



2022 Annual Integrated Report

Fiscal Year Ended March 31, 2022





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¹ CGCASO = Chief Global Corporate Affairs & Sustainability Officer

CEO LETTER TO STAKEHOLDERS

CHRISTOPHE WEBER

President & CEO



Dear Stakeholders,

Takeda has existed for more than 240 years, yet we are reminded each day of the critical importance of our work, and we are fueled by the impact we make in our mission to transform lives. We often talk about the importance of our core values of Takeda-ism (Integrity, Fairness, Honesty and Perseverance) brought to life through actions based on patient, trust, reputation and business, in that order. These values guide everything we do and are fundamental to who we are as a company. Our purpose, as a core foundation of our global growth strategy, will help us create value for decades to come.

Transforming the lives of patients

The work we do transforms lives, helping patients with limited or no treatment options in our therapeutic and business areas of oncology, rare genetics and hematology, neuroscience, gastroenterology, plasma-derived therapies (PDT) and vaccines. Our R&D pipeline is a clear demonstration of how we are working to deliver unique value to patients. We have a robust pipeline of medicines that all have the potential to transform the treatment landscape.

Unleashing the power of data and technology is crucial to our vision to transform the lives of patients. Data and technology are revolutionizing our industry and creating better experiences and outcomes for patients by accelerating the discovery, development and delivery of life-transforming treatments. Takeda is on the leading edge of this revolution.

Inspiring our people and building a workplace of the future

I attribute our ongoing success to our approximately 50,000 dedicated and patient-focused colleagues who embody our values and help us build a dynamic future. Our intention is to continuously deliver an exceptional experience to our people, wherever they work. This starts by attracting and retaining a talented, diverse and highly engaged workforce and offering a culture of lifelong learning and talent development, so our people, regardless of role, can reach their highest potential.

And we are focused on strengthening our culture and sense of community while allowing for the flexibility that is so important for supporting well-being. This emphasis on well-being has been a valuable takeaway from the COVID-19 pandemic, as many of us have been faced with unprecedented pressures.

Building sustainable health care and fostering a better planet

We're on a journey to embed purpose-led sustainability so that it informs everything we do. Ultimately, we see an opportunity to create sustainable value using our core assets and capabilities to help in solving big societal issues, including addressing health disparities and inequity.

We are also working to build support for value-based health care, which we believe is essential to address the challenges health care systems face in delivering innovative health services and technologies sustainably.

and equitably. This complements our ongoing efforts to expand access to our medicines worldwide. The Takeda Center for Health Equity and Patient Affairs is gathering diverse perspectives from people around the world and developing a broad eco-system of partners to ensure that these voices are heard and that equity considerations are embedded into both our R&D and patient access activities.

Throughout this report you will also see indicators of Takeda's alignment with key components of the United Nations Global Compact and Sustainable Development Goals. As a signatory of the Global Compact, Takeda remains committed to its principles and to reporting on our progress in implementing them.

The stakes have never been higher for the future of our planet. We see the accelerating reality of the climate change crisis and are challenging our own ambitions to address our carbon footprint and decarbonize our entire value chain. In 2020, we achieved carbon neutrality across our value chain, through greenhouse gas emissions reduction efforts and validated carbon offsets. We're now committed to being net-zero across our Scope 1 and 2 emissions before 2035 and across our entire value chain, including currently estimated Scope 3 emissions, before 2040.¹

Delivering long-term business growth

Over the past several years, we have dramatically accelerated our competitive position. This is evident in our strong performance in fiscal year (FY) 2021. We delivered significant topline acceleration, with underlying revenue growth of +7.4% driven by sales

of our global growth products.² On a reported basis, revenue was 3,569.0 billion yen (\$29.4 billion dollars), with a year-on-year increase of +11.6%. And we successfully achieved our management guidance for underlying revenue and profit growth.

With regard to profitability, in FY2021 Takeda delivered underlying Core Operating Profit growth of +5.4%, and a competitive margin of 28.0%. This strong performance was in spite of temporary sales mix and pandemic-related headwinds, which were largely offset by improved OPEX efficiency. We also continue to deliver important cash flow (943.7 billion yen free cash flow in FY2021), allowing us to invest in our growth drivers, while also paying down debt, resulting in net debt to adjusted EBITDA of 2.8x in March 2022. I am confident that our growth momentum will continue into FY2022 and beyond, and will support our Total Shareholder Returns as we look forward to a new phase of creating significant shareholder value.

Strong momentum for the future

This fiscal year was exceptional for our business thanks to our agile response to the dynamic global environment and our R&D momentum. We are proving our ability to bring new therapies to patients, expand indications and launch products in new geographies. Our commercial growth trajectory enables us to invest in and develop a modality diverse pipeline, with approximately 40 clinical-stage medicines. Importantly, 10 of the R&D programs at Takeda are in late-stage development, providing several medium-term commercial opportunities.



For the next phase of growth at Takeda, we are unleashing the power of data and technology to transform the way we work across our entire value chain. Digital technologies will drive innovation, efficiencies and sustainability across everything we do — from drug discovery and clinical trials to product manufacturing and global distribution.

Our goal is to continue to grow Takeda into the most trusted, science-driven, digital biopharmaceutical company. We are fostering a culture that champions bold ideas and innovative solutions to deliver lasting value for stakeholders. Our focus on patients will forever fuel our strategy and contribute to long-term value creation for all.

CHRISTOPHE WEBER
President & CEO

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

² Takeda uses certain non-IFRS measures — including underlying revenue growth and Core Operating Profit — to supplement the analysis of results of operations under IFRS. Please refer to the appendix for definitions, explanations and reconciliations of non-IFRS measures.

MESSAGE FROM THE EXTERNAL DIRECTOR, CHAIR OF THE BOARD MEETING

MASAMI IJIMA

External Director,
Chair of the Board Meeting



It was an honor to have been appointed Chair of the Board Meeting at the recent 146th Ordinary General Meeting of Shareholders. Masahiro Sakane, my predecessor, was committed to energizing the Board of Directors and working closely with Christophe Weber, President & CEO, to further globalize Takeda and strengthen its governance.

Succeeding Masahiro as Chair of the Board of Directors is a great responsibility. And I intend to use all of the experience I gained leading Mitsui & Co. and building close relationships in the business community to contribute to Takeda's growth and development.

A future guided by purpose and Takeda-ism

Global companies operate in an increasingly difficult business environment. The COVID-19 pandemic raised questions about the ability of health care and pharmaceutical companies to deal with infrastructure and supply challenges. In addition, environmental issues, such as climate change caused by global warming are intensifying. And the Russia-Ukraine conflict has changed geopolitical relationships overnight, increasing tensions between countries and making international relations even more complex.

In 1916, Eiichi Shibusawa, a leading figure in the development of Japan's modern economy, wrote in *Rongo to Soroban (Analects of Confucius and the Abacus)* that business and the achievement of a sustainable society are interconnected. Takeda's sustainability ambitions are based on its purpose to deliver better health for people, and a brighter future for the world. This perfectly embodies Takeda's character as a company that builds its global business around patients — people. Despite the uncertainty of today's business environment, guided by this purpose and Takeda-ism, Takeda is well-placed to achieve its vision for the future.

A board built on transparency and governance capability

In business, opportunity and risk are also interconnected. Members of the Board of Directors and internal leaders must look for growth opportunities and take risks to deliver on them. Of the 15 members of Takeda's Board of Directors, the majority (11) are independent external directors. I have been an external director at several companies, but the Board of Directors put together by my predecessor Masahiro and Christophe deserves special praise for its transparency and governance capability.

In addition to monitoring, a Board of Directors must also advise and direct. The mission of the Board of Directors is to serve all patients, colleagues and the planet which gives us life, and to demonstrate our capability to create long-term value. Our responsibilities are wide-ranging, from management plans and risk management to ESG (environmental, social and governance). We also play an important part in developing the next generation of leaders, which is crucial to the company's continued growth. In my experience, no matter how far technology advances, meaningful change is always driven by people, so developing those who will lead Takeda into the future is an important focus.

And as Chair of the Board Meeting, I will lead the Board of Directors with commitment and do my best to deliver value to shareholders and the company.

MASAMI IJIMA

External Director,
Chair of the Board Meeting



Dialogue with Takako and Costa

At Takeda, purpose-led sustainability is not just part of our business, **it is our business**. Here, Takako Ohyabu, Chief Global Corporate Affairs and Sustainability Officer, and Costa Saroukos, Chief Financial Officer, explain.

Q: How is Takeda's corporate philosophy reflected in its business strategy, capital allocation and operations?

Takako: The purpose of a company is to produce profitable solutions to problems. We view sustainability as how we operationalize our purpose — better health for people, brighter future for the world. In other words, how we will push the boundaries of what is possible in discovering and delivering life-transforming treatments for patients. And how can we do that, while being profitable and mindful of the health of our people and the planet.

Costa: Our corporate philosophy is the lens through which we plan our growth strategy and make business decisions, including where and how we invest resources. At the core are patients. In FY2021, we increased our R&D investment by 15% to accelerate our ability both in our labs and through external partnerships to discover and develop life-transforming treatments. We are also increasing investment in product launches, particularly in emerging markets.

Q: How does Takeda balance value creation among stakeholders?

Costa: The value we create for patients is intrinsically connected to the value we create for all stakeholders.

When we deliver innovative treatments that help improve patient health, value will follow for payers in terms of reduced overall health costs, for investors in terms of financial returns, and our employees in the form of competitive salaries and a workplace that invests in their overall wellbeing and career growth.

Takako: *We believe that creating value for society will drive business growth without ever compromising our commitment to people and our planet. By aligning business and societal value creation, we can make a difference in patients' lives and create a positive ripple effect through the outcomes we deliver.* We're all part of an ecosystem with patient outcomes at the center.

Q: How do investors react to our approach to value creation?

Costa: Investors increasingly recognize that our long-term success relies on our ability to deliver societal value in terms of discovering and launching innovative products — and that this doesn't happen overnight. They are increasingly factoring our non-financial performance into their decisions such as human capital management, Board diversity and transparent disclosure.

Takako: We are hearing from investors that they appreciate our corporate philosophy and how it aligns with broader trends and needs of society. Given that Takeda is present in many countries and regions, how we address our priorities may differ based on local context. In business, what gets measured gets managed. To ensure we make progress, we have developed a set of metrics, which we are test running. We are also working to assure the processes and data. We are taking a very deliberate approach to measure what is most meaningful to our business context and stakeholders and to integrate these metrics into our operations just as our financial metrics are today.

About this Report

This report outlines Takeda's financial and non-financial results of FY2021 and the focus areas we believe are most important for the stakeholders and communities we serve. The report includes the operations of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries. The reporting period covers FY2021 (April 1, 2021, to March 31, 2022), but this report may include information beyond March 31, 2022.

This report is published in conjunction with our regulatory disclosure documents: our Annual Securities Report filed with the Japanese Financial Services Agency and our Form 20-F filed with the U.S. Securities and Exchange Commission (SEC). The financial statements included in both of these reports are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Details of our annual reports can be found on our [website](#).

This report is supplemented by our [ESG Portal](#), which provides easy-to-navigate links to where Takeda discloses important information related to our environment, social and governance (ESG) policies, practices and data across our various reporting platforms. The ESG Portal also

contains our latest FY2021 ESG performance indicators under the categories of Patient, People, Planet and Values-Based Governance.

We have prepared this report in conjunction with additional frameworks and standards, including the:

- Integrated Reporting Framework
- The Sustainability Accounting Standards Board (SASB) Biotechnology & Pharmaceuticals Sustainability Accounting Standard. See [2022 SASB index report](#).
- The Biopharma Investor Environmental, Social and Governance (ESG) Communications Guidance
- Stakeholder Capitalism Metrics developed by the World Economic Forum (WEF) and its International Business Council. See [2022 WEF index report](#).
- The 10 principles of the United Nations Global Compact (UNGC). See [2022 UNGC index report](#).
- The Task Force on Climate-related Financial Disclosures (TCFD) framework. See [TCFD report](#).



For more information, visit [Investor Information | Takeda](#)

FY2021 Highlights



APPROXIMATELY 40 NEW MOLECULAR ENTITIES

PIPELINE: We are progressing approximately **40** new molecular entities



7.4% UNDERLYING REVENUE GROWTH¹

REVENUE: Revenue growth was largely driven by our growth and launch products, which represent about one-third of total sales and generated underlying revenue growth of **19%** in FY2021



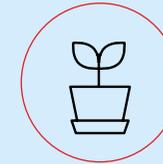
52% WOMEN

DIVERSITY, EQUITY AND INCLUSION: Our global organization today comprises **52% women** and in our manager population, **41% are women**



TOP EMPLOYER

GLOBALLY CERTIFIED: Takeda is **one of only 11 companies to achieve Global Top Employer** certification for 2022, the fifth year in a row



CLIMATE ACTION

27% GREENHOUSE GAS (GHG) REDUCTION: Additional focus on renewable energy sourcing and continued progress in site energy efficiency projects resulted in a **27% reduction** in GHG emissions from our direct operations (Scopes 1 and 2) from a FY2016 baseline.



COMMITMENT TO PHILANTHROPY

GLOBAL CSR PROGRAM: We have committed **JPY 16.2 billion** in total since 2016 to corporate philanthropy



¹ Takeda uses certain non-IFRS measures to supplement the analysis of results of operations under International Financial Reporting Standards ("IFRS"). Please refer to appendix pages for definitions, explanations and reconciliations of non-IFRS measures.



Our Business Environment

Our world is changing at rapid speed. Here are key trends we believe may have a significant impact on the patients we serve and our ability to serve them and how we are responding

The world continues to grapple with the effects of COVID-19 on public health.

The COVID-19 crisis has had extensive collateral health impacts. The incidence of non-communicable diseases (NCDs) has also worsened worldwide due to treatment delays caused by COVID-19. The pandemic and its collateral health impacts have the potential to continue to put pressure on health systems across the globe, widen health inequities, create social frictions and weigh down long-term economic growth potential.

At the same time, it is not clear that the global community is prepared for the next pandemic, including creating a transparent detection system and a worldwide inventory and revolving stock of treatments and vaccines, medical devices and testing kits. Simultaneously, investment in healthcare has been rising faster than gross domestic product (GDP) and incomes for decades due to growing and aging populations, lifestyle changes and the availability of more advanced solutions for complex diseases.

HOW WE ARE RESPONDING

We believe that a value-based approach to healthcare can lead to a better allocation of resources in health systems and better health outcomes for patients and society. We are working to champion this approach.



[Learn more](#)

Health inequity continues to grow worldwide.

COVID-19 has underscored the health inequities that have existed in access and health outcomes for generations — both between and within countries and populations. In all countries — whether low-, middle- or high-income — we are seeing widening disparities in the health status of different social groups. And almost a third of the world's population does not have access to the medicines they need.

During the pandemic we saw health inequities exacerbated by systemic and unintentional bias and inequities in the drivers of health. We also continued to experience underrepresentation of racial and ethnic minority patients in clinical trials.

HOW WE ARE RESPONDING

We are collaborating with diverse partners to identify and address health inequities in communities around the world.



[Learn more](#)

Geopolitical instability is on the rise with potentially devastating consequences

The recent war and humanitarian crisis in Ukraine are a stark reminder that we live in a very uncertain and politically divided world in which unprovoked acts of aggression can quickly lead to dramatic shifts in the geopolitical landscape and turbulent market dynamics. This conflict, along with the COVID-19 pandemic, have pressure tested the concept of globalization. We will likely see a seismic shift in the dependence on specific countries and economies and a more divided economy.

In the case of the conflict in Ukraine, leading global companies were forced to completely revisit their relationship with Russia almost overnight and many companies, including Takeda, made decisions to stop any non-essential investments. Businesses will need to redesign their supply chain strategies to be more agile in light of this new world order.

HOW WE ARE RESPONDING

We were faced with very tough decisions as the humanitarian crisis in Ukraine continued to escalate. We ended all non-essential business with Russia with one exception — delivering medicines to patients in need. In Ukraine, we are working with global humanitarian organizations to provide support to

people displaced and impacted by the conflict. We are also donating medicines to local organizations and hospitals working to provide care to patients in need, specifically those impacted by the conflict in Ukraine. Our response serves as a reminder that we will always be ready to lead with our values.

Climate change threatens to undo decades of global health progress.

The impact of climate change on our planet and future way of life is one of the biggest risks facing the world today, with profound implications for human health.

Climate change threatens to undo decades of progress to control mosquito-spread diseases with the potential to kill millions each year. Additionally, climate change is undermining many of the social determinants for good health, such as livelihoods, equality and access to healthcare and social support structures.

HOW WE ARE RESPONDING

As a global healthcare company, Takeda and our people have the knowledge and experience to help address the disease-related impacts of climate change through our core mission of developing life-changing medicines and vaccines. We are also making significant strides in decarbonizing our operations and value chain. We have been carbon neutral since 2019 and we are committed to achieving net-zero GHG emissions related to our operations (Scopes 1 and 2) before 2035 and for our entire value chain before 2040.



[Learn more](#)

The growth of data and digital has the potential to transform healthcare as we know it.

Over the past 24 months, industries have undergone rapid digitalization, workers have shifted to remote and hybrid working, and platforms and devices facilitating this change have proliferated. Nowhere has digital transformation been greater than in healthcare.

Social distancing measures have already forced many providers to employ virtual care technology for scheduled outpatient appointments. Hospitals and health systems are turning to cloud computing, 5G telecommunications, artificial intelligence and interoperable data and analytics to address current challenges and build digitally powered care delivery models for the future of health. Medical science is also being transformed by scientific discoveries that will dramatically advance the way healthcare professionals diagnose and treat diseases. Breakthroughs in digital medicines, nanomedicine, genomics and other fields are occurring at an unprecedented and exponential pace, building on transformed clinical trial structures.

