Annual Securities Report

From April 1, 2020 to March 31, 2021

(The 144th 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, 2020 and 2021 and for the fiscal years ended March 31, 2020 and 2021. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The term IFRS also includes International Accounting Standards ("IAS") and the related interpretations of the committees (Standard Interpretations Committee and International Financial Reporting Interpretations Committee).

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

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

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

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[Document Filed]	Annual Securities Report
[Applicable Law]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 29, 2021
[Fiscal Year]	The 144th Fiscal Year (from April 1, 2020 to March 31, 2021)
[Company Name]	Takeda Pharmaceutical Company Limited
[Title and Name of Representative]	Christophe Weber, Representative Director, President & Chief Executive Officer
[Address of Head Office]	1-1, Doshomachi 4-chome, Chuo-ku, Osaka (The above address is the registered head office location and the ordinary business operations are conducted at the "Nearest Place of Contact")
[Telephone Number]	Not applicable
[Name of Contact Person]	Not applicable
[Nearest Place of Contact]	1-1, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo (Global Headquarters)
[Telephone Number]	+81-3-3278-2111 (Main telephone number)
[Name of Contact Person]	Norimasa Takeda, Chief Accounting Officer & Corporate Controller, Global Finance
[Place for Public Inspection]	Takeda Pharmaceutical Company Limited (Global Headquarters) (1-1, Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo) Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Stock Exchange (14-1, Minamiichijonishi 5-chome, Chuo-ku, Sapporo)

Part 1. Information on Takeda

I. Overview of Takeda

1. Key Financial Data

(1) Consolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	**140th**	**141st**	**142nd**	**143rd**	**144th**
Year Ended	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**	**March 31, 2020**	**March 31, 2021**
Revenue	¥ 1,732,051	¥ 1,770,531	¥ 2,097,224	¥ 3,291,188	¥ 3,197,812
Profit (loss) before tax	143,346	217,205	127,612	(60,754)	366,235
Net profit for the year	115,513	186,708	135,080	44,290	376,171
Net profit attributable to owners of the Company	114,940	186,886	135,192	44,241	376,005
Total comprehensive income (loss) for the year	93,142	242,664	121,595	(199,419)	697,416
Total equity	1,948,965	2,017,409	5,185,991	4,727,486	5,177,177
Total assets	4,346,794	4,106,463	13,792,773	12,821,094	12,912,293
Equity attributable to owners of the Company per share (JPY)	2,425.92	2,556.51	3,332.94	3,032.22	3,308.93
Basic earnings per share (JPY)	147.15	239.35	140.61	28.41	240.72
Diluted earnings per share (JPY)	146.26	237.56	139.82	28.25	238.96
Ratio of equity attributable to owners of the Company to total assets (%)	43.6	48.6	37.6	36.8	40.1
Return on equity attributable to owners of the Company (%)	6.0	9.6	3.8	0.9	7.6
Price earnings ratio (Times)	35.5	21.7	32.2	116.4	16.6
Net cash from (used in) operating activities	261,363	377,854	328,479	669,752	1,010,931
Net cash from (used in) investing activities	(655,691)	(93,342)	(2,835,698)	292,119	393,530
Net cash from (used in) financing activities	289,896	(326,226)	2,946,237	(1,005,213)	(1,088,354)
Cash and cash equivalents at the end of the year	319,455	294,522	702,093	637,614	966,222
Number of employees (Number of persons)	29,900	27,230	49,578	47,495	47,099

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.

(2) Unconsolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	**140th**	**141st**	**142nd**	**143rd**	**144th**
Year Ended	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**	**March 31, 2020**	**March 31, 2021**
Net sales	¥ 737,803	¥ 659,462	¥ 651,347	¥ 616,288	¥ 602,557
Ordinary income	81,915	125,944	17,514	72,252	50,010
Net income	108,369	187,004	88,231	130,626	247,513
Share capital	65,203	77,914	1,643,585	1,668,123	1,668,145
Total number of shares issued (Thousands of shares)	790,521	794,688	1,565,006	1,576,374	1,576,388
Total equity	1,530,447	1,565,913	4,647,171	4,549,000	4,434,889
Total assets	3,093,070	2,948,562	9,534,645	10,289,304	10,856,450
Net assets per share (JPY)	1,957.76	2,002.29	2,987.94	2,919.21	2,835.81
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)	138.73	239.47	91.76	83.88	158.45
Diluted earnings per share (JPY)	138.60	239.18	91.72	83.87	158.44
Equity ratio (%)	49.4	53.1	48.7	44.2	40.8
Return on equity (%)	7.0	12.1	2.8	2.8	5.5
Price earnings ratio (Times)	37.7	21.6	49.3	39.4	25.1
Payout ratio (%)	129.8	75.2	196.2	214.6	113.6
Number of employees (Number of persons)	6,638	5,461	5,291	5,350	4,966
Total shareholders return [Comparative indicator: TOPIX Net Total Return](%)	105.3 [114.7]	107.9 [132.9]	98.5 [126.2]	78.4 [114.2]	95.1 [162.3]
Highest stock price (JPY)	5,527	6,693	5,418	4,625	4,365
Lowest stock price (JPY)	4,098	5,105	3,498	2,895	3,119

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 142nd fiscal year, and financial data presented for the fiscal years ended before the 142nd 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 1947and divested in February 2013)
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 (divested in March 2021)
April	2017	Transferred shares of Wako Pure Chemical Industries, Ltd., engaged in reagent, chemical products, and clinical diagnostics agent business, to FUJIFILM Corporation
April	2018	Established Shonan Health Innovation Park ("Shonan iPark") in Kanagawa prefecture (renamed from Shonan Research Center)
June	2018	Acquired TiGenix NV (liquidated in March 2020) in Belgium through a public tender offer
July	2018	Established the Global Headquarter in Chuo-ku, Tokyo
December	2018	Listed American Depositary Shares on the New York Stock Exchange
January	2019	Acquired Shire plc (currently Shire Limited, a consolidated subsidiary, planned to be liquidated) through a scheme of arrangement
March	2021	Transferred shares of Takeda Consumer Healthcare Company Limited to Blackstone

3. Business Overview

Takeda consists of 261 companies: Takeda Pharmaceutical Company Limited (hereafter referred to as “the Company”), 239 consolidated subsidiaries (including partnerships), and 21 associates accounted for using the equity method. The major business of Takeda is research, development, manufacturing and marketing of pharmaceutical products. Takeda focuses on its five key business areas: gastroenterology ("GI"), rare diseases, plasma-derived therapies, oncology and neuroscience.

The outline of the roles of subsidiaries which compose Takeda as of March 31, 2021 is as follows.

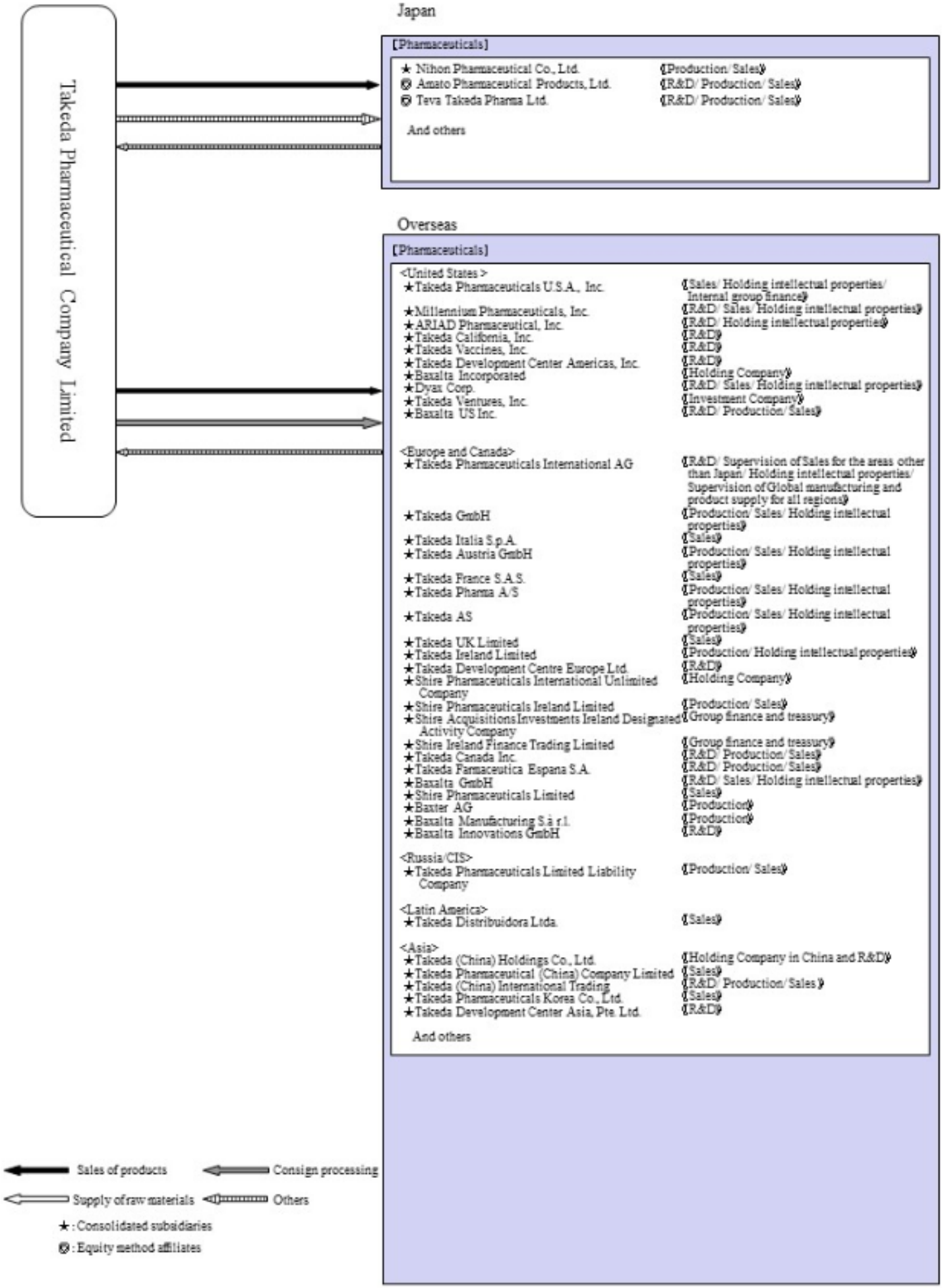
Segment information is omitted as Takeda operates a single reportable segment of Pharmaceuticals.

In Japan, the Company 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, 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 its efforts across three areas: "Innovative Biopharma" focusing on four core Therapeutic Areas (oncology, rare genetics and hematology, neuroscience and gastroenterology), "plasma-derived therapies" and "vaccines". Takeda enhances its pipeline through in-house R&D activities mainly in R&D centers located in Japan and the U.S., and through alliances with external partners.

Overview of Takeda group is as follows:



4.Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2021

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
United States of America	Takeda Pharmaceuticals U.S.A., Inc. (*)	Lexington, MA, U.S.A.	US$21	Pharmaceuticals	72.7	27.3	100.0	—	✓	Purchases drugs from the Company	—
	Millennium Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	US$18	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	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
	Dyax Corp. (*)	Lexington, MA, U.S.A.	US$215	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Ventures, Inc.	San Diego, CA, U.S.A.	US$2	Pharmaceuticals	—	100.0	100.0	✓	—	—	—
	Baxalta US Inc.	Bannockburn, IL, U.S.A	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Sells over drugs to the Company	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Europe and Canada	Takeda Pharmaceuticals International AG (*)	Opfikon, Switzerland	6 million CHF	Pharmaceuticals	100.0	—	100.0	—	—	Purchases drugs from the Company	Borrows fund
	Takeda GmbH	Konstanz, Germany	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Italia S.p.A.	Rome, Italy	€11 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Austria GmbH	Linz, Austria	€15 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda France S.A.S.	Paris, France	€3 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma A/S	Taastrup, Denmark	10 million DKK	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda AS	Asker, Norway	235 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	€312 million	Pharmaceuticals	100.0	—	100.0	—	—	Product drugs on behalf of the Company	—
	Takeda Development Centre Europe Ltd.	London, United Kingdom	£1 million	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$6,892 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Pharmaceuticals Ireland Limited	Dublin, Ireland	€100 thousand	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	Shire Acquisitions Investments Ireland Designated Activity Company	Dublin, Ireland	US$20	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for redemption of bond
	Shire Ireland Finance Trading Limited (*)	Dublin, Ireland	US$3,165 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Borrows fund Gurantees for foreign exchange derivatives
	Takeda Canada Inc.	Toronto, Canada	61 million CAD	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	€2 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta GmbH	Opfikon, Switzerland	20 thousand CHF	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Shire Pharmaceuticals Limited	London, United Kingdom	£1 million	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 CHF	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxatla Innovations GmbH	Vienna, Austria	€36 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	140 million Brazilian Reals	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$75 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda Pharmaceutical (China) Company Limited	Taizhou, China	US$171 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda (China) International Trading	Shanghai, China	US$16 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	2,100 million Korean Won	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Asia, Pte. Ltd.	Singapore	S$5 million	Pharmaceuticals	100.0	—	100.0	—	—	Conducts development of drugs on behalf of the Company	—
Japan	Nihon Pharmaceutical Co., Ltd.	Chuo-ku, Tokyo, Japan	¥760 million	Pharmaceuticals	87.3	—	87.3	—	—	Sells over drugs to the Company	—
	Other 200 subsidiaries										

(Associates accounted for using the equity method)

As of March 31, 2021

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.	Toyonaka City, Osaka, Japan	¥96 million	Pharmaceuticals	—	30.0	30.0	—	—	Sells over -the-counter drugs to the Company	—
	Teva Takeda Pharma Ltd.	Nakamura-ku, Nagoya, Japan	¥100 million	Pharmaceuticals	49.0	—	49.0	✓	—	Contracts out sale of drugs to the Company	—
	Other 19 associates										

Notes:

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

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

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

	Takeda Pharmaceuticals U.S.A. Inc. JPY (millions)	Baxalta US Inc. JPY (millions)
(1) Revenue	792,738	516,933
(2) Operating profit	21,251	(22,427)
(3) Net profit for the year	28,828	(2,476)
(4) Total equity	4,808,082	2,227,905
(5) Total assets	8,111,018	2,553,111

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

(5) (*) is a specified subsidiary.

5. Employees

(1) Takeda

As of March 31, 2021

Operating Segment	Number of Employees
Pharmaceuticals	47,099
Total	47,099

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, 2021

Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)
4,966	42.0	14.5	10,766

Operating Segment	Number of Employees
Pharmaceuticals	4,966
Total	4,966

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

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 3,760 in total as of March 31, 2021.

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, 2021, 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 Corporate Philosophy is as below:

Purpose

Takeda exists to create “better health for people, brighter future for the world.”

Values

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

Vision

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

Imperatives

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

Patient

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

People

- We create an exceptional people experience.

Planet

- We protect our planet.

Data and Digital

- Unleash the power of data and digital.

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 Shire Acquisition completed in January 2019, we have taken a 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 deliver returns to shareholders.

The integration of Shire has been essentially completed and 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 genetics and hematology, neuroscience and gastroenterology. We also make targeted R&D investment in plasma-derived therapies and vaccines.

Fiscal year 2021 is a year of inflection for Takeda's pipeline as we begin to see the fruits of our R&D transformation efforts. We anticipate to have 5 to 6 new molecular entities submitted and under regulatory review by the US FDA with the potential for 4 approvals in fiscal year 21. Takeda also expects 7 NMEs to be in pivotal studies across 10 indications by the end of the fiscal year 2021. We have made significant progress in transforming the pipeline in recent years, and we are raising our investment in fiscal year 2021 in order to maximize the potential in the pipeline.

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, deleverage rapidly, and return cash to shareholders.

We are targeting a 2x (i.e. "low-twos") net debt/adjusted EBITDA ratio within the fiscal years ending March 2022 to March 2024. To accelerate our progress towards this target, we have been pursuing and executing select disposals, with a target of divesting approximately $10 billion of non-core assets. Takeda has announced 12 deals since January 2019 and completed most sales with the goal of $10 billion achieved.

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.

Other Priorities

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. For the details of Takeda's initiatives, please refer to "(Impact of the Spread of the Novel Coronavirus Infectious Disease (COVID-19) and Takeda's Initiatives in Response)".

Takeda is also committed to purpose-led sustainability. As one of the global biopharmaceutical companies, Takeda fully understands its responsibilities to patients, employees, shareholders, payers, regulators and governments, as well as the communities where we operate. We can only earn the acceptance, respect and trust of society if we take these Environmental, Social and Governance (ESG) responsibilities seriously.

We conducted a comprehensive materiality assessment in FY2019 to identify which nonfinancial issues are strategically important to our company and stakeholders. We incorporated the results of this assessment into our corporate philosophy. Embedding material topics into our overall business operations and strategy ensures that we allocate resources and make choices to contribute solutions to meeting global challenges.

For example, as part of Takeda's commitment to environmental stewardship Takeda announced it will achieve carbon neutrality across its value chain by 2040 by eliminating all greenhouse gas (GHG) emissions from its operations (Scope 1 and Scope 2), working with its suppliers to significantly reduce their emissions (Scope 3), and addressing any remaining Scope 3 emissions through verified carbon offsets. Takeda achieved carbon neutrality across its value chain for FY19 through continuous focus on internal energy conservation measures, procurement of green energy and investment in renewable energy certificates and high-quality, verified carbon offsets.

Additionally, Takeda is committed to having a workforce as diverse as the communities and patients it serves. Takeda believes that diversity, equity and inclusion (DE&I) are nonnegotiable – not only within the company, but also in the communities where we operate and serve patients. Our ambition is to drive positive change by promoting and improving diversity, equity and inclusion. Globally, we launched our first ever Global DE&I Council, led by members of the Takeda executive team, and also have an interview series with Takeda leaders on unconscious bias and opportunities to help ensure more diverse, equitable and inclusive workplaces.

Takeda's ESG commitment – including its Access to Medicines strategy and Global Corporate Social Responsibility Program – is evident through recognition by many benchmark ESG indices. For instance, Takeda has earned an industry-leading position within the 2021 Access to Medicine (AtM) Index published in January 2021. Takeda achieved notable, high scores in all three technical areas evaluated by the Index, including being ranked first in Governance of Access. Takeda also demonstrated strong performance in the areas of health system strengthening, compliance and R&D capacity building.

(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

It has been more than a year since the COVID-19 pandemic began, and Takeda continues to respond and provide industry support in a number of ways. While vaccines are becoming more broadly available, we continue to strictly adhere to local public health guidance across our geographies in addition to the existing protocols we have had in place over the past year, and monitor any potential impacts of effects of COVID-19 on our business activities.

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. In terms of our global supply chain, based on current assessments, we have not yet seen, nor do we anticipate, any material potential supply distribution issues due to the COVID-19 outbreak.

During the year, we have continued voluntary suspensions of certain business activities, including business travel, attending industry events, and holding company-sponsored events.

In the early stages of the global pandemic, we placed a temporary pause on the initiation of new clinical trial studies, with the exception of CoVIg-19, the investigational plasma-derived therapy for COVID-19. At the same time, for studies already ongoing, we temporarily paused the activation of new study sites and new patient enrollment with a small number of exceptions. This was a short-term action and we have now resumed most of our trial activities.

While we do anticipate some delays on some studies, we anticipate that we will regain this time as studies restart. We are closely monitoring the situation on a per-study level, down to each country and site in the event that we need to temporarily pause studies again due to the impact of COVID-19.

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

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

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

In order to address the issues relating to COVID-19, in January 2020 we activated a Global Crisis Management Committee (GCMC), who along with the support of internal and external experts has guided Takeda’s response to the pandemic. This includes the development of employee guidance, support resources, and implementing enhanced infection control and workplace case management protocols across our essential operations. The GCMC have also developed comprehensive workplace readiness checklists to support a safe and gradual return to office workplaces where this is possible.

With regards to measures to safeguard employees, we continue to enforce work from home policies and provide enhanced 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. For our employees who are required to continue to work on-site in our manufacturing, laboratory, and BioLife plasma donation facilities, we have implemented enhanced safety measures to mitigate the spread of the virus.

Our GCMC and a dedicated Return to the Workplace Team developed guidance on how to configure our "new workplace" to limit the introduction and transmission of the COVID-19 virus while maintaining and even strengthening our operations. Plans have been tailored to each country and are based on the science, epidemiology, and relevant local public health context, but also follow common principles and requirements such as compliance with local government and public health regulations; workplace readiness including necessary infection prevention measures like face coverings and physical distancing; reduced population density; enhanced infection control protocols; employee-specific circumstances; and a careful, stepwise approach.

In terms of our post-COVID workplace strategy, we do not intend to have one single strategy or policy. Instead, we have created core principles, designed guidance and toolkits to help Takeda leaders determine and implement the best working environment strategy for their teams.

We have continued to suspend all non-essential international travel and large external meetings until further notice, while monitoring the situation on an ongoing basis.

Our field forces are resuming a small number of face-to-face engagements with customers, with the majority of all interactions still virtual. Where we are engaging face-to-face, it is only with the agreement of healthcare providers and employees following strict infection prevention protocols set out by both Takeda and any additional public health and customer requirements.

Takeda has aided the COVID-19 response through donations, including approximately 25 million USD to non-profit organizations including the Red Cross and United Nations-led organizations (World Food Programme (WFP), United Nations Population Fund (UNFPA), and International Atomic Energy Agency (IAEA)), while also providing in-kind donations and matching employee donations.

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, where possible, Takeda has implemented solutions such as direct-to-patient delivery of study medicines and the re-evaluation of trial design to account for potential disruptions. We continue to assess and build out digital technologies to enable remote monitoring of patients enrolled in clinical trials.

The CoVIg-19 Plasma Alliance is one example of Takeda’s initiatives to develop potential therapies to combat COVID-19. In April 2020, Takeda and CSL Behring co-founded the Alliance with other leading global and regional manufacturers of plasma-derived therapies. Together, the Alliance members collaborated to develop and manufacture an investigational non-branded plasma-derived hyperimmune globulin (H-Ig) medicine, referred to as CoVIg-19 for adults hospitalized with COVID-19 at risk for serious complications. The H-Ig was evaluated in a multi-national Phase 3 clinical trial funded by the National Institute of Allergy and Infectious Disease (NIAID) of the U.S. National Institutes of Health (NIH) that was completed in March 2021. While the clinical trial did not meet its endpoints, the program may contribute to a growing understanding of this challenging virus and strategies for patient care. Following the outcome of the trial, the CoVIg-19 Plasma Alliance's work has now concluded.

In addition to the CoVIg-19 Plasma Alliance, Takeda has undertaken a number of efforts to help the world respond to COVID-19, including the evaluation of a number of our marketed products and pipeline compounds for efficacy against the COVID-19 virus and participation in global research collaborations.

Takeda has also announced two partnerships to bring COVID-19 vaccines to Japan. The first partnership is with Novavax, for the development, manufacturing and commercialization of its COVID-19 vaccine candidate NVX-CoV2373 (development code in Japan: TAK-019) in Japan. The second partnership is with Moderna and the Government of Japan's Ministry of Health Labour & Welfare (MHLW) to import and distribute its COVID-19 vaccine candidate mRNA-1273 (development code in Japan: TAK-919) in Japan. In May 2021, Takeda obtained approval from the MHLW for TAK-919 following positive interim results in Takeda's Phase 1/2 immunogenicity and safety clinical trial, and has since commenced distribution in Japan. Additionally, Takeda has also announced a mutual agreement with IDT Biologika GmbH (IDT) to utilize capacity at IDT previously reserved for Takeda's dengue vaccine candidate to manufacture the single-shot COVID-19 vaccine developed by Janssen Pharmaceutical Companies of Johnson & Johnson.

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

See "2. Risk Factors."

(iv) FY2020 financial impact from COVID-19

While the overall impact of the global spread of COVID-19 on Takeda's consolidated financial results for the fiscal year ended March 31, 2021 was not material, there were adverse effects on the revenue due to COVID-19 observed in certain therapeutic areas, especially Neuroscience in which stay-at-home restrictions reduced patient visits to medical care providers. This trend fluctuated throughout the fiscal year. These adverse impacts have been partially offset by benefits from prescribing trends during the pandemic, such as an expansion of certain products with a more convenient administration profile that was observed in the early phase of the outbreak. With regard to operating expenses, voluntary suspension of certain business activities such as business travel and events in response to COVID-19 led to lower spending. As a result of these factors, the impact of the global spread of COVID-19 on Takeda's profit was immaterial.

[List of Principal Products]

In GI, our principal products include:

- *ENTYVIO* (vedolizumab), a treatment for moderate to severe ulcerative colitis and Crohn's disease. Sales of *ENTYVIO* have grown strongly since its launch in the U.S. and Europe in 2014 to become our top selling product in the fiscal year ended March 31, 2021. *ENTYVIO* is now approved in 72 countries worldwide. We strive to maximize its potential by seeking approval in additional countries, examining use in further indications, while also pursuing a subcutaneously administered formulation. In the fiscal year ended March 31, 2021, our revenue from *ENTYVIO* was 429.3 billion JPY.
- *TAKECAB* (vonoprazan fumarate), a treatment for acid-related diseases. *TAKECAB* was launched in Japan in 2015 and has achieved significant growth driven by its efficacy in reflux esophagitis and the prevention of recurrence of gastric and duodenal ulcers during low-dose aspirin administration. In the fiscal year ended March 31, 2021, our revenue from *TAKECAB* was 84.8 billion JPY.
- *GATTEX/REVESTIVE* (teduglutide[rDNA origin]), a treatment for patients with short bowel syndrome ("SBS") who are dependent on parenteral support. In 2019, the FDA approved extending the indication of *GATTEX* to include children 1 year of age and older with SBS. In the fiscal year ended March 31, 2021, our revenue from *GATTEX/REVESTIVE* was 64.6 billion JPY.
- *ALOFISEL* (darvadstrocel), a treatment for complex perianal fistulas in adult patients with nonactive/mildly active luminal Crohn's disease, when fistulas have shown an inadequate response to at least one conventional or biologic therapy. *ALOFISEL* was approved in Europe in 2018, becoming the first allogeneic stem cell therapy to receive central marketing authorization approval in Europe. In the fiscal year ended March 31, 2021, our revenue from *ALOFISEL* was 0.8 billion JPY.

In rare diseases, our principal products are:

- *TAKHZYRO* (lanadelumab-flyo), for the prevention of hereditary angioedema ("HAE") attacks. *TAKHZYRO* is a fully human monoclonal antibody that specifically binds and decreases plasma kallikrein, an enzyme which is chronically uncontrolled in people with HAE. *TAKHZYRO* was approved in both the U.S. and Europe in 2018, and in China in 2020, and we are working to expand into further geographic areas. In the fiscal year ended March 31, 2021, our revenue from *TAKHZYRO* was 86.7 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, 2021, our revenue from *ADYNOVATE/ADYNOVI* was 58.1 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 U.S. 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 U.S. in the fiscal year ending March 31, 2022. *NATPARA/NATPAR* continues to be available in markets outside of the U.S. In the fiscal year ended March 31, 2021, our revenue from *NATPARA/NATPAR* was 3.6 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, 2021, our revenue from *ELAPRASE* was 68.8 billion JPY.
- *REPLAGAL* (agalsidase alfa), an enzyme replacement therapy for the treatment of Fabry disease, marketed outside of the U.S., and also approved in China in 2020. 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, 2021, our revenue from *REPLAGAL* was 51.8 billion JPY.

- *VPRIV* (velaglucerase alfa), an enzyme replacement therapy for the treatment for type 1 Gaucher disease. In the fiscal year ended March 31, 2021, our revenue from *VPRIV* was 38.5 billion JPY.

In PDT immunology, our principal products are:

- *GAMMAGARD LIQUID/KIOVIG* (Immune Globulin Intravenous (Human) 10%), a liquid formulation of the antibody replacement therapy immunoglobulin ("IG"), for the treatment of adult and pediatric patients two years of age or older with primary immunodeficiencies ("PID") (administered either intravenously or subcutaneously), and adult patients with multifocal motor neuropathy ("MMN") (administered intravenously). *KIOVIG* is the brand name used for *GAMMAGARD LIQUID* in many countries outside of the U.S. *KIOVIG* is approved in Europe for patients with PID and certain secondary immunodeficiencies, and for adults with MMN.
- *GAMMAGARD S/D* (Immune Globulin Intravenous (Human)) (IgA less than 1 μg/mL in a 5% solution), for the treatment of PID in patients two years of age and older. *GAMMAGARD S/D* is also indicated for the prevention of bacterial infections in hypogammaglobulinemia and/or recurrent bacterial infections associated with B-cell 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), a product consisting of human normal IG and recombinant human hyaluronidase (licensed from Halozyme). *HYQVIA* is the only subcutaneous IG treatment for PID patients with a dosing regimen that requires only one infusion up to once per month and one injection site per infusion to deliver a full therapeutic dose of IG. *HYQVIA* is approved in the U.S. for adults with PID, and in Europe for patients with PID syndromes and myeloma or CLL with severe secondary hypogammaglobulinemia and recurrent infections.
- *CUVITRU* (Immune Globulin Subcutaneous (Human), 20% Solution), indicated as replacement therapy for primary humoral immunodeficiency in adult and pediatric patients two years of age and older. *CUVITRU* is also indicated in Europe for the treatment of certain secondary immunodeficiencies. *CUVITRU* is the only 20% subcutaneous IG treatment option without proline and with the ability to infuse up to 60 mL (12 grams) per site and 60 mL per hour, per site as tolerated, resulting in fewer infusion sites and shorter infusion durations compared to other conventional subcutaneous IG treatments.

  In the fiscal year ended March 31, 2021, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/KIOVIG, GAMMAGARD S/D, HYQVIA,* and *CUVITRU*, was 334.9 billion JPY.
- *FLEXBUMIN* (Human Albumin in a bag) and Human Albumin (glass), available as 5% and 25% solutions, indicated for hypovolemia, hypoalbuminemia due to general causes and burns, and for use during cardiopulmonary bypass surgery as a component of the pump prime. *FLEXBUMIN* 25% is also indicated for hypoalbuminemia associated with adult respiratory distress syndrome ("ARDS") and nephrosis, and hemolytic disease of the newborn ("HDN"). In the fiscal year ended March 31, 2021, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was 57.6 billion JPY.

In oncology, our principal products include:

- *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 U.S. in 2015 for relapsed/refractory MM and has also been approved in Europe in 2016, in Japan in 2017, and in China in 2018. We are currently examining *NINLARO* in MM maintenance settings, with the potential to expand the eligible patient population. In the fiscal year ended March 31, 2021, revenue from *NINLARO* was 87.4 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 and was approved in China in May 2020. We jointly develop *ADCETRIS* with Seagen Inc. and have commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2021, our revenue from *ADCETRIS* was 59.4 billion JPY.
- *ALUNBRIG* (brigatinib), an orally administered small molecule anaplastic lymphoma kinase ("ALK") inhibitor used to treat ALK-positive non-small cell lung cancer ("NSCLC"). *ALUNBRIG* was granted accelerated approval in the U.S. in 2017, and the European Commission granted the product marketing authorization in 2018. The indication of *ALUNBRIG* was expanded to include newly diagnosed ALK-positive NSCLC patients in May 2020. In the fiscal year ended March 31, 2021, our revenue from *ALUNBRIG* was 8.8 billion JPY.

In neuroscience, our principal products are:

- *VYVANSE* (lisdexamfetamine dimesylate), a stimulant medication indicated for the treatment of attention deficit hyperactivity disorder ("ADHD") in patients aged six and above, and for the treatment of moderate to severe binge eating disorder in adults. In the fiscal year ended March 31, 2021, our revenue from *VYVANSE* was 271.5 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 U.S., where it was launched in 2014 and in Japan, where it was launched in 2019. In the fiscal year ended March 31, 2021, our revenue from *TRINTELLIX* was 68.9 billion JPY.

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

2. Risk Factors

Our business performance is subject to various present and future risks. 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 effects on an investor's decision.

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

The potential future events and risks contained in the following statements are envisioned based on the assumptions as of March 31, 2021.

(1) Risks relating to research and development

We aim to achieve long-term sustainable growth by translating science into highly innovative medicines. We are focusing on strengthening 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 loss or expiration of patent or regulatory exclusivity 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 pharmaceutical markets of various countries in which we operate, there has been increasing pressure on healthcare budgets and price erosion due to Health Technology Assessment and International Reference Pricing. In the United States, the largest market for our products, there has been increased pricing pressure on original products, driven in part by consolidation across health plans and intermediaries and ongoing legislative and regulatory efforts to lower drug prices. In Japan, the governments promote more use of generics and decrease the price of many products listed on the National Health Insurance price list annually. 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 have substantial debt, including a significant amount incurred from financing arrangements with financial institutions in connection with the acquisition of Shire completed in January 2019. 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 as necessary and appropriate inventory levels, select alternative suppliers, introduce emergency management procedures for our internal manufacturing network, adopt business continuity management systems, and conduct periodic internal audits and other inspections. However, in the event of technical or legal / regulatory issues in our or our subcontractors' production or distribution facilities, shortage of raw materials or other disruptions due to an occurrence of natural disasters, an outbreak of pandemics or other events, we may experience a substantial delay in the supply of products, which could adversely affect our results of operations and financial conditions and our reputation. In this regard, in 2020, we experienced a temporary supply shortage of certain products manufactured in our plant in Hikari, Yamaguchi, Japan, in the course of addressing observations of regulatory authorities, etc., at the Hikari plant, and continue to address such supply shortage.

