Annual Securities Report

From April 1, 2019 to March 31, 2020

(The 143rd Fiscal Year)

Takeda Pharmaceutical Company Limited

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

In this annual securities report, we present our audited consolidated financial statements as of March 31, 2019 and 2020 and for the fiscal years ended March 31, 2019 and 2020. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The term IFRS also includes International Accounting Standards ("IAS") and the related interpretations of the committees (Standard Interpretations Committee and International Financial Reporting Interpretations Committee).

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

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

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

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[Document Filed]	Annual Securities Report
[Applicable Law]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 24, 2020
[Fiscal Year]	The 143rd Fiscal Year (from April 1, 2019 to March 31, 2020)
[Company Name]	Takeda Pharmaceutical Company Limited
[Title and Name of Representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Address of Head Office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka (The above address is the registered head office location and the ordinary business operations are conducted at the “Nearest Place of Contact”)
[Telephone Number]	Not applicable
[Name of Contact Person]	Not applicable
[Nearest Place of Contact]	1-1, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo (Global Headquarters)
[Telephone Number]	+81-3-3278-2111 (Main telephone number)
[Name of Contact Person]	Norimasa Takeda, Head of Global Consolidation and Japan Reporting, Global Finance
[Place for Public Inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

Part 1. Information on Takeda

I. Overview of Takeda

1. Key Financial Data
   (1) Consolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	139th	140th	141st	142nd	143rd
Year Ended	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Revenue	¥ 1,807,378	¥ 1,732,051	¥ 1,770,531	¥ 2,097,224	¥ 3,291,188
Profit (loss) before tax	120,539	143,346	217,205	127,612	(60,754)
Net profit for the year	83,480	115,513	186,708	135,080	44,290
Net profit attributable to owners of the Company	80,166	114,940	186,886	135,192	44,241
Total comprehensive income (loss) for the year	(39,602)	93,142	242,664	121,595	(199,419)
Total equity	2,011,203	1,948,965	2,017,409	5,185,991	4,727,486
Total assets	3,824,085	4,346,794	4,106,463	13,792,773	12,821,094
Equity attributable to owners of the Company per share (JPY)	2,487.04	2,425.92	2,556.51	3,332.94	3,032.22
Basic earnings per share (JPY)	102.26	147.15	239.35	140.61	28.41
Diluted earnings per share (JPY)	101.71	146.26	237.56	139.82	28.25
Ratio of equity attributable to owners of the Company to total assets (%)	51.0	43.6	48.6	37.6	36.8
Return on equity attributable to owners of the Company (%)	3.9	6.0	9.6	3.8	0.9
Price earnings ratio (Times)	50.2	35.5	21.7	32.2	116.4
Net cash from (used in) operating activities	25,491	261,363	377,854	328,479	669,752
Net cash from (used in) investing activities	(71,208)	(655,691)	(93,342)	(2,835,698)	292,119
Net cash from (used in) financing activities	(124,839)	289,896	(326,226)	2,946,237	(1,005,213)
Cash and cash equivalents at the end of the year	451,426	319,455	294,522	702,093	637,614
Number of employees (Number of persons)	31,168	29,900	27,230	49,578	47,495

Notes:
(1) The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).
(2) Revenue does not include consumption taxes.
(3) All figures shown are rounded to the nearest million JPY.
(4) With the completion of the Shire acquisition, consolidated financial statements for the 142nd fiscal year ended March 31, 2019 include Shire's results for the period from January 8, 2019 to March 31, 2019.
During the 143rd fiscal year ended March 31, 2020, Takeda completed the purchase price allocation for the assets acquired and the liabilities assumed as part of the Shire acquisition. Accordingly, Consolidated Statements and Key Consolidated Financial Data for the 142nd fiscal year ended March 31, 2019 were retrospectively adjusted. See Note 31 Business Combination to our consolidated financial statements for further detail of completed purchase price allocation.

(2) Unconsolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	**139th**	**140th**	**141st**	**142nd**	**143rd**
Year Ended	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**	**March 31, 2020**
Net sales	¥ 776,998	¥ 737,803	¥ 659,462	¥ 651,347	¥ 616,288
Ordinary income	292,895	81,915	125,944	17,514	72,252
Net income	263,023	108,369	187,004	88,231	130,626
Share capital	64,766	65,203	77,914	1,643,585	1,668,123
Total number of shares issued (Thousands of shares)	790,284	790,521	794,688	1,565,006	1,576.374
Total equity	1,572,199	1,530,447	1,565,913	4,647,171	4,549,000
Total assets	2,699,455	3,093,070	2,948,562	9,534,645	10,289,304
Net assets per share (JPY)	2,003.90	1,957.76	2,002.29	2,987.94	2,919.21
Dividend per share (JPY) [Interim dividend per share (JPY)]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]	180.00 [90.00]
Basic earnings per share (JPY)	335.48	138.73	239.47	91.76	83.88
Diluted earnings per share (JPY)	334.88	138.60	239.18	91.72	83.87
Equity ratio (%)	58.2	49.4	53.1	48.7	44.2
Return on equity (%)	17.3	7.0	12.1	2.8	2.8
Price earnings ratio (Times)	15.3	37.7	21.6	49.3	39.4
Payout ratio (%)	53.7	129.8	75.2	196.2	214.6
Number of employees (Number of persons)	6,780	6,638	5,461	5,291	5,350
Total shareholders return [Comparative indicator: TOPIX Net Total Return](%)	88.6 [89.2]	93.2 [102.3]	95.4 [118.5]	87.4 [112.5]	70.1 [101.8]
Highest stock price (JPY)	6,609	5,527	6,693	5,418	4,625
Lowest stock price (JPY)	5,010	4,098	5,105	3,498	2,895

Notes:
(1) Net sales do not include consumption taxes.
(2) All figures shown are rounded to the nearest million JPY.
(3) We have adopted partial amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No.28 issued on February 16, 2018) at the beginning of the previous fiscal year, and financial data presented for the fiscal years ended before the previous fiscal year has been retrospectively adjusted.
(4) The highest and lowest stock prices are from the first section of the Tokyo Stock Exchange.

2. History

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

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

3. Business Overview

Takeda consists of 351 companies: Takeda Pharmaceutical Company Limited (hereafter referred to as “the Company”), 328 consolidated subsidiaries (including partnerships), and 22 affiliates accounted for using the equity method. The major business of Takeda is research, development, manufacturing and marketing of pharmaceutical products.

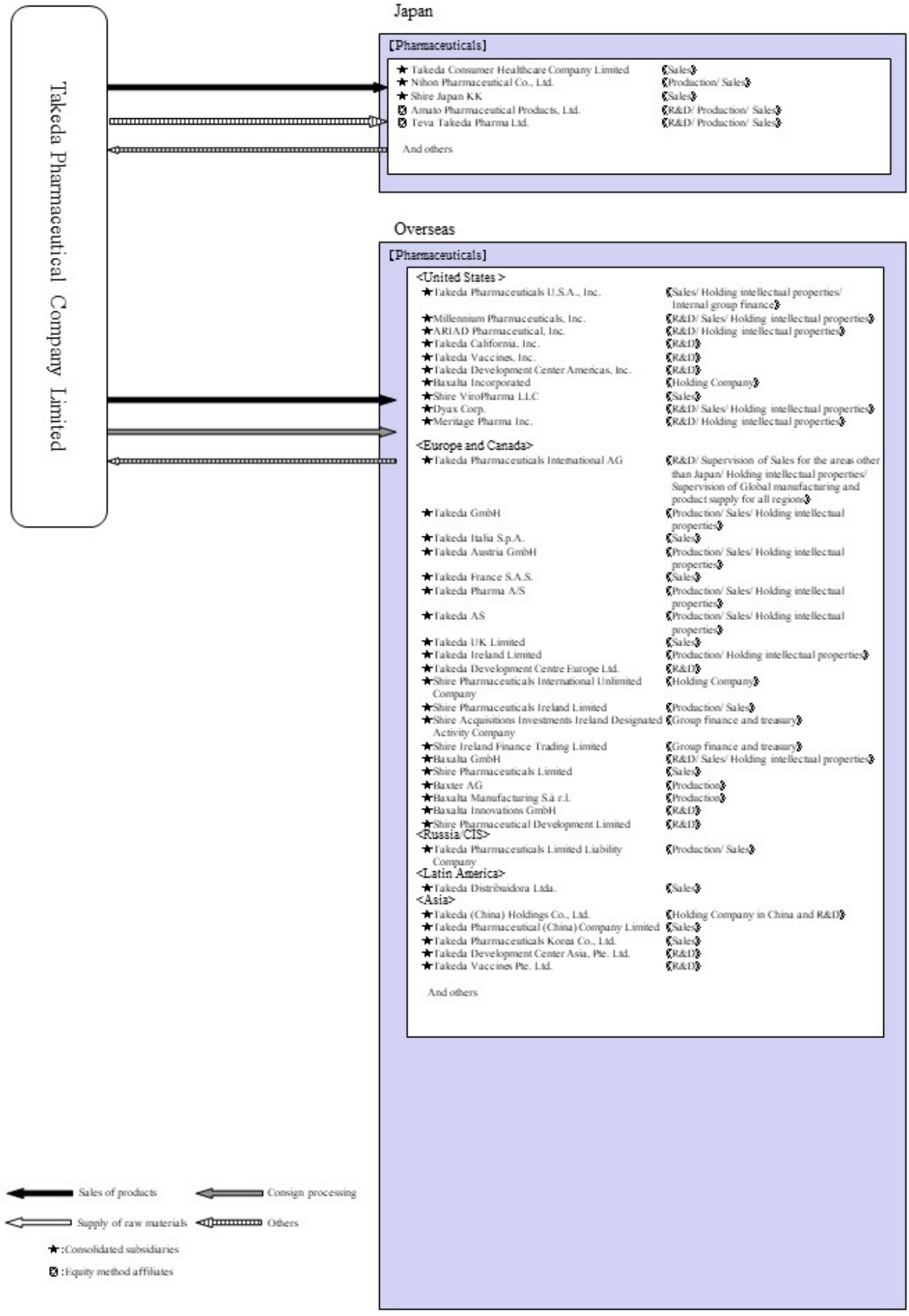
The outline of the roles of subsidiaries which compose Takeda as of March 31, 2020 is as follows.
Segment information is omitted as Takeda operates a single reportable segment.

In Japan, the Company, Shire Japan Co., Ltd., and Nihon Pharmaceutical Co., Ltd. as well as some other subsidiaries are engaged in the manufacturing and marketing of pharmaceutical products.

In the areas other than Japan, subsidiaries and associates located in each country are mainly engaged in the manufacturing and marketing operations. Among these subsidiaries and associates, major subsidiaries are Takeda Pharmaceuticals U.S.A. Inc, Millenium Pharmaceuticals, Inc. and others in the U.S and Takeda GmbH and Baxalta GmbH and others in Europe and Canada. Major manufacturing and marketing companies in the other areas include Takeda Pharmaceuticals Limited Liability Company, Takeda Distribuidora Ltda. and others.

Regarding research and development, Takeda focuses on four core therapeutic areas (Oncology, Rare Diseases, Neuroscience and Gastroenterology (GI) and on two business units (plasma-derived therapies and Vaccines), and carries out research and development activities to enhance Takeda's pipeline mainly in R&D centers located in Japan and the U.S.

Overview of Takeda group is as follows:



4. Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2020

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
United States of America	Takeda Pharmaceuticals U.S.A., Inc.	Lexington, MA, U.S.A.	US$1 thousand	Pharmaceuticals	58.1	41.9	100.0	—	—	Purchases drugs from the Company	—
	Millennium Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	US$0.1	Pharmaceuticals	—	100.0	100.0	—	—	Conducts research and development of drugs on behalf of the Company and contracts out to the Company	Guarantees for lease payments
	ARIAD Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	US$6 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda California, Inc.	San Diego, CA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Conducts research of drugs on behalf of the Company and collaborative research with the Company	—
	Takeda Vaccines, Inc.	Cambridge, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Conducts research and development of drugs on behalf of the Company	—
	Takeda Development Center Americas, Inc.	Cambridge, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Conducts development of drugs and acquisition of approval on behalf of the Company	—
	Baxalta Incorporated	Bannockburn, IL, U.S.A	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for redemption of bond
	Shire ViroPharma LLC	Lexington, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Dyax Corp.(*)	Lexington, MA, U.S.A.	US$215	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Meritage Pharma, Inc.	Lexington, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Europe and Canada	Takeda Pharmaceuticals International AG (*)	Zurich, Switzerland	€4 million	Pharmaceuticals	100.0	—	100.0	—	—	Purchases drugs from the Company	Borrows fund
	Takeda GmbH	Konstanz, Germany	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	Purchases drugs from the Company	—
	Takeda Italia S.p.A.	Rome, Italy	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Austria GmbH	Linz, Austria	€15 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda France S.A.S.	Paris, France	€3 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma A/S	Taastrup, Denmark	949 million DKK	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda AS	Asker, Norway	273 million NOK	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda UK Limited	Buckinghamshire, United Kingdom	£50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for payments of rental fees for real-estate and other
	Takeda Ireland Limited	Kilruddery, Ireland	€396 million	Pharmaceuticals	100.0	—	100.0	—	—	—	

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Europe and Canada	Takeda Development Centre Europe Ltd.	London, United Kingdom	£800 thousand	Pharmaceuticals	100.0	—	100.0	—	—	Conducts development of drugs and acquisition of approval on behalf of the Company	—
	Shire Pharmaceuticals International Unlimited Company(*)	Dublin, Ireland	US $9,309.45 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Pharmaceuticals Ireland Limited	Dublin, Ireland	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Acquisitions Investments Ireland Designated Activity Company	Dublin, Ireland	US$20	Pharmaceuticals	—	100.0	100.0	—	✓	—	Guaran tees for redemption of bond
	Shire Ireland Finance Trading Limited (*)	Dublin, Ireland	US $3,662.37 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Borrows fund Gurantees for foreign exchange derivatives
	Baxalta GmbH	Opfikon, Switzerland	20 thousand CHF	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Pharmaceuticals Limited	London, United Kingdom	£727 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxter AG	Vienna, Austria	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Manufacturing, S.a.r.l.	Neuchatel, Switzerland	€2 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxatla Innovations GmbH	Vienna, Austria	€36.34 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Pharmaceutical development Limited	London, United Kingdom	£230.61 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	26 thousand Russian Ruble	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Latin America	Takeda Distribuidora Ltda.	Sao Paulo, Brazil	11 million Brazilian Reals	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$75 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda Pharmaceutical (China) Company Limited	Taizhou, China	US$62 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	2,000 million Korean Won	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Asia, Pte. Ltd.	Singapore	S$5 million	Pharmaceuticals	100.0	—	100.0	—	—	Conducts development of drugs on behalf of the Company	—
	Takeda Vaccines Pte. Ltd.	Singapore	S$32 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
Japan	Takeda Consumer Healthcare Company Limited	Chiyoda-ku, Tokyo, Japan	¥490 million	Pharmaceuticals	100.0	—	100.0	—	—	Sells drugs, etc., to the Company	—
	Nihon Pharmaceutical Co., Ltd.	Chuo-ku, Tokyo, Japan	¥760 million	Pharmaceuticals	87.3	—	87.3	—	—	Sells drugs, etc., to the Company	—
	Shire Japan Co., Ltd.	Chiyoda-ku, Tokyo, Japan	¥2,000 million	Pharmaceuticals	—	100.0	100.0	✓	✓	—	—
	Other 288 subsidiaries										

(Associates accounted for using the equity method)

As of March 31, 2020

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership (%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Japan	Amato Pharmaceutical Products, Ltd.	Toyonak a City, Osaka, Japan	¥96 million	Pharmaceuticals	—	30.0	30.0	—	—	Sells over- the-counter drugs to the Company	—
	Teva Takeda Pharma Ltd.	Nakamu ra-ku, Nagoya, Japan	¥100 million	Pharmaceuticals	49.0	—	49.0	✓	—	Contracts out sale of drugs to the Company	—
	Other 20 associates										

Notes:

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

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

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

	JPY (millions)
(1) Revenue	441,312
(2) Operating profit	81,666
(3) Net profit for the year	111,828
(4) Total equity	2,043,988
(5) Total assets	2,374,781

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

(5) (*) is a specified subsidiaries.

5. Employees

(1) Takeda

As of March 31, 2020

Operating Segment	Number of Employees
Pharmaceuticals	47,495
Total	47,495

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

(2) The Company

As of March 31, 2020

Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)
5,350	42.2	15.0	10,911

Operating Segment	Number of Employees
Pharmaceuticals	5,350
Total	5,350

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

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 4,311 in total as of March 31, 2020.

Regarding the workers' union of Takeda, the National Council of Takeda-Related Workers' Unions (NCTWU) was founded as a friendship organization in 1948 together with six workers' unions which have capital and business relationships with the Company. The union was renamed to TAKEZENKYO in 1969, and TAKEZENREN (National Federation of Takeda and Related Enterprise Based Unions) was founded as a federation in 2006. TAKEZENKYO was integrated into TAKEZENREN in 2009, and as of March 31, 2020, 10 enterprise-based unions including the Company, and Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, joined TAKEZENREN. On June 9, 2017, the Federation of NCTG Workers Union was founded with enterprise-based unions including Axcelead Drug Discovery Partners, Inc., a partnership company in research and development of the Company, PRA Development Center KK and SPERA PHARMA, Inc.

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

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

II. Operating and Financial Review and Prospects

1. Management Policy, Management Environment and Management Issues

Takeda's stated mission is to "strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine." Our culture is based on the pursuit of this mission by acting with Integrity, Fairness, Honesty, and Perseverance and prioritizing the Patient (putting the patient at the center), Trust (building trust with society), Reputation (reinforcing our reputation), and Business (developing the business).

In the global pharmaceutical industry, the pace of innovation is quicker than ever, with the recent introduction of a number of new medical technologies such as immunotherapies in oncology, and cell and gene therapy. While such medical innovation has improved healthcare outcomes, escalating research and development ("R&D") costs associated with developing innovative biopharmaceuticals, combined with rapidly aging populations, has posed financial challenges to healthcare systems around the world. Consequently, payers are becoming increasingly selective in determining which treatments will be reimbursed. National governments are promoting generic and biosimilar alternatives, and are increasing downward pressure on drug prices. On the other hand, many unmet medical needs still exist. The roles expected of R&D-driven pharmaceutical companies are expanding to include improving the affordability of medicines for patients and maintaining sustainable healthcare systems.

Amid such a business environment, Takeda has been on a transformation journey, focused on becoming an agile, values-based, R&D-driven, global biopharmaceutical company well positioned to deliver innovative medicines and transformative care to patients around the world. With the acquisition of Shire plc. ("Shire") completed in January 2019 (the "Shire Acquisition"), we have taken the next major step in this transformation. The Shire Acquisition enhanced Takeda's competitiveness among the leading global pharmaceutical companies, creating a combined company with an improved balance of geographic footprint and the scale to be competitive in key markets such as the U.S. Revenue in the U.S. has increased to almost half of the consolidated revenue. It also strengthened Takeda's presence in the areas of gastroenterology ("GI") and neuroscience, and provided leading positions in rare diseases and plasma-derived therapies. It also contributed to a highly complementary, robust, modality-diverse pipeline and a strengthened R&D engine focused on innovation. In terms of financial benefits, the Shire Acquisition enhanced Takeda's cash flow profile, increasing our capacity to invest in rapidly advancing medical technologies, while reinforcing our commitment to shareholder returns.

The integration of Shire continues to be successfully executed in a manner consistent with Takeda's core values, led by a diverse and experienced management team. We are now operating as "One Takeda", focused on delivering long-term value to patients, society and shareholders.

In order to manage the execution of our strategy in each region, Takeda has organized its operations into four regional business units: the United States, Japan, Europe & Canada, and a Growth and Emerging Markets region comprised of China, Latin America, the Middle East and Africa, Asia Pacific, and Russia and the Commonwealth of Independent States. This local-centricity within the global organization gives Takeda the agility to respond to the needs of each region, such as access and affordability of our medicines. In addition to the four regional business units, Takeda also has specialty business units in Oncology, Vaccines, and Plasma-Derived Therapies, which are responsible for the end-to-end management of these highly specialized business areas.

Takeda will continue to engage in the following three strategic priorities to drive sustainable mid- to long-term growth.

1) Business Area Focus
   A focus on five key business areas: GI, rare diseases, plasma-derived therapies, oncology, and neuroscience.

2) R&D Engine

   As a patient-focused and science-driven company, Takeda strives to translate science into highly innovative life-changing medicines. We have built an R&D engine based on therapeutic area focus, a leading partnership model, and investment in novel mechanisms and capabilities. We focus our efforts on four therapeutic areas within innovative biopharma: oncology, rare diseases, neuroscience and GI. We also make targeted R&D investment in plasma-derived therapies and vaccines.

   Over the next several years, Takeda's pipeline is projected to deliver value with a focus on the potential launches of 12 unique new molecular entities in 14 indications, which represent best-in-class or first-in-class therapies to advance patient standard of care.

3) Financial Strength

   Takeda's financial strength involves a focus on driving margin expansion in the mid-to long-term and generating cash flow to invest in the business, de-leverage rapidly, and return cash to shareholders.

   We are targeting a 2x net debt/adjusted EBITDA ratio within the fiscal years ending March 2022 to March 2024. To accelerate our progress towards this target, we are pursuing and executing select disposals, with a target of divesting approximately $10 billion USD of non-core assets.

   When tracking its financial performance for internal planning and performance evaluation purposes, Takeda uses the concept of Underlying Growth. Underlying Growth compares two periods of financial results which are calculated by excluding the impacts of divestitures and other amounts or those unrelated to our ongoing operations, using a constant currency basis. Takeda believes including Underlying Growth can provide investors with additional information as it compares performance of business activities under a common basis.

In addition to the above-mentioned strategic priorities, our top priority during the outbreak of COVID-19 is to do all we can to protect the health of our employees, those who work alongside them, their families and our communities, while making sure our medicines and services continue to reach patients who rely on them. We joined with global plasma companies to form the CoVIg-19 Plasma Alliance in

April 2020, guided by our values of putting patients first, setting aside individual company interests to work together with multiple partners. In doing so, we can focus on expediting the process to develop and deliver a potential therapy for COVID-19.

Takeda is also focused on further enhancing our commitment to ESG (Environmental, Social and Governance). We recognize that supporting our patients means we must commit to work on behalf of the broader global community, and we are accelerating our environmental efforts. We regard the effects of climate change arising from global warming as a severe environmental challenge that poses a significant risk to human health, and have established a goal to achieve carbon neutrality across our value chain by 2040. In addition to our environmental efforts, we are also committed to social programs including our Access to Medicines Strategy and Global Corporate Social Responsibility (CSR) Program, as well as our commitment to robust corporate governance.

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

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

The effects of the spread of COVID-19 are impacting, or could potentially impact, various business activities within Takeda.

In monitoring demand for our products, we have seen limited impact to date as many of our medicines are for severe chronic or life-threatening diseases, without the requirement of a hospital elective procedure. We have seen some decline in plasma donations but too early to predict longer-term impact on total volume as there are several factors that can partially or fully offset the decline in the coming months. In terms of our global supply chain, based on current assessments, we have not yet seen, nor do we currently anticipate any material potential supply disruption due to the COVID-19 outbreak.

During the course of our business operations, we have implemented voluntary suspensions of certain business activities, including business travel, attending industry events, and holding company-sponsored events.

With regards to clinical trials, we are placing a temporary pause on the initiation of new studies, with the exception of CoVIg-19, the investigational plasma-derived therapy for COVID-19. For already ongoing studies, we have temporarily paused the activation of new study sites and new patient enrollment with a small number of exceptions. It is too early to speculate on what the potential impact the COVID-19 outbreak may be to timelines of our ongoing clinical trials or regulatory filings.

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

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

Takeda's response to the COVID-19 outbreak is focused on three priorities:

1. Safeguarding employees and their families, and reducing the impact of COVID-19 on the healthcare system.
2. Maintaining business continuity, especially the supply of Takeda medicines to patients.
3. Developing potential therapies to treat or prevent COVID-19.

In order to address the issues relating to COVID-19, in January 2020 we activated a Global Crisis Management Committee, and we are taking a number of initiatives with the support of internal and external experts. The committee is co-led by Takeda's Chief Global Corporate Affairs Officer and the President of our Global Vaccines Business Unit, with support from cross-functional working group.

With regards to measures to safeguard employees, we have initiated work from home policies and enhanced our technology to support such initiatives. We have applied our telework guidance broadly to our global employees including as many of our customer facing employees as possible, especially those who interact with health care professionals. We also have cancelled all non-essential travel and are discouraging the gathering of large groups of employees. For our employees who are required to continue to work on-site in our manufacturing, laboratory, and bio-life plasma donation facilities, we have implemented enhanced safety measures to mitigate the spread of the virus.

In order to maintain business continuity, we are managing levels of inventory, including assessing alternative suppliers for the production of our medicines, to secure product supply continuity for patients. This strategy is generally applied across our global supply chain for key starting materials, excipients, raw materials, APIs, and finished products. We are tracking the situation as it evolves and will take all necessary actions in an effort to ensure supply continuity for the people we serve.

In R&D, working alongside our Contract Research Organization partners, we are taking measures to minimize the disruption to ongoing clinical trials. We are assessing and developing solutions, including through direct-to-patient home delivery of study medicines and remote monitoring of patients. We have, however, placed a temporary pause on the initiation of new clinical trials, with the exception of CoVIg-19, a potential anti-SARS-CoV-2 polyclonal hyperimmune globulin medicine to treat individuals with serious complications from COVID-19.

CoVIg-19 is an example of Takeda's initiatives to develop potential therapies to combat COVID-19. We joined with global plasma companies to form the CoVIg-19 Plasma Alliance in April 2020, guided by our values of putting patients first, setting aside individual company interests to work together with multiple partners. In doing so, we can focus on expediting the process to develop and deliver a potential therapy for COVID-19. In addition, we are also evaluating existing internal assets as potential therapies for COVID-19, while also researching novel approaches.

Finally, Takeda is also aiding the COVID-19 response through donations, including approximately US$25 million to non-profit organizations including the Red Cross and United Nations-led organizations, while also providing in-kind donations.

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

See "2. Risk Factors."

(iv) FY2019 financial impact from COVID-19

The overall impact of the global spread of COVID-19 on Takeda's consolidated financial results for the year ended March 31, 2020 was not material. There was a limited adverse effect on revenue due to disruptions in pharmaceutical markets in affected countries. At the same time, voluntary suspension of certain business activities such as business travel and events in response to COVID-19 led to lower spending, which resulted in limited impact on Takeda's profit.

[List of Principal Products]

Business Area	Principal Product	Description
GI	*ENTYVIO* (vedolizumab)	A treatment for moderate to severe ulcerative colitis and Crohn's disease. Sales of *ENTYVIO* have grown strongly since its launch in the United States and Europe in 2014 to become our top selling product in the fiscal year ended March 31, 2020. *ENTYVIO* is now approved in approximately 70 countries worldwide, and we strive to maximize its potential by seeking approval in additional countries, while also pursuing a subcutaneously administered formulation, and examining use in further indications. In the fiscal year ended March 31, 2020, our revenue from *ENTYVIO* was 347.2 billion JPY.
	TAKECAB (vonoprazan fumurate)	A treatment for acid-related diseases. *TAKECAB* was launched in Japan in 2015 and has achieved significant growth driven by its efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. In the fiscal year ended March 31, 2020, our revenue from *TAKECAB* was 72.7 billion JPY.
	GATTEX/REVESTIVE (teduglutide [rDNA origin]) for injection	A treatment for patients with short bowel syndrome ("SBS") who are dependent on parenteral support. In May 2019, the FDA approved extending the indication of *GATTEX* to include children 1 year of age and older with SBS. In the fiscal year ended March 31, 2020, our revenue from *GATTEX/REVESTIVE* was 61.8 billion JPY.
	ALOFISEL (darvadstrocel)	A treatment for complex perianal fistulas in adult patients with nonactive/mildly active luminal Crohn's disease, when fistulas have shown an inadequate response to at least one conventional or biologic therapy. *ALOFISEL* was approved in Europe in 2018, becoming the first allogenic stem cell therapy to receive central marketing authorization approval in Europe. In the fiscal year ended March 31, 2020, our revenue from *ALOFISEL* was 0.4 billion JPY.

Business Area	Principal Product	Description
Rare diseases	*TAKHZYRO* (lanadelumab-flyo)	For the prevention of hereditary angioedema (HAE) attacks. *TAKHZYRO* is a fully human monoclonal antibody that specifically binds and decreases plasma kallikrein, an enzyme which is chronically uncontrolled in people with HAE. *TAKHZYRO* was approved in both the United States and Europe in 2018, and we are working to expand into further geographic areas. In the fiscal year ended March 31, 2020, our revenue from *TAKHZYRO* was 68.3 billion JPY.
	ADYNOVATE/ADYNOVI (antihemophilic factor (recombinant) [PEGylated])	An extended half-life recombinant factor VIII treatment for hemophilia A. *ADYNOVATE/ADYNOVI* uses the same manufacturing process as the standard half-life recombinant factor VIII therapy *ADVATE,* and adds a proven technology, PEGylation (a chemical process that prolongs the amount of time a compound remains in circulation, potentially allowing for fewer injections), which we exclusively licensed from Nektar Therapeutics. In the fiscal year ended March 31, 2020, our revenue from *ADYNOVATE/ADYNOVI* was 58.7 billion JPY.
	NATPARA/NATPAR (parathyroid hormone)	A treatment for adult patients with chronic hypoparathyroidism (HPT) who cannot be adequately controlled with standard therapy of calcium and vitamin D alone. HPT is a rare condition in which the parathyroid glands fail to produce sufficient amounts of parathyroid hormone ("PTH") or where the PTH lacks biological activity. In September 2019, Takeda issued a recall in the United States for all doses of *NATPARA* after discussions with the FDA due to a potential issue related to rubber particulates originating from the rubber septum of the *NATPARA* cartridge. Takeda is working closely with the FDA to resolve the issue and resume supply as soon as possible, although we do not expect to record revenue from *NATPARA* in the United States in the fiscal year ending March 31, 2021. *NATPARA/NATPAR* continues to be available in markets outside of the United States. In the fiscal year ended March 31, 2020, our revenue from *NATPARA/NATPAR* was 13.6 billion JPY.
	ELAPRASE (idursulfase)	An enzyme replacement therapy for the treatment of Hunter syndrome (also known as Mucopolysaccharidosis Type II or MPS II). In the fiscal year ended March 31, 2020, our revenue from *ELAPRASE* was 67.9 billion JPY.
	REPLAGAL (agalsidase alfa for infusion)	An enzyme replacement therapy for the treatment of Fabry disease, marketed outside of the Unite States. Fabry disease is a rare, inherited genetic disorder resulting from a deficiency in the activity of the lysosomal enzyme alpha-galactosidase A, which is involved in the breakdown of fats. In the fiscal year ended March 31, 2020, our revenue from *REPLAGAL* was 51.3 billion JPY.
	VPRIV (velaglucerase alfa for injection)	An enzyme replacement therapy of the treatment of type 1 Gaucher disease. In the fiscal year ended March 31, 2020 our revenue from *VPRIV* was 38.0 billion JPY.

Business Area	Principal Product	Description
Plasma-Derived Therapies	*GAMMAGARD LIQUID/ KIOVIG* (Immune Globulin Intravenous (Human) 10%) (Note)	A liquid formulation of the antibody replacement therapy immunoglobulin ("IG"), for the treatment of adult and pediatric patients two years of age or older with primary immunodeficiencies ("PID") (administered either intravenously or subcutaneously), and adult patients with multifocal motor neuropathy ("MMN") (administered intravenously). *KIOVIG* is the brand name used for *GAMMAGARD LIQUID* in many countries outside of the U.S. *KIOVIG* is approved in Europe for patients with PID and certain secondary immunodeficiencies, and for adults with MMN.
	GAMMAGARD S/D (Immune Globulin Intravenous (Human)) (IgA less than 1 μg/mL in a 5% solution) (Note)	For the treatment of PID in patients two years old and older. *GAMMAGARD S/D* is also indicated for the prevention of bacterial infections in hypogammaglobulinemia and/or recurrent bacterial infections associated with Bcell chronic lymphocytic leukemia ("CLL"), the treatment of adult patients with chronic idiopathic thrombocytopenic purpura ("ITP") to increase platelet count and to prevent and/or control bleeding, and the prevention of coronary artery aneurysms associated with Kawasaki Syndrome in pediatric patients. *GAMMAGARD S/D* is an option for patients who require a low IgA content in their intravenous treatment (IgA less than 1 μg/mL in a 5% solution).
	HYQVIA (Immune Globulin Infusion 10% (Human) with Recombinant Human Hyaluronidase) (Note)	A product consisting of human normal IG and recombinant human hyaluronidase (licensed from Halozyme). *HYQVIA* is the only subcutaneous IG treatment for PID patients with a dosing regimen that requires only one infusion up to once per month and one injection site per infusion to deliver a full therapeutic dose of IG. *HYQVIA* is approved in the United States for adults with PID, and in Europe for patients with PID syndromes and myeloma or CLL with severe secondary hypogammaglobulinemia and recurrent infections.
	CUVITRU (Immune Globulin Subcutaneous (Human), 20% Solution) (Note)	Indicated as replacement therapy for primary humoral immunodeficiency in adult and pediatric patients two years of age and older. *CUVITRU* is also indicated in the EU for the treatment of certain secondary immunodeficiencies. *CUVITRU* is the only 20% subcutaneous IG treatment option without proline and with the ability to infuse up to 60 mL (12 grams) per site and 60 mL per hour, per site as tolerated, resulting in fewer infusion sites and shorter infusion durations compared to other conventional subcutaneous IG treatments.
	FLEXBUMIN (Human Albumin in a bag) and Human Albumin (glass)	*FLEXBUMIN* (Human Albumin in a bag) and Human Albumin (glass) are available as 5% and 25% solutions. Both products are indicated for hypovolemia, hypoalbuminemia due to general causes and burns, and for use during cardiopulmonary bypass surgery as a component of the pump prime. *FLEXBUMIN* 25% is also indicated for hypoalbuminemia associated with adult respiratory distress syndrome ("ARDS") and nephrosis, and hemolytic disease of the newborn ("HDN"). In the fiscal year ended March 31, 2020, the total revenue from our albumin portfolio, including FLEXBUMIN and Human Albumin (glass) was 67.2 billion JPY.

Note: In the fiscal year ended March 31, 2020, the total revenue from our Plasma-Derived Therapies (PDT) immunology portfolio, including *GAMMAGARD LIQUID/KIOVIG*, *GAMMAGARD S/D*, *HYQVIA*, and *CUVITRU*, was 298.7 billion JPY.

Business Area	Principal Product	Description
Oncology	*NINLARO* (ixazomib)	The first oral proteasome inhibitor for the treatment of multiple myeloma ("MM"). *NINLARO* has experienced a strong uptake in sales since launching in the United States in 2015 for relapsed/refractory MM, and has also been approved in the EU in 2016, in Japan in 2017, and in China in 2018. We are currently examining *NINLARO* in newly diagnosed MM and MM maintenance settings, with the potential to expand the eligible patient population. In the fiscal year ended March 31, 2020, revenue from *NINLARO* was 77.6 billion JPY.
	ADCETRIS (brentuximab vedotin)	An anti-cancer agent used to treat Hodgkin lymphoma ("HL") and systemic anaplastic large cell lymphoma ("sALCL"). *ADCETRIS* has received marketing authorization by regulatory authorities in more than 70 countries worldwide. We jointly develop *ADCETRIS* with Seattle Genetics, Inc. and have commercialization rights in countries outside the United States and Canada. In the fiscal year ended March 31, 2020, our revenue from *ADCETRIS* was 52.7 billion JPY.
	ALUNBRIG (brigatinib)	An orally administered small molecule anaplastic lymphoma kinase ("ALK") inhibitor used to treat non-small cell lung cancer ("NSCLC"). *ALUNBRIG* was granted accelerated approval in the United States in 2017, and the European Commission granted the product marketing authorization in 2018. We are currently examining *ALUNBRIG* in newly diagnosed patients with NSCLC with the potential to expand the eligible patient population. In the fiscal year ended March 31, 2020, our revenue from *ALUNBRIG* was 7.2 billion JPY.
Neuroscience	*VYVANSE* (lisdexamfetamine dimesylate)	A stimulant medication indicated for the treatment of attention deficit hyperactivity disorder ("ADHD") in patients ages six and above and for the treatment of moderate to severe binge eating disorder in adults. In the fiscal year ended March 31, 2020, our revenue from *VYVANSE* was 274.1 billion JPY.
	TRINTELLIX (vortioxetine)	An antidepressant indicated for the treatment of major depressive disorder in adults. *TRINTELLIX* was co-developed with H. Lundbeck A/S, and Takeda has commercialization rights in the United States, where it was launched in 2014 and in Japan, where it was launched in 2019. In the fiscal year ended March 31, 2020, our revenue from *TRINTELLIX* was 70.7 billion JPY.

2. Risk Factors

Our business performance is subject to various present and future risks. If any such risks occur, our business may experience unexpected negative fluctuations. The risks discussed below are risks that we believe are material and we could face in our business. The risks discussed below may not cover the all risks we could face. We may also be harmed by risks and uncertainties that are not discussed below and such risks may have an effect on an investor's decision.

Based on our Global Risk Management Policy, our Enterprise Risk Management is conducted and the systems through which the major potential risks and the mitigation plans thereof, etc. will be reported to the Risk, Ethics & Compliance Committee and the Board of Directors. With respect to all risk factors, including major risks identified in terms of both potential impact on our business performance and likelihood of occurrence, the person(s) in charge of each function shall control and manage such risk factors in each area under his/her charge using qualitative and quantitative criteria, and shall take all necessary measures or remedies available to avoid such risks and mitigate the potential impact of such risks should they occur, depending on the degree and content of the risk the Company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans. In addition, we designed a Business Continuity Plan in response to the business impact level in order to minimize the negative impact on our business when risks are realized.

The potential future events and risks contained in the following statements are envisioned based on the assumptions as of March 31, 2020.

(1) Risks relating to research and development

We are focusing on strengthening pipeline through enhancing internal capabilities as well as building external partnerships and we make efforts to effectively conduct the research and development activities aiming for bringing new products to markets around the world as early as possible by improving the probability of success of our research and development activities through building a quality and transformative R&D portfolio, etc. However, launching pharmaceutical products, whether developed in-house or licensed molecules, is allowed only when they have been approved through rigorous examinations of efficacy and safety as stipulated by the regulatory bodies. If we recognize that the efficacy and safety of the molecules do not meet the required standard for regulatory approval, or if the reviewing authorities express concern regarding the conformity of such molecules with the relevant standards, we may decide to abandon the research and development activities of the molecules at that point or conduct additional clinical or non-clinical trials. As a result, we may not be able to recoup the development costs, may experience delays in bringing products to the market and may be forced to revise our research and development strategies.

(2) Risks relating to intellectual property rights

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

(3) Risks of sales decrease following patent expirations

While we make efforts to extend product life cycles, including the addition of new indications and formulations, generic drugs inevitably penetrate the market following patent expiration of most branded products. In the United States and Europe, when generics enter the market, they usually switch from original products to generics in a short period of time, which greatly reduces the revenue of original products. In Japan, the relevant authorities are actively promoting generic use and further reducing prices for long-listed products. Moreover, the introduction of generic drugs due to patent expiration of competitive products and prescription-to-OTC switches also intensifies competition, both in domestic and overseas markets. Our sales of pharmaceutical products may decrease sharply as a result of these trends.
For details of the timing of patent expirations for major products etc., please refer to "II. Operating and Financial Review and Prospects 5. Research and Development, Intellectual Property".

(4) Risks of adverse effects

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

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

In the United States, the largest market for our products, there has been increased pricing pressure on original products, driven in part by consolidation across health plans and intermediaries and ongoing legislative and regulatory efforts to lower drug prices. In Japan, the governments promote more use of generics and plan to decrease the price of many products listed on the National Health Insurance price list annually from 2021. In Europe, prices of products have also decreased due to the policies to reduce medical costs, an increased

emphasis on transparency of prices and international price referencing. Although we attempt to avoid risks of price-reduction and mitigate the potential impact of such risks, through constructing our organizational structure to manage our portfolio by analyzing and monitoring details of each country's initiatives on reducing medical costs, and working together with governments and healthcare systems for a new value-based pricing models to establish an appropriate rewards system for innovative pharmaceutical products, any of these reductions could negatively impact the price of our products, which could have an material adverse effect on our financial condition and results of operations.

