinine clearance of less than 50 mL/min), who cannot be dosed with the 3.8 mg formulation.

ALOFISEL / Generic name: darvadstrocel

- In September 2021, Takeda announced that it has received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market ALOFISEL for the treatment of complex perianal fistulas in patients with non-active or mildly active luminal Crohn's disease (CD). This product is indicated for the treatment of patients who have shown an inadequate response to at least one existing medicinal treatment. The approval is based on data from two trials , the Japanese Study Darvadstrocel-3002 and the ADMIRE-CD trial, conducted in Europe and Israel. ALOFISEL is the first expanded human allogeneic adipose-derived mesenchymal stem cell therapy to be approved in Japan, which exhibits immunomodulatory and local anti-inflammatory effects at the site of inflammation.

- In February 2022, Takeda announced the first six-month interim analysis results from INSPIRE Study at the European Crohn's and Colitis Organisation (ECCO) 2022 Congress. INSPIRE is a European, observational, multicenter, post-approval, open-enrollment study evaluating the real-world effectiveness and safety of ALOFISEL in patients with Crohn's disease (CD) and complex perianal fistulas. As of September 2021, 230 patients had enrolled in the ongoing study. 138 patients in the All Treated (AT) cohort and 120 patients in the Treated Per Protocol (PP) cohort were six-months post treatment and 66% for AT (92/138) and 58% for PP (69/120) had a six-month visit completed. Among them, 85% (78/92) of the AT cohort and 100% (69/69) of the PP cohort had clinical outcome data available at six-months. In this interim analysis, clinical response was observed in 73% (57/78) and 74% (51/69) of patients in the AT and PP cohorts, respectively. Clinical remission was observed in 65% of patients in both cohorts (AT cohort: 51/78; PP cohort: 45/69). Changes in CD activity, assessed using the Harvey–Bradshaw Index, post-treatment were minimal. Of the 205 patients with complete treatment data, 20% (41/205) had one or more adverse event and 9.3% (19/205) had one or more serious adverse event. There were no reports of ectopic tissue formation and no deaths. These results are consistent with the pivotal Phase 3 ADMIRE-CD study in terms of efficacy and safety.

Development code: TAK-721 (Planned trade name: Eohilia) / Generic name: budesonide oral suspension

- In December 2021, Takeda announced that it has received a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) in response to its New Drug Application (NDA) for TAK-721 for the treatment of eosinophilic esophagitis, a chronic inflammatory disease of the esophagus. The CRL indicates the FDA has completed its review of the TAK-721 NDA and determined that it cannot be approved in its present form. In addition, the FDA recommended an additional clinical study in order to help resolve FDA feedback. Takeda announced the discontinuation of this program in February 2022.

Plasma-Derived Therapies (PDT)

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

Development code: CoVIg-19 (previously TAK-888) / Generic name: anti-SARS-CoV-2 polyclonal hyperimmune immunoglobulin

- In April 2021, The CoVIg-19 Plasma Alliance announced that the Phase 3 Inpatient Treatment with Anti-Coronavirus Immunoglobulin (ITAC) clinical trial sponsored and funded by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH), did not meet its endpoints. No serious safety signals were raised in the trial. The study aimed to determine whether an investigational anti-coronavirus hyperimmune intravenous immunoglobulin (H-Ig) medicine could reduce the risk of disease progression when added to standard of care treatment including remdesivir in hospitalized adult patients at risk for serious complications. Following the outcome of the ITAC trial, the CoVIg-19 Plasma Alliance's work has now concluded. The full dataset from ITAC clinical trial has been published in The Lancet.

Vaccine

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

SPIKEVAX (formerly COVID-19 Vaccine Moderna) Intramuscular Injection / Development code: mRNA-1273 (Japanese development code: TAK-919)

- In May 2021, Takeda announced positive interim results from the ongoing Phase 1/2 immunogenicity and safety clinical trial of TAK-919 in Japan have been submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA). Takeda currently has a three-way agreement with Moderna, Inc. (Moderna) and the Government of Japan's Ministry of Health Labour and Welfare (MHLW) to import and distribute 50 million doses of TAK-919 in Japan. This interim analysis showed binding antibody and neutralizing antibody titres were elevated at 28 days after the second dose in 100% of people vaccinated with two 0.5ml doses of TAK-919 given 28 days apart. The vaccine candidate was generally well-tolerated with no significant safety concerns reported. The study results were submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA) to be evaluated as part of the New Drug Application submitted in March 2021, which also includes safety and efficacy results from Moderna's pivotal Phase 3 COVE trial conducted in the U.S.
- In May 2021, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) granted special approval under article 14-3 of the Pharmaceuticals and Medical Devices Act for emergency use of COVID-19 Vaccine Moderna Intramuscular Injection in Japan. The approval is based on positive clinical data from Takeda's Phase 1/2 immunogenicity and safety clinical trial of COVID-19 Vaccine Moderna Intramuscular Injection in Japan, which showed an immune response consistent with results from Moderna's pivotal Phase 3 COVE trial conducted in the United States. Takeda has started distribution in Japan.
- In July 2021, Takeda announced an additional agreement with Moderna and the Government of Japan's Ministry of Health, Labour and Welfare (MHLW) to import and distribute an additional 50 million doses of COVID-19 Vaccine Moderna Intramuscular

Injection in Japan from as early as the beginning of 2022. This agreement includes the potential to secure and supply vaccines corresponding to COVID-19 variants or booster products, should they be successfully developed by Moderna and licensed by the MHLW. Takeda will import and distribute the totaling 100 million doses including the additional 50 million doses in 2022 and 50 million doses announced in October, 2020.

- In July 2021, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) accepted the change in age indication in the package insert for COVID-19 Vaccine Moderna Intramuscular Injection to expand to 12 years of age and older. This change is based on the results of Moderna's Phase 2/3 study conducted in 3,732 subjects aged 12 to 17 years in the United States. The serum neutralizing antibody titer and neutralizing antibody titer response rate 28 days after the second vaccination of adolescents (12 to 17 years old), which are the primary endpoints, showed non-inferiority to young adults (18 to 25 years old) in the overseas phase 3 study (mRNA-1273-P301 study). Additionally, the results indicating a high preventive effect at the vaccine efficacy rate 2 weeks after the second vaccination, which was set as a secondary endpoint. No significant safety concerns were reported, as was the case with the results of clinical studies in patients aged 18 years or older.
- In December 2021, Takeda announced that Japan's Ministry of Health, Labour and Welfare (MHLW) has granted regulatory approval for a 50 μg booster dose of SPIKEVAX Intramuscular Injection, previously known as COVID-19 Vaccine Moderna Intramuscular Injection, in Japan for administration at least six months after completion of the primary series in those who are 18 years and older. The approval is based on previously-reported positive Moderna Phase 2 study results. Moderna's Phase 2 study was amended to offer a 50 μg booster dose to interested participants aged 18 years and older six to eight months following their second dose of the primary series of Moderna's COVID-19 vaccine. The results showed that a booster dose of the vaccine greatly increased neutralizing titers measured against the original virus strain compared to pre-boost levels. The reactogenicity profile observed following the booster dose was similar to the second dose of the primary series and the safety profile was also similar to that following any dose of Moderna's COVID-19 vaccine of the primary series.
- In December 2021, Takeda announced a third agreement with Japan's Ministry of Health, Labour and Welfare (MHLW) and Moderna to import and distribute 18 million additional doses of SPIKEVAX Intramuscular Injection in Japan in 2022. Takeda previously announced a three-way agreement with Moderna and MHLW to distribute 50 million doses of SPIKEVAX in Japan in 2021, and announced a second agreement for Takeda to import and distribute an additional 50 million doses in 2022, totaling 100 million doses between the two agreements. Due to the approval of the 50 microgram booster dose described in the foregoing paragraph, which is half of the dosage level used in the initial two-dose series of the vaccine (100 microgram per dose), the doses per vial for the second 50 million doses will increase, meaning Takeda will be able to deliver 75 million booster doses (at 15 doses per vial). With this third agreement for 18 million doses (at 15 doses per vial), Takeda will now deliver a total of 93 million doses to Japan in 2022.
- In May 2022, Takeda and Moderna, Inc. (Moderna) announced to transfer the marketing authorization in Japan for SPIKEVAX from Takeda to Moderna in Japan (Moderna Japan) as of August 1, 2022. Moderna Japan will assume responsibility for all SPIKEVAX activities, including import, local regulatory, development, quality assurance and commercialization. Takeda has agreed with Moderna that it will continue to provide distribution support under the current national vaccination campaign for Moderna COVID-19 vaccines for a transitional period.

NUVAXOVID Intramuscular Injection / Development code: NVX-CoV2373 (Japanese development code: TAK-019)

- In September 2021, Takeda announced the agreement that the Japanese Ministry of Health, Labour and Welfare (MHLW) will purchase 150 million doses of Novavax, Inc. (Novavax)'s vaccine candidate (TAK-019 in Japan) manufactured in Japan by Takeda subject to licensing and approval. Takeda is establishing the capability to manufacture TAK-019 at its facilities in Japan. Novavax is licensing and transferring manufacturing technologies to enable Takeda to manufacture the vaccine antigen and is supplying the Matrix-M™ adjuvant to Takeda for fill/finish together with the antigen.
- In April 2022, Takeda announced that it has received manufacturing and marketing approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for NUVAXOVID Intramuscular Injection (NUVAXOVID), a novel recombinant protein-based COVID-19 vaccine, for primary and booster immunization in individuals aged 18 and older. The approval is based on interim results from a Phase 1/2 study conducted by Takeda in Japan and several studies conducted by Novavax, including two pivotal Phase 3 clinical trials in the U.K., the U.S. and Mexico, Phase 1/2 studies in Australia and the U.S., as well as safety and efficacy data from outside of Japan which was subsequently submitted for review. Interim results from the Phase 1/2 study in Japan were positive and consistent with previously reported clinical trial results. No serious adverse events were reported in the NUVAXOVID treatment group, and the vaccine candidate was well-tolerated. Additionally, studies conducted by Novavax, including Phase 1/2 studies conducted in Australia and the U.S. as well as a Phase 2 study conducted in South Africa, evaluated safety and efficacy of booster immunization. In these studies, subjects received a booster dose 6 months after primary immunization, and compared to pre-booster levels, a significant elevation of antibody titer was observed without major safety concerns.
- In May 2022, Takeda announced that NUVAXOVID Intramuscular Injection (NUVAXOVID) has been designated as "special vaccination" status in Japan for primary (first and second dosing) and booster (third dosing) immunization following the revision of laws and regulations for COVID-19 vaccines specified under the Preventive Vaccination Law. NUVAXOVID is stored at refrigerated temperature of 2-8℃, like many other medicines and vaccines, which enables transportation and storage with conventional vaccine supply chain.

Development code: TAK-003 / Generic name: Dengue vaccine

- In May 2021, Takeda announced that TAK-003 demonstrated continued protection against dengue illness and hospitalization, regardless of an individual's previous dengue exposure, with no important safety risks identified through three years after vaccination in the ongoing pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial. TIDES enrolled more than 20,000 healthy children and adolescents ages four to 16 years in dengue-endemic countries in Latin America and Asia. Safety and efficacy results from the 36-month follow-up exploratory analysis of TIDES were presented at the 17th Conference of the International Society of Travel Medicine (CISTM). Through three years (36 months after the second dose), observations of

varied vaccine efficacy by serotype remained consistent with previously reported results. No evidence of disease enhancement was observed. TAK-003 was generally well tolerated, and there were no important safety risks observed. TIDES safety and efficacy data through 36-months follow-up was included in regulatory submissions to the European Union and dengue-endemic countries and will be part of additional future filings, including in the United States.

– In June 2022, Takeda announced that TAK-003 demonstrated continued protection against dengue fever through four and a half years (54 months), with no important safety risks identified, in the pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial, which was presented at the 8th Northern European Conference on Travel Medicine (NECTM8). Through four and a half years, TAK-003 demonstrated 84.1% vaccine efficacy (VE) (95% CI: 77.8, 88.6) against hospitalized dengue, with 85.9% VE (78.7, 90.7) in seropositive individuals and 79.3% VE (63.5, 88.2) in seronegative individuals. TAK-003 also demonstrated overall VE of 61.2% (95% CI: 56.0, 65.8) against virologically-confirmed dengue, with 64.2% VE (58.4, 69.2) in seropositive individuals and 53.5% VE (41.6, 62.9) in seronegative individuals. Observations of VE varied by serotype and remained consistent with previously reported results. TAK-003 was generally well tolerated, and there were no important safety risks identified. No evidence of disease enhancement was observed over the 54-month follow-up exploratory analysis.

Current status of our pipeline

The following summarizes our R&D activities within each of our therapeutic and business areas. The therapeutic candidates in our pipeline disclosed within the key therapeutic and business areas below are in various stages of development, and the contents of the pipeline may change as candidates currently under development are removed and new candidates.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. 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.

Our oncology pipeline in clinical development as of May 11, 2022 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
SGN-35[1] <brentuximab vedotin> *ADCETRIS* (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Cutaneous T cell lymphoma	China	Approved (Apr 2021)
<brigatinib> *ALUNBRIG* (Global)	ALK inhibitor (oral)	Small molecule	1L & 2L ALK-positive Non-Small Cell Lung Cancer	China	Approved (Mar 2022)
			2L ALK-positive Non-Small Cell Lung Cancer (head-to-head with alectinib)	U.S. EU	P-III P-III
MLN9708 <ixazomib> *NINLARO* (Global)	Proteasome inhibitor (oral)	Small molecule	Maintenance therapy in patients with newly diagnosed Multiple Myeloma not treated with stem cell transplant	Japan U.S. EU China	Approved (May 2021) P-III P-III P-III
			Maintenance therapy in patients with newly diagnosed Multiple Myeloma following autologous stem cell transplant	U.S. EU	P-III P-III
<cabozantinib>[2] *CABOMETYX* (Japan)	Multi-targeted kinase inhibitor (oral)	Small molecule	1L Renal cell carcinoma in combination with nivolumab	Japan	Approved (Aug 2021)
			2L metastatic Non-Small Cell Lung Cancer in combination with atezolizumab[3]	Japan	P-III
			Metastatic Castration-Resistant Prostate Cancer in combination with atezolizumab[4]	Japan	P-III
<ponatinib> *ICLUSIG* (U.S.)	BCR-ABL inhibitor (oral)	Small molecule	Front line Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	U.S.	P-III
TAK-788 <mobocertinib> *EXKIVITY* (U.S.)	EGFR/HER2 exon 20 inhibitor (oral)	Small molecule	Treatment Naïve Non-Small Cell Lung Cancer with EGFR exon 20 insertion	Global	P-III
			Previously treated Non-Small Cell Lung Cancer with EGFR exon 20 insertion[5]	U.S. China EU[6] Japan	Approved (Sep 2021) Filed (Jul 2021) Filed (Jul 2021) P-III
TAK-385 <relugolix>	LH-RH antagonist (oral)	Small molecule	Prostate cancer	Japan China	P-III P-III
TAK-981 <subasumstat>	SUMO inhibitor (injection)	Small molecule	Multiple cancers	-	P-II
TAK-007[7]	CD19 CAR-NK (injection)	Cell and gene therapy	Relapsed/refractory B cell malignancies	-	P-I/II

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-102[8]	GPC3 CAR-T (injection)	Cell and gene therapy	Solid tumors	-	P-I
TAK-103[8]	Mesothelin CAR-T (injection)	Cell and gene therapy	Solid tumors	-	P-I
TAK-573[9] <modakafusp alfa>	Anti-CD38-targeted IgG4 genetically fused with an attenuated IFNα (injection)	Biologic and other	Relapsed/refractory Multiple Myeloma	-	P-I
TAK-605[10]	Oncolytic virus (intra-tumoral administration)	Biologic and other	Solid tumors	-	P-I
TAK-676	STING agonist (injection)	Small molecule	Solid tumors	-	P-I
TAK-500	STING agonist antibody drug conjugate (injection)	Biologic and other	Solid tumors	-	P-I
TAK-940[11]	CD19 1XX CAR-T (injection)	Cell and gene therapy	Relapsed/refractory B cell malignancies	-	P-I
TAK-186[12]	T Cell Engager (Injection)	Biologic and other	EGFR expressing solid tumors	-	P-I

Notes:
(1) Partnership with Seagen, Inc.
(2) Partnership with Exelixis, Inc.
(3) Partnership with Chugai Pharmaceutical. Chugai operates Phase 3 development.
(4) Partnership with Chugai Pharmaceutical. Takeda operates Phase 3 development.
(5) The U.S. FDA review is being conducted under Project Orbis, an initiative of the FDA Oncology Center of Excellence (OCE), which provides a framework for concurrent submission and review of oncology products among international partners such as the UK, Brazil and Australia.
(6) The U.K. approval was granted in Mar 2022.
(7) Partnership with The University of Texas MD Anderson Cancer Center.
(8) Partnership with Noile-Immune Biotech, Inc.
(9) Partnership with Teva Pharmaceutical Industries Ltd.
(10) Partnership with Turnstone Biologics.
(11) Partnership with Memorial Sloan Kettering Cancer Center.
(12) Acquired via acquisition of Maverick Therapeutics, Inc.

Our rare genetic and hematology pipeline in clinical development as of May 11, 2022 (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-743 <lanadelumab> *TAKHZYRO* (Global)	Plasma kallikrein inhibitor (injection)	Biologic and other	Hereditary Angioedema	Japan	Approved (Mar 2022)
			Pediatric Hereditary Angioedema	Global	P-III
			Bradykinin-Mediated Angioedema	Global	P-III
TAK-577 *VONVENDI* (U.S., Japan), *VEYVONDI* (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Adult prophylactic treatment of von Willebrand disease	U.S. Japan EU China	Approved (Jan 2022) Approved (Mar 2022) P-III P-III
			Pediatric on-demand and surgery treatment of von Willebrand disease	Global	P-III
TAK-620[(1)] <Maribavir> *LIVTENCITY* (U.S.)	Benzimidazole riboside inhibitor (oral)	Small molecule	Post-transplant CMV infection/disease resistant/refractory to (val) ganciclovir, cidofovir or foscarnet	U.S. EU	Approved (Nov 2021) Filed (Jun 2021)
			HSCT Recipients with First CMV Infection	U.S. EU	P-III P-III
TAK-660 *ADYNOVATE* (U.S., Japan) *ADYNOVI* (EU)	Antihemophilic factor [recombinant], PEGylated (injection)	Biologic and other	Pediatric Hemophilia A	EU	P-III
TAK-755[(2)]	Replacement of the deficient-ADAMTS13 enzyme (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	U.S. EU	P-III P-III
			Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II P-II
			Sickle cell disease	U.S.	P-I
TAK-672[(3)] *OBIZUR* (US, EU)	Porcine Coagulation Factor VIII (Recombinant) (injection)	Biologic and other	Acquired hemophilia A (AHA)	Japan	P-II/III
TAK-141/JR-141[(4)] <pabinafusp alfa>	Recombinant fusion protein of an antibody against the human transferrin receptor and iduronate-2-sulfatase (injection)	Biologic	Hunter syndrome (CNS and somatic symptoms)	EU	P-III
TAK-611	Recombinant human arylsulfatase A for intrathecal administration (injection)	Biologic and other	Metachromatic leukodystrophy	-	P-II
TAK-079[(5)] <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Myasthenia gravis	-	P-II
			Immune thrombocytopenic purpura	-	P-II
			Systemic lupus erythematosus	-	P-I/II
TAK-834 *NATPARA* (U.S.), *NATPAR* (EU)	Parathyroid hormone (injection)	Biologic and other	Hypoparathyroidism	Japan	P-I[(6)]

Notes:
(1) Partnership with GlaxoSmithKline.
(2) Partnership with KM Biologics for co-exclusive license for commercialization in Japan only.
(3) Partnership with Ipsen.
(4) Geographically-focused collaboration and license agreement with JCR Pharmaceuticals. Takeda will exclusively commercialize TAK-141/JR-141 outside of the United States, including Canada, Europe, and other regions (excluding Japan and certain other Asia-Pacific countries). Takeda receives an option under a separate option agreement, which allows Takeda to acquire an exclusive license to commercialize TAK-141/JR-141 in the U.S. upon completion of the Phase 3 program.
(5) Relapsed/refractory Multiple Myeloma will continue until trial completion.
(6) P-I study in Japan completed; P-III study start timing under review.

Our neuroscience pipeline in clinical development as of May 11, 2022 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-935 <soticlestat>	CH24H inhibitor (oral)	Small molecule	Dravet syndrome	Global	P-III
			Lennox-Gastaut syndrome	Global	P-III
TAK-994	Orexin 2R agonist (oral)	Small molecule	Narcolepsy	-	P-II[4]
TAK-071	M1 positive allosteric modulator (M1PAM) (oral)	Small molecule	Parkinson's disease	-	P-II
TAK-041[1]	GPR139 agonist (oral)	Small molecule	Anhedonia in major depressive disorder (MDD)	-	P-II
TAK-653[1]	AMPA receptor potentiator (oral)	Small molecule	Inadequate response to treatment in major depressive disorder (MDD)	-	P-II
TAK-594/DNL593[2]	Brain-penetrant progranulin fusion protein (injection)	Biologic and other	Frontotemporal dementia	-	P-I/II
TAK-341/MEDI1341[3]	Alpha-synuclein antibody (injection)	Biologic and other	Parkinson's disease	-	P-I
TAK-861	Orexin 2R agonist (oral)	Small molecule	Sleep disorders, other disorders	-	P-I
TAK-925	Orexin 2R agonist (injection)	Small molecule	Post-anesthesia recovery, narcolepsy	-	P-I

Notes:
(1) 50:50 co-development and co-commercialization with Neurocrine.
(2) Partnership with Denali Therapeutics. Denali leads Phase 1 development.
(3) Partnership with AstraZeneca. AstraZeneca leads Phase 1 development.
(4) TAK-994 was on clinical hold as of May 11, 2022. Takeda decided not to proceed with further development activities of TAK-994 in June 2022.

Our GI pipeline in clinical development as of May 11, 2022 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
MLN0002 <vedolizumab> *ENTYVIO* (Global)	Humanized monoclonal antibody against α4β7 integrin (injection)	Biologic and other	Subcutaneous formulation for ulcerative colitis	U.S. Japan	Complete Response Letter (CRL) received (Dec 2019)[7] Filed (Aug 2019)
			Subcutaneous formulation for Crohn's disease	U.S. Japan	P-III P-III
			Active Chronic Pouchitis	EU	Approved (Jan 2022)
			Graft-versus-Host Disease prophylaxis in patients undergoing allogeneic hematopoietic stem cell transplantation	EU Japan	P-III P-III
			Pediatrics Study (ulcerative colitis, Crohn's disease)	Global	P-III
TAK-438 <vonoprazan> *TAKECAB* (Japan) *VOCINTI* (China)	Potassium-competitive acid blocker (oral)	Small molecule	Acid related diseases (Reflux Esophagitis Maintenance)	China	Approved (Oct 2021)
			Oral disintegrated tablet formulation	Japan	Approved (Mar 2022)
			Acid related diseases (adjunct to *Helicobacter pylori* eradication)	China	P-III

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-633 <teduglutide> *GATTEX* (U.S.) *REVESTIVE* (EU, Japan)	GLP-2 analogue (injection)	Peptide/ Oligo-nucleotide	Short bowel syndrome (pediatric indication)	Japan	Approved (Jun 2021)
			Short bowel syndrome (in adults)	Japan	Approved (Jun 2021)
Cx601 <darvadstrocel> *ALOFISEL* (EU, Japan)	A suspension of allogeneic expanded adipose-derived stem cells (injection)	Biologic and other	Refractory complex perianal fistulas in patients with Crohn's disease	U.S. Japan	P-III Approved (Sep 2021)
TAK-954(1)	5-HT_4 - hydroxytryptamine receptor agonist (injection)	Small molecule	Post-operative gastrointestinal dysfunction	-	P-II (b)
TAK-999(2)	GalNAc based RNA interference (RNAi) (injection)	Peptide/ Oligo-nucleotide	Alpha-1 antitrypsin-deficiency associated liver disease	U.S. EU	P-II (b) P-II (b)
TAK-101(3)	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II (a)
TAK-018/EB8018(4) <sibofimloc>	FimH antagonist (oral)	Small molecule	Crohn's disease (post-operative and ileal-dominant)	-	P-II (a)
TAK-951	Peptide agonist (sub-cutaneous)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-II
TAK-510	Peptide agonist (sub-cutaneous)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-I
TAK-105	Peptide agonist (sub-cutaneous)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-I
TAK-062	Glutenase (oral)	Biologic and other	Celiac disease	-	P-I
TAK-039(5)	Bacterial consortium (oral)	Microbiome	Clostridium difficile infections(6)	-	P-I

Notes:
(1) Partnership with Theravance Biopharma, Inc.
(2) Partnership with Arrowhead Pharmaceuticals, Inc.
(3) Acquired development and commercialization license for TAK-101 from COUR Pharmaceuticals. Previously known as TIMP-GLIA.
(4) Partnership with Enterome Bioscience SA.
(5) Partnership with NuBiyota.
(6) Phase 1 study in clostridium difficile infections completed; strategic intention is to take the program forward in hepatic encephalopathy.
(7) In active discussions with the FDA. Timelines under review; potential approval anticipated FY2023.