(8) Risks relating to IT security and information management

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

(9) Risks relating to compliance

Our business is subject to various legal regulations, such as pharmaceutical regulations, product liability, and antitrust, as well as various guidelines including GMP (Good Manufacturing Practice), GQP (Good Quality Practice), GCP (Good Clinical Practice) and GLP (Good Laboratory Practice). Besides, our business is in corporation with various third parties such as agents, suppliers and distributors and rely on their business activities in the key aspects of our business. We put Global Ethics & Compliance in place to promote compliance globally. Global Ethics & Compliance monitors to ensure that the business activities of us and third parties involved with us are in compliance with laws and internal policies. However, violation of regulations or improper conduct of our employees or third parties could result in penalties, sanction and regulatory disposition or filling lawsuit against us and damage our reputation and financial conditions.

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

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

(11) Risks relating to fluctuations in foreign exchange rates

For the fiscal year ended March 31, 2021, sales outside Japan amounted to 2,638.1 billion JPY, which accounted for 82.5% of our consolidated revenue and revenue in the United States in particular amounted to 1,567.9 billion JPY, or 49.0% of our consolidated revenue. Although a decrease in the value of the Japanese yen relative to other currencies has a positive effect on revenue, expenses incurred with foreign currencies such as research and development expenses can be downward factor that contributes to decreases in consolidated revenue. In addition, there is a foreign currency exchange risk of operational transactions, financial transactions and investments in non-functional currency. We mitigate these risks by managing the exchange rate risk centrally and executing derivative transactions to hedge foreign currency denominated transactional risk. However, if the exchange rate fluctuates more than we expected, our results of operations and financial conditions could be adversely affected.

(12) Risks relating to litigation and other legal matters

In addition to the ongoing litigation relating to our operations, we may be involved in litigation related to adverse effects from pharmaceutical products, product liability, labor issues, fair trade or other issues that may have an adverse effect on our results of operations and financial conditions.

For details of major litigation matters, please refer to "V. Financial Information 1. Consolidated Financial Statements and Others, 32 Commitment and Contingent Liabilities".

(13) Risks relating to environment

We have implemented robust environmental management systems and internal programs designed to assure that the expectations of applicable stakeholders regarding environmental stewardship and regulatory compliance are met. We also have an internal audit program to help ensure that these programs are effectively implemented and achieve desired results. However, in the event of accidental environmental contamination, regulatory non-compliance, or perceived poor environmental stewardship, we could become subject to negative reputational impact or even governmental action. This could expose the Company to claims, liability or require that we undertake significant remedial measures, which may fall outside of or exceed our insurance coverage and adversely affect our business. Furthermore, changes to environmental regulations or the expectations from current or future stakeholders may impose additional compliance or shareholder expectation requirements on us that may impact our research, development, and production efforts or other business activities. Failure to meet such requirements may subject us to legal or regulatory liability, harm our reputation, impair our ability to administer our business, or decrease our attractiveness to current and potential investors.

We recognize that climate change associated with the greenhouse gases (GHGs) in the atmosphere is an important environmental issue that poses risks to global health. We have committed to initiatives to reduce Takeda's GHG footprint (aka carbon footprint) through efforts such as internal energy conservation measures, procurement of renewable energy and investment in renewable energy certificates and high-quality, verified carbon offsets. We are also working with our direct suppliers to help them to decrease their carbon footprints. Takeda has committed to being carbon neutral and has been carbon neutral across its value chain since 2020 (for FY2019 emissions).

We are also committed to the aggressive goals of eliminating all GHG emissions from our direct operations and to reducing by 50% the GHG emissions of our direct suppliers by 2040.

We also recognize that to be good environmental stewards, we need to continuously look for opportunities to decrease our environmental impact through holistic assessments of our products and services throughout their lifecycles. Accordingly, we continue our focus on natural resources conservation including setting goals for water conservation and risk mitigation, and zero waste to landfill. We are also establishing internal lifecycle assessment programs and tools to reduce environmental impacts from development through the end-of-life of our products.

Continuing our focus on Environmental Sustainability is important and aligned with our company values. Improving the global environment helps our patients, builds trust, and will enhance our reputation and business. If we fail to act on our aggressive sustainability goals or otherwise fail to meet stakeholder expectations, our reputation may be damaged in the eyes of our patients and society. Investors may avoid investing in us and our business operations and finances 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. Many regions worldwide are still experiencing waves of the COVID-19 pandemic, and it remains unclear how long the pandemic and measures intended to stop or slow its spread will last. In addition, vaccine availability continues to roll out in phases across the globe. 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	¥ 3,197.8	¥ (93.4)	(2.8)%
R&D expense	(455.8)	+36.5	(7.4)%
Operating profit	509.3	+408.9	407.2 %
Profit before tax	366.2	+427.0	— %
Net profit for the year	376.2	+331.9	749.3 %
Basic EPS (JPY)	240.72	+212.31	747.3 %
Total assets	12,912.3	+91.2	0.7 %
Total liabilities	7,735.1	(358.5)	(4.4)%
Total equity	5,177.2	+449.7	9.5 %

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, 2021 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 1,574,885	1.3
Total	¥ 1,574,885	1.3

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.

(b) Orders received

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

(c) Sales

The amounts of sales for the year ended March 31, 2021 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 3,197,812	(2.8)
< Japan >	< 559,748 >	< (5.6)>
< Overseas >	< 2,638,064 >	< (2.2)>
Consolidated Statement of Profit or Loss	¥ 3,197,812	(2.8)
< Out-licensing and service income >	< 92,436 >	< 6.2 >

Notes:

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

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

(3) The amounts of sales for major customers and their percentage to total sales are as follows.

	For the fiscal year ended March 31,			
	2020		2021	
Name of Customer	Amount JPY(millions)	Percentage to total sales	Amount JPY(millions)	Percentage to total sales
AmerisourceBergen Corporation and its group companies	¥ 367,625	11.2	¥ 370,759	11.6
McKesson Corporation and its group companies	342,210	10.4	345,292	10.8

(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 global commercialization of pharmaceutical products. Our intent is to translate science into highly innovative life transforming medicines. We have built an R&D engine focused on four therapy areas, leveraging internal research and external partners in order to have access to different modalities like biologicals or cell therapy. 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 plc. ("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-derived Therapies (PDT). Commercially, the Shire Acquisition significantly strengthened our presence in the United States, Europe and Growth and Emerging Markets. It also complemented our ongoing efforts to enhance our R&D engine. Through the Shire Acquisition, investments and our R&D partnership model, we have created a highly complementary, robust, modality-diverse pipeline.

We incurred significant indebtedness to finance the cash portion of the consideration of the Shire Acquisition. We plan to continue to reduce our debt primarily using operating cash flows which improved significantly through scale and integration synergies, allowing debt repayment, competitive R&D investment for long-term growth and commitment to our dividend and shareholder return.

Our business is organized as a single operating segment, reflecting the presentation of information to our management for the purposes of allocating resources, measuring performance and forecasting future periods. For the fiscal year ended March 31, 2021, our revenue and operating profit were 3,197.8 billion JPY and 509.3 billion JPY, respectively.

Factors Affecting Our Results of Operations

Our results are affected by the global industry trends and operating environment as described in Item 4 of this annual report and other factors described below.

Acquisitions

We may acquire new businesses to expand our R&D capabilities (including expanding into new methodologies) and to acquire new products (whether in the development pipeline or at the marketing stage) or other strategic regions. Similarly, we 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 the 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.

The acquisition of Shire 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.

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 divested businesses and product lines to maintain our focus on our key growth drivers and provide additional cash flow to accelerate the repayment of debts. The following are major divestitures completed or announced in the fiscal years ended March 31, 2020, 2021 and through the issuance of this annual securities report.

- 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 210.0 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 November 2020, we completed the sale of a portfolio of select non-core over-the-counter and prescription pharmaceutical products sold exclusively in Asia Pacific to Celltrion Inc., for a total value of 278 million USD, or 26.8 billion JPY, inclusive of milestone payments and a gain of 15.8 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In December 2020, we completed the sale of a portfolio of select non-core prescription pharmaceutical products sold predominantly in Europe and Canada to Cheplapharm for a total value of 562 million USD or 59.4 billion JPY and a gain of 21.4 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In December 2020, we announced that we have entered into an agreement to divest a portfolio of non-core prescription pharmaceutical products sold in China to Hasten Biopharmaceutic Co., Ltd. (China) for 322 million USD or 35.6 billion JPY[(1)], subject to customary legal and regulatory closing conditions.
- In January 2021, we completed the sale of a portfolio of select products sold in Latin America to Hypera S.A. for a total value of 825 million USD or 82.5 billion JPY and a gain of 35.3 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In January 2021, we completed the sale of TachoSil® Fibrin Sealant Patch to Corza Health, Inc. for 350 million EUR or 42.9 billion JPY and a gain of 2.3 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In March 2021, we completed the sale of a portfolio of select products to Orifarm Group for a sales price of 505 million USD or 55.8 billion JPY in cash at closing and approximately 70 million USD or 7.7 billion JPY[(1)] in non-contingent cash to be paid within four years post-closing. In addition, we may receive up to an additional 95 million USD or 10.5 billion JPY[(1)] in potential milestone receipts. Further, a gain of 14.7 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In March 2021, we completed the sale of Takeda Consumer Healthcare Company Limited to Oscar A-Co KK, a company controlled by funds managed by The Blackstone Group Inc. and its affiliates for a total value of 242.0 billion JPY and a gain of 139.5 billion JPY was recognized in the fiscal year ended March 31, 2021.
- In April 2021, we completed the asset transfer associated with a portfolio of select non-core products in Japan to Teijin Pharma Limited for a total value of 133.0 billion JPY. The transaction is expected to have a favorable impact of approximately 130 billion JPY on profit (loss) before income tax for the fiscal year ending March 31, 2022.

Note:

(1) Calculated using the Japanese yen—U.S. dollar exchange rate of 110.5 JPY and Euro exchange rate of 129.8 JPY as of March 31, 2021.

Patent Protection and Generic Competition

For pharmaceutical products, in particular, patent protection and/or regulatory exclusivity benefit our results of operations by restricting competition. Newly introduced products, particularly those which treat conditions for which alternative treatments may not be readily available, may significantly contribute to sales. However, even protected products must compete with products of other manufacturers based on efficacy, lack of adverse reactions and price. On the other hand, the loss or expiration of patent protection or regulatory exclusivity with respect to any of our principal products could have a material adverse effect on our results of operations, as generic products, which tend to be quickly adopted once introduced, may enter the market. Some of our principal products face, or are expected to face, considerable competition due to the expiration of patent or other intellectual property protection. For example, following the expiration of patent protection over bortezomib, the active ingredient in *VELCADE*, one of our largest selling products in the U.S., a competing bortezomib-containing product has been introduced. This 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 PDT. Efforts to increase the collection of plasma may require strengthening acquisition and third-party contracting capacities and successful regulatory approval of additional plasma collection facilities and plasma fractionation facilitates.

Foreign Exchange Fluctuations

In the fiscal year ended March 31, 2021, 82.5% of our revenue was from outside of Japan. Changes in foreign exchange rates, particularly for the U.S. dollar and the euro, relative to the yen, which is our reporting currency, will impact our revenues and expenses. When the yen weakens against other currencies, our revenues attributable to such other currencies increase, having a positive impact on our results of operations, which may be offset by increased expenses denominated in such currencies. Conversely, when the yen strengthens against other currencies, our revenues attributable to such currencies decrease, having a negative impact on our results of operations, which may be offset by decreased expenses denominated in such currencies. The following shows revenue at constant exchange rates for the year ended March 31, 2021 as compared to revenue for the year ended March 31, 2020.

	(billions of yen, except percentages)			
	For the fiscal year ended March 31,			
	2020	2021	Change versus the previous year	
Revenue	¥ 3,291.2	¥ 3,197.8	¥ (93.4)	(2.8)%
Effect of exchange rates		(77.2)		
Revenue at constant exchange rates	3,291.2	3,275.0	(16.2)	(0.5)%

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

We present revenue at constant exchange rates because we believe that this measure is useful to investors to better understand the effect of exchange rates on our business, and to understand how our results of operations might have changed from year to year without the effect of fluctuations in exchange rates. These are the primary ways in which our management uses these measures to evaluate our results of operations. We also believe that this is a useful measure for investors as similar performance measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the results of operations of other companies in our industry.

For a given fiscal year, revenue at constant exchange rates is defined as revenue as calculated by translating revenue of current fiscal year using corresponding exchange rates of previous fiscal year. The usefulness of this presentation has significant limitations including, but not limited to, that while revenue at constant exchange rates is calculated using the same exchange rates used to calculate revenue as presented under IFRS for the previous fiscal year, this does not necessarily mean that the transactions entered into during the relevant fiscal year could have been entered into or would have been recorded at the same exchange rates. Moreover, other companies in our industry using similarly titled measures may define and calculate those measures differently than we do, and therefore such measures may not be directly comparable. Accordingly, revenue at constant exchange rates should not be considered in isolation and is not, and should be viewed as, a substitute for revenue as prepared and presented in accordance with IFRS.

To mitigate the risk exposed by foreign exchange fluctuations, we utilize certain hedging measures with respect to some of our significant foreign currency transactions, primarily forward exchange contracts, currency swaps and currency options for individually significant foreign currency transactions.

Periodic Trends

Our revenues were lower in the fourth quarter of each of the fiscal years ended March 31, 2019, 2020, and 2021 partially due to wholesalers tendency to increase purchases ahead of the New Year holidays across the region, annual price increases and the reset of annual insurance deductibles in the US at the start of the calendar year.

(ii) Critical Accounting Policies

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

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

Revenue Recognition

Takeda's revenue is primarily related to the sale of pharmaceutical products and is generally recognized when control of the products is passed to the customer in an amount that reflects the consideration to which Takeda expects to be entitled in exchange for those products. Control is generally transferred at the point in time of shipment to or receipt of the products by the customer, or when the services are performed. The amount of revenue to be recognized is based on the consideration Takeda expects to receive in exchange for its goods or services. If a contract contains more than one contractual promise to a customer (performance obligation), the

consideration is allocated based on the standalone selling price of each performance obligation. The consideration Takeda receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized to the extent it is highly probable that a significant reversal will not occur.

Takeda's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies, wholesalers, health insurance companies and managed healthcare organizations. These deductions represent estimates of the related obligations, requiring the use of judgment when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. Takeda monitors the obligation for these deductions on at least a quarterly basis and records adjustments when rebate trends, rebate programs and contract terms, legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, adjustments to rebate accruals have not been material to net earnings. The U.S. market has the most complex arrangements related to revenue deductions.

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

- U.S. Medicaid: The U.S. Medicaid Drug Rebate Program is administered by state governments using state and federal funds to provide assistance to certain qualifying individuals and families, who cannot finance their own medical expenses. Calculating the rebates to be paid related to this program involves interpreting relevant regulations, which are subject to challenge or change in interpretative guidance by government authorities. Provisions for Medicaid rebates are estimated based upon identifying the products subject to a rebate, historical experience, patient demand, product pricing and the mix of contracts and specific terms in the individual state agreements. The provisions for Medicaid rebates are recorded in the same period that the corresponding revenues are recognized; however, the Medicaid rebates are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for Medicaid rebates. These expected product specific assumptions relate to estimating which of Takeda's revenue transactions will ultimately be subject to the U.S. Medicaid program.
- U.S. Medicare: The U.S. Federal Medicare Program, which funds healthcare benefits to individuals age 65 or older and certain disabilities, provides prescription drug benefits under Part D section of the program. This benefit is provided and administrated through private prescription drug plans. Provisions for Medicare Part D rebates are calculated based on the terms of individual plan agreements, patient demand, product pricing and the mix of contracts. The provisions for Medicare Part D rebates are recorded in the same period that the corresponding revenues are recognized; however, the Medicare Part D rebates are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for Medicare Part D rebates. These expected product specific assumptions relate to estimating which of the Takeda's revenue transactions will ultimately be subject to the U.S. Medicare program.
- Customer rebates: Customer rebates including commercial managed care in the U.S. are offered to purchasing organizations, health insurance companies, managed healthcare organizations, and other direct and indirect customers to sustain and increase market share, and to ensure patient access to Takeda's products. Since rebates are contractually agreed upon, the related provisions are estimated based on the terms of the individual agreements, historical experience, and patient demand. The provisions for commercial managed care rebates in the U.S. are recorded in the same period that the corresponding revenues are recognized; however, commercial managed care rebates in the U.S. are not fully paid until subsequent periods. There is often a time lag of several months between Takeda recording the revenue deductions and Takeda's final accounting for commercial managed care rebates in the U.S. These expected product specific assumptions relate to estimating which of Takeda's revenue transactions will ultimately be subject to the commercial managed care in the U.S.
- Wholesaler chargebacks: Takeda has arrangements with certain indirect customers whereby the customer is able to buy products from wholesalers at reduced prices. A chargeback represents the difference between the invoice price to the wholesaler and the indirect customer's contractual discounted price. Provisions for estimating chargebacks are calculated based on the terms of each agreement, historical experience and product demand. Takeda has a legally enforceable right to set off the trade receivables and chargebacks and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Thus the provision for chargebacks are recorded as a deduction from trade receivables on the consolidated statements of financial position.
- Return reserves: When Takeda sells a product providing a customer with the right to return, Takeda records a provision for estimated sales returns based on its sales return policy and historical return rates. Takeda estimates the proportion of recorded revenue that will result in a return by considering relevant factors, including past product returns activity, the estimated level of inventory in the distribution channel and the shelf life of products.

Because the amounts are estimated, they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, expected product specific assumptions used in estimating which of Takeda's revenue transactions will ultimately be subject to the respective programs

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

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

Impairment of 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. Intangible assets that are currently not amortized are reviewed for impairment at least annually. As of March 31, 2021, we have 3,909.1 billion JPY of intangible assets which represent 30.3% of our total assets.

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

Intangible 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. Our cash generating units or group of cash generating units are identified based on the smallest identifiable group of assets that generate independent cash inflows. 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 change in the amount and timing of cash flows include IPR&D projects that are not successfully developed, fail during development, are abandoned or subject to significant delay or do not receive the relevant regulatory approvals and/or commercially marketed products whose value becomes impaired. 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 12 to our audited consolidated financial statements.

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.

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.

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 audited consolidated financial statements.

These and other contingencies are, by their nature, uncertain and based upon complex judgments and probabilities. The factors we consider in developing our provision for litigation and other contingent liability amounts include the merits and jurisdiction of the litigation, the nature and the number of other similar current and past litigation cases, the nature of the product and the current assessment of the science subject to the litigation, and the likelihood of settlement and current state of settlement discussions, if any. In addition, we record a provision for product liability claims incurred, but not filed, to the extent we can formulate a reasonable estimate of their costs based primarily on historical claims experience and data regarding product usage. In cases we may become involved in significant legal proceedings for which it is not possible to make a reliable estimate of the expected financial effect, if any, which may result from ultimate resolution of the proceedings, no provision is recognized for such cases. We also consider the insurance coverage we have to diminish the exposure for periods covered by insurance. In assessing our insurance coverage, we consider the policy coverage limits and exclusions, the potential for denial of coverage by the insurance company, the financial condition of the insurers, and the possibility of and length of time for collection. Any provision and the related estimated insurance recoverable have been reflected on a gross basis as liabilities and assets, respectively, on our consolidated statements of financial position. As of March 31, 2021, we have a provision of 73.4 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 liabilities related to many uncertain tax positions due to changes in tax law resulting from legislation, regulation, and/or as concluded through the various jurisdictions' tax court systems. When we conclude that it is not probable that a tax authority will accept an uncertain tax position, we recognize the best estimate of the expenditure required to settle a tax uncertainty. The amount of unrecognized tax benefits is adjusted for changes in facts and circumstances. For example, adjustments could result from significant amendments to existing tax law, the issuance of regulations or interpretations by the tax authorities, new information obtained during a tax examination, or resolution of a tax examination. We believe our estimates for uncertain tax positions are appropriate and sufficient based on currently known facts and circumstances.

We also assess our deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, we consider the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability is estimated based on our business plan. The change in judgment upon determining the revenue forecast used for our business plan could have a significant impact on the amount of the deferred tax assets to be recognized. Based on the level of historical taxable profits and projected future taxable profits during the periods in which the temporary differences become deductible, we determine the amount the tax benefits we believe are realizable. As of March 31, 2021, we had the unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of 1,533.1 billion JPY, 241.2 billion JPY, and 9.7 billion JPY, respectively. A change in our estimates and assumptions in future periods could have a significant impact on our income tax provision.

Restructuring Costs

We incur restructuring costs associated with planned initiatives to reduce our costs or in connection with the integration of our acquisitions. Our most significant restructuring costs are severance payments and lease termination costs. We establish a provision for restructuring costs when we have developed a detailed formal plan for the restructuring. The recognition of restructuring provision requires estimates including timing of payments and the number of individuals impacted by the restructuring. As a result of these estimates, the actual restructuring costs may differ from our estimates.

As of March 31, 2021, we have a provision of 32.3 billion JPY for restructuring costs. See Note 23 to our audited consolidated financial statements for a further description of our restructuring provisions and the change between periods.

(iii) Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2020 and 2021.

Billion JPY or percentage

	For the fiscal year ended March 31,			
	2020	2021	Change versus the previous year	
Revenue	¥ 3,291.2	¥ 3,197.8	¥ (93.4)	(2.8)%
Cost of sales	(1,089.8)	(994.3)	95.5	(8.8)%
Selling, general and administrative expenses	(964.7)	(875.7)	89.1	(9.2)%
Research and development expenses	(492.4)	(455.8)	36.5	(7.4)%
Amortization and impairment losses on intangible assets associated with products	(455.4)	(421.9)	33.6	(7.4)%
Other operating income	60.2	318.0	257.8	428.2 %
Other operating expenses	(248.7)	(258.9)	(10.2)	4.1 %
Operating profit	100.4	509.3	408.9	407.2 %
Finance income	27.8	105.5	77.7	279.1 %
Finance expenses	(165.0)	(248.6)	(83.6)	50.7 %
Share of loss of investments accounted for using the equity method	(24.0)	0.1	24.1	—
Profit (loss) before tax	(60.8)	366.2	427.0	—
Income tax benefit	105.0	9.9	(95.1)	(90.5)%
Net profit for the year	¥ 44.3	¥ 376.2	¥ 331.9	749.3 %

Revenue. Revenue for the fiscal year ended March 31, 2021 was 3,197.8 billion JPY, a decrease of 93.4 billion JPY, or 2.8%, compared to the previous fiscal year. Excluding the impact from fluctuations in foreign exchange rates, which was calculated by translating revenue of the fiscal year ended March 31, 2021, using corresponding exchange rates in the previous fiscal year, the decrease in revenue was 0.5%.

Within our core therapeutic areas, Gastroenterology ("GI") and Plasma-Derived Therapies ("PDT") Immunology contributed to positive revenue growth; however, this was offset by intensified competition and generic erosion in Rare Diseases and the negative impact across the portfolio from changes in foreign exchange rates. Overall, while the global spread of COVID-19 did not have a material effect on our revenue for the fiscal year ended March 31, 2021, there were adverse effects due to COVID-19 observed in certain therapeutic areas, especially Neuroscience in which stay-at-home restrictions continued to reduce patient visits to medical care providers. This trend fluctuated throughout the fiscal year. These adverse impacts have been partially offset by benefits from prescribing trends during the pandemic, such as an expansion of certain products with a more convenient administration profile that was observed in the early phase of the outbreak.

Revenue outside of our core therapeutic areas decreased by 130.7 billion JPY, or 18.5%, mainly due to the effect of several divestitures, as well as a decline in sales of off-patented products such as ULORIC (for hyperuricemia) and COLCRYS (for gout).

Revenue by Region

The following shows revenue by geographic region:

	For the fiscal year ended March 31,			
	2020		2021	
	(billions of yen, except percentages)			
Revenue:				
Japan	¥ 592.8	18.0 %	¥ 559.7	17.5 %
United States	1,595.9	48.5	1,567.9	49.0
Europe and Canada	645.5	19.6	666.2	20.8
Russia/CIS	76.8	2.3	57.6	1.8
Latin America	143.5	4.4	121.6	3.8
Asia (excluding Japan)	165.4	5.0	156.2	4.9
Other[(1)]	71.3	2.2	68.5	2.1
Total	¥ 3,291.2	100.0 %	¥ 3,197.8	100.0 %

Note:
(1) Other includes the 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,			
	2020	2021	Change versus the previous year	
	(billions of yen, except for percentages)			
Gastroenterology:				
ENTYVIO	¥ 347.2	¥ 429.3	¥ 82.1	23.6 %
TAKECAB-F [(1)]	72.7	84.8	12.1	16.7
GATTEX/REVESTIVE	61.8	64.6	2.8	4.5
DEXILANT	62.8	55.6	(7.2)	(11.5)
PANTOLOC/CONTROLOC [(2)]	49.5	43.1	(6.3)	(12.8)
ALOFISEL	0.4	0.8	0.4	110.2
Others [(4)]	103.5	99.7	(3.9)	(3.8)
Total Gastroenterology	697.9	777.8	79.9	11.4
Rare Diseases:				
Rare Metabolic:				
ELAPRASE	67.9	68.8	0.9	1.3
REPLAGAL	51.3	51.8	0.5	1.0
VPRIV	38.0	38.5	0.5	1.3
NATPARA/NATPAR	13.6	3.6	(10.1)	(74.0)
Total Rare Metabolic	170.8	162.6	(8.2)	(4.8)
Rare Hematology:				
ADVATE	157.9	128.5	(29.3)	(18.6)
ADYNOVATE	58.7	58.1	(0.6)	(1.0)
FEIBA	51.5	44.5	(7.0)	(13.6)
RECOMBINATE	17.1	13.4	(3.7)	(21.6)
Others [(4)]	49.1	45.3	(3.8)	(7.7)
Total Rare Hematology	334.2	289.8	(44.4)	(13.3)
Hereditary Angioedema:				
TAKHZYRO	68.3	86.7	18.4	27.0
FIRAZYR	32.7	26.8	(5.8)	(17.9)
Others [(4)]	28.9	25.8	(3.1)	(10.8)
Total HAE (Hereditary Angioedema)	129.8	139.3	9.5	7.3
Total Rare Diseases	634.9	591.7	(43.1)	(6.8)
PDT Immunology:				
IMMUNOGLOBULIN	298.7	334.9	36.2	12.1
ALBUMIN	67.2	57.6	(9.6)	(14.3)
Others [(4)]	28.3	27.9	(0.3)	(1.1)
Total PDT Immunology	394.2	420.4	26.2	6.7
Oncology:				
VELCADE	118.3	101.1	(17.2)	(14.5)
LEUPRORELIN	109.0	95.4	(13.7)	(12.5)
NINLARO	77.6	87.4	9.8	12.7
ADCETRIS	52.7	59.4	6.8	12.8
ICLUSIG	31.8	34.2	2.4	7.5
ALUNBRIG	7.2	8.8	1.6	21.7
Others [(4)]	24.3	30.2	5.9	24.3
Total Oncology	421.0	416.5	(4.4)	(1.1)

	(billions of yen, except for percentages)			
	For the Year Ended March 31,			
	2020	2021	Change versus the previous year	
Neuroscience:				
VYVANSE	274.1	271.5	(2.5)	(0.9)
TRINTELLIX	70.7	68.9	(1.8)	(2.5)
Others [4]	93.8	76.9	(16.9)	(18.0)
Total Neuroscience	438.5	417.3	(21.2)	(4.8)
Other:				
AZILVA-F [1]	76.7	82.2	5.5	7.1
NESINA-F [1]	58.0	57.7	(0.3)	(0.5)
LOTRIGA	31.8	31.8	0.0	0.0
Others [3] [4]	538.3	402.4	(135.9)	(25.2)
Total Other	704.8	574.1	(130.7)	(18.5)
Total	¥ 3,291.2	¥ 3,197.8	¥ (93.4)	(2.8)%

Notes:
(1) The figures include the amounts of fixed dose combinations and blister packs.
(2) Generic name: pantoprazole
(3) The figures include the revenue of Takeda Consumer Healthcare Company Limited, which was divested on March 31, 2021.
(4) Products that are not individually listed in the table above are included in "Others" of each respective therapeutic area.

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

- *GI.* In Gastroenterology, revenue was 777.8 billion JPY, a year-on-year increase of 79.9 billion JPY, or 11.4 %. Growth was driven by Takeda's top-selling product ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)), with sales of 429.3 billion JPY, a year-on-year increase of 82.1 billion JPY, or 23.6%. Sales in the U.S. increased by 55.0 billion JPY, or 23.0%, to 294.3 billion JPY and sales in Europe and Canada increased by 21.0 billion JPY, or 23.9%, versus the previous fiscal year to 108.9 billion JPY, respectively, due to an increase in demand. In Japan, the increase in sales was primarily driven by the UC indication. Sales of TAKECAB (for acid-related diseases) were 84.8 billion JPY, an increase of 12.1 billion JPY, or 16.7%, versus the previous fiscal year. This 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. Sales of RESOLOR/MOTEGRITY (for chronic idiopathic constipation), increased by 4.7 billion JPY, or 71.2%, versus the previous fiscal year to 11.2 billion JPY, driven by further penetration into the U.S. market. Sales of GATTEX/REVESTIVE (for short bowel syndrome) increased by 2.8 billion JPY, or 4.5%, versus the previous fiscal year to 64.6 billion JPY, primarily due to increased average length of time on therapy for the adult population and increased volume of pediatric patients on therapy. Growth of ENTYVIO, TAKECAB, RESOLOR/MOTEGRITY and GATTEX/REVESTIVE fully absorbed the net decrease of other GI products such as off-patented PANTOLOC/CONTROLOC (generic name: pantoprazole) (for peptic ulcer), which declined by 6.3 billion JPY, as well as declines of DEXILANT (for acid reflux disease) by 7.2 billion JPY and AMITIZA (for chronic constipation) by 6.9 billion JPY primarily due to intensified competition coupled with the negative impact of the appreciation of the yen.

- *Rare Diseases*. In Rare Diseases, revenue decreased by 43.1 billion JPY, or 6.8%, to 591.7 billion JPY. Revenue in Rare Hematology decreased by 44.4 billion JPY, or 13.3%, to 289.8 billion JPY. Sales of ADVATE decreased by 29.3 billion JPY, or 18.6%, to 128.5 billion JPY and sales of ADYNOVATE decreased by 0.6 billion JPY, or 1.0%, to 58.1 billion JPY, respectively, primarily driven by the competitive landscape in the hemophilia A non-inhibitors market in the U.S. FEIBA sales decreased by 7.0 billion JPY, or 13.6%, to 44.5 billion JPY mainly due to competitive pressure in the prophylaxis segment of the inhibitors market in Europe. Revenue in Rare Metabolic decreased by 8.2 billion JPY, or 4.8%, to 162.6 billion JPY primarily due to the product recall of NATPARA (for hypoparathyroidism) in the U.S. in September 2019, which resulted in a decline of NATPARA/NATPAR sales of 10.1 billion JPY, or 74.0%, to 3.6 billion JPY. Revenue in Hereditary Angioedema (“HAE”) was 139.3 billion JPY, a year-on-year increase of 9.5 billion JPY, or 7.3%, driven by TAKHZYRO launches with strong patient uptake partially offset by the decreases in sales of FIRAZYR and CINRYZE. Sales of TAKHZYRO were 86.7 billion JPY, an increase of 18.4 billion JPY, or 27.0%, versus the previous fiscal year. Sales of FIRAZYR decreased by 5.8 billion JPY, or 17.9%, to 26.8 billion JPY, due to the continued impact of generic entrants and patient switches to TAKHZYRO. Sales of CINRYZE decreased by 2.5 billion JPY, or 10.2%, to 21.9 billion JPY, mainly due to patient switches to TAKHZYRO.