(6) Risks relating to corporate acquisitions

We conduct corporate acquisitions as necessary to accelerate our sustainable growth. However, there is a possibility that anticipated benefits and synergies resulting from acquisitions may not be realized, as business activities in countries around the world expose us to many risks including, but not limited to, changes in laws and regulations, political unrest, economic uncertainties and differences in business practices. We could be required to recognize impairment losses related to goodwill and intangible assets and our results of operations and financial conditions could be adversely affected if valuation losses are recognized due to a decrease in value of acquired assets or if we fail to realize the anticipated benefits from the integration of businesses acquired.
We completed the acquisition of Shire in January 2019. We analyzed the risks associated with the acquisition carefully when making an offer to Shire and after the acquisition we established an operating model that can maximize synergies from integration, and we have been monitoring the progress of integration. However, if we are unable to achieve the anticipated benefits of this acquisition such as growth opportunities from acquired products including pipeline products under development and synergies leading to cost savings we expect from combining the business, or unable to manage the integration process and the relevant risks such as regulatory and taxation risks incurred from Shire business, we could be required to recognize impairment losses related to such goodwill and intangible assets and our results of operations and financial conditions could be adversely affected.
We have substantial debt, including a significant amount incurred from financing arrangements in connection with the acquisition of Shire from financial institutions. We accelerated rapid de-leveraging through generation of earnings and selective divestitures of non-core assets. However if our future financial conditions deteriorate, out credit ratings may be downgraded and it may negatively influence the terms for refinancing of our existing debt, new borrowings or other financings. We are also required to comply with certain covenants within various financing arrangements and violations of such covenants may require the acceleration and immediate repayment of the indebtedness, which may in turn have a material adverse effect on our financial conditions.

(7) Risks relating to the stable supply

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

(8) Risks relating to IT security and information management

The size and complexity of our information technology and information security systems, including those of our third-party service providers, make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees or service providers, or from attacks by malicious third parties (such as cyberattack). We have maintained comprehensive policies and procedures in order to mitigate these risks. We also seek to continually strengthen our IT security through evaluation of business risk analysis via internal risk assessments, audits and independent tests, shaping security strategy and driving effective investment. However, system shutdowns or security issues could adversely affect our business operations and/or result in a leak or loss of critical or sensitive confidential information including personal information and information on intellectual property, and could result in financial, legal, and reputational damage to us.

(9) Risks relating to compliance

Our business is subject to various legal regulations, such as pharmaceutical regulations and product liability. We put Global Ethics & Compliance in place to promote compliance globally. Global Ethics & Compliance monitors to ensure that our business activities are in compliance with laws and internal policies. However, violation of regulations or improper conduct of our employees or third parties such as healthcare workers involved with us and/or outsourcing parties could result in penalties and sanction or filling lawsuit against us and damage our reputation and financial conditions.

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

In developing our business globally, we have established risk management structure to mitigate risks, including political instabilities, the deterioration of economic conditions, spread of emerging infectious diseases and social disruptions in the countries and regions in which we operate. Our priority is to protect patient access to medicine, and we attempt to manage such risks through examining how to mitigate and to deal with such risks. However, in the case where we face unexpected situations related to such risks, our results of operations and financial conditions could be adversely affected.

(11) Risks relating to fluctuations in foreign exchange rates

For the fiscal year ended March 31, 2020, sales outside Japan amounted to 2,698.4 billion JPY, which accounted for 82.0% of our consolidated revenue and revenue in the United States in particular amounted to 1,595.9 billion JPY, or 48.5% of our consolidated revenue. Although a decrease in the value of the Japanese yen relative to other currencies has a positive effect on revenue, expenses incurred with foreign currencies such as research and development expenses can be downward factor that contributes to decreases in

consolidated revenue. In addition, there is a foreign currency exchange risk of operational transactions, financial transactions and investments in non-functional currency. We mitigate these risks by managing the exchange rate risk centrally and executing derivative transactions to hedge foreign currency denominated transactional risk. However, if the exchange rate fluctuates more than we expected, our results of operations and financial conditions could be adversely affected.

(12) Risks relating to litigation and other legal matters

In addition to the ongoing litigation relating to our operations, we may be involved in litigation related to adverse effects from pharmaceutical products, product liability, labor issues, fair trade or other issues that may have an adverse effect on our results of operations and financial conditions.
For details of major litigation matters, please refer to "V. Financial Information 1. Consolidated Financial Statements and Others, 32 Commitment and Contingent Liabilities, Litigation".

(13) Risks relating to environment

We have implemented environmental management systems and internal programs in Takeda designed to help assure continued compliance with applicable environmental regulations and expectations of stakeholders regarding the environment and sustainability. We also have an internal audit program to help assure these programs are effectively implemented. However, if risks of accidental contamination and any resultant environmental impact or injury from our activities are realized, we may become the subject of governmental action, which could require that we undertake significant remedial measures, or we may be subject to expenses, claims or liability in the future which may fall outside of or exceed our insurance coverage. As a result, our business may be adversely affected and our reputation may be seriously harmed. Furthermore, changes to current environmental regulations or the expectations from our current or potential stakeholders may impose further compliance requirements or enhanced environmental performance requirements on us that may impair our research, development and production efforts as well as our other business activities, and failure to meet such requirements may subject us to legal or regulatory liability, harm our reputation, impair our ability to administer our business or decrease our attractiveness to current and potential investors.
We recognize climate change associated with global warming as an important environment issue that poses risks to global health. We promote initiatives to reduce Takeda's carbon footprint through efforts such as energy conservation, on-site generation, as well as, procurement of energy generated from renewable sources, and investment in renewable energy and verified emissions reduction credits in order to reach the 2040 target of achieving carbon neutrality across our value chain.
Takeda also recognizes water stewardship and waste minimization as significant environmental issues in Environmental Sustainability. We continue to work to decrease our water consumption and we have established internal programs to achieve zero waste to landfill and minimize plastic waste.
Working on such environmental issues for Environmental Sustainability constitutes foundations for realizing long-term profits through our corporate activity. However, if we fail to perform appropriate actions, including proper information disclosure, or to meet our stated goals, our reputation may be damaged in the eyes of patients and society, investors may avoid investing in us due to our high sustainability risk, and our results of operations and financial conditions could be adversely affected.

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

Depending on the severity and duration of the impacts resulting from COVID-19 pandemic, and despite our various efforts, we may experience further adverse effects on our business including, but not limited to, disruptions to our ability to procure raw materials or to supply products, additional disruptions to our clinical trial programs, or disruptions to our ability to observe regulations applicable to us. It is currently unclear how long the pandemic will last and, even if the global spread of COVID-19 is slowed or halted, the effects may continue to affect our business, financial condition and results of our operations for a potentially extended period of time. It is unclear what the medium-term financial implications of the COVID-19 pandemic will be, particularly with respect to those which may arise from issues such as rising unemployment, changes in payer mix, and the possibility of the introduction of government initiatives to reduce healthcare spending.
We will continue to closely monitor the situation and take necessary measures to minimize any future business risks. For details on the effects of the spread of the COVID-19 and Takeda's initiatives in response, please refer to "II. Operating and Financial Review and Prospects 1. Management Policy, Management Environment and Management Issues (Impact of the Spread of the Novel Coronavirus Infectious Disease (COVID-19) and Takeda's Initiatives in Response)".

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

(1) Overview of Operating Results

1) Financial Position and Operating Results

Billion JPY or percentage

	Amount	Change versus the previous year	
Revenue	¥ 3,291.2	¥ 1,194.0	56.9 %
R&D expense	(492.4)	(124.1)	33.7 %
Operating profit	100.4	(137.3)	(57.8)%
Profit before tax	(60.8)	(188.4)	(147.6)%
Net profit (loss) for the year	44.3	(90.8)	(67.2)%
EPS (JPY)	28.41	(112.20)	(79.8)%
Total assets	12,821.1	(971.7)	(7.0)%
Total liabilities	8,093.6	(513.2)	(6.0)%
Total equity	4,727.5	(458.5)	(8.8)%

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

2) Cash Flows

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

3) Production, Orders received and Sales

(a) Production

The amount of production for the year ended March 31, 2020 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 1,554,934	151.1
Total	¥ 1,554,934	151.1

Notes:

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

(2) The amount of production is based on the sales price, not including consumption taxes.

(3) The amount of production increased significantly due to Shire acquisition.

(b) Orders received

Takeda carries out production according to production plans, which are based primarily on sales plans. Make-to-order production is carried out in certain business, but the total amount of orders received or balances is not significant.

(c) Sales

The amounts of sales for the year ended March 31, 2020 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 3,291,188	56.9
< Japan >	< 592,786 >	< 3.8 >
< Overseas >	< 2,698,402 >	<76.8>
Consolidated Statement of Profit or Loss	¥ 3,291,188	56.9
< Royalty and service income >	< 87,036 >	< 22.7 >

Notes:

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

(2) The amounts show sales revenues from external customers.

(3) The amounts of sales for major customers and their percentage to total sales are as follows. The disclosure is omitted for the fiscal years when the percentage to total sales is less than 10%.

Name of Customer	For the fiscal year ended March 31, 2019 Amount JPY(millions)	2019 Percentage to total sales	2020 Amount JPY(millions)	2020 Percentage to total sales
Medipal Holdings Corporation and its group companies	¥ 225,962	10.8	¥ —	—
AmerisourceBergen Corporation and its group companies	—	—	367,625	11.2
McKesson Corporation and its group companies	—	—	342,210	10.4

(4) The amounts do not include consumption taxes.

(2) Management Discussion and Analysis on Business Performance

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

(a) Analysis of Consolidated Operating Results

(i) Factors Affecting Our Results of Operations

Overview

We are a global, values-based, R&D-driven, biopharmaceutical company with an innovative portfolio, engaged primarily in the research, development, production and marketing of pharmaceutical products. We have a geographically diversified global business base and our prescription drugs are marketed in major countries worldwide.

We have grown both organically and through acquisitions, completing a series of major transactions that have resulted in growth in our areas of therapeutic, geographic and pipeline focus. In particular, our acquisition of Shire in January 2019 (the "Shire Acquisition") strengthened our presence in gastroenterology (GI) and neuroscience, while providing us with a leading position in rare disease and plasma driven therapies. It also enhanced our R&D engine and created a highly complementary, robust, modality-diverse pipeline. Commercially, the Shire Acquisition significantly strengthened our presence in the United States.

As a result of the Shire Acquisition, we incurred significant indebtedness to finance the cash portion of the consideration. We plan to continue to de-lever using operating cash flows and by continuing to divest non-core assets.

We organize our business as a single operating segment. This is consistent with how the financial information is viewed in allocating resources, measuring performance, and forecasting future periods by the CEO who is Takeda's Chief Operating Decision Maker.

For the fiscal year ended March 31, 2020, our revenue and operating profit were 3,291.2 billion JPY and 100.4 billion JPY, respectively.

Factors Affecting Our Results of Operations

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

Acquisitions

We may acquire new businesses to expand our research and development capabilities (including expanding into new methodologies) and to acquire new products (whether in the development pipeline or at the marketing stage) or other strategic regions. Similarly, we regularly divest businesses and product lines to maintain our focus on our key growth drivers and to manage our portfolio.

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

On January 8, 2019, we acquired Shire for an aggregate consideration of 6.21 trillion JPY, of which 3,029.4 billion JPY was paid in cash and the remainder mainly in shares of our common stock. We incurred 3,295.9 billion JPY of indebtedness in order to finance the cash portion of the consideration, and as a result of the Shire Acquisition assumed 1,603.2 billion JPY of indebtedness of Shire which is included in our consolidated statements of financial position. During the fiscal year ended March 31, 2019, we recorded goodwill of 3,087.4 billion JPY and intangible assets of 3,899.3 billion JPY as of the acquisition date of Shire as a result of the preliminary purchase price allocation. During

the fiscal year ended March 31, 2020, such purchase price allocation was completed and fair value of assets acquired and liabilities assumed were retrospectively adjusted including retrospectively adjusted goodwill and intangible assets of 3,165.5 billion JPY and 3,769.1 billion JPY as of the acquisition date, respectively. See Note 31 to our consolidated financial statements for further detail of completed purchase price allocation related to Shire acquisition.

The acquisition of Shire has significantly changed our business through, among other things, the significant expansion of our product portfolio and geographic presence. Our results are significantly impacted by the Shire Acquisition with an increase to our revenues, and associated costs, and the impact of the acquisition including incremental amortization expenses related to the acquired intangible assets, incremental cost of sales resulting from the unwinding of the inventory fair value step up, the interest expense associated with the borrowings used to fund the acquisition, and the costs incurred to integrate the business. We are actively engaged in integrating Shire and expect to be able to achieve significant, recurring pre-tax synergies of approximately 2.0 billion USD annually by the end of the third fiscal year after the completion of the Shire Acquisition, originating from efficiencies in the combined Company's sales, marketing and administrative functions, research and development rationalization efforts and product manufacturing and supply. We estimate that the realization of these recurring synergies will require non-recurring costs of approximately 3.0 billion USD in the first three fiscal years following the completion of the Shire Acquisition. We believe that the substantial cash flow generation will enable us to maintain our well-established dividend policy and continue deleveraging. We are also disposing certain non-core assets and businesses to accelerate deleveraging our debt.

As a result of our acquisitions, and the impacts described above, our results year over year may not be comparable.

Divestitures

In addition to acquisitions, we divest businesses and product lines to maintain our focus on our key growth drivers and provide additional cash flow to accelerate the repayment of debts. The following are major divestitures during the two fiscal years ended March 31, 2020.

- In July 2018, we sold and divested all our shares and assets in Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. to Novamed Fabricação de Produtos Farmacêuticos Ltd.
- In August 2018, we sold and divested all our shares and assets in Guangdong Techpool Bio-Pharma Co., Ltd. to Shanghai Pharmaceutical Holding Co. Ltd for a sales price of 280 million USD or 30.8 billion JPY and a gain of 18.4 billion JPY was recognized in the fiscal year ended March 31, 2019.
- In July 2019, we completed the sale of Xiidra (lifitegrast ophthalmic solution) 5% to Novartis AG for a sales price of 3,400 million USD or 375.5 billion JPY and up to additional 1,900 million USD or 206.2 billion JPY[(1)] in potential milestone receipts. The amount recognized in the consolidated statements of profit or loss as a result of the sale was immaterial.
- In March 2020, we completed the sale of select over-the-counter and non-core products in a number of Near East, Middle East and Africa countries to Acino International AG, and select over-the-counter and non-core products in Russia, Georgia, and a number of countries from within the Commonwealth of Independent States to STADA Arzneimittel AG for a sales price of both transactions totaling approximately 860 million USD or approximately 91.9 billion JPY and an impairment loss on classification as held for sale of totaling 12.9 billion JPY was recognized in the fiscal year ended March 31, 2020. The amount relating to a gain or loss on sales was immaterial.
- In March 2020, we announced the sale of select non-core products in South and Central America to Hypera S.A for a total value of 825 million USD or approximately 89.5 billion JPY[(1)].
- In April 2020, we announced the sale of select non-core products in Europe, and two manufacturing sites located in Denmark and Poland to Orifarm Group for up to approximately 670 million USD or approximately 72.7 billion JPY [(1)] subject to customary legal and regulatory closing conditions.
- In April 2020, we agreed to terminate agreement to divest TachoSil (Fibrin Sealant Patch) to Ethicon, Inc. as a result of anti-trust concerns raised by the European Commission. We will continue to explore opportunities to divest TachoSil.
- In June 2020, we announced that it has entered into an agreement to divest a portfolio of select non-core over-the-counter and prescription pharmaceutical products sold exclusively in Asia Pacific to Celltrion Inc., for a total value of up to 278 million USD or 30.2 billion JPY[(1)], subject to customary legal and regulatory closing conditions.

We will continue to divest businesses and assets that are not core to our operations and accelerate deleveraging.

Note:
(1) Calculated using the Japanese yen—U.S. dollar exchange rate as of March 31 2020.

Patent Protection and Generic Competition

For pharmaceutical products in particular, patent protection and/or regulatory exclusivity benefit our results of operations by restricting competition. Newly introduced products, particularly those which treat conditions for which alternative treatments may not be readily available, may significantly contribute to sales. However, even protected

products must compete with products of other manufacturers based on efficacy, lack of adverse reactions and price. On the other hand, the loss or expiration of patent protection or regulatory exclusivity with respect to any of our principal products could have a material adverse effect on our results of operations, as generic products, which tend to be quickly adopted once introduced, may enter the market. Some of our principal products face, or are expected to face, considerable competition due to the expiration of patent or other intellectual property protection. For example, following the expiration of patent protection over bortezomib, the active ingredient in *VELCADE*, one of our largest selling products in the United States, a competing bortezomib-containing product has been introduced. This has led to a decrease in sales of *VELCADE*, and further entry of competing products could result in substantial additional declines. In certain cases, generic competitors may successfully challenge the validity of patents, or the manufacturer may decide that the benefits of prematurely launching "at risk" the generic drug outweigh the costs of defending infringement litigation. In situations where the validity of patents or the value of the protection is challenged, we may record impairment losses with respect to the relevant intangible property.

Impact of the Availability of Raw Materials

Our results of operations may be impacted if we are not able to internally or externally source critical raw materials. For example, human plasma is a critical raw material in our plasma derived therapies. Efforts to increase the collection of plasma may include the contracting and regulatory approval of additional plasma collection facilities and plasma fractionation facilitates.

Foreign Exchange Fluctuations

In the fiscal year ended March 31, 2020, 82.0% of our revenue was from outside of Japan. Changes in foreign exchange rates, particularly for the U.S. dollar and the euro, relative to the yen, which is our reporting currency, will impact our revenues and expenses. When the yen weakens against other currencies, our revenues attributable to such other currencies increase, having a positive impact on our results of operations, which may be offset by increased expenses denominated in such currencies. Conversely, when the yen strengthens against other currencies, our revenues attributable to such currencies decrease, having a negative impact on our results of operations, which may be offset by decreased expenses denominated in such currencies. To mitigate the risk exposed by foreign exchange fluctuations, we utilize certain hedging measures with respect to some of our significant foreign currency transactions, primarily forward exchange contracts, currency swaps and currency options for individually significant foreign currency transactions.

Periodic trends

Our revenues, operating profit and net income were lower in the fourth quarter of each of the fiscal years ended March 31, 2019 and 2020, due mainly to fluctuations in sales in Japan. Japanese pharmaceutical product wholesalers generally control their inventory more tightly towards their fiscal year ends, typically March 31, which causes decreased revenue in the fourth fiscal quarter. Japanese pharmaceutical product wholesalers also tend to increase purchases ahead of the New Year holidays, causing a concentration of sales in our third fiscal quarter, from October 1 to December 31.

(ii) Critical Accounting Policies

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

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

Revenue Recognition

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

Takeda's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies, wholesalers, health insurance companies and managed healthcare organizations. These deductions represent estimates of the related obligations, requiring the use of judgement when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. Takeda monitors the obligation for these deductions on at least a quarterly basis

and record adjustments when rebate trends, rebate programs and contract terms, legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, adjustments to rebate accruals have not been material to net earnings. The U.S. market has the most complex arrangements related to revenue deductions.

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

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

- U.S. Medicare: The U.S. Federal Medicare Program, which funds healthcare benefits to individuals age 65 or older and certain disabilities, provides prescription drug benefits under Part D section of the program. This benefit is provided and administrated through private prescription drug plans. Provisions for Medicare Part D rebates are calculated based on the terms of individual plan agreements, patient demand, product pricing and the mix of contracts. The provisions for Medicare Part D rebates are recorded in the same period that the corresponding revenues are recognized; however, the Medicare Part D rebates are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for Medicare Part D rebates. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the U.S. Medicare program. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the U.S. Medicare program.

- Customer rebates: Customer rebates including commercial managed care in the U.S. are offered to purchasing organizations, health insurance companies, managed healthcare organizations, and other direct and indirect customers to sustain and increase market share, and to ensure patient access to Takeda's products. Since rebates are contractually agreed upon, the related provisions are estimated based on the terms of the individual agreements, historical experience, and patient demand. The provisions for commercial managed care rebates in the U.S. are recorded in the same period that the corresponding revenues are recognized; however, commercial managed care rebates in the U.S. are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for commercial managed care rebates in the U.S. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the commercial managed care in the U.S. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the commercial managed care in the U.S.

- Wholesaler chargebacks: Takeda has arrangements with certain indirect customers whereby the customer is able to buy products from wholesalers at reduced prices. A chargeback represents the difference between the invoice price to the wholesaler and the indirect customer's contractual discounted price. Provisions for estimating chargebacks are calculated based on the terms of each agreement, historical experience and product demand. Takeda has a legally enforceable right to set off the trade receivables and chargebacks and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Thus the provision for chargebacks are recorded as a deduction from trade receivables on the consolidated statements of financial position.

- Return reserves: When Takeda sells a product providing a customer the right to return it, we record a provision for estimated sales returns based on our sales return policy and historical return rates. We estimate the proportion of recorded revenue that will result in a return by considering relevant factors, including past product returns activity, the estimated level of inventory in the distribution channel and the shelf life of products.

Because the amounts are estimated, they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the type of purchasing organization, end consumer, and product sales mix.

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

Takeda also generates revenue in the form of royalty payments, upfront payments, and milestone payments from the out-licensing of intellectual property (IP). Royalty revenue earned through a license is recognized when the underlying sales have occurred. Revenue from upfront payment is generally recognized when Takeda provides a right to use IP. Revenue from milestone payments is recognized at the point in time when it is highly probable that the respective milestone event criteria is met, and a significant reversal in the amount of revenue recognized will not occur. Revenue

from other services such as research and development of compounds that are out-licensed is recognized over the service period.

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

Impairment of Goodwill and Intangible Assets

We review long-lived intangible assets for impairment whenever events or changes in circumstance indicate that the asset's balance sheet carrying amount may not be recoverable. Goodwill and other currently not amortized intangible assets are reviewed for impairment at least annually. As of March 31, 2020, we have 4,012.5 billion JPY of goodwill and 4,171.4 billion JPY of intangible assets which in aggregate represent 79.1% of our total assets.

Intangible assets related to commercially marketed products are amortized using the straight-line method over the estimated useful life, which is based on expected exclusivity period, ranging from three to 20 years. Intangible assets related to in-process research and development ("IPR&D") product rights are not amortized until the product is approved for sale by regulatory authorities in specified markets. At that time, we will determine the useful life of the asset and begin amortization.

Assets are generally considered impaired when their balance sheet carrying amount exceeds their estimated recoverable amount. The recoverable amount is estimated for each individual asset or at the larger cash generating unit level when cash is generated in combination with other assets. Goodwill is allocated to cash generating units, or groups of cash generating units based on expected synergies as determined and the recoverable amount is estimated at that level. Our cash generating units are identified base on the smallest identifiable group of assets that generate independent cash inflows. The estimation of recoverable value requires us to make a number of assumptions including:

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

Events that may result in the change in cash flows include IPR&D projects which are not successfully developed, and/or commercially marketed products whose value becomes impaired, fail during development, are abandoned or subject to significant delay or do not receive the relevant regulatory approvals. If these events were to occur, we may not realize the future cash flows that we have estimated nor recover the value of the initial or subsequent R&D investments made subsequent to acquisition of the asset project.

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

Retirement and Other Post-Employment Benefit Plans

We sponsor pension and other post-employment benefit plans that cover a significant portion of our employees. We are required to make significant assumptions and estimates about future events in calculating the expense and the present value of the liability related to these plans. These include assumptions about the interest rates we apply to estimate future defined benefit obligations and net periodic pension expense, as well as rates of future pension increases. In addition, our actuarial consultants provide our management with historical statistical information such as withdrawal and mortality rates in connection with these estimates. Assumptions and estimates used by us may differ materially from the actual results we experience due to changing market and economic conditions, higher or lower withdrawal rates, and longer or shorter life spans of participants among other factors. See Note 22 to our consolidated financial statements for sensitivity information related to the most significant assumptions. A significant change in the assumptions in future periods could have a material impact on our consolidated financial statements. As of March 31, 2020, we have net defined benefit liabilities of 156.6 billion JPY.

Business Combination – Fair value

Accounting for a business combination requires us to estimate the fair value of the assets acquired and liabilities assumed and the value of any contingent consideration. The estimate of fair value requires us to make several assumptions including estimated future cash flows, discount rates, development and approval milestones, expected market performance and for contingent consideration the likelihood of payment. New information about facts and circumstances existing at the acquisition date may be obtained within one year of the acquisition date that would give rise to measurement period adjustments. These adjustments may be made to the provisional fair values of assets and liabilities previously recognized or may result in the recognition of additional assets and liabilities, and they are applied on a retrospective basis with comparative prior periods revised in subsequent financial statements to include the effect of those adjustments. During the fiscal year ended March 31, 2020, the adjustments principally relate to certain intangible assets which consist of marketed products for which the future sales forecasts are used as a primary assumption in estimating their respective fair values.

Contingent consideration is recorded at fair value at the end of each period. The changes in the fair value based on time value of money are recognized in Finance expenses while other changes are recognized in Other operating income or Other operating expenses on the consolidated statements of profit or loss. During the fiscal year ended March 31, 2020, financial liabilities associated with contingent consideration arrangements decreased by 8.1 billion JPY due to change in fair value.

Our estimates are based on our prior experiences and industry knowledge. We believe that our estimates are reasonable, but actual outcomes could differ significantly from our estimates. A significant change in our estimates used to value acquired asset groups or business combinations could result in future write-downs of tangible or intangible assets acquired by us and could, therefore, materially impact our financial position and profitability. If the value of the liabilities assumed by us, including contingent liabilities, is determined to be significantly different from the amounts previously recorded in purchase accounting, we may need to record additional expenses, which could materially impact our financial position and profitability.

Legal Contingencies

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

These and other contingencies are, by their nature, uncertain and based upon complex judgments and probabilities. The factors we consider in developing our provision for litigation and other contingent liability amounts include the merits and jurisdiction of the litigation, the nature and the number of other similar current and past litigation cases, the nature of the product and the current assessment of the science subject to the litigation, and the likelihood of settlement and current state of settlement discussions, if any. In addition, we record a provision for product liability claims incurred, but not filed, to the extent we can formulate a reasonable estimate of their costs based primarily on historical claims experience and data regarding product usage. We also consider the insurance coverage we have to diminish the exposure for periods covered by insurance. In assessing our insurance coverage, we consider the policy coverage limits and exclusions, the potential for denial of coverage by the insurance company, the financial condition of the insurers, and the possibility of and length of time for collection. Any provision and the related estimated insurance recoverable have been reflected on a gross basis as liabilities and assets, respectively, on our consolidated statements of financial position. As of March 31, 2020, we have a provision of 49.7 billion JPY for outstanding legal cases and other disputes.

Income Taxes

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

We also assess our deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, we consider the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Based on the level of historical taxable profits and projected future taxable profits during the periods in which the temporary differences become deductible, we determine the amount the tax benefits we believe are realizable. As of March 31, 2020, we had the unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of 1,580.2 billion JPY, 333.3 billion JPY, and 9.3 billion JPY, respectively. A change in our estimates and assumptions in future periods could have a significant impact on our income tax provision.

Restructuring Costs

We incur restructuring costs associated with planned initiatives to reduce our costs and in connection with the integration of our acquisitions. Our most significant restructuring costs are severance payments and lease termination costs. We establish a provision for restructuring costs when the plan has been approved, the cost can be estimated and the amount is probable of payment. The recognition of restructuring provision requires a number of estimates including timing of payments and the number of individuals that will ultimately remain with the company after receiving severance. As a result of these estimates, the actual restructuring costs could differ from our estimates.

We expect to incur additional restructuring costs in the future related to the integration efforts associated with our acquisitions and divestitures. As of March 31, 2020, we have a provision of 45.0 billion JPY for restructuring costs. See Note 23 Provisions to our consolidated financial statements for a further description of our restructuring provisions and the change between periods.

(iii) Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2019 and 2020.

Billion JPY or percentage

	For the fiscal year ended March 31,			
	2019[1]	2020	Change versus the previous year	
Revenue	¥ 2,097.2	¥ 3,291.2	¥ 1,194.0	56.9 %
Cost of sales	(651.7)	(1,089.8)	(438.0)	67.2 %
Selling, general and administrative expenses	(717.6)	(964.7)	(247.1)	34.4 %
Research and development expenses	(368.3)	(492.4)	(124.1)	33.7 %
Amortization and impairment losses on intangible assets associated with products	(178.6)	(455.4)	(276.8)	155.0 %
Other operating income	159.9	60.2	(99.7)	(62.3)%
Other operating expenses	(103.2)	(248.7)	(145.5)	141.1 %
Operating profit	237.7	100.4	(137.3)	(57.8)%
Finance income	16.8	27.8	11.0	65.2 %
Finance expenses	(83.3)	(165.0)	(81.7)	98.1 %
Share of loss of investments accounted for using the equity method	(43.6)	(24.0)	19.6	(45.0)%
Profit (loss) before tax	127.6	(60.8)	(188.4)	(147.6)%
Income tax benefit	7.5	105.0	97.6	— %
Net profit for the year	¥ 135.1	¥ 44.3	¥ (90.8)	(67.2)%

Note:

(1) With the completion of the Shire Acquisition, Consolidated Statements for the fiscal year ended March 31, 2019 include Shires results for the period from January 8, 2019, to March 31, 2019.
During the year ended March 31, 2020, Takeda completed the purchase price allocation for the assets acquired and liabilities assumed as part of the Shire Acquisition. Accordingly, the consolidated statements of profit or loss for the year ended March 31, 2019 were retrospectively adjusted. See Note 31 Business Combination to our consolidated financial statements for further details.

Revenue. Revenue for the fiscal year ended March 31, 2020 was 3,291.2 billion JPY, an increase of 1,194.0 billion JPY, or 56.9%, compared to the previous fiscal year. Revenue from the products obtained through the Shire Acquisition, which totaled 1,522.2 billion JPY, an increase of 1,213.0 billion JPY reflecting a full year of contribution to revenue, was the main driver of revenue growth.

Revenue by Region

The following shows revenue by geographic region:

	For the fiscal year ended March 31,			
	2019		2020	
	(billions of yen, except percentages)			
Revenue:				
Japan	¥ 571.0	27.2%	¥ 592.8	18.0%
United States	829.0	39.5%	1,595.9	48.5%
Europe and Canada	405.6	19.3%	645.5	19.6%
Russia/CIS	59.7	2.8%	76.8	2.3%
Latin America	88.1	4.2%	143.5	4.4%
Asia (excluding Japan)	105.4	5.0%	165.4	5.0%
Other[1]	38.3	1.8%	71.3	2.2%
Total	¥ 2,097.2	100.0%	¥ 3,291.2	100.0%

Note:

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

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

	For the Year Ended March 31,			
	2019	2020	Change versus the previous year	
	(billions of yen, except for percentages)			
Gastroenterology:				
ENTYVIO	¥ 269.2	¥ 347.2	¥ 78.0	29.0 %
TAKECAB-F [(1)]	58.2	72.7	14.5	24.8 %
DEXILANT	69.2	62.8	(6.4)	(9.2)%
GATTEX/REVESTIVE	12.8	61.8	49.1	384.7 %
PANTOPRAZOLE	61.6	49.5	(12.2)	(19.7)%
ALOFISEL	0.0	0.4	0.3	728.9 %
Others	68.3	103.5	35.3	51.7 %
Total Gastroenterology	539.3	697.9	158.6	29.4 %
Rare Diseases:				
Rare Metabolic:				
ELAPRASE	15.1	67.9	52.8	350.3 %
REPLAGAL	11.4	51.3	39.8	348.1 %
VPRIV	8.7	38.0	29.3	337.5 %
NATPARA	7.1	13.6	6.5	92.2 %
Total Rare Metabolic	42.3	170.8	128.5	303.8 %
Rare Hematology:				
ADVATE	32.1	157.9	125.8	391.8 %
ADYNOVATE	10.7	58.7	47.9	446.3 %
FEIBA	9.6	51.5	41.9	434.7 %
Others	14.2	66.2	52.0	365.2 %
Total Rare Hematology	66.7	334.2	267.5	401.1 %
Hereditary Angioedema:				
TAKHZYRO	9.7	68.3	58.5	601.8 %
FIRAZYR	6.4	32.7	26.2	409.1 %
CINRYZE	3.1	24.3	21.2	684.4 %
KALBITOR	1.2	4.5	3.4	289.2 %
Total HAE (Hereditary Angioedema)	20.4	129.8	109.4	535.9 %
Total Rare Diseases	129.4	634.9	505.5	390.6 %
PDT Immunology:				
IMMUNOGLOBULIN	73.5	298.7	225.2	306.6 %
ALBUMIN	12.3	67.2	54.9	446.5 %
Others	7.7	28.3	20.5	266.0 %
Total PDT Immunology	93.5	394.2	300.7	321.7 %
Oncology:				
VELCADE	127.9	118.3	(9.5)	(7.5)%
LEUPRORELIN	110.1	109.0	(1.0)	(0.9)%
NINLARO	62.2	77.6	15.4	24.7 %
ADCETRIS	42.9	52.7	9.8	22.8 %
ICLUSIG	28.7	31.8	3.1	10.8 %
ALUNBRIG	5.2	7.2	2.0	39.2 %
Others	22.5	24.3	1.8	7.9 %
Total Oncology	399.4	421.0	21.5	5.4 %

	(billions of yen, except for percentages)			
	For the Year Ended March 31,			
	2019	2020	Change versus the previous year	
Neuroscience:				
VYVANSE	49.4	274.1	224.7	455.3 %
TRINTELLIX	57.6	70.7	13.1	22.8 %
ADDERALL XR	5.4	24.3	18.9	349.7 %
Others	42.4	69.5	27.1	64.0 %
Total Neuroscience	154.7	438.5	283.9	183.5 %
Other:				
AZILVA-F [(1)]	70.8	76.7	6.0	8.5 %
NESINA-F [(1)]	54.8	58.0	3.2	5.8 %
LOTRIGA	30.9	31.8	0.9	2.9 %
Others	624.5	538.3	(86.2)	(13.8)%
Total Other	780.9	704.8	(76.1)	(9.8)%
Total	¥ 2,097.2	¥ 3,291.2	¥ 1,194.0	56.9 %

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

Year-on-year change in revenue for the fiscal year ended March 31, 2020 in each of our main therapeutic areas was primarily attributable to the following products:

- *GI.* In GI, revenue was 697.9 billion JPY, a year-on-year increase of 158.6 billion JPY, or 29.4%. Growth was driven by ENTYVIO (for ulcerative colitis (UC) and Crohn's disease (CD)), Takeda's top-selling product, with sales of 347.2 billion JPY, a year-on-year increase of 78.0 billion JPY, or 29.0%. Market share growth in the U.S. and in Europe was driven by further penetration in the bio-naïve segment in UC and CD, combined with increased overall market share. In Japan, it obtained an additional indication for CD in the first quarter of the fiscal year ended March 31, 2020. Sales of TAKECAB (for acid-related diseases) were 72.7 billion JPY, an increase of 14.5 billion JPY, or 24.8% versus the previous fiscal year. The increase was driven by the expansion of new prescriptions in the Japanese market due to TAKECAB's efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. The contribution of sales of GATTEX/REVESTIVE (for short bowel syndrome), obtained through the acquisition of Shire, increased by 49.1 billion JPY to 61.8 billion JPY for this fiscal year, reflecting its first full year contribution to revenue.

- *Rare Diseases*. Our Rare Disease products, obtained through the Shire Acquisition, increased by 505.5 billion JPY to 634.9 billion JPY for the fiscal year ended March 31, 2020, reflecting their first full year contribution to revenue. Sales of the biggest contributors in each therapeutic area were 157.9 billion JPY of ADVATE in Rare Hematology (for hemophilia A), 68.3 billion JPY of TAKHZYRO, a prophylaxis against Hereditary Angioedema, and 67.9 billion JPY of ELAPRASE in Rare Metabolic (for Hunter syndrome), with growth of 125.8 billion JPY, 58.5 billion JPY, and 52.8 billion JPY, respectively.

- *PDT Immunology.* In PDT Immunology, revenue increased by 300.7 billion JPY compared to the previous fiscal year to 394.2 billion JPY, predominantly due to the addition of products obtained through the Shire Acquisition. The revenue includes product sales of a subsidiary, Nihon Pharmaceutical Co., Ltd., which has been engaging in PDT business in Japan since before the Shire Acquisition. Aggregate sales of immunoglobulin products were 298.7 billion JPY. The biggest contributor was GAMMAGARD LIQUID (mainly for the treatment of primary immunodeficiency (PID) and multifocal motor neuropathy (MMN)), a highly recognized intravenous immunoglobulin brand that is the standard of care treatment for PID and MMN in the U.S. Aggregate sales of albumin products including ALBUMIN GLASS and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia) were 67.2 billion JPY and other PDT immunology products added 28.3 billion JPY of aggregate sales.

- *Oncology.* In Oncology, revenue was 421.0 billion JPY, a year-on-year increase of 21.5 billion JPY, or 5.4%. Sales of NINLARO (for multiple myeloma) were 77.6 billion JPY, an increase of 15.4 billion JPY, or 24.7%, versus the previous fiscal year, reflecting strong growth in global sales particularly in the U.S. and China. Additionally, sales of ADCETRIS (for malignant lymphomas) increased by 9.8 billion JPY, or 22.8%, to 52.7 billion JPY, reflecting strong growth in sales particularly in Japan where it has obtained an additional indication as a frontline treatment option for CD30-positive Hodgkin lymphoma. Revenue attributable to ALUNBRIG (for non-small cell lung cancer) increased by 2.0 billion JPY, or 39.2%, to 7.2 billion JPY, as it continues to launch in European countries. Sales of VELCADE (for multiple myeloma), a product which accounts for a large portion of revenue in Oncology, decreased by 9.5 billion JPY, or 7.5% compared to the previous fiscal year to 118.3 billion JPY, of which ex-US royalty income was 9.6 billion JPY, a significant year-on-year decrease of 12.7 billion JPY, or 57.0%. Sales in the U.S. was increased by 3.1 billion JPY, or 2.9%, to 108.8 billion JPY, due to lesser impact than expected from additional competitor's product in the market.

- *Neuroscience.* In Neuroscience, revenue was 438.5 billion JPY, a year-on-year increase of 283.9 billion JPY, or 183.5%. This increase was largely attributable to the neuroscience portfolio obtained through the Shire Acquisition, including

VYVANSE (for attention deficit hyperactivity disorder (ADHD)) which increased by 224.7 billion JPY to 274.1 billion JPY for the fiscal year ended March 31, 2020, reflecting its first full year contribution to revenue. Sales of TRINTELLIX (for major depressive disorder (MDD)), which is a legacy Takeda product, were 70.7 billion JPY, an increase of 13.1 billion JPY, or 22.8%, versus the previous fiscal year driven by increase in new patients and improved persistence on therapy. Both brands were launched in Japan in the third quarter of the fiscal year ended March 31, 2020.

Cost of Sales. Cost of Sales increased 438.0 billion JPY, or 67.2%, to 1,089.8 billion JPY for the fiscal year ended March 31, 2020. This increase was primarily caused by the inclusion of full year Cost of Sales related to the sale of products obtained through the Shire Acquisition and increase by 125.7 billion JPY in non-cash charges, mainly from the unwind of the fair value step up on acquired inventory recognized in connection with the Shire Acquisition. These effects were partially offset by a decrease in Cost of Sales for legacy Takeda products, primarily due to a more favorable product mix.

Selling, General and Administrative (SG&A) expenses. SG&A expenses increased 247.1 billion JPY, or 34.4%, to 964.7 billion JPY for the fiscal year ended March 31, 2020, mainly due to expenses relating to the acquired operations of Shire. This increase was partially offset by the favorable impact of the Global Opex Initiative* and cost synergies from the integration of Shire. In addition, there was a 23.8 billion JPY of costs related to the Shire Acquisition incurred in the fiscal year ended March 31, 2019.

* Takeda's global operating expense reduction initiative with the aim of delivering annual margin improvements driven by reduced consumption, procurement initiatives and organizational optimization.

Research and Development expenses. R&D expenses increased 124.1 billion JPY, or 33.7%, to 492.4 billion JPY, primarily resulting from costs for the R&D programs acquired from Shire.

Amortization and Impairment Losses on Intangible Assets Associated with Products. Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 276.8 billion JPY, or 155.0%, to 455.4 billion JPY for the fiscal year ended March 31, 2020, primarily attributable to 250.6 billion JPY increase in amortization of intangible assets related to the assets obtained through the Shire Acquisition. Impairment charges increased by 34.7 billion JPY from the previous fiscal year to 43.3 billion JPY. Those charges were related to certain marketed products and IPR&D assets, including a 15.6 billion JPY impairment charge related to our decision to terminate the TAK-616 AMR program following the interim readout in May 2019 and a 10.9 billion JPY impairment charge due to a change in study design related to TAK-607. Impairment charges recorded in the fiscal year ended March 31, 2019 were 8.6 billion JPY, with 7.2 billion JPY of such impairment relating to the termination of an R&D collaboration with Mersana Therapeutics.