Our PDT pipeline in clinical development as of May 11, 2022 (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-664 *CUVITRU* (U.S., EU)	Immunoglobulin 20% [human] (subcutaneous)	Biologic and other	Primary immunodeficiencies	Japan	P-III

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-771[(1)] <IG Infusion 10% (Human) w/ Recombinant Human Hyaluronidase> *HYQVIA* (U.S., EU)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Pediatric indication for primary immunodeficiency	U.S.	P-III
			Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU	P-III P-III
			Chronic inflammatory demyelinating polyradiculoneuropathy and Multifocal Motor Neuropathy	Japan	P-III
			Primary Immunodeficiencies	Japan	P-III
TAK-880 <10% IVIG (Low IgA)>	Immunoglobulin (10%) [human] (injection) (Low IgA)	Biologic and other	Primary Immunodeficiencies and Multifocal Motor Neuropathy	U.S. EU	Filing in preparation[(2)]
TAK-662 *CEPROTIN* (U.S., EU)	Protein C concentrate [human] (injection)	Biologic and other	Severe congenital protein C deficiency	Japan	P-I/II
TAK-881 <Facilitated 20% SCIG>	Immunoglobulin (20%) [human] + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Immunodeficiencies	-	P-I/II

Notes:
(1) Partnership with Halozyme.
(2) Non-interventional study to collect data is in progress.

Our vaccines pipeline in clinical development as of May 11, 2022 (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-919/mRNA-1273[(1)] *Spikevax Intramuscular Injection* (Japan)	SARS-CoV-2 vaccine (injection)	Biologic and other	Active immunization for the prevention of COVID-19	Japan	Approved (May 2021) [(4)]
			Active immunization for the prevention of COVID-19 (booster)	Japan	Approved (Dec 2021)
TAK-019/ NVX-CoV2373[(2)] *Nuvaxovid Intramuscular Injection* (Japan)	SARS-CoV-2 vaccine (injection)	Biologic and other	Active immunization for the prevention of COVID-19 (primary and booster)	Japan	Approved (Apr 2022)
TAK-003	Tetravalent dengue vaccine (injection)	Biologic and other	For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 up to 60 years of age	EU and EU-M4all -	Filed (Mar 2021)[(5)] P-III
TAK-426[(3)]	Zika vaccine (injection)	Biologic and other	Active immunization for the prevention of disease caused by Zika virus	-	P-I

Notes:
(1) Partnership with Moderna and MHLW.
(2) Partnership with Novavax, Inc.
(3) Partnership with The Biomedical Advanced Research and Development Authority (BARDA) of the U.S. Government.
(4) Change in age indication to expand to 12 years of age and older (July 2021).
(5) In addition to filing in the EU and through the EU-M4all (previously Article 58) procedure for countries outside of the EU, filings began in dengue endemic countries in Latin America and Asia that are not participating in the EU-M4all procedure.

Discontinued projects

Our discontinued projects since the last fiscal year is as follows:

Development code <generic name>	Indications (Region/Country, Stage)	Reason
CoVIg-19	Treatment of adult hospitalized patients at onset of clinical progression of COVID-19 (U.S., EU, Japan, P-III)	Phase 3 Inpatient Treatment with Anti-Coronavirus Immunoglobulin (ITAC) clinical trial sponsored and funded by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH), did not meet its endpoints.
TAK-169	Relapse/refractory multiple myeloma (P-I)	Takeda has communicated its decision to turn over full rights of TAK-169 to Molecular Templates. Molecular Templates will continue to develop TAK-169.
TAK-831 <luvadaxistat>	Negative symptoms and/or cognitive impairment associated with schizophrenia (P-II)	Based on clinical data, our partner Neurocrine announced the discontinuation of development in Schizophrenia Negative Symptoms. Neurocrine will continue developing TAK-831 in Cognitive Impairment Associated with Schizophrenia and Takeda decided not to co-fund a supplemental study with Neurocrine, which resulted in Takeda's maintaining its right to receive milestones and royalties regarding TAK-831.
TAK-671	Acute Pancreatitis (P-I)	Takeda has opted out of further development based on a business decision, and the right to continue developing the asset falls under Samsung Bioepis.
TAK-924 <pevonedistat>	High-risk Myelodysplastic Syndrome (P-III), Unfit Acute Myelogenous Leukemia (P-III)	Phase 3 PANTHER study did not meet its primary endpoint. The result did not support further development in Phase 3 HR MDS trial and Unfit AML trial. The Phase 1/2 AML trial in combination with venetoclax is ongoing but not recruiting new patients and is not registrational.
TAK-935 <soticlestat>	15q duplication syndrome, CDKL5 deficiency disorder (P-II)	The Phase 2 result did not support further development in these indications.
TAK-252	Solid tumors and lymphomas (P-I)	Shattuck Labs and Takeda mutually agreed to terminate the parties' Collaboration Agreement, resulting in termination of the TAK-252 for Takeda.
TAK-438 <vonoprazan>	Acid related diseases Duodenal Ulcer (China, Filing withdrawn)	After evaluation of Chinese CDE (Center for Drug Evaluation) assessment, Takeda decided not to pursue this indication further.
TAK-721 <budesonide>	Eosinophilic esophagitis (U.S., Filed)	After evaluation of Complete Response Letter (CRL) from U.S. FDA, Takeda decided not to pursue program further.
TAK-906	Gastroparesis (P-II (b))	The Phase 2 (b) study did not support further development in Gastroparesis or other GI indications.
TAK-609	Hunter syndrome CNS (U.S., EU, P-II)	After years of extensive review and regulatory discussions, Takeda has come to the difficult decision to discontinue development. Data is insufficient for filing.

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. Certain of the agreements which have led to successful commercialization to date are summarized below:

- *ADCETRIS*: We entered into a Collaboration Agreement with Seagen, Inc. (formerly Seattle Genetics, Inc.) ("Seagen") 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 Seagen). We were required to pay milestone payments related to regulatory and commercial progress by us under the collaboration. We also pay tiered royalties with percentages ranging from the mid-teens to the mid-twenties based on net sales of *ADCETRIS* within our licensed territories. We and Seagen equally co-fund the cost of selected development activities conducted under the collaboration, but as of March 31, 2022, 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 Seagen may terminate the collaboration in certain circumstances. If neither party terminates the collaboration agreement, then the agreement automatically terminates on the expiration of all payment obligations.
- *TRINTELLIX:* We entered into a License, Development, Supply and Commercialization Agreement with H. Lundbeck A/S in 2007 for the exclusive co-development and co-commercialization in the U.S. and Japan of several compounds in Lundbeck's pipeline for the treatment of mood and anxiety disorders. Under the agreement, both partners commercialize TRINTELLIX in the U.S. and Japan and have agreed to jointly develop the relevant compounds, with most of development funding provided by us. Revenues for *TRINTELLIX* are booked by us, and we pay Lundbeck a portion of net sales, as well as

tiered royalties ranging from the low to mid-teens on the portion of sales retained by us. We have also agreed to pay Lundbeck certain development and commercialization milestone payments relating to regulatory and commercial progress under the collaboration, but as of March 31, 2022, there are no further incremental potential commercial milestone payments remaining under the TRINTELLIX collaboration. The term of the agreement is indefinite, but the agreement may be terminated by mutual decision of the parties or for cause.

Building a sustainable research platform / Enhancing R&D collaboration

- In July 2021, Takeda and PeptiDream Inc. announced an expansion of its research collaboration and exclusive license agreement, announced in December 2020, to create peptide-drug conjugates (PDCs) for several central nervous system (CNS) targets, which play important roles in chronic neurodegenerative diseases. This new collaboration expands the use of the TfR1 binding peptide ligands for CNS targets associated with neurodegeneration allowing Takeda to conjugate the peptides with therapeutic cargoes optimized to cross the blood-brain barrier (BBB). A significant challenge to the development of effective medicines for neurodegenerative diseases is the ability to deliver therapeutic molecules across the BBB into the brain. Peptide carriers that bind to TfR1 when conjugated to various therapeutic payloads facilitate the transport of the payload across the BBB into the brain, and thereby significantly improve functional benefit. This TfR1 BBB shuttle approach has the potential to accelerate the development of therapies for which BBB penetration remains challenging. This approach may also enable broad brain region biodistribution that is frequently needed to effectively treat many neurodegenerative diseases for which few, if any, effective drugs currently exist.
- In July 2021, Takeda and Frazier Healthcare Partners announced a collaboration to launch HilleVax, Inc. (HilleVax), a biopharmaceutical company to develop and commercialize Takeda's norovirus vaccine candidate. Takeda has granted a license to HilleVax for the exclusive development and commercialization rights to its norovirus vaccine candidate, HIL-214 (formerly TAK-214), worldwide outside of Japan, in exchange for upfront consideration, as well as future cash milestones and royalties on net sales. Takeda will retain commercialization rights in Japan and HilleVax will integrate certain Japan development activities into its global development. HIL-214, which is a virus-like particle (VLP) based vaccine candidate, completed a randomized, placebo-controlled Phase 2b field efficacy study in 4,712 adult subjects in which HIL-214 was well-tolerated and demonstrated clinical proof of concept in preventing moderate-to-severe cases of acute gastroenteritis from norovirus infection. As of July 2021, the candidate has been studied in nine human clinical trials with safety data from over 4,500 subjects and immunogenicity data from over 2,000 subjects.
- In September 2021, Takeda and Mirum Pharmaceuticals, Inc. (Mirum) announced that the companies have entered into an exclusive licensing agreement for the development and commercialization of maralixibat chloride (maralixibat) (US trade name: LIVMARLI), an apical sodium dependent bile acid transporter (ASBT) inhibitor, in Japan for Alagille syndrome (ALGS), progressive familial intrahepatic cholestasis (PFIC), and biliary atresia (BA). Maralixibat, an investigational, orally administered medication, is being evaluated globally in ALGS, PFIC, and BA. Under the terms of the agreement, Takeda will be responsible for regulatory approval and commercialization of maralixibat in Japan. Takeda will also be responsible for development, including conducting clinical studies in cholestatic indications.
- In September 2021, Takeda and JCR Pharmaceuticals Co., Ltd. (JCR) announced a geographically-focused exclusive collaboration and license agreement to commercialize JR-141 (pabinafusp alfa), an investigational, next-generation recombinant fusion protein of an antibody against the human transferrin receptor and iduronate-2-sulfatase (IDS) enzyme for the treatment of Hunter syndrome (also known as Mucopolysaccharidosis type II or MPS II). JR-141, applied with J-Brain Cargo, JCR's proprietary blood-brain barrier (BBB) technology, is engineered to transport the therapeutic enzyme across the BBB to directly reach the brain and address both the somatic and neuronopathic manifestations of the disease, which can lead to progressive cognitive decline. Under the terms of the exclusive collaboration and license agreement, Takeda will exclusively commercialize JR-141 outside of the United States, including Canada, Europe, and other regions (excluding Japan and certain other Asia-Pacific countries). The two companies will collaborate to bring this therapy to patients as quickly as possible upon completion of the global Phase 3 program, which will be conducted by JCR. Takeda receives an option under a separate option agreement, which allows Takeda to acquire an exclusive license to commercialize JR-141 in the U.S. upon completion of the Phase 3 program.
- In October 2021, Takeda announced the exercise of its option to acquire GammaDelta Therapeutics Limited ("GammaDelta"), a company focused on exploiting the unique properties of gamma delta (γδ) T cells for immunotherapy. Through the acquisition, Takeda will obtain GammaDelta's allogeneic variable delta 1 (Vδ1) gamma-delta (γδ) T cell therapy platforms, which includes both blood-derived and tissue-derived platforms, in addition to early-stage cell therapy programs. The transaction was completed in April 2022.
- In January 2022, Takeda announced the exercise of its option to acquire Adaptate Biotherapeutics Ltd. ("Adaptate"), a UK company focused on developing antibody-based therapeutics for the modulation of variable delta 1 (Vδ1) gamma delta (γδ) T cells. Through the acquisition, Takeda will acquire Adaptate's antibody-based γδ T cell engager platform, including pre-clinical candidate and discovery pipeline programs. Adaptate's γδ T cell engagers are designed to specifically modulate γδ T cell-mediated immune responses at tumor sites while sparing damage to healthy cells. The planned acquisition of Adaptate follows Takeda's recently exercised option to acquire GammaDelta Therapeutics and is intended to further accelerate the development of innovative γδ T cell-based therapies. The transaction was completed in April 2022.

Our other R&D licensing and collaboration agreements include, but are not limited to, the following:

Oncology

Partner	Country of incorporation	Subject
Adimab	U.S.	Agreement for the discovery, development and commercialization of three mAbs and three CD3 Bi-Specific antibodies for oncology indications.
ASKA Pharmaceutical Co., Ltd	Japan	Takeda granted exclusive commercialization rights for uterine fibroids and exclusive development and commercialization rights for endometriosis for Japan to maximize the product value of relugolix (TAK-385).
Crescendo Biologics	U.K	Collaboration and licensing agreement for the discovery, development and commercialization of Humabody®-based therapeutics for cancer indications.
Egle Therapeutics	France	Identify novel tumor-specific regulatory T cell targets and develop unique anti-suppressor-based immunotherapies.
Exelixis, Inc.	U.S.	Exclusive licensing agreement to commercialize and develop novel cancer therapy cabozantinib and all potential future cabozantinib indications in Japan, including advanced renal cell carcinoma and hepatocellular carcinoma.
GammaDelta Therapeutics	U.K.	Collaboration agreement to discover and develop new immunotherapies in oncology using GammaDelta Therapeutics' novel T cell platform based on the unique properties of gamma delta T cells derived from human tissues. Takeda exercised its option to acquire GammaDelta Therapeutics in October 2021. Separately, in January 2022, Takeda exercised its option to acquire Adaptate Biotherapeutics, a UK based spin-out company from GammaDelta Therapeutics focused on developing antibody-based therapeutics for the modulation of variable delta 1 (Vδ1) gamma delta (γδ). Both acquisitions were closed in April 2022.
GlaxoSmithKline	U.K.	Exclusive licensing agreement to develop and commercialize novel cancer therapy niraparib for the treatment of all tumor types in Japan, and all tumor types excluding prostate cancer in South Korea and Taiwan.
Heidelberg Pharma	Germany	Antibody-Drug-Conjugate (ADC) research collaboration on 2 targets and licensing agreement (α-amanitin payload and proprietary linker).
KSQ Therapeutics	U.S.	Strategic collaboration to research, develop and commercialize novel immune-based therapies for cancer using KSQ's CRISPRomics® technology.
MD Anderson Cancer Center	U.S.	Exclusive license and research agreement to develop cord blood-derived chimeric antigen receptor-directed natural killer (CAR NK) cell therapies, 'armored' with IL-15, for the treatment of B cell malignancies and other cancers.
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
Myovant Sciences	Switzerland	Takeda granted Myovant an exclusive, worldwide license (excluding Japan and certain other Asian countries) to relugolix (TAK-385) and an exclusive, worldwide license to MVT-602 (TAK-448).
National Cancer Center of Japan	Japan	Partnership agreement to develop basic research to clinical development by promoting exchanges among researchers, physicians, and others engaged in anti-cancer drug discovery and cancer biology research.
Noile-Immune Biotech	Japan	Collaboration agreement for the development of next generation CAR-T cell therapy, developed by Professor Koji Tamada at Yamaguchi University. Takeda has exclusive options to obtain licensing rights for the development and commercialization of Noile-Immune Biotech's pipeline and products resulting from this partnership. Due to the success of the collaboration, Takeda licensed NIB-102 and NIB-103.
Presage Biosciences	U.S.	Research collaboration and license for multiple programs using Presage's proprietary platform CIVO to evaluate patients' unique responses to microdoses of cancer drugs.
Teva	Israel	Agreement for worldwide License to TEV-48573 (TAK-573) (modakafusp alfa, Anti-CD38-Attenukine™) and multi-target discovery collaboration accessing Teva's Attenukine™ platform.
Turnstone Biologics	U.S.	Collaboration to co-develop TAK-605 (RIVAL-01) (novel oncolytic virus expressing aCTLA4, IL12-mb, flt3L) via a worldwide partnership and also conduct collaborative discovery efforts to identify additional novel product candidates based on a Turnstone's vaccinia virus platform.

Rare Genetics and Hematology

Partner	Country of incorporation	Subject
Asklepios Biopharmaceuticals	U.S.	Agreement for multiple research and development collaborations using FVIII Gene Therapy for the treatment of Hemophilia A and B.
BioMarin	U.S.	Agreement for the in-license of enabling technology for the exogenous replacement of iduronate-2-sulfatase with Idursulfase-IT in patients via direct delivery to the CNS for the long-term treatment of Hunter Syndrome in patients with cognitive impairment in order to slow progression of cognitive impairment (TAK-609).
Carmine Therapeutics	Singapore	Research collaboration agreement to discover, develop and commercialize transformative non-viral gene therapies for two rare disease targets using Carmine's REGENT(TM) technology, based on red blood cell extracellular vesicles.
Code Bio	U.S.	Collaboration and license agreement for Takeda and Code Bio to design and develop a targeted gene therapy leveraging Code Bio's 3DNA platform for a liver-directed rare disease program, plus conduct additional studies for central nervous system-directed rare disease programs. Takeda has the right to exercise options for an exclusive license for four programs.
Codexis, Inc.	U.S.	Strategic collaboration and license for the research and development of novel gene therapies for certain disease indications, including the treatment of lysosomal storage disorders and blood factor deficiencies.
Ensoma	U.S.	Research collaboration and license provides Takeda with an exclusive worldwide license to Ensoma's Engenious™ vectors for up to five rare disease indication.
Evox Therapeutics	U.K.	Collaboration for developing novel protein replacement and mRNA therapies and targeted delivery using Evox's proprietary exosome technology. Partnership for up to five rare disease targets with Takeda assuming responsibility for its clinical development
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.
GlaxoSmithKline	U.K.	In-license agreement between GSK and University of Michigan for TAK-620 (maribavir) in the treatment of human cytomegalovirus.
JCR Pharmaceuticals	Japan	Exclusive collaboration and license agreement to commercialize TAK-141 (JR-141, pabinafusp alfa), applied with J-Brain Cargo®, JCR's proprietary blood-brain barrier (BBB) penetration technology, for the treatment of Hunter syndrome (MPS II). Takeda will exclusively commercialize TAK-141 outside of the United States, including Canada, Europe, and other regions (excluding Japan and certain other Asia-Pacific countries). Takeda receives an option under a separate option agreement, which allows Takeda to acquire an exclusive license to commercialize TAK-141 in the U.S. upon completion of the Phase 3 program. In March 2022, Takeda and JCR has entered into new exclusive license and collaboration agreement to develop gene therapies that apply J-Brain Cargo® BBB penetration technology for lysosomal storage disorders (LSDs); Takeda has the option to nominate additional rare disease and other disease indications.
Immusoft	U.S.	Research collaboration and license option agreement to discover, develop and commercialize cell therapies in rare inherited metabolic disorders with central nervous system (CNS) manifestations and complications using Immusoft's Immune System Programming (ISP™) technology platform.
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.
KM Biologics	Japan	Agreement for the development collaboration of TAK-755 to overcome the ADAMTS13 deficiency in TTP.
Oak Hill Bio	UK	Multiple asset and license agreements with Oak Hill Bio, a rare disease therapeutics company. Takeda transfers multiple pre-clinical and clinical programs, including OHB-607 (formerly TAK-607) and OHB-101 (formerly TAK-752), to Oak Hill Bio in exchange for an upfront payment, an ownership stake in Oak Hill Bio and potential milestones and royalty payments.
Poseida Therapeutics	U.S.	Research collaboration and exclusive license agreement to utilize Poseida's piggyBac, Cas-CLOVER, biodegradable DNA and RNA nanoparticle delivery technology and other proprietary genetic engineering platforms for up to eight gene therapies. The collaboration will focus on developing non-viral in vivo gene therapy programs, including Poseida's Hemophilia A program.
Selecta Biosciences	U.S.	Research collaboration and license agreement to develop targeted, next-generation gene therapies for two indications within the field of lysosomal storage disorders using Selecta's ImmTOR platform.
Xenetic Biosciences	U.S.	Exclusive R&D license agreement for PolyXen delivery technology for hemophilia factors VII, VIII, IX, X.

Neuroscience

Partner	Country of incorporation	Subject
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases.
AstraZeneca	UK	Agreement for the joint development and commercialization of MEDI1341, an alpha-synuclein antibody currently in development as a potential treatment for Parkinson's disease.
BridGene Biosciences	U.S.	Research collaboration to discover small molecule drugs for "undruggable" targets using BridGene's chemoproteomics platform.
CNDAP (Cure Network Dolby Acceleration Partners)	U.S.	Research collaboration to develop small molecules targeting tau, a protein involved in Alzheimer's disease and other major brain disorders.
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.
Luxna Biotech	Japan	Exclusive worldwide license agreement for the use of Luxna's breakthrough xeno nucleic acid technology for multiple undisclosed target genes in the area of neurological diseases.
Neurocrine Biosciences	U.S.	Collaboration to develop and commercialize 7 compounds in Takeda's early-to-mid stage neuroscience pipeline, including TAK-041, TAK-653 and TAK-831. 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.
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular and neurodegenerative diseases.
Skyhawk Therapeutics	U.S.	Collaboration and licensing agreement to develop and commercialize RNA modulation therapies targeting neurodegenerative diseases.
StrideBio	U.S.	Collaboration and license agreement to develop *in vivo* adeno-associated viruses (AAV) based therapies for Friedreich's Ataxia (FA) and two additional undisclosed targets.
Wave Life Sciences	Singapore	Multi-program option agreement to co-develop and co-commercialize antisense oligonucleotides for a range of neurological diseases.

Gastroenterology

Partner	Country of incorporation	Subject
Ambys Medicines	U.S.	Collaboration agreement for the application of novel modalities, including cell and gene therapy and gain-of-function drug therapy, to meet the urgent need for treatments that restore liver function and prevent the progression to liver failure across multiple liver diseases. Under the terms of the agreement, Takeda has an option to ex-U.S. commercialization rights for the first 4 products that reach an investigational new drug application.
Arcturus	U.S.	Collaboration agreement to develop RNA-based therapeutics for the treatment of non-alcoholic steatohepatitis and other gastrointestinal related disorders using Arcturus' wholly-owned LUNAR™ lipid-mediated delivery systems and UNA Oligomer chemistry.
Arrowhead Pharmaceuticals	U.S.	Collaboration and licensing agreement to develop TAK-999 (ARO-AAT), a Phase 2 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.
Beacon Discovery	U.S.	Collaboration agreement for the G-protein coupled receptor drug discovery and development program to identify drug candidates for a range of gastrointestinal disorders. The agreement grants Takeda worldwide rights to develop, manufacture and commercialize products resulting from the collaboration.
Cerevance	U.S.	Multi-year research alliance to identify novel target proteins expressed in the central nervous system and to develop new therapies against them for certain GI disorders. Goal of the collaboration is to select, confirm and validate targets from gene expression data sets generated by Cerevance's NETSseq technology.
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.
Enterome	France	Collaboration agreement to research and develop microbiome targets thought to play crucial roles in gastrointestinal disorders, including inflammatory bowel diseases (e.g. ulcerative colitis). The agreement includes a global license and co-development of EB8018/TAK-018 in Crohn's disease.
Finch Therapeutics	U.S.	Global agreement to develop TAK-524, a live biotherapeutic product composed of cultured bacterial strains linked to favorable clinical outcomes in studies of microbiota transplantations in inflammatory bowel disease. Under the terms of the agreement, Takeda has the exclusive worldwide rights to develop and commercialize TAK-524 and rights to follow-on products in inflammatory bowel diseases. Following a contract amendment in August 2021, Takeda assumed sole responsibility for development of TAK-524, prior to the start of clinical development.
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, and to deliver Takeda-designed non-viral gene therapies for the treatment of specified rare liver diseases.
NuBiyota	Canada	Collaboration and License Agreement for the development and commercialization of Microbial Ecosystem Therapeutic (MET) products for gastroenterology indications.
Mirum Pharmaceuticals	U.S.	Exclusive licensing agreement for the development and commercialization of maralixibat in Japan for Alagille syndrome (ALGS), progressive familial intrahepatic cholestasis (PFIC), and biliary atresia (BA).

Phathom Pharmaceuticals	U.S.	Takeda has granted a license to Phathom Pharmaceuticals for the development and exclusive commercialization rights to vonoprazan in the U.S., Europe and Canada in exchange for upfront cash and equity, as well as future cash milestones and royalties on net sales.
Sosei Heptares	UK	Collaboration and License agreement to leverage Sosei Heptares's StaR® technology and structural biology expertise with GPCRs to enable structure based drug discovery to advance novel therapeutics for gastroenterology diseases.
Theravance Biopharma	U.S.	Global license, development and commercialization agreement for TAK-954, a selective 5-HT4 receptor agonist for motility disorders.
UCSD/Fortis Advisors	U.S.	Technology license for the development of oral budesonide formulation (TAK-721) for treatment of eosinophilic esophagitis.

Plasma Derived Therapies

Partner	Country of incorporation	Subject
Halozyme	U.S.	Agreement for the in-license of Halozyme's proprietary ENHANZE™ platform technology to increase dispersion and absorption of HyQvia. Ongoing development work for a U.S. pediatric indication to treat primary immunodeficiencies and a Phase 3 indication in Chronic Inflammatory Demyelinating Polyradiculoneuropathy.
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.
ProThera Biologics	U.S.	Global licensing agreement to develop a novel plasma-derived Inter-alpha Inhibitor Proteins (IAIP) therapy for the treatment of acute inflammatory conditions.
PreviPharma	EU	Research collaboration and option agreement to develop new targeted proteins

Vaccines

Partner	Country of incorporation	Subject
U.S. Government - The Biomedical Advanced Research and Development Authority (BARDA)	U.S.	Partnership to develop TAK-426, a Zika vaccine candidate, for the U.S. with the option to use data generated for filing also in affected regions around the world.
HilleVax, Inc.	U.S.	Collaboration with Frazier Healthcare Partners to launch HilleVax, Inc., a biopharmaceutical company to advance the development and commercialization of norovirus vaccine candidate HIL-214 (formerly TAK-214). HilleVax has exclusive global development rights and commercialization rights worldwide outside of Japan in exchange for upfront consideration, as well as future cash milestones and royalties on net sales (Takeda retains commercialization rights in Japan).
Novavax	U.S.	Partnership for the development, manufacturing and commercialization of Nuvaxovid Intramuscular Injection, Novavax' COVID-19 vaccine, in Japan, which is being funded by the Government of Japan's Ministry of Health, Labour and Welfare.(MHLW) and Agency for Medical Research and Development (AMED). Takeda finalized an agreement with the MHLW to supply 150 million doses of Nuvaxovid, the supply of which will be dependent on many factors, including need.
Moderna	U.S.	Three-way agreement with Moderna and the Government of Japan's Ministry of Health Labour & Welfare (MHLW) to import and distribute Moderna's COVID-19 vaccine, known as Spikevax Intermuscular Injection in Japan. The MHLW granted special approval for the primary series in May 2021 and regulatory approval for a 50 µg booster dose in December 2021. Takeda started importation of 93 million doses (50 µg booster dose) to Japan in 2022, in addition to the 50 million doses (100 µg) delivered in 2021.