- *PDT Immunology.* In Plasma-Derived Therapies (“PDT”) Immunology, revenue increased by 26.2 billion JPY, or 6.7%, to 420.4 billion JPY. Aggregate sales of immunoglobulin products were 334.9 billion JPY, an increase of 36.2 billion JPY, or 12.1%, fueled by strong demand and growing supply capabilities. In particular, GAMMAGARD LIQUID (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)) continued to build its position as a highly recognized IVIG (intravenous immunoglobulin) therapy that is the standard of care treatment for PID and MMN in the U.S. CUVITRU and HYQVIA, SCIG (subcutaneous immunoglobulin) therapies also marked double digit growth. Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia) were 57.6 billion JPY, a decrease of 9.6 billion JPY, or 14.3%, versus the previous fiscal year. The decline was partially due to the timing of shipments in China (higher sales in China during the first six-months of the previous fiscal year resulting from a supply phasing from the fiscal year prior to that) and partially due to a temporary interruption in submitting batches of HUMAN ALBUMIN for release in China which impacted sales during the second half of the fiscal year.

- *Oncology.* In Oncology, revenue was 416.5 billion JPY, a year-on-year decrease of 4.4 billion JPY, or 1.1%. Sales of NINLARO (for multiple myeloma) were 87.4 billion JPY, an increase of 9.8 billion JPY, or 12.7%, versus the previous fiscal year, reflecting strong growth in global sales particularly in the U.S. and China, driven in part by its oral administration profile that is more attractive or convenient in light of the spread of COVID-19 beginning in the first few months of the fiscal year. NINLARO is a once-weekly oral tablet that can be taken at home, which may reduce some of the logistical burden for patients as its administration does not require an infusion or injection at a hospital, clinic or physician's office. Sales of ADCETRIS (for malignant lymphomas) increased by 6.8 billion JPY, or 12.8% to 59.4 billion JPY versus the previous fiscal year, reflecting strong growth in sales particularly in Japan where it has progressively expanded its approved indications in recent years. Sales of ICLUSIG (for leukemia) increased by 2.4 billion JPY, or 7.5%, versus the previous fiscal year to 34.2 billion JPY, benefiting from a new omni-channel promotion approach in the U.S. and from geographic expansion outside the U.S. Sales of ALUNBRIG (for non-small cell lung cancer) increased by 1.6 billion JPY, or 21.7%, versus the previous fiscal year to 8.8 billion JPY, as it continues to launch in European and emerging countries. Sales of VELCADE (for multiple myeloma) decreased by 17.2 billion JPY, or 14.5% to 101.1 billion JPY. This included royalty income of 4.8 billion JPY outside the U.S., a significant year-on-year decrease of 4.7 billion JPY, or 49.4%, due to generic entrants in Europe and China in 2019. Sales in the U.S. decreased by 12.5 billion JPY, or 11.5%, to 96.3 billion JPY versus the previous fiscal year, reflecting fewer new patient starts in first-line therapy. We believe this was a consequence of patients refraining from visiting medical care providers due to COVID-19 as well as the launch of a competitor's subcutaneous formulation at the beginning of May 2020 in the U.S. Sales of LEUPLIN/ENANTONE (generic name: leuprorelin) (for endometriosis, uterine fibroids, premenopausal breast cancer, prostatic cancer, etc.), an off-patented product, decreased by 13.7 billion JPY, or 12.5%, versus the previous fiscal year to 95.4 billion JPY. This is in relation to production stoppages initiated at our manufacturing facility in Japan to enhance overall compliance in alignment with Takeda standards.
- *Neuroscience.* In Neuroscience, revenue was 417.3 billion JPY, a year-on-year decrease of 21.2 billion JPY, or 4.8%. This decrease was partially attributable to REMINYL (for Alzheimer's disease), which faced the introduction of generic competitors in Japan in June 2020, and sales of which decreased by 10.1 billion JPY, or 58.3%, to 7.2 billion JPY. Sales of ROZEREM (for insomnia) decreased by 2.5 billion JPY, or 17.0%, to 12.0 billion JPY that was also negatively impacted by the loss of exclusivity in the U.S. in July 2019. Sales of ADDERALL XR (for attention deficit hyperactivity disorder ("ADHD")) were 17.8 billion JPY, a decrease of 6.5 billion JPY, or 26.9%, primarily due to the continued impact of competition from generic entrants in the period. Sales of VYVANSE (for ADHD) were 271.5 billion JPY, a decrease of 2.5 billion JPY, or 0.9%, versus the previous fiscal year. Sales of TRINTELLIX (for major depressive disorder ("MDD")) were 68.9 billion JPY, a decrease of 1.8 billion JPY, or 2.5%, versus the previous fiscal year. Sales of VYVANSE and TRINTELLIX have been negatively affected by COVID-19 most notably during periods when stay-at-home restrictions were in place reducing patient visits, subsequent diagnoses and creating temporary discontinuation of medication. The trend temporarily normalized to pre-COVID-19 levels, but has been affected again in the latest six-month period as transmission has increased in countries where Takeda markets these products. The decrease of these products was partially offset by the increase of INTUNIV (for ADHD) with its sales increased by 5.8 billion JPY, or 39.5%, to 20.4 billion JPY versus the previous fiscal year, primarily due to an increase in Japan driven by strong growth in demand coupled with stock-building by the licensee due to COVID-19.

Cost of Sales. Cost of Sales decreased by 95.5 billion JPY, or 8.8%, to 994.3 billion JPY and the Cost of Sales Ratio decreased by 2.0 percentage point to 31.1% for the fiscal year ended March 31, 2021. This was primarily caused by 118.3 billion JPY decrease in non-cash charges related to the unwind of the fair value step up on acquired inventory recognized in connection with the Shire Acquisition. These effects were partially offset by an increase in remaining Cost of Sales due to decline in high-margin products sales including off-patent products such as COLCRYS and VELCADE.

Selling, General and Administrative (SG&A) expenses. SG&A expenses decreased by 89.1 billion JPY, or 9.2%, to 875.7 billion JPY for the fiscal year ended March 31, 2021, primarily due to the favorable impact from cost efficiencies and synergies from the integration of Shire and lower spend resulting from COVID-19 such as less travel and fewer commercial events.

Research and Development (R&D) expenses. R&D expenses decreased by 36.5 billion JPY, or 7.4%, to 455.8 billion JPY, mainly due to lower costs related to pipeline prioritization and travel expenses resulting from COVID-19 partially offset by an increase in expenditures on certain R&D program including new candidates in preclinical studies.

Amortization and Impairment Losses on Intangible Assets Associated with Products. Amortization and Impairment Losses on Intangible Assets Associated with Products decreased by 33.6 billion JPY, or 7.4%, to 421.9 billion JPY for the fiscal year ended March 31, 2021. This decrease is primarily attributable to an impairment charge of intangible assets related to in-process research and development recognized in the previous fiscal year, including TAK-616 AMR triggered by our decision to terminate the program following the interim readout in May 2019, and TAK-607 due to a change in study design in March 2020.

Other Operating Income. Other Operating Income increased by 257.8 billion JPY, or 428.2%, to 318.0 billion JPY for the fiscal year ended March 31, 2021, predominantly driven by a 228.9 billion JPY divestiture gain from 139.5 billion JPY gain on sale of shares and relevant assets of Takeda Consumer Healthcare Company Ltd. and other non-core assets amounting to 89.4 billion JPY recorded in the current fiscal year. In addition, a 60.2 billion JPY revaluation gain triggered by an update to previously recognized liabilities for pipeline compound SHP647 and certain associated rights ("SHP647") to reflect management's decision to terminate the clinical trial program related to SHP647 upon the European Commission's decision in May 2020 to release Takeda's obligation to divest SHP647. The increase was partially offset by 12.7 billion JPY decrease in deferred gain due to an impairment of intangible assets related to long-listed products business transferred to Teva Takeda Pharma Ltd, a business venture of Takeda and Teva Pharmaceutical Industries Ltd, recorded in the previous fiscal year.

Other Operating Expenses. Other Operating Expenses were 258.9 billion JPY, an increase of 10.2 billion JPY, or 4.1%, for the fiscal year ended March 31, 2021. The increase mainly includes a 72.9 billion JPY loss recognized for the current fiscal year from changes in the fair value of contingent consideration assets from the previous sale of XIIDRA, and a 65.2 billion JPY decrease in restructuring expenses mainly comprised of Shire integration costs as an offset of the increase. The change in the fair value of the assets associated

with contingent consideration arrangements is driven by changes in assumptions related to the future sales of XIIDRA, including the impact from Novartis' withdrawal of the Marketing Authorisation Application in Europe.

Operating Profit. As a result of the above factors, Operating Profit increased by 408.9 billion JPY, or 407.2% for the fiscal year ended March 31, 2021 to 509.3 billion JPY.

Net Finance Expenses. Net Finance Expenses were 143.1 billion JPY in the current year, an increase of 5.9 billion JPY compared to the previous fiscal year. This increase was due primarily to 11.0 billion JPY lower derivative gain in financial income recognized on the warrant to purchase stocks of a company that went public in October 2019 compared to the previous fiscal year partially offset by decrease in net interest expense.

Share of Profit of Investments Accounted for Using the Equity Method. Share of Profit of Investments Accounted for Using the Equity Method was 0.1 billion JPY, an increase of 24.1 billion JPY compared to Share of Loss of Investments Accounted for Using the Equity Method of 24.0 billion JPY for the previous fiscal year, mainly due to a decrease of loss related to Takeda's shareholding ratio of impairment loss recognized by Teva Takeda Pharma Ltd. and a share of profit on the investment held by Takeda Ventures, Inc. recorded for the current fiscal year. The impairment loss recognized by Teva Takeda Pharma Ltd. for the current fiscal year was recorded resulting from the reassessment of the recoverable amount of relevant assets triggered by the decision made to divest a part of its generics business and a manufacturing plant, as well as by a revision of forecast in the long-listed drug business.

Income Tax Benefit. Income Tax Benefit was 9.9 billion JPY for the fiscal year ended March 31, 2021, compared to income tax benefit of 105.0 billion JPY for the previous fiscal year. This was mainly due to higher pretax earnings in the current fiscal year, the recognition of a non-cash deferred tax benefit of 94.6 billion JPY as a result of the enactment of a new taxing regime in Switzerland (Swiss Tax Reform) in the previous fiscal year, and the tax impacts of divestitures. These unfavorable changes were partially offset by favorable mix of statutory earnings, tax benefits from the recognition of previously unrecognized deferred tax assets, and favorable audit settlements in the current fiscal year.

Net Profit for the Year. Net Profit for the Year increased by 331.9 billion JPY, or 749.3% for the fiscal year ended March 31, 2021 to 376.2 billion JPY.

(iv) Underlying Growth (April 1, 2020 to March 31, 2021)

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

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

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

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

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

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

Core 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.

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

Underlying Results

For the fiscal year ended March 31, 2021	
Underlying Revenue Growth	+2.2%
Underlying Core Operating Profit Growth	+13.0%
Underlying Core Operating Profit Margin	30.2%
Underlying Core EPS Growth	+24.6%

Underlying Revenue Growth was 2.2% compared to the previous fiscal year. Underlying revenue attributable to Takeda's 14 global brands* grew by 16.0%, despite negative impacts such as the NATPARA recall in the U.S. and a decline of off-patented products.

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

Underlying Revenue Growth by Therapeutic Area	
GI	+14.4%
Rare Diseases	-2.3%
Rare Metabolic	+1.5%
Rare Hematology	-9.0%
Hereditary Angioedema	+10.1%
PDT Immunology	+9.8%
Oncology	+1.2%
Neuroscience	-1.8%
Other	-9.1%
Total	+2.2%

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

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

- Net sales of XIIDRA, a treatment for dry eye disease, the divestiture of which was completed in July 2019, are excluded from the previous fiscal year.
- Revenue of select over-the-counter and non-core products in a number of Near East, Middle East and Africa countries is excluded from the previous fiscal year as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Russia, Georgia, and a number of countries from within the Commonwealth of Independent States is excluded from the previous fiscal year as the divestiture was completed in March 2020.
- Revenue of select over-the-counter and non-core products in Asia Pacific is excluded from both the current fiscal year and the previous fiscal year as the divestiture was completed in November 2020.
- Revenue of select non-core products predominantly in Europe is excluded from both the current fiscal year and the previous fiscal year as the divestiture was completed in December 2020.
- Revenue of select over-the-counter and non-core products in Latin America is excluded from both the current fiscal year and the previous fiscal year as the divestiture was completed in January 2021.
- Net sales from TachoSil, a surgical patch, are excluded from both the current fiscal year and the previous fiscal year as the divestiture was completed in January 2021.

Underlying Core Operating Profit Growth was 13.0% compared to the previous fiscal year, reflecting cost synergies and lower spend from impacts of COVID-19 partially offset by lower Gross Profit due to decline in high-margin products sales including off-patent products.

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 967.9 billion JPY.

Underlying Core Operating Profit Margin for the current fiscal year was 30.2%, an increase of 2.9 pp compared to the previous fiscal year.

Underlying Core EPS Growth was 24.6% compared to the previous fiscal year.

(b) Consolidated Financial Position

Assets. Total Assets as of March 31, 2021 were 12,912.3 billion JPY, reflecting an increase of 91.2 billion JPY compared to the previous fiscal year-end. Cash and Cash Equivalents as well as Property, Plant and Equipment increased by 328.6 billion JPY and 67.5 billion JPY, respectively. These increases were partially offset by a decrease in Intangible Assets of 262.3 billion JPY mainly due to amortization and a decrease in Assets Held for Sale of 136.6 billion JPY mainly resulting from completing the divestitures in the current fiscal year.

Liabilities. Total Liabilities as of March 31, 2021 were 7,735.1 billion JPY, reflecting a decrease of 358.5 billion JPY compared to the previous fiscal year-end. Bonds and Loans decreased by 457.9 billion JPY to 4,635.4 billion JPY* primarily as a result of the repayment of loans, the redemption of bonds and the reduction in commercial paper drawings. This decrease was partially offset by an increase in Other Financial Liabilities (Current) of 152.3 billion JPY.

* The carrying amount of Bonds was 3,532.2 billion JPY and Loans was 1,103.2 billion JPY as of March 31, 2021. 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
Unsecured US dollar denominated senior notes (1,520 million USD)	June 2015	June 2022 ~ June 2045	¥ 168.0
Unsecured US dollar denominated senior notes (5,500 million USD)	September 2016	September 2023 ~ September 2026	577.4
Unsecured US dollar denominated senior notes (200 million USD)	July 2017	January 2022	22.1
Unsecured Euro denominated senior notes (5,250 million EUR)	November 2018	November 2022 ~ November 2030	678.0
Unsecured US dollar denominated senior notes (3,250 million USD)	November 2018	November 2023 ~ November 2028	357.3
Hybrid bonds (subordinated bonds)	June 2019	June 2079	497.5
Unsecured US dollar denominated senior notes (7,000 million USD)	July 2020	March 2030 ~ July 2060	768.1
Unsecured Euro denominated senior notes (3,600 million EUR)	July 2020	July 2027 ~ July 2040	463.8
Total			¥ 3,532.2

Loans: **Billion JPY**

Name of Loans (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount
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	165.5
Japan Bank for International Cooperation (3,700 million USD)	January 2019	December 2025	409.0
Bilateral loans	March 2016 ~ April 2017	March 2023 ~ March 2026	210.0
Other			5.2
Total			¥ 1,103.2

In April 2020, the mandatory repayment of 10 billion JPY was made on USD and EUR syndicated loans in accordance with the underlying loan agreements. Following this, on July 9, 2020, Takeda issued unsecured U.S. dollar-denominated senior notes with an aggregate principal amount of 7,000 million USD and unsecured Euro-denominated senior notes with an aggregate principal amount of 3,600 million EUR. The proceeds from the offerings of these notes were efficiently deployed towards accelerating the repayment of syndicated loans of 3,250 million USD and 3,019 million EUR on July 10, 2020, together with the early redemption of unsecured senior notes with face values of 2,400 million USD and 1,250 million EUR on August 3, 2020 in advance of their original maturities of September 2021 and November 2020, respectively. In July 2020, 130 billion JPY in mandatory repayments of debt issued in July

2013 were made comprising 70 billion JPY in loans and 60 billion JPY in unsecured straight bonds. Additionally, in November 2020, a mandatory repayment of 1,000 million EUR in unsecured floating rate senior notes was made, the notes having been incurred in connection with the Shire Acquisition. Takeda further executed the early redemption of unsecured senior notes with face values of 2,450 million USD, comprising 1,250 million USD on February 26, 2021, 900 million USD on January 22, 2021, and 300 million USD on February 25, 2021 in advance of their original maturities of November 2021, September 2021 and January 2022, respectively. There was also a decrease of 144.0 billion JPY in commercial paper drawings in the year ended March 31, 2021.

Equity. Total Equity as of March 31, 2021 was 5,177.2 billion JPY, an increase of 449.7 billion JPY compared to the previous fiscal year-end. This was mainly due to an increase of 273.6 billion JPY in Other Components of Equity mainly due to fluctuation in currency translation adjustments reflecting the depreciation of yen as well as an increase of 139.9 billion JPY in Retained Earnings resulting from Net Profit for the Year partially offset by dividends payment of 283.7 billion JPY.

(c) Sources and Uses of Liquidity

Sources and Uses of Liquidity

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

Our capital expenditures for tangible assets consist primarily of enhancing and streamlining our production facilities, replacing fully depreciated items, and promoting efficiency of our operations. Our capital expenditures for intangible assets represent mainly milestone payments related to licensed products, where such assets have been acquired from third-party partners, as well as software development expenditures. Our capital expenditures, which consist of additions to property, plant and equipment and intangible assets recorded on our consolidated statements of financial position, were 246.3 billion JPY and 330.7 billion JPY for the fiscal years ended March 31, 2020 and 2021, respectively. As of March 31, 2021, we had contractual commitments for the acquisition of property, plant and equipment of 18.9 billion JPY. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2021. See Note 32 to our audited consolidated financial statements for a description of our milestone payments of intangible assets. As part of our capital management, we periodically assess our level of capital expenditures in light of capital needs, market and other conditions and other relevant factors.

Our dividend payments for the fiscal years ended March 31, 2020 and 2021 were 282.7 billion JPY and 283.7 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, 2021, we had 99.4 billion JPY of interest due within one year and 243.2 billion JPY of principal payments on our borrowings due within one year. See “*Borrowings and Financial Obligations.*”

Our primary sources of liquidity include cash and cash equivalents on hand, short-term commercial paper, committed borrowing lines from financial institutions and long-term debt financing that includes bonds from the global capital markets. Additionally, we have access to short-term uncommitted borrowing lines of 150 billion JPY and 750 million USD from financial institutions as of March 31, 2020 and 2021, respectively.

We monitor and adjust the amount of foreign cash based on projected cash flow requirements. As the majority of our business is conducted outside Japan, we hold a significant portion of cash outside of Japan. Our ability to use foreign cash to fund cash flow requirements in Japan may be impacted by local regulations and, to a lesser extent, income taxes associated with transferring cash to Japan.

We do not currently anticipate experiencing funding or liquidity shortfalls in the short term as a result of the spread of COVID-19 and the related effects on financial and other markets, although we continue to closely monitor our funding situation and market conditions. In addition to the ability to seek additional funding (if needed) from market and other sources, we may also manage our funding and liquidity needs by reconsidering, to the extent necessary and appropriate, our capital expenditure plans.

As of March 31, 2021, we held 966.2 billion JPY in cash and cash equivalents on hand of which 177.5 billion JPY related to deposits restricted to certain vaccine operations, in addition to 700 billion JPY in an undrawn bank commitment line. We believe that working capital is sufficient for our current business requirements. Furthermore, we continually seek to ensure that our level of liquidity and access to capital market funding continues to be maintained to successfully support our business operations.

Consolidated Cash Flows

The following table shows information about our consolidated cash flows during the fiscal years ended March 31, 2020 and 2021:

Billion JPY

	For the fiscal year ended March 31,	
	2020	2021
Net cash from operating activities	669.8	1,010.9
Net cash from (used in) investing activities	292.1	393.5
Net cash from (used in) financing activities	(1,005.2)	(1,088.4)
Net increase (decrease) in cash and cash equivalents	(43.3)	316.1
Cash and cash equivalents at the beginning of the year	702.1	637.6
Effects of exchange rate changes on cash and cash equivalents	(21.8)	12.5
Net increase (decrease) in cash and cash equivalents resulting from a transfer to assets held for sale	0.6	—
Cash and cash equivalents at the end of the year	637.6	966.2

Net cash from operating activities was 1,010.9 billion JPY for the fiscal year ended March 31, 2021 compared to 669.8 billion JPY for the fiscal year ended March 31, 2020. The increase of 341.2 billion JPY was mainly due to a 331.9 billion JPY increase in net profit for the year. In addition, there was an increase in other financial liabilities of 166.2 billion JPY primarily attributable to an increase of deposits restricted to certain vaccines operations, and an increase of other favorable adjustments including a 95.1 billion JPY decrease in income tax benefit mainly due to an increase in deferred tax which is a non-cash expense. These increases were partially offset by an increase of unfavorable adjustments including a 213.2 billion JPY increase in gain on divestment of business and subsidiaries as well as an unfavorable impact of 111.5 billion JPY from a decrease in inventories in the current fiscal year due to a decrease of the unwind of the fair value step up on acquired inventory recorded in relation to the Shire Acquisition.

Net cash from investing activities was 393.5 billion JPY for the fiscal year ended March 31, 2021 compared to 292.1 billion JPY for the fiscal year ended March 31, 2020. This increase of 101.4 billion JPY was mainly due to an increase in proceeds from sales of business of 68.8 billion JPY reflecting the sale of shares of Takeda Consumer Healthcare Company Limited and other non-core assets in the current fiscal year compared to the sale of XIIDRA in the previous fiscal year. There was also an increase in proceeds from sales and redemption of investments of 25.2 billion JPY and an increase in proceeds from sales of property, plant and equipment of 33.9 billion JPY. These increases were partially offset by other decreases including 34.6 billion JPY decrease due to an increase of acquisition of intangible assets.

Net cash used in financing activitie**s** was 1,088.4 billion JPY for the fiscal year ended March 31, 2021 compared to 1,005.2 billion JPY for the fiscal year ended March 31, 2020. This increase in net cash used of 83.1 billion JPY was mainly due to an increase in repayments of bonds and long-term loans of 950.6 billion JPY primarily resulting from early redemptions and repayments in the current fiscal year. The increase in net cash used was partially offset by an increase in proceeds from issuance of bonds and long-term loans of 683.3 billion JPY as a result of the issuance of U.S. dollar-denominated senior notes 7,000 million USD and Euro-denominated senior notes 3,600 million EUR in the current fiscal year compared with the 500.0 billion JPY issuance of hybrid bonds in the previous fiscal year. In addition, there was a favorable impact from short-term loans and commercial paper of 202.2 billion JPY primarily due to the repayment of the short-term syndicated loans 500.0 billion JPY in the previous year, partially offset by a decrease in commercial paper drawings in the current fiscal year.

Borrowings and Financial Obligations

Our total bonds and loans were 5,093.3 billion JPY and 4,635.4 billion as of March 31, 2020 and 2021, respectively. These borrowings include unsecured bonds and senior notes issued by Takeda and syndicated loans entered into by the company in prior years, borrowings incurred to fund a portion of the Shire Acquisition, and debt assumed in connection with the Shire Acquisition and debt refinanced as the case may be and included in our consolidated statements of financial position. Our borrowings are mainly incurred in connection with acquisitions and therefore are not exposed to seasonality.

On July 9, 2020, Takeda issued unsecured U.S. dollar denominated senior notes (the "USD Notes") with an aggregate principal amount of 7,000 million USD and unsecured Euro-denominated senior notes (the "EUR Notes") with an aggregate principal amount of 3,600 million EUR. The maturity dates for the USD Notes are from March 31, 2030 to July 9, 2060 and for the EUR Notes are from July 9, 2027 to July 9, 2040, respectively. Under the terms and conditions of these notes, Takeda may redeem these notes, in whole or in part, at any time prior to maturity. Interest is payable semi-annually at a rate 2.050 – 3.375% for the USD Notes and annually at a rate 0.750 – 2.000% for the EUR Notes. The notes are unsecured, and Takeda is not subject to any financial covenants related to these notes. The proceeds from these notes were used to repay the Term Loan Credit Agreement loans of 3,250 million USD and 3,019 million EUR on July 10, 2020, together with the early redemption of unsecured senior notes with face values of 2,400 million USD and 1,250 million EUR on August 3, 2020 in advance of their original maturities of September 2021 and November 2020, respectively. Takeda further executed the early redemption of unsecured senior notes with face values of 2,450 million USD, comprising 1,250 million USD on February 26, 2021, 900 million USD on January 22, 2021, and 300 million USD on February 25, 2021 in advance of their original maturities of November 2021, September 2021 and January 2022 respectively.

In addition to the above, mandatory debt repayments were made in the fiscal year ended March 31, 2021. In April 2020, a mandatory repayment of 94 million USD was made on USD and EUR Term Loan Credit Agreement loans and in July 2020, 130 billion JPY in mandatory repayments of debt issued in July 2013 were made comprising 70 billion JPY in loans and 60 billion JPY in unsecured

straight bonds. Additionally, in November 2020, a mandatory repayment of 1,000 million EUR in unsecured floating rate senior notes was made, the notes having been incurred in connection with the Shire Acquisition.

As of March 31, 2021, we had certain outstanding borrowings that contain a common financial covenant which requires Takeda's ratio of consolidated net debt to adjusted EBITDA, as defined in the loan agreements, for the previous twelve-month period to not surpass certain levels as of March 31 and September 30 of each year. Takeda was in compliance with all financial covenants as of March 31, 2021 in a similar manner to the prior year ended March 31, 2020. There are no restrictions on the ability to draw from the 700 billion JPY commitment line that was put in place in 2019 and has a current maturity of September 2025.

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 and nil as of March 31, 2020 and 2021, respectively. We further have access to short-term uncommitted lines of 150 billion JPY and 750 million USD which were undrawn as of March 31, 2020 and 2021, respectively.

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

Credit Ratings

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

Rating Agency	Category	Rating	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, 2021, the contractual amount of potential milestone payments totaled 1,259.0 billion JPY, in each case excluding potential commercial milestone payments. See Note 13 and 32 to our audited consolidated financial statements for further details.

Tabular Disclosure of Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2021:

	JPY (billions)				
	Total Contractual Amount [1]	Within One Year	Between One and Three Years	Between Three and Five Years	More than Five Years
Bonds and loans: [2] [3]					
Bonds [4]	¥ 4,563.0	¥ 114.7	¥ 934.5	¥ 724.5	¥ 2,789.3
Loans [4]	1,150.4	228.0	187.3	344.5	390.6
Purchase obligations for property, plant and equipment	18.9	18.9	—	—	—
Repayment of lease liabilities	610.3	50.2	89.0	79.7	391.3
Contributions to defined benefit plans[5]	7.8	7.8	—	—	—
Total[6] [7]	¥ 6,350.4	¥ 419.6	¥ 1,210.8	¥ 1,148.7	¥ 3,571.2

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, 2021 and may fluctuate due to changes in exchange rates.
(2) Repayment obligations may be accelerated if we breach the relevant covenants under the relevant instruments.
(3) Includes interest payment obligations.

(4) The contractual amount of bonds in “Within one year” includes a 0.2 billion USD principal amount of unsecured U.S. dollar-denominated senior notes in respect of an early redemption of the remaining principal amount of the bond on May 17, 2021. For the details of early redemption, see Note 33 Subsequent Events to our consolidated financial statements. Furthermore, the contractual amount of loans in “Within one year” includes a 2.0 billion USD of the outstanding JBIC Loan floating rate amount of 3.7 billion USD as Takeda made a prepayment of the loan on June 11, 2021. The JBIC Loan was included in non-current liabilities of the consolidated statements of financial position as of March 31, 2021 as the maturity date of the loan is December 11, 2025 and the notice to repay the loan was not issued until April 1, 2021. For the details of prepayment, see Note 33 Subsequent Events to our consolidated financial statements. The contractual amount of bonds in “Between three and five years" includes 500.0 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. For details on the principal and interest rates associated with these bonds and loans, see Note 20 to our consolidated financial statements.

(5) Pension and post-retirement contributions cannot be determined beyond the fiscal year ended March 31, 2022 because the timing of funding is uncertain and dependent on future movements in interest rates and investment returns, changes in laws and regulations and other variables.

(6) Does not include contractual obligations whose timing we are unable to estimate, including defined benefit obligations, litigation reserves and long-term income tax liability and does not include liabilities recorded at fair value as amounts will fluctuate based on any changes in fair value including derivative liabilities and financial liabilities associated with contingent consideration arrangements. The carrying amounts of derivative liabilities and financial liabilities associated with contingent consideration arrangements as of March 31, 2021 were 97.1 billion JPY and 27.8 billion JPY, respectively. Milestone payments that are dependent on the occurrence of certain future events are not included.

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

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 USD with, among others, JPMorgan Chase Bank N.A., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. and Mizuho Bank, Ltd. On March 12, 2020, we prepaid an aggregate principal amount of 0.7 billion USD outstanding under the Term Loan Credit Agreement and, repaid a mandatory amount of 94 million USD on April 14, 2020, followed by the prepayment of the remaining outstanding balance on July 10, 2020. 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 EUR of senior notes on the same day. On August 3, 2020, we executed an early redemption of 1.25 billion EUR in aggregate principal amount of the 0.375% fixed rate senior notes as permitted by the Fiscal Agency Agreement. Additionally, on November 23, 2020, we made a mandatory repayment of 1.0 billion EUR in unsecured floating rate senior notes in line with the terms of the Fiscal Agency Agreement. On November 26, 2018, we entered into an Indenture with MUFG Union Bank, N.A., as Trustee, under which we issued a total aggregate principal amount of 5.5 billion USD of senior notes on the same day. On August 29, 2019, 1.0 billion USD total aggregate principal amount of such senior notes was redeemed early. On February 26, 2021, we made early redemption of 1.25 billion USD in aggregate principal amount of the 4.00% fixed rate senior notes as permitted by the indenture. 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 USD. 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 11, 2021, we prepaid an aggregate principal amount of 2.0 billion USD under the terms permitted by the JBIC Loan. 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 a senior short-term loan facility that was utilized to finance the acquisition of Shire. The Hybrid Bonds will mature on June 6, 2079. On July 9, 2020, we entered into an indenture with The Bank of New York Mellon, as trustee, pursuant to which we issued a total aggregate principal amount of 7.0 billion USD of USD-denominated senior notes and 3.6 billion EUR of Euro-denominated senior notes on the same day.

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 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 shareholders (in each case as contemplated by the Letter Agreement).

Divestment of TCHC

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

Asset Transfer to Teijin

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

5. Research and Development

Research and development expenses for the year ended March 31, 2021 were 455.8 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 are the Ministry of Health, Labour and Welfare (MHLW) for Japan, the Food and Drug Administration (FDA) for the United States, the European Medicines Agency (EMA) for the EU and National Medical Products Administration (NMPA) for China.

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

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

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

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

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

Takeda's R&D engine is focused on translating science into highly innovative, life-changing medicines that make a critical difference to patients. Takeda supports dedicated R&D efforts across three areas: Innovative Biopharma, Plasma-Derived Therapies (PDT) and Vaccines. The R&D engine for Innovative Biopharma is the largest component of our R&D investment and has produced exciting new molecular entities (NMEs) that represent potential best-in-class and/or first-in-class medicines in areas of high unmet medical need across our core Therapeutic Areas (oncology, rare genetics and hematology, neuroscience, and gastroenterology (GI)). Over the past several years, 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 R&D capabilities, external partnerships with third-party partners are a key component of our strategy for enhancing our R&D pipeline. Our strategy to expand and diversify our external partnerships allows us to take part in research of a wide variety of new products and increases the chances that we will be able to take part in a major research-related breakthrough.

Our key in-house R&D facilities include:

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

Major progress on R&D events since April 2020 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 May 2020, Takeda announced that it submitted an application 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 been 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.
- In June 2020, Takeda announced it orally presented the results of two studies at the 25th Congress of the European Hematology Association (EHA). Presentations included positive results from TOURMALINE-MM4, a Phase 3, randomized clinical trial evaluating the effect of single-agent oral NINLARO as a first-line maintenance therapy in adult patients diagnosed with multiple myeloma who had not been treated with stem cell transplantation. Takeda also presented key insights from the US MM-6 trial, which investigates the effectiveness and safety of an in-class transition to oral NINLARO in combination with lenalidomide and dexamethasone in newly diagnosed multiple myeloma patients who have previously received a parenteral bortezomib-based triplet induction therapy.
- In September 2020, Takeda announced results from the Phase 3 TOURMALINE-MM2 trial evaluating the addition of NINLARO to lenalidomide and dexamethasone versus lenalidomide and dexamethasone plus placebo in newly diagnosed multiple myeloma patients not eligible for autologous stem cell transplant. These data were presented at the virtual scientific meeting of the Society of Hematologic Oncology (SOHO). The study found the addition of NINLARO to lenalidomide and dexamethasone resulted in a 13.5 month increase in median progression-free survival (PFS) (35.3 months in the NINLARO arm, compared to 21.8 months in the placebo arm; hazard ratio [HR] 0.830; p=0.073). The trial did not meet the threshold for statistical significance and the primary endpoint of PFS was not met.
- In May 2021, Takeda announced that it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial amendment to the manufacturing and marketing approval of NINLARO to expand the eligible patient population for this medicine to those requiring a maintenance therapy after first-line treatment for multiple myeloma without prior stem cell transplant. The approval is based primarily on the results of the TOURMALINE-MM4 study, a randomized and placebo-controlled double-blind multicenter international Phase III clinical trial. The study achieved its primary endpoint, demonstrating a statistically significant improvement in progression-free survival (PFS) in adult patients with multiple myeloma receiving NINLARO maintenance who had not undergone stem cell transplantation. The safety profile of NINLARO as a maintenance therapy is similar to its established safety profile in the monotherapy setting, and, notably, no new concerns were identified in the TOURMALINE-MM4 study.

