Annual Securities Report

From April 1, 2025 to March 31, 2026

(The 149th 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, 2025 and 2026 and for the fiscal years ended March 31, 2025 and 2026. 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 17, 2026
[Fiscal Year]	The 149th Fiscal Year (from April 1, 2025 to March 31, 2026)
[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]	Global Finance Accounting & Controllership Norimasa Takeda, Chief Accounting Officer & Corporate Controller
[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 Securities 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	145th	146th	147th	148th	149th
Year Ended	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Revenue	¥ 3,569,006	¥ 4,027,478	¥ 4,263,762	¥ 4,581,551	¥ 4,505,720
Profit (loss) before tax	302,571	375,090	52,791	175,084	(142,355)
Net profit (loss) for the year	230,166	317,038	144,197	108,143	(152,125)
Net profit (loss) attributable to owners of the Company	230,059	317,017	144,067	107,928	(152,390)
Total comprehensive income (loss) for the year	824,427	911,574	1,139,206	(57,698)	780,275
Total equity	5,683,523	6,354,672	7,274,005	6,935,979	7,430,649
Total assets	13,178,018	13,957,750	15,108,792	14,248,344	15,511,506
Equity attributable to owners of the Company per share (JPY)	3,665.61	4,087.49	4,635.56	4,407.01	4,702.66
Basic earnings (loss) per share (JPY)	147.14	204.29	92.09	68.36	(96.75)
Diluted earnings (loss) per share (JPY)	145.87	201.94	91.16	67.23	(96.75)
Ratio of equity attributable to owners of the Company to total assets (%)	43.1	45.5	48.1	48.7	47.9
Return on equity attributable to owners of the Company (%)	4.2	5.3	2.1	1.5	(2.1)
Price earnings ratio (Times)	23.8	21.3	45.4	64.6	—
Net cash from (used in) operating activities	1,123,105	977,156	716,344	1,057,182	1,041,431
Net cash from (used in) investing activities	(198,125)	(607,102)	(463,862)	(367,060)	(369,141)
Net cash from (used in) financing activities	(1,070,265)	(709,148)	(354,416)	(751,425)	(496,820)
Cash and cash equivalents at the end of the year	849,695	533,530	457,800	385,113	595,054
Number of employees (Number of persons)	47,347	49,095	49,281	47,455	47,029

*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	145th	146th	147th	148th	149th
Year Ended	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	¥ 764,301	¥ 632,137	¥ 595,575	¥ 580,360	¥ 591,604
Ordinary income	550,876	340,122	286,399	86,594	205,504
Net income	324,450	330,649	338,874	152,820	197,335
Share capital	1,676,263	1,676,345	1,676,596	1,694,685	1,695,277
Total number of shares issued (Thousands of shares)	1,582,253	1,582,296	1,582,419	1,590,950	1,591,229
Net assets	4,294,899	4,206,219	4,088,198	3,989,355	3,758,926
Total assets	9,641,648	9,407,303	9,756,319	9,489,375	9,639,677
Net assets per share (JPY)	2,769.31	2,704.87	2,604.87	2,534.39	2,378.68
Dividend per share (JPY) [Interim dividend per share (JPY)]	180.00 [90.00]	180.00 [90.00]	188.00 [94.00]	196.00 [98.00]	200.00 [100.00]
Basic earnings per share (JPY)	207.50	213.06	216.60	96.79	125.29
Diluted earnings per share (JPY)	207.50	213.05	216.56	96.78	125.26
Equity ratio (%)	44.5	44.7	41.9	42.0	39.0
Return on equity (%)	7.4	7.8	8.2	3.8	5.1
Price earnings ratio (Times)	16.9	20.4	19.3	45.6	45.2
Payout ratio (%)	86.7	84.5	86.8	202.5	159.6
Number of employees (Number of persons)	5,149	5,486	5,474	4,808	4,792
Total shareholders return (%) [Comparative indicator: TOPIX Net Total Return (%)]	92.3 [102.0]	118.2 [107.9]	118.7 [152.5]	129.4 [150.2]	165.8 [202.2]
Highest stock price (JPY)	4,115	4,478	4,873	4,573	5,877
Lowest stock price (JPY)	2,993	3,495	3,900	3,852	3,916

*1 All figures shown are rounded to the nearest million JPY.

*2 Of the total annual dividend of JPY 200 per share for the 149th fiscal year, the year-end dividend of JPY 100 per share is being proposed as a matter to be resolved at the Ordinary General Meeting of Shareholders scheduled to be held on June 24, 2026.

