



*Better Health, Brighter Future*



## Annual Report 2016

Creating value for patients around the world

## Who We Are

Takeda is a **patient-focused**, innovation-driven global pharmaceutical company that builds on a distinguished **235-year** history, aspiring to bring better health and a brighter future for people worldwide.



**Mission** Our Mission is to strive towards **Better Health** and a **Brighter Future** for people worldwide through leading innovation in medicine.

**Values** Established by our founding spirit and integral to every part of our business, Takeda-ism will guide every one of us to achieve our **VISION 2025**.

Takeda-ism is our commitment to act with integrity at all times, work to the highest ethical standards, operate with fairness and honesty, and persevere to achieve our goals.



- We take action and make decisions by focusing on our four priorities in this order:
- 1 Putting the patient at the center
  - 2 Building trust with society
  - 3 Reinforcing our reputation
  - 4 Developing the business

## Vision 2025

We serve the needs of our patients, wherever they are. We earn the trust of society and customers through our values – Takeda-ism. We are recognized as best-in-class because of our agility and innovation, qualities that help us build a steady pipeline and deliver growth, year-on-year.

## Our Strategic Roadmap

**The steps to achieving our vision are set out in our strategy:**

We continue to focus on **Values**, **People**, **R&D**, and **Business Performance**, as these goals, revisited and reviewed regularly, will help us to progress towards our Vision 2025.

## Editorial Policy

Takeda Annual Report 2016 aims to present Takeda's business strategy based on its corporate philosophy and its performance results from the perspective of how much value the company creates and delivers for patients it serves around the world.

## Integrated Thinking

Takeda strives towards leading innovation in medicine based on the unchanging values of Takeda-ism (Integrity: Fairness, Honesty and Perseverance) that it has cultivated since its foundation in 1781. We also believe that the essence of our corporate social responsibility (CSR) lies in conducting our corporate activities in accordance with these values.

## Integrated Reporting and CSR Data Book

More detailed information about our CSR activities is included in our CSR Data Book as part of our efforts in providing integrated information to satisfy the needs of a wide variety of stakeholders.

CSR Data Book can be viewed on the corporate website.  
<http://www.takeda.com/csr/reports/>

## Precautions Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements regarding Takeda's plans, prospects, strategies and performance, etc. These prospects are the result of assessments obtained from information currently available, and since actual performance is subject to various risks and uncertainties, it should be noted that outcomes could differ substantially from those prospects.

Factors that could affect future prospects would include, but are not limited to, economic circumstances in Takeda's business domains, competitive pressures, relevant laws and regulations, change in the status of product development, exchange rate risk and so on.

## Important Note

This Annual Report contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any drug including the ones under development. Any information on the products contained herein is not intended to provide medical advice nor should be used as a substitute for the advice provided by your physician or other healthcare provider.

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**Cover page:**  
 Don Clayton, multiple myeloma patient, retired VP of Manufacturing & Operations (furniture industry) and avid Manchester United supporter.

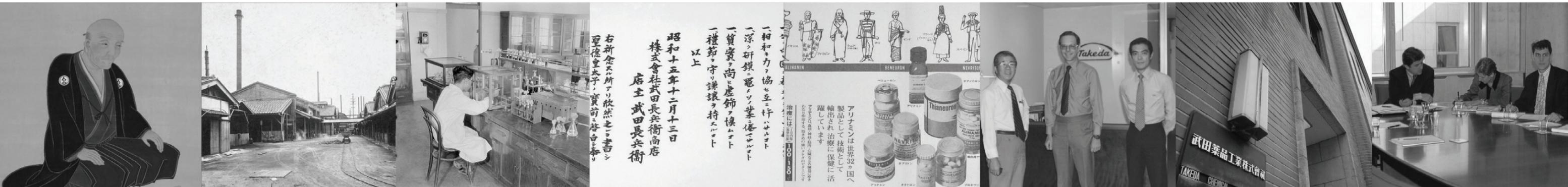
**Note:** The contents of this Annual Report are based on information for FY2015 (April 1, 2015 to March 31, 2016), with some activities of significant relevance in FY2016 also included. Statements about market scales and shares in this Annual Report are based on the company's analysis of IMS data in "Long Term Country and Therapy Area Forecasts" and BMI.

## Our History

### Meeting the needs of patients through leading innovation in medicine

#### Timeless values, right for the times

In 1781, Chobei Takeda I begins selling traditional Japanese and Chinese herbal medicines in Doshomachi, the medicine district of Osaka, Japan. Takeda's founder gains a reputation for business integrity and quality products and services. These characteristics and values continue through the years and become embedded into our uncompromising corporate philosophy, which still guide us today.



**1781**

Chobei Takeda I sets up his business in Doshomachi, Osaka

**1895**

Pharmaceutical manufacturing begins in Takeda's factory

**1933**

Takeda Garden for Medicinal Plant Conservation opens

**1871**

Takeda pioneers in the importation of western medicines

**1914**

Proprietary research activities begin

**1940**

*Nori* principles, which underpin Takeda-ism, are established

**1950**

PANVITAN®, Japan's first multivitamin product, is launched

**1954**

ALINAMIN®, a Vitamin B<sub>1</sub> derivative, is launched

**1960**

Shoshisha Foundation is established to support talented students who will contribute to society

**1962**

Takeda enters markets outside Japan

**1963**

Takeda Science Foundation is established to encourage promising research and science technology

**1980s-1990s**

Expansion of international business accelerates with the launch of: leuprorelin, lansoprazole, candesartan, pioglitazone

#### Doshomachi, as medicine district

To this day, Doshomachi is called the Medicine District. Located in Osaka, a major trading port of Japan, this was where wholesalers and retailers established a center for trading, distribution, and setting standards for medicinal products and raw materials. At age 14, Chobei Takeda I was sent here to work as an apprentice for a medicine broker, Omiya. Working his way up from apprentice to broker, Chobei was rewarded for his service and loyalty with stock to start his own business – a rare opportunity.

#### Biodiversity conservation initiatives at Takeda Garden

For over 80 years, Takeda Garden for Medicinal Plant Conservation, Kyoto, has collected, grown and used herbs and other plants with medicinal value from around the world. Currently, the Garden grows about 2,800 species of plants, 2,435 of which have medicinal value. The Garden has 174 endangered plant species and aims to collect up to 200 to help preserve biodiversity.

#### Nori

Chobei V's *Principles of Nori* taught the importance of social responsibility and emphasized Chobei's conviction that people were the key to success in business. These principles guide our company over the years and are incorporated into Takeda's Corporate Philosophy in practice today: To:

1. Serve the public
2. Work together in harmony
3. Make efforts to study deeply
4. Esteem plainness
5. Observe propriety

#### Takeda's transformation into a global company

As the company establishes its position as a leader in the Japanese pharmaceutical industry, Takeda looks to continue its growth through expansion into international markets. This includes efforts to collaborate across borders for drug discovery, establish subsidiaries in Asia, Europe and the Americas, and increase exportation of products. Four pharmaceutical products help establish Takeda's position as a global pharmaceutical company: leuprorelin (prostate cancer and breast cancer); lansoprazole (peptic ulcers); candesartan (hypertension); and pioglitazone (type 2 diabetes).



**2008**  
Takeda acquires Millennium Pharmaceuticals, enhancing innovation in oncology

**2009**  
Takeda joins the United Nations Global Compact, and later, in 2011, joins its LEAD program

**2010**  
Takeda Initiative forms to support the development of healthcare professionals in Africa

**2011**  
Acquisition of Nycomed expands Takeda's global footprint into more than 70 countries worldwide

**2014**  
*ENTYVIO*<sup>®</sup>, ulcerative colitis and Crohn's disease treatment, is approved by the EMA (EU) and the FDA (U.S.)

**2015**  
Takeda and CiRA\* unite in T-CiRA to advance the future of regenerative medicine

**2015**  
*NINLARO*<sup>®</sup>, multiple myeloma treatment is approved by the FDA (U.S.)

**2016**  
Therapeutic area focus in R&D is sharpened to be at the cutting edge of innovation

**2016**  
Takeda concentrates on innovation and transfers off-patent drugs to the Takeda-Teva joint venture, Japan

**2016**  
Vision 2025 is rolled out

**Aspire to cure cancer around the world**

Takeda's acquisition of Millennium Pharmaceuticals accelerates our vision to become a global leader in oncology and deliver novel therapies that improve the standards of care for patients. The merger strengthens our capabilities in research, development and commercialization and enhances our pipeline in oncology and inflammatory disease areas. The products *ENTYVIO*<sup>®</sup> (vedolizumab) and *NINLARO*<sup>®</sup> (ixazomib) were discovered by Millennium.

**Combining diverse values and a common culture**

Nycomed's integration with Takeda helps the company diversify beyond Japan and U.S. markets. Takeda's global footprint expands into Europe and Emerging Markets and creates a more balanced and stable business. The addition of Nycomed's entrepreneurial "can-do" culture aligns seamlessly with Takeda's corporate philosophy – Takeda-ism, forming a diversified talent base capable of conducting global business effectively.

**A responsive business model for changing times**

To respond to increased patient need for generic medicines and social demands to control healthcare costs, Takeda changes its business model. As off-patent drugs are rapidly replaced by generic medicines, the Takeda-Teva joint venture is established to offer Teva's generic medicines and Takeda's off-patent drugs in Japan. The joint venture allows us to provide quality products at appropriate prices and, at the same time, focus more sharply on providing innovative medicines. The move strengthens our ability to lead innovation in medicine and our commitment to meet changing patient and market needs.

**Vision 2025: Takeda's desired future state**

We serve the needs of our patients, wherever they are. We earn the trust of society and customers through Takeda-ism. We are recognized as best-in-class because of agility and innovation, qualities that help us build a steady pipeline and deliver growth, year-on-year.

\*CiRA was established in 2010 at Kyoto University as the world's first institute dedicated to pioneering iPSC research and application.

“Takeda continues its transformation into an agile and innovative global pharmaceutical leader, serving the needs of patients and physicians worldwide.”



Message from **Christophe Weber**, President & CEO

## How can we do more for our patients? Everything at Takeda starts with this question

**In 1781, our founder, Chobei Takeda I, demonstrated patient-centricity through the way he lived. He was driven to seek ways to better serve patients suffering from illness and strongly believed in leading his business with integrity and a tireless effort towards innovation. As we celebrate our 235<sup>th</sup> anniversary, this founding spirit is still alive today, embedded across the entire Takeda Group, which is present in more than 70 countries worldwide.**

It is a great honor for me and the Takeda Executive Team (TET) to lead the company into the future, leveraging our heritage and at the same time executing a significant transformation to become an agile, innovative, global pharmaceutical leader.

This year, we introduced our refreshed Corporate Philosophy comprising our Mission, Values, Vision 2025 and Strategic Roadmap. In our Vision 2025, we have set our goals to be number one in Gastroenterology (GI) and be among the top 10 in Oncology, with a strong presence in Central Nervous System (CNS) and Emerging Markets (EM).

### **Our performance highlights in FY2015 and our priorities for FY2016 are aligned with the four pillars of our Strategic Roadmap:**

**Values:** We have established a global compliance monitoring program to further strengthen our business practice in all countries and regions where Takeda operates. We also have enhanced our Corporate Social Responsibility focusing on public health. Furthermore, Takeda's Access to Medicines initiative will expand to Takeda's most innovative medicines throughout the world, including countries with less advanced healthcare systems.

**People:** We introduced three new global talent initiatives to advance the development of the next generation of Takeda leaders and further strengthen measures for promoting diversity and inclusion company-wide.

**Research & Development:** We have decided to refocus our R&D organization on three key therapeutic areas – Oncology, GI and CNS – plus Vaccines. We inaugurated a research program with the Center for iPS Cell Research and Application (CiRA), Kyoto University, led by Nobel Laureate, Professor Shinya Yamanaka. This joint research program between Takeda and CiRA (T-CiRA) includes seven projects. We have also announced six additional external research collaborations in FY2015. Moving forward, we will accelerate our transformation into a more robust, agile and externally focused R&D organization with a sharpened core therapeutic area focus.

**Business Performance:** FY2015 was a turnaround year to sustained growth as we achieved our Management Guidance for the second consecutive year. Our key growth drivers of GI, Oncology, CNS and EM delivered robust underlying growth of +9.5%, with major contributions by new global products such as *NINLARO*<sup>®</sup> and *ENTYVIO*<sup>®</sup>, as well as *TAKECAB*<sup>®</sup> and *AZILVA*<sup>®</sup> in Japan and *TRINTELLIX*<sup>®</sup> in the United States. Our year-on-year underlying revenue grew +3.4%, while underlying Core Earnings increased +8.1% and the underlying Core EPS was up +21.7%.

As our transformation continues, I am confident that we are heading for sustained growth in 2016 and beyond, through the relentless execution of our Strategic Roadmap. Continuing the journey that began 235 years ago, Takeda aims to become a best-in-class global pharmaceutical leader and achieve our mission of bringing better health and a brighter future through leading innovation in medicine.

**Christophe Weber**  
Representative Director, President & CEO

Takeda's Annual Report 2016 chapters have been created in line with our Strategic Roadmap. Each chapter is a pillar of our strategy and provides information on our progress.