ICLUSIG / Generic name: ponatinib

- In 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.
- In December 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) approved the supplemental New Drug Application (sNDA) for ICLUSIG for adult patients with chronic-phase (CP) chronic myeloid leukemia (CML) with resistance or intolerance to at least two prior kinase inhibitors. The updated label includes an optimized, response-based ICLUSIG dosing regimen in CP-CML with a daily starting dose of 45 mg and, upon achieving ≤1% BCR-ABL1IS, dose reduction to 15 mg. This dosing regimen aims to maximize benefit-risk by providing efficacy and decreasing the risk of adverse events (AEs), including arterial occlusive events (AOEs).

ALUNBRIG / Generic name: brigatinib

- 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.
- In September 2020, Takeda presented the sub-analysis data of ALUNBRIG at the virtual European Society for Medical Oncology (ESMO) conference. The sub-analyses of the Phase 3 ALTA 1L study reinforce both the compelling evidence of intracranial efficacy with ALUNBRIG as a first-line treatment for patients with anaplastic lymphoma kinase-positive (ALK+) non-small cell lung cancer (NSCLC) as well as associated quality of life (QoL) data.
- In January 2021, Takeda announced that it obtained approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market ALUNBRIG as a first and second-line therapy for the treatment of patients with unresectable, advanced or recurrent ALK fusion gene-positive non-small cell lung cancer (ALK+ NSCLC). The approval was

granted mainly based on the results of Brigatinib-2001 (J-ALTA), a Phase 2 clinical trial conducted in Japan involving 72 ALK+ patients with unresectable advanced or recurrent NSCLC who progressed after treatment with an ALK tyrosine kinase inhibitor, as well as the AP26113-13-301 (ALTA-1L) global Phase 3 clinical trial focused on ALK+ patients with unresectable advanced or recurrent NSCLC who had not been treated with an ALK tyrosine kinase inhibitor.

ADCETRIS / Generic name: brentuximab vedotin

- 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 April 2020, Takeda announced the top-line result from CheckMate -9ER, a global, multi-center, randomized, open-label Phase III study evaluating Ono Pharmaceutical (Ono) '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 CABOMETYX 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). In October 2020, based on the result from CheckMate -9ER, Takeda and Ono announced that the companies submitted a supplemental application for combination therapy of OPDIVO and CABOMETYX to expand the use for the combination therapy for the treatment of unresectable, advanced or metastatic RCC to the Japanese Ministry of Health, Labour and Welfare (MHLW), for a partial change in approved items of the manufacturing and marketing approval in Japan.
- In September 2020, Takeda and Chugai Pharmaceutical Co., Ltd. (Chugai) announced that they have decided to study the combination of Tecentriq (atezolizumab), an engineered anti-PD-L1 monoclonal antibody and CABOMETYX, a tyrosine kinase inhibitor, in Japan. Subsequent to a joint clinical research agreement between Roche and Exelixis and in conjunction with certain rights granted in Japan, Chugai and Takeda will study atezolizumab and cabozantinib combination therapy in Japan. The three global phase III CONTACT studies are ongoing to investigate the combination of atezolizumab and cabozantinib as a potential new treatment option in multiple tumor types, and Chugai and Takeda are planning to support these studies in Japan.
- In September 2020, the first presentation of results from the pivotal Phase 3 CheckMate -9ER trial was announced by Bristol Myers Squibb and Exelixis, Inc., in which Opdivo (nivolumab) in combination with CABOMETYX showed superior overall survival (OS) and doubled median progression-free survival (PFS) and objective response rate (ORR) with a favorable safety profile vs. sunitinib in patients with previously untreated advanced or metastatic RCC. Opdivo in combination with CABOMETYX reduced the risk of death by 40% vs. sunitinib (Hazard Ratio [HR] 0.60; 98.89% Confidence Interval [CI]: 0.40 to 0.89; p=0.0010; median OS not reached in either arm). In patients receiving Opdivo in combination with CABOMETYX, median progression-free survival (PFS), the trial's primary endpoint, was doubled compared to those receiving sunitinib alone: 16.6 months vs. 8.3 months, respectively (HR 0.51; 95% CI: 0.41 to 0.64; p<0.0001). These results were featured as a Proffered Paper during a Presidential Symposium at the European Society for Medical Oncology (ESMO) Virtual Congress 2020. The trial is sponsored by Bristol Myers Squibb and Ono Pharmaceutical Co and co-funded by Exelixis, Ipsen and Takeda.
- In November 2020, Takeda announced that it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change to its manufacturing and marketing approval for CABOMETYX in the treatment of unresectable hepatocellular carcinoma (HCC) that has progressed after prior systemic therapy. This approval was granted based mainly on the results of a global, randomized, placebo-controlled, double-blind, Phase 3 CELESTIAL trial, which showed statistically significant improvement in efficacy over placebo and confirmed safety profile of CABOMETYX when used as second- or later line therapy in patients with advanced HCC, and the Cabozantinib-2003 trial, an open-label, single-arm, Phase 2 clinical trial in Japan testing efficacy and safety in Japanese patients with previously treated HCC.

ZEJULA/ Generic name: niraparib

- In September 2020, Takeda announced it received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market the oral poly (ADP-ribose) polymerase (PARP) inhibitor ZEJULA capsule 100 mg as a maintenance treatment of patients with ovarian cancer after first-line chemotherapy, a maintenance treatment of patients with platinum-sensitive relapsed ovarian cancer, and a treatment of homologous recombination deficient platinum-sensitive relapsed ovarian cancer. This approval was granted based on the results of the global, clinical, phase III PRIMA trial, the global, clinical, phase III NOVA trial, the global, clinical, phase II QUADRA trial, as well as a Japanese, clinical, phase II Niraparib-2001 trial being investigations of the safety of niraparib in Japanese patients with ovarian cancer, and a Japanese, clinical, phase II Niraparib-2002 trial being investigations of the efficacy and safety of niraparib in Japanese patients with ovarian cancer.
- In November 2020, Takeda announced that it submitted an approval to the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market an additional formulation of Zejula tablet 100mg for Zejula capsule 100 mg. The application is based on the results of a human bioequivalence study (3000-01-004 study) and a dissolution study that confirmed the equivalence of Zejula capsules and Zejula tablets. Zejula capsules require refrigerated storage, however the Zejula tablets for which the current application was filed can be stored at room temperature, potentially making them more convenient for medical personnel and 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.
- In July 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for its investigational drug pevonedistat for the treatment of patients with higher-risk myelodysplastic syndromes (HR-MDS).

Development code: TAK-788 / Generic name: mobocertinib

- In April 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for its investigational drug mobocertinib 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.
- In September 2020, Takeda presented an updated 10-month follow-up results from the Phase 1/2 trial of mobocertinib at the virtual European Society for Medical Oncology (ESMO) conference, demonstrating mobocertinib achieved a duration of response (DoR) of more than one year in the trial's study population of patients with epidermal growth factor receptor (EGFR) Exon20 insertion+ metastatic NSCLC (mNSCLC).
- In January 2021, Takeda announced new data from the Phase 1/2 trial of mobocertinib in previously treated patients with epidermal growth factor receptor (EGFR) Exon20 insertion+ metastatic non-small cell lung cancer (mNSCLC) was presented as a late-breaking oral session at the International Association for the Study of Lung Cancer (IASLC) 2020 World Conference on Lung Cancer (WCLC). Mobocertinib, an oral targeted therapy, demonstrated clinically meaningful responses, with a confirmed objective response rate of 35% as assessed by investigator and 28% as assessed by an independent review committee (IRC). Responses shown with mobocertinib were durable, with a median duration of response of 17.5 months as assessed by IRC. The safety profile observed was manageable. The safety profile from the November (2020) data cutoff was consistent with that of the May (2020) data cutoff.
- In April 2021, Takeda announced that the U.S. Food and Drug Administration (FDA) granted priority review for the New Drug Application (NDA) of mobocertinib for the treatment of adult patients with epidermal growth factor receptor (EGFR) Exon20 insertion mutation-positive (insertion+) metastatic non-small cell lung cancer (mNSCLC), as detected by an FDA-approved test, who have received prior platinum-based chemotherapy. Mobocertinib is the first oral therapy specifically designed to selectively target EGFR Exon20 insertion mutations. The NDA for mobocertinib is primarily based on results from the Phase 1/2 trial, which is evaluating the safety and efficacy of oral mobocertinib in patients with mNSCLC. The application was submitted under the FDA's accelerated approval program. Prescription Drug User Fee Act (PDUFA) target action date is set for October 26, 2021.
- In May 2021, Takeda announced updated data from the Phase 1/2 trial of mobocertinib in patients with epidermal growth factor receptor (EGFR) Exon20 insertion mutation-positive (insertion+) metastatic non-small cell lung cancer (mNSCLC) who received prior platinum-based chemotherapy. The results showed mobocertinib continued to demonstrate clinically meaningful benefit after over a year of follow up and will be presented at the virtual 57th American Society of Clinical Oncology (ASCO) Annual Meeting. Results showed a median overall survival (OS) of 24 months with a median follow up of 14 months, and responses were observed across diverse EGFR Exon20 insertion variants. Other key data points such as confirmed objective response rate (ORR), a median duration of response (DoR) and a disease control rate (DCR), remained consistent with previously reported data. The safety profile observed was manageable and consistent with previous findings.

Rare Genetics & Hematology

In rare genetics & hematology, Takeda focuses on hereditary angioedema to transform the treatment paradigm including through recently launched TAKHZYRO; going forward the focus will be on rare hematology and rare metabolic diseases, with the aim to deliver functional cures in a select group of diseases using novel modalities and platforms.

TAKHZYRO / Generic name: lanadelumab-flyo

- 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.
- In June 2020, Takeda announced findings from two new interim analyses of data from the Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ Open-label Extension (OLE). The analyses suggest that TAKHZYRO is well-tolerated and can prevent hereditary angioedema (HAE) attacks over an extended treatment period, with sustained and consistent reduction in monthly attack rate across a range of different patient subgroups. The data were presented at the 2020 European Academy of Allergy and Clinical Immunology (EAACI) Digital Congress.
- In November 2020, Takeda announced the final results from the Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ Open-label Extension (OLE) showing that TAKHZYRO helped prevent and reduce the frequency of hereditary angioedema (HAE) attacks long term in patients 12 years of age and older who received treatment for a mean (standard deviation) duration of 29.6 (8.2) months. Results were consistent with the safety and efficacy of TAKHZYRO in the pivotal trial. The mean (min, max) HAE attack rate was reduced by 87.4% (-100; 852.8) overall versus baseline (n=212) and in a

pre-specified exploratory endpoint, nearly 70% (68.9%) of patients treated with TAKHZYRO 300 mg every two weeks experienced an attack-free period of more than 12 months (n=209). The data were presented at the 2020 American College of Allergy, Asthma and Immunology (ACAAI) Virtual Annual Scientific Meeting and were also published in the November issue of ACAAI's journal Annals of Allergy, Asthma & Immunology.

- In December 2020, Takeda announced that China's National Medical Products Administration (NMPA) approved TAKHZYRO subcutaneous injection for prophylaxis to prevent attacks of hereditary angioedema (HAE) in patients 12 years and older.
- In March 2021, Takeda announced that it has submitted a New Drug Application (NDA) to the Ministry of Health, Labour and Welfare (MHLW) in Japan for lanadelumab subcutaneous injection, a monoclonal antibody therapy for prophylaxis against attacks of hereditary angioedema (HAE). The submission of the New Drug Application in Japan is primarily based on results of the global Phase 3 HELP (Hereditary Angioedema Long-term Prophylaxis) Study™ and the Phase 3 HELP Study Open-label Extension (OLE), in addition to interim results of a Phase 3 study evaluating the efficacy and safety of lanadelumab in Japanese subjects. Combined, these studies have demonstrated the efficacy and safety profile of lanadelumab as a preventive treatment for HAE attacks.

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

- In June 2020, Takeda announced a scientific update from the AHEAD real-world study investigating the long-term outcomes associated with ADVATE in patients with hemophilia A, presented as an oral presentation at the World Federation of Hemophilia Virtual Summit 2020 (WFH 2020). Interim analysis results from the AHEAD real-world outcomes study demonstrate that the number of hemophilia A patients who were able to achieve zero bleeds increased over the years by receiving rAHF. For those receiving prophylaxis, the number of patients with zero bleeds increased from 34% in year 1 to 53% in year 6. For those receiving on-demand treatment, it increased from 28% in year 1 to 38% in year 6. The Antihemophilic factor (recombinant) (rAHF) Hemophilia A outcome Database (AHEAD) study evaluates long-term effectiveness and safety outcomes in patients with hemophilia A receiving rAHF in routine clinical practice.
- In February 2021, Takeda announced a scientific update of seven year AHEAD study data at the European Association for Haemophilia and Allied Disorders Congress (EAHAD 2021). The data showed that prophylactic ADVATE achieved lower annualized bleeding rates (ABRs) and annualized joint bleeding rates (AJBRs) than on-demand treatment in all patients with severe hemophilia A. Adverse events occurred in 59% of patients (serious AEs in 20%). 12 patients developed de novo FVIII inhibitors. A separate analysis of patients with moderate or severe hemophilia A and target joints showed that prophylactic ADVATE maintained lower bleed rates than on-demand treatment over seven years. A further retrospective study investigated the impact of switching patients with moderate or severe hemophilia A in US clinical practice (without inhibitors) from ADVATE prophylaxis to ADYNOVATE or emicizumab. Results showed that there were no statistically significant differences in prophylactic effectiveness between treatments.

Development code: TAK-620 / Generic name: maribavir

- In December 2020, Takeda announced top-line results from the Phase 3 clinical trial evaluating the efficacy and safety of the investigational drug maribavir, in the treatment of transplant recipients with refractory/resistant cytomegalovirus (CMV) infection. The TAK-620-303 (SOLSTICE) trial is a multicenter, randomized, open-label, active-controlled trial comparing eight weeks of treatment with either maribavir or investigator assigned treatment (IAT) in transplant recipients with CMV infection refractory or resistant to existing antiviral treatments (i.e., one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir). The SOLSTICE trial met its primary endpoint, defined as the proportion of patients who achieved confirmed CMV viremia clearance compared to IAT at the end of Study week 8. In addition, the SOLSTICE trial met its key secondary endpoint, defined as achievement of CMV viremia clearance and symptom control at end of week 8, and maintained through week 16. No new safety signals were identified and maribavir was associated with lower incidence of neutropenia compared to IAT.
- In February 2021, Takeda announced, at the 2021 Transplantation & Cellular Therapy (TCT) Meetings Digital Experience, new, late-breaking Phase 3 data from the TAK-620-303 (SOLSTICE) trial, for the investigational drug maribavir which met its primary endpoint of superiority compared to conventional antiviral therapies (investigator assigned treatment, [IAT], one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir) in transplant recipients with refractory, with or without resistance (R/R), cytomegalovirus (CMV) infection/disease. Overall, more than twice as many (55.7%; n=131/235) transplant recipients with R/R CMV infection/disease treated with maribavir achieved confirmed CMV viremia clearance at Study Week 8 (end of treatment phase), the study's primary endpoint, as compared to 23.9% (n=28/117) of those on conventional antiviral therapies (95% CI: 32.8%, 22.8–42.7; $p<0.001$). The study's key secondary endpoint was met by demonstrating maribavir's improvement over conventional therapies in clearance of CMV viremia and associated symptom control maintained through Study Week 16.
- In March 2021, Takeda announced the results from a subgroup analysis of the Phase 3 TAK-620-303 (SOLSTICE) trial, for the investigational drug maribavir, which supported the efficacy results from the overall randomized population, during the Presidential Symposium at the 47th Annual Meeting of the European Society for Blood and Marrow Transplantation (EBMT). More than three times as many (62.8%; 76/121) transplant recipients with confirmed genotypic resistant CMV infection at baseline treated with maribavir achieved confirmed CMV viremia clearance at Study Week 8 (end of treatment phase) compared to those treated with conventional antiviral therapies (20.3%, 14/69) (investigator assigned treatment; IAT consists of one or a combination of ganciclovir, valganciclovir, foscarnet or cidofovir) (adjusted difference [95% CI]: 44.1% [31.3, 56.9]).
- In May 2021, Takeda announced that the U.S. Food & Drug Administration (FDA) accepted a New Drug Application (NDA), granting priority review, for maribavir for the treatment of CMV infections that are refractory with or without resistance (R/R), in solid organ transplant (SOT) or hematopoietic cell transplant (HCT) recipients. The application is based on the pivotal Phase 3 TAK-620-303 (SOLSTICE) trial. Maribavir has been granted Orphan Drug Designation by the FDA for treatment of clinically

significant CMV viremia and disease in at-risk patients. The FDA has also granted maribavir Breakthrough Therapy Designation as a treatment for CMV infection and disease in transplant patients resistant or refractory to prior therapy.

Neuroscience

In neuroscience, Takeda is focusing its R&D investments on potentially transformative treatments for neurological and neuromuscular diseases of high unmet need, and building its pipeline through a combination of in-house expertise and partnerships. By harnessing advances in disease biology understanding, translational tools, and innovative modalities, Takeda is primarily focusing on rare neurology (e.g., narcolepsy, Amyotrophic Lateral Sclerosis, Huntington's disease and other ataxias), as well as making targeted investments to potentially address well-defined segments of neurodegenerative diseases (e.g., Parkinson's Disease).

BUCCOLAM / Generic name: midazolam

- In September 2020, Takeda announced that it has obtained a New Drug Application Approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for BUCCOLAM for the treatment of status epilepticus. The approval is based on results from two Phase 3 multicenter joint intervention non-randomized open-label trials in Japan in which patients under the age of 18 and suffering from convulsive status epilepticus conditions were buccally administered the drug. BUCCOLAM is the first buccally administered formulation for status epilepticus in Japan, and can even be administered at home or other locations outside of medical facilities under the guidance of a doctor. In October 2020, Takeda completed the sale of BUCCOLAM to a subsidiary of Neuraxpharm Group (Neuraxpharm). For a defined period, Takeda will continue to provide certain services to Neuraxpharm, including serving as the Japanese marketing authorization holder.

Development code: TAK-935 / OV935 / Generic name: Soticlestat

- In August 2020, Takeda and Ovid Therapeutics Inc. (Ovid) announced positive topline results from the randomized Phase 2 ELEKTRA study of soticlestat in children with Dravet syndrome (DS) or Lennox-Gastaut syndrome (LGS). The ELEKTRA study achieved its primary endpoint with high statistical significance in the combined DS and LGS study population, demonstrating a 27.8% median reduction from baseline in convulsive seizure (DS) and drop seizure (LGS) frequency compared to a 3.1% median increase in patients taking placebo during the 12-week maintenance period (median placebo-adjusted reduction=30.5%; p=0.0007, based on the efficacy analysis set of 120 patients with seizure data in the maintenance period). In addition, DS and LGS patients treated with soticlestat demonstrated a 29.8% median reduction in convulsive seizure (DS) and drop seizure (LGS) frequency compared to 0.0% change in median seizure frequency in patients taking placebo during the full 20-week treatment period (titration plus maintenance) of the ELEKTRA study (placebo-adjusted reduction=25.1%; p=0.0024). Soticlestat was well-tolerated and demonstrated a safety profile consistent with the findings of previous studies, with no new safety signals identified.
- In March 2021, Takeda and Ovid announced that Takeda has entered into an exclusive agreement under which Takeda secures global rights at closing from Ovid to develop and commercialize soticlestat for the treatment of developmental and epileptic encephalopathies, including Dravet syndrome (DS) and Lennox-Gastaut syndrome (LGS). Under the new exclusive agreement, all global rights to soticlestat have been secured by Takeda from Ovid, and Takeda assumes sole responsibility for further worldwide development and commercialization.

Gastroenterology (GI)

In 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 / REVESTIVE and progressing a pipeline built through partnerships exploring opportunities in motility disorders, celiac disease, and select liver diseases.

ENTYVIO / Generic name: vedolizumab

- 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.
- In September 2020, Takeda announced the update on the U.S. development program for the investigational Subcutaneous Formulation (SC) of ENTYVIO as a Maintenance Therapy in adults with moderate to severe Ulcerative Colitis (UC). In August 2020, Takeda had a productive meeting with the FDA to review the Company's latest data and to seek guidance on additional data needs required to support the approval of Entyvio SC. During the meeting, Takeda gained clarity on data needs for the device, and has begun moving forward to address them. Continued testing of the device will take time, and as a result, Takeda anticipates launching Entyvio SC for moderate to severe UC in the United States in 2022, pending FDA approval.
- In October 2020, Takeda announced interim results from the VISIBLE open-label extension (OLE) study on the long-term safety and efficacy of maintenance treatment with the subcutaneous (SC) formulation of Entyvio in patients with moderately to severely active ulcerative colitis (UC). In evaluating the primary safety endpoint of the trial, interim data of the UC patient population showed that following two years of maintenance therapy with vedolizumab SC, long-term safety findings were

consistent with the known safety profile of vedolizumab. Patients also continued to demonstrate clinical benefit from treatment, through maintenance of clinical remission* and corticosteroid-free clinical remission** rates, the clinical efficacy outcomes of the trial. These data were announced in an oral presentation at the UEG Week Virtual 2020 congress.

* Clinical remission is defined as a partial Mayo score of ≤2 with no individual subscore >1 point.
** Corticosteroid-free clinical remission is defined as patients using oral corticosteroids at baseline (week 0).

GATTEX / REVESTIVE / Generic name: teduglutide

- In October 2020, Takeda announced that it submitted a New Drug Application to the Japanese Ministry of Health, Labour and Welfare to manufacture and market teduglutide (recombined DNA) for the treatment of Short Bowel Syndrome. The application is based on the results of a phase III clinical trial in adult and pediatric patients conducted in Japan as well as a trial conducted overseas. The trials confirmed the efficacy of Teduglutide and no major safety issues were observed.

ALOFISEL / Generic name: darvadstrocel

- In February 2021, Takeda announced that it has submitted a New Drug Application to the Japanese Ministry of Health, Labour and Welfare (MHLW) to manufacture and market darvadstrocel for the treatment of complex perianal fistulas in adult patients with non-active/mildly active luminal Crohn's disease (CD). The application filing included data from two trials, the Japanese Study Darvadstrocel-3002 and the ADMIRE-CD trial, conducted in Europe and Israel. Study Darvadstrocel-3002 is a Phase 3, multicenter, open-label, uncontrolled study investigating the efficacy and safety of darvadstrocel for the treatment of complex perianal fistulas in 22 Japanese adult patients with non-active/mildly active luminal CD. Results from Study Darvadstrocel-3002 will be presented at a scientific meeting in the near future. ADMIRE-CD was a randomized, double-blind, controlled, Phase 3 trial investigating the efficacy and safety of darvadstrocel for the treatment of complex perianal fistulas in 212 adult patients with non-active/mildly active luminal CD.

TAKECAB / Generic name: vonoprazan

- In March 2021, Takeda announced that Takeda submitted a New Drug Application to the Japanese Ministry of Health, Labour, and Welfare (MHLW) for approval to manufacture and market TAKECAB OD 10 mg and TAKECAB OD 20 mg, orally disintegrated tablets, as additional formulations of TAKECAB 10 mg and TAKECAB 20 mg, developed by Takeda for treating acid-related disease. The application for approval is based on a human bioequivalence study conducted in Japan (TAK-438ODT-1001) and dissolution tests.

Development code: TAK-721 / Generic name: budesonide oral suspension

- In December 2020, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review the Company's New Drug Application (NDA) and granted Priority Review for the investigational therapy budesonide oral suspension, TAK-721, which has been designed specifically for eosinophilic esophagitis (EoE). If approved, TAK-721 will be the first FDA-approved treatment for EOE, and Takeda plans to use the trade name Eohilia. TAK-721 previously received both Breakthrough Therapy designation and Orphan Drug designation from the FDA. Takeda is in active discussion with FDA, and projected approval is subject to outcome of discussions.

Plasma-Derived Therapies (PDT)

Takeda created a dedicated PDT business unit with a focus to manage the business end-to-end, from plasma collection to manufacturing and commercialization. In PDT, we maximize the therapeutic value of PDT for patients with rare and complex diseases through innovation across the product life cycle. The dedicated R&D organization in PDT is 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 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 began 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.

- In October 2020, the CoVIg-19 Plasma Alliance announced that patients are now being enrolled in the Inpatient Treatment with Anti-Coronavirus Immunoglobulin (ITAC) Phase 3 clinical trial sponsored by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH). The trial will evaluate the safety, tolerability and efficacy of an investigational anti-coronavirus hyperimmune intravenous immunoglobulin (H-Ig) medicine for treating hospitalized adults at risk for serious complications of COVID-19 disease. The global multi-center, double-blind, placebo-controlled, randomized trial will enroll 500 adult patients at up to 58 sites in the United States, Mexico and 16 other countries on five continents utilizing the NIH's International Network of Strategic Initiatives in Global HIV Trials (INSIGHT) Network).

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

Vaccine

In vaccines, Takeda is applying innovation to tackle some of the world's most challenging infectious diseases such as dengue, COVID-19, 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 and the U.S., and leading global institutions. Such partnerships have been essential in building the critical capabilities that will be necessary to deliver on our programs and realize their full potential.

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

- In October 2020, Takeda announced that it will import and distribute 50 million doses of Moderna, Inc.'s (Moderna) COVID-19 vaccine candidate, mRNA-1273, starting in the first half of 2021, pending licensure in Japan. This effort is part of a three-way agreement among Takeda, Moderna and the Japanese Ministry of Health, Labour and Welfare (MHLW). Under the terms of the new agreement with the MHLW and Moderna, Takeda will be responsible for securing the necessary regulatory approvals prior to distributing 50 million doses of Moderna's COVID-19 vaccine candidate in Japan. Moderna will provide finished product and will support Takeda with its development and regulatory efforts.
- In January 2021, Takeda announced that it initiated a clinical phase 1/2 study in Japan of TAK-919. This study is a placebo-controlled study to evaluate the safety and immunogenicity of the mRNA-1273 vaccine in 200 adult subjects.
- In February 2021, Takeda announced that it has completed enrollment in the Company's Phase 1/2 immunogenicity and safety study of Moderna's COVID-19 vaccine candidate (TAK-919) in Japan.
- In March 2021, Takeda announced that it has submitted a New Drug Application to the Government of Japan's Ministry of Health, Labour and Welfare (MHLW) to import and distribute Moderna's mRNA COVID-19 vaccine candidate (TAK-919). Takeda is currently conducting a Phase 1/2 immunogenicity and safety trial studying two vaccinations of TAK-919 given 28 days apart versus placebo in 200 healthy Japanese adults. Study results are expected to be available in May, at which point they will be submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA). The submission at this point included safety and efficacy results from Moderna's pivotal Phase 3 COVE trial conducted in the US.
- In May 2021, Takeda announced positive interim results from the ongoing Phase 1/2 immunogenicity and safety clinical trial of TAK-919 in Japan have been submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA). Takeda currently has a three-way agreement with Moderna and the Government of Japan's Ministry of Health Labour and Welfare (MHLW) to import and distribute 50 million doses of TAK-919 in Japan. This interim analysis showed binding antibody and neutralizing antibody titres were elevated at 28 days after the second dose in 100% of people vaccinated with two 0.5ml doses of TAK-919 given 28 days apart. The vaccine candidate was generally well-tolerated with no significant safety concerns reported. The study results were submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA) to be evaluated as part of the New Drug Application submitted in March 2021, which also includes safety and efficacy results from Moderna's pivotal Phase 3 COVE trial conducted in the U.S.
- In May 2021, Takeda announced that the Ministry of Health, Labour and Welfare (MHLW) granted special approval under article 14-3 of the Pharmaceuticals and Medical Devices Act for emergency use of COVID-19 Vaccine Moderna Intramuscular Injection (TAK-919) in Japan. The approval is based on positive clinical data from Takeda's Phase 1/2 immunogenicity and safety clinical trial of COVID-19 Vaccine Moderna Intramuscular Injection in Japan, which showed an immune response consistent with results from Moderna's pivotal Phase 3 COVE trial conducted in the United States. Takeda has started distribution in Japan.

Development code: NVX-CoV2373 (Japanese development code: TAK-019) / Generic name: COVID-19 vaccine

- In August 2020, Takeda and Novavax, Inc. (Novavax) announced a partnership for the development, manufacturing and commercialization of NVX CoV2373, Novavax' COVID-19 vaccine candidate, in Japan. NVX-CoV2373 is a stable, prefusion protein made using Novavax' recombinant protein nanoparticle technology and includes Novavax' proprietary Matrix-MTM adjuvant. Takeda and Novavax are partnering on manufacturing, clinical development and regulatory activities in Japan. Novavax will license and transfer manufacturing technologies to enable Takeda to manufacture the vaccine antigen and will supply the Matrix-M adjuvant to Takeda. Takeda will be responsible for regulatory submission to the Japanese Ministry of Health, Labour and Welfare (MHLW) and will produce and distribute NVX-CoV2373 in Japan. Takeda will receive funding from MHLW to support the technology transfer, establishment of infrastructure and scale-up of manufacturing. Takeda anticipates the capacity to manufacture over 250 million doses of the COVID-19 vaccine per year.
- In February 2021, Takeda announced that the first subject was dosed in its Phase 1/2 immunogenicity and safety study of Novavax' COVID-19 vaccine candidate (TAK-019) in Japan. Takeda will receive a manufacturing technology transfer from Novavax and will be responsible for the development and commercialization based on manufacturing capacity of over 250 million doses of TAK-019. Results from the TAK-019 study are expected in the second half of 2021. Once available, the study results will be submitted to the Japan Pharmaceuticals and Medical Devices Agency (PMDA) as part of the NDA filing process. Pending regulatory approval, Takeda aims to start distributing TAK-019 in late 2021.

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

- In March 2021, Takeda announced that the European Medicines Agency (EMA) has accepted the Company's filing packages for its dengue vaccine candidate (TAK-003) which is being investigated for the prevention of dengue due to any dengue virus serotype in individuals ages four to 60. Regulatory submissions for TAK-003 include long-term safety and efficacy data through 36 months from the ongoing pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial. Takeda intends to present and publish details of the 36-month data at a scientific meeting and in a peer-reviewed journal this year. Takeda is participating in the EMA's first-ever parallel assessment of a medicinal product for use in the European Union (EU), and through the EU-M4all (previously Article 58) procedure for countries outside of the EU. Along with the scientific opinion issued by the Committee for Medicinal Products for Human Use (CHMP), national regulators in countries participating in the EU-M4all procedure will conduct their own assessments to determine if national marketing authorizations for TAK-003 are granted. Takeda is also seeking approval of TAK-003 in dengue-endemic countries that are not participating in the EU-M4all procedure.
- In May 2021, Takeda announced that TAK-003 demonstrated continued protection against dengue illness and hospitalization, regardless of an individual's previous dengue exposure, with no important safety risks identified through three years after vaccination in the ongoing pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial. TIDES enrolled more than 20,000 healthy children and adolescents ages four to 16 years in dengue-endemic countries in Latin America and Asia. Safety and efficacy results from the 36-month follow-up exploratory analysis of TIDES were presented at the 17th Conference of the International Society of Travel Medicine (CISTM). Through three years (36 months after the second dose), observations of varied vaccine efficacy by serotype remained consistent with previously reported results. No evidence of disease enhancement was observed. TAK-003 was generally well tolerated, and there were no important safety risks observed. TIDES safety and efficacy data through 36-months follow-up was included in regulatory submissions to the European Union and dengue-endemic countries and will be part of additional filings planned for 2021, including in the United States.

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. Modality of our pipeline assets in the following table is classified into either of the following categories: 'small molecule', 'peptide/oligonucleotide', 'cell and gene therapy', 'microbiome' or 'biologic and other.'