Growing digital dependency also intensifies cyberthreats. Attacks on large and strategic systems have the potential to carry cascading physical and financial consequences across societies. Meanwhile, unequal access to connectivity and technology are continuing to widen the digital divide within and between societies.

HOW WE ARE RESPONDING

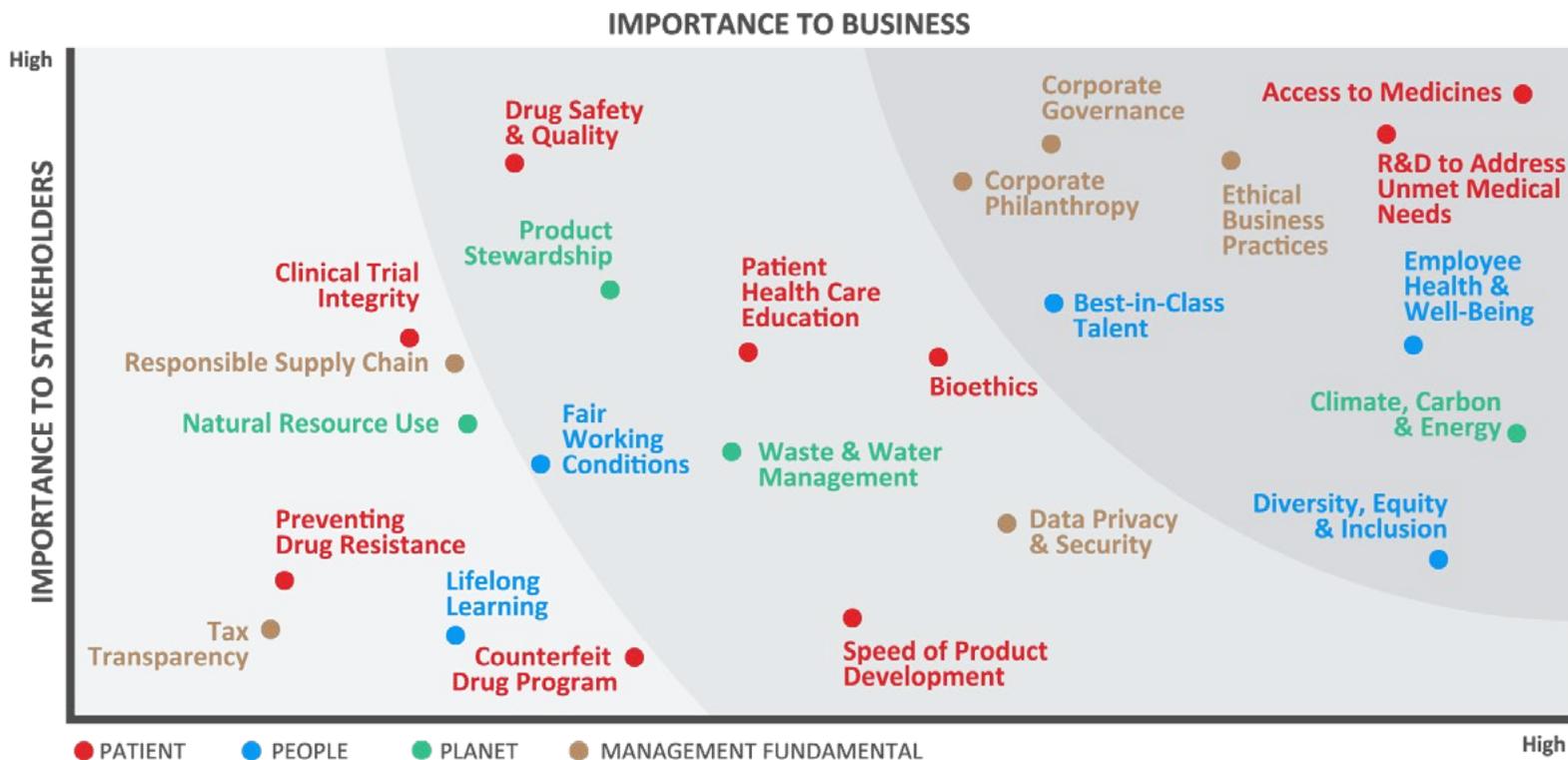
We see opportunities in data and digital to accelerate the discovery, development and delivery of our medicines and vaccines to patients. Find out more from our newly appointed Chief Data and Technology Officer.



[Learn more](#)

Materiality

We conducted a comprehensive materiality assessment to better understand which non-financial issues are strategically important to Takeda and of most interest to our stakeholders. We prioritized the issues according to their level of importance and then linked them to our Patient, People and Planet imperatives. We'll continue to review and update our material topics on an ongoing basis, reporting our progress annually.



Learn more about our materiality assessment [here](#).

Recent Environmental, Social and Governance (ESG) Recognition

DOW JONES
SUSTAINABILITY
ASIA PACIFIC INDEX

S&P Global
12th
consecutive year

ISS ESG
PRIME
STATUS

ISS
3rd
consecutive year

FTSE4GOOD
DEVELOPED
INDEX

FTSE Russell
17th
consecutive year

CDP A-LIST FOR
CLIMATE CHANGE
LEADERSHIP

Recognized as a
climate change leader
by **scoring A-** for
our climate change
disclosure

MSCI ESG
LEADERS
INDEX

MSCI
12th
consecutive year

ACCESS TO
MEDICINE INDEX

Access to Medicine
Foundation
**Ranked 6th overall and
led the pharmaceutical
industry** in Governance
of Access

About Takeda

Takeda is a global values-based, R&D-driven biopharmaceutical leader committed to creating better health for people and a brighter future for the world. For more than 240 years, Takeda has focused on delivering transformative treatment and significantly increasing the value that we bring to society.

The work we do transforms lives, helping patients with limited or no treatment options in our therapeutic and business areas of oncology, rare genetics and hematology, neuroscience, gastroenterology, plasma-derived therapies and vaccines.

Takeda is headquartered in Tokyo, Japan, with a global hub in Cambridge, MA, United States. We have a presence in approximately 80 countries and regions, a network of manufacturing sites around the world, and major research centers in Japan and the United States. Our global scale and strong portfolio of transformative treatments have and will continue to generate momentum and fuel innovation.

The people at Takeda do business with purpose, and this is inherent in everything we do. Takeda employees share the values and goals that have been passed down for over two centuries. Guided by our commitment to patients, our people and the planet, we strive to move science forward so we can transform more lives.

OUR CORPORATE PHILOSOPHY

PURPOSE

Better Health for People, Brighter Future for the World.

VISION

Discover and deliver life-transforming treatments, guided by our commitment to patients, our people and the planet.

VALUES: TAKEDA-ISM



Brought to life through actions based on:

1. Putting the patient first
2. Building trust with society
3. Reinforcing our reputation
4. Developing a sustainable business

In that order.

IMPERATIVES

PATIENT	PEOPLE	PLANET
DATA AND DIGITAL		

Corporate Philosophy Imperatives and Priorities

PATIENT		PEOPLE		PLANET	
<p>Responsibly translate science into highly innovative, life-changing medicines and vaccines</p> <p>We focus on diseases with the highest unmet need to bring medicines and vaccines of the highest quality to patients as quickly as possible.</p>		<p>Accelerate access to improve lives worldwide</p> <p>We partner with diverse stakeholders to support the sustainability of healthcare systems.</p>		<p>Protect our planet</p> <p>We will harness our unique capabilities to deliver a high standard of environmental leadership that protects our planet's natural systems and human health.</p>	
<p>PRIORITY 1: Deliver life-changing medicines and vaccines to people by cultivating the best science generated through our strong internal research and development capabilities complemented by our extensive partnership network.</p> <p>PRIORITY 2: Embed a patient-centric and science-driven approach from discovery through commercialization to ensure rapid, global access to all transformative medicines and vaccines.</p> <p>PRIORITY 3: Ensure the high-quality, uninterrupted supply and delivery of our medicines and vaccines to people by harnessing innovation.</p>		<p>PRIORITY 1: Provide timely, broad and sustainable access to our innovative medicines worldwide.</p> <p>PRIORITY 2: Ensure sustainable access to our innovative medicines for patients diagnosed with a serious condition in underserved communities, in particular where there are no medical alternatives.</p> <p>PRIORITY 3: Improve patient outcomes and create societal value through partnerships.</p>		<p>PRIORITY 1: Minimize the environmental impact of products and services based on the principles of a circular economy.</p> <p>PRIORITY 2: Decarbonize our operations and value chain.</p> <p>PRIORITY 3: Empower our employees to go above and beyond to conserve the world's natural resources.</p>	
DATA AND DIGITAL					
<p>Unleash the power of data and digital</p> <p>We strive to transform Takeda into the most trusted, data-driven, outcomes-based biopharmaceutical company.</p>		<p>PRIORITY 1: Provide personalized digital experiences to patients across the care pathway.</p>		<p>PRIORITY 2: Harness data as a digital enabler to generate sustainable value by acting on insights derived from analytics and artificial intelligence (AI).</p>	
				<p>PRIORITY 3: Democratize technology and develop digital talent to speed innovation, improve outcomes and deliver on our commitments to patients.</p>	

We based our corporate philosophy imperatives and priorities on issues that matter most to our business and our stakeholders, identified through the materiality assessment. In 2022, we began to measure our progress against each priority. We intend to report third-party assured data against these metrics in our next annual report.

Takeda by the Numbers¹

1781
FOUNDED IN
OSAKA, JAPAN

HEADQUARTERS IN
TOKYO,
JAPAN

GLOBAL HUB
CAMBRIDGE, MA
UNITED STATES



FY2021 GLOBAL REVENUE

● U.S.	48%
● JAPAN	18%
● EUROPE & CANADA	21%
● GROWTH & EMERGING MARKETS	13%



AS OF JUNE 2022

● U.S.	40%
● JAPAN	12%
● EUROPE & CANADA	30%
● GROWTH & EMERGING MARKETS	18%

30

MANUFACTURING
SITES

3

RESEARCH
SITES

~80

COUNTRIES &
REGIONS

¹ All numbers as of June 2022, other than FY2021 global revenue.

² Convenience translations have been made at an exchange rate of 1USD = 121.44 JPY.

Conditions Treated with Our Medicines and Vaccines

We are focused on key areas of unmet needs, including patient identification and diagnosis, digital health and devices, and integrated evidence-based solutions.

NEUROSCIENCE

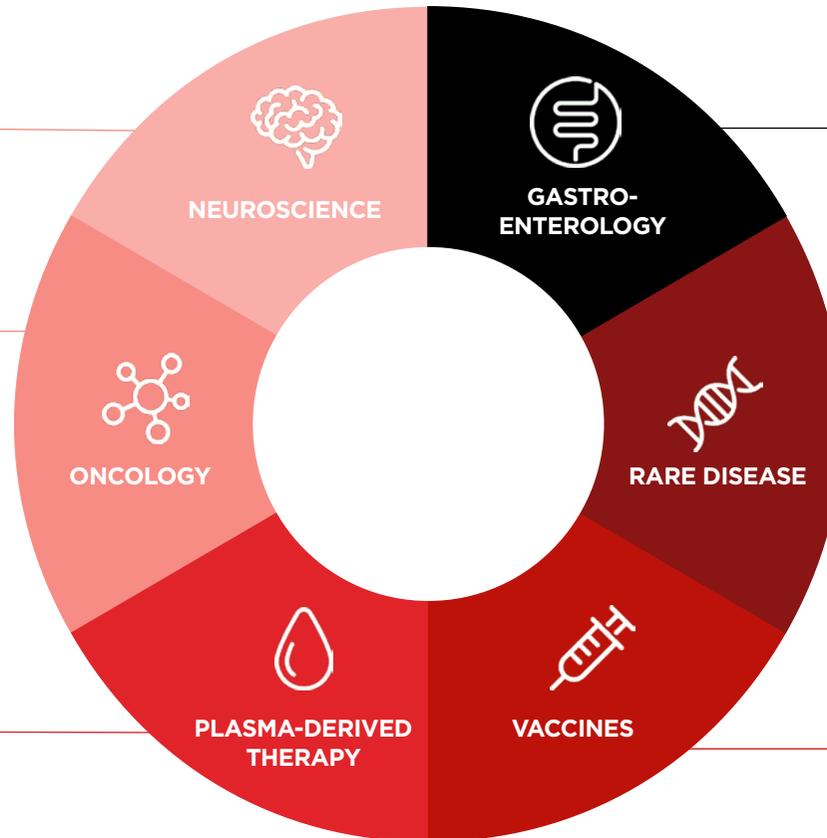
- Attention-Deficit Hyperactivity Disorder (ADHD)
- Major Depressive Disorder (MDD)

ONCOLOGY

- Multiple Myeloma
- Non-Small Cell Lung Cancer

PDT IMMUNOLOGY

- Immunodeficiency and Autoimmune Diseases
- Primary Immunodeficiency (PI)
- Alpha-1 Antitrypsin Deficiency



GASTROENTEROLOGY

- Ulcerative Colitis
- Crohn's Disease
- Crohn's Disease Complex Perianal Fistula
- Short Bowel Syndrome

RARE DISEASES

- Hunter Syndrome
- Type 1 Gaucher Disease
- Fabry Disease
- Hereditary Angiodema (HAE)
- Hemophilia A
- Von Willebrand Disease
- Hypoparathyroidism
- Cytomegalovirus (CMV) Infection

VACCINES¹

- Dengue
- COVID-19

¹ Includes partnerships and clinical program. See current [pipeline on Takeda.com](https://www.takeda.com/pipeline) for details.

SPOTLIGHT

Takeda's Purpose-led Sustainability in Action at Hikari Plant

Takeda's corporate philosophy, inspired by our values of Takeda-ism, guides our people at every level, in every country in which we operate. Through their actions, aligned with our purpose-led sustainability approach, our people put patients first, build trust with society, improve our reputation, and create value for shareholders and society.

Our Hikari site in Japan, home to more than 1,300 Takeda employees, is one of our largest manufacturing facilities in the world, producing a range of products, from active pharmaceutical ingredients to formulations and packaging. The examples below illustrate how our employees in Hikari demonstrate our commitment to patient, people and planet powered by data and digital.



PATIENT

Our employees' commitment to values-based behavior and ability to embrace technology enabled Takeda to deliver COVID-19 vaccines to Japan in May 2022.

Typically, it takes 48 months to transfer the technology and know-how from one biological product manufacturing site to another. But our team was able to complete this in only 21 months.

Chosen by the government of Japan to manufacture recombinant COVID-19 vaccines using Novavax' technology for local use, the Hikari site worked entirely remotely with Novavax engineers in the United States and Czech Republic using video calls due to COVID-19 travel restrictions. The site also faced shortages of critical materials due to the pandemic. However, the team managed the challenges with the aim of delivering the vaccine to the people in Japan as quickly as possible.

The site is also leveraging advances in data and digital to accelerate the production of innovative treatments.

Through our team's commitment to patients and through the power of technology, we are helping ensure high-quality, uninterrupted supply and delivery of our life-saving products.



PEOPLE

At Hikari, our people embrace diversity, equity and inclusion (DE&I) and are empowered to take action that will drive DE&I and employee well-being. For example, in the past, only men worked at our API site. The roles involved carrying heavy materials and containers. However, two young female employees challenged this practice, raising their hands to work at the site. This led to a discussion to improve the operations as well as tackle unconscious bias. The team identified opportunities to use digital and robotic technology and create an automated working environment where everybody, regardless of gender, can work.



PLANET

In addition, the site is engaging with other Takeda sites to leverage internal expertise to help build capabilities and apply learnings from across Takeda's manufacturing sites, such as Good Manufacturing Practices (GMP) workplans. Top talent from Takeda's global network and the Hikari site were selected to lead this project. Hikari team members can reach out to their global GMP workplan members both on- and off-site. Having access to these global experts is helping the site implement continuous improvement activities while running the business. We also introduced a new development program to foster future global leaders from Hikari. Currently, more than 30 high-potential employees are participating in the program, which includes a focus on global communication, cross-cultural learning, networking opportunities with senior leaders, and overseas secondment opportunities.

Our pioneering use of bio-polyethylene (bio-PE) — a plastic derived from plant-based bioethanol — in pharmaceutical primary packaging at the Hikari plant, the development of which started in 2013, is an example of our commitment to decarbonize our operations and value chain. Manufacturing bottles made with bio-PE plastic emit up to 70% fewer CO₂

emissions compared to petroleum-based polyethylene bottles. The Japanese Packaging Institute, the Asian Packaging Federation and World Packaging Organization recognized Takeda's Bio-PE bottle with respective awards. We also value social connections. Members of our local Environment, Health and Safety (EHS) team visited

a local junior high school to discuss the importance of the United Nations Sustainable Development Goals (SDGs), and during World Environment Day 2022, our employees held a community clean-up event around Hikari. These voluntary actions toward climate change may seem small, but they are helping to accelerate big changes.



VALUES-BASED

GOVERNANCE

Our governance structures and principles set the foundation for and guide Takeda employees in living our corporate philosophy, which puts into action the values we live by at every level, in every country in which we operate.





Christophe Weber
President & CEO

Masami Iijima
External Director,
Chair of the
Board Meeting

Our Leadership

Our leadership, comprised of our Board of Directors (Board) and Takeda Executive Team (TET), is accountable to the communities that rely on us for responsible delivery of our commitments to patients.

As a global, values-based, R&D-driven biopharmaceutical company, we are built to operate on a worldwide scale with risk management that's sound and transparent. Our people put patients first, build trust with society, improve our reputation, and develop the business — always in this order — to create value for shareholders and society.

Board of Directors

The primary function of the Board is to provide oversight to ensure we execute a sound strategy, monitor and address risks, and instill effective governance in order for Takeda to create long-term value for its stakeholders. It discusses and makes decisions on strategic matters regarding company management, such as the establishment of and amendments to the company's corporate philosophy, mid- to long-term strategies and management policies. The Board will also review our sustainability agenda, and is responsible for the oversight of business executed by directors.

Takeda disclosed the [Board of Directors Charter](#), which specifies the matters to be resolved by and reported to the Board.