Other Operating Income. Other Operating Income decreased by 99.7 billion JPY, or 62.3%, to 60.2 billion JPY for the fiscal year ended March 31, 2020. This decrease was primarily due to a 50.3 billion JPY gain on sale of property, plant and equipment and investment property including the building of Takeda's previous headquarters in Tokyo and 38.2 billion JPY gain on sale of shares of the subsidiary related to real estate businesses, recorded in the fiscal year ended March 31, 2019. In addition, the decrease is also due to 18.4 billion JPY of gain on the sale of 100% of the shares held in Guangdon Techpool Bio-Pharma Co., LTD. recorded in the previous fiscal year.

Other Operating Expenses. Other Operating Expenses were 248.7 billion JPY for the fiscal year ended March 31, 2020, an increase of 145.5 billion JPY, or 141.1%, compared to the previous fiscal year, primarily due to an increase of 98.1 billion JPY to 181.0 billion JPY in restructuring expenses for the current fiscal year compared to the previous fiscal year. An increase of restructuring expenses mainly resulted from an increase of 75.7 billion JPY to 135.4 billion JPY in Shire integration costs compared to the previous fiscal year driven by the progress of the Shire integration including site restructuring resulted in an impairment charge of a manufacturing facility in Ireland. The increase was also due to impairment of property, plant & equipment relating to the pending sale and leaseback of our Shonan Health Innovation Park ("Shonan iPark"). The valuation reserve for pre-launch inventories was also negatively impacted by 34.5 billion JPY comprised of 30.4 billion JPY recorded for the current fiscal year whereas 4.1 billion JPY reversal of valuation reserve for pre-launch inventories recorded in the fiscal year ended March 31, 2019.

Operating Profit. As a result of the above factors, Operating Profit decreased by 137.3 billion JPY, or 57.8%, to 100.4 billion JPY for the fiscal year ended March 31, 2020.

Net Finance Expenses. Net Finance Expenses were 137.2 billion JPY for the fiscal year ended March 31, 2020, an increase of 70.7 billion JPY compared to the previous fiscal year, mainly due to an increase of 100.8 billion JPY interest expenses on bonds and loans issued to finance the Shire Acquisition. This increase of interest expenses is partially offset by 16.1 billion JPY in financing fees related to the bridge loan associated with the Shire Acquisition recorded in the fiscal year ended March 31, 2019 and a 21.3 billion JPY gain recognized on the warrant to purchase stocks of a privately held company upon that company's initial public offering for the fiscal year ended March 31, 2020.

Shares of Loss of Investments Accounted for Using the Equity Method. Shares of Loss of Investments Accounted for Using the Equity Method was 24.0 billion JPY for the fiscal year ended March 31, 2020, a decrease of 19.6 billion JPY, or 45.0% compared to the previous fiscal year, mainly due to a decrease of impairment charge recognized by Teva Takeda Pharma Ltd*.

* Teva Takeda Pharma Ltd operates a business of long-listed products and generics.

Income Tax Benefit. Income Tax Benefit was 105.0 billion JPY for the fiscal year ended March 31,2020, compared to income tax benefit of 7.5 billion JPY for the previous fiscal year. This was mainly due to a non-cash deferred tax benefit of 94.6 billion JPY as a result of enactment of tax reform in Switzerland in the fiscal year ended March 31, 2020. The higher income tax benefit was also due to recognition of deferred tax assets for accumulated net operating loss, and lower pre-tax earnings primarily from

expenses such as amortization expense, inventory unwind and integration costs related to the Shire Acquisition. These favorable changes were partially offset by higher tax provisions for uncertain tax positions and tax impacts of restructuring.

Net Profit for the Year. Net Profit for the Year decreased by 90.8 billion JPY, or 67.2%, compared to the previous fiscal year to 44.3 billion JPY.

(iv) Underlying Growth (April 1, 2019 to March 31, 2020)

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 and exclude the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations. Although these are not measures defined by IFRS, Takeda believes Underlying Growth is useful to investors as it provides a consistent measure of our performance.

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

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

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

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 purchase accounting effects and transaction related costs.

* From FY2019, Takeda renamed "Core Earnings" to "Core Operating Profit". Its definition has not changed.

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

Underlying Results

For the fiscal year ended March 31, 2020	Change from the previous year
Underlying Revenue Growth*	+1.6%
Underlying Core Operating Profit Margin	28.9%
Underlying Core EPS	395 JPY

[*] Underlying growth for the fiscal year ended March 31, 2020 versus the previous fiscal year ended March 31, 2019, pro-forma. The pro-forma baseline represents the sum of Takeda revenue for the previous fiscal year (April 2018 to March 2019) plus legacy Shire revenue from April 2018 through the acquisition date (January 8, 2019), both adjusted to remove the revenue from divested assets, with legacy Shire revenue converted to JPY at the rate of 1 USD = 111 JPY (average FX rate for the previous fiscal year ended March 31, 2019) and converted from US GAAP to IFRS with no material differences.

Underlying Revenue Growth was 1.6% compared to the previous fiscal year, driven by the strong performance of Takeda's 14 global brands* which grew by 21.2%; despite intensified competition and generic erosion impacting certain of our products, especially in Rare Hematology, our main therapeutic areas of GI, PDT Immunology, Oncology, and Neuroscience grew by 11.5%, 9.2%, 8.4%, and 10.9%, respectively.

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

- *GI.* In Gastroenterology, underlying revenue increased by 11.5% compared to the previous fiscal year. Growth of ENTYVIO (+32.9%) and TAKECAB (+24.9%) fully absorbed the declines of off-patented products such as pantoprazole (-15.3%), lansoprazole (-23.0%), and LIALDA (-38.9%), which all faced further generic erosion. GATTEX/REVESTIVE increased by 21.7% primarily due to the pediatric indication obtained in the U.S. in May 2019 and increased average length of time on therapy for the adult population.

- *Rare Diseases*. In Rare Diseases, underlying revenue decreased by 4.9% due to higher competitive pressure and the product recall of NATPARA in the US. Competitive pressure was strong in Rare Hematology (-8.6%), as our hemophilia

A products were especially impacted by competition, with significant decreases in ADVATE (-12.3%) and FEIBA (-15.5%), partially offset by growth of ADYNOVATE (+9.8%), our extended half-life product. In Rare Metabolic (-3.2%), parathyroid hormone, NATPARA (-49.7%) was recalled in the U.S. in September 2019 due to an issue related to the rubber septum of its cartridge. Growth in therapies for Hereditary Angioedema (+3.4%) reflected lower sales of FIRAZYR (-50.2%), due to generic introduction, and fewer patients on CINRYZE (-30.7%), fully offset by growth in TAKHZYRO (+318.3%) in the U.S. and in Europe.

- *PDT Immunology.* Underlying revenue of PDT Immunology increased by 9.2% compared to the previous fiscal year. Immunoglobulin product revenue increased by 7.2% driven by continued growth across IVIG (intravenous immunoglobulin) and SCIG (subcutaneous immunoglobulin). Albumin product revenue increased by 20.3% due to strong sales growth in China driven by demand and supported by our production capacity expansion.

- *Oncology.* In Oncology, the year-over-year increase was 8.4%, led by NINLARO (+28.5%) and ADCETRIS (+33.1%). ALUNBRIG also marked a growth rate of 43.1%. The only major Oncology product that declined on an underlying basis was VELCADE (-5.9%) with a 56.3% decrease in ex-US royalty income due to generic entry in Europe in April 2019.

- *Neuroscience.* In Neuroscience, underlying revenue increased by 10.9% due to the growth of VYVANSE (+13.7%) and TRINTELLIX (+25.0%), both of which are leading branded medications in the U.S. for ADHD and MDD, respectively. ADDERALL XR declined by 27.5% due to greater impacts from generic competition.

Underlying Revenue Growth* by Therapeutic Area

GI	+11.5%
Rare Diseases	-4.9%
Rare Metabolic	-3.2%
Rare Hematology	-8.6%
Hereditary Angioedema	+3.4%
PDT Immunology	+9.2%
Oncology	+8.4%
Neuroscience	+10.9%
Other	-12.5%
Total	+1.6%

* Underlying growth for the fiscal year ended March 31, 2020 versus the previous fiscal year ended March 31, 2019, pro-forma. The pro-forma baseline represents the sum of Takeda revenue for the previous fiscal year (April 2018 to March 2019) plus legacy Shire revenue from April 2018 through the acquisition date (January 8, 2019), both adjusted to remove the revenue from divested assets, with legacy Shire revenue converted to JPY at the rate of 1 USD = 111 JPY (average FX rate for the previous fiscal year ended March 31, 2019) and converted from US GAAP to IFRS with no material differences.

Major non-recurring items and the impact of divestitures excluded to calculate Underlying Revenue:

- Revenue of former subsidiaries, Guangdong Techpool Bio-Pharma Co., Ltd. ("Techpool"), and Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. ("Multilab"), is excluded from the previous fiscal year consolidated revenue as both subsidiaries were divested in the fiscal year ended March 31, 2019.

- Net sales from XIIDRA, the divestiture of which was completed in July 2019, and net sales from TACHOSIL are excluded from both the current and the previous fiscal years as Takeda agreed in May 2019 to divest these products.

Underlying Core Operating Profit Margin for the current fiscal year was 28.9%, reflecting a favorable impact of the Global Opex Initiative and cost synergies from the integration of Shire.

Core Operating Profit for the current fiscal year, which excludes items unrelated to Takeda's core operations such as the integration of Shire related costs and non-cash expenses from purchase accounting, was 962.2 billion JPY.

Underlying Core EPS for the current fiscal year was 395 JPY.

(b) Consolidated Financial Position

The Consolidated Statements of Financial Position as of March 31, 2019 was retrospectively adjusted to reflect the finalized purchase price allocation related to the Shire Acquisition.

[Assets]

Total Assets as of March 31, 2020 were 12,821.1 billion JPY, reflecting a decrease of 971.7 billion JPY compared to the previous fiscal year-end. Goodwill and Intangible Assets decreased by 227.7 billion JPY and 579.8 billion JPY, respectively, mainly due to FX impact on carrying values and amortization of intangible assets. In addition, Assets Held for Sale decreased by 331.9 billion JPY mainly from the completion of the XIIDRA divestiture. Inventories also decreased by 160.1 billion JPY primarily from the unwind of the fair value step up on acquired inventory. These decreases were partially offset by increases of 219.1 billion JPY in Deferred Tax Assets, 70.4 billion JPY in Other Financial Assets (non-current) mainly driven by contingent consideration arrangements recognized in relation to the divestiture of XIIDRA and 54.4 billion JPY in Property, Plant and Equipment mainly due to the newly adopted accounting standards for leases (IFRS 16)*.

* IFRS 16 requires the value of leases and corresponding liabilities to be recorded on the Consolidated Statements of Financial Position as non-current assets and non-current liabilities. See below for discussion regarding the liability.

[Liabilities]

Total Liabilities as of March 31, 2020 were 8,093.6 billion JPY, reflecting a decrease of 513.2 billion JPY compared to the previous fiscal year-end mainly driven by a decrease in Bonds and Loans of 657.6 billion JPY to 5,093.3 billion JPY** due to bond redemption, loan repayments and FX impact on carrying values. We issued 500.0 billion JPY of Hybrid (subordinated) bonds in June 2019 while Loans decreased as a result of the repayment of 500.0 billion JPY Syndicated Loans. There were early redemptions totaling 1,404.5 million USD (150.2 billion JPY) of unsecured USD denominated senior notes in August 2019. Further, we redeemed 3,300.0 million USD (350.7 billion JPY) of unsecured USD denominated senior notes in September 2019 and pre-paid 700.0 million USD (77.4 billion JPY) of USD denominated Syndicated Loans in March 2020. In addition to the decrease in Bonds and Loans, Liabilities Held for Sale decreased by 127.8 billion JPY primarily due to the completion of the XIIDRA divestiture. These decreases were partially offset by an increase of 158.9 billion JPY in Other Financial Liabilities (non-current) mainly due to the adoption of IFRS 16 as noted above.

** The carrying amount of Bonds was 3,205.0 billion JPY and Loans was 1,888.3 billion JPY as of March 31, 2020. Breakdown of Bonds and Loans carrying amount is as follows.

Bonds: **Billion JPY**

Name of Bonds (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount
15th Unsecured straight bonds	July, 2013	July, 2020	¥ 60.0
Unsecured US dollar denominated senior notes (1,520 million USD)	June, 2015	June, 2022~ June, 2045	164.6
Unsecured US dollar denominated senior notes (8,800 million USD)	September, 2016	September, 2021~ September, 2026	910.3
Unsecured US dollar denominated senior notes (500 million USD)	July, 2017	January, 2022	54.1
Unsecured Euro denominated senior notes (7,500 million EUR)	November, 2018	November, 2020~ November, 2030	889.5
Unsecured US dollar denominated senior notes (4,500 million USD)	November, 2018	November, 2021~ November, 2028	485.8
Hybrid bonds (subordinated bonds)	June, 2019	June, 2079	496.8
Commercial Paper	February, 2020~ March, 2020	April, 2020~ June, 2020	144.0
Total			¥ 3,205.0

Loans: **Billion JPY**

Name of Loans (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount
Syndicated Loans	July, 2013	July, 2020	¥ 60.0
Syndicated Loans	April, 2016	April, 2023 ~ April, 2026	200.0
Syndicated Loans	April, 2017	April, 2027	113.5
Syndicated Loans (1,500 million USD)	April, 2017	April, 2027	162.4
Syndicated Loans (3,300 million USD)	January, 2019	January, 2024	357.2
Syndicated Loans (3,057 million EUR)	January, 2019	January, 2024	363.4
Japan Bank for International Cooperation (3,700 million USD)	January, 2019	December, 2025	401.5
Other			230.4
Total			¥ 1,888.3

[Equity]

Total Equity as of March 31, 2020 was 4,727.5 billion JPY, a decrease of 458.5 billion JPY compared to the previous fiscal year-end. This was mainly due to a decrease of 225.5 billion JPY in Retained Earnings resulting from Dividends payment of 282.7 billion JPY, and a 257.3 billion JPY decrease in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the appreciation of yen.

(c) Sources and Uses of Liquidity

Sources and Uses of Liquidity

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

Our capital expenditures for tangible assets consist primarily of enhancing and streamlining our production facilities, replacing fully depreciated items, and promoting efficiency of our operations. Our capital expenditures for intangible assets represent mainly milestone payments related to licensed products, where such assets have been acquired from third-party partners, as well as software development expenditures. Our capital expenditures, which consist of additions to property, plant and equipment and intangible assets recorded on our consolidated statements of financial position, were 244.6 billion JPY and 246.3 billion JPY for the fiscal years ended March 31, 2019 and 2020, respectively. As of March 31, 2020, we had contractual commitments for the acquisition of property, plant and equipment of 30.2 billion JPY. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2020. See Note 32 for a description of our milestone payments of intangible assets. As part of our capital management, we periodically assess our level of capital expenditures in light of capital needs, market and other conditions and other relevant factors.

Our dividend payments for the fiscal years ended March 31, 2019 and 2020 were 143.0 billion JPY and 282.7 billion JPY, respectively. It is our intention to continue to return capital to shareholders using dividends at an annual level of 180 JPY per share, consisting of interim and fiscal year-end dividends of 90 JPY per share. See “Part 1. Information on Takeda-IV. Information on the Company-Dividend Policy” for a description of our dividend policy.

We are required to make interest and principal payments on our outstanding borrowings. As of March 31, 2020, we have 102.5 billion JPY of interest due within one year and 587.1 billion JPY of principal payments on our borrowings due within one year. See “Borrowings and Financial Obligations.”

Our sources of liquidity include cash and cash equivalents on hand, short-term commercial paper, committed borrowing lines from financial institutions and long-term debt financing from global capital markets. We monitor and adjust the amount of foreign cash based on projected cash flow requirements. As the majority of our business is conducted outside Japan, we hold a significant portion of cash outside of Japan. Our ability to use foreign cash to fund cash flow requirements in Japan may be impacted by local regulations and, to a lesser extent, income taxes associated with transferring cash to Japan.

As of March 31, 2020, we held 637.6 billion JPY in cash and cash equivalents on hand and 700 billion JPY in undrawn commitment line. We believe that working capital is sufficient for our current business requirements. Furthermore, we continually seek to ensure that our level of liquidity and access to capital market funding continues to be maintained to successfully support our business operations.

Consolidated Cash Flows

The following table shows information about our consolidated cash flows during the fiscal years ended March 31, 2019 and 2020:

	For the fiscal year ended March 31, (billions of yen)	
	2019	2020
Net cash from operating activities	¥ 328.5	¥ 669.8
Net cash from (used in) investing activities	(2,835.7)	292.1
Net cash from (used in) financing activities	2,946.2	(1,005.2)
Net increase (decrease) in cash and cash equivalents	¥ 439.0	¥ (43.3)
Cash and cash equivalents at the beginning of the year	294.5	702.1
Effects of exchange rate changes on cash and cash equivalents	(31.3)	(21.8)
Net increase (decrease) in cash and cash equivalents resulting from a transfer to assets held for sale	(0.2)	0.6
Cash and cash equivalents at the end of the year	¥ 702.1	¥ 637.6

Net cash from operating activities was 669.8 billion JPY for the fiscal year ended March 31, 2020 compared to 328.5 billion JPY for the previous fiscal year. The increase of 341.3 billion JPY was driven by an increase of cash generated from operations excluding the impact of non-cash expenses mainly related to the Shire acquisition whereas net profit for the year decreased by 90.8 billion JPY compared to the previous fiscal year. The impact of non-cash expenses reflected an increase in the reversal of depreciation and amortization of 336.0 billion JPY mainly attributable to intangible assets recorded upon the Shire Acquisition and impairment losses of 91.8 billion JPY relating to certain marketed products, IPR&D assets and site restructuring such as manufacturing facility in Ireland and Shonan iPark, as well as a decrease in inventories of 86.8 billion JPY primarily attributable to the unwind of the fair value step up on acquired inventory recorded in relation to the Shire Acquisition.

The increase in net cash from operating activities also includes other favorable adjustments such as an increase in net finance expenses of 70.7 billion JPY primarily due to the interest expenses in connection with the financing for the Shire Acquisition and the effect of changes in assets and liabilities such as accrued bonus for employees.

These increases were partially offset by an increase of income taxes paid of 183.1 billion JPY mainly due to tax payments by legacy Shire entities acquired in the previous fiscal year.

Net cash from investing activities was 292.1 billion JPY for the fiscal year ended March 31, 2020 compared to net cash used in investing activities of 2,835.7 billion JPY for the previous fiscal year. This increase of 3,127.8 billion JPY in investing activities was primarily attributable to 2,891.9 billion JPY of the total cash outflow for the Shire Acquisition in the previous fiscal year. In addition, proceeds from sales of business increased by 376.4 billion JPY reflecting the sale of XIIDRA of 375.5 billion JPY.

Net cash used in financing activities was 1,005.2 billion JPY for the fiscal year ended March 31, 2020 compared to net cash from financing activities of 2,946.2 billion JPY for the previous fiscal year. This decrease of 3,951.5 billion JPY was mainly the result of 2,795.9 billion JPY proceeds from the issuance of bonds and long-term loans related to the acquisition of Shire recorded in the previous year and 701.1 billion JPY repayment of bonds and long-term loans in the current year. There also was a decrease in short-term loans of 718.5 billion JPY and an increase of dividends paid by 139.6 billion JPY, as well as an increase of interest paid by 92.3 billion JPY mainly resulting from the financing for the Shire Acquisition.

For the fiscal year ended March 31, 2020, the proceeds from issuance of bonds and long-term loans were 496.2 billion JPY including the 500.0 billion JPY issuance of hybrid bonds, and net decrease in short-term loans was 351.2 billion JPY mainly due to repayment of 500.0 billion JPY for the short-term syndicated loans.

Borrowings and Financial Obligations

Our total bonds and loans are 5,751.0 billion JPY and 5,093.3 billion JPY as of March 31, 2019 and 2020, respectively. These borrowings include unsecured bonds and senior notes issued by Takeda in prior years, syndicated loans entered into by Takeda in prior years, borrowings obtained to fund a portion of the Shire acquisition, and debt assumed in connection with the Shire acquisition and included in our consolidated statements of financial position. Our borrowings are mainly linked to acquisitions and therefore are not exposed to seasonality.

On June 6, 2019, Takeda issued hybrid subordinated bonds (the "Hybrid Bonds") with an aggregate principal amount of 500 billion JPY. The proceeds from the Hybrid Bonds were used to repay the existing syndicated loans comprised of the senior short-term loan facility that was utilized to finance the acquisition of Shire. The Hybrid Bonds will mature on June 6, 2079. Under the terms and conditions of the Hybrid Bonds, Takeda may make an early repayment of all of the principal of the Hybrid Bonds on each interest payment date beginning October 6, 2024. Interest is payable semi-annually at a rate per annum subject to revision. The Hybrid Bonds are unsecured, and Takeda is not subject to any financial covenants related to these bonds.

In September 2019, Takeda reached an agreement on a commitment facility of 700 billion JPY with various Japanese and non-Japanese banks. The commitment facility is effective from October 2019 for five years at a minimum. In connection with entering into this new commitment facility, Takeda's existing short-term commitment facility of 300 billion JPY expiring in March 2020 was canceled in September 2019. The purpose of the new commitment facility is for general business use. There were no drawdowns on the 700 billion JPY commitment facility as of March 31, 2020.

Bonds and long-term loans of 701.1 billion JPY were repaid during the year ended March 31, 2020, with no repayments noted in respect of the year ending March 31, 2019. In July 2019, unsecured Straight Bonds of 60 billion JPY and Syndicated Loans of 60 billion JPY were repaid on their respective due dates. This was followed in August 2019 by the early redemption of unsecured USD denominated Senior Notes totaling 1,404.5 million USD (150.2 billion JPY). In September 2019, unsecured USD denominated Senior Notes totaling 3,300 million USD (350.7 billion JPY) were repaid on their due date. Furthermore, 700 million USD (77.4 billion JPY) of USD denominated Syndicated Loans were repaid early in March 2020.

In December 2019, Takeda completed the exchange offer for 2018 USD Senior Notes ("Outstanding Notes") which had been originally issued in private placements with registration rights on November 19, 2018, except for 1,000 million USD aggregate principal amount of 3.8% Senior Notes due 2020 which was fully redeemed on August 29, 2019 before the exchange offer took place. As a result of the exchange offer, most of the outstanding 2018 USD Senior Notes amounting to 4,461 million USD were tendered for exchange which were all accepted by Takeda and therefore exchanged with the bonds registered with the U.S. Securities Act of 1933 with same principal amounts, terms and conditions ("Exchange Notes"). Outstanding Notes accepted for exchange were canceled upon the completion of exchange, while those that were not tendered for the exchange offer amounting to 39 million USD of principal amounts remained as unregistered Outstanding Notes.

As of March 31, 2020, we have certain outstanding borrowings with various financial covenants which require Takeda to maintain certain financial ratios and comply with other restrictions such as the level of the Company's borrowings. During the year ended March 31, 2020, Takeda amended various financial covenants on certain borrowings. The key amendment was related to certain loans maturing beyond July 2020, which contained the historic restrictive covenant that Takeda's profit before tax must not be negative for two consecutive fiscal years. This covenant was removed and was replaced by one where Takeda's ratio of consolidated net debt to consolidated EBITDA, as defined in the loan agreements, for the previous twelve-month period should not surpass certain levels as of March 31 and September 30 of each year. As of March 31, 2020, we are in compliance with all covenants. There are no restrictions on the ability to draw from the 700 billion JPY commitment line that was put in place during the year.

We currently have a Japanese unsecured commercial paper program in place to facilitate short-term liquidity management. The total amount drawn on the commercial paper program was 144 billion JPY at March 31, 2020. We further have access to short-term uncommitted lines of 230 billion JPY which were undrawn as of March 31, 2020.

For further description of our borrowings, see Note 20 Bonds and Loans to our consolidated financial statements.

Credit Ratings

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

Rating Agency	Category	Rating	Rating Structure
S&P Global Ratings	Issuer credit rating/foreign currency long-term and local currency long-term	BBB+	Fourth highest of 11 rating categories and first within the category based on modifiers (e.g. BBB +, BBB and BBB- are within the same category).
	Issuer credit rating (short-term)	A-2	Second highest of six rating categories
Moody's	Long-term issuer rating and Long-term senior unsecured rating	Baa2	Fourth highest of nine rating categories and second highest within the category based on modifiers (e.g., Baa1, Baa2 and Baa3 are within the same category).

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

Off-Balance Sheet Arrangements

Milestone Payments

Under the terms of our collaborations with third parties for the development of new products, we may be required to make payments for the achievement of certain milestones related to the development of pipeline products and the launch and subsequent marketing of new products. As of March 31, 2019, and 2020, the contractual amount of potential milestone payments totaled 655.5 billion JPY and 823.9 billion JPY, respectively, in each case excluding potential commercial milestone payments for pipeline products under development.

Tabular Disclosure of Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2020.

	JPY (billions)				
	Total Contractual Amount [1]	**Within One Year**	**Between One and Three Years**	**Between Three and Five Years**	**More than Five Years**
Bonds and loans: [2] [3]					
Bonds [4]	¥ 3,728.4	¥ 551.7	¥ 975.4	¥ 1,033.4	¥ 1,167.9
Loans	1,984.0	137.8	226.3	736.8	883.1
Purchase obligations for property, plant and equipment	30.2	30.2	—	—	—
Repayment of lease liabilities	545.7	41.1	73.7	59.2	371.7
Contributions to defined benefit plans[5]	7.9	7.9	—	—	—
Total[6] [7]	¥ 6,296.2	¥ 768.7	¥ 1,275.4	¥ 1,829.4	¥ 2,422.7

Notes:

(1) Obligations denominated in currencies other than yen have been translated into yen using period-end exchange rates for the fiscal year ended March 31, 2020 and may fluctuate due to changes in exchange rates.

(2) Repayment obligations may be accelerated if we breach the relevant covenants under the relevant instruments.

(3) Includes interest payment obligations.

(4) The contract amount of bonds in "Between Three and Five Years" includes 500 billion JPY principal amount of the hybrid subordinated bonds (the "Hybrid Bonds") as Takeda may make an early repayment of all of the principal of the Hybrid Bonds on each interest payment date beginning October 6, 2024 (Interest payments are calculated using the interest rate applicable up to October 6, 2024 (1.72%). Interest payments thereafter are not included in the table). For details of the Hybrid Bonds, see Note 20 Bonds and Loans to our consolidated financial statements.

(5) Pension and post-retirement contributions cannot be determined beyond the fiscal year ending March 31, 2021 because the timing of funding is uncertain and dependent on future movements in interest rates and investment returns, changes in laws and regulations and other variables.

(6) Does not include contractual obligations whose timing we are unable to estimate, including defined benefit contribution obligations, provision for litigation and long-term income taxes payable and does not include liabilities recorded at fair value as amounts will fluctuate based on any changes in fair value including derivative liabilities and contingent consideration. Milestone payments that are dependent on the occurrence of certain future events are not included.

(7) Does not include purchase orders entered into for purchases made in the normal course of business.

4. Material Contracts

Shire Acquisition

In connection with the Shire Acquisition, on May 8, 2018, we entered into a Co-operation Agreement with Shire, governing certain matters leading to the closing of the Shire Acquisition. The Shire Acquisition was completed on January 8, 2019. We incurred indebtedness in connection with the Shire Acquisition. Material agreements associated with such indebtedness are described below.

On June 8, 2018, we entered into the Term Loan Credit Agreement for an aggregate principal amount of $7.5 billion with, among others, JPMorgan Chase Bank N.A., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. and Mizuho Bank, Ltd. On December 20, 2018, we entered into Amendment No. 1 to the Term Loan Credit Agreement to make certain technical changes thereto. On October 18, 2019, we entered into Amendment No. 2 to the Term Loan Credit Agreement to make certain changes thereto, including changes to various financial covenants. We subsequently pre-paid an aggregate principal amount of $0.7 billion outstanding under the Term Loan Credit Agreement on March 12, 2020. On October 26, 2018, we entered into the senior short-term loan facility (the "SSTL") with an aggregate commitment of 500.0 billion, with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Limited. On December 20, 2018, we entered into Amendment No. 1 to the SSTL to make certain technical changes thereto. On October 26, 2018, we also entered into the Subordinated Loan Agreement, with aggregate commitments of 500.0 billion, with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Limited, which may be used, at our option to refinance all or a portion of the borrowings under the SSTL. On June 6, 2019, we canceled the Subordinated Loan Agreement. On November 21, 2018, we entered into a Fiscal Agency Agreement with MUFG Bank, Ltd., as Fiscal Agent, under which we issued a total aggregate principal amount of 7.5 billion of senior notes on the same day. On November 26, 2018, we entered into an Indenture with MUFG Union Bank, N.A., as Trustee (the "Indenture"), under which we issued a total aggregate principal amount of $5.5 billion of senior notes on the same day. On August 29, 2019, $1.0 billion total aggregate principal amount of such senior notes was redeemed. On December 3, 2018, we entered into the JBIC Loan with the Japan Bank for International Cooperation, for an aggregate principal amount of up to $3.7 billion. On December 25, 2018, we entered into Amendment No. 1 to the JBIC Loan to make certain technical changes thereto. On December 25, 2019, we entered into Amendment No.2 to the JBIC Loan to make certain changes thereto, including changes to various financial covenants. On June 6, 2019, we issued the Hybrid Bonds with an aggregate principal amount of 500 billion, and we used the proceeds from the Hybrid Bonds offering to repay the SSTL.

For a more detailed description of the agreements mentioned above as well as the effect of the Shire Acquisition on our financial condition and results of operations, see "3. Management’s Analysis of Financial Position, Operating Results and Cash Flows - (2) Management Discussion and Analysis on Business Performance - 1) Management Discussion and Analysis on Business Performance for the current fiscal year - (c) Sources and Uses of Liquidity - Borrowings and Financial Obligations."

Letter Agreement with Baxter

On January 11, 2016, Baxter International Inc. (Baxter), Shire and Baxalta entered into a letter agreement (the "Letter Agreement") in connection with the Shire’s acquisition of Baxalta, which, among other things, addresses certain aspects of a tax matters agreement entered into between Baxter and Baxalta prior to their separation in July 2015.

Under the Letter Agreement, from and after the closing of Shire’s acquisition of Baxalta (which occurred on June 3, 2016), Baxalta agreed to indemnify, and Shire agreed to guarantee such indemnity to, Baxter and each of its affiliates and each of their respective officers, directors and employees against certain tax-related losses resulting from the acquisition (other than losses resulting from any disposition of Baxalta common stock by Baxter (i) that are not attributable to the acquisition and (ii) other than in the initial distribution on July 1, 2015 and certain debt-for-equity exchanges, exchange offers, contribution of Baxalta shares to Baxter’s U.S. pension fund or a dividend distribution to Baxter’s stockholders (in each case as contemplated by the Letter Agreement).

5. Research and Development

Research and development expenses for the period ended March 31, 2020 were 492.4 billion JPY.

The research and development (R&D) of pharmaceutical products is a lengthy and expensive process that can span more than 10 years. The process includes multiple studies to evaluate a product's efficacy and safety, followed by submission to regulatory authorities who review the data and decide whether to grant marketing approval. Only a small number of compounds pass such rigorous investigation and become available for use in clinical treatment. Once approved, there is ongoing R&D support for marketed products, including medical affairs and other investments.

Clinical trials, which must comply with regional and international regulatory guidelines, generally take five to seven years or longer, and require substantial expenditures. In general, clinical trials are performed in accordance with the guidelines set by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use. The relevant regional regulatory authorities include the Food and Drug Administration ("FDA") for the United States and the European Medicines Agency ("EMA") for the EU, the Ministry of Health, Labour and Welfare ("MHLW") for Japan, and the National Medical Products Administration ("NMPA") for China.

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

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

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

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

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

Takeda's R&D engine is focused on translating science into highly innovative, life-changing medicines that make a critical difference to patients. Takeda supports dedicated R&D efforts across three areas: Innovative Biopharma, Plasma Derived Therapies (PDT) and Vaccines. The R&D engine for Innovative Biopharma is the largest component of our R&D investment and has produced exciting new molecular entities (NMEs) that represent potential best-in-class and/or first-in-class medicines in areas of high unmet medical need across our core Therapeutic Areas (oncology, rare diseases, neuroscience, and gastroenterology (GI)). Over the past several years, and more recently bolstered by our acquisition of Shire, we have also harnessed the potential of cell and gene therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships.

In addition to our concentrated efforts to increase our in-house research and development capabilities, external partnerships with third-party partners are a key component of our strategy for enhancing our R&D pipeline. Our strategy to expand and diversify our external partnerships allows us to take part in research of a wide variety of new products and increases the chances that we will be able to take part in a major research-related breakthrough.

Our key R&D facilities include:

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

Major progress on R&D events since April 2019 are listed as follows:

R&D pipeline

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

NINLARO / Generic name: ixazomib

- In June 2019, Takeda announced that the Phase III TOURMALINE-AL1 trial in patients with relapsed or refractory systemic light-chain (AL) amyloidosis did not meet the first of two primary endpoints. Treatment with NINLARO in combination with dexamethasone did not demonstrate a significant improvement in overall hematologic response compared to physician's choice of standard of care regimens. As a result of this analysis, Takeda has decided to discontinue the trial. In December 2019, the encouraging secondary endpoint data of the TOURMALINE-AL1 trial was presented during an oral session at the 61st American Society of Hematology (ASH) annual meeting.
- In November 2019, Takeda announced that the Phase III TOURMALINE-MM4 trial of NINLARO as first line maintenance therapy met the primary endpoint in multiple myeloma patients not treated with stem cell transplantation. The results demonstrated statistically significant improvement in progression-free survival and the data will be submitted for presentation at an upcoming medical meeting.
- In March 2020, Takeda announced the results from the international, randomized, double-blind, multicenter, placebo-controlled Phase III TOURMALINE-MM2 trial, designed to evaluate the addition of NINLARO to lenalidomide and dexamethasone in newly diagnosed transplant ineligible multiple myeloma adult patients. The addition of ixazomib to lenalidomide and dexamethasone resulted in an improvement in median progression-free survival (PFS) of 13.5 months (35.3 months versus 21.8 months; hazard ratio [HR] 0.83; p=0.073); however, it did not meet the threshold for statistical significance. The safety profile associated with NINLARO from the TOURMALINE-MM2 trial was generally consistent with the existing prescribing information. Results from the TOURMALINE-MM2 study will be submitted to an upcoming medical congress.
- In March 2020, Takeda announced it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to the manufacturing and marketing approval of NINLARO for use as maintenance treatment following autologous stem cell transplantation in multiple myeloma. This approval is based on the results of the randomized, placebo-controlled, double-blind, multicenter, international, Phase III TOURMALINE-MM3 trial. Efficacy and safety of NINLARO maintenance therapy was compared to placebo in adult patients with multiple myeloma who had responded to high-dose chemotherapy and autologous stem cell transplantation, where progression-free survival (PFS) was the primary endpoint.
- In May 2020, Takeda announced that it submitted to the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to the manufacturing and marketing approval for NINLARO regarding the additional indication as a first-line maintenance therapy in adult patients diagnosed with multiple myeloma who have not treated with stem cell transplantation in Japan. This application is based primarily on the results of the TOURMALINE-MM4 trial, a randomized, placebo-controlled, double-blind, multicenter, international Phase III trial.

ICLUSIG / Generic name: ponatinib

- In May 2020, Takeda presented interim analysis data from the Phase II OPTIC (Optimizing Ponatinib Treatment In CML) trial during an oral session at the virtual 56th American Society of Clinical Oncology (ASCO) Annual Meeting. The OPTIC trial is an ongoing, randomized, open-label study prospectively evaluating response-based dosing regimens of ICLUSIG over a range of three starting doses (45-, 30-, or 15-mg) with the aim of optimizing its efficacy and safety in patients with chronic-phase chronic myeloid leukemia (CP-CML) who are resistant or intolerant to prior tyrosine kinase inhibitor (TKI) therapy.

ALUNBRIG / Generic name: brigatinib

- In November 2019, Takeda announced updated data from the Phase III ALTA-1L trial, which evaluated ALUNBRIG versus crizotinib in adults with advanced anaplastic lymphoma kinase-positive (ALK+) non-small cell lung cancer (NSCLC) who had not received a prior ALK inhibitor. Results showed that after more than two years of follow-up, ALUNBRIG demonstrated a 57% (HR = 0.43, 95% CI: 0.31-0.61) reduction in risk of disease progression or death in all patients. ALUNBRIG also reduced the risk of disease progression or death by 76% (hazard ratio [HR] = 0.24, 95% CI: 0.12-0.45) as assessed by investigators in newly diagnosed patients whose disease had spread to the brain at time of enrollment. These data were presented during the Presidential Session at the 2019 European Society for Medical Oncology (ESMO) Asia Congress.
- In February 2020, Takeda announced that it had filed a New Drug Application (NDA) for brigatinib with the Japanese Ministry of Health, Labour and Welfare (MHLW) for the treatment of patients with unresectable advanced and/or recurrent ALK+ NSCLC who have progressed on or are intolerant to other ALK tyrosine kinase inhibitors. The NDA filing included data from the pivotal Phase II Brigatinib-2001 study (J-ALTA) in Japanese patients with ALK+ NSCLC and the overseas Phase II AP26113-13-201 study (ALTA).
- In March 2020, Takeda announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) adopted a positive opinion recommending the approval of ALUNBRIG as a monotherapy for the treatment of adult patients with ALK+ advanced NSCLC previously not treated with an ALK inhibitor. In April 2020, Takeda announced that the European Commission (EC) extended the current marketing authorization of ALUNBRIG to include use as a monotherapy for the treatment of adult patients with ALK+ advanced NSCLC previously not treated with an ALK inhibitor.

- In May 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) approved ALUNBRIG for adult patients with anaplastic lymphoma kinase-positive (ALK+) metastatic non-small cell lung cancer (NSCLC) as detected by an FDA-approved test. This approval expands ALUNBRIG's current indication to include the first-line setting.

ADCETRIS / Generic name: brentuximab vedotin

- In December 2019, Takeda announced additional analyses of results from the ECHELON-1 and ECHELON-2 frontline Phase III trials of ADCETRIS. These analyses were presented at the 61st Annual Meeting of the American Society of Hematology (ASH).
- In December 2019, Takeda announced that it had obtained approval for an additional indication and dosage and administration for ADCETRIS in Japan for the treatment of CD30-positive peripheral T cell lymphoma, and additional dosage and administration for the treatment of relapsed or refractory CD30-positive Hodgkin lymphoma and peripheral T cell lymphoma (PTCL) in pediatric patients.
- In May 2020, Takeda announced that the European Commission (EC) extended the current conditional marketing authorization of ADCETRIS to include treatment of adult patients with previously untreated systemic anaplastic large cell lymphoma (sALCL), in combination with CHP (cyclophosphamide, doxorubicin, prednisone). Systemic anaplastic large cell lymphoma is a subtype of peripheral T-cell lymphoma (PTCL).
- In May 2020, Takeda announced that ADCETRIS was approved by China's National Medical Products Administration (NMPA) for use in adult patients with relapsed or refractory systemic Anaplastic Large Cell Lymphoma (sALCL) or CD30-positive Hodgkin Lymphoma.

CABOMETYX / Generic name: cabozantinib

- In January 2020, Takeda announced that it had submitted an application to the Japanese MHLW for manufacturing and marketing approval of cabozantinib for the treatment of unresectable hepatocellular carcinoma (HCC) that had progressed after prior systemic therapy. Cabozantinib has shown statistically significant improvement over placebo with a reassuring safety profile when used as second or later line therapy in patients with advanced HCC in the XL184-309 study, a global randomized placebo-controlled double-blind Phase III clinical trial, and in the cabozantinib-2003 study, a Japan Phase II clinical trial on efficacy and safety in Japanese patients, which has led to this filing.
- In March 2020, Takeda announced that it had received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for the manufacturing and marketing of CABOMETYX for the treatment of unresectable or metastatic renal cell carcinoma. The approval was based on the results of the international Phase III METEOR pivotal trial, the overseas Phase II CABOSUN trial, and the Japanese Phase II Cabozantinib-2001 trial that studied the efficacy and safety of cabozantinib in 35 Japanese patients suffering from advanced renal cell carcinoma, who had progressed after prior vascular endothelial growth factor receptor tyrosine kinase inhibitor (VEGFR-TKI) therapy.
- In April 2020, Takeda announced the top-line result from CheckMate -9ER, a global, multi-center, randomized, open-label Phase III study evaluating Ono Pharmaceutical 's Opdivo (nivolumab), a human anti-human PD-1 (programmed cell death-1) monoclonal antibody, and CABOMETYX in patients with previously untreated advanced or metastatic renal cell carcinoma (RCC). In this study, Opdivo and cabozantinib combination treatment demonstrated a significant benefit in its primary endpoint of progression-free survival (PFS) at final analysis, compared to sunitinib, as well as its secondary endpoints of overall survival (OS) at a pre-specified interim analysis, and objective response rate (ORR).