Our oncology pipeline as of May 11, 2021 (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)	**Type of Drug (administration route)**	**Modality**	**Indications / additional formulations**	**Stage**	
SGN-35[(1)] <brentuximab vedotin> *ADCETRIS* (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Previously untreated systemic Anaplastic Large Cell Lymphoma	EU	Approved (May 2020)
			Relapsed / refractory Hodgkin Lymphoma	China	Approved (May 2020)
			Relapsed / refractory systemic Anaplastic Large Cell Lymphoma	China	Approved (May 2020)
			Cutaneous T cell lymphoma	China	Approved (Apr 2021)
<brigatinib> *ALUNBRIG* (Global)	ALK inhibitor (oral)	Small molecule	1L ALK-positive Non-Small Cell Lung Cancer	U.S.	Approved (May 2020)
			1L ALK-positive Non-Small Cell Lung Cancer	Japan	Approved (Jan 2021)
			2L ALK-positive Non-Small Cell Lung Cancer in patients previously treated with ALK inhibitors	Japan	Approved (Jan 2021)
			1L & 2L ALK-positive Non-Small Cell Lung Cancer	China	Filed (Dec 2020)
			2L ALK-positive Non-Small Cell Lung Cancer (head-to-head with alectinib)	Global	P-III
MLN9708 <ixazomib> *NINLARO* (Global)	Proteasome inhibitor (oral)	Small molecule	Maintenance therapy in patients with newly diagnosed Multiple Myeloma not treated with stem cell transplant	Japan U.S. EU China	Filed (May 2020)[(12)] P-III P-III P-III
			Maintenance therapy in patients with newly diagnosed Multiple Myeloma following autologous stem cell transplant	U.S. EU	P-III P-III

Development code <generic name> Brand name (country/region)	**Type of Drug (administration route)**	**Modality**	**Indications / additional formulations**	**Stage**	
<cabozantinib>[2] *CABOMETYX* (Japan)	Multi-targeted kinase inhibitor (oral)	Small molecule	2L Hepatocellular carcinoma	Japan	Approved (Nov 2020)
			1L Renal cell carcinoma in combination with nivolumab	Japan	Filed (October 2020)
			2L metastatic Non-Small Cell Lung Cancer in combination with atezolizumab[3]	Japan	P-III
			Metastatic Castration-Resistant Prostate Cancer in combination with atezolizumab[4]	Japan	P-III
<niraparib>[5] *ZEJULA* (Japan)	PARP1/2 inhibitor (oral)	Small molecule	Ovarian cancer maintenance following 1L or 2L, salvage	Japan	Approved (Sep 2020)
<ponatinib> *ICLUSIG* (U.S.)	BCR-ABL inhibitor (oral)	Small molecule	Label update for the treatment of patients with Chronic Myeloid Leukemia and Philadelphia chromosome-positive Acute Lymphoblastic Leukemia based on the interim analysis of the OPTIC trial in CML patients and adjudicated data from PACE trial in CML and Ph+ ALL patients	U.S.	Approved (Dec 2020)
			Front line Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	U.S.	P-III
TAK-924 <pevonedistat>	NEDD 8 activating enzyme inhibitor (injection)	Small molecule	High-risk Myelodysplastic Syndrome	Global	P-III
			Unfit Acute Myelogenous Leukemia	Global	P-III
TAK-788 <mobocertinib>	EGFR/HER2 exon 20 inhibitor (oral)	Small molecule	Treatment Naïve Non-Small Cell Lung Cancer with Exon-20 insertion	Global	P-III
			Previously treated Non-Small Cell Lung Cancer with Exon-20 insertion	U.S. Japan EU China	Filed (Apr 2021) P-III P-III P-III
TAK-385 <relugolix>	LH-RH antagonist (oral)	Small molecule	Prostate cancer	Japan China	P-III P-III
TAK-007[6]	CD19 CAR-NK (injection)	Cell and gene therapy	Relapsed/refractory B-cell malignancies	-	P-I/II
TAK-102[7]	GPC3 CAR-T (injection)	Cell and gene therapy	Solid tumors	-	P-I
TAK-573[8]	CD38-targeted IgG4 genetically fused with an attenuated IFNα (injection)	Biologic and other	Relapsed/refractory Multiple Myeloma	-	P-I
TAK-605[9]	Oncolytic virus (intra-tumoral administration)	Biologic and other	Solid tumors	-	P-I
TAK-676	STING agonist (injection)	Small molecule	Solid tumors	-	P-I
TAK-940[10]	CD19 1XX CAR-T (injection)	Cell and gene therapy	Relapsed/refractory B-cell malignancies	-	P-I
TAK-981	SUMO inhibitor (injection)	Small molecule	Multiple cancers	-	P-I
TAK-252 / SL-279252[11]	PD-1-Fc-OX40L (injection)	Biologic and other	Solid tumors or lymphomas	-	P-I
TAK-186	T-Cell Engager	Biologic and other	EGFR expressing solid tumors	-	P-I

Notes:
(1) Partnership with Seagen, Inc.
(2) Partnership with Exelixis, Inc.
(3) Partnership with Chugai Pharmaceutical. Chugai operates Phase 3 development
(4) Partnership with Chugai Pharmaceutical. Takeda operates Phase 3 development
(5) Partnership with GlaxoSmithKline
(6) Partnership with The University of Texas MD Anderson Cancer Center
(7) Partnership with Noile-Immune Biotech, Inc.
(8) Partnership with Teva Pharmaceutical Industries Ltd.
(9) Partnership with Turnstone Biologics
(10) Partnership with Memorial Sloan Kettering Cancer Center
(11) Partnership with Shattuck Labs, Inc.
(12) Subsequently approved in May 2021.

Our rare Genetics and Hematology pipeline as of May 11, 2021 (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)	**Type of Drug (administration route)**	**Modality**	**Indications / additional formulations**	**Stage**	
TAK-743 <lanadelumab> *TAKHZYRO* (U.S., EU, China)	Plasma kallikrein inhibitor (injection)	Biologic and other	Hereditary Angioedema	China	Approved (Dec 2020)
			Hereditary Angioedema	Japan	Filed (Mar 2021)
			Pediatric Hereditary Angioedema	Global	P-III
			Bradykinin-Mediated Angioedema	Global	P-III
TAK-577 *VONVENDI* (U.S., Japan), *VEYVONDI* (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Adult prophylactic treatment of von Willebrand disease	U.S. Japan EU China	Submission on track P-III P-III P-III
			Pediatric on-demand and surgery treatment of von Willebrand disease	Global	P-III
TAK-660 *ADYNOVATE* (U.S., Japan), *ADYNOVI* (EU)	Antihemophilic factor [recombinant], PEGylated (injection)	Biologic and other	Pediatric Hemophilia A	EU	P-III
TAK-755[(1)]	Replacement of the deficient-ADAMTS13 enzyme (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	U.S. EU	P-III P-III
			Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II P-II
			Sickle cell disease	U.S.	P-I/II
TAK-620[(2)] <maribavir>	Benzimidazole riboside inhibitor (oral)	Small molecule	Cytomegalovirus infection in transplant patients	U.S. EU	Submission on track[(5)] P-III
TAK-607	Insulin-like Growth Factor / IGF Binding Protein (injection)	Biologic and other	Complications of prematurity	-	P-II
TAK-609	Recombinant human iduronate-2-sulfatase for intrathecal administration (injection)	Biologic and other	Hunter syndrome CNS	U.S. EU	P-II P-II
TAK-611	Recombinant human arylsulfatase A for intrathecal administration (injection)	Biologic and other	Metachromatic leukodystrophy	-	P-II
TAK-079[(3)] <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Myasthenia gravis	-	P-II
			Immune thrombocytopenic purpura	-	P-II
			Systemic lupus erythematosus	-	P-I/II
TAK-834 *NATPARA* (U.S.), *NATPAR* (EU)	Parathyroid hormone (injection)	Biologic and other	Hypoparathyroidism	Japan	P-I[(4)]

Notes:
(1) Partnership with KM Biologics for coexclusive license for commercialization in Japan only
(2) Partnership with GlaxoSmithKline
(3) Relapsed/refractory Multiple Myeloma will continue until trial completion.
(4) P-I study in Japan completed; P-III study start timing under review.
(5) Subsequently the FDA accepted the filing in May 2021.

Our neuroscience pipeline as of May 11, 2021 (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)	**Type of Drug (administration route)**	**Modality**	**Indications / additional formulations**	**Stage**	
TAK-815 <midazolam> *BUCCOLUAM (JP)*	GABA Allosteric Modulator (oromucosal)	Small molecule	Status epilepticus (seizures)	Japan	Approved (Sep 2020)
TAK-935 <soticlestat>	CH24H inhibitor (oral)	Small molecule	Dravet Syndrome, Lennox-Gastaut syndrome	-	P-II
			15q duplication syndrome, CDKL5 deficiency disorder	-	P-II

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Stage	
TAK-994	Orexin 2R agonist (oral)	Small molecule	Narcolepsy	-	P-II
TAK-831(1) <luvadaxistat>	D-amino acid oxidase (DAAO) inhibitor (oral)	Small molecule	Negative symptoms and/or cognitive impairment associated with schizophrenia	-	P-II(a)
TAK-071	M1 positive allosteric modulator (M1PAM) (oral)	Small molecule	Parkinson's disease	-	P-II
TAK-041(2)	GPR139 agonist (oral)	Small molecule	Anhedonia in major depressive disorder (MDD)	-	P-I
TAK-341/MEDI1341(3)	Alpha-synuclein antibody (injection)	Biologic and other	Parkinson's disease	-	P-I
TAK-653(2)	AMPA receptor potentiator (oral)	Small molecule	Treatment resistant depression	-	P-I
TAK-861	Orexin 2R agonist (oral)	Small molecule	Narcolepsy	-	P-I
TAK-925	Orexin 2R agonist (injection)	Small molecule	Narcolepsy, other sleep disorders	-	P-I

Notes:
(1) 50:50 co-development and co-commercialization option with Neurocrine Biosciences
(2) 50:50 co-development and co-commercialization with Neurocrine Biosciences
(3) Partnership with AstraZeneca. AstraZeneca operates Phase 1 development

Our GI pipeline as of May 11, 2021 (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)	Type of Drug (administration route)	Modality	Indications / additional formulations	Stage	
MLN0002 <vedolizumab> *ENTYVIO* (Global)	Humanized monoclonal antibody against α4β7 integrin (injection)	Biologic and other	Subcutaneous formulation for ulcerative colitis	U.S. Japan	CRL received (Dec 2019)(10) Filed (Aug 2019)
			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 coltis, Crohn's disease)	Global	P-II
TAK-438 <vonoprazan> *TAKECAB* (Japan) *VOCINTI* (China)	Potassium-competitive acid blocker (oral)	Small molecule	Acid related diseases (Reflex Esophagitis Maintenance)	China	Filed (Mar 2020)
			Acid related diseases (Duodenal Ulcer)	China	Filed (Apr 2020)
			Oral disintegrated tablet formulation	Japan	Filed (Mar 2021)
			Acid related diseases (adjunct to Helicobacter pylori eradication)	China	P-III
TAK-633 <teduglutide> *GATTEX* (U.S.) *REVESTIVE* (EU)	GLP-2 analogue (injection)	Peptide/ Oligo-nucleotide	Short bowel syndrome (pediatric indication)	Japan	Filed (Oct 2020)
			Short bowel syndrome (in adults)	Japan	Filed (Oct 2020)
TAK-721(1) <budesonide>	Glucocorticosteroid (oral)	Small molecule	Eosinophilic esophagitis	U.S.	Filed (Dec 2020)
Cx601 <darvadstrocel> *ALOFISEL* (EU)	A suspension of allogeneic expanded adipose-derived stem cells (injection)	Biologic and other	Refractory complex perianal fistulas in patients with Crohn's disease	U.S. Japan	P-III Filed (Feb 2021)
TAK-906	Dopamine D2/D3 receptor antagonist (oral)	Small molecule	Gastroparesis	-	P-II (b)
TAK-954(2)	5-HT_4 - hydroxytryptamine receptor agonist (injection)	Small molecule	Post-operative gastrointestinal dysfunction	-	P-II (b)

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Stage	
TAK-999[3]	GalNAc based RNA interference (RNAi) (injection)	Peptide/ Oligo-nucleotide	Alpha-1 antitrypsin-associated liver disease	U.S. EU	P-II (b) P-II (b)
TAK-101[4]	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II (a)
TAK-018/EB8018[5] <sibofimloc>	FimH antagonist (oral)	Small molecule	Crohn's disease (post-operative and ileitis)	-	P-II (a)
TAK-951	Peptide agonist (sub-cutaneous)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-II
TAK-510	Peptide agonist (sub-cutaneous)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-I
TAK-671[6]	Protease inhibitor (injection)	Biologic and other	Acute pancreatitis	-	P-I
TAK-062[7]	Glutenase (oral)	Biologic and other	Celiac disease	-	P-I
TAK-039[8]	Bacterial consortium (oral)	Microbiom e	Clostridium difficile infections[9]	-	P-I

Notes:
(1) Partnership with the University of California San Diego and Fortis Advisors
(2) Partnership with Theravance Biopharma, Inc.
(3) Partnership with Arrowhead Pharmaceuticals, Inc.
(4) Acquired development and commercialization license for TAK-101 from Cour Pharmaceutical Development Company. Previously known as TIMP-GLIA.
(5) Partnership with Enterome Bioscience SA
(6) Partnership with Samsung Bioepis
(7) Acquired PvP Biologics, Inc. including TAK-062. Previously known as Kuma062.
(8) Partnership with with NuBiyota
(9) Phase 1 study in clostridium difficile infections completed; strategic intention is to take the program forward in hepatic encephalopathy.
(10) 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 device. In August 2020, Takeda had a productive meeting with the FDA to review the Company's latest data and to seek guidance on additional data needs required to support the approval of vedolizumab SC. During the meeting, Takeda gained clarity on data needs for the device, and is moving forward to address them. Continued testing of the device will take time, and as a result, Takeda expects to potentially launch vedolizumab SC for moderate to severe ulcerative colitis in the U.S. in 2022, pending FDA approval.

Our plasma-derived therapies pipeline as of May 11, 2021 (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)	Type of Drug (administration route)	Modality	Indications / additional formulations	Stage	
TAK-664 *CUVITRU* (U.S., EU)	Immunoglobulin 20% [human] (subcutaneous)	Biologic and other	Primary immunodeficiencies	Japan	P-III
TAK-771[1] <IG Infusion 10% (Human) w/ Recombinant Human Hyaluronidase> *HYQVIA* (U.S., EU)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Secondary immunodeficiencies	EU	Approved (Sep 2020)
			Pediatric indication for primary immunodeficiency	U.S.	P-III
			Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU	P-III P-III

Notes:
(1) Partnership with Halozyme

Our vaccines pipeline as of May 11, 2021 (the date of our annual earnings release), along with notes for major subsequent developments, is as follows:

Development code Brand name (country/region)	Type of vaccine (administration route)	Modality	Indications / additional formulations	Stage	
TAK-003	Tetravalent dengue vaccine (injection)	Biologic and other	For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 up to 60 years of age	EU and EU-M4all -	Filed (Mar 2021)[4] P-III
TAK-919/ mRNA-1273[1]	COVID-19 vaccine (injection)	Biologic and other	Active immunization for the prevention of COVID-19	Japan	Filed (Mar 2021) [5]
TAK-019/ NVX-CoV2373[2]	COVID-19 vaccine (injection)	Biologic and other	Active immunization for the prevention of COVID-19	Japan	P-I/II
TAK-214	Norovirus vaccine (injection)	Biologic and other	Active immunization for the prevention of acute gastroenteritis caused by norovirus	-	P-II (b)
TAK-426[3]	Zika vaccine (injection)	Biologic and other	Active immunization for the prevention of disease caused by Zika virus	-	P-I

Notes:
(1) Partnership with Moderna and MHLW to bring Moderna's COVID-19 vaccine candidate to Japan
(2) Partnership with Novavax, Inc. to bring Novavax' COVID-19 vaccine candidate to Japan with funding from the Government of Japan's Ministry of Health, Labour and Welfare (MHLW) and Agency for Medical Research and Development (AMED)
(3) Partnership with The Biomedical Advanced Research and Development Authority (BARDA) - U.S. Government
(4) In addition to filing in the EU and through the EU-M4all (previously Article 58) procedure for countries outside of the EU, filings began in dengue endemic countries in Latin America and Asia that are not participating in the EU-M4all procedure.
(5) Subsequently approved in May 2021.

Licensing and Collaboration

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

- *ADCETRIS*: We entered into a Collaboration Agreement with Seagen, Inc. (formerly Seattle Genetics, Inc.) ("Seagen") in 2009 for the global co-development of *ADCETRIS* and its commercialization around the world (other than the U.S. and Canada, where *ADCETRIS* is commercialized by Seagen). We 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 Seagen 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 Seagen may terminate the collaboration in certain circumstances. If neither party terminates the collaboration agreement, then the agreement automatically terminates on the expiration of all payment obligations. As of March 31, 2021, 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 in 2007 for the exclusive co-development and co-commercialization in the U.S. and Japan of several compounds in Lundbeck's pipeline for the treatment of mood and anxiety disorders. Under the agreement, both partners commercialize TRINTELLIX in the U.S. and Japan and have agreed to jointly develop the relevant compounds, with most of development funding provided by us. Revenues for *TRINTELLIX* are booked by us, and we pay Lundbeck a portion of net sales, as well as tiered royalties ranging from the low to mid-teens on the portion of sales retained by us. We have also agreed to pay Lundbeck certain development and commercialization milestone payments relating to regulatory and commercial progress under the collaboration. 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, 2021, there are no further incremental potential commercial milestone payments remaining under the TRINTELLIX collaboration.

- *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. On January 1, 2021, we began sharing 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, 2021, there are no further incremental potential commercial milestone payments remaining under the *AMITIZA* collaboration.

Building a sustainable research platform / Enhancing R&D collaboration

- In June 2020, Takeda and Neurocrine Biosciences, Inc. (Neurocrine Biosciences) announced a strategic collaboration to develop and commercialize compounds in Takeda's early-to-mid-stage psychiatry pipeline. Specifically, Takeda granted an exclusive license to Neurocrine Biosciences for seven pipeline programs, including three clinical stage assets for schizophrenia, treatment-resistant depression and anhedonia.
- In June 2020, Takeda and Carmine Therapeutics (Carmine) signed a research collaboration agreement to discover, develop and commercialize transformative non-viral gene therapies for two rare disease targets using Carmine's REGENT(TM) technology, based on red blood cell extracellular vesicles.
- In August 2020, members of the COVID R&D Alliance, Takeda, AbbVie, Inc. and Amgen Inc. (Amgen) announced the first patients enrolled in the I-SPY COVID Trial (Investigation of Serial Studies to Predict Your COVID Therapeutic Response with Biomarker Integration and Adaptive Learning) clinical trial. The I-SPY COVID Trial will evaluate the efficacy of cenicriviroc, a chemokine (CCR2 and CCR5) dual-receptor antagonist, Otezla (apremilast), a PDE4 inhibitor, and Firazyr (icatibant injection), a bradykinin B2 receptor antagonist in severely ill, hospitalized COVID-19 patients who require high-flow oxygen. The I-SPY COVID Trial utilizes Quantum Leap Healthcare Collaborative's adaptive platform trial design, which is intended to increase trial efficiency by minimizing the number of participants and time required to evaluate potential treatments. In April 2021, the icatibant arm of the I-SPY COVID trial has concluded since it reached the predefined futility criterion.
- In September 2020, Takeda announced the expansion of its cell therapy manufacturing capabilities with the opening of a new 24,000 square-foot R&D cell therapy manufacturing facility at its R&D headquarters in Boston, Massachusetts. The facility provides end-to-end research and development capabilities and will accelerate Takeda's efforts to develop next-generation cell therapies, initially focused on oncology with potential to expand into other therapeutic areas.
- In October 2020, Takeda and Arrowhead Pharmaceuticals Inc. (Arrowhead) announced a collaboration and licensing agreement to develop ARO-AAT/TAK-999, a Phase 2 investigational RNA interference (RNAi) therapy in development to treat alpha-1 antitrypsin-associated liver disease (AATLD). ARO-AAT/TAK-999 is a potential first-in-class therapy designed to reduce the production of mutant alpha-1 antitrypsin protein, the cause of AATLD progression. Under the terms of the agreement, Takeda and Arrowhead will co-develop ARO-AAT/TAK-999 which, if approved, will be co-commercialized in the United States under a 50/50 profit-sharing structure. Outside the U.S., Takeda will lead the global commercialization strategy and receive an exclusive license to commercialize ARO-AAT/TAK-999.
- In December 2020, PeptiDream Inc. (PeptiDream) and Takeda announced that they agreed to a collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular diseases. Despite advances in the understanding of neuromuscular diseases, the broad biodistribution required to target key tissues throughout the body that contribute to disease remains a key challenge for drug development. The agreement aims to address these challenges by conjugating peptides developed by PeptiDream and JCR Pharmaceuticals Co., Ltd. that bind to the transferrin receptor to specific drug payloads selected by Takeda to improve their profile of tissue distribution for treating neuromuscular diseases.
- In December 2020, three members of the COVID R&D Alliance - Takeda, Amgen and UCB, Inc. (UCB) - announced the first patient enrolled in the COMMUNITY Trial (COVID-19 Multiple Agents and Modulators Unified Industry Members), a randomized, double-blind, placebo-controlled, adaptive platform trial that enables an array of therapeutic candidates to be studied in hospitalized COVID-19 patients. Uncontrolled vascular and immune inflammatory responses have proven to be hallmark symptoms in patients facing severe COVID-19 infections. These patients may face increased risk of acute respiratory distress syndrome (ARDS), stroke and death. Initial therapies entering into COMMUNITY were selected based upon their potential to suppress or control the immune response or the resulting inflammation. These include: Amgen's OTEZLA (apremilast), which may suppress immune response inflammation; Takeda's investigational intravenous administration of lanadelumab, which modulates the kallikrein-kinin system and suppresses production of bradykinin, potentially lessening inflammation; UCB's zilucoplan, an investigational medicine that may reduce overactivation of the immune system that contributes to ARDS. In May 2021, new patient enrollment has been stopped in the investigational IV lanadelumab arm of the COMMUNITY study due to administration challenges with the IV infusion. These challenges impacted the ability to collect consistent data. There were no safety concerns associated with lanadelumab in the study. Participation in the study will be completed and patients will be followed in accordance with the protocol. The administration challenges are unique to the IV infusion and are not associated with the subcutaneous injection formula of lanadelumab.
- In March 2021, Takeda announced the exercise of its option to acquire Maverick Therapeutics, Inc. (Maverick) a private biopharmaceutical company pioneering conditionally active bispecific T-cell targeted immunotherapies. Under the agreement, Takeda will obtain Maverick's T-cell engager COBRA™ platform and a broad development portfolio, including Maverick's lead development candidate TAK-186 (MVC-101) currently in a Phase 1/2 study for the treatment of EGFR-expressing solid tumors, and TAK-280 (MVC-280), which is anticipated to enter the clinic in the second half of Takeda's fiscal year 2021 for the treatment of patients with B7H3-expressing solid tumors. After closing of the transaction in April 2021, Maverick employees, including its team of talented scientists, joined Takeda's Research & Development organization.

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	U.S.	Agreement for the discovery, development and commercialization of three mAbs 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., Ltd	Japan	Takeda granted exclusive commercialization rights for uterine fibroids and exclusive development and commercialization rights for endometriosis for Japan to maximize the product value of relugolix (TAK-385).
Crescendo Biologics	U.K	Collaboration and licensing agreement for the discovery, development and commercialization of Humabody®-based therapeutics for cancer indications.
Egle Therapeutics	France	Identify novel tumor-specific regulatory T-cell targets and develop unique anti-suppressor-based immunotherapies.
Exelixis, Inc.	U.S.	Exclusive licensing agreement to commercialize and develop novel cancer therapy cabozantinib and all potential future cabozantinib indications in Japan, including advanced renal cell carcinoma and hepatocellular carcinoma.
GammaDelta Therapeutics	U.K.	Collaboration agreement to discover and develop new immunotherapies in oncology using GammaDelta Therapeutics' novel T cell platform based on the unique properties of gamma delta T cells derived from human tissues.
GlaxoSmithKline	U.K.	Exclusive licensing agreement to develop and commercialize novel cancer therapy niraparib for the treatment of all tumor types in Japan, and all tumor types excluding prostate cancer in South Korea, Taiwan, Russia and Australia.
Heidelberg Pharma	Germany	Antibody-Drug-Conjugate (ADC) research collaboration on 2 targets and licensing agreement (α-amanitin payload and proprietary linker).
KSQ Therapeutics	U.S.	Strategic collaboration to research, develop and commercialize novel immune-based therapies for cancer using KSQ's CRISPRomics® technology
MD Anderson Cancer Center	U.S.	Exclusive license and research agreement to develop cord blood-derived chimeric antigen receptor-directed natural killer (CAR NK)-cell therapies, 'armored' with IL-15, for the treatment of B-cell malignancies and other cancers
Memorial Sloan Kettering Cancer Center	U.S.	Strategic research collaboration and license to develop novel chimeric antigen receptor T-cell (CAR-T) products for the treatment of multiple myeloma, acute myeloid leukemia and additional solid tumor indications. The collaboration is co-led by Michel Sadelain, who is currently head of the Center for Cell Engineering at Memorial Sloan Kettering
Molecular Templates	U.S.	Molecular Templates will continue to develop TAK-169 and Takeda will maintain its equity stake in Molecular Templates.
Myovant Sciences	Switzerland	Takeda granted Myovant an exclusive, worldwide license (excluding Japan and certain other Asian countries) to relugolix (TAK-385) and an exclusive, worldwide license to MVT-602 (TAK-448).
National Cancer Center of Japan	Japan	Partnership agreement to develop basic research to clinical development by promoting exchanges among researchers, physicians, and others engaged in anti-cancer drug discovery and cancer biology research.
Noile-Immune Biotech	Japan	Collaboration agreement for the development of next generation CAR-T cell therapy, developed by Professor Koji Tamada at Yamaguchi University. Takeda has exclusive options to obtain licensing rights for the development and commercialization of Noile-Immune Biotech's pipeline and products resulting from this partnership. Due to the success of the collaboration, Takeda licensed NIB-102 and NIB-103.
Presage Biosciences	U.S.	Research collaboration and license for multiple programs using Presage's proprietary platform CIVO to evaluate patients' unique responses to microdoses of cancer drugs.
Shattuck Labs	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
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 to co-develop TAK-605 (RIVAL-01) (novel oncolytic virus expressing aCTLA4, IL12-mb, flt3L) via a worldwide partnership and also conduct collaborative discovery efforts to identify additional novel product candidates based on a Turnstone's vaccinia virus platform.
Rare genetics and hematology:		
Asklepios Biopharmaceuticals	U.S.	Agreement for multiple research and development collaborations using FVIII Gene Therapy for the treatment of Hemophilia A and B.
BioMarin	U.S.	Agreement for the in-license of enabling technology for the exogenous replacement of iduronate-2-sulfatase with Idursulfase-IT in patients via direct delivery to the CNS for the long-term treatment of Hunter Syndrome in patients with cognitive impairment in order to slow progression of cognitive impairment (TAK-609).
Carmine Therapeutics	Singapore	Research collaboration agreement to discover, develop and commercialize transformative non-viral gene therapies for two rare disease targets using Carmine's REGENT(TM) technology, based on red blood cell extracellular vesicles.
Codexis, Inc.	U.S.	Strategic collaboration and license for the research and development of novel gene therapies for certain disease indications, including the treatment of lysosomal storage disorders and blood factor deficiencies.

Partner	Country	Description of collaboration
Ensoma	U.S.	Research collaboration and license provides Takeda with an exclusive worldwide license to Ensoma's Engenious™ vectors for up to five rare disease indication,
Evox Therapeutics	U.K.	Collaboration for developing novel protein replacement and mRNA therapies and targeted delivery using Evox's proprietary exosome technology. Partnership for up to five rare disease targets with Takeda assuming responsibility for its clinical development
GlaxoSmithKline	U.K.	In-license agreement between GSK and University of Michigan for TAK-620 (maribavir) in the treatment of human cytomegalovirus.
IPSEN	France	Purchase agreement for the development of Obizur for the treatment of Acquired Hemophilia A including for patients with Congenital Hemophilia A with inhibitors indication in elective or emergency surgery.
KM Biologics	Japan	Agreement for the development collaboration of TAK-755 to overcome the ADAMTS13 deficiency in TTP.
Rani Therapeutics	U.S.	Research collaboration agreement to evaluate a micro tablet pill technology for oral delivery of FVIII therapy in hemophilia
Xenetic Biosciences	U.S.	Exclusive R&D license agreement for PolyXen delivery technology for hemophilia factors VII, VIII, IX, X.
Neuroscience:		
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases
AstraZeneca	UK	Agreement for the joint development and commercialization of MEDI1341, an alpha-synuclein antibody currently in development as a potential treatment for Parkinson's disease.
Bridgene	U.S.	Research collaboration to discover small molecule drugs for "undruggable" targets using Bridgene's chemoproteomics platform
Denali Therapeutics	U.S.	Strategic option and collaboration agreement to develop and commercialize up to three specified therapeutic product candidates for neurodegenerative diseases, incorporating Denali's ATV platform for increased exposure of biotherapeutic products in the brain.
Neurocrine Biosciences	U.S.	Collaboration to develop and commercialize compounds in Takeda's early-to-mid stage neuroscience pipeline, including TAK-041, TAK-653 and TAK-831. Takeda will be entitled to certain development milestones, commercial milestones and royalties on net sales. 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.
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular diseases
Skyhawk Therapeutics	U.S.	Collaboration and licensing agreement to develop and commercialize RNA modulation therapies targeting neurodegenerative diseases.
StrideBio	U.S.	Collaboration and license agreement to develop in vivo AAV based therapies for Friedreich's Ataxia (FA) and two additional undisclosed targets.
Wave Life Sciences	Singapore	Research, development and commercial collaboration and multi-program option agreement to develop antisense oligonucleotides for a range of neurological diseases.
Gastroenterology (GI):		
Ambys Medicines	U.S.	Collaboration agreement for the application of novel modalities, including cell and gene therapy and gain-of-function drug therapy, to meet the urgent need for treatments that restore liver function and prevent the progression to liver failure across multiple liver diseases. Under the terms of the agreement, Takeda has an option to ex-U.S. commercialization rights for the first 4 products that reach an investigational new drug application.
Arcturus	U.S.	Collaboration agreement to develop RNA-based therapeutics for the treatment of non-alcoholic steatohepatitis and other gastrointestinal related disorders using Arcturus' wholly-owned LUNAR™ lipid-mediated delivery systems and UNA Oligomer chemistry.
Arrowhead Pharmaceuticals	U.S.	Collaboration and licensing agreement to develop TAK-999 (ARO-AAT), a Phase 2 investigational RNA interference (RNAi) therapy in development to treat alpha-1 antitrypsin-associated liver disease (AATLD). ARO-AAT is a potential first-in-class therapy designed to reduce the production of mutant alpha-1 antitrypsin protein, the cause of AATLD progression.
Beacon Discovery	U.S.	Collaboration agreement for the G-protein coupled receptor drug discovery and development program to identify drug candidates for a range of gastrointestinal disorders. The agreement grants Takeda worldwide rights to develop, manufacture and commercialize products resulting from the collaboration.
Cerevance	U.S.	Multi-year research alliance to identify novel target proteins expressed in the central nervous system and to develop new therapies against them for certain GI disorders. Goal of the collaboration is to select, confirm and validate targets from gene expression data sets generated by Cerevance's NETSseq technology.
Cour Pharmaceuticals Development Company	U.S.	Takeda has acquired an exclusive global license to develop and commercialize the investigational medicine TIMP-GLIA (TAK-101), an immune modifying nanoparticle containing gliadin proteins.
Engitix	U.K.	Collaboration and licensing agreement to utilize Engitix's liver fibrosis platform to conduct research activities and to nominate, confirm, and validate potential targets against which Takeda may advance new therapeutic programs.