Composition of the Board

As of June 29, 2022, the Board has 15 directors with diverse global experiences; 11 are independent external directors including Chair of the Board Meeting. In June 2022, Masahiro Sakane retired as Chair of the Board Meeting. On June 29, 2022, Masami Iijima, an independent external director, became the new Board Chair. We also welcomed our newest Board members, Kimberly A. Reed and John Maraganore.

The Board is comprised of directors who contribute to the balance of knowledge, experience and capability needed for governance of the company's global management at a global scale. When considering new members, the Board considers candidate diversity, including gender, age, work history, race, ethnicity and

11 of our 15

directors are independent external directors including our Chair of the Board Meeting.

cultural background. Current Board directors represent a broad array of skills in areas such as global business and strategy; science and medicine; legal, regulation, and public policy; corporate governance and sustainability; finance and accounting; healthcare industry, data and digital; and management, leadership and human capital management. See our [Board skills matrix](#).

Committees

Takeda is a 'Company with an Audit and Supervisory Committee' as stipulated in the Japanese Company Act. Takeda voluntarily establishes Nomination and Compensation Committees as advisory committees of the Board. Each committee consists entirely of external directors, which ensures the independence of the committee.

- **Audit and Supervisory Committee:** Audit and Supervisory Committee ensures its independence and effectiveness in line with the [Audit and Supervisory Committee Charter](#). This committee conducts audits of directors' performance of duties and performs any other duties stipulated in applicable laws and regulations in Takeda's [Articles of Incorporation](#).
- **Nomination Committee:** The Nomination Committee examines the policy on the Board of Directors' diversity and the skills of directors, the criteria and procedures for Board members' appointment/reappointment, succession plans and administration of such plans, and confirms the appropriateness of the candidates of Board members.
- **Compensation Committee:** The Compensation Committee examines the compensation policies for directors other than Audit and Supervisory Committee members and the appropriateness of compensation including its specific distribution to each director other than members of the Audit and Supervisory Committee. In addition, to ensure the objectivity and transparency of compensation determinations,

In FY2021,

we disclosed our Board Committee Charters – a significant step in increasing transparency.

Compensation Committee decides the amount of compensation for individual internal directors with a resolution of delegation by the Board of Directors.

The company aims for increased transparency and independence of the Board, and continuously works to further enhance corporate governance. In FY2021, we disclosed the [Board of Directors Charter](#) and Committee charters for our Board Committees on our [corporate governance website](#). Takeda is one of the few biopharmaceutical companies to make its committee charters publicly available.

[Audit and Supervisory Committee Charter](#)

[Nomination Committee Charter](#)

[Compensation Committee Charter](#)

Takeda Executive Team

Under Takeda's [Articles of Incorporation](#), the Board delegates several responsibilities for decision-making to the company management, carried out through three committees:

- **Business and Sustainability Committee (BSC):** Is responsible for corporate, business development and sustainability-related matters; chaired by the President and CEO. Previously titled the Business Review Committee (BRC), as of April 2022, the committee's title was updated to BSC, and remit expanded to include decisions on non-financial business matters. It will provide regular updates to the Board on

progress made against the company's new non-financial corporate philosophy metrics.

- **Portfolio Review Committee (PRC):** Is responsible for R&D and product-related matters; chaired by the President of R&D for early development decisions, and co-chaired by the President of R&D and the President of our Global Portfolio Division or president of the related business unit for late-stage pipeline assets. The committee will work closely with the BSC to ensure alignment of efforts in support of the company's financial and non-financial goals.
- **Risk, Ethics and Compliance Committee (RECC):** Is responsible for risk management, business ethics and compliance matters throughout the organization chaired by the Chief Ethics & Compliance Officer.

The Board supervises management's execution of these matters through regular committee reports.

In FY2021, Takeda announced leadership changes to the TET to increase the company's focus on key strategic areas moving forward. This included establishing the new TET roles of Chief Data and Technology Officer and President of the Global Portfolio Division. In addition, the role of our Chief Global Corporate Affairs Officer was expanded to include Sustainability Officer responsibilities and remains represented on the TET.

As of April 1, 2022, the TET includes 18 members diverse in nationality (nine countries), age and gender.

See more in Takeda's [Corporate Governance Report](#).

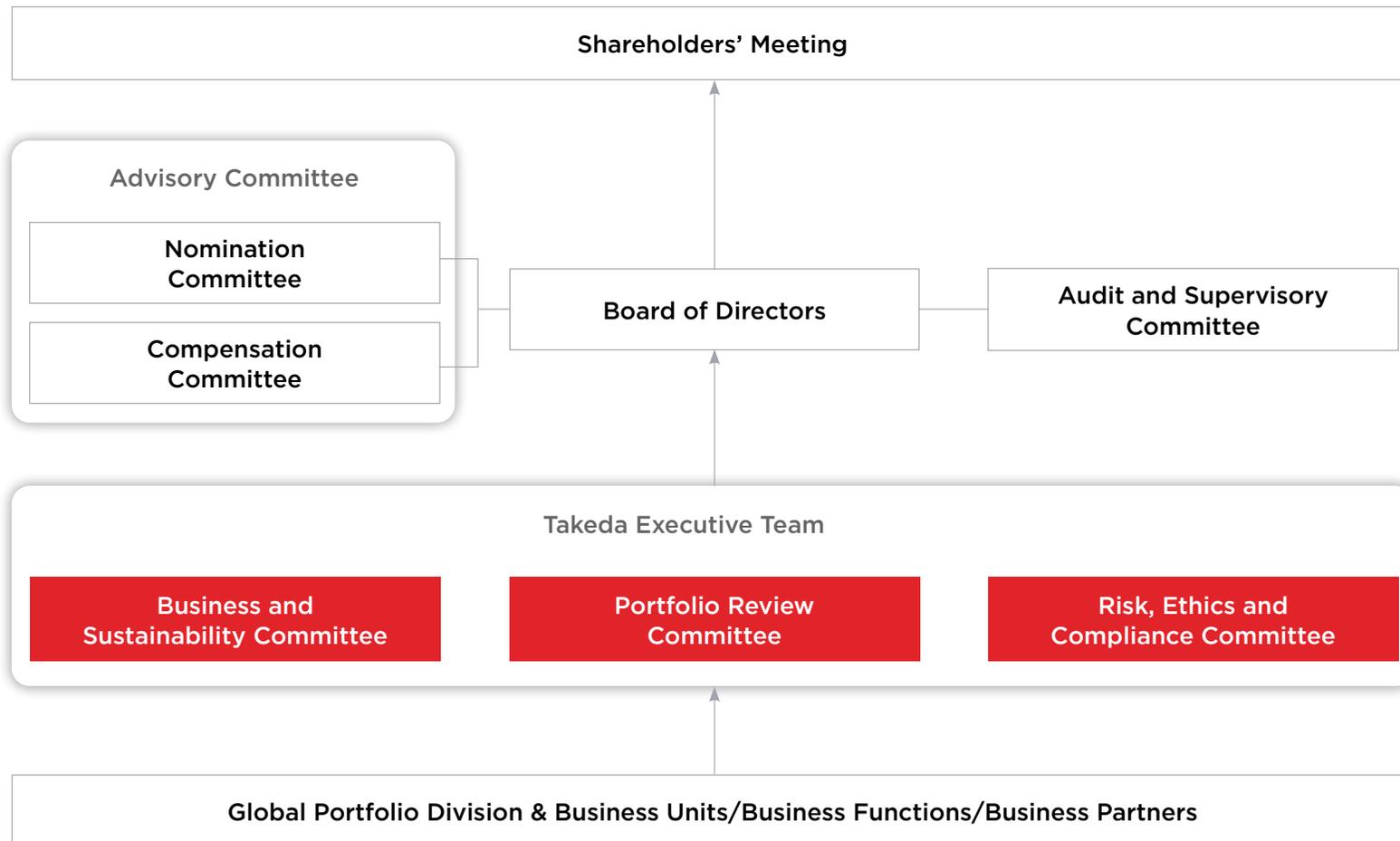
Women make up

33%

of Takeda's Executive Team

Corporate Governance Structure

Our advanced and robust corporate governance model has been, and will continue to be, critical to our success.



SEE MORE IN TAKEDA'S
[Corporate Governance Report](#)

Board of Directors

Takeda highly values best-in-class governance. Takeda's Board comprises 15 experienced global leaders from diverse backgrounds. Eleven of them are independent external directors.¹

4 INTERNAL DIRECTORS



CHRISTOPHE WEBER
Representative Director
President & CEO



MASATO IWASAKI
Representative Director
Japan General Affairs



ANDREW PLUMP
Director
President, Research &
Development



COSTA SAROUKOS
Director
Chief Financial Officer

- CB** Chair of the Board Meeting
- ASC** Audit & Supervisory Committee
- NC** Nomination Committee²
- CC** Compensation Committee

¹ As of June 29, 2022.

² Christophe Weber participates in the committee as an observer.

11 INDEPENDENT EXTERNAL DIRECTORS



MASAMI IIJIMA
External Director,
Chair of the Board Meeting
Chair of Nomination
Committee



OLIVIER BOHUON
External Director



JEAN-LUC BUTEL
External Director



IAN CLARK
External Director



STEVEN GILLIS
External Director



JOHN MARAGANORE
External Director



MICHEL ORSINGER
External Director

AUDIT & SUPERVISORY COMMITTEE (ASC)



KOJI HATSUKAWA
External Director,
Chair of ASC



YOSHIAKI FUJIMORI
External Director



EMIKO HIGASHI
External Director
Chair of Compensation
Committee



KIMBERLY A. REED
External Director

Takeda Executive Team



CHRISTOPHE WEBER
Representative Director
President & CEO



ANDREW PLUMP
Director,
President, Research &
Development



COSTA SAROUKOS
Director,
Chief Financial Officer



GABRIELE RICCI
Chief Data & Technology
Officer



KOKI SATO
Corporate Strategy
Officer & CEO Office



GILES PLATFORD
President,
Plasma-Derived Therapies
Business Unit



JULIE KIM
President,
U.S. Business Unit

NATIONALITIES

9

AGES

30-60s

WOMEN

33%



JERRY GRECO
Global Quality Officer



LAUREN DUPREY
Chief Human
Resources Officer



MARCELLO AGOSTI
Global Business
Development Officer



MASATO IWASAKI
Representative Director
Japan General Affairs



MILANO FURUTA
President,
Japan Pharma Business Unit



RAMONA SEQUEIRA
President,
Global Portfolio Division



THOMAS WOZNIOWSKI
Global Manufacturing
& Supply Officer



MWANA LUGOGO
Chief Ethics &
Compliance Officer



TAKAKO OHYABU
Chief Global Corporate
Affairs & Sustainability
Officer



YOSHIHIRO NAKAGAWA
Global General Council



TERESA BITETTI
President,
Global Oncology
Business Unit

Shareholder Engagement

Takeda is committed to regular, ongoing engagement with shareholders to ensure that we continue to understand shareholder feedback and deepen shareholders' understanding about topics including the company's strategies, current business status, management policy, corporate governance, compensation and measures addressing environmental and social issues. In FY2021 Takeda had multiple meetings and conference calls with shareholders, investors and analysts, and their feedback helped inform our decisions to increase transparency including, for example, by voluntarily disclosing the Articles of Incorporation, Board of Directors charter and Committee charters on our [corporate governance website](#).

Director Compensation

Takeda's Director compensation is designed to attract, retain and motivate managerial talent to realize our vision, to increase corporate value through optimizing the company's mid- and long-term performance, and to support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders.

We aim to be competitive in the global marketplace to attract and retain talent who will continue to transform Takeda into a global, values-based, R&D-driven biopharmaceutical leader. Directors' compensation should be competitive in the global market.

The compensation for directors who are not Audit & Supervisory Committee (ASC) members (excluding external directors) consists of Basic Compensation and Performance-based Compensation. Performance-based Compensation further consists of Bonus (Short-Term Incentive) and Long-term Incentive (LTI) Plan. The LTI Plan is allocated as 60% for Performance Share Unit awards and 40% for Restricted Stock Unit awards to strengthen the link between compensation

and company performance and share price, and to reinforce the commitment to increasing corporate value in the mid and long term.

The compensation for external directors and directors who are ASC members consists of Basic Compensation and LTI, which is Restricted Stock Unit awards linked only to share price and not linked to company performance results.

Guiding principles, level of Compensation and Compensation mix of Director Compensation Policy at Takeda are disclosed in "[Directors' Compensation Policy](#)."

Executive Compensation

Takeda's executive compensation structure reflects our position as a patient-focused, values-based, R&D-driven global biopharmaceutical company. Our executive compensation programs are designed to be globally competitive and performance-oriented, while also considering local market factors.

Our executive compensation strategy is designed to closely link pay with performance and long-term shareholder value creation while minimizing excessive risk-taking. We achieve these objectives through a balanced combination of the three primary components: Base Salary, Short-Term Incentives (STI) and LTI of our executive compensation structure.

The mix of compensation reflects Takeda's desire to link executive compensation with individual, executive group and company performance. A substantial portion of the target pay for executives is performance-based.

The annual STI and LTI Performance Share Unit awards (PSU awards) payouts are contingent upon company performance, with the STI factoring in performance over a one-year period, and LTI PSU

awards compensation factoring in performance over a three-year period.

Please refer to "[TAKEDA'S EXECUTIVE COMPENSATION OVERVIEW](#)" for further details of Takeda's executive compensation.



Enterprise Risk Management (ERM)

Risk management helps protect the company's people, assets and reputation while supporting Takeda's long-term strategy for growth and success.

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

We embed risk management within all levels of the company through our enterprise risk assessment process designed to generate a holistic view of risks for the company and drive a culture of risk-based decision making. Each relevant functional area within the business is responsible for managing its key risks and responses to them.

In FY2021, we completed our first Task Force on Climate-Related Financial Disclosure (TCFD) report. This report outlines the potential risks to our business from climate change under three climate scenarios over two time horizons, 2030 and 2050. It also summarizes our associated risk management and mitigation strategies. [Our report is available on our website.](#) To read more about our efforts to decarbonize our value chain, see page 47.

In FY2021, based on engagement with internal senior stakeholders as part of a continuous cycle of improvement of our ERM program, we integrated Patient, Trust, Reputation, Business (PTRB) — which bring our values of Takeda-ism to life (see page 12) —

into our risk management methodology. Our methodology identifies and assesses the company's risks, mapped against the PTRB impact scale and five-year likelihood scale to create an enterprise risk heatmap. We think this is an important development that will more fully align our process with our patient-focused corporate philosophy and values.

We also implemented a simple and user-friendly enterprise risk assessment tool, which facilitates a single view of risk across the company. By leveraging the new technology-based solution, we expect to realize efficiency gains and improve our ability to analyze data and trends resulting in a more data-driven and business-relevant approach. We have also developed dashboards for consistent reporting and tracking of key risk indicators to enable ongoing discussions with senior leadership.



Taxation

Takeda is committed to responsible corporate citizenship; we comply with the tax laws in the jurisdictions in which we do business, and we engage in open and transparent dialogue with relevant tax authorities. As stated in our [Position on Taxation](#) document, Takeda supports the Organization for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") initiative concerning international tax reform and opposes the use of artificial tax arrangements that do not have sufficient business or economic substance.

Our values of Takeda-ism are expressed within our corporate philosophy and our [Global Code of Conduct](#). They provide a foundation for policies and governance, which support our compliance with tax laws and regulations where we operate and require us to identify and mitigate material tax risks.

Ethics & Compliance

Takeda is committed to achieving the highest standards of ethical behavior beyond compliance with laws and regulations. This is at the heart of Takeda-ism and is a defining feature of our corporate culture (see page 12).

Promoting ethics and compliance across Takeda's operations is the responsibility of our Chief Ethics & Compliance Officer and our RECC. Takeda executes and reinforces its ethics and compliance programs in conformity with our [Global Code of Conduct](#) (the Code) and applicable global policies, as well as local regulations. These policies are approved by the BSC.

Available in 21 languages, the Code of Conduct promotes ethical behavior through a core set of principles for conducting business at Takeda. In FY2021, we refreshed our Code to reflect our corporate philosophy and incorporate our values-based decision-making [framework](#). The framework guides employee decision making to help ensure it is in line with our values of Takeda-ism. We also strengthened the Code on topics such as human rights, diversity, equity and inclusion, and sustainability. In addition, we launched an updated conflicts of interest standard to help employees recognize and manage conflicts of interest situations transparently and efficiently.

For information on our approach to responsible sourcing and management of ethical behavior in our supply chain, see our [ESG Portal](#).

Takeda's Ethics Line and Speak Up Culture

Takeda aims to create a safe place for employees to raise concerns about potential misconduct, while also offering protection against retaliation. Concerns can be raised internally through functions such as Human Resources, Legal, Ethics and Compliance, or directly

to senior management. All concerns are addressed promptly, confidentially and respectfully.

The [Takeda Ethics Line](#) provides an alternative channel where employees and the public can raise concerns if they feel Takeda employees are not living up to our values. It is available online and by phone, 24 hours a day, in 20 languages. If desired, concerns may be raised anonymously. Timely and appropriate action is taken against any misconduct.

We are committed to analyzing and understanding the root causes of misconduct to help prevent similar issues arising again. In FY2021, we hosted activities throughout the organization to encourage our employees to speak-up, including an external speaker series and workshops on psychological safety. We also revised our global policy on raising and handling concerns to align with industry best practices.



Human Rights

We are committed to respecting and promoting internationally recognized human rights within every aspect of our business, across our supply chains and in the communities where we operate. We expect the same from suppliers and third parties operating on our behalf. We do this in accordance with the International Bill of Human Rights, comprised of the Universal Declaration of Human Rights, the International Covenants on Civil and Political Rights, and Economic, Social and Cultural Rights, and the International Labour Organization Core Labor Conventions. In addition, we're implementing the UN Guiding Principles on Business and Human Rights.