*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. (renamed to Nihon Pharmaceutical Co., Ltd. in June 1946 and divested in July 2024)
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 Inc., became a wholly owned subsidiary through a 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. (currently a consolidated subsidiary) 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. (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. (renamed to Takeda A/S and liquidated in April 2026) 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. (renamed to Teva Takeda Pharma Ltd., in October 2016 and divested in March 2025)
February	2017	Acquired ARIAD Pharmaceuticals, Inc. (merged with Takeda Pharmaceuticals U.S.A., Inc. in January 2025) in the U.S. through a public tender offer
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 [illegible])
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 (renamed to Shire Limited and liquidated in March 2024) through a scheme of arrangement
March	2021	Transferred shares of Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd.) to Blackstone
October	2022	Succeeded businesses of Plasma-Derived Therapies of Nihon Pharmaceutical Co., Ltd. (divested in July 2024) 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
July	2024	Transferred shares of Nihon Pharmaceutical Co., Ltd. to Alinamin Pharmaceutical Co., Ltd.
March	2025	Transferred shares of Teva Takeda Pharma Ltd. to Teva Pharmaceutical Industries Ltd.

3. Description of Business

Takeda consists of 165 companies: Takeda Pharmaceutical Company Limited (the "Company"), 154 consolidated subsidiaries (including partnerships), and 10 associates accounted for using the equity method as of March 31, 2026. Takeda has a diverse portfolio, engaged primarily in the research, development, production and global commercialization of pharmaceutical products.

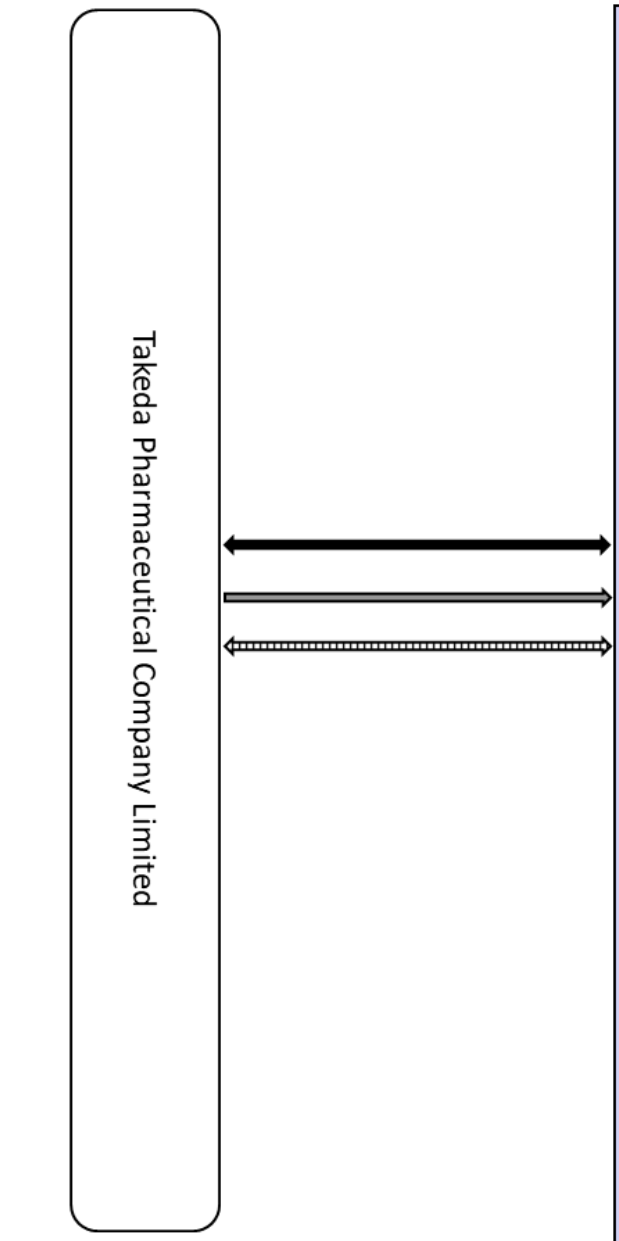
Takeda is a global R&D-driven biopharmaceutical company focused on discovering and delivering life-transforming treatments in our core therapeutic areas of gastrointestinal and inflammation, neuroscience and oncology, and through our plasma-derived therapies and vaccine business.Together with our partners, we strive to transform the patient experience and treatment paradigm for rare and more prevalent diseases through our robust pipeline. Integration of advanced technologies and AI across our value chain is making our business operations more effective and efficient, increasing innovation and allowing us to better serve our stakeholders.