Generic name: niraparib

- In November 2019, Takeda announced that it had submitted an application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for the manufacturing and marketing approval of niraparib for the treatment of ovarian cancer. This submission was based on the positive results of the NOVA clinical trial, an overseas Phase III study; the QUADRA clinical trial, an overseas Phase II trial; the Niraparib-2001 clinical trial, a Japanese Phase II study that assessed the safety of niraparib in Japanese patients with ovarian cancer; and the Niraparib-2002 study, a Japanese Phase II study that assessed the efficacy and safety of niraparib in Japanese ovarian cancer patients.

Development code: TAK-924 / Generic name:Pevonedistat

- In May 2020, Takeda announced the results of the Phase 2 Pevonedistat-2001 trial was presented during oral sessions at the virtual 56th American Society of Clinical Oncology (ASCO) Annual Meeting. The study evaluated pevonedistat plus azacitidine versus azacitidine alone in patients with rare leukemias, including higher-risk myelodysplastic syndromes (HR-MDS). These results show that the combination of pevonedistat and azacitidine is a highly active, promising therapeutic approach and suggest benefit in the HR-MDS subgroup across multiple clinically meaningful endpoints, including overall survival (OS), event-free survival (EFS), complete remission (CR) and transfusion independence, with a safety profile similar to azacitidine alone.

Development code: TAK-788 / Generic name: Mobocertinib

- In June 2019, Takeda presented new data regarding TAK-788 during an oral session at the 2019 American Society of Clinical Oncology (ASCO) Annual Meeting. Results from a Phase I/II first-in-human, open-label, multicenter study showed TAK-788 yielded a median progression-free survival (PFS) of 7.3 months and a confirmed objective response rate (ORR) of 43% in patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) whose tumors harbor epidermal growth factor receptor (EGFR) exon 20 insertion mutations.
- In April 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for its investigational drug mobocertinib (TAK-788) for the treatment of patients with metastatic non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) exon 20 insertion mutations whose disease has progressed on or after platinum-based chemotherapy.

Development code: TAK-007

- In November 2019, Takeda and The University of Texas MD Anderson Cancer Center announced a collaboration to accelerate the development of TAK-007, a clinical-stage, off-the-shelf CD19 CAR NK-Cell therapy. The ongoing Phase I/IIa study of TAK-007 is expected to enroll patients in a pivotal study in 2021. TAK-007 has potential to be the first CAR cell therapy approved for outpatient administration.

Development code: TAK-605

- In December 2019, Takeda and Turnstone Biologics (Turnstone) announced a strategic collaboration to develop multiple products from Turnstone's proprietary vaccinia virus platform targeting a broad range of cancer indications. TAK-605 (TBio-6517, RIVAL-01) is the lead candidate, consisting of the vaccinia virus backbone encoding transgenes for Flt3 ligand, anti-CTLA-4 antibody and IL-12 cytokine.

Rare Diseases

In rare diseases, Takeda focuses on (1) rare immunology (e.g., hereditary angioedema) to transform the treatment paradigm including through recently launched TAKHZYRO; (2) rare hematology with a broad portfolio; and (3) rare metabolic diseases, focused on treatments for Fabry disease, Hunter syndrome and Gaucher disease.

TAKHZYRO / Generic name: lanadelumab-flyo

- In June 2019, Takeda announced new data from an ad-hoc analysis of the Phase III HELP study, designed to evaluate the onset of action for TAKHZYRO during days 0-69 of treatment. The data was presented at the European Academy of Allergy and Clinical Immunology (EAACI). The analysis suggests that TAKHZYRO starts to prevent hereditary angioedema (HAE) attacks during this early treatment phase, with patients experiencing an 80.1% decrease in mean monthly attack rate compared to placebo.
- In November 2019, Takeda announced new data that further investigates the long-term safety and efficacy of TAKHZYRO injection in patients with hereditary angioedema (HAE) 12 years of age and older studied in the ongoing Phase III HELP study Open-label Extension (OLE). The analyses, which were presented at the 2019 American College of Allergy, Asthma and Immunology (ACAAI) Annual Meeting, showed that TAKHZYRO continued to prevent HAE attacks at a rate similar to that observed in the pivotal HELP Study, in patients who received treatment for a mean duration of 19.7 (0-26.1) months. The analyses were published in the November 2019 issue of ACAAI's journal Annals of Allergy, Asthma & Immunology.
- In May 2020, Takeda announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion on a Type II Variation regulatory application and recommended the approval of a pre-filled syringe presentation of TAKHZYRO. TAKHZYRO is a subcutaneous injectable prescription medication approved in Europe for routine prevention of recurrent attacks of hereditary angioedema (HAE) in patients aged 12 years and older.

ADYNOVATE / Generic name: antihemophilic factor (recombinant), PEGylated

- In July 2019, Takeda announced updated results from its Phase IIIb/IV clinical PROPEL study trial for ADYNOVATE at the 27th Annual International Society on Thrombosis and Haemostasis Congress (ISTH). The PROPEL study is a prospective, randomized, multi-center study comparing the safety and efficacy of ADYNOVATE following PK-guided prophylaxis targeting two different factor eight (FVIII) trough activity levels in subjects with severe hemophilia A.

VONVENDI / Generic name: Vonicog alfa (recombinant)

- In March 2020, Takeda announced that it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for the manufacturing and marketing of VONVENDI, a human von Willebrand factor preparation. Von Willebrand Disease (VWD) is a genetic disorder caused by missing or defective von Willebrand factor (VWF), a clotting protein that plays a vital role in hemostasis. The most effective treatment is VWF replacement therapy.

Development code: TAK-620 / Generic name: maribavir

- In September 2019, Takeda announced that the New England Journal of Medicine had published results of a Phase II, randomized, 12-week, open-label study of TAK-620 (maribavir), an investigational, orally bioavailable antiviral compound being evaluated in patients with cytomegalovirus (CMV) infection after undergoing hematopoietic cell transplant or solid organ transplant. CMV is a beta herpes virus that, in patients with compromised immunity, including organ or stem cell transplant recipients, causes clinically challenging complications that can be fatal.

Neuroscience

In neuroscience, Takeda aims to bring innovative medicines to patients suffering from neurologic diseases for whom there are no treatments available. Takeda is building its pipeline in neurology (e.g., Alzheimer's disease, Parkinson's disease) and selected rare CNS diseases such as narcolepsy, potentially other sleep disorders, and Huntington's Disease through a combination of in-house expertise and collaboration with partners.

TRINTELLIX / Generic name: vortioxetine

- In July 2019, Takeda presented the results of a Phase III randomized, double-blind, parallel-group, placebo-controlled trial studying vortioxetine in the treatment of major depressive disorder in Japan at the 16th Annual Meeting of the Japanese Society of Mood Disorders. In this trial, adult patients in Japan with recurrent depression were randomly assigned to a vortioxetine (10mg or 20mg) or placebo group. The primary endpoint was change in total score from baseline on the Montgomery-Asberg Depression Rating Scale (MADRS) at week 8 of administration which was -2.66 and -3.07 in the 10mg and 20mg vortioxetine groups, respectively. These figures represented statistically significant decreases in the treatment groups (P=0.0080, 0.0023).

- In September 2019, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) had approved Trintellix for the treatment of depression and depressed state.

INTUNIV / Generic name: guanfacine hydrochloride

- In June 2019, Takeda announced that a partial change had been approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) for the indications for INTUNIV in the treatment of attention deficit hyperactivity disorder in adult patients (aged 18 and over). The manufacturing and marketing rights in Japan for INTUNIV are held by Shionogi & Co., Ltd. while Takeda and Shionogi jointly conduct informational activities for the drug.

BUCCOLAM / Generic name: midazolam

- In February 2020, Takeda announced that it had filed an application with the Japanese Ministry of Health, Labour and Welfare (MHLW) for manufacturing and marketing approval of midazolam (oral liquid) for the treatment of status epilepticus. This application is based on the results of two Japanese Phase III multicenter randomized open-label interventional clinical studies involving buccal administration of midazolam in patients aged under 18 years with status epilepticus (Convulsive). These interventional studies revealed midazolam oral liquid to be efficacious with no major safety issues.

Development code: TAK-925

- In September 2019, Takeda announced results of a Phase I clinical proof of concept study of the novel investigational compound TAK-925, a selective orexin type-2 receptor (OX2R) agonist, in individuals with narcolepsy type 1 (NT1). The company also presented data on the effects of TAK-925 in healthy sleep-deprived adults. These studies evaluated safety, tolerability, and pharmacokinetic and pharmacodynamic effects of TAK-925 during a single 9-hour intravenous administration. In both studies, TAK-925 was well tolerated at all doses tested. These studies were presented for the first time at the World Sleep 2019 Congress.

Gastroenterology

In gastroenterology (GI), Takeda focuses on delivering innovative, life-changing therapeutics for patients with GI and liver diseases. Takeda is maximizing the potential of our inflammatory bowel disease (IBD) franchise around ENTYVIO and ALOFISEL, expanding our position in specialty GI with GATTEX and progressing a pipeline built through partnerships exploring opportunities in motility disorders, celiac disease, liver disease and the microbiome.

ENTYVIO / Generic name: vedolizumab

- In May 2019, Takeda announced that the U.S. Food & Drug Administration (FDA) accepted for review a Biologics License Application (BLA) for an SC formulation of vedolizumab for maintenance therapy in adults with moderately to severely active ulcerative colitis. Takeda proposes to make vedolizumab SC available in both pre-filled syringe and pen options.
- In May 2019, Takeda announced that it obtained approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for an additional indication for ENTYVIO for the treatment of adult patients with moderately to severely active Crohn's disease.
- In May 2019, Takeda announced new exploratory data from VARSITY, the first head-to-head ulcerative colitis biologic study, which demonstrated superiority of vedolizumab to adalimumab in clinical remission[*1] at week 52. The data was presented at the 2019 Digestive Disease Week (DDW).
  *1 Primary endpoint: Clinical remission is defined as a complete Mayo score of ≤2 points and no individual subscore ›1 point.
- In August 2019, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for an SC formulation of vedolizumab, a gut-selective biologic for maintenance therapy in adults with moderately to severely active ulcerative colitis. Takeda proposes to make vedolizumab SC available in both pre-filled syringe and pen options.
- In September 2019, Takeda announced further results from the VARSITY study, which demonstrated the superiority of vedolizumab to adalimumab in achieving the primary endpoint of clinical remission[*1] at week 52 in patients with moderately to severely active ulcerative colitis. The results have been published in The New England Journal of Medicine.
  *1 Primary endpoint: Clinical remission is defined as a complete Mayo score of ≤2 points and no individual subscore ›1 point.
- In October 2019, Takeda announced results from a retrospective chart review study (EVOLVE), which investigated the likelihood of serious adverse events and serious infections with vedolizumab and anti-tumor necrosis factor-alpha (anti-TNFα) therapies in biologic-naïve patients with moderately to severely active ulcerative colitis or Crohn's disease in real-world clinical practice. These data were announced in an oral presentation at United European Gastroenterology (UEG) Week 2019.
- In December 2019, Takeda announced that it received a Complete Response Letter from U.S. Food and Drug Administration (FDA) in response to the submission of a BLA for the approval of an investigational subcutaneous formulation of Entyvio for maintenance therapy in adults with moderate to severe ulcerative colitis. In its letter, the FDA posed questions unrelated to the clinical data and conclusions from the pivotal trial supporting the BLA.
- In February 2020, Takeda announced results from the Phase III VISIBLE 2 clinical trial evaluating the efficacy and safety of an investigational SC formulation of the gut-selective biologic vedolizumab for use during maintenance therapy in adult patients with moderately to severely active Crohn's disease. The study evaluated patients who achieved clinical response[*1] at week 6 following two doses of open-label vedolizumab intravenous (IV) induction therapy at weeks 0 and 2. The results show that at week 52, significantly more patients on vedolizumab SC compared to placebo were in clinical remission (48.0% [n=132/275] vs. 34.3% [n=46/134] respectively; [p=0.008]),[*2] meeting the study's primary endpoint. These data were announced during an oral presentation at the 15th Congress of the European Crohn's and Colitis Organisation (ECCO).
  *1 Clinical response is defined as a ≥70 point decrease in Crohn's Disease Activity Index (CDAI) score from baseline (week 0).
  *2 Primary endpoint: Clinical remission is defined as a CDAI score ≤150 at week 52.

- In March 2020, Takeda announced that ENTYVIO was approved by China's National Medical Products Administration (NMPA). The approved indications are for adult patients with moderate to severe active ulcerative colitis or Crohn's disease who have had an inadequate response with, lost response to, or were intolerant to conventional therapies or tumor necrosis factor alpha (TNFα) inhibitors. ENTYVIO was included in the first batch list of 'urgently needed' overseas medicines for accelerated approval by the NMPA in 2018.
- In April 2020, Takeda announced that a self-injectable formulation of ENTYVIO was approved in Canada for at-home maintenance treatment of adult patients 18 years or older with moderately to severely active ulcerative colitis (UC) who have had an inadequate response, loss of response to, or were intolerant to either conventional therapy or infliximab, a tumor necrosis factor-alpha (TNFα) antagonist. The approval of a self-injectable formulation of ENTYVIO is based on the VISIBLE 1 randomized, double-blind, placebo-controlled clinical study evaluating the efficacy and safety of subcutaneous ENTYVIO as maintenance therapy for adult patients with moderately to severely active ulcerative colitis.
- In May 2020, Takeda announced that the European Commission has granted a Marketing Authorization for the subcutaneous (SC) formulation of ENTYVIO, as maintenance therapy in adults with moderately to severely active ulcerative colitis (UC) or Crohn's disease (CD). Entyvio SC will be made available in both a pre-filled syringe and a pre-filled pen.

GATTEX / Generic name: teduglutide

- In May 2019, Takeda announced that the U.S. Food and Drug Administration (FDA) had approved extending the indication of GATTEX for children one year of age and older with short bowel syndrome who need additional nutrition or fluids from intravenous feeding (parenteral support).

CABPIRIN / a combination of vonoprazan and low-dose aspirin

- In March 2020, Takeda announced that it had received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for the manufacture and marketing of CABPIRIN Combination Tablets, a combination of vonoprazan and low-dose aspirin.

Plasma Derived Therapies

Takeda created a dedicated plasma-derived therapy business unit with a focus to manage the business end-to-end, from plasma collection to manufacturing and commercialization. In plasma-derived therapies, we maximize the therapeutic value of plasma-derived therapies for patients with rare and complex diseases through innovation across the product life cycle. The dedicated R&D organization in PDT is in charged with identifying new targeted therapies and optimizing efficiencies of current product manufacturing. PDT focuses on developing products which are essential for effectively treating patients with a variety of rare, life-threatening, chronic and genetic diseases across the world.

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

- In March 2020, Takeda shared with members of the United States Congress that it had initiated the development of an anti-SARS-CoV-2 polyclonal hyperimmune globulin (H-IG) to treat high-risk individuals with COVID-19, while also studying whether Takeda's currently marketed products and pipeline programs may be effective treatments for infected patients. SARS-CoV-2 is the virus that causes COVID-19. Hyperimmune globulins are plasma derived-therapies that have previously been shown to be effective in the treatment of severe acute viral respiratory infections and may be a treatment option for COVID-19.
- In April 2020, Takeda announced that Biotest, BPL, LFB, and Octapharma joined the CoVIg-19 Plasma Alliance formed by CSL Behring and Takeda to develop a potential plasma-derived therapy for treating COVID-19. The alliance begins immediately with the investigational development of one, unbranded anti-SARS-CoV-2 polyclonal hyperimmune immunoglobulin medicine with the potential to treat individuals with serious complications from COVID-19.
- In May 2020, the CoVIg-19 Plasma Alliance announced that it has expanded globally to include 10 plasma companies, and also includes global organizations from outside the plasma industry who are providing vital support to encourage more people who recovered from COVID-19 to donate plasma. In addition to those announced at its inception - Biotest, BPL, CSL Behring, LFB, Octapharma and Takeda - the Alliance welcomes new industry members ADMA Biologics, BioPharma Plasma, GC Pharma, and Sanquin. Together, these organizations will contribute specialist advisory expertise, technical guidance and/or in-kind support to contribute to the Alliance goal of accelerating development and distribution of a potential treatment option for COVID-19.

Vaccine

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

Development code: TAK-003

- In November 2019, Takeda announced that results from the primary endpoint analysis of the ongoing pivotal Phase III Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial of its dengue vaccine candidate (TAK-003) had been published in the *New England Journal of Medicine*. Takeda's dengue vaccine candidate demonstrated protection against virologically-confirmed dengue (VCD), the trial primary endpoint, in children ages four to 16 years. Vaccine efficacy (VE) was 80.2% (95% confidence interval [CI]: 73.3% to 85.3%; $p<0.001$) in the 12-month period after the second dose, which was administered three months after the first dose. Similar degrees of protection were seen in individuals who had and had not been previously infected with dengue based on planned exploratory analyses of secondary endpoints (VE: 82.2% [95% CI: 74.5% to 87.6%] vs. VE: 74.9% [95% CI: 57.0% to 85.4%], respectively).
- In November 2019, Takeda announced that updated results from the ongoing pivotal Phase III TIDES trial of TAK-003 were presented at the American Society of Tropical Medicine and Hygiene (ASTMH) 68th Annual Meeting. The data presented include an update on

overall vaccine efficacy (VE) and a formal assessment of secondary efficacy endpoints by serotype, baseline serostatus and disease severity (18 months after the second dose, which was administered three months after the first dose). The TIDES trial met all secondary endpoints for which there were a sufficient number of cases. Overall vaccine efficacy and safety results from the second part of the study were generally consistent with the data reported in the primary endpoint analysis (overall VE was 73.3% [95% confidence interval (CI): 66.5% to 78.8%] in the 18-month analysis, and VE was 80.2% (95% CI: 73.3% to 85.3%; p<0.001) in the primary endpoint analysis [12 months after the second dose]).

- In March 2020, Takeda announced that The Lancet had published two papers related to TAK-003, reporting on results from the 18-month analysis of the ongoing pivotal Phase III Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial and results from the final 48-month analysis of the Phase II DEN-204 trial. The analyses are consistent with previously reported safety, immunogenicity and efficacy data for TAK-003.

Current status of our pipeline

The following summarizes our research and development activities within each of our therapeutic and business areas. The compounds in our pipeline disclosed within the key therapeutic and business areas below are in various stages of development, and the contents of the pipeline may change as compounds currently under development are removed and new compounds are introduced. Whether the compounds listed below are ever successfully released as products depends on various factors, including the results of pre-clinical and clinical trials, market conditions for various drugs and regulatory approvals. The listings in the tables below are limited to the U.S., EU, Japan, and China, but we are also conducting development activities in other regions. "Global" refers to United States, EU, Japan, and China.

Our oncology pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development code <generic name> Brand name (country/region)[1]	**Drug class (administration route)**	**Indications/additional formulations**	**Stage by country/region**[2]		**In-house/In-license**
SGN-35 <Brentuximab vedotin> *ADCETRIS* (EU, Japan)	CD30 monoclonal antibody-drug Conjugate (injection)	Front line Peripheral T-cell Lymphoma (“PTCL”)	EU	Filed (June 2019)[3]	In-license (Seattle Genetics, Inc.)
		Relapsed/ refractory Hodgkin lymphoma	China	Filed (March 2019)[3]	
		Relapsed/ refractory systemic anaplastic large-cell lymphoma (“sALCL”)	China	Filed (March 2019)[3]	
<brigatinib> *ALUNBRIG* (U.S., EU)	ALK inhibitor (oral)	1L ALK-positive non-small cell lung cancer	U.S. Japan China	Filed (January 2020)[3] P-III P-III	In-house
		2L ALK-positive non-small cell lung cancer in patients previously treated with ALK inhibitors	Japan	Filed (February 2020)	
		2L ALK-positive non-small cell lung cancer (head to head with alectinib)	Global	P-III	
		2L ALK-positive non-small cell lung cancer in patients progress on 2nd generation TKI (tyrosine kinase inhibitors)	Global	P-II	
<cabozantinib> *CABOMETYX* (Japan)	Multi-targeted kinase inhibitor (oral)	2L hepatocellular carcinoma	Japan	Filed (January 2020)	In-license (Exelixis, Inc.)
		1L renal cell carcinoma in combination with nivolumab	Japan	P-III	
<niraparib>	PARPl/2 inhibitor (oral)	Ovarian cancer - maintenance	Japan	Filed (November 2019)	In-license (GlaxoSmithKline plc)
		Ovarian cancer - salvage	Japan	Filed (November 2019)	

Development code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
MLN9708 <ixazomib> *NINLARO* (Global)	Proteasome inhibitor (oral)	Maintenance therapy in patients with newly diagnosed multiple myeloma following autologous stem cell transplant	U.S. EU	P-III P-III	In-house
		Maintenance therapy in patients with newly diagnosed multiple myeloma not treated with stem cell transplant	Global	P-III[4]	
		Relapsed/refractory multiple myeloma (doublet regimen with dexamethasone)	U.S. EU	P-II P-II	
		Relapsed/refractory multiple myeloma (triplet regimen with daratumumab and dexamethasone)	Global	P-II	
<ponatinib> *ICLUSIG* (U.S.)	BCR-ABL inhibitor (oral)	Front line Philadelphia chromosome-positive acute lymphoblastic leukemia	U.S.	P-III	In-house
		Dose ranging study for TKI resistant patients with chronic-phase chronic myeloid leukemia	U.S.	P-II(b)	
TAK-924 <pevonedistat>	NEDD 8 activating enzyme inhibitor (injection)	High-risk myelodysplastic syndromes, chronic myelomonocytic leukemia, low-blast acute myelogenous leukemia	U.S. EU Japan	P-III P-III P-III	In-house
		Unfit Acute Myelogenous Leukemia	Global	P-III	
TAK-385 <relugolix>	LH-RH antagonist (oral)	Prostate cancer	Japan China	P-III P-III	In-house
TAK-788 <mobocertinib>	EGFR/ HER2 exon 20 inhibitor (oral)	Treatment Naïve Non-Small Cell Lung Cancer with Exon-20 insertion	Global	P-III	In-house
		Previously treated Non-Small Cell Lung Cancer with Exon-20 insertion	Global	P-II	
TAK-007 <->	CD19 CAR-NK (injection)	Relapsed/refractory B-cell malignancies	-	P-I/II	In-license (MD Anderson Cancer Center)
TAK-169 <->	CD38-SLTA (injection)	Relapsed/refractory Multiple Myeloma	-	P-I	In-license (Molecular Templates)
TAK-573 <- >	CD38-targeted lgG4 genetically fused with an attenuated IFNα (injection)	Relapsed/refractory Multiple myeloma	-	P-I	In-license (Teva Pharmaceutical Industries Ltd.)
TAK-981 <- >	SUMO inhibitor (injection)	Multiple cancers	-	P-I	In-house

Development code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
TAK-252/SL-279252	PD-1-Fc-OX40L (injection)	Solid tumors or lymphomas	-	P-I	In-license (Shattuck Labs, Inc.)

Notes:
(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.
(2) Country/region in this column denote where a clinical study is ongoing or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.
(3) Subsequently approved in May 2020.
(4) Subsequently filed in Japan in May 2020.

Our rare disease pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development Code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
TAK-743 <lanadelumab> *TAKHZYRO* (U.S., EU)	Plasma kallikrein inhibitor (injection)	Hereditary angioedema	China Japan	Filed (December 2018) P-III	In-house
		Pediatric Hereditary Angioedema	Global	P-III	
TAK-672 <-> *OBIZUR* (U.S., EU)	Antihemophilic factor [recombinant], porcine sequence (injection)	Congenital hemophilia A with inhibitors	U.S. EU	P-III P-III	Purchased (IPSEN)
TAK-577 <-> VONVENDI (U.S., Japan), VEYVONDI (EU)	von Willebrand factor [recombinant] (injection)	Prophylactic treatment of von Willebrand disease	Global	P-III	In-house
		Pediatric on-demand treatment of von Willebrand disease	Global	P-III	
TAK-660 <-> *ADYNOVATE* (U.S., Japan), *ADYNOVI* (EU)	Antihemophilic Factor (recombinant), PEGylated (injection)	Pediatric hemophilia A	EU	P-III	In-house
TAK-755 <->	Replacement of the deficient-ADAMTS13 enzyme (injection)	Congenital thrombotic thrombocytopenic purpura	U.S. EU	P-III P-III	In-license (KM Biologics, Co, Ltd.)
		Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II P-II	
		Sickle cell disease	U.S.	P-I/II	
TAK-620 <maribavir>	Benzimidazole riboside inhibitor (oral)	Cytomegalovirus infection in transplant patients	U.S. EU	P-III P-III	In-license (GlaxoSmithKline plc)
TAK-607 <->	Insulin- like Growth Factor / IGF Binding Protein (injection)	Complications of prematurity	-	P-II	In-house
TAK-609 <->	Recombinant human iduronate-2 -sulfatase for intrathecal administration (injection)	Hunter syndrome central nervous system (“CNS”)	U.S. EU	P-II P-II	In-house
TAK-611 <->	Recombinant human arylsulfatase A for intrathecal administration (injection)	Metachromatic leukodystrophy	-	P-II	In-house

Development Code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
TAK-754 <->	Gene therapy to restore endogenous FVIII expression	Hemophilia A	-	P-I/II	In-license (Askepios Biopharmaceutical, Inc.)
TAK-079[3] <->	Anti-CD38 monoclonal antibody (injection)	Myasthenia gravis	-	P-I/II	In-house
		Systemic lupus erythematosus	-	P-I/II	
TAK-834 <-> *NATPARA* (U.S.), *NATPAR* (EU)	Parathyroid hormone (injection)	Hypoparathyroidism	Japan	P-I[4]	In-house

Notes:

(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.

(2) Country/region in this column denote where a clinical study is ongoing, or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.

(3) Relapsed/refractory Multiple Myeloma will continue until trial completion. TAK-079 to be developed in Rare Diseases indications myasthenia gravis ("MG") and immune thrombocytopenic purpura ("ITP"); First-Patient-In expected H1 FY20.

(4) NATPARA P-I study in Japan completed; P-III study start timing under review.

Our neuroscience pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development Code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
TAK-815 <midazolam> *BUCCOLAM* (EU)	GABA Allosteric Modulator (oral)	Status epilepticus (seizures)	Japan	Filed (February 2020)	In-house
TAK-831[3] <->	D-amino acid oxidase (“DAAO”) inhibitor (oral)	Negative symptoms and/or cognitive impairment associated with schizophrenia	-	P-II(a)	In-house
TAK-935 <->	CH24H inhibitor (oral)	Dravet Syndrome, Lennox-Gastaut syndrome	-	P-II	In-house (Co-development with Ovid Therapeutics)
		15q duplication syndrome, CDKL5 deficiency disorder	-	P-II	
		Complex Regional Pain Syndrome	-	P-II	In-house
WVE-120101 <->	mHTT SNP1 antisense oligonucleotide (injection)	Huntington's disease	-	P-I/II	In-license (Wave Life Sciences Ltd.)
WVE-120102 <->	mHTT SNP2 antisense oligonucleotide (injection)	Huntington's disease	-	P-I/II	In-license (Wave Life Sciences Ltd.)
TAK-041[3] <->	GPR139 agonist (oral)	Negative symptoms and/or cognitive impairment associated with schizophrenia	-	P-I	In-house
TAK-341/MEDI1341 <->	Alpha-synuclein antibody (injection)	Parkinson's disease	-	P-I	In-license (AstraZeneca plc)
TAK-418 <->	LSD1 inhibitor (oral)	Kabuki syndrome	-	P-I	In-house

Development Code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
TAK-653[3] <->	AMPA receptor potentiator (oral)	Treatment resistant depression	-	P-I	In-house
TAK-925 <->	Orexin 2R agonist (injection)	Narcolepsy, other sleep disorders	-	P-I	In-house
TAK-994	Orexin 2R agonist (oral)	Narcolepsy	-	P-I	In-house

Notes:

(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.

(2) Country/region in this column denote where a clinical study is ongoing, or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.

(3) On June 16, 2020, Takeda announced a strategic collaboration with Neurocrine Biosciences, Inc. to develop and commercialize compounds in Takeda's early-to-mid-stage neuroscience pipeline, including TAK-041, TAK-653 and TAK-831. Takeda will receive an upfront cash payment and will be entitled to certain development milestones, commercial milestones and royalties on net sales. At certain development events, Takeda may elect to opt in or out of a 50:50 profit share on all clinical programs on an asset-by-asset basis. For any asset in which Takeda is participating in a 50:50 profit share arrangement, Takeda will not be eligible to receive development or commercial milestones.

Our GI pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development Code <generic name> Brand name (country/region)[1]	Drug class (administration route)	Indications/additional formulations	Stage by country/region[2]		In-house/In-license
MLN0002 <vedolizumab> *ENTYVIO* (U.S., EU, Japan)	Humanized monoclonal antibody against α4β7 integrin (injection)	Subcutaneous formulation for ulcerative colitis	U.S. Japan	CRL received (December 2019)[3] Filed (August 2019)	In-house
		Subcutaneous formulation for Crohn's disease	U.S. Japan	P-III P-III	
		Graft-versus-host disease prophylaxis in patients undergoing allogeneic hematopoietic stem cell transplantation	EU Japan	P-III P-III	
		Pediatrics Study (ulcerative colitis Crohn's disease)	Global	P-II	
Cx601 <darvadstrocel> *ALOFISEL* (EU)	A suspension of allogeneic expanded adipose-derived stem cell (injection)	Refractory complex perianal fistulas in patients with Crohn's disease	U.S. Japan	P-III P-III	In-house
TAK-438 <vonoprazan> *TAKECAB* (Japan) *VOCINTI* (China)	Potassium-competitive acid blocker (oral)	Acid related diseases (Reflex Esophagitis Maintenance)	China	Filed (March 2020)	In-house
		Acid related diseases (Duodenal Ulcer, adjunct to Helicobacter pylori eradication)	China	Filed (April 2020)	
		Oral disintegrated tablet formulation	Japan	P-III	
TAK-633 <teduglutide> *GATTEX* (U.S.)/ *REVESTIVE* (EU)	GLP-2 analogue (injection)	Short bowel syndrome, pediatric indication	Japan	P-III	In-house
		Short bowel syndrome, adult	Japan	P-III	
TAK-721 <budesonide>	Glucocorticosteroid (oral)	Eosinophilic esophagitis	U.S.	P-III	In-house (Partnership with UCSD and Fortis Advisors)

Development Code <generic name> Brand name (country/region)[1]	**Drug class (administration route)**	**Indications/additional formulations**	**Stage by country/region**[2]		**In-house/In-license**
TAK-906 < ->	Dopamine D2/D3 receptor antagonist (oral)	Gastroparesis	-	P-II(b)	In-house
TAK-954 <->	5-HT_4-hydroxytryptamine receptor agonist (injection)	Post-operative gastrointestinal dysfunction	-	P-II(b)	In-license (Theravance Biopharma, Inc.)
TAK-101[4] <->	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Celiac disease	-	P-II(a)	In-license (Cour Pharmaceutical Development Company, Inc.)
TAK-018/EB8018 <->	FimH antagonist (oral)	Crohn's disease (post-operative and ileitis)	-	P-II	In-license (Enterome Bioscience SA)
TAK-951 <->	Peptide agonist	Nausea and vomiting	-	P-I	In-house
TAK-671 <->	Protease inhibitor (injection)	Acute pancreatitis	-	P-I	In-house (Co-development with Samsung Bioepis Co, Ltd)
TAK-062[5] <->	Glutenase (oral)	Celiac disease	-	P-I	In-house
TAK-039 <->	Bacterial consortium (oral)	Clostridium difficile infections	-	P-I	In-license (NuBiyota)

Notes:
(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.
(2) Country/region in this column denote where a clinical study is ongoing or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.
(3) Complete Response Letter (CRL) is unrelated to the clinical safety and efficacy data, and included queries related to the design and labelling of the SC product. Takeda is working to resolve CRL and expects an updated timeline within H1 CY2020.
(4) Acquired license for TAK-101 from Cour Pharmaceutical Development Company. Previously known as TIMP-GLIA.
(5) Acquired PvP Biologics, Inc. including TAK-062. Previously known as Kuma062.

Our plasma-derived therapies pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development Code <generic name> Brand name (country/region)[1]	**Drug class (administration route)**	**Indications/additional formulations**	**Stage by country/region**[2]		**In-house/In-license**
TAK-616 <-> *CINRYZE (U.S., EU)*	Cl esterase inhibitor [human](injection)	Hereditary angioedema	Japan	P-III	In-house
TAK-771 <-> <IG Infusion 10% (Human)w/ Recombinant Human Hyaluronidase> *HYQVIA* (U.S., EU)	Immunoglobulin (lgG) + recombinant hyaluronidase replacement therapy (injection)	Pediatric indication for primary immunodeficiency	U.S.	P-III	In-house (Partnership with Halozyme Therapeutics, Inc.)
		Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU	P-III P-III	

Notes:
(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.
(2) Country/region in this column denote where a clinical study is ongoing, or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.

Our vaccines pipeline as of May 13, 2020 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development Code <generic name> Brand name (country/region)[(1)]	**Drug class (administration route)**	**Indications/additional formulations**	**Stage by country/region**[(2)]		**In-house/In-license**
TAK-003 <->	Tetravalent dengue vaccine (injection)	Prevention of the dengue fever caused by dengue virus	-	P-III	In-house
TAK-214 <->	Norovirus vaccine (injection)	Prevention of the acute gastroenteritis caused by norovirus	-	P-II(b)	In-house
TAK-021 <->	EV71 vaccine (injection)	Prevention of hand, food, and mouth disease caused by enterovirus 71	-	P-I	In-house
TAK-426 <->	Zika vaccine (injection)	Prevention of zika virus infection	-	P-I	In-house (Partnership with the Biomedical Advanced Research and Development Authority - U.S.

Notes:
(1) Brand name and country/region indicate the brand name and country in which the specific asset has already been approved for any indication in any of the U.S., EU, Japan or China and Takeda has commercialization rights for such asset.
(2) Country/region in this column denote where a clinical study is ongoing, or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.

Our recent progress in regulatory approval is as follows:

Development Code <generic name>	**Indications/additional formulations**	**Country/region**[(1)]	**Progress in stage**[(2)]
MLN0002 <vedolizumab>	Crohn's disease	Japan	Approved (May 2019)
TAK-633 <teduglutide>	Short bowel syndrome (pediatric indication)	U.S.	Approved (May 2019)
Lu AA21004 <vortioxetine>	Depression and depressed state	Japan	Approved (Sept 2019)
SGN-35 <brentuximab vedotin>	Peripheral T-cell Lymphoma	Japan	Approved (Dec 2019)
TAK-438 <vonoprazan>	Acid related diseases (reflux esophagitis)	China	Approved (Dec 2019)
MLN9708 <ixazomib>	Maintenance therapy in patients with newly diagnosed Multiple Myeloma following autologous stem cell transplant	Japan	Approved (March 2020)
<cabozantinib>	Curatively unresectable or metastatic Renal Cell Carcinoma	Japan	Approved (March 2020)
TAK-577	von Willebrand disease	Japan	Approved (March 2020)
MLN0002 <vedolizumab>	Crohn's disease (IV)	China	Approved (March 2020)
MLN0002 <vedolizumab>	Ulcerative colitis (IV)	China	Approved (March 2020)
TAK-438 <vonoprazan>	Fixed-dose combination with low-dose aspirin	Japan	Approved (March 2020)
<brigatinib>	1L ALK-positive Non-Small Cell Lung Cancer	EU	Approved (April 2020)
MLN0002 <vedolizumab>	Subcutaneous formulation for ulcerative colitis and Crohn's disease	EU	Approved (May 2020)

Notes:
(1) Country/region in this column denote where a clinical study is ongoing, or a filing has been made with our specific intention to pursue approval in any of the U.S., EU, Japan or China.

(2) The following programs are subsequently approved:
SGN-35 for previously untreated Systemic Anaplastic Large-Cell Lymphoma (EU, approved May 2020)
SGN-35 for Relapsed/refractory Hodgkin Lymphoma (China, approved May 2020)
SGN-35 for Relapsed/refractory Anaplastic Large Cell Lymphoma (China, approved May 2020)
Brigatinib for 1L ALK-positive Non-Small Cell Lung Cancer (U.S., approved May 2020)

Licensing and Collaboration

In the ordinary course of business, we enter into arrangements for licensing and collaboration for the development and commercialization of products with third parties. Our business does not materially depend on any one of these arrangements. Instead they form a portion of our strategy and give us the ability to leverage a mix of internal and external resources to develop and commercialize new products. Certain of the agreements which that have led to successful commercialization to date are summarized below:

- *ADCETRIS*: We entered into a Collaboration Agreement with Seattle Genetics in 2009 for the global co-development of *ADCETRIS* and its commercialization around the world (other than the U.S. and Canada, where *ADCETRIS* is commercialized by Seattle Genetics). We may be required to pay milestone payments related to regulatory and commercial progress by us under the collaboration. We also pay tiered royalties with percentages ranging from the mid-teens and to the mid-twenties based on net sales of *ADCETRIS* within our licensed territories. We and Seattle Genetics equally co-fund the cost of selected development activities conducted under the collaboration. Either party may terminate the collaboration for cause, or by mutual consent. We may terminate the collaboration at will, and Seattle Genetics may terminate the collaboration in certain circumstances. If neither party terminates the collaboration agreement, then the agreement automatically terminates on the expiration of all payment obligations. As of March 31, 2020, there are no further incremental potential commercial milestone payments remaining under the *ADCETRIS* collaboration.
- *TRINTELLIX:* We entered into a License, Development, Supply and Commercialization Agreement with H. Lundbeck A/S ("Lundbeck") in 2007 for the exclusive co-development and co-commercialization in the U.S. and Japan of several compounds in Lundbeck's pipeline for the treatment of mood and anxiety disorders, under which agreement we commercialize *TRINTELLIX* in the U.S and Japan. Under the agreement, we and Lundbeck have agreed to jointly develop the relevant compounds, with most of development funding from us. Revenues for *TRINTELLIX* are booked by us, and we pay to Lundbeck a portion of our sales, as well as tiered royalties ranging from the low to mid-teens on the portion of sales retained by us. We have also agreed to pay to Lundbeck certain development and commercialization milestone payments relating to regulatory and commercial progress under the collaboration. The term of the agreement is indefinite, but the agreement may be terminated by mutual decision of the parties or for cause. As of March 31, 2020, our incremental potential development and commercial milestone payments under the *TRINTELLIX* collaboration were 5 million USD.
- *AMITIZA:* In October 2004, we entered into an agreement with Sucampo Pharmaceuticals (subsequently acquired by Mallinckrodt) to purchase, develop and commercialize *AMITIZA* for gastrointestinal indications in the U.S. and Canada. The initial term of the agreement is through December 31, 2020, after which the agreement continues automatically until terminated by us. We purchase *AMITIZA* from Mallinckrodt under the agreement at an agreed upon price and pay tiered royalties on sales in North America in the teens, resetting each year. Beginning on January 1, 2021, we will share equally with Mallinckrodt in the net annual sales revenue from branded *AMITIZA* sales. We have agreed to fund development costs, including regulatory-required studies, subject to agreed-upon caps, with excess costs being shared equally, with certain exceptions. We have a similar agreement with Mallinckrodt covering the rest of the world, except for Japan and the People's Republic of China. We have agreed to additional commercial milestone payments contingent on the achievement of certain net sales revenue targets, and to provide a minimum annual commercial investment during the term of the agreement, which we may reduce when a generic equivalent enters the market. As of March 31, 2020, there is no further incremental potential commercial milestone payments remaining under the *AMITIZA* collaboration.

