Annual Securities Report

From April 1, 2022 to March 31, 2023

(The 146th 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, 2022 and 2023 and for the fiscal years ended March 31, 2022 and 2023. 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 28, 2023
[Fiscal Year]	The 146th Fiscal Year (from April 1, 2022 to March 31, 2023)
[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	142nd	143rd	144th	145th	146th
Year Ended	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Revenue	¥ 2,097,224	¥ 3,291,188	¥ 3,197,812	¥ 3,569,006	¥ 4,027,478
Profit (loss) before tax	127,612	(60,754)	366,235	302,571	375,090
Net profit for the year	135,080	44,290	376,171	230,166	317,038
Net profit attributable to owners of the Company	135,192	44,241	376,005	230,059	317,017
Total comprehensive income (loss) for the year	121,595	(199,419)	697,416	824,427	911,574
Total equity	5,185,991	4,727,486	5,177,177	5,683,523	6,354,672
Total assets	13,792,773	12,821,094	12,912,293	13,178,018	13,957,750
Equity attributable to owners of the Company per share (JPY)	3,332.94	3,032.22	3,308.93	3,665.61	4,087.49
Basic earnings per share (JPY)	140.61	28.41	240.72	147.14	204.29
Diluted earnings per share (JPY)	139.82	28.25	238.96	145.87	201.94
Ratio of equity attributable to owners of the Company to total assets (%)	37.6	36.8	40.1	43.1	45.5
Return on equity attributable to owners of the Company (%)	3.8	0.9	7.6	4.2	5.3
Price earnings ratio (Times)	32.2	116.4	16.6	23.8	21.3
Net cash from (used in) operating activities	328,479	669,752	1,010,931	1,123,105	977,156
Net cash from (used in) investing activities	(2,835,698)	292,119	393,530	(198,125)	(607,102)
Net cash from (used in) financing activities	2,946,237	(1,005,213)	(1,088,354)	(1,070,265)	(709,148)
Cash and cash equivalents at the end of the year	702,093	637,614	966,222	849,695	533,530
Number of employees (Number of persons)	49,578	47,495	47,099	47,347	49,095

Notes:
(1) The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).
(2) All figures shown are rounded to the nearest million JPY.

(2) Unconsolidated Financial Data

JPY (millions), unless otherwise indicated

Fiscal Year	142nd	143rd	144th	145th	146th
Year Ended	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net sales	¥ 651,347	¥ 616,288	¥ 602,557	¥ 764,301	¥ 632,137
Ordinary income	17,514	72,252	50,010	550,876	340,122
Net income	88,231	130,626	247,513	324,450	330,649
Share capital	1,643,585	1,668,123	1,668,145	1,676,263	1,676,345
Total number of shares issued (Thousands of shares)	1,565,006	1,576,374	1,576,388	1,582,253	1,582,296
Total equity	4,647,171	4,549,000	4,434,889	4,294,899	4,206,219
Total assets	9,534,645	10,289,304	10,856,450	9,641,648	9,407,303
Net assets per share (JPY)	2,987.94	2,919.21	2,835.81	2,769.31	2,704.87
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)	91.76	83.88	158.45	207.50	213.06
Diluted earnings per share (JPY)	91.72	83.87	158.44	207.50	213.05
Equity ratio (%)	48.7	44.2	40.8	44.5	44.7
Return on equity (%)	2.8	2.8	5.5	7.4	7.8
Price earnings ratio (Times)	49.3	39.4	25.1	16.9	20.4
Payout ratio (%)	196.2	214.6	113.6	86.7	84.5
Number of employees (Number of persons)	5,291	5,350	4,966	5,149	5,486
Total shareholders return [Comparative indicator: TOPIX Net Total Return](%)	90.7 [95.0]	70.8 [85.9]	87.3 [122.1]	81.4 [124.6]	101.3 [131.8]
Highest stock price (JPY)	5,418	4,625	4,365	4,115	4,478
Lowest stock price (JPY)	3,498	2,895	3,119	2,993	3,495

Notes:
(1) All figures shown are rounded to the nearest million JPY.
(2) We have adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020) at the beginning of the 145th fiscal year, and financial data presented for the 145th fiscal year onward has been adjusted.
(3) The highest and lowest stock prices are from the Tokyo Stock Exchange (the First Section on or before April 3, 2022 and the Prime Market on or after April 4, 2022).

2. History

June	1781	Started business selling Japanese and Chinese medicines
May	1871	Began import of Western medicines
August	1914	Set up research division
October	1915	Established Takeda Pharmaceutical Company (currently the Osaka Plant)
August	1921	Established Daigo Nutritive Chemicals, Ltd. (currently Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary)
June	1922	Established Takeda Pure Chemicals Ltd. (later renamed to Wako Pure Chemical Industries, Ltd. in October 1947 and divested in April 2017)
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 (Integrated into Shonan Research Center (Kanagawa prefecture) in February 2011)
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. (renamed to Takeda California, Inc.) in the U.S. It was later merged with Takeda Development Center Americas, Inc., (currently a consolidated subsidiary) in July 2021
April	2005	Transferred shares of 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. in December 2013 and was merged with Takeda Development Center Americas, Inc., (currently a consolidated subsidiary) in July 2021
May	2013	Acquired Inviragen, Inc. in the U.S. It was later merged with Takeda Vaccines, Inc. (currently a consolidated subsidiary) 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. It became an associate accounted for using the equity method since the operation business was transferred to Industrial & Infrastructure Fund Investment Corporation and Mitsubishi Corporation in April 2023)
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
April	2021	Nihon Pharmaceutical Co., Ltd., became a wholly owned subsidiary through a share exchange
October	2022	Succeeded businesses of Plasma-Derived Therapies of Nihon Pharmaceutical Co., Ltd., excluding the business conducted at its Osaka Plant, through a company split
February	2023	Acquired all shares of Nimbus Lakshmi, Inc. with the late-stage pipeline in immune-mediated diseases

3. Description of Business

Takeda consists of 198 companies: Takeda Pharmaceutical Company Limited (hereafter referred to as the "Company"), 180 consolidated subsidiaries (including partnerships), and 17 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 ("PDT") Immunology, Oncology and Neuroscience. In research and development, Takeda focuses its efforts across three areas: "Innovative Biopharma" focusing on four core Therapeutic Areas (Gastrointestinal and Inflammation, Neuroscience, Oncology and Rare Genetics and Hematology), PDT and Vaccines. Takeda strengthens its pipeline through in-house R&D activities at R&D centers and through alliances with external partners.

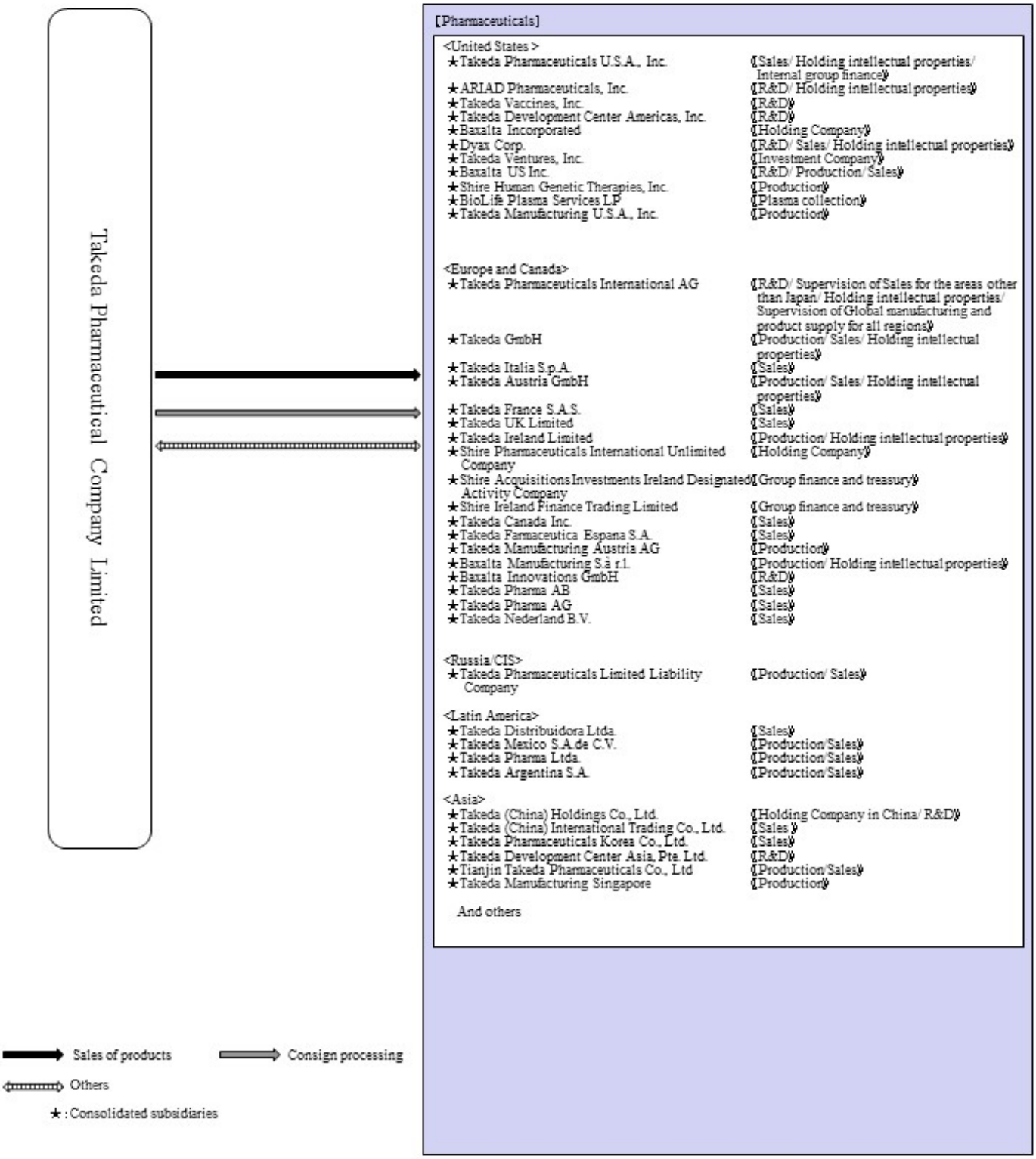
The outline of the roles of major subsidiaries which compose Takeda as of March 31, 2023 is as follows.

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

In Japan, the Company is engaged in research and development, manufacturing and marketing of pharmaceutical products.

In the areas other than Japan, subsidiaries and associates located in each country are engaged in research and development, manufacturing and marketing operations. Among these subsidiaries and associates, major subsidiaries are Takeda Pharmaceuticals U.S.A., Inc., Baxalta US Inc., Takeda Development Center Americas, Inc. and others in the U.S. and Takeda Pharmaceuticals International AG, Takeda GmbH and others in Europe and Canada. Major manufacturing and marketing companies in the other areas include Takeda (China) International Trading Co., Ltd., Takeda Distribuidora Ltda. and others.

Overview of Takeda group is as follows:



4. Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2023

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	Borrows fund Guarantees for payments of rental fees for real-estate and other
	ARIAD Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	US$6	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Vaccines, Inc.	Cambridge, MA, U.S.A.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Americas, Inc.	Lexington, 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 drugs to the Company	—
	Shire Human Genetic Therapies, Inc. (*)	Lexington, MA, U.S.A.	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Biolife Plasma Services LP	Bannockburn, IL, U.S.A	US$0	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing U.S.A., Inc.	Lexington, MA, U.S.A.	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Europe and Canada	Takeda Pharmaceuticals International AG (*)	Opfikon, Switzerland	5 million Swiss franc	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 UK Limited	London, United Kingdom	£50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Ireland Limited	Kilruddery, Ireland	€396 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Shire Pharmaceuticals International Unlimited Company (*)	Dublin, Ireland	US$6,892 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	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$3,163 million	Pharmaceuticals	100.0	—	100.0	—	✓	—	Loans fund
	Takeda Canada Inc.	Toronto, Canada	CAD41 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	€2 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing Austria AG	Vienna, Austria	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Manufacturing, S.a.r.l.	Neuchatel, Switzerland	3 million Swiss franc	Pharmaceuticals	30.5	69.5	100.0	—	—	—	—
	Baxalta Innovations GmbH	Vienna, Austria	€36 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for lease payments
	Takeda Pharma AB	Stockholm, Sweden	2 million Swedish krona	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma AG	Zurich, Switzerland	550 thousand Swiss franc	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Nederland B.V.	Hoofddorp, Nederland	€5 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—

Region	Company Name	Address	Capital or Investment	Principal Business	Ownership of Voting Rights (%)			Relationship with the Company			
					Direct-Ownership(%)	Indirect-Ownership (%)	Total (%)	Concurrent Position of Directors	Financial Assistance	Business Transaction	Others
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	26 thousand Russian ruble	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Latin America	Takeda Distribuidora Ltda.	São Paulo, Brazil	140 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Mexico S.A.de C.V.	Naucalpan, Mexico	387 million Mexican peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma Ltda.	São Paulo, Brazil	7 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Argentina S.A.	Buenos Aires, Argentina	853 million Argentine peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$192 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda (China) International Trading Co., Ltd.	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	—	—	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd	Tianjin, China	US$155 million	Pharmaceuticals	100.0	—	100.0	—	—	—	—
	Takeda Manufacturing Singapore	Singapore	US$305 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Other 140 subsidiaries										

(Associates accounted for using the equity method) 17 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. (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)
(1) Revenue	2,186,566
(2) Operating profit	218,947
(3) Net profit for the year	761,856
(4) Total equity	4,928,042
(5) Total assets	8,948,412

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

(5) (*) is a specified subsidiary.

5. Employees

(1) Takeda

As of March 31, 2023

Operating Segment	Number of Employees
Pharmaceuticals	49,095
Total	49,095

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, 2023

Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)
5,486	42.8	14.0	10,972

As of March 31, 2023

Operating Segment	Number of Employees
Pharmaceuticals	5,486
Total	5,486

Notes:

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

(2) The average annual salary includes bonuses and extra wages.

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 4,015 in total as of March 31, 2023.

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, 2023, 14 enterprise-based unions including the Company, and Nihon Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, joined TAKEZENREN.

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) through TAKEZENREN.

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

(4) Percentage of Female Workers in Management Positions, Percentage of Male Workers Taking Childcare Leave, and Difference in Wages Between Male and Female Workers

(a) The Company

As of and For the Year Ended March 31, 2023				
Percentage of Female Workers in Management Positions (%) (Note 1)	Percentage of Male Workers Taking Childcare Leave (%) (Note 2)	Difference in Wages Between Male and Female Workers - Ratio of Female Wages to Male Wages (%) (Notes 1 and 3)		
		Total Employees	Permanent Employees	Temporary Employees
19	83	76.5	79.3	64.4

Notes:

(1) Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

(2) The percentage of childcare leave taken is calculated as per Article 71-4-1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of Ministry of Labor No. 25 of 1991) based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

(3) Calculated based on the average annual salary (including base salary, various allowances, overtime pay, bonuses and excluding retirement and commuting allowances) and the average number of employees for the period from April 1, 2022 to March 31, 2023. Takeda aims to pay equitably for similar roles, and we rely on consistent grading structures, external survey data by reputable providers and an annual salary review process to ensure this is the case. Lower average pay for female workers compared to male workers is primarily the result of having fewer female workers in more senior roles. Takeda has initiatives and an action plan in place to increase the representation of women in management and other senior roles at the Company, which is expected to result in lower pay differentials over time.

(b) Takeda

As of March 31, 2023
Percentage of Female Workers in Management Positions (%) (Note 1)
42

Note:

(1) A worker in a management position includes an employee with direct reports who are Takeda employees and does not include a manager of only contractors.
The definition and calculation method of the above metric differ from those as required by the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

II. Operating and Financial Review and Prospects

1. Management Policy, Management Environment and Management Issues

Takeda's Corporate Philosophy and Imperatives

Our corporate philosophy tells the rich story of Takeda - who we are, what we do, how we do it, and why it matters. From our founding more than 240 years ago to today, we serve patients with integrity that also benefits society. Our imperatives - Patient-People-Planet, powered by Data, Digital and Technology (DD&T), direct where Takeda must focus to deliver on our purpose and vision, guided by our values.

Purpose

"Better health for people, brighter future for the world."

Vision

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

Values: Takeda-ism

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

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-transforming medicines and vaccines, and accelerate access to improve lives worldwide.

People
- We create an exceptional people experience.

Planet
- We protect our planet.

Unleash the Power of Data and Digital
- We strive to transform Takeda into the most trusted, data-driven, outcomes-based biopharmaceutical company.

Our ambition is to be the most trusted, data-driven, outcomes-based digital biopharmaceutical company. Through our core business, Takeda creates long-term value for patients, shareholders and society while also sustaining positive impact for our people, communities, and the planet.

Business Environment

We believe that the pace of innovation in the global pharmaceutical industry is faster than ever, accelerated by the introduction of new medical technologies such as immunotherapies in oncology and cell and gene therapy. The COVID-19 pandemic served as a catalyst for a new era in innovation, demonstrated by the remarkable speed with which life-saving vaccines and therapies were brought to millions of people around the world. While such medical innovation has improved health care outcomes, investment in health care has been rising faster than gross domestic product and the gross domestic incomes of developed countries for decades due to aging populations, lifestyle changes and the availability of more advanced solutions for complex diseases.

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. At the same time, unpredictable and escalating payment rates under the U.K.'s drug pricing and reimbursement scheme raise concerns about the impact on innovation. Meanwhile, widening gaps in access to care further demonstrate the need for better access and policies to address health inequity. We believe that a transition away from the current prevailing fee-for-service model and toward value-based health care – an approach that pays for outcomes and care quality – could slow the pace of rising health care costs while expanding coverage and improving equity.

At the geopolitical level, risks are intensifying, with regional and multilateral conflicts creating an uncertain outlook for the global economy and posing risks for global companies. The lingering impacts of the COVID-19 pandemic, coupled with these geopolitical factors, have driven supply disruptions across major industries, energy price increases and labor-market pressures. Despite awareness of the economic and health impacts of global pandemics, the world's progress in preparing for the next one remains insufficient. This lack of readiness and planning ultimately risks exposing the most vulnerable populations in the event of another global pandemic. Furthermore, public health is integrally linked to the impacts of climate change and, as temperatures rise, there will be challenges related to climate-accelerated diseases and access to care for patients in impacted regions.

Amid this external business environment, our commitment to patients and the work we do to support them is even more important.

Patient

We focus on the highest unmet need, both in rare and more prevalent conditions, to deliver high-quality medicines and vaccines to patients and communities as quickly as possible. We pursue life-transforming science, generating data that may enable accelerated development and regulatory pathways, and scaling digital capabilities to drive innovation. Our research programs are based on targets with strong human validation, represent diverse modalities and leverage our growing platform capabilities in cell therapy and data science. We leverage Data, Digital & Technology (DD&T) broadly, from accelerating the pipeline to advancing digital technologies in manufacturing to drive quality and efficiency, to reimagining interactions with health care practitioners and patients. DD&T has the potential to revolutionize our business and create better experiences and outcomes for patients.

Our pipeline is delivering results. In the fiscal year ended March 31, 2023 (FY2022), our dengue vaccine, QDENGA, was approved in a number of countries, including those where the disease is endemic. Reflecting our values, we are prioritizing countries with the highest burden

of disease and where barriers to access for medicines and vaccines are particularly complex. Furthermore, in line with our tiered-pricing strategy, we look to adjust the price of this vaccine according to a country's economic stage and health system maturity to ensure broader access. For more information on our major activities and progress on R&D, please refer to "6. Research and Development."

Digital technologies are helping improve product quality and productivity at our QDENGA manufacturing facilities. In Singen, Germany, for example, we have built a vaccine facility with state-of-the-art process equipment to enhance vaccine production. We are also leveraging anti-counterfeiting technology to help ensure all product that enters the legitimate supply chain is genuine and that we can easily identify falsified counterfeit vaccines, further supporting vaccine confidence and uptake.

People

We recognize that no matter how far science and technology advance, meaningful change is always driven by people. Our intention is to create an exceptional, inclusive people experience that accelerates innovation for patients wherever, whenever and however we work. We are doing this by evolving our ways of working with a focus on embracing flexibility, fostering inclusion with regular face-to-face interactions and leveraging data and insights. People leaders are at the forefront, as they are responsible for implementing the best ways of working for their teams.

As part of this initiative, we are transforming Takeda offices into 'Takeda Community Spaces' centered around employee well-being and learning. These spaces are designed for maximizing in-person interactions, where people can focus, collaborate and connect more closely in a sustainable environment.

We are also upskilling employees and building in-house capabilities to create an agile and resilient organization that is positioned for long-term sustainable growth. Our Bloom online learning platform enables employees to design their professional learning journey, helping nurture a culture of lifelong learning so our people can reach their highest potential.

As part of our commitment to better health, Takeda has partnered with Thrive, a behavioral health platform, to help our employees improve their overall well-being, build mental resilience and increase productivity.

These components help us to build an exceptional people experience that promotes well-being and performance, embraces flexibility and emphasizes the value of regular face-to-face interactions. We believe that executing this transformation well could be a competitive advantage.

Planet

Takeda is committed to delivering a high standard of environmental leadership, recognizing that global warming and pollution both impact human health. It is not enough to just work towards a healthier population – we need a healthier planet as well to realize our purpose. We are taking action to reduce our environmental impact on many fronts by prioritizing clean energy solutions, progressing toward net-zero targets and working to eliminate greenhouse gas (GHG) emissions from our entire value chain. Operationally, our environmental sustainability efforts focus on achieving net-zero by 2040 in accordance with the Science Based Targets initiative's Corporate Net-Zero Standard, conserving natural resources, and designing our products with sustainability principles in mind.

We have made notable progress towards our GHG emissions goals. Our 12-year virtual power purchase agreement with Enel North America, signed in September 2022, is expected to create up to 350,000 megawatt hours of renewable energy credits per year, accounting for approximately 20% of Takeda's current enterprise scope 1 and 2 GHG emissions.

In March 2023, we announced the opening of our first positive energy manufacturing support building in Singapore. At least 115% of the building's energy is supplied from onsite renewable sources, and it produces more electricity than it consumes.

Financial Performance

Takeda's financial performance reflects sustained momentum as we enter a new phase for our company. Our free cash flow, driven by financial discipline, margin improvement and progress in deleveraging, enables us to invest in expected growth drivers and strengthen our pipeline, while also delivering shareholder returns. Forward planning and management of our debt profile has enabled us to build resilience against inflation and minimize our exposure to interest rate increases. Our financial performance and commercial execution enable us to nurture a diverse pipeline with approximately 40 clinical stage medicines driven by our in-house R&D engine and through more than 200 partnerships. We are also reinforcing our long-term growth potential through strategic investments in internal and external opportunities to enhance the pipeline.

The acquisition of TAK-279 represents a significant potential commercial opportunity. TAK-279 is a highly selective, oral allosteric tyrosine kinase 2 (TYK2) inhibitor that has the potential to offer best-in-class treatment for patients with psoriasis and other immune-mediated inflammatory diseases, including psoriatic arthritis, inflammatory bowel disease (IBD) and lupus. We aim to file a regulatory submission in psoriasis between FY2025 and FY2027, further reinforcing our efforts to deliver growth into the next decade.

While we face short-term headwinds primarily due to the anticipated loss of exclusivity for VYVANSE (for attention deficit hyperactivity disorder) in the U.S. in FY2023, we believe our Growth and Launch Products* will drive topline growth in the medium-to-long term. In FY2022, we raised our outlook range for ENTYVIO (for ulcerative colitis and Crohn's disease), currently our largest-selling product, based on its sustained global sales growth potential and our updated assumption for the timing of biosimilar competition. We expect that this momentum will be further boosted by new product launches.

In the medium-to-long term, we also expect to maintain competitive margins and generate strong cash flow. We plan to continue to allocate this cash flow towards long-term growth in R&D, PDT and new product launches, and towards delivering on our commitment to shareholder returns.

** Takeda's Growth and Launch Products for FY2023 and onwards:*

GI:	ENTYVIO, ALOFISEL
Rare Diseases:	TAKHZYRO, LIVTENCITY
PDT Immunology:	Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU, Albumin products including HUMAN ALBUMIN and FLEXBUMIN

Oncology: ALUNBRIG, EXKIVITY
Other: QDENGA

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

Three years have passed since the outbreak of COVID-19. As vaccines and therapies have become broadly available in many countries, governments are relaxing strict measures to prevent the spread of infection, such as travel restrictions. We will continue to adhere to local public health guidance in addition to the internal protocols and monitor any potential impacts of the effects of COVID-19, including new variants, on our business activities, with the intent to protect employees' health and safety, and to ensure our medicines are available to patients who rely on them.

In the fiscal year ended March 31, 2023, Takeda manufactured NUVAXOVID Intramuscular Injection, a novel recombinant protein-based COVID-19 vaccine which was licensed, with manufacturing technologies transferred, from Novavax, at its Hikari facility and distributed it in Japan. Takeda is working with Novavax to develop vaccines against the future variants including the Omicron variant. Takeda will also continue to provide distribution support in bringing an mRNA COVID-19 bivalent vaccine, SPIKEVAX Intramuscular Injection (Omicron targeting bivalent vaccine), to Japan through its partnership with Moderna.

Takeda's Operations in Ukraine and Russia

Our commitment to patients, regardless of where they live, and to our people is unwavering and is even more important in times of crisis. Takeda is making every effort to protect our colleagues in Ukraine and to continue to supply patients in Ukraine and in the region with much needed treatments.

Takeda discontinued activities in Russia that were not essential to maintaining the supply of medicines to patients. This included suspending all new investments, suspending advertising and promotion, not initiating new clinical trials and stopping enrollment of new patients in ongoing clinical trials. Our focus only on essential activities was consistent with our values and ethical responsibility to our patients in Ukraine, Russia and the region who depend on our treatments. This commitment notwithstanding, we are adhering to all international sanctions imposed on Russia.

We provided our humanitarian relief, including monetary and medicine donations to benefit people affected by the conflict in Ukraine, and we will continue to assess ways to provide support to patients across the region.

For the fiscal year ended March 31, 2023, revenue attributable to Russia/CIS represented 2.2% of Takeda's total consolidated revenue of 4,027.5 billion JPY, as indicated in the Revenue by Geographic Region in 4. 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, (iii) Results of Operations. There was no material financial impact on Takeda's financial results for the current fiscal year resulting from the crisis in these countries. However, depending on the future status of the crisis, our results of operations and financial conditions could be adversely affected.

[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 and was our top selling product in the fiscal year ended March 31, 2023. *ENTYVIO* is now approved in more than 70 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, 2023, our revenue from *ENTYVIO* was 702.7 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. *ALOFISEL* was also approved in Japan in 2021. In the fiscal year ended March 31, 2023, our revenue from *ALOFISEL* was 2.7 billion JPY.
- *TAKECAB/VOCINTI* (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. *TAKECAB* (Chinese brand name: *VOCINTI*) was approved for reflux esophagitis in 2019 in China. In the fiscal year ended March 31, 2023, our revenue from *TAKECAB/VOCINTI* was 108.7 billion JPY.
- *GATTEX/REVESTIVE* (teduglutide[rDNA origin]), a treatment for patients with short bowel syndrome (SBS) who are dependent on parenteral support. *GATTEX/REVESTIVE* has been launched in the U.S., Europe, and Japan with adult and pediatric indications. In the fiscal year ended March 31, 2023, our revenue from *GATTEX/REVESTIVE* was 93.1 billion JPY.
- *DEXILANT* (dexlansoprazole), a treatment for gastric acid-related disorders such as healing of all grades of erosive esophagitis (EE), maintaining healing of EE and relief of heartburn and treating heartburn associated with symptomatic non-erosive gastroesophageal reflux disease (GERD), while having grown temporarily this fiscal year, is expected to continue its overall downtrend in revenue due to generic competition. In the fiscal year ended March 31, 2023, our revenue from *DEXILANT* was 69.4 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, in China in 2020, and in Japan in 2022 and we are

working to expand into further geographic areas. In the fiscal year ended March 31, 2023, our revenue from *TAKHZYRO* was 151.8 billion JPY.

- *LIVTENCITY* (maribavir), a treatment for adults and pediatric patients (12 years of age and older and weighing at least 35 kg) for post-transplant cytomegalovirus (CMV) infection/disease that is refractory to treatment (with or without genotypic resistance) with ganciclovir, valganciclovir, foscarnet or cidofovir. *LIVTENCITY* launched in the U.S. in December 2021, and was approved in Europe in November 2022. Early uptake has been strong as the first and only antiviral agent that targets and inhibits the pUL97 protein kinase and its natural substrates. In the fiscal year ended March 31, 2023, our revenue from *LIVTENCITY* was 10.5 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, 2023, our revenue from *ELAPRASE* was 85.3 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. Additionally, Takeda has acquired the manufacturing and marketing approval and the marketing rights of *REPLAGAL* in Japan from Sumitomo Dainippon Pharma as of February, 2022. 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, 2023, our revenue from *REPLAGAL* was 66.7 billion JPY.
- *ADVATE* (antihemophilic factor (recombinant)), a treatment for hemophilia A (congenital factor VIII deficiency) for control and prevention of bleeding episodes, for perioperative management, and routine prophylaxis to prevent or reduce the frequency of bleeding episodes. In the fiscal year ended March 31, 2023, our revenue from *ADVATE* was 118.2 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, 2023, our revenue from *ADYNOVATE/ADYNOVI* was 66.6 billion JPY.

In Plasma-Derived Therapies (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.
- *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, 2023, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/ KIOVIG, HYQVIA,* and *CUVITRU*, was 522.2 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, 2023, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was 121.4 billion JPY.

In Oncology, our principal products include:

- *ALUNBRIG* (brigatinib), an orally administered small molecule anaplastic lymphoma kinase (“ALK”) inhibitor used to treat ALK-positive non-small cell lung cancer (NSCLC), was granted accelerated approval in the U.S. in 2017, marketing authorization in Europe in 2018 and in Japan in 2021. The indication of *ALUNBRIG* was expanded to include newly diagnosed ALK-positive NSCLC patients, first in the U.S. in May 2020. *ALUNBRIG* was also approved in China in March 2022. In the fiscal year ended March 31, 2023, our revenue from *ALUNBRIG* was 20.6 billion JPY.
- *EXKIVITY* (mobocertinib), a treatment for locally advanced or metastatic non-small cell lung cancer (NSCLC) with EGFR exon 20 insertion mutations whose disease has progressed on or after platinum based chemotherapy, was granted accelerated approval in the U.S. in September 2021, and China National Medical Products Administration (NMPA) approval in January 2023. Since its launch we are seeing rapid uptake in both the academic and community settings. In the fiscal year ended March 31, 2023, our revenue from E*XKIVITY* was 3.7 billion JPY.
- *LEUPLIN/ENANTONE* (leuprorelin), a treatment for hormone-responsive cancers such as prostate cancer or breast cancer in women, as well as children with central precocious puberty, women with endometriosis, infertility, and to improve anemia in women with uterine leiomyomata (fibroids). While leuprorelin is no longer protected by patent, there is limited generic competition

due to manufacturing considerations. In the fiscal year ended March 31, 2023, our revenue from *LEUPLIN/ENANTONE* was 111.3 billion JPY.

- *NINLARO* (ixazomib), the first oral proteasome inhibitor for the treatment of multiple myeloma (MM), was approved in the U.S. in 2015 for relapsed/refractory MM and was approved in Europe in 2016, in Japan in 2017, and in China in 2018. In Japan, *NINLARO* is also approved as a maintenance treatment for MM. In the fiscal year ended March 31, 2023, revenue from *NINLARO* was 92.7 billion JPY.
- *ADCETRIS* (brentuximab vedotin), an anti-cancer agent used to treat Hodgkin lymphoma (HL) and systemic anaplastic large cell lymphoma (sALCL), has received marketing authorization in more than 70 countries worldwide and was approved in China in May 2020. We jointly developed *ADCETRIS* with Seagen Inc. and have commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2023, our revenue from *ADCETRIS* was 83.9 billion JPY.

In Neuroscience, our principal products are:

- *VYVANSE/ELVANSE* (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. However, sales are expected to decline due to generic competition in the U.S. in 2023. In the fiscal year ended March 31, 2023, our revenue from *VYVANSE/ELVANSE* was 459.3 billion JPY.
- *TRINTELLIX* (vortioxetine), an antidepressant indicated for the treatment of major depressive disorder (MDD) 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, 2023, our revenue from *TRINTELLIX* was 100.1 billion JPY.

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

2. Corporate Sustainability Policies and Initiatives

Governance

Takeda's Board of Directors (BOD) has responsibility for the oversight of our affairs, including those related to business risk and financial disclosures. The BOD delegates certain decision-making authorities to the management. Takeda Executive Team (TET) members, which consists of the President & CEO and function heads of the Takeda Group are responsible for making major decisions of the Company at certain executive-level management committees, including the Business & Sustainability Committee (BSC) and the Risk, Ethics and Compliance Committee (RECC). The BSC is responsible for the oversight of Takeda's corporate sustainability strategy and associated goals/ commitments. The RECC is responsible for oversight and decision matters related to Takeda's Enterprise Risk Management (ERM) Program, including mitigation plans for material risks, and the Global Monitoring Program. The BOD receives regular updates from the President and CEO, other TET members, and the management committees.

For further details of our general governance structure, please refer to "IV. Information on the Company, 4. Corporate Governance, (1) Corporate Governance, 3) Business Execution".

Our net-zero strategy is in line with Takeda's corporate philosophy and operationalizes the Planet imperative. The Planet imperative currently consists of three programs dedicated to various aspects of environmental sustainability.

