



Remarks by Ms. Emiko Higashi External Director

I am delighted and honored to represent the external directors of Takeda and speak about Takeda's acquisition of Shire.

I have been on the board of Takeda since June 2016, when it increased its external board members to become the majority of the board members. Board discussions have been open and healthy. I have served on four public company boards in the U.S. and U.K. in the past, which includes the boards of two U.S. companies that I am serving on now. Compared to my U.S. board experience, Takeda's board consists of global, diverse, and well-experienced professionals. Each of the external directors, based on their management experience in various fields, contributes to and supports the dynamic and strategic thinking of the management while remaining strongly aware and mindful of the fiduciary duty to shareholders.

I would like to talk about my viewpoint of "what globalization is for Japanese companies." Competition in the global market is no longer an option for Japanese companies but it is a necessary condition for continued long-term success. Takeda has already developed business in 70 countries around the world, and overseas sales represent about two-thirds of the total.

Over the past two years since I joined, the board has had sound discussions about Takeda's goals and long-term direction and what to strategically do to achieve those goals. Along the way towards the acquisition of Shire, the acquisition became a part of the agenda for the Board of Directors meeting, and this had become a dedicated discussion with the management team. The Board of Directors discussed the short-term and long-term strategic rationale of the acquisition; the management team analyzed and deliberated this, while considering the risks and outcomes associated with the acquisition.

Among the decisions a company makes, I think that there is nothing that coexists with risk and opportunity so large as an acquisition. The Takeda board understands that there is no acquisition that is risk-free, but it also understands that not capturing a strategic opportunity when it presents itself is not serving the best interest of the shareholders. A belief that if you do not do anything, you will not expose yourself to additional risks is a myth which many Japanese companies believe. Management often mistakenly tries to avoid risks by not doing anything, but ironically, a company can be taking the greatest risk by not doing anything.

I believe that the main reason why this myth (the belief that if you do not do anything, you will not expose yourself to additional risks) persists is that many Japanese companies had few opportunities to

attain a broad global perspective to assess risk. Even if they can assess the risk, they fear the risk and lack the management capability to figure out a way to minimize or reduce the risk. I believe global diversity – diversity in ways of thinking, diversity of perspectives, and diversity of experience of the management team – makes a huge difference in the management’s capability to assess and address risks on the global scale. Takeda today is poised to proceed, among Japanese companies, with its uniquely diverse management team and Board of Directors who can accurately assess risk, find a way to mitigate risk, and make bold management decisions without fearing those risks. We believe Mr. Weber and the management team, which he built over the last four years, have the capability and capacity to go through an acquisition of this magnitude; thus, the board supported the acquisition.

In my view, acquiring Shire is an opportunity that is unique for Takeda. It brings critical mass for Takeda while strengthening operational and cost efficiency to compete and sustain itself successfully for the long term. If the acquisition conforms to the strategy, gives stronger financial performance, and is accretive to shareholders, it makes sense. Shire is such a rare opportunity for Takeda; thus, the board concluded that acquiring Shire is the right decision for Takeda’s employees and shareholders, and it enables us to further address and contribute to patients’ unmet needs.

Furthermore, in order to successfully acquire a company, you need a clear strategy from top executives and strong leadership. Here is my personal observation of Mr. Weber. He inspires trust and has excellent judgment of people. With this, he has built a multinational management team with eight different nationalities. He has a strong ethical compass and extraordinary emotional intelligence and sensitivity to different cultures supported by his management experience in eight different cultures. Moreover, he is humble yet motivates others to commit to a common goal. He has self-confidence to be able to delegate, and empower his team, yet takes responsibility for his actions. He does not waiver from taking a difficult position when he is convinced that it is the right thing to do for patients, even if the decision is not an easy one to make. He is always asking himself and others how Takeda could do better. In short, he has the trust and confidence of the board of Takeda to execute and proceed with the acquisition of Shire. His management team is also aligned with his objectives and the mission of Takeda.

Some people may be concerned about the acquisition of Shire by Takeda, as large acquisitions by some Japanese companies in the past faced difficulties. However, Takeda is not one of the companies who have failed in the past. I believe this acquisition is different for a few good reasons. First, Takeda is acquiring a company within the same industry, and it is quite familiar with Shire’s businesses. It is different from a company using M&A as a way to enter a new industry. Secondly, Takeda’s management team is truly global, consisting of well-experienced professionals, who have experienced acquisition integrations in the past – large and small – so the team knows pitfalls, opportunities and when to cease activities. Thirdly, Takeda has a strong corporate culture that defines our patient-centric values, which will continue to be a foundation for our integration.

Takeda has more than 230 years of history and aims to succeed for another 230 years and beyond. Takeda believes that with this acquisition, the company will further accelerate the transformation to a global company, continue to raise its corporate value, and deliver value as a Japanese company to the world.

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Emiko Higashi, External Director

<https://www.takeda.com/who-we-are/company-information/executive-leadership/emiko-higashi/>