Building a sustainable research platform / Enhancing R&D collaboration

- In July 2019, Takeda and The Center for iPS Cell Research and Application (CiRA) at Kyoto University announced that a novel induced pluripotent stem (iPS) cell-derived chimeric antigen receptor (CAR) T-cell therapy (iCART) has been transferred from their T-CiRA research collaboration to Takeda as the program begins process development toward clinical testing.
- In October 2019, Takeda and COUR Pharmaceutical Development Company, Inc. (COUR) announced that Takeda had acquired an exclusive global license to develop and commercialize the investigational medicine CNP-101/TAK-101, an immune modifying nanoparticle containing gliadin proteins. Based on COUR's antigen specific immune tolerance platform, TAK-101 is a potential first-in-class treatment targeting the aberrant immune response in celiac disease, a serious autoimmune disease where the ingestion of gluten leads to inflammation and damage in the small intestine. Results of a randomized, double-blind, placebo-controlled clinical trial to assess the markers of potential efficacy and safety of the investigational medicine in 34 adults with proven celiac disease was presented as a late-breaking abstract at UEG Week 2019. At inclusion, patients had well-controlled biopsy proven celiac disease. After inclusion, they underwent an oral gluten challenge. Based on the study, Takeda exercised its option to acquire the exclusive global license to TAK-101.
- In November 2019, Takeda and The University of Texas MD Anderson Cancer Center announced an exclusive license agreement and research agreement to develop cord blood-derived chimeric antigen receptor-directed natural killer (CAR NK)-cell therapies, 'armored with IL-15, for the treatment of B-cell malignancies and other cancers. Under the agreement, Takeda receives access to MD Anderson's CAR NK platform and the exclusive rights to develop and commercialize up to four programs, including a CD19-targeted CAR NK-cell therapy and a B-cell maturation antigen (BCMA)-targeted CAR NK-cell therapy. Takeda and MD Anderson are also conducting a research collaboration to further develop these CAR NK programs.
- In December 2019, Takeda and Turnstone Biologics (Turnstone) announced a strategic collaboration to develop multiple products from Turnstone's proprietary vaccinia virus platform targeting a broad range of cancer indications. The parties are advancing Turnstone's

lead program, RIVAL-01 (Development code: TAK-605), through a worldwide co-development and co-commercialization partnership and also conducting collaborative discovery efforts to identify additional novel product candidates based on the vaccinia virus platform for future independent development.

- In February 2020, Takeda announced that it had acquired PvP Biologics, Inc. following the conclusion of a Phase I proof-of-mechanism study of investigational medicine TAK-062 (Kuma062) for the treatment of uncontrolled celiac disease. TAK-062 is a potential best-in-class, highly potent super glutenase - a protein that degrades ingested gluten - that was computationally engineered to treat celiac disease, a serious autoimmune disease where the ingestion of gluten leads to inflammation and damage in the small intestine. The Phase I study investigated TAK-062's safety and tolerability in both healthy volunteers and people with celiac disease. The ability of TAK-062 to degrade ingested gluten was studied in healthy volunteers. Takeda plans to submit data from the Phase I study for presentation at an upcoming medical congress.

Our other research and development licensing and collaboration arrangements pipeline include, but are not limited to, the following:

Partner	Country	Description of collaboration
Oncology:		
Adimab LLC	U.S.	Agreement for the discovery, development and commercialization of three monoclonal antibodies and three CD3 Bi-Specific antibodies for oncology indications.
Centre d'Immunologie de Marseille-Luminy	France	Collaboration agreement to bring together expertise and knowledge in innate biology with Takeda's BacTrap capabilities to identify novel targets and pathways in myeloid cells.
ASKA Pharmaceutical Co.	Japan	Takeda granted exclusive commercialization rights for uterine fibroids and exclusive development and commercialization rights for endometriosis for Japan to maximize the product value of relugolix (TAK-385).
Crescendo Biologics Ltd.	U.K.	Collaboration and licensing agreement for the discovery, development and commercialization of Humabody®-based therapeutics for cancer indications.
CuraDev	U.K.	CuraDev has licensed its novel lead small molecule Stimulator of Interferon Genes (STING) agonist (referred to by Curadev as CRD5500) and associated patents to Takeda.
Exelixis, Inc.	U.S.	Exclusive licensing agreement to commercialize and develop novel cancer therapy cabozantinib and all potential future cabozantinib indications in Japan, including advanced renal cell carcinoma and hepatocellular carcinoma.
GammaDelta Therapeutics Ltd. ("GammaDelta Therapeutics")	U.K.	Collaboration agreement to discover and develop new immunotherapies in oncology using GammaDelta Therapeutics' novel T cell platform based on the unique properties of gamma delta T cells derived from human tissues.
HiFiBiO Inc.	U.S.	Collaboration agreement for functional therapeutics high-throughput antibody discovery platform that enables identification of antibodies for rare events for discovery of therapeutic antibodies for GI & Oncology therapeutic areas.
Heidelberg Pharma GmbH	Germany	Antibody-drug-conjugate ("ADC") research collaboration on two targets and licensing agreement (α-amanitin payload and proprietary linker).
ImmunoGen, Inc. ("ImmunoGen")	U.S.	Licensing agreement for exclusive rights to use ImmunoGen's ADC technology to develop and commercialize targeted anticancer therapeutics (TAK-164).
Maverick Therapeutics Inc. ("Maverick")	U.S.	Collaboration agreement for the development of Maverick's T cell engagement platform created specifically to improve the utility of T cell redirection therapy for the treatment of cancer. Under the agreement, Takeda have the exclusive option to acquire Maverick after five years.
MD Anderson Cancer Center, University of Texas	U.S.	Exclusive license agreement and research agreement to develop cord blood-derived chimeric antigen receptor-directed natural killer CAR NK-cell therapies, 'armored' with IL-15, for the treatment of B-cell malignancies and other cancers.
Memorial Sloan Kettering Cancer Center	U.S.	Alliance to discover and develop novel chimeric antigen receptor T ("CAR-T") cell products for the potential treatment of hematological malignancies and solid tumors.
Molecular Templates, Inc. ("MTEM")	U.S.	Initial collaboration agreement applied MTEM's engineered toxin bodies ("ETBs") technology platform to potential therapeutic targets. The second collaboration agreement is for the joint development of CD38-targeted ETBs (TAK-169) for the treatment of patients with diseases such as multiple myeloma.
Myovant Sciences Ltd. ("Myovant")	Switzerland	Takeda granted Myovant an exclusive, worldwide license (excluding Japan and certain other Asian countries) to relugolix (TAK-385) and an exclusive, worldwide license to MVT-602 (TAK-448).
National Cancer Center of Japan	Japan	Partnership agreement to develop basic research to clinical development by promoting exchanges among researchers, physicians, and others engaged in anti-cancer drug discovery and cancer biology research.
Nektar Therapeutics ("Nektar")	U.S.	Research collaboration agreement to explore combination cancer therapy with five Takeda oncology compounds and Nektar's lead immuno-oncology candidate, the CD122-biased agonist NKTR-214.
Noile-Immune Biotech Inc. ("Noile-Immune")	Japan	Collaboration agreement for the development of next generation CAR-T cell therapy, developed by Professor Koji Tamada at Yamaguchi University. Takeda has exclusive options to obtain licensing rights for the development and commercialization of Noile-Immune Biotech's pipeline and products resulting from this partnership. Due to the success of the collaboration, Takeda licensed NIB-102 and NIB-103.
Seattle Genetics, Inc. ("Seattle Genetics")	U.S.	Agreement for the joint development of *ADCETRIS*, an ADC technology which targets CD30 for the treatment of HL. Approved in 67 countries with ongoing clinical trials for additional indications.

Partner	Country	Description of collaboration
Shattuck Labs Inc. ("Shattuck")	U.S.	Collaboration agreement to explore and develop checkpoint fusion proteins utilizing Shattuck's unique Agonist Redirected Checkpoint ("ARC")™ platform which enables combination immunotherapy with a single product. Takeda will have the option to take an exclusive license to further develop and commercialize TAK-252/SL-279252.
GlaxoSmithKline plc ("GSK")	U.K.	Exclusive licensing agreement to develop and commercialize novel cancer therapy niraparib for the treatment of all tumor types in Japan, and all tumor types excluding prostate cancer in South Korea, Taiwan, Russia and Australia.
Teva Pharmaceutical Industries Ltd. ("Teva")	Israel	Agreement for worldwide License to TEV-48573 (TAK-573) (CD38-Attenukine) and multi-target discovery collaboration accessing Teva's attenukine platform.
Turnstone Biologics	U.S.	Collaboration with Turnstone Biologics to develop multiple products from Turnstone's proprietary vaccinia virus platform targeting a broad range of cancer indications. The parties will advance Turnstone's lead program, RIVAL-01 (Development code: TAK-605), through a worldwide co-development and co-commercialization partnership and will also conduct collaborative discovery efforts to identify additional novel product candidates based on the vaccinia virus platform for future independent development.
Rare diseases:		
AB Biosciences, Inc.	U.S.	Research collaboration agreement to potentially develop assets for rare disease with pan-receptor interacting molecules targeted for specific immunological conditions with a focus on autoimmune modulated inflammatory diseases.
Asklepios Biopharmaceutical, Inc.	U.S.	Agreement for multiple research and development collaborations using FVIII Gene Therapy for the treatment of Hemophilia A and B.
BioMarin Pharmaceutical Inc.	U.S.	Agreement for the in-license of enabling technology for the exogenous replacement of iduronate-2-sulfatase with Idursulfase-IT in patients via direct delivery to the CNS for the long-term treatment of Hunter Syndrome in patients with cognitive impairment in order to slow progression of cognitive impairment (TAK-609).
Evox Therapeutics	U.K.	Collaboration for developing novel protein replacement and mRNA therapies and targeted delivery using Evox's proprietary exosome technology. Partnership for up to five rare disease targets with Takeda assuming responsibility for its clinical development.
GSK	U.K.	In-license agreement between GSK and University of Michigan for TAK-620 (maribavir) in the treatment of human cytomegalovirus.
Harrington Discovery Institute at University Hospitals in Cleveland, Ohio	U.S.	Collaboration agreement for the advancement of medicines for rare diseases.
IPSEN	France	Purchase agreement for the development of Obizur for the treatment of Acquired Hemophilia A including for patients with Congenital Hemophilia A with inhibitorsindication in elective or emergency surgery.
KM Biologics Co., Ltd.	Japan	Agreement for the development collaboration of TAK-755 to overcome the ADAMTS13 deficiency, induce clinical remission thus reducing cTTP related morbidity and mortality.
NanoMedSyn	France	Pre-clinical research collaboration agreement to evaluate a potential enzyme replacement therapy using NanoMedSyn's proprietary synthetic derivatives named AMFA.
Novimmune SA	Switzerland	Agreement for the exclusive worldwide rights to develop and commercialize an innovative, bi-specific antibody in pre-clinical development for the treatment of hemophilia A.
Rani Therapeutics	U.S.	Research collaboration agreement to evaluate a micro tablet pill technology for oral delivery of FVIII therapy in hemophilia
Ultragenyx Pharmaceutical Inc.	U.S.	Collaboration agreement to develop and commercialize therapies for rare genetic diseases.
Xenetic Biosciences, Inc.	U.S.	Exclusive R&D license agreement for PolyXen delivery technology for hemophilia factors VII, VIII, IX, X.
Neuroscience:		
AstraZeneca plc ("AstraZeneca")	U.K.	Agreement for the joint development and commercialization of MEDI1341, an alpha-synuclein antibody currently in development as a potential treatment for Parkinson's disease.
Denali Therapeutics Inc. ("Denali")	U.S.	Strategic option and collaboration agreement to develop and commercialize up to three specified therapeutic product candidates for neurodegenerative diseases, incorporating Denali's ATV platform for increased exposure of biotherapeutic products in the brain.
Lundbeck	Denmark	Collaboration agreement to develop and commercialize vortioxetine.
Mindstrong Health	U.S.	Agreement to explore development of digital biomarkers for selected mental health conditions, in particular schizophrenia and treatment-resistant depression.
Neurocrine Biosciences, Inc. ("Neurocrine")	U.S.	Strategic collaboration to develop and commercialize compounds in Takeda's early-to-mid-stage psychiatry pipeline. Takeda granted an exclusive license to Neurocrine for seven pipeline programs, including three clinical stage assets for schizophrenia, treatment-resistant depression and anhedonia.
Ovid Therapeutics Inc. ("Ovid")	U.S.	Agreement for the development of TAK-935, an oral CH24H inhibitor for rare pediatric epilepsies. Takeda and Ovid Therapeutics will share in the development and commercialization costs of TAK-935 on a 50/50 basis and, if successful, share in the profits on a 50/50 basis.

Partner	Country	Description of collaboration
Skyhawk Therapeutics	U.S.	Collaboration and licensing agreement to develop and commercialize RNA modulation therapies targeting neurodegenerative diseases.
StrideBio Inc.	U.S.	Collaboration and license agreement to develop in vivo AAV based therapies for Friedreich's Ataxia (FA) and two additional undisclosed targets.
Wave Life Sciences Ltd.	Singapore	Research, development and commercial collaboration and multi-program option agreement to develop antisense oligonucleotides for a range of neurological diseases.
GI:		
Ambys Medicines ("Ambys")	U.S.	Collaboration agreement for the application of novel modalities, including cell and gene therapy and gain-of-function drug therapy, to meet the urgent need for treatments that restore liver function and prevent the progression to liver failure across multiple liver diseases. Under the terms of the agreement, Takeda has an option to ex-U.S. commecialization rights for the first four products that reach an investigational new drug application.
Arcturus Therapeutics, Inc. ("Arcturus")	U.S.	Collaboration agreement to develop RNA-based therapeutics for the treatment of non-alcoholic steatohepatitis and other gastrointestinal related disorders using Arcturus' wholly-owned LUNAR™ lipid-meditated delivery systems and UNA Oligomer chemistry.
Beacon Discovery ("Beacon")	U.S.	Collaboration agreement for the G-protein coupled receptor ("GPCR") drug discovery and development program to identify drug candidates for a range of gastrointestinal disorders. The agreement grants Takeda worldwide rights to develop, manufacture and commercialize products resulting from the collaboration.
Cerevance Inc. ("Cerevance")	U.S.	Multi-year research alliance to identify novel target proteins expressed in the central nervous system and to develop new therapies against them for certain GI disorders. Goal of the collaboration is to select, confirm and validate targets from gene expression data sets generated by Cerevance's NETSseq technology.
Cour Pharmaceutical Development Company, Inc. ("Cour")	U.S.	Takeda has acquired an exclusive global license to develop and commercialize the investigational medicine TIMP-GLIA (TAK-101), an immune modifying nanoparticle containing gliadin proteins.
Enterome Bioscience SA	France	Collaboration agreement to research and develop microbiome targets thought to play crucial roles in gastrointestinal disorders, including inflammatory bowel diseases (e.g. ulcerative colitis). The agreement includes a global license and co-development of EB8018/TAK-018 in Crohn's
Finch Therapeutics Group, Inc. ("Finch")	U.S.	Global agreement to develop FIN-524, a live biotherapeutic product composed of cultured bacterial strains linked to favorable clinical outcomes in studies of microbiota transplantations in inflammatory bowel disease. Under the terms of the agreement, Takeda obtains the exclusive worldwide rights to develop and commercialize FIN-524 and rights to follow-on products in inflammatory bowel diseases.
Hemoshear Therapeutics, LLC ("Hemoshear")	U.S.	Collaboration agreement for novel target and therapeutic development for liver diseases, including nonalcoholic steatohepatitis using Hemoshear's proprietary REVEAL-TxTM drug discovery platform.
Janssen Pharmaceuticals, Inc.	Belgium	Exclusive license agreement to develop and market prucalopride as a treatment for chronic constipation in the U.S. Motegrity, approved in December 2018.
NuBiyota LLC ("NuBiyota")	Canada	Agreement for the development of Microbial Ecosystem Therapeutic products for gastroenterology indications.
Phathom Phamaceuticals	U.S.	Takeda has granted a license to Phathom Pharmaceuticals for the development and exclusive commercialization rights to vonoprazan for acid-related gastrointestinal disorders in the U.S., Europe and Canada in exchange for upfront cash and equity, as well as future cash milestones and royalties on net sales.
Samsung Bioepis Co, Ltd	South Korea	Strategic collaboration agreement to jointly fund and co-develop multiple novel biologic therapies in unmet disease areas. The program's first therapeutic candidate is TAK-671, which is intended to treat severe acute pancreatitis.
Silence Therapeutics plc ("Silence Therapeutics")	U.K.	Technology Evaluation Agreement with Silence Therapeutics to access their GalNAc-siRNA technology platform. The objective of the evaluation is to identify a GalNAc-conjugated siRNA that inhibits expression of a proprietary Takeda target.
Theravance Biopharma Inc	U.S.	Global license, development and commercialization agreement for TAK-954, a selective 5-HT4 receptor agonist for motility disorders.
UCSD/Fortis Advisors LLC	U.S.	Technology license for the development of oral budesonide formulation (TAK-721) for treatment of eosinophilic esophagitis.
PDT:		
Halozyme Therapeutics, Inc. ("Halozyme")	U.S.	Agreement for the in-license of Halozyme's proprietary ENHANZE™ platform technology to increase dispersion and absorption of HyQvia. Ongoing development work for a U.S. pediatric indication to treat primary immunodeficiencies and a Phase III indication in Chronic Inflammatory Demyelinating Polyradiculoneuropathy.
Kamada Ltd.	Israel	In-license agreement to develop and commercialize IV Alpha-1 proteinase inhibitor ("Glassia"); Exclusive supply and distribution of Glassia in the U.S., Canada, Australia and New Zealand; Development of protocol for post market commitment trial ongoing.
ProThera	U.S.	Global licensing agreement to develop a novel plasma-derived Inter-alpha Inhibitor Proteins
Vaccines:		

Partner	Country	Description of collaboration
Biological E. Limited	India	Takeda agreed to transfer existing measles and acellular pertussis vaccine bulk production technology to develop low-cost combination vaccines for India, China and low- and middle-income countries.
U.S. Government - The Biomedical Advanced Research and Development Authority ("BARDA")	U.S.	Partnership to develop TAK-426, a Zika vaccine candidate, to support the Zika response in the U.S. and affected regions around the world.
Zydus Cadila	India	Partnership to develop TAK-507, a Chikungunya vaccine candidate, to tackle an emerging and neglected infectious disease in the world.
Other / Multiple Therapeutic Areas:		
Bridge Medicines	U.S.	Partnership with Tri-Institutional Therapeutics Discovery Institute, Bay City Capital and Deerfield Management in the establishment of Bridge Medicines. Bridge Medicines will give financial, operational and managerial support to move projects seamlessly from a validating, proof-of-concept study to an in-human clinical trial.
Center for iPS Cell Research Application, Kyoto University	Japan	Collaboration agreement for clinical applications of iPS cells in Takeda strategic areas including applications in neurosciences, oncology and GI as well as discovery efforts in additional areas of compelling iPSC translational science.
Charles River Laboratories	U.S.	Collaboration on multiple integrated programs across Takeda's core therapeutic areas using Charles River Laboratories' end-to-end drug discovery and safety assessment platform to progress these programs towards candidate status.
Evotec GT	Germany	Research alliance to support Takeda's growing number of research stage gene therapy discovery programmes
HitGen Ltd. ("HitGen")	China	Agreement that HitGen will apply its advanced technology platform, based on DNA-encoded library design, synthesis and screening, to discover novel leads which will be licensed exclusively to Takeda.
Portal Instruments, Inc. ("Portal")	U.S.	Agreement for the development and commercialization of Portal's jet injector drug delivery device for potential use with Takeda's investigational or approved biologic medicines.
Schrödinger, LLC ("Schrödinger")	U.S.	Agreement for the multi-target research collaboration combining Schrödinger's in silico platform-driven drug discovery capabilities with Takeda's deep therapeutic area knowledge and expertise in structural biology.
Seattle Collaboration	U.S.	Agreement for Seattle Partnership for Research on Innovative Therapies ("SPRInT") to accelerate the translation of Fred Hutchinson Cancer Research Center's and University of Washington's cutting-edge discoveries into treatments for human disease (focusing on Oncology, GI and Neuroscience).
Stanford University	U.S.	Collaboration agreement with Stanford University to form the Stanford Alliance for Innovative Medicines to more effectively develop innovative treatments and therapies.
Tri-Institutional Therapeutics Discovery Institute ("Tri-I TDI")	U.S.	Agreement for the collaboration of academic institutions and industry to more effectively develop innovative treatments and therapies.

Intellectual Property

An important part of our business strategy is to protect our products and technologies using patents and trademarks, to the extent available. We rely on trade secrets, proprietary know-how, technological innovations and contractual arrangements with third parties to maintain and enhance our competitive position. Our commercial success depends, in part, upon our ability to obtain and enforce strong patents, to maintain trade secret protection, to operate without infringing the proprietary rights of others and to comply with the terms of licenses granted to it. Due to the lengthy development periods for new drugs, the high costs of research and development and the small percentage of researched compounds that reach the market, the protection of intellectual property plays an important role in the return of investments for research and development of a new drug.

We seek patent protection for proprietary technology whenever possible in the U.S., Japan and major European countries. Where practicable, we seek patent protection in other countries on a selective basis. In all cases, we endeavor to either obtain patent protection itself or support patent applications through licensors. Patents are our primary means of protecting the technologies we use. Patents provide the holder with the right to exclude others from using an invention related to a pharmaceutical product. We use various types of patents to protect our pharmaceutical products, including substance patents, which cover active ingredients, as well as patents covering usage, manufacturing processes and formulation of drugs.

Our low molecule products (small molecules) are mainly protected by substance patents. While the expiration of a substance patent usually results in a loss of market exclusivity for the protected pharmaceutical products, commercial benefits may continue to be protected by non-substance patents such as patents relating to the use of such substance, patents relating to the method of use of such substance, patents relating the manufacturing method of such substance, and patents relating to the new composition or formulation of such substance. The products can be also protected by regulatory data protection under relevant law in each country even if the substance patent expired. While our biologics products can and may be

protected by one or more substance patents, certain products may be protected by non-substance patents and/or regulatory data protection. However, for biologics, patent protection may be less important than for traditional pharmaceutical products, as similar products for the same indication and/or biosimilars may be developed and marketed by competitors without infringing on our patents.

In the United States, patents generally expire 20 years after the filing date of the application, subject to potential patent term adjustments for delays in patent issuance based upon certain delays in prosecution by the United States Patent and Trademark Office. A U.S. pharmaceutical patent that claims a product, method of treatment using a product or method of manufacturing a product may also be eligible for a patent term extension based on the time the FDA took to approve the product. This type of extension may only extend the patent term for a maximum of five years and may not extend the patent term beyond fourteen years from regulatory approval. Only one patent may be extended for any product based on FDA delay. In addition to patent exclusivities, the FDA may provide data or market exclusivity for a new chemical entity or an orphan drug, each of which run in parallel to any patent protection. Regulatory data protection or exclusivity prevents a potential generic competitor from relying on clinical trial data that were generated by the sponsor when establishing the safety and efficacy of its competing product for a period of five years for a new chemical entity, or seven years for an orphan drug. Market exclusivity prohibits any marketing of the same drug for the same indication.

In Japan, a patent can be issued for active pharmaceutical ingredients by the Japan Patent Office (JPO). Although methods of treatment, such as dosage and administration, are not patentable in Japan, pharmaceutical compositions for a specific dosage or administration method as well as processes to make a pharmaceutical composition are patentable. Patents in Japan generally expire 20 years after the filing date of the patent application. Patents for pharmaceuticals may be extended for up to five years, depending on the amount of time spent for the drug approval process. Japan also has a regulatory data protection system called a re-examination period of eight years for pharmaceuticals that contain new active pharmaceutical ingredients and four years to six years for new indications and formulations and a ten-year orphan drug exclusivity system.

In the EU, patent applications may be filed in the European Patent Office (EPO) or in a country in Europe. The EPO system permits a single application to be granted for the EU, plus certain other non-EU countries, such as Switzerland and Turkey. When the EPO grants a patent, it is then validated in the countries that the patent owner designates. While the term of a patent granted by the EPO or a European country office may be extended or adjusted, it is generally 20 years from the filing date of the patent application. Pharmaceutical patents covering an approved medicinal product can be granted a further period of exclusivity under the Supplementary Protection Certificate (SPC) system. SPCs are designed to compensate the owner of the patent for the time it took to receive marketing authorization by the European Medicines Agency or the National Health Authorities. An SPC may be granted to provide, in combination with the patent, up to 15 years of exclusivity from the date of the first European marketing authorization. However, an SPC cannot last longer than five years. The SPC duration can additionally be extended by a further Pediatric Extension of six months if the SPC relates to a medicinal product for children for which data has been submitted according to a Pediatric Investigation Plan ("PIP"). The post-grant phase of patents, including the SPC system, is currently administered on a country-by-country basis under national laws. Therefore, although regulations concerning patents and SPCs have been created at EPO and EU level, respectively, due to different national implementation they may not always lead to the same result, for example, if challenged at National Courts in the various EU countries. The EU also provides a system of regulatory data exclusivity for authorized human medicines, which runs in parallel to any patent protection. The system for drugs being approved today is usually referred to as 8+2+1 rule because it provides an initial period of eight years of data exclusivity, during which a competitor cannot rely on the relevant data, a further period of two years of market exclusivity, during which the data can be used to support applications for marketing authorization but the competitive product cannot be launched and a possible one-year extension of the market exclusivity period if, during the initial eight-year data exclusivity period, the sponsor registered a new therapeutic indication for the concerned drug. However, the additional one-year extension is only available if either no therapy exists for the new indication or if the concerned product provides for the new indication a "significant clinical benefit over existing therapies". This system applies both to national and centralized authorizations. The EU also has an orphan drug exclusivity system for medicines similar to the U.S system. If a medicine is designated as an orphan drug, it benefits from ten years of market exclusivity, during which time a similar medicine for the same indication will not receive marketing authorization. Under certain circumstances, this exclusivity can be extended with a two-year Pediatric Extension for completion of a PIP.

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

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

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

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

The following table describes our outstanding substance patents and the regulatory data protection ("RDP") (US and EU) or re-examination period ("RP") (Japan) for the indicated product by territory and expiry date. The table includes RDP or RP information only if the protection provided by regulatory exclusivity exceeds the patent expiry. Patent term extensions ("PTE"), supplemental protection certificates ("SPC"), and pediatric exclusivity periods ("PEP") are reflected in the expiry dates to the extent they have been granted by the issuing authority. For PTE's, SPC's, and PEP's in which the application is in process but not yet granted, the extended expiry is separately provided.

Our biologic products may face or already face competition from companies who produce similar products for the same indications, and/or biosimilars, regardless of expiry dates below. Certain of the European patents are the subject of supplemental protection certificates that provide additional protection for the product in certain countries beyond the dates listed in the table.

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
GI:			
ENTYVIO	Patent: -	Patent: September 2021	Patent: August 2017 (Extended expiry of August 2022 in certain countries)
	RP: July 2026[2]	RDP: May 2026	RDP: May 2024
DEXILANT	Not commercialized	Patent: -	Patent: -
PANTOPRAZOLE	Patent: -	Patent: -	Patent: -
TAKECAB[3]	Patent: August 2031	Patent: -[3]	Patent: -[3]
	RP: December 2022(2)		
GATTEX/REVESTIVE	Patent: -	Patent: October 2020[5]	Patent: -
			RDP: September 2024
PENTASA[4]	Patent: -[4]	Patent: -	Patent: -[4]
LIALDA/MEZAVANT[3]	Patent: - [3]	Patent: -	Patent: -
	RP: September 2022[2]		
AMITIZA[4]	Patent: -[4]	Patent: May 2021[6]	Not commercialized
RESOLOR/MOTEGRITY	Not commercialized	Patent: -	Patent: November 2020
		RDP: December 2023	RDP: October 2020
Rare Metabolic:			
ELAPRASE	Patent: -	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: -	Patent: -	Patent: -
	RP: July 2024[2]		RDP: August 2022
NATPARA	Patent: -	Patent: -	Patent: -
		RDP: January 2027	RDP: April 2029
Rare Hematology:			
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE	Patent: January 2026	Patent: February 2026	Patent: January 2028 if granted
	RP: March 2024[2]	RDP: November 2027	RDP: January 2028
FEIBA[7]	Patent: -	Patent: -	Patent: -
HEMOFIL M[7]	Not commercialized	Patent: -	Not commercialized
IMMUNATE[7]	Patent: -	Not commercialized	Patent: -
IMMUNINE[7]	Not commercialized	Not commercialized	Patent: -
BEBULIN[7]	Not commercialized	Patent: -	Not commercialized
PROTHROMPLEX[7]	Not commercialized	Not commercialized	Patent: -
FACTOR VII[7]	Not commercialized	Not commercialized	Patent: -

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
VONVENDI	Not commercialized	Patent: December 2030 RDP: December 2027	Patent: - RDP: August 2028
OBIZUR	Not commercialized	Patent: October 2020 RDP: October 2026	Patent: February 2026 RDP: November 2025
RIXUBIS	Patent: - RP: December 2022[2]	Patent: - RDP: January 2020	Patent: -
AGRYLIN/XAGRID	Patent: - RP: September 2024[2]	Patent: -	Patent: -
RECONBINATE	Not commercialized	Patent: -	Not commercialized
Hereditary Angioedema:			
FIRAZYR	Patent: - RP: September 2028[2]	Patent: July 2019	Patent: - RDP: July 2020
TAKHZYRO	Patent: January 2031 Extended expiry of November 2034 if PTE granted	Patent: December 2031, February 2032, March 2032 Extended expiry of August 2032 if PTE granted	Patent: January 2031 (Extended expiry of November 2033 in some countries)
KALBITOR	Not commercialized	Patent: December 2023	Not commercialized
CINRYZE[7]	Patent: -	Patent: - RDP: October 2020	Patent: -
PDT Immunology:			
GAMMAGARD LIQUID[7]	Not commercialized	Patent: -	Patent: -
HYQVIA[7]	Not commercialized	Patent: - RDP: September 2026	Patent: - RDP: May 2024
CUVITRU[7]	Not commercialized	Patent: - RDP: September 2028	Patent: - RDP: July 2027
FLEXBUMIN[7]	Not commercialized	Patent: -	Patent: -
ALBUMIN IN GLASS[7]	Not commercialized	Patent: -	Patent: -
GLASSIA[7]	Patent: -[4]	Patent: - RDP: July 2022	Patent: -[4]
ARALAST[7]	Not commercialized	Patent: -	Not commercialized
CEPROTIN[7]	Not commercialized	Patent: -	Patent: -
ANTITHROMBIN III[7]	Not commercialized	Not commercialized	Patent: -
KENKETU-GLOVENIN-I[7]	Patent: -	Not commercialized	Not commercialized
KENKETSU-NONTHRON[7]	Patent: -	Not commercialized	Not commercialized
KENKETU-ALUBMIN[7]	Patent: -	Not commercialized	Not commercialized
Oncology:			
VELCADE[3]	Patent: -[3]	Patent: -	Patent: -[3]
LEUPLIN/ENANTONE	Patent: -	Patent: -	Patent: -
NINLARO	Patent: July 2031 RP: March 2027[2]	Patent: November 2029	Patent: November 2031
ADCETRIS[4]	Patent: April 2022, April 2026 RP: January 2024[2]	Patent: -[4]	Patent: October 2027
ICLUSIG[3]	Patent: -[3]	Patent: January 2027	Patent: -[3]
ALUNBRIG	Patent: May 2029 Extended expiry of September 2032 if PTE granted	Patent: July 2030 Extended expiry of April 2031 if PTE granted	Patent: May 2029 Extended expiry of November 2033 if SPC granted
VECTIBIX[4]	Patent: August 2022	Patent: -[4]	Patent: -[4]

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
Neuroscience:			
VYVANSE	Patent: June 2029 RP: March 2027[2]	Patent: February 2023	Patent: June 2024 (Extended expiry of February 2028 or March 2029 in certain countries)
TRINTELLIX[4]	Patent: October 2022 Extended expiry of October 2027 if PTE granted RP: September 2027[2]	Patent: June 2026 Extended expiry of December 2026 if PTE granted	Patent: -[4]
ADDERALL XR	Not commercialized	Patent: -	Not commercialized
ROZEREM	Patent: March 2022	Patent: -	Not commercialized
REMINYL	Patent: -	Patent: -	Patent: -
INTUNIV	Patent: - RP: March 2025[2]	Patent: -	Patent: - RDP: September 2025
COPAXONE[4]	Patent: - RP: September 2025[2]	Patent: -[4]	Patent: -[4]
AZILECT[4]	Patent: - RP: March 2026[2]	Patent: -[4]	Patent: -[4]
MYDAYIS	Not commercialized	Patent: - RDP: June 2020	Not commercialized
BUCCOLAM	Not commercialized	Patent: -	Patent: - RDP: September 2021
EQUASYM	Not commercialized	Patent: -	Patent: -
CABATROL	Not commercialized	Patent: - RDP: October 2021	Not commercialized
Other:			
AZILVA	Patent: - RP: October 2021[2]	Not commercialized	Not commercialized
NESINA	Patent: April 2028	Patent: June 2028	Patent: September 2028
ULORIC[4]	Patent: -[4]	Patent: -	Patent: -[4]
COLCRYS	Not commercialized	Patent: -	Not commercialized
ENBREL[4]	Patent: -	Patent: -[4]	Patent: -[4]
LOTRIGA[4]	Patent: - RP: September 2020[2]	Patent: -[4]	Patent: -[4]

Notes:
(1) A "-" within the table indicates the substance patent is expired or not applicable.
(2) In Japan, an application for a generic product is filed after the re-examination period ends, and the product is listed in the approval and drug price listing after a regulatory review. Therefore, the generic product would enter the market after a certain period of time from the expiry of the re-examination period.
(3) This product is not sold by Takeda in all regions because of out-licensing agreements to third parties.
(4) This product is not sold by Takeda in all regions because of in-licensing agreements from third parties exclusive to certain regions. See "Business Overview" principal products descriptions and "Licensing and Collaboration" for further information on the licensing agreements.
(5) Generic may be introduced after March 2023 based on a settlement with an ANDA filer.
(6) Generic may be introduced after January 2021 (or earlier under certain circumstances) based on a settlement with an ANDA filer.
(7) Relates to plasma-derived therapies products.

III. Property, Plant, and Equipment

1. Overview of Capital Expenditures

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

The total capital expenditures (on an acquisition basis) of Takeda for the year ended March 31, 2020 was 140.9 billion JPY.

2. Major Facilities

Takeda's major facilities are as follows:

(1) The Company

As of March 31, 2020

Office Name [Location]	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
		Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
				Area (m^2)	Amount				
Global Headquarters [Chuo-ku,Tokyo]	Sales & Administration	6,558	—	13,102	26,123	576	1,998	35,255	990
Head Office [Chuo-ku, Osaka and others]	Sales & Administration	3,534	82	450,804	1,332	—	834	5,783	531
Osaka Plant [Yodogawa-ku, Osaka]	Production	7,972	4,218	(6,542) 163,568	1,005	2	7,048	20,246	376
Osaka CMC Center [Yodogawa- ku, Osaka]	Research	7,434	3	(included in Osaka Plant)		—	18	7,455	3
Hikari Plant [Hikari-shi, Yamaguchi]	Production and research	26,270	15,672	(4,573) 1,011,081	3,618	668	5,252	51,481	731
Hikari CMC Center [Hikari-shi, Yamaguchi]	Production for research	3,100	1,351	(included in Hikari Plant)		2	1,647	6,101	—
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research	38,057	599	243,105	3,064	213	5,106	47,040	656
Center for Learning and Innovation [Suita-shi, Osaka]	Education and welfare	4,066	—	—	—	—	28	4,094	—
Sapporo Branch [Chuo-ku,Sappporo-shi]	Sales & Administration	21	—	—	—	—	5	26	124
Tohoku Branch [Aoba-ku, Sendai-shi]	Sales & Administration	13	—	—	—	—	6	20	181
Tokyo Branch and others [Chuo-ku, Tokyo]	Sales & Administration	53	—	—	—	—	15	68	676
Nagoya Branch [Nishi-ku, Nagoya-shi]	Sales & Administration	18	—	—	—	—	4	23	251
Osaka Branch and others [Chuo-ku, Osaka]	Sales & Administration	39	—	—	—	—	14	54	570
Fukuoka Branch [Hakata-ku, Fukuoka]	Sales & Administration	8	—	—	—	—	5	13	276

Notes:

(1) The carrying amount of the Company's facilities are the unconsolidated financial statements which is based on J-GAAP
(2) The Company's facilities belong to the Pharmaceuticals segment.
(3) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(4) The table above includes land of 249 million JPY (2,698m^2) and buildings of 5,063 million JPY which are leased to parties other than consolidated companies.
(5) The part of land and buildings are leased from parties other than consolidated companies. The annual lease payments were 2,882 million JPY. Figures in parentheses of "Land" represent the square meters of the land.
(6) Head Office mainly consists of buildings, accompanying facilities and lands (includes dormitory and company housing).

(2) Domestic subsidiaries

As of March 31, 2020

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m^2)	Amount				
Takeda Pharmaceutical Real Estate Co., Ltd. [Chuo-ku, Tokyo]	Pharmaceuticals	Head Office and for rent and others	24,614	324	(1,502) 78,125	254	1,234	329	25,521	7
Nihon Pharmaceutical Co., Ltd. [Izumisano-shi,Osaka]	Pharmaceuticals	Production, research and others	2,492	1,399	71,556	1,181	216	610	5,683	392
Takeda Healthcare Products Co., Ltd. [Fukuchiyamashi, Kyoto]	Pharmaceuticals	Production and others	2,699	2,895	(5,000) 86,001	239	7	383	6,216	181

Notes:

(1) The carrying amount of subsidiaries' companies are based on IFRS.
(2) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.
(3) The table above includes land of 6 million JPY (3,951 m^2) and buildings of 278 million JPY which are leased to parties other than consolidated companies.
(4) The table above includes the part of land and buildings are leased from parties other than consolidated companies. The annual lease payments were 1 million JPY.

(3) Overseas subsidiaries

As of March 31, 2020

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m2)	Amount				
Millennium Pharmaceuticals, Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and others	—	5,064	(2,686) 144,675	402	128,874	17,854	152,194	2,408
Baxalta, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	158,332	103,004	653,811	5,397	424	17,033	284,190	3,788
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	46,612	27,960	390,927	26,604	245	2,988	104,409	2,492
Baxter AG [Vienna, Austria]	Pharmaceuticals	Production and others	37,607	15,469	368,551	6,255	—	4,866	64,197	3,292

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m2)	Amount				
Takeda Dunboyne Biologics Limited [Dublin, Ireland]	Pharmaceuticals	Production and others	106	—	—	608	—	37,095	37,809	210
Baxalta Manufacturing, S.a.r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	11,324	17,690	109,924	1,861	—	1,846	32,722	615
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	7,378	10,994	110,321	202	147	15,961	34,682	1,247
BioLife Plasma Services LP [Bannockburn, IL , U.S.A.]	Pharmaceuticals	Production and others	15,620	6,553	356,204	4,008	13	4,009	30,202	5,858

Notes:

(1) The carrying amount of subsidiaries' companies are based on IFRS

(2) "Other" in the carrying amount shows the total amount of tools, furniture and fixtures and construction in progress.

(3) The table above includes buildings of 221 million JPY which are leased to parties other than consolidated companies.

(4) The table above includes the part of land and buildings are leased from parties other than consolidated companies. The annual lease payments were 5,630 million JPY. Figures in parentheses of “Land” represent the square meters of land.

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

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

(1) The Company

Facilities of the Company belong to the Pharmaceuticals segment.

Classification	Name [Location]	Details	Budget		Financing	Schedule	
			Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction/ Expansion	Osaka Plant [Yodogawa- ku, Osaka]	Production Support and quality assurance facility	10,990	5,411	Funds on hand	July 2018	April 2022
Construction/ Expansion	Hikari Plant [Hikari- shi, Yamaguchi]	Production and research	6,507	1,545	Funds on hand	September 2019	September 2021

Classification	Name [Location]	Details	Carrying amount as of March 31, 2020 JPY (millions)	Schedule of removal or sales
Sale	Shonan Research Center [Fujisawa-shi, Kanagawa]	R&D Facility	58,874	September 2020

Note: The carrying amount of the Company's facilities are the unconsolidated financial statements which is based on J-GAAP.

(2) Domestic subsidiaries

Not Applicable.