Other / Multiple Therapeutic Area

Partner	Country of incorporation	Subject
Bridge Medicines	U.S.	Partnership with Tri-Institutional Therapeutics Discovery Institute, Bay City Capital and Deerfield Management in the establishment of Bridge Medicines. Bridge Medicines will give financial, operational and managerial support to move projects seamlessly from a validating, proof-of-concept study to an in-human clinical trial.
Center for iPS Cell Research Application, Kyoto University (CiRA)	Japan	Collaboration agreement for clinical applications of iPS cells in Takeda strategic areas including applications in neurosciences, oncology and GI 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.
Evotec SE	Germany	Research alliance to support Takeda's growing number of research stage gene therapy discovery programs. Evotec and Takeda have also entered into a multi-RNA target alliance to discover and develop RNA targeting small molecule therapeutics for targets that are difficult to address via more conventional approaches.
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 three-year investment (with the potential for a two-year extension).
Portal Instruments	U.S.	Agreement for the development and commercialization of Portal's jet injector drug delivery device for potential use with Takeda's investigational or approved biologic medicines.
Schrödinger	U.S.	Agreement for the multi-target research collaboration combining Schrödinger's in silico platform-driven drug discovery capabilities with Takeda's deep therapeutic area knowledge and expertise in structural biology.
Stanford University	U.S.	Collaboration agreement with Stanford University to form the Stanford Alliance for Innovative Medicines to more effectively develop innovative treatments and therapies.
Tri-Institutional Therapeutics Discovery Institute (Tri-I TDI)	U.S.	Agreement for the collaboration of academic institutions and industry to more effectively develop innovative treatments and therapies.
Twist Bioscience	U.S.	Agreement and license for Takeda to access Twist's "Library of Libraries," a panel of synthetic antibody phage display libraries derived only from sequences that exist in the human body. Together, the companies will work to discover, validate and optimize new antibody candidates.

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 it. 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 of investments for R&D of 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 using an invention related to a pharmaceutical product. We use various types of patents to protect our pharmaceutical products, including substance patents, which cover active ingredients, as well as patents covering usage, manufacturing processes and formulation of drugs.

Our low molecule products (small molecules) are mainly protected by substance patents. While the expiration of a substance patent usually results in a loss of market exclusivity for the protected pharmaceutical products, commercial benefits may continue to be protected by non-substance patents such as patents relating to the method of use of such substance, patents relating the manufacturing method of such substance, and patents relating to the new composition or formulation of such substance. The products can be also protected by regulatory data protection under relevant laws in each country even if the substance patent expired. While our biologics can and may be protected by one or more substance patents, certain products may be protected by non-substance patents and/or regulatory data protection. However, for biologics, patent protection may be less important than for traditional pharmaceutical products, as similar products for the same indication and/or biosimilars may be developed and marketed by competitors without infringing on our patents.

In the U.S., patents generally expire 20 years after the 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 five years and may not extend the patent term beyond fourteen 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 five years for a new chemical entity, or seven years for an orphan drug. Market exclusivity prohibits any marketing of the same drug for the same indication.

In Japan, a patent can be issued for active pharmaceutical ingredients by the Japan Patent Office ("JPO"). Although methods of treatment, such as dosage and administration, are not patentable in Japan, pharmaceutical compositions for a specific dosage or administration method 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 five years, depending on the amount of time spent for the drug approval process. Japan also has a regulatory data protection system called a re-examination period of eight years for pharmaceuticals that contain new active pharmaceutical ingredients and four years to six years for new combination product and a ten-year orphan drug exclusivity system.

In the EU, patent applications may be filed in the European Patent Office ("EPO") or in a country in Europe. The EPO system permits a single application to be granted for the EU, plus certain other non-EU countries, such as Switzerland and Turkey. When the EPO grants a patent, it is then validated in the countries that the patent owner designates. While the term of a patent granted by the EPO or a European country office may be extended or adjusted, it is generally 20 years from the filing date of the patent application. Pharmaceutical patents covering an approved medicinal product can be granted a further period of exclusivity under the Supplementary Protection Certificate ("SPC") system. SPCs are designed to compensate the owner of the patent for the time it took to receive marketing authorization by the European Medicines Agency or the National Health Authorities. An SPC may be granted to provide, in combination with the patent, up to 15 years of exclusivity from the date of the first European marketing authorization. However, an SPC cannot last longer than five years. The SPC duration can additionally be extended by a further Pediatric Extension of six months if the SPC relates to a medicinal product for children 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 eight years of data exclusivity, during which a competitor cannot rely on the relevant data, a further period of two 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 one-year extension of the market exclusivity period if, during the initial eight-year data exclusivity period, the sponsor registered a new therapeutic indication for the concerned drug. However, the additional one-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 ten 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 two-year Pediatric Extension for completion of a PIP.

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

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

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

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

The following table describes our outstanding substance patents and the regulatory data protection ("RDP") (U.S. and EU) or re-examination period ("RP") (Japan) for the indicated product by territory and expiry date. The table includes RDP or RP information only if the protection provided by regulatory exclusivity exceeds the patent expiry. 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 are the subject of supplemental protection certificates that provide additional protection for the product in certain countries beyond the dates listed in the table.

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
Gastroenterology (GI):			
ENTYVIO	Patent: - RP: July 2028[2]	Patent: - RDP: May 2026[7]	Patent: August 2017 (Extended expiry of August 2022 in certain countries) RDP: May 2025[7]
DEXILANT	Not commercialized	Patent: -	Patent: -
PANTOLOC /CONTROLOC (PANTOPRAZOLE)	Not commercialized	Patent: -	Patent: -
TAKECAB[3]	Patent: August 2031 RP: December 2022[2]	Patent: -[3]	Patent: -[3]
GATTEX/REVESTIVE	Patent: - RP: June 2031[2]	Patent: -[5]	Patent: - RDP: September 2024
PENTASA[4]	Patent: -[4]	Patent: -	Patent: -[4]
LIALDA/MEZAVANT[3]	Patent: -[3] RP: September 2022[2]	Patent: -	Patent: -
AMITIZA[4]	Patent: -[4]	Patent: -	Not commercialized
RESOLOR/MOTEGRITY	Not commercialized	Patent: - RDP: December 2023	Patent: -
ALOFISEL	Patent: - RP: September 2031[2]	Not commercialized	Patent: - RDP: March 2028
Rare Metabolic:			
ELAPRASE (3)	Patent: -[3]	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: - RP: July 2024[2]	Patent: -	Patent: - RDP: August 2022
NATPARA/NATPAR	Not commercialized	Patent: - RDP: January 2027	Patent: - RDP: April 2029
Rare Hematology:			
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE/ADYNOVI	Patent: January 2026 RP: March 2024[2]	Patent: February 2026 RDP: November 2027	Patent: February 2024 (Extended expiry of February 2029 if SPC granted) RDP: January 2028
FEIBA[6]	Patent: -	Patent: -	Patent: -
HEMOFIL[6]	Not commercialized	Patent: -	Not commercialized
IMMUNATE[6]	Not commercialized	Not commercialized	Patent: -
IMMUNINE[6]	Not commercialized	Not commercialized	Patent: -
BEBULIN[6]	Not commercialized	Patent: -	Not commercialized
PROTHROMPLEX[6]	Not commercialized	Not commercialized	Patent: -
FACTOR VII[6]	Not commercialized	Not commercialized	Patent: -
VONVENDI	Patent: - RP: March 2030[2]	Patent: December 2030 RDP: December 2027	Patent: - RDP: August 2028
OBIZUR	Not commercialized	Patent: - RDP: October 2026	Patent: February 2026 RDP: November 2025

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
RIXUBIS	Patent: - RP: December 2022[2]	Patent: -	Patent: -
AGRYLIN/XAGRID	Patent: - RP: September 2024[2]	Patent: -	Patent: -
RECOMBINATE	Not commercialized	Patent: -	Not commercialized
OCTOFACTOR	Not commercialized	Not commercialized	Not commercialized
COAGIL-VII	Not commercialized	Not commercialized	Not commercialized
INNONAFACTOR	Not commercialized	Not commercialized	Not commercialized
Hereditary Angioedema:			
FIRAZYR	Patent: - RP: September 2028[2]	Patent: -	Patent: -
TAKHZYRO	Patent: January 2031 Extended expiry of January 2036 if PTE granted	Patent: December 2031, February 2032, March 2032 Extended expiry of August 2032 RDP: August 2030	Patent: January 2031 (Extended expiry of November 2033 in some countries) RDP: November 2028
KALBITOR	Not commercialized	Patent: December 2023	Not commercialized
CINRYZE[6]	Not commercialized	Patent: -	Patent: -
Rare Diseases - Others:			
LIVETENCITY	Not commercialized	Patent: - RDP: November 2028	Not commercialized
Plasma-Derived Therapies (PDT) Immunology:			
GAMMAGARD LIQUID[6]	Not commercialized	Patent: -	Patent: -
HYQVIA[6]	Not commercialized	Patent: - RDP: September 2026	Patent: - RDP: May 2024
CUVITRU[6]	Not commercialized	Patent: - RDP: September 2028	Patent: - RDP: July 2027
FLEXBUMIN[6]	Not commercialized	Patent: -	Patent: -
HUMANALBUMIN[6]	Not commercialized	Patent: -	Not commercialized
GLASSIA[6]	Patent: -[4]	Patent: - RDP: July 2022	Patent: -[4]
ARALAST[6]	Not commercialized	Patent: -	Not commercialized
CEPROTIN[6]	Not commercialized	Patent: -	Patent: -
ANTITHROMBIN III[6]	Not commercialized	Not commercialized	Patent: -
KENKETU-GLOVENIN-I[6]	Patent: -	Not commercialized	Not commercialized
KENKETU-NONTHRON[6]	Patent: -	Not commercialized	Not commercialized
KENKETU-ALUBMIN[6]	Patent: -	Not commercialized	Not commercialized
Oncology:			
VELCADE[3]	Patent: -[3]	Patent: -	Patent: -[3]
LEUPLIN/ENANTONE	Patent: -	Patent: -	Patent: -
NINLARO	Patent: July 2031 RP: March 2027[2]	Patent: November 2029 RDP: November 2022	Patent: November 2031 RDP: November 2026
ADCETRIS[4]	Patent: April 2026 RP: January 2024[2]	Patent: -[4]	Patent: October 2027 RDP: October 2023, January 2028
ICLUSIG[3]	Patent: -[3]	Patent: January 2027	Patent: -[3]

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
ALUNBRIG	Patent: May 2029 Extended expiry of September 2032 if PTE granted RP: January 2029	Patent: December 2029 Extended expiry of April 2031 if PTE granted RDP: April 2024	Patent: May 2029 Extended expiry of November 2033 if SPC granted RDP: November 2028
VECTIBIX[4]	Patent: August 2022	Patent: -[4]	Patent: -[4]
EXKIVITY	Not commercialized	Patent: May 2035 Extended expiry of September 2035 if PTE granted RDP: September 2028	Not commercialized
ZEJULA	Patent: January 2033 RP: September 2028[2]	Patent: -[4]	Patent: -[4]
CABOMETYX[4]	Patent: September 2024 Extended expiry of September 2029 if PTE granted RP: March 2028[2]	Patent: -[4]	Patent: -[4]
Neuroscience:			
VYVANSE/ELVANSE	Patent: June 2029 RP: March 2027[2]	Patent: August 2023	Patent: June 2024 (Extended expiry of February 2028 or March 2029 in certain countries)
TRINTELLIX[4]	Patent: October 2027 RP: September 2027[2]	Patent: June 2026 Extended expiry of December 2026 if pediatric exclusivity (PED) granted	Patent: -[4]
ADDERALL XR	Not commercialized	Patent: -	Not commercialized
ROZEREM	Patent: -	Patent: -	Not commercialized
REMINYL	Patent: -	Patent: -[4]	Patent: -
INTUNIV	Patent: - RP: March 2025[2]	Patent: -	Patent: - RDP: September 2025
COPAXONE[4]	Patent: - RP: September 2025[2]	Patent: -[4]	Patent: -[4]
AZILECT[4]	Patent: - RP: March 2026[2]	Patent: -[4]	Patent: -[4]
MYDAYIS	Not commercialized	Patent: -	Not commercialized
EQUASYM	Not commercialized	Patent: -[3]	Patent: -
CARBATROL	Not commercialized	Patent: -	Not commercialized
Other:			
AZILVA-F	Patent: - RP: October 2021[2]	Not commercialized	Not commercialized
LOTRIGA[4]	Patent: -	Patent: -[4]	Patent: -[4]
AIPHAGAN	Patent: -	Patent: -[4]	Patent: -[4]
FOSRENOL	Patent: -[3]	Patent: -	Not commercialized
ACTOVEGIN	Not commercialized	Not commercialized	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) Generic may be introduced after March 2023 based on a settlement with an ANDA filer.
(6) Relates to plasma-derived therapies products.
(7) Takeda has granted patents that cover various aspects of ENTYVIO, including formulation, dosing regimens and process for manufacturing, some of which are expected to expire in 2032. Any biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of all relevant patents and therefore the exact timing of biosimilar entry is uncertain.
(8) The re-examination period for AZILVA-F ended in October 2021. In Japan, a generic product enters the market after a certain period of time following filing for a generic product, which can be made only after the end of the re-examination period, and subsequent regulatory review and approval, if successful. Therefore, the exact timing of the market entry of the generic version of AZILVA-F is uncertain.

III. Property, Plant, and Equipment

1. Overview of Capital Expenditures

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

The total capital expenditures (on an acquisition basis) of Takeda for the year ended March 31, 2022 was 161.8 billion JPY.

2. Major Facilities

Takeda's major facilities are as follows:

(1) The Company

As of March 31, 2022

Office Name [Location]	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
		Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
				Area (m^2)	Amount				
Global Headquarters [Chuo-ku,Tokyo]	Administrative and sales	25,953	171	(513) 16,052	28,531	505	1,580	56,741	1,035
Head Office [Chuo-ku, Osaka and others]	Administrative and sales	3,154	104	(1,006) 404,295	5,747	3	883	9,890	406
Osaka Plant [Yodogawa-ku, Osaka]	Production and research	20,673	2,476	(6,542) 163,403	1,026	3	8,046	32,224	400
Hikari Plant [Hikari-shi, Yamaguchi]	Production, research and production for research	30,191	14,763	(4,573) 1,011,061	3,618	637	14,265	63,474	1,043
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research	2,922	327	21,009	274	—	2,828	6,352	642
Center for Learning and Innovation [Suita-shi, Osaka]	Education and welfare	3,581	0	—	—	—	50	3,631	—
Hokkaido Branch [Chuo-ku,Sappporo-shi]	Administrative and sales	27	—	—	—	—	20	46	100
Tohoku Branch [Aoba-ku, Sendai-shi]	Administrative and sales	10	—	—	—	—	15	24	127
Tokyo Branch and others [Chuo-ku, Tokyo]	Administrative and sales	48	—	—	—	—	84	133	535
Tokai Branch [Nishi-ku, Nagoya-shi]	Administrative and sales	13	—	—	—	—	15	28	216
Kansai Branch and others [Chuo-ku, Osaka]	Administrative and sales	23	—	—	—	—	52	76	448
Kyushu Okinawa Branch [Hakata-ku, Fukuoka]	Administrative and sales	11	—	—	—	—	21	32	197

Notes:

(1) The carrying amount of the Company's facilities are the unconsolidated financial statements which is based on J-GAAP.
(2) The Company's facilities belong to the Pharmaceuticals segment.
(3) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(4) The table above includes land of 172 million JPY (2,817m^2) and buildings of 266 million JPY which are leased to parties other than consolidated companies.
(5) The part of land and buildings are leased from parties other than consolidated companies. The annual lease payments were 6,955 million JPY. Figures in parentheses of "Land" represent the square meters of the land.
(6) Global Headquarters and Head Office mainly consist of buildings, accompanying facilities and lands (includes dormitory and company housing, etc.).
(7) Due to the change of operational model of Japan Pharma Business Unit, "Branches" in Japanese original were renamed as "Regions" as of April 1, 2022.

(2) Consolidated Subsidiaries

As of March 31, 2022

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m2)	Amount				
Baxalta, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	172,395	104,388	(8,258) 507,617	4,634	21,609	28,519	331,544	2,878
Millennium Pharmaceuticals, Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and others	17,593	6,741	144,649	453	126,679	3,638	155,104	506
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	44,639	20,079	(5,411) 393,796	21,984	34,062	16,947	137,711	975
BioLife Plasma Services LP [Bannockburn, IL , U.S.A.]	Pharmaceuticals	Production and others	32,428	12,552	(60,603) 412,366	3,557	65,573	7,001	121,112	7,205
Takeda Manufacturing Austria AG [Vienna, Austria]	Pharmaceuticals	Production and others	44,532	20,154	368,551	6,360	2,810	20,025	93,881	3,139
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	9,807	22,555	135,538	348	194	7,981	40,885	1,112
Baxalta Manufacturing, S.a.r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	12,567	19,278	87,040	2,255	—	5,903	40,002	638
Takeda Ireland Limited [Kilruddery, Ireland]	Pharmaceuticals	Production and others	16,851	10,340	202,679	2,888	9	5,943	36,031	482
Takeda Manufacturing Singapore Pte. Ltd [Singapore]	Pharmaceuticals	Production and others	7,014	21,791	—	—	137	5,313	34,255	372
Takeda Manufacturing Italia S.p.A.[Rome, Italy]	Pharmaceuticals	Production and others	6,790	12,155	106,000	882	—	12,238	32,066	697
Takeda GmbH [Konstanz, Germany]	Pharmaceuticals	Production and others	—	16,180	—	—	735	11,405	28,321	1,589

Notes:

(1) The carrying amount of subsidiaries' companies are based on IFRS.
(2) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(3) The table above includes land of 1,220 million JPY (1,488m^2) and buildings and structures of 1,052 million JPY which are leased to parties other than consolidated companies.
(4) The table above includes the part of buildings and structures, machinery and vehicles and land leased from parties other than consolidated companies. The annual lease payments were 2,811 million JPY. Figures in parentheses of "Land" represent the square meters of land.

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

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

Classification	Name or Subsidiaries' Company Name [Main Location]	Operating Segment	Details	Budget		Financing	Schedule	
				Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction/ Expansion	Takeda GmbH and Takeda Singen Real Estate GmbH & Co. KG [Singen, Germany]	Pharmaceuticals	Manufacturing	28,683	25,273	Funds on hand	November 2016	March 2024

IV. Information on the Company

1. Information on the Company's Shares

(1) Total Number of Shares and Other Related Information

1) Total number of shares

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

2) Number of shares issued

Class	Number of Shares Issued as of March 31, 2022	Number of Shares Issued as of the Filing Date (June 29, 2022)	Names of Stock Exchanges on Which the Company is Listed or Names of Authorized Financial Instruments Firms Association with Which the Company Is Registered	Description
Common stock	1,582,252,525	1,582,263,225	Securities Exchanges in Tokyo (listed on the first section as of March 31, 2022 and on the prime market as of the filing date), Nagoya (listed on the first section as of March 31, 2022 and on the premier market as of the filing date), Fukuoka, Sapporo, and New York	The number of shares per unit is 100 shares.
Total	1,582,252,525	1,582,263,225	—	—

Notes:

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

(2) Number of shares issued as of the filing date does not include the shares issued upon exercise of stock acquisition rights from June 1, 2022 to the filing date.

(2) Stock Acquisition Rights

1) Description of stock option plans

Date of resolution	June 24, 2011
Position and the number of grantees	113 Corporate officers and other senior management
Number of stock acquisition rights (*)	8,787 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 878,700 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	3,705 JPY
Exercise period of stock acquisition rights (*)	From July 16, 2014 to July 15, 2031 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 4,132 JPY (Note4) Amount of Capitalization: 2,066 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director, an employee or other position similar thereto within the Company or the Company's subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason. 2)Where the holder of stock acquisition rights is found to have acted in breach of trust against the Company or the Company group, the holder of stock acquisition rights may not exercise his/her share options. 3)If the holder of stock acquisition rights is subject to imprisonment or severer penalty, such holder of stock acquisition rights may not exercise his/her share options. 4)Pledges and any other disposal of the stock acquisition rights may not be approved. 5)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2022). For items changed between the end of the current fiscal year and May 31, 2022 (the end of the month preceding the submission date), the status as of May 31, 2022 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

Date of resolution	June 26, 2012
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	107 [0] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 10,700 [0] (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	1 JPY
Exercise period of stock acquisition rights (*)	From July 18, 2015 to July 17, 2022 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 2,679 JPY (Note4) Amount of Capitalization: 1,340 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director of the Company; however, this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership or other valid reason. 2)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2022). For items changed between the end of the current fiscal year and May 31, 2022 (the end of the month preceding the submission date), the status as of May 31, 2022 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

(4) Issue price consists of exercise price (1 JPY per share) and a fair value per stock acquisition right on the allotment date (2,678 JPY per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the directors against the Company and the fair value of stock acquisition rights to each Director.

Date of resolution	July 30, 2012
Position and the number of grantees	118 Corporate officers and other senior management
Number of stock acquisition rights (*)	13,962 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,396,200 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	3,725 JPY
Exercise period of stock acquisition rights (*)	From July 18, 2015 to July 17, 2032 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 4,094 JPY (Note4) Amount of Capitalization: 2,047 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director, an employee or other position similar thereto within the Company or the Company's subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership, mandatory retirement or other valid reason. 2)Where the holder of stock acquisition rights is found to have acted in breach of trust against the Company or the Company group, the holder of stock acquisition rights may not exercise his/her share options. 3)If the holder of stock acquisition rights is subject to imprisonment or severer penalty, such holder of stock acquisition rights may not exercise his/her share options. 4)Pledges and any other disposal of the stock acquisition rights may not be approved. 5)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2022). For items changed between the end of the current fiscal year and May 31, 2022 (the end of the month preceding the submission date), the status as of May 31, 2022 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

Date of resolution	June 26, 2013
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	82 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 8,200 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	1 JPY
Exercise period of stock acquisition rights (*)	From July 20, 2016 to July 19, 2023 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 3,710 JPY (Note4) Amount of Capitalization: 1,855 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director of the Company; however, this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership or other valid reason. 2)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2022). For items changed between the end of the current fiscal year and May 31, 2022 (the end of the month preceding the submission date), the status as of May 31, 2022 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

(4) Issue price consists of exercise price (1 JPY per share) and a fair value per stock acquisition right on the allotment date (3,709 JPY per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the directors against the Company and fair value of stock acquisition rights allocated to each Director.

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

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2022). For items changed between the end of the current fiscal year and May 31, 2022 (the end of the month preceding the submission date), the status as of May 31, 2022 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

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

2) Description of rights plan

Not applicable.

3) Other stock acquisition rights

Not applicable.

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

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

Date	Increase/Decrease in Number of Shares Issued (Thousands of Shares)	Balance of Shares Issued (Thousands of Shares)	Increase/Decrease in Share Capital JPY (millions)	Balance of Share Capital JPY (millions)	Increase/Decrease in Legal Capital Surplus JPY (millions)	Balance of Legal Capital Surplus JPY (millions)
From April 1, 2017 to March 31, 2018 (Notes 1 and 2)	4,167	794,688	¥ 12,711	¥ 77,914	¥ 12,708	¥ 64,008
From April 1, 2018 to March 31, 2019 (Notes 1 and 3)	770,318	1,565,006	1,565,671	1,643,585	1,565,671	1,629,679
From April 1, 2019 to March 31, 2020 (Notes 1 and 4)	11,368	1,576,374	24,538	1,668,123	24,538	1,654,217
From April 1, 2020 to March 31, 2021 (Note 1)	14	1,576,388	22	1,668,145	22	1,654,239
From April 1, 2021 to March 31, 2022 (Notes 1, 5, 6 and 7)	5,865	1,582,253	8,118	1,676,263	14,037	1,668,276

Notes:
(1) The increase in the number of shares issued in fiscal year 2017 (617 thousand), 2018 (15 thousand), 2019 (18 thousand), 2020 (14 thousand) and 2021 (10 thousand) is due to exercise of stock acquisition rights.
(2) 3,550 thousand shares out of the increase in the number of shares issued in fiscal year 2017 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 6,415 JPY Amount of capitalization: 3,208 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP 75,805 shares)
(3) Due to the issuance of common stock as part of the consideration relating to the Company's acquisition of Shire plc (Date of contribution: January 8, 2019), the number of shares issued increased by 770,303 thousand and the amount of share capital and legal capital surplus increased by 1,565,641 million yen, respectively.
Price of issuing stocks: 4,065 JPY Amount of capitalization: 2,032.50 JPY
(4) 11,350 thousand shares out of the increase in the number of shares issued in fiscal year 2019 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 4,318 JPY Amount of capitalization: 2,159 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(5) Due to the share exchange where Nihon Pharmaceutical Co., Ltd. will be Takeda's wholly-owned subsidiary effective April 1, 2021, the number of shares issued increased by 1,462 thousand and the amount of legal capital surplus increased by 5,919 million JPY.
(6) 518 thousand shares out of the increase in the number of issued shares in fiscal year 2021 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 3,730 JPY Amount of capitalization: 1,865 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(7) Based on the resolution on July 8, 2021, new stocks were issued through third party allotment on July 26, 2021. Due to the issuance, the number of issued shares increased by 3,874 thousand shares and the amount of share capital and legal capital surplus increased by 7,138 million JPY, respectively.
(8) The exercise of stock acquisition rights between April 1, 2022 to May 31, 2022 increased the number of shares issued by 11 thousand shares and the amount of share capital and legal capital surplus by 14 million JPY, respectively.