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## People

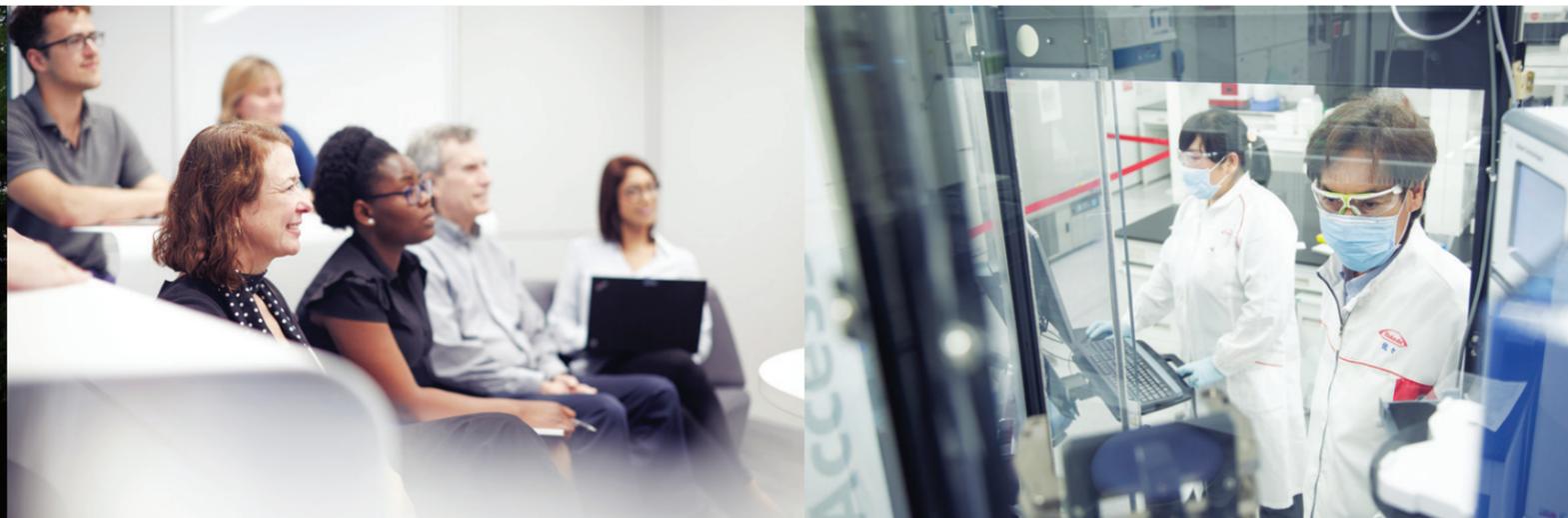
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## Values

### Putting patients first for **over 235 years**

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The new variety of licorice called “*Miyako No. 1*” has been bred and grown into a pharmaceutical quality, after six years of work, here at the Takeda Garden for Medicinal Plant Conservation (Kyoto). The in-house production of “*Miyako No. 1*” has long been our aspiration since we aim to achieve greater traceability with our product while we rely heavily on imports from China. We have reached fairly close to commercialization with remaining challenges of storage and disease control. We look forward to delivering it to the market and continue to work closely with our partner farms.

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**Shirou Yoshitomi**  
R&D Department, Japan Consumer Healthcare Business Unit

#### Licorice Flower

Takeda was founded in 1781 as a broker selling traditional Japanese and Chinese herbal medicines, including licorice. Even in our modern age, licorice remains to be one of the most important herbal medicine ingredients, and it will always remind us of the starting point of Takeda's 235-year history.  
Photograph: Takeda Garden for Medicinal Plant Conservation (Kyoto)  
(<http://www.takeda.co.jp/kyoto/english/>)



“My wife, Linda and I are looking forward to enjoying this **new chapter** in our lives **together.**”

**Don Clayton**

Multiple myeloma patient  
Retired VP Manufacturing and Operations (furniture industry) and avid Manchester United supporter

**NINLARO® (ixazomib)\* stats**  
(as of June 2016)

**1,400+**

Patients treated in the U.S.

**80+**

Active and approved studies to enroll more than 7,000 patients in the next 5 years



Patient-First: **Leadership in Oncology**

## Aspiring to deliver a brighter future for people with cancer

**One day before his 56<sup>th</sup> birthday, Don Clayton was diagnosed with multiple myeloma. A positive person with a passion for life, Don and his wife Linda committed themselves to fight the disease together. Partial response was achieved with a stem cell transplant but not the full remission they were hoping for.\*\***

**Our mission:** We aspire to cure cancer by delivering novel medicines to meet the unique and urgent needs of people living with cancer, their loved ones and the healthcare providers who support them.

We hope that *NINLARO®* (ixazomib) will help us with this mission and has the potential to help transform myeloma therapy for patients. It is the first and only oral proteasome inhibitor and is the result of decades of scientific research in multiple myeloma. Following approval by the U.S. Food and Drug Administration, *NINLARO®* has 14 regulatory submissions globally (as of June 2016). Additionally, Takeda submitted an appeal and a request for re-examination by the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP), after the adoption of a negative opinion by the CHMP in May 2016, recommending against the authorization of *NINLARO®*. We expect the process to take approximately six months.



In January 2016, Takeda teamed up with the Multiple Myeloma Research Foundation and CURE Media Group to launch Moving Mountains for Multiple Myeloma, an initiative to raise awareness and funds for myeloma research. To kick off the collaboration, a 15-person team of patients, caregivers and supporters, including Takeda's Ryan Cohlhepp, completed an 11-day journey to Uhuru Peak on Mount Kilimanjaro, Tanzania.

“It's the patients, their caregivers and family members who continue to fight multiple myeloma that drives me and my colleagues, to come in every day, to work towards a cure.”

**Ryan Cohlhepp**

Vice President, U.S. Marketing, Takeda Oncology  
Participant in Moving Mountains for Multiple Myeloma



\*\* Don's experience is not necessarily representative of a typical patient.

\*NINLARO® (ixazomib) is currently approved in the U.S. only (as of June 2016).

## Innovating in gastroenterology to help improve lives

**Justine Gale, previously a gymnast and dancer, now an avid swimmer and cyclist, travels frequently for work as a TV and radio presenter/host. Over the years she experienced three distinct episodes of undiagnosed gut problems in an otherwise healthy life. It was not until 2014, when Justine required emergency hospital admission while in Los Angeles, USA, that she was diagnosed with Crohn's disease – almost 30 years after her first hospitalization.**

At Takeda, we are inspired and motivated by people like Justine to do more. We know how debilitating illnesses like ulcerative colitis (UC) and Crohn's disease (CD) can be. The pain, discomfort and unpredictability prevent patients from leading active lives, restrict their activities at work, and take a toll on families.

We also know how impactful the right treatment can be. Through patient-centered innovation, we develop medicines that go beyond treating disease and aim to find solutions that help turn a debilitating, restrictive illness into a manageable disease.

The 2014 global launch of *ENTYVIO*<sup>®</sup> (vedolizumab), the only gut-selective biologic for the treatment of moderately to severely active UC and CD, has been transformational, amplifying our ability to help more people in more places around the world. *ENTYVIO*<sup>®</sup> represents a significant advance in our clinical understanding of inflammatory bowel diseases (IBD) and is on track to become our largest product worldwide in 2016\*.



\**ENTYVIO*<sup>®</sup> (vedolizumab) has not yet been approved in Japan (as of June 2016).

### Takeda's 25-year leadership in gastroenterology (GI)

We are proud of our leadership in improving the health and lives of patients with gastrointestinal disorders. Building on more than 25 years of first- and best-in-class GI treatments, our dedication to innovation continues to evolve and have a lasting impact. *ENTYVIO*<sup>®</sup> leads our specialty pharmaceutical portfolio and will reach more patients as we expand into additional markets. Through specialized and strategic in-house development, external partnerships, in-licensing and acquisitions, Takeda also has a number of promising early-stage GI assets in development.

“I have my confidence back, both professionally and personally”

Justine Gale  
TV & Radio Presenter/Host

### *ENTYVIO*<sup>®</sup> (vedolizumab)

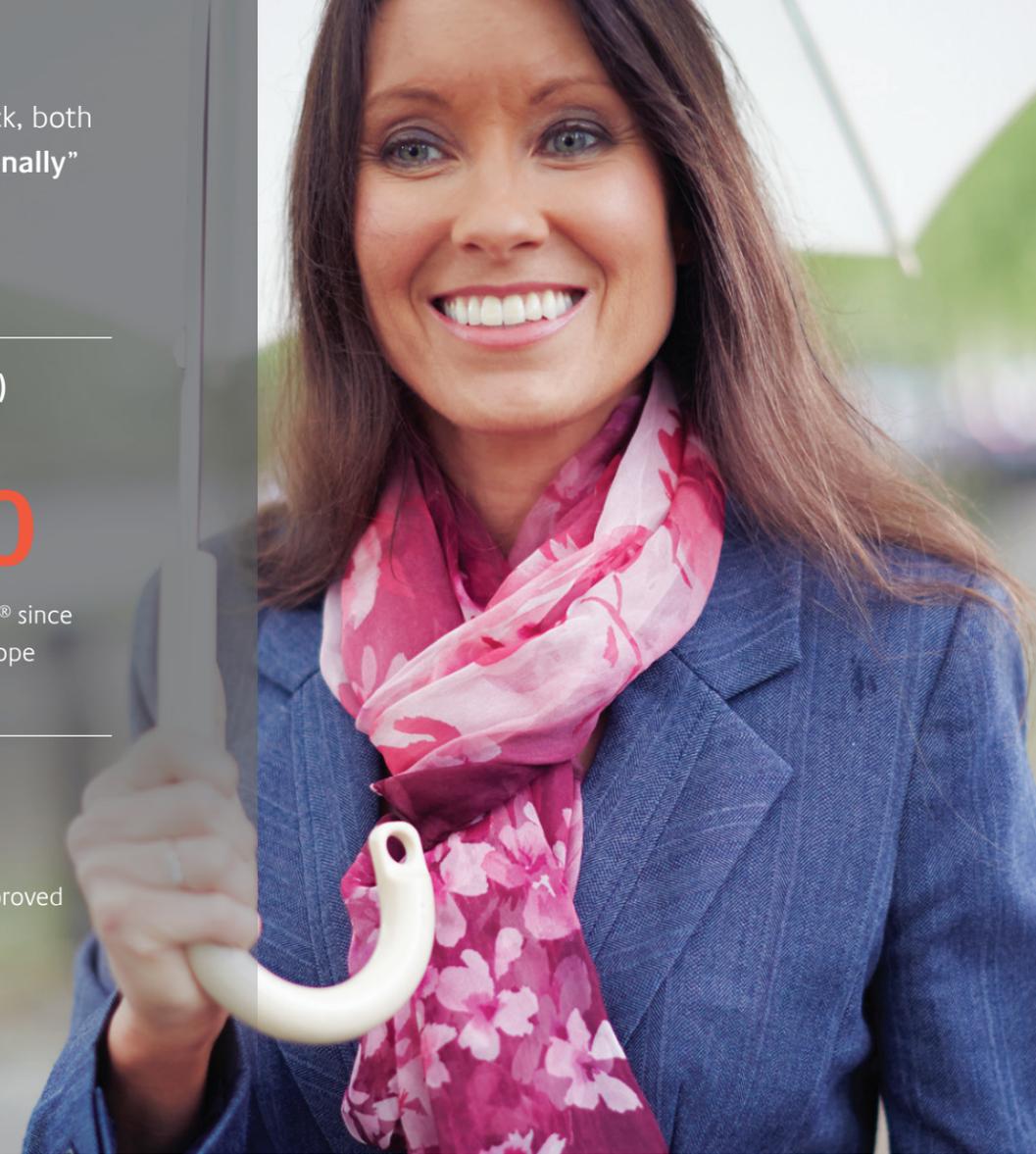
key milestones (as of June 2016)

**40,000**

Patients treated with *ENTYVIO*<sup>®</sup> since June 2014 in the U.S. and Europe

**50**

Countries where currently approved



“I have been treating patients with IBD, including UC and CD – chronic, difficult diseases, for almost 30 years. Having new treatments with different mechanisms of actions allows a patient to find an option that works for them and hopefully avoid surgery.”

### Dr. Flavio Steinwurz, MD, FACG - Gastroenterology\*\*

Albert Einstein and Alemão Oswaldo Cruz Hospitals, São Paulo, Brazil; Founder of the Brazilian Association of Ulcerative Colitis and Crohn's Disease

\*\* Dr. Steinwurz works with Takeda Brazil, consulting and developing clinical trial programs.

One in three people in the world do not have reliable access to essential medicines. Even in more developed countries patients can face challenges of access and affordability. That's why Takeda's work goes beyond making medicine.

**Access to Medicines**

Takeda is continuing to expand its commitment to global health by furthering access to care. With our bold, new Access to Medicines (AtM) strategy, we will expand on our existing commitments to enhance global health, so that eligible patients in less developed and evolving healthcare systems in regions such as South-East Asia, Latin America and Sub-Saharan Africa have access to our innovative and potentially life-saving medicines, even if their ability to pay for the full cost of treatment is limited. We are developing innovative and sustainable approaches to tackle the many barriers patients face in some of our areas of therapeutic focus, such as oncology and specialty gastroenterology, as well as through our vaccine candidates for communicable diseases such as dengue and chikungunya. In this way, we can amplify our impact on patients in parts of the world with the highest unmet medical needs.

Takeda's bold, new AtM strategy is not limited to addressing



the affordability of medicines – it also aims to address a wide range of access barriers that negatively impact patients' lives. To do so, we will 'go beyond medicines' by encompassing efforts in areas such as Research & Development, philanthropy, donations and healthcare capacity building. We are also implementing a not-for-profit approach in Sub-Saharan Africa, where, in partnership with others, we aim to build cancer management capacity, improve access to selected Takeda specialty care medicines and increase access to treatment. We also aim to improve access to selected primary care medicines for the treatment of diabetes and cardiovascular diseases.

Takeda's AtM strategy is guided by a strong internal framework designed to ensure the greatest possible impact for patients, who are at the center of everything we do. A multidisciplinary Global AtM Committee moves our AtM strategy from plans to actions with the aim of improving the lives of patients. Additionally, a dedicated AtM Forum has been put in place consisting of several Takeda Executive Team (TET) members, who review and guide the overall AtM strategy and its direction. The AtM Forum seeks input and counsel from leading external experts in the fields of Access to Medicines and global health.

"In line with our patient-centric mindset and guided by our Values, Takeda's AtM strategy will expand on our existing commitments to enhance global health, and 'go beyond medicines' in a sustainable way, to address patients' unmet medical needs."