(3) Overseas subsidiaries

Classification	Subsidiaries' Company Name [Main Location]	Operating Segment	Details	Budget		Financing	Schedule	
				Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction/ Expansion	Takeda GmbH [Oranienburg, Brandenburg, Germany]	Pharmaceuticals	Manufacturing	9,617	9,497	Funds on hand and subsidies	August 2014	December 2020
Construction/ Expansion	Takeda GmbH and Takeda Singen Real Estate GmbH & Co. KG [Shingen, Baden-Wrttemberg, Germany]	Pharmaceuticals	Manufacturing	16,088	15,496	Funds on hand	November 2016	August 2019
Construction/ Expansion	Millennium Pharmaceuticals, Inc.[Cambridge,MA, U.S.A.]	Pharmaceuticals	Manufacturing	11,458	12,115	Funds on hand	December 2015	June 2020
Construction/ Expansion	Baxalta US, Inc. [Covington, GA, U.S.A.]	Pharmaceuticals	Manufacturing	226,573	217,174	Funds on hand	June 2012	December 2021
Renovation	Baxter AG [Vienna, Austria]	Pharmaceuticals	Manufacturing	6,247	204	Funds on hand	August 2018	June 2022
Renovation	Baxalta Belgium Manufacturing S.A. [Lessine, Belgium]	Pharmaceuticals	Manufacturing	16,312	4,667	Funds on hand	February 2017	July 2021

Classification	Subsidiaries' Company Name [Location]	Operating Segment	Details	Carrying amount as of March 31, 2020 JPY (millions)	Schedule of removal or sales
Sale	Takeda Dunboyne Biologics Limited [Dublin, Ireland]	Pharmaceuticals	Manufacturing	37,809	Undecided

Note: The carrying amount of subsidiaries' companies are based on IFRS.

IV. Information on the Company

1. Information on the Company's Shares

(1) Total Number of Shares and Other Related Information

1) Total number of shares

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

2) Number of shares issued

Class	Number of Shares Outstanding (as of March 31, 2020)	Number of Shares Outstanding as of the Filing Date (June 24, 2020)	Names of Stock Exchanges on Which the Company is Listed or Names of Authorized Financial Instruments Firms Association with Which the Company Is Registered	Description
Common stock	1,576,373,908	1,576,373,908	Securities Exchanges in Tokyo, Nagoya, (both listed on the first section), Fukuoka, Sapporo, New York	The number of shares per unit is 100 shares.
Total	1,576,373,908	1,576,373,908	—	—

Notes:

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

(2) Number of shares outstanding as of the filing date does not include the shares issued upon exercise of stock acquisition rights from June 1, 2020 to the filing date.

(2) Stock Acquisition Rights

1) Description of stock option plans

Date of resolution	June 24, 2011
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	101 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition	Common stock: 10,100 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	1 JPY
Exercise period of stock acquisition rights (*)	From July 16, 2014 to July 15, 2021 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 2,727 JPY (Note4) Amount of Capitalization: 1,364 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director of the Company; however, this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership or other valid reason. 2)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

(4) Issue price consists of exercise price (1 JPY per share) and a fair value per stock acquisition right on the allotment date (2,726 JPY per share). On the allotment date, the Company shall make a consensual offset between the remuneration receivables held by the directors against the Company and fair value of stock acquisition rights allocated to each director.

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

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

Date of resolution	June 26, 2012
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	186 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 18,600 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price)	1 JPY
Exercise period of stock acquisition rights (*)	From July 18, 2015 to July 17, 2022 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 2,679 JPY (Note4) Amount of Capitalization: 1,340 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director of the Company; however, this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership or other valid reason. 2)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

Date of resolution	June 26, 2013
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	143 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 14,300 (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price)	1 JPY
Exercise period of stock acquisition rights (*)	From July 20, 2016 to July 19, 2023 (Note3)
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: 3,710 JPY (Note4) Amount of Capitalization: 1,855 JPY
Conditions for exercise of stock acquisition rights (*)	1)At the time of the exercise of the stock acquisition rights, the holder of stock acquisition rights must be a director of the Company; however, this shall not apply in the case where the holder retires due to the expiration of his/her term of board membership or other valid reason. 2)A single stock acquisition right may not be partially exercised.
Matters regarding transfer of stock acquisition rights (*)	Transfer of stock acquisition rights shall be subject to approval by resolution of the Board of Directors.
Matters regarding the grant of acquisition rights to shares upon organizational restructuring (*)	—

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2020). For items changed between the end of the current fiscal year and May 31, 2020 (the end of the month preceding the submission date), the status as of May 31, 2020 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

2) Description of rights plan
Not applicable.

3) Other stock acquisition rights
Not applicable.

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

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

Date	Increase/Decrease in the Total Number of Shares Issued (Thousands of Shares)	Balance of Total Number of Shares Issued (Thousands of Shares)	Increase/Decrease in Share Capital JPY (millions)	Balance of Share Capital JPY (millions)	Increase/Decrease in Legal Capital Surplus JPY (millions)	Balance of Legal Capital Surplus JPY (millions)
From April 1, 2015 to March 31, 2016 (Note1)	361	790,284	¥ 722	¥ 64,766	¥ 722	¥ 50,863
From April 1, 2016 to March 31, 2017 (Note1)	238	790,521	436	65,203	436	51,300
From April 1, 2017 to March 31, 2018 (Notes 1 and 2)	4,167	794,688	12,711	77,914	12,708	64,008
From April 1, 2018 to March 31, 2019 (Notes 1 and 3)	770,318	1,565,006	1,565,671	1,643,585	1,565,671	1,629,679
From April 1, 2019 to March 31, 2020 (Notes 1 and 4)	11,368	1,576,374	24,538	1,668,123	24,538	1,654,217

Notes:
(1) The increase in the total number of shares issued in fiscal year 2015 (361 thousand), 2016 (238 thousand), 2017 (617 thousand), 2018 (15 thousand) and 2019 (18 thousand) are due to exercise of stock acquisition rights.
(2) 3,550 thousand shares out of the increase in the total number of shares issued in 2017 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 6,415 JPY Amount of capitalization: 3,208 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP 75,805 shares)
(3) Due to the issuance of common stock as part of the consideration relating to the Company's acquisition of Shire plc (Date of contribution: January 8, 2019), the total number of shares issued increased by 770,303 thousand and the amount of share capital and legal capital surplus increased by 1,565,641 million yen, respectively,.
Price of issuing stocks: 4,065 JPY Amount of capitalization: 2,032.50 JPY
(4) 11,350 thousand shares out of the increase in the total number of shares issued in fiscal year 2019 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 4,318 JPY Amount of capitalization: 2,159 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(5) There was no increase in the total number of shares issued, share capital or legal capital surplus due to the exercise of stock acquisition rights from April 1, 2020 to May 31, 2020.

(5) Status by Type of Holder

As of March 31, 2020

	Status of Shares (1 unit = 100 shares)								
					Foreign Shareholders				
Classification	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders Other Than Individuals	Individuals	Individuals and Others	Total	Shares Less Than One Unit
Number of shareholders (persons)	—	245	67	2,268	1,133	366	389,784	393,863	—
Number of shares held (Trading units)	—	4,545,178	589,066	412,146	7,295,977	4,824	2,909,727	1,576,918	682,108
Percentage of shares held (%)	—	28.85	3.74	2.62	46.30	0.03	18.47	100.00	—

Note: 169,878 shares of treasury stock include 1,698 units of shares held by “Individuals and Others” and 78 shares held by “Shares Less Than One Unit.”

(6) Major Shareholders

As of March 31, 2020

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Total Number of Shares Issued (Excluding Treasury Stocks) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	125,740	7.98
The Bank of New York Mellon as depositary bank for depositary receipt holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	240 Greenwich Street, 8th floor West, New York, NY 10286 U.S.A. (3-2, Marunouchi 1-chome, Chiyoda- ku, Tokyo)	84,991	5.39
Japan Trustee Services Bank, Ltd. (Trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	81,195	5.15
JP Morgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	47,739	3.03
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda- ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)	35,360	2.24
Japan Trustee Services Bank, Ltd. (Trust account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	33,897	2.15
SSBTC CLIENT OMNI BUS ACCOUNT (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation, Limited.)	One Lincoln Street, Boston, MA, U.S.A. 02111 (11-1, Nihonbashi 3-Chome, Chuo- ku, Tokyo)	25,727	1.63
JP Morgan Chase Bank 385151 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	25,030	1.59
State Street Bank West Client-Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	23,355	1.48
Japan Trustee Services Bank, Ltd. (Trust account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	22,268	1.41
Total		505,304	32.06

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2020

Classification		Number of Shares (Shares)	Number of Voting Rights (Units)	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (Treasury stock, etc.)		—	—	—
Shares with restricted voting rights (Others)		—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock	169,800	—	—
	(Crossholding stock) Common stock	287,000	—	—
Shares with full voting rights (Others)	Common stock	1,575,235,000	15,752,350	—
Shares less than one unit	Common stock	682,108	—	Shares less than one unit (100 shares)
Number of shares issued		1,576,373,908	—	—
Total number of voting rights		—	15,752,350	—

Notes:

(1) "Shares with full voting rights (Others)" includes 16,569,500 shares (voting rights: 165,695 units) held by the ESOP trust account and 1,783,500 shares (voting rights: 17,835 units) held by the BIP trust account, respectively

(2) "Shares less than one unit" includes 78 shares of treasury stock, and 121 shares held by the ESOP trust account and 187 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2020

Name of Shareholders	Address	Number of Shares Held under Own Name (Shares)	Number of Shares Held under the Name of Others (Shares)	Total Shares Held (Shares)	Percentage of Total Shares Issued (%)
(Treasury stock) Takeda Pharmaceutical Company Limited	1-1, Doshomachi 4-chome, Chuo-ku, Osaka	169,800	—	169,800	0.01
(Crossholding stock) Amato Pharmaceutical Products, Ltd.	5-3, Shinsenri Higashi-machi 1-chome, Toyonaka-city, Osaka	275,000	—	275,000	0.02
Watanabe Chemical Co.,Ltd.	6-1, Hiranomachi 3-chome, Chuo-ku, Osaka	12,000	—	12,000	0.00
Total	—	456,800	—	456,800	0.03

Note: In addition to the above treasury stock and 78 shares of less than one unit, 16,569,621 shares held by the ESOP trust account and 1,783,687 shares held by the BIP trust account are recorded as treasury stock in the financial statements.

.(8) Officer / Employee Stock Ownership Plan

1) Employee (Takeda's Group Management) Stock Ownership Plan

The Company introduced an Employee Stock Ownership Plan (the "Plan") in FY 2014 for Takeda's Group Management in Japan and overseas as a highly transparent and objective incentive plan that is closely linked to company performance. The purpose of this Plan is to improve the Company's mid- and long-term performance as well as raise awareness of the need to enhance the Company's value.

In addition, at the Board of Directors' meeting held on June 24, 2020, the Board of Directors adopted an Employee Stock Purchase Plan (ESPP) and Long Term Incentive Plan (LTIP) for the Takeda's Group employees overseas. Accordingly, since FY 2020, a trust which will be newly established, or the period of which will be extended for purposes of the Plan, will cover Takeda's Group Management in Japan.

(i) Outline of the Plan

The Plan uses a structure referred to as an Employee Stock Ownership Plan Trust (ESOP Trust). The ESOP Trust is an employee incentive plan based on the ESOP system in the U.S. The Company delivers or pays the Company's shares acquired through the ESOP Trust and money equivalent to the liquidation value of the Company's shares, along with dividends arising from the Company's shares to employees based on their job positions and their achievement of performance indicators, etc.

The Company plans to continue this scheme by introducing a new ESOP Trust or changing and entrusting additional funds to the existing expired ESOP Trust every year starting from FY 2014 to maintain the Plan. Consequently, on February 28, 2018, the Company extended the trust period of the ESOP Trust which was established in FY 2015 and entrusted additional funds based on the resolution of continuation of the Plan and issuance of new shares through third-party allotment at the meeting of the Board of Directors held on February 1, 2018. On May 31, 2019, the Company extended the trust period of the ESOP Trust which was established in FY 2016 and entrusted additional funds based on the resolutions of continuation of the Plan and issuance of new shares through third-party allotment at the meeting of the Board of Directors held on May 14, 2019. On May 21, 2020, the Company extended the trust period of the ESOP Trust which was established in FY 2014 to cover Takeda's Group Management in Japan based on the resolution of continuation of the ESOP Trust at the meeting of the Board of Directors held on May 13, 2020.

(ii) Trust Agreement

[FY 2018]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Takeda's Group Management in Japan and overseas
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Takeda's Group Management in Japan and overseas
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of February 28, 2018)
Trust term:	From May 22, 2015 to August 31, 2021 (the Trust term was extended by the amendment agreement executed as of February 28, 2018) (Base points were granted on July 1, 2018)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	22.8 billion JPY (including trust fees and trust expenses)
Timing of share acquisition:	March 9, 2018
Manner of share acquisition:	To be acquired from the Company (New stock issuance)
Vested rights holder:	The Company

[FY 2019]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Takeda's Group Management in Japan and overseas
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Takeda's Group Management in Japan and overseas
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 20, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of May 31, 2019)
Trust term:	From May 20, 2016 to August 31, 2022 (the Trust term was extended by the amendment agreement executed as of May 31, 2019) (Base points were granted on July 1, 2019)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	49.0 billion JPY (including trust fees and trust expenses)
Timing of share acquisition:	June 10, 2019
Manner of share acquisition:	To be acquired from the Company (New stock issuance)
Vested rights holder:	The Company

[FY 2020]

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

(iii) Affairs related to Trust and Shares

Affairs related to trust:	Mitsubishi UFJ Trust and Banking Corporation will be the Trustee of the ESOP Trust and will engage in affairs related to the Trust
Affairs related to shares:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to vesting Company shares to Beneficiaries based on the agreement of entrustment of affairs.

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

Grant trust for FY 2020: Approximately 700,000 shares (scheduled)

(v) Beneficiaries

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

2) ESPP and LTIP for Takeda's Group employees

Based on the resolution of the meeting of the Board of Directors held on June 24, 2020, the Company adopted (i) an ESPP under which eligible Takeda's Group employees overseas will be provided with the opportunity to purchase American depositary shares of the Company (Company ADS) at a discount, with the goal of encouraging employees to enter into broad-based employee ownership of the Company, and (ii) an LTIP under which eligible Takeda's Group employees overseas may be awarded Company ADS-based incentive compensation, with the goal of aligning the employees' interests with those of the Company's shareholders, to attract and retain Takeda's Group employees overseas and to further the Company's risk mitigation strategy by enabling the Company and its Group Companies to provide incentive compensation that appropriately balances risk and reward.

(i) Outline of ESPP

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

(ii) Outline of LTIP

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

3) Board Incentive Plan

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

(i) Outline of the Plan

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

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

On May 21, 2018, the Company partially revised the BIP Trust which was established in FY 2015 in order to allow it to be continued as the NSV Trust for the Plan and then extended the trust period and entrusted additional funds based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 14, 2018. Also, based on the same resolution, the Company extended the trust period for the SV Trust which was established in FY 2016 and entrusted additional funds.

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

On May 21, 2020, the Company partially revised the plans to extend the term and change a part of the BIP Trust already established in FY 2014 to the NSV Trust with entrustment of additional money to the Trust in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing overseas) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

(ii) Trust Agreement

[FY 2018]

(a)NSV Trust	
Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors who are not members of the Audit and Supervisory Committee.
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors who are not members of the Audit and Supervisory Committee.
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 21, 2018)
Trust term:	May 22, 2015 to August 31, 2021 (the Trust term was extended by the amendment agreement executed as of May 21, 2018) (Base points were granted on July 1, 2018)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	1.03 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 22, 2018
Manner of share acquisition:	To be acquired from the stock exchange market
Vested rights holder:	The Company

(b)SV Trust	
Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors who are members of the Audit and Supervisory Committee.
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors who are members of the Audit and Supervisory Committee.
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	August 3, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of May 21, 2018)
Trust term:	August 3, 2016 to August 31, 2020 (the Trust term was extended by the amendment agreement executed as of May 21, 2018) (Base points were granted on July 1, 2018)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	0.06 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 22, 2018
Manner of share acquisition:	To be acquired from the stock exchange market
Vested rights holder:	The Company

[FY 2019 (Plans I, II, and III)]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	August 3, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of August 1, 2019)
Trust term:	August 3, 2016 to August 31, 2022 (the Trust term was extended by the amendment agreement executed as of August 1, 2019) (Base points were granted on July 1, 2019)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	3.66 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	August 2, 2019
Manner of share acquisition:	To be acquired from the stock exchange market
Vested rights holder:	The Company

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

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

(iii) Affairs related to Trust and Shares

Affairs related to trust:	Mitsubishi UFJ Trust and Banking Corporation will be the Trustee of the BIP Trust and will engage in affairs related to the Trust.
Affairs related to shares:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to vesting Company shares to Beneficiaries based on the agreement of entrustment of affairs.

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

Grant trust for FY 2020: Approximately 650,000 shares (scheduled)

(v) Beneficiaries

Person(s) who meet beneficiary requirements among Directors

2. Acquisition of Treasury Stock and Other Related Status

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

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

Not applicable.

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

Not applicable.

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

Classification	Number of Shares (Shares)	Total Amount (JPY)
Treasury stock acquired during the current fiscal year	5,033	¥ 20,578,715
Treasury stock acquired during the current period	246	839,615

Notes:

(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2020 to the filing date of this report.

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

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

Classification	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (JPY)	Number of Shares (Shares)	Total Disposition Amount (JPY)
Acquired treasury stock for which subscribers were solicited	—	¥ —	—	¥ —
Acquired treasury stock that was cancelled	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/ stock exchange/ corporate separation	—	—	—	—
Other (Sold due to request for sale of shares constituting less than one full unit)	305	1,259,558	70	252,560
Number of shares of treasury stock held	169,878	—	170,054	—

Notes:

(1) The Treasury stock acquired during the current period does not include the purchase of shares constituting less than one full unit during the period from June 1, 2020 to the filing date of this report.

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

3. Dividend Policy

Takeda is delivering on its financial commitments, and with a strong cash flow outlook driven by business momentum, cost synergies, and non-core asset divestitures, we will allocate capital to maximize value for patients and shareholders.

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

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

In respect of "Deleverage rapidly", Takeda is targeting a 2x net debt/adjusted EBITDA ratio within fiscal years ending March 2022 - March 2024 and has committed to maintaining investment grade credit ratings. With regards to "Invest in growth drivers", Takeda makes disciplined and focused investments in value-creating business opportunities including R&D, launching our global brands in China, and expanding plasma-derived therapies. In respect of "Shareholder returns", Takeda maintains its well-established dividend policy of 180 yen per share annually. We expect growth momentum to continue in the fiscal year ending March 2021 and accelerate in the mid-term.

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

(For dividends for which the basis date falls in the year ended March 31, 2020, refer to the "Notes to Consolidated Financial Statement, "Note 26. Equity and Other Equity Items," Consolidated IFRS Financial Statements for the year ended March 31, 2020.)

4. Corporate Governance

(1) Corporate Governance

1) Corporate Governance Structure

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

2) Organizational Composition and Operation

[Organization Form]

Company with Audit and Supervisory Committee

(Reasons for Adoption of Current Corporate Governance System)

The Company became a Company with Audit and Supervisory Committee based on the resolution at the Ordinary General Meeting of Shareholders held on 29 June, 2016. We aim for increased transparency and independency of the Board, and further enhancement of the corporate governance, through establishing the systems of audit and supervision conducted by the Audit and Supervisory Committee and increasing the proportion of the number of External Directors and the diversity of the Board. The governance structure also enables us to enhance the separation of business execution and supervision by delegating decision-making authority to Directors, which realizes further agility in decision-making and helps the Board of Directors focus more on discussions of business strategies and particularly important business matters.

[Directors]

– Chair of the Board Meeting: Independent External Director

– Number of Directors: 16 persons (Male 15 persons, Female 1 person including 4 Directors who are Audit and Supervisory Committee Members)

– Election of External Directors: Elected

[Audit and Supervisory Committee]

– Number of Audit and Supervisory Committee members: 4 persons Including 3 External Directors

– Audit and Supervisory Committee's Audit

The Audit and Supervisory Committee ensures its independency and effectiveness, in line with "Rules of Audit and Supervisory Committee's Audit, etc." The Committee conducts audits of directors' performance of duties and performs any other duties stipulated in laws and regulations and in the articles of incorporation.

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

To support the operations and serve as the secretariat for the Audit and Supervisory Committee, the Audit and Supervisory Committee Office was established. The Audit and Supervisory Committee secures number of staffs devoted to the committee as required. Appointment and the personnel change of the members of the Audit and Supervisory Committee Office shall be handled by agreement from the Audit and Supervisory Committee.

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

(Cooperation between Supervisory Committee and Accounting Auditors)

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

(Cooperation between Audit and Supervisory Committee and Internal Audit Division)

Based on the status of development and operation of the internal control system, the Audit and Supervisory Committee works in close cooperation with Internal Audit Division to which the Audit and Supervisory Committee has the authority to give instructions, and conduct a systematic audit utilizing the information derived therefrom.

(Relationship between Supervisory Committee and Internal Control Promoting Department)

The Audit and Supervisory Committee closely cooperates with divisions responsible for the internal control function such as compliance, risk management and accounting/finance, etc. and utilize information from these divisions to enable effective audits and supervision by the Audit and Supervisory Committee.

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

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

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

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

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

3) Business Execution

[Management Setup]

At Takeda, the Board of Directors determines the fundamental policies for the Group, and Takeda Executive Team ("TET") executes management and business operations in accordance with their decisions. Transparency of the Board of Directors is achieved through audits conducted by the Audit and Supervisory Committee. The External Directors ensure optimal business execution free of the pharmaceutical industry mindset. Moreover, in order to respond to management tasks that continue to diversify, the Company shall establish the TET consisting of President & CEO and members who manage and supervise each function of the Takeda Group, and also establish the Business Review Committee (which is responsible for general management matters), the Portfolio Review Committee (which is responsible for R&D and products related matters), and the Risk, Ethics & Compliance Committee (which is responsible for risk management, business ethics and compliance matters) that review important matters to ensure agility and flexibility of business execution and deeper cooperation among the various functions..

[Board of Directors]

Takeda has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for strategic or particularly important matters regarding company management. The Board of Directors consists of sixteen Directors (including one female), including 11 External Directors, eight Japanese and eight non-Japanese, and meets in principle eight times per year to make resolutions and receive reports on important matters regarding management. Eight Board of Directors meeting were held in fiscal year 2019 and all Internal Directors who took office at the end of fiscal year 2019 attended all meetings. The Board is chaired by an External Director to increase independency of the Board. To ensure the validity and transparency of the decision-making process for the election of Director’s candidates and compensation of Directors, Takeda established a Nomination Committee and a Compensation Committee, all members of which are External Directors and both of which are chaired by the External Directors, as advisory committees to the Board.

[Internal Audit]

The Group Internal Audit (comprised of 54 members) and the Corporate EHS (environment, health and safety) department in the Global Manufacturing & Supply division conduct regular internal audits on their areas of focus for the Takeda organization using their respective guiding documents, the Group Internal Audit Charter and "Global Policy on EHS".

[Takeda Executive Team (TET)]

The TET consists of the President & CEO and function heads who report directly to the President & CEO.

[Business Review Committee]

The Business Review Committee consists of TET members. In principle, it holds a meeting twice a month to discuss and make decisions on important matters concerning corporate management and business execution.

[Portfolio Review Committee]

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

[Risk, Ethics & Compliance Committee]

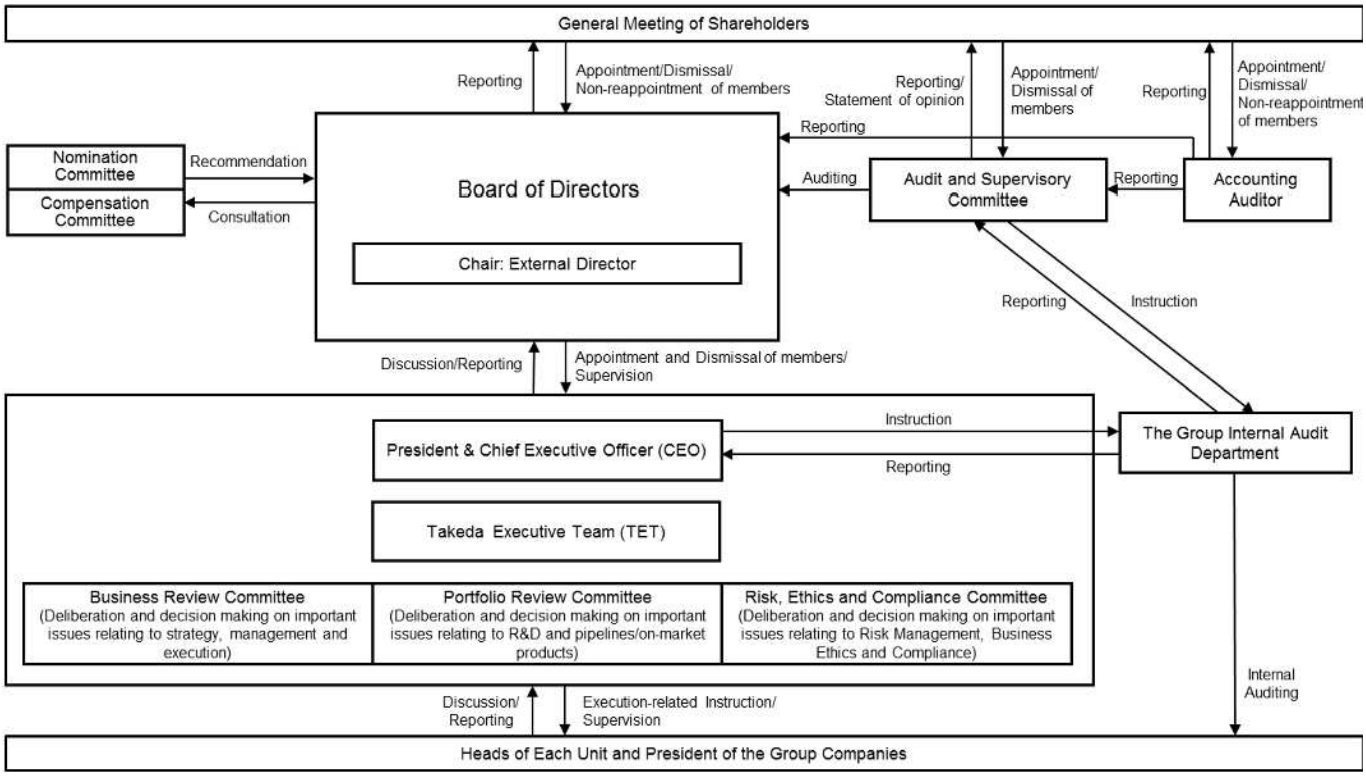
The Risk, Ethics & Compliance Committee consists of TET members and Head of Internal Audit and inviting relevant senior managements and subject matter experts. In principle, it holds a meeting once a quarter to discuss and make decisions on important matters concerning risk management, business ethics and compliance matters.

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

The Company shares its Corporate Philosophy, which comprises its Mission, Vision, Values and Strategic Roadmap within the entire Takeda Group and puts an effort to promote the creation of corporate culture along with Corporate Philosophy.
The Company undertakes to establish the following measures for its internal control system, treating it as an important component of corporate governance that functions alongside risk management. Also, in order to further enhance corporate governance,

necessary changes are conducted, including changes to the decision-making system. The Company rebuilt Audit, Risk and Compliance Committee to Risk, Ethics & Compliance Committee to improve risk management in more effective manner and modified the committee structure, roles and responsibility, etc., in May 2019.

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



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

- As a Company with Audit and Supervisory Committee (ASC), a system that enables ASC to effectively perform its duties relating to audit and supervision shall be established and the composition and diversity of the External Directors in the Board of Directors shall be enhanced. Under the appropriate audit and supervision thereof, the Board of Directors shall make highly transparent and objective decisions and, by resolution, delegate authority to the Directors and expedite the management of business.
- The objectivity and fairness of the appointment of Directors and the compensation paid to them shall be ensured by voluntarily establishing a Nomination Committee and Compensation Committee, as advisory bodies for the Board of Directors, wherein an External Director will serve as the chairperson and external committee members will constitute a majority, respectively. By appointing one or more Directors who are ASC Members as members of such committees, the effectiveness of the ASC's function of supervising the appointment, etc. of Directors who are not ASC Members and the compensation, etc. paid to them shall be enhanced. By resolution of the Board of Directors, the authority to decide the amount of individual remuneration of Internal Directors who are not ASC Members shall be delegated to the Compensation Committee, through which we have realized a more transparent process in determining individual remuneration.
- Under the system above, the Board of Directors will (i) decide on the most important matters for the business operation of the Takeda Group, including matters relating to Basic Management Policy and matters relating to internal control, including compliance and risk management, and (ii) discuss business strategy, and monitor and supervise the execution of operations.
- To strengthen its global business management system, the Company shall establish the TET, which will consist of the President & CEO and the members who manage and supervise each function of the Takeda Group, and also establish a Business Review Committee (which will be responsible for general management matters), a Portfolio Review Committee (which will be responsible for R&D and product related matters), and a Risk, Ethics & Compliance Committee (which will be responsible for risk management, corporate ethics and compliance matters). These committees will review important matters that will ensure systems through which faster and more flexible work execution and deeper cooperation among the various functions can take place.
- By resolution of the Board of Directors, decision making authority on matters of important business execution shall be partially delegated to the Directors through decision-making bodies such as the Business Review Committee, Portfolio Review Committee, and Risk, Ethics & Compliance Committee; the Company shall make flexible and efficient decisions.
- The Company shall clarify the roles and responsibilities of each function based on the Takeda Group's Management Policy (T-MAP), which summarizes the business management systems, decision-making systems and operational rules and other important management rules of the Takeda Group. With regard to certain material items, the Company shall oblige each function to propose or report them to the decision making bodies, including the Board of Directors, depending on the materiality of those items. Concurrently, the Company shall delegate a certain level of decision making authority to the President & CEO or to other TET members, and such decision making authority shall be exercised under proper governance. TET members develop and implement policy manuals (divisional T-MAP) consistent with the T-MAP and establish an adequate internal control structure in the divisions which they oversee.
- In order to manage and supervise the entire Takeda Group in a cross-sectoral and unified manner, the Company shall maintain Global Policies, etc. (Global Policies mean the rules applied to employees of three or more TET organizations) for the respective operations of specialized functions.
- With regard to risk management and management of a crisis that has occurred in the Takeda Group, the Global Risk Management

Policy, and the Global Crisis Management Policy respectively lay out the structure of the risk management system including BCP (Business Continuity Plan)s and the crisis management systems of the Takeda Group.

- The Global Ethics & Compliance division shall disseminate the Takeda Global Code of Conduct to all group companies and develop and disseminate ethics and compliance programs for all group companies. The Global Ethics & Compliance division shall establish a mechanism with monitoring capabilities to ensure that the Takeda Group's business activities are in compliance with laws and internal policies and SOPs. In addition, the Global Ethics & Compliance division shall periodically report to the Risk, Ethics & Compliance Committee and ASC, and report to the Board of Directors as necessary, on the ethics and compliance related affairs of the Takeda Group, including issues reported through the internal reporting system for whistleblowers.
- The Group Internal Audit (GIA) shall conduct a regular internal audit of each function of the Company and each group company based on the Group Internal Audit Charter and report the results thereof to the President & CEO, ASC, and Board of Directors.
- The Global Finance division shall manage the processes of (i) self-inspection based on questionnaires on internal control over the financial reporting completed by the head of each key subsidiary, and (ii) implementation of the improvement plan in response to warnings or recommendations. The Global Finance shall also conduct an evaluation of the status of the development and implementation of the internal control systems for securing the reliability of financial reporting based on Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in order to comply with the Japanese Financial Instruments and Exchange Act and Cabinet Office Ordinance and the U.S. Sarbanes-Oxley Act.
- The Global Quality division shall formulate global quality assurance policies, etc., relating to research, development, manufacturing, and post-marketing safety measures and then audit, monitor, and supervise compliance therewith regularly or as necessary.
- The Corporate EHS (environment, health and safety) department in the Global Manufacturing & Supply division establishes the "Global Policy and Guideline on EHS", etc. and conducts audits regularly or as necessary. Also, it provides support and advice to reduce risks regarding the environment, occupational health and safety.

(ii) System for retention and management of information in connection with the execution of the duties of Directors

- The minutes of the meetings of the Board of Directors, requests for and approvals of managerial decisions, and other information concerning the execution of the duties of Directors shall be appropriately retained and controlled in keeping with the term, method and place of retention designated for each category of information, as determined in accordance with the Global RIM Policy, in either hard copy or electromagnetic record, and to facilitate ease of inspection.

(iii) Risk management rules and other systems

- Based on the Global Risk Management Policy, Enterprise Risk Management (ERM) shall be conducted through a five step approach, which is the identification, assessment, mitigation, reporting, and monitoring and control of the risk, and the systems through which the major potential risks and the mitigation plans thereof, etc. will be reported to the Risk, Ethics & Compliance Committee and the Board of Directors shall be established. Based on the policy with respect to all risk factors, including major potential risks for the Company (research and development, intellectual property rights, decline of sales due to the expiration of patents, etc., side-effects, drop in prices caused by measures to constrain the cost of medicine, fluctuation of foreign exchange rates, corporate acquisitions, country risks, stable supply, and litigation and other legal matters, IT-security and information management, etc.), the person(s) in charge of each function shall control and manage such risk factors in each area under his/her charge using qualitative and quantitative criteria in designing and implementing mid-range and annual plans, and shall take all necessary measures or remedies available to mitigate such risk factors, depending on the degree and content of the risk the Company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans. In addition, where deemed necessary, Business Continuity Plans shall be developed for key risks, including at manufacturing locations, IT and other core functions.
- In order to prevent and respond to emergency situations, the Company shall establish crisis management systems through the appointment of persons who will be in charge of crisis management, site heads who will lead the incident site and those who will be in charge of site incident management and shall establish a crisis management committee under the Policy on Crisis Management.

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

- A system that ensures the duties of Directors are executed appropriately and efficiently shall be safeguarded through the Bylaws of Board of Directors and other internal company regulations relating to authorities and rules for decision-making.

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

- The Company has established the Chief Ethics & Compliance Officer and the Global Ethics & Compliance division to support each of the functions/divisions and also has established an ethics and compliance program which is implemented across the organization.
- The Company has established procedures for the receipt, retention, investigation and treatment of concerns and complaints related to any violations of laws and regulations, Takeda's Global Code of Conduct, policies or SOPs, including concerns and complaints related to the Company's accounting, internal accounting controls, or auditing matters. The Company has also established procedures for the confidential and anonymous submission by Takeda employees of all concerns and complaints, through the Takeda Ethics Line.

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

Each of the items stated below shall be carried out in accordance with the Rules of Audit and Supervisory Committee's Audit, etc.

- Full-time ASC Members shall be appointed, and an ASC Office, which will be composed of full-time staff, shall be established to provide secretariat assistance to the ASC Members in the performance of their duties and functions.
- Appointment and the personnel change of the members of the ASC Office shall be handled by agreement from ASC in order to secure the independence of the ASC Office from the person in charge of executing the business and the effectiveness of instructions from the ASC.
- A Director shall inform the ASC of those matters concerning the Company's basic management policy and plans, and of material matters including the ones involving subsidiaries and affiliated companies (provided, however, that this shall not apply if the ASC Members attend the meeting of the Board of Directors or any other meeting at which such matter is discussed).
- If a Director becomes aware of a fact that might cause material damage to the Takeda Group, such Director shall, without delay, give notice of such fact to the ASC.
- The ASC shall appoint ASC Members who will have the authority to request Directors and employees to report on matters relating to the performance of their duties and investigate the status of the operations and assets of the Company.

- Based on the status of development and operation of the internal control system, the ASC shall have close communications with the internal audit division, internal control promotion division and Accounting Auditor, to which the ASC shall have the authority to give instructions, and it shall enhance the effectiveness and efficiency of the audit by conducting a systematic audit utilizing the information derived therefrom.
- The ASC Members shall request the Company to reimburse their costs for performing their duties and submit a budget to the Company every year.
- The ASC shall make proposals or state its opinions to the Board of Directors, as necessary, with respect to systems that ensure that any person who makes a report to the ASC and the internal audit divisions, etc., including a report made through the internal reporting system for whistleblowers, would not be subject to any discriminatory treatment due to such reporting.

(vii) Basic Views on Eliminating Anti-Social Forces

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

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

4) Adoption of Anti-Takeover Measures

The Company has not adopted any defense measures against hostile takeovers

5) Other

[Liability Limitation Agreement]

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

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

– The Company shall have 12 or fewer Directors (excluding Directors who are Audit and Supervisory Committee Members). The Company shall have four or fewer Directors who are Audit and Supervisory Committee Members.

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

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

– For the purpose of agile implementation of capital policy and dividend policy, the company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

– In order to fully demonstrate the expected role of directors in executing their duties, the Company may, by a resolution of the Board of Directors, exempt Directors (and former Audit and Supervisory Board members) from their liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by laws.

– For the purpose of smooth operation of general meeting of shareholders, the extraordinary resolution of general meeting of shareholders provided for in Paragraph 2, Article 309 of the Companies Act shall be adopted by two-thirds or more of the votes of the shareholders present at the meeting and entitled to exercise their voting rights at which a quorum shall be one- third or more of the voting rights of the shareholders entitled to exercise their voting rights.