(5) Status by Type of Holder

As of March 31, 2022

	Status of Shares (1 unit = 100 shares)								
					Foreign Shareholders				
Classification	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders Other Than Individuals	Individuals	Individuals and Others	Total	Shares Less Than One Unit
Number of shareholders (persons)	1	278	65	3,778	1,093	971	603,638	609,824	—
Number of shares held (Trading units)	45	4,413,909	948,699	523,619	5,437,616	10,460	4,475,341	15,809,689	1,283,625
Percentage of shares held (%)	0.00	27.92	6.00	3.31	34.39	0.07	28.31	100.00	—

Note: 22,645,917 shares of treasury stock include 226,459 units of shares held by “Individuals and Others” and 17 shares held by “Shares Less Than One Unit.”

(6) Major Shareholders

As of March 31, 2022

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Total Number of Shares Issued (Excluding Treasury Stocks) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	248,184	15.91
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	79,824	5.12
The Bank of New York Mellon as depositary bank for depositary receipt holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	240 Greenwich Street, 8th Floor West, New York, NY 10286 U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	57,869	3.71
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)	31,824	2.04
State Street Bank West Client-Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	28,501	1.83
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	24,126	1.55
JP Morgan Chase Bank 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	19,861	1.27
Takeda Science Foundation	3-6, Doshomachi 2-chome, Chuo-ku, Osaka	17,912	1.15
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch	One Lincoln Street, Boston MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	16,940	1.09
State Street Bank and Trust Company 505225 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P. O. Box 351 Boston MA 02101, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	16,028	1.03
Total		541,070	34.69

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2022

Classification	Number of Shares (Shares)		Number of Voting Rights (Units)	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (Treasury stock, etc.)		—	—	—
Shares with restricted voting rights (Others)		—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock	22,645,900	—	—
	(Crossholding stock) Common stock	287,000	—	—
Shares with full voting rights (Others)	Common stock	1,558,036,000	15,580,360	—
Shares less than one unit	Common stock	1,283,625	—	Shares less than one unit (100 shares)
Number of shares issued		1,582,252,525	—	—
Total number of voting rights		—	15,580,360	—

Notes:

(1) Based on the resolution at the Board of Directors Meeting on October 28, 2021, the Company acquired 15,335,700, 7,133,700 and 6,907,500 of treasury stock by open-market repurchase through a trust bank in November 2021, February 2022 and April 2022 respectively, thereby completing the repurchase of treasury stock in accordance with the resolution of the Board of Directors Meeting.

(2) "Shares with full voting rights (Others)" includes 7,017,400 shares (voting rights: 70,174 units) held by the ESOP trust account and 2,143,100 shares (voting rights: 21,431 units) held by the BIP trust account, respectively.

(3) "Shares less than one unit" includes 17 shares of treasury stock, and 101 shares held by the ESOP trust account and 102 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2022

Name of Shareholders	Address	Number of Shares Held under Own Name (Shares)	Number of Shares Held under the Name of Others (Shares)	Total Shares Held (Shares)	Percentage of Total Shares Issued (%)
(Treasury stock) Takeda Pharmaceutical Company Limited	1-1, Doshomachi 4-chome, Chuo-ku, Osaka	22,645,900	—	22,645,900	1.43
(Crossholding stock) Amato Pharmaceutical Products, Ltd.	5-3, Shinsenri Higashi-machi 1-chome, Toyonaka-city, Osaka	275,000	—	275,000	0.02
Watanabe Chemical Co.,Ltd.	6-1, Hiranomachi 3-chome, Chuo-ku, Osaka	12,000	—	12,000	0.00
Total	—	22,932,900	—	22,932,900	1.45

Note: In addition to the above treasury stock and 17 shares of less than one unit, 7,017,501 shares held by the ESOP trust account and 2,143,202 shares held by the BIP trust account are recorded as treasury stock in the financial statements.

(8) Officer / Employee Stock Ownership Plan

1) Employee (Takeda Group Management) Stock Ownership Plan

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

(i) Outline of the Plan

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

The Company plans to continue this scheme by introducing a new ESOP Trust or changing and entrusting additional funds to the existing expired ESOP Trust every year starting from FY 2014 to maintain the Plan. Consequently, on May 21, 2020, the Company extended the trust period of the ESOP Trust which was established in FY 2017 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 13, 2020. On May 28, 2021, the Company extended the trust period of the ESOP Trust which was established in FY 2018 to cover the Company Management in Japan based on the resolution of continuation of the Plan and issuance of new shares through third-party allotment at the meeting of the Board of Directors held on May 11, 2021. On May 16, 2022, the Company extended the trust period of the ESOP Trust which was established in FY 2019 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2022.

(ii) Trust Agreement

[FY 2020]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company Management in Japan
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among the Company Management in Japan
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 21, 2014 (an amendment agreement was executed regarding the extension of the Trust term as of May 21, 2020)
Trust term:	From May 21, 2014 to August 31, 2023 (the Trust term was extended by the amendment agreement executed as of May 21, 2020) (Base points were granted on July 1, 2020)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[FY 2021]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company Management in Japan
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among the Company Management in Japan
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 28, 2021)
Trust term:	From May 22, 2015 to August 31, 2024 (the Trust term was extended by the amendment agreement executed as of May 28, 2021) (Base points will be granted on July 1, 2021)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	2.5 billion JPY (including trust fees and trust expenses)
Timing of share acquisition:	June 4, 2021
Manner of share acquisition:	To be acquired from the Company (New stock issuance) and the stock exchange market
Vested rights holder:	The Company

[FY 2022]

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

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

Grant trust for FY 2022: Approximately 630,000 shares (scheduled)

(iv) Beneficiaries

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

2) ESPP and LTIP for Takeda Group employees

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

(i) Outline of ESPP

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

(ii) Outline of LTIP

In the LTIP, certain equity awards, including Restricted Stock Unit awards (RSU awards) using Restricted Stock Units, and Performance Stock Unit awards (PSU awards) using Performance Stock Units, may be granted to eligible Takeda Group employees overseas. Awards granted pursuant to the LTIP may be settled by Company ADSs to be converted from newly issued shares of common stock in the Company or treasury shares, Company ADSs purchased in the open market, or cash in an amount equivalent to the vested Company ADSs. In FY 2020 and FY 2021, RSU awards and PSU awards were granted to eligible Takeda Group employees. With respect to RSU awards, the number of Company ADSs corresponding to one-third of the RSU awards granted vests annually over a three year period upon the fulfillment of applicable conditions, including the relevant persons being continuously employed by the Company or its Group Companies. With respect to PSU awards, in addition to the fulfillment of applicable conditions, including the relevant persons being continuously employed by the Company or its Group Companies, a number of Company ADSs, corresponding to the degree or level of achievement of company performance goals for the three fiscal years including and commencing from the grant year and other factors, fully vests after the end of the three fiscal year period. For both RSU awards and PSU awards, upon the occurrence of certain events, including the employee's death, instead of Company ADSs, cash in an amount equivalent to the vested Company ADSs is paid on a certain designated date.

3) Board Incentive Plan

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

(i) Outline of the Plan

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

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

On May 16, 2017, the Company partially revised the BIP Trust which was established in FY 2014 in order to allow it to be continued as the NSV Trust for the Plan and then extended the trust period and entrusted additional funds based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 10, 2017. (SV Trust was not established in FY2017 as there were no newly appointed Directors who are members of the Audit and Supervisory Committee in FY2017).

On May 21, 2018, the Company partially revised the BIP Trust which was established in FY 2015 in order to allow it to be continued as the NSV Trust for the Plan and then extended the trust period and entrusted additional funds based on the resolution of continuation

of the Plan at the meeting of the Board of Directors held on May 14, 2018. Also, based on the same resolution, the Company extended the trust period for the SV Trust which was established in FY 2016 and entrusted additional funds.

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

On May 21, 2020, the Company extended the BIP Trust which was established in FY 2017 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 13, 2020 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing overseas) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

On May 14, 2021, the Company extended the BIP Trust which was established in FY 2018 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2021 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing overseas) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

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

(ii) Trust Agreement

[FY 2020 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	August 4, 2014 (an amendment agreement was executed regarding the extension of the Trust term as of May 21, 2020)
Trust term:	August 4, 2014 to August 31, 2023 (the Trust term was extended by the amendment agreement executed as of May 21, 2020) (Base points were granted on July 1, 2020)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	2.08 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 22, 2020
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[FY 2021 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 14, 2021)
Trust term:	May 22, 2015 to August 31, 2024 (the Trust term was extended by the amendment agreement executed as of May 14, 2021) (Base points were granted on July 1, 2021)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	1.9 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 17, 2021
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

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

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

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

Grant trust for FY 2022: Approximately 860,000 shares (scheduled)

(iv) Beneficiaries

Person(s) who meet beneficiary requirements among Directors

2.Acquisition of Treasury Stock and Other Related Status

[Class of shares] Acquisition of common stock under Article 155, Item 3 and Item 7 of the Companies Act

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

Not applicable.

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

Classification	Number of Shares (Shares)	Total Amount (JPY)
Status of the resolution of the Board of Directors (October 28, 2021) (Acquisition: from November 2, 2021 to April 29, 2022)	35,000,000	¥ 100,000,000,000
Treasury stock acquired during the current fiscal year	22,469,400	74,972,698,800
Number of shares and total amount of outstanding shares of resolution	12,530,600	25,027,301,200
Ratio of non-exercised portion at the end of the current fiscal year (%)	35.8	25.0
Treasury stock acquired during the current period	6,907,500	24,992,962,200
Ratio of non-exercised portion as of the filing date (%)	16.1	0.0

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

Classification	Number of Shares (Shares)	Total Amount (JPY)
Treasury stock acquired during the current fiscal year	3,892	¥ 13,743,027
Treasury stock acquired during the current period	825	3,028,532

Notes:

(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2022 to the filing date of this report.

(2) The above table does not include the shares of the Company acquired by the trust account relating to the ESOP Trust or BIP Trust.

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

Classification	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (JPY)	Number of Shares (Shares)	Total Disposition Amount (JPY)
Acquired treasury stock for which subscribers were solicited	—	¥ —	—	¥ —
Acquired treasury stock that was cancelled	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/ stock exchange/ stock issuance/ corporate separation	—	—	—	—
Other (Sold due to request for sale of shares constituting less than one full unit)	322	1,128,778	—	—
Number of shares of treasury stock held	22,645,917	—	29,554,242	—

Notes:

(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2022 to the filing date of this report.

(2) The above table does not include the shares of the Company held by the trust account relating to the ESOP Trust or BIP Trust.

3.Dividend Policy

Takeda is delivering on its financial commitments and has a strong cash flow outlook driven by revenue growth and strong margins. Guided by our values and our commitment to Patients, People and Planet, we will allocate capital to maximize value for patients and shareholders.

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

- Invest in growth drivers;
- Deleverage rapidly; and
- Shareholder returns.

In respect of "Invest in growth drivers", Takeda makes disciplined and focused investments in value-creating business opportunities including R&D, new product launches, including in China, and plasma-derived therapies. With regard to "Deleverage rapidly", Takeda is targeting a 2x (i.e. “low-twos”) net debt/adjusted EBITDA ratio by the fiscal year ending March 2024 and has committed to maintaining solid investment grade credit ratings. In respect of "Shareholder returns", Takeda maintains its well-established dividend policy of 180 yen per share annually, alongside share buybacks when appropriate. We believe we are positioned for revenue and profit growth over the medium-term.

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

(For dividends for which the basis date falls in the year ended March 31, 2022, refer to the "Notes to Consolidated Financial Statement, "Note 26. Equity and Other Equity Items," Consolidated IFRS Financial Statements for the year ended March 31, 2022.)

4.Corporate Governance

(1)Corporate Governance

1) Corporate Governance Structure

In line with the Company's purpose "Better Health for People, Brighter Future for the World", the Company is pursuing a management framework appropriate for an R&D-driven biopharmaceutical company that operates on a global scale. The Company is strengthening internal controls, including thorough compliance and risk management, and establishing a structure that will allow agile decision-making that is also sound and transparent. Through these efforts, the Company will further improve its corporate governance, thereby maximizing corporate value.

2) Organizational Composition and Operation

[Organization Form]

Company with Audit and Supervisory Committee

(Reasons for Adoption of Current Corporate Governance System)

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

[Directors]

– Chair of the Board Meeting: Independent External Director

– Number of Directors: 15 persons (Male 13 persons, Female 2 person including 4 Directors who are Audit and Supervisory Committee Members)

– Election of External Directors: Elected

[Audit and Supervisory Committee]

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

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

– Audit and Supervisory Committee's Audit

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

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

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

– Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

(Cooperation between the Audit and Supervisory Committee and Accounting Auditors)

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

(Cooperation between the Audit and Supervisory Committee and Group Internal Audit department)

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

(Relationship between the Audit and Supervisory Committee and Internal Control Promoting Department)

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

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

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

The Company believes that such persons will truly meet the shareholders' expectations as the External Directors of the Company, i.e., the persons who can exert strong presence among the diversified members of the Directors and of the Company by proactively continuing to

inquire the nature of, to encourage improvement in and to make suggestions regarding the important matters of the Company doing pharmaceutical business globally, for the purpose of facilitating impartial and fair judgment on the Company's business and securing sound management of the Company. The Company requires such persons to meet two or more of the following four quality requirements to be an External Director:

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

3) Business Execution

[Management Setup]

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

[Board of Directors]

The Company has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for strategic or particularly important matters regarding company management. The Board of Directors consists of 15 Directors (including two females), including 11 External Directors, five Japanese and 10 non-Japanese, and meets in principle eight times per year to make resolutions and receive reports on important matters regarding management. Eight Board of Directors meetings were held in fiscal year 2021 and all Internal Directors who took office at the end of fiscal year 2021 attended all meetings. (Please refer to (2) Members of the Board of Directors, 2) External Directors) The Board of Directors is chaired by an Independent External Director to increase the independence of the Board of Directors. To ensure the validity and transparency of the decision-making process for the election of Director candidates and compensation of Directors, the Company established a Nomination Committee and a Compensation Committee, all the members of which are External Directors and both of which are chaired by External Directors, as advisory committees to the Board of Directors.

[Internal Audit]

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

[Takeda Executive Team (TET)]

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

[Business & Sustainability Committee]

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

[Portfolio Review Committee]

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

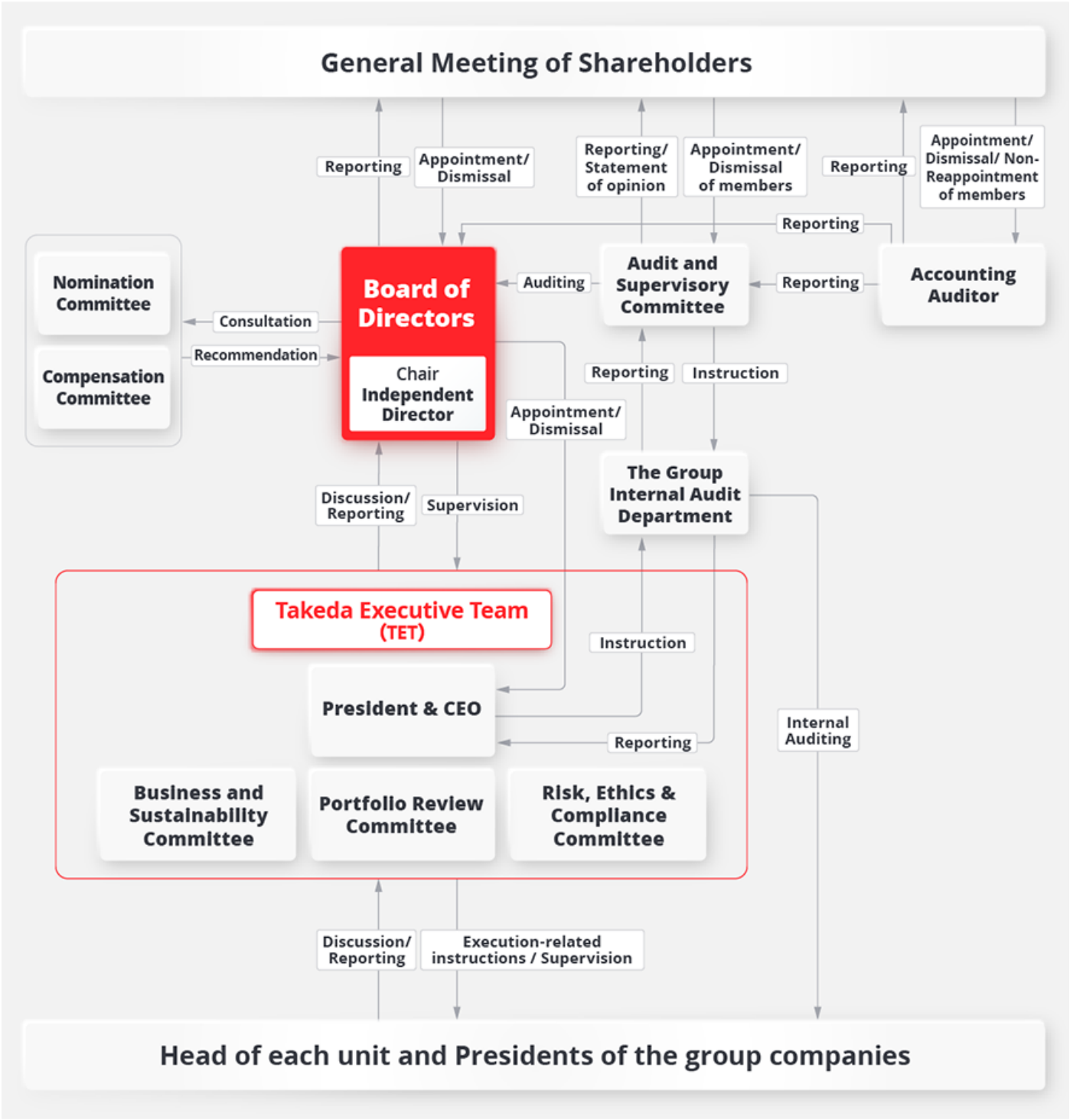
[Risk, Ethics & Compliance Committee]

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

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

The Company shares its "Corporate Philosophy," which comprises its "Purpose," "Values: Takeda-ism," "Vision" and "Imperatives" within the entire Takeda Group and is making an effort to further promote the creation of a corporate culture based on the "Corporate Philosophy." Considering internal control as an important component of corporate governance that functions alongside risk management, the Company undertakes to develop its internal control system as described below. In addition, in order to further enhance corporate governance, the Company implements revisions to the system as necessary, including the structure of decision-making bodies.

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



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

- As a Company with an Audit and Supervisory Committee, the Company has developed a system that enables the Audit and Supervisory Committee to effectively perform its duties relating to audit and supervision and increased the composition ratio and diversity of the External Directors in the Board of Directors. Under the appropriate audit and supervision realized through such measures, the Board of Directors makes highly transparent and objective decisions and, by its resolution, delegates authority to Directors to expedite the management of business.
- The objectivity and fairness of the election of Directors and the compensation paid to them are ensured by the voluntary establishment of the Nomination Committee and the Compensation Committee, as advisory bodies for the Board of Directors, all members of which including chairperson must be External Directors. By appointing one or more Directors who are Audit and Supervisory Committee Members as members of such committees, the effectiveness of the Audit and Supervisory Committee's function of supervising the election, etc. of Directors who are not Audit and Supervisory Committee Members and the compensation, etc. paid to them is enhanced. By resolution of the Board of Directors, the authority to decide the amount of individual remuneration of Internal Directors who are not Audit and Supervisory Committee Members has been delegated to the Compensation Committee, through which the Company has realized a more transparent process in determining individual remuneration.

  The member composition is as follows (as of June 29, 2022):

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

  Compensation Committee: Emiko Higashi (Chairperson), Olivier Bohuon, Ian Clark and Michel Orsinger
- Under the system above, the Board of Directors (i) decides on the most important matters for the business operation of the Takeda Group,

including matters relating to the Corporate Philosophy and matters relating to internal control, such as compliance, and risk management, (ii) discusses business strategy, and (iii) monitors and supervises the business execution.

- To strengthen its global business management system, the Company has established the TET, which consists of the President & CEO and the members who manage and supervise each function of the Takeda Group, and also established the Business & Sustainability Committee (which is responsible for corporate/business development matters and sustainability-related matters), the Portfolio Review Committee (which is responsible for R&D and product related matters), and the Risk, Ethics & Compliance Committee (which is responsible for risk management, corporate ethics and compliance matters). These committees review important matters and thereby ensure systems which enable faster and more flexible business execution and closer collaboration among the various functions.
- By resolution of the Board of Directors, decision-making authority on important matters of business execution is partially delegated to Management subject to approval of decision-making bodies such as the Business & Sustainability Committee, the Portfolio Review Committee, and the Risk, Ethics & Compliance Committee, and thereby the Company conducts agile and efficient decision-making.
- The Company clarifies the roles and responsibilities of each function based on the "Takeda Group's Management Policy (T-MAP)," which summarizes the business management systems, decision-making systems, operational rules of such systems and other important management rules of the Takeda Group. The Company obliges each function to make proposals or reports to the decision-making bodies, including the Board of Directors, depending on the materiality of items. Concurrently, the Company delegates a certain level of decision-making authority to the President & CEO or to other TET members, and such decision-making authority is exercised under proper governance. Each TET member has developed operating procedures and rules for delegating authority and established an adequate internal control structure in the divisions which they oversee.
- In order to manage and supervise the entire Takeda Group in a cross-sectoral and unified manner, the Company has established the Global Policies, etc. (Global Policies mean the rules that apply to employees of three or more TET organizations) for the respective responsibilities of the specialized functions.
- The Company established the Global Business Resilience Policy bringing together Enterprise Risk Management, Business Continuity Management, and Crisis Management to achieve the Company's commitment to protecting people, assets and reputation of the Company.
- The Global Ethics & Compliance division is working on disseminating the "Takeda Global Code of Conduct" to all group companies and developing and disseminating ethics and compliance programs for all group companies. The Global Ethics & Compliance division has developed a monitoring mechanism to ensure that the Takeda Group's business activities related to interactions with healthcare professionals and healthcare entities, patients and patient organizations and government officials and government entities are in compliance with laws and regulations, internal policies and SOPs. In addition, the Global Ethics & Compliance division periodically reports to the Risk, Ethics & Compliance Committee and the Audit and Supervisory Committee, and reports to the Board of Directors, as necessary, on ethics and compliance related affairs of the Takeda Group, including issues reported through the internal reporting system for whistleblowers.
- The Group Internal Audit (GIA) department conducts an internal audit of each function of the Company and each group company using the risk-based approach based on the "Group Internal Audit Charter," and reports the results thereof to the President & CEO, the Audit and Supervisory Committee, and the Board of Directors. The GIA department maintains an audit quality assurance and improvement program and conducts internal audit activities in accordance with the "International Standards for the Professional Practice of Internal Auditing (IIA Standards)" issued by the Institute of Internal Auditors.
- The head of each division and each subsidiary of the Company has developed and implements an internal control system over financial reporting based on the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in order to comply with the Japanese Financial Instruments and Exchange Act and the Cabinet Office Order and the U.S. Sarbanes-Oxley Act. The Global Finance division promotes the establishment and operation of the internal control system over the financial reporting. The GIA department tests the effectiveness of the internal control system and reports the results to the Global Finance division for the overall assessment of the effectiveness.
- The Global Quality division, which formulated the Global Quality Policy, etc., relating to research, development, manufacturing, and post-marketing safety measures, conducts audits and monitors and supervises compliance therewith regularly or as necessary.
- The Corporate EHS department in the Global Manufacturing & Supply division, which established the "Global Environment, Health and Safety Policy and Position," etc., conducts audits regularly or as necessary. Also, it provides support and advice to reduce risks regarding the environment, occupational health and safety.

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

- The minutes of the meetings of the Board of Directors, requests for and approvals of managerial decisions, and other information concerning the execution of the duties of Directors are appropriately retained and managed in conformity with the predetermined term, method and place of retention designated for each category of information in accordance with the "Global Records and Information Management (RIM) Policy," in either hard copy or electronic or magnetic record, and in a manner where they are available for inspection.

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

- The Global Enterprise Risk Management (ERM) team facilitates an annual Enterprise Risk Assessment (ERA) across the organization. The Risk Coordinators, together with the relevant subject matter experts (SMEs), are responsible for proactively identifying, assessing, responding to, monitoring and reporting risks. Local results are validated by the local Leadership Team or a sub-group of the Risk, Ethics & Compliance Committee (sub-RECC) before submission to the Global ERM team. The Global ERM team reviews and consolidates the ERA results and reports the top risks to the Risk, Ethics & Compliance Committee and the Board of Directors every year. The Risk, Ethics & Compliance Committee then provides approval of the reported top risks as well as the risk mitigation plans and their effectiveness. Then, the Board of Directors provides approval of these risks and their mitigation effectiveness. In addition, Business Continuity Plans have been developed for key risks concerning, for example, manufacturing sites and IT cybersecurity.
- For crisis management, the Company has developed a crisis management system structured around the Crisis Management Committee in accordance with the "Global Business Resilience Policy."