Partner	Country	Description of collaboration
Enterome	France	Collaboration agreement to research and develop microbiome targets thought to play crucial roles in gastrointestinal disorders, including inflammatory bowel diseases (e.g. ulcerative colitis). The agreement includes a global license and co-development of EB8018/TAK-018 in Crohn's disease.
Finch Therapeutics	U.S.	Global agreement to develop 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.
Genevant Sciences Corporation	U.S.	Collaboration and License Agreement to leverage Genevant's hepatic stellate cell-partitioning LNP platform to deliver Takeda-designed RNAi oligonucleotides intended to halt or reverse the progression of liver fibrosis.
Hemoshear Therapeutics	U.S.	Collaboration agreement for novel target and therapeutic development for liver diseases, using Hemoshear's proprietary REVEAL-Tx drug discovery platform.
NuBiyota	Canada	Agreement for the development of Microbial Ecosystem Therapeutic products for gastroenterology indications.
Phathom Pharmaceuticals	U.S.	Takeda has granted a license to Phathom Pharmaceuticals for the development and exclusive commercialization rights to vonoprazan in the U.S., Europe and Canada in exchange for upfront cash and equity, as well as future cash milestones and royalties on net sales.
Samsung Bioepis	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	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	U.S.	Global license, development and commercialization agreement for TAK-954, a selective 5-HT4 receptor agonist for motility disorders.
UCSD/Fortis Advisors	U.S.	Technology license for the development of oral budesonide formulation (TAK-721) for treatment of eosinophilic esophagitis.
Plasma-Derived Therapies (PDT):		
Halozyme	U.S.	Agreement for the in-license of Halozyme's proprietary ENHANZE™ platform technology to increase dispersion and absorption of HyQvia. Ongoing development work for a U.S. pediatric indication to treat primary immunodeficiencies and a Phase 3 indication in Chronic Inflammatory Demyelinating Polyradiculoneuropathy.
Kamada	Israel	In-license agreement to develop and commercialize IV Alpha-1 proteinase inhibitor (Glassia); Exclusive supply and distribution of Glassia in the U.S., Canada, Australia and New Zealand; work on post market commitments ongoing.
ProThera Biologics	U.S.	Global licensing agreement to develop a novel plasma-derived Inter-alpha Inhibitor Proteins (IAIP) therapy for the treatment of acute inflammatory conditions.
Vaccines:		
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, for the U.S. with the option to use data generated for filing also in affected regions around the world.
Novavax	U.S.	Partnership for the development, manufacturing and commercialization of over 250 million doses per year of TAK-019 (NVX-CoV2373), Novavax' COVID-19 vaccine candidate, in Japan, which is being funded by the Government of Japan's Ministry of Health, Labour and Welfare.(MHLW) and Agency for Medical Research and Development (AMED).
Moderna	U.S.	Three-way agreement with Moderna and the Government of Japan's Ministry of Health Labour & Welfare (MHLW) to import and distribute 50 million doses of TAK-919 (mRNA-1273) Moderna's COVID-19 vaccine candidate, in Japan from the first half of 2021.
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 (CiRA)	Japan	Collaboration agreement for clinical applications of iPS cells in Takeda strategic areas including applications in neurosciences, oncology and GI as well as discovery efforts in additional areas of compelling iPSC translational science.
Charles River Laboratories	U.S.	Collaboration on multiple integrated programs across Takeda's core therapeutic areas using Charles River Laboratories' end-to-end drug discovery and safety assessment platform to progress these programs towards candidate status.
Evotec GT	Germany	Research alliance to support Takeda's growing number of research stage gene therapy discovery programs.
HiFiBio	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 and Oncology therapeutic areas.

Partner	Country	Description of collaboration
Massachusetts Institute of Technology	U.S.	MIT-Takeda Program to fuel the development and application of artificial intelligence (AI) capabilities to benefit human health and drug development. Centered within the Abdul Latif Jameel Clinic for Machine Learning in Health (J-Clinic), the new program will leverage the combined expertise of both organizations, and is supported by Takeda's three-year investment (with the potential for a two-year extension).
Portal Instruments	U.S.	Agreement for the development and commercialization of Portal's jet injector drug delivery device for potential use with Takeda's investigational or approved biologic medicines.
Schrödinger	U.S.	Agreement for the multi-target research collaboration combining Schrödinger's in silico platform-driven drug discovery capabilities with Takeda's deep therapeutic area knowledge and expertise in structural biology.
Seattle Collaboration	U.S.	Agreement for SPRInT (Seattle Partnership for Research on Innovative Therapies) 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.
Twist Bioscience	U.S.	Agreement and license for Takeda to access Tiwst's "Library of Libraries," a panel of synthetic antibody phage display libraries derived only from sequences that exist in the human body. Together, the companies will work to discover, validate and optimize new antibody candidates.

Intellectual Property

An important part of our business strategy is to protect our products and technologies using patents and trademarks, to the extent available. We rely on trade secrets, proprietary know-how, technological innovations and contractual arrangements with third parties to maintain and enhance our competitive position. Our commercial success depends, in part, upon our ability to obtain and enforce strong patents, to maintain trade secret protection, to operate without infringing the proprietary rights of others and to comply with the terms of licenses granted to it. Due to the lengthy development periods for new drugs, the high costs of R&D and the small percentage of researched compounds that reach the market, the protection of intellectual property plays an important role in the return of investments for R&D of a new drug.
We seek patent protection for proprietary technology whenever possible in the U.S., Japan and major European countries. Where practicable, we seek patent protection in other countries on a selective basis. In all cases, we endeavor to either obtain patent protection itself or support patent applications through licensors. Patents are our primary means of protecting the technologies we use. Patents provide the holder with the right to exclude others from using an invention related to a pharmaceutical product. We use various types of patents to protect our pharmaceutical products, including substance patents, which cover active ingredients, as well as patents covering usage, manufacturing processes and formulation of drugs.

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

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

years for new ethical combination 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 R&D stage, to ensure that our products and activities do not violate intellectual property rights held by others.

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

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

Our biologic products may face or already face competition from companies who produce similar products for the same indications, and/or biosimilars, regardless of expiry dates below. Certain 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]
Gastroenterology (GI):			
ENTYVIO	Patent: - RP: July 2026[2]	Patent: September 2021 RDP: May 2026[8]	Patent: August 2017 (Extended expiry of August 2022 in certain countries) RDP: May 2024[8]
DEXILANT	Not commercialized	Patent: -	Patent: -
PANTOLOC /CONTROLO (PANTOPRAZOLE)	Not commercialized	Patent: -	Patent: -

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
TAKECAB[3]	Patent: August 2031 RP: December 2022[2]	Patent: -[3]	Patent: -[3]
GATTEX/REVESTIVE	Not commercialized	Patent: -[5]	Patent: - RDP: September 2024
PENTASA[4]	Patent: -[4]	Patent: -	Patent: -[4]
LIALDA/MEZAVANT[3]	Patent: -[3] RP: September 2022[2]	Patent: -	Patent: -
AMITIZA[4]	Patent: -[4]	Patent: May 2021[6]	Not commercialized
RESOLOR/MOTEGRITY	Not commercialized	Patent: - RDP: December 2023	Patent: -
Rare Metabolic:			
ELAPRASE[3]	Patent: -[3]	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: - RP: July 2024[2]	Patent: -	Patent: - RDP: August 2022
NATPARA/NATPAR	Not commercialized	Patent: - RDP: January 2027	Patent: - RDP: April 2029
Rare Hematology:			
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE/ADYNOVI	Patent: January 2026 RP: March 2024[2]	Patent: February 2026 RDP: November 2027	Patent: January 2028 if granted RDP: January 2028
FEIBA[7]	Patent: -	Patent: -	Patent: -
HEMOFIL[7]	Not commercialized	Patent: -	Not commercialized
IMMUNATE[7]	Not commercialized	Not commercialized	Patent: -
IMMUNINE[7]	Not commercialized	Not commercialized	Patent: -
BEBULIN[7]	Not commercialized	Patent: -	Not commercialized
PROTHROMPLEX[7]	Not commercialized	Patent: -	Patent: -
FACTOR VII[7]	Not commercialized	Not commercialized	Patent: -
VONVENDI	Patent: - RP: March 2030[2]	Patent: December 2030 RDP: December 2027	Patent: - RDP: August 2028
OBIZUR	Not commercialized	Patent: - RDP: October 2026	Patent: February 2026 RDP: November 2025
RIXUBIS	Patent: - RP: December 2022[2]	Patent: -	Patent: -
AGRYLIN/XAGRID	Patent: - RP: September 2024[2]	Patent: -	Patent: -
RECOMBINATE	Not commercialized	Patent: -	Not commercialized
Hereditary Angioedema:			
FIRAZYR	Patent: - RP: September 2028[2]	Patent: -	Patent: -
TAKHZYRO	Patent: January 2031 Extended expiry of September 2035 if PTE granted	Patent: December 2031, February 2032, March 2032 Extended expiry of August 2032 if PTE granted RDP: August 2030	Patent: January 2031 (Extended expiry of November 2033 in some countries) RDP: November 2028
KALBITOR	Not commercialized	Patent: December 2023	Not commercialized
CINRYZE[7]	Not commercialized	Patent: -	Patent: -

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
Plasma-Derived Therapies (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: -
HUMANALBUMIN[7]	Not commercialized	Not commercialized	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
KENKETU-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 RDP: November 2022	Patent: November 2031 RDP: November 2026
ADCETRIS[4]	Patent: April 2026 RP: January 2024[2]	Patent: -[4]	Patent: October 2027 RDP: October 2023, January 2028
ICLUSIG[3]	Patent: -[3]	Patent: January 2027	Patent: -[3]
ALUNBRIG	Patent:November 2032 RP: January 2029	Patent: July 2030 Extended expiry of April 2031 if PTE granted RDP: April 2024	Patent: May 2029 Extended expiry of November 2033 if SPC granted RDP: November 2028
VECTIBIX[4]	Patent: August 2022	Patent: -[4]	Patent: -[4]
CABOMETYX[4]	Patent: September 2024 Extended expiry of September 2029 of PTE granted	Patent: -[4]	Patent: -[4]
VYVANSE/ELVANSE	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 2027 RP: September 2027[2]	Patent: December 2026 Extended expiry of December 2026 if pediatric exclusivity (PED) granted	Patent: -[4]
ADDERALL XR	Not commercialized	Patent: -	Not commercialized
ROZEREM	Patent: March 2022	Patent: -	Not commercialized
REMINYL	Patent: -	Patent: -[4]	Patent: -
INTUNIV	Patent: - RP: March 2025[2]	Patent: -	Patent: - RDP: September 2025
COPAXONE[4]	Patent: - RP: September 2025[2]	Patent: -[4]	Patent: -[4]
AZILECT[4]	Patent: - RP: March 2026[2]	Patent: -[4]	Patent: -[4]

Our product	Japan expiry dates[1][2]	U.S. expiry dates[1]	EU expiry dates[1]
MYDAYIS	Not commercialized	Patent: -	Not commercialized
EQUASYM	Not commercialized	Patent: -[3]	Patent: -
CARBATROL	Not commercialized	Patent: -	Not commercialized
Other:			
AZILVA-F	Patent: - RP: October 2021[2]	Not commercialized	Not commercialized
NESINA/VIPIDIA-F	Patent: -[3]	Patent: June 2028	Patent: September 2028
ULORIC[4]	Patent: -[4]	Patent: -	Patent: -[4]
COLCRYS	Not commercialized	Patent: -	Not commercialized
LOTRIGA[4]	Patent: -	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 "—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.
(8) There are other patents for ENTYVIO that expire in 2032, and therefore the exact timing of biosimilar entry is uncertain.

III. Property, Plant, and Equipment

1. Overview of Capital Expenditures

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

The total capital expenditures (on an acquisition basis) of Takeda for the year ended March 31, 2021 was 213.7 billion JPY.

2. Major Facilities

Takeda's major facilities are as follows:

(1) The Company

As of March 31, 2021

Office Name [Location]	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
		Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
				Area (m^2)	Amount				
Global Headquarters [Chuo-ku,Tokyo]	Administrative and sales	6,183	13	13,102	26,123	889	1,292	34,500	957
Head Office [Chuo-ku, Osaka and others]	Administrative and sales	2,807	121	443,441	1,276	1	1,340	5,545	401
Osaka Plant [Yodogawa-ku, Osaka]	Production and research	14,842	3,106	(6,542) 163,568	1,005	3	11,633	30,589	364
Hikari Plant [Hikari-shi, Yamaguchi]	Production, research and production for research	28,505	13,353	(4,573) 1,011,061	3,618	656	11,881	58,013	854
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research	3,037	473	22,749	285	2	3,509	7,306	659
Center for Learning and Innovation [Suita-shi, Osaka]	Education and welfare	3,873	0	—	—	—	34	3,907	—
Sapporo Branch [Chuo-ku,Sappporo-shi]	Administrative and sales	20	—	—	—	—	11	31	107
Tohoku Branch [Aoba-ku, Sendai-shi]	Administrative and sales	12	—	—	—	—	16	28	139
Tokyo Branch and others [Chuo-ku, Tokyo]	Administrative and sales	139	—	—	—	—	107	246	552
Nagoya Branch [Nishi-ku, Nagoya-shi]	Administrative and sales	16	—	—	—	—	18	34	240
Osaka Branch and others [Chuo-ku, Osaka]	Administrative and sales	18	—	—	—	—	51	69	475
Fukuoka Branch [Hakata-ku, Fukuoka]	Administrative and sales	7	—	—	—	—	22	29	211

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 214 million JPY (514m^2) and buildings of 162 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 5,044 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, 2021

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	24,581	282	(1,502) 78,125	254	1,132	266	26,515	7
Nihon Pharmaceutical Co., Ltd. [Izumisano-shi,Osaka]	Pharmaceuticals	Production, research and others	2,465	1,619	71,556	1,181	224	816	6,305	419

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 and structures of 279 million JPY which are leased to parties other than consolidated companies.
(4) The table above includes part of land leased from parties other than consolidated companies. There were no annual lease payments. Figures in parentheses of "Land" represent the square meters of the land.

(3) Overseas subsidiaries

As of March 31, 2021

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	15,601	11,048	(2,686) 144,675	410	117,138	7,514	151,711	3,035
Takeda Ireland Limited [Kilruddery, Ireland]	Pharmaceuticals	Production and others	15,582	10,306	202,679	2,757	12	3,606	32,263	464
Baxalta, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	157,175	100,818	(8,258) 507,617	4,231	19,723	25,051	306,998	3,090
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	52,499	22,093	(8,110) 399,192	26,694	35,618	13,330	150,234	1,830
Baxter AG [Vienna, Austria]	Pharmaceuticals	Production and others	41,337	23,479	368,551	6,659	2,370	9,002	82,847	3,333
Baxalta Manufacturing, S.a.r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	11,943	19,516	87,264	2,156	—	4,688	38,303	633

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m2)	Amount				
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	8,125	10,757	135,538	332	233	19,395	38,842	1,167
BioLife Plasma Services LP [Bannockburn, IL , U.S.A.]	Pharmaceuticals	Production and others	21,097	9,160	(60,603) 425,289	3,323	50,752	8,744	93,076	6,884
Baxalta Bioscience Manufacturing S.a.r.l, Singapore Branch [Singapore]	Pharmaceuticals	Production and others	6,635	21,597	—	—	132	3,670	32,034	393

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 121 million JPY which are leased to parties other than consolidated companies.
(4) The table above includes the part of buildings and structures, machinery and vehicles and land leased from parties other than consolidated companies. The annual lease payments were 4,671 million JPY. Figures in parentheses of “Land” represent the square meters of land.

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

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

Classification	Name or Subsidiaries' Company Name [Main Location]	Operating Segment	Details	Budget		Financing	Schedule	
				Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction/ Expansion	Osaka Plant [Yodogawa- ku, Osaka]	Pharmaceuticals	Production Support and quality assurance facility	11,939	8,701	Funds on hand	July 2018	March 2024
Construction/ Expansion	Hikari Plant [Hikari-shi, Yamaguchi]	Pharmaceuticals	Production and research	7,473	2,781	Funds on hand	September 2019	December 2021
Renovation	Baxter AG [Vienna, Austria]	Pharmaceuticals	Manufacturing	4,795	3,868	Funds on hand	August 2018	June 2022
Renovation	Baxalta Belgium Manufacturing S.A. [Lessine, Belgium]	Pharmaceuticals	Manufacturing	16,203	15,589	Funds on hand	October 2017	April 2021

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, 2021)	Number of Shares Outstanding as of the Filing Date (June 29, 2021)	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	1,576,387,908	1,577,860,220	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	1,576,387,908	1,577,860,220	—	—

Notes:

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

(2)The Company executed a share exchange where Nihon Pharmaceutical Co., Ltd. will be Takeda's wholly-owned subsidiary effective April 1, 2021 and issued common stocks based on the resolution at the Board of Directors Meeting held on November 24, 2020. As a result, the total number of shares issued increased by 1,462,212 to 1,577,850,120.

(3) Number of shares outstanding as of the filing date does not include the shares issued upon exercise of stock acquisition rights from June 1, 2021 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 [0] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 10,100 [0] (Note2)
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	1 JPY
Exercise period of stock acquisition rights (*)	From July 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, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31,2021 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 (*)	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, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31, 2021 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

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

Date of resolution	June 26, 2012
Position and the number of grantees	4 Directors
Number of stock acquisition rights (*)	107 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 10,700 (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, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31, 2021 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, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31, 2021 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

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

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

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

Asterisk (*) denotes items as of the end of the current fiscal year (March 31, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31, 2021 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, 2021). For items changed between the end of the current fiscal year and May 31, 2021 (the end of the month preceding the submission date), the status as of May 31, 2021 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

Notes:

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

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

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

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

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

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

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

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

2) Description of rights plan

Not applicable.

3) Other stock acquisition rights

Not applicable.

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

(4) Changes in 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, 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
From April 1, 2020 to March 31, 2021 (Notes 1)	14	1,576,388	22	1,668,145	22	1,654,239

Notes:
(a) The increase in the total number of shares issued in fiscal year 2016 (238 thousand), 2017 (617 thousand), 2018 (15 thousand), 2019 (18 thousand) and 2020(14 thousand) are due to exercise of stock acquisition rights.
(b) 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)
(c) 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
(d) 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)
(e) Due to the share exchange where Nihon Pharmaceutical Co., Ltd. will be Takeda's wholly-owned subsidiary effective April 1, 2021, the total number of shares issued increased by 1,462 thousand and the amount of legal capital surplus increased by 5,919 million JPY.
(f) The exercise of stock acquisition rights between April 1, 2021 to May 31, 2021 increased the total number of shares issued by 10 thousand shares and the amount of share capital and legal capital surplus by 14 million JPY respectively.

(5) Status by Type of Holder

As of March 31, 2021

Classification	Status of Shares (1 unit = 100 shares)								Shares Less Than One Unit
	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders		Individuals and Others	Total	
					Foreign Shareholders Other Than Individuals	Individuals			
Number of shareholders (persons)	1	261	70	2,807	1,146	560	461,311	466,156	—
Number of shares held (Trading units)	3	4,716,292	851,658	425,040	6,439,118	7,386	3,315,971	15,755,468	841,108
Percentage of shares held (%)	0.00	29.93	5.41	2.70	40.87	0.05	21.05	100.00	—

Note: 172,947 shares of treasury stock include 1,729 units of shares held by "Individuals and Others" and 47 shares held by "Shares Less Than One Unit."

(6) Major Shareholders

As of March 31, 2021

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	150,521	9.55
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	84,159	5.34
The Bank of New York Mellon as depositary bank for depositary receipt holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	240 Greenwich Street, 8th Floor West, New York, NY 10286 U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	78,566	4.98
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
Custody Bank of Japan, Ltd. (Trust account 5)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	25,510	1.62
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)	25,343	1.61
Custody Bank of Japan, Ltd. (Trust account 6)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	22,618	1.43
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)	21,669	1.37
Custody Bank of Japan, Ltd. (Trust account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	20,368	1.29
Custody Bank of Japan, Ltd. (Trust account 1)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	20,305	1.29
Total		484,418	30.73

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2021

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	172,900		—
	(Crossholding stock) Common stock	287,000		—
Shares with full voting rights (Others)	Common stock	1,575,086,900	15,750,869	—
Shares less than one unit	Common stock	841,108		Shares less than one unit (100 shares)
Number of shares issued		1,576,387,908	—	—
Total number of voting rights		—	15,750,869	—

Notes:

(1) "Shares with full voting rights (Others)" includes 10,778,600 shares (voting rights: 107,786 units) held by the ESOP trust account and 1,992,700 shares (voting rights: 19,927 units) held by the BIP trust account, respectively

(2) "Shares less than one unit" includes 47 shares of treasury stock, and 171 shares held by the ESOP trust account and 205 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2021

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	172,900	—	172,900	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	—	459,900	—	459,900	0.03

Note: In addition to the above treasury stock and 47 shares of less than one unit, 10,778,771 shares held by the ESOP trust account and 1,992,905 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 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 2017 to cover Takeda's Group Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 13, 2020. On May 28, 2021, the Company extended the trust period of the ESOP Trust which was established in FY 2018 to cover Takeda's Group Management in Japan based on the resolution of continuation of the Plan and issuance of new shares through third-party allotment at the meeting of the Board of Directors held on May 11, 2021.

(ii) Trust Agreement

[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 were granted on July 1, 2020)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[FY 2021]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to 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 22, 2015 (an amendment agreement was executed regarding the extension of the Trust term as of May 28, 2021)
Trust term:	From May 22, 2015 to August 31, 2024 (the Trust term was extended by the amendment agreement executed as of May 28, 2021) (Base points will be granted on July 1, 2021 (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:	2.5 billion JPY (including trust fees and trust expenses)
Timing of share acquisition:	June 4, 2021
Manner of share acquisition:	To be acquired from the Company (New stock issuance) and the stock exchange market
Vested rights holder:	The Company

(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 2021: Approximately 680,000 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 extended the BIP Trust which was established in FY 2017 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 13, 2020 in order to allow the Plan to be continued as plans for Internal Directors (excluding Directors who are members of the Audit and Supervisory Committee and Directors residing overseas) ("Plan I"), External Directors (excluding Directors who are members of the Audit and Supervisory Committee) ("Plan II"), and members of the Audit and Supervisory Committee ("Plan III").

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

(ii) Trust Agreement

[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 were granted on July 1, 2020)
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	2.08 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 22, 2020
Manner of share acquisition:	To be acquired from the stock exchange market
Vested rights holder:	The Company

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

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to Directors
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Person(s) who meet beneficiary requirements among Directors
Trust administrator:	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of trust agreement:	May 22 , 2015 (an amendment agreement will be executed regarding the extension of the Trust term as of May 14, 2021)
Trust term:	May 22, 2015 to August 31, 2024 (the Trust term was extended by the amendment agreement executed as of May 14, 2021) (Base points will be granted on July 1, 2021 (scheduled))
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Total amount of shares to be acquired:	1.9 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 17, 2021
Manner of share acquisition:	To be acquired from the stock 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 2021: Approximately 570,000 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	3,483	¥ 13,132,781
Treasury stock acquired during the current period	476	1,794,950

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, 2021 to the filing date of this report.
(2) The above table does not include the shares of the Company acquired by the trust account relating to the ESOP Trust or BIP Trust.

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

Classification	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (JPY)	Number of Shares (Shares)	Total Disposition Amount (JPY)
Acquired treasury stock for which subscribers were solicited	—	¥ —	—	¥ —
Acquired treasury stock that was cancelled	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/ stock exchange/ stock issuance/ corporate separation	—	—	—	—
Other (Sold due to request for sale of shares constituting less than one full unit)	414	1,537,395	—	—
Number of shares of treasury stock held	172,947	—	173,423	—

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, 2021 to the filing date of this report.
(2) The above table does not include the shares of the Company held by the trust account relating to the ESOP Trust or BIP Trust.

3.Dividend Policy

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

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

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

In respect of "Invest in growth drivers", Takeda makes disciplined and focused investments in value-creating business opportunities including R&D, new product launches, including in China, and plasma-derived therapies. With regards to "Deleverage rapidly", Takeda is targeting a 2x (i.e. “low-twos”) net debt/adjusted EBITDA ratio within fiscal years ending March 2022 - March 2024 and has committed to maintaining solid investment grade credit ratings. In respect of "Shareholder returns", Takeda maintains its well-established dividend policy of 180 yen per share annually. We expect underlying growth momentum to continue over 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, 2021, 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, 2021.)

4.Corporate Governance

(1)Corporate Governance

1) Corporate Governance Structure

The Company's purpose is to provide "Better Health for People, Brighter Future for the World." In line with this mission, the Company is pursuing a management framework appropriate for an R&D-driven biopharmaceutical company that operates on a global scale. We are strengthening internal controls, including thorough compliance and risk management, and establishing a structure that will allow agile decision-making that is also sound and transparent. Through these efforts, 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 June 29, 2016. We are aiming for the increased transparency and independence of the Board of Directors, and further enhancement of the corporate governance, by establishing systems of audit and supervision conducted by the Audit and Supervisory Committee and increasing the proportion of the number of External Directors and the diversity of the Board of Directors. The governance structure also enables us to enhance the separation of business execution and supervision by delegating decision-making authority to the Directors, which allows 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 4 External Directors
From June 2021, the Audit and Supervisory Committee has consisted only of External Directors to further enhance the independence of the Committee.

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

– Matters Related to the Independence of Such Directors and/or Staff from Executive Directors
The Audit and Supervisory Committee has its own secretariat to support its operations and a sufficient number of staff devoted to the Audit and Supervisory Committee. The appointment and any personnel change in the members of the Audit and Supervisory Committee Office is handled with the agreement of the Audit and Supervisory Committee.

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

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

(Relationship between the Audit and Supervisory Committee and Internal Control Promoting Department)
The Audit and Supervisory Committee closely cooperates with the divisions responsible for the internal control function, such as the Global Ethics and Compliance, Global Finance, etc. and utilizes the information received from these divisions to enable the Audit and Supervisory Committee to conduct effective audit and supervision.

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

The Company will judge whether an External Director has sufficient independence against the Company with the emphasis on his/her meeting the following quality requirements, on the premise that he/she meets the criteria for independence established by the financial instruments exchanges.
The Company believes that such persons will truly meet the shareholders' expectations as the External Directors of the Company, i.e., the persons who can exert strong presence among the diversified members of the Directors and of the

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

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

3) Business Execution

[Management Setup]

At the Company, the Board of Directors determines the fundamental policies for the group, and the Takeda Executive Team (TET) executes the management and business operations in accordance with such decisions. The external director of the Board are all qualified individually and with a diverse and relevant experience as a group. The Audit and Supervisory Committee is an independent committee which mission to monitor and verify a performance of duties by directors, and contributes proper governance and decision-making of the Board. Moreover, in order to respond to management tasks that continue to diversify, the Company has established the TET, and has also established the Business Review Committee (which is responsible for corporate and business development 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), which review important matters to ensure the agility and flexibility of business execution and deeper cooperation among the various functions. Matters not requiring the approval of the aforementioned committees are delegated to the TET based on the Takeda Group's Management Policy (T-MAP). The Company aims for agile and efficient decision-making across the group.

[Board of Directors]

The Company has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for strategic or particularly important matters regarding company management. The Board of Directors consists of 16 Directors (including one female), including 12 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 meetings were held in fiscal year 2020 and all Internal Directors who took office at the end of fiscal year 2020 attended all meetings. (Please refer to (2) Members of the Board of Directors, 2)External Directors) The Board of Directors is chaired by an Independent External Director to increase the independence of the Board of Directors. To ensure the validity and transparency of the decision-making process for the election of Director candidates and compensation of Directors, the Company established a Nomination Committee and a Compensation Committee, all the members of which are External Directors and both of which are chaired by External Directors, as advisory committees to the Board of Directors.

[Internal Audit]

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

[Takeda Executive Team (TET)]

The TET consists of the President & CEO and function heads of the Takeda Group 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 execution matters relating to corporate and business development.

[Portfolio Review Committee]

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

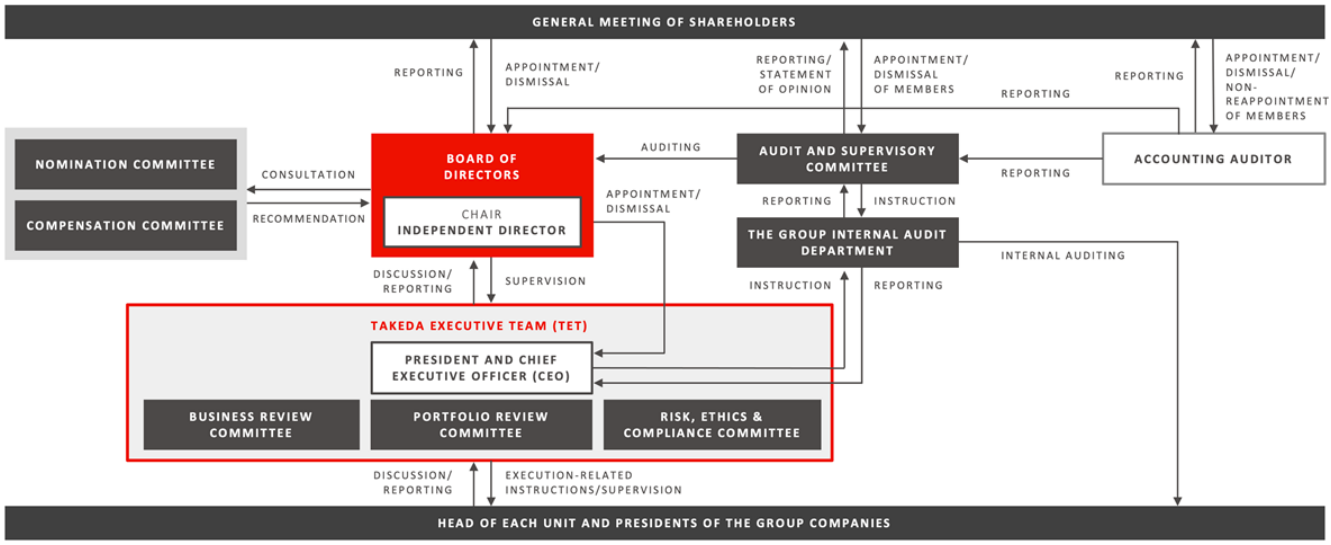
[Risk, Ethics & Compliance Committee]

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

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

The Company refreshed its "Corporate Philosophy," which comprises its "Purpose," "Values": Takeda-ism," "Vision" and "Imperatives." The Company communicates the Corporate Philosophy within the entire group and is making an effort to further promote the creation of a corporate culture based on the Corporate Philosophy. Considering internal control as an important component of corporate governance that functions alongside risk management, the Company undertakes to develop its internal control system as described below.

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



(i) Systems to ensure the appropriateness of operations in the Takeda Group (Systems to ensure the appropriateness of operations in the business group comprising the Company and the subsidiaries)

– Board of Directors, Audit and Supervisory Committee and other committees

- As a company with an Audit and Supervisory Committee, the Company has developed a system that enables the Audit and Supervisory Committee to effectively perform its duties relating to audit and supervision, and increased the composition ratio and diversity of External Directors in the Board of Directors. Under the appropriate audit and supervision realized through such measures, the Board of Directors makes highly transparent and objective decisions and, by its resolutions, delegates authority to Directors to expedite the management of business.
- The objectivity and fairness of the election of the Directors and the compensation paid to them are ensured by the voluntary establishment of the Nomination Committee and Compensation Committee, as advisory bodies to the Board of Directors, with each of them having an External Director as chairperson and with external committee members constituting the majority. In order to enhance the effectiveness of the Audit and Supervisory Committee's function of supervising the election, etc. of Directors who are not Audit and Supervisory Committee Members and the compensation, etc. paid to them, at least one Director who is an Audit and Supervisory Committee Member is included as a member of such committees. By resolution of the Board of Directors, the authority to decide the amount of individual remuneration of the Internal Directors who are not Audit and Supervisory Committee Members was delegated to the Compensation Committee, through which the Company realized a more transparent process in determining individual remuneration.
- Under the system above, the Board of Directors (i) decides on the most important matters for the operation of the business of the Company Group, including matters relating to the Corporate Philosophy and matters relating to internal control, such as compliance, and risk management, (ii) discusses business strategy, and (iii) monitors and supervises the business execution.

– The TET and committees

- To strengthen its global business management system, the Company established the TET, which consists of the President & CEO and the members who manage and supervise each function of the Company Group. The Company also established the Business Review Committee (which is responsible for corporate and business development matters), the Portfolio Review Committee (which is responsible for R&D and product related matters), and the Risk, Ethics & Compliance Committee (which is responsible for risk management, corporate ethics and compliance matters). These committees review important matters and thereby ensure systems which enable faster and more flexible business execution and closer collaboration among the various functions.
- By resolution of the Board of Directors, the decision-making authority on important matters of business execution was partially delegated to the Directors subject to the approval of the decision-making bodies such as the Business Review Committee, the Portfolio Review Committee, and the Risk, Ethics & Compliance Committee; thereby, the Company is able to conduct agile and efficient decision-making.

– Important management rules and policies

- The Company clarifies the roles and responsibilities of each function based on the "Takeda Group's Management Policy (T-MAP)," which summarizes the business management systems, decision-making systems, operational rules of such systems and other important management rules of the Company Group. The Company obliges each function to submit proposals or reports to the decision-making bodies, including the Board of Directors, depending on the materiality of the submissions. Concurrently, the Company delegates a certain level of decision-making authority to the President & CEO or to other TET members, and such decision-making authority is exercised under proper governance. Each TET member has developed operating procedures and rules for delegating authority and established an adequate internal control structure in the divisions they oversee.
- In order to manage and supervise the entire Company Group in a cross-sectoral and unified manner, the Company has established the Global Policies for the respective responsibilities of the specialized functions (Global Policies refer to the rules that apply to employees of three or more TET organizations).
- With regard to risk management and the management of a crisis that may occur within the Company Group, the structure of the risk management system and the system to manage an existing crisis including BCPs (Business Continuity Plans) of the Company Group have been laid out under the "Global Risk Management Policy" and "Global Crisis Management Policy."