**Giles Platford**  
President, Emerging Markets Business Unit

**Contributions through CSR Programs**

In parts of the world and disease areas where healthcare capabilities are insufficient, we partner with other organizations and engage in corporate social responsibility (CSR) programs that help improve health and enrich lives for the most vulnerable. Takeda conducted a worldwide employee vote to select three CSR programs that best exemplified our goal of increasing disease prevention in developing and emerging countries.

- **Global Measles Vaccination for Children**, in partnership with the United Nations Foundation, serving approximately 40 countries in Africa, Asia and Latin America. This program creates the potential to vaccinate 5.4 million children against measles over ten years.
- **Community Health Workers Training for Maternal and Child Health**, in partnership with World Vision, in India, Bangladesh, Nepal and Afghanistan. This program aims to build capacity for 1,400 community health workers to reduce preventable child deaths by providing health education to some 500,000 people over five years.



- **Maternal and Newborn Health for Ethnic Minorities**, in partnership with Save the Children Japan, in Myanmar, Vietnam and Laos. This program aims to improve access and quality of healthcare for marginalized minority populations in Asia. Working in close collaboration with related health authorities, it provides 150,000 people in villages, including 40,000 women and children from ethnic minorities, with health education, training and services over five years.

In addition, Takeda is also working in partnership with Plan International Japan to support the government of Kenya in promoting **Digital Birth Registration** for three years, an essential step to ensure that children enjoy full rights and gain access to healthcare and education.



# People

Together we are stronger



Christophe Weber, President & CEO,  
and the Takeda Executive Team (as of July 2016)

(Standing, from left) Shinji Honda, Ramona Sequeira,  
Haruhiko Hirate, Marc Princen, Giles Platford,  
Thomas Wozniowski,  
David Osborne, Masato Iwasaki, Yoshihiro Nakagawa,  
Rajeev Venkayya, Christophe Bianchi  
(Seated, from left) Andrew Plump, Christophe Weber,  
Gerard Greco, James Kehoe



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“My career began with Millennium and continues with Takeda. I have seen tremendous growth – in resources, in capabilities and in how we focus to solve problems that seemed impossible even a few years ago. I work at the intersection of a number of disciplines – biology, chemistry, engineering and IT – to build innovative and practical solutions. It makes me very proud that I am part of Takeda’s team of researchers who try to discover and develop new treatment options for patients, especially for those who fight for their lives.”

**Ben Knight**  
Senior Scientist II Discovery Technologies  
**United States**

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“In Brazil, we work with both physicians and multidisciplinary healthcare professionals focusing on patients’ care. Being able to offer an additional option for a patient who has not found a treatment that works, is what really motivates me. The IBD patient’s journey can be challenging and sometimes painful. If the work we do helps to improve a patient’s condition or perhaps avoid surgery for the patient, then we’re focused on what really matters.”

**Wang Lee Pinho**  
Head of Scientific Affairs Brazil & LATAM  
**Brazil**

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“My role with Takeda is to ensure that our patients receive high quality and safe products. We have rolled out a program that asks every employee to think about new ideas and how to find better or improved methods to solve problems quickly and efficiently. I joined the company 10 months ago and already see how the program has identified efficient solutions to everyday challenges we are faced with. Here in Oranienburg, Germany, we also work closely with our colleagues from other manufacturing sites around the world, so that we can share our knowledge and continue to develop our core competencies within each site.”

**Jan-Hendrik Erdmann**  
Transnational Network Manager  
**Germany**

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“Every day in my role as a manager of a team of medical representatives I try to focus on the patient and how our work at Takeda affects not only the patient but also their families. I challenge all members of my team to act in the same way when they are faced with a problem, to ask themselves, ‘What would be in the best interest of the patient?’ The most important responsibility I have is to create an environment and organization in which all employees enjoy coming to work each day, are able to do their work to the best of their abilities and continue to grow and develop in their careers.”

**Aki Yazawa**  
Business Establishment Chief, Shonan Representative Office  
**Japan**

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# Our strength comes from within

Takeda fosters a collaborative and stimulating work environment filled with opportunity and the chance to make a difference in people's lives. It is a workplace driven by Takeda-ism, our long-held values that extends to both the patients we serve and our employees who develop and deliver medicines. Across our company, Takeda employees bring together many different elements — experiences, backgrounds, nationalities, cultures — that together create a stronger whole.

Investing in tomorrow's leaders today, we have launched several initiatives to give our talented employees the skills, knowledge and support they need to advance the health and well-being of our patients and to lead the future of our company and our industry.

## Talent Development

Our global programs include:

- **President's Forum** Takeda's executive management team personally nurture talented people to lead the company in the future (2015)
- **Accelerator Program** International cross-functional development for high potential employees early in their careers (2016)
- **Takeda Leadership Program** Elevating leadership capability through examination of internal and external perspectives on our business (2016)
- **Global Induction Forum** Induction training for recently hired senior leaders (2015)



### Identification of Priority Talent Populations and Key Programs

Target Population	Talent Development Programs	Development Focus
Transformation Leaders	President's Forum	Takeda Leadership Behaviors
Mid-Career Future Leaders	Takeda Leadership Program Global Induction Forum	
Early Career High-Potentials	Accelerator Program	Global Core Competency
People Managers/Individual Contributors	Division/Function/Local Development Programs	

In addition to global development programs, many divisions and functions have their own Leadership Academies and development programs or courses tailored to specific capability needs.

#### Leadership Behaviors

As our company transforms to the next level, it is vital that our employees have an understanding of expectations, behaviors and decisions guiding strategy. In FY2015, we introduced Takeda's Leadership Behaviors. These four distinctive behaviors define what Takeda Leaders must do to drive our business forward into the future.

- Demonstrate strategic enterprise thinking to find innovative ways to serve patients, and build trust, reputation and business
- Create the environment that inspires and enables people to move the organization forward
- Focus on the few priorities that matter most and deliver superior results
- Elevate the capabilities of the organization for now and the future

#### Global Core Competencies

A common set of competencies have been identified for employee development that are vital to the achievement of Takeda's vision and long-term success.

## Diverse perspectives lead to insightful solutions

**Our global diversity & inclusion statement (D&I):** Takeda strives to have a workforce as diverse as the patients we serve. We are committed to embracing differences, exploring possibilities and developing our employees. Our success depends on fostering an inclusive environment where all employees are welcomed, empowered and inspired to use their unique voices and talents. This is how we will find innovative approaches to serve our patients, customers and communities. This is how we will reach our highest potential together.

**Diversity has been proven to lead to more creativity and innovation. Companies with diverse leadership teams have been shown to respond more efficiently to a wide range of global challenges. For a research- and innovation-driven global company like Takeda, diversity is critical to our long-term success in delivering better health and a brighter future.**

Our ultimate goal is to offer every employee at Takeda the opportunity to thrive, develop and grow based on merit, potential and ambition regardless of gender, age, nationality, race or sexual orientation. We are committed to leveraging the unique and diverse backgrounds, experiences and insights of all our employees to better serve patients worldwide with integrity, honesty, fairness and perseverance.

We are accelerating D&I activities in Japan and many other parts of the world, and have introduced several initiatives to enhance **gender, work-style, age** and **career diversity**. These include:

- Launching *Hanamizuki*, a network where women can learn from each other, share knowledge and information, and help each other develop professionally (Japan).
- Introducing a flexible work-style program that gives employees the choice to select the work times and places that enable them to perform at their best (Japan).
- Enhancing career diversity by encouraging faster promotion of employees who are demonstrating high performance early in their career (Japan).
- Hosting the first Takeda U.S. Diversity & Leadership Symposium week in Deerfield, IL. This symposium included employee events, workshops and keynote speakers, and featured D&I leaders within Takeda (United States).

### FY2016 Targets for Japan

**30%**

of new manager appointments will be filled by women



**10%**

of newly appointed managers will be less than 8 years into their careers



Every day and around the world, Takeda employees go beyond the call of duty, dedicating their time and energy to help others heal from illness and injury, to promote a better quality of life, or to help a child breathe a little easier. In an inspiring array of endeavors, Takeda volunteers act on our belief that healing goes beyond medicine.



**Brazil: Helping the Next Generation**  
Almost 240 employees volunteered in 24 cities across Brazil to bring better health to children by teaching them to brush teeth and wash hands.



**China: Supporting Cancer Database**  
We sponsored the China Wu Jieping Medical Foundation to establish a prostate cancer database, aiming to improve and standardize diagnosis and treatment.



**Russia: Coping with Stroke**  
In partnership with the Fund for Families with Stroke Patients, we organized "Stroke Camps" in a Moscow city park to support stroke survivors and families, and raise stroke awareness.



**South Africa: Better Nutrition for a Better Life**  
Takeda supports Africa Food for Thought, which funds and supplies school and pre-school feeding projects with the aim of improving nutrition.



**France: Understanding a Rare Disease**  
Takeda supports the French Association of Friedreich's Ataxia to help people living with the disease as well as health professionals treating it.



**Indonesia: Meeting People Where They Live**  
Takeda employees in the Bekasi plant, together with a local clinic, conducted free medical checkups for the community near the plant, reaching 129 people aged 4 to 80.



**Saudi Arabia: Vital Support for Families in Need**  
Employees participated in "Coffee Morning," hosted by the British International School of Jeddah, to support pediatric cancer treatment for families in financial need.



**U.S: Caring for Our Community**  
Through a run and walkathon on the Deerfield campus, Takeda Cares Day raises funds for select local non-profits that support health, science education, and community vitality.



**Japan: Many Steps in the Right Direction**  
More than 100 employees in Japan participated in "Relay for Life," an overnight walk to raise funds for cancer survivors and their caregivers.



**Mexico: Fighting Malnutrition, Bringing Hope**  
Takeda alliances with NGO Un Kilo de Ayuda (One Kilo of Help) fights anemia in Mexico's children through the donation of therapies and volunteer activities with employees for better health.



"Nothing is more rewarding than being part of a team that serves its community and patients. It is even more rewarding when it is with children."

—El Hassan Mohamed  
Employee Saudi Arabia

## How our innovation transforms lives

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“First and foremost, our mission is to serve patients. In research and development, our patient focus drives us to create the medicines patients need and the innovations that will make genuine improvements to their lives.”

**Andrew Plump, MD, PhD**  
Chief Medical and Scientific Officer

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## Research that makes a meaningful difference

Breakthroughs in science and medicine have led to increasing demand for innovation. Takeda addresses this demand with a patient-centric, science-driven strategy for world-class R&D.

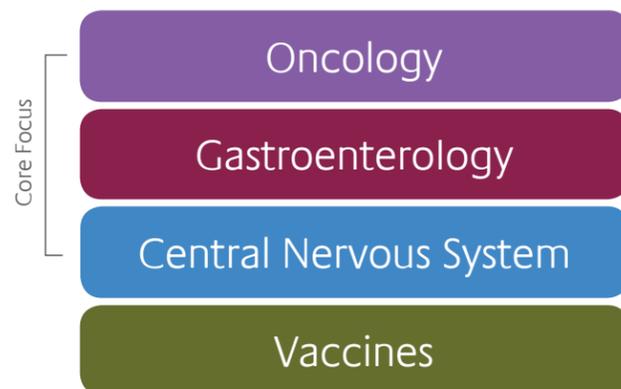
We aspire to be the best R&D organization in the industry. To be a dynamic R&D organization that thinks, acts and interacts with the external world like no other. We will achieve this through an intense focus on the best science for those therapies that can deliver true innovation for patients. This includes building deep disease area expertise in our core therapeutic areas, strengthening our pipeline and creating an inspiring culture.

“We do more than develop medicines. We innovate to help improve patients’ lives.”

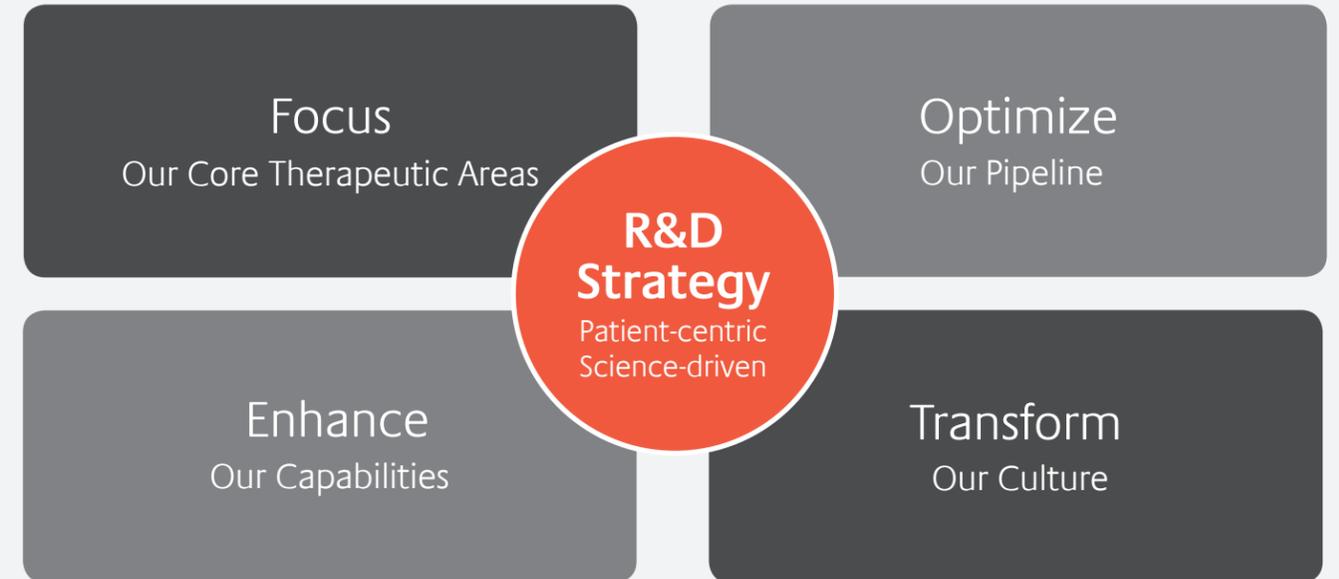
**Andrew Plump, MD, PhD**  
Chief Medical and Scientific Officer