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

- A system under which the duties of Directors are executed appropriately and efficiently is ensured by the "Board of Directors Charter" and other internal company regulations relating to authorities and rules for decision-making.

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

- The Company has established the Chief Ethics & Compliance Officer and the Global Ethics & Compliance division to support each division. The Company also implements ethics and compliance programs across the organization.
- The Company has established procedures for the receipt, retention, investigation and handling of reports by whistleblowers related to any violations of laws and regulations, Takeda's Global Code of Conduct, internal policies or SOPs, including those related to the Company's accounting, internal accounting controls, or accounting audits. The Company has also established procedures for confidential and anonymous whistleblowing by Takeda employees through the Takeda Ethics Line.

(vi) System to ensure that the audits by the Audit and Supervisory Committee are conducted effectively

- A system under which the roles and duties of the Audit and Supervisory Committee are executed appropriately is ensured by the "Audit and Supervisory Committee Charter," which sets forth roles, authorities and duties, etc., and Internal Guidelines on Audit and Supervision of the Audit and Supervisory Committee.
- The Audit and Supervisory Committee Office, which is a clerical section dedicated to the Audit and Supervisory Committee, was established to serve as its secretariat and assist its operations. The appointment and any personnel change in the members of the Audit and Supervisory Committee Office require the consent of the Audit and Supervisory Committee in order to secure the independence of the Audit and Supervisory Committee Office from persons executing the business, as well as the effectiveness of the instructions from the Audit and Supervisory Committee.
- Directors inform the Audit and Supervisory Committee of matters concerning the Company's basic management policy and plans, and material matters including those involving subsidiaries and affiliates in advance (provided, however, that this does not apply if the Audit and Supervisory Committee Members attend the meeting of the Board of Directors or any other meeting at which such matter is deliberated or reported).
- If a Director becomes aware of any fact that might cause material damage to the Takeda Group, such Director immediately reports such fact to the Audit and Supervisory Committee.
- The Audit and Supervisory Committee has appointed the "Appointed Audit and Supervisory Committee Members" who have the authority to request the Directors and employees to report on matters relating to the performance of their duties, investigate the status of the operations and properties of the Company and perform part of the other duties of the Audit and Supervisory Committee.
- Based on the status of development and implementation of the internal control system and other relevant circumstances, the Audit and Supervisory Committee closely communicates with the internal audit division, the internal control promotion division and the Accounting Auditor, to which the Audit and Supervisory Committee is authorized to give instructions. This communication enhances the effectiveness and efficiency of the audit by allowing a systematic audit utilizing the information received from them.
- Expenses necessary for the execution of duties by the Audit and Supervisory Committee and the Audit and Supervisory Committee Members are borne by the Company.
- The Audit and Supervisory Committee makes proposals or conveys its opinions to the Board of Directors, as necessary, with respect to systems to ensure that any person who makes a report to the Audit and Supervisory Committee and the internal audit division, etc., including a report made through the internal reporting system for whistleblowers, would not be subject to any unfavorable treatment on account of such reporting.

(vii) Basic Views on Eliminating Anti-Social Forces

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

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

4) Adoption of Anti-Takeover Measures

The Company has not adopted any defense measures against hostile takeovers

5) Other

[Liability Limitation Agreement]

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

[Outline of the terms of the company indemnification agreement]

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

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

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

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

- The Company shall have 12 or fewer Directors (excluding Directors who are Audit and Supervisory Committee Members). The Company shall have four or fewer Directors who are Audit and Supervisory Committee Members.
- The Directors shall be elected at a general meeting of shareholders that distinguishes between Directors who are Audit and Supervisory Committee Members and other Directors. Voting on resolutions for appointments shall take place in the presence of shareholders who have one-third or more of the voting rights of shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution. The appointment of Directors shall not be made by cumulative voting.

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

- For the purpose of agile implementation of capital policy and dividend policy, the company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.
- In order to fully demonstrate the expected role of directors in executing their duties, the Company may, by a resolution of the Board of Directors, exempt Directors (and former Audit and Supervisory Board members) from their liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by laws.
- For the purpose of smooth operation of general meeting of shareholders, the extraordinary resolution of general meeting of shareholders provided for in Paragraph 2, Article 309 of the Companies Act shall be adopted by two-thirds or more of the votes of the shareholders present at the meeting and entitled to exercise their voting rights at which a quorum shall be one-third or more of the voting rights of the shareholders entitled to exercise their voting rights.

(2) Members of the Board of Directors

1) List of the Board of Directors

13 male Directors and 2 female Director (percentage of female: 13%)

Name		Christophe Weber
Title		President and Representative Director, Chief Executive Officer
Date of Birth		November 14, 1966
Number of Shares Held (Number of Shares to be Provided) (Note3)		491,400 shares (712,204 shares)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April	2012	President & General Manager, GlaxoSmithKline Vaccines
April	2012	CEO, GlaxoSmithKline Biologicals
April	2012	Member of GlaxoSmithKline Corporate Executive Team
April	2014	Chief Operating Officer of the Company
June	2014	President and Representative Director of the Company (to present)
April	2015	Chief Executive Officer of the Company (to present)
September	2020	Head of Global Business, Takeda Pharmaceuticals U.S.A., Inc. (to present)

Name		Masato Iwasaki
Title		Representative Director, Japan General Affairs
Date of Birth		November 6, 1958
Number of Shares Held (Number of Shares to be Provided) (Note3)		61,496 shares (84,705 shares)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April	2008	Senior Vice President, Strategic Product Planning Department of the Company
January	2012	Head of CMSO Office, Takeda Pharmaceuticals International, Inc.
April	2012	Senior Vice President, Pharmaceutical Marketing Division of the Company
June	2012	Director of the Company
April	2015	President, Japan Pharma Business Unit of the Company
April	2021	Japan General Affairs of the Company (to present)
June	2021	Representative Director of the Company (to present)
June	2022	External Director, JSR Corporation (to present)

Name		Andrew Plump
Title		Director, President, Research and Development
Date of Birth		October 13, 1965
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (307,539 shares)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January	2008	Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.
March	2014	Senior Vice President & Deputy to the President for Research & Translational Medicine, Sanofi
February	2015	Chief Medical & Scientific Officer Designate of the Company
June	2015	Director of the Company (to present)
June	2015	Chief Medical & Scientific Officer of the Company
June	2015	Executive Vice President, Takeda Pharmaceuticals International, Inc. (to present)
January	2019	President, Research and Development (to present)
July	2021	President, Research and Development, Takeda Development Center Americas, Inc. (to present)

Name	Constantine Saroukos	
Title	Director, Chief Financial Officer	
Date of Birth	April 15, 1971	
Number of Shares Held (Number of Shares to be Provided) (Note3)		52,300 shares (206,171 shares)
Term	See (Note 4)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
July 2012	Executive Finance Director - Eastern Europe, Middle East & Africa of MERCK SHARP & DHOME	
September 2014	Head of Finance and Business Development for the Asia-Pacific region of Allergan	
May 2015	Chief Financial Officer of the Europe and Canada Business Unit of the Company	
April 2018	Chief Financial Officer of the Company (to present)	
June 2019	Director of the Company (to present)	

Name	Masami Iijima	
Title	Director, Chair of the Board of Directors meeting	
Date of Birth	September 23, 1950	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (5,149 shares)
Term	See (Note 4)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
June 2008	Representative Director, Executive Managing Officer, Mitsui & Co., Ltd	
October 2008	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd.	
April 2009	Representative Director, President and Chief Executive Officer, Mitsui & Co., Ltd.	
April 2015	Representative Director, Chairman of the Board of Directors, Mitsui & Co., Ltd.	
June 2016	External Director, Ricoh Company, Ltd. (to present)	
June 2018	External Director, SoftBank Group Corp. (to present)	
June 2019	Counselor, Bank of Japan (to present)	
June 2019	External Director, Isetan Mitsukoshi Holdings Ltd. (to present)	
April 2021	Director, Mitsui & Co., Ltd.	
June 2021	Counselor, Mitsui & Co., Ltd. (to present)	
June 2021	External Director of the Company who is an Audit and Supervisory Committee Member	
June 2022	External Director of the Company (to present)	
June 2022	Chair of the Board of Directors meeting of the Company (to present)	

Name	Olivier Bohuon	
Title	Director	
Date of Birth	January 3, 1959	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (17,607 shares)
Term	See (Note 4)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2001	Senior Vice President & Director European Commercial Operations, GlaxoSmithKline Pharmaceuticals Europe	
July 2009	Executive Vice President, Abbott Laboratories	
September 2010	Chief Executive Officer, Pierre Fabre SA	
April 2011	Chief Executive Officer, Smith & Nephew plc	
June 2011	External Director, Virbac SA (to present)	
July 2015	External Director, Shire plc	
January 2019	External Director of the Company (to present)	
November 2020	External Director, AlgoTherapeutix SAS (to present)	
January 2021	External Director, Reckitt Benckiser Group plc (to present)	
May 2021	External Director and Chairman of the Board, Majorelle International (to present)	

Name	Jean-Luc Butel	
Title	Director	
Date of Birth	November 8, 1956	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (21,783 shares)
Term	See (Note 4)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 1998	Corporate Officer, President, Worldwide Consumer Healthcare, Becton, Dickinson and Company	
November 1999	President, Independence Technology, Johnson & Johnson	
May 2008	Corporate Officer, Executive Committee Member, Executive Vice President and Group President, International, Medtronic, Inc.	
January 2015	President, International, Baxter International Inc.	
July 2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)	
June 2016	External Director of the Company who is an Audit and Supervisory Committee Member	
September 2017	External Director, Novo Holdings A/S (to present)	
June 2019	External Director of the Company (to present)	
September 2021	External Director, Rani Therapeutics (to present)	

Name	Ian Clark	
Title	Director	
Date of Birth	August 27, 1960	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (17,607 shares)
Term	See (Note 4)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2010	Director, Chief Executive Officer and Head of North American Commercial Operations, Genentech, Inc.	
January 2017	External Director, Shire plc	
January 2017	External Director, Corvus Pharmaceuticals, Inc. (to present)	
January 2017	External Director, Guardant Health, Inc. (to present)	
November 2017	External Director, AVROBIO Inc. (to present)	
January 2019	External Director of the Company (to present)	
August 2020	External Director, Olema Pharmaceuticals, Inc. (to present)	

Name		Steven Gillis
Title		Director
Date of Birth		April 25, 1953
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (17,607 shares)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
August	1981	Founder, Director and Executive Vice President, Research and Development, Immunex Corporation (currently, Amgen, Inc.)
May	1993	Chief Executive Officer, Immunex Corporation
October	1994	Founder, Director and Chief Executive Officer, Corixa Corporation (currently, GlaxoSmithKline)
January	1999	Director and Chairman, Corixa Corporation
August	2005	Managing Director, ARCH Venture Partners (to present)
October	2012	External Director, Shire plc
October	2015	External Director and Chairman, Codiak BioSciences, Inc. (to present)
December	2015	External Director, Homology Medicines, Inc. (to present)
May	2016	External Director and Chairman, VBI Vaccines, Inc. (to present)
January	2019	External Director of the Company (to present)

Name		John Maraganore
Title		Director
Date of Birth		October 11, 1962
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (- share)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April	2000	Senior Vice President, Strategic Product Development, Millennium Pharmaceuticals, Inc.
December	2002	Director and Chief Executive Officer, Alnylam Pharmaceuticals, Inc.
November	2011	External Director, Agios Pharmaceuticals, Inc. (to present)
June	2017	Chairperson, Biotechnology Innovation Organization
November	2021	External Director, Beam Therapeutics, Inc. (to present)
January	2022	Scientific Advisory Board Member, Alnylam Pharmaceuticals, Inc. (to present)
February	2022	External Director, Kymera Therapeutics, Inc. (to present)
June	2022	External Director of the Company (to present)

Name		Michel Orsinger
Title		Director
Date of Birth		September 15, 1957
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (21,783 shares)
Term		See (Note 4)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March	2001	Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG
April	2007	President and Chief Executive Officer, Synthes, Inc. (currently Johnson & Johnson)
June	2012	Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson
June	2012	Member of Global Management Team, Johnson & Johnson
June	2016	External Director of the Company
June	2019	External Director of the Company who is an Audit and Supervisory Committee Member
June	2022	External Director of the Company (to present)

Name	Koji Hatsukawa	
Title	Director, Head of Audit and Supervisory Committee	
Date of Birth	September 25, 1951	
Number of Shares Held (Number of Shares to be Provided) (Note3)		3,100 shares (19,769 shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March 1974	Joined Price Waterhouse Accounting Office	
July 1991	Representative Partner, Aoyama Audit Corporation	
October 2005	Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers	
May 2009	CEO, PricewaterhouseCoopers Arata	
June 2013	External Audit & Supervisory Board Member, Fujitsu Limited (to present)	
June 2016	External Director who is an Audit and Supervisory Committee Member	
June 2019	External Director of the Company who is the Head of the Audit and Supervisory Committee (to present)	

Name	Yoshiaki Fujimori	
Title	Director, Audit and Supervisory Committee member	
Date of Birth	July 3, 1951	
Number of Shares Held (Number of Shares to be Provided) (Note3)		5,600 shares (19,769 shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 2001	Senior Vice President, General Electric Company	
March 2011	Representative Director and Chairman, GE Japan Corporation	
August 2011	Representative Director, President and CEO, LIXIL Corporation	
August 2011	Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation	
January 2016	Representative Director, Chairman and CEO, LIXIL Corporation	
June 2016	External Director of the Company	
July 2016	External Director, Boston Scientific Corporation (to present)	
February 2017	Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha (to present)	
August 2018	External Director and Chairman of the Board, Oracle Corporation Japan (to present)	
June 2019	External Director, Riraku K.K. (to present)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	

Name	Emiko Higashi	
Title	Director, Audit and Supervisory Committee member	
Date of Birth	November 6, 1958	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (21,783shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 1994	Managing Director, Investment Banking, Merrill Lynch & Co.	
April 2000	CEO, Gilo Ventures, LLC	
January 2003	Managing Director, Tomon Partners, LLC (to present)	
November 2010	External Director, KLA-Tencor Corporation (currently KLA Corporation) (to present)	
June 2016	External Director of the Company	
May 2017	External Director, Rambus Inc. (to present)	
June 2019	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	
January 2021	External Director, One Equity Partners Open Water I Corporation (to present)	

Name	Kimberly A. Reed	
Title	Director, Audit and Supervisory Committee member	
Date of Birth	March 11, 1971	
Number of Shares Held (Number of Shares to be Provided) (Note3)		- share (- share)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
October 1997	Counsel, United States House of Representatives	
May 2004	Senior Advisor to United States Secretaries of the Treasury, United States Department of the Treasury	
February 2007	Director and Chief Executive Officer, Community Development Financial Institutions Fund, United States Department of the Treasury	
December 2007	Vice President, Financial Markets Policy Relations, Lehman Brothers	
September 2009	President, International Food Information Council Foundation	
May 2019	Chairman of the Board of Directors, President, and Chief Executive Officer, Export-Import Bank of the United States	
February 2021	Distinguished Fellow, Council on Competitiveness (to present)	
August 2021	External Director, Momentus Inc. (to present)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	

Total Number of Shares Held	613,896 shares
(Total Number of Shares to be Provided)	(1,473,476 shares)

Notes:

(1) Mr. Masami Iijima, Mr. Olivier Bohuon, Mr. Jean-Luc Butel, Mr. Ian Clark, Mr. Steven Gillis, Mr. John Maraganore, and Mr. Michel Orsinger are External Directors.

(2) Mr. Koji Hatsukawa, Mr. Yoshiaki Fujimori, Ms. Emiko Higashi and Ms. Kimberly A. Reed are External Directors who are also Audit and Supervisory Committee members.

(3) The number of shares held represents the number of ordinary shares held as of March 31, 2022. The above table does not include 71,679 American Depositary Shares (ADSs), 1,300 ADSs, 2,096 ADSs, 8,257 ADSs and 9,353 ADSs held by Andrew Plump, Olivier Bohuon, Ian Clark, Steven Gillis, Kimberly A. Reed, and their close family members, respectively, in each case as of March 31, 2022. Each ADS represents one half of an ordinary share.
The number of shares to be provided includes the number of ordinary shares and the number of ordinary shares represented by ADSs vested but undelivered and scheduled to be vested under the Board Incentive Plan (“BIP”), Employee Stock Ownership Plan (“ESOP”) and Long-Term Incentive Plan (“LTIP”). The number of shares to be provided pursuant to the BIP, ESOP and LTIP is comprised of Restricted Stock Unit awards (“RSU awards”), Performance Share Unit awards for BIP/ESOP and Performance Stock Unit awards for LTIP (“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. 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 candidate.

(4) The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2022 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2023.

(5) The term of office of Directors who are Audit and Supervisory Committee Members shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2022 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2024.

2) External Directors

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

Mr. Masami Iijima served as Representative Director, President, and CEO of Mitsui & Co., Ltd, where he directed the global management of the company. He then focused on supervising management and enhancing the effectiveness of the Board of Directors as the Representative Director, Chairman of the Board of Directors, and Chair of the Board meeting of the company. Through his career, he has gained extensive experience in various fields including corporate governance and risk management. He has been involved in the management of the Company as External Director who is an Audit and Supervisory Committee Member since June 2021 and External Director who is not an Audit and Supervisory Committee Member since June 2022. He has also served as the chair of the Board of Directors meeting since June 2022. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended seven of the seven meetings of the Board of Directors held after

his appointment in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Olivier Bohuon served as an External Director of Shire, and based on such experience, has a deep expertise in the company's portfolio and its related therapeutic areas. He has also served in several key positions at global healthcare companies in the U.S. and Europe. He has deep insights gained from his extensive experience in the management of such global healthcare businesses. Especially, he has remarkable expertise in marketing of overall healthcare business. He has been involved in the management of the Company as External Director since January 2019. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Jean-Luc Butel has served in several key positions at global healthcare companies in the U.S., Europe, and Asia. Based on such extensive experience in global healthcare business management, he has deep insights in healthcare business management. He has been involved in the management of the Company as External Director who is an Audit and Supervisory Committee Member since June 2016 and as an External Director who is not an Audit and Supervisory Committee Member since June 2019. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Ian Clark served as an External Director of Shire, and based on such experience, has a deep expertise in the company's portfolio and its related therapeutic areas. He has also served in several key positions at global healthcare companies in Europe and Canada. He has gained deep insights through such extensive experience in the management of global healthcare business. Especially, he has remarkable expertise in marketing in the area of oncology and managing biotechnology division of healthcare companies. He has been involved in the management of the Company as an External Director since January 2019. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Steven Gillis served as an External Director of Shire, and based on such experience, has deep expertise in the company's portfolio and its related therapeutic areas. He has a Ph.D. in biology and has served in several key positions at global healthcare companies in the U.S. and Europe. He also has extensive experience in global healthcare business management and especially, significant expertise in immune-related healthcare business. He has been involved in the management of the Company as an External Director since January 2019. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. John Maraganore has wide experience in the pharmaceutical industry for more than 30 years. He served as the Director and CEO of Alnylam Pharmaceuticals for around 20 years and retired at the end of 2021. Prior to that, he served as an officer and a member of the management team at Millennium Pharmaceuticals. He has been appointed as an External Director in June 2022 in order to contribute to the Company's sustainable development, appropriate supervision of the management and ensuring sound management of the business. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Michel Orsinger has served in several key positions at global healthcare companies in the U.S. and Europe. He has gained deep insights from extensive experiences in global healthcare business management. He has been involved in the management of the Company as an External Director who is not an Audit and Supervisory Committee Member since June 2016, as an External Director who is an Audit and Supervisory Committee Member since June 2019 and as an External Director who is not an Audit and Supervisory Committee Member since June 2022. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Koji Hatsukawa has extensive experience and expertise in the areas of corporate finance and accounting as a certified public accountant. He also has experience as top management including his experience as representative and CEO of an auditing firm. He has been involved in the management of the Company as an External Director who is an Audit and Supervisory Committee Member since June 2016 and as the head of

the Audit and Supervisory Committee since June 2019. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He has also contributed to the realization of the vision of the Audit and Supervisory Committee, which is to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. His ownership of the Company's shares is immaterial (as of June 2022), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Yoshiaki Fujimori has served in several key positions, such as CEO at a global U.S. company and its Japanese subsidiary and at a Japanese company that proceeded with global expansion ahead of other companies. Through his career, he has gained deep insights from extensive experiences in global management of such healthcare companies. He has been involved in the management of the Company as an External Director who is not an Audit and Supervisory Committee Member since June 2016 and as an External Director who is an Audit and Supervisory Committee Member since June 2022. Through his active participation at the Board of Directors as an External Director, he has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. He contributes to realization of the vision of the Audit and Supervisory Committee, which is to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. His ownership of the Company's shares is immaterial (as of June 2022), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Ms. Emiko Higashi has experience in various key positions, including experience as CEO of investment funds mainly in the U.S., as well as experience in investment funds specializing in healthcare and technology. She has advanced knowledge and extensive experience in the area of finance and accounting and financial industry, healthcare industry and data and technology. She has been involved in the management of the Company as an External Director who is not an Audit and Supervisory Committee Member since June 2016 and as an External Director who is an Audit and Supervisory Committee Member since June 2019. Through her active participation at the Board of Directors as an External Director, she has contributed to ensuring fair and appropriate decision making and to securing sound management of business activities of the Company. She has also contributed to the realization of the vision of the Audit and Supervisory Committee, which is to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust, through audit and supervision. She attended eight of the eight meetings of the Board of Directors held in the fiscal year 2021. There are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

Ms. Kimberly A. Reed was the first woman to serve as Chairman of the Board of Directors, President, and CEO of the Export-Import Bank of the United States (EXIM)—the nation's official $135 billion export credit agency—where she helped companies succeed in the competitive global marketplace. She has extensive domestic and international experience—including as CEO and Senior Advisor at the highest levels of the U.S. Government; President of an organization that focused on nutrition, health, and agriculture and worked with global companies on science-based communication strategies; and Counsel with the U.S. Congress. She is a Council on Competitiveness Distinguished Fellow and has served on numerous nonprofit Boards of Directors and Advisory Committees, including the Alzheimer's Association and Indiana University-Bloomington School of Public Health. Ms. Reed's leadership and wide expertise has enabled her to successfully navigate geopolitical, regulatory, international business, and public policy environments; address ESG; conduct oversight and investigations; and plan for future challenges. She has been appointed as its External Director who is an Audit and Supervisory Committee Member in June 2022 in order to contribute to the realization of the vision of Audit and Supervisory Committee, which is to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust, through audit and supervision. There are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

- Supporting System for External Directors

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

(3) Status of Auditing

1) Audit and Supervisory Committee

1. Organization, Members and Procedures

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

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

The Takeda Group held the Audit and Supervisory Committee meetings 10 times (the length per meeting was approximately 3 hours) in the fiscal year ended March 31, 2022. The table below shows the attendance by each Audit and Supervisory Committee member: Due to the travel restrictions with the COVID-19 pandemic, all committees were held in virtual form using a web conferencing system.

Type	Name	Attendance at the Audit and Supervisory Committee
Full-time Audit & Supervisory Committee member	Yasuhiko Yamanaka	3 out of 3 meetings (100%)
External Audit and Supervisory Committee member	Koji Hatsukawa	10 out of 10 meetings (100%)
External Audit and Supervisory Committee member	Emiko Higashi	10 out of 10 meetings (100%)
External Audit and Supervisory Committee member	Michel Orsinger	10 out of 10 meetings (100%)
External Audit and Supervisory Committee member	Masami Iijima	7 out of 7 meetings (100%)

Matters shared and discussed at the Audit and Supervisory Committee in the current fiscal year primarily include the audit policy and plan, directors' performance of duties, the design and operating effectiveness of the internal control system, the audit approach of the Accounting Auditors and the appropriateness of their audits. The Audit and Supervisory Committee conducted the following activities. Due to the travel restrictions with the spread of COVID-19, some audit activities were conducted in remote using a web conferencing system as the committees.

Audit activities

(1) Directors' performance of duties	Attending the Board of Directors meetings
	Exchanging opinions with the President and CEO (twice a year)
	Exchanging opinions with Chief Financial Officer (5 times a year)
	Attending significant meetings (e.g., Business Review Committee)
	Inspecting and reviewing significant materials/documents (e.g., agendas and minutes of significant meetings)
(2) Internal control system	Audits of Global Headquarters, Head Office and branches, etc.
	Approval of the internal audit plan, receipt of the audit results by and exchanging opinions with the Group Internal Audit
	Receipt of the reports on control status from and exchanging opinions with the internal control promoting departments (e.g., the Global Ethics & Compliance Division)
	Explaining the audit plan, receipt of the reports on the results of quarterly review and audit (including internal control audit) from and exchanging opinions with Accounting Auditors
(3) Accounting Auditors	Discussion of Key Audit Matters (KAM / CAM)
	Conducting the assessment of Accounting Auditors

2) Internal Audit

For the organization, members and procedures of the internal audit function, see (1) Corporate Governance 3) Business Execution, [Internal Audit]. With respect to cooperation among internal audit, audit by Audit and Supervisory Committee and accounting audit, refer to (1) Corporate Governance, 2) Organizational Composition and Operation, [Audit and Supervisory Committee].

3) Accounting Audit

1. Name of Audit Firm
KPMG AZSA LLC

2. Consecutive auditing period
15 years

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

4. Composition of other members who supported Accounting Audit
31 certified public accountants and 74 other individuals.

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

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

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

4) Details of audit fees and other matters

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

(JPY millions)

	For the Year ended March 31, 2021		For the Year ended March 31, 2022	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ 2,465	¥ —	¥ 2,358	¥ 31
Consolidated subsidiaries	22	4	9	—
Total	¥ 2,487	¥ 4	¥ 2,366	¥ 31

Fees for non-audit service of consolidated subsidiaries for the year ended March 31, 2021 was advisory services for International Financial Reporting Standards.
Fees for non-audit service for the year ended March 31, 2022 was preparation of consent letter regarding the issuance of Form S-8 and preparation of comfort letters regarding the issuance of bonds.