In FY2021, we developed a human rights commitment and conducted a comprehensive human rights impact assessment through which we have identified our most relevant (salient) human rights impacts. These include:

PATIENT	PEOPLE	PLANET
Sustainable access to our medicines	Health and safety	Greenhouse gas emissions
Product quality and product safety	Diversity, equity and inclusion	Water
Clinical trials	Labor rights in the workplace	Waste generation
	Privacy and data protection	
	Third-party labor rights	



By focusing on these most relevant human rights impacts, we believe we have the greatest ability to respect and promote the following individual articles of human rights:

- Right to Health
- Right to Equality and Freedom from Discrimination
- Right to Life, Liberty and Security
- Right to Adequate Living Standard

COMMITMENT TO PATIENT

We discover and deliver life-transforming treatments, guided by our commitment to patients. Our researchers, together with world-class external partners, translate science into highly innovative, life-changing and life-saving medicines. We are also pushing boundaries to accelerate access to healthcare for more people worldwide.



Responsibly translating science into highly innovative, life-changing medicines and vaccines

We don't go after easy wins. At Takeda, we are innovators and collaborators who bring forward ground-breaking treatments to patients with significant unmet needs. Our internal labs collaborate with world-class partners to access cutting-edge science wherever it originates, helping us build a modality-diverse and innovative pipeline. Together, with our investments in data and digital, we aim to deliver medicines to patients all over the world.



The Strength of Our Portfolio and Pipeline

Takeda supports R&D efforts across three areas: Innovative Biopharma, Plasma-Derived Therapies (PDT) and Vaccines. The R&D engine for Innovative Biopharma, our largest R&D investment, has produced a diverse and dynamic pipeline in areas of high unmet medical need across our core therapeutic areas where we have deep expertise: oncology, rare genetics and hematology, neuroscience and gastroenterology.

Our pipeline contains approximately 40 new molecular entities, many with the potential to become life-changing treatments in the next decade. Momentum across our portfolio is the result of a robust partnership network and investments in foundational technologies and data sciences. These investments, combined with our expertise, enable Takeda to advance a modality-diverse pipeline and build robust capabilities in new areas.



You can learn more about our pipeline [here](#).

FY2021 Milestones

Takeda continued to deliver transformative innovation to patients in FY2021 with two major new molecular entity approvals and continued expansion of our growth and launch products. Examples of these milestones that are helping to deliver near-term growth for Takeda include:

LIVENCITY®

(Maribavir): Redefining the management of post-transplant refractory/resistant cytomegalovirus infection. In 2021, it became the first and only treatment indicated by the U.S. Food and Drug Administration (FDA) for transplant recipients who are 12 and older and weigh at least 35kg.

EXKIVITY®

(Mobocertinib): The first FDA-approved oral insertion therapy for patients with EGFR Exon20+ metastatic non-small cell lung cancer whose disease has progressed on or after platinum-based chemotherapy. A rare mutation, EGFR Exon20 insertion+ NSCLC comprises about 1-2% of patients with NSCLC and, until recently, was an underserved cancer that did not have targeted treatment options available.

VONVENDI®

[Von Willebrand factor (Recombinant)]: The first and only FDA-approved prophylactic treatment to reduce the frequency of bleeding episodes in patients with severe Type 3 von Willebrand disease receiving on-demand therapy — marking a significant advancement for those living with this serious inherited bleeding disorder.

ENTYVIO®

(vedolizumab): The first treatment indicated in the European Union for patients with moderately to severely active chronic pouchitis, who have undergone proctocolectomy and ileal pouch-anal anastomosis (IPAA) for ulcerative colitis (UC), and have had an inadequate response with or lost response to antibiotic.





We Go Where the Science Is

In FY2021, Takeda continued to establish strategic collaborations and targeted acquisitions, announcing immuno-oncology “build-to-buy” acquisitions with GammaDelta Therapeutics and Adaptate Biotherapeutics. Both collaborations demonstrate the value of partnering with early-stage innovators to accelerate cutting-edge platforms, which help strengthen our R&D efforts.

Gene therapy is a key area where Takeda continues to invest through strategic research partnerships. Our growing internal capabilities and network of public and private partnerships with companies like Evozyne, Poseida Therapeutics, Selecta Biosciences, Immusoft, Genevant Sciences and Code Biotherapeutics will help us discover and develop differentiated “next-generation” gene therapy programs with the aim to deliver functional cures for patients. Takeda is pursuing development in a number of rare genetic and non-malignant hematological diseases that we believe are ideal for gene therapy, and we expect to expand into other diseases across our neuroscience and gastrointestinal therapeutic areas.



Partnering to Accelerate Discovery and Development

The challenge of discovering and developing new treatments for genetic disorders cannot be solved by any one organization. We lead or participate in more than 100 R&D public private partnerships across more than 75 countries, dedicating the expertise of our scientists and our data. Many of these partnerships involve patient organizations, top medical centers, leading academic institutions and regulatory agencies working together to better understand patient needs and how best to speed up the development of new treatments. Examples include the [Bespoke Gene Therapy Consortium \(BGTC\)](#), [ARDAT \(Accelerating Research & Development for Advance Therapies\)](#) and [Screen4Care](#).

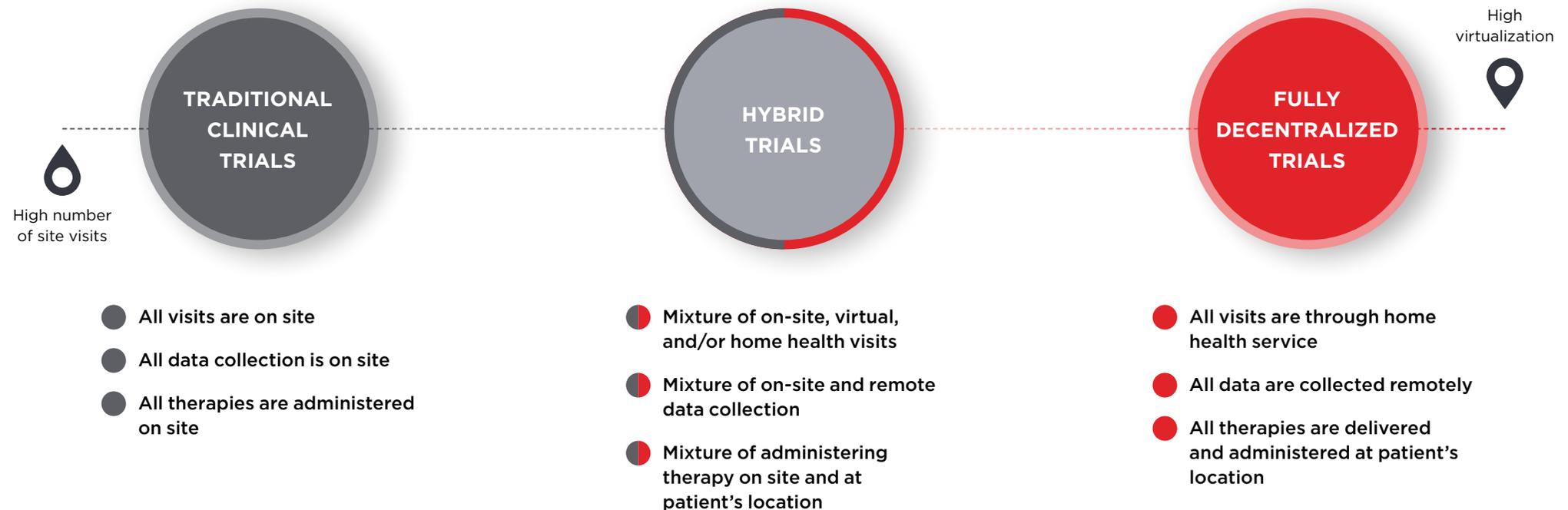
SPOTLIGHT

USING DIGITAL TOOLS TO CREATE A NEW, MORE INCLUSIVE ERA IN CLINICAL TRIALS

Until recently, participation in a clinical trial required multiple in-person visits to a medical site, which could be miles from a participant's home and occur at times that may conflict with a participant's work or childcare schedule. For many, the burden of participation was too high to even consider enrollment.

In the future, we envision two models, depending on local regulations: hybrid, which features a mix of on-site and remote participation, and fully decentralized, where all elements of the trial are conducted virtually or at the participant's home. Which approach we take depends on multiple factors and the need to collect data suitable from a regulatory perspective. We believe these approaches will not only help us recruit a wider and more diverse range of participants but will also allow us to do so more quickly, at less expense and with increased participant retention.

Based on patient feedback, we understand that fully virtual trials are not right for everyone. Some patients may not be comfortable with technology or may not have access to reliable internet service. Others prefer the opportunity to meet with fellow patients. For these participants, a mix of on-site and home health visits may be a better solution. But one thing is certain: Designing trials for and *with* patients is the best way to meet their needs.





Q&A with Gabriele Ricci

Chief Data and Technology Officer

One of the imperatives embedded in Takeda's corporate philosophy is to unleash the power of data and digital to drive innovation for the benefit of patients, our colleagues and the planet. In early 2022, Gabriele Ricci became the company's first Chief Data and Technology Officer. Learn more from Ricci on the exciting transformation taking place at Takeda and the possibilities that await.



[Learn more](#)

Using Data and Digital to Advance Patient-Centered Care

In FY2021, we supported the Health Outcomes Observatory (H2O) for the second year of a five-year program.¹ The initiative strives to create a patient-centric data-sharing ecosystem, fueled by technology partners who will provide patients with tools to measure their health outcomes in a standardized way, and at the same time give them full control of their data, including deciding who can access it. Dashboards based on patient-reported outcomes (PROs) will be



[Learn more](#)

available to patients and their healthcare providers to help patients track their own health and drive more informed conversations with their providers.

If patients choose to share their data more broadly, it will be anonymized and stored securely by H2O. Together, data will provide valuable insights on the burden of disease and the value of treatment among key populations. This is expected to help researchers, regulators, payers and others identify where additional research into new treatments is most needed and investment of finite healthcare resources can have the greatest impact on public health.

By creating a standardized framework, H2O hopes to:

- Improve the dialogue between patient and healthcare provider, so that patients receive better care
- Improve healthcare professional's access to data to inform their clinical decisions
- Ultimately improve the quality and sustainability of care based on outcomes that matter to patients

H2O is the first-ever unified attempt to collect and incorporate PROs into healthcare decision-making at individual and population levels. Takeda has taken a leading role in driving the implementation of the initiative, along with other biopharma companies, academics, hospitals, regulatory authorities and payor agencies.

Key achievements in FY2021 included the development of a multi-stakeholder governance model; a milestone collaboration with the Dutch National Health Care Institute, The Danish Medicines Agency, Danish Health Data Authority and Aarhus University Hospital; and the publication of a standardized set of PROs.



Q&A with Ramona Sequeira

President
Global Portfolio Division

In early 2022, Ramona Sequeira was named President of the company's new Global Portfolio Division. She will create a unified global organization to power our launch capabilities, allowing us to accelerate access of our new, life-transforming therapies to more people worldwide. In 2022, she also took on the role of Chair of the Pharmaceutical Research and Manufacturers of America (PhRMA) board of directors. Learn what Sequeira believes is key to building trust, expanding access and maintaining a thriving biopharma sector key.



[Learn more](#)

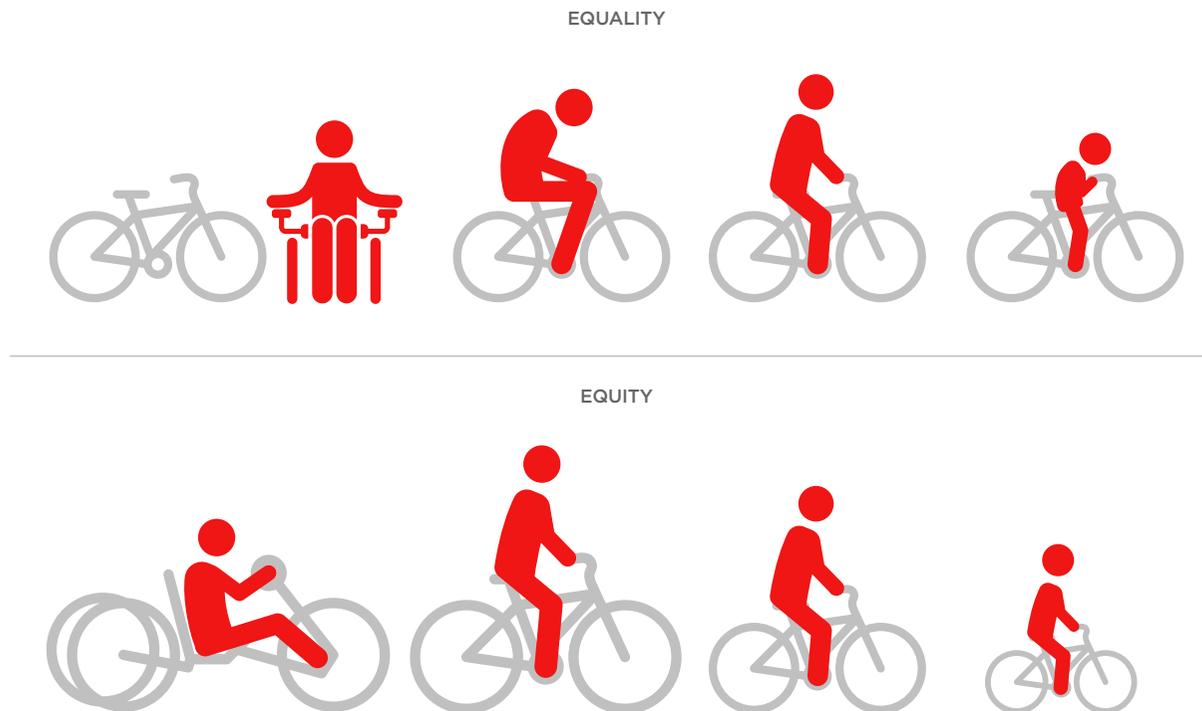
¹ H2O is one of our public private partnerships sponsored by the European Innovative Medicines Initiative.

Addressing Health Inequity

Through the Takeda Center for Health Equity and Patient Affairs (HEPA), launched in 2020, we are collaborating with diverse partners, including patients, communities and organizations, as well as public and private organizations, to identify and address health inequities in communities. Within Takeda, HEPA sits at the intersection of research and access activities, serving as a center of excellence to all business units.

Equity starts with understanding. Once we understand diverse patients' needs and the communities in which they were born, grow, live, work and age, we can create more inclusive practices and develop innovative medicines that better reflect how patients wish and need to engage with healthcare to achieve their highest level of health.

What is Health Equity?



Health equity means that everyone has a fair and just opportunity to be as healthy as possible. This means addressing social determinants of health, e.g., poverty, racism, discrimination, unemployment and other barriers that impact our ability to be healthy and disproportionately impact disadvantaged and underserved communities and patients.

This illustration is based on the original 2017 Robert Wood Johnson Foundation's "What is Health Equity" graphic.

Raising Awareness

Takeda's Center for Health Equity and Patient Affairs (HEPA) and Springer Nature, a leading provider of trusted scientific information, are coming together to raise awareness of health inequity around the world. The [Scientific American Collection](#), an editorially independent digital collection of articles about health equity, produced with support from Takeda and published in December 2021, aims to spur awareness and new ideas to improve equity and health outcomes. In June 2022, *Scientific American* also published an [Innovations In](#) special report focused on health equity, which includes a video documentary.

HEPA is also proud to sponsor an annual global conference, Nature Café, on health equity with leading health experts in the field, scheduled to occur for the first time virtually in late 2022. In addition, HEPA is supporting a new global Nature Awards program that will shine a light on existing best practices and people making a difference in delivering inclusive health research to address health inequities. It is expected to open for submissions in September 2022.

One of our newest health equity partnerships in the United States is in Louisiana, a state which ranks lowest in health outcomes in the country.¹ The Takeda-Xavier University of Louisiana Partnership for Improved Health Outcomes seeks to:

- **Build trust** with historically underserved communities
- **Increase diversity and health equity expertise** of graduate and postgraduate public health researchers and PharmD's
- **Develop enhanced methodologies** to use health informatics to advance equitable science and clinical care and patient outcomes
- **Encourage participation** in clinical trials with a focus on underserved communities
- **Enhance care models** by addressing social determinants of health

We also launched a partnership in 2021 with Remote Area Medical (RAM), which helps local communities provide free dental, vision and medical services to patients in rural, underserved areas of the United States. Our support will help RAM operate pop-up clinics in additional communities.



¹ United Health Foundation Rankings

Accelerating Availability and Access to Improve Lives Worldwide

We work to provide timely, broad and sustainable access to our global products worldwide, including in underserved communities and countries with evolving healthcare systems where there are no medical alternatives. The first step post regulatory approval is working to ensure product availability and supply.

Global Product Availability

We are committed to registering our growth and launch products where there is need and the infrastructure to support their secure and sustainable delivery to patients, as illustrated by our approach to registering our investigational dengue vaccine.

Dengue is the fastest-spreading mosquito-borne viral disease in the world, estimated to cause 390 million infections each year. Half the world's

population currently lives under the threat of dengue. In 2021, Takeda's dengue fever vaccine candidate (TAK-003) became the first investigational candidate to participate in the European Medical Agency's (EMA) parallel assessment of a medicinal product for use in the European Union (EU), and through the EU-M4all procedure, for countries outside of the EU, particularly low- and middle-income countries.



Ensuring High-Quality Supply

We are committed to providing uninterrupted supply of life-changing medicines and vaccines, and to maintaining strict quality standards and effective supply chain management to ensure their safety and security.



Learn more about our approach to product safety and quality.

Accelerating Supply of COVID-19 Vaccines in Japan

Takeda has stepped up to help ensure supply of COVID vaccines in Japan.