### Core Therapeutic Areas



### Our R&D strategy



#### To innovate with the greatest impact, we will:

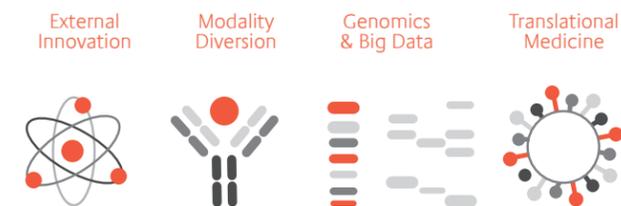
- **Focus our Therapeutic Areas** on those where we want to be at the cutting edge of innovation – oncology, gastroenterology (GI) and central nervous system (CNS), disease areas: where patient need is great, where we can build upon our deep scientific expertise, where we have a strong track record of recent successes, and where we intend to continue discovering innovative new medicines. We also will continue to build upon our global health approach to Vaccines, founded on our dengue and norovirus programs.
- **Optimize Our Pipeline** to deliver on our commitment to patients. We are strategically shaping our pipeline by sharpening our focus on key therapeutic areas and taking advantage of exciting new possibilities. As a result, we have encouraging Phase 1 and Phase 2 programs, and we are rebuilding our Phase 3 pipeline through a combination of accelerating our internal pipeline and establishing innovative partnerships. Additionally, Takeda has an important late-stage dengue vaccine candidate that offers great promise to patients throughout the world. [To see our complete pipeline, visit: [www.takeda.com/research/pipeline](http://www.takeda.com/research/pipeline)]

- **Enhance Our Capabilities** in key areas that include therapeutic modality diversification such as large molecules and cell-based therapies, genomics and data sciences, and translational medicine. We are fast becoming a partnering engine that creates synergy between our own world-class scientists and external innovators. Our expanding innovation network includes institutional and commercial collaborations and partnerships with pioneering entities that share our research focus. We are building a dynamic innovation network founded on robust partnerships, which combines our experts with external partners to achieve greater innovations in medicine to strengthen our pipeline. This will yield tremendous results for patients.
- **Transform Our Culture** through leadership, agility and actively seeking connection with partners and trends both in and outside our industry. We are driving an entrepreneurial mindset to develop our leaders and leveraging the expertise of our employees to get the most for patients. We are creating an inspiring culture of opportunity and accountability, where swift decision-making and flawless execution are our hallmarks.

Responding to increasing demand for innovation  
**Harnessing the promise of new technologies and targeted treatments**

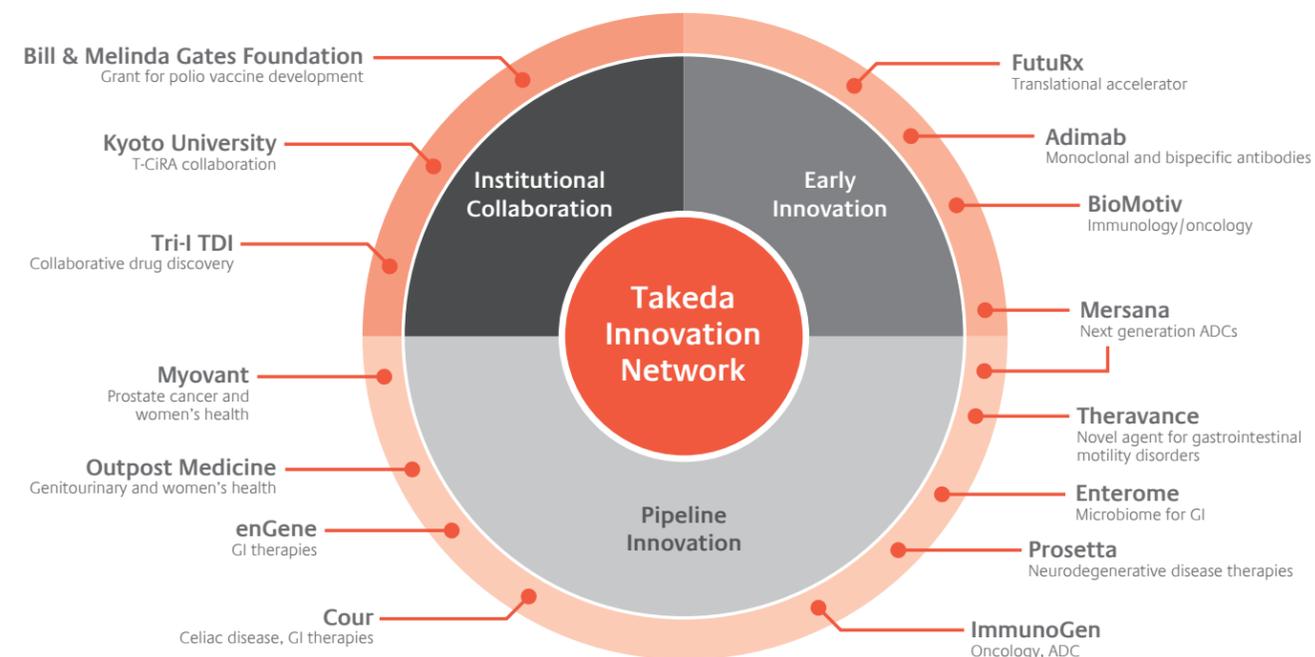
The explosion of new modalities offers the potential to treat diseases in new ways. As a patient-focused, science-driven company, we continue to develop small molecules associated with traditional pharmaceutical products, as well as focus research and collaborative efforts on larger, more complex modalities that can offer patients additional paths to better health.

These diverse modalities include several that we are already pursuing in the Takeda pipeline, our research laboratories or with partners. Examples are **monoclonal antibodies**, which lead to antibody drug conjugates and advancing personalized medicine and biomarker use; **microbiome** to alter gastrointestinal motility and inflammation; **gene therapies** that treat inflammatory bowel disease; **recombinant proteins** that hold promise for improved disease targeting; **cell and tissue therapies** that can lead to T-cell immunotherapies and hold promise in stem cell advancement; **prophylactic vaccines** to treat communicable diseases in emerging and industrialized regions or **therapeutic vaccines** to cure patients with celiac disease.



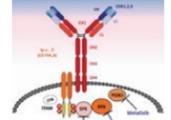
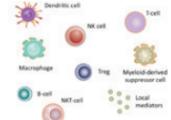
Differentiated medicines based on these new modalities are being developed increasingly by biotechnology companies, as well as the non-profit and academic sectors. Takeda is forming a robust innovation network with these partners to deliver the power of these new modalities to our patients.

R&D success is a key element of Takeda's strategic roadmap, driving best-in-class performance through agility and innovation. This focus will keep us delivering scientific discoveries to the benefit of patients around the world.



## Oncology

### Offering patients greater options

Maximize	Prioritize	Collaborate
		
<p><b>Build on the success of NINLARO® and ADCETRIS®,</b> seeking to deliver to broader patient population</p>	<p><b>Focus on key pipeline assets</b> with transformative potential, setting high barriers to differentiate</p>	<p><b>Strengthen new capabilities</b> through partnerships, particularly in antibody drug conjugates and immuno-oncology</p>

#### How We Will Grow in Oncology

Our aspiration is to be a top 10 oncology company in 2025 and rank top 5 in hematological malignancies.

Our oncology pipeline includes earlier clinical stage assets that enrich our scope, offering new approaches to the treatment of solid tumor and hematologic malignancies. *NINLARO®* and *ADCETRIS®* continue to be transformative for patients. Building on our expertise in the treatment of multiple myeloma, *NINLARO®* takes innovation to the next level as the first and only oral proteasome inhibitor. *ADCETRIS®*, which is becoming a global standard of care, is approved in 64 countries (as of June 2016) with more than 27,000 patients treated and has the potential to offer exceptional outcomes for the treatment of Hodgkin lymphoma (HL) and anaplastic large cell lymphoma (ALCL). In our early development pipeline, TAK-659 is a SYK/FLT-3 dual inhibitor that is a potential innovative oral medicine for hematological malignancies.

As we expand our cornerstone hematology presence, we also are building on antibody-drug conjugates (ADCs) therapies that pinpoint their targets so patients receive effective treatment without widespread exposure. We are also building exciting immuno-oncology efforts through novel positioning of our own pipeline and strategic partnerships that leverage novel biotherapeutic platforms and technologies. Advances in this area are progressing rapidly, and we are on the cusp of broad patient benefit. Takeda's immuno-oncology R&D strategy focuses on entry points beyond T-cell checkpoints.

By delivering more effective treatments for cancer, we can potentially transform the outlook for millions of people around the world.

At Takeda, we aspire to cure cancer. Through our science, innovation and passion, we are expanding options for people with cancer and adding to their quality of life.



Gastroenterology  
 Helping patients live fuller lives

Patients with gastrointestinal (GI) disease often are affected when they are young and otherwise healthy, busy with family and/or careers. A long-time leader in this therapeutic area, we are continually seeking new ways to help them return to health, and allow them to continue with their active lives.

Maximize	Prioritize	Collaborate
 <p>Maximize a diverse portfolio that brings real value to patients, with ENTYVIO® as a cornerstone</p>	 <p>Advance innovative science, such as ENTYVIO® for oncology-related diseases, next-generation IBD therapies, and a GI drug discovery unit</p>	 <p>Collaborate around novel ideas to create a compelling early-stage pipeline, addressing, for example, motility disorders, liver disease, celiac disease and the microbiome</p>

In many countries, ENTYVIO® is transforming the outlook for patients with ulcerative colitis and Crohn's disease. The therapy's highly specific binding activity inhibits the migration of the T lymphocytes responsible for inflammatory activity in the gut wall. This gives patients symptom relief and, over time, can impact quality of life.

ENTYVIO® is supported by long-term safety and efficacy studies. Through ongoing clinical programs, we are building a robust dataset to deepen our understanding of GI diseases and ensure these insights are translated to patients in the form of treatment. Still in its "launch phase," we are studying ENTYVIO® in a number of other GI conditions.

Meanwhile, TAKECAB®, launched in Japan, is expanding its ability to address patient needs for acid-related diseases. Rapid, long-lasting acid neutralization resulted in approval for seven indications, with clinical studies for other indications in the planning stages. TAK-828 is a potential first-in-class molecule for IBD that offers the potential to restore immune balance by affecting a class of disease-causing lymphocytes known as Th17 cells. We have completed the Phase 1 Single Dose study in 2016, and initiated a Phase 1B Multiple Dose Study.



## Central Nervous System

Where there is need we find solutions

Maximize	Prioritize	Collaborate
 <p><b>Build on TRINTELLIX®</b>, strengthening our ability to treat major depressive disorder (MDD) and further establish the cognitive benefit in MDD and beyond</p>	 <p><b>Prioritize the best science</b> and leverage human patient data to build a robust translational package</p>	 <p><b>Collaborate to capture external innovation</b> and accelerate our CNS early pipeline</p>

\*TRINTELLIX® is the brand name used since June 2016 for the product previously marketed as BRINTELLIX® in the U.S.

Central nervous system disorders historically have been difficult to treat. Effective therapeutic options were lacking, as was an adequate understanding of the diseases. Thanks to new insights into human disease biology, novel technology, diagnostic tools and our excellence in small molecule chemistry, we are ideally positioned to change the equation. Our focus in CNS is on patients with neuropsychiatric disorders who have no adequate available treatments for schizophrenia, depression and selected neurological diseases.

We are committed to being a **global player in CNS**, expanding in psychiatry through TRINTELLIX® and our early pipeline, and creating an anchor in neurology through partnership and co-development. Over the long term, we expect innovation-driven growth in both areas.

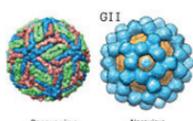
### Progress for Patients in Need

**Depression** — TRINTELLIX® is an effective antidepressant that has demonstrated efficacy in improving cognitive performance and functional capacity. Through a differentiated mechanism, TRINTELLIX® addresses the cognitive dysfunction affecting approximately two-thirds of depressed patients and is typically untreated by standard depression therapies.

**Schizophrenia** — Our CNS discovery engine has delivered an innovative early portfolio pipeline of new molecular entities. TAK-831, a D-amino acid oxidase inhibitor now in Phase 1, is a potential innovative treatment for cognitive and negative symptoms in schizophrenia.

## Vaccines

To protect the health of people around the world

Maximize	Prioritize	Collaborate
 <p><b>Maximize the potential</b> of the only fully integrated vaccine business in Japan, including therapies for pandemic influenza</p>	 <p><b>Advance one of the most exciting late-stage pipelines</b> in the industry, with TAK-003 for dengue and TAK-214 for norovirus</p>	 <p><b>Collaborate to address global needs</b>, leveraging manufacturing technologies to expand capacity and achieve impact in all regions</p>

Protect people from some of the most infectious diseases in the world today. We are working to develop vaccine candidates against dengue virus and norovirus.

Vaccines save millions of lives each year and are among the most cost-effective health interventions ever developed. By taking a global view, we are leveraging world-class capabilities to address intractable population health issues.

### Fighting Dengue

Dengue has been called “the most important mosquito-borne viral disease.” The illness infects 400 million each year, and 3.9 billion—more than 40% of the world’s population\*—are at risk. The global threat is growing, expanding in the U.S., Japan and southern Europe. The need is great and the time is now for a vaccine that is safe and effective against all four strains of dengue and in all populations.

Our approach to developing new medicines is deeply rooted in translational science and precise clinical assessment.

TAK-003, our tetravalent dengue vaccine candidate, could address important unmet needs in dengue prevention. TAK-003 induces sustained antibody responses to all four dengue strains, in both previously exposed and never-exposed populations. The proposed schedule—two doses over three months—would be convenient for patients, including travelers to dengue-affected regions. TAK-003 has to date demonstrated an acceptable safety profile in all populations evaluated.