- The Climate Action Program, which focuses on implementing and operationalizing Takeda's climate strategy to minimize GHG emissions throughout our value chain.
- The Sustainability by Design Program, which focuses on integrating life cycle thinking within product design to minimize the environmental footprint across our value chain.
- The Natural Resources Conservation Program, which focuses on reducing direct environmental impacts from our operations and includes water stewardship, responsible waste management and biodiversity.

Risk Management

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

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

We embed risk management within all levels of Takeda through our enterprise risk assessment process in which risks, including those related to sustainability, are identified, assessed, and for which corresponding mitigations are implemented. This process is designed to generate a holistic view of risks for Takeda and drive a culture of risk-based decision making. Each relevant functional area within the business is responsible for managing its key risks and responses to them.

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

Strategies, Metrics and Targets

Takeda creates sustained growth through values-based impact. By using our core strengths and capabilities as a biopharmaceutical company, Takeda creates long-term value for patients, shareholders and society while also sustaining positive impact for our people, communities, and the planet. Our sustained growth through enduring values fuses why we exist (our purpose) with where we are going (our vision) and how we deliver on our vision (our values). Our imperatives and priorities direct where Takeda must focus to deliver on our vision and purpose. Informed by an ESG materiality assessment of nonfinancial issues strategically important to our company and stakeholders, these imperatives and priorities are framed under patient-people-planet powered by data, digital and technology.

Patient

Takeda is translating science to discover and deliver life-changing treatments and vaccines for patients and communities with limited or no options. This is central to Takeda's purpose. Our research and development (R&D) pipeline is focused on key therapeutic areas and highly differentiated. We deliver our pipeline through expert R&D capabilities within our laboratories and extensive external R&D partnerships, collaboration with patient communities, addressing health equity and leveraging data, digital and technology capabilities.

We understand that patients rely on an uninterrupted supply of our high-quality treatments. To deliver on that responsibility, we build resiliency into our global supply chain. Among our strategies, Takeda implements a dual source/multi source approach for strategic products and active pharmaceutical ingredients (APIs) and considers geopolitical risks in our sourcing policy.

Scientific innovation won't mean much if we can't make medicines and vaccines broadly accessible to those who need them the most. No treatment can reach the patient without trained and motivated health workers, a well-maintained infrastructure and a reliable supply of medicines and technologies backed by funding, strong health plans and evidence-based policies. That is why

- Takeda implements comprehensive strategies to accelerate patient access and supports global policies and programs that foster Value-Based Healthcare. We advocate for creating an ecosystem that bolsters sustainable and equitable patient access to innovative treatments, while rewarding treatments' proven clinical/economic value fairly.
- Takeda launches global products ("growth and launch products") to provide patients quicker access to our treatments. We set different price corridors for every medicine, called tiered pricing, adjusting prices that are relative to a country's economic stage and the maturity of its health care system. We also offer Patient Assistance Programs, the Access to Medicine program being one of them, to provide patients who are unable to pay for the treatments they need.

- Takeda partners with supernational organizations, NGOs and NPOs to support Health System Strengthening in Low- and Middle-Income countries through our global CSR programs.

While our products are global, we act locally. Because our values are embedded across our global operations, our local employees are empowered to provide timely access to our treatments by making time-sensitive decisions closest to patients.

For further information on how we commitment to patients, please refer to “COMMITMENT TO PATIENTS” part of the 2023 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2023.

People

Human Capital and Diversity

We recognize that no matter how far science and technology advances, meaningful change is always driven by people. Our people are the source of our innovation and create our culture, enabling us to create long-term value for patients, shareholders, and society. At Takeda we value our bottoms-up culture. We foster this culture by encouraging all employees to ask questions directly of our executive team in regular town-hall style question-and-answer sessions, and engaging our employees in selecting our Global Corporate Social Responsibility (CSR) Program partners. We also develop talent, invest in Diversity, Equity and Inclusion efforts, well-being and life-long learning to help our people feel fulfilled personally and professionally.

We develop our talent in a number of ways at Takeda. We look for exceptional talent and then engage them in open and ongoing discussions to enhance performance and development. We use our “Quality Conversations” framework to empower managers and teams to communicate clearly and frequently to build trust, deliver impact and move our business forward. We also prepare high-potential individuals for new opportunities so that we’re constantly improving our bench strength of leaders and experts.

Life-long learning enhances employee motivation and expertise, leads to new ideas, and results in value creation for patients. We offer targeted development and learning opportunities for all our employees. We’re also investing in new learning technologies with the goal of a “one-stop shop” where employees can embrace learning every day.

Our culture is one of diversity, with people who originate from over 80 countries and have a wide range of backgrounds and experiences. We’ve expanded our investment in DE&I, including forming a Global DE&I Council that is focused on building relationships and supporting programs that help recognize and address health disparities and inequities globally. Our approach to DE&I is very much aligned with Takeda’s operating model, with each business unit and location setting their own DE&I goals, strategies and programs, aligned with our global DE&I ambition and roadmap.

On a global basis, the percentage of women in management positions is 42% as of March 31, 2023. We will continue our efforts to promote diversity of our employees, including those management positions.

Policies on improvement and maintenance of work environment

Takeda’s purpose of better health for people, brighter future for the world is only possible when we take care of the well-being of our colleagues. Well-being at Takeda focuses on four key dimensions: physical, emotional, social and financial. We also rolled out a new learning program to strengthen resilience skills and equipped our people managers with tools to talk about mental health. Work-Life Integration is a top consideration for our people as they adapt to our new flexible work arrangements. We support different types of work, including a blend of in-person collaboration and remote work. While specific work arrangements will differ for every team, we are finding creative ways to design our physical spaces to support in-person collaboration, when appropriate, and fuel innovation.

For further information on our policies related to talent development, and internal work environment to support the progress on human capital and diversity, please refer to “COMMITMENT TO PEOPLE” part of the 2023 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2023.

Planet

While not a new focus for us, Takeda is committed to delivering a high standard of environmental leadership as climate change, pollution and biodiversity loss impact patient and human health. Our environmental sustainability efforts focus on minimizing GHG emissions within our operations and throughout our value chain, conserving natural resources and biodiversity, and designing our products with sustainability principles in mind. Takeda is continuing to take a proactive stance on building resilience towards climate-related risks and opportunities identified. To mitigate the potential for the rise of severe physical risks, we are doing our part to reduce our GHG footprint through energy and water conservation efforts and through transitioning to renewable energy when possible. To mitigate the potential for physical risk in our supply chain, we screen key suppliers for climate change-related risks to ensure that unacceptable risks are not assumed through our supply chain.

We have established a Climate Action Program to implement Takeda’s climate strategy and to determine and track key performance indicators (KPIs) and metrics. Within the Climate Action Program, workstreams are focused on a variety of goals including minimizing direct, indirect and supply chain GHG emissions, increasing renewable energy investment and use, and supporting high-value carbon sequestration and removal projects while maintaining carbon neutrality across our supply chain.

In 2020, we set a target to reduce absolute scope 1 and 2 GHG emissions 40% by FY2025 from a FY2016 base year, which was approved by the Science Based Targets initiative (SBTi). In 2022, we announced new commitments to achieve net zero[(1)] GHG emissions related to our operations (Scopes 1 and 2) before 2035 and for our entire value chain (including estimated[(2)] Scope 3 GHG emissions) before 2040. These commitments are planned to be submitted to the SBTi for review and approval.

[(1)] Takeda defines net zero emissions in accordance with the Science Based Target initiative's (SBTi's) Corporate Net-Zero Standard.
[(2)] A lack of transparency into, and a difficulty measuring, actual scope 3 emissions remains an important challenge to overcome as part of these efforts.

GHG Scope	Targets	FY2022 Results (Thousand Metric Tonnes (tMT) CO2e)
Scope 1	Net-zero GHG emissions related to our operations (Scopes 1 and 2) before 2035.	277
Scope 2 (Market Based)		169

For further information on our environmental commitments, please refer to "COMMITMENT TO PLANET" part of the 2023 Annual Integrated Report which is planned to be disclosed on Takeda's website in July 2023.

3. Risk Factors

Our business performance is subject to various present and future risks that could significantly affect business performance. The risks discussed below are risks that we believe are significant though may not cover all potential risks and uncertainties we could face. We may also be harmed by risks and uncertainties that are not discussed below and which may have an effect on investor decision making.

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 the Internal Control System and the Progress of System Development] (iii) Rules and other systems for managing risk of loss.

The potential future events and risks contained in the following statements are based on our assumptions as of March 31, 2023.

(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 our pipeline through enhancing internal capabilities as well as building external partnerships. We make efforts to effectively conduct research and development activities aiming to bring 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.

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 our 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, patients 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, please refer to "II. Operating and Financial Review and Prospects 6. Research and Development, Intellectual Property".

(4) Risks of adverse effects

Pharmaceutical products are launched after rigorous reviews by the applicable regulatory bodies. 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, 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 and/or restrict patients' 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, other 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 the use of Health Technology Assessments 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, governments are promoting greater use of generics and the price of many products listed on the National Health Insurance price list is decreasing annually. In Europe, prices of products have also decreased due to policies intended to reduce medical costs, an increased emphasis on transparency of prices and International Price Referencing. Although we attempt to avoid risks of price-reductions 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 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 results of operations and financial conditions.

(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 the 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 our acquisitions in the past years. 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 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 as well as to ensure adequate supply to meet demand for our products, we are strengthening our global supply chain and quality assurance system. Specifically, we invest adequately in our facilities and 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 emerging infectious diseases such as COVID-19, conflicts in the countries in which we operate, unexpected high demand, 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.

(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 personal 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, antitrust, and personal information protection law as well as various guidelines including GMP (Good Manufacturing Practice), GQP (Good Quality Practice), GCP (Good Clinical Practice) and GLP (Good Laboratory Practice). In addition, our business is in cooperation with various third parties such as agents, suppliers and distributors and rely on their business activities in the key aspects of our business. Furthermore, we are increasingly dependent on digital platforms including social media platforms which can be used in non-compliant way. We put Global Ethics & Compliance in place to promote compliance globally. Global Ethics & Compliance monitors to ensure that our business activities and those of third parties with which we are involved 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 a risk management structure to mitigate risks, including political instabilities, the deterioration of economic conditions, spread of emerging infectious diseases such as COVID-19 and social disruptions in the countries and regions in which we operate as well as geopolitical tensions among those countries and regions. Our relevant departments work closely together to mitigate these risks through business impact analysis and monitoring political situations in each region. Our priority is to protect patient access to medicine, and we attempt to manage risks through examining how to mitigate and to deal with such risks. However, in the case we face unexpected situations in region where we or third parties with which we are involved have presence, our results of operations and financial conditions could be adversely affected. For details on our operations in Ukraine and Russia, please refer to "II. Operating and Financial Review and Prospects 1. Management Policy, Management Environment and Management Issues (Takeda's Operations in Ukraine and Russia)".

(11) Risks relating to fluctuations in foreign exchange rates, interest rates and inflation

For the fiscal year ended March 31, 2023, sales outside Japan amounted to 3,515.4 billion JPY, which accounted for 87.3% of our consolidated revenue and revenue in the United States in particular amounted to 2,103.8 billion JPY, or 52.2% 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 profits. In addition, there is a foreign currency exchange risk of operational transactions, financial transactions and investments in non-functional currency. Fluctuations in interest rates can lead to increase in our financing costs and continuing global inflation may also cause pressure on our profits. We manage the exchange rate and interest rate risks centrally and executing derivative transactions to hedge the financial risks and attempt to

mitigate potential impacts by measures such as revising contract terms with business partners. However, if the economic environment and financial markets fluctuate 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

Environmental stewardship is integral to our business and aligned with the Company's values. Being responsible environmental stewards is not only the right thing to do, but it ensures that we can continue to responsibly supply our patients with lifesaving and life-transforming medicines and vaccines. Accordingly, we have implemented robust environmental management systems and internal programs designed to assure that the expectations of stakeholders and regulatory compliance are met. We also have internal audit programs 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 impacts or regulatory actions. This could expose the Company to claims, liabilities or the undertaking of 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 of current or future stakeholders may impose additional 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 stakeholders.

We recognize that climate change is a critical global issue that poses risks to global health and potentially financial risks to our business. In FY2021, we completed an assessment of climate-related risks. The assessment was limited to certain of our direct operations and included three climate scenarios varying by the level of global response to climate change (i.e., No Action, “Middle of the Road”, and Aggressive Mitigation) across year 2030 and year 2050 time horizons. Through this process, we were able to identify several climate-related risk categories with direct applicability to Takeda, including an increase in the incidence and geographic spread of disease (i.e., “disease acceleration”) leading to community impacts and potentially fewer available donors for our Plasma Derived Therapies group, energy/carbon pricing and policies leading to increased costs, reputational threats arising from our inability to achieve our climate goals, direct exposure of our facilities to physical risk from severe weather or similar occurrences, and indirect exposure to climate change risk through our critical suppliers. Although none of the currently identified risks appears to be financially material in the near term, we recognize that could change over time if society cannot alter the current climate change trajectory. Takeda also recognizes that we must continue to refine our assumptions and expand the scope of our climate-related risk assessments to derive the most benefit from them. We will continue working to increase our understanding of possible climate risk factors by improving the capabilities of our predictive analysis and actions to mitigate risk. While understanding the limitations of our current climate change risk assessment, Takeda considers itself well-positioned to address climate-related risks identified to date and able to capitalize on identified opportunities. Climate change related risks are also incorporated into our Enterprise Risk Management Program, and we are transitioning to low-carbon operations to mitigate potential impacts. Takeda has been carbon neutral since 2020 (for FY2019 emissions) and continues to reduce its carbon footprint through internal energy conservation measures, electrification of facilities, procurement of renewable energy, and investment in renewable energy certificates and high-quality and third-party verified carbon offsets.

Takeda believes that our key stakeholders expect the Company to excel at environmental stewardship. This means continuously looking for opportunities to decrease the environmental impacts of our products and operations. Accordingly, we continue our focus in additional areas complementary to our climate change strategy including natural resource conservation commitments to support water stewardship, responsible waste management and preserving biodiversity, and incorporating sustainability principles in all stages of product development to minimize the environmental impact of products throughout their life cycle. If we are successful in these efforts, we will remain our unwavering commitment to patients, enhance our reputation and business while improving the health of the planet and its people. If we fail to act on our aggressive sustainability goals or otherwise fail to meet stakeholder expectations, our reputation may be damaged, which could lead to challenges with employee attraction and retention, customer and investor relations, and our results of operations and financial conditions could be adversely affected.

(14) Risks relating to recruitment and retention

In order to achieve long-term sustainable growth, we need to attract and retain talent to support our operations in highly competitive markets or areas. We are implementing measures to provide working models which offer more flexibility, improve work environment, and promote Diversity, Equity and Inclusion (DE&I) while maintaining organizational effectiveness, culture and values. We also provide continuous career development opportunities, promoting engagement, and propose robust value to employees to attract and retain the right talent. However, if we fail to recruit and retain key talent, our competitiveness may weaken through the loss or lack of talent and our results of operations and financial conditions could be adversely affected.

4. 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	¥ 4,027.5	¥ +458.5	12.8 %
R&D expense	(633.3)	(107.2)	20.4 %
Operating profit	490.5	+29.7	6.4 %
Profit before tax	375.1	+72.5	24.0 %
Net profit for the year	317.0	+86.9	37.7 %
Basic EPS (JPY)	204.29	+57.15	38.8 %
Total assets	13,957.8	+779.7	5.9 %
Total liabilities	7,603.1	+108.6	1.4 %
Total equity	6,354.7	+671.1	11.8 %

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

2) Cash Flows

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

3) Production, Orders received and Sales

(a) Production

The amount of production for the year ended March 31, 2023 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 2,236,925	34.5
Total	¥ 2,236,925	34.5

Notes:

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

(2) The amount of production is based on the sales price.

(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, 2023 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 4,027,478	12.8
< Japan >	< 512,043 >	< (22.3)>
< Overseas >	< 3,515,435 >	< 20.8 >
Consolidated Statement of Profit or Loss	¥ 4,027,478	12.8
< Out-licensing and service income >	< 105,198 >	< (61.5)>

Notes:

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

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

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

	For the fiscal year ended March 31,			
	2022		2023	
Name of Customer	Amount JPY(millions)	Percentage to total sales (%)	Amount JPY(millions)	Percentage to total sales (%)
AmerisourceBergen Corporation and its group companies	¥ 504,487	14.1	¥ 575,294	14.3
McKesson Corporation and its group companies	406,709	11.4	540,356	13.4
Cardinal Health, Inc. and its group companies	—	—	424,527	10.5

(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

Business Overview

Takeda is a global, values-based, R&D-driven biopharmaceutical company with a diverse portfolio, engaged primarily in the research, development, production and global commercialization of pharmaceutical products. Takeda focuses on five key business areas: Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology and Neuroscience. Our R&D efforts are focused on four therapeutic areas: Gastrointestinal and Inflammation*, Neuroscience, Oncology, and Rare Genetics and Hematology. We also make targeted R&D investments in PDT and Vaccines. We focus on developing innovative medicines that make a difference in people's lives by advancing the frontier of new treatment options and leveraging our collaborative R&D engine and capabilities to create a robust, modality-diverse pipeline. We have a presence in approximately 80 countries and regions, a network of manufacturing sites around the world, and major research centers in Japan and the United States.

Over the past several years, we have extended our global reach, strengthened our presence in Oncology, GI and Neuroscience, and established a leading position in Rare Diseases and PDT, while adding significant assets to our growing R&D pipeline. Commercially, we have significantly strengthened our presence in the United States, Europe, and Growth and Emerging Markets. We have also accelerated our focus on data and technology to make our business operations more effective and efficient, leading to greater innovation and better serving our stakeholders.

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, 2023, our revenue and operating profit were 4,027.5 billion JPY and 490.5 billion JPY, respectively.

* Previous "Gastroenterology" was renamed to "Gastrointestinal and Inflammation". For more information on our major activities and progress on R&D, please refer to "6. Research and Development."

Factors Affecting Our Results of Operations

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

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 led to a decrease in sales of *VELCADE* in 2022, and further entry of competing products could result in substantial additional declines. Patent protections covering *VYVANSE* are scheduled to expire in the U.S. in August 2023 and a generic version of *AZILVA* was approved by the PMDA in Japan in February 2023 (with a drug price listing for the generic competitor approved in June 2023), which we anticipate will lead to declines in sales for both products in the relevant jurisdictions. In certain cases, generic competitors may successfully challenge the validity of patents, or the manufacturer may decide that the benefits of prematurely launching the generic drug "at risk" 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.

Acquisitions

We may acquire new businesses or assets 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 enter other strategic regions. Similarly, we divest from businesses and product lines to maintain our focus on our key growth drivers and to manage our portfolio.

In February 2023, we acquired all of the capital stock of Nimbus Lakshmi, Inc. ("Lakshmi"), a wholly owned subsidiary of Nimbus Therapeutics, LLC ("Nimbus"), that owns or controls the intellectual property rights and other associated assets related to TAK-279, a highly selective oral TYK2 inhibitor. Under the terms of the agreement, we paid Nimbus 4.0 billion USD upfront following the closing of the transaction[(1)], and will pay two milestone payments of 1.0 billion USD each upon achieving annual net sales of 4.0 billion USD and 5.0 billion USD of products developed from the TAK-279 program, formally known as NDI-034858 at Nimbus. In addition, in connection with the transaction, we have agreed to assume Nimbus's obligations under a January 2022 settlement agreement with Bristol-Myers Squib and its Celgene Corporation subsidiary (collectively, "BMS") to make certain payments to BMS following the achievement of development, regulatory, and sales-based milestones for products developed from the TAK-279 program.

We account for these acquisitions as business combinations or asset acquisitions. For business combinations, we record the assets acquired and liabilities assumed at fair value, which impacts our results in future periods due to costs related to unwinding fair value step-ups of inventory and amortization expense of acquired property, plant and equipment and intangible assets. For assets acquisitions, we record the assets acquired at transaction price. Our results are also impacted due to additional interest expense when an acquisition is financed with incremental borrowings.

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

Note:

(1) Of the 4.0 billion USD upfront payment, 3.0 billion USD was paid in February 2023 and 0.9 billion USD was paid in April 2023. Remaining 0.1 billion USD is scheduled to be paid in August 2023.

Divestitures

In addition to acquisitions, we divested from 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, 2022, 2023 and through the issuance of this annual report.

- 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 had a favorable impact of 131.4 billion JPY on profit (loss) before income tax for the fiscal year ended March 31, 2022.
- In March 2022, we completed the sale of a portfolio of non-core prescription pharmaceutical products sold in China to Hasten Biopharmaceutic Co., Ltd. (China) for a total value of 230 million USD or 30.7 billion JPY[(1)] and a gain of 5.6 billion JPY was recognized in the fiscal year ended March 31, 2022.

Note:

(1) Calculated using the Japanese yen—U.S. dollar exchange rate of 133.5 JPY as of March 31, 2023.

Impact of the Availability of Raw Materials

Our results of operations may be negatively 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, 2023, 87.3% 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. Particularly, our revenues were positively impacted by the weakened yen against other currencies during the fiscal years ended March 31, 2022 and 2023. 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 (CER) for the year ended March 31, 2023 as compared to revenue for the year ended March 31, 2022.

	(billions of yen, except percentages)			
	For the fiscal year ended March 31,			
	2022	2023	Change versus the previous year	
Revenue	¥ 3,569.0	¥ 4,027.5	¥ 458.5	12.8 %
Effect of exchange rates		(486.6)		
Revenue at CER	3,569.0	3,540.9	(28.1)	(0.8)%

Revenue at CER 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 CER that is prepared in accordance with IFRS is revenue, and a reconciliation of revenue at CER to revenue is shown above.

We present revenue at CER 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 CER is defined as revenue calculated by translating revenue of the current fiscal year using corresponding exchange rates of the previous fiscal year. The usefulness of this presentation has significant limitations including, but not limited to, that while revenue at CER 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, 2022, and 2023 partially due to the tendency of wholesalers 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

See Note 3 "Significant Accounting Policies—*Revenue"* to our audited consolidated financial statements

Impairment of Goodwill and Intangible Assets

We review goodwill and intangible assets for impairment whenever events or changes in circumstance indicate that the asset's balance sheet carrying amount may not be recoverable. Goodwill and intangible assets that are currently not amortized are tested for impairment annually and whenever there is any indication of impairment. As of March 31, 2023, we have 4,790.7 billion JPY of goodwill and 4,269.7 billion JPY of intangible assets which in aggregate represent 64.9% 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.

Goodwill and intangible assets are generally considered impaired when their balance sheet carrying amount exceeds their estimated recoverable amount. The recoverable amount of an intangible asset is estimated for each individual asset or at the larger cash generating unit (CGU) 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. Goodwill is tested for impairment at the single operating segment level (one CGU), which is the level at which goodwill is monitored for internal management purposes. The estimation of the 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 rates.

The significant assumptions used in estimating the amount and timing of future cash flows are the probability of technical and regulatory success related to IPR&D projects and the sales forecast of the products. The sales forecast related to certain products is one of the significant assumptions used in estimating the recoverable amount of goodwill. Events that may result in a change in the assumptions 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 lower sales projections of certain commercially marketed products typically due to launch of newly competing

products, and supply constraints. If these events were to occur, we may not recover the value of the initial or subsequent R&D investments made subsequent to acquisition of the asset project nor realize the future cash flows that we have estimated.

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

Legal Contingencies

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

These and other contingencies are, by their nature, uncertain and based upon complex judgments and probabilities. The factors we consider in developing our provision for litigation and other contingent liability amounts include the merits and jurisdiction of the litigation, the nature and the number of other similar current and past litigation cases, the nature of the product and the current assessment of the science subject to the litigation, and the likelihood of settlement and current state of settlement discussions, if any. In addition, we record a provision for product liability claims incurred, but not filed, to the extent we can formulate a reasonable estimate of their costs based primarily on historical claims experience and data regarding product usage. 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, 2023, we have a provision of 64.3 billion JPY for outstanding legal cases and other disputes.

Income Taxes

We prepare and file our tax returns based on an interpretation of tax laws and regulations, and record estimates based on these judgments and interpretations. In the normal course of business, our tax returns are subject to examination by various tax authorities, which may result in additional tax, interest or penalty assessment by these authorities. Inherent uncertainties exist in estimates of many 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 are estimated based on our business plan. The change in judgment upon determining the revenue forecast related to certain products 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, 2023, we had unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of 1,181.8 billion JPY, 259.8 billion JPY, and 11.2 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. We establish a provision for restructuring costs when we have developed a detailed formal plan for the restructuring and a valid expectation has been raised in those affected by the plan that the plan will be implemented. 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, 2023, we have a provision of 9.0 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, 2022 and 2023.

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
	2022	2023	Actual % Change		CER % Change[1]
Revenue	3,569.0	4,027.5	458.5	12.8 %	(0.8)%
Cost of sales	(1,106.8)	(1,244.1)	(137.2)	12.4 %	(0.1)%
Selling, general and administrative expenses	(886.4)	(997.3)	(110.9)	12.5 %	(0.9)%
Research and development expenses	(526.1)	(633.3)	(107.2)	20.4 %	3.5 %
Amortization and impairment losses on intangible assets associated with products	(472.9)	(542.4)	(69.5)	14.7 %	(3.2)%
Other operating income	43.1	25.4	(17.7)	(41.0)%	(44.2)%
Other operating expenses	(159.1)	(145.2)	13.8	(8.7)%	(21.1)%
Operating profit	460.8	490.5	29.7	6.4 %	(1.8)%
Finance income and (expenses), net	(142.9)	(106.8)	36.1	(25.3)%	(28.8)%
Share of loss of investments accounted for using the equity method	(15.4)	(8.6)	6.7	(43.8)%	(50.6)%
Profit before tax	302.6	375.1	72.5	24.0 %	13.4 %
Income tax expenses	(72.4)	(58.1)	14.4	(19.8)%	(18.0)%
Net profit for the year	230.2	317.0	86.9	37.7 %	23.3 %

Notes:
(1) Please refer to (iv) Core Results (April 1, 2022 to March 31, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

Revenue. Revenue for the fiscal year ended March 31, 2023 was 4,027.5 billion JPY, an increase of 458.5 billion JPY, or 12.8% (CER % change: -0.8%), compared to the previous fiscal year. The increase is primarily attributable to favorable foreign exchange rates and growth from business momentum, fully offsetting the decrease of revenue due to the sale of a portfolio of diabetes products in Japan to Teijin Pharma Limited for 133.0 billion JPY, which was recorded as revenue in the previous fiscal year.

Revenue of our core therapeutic areas (i.e. Gastroenterology ("GI"), Rare Diseases, Plasma-Derived Therapies ("PDT") Immunology, Oncology, and Neuroscience) increased by 628.0 billion JPY, or 21.3%, compared to the previous fiscal year, to 3,572.9 billion JPY. Each of our core therapeutic areas, except Oncology, contributed to positive revenue growth due to favorable foreign exchange rates and growth from business momentum. Generic erosion and intensified competition impacted certain Oncology products in the fiscal year ended March 31, 2023, partially offset by the impacts of favorable foreign exchange rates.

Revenue outside of our core therapeutic areas significantly decreased by 169.6 billion JPY, or 27.2%, compared to the previous fiscal year to 454.6 billion JPY, largely due to the aforementioned non-recurring 133.0 billion JPY selling price of the diabetes portfolio in Japan, which was recorded as revenue in the previous fiscal year.

Revenue by Region

The following shows revenue by geographic region:

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
Revenue:	2022	2023	Actual % change		CER % change[1]
Japan[2]	659.0	512.0	(146.9)	(22.3)%	(22.5)%
United States	1,714.4	2,103.8	389.4	22.7 %	2.0 %
Europe and Canada	739.2	842.7	103.5	14.0 %	5.1 %
Asia (excluding Japan)	197.0	225.0	28.0	14.2 %	2.0 %
Latin America	128.5	160.4	31.9	24.8 %	8.0 %
Russia/CIS	62.1	88.4	26.4	42.5 %	9.5 %
Other[3]	68.9	95.2	26.2	38.1 %	41.3 %
Total	3,569.0	4,027.5	458.5	12.8 %	(0.8)%

Notes:
(1) Please refer to (iv) Core Results (April 1, 2022 to March 31, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition.
(2) The 133.0 billion JPY selling price of the sale of diabetes portfolio in Japan is included in the fiscal year ended March 31, 2022.
(3) Other includes the Middle East, Oceania and Africa.

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

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
	2022	2023	Actual % change		CER % change[1]
Gastroenterology:					
ENTYVIO	¥ 521.8	¥ 702.7	¥ 181.0	34.7 %	15.2 %
TAKECAB/VOCINTI [2]	102.4	108.7	6.3	6.2	4.1
GATTEX/REVESTIVE	75.8	93.1	17.3	22.9	4.0
DEXILANT	50.8	69.4	18.6	36.7	14.8
PANTOLOC/CONTROLOC [3]	40.3	45.5	5.2	13.0	2.9
ALOFISEL	1.8	2.7	0.9	47.9	35.6
Others	82.9	72.4	(10.5)	(12.7)	(24.0)
Total Gastroenterology	875.7	1,094.5	218.9	25.0	8.7
Rare Diseases:					
Rare Hematology:					
ADVATE	118.5	118.2	(0.3)	(0.3)	(12.4)
ADYNOVATE/ADYNOVI	60.7	66.6	5.8	9.6	(1.0)
FEIBA	39.2	41.3	2.1	5.4	(5.2)
RECOMBINATE	12.3	12.8	0.5	3.8	(13.1)
HEMOFIL/IMMUNATE/IMMUNINE	17.7	19.6	1.9	10.5	0.3
Others	35.3	46.4	11.1	31.4	12.5
Total Rare Hematology	283.7	304.7	21.0	7.4	(5.1)
Rare Genetics and Other:					
TAKHZYRO	103.2	151.8	48.6	47.0	25.0
ELAPRASE	73.1	85.3	12.2	16.7	5.5
REPLAGAL	51.7	66.7	15.0	29.1	24.2
VPRIV	42.4	48.4	6.0	14.1	2.5
LIVTENCITY	1.3	10.5	9.2	692.4	561.7
Others	55.7	56.0	0.3	0.5	(12.6)
Total Rare Genetics and Other	327.5	418.7	91.2	27.9	13.4
Total Rare Diseases	611.2	723.4	112.2	18.4	4.8

Billion JPY or percentage

	For the fiscal year ended March 31,		Change versus the previous fiscal year		
	2022	2023	Actual % change		CER % change[1]
PDT Immunology:					
immunoglobulin	385.9	522.2	136.3	35.3	16.0
albumin	90.0	121.4	31.4	34.9	19.0
Others	31.1	34.8	3.7	12.0	(4.2)
Total PDT Immunology	507.0	678.4	171.5	33.8	15.3
Oncology:					
LEUPLIN/ENANTONE	106.5	111.3	4.9	4.6	(0.3)
NINLARO	91.2	92.7	1.5	1.6	(12.2)
ADCETRIS	69.2	83.9	14.7	21.3	13.5
ICLUSIG	34.9	47.2	12.3	35.4	15.9
VELCADE	110.0	27.8	(82.3)	(74.8)	(78.6)
ALUNBRIG	13.6	20.6	6.9	50.7	35.2
EXKIVITY	1.0	3.7	2.8	288.1	228.4
Others	42.4	51.6	9.2	21.7	20.7
Total Oncology	468.7	438.7	(30.0)	(6.4)	(14.4)
Neuroscience:					
VYVANSE/ELVANSE	327.1	459.3	132.2	40.4	18.2
TRINTELLIX	82.3	100.1	17.8	21.6	2.1
Others	72.9	78.3	5.4	7.4	(4.0)
Total Neuroscience	482.3	637.7	155.4	32.2	12.1
Other:					
AZILVA-F[2]	76.3	72.9	(3.4)	(4.5)	(4.5)
LOTRIGA	32.7	16.7	(16.0)	(48.8)	(48.8)
Others[4]	515.2	365.0	(150.2)	(29.2)	(35.4)
Total Other	624.2	454.6	(169.6)	(27.2)	(32.4)
Total	¥ 3,569.0	¥ 4,027.5	¥ 458.5	12.8 %	(0.8)%

Notes:
(1) Please refer to (iv) Core Results (April 1, 2022 to March 31, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition.
(2) The figures include the amounts of fixed dose combinations and blister packs.
(3) Generic name: pantoprazole.
(4) The figure for the year ended March 31, 2022 includes the 133.0 billion JPY selling price on sales of four diabetes products (NESINA, LIOVEL, INISYNC and ZAFATEK) in Japan to Teijin Pharma Limited, which was divested on April 1, 2021.

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 1,094.5 billion JPY, a year-on-year increase of 218.9 billion JPY, or 25.0% (CER % change: 8.7%).

Sales of ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)), Takeda's top-selling product, were 702.7 billion JPY in total, an increase of 181.0 billion JPY, or 34.7%, versus the previous fiscal year. Sales in the U.S. were 491.9 billion JPY, an increase of 142.4 billion JPY, or 40.7%, driven by favorable foreign exchange rates and a continued increase in the first line biologic inflammatory bowel disease (“IBD”) population both in UC and CD. Sales in Europe and Canada were 162.5 billion JPY, an increase of 26.5 billion JPY, or 19.5%, supported by continued launches of the subcutaneous formulation and favorable foreign exchange rates. Sales in the Growth and Emerging Markets were 34.9 billion JPY, an increase of 9.9 billion JPY, or 39.6%, primarily led by growth in Brazil.