Through our collaboration with Novavax, a technology transfer is being executed at our Hikari facility to allow for the local development, manufacturing and commercialization of Novavax' COVID-19 vaccine candidate (TAK-019). We have a commitment from the Government of Japan's Ministry of Health Labour and Welfare (MHLW) to purchase up to 150 million doses.

In 2021, we imported and distributed 50 million doses of Moderna's COVID-19 vaccine (Spikevax™) as part of a three-way partnership with Moderna and MHLW. In 2022, we are implementing agreements to import and distribute an additional 93 million booster doses.¹

SPOTLIGHT

PLASMA-DERIVED THERAPIES

Improving the End-to-End Donor-to-Patient Process

Treatment with plasma-derived therapies can significantly improve the quality of life and life expectancy of people who live with a variety of rare and complex chronic diseases. Very often, plasma therapies may be their only treatment option. With earlier diagnosis, increased screening and improved standard of care for these diseases, the number of people around the world who can benefit from plasma-derived therapies is rapidly growing.

To meet accelerating demand, we committed to increase our plasma supply and manufacturing capacity by >65% by end of FY2023 (from a FY2018 baseline).

Key Milestones

- Met all supply commitments to patients worldwide in 2021 and grew market share despite the impact of COVID-19
- Surpassed pre-pandemic donation volumes consistently by end of June 2021 — the only company to do so in CY2021
- Grew network of donors by 56% since FY2018

AT A GLANCE | Takeda's Plasma-Derived Therapies Business Unit

- > 20 plasma medicines supplied to patients in more than 80 countries
- > 200 high-quality BioLife donation centers in the U.S. and Europe
- > 8 world-class plasma manufacturing facilities

Reaching More Patients through a Differentiated Donor Experience

Unlike traditional pharmaceutical products, plasma cannot be replicated in a lab. Plasma must be donated by healthy individuals.

Recognizing the need for — and importance of — attracting more people to donate, we are expanding the number of BioLife Plasma donation centers available for donors. Since 2018, we have increased the number of centers by more than 100 — and we are doing so sustainably by building all new U.S. centers as all-electric facilities, starting in September 2021.

In 2021, we completed the migration of all our U.S. BioLife Plasma Services donation centers to the cloud, creating an enterprise-wide intelligence engine with robust AI-driven capability that will enable us to collect, connect and

It can take up to

1,200

plasma donations to treat one chronically ill patient for one year.

Since its launch in May 2021, Success Coach has had more than

8,000

unique users, and nearly 3,000 return users.

exchange real-world data securely. By transforming this data into actionable insights, we expect to deliver larger plasma donation volumes and faster processing times.

Similarly, we are attracting more donors by combining cloud-based data-driven insights with industry-leading omnichannel engagement, providing donors with a more personalized experience. We launched our live Facebook chatbot "Success Coach" — the first-ever AI virtual assistant for potential donors in the United States. The bot provides a personalized chat experience with potential donors, answering questions and providing useful tips and instructions for registering and preparing to donate.

¹ Takeda will transfer the marketing authorization in Japan for Spikevax™ to Moderna as of August 1, 2022.

Sustainable Patient Access

Takeda believes an integrated, collaborative and sustainable approach to patient access can help address the challenges health systems and patients face around the world. Because health systems and access challenges differ both between and within countries, we tailor our approach, working with local stakeholders, based on country needs and demographics (including income).

Our actions are guided by our global access strategy, which includes:

- **Collaborating with partners** to strengthen healthcare systems
- **Investing in programs and solutions** that address affordability barriers and enable access, including:
 - Tiered pricing
 - Patient assistance programs
 - Value-based healthcare models
- **Working with policy makers** to broaden patient access

Solutions to Address Affordability Barriers and Enable Access

Our value-based approach to healthcare begins with how we price our growth and launch products.

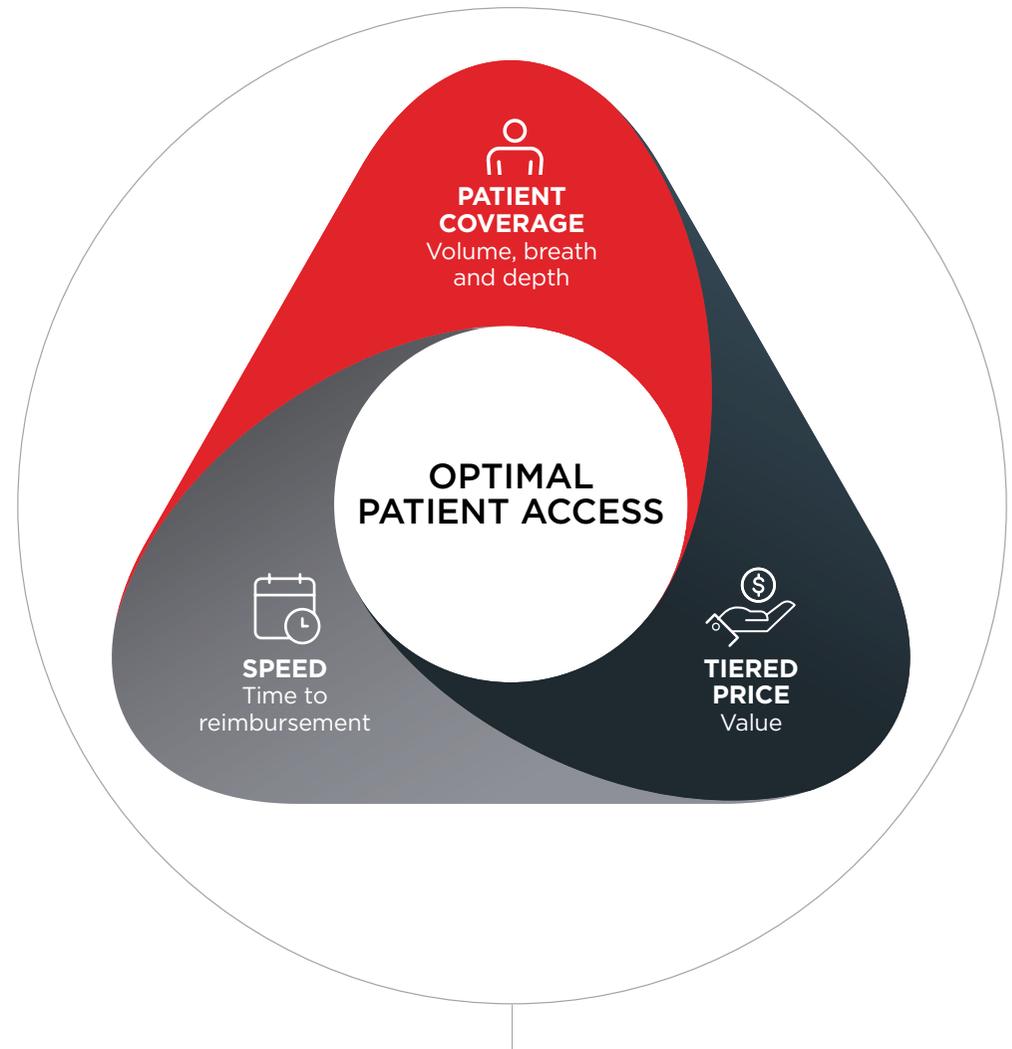
We price our medicines in line with our value-based pricing principles to reflect the holistic value they offer to patients, the healthcare system and society. We are committed to establishing responsible prices that are acceptable to payors and society.

Strengthening Access to Medicines in Countries with Evolving Healthcare Systems

While barriers to access exist around the world, those most acutely impacted are underserved communities in countries with evolving healthcare systems or limited access to resources. Barriers to access within, and between, populations range from the levels of capacity and resources needed to prevent, educate and raise awareness of care, to the specialized skills needed by healthcare providers to screen, diagnose and treat patients.



Read more about our approach to [Access to Medicines](#) and [examples of our programs](#).



Takeda Pricing Principle

Optimal patient access encompasses the speed of access and the breath of coverage at a price that leads to a sustainable business.

We recognize that affordability varies by country. That is why we price our products relative to a country's economic stage and health system maturity through our tiered pricing approach. We group countries into four pricing tiers based on factors such as Gross Domestic Product (GDP), out-of-pocket expenditure and policies covering vaccinations, rare diseases and available healthcare resources per citizen. Tiered pricing helps us deliver life-changing treatments to as many patients as possible, as quickly as possible.

We also offer patient assistant programs (PAPs) in many countries to support patients who have difficulty accessing our medicines. Many include collaborative financing models tailored to the individual patient and the socioeconomic context and health frameworks of the country in which the patient lives.

Value-based Health Care Models

Another way we are increasing access to our medicines is through value-based health agreements with payers. These approaches help payers and providers manage uncertainty around the clinical performance and economic impact of our medicines through pricing agreements based on the actual performance of our medicines against agreed-upon outcomes within their patient populations. Because value-based or outcome-based arrangements are long-term commitments, they are a "win-win-win" for patients, payers and Takeda.

Supporting Value-Based Healthcare through Partnerships

We believe that a value-based approach to healthcare can lead to a better allocation of resources in health systems and better health outcomes for patients and society. We're working with stakeholders to build support for the approach and for the health data needed to make it a reality.

As a member of the World Economic Forum's Global Coalition for Value in Healthcare, we share learnings and work with others to develop methodologies and tools to scale health system transformation across geographies and population segments and facilitate value-based healthcare partnerships.

In addition, in 2021, we entered a partnership with the Global Surgery Foundation and the United Nations Institute for Training and Research to facilitate locally led initiatives that will promote and advance the implementation of value-based healthcare in low-income and resource-limited settings with a focus on NCDs. Takeda is supporting pilot projects in Turkey, Rwanda and South Africa.

In 2021, we also joined RWE4Decisions, a payer-led, multi-stakeholder learning network about the use of real-world evidence (RWE). The initiative seeks to forge agreement on the use of RWE to better inform decisions by healthcare systems on introducing new health technologies, including medicines, for patients with high unmet needs.



Within emerging markets, we have implemented innovative means-tested PAPs in 17 countries and territories.



For more information

[Position on Global Pricing](#)

[Position on Value-Based Healthcare](#)

COMMITMENT TO PEOPLE

Our people live our values every day in the work they do to serve patients. Success as a company is a shared responsibility — by leading together, we have the greatest opportunity to thrive as both individuals and as an organization.



Message from Our Chief Human Resources Officer

People are the cornerstone of Takeda's success.

We invest in our people's health and well-being and prioritize building resilience in our workforce to meet the challenges of a rapidly changing world. By nurturing a culture of lifelong learning, our people, regardless of role, are empowered to reach their highest potential. We also strive to create a workplace that values diversity, demonstrates inclusion and provides equity in opportunity and rewards.

Supporting Health, Well-being and Resilience

Takeda's purpose of better health for people, brighter future for the world is only possible when we take care of the wellbeing of our colleagues. In FY2021, we continued to safeguard the health of our people and their families in the face of COVID-19, including by raising awareness of the importance of vaccination. We also rolled out a

new learning program to strengthen resilience skills and equipped our people managers with tools to talk about mental health.

Embracing Diversity, Equity and Inclusion

Our culture is one of great diversity, with people who hail from over 80 countries and have a wide range of backgrounds and experiences. We want everyone at Takeda to feel engaged, heard and able to contribute fully. We've expanded our investment in DE&I, including forming a Global DE&I Council and Takeda Center for Health Equity and Patient Affairs that is focused on building relationships and supporting programs that help recognize and address health disparities and inequities globally. Our approach to DE&I is very much aligned with Takeda's operating model, with each business unit and location setting their own DE&I goals, strategies and programs, aligned with our global DE&I ambition and roadmap.

Lauren Duprey
Chief Human Resources Officer



Empowering Life-Long Learning

Innovation is our path forward, and our people are the drivers of that innovation. COVID-19 has only accelerated the speed of change and created urgency for constant improvement and innovation. We are committed to enabling employees to thrive inside and outside of Takeda through unique opportunities to learn, grow and progress professionally while making a difference in people's lives.

As I look to the future, I am inspired by the people of Takeda and their contributions to the patients we serve.

ACCORDING TO OUR 2021 EMPLOYEE EXPERIENCE SURVEY

90%

of employees believe in our values

85%

of employees have pride in Takeda



FY2021 Highlights



Recognized as Global Top Employer for 2022 for fifth consecutive year



Named Science 2021 Top Employer by the journal *Science*



Earned a perfect score of 100 on the Human Rights Campaign Foundation's Corporate Equality Index for the sixth consecutive year



Awarded the rating of Gold in the PRIDE Index 2021 by work with Pride (wwP), a voluntary organization that promotes LGBTQ+ diversity management in Japanese companies and organizations

Supporting Our People's Health and Well-being

Well-being at Takeda focuses on four key dimensions: physical, emotional, social and financial.

Our 2021 Employee Experience Survey showed that only 66% of our people globally were able to make time for work/life balance, and 61% were unable to manage stress and find time to disconnect. This followed similar feedback from our 2020 CARE (Creating Adaptability and Resilience Experience) survey.

In 2021, we implemented new global tools and resources such as CARE Learning, a flexible, self-paced program to help our people master adaptability and resilience skills through both recorded online and live sessions. We also introduced a no-cost premium subscription to Calm, the world's leading mental fitness platform and the Virgin Pulse GO Challenge, a virtual, team-based movement competition. In October 2021, we hosted a two-

week event, *Mental Health is Health*, to help destigmatize mental health in the workplace. The event featured virtual seminars by world renowned mental health experts and allowed opportunities for open and honest discussion.

In 2022, we are working to raise awareness of our well-being tools and resources, streamline content on our web portal and create a seamless user experience, and offer more tailored programs and content that address challenges to work/life balance.

Work/life balance is a top consideration for our people as they adapt to our new flexible work arrangements. We support different types of work, including a blend of in-person collaboration and remote work. While specific work arrangements will differ for every team, we are finding creative ways to design our physical spaces to support in-person collaboration, when appropriate, and fuel innovation.

SPOTLIGHT

CREATING TAKEDA COMMUNITY SPACES IN SINGAPORE

The Takeda offices in Singapore are among our first to transition to our new community spaces model, which redefines and redesigns the workplace to bring to life a flexible hybrid working culture.

Drawing on feedback from our people, the new spaces have been designed to promote collaborative work, enhance opportunities to innovate, and foster the sense of community belonging connected by our purpose and values.



The emphasis is on balanced mental and physical well-being, and the flexibility to choose how work gets done. Technology plays a big role; enabling our people to seamlessly move between home and our physical spaces. Opened in 2022, our offices in Singapore offer the spaces employees enjoy being in as a community, while stimulating productivity and innovation.

“After two years of isolated pandemic days being at home, our Takeda office in Singapore is totally a breath of fresh air for me. The office design offers comfortable and user-friendly open spaces. The details around technology and the multi-purpose space certainly nudges one for collaboration, innovation and connection.” — **Asli Dizdar**, head of learning and talent management, growth & emerging markets business unit

Advancing Diversity, Equity and Inclusion (DE&I)

There is strength in diversity, empowerment in inclusion and fairness in equity. All three elements of the DE&I spectrum are essential for everyone at Takeda to reach their full potential. And it is just as important for our business success — we need a workforce as diverse as the communities and patients that we serve.

Our Head of Global DE&I reports to our Chief Human Resources Officer. This role leads our Global DE&I Council, comprised of senior Takeda leaders from various business units, functions and locations. It advises Takeda on DE&I issues. Based on local needs and factors, our business units and country teams develop local DE&I approaches in line with the company's global focus areas.

Celebrating DE&I within our Culture

In FY2021 we held our first annual Global DE&I Week to raise awareness, build understanding as well as community, and spark inspiration. The three-day event featured Takeda leadership, external speakers, patients and suppliers. Over 8,000 colleagues participated, many of them sharing personal stories. Business units and functions across the world also hosted local activities to amplify and further drive engagement.

Working to Ensure Pay Equity

We believe it is critical that our pay programs and guidelines are fair, market-competitive and fully align with our values of Takeda-ism. In 2021, we broadened a pay equity audit, a phased multi-year project that will support our objective to help ensure employees performing the same or substantially similar work have fair, competitive and equitable compensation opportunities.

Takeda Resource Groups

Our 10 Takeda Resource Groups (TRGs), with local chapters across the world, engage and help create a sense of belonging for our people across the organization. These voluntary, employee-led groups are driven by individuals with shared aspirations, characteristics and life experiences, as well as allies and advocates. In 2021, TRG membership nearly doubled, from 3,500 to 6,000 people.

The Black Leadership Council, Building Asian Leaders, EnAbles (Engaging Those with Disabilities and Allies), **Faith@Work, Gender Parity Network, IGNITE** (Young Professionals), **IMPACTO** (LatinX Community), **PACT** (Parents and Caregivers at Takeda), **STRIVE** (Supporting Troops and Inspiring Veteran Engagement), **Take Pride** (LGBTQ+ Network and Allies).



Q&A with Hayden Majajas

Head of Global DE&I

Hayden Majajas joined Takeda as our first Head of Global DE&I in FY2021 and is working to further embed DE&I into every part of the company and how we operate.



[Learn more](#)

What DE&I Means to Takeda

DIVERSITY

Our aim is for our workforce to reflect the talent pools in the communities in which we operate. Diversity encompasses the full range of human differences, including physical, cognitive, relational, occupational, societal and value-related.

EQUITY

Our commitment is to give everyone equitable access to opportunities and achieve their full potential. We do this by removing barriers to inclusion, and giving everyone what they need to be successful, including through advancement, support and reward.

INCLUSION

Our commitment is to create a workplace where people feel a sense of belonging, respected and valued and that they have a voice, feel heard and feel psychologically safe.

A Commitment to Lifelong Learning and Leadership

Lifelong learning enhances employee motivation and expertise, leads to new ideas, and results in value creation for patients. We offer formal training professional development opportunities, such as our Accelerator Program (see Spotlight on page 45), and on-demand learning that supports ongoing development. We're also investing in new learning technologies with the goal of a "one-stop shop" where employees can embrace learning every day.