(2) Members of the Board of Directors

1) List of the Board of Directors

15 male Directors and 1 female Director (percentage of female: 6%)

Name	Christophe Weber	
Title	President and Representative Director, Chief Executive Officer	
Date of Birth	November 14, 1966	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		398 thousands shares (162 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2012	President & General Manager, GlaxoSmithKline Vaccines	
April 2012	CEO, GlaxoSmithKline Biologicals	
April 2012	Member of GlaxoSmithKline Corporate Executive Team	
April 2014	Chief Operating Officer of the Company	
June 2014	President and Representative Director of the Company (to present)	
April 2015	Chief Executive Officer of the Company (to present)	

Name	Masato Iwasaki	
Title	Director, President, Japan Pharma Business Unit	
Date of Birth	November 6, 1958	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		30 thousands shares (11 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2008	Senior Vice President, Strategic Product Planning Department of the Company	
January 2012	Head of CMSO Office, Takeda Pharmaceuticals International, Inc.	
April 2012	Senior Vice President, Pharmaceutical Marketing Division of the Company	
June 2012	Director of the Company (to present)	
April 2015	President, Japan Pharma Business Unit of the Company (to present)	

Name	Andrew Plump	
Title	Director, President, Research and Development	
Date of Birth	October 13, 1965	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		60 thousands shares (60 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2008	Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.	
March 2014	Senior Vice President & Deputy to the President for Research & Translational Medicine, Sanofi	
February 2015	Chief Medical & Scientific Officer Designate of the Company	
June 2015	Director of the Company (to present)	
June 2015	Chief Medical & Scientific Officer of the Company	
June 2015	Executive Vice President, Takeda Pharmaceuticals International, Inc. (to present)	
January 2019	President, Research and Development (to present)	

Name	Constantine Saroukos	
Title	Director, Chief Financial Officer	
Date of Birth	April 15, 1971	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		35 thousands shares (34 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
July 2012	Executive Finance Director - Eastern Europe, Middle East & Africa of MERCK SHARP & DHOME	
September 2014	Head of Finance and Business Development for the Asia-Pacific region of Allergan	
May 2015	Chief Financial Officer of the Europe and Canada Business Unit of the Company	
April 2018	Chief Financial Officer of the Company (to present)	
June 2019	Director of the Company (to present)	

Name	Masahiro Sakane	
Title	Director, Chair of the Board of Directors meeting	
Date of Birth	January 7, 1941	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		10 thousands shares (10 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
June 2001	President and Representative Director, Komatsu Ltd.	
June 2007	Chairman of the Board and Representative Director, Komatsu Ltd.	
June 2010	Chairman of the Board, Komatsu Ltd.	
June 2013	Councilor, Komatsu Ltd.	
June 2014	External Director of the Company (to present)	
June 2015	External Director, Kajima Corporation (to present)	
June 2017	Chair of the Board of Directors meeting of the Company (to present)	
July 2019	Advisor, Komatsu Ltd. (to present)	

Name	Olivier Bohuon	
Title	Director	
Date of Birth	January 3, 1959	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		7 thousands shares (7 thousands shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January 2001	Senior Vice President & Director European Commercial Operations, GlaxoSmithKline Pharmaceuticals Europe	
July 2009	Executive Vice President, Abbott Laboratories	
September 2010	Chief Executive Officer, Pierre Fabre SA	
April 2011	Chief Executive Officer, Smith & Nephew plc	
July 2015	External Director, Shire plc	
July 2018	External Director, Smiths Group plc (to present)	
January 2019	External Director of the Company (to present)	
February 2019	External Director and Chairman of the Board, LEO Pharma A/S (to present)	

Name		Jean-Luc Butel
Title		Director
Date of Birth		November 8, 1956
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		12 thousands shares (12 thousands shares)
Term		See (Note 5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January	1998	Corporate Officer, President, Worldwide Consumer Healthcare, Becton, Dickinson and Company
November	1999	President, Independence Technology, Johnson & Johnson
May	2008	Corporate Officer, Executive Committee Member, Executive Vice President and Group President, International, Medtronic, Inc.
January	2015	President, International, Baxter International Inc.
July	2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)
June	2016	External Director of the Company who is an ASC Member
March	2017	External Director, Varian Medical Systems, Inc. (to present)
September	2017	External Director, Novo Holdings A/S (to present)
June	2019	External Director of the Company (to present)

Name		Ian Clark
Title		Director
Date of Birth		August 27, 1960
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		7 thousands shares (7 thousands shares)
Term		See (Note 5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
January	2010	Director, Chief Executive Officer and Head of North American Commercial Operations, Genentech, Inc.
December	2016	External Director, Agios Pharmaceuticals, Inc. (to present)
January	2017	External Director, Shire plc
January	2017	External Director, Corvus Pharmaceuticals, Inc. (to present)
January	2017	External Director, Guardant Health, Inc. (to present)
November	2017	External Director, AVROBIO Inc. (to present)
April	2018	External Director, Forty Seven Inc. (to present)
January	2019	External Director of the Company (to present)

Name		Yoshiaki Fujimori
Title		Director
Date of Birth		July 3, 1951
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		13 thousands shares (10 thousands shares)
Term		See (Note 5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May	2001	Senior Vice President, General Electric Company
March	2011	Representative Director and Chairman, GE Japan Corporation
August	2011	Representative Director, President and CEO, LIXIL Corporation
August	2011	Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation
January	2016	Representative Director, Chairman and CEO, LIXIL Corporation
June	2016	External Director of the Company (to present)
February	2017	Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha (to present)
August	2018	External Director and Chairman of the Board, Oracle Corporation Japan (to present)
June	2019	External Director, Toshiba Corporation (to present)
March	2020	External Director, Shiseido Company, Limited (to present)

Name		Steven Gillis
Title		Director
Date of Birth		April 25, 1953
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		7 thousands shares (7 thousands shares)
Term		See (Note5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
August	1981	Founder, Director and Executive Vice President, Research and Development, Immunex Corporation (currently, Amgen, Inc.)
May	1993	Chief Executive Officer, Immunex Corporation
October	1994	Founder, Director and Chief Executive Officer, Corixa Corporation (currently, GlaxoSmithKline)
January	1999	Director and Chairman, Corixa Corporation
August	2005	Managing Director, ARCH Venture Partners (to present)
October	2009	External Director, Pulmatrix, Inc. (to present)
October	2012	External Director, Shire plc
May	2016	External Director and Chairman, VBI Vaccines, Inc. (to present)
January	2019	External Director of the Company (to present)

Name		Shiro Kuniya
Title		Director
Date of Birth		February 22, 1957
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		12 thousands shares (10 thousands shares)
Term		See (Note 5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April	1982	Registered as an attorney-at-law (Osaka Bar Association), Joined Oh-Ebashi Law Offices
May	1987	Registered as an attorney-at-law at New York Bar Association
April	2002	Managing Partner, Oh-Ebashi LPC & Partners (to present)
March	2012	External Director, NEXON Co., Ltd. (to present)
June	2012	External Director, EBARA CORPORATION (to present)
June	2013	External Corporate Auditor of the Company
June	2013	External Director, Sony Financial Holdings Inc. (to present)
June	2016	External Director of the Company who is the Head of the ASC
June	2019	External Director of the Company (to present)

Name		Toshiyuki Shiga
Title		Director
Date of Birth		September 16, 1953
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		12 thousands shares (10 thousands shares)
Term		See (Note5)
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April	2000	Senior Vice President (Officer), Nissan Motor Co., Ltd.
April	2005	Chief Operating Officer, Nissan Motor Co., Ltd.
June	2005	Director, Nissan Motor Co., Ltd.
November	2013	Vice Chairman, Nissan Motor Co., Ltd.
June	2015	Chairman and CEO, Innovation Network Corporation of Japan
June	2016	External Director of the Company (to present)
June	2017	Director, Nissan Motor Co., Ltd.
September	2018	Chairman and CEO, INCJ, Ltd. (to present)

Name	Yasuhiko Yamanaka	
Title	Director, Full-time Audit & Supervisory Committee member	
Date of Birth	January 18, 1956	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		36 thousands shares (11 thousands shares)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
June 2003	Senior Vice President, Corporate Strategy & Planning Department of the Company	
April 2007	Senior Vice President, Pharmaceutical Marketing Division of the Company	
June 2007	Director of the Company	
June 2011	Managing Director of the Company	
June 2015	Corporate Auditor of the Company	
June 2016	Director of the Company who is a Full-time ASC Member (to present)	

Name	Koji Hatsukawa	
Title	Director, Chair of Audit and Supervisory Committee	
Date of Birth	September 25, 1951	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		11 thousands shares (10 thousands shares)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March 1974	Joined Price Waterhouse Accounting Office	
July 1991	Representative Partner, Aoyama Audit Corporation	
October 2005	Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers	
May 2009	CEO, PricewaterhouseCoopers Arata	
June 2012	Audit & Supervisory Board Member, The Norinchukin Bank (to present)	
June 2013	External Audit & Supervisory Board Member, Fujitsu Limited (to present)	
June 2016	External Director who is an Audit and Supervisory Committee Member	
June 2019	External Director of the Company who is the Head of the ASC (to present)	

Name	Emiko Higashi	
Title	Director, Audit and Supervisory Committee member	
Date of Birth	November 6, 1958	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		12 thousands shares (12 thousands shares)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 1994	Managing Director, Investment Banking, Merrill Lynch & Co.	
April 2000	CEO, Gilo Ventures, LLC	
January 2003	Managing Director, Tomon Partners, LLC (to present)	
November 2010	External Director, KLA-Tencor Corporation (currently KLA Corporation) (to present)	
June 2016	External Director, MetLife Insurance K.K.	
June 2016	External Director of the Company	
May 2017	External Director, Rambus Inc. (to present)	
June 2019	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	
June 2019	External Director, Sanken Electric Co., Ltd. (to present)	

Name	Michel Orsinger	
Title	Director	
Date of Birth	September 15, 1957	
Number of Company Shares Owned as of March 31, 2020 (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)		12 thousands shares (12 thousands shares)
Term	See (Note6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
March 2001	Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG	
April 2007	President and Chief Executive Officer, Synthes, Inc. (currently Johnson & Johnson)	
June 2012	Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson	
June 2012	Member of Global Management Team, Johnson & Johnson	
June 2016	External Director of the Company	
June 2019	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	

Total Number of Company Shares Owned as of March 31, 2020	675 thousands shares
(Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	(383 thousands shares)

Notes:

(1) Mr. Masahiro Sakane, Mr. Olivier Bohuon, Mr. Jean-Luc Butel, Mr. Ian Clark, Mr. Yoshiaki Fujimori, Mr. Steven Gillis, Mr. Shiro Kuniya, and Mr. Toshiyuki Shiga are External Directors.

(2) Mr. Koji Hatsukawa, Ms. Emiko Higashi, and Mr. Michel Orsinger are External Directors who are also Audit and Supervisory Committee members.

(3) For the above candidates, the Number of Company Shares Owned includes the number of Company shares to be provided (as of March 31, 2020) under the stock compensation plan (for Mr. Andrew Plump and for Mr. Constantine Saroukos in Fiscal Years 2017 and 2018, under the stock grant plan). Such Company shares are to be provided to each of the directors during his/her term of office or at the time of his/her retirement.

[Description of the number of Company Shares to be provided under the Stock Compensation Plan, etc.]

The Company introduced a stock compensation plan for Directors (excluding Directors residing overseas who are not External Directors) and a stock grant plan for executives of the Takeda Group in Japan and overseas (collectively, the Plan). The Company shares to be provided under the stock compensation plan for Directors who are not External Directors (excluding Directors who are Audit and Supervisory Committee Members and Directors residing overseas) (Directors who are eligible for performance-linked compensation) and the stock grant plan for executives of the Takeda Group in Japan and overseas include the following:

(i) a fixed portion which is not linked to the Company's performance (Fixed Portion); and

(ii) a variable portion which is linked to the Company's performance (Performance-based Portion).

The number of Company shares to be provided to the above candidates in accordance with the Plan includes only the Fixed Portion under (i) above, since such number of Company shares to be provided is already fixed. The number of Company shares relating to the Performance-based Portion under (ii) above is not yet included, since it will vary in the range of 0-200% and is therefore not fixed at this moment. The provision of Company shares under (i) Fixed Portion and (ii) Performance-based Portion to the Directors who are eligible for performance-linked compensation will be made at a certain period during their term of office.

The Company shares to be provided under the stock compensation plan for Directors who are Audit and Supervisory Committee Members and External Directors (Directors who are not eligible for performance-linked compensation) are included in the Number of Company Shares to be provided under the Stock Compensation Plan, since it is to be provided under (i) Fixed Portion, the number of Company shares to be provided to the above candidates is fixed. The provision of Company shares to the Directors who are not eligible for performance-linked compensation will be made at the end of their term of office or at the certain timing.

In addition, with regard to Company shares to be provided under the Plan, (a) the voting rights thereof may not be exercised before such shares are provided to each candidate; and (b) 50% of such shares will be sold in the stock market to secure the necessary funds for tax payments and, thereafter, the proceeds thereof will be provided to each candidate.

(4) The number of Company Shares Owned less than unit shown is rounded to the nearest JPY.

(5) The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2020 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2021.

(6) The term of office of Directors who are Audit and Supervisory Committee Members shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2020 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2022.

2) External Directors

Number of External Directors:	11 persons (including 3 independent External Directors who are Audit and Supervisory Committee Members)
Number of independent officers under the rule of financial instruments exchange such as Tokyo Stock Exchange on which the company is listed:	11 persons

Mr. Masahiro Sakane has been appointed as an External Director as of June 2014. He proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management. He facilitates Board of Directors meetings as the chairperson since June 2017 as well as leads meetings by External Directors, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. He has also contributed as chairperson of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process. His ownership of the Company's share is immaterial (as of June 2020), and there are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Olivier Bohuon served as an External Director of Shire and has sufficient expertise in Shire's portfolio and its related therapeutic areas. Previously, he has held key positions in healthcare companies in Europe and the U.S. and has a deep insight into the management of global healthcare businesses based on his ample experience. He has remarkable expertise in the area of marketing in the overall healthcare business. He has been appointed as an External Director as of January 2019. He contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 7 of the 8 meetings of the Board of Directors in the fiscal year 2019. He also actively participates in the discussions at the Compensation Committee based on his experience as top management of a global operating company, providing objectivity and transparency in the Company's compensation plan for Directors. There are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Jean-Luc Butel has served as an External Director who is an Audit and Supervisory Committee Member since June 2016 and been appointed as an External Director who is not an Audit and Supervisory Committee Member since June 2019. He proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as top management of major western healthcare companies, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. He has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process. There are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Ian Clark served as an External Director of Shire and has sufficient expertise in Shire's portfolio and its related therapeutic areas. Previously, he has held key positions in healthcare companies in Europe and the U.S. and has a deep insight into the management of global healthcare businesses based on his ample experience. He has remarkable expertise in marketing in the area of oncology and the operation of the science and technology division of a healthcare company. He has been appointed as an External Director as of January 2019. He contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 7 of the 8 meetings of the Board of Directors in the fiscal year 2019. He also actively participates in the discussions at the Compensation Committee based on his experience as top management of a global operating company, providing objectivity and transparency in the Company's compensation plan for Directors. There are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Yoshiaki Fujimori has been appointed as an External Director as of June 2016. He proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. His ownership of the Company's share is immaterial (as of June 2020), and there are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Steven Gillis served as an External Director of Shire and has sufficient expertise in Shire's portfolio and its related therapeutic areas. Previously, he has held key positions in healthcare companies in Europe and the U.S. and has a deep insight into the management of global healthcare businesses based on his ample experience. He has remarkable expertise, with a Ph.D. in Biological Sciences, in the area of healthcare businesses for immunological therapy. He has been appointed as an External Director as of January 2019. He contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. He has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process. There are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Shiro Kuniya has served as External Corporate Auditor since June 2013 and an External Director who is the Head of Audit and Supervisory Committee since June 2016, and been appointed as an External Director who is not an Audit and Supervisory Committee Member since June 2019. He proactively expresses his opinions at the Board of Directors meetings by leveraging wide-ranging experience and expertise in the area of corporate and international legal affairs as a lawyer, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. His ownership of the Company's share is immaterial (as of June 2020), and there are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Toshiyuki Shiga has been appointed as an External Director as of June 2016. He proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management as well as his expertise in general industries in Japan, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. He has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process. His ownership of the Company's share is immaterial (as of June 2020), and there are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Mr. Koji Hatsukawa has wide-ranging experience and expertise in the area of corporate finance and accounting as a certified public accountant. He has served as an External Director who is an Audit and Supervisory Committee Member since June 2016, and an External Director who is the Head of Audit and Supervisory Committee since June 2019. He has contributed in the realization of the mission of Audit and Supervisory Committee: to ensure the sound and continuous growth of the Company, realize the creation of mid-and long-term corporate value, and establish a good corporate governance system that accommodates society's trust. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. His ownership of the Company's share is immaterial (as of June 2020), and there are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

Ms. Emiko Higashi has been appointed as an External Director who is not an Audit and Supervisory Committee Member as of June 2016. She proactively expresses her opinions at the Board of Directors meetings by leveraging her ample experience and wide expertise on healthcare, technology and financial industries, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. She attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. As chairperson, she also actively led discussions at the Compensation Committee by expressing opinions based on her experience as a top executive of a global operating company, providing objectivity and transparency in the Company's compensation plan for Directors. She has served as an External Director who is an Audit and Supervisory Committee Member since June 2019. She has contributed in the realization of the mission of Audit and Supervisory Committee: to ensure the sound and continuous growth of the Company, realize the creation of mid-and long-term corporate value, and establish a good corporate governance system that accommodates society's trust. There are no personnel, capital, business or other special relationship between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as she executes her duties as an External Director.

Mr. Michel Orsinger has been appointed as an External Director who is not an Audit and Supervisory Committee Member as of June 2016. He proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as top management of major western healthcare companies, which contributes to the making of fair and appropriate decisions and securing sound management in the Company. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2019. He has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process. He has served as an External Director who is an Audit and Supervisory Committee Member since June 2019. He has contributed in the realization of the mission of Audit and Supervisory Committee: to ensure the sound and continuous growth of the Company, realize the creation of mid-and long-term corporate value, and establish a good corporate governance system that accommodates society's trust. There are no personnel, capital, business or other special relationship between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an External Director.

- Supporting System for External Directors

  Takeda provides, in a timely manner, relevant information about important management-related matters to External Directors to help them make informed decisions. Explanations of the summary of topics to be discussed at board meetings are also provided in advance. The CEO Office is responsible for coordination with External Directors who are not Audit and Supervisory Committee Members. Information needed for activities such as auditing in the Audit and Supervisory Committee are shared with External Directors who are Audit and Supervisory Committee Members. To support the operation and serve as secretariat for the Audit and Supervisory Committee, the Audit and Supervisory Committee Office with dedicated staff was established.

(3) Status of Auditing

1) Audit and Supervisory Committee

1. Organization, Members and Procedures

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

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

The Takeda Group held the Audit and Supervisory Committee meetings 11 times (the length per meeting was approximately 2 hours) in the fiscal year ended March 31, 2020. The table below shows the attendance by each Audit and Supervisory Committee member:

Type	Name	Attendance at the Audit and Supervisory Committee
External Audit and Supervisory Committee member	Jean-Luc Butel	3 out of 4 meetings (75%)
External Audit and Supervisory Committee member	Shiro Kuniya	3 out of 4 meetings (75%)
Full-time Audit & Supervisory Committee member	Yasuhiko Yamanaka	11 out of 11 meetings (100%)
External Audit and Supervisory Committee member	Koji Hatsukawa	11 out of 11 meetings (100%)
External Audit and Supervisory Committee member	Emiko Higashi	7 out of 7 meetings (100%)
External Audit and Supervisory Committee member	Michel Orsinger	7 out of 7 meetings (100%)

Notes:

(1) Mr. Jean-Luc Butel and Mr. Shiro Kuniya who are External Audit and Supervisory Committee members resigned from their position as Director who is an Audit and Supervisory Committee Member at the time of closing of the 143th ordinary general meeting of shareholders held on June 27, 2019, and are appointed as Director. Accordingly, the Audit and Supervisory Committee meetings attended by them are those held before resigning from their position as Director who is an Audit and Supervisory Committee Member.

(2) Ms. Emiko Higashi and Mr. Michel Orsinger who are External Audit and Supervisory Committee members resigned from their positions as Director due to the expiration of their term of board membership at the time of closing of the 143th ordinary general meeting of shareholders held on June 27, 2019, and are appointed as Director who is an Audit and Supervisory Committee Member. Accordingly, the Audit and Supervisory Committee meetings attended by them are those held after being appointed as Director who is an Audit and Supervisory Committee Member.

Matters shared and discussed at the Audit and Supervisory Committee primarily include the audit policy and plan, directors' performance of duties, the design and operating effectiveness of the internal control system, the audit approach of the Accounting Auditors and the appropriateness of their audits. The Audit and Supervisory Committee conducts the following activities.

Audit activities

(1) Directors' performance of duties	Attending the Board of Directors meetings
	Exchanging opinions with the President and CEO (semi-annually)
	Exchanging opinions with Chief Financial Officer (quarterly)
	Attending significant meetings (e.g., Business Review Committee) (*)
	Inspecting and reviewing significant materials/documents (e.g., agendas and minutes of significant meetings) (*)
(2) Internal control system	Audits of Global Headquarters, Head Office and branches, etc. (*)
	Explaining the internal audit plan and report on the audit results by the Group Internal Audit Department.
	Exchanging opinions with the internal control promoting departments (e.g., the Global Ethics & Compliance Division, SOX team)
(3) Accounting Auditors	Explaining the audit plan, reports on the results of quarterly review and audit (including internal control audit) by Accounting Auditors
	Conducting the assessment of Accounting Auditors

Full-time Audit & Supervisory Committee member are primarily responsible for the activities marked with (*) in the audit activities listed above. Activities performed are reported at the Audit and Supervisory Committee and shared with External Audit and Supervisory Committee members in a timely manner to ensure the effectiveness of audits by the Audit and Supervisory Committee.

2) Internal Audit

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

3) Accounting Audit

1. Name of Audit Firm
   KPMG AZSA LLC

2. Consecutive auditing period
   13 years

3. Certified Public Accountants who performed Accounting Audit
   Mr. Masahiro Mekada (consecutive auditing period: 1 year), Mr. Kotetsu Nonaka (consecutive auditing period: 2 years,) and Mr. Naohiro Nishida (consecutive auditing period: 5 years)

4. Composition of other members who supported Accounting Audit
   42 certified public accountants and 77 other individuals.

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

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

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

4) Details of audit fees and other matters

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

(JPY millions)

Classification	For the Year ended March 31, 2019		For the Year ended March 31, 2020	
	Fees for Audit and Attestation Services	Fees for Non-Audit Services	Fees for Audit and Attestation Services	Fees for Non-Audit Services
The Company	2,826	40	2,766	55
Consolidated subsidiaries	17	3	22	—
Total	2,843	43	2,788	55

Notes:

(1) Fees for audit and attestation services for the year ended March 31, 2019 include the fees for audit under PCAOB audit standards for the past three fiscal years of 2015 to 2017 resulting from the listing of American Depository Shares and the audit fees of Shire, which the Company acquired during the year ended March 31, 2019.

(2) Fees for audit and attestation services for the year ended March 31, 2020 include fees mainly for the audit fees of Shire.

Fees for non-audit services for the year ended March 31, 2019 and 2020 were preparation of comfort letters regarding the issuance of bonds.

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

(JPY millions)

Classification	For the Year ended March 31, 2019		For the Year ended March 31, 2020	
	Fees for Audit and Attestation Services	Fees for Non-Audit Services	Fees for Audit and Attestation Services	Fees for Non-Audit Services
The Company	—	6	—	6
Consolidated subsidiaries	912	13	1,119	32
Total	912	19	1,119	38

Fees for non-audit services for the year ended March 31, 2019 include tax advisory etc. and for the year ended March 31, 2020 include mainly audit-upon-procedure etc. to member firms of the KPMG network, to which the Company's certified public accountant auditor, KPMG AZSA LLC, belongs.

3. Details of other significant fees for audit and attestation services
No significant fees for audit and attestation services were provided for the fiscal years ended March 31, 2019 and 2020.

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

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

(4) Remunerations for Directors

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

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

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

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

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

(ii) Regarding directors' bonuses for fiscal year 2019 performance results, the proposal "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members" was approved as proposed at the 144th General Meeting of Shareholders held on June 24, 2020. Accordingly, bonuses for 3 Internal Directors who are not Audit & Supervisory Committee Members for this fiscal year will be paid within the upper limit of 1,100 million JPY as set forth in this proposal.

(iii) The stock compensation granted in fiscal years 2017 and 2018 is based on the resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. The upper limit on the monetary value of stock compensation and the number of the shares to be granted are as follows:

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

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

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

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

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

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

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

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

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

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

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

(ii) The stock compensation granted in fiscal years 2017 and 2018 is based on a resolution made at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016, for which no more than 200 million JPY will be allocated over a period of two consecutive fiscal years. The upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stock of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year. (Four (4) directors were eligible at the time of resolution)

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

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

compensation, of Directors who are Audit & Supervisory Committee Members.

The Compensation Committee has been established to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Director Compensation and the transparency in the decision-making process. The Compensation Committee requires a majority of the members are External Directors and the Committee Chairperson is an External Director. In fiscal year 2019, all of the Compensation Committee members were External Directors. The level and composition of compensation and performance-based compensation (Mid- and Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors.

The determination of the amount of individual compensations for internal directors who are not Audit and Supervisory Committee Members has been delegated to the Compensation Committee by resolution of the Board of Directors in order to increase the transparency of the process of determining individual compensations. Regarding activities in fiscal year 2019, the Compensation Committee held eight meetings with full participation. During fiscal year 2019, with advice from external compensation advisers, the committee continued its focus on evolving the executive compensation framework to reflect that of Top 10 global biopharmaceutical companies. Within this context, the committee reviewed and discussed the goals and results of performance-linked compensation, the alignment of the compensation policy to the achievement of the Company's medium- and long-term plans and to the business environment, the amount of compensation for directors, the adoption of a compensation recoupment policy (clawback policy), the public disclosure of compensation, etc., and the committee further provided guidance to the Board of Directors. With the advice of the Compensation Committee, the Board of Directors determines the compensation of directors who are not Audit and Supervisory Committee members.

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

<Compensation Committee members>

Chair: Higashi Emiko (External Director, Audit & Supervisory Committee member)
Members: Fujimori Yoshiaki (External Director), Bohuon Olivier (External Director), Clark Ian (External Director)

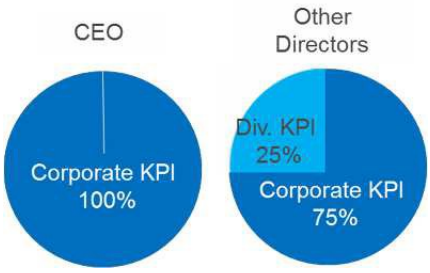
The compensation of Directors consists of both "Performance-based Compensation" and "non-Performance- based Compensation". The composition and level of compensation for directors is determined based on the policies and decision-making processes described in the Company’s Compensation Policy for Directors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

Internal Directors may be eligible for an annual bonus. Bonuses may be paid with the aim of driving the achievement of annual goals. The amount of individual bonus is determined by multiplying the target bonus amount (amount when 100% of target is reached) which is set for each role of Internal Director by achievement level (with the range of 0% to 200%) of the set goal (Corporate KPI and/or Division KPI). As the FY2019 KPIs for internal director bonuses, the Company set underlying revenue, underlying core operating profit and underlying core EPS as the annual indicators, and the the Board of Directors meeting set target values in order to facilitate the achievement of the management guidance with review and advice from the Compensation Committee.

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

For the FY2019 bonus for the President and CEO, the annual goal was set to be 100% of the Corporate KPI. For other Directors that have divisional responsibilities, 75% of the annual bonus is linked to the Corporate KPI to drive commitment to group-wide goals, and 25% of the annual bonus is linked to the Division KPI.

Regarding the results for FY2019 Corporate KPIs, the KPIs surpassed their targets, reflecting continued delivery of our key strategic priorities and strict OPEX discipline. FY2019 Division KPIs performance was genrrally surpassed targets also demonstrating strong performance against key divisional performance indicators.



Management Guidance-Underlying growth

	Fiscal 2019 guidance (excluding any impact of divestitures)
Underlying Revenue	Flat to slightly declining
Underlying Core Operating Profit Margin	Mid-twenties %
Underling Core EPS	350-370 yen

For FY2019, a Long-term Incentive Plan that allocated 60% Performance Shares and 40% Restricted Stock was put in place for Internal Directors to strengthen the link between compensation, company performance and share price, and to reinforce the commitment to increasing corporate value in the mid- and long-term.

KPIs used for the FY2019 Performance Share which will be vested in FY2021 were linked to mid- to long-term performance objectives over a three- year period including accumulated underlying revenue, point in time core operating profit margin, accumulated free cash flow, and Pivotal Study Start which measures our robust research and development pipeline. KPIs used for the FY 2017-2019 and FY2018-2020 Performance Shares were also linked to mid- to long-term performance objectives over a three- year period including accumulated underlying revenue, accumulated operating free cash flow, accumulated reported EPS, and R & D Target. The FY2017 and FY 2018 long-term incentives were allocated 50% Performance Shares and 50% Restricted Stock. The sum of the Performance Share payout shall be determined by multiplying the Long Term Incentive target by the result of KPIs based on performance achievement with the variable range 0% to 200% (100% at target).

Regarding the FY2017-2019 KPIs for Performance Share, the Board of Directors set goals that facilitate contribution to the achievement of the FY2017-2019 Company strategy based on review and advice of the Compensation Committee. The overall KPI targets have been achieved.

2) Total remuneration paid to officers of the filing company (the Company) and the numbers of subject directors (by job title and remuneration type)

Director title	**Total remuneration JPY (millions)**	**Total remuneration amount by remuneration type JPY (millions)**			**Number of subject directors**
		Base salary	**Annual Bonus**	**Long-Term Incentive**	
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) (Note)	¥ 2,987	¥ 500	¥ 1,091	¥ 1,396	4
Directors (Audit and Supervisory Committee members) (excluding External Directors)	50	38	—	12	1
External Directors	447	231	—	216	11

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

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

Name	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)			
			Base salary	Annual bonus	Long- Term Incentive (Note1)	Other
Christophe Weber (Director)	¥ 2,073	Filing company	¥ 273 (Note2)	¥ 675	¥ 1,125 (Note3)	¥ —
Masato Iwasaki (Director)	297	Filing company - Director	35	97	106 (Note5)	—
		Filing company - Employee (Note4)	27	32	—	—
Andy Plump (Director)	1,046	Filing company	12	—	—	—
		Takeda Pharmaceuticals International, Inc. (Note6)	125	379	485 (Note7)	45 (Note8)
Constantine Saroukos (Director)	664	Filing company (Note 9)	180 (Note 10)	319	165 (Note 11)	—
Yasuhiko Yamanaka (Director who is an Audit and Supervisory Committee Member)	50	Filing company	38	—	12 (Note12)	—

Notes:

(1) Compensation expense related to the long-term incentive plan is recognized over multiple fiscal years, depending on the length of the period eligible for earning compensation. This column shows amounts recognized as expenses during the fiscal year ended March 31, 2020.

(2) Basic Compensation includes the grossed up amount paid for residence and pension allowances etc. for the relevant officer. (102 million JPY)

(3) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2016-2019.

(4) Shows the salary and other amounts earned as the President, Japan Pharma Business Unit etc. This employee portion of the bonus amount is not included in the limit outlined in the proposal "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members" as proposed at the 144th General Meeting of Shareholders held on June 24, 2020.

(5) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2016-2019.

(6) Shows the salary and other amounts earned as the President, Research and Development of Takeda Pharmaceuticals International, Inc.

(7) The amount recognized as an expense during the fiscal year for the stock incentive plan (Employee Stock Ownership Plan) grants awarded in fiscal years 2016-2019.

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

(9) The salary and other amounts Constantine Saroukos earned as Chief Financial Officer prior to being appointed as a Director is not included.

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

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

(12) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2016-2019.

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

Name	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)			
			Base salary	Annual bonus	Long- Term Incentive (Note)	Other
Masahiro Sakane (Director)	¥ 44	Filing company	¥ 24	¥ —	¥ 20	¥ —
Olivier Bohuon (Director)	40	Filing company	19	—	21	—
Jean-Luc Butel (Director)	39	Filing company	21	—	18	—
Ian Clark (Director)	40	Filing company	19	—	21	—
Yoshiaki Fujimori (Director)	39	Filing company	19	—	20	—
Steven Gillis (Director)	40	Filing company	19	—	21	—
Shiro Kuniya (Director)	40	Filing company	20	—	20	—
Toshiyuki Shiga (Director)	40	Filing company	20	—	20	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	42	Filing company	22	—	20	—
Emiko Higashi (Director who is an Audit and Supervisory Committee Member)	43	Filing company	25	—	18	—
Michel Orsinger (Director who is an Audit and Supervisory Committee Member)	41	Filing company	23	—	18	—

Note : Compensation expense related to the long-term incentive plan is recognized over multiple fiscal years, depending on the length of the period eligible for earning compensation. This column shows amounts recognized as expenses during the fiscal year ended March 31, 2020.

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

Director title	Total employee remuneration JPY (millions)	Total employee remuneration amount by remuneration type JPY (millions)				Number of subject directors
		Base salary	Annual Bonus	Long-Term Incentive	Other	
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors)	¥ 1,093	¥ 152	¥ 411	¥ 485	¥ 45	2

Note: The amounts include the salary and other amounts paid to Director Masato Iwasaki for the role of President, Japan Pharma Business Unit, to Director Andy Plump for the role of the President, Research and Development of Takeda Pharmaceuticals International, Inc.

5) Directors' Compensation Policy

1. Guiding Principles

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

- To attract, retain and motivate managerial talent to realize "Vision 2025"
- To increase corporate value through optimizing the Company's mid- and long-term performance, while reinforcing our patient-focused values
- To be closely linked with company performance, highly transparent and objective
- To support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders
- To encourage Directors to challenge and persevere, and to be aligned with the values of Takeda-ism
- To establish transparent and appropriate governance of directors' compensation to establish the credibility and support of our stakeholders

2. Level of Compensation

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

Directors' compensation should be competitive in the global market consisting of major global companies. Specifically, the global market refers to a "global executive compensation database" developed on the basis of professional survey data with the addition of compensation data from the US, UK and Switzerland, where we need to be competitive with other major pharmaceutical companies.

3. Compensation Mix

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

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

"Performance-based Compensation" further consists of a "Bonus" to be paid based on the consolidated financial results, etc. for each fiscal year, and a "Long-term Incentive Plan (stock compensation)" linked with long-term financial results over a 3-year period and with Takeda's share price.

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

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

<table>
<tr><td>Basic Compensation</td><td colspan="2">Bonus
100%-250% of Basic Compensation*</td><td>Long-term Incentive Plan
(stock compensation)
200% to 600% or more of Basic Compensation*</td></tr>
<tr><td>Fixed</td><td colspan="3">Performance-based Compensation</td></tr>
</table>

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

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

The compensation of External Directors who are not Audit & Supervisory Committee Members consists of Basic Compensation, which is paid as a fixed amount, and Long-term Incentive (stock compensation). The stock compensation is linked only to share price and not to financial performance results. Newly awarded stock compensation in 2019 and going forward will vest three years after the award date and Directors will be required to hold 75% of their vested share portion until they leave the Company.

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

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

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

3-3. Directors who are Audit & Supervisory Committee Members

The compensation of Directors who are Audit & Supervisory Committee Members consists of Basic Compensation, which is paid as a fixed amount, and Long-term Incentive (stock compensation). The stock compensation is linked only to share price and not to financial performance results. Newly awarded stock compensation in 2019 and going forward will vest three years after the award date and Directors will be required to hold 75% of their vested share portion until they leave the Company.

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

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

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

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

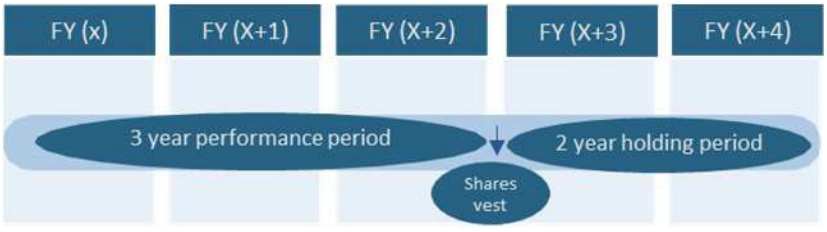
4. Performance-based Compensation

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

For Directors who are not Audit & Supervisory Committee Members (excluding External Directors) a Long - term Incentive Plan that is allocated as 60% Performance Shares and 40% Restricted Stock is in place 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.

Key Performance Indicators (KPI) used for the Long-term Incentive will be linked with the latest mid- to long- term performance objectives over a three-year period such as but not limited to consolidated revenue, free cash flow, indicators on earnings, R&D targets, integration success factors, etc., as transparent and objective indicators. The variable range is from 0% to 200% (100% at target), based on performance achievement. For newly awarded Long-term Incentive awards, a two-year holding period will be mandated; this includes Performance Share if and when shares become vested.

- Annual Performance-based Long-term Incentive Plan(stock compensation) Image



The Company may, from time to time, award special Performance Share awards to Directors who are not Audit & Supervisory Committee Members (excluding External Directors) which are directly linked to point-in-time corporate initiatives and which are aligned with shareholder expectations. Performance against established KPIs for special Performance Share awards are determined independently each year over a three-year period, with shares becoming vested after performance has been determined for the applicable period. There is no post-vesting holding period established for special Performance Share awards.

- Special Performance-based Share Awards (stock compensation) Image

- Annual Bonus

Bonuses will be paid based on performance achievement of annual goals. Bonuses will be paid in the range of 0% to 200% (100% at target) in accordance with the achievement of performance indicators such as consolidated revenue, core operating profit and core EPS, etc., established for a single fiscal year. For President and CEO, the annual bonus is weighted as 100% to the Corporate KPI.

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

4-2. Directors who are Audit & Supervisory Committee Members and External Directors

The Long-term Incentive (stock compensation) for Directors who are Audit & Supervisory Committee Members and External Directors is linked only to share price and not linked to financial performance results. Newly awarded stock compensation will vest three years after the award date and Directors will be required to hold 75% of their vested share portion until they leave the Company.

- Whole Picture of Directors' Compensation

		Directors who are not Audit and Supervisory Committee Members		Directors who are Audit and Supervisory Committee Members	
		Internal Directors	External Directors	Internal Directors	External Directors
Basic Compensation		●	●	●	●
Bonus		● 2			
Long-term Incentive Plan (stock compensation)	Performance based [1]	● 3, 4			
	Not linked to performance results	● 4	● 5	● 5	● 5

1. Includes Special Performance-based Share Awards
2. Varies from 0% to 200%, depending upon the degree of achievement, etc. of the performance indicators such as consolidated revenue, core operating profit, core EPS, etc., established for a single fiscal year.
3. Varies from 0% to 200%, depending upon the degree of achievement, etc. in relation to consolidated revenue, free cash flow, indicators on earnings, R&D targets, integration success factors, etc. over 3 years
4. During term of office
5. Vest three years after the base points used for the calculation is granted.

5. Governance

The Compensation Committee has been established with an External Director as its Chairperson and with the majority of members being External Directors, to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Directors' compensation, etc. and the transparency in its decision-making process. The level of compensation, compensation mix and performance-based compensation (Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors. The Company expanded the authority of the Committee by the board resolution to directly make decisions on Directors who are not Audit & Supervisory Committee Members (excluding External Directors) individual compensations in order to realize the transparency in the process.

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

(5) Shareholdings

1) Standard and concept of classification of shareholdings

Those stocks held for the purpose of capital gain and dividend income are classified as "pure investment purpose stocks."

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

2) Shareholdings for reasons other than pure investment purposes

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

The Company only holds a minimum number of shares of other companies with which it has business relationships. About such shareholdings, the Company assesses whether or not each shareholding contributes to the corporate value of the Company group by considering the Company's mid-to-long term business strategy, and comparing benefits of such ownership (dividends, business transactions, expected returns from strategic alliance, etc.) with the Company's cost of capital. As a result of the review, the Company divests shares from applicable shareholdings that are deemed to be of little significance after taking the financial strategy and market environment into consideration. For this fiscal year, the Company decided to keep holding 8 names as a result of aforementioned reviewing process.

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

	Number of Shares	Balance Sheet Amounts JPY(millions)
Unlisted Shares	49	¥ 6,862
Shares other than unlisted shares	8	17,533

(Shares increased in the current fiscal year)

	Number of Shares	Total Amounts of Acquisition Costs for the Increase in Number of Shares JPY(millions)	Reasons for the Increase in Number of Shares
Unlisted Shares	1	¥ —	Increased due to reclassification from equity method to non-equity method
Shares other than unlisted shares	—	—	—

(Shares decreased in the current fiscal year)

	Number of Shares	Total Sales Amount for the Decrease in Number of Shares JPY(millions)
Unlisted Shares	2	¥ —
Shares other than unlisted shares	4	29,498

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

Specified investment shares

Issue	Current Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Prior Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Purpose of Holding, Quantitative/ Economic Rationale for Shareholding and the Reason for the Increase in the Number of Shares	Holding of the Company's Share
Denali Therapeutics, Inc.	¥ 4,214,559 8,007	¥ 4,214,559 10,827	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since the material return from the shareholding is expected in the future, the Company maintains the shareholding.	
Ultragenyx Pharmaceutics, Inc.	727,120 3,505	727,120 5,580	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since the material return from the shareholding is expected in the future, the Company maintains the shareholding.	
ASKA Pharmaceutical Co.,Ltd.	2,204,840 2,421	2,204,840 2,527	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship and strategic partnership. (Quantitative / economic rationale for shareholding) The Company holds stocks as a result of comprehensive assessment on the rationale of shareholding both quantitatively and qualitatively. The Company judged it has sufficient economic rationale to maintain shareholding, though the company does not disclose detailed assessment results due to business confidentiality.	✓
VITAL KSK HOLDINGS, INC.	1,163,215 1,276	1,163,215 1,270	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship. (Quantitative / economic rationale for shareholding) The Company holds stocks as a result of comprehensive assessment on the rationale of shareholding both quantitatively and qualitatively. The Company judged it has sufficient economic rationale to maintain shareholding, though the company does not disclose detailed assessment results due to business confidentiality.	✓ Note:2

Issue	Current Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Prior Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Purpose of Holding, Quantitative/ Economic Rationale for Shareholding and the Reason for the Increase in the Number of Shares	Holding of the Company's Share
Wave Life Sciences Ltd.	¥ 1,096,892 1,115	¥ 1,096,892 4,715	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership from this fiscal year. (Quantitative / economic rationale for shareholding) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since the material return from the shareholding is expected in the future, the Company maintains the shareholding.	
Ovid Therapeutics, Inc.	1,781,996 576	1,781,996 349	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since the material return from the shareholding is expected in the future, the Company maintains the shareholding.	
Rhythm Pharmaceuticals, Inc.	223,544 369	223,544 678	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Quantitative / economic rationale for shareholding) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since the material return from the shareholding is expected in the future, the Company maintains the shareholding.	
HOKUYAKU TAKEYAMA Holdings, Inc.	370,599 263	370,599 284	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship. (Quantitative / economic rationale for shareholding) The Company holds stocks as a result of comprehensive assessment on the rationale of shareholding both quantitatively and qualitatively. The Company judged it has sufficient economic rationale to maintain shareholding, though the company does not disclose detailed assessment results due to business confidentiality.	✓ Note:3
MEDIPAL HOLDINGS CORPORATION	— —	11,517,333 30,291	(Purpose of holding) The Company held stocks in this company for the purpose of maintaining and improving business relationship.	✓
Alfresa Holdings Corporation	— —	804,800 2,535	(Purpose of holding) The Company held stocks in this company for the purpose of maintaining and improving business relationship.	✓ Note:4
SUZUKEN CO., LTD.	— —	253,467 1,625	(Purpose of holding) The Company held stocks in this company for the purpose of maintaining and improving business relationship.	✓

Issue	Current Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Prior Fiscal Year Number of Shares (Shares) Balance Sheet Amounts JPY(millions)	Purpose of Holding, Quantitative/ Economic Rationale for Shareholding and the Reason for the Increase in the Number of Shares	Holding of the Company's Share
Dermira, Inc.	¥ — —	¥ 157,057 235	(Purpose of holding) The Company held stocks in this company for the purpose of maintaining and improving strategic partnership.	