– Systems of each division

- The Global Ethics & Compliance division is working on disseminating the "Takeda Global Code of Conduct" to all group companies, and developing for and disseminating ethics and compliance programs to all group companies. The Global Ethics & Compliance division has developed a monitoring mechanism to ensure that the Company Group's business activities are in compliance with laws and regulations, internal policies and SOPs. In addition, the Global Ethics & Compliance division periodically reports to the Risk, Ethics & Compliance Committee and Audit and Supervisory Committee, and reports to the Board of Directors, as necessary, on ethics and compliance-related affairs of the Company Group, including issues reported through the internal reporting system for whistleblowers.
- The Group Internal Audit (GIA) division conducts a regular internal audit of each function of the Company and each group company based on the "Group Internal Audit Charter," and reports the results thereof to the President & CEO, the Audit and Supervisory

Committee, and the Board of Directors.

- The head of each division and each subsidiary of the Company have developed and are implementing an internal control system over financial reporting based on the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in order to comply with the Financial Instruments and Exchange Act, the Cabinet Office Order and the U.S. Sarbanes-Oxley Act. The Global Finance division promotes the development and implementation of the internal control system through the processes of (i) self-inspection based on questionnaires on internal control over the financial reporting completed by the head of each division and subsidiary, and (ii) implementation of the improvement plan in response to indications and/or recommendations. The GIA division assesses the effectiveness of the development and implementation of the internal control system over the financial reporting.
- The Global Quality division, which formulated the Global Quality Policy, etc., relating to research, development, manufacturing, and post-marketing safety measures, conducts audits and monitors and supervises compliance therewith regularly or as necessary.
- The Corporate EHS (environment, health and safety) department in the Global Manufacturing & Supply division, which established the "Global Environment, Health and Safety Policy and Position," etc., conducts audits regularly or as necessary. Also, it provides support and advice to reduce risks relating to the environment, occupational health and safety.

(ii) System for retention and management of information relating to the execution of the duties of the 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 the Directors are appropriately retained and managed in conformity with the predetermined term, method and place of retention designated for each category of information in accordance with the "Global Records and Information Management (RIM) Policy," in either hard copy or electronic or magnetic record, and in a manner where they are available for inspection.

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

- Based on the "Global Risk Management Policy", Enterprise Risk Management (ERM) is conducted through a five-step approach, which is the identification, assessment, mitigation, reporting, and monitoring of risk. The Company has developed a system where major potential risks and their mitigation plans are reported to the Risk, Ethics & Compliance Committee and the Board of Directors on an annual basis. Specifically, with respect to all risk factors, the heads of functions or the risk owner(s) of the major potential risks control and manage such risk factors in each area under their charge, and take the necessary measures to mitigate such risk factors, depending on the degree and content of the risk. In addition, where deemed necessary, Business Continuity Plans have been developed for key risks concerning, for example, manufacturing sites and IT cybersecurity.
- For crisis management in emergency situations, the Company has developed a crisis management system structured around the Crisis Management Committee in accordance with the "Global Crisis Management Policy."

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

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

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

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

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

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

(vii) Basic Views on Eliminating Anti-Social Forces

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

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

4) Adoption of Anti-Takeover Measures

The Company has not adopted any defense measures against hostile takeovers

5) Other

[Liability Limitation Agreement]

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

[Outline of the terms of the company indemnification agreement]

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

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

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

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

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

– The Directors shall be 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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan ("BIP") and Employee Stock Ownership Plan ("ESOP"))		355,500 shares (635,587 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)
September	2020	Head of Global Business, Takeda Pharmaceuticals U.S.A., Inc. (to present)

Name		Masato Iwasaki
Title		Representative Director, Japan General Affairs
Date of Birth		November 6, 1958
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan ("BIP") and Employee Stock Ownership Plan ("ESOP"))		46,096 shares (70,728 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
April	2015	President, Japan Pharma Business Unit of the Company
April	2021	Japan General Affairs of the Company (to present)
June	2021	Representative Director of the Company (to present)

Name		Andrew Plump
Title		Director, President, Research and Development
Date of Birth		October 13, 1965
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan ("BIP") and Employee Stock Ownership Plan ("ESOP"))		- share (157,863 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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		21,200 shares (164,449 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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		900 shares (14,620 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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- share (12,458 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	
June 2011	External Director, Virbac SA (to present)	
July 2015	External Director, Shire plc	
January 2019	External Director of the Company (to present)	
November 2020	External Director, AlgoTherapeutix SAS (to present)	
January 2021	External Director, Reckitt Benckiser Group plc (to present)	
May 2021	External Director and Chairman of the Board, Majorelle International (to present)	

Name	Jean-Luc Butel	
Title	Director	
Date of Birth	November 8, 1956	
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- share (16,634 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)	
July 2015	External Director, Accelerate Technologies 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)	
March 2017	External Director, SGInnovate (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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- share (12,458 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)	
January 2019	External Director of the Company (to present)	
August 2020	External Director, Olema Pharmaceuticals, Inc. (to present)	

Name	Yoshiaki Fujimori	
Title	Director	
Date of Birth	July 3, 1951	
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		4,400 shares (14,620 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)	
July 2016	External Director, Boston Scientific Corporation (to present)	
February 2017	Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha (to present)	
August 2018	External Director and Chairman of the Board, Oracle Corporation Japan (to present)	
June 2019	External Director, Riraku K.K. (to present)	
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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- share (12,458 shares)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
August 1981	Founder, Director and Executive Vice President, Research and Development, Immunex Corporation (currently, Amgen, Inc.)	
May 1993	Chief Executive Officer, Immunex Corporation	
October 1994	Founder, Director and Chief Executive Officer, Corixa Corporation (currently, GlaxoSmithKline)	
January 1999	Director and Chairman, Corixa Corporation	
August 2005	Managing Director, ARCH Venture Partners (to present)	
October 2012	External Director, Shire plc	
October 2015	External Director and Chairman, Codiak BioSciences, Inc. (to present)	
December 2015	External Director, Homology Medicines, Inc. (to present)	
May 2016	External Director and Chairman, VBI Vaccines, Inc. (to present)	
January 2019	External Director of the Company (to present)	

Name		Shiro Kuniya
Title		Director
Date of Birth		February 22, 1957
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		2,100 shares (14,620 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	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)
June	2021	External Director, TOA CORPORATION (to present)

Name		Toshiyuki Shiga
Title		Director
Date of Birth		September 16, 1953
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		3,600 shares (14,620 shares)
Term		See (Note 5)
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	2016	External Director of the Company (to present)
June	2017	Director, Nissan Motor Co., Ltd.
September	2018	Chairman and CEO, INCJ, Ltd. (to present)
June	2020	External Director, Dynamic Map Platform Co., Ltd. (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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		2,400 shares (14,620 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	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, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- shares (16,634shares)
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 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.	

Name	Michel Orsinger	
Title	Director	
Date of Birth	September 15, 1957	
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan (“BIP”) and Employee Stock Ownership Plan (“ESOP”))		- thousands shares (16,634 thousands shares)
Term	See (Note 6)	
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)	

Name	Masami Iijima	
Title	Director, Audit and Supervisory Committee member	
Date of Birth	September 23, 1950	
Number of Company Shares Owned as of March 31, 2021 (Number of shares scheduled to be issued pursuant to Board Incentive Plan ("BIP") and Employee Stock Ownership Plan ("ESOP"))		- shares (- shares)
Term	See (Note 7)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2005	General Manager, Metals & Energy Administrative Division, Mitsui & Co., Ltd.	
April 2006	Managing Officer, Chief Operating Officer, Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit, Mitsui & Co., Ltd.	
April 2007	Managing Officer, Chief Operating Officer, Material & Metal Resources Business Unit, Mitsui & Co., Ltd.	
April 2008	Executive Managing Officer, Mitsui & Co., Ltd.	
June 2008	Representative Director, Executive Managing Officer, Mitsui & Co., Ltd	
October 2008	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd.	
April 2009	Representative Director, President and Chief Executive Officer, Mitsui & Co., Ltd.	
April 2015	Representative Director, Chairman of the Board of Directors, Mitsui & Co., Ltd.	
June 2016	External Director, Ricoh Company, Ltd. (to present)	
June 2018	External Director, SoftBank Group Corp. (to present)	
June 2019	Counselor, Bank of Japan (to present)	
June 2019	External Director, Isetan Mitsukoshi Holdings Ltd. (to present)	
April 2021	Director, Mitsui & Co., Ltd.	
June 2021	Counselor, Mitsui & Co., Ltd. (to present)	
June 2021	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	

Total Number of Company Shares Owned as of March 31, 2021	436,196 shares
(Total Number of shares scheduled to be issued pursuant to Board Incentive Plan ("BIP") and Employee Stock Ownership Plan ("ESOP"))	(1,189,003 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, Mr. Michel Orsinger and Mr. Masami Iijima are External Directors who are also Audit and Supervisory Committee members.

(3) The Company introduced Board Incentive Plan ("BIP") for Directors (excluding Directors residing overseas who are not External Directors) and Employee Stock Ownership Plan ("ESOP") for executives of the Takeda Group in Japan and overseas (which relates to all of the Company shares to be provided to Mr. Andrew Plump as described above and a part (concerning the grant in 2018) of the Company shares to be provided to Mr. Costa Saroukos described above, among the Company's shares to be provided to the candidates) (collectively, the "Plan"). The number of the Company's shares to be provided (as of March 31, 2021) to each candidate under the Plan during his/her term of office or at the time of his/her retirement is described above together with the number of the Company's shares owned by each candidate.

The number of shares to be issued pursuant to the Plan are comprised of restricted shares and performance shares. Restricted shares vest one third each year over a three-year period and performance shares vest three years from the date of grant. The number of shares related to performance shares represent the total number of shares to be issued assuming that relevant targets are met at the 100% level. The actual number of shares issued may be fewer or greater depending on the level at which targets are met.

In addition, with regard to the Company's shares to be provided under the Plan, the voting rights thereof may not be exercised before such shares are provided to each candidate.

(4) The above table does not include 52,965 ADSs held by Andrew Plump, 1,300 ADSs held by Olivier Bohuon, 2,096 ADSs held by Ian Clark and 8,257 ADSs held by Steven Gillis, in each case as of March 31, 2021. Furthermore, the above table does not include 238,784 ADSs scheduled to be issued to Andrew Plump pursuant to Long-Term Incentive Plan ("LTIP"). Each ADS represents one half of an ordinary share.

(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, 2021 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2022.

(6) The term of office of Directors who are Audit and Supervisory Committee Members, Mr. Koji Hatsukawa, Ms. Emiko Higashi, Mr. Michel Orsinger 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.

(7) The term of office of Director who is Audit and Supervisory Committee Member, Mr. Masami Iijima shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2021 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:	12 persons (including 4 independent External Directors who are Audit and Supervisory Committee Members)
Number of independent officers under the rule of financial instruments exchange such as Tokyo Stock Exchange on which the company is listed:	12 persons

The Company appointed Mr. Masahiro Sakane as an External Director in June 2014 based on its judgment that his deep insight and extensive experience as company top management would provide valuable contribution to the Company's fair and appropriate decisions and sound company management. Since then, he proactively expresses his opinions at the Board of Directors meetings and with his above deep insight and extensive experience. He thereby facilitates the Board of Directors meetings and demonstrates leadership as chairperson since June 2017, and also led the discussion at the meetings by External Directors. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. Furthermore, as a chairperson of the Nomination Committee, he also contributes to maintain objectivity and transparency in the Director candidate selection process. His ownership of the Company's shares is immaterial (as of June 2021), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Having served as an External Director of Shire, Mr. Olivier Bohuon has sufficient expertise in Shire's portfolio and its related therapeutic areas. He also held various key positions in global healthcare companies in Europe and the U.S. and has deep insight in the management of global healthcare businesses based on such extensive experiences. Especially, he has remarkable expertise in the area of marketing in the overall healthcare business. The Company appointed Mr. Olivier Bohuon to be an External Director in January 2019 based on its judgment that his above expertise and experience would result in valuable contributions to the Company's fair and appropriate decisions and sound company management. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. He also actively participates in the discussions at the Compensation Committee with his above extensive experience and expertise. He thereby contributes to maintain objectivity and transparency in the Company's compensation plan for Directors.There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

The Company appointed Mr. Jean-Luc Butel as an External Director who is an Audit and Supervisory Committee Member in June 2016 based on its judgment that his extensive experience as top management of major western healthcare companies would result in valuable contributions to the Company's fair and appropriate decisions and sound company management. In addition, he has 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 with his above deep insight and extensive experience. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. Furthermore, as a member of the Nomination Committee, he has also contributed to maintain objectivity and transparency in the Director candidate selection process. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Having served as an External Director of Shire, Mr. Ian Clark has sufficient expertise in Shire's portfolio and related therapeutic areas. He also held various key positions in healthcare companies in Europe and the U.S. and has deep insight in the management of global healthcare businesses based on such extensive experience. Especially, he has remarkable expertise in marketing in the oncology area and operations of the science and technology division of a healthcare company. The Company appointed Mr. Ian Clark to be an External Director in January 2019 based on its judgment that his above expertise and experience would result in valuable contributions to the Company's fair and appropriate decisions and sound company management. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. He also actively participates in the discussions at the Compensation Committee based on his above experience and expertise and thereby contributes to maintain objectivity and transparency in the Company's compensation plan for Directors. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

The Company appointed Mr. Yoshiaki Fujimori as an External Director in June 2016 based on its judgment that his extensive experience and knowledge as company top management of various global operating companies would result in valuable contributions to the Company's fair and appropriate decisions and sound company management. Since then, he proactively expresses his opinions at the Board of Directors meetings with his above extensive experience and knowledge. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. He also actively participates in the discussions at the Compensation Committee and thereby contributes to maintain objectivity and transparency in the Company's compensation plan for Directors. His ownership of the Company's shares is immaterial (as of June 2021), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Having been served as an External Director of Shire, Mr. Steven Gillis has sufficient expertise in Shire's portfolio and related therapeutic areas. He also held various key positions in healthcare companies in Europe and the U.S. and has deep insight in the management of global healthcare businesses based on such extensive experience. Especially, he has remarkable expertise, with a Ph.D. in Biological Sciences, in the healthcare businesses area for immunological therapy. The Company appointed Mr. Steven Gills to be an External Director in January 2019 based on its judgment that his above extensive experience and expertise would result in valuable contributions to our fair and appropriate decisions and sound company management. He attended 7 of the 8 meetings of the Board of Directors in the fiscal year 2020. Furthermore, as a member of the Nomination Committee, he also contributed to maintain objectivity and transparency in the Director candidate selection process. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Shiro Kuniya has served as an External Corporate Auditor since June 2013. The Company appointed Mr. Shiro Kuniya as an External Director who is an Audit and Supervisory Committee Member (head of Audit and Supervisory Committee) in June 2016 based on its judgment that his strong leadership, extensive experience and expertise in corporate and international legal practice as a lawyer would provide valuable contributions to the Company's fair and appropriate decisions and sound company management. He has also been appointed as an External Director who is not an Audit and Supervisory Committee Member since June 2019 and has proactively expressed his opinions at the Board of Directors meetings with his above wide-ranging experience and expertise. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. His ownership of the Company's shares is immaterial (as of June 2021), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

The Company appointed Mr. Toshiyuki Shiga as an External Director in June 2016 based on its judgment that his extensive experience and knowledge as company top management as well as his expertise in Japan's general industries would provide valuable contributions to the Company's fair and appropriate decisions and sound company management. Since then, he proactively expresses his opinions at the Board of Directors meetings with his above extensive experience and knowledge. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. As a member of the Nomination Committee, he also contributes to maintain objectivity and transparency in the Director candidate selection process. His ownership of the Company's shares is immaterial (as of June 2021), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

Mr. Koji Hatsukawa has wide-ranging experience and expertise in the corporate finance and accounting practice as a certified public accountant. The Company appointed Mr. Koji Hatsukawa as an External Director who is an Audit and Supervisory Committee Member in June 2016 based on its judgment that his above extensive experience and expertise as a certified public accountant would provide valuable contributions to the Company's fair and appropriate decisions and sound company management. He then became the head of the Audit and Supervisory Committee in June 2019 and has contributed to realize the mission of the Audit and Supervisory Committee: to ensure the sound and continuous growth of the Company, to create mid-and long-term corporate value, and to 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 2020. His ownership of the Company's shares is immaterial (as of June 2021), and there are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

The Company appointed Ms. Emiko Higashi as an External Director who is not an Audit and Supervisory Committee Member in June 2016 based on its judgment that her experience and wide expertise on healthcare, technology and financial industries as a top executive of various global operating companies would provide valuable contributions to the Company's fair and appropriate decisions and sound company management. Since then, she proactively expresses her opinions at the Board of Directors meetings with her above extensive experience and expertise. She attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. As a chairperson of the Compensation Committee, she also actively led discussions at the Committee by expressing opinions based on her above experience and expertise and thereby contributed to maintain objectivity and transparency in the Company's compensation plan for Directors. Furthermore, she has served as an External Director who is an Audit and Supervisory Committee Member since June 2019 and has contributed to realize the above mission of the Audit and Supervisory Committee. There are no personnel, capital, business or other special relationships between her and the Company. The Company deemed that she is highly independent and designated her as an Independent Director of the Company because she has no conflict risk with the interests of the Company's general shareholders in executing her duties as an External Director.

The Company appointed Mr. Masami Iijima as an External Director who is an Audit and Supervisory Committee Member in June 2021 based on its judgment that his strong leadership and extensive company management experience as top management of a global operating company would contribute to the sound business management and management governance towards sustainable development and increase the corporate value. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

The Company appointed Mr. Michel Orsinger as an External Director who is not an Audit and Supervisory Committee Member in June 2016 based on its judgment that his extensive experience and knowledge as top management of major western healthcare companies will contribute to the Company's fair and appropriate decisions and sound company management. Since then, he proactively expresses his opinions at the Board of Directors meetings with his above extensive experience and knowledge. He attended 8 of the 8 meetings of the Board of Directors in the fiscal year 2020. As a member of the Nomination Committee, he has also contributed to maintain objectivity and transparency in the Director candidate selection process. Furthermore, he has

served as an External Director who is an Audit and Supervisory Committee Member since June 2019 and has contributed to realize the above mission of the Audit and Supervisory Committee. There are no personnel, capital, business or other special relationships between him and the Company. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because he has no conflict risk with the interests of the Company's general shareholders in executing his duties as an External Director.

- Supporting System for External Directors

  The Company provides, in a timely manner, relevant information about important management-related matters to External Directors to help them make informed decisions. Explanations of the summary of topics to be discussed at board meetings are also provided in advance. The CEO Office is responsible for the coordination with External Directors who are not Audit and Supervisory Committee Members. 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 10 times (the length per meeting was approximately 3 hours) in the fiscal year ended March 31, 2021. The table below shows the attendance by each Audit and Supervisory Committee member: For this fiscal year, due to the travel restrictions with the COVID-19 pandemic, all committees were held in virtual form using a web conferencing system.

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

Matters shared and discussed at the Audit and Supervisory Committee in the current fiscal year primarily include the audit policy and plan, directors' performance of duties, the design and operating effectiveness of the internal control system, the audit approach of the Accounting Auditors and the appropriateness of their audits. The Audit and Supervisory Committee conducted the following activities. As an effort to prevent the spread of COVID-19, some audit activities were conducted in remote using a web conferencing system as the committees. However, with the promotion of communication with audited departments and enhancing the group audit system, audit activities were conducted following the initial plan without significantly affecting operations, and completed procedures including audit reports as planned.

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

In the current fiscal year, the Full-time Audit & Supervisory Committee member was primarily responsible for the activities marked with (*) in the audit activities listed above. Activities performed were reported at the Audit and Supervisory Committee and shared with External Audit and Supervisory Committee members in a timely manner to contribute to ensuring 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
14 years

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

4. Composition of other members who supported Accounting Audit
28 certified public accountants and 70 other individuals.

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

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

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

4) Details of audit fees and other matters

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

(JPY millions)

	For the Year ended March 31, 2020		For the Year ended March 31, 2021	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ 2,766	¥ 55	¥ 2,465	¥ —
Consolidated subsidiaries	22	—	22	4
Total	¥ 2,788	¥ 55	¥ 2,487	¥ 4

Fees for non-audit service for the year ended March 31, 2020 was preparation of comfort letters regarding the issuance of bonds.
Fees for non-audit service of consolidated subsidiaries for the year ended March 31, 2021 was advisory services for International Financial Reporting Standards.

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

(JPY millions)

	For the Year ended March 31, 2020		For the Year ended March 31, 2021	
Classification	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**	**Fees for Audit and Attestation Services**	**Fees for Non-Audit Services**
The Company	¥ —	¥ 6	¥ —	¥ —
Consolidated subsidiaries	1,119	32	1,210	31
Total	¥ 1,119	¥ 38	¥ 1,210	¥ 31

Fees for non-audit services of the consolidated subsidiaries for the year ended March 31, 2020 include mainly audit-upon-procedure etc. and for the year ended March 31, 2021 include mainly the assurance on our sustainability report 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, 2020 and 2021.

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 2020 performance results, the proposal "Payment of Bonuses to Directors who are not Audit & Supervisory Committee Members" was approved as proposed at the 145th General Meeting of Shareholders held on June 29, 2021. Accordingly, bonuses for 3 Internal Directors who are not Audit & Supervisory Committee Members for this fiscal year will be paid within the upper limit of 500 million JPY as set forth in this proposal.

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

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

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

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

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

(iv) The stock compensation granted in fiscal years 2019 and 2020 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 year 2018 is based on a resolution made at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016, for which no more than 200 million JPY will be allocated over a period of two consecutive fiscal years. The upper limit on the number of shares to be granted is calculated by dividing the above-mentioned upper limit by the closing price of stock of the Company at the Tokyo Stock Exchange on a predetermined day each fiscal year. (Four (4) directors were eligible at the time of resolution)

(iii) The stock compensation granted in fiscal years 2019 and 2020 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 2020, 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 & 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 2020, the Compensation Committee held eight meetings with full participation. During fiscal year 2020, with advice from external compensation advisers, the committee continued its focus on evolving the executive compensation framework to reflect that of a patient-focused, values-based, R&D-driven global biopharmaceutical company. Within this context, the committee reviewed and discussed the goals and results of performance-linked compensation, the alignment of the compensation policy to the achievement of the Company's medium- and long-term plans and to the business environment, the amount of compensation for directors, the appropriate Corporate KPIs for STI (Short Term Incentive) and Performance Share Units (PSUs) plans, the public disclosure of compensation, etc., and the committee further provided guidance to the Board of Directors. With the advice of the Compensation Committee, the Board of Directors determines the compensation of External Directors who are not Audit & Supervisory Committee members.

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

<Compensation Committee members>

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

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

The compensation of Directors consists of both "Performance-based Compensation" and "non-Performance- based Compensation". The composition and level of compensation for directors is determined based on the policies and decision-making processes described in the Company's Compensation Policy for Directors which is outlined later in this section. As part of the enhancements to our compensation framework, beginning in FY2019, the Company increased the proportion of Performance 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 (STI). Bonuses may be paid with the aim of driving the achievement of annual goals.

As the FY2020 Corporate KPIs for internal director bonuses, the Company set underlying revenue, underlying core operating profit and underlying core EPS as the annual indicators, and the Board of Directors meeting set target values in order to facilitate the achievement of the management guidance with review and advice from the Compensation Committee.

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

For the FY2020 bonus for the President and CEO, the annual goal was set to be 100% of Corporate KPI. For other Directors that have divisional responsibilities, 75% of the annual bonus is linked to Corporate KPI to drive commitment to group-wide goals, and 25% of the annual bonus is linked to Division KPI.

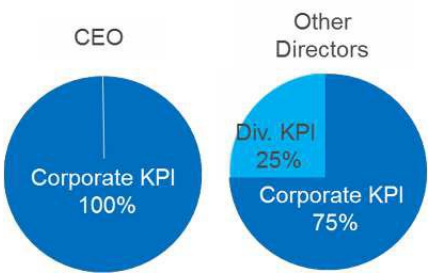
The annual bonus (Short-Term Incentive Plan (STI)) cash payout is calculated as follows:

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

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

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

The STI Multiple (STI payout rate based on KPI) used for annual bonuses varies from 0% to 200% in accordance with the achievement of KPIs such as consolidated revenue, core earnings and core EPS, etc., established for a single fiscal year.



Management Guidance

	Fiscal 2020 guidance (excluding any impact of divestitures)
Underlying Revenue Growth	Low-single-digit growth
Underlying Core Operating Profit Margin	Low-30s %
Underling Core EPS Growth	Low-teen growth

The goals and the results of KPIs related to STI for FY2020 are as follows:

KPI	Rationale	Weight	Target	Result	Performance	Score	Weighted Score
Underlying Revenue	• Key indicator of growth, including pipeline delivery • Important measure of success within the industry	30 %	3,310.5 billion JPY	3,327.2 billion JPY	100.5 %	110.1 %	33.0 %
Underlying Core Operating Profit	• Measure of margin achievement while ensuring expense discipline • Reflects synergy capture • Communicated to shareholders as a key measure of Takeda success post acquisition	40 %	972.2 billion JPY	1,005.9 billion JPY	103.5 %	123.1 %	49.2 %
Underlying Core EPS	• Aligns participants with shareholders • Communicated to shareholders as a key measure of Takeda success post acquisition	30 %	410 JPY	442 JPY	107.9 %	152.9 %	45.9 %
Payout Rate							128.1 %

Regarding the results for FY2020 Corporate KPIs, the KPIs surpassed their targets, reflecting continued delivery of our key strategic priorities and strict OPEX discipline. Divisional KPIs related to annual bonuses for Internal Directors (other than CEO) are set according to the characteristics of each division in order to clearly grasp the performance of each division. The performance scores have also exceeded 100%.

From 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. Regarding Performance-based compensation (Performance Shares) as a part of the Long-Term Incentives Plan, based on 60% of the standard points allocated according to professional duties and responsibility, the PSUs earned will be calculated by the following formula and granted to Directors who are not Audit & Supervisory Committee Members (excluding External Directors):

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

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

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

KPIs used for the FY2020 and FY 2019 PSUs which will be vested in FY2023 and FY 2022 respectively, were linked to mid- to long-term performance objectives over a three- year period (FY 2020 to 2022 and FY 2019 to 2021, respectively) including accumulated underlying revenue, point in time core operating profit margin, accumulated free cash flow, and Pivotal Study Starts which measures our robust research and development pipeline. KPIs used for the 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 FY 2018 long-term incentives were allocated 50% Performance Shares and 50% Restricted Stock.

Regarding the FY2018-2020 KPIs for PSUs, the Board of Directors sets goals that facilitate contribution to the achievement of the

FY2018-2020 Company strategy based on review and advice of the Compensation Committee. The KPI targets have been achieved as follows:

KPI*[1]	Weight	Target	Result	Performance	Score	Weighted Score
3-year Accumulated Underlying Revenue: Legacy Takeda FY2018	6.7 %	1,686.5 billion JPY	1,762.3 billion JPY	104.5 %	145.0 %	9.7 %
3-year Accumulated Underlying Revenue: Combined Company FY2019 and FY2020	13.3 %	6,360 billion JPY	6,570 billion JPY	103.3 %	133.0 %	17.7 %
3-year Accumulated Operating Free Cash Flow*[2]: Legacy Takeda FY2018	6.7 %	109.4 billion JPY	198.8 billion JPY	181.7 %	200.0 %	13.3 %
3-year Accumulated Operating Free Cash Flow*[2]: Combined Company FY2019 and FY2020	13.3 %	810.5 billion JPY	1,125.9 billion JPY	138.9 %	200.0 %	26.7 %
3-year Accumulated reported EPS*[2]: Legacy Takeda FY2018	6.7 %	155 JPY	402 JPY	259.8 %	200.0 %	13.3 %
3-year Accumulated reported EPS*[2]: Combined Company FY2019 and FY2020	13.3 %	(308) JPY	293 JPY	295.1 %	200.0 %	26.7 %
R&D Target*[3]	40.0 %	—	—	99.5 %	96.8 %	38.7 %
Payout (PSU Score)						146.1 %

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

*[2] Excludes FX impact.

*[3] We are not disclosing our target goals for our 3-year pipeline performance indicator to prevent competitive harm to our future performance.

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

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

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

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

The goals and the results of KPIs related to the one-time special Performance Shares for FY2020 are as follows:

KPI*[1]	Weight	Target	Result	Performance	Score	Weighted Score
FY 2019 – 2021 underlying operating expense (FY 2020)	33.33 %	(1,485.9) billion JPY	(1,388.3) billion JPY	+6.6%	165.7 %	55.2 %
FY 2019 – 2021 integration costs (FY 2020)	33.33 %	(84.5) billion JPY	(78.1) billion JPY	+7.7%	176.6 %	58.9 %
Point in time net debt to adjusted EBITDA ratio	33.33 %	4.00	3.20	+20.0%	200.0 %	66.7 %
Special PSU Multiple (PSU Score)						180.7 %

*[1] Each KPI has been set in order to measure the success of the integration in each year over three years focusing on expense management

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

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

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

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

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

		Total remuneration amount by remuneration type JPY (millions)				
			Performance-based Compensation		Non-monetary Remuneration	
Director title	**Total remuneration JPY (millions)**	**Base salary**	**Annual Bonus**	**Performance Shares**	**Restricted Stock**	**Number of subject directors**
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) (1) (2)	¥ 2,638	¥ 493	¥ 450	¥ 1,194	¥ 501	4
Directors (Audit and Supervisory Committee members) (excluding External Directors)	50	38	—	—	13	1
External Directors	439	227	—	—	212	11

Notes:

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

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

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

Name (Director title)	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Base salary	Performance-based Compensation		Non-monetary Remuneration	Other
				Annual Bonus	Performance Shares[1][2]	Restricted Stock[1]	
Christophe Weber (Director)	¥ 1,874	Filing company	¥ 246[4]	¥ 247	¥ 900[5]	¥ 379[5]	¥ —
		Takeda Pharmaceuticals U.S.A., Inc.[3]	21	81	—	—	—
Masato Iwasaki (Director)	289	Filing company (Director portion)	35	49	107[7]	37[7]	—
		Filing company (Employee portion)[6]	27	32	—	—	—
Andrew S. Plump (Director)	911	Filing company	12	—	—	—	—
		Takeda Pharmaceuticals International, Inc.[8]	122	172	421[9]	143[9]	42[10]
Costa Saroukos (Director)	626	Filing company	200[11]	153	187[12]	85[12]	—
Yasuhiko Yamanaka (Director who is an Audit and Supervisory Committee Member)[13]	50	Filing company	38	—	—	13[14]	—

Notes:

(1) Compensation expense related to Performance Shares and Restricted Stock are recognized over multiple fiscal years, depending on the length of the period eligible for earning compensation. This column shows amounts recognized as expenses during the fiscal year ended March 31, 2021.

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

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

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

(5) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2017-2020.

(6) 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 fiscal year 2020 limit outlined in the proposal "Payment of Bonuses to Directors who are not Audit & Supervisory Committee Members" as proposed at the 145th General Meeting of Shareholders held on June 29, 2021.

(7) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2017-2020.

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

(9) The amount recognized as an expense during the fiscal year for the stock incentive plan (Employee Stock Ownership Plan and the Long Term Incentive Plan (LTIP)) grants awarded in fiscal years 2017-2020.

(10) 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.

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

(12) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2019 and 2020.

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

(14) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2017-2020.

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

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

Note :

(1) Compensation expense related to Restricted Stock 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, 2021.

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

Director title	Total employee remuneration JPY (millions)	Total employee remuneration amount by remuneration type JPY (millions)					Number of subject directors
		Base salary	Performance-based Compensation: Annual Bonus	Performance-based Compensation: Performance Shares	Non-monetary Remuneration: Restricted Stock	Other	
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors)	¥ 1,061	¥ 171	¥ 285	¥ 421	¥ 143	¥ 42	3

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

6) Directors' Compensation Policy

1. Guiding Principles

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

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

2. Level of Compensation

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

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

3. Compensation Mix

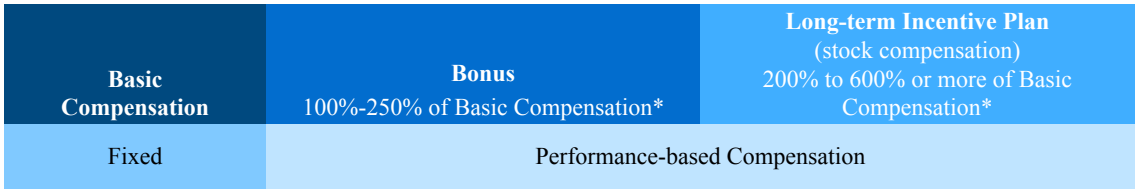
3-1. Directors who are not Audit & Supervisory Committee Members (excluding External Directors)

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

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

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

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



* 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 and be paid three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company).