Building the Digital Skills of Our People

Takeda is empowering our people with new ways of working that embrace our data and digital imperative. One example is our new training program on robotic process automation (RPA), which gives participants the power to automate routine tasks using already built software-based "bots" for their work. Through more advanced development opportunities, people can learn to build their own bot and even highly complex bots. In FY2021, we trained over 1,200 people, of whom 350 have become "RPA Champions" and built over 270 bots. These bots have saved over 475,000

hours that would have been spent on routine tasks. Instead, people have been able to focus on higher-value work.

We have also launched Takeda Beyond Tomorrow, a five-part learning program to help our people envision a Takeda transformed by technology and how these innovations will benefit them and their work. In addition, we introduced an online learning solution called Thriving in the Future of Work, which offers insights and emerging research and tools for people managers.

SPOTLIGHT

ACCELERATING LEADERSHIP FOR THE FUTURE

The Accelerator Program, sponsored by the TET, is a five-year development journey for high-potential employees who are early in their career. It includes global development experiences through at least two international rotations. Accelerator participants receive regular feedback and coaching from senior leaders. In 2021, 16 individuals graduated from the program, and another 10 joined.

Katharina Geppert, a recent graduate of the program, credits the Accelerator Program for helping her build a global network of colleagues and an understanding of how health systems differ around the world.

"The program introduced me to many different departments and jobs within the company that I didn't know existed before," said Geppert. "I was able to work in the United States, which was a completely different healthcare system and working style for me coming from Germany."

After her U.S. role, Geppert supported Takeda's leadership team in Japan, before moving on to her current role leading operations in Vietnam.

"Living in three countries with very different cultures changed me fundamentally and made me reflect on my own assumptions about what I considered the 'normal/right way.' This experience was a crucial step in my evolution to become a truly global leader."



AS THE 2021 EMPLOYEE EXPERIENCE SURVEY SHOWED:

83%

of employees believe they can learn and grow in their work

79%

said that "My manager sees mistakes as learning opportunities"

COMMITMENT TO

PLANET

We are working to make the earth healthier so we all can be healthier. To ensure healthier outcomes for patients, we will continue to act with urgency to minimize our environmental impact, create sustainable solutions to improve public health, and work with our peers and strategic partners to foster responsible innovation to protect the planet.



A Climate-Driven Health Emergency

Climate change is perhaps the single biggest health threat facing humanity. It threatens to undo decades of progress to control mosquito-spread diseases such as dengue, chikungunya, Zika and malaria and contaminated food and water diseases like cholera.

As a global healthcare company, Takeda and our employees have the knowledge and experience to help address the disease-related impacts of climate change through our core mission of developing life-changing medicines and vaccines. We are taking urgent climate action through the three steps below.

1

Developing cutting-edge treatments for climate-accelerated diseases

Managing disease transmission on a warmer planet is critical; recent research from [The Lancet](#) estimates that by the end of the century 8.4 billion people could be at risk from malaria and dengue alone if emissions keep rising at current levels. Our efforts include developing vaccines for two mosquito-borne illnesses, dengue and Zika.

 [Learn more](#)

2

Accelerating access and equity to reach more patients impacted by climate change

The effects of climate change are having a disproportionate impact in areas that lack adequate health resources, perpetuating health inequity. We are reimagining access and working to reach more patients, including those most impacted by climate change.

 [Learn more](#)

3

Decarbonizing our operations and value chain

We are committed to achieving net-zero¹ GHG emissions related to our operations (Scopes 1 and 2) before 2035 and for our entire value chain before 2040.

 [Learn more](#)

¹ We have 2024/2025 targets approved by the Science Based Targets initiative (SBTi). The 2035 targets are aligned with the SBTi Corporate Net-Zero Standard.

Minimizing Our Environmental Impact

In 2021, we continued to make progress against our environmental goals, which span multiple aspects of our operations including waste management, water conservation, GHG emissions and product stewardship. Our environmental targets are aligned to our internal sustainability materiality¹ assessment and support the United Nations SDGs. Additionally, Takeda's climate-related goals support the Paris Climate Agreement to limit global warming to 1.5 °C and were approved by the Science Based Targets initiative (SBTi) in 2020.

GOALS AND PROGRESS FOR FY2021²

GOAL	PROGRESS IN FY2021
67% of our suppliers (as measured by GHG emissions) will have science-based GHG emissions reduction targets by December 2024	Our supply chain sustainability team continues to engage with highest impact suppliers to establish science-based targets. 24% of our suppliers have set science-based reduction targets.
Reduce 40% of GHG emissions from our direct operations by FY2025 (Scopes 1 and 2), from a FY2016 baseline, and achieve net zero by 2040.	Total GHG emissions were reduced by focusing on renewable energy sourcing and site energy efficiency, resulting in a 3% decrease in FY2021, and a 27% decrease since the FY2016 base year
Reduce our supply chain GHG emissions by 50% (currently estimated Scope 3) by FY2040, from a FY2018 baseline	Sponsoring supplier access to renewable energy power purchase agreements through non-competitive industry collaboration and enhancing tracking and measurement processes
Develop a context-based approach to water stewardship and execute water risk assessments at our manufacturing and R&D sites located in high water-stress areas by FY2021	Risk assessments completed and risk mitigation plans developed at all six sites identified as high-risk locations
Decrease water withdrawal by 5% despite projected business growth by FY2025 from a FY2019 baseline	Multiple water conservation projects completed globally including innovative high-volume water reuse technology at a large manufacturing site resulted in essentially the same water use as in FY2019 in spite of business growth
Achieve zero waste to landfill status for all major locations by FY 2030	Continued implementation of waste minimization and diversion plans resulting in a 79% waste diversion from landfills
50% of paper and paperboard content in product secondary and tertiary packaging from Takeda's manufacturing sites will be either recycled content or certified forest sustainable by FY2025	Engagement with all key paper/paperboard packaging suppliers and setting up Gensuite platform for data collection and analysis for 2021

¹ We conducted a comprehensive materiality assessment in FY2019 to better understand which non-financial issues are strategically important to Takeda and of most interest to our stakeholders.

² All goals are based on fiscal year performance.



Our environmental commitments are supported by our leadership, starting with our CEO and the TET. Our strategy to achieve these commitments is led by our Planet Steering Team, which includes executive-level sponsors. We execute our strategy through three programs: Sustainability by Design, Climate Action and Natural Resources Conservation. Within these three distinct but integrated programs, we focus our efforts where we can have the most meaningful impact.

SUSTAINABILITY BY DESIGN

Minimize the environmental impact of our products and services throughout their life cycles based on the principles of a circular economy.

CLIMATE ACTION PROGRAM

Decarbonize our operations and value chain.

NATURAL RESOURCES CONSERVATION PROGRAM

Empower our employees to go above and beyond to conserve the world's natural resources.



Sustainability by Design

In 2021, Takeda established a comprehensive Sustainability by Design Program guided by our Product Stewardship Team and implemented through the expertise of our R&D, Plasma-Derived Therapies, Cell Therapies, Vaccines and Global Manufacturing and Supply teams. Together, they are implementing sustainable design and material selection processes into product development for all therapies with the objective to optimize the environmental attributes of Takeda's treatments.

We use life cycle assessment methodologies to inform choices in our development of new products as a key part of our Sustainability by Design effort. As this program continues to mature, we anticipate expanding our use of life cycle thinking and methodologies to evaluate and improve our products. We will also perform environmental risk assessments during development to identify products with potential ecotoxicity to identify life cycle solution options (e.g., collection of manufacturing waste, reuse, recycling, appropriate disposal practices or incentivizing drug take-back efforts).

Beyond the product itself, we strive to reduce resources used and improve the recyclability in our packaging and medical devices.

SPOTLIGHT

PIONEERING SUSTAINABLE PACKAGING

For its environmental leadership, Takeda received two WorldStar Global Packaging Awards in 2021 from the World Packaging Organization.

One recognized our pioneering use of bio-polyethylene (bio-PE) — a plastic derived from plant-based bioethanol — in pharmaceutical primary packaging at our Hikari site in Japan. Manufacturing bottles made with bio-PE plastic emit up to 70% fewer CO₂ emissions compared to petroleum-based polyethylene bottles. The Japanese Packaging Institute and the Asian Packaging Federation also recognized Takeda's bio-PE bottle with respective awards.



“We are proud that Takeda was honored with these awards for the company's eco-friendly bio-plastic bottles,” said **Koji Nonomura**, *Senior Director, Drug Product Manufacturing Sciences and Packaging* and lead for the bio-PE Packaging Project. “At Takeda, we are committed to not only manufacturing and supplying high-quality products to patients around the world, but to also contributing to the wellbeing of the planet.”

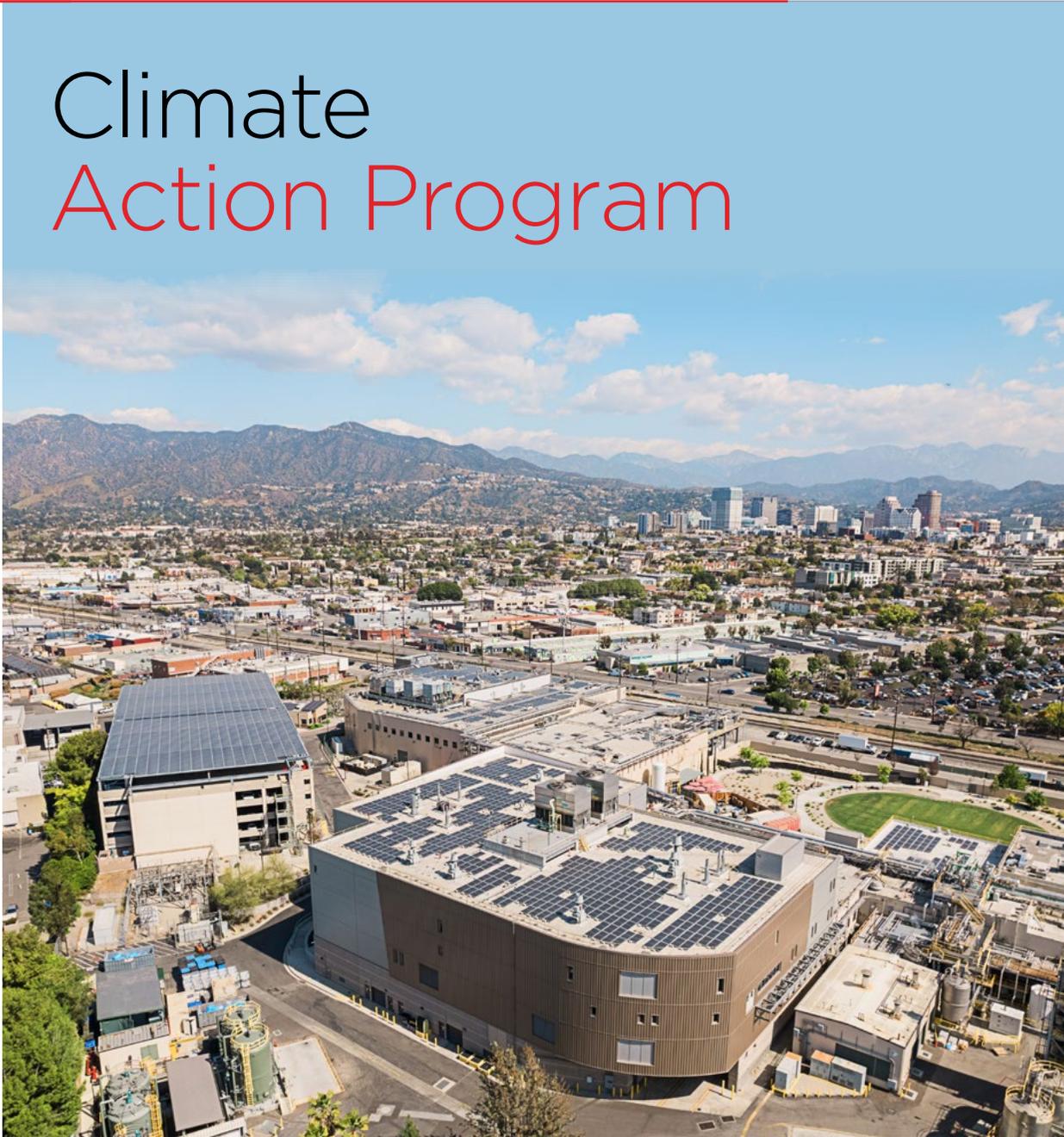
Takeda received a second WorldStar award for secondary packaging used for Takhzyro® (Lanadelumab-flyo) pre-filled syringes designed to improve patient usability, transport efficiency and recyclability.



Koji Nonomura

Director, Head of DP Manufacturing Sciences & Packaging, Hikari

Climate Action Program



Takeda is one of the leading companies in our industry taking climate action by achieving carbon neutrality inclusive of Scope 1, 2 and 3 emissions.

We have done so since FY2019 through energy conservation and investing in renewable energy credits and verified emission reduction projects.

Takeda is also supported by an external Carbon Neutrality Advisory Committee comprised of representatives from environmental non-governmental organizations and academia. The independent committee informs Takeda's carbon neutrality strategy, carbon offset procurement process and criteria, and reviews past investments in carbon offset projects to ensure quality and credibility of purchases.

Within Takeda operations, GHG emissions are predominantly attributable to the use of fossil fuels at our sites and in our company-operated vehicles and through the unintended release of refrigerants at our sites (Scope 1 emissions), and from the purchase of supplied energy such as electricity and steam for our facilities (Scope 2 emissions). These emissions are estimated to contribute approximately 10% of our total GHG footprint. We estimated that the rest (90%) are value chain-related emissions outside of our direct operational control (currently estimated Scope 3 emissions). Of our Scope 3 emissions, those associated with purchased goods and services are the highest emitting categories¹.

Takeda's Climate Action Program at Sites (CAPS) drives site efficiency and emission reductions and provides tools to assist sites with finding and executing improvement projects. CAPS leaders at our manufacturing and R&D sites drive local initiatives to reduce our GHG emissions, energy and water withdrawals and help meet our waste goals. CAPS teams engage with site leaders and project sponsors to ensure that the environment is an integral consideration as they make investment decisions, manage projects and plan how they will help meet our environmental goals at their facilities.

¹ Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions. A lack of transparency into, and a difficulty measuring, actual Scope 3 emissions remains an important challenge to overcome.

Working with Partners

In 2021, Takeda was one of 10 inaugural members of the Energize Program, which seeks to accelerate the adoption of renewable energy and reduce GHG emissions among pharmaceutical company suppliers. A first-of-its-kind effort, it leverages the scale of pharma's global supply chain in a non-competitive fashion to drive system-level change. Partners expect the program to help hundreds of pharmaceutical suppliers learn more about renewable energy adoption and contracting and empower them to reduce their own operational Scope 2 GHG emissions.

Takeda is a proud member of the UN #racetozero campaign, the largest alliance committed to halving emissions by 2030. Takeda's President and CEO Christophe Weber is a member of the World Economic Forum Alliance for Climate CEOs, which is working across industries to find solutions and advance action. Takeda is also an active member of the Japan Climate Leaders Partnership, a coalition of Japanese companies working to advance Japanese government policy on climate and sustainability.



2021 Highlights

- We broke ground in September 2021 in Woodlands, Singapore, on the company's first building to follow the Singapore Green Mark Zero Energy certification scheme. The building will be the first net zero carbon emissions building in our global manufacturing network and the first-of-its-kind investment within the biotechnology industry in Singapore. It is expected to reduce power consumption by 34% compared to a traditional building. Renewable electricity will be provided by more than 660 solar panels to help ensure the building's energy consumption is fully met.
- Starting in September 2021, we are building all new U.S. BioLife donation centers as all-electric facilities to avoid introducing new Scope 1 emissions from natural gas.
- Our Osaka, Hikari, Izumisano, Shonan iPark and Narita sites in Japan are working toward 100% renewable electricity, which will result in a 30% annual reduction of CO₂ emissions at these five sites.

FY2021 Scope 1 and 2 Emissions Data

In FY2021, our Scope 1 and 2 emissions continued to decrease, and we are on track to eliminate 40% of our Scope 1 and 2 emissions by FY2025 compared to FY2016. Step change reductions in Scope 2 emissions were primarily due to our accelerated transition to renewable energy. Observed incremental reductions in Scope 1 emissions were the result of CAPS-driven energy efficiency projects, which were able to achieve small gains while fully compensating for business growth.

Takeda embraces the Task Force on Climate-Related Financial Disclosures (TCFD) framework and has issued our inaugural TCFD report to share results from assessing potential risks and opportunities related to physical and transitional climate impacts to our global operations. The assessment and report will help prioritize actions to minimize risks and to capitalize on business opportunities.