Sales of DEXILANT (for acid reflux disease) were 69.4 billion JPY, an increase of 18.6 billion JPY, or 36.7%, versus the previous fiscal year, due to the increased sales of authorized generics in the U.S. and favorable foreign exchange rates.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were 93.1 billion JPY, an increase of 17.3 billion JPY, or 22.9%, versus the previous fiscal year, primarily due to increased market penetration after launch in Japan, pediatric indication demand, and favorable foreign exchange rates.

Sales of TAKECAB/VOCINTI (for acid-related diseases) were 108.7 billion JPY, an increase of 6.3 billion JPY, or 6.2%, versus the previous fiscal year, primarily due to increased sales in China, partially offset by the decrease of sales in Japan due to a negative impact from the market expansion re-pricing applied in April 2022, despite an increase in prescription volume.

Sales of PENTASA (for UC), included in Others, were 8.4 billion JPY, a decrease of 11.8 billion JPY, or 58.3%, versus the previous fiscal year, due to generic erosion in the U.S. from May 2022.

- *Rare Diseases*. In Rare Diseases, revenue was 723.4 billion JPY, a year-on-year increase of 112.2 billion JPY, or 18.4% (CER % change: 4.8%).

  Revenue of Rare Hematology was 304.7 billion JPY, a year-on-year increase of 21.0 billion JPY, or 7.4% (CER % change: -5.1%).

  Sales of ADYNOVATE/ADYNOVI (for hemophilia A) were 66.6 billion JPY, an increase of 5.8 billion JPY, or 9.6%, and sales of FEIBA (for hemophilia A and B) were 41.3 billion JPY, an increase of 2.1 billion JPY, or 5.4%, versus the previous fiscal year, primarily due to favorable foreign exchange rates largely offset by negative impacts from competition in the U.S.

  Sales of other Rare Hematology products in aggregate increased year-on-year, primarily due to additional indications, newly consolidated products, and favorable foreign exchange rates.

  Revenue of Rare Genetics and Other was 418.7 billion JPY, a year-on-year increase of 91.2 billion JPY, or 27.9% (CER % change: 13.4%).

  Sales of TAKHZYRO (for hereditary angioedema) were 151.8 billion JPY, an increase of 48.6 billion JPY, or 47.0%, versus the previous fiscal year, driven by continued strong demand in the U.S., geographic expansion, and favorable foreign exchange rates.

  Sales of REPLAGAL (for Fabry disease) were 66.7 billion JPY, an increase of 15.0 billion JPY, or 29.1%, versus the previous fiscal year, primarily due to the succession to Takeda of manufacturing and marketing rights in Japan upon expiration of the relevant license agreement in February 2022 and strong demand in the Growth and Emerging Markets.

  Sales of other enzyme replacement therapies ELAPRASE (for Hunter syndrome) and VPRIV (for Gaucher disease) were 85.3 billion JPY, an increase of 12.2 billion JPY, or 16.7%, and 48.4 billion JPY, an increase of 6.0 billion JPY, or 14.1%, respectively, primarily due to favorable foreign exchange rates.

  Sales of LIVTENCITY (for post-transplant cytomegalovirus ("CMV") infection/disease), which was first launched in the U.S. in December 2021, followed by several other countries, were 10.5 billion JPY in the current fiscal year.

- *PDT Immunology*. In Plasma-Derived Therapies ("PDT") Immunology, revenue was 678.4 billion JPY, a year-on-year increase of 171.5 billion JPY, or 33.8% (CER % change: 15.3%).

  Sales of immunoglobulin products in aggregate were 522.2 billion JPY, an increase of 136.3 billion JPY, or 35.3%, versus the previous fiscal year. Sales of each of our three global immunoglobulin brands marked double digit percentage of revenue growth, due to continued strong demand globally and growing supply, especially in the U.S., where the pandemic pressure is now easing, as well as favorable foreign exchange rates. Those include GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency ("PID") and multifocal motor neuropathy ("MMN")), and subcutaneous immunoglobulin therapies (CUVITRU and HYQVIA) which are growing due to their benefit to patients and convenience in administration compared to intravenous therapies.

  Sales of albumin products in aggregate, including HUMAN ALBUMIN and FLEXBUMIN (primarily used for hypovolemia and hypoalbuminemia), were 121.4 billion JPY, an increase of 31.4 billion JPY, or 34.9%, versus the previous fiscal year, driven by strong albumin demand in the U.S. and China and favorable exchange rates.

– *Oncology*. In Oncology, revenue was 438.7 billion JPY, a year-on-year decrease of 30.0 billion JPY, or 6.4% (CER % change: -14.4%), impacted by the rapid generic erosion of VELCADE (for multiple myeloma) sales in the U.S.

  Sales of VELCADE were 27.8 billion JPY, a decrease of 82.3 billion JPY, or 74.8%, versus the previous fiscal year, predominantly due to multiple generic entrants in the U.S. starting in May 2022.

  Sales of ADCETRIS (for malignant lymphomas) were 83.9 billion JPY, an increase of 14.7 billion JPY, or 21.3%, versus the previous fiscal year, led by strong growth in countries such as Argentina, Italy and Japan.

  Sales of ICLUSIG (for leukemia) were 47.2 billion JPY, an increase of 12.3 billion JPY, or 35.4%, versus the previous fiscal year, due to steady growth in the U.S. and favorable foreign exchange rates.

  Sales of ALUNBRIG (for non-small cell lung cancer) were 20.6 billion JPY, an increase of 6.9 billion JPY, or 50.7%, versus the previous fiscal year, benefiting from strong demand in European countries, Growth and Emerging Markets such as China, and Japan.

  Sales of ZEJULA (for ovarian cancer), included in Others, were 12.9 billion JPY, an increase of 4.9 billion JPY, or 61.7%, versus the previous fiscal year, primarily led by increased sales in Japan due to a newly launched tablet formulation in June 2022 in addition to existing capsule formulation.

  Sales of LEUPLIN/ENANTONE (for endometriosis, uterine fibroids, premenopausal breast cancer, prostate cancer, etc.), an off-patent product, were 111.3 billion JPY, an increase of 4.9 billion JPY, or 4.6%, versus the previous fiscal year, mainly due to favorable foreign exchange rates.

  Sales of NINLARO (for multiple myeloma) were 92.7 billion JPY, an increase of 1.5 billion JPY, or 1.6%, versus the previous fiscal year, aided by favorable foreign exchange rates, which were offset partially by intensified competition and decreased demand mainly in the U.S.

  Sales of EXKIVITY (for non-small cell lung cancer), which was first launched in the U.S. in September 2021, followed by several other countries, were 3.7 billion JPY in the current fiscal year.

- *Neuroscience*. In Neuroscience, revenue was 637.7 billion JPY, a year-on-year increase of 155.4 billion JPY, or 32.2% (CER % change: 12.1%).

Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder ("ADHD")) were 459.3 billion JPY, an increase of 132.2 billion JPY, or 40.4%, versus the previous fiscal year, mainly due to the growth of the adult market including an impact from a shortage of generic versions of the instant release formulation of ADDERALL in the U.S. and favorable foreign exchange rates.

Sales of TRINTELLIX (for major depressive disorder ("MDD")) were 100.1 billion JPY, an increase of 17.8 billion JPY, or 21.6%, versus the previous fiscal year, due to increasing prescriptions in Japan and favorable foreign exchange rates.

Sales of ADDERALL XR (for ADHD), included in Others, were 28.6 billion JPY, an increase of 7.7 billion JPY, or 36.9%, versus the previous fiscal year, mainly due to a shortage of generic versions of the instant release formulation marketed by competitors in the U.S. and favorable foreign exchange rates.

Cost of Sales. Cost of Sales increased by 137.2 billion JPY, or 12.4% (CER % change: -0.1%), to 1,244.1 billion JPY. The increase was predominantly due to the depreciation of the yen in the current fiscal year.

Selling, General and Administrative (SG&A) expenses. SG&A expenses increased by 110.9 billion JPY, or 12.5% (CER % change: -0.9%) compared to the previous fiscal year, to 997.3 billion JPY, mainly due to the impact from the depreciation of the yen in the current fiscal year.

Research and Development (R&D) expenses. R&D expenses increased by 107.2 billion JPY, or 20.4% (CER % change: 3.5%) compared to the previous fiscal year, to 633.3 billion JPY, mainly due to the impact from the depreciation of the yen in the current fiscal year.

Amortization and Impairment Losses on Intangible Assets Associated with Products. Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 69.5 billion JPY, or 14.7% (CER % change: -3.2%) compared to the previous fiscal year, to 542.4 billion JPY, mainly due to the impact from the depreciation of the yen in the current fiscal year.

Other Operating Income. Other Operating Income was 25.4 billion JPY, a decrease of 17.7 billion JPY, or 41.0% (CER % change: -44.2%), compared to the previous fiscal year primarily due to a change in fair value of financial assets and liabilities associated with contingent consideration arrangements recognized and certain settlement proceeds recorded in the previous fiscal year.

Other Operating Expenses. Other Operating Expenses were 145.2 billion JPY, a decrease of 13.8 billion JPY, or 8.7% (CER % change: -21.1%), compared to the previous fiscal year, primarily due to decreases in restructuring expenses attributable to the substantially completed Shire integration in the previous fiscal year and valuation reserve for pre-launch inventory, partially offset by increases in other reserves and provisions including those for certain assets related to option fees Takeda paid as part of collaboration agreements and increase due to the impact from the depreciation of the yen in the current fiscal year.

Operating Profit. As a result of the above factors, Operating Profit increased by 29.7 billion JPY, or 6.4% (CER % change: -1.8%) compared to the previous fiscal year to 490.5 billion JPY.

Net Finance Expenses. Net Finance Expenses were 106.8 billion JPY in the current fiscal year, a decrease of 36.1 billion JPY, or 25.3% (CER % change: -28.8%) compared to Net Finance Expenses of 142.9 billion JPY for the previous fiscal year. This decrease was mainly driven by a positive impact from the remeasurement of warrants to purchase stocks of companies held by Takeda.

Share of Loss of Investments Accounted for Using the Equity Method. Share of Loss of Investments Accounted for Using the Equity Method was 8.6 billion JPY, a decrease of 6.7 billion JPY, or 43.8% (CER % change: -50.6%), compared to the previous fiscal year. The decrease is mainly due to the negative impact from Takeda's share of loss on an investment held by Takeda Ventures, Inc. recorded in the previous fiscal year.

Income Tax Expenses. Income Tax Expenses were 58.1 billion JPY, a decrease of 14.4 billion JPY, or 19.8% (CER % change; -18.0%), compared to the previous fiscal year. This decrease was primarily due to a tax charge of 65.4 billion JPY for tax and interest, net of 0.5 billion JPY of associated tax benefit, arising from tax assessment involving Irish taxation of the break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014 in the previous fiscal year as well as increased tax benefits from recognition of deferred tax assets. These decreases were partially offset by the benefits from the US state tax rate change in the previous fiscal year, in addition to higher pretax earnings.

Net Profit for the Year. Net Profit for the Year increased by 86.9 billion JPY, or 37.7% (CER % change: 23.3%), compared to the previous fiscal year to 317.0 billion JPY.

(iv) Core Results (April 1, 2022 to March 31, 2023)

Definition of Core financial measures and Constant Exchange Rate change

Takeda uses the concept of Core financial measures for measuring financial performance. These measures are not defined by International Financial Reporting Standards (IFRS).

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

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

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

CER (Constant Exchange Rate) change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating Reported or Core results for the current period using corresponding exchange rates in the same period of the previous fiscal year.

Results of Core Operations

Billion JPY or percentage

	For the fiscal year ended March 31		Change versus the previous fiscal year		
	2022	2023	Actual % change		CER % change
Core Revenue	3,420.5	4,027.5	606.9	17.7 %	3.5 %
Core Operating Profit	955.2	1,188.4	233.2	24.4 %	9.1 %
Core EPS (yen)	425	558	134	31.5 %	13.9 %

Core Revenue for the fiscal year ended March 31, 2023 was 4,027.5 billion JPY, an increase of 606.9 billion JPY, or 17.7% (CER % change: 3.5%), compared to the previous fiscal year. Core revenue for the previous fiscal year was 3,420.5 billion JPY, which excluded primarily the non-recurring 133.0 billion JPY selling price of the diabetes portfolio in Japan. There were no significant items unrelated to Takeda's core operations excluded from revenue in the current fiscal year, resulting in Core revenue for the current fiscal year being the same as Reported revenue. Business momentum was led by Takeda's Growth and Launch Products* which totaled 1,594.8 billion JPY, a year-on-year increase of 435.8 billion JPY, or 37.6% (CER % change: 18.8%). They now include QDENGA, a dengue vaccine, which was approved in EU and countries including Indonesia and Brazil and launched in several non-endemic countries in the current fiscal year.

* Takeda's Growth and Launch Products in the fiscal year ended March 31, 2023
GI: ENTYVIO, ALOFISEL
Rare Diseases: TAKHZYRO, LIVTENCITY
PDT Immunology: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU, Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology: ALUNBRIG, EXKIVITY
Other: SPIKEVAX Intramuscular Injection, NUVAXOVID Intramuscular Injection, QDENGA

Core Operating Profit for the current fiscal year was 1,188.4 billion JPY, an increase of 233.2 billion JPY or 24.4% (CER % change: 9.1%) compared to the previous fiscal year driven by revenue growth in our core therapeutic areas and the depreciation of the yen in the current fiscal year.

Core EPS for the current fiscal year was 558 yen, an increase of 134 yen, or 31.5% (CER % change: 13.9%), compared to the previous fiscal year.

(b) Consolidated Financial Position

Assets. Total Assets as of March 31, 2023 were 13,957.8 billion JPY, reflecting an increase of 779.7 billion JPY compared to the previous fiscal year-end. Intangible Assets increased by 451.1 billion JPY mainly due to the acquisition of Nimbus Lakshmi Inc. and the effect of foreign currency translation partially offset by the decrease due to amortization. Goodwill and Property, Plant and Equipment increased by 383.0 billion JPY and 108.4 billion JPY respectively mainly due to the effect of foreign currency translation. In addition, Inventories increased by 133.3 billion JPY. These increases were partially offset by a decrease in Cash and Cash Equivalents of 316.2 billion JPY.

Liabilities. Total Liabilities as of March 31, 2023 were 7,603.1 billion JPY, reflecting an increase of 108.6 billion JPY compared to the previous fiscal year-end. Trade and Other Payables increased by 132.9 billion JPY and Provisions increased by 68.6 billion JPY. In addition, Bonds and Loans increased by 36.9 billion JPY to 4,382.3 billion JPY* primarily due to the effect of adverse foreign currency translation on USD and EUR denominated debts, as largely offset by the redemption of bonds during the current year. These increases were partially offset by a decrease in Deferred Tax Liabilities of 180.9 billion JPY.

* The carrying amount of Bonds was 3,658.3 billion JPY and Loans was 724.0 billion JPY as of March 31, 2023. Breakdown of Bonds and Loans carrying amount is as follows.

Bonds:

Name of Bond (Face Value if Denominated in Foreign Currency)	Issuance	Maturity	Carrying Amount (Billion JPY)
Unsecured US dollar denominated senior notes (1,301 million USD)	June 2015	June 2025 ~ June 2045	174.2
Unsecured US dollar denominated senior notes (4,000 million USD)	September 2016	September 2023 ~ September 2026	515.3
Unsecured Euro denominated senior notes (3,000 million EUR)	November 2018	November 2026 ~ November 2030	433.6
Unsecured US dollar denominated senior notes (2,250 million USD)	November 2018	November 2023 ~ November 2028	298.8
Hybrid bonds (subordinated bonds)	June 2019	June 2079	498.9
Unsecured US dollar denominated senior notes (7,000 million USD)	July 2020	March 2030 ~ July 2060	928.2
Unsecured Euro denominated senior notes (3,600 million EUR)	July 2020	July 2027 ~ July 2040	519.8
Unsecured JPY denominated senior bonds	October 2021	October 2031	249.4
Commercial Paper	March 2023	June 2023	40.0
Total			3,658.3

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
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	200.0
Bilateral loans	March 2016 ~ March 2023	April 2024 ~ March 2029	210.0
Other			0.5
Total			724.0

On April 23, 2022, Takeda redeemed 219 million USD of unsecured U.S. dollar-denominated senior notes issued in June 2015 in advance of their original maturity date of June 23, 2022. Following this, on October 27, 2022, Takeda redeemed 1,000 million USD of unsecured U.S. dollar-denominated senior notes issued in November 2018 in advance of their original maturity date of November 26, 2023. Furthermore, on November 21, 2022, Takeda redeemed 750 million EUR of unsecured floating rate senior notes issued in November 2018 on their maturity date. On March 31, 2023, Takeda repaid 75 billion JPY in bilateral loans falling due and on the same day entered into new bilateral loans of 75 billion JPY maturing on March 30, 2029. Takeda also had short term commercial paper

drawings outstanding of 40 billion JPY as of March 31, 2023, noting that there were no commercial paper drawings as of March 31, 2022.

Equity. Total Equity as of March 31, 2023 was 6,354.7 billion JPY, reflecting an increase of 671.1 billion JPY compared to the previous fiscal year-end. This primarily resulted from an increase of 573.9 billion JPY in Other Components of Equity mainly due to a fluctuation in currency translation adjustments reflecting the depreciation of yen. Retained Earnings increased by 61.4 billion JPY primarily attributable to Net Profit for the Year largely offset by the dividends payments of 278.3 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 239.9 billion JPY and 898.7 billion JPY for the fiscal years ended March 31, 2022 and 2023, respectively. As of March 31, 2023, we had contractual commitments for the acquisition of property, plant and equipment of 15.3 billion JPY. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2023. See Note 32 to our 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, 2022 and 2023 were 284.2 billion JPY and 280.8 billion JPY, respectively. Takeda has historically returned 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. It is our intention to return capital to shareholders using dividends at an annual level of 188 JPY per share in the fiscal year ending March 31, 2024, consisting of interim and fiscal year-end dividends of 94 JPY per share. See "IV. Information on the Company, 3. 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, 2023, we had 104.2 billion JPY of interest due within one year and 340.4 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 150.0 billion JPY and 750 million USD from financial institutions as of March 31, 2022 and 2023, 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 continue to closely monitor our funding situation and do not currently anticipate experiencing funding or liquidity shortfalls in the short term as a result of general 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, 2023, we held 533.5 billion JPY in cash and cash equivalents on hand, of which 125.8 billion JPY was cash temporarily held on behalf of third parties related to vaccine operations and a trade receivables sales program. In addition, Takeda had access to 700.0 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, 2022 and 2023:

Billion JPY

	For the fiscal year ended March 31	
	2022	2023
Net cash from (used in) operating activities	1,123.1	977.2
Net cash from (used in) investing activities	(198.1)	(607.1)
Net cash from (used in) financing activities	(1,070.3)	(709.1)
Net increase (decrease) in cash and cash equivalents	(145.3)	(339.1)
Cash and cash equivalents at the beginning of the year	966.2	849.7
Effects of exchange rate changes on cash and cash equivalents	28.8	22.9
Cash and cash equivalents at the end of the year	849.7	533.5

Net cash from operating activities was 977.2 billion JPY for the fiscal year ended March 31, 2023 compared to 1,123.1 billion JPY for the fiscal year ended March 31, 2022. The decrease of 145.9 billion JPY was primarily driven by an unfavorable impact from net of changes in assets and liabilities related to the operating activities, mainly due to a change in trade and other payables and increased income taxes paid. These were partially offset by higher net profit for the year adjusted for non-cash items and other adjustments.

Net cash used in investing activities was 607.1 billion JPY for the fiscal year ended March 31, 2023 compared to 198.1 billion JPY for the fiscal year ended March 31, 2022. The increase of 409.0 billion JPY was mainly due to an increase of 430.2 billion JPY in acquisition of intangible assets primarily resulting from the acquisition of Nimbus Lakshmi Inc.* for the current year, partially offset by a decrease of 49.7 billion JPY in acquisition of business (net of cash and cash equivalents acquired).

* Of the 4.0 billion USD upfront payment, 3.0 billion USD was paid in February 2023 and 0.9 billion USD was paid in April 2023. Remaining 0.1 billion USD is scheduled to be paid in August 2023.

Net cash used in financing activities was 709.1 billion JPY for the fiscal year ended March 31, 2023 compared to 1,070.3 billion JPY for the fiscal year ended March 31, 2022. The decrease of 361.1 billion JPY was mainly due to a decrease in repayments of bonds and long-term loans, net of proceeds from issuance of bonds and long-term loans upon refinancing, of 279.1 billion JPY, as well as an increase in commercial paper drawings of 40.0 billion JPY. In addition, there was a decrease in purchase of treasury shares of 50.6 billion JPY resulting from the higher share buybacks conducted in the previous year compared to the current year.

Borrowings and Financial Obligations

Our total bonds and loans were 4,345.4 billion JPY and 4,382.3 billion JPY as of March 31, 2022 and 2023, respectively. These borrowings include unsecured bonds and senior notes issued by Takeda, bilateral and syndicated loans entered into by the Company, borrowings incurred to fund a portion of the Shire Acquisition, debt assumed in connection with the Shire Acquisition and debt refinanced and are 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 April 23, 2022, Takeda redeemed 219 million USD of unsecured U.S. dollar-denominated senior notes issued in June 2015 in advance of their original maturity date of June 23, 2022. Following this, on October 27, 2022, Takeda redeemed 1,000 million USD of unsecured U.S. dollar-denominated senior notes issued in November 2018 in advance of their original maturity date of November 26, 2023. Furthermore, on November 21, 2022, Takeda redeemed 750 million EUR of unsecured floating rate senior notes issued in November 2018 on their maturity date. On March 31, 2023, Takeda repaid 75 billion JPY in bilateral loans falling due and on the same day entered into new bilateral loans of 75 billion JPY maturing on March 30, 2029. Takeda also had short term commercial paper drawings outstanding of 40 billion JPY as of March 31, 2023, noting that there were no commercial paper drawings as of March 31, 2022.

As of March 31, 2023, we had certain outstanding borrowings that contained financial covenants. A key financial covenant 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, 2023 in a similar manner to the prior year ended March 31, 2022. There are no restrictions on the ability to draw from the 700 billion JPY commitment line that was put in place in 2019 and matures at the end of September 2026.

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 nil as of March 31, 2022 and 40 billion JPY as of March 31, 2023. We further have access to short-term uncommitted lines of 150 billion JPY and 750 million USD which were undrawn as of March 31, 2022 and 2023, 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	Outlook	Rating Structure
S&P Global Ratings	Issuer credit rating/foreign currency long-term and local currency long-term	BBB+	Stable	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	Baa1*	Stable*	Fourth highest of nine rating categories and first within the category based on modifiers (e.g. Baa1, Baa2 and Baa3 are within the same category).

* Moody's revised the long-term issuer credit rating from Baa2 to Baa1 and changed the outlook from Positive to Stable on June 26, 2023.

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.

Material Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2023:

	(billions of yen)				
	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]	¥ 4,640.2	¥ 331.2	¥ 768.4	¥ 849.9	¥ 2,690.7
Loans	767.6	113.4	153.5	425.2	75.5
Purchase obligations for property, plant and equipment	15.3	15.3	—	—	—
Repayment of lease liabilities	666.0	59.6	107.2	87.4	411.7
Contributions to defined benefit plans [5]	12.5	12.5	—	—	—
Total [6] [7]	¥ 6,101.6	¥ 532.0	¥ 1,029.1	¥ 1,362.5	¥ 3,177.9

Notes:

(1) Obligations denominated in currencies other than Japanese yen have been translated into Japanese yen using the exchange rates as of March 31, 2023 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 "Between one and three years" includes a 500.0 billion JPY principal amount of hybrid subordinated bonds ("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 of the principal and interest rate associated with the Hybrid Bond, see Note 20 to our audited consolidated financial statements.
(5) Pension and post-retirement contributions cannot be determined beyond the fiscal year ending March 31, 2024 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 liabilities 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, 2023 were 40.7 billion JPY and 8.1 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.

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, 2023, the contractual amount of potential milestone payments totaled 1,455.6 billion JPY, in each case excluding potential commercial milestone payments. See Note 13 and 32 to our audited consolidated financial statements for further details.

5. Material Contracts

Acquisition of Nimbus Lakshmi, Inc.

On December 13, 2022, we entered into a share purchase agreement with Nimbus Therapeutics, LLC ("Nimbus") to acquire all of the capital stock of Nimbus Lakshmi, Inc. ("Lakshmi"), a wholly owned subsidiary of Nimbus, that owns or controls the intellectual property rights and other associated assets related to the allosteric TYK2 inhibitor known internally at Nimbus as "NDI-034858". Under the terms of the agreement, we agreed to pay Nimbus 4.0 billion USD upfront following the closing of the transaction(*), and will pay two milestone payments of 1.0 billion USD each upon achieving annual net sales of 4.0 billion USD and 5.0 billion USD of products developed from the "TAK-279" program, formally known as "NDI-034858" at Nimbus. The transaction closed on February 8, 2023. In addition, in connection with the transaction, we have agreed to assume Nimbus's obligations under a January 2022 settlement agreement with Bristol-Myers Squib and its Celgene Corporation subsidiary (collectively, "BMS") to make certain payments to BMS following the achievement of development, regulatory, and sales-based milestones for products developed from the TAK-279 program.

(*) Of the 4.0 billion USD upfront payment, 3.0 billion USD was paid in February 2023 and 0.9 billion USD was paid in April 2023. Remaining 0.1 billion USD is scheduled to be paid in August 2023.

See "4. 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, i) Factors Affecting Our Results of Operations, *Factors Affecting Our Results of Operations, Acquisitions.*"

6. Research and Development

Research and development expenses for the fiscal year ended March 31, 2023 were 633.3 billion JPY.

The research and development (R&D) of biopharmaceutical 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 therapeutic candidates pass such rigorous investigation and become available for use in clinical treatment. Once approved, there is ongoing R&D support for marketed products, including life-cycle management, 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 Food and Drug Administration (FDA) for the United States, the European Medicines Agency (EMA) for the EU, the Ministry of Health, Labour and Welfare (MHLW) for Japan 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 (Gastrointestinal and inflammation, neuroscience, oncology, and rare genetics and hematology). We are working to harness the potential of cell and gene therapies by investing in new capabilities and next-generation platforms internally and through a network of partnerships. We are embracing data and digital technologies to improve the quality of innovation and accelerate execution.

Takeda's pipeline is positioned to support both the near-term and long-term sustained growth of the company. Once first approval of a product is achieved, Takeda R&D is equipped to support geographic expansions of such approval and approvals in additional indications, as well as post-marketing commitment and potential additional formulation work. Takeda's R&D team works closely with the commercial functions to maximize the value of marketed products and reflect commercial insights in its R&D strategies and portfolio.

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:

- *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 gastrointestinal and inflammation, oncology, 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 state-of-the-art cell therapy manufacturing facility. Furthermore, Takeda signed a 15-year lease for an approximately 600,000 square foot state-of-the-art R&D and office facility under construction in Kendall Square, which Takeda plans to occupy from 2026.
- *Shonan Health Innovation Park:* Located in Fujisawa and Kamakura in Kanagawa Prefecture in Japan, the Shonan Health Innovation Park ("Shonan iPark") was opened in 2018 when Takeda transformed its Shonan Research Center into the first pharma-led science park in Japan by opening its doors to external parties and is the primary location for Takeda's neuroscience research. To attract more diverse partners and to further the success of the Shonan iPark, Takeda transferred ownership rights of Shonan iPark to a trustee in 2020 and transferred operation of Shonan iPark to a company established by Takeda in 2023. Takeda, as a flagship tenant, is committed to invigorating life science research in Japan.
- *San Diego Research and Development Site*: Our R&D site located in San Diego, California in the United States supports R&D in the gastrointestinal and inflammation 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 site, located in Vienna, Austria, supports programs in R&D and in PDT. The research center focuses on biologics programs in R&D and contains manufacturing sites for plasma derived products.

Major progress on R&D events since April 2022 are listed as follows:

R&D pipeline

Gastrointestinal and Inflammation

In Gastrointestinal and Inflammation, Takeda focuses on delivering innovative, life-changing therapeutics for patients with gastrointestinal diseases, including those of the liver as well as other immune-mediated inflammatory diseases. Takeda is maximizing the potential of our inflammatory bowel disease (IBD) franchise around ENTYVIO, including development of a subcutaneous formulation and expansion into other indications such as active chronic pouchitis. Takeda is also expanding its position with GATTEX/REVESTIVE, and ALOFISEL which is currently in Phase 3 trial to support further potential geographic expansion in the U.S. Furthermore, Takeda is progressing a pipeline built through in-house discovery, partnerships and business development, exploring opportunities in inflammatory diseases (IBD, celiac disease, psoriasis, psoriatic arthritis, system lupus erythematosus, others), select liver diseases, and motility disorders. Fazirsiran (TAK-999) is an example of an addition through partnership and a potential first-in-class RNAi for alpha-1 antitrypsin-deficiency associated liver disease in late-stage development. TAK-279 is an example of an acquisition through business development of a late-stage, potential best-in-class oral allosteric tyrosine kinase 2 (TYK2) inhibitor with potential to treat inflammatory diseases.

Note: Therapeutic area name is now "Gastrointestinal and Inflammation" (previously called "Gastroenterology (GI)"), expanding the GI identity, to better reflect our pipeline today and our broad ambition in immune-mediated disease.

ENTYVIO / Generic name: vedolizumab

- In February 2023, Takeda announced late-breaking data from the Phase 3 GRAPHITE study presented at the 2023 Tandem Meetings, demonstrating vedolizumab achieved a statistically significant and clinically meaningful improvement in lower gastrointestinal (GI) acute graft-versus-host disease (aGvHD)-free survival by Day 180 after allogeneic hematopoietic stem cell transplantation (allo-HSCT) with no relevant differences in safety profile versus placebo. The Phase 3, randomized, double-blind, placebo-controlled, multicenter GRAPHITE study evaluated the efficacy and safety of vedolizumab as prophylaxis for intestinal aGvHD in patients undergoing allo-HSCT from unrelated donors for the treatment of hematological malignancies. The study met its primary endpoint, with vedolizumab achieving a statistically significant improvement in intestinal aGvHD-free survival versus placebo by Day 180 after allo-HSCT (85.5% of patients in the vedolizumab arm versus 70.9% in the placebo arm [HR=0.45; 95% CI: 0.27, 0.73; p<0.001]). No relevant differences in safety profile between the vedolizumab and placebo arms were observed, and no new safety signals were identified. Treatment-related adverse events were reported in 24.8% versus 28.4%, and treatment related serious adverse events in 8.5% versus 6.5% of patients treated with placebo versus vedolizumab, respectively.
- In March 2023, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved the use of ENTYVIO Pens for subcutaneous (SC) injection 108 mg / Syringes for SC injection 108 mg (ENTYVIO SC) as maintenance therapy for moderate to severe ulcerative colitis patients with inadequate response to conventional treatment. This approval is based on the MLN0002SC-3027 and MLN0002SC-3030 clinical trials, which are international Phase 3 trials to evaluate the efficacy and safety of Entyvio SC as a maintenance therapy. SC delivery may reduce the number of personnel, equipment, facilities and time necessary for preparation of the intravenous formulation, which may minimize errors in administration of the drug. It is also intended to provide ease of handling, convenience, and reduce the time required per administration.
- In March 2023, Takeda announced that *the New England Journal of Medicine* (NEJM) published positive data from the Phase 4 EARNEST study of vedolizumab for the treatment of chronic pouchitis. The published results showed the Phase 4 EARNEST study met its primary efficacy endpoint of clinical and endoscopic remission, as measured by modified Pouchitis Disease Activity Index (mPDAI), at Week 14 in 31% of participants (16 out of 51) receiving vedolizumab versus 10% (5 out of 51) receiving placebo (95% CI: 5 to 38 percentage point [p.p.] difference; p=0.01). This improved outcome compared with placebo was also seen at the equivalent secondary endpoint at Week 34 (35% of vedolizumab patients [18 out of 51] achieved mPDAI remission compared with 18% [9 out of 51] on placebo [95% CI: 0 to 35 p.p. difference]). Serious adverse events occurred in 6% (3 out of 51) and 8% (4 out of 51) of patients in the vedolizumab and placebo groups, respectively. No new safety signals were identified.

- In April 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review its Biologics License Application (BLA) resubmission for the investigational subcutaneous (SC) administration of ENTYVIO for maintenance therapy in adults with moderately to severely active ulcerative colitis (UC) after induction therapy with ENTYVIO intravenous (IV). The resubmission is intended to address FDA feedback in a December 2019 Complete Response Letter (CRL). Since receiving the CRL Takeda has worked closely with the FDA to address the Agency's feedback; this resubmission package includes additional data collected to investigate the use of subcutaneous administration of Entyvio. The contents of the letter were unrelated to the IV formulation of Entyvio, the clinical safety and efficacy data, and conclusions from the pivotal VISIBLE 1 trial supporting the Entyvio SC BLA. VISIBLE 1 assessed the safety and efficacy of a SC formulation of Entyvio as maintenance therapy in 216 adult patients with moderately to severely active UC who achieved clinical response at week 6 following two doses of open-label vedolizumab intravenous therapy at weeks 0 and 2. The primary endpoint was clinical remission at week 52, which was defined as a total Mayo score of ≤2 and no subscore >1. Takeda expects a decision from the FDA by the end of 2023.