Notes:
(1) "-" means that the Company does not hold applicable stocks
(2) Shareholding company is Vital-Net, Inc., the subsidiary of Vital KSK Holdings, Inc.
(3) Shareholding company is Hokuyaku, Inc., the subsidiary of Hokuyaku Takeyama Holdings, Inc.
(4) Shareholding company is Alfresa Corporation, the subsidiary of Alfresa Holdings Corporation

Deemed Shareholdings

Not applicable

3) Shareholdings for pure investment purposes

Category	Current Fiscal Year JPY(millions) Number of Issues (Name of Issues)	Current Fiscal Year JPY(millions) Total Amounts on Balance Sheet JPY (millions)	Prior Fiscal Year JPY(millions) Number of Issues (Name of Issues)	Prior Fiscal Year JPY(millions) Total Amounts on Balance Sheet JPY(millions)
Unlisted Shares	—	¥ —	—	¥ —
Shares except unlisted shares	2	39	3	237

Category	Current Fiscal Year Total Amounts of Dividends Received JPY(Million)	Current Fiscal Year Total Amounts of Profit/Loss from Sales of Shares JPY(Million)	Current Fiscal Year Total Amounts of Profit/Loss from Revaluation of Shares JPY(Million)
Unlisted Shares	¥ —	¥ —	¥ —
Shares except unlisted shares	4	151	39

V. Financial Information

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

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

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance of the Ministry of Finance No. 59 of 1963 "Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements" (hereinafter "Ordinance on Financial Statements").
Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Ordinance on Financial Statements.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2019 to March 31, 2020 and the non-consolidated financial statements for the fiscal year (from April 1, 2019 to March 31, 2020) were audited by KPMG AZSA LLC.

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

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

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

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

TAKEDA PHARMACEUTICAL COMPANY LIMITED AND ITS SUBSIDIARIES

1. Consolidated Financial Statements and Others

(1) Consolidated financial statements

See below link for the consolidated financial statements included in the financial section of the Form 20-F for FY2019 (on pages from F-5 to F-89).

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

(2) Others

1) Quarterly financial information for the year ended March 31, 2020

Cumulative period		Three months ended June 30, 2019	Six months ended September 30, 2019	Nine months ended December 31, 2019	Fiscal year ended March 31, 2020
Revenue	JPY (millions)	849,121	1,660,169	2,519,486	3,291,188
Profit (loss) before tax	JPY (millions)	10,115	31,166	56,008	(60,754)
Total comprehensive income (loss)	JPY (millions)	7,009	74,738	42,517	44,241
Basic earnings (loss) per share	JPY	4.51	48.01	27.31	28.41

Fiscal period		Three months ended June 30, 2019	Three months ended September 30, 2019	Three months ended December 31, 2019	Three months ended March 31, 2020
Basic earnings (loss) per share	JPY	4.51	43.47	(20.68)	1.11

2) Litigation and others

See Note 32 Commitments and Contingent Liabilities - Litigation to our consolidated financial statements.

2. Unconsolidated Financial Statements and Others

(1) Unconsolidated Financial Statements

1) Unconsolidated Balance Sheets

	Note	JPY(millions) Fiscal 2018 (As of March 31, 2019)	JPY(millions) Fiscal 2019 (As of March 31, 2020)
ASSETS			
CURRENT ASSETS			
Cash and deposits		303,808	91,198
Notes receivable		1,830	—
Accounts receivable	3	141,762	145,056
Securities		64,982	71,791
Merchandise and products		36,814	30,195
Work in process		29,476	28,905
Raw materials and supplies		23,365	17,861
Income taxes receivables		4,389	18,157
Short-term loans receivable from subsidiaries and associates	3	110,634	8,890
Other	3	98,264	131,138
Allowance for doubtful accounts		(25)	(26)
Total current assets		815,299	543,165
NONCURRENT ASSETS			
Tangible noncurrent assets			
Buildings and structures		124,143	97,145
Machinery and equipment		29,974	21,901
Vehicles		31	25
Tools and fixtures		7,841	8,223
Land		33,477	35,143
Lease assets		1,643	1,461
Construction in progress		5,666	13,566
Total tangible noncurrent assets		202,775	177,464
Intangible noncurrent assets		18,540	16,957
Investments and other assets			
Investment securities		70,272	51,042
Investment in subsidiaries and associates		8,277,521	9,273,016
Contributions to subsidiaries and associates		30,896	32,932
Long-term deposits	3	5,148	5,116
Prepaid pension costs		38,434	37,165
Deferred tax assets		64,835	143,358
Other		10,926	9,090
Allowance for doubtful accounts		(1)	(1)
Total investments and other assets		8,498,031	9,551,718
Total noncurrent assets		8,719,346	9,746,139
Total assets		9,534,645	10,289,304

	Note	JPY(millions) Fiscal 2018 (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	44,112	50,412
Other payable	3	161,571	124,584
Accrued expenses	3	58,208	57,177
Short-term loans	3	646,287	208,947
Current portion of bonds		60,000	471,896
Current portion of long-term loans		60,000	109,915
Deposits received	3	137,637	59,126
Reserve for employees' bonuses		19,826	20,528
Reserve for share-based payments		1,833	2,453
Reserve for bonuses for directors and corporate auditors		633	1,258
Reserve for restructuring costs		3,436	11,069
Other reserves		614	681
Other	3	14,608	48,061
Total current liabilities		1,208,765	1,166,107
NONCURRENT LIABILITIES			
Bonds		1,652,027	1,665,863
Long-term loans	3	1,990,874	2,866,399
Reserve for retirement benefits		5,028	6,407
Reserve for SMON compensation		1,066	989
Reserve for share-based payments		2,031	2,278
Reserve for restructuring costs		6,732	5,761
Asset retirement obligations		2,748	4,311
Long-term deferred income		12,522	7,295
Other	3	5,681	14,894
Total noncurrent liabilities		3,678,709	4,574,197
Total liabilities		4,887,474	5,740,304
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share Capital		1,643,585	1,668,123
Share premium			
Additional paid-in capital		1,629,679	1,654,217
Other share premium		1	0
Total share premium		1,629,680	1,654,217
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,382,387	1,230,320
Reserve for retirement benefits		5,000	5,000
Reserve for dividends		11,000	11,000
Reserve for research and development		2,400	2,400
Reserve for capital improvements		1,054	1,054
Reserve for promotion of exports		434	434
Reserve for reduction of noncurrent assets	2	29,120	26,659
General reserve		814,500	814,500
Unappropriated retained earnings		518,879	369,273
Total retained earnings		1,398,272	1,246,205
Treasury shares		(57,114)	(87,434)
Total shareholders' equity		4,614,423	4,481,111
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		26,814	18,719
Deferred gains on derivatives under hedge accounting		4,607	47,870
Total valuation and translation adjustments		31,421	66,589
Stock acquisition rights		1,327	1,300
Total net assets		4,647,171	4,549,000
Total liabilities and equity		9,534,645	10,289,304

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2018 (April 1, 2018 to March 31, 2019)	JPY (millions) Fiscal 2019 (April 1, 2019 to March 31, 2020)
Net sales	1	651,347	616,288
Cost of sales	1	285,681	243,100
Gross profit		365,666	373,188
Selling, general and administrative expense	1,2	291,801	284,035
Operating income		73,865	89,153
Non-operating income			
Interest and dividend income	1	17,486	81,570
Other	1	11,032	20,194
Total non-operating income		28,518	101,764
Non-operating expenses			
Interest expenses	1	28,550	90,123
Expenses associated with acquisition		38,667	—
Other	1	17,652	28,542
Total non-operating expenses		84,869	118,665
Ordinary income		17,514	72,252
Extraordinary income			
Gain on sales of investment securities	3	34,591	24,921
Gain on sales of investments in subsidiaries and associates		2,926	—
Gain on sales of noncurrent assets	1,3	8,030	15,701
State subsidy		7,775	—
Total extraordinary income		53,322	40,622
Extraordinary loss			
Restructuring costs	4	12,541	50,029
Loss on liquidation of subsidiaries		—	16,727
Total extraordinary loss		12,541	66,756
Income before income taxes		58,295	46,118
Income taxes-current		(25,179)	(2,335)
Income taxes-deferred		(4,757)	(82,173)
Income taxes		(29,936)	(84,508)
Net income		88,231	130,626

3)Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2018 (April 1, 2018 to March 31, 2019)		Fiscal 2019 (April 1, 2019 to March 31, 2020)	
Classification	**Note**	**Amount**	**Percentage**	**Amount**	**Percentage**
I Raw materials cost		57,527	51.1	59,696	58.3
II Labor cost		12,469	11.1	12,367	12.1
III Expenses	1	42,580	37.8	30,244	29.6
Gross production cost		112,577	100.0	102,307	100.0
Beginning work-in-process		31,564		29,476	
Total		144,141		131,783	
Ending work-in-process		29,476		28,905	
Transfer to other accounts	2	1,415		1,795	
Cost of products manufactured		113,250		101,083	

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

	JPY (millions)	
	Fiscal 2018 (April 1, 2018 to March 31, 2019)	Fiscal 2019 (April 1, 2019 to March 31, 2020)
Depreciation and amortization	14,744	11,068
Outsourced labor cost	12,166	7,805

(Note 2) This item includes transfers to expenses related to pre-launch products in non-operating expenses.
(Note 3) The method of cost accounting is an actual and continuous costing by process and by lot.

4) Unconsolidated Statements of Changes in Net Assets

(April 1, 2018 to March 31, 2019)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Common stock	Additional paid- in capital	Other capital surplus	Total capital surplus	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	77,914	64,008	1	64,009	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	1,565,671	1,565,671		1,565,671			
Dividends							
Reversal of reserve for special depreciation							
Provision for reserve for reduction of noncurrent assets							
Reversal of reserve for reduction of noncurrent assets							
Net income							
Acquisition of treasury shares							
Disposal of treasury shares			(0)	(0)			
Net change in items other than shareholders' equity during the fiscal year							
Total changes of items during the fiscal year	1,565,671	1,565,671	(0)	1,565,671	—	—	—
Balance at the end of the fiscal year	1,643,585	1,629,679	1	1,629,680	15,885	5,000	11,000

(April 1, 2018 to March 31, 2019)

	JPY (millions)						
	Shareholders' equity						
	Retained earnings						
	Other retained earnings						
	Reserve for research and development	Reserve for capital improvement	Reserve for promotion of exports	Reserve for special depreciation	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	24	32,662	814,500	570,098
Changes of items during the fiscal year							
Issuance of new shares							
Dividends							(143,016)
Reversal of reserve for special depreciation				(24)			24
Provision for reserve for reduction of noncurrent assets					1		(1)
Reversal of reserve for reduction of noncurrent assets					(3,543)		3,543
Net income							88,231
Acquisition of treasury shares							
Disposal of treasury shares							
Net change in items other than shareholders' equity during the fiscal year							
Total changes of items during the fiscal year	—	—	—	(24)	(3,542)	—	(51,219)
Balance at the end of the fiscal year	2,400	1,054	434	—	29,120	814,500	518,879

(April 1, 2018 to March 31, 2019)

	JPY (millions)					
	Shareholders' equity		Validation and translation adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains or losses on available-for-sale securities	Deferred gains or losses on derivatives under hedge accounting	Stock Acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(74,343)	1,520,637	44,056	(112)	1,332	1,565,913
Changes of items during the fiscal year						
Issuance of new shares		3,131,342				3,131,342
Dividends		(143,016)				(143,016)
Reversal of reserve for special depreciation		—				—
Provision for reserve for reduction of noncurrent assets		—				—
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		88,231				88,231
Acquisition of treasury shares	(1,172)	(1,172)				(1,172)
Disposal of treasury shares	18,401	18,401				18,401
Net change in items other than shareholders' equity during the fiscal year		—	(17,242)	4,719	(5)	(12,528)
Total changes of items during the fiscal year	17,229	3,093,786	(17,242)	4,719	(5)	3,081,258
Balance at the end of the fiscal year	(57,114)	4,614,423	26,814	4,607	1,327	4,647,171

(April 1, 2019 to March 31, 2020)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Common stock	Additional paid- in capital	Other capital surplus	Total capital surplus	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,643,585	1,629,679	1	1,629,680	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	24,538	24,538		24,538			
Dividends							
Reversal of reserve for reduction of noncurrent assets							
Net income							
Acquisition of treasury shares							
Disposal of treasury shares			(1)	(1)			
Net change in items other than shareholders' equity during the fiscal year							
Total changes of items during the fiscal year	24,538	24,538	(1)	24,537	—	—	—
Balance at the end of the fiscal year	1,668,123	1,654,217	0	1,654,217	15,885	5,000	11,000

(April 1, 2019 to March 31, 2020)

	JPY (millions)					
	Shareholders' equity					
	Retained earnings					
	Other retained earnings					
	Reserve for research and development	Reserve for capital improvement	Reserve for promotion of exports	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	29,120	814,500	518,879
Changes of items during the fiscal year						
Issuance of new shares						
Dividends						(282,693)
Reversal of reserve for reduction of noncurrent assets				(2,461)		2,461
Net income						130,626
Acquisition of treasury shares						
Disposal of treasury shares						
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	(2,461)	—	(149,606)
Balance at the end of the fiscal year	2,400	1,054	434	26,659	814,500	369,273

(April 1, 2019 to March 31, 2020)

	JPY (millions)					
	Shareholders' equity		Validation and translation of losses on available-for-sale			
	Treasury shares	Total shareholders' equity	Unrealized gains or losses on available-for-sale securities	Deferred gains or losses on derivatives under hedge accounting	Stock Acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(57,114)	4,614,423	26,814	4,607	1,327	4,647,171
Changes of items during the fiscal year						
Issuance of new shares		49,076				49,076
Dividends		(282,693)				(282,693)
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		130,626				130,626
Acquisition of treasury shares	(52,749)	(52,749)				(52,749)
Disposal of treasury shares	22,429	22,428				22,428
Net change in items other than shareholders' equity during the fiscal year		—	(8,095)	43,263	(27)	35,141
Total changes of items during the fiscal year	(30,320)	(133,312)	(8,095)	43,263	(27)	(98,171)
Balance at the end of the fiscal year	(87,434)	4,481,111	18,719	47,870	1,300	4,549,000

Notes to the Unconsolidated Financial Statements

Going Concern Assumption

No events to be noted for this purpose.

Significant Accounting Policies

1. Valuation of Significant Assets

(1) Valuation of Securities

Shares of subsidiaries and affiliates:	Valued at cost using the moving-average method Available-for-sale securities
With market values:	Valued at market prices on the balance sheet date (Unrealized gains and losses are included in net assets, and cost of securities sold is calculated using the moving-average method.)
Without market values:	Valued at cost using the moving-average method

(2) Valuation of Derivatives: Valued at market value

(3) Valuation of Inventories

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

2. Depreciation Methods for Significant Noncurrent Assets

(1) Tangible noncurrent assets (excluding lease assets)

The Company uses the declining-balance method

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

Estimated useful lives are mainly as follows:

Buildings and structures:	15-50 years
Machinery and equipment:	4-15 years

(2) Intangible noncurrent assets (excluding lease assets)

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

(3) Lease assets

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

3. Significant Reserves

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

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

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

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

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

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

(5) Reserve for SMON compensation is stated at an amount calculated in accordance with the Memorandum Regarding the Settlements and the settlements entered into with the Nationwide Liaison Council of SMON Patients' Associations, etc. in September 1979, in order to prepare for the future costs of health care and nursing with regard to those eligible for the settlement applicable to the Company as of the balance sheet date.

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

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

4. Other Significant Accounting Policies for the Unconsolidated Financial Statements

(1) Hedge Accounting

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

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

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

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

(3) Consumption taxes
Consumption taxes are excluded from the items in the statement of operations.

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

(5) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System
Regarding the transition to the Group Tax Sharing System established by "Act for Partial Revisions of the Income Tax Act, etc." (Act No.8 of 2020), the Company did not apply paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ABSJ Guidance No.28, February 16, 2018) to the items under the Standalone Tax System whose treatment was revised in line with the transition to the Group Tax Sharing System, and calculated deferred tax assets and deferred tax liabilities based on the tax law before the revision according to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020).

Unapplied accounting standards

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)
"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(1) Outline

It is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contracts with customers
Step 2: Identify the separate performance obligations
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the separate performance obligations
Step 5: Recognize revenue when the entity satisfies a performance obligation

(2) Effective date

It will be applied from the beginning of the year ended March 31, 2022.

(3) The impact of application of new accounting standards

The Company is evaluating the impact in preparing the financial statement.

Additional Information

Long-Term Incentive Scheme

The Company has a long-term incentive scheme for the directors and senior management for the purpose of employees' welfare benefits.

(1) Outline of the scheme

See "Notes to Consolidated Financial Statement, 28 Share-based Payments, Equity-settled Plans, Stock Incentive Plans" in Consolidated IFRS Financial Statements for the year ended March 31, 2020.

(2) Treasury shares owned by the trust

As for accounting treatment of long-term incentive scheme, the Company applied "Practical treatment concerning transactions which grant stocks of the company to employees etc. through trusts" (Practical Issue Task Force NO. 30, March 26, 2015) and recognizes carrying amount (excluding incidental acquisition costs) of treasury shares owned by the trust as "Treasury shares" in "Net Assets". The carrying amount and number of the treasury shares were 56,320 million JPY, 9,976 thousand shares and 86,617 million JPY, 18,353 thousand shares as of March 31, 2019 and 2020, respectively. The amounts of dividend paid to the treasury shares were 2,080 million JPY and 2,550 million JPY for the years ended March 31, 2019 and 2020, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were 1,652 million JPY.

Notes on Unconsolidated Balance Sheet

1. Contingent liabilities

(Guarantees)

The Company has provided guarantees to the following persons/subsidiaries mainly for obligations to cover the repayment of bonds, rental fees based on the real estate lease contracts, purchase payments of intangible assets, and liabilities for the issuance of bonds and foreign exchange derivatives by subsidiaries of Shire LLC ("Shire") which are assumed from Shire due to the acquisition:

JPY (millions)

	Fiscal 2018 (As of March 31, 2019)	**Fiscal 2019 (As of March 31, 2020)**
Employees of Takeda Pharmaceutical Company Limited	99	65
Shire LLC	—	958,142
Shire Acquisitions Investments Ireland Designated Activity Company	1,339,433	955,396
Baxalta Incorporated	215,286	166,902
Pharma International Insurance Designated Activity Company	50,872	49,174
Millennium Pharmaceuticals, Inc.	32,313	29,434
Shire Ireland Finance Trading	—	9,138
Takeda UK Limited	334	200
Takeda Pharma, S.A.	89	59
Takeda S.A.S Columbia	55	55
Total	1,638,481	2,168,565

(Litigation)
For details of major litigation, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note32. Commitment and Contingent Liabilities, Litigation."

Product Liability and Related Claims

ACTOS

Prompt Pump Inhibitor ("PPI") Product Liability Claims

2. Fiscal 2018 (April 1, 2018 to March 31, 2019)
Reserve for reduction of noncurrent assets is recognized based on the Special Taxation Measures Law.

Fiscal 2019 (April 1, 2019 to March 31, 2020)
Reserve for reduction of noncurrent assets is recognized based on the Special Taxation Measures Law.

3. Receivables from and payables to subsidiaries and associates

JPY (millions)

	Fiscal 2018 (As of March 31, 2019)	**Fiscal 2019 (As of March 31, 2020)**
Short-term receivables	169,180	118,167
Long-term receivables	2,129	2,121
Short-term payables	376,340	340,644
Long-term payables	4	1,096,251

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and associates

JPY (millions)

	Fiscal 2018 (April 1, 2018 to March 31, 2019)	**Fiscal 2019 (April 1, 2018 to March 31, 2019)**
Operating transactions:		
Sales	121,936	103,061
Purchases	47,850	42,098
Other	64,234	39,731
Non-operating transactions:		
Non-operating income	21,538	87,547
Non-operating expenses	81	15,831
Extraordinary income	—	15,701
Sales of assets	—	15,946
Purchases of assets	—	1,168,584

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	Fiscal 2018 (April 1, 2018 to March 31, 2019)	**Fiscal 2019 (April 1, 2018 to March 31, 2019)**
Advertising	3,408	2,872
Sales promotion	9,542	9,421

(2) General and administrative expense

JPY (millions)

	Fiscal 2018 (April 1, 2018 to March 31, 2019)	**Fiscal 2019 (April 1, 2018 to March 31, 2019)**
Reserve for bonuses	13,001	13,597
Depreciation	6,783	6,848
Commission	20,360	31,248
Research and development	119,776	110,108

3. Extraordinary income

Fiscal 2018 (April 1, 2018 to March 31, 2019)

(Gain on sales of non-current assets)
The gain was mainly from the sale of underutilized company housings.

Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Gain on sales of investment securities)
The gain was mainly from the sales of shares in Medipal Holdings Corporation.

(Gain on sales of non-current assets)
The gain was recognized from the sale of patent rights to a subsidiary in relation to our group restructuring.

4. Extraordinary loss

Fiscal 2018 (April 1, 2018 to March 31, 2019)

(Restructuring expenses)
Expenses arising from restructuring efforts, such as a reduction in workforce and consolidation of sites, to establish an efficient operating model.

Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Restructuring costs)
Expenses arising from restructuring efforts, such as a reduction in workforce and consolidation of sites, to establish an efficient operating model. The main item includes impairment loss recognized for the tangible non-current assets due to a transfer of ownership rights of Shonan Health Innovation Park to a trustee.

Usage	Classification of assets	Place	Amount
Research facilities	Buildings and structures	Fujisawa-city, Kanagawa	22,419 million JPY

The Company recognized the impairment losses above by reducing the carrying amount to the recoverable amount based on the decision of transfer of Syonan Health Innovation Park.
The recoverable amount was measured at net sale price reasonably determined.

Notes on Securities

Fiscal 2018 (As of March 31, 2019)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 8,269,789 million JPY, Investment in associates: 7,732 million JPY) is not disclosed as their fair value is extremely difficult to measure.

Fiscal 2019 (As of March 31, 2020)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 9,264,145 million JPY, Investment in associates: 8,871 million JPY) is not disclosed as their fair value is extremely difficult to measure.

Accounting for Deferred Income Taxes

1. Major components of deferred tax assets and deferred tax liabilities:

JPY (millions)

	Fiscal 2018 (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
(Deferred tax assets)		
Reserve for employees' bonuses	6,063	6,277
Research and development costs	12,957	11,220
Inventories	7,235	7,963
Deferred hedge gains or losses on derivatives under hedge accounting	2,497	9,503
Accrued expenses	9,020	10,432
Deferred income	6,202	4,009
Reserve for retirement benefits	1,538	2,220
Reserve for restructuring costs	3,110	5,146
Excess depreciation of tangible noncurrent assets	7,235	14,759
Patent rights	8,542	8,585
Sales rights	6,997	6,341
Securities	714,486	710,925
Net operating loss carryforward (Note2)	239,466	379,977
Other	16,629	17,176
Deferred tax assets - subtotal	1,041,977	1,194,533
Valuation allowance for net operating loss carryforward (Note2)	(204,909)	(298,013)
Valuation allowance for deductible temporary difference	(732,069)	(716,879)
Total valuation allowance (Note1)	(936,978)	(1,014,892)
Total deferred tax assets	104,999	179,641
(Deferred tax liabilities)		
Prepaid pension costs	(11,753)	(11,569)
Unrealized gain on available-for-sale securities	(11,155)	(8,246)
Reserve for reduction of noncurrent assets	(12,827)	(11,742)
Other	(4,429)	(4,726)
Total deferred tax liabilities	(40,164)	(36,283)
Net deferred tax assets	64,835	143,358

(Note)

(1) In association with the Shire acquisition, the subsidiaries were liquidated in order to reorganize capital in subsidiaries. The increase in valuation allowance was mainly due to the recognition of valuation allowance for taxable losses from subsidiaries' liquidation recognized based on the estimation of future taxable profit.

(2) Net operating loss carryforward and for which deferred tax assets will expire are as follows:

Fiscal 2018 (As of March 31, 2020)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year	Total
Net operating loss carry forward (a)	—	—	—	—	—	239,466	239,466
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(204,909)	(204,909)
Net deferred tax assets	—	—	—	—	—	34,557	(b) 34,557

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described above, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of 239,466 million JPY of net operating loss carry forward, 34,557 million JPY was considered as recoverable based on the estimation of future taxable profit.

Fiscal 2019 (As of March 31, 2020)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year	Total
Net operating loss carry forward (a)	—	—	—	—	—	379,977	379,977
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(298,013)	(298,013)
Net deferred tax assets	—	—	—	—	—	81,964	(b) 81,964

(b)As a result of the liquidation described above, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of 379,977 million JPY of net operating loss carry forward, 81,964 million JPY was considered as recoverable based on the estimation of future taxable profit.

2. The effective income tax rate of the Company after application of deferred tax accounting differs from the statutory tax rate for the following reasons:

(%)

	Fiscal 2018 (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
Statutory tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible for tax purposes	1.8	5.0
Dividend income and other items permanently nontaxable	(1,630.3)	(3,024.9)
Changes in valuation allowance	1,459.2	179.2
Unitary tax on overseas subsidiaries	79.6	3,038.4
Changes in unrecognized deferred tax liabilities	7.3	(412.4)
Other	0.4	0.9
Effective tax rate after application of deferred tax accounting	(51.4)	(183.2)

Significant Subsequent Events

Not applicable.

5) Supplementary Schedules

[Details of Tangible noncurrent assets and Intangible noncurrent assets]

Class of assets	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Depreciation in current year JPY (millions)	Balance at the end of year JPY (millions)	Accumulated depreciation JPY (millions)	Acquisition cost at the end of year JPY (millions)
Buildings and structures	124,143	4,343	22,466 (22,426)	8,875	97,145	178,186	275,331
Machinery and equipment	29,974	4,055	295 (235)	11,833	21,901	190,259	212,160
Vehicles	31	12	0	18	25	452	477
Tools and fixtures	7,841	4,595	320 (286)	3,893	8,223	23,868	32,091
Land	33,477	1,684	18	—	35,143	—	35,143
Lease assets	1,643	412	23 (6)	571	1,461	4,072	5,533
Construction in progress	5,666	9,796	1,896	—	13,566	—	13,566
Total tangible noncurrent assets	202,775	24,897	25,018 (22,953)	25,190	177,464	396,837	574,301
Use right of facilities	194	—	—	31	163	316	479
Other intangible noncurrent assets	18,346	310,981	307,628 (640)	4,905	16,794	36,913	53,707
Total intangible noncurrent assets	18,540	310,981	307,628 (640)	4,936	16,957	37,229	54,186

(Note 1)

The reason for major increase for the year is as follows:

Other intangible noncurrent assets	Acquisition of development and sales rights	305,795 million JPY

The reason for major decrease for the year is as follows:

Buildings and structures	Impairment of Syonan Health Innovation Park	22,419 million JPY
Other intangible noncurrent assets	In-kind contribution of development and sales rights	305,795 million JPY

(Note 2) Numbers in parentheses in "Decrease in current year" represent impairment losses.

[Details of Reserve]

Item	Balance at the beginning of year JPY (millions)	Increase in current year JPY (millions)	Decrease in current year JPY (millions)	Balance at the end of year JPY (millions)
Allowance for doubtful accounts	26	1	—	27
Reserve for employees' bonuses	19,826	20,528	19,826	20,528
Reserve for share-based payments	3,864	3,568	2,701	4,731
Reserve for bonuses for directors and corporate auditors	633	1,258	633	1,258
Reserve for restructuring costs	10,168	10,079	3,417	16,830
Reserve for defined benefit	5,028	2,415	1,036	6,407
Reserve for SMON compensation	1,066	—	77	989
Other reserves	614	521	454	681

(Note) Exchange differences on reserves in foreign currency are booked as exchange gain or loss.

(2) Major Assets and Liabilities

The disclosure of these items is omitted since the consolidated financial statements are prepared.

(3) Others

For details of major litigation, please refer to the following items described in "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note32. Commitment and Contingent Liabilities, Litigation."

Product Liability and Related Claims

ACTOS

Prompt Pump Inhibitor ("PPI") Product Liability Claims

VI. Overview of Administrative Procedures for Shares of the Company

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	March 31, September 30
Number of shares in one unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Division 6-3, Fushimicho 3-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-
Fees for buyback and increase in holdings	Free of charge
Method of giving public notice	The Company carries out its public notifications by means of electronic public notice. However, in the event of an accident, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun. The electronic public notices are posted on the Company's website, and the URL is as follows: https://www.takeda.com/jp/investors/public-notice/ (Japanese Only)
Shareholder privileges	None

VII. Reference Information on the Company

1. Information on the Parent Company

The Company does not have the parent company and other companies prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2020 to the filing date of Annual Securities Report

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (142nd)	From	April 1, 2018	Filed with Director of the Kanto Local Finance Bureau on June 27, 2019
			To	March 31, 2019	
(2)	Internal Control Report and documents attached	Fiscal Year (142nd)	From	April 1, 2018	Filed with Director of the Kanto Local Finance Bureau on June 27, 2019
			To	March 31, 2019	
(3)	Quarterly Report and Confirmation Letter	Fiscal Year (143rd First Quarter)	From	April 1, 2019	Filed with Director of the Kanto Local Finance Bureau on August 9, 2019
			To	June 30, 2019	
		Fiscal Year (143rd Second Quarter)	From	July 1, 2019	Filed with Director of the Kanto Local Finance Bureau on November 12, 2019
			To	September 30, 2019	
		Fiscal Year (143rd Third Quarter)	From	October 1, 2019	Filed with Director of the Kanto Local Finance Bureau on February 13, 2020
			To	December 31, 2019	

(4) Extraordinary Report

The Extraordinary Report pursuant to Article 19, paragraph 2, item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (results of resolution at the general meeting of shareholders)	Filed with Director of the Kanto Local Finance Bureau on July 2, 2019
The Extraordinary Report pursuant to Article 19, paragraph 2, items 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (acquisition of subsidiary company involving changes to specified subsidiary companies)	Filed with Director of the Kanto Local Finance Bureau on July 16, 2019
The Extraordinary Report pursuant to Article 19, paragraph 2, items 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (acquisition of subsidiary company involving changes to specified subsidiary companies)	Filed with Director of the Kanto Local Finance Bureau on January 23, 2020

Part 2. Information on Guarantors for Takeda

Not applicable

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 24, 2020

To the Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kotetsu Nonaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Financial Statement Audit

Opinion

We have audited the accompanying consolidated financial statements of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries (the "Company") provided in the Financial Information section in the Company's Annual Securities Report, which comprise the consolidated statement of income, statement of income and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended March 31, 2020, and notes to the consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as prescribed in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Financial Statements and Consolidated Financial Statements of Japan (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care rebates	
The key audit matter	**How the matter was addressed**
As discussed in Note 3 and 23 to the consolidated financial statements, the Company records provisions for contractual and statutory rebates payable under Commercial healthcare provider contracts and U.S. state and Federal government health programs (collectively, U.S. rebates), such as U.S. Medicaid and U.S. Medicare as well as U.S. commercial managed care programs as a reduction to gross sales to arrive at net sales. Provisions for U.S. rebates are 213,189 million JPY as of March 31, 2020. The provisions for U.S. rebates are recorded in the same period that the corresponding revenues are recognized; however, the U.S. rebates are not fully paid until subsequent periods. The expected product specific assumptions used to estimate the provisions for the U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs relate to estimating which of the Company's revenue transactions will ultimately be subject to the respective programs and required a high degree of subjective auditor judgment. As a result of the above, we identified the evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs as a key audit matter because such evaluation was a significant matter in our audit of the consolidated financial statements of the current fiscal year.	In order to evaluate the reasonableness of the estimation regarding the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care rebates, we instructed component auditors of relevant consolidated subsidiaries in U.S. to perform audit procedures and report the results of their procedures to confirmed that sufficient appropriate audit evidence have been obtained. The procedures performed by the component auditors of the consolidated subsidiaries include the following. (1) Test of internal controls We tested certain internal controls over the Company's U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provision process, including controls related to the determination of the expected product specific assumptions used to estimate the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs. (2) Test on the reasonableness of estimation of U.S. rebate provisions - We developed independent expectations of U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provisions based on the ratios of historical U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs claims paid to historical gross sales and compared such independent estimates to management's estimates. - We compared a selection of U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs claims paid by the Company for consistency with the contractual terms of the Company's rebate agreements. - We evaluated the Company's ability to accurately estimate the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs by comparing historically recorded provisions to the actual amounts that were ultimately paid by the Company.

Evaluation of acquisition-date fair value of intangible assets associated with marketed products acquired in the Shire business acquisition	
The key audit matter	**How the matter was addressed**
As discussed in Note 31 to the consolidated financial statements, on January 8, 2019, the Company completed the acquisition of 100% of the outstanding shares of Shire plc (Shire). During the year ended March 31, 2020, the Company completed the purchase price allocation and retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information obtained about the facts and circumstances that existed as of the acquisition date. As a result, the intangible assets were retrospectively adjusted from the provisional fair value of 3,899,298 million JPY to the final fair value of 3,769,076 million JPY. The future sales forecast is one of the key assumptions used in estimating the acquisition-date fair value of certain intangible assets associated with marketed products acquired in the Shire business acquisition and the testing of this assumption involved a high degree of subjective auditor judgment. As a result of the above we identified the evaluation of acquisition-date fair value of certain intangible assets associated with marketed products acquired in the Shire business acquisition, which was restated upon completion of the provisional accounting, as a key audit matter because such evaluation was a significant matter in our audit of the consolidated financial statements of the current fiscal year.	In order to evaluate the reasonableness of the estimation regarding the acquisition-date fair value of intangible assets associated with marketed products acquired in the Shire business acquisition, we instructed component auditors of relevant consolidated subsidiaries to perform audit procedures and report the results of their procedures to confirm that sufficient appropriate audit evidence have been obtained. The procedures performed by the component auditors of the consolidated subsidiaries include the following. (1) Test of internal controls We tested certain internal controls over the Company's fair value measurement process related to certain intangibles associated with marketed products acquired in the Shire acquisition. (2) Test on the reasonableness of estimation of the fair value We performed the following procedures to assess reasonableness of future sales forecasts which is a key assumption of the fair value estimation of certain intangible assets. - We evaluated the Company's ability to estimate the future sales forecast by comparing the forecasted sales to actual sales. - We evaluated the Company's future sales forecast by comparing the future sales forecasts to the external information such as analysts' expectations, industry trends and market trends.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Internal Control Audit

Opinion on Internal Control Over Financial Reporting

We have audited the Company's internal control over financial reporting as of March 31, 2020, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to independently express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and

Exchange Commission and the PCAOB.

We conducted our audit in accordance with the auditing standards for internal control over financial reporting of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness to be disclosed exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Primary Differences from the Audit of Internal Control in Japan

We conducted our audit in accordance with the standards of the PCAOB. The primary differences from an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan are as follows;

1. The auditing standards in Japan require us to express an opinion on the internal control report prepared by management, while the PCAOB standards require us to express an opinion on the internal control over financial reporting.
2. The PCAOB standards require us to perform an audit only on the internal control over financial reporting related to the preparation of consolidated financial statements presented in the Financial Information section, and not on the internal control which relate only to the unconsolidated financial statements or which relate to disclosure and other information that could have a material effect on the reliability of financial statements.
3. The PCAOB standards does not require us to perform an audit on the internal control over financial reporting of associates accounted for using the equity method.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting:

The Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting herein is the English translation of the Independent Auditor's Report on Financial Statements and Internal Control Over Financial Reporting as required by the Financial Instruments and Exchange Act of Japan.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 24, 2020

To the Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kotetsu Nonaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the accompanying financial statements of Takeda Pharmaceutical Company Limited ("Company") provided in the Financial Information section in the Company's Annual Securities Report for the 143rd fiscal year, which comprise the balance sheet as at March 31, 2020, and the statement of operations, statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Takeda Pharmaceutical Company Limited as at March 31, 2020, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Judgment on recoverability of deferred tax assets	
The key audit matter	**How the matter was addressed**
The Company recognized deferred tax assets of 143,358 million JPY on the balance sheet as of March 31, 2020. As discussed in the note (Accounting for Deferred Income Taxes), the amount of deferred tax assets before offsetting with the deferred tax liabilities is 179,641 million JPY, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 1,194,533 million JPY with valuation allowances of 1,014,892 million JPY. These deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company. Recoverability of deferred tax assets are determined based on criteria such as the reversal schedule of taxable temporary differences, future taxable income according to the Company's profitability and tax planning opportunities. Future taxable income according to profitability is estimated based on the Company's business plan for which there is uncertainty in forecasting the revenue. The judgment by management upon determining the revenue forecast has a significant impact on the amount of the deferred tax assets to be recognized. As a result of the above we identified judgment by management on recoverability of deferred tax assets as a key audit matter because such judgment was a significant matter in our audit of the financial statements of the current fiscal year.	In order to test the reasonableness of management's assessment on recoverability of deferred tax assets, we primarily performed following procedures. (1) Test of internal controls We tested the design and operating effectiveness of certain internal controls over the Company's assessment process on recoverability of deferred tax assets including those related to setting of assumptions used for the forecasted sales. (2) Test on the reasonableness of estimation of future taxable income We performed the following procedures to evaluate the reasonableness of estimated future taxable income based on profitability. - We confirmed consistency of the taxable income schedule used to assess the recoverability of deferred tax assets with the mid-term business plan approved at the Board of Directors meeting. - We evaluated the reasonableness of the major assumptions used for forecasting the sale of products included in the business plan by testing consistency with relevant documents and materials such as past market trend information, market research reports issued by external research organizations, and notices from regulatory authorities.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that

we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Cover

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 24, 2020
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Constantine Saroukos, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters relating to the basic framework for internal control over financial reporting

Christophe Weber, Representative Director, President and Chief Executive Officer, and Constantine Saroukos, Director and Chief Financial Officer are responsible for maintaining and implementing internal control over financial reporting defined in Rules 13a-15 (f) and 15d-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has maintained and implemented effective internal control over financial reporting based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

2. Matters relating to the scope of assessment, the base date of assessment and the assessment procedures

The Company assessed the effectiveness of internal control over financial reporting as of March 31, 2020.

In making the assessment, the Company assessed controls which have a material effect on financial reporting on a consolidated basis (entity-level controls) and based on the result of the assessment, selected the business processes to be assessed. In the business processes assessments, the Company analyzed the selected business processes, identified key controls that have a material effect on the reliability of financial reporting and assessed the internal controls by assessing the design and operating effectiveness of these key controls.

The Company determined the required assessment scope of internal control over financial reporting for the Company and its subsidiaries from the perspective of the materiality of their effect on the reliability of financial reporting. The materiality of their effect on the reliability of financial reporting is determined by reasonably taking into account the quantitative and qualitative materiality.

3. Matters relating to the results of the assessment

As a result of performing the assessment procedures in accordance with the assessment standards above, the Company concluded that internal control over financial reporting of the Company was effective as of March 31, 2020. KPMG AZSA LLC, which is the Company's independent registered public accounting firm, have audited the effectiveness of internal control over financial reporting, as described in Report of Independent Registered Public Accounting Firm.

4. Additional note

The Company assesses and reports the effectiveness of internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act in accordance with Article 18 of Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information. The main differences from the assessment performed in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan are as follows:

1. The standards applied in performing the assessment of internal control over financial reporting is Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), instead of the basic framework for internal control established by the Business Accounting Council;
2. The assessment scope of internal control over financial reporting is the preparation of the consolidated financial statements included in the Financial Information section by the Company; and
3. The scope of companies subject to the assessment of internal control over financial reporting does not include associates accounted for using the equity method.

5. Special note

There is no applicable matter.

Cover

[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 24, 2020
[Company name]	Takeda Yakuhin Kogyo Kabushiki Kaisha
[Company name in English]	Takeda Pharmaceutical Company Limited
[Title and name of representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Title and name of chief financial officer]	Constantine Saroukos, Director & Chief Financial Officer
[Address of registered head office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
[Place for public inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Takeda's Representative Director, President and Chief Executive Officer, Christophe Weber, and Director and Chief Financial Officer, Constantine Saroukos, have confirmed that the content of the Annual Securities Report of Takeda Pharmaceutical Company Limited for the 143rd fiscal year (from April 1, 2019 to March 31, 2020) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.