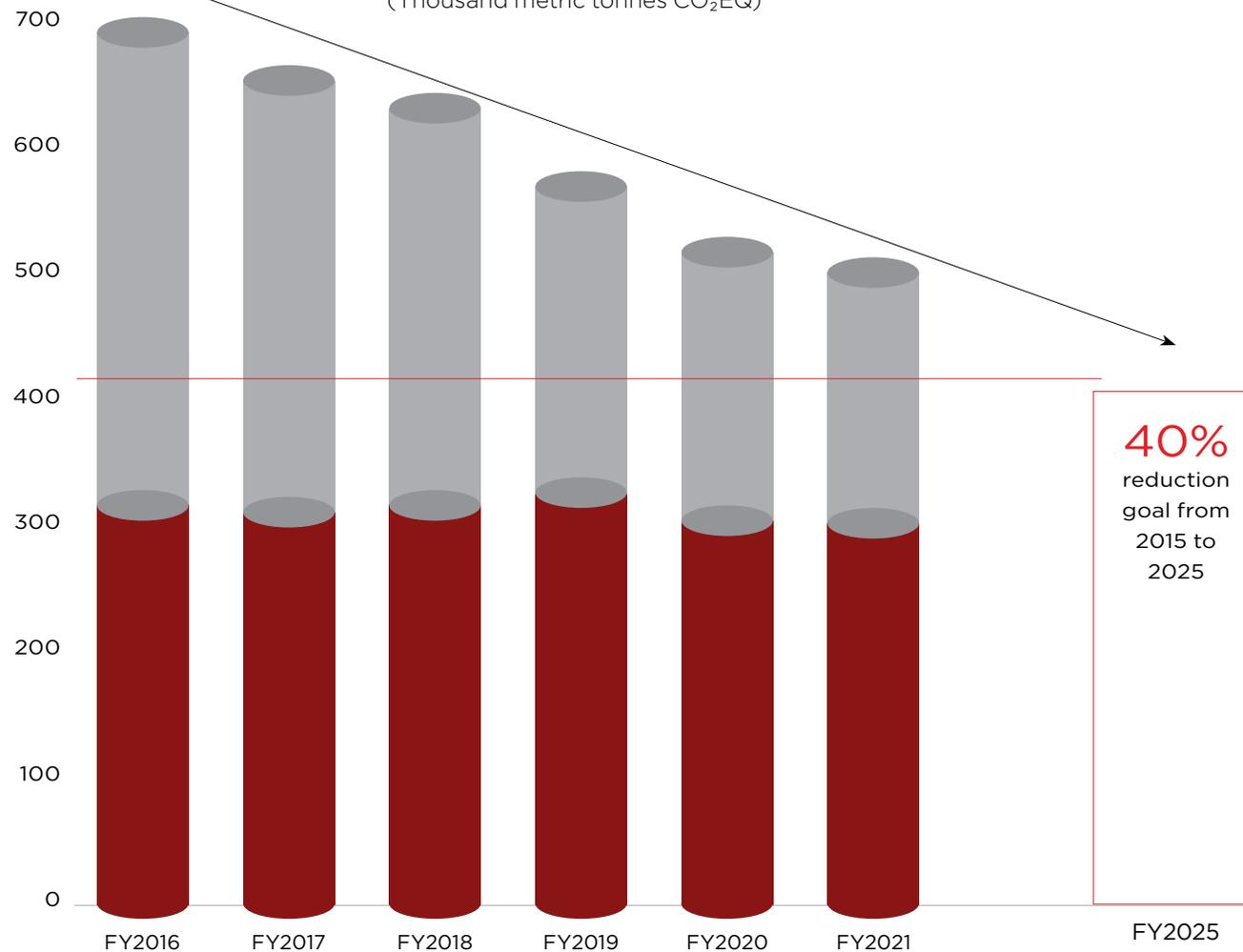


[Read more](#)



FY2021 Scope 1 and 2 Emissions Data

(Thousand metric tonnes CO₂EQ)



Empowering our Employees to Conserve Natural Resources

Takeda employees are critical to our ability to conserve the planet's natural resources.

Minimizing environmental impacts from our operations is the focus of our Natural Resources Conservation program and includes focus areas such as water stewardship, responsible waste management and biodiversity. Takeda's CAPS program (page 51) also works directly with sites and drives efficiency projects and progress toward meeting our water and waste goals.

Water Stewardship

We are working to understand our water impacts enterprise-wide, product-by-product and site-by-site. Our water impact goes beyond just measuring water withdrawal. Recognizing that water stress is highly regional in nature, we assess the stress levels of water sources that service our over 30 manufacturing, R&D and hub office sites worldwide using the World Resources Institute Aqueduct, WWF Water Risk Filter Tools and local site surveys. These independent assessment tools validated that 20% of our manufacturing sites (six sites) are in areas considered to have "high" or "extremely high" water risk.

In FY2021, local teams at these six sites developed water risk mitigation plans. They will work in FY2022 to adopt local conservation goals and identify appropriate watershed protection projects. While our focus remains on locations at high water risk, we actively work to reduce water consumption across all operations.

Six Takeda sites identified as being located in regions with increased water risk.



Tianjin, China



Pisa, Italy



Naucalpan, Mexico



Bekasi, Indonesia



Los Angeles, CA, USA
Thousand Oaks, CA, USA



2021 Highlights

- A lab air optimization project at our R&D facilities in Massachusetts improved occupant health and safety via air quality monitoring and dynamic ventilation control while saving energy and reducing GHG emissions. By reducing the amount of outside air that needs to be cooled in the warmer months, the facilities can save an estimated 12 million liters of water annually that would have been evaporated at the cooling towers.
- Our Tianjin, China, plant enabled infiltration of rainwater into the local aquifer by creating a subsidized greenbelt of 5,086 square meters and permeable roads of 4,543 square meters.

**Responsible Waste Management**

We are working to reduce the amount of waste sent to landfill, first by limiting the amount of waste we generate and then by reusing what we can and recycling the rest. To date, we have diverted 79% of our waste from landfills.

2021 Highlights

- At our facilities in Lexington and Cambridge, Massachusetts in the United States, we switched from landfill to waste-to-energy disposal.
- At our Vienna, Austria, manufacturing site, we began to use organic waste for the production of biogas for local use.
- Our Jaguariuna, Brazil, manufacturing site uses a biodigester to treat food waste that would have otherwise been sent to landfill.

Supporting Biodiversity

We seek to support biodiversity where we operate through responsible business practices and conservation efforts, many of which are employee led.

In FY2021, we initiated phase one of our planned biodiversity assessment. It included a screening desktop exercise of current potential direct/indirect biodiversity impacts at key Takeda manufacturing sites using the Integrated Biodiversity Assessment Tool. We will use the results of this initial assessment to perform a deeper evaluation at prioritized sites to better assess the potential for biodiversity impacts and determine mitigation actions, as appropriate.

FINANCIAL PERFORMANCE

Guided by our commitment to patients, our people and the planet, in FY2021 we executed our growth strategy delivering topline growth, competitive margins and strong cash flow. The decisions and investments we have made position us to deliver continued topline growth in FY2022 and over the medium-to-long term.



Takeda's FY2021 Financial Performance

Despite ongoing uncertainty caused by the COVID-19 pandemic and disruptions in the global supply chain, we have delivered positive financial outcomes for FY2021. This is an ongoing testament to our resilient product portfolio, and relentless pursuit of advancing science for patients and building sustainable value for our stakeholders. Our five key business areas represented approximately 86% of our FY2021 revenue and strength across our portfolio was key to our delivering 7.4% of underlying revenue growth.¹

FY2021 REVENUE

FY21 Revenue (JPY)	3,569.0B
FY21 Revenue (USD)	29.4B
● U.S.	48%
● Japan	18%
● Europe & Canada	21%
● Growth and Emerging Markets	13%



5 Key Business Areas

(% of FY2021 Core Revenue^{1,2})

GI	25%
Rare Diseases	18%
PDT Immunology	15%
Oncology	14%
Neuroscience	14%
Other	14%

¹ Takeda uses certain non-IFRS measures to supplement the analysis of results of operations under International Financial Reporting Standards ("IFRS"). Please refer to appendix pages for definitions, explanations and reconciliations of non-IFRS measures.

² Core Revenue is adjusted to remove JPY 133.0B for the sale of the diabetes portfolio in Japan, and other non-core asset transfers booked as revenue.

Results of Operations

(JPY billions)	Fiscal Year Ending March 31,		Change versus the previous year	
	2021	2022		%
Revenue	3,197.8	3,569.0	371.2	11.6%
Operating profit	509.3	460.8	-48.4	-9.5%
Profit (loss) before tax	366.2	302.6	-63.7	-17.4%
Net profit for the period	376.2	230.2	-146.0	-38.8%
Net profit attributable to owners of the Company	376.0	230.1	-145.9	-38.8%

Non-IFRS Measures¹

Results of Operations

(JPY billions)	Fiscal Year Ending March 31,		Change versus the previous year	
	2021	2022		%
Core revenue	3,197.8	3,420.5	222.7	7.0%
Underlying:				
Revenue growth	2.2%	7.4%		
Core operating profit margin	30.2%	28.0%		
Core operating profit	967.9	955.2	-12.7	-1.3%
Core EPS (yen)	420	425	5	1.2%
Free cash flow	1,237.8	943.7	-294.2	-23.8%

Leverage

(JPY billions)	As of	
	March 31, 2021	March 31, 2022
Net debt (cash)	3,429.4	3,233.8
Adjusted EBITDA (Last 12 months)	1,083.5	1,168.0
Net debt/Adjusted EBITDA ratio	3.2x	2.8x

¹ Takeda uses certain non-IFRS measures to supplement the analysis of results of operations under International Financial Reporting Standards ("IFRS"). Please refer to appendix pages for definitions, explanations and reconciliations of non-IFRS measures.

Growth and Launch Products

Our FY2021 revenue growth was largely driven by our growth and launch products, which generated one third of our total revenue and underlying revenue growth¹ of +19%.

BUSINESS AREA	GROWTH PRODUCT	INDICATION	REVENUE (BN JPY)	UNDERLYING REVENUE GROWTH ¹
Gastroenterology (GI)		Moderate to severe ulcerative colitis or Crohn's disease	521.8	14.5%
		Refractory complex perianal fistulas with Crohn's disease	1.8	121.7%
Rare Diseases		Prevention of hereditary angioedema attacks	103.2	12.4%
		Post-transplant CMV infection (refractory, with or without resistance)	1.3	—
PDT Immunology		Primary and secondary immunodeficiencies and multifocal motor neuropathy	385.9	9.4%
		Hypovolemia, hypoalbuminemia, for use during cardiopulmonary bypass surgery, and hemolytic disease of the newborn	90.0	42.3
Oncology		ALK-positive non-small cell lung cancer	13.6	46.9%
		Previously treated Non-Small Cell Lung Cancer with EGFR exon 20 insertion	1.0	—
Other	Spikevax™	Active immunization for the prevention of COVID-19 (primary and booster)	Undisclosed	Undisclosed
	Nuvaxovid®	Active immunization for the prevention of COVID-19 (primary and booster)	—	—

Further growth is expected moving forward from launch products EXKIVITY® and LIVTENCITY®, both approved in FY2021 in the United States, and also from our COVID-19 vaccines rollout in Japan with additional SPIKEVAX™ doses and the launch of NUVAOXOVID®, approved in Japan in April 2022.

¹ Takeda uses certain non-IFRS measures to supplement the analysis of results of operations under International Financial Reporting Standards ("IFRS"). Please refer to appendix pages for definitions, explanations and reconciliations of non-IFRS measures.

Positioned for growth over the mid- and long-term

Takeda is well positioned to deliver topline growth over the medium-to-long term.

Our growth and launch products are projected to continue driving topline growth in the near-term, through continued market penetration, geographic expansion, improving access and life cycle management.

In addition, we've built a deep and highly innovative pipeline through our R&D transformation, with approximately 40 new molecular entities in the clinical stage, several of which have sales potential over \$1 billion. We will continue to actively enrich the pipeline through our in-house R&D capabilities, external partnerships and targeted business development that align with our core therapeutic areas.

In addition to growing the topline, we continue to focus on delivering a competitive core operating profit margin. Our strong margins will continue to drive abundant cashflow, which will allow us to invest in our growth drivers, while also paying down debt toward our target of "low twos" net debt to adjusted EBITDA¹ by the end of fiscal year 2023.

10

10 of our clinical programs are in Phase 3 or pivotal trials with an aggregate peak potential sales of more than \$10 billion².

¹ Takeda uses certain non-IFRS measures to supplement the analysis of results of operations under International Financial Reporting Standards ("IFRS"). Please refer to appendix pages for definitions, explanations and reconciliations of non-IFRS measures.

² On a Probability of Technical and Regulatory Success (PTRS)-adjusted basis more than \$5 billion.

FY2022 Forecast

(JPY billions)	FY2021 (Actual)	FY2022 (Forecast)	Change over the previous year	
Reported:				
Revenue	3,569.0	3,690.0	121.0	3.4%
R&D expenses	-526.1	-570.0	-43.9	-8.3%
Operating profit	460.8	520.0	59.2	12.8%
Profit before tax	302.6	411.0	108.4	35.8%
Net profit attributed to owners of the Company	230.1	292.0	61.9	26.9%
EPS (yen)	147	188	41	27.9%

Non-IFRS Measures¹

Core revenue	3,420.5	3,690.0	269.5	7.9%
Core operating profit	955.2	1,100.0	144.8	15.2%
Core EPS (yen)	425	484	60	14.0%
Free cash flow	943.7	600.0–700.0		
Dividend per share (yen)	180	180	—	—

Management Guidance

	CORE GROWTH AT CER³
CORE REVENUE	Low-single-digit growth
CORE OPERATING PROFIT	High-single-digit growth
CORE EPS (yen)	High-single-digit growth

Refer to Summary of Financial Statements for the Fiscal Year Ended March 31, 2022 (IFRS, Consolidated) released on May 11, 2022, for further detail of FY2022 forecast and management guidance.

³ CER (Constant Exchange Rate) eliminates the effect of foreign exchange rates by translating results of operations using corresponding exchange rates in the same period of the previous fiscal year.

GLOBAL CSR

Through our Global Corporate Social Responsibility (CSR) Program, we help strengthen health systems by supporting activities in developing and emerging countries that prevent disease, train health workers, strengthen supply chains and improve access to quality diagnosis and treatment.



Overarching Global CSR Principles — How We Select Our Programs

Philanthropic lens: no commercial benefits for Takeda, enforcing rigorous due diligence to avoid conflict of interest and protect our reputation

Partnerships: foster trust and respect across our partners and communities

Long-term view: a human-centered approach, focusing on mid- to long-term impact and sustainability

Innovation: encourage the emergence of innovative solutions beyond commercial products

No one left behind: focus efforts to ensure global reach of Takeda's CSR impact

Employee participation: make all Takeda employees agents of change, and co-develop solutions with communities

Since 2016, an annual company-wide online vote has determined the programs we fund. In FY2021, we furthered this grassroots approach by launching a CSR Application Review committee composed of Takeda employees from across the company. This 20-person team helped select shortlisted proposals for voting from nearly 100 submitted by non-profit organizations based in 27 countries. In this way, the partnerships we fund reflect the priorities of our people.

In FY2021, Takeda employees voted to add four new partnerships to our [Global CSR Program](#):

JPY 953M

to IntraHealth International to work with 12 private schools in Mali, Senegal and Niger to increase the number of qualified, trained nurses who can serve rural communities.



[Learn more](#)

JPY 890M

to Jhpiego's iWIN project to help accelerate progress in preventing maternal and newborn mortality and morbidity by mending the fragmented maternal and child health ecosystem in India via a holistic, woman-centered approach.



[Learn more](#)

JPY 1B

to Pathfinder International to advance women's and girls' leadership in responding to the disproportionate impact of climate change and emergencies on women's health in South and Southeast Asia.



[Learn more](#)

JPY 997M

to United National Population Fund (UNFPA) to help provide access to over 90% of pregnant women to maternity units offering quality emergency obstetric and newborn care within two-hours travel time in Benin, Côte d'Ivoire and Togo.



[Learn more](#)

U.S. CSR Program

In FY2021, Takeda launched its first-ever U.S.-focused philanthropic CSR program, making an initial commitment of \$20 million among 25 new charitable partners in its inaugural year. The focus of our U.S. philanthropic giving is to support programs in the United States seeking to reduce the social disparities affecting underrepresented populations in our communities in the areas of Health, Environment, Learning and Providing (hunger). Our goal is to help achieve better health outcomes through a multi-faceted approach and a more holistic view of health and well-being that supports Takeda's purpose of better health for people, brighter future for the world.

Takeda CARE Program

Building on more than two decades of relationships with more than 600 NPOs and over one million people in Japan, we launched the Takeda CARE Program in 2021. The program supports marginalized populations in Japan grappling with such issues as domestic violence, inequities associated with working in informal economies and more. Underscored by the foundational pillars of children, adolescents/adults, resilience and empowerment in our titular acronym, the Takeda CARE Program integrates three longstanding domestic corporate citizenship initiatives focused on disaster relief, children with special needs and their families, and the personal impact of cancer on underrepresented populations, together with a new women's health initiative, under one institutional umbrella to harness progress and lessons learned over 20 years for even greater impact.

Our Impact

Since launching in 2016, Takeda's signature Global CSR Program has committed a total of **16.2 billion yen** to **17 international NGOs** for **20 long-term projects** that address more than **23 targets** of **seven** of the UN SDGs across **74 countries**.



9.8M+

direct beneficiaries reached

44,679+

qualified health professionals and community health workers trained

1M+

community members provided with targeted education on nutrition, water, sanitation, hygiene and sexual and reproductive health

132

health facilities constructed in remote and hard-to-reach areas

4.2M

children treated and immunized against preventable diseases such as measles and neglected tropical diseases

19.9M

[Our partners](#) are on track to reach 19.9 million direct beneficiaries by 2027, providing lifesaving care for vulnerable women and newborns, training health workers, improving access to healthcare services, strengthening holistic support for refugees and more.



Read more about Takeda's [Global CSR Programs in Action](#).

Legal Disclaimers

IMPORTANT NOTICE

For the purposes of this notice, “report” means this document, any oral presentation, any question and answer session and any written or oral material discussed or distributed by Takeda Pharmaceutical Company Limited (“Takeda”) regarding this report. This report (including any oral briefing and any question-and-answer in connection with it) is not intended to, and does not constitute, represent or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No shares or other securities are being offered to the public by means of this report. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. This report is being given (together with any further information which may be provided to the recipient) on the condition that it is for use by the recipient for information purposes only (and not for the evaluation of any investment, acquisition, disposal or any other transaction). Any failure to comply with these restrictions may constitute a violation of applicable securities laws. The companies in which Takeda directly and indirectly owns investments are separate entities. In this report, “Takeda” is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. The product names appearing in this document are trademarks or registered trademarks owned by Takeda, or their respective owners.