Development code: TAK-999 / Generic name: fazirsiran

- In June 2022, Takeda and Arrowhead Pharmaceuticals Inc. announced that results from a Phase 2 clinical study (AROAAT-2002) of investigational fazirsiran for the treatment of liver disease associated with alpha-1 antitrypsin deficiency (AATD-LD) were published in *the New England Journal of Medicine* (NEJM) and presented in an oral presentation at The International Liver Congress 2022 - The Annual Meeting of the European Association for the Study of the Liver (EASL). Fazirsiran is a potential first-in-class investigational RNA interference (RNAi) therapy designed to reduce the production of mutant alpha-1 antitrypsin protein (Z-AAT) as a potential treatment for the rare genetic liver disease associated with AATD. Fazirsiran was granted Breakthrough Therapy Designation (BTD) in July 2021 and Orphan Drug Designation in February 2018 for the treatment of AATD from the U.S. Food and Drug Administration (FDA).
- In January 2023, Takeda and Arrowhead Pharmaceuticals Inc. announced topline results from the Phase 2 SEQUOIA clinical study of investigational fazirsiran. SEQUOIA is a placebo-controlled, multi-dose, Phase 2 study to determine the safety, tolerability, and pharmacodynamic effect of fazirsiran in 42 patients with AATD-LD. Patients receiving 25 mg, 100 mg, or 200 mg of fazirsiran who had baseline fibrosis (n=16) demonstrated a dose dependent mean reduction in serum Z-AAT concentration at Week 48 of 74%, 89%, and 94%, respectively. All three doses led to a dramatic reduction in total liver Z-AAT with a median reduction of 94% at the postbaseline liver biopsy visit. In addition, PAS-D globule burden, a histological measure of Z-AAT accumulation, was reduced from a baseline mean of 5.9 to a post baseline mean of 2.3 at the postbaseline liver biopsy visit. Improvement in portal inflammation was observed in 42% of patients while only 7% showed worsening. Also, 50% of patients achieved an improvement in fibrosis of at least one point by METAVIR stage. In contrast, by Week 48 patients receiving placebo who had baseline fibrosis (n=9) saw no meaningful changes from baseline in serum Z-AAT, a 26% increase in liver Z-AAT, no meaningful change in PAS-D globule burden, no placebo patients experienced an improvement in portal inflammation while 44% experienced worsening, and 22% of placebo patients experienced worsening while 38% experienced an improvement in fibrosis at the postbaseline liver biopsy visit. Fazirsiran has been well tolerated with treatment emergent adverse events reported to date generally well balanced between fazirsiran and placebo groups. There were no treatment-emergent adverse events leading to drug discontinuation, dose interruptions, or premature study withdrawals in any study group. Compared with placebo, no dose-dependent or clinically meaningful changes were observed in pulmonary function tests over 1 year with fazirsiran. The companies also provided an outline of a Phase 3 study that was co-developed by Takeda and Arrowhead and is being conducted by Takeda.

Development code: TAK-625 / Generic name: maralixibat chloride

- In December 2022, Takeda announced that it has received Orphan Drug Designation from the Japanese Ministry of Health, Labour and Welfare (MHLW) for maralixibat chloride for the expected indications of Alagille syndrome (ALGS) and progressive familial intrahepatic cholestasis (PFIC). Currently, there are no treatments approved for the treatment of ALGS or PFIC in Japan. Maralixibat is in Phase 3 clinical trials in Japan for the treatment of ALGS and PFIC.

Development code: TAK-279

- In December 2022, Takeda announced that it would acquire all of the capital stock of Nimbus Lakshi, Inc., a wholly owned subsidiary of Nimbus Therapeutics, LLC, that owns or controls the intellectual property rights and other associated assets related to TAK-279 (formerly known at Nimbus as NDI-034858) from Nimbus Therapeutics, LLC. TAK-279 is a highly selective, oral allosteric tyrosine kinase 2 (TYK2) inhibitor being evaluated for the treatment of multiple autoimmune diseases following successful Phase 2b results in psoriasis. In February 2023, Takeda completed the acquisition of Nimbus Lakshmi, Inc. and TAK-279 which has the potential to demonstrate best-in-class efficacy, safety and convenience in psoriasis as well as multiple other immune-mediated diseases, including inflammatory bowel disease, psoriatic arthritis and systemic lupus erythematosus. This acquisition strengthens Takeda's growing late-stage pipeline and potentially expands its portfolio and patient impact across multiple indications, reinforcing Takeda's ability to maintain strong growth globally in the mid- to long-term.
- In March 2023, Takeda announced positive results from a Phase 2b clinical trial of TAK-279 in patients with moderate-to-severe plaque psoriasis. The study met its primary and secondary endpoints, with a statistically significant greater proportion of TAK-279 patients achieving Psoriasis Area and Severity Index (PASI) 75, 90 and 100 in the 5mg, 15mg and 30mg dosing arms compared to placebo at 12 weeks. These data were presented during a late-breaking session at the American Academy of Dermatology (AAD) Annual Meeting. Results showed a significantly greater proportion of patients achieved PASI 75 at doses ≥5mg at 12 Weeks. At the highest dose of TAK-279, 46% of patients achieved PASI 90 and 33% achieved PASI 100 at 12 weeks, indicating a near-total or total clearance of skin lesions. The frequency of adverse events (AEs) was 53-62% in the treatment arms and 44% in the placebo arm. Most events were mild to moderate in severity. Two serious AEs occurred in one patient (15mg) and were considered unrelated. Changes in laboratory parameters were consistent with known effects of allosteric TYK2 inhibition. Based on these Phase 2b results, Takeda will initiate a Phase 3 study of TAK-279 in psoriasis in FY2023. Takeda expects topline results from a Phase 2b study in psoriatic arthritis in FY2023 and will be evaluating TAK-279 in additional immune-mediated diseases including systemic lupus erythematosus (SLE) and inflammatory bowel disease (IBD). Other indications will be explored in the future.

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, in particular, on potential investigative therapies for sleep-wake disorders such as narcolepsy and idiopathic hypersomnia with a franchise of orexin-2 receptor agonists (TAK-861, danavorexton (TAK-925), etc.), rare epilepsies with soticlestat (TAK-935) and central nervous system (CNS) and somatic symptoms of Hunter Syndrome with pabinafusp alfa (TAK-141). Additionally, Takeda makes targeted investments to investigate well-defined segments of neuromuscular diseases, neurodegenerative diseases and movement disorders.

Note: Pabinafusp alfa (TAK-141) and TAK-611 will be developed in Neuroscience starting from FY2023 Q1 and may benefit from Neuroscience's CNS expertise.

Development code: TAK-994

- In June 2022, Takeda decided not to proceed with further development activities of TAK-994 following an assessment of the benefit/ risk profile. After a safety signal had emerged in Phase 2 studies of TAK-994 (TAK-994-1501 study and TAK-994-1504 study), in October 2021, Takeda had decided to stop both Phase 2 studies early.

Development code: TAK-611

- In June 2022, Takeda announced that it has received Orphan Drug Designation from the Japanese Ministry of Health, Labour and Welfare (MLHW) for its recombinant human arylsulfatase A (rhASA) TAK-611 for the expected indication of Metachromatic Leukodystrophy (MLD). Currently, there are no treatments indicated for MLD in Japan. TAK-611 is an rhASA for enzyme replacement therapy for MLD, and global Phase 2b studies and other studies are ongoing.

Oncology

In Oncology, we aspire to cure cancer, with inspiration from patients and innovation from everywhere. We are focused on: (1) building on our legacy in hematologic malignancies with marketed products (NINLARO, ADCETRIS, and ICLUSIG, etc.) and pipeline programs; (2) growing a solid tumor portfolio with marketed lung cancer products (ALUNBRIG and EXKIVITY), and development programs in other areas, including colorectal cancer with fruquinitinib (TAK-113); and (3) advancing a cutting-edge pipeline focused on the power of innate immunity.

ADCETRIS / Generic name: brentuximab vedotin

- In May 2022, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change in approved items of the manufacturing and marketing approval of ADCETRIS as a first- line treatment for CD30-positive Hodgkin lymphoma in pediatric patients.
- In May 2022, Takeda and Seagen Inc. announced the overall survival (OS) data from the Phase 3 ECHELON-1 clinical trial of an ADCETRIS plus chemotherapy combination. The data was presented in an oral session at the 59th American Society of Clinical Oncology (ASCO) Annual Meeting and at the 27th European Hematology Association (EHA) Annual Meeting. Data from the ECHELON-1 trial demonstrated a statistically significant improvement in OS in adult patients with previously untreated Stage III or IV classical Hodgkin lymphoma treated with ADCETRIS plus doxorubicin, vinblastine and dacarbazine (A+AVD) vs. doxorubicin, bleomycin, vinblastine, and dacarbazine (ABVD). With approximately six years median follow up (73 months), patients receiving A+AVD had a 41 percent reduction in the risk of death (hazard ratio [HR] 0.59; 95% confidence interval [CI]: 0.396 to 0.879), with an estimated OS rate (95% CI) of 93.9% (91.6, 95.5) at 6 years. The safety profile of ADCETRIS was consistent with previous studies, and no new safety signals were observed.
- In February 2023, Takeda announced that it submitted an application in Japan seeking approval of a partial change to the manufacturing and marketing authorization for ADCETRIS concerning the indications, dosage and administration of the drug for the treatment of relapsed or refractory CD30-positive cutaneous T-cell lymphoma (CTCL). The application is based on the results of ALCANZA (C25001), a Phase 3 clinical trial conducted outside of Japan evaluating the efficacy and safety of ADCETRIS in patients with relapsed or refractory CD30-positive cutaneous T-cell lymphoma (CTCL), and the results of SGN-35-OU, a Phase 2 investigator-initiated clinical trial in Japan, which evaluated the efficacy and safety of ADCETRIS in Japanese patients.

VECTIBIX / Generic name: panitumumab

- In June 2022, Takeda announced the data from the PARADIGM, a Phase 3 clinical trial of VECTIBIX in chemotherapy- naive Japanese patients with unresectable advanced recurrent colorectal cancer with wild-type RAS gene, was presented at the Plenary Session of the American Society of Clinical Oncology (ASCO) Annual Meeting. PARADIGM is the first prospective trial to evaluate appropriate treatment options for metastatic colorectal cancer patients with wild-type RAS gene and left-side primary tumor (descending colon, sigmoid colon, and rectum). The results of the trial showed that the mFOLFOX6 + VECTIBIX combination provides a statistically significant improvement in overall survival (OS) over the mFOLFOX6 + bevacizumab combination in patients with a left-sided primary tumor or regardless of tumor locations (median OS for left-sided tumors: 37.9 vs. 34.3, HR=0.82 [95.798% CI: 0.68-0.99], p=0.031, overall median OS: 36.2 vs. 31.3, HR=0.84 [95% CI: 0.72-0.98], p=0.030). The safety profile of VECTIBIX administration in this study was similar to clinical study results previously published. In April 2023, the results of this trial were published in the *Journal of the American Medical Association* (JAMA).

ICLUSIG / Generic name: ponatinib

- In November 2022, Takeda announced that the randomized, Phase 3 PhALLCON trial met its primary endpoint, demonstrating that adult patients with newly-diagnosed Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) treated with ICLUSIG plus reduced-intensity chemotherapy achieved higher rates of minimal residual disease (MRD)-negative complete remission (CR) compared to imatinib. The PhALLCON study is the first Phase 3 randomized, international, open-label multicenter trial, and the only head-to-head study, evaluating the efficacy and safety of two tyrosine kinase inhibitor (TKIs) in combination with reduced-intensity chemotherapy as a frontline therapy for adult patients with newly diagnosed Ph+ ALL. In the trial, no new safety signals were observed.

EXKIVITY / Generic name: mobocertinib

- In January 2023, Takeda announced that EXKIVITY has been approved by the National Medical Products Administration (NMPA) of China for the treatment of adult patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) Exon20 insertion mutations, whose disease has progressed on or after platinum-based chemotherapy. EXKIVITY has shown clinically meaningful and durable responses in patients with locally advanced or metastatic EGFR Exon20 insertion+ NSCLC and is now the first and only treatment available for this patient population in China. EXKIVITY, an oral tyrosine kinase inhibitor designed to target Exon20 insertions, was reviewed as part of the NMPA's Breakthrough Therapy program. This approval is based on the results from the platinum-pretreated population in the Phase 1/2 trial of EXKIVITY. Full approval for this indication may be contingent upon verification of clinical benefit in a confirmatory trial.

Development code: TAK-113 / Generic name: fruquintinib

- In January 2023, Takeda announced that it has entered into an exclusive licensing agreement with HUTCHMED (China) Limited and its subsidiary HUTCHMED Limited, for the further development and commercialization of fruquintinib outside of mainland China, Hong Kong and Macau. Approved in China in 2018, fruquintinib is a highly selective and potent inhibitor of vascular endothelial growth factor receptors (VEGFR) -1, 2 and 3. Fruquintinib is orally administered and has the potential to be used across subtypes of refractory metastatic colorectal cancer (CRC), regardless of biomarker status. Positive results of FRESCO-2, the Phase 3 multi-regional clinical trial of fruquintinib in refractory metastatic CRC were presented at the European Society for Medical Oncology (ESMO) Congress in September 2022. FRESCO-2 met its primary endpoint of improving overall survival (OS) in patients with metastatic CRC and was generally well tolerated. The U.S. Food and Drug Administration (FDA) granted Fast Track designation for the development of fruquintinib for the treatment of patients with metastatic CRC in 2020. In December 2022, HUTCHMED initiated a rolling submission of a New Drug Application (NDA) for fruquintinib with the FDA, which was completed in March 2023. This will be followed by planned submission of a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) and a JNDA to the Japanese Ministry of Health, Labour and Welfare (MHLW).
- In May 2023, Takeda and HUTCHMED (China) Limited announced that the U.S. Food and Drug Administration (FDA) granted priority review of the New Drug Application (NDA) for fruquintinib, a highly selective and potent inhibitor of vascular endothelial growth factor receptors (VEGFR) -1, -2 and -3 for the treatment of adult patients with previously treated metastatic colorectal cancer (CRC). If approved, fruquintinib will be the first and only highly selective inhibitor of all three VEGF receptors approved in the U.S. for previously treated metastatic CRC. The NDA for fruquintinib includes results from the Phase 3 FRESCO-2 trial conducted in the U.S., Europe, Japan and Australia along with data from the Phase 3 FRESCO trial conducted in China. The Prescription Drug User Fee Act (PDUFA) goal date assigned by the FDA for this NDA is November 30, 2023.

Rare Genetics and Hematology

In Rare Genetics and Hematology, Takeda focuses on several areas of high unmet medical need. In hereditary angioedema, Takeda aspires to transform the treatment paradigm, including through TAKHZYRO, with continued investment in lifecycle management programs. In rare hematology, Takeda focuses on addressing today's needs in the treatment of bleeding disorders, including through ADVATE and ADYNOVATE/ADYNOVI, as well as on the development of pipeline assets including apadamtase alfa/cinaxadamtase alfa (TAK-755) for the treatment of immune thrombotic thrombocytopenic purpura (iTTP) and congenital thrombotic thrombocytopenic purpura (cTTP). In addition, Takeda aims to redefine the management of post-transplant cytomegalovirus (CMV) infection/disease with LIVTENCITY. While we recently decided to discontinue discovery and pre-clinical activities in adeno-associated virus (AAV) gene therapy, Takeda remains committed to fulfilling our vision to deliver life-transforming medicines to patients with rare diseases.

TAKHZYRO / Generic name: lanadelumab

- In April 2022, Takeda announced that the Phase 3 SPRING study evaluating the safety profile and pharmacokinetics of TAKHZYRO in patients 2 to <12 years of age is complete and has met its primary objectives. The safety profile was consistent with that seen in the clinical program for patients 12 years of age and older; there were no serious adverse events and no dropouts due to adverse events. The study also successfully reached the secondary objective evaluating the clinical activity/outcome of TAKHZYRO in preventing hereditary angioedema (HAE) attacks as well as characterizing the pharmacodynamics of TAKHZYRO in pediatric subjects 2 to <12 years of age.
- In July 2022, Takeda announced late-breaking data from the Phase 3 SPRING study presented at the European Academy of Allergy and Clinical Immunology (EAACI) Hybrid Congress 2022. The primary objective of the open-label, multicenter, Phase 3 (SPRING) study was to evaluate the safety and pharmacokinetics (PK) of TAKHZYRO in patients aged 2 to <12 years with HAE. Clinical outcomes (prevention of HAE attacks) were measured as a secondary objective. In this study, HAE patients received a dose of 150 mg every 4 weeks in patients 2 to <6 years and every 2 weeks in patients aged 6 to <12 years. TAKHZYRO reduced the rate of HAE attacks in children by a mean of 94.8% compared to baseline, from 1.84 attacks per month to 0.08 attacks during treatment. The majority of patients (76.2%) were attack-free during the 52-week treatment period with an average of 99.5% attack-free days. No deaths or serious treatment-emergent adverse events (TEAEs) were reported during the study, and no patients withdrew from the study

due to TEAEs. These results are consistent with earlier studies with adult and adolescent patients. These data will be submitted to global regulatory authorities to evaluate a potential label expansion for TAKHZYRO to include the younger patient population.

- In February 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) approved the supplemental Biologics License Application (sBLA) for the expanded use of TAKHZYRO for prophylaxis to prevent attacks of hereditary angioedema (HAE) in pediatric patients 2 to <12 years of age. The application was granted for priority review by the FDA. The sBLA approval was supported by extrapolation of efficacy data from the HELP Study, a Phase 3 trial that included patients 12 to <18 years of age, and additional pharmacokinetic analyses showing similar drug exposures between adults and pediatric patients, as well as safety and pharmacodynamic data from the SPRING Study, an open-label Phase 3 trial in HAE patients 2 to <12 years of age. Prior to this approval, children with HAE 2 to <6 years of age had no approved prophylaxis treatment, making TAKHZYRO the first prophylaxis treatment for this age group.

LIVTENCITY / Generic name: maribavir

- In April 2022, Takeda announced that it presented four company-sponsored abstracts on LIVTENCITY at the Tandem Transplantation & Cellular Therapy Meetings in Salt Lake City, Utah, and the 32nd European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in Lisbon, Portugal. The abstracts include an exploratory analysis of the Phase 3 SOLSTICE trial showing LIVTENCITY-treated patients with post-transplant cytomegalovirus (CMV) infections/disease had reductions in hospitalizations (34.8%; p=0.021) and length of hospital stay (53.8%; p=0.029), compared to those treated with conventional antiviral therapies. In addition, a post-hoc, sub-group analysis of the Phase 3 SOLSTICE trial showed shorter time to first confirmed CMV DNA level less than the lower limit of quantification (<LLOQ) with LIVTENCITY, compared to conventional antiviral therapies, which was consistent with previously reported findings.

- In November 2022, Takeda announced that the European Commission (EC) has granted Marketing Authorization for LIVTENCITY for the treatment of CMV infection and/or disease that is refractory (with or without resistance) to one or more prior therapies, including ganciclovir, valganciclovir, cidofovir or foscarnet, in adult patients who have undergone a hematopoietic stem cell transplant (HSCT) or solid organ transplant (SOT). The centralized marketing authorization is valid in all EU member states as well as in Iceland, Liechtenstein, Norway, and Northern Ireland, and was based on the Phase 3 SOLSTICE trial, which evaluated the safety and efficacy of LIVTENCITY versus conventional antiviral therapies (ganciclovir, valganciclovir, cidofovir or foscarnet) for the treatment of adult HSCT and SOT recipients with CMV infection refractory (with or without resistance) to prior therapies.

- In December 2022, Takeda announced that in the AURORA trial, a Phase 3, multicenter, randomized, double-blind, double-dummy, active-controlled study to assess the efficacy and safety of LIVTENCITY compared to valganciclovir for the treatment of CMV infection in HSCT recipients, LIVTENCITY demonstrated clinically meaningful efficacy in confirmed CMV viremia clearance, but did not meet its primary endpoint of non-inferiority vs. valganciclovir (maribavir 69.6% [190/273] vs. valganciclovir 77.4% [212/274]; adjusted difference, -7.7%; 95% CI: -14.98, -0.36), based on the prespecified non-inferiority margin of 7%. The primary endpoint was defined as the proportion of patients who achieved confirmed CMV viremia clearance (plasma CMV DNA <LLOQ; <137 IU/mL) after exclusively LIVTENCITY compared to valganciclovir at end of treatment phase (Week 8). At Week 16, the key secondary endpoint, 52.7% of patients treated with LIVTENCITY achieved a numerically higher maintenance effect of CMV viremia clearance and symptom control from Week 8 vs. 48.5% for valganciclovir. Sustained maintenance effect was observed with LIVTENCITY during post-treatment evaluations at Week 12 (LIVTENCITY 59.3%, valganciclovir 57.3%) and Week 20 (LIVTENCITY 43.2%, valganciclovir 42.3%). Study reaffirmed LIVTENCITY's favorable safety profile, given valganciclovir's higher incidence of treatment-emergent neutropenia (63.5% vs. 21.2% for LIVTENCITY) and higher rate of premature discontinuation of therapy due to neutropenia (17.5% vs. 4% for LIVTENCITY). Nausea (27.5%) and dysgeusia (25.6%) were the most common adverse events reported with LIVTENCITY. Takeda remains committed to the transplant community and is engaging with regulatory authorities to discuss AURORA study outcomes.

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

- In June 2022, Takeda announced that it submitted a Supplemental New Drug Application (sNDA) of ADYNOVATE for a partial change in approved items of the manufacturing and marketing approval, which is for dosage and administration in prophylaxis use in Japan. The application is based primarily on the results of the global Phase 3 clinical trials, CONTINUATION study and PROPEL study.

FIRAZYR / Generic name: icatibant

- In August 2022, Takeda announced that it received an approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for a partial change in approved items of the manufacturing and marketing approval for FIRAZYR as a treatment for pediatric patients two years of age or older with hereditary angioedema (HAE). The approval is based primarily on a Japanese Phase 3 open-label trial and a Phase 3 open-label trial outside of Japan evaluating the safety, efficacy and pharmacokinetics of subcutaneous administration of FIRAZYR in pediatric HAE patients aged between two and 18 years.

Development code: TAK-755 / Generic name: apadamtase alfa/cinaxadamtase alfa

- In December 2022, Takeda announced that it has received Orphan Drug Designation from the Japanese Ministry of Health, Labour and Welfare (MHLW) for TAK-755 for the expected indication of thrombotic thrombocytopenic purpura (TTP). As the first recombinant ADAMTS13 (rADAMTS13) drug targeting TTP, TAK-755 is developed globally for the treatment of congenital TTP (cTTP) and acquired (immune) TTP (iTTP).

- In January 2023, Takeda announced that the totality of evidence from a pre-planned interim analysis of a pivotal Phase 3 study supports the efficacy and safety of TAK-755 as enzyme replacement therapy for cTTP. The study evaluated TAK-755 compared to plasma-based therapies, which are the current standard of care (SoC), in a randomized cross-over study. The interim results showed

that TAK-755 reduced the incidence of thrombocytopenia events by 60% (95% Confidence Interval, 30%-70%), an important marker of disease activity in cTTP, as compared to SoC. The proportion of subjects experiencing adverse events determined to be related to the treatment was substantially lower among subjects during treatment with TAK-755 (8.9%) compared to that while receiving SoC therapy (47.7%). Based on these data from the Phase 3 interim analysis, Takeda aims to seek marketing authorization for TAK-755 as the first rADAMTS13 replacement therapy for cTTP, a disorder with considerable unmet patient need.

- In May 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted Takeda's Biologics License Application (BLA) for TAK-755, an enzyme replacement therapy for the treatment of congenital thrombotic thrombocytopenic purpura (cTTP), an ADAMTS13 deficiency disorder. The TAK-755 application was accepted by the FDA on May 16th and has been granted Priority Review. FDA also granted TAK-755 Rare Pediatric Disease (RPD) designation for cTTP. TAK-755 has previously received Fast Track Designation and Orphan Drug Designation in cTTP. The BLA is supported by the totality of the evidence provided by efficacy, pharmacokinetic, safety and tolerability data from the first randomized, controlled trial in cTTP, and supported by long-term safety and efficacy data from a continuation study. If approved, TAK-755 would be the first and only recombinant ADAMTS13 (rADAMTS13) replacement therapy for cTTP, a disorder with considerable unmet patient need. Takeda is also investigating the safety, efficacy and pharmacokinetics of TAK-755 treatment in immune-mediated TTP (iTTP).

Plasma-Derived Therapies (PDT)

Takeda has created a dedicated PDT business unit with a focus to manage the business end-to-end, from plasma collection to manufacturing, R&D, and commercialization. In PDT, we aspire to develop life-saving plasma derived treatments which are essential for patients with a variety of rare and complex chronic diseases. The dedicated R&D organization in PDT is charged with maximizing the value of existing therapies, identifying new targeted therapies, and optimizing efficiencies of current product manufacturing. Near-term, our priority is focused on delivering value from our broad immunoglobulin portfolio (HYQVIA, CUVITRU, GAMMAGARD and GAMMAGARD S/D) through pursuit of new indications, geographic expansions, and enhanced patient experience through integrated healthcare technologies. In our hematology and specialty care portfolio, our priority is pursuing new indication and formulation development opportunities for PROTHROMPLEX (4F-PCC), FEIBA, CEPROTIN and ARALAST. Additionally, we are developing next generation immunoglobulin products with 20% fSCIg (TAK-881), IgG Low IgA (TAK-880) and pursuing other early stage opportunities (e.g. hypersialylated Immunoglobulin (hsIgG)) that would add to our diversified commercial portfolio of more than 20 therapeutic products distributed worldwide.

HYQVIA / Generic name: Immunoglobulin (IG) Infusion 10% (Human) w/ Recombinant Human Hyaluronidase

- In July 2022, Takeda announced that ADVANCE-1, a randomized, placebo-controlled, double-blind Phase 3 clinical trial evaluating HYQVIA for the maintenance treatment of chronic inflammatory demyelinating polyradiculoneuropathy (CIDP), met its primary endpoint. The pivotal ADVANCE-1 clinical trial evaluated the efficacy, safety and tolerability of HYQVIA in 132 adult patients with CIDP who had been on a stable dosing regimen of intravenous immunoglobulin (IVIG) therapy for at least three months prior to infusion. Analysis of the primary endpoint shows that HYQVIA, when administered at the same dose and dosing interval as the patient's previous IVIG, reduced CIDP relapse as compared to placebo [9.7% vs 31.4%, respectively; p-value = 0.0045], as measured by Inflammatory Neuropathy Cause and Treatment (INCAT). The majority of patients in the study received a four-week dosing regimen of HYQVIA. Of the 62 patients treated with HYQVIA, the majority of treatment-related adverse events were reported as mild or moderate. No new safety risks were reported with HYQVIA. The safety profile of HYQVIA in CIDP will be further supported by data from the ongoing ADVANCE-3 clinical trial, the longest extension study of its kind with up to six years of follow-up data on some participants. With full data analyses, Takeda submitted applications for HYQVIA to regulatory authorities in the United States and European Union in fiscal year 2022.
- In April 2023, Takeda announced that the U.S. Food and Drug Administration (FDA) approved a supplemental biologics license application (sBLA) to expand the use of HYQVIA to treat primary immunodeficiency (PI) in children 2-16 years old. The FDA approval of HYQVIA for the treatment of PI in pediatric patients was based on evidence from a pivotal, prospective, open-label, non-controlled Phase 3 clinical trial that included 44 PI patients between the ages of 2 and 16. During the 12-month trial period, HYQVIA was shown to be efficacious with respect to the occurrence of acute serious bacterial infections (aSBIs), a primary endpoint. The mean aSBI rate per year was 0.04 and was statistically significantly lower (with an upper 1-sided 99% confidence interval of 0.21, $p<0.001$) than the predefined success rate of less than one aSBI per subject per year, favoring efficacy of HYQVIA treatment in pediatric subjects with PI diseases. Results from the interim data analysis, where all subjects completed 12 months of participation (one year of observation period) in the study, indicated similar safety profiles to adults.

CUVITRU / Generic name: Immunoglobulin (IG) Infusion 20% (Human)

- In October 2022, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for manufacturing and marketing approval of a subcutaneous injection of 20% human immunoglobulin for the expected indications of agammaglobulinemia and hypogammaglobulinemia. The application is based primarily on a Phase 3 trial in Japanese patients with primary immunodeficiency syndrome (PID) and two Phase 2/3 trials outside of Japan in patients with PID. In these trials, the subcutaneous injection of 20% human immunoglobulin demonstrated its efficacy and safety as a treatment for patients with agammaglobulinemia or hypogammaglobulinemia.

CEPROTIN / Generic name: Human Dry Protein C Concentrate (Development code: TAK-662)

- In April 2023, Takeda announced that it submitted a New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for manufacturing and marketing approval of human dry protein C concentrate (TAK-662) for the treatment of venous thromboembolism and purpura fulminans caused by congenital protein C deficiency, as well as for the suppression of thrombi. The application is based primarily on a Phase 1/2 trial in Japanese patients with congenital protein C deficiency and two Phase 2/3 trials (IMAG-098 and 400101) outside of Japan in patients with congenital protein C deficiency. In these trials, TAK-662 demonstrated its efficacy and safety as a treatment for congenital protein C deficiency.

Vaccine

In Vaccines, Takeda is applying innovation to tackle some of the world's most challenging infectious diseases such as dengue (QDENGA (development code: TAK-003)), COVID-19 (NUVAXOVID), and zika (TAK-426). 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.

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

- In May 2022, Takeda and Moderna, Inc. (Moderna) announced to transfer the marketing authorization in Japan for SPIKEVAX from Takeda to Moderna in Japan (Moderna Japan) as of August 1, 2022. Moderna Japan will assume responsibility for all SPIKEVAX activities, including import, local regulatory, development, quality assurance and commercialization. Takeda has agreed with Moderna that it will continue to provide distribution support under the current national vaccination campaign for Moderna COVID-19 vaccines for a transitional period.

NUVAXOVID Intramuscular Injection / Development code: NVX-CoV2373 (Japanese development code: TAK-019)

- In April 2022, Takeda announced that it has received manufacturing and marketing approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for NUVAXOVID Intramuscular Injection (NUVAXOVID), a novel recombinant protein-based COVID-19 vaccine, for primary and booster immunization in individuals aged 18 and older. The approval is based on interim results from a Phase 1/2 study conducted by Takeda in Japan and several studies conducted by Novavax, including two pivotal Phase 3 clinical trials in the U.K., the U.S. and Mexico, Phase 1/2 studies in Australia and the U.S., as well as safety and efficacy data from outside of Japan which was subsequently submitted for review. Interim results from the Phase 1/2 study in Japan were positive and consistent with previously reported clinical trial results. No serious adverse events were reported in the NUVAXOVID treatment group, and the vaccine candidate was well-tolerated. Additionally, studies conducted by Novavax, including Phase 1/2 studies conducted in Australia and the U.S. as well as a Phase 2 study conducted in South Africa, evaluated safety and efficacy of booster immunization. In these studies, subjects received a booster dose 6 months after primary immunization, and compared to pre-booster levels, a significant elevation of antibody titer was observed without major safety concerns.
- In May 2022, Takeda announced that NUVAXOVID Intramuscular Injection (NUVAXOVID) has been designated as "special vaccination" status in Japan for primary (first and second dosing) and booster (third dosing) immunization following the revision of laws and regulations for COVID-19 vaccines specified under the Preventive Vaccination Law. NUVAXOVID is stored at refrigerated temperature of 2-8℃, like many other medicines and vaccines, which enables transportation and storage with conventional vaccine supply chain.

QDENGA / Generic name: Dengue tetravalent vaccine [live,attenuated] (Development code: TAK-003)

- In June 2022, Takeda announced that TAK-003 demonstrated continued protection against dengue fever through four and a half years (54 months), with no important safety risks identified, in the pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial, which was presented at the 8th Northern European Conference on Travel Medicine (NECTM8). Through four and a half years, TAK-003 demonstrated 84.1% vaccine efficacy (VE) (95% CI: 77.8, 88.6) against hospitalized dengue, with 85.9% VE (78.7, 90.7) in seropositive individuals and 79.3% VE (63.5,88.2) in seronegative individuals. TAK-003 also demonstrated overall VE of 61.2% (95% CI: 56.0, 65.8) against virologically-confirmed dengue, with 64.2% VE (58.4, 69.2) in seropositive individuals and 53.5% VE (41.6, 62.9) in seronegative individuals. Observations of VE varied by serotype and remained consistent with previously reported results. TAK-003 was generally well tolerated, and there were no important safety risks identified. No evidence of disease enhancement was observed over the 54-month follow-up exploratory analysis.
- In August 2022, Takeda announced that its dengue vaccine, QDENGA, was approved by the Indonesian National Agency for Drug and Food Control, Badan Pengawas Obat dan Makanan (BPOM), for the prevention of dengue disease caused by any serotype in individuals six years to 45 years of age. QDENGA is the only dengue vaccine approved in Indonesia for use in individuals regardless of previous dengue exposure and without the need for pre-vaccination testing. The approval of QDENGA is based on results through three years after vaccination from the ongoing Phase 3 TIDES trial.
- In October 2022, Takeda announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommended the approval of QDENGA in Europe and in dengue-endemic countries participating in the parallel EU-M4all procedure. In December 2022, Takeda announced that the European Commission (EC) granted marketing authorization for QDENGA for the prevention of dengue disease caused by any serotype in individuals from four years of age in the European Union (EU). EC's approval was supported by results across 19 Phase 1, 2 and 3 trials with more than 28,000 children and adults, including four and a half years of follow-up data from the global, pivotal Phase 3 TIDES trial. Takeda continues to progress regulatory filings in other dengue- endemic countries in Asia and Latin America.
- In November 2022, Takeda announced that the U.S. Food and Drug Administration (FDA) has accepted and granted priority review of the Biologics License Application (BLA) for TAK-003. In the U.S., TAK-003 is being evaluated for the prevention of dengue disease caused by any dengue virus serotype in individuals 4 years through 60 years of age. TAK-003 BLA is supported by safety and efficacy data from the pivotal Phase 3 TIDES trial.
- In March 2023, Takeda announced that QDENGA was approved in Brazil by the National Health Surveillance Agency (ANVISA) for the prevention of dengue caused by any of the four virus serotypes that can be found in individuals from 4 to 60 years of age. QDENGA is the only dengue vaccine approved in Brazil for use in individuals regardless of previous exposure to dengue and without the need for pre-vaccination testing. The approval is based on results across 19 Phase 1, 2 and 3 trials with more than 28,000 children and adults, including four and a half years of follow-up data from the global, pivotal Phase 3 TIDES trial.