### Fighting Norovirus

Each year, norovirus – the leading cause of gastroenteritis worldwide – causes 600+ million cases of diarrheal illness, 200,000+ deaths and a global economic burden of 60+ billion USD.\*\* A safe and effective vaccine is in demand by public health agencies. Takeda’s vaccine, TAK-214, is currently the only product candidate in clinical trials.

Source: \* [http://www.who.int/whr/1996/media\\_centre/executive\\_summary1/en/index9.html](http://www.who.int/whr/1996/media_centre/executive_summary1/en/index9.html)  
 \*\* Lopman BA, 2016/Bartsch SM 2016

Partnership with Kyoto University's Center for iPS Cell Research and Application

Takeda and the Center for iPS Cell Research and Application (CiRA) are collaborating to apply iPSC technology to clinical practice.

Through a 10-year partnership launched in 2015, T-CiRA aspires to change the future of medical treatments.

Takeda, in partnership with Kyoto University's CiRA\*, has initiated the Takeda-CiRA Joint Program for iPS Cell Applications (T-CiRA), to develop clinical applications of induced pluripotent stem cells (iPSC). iPSC technology offers the potential to transform medical treatments, and its applications span a variety of fields, including cell therapy, drug discovery and drug safety assessments.

This unique partnership integrates CiRA's cutting-edge science with Takeda's R&D expertise. T-CiRA aims to deliver innovative therapeutic options to patients facing serious and life-threatening conditions, such as cancer, heart failure, neurodegenerative disorders, type 1 diabetes and intractable muscle diseases.

\*CiRA was established in 2010 at Kyoto University as the world's first institute dedicated to pioneering iPSC research and application. CiRA is engaged in fundamental scientific research into cell reprogramming and human development, clinical applications and bioethics, with the overall goal of using iPSC to realize regenerative medicine and drug discovery.

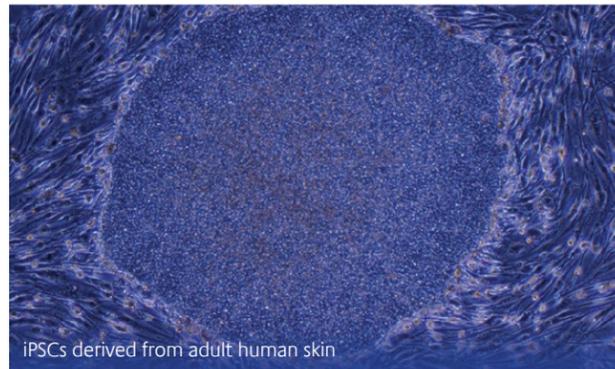
The T-CiRA program, based at Takeda's Shonan Research Center in Fujisawa, Japan, is directed by Professor Shinya Yamanaka of CiRA, a Nobel Laureate in stem cell research.

Current projects include explorations into:

- Cytotoxic T lymphocytes therapy for cancer
- Cell therapy for type 1 diabetes mellitus
- Cell therapy and drug discovery for cardiac disease using next generation platforms
- Drug discovery for amyotrophic lateral sclerosis (ALS)
- Drug discovery for intractable muscular disease
- Genome editing gene therapy for congenital muscular dystrophy
- New research platform with iPSC-derived neural crest cells and its application for regenerative medicine and drug discovery

What are iPS cells (iPSC)?

Induced pluripotent stem cells or iPSC are reprogrammed human somatic (differentiated) cells that have a small number of genes introduced into them. These pluripotent cells can differentiate into any type of cell in the body and proliferate indefinitely in culture.



iPSCs derived from adult human skin



“Using iPSC technology as a tool, this collaboration will develop new approaches to drug discovery and produce new cures to intractable diseases over the next 10 years.”

**Professor Shinya Yamanaka**  
Director of CiRA

“Takeda is proud to be part of this important research program. This partnership also marks a new direction for Takeda, exploring cell therapies and genetic strategies to avert and remedy diseases.”

**Christophe Weber**  
President & CEO of Takeda

# Business Performance

## Best practice for better performance

Construction is on-going: Takeda's new office building is anticipated to be open for business in the Spring 2018.

Architecture rendering of the new building  
Right: Construction site at Nihonbashi, Tokyo (July 2016)



## Our approach to business matters

### Transitioning for Global Strength

Takeda's mission is to "strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine." In line with this mission, Takeda is establishing a management framework appropriate for a world-class pharmaceutical company that operates on a global scale. We are establishing a structure that will allow rapid decision-making that is also sound and transparent, and strengthening internal controls, including rigorous compliance and risk management. Through these efforts, we will further improve our corporate governance, thereby maximizing corporate value.

In June 2016, Takeda transitioned its corporate governance system from a "Company with Board of Corporate Auditors" to a "Company with Audit and Supervisory Committee," and increased the proportion of outside directors as well as enhancing the diversity of the Board of Directors.

In the new structure, Audit and Supervisory Committee members own voting rights as Directors in the Board of Directors meetings, and will properly exercise those rights. Outside Directors, of which the proportion in the Board of Directors is more than Internal Directors, work to further strengthen the management oversight function and hence improve the transparency and objectivity of our decision making process.

In addition, decision-making authority will be delegated to Directors regarding the execution of the operations allowed for the Board of Directors of a company with Audit and Supervisory Committee. Accordingly, the Board of Directors meetings will focus only on top priority matters or significant strategic matters, allowing sufficient time for discussion.

Through these attempts, Takeda aims to realize the proper and efficient division of roles between the Board of Directors and Representative Director, and improve the decision-making structure so that it is comparable to major global companies that are expanding their business globally.

### Takeda's Corporate Governance System

The Board of Directors determines the fundamental policies for Takeda, and management and business operations are then conducted in accordance with their decisions. Transparency of the Board of Directors is achieved through audits conducted by the Audit and Supervisory Committee. At the same time, Takeda also has outside directors who bring perspectives from other industries to help ensure the appropriate execution of business operations.

Moreover, as management tasks continue to diversify, the company is establishing the Takeda Executive Team – members who manage and supervise each function of Takeda Group under the President & CEO – as well as a Business Review Committee responsible for general management matters, Portfolio Review Committee responsible for R&D and products-related matters, and Audit, Risk and Compliance Committee responsible for internal audit, risk management and compliance matters. These groups review important matters to facilitate faster and more flexible work execution and deeper cooperation among the various Takeda functions.

## Takeda Management Board of Directors

### Chairman



**Yasuchika Hasegawa**  
Director,  
Chairman of the Board

### Directors



**Christophe Weber**  
Representative Director,  
President & CEO



**Shinji Honda**  
Director,  
Corporate Strategy Officer



**Masato Iwasaki, PhD**  
Director, President, Japan  
Pharma Business Unit



**Andrew Plump, MD, PhD**  
Director, Chief Medical and  
Scientific Officer

### Outside Directors



**Yoshiaki Fujimori**  
Outside Director



**Emiko Higashi**  
Outside Director



**Michel Orsinger**  
Outside Director



**Masahiro Sakane**  
Outside Director



**Toshiyuki Shiga**  
Outside Director



**Fumio Sudo**  
Outside Director

### Audit & Supervisory Committee Directors



**Yasuhiko Yamanaka**  
Director,  
Audit & Supervisory  
Committee member



**Shiro Kuniya**  
Outside Director,  
Chairperson of Audit &  
Supervisory Committee

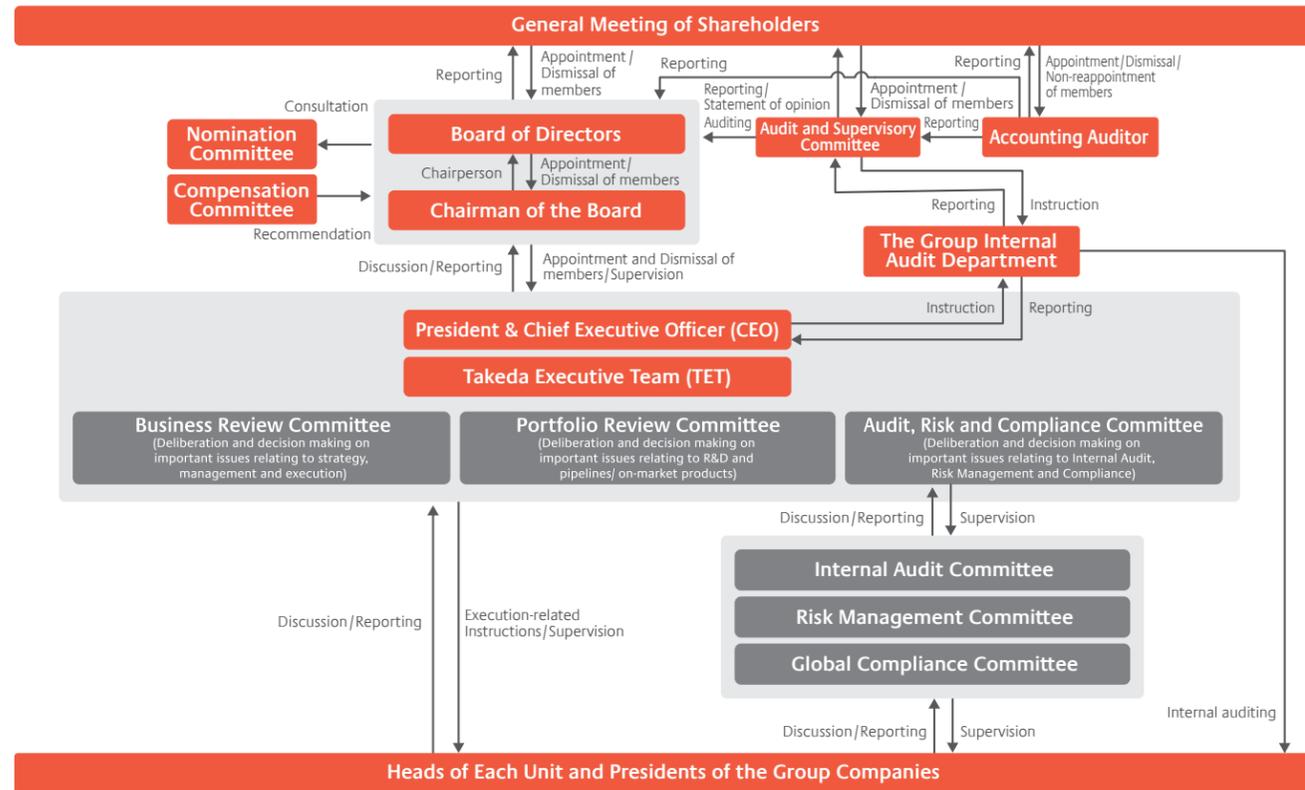


**Jean-Luc Butel**  
Outside Director,  
Audit & Supervisory  
Committee member



**Koji Hatsukawa**  
Outside Director,  
Audit & Supervisory  
Committee member

Schematic Diagram of Takeda's Corporate Governance System, Including the Internal Control System



**Internal Controls**

Takeda is promoting the creation of a disciplined and sound corporate culture, and has implemented the various measures for the internal control system, taking it as an important component of corporate governance functioning alongside risk management.

With respect to any risks we face in the course of global business operations are managed by the personnel responsible for risk management in each function within the relevant domain. We therefore have set a system in place to prevent or mitigate risks, according to their degree and nature.

Takeda also clarifies the roles and responsibilities of each function based on the "Takeda Group's Management Policy."

We ensure compliance and appropriate business operations through implementation of periodic internal audits and the Compliance Monitoring Program to each company and each function in Takeda.



## On the road to sustained growth

**FY2015 was a year of turnaround to sustained growth, with Takeda achieving underlying growth in line with management guidance for the second consecutive year\*.**

As Takeda relentlessly continues to execute its strategic roadmap, FY2016 will be a year of strategic focus to sustain growth.

### Results for FY2015

In FY2015, for the second consecutive year, Takeda met its management guidance. Underlying revenue increased by 3.4% (reported revenue grew by 1.7% to 1,807.4 billion JPY), led by strong performances of Takeda's Growth Drivers. Underlying Core Earnings\*\* increased by 8.1% (reported operating profit

### FY2015 Results

#### Management Guidance Met Underlying Year-on-Year Growth

- Revenue  
3.4% in line with guidance (low single digit)
- Core Earnings  
8.1% in line with guidance (higher than underlying revenue growth)
- Core EPS  
21.7% in line with guidance (higher than underlying Core Earnings growth)

#### Sustained Growth through Takeda's "Growth Drivers"

- GI, Oncology, CNS and Emerging Markets representing more than half of Takeda's revenue delivered robust underlying growth of 9.5%
- *ENTYVIO*® is on track to exceed 2 billion USD Moving Annual Total sales within FY2018
- *NINLARO*® launched in December 2015 in the U.S. and is off to an encouraging start

#### Efficiency Gains Above Target

- Project Summit well exceeded full year savings target
- Strong operating free cash flow performance

reached 130.8 billion JPY), due to the aforementioned revenue growth coupled with disciplined expense management. Total underlying operating expenses increased by less than 1% aided by a strong performance of Project Summit, a company-wide strategic initiative to increase the effectiveness and efficiency of all operations. Project Summit delivered 30 billion JPY in savings, well ahead of the full year target of 20 billion JPY. Underlying Core EPS grew by 21.7% (reported EPS was 102 JPY), increasing 2.5x faster than underlying Core Earnings.

Takeda's Growth Drivers increased by 9.5% (underlying) with strong performances in each of the three therapeutic areas of GI, Oncology and CNS, as well as in Emerging Markets. In particular, *ENTYVIO*® for the treatment of ulcerative colitis and Crohn's disease, has experienced rapid sales expansion reaching 1 billion USD in cumulative sales since launch in June 2014. In addition, in December 2015, Takeda launched *NINLARO*® in the U.S. for the treatment of multiple myeloma, and uptake so far has been encouraging. A broad portfolio of other growing products including *TAKECAB*® (acid-related diseases), *ADCETRIS*® (malignant lymphoma), and *TRINTELLIX*® (major depressive disorder)\*\*\* also contributed to offset the impact of generic pressure, in particular related to candesartan (*BLOPRESS*® in Japan).