FORWARD-LOOKING STATEMENTS

This report and any materials distributed in connection with this report may contain forward-looking statements, beliefs or opinions regarding Takeda’s future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda, which include Takeda’s greenhouse gas emission goals. Without limitation, forward-looking statements often include words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”, “intends”, “ensures”, “will”, “may”, “should”, “would”, “could” “anticipates”, “estimates”, “projects” or similar expressions or the negative thereof. These forward-looking statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those expressed or implied by the forward-looking statements: the extent to which our internal energy conservation measures and future advancements in renewable energy or low carbon energy technology will enable us to reduce our GHG emissions; the economic circumstances surrounding Takeda’s global business, including general economic conditions in Japan and the United States; competitive pressures and developments; changes to applicable laws and regulations, including global healthcare reforms; challenges inherent in new product development, including uncertainty of clinical success and decisions of regulatory authorities and the timing thereof; uncertainty of commercial success for new and existing products; manufacturing difficulties or delays; fluctuations in interest and currency exchange rates; claims or concerns regarding the safety or efficacy of marketed products or product candidates; the impact of health crises, like the novel coronavirus pandemic, on Takeda and its customers and suppliers, including foreign governments in countries in which Takeda operates, or on other facets of its business; the timing and impact of post-merger integration efforts with acquired companies; the ability to divest assets that

are not core to Takeda’s operations and the timing of any such divestment(s); and other factors identified in Takeda’s most recent Annual Report on Form 20-F and Takeda’s other reports filed with the U.S. Securities and Exchange Commission, available on Takeda’s website at: <https://www.takeda.com/investors/sec-filings/> or at www.sec.gov. Takeda does not undertake to update any of the forward-looking statements contained in this report or any other forward-looking statements it may make, except as required by law or stock exchange rule. Past performance is not an indicator of future results and the results or statements of Takeda in this report may not be indicative of, and are not an estimate, forecast, guarantee or projection of Takeda’s future results.

FINANCIAL INFORMATION AND CERTAIN NON-IFRS FINANCIAL MEASURES

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). This report and materials distributed in connection with this report include certain non-IFRS financial measures not presented in accordance with IFRS, such as Underlying Revenue, Core Operating Profit, Underlying Core Operating Profit, Core Net Profit, Underlying Core EPS, Net Debt, EBITDA, Adjusted EBITDA, Free Cash Flow and CER Growth. Takeda’s management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this report. These non-IFRS measures exclude certain income, cost and cash flow items which are included in, or are calculated differently from, the most closely comparable measures presented in accordance with IFRS. By including these non-IFRS measures, management intends to provide investors with additional information to further analyze Takeda’s performance, core results and underlying trends. Takeda’s non-IFRS measures are not prepared in accordance with IFRS and such non-IFRS measures

Legal Disclaimers (cont.)

should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS (which we sometimes refer to as “reported” measures). Investors are encouraged to review the reconciliation of non-IFRS financial measures to their most directly comparable IFRS measures, which are on Slides 49–54 and 61 of the FY2021 Q4 earning presentation (Available at [FY2021 Q4 earnings presentation](#))

EXCHANGE RATES

Throughout this report, certain amounts presented in Japanese yen have been translated to US dollars solely for the convenience of the reader at an exchange rate of 1USD = 121.44 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on March 31, 2022. The rate and methodologies used for these convenience translations differ from the currency exchange rates and translation methodologies under IFRS used for the preparation of Takeda’s consolidated financial statements. These translations should not be construed as a representation that the relevant Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

MEDICAL INFORMATION

This 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 prescription drugs including the ones under development.

Appendix

DEFINITIONS OF NON-IFRS MEASURES

See pages 68 to 74 for reconciliations of the non-IFRS measures discussed below to the most closely comparable measures under IFRS.

Definition of Core and Underlying Growth

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

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

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

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

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

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

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

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g., amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda’s ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

CER (Constant Exchange Rate)

CER eliminates the effect of foreign exchange rates by translating results of operations using corresponding exchange rates in the same period of the previous fiscal year.

Free Cash Flow

We present Free Cash Flow because we believe that this measure is useful to investors as similar measures of liquidity are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Free Cash Flow is also used by our management to evaluate our liquidity and

our cash flows, particularly as they relate to our ability to meet our liquidity requirements and to support our capital allocation policies. We also believe that Free Cash Flow is helpful to investors in understanding how our strategic divestitures of non-core businesses and of portions of our investment portfolio contribute to the cash flows and liquidity available to us.

We define Free Cash Flow as cash flows from operating activities, subtracting acquisition of property, plant and equipment (PP&E), intangible assets and investments, as well as any other cash that is not available to Takeda’s immediate or general business use, and adding proceeds from sales of PP&E, as well as from sales and redemption of investments and businesses, net of cash and cash equivalents divested.

The usefulness of Free Cash Flow to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the effect of our current and future contractual and other commitments requiring the use or allocation of capital and (iii) the addition of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents divested, do not reflect cash received from our core ongoing operations. Free Cash Flow should not be considered in isolation and is not, and should not be viewed as, a substitute for cash flows from operating activities or any other measure of liquidity presented in accordance with IFRS. The most directly comparable measure under IFRS for Free Cash Flow is net cash from operating activities.

EBITDA and Adjusted EBITDA

We present EBITDA and Adjusted EBITDA because we believe that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We further believe that

Appendix (cont.)

Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. These non-IFRS measures may not be comparable to similarly-titled measures presented by other companies.

The usefulness of EBITDA and Adjusted EBITDA to investors has limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all items which investors may consider to be unrelated to our long-term operations, such as the results of businesses divested during a period. These non-IFRS measures are not, and should not be viewed as, substitutes for IFRS reported net income (loss). We encourage investors to review our historical financial statements in their entirety and caution investors to IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

We define EBITDA as net profit before income tax expenses, depreciation and amortization and net interest expense. We define Adjusted EBITDA as EBITDA further adjusted to exclude impairment losses, other operating expenses and income (excluding depreciation and amortization), finance expenses and income (excluding net interest expense), our share of loss from investments accounted for under the equity method and other items that management believes are unrelated to our core operations such as purchase accounting effects and transaction related costs.

The most closely comparable measure presented in accordance with IFRS is net profit for the year.

Net Debt

We present Net Debt because we believe that it is useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents, and, in conjunction with Adjusted EBITDA, to monitor our leverage. We also believe that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We define Net Debt first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates for non-JPY debt outstanding at the beginning of the period and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period, which reflects the methodology our management uses to monitor our leverage, and (ii) a 50% equity credit applied to our aggregate principal amount of 500.0 billion hybrid (subordinated) bonds issued in June 2019 by S&P Global Rating Japan in recognition of the equity-like features of those bonds pursuant to such agency's ratings methodology. From this figure, we deduct cash and cash equivalents,

excluding cash that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, to calculate Net Debt.

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

The most directly comparable measures under IFRS for Net Debt is bonds and loans.

Reconciliations

Reconciliation from Reported to Core/Underlying FY2021

(JPY billions)	REPORTED	REPORTED TO CORE ADJUSTMENTS							CORE TO UNDERLYING CORE ADJ.			UNDERLYING GROWTH
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expense	Sale of Japan diabetes portfolio	Irish Tax Assessment ¹	TEVA JV related accounting adjustments	Others	CORE	FX	Divestitures	
Revenue	3,569.0				-133.0		-0.8	-14.6	3,420.5	-166.9	-6.9	+7.4%
Cost of sales	-1,106.8				0.6			45.6	-1,060.6	52.0	3.6	
Gross Profit	2,462.2				-132.4		-0.8	31.0	2,359.9	-114.9	-3.2	
SG&A expenses	-886.4				1.0			5.1	-880.2	46.1	0.0	
R&D expenses	-526.1							1.6	-524.5	25.6	-0.0	
Amortization of intangible assets	-418.8	418.8							—			
Impairment losses on intangible assets	-54.1		54.1						—			
Other operating income	43.1			-41.7			-1.4		—			
Other operating expenses	-159.1			159.1					—			
Operating profit	460.8	418.8	54.1	117.4	-131.4		-2.2	37.7	955.2	-43.2	-3.2	+5.4%
Margin	12.9%								27.9%			28.0%²
Financial income/expenses	-142.9							21.0	-121.9	13.5		
Equity income/loss	-15.4						7.3	11.8	3.7	0.3		
Profit before tax	302.6	418.8	54.1	117.4	-131.4		5.1	70.5	837.0	-29.4	-3.2	
Tax expenses	-72.4	-89.7	-15.2	-26.1	40.2	65.4	-1.6	-73.8	-173.2	6.1	1.0	
Non-controlling interests	-0.1								-0.1	-0.0	0.0	
Net profit	230.1	329.1	38.9	91.2	-91.2	65.4	3.5	-3.2	663.7	-23.3	-2.2	
EPS (yen)	147								425	-15	-1	+9.4%
Number of shares (millions)	1,564								1,564			1,563

¹ A tax charge of 65.4 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014.

² Underlying Core Operating Profit Margin.

Reconciliations (cont.)

Reconciliation from Reported Revenue to Core/Underlying Revenue FY2021 Versus Prior Year

(JPY billions)	FY2020	FY2021	vs. PY	
Reported Revenue	3,197.8	3,569.0	+371.2	+ 11.6%
Sale of Japan diabetes portfolio ¹ and other non-core product divestitures	—	-148.5	-148.5	-4.6pp
Core Revenue	3,197.8	3,420.5	+222.7	+ 7.0%
FX effects ²				-5.2pp
Divestitures ³				+5.6pp
Regional portfolio				+4.1pp
Japan diabetes portfolio				+1.0pp
TACHOSIL				+0.4pp
Others				+0.1pp
Underlying Revenue Growth				+ 7.4%

¹ The non-recurring item of the 133.0 billion JPY selling price as the result of the completion of the divestiture is excluded from FY2021.

² FX adjustment applies plan rate to both periods.

³ Major adjustments are as follow;

- Revenue of select over-the-counter and non-core products in Asia Pacific is excluded from FY2020 as the divestiture was completed in November 2020.
- Revenue of select non-core prescription pharmaceutical products predominantly in Europe is excluded from FY2020 as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America is excluded from FY2020 as the divestiture was completed in January 2021.
- Net sales from TACHOSIL, a surgical patch, are excluded from FY2020 as the divestiture was completed in January 2021.
- Revenue of select over-the-counter and non-core products predominantly in Europe is excluded from FY2020 as the divestiture was completed in March 2021.
- Revenue of the former subsidiary, Takeda Consumer Healthcare Company Limited, is excluded from FY2020 as the divestiture was completed in March 2021.
- Net sales from a portfolio of diabetes products in Japan (NESINA, LIOVEL, INISYNC and ZAFATEK) are excluded from FY2020 as the divestiture was completed at the beginning of April 2021.
- Revenue of select non-core prescription pharmaceutical products in China had been excluded from both the current fiscal year and the previous fiscal year until the third quarter of the fiscal year ended March 31, 2022. However, as the divestiture was completed at the end of March 2022, the current fiscal year and the previous fiscal year are comparable, thus, in this quarter, no exclusion of its divestiture impact has been made for either fiscal year.

Reconciliations (cont.)

Reconciliation from Reported to Core/Underlying FY2020

(JPY billions)	REPORTED	REPORTED TO CORE ADJUSTMENTS						CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING GROWTH
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	TEVA JV related accounting adjustments	TCHC divestiture ¹	Others		FX	Divestitures	
Revenue	3,197.8							3,197.8	-1.4	-174.4	+2.2%
Cost of sales	-994.3						87.4	-906.9	-2.6	52.7	
Gross Profit	2,203.5						87.4	2,290.9	-4.0	-121.7	
SG&A expenses	-875.7			1.9			1.2	-872.6	2.2	16.7	
R&D expenses	-455.8			-0.3			5.8	-450.4	0.0	0.8	
Amortization of intangible assets	-405.3	405.3						—			
Impairment losses on intangible assets	-16.6		16.6					—			
Other operating income	318.0			-116.9	-1.5	-139.5	-60.2	—			
Other operating expenses	-258.9			185.3			73.6	—			
Operating profit	509.3	405.3	16.6	70.0	-1.5	-139.5	107.7	967.9	-1.8	-104.2	+13.0%
Margin	15.9%							30.3%			28.5%²
Financial income/expenses	-143.1						16.8	-126.3	6.0	-0.0	
Equity income/loss	0.1				16.6		-13.1	3.5	-0.2	-0.0	
Profit before tax	366.2	405.3	16.6	70.0	15.1	-139.5	111.4	845.1	4.0	-104.2	
Tax expenses	9.9	-90.5	-3.8	-9.5	-4.6		-91.0	-189.4	-0.9	29.1	
Non-controlling interests	-0.2							-0.2	0.0	0.0	
Net profit	376.0	314.8	12.8	60.5	10.5	-139.5	20.4	655.5	3.1	-75.1	
EPS (yen)	241							420	3	-48	+24.6%
Number of shares (millions)	1,562							1,562			1,558

¹ On March 31, 2021, Takeda completed the sale of Takeda Consumer Healthcare Company Limited (“TCHC”), a wholly-owned subsidiary of Takeda primarily focused on the consumer healthcare market in Japan, to The Blackstone Group Inc.

² Underlying Core Operating Profit Margin.

Reconciliations (cont.)

Free Cash Flow

(JPY billions)	FY2020	FY2021	vs. PY	
Net profit	376.2	230.2	-146.0	-38.8%
Depreciation, amortization and impairment loss	585.1	637.7	+52.5	
Decrease (increase) in trade working capital	53.3	206.3	+153.0	
Income taxes paid	-235.8	-147.7	+88.1	
Tax refunds and interest on tax refunds received	34.1	7.3	-26.8	
Other	198.0	189.4	-8.6	
Net cash from operating activities	1,010.9	1,123.1	+112.2	+11.1%
Adjustment for cash temporarily held by Takeda on behalf of third parties ¹	-175.5	-32.0	+143.5	
Acquisition of PP&E	-111.2	-123.3	-12.0	
Proceeds from sales of PP&E	46.5	1.8	-44.6	
Acquisition of intangible assets	-125.3	-62.8	+62.5	
Acquisition of investments	-12.6	-8.3	+4.3	
Proceeds from sales and redemption of investments	74.6	16.9	-57.7	
Proceeds from sales of business, net of cash and cash equivalents divested	530.4	28.2	-502.2	
Free Cash Flow	1,237.8	943.7	-294.2	-23.8%

¹ Adjustment refers to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

Reconciliations (cont.)

Net Profit to Adjusted EBITDA Bridge FY2021 Versus Prior Year

(JPY billions)	FY2020	FY2021	vs. PY	
Net profit	376.2	230.2	-146.0	-38.8%
Income tax expenses	-9.9	72.4		
Depreciation and amortization	559.7	583.2		
Interest expense, net	129.0	117.8		
EBITDA	1,054.9	1,003.6	-51.4	-4.9%
Impairment losses	25.5	54.5		
Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item)	-74.5	106.3		
Finance expense (income), net, excluding interest income and expense, net	14.1	25.1		
Share of loss on investments accounted for under the equity method	-0.1	15.4		
Other adjustments:	131.4	-30.2		
Non-core expense related to COVID-19	14.0	10.4		
Sale of Japan diabetes portfolio and other non-core product divestitures	—	-144.8		
Impact on profit related to fair value step up of inventory in Shire acquisition	79.4	31.9		
Acquisition costs related to Shire	1.9	—		
Other costs ¹	36.1	72.4		
EBITDA from divested products ²	-67.8	-6.6		
Adjusted EBITDA	1,083.5	1,168.0	+84.5	+7.8%

¹ Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.

² Represents adjustments for EBITDA from divested products which are removed as part of Adjusted EBITDA.

Reconciliations (cont.)

Net Debt/Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

(JPY billions)	FY2021
Cash and cash equivalents ¹	642.2
Book value debt on the balance sheet	-4,345.4
Hybrid bond 50% equity credit	250.0
FX adjustment ²	219.4
Gross debt ³	-3,876.0
Net cash (debt)	-3,233.8
Net debt/Adjusted EBITDA ratio	2.8 x
Adjusted EBITDA	1,168.0

NET INCREASE/DECREASE IN CASH

(JPY billions)	FY2020	FY2021	vs. PY	
Net cash from operating activities	1,010.9	1,123.1	+112.2	+11.1%
Acquisition of PP&E	-111.2	-123.3		
Proceeds from sales of PP&E	46.5	1.8		
Acquisition of intangible assets	-125.3	-62.8		
Acquisition of investments	-12.6	-8.3		
Proceeds from sales and redemption of investments	74.6	16.9		
Acquisition of business, net of cash and cash equivalents acquired	—	-49.7		
Proceeds from sales of business, net of cash and cash equivalents divested	530.4	28.2		
Net increase (decrease) in short-term loans and commercial papers	-149.0	-0.0		
Repayment of long-term loans	-792.5	-414.1		
Proceeds from issuance of bonds	1,179.5	249.3		
Repayment of bonds	-859.2	-396.0		
Purchase of treasury shares	-2.1	-77.5		
Interest paid	-107.3	-108.2		
Dividends paid	-283.4	-283.7		
Others	-83.1	-41.1		
Net increase/decrease in cash	316.1	-145.3	-461.4	—

¹ Includes short-term investments which mature or become due within one year from the reporting date and excludes cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

² FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

³ Bonds and loans of current and non-current liabilities. 250Bn yen reduction in debt due to 500Bn yen hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

Reconciliations (cont.)

Reconciliation from Reported Operating Profit to Core Operating Profit — FY2022 Forecast

(JPY billions)	REPORTED	REPORTED TO CORE ADJUSTMENTS				CORE
		Amortization of intangible assets	Impairment of intangible assets	Other operating income/expenses	Others	
Revenue	3,690.0					3,690.0
Cost of sales					24.0	
Gross Profit					24.0	
SG&A and R&D expenses					7.0	
Amortization of intangible assets	-438.0	438.0				—
Impairment losses on intangible assets	-50.0		50.0			—
Other operating income	12.0			-12.0		—
Other operating expenses	-73.0			73.0		—
Operating profit	520.0	438.0	50.0	61.0	31.0	1,100.0



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