Current status of our pipeline

The following summarizes our R&D activities within each of our therapeutic and business areas. The therapeutic candidates 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 candidates currently under development are removed and new candidates are introduced. Whether the candidates 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. This table primarily shows the indications for which we are actively pursuing regulatory approval and those regulatory approvals granted. We are also conducting additional studies of certain assets to examine their potential for use in further indications and in additional formulations. 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 U.S., 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’ or ‘biologic and other.’

Our gastrointestinal and inflammation pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
MLN0002 <vedolizumab> *ENTYVIO* (Global)	Humanized monoclonal antibody against α4β7 integrin (injection)	Biologic and other	Subcutaneous formulation for ulcerative colitis	Japan U.S.	Approved (Mar 2023) Filed (Apr 2023)
			Subcutaneous formulation for Crohn's disease	Japan U.S.	Filed (Oct 2022) P-III
			Graft-versus-Host Disease prophylaxis in patients undergoing allogeneic hematopoietic stem cell transplantation	EU Japan	P-III P-III
			Pediatrics Study (ulcerative colitis, Crohn's disease)	Global	P-III
TAK-438 <vonoprazan> *TAKECAB* (Japan) *VOCINTI* (China)	Potassium-competitive acid blocker (oral)	Small molecule	Acid related diseases (adjunct to *Helicobacter pylori* eradication)	China	Filed (Aug 2022)
Cx601 <darvadstrocel> *ALOFISEL* (EU, Japan)	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.	P-III
			Pediatric indication for refractory complex perianal fistulas in patients with Crohn's disease	EU Japan	P-III P-III
TAK-999[(1)] <fazirsiran>	GalNAc based RNA interference (RNAi) (injection)	Peptide/ Oligo-nucleotide	Alpha-1 antitrypsin-deficiency associated liver disease	U.S. EU	P-III P-III
TAK-625[(2)] <maralixibat>	IBAT inhibitor (oral)	Small molecule	Alagille Syndrome	Japan	P-III
			Progressive Familial Intrahepatic Cholestasis	Japan	P-III
TAK-227/ZED1227[(3)]	Transglutaminase 2 inhibitor (oral)	Small molecule	Celiac disease	-	P-II (b)
TAK-279	TYK2 inhibitor (oral)	Small molecule	Psoriasis	-	P-II (b)
			Psoriatic Arthritis	-	P-II (b)
TAK-062 <zamaglutenase>	Glutenase (oral)	Biologic and other	Celiac disease	-	P-II
TAK-101[(4)]	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II
TAK-951	Peptide agonist (subcutaneous infusion)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-II
TAK-105	Peptide agonist (subcutaneous infusion)	Peptide/ Oligo-nucleotide	Nausea and vomiting	-	P-I
TAK-647	Anti MAdCAM-1 antibody (injection)	Biologic and other	Nonalcoholic Steatohepatitis (NASH)	-	P-I[(5)]

Notes:
(1) Partnership with Arrowhead Pharmaceuticals, Inc.
(2) Partnership with Mirum Pharmaceuticals.
(3) Partnership with Zedira and Dr. Falk Pharma.
(4) Acquired development and commercialization license for TAK-101 from COUR Pharmaceuticals. Previously known as TIMP-GLIA.
(5) Study actively recruiting.

Our neuroscience pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-935 <soticlestat>	CH24H inhibitor (oral)	Small molecule	Dravet syndrome	Global	P-III
			Lennox-Gastaut syndrome	Global	P-III
TAK-141/JR-141[(1)] <pabinafusp alfa>	Fusion protein of an antibody against the human transferrin receptor and iduronate-2-sulfatase [recombinant] (injection)	Biologic and other	Hunter syndrome (CNS and somatic symptoms)	EU	P-III
TAK-861	Orexin 2R agonist (oral)	Small molecule	Narcolepsy type 1	-	P-II (b)
			Narcolepsy type 2	-	P-II (b)
TAK-071	M1 positive allosteric modulator (M1PAM) (oral)	Small molecule	Parkinson's disease	-	P-II
TAK-041/NBI-846[(2)]	GPR139 agonist (oral)	Small molecule	Anhedonia in major depressive disorder (MDD)	-	P-II
TAK-653/NBI-845[(2)]	AMPA receptor potentiator (oral)	Small molecule	Inadequate response to treatment in major depressive disorder (MDD)	-	P-II
TAK-341/MEDI1341[(3)]	Alpha-synuclein antibody (injection)	Biologic and other	Multiple systems atrophy (MSA)	-	P-II
TAK-611	Human arylsulfatase A for intrathecal administration [recombinant] (injection)	Biologic and other	Metachromatic leukodystrophy	-	P-II
TAK-594/DNL593[(4)]	Brain-penetrant progranulin fusion protein (injection)	Biologic and other	Frontotemporal dementia	-	P-II
TAK-925 <danavorexton>	Orexin 2R agonist (injection)	Small molecule	Postanesthesia Recovery, narcolepsy	-	P-I
TAK-920/DNL919[(4)]	Brain-penetrant TREM2 agonist monoclonal antibody (injection)	Biologic and other	Alzheimer's disease	-	P-I

Notes:
(1) Partnership with JCR Pharma. JCR leads development.
(2) Partnership with Neurocrine Biosciences. Neurocrine leads development.
(3) Partnership with AstraZeneca. P-I Parkinson's disease study is completed.
(4) Partnership with Denali Therapeutics. Denali leads P-I development.

Our oncology pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-788 <mobocertinib> *EXKIVITY* (U.S., China)	EGFR/HER2 exon 20 inhibitor (oral)	Small molecule	Previously treated Non-Small Cell Lung Cancer with EGFR exon 20 insertion[(1)]	China EU[(2)] Japan	Approved (Jan 2023) Filing withdrawn (Jul 2022) P-III
			Treatment Naïve Non-Small Cell Lung Cancer with EGFR exon 20 insertion	Global	P-III
TAK-113[(3)] <fruquintinib>	VEGFR inhibitor (oral)	Small molecule	Metastatic Colorectal Cancer (mCRC)	U.S. EU Japan	Filed (March 2023) P-III P-III

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
SGN-35[4] <brentuximab vedotin> *ADCETRIS* (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Relapsed or refractory cutaneous T-cell lymphoma	Japan	Filed (Feb 2023)
			First line Hodgkin's lymphoma – Stage III	EU	Filed (Mar 2023)
MLN9708 <ixazomib> *NINLARO* (Global)	Proteasome inhibitor (oral)	Small molecule	Maintenance therapy in patients with newly diagnosed Multiple Myeloma following autologous stem cell transplant (TOURMALINE-MM3)	U.S. EU	P-III P-III
<cabozantinib>[5] *CABOMETYX* (Japan)	Multi-targeted kinase inhibitor (oral)	Small molecule	Metastatic Castration-Resistant Prostate Cancer in combination with atezolizumab[6]	Japan	P-III
<ponatinib> *ICLUSIG* (U.S.)	BCR-ABL inhibitor (oral)	Small molecule	Front line Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	U.S.	P-III
			Pediatric indication for Philadelphia chromosome-positive Acute Lymphoblastic Leukemia	-	P-I
TAK-385 <relugolix>	LH-RH antagonist (oral)	Small molecule	Prostate cancer	Japan China	P-III P-III
TAK-981 <subasumstat>	SUMO inhibitor (injection)	Small molecule	Multiple cancers	-	P-II
TAK-573[7] <modakafusp alfa>	Anti-CD38-targeted IgG4 genetically fused with an attenuated IFNα (injection)	Biologic and other	Relapsed/refractory Multiple Myeloma	-	P-II
			Solid tumors	-	P-I
TAK-007[8]	CD19 CAR-NK (injection)	Cell and gene therapy	Relapsed/refractory B cell malignancies	-	P-II
TAK-102[9]	GPC3 CAR-T (injection)	Cell and gene therapy	Solid tumors	-	P-I
TAK-103[9]	Mesothelin CAR-T (injection)	Cell and gene therapy	Solid tumors	-	P-I
TAK-676	STING agonist (injection)	Small molecule	Solid tumors	-	P-I
TAK-500	STING agonist antibody drug conjugate (injection)	Biologic and other	Solid tumors	-	P-I
TAK-940[10]	CD19 1XX CAR-T (injection)	Cell and gene therapy	Relapsed/refractory B cell malignancies	-	P-I
TAK-186[11]	T Cell Engager (injection)	Biologic and other	EGFR expressing solid tumors	-	P-I
TAK-280[11]	T Cell Engager (injection)	Biologic and other	B7-H3 expressing solid tumors	-	P-I

Notes:
(1) The U.S. FDA review was conducted under Project Orbis, an initiative of the FDA Oncology Center of Excellence (OCE), which provides a framework for concurrent submission and review of oncology products among international partners. Currently, approval was granted in the U.K. (May 2022), the Switzerland (Jun 2022), Australia (Jul 2022), South Korea (Jul 2022), and Brazil (Mar 2023).
(2) Following discussions with the EMA, Takeda decided to withdraw the marketing authorization application (MAA).
(3) Partnership with HUTCHMED
(4) Partnership with Seagen, Inc.
(5) Partnership with Exelixis, Inc.
(6) Partnership with Chugai Pharmaceutical. Takeda operates P-III development
(7) Partnership with Teva Pharmaceutical Industries Ltd.
(8) Partnership with The University of Texas MD Anderson Cancer Center
(9) Partnership with Noile-Immune Biotech, Inc.
(10) Partnership with Memorial Sloan Kettering Cancer Center
(11) Acquired via acquisition of Maverick Therapeutics, Inc.

Our rare genetic and hematology pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-620[1] <maribavir> *LIVTENCITY* (U.S., EU)	Benzimidazole riboside inhibitor (oral)	Small molecule	Post-transplant cytomegalovirus (CMV) infection/disease resistant/refractory to (val) ganciclovir, cidofovir or foscarnet	EU China	Approved (Nov 2022) Filed (Dec 2022)
			Treatment of CMV Infection/disease Post Transplantation (Including HSCT)	Japan	P-III
TAK-743 <lanadelumab> *TAKHZYRO* (Global)	Plasma kallikrein inhibitor (injection)	Biologic and other	Pediatric Hereditary Angioedema	U.S. EU	Approved (Feb 2023) Filed (Dec 2022)
TAK-672[2] *OBIZUR* (U.S., EU)	Porcine Coagulation Factor VIII [recombinant] (injection)	Biologic and other	Acquired hemophilia A (AHA)	China Japan	Filed (Jun 2022) P-II/III
TAK-577 *VONVENDI* (U.S., Japan) *VEYVONDI* (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Adult on-demand and surgery treatment of von Willebrand disease	China	Filed (Jan 2023)
			Adult prophylactic treatment of von Willebrand disease	EU China	Filed (Mar 2023) 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[3] <apadamtase alfa/ cinaxadamtase alfa>	Replacement of the deficientADAMTS13 enzyme (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	Global	P-III [5]
			Immune Thrombotic Thrombocytopenic Purpura	U.S. EU	P-II P-II
			Sickle cell disease	U.S.	P-I
TAK-079[4] <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Myasthenia gravis	-	P-II
			Immune thrombocytopenic purpura	-	P-II
			Systemic lupus erythematosus	-	P-I/II
			Immunoglobulin A nephropathy	-	P-I

Notes:
(1) Partnership with GlaxoSmithKline.
(2) Partnership with IPSEN.
(3) Partnership with KM Biologics.
(4) Relapsed/refractory Multiple Myeloma will continue until trial completion.
(5) Filed in the U.S. in May 2023.

Our PDT pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country/ Region	Stage
TAK-771[(1)] <IG Infusion 10% (Human) w/ Recombinant Human Hyaluronidase> *HYQVIA* (U.S., EU)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (subcutaneous infusion)	Biologic and other	Pediatric indication for primary immunodeficiency	U.S.	Approved (Apr 2023)
			Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU	Filed (Feb 2023) Filed (Mar 2023)
			Chronic inflammatory demyelinating polyradiculoneuropathy and Multifocal Motor Neuropathy	Japan	P-III
			Primary Immunodeficiencies	Japan	P-III
TAK-662 *CEPROTIN* (U.S., EU)	Protein C concentrate [human] (injection)	Biologic and other	Long-term prophylaxis treatment of severe congenital protein C deficiency	EU	Approved (Dec 2022)
			Severe congenital protein C deficiency	Japan	Filed (Apr 2023)
TAK-664 <IG Infusion 20% (Human)> *CUVITRU* (U.S., EU)	Immunoglobulin 20% [human] (subcutaneous infusion)	Biologic and other	Primary Immunodeficiencies and Secondary Immunodeficiencies	Japan	Filed (Oct 2022)
TAK-880 <10% IVIG (Low IgA)>	Immunoglobulin (10%) [human] (injection) (Low IgA)	Biologic and other	Primary Immunodeficiencies and Multifocal Motor Neuropathy	U.S. EU	Filed (Jan 2023)[(2)] Filing in preparation[(3)]
TAK-330 *PROTHROMPLEX TOTAL* (EU)	Four-factor prothrombin complex concentrate [human] (injection)	Biologic and other	Coagulation Disorder, Direct Oral Anticoagulants (DOAC) reversal in surgical situations	U.S.	P-III
TAK-961 <5% IVIG> *GLOVENIN-I* (Japan)	Immunoglobulin (5%) [human] (injection)	Biologic and other	Autoimmune Encephalitis (AE)	Japan	P-III
TAK-881 <Facilitated 20% SCIG>	Immunoglobulin (20%) [human] + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Immunodeficiencies	U.S. EU	P-I/II

Notes:
(1) Partnership with Halozyme.
(2) In May 2023, Takeda received a complete response letter (CRL) from FDA regarding its new drug approval application for TAK-880. Takeda is evaluating the CRL and assessing next steps.
(3) Non-interventional study to collect data is in progress.

Our vaccines pipeline in clinical development as of May 11, 2023 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, is as follows:

Development code Brand name (country/region)	**Type of vaccine (administration route)**	**Modality**	**Indications / additional formulations**	**Country/ Region**	**Stage**
TAK-019/ NVX-CoV2373[(1)] *NUVAXOVID Intramuscular Injection* (Japan)	SARS-CoV-2 vaccine (injection)	Biologic and other	Active immunization for the prevention of COVID-19 (primary and booster)	Japan	Approved (Apr 2022)
			Active immunization for the prevention of COVID-19 (heterologous booster)	Japan	P-III
TAK-003[(2)] *QDENGA* (EU)	Tetravalent dengue vaccine (injection)	Biologic and other	For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 and older	EU U.S.	Approved (Dec 2022)[(3)] Filed (Nov 2022)
			For the prevention of dengue fever of any severity, due to any serotype, in individuals aged 4 and older (booster extension)	-	P-III
TAK-426[(4)]	Zika vaccine (injection)	Biologic and other	Active immunization for the prevention of disease caused by Zika virus	-	P-I

Notes:
(1) Partnership with Novavax, Inc.
(2) QDENGA (TAK-003) was approved in Indonesia (Aug 2022) and Brazil (Mar 2023).
(3) Takeda participated in the European Medicines Agency's (EMA) parallel assessment of a medicinal product for use in EU, and through the EU-M4all procedure for countries outside of the EU. In October 2022, the Committee for Medicinal Products for Human Use (CHMP) of the EMA recommended the approval of TAK-003 in Europe and in dengue-endemic countries participating in the parallel EU-M4all procedure.
(4) Partnership with The Biomedical Advanced Research and Development Authority (BARDA) of the U.S. Government.

Discontinued projects

Our discontinued projects since April 1, 2022 are as follows:

Development code <generic name>	Indications (Region/Country, Stage)	Reason
<brigatinib>	2L ALK-positive Non-Small Cell Lung Cancer (head-to-head with alectinib) (U.S., EU, P-III)	The study met futility boundary for the primary endpoint.
TAK-994	Narcolepsy (P-II)	TAK-994 was on clinical hold, we have made data driven decision to stop further development and pivot to TAK-861 and other molecules in orexin portfolio like TAK-925.
TAK-039	Clostridium difficile infection (P-I)	Takeda made the strategic decision to discontinue pursuit of TAK-039 in order to further optimize the portfolio.
TAK-605	Solid tumors (P-I)	Takeda has decided to terminate its collaboration with Turnstone Biologics to develop the armored oncolytic virus TAK-605 for strategic reasons and has returned global rights to the asset back to Turnstone. The two companies' discovery efforts to identify additional novel product candidates based on the vaccinia virus platform are ongoing.
TAK-834	Hypoparathyroidism (P-I study in Japan completed)	Japan development was discontinued along with the discontinuation of manufacturing NATPAR/NATPARA globally.
TAK-510	Nausea and vomiting (P-I)	Phase 1 data did not support further development.
<cabozantinib>	2L metastatic Non-Small Cell Lung Cancer in combination with atezolizumab (Japan, P-III)	Phase 3 CONTACT-01 study did not meet its primary endpoint. The result did not support further development in this indication.
TAK-954	Post-operative gastrointestinal dysfunction (P-II(b))	Phase 2 (b) study did not meet its endpoints. Takeda and Theravance Biopharma mutually agreed to discontinue further development of this program and the parties' collaboration agreement.
TAK-018/EB8018 <sibofimloc>	Crohn's disease (post-operative and ileal-dominant) (P-II(a))	Phase 2 (a) study did not meet its endpoints.
MLN9708 <ixazomib>	Maintenance therapy in patients with newly diagnosed Multiple Myeloma not treated with stem cell transplant (TOURMALINE-MM4) (U.S., EU, China, P-III)	While there are ongoing discussions with regulatory bodies around world, given the final analysis of the trial, Takeda will not pursue this indication in the US, EU (NINLARO has been approved in the maintenance setting in Japan, South Korea, Thailand, Taiwan, and Brazil).
TAK-620 <maribavir>	HSCT Recipients with First CMV Infection (U.S., EU, P-III)	After reviewing the study data with regulatory bodies, Takeda decided not to pursue this indication further.
TAK-743 <lanadelumab>	Bradykinin-Mediated Angioedema (Global, P-III)	The Phase 3 study in angioedema patients with normal C1 inhibitor did not meet its primary endpoint. There were no new safety signals and TAKHZYRO's indication for prophylaxis to prevent attacks of Hereditary Angioedema (HAE) remains unchanged.
<niraparib>	Breast cancer (Japan, P-III)	Following GSK's permanent discontinuation of enrolment in the ZEST global Phase 3 study due to eligibility challenges impacting the ability to fully enroll targeted patients, Takeda discontinued enrollment in this study in Japan.

Notes:
Takeda decided to discontinue discovery and pre-clinical efforts in adeno-associated virus (AAV) gene therapy.

Licensing and Collaboration

1) Overview

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. A sample 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 are required to pay milestone payments related to regulatory progress and were required to pay milestone payments related to commercial progress by us under the collaboration. We also pay tiered royalties with percentages ranging from the mid-teens 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, but as of March 31, 2023, there are no further incremental potential commercial milestone payments remaining under the ADCETRIS 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. In March 2023, Seagen announced that it had entered into a definitive merger agreement with Pfizer Inc. ("Pfizer") and a subsidiary of Pfizer, whereby Seagen will become a wholly-owned subsidiary of Pfizer, following closing of the transaction, which is subject to customary closing conditions.
- *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, but as of March 31, 2023, there are no further incremental potential commercial milestone payments remaining under the TRINTELLIX collaboration. The term of the agreement is indefinite, but the agreement may be terminated by mutual decision of the parties or for cause.

2) Building a sustainable research platform / Enhancing R&D collaboration

- In October 2022, Takeda, Zedira GmbH and Dr. Falk Pharma GmbH announced a collaboration and licensing agreement to develop ZED1227/TAK-227, a Phase 2b investigational therapy for the treatment of celiac disease. TAK-227 is a potential first-in-class therapy designed to prevent the immune response to gluten in celiac disease, a serious autoimmune disease where the ingestion of gluten leads to inflammation and damage to the small intestine. There are currently no approved therapies for the treatment of celiac disease. TAK-227 is a selective, oral small molecule designed to inhibit tissue transglutaminase (TG2), an enzyme that generates immunogenic gluten peptide fragments upon the breakdown of gluten in the stomach and intestinal tissue. TAK-227 targets the dysregulated transglutaminase to prevent mucosal damage in the small intestine by preventing the body's immune response to gluten, a disease process mediated by activation of gluten-specific T cells. Under the terms of the agreement, Takeda and Dr. Falk Pharma will conduct global clinical studies for TAK-227 in celiac disease. Takeda will receive an exclusive license to develop and commercialize TAK-227 in the United States and other territories outside of Europe, Canada, Australia and China.

3) Research & Development collaborations/partnering

The following tables describe research & development collaborations/partnering and externalization projects entered into by Takeda other than *1) Overview*, but do not represent a comprehensive list of all Takeda R&D collaborations. All of the "subject" descriptions listed below are as of the date of execution of the relevant agreement unless otherwise noted:

Gastrointestinal and Inflammation

Partner	Country of incorporation	Subject
Arrowhead Pharmaceuticals	U.S.	Collaboration and licensing agreement to develop fazirsiran (TAK-999; ARO-AAT), an 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.
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	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 unique extracellular matrix discovery platform to identify and develop novel therapeutics for liver fibrosis and fibrostenotic inflammatory bowel disease, including Crohn's disease and ulcerative colitis.
Genevant Sciences Corporation	U.S.	Collaboration and License Agreements 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, and to deliver Takeda-designed non-viral gene therapies for the treatment of specified rare liver diseases.
Mirum Pharmaceuticals	U.S.	Exclusive licensing agreement for the development and commercialization of maralixibat (TAK-625) in Japan for Alagille syndrome (ALGS), progressive familial intrahepatic cholestasis (PFIC), and biliary atresia (BA).
Sosei Heptares	U.K.	Collaboration and License agreement to leverage Sosei Heptares's StaR® technology and structural biology expertise with GPCRs to enable structure based drug discovery to advance novel therapeutics for gastroenterology diseases.
UCSD/Fortis Advisors	U.S.	Technology license for the development of oral budesonide formulation (TAK-721) for treatment of eosinophilic esophagitis.
Zedira/Dr. Falk Pharma	Germany	Collaboration and license agreement to develop and commercialize a potential first-in-class therapy TAK-227/ZED1227, a tissue transglutaminase 2 (TG2) inhibitor, designed to prevent the immune response to gluten in celiac disease. Takeda has exclusive rights in the US and other territories outside of Europe, Canada, Australia and China.

Neuroscience

Partner	Country of incorporation	Subject
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases.
AstraZeneca	U.K.	Agreement for the joint development and commercialization of MEDI1341/TAK-341, an alpha-synuclein antibody currently in development as a potential treatment for Multiple system atrophy (MSA) and Parkinson's disease.
BioMarin	U.S.	Agreement for the in-license of enabling technology for the exogenous replacement of Arylsulfatase A enzyme with intrathecal (IT) administration directly into the central nervous system for the long-term treatment of patients with metachromatic leukodystrophy (MLD), a rapidly-progressive and ultimately fatal neuro-degenerative rare disease (TAK-611).
BridGene Biosciences	U.S.	Research collaboration to discover small molecule drugs for "undruggable" targets using BridGene's chemoproteomics platform.
CNDAP (Cure Network Dolby Acceleration Partners)	U.S.	Research collaboration to develop small molecules targeting tau, a protein involved in Alzheimer's disease and other major brain disorders.
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 transport vehicle (TV) platform for increased exposure of biotherapeutic products in the brain; options exercised on DNL593/TAK-594 and DNL919/TAK-920 in Q3 FY2021.

Partner	Country of incorporation	Subject
JCR Pharmaceuticals	Japan	Exclusive collaboration and license agreement to commercialize TAK-141 (JR-141, pabinafusp alfa), applied with J-Brain Cargo®, JCR's proprietary blood-brain barrier (BBB) penetration technology, for the treatment of Hunter syndrome (MPS II). Takeda will exclusively commercialize TAK-141 outside of the United States, including Canada, Europe, and other regions (excluding Japan and certain other Asia-Pacific countries). Takeda receives an option under a separate option agreement, which allows Takeda to acquire an exclusive license to commercialize TAK-141 in the U.S. upon completion of the Phase 3 program. In March 2022, Takeda and JCR entered into a new exclusive license and collaboration agreement to develop gene therapies that apply J-Brain Cargo® BBB penetration technology for lysosomal storage disorders (LSDs); Takeda has the option to nominate additional rare disease and other disease indications.
Luxna Biotech	Japan	Exclusive worldwide license agreement for the use of Luxna's breakthrough xeno nucleic acid technology for multiple undisclosed target genes in the area of neurological diseases.
Neurocrine Biosciences	U.S.	Collaboration to develop and commercialize 7 compounds in Takeda's early-to-mid stage neuroscience pipeline, including TAK-041/NBI-846, TAK-653/NBI-845 and TAK-831/NBI-844 (luvadaxistat). Takeda will be entitled to certain development milestones, commercial milestones and royalties on net sales and will, at certain development events, be able opt in or out of a 50:50 profit share on all clinical programs on an asset-by-asset basis. In June 2021, Takeda decided not to cost share further TAK-831/NBI-844 (luvadaxistat) development; Takeda maintains its right to receive milestones and royalties regarding TAK-831/NBI-844 (luvadaxistat).
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular and neurodegenerative diseases.
Wave Life Sciences	Singapore	Multi-program option agreement to co-develop and co-commercialize antisense oligonucleotides for a range of neurological diseases.

Oncology

Partner	Country of incorporation	Subject
Adimab	U.S.	Agreement for the discovery, development and commercialization of three mAbs and three CD3 Bi-Specific antibodies for oncology indications.
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.
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 and Taiwan.
Heidelberg Pharma	Germany	Antibody-Drug-Conjugate (ADC) research collaboration on 2 targets and licensing agreement (α-amanitin payload and proprietary linker).
HUTCHMED	China	Exclusive licensing agreement with HUTCHMED (China) Limited and its subsidiary HUTCHMED Limited for the further development and commercialization of fruquintinib (TAK-113) in all indications, including metastatic colorectal cancer, outside of mainland China, Hong Kong and Macau.
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 (MDACC)	U.S.	Exclusive license and research agreement to utilize MDACC's platform and expertise, and to leverage Takeda's development, manufacturing and commercialization capabilities to bring patients cord blood-derived chimeric antigen receptor-directed natural killer (CAR-NK) cell therapies 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
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.

Partner	Country of incorporation	Subject
Presage Biosciences	U.S.	Research collaboration and license for multiple programs using Presage's proprietary platform CIVO (Comparative In Vivo Oncology) to evaluate patients' unique responses to microdoses of cancer drugs.
Teva Pharmaceutical Industries	Israel	Agreement for worldwide license to TEV-48573/TAK-573 (modakafusp alfa, Anti-CD38-AttenukineTM) and multi-target discovery collaboration accessing Teva's AttenukineTM platform.
Turnstone Biologics	U.S.	Collaboration to conduct collaborative discovery efforts to identify additional novel product candidates based on a Turnstone's vaccinia virus platform. Takeda has decided to terminate its collaboration to develop the armored oncolytic virus TAK-605 for strategic reasons and has returned global rights to the asset back to Turnstone (FY2022).

Rare Genetics and Hematology

Partner	Country of incorporation	Subject
Asklepios Biopharmaceuticals	U.S.	Agreement for multiple research and development collaborations using FVIII Gene Therapy for the treatment of Hemophilia A and B.
Code Bio	U.S.	Collaboration and license agreement for Takeda and Code Bio to design and develop a targeted gene therapy leveraging Code Bio's 3DNA platform for a liver-directed rare disease program, plus conduct additional studies for central nervous system-directed rare disease programs. Takeda has the right to exercise options for an exclusive license for four programs.
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.
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.
Evozyne	U.S.	Research collaboration and license agreement with Takeda to research and develop proteins that could be incorporated into next-generation gene therapies for up to four rare disease targets.
GlaxoSmithKline	U.K.	In-license agreement between GSK and University of Michigan for TAK-620 (maribavir) in the treatment of human cytomegalovirus.
Immusoft	U.S.	Research collaboration and license option agreement to discover, develop and commercialize cell therapies in rare inherited metabolic disorders with central nervous system (CNS) manifestations and complications using Immusoft's Immune System Programming (ISP™) technology platform.
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	Collaboration and license agreement for the development of therapeutic uses of rADAMTS13 (TAK-755), including but not limited to TTP.
Poseida Therapeutics (1)	U.S.	Research collaboration and exclusive license agreement to utilize Poseida's piggyBac, Cas-CLOVER, biodegradable DNA and RNA nanoparticle delivery technology and other proprietary genetic engineering platforms for up to eight gene therapies.
Selecta Biosciences (2)	U.S.	Research collaboration and license agreement to develop targeted, next-generation gene therapies for two indications within the field of lysosomal storage disorders using Selecta's ImmTOR platform.
Xenetic Biosciences	U.S.	Exclusive R&D license agreement for PolyXen delivery technology for hemophilia factors VII, VIII, IX, X.

Note:
(1) Takeda notified Poseida Therapeutics of its intention to terminate the research collaboration and license agreement effective July 30, 2023.

(2) Takeda notified Selecta Biosciences of its intention to terminate the research collaboration and license agreement effective July 25, 2023.

Plasma Derived Therapies

Partner	Country of incorporation	Subject
Halozyme	U.S.	Agreement for the in-license of Halozyme's proprietary ENHANZE™ platform technology to increase dispersion and absorption of HYQVIA.
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.
Johnson & Johnson/Momenta Pharmaceuticals	U.S.	In-licensing agreement with Momenta Pharmaceuticals, Inc. which was acquired by Johnson & Johnson for an investigational hypersialylated immunoglobulin (hsIgG) candidate.
PreviPharma	EU	Research collaboration and option agreement to develop new targeted proteins

Vaccines

Partner	Country of incorporation	Subject
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 Nuvaxovid Intramuscular Injection, Novavax' COVID-19 vaccine 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). Takeda finalized an agreement with the MHLW to supply 150 million doses of Nuvaxovid, the supply of which will be dependent on many factors, including need. In February 2023, MHLW cancelled the order of the remaining doses not yet supplied. Takeda is working with Novavax to develop vaccines against the future variants including the Omicron variant.
Moderna	U.S.	Three-way agreement with Moderna and the Government of Japan's Ministry of Health Labour & Welfare (MHLW) to import and distribute Moderna's COVID-19 vaccine, known as Spikevax Intermuscular Injection in Japan. The MHLW granted special approval for the primary series in May 2021 and regulatory approval for a 50 µg booster dose in December 2021. Takeda started importation of 93 million doses (50 µg booster dose) to Japan in 2022, in addition to the 50 million doses (100 µg) delivered in 2021. As of August 2022, Moderna assumed responsibility for all Spikevax™ activities, including import, local regulatory, development, quality assurance and commercialization. Takeda will continue to provide distribution support under the current national vaccination campaign for Moderna COVID-19 vaccines for a transitional period. Both companies will be responsible for ensuring proper implementation of operations associated with this transfer.

Other / Multiple Therapeutic Area

Partner	Country of incorporation	Subject
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 neuroscience, oncology and gastroenterology 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 SE	Germany	Research alliance to support Takeda's growing number of research stage gene therapy discovery programs. Evotec and Takeda have also entered into a multi-RNA target alliance to discover and develop RNA targeting small molecule therapeutics for targets that are difficult to address via more conventional approaches.
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 investment.
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.
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 Twist'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 therapeutic candidates 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 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 laws in each country even if the substance patent expired. While our biologics 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 combination product 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 the EPO and EU level, respectively, due to different national implementation they may not always lead to the same result, for example, if challenged in 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 process 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 included in this annual report.