- \* Takeda believes that it is crucial to monitor the on-going performance of the business in order to enhance corporate value sustainably. For that reason, the management views "underlying growth," which excludes the impact of foreign exchange and exceptional items such as product divestments, impact of purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs, as representative of its on-going business performance, and accordingly regards the underlying growth of revenue, Core Earnings and Core EPS as important management indicators.
- \*\* Core Earnings is calculated from operating profit by excluding the impact of exceptional items, such as purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs.
- \*\*\* *TRINTELLIX*® is the brand name used since June 2016 for the product previously marketed as *BRINTELLIX*® in the U.S.

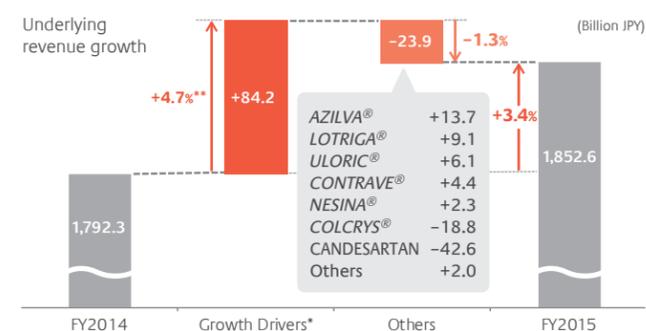


### Growth Drivers Continue to Be Robust

Underlying revenue growth	FY2014 (Billion JPY)	FY2015 (Billion JPY)		
<b>GI*</b>	240.9	297.7	<b>+23.6%</b>	Growth Drivers Total** <b>+9.5%</b> Growth Drivers Total** excl. CNS <b>+8.2%</b> Growth Drivers Total** Takeda Total <b>52%</b>
<b>Oncology***</b>	333.0	336.4	<b>+1.0%</b>	
<b>CNS</b>	41.5	56.9	<b>+37.3%</b>	
<b>Emerging Markets*</b>	316.3	331.4	<b>+4.8%</b>	

- \* Sales of pantoprazole in Emerging Markets (EM) is included in EM, but not in GI (Gastroenterology), as it is a key driver in EM. Sales of pantoprazole in other regions is not included in this chart.
- \*\* Total GI/Oncology/CNS/EM, eliminated duplications (e.g. *ADCETRIS*® in EM and in Oncology).
- \*\*\* Underlying growth of Oncology excl. *VELCADE*® royalties is +4.4%.

**Broad Portfolio of Growing Products Offsets LOE Decline**



\* GI/Oncology/CNS/EM.  
 \*\* Growth Drivers +4.7% versus FY2014 total company revenue (1,792.3 billion JPY).  
 +9.5% figure on previous page is versus FY2014 Growth Driver revenue only (884.5 billion JPY).

In terms of underlying revenue growth by region, both the U.S. and Emerging Markets continued to be the strongest drivers. The U.S. achieved double digit performance with 12.4% growth and Emerging Markets performed well with 4.8% growth. Takeda remains fully committed to Emerging Markets and the FY2015 performance does not reflect Takeda's future aspiration of high single digit growth.

Operating free cash flow, excluding the payment to the ACTOS® litigation settlement fund, reached 230 billion JPY (74 billion the previous year) with the majority of the improvement coming from better working capital management. Operating free cash flow was more than sufficient to fund the dividend payment for the year.

**With greater focus on growth, Takeda has also executed a number of strategic deals in FY2015 including:**

- the divestiture of the non-core respiratory portfolio to AstraZeneca
- the transfer of the rights to CONTRAVE® back to Orexigen, and
- the transfer of long-listed products to the joint venture with Teva in Japan

The Teva deal was transformative for Takeda. In April 2016, 30 substances, including the fast declining BLOPRESS® and TAKEPRON® (excluding fixed dose combinations), were transferred to the joint venture with Teva in Japan. In exchange, Takeda received a 49% share in the JV which should become a fast growing and successful business, offering a broad portfolio of products to patients including Teva's high quality generics. Furthermore, Takeda will receive income from the JV in the form of a supply and distribution fee, in addition to a 49% share of the JV's income and cash dividends. The transaction is expected to be both EPS (reported basis) and cash flow

accretive in FY2016, as well as over the long-term.

**Outlook for FY2016**

Regarding the forecast for consolidated reported results for the full year of FY2016, Takeda has revised net profit upwards from the forecast announced on May 10, 2016, at the announcement of 2nd quarter financial results on October 28, 2016.

Although Takeda anticipates the strong performance in each region to continue, the negative impact of foreign exchange rates due to the appreciation of the yen has resulted in a revised revenue forecast of 1,670.0 billion JPY (-2.9% versus the previous forecast). The operating profit forecast is maintained at 135.0 billion JPY despite the negative impact of foreign exchange rates. Reported net profit/EPS forecast increased by 3.4% versus the previous forecast reflecting a lower tax rate.

As a result of an anticipated stronger performance by the underlying business, Takeda is increasing the management guidance for underlying Core Earnings to "Mid-to high-teen growth." Underlying Core EPS is trending towards the high end of range ("Low-to mid-teen growth").

**Capital Allocation Policy**

- R&D investments in the pipeline and platform technology
- External business development opportunities to strengthen Growth Drivers
- Shareholder returns through dividends and share buybacks, while also placing importance on capital gain for shareholders through the increase of corporate value

**Shareholder Return**

In FY2016 Takeda will maintain the annual dividend of 180 JPY per share, the same level as prior years.

**FY2016 Management Guidance – Underlying Growth (%)**

	Guidance as of May 10, 2016	Revised Guidance as of October 28, 2016
Underlying Revenue	Mid single digit growth	Mid single digit growth
Underlying Core Earnings	Low-to mid-teen growth	Mid-to high-teen growth
Underlying Core EPS	Low-to mid-teen growth	Low-to mid-teen growth

**Reported Forecasts for FY2016** (Billion JPY)

	Forecast as of May 10, 2016	Revised forecast as of October 28, 2016	Change	
Revenue	1,720.0	1,670.0	-50.0	-2.9%
R&D expenses	325.0	310.0	-15.0	-4.6%
Operating profit	135.0	135.0	—	—
Profit before tax	132.5	132.5	—	—
Net profit for the year (attributable to owners of the Company)	88.0	91.0	+3.0	+3.4%
EPS (JPY)	112	116	+4	+3.4%

Note: Foreign exchange rates (full year average rates) for FY2016 are assumed at 1 USD = 104 JPY, 1 euro = 117 JPY

## Building a global presence founded on Takeda values

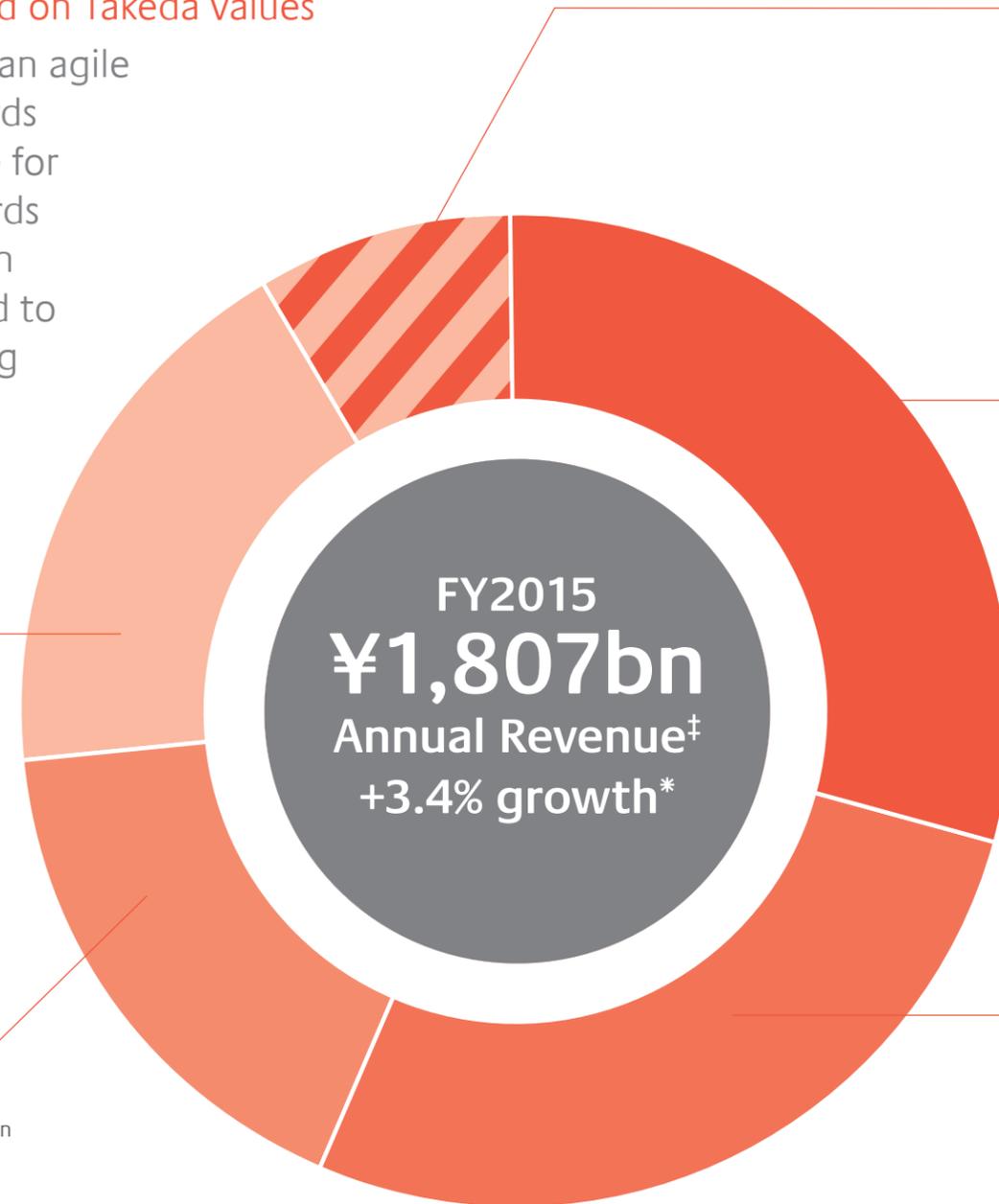
Takeda continues its pursuit to be an agile global organization, striving towards better health and a brighter future for people worldwide. We work towards providing access to our products in more countries and are committed to continued growth through building on relationships and developing strategic partnerships worldwide.

### Emerging Markets +4.8%\*

Present in over 35 Emerging Markets, Takeda is committed to bringing our portfolio of trusted Value Brands and Innovative Medicines in core therapy areas of GI, Oncology and Diabetes while exploring partnerships to expand access and address unmet need throughout the world. Applying the values of Takeda-ism and instilling a culture of uncompromised compliance, we aspire to position Takeda as a top 10 pharmaceutical company viewed as best-in-class in the eyes of patients, customers and employees.

### Europe and Canada -0.3%\*

Takeda's Europe and Canada Business Unit continues to grow, accelerating its transformation into an agile specialty care provider. This will be achieved through the successful execution of *ENTYVIO*<sup>®</sup> (ulcerative colitis and Crohn's disease) first-line strategy, strong cost discipline and efficient mature portfolio management. In addition, preparations are under way for the anticipated best-in-class launch of *NINLARO*<sup>®</sup> (multiple myeloma).



### Japanese Consumer Healthcare and Others<sup>§</sup> +5.5%\*

With the aim of becoming a leading consumer healthcare company in Japan and across Asia, the Japan Consumer Healthcare business will be transferred into a wholly owned subsidiary, Takeda Consumer Healthcare Company Limited, which was established in April 2016. This new company will operate with a more agile business model in the consumer healthcare market and will respond faster to changes in the market. The new company is expected to start business in April 2017.

### Japan Pharmaceuticals -3.3%\*

The Japan Pharma Business Unit will continue to lead the Japanese pharmaceutical industry through continued focus on four product families during FY2016-2018: *AZILVA*<sup>®</sup> family (hypertension), Takeda DPP-4 family (type 2 diabetes), *LOTRIGA*<sup>®</sup> (hyperlipidemia) and *TAKECAB*<sup>®</sup> family (acid-related diseases). Going forward, specialty products such as *ENTYVIO*<sup>®</sup>, *TRINTELLIX*<sup>®\*\*\*</sup> (major depressive disorder) and rasagiline (Parkinson's disease) are anticipated for launch in the Japanese market in the near future, if approved. With these products, we will provide even greater value to patients and healthcare providers.

Takeda has transferred long-listed products to the business venture with Teva Pharmaceuticals in Japan, which was established in April 2016 to meet the wide-ranging needs of patients and growing importance of generics.

### United States +12.4%\*

The U.S. Business Unit (BU), as the largest business outside Japan, continues significant growth by strengthening our focus on the successful product launches that include *ENTYVIO*<sup>®</sup> and *TRINTELLIX*<sup>®\*\*\*</sup> while continuing to grow other core brands. The U.S. BU will deliver growth through an integrated approach to commercialization built around the needs of patients, payors and providers to truly provide value through our medicines. To increase focus and agility, we have created two business units within the U.S. BU: Specialty Business (for *ENTYVIO*<sup>®</sup>) and General Medicine (for CNS, GI, gout and diabetes portfolio).