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

(JPY millions)

	For the Year ended March 31, 2021		For the Year ended March 31, 2022	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ —	¥ —	¥ —	¥ —
Consolidated subsidiaries	1,210	31	1,212	12
Total	¥ 1,210	¥ 31	¥ 1,212	¥ 12

Fees for non-audit services of the consolidated subsidiaries for the year ended March 31, 2021 include mainly the assurance on our sustainability report, and for the year ended March 31, 2022 include mainly assurance services based on the local laws and regulations to member firms of the KPMG network, to which the Company's certified public accountant auditor, KPMG AZSA LLC, belongs.

3. Details of other significant fees for audit and attestation services
No significant fees for audit and attestation services were provided for the fiscal years ended March 31, 2021 and 2022.

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

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

(4) Remuneration for Directors

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

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

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

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

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

(ii) Regarding directors' bonuses for fiscal year 2021 company performance results, the proposal "Payment of Bonuses to Directors who are not Audit & Supervisory Committee Members" was approved as proposed at the 146th General Meeting of Shareholders held on June 29, 2022. Accordingly, bonuses for 3 Internal Directors who are not Audit & Supervisory Committee Members for this fiscal year will be paid within the upper limit of 500 million JPY as set forth in this proposal.

(iii) The stock compensation granted in fiscal year 2018 is based on the resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. The upper limit on the monetary value of stock compensation and the number of the shares to be granted are as follows:

a. Stock compensation granted to Internal Directors (excluding Directors residing overseas) (Four (4) directors were eligible at the time of resolution)

Upper limit of 2.7 billion JPY per year for three consecutive fiscal years (the upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stock of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year)

b. Stock compensation granted to External Directors (Six (6) directors were eligible at the time of resolution)

Upper limit of 0.3 billion JPY (the upper limit on the number of stocks to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stocks of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year)

(iv) The stock compensation granted in fiscal years 2019, 2020 and 2021 is based on the resolution of the 143rd Ordinary General Meeting of Shareholders held on June 27, 2019. The upper limit on the monetary value of stock compensation and the number of the shares to be granted are as follows:

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

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

b. Stock compensation granted to External Directors (Eight (8) directors were eligible at the time of resolution)

Upper limit of 0.3 billion JPY (the upper limit on the number of stocks to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stocks of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year)

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

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

(ii) The stock compensation granted in fiscal year 2018 is based on a resolution made at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016, for which no more than 200 million JPY will be allocated over a period of two consecutive fiscal years. The upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stock of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year. (Four (4) directors were eligible at the time of resolution)

(iii) The stock compensation granted in fiscal years 2019, 2020 and 2021 is based on a resolution made at the 143rd Ordinary General Meeting of Shareholders held on June 27, 2019, for which no more than 200 million JPY will be allocated over a period of three consecutive fiscal years. The upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stocks of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year. (Four (4) directors were eligible at the time of resolution)

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

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

The determination of the amount of individual compensations for internal directors who are not Audit & Supervisory Committee Members has been delegated to the Compensation Committee by resolution of the Board of Directors in order to increase the transparency of the process of

determining individual compensations. Regarding activities in fiscal year 2021, the Compensation Committee held eight meetings. During fiscal year 2021, with advice from external compensation advisers, the committee continued its focus on evolving the executive compensation framework to reflect that of a patient-focused, values-based, R&D-driven global biopharmaceutical company. Within this context, the committee reviewed and discussed the goals and results of performance-linked compensation, the alignment of the compensation policy to the achievement of the Company's medium- and long-term plans and to the business environment, the amount of compensation for directors, the appropriate Corporate KPIs for STI (Short Term Incentive) and Performance Share Unit awards, the public disclosure of compensation, etc., and the committee further provided guidance to the Board of Directors. With the advice of the Compensation Committee, the Board of Directors determines the compensation of External Directors who are not Audit & Supervisory Committee members.

The Company has formulated an executive compensation recoupment policy (clawback policy). The clawback policy provides that in the event of a significant restatement of financial results or significant misconduct, the independent External Directors of the Company's Board of Directors may require the Company to recoup incentive compensation. This would include all or a portion of the compensation received by any member of the Takeda Executive Team, any Internal Director on the Company's Board of Directors, and any other individual designated by the independent External Directors of the Company's Board of Directors within the fiscal year, and the three (3) prior fiscal years, that the need for a significant restatement of financial results or significant misconduct was discovered. The policy took effect from April 1, 2020 and applies to short-term incentive compensation beginning with the Fiscal Year 2020 performance year and long-term incentive granted in Fiscal Year 2020 and continues to apply for all subsequent periods.

<FY2021 Compensation Committee members>

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

Members: Yoshiaki Fujimori (External Director), Olivier Bohuon (External Director), Ian Clark (External Director)

The compensation of Directors consists of both "Performance-based Compensation" and "non-Performance- based Compensation". The composition and level of compensation for directors is determined based on the policies and decision-making processes described in the Company's Compensation Policy for Directors which is outlined later in this section. As part of the enhancements to our compensation framework, beginning in FY2019, the Company increased the proportion of Performance Share Unit awards to 60% of our long-term incentive mix for Internal Directors (i.e., Internal Directors who are not Audit & Supervisory Committee Members).

Internal Directors may be eligible for an annual bonus (STI). Bonuses may be paid with the aim of driving the achievement of annual goals.

As the FY2021 Corporate KPIs for internal director bonuses, the Company set underlying Revenue, 14 Global Brands + New Product Incremental Revenue and underlying Core Operating Profit as the annual indicators, and the Board of Directors meeting set target values in order to facilitate the achievement of the management guidance with review and advice from the Compensation Committee.

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

For the FY2021 bonus for the President and CEO, the annual goal was set to be 100% of Corporate KPI. For other Directors that have divisional responsibilities, 75% of the annual bonus is linked to Corporate KPI to drive commitment to group-wide goals, and 25% of the annual bonus is linked to Division KPI.

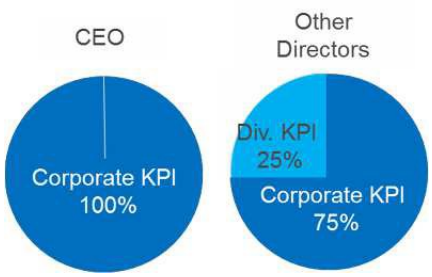
The annual bonus (Short-Term Incentive Plan (STI)) cash payout is calculated as follows:

Annual STI Payout Calculation for CEO						
Basic Compensation	×	STI Target	×	Corporate STI Multiple (100%)	=	STI Payout

Annual STI Payout Calculation for Internal Directors (other than CEO) excluding Audit and Supervisory Committee Members								
Basic Compensation	×	STI Target	×	Corporate STI Multiple (75%)	×	Group STI Multiple (25%)	=	STI Payout

The STI Target range is from 100% to 250% of Basic Compensation for annual bonuses and reflects the common practice of global companies.

The STI Multiple (STI payout rate based on KPI) used for annual bonuses varies from 0% to 200% in accordance with the achievement of KPIs such as consolidated Revenue, 14 Global Brands + New Product Incremental Revenue and Core Operating Profit etc., established for a single fiscal year.



(Reference) Management Guidance (excluding any impact of divestitures)

	Fiscal 2021
Underlying Revenue Growth	Mid-single-digit growth
Underlying Core Operating Profit Growth	Mid-single-digit growth ~30% margin
Underling Core EPS Growth	Mid-single-digit growth

The goals and the results of KPIs related to STI for FY2021 are as follows:

KPI	Rationale	Weight	Target	Result	Performance	Score	Weighted Score
Underlying Revenue	• Key indicator of growth, including pipeline delivery • Important measure of success within the industry	45 %	3,145.2 billion JPY	3,246.7 billion JPY	103.2 %	164.6 %	74.1 %
14 Global Brands + New Product Incremental Revenue	• 14 Global Brands: Emphasis on subset of revenue that is the key driver of future revenue growth • New Product Revenue: Key indicator of driving pipeline growth and commercial revenue success	15 %	235.5 billion JPY	158.4 billion JPY	67.3 %	0 %	0 %
Underlying Core Operating Profit	• Measure of margin achievement while ensuring expense discipline • Reflects synergy capture • Communicated to shareholders as a key measure of Takeda success post acquisition	40 %	908.4 billion JPY	908.8 billion JPY	100.0 %	100.3 %	40.1 %
Payout Rate							114.2 %

Regarding the results for FY2021 Corporate KPIs, the KPIs except 14 Global Brands + New Product Incremental Revenue surpassed their targets, reflecting continued delivery of our key strategic priorities and strict OPEX discipline. Divisional KPIs related to annual bonuses for Internal Directors (other than CEO) are set according to the characteristics of each division in order to clearly understand the performance of each division. The performance scores have also exceeded 100%.

From FY2019, a Long-term Incentive Plan that allocated 60% for the plan designed based on Performance Share Units (Performance Share Unit awards) and 40% for the plan designed based on Restricted Stock Units (Restricted Stock Unit awards) was put in place for Internal Directors to strengthen the link between compensation, company performance and share price, and to reinforce the commitment to increasing corporate value in the mid- and long-term. Regarding Performance Share Unit awards as part of the Long-Term Incentives Plan, based on 60% of the standard points allocated according to professional duties and responsibility, the PSUs earned will be calculated by the following formula and granted to Directors who are not Audit & Supervisory Committee Members (excluding External Directors):

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

The payout rate based on performance (PSU Multiple) varies from 0% to 200% based on the degree of achievement, etc.

The number of shares to be vested to Directors who are not Audit & Supervisory Committee Members (excluding External Directors) based on the PSUs earned according to the achievement of company performance objectives are determined as one share per one unit. After a certain period after grant, 50% of the PSUs earned are vested as stock and the remaining are paid in cash.

KPIs used for the FY2021 Performance Share Unit awards which will be vested in FY2024, were 3-year Accumulated Underlying Revenue, Aggregated FY21-23 Underlying Core Operating Profit Margin, 3-year Accumulated Free Cash Flow, R&D Approvals and R&D Pivotal Study Start.

FY2019-2021 KPIs targets for Performance Share Unit awards have been achieved as follows:

KPI[1]	Weight	Target	Result	Performance	Score	Weighted Score
3-year Accumulated Underlying Revenue	25 %	9,490.9 billion JPY	9,937.0 billion JPY	104.7 %	194.0 %	48.5 %
Point in time Core Operating Profit Margin (at end of performance period)	25 %	33.4 %	28.0 %	83.8 %	0 %	0 %
3-year Accumulated Free Cash Flow	25 %	2,621.2 billion JPY	3,149.5 billion JPY	120.2 %	200.0 %	50.0 %
R&D Pivotal Study Start and Approvals[2]	25 %			92.0 %	91.3 %	22.8 %
3-year Relative TSR	Modifier +/-20%					(20.0)%
Payout (PSU Score)						101.3 %

Notes:

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

(2) R&D KPIs were changed from Pivotal Study Start to Pivotal Study Start and Approvals in order to align management's performance to not only starting pivotal study but also final approvals, because approvals link more closely to new product launches and therefore future cash generation for shareholders. The R&D KPI using the original methodology of Pivotal Study Start only would have resulted in a higher score of 125% on this KPI; whereas the result including Pivotal Study Start and Approvals resulted in a score of 91.3% on this KPI as noted above.

In addition, regarding Performance Share Unit awards as part of the Long-Term Incentives Plan, based on the standard points for one-time special Performance Share Unit awards allocated according to professional duties and responsibility, the PSUs earned will be calculated by the following formula and granted to Directors who are not Audit & Supervisory Committee Members (excluding External Directors):

Standard Points for one-time special Performance Share Unit awards	×	Payout rate based on performance (Special PSU Multiple)	=	PSUs earned for one-time special Performance Share Unit awards

The payout rate based on performance (Special PSU Multiple) varies from 0% to 200%, based on the degree of achievement in each year from 2019 to 2021 in relation to operating expense, integration costs, and point in time net debt to adjusted EBITDA ratio, which are three financial KPIs to measure the success of the integration with Shire.

The number of shares to be vested to Directors who are not Audit & Supervisory Committee Members (excluding External Directors) based on the PSUs earned according to the achievement of company performance objectives are determined as one share per one unit. After a certain period after grant, in each year, based on the degree of achievement in each year from 2019 to 2021, 50% of the PSUs earned are vested as stock and the remaining are paid in cash.

The goals and the results of KPIs related to the one-time special Performance Share Unit awards for FY2021 are as follows:

KPI[1]	Weight	Target	Result	Performance	Score	Weighted Score
FY 2019 – 2021 underlying operating expense (FY 2021)	33.33 %	(1,432.5) billion JPY	(1,332.9) billion JPY	+6.9%	169.5 %	56.5 %
FY 2019 – 2021 integration costs (FY 2021)	33.33 %	(29.3) billion JPY	(46.5) billion JPY	(59.0)%	0 %	0 %
Point in time net debt to adjusted EBITDA ratio (FY2021)	33.33 %	3.09	2.77	+10.2%	200.0 %	66.7 %
Special PSU Multiple (PSU Score)						123.2 %

Note:

(1) Each KPI has been set in order to measure the success of the integration in each year over three years focusing on expense management.

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

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

Directors	Portion
Internal Directors who are not Audit and Supervisory Committee Members	40%
External Directors who are not Audit and Supervisory Committee Members	100%
Directors who are Audit and Supervisory Committee Members	100%

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

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

		Total remuneration amount by remuneration type JPY (millions)				
			Performance-based compensation		Non-monetary remuneration	
Director title	**Total remuneration JPY (millions)**	**Base salary**	**Annual bonus [2]**	**Performance Share Unit awards [3]**	**Restricted Stock Unit awards**	**Number of subject directors**
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) [1]	¥ 2,680	¥ 518	¥ 426	¥ 1,182	¥ 554	4
Directors (Audit and Supervisory Committee members) (excluding External Directors)	12	9	—	—	2	1
External Directors	475	247	—	—	227	12

Notes:

(1) These amounts do not include salaries and bonuses that Directors, who also work as employees, receive for the employee portion of their compensation.

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

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

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

Name (Director title)	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Base salary	Performance-based compensation		Non-monetary remuneration	Other
				Annual bonus	Performance Share Unit awards[1][2]	Restricted Stock Unit awards[1]	
Christophe Weber (Director)	¥ 1,858	Filing company	¥ 235[4]	¥ 233	¥ 865[5]	¥ 399[5]	¥ —
		Takeda Pharmaceuticals U.S.A., Inc.[3]	46	80	—	—	—
Masato Iwasaki (Director)	261	Filing company	65	45	105[6]	46[6]	—
Andrew S. Plump (Director)	919	Filing company	12	—	—	—	—
		Takeda Pharmaceuticals International, Inc. and Takeda Development Center Americas, Inc.[7]	123	164	415[8]	166[8]	38[9]
Costa Saroukos (Director)	675	Filing company	207[10]	148	212[11]	109[11]	—
Yasuhiko Yamanaka (Director who is an Audit and Supervisory Committee Member)[12]	12	Filing company	9	—	—	2[13]	—

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, 2022.

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

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

(4) Base salary includes the grossed-up amount paid for residence and pension allowances etc. for the relevant officer (100 million JPY).

(5) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2018-2021.

(6) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2018-2021.

(7) Shows the salary and other amounts earned as the President, Research and Development of Takeda Pharmaceuticals International, Inc. (from April 2021 to June 2021) and as the President, Research and Development of Takeda Development Center Americas, Inc.(from July 2021 to March 2022) during the fiscal year.

(8) The amount recognized as an expense during the fiscal year for the stock incentive plan (Employee Stock Ownership Plan and the Long Term Incentive Plan (LTIP)) grants awarded in fiscal years 2018-2021.

(9) Amounts of local retirement plan contributions and other additional benefits paid by Takeda Pharmaceuticals International, Inc. and Development of Takeda Development Center Americas, Inc. during the fiscal year, as well as the amount equal to taxes on such amounts.

(10) Base salary includes the grossed-up amount paid for residence, pension allowances, and educational allowances etc. for the relevant officer. (97 million JPY).

(11) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2019-2021.

(12) Yasuhiko Yamanaka retired at the close of 145th General Meeting of Shareholders held on June 29, 2021.

(13) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2018-2020.

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

Name (Director title)	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Base salary	Performance-based compensation		Non-monetary remuneration	Other
				Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards[1]	
Masahiro Sakane[2] (Director)	¥ 43	Filing company	¥ 24	¥ —	¥ —	¥ 19	¥ —
Olivier Bohuon (Director)	38	Filing company	19	—	—	19	—
Jean-Luc Butel (Director)	38	Filing company	19	—	—	19	—
Ian Clark (Director)	38	Filing company	19	—	—	19	—
Yoshiaki Fujimori (Director)	38	Filing company	19	—	—	19	—
Steven Gillis (Director)	38	Filing company	19	—	—	19	—
Shiro Kuniya[2] (Director)	38	Filing company	19	—	—	19	—
Toshiyuki Shiga[2] (Director)	38	Filing company	19	—	—	19	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	43	Filing company	24	—	—	19	—
Emiko Higashi (Director who is an Audit and Supervisory Committee Member)	43	Filing company	24	—	—	19	—
Masami Iijima[3] (Director who is an Audit and Supervisory Committee Member)	34	Filing company	18	—	—	16	—
Michel Orsinger (Director who is an Audit and Supervisory Committee Member)	41	Filing company	22	—	—	19	—

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, 2022.

(2) Masahiro Sakane, Shiro Kuniya, and Toshiyuki Shiga retired at the close of 146th General Meeting of Shareholders held on June 29, 2022.

(3) Masami Iijima was newly elected and took office at the 145th Ordinary General Meeting of Shareholders held on June 29, 2021.

5) Employee Portion of Internal Director Remuneration and Number of Directors

Director title	Total employee remuneration JPY (millions)	Total employee remuneration amount by remuneration type JPY (millions)					Number of subject directors
		Base salary	Performance-based compensation		Non-monetary remuneration	Other	
			Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards		
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors)	¥ 1,032	¥ 169	¥ 244	¥ 415	¥ 166	¥ 38	2

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

6) Directors' Compensation Policy

1. Guiding Principles

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

- To attract, retain and motivate managerial talent to realize our Vision
- To increase corporate value through optimizing the Company's mid- and long-term performance, while reinforcing our patient-focused values
- To be closely linked with company performance, highly transparent and objective
- To support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders
- To encourage Directors to challenge and persevere, and to be aligned with the values of Takeda-ism
- To establish transparent and appropriate governance of directors' compensation to establish the credibility and support of our stakeholders

2. Level of Compensation

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

Directors' compensation should be competitive in the global market consisting of major global companies. Specifically, the global market refers to a "global executive compensation database" developed on the basis of professional survey data with the addition of data on compensation levels at other major global pharmaceutical companies with which we need to be competitive, and data on compensation levels at major companies in the U.S., U.K., and Switzerland.

3. Compensation Mix

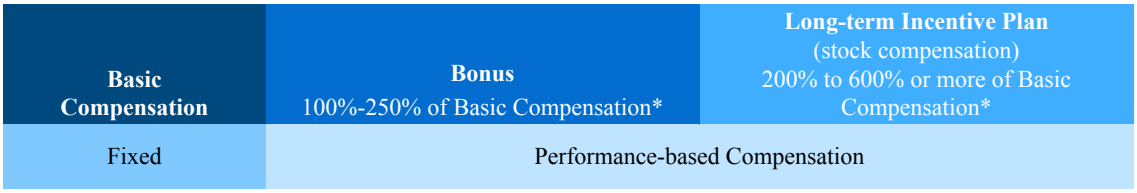
3-1. Directors who are not Audit & Supervisory Committee Members (excluding External Directors)

The compensation of Directors who are not Audit & Supervisory Committee Members (excluding External Directors) consists of "Basic Compensation", which is paid at a fixed amount and "Performance-based Compensation", which is paid as a variable amount based on company performance, etc.

"Performance-based Compensation" further consists of a "Bonus (short-term incentive compensation)" to be paid based on the consolidated financial results, etc. 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.

The ratio of Long-term Incentives in FY2019 and going forward increased from prior years (as of fiscal 2018) to better align with the incentives of Takeda's Directors with Takeda's shareholders. Moreover, it matches with the peer group and primary industry level. Both Bonus and Long-term incentives as a ratio of Total Direct Compensation is higher putting the directors pay at risk in alignment with the Company's performance. The targets range from 100%-250% of Basic Compensation for "Bonus" and range from 200% to 600% of Basic Compensation for "Long-term Incentive", reflecting the common practice of global companies.

- Standard Compensation Mix Model for Directors who are not Audit & Supervisory Committee Members (excluding External Directors)



* Ratio of Bonus and Long-term Incentives to Basic Compensation is determined according to Director's role.

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). The stock compensation is linked only to share price and not to company performance results. Newly awarded stock compensation in 2019 and going forward will vest and be paid three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company).

Bonus is not available for this category of Director. Committee retainers are paid with Basic Compensation for the chair of board meeting, chairperson of the compensation committee, and chairperson of Nomination Committee. The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 100% of the Basic Compensation.

- Standard Compensation Mix Model for External Directors who are not Audit & Supervisory Committee Members

Basic Compensation additionally committee fee paid for chairs	Long-term Incentive Plan (stock compensation) Maximum of 100% of the Basic Compensation
Fixed	

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). The stock compensation is linked only to share price and not to company performance results. Newly awarded stock compensation in 2019 and going forward will vest and be paid three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company).

Bonus is not available for this category of Director. Committee retainer is paid with Basic Compensation for external directors who are Audit & Supervisory Committee Members.

The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 100% of the Basic Compensation.

- Standard Compensation Mix Model for Directors who are Audit & Supervisory Committee Members

Basic Compensation additionally committee fee paid for members	Long-term Incentive Plan (stock compensation) Maximum of 100% of the Basic Compensation
Fixed	

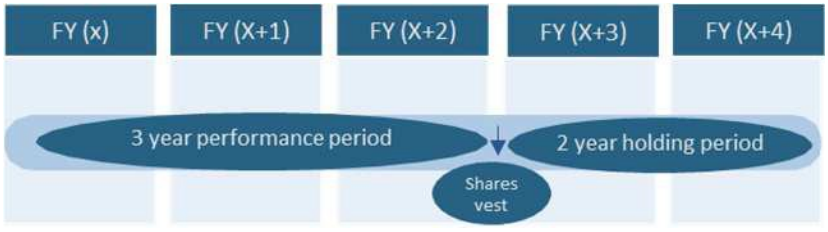
4. Performance-based Compensation

4-1. Directors who are not Audit & Supervisory Committee Members (excluding External Directors)

For Directors who are not Audit & Supervisory Committee Members (excluding External 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) to strengthen the link between compensation and company performance and share price, and to reinforce the commitment to increasing corporate value in the mid and long term.

Performance Share Unit awards, which fall under Performance-based Compensation, will be linked with the latest mid- to long- term performance objectives over a three-year period such as but not limited to consolidated revenue, operating free cash flow, indicators on profit, R&D targets and integration success factors, etc., as transparent and objective key performance indicators (KPI). The variable range of payout rate for Performance Share Unit awards is from 0% to 200% (100% at target), based on performance achievement. For newly awarded Long-term Incentive awards in 2019 and going forward, a two-year holding period will be mandated, and this includes Performance Share Unit awards if and when shares become vested.

- Annual Performance Share Unit Awards Image



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 performance has been determined for the applicable period. There is no post-vesting holding period established for special Performance Share Unit awards.

- Special Performance Share Unit Awards (stock compensation) Image

- Annual Bonus

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 performance indicators such as consolidated Revenue, 14 Global Brands + New Product Incremental Revenue and Core Operating Profit, etc., established for a single fiscal year. For President and CEO, the annual bonus is weighted as 100% to the Corporate KPI.

For other Directors that have divisional responsibilities, 75% of their annual bonus opportunity is linked to the Corporate KPI to drive their commitment to group-wide goals.

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 Restricted Stock Unit awards is linked only to share price and not linked to company performance results. Newly awarded stock compensation in 2019 and going forward will vest three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company). Bonuses are not available for these categories of Director.

- Whole Picture of Directors' Compensation

		Directors who are not Audit and Supervisory Committee Members		Directors who are Audit and Supervisory Committee Members	
		Internal Directors	External Directors	Internal 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	● 5

1. Includes Special Performance Share Unit awards
2. Varies from 0% to 200%, depending upon the degree of achievement, etc. of the performance indicators such as consolidated Revenue, 14 Global Brands + New Product Incremental Revenue and Core Operating Profit, etc., established for a single fiscal year.
3. Varies from 0% to 200%, depending upon the degree of achievement, etc. in relation to consolidated revenue, free cash flow, indicators on profit, R&D targets, integration success factors, etc. over 3 years
4. During term of office
5. Vest or paid three years after the base points used for the calculation are granted.

5. Compensation Governance

5-1. Compensation Committee

The Compensation Committee has been established with all the Committee members being External Directors, to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Directors' compensation, etc. 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 directly make decisions on Directors who are not Audit & Supervisory Committee Members (excluding External Directors) individual compensations in order to realize the transparency in the process. In order to enhance transparency of the Company's corporate governance, the Company externally disclosed the Compensation Committee Charter as a part of the Company's corporate governance documents on November 1, 2021.

The guiding principles for Director Compensation will continue to evolve to develop compensation programs based on Directors' accountabilities and responsibilities, as well as to develop compensation programs that create shareholder value in alignment with Takeda-ism.