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 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 2028(2)	Patent: - RDP: May 2026(7)	Patent: - RDP: May 2025(7)
DEXILANT	Not commercialized	Patent: -	Patent: -
PANTOLOC /CONTROLOC (PANTOPRAZOLE)	Not commercialized	Patent: -	Patent: -
TAKECAB(3)	Patent: August 2031	Patent: -(3)	Patent: -(3)
GATTEX/REVESTIVE	Patent: - RP: June 2031(2)	Patent: -(5)	Patent: - RDP: September 2024
PENTASA(4)	Patent: -(4)	Patent: -	Patent: -(4)
LIALDA/MEZAVANT(3)	Patent: - (3)	Patent: -	Patent: -
RESOLOR/MOTEGRITY	Not commercialized	Patent: - RDP: December 2023	Patent: -
ALOFISEL	Patent: - RP: September 2031(2)	Not commercialized	Patent: - RDP: March 2028
Rare Metabolic:			
ELAPRASE (3)	Patent: - (3)	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: - RP: July 2024(2)	Patent: -	Patent: -
Rare Hematology:			
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE/ADYNOVI	Patent: January 2026 RP: March 2024(2)	Patent: February 2026 RDP: November 2027	Patent: February 2024 (Extended expiry of February 2029 if SPC granted) RDP: January 2028
FEIBA(6)	Patent: -	Patent: -	Patent: -
HEMOFIL(6)	Not commercialized	Patent: -	Not commercialized
IMMUNATE(6)	Not commercialized	Not commercialized	Patent: -
IMMUNINE(6)	Not commercialized	Not commercialized	Patent: -
VONVENDI	Patent: - RP: March 2030(2)	Patent: December 2030 RDP: December 2027	Patent: - RDP: August 2028
RECOMBINATE	Not commercialized	Patent: -	Not commercialized
Hereditary Angioedema:			
FIRAZYR	Patent: - RP: September 2028(2)	Patent: -	Patent: -
TAKHZYRO	Patent: January 2031 Extended expiry of January 2036 if PTE granted RP: March 2032(2)	Patent: August 2032 RDP: August 2030	Patent: January 2031 (Extended expiry of November 2033 in some countries) RDP: November 2028
CINRYZE(6)	Not commercialized	Patent: -	Patent: -
Rare Diseases - Others:			
LIVTENCITY	Not commercialized	Patent: - RDP: November 2028	Patent: - RDP: November 2032

Our product	Japan expiry dates(1)(2)	U.S. expiry dates(1)	EU expiry dates(1)
Plasma-Derived Therapies (PDT) Immunology:			
GAMMAGARD LIQUID(6)	Not commercialized	Patent: -	Patent: -
HYQVIA(6)	Not commercialized	Patent: - RDP: September 2026	Patent: - RDP: May 2024
CUVITRU(6)	Not commercialized	Patent: - RDP: September 2028	Patent: - RDP: July 2027
FLEXBUMIN(6)	Not commercialized	Patent: -	Patent: -
HUMANALBUMIN(6)	Not commercialized	Patent: -	Not commercialized
GLASSIA(6)	Patent: -(4)	Patent: -	Patent: -(4)
ARALAST(6)	Not commercialized	Patent: -	Not commercialized
Oncology:			
VELCADE(3)	Patent: -(3)	Patent: -	Patent: -(3)
LEUPLIN/ENANTONE	Patent: -	Patent: -	Patent: -
NINLARO	Patent: July 2031 RP: March 2027(2)	Patent: November 2029	Patent: November 2031 RDP: November 2026
ADCETRIS(4)	Patent: July 2028 RP: May 2028(2)	Patent: -(4)	Patent: October 2027 RDP: October 2023
ICLUSIG(3)	Patent: -(3)	Patent: January 2027	Patent: -(3)
ALUNBRIG	Patent: November 2032 RP: January 2029	Patent: April 2031 RDP: April 2024	Patent: May 2029 Extended expiry of November 2033 if SPC granted RDP: November 2028
VECTIBIX(4)	Patent: -	Patent: -(4)	Patent: -(4)
EXKIVITY	Not commercialized	Patent: May 2035 Extended expiry of September 2035 if PTE granted RDP: September 2028	Not commercialized
ZEJULA	Patent: January 2033 RP: September 2028(2)	Patent: -(4)	Patent: -(4)
CABOMETYX(4)	Patent: September 2029 RP: March 2028(2)	Patent: -(4)	Patent: -(4)
Neuroscience:			
VYVANSE/ELVANSE	Patent: June 2029 RP: March 2027(2)	Patent: August 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: June 2026 Extended expiry of December 2026 if pediatric exclusivity (PED) granted	Patent: -(4)
ADDERALL XR	Not commercialized	Patent: -	Not commercialized
ROZEREM	Patent: -	Patent: -	Not commercialized
INTUNIV	Patent: - RP: March 2025(2)	Patent: -	Patent: - RDP: September 2025
Other:			
AZILVA-F	Patent: -	Not commercialized	Not commercialized
LOTRIGA(4)	Patent: -	Patent: - (4)	Patent: - (4)
FOSRENOL	Patent: -(3)	Patent: -	Not commercialized
QDENGA	Not commercialized	Not commercialized	Patent: - RDP: December 2032

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) No generic has been launched as of March 2023. The exact timing of the market entry of the generic version of *GATTEX/REVESTIVE* is uncertain.

(6) Relates to plasma-derived therapies products.

(7) Takeda has been granted patents that cover various aspects of *ENTYVIO*, including formulation, dosing regimens and process for manufacturing, some of which are expected to expire in 2032. Any biosimilar that seeks to launch prior to 2032 would need to address potential infringement and/or the validity of all relevant patents and therefore the exact timing of biosimilar entry is uncertain.

III. Property, Plant, and Equipment

1. Overview of Capital Expenditures

Takeda 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, 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, 2023 was 185.2 billion JPY.

2. Major Facilities

Takeda's major facilities, including production facilities for biopharmaceutical products, plasma-derived therapies and vaccines, are as follows:

(1) The Company

As of March 31, 2023

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 and others]	Administrative and sales	25,026	168	(513) 16,052	28,531	493	1,685	55,905	1,194
Head Office [Chuo-ku, Osaka and others]	Administrative and sales	3,374	37	(1,006) 362,305	990	3	531	4,934	425
Osaka Plant [Yodogawa-ku, Osaka]	Production, research and development	19,492	2,787	(6,542) 163,694	1,046	2	10,073	33,400	420
Hikari Plant [Hikari-shi, Yamaguchi]	Production, research and development	30,236	12,975	(3,763) 1,011,061	3,618	709	13,923	61,461	1,084
Narita Plant [Narita-shi, Chiba]	Production, research and development	1,092	1,161	27,644	584	6	1,855	4,697	145
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research and development	2,726	182	21,009	274	—	4,641	7,822	671
Center for Learning and Innovation [Suita-shi, Osaka]	Education and welfare	3,040	—	41,542	4,751	—	36	7,827	—
Sales Hubs [Chuo-ku,Tokyo and others]	Administrative and sales	74	—	—	—	—	145	219	1,547

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 172 million JPY (2,817m^2) and buildings of 290 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 6,693 million JPY. Figures in parentheses of "Land" represent the square meters of the land.
(6) Global Headquarters and Head Office mainly consist of buildings, accompanying facilities and lands (includes dormitory and company housing, etc.).

(2) Consolidated Subsidiaries

As of March 31, 2023

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, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	184,137	108,469	(9,177) 508,537	5,062	24,753	45,800	368,220	2,950
Takeda Pharmaceuticals U.S.A., Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Administrative, sales and others	19,347	530	—	—	134,135	15,583	169,594	4,206
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	46,532	20,148	(6,637) 395,024	24,015	33,430	17,490	141,615	975
BioLife Plasma Services LP [Bannockburn, IL , U.S.A.]	Pharmaceuticals	Production and others	41,048	14,499	(82,373) 428,161	3,886	77,027	11,211	147,671	8,249
Takeda Development Center Americas, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Research, development and others	17,443	16,179	24,746	8,219	9,954	3,734	55,528	3,342
Takeda Manufacturing Austria AG [Vienna, Austria]	Pharmaceuticals	Production and others	51,537	26,211	368,551	6,799	2,742	12,869	100,158	3,188
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	10,735	23,818	150,581	429	440	13,596	49,018	1,129
Baxalta Manufacturing, S.a.r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	13,110	18,055	87,040	2,410	—	18,343	51,918	660
Takeda Ireland Limited [Kilruddery, Ireland]	Pharmaceuticals	Production and others	17,848	11,029	202,679	3,087	7	7,733	39,703	545
Takeda Manufacturing Singapore Pte. Ltd [Singapore]	Pharmaceuticals	Production and others	8,416	22,490	(3,619) —	—	190	5,566	36,663	363
Takeda Manufacturing Italia S.p.A.[Rome, Italy]	Pharmaceuticals	Production and others	9,190	14,552	109,000	1,231	—	13,497	38,469	757
Takeda GmbH [Konstanz, Germany]	Pharmaceuticals	Production and others	4	21,545	—	—	744	9,045	31,337	1,640

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 1,332 million JPY (1,488m^2) and buildings and structures of 1,120 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 4,899 million JPY. Figures in parentheses of “Land” represent the square meters of land.
(5) Location specified is the main location of the subsidiary. Certain production facilities may be in other locations in the country specified.

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.

As of March 31, 2023

Classification	Company Name [Main Location]	Operating Segment	Details	Budget		Financing	Schedule	
				Total JPY (millions)	Paid JPY (millions)		Commencement	Completion
Construction	Takeda Pharmaceutical Company Limited [Yodogawa-ku, Osaka, Japan]	Pharmaceuticals	Manufacturing	95,000	—	Funds on hand	Fiscal year 2024	Fiscal year 2028
Construction	Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and office	233,263*	142	Funds on hand/Lease	January 2023	March 2027
Construction	Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Manufacturing and warehouse	42,082	7,615	Funds on hand	February 2022	December 2024
Construction/ Expansion	Takeda GmbH and Takeda Singen Real Estate GmbH & Co. KG [Singen, Germany]	Pharmaceuticals	Manufacturing	29,879	29,079	Funds on hand	November 2016	March 2024

* The budget of Takeda Pharmaceuticals U.S.A., Inc. includes a lease term payment obligation expected to start in 2025 based on a lease agreement we entered into.

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 Issued as of March 31, 2023	Number of Shares Issued as of the Filing Date (June 28, 2023)	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	1,582,296,025	1,582,324,825	Securities Exchanges in Tokyo (Prime Market), Nagoya (Premium Market), Fukuoka, Sapporo, and New York	The number of shares per unit is 100 shares.
Total	1,582,296,025	1,582,324,825	—	—

Notes:

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

(2) The number of shares issued as of the filing date does not include the shares issued upon exercise of stock acquisition rights from June 1, 2023 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	113 Corporate officers and other senior management
Number of stock acquisition rights (*)	8,640 [8,352] (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 864,000 [835,200] (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, 2023). For items changed between the end of the current fiscal year and May 31, 2023 (the end of the month preceding the submission date), the status as of May 31, 2023 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	July 30, 2012
Position and the number of grantees	118 Corporate officers and other senior management
Number of stock acquisition rights (*)	13,781 (Note1)
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,378,100 (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, 2023). For items changed between the end of the current fiscal year and May 31, 2023 (the end of the month preceding the submission date), the status as of May 31, 2023 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, 2023). For items changed between the end of the current fiscal year and May 31, 2023 (the end of the month preceding the submission date), the status as of May 31, 2023 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, 2023). For items changed between the end of the current fiscal year and May 31, 2023 (the end of the month preceding the submission date), the status as of May 31, 2023 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 Number of Shares Issued, Share Capital, Etc.

Date	Increase/Decrease in Number of Shares Issued (Thousands of Shares)	Balance 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, 2018 to March 31, 2019 (Notes 1 and 2)	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 3)	11,368	1,576,374	24,538	1,668,123	24,538	1,654,217
From April 1, 2020 to March 31, 2021 (Note 1)	14	1,576,388	22	1,668,145	22	1,654,239
From April 1, 2021 to March 31, 2022 (Notes 1, 4, 5 and 6)	5,865	1,582,253	8,118	1,676,263	14,037	1,668,276
From April 1, 2022 to March 31, 2023 (Note 1)	44	1,582,296	82	1,676,345	82	1,668,357

Notes:
(1) The increase in the number of shares issued in fiscal year 2018 (15 thousand), 2019 (18 thousand), 2020 (14 thousand), 2021 (10 thousand), and 2022 (44 thousand) is due to exercise of stock acquisition rights.
(2) 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 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
(3) 11,350 thousand shares out of the increase in the 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)
(4) Due to the share exchange where Nihon Pharmaceutical Co., Ltd. will be Takeda's wholly-owned subsidiary effective April 1, 2021, the number of shares issued increased by 1,462 thousand and the amount of legal capital surplus increased by 5,919 million JPY.
(5) 518 thousand shares out of the increase in the number of issued shares in fiscal year 2021 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: 3,730 JPY Amount of capitalization: 1,865 JPY
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
(6) Based on the resolution on July 8, 2021, new stocks were issued through third party allotment on July 26, 2021. Due to the issuance, the number of issued shares increased by 3,874 thousand shares and the amount of share capital and legal capital surplus increased by 7,138 million JPY, respectively.
(7) The exercise of stock acquisition rights between April 1, 2023 to May 31, 2023 increased the number of shares issued by 29 thousand shares and the amount of share capital and legal capital surplus by 60 million JPY, respectively.

(5) Status by Type of Holder

As of March 31, 2023

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	266	58	3,281	1,112	761	540,329	545,808	—
Number of shares held (Trading units)	4	4,435,017	952,185	484,250	6,017,950	7,514	3,912,573	15,809,493	1,346,725
Percentage of shares held (%)	0.00	28.05	6.02	3.06	38.07	0.05	24.75	100.00	—

Note: 21,467,090 shares of treasury stock include 214,670 units of shares held by “Individuals and Others” and 90 shares held by “Shares Less Than One Unit.”

(6) Major Shareholders

As of March 31, 2023

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	261,558	16.76
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	87,646	5.62
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)	69,832	4.47
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)	58,526	3.75
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)	28,561	1.83
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)	28,288	1.81
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	25,622	1.64
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch	One Lincoln Street, Boston MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	21,860	1.40
JP Morgan Chase Bank 385781 (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)	20,172	1.29
Takeda Science Foundation	3-6, Doshomachi 2-chome, Chuo-ku, Osaka	17,912	1.15
Total		619,977	39.72

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2023

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	21,467,000	—	—
	(Crossholding stock) Common stock	287,000	—	—
Shares with full voting rights (Others)	Common stock	1,559,195,300	15,591,953	—
Shares less than one unit	Common stock	1,346,725	—	Shares less than one unit (100 shares)
Number of shares issued		1,582,296,025	—	—
Total number of voting rights		—	15,591,953	—

Notes:

(1) Based on the resolution at the Board of Directors Meeting on October 28, 2021, the Company acquired 6,907,500 of treasury stock by open-market repurchase through a trust bank in April 2022, thereby completing the repurchase of treasury stock in accordance with the resolution of the Board of Directors Meeting after acquiring 29,376,900 of treasury shares in total during the repurchase period.

(2) On July 7, 2022, Takeda conducted the disposal of 8,091,236 treasury shares based on the resolution made on June 10, 2022 by Christophe Weber, Representative Director and Chief Executive Officer, for the purpose of providing the Company's ADS to group employees overseas under the long-term incentive plan. Shares of common stock disposed were converted to the Company's ADS and provided to the employees.

(3) "Shares with full voting rights (Others)" includes 3,981,600 shares (voting rights: 39,816 units) held by the ESOP trust account and 2,233,000 shares (voting rights: 22,330 units) held by the BIP trust account, respectively.

(4) "Shares less than one unit" includes 90 shares of treasury stock, and 153 shares held by the ESOP trust account and 244 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2023

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	21,467,000	—	21,467,000	1.36
(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	—	21,754,000	—	21,754,000	1.37

Note: In addition to the above treasury stock and 90 shares of less than one unit, 3,981,753 shares held by the ESOP trust account and 2,233,244 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 Group Management) Stock Ownership Plan

The Company introduced an Employee Stock Ownership Plan (the "Plan") in 2014 for Takeda 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, the Company introduced an Employee Stock Purchase Plan (ESPP) and Long Term Incentive Plan (LTIP) for the Takeda Group employees overseas in 2020. Accordingly, since 2020, a trust which is newly established, or the period of which is extended for purposes of the Plan, covers the Company 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 designed based on Restricted Stock Units and Performance Share Units, whereby Restricted Stock Unit awards and Performance Share Unit awards are granted to Company Management in Japan. Restricted Stock Unit awards and Performance Share Unit awards are granted to certain members of senior management while Restricted Stock Unit awards are granted to the remainder of employees. 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 2014 to maintain the Plan. Consequently, on May 28, 2021, the Company extended the trust period of the ESOP Trust which was established in 2018 with entrustment of additional money to cover the Company 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. On May 16, 2022, the Company extended the trust period of the ESOP Trust which was established in 2019 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2022. On May 16, 2023, the Company extended the trust period of the ESOP Trust which was established in 2020 to cover the Company Management in Japan based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 11, 2023.

(ii) Trust Agreement

[2021]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company 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 the Company 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)
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

[2022]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company 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 the Company 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 20, 2016 (an amendment agreement was executed regarding the extension of the Trust term as of May 16, 2022)
Trust term:	From May 20, 2016 to August 31, 2025 (the Trust term was extended by the amendment agreement executed as of May 16, 2022) (Base points were granted on July 1, 2022)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[2023]

Trust type:	Money trust other than a specified money trust for specific investment (Third party benefit trust)
Trust purpose:	To grant incentives to the Company 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 the Company 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 16, 2023)
Trust term:	From May 21, 2014 to August 31, 2026 (the Trust term was extended by the amendment agreement executed as of May 16, 2023) (Base points will be granted on July 1, 2023 (scheduled))
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

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

Grant trust for FY 2023: Approximately 500,000 shares (scheduled)

(iv) Beneficiaries

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

2) ESPP and LTIP for Takeda Group employees

In 2020, the Company introduced (i) an ESPP under which eligible Takeda 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 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 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 Group employees overseas to receive Company ADSs purchased in the open market by making cash contributions. Eligible Takeda 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. From October 2020, the maximum amount of the contribution by a Takeda 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 Unit awards (RSU awards) using Restricted Stock Units, and Performance Stock Unit awards (PSU awards) using Performance Stock Units, may be granted to eligible Takeda 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 or treasury shares, Company ADSs purchased in the open market, or cash in an amount equivalent to the vested Company ADSs. In July 2020, July 2021 and July 2022, RSU awards and PSU awards were granted to eligible Takeda Group employees. With respect to RSU awards, the number of Company ADSs corresponding to one-third of the RSU awards granted vests 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 PSU awards, 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 company performance goals for the three fiscal years including and commencing from the grant year and other factors, fully vests after the end of the three fiscal year period. For both RSU awards and PSU awards, 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 is 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 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 designed based on Performance Share Units and Restricted Stock Units, whereby Performance Share Unit awards and Restricted Stock Unit awards are granted to Directors. 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) at a set time after the grant of Performance Share Unit awards and Restricted Stock Unit awards, and to (2) Directors who are members of the Audit and Supervisory Committee and External Directors three years after the date when the applicable base points allocated under the plan are granted after the grant of only Restricted Stock Unit awards in furtherance of these Directors' proper and objective supervisory function over business 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 2014 and maintain the similar incentive plan as the former plan. In 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 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.) as well as Directors who are members of the Audit and Supervisory Committee. (Such 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 such BIP Trust for those who are as the SV (Supervisory) Trust hereinafter).

On May 16, 2017, the Company partially revised the BIP Trust which was established in 2014 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 10, 2017. (SV Trust was not established in 2017 as there were no newly appointed Directors who are members of the Audit and Supervisory Committee in 2017).

On May 21, 2018, the Company partially revised the BIP Trust which was established in 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 2016 and entrusted additional funds.

On August 1, 2019 the Company partially revised the plans to extend the term and changed a part of the BIP Trust already established in 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 14, 2021, the Company extended the BIP Trust which was established in 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").

On May 16, 2022, the Company extended the BIP Trust which was established in 2019 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, 2022 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 16, 2023, the Company extended the BIP Trust which was established in 2020 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, 2023 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

[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 was 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 were granted on July 1, 2021)
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 market
Vested rights holder:	The Company

[2022 (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 May 16, 2022)
Trust term:	August 3, 2016 to August 31, 2025 (the Trust term was extended by the amendment agreement executed as of May 16, 2022) (Base points were granted on July 1, 2022)
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:	1.94 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 18, 2022
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[2023 (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 was executed regarding the extension of the Trust term as of May 16, 2023)
Trust term:	August 4, 2014 to August 31, 2026 (the Trust term was extended by the amendment agreement executed as of May 16, 2023) (Base points will be granted on July 1, 2023 (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:	2.4 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 18, 2023
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

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

Grant trust for FY 2023: Approximately 520,000 shares (scheduled)

(iv) 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 3 and 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

Classification	Number of Shares (Shares)	Total Amount (JPY)
Status of the resolution of the Board of Directors (October 28, 2021) (Acquisition: from November 2, 2021 to April 29, 2022)	35,000,000	¥ 100,000,000,000
Treasury stock acquired during the previous fiscal years	22,469,400	74,972,698,800
Treasury stock acquired during the current fiscal year	6,907,500	24,992,962,200
Number of shares and total amount of outstanding shares of resolution	5,623,100	34,339,000
Ratio of non-exercised portion at the end of the current fiscal year (%)	16.1	0.0
Treasury stock acquired during the current period	—	—
Ratio of non-exercised portion as of the filing date (%)	16.1	0.0

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

Classification	Number of Shares (Shares)	Total Amount (JPY)
Treasury stock acquired during the current fiscal year	5,153	¥ 19,967,183
Treasury stock acquired during the current period	967	4,357,897

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, 2023 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	8,091,236	¥ 27,599,088,469	—	¥ —
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)	244	983,104	90	399,600
Number of shares of treasury stock held	21,467,090	—	21,467,967	—

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, 2023 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

Guided by our vision to discover and deliver life-transforming treatments, and with a focus on maintaining solid investment grade credit ratings, 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; and
- Shareholder returns.

In respect of "Invest in growth drivers", Takeda makes strategic investments in internal and external opportunities to enhance the pipeline, new product launches, and plasma-derived therapies. With regard to "Shareholder returns", Takeda has adopted a progressive dividend policy of increasing or maintaining the annual dividend per share each year, alongside share buybacks when appropriate.

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, 2023, 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, 2023.)

4. Corporate Governance

(1) Corporate Governance

1) Corporate Governance Structure

In line with the Company's purpose "Better Health for People, Brighter Future for the World," the Company continues to pursue a management framework appropriate for a global, values-based, R&D-driven, digital biopharmaceutical company. The Company is strengthening its internal controls, including thorough compliance and risk management, and establishing a structure that enables agile, sound, and transparent decision-making. These measures will further improve the Company's corporate governance and maximize its 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 is a company with an Audit and Supervisory Committee (ASC), which enables the Board of Directors (BOD) to delegate a substantial part of their decision-making authority of important business executions to Management, and to enhance the separation of business execution and supervision. The governance structure allows the Company to further expedite the decision-making process and enables the BOD to focus more on discussions on business strategies and, particularly important business matters. The Company is aiming to increase transparency and independence of the BOD and further enhancing its corporate governance, by establishing systems of audit and supervision conducted by the ASC, and increasing the proportion of the number of External Directors and the diversity of the BOD.

[Directors]

- Chair of the Board Meeting: Independent External Director
- Number of Directors: 15 persons (Male 12 persons, Female 3 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 ASC has consisted only of External Directors to further enhance the independence of the Committee.

- Audit and Supervisory Committee

The ASC ensures its independence and effectiveness in line with the ASC Charter and Internal Guidelines on Audit and Supervision of ASC. 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 Relating to the Independence of Such Directors and/or Staff from the Executive Directors

The ASC Office was established to support the operations of the ASC, and an appropriate number of staff members are appointed among employees. The appointment and any personnel change of the members of the ASC Office require the agreement of the ASC.

The ASC Office assists the ASC in fulfilling its duties by collecting information on a regular basis through attendance at important meetings and review of important documents, and by periodical interviews etc. with executives through business reporting. In addition, the Company ensures the effectiveness of audit by conducting a systematic audit through the internal control system. For the reasons above, no full-time ASC member are appointed.

- Cooperation among the ASC, Accounting Auditors and Internal Audit Departments

(Cooperation between the ASC and Accounting Auditors)

The ASC receives reports directly from the Accounting Auditors on audit plans, the audit structure/system and audit results for each business year. In addition, the ASC and Accounting Auditors closely cooperate with each other by exchanging information and opinions, as necessary.

(Cooperation between the ASC and Group Internal Audit (GIA) department)

Based on the status of the development and operation of the internal control system, the ASC works in close cooperation with the GIA department to improve audit efficiency. This is done through audit reports from the GIA department to the ASC, and instructions from the ASC to the GIA department.

(Relationship between the ASC and Internal Control Promoting Department)

The ASC works closely with the divisions responsible for internal control, such as Global Ethics and Compliance, Global Finance, etc. and utilizes the information received from these divisions to ensure that the ASC audits are conducted effectively.

[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 BOD 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 Directors of the Board are all qualified individually and with a diverse and relevant experience as a group. The ASC, which is composed entirely of External Directors audits and supervises the execution of directors from an independent standpoint and contributes to 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, as well as the Business & Sustainability Committee (which is responsible for corporate / business development matters and sustainability-related 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). These committees review important matters to ensure the agility and flexibility of business execution and ensure greater coordination among the various functions. Matters not requiring the approval of the aforementioned committees are delegated to the TET stipulated in 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 BOD the primary function of observing and overseeing business execution as well as decision-making for strategic or particularly important matters regarding company management. The BOD is operated by the “Board of Directors Charter”. The BOD consists of 15 Directors (including three females), including 12 External Directors, five Japanese and 10 non-Japanese (as of June 28, 2023), and meets in principle eight times per year to make resolutions and receive reports on important matters regarding management. In the fiscal year 2022, the BOD discussed and made decisions on particularly important matters including the convocation and proposal matters of the General Meeting of Shareholders, revision of the Takeda Group’s Management policy (T-MAP), enterprise risk assessments, annual and mid-range business plan, interim financial results, quarterly financial results, financial statements, business report, as well as acquisition of Nimbus Therapeutics’ TYK2 program subsidiary and new manufacturing facility for plasma-derived therapies in Japan. In addition, it had a strategic session to focus on the discussion about long-term business forecasts, R&D pipeline strategy and global business strategy, etc., as well as an executive session for discussion among only External Directors. Eight BOD meetings were held in fiscal year 2022 and all Internal Directors who took office at the end of fiscal year 2022 attended all meetings. (Please refer to the Table “External Directors’ Relationship with the Company (2)” in [Directors], Part II, section 1 of this report about the attendance of External Directors.) The BOD is chaired by an Independent External Director to increase the independence of the BOD. 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 BOD.

[Internal Audit]

The GIA department, comprising 53 members, the Corporate Environment, Health and Safety (EHS) department in the Global Manufacturing & Supply division, and Global Quality conduct regular internal audits for each division of the Company and each Group company using their respective guiding documents, the "Group Internal Audit Charter", the "Global Environment, Health and Safety Policy and Position" and the "Global Quality Policy."

[Takeda Executive Team]

The TET consists of the President & Chief Executive Officer ("President & CEO") and function heads of the Takeda Group who report directly to the President & CEO.

[Business & Sustainability Committee]

The Business & Sustainability Committee consists of TET members. In principle, it holds a meeting twice a month to discuss and make decisions on important execution of corporate/business development matters and sustainability-related matters.

[Portfolio Review Committee]

The Portfolio Review Committee (PRC) 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 PRC 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 PRC defines how investments will be resourced.

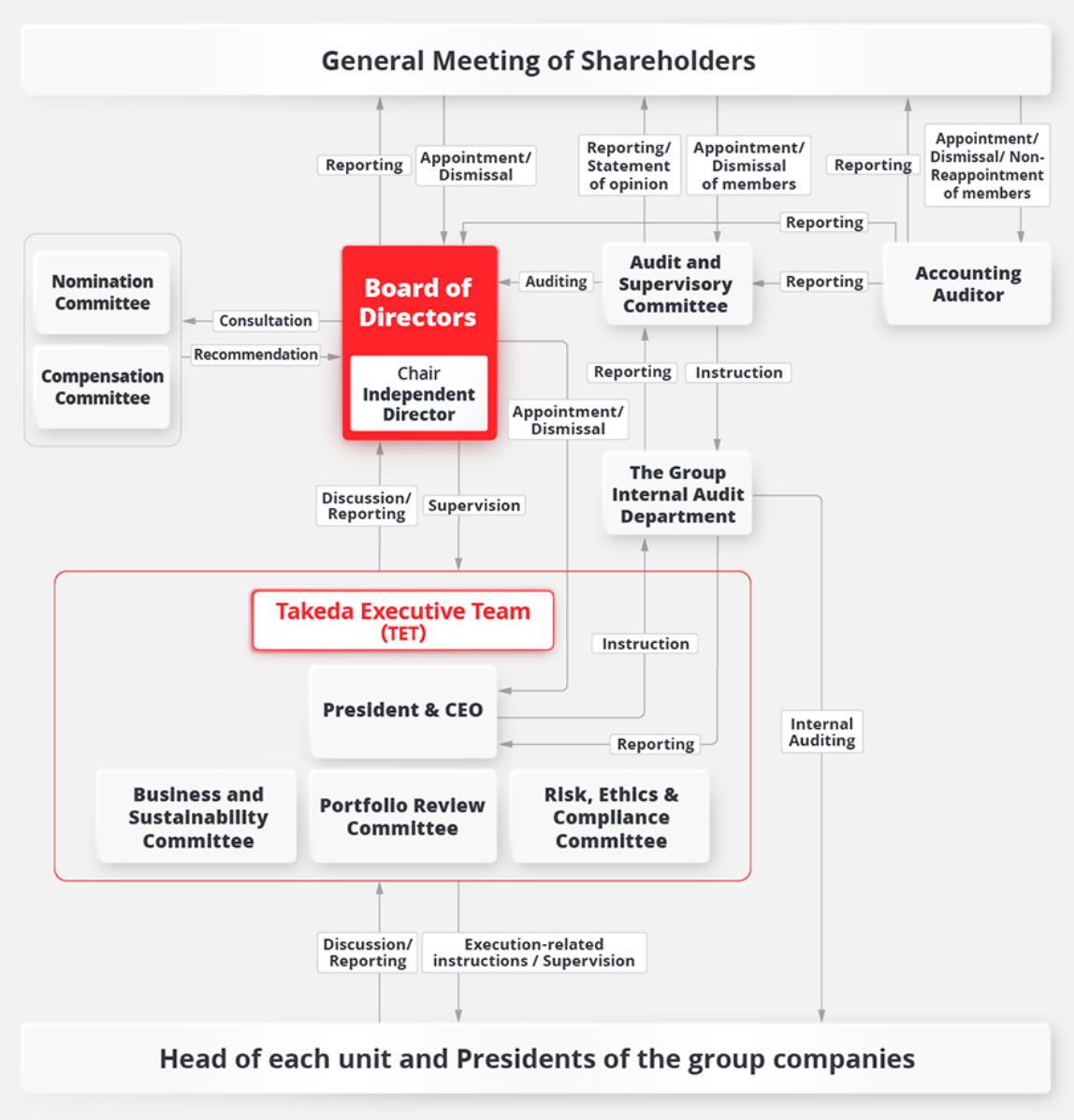
[Risk, Ethics & Compliance Committee]

The Risk, Ethics & Compliance Committee consists of TET members. 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, and the risk mitigation measures.

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

The Company regards internal control, together with risk management, as an important component of corporate governance and has developed 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

- The Company's "Corporate Philosophy," consisting of its "Purpose," "Values: Takeda-ism," "Vision" and "Imperatives," permeates the entire Takeda Group. These principles serve as the foundation of the Takeda corporate culture. In addition, the Company is working to strengthen its compliance system through the dissemination of the "Takeda Global Code of Conduct" and by developing ethics and compliance programs.
- As a "company with an Audit and Supervisory Committee," the Company has established a system that enables the ASC to effectively perform its duties relating to audit and supervision, and is increasing the proportion and diversity of External Directors in order to ensure the transparency and objectivity of the BOD.
- The Company voluntarily has established its Nomination Committee and Compensation Committee, as advisory bodies for the BOD. Both committees ensure objectivity and fairness in the selection and compensation of Directors by having only External Directors as committee members, including the Chairperson. In the fiscal year 2022, the Nomination Committee and the Compensation Committee held five meetings and eight meetings, respectively. The election of members of both committees was held on June 29, 2022, and almost all members attended all committee meetings held during their tenure (Mr. Ian Clark and Mr. Olivier Bohuon attended seven out of eight Compensation Committee meetings). The Nomination Committee discussed director candidates and director succession plans, and provided guidance to the BOD. The Compensation Committee reviewed and discussed the goals and results of performance-based 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 Unit awards (PSU awards), the public disclosure of compensation, etc., and the committee further provided guidance to the BOD.

The member composition is as follows (as of June 28, 2023) :

Nomination Committee: Masami Iijima (Chairperson), Jean-Luc Butel, Steven Gillis, Michel Orsinger and Yoshiaki Fujimori (Christophe Weber attends as an observer.)

Compensation Committee: Emiko Higashi (Chairperson), Olivier Bohuon, Ian Clark and Michel Orsinger

- The Company has established the below committees in order to properly deliberate and decide on important matters:
  - Business & Sustainability Committee: responsible for corporate/business development matters and sustainability-related matters
  - Portfolio Review Committee: responsible for R&D and product related matters
  - Risk, Ethics & Compliance Committee: responsible for risk management, business ethics and compliance matters.
- The Company has established the Takeda Executive Team ("TET"), which consists of the President & CEO and the heads of the divisions of the Takeda Group, in order to strengthen its global business management and deepen collaboration among various divisions.
- The Company has established the "Takeda Group's Management Policy (T-MAP)," which summarizes the Company's business and operations, decision-making and reporting structure, important operational rules, and applies it to all divisions and subsidiaries of the Takeda Group. In addition, each TET member establishes rules for operations and delegation of authority in each division and subsidiary to ensure that operations are conducted appropriately.
- The Company has developed a group-wide management system by establishing Global Policies for enterprise risk management, crisis management, Environment, Health and Safety (EHS) and raising & handling concerns.
- The Company has established a Quality Management System (QMS) and developed documents describing requirements and procedures, and conducts audits, monitors, and controls the compliance with these documents. This helps to ensure proper operations in research and development, manufacturing and product quality, as well as compliance with the laws and regulations of the pharmaceutical industry (GxP).
- The Company has established the Group Internal Audit (GIA), an independent assurance function within Takeda Group, to support the enhancement and protection of organizational value through its audit activities. The results of internal audit are reported to the President & CEO, the Audit and Supervisory Committee, and the Board of Directors. The GIA department develops and maintains an audit quality assurance and improvement program and conducts internal audit activities in accordance with the "International Standards for the Professional Practice of Internal Auditing (IIA Standards)" issued by the Institute of Internal Auditors.