Bonus is not available for this category of Director. Committee retainers are paid with Basic Compensation for the chair of board meeting, 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 and be paid three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company).

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

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

- Standard 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	

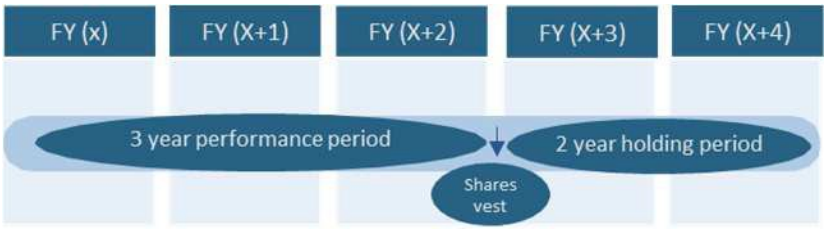
4. Performance-based Compensation

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, operating free cash flow, indicators on earnings, R&D targets and 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 in 2019 and going forward, 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 earnings 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 in 2019 and going forward will vest three years after the award date of base points used for the calculation and Directors will be required to hold 75% of their vested share portion until they leave the Company (however, awarded stock compensation in or before 2018 will vest and be paid after they leave the Company). Bonuses are not available for these categories of Director.

- Whole Picture of Directors' Compensation

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

1. Includes Special Performance-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 earnings, 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 or paid three years after the base points used for the calculation is granted.

5. Governance

5-1. Compensation Committee

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

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

5-2. Recoupment Policy

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

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

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

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

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

(5) Shareholdings

1) Standard and concept of classification of shareholdings

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

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

2) Shareholdings for reasons other than pure investment purposes

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

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

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

	Number of Shares	Balance Sheet Amounts JPY (millions)
Unlisted Shares	52	¥ 7,791
Shares other than unlisted shares	5	31,841

(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	5	¥ 1,258	Increased due to new investment
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	¥ 2,046
Shares other than unlisted shares	3	7,338

(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 26,600	¥ 4,214,559 8,007	(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 3,243	2,204,840 2,421	(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 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.	1,781,996 792	1,781,996 576	(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.	
Wave Life Sciences Ltd.	1,096,892 680	1,096,892 1,115	(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.	

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
Rhythm Pharmaceuticals, Inc.	¥ 223,544 526	¥ 223,544 369	(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	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership.	
VITAL KSK HOLDINGS, INC.	— —	1,163,215 1,276	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship.	✓ Note:2
HOKUYAKU TAKEYAMA Holdings, Inc.	— —	370,599 263	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business relationship.	✓ Note:3

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.

Deemed Shareholdings

Not applicable

3) Shareholdings for pure investment purposes

Category	Current Fiscal Year Number of Issues (Name of Issues)	Current Fiscal Year Total Amounts on Balance Sheet JPY (millions)	Prior Fiscal Year Number of Issues (Name of Issues)	Prior Fiscal Year Total Amounts on Balance Sheet JPY (millions)
Unlisted Shares	—	¥ —	—	¥ —
Shares except unlisted shares	1	0	2	39

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	0	36	—

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, 2020 to March 31, 2021 and the non-consolidated financial statements for the fiscal year (from April 1, 2020 to March 31, 2021) 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 FY2020 (on pages from F-5 to F-84).

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

(2) Others

1) Quarterly financial information for the year ended March 31, 2021

Cumulative period		Three months ended June 30, 2020	Six months ended September 30, 2020	Nine months ended December 31, 2020	Fiscal year ended March 31,
Revenue	JPY (millions)	801,850	1,590,785	2,427,538	3,197,812
Profit before tax	JPY (millions)	130,291	125,561	235,357	366,235
Net profit attributable to owners of the Company	JPY (millions)	82,511	86,548	178,907	376,005
Basic earnings per share	JPY	52.93	55.45	114.57	240.72

Fiscal period		Three months ended June 30,	Three months ended September 30,	Three months ended December 31,	Three months ended March 31,
Basic earnings per share	JPY	52.93	2.58	59.08	126.07

2) Litigation and others

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

2. Unconsolidated Financial Statements and Others

(1) Unconsolidated Financial Statements

1) Unconsolidated Balance Sheets

	Note	JPY(millions) Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
ASSETS			
CURRENT ASSETS			
Cash and deposits		91,198	273,966
Accounts receivable	3	145,056	125,748
Securities		71,791	536,260
Merchandise and products		30,195	33,025
Work in process		28,905	32,710
Raw materials and supplies		17,861	24,967
Income taxes receivables		18,157	2,445
Short-term loans receivable from subsidiaries and affiliates	3	8,890	43,669
Other	3	131,138	126,099
Allowance for doubtful accounts		(26)	—
Total current assets		543,165	1,198,889
NONCURRENT ASSETS			
Tangible noncurrent assets			
Buildings and structures		97,145	59,335
Machinery and equipment		21,901	17,049
Vehicles		25	18
Tools and fixtures		8,223	7,626
Land		35,143	32,248
Lease assets		1,461	1,551
Construction in progress		13,566	22,287
Total tantible noncurrent assets		177,464	140,114
Intangible noncurrent assets		16,957	19,586
Investments and other assets			
Investment securities		51,042	77,268
Investment in subsidiaries and affiliates		9,273,016	9,148,148
Contributions to subsidiaries and affiliates		32,932	32,921
Long-term deposits	3	5,116	9,415
Prepaid pension costs		37,165	43,799
Deferred tax assets		143,358	179,650
Other		9,090	6,660
Allowance for doubtful accounts		(1)	—
Total investments and other assets		9,551,718	9,497,861
Total noncurrent assets		9,746,139	9,657,561
Total assets		10,289,304	10,856,450

	Note	JPY(millions) Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	50,412	32,575
Other payable	3	124,584	141,670
Accrued expenses	3	57,177	61,744
Short-term loans	3	208,947	1,278,155
Current portion of bonds		471,896	22,104
Current portion of long-term loans		109,915	—
Deposits received	3	59,126	198,670
Reserve for employees' bonuses		20,528	17,509
Reserve for share-based payments		2,453	2,968
Reserve for bonuses for directors and corporate auditors		1,258	439
Reserve for restructuring costs		11,069	7,613
Other reserves		681	889
Other	3	48,061	68,021
Total current liabilities		1,166,107	1,832,357
NONCURRENT LIABILITIES			
Bonds		1,665,863	2,766,165
Long-term loans	3	2,866,399	1,733,106
Reserve for retirement benefits		6,407	5,951
Reserve for litigation		989	11,924
Reserve for share-based payments		2,278	2,919
Reserve for restructuring costs		5,761	2,175
Asset retirement obligations		4,311	1,863
Long-term deferred income		7,295	4,355
Other	3	14,894	60,746
Total noncurrent liabilities		4,574,197	4,589,204
Total liabilities		5,740,304	6,421,561
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share Capital		1,668,123	1,668,145
Share premium			
Additional paid-in capital		1,654,217	1,654,239
Other share premium		0	0
Total share premium		1,654,217	1,654,239
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,230,320	1,194,115
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	26,659	35,073
General reserve		814,500	814,500
Unappropriated retained earnings		369,273	324,654
Total retained earnings		1,246,205	1,210,000
Treasury shares		(87,434)	(59,523)
Total shareholders' equity		4,481,111	4,472,861
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		18,719	40,124
Deferred gains on derivatives under hedge accounting		47,870	(79,353)
Total valuation and translation adjustments		66,589	(39,229)
Share acquisition rights		1,300	1,257
Total net assets		4,549,000	4,434,889
Total liabilities and equity		10,289,304	10,856,450

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2019 (April 1, 2019 to March 31, 2020)	JPY (millions) Fiscal 2020 (April 1, 2020 to March 31, 2021)
Net sales	1	616,288	602,557
Cost of sales	1	243,100	211,590
Gross profit		373,188	390,967
Selling, general and administrative expense	1,2	284,035	269,896
Operating income		89,153	121,071
Non-operating income			
Interest and dividend income	1	81,570	19,835
Other	1	20,194	62,765
Total non-operating income		101,764	82,600
Non-operating expenses			
Interest expenses	1	90,123	80,432
Other	1	28,542	73,229
Total non-operating expenses		118,665	153,661
Ordinary income		72,252	50,010
Extraordinary income			
Gain on divestment of business	3	—	232,516
Gain on sales of noncurrent assets	1,3	15,701	48,552
Gain on sales of investment securities	3	24,921	—
Total extraordinary income		40,622	281,068
Extraordinary loss			
Restructuring costs	4	50,029	26,366
Loss on restructuring of subsidiaries	1,4	—	69,182
Loss on liquidation of subsidiaries		16,727	—
Total extraordinary loss		66,756	95,548
Income before income taxes		46,118	235,530
Income taxes-current		(2,335)	(904)
Income taxes-deferred		(82,173)	(11,079)
Income taxes		(84,508)	(11,983)
Net income		130,626	247,513

3) Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2019 (April 1, 2019 to March 31, 2020)		Fiscal 2020 (April 1, 2020 to March 31, 2021)	
Classification	**Note**	**Amount**	**Percentage**	**Amount**	**Percentage**
I Raw materials cost		59,696	58.3	87,767	68.1
II Labor cost		12,367	12.1	11,229	8.7
III Expenses	1	30,244	29.6	29,897	23.2
Gross production cost		102,307	100.0	128,893	100.0
Beginning work-in-process		29,476		28,905	
Total		131,783		157,798	
Ending work-in-process		28,905		32,710	
Transfer to other accounts	2	1,795		1,527	
Cost of products manufactured		101,083		123,561	

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

	JPY (millions)	
	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)
Depreciation and amortization	11,068	9,854
Outsourced labor cost	7,805	5,656

(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, 2019 to March 31, 2020)

	JPY (millions)						
	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Additional paid-in capital	Other share premium	Total share premium	Legal reserve	Reserve for retirement benefits	Reserve for dividends
Balance at the beginning of the fiscal year	1,643,585	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 improvements	Reserve for promotion of exports	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	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 adjustments			
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(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

(April 1, 2020 to March 31, 2021)

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

(April 1, 2020 to March 31, 2021)

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

(April 1, 2020 to March 31, 2021)

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

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

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

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

Accounting Estimates and Assumptions

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

Deferred Tax Assets 179,650 million JPY

The Company recognized deferred tax assets of 179,650 million JPY on the balance sheet as of March 31, 2021. As discussed in the note (Accounting for Deferred Income Taxes), the amount of deferred tax assets before offsetting with the deferred tax liabilities is 229,727 million JPY, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 1,193,704 million JPY with valuation allowances of 963,977 million JPY.

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

The Company also assesses deferred tax assets to determine the realizable amount at the end of each period. In assessing the recoverability of deferred tax assets, the Company considers the scheduled reversal of taxable temporary differences, projected future taxable profits, and tax planning strategies. Future taxable profits according to profitability is estimated based on the Company's business plan. Therefore, the change in judgment upon determining the revenue forecast used for the Company’s business plan could have a material impact on the amount of the deferred tax assets to be recorded on the financial statements as of March 31, 2022.

Changes in Presentation

(Applying the “Accounting Standard for Disclosure of Accounting Estimates”)

The Company applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No.31, March 31, 2020) from this fiscal year and disclosed note on Accounting Estimated and Assumption. However, information concerning the previous fiscal year is not disclosed in accordance with the transitional treatment stipulated in the proviso of Paragraph 11 of the accounting standard.

(Changes in Unconsolidated Balance Sheet)

"Reserve for SMON compensation" (989 million JPY as of March 31, 2020), which was presented separately in the previous year, is included in "Reserve for litigation" for the fiscal year ended March 31, 2021 since the amounts became immaterial.

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 26, 2021)

(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

This standard has no significant impact on our business performance and financial position.

Additional Information

Long-Term Incentive Scheme

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

(1) Outline of the scheme

See "Notes to Consolidated Financial Statement, 28 Share-based Payments, Equity-settled Plans, Stock Incentive Plans" in Consolidated IFRS Financial Statements for the year ended March 31, 2021.

(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 86,617 million JPY, 18,353 thousand shares and 58,695 million JPY, 12,772 thousand shares as of March 31, 2020 and 2021, respectively. The amounts of dividend paid to the treasury shares were 2,550 million JPY and 2,802 million JPY for the years ended March 31, 2020 and 2021, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were 1,149 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 and foreign exchange derivatives.

JPY (millions)

	Fiscal 2019 (As of March 31, 2020)	**Fiscal 2020 (As of March 31, 2021)**
Employees of Takeda Pharmaceutical Company Limited	65	23
Shire LLC	958,142	—
Shire Acquisitions Investments Ireland Designated Activity Company	955,396	608,355
Baxalta Incorporated	166,902	170,033
Pharma International Insurance Designated Activity Company	49,174	50,942
Millennium Pharmaceuticals, Inc	29,434	28,036
Shire Ireland Finance Trading	9,138	12,103
Takeda UK Limited	200	104
Takeda Pharma, S.A.(Argentine)	59	43
Baxalta Columbia S.A.S.	55	56
Total	2,168,565	869,695

(Litigation)

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

Product Liability and Related Claims

ACTOS

Prompt Pump Inhibitor ("PPI") Product Liability Claims

2. Fiscal 2019 (April 1, 2019 to March 31, 2020)

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

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

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 2019 (As of March 31, 2020)	**Fiscal 2020 (As of March 31, 2021)**
Short-term receivables	118,167	82,341
Long-term receivables	2,121	2,150
Short-term payables	340,644	1,393,027
Long-term payables	1,096,251	634,824

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and associates

JPY (millions)

	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)
Operating transactions:		
Sales	103,061	104,943
Purchases	42,098	66,906
Other	39,731	36,904
Non-operating transactions:		
Non-operating income	87,547	33,998
Non-operating expenses	15,831	11,855
Extraordinary income	15,701	6,779
Extraordinary loss	—	18,075
Sales of assets	15,946	1,651,907
Purchases of assets	1,168,584	1,804,901
Acquisition amount of shares in subsidiaries as a result of in-kind dividends and share exchange	—	4,849,028

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)
Advertising	2,872	2,277
Sales promotion	9,421	5,920

(2) General and administrative expense

JPY (millions)

	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)
Reserve for bonuses	13,597	11,179
Depreciation	6,848	8,247
Outside service fees	31,248	21,671
Research and development	110,108	122,631

3. Extraordinary income

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.

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

(Gain on divestment of business)
The gain was from sale of shares and related assets of Takeda Consumer Healthcare Company Ltd.

(Gain on sales of noncurrent assets)
The gain was recognized primarily from the sale of patent rights of select over-the-counter and prescription pharmaceutical products.

4. Extraordinary loss

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.

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

(Restructuring costs)

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

(Loss on restructuring of subsidiaries and affiliates)

The loss was recognized primarily from restructuring of subsidiaries in relation to our group restructuring.

Notes on Securities

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.

Fiscal 2020 (As of March 31, 2021)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 9,141,101 million JPY, Investment in associates: 7,047 million JPY) is not disclosed as their fair value is extremely difficult to measure.

Accounting for Deferred Income Taxes

1. Major components of deferred tax assets and deferred tax liabilities:

JPY (millions)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
(Deferred tax assets)		
Reserve for employees' bonuses	6,277	5,346
Research and development costs	11,220	13,675
Inventories	7,963	9,228
Deferred hedge gains or losses on derivatives under hedge accounting	9,503	17,778
Accrued expenses	10,432	13,718
Deferred income	4,009	2,224
Reserve for retirement benefits	2,220	4,242
Reserve for restructuring costs	5,146	2,993
Excess depreciation of tangible noncurrent assets	14,759	5,148
Patent rights	8,585	14,489
Sales rights	6,341	12,724
Investment in subsidiaries and affiliates (Note1)	707,356	671,894
Securities	3,569	3,515
Net operating loss carryforward (Note3)	379,977	392,506
Other	17,176	24,224
Deferred tax assets - subtotal	1,194,533	1,193,704
Valuation allowance for net operating loss carryforward (Note3)	(298,013)	(282,940)
Valuation allowance for deductible temporary difference (Note1)	(716,879)	(681,037)
Total valuation allowance (Note2)	(1,014,892)	(963,977)
Total deferred tax assets	179,641	229,727

JPY (millions)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
(Deferred tax liabilities)		
Prepaid pension costs	(11,569)	(15,805)
Unrealized gain on available-for-sale securities	(8,246)	(17,607)
Reserve for reduction of noncurrent assets	(11,742)	(15,450)
Other	(4,726)	(1,215)
Total deferred tax liabilities	(36,283)	(50,077)
Net deferred tax assets	143,358	179,650

(Note)

(1) The valuation allowance mainly related to the deductible temporary difference arose from the recognition of the stock of sub-subsidiaries as a dividend in kind at fair value for tax purposes in association with liquidation of subsidiaries in the previous fiscal year. The aggregate amounts of deductible temporary difference for this investment in subsidiaries and affiliates arose from the restructuring were 2,263,725 million JPY and 2,150,183 million JPY as of March 31, 2020 and 2021, respectively. The aggregate amounts of taxable temporary differences for investment in subsidiaries and affiliates which deferred tax liabilities were not recognized were 621,946 million JPY and 670,226 million JPY as of March 31, 2020 and 2021, respectively.

(2) In association with the Shire acquisition, the subsidiaries were liquidated in order to reorganize capital in subsidiaries. The valuation allowance was mainly for taxable losses from subsidiaries' liquidation recognized based on the estimation of future taxable profit.

(3) Net operating loss carryforward and related deferred tax assets by the expiry date are as follows:

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

(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 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.

Fiscal 2020 (As of March 31, 2021)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year	Total
Net operating loss carry forward (a)	—	—	—	9,891	2,563	380,052	392,506
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(282,940)	(282,940)
Net deferred tax assets	—	—	—	9,891	2,563	97,112	(b) 109,566

(a)The amount of net operating loss carryforward is multiplied by the effective statutory tax rate.

(b)As a result of the liquidation described above, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of 392,506 million JPY of net operating loss carry forward, 109,566 million JPY was considered as recoverable based on the estimation of future taxable profit.

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 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
Statutory tax rate	30.6	30.6
(Adjustments)		
Non-deductible tax expenses	5.0	1.6
Dividend income and other nontaxable income	(3,024.9)	(84.9)
Changes in valuation allowance	179.2	(21.9)
Unitary tax on overseas subsidiaries	3,038.4	68.6
Increase in unrecognized deferred tax liabilities	(412.4)	(6.3)
Japanese earnings stripping rules	—	6.7
Other	0.9	0.5
Effective tax rate after application of deferred tax accounting	(183.2)	(5.1)

Business combinations

Transactions under common control

1 . Overview of the transaction

As part of integration with the Shire, the Company has merged subsidiaries and acquired additional shares of subsidiaries through in-kind dividends or other transactions in order to reorganize capital in subsidiaries.

Merger of wholly owned subsidiaries

Names and principal business of companies of the business combination

	Name	Principal Business
Merging company	Takeda Pharmaceutical Company Limited	Pharmaceuticals
Merged company	Shire Japan Co., Ltd	Same as above

Business combination date : October 1, 2020

Legal form of the business combination : Merger which the Company is a merging company and Shire Japan Co., Ltd is a merged company

Name of the combined company : Takeda Pharmaceutical Company Limited

Acquisition of shares of subsidiaries through in-kind dividends

The Company has acquired additional shares of the following subsidiaries through in-kind dividends from consolidated subsidiaries. The acquisition cost of the shares of the subsidiaries acquired through in-kind dividends is determined based on the amount of shareholders' equity of the subsidiaries subject to reorganization.

JPY(millions)

Name	Principal Business	Transaction date	Acquisition cost	
Takeda Pharmaceuticals USA Inc.	Pharmaceuticals	September 18, 2020 and February 1, 2021	910,474	(Note1)
Same as above	Same as above	September 22, 2020	2,715,045	(Note2)
Takeda Pharmaceuticals International AG	Same as above	January 15, 2021	795,282	(Note3)

(Note)

(1) This was the receipt of in-kind dividends of shares of Takeda Pharmaceuticals USA Inc. which had been owned by Shire Ireland Investment Limited in preparation of the liquidation of Shire Ireland Investment Limited.

(2) This was the receipt of in-kind dividend of share of Takeda Pharmaceuticals USA Inc. which had been owned by Shire Holdings Luxembourg S.à r.l as a result of the liquidation of Shire Holdings Luxembourg S.à r.l.

(3) This was the receipt of in-kind dividend of share of Takeda Pharmaceuticals International AG which had been owned by Baxalta Holding B.V. as a result of the liquidation of Baxalta Holding B.V.

Additional acquisition of shares of other subsidiaries

JPY(millions)

Name	Principal Business	Transaction date	Acquisition cost	
Takeda Pharmaceuticals International AG	Pharmaceuticals	June 22, 2020	34,376	(Note4)
Baxalta Recombinant S.a.r.l.	Same as above	September 1, 2020	126,075	(Note5)
Shire Ireland Finance Trading Limited	Same as above	November 12, 2020	1,666,852	(Note6)
Takeda Pharmaceuticals USA Inc.	Same as above	December 1, 2020	226,554	(Note7)
Shire Ireland Investment Limited	Same as above	February 1, 2021	5,758	(Note8)

(Note)

(4) This was the acquisition of shares of Takeda Pharmaceuticals International AG as a result of in-kind dividends of shares of Takeda Pharmaceuticals USA Inc. The breakdown of the acquisition cost and consideration of shares of the additionally acquired subsidiary is as below.

Consideration for acquisition	Shares of Takeda Pharmaceuticals USA Inc.	34,376 million JPY
Acquisition cost		34,376 million JPY

(5) This was the acquisiton of 100% share of Baxalta Recombinant S.a.r.l. which had been wholly owned by Baxalta GmbH. The breakdown of the acquisition cost and consideration of the additionally acquired subsidiary shares is as below.

Consideration for acquisition	Recognition of the intercompany borrowing	126,075 million JPY
Acquisition cost		126,075 million JPY

Since Baxalta Recombinant S.à r.l. was merged into Baxalta Manufacturing S.à r.l. in September 2020, the company hold the same amount of share of Baxalta Manufacturing S.à r.l. as of the end of this fiscal year.

(6) This was the acquisition of 100% share of Shire Ireland Finance Trading Limited which had been wholly owned by Shire Holdings Ireland No.2 Limited as a result of the merger of Shire Holdings Ireland No.2 Limited by Shire Ireland Finance Trading Limited. The breakdown of the acquisition cost and consideration of the additionally acquired subsidiary shares is as below.

Consideration for acquisition	Intercompany loan	1,666,852 million JPY
Acquisition cost		1,666,852 million JPY

(7) This was the acquisition of shares of Takeda Pharmaceuticals USA Inc. which had been owned by Shire Ireland Investment Limited in preparation of the liquidation of Shire Ireland Investment Limited. The breakdown of the acquisition cost and consideration of the additionally acquired subsidiary shares is as below.

Consideration for acquisition	Shares of Shire Ireland Finance Trading Limited	226,554 million JPY
Acquisition cost		226,554 million JPY

(8) This was the acquisition of shares of Shire Ireland Investment Limited in preparation of the liquidation of Shire Ireland Investment Limited. The breakdown of the acquisition cost and consideration of the additionally acquired subsidiary shares is as below.

Consideration for acquisition	Intercompany borrowing transferred	5,758 million JPY
Acquisition cost		5,758 million JPY

2 . Overview of the accounting implemented

The Company accounted as transactions under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019).

Significant Subsequent Events

On April 1, 2021, the Company provided a notice of prepayment to the lenders of the JBIC Loan in respect of 2,000 million USD of the outstanding loan amount of 3,700 million USD that has an original maturity date of December 11, 2025, and prepaid it on June 11, 2021.
On April 16, 2021, the Company provided a notice of redemption to the holders of the remaining 200 million USD of unsecured U.S. dollar-denominated senior notes issued in July 2017 in advance of their original maturity date of January 18, 2022, and redeemed it on May 17, 2021.
The impact from the debt prepayments on the unconsolidated statements of income was not material.

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	97,145	4,184	37,688 (296)	4,306	59,335	108,958	168,293
Machinery and equipment	21,901	3,421	369 (28)	7,904	17,049	189,672	206,721
Vehicles	25	15	1	21	18	470	488
Tools and fixtures	8,223	3,870	381 (48)	4,086	7,626	22,565	30,191
Land	35,143	—	2,895	—	32,248	—	32,248
Lease assets	1,461	970	343	537	1,551	3,647	5,198
Construction in progress	13,566	12,775	4,054	—	22,287	—	22,287
Total tangible noncurrent assets	177,464	25,235	45,731 (372)	16,854	140,114	325,312	465,426
Use right of facilities	163	—	—	32	131	348	479
Other intangible noncurrent assets	16,794	10,307	1,259 (43)	6,387	19,455	37,535	56,990
Total intangible noncurrent assets	16,957	10,307	1,259 (43)	6,419	19,586	37,883	57,469

(Note 1)

The reason for major increase for the year is as follows:

Buildings and structures	Equipment of Syonan iPARK	1,348 million JPY
	Equipment of Hikari plant	766 million JPY
	Equipment of Osaka plant	414 million JPY
Other intangible noncurrent assets	Acquisition of development and sales rights	5,620 million JPY

The reason for major decrease for the year is as follows:

Buildings and structures	Sale of Syonan iPARK	32,924 million JPY
Land	Sale of Syonan land	2,781 million JPY
Other intangible noncurrent assets	Overseas transfer of development and sales rights	612 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	27	—	27	—
Reserve for employees' bonuses	20,528	17,509	20,528	17,509
Reserve for share-based payments	4,731	3,250	2,094	5,887
Reserve for bonuses for directors and corporate auditors	1,258	439	1,258	439
Reserve for restructuring costs	16,830	20,732	27,774	9,788
Reserve for retirement benefits	6,407	2,947	3,403	5,951
Reserve for litigation	989	11,002	67	11,924
Other reserves	681	767	559	889

(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 □ Note 32. 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, 2021 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (143rd)	From	April 1, 2019	Filed with Director of the Kanto Local Finance Bureau on June 24, 2020
			To	March 31, 2020	
(2)	Internal Control Report and documents attached	Fiscal Year (143rd)	From	April 1, 2019	Filed with Director of the Kanto Local Finance Bureau on June 24, 2020
			To	March 31, 2020	
(3)	Quarterly Report and Confirmation Letter	Fiscal Year (144th First Quarter)	From	April 1, 2020	Filed with Director of the Kanto Local Finance Bureau on August 12, 2020
			To	June 30, 2020	
		Fiscal Year (144th Second Quarter)	From	July 1, 2020	Filed with Director of the Kanto Local Finance Bureau on November 10, 2020
			To	September 30, 2020	
		Fiscal Year (144th Third Quarter)	From	October 1, 2020	Filed with Director of the Kanto Local Finance Bureau on February 12, 2021
			To	December 31, 2020	

(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 June 29, 2020
The Extraordinary Report pursuant to Article 19, paragraph 2, items 7-3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (decision of absorption-type merger)	Filed with Director of the Kanto Local Finance Bureau on August 3, 2020
The Extraordinary Report pursuant to Article 19, paragraph 2, items 12 and 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (event with potentially serious effects on the finance, business results and cash flow of the reporting company and consolidated subsidiary companies)	Filed with Director of the Kanto Local Finance Bureau on August 24, 2020
The Extraordinary Report pursuant to Article 19, paragraph 2, items 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (change in representative director)	Filed with Director of the Kanto Local Finance Bureau on March 31, 2021

(5)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on June 24, 2020
(6)	Amendment Report for Shelf Registration Statement	Filed with Director of the Kanto Local Finance Bureau on June 29, 2020 Filed with Director of the Kanto Local Finance Bureau on August 3, 2020 Filed with Director of the Kanto Local Finance Bureau on August 24, 2020 Filed with Director of the Kanto Local Finance Bureau on March 31, 2021
(7)	Securities Registration Statement (using the Reference Method) and Accompanying Documents Securities Registration Statement pertaining to issuance of common stocks through increases in third-party allotment	Filed with Director of the Kanto Local Finance Bureau on May 11, 2021

Part 2. Information on Guarantors for Takeda

Not applicable.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 29, 2021

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

Hiroaki Namba (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 profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended March 31, 2021, 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, 2021, 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.

Reasonableness of evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care rebates	
The key audit matter	**How the matter was addressed**
As discussed in 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. 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 267,254 million JPY as of March 31, 2021. The provisions for U.S. rebates are recorded in the same period that the corresponding revenues are recognized; however, the U.S. rebates are not fully paid until subsequent periods. The expected product specific assumptions used to estimate the provisions for the U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs relate to estimating which of the Company's revenue transactions will ultimately be subject to the respective programs and required a high degree of subjective judgment. As a result of the above, we identified the reasonableness of evaluation of the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs as a key audit matter because such evaluation was 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 audit procedures performed by the component auditors of the consolidated subsidiaries include the following. (1) Test of internal controls We tested certain internal controls over the Company's U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provision process, including controls related to the determination of the expected product specific assumptions used to estimate the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs. (2) Test on the reasonableness of estimation of U.S. rebate provisions - We developed independent expectations of U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs provisions based on the ratios of historical U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs claims paid to historical gross sales and compared such independent estimates to management's estimates. - We compared a selection of U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs claims paid by the Company for consistency with the contractual terms of the Company's rebate agreements. - We evaluated the Company's ability to accurately estimate the provisions for U.S. Medicaid, U.S. Medicare and U.S. commercial managed care programs by comparing historically recorded provisions to the actual amounts that were ultimately paid by the Company.

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, 2021, 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, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to independently express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the auditing standards for internal control over financial reporting of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness to be disclosed exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Primary Differences from the Audit of Internal Control in Japan

We conducted our audit in accordance with the standards of the PCAOB. The primary differences from an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan are as follows;

1. The auditing standards in Japan require us to express an opinion on the internal control report prepared by management, while the PCAOB standards require us to express an opinion on the internal control over financial reporting.
2. The PCAOB standards require us to perform an audit only on the internal control over financial reporting related to the preparation of consolidated financial statements presented in the Financial Information section, and not on the internal control which relate only to the unconsolidated financial statements or which relate to disclosure and other information that could have a material effect on the reliability of financial statements.
3. The PCAOB standards does not require us to perform an audit on the internal control over financial reporting of associates accounted for using the equity method.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of the Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting:

The Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting herein is the English translation of the Independent Auditor's Report on Financial Statements and Internal Control Over Financial Reporting as required by the Financial Instruments and Exchange Act of Japan.

English translation of the auditor's report originally issued in Japanese.

Independent Auditor's Report

June 29, 2021

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

Hiroaki Namba (Seal)
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Opinion

We have audited the accompanying financial statements of Takeda Pharmaceutical Company Limited (the "Company") provided in the Financial Information section in the Company's Annual Securities Report for the 144th fiscal year, which comprise the balance sheet as at March 31, 2021, and the statements of income, statements of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Takeda Pharmaceutical Company Limited as at March 31, 2021, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of judgment on recoverability of deferred tax assets	
The key audit matter	**How the matter was addressed**
The Company recognized deferred tax assets of 179,650 million JPY on the balance sheet as of March 31, 2021. As discussed in the notes (Accounting Estimates and Assumptions) and (Accounting for Deferred Income Taxes), the amount of deferred tax assets before offsetting with the deferred tax liabilities is 229,727 million JPY, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 1,193,704 million JPY with valuation allowances of 963,977 million JPY. These deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the reversal of deductible temporary differences or utilization of the net operating losses carryforward will generate a tax benefit for the Company. Recoverability of deferred tax assets are determined based on criteria such as the reversal schedule of taxable temporary differences, future taxable income according to the Company's profitability and the taxable income schedule including tax planning opportunities. Future taxable income according to profitability is estimated based on the Company's business plan for which there is uncertainty in forecasting the revenue. The judgment by management upon determining the revenue forecast has a significant impact on the amount of the deferred tax assets to be recognized. As a result of the above, we identified reasonableness of judgment on recoverability of deferred tax assets as a key audit matter because such judgment was a significant matter in our audit of the financial statements of the current fiscal year.	In order to test the reasonableness of judgment on recoverability of deferred tax assets, we primarily performed following audit procedures. (1) Test of internal controls We tested the design and operating effectiveness of certain internal controls over the Company's assessment process on recoverability of deferred tax assets including those related to setting of assumptions used for the forecasted sales. (2) Test on the reasonableness of estimation of future taxable income We performed the following procedures to evaluate the reasonableness of estimated future taxable income based on profitability. - We confirmed consistency of the taxable income schedule used to assess the recoverability of deferred tax assets with the business plan approved at the Board of Directors meeting. - We evaluated the 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 analyst reports, 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.

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[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 29, 2021
[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, 2021.

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, 2021. 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.

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[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 29, 2021
[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 144th fiscal year (from April 1, 2020 to March 31, 2021) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.