### Global Oncology

Takeda aspires to cure cancer by discovering, developing and delivering transformative medicines to people living with cancer around the world. We have an innovative and rapidly growing pipeline as well as multiple marketed products with combined global sales of 300 billion JPY. These products include *ADCETRIS*<sup>®</sup> (Hodgkin lymphoma, systemic anaplastic large cell lymphoma), *VECTIBIX*<sup>®</sup> (colorectal cancer), *LUPRON*<sup>®</sup> (prostate cancer), *MEPACT*<sup>®</sup> (osteosarcoma), *VELCADE*<sup>®</sup> (multiple myeloma, mantle cell lymphoma), and *NINLARO*<sup>®</sup>. Takeda is committed to building on our antibody-drug conjugate technology, exemplified by our partnerships with ImmunoGen, Mersana Therapeutics and Seattle Genetics. We continue to look for external innovation through strategic partnerships with leading research and academic centers worldwide. We will also continue to ensure our innovative therapies are available to patient populations worldwide.

### Global Vaccines

Takeda is developing and delivering vaccines to address some of the most important challenges in global public health. Dengue and norovirus are estimated to cause one billion infections around the world each year. Takeda has two of the most promising vaccine candidates for these diseases in our late-stage pipeline. We are seeking ways to build upon our strong foundation in Japan, by bringing new products such as *Haemophilus influenzae* Type B (Hib) and varicella vaccines to the market and entering partnerships with other companies to expand our portfolio further. We have established a highly innovative vaccine manufacturing platform at our site in Hikari and are preparing Japan operations to supply important vaccines to populations in both developed and developing countries around the world.

\* Year-on-Year underlying growth rate in FY2015, excluding one-time factors and exchange rate effects.  
\*\* *TRINTELLIX*<sup>®</sup> is the brand name used since June 2016 for the product previously marketed as *BRINTELLIX*<sup>®</sup> in the U.S.

‡ Equivalent \$16.1bn, based on ¥/\$ exchange rate of 112, the approximate exchange rate on March 31, 2016.  
§ Others: Representing licensees business, etc.

## Partnerships for Sustainable Development Goals (SDGs)

Corporate Social Responsibility is integral to Takeda's values and putting patients first

### Our Fundamental Policy on CSR

For Takeda, CSR is rooted in putting the patient at the center and operating a pharmaceutical business that creates outstanding products. In addition, we strive to maintain and improve sound business processes, and to engage in activities to promote a sustainable society as a good corporate citizen. By creating and preserving value through CSR, we build trust with society, reinforce our reputation, and further develop the pharmaceutical business. In conducting our activities, we refer to internationally recognized guidelines, such as the United Nations Global Compact's 10 principles, and long-term international targets, such as the Sustainable Development Goals (SDGs).

human race from poverty and secure our planet's future. Takeda is committed to SDGs – in particular, Goal 3, which calls for ensuring healthy lives and promoting well-being for all at all ages, and aligns with our overall CSR strategy of delivering better health to people worldwide. Over the decade, through partnerships and collaborations with nonprofits, nongovernmental organizations (NGOs) and CSR organizations globally, we have developed numerous programs that address all of the 17 SDGs.



### Achieving Sustainable Development Goals

In September 2015, the United Nations General Assembly adopted SDGs, which outline a plan of action for people, planet and prosperity. All stakeholders are tasked to act in partnership to implement this plan with the aim to free the



### Action Mapping for SDGs

As a UN Global Compact Lead company, we have created a Takeda Action Map for SDGs based on the SDG industry matrix, Healthcare and Life Sciences. In terms of the corporate citizenship programs, Takeda has established a mid-term strategy, "Prevention for Health in Developing and Emerging Countries" which will meet the needs of the international community.



#### Good Health

- Pharmaceutical Business (Medicines and Vaccines)
- Prevention-focused partnership programs in developing and emerging countries
  - Vaccination for Children
  - Maternal and Child Health
- Environmental Protection



#### No Poverty

- Capacity Building of Healthcare Workers for HIV/AIDS, Tuberculosis and Malaria (The Global Fund)



#### Zero Hunger

- Maternal and Newborn Health for Ethnic Minority (Save the Children Japan)



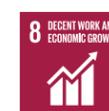
#### Education

- Diabetes e-Learning for Healthcare Professionals (Project HOPE)



#### Gender

- Community Health Workers Training for Maternal and Child Health (World Vision)



#### Decent Work

- Health to Female Workers In Emerging and Developing Countries (Business for Social Responsibility)



#### Innovation

- Polio Vaccine Partnership (Bill & Melinda Gates Foundation)
- Global Measles Vaccination for Children (UN Foundation)



#### Equities

- Digital Birth Registration (Plan International Japan)



#### Climate Action

- Caring for Climate (UNGC/UNEP)



#### Institutions

- The Global Health Innovative Technology Fund (The GHIT Fund)



#### Other

- Response to Natural Disasters for Resilient Society (IYOAD)
- Global Relay for Life (American Cancer Society)
- Biodiversity Conservation Initiatives (Takeda Garden for Medicinal Plant Conservation, Kyoto, Japan)



#### Partnerships

- United Nations Health Ministries
- World Health Organization (WHO)
- Industry Associations

- The Global Fund
- The GHIT Fund
- Bill & Melinda Gates Foundation
- UN Foundation

- UN Global Compact LEAD Business for Social Responsibility
- CSR Europe
- CSR Asia

- American Cancer Society
- Plan International Japan
- Project HOPE
- Save the Children Japan
- World Vision

Promoting Responsibility in Business for a Secure Future



**Supplier Diversity**

At Takeda, our supplier diversity program allows us to invest in the communities in which we live, work and serve by purchasing goods and services from a diverse range of businesses. Partnering with small or diverse suppliers contributes to our mission by giving Takeda access to new and innovative products and services and supports our overall values and corporate commitment to responsibility and sustainability. It also provides overall value within our procurement process by optimizing price, quality and availability of products and services.

Takeda was awarded Corporation of the Year by Diversity Alliance for Science, which promotes economic growth of small and diverse businesses and improving the quality of patient care. Nominated by one of our suppliers, we were recognized



Diversity Alliance for Science Awards ceremony

for our contribution to the development of small and diverse suppliers. We are proud of this recognition and the social impact our procurement has on the economy.

**Making Procurement Sustainable – Applying Our Supplier Code of Conduct**

Takeda has been actively implementing its Supplier Code of Conduct with new and existing suppliers beginning in FY2015 when those suppliers were being considered for business as part of Procurement's strategic sourcing process. In FY2015, nearly 1,000 suppliers, including over 120 of the company's top suppliers, committed to advancing Sustainable Procurement at Takeda. These suppliers acknowledged Takeda's commitment to the UN Global Compact and to advancing sustainable business practices, and supportive of continuing on this journey collaboratively with Takeda. Takeda will continue to implement the Supplier Code and further integrate sustainability into its procurement practices in FY2016. The Takeda Supplier Code of Conduct is generally aligned to the Pharmaceutical Supply Chain Initiative Principles, and covers areas including the environment, human rights, labor practices and safe work, data privacy, anticorruption and business practices, animal welfare and management systems.

The Supplier Code of Conduct:  
<http://www.takeda.com/company/suppliers/>

Environmental Responsibility

Takeda Environmental Action Plan: **medium-term global targets** (from FY2005 levels)



**Environmental Responsibility**

Conserving the environment, as well as the health and safety of our employees and communities, is integral to our mission of better health and a brighter future for people worldwide.

Takeda has promoted environmental activities with mid- and long-term vision by Takeda Group's Environmental Action Plan, which includes a numerical target of 18% reduction of CO<sub>2</sub> in FY2015 from FY2005 level. The achieved 21% exceeds the target significantly as a result of our efforts.

In June 2015, Takeda established a new Environmental Action Plan. To achieve our goals targeted for FY2020, we will promote company-wide reduction and comprehensively address global environment, accident prevention and employees' occupational health and safety.

Takeda has also joined the largest global business movement to address climate change by endorsing **Caring for Climate (C4C)**, an initiative led by the UN Global Compact, the UN Environment Programme and the secretariat of the UN Framework Convention on Climate Change. Takeda is only one Japanese pharmaceutical company participates in C4C, which has member of 450 companies from 65 countries. Through Takeda's efforts to address climate change and publicly report on our progress, and by capitalizing on engagement

opportunities for C4C signatories, we aim to advance the vital role business can play in moving towards low-carbon, climate-resilient and green economic pathways.

In addition, Takeda is one of the 700 companies, organizations and individuals who formally supported the historic Paris Climate Change Agreement by signing the **Paris Pledge for Action**. By joining the pledge, businesses, cities, investors and other signatories promised to ensure that the Paris Agreement's goal—limit global temperature rise to less than 2 degrees Celsius—is met or exceeded.

## Consolidated Statement of Operations

Takeda Pharmaceutical Company Limited and Subsidiaries  
Years ended March 31, 2016 and 2015

	Million JPY		Thousand USD
	2016	2015	2016
	IFRS	IFRS	IFRS
<b>Revenue</b>	¥1,807,378	¥1,777,824	\$16,137,304
Cost of sales	(535,405)	(520,990)	(4,780,402)
<b>Gross profit</b>	1,271,972	1,256,834	11,356,893
Selling, general and administrative expenses	(650,773)	(612,613)	(5,810,473)
Research and development expenses	(345,927)	(382,096)	(3,088,634)
Amortization and impairment losses on intangible assets associated with products	(125,140)	(176,402)	(1,117,321)
Other operating income	25,081	107,181	223,938
Other operating expenses	(44,386)	(322,158)	(396,304)
<b>Operating profit (loss)</b>	130,828	(129,254)	1,168,107
Finance income	21,645	15,357	193,259
Finance expenses	(31,931)	(32,878)	(285,098)
Share of profit (loss) of associates accounted for using the equity method	(3)	1,337	(27)
<b>Profit (loss) before tax</b>	120,539	(145,437)	1,076,241
Income tax benefit (expenses)	(37,059)	2,403	(330,884)
<b>Net profit (loss) for the year</b>	¥ 83,480	¥ (143,034)	\$ 745,357
<b>Attributable to:</b>			
Owners of the Company	¥ 80,166	¥ (145,775)	\$ 715,768
Non-controlling interests	3,313	2,741	29,580
<b>Net profit (loss) for the year</b>	¥ 83,480	¥ (143,034)	\$ 745,357
<b>Earnings per share</b>		JPY	USD
Basic earnings (loss) per share	¥ 102.26	¥ (185.37)	\$0.91
Diluted earnings (loss) per share	101.71	(185.37)	0.91

Note: • The U.S. dollar amounts in this report represent translations of Japanese yen, solely for the reader's convenience, at the rate of ¥112=US\$1, the approximate exchange rate on March 31, 2016.  
• Takeda has adopted International Financial Reporting Standards (IFRS) from fiscal 2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS.

For consolidated financial statements and notes to consolidated financial statements, refer to the "Consolidated Financial Statements Under IFRSs and Independent Auditor's Report":  
<http://www.takeda.com/investor-information/>

## Consolidated Statement of Financial Position

Takeda Pharmaceutical Company Limited and Subsidiaries  
Years ended March 31, 2016 and 2015

	Million JPY		Thousand USD
	2016	2015	2016
	IFRS	IFRS	IFRS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	¥ 551,916	¥ 526,162	\$ 4,927,821
Goodwill	779,316	821,911	6,958,179
Intangible assets	743,128	939,381	6,635,071
Investment property	26,626	30,218	237,732
Investments accounted for using the equity method	10,016	10,425	89,429
Other financial assets	149,548	241,323	1,335,250
Other non-current assets	18,975	52,192	169,420
Deferred tax assets	170,773	154,506	1,524,759
<b>Total non-current assets</b>	2,450,298	2,776,120	21,877,661
<b>CURRENT ASSETS</b>			
Inventories	254,010	262,354	2,267,946
Trade and other receivables	415,379	444,681	3,708,741
Other financial assets	108,600	61,275	969,643
Income taxes recoverable	15,192	22,148	135,643
Other current assets	64,145	63,225	572,723
Cash and cash equivalents	451,426	652,148	4,030,589
Subtotal	1,308,752	1,505,830	11,685,286
Assets held for sale	65,035	14,243	580,670
<b>Total current assets</b>	1,373,787	1,520,072	12,265,955
<b>Total assets</b>	¥3,824,085	¥4,296,192	\$34,143,616
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bonds and loans	¥ 539,760	¥ 629,416	\$ 4,819,286
Other financial liabilities	102,120	70,105	911,786
Net defined benefit liabilities	84,867	91,686	757,741
Provisions	34,421	47,075	307,330
Other non-current liabilities	71,032	78,778	634,214
Deferred tax liabilities	123,469	156,132	1,102,402
<b>Total non-current liabilities</b>	955,668	1,073,191	8,532,750
<b>CURRENT LIABILITIES</b>			
Bonds and loans	228,464	99,965	2,039,857
Trade and other payables	191,089	170,782	1,706,152
Other financial liabilities	37,168	42,105	331,857
Income taxes payable	43,133	41,071	385,116
Provisions	115,341	418,587	1,029,830
Other current liabilities	226,899	238,469	2,025,884
Subtotal	842,094	1,010,978	7,518,696
Liabilities held for sale	15,119	5,846	134,991
<b>Total current liabilities</b>	857,213	1,016,824	7,653,688
<b>Total liabilities</b>	1,812,882	2,090,016	16,186,446
<b>EQUITY</b>			
Share capital	64,766	64,044	578,268
Share premium	68,829	59,575	614,545
Treasury shares	(35,974)	(18,203)	(321,196)
Retained earnings	1,523,127	1,601,326	13,599,348
Other components of equity	327,944	430,305	2,928,071
Equity attributable to owners of the Company	1,948,692	2,137,047	17,399,036
Non-controlling interests	62,511	69,129	558,134
<b>Total equity</b>	2,011,203	2,206,176	17,957,170
<b>Total liabilities and equity</b>	¥3,824,085	¥4,296,192	\$34,143,616

For consolidated financial statements and notes to consolidated financial statements, refer to the "Consolidated Financial Statements Under IFRSs and Independent Auditor's Report":  
<http://www.takeda.com/investor-information/>