(ii) System for retention and management of information concerning the execution of the duties of Directors

- The Company has established the "Global Records and Information Management (RIM) Policy" and properly retains and manages the BOD meeting minutes, approvals of management decisions, and other information concerning the execution of the duties of Directors.

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

- The Company has established an integrated system that brings together the three areas of enterprise risk management, business continuity management, and crisis management based on the "Global Business Resilience Policy."
  - The Company conducts annual enterprise risk assessment for the identification, evaluation, and mitigation planning for prioritized risks.
  - The Company develops business continuity plans for major risks and essential business areas.
  - The Company formulates crisis management plans to identify, manage and recover from a crisis and responds to it by organizing a Crisis Management Committee according to the level of impact.
- The Company has established the principles and processes to identify, monitor and report selected high-risk business activities based on the "Global Monitoring Policy."
- The Company has established a patient safety and quality management framework, under both normal state and crisis mode, to initiate necessary actions for patient safety and quality issues including product recall.

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

- Under the provisions of its Articles of Incorporations, the Company has established a structure that delegates a certain degree of decision-making authorities to certain Directors, which enables the BOD to focus more on business strategies, internal controls and other important business matters of the Takeda Group.
- The matters delegated to the Directors are discussed and decided at the appropriate management committees, to ensure an agile and effective decision-making process.
- The Company has established delegation of authority and decision-making rules such as the "Board of Directors Charter" and "T-MAP" to ensure the duties of the Directors are executed in an appropriate and efficient manner.

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

- The Company has established a dedicated department responsible for business ethics and compliance in order to strengthen the group-wide compliance systems.
- The Company has established its Code of Conduct, global policies (prohibition of bribery, handling of personal information, prohibition of insider trading, etc.) and other compliance-related internal rules, and implements training programs throughout the Takeda Group.
- The Company has established global policies and internal regulations for interactions with healthcare entities, patient organizations, and government entities to comply with laws and regulations, which are essential for pharmaceutical companies.
- The Company has established guidelines for raising and handling concerns of potential misconduct and has procedures for employees

to remain anonymous and ensure their confidentiality through the Takeda Ethics Line.

(vi) System to ensure the reliability of financial reporting

- The Company ensures the reliability of disclosed materials by establishing and implementing an internal control system for financial reporting based on the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(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.

(viii) System to ensure that the audits by the ASC are conducted effectively

The Company has established the following system that defines the roles, authority, duties, etc. of the ASC through the "Audit and Supervisory Committee Charter," as well as internal guidelines regarding the audit and supervision of the ASC.

1) Matters related to ensuring the independence from the directors, of employees who assist the ASC, and the effectiveness of instructions given to such employees by the ASC:
   - The ASC Office is established, and dedicated staff members are appointed in order to assist ASC in the execution of duties under the direction of the ASC.
   - The appointment, personnel changes, personnel evaluations and other matters related to the dedicated staff members require the consent of the ASC.
2) A structure for the directors and the employees to report to the ASC, and other reporting structures related to the ASC:
   - The ASC is informed on matters concerning the Company's basic management policy and plans, and material matters including those related to subsidiaries and affiliates of the Company.
   - Any facts that could cause significant damage to the Takeda Group need to be immediately reported to the ASC.
   - The ASC can access the minutes and materials of important meetings at any time.
   - The Company has established a system to ensure that Directors and employees, etc. would not be subject to any unfavorable treatment for reporting to the ASC.
3) Other systems to ensure that audits by the ASC are performed effectively:
   - The ASC can conduct systematic audits in cooperation with the internal audit division, to which the ASC is authorized to give instructions, the internal control promotion division and the accounting auditor.
   - Expenses necessary for the execution of duties by the ASC and the ASC members are borne by the Company.

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 indemnify 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 elected 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

12 male Directors and 3 female Directors (percentage of female: 20%)

Name	Christophe Weber	
Title	President and Representative Director, Chief Executive Officer	
Date of Birth	November 14, 1966	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		628,100 shares (817,138 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
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	Andrew Plump	
Title	Director, President, Research and Development	
Date of Birth	October 13, 1965	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (- shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		111,097 share (701,712 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)	
July 2021	President, Research and Development, Takeda Development Center Americas, Inc. (to present)	

Name	Constantine Saroukos	
Title	Director, Chief Financial Officer	
Date of Birth	April 15, 1971	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- shares (230,749 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
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	Masami Iijima	
Title	Director, Chair of the Board of Directors meeting	
Date of Birth	September 23, 1950	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (10,270 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
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 2018	External Director, SoftBank Group Corp. (to present)	
June 2019	Counselor, Bank of Japan (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	
June 2022	External Director of the Company (to present)	
June 2022	Chair of the Board of Directors meeting of the Company (to present)	
June 2023	External Director, Kajima Corporation (to present)	

Name	Olivier Bohuon	
Title	Director	
Date of Birth	January 3, 1959	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (17,738 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		1,300 shares (- share)
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 Shares Held, (Number of Shares to be Provided) (Note3)		- share (21,914 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
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, Plc.
January	2015	President, International, Baxter International Inc.
July	2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)
June	2016	External Director of the Company who is an Audit and Supervisory Committee Member
September	2017	External Director, Novo Holdings A/S (to present)
June	2019	External Director of the Company (to present)
September	2021	External Director, Rani Therapeutics (to present)

Name		Ian Clark
Title		Director
Date of Birth		August 27, 1960
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (17,738 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		2,096 shares (- share)
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.
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		Steven Gillis
Title		Director
Date of Birth		April 25, 1953
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (17,738 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		8,257 shares (- share)
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 (currently, Amgen, Inc.)
October	1994	Founder, Director and Chief Executive Officer, Corixa Corporation (currently, GlaxoSmithKline)
January	1999	Director and Chairman, Corixa Corporation (currently, GlaxoSmithKline)
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	John Maraganore	
Title	Director	
Date of Birth	October 11, 1962	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (5,121 share)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2000	Senior Vice President, Strategic Product Development, Millennium Pharmaceuticals, Inc.	
December 2002	Director and Chief Executive Officer, Alnylam Pharmaceuticals, Inc.	
November 2011	External Director, Agios Pharmaceuticals, Inc. (to present)	
June 2017	Chairperson, Biotechnology Innovation Organization	
November 2021	External Director, Beam Therapeutics, Inc. (to present)	
January 2022	Scientific Advisory Board Member, Alnylam Pharmaceuticals, Inc. (to present)	
February 2022	External Director, Kymera Therapeutics, Inc. (to present)	
June 2022	External Director of the Company (to present)	
July 2022	External Director, ProKidney Corporation (to present)	

Name	Michel Orsinger	
Title	Director	
Date of Birth	September 15, 1957	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (21,914 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
Term	See (Note 5)	
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	
June 2022	External Director of the Company (to present)	

Name	Miki Tsusaka	
Title	Director	
Date of Birth	April 24, 1963	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (- share)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
Term	See (Note 5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
May 1995	Partner and Managing Director, Boston Consulting Group	
May 2003	Senior Partner and Managing Director, Boston Consulting Group	
May 2005	Global Leader, Marketing, Sales & Pricing Practice, Boston Consulting Group	
October 2011	Executive Committee Member, Boston Consulting Group	
June 2013	Chief Marketing Officer, Boston Consulting Group	
February 2023	President, Microsoft Japan Co., Ltd. (to present)	
June 2023	External Director of the Company (to present)	

Name	Koji Hatsukawa	
Title	Director, Head of Audit and Supervisory Committee	
Date of Birth	September 25, 1951	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		6,400 shares (19,900 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
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 Audit and Supervisory Committee (to present)	

Name	Yoshiaki Fujimori	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	July 3, 1951	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		9,000 shares (19,900 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
Term	See (Note 6)	
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	
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)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	
July 2022	External Director, Trygroup Inc. (to present)	

Name	Emiko Higashi	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	November 6, 1958	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (21,914 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		- share (- share)
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)	
March 2023	External Director, Rapidus Corporation (to present)	

Name	Kimberly A. Reed	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	March 11, 1971	
Number of Shares Held, (Number of Shares to be Provided) (Note3)		- share (5,121 shares)
Number of ADSs Held (Number of ADSs to be Provided) (Note4)		9,353 shares (- share)
Term	See (Note 6)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
October 1997	Counsel, United States House of Representatives	
May 2004	Senior Advisor to United States Secretaries of the Treasury, United States Department of the Treasury	
February 2007	Director and Chief Executive Officer, Community Development Financial Institutions Fund, United States Department of the Treasury	
December 2007	Vice President, Financial Markets Policy Relations, Lehman Brothers	
September 2009	President, International Food Information Council Foundation	
May 2019	Chairman of the Board of Directors, President, and Chief Executive Officer, Export-Import Bank of the United States	
February 2021	Distinguished Fellow, Council on Competitiveness (to present)	
August 2021	External Director, Momentus Inc. (to present)	
June 2022	External Director of the Company who is an Audit and Supervisory Committee Member (to present)	
March 2023	External Director, Hannon Armstrong Sustainable Infrastructure Capital, Inc. (to present)	

Total Number of Shares Held (Total Number of Shares to be Provided)	643,500 shares	(1,227,155 shares)
Total Number of ADSs Held (Total Number of ADSs to be Provided)	132,103 shares	(701,712 shares)

Notes:

(1) Mr. Masami Iijima, Mr. Olivier Bohuon, Mr. Jean-Luc Butel, Mr. Ian Clark, Dr. Steven Gillis, Dr. John Maraganore, Mr. Michel Orsinger, and Ms. Miki Tsusaka are External Directors.

(2) Mr. Koji Hatsukawa, Mr. Yoshiaki Fujimori, Ms. Emiko Higashi and Ms. Kimberly A. Reed are External Directors who are also Audit and Supervisory Committee Members.

(3) The number of shares held represents the number of ordinary shares held as of March 31, 2023. The number of shares to be provided includes the number of ordinary shares vested but undelivered and scheduled to be vested, including those granted to directors based outside of Japan that will be converted to ADSs for settlement following vesting, under the Board Incentive Plan (“BIP”). The number of shares to be provided pursuant to the BIP is comprised of Restricted Stock Unit awards (“RSU awards”) and Performance Share Unit awards (“PSU awards”). RSU awards vest one third each year over a three-year period and PSU awards vest three years from the date of grant. Included PSU awards to be vested in the future years 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 Director.

(4) The number of ADSs held represents the number of American Depositary Shares held as of March 31, 2023 and is rounded to the nearest whole number. Each ADS represents one half of an ordinary share. The number of ADSs held by Kimberly A. Reed includes 7,978 shares held by her close family members. The number of ADSs to be provided includes the number of American Depositary Shares vested but undelivered and scheduled to be vested under Long-Term Incentive Plan for Company Group Employees Overseas (“LTIP”). The number of ADSs to be provided pursuant to the LTIP is comprised of RSU awards and Performance Stock Unit awards (“PSU awards”). RSU awards vest one third each year over a three-year period and PSU awards vest three years from the date of grant. Included PSU awards to be vested in the future years represent the total number of ADSs to be issued assuming that relevant targets are met at the 100% level; the actual number of ADSs issued may be fewer or greater depending on the level at which targets are met. In addition, with regard to the ADSs to be provided under the Plan, the voting rights thereof may not be exercised before such shares are provided to each Director.

(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, 2023 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2024.

(6) The term of office of Directors who are Audit and Supervisory Committee Members shall be from the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2022 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2024.

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

Mr. Masami Iijima served as Representative Director, President, and CEO of Mitsui & Co., Ltd, where he directed the company’s global management. He then focused on supervising management and enhancing the effectiveness of the BOD as the Representative Director,

Chairman of the BOD, and Chair of the Board meeting of the company. Through his career, he has gained extensive experience in various fields including corporate governance and risk management. Since June 2021, he has been involved in the management of the Company as an External Director who is an ASC Member, and since June 2022, as an External Director who is not an ASC Member. He has also served as the chair of the BOD meeting since June 2022, facilitating the BOD meetings as well as leading the discussions in the External Director meetings. As an External Director, he has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2022. 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. Olivier Bohuon served as an External Director of Shire, and based on such experience, has a deep expertise in the company's portfolio and its related therapeutic areas. He has also served in several key positions at global pharmaceutical and healthcare companies in the U.S. and Europe. He has deep insights gained from his extensive experience in the management of such global healthcare businesses. He especially has remarkable expertise in healthcare marketing. Since January 2019, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended seven of the eight BOD meetings held in the fiscal year 2022. 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. Jean-Luc Butel has served in several key positions at global healthcare companies in the U.S., Europe, and Asia. Based on such extensive experience in global healthcare business management, he has deep insights in healthcare business management. Since June 2016, he has been involved in the management of the Company as an External Director who is an ASC Member, and since June 2019, as an External Director who is not an ASC Member. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended seven of the eight BOD meetings held in the fiscal year 2022. 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. Ian Clark served as an External Director of Shire, and based on such experience, has a deep expertise in the company's portfolio and its related therapeutic areas. He has also served in several key positions at global healthcare companies in Europe and Canada. He has gained deep insights through such extensive experience in the management of global healthcare business. He especially has remarkable expertise in oncology marketing and managing the biotechnology division of healthcare companies. Since January 2019, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2022. 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. Steven Gillis served as an External Director of Shire, and based on such experience, has deep expertise in the company's portfolio and its related therapeutic areas. He has a Ph.D. in biology and has served in several key positions at global healthcare companies in the U.S. and Europe. He also has extensive experience in global healthcare business management and especially has significant expertise in immune-related healthcare business. Since 2019, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended seven of the eight BOD meetings held in the fiscal year 2022. 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. John Maraganore has a wide experience in the pharmaceutical industry for more than 30 years. He served as the Director and CEO of Alnylam Pharmaceuticals for around 20 years and retired at the end of 2021. Prior to that, he served as an officer and a member of the management team at Millennium Pharmaceuticals. Since June 2022, he has been involved in the management of the Company as an External Director. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended seven of the seven BOD meetings held after his appointment in the fiscal year 2022. 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. Michel Orsinger has served in several key positions at global healthcare companies in the U.S. and Europe. He has gained deep insights from extensive experience in global healthcare business management. He has been involved in the management of the Company as an External Director who is not an ASC Member since June 2016, as an External Director who is an ASC Member since June 2019 and as an External Director who is not an ASC Member since June 2022. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He attended eight of the eight BOD meetings held in the fiscal year 2022. 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.

Ms. Miki Tsusaka has exceptional leadership skills and wide expertise in global business & strategy and data & digital, deep insights in leveraging technology to drive innovation and create value. She is also well-versed in global market trends and insights, having worked with companies across Asia, Europe, and North America. She also has deep knowledge and a wide variety of experience working in a global environment across various industries. In June 2023, she was appointed as an External Director with the aim of supporting the Company's continuous growth and success, promoting sustainable development, giving appropriate oversight of the management and ensuring sound management of the business. 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.

Mr. Koji Hatsukawa has extensive experience and expertise in the areas of corporate finance and accounting as a certified public accountant. He has also held top management positions, including serving as representative and CEO of an auditing firm. Since June 2016, he has been involved in the management of the Company as an External Director who is an ASC Member, and since June 2019, he has been serving as the head of the ASC. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight meetings of the Board of Directors held in the fiscal year 2022. His ownership of the Company's shares is immaterial (as of June 2023), 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. Yoshiaki Fujimori has served in several key positions, such as CEO at a global U.S. company and its Japanese subsidiary, as well as at a Japanese company that spearheaded global expansion ahead of other companies. Through his career, he has gained deep insights from extensive experiences in global management of such healthcare companies. Since June 2016, he has been involved in the management of the Company as an External Director who is not an ASC Member since, and since June 2022, as an External Director who is an ASC Member. He has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. He has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. He attended eight of the eight BOD meetings held in the fiscal year 2022. His ownership of the Company's shares is immaterial (as of June 2023), 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.

Ms. Emiko Higashi has experience in various key positions, including experience as CEO of investment funds mainly in the U.S., as well as experience in investment funds specializing in healthcare and technology. She has advanced knowledge and extensive experience in the area of finance and accounting and financial industry, healthcare industry and data and technology. Since June 2016, she has been involved in the management of the Company as an External Director who is not an ASC Member, and since June 2019 as an External Director who is an ASC Member. She has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. She has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. She attended eight of the eight BOD meetings held in the fiscal year 2022. 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.

Ms. Kimberly A. Reed was the first woman to serve as Chairman of the Board of Directors, President, and CEO of the Export-Import Bank of the United States (EXIM), —the nation's official $135 billion export credit agency—where she helped companies succeed in the competitive global marketplace. She has extensive domestic and international experience, including as CEO and Senior Advisor at the highest levels of the U.S. Government; President of an organization that focused on nutrition, health, and agriculture and worked with global companies on science-based communication strategies; and Counsel with the U.S. Congress. She is a Council on Competitiveness Distinguished Fellow and has served on numerous nonprofit Boards of Directors and Advisory Committees, including the Alzheimer's Association and Indiana University-Bloomington School of Public Health. Her leadership and wide expertise has enabled her to successfully navigate geopolitical, regulatory, international business, and public policy environments; address ESG; conduct oversight and investigations; and plan for future challenges. Since June 2022, she has been involved in the management of the Company as an External Director who is an ASC Member. She has actively participated in the BOD meetings and contributed to ensuring fair and appropriate decision-making and sound management of business activities of the Company. She has also contributed to the realization of the ASC's vision of ensuring sound and continuous growth of the Company, creating mid- and long-term corporate value, and establishing a good corporate governance system that will accommodate society's trust, through audit and supervision. She attended seven of the seven BOD meetings held after her appointment in the fiscal year 2022. 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.

- 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. The agenda of the Board of Directors meetings are shared in advance. 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. The Audit and Supervisory Committee Office is responsible for supporting the operation of

External Directors who are Audit and Supervisory Committee Members. They serve as the secretariat for the Audit and Supervisory Committee, and shares the necessary information for auditing and other duties at the Audit and Supervisory Committee.

(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, 2023. The table below shows the attendance by each Audit and Supervisory Committee member:

Type	Name	Attendance at the Audit and Supervisory Committee
External Audit and Supervisory Committee member	Koji Hatsukawa	10 out of 10 meetings (100%)
External Audit and Supervisory Committee member	Yoshiaki Fujimori	7 out of 7 meetings (100%)
External Audit and Supervisory Committee member	Emiko Higashi	10 out of 10 meetings (100%)
External Audit and Supervisory Committee member	Masami Iijima	3 out of 3 meetings (100%)
External Audit and Supervisory Committee member	Michel Orsinger	3 out of 3 meetings (100%)
External Audit and Supervisory Committee member	Kimberly A. Reed	7 out of 7 meetings (100%)

In the current fiscal year, the Audit and Supervisory Committee primarily considered and discussed 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 based on the information acquired through the following activities, and made proposals to directors and executive departments as necessary.

Audit activities

(1) Directors' performance of duties	Attending the Board of Directors meetings
	Exchanging opinions with the President and CEO
	Attending significant meetings (e.g., Business & Sustainability Committee)
	Inspecting and reviewing significant materials/documents (e.g., agendas and minutes of significant meetings)
(2) Internal control system	Exchanging opinions with the executives including TET members
	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)
(3) Accounting Auditors	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
	Discussion of Key Audit Matters (KAM / CAM)
	Conducting the assessment of Accounting Auditors

2) Internal Audit

For the organization, members and procedures of the internal audit function, see (1) Corporate Governance 3) Business Execution, [Internal Audit] and (1) Corporate Governance 3) Business Execution, [Basic Views on the Internal Control System and the Progress of System Development] (i) Systems to ensure the appropriateness of operations in the Takeda Group. 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

16 years

3. Certified Public Accountants who performed Accounting Audit
Mr. Masahiro Mekada (consecutive auditing period: 4 years), Mr. Kotetsu Nonaka (consecutive auditing period: 5 years) and Mr. Hiroaki Namba (consecutive auditing period: 3 years)

4. Composition of other members who supported Accounting Audit
36 certified public accountants and 72 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, 2022		For the Year ended March 31, 2023	
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	¥ 2,358	¥ 31	¥ 2,400	¥ 10
Consolidated subsidiaries	9	—	9	—
Total	¥ 2,366	¥ 31	¥ 2,408	¥ 10

Fees for non-audit service for the year ended March 31, 2022 were for services for consent letter regarding the issuance of Form S-8 and services for comfort letters regarding the issuance of bonds.
Fees for non-audit service for the year ended March 31, 2023 were for services for consent letter regarding the issuance of Form S-8.

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, 2022		For the Year ended March 31, 2023	
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	¥ —	¥ —	¥ —	¥ 20
Consolidated subsidiaries	1,212	12	1,235	40
Total	¥ 1,212	¥ 12	¥ 1,235	¥ 60

Fees for non-audit services for the year ended March 31, 2023 include mainly services related to non-financial information.
Fees for non-audit services of the consolidated subsidiaries for the year ended March 31, 2022 include mainly assurance services based on the local laws and regulations to member firms of the KPMG network, to which the Company's certified public accountant auditor, KPMG AZSA LLC, belongs, and for the year ended March 31, 2023 include mainly the agreed-upon procedures engagement.

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, 2022 and 2023.

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) Remuneration 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) Remuneration 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 2022 company performance results, the proposal "Payment of Bonuses to Directors who are not Audit & Supervisory Committee Members" was approved as proposed at the 147th General Meeting of Shareholders held on June 28, 2023. Accordingly, bonuses for 3 Directors for this fiscal year will be paid within the upper limit of 400 million JPY as set forth in this proposal.

(iii) The stock compensation (Performance Share Unit awards and Restricted Stock Unit awards) 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 for each fiscal year (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) Remuneration 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 (Restricted Stock Unit awards) 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 for each fiscal year. 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 with all the Committee members being External Directors, to serve as an advisory body for the Board of Directors to ensure the appropriateness of Directors' Compensation 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 determination of the amount of individual compensation for Internal Directors who are not Audit & Supervisory Committee Members (Since there are no Internal Directors who are Audit & Supervisory Committee Members in the Company, they are referred to as "Internal Directors" hereinafter from page in "(4) Remunerations for Directors") has been delegated to the Compensation Committee by resolution of the Board of Directors in order to ensure the objectivity and transparency of the process of determining individual compensation. Regarding activities in fiscal year 2022, the Compensation Committee held eight meetings. During fiscal year 2022, 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 Unit awards, 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 incentive 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 took 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.

<FY2022 Compensation Committee members>

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

Members: Olivier Bohuon (External Director), Ian Clark (External Director), Michel Orsinger (External Director)

The compensation of Directors consists of both "Performance-based Compensation" and "non-Performance-based Compensation". The composition and level of compensation for directors is determined based on the policies and decision-making processes described in the Company's Compensation Policy for Directors which is outlined later in this section. As part of the enhancements to our compensation framework, the Company set the proportion of Performance Share Unit awards as 60% of our long-term incentive mix for Internal Directors.

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 FY2022 Corporate KPIs for internal director bonuses, the Company set Total Core Revenue, Global Growth Products + New Product Incremental Core Revenue and Total Core Operating Profit as the annual indicators, and the Board of Directors 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. For example, KPIs of sales divisions include revenues and Division KPIs of the research divisions include R&D goals. 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 FY2022 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.

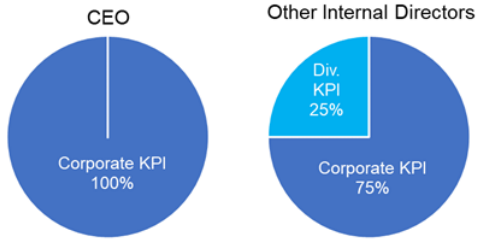
The annual bonus (Short-Term Incentive Plan (STI)) cash payout is calculated as follows:

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)								
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 Total Core Revenue, Global Growth Products + New Product Incremental Core Revenue and Total Core Operating Profit etc., established for a single fiscal year.



(Reference) Management Guidance

Fiscal 2022	Core Growth at CER (%)
Revenue	Low-single-digit growth
Operating Profit	High-single-digit growth
EPS	High-single-digit growth

The targets and the results of KPIs related to STI for FY2022 are as follows:

KPI	Rationale	Weight	Target	Result	Performance	Score	Weighted Score
Total Core Revenue	• Key indicator of growth, including pipeline delivery • Important measure of success within the industry	45 %	3,557.8 billion JPY	3,550.5 billion JPY	99.8 %	95.6 %	43.0 %
Global Growth Products + New Product Incremental Core Revenue	• Global Growth Products : Emphasis on subset of revenue that is the key driver of future revenue growth • New Product Revenue: Key indicator of driving pipeline growth and commercial revenue success	15 %	248.7 billion JPY	238.8 billion JPY	96.1 %	88.2 %	13.2 %
Total 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 %	1,050.4 billion JPY	1,047.4 billion JPY	99.7 %	97.0 %	38.8 %
Payout Rate							95.1 %

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 represent the performance of each division.

A Long-term Incentive Plan that allocated 60% for the plan designed based on Performance Share Units (Performance Share Unit awards) and 40% for the plan designed based on Restricted Stock Units (Restricted Stock Unit awards) is 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 Share Unit awards as 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 Internal 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 Internal 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 FY2022 Performance Share Unit awards which will be vested in FY2025, were 3-year Accumulated Core Revenue, 3-year Accumulated Core Operating Profit Margin, 3-year Accumulated Free Cash Flow, R&D Pivotal Study Start and Approvals.

FY2020-2022 KPIs targets for Performance Share Unit awards have been achieved as follows:

KPI[1]	Weight	Target	Result	Performance	Score	Weighted Score
3-year Accumulated Underlying Revenue	25 %	9,810.1 billion JPY	10,124.5 billion JPY	103.2 %	164.1 %	41.0 %
Point in time Core Operating Profit Margin (at end of performance period)	25 %	32.4 %	29.5 %	90.9 %	0 %	0 %
3-year Accumulated Free Cash Flow[2]	25 %	2,373.0 billion JPY	3,018.6 billion JPY	127.2 %	200.0 %	50.0 %
R&D Pivotal Study Start and Approvals[3]	25 %			77.9 %	76.2 %	19.1 %
3-year Relative TSR	Modifier +/-20% points					+10% points
Payout (PSU Score)						120.1 %

Notes:

(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) Free cash flow excluding upfront payment related to the acquisition of TAK-279 was used for FY2022 to exclude the impact of a significant one-time event which was not predicted in the initial target from a consistent performance evaluation standpoint.

(3) R&D KPIs were changed from Pivotal Study Start to Pivotal Study Start and Approvals in order to align management's performance to not only starting pivotal study but also final approvals, because approvals link more closely to new product launches and therefore future cash generation for shareholders.

With respect to Restricted Stock Unit awards as 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	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 Internal Directors, 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 Company and the number of subject Directors (by job title and remuneration type)

Director title	Total remuneration JPY (millions)	Total remuneration amount by remuneration type JPY (millions)				Number of subject directors
		Basic compensation	Performance-based compensation		Non-monetary remuneration	
			Annual bonus [3]	Performance Share Unit awards [4]	Restricted Stock Unit awards	
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) [1]	¥ 2,508	¥ 524	¥ 361	¥ 972	¥ 651	4
Directors (Audit and Supervisory Committee members) (excluding External Directors) [2]	—	—	—	—	—	—
External Directors	456	241	—	—	215	14

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) Directors who are Audit & Supervisory Committee Members are all External Directors.
(3) The final amount of annual bonus is stated.
(4) Although Performance Share Unit awards are categorized as both Performance-based Compensation and Non-monetary Remuneration, Performance Share Unit awards are reported as Performance-based Compensation.

3) Total remuneration (on a consolidated basis) paid to Internal Directors of the 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)				
			Basic compensation	Performance-based compensation		Non-monetary remuneration	Other
				Annual bonus	Performance Share Unit awards[1][2]	Restricted Stock Unit awards[1]	
Christophe Weber (Director)	¥ 1,723	Takeda Pharmaceutical Company Limited	¥ 230[4]	¥ 181	¥ 688[5]	¥ 463[5]	¥ —
		Takeda Pharmaceuticals U.S.A., Inc.[3]	65	96	—	—	—
Masato Iwasaki (Director)[6]	243	Takeda Pharmaceutical Company Limited	66	38	85[7]	53[7]	—
Andrew S. Plump (Director)	973	Takeda Pharmaceutical Company Limited	12	—	—	—	—
		Takeda Development Center Americas, Inc.[8]	157	196	349[9]	215[9]	43[10]
Costa Saroukos (Director)	691	Takeda Pharmaceutical Company Limited	215[11]	141	199[12]	135[12]	—

Notes:
(1) Compensation expense related to Performance Share Unit awards and Restricted Stock Unit awards 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, 2023.
(2) Although Performance Share Unit awards are categorized as both Performance-based compensation and Non-monetary compensation, Performance Share Unit awards are 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) Basic compensation 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 2019-2022.
(6) Masato Iwasaki retired at the close of 147th General Meeting of Shareholders held on June 28, 2023.
(7) The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2019-2022.
(8) Shows the salary and other amounts earned as the President, Research and Development of Takeda Development Center Americas, 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 for Company Group Employees Overseas (LTIP)) grants awarded in fiscal years 2019-2022.
(10) Amounts of local retirement plan contributions and other additional benefits paid by Development of Takeda Development Center Americas, Inc. during the fiscal year, as well as the amount equal to taxes on such amounts.
(11) Basic compensation includes the grossed-up amount paid for residence, pension allowances, and educational allowances etc. for the relevant officer. (94 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 2019-2022.

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

Name (Director title)[1]	Total amount of remuneration on a consolidated basis JPY (millions)	Company paying remuneration	Remuneration amount by remuneration type JPY (millions)				
			Basic compensation	Performance-based compensation		monetary remuneration	Other
				Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards[2]	
Masami Iijima (Director)	¥ 43	Takeda Pharmaceutical Company Limited	¥ 24	¥ —	¥ —	¥ 19	¥ —
Olivier Bohuon (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
Jean-Luc Butel (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
Ian Clark (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
Steven Gillis (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
John Maraganore[3] (Director)	32	Takeda Pharmaceutical Company Limited	16	—	—	16	—
Michel Orsinger (Director)	39	Takeda Pharmaceutical Company Limited	20	—	—	19	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	43	Takeda Pharmaceutical Company Limited	24	—	—	19	—
Yoshiaki Fujimori (Director who is an Audit and Supervisory Committee Member)	41	Takeda Pharmaceutical Company Limited	22	—	—	19	—
Emiko Higashi (Director who is an Audit and Supervisory Committee Member)	43	Takeda Pharmaceutical Company Limited	24	—	—	19	—
Kimberly A. Reed[3] (Director who is an Audit and Supervisory Committee Member)	34	Takeda Pharmaceutical Company Limited	18	—	—	16	—
Masahiro Sakane[4] (Director)	10	Takeda Pharmaceutical Company Limited	6	—	—	3	—
Shiro Kuniya[4] (Director)	8	Takeda Pharmaceutical Company Limited	5	—	—	3	—
Toshiyuki Shiga[4] (Director)	8	Takeda Pharmaceutical Company Limited	5	—	—	3	—

Notes:
(1) As for Directors who were transferred between Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members during this fiscal year, the Director titles represent when the Directors were selected at the 146th Ordinary General Meeting of Shareholders held on June 29, 2022.
(2) Compensation expense related to Restricted Stock Unit awards 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, 2023.
(3) John Maraganore and Kimberly A. Reed were newly elected and took office at the 146th Ordinary General Meeting of Shareholders held on June 29, 2022.
(4) Masahiro Sakane, Shiro Kuniya, and Toshiyuki Shiga retired at the close of 146th General Meeting of Shareholders held on June 29, 2022.

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
		Basic compensation	Performance-based compensation		Non-monetary remuneration	Other	
			Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards		
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors)	¥ 1,121	¥ 222	¥ 292	¥ 349	¥ 215	¥ 43	2

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., and to Director Andy Plump for the role of the President, Research and Development of Takeda Development Center Americas, 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 external data on compensation levels at major global pharmaceutical companies with which we need to be competitive, and data on compensation levels at other major companies in Japan, the U.S. and Switzerland.

3. Compensation Mix

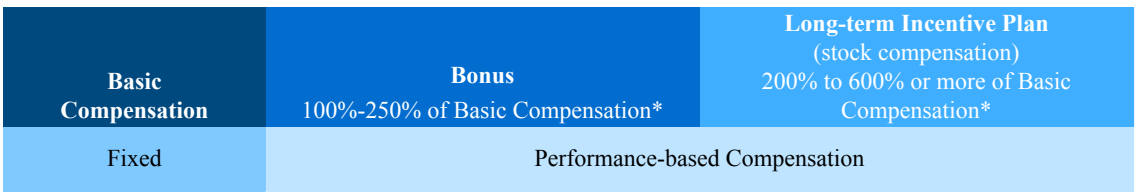
3-1. Internal Directors

The compensation of Internal 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" consists of an annual "Bonus (short-term incentive compensation)" to be paid based on financial and other performance results for each fiscal year, and a "Long-term Incentive Plan (stock compensation)" linked with long-term company performance results over a 3-year period and with Takeda's share price.