5-2. Recoupment Policy

The Compensation Committee and Board adopted a clawback policy in 2020 which provides that in the event of a significant restatement of financial results or/and significant misconduct, the independent external Directors may require Takeda to recoup incentive compensation. This would include all or a portion of the compensation received by any Internal Director on Takeda's Board of Directors, and any other individual designated by the independent external Directors within the fiscal year, and the three (3) prior fiscal years, where the need for a significant restatement of financial results or significant misconduct was discovered. The policy came into effect on April 1, 2020 and applies to Bonuses (short-term incentive compensation) beginning in the Fiscal Year 2020 performance year and long-term incentives granted in Fiscal Year 2020, and continues to apply for all subsequent periods.

7) Rationale that compensation for each Director (excluding Audit & Supervisory Committee Members) is in line with Director's Compensation Policy

As stated in 5. Compensation Governance in section 6) Director's Compensation Policy, in order to provide for transparency in the process, based on the resolution by the Board of Directors, the Compensation Committee has been delegated the authority to make decisions on individual compensation for Directors who are not Audit & Supervisory Committee Members (excluding External Directors). Individual compensation for External Directors who are not Audit & Supervisory Committee Members proposed by the Compensation Committee is approved by the Board of Directors.

The level of compensation, compensation mix, and performance-based compensation (Long-term Incentives and Bonus programs) for Directors is reviewed by the Compensation Committee from a multilateral perspective, consistent with the Director's Compensation Policy stated above.

Based on the resolution by the Board of Directors, the Compensation Committee was delegated authority to make decisions on individual compensation and determined the amount of individual compensation for Internal Directors who are not Audit & Supervisory Committee Members for this fiscal year. The Compensation Committee proposed the amount of compensation for External Directors who are not Audit & Supervisory Committee Members to the Board of Directors. Therefore, after confirming the review of the process and the content of the proposal of the Compensation Committee, the Board of Directors believes that the individual compensation for Internal Directors and External Directors (excluding Audit & Supervisory Committee Members) is aligned with the Director's Compensation Policy stated above.

(5) Shareholdings

1) Standard and concept of classification of shareholdings

Those stocks held for the purpose of capital gain and dividend income are classified as "pure investment purpose stocks."
Those stocks held for the purpose of improvement of mid-to-long term corporate value are classified as "Non-pure investment purpose stocks."

2) Shareholdings for reasons other than pure investment purposes

(a) Shareholding policy and method for assessing its rationality and details of assessment by the Board of Directors regarding possession of individual shares

The Company only holds a minimum number of shares of other companies with which it has business relationships. With respect to such shareholdings, the Company assesses whether or not each shareholding contributes to the corporate value of the Company group by considering the Company's mid-to-long term business strategy, and comparing benefits of such ownership (dividends, business transactions, expected returns from strategic alliance, etc.) with the Company's cost of capital. As a result of the review, the Company divests shares from applicable shareholdings that are deemed to be of little significance after taking the financial strategy and market environment into consideration. For this fiscal year, the Company decided to keep holding 5 names as a result of aforementioned reviewing process.

(b) Number of issues and amount posted on the balance sheet

	Number of Shares	Balance Sheet Amounts JPY (millions)
Unlisted Shares	52	¥ 7,373
Shares other than unlisted shares	6	33,022

(Shares increased in the current fiscal year)

	Number of Shares	Total Amounts of Acquisition Costs for the Increase in Number of Shares JPY (millions)	Reasons for the Increase in Number of Shares
Unlisted Shares	2	¥ 1,000	New investment
Shares other than unlisted shares	1	12,404	Reclassification from affiliated companies applying the equity method

(Shares decreased in the current fiscal year)

	Number of Shares	Total Sales Amount for the Decrease in Number of Shares JPY (millions)
Unlisted Shares	2	¥ 23
Shares other than unlisted shares	—	—

(c) Shareholdings (other than unlisted shares) for reasons other than pure investment purposes are as follows:

Specified investment shares

Issue	Current Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY (millions)	Prior Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY (millions)	Purpose of Holding, Quantitative/Economic Rationale for Shareholding and the Reason for the Increase in the Number of Shares	Holding of the Company's Share
Denali Therapeutics, Inc.	¥ 4,214,559 16,566	¥ 4,214,559 26,600	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) Note:2	
Phathom Pharmaceuticals	7,459,286 12,404	— —	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) Note:2 (The reason for the increase in the number of shares) Reclassification from affiliated companies applying the equity method	
ASKA Pharmaceutical Holdings, Co. Ltd. Note:3	2,204,840 2,785	2,204,840 3,243	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship and strategic partnership. (Quantitative / economic rationale for	✓
Ovid Therapeutics, Inc.	1,781,996 684	1,781,996 792	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) Note:2	
Rhythm Pharmaceuticals, Inc.	223,544 315	223,544 526	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) Note:2	
Wave Life Sciences Ltd.	1,096,892 268	1,096,892 680	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) Note:2	

Notes:
(1) "-" means that the Company does not hold applicable stocks
(2) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since material return from the shareholding is expected in the future the Company maintains the shareholding.
(3) Shareholding company is ASKA Pharmaceutical Co. Ltd., the subsidiary of ASKA Pharmaceutical Holdings, Co. Ltd.

Deemed Shareholdings

Not applicable

3) Shareholdings for pure investment purposes

Category	Current Fiscal Year		Prior Fiscal Year	
	Number of Issues (Name of Issues)	Total Amounts on Balance Sheet JPY (millions)	Number of Issues (Name of Issues)	Total Amounts on Balance Sheet JPY (millions)
Unlisted Shares	—	¥ —	—	¥ —
Shares except unlisted shares	1	0	1	0

Category	Current Fiscal Year		
	Total Amounts of Dividends Received JPY (million)	Total Amounts of Profit/Loss from Sales of Shares JPY (million)	Total Amounts of Profit/Loss from Revaluation of Shares JPY (million)
Unlisted Shares	¥ —	¥ —	¥ —
Shares except unlisted shares	—	—	—

V.Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company have been prepared in accordance with IFRS pursuant to Article 93 of "Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976) (hereinafter "Ordinance on Consolidated Financial Statements").

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance of the Ministry of Finance No. 59 of 1963 "Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements" (hereinafter "Ordinance on Financial Statements").

Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Ordinance on Financial Statements.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2021 to March 31, 2022 and the non-consolidated financial statements for the fiscal year (from April 1, 2021 to March 31, 2022) were audited by KPMG AZSA LLC.

3. Particular efforts to secure the appropriateness of the consolidated financial statements and a framework to ensure that the consolidated financial statements are appropriately prepared in accordance with IFRS

The Company has made particular efforts to ensure the appropriateness of the consolidated financial statements and has established a framework to ensure that the consolidated financial statements are appropriately prepared in accordance with IFRS. The details of these are the follows:

(1) To establish a framework capable of appropriately adopting changes in accounting standards, the Company has made efforts to build expert knowledge by appointing employees who have sufficient knowledge about IFRS, joining the Accounting Standards Board of Japan and similar organizations, and participating in their training programs.

(2) To ensure that the Company appropriately prepares the consolidated financial statements in accordance with IFRS, the Company has created the Group guidelines for accounting practices based on IFRS, and has been conducting accounting procedures based on these guidelines. The Company regularly obtains press releases and accounting standards published by the International Accounting Standards Board, understands the latest accounting standards and assesses their potential impact on the Company, and then updates the Group guidelines in a timely manner.

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

1. Consolidated Financial Statements and Others

(1) Consolidated financial statements

See below link for the consolidated financial statements included in the financial section of the Form 20-F for FY2021 (on pages from F-5 to F-76).

https://www.takeda.com/investors/reports/sec-filings/

(2) Others

1) Quarterly financial information for the year ended March 31, 2022

Cumulative period		Three months ended June 30, 2021	Six months ended September 30, 2021	Nine months ended December 31, 2021	Fiscal year ended March 31,
Revenue	JPY (millions)	949,603	1,794,423	2,695,717	3,569,006
Profit before tax	JPY (millions)	222,978	284,425	356,618	302,571
Net profit attributable to owners of the Company	JPY (millions)	137,684	183,648	241,417	230,059
Basic earnings per share	JPY	87.96	117.08	154.09	147.14

Fiscal period		Three months ended June 30, 2021	Three months ended September 30, 2021	Three months ended December 31, 2021	Three months ended March 31, 2022
Basic earnings (loss) per share	JPY	87.96	29.24	36.91	(7.31)

2) Litigation and others

See Note 32 Commitments and Contingent Liabilities - Litigation to the consolidated financial statements which is disclosed in our Form 20-F.

2. Unconsolidated Financial Statements and Others

(1) Unconsolidated Financial Statements

1) Unconsolidated Balance Sheets

	Note	JPY(millions) Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
ASSETS			
CURRENT ASSETS			
Cash and deposits		273,966	287,147
Accounts receivable	3	125,748	114,457
Securities		536,260	401,659
Merchandise and products		33,025	43,736
Work in process		32,710	34,094
Raw materials and supplies		24,967	32,087
Income taxes receivables		2,445	—
Short-term loans receivable from subsidiaries and affiliates	3	43,669	0
Other	3	126,099	115,803
Allowance for doubtful accounts		—	(2)
Total current assets		1,198,889	1,028,980
NONCURRENT ASSETS			
Tangible noncurrent assets			
Buildings and structures		59,335	86,608
Machinery and equipment		17,049	17,779
Vehicles		18	62
Tools and fixtures		7,626	6,783
Land		32,248	39,196
Lease assets		1,551	1,149
Construction in progress		22,287	21,075
Total tangible noncurrent assets		140,114	172,652
Intangible noncurrent assets		19,586	31,779
Investments and other assets			
Investment securities		77,268	41,026
Investment in subsidiaries and affiliates		9,148,148	8,088,454
Contributions to subsidiaries and affiliates		32,921	31,659
Long-term deposits	3	9,415	6,585
Prepaid pension costs		43,799	48,716
Deferred tax assets		179,650	172,752
Other	3	6,660	19,045
Total investments and other assets		9,497,861	8,408,237
Total noncurrent assets		9,657,561	8,612,668
Total assets		10,856,450	9,641,648

	Note	JPY(millions) Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	32,575	36,534
Other payable	3	141,670	242,812
Accrued expenses	3	61,744	56,714
Income taxes payable		—	9,954
Short-term loans	3	1,278,155	415,346
Current portion of bonds		22,104	101,960
Current portion of long-term loans		—	75,000
Deposits received	3	198,670	118,774
Reserve for employees' bonuses		17,509	18,520
Reserve for share-based payments		2,968	3,063
Reserve for bonuses for directors and corporate auditors		439	443
Reserve for restructuring costs		7,613	2,045
Other reserves		889	—
Other	3	68,021	67,508
Total current liabilities		1,832,357	1,148,674
NONCURRENT LIABILITIES			
Bonds		2,766,165	2,846,583
Long-term loans	3	1,733,106	1,268,188
Reserve for retirement benefits		5,951	6,401
Reserve for litigation		11,924	28,754
Reserve for share-based payments		2,919	2,703
Reserve for restructuring costs		2,175	1,447
Asset retirement obligations		1,863	1,893
Long-term deferred income		4,355	9,233
Other		60,746	32,874
Total noncurrent liabilities		4,589,204	4,198,075
Total liabilities		6,421,561	5,346,749
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share capital		1,668,145	1,676,263
Share premium			
Additional paid-in capital		1,654,239	1,668,276
Other share premium		0	—
Total share premium		1,654,239	1,668,276
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,194,115	1,234,317
Reserve for retirement benefits		5,000	5,000
Reserve for dividends		11,000	11,000
Reserve for research and development		2,400	2,400
Reserve for capital improvements		1,054	1,054
Reserve for promotion of exports		434	434
Reserve for reduction of noncurrent assets	2	35,073	30,439
General reserve		814,500	814,500
Unappropriated retained earnings		324,654	369,489
Total retained earnings		1,210,000	1,250,202
Treasury shares		(59,523)	(115,977)
Total shareholders' equity		4,472,861	4,478,763
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		40,124	16,411
Deferred gains on derivatives under hedge accounting		(79,353)	(201,505)
Total valuation and translation adjustments		(39,229)	(185,094)
Share acquisition rights		1,257	1,230
Total net assets		4,434,889	4,294,899
Total liabilities and net assets		10,856,450	9,641,648

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Net sales	1	602,557	764,301
Cost of sales	1	211,590	207,581
Gross profit		390,967	556,719
Selling, general and administrative expense	1,2	269,896	263,011
Operating income		121,071	293,709
Non-operating income			
Interest and dividend income	1	19,835	374,968
Other	1	62,765	50,361
Total non-operating income		82,600	425,329
Non-operating expenses			
Interest expenses	1	80,432	73,125
Other	1	73,229	95,036
Total non-operating expenses		153,661	168,161
Ordinary income		50,010	550,876
Extraordinary income			
Gain on divestment of business	3	232,516	—
Gain on sales of noncurrent assets	1,3	48,552	—
Total extraordinary income		281,068	—
Extraordinary loss			
Loss on valuation of investment in subsidiaries and affiliates	4	—	178,942
Restructuring costs	4	26,366	—
Loss on restructuring of subsidiaries and affiliates	1,4	69,182	—
Total extraordinary loss		95,548	178,942
Income before income taxes		235,530	371,934
Income taxes-current		(904)	32,870
Income taxes-deferred		(11,079)	14,614
Income taxes		(11,983)	47,484
Net income		247,513	324,450

3) Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2020 (April 1, 2020 to March 31, 2021)		Fiscal 2021 (April 1, 2021 to March 31, 2022)	
Classification	**Note**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
I Raw materials cost		87,767	68.1	100,015	67.4
II Labor cost		11,229	8.7	13,551	9.1
III Expenses	1	29,897	23.2	34,792	23.5
Gross production cost		128,893	100.0	148,359	100.0
Beginning work-in-process		28,905		32,710	
Total		157,798		181,069	
Ending work-in-process		32,710		34,094	
Transfer to other accounts	2	1,527		4,746	
Cost of products manufactured		123,561		142,229	

(Note1) The major items of expenses are as follows:

	JPY (millions)	
	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Depreciation and amortization	9,854	8,871
Outsourced labor cost	5,656	6,021

(Note 2) This item includes transfers to expenses related to pre-launch products in non-operating expenses.

(Note 3) The method of cost accounting is an actual and continuous costing by process and by lot.

4) Unconsolidated Statements of Changes in Net Assets

(April 1, 2020 to March 31, 2021)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Additional paid-in capital	Other share premium	Total share premium	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,668,123	1,654,217	0	1,654,217	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	22	22		22			
Dividends				—			
Provision for reserve for reduction of noncurrent assets				—			
Reversal of reserve for reduction of noncurrent assets				—			
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			(0)	(0)			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	22	22	(0)	22	—	—	—
Balance at the end of the fiscal year	1,668,145	1,654,239	0	1,654,239	15,885	5,000	11,000

(April 1, 2020 to March 31, 2021)

	JPY (millions)					
	Shareholders' equity					
	Retained earnings					
	Other retained earnings					
	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	26,659	814,500	369,273
Changes of items during the fiscal year						
Issuance of new shares						
Dividends						(283,718)
Provision for reserve for reduction of noncurrent assets				14,356		(14,356)
Reversal of reserve for reduction of noncurrent assets				(5,942)		5,942
Net income						247,513
Acquisition of treasury shares						
Disposal of treasury shares						
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	8,414	—	(44,619)
Balance at the end of the fiscal year	2,400	1,054	434	35,073	814,500	324,654

(April 1, 2020 to March 31, 2021)

	JPY (millions)					
	Shareholders' equity		Validation and translation adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(87,434)	4,481,111	18,719	47,870	1,300	4,549,000
Changes of items during the fiscal year						
Issuance of new shares		44				44
Dividends		(283,718)				(283,718)
Provision for reserve for reduction of noncurrent assets		—				—
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		247,513				247,513
Acquisition of treasury shares	(2,141)	(2,141)				(2,141)
Disposal of treasury shares	30,052	30,052				30,052
Net change in items other than shareholders' equity during the fiscal year		—	21,405	(127,223)	(43)	(105,861)
Total changes of items during the fiscal year	27,911	(8,250)	21,405	(127,223)	(43)	(114,111)
Balance at the end of the fiscal year	(59,523)	4,472,861	40,124	(79,353)	1,257	4,434,889

(April 1, 2021 to March 31, 2022)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Additional paid-in capital	Other share premium	Total share premium	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,668,145	1,654,239	0	1,654,239	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	8,118	8,118		8,118			
Increase by share exchanges		5,919		5,919			
Dividends				—			
Provision for reserve for reduction of noncurrent assets				—			
Reversal of reserve for reduction of noncurrent assets				—			
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			(0)	(0)			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	8,118	14,037	(0)	14,037	—	—	—
Balance at the end of the fiscal year	1,676,263	1,668,276	—	1,668,276	15,885	5,000	11,000

(April 1, 2021 to March 31, 2022)

	JPY (millions)					
	Shareholders' equity					
	Retained earnings					
	Other retained earnings					
	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	35,073	814,500	324,654
Changes of items during the fiscal year						
Issuance of new shares						
Increase by share exchanges						
Dividends						(284,246)
Provision for reserve for reduction of noncurrent assets				596		(596)
Reversal of reserve for reduction of noncurrent assets				(5,230)		5,230
Net income						324,450
Acquisition of treasury shares						
Disposal of treasury shares						(0)
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	(4,634)	—	44,838
Balance at the end of the fiscal year	2,400	1,054	434	30,439	814,500	369,489

(April 1, 2021 to March 31, 2022)

	JPY (millions)					
	Shareholders' equity		Validation and translation adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(59,523)	4,472,861	40,124	(79,353)	1,257	4,434,889
Changes of items during the fiscal year						
Issuance of new shares		16,236				16,236
Increase by share exchanges		5,919				5,919
Dividends		(284,246)				(284,246)
Provision for reserve for reduction of noncurrent assets		—				—
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		324,450				324,450
Acquisition of treasury shares	(79,447)	(79,447)				(79,447)
Disposal of treasury shares	22,993	22,993				22,993
Net change in items other than shareholders' equity during the fiscal year		—	(23,713)	(122,152)	(27)	(145,893)
Total changes of items during the fiscal year	(56,454)	5,905	(23,713)	(122,152)	(27)	(139,988)
Balance at the end of the fiscal year	(115,977)	4,478,763	16,411	(201,505)	1,230	4,294,899

Notes to the Unconsolidated Financial Statements

Going Concern Assumption

No events to be noted for this purpose.

Significant Accounting Policies

1. Valuation of Significant Assets

(1) Valuation of Securities

Shares of subsidiaries and affiliates: Valued at cost using the moving-average method

Available-for-sale securities

Other than non-marketable equity securities: Valued at market prices on the balance sheet date (Unrealized gains and losses are included in net assets, and cost of securities sold is calculated using the moving-average method.)

Non-marketable equity securities: Valued at cost using the moving-average method

(2) Valuation of Derivatives: Valued at market value

(3) Valuation of Inventories

Merchandise and products: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

Work in process: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

Raw materials and Supplies: Cost determined by gross average method (Balance sheet values are calculated by write-down of the book value based on decreases in profitability)

2. Depreciation Methods for Significant Noncurrent Assets

(1) Tangible noncurrent assets (excluding lease assets)

The Company uses the declining-balance method.

However, for buildings (excluding building improvements) acquired on or after April 1, 1998, the straight-line method is applied.

Estimated useful lives are mainly as follows:

Buildings and structures: 15-50 years

Machinery and equipment: 4-15 years

(2) Intangible noncurrent assets (excluding lease assets)

The Company uses the straight line depreciation method for intangible noncurrent assets. The depreciation period is based on the period of availability.

(3) Lease assets

The Company depreciates lease assets related to finance leases with no transfer of ownership rights over the lease term, with a nil residual value.

3. Significant Reserves

(1) With respect to allowance for doubtful receivables, in order to account for potential losses from uncollectible notes and accounts receivable, the Company recognizes reserve for uncollectible receivables based on historical loss ratios. Specific claims, including doubtful claims, are individually evaluated in light of their recoverability, and the allowance for doubtful receivables is recognized at the amount deemed unrecoverable.

(2) Reserve for employees' bonuses is stated at the estimated amount of bonuses required to be paid to eligible employees at the balance sheet date based on the applicable payments period in order to cover payment of bonuses to employees.

(3) Reserve for bonuses for directors and corporate auditors is stated as the estimated amount to be paid in order to cover payments of bonuses to directors and corporate auditors.

(4) Reserve for retirement benefits is based on the present value of the projected retirement benefit obligation as of the balance sheet date estimated at the beginning of each fiscal year, less pension assets under the corporate pension plans measured at fair value in order to cover payments of retirement benefits to employees. In calculating retirement benefit obligations, the benefit formula basis is used as the method of attributing expected benefit to periods up to this fiscal year end.

Prior service cost is amortized using the straight-line method over a fixed number of years (five years) within the average remaining years of service when obligations arise.

Unrecognized net actuarial gains and losses are expensed from the period of occurrence in proportional amounts, on a straight-line basis over the fixed number of years (five years) within the average remaining years of service in each period when obligations arise.

(5) Reserve for litigation is recorded, after taking appropriate legal and other specialist advice, where an outflow of resources is considered probable and a reliable estimate can be made for the likely outcome of the dispute.

(6) Reserve for share-based payments is stated at the estimated amount of share-based obligations as of the balance sheet date mainly in order to grant the Company's share to directors and employees in accordance with the share-based payment rules.

(7) Reserve for restructuring costs is reasonably estimated based on costs expected to arise from the R&D transformation.

4. Revenue and expenses

(Revenue recognition)

The Company's revenue is primarily related to the sale of pharmaceutical products and is generally recognized when control of the products is passed to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products. Control is generally transferred at the point in time of shipment to or receipt of the products by the customer, or when the services are performed. The amount of revenue to be recognized is based on the consideration the Company expects to receive in exchange for its goods or services. If a contract contains more than one contractual promise to a customer (performance obligation), the consideration is allocated based on the standalone selling price of each performance obligation. The consideration the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized to the extent it is highly probable that a significant reversal will not occur.

The Company's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies and wholesalers. These deductions represent estimates of the related obligations, requiring the use of judgment when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. The Company monitors the obligation for these deductions on annually basis and records adjustments when rebate trends, contract terms and legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, subsequent changes in sales rebates and discounts have not been material to net earnings.

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

The Company also generates revenue in the form of royalty payments, upfront payments, and milestone payments from the out-licensing and sale of intellectual property ("IP"). Royalty revenue earned through a license is recognized when the underlying sales have occurred. Revenue from upfront payment is generally recognized when the Company provides a right to use IP. Revenue from milestone payments is recognized at the point in time when it is highly probable that the respective milestone event criteria is met, and a significant reversal in the amount of revenue recognized will not occur. Revenue from other services such as R&D of therapeutic candidates that are out-licensed is recognized over the service period.

The Company generally receives payments from customers within 30 days after entering into out-licensing contracts or confirmation by customers that conditions for the milestone payments are met. The Company licenses its own intellectual property rights to customers and performs those transactions as a principal. The Company also provides other services as a principal or an agent.

5. Other Significant Accounting Policies for the Unconsolidated Financial Statements

(1) Hedge Accounting

1) Methods of hedge accounting
The Company uses deferred hedging. The allocation treatment is adopted for forward exchange transactions that meet the requirements for that method and special treatment is adopted for interest rate swaps that meet the requirements for special treatment.

2) Hedging instruments, hedged items and hedging policies
The Company uses interest rate swaps to hedge a portion of future cash flow related to financial income or expense that is linked to short-term variable interest rates. In addition, the Company uses forward foreign exchange transactions, etc. to hedge a portion of risk of changes in future cash flow arising from changes in foreign exchanges. Foreign currency risk of the investments in foreign operations is managed through the use of foreign-currency-denominated bonds and borrowings. These hedge transactions are conducted in accordance with established policies regarding the scope of usage and standards for selection of financial institutions.

3) Method of assessing effectiveness of hedges
Preliminary testing is conducted using statistical methods such as regression analysis, and post-transaction testing is conducted using ratio analysis. The Company omits the assessment if material terms of the transaction are the same and also the hedging effect is extremely high.

(2) Stated Amount
All amounts shown are rounded to the nearest million JPY (i.e., a half of a million or more is rounded up to a full one million and less than a half of a million is disregarded).

(3) Consolidated taxation system
The Company has adopted the consolidated taxation system.

(4) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System
The Company will transition from the Consolidation Taxation System to the Group Tax Sharing System from the following fiscal year. However, regarding the transition to the Group Tax Sharing System established by "Act for Partial Revisions of the Income Tax Act, etc." (Act No.8 of 2020), the Company did not apply paragraph 44 of "Implementation Guidance on Tax Effect

Accounting" (ABSJ Guidance No.28, February 16, 2018) to the items under the Standalone Tax System whose treatment was revised in line with the transition to the Group Tax Sharing System, and calculated deferred tax assets and deferred tax liabilities based on the tax law before the revision according to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020).

The Company will apply "Practical Solution on the Treatment of Accounting and Disclosure for Applying the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021), which sets out accounting treatment and disclosure of income taxes, inhabitant tax, and tax effect accounting in case of applying the Group Tax Sharing System from the beginning of the year ended March 31, 2023.

Accounting Estimates and Assumptions

The items which were recorded on the financial statements as of March 31, 2021 and 2022 using accounting estimates or assumptions and could have a material impact on the financial statements as of the March 31, 2023 are described below.

Deferred Tax Assets

The Company recognized deferred tax assets of 179,650 million JPY and 172,752 million JPY on the balance sheet as of March 31, 2021 and 2022, respectively. As discussed in the note (Accounting for Deferred Income Taxes), the amounts of deferred tax assets before offsetting with the deferred tax liabilities as of March 31, 2021 and 2022 are 229,727 million JPY and 212,227 million JPY, which are a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 536,178 million JPY and 568,051 million JPY with valuation allowances of 306,451 million JPY and 355,824 million JPY.

These deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company.

The Company also assesses deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, the Company considers the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability is estimated based on the Company's business plan. Therefore, the change in judgment upon determining the revenue forecast used for the Company’s business plan could have a material impact on the amount of the deferred tax assets to be recorded on the financial statements of the following fiscal year.

Changes in Accounting Policies

(Applying “Accounting Standard for Revenue Recognition”)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 26, 2021) from the fiscal year ended March 31, 2022, and recognizes revenue in an account to which the entity expects to be entitled in exchange for promised goods or services when the control of such goods or services is transferred to the customer. In adopting the accounting standards for revenue recognition, in accordance with the transitional treatment provided in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect amount arising from the retrospective application of the new accounting policy prior to the beginning of the fiscal year ended March 31, 2022 was added to or deducted from the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy was applied from the balance of the beginning of the fiscal year ended March 31, 2022. As a result, this change in accounting policies did not have an impact on the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022.

"Reserve for Rebates" and "Return Reserves", which were included in "Other reserves" in the previous fiscal year, are included in "Other" in "Current liabilities" for the fiscal year ended March 31, 2022. In accordance with the transitional treatment provided in the proviso of paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made with the new presentation method for the previous fiscal year.

(Applying “Accounting Standard for Fair Value Measurement”)

The Company adopted Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019) and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019) from the fiscal year ended March 31, 2022. In accordance with transitional treatment provided in paragraph 19 of "Accounting Standards for Fair Value Measurement" and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies prospectively.

This change in accounting policies did not have an impact on the financial statements.

Additional Information

Long-Term Incentive Scheme

The Company has a long-term incentive scheme for the directors and senior management for the purpose of improving the Company’s mid- and long-term performance as well as raising awareness of the need to enhance the Company’s value.

(1) Outline of the scheme

See "Notes to Consolidated Financial Statement, 28 Share-based Payments, Equity-settled Plans, Stock Incentive Plans" in

Consolidated IFRS Financial Statements for the year ended March 31, 2022.

(2) Treasury shares owned by the trust

As for accounting treatment of long-term incentive scheme for senior executives, the Company applied "Practical treatment concerning transactions which grant stocks of the company to employees etc. through trusts" (Practical Issue Task Force NO. 30, March 26, 2015) and recognizes carrying amount (excluding incidental acquisition costs) of treasury shares owned by the trust as "Treasury shares" in "Net Assets". In addition, as for accounting treatment of long-term incentive scheme for directors, the Company applied Practical Issue Task Force No. 30 mutatis mutandis. The carrying amount and number of the treasury shares were 58,695 million JPY, 12,772 thousand shares and 40,164 million JPY, 9,161 thousand shares as of March 31, 2021 and 2022, respectively. The amounts of dividend paid to the treasury shares were 2,802 million JPY and 1,974 million JPY for the years ended March 31, 2021 and 2022, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were 824 million JPY.

Notes on Unconsolidated Balance Sheet

1. Contingent liabilities

(Guarantees)

The Company has provided guarantees to the following persons/subsidiaries mainly for obligations to cover the redemption or repayment of liabilities, payments of certain liabilities related to the factoring transactions, payments of rental fees based on the real estate lease contracts and foreign exchange derivatives.

JPY (millions)

	Fiscal 2020 (As of March 31, 2021)	**Fiscal 2021 (As of March 31, 2022)**
Employees of Takeda Pharmaceutical Company Limited	23	13
Shire Acquisitions Investments Ireland Designated Activity Company	608,355	489,079
Baxalta Incorporated	170,033	187,953
Pharma International Insurance Designated Activity Company	50,942	56,841
Millennium Pharmaceuticals, Inc	28,036	28,372
Takeda Pharmaceuticals America, Inc.	—	27,789
Baxalta Innovations GmbH	—	17,032
Shire Ireland Finance Trading Limited	12,103	6,036
Takeda UK Limited	104	—
Takeda Argentine S.A.	43	—
Baxalta Columbia S.A.S.	56	—
Total	869,695	813,115

(Litigation)

For details of major litigation matters, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note 32. Commitment and Contingent Liabilities, Litigation."

Product Liability and Related Claims

ACTOS Economic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

2. Fiscal 2020 (April 1, 2020 to March 31, 2021)

Reserve for reduction of noncurrent assets is recognized based on the Special Taxation Measures Law.

Fiscal 2021 (April 1, 2021 to March 31, 2022)

Reserve for reduction of noncurrent assets is recognized based on the Special Taxation Measures Law.

3. Receivables from and payables to subsidiaries and associates

JPY (millions)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
Short-term receivables	82,341	38,349
Long-term receivables	2,150	1,154
Short-term payables	1,393,027	526,211
Long-term payables	634,824	636,414

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and associates

JPY (millions)

	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Operating transactions:		
Sales	104,943	93,584
Purchases	66,906	79,919
Other	36,904	45,469
Non-operating transactions:		
Non-operating income	33,998	379,454
Non-operating expenses	11,855	7,641
Extraordinary income	6,779	—
Extraordinary loss	18,075	—
Sales of assets	1,651,907	—
Purchases of assets	1,804,901	—
Acquisition amount of shares in subsidiaries as a result of in-kind dividends and share exchange	4,849,028	—

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Advertising	2,277	1,891
Sales promotion	5,920	5,586

(2) General and administrative expense

JPY (millions)

	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Reserve for bonuses	11,179	12,150
Depreciation	8,247	8,008
Outside service fees	21,671	16,911
Research and development	122,631	117,323

3. Extraordinary income

Fiscal 2020 (April 1, 2020 to March 31, 2021)

(Gain on divestment of business)

The gain was from sale of shares and related assets of Takeda Consumer Healthcare Company Ltd.

(Gain on sales of noncurrent assets)

The gain was recognized primarily from the sale of patent rights of select over-the-counter and prescription pharmaceutical products.

Fiscal 2021 (April 1, 2021 to March 31, 2022)

Not applicable.

4. Extraordinary loss

Fiscal 2020 (April 1, 2020 to March 31, 2021)

(Restructuring costs)
The loss was from restructuring costs to build an efficient operating model, including reductions in the workforce and consolidation of sites.

(Loss on restructuring of subsidiaries and affiliates)
The loss was recognized primarily from restructuring of subsidiaries in relation to our group restructuring.

Fiscal 2021 (April 1, 2021 to March 31, 2022)

(Loss on valuation of investment in subsidiaries and affiliates)
The loss on valuation of investments in subsidiaries and affiliates was recorded for subsidiaries such as Shire Pharmaceuticals Ireland Limited that were planned to be reorganized because their net assets were below the book value of their shares and there was no evidence of recoverability, as well as for Shire Limited ("Shire"), which is the Company's subsidiary, because its net assets fall below the book value of its shares as a result of recording a tax expense following the decision to impose a tax on the break fee received from AbbVie in connection with the terminated offer to acquire Shire.

Notes on Securities

Fiscal 2020 (As of March 31, 2021)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 9,141,101 million JPY, Investment in associates: 7,047 million JPY) is not disclosed as their fair value is extremely difficult to measure.

Fiscal 2021 (As of March 31, 2022)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 8,081,272 million JPY, Investment in associates: 7,182 million JPY) is not disclosed as they are non-marketable equity securities.

Accounting for Deferred Income Taxes

1. Major components of deferred tax assets and deferred tax liabilities:

JPY (millions)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
(Deferred tax assets)		
Reserve for employees' bonuses	5,346	5,663
Research and development costs	13,675	15,562
Inventories	9,228	17,767
Deferred hedge gains or losses on derivatives under hedge accounting	17,778	20,155
Accrued expenses	13,718	15,208
Deferred income	2,224	542
Reserve for retirement benefits	4,242	1,928
Reserve for restructuring costs	2,993	1,068
Excess depreciation of tangible noncurrent assets	5,148	3,957
Patent rights	14,489	12,040
Sales rights	12,724	12,491
Investment in subsidiaries and affiliates	14,368	40,063
Securities	3,515	4,542
Net operating loss carryforward (Notes1,3)	392,506	371,286
Other	24,224	45,780
Deferred tax assets - subtotal	536,178	568,051
Valuation allowance for net operating loss carryforward (Notes1,3)	(282,940)	(291,644)
Valuation allowance for deductible temporary difference	(23,511)	(64,180)
Total valuation allowance	(306,451)	(355,824)
Total deferred tax assets	229,727	212,227

JPY (millions)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
(Deferred tax liabilities)		
Prepaid pension costs	(15,805)	(14,897)
Unrealized gain on available-for-sale securities	(17,607)	(6,869)
Reserve for reduction of noncurrent assets	(15,450)	(17,558)
Other	(1,215)	(151)
Total deferred tax liabilities	(50,077)	(39,476)
Net deferred tax assets	179,650	172,752

(Notes:)

(1) As part of integration with the Shire, the subsidiaries were liquidated in order to reorganize capital in subsidiaries. As a result of this liquidation, losses from liquidation of subsidiaries were treated as a tax deductible expense, which resulted in a substantial amount of Net operating loss.

(2) The deferred tax assets are not recognized for the deductible temporary difference arose from the recognition of the stock of sub-subsidiaries as a dividend in kind at fair value for tax purposes in association with liquidation of subsidiaries in the previous fiscal year because they are not expected to be disposed of in the future periods. The aggregate amounts of deductible temporary difference for this investment in subsidiaries and affiliates arose from the restructuring were 2,150,183 million JPY and 2,329,779 million JPY as of March 31, 2021 and 2022, respectively. The aggregate amounts of taxable temporary differences for investment in subsidiaries and affiliates which deferred tax liabilities were not recognized were 670,226 million JPY and 541,262 million JPY as of March 31, 2021 and 2022, respectively.

(3) Net operating loss carryforward and related deferred tax assets by the expiry date are as follows:

Fiscal 2020 (As of March 31, 2021)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	9,891	2,563	380,052		392,506
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(282,940)		(282,940)
Net deferred tax assets	—	—	—	9,891	2,563	97,112	(b)	109,566

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described above, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of 392,506 million JPY of net operating loss carry forward, 109,566 million JPY was considered as recoverable based on the estimation of future taxable profit based on future revenue forecasts and other.

Fiscal 2021 (As of March 31, 2022)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	112	—	371,174		371,286
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(291,644)		(291,644)
Net deferred tax assets	—	—	—	112	—	79,530	(b)	79,642

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described above, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of 371,286 million JPY of net operating loss carry forward, 79,642 million JPY was considered as recoverable based on the estimation of future taxable profit based on future revenue forecasts and other.

2. The effective income tax rate of the Company after application of deferred tax accounting differs from the statutory tax rate for the following reasons:

(%)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
Statutory tax rate	30.6	30.6
(Adjustments)		
Entertainment expenses and other non-deductible tax expenses	1.6	0.7
Dividend income and other nontaxable income	(84.9)	(54.9)
Changes in valuation allowance	(301.1)	9.2
Unitary tax on overseas subsidiaries	68.6	4.7
Changes in unrecognized temporary differences on investment in subsidiaries and affiliates	272.9	25.4
Japanese earnings stripping rules	6.7	—
Deduction for research and development costs	—	(1.6)
Deduction in foreign tax for specified overseas subsidiaries	—	(1.2)
Other	0.5	(0.0)
Effective tax rate after application of deferred tax accounting	(5.1)	12.8

Revenue Recognition

Information that forms the basis for understanding revenues is described in "*Significant Accounting Policies* - 4. *Revenue and expenses*."

Significant Subsequent Events

In June 2022, the Company entered into an agreement to guarantee the debt of Takeda Pharmaceuticals U.S.A., Inc., a subsidiary of the Company based on the lease agreement into which Takeda Pharmaceuticals U.S.A., Inc. entered. For details of the lease agreement, please refer to "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note33 Subsequent Events".

5) Supplementary Schedules

[Details of Tangible noncurrent assets and Intangible noncurrent assets]

Class of assets	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Depreciation in current year JPY (millions)	Balance at the end of year JPY (millions)	Accumulated depreciation JPY (millions)	Acquisition cost at the end of year JPY (millions)
Buildings and structures	59,335	32,950	69 —	5,609	86,608	119,582	206,190
Machinery and equipment	17,049	7,116	277 (265)	6,109	17,779	193,325	211,104
Vehicles	18	61	—	17	62	477	539
Tools and fixtures	7,626	3,499	62 (27)	4,279	6,783	27,405	34,188
Land	32,248	7,167	219	—	39,196	—	39,196
Lease assets	1,551	41	198 —	246	1,149	734	1,883
Construction in progress	22,287	11,903	13,115	—	21,075	—	21,075
Total tangible noncurrent assets	140,114	62,737	13,940 (292)	16,260	172,652	341,524	514,176
Use right of facilities	131	—	—	31	100	378	478
Other intangible noncurrent assets	19,455	18,861	1,706 —	4,931	31,679	37,024	68,703
Total intangible noncurrent assets	19,586	18,861	1,706 —	4,962	31,779	37,402	69,181

(Note 1)

The reason for major increase for the year is as follows:

Buildings and structures	Integration of Takeda Pharmaceutical Real Estate Co. Ltd	21,595 million JPY
	LEUPLIN building of Osaka plant	5,651 million JPY
	COVID-19 vaccine equipment, etc. of Hikari plant	3,196 million JPY
Machinery and equipment	COVID-19 vaccine equipment of Hikari plant	3,538 million JPY
Land	Integration of Takeda Pharmaceutical Real Estate Co. Ltd	7,146 million JPY
Other intangible noncurrent assets	Acquisition of aerial rights from the integration of Takeda Pharmaceutical Real Estate Co. Ltd	10,408 million JPY

(Note 2)

Numbers in parentheses in "Decrease in current year" represent impairment losses.

[Details of Reserve]

Item	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Balance at the end of year JPY (millions)
Allowance for doubtful accounts	—	2	—	2
Reserve for employees' bonuses	17,509	18,520	17,509	18,520
Reserve for share-based payments	5,887	3,320	3,441	5,766
Reserve for bonuses for directors and corporate auditors	439	443	439	443
Reserve for restructuring costs	9,788	—	6,296	3,492
Reserve for retirement benefits	5,951	1,454	1,004	6,401
Reserve for litigation	11,924	17,014	184	28,754

(Note) Exchange differences on reserves in foreign currency are presented as exchange gain or loss.

(2) Major Assets and Liabilities

The disclosure of these items is omitted since the consolidated financial statements are prepared.

(3) Others

For details of major litigation, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements ― Note 32. Commitment and Contingent Liabilities, Litigation" in our Form 20-F

Product Liability and Related Claims

ACTOS Ecomonic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

VI. Overview of Administrative Procedures for Shares of the Company

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	March 31, September 30
Number of shares in one unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Division 6-3, Fushimicho 3-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-
Fees for buyback and increase in holdings	Free of charge
Method of giving public notice	The Company carries out its public notifications by means of electronic public notice. However, in the event of an accident, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun. The electronic public notices are posted on the Company's website, and the URL is as follows: https://www.takeda.com/jp/investors/public-notice/ (Japanese Only)
Shareholder privileges	None

VII. Reference Information on the Company

1.Information on the Parent Company

The Company does not have the parent company and other companies prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2.Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2022 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (144rd)	From	April 1, 2020	Filed with Director of the Kanto Local Finance Bureau on June 29, 2021
			To	March 31, 2021	
(2)	Internal Control Report and documents attached	Fiscal Year (144rd)	From	April 1, 2020	Filed with Director of the Kanto Local Finance Bureau on June 29, 2021
			To	March 31, 2021	
(3)	Quarterly Report and Confirmation Letter	Fiscal Year (145th First Quarter)	From	April 1, 2021	Filed with Director of the Kanto Local Finance Bureau on August 6, 2021
			To	June 30, 2022	
		Fiscal Year (145th Second Quarter)	From	July 1, 2021	Filed with Director of the Kanto Local Finance Bureau on November 5, 2021
			To	September 30, 2021	
		Fiscal Year (145th Third Quarter)	From	October 1, 2021	Filed with Director of the Kanto Local Finance Bureau on February 10, 2022
			To	December 31, 2021	

(4) Extraordinary Report

The Extraordinary Report pursuant to Article 19, paragraph 2, item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (results of resolution at the general meeting of shareholders)	Filed with Director of the Kanto Local Finance Bureau on July 2, 2021

(5)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on August 31, 2021 Filed with Director of the Kanto Local Finance Bureau on June 1, 2022
(6)	Amendment Report for Shelf Registration Statement	Filed with Director of the Kanto Local Finance Bureau on July 2, 2021
(7)	Shelf Registration Supplements (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on October 8, 2021 Filed with Director of the Kanto Local Finance Bureau on June 10, 2022
(8)	Share Buyback Report	Filed with Director of the Kanto Local Finance Bureau on November 12, 2021 Filed with Director of the Kanto Local Finance Bureau on December 14, 2021 Filed with Director of the Kanto Local Finance Bureau on January 13, 2022 Filed with Director of the Kanto Local Finance Bureau on February 14, 2022 Filed with Director of the Kanto Local Finance Bureau on March 14, 2022 Filed with Director of the Kanto Local Finance Bureau on April 14, 2022 Filed with Director of the Kanto Local Finance Bureau on May 12, 2022

Part 2. Information on Guarantors for Takeda

Not applicable.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 29, 2022

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Financial Statement Audit

Opinion

We have audited the accompanying consolidated financial statements of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries (the "Company") provided in the Financial Information section in the Company's Annual Securities Report, which comprise the consolidated statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended March 31, 2022, and notes to the consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as prescribed in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements of Japan (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care rebates	
The key audit matter	**How the matter was addressed**
As discussed in Notes 3 and 23 to the consolidated financial statements, the Company records provisions for contractual and statutory rebates payable under Commercial healthcare provider contracts and U.S. State and Federal government health programs (collectively, U.S. rebates), such as U.S. Medicaid and U.S. Medicare as well as U.S. commercial managed care programs as a reduction to gross sales to arrive at net sales. Provisions for U.S. rebates are 266,113 million JPY as of March 31, 2022. 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. The expected product specific assumptions used to estimate the provisions for the U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs relate to estimating which of the Company's revenue transactions will ultimately be subject to the respective programs and required a high degree of subjective judgment. As a result of the above, we identified the reasonableness of evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs as a key audit matter because such evaluation was one of significant matters in our audit of the consolidated financial statements for the current fiscal year.	In order to evaluate the reasonableness of the estimation regarding the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care rebates, we instructed component auditors of relevant consolidated subsidiaries in U.S. to perform audit procedures and report the results of their procedures to confirmed that sufficient appropriate audit evidence have been obtained. The audit procedures performed by the component auditors of the consolidated subsidiaries include the following. (1) Test of internal controls We tested certain internal controls over the Company's U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provision process, including controls related to the determination of the expected product specific assumptions used to estimate the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs. (2) Test on the reasonableness of estimation of U.S. rebate provisions - We developed independent expectations of U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provisions based on the ratios of historical U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs claims paid to historical gross sales and compared such independent estimates to management's estimates. - We compared a selection of U.S. Medicaid, U.S. Medicare 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, U.S. Medicare 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	
The key audit matter	**How the matter was addressed**
As discussed in Notes 3 and 11 to the consolidated financial statements, the Company recorded goodwill of 4,407,749 million JPY as of March 31, 2022. 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 as the significant assumption. The Company did not record an impairment loss for goodwill as a result of the impairment testing. It was necessary to evaluate the sales forecast related to certain products used to determine the fair value in the impairment testing of goodwill, and therefore a high degree of subjective judgment was required. As a result of the above, we identified the valuation of goodwill was one of significant matters in our audit of the consolidated financial statements for the current fiscal year.	In order to test the valuation of goodwill, we performed following audit procedures. (1) Test of internal controls We evaluated the design and tested the operating effectiveness of the internal controls over the sales forecast related to certain products in the Company's fair value measurement process for the annual goodwill impairment test. (2) Test on the reasonableness of the fair value measurement Following are procedures to evaluate the reasonableness of the sales forecast related to certain products which is a significant assumption used for the fair value measurement. - We compared it with the sales forecast independently developed using the forecasted revenue growth rates from external information such as analysts' expectations, industry trends and market trends. - We compared the Company's previous sales forecast to the actual results.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Internal Control Audit

Opinion on Internal Control Over Financial Reporting

We have audited the Company's internal control over financial reporting as of March 31, 2022, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to independently express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the auditing standards for internal control over financial reporting of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness to be disclosed exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Primary Differences from the Audit of Internal Control in Japan

We conducted our audit in accordance with the standards of the PCAOB. The primary differences from an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan are as follows;

1. The auditing standards in Japan require us to express an opinion on the internal control report prepared by management, while the PCAOB standards require us to express an opinion on the internal control over financial reporting.
2. The PCAOB standards require us to perform an audit only on the internal control over financial reporting related to the preparation of consolidated financial statements presented in the Financial Information section, and not on the internal control which relate only to the unconsolidated financial statements or which relate to disclosure and other information that could have a material effect on the reliability of financial statements.
3. The PCAOB standards does not require us to perform an audit on the internal control over financial reporting of associates accounted for using the equity method.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting:

The Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting herein is the English translation of the Independent Auditor's Report on Financial Statements and Internal Control Over Financial Reporting as required by the Financial Instruments and Exchange Act of Japan.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 29, 2022

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Opinion

We have audited the accompanying financial statements of Takeda Pharmaceutical Company Limited (the "Company") provided in the Financial Information section in the Company's Annual Securities Report for the 145th fiscal year, which comprise the balance sheet as at March 31, 2022, and the statements of income, statements of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Takeda Pharmaceutical Company Limited as at March 31, 2022, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of judgment on recoverability of deferred tax assets	
The key audit matter	**How the matter was addressed**
The Company recognized deferred tax assets of 172,752 million JPY on the balance sheet as of March 31, 2022. As discussed in the notes (Accounting Estimates and Assumptions) and (Accounting for Deferred Income Taxes), the amount of deferred tax assets before offsetting with the deferred tax liabilities is 212,227 million JPY, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 568,051 million JPY with valuation allowances of 355,824 million JPY. These deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company. Recoverability of deferred tax assets are determined based on criteria such as the reversal schedule of taxable temporary differences, future taxable income according to the Company's profitability and the taxable income schedule including tax planning opportunities. Future taxable income according to profitability is estimated based on the Company's business plan for which there is uncertainty in forecasting the revenue. The judgment by management upon determining the revenue forecast has a significant impact on the amount of the deferred tax assets to be recognized. As a result of the above, we identified reasonableness of judgment on recoverability of deferred tax assets as a key audit matter because such judgment was a significant matter in our audit of the financial statements of the current fiscal year.	In order to test the reasonableness of judgment on recoverability of deferred tax assets, we primarily performed following audit procedures. (1) Test of internal controls We tested the design and operating effectiveness of certain internal controls over the Company's assessment process on recoverability of deferred tax assets including those related to setting of assumptions used for the forecasted sales. (2) Test on the reasonableness of estimation of future taxable income We performed the following procedures to evaluate the reasonableness of estimated future taxable income based on profitability. - We confirmed consistency of the taxable income schedule used to assess the recoverability of deferred tax assets with the business plan approved at the Board of Directors meeting. - We evaluated the appropriateness of the major assumptions used for forecasting the sale of products included in the business plan by testing consistency with relevant documents and materials such as analyst reports, past market trend information, market research reports issued by external research organizations, and notices from regulatory authorities.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

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[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 29, 2022
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Constantine Saroukos, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters relating to the basic framework for internal control over financial reporting

Christophe Weber, Representative Director, President and Chief Executive Officer, and Constantine Saroukos, Director and Chief Financial Officer are responsible for maintaining and implementing internal control over financial reporting defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has maintained and implemented effective internal control over financial reporting based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

2. Matters relating to the scope of assessment, the base date of assessment and the assessment procedures

The Company assessed the effectiveness of internal control over financial reporting as of March 31, 2022.

In making the assessment, the Company assessed controls which have a material effect on financial reporting on a consolidated basis (entity-level controls) and based on the result of the assessment, selected the business processes to be assessed. In the business processes assessments, the Company analyzed the selected business processes, identified key controls that have a material effect on the reliability of financial reporting and assessed the internal controls by assessing the design and operating effectiveness of these key controls.

The Company determined the required assessment scope of internal control over financial reporting for the Company and its subsidiaries from the perspective of the materiality of their effect on the reliability of financial reporting. The materiality of their effect on the reliability of financial reporting is determined by reasonably taking into account the quantitative and qualitative materiality.

3. Matters relating to the results of the assessment

As a result of performing the assessment procedures in accordance with the assessment standards above, the Company concluded that internal control over financial reporting of the Company was effective as of March 31, 2022. KPMG AZSA LLC, which is the Company's independent registered public accounting firm, has audited the effectiveness of internal control over financial reporting, as described in Report of Independent Registered Public Accounting Firm.

4. Additional note

The Company assesses and reports the effectiveness of internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act in accordance with Article 18 of Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information. The main differences from the assessment performed in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan are as follows:

1. The standards applied in performing the assessment of internal control over financial reporting is Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), instead of the basic framework for internal control established by the Business Accounting Council;
2. The assessment scope of internal control over financial reporting is the preparation of the consolidated financial statements included in the Financial Information section by the Company; and
3. The scope of companies subject to the assessment of internal control over financial reporting does not include associates accounted for using the equity method.

5. Special note

There is no applicable matter.

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[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 29, 2022
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Constantine Saroukos, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Takeda's Representative Director, President and Chief Executive Officer, Christophe Weber, and Director and Chief Financial Officer, Constantine Saroukos, have confirmed that the content of the Annual Securities Report of Takeda Pharmaceutical Company Limited for the 145th fiscal year (from April 1, 2021 to March 31, 2022) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.