## Eleven-Year Summary of Selected Financial Data

Takeda Pharmaceutical Company Limited and Subsidiaries

	Million JPY											Thousand USD
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2016
	IFRS	IFRS	IFRS	IFRS	J-GAAP	IFRS						
Revenue	¥1,807,378	¥1,777,824	¥1,691,685	¥1,557,005	¥1,508,932	¥1,419,385	¥1,465,965	¥1,538,336	¥1,374,802	¥1,305,167	¥1,212,207	\$16,137,304
Research and development expenses	345,927	382,096	341,560	321,323	281,885	288,874	296,392	453,046	275,788	193,301	169,645	3,088,634
Operating profit (loss)	130,828	(129,254)	139,274	64,994	265,027	367,084	420,212	306,468	423,123	458,500	402,809	1,168,107
Profit (loss) before tax	120,539	(145,437)	158,851	133,068	252,478	371,572	415,829	398,546	576,842	625,379	517,957	1,076,241
Net profit (loss) attributable to owners of the Company	80,166	(145,775)	106,658	148,583	124,162	247,868	297,744	234,385	355,454	335,805	313,249	715,768
Per share amounts (JPY and USD)												
Basic earnings (loss)	¥ 102.26	¥ (185.37)	¥ 135.10	¥ 188.21	¥ 157.29	¥ 314.01	¥ 377.19	¥ 289.82	¥ 418.97	¥ 386.00	¥ 353.47	\$ 0.91
Diluted earnings (loss)	101.71	(185.37)	134.95	188.17	157.26	313.96	377.14	289.80	—	—	—	0.91
Cash dividends	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	168.00	128.00	106.00	1.6
Non-current assets	¥2,450,298	¥2,776,120	¥2,976,607	¥2,821,151	¥2,298,034	¥1,200,150	¥1,250,400	¥1,284,604	¥ 605,487	¥ 714,788	¥ 670,324	\$21,877,661
Current assets	1,373,787	1,520,072	1,592,536	1,231,405	1,278,996	1,586,252	1,572,874	1,475,584	2,243,792	2,357,713	2,371,970	12,265,955
Total assets	3,824,085	4,296,192	4,569,144	4,052,556	3,577,030	2,786,402	2,823,274	2,760,188	2,849,279	3,072,501	3,042,294	34,143,616
Non-current liabilities	955,668	1,073,191	1,225,755	1,080,423	753,433	213,150	230,051	234,242	98,035	168,978	158,444	8,532,750
Current liabilities	857,213	1,016,824	802,754	633,847	751,731	436,596	428,477	472,106	428,711	442,407	488,227	7,653,688
Equity	2,011,203	2,206,176	2,540,635	2,338,286	2,071,866	2,136,656	2,164,746	2,053,840	2,322,533	2,461,116	2,395,623	17,957,170
Number of shareholders	265,421	269,127	308,360	278,845	304,628	256,291	236,480	196,437	149,478	112,113	108,111	—
Number of employees	31,168	31,328	31,225	30,481	30,305	18,498	19,654	19,362	15,487	14,993	15,069	—

Note: • The U.S. dollar amounts in this report represent translations of Japanese yen, solely for the reader's convenience, at the rate of 112=US\$1, the approximate exchange rate on March 31, 2016.  
• Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries. From fiscal 2010, ended March 31, 2011, the numbers are indicated on a full time equivalent basis.  
• Takeda has adopted International Financial Reporting Standards (IFRS) from fiscal 2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS. According to this adoption, the previous year's information is also based on IFRS.  
• Account names under IFRS. Names in J-GAAP correspond to names in IFRS as follows: •Net sales/Revenue •Operating Income/Operating profit •Income before income taxes and minority interests/Profit before tax •Net income/Net profit attributable to owners of the Company •Earnings per share/Basic earnings per share •Diluted net income per share/Diluted earnings per share •Net assets/Equity

## Ethical Drugs: Revenue by Region

Takeda Pharmaceutical Company Limited and Subsidiaries  
Years ended March 31, 2016 and 2015

	Billion JPY				
	2016 IFRS	2015 IFRS	Reported YoY	Reported Growth 2016/2015	Underlying Growth 2016/2015
Net sales	¥1,592.8	¥1,527.6	¥ 65.3	4.3%	4.8%
Japan	535.1	553.2	(18.2)	(3.3)	(2.8)
United States	495.3	394.9	100.4	25.4	14.3
Europe and Canada	283.5	287.1	(3.6)	(1.2)	3.0
Emerging Markets	279.0	292.4	(13.4)	(4.6)	7.0
Russia/CIS	61.5	79.5	(18.0)	(22.7)	4.6
Russia	43.3	56.2	(12.9)	(29.7)	9.1
Latin America	66.0	80.1	(14.0)	(17.5)	8.7
Brazil	37.4	46.2	(8.8)	(23.5)	7.8
Asia	116.6	102.4	14.1	13.8	8.4
China	63.2	53.0	10.3	16.2	11.1
Other	34.9	30.3	4.5	14.9	2.4
Royalty income and service income	55.8	86.9	(31.1)	(35.8)	(29.4)
Japan	6.6	8.1	(1.5)	(18.7)	(28.8)
Overseas	49.3	78.8	(29.6)	(37.5)	(29.4)
Total ethical drugs revenue	¥1,648.7	¥1,614.5	¥ 34.2	(2.1)	3.2
Ratio of overseas ethical drugs revenue	67.1%	65.2%	1.9pt		

Note: • Revenue amount is classified into countries or regions based on the customer location.

- Effective from fiscal 2014, the company changed the regional classification to ensure consistency with its global organizational structure (previous "North America" was divided into "United States" and "Canada", and "Canada" and previous "Europe" were integrated into "Europe and Canada").
- Other region includes Middle East, Oceania and Africa.

## Ethical Drugs: Global Major Products' Sales

Takeda Pharmaceutical Company Limited and Subsidiaries  
Years ended March 31, 2016 and 2015

Product	Billion JPY				
	2016 IFRS	2015 IFRS	Reported YoY	Reported Growth 2016/2015	Underlying Growth 2016/2015
VELCADE	¥162.0	¥152.7	¥ 9.3	6.1%	(4.2)%
LEUPRORELIN	124.4	124.0	0.4	0.3	0.5
PANTOPRAZOLE	100.8	103.7	(3.0)	(2.9)	(2.0)
LANSOPRAZOLE	89.5	102.9	(13.4)	(13.1)	(15.2)
ENTYVIO	86.2	27.8	58.3	—	199.1
CANDESARTAN	84.8	125.7	(41.0)	(32.6)	(33.4)
DEXILANT	75.1	62.3	12.8	20.6	11.9
AZILVA	59.0	45.4	13.7	30.1	30.1
NESINA	48.9	44.3	4.6	10.5	10.4
COLCRYS	46.5	58.8	(12.4)	(21.0)	(28.9)
ULORIC	42.5	33.2	9.3	28.1	16.7
AMITIZA	37.3	32.0	5.3	16.7	5.7
ADCETRIS	27.6	22.9	4.8	20.8	27.6
TRINTELLIX*	24.5	13.6	10.9	79.9	63.7
TAKECAB	8.4	3.2	5.2	161.0	161.0
NINLARO	4.0	—	4.0	—	—

Note: Royalty income and service income are included in 2015 and 2016.

\* The trade name in the United States was changed from BRINTELLIX to TRINTELLIX starting June 2016.

## Key Social Responsibility Data

Takeda Pharmaceutical Company Limited and Subsidiaries

Labor	2016			2015			2014		
	Total	2016	2015	Total	2015	2014	Total	2015	2014
Number of employees	31,168	31,168	31,328	31,168	31,328	31,225	31,168	31,328	31,225
Japan	9,291	9,291	9,612	9,291	9,612	9,554	9,291	9,612	9,554
Overseas	21,877	21,877	21,716	21,877	21,716	21,671	21,877	21,716	21,671
Ethical drugs	28,762	28,762	28,761	28,762	28,761	28,672	28,762	28,761	28,672
Consumer healthcare	500	500	457	500	457	461	500	457	461
Other businesses	1,906	1,906	2,110	1,906	2,110	2,092	1,906	2,110	2,092

Note: Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries on a full time equivalent basis

## Environment

Total input energies	8,245 million MJ	8,387 million MJ	8,725 million MJ
Fresh water used	5,591 thousand m <sup>3</sup>	6,186 thousand m <sup>3</sup>	6,673 thousand m <sup>3</sup>
CO <sub>2</sub> emissions	407 kilotons of CO <sub>2</sub>	415 kilotons of CO <sub>2</sub>	418 kilotons of CO <sub>2</sub>
NOx (nitrogen oxides) emissions	88 tons	94 tons	300 tons
SOx (sulfur oxides) emissions	18 tons	14 tons	106 tons
Dust emissions	2 tons	2 tons	26 tons
Amount of waste generated	38 kilotons	44 kilotons	42 kilotons
PRTR-designated substances released into the atmosphere (Japan)	32 tons	40 tons	34 tons

## Corporate Citizenship Activities

Cash donations	¥2,442 million	¥1,489 million	¥3,220 million
Takeda Science Foundation research grants	¥1,663 million	¥1,516 million	¥1,520 million
Shoshisha Foundation scholarships	¥85 million	¥105 million	¥102 million
Institute for Fermentation, Osaka, research grants	¥404 million	¥396 million	¥407 million

## Corporate Information

as of March 31, 2016

### Takeda Pharmaceutical Company Limited

Founded June 12, 1781  
 Date of Incorporation January 29, 1925  
 Share Capital ¥64,766 million  
 Number of Shareholders 265,421  
 Common Shares Issued 790,284,095  
 Independent Certified Public Accountants KPMG AZSA LLC  
 Ginsen Bingomachi Bldg. 3-6-5, Kawara-machi, Chuo-ku, Osaka-shi, Osaka 541-0048, Japan  
 Stock Exchange Listings (#4502) Tokyo, Nagoya, Fukuoka, Sapporo  
 Administrator of the Shareholders' Register Mitsubishi UFJ Trust and Banking Corporation  
 4-5 Marunouchi 1-chome Chiyoda-ku, Tokyo 100-8212, Japan

### American Depositary Receipts (ADR) :

Ratio (ADR:ORD): 2:1  
 Exchange: OTC (Over-the-Counter)  
 Symbol: TKPYY  
 CUSIP: 874060205

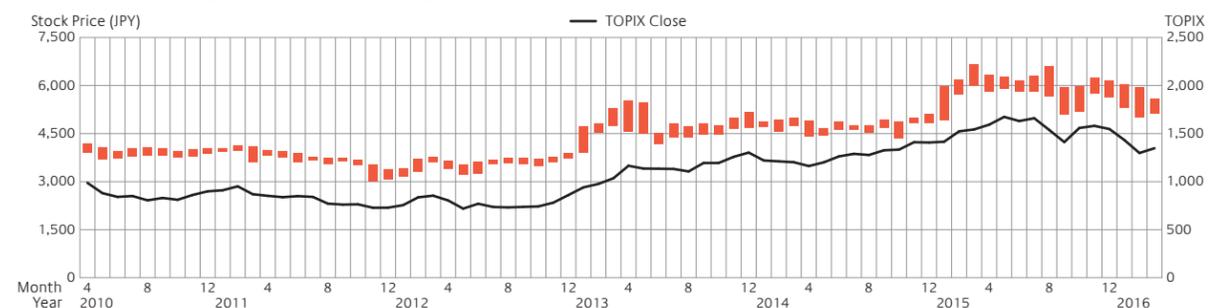
### Depository :

The Bank of New York Mellon  
 101 Barclay Street, New York, NY 10286, USA  
 DR Shareowner Contact:  
 Non-U.S. Callers: 201-680-6825  
 U.S. Callers: (888) 269-2377  
 URL: <http://www.adrbnymellon.com>

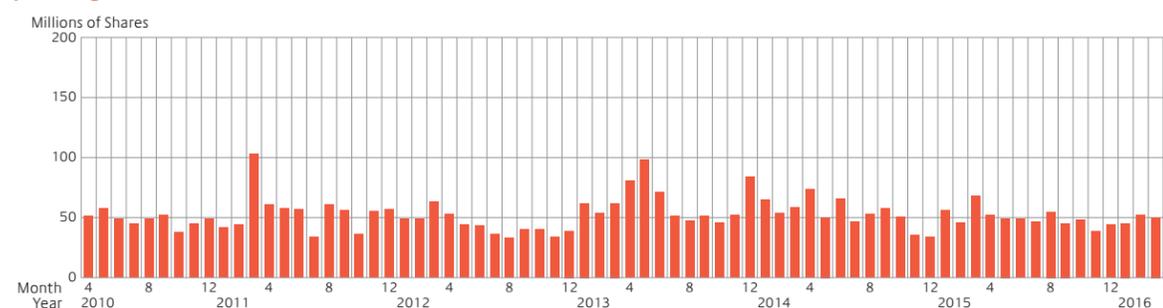
### Principal Shareholders (10 largest shareholders)

Shareholders	No. of shares held (1,000)	% of shares outstanding
Nippon Life Insurance Company	50,760	6.42
The Master Trust Bank of Japan, Ltd. (Trust account)	36,308	4.59
Japan Trustee Services Bank, Ltd. (Trust account)	33,223	4.20
JP Morgan Chase Bank 380055	30,670	3.88
Takeda Science Foundation	17,912	2.27
Barclays Securities Japan Limited	15,000	1.90
State Street Bank West Client-Treaty 505234	13,741	1.74
JP Morgan Chase Bank 385147	11,358	1.44
Japan Trustee Services Bank, Ltd. (Trust account 7)	10,903	1.38
STATE STREET BANK AND TRUST COMPANY 505225	10,044	1.27

### Monthly Stock Price Range (Tokyo Stock Exchange)



### Monthly Trading Volume



\* TOPIX (Tokyo Stock Price Index) is an intellectual property that belongs to the Tokyo Stock Exchange, Inc. (TSE). All the rights to calculate, publicize, disseminate, and use the index value are reserved by the TSE.

### For further information, please contact

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<http://www.takeda.com/>



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**Takeda Pharmaceutical Company Limited**