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 ratio of Long-term Incentives is particularly high among Performance-based Compensation in order to ensure the alignment of interests of Directors and shareholders and enhancement of mid-term and long-term company value. 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 Compensation Mix Model for Internal Directors



* 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 company performance results. The stock compensation awarded 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 cease service as a director (however, awarded stock compensation in or before 2018 will vest and be paid after they cease service as a director).

Bonus is not available for this category of Director. Committee retainers are paid with Basic Compensation for the chair of the board of directors meeting, chairperson of the compensation committee, and chairperson 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 Compensation Mix Model for External Directors who are not Audit & Supervisory Committee Members

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 company performance results. The stock compensation awarded 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 cease service as a director (however, awarded stock compensation in or before 2018 will vest and be paid after they cease service as a director).

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 Compensation Mix Model for Directors who are Audit & Supervisory Committee Members

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

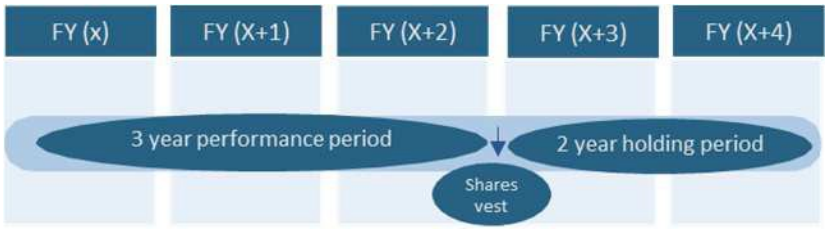
4. Performance-based Compensation

4-1. Internal Directors

For Internal Directors, the Company has introduced a Long-term Incentive Plan that is allocated as 60% for the plan designed based on Performance Share Units (Performance Share Unit awards) and 40% for the plan designed based on Restricted Stock Units (Restricted Stock Unit awards) to strengthen the link between compensation and company performance and share price, and to reinforce the commitment to increasing corporate value in the mid and long term.

Performance Share Unit awards, which fall under Performance-based Compensation, will be linked with the latest mid- to long- term key performance indicators (KPI) over a three-year period which may include consolidated revenue, free cash flow, indicators on profit and R&D targets as transparent and objective KPI. The variable range of payout rate for Performance Share Unit awards is from 0% to 200% (100% at target), based on performance achievement. For Long-term Incentive awarded in 2019 and going forward, a two-year holding period will be mandated, and this includes Performance Share Unit awards if and when shares become vested.

- Annual Performance Share Unit Awards Image



In addition to regular stock compensation, the Company may, from time to time, award one-time special Performance Share Unit awards which are directly linked to point-in-time corporate initiatives and which are aligned with shareholder expectations. Performance against established KPIs for one-time special Performance Share Unit awards are determined independently each year over a three-year period, with shares becoming vested after the relevant performance metric(s) are determined to have been achieved for the applicable period. There is no post-vesting holding period established for one-time special Performance Share Unit awards.

- Special Performance Share Unit 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 key performance indicators which may include Total Core Revenue, Global Growth Products + New Product Incremental Core Revenue and Core Operating Profit, 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 Plan (stock compensation) for Directors who are Audit & Supervisory Committee Members and External Directors is Restricted Stock Unit awards linked only to share price and not linked to company performance results. The stock compensation awarded 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 cease service as a director (however, awarded stock compensation in or before 2018 will vest and be paid after they cease service as a director). 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	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

1. Includes Special Performance Share Unit awards
2. Varies from 0% to 200%, depending upon the degree of achievement, etc. of the performance indicators such as Total Core Revenue, Global Growth Products + New Product Incremental Core Revenue and Core Operating Profit, 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 profit and R&D targets, etc. over 3 years
4. During term of office
5. Vest or paid three years after the award date of the base points used for the calculation are granted.

5. Compensation Governance

5-1. Compensation Committee

The Compensation Committee has been established with all the Committee members being External Directors, to serve as an advisory body for the Board of Directors to ensure the appropriateness of Directors' compensation 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 determine Internal Directors individual compensation in order to ensure the objectivity and transparency in the decision making process. In order to enhance transparency of the Company's corporate governance, the Company has externally disclosed the Compensation Committee Charter as a part of the Company's corporate governance documents.

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 Compensation Committee and Board of Directors 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 Directors may require Takeda to recoup incentive compensation. This would include all or a portion of the incentive compensation received by any Internal Director on Takeda's Board of Directors, and any other individual designated by the independent external 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 became effective 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 5. Compensation Governance in section 6) Director's Compensation Policy, in order to provide for objectivity and transparency in the compensation setting 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 Internal Directors. Individual compensation for External Directors who are not Audit & Supervisory Committee Members 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 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 who are not 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 shares of other companies with which it has business relationships and seeks to minimize the number of shares. 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	¥ 8,376
Shares other than unlisted shares	5	23,939

(Shares increased in the current fiscal year)

	Number of Shares	Total Amounts of Acquisition Costs for the Increase in Number of Shares JPY (millions)	Reasons for the Increase in Number of Shares
Unlisted Shares	1	¥ 784	Reclassification from affiliated companies applying the equity method
Shares other than unlisted shares	—	—	—

(Shares decreased in the current fiscal year)

	Number of Shares	Total Sales Amount for the Decrease in Number of Shares JPY (millions)
Unlisted Shares	1	¥ —
Shares other than unlisted shares	1	767

(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, Outline of business alliance, 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 12,916	¥ 4,214,559 16,566	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for neurodegenerative diseases (Quantitative / economic rationale for shareholding) Note:2	
Phathom Pharmaceuticals	7,459,286 7,109	7,459,286 12,404	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for gastrointestinal diseases and disorders (Quantitative / economic rationale for shareholding) Note:2	
ASKA Pharmaceutical Holdings, Co. Ltd. Note:3	2,204,840 2,622	2,204,840 2,785	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving business and strategic partnership. (Outline of business alliance, etc.) Partnership for pharmaceuticals distribution and out-licensing (Quantitative / economic rationale for shareholding) Note:2	✓
Wave Life Sciences Ltd.	1,096,892 634	1,096,892 268	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnership to develop and commercialize therapies for neurological diseases (Quantitative / economic rationale for shareholding) Note:2	
Ovid Therapeutics, Inc.	1,781,996 614	1,781,996 684	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Alliance concerning therapies for developmental and epileptic encephalopathies (Quantitative / economic rationale for shareholding) Note:2	
Rhythm Pharmaceuticals, Inc.	— —	223,544 315	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Alliance concerning a therapy for rare genetic obesity (Quantitative / economic rationale for shareholding) Note:2	

Notes:
(1) "-" means that the Company does not hold applicable stocks
(2) The Company comprehensively assesses the rationale for shareholding both quantitatively and qualitatively. Since material return from the shareholding is expected in the future the Company maintains the shareholding.
(3) Shareholding company is ASKA Pharmaceutical Co. Ltd., the subsidiary of ASKA Pharmaceutical Holdings, Co. Ltd.

Deemed Shareholdings

Not applicable

3) Shareholdings for pure investment purposes

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

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

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, 2022 to March 31, 2023 and the non-consolidated financial statements for the fiscal year (from April 1, 2022 to March 31, 2023) 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 FY2022 (on pages from F-5 to F-78).

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

(2) Others

1) Quarterly financial information for the year ended March 31, 2023

Cumulative period		Three months ended June 30, 2022	Six months ended September 30, 2022	Nine months ended December 31, 2022	Fiscal year ended March 31,
Revenue	JPY (millions)	972,465	1,974,771	3,071,322	4,027,478
Profit before tax	JPY (millions)	155,473	220,022	327,175	375,090
Net profit attributable to owners of the Company	JPY (millions)	105,014	166,756	285,883	317,017
Basic earnings per share	JPY	67.94	107.62	184.32	204.29

Fiscal period		Three months ended June 30, 2022	Three months ended September 30, 2022	Three months ended December 31, 2022	Three months ended March 31, 2023
Basic earnings per share	JPY	67.94	39.77	76.63	20.03

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 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
ASSETS			
CURRENT ASSETS			
Cash and deposits		287,147	164,860
Accounts receivable	3	114,457	59,765
Securities		401,659	97,030
Merchandise and products		43,736	39,202
Work in process		34,094	46,094
Raw materials and supplies		32,087	39,399
Income taxes receivables		—	2,192
Short-term loans receivable from subsidiaries and affiliates	3	0	275,053
Other	3	115,803	139,082
Allowance for doubtful accounts		(2)	(8)
Total current assets		1,028,980	862,669
NONCURRENT ASSETS			
Tangible noncurrent assets			
Buildings and structures		86,608	85,059
Machinery and equipment		17,779	17,276
Vehicles		62	35
Tools and fixtures		6,783	8,492
Land		39,196	39,794
Lease assets		1,149	1,300
Construction in progress		21,075	24,396
Total tangible noncurrent assets		172,652	176,354
Intangible noncurrent assets		31,779	33,100
Investments and other assets			
Investment securities		41,026	32,854
Investment in subsidiaries and affiliates		8,088,454	8,000,147
Investments in other securities of subsidiaries and affiliates		—	5,031
Contributions to subsidiaries and affiliates		31,659	26,344
Long-term deposits		6,585	6,743
Prepaid pension costs		48,716	54,350
Deferred tax assets		172,752	165,410
Other	3	19,045	44,301
Total investments and other assets		8,408,237	8,335,180
Total noncurrent assets		8,612,668	8,544,633
Total assets		9,641,648	9,407,303

	Note	JPY(millions) Fiscal 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	36,534	54,471
Other payable	3	242,812	150,115
Accrued expenses	3	56,714	63,007
Income taxes payable		9,954	1,462
Short-term loans	3	415,346	388,195
Current portion of bonds		101,960	106,715
Current portion of long-term loans		75,000	100,000
Deposits received	3	118,774	92,025
Reserve for employees' bonuses		18,520	14,120
Reserve for share-based payments		3,063	3,281
Reserve for bonuses for directors and corporate auditors		443	385
Reserve for restructuring costs		2,045	2,020
Other	3	67,508	24,205
Total current liabilities		1,148,674	1,000,002
NONCURRENT LIABILITIES			
Bonds		2,846,583	2,787,470
Long-term loans	3	1,268,188	1,262,420
Reserve for retirement benefits		6,401	7,047
Reserve for litigation		28,754	38,283
Reserve for share-based payments		2,703	2,548
Reserve for restructuring costs		1,447	2,219
Asset retirement obligations		1,893	1,893
Long-term deferred income		9,233	12,486
Other		32,874	86,717
Total noncurrent liabilities		4,198,075	4,201,082
Total liabilities		5,346,749	5,201,084
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share capital		1,676,263	1,676,345
Share premium			
Additional paid-in capital		1,668,276	1,668,357
Other share premium		—	2,055
Total share premium		1,668,276	1,670,413
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,234,317	1,284,127
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	30,439	29,890
General reserve		814,500	814,500
Unappropriated retained earnings		369,489	419,850
Total retained earnings		1,250,202	1,300,012
Treasury shares		(115,977)	(100,288)
Total shareholders' equity		4,478,763	4,546,482
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		16,411	8,584
Deferred gains on derivatives under hedge accounting		(201,505)	(350,036)
Total valuation and translation adjustments		(185,094)	(341,452)
Share acquisition rights		1,230	1,188
Total net assets		4,294,899	4,206,219
Total liabilities and net assets		9,641,648	9,407,303

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2021 (April 1, 2021 to March 31, 2022)	JPY (millions) Fiscal 2022 (April 1, 2022 to March 31, 2023)
Net sales	1	764,301	632,137
Cost of sales	1	207,581	214,973
Gross profit		556,719	417,164
Selling, general and administrative expense	1,2	263,011	281,023
Operating income		293,709	136,140
Non-operating income			
Interest and dividend income	1	374,968	276,023
Other	1	50,361	53,361
Total non-operating income		425,329	329,384
Non-operating expenses			
Interest expenses	1	73,125	85,589
Other	1	95,036	39,814
Total non-operating expenses		168,161	125,403
Ordinary income		550,876	340,122
Extraordinary income			
Gain on restructuring of subsidiaries and affiliates	1,3	—	42,851
Total extraordinary income		—	42,851
Extraordinary loss			
Loss on valuation of investment in subsidiaries and affiliates	4	178,942	—
Total extraordinary loss		178,942	—
Income before income taxes		371,934	382,973
Income taxes-current		32,870	35,854
Income taxes-deferred		14,614	16,469
Income taxes		47,484	52,324
Net income		324,450	330,649

3) Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2021 (April 1, 2021 to March 31, 2022)		Fiscal 2022 (April 1, 2022 to March 31, 2023)	
Classification	**Note**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
I Raw materials cost		100,015	67.4	121,280	69.6
II Labor cost		13,551	9.1	16,011	9.2
III Expenses	1	34,792	23.5	37,060	21.3
Gross production cost		148,359	100.0	174,351	100.0
Beginning work-in-process		32,710		34,094	
Total		181,069		208,445	
Ending work-in-process		34,094		46,094	
Transfer to other accounts	2	4,746		1,918	
Cost of products manufactured		142,229		160,433	

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

	JPY (millions)	
	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)
Depreciation and amortization	8,871	10,844
Outsourced labor cost	6,021	5,512

(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, 2021 to March 31, 2022)

	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	1,668,145	1,654,239	0	1,654,239	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	8,118	8,118		8,118			
Increase by share exchanges		5,919		5,919			
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	8,118	14,037	(0)	14,037	—	—	—
Balance at the end of the fiscal year	1,676,263	1,668,276	—	1,668,276	15,885	5,000	11,000

(April 1, 2021 to March 31, 2022)

	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	35,073	814,500	324,654
Changes of items during the fiscal year						
Issuance of new shares						
Increase by share exchanges						
Dividends						(284,246)
Provision for reserve for reduction of noncurrent assets				596		(596)
Reversal of reserve for reduction of noncurrent assets				(5,230)		5,230
Net income						324,450
Acquisition of treasury shares						
Disposal of treasury shares						(0)
Net change in items other than shareholders' equity during the fiscal year						
Total changes of items during the fiscal year	—	—	—	(4,634)	—	44,838
Balance at the end of the fiscal year	2,400	1,054	434	30,439	814,500	369,489

(April 1, 2021 to March 31, 2022)

	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	(59,523)	4,472,861	40,124	(79,353)	1,257	4,434,889
Changes of items during the fiscal year						
Issuance of new shares		16,236				16,236
Increase by share exchanges		5,919				5,919
Dividends		(284,246)				(284,246)
Provision for reserve for reduction of noncurrent assets		—				—
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		324,450				324,450
Acquisition of treasury shares	(79,447)	(79,447)				(79,447)
Disposal of treasury shares	22,993	22,993				22,993
Net change in items other than shareholders' equity during the fiscal year		—	(23,713)	(122,152)	(27)	(145,893)
Total changes of items during the fiscal year	(56,454)	5,905	(23,713)	(122,152)	(27)	(139,988)
Balance at the end of the fiscal year	(115,977)	4,478,763	16,411	(201,505)	1,230	4,294,899

(April 1, 2022 to March 31, 2023)

	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	1,676,263	1,668,276	—	1,668,276	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	82	82		82			
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			2,055	2,055			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	82	82	2,055	2,137	—	—	—
Balance at the end of the fiscal year	1,676,345	1,668,357	2,055	1,670,413	15,885	5,000	11,000

(April 1, 2022 to March 31, 2023)

	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	30,439	814,500	369,489
Changes of items during the fiscal year						
Issuance of new shares						
Dividends						(280,839)
Provision for reserve for reduction of noncurrent assets				2,522		(2,522)
Reversal of reserve for reduction of noncurrent assets				(3,071)		3,071
Net income						330,649
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	—	—	—	(550)	—	50,360
Balance at the end of the fiscal year	2,400	1,054	434	29,890	814,500	419,850

(April 1, 2022 to March 31, 2023)

	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	(115,977)	4,478,763	16,411	(201,505)	1,230	4,294,899
Changes of items during the fiscal year						
Issuance of new shares		164				164
Dividends		(280,839)				(280,839)
Provision for reserve for reduction of noncurrent assets		—				—
Reversal of reserve for reduction of noncurrent assets		—				—
Net income		330,649				330,649
Acquisition of treasury shares	(27,060)	(27,060)				(27,060)
Disposal of treasury shares	42,749	44,805				44,805
Net change in items other than shareholders' equity during the fiscal year		—	(7,826)	(148,531)	(42)	(156,399)
Total changes of items during the fiscal year	15,689	67,719	(7,826)	(148,531)	(42)	(88,680)
Balance at the end of the fiscal year	(100,288)	4,546,482	8,584	(350,036)	1,188	4,206,219

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

Other than non-marketable equity securities: 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.)

Non-marketable equity securities: 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 primarily reasonably estimated based on costs expected to arise from the R&D transformation.

4. Revenue and expenses

(Revenue recognition)

The Company'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 the Company 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 the Company 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 the Company 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.

The Company's gross sales are subject to various deductions, which are primarily composed of rebates and discounts to retail customers, government agencies and wholesalers. 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. The Company monitors the obligation for these deductions on annually basis and records adjustments when rebate trends, contract terms and legislative changes, or other significant events indicate that a change in the obligation is appropriate. Historically, subsequent changes in sales rebates and discounts have not been material to net earnings.

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

The Company also generates revenue in the form of royalty payments, upfront payments, and milestone payments from the out-licensing and sale 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 the Company 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 therapeutic candidates that are out-licensed is recognized over the service period.

The Company generally receives payments from customers within 30 days after entering into out-licensing contracts or confirmation by customers that conditions for the milestone payments are met. The Company licenses its own intellectual property rights to customers and performs those transactions as a principal. The Company also provides other services as a principal or an agent.

5. 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 and forward interest rate contracts to hedge a portion of future cash flow related to the trade and other receivables due from customers that the Company has the option to factor and 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).

Accounting Estimates and Assumptions

The items which were recorded on the financial statements as of March 31, 2022 and 2023 using accounting estimates or assumptions and could have a material impact on the financial statements as of the March 31, 2024 are described below.

Deferred Tax Assets

The Company recognized deferred tax assets of 172,752 million JPY and 165,410 million JPY on the balance sheet as of March 31, 2022 and 2023, respectively. As discussed in the note (Accounting for Deferred Income Taxes), the amounts of deferred tax assets before offsetting with the deferred tax liabilities as of March 31, 2022 and 2023 are 212,227 million JPY and 202,868 million JPY, which are a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 568,051 million JPY and 573,001 million JPY with valuation allowances of 355,824 million JPY and 370,132 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 related to certain products 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 of the following fiscal year.

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, 2023.

(2) Treasury shares owned by the trust

As for accounting treatment of long-term incentive scheme for senior executives, 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". In addition, as for accounting treatment of long-term incentive scheme for directors, the Company applied Practical Issue Task Force No. 30 mutatis mutandis. The carrying amount and number of the treasury shares were 40,164 million JPY, 9,161 thousand shares and 27,062 million JPY, 6,215 thousand shares as of March 31, 2022 and 2023, respectively. The amounts of dividend paid to the treasury shares were 1,974 million JPY and 1,384 million JPY for the years ended March 31, 2022 and 2023, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were 559 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 redemption or repayment of liabilities, payments of certain liabilities related to the factoring transactions, payments of rental fees based on the real estate lease contracts and foreign exchange derivatives.

JPY (millions)

	Fiscal 2021 (As of March 31, 2022)	**Fiscal 2022 (As of March 31, 2023)**
Employees of Takeda Pharmaceutical Company Limited	13	8
Shire Acquisitions Investments Ireland Designated Activity Company	489,079	534,270
Baxalta Incorporated	187,953	175,753
Pharma International Insurance Designated Activity Company	56,841	66,679
Takeda Pharmaceuticals U.S.A., Inc.	—	29,744
Takeda Pharmaceuticals America, Inc.	27,789	27,220
Baxalta Innovations GmbH	17,032	18,206
Millennium Pharmaceuticals, Inc.	28,372	—
Shire Ireland Finance Trading Limited	6,036	—
Total	813,115	851,878

(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 Economic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

2. Fiscal 2021 (April 1, 2021 to March 31, 2022)

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

Fiscal 2022 (April 1, 2022 to March 31, 2023)

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 2021 (As of March 31, 2022)	**Fiscal 2022 (As of March 31, 2023)**
Short-term receivables	38,349	342,617
Long-term receivables	1,154	170
Short-term payables	526,211	478,558
Long-term payables	636,414	638,711

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and associates

JPY (millions)

	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)
Operating transactions:		
Sales	93,584	106,010
Purchases	79,919	78,912
Other	45,469	58,760
Non-operating transactions:		
Non-operating income	379,454	283,862
Non-operating expenses	7,641	25,094
Extraordinary income	—	29,474
Sales of assets	—	98,995
Acquisition amount of loans receivable from subsidiaries and affiliates as a result of in-kind dividends	—	311,227

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)
Advertising	1,891	1,855
Sales promotion	5,586	5,811

(2) General and administrative expense

JPY (millions)

	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)
Reserve for bonuses	12,150	7,990
Depreciation	8,008	7,806
Outside service fees	16,911	13,276
Research and development	117,323	141,050

3. Extraordinary income

Fiscal 2021 (April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal 2022 (April 1, 2022 to March 31, 2023)

(Gain on restructuring of subsidiaries and affiliates)

The gain on restructuring of subsidiaries and affiliates was recognized mainly in the course of preparation for the liquidation of subsidiaries and affiliates in connection with the restructuring of Takeda Group.

4. Extraordinary loss

Fiscal 2021 (April 1, 2021 to March 31, 2022)

(Loss on valuation of investment in subsidiaries and affiliates)

The loss on valuation of investments in subsidiaries and affiliates was recorded for subsidiaries such as Shire Pharmaceuticals Ireland Limited that were planned to be reorganized because their net assets were below the book value of their shares and there was no evidence of recoverability, as well as for Shire Limited ("Shire"), which is the Company's subsidiary, because its net assets fall below the book value of its shares as a result of recording a tax expense following the decision to impose a tax on the break fee received from AbbVie in connection with the terminated offer to acquire Shire.

Fiscal 2022 (April 1, 2022 to March 31, 2023)

Not applicable.

Notes on Securities

Fiscal 2021 (As of March 31, 2022)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 8,081,272 million JPY, Investment in associates: 7,182 million JPY) is not disclosed as they are non-marketable equity securities.

Fiscal 2022 (As of March 31, 2023)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: 7,995,849 million JPY, Investment in associates: 4,298 million JPY) is not disclosed as they are non-marketable equity securities.

Accounting for Deferred Income Taxes

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

JPY (millions)

	Fiscal 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
(Deferred tax assets)		
Reserve for employees' bonuses	5,663	4,318
Research and development costs	15,562	15,048
Inventories	17,767	18,307
Deferred hedge gains or losses on derivatives under hedge accounting	20,155	25,731
Accrued expenses	15,208	13,996
Deferred income	542	542
Reserve for retirement benefits	1,928	2,131
Reserve for restructuring costs	1,068	1,296
Excess depreciation of tangible noncurrent assets	3,957	4,021
Patent rights	12,040	9,380
Sales rights	12,491	14,129
Investments in subsidiaries and affiliates	40,063	44,553
Securities	4,542	4,291
Net operating loss carryforward (Notes1,3)	371,286	360,151
Excess interest under Japanese earnings stripping rules	15,708	21,555
Other	30,072	33,554
Deferred tax assets - subtotal	568,051	573,001
Valuation allowance for net operating loss carryforward (Notes1,3)	(291,644)	(309,365)
Valuation allowance for deductible temporary difference	(64,180)	(60,767)
Total valuation allowance	(355,824)	(370,132)
Total deferred tax assets	212,227	202,868

JPY (millions)

	Fiscal 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
(Deferred tax liabilities)		
Prepaid pension costs	(14,897)	(16,620)
Unrealized gain on available-for-sale securities	(6,869)	(3,421)
Reserve for reduction of noncurrent assets	(17,558)	(17,265)
Other	(151)	(151)
Total deferred tax liabilities	(39,476)	(37,458)
Net deferred tax assets	172,752	165,410

(Notes)

(1) As part of integration with the Shire, the subsidiaries were liquidated in order to reorganize capital in subsidiaries. As a result of this liquidation, losses from liquidation of subsidiaries were treated as a tax deductible expense, which resulted in a substantial amount of Net operating loss.

(2) The deferred tax assets are not recognized for 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 because they are not expected to be sold in the foreseeable future. The aggregate amounts of deductible temporary difference for this investments in subsidiaries and affiliates were 2,329,779 million JPY and 2,360,015 million JPY as of March 31, 2022 and 2023, respectively. The aggregate amounts of taxable temporary differences for investments in subsidiaries and affiliates for which deferred tax liabilities were not recognized were 541,262 million JPY and 553,456 million JPY as of March 31, 2022 and 2023, respectively.

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

Fiscal 2021 (As of March 31, 2022)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	112	—	371,174		371,286
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(291,644)		(291,644)
Net deferred tax assets	—	—	—	112	—	79,530	(b)	79,642

(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 371,286 million JPY of net operating loss carry forward, 79,642 million JPY was considered as recoverable based on the estimation of future taxable profit from future revenue forecasts and other.

Fiscal 2022 (As of March 31, 2023)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	—	—	360,151		360,151
Valuation allowance for net operating loss carry forward	—	—	—	—	—	(309,365)		(309,365)
Net deferred tax assets	—	—	—	—	—	50,786	(b)	50,786

(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 360,151 million JPY of net operating loss carry forward, 50,786 million JPY was considered as recoverable based on the estimation of future taxable profit from future revenue forecasts and other.

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 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
Statutory tax rate	30.6	30.6
(Adjustments)		
Entertainment expenses and other non-deductible tax expenses	0.7	0.5
Dividend income and other nontaxable income	(54.9)	(26.5)
Changes in valuation allowance	9.2	2.0
Unitary tax on overseas subsidiaries	4.7	6.8
Changes in unrecognized temporary differences on investment in subsidiaries and affiliates	25.4	1.4
Japanese earnings stripping rules	—	1.7
Deduction for research and development costs	(1.6)	(1.0)
Deduction in foreign tax for specified overseas subsidiaries	(1.2)	(1.4)
Other	(0.0)	(0.5)
Effective tax rate after application of tax effect accounting	12.8	13.7

3. Accounting treatment of income taxes and inhabitant tax or accounting treatment of tax effects relevant to these taxes:

The Company transitioned from the Consolidated Taxation System to the Group Tax Sharing System during the fiscal year ended March 31, 2023. Accordingly, the accounting treatment and disclosure of income taxes, inhabitant tax, and tax effect accounting are in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021) ("Practical Issues Task Force No.42"). In accordance with paragraph 32 (1) of Practical Issues Task Force No.42, this change in accounting policy was not considered to have an impact on the financial statements.

Revenue Recognition

Information that forms the basis for understanding revenues is described in "*Significant Accounting Policies* - 4. *Revenue and expenses*."

Significant Subsequent Events

On April 26, 2023, the Company entered into new Syndicated Loans of 100 billion JPY with various banks maturing on April 26, 2030. For details of the new Syndicated Loans, please refer to "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note33 Subsequent Events"in our Form 20-F.

Shire Biopharmaceuticals Holdings, a subsidiary of the Company, made a distribution of residual assets on May 16, 2023 as part of its liquidation process. As a result, the Company will record 58,088 million JPY as extraordinary income for the fiscal year ending March 31, 2024.

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	86,608	5,201	494 (467)	6,255	85,059	128,458	213,518
Machinery and equipment	17,779	6,113	53 (39)	6,563	17,276	205,268	222,544
Vehicles	62	6	—	33	35	362	397
Tools and fixtures	6,783	5,766	108 (55)	3,949	8,492	29,454	37,947
Land	39,196	604	6	—	39,794	—	39,794
Lease assets	1,149	408	13	243	1,300	797	2,097
Construction in progress	21,075	8,986	5,664	—	24,396	—	24,396
Total tangible noncurrent assets	172,652	27,083	6,338 (562)	17,044	176,354	364,340	540,693
Use right of facilities	100	—	0	31	69	409	477
Other intangible noncurrent assets	31,679	7,518	1,060	5,105	33,031	37,577	70,609
Total intangible noncurrent assets	31,779	7,518	1,060	5,136	33,100	37,986	71,086

(Note 1)

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

Buildings and structures	Acquisition from the integration of Nihon Pharmaceutical Co., Ltd.	1,089 million JPY
Machinery and equipment	Acquisition from the integration of Nihon Pharmaceutical Co., Ltd.	1,141 million JPY
Other intangible noncurrent assets	Acquisition of software	3,787 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	2	8	2	8
Reserve for employees' bonuses	18,520	14,120	18,520	14,120
Reserve for share-based payments	5,766	3,425	3,362	5,829
Reserve for bonuses for directors and corporate auditors	443	385	443	385
Reserve for restructuring costs	3,492	1,556	810	4,238
Reserve for retirement benefits	6,401	1,691	1,044	7,047
Reserve for litigation	28,754	9,613	84	38,283

(Note) Exchange differences on reserves in foreign currency are presented 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" in our Form 20-F.

Product Liability and Related Claims

ACTOS Economic Loss Cases

Prompt Pump Inhibitor ("PPI") Product Liability Claims

Sales, Marketing, and Regulation

AbbVie Supply Agreement Litigation

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, 2022 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (145rd)	From	April 1, 2021	Filed with Director of the Kanto Local Finance Bureau on June 29, 2022
			To	March 31, 2022	
(2)	Internal Control Report and documents attached	Fiscal Year (145rd)	From	April 1, 2021	Filed with Director of the Kanto Local Finance Bureau on June 29, 2022
			To	March 31, 2022	
(3)	Quarterly Report and Confirmation Letter	Fiscal Year (146th First Quarter)	From	April 1, 2022	Filed with Director of the Kanto Local Finance Bureau on August 4, 2022
			To	June 30, 2023	
		Fiscal Year (146th Second Quarter)	From	July 1, 2022	Filed with Director of the Kanto Local Finance Bureau on November 4, 2022
			To	September 30, 2022	
		Fiscal Year (146th Third Quarter)	From	October 1, 2022	Filed with Director of the Kanto Local Finance Bureau on February 7, 2023
			To	December 31, 2022	

(4) Extraordinary Report

The Extraordinary Report pursuant to Article 19, paragraph 2, item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (results of resolution at the general meeting of shareholders)	Filed with Director of the Kanto Local Finance Bureau on July 4, 2022
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, 2023

(5)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on June 1, 2023
(6)	Amendment Report for Shelf Registration Statement	Filed with Director of the Kanto Local Finance Bureau on July 4, 2022 Filed with Director of the Kanto Local Finance Bureau on March 31, 2023
(7)	Shelf Registration Supplements (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on June 9, 2023

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 28, 2023

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
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, 2023, 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, 2023, 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 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 and U.S. commercial managed care rebates
The key audit matter
As discussed in Notes 3 and 23 to the consolidated financial statements, the Company records provisions for contractual and statutory rebates payable under Commercial healthcare provider contracts and U.S. State and Federal government health programs (collectively, U.S. rebates) as a reduction to gross sales to arrive at net sales. The programs subject to U.S. rebates include U.S. Medicaid and U.S. commercial managed care programs. 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. Provisions for U.S. rebates are 293,385 million JPY as of March 31, 2023. The expected product specific assumptions used to estimate the provisions for the U.S. Medicaid 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 and U.S. commercial managed care programs as a key audit matter because such evaluation was one of significant matters in our audit of the consolidated financial statements for the current fiscal year.
How the matter was addressed
In order to evaluate the reasonableness of the estimation regarding the provisions for U.S. Medicaid 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 confirm that sufficient and appropriate audit evidence have been obtained. The audit procedures performed by the component auditors of the consolidated subsidiaries includes the following. (1) Test of internal controls We tested the design and operating effectiveness of certain internal controls over the Company's U.S. Medicaid 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 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 and U.S. commercial managed care programs provisions based on the ratios of historical U.S. Medicaid 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 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 and U.S. commercial managed care programs by comparing historically recorded provisions to the actual amounts that were ultimately paid by the Company.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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, 2023, 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, 2023, 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 28, 2023

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Kotetsu Nonaka
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
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 146th fiscal year, which comprise the balance sheet as at March 31, 2023, 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, 2023, 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
The Company recognized deferred tax assets of 165,410 million JPY on the balance sheet as of March 31, 2023. 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 202,868 million JPY, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of 573,001 million JPY with valuation allowances of 370,132 million JPY. These deferred tax assets are recorded to the extent that it is probable that future taxable income (before adjusting for temporary differences) 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 related to certain products 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.
How the matter was addressed
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 appropriateness 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.

Other Information

The other information comprises any information other than the consolidated financial statements, financial statements, and associated audit reports included in the annual securities report. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters required by the auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest

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

Notes to the Reader of the Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Cover

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 28, 2023
[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, 2023.

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, 2023. KPMG AZSA LLC, which is the Company's independent registered public accounting firm, has audited the effectiveness of internal control over financial reporting, as described in Report of Independent Registered Public Accounting Firm.

4. Additional note

The Company assesses and reports the effectiveness of internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act in accordance with Article 18 of Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information. The main differences from the assessment performed in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan are as follows:

1. The standards applied in performing the assessment of internal control over financial reporting is Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), instead of the basic framework for internal control established by the Business Accounting Council;
2. The assessment scope of internal control over financial reporting is the preparation of the consolidated financial statements included in the Financial Information section by the Company; and
3. The scope of companies subject to the assessment of internal control over financial reporting does not include associates accounted for using the equity method.

5. Special note

There is no applicable matter.

Cover

[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 28, 2023
[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 146th fiscal year (from April 1, 2022 to March 31, 2023) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.