The outline of the roles of major subsidiaries which compose Takeda as of March 31, 2026 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 subsidiaries in the other areas include Takeda (China) International Trading Co., Ltd., and others.

* Associates include joint ventures.

Overview of Takeda group is as follows:



【Pharmaceuticals】

<United States>

★Takeda Pharmaceuticals U.S.A., Inc.	《Sales/ Holding intellectual property/ Internal group finance》
★Takeda Pharmaceuticals America, Inc.	《Sales》
★Takeda Vaccines, Inc.	《R&D/ Holding intellectual property》
★Takeda Development Center Americas, Inc.	《R&D》
★Baxalta Incorporated	《Holding company/ Internal group finance》
★Dyax Corp.	《Holding intellectual property》
★Takeda Ventures, Inc.	《Investment company》
★Baxalta US Inc.	《Production/ Holding intellectual property》
★Shire Human Genetic Therapies, Inc.	《Production/ Holding intellectual property》
★BioLife Plasma Services LP	《Plasma collection》
★Takeda Manufacturing U.S.A., Inc.	《Production》
★Takeda U.S. Financing, Inc.	《Internal group finance》

<Europe and Canada>

★Takeda Pharmaceuticals International AG	《R&D/ Supervision of sales for the areas other than Japan/ Holding intellectual property/ Supervision of global manufacturing and product supply for all regions》
★Baxalta Manufacturing S.à r.l.	《Holding company/ Production/ Holding intellectual property》
★Takeda Pharma AG	《Sales》
★Takeda GmbH	《Holding company/ Production/ Sales/ Holding intellectual property》
★Takeda Italia S.p.A.	《Sales》
★Takeda Austria GmbH	《Production/ Sales/ Holding intellectual property》
★Takeda Manufacturing Austria AG	《Production》
★Baxalta Innovations GmbH	《R&D》
★Takeda France S.A.S.	《Sales》
★Takeda UK Limited	《Sales》
★Takeda Ireland Limited	《Production/ Holding intellectual property》
★Shire Acquisitions Investments Ireland Designated Activity Company	《Internal group finance》
★Shire Ireland Finance Trading Limited	《Internal group finance》
★Takeda Canada Inc.	《Sales》
★Takeda Farmaceutica Espana S.A.	《Sales》
★Takeda Pharma AB	《Sales》
★Takeda Nederland B.V.	《Sales》
★Baxalta Belgium Manufacturing S.A.	《Production》

<Russia/CIS>

★Takeda Pharmaceuticals Limited Liability Company	《Production/ Sales/ Provision of management services》

<Latin America>

★Takeda Distribuidora Ltda.	《Sales》
★Takeda Pharma Ltda.	《Production/ Sales》
★Takeda Mexico S.A.de C.V.	《Production/ Sales》
★Takeda Argentina S.A.	《Sales》

<China>

★Takeda (China) Holdings Co., Ltd.	《Holding company in China/ Internal group finance/ Provision of management services》
★Takeda (China) International Trading Co., Ltd.	《Sales》
★Tianjin Takeda Pharmaceuticals Co., Ltd.	《Production/ Sales》
★Takeda APAC Biopharmaceutical Research and Development Co., Ltd.	《R&D》

<Asia>

★Takeda Pharmaceuticals Korea Co., Ltd.	《Sales》
★Takeda Manufacturing Singapore Pte. Ltd.	《Production/ Holding intellectual property》

And others

Sales of products　Consign processing

Others

★：Consolidated subsidiaries

4. Overview of Subsidiaries and Associates

(Consolidated subsidiaries (including partnerships))

As of March 31, 2026

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	Takeda Pharmaceuticals U.S.A., Inc. (*)	Cambridge, MA, U.S.	US$21	Pharmaceuticals	—	100.0	100.0	—	✓	Purchases drugs from the Company	Guarantees for payments of rental fees for real-estate and others
	Takeda Pharmaceuticals America, Inc. (*)	Cambridge, MA, U.S.	US$0	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for payment obligations arising from factoring transactions
	Takeda Vaccines, Inc.	Cambridge, MA, U.S.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Development Center Americas, Inc.	Cambridge, MA, U.S.	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.	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for redemption of bond
	Dyax Corp. (*)	Lexington, MA, U.S.	US$0	Pharmaceuticals	—	100.0	100.0	—	✓	—	—
	Takeda Ventures, Inc.	Cambridge, MA, U.S.	US$0	Pharmaceuticals	—	100.0	100.0	✓	—	—	—
	Baxalta US Inc. (*)	Bannockburn, IL, U.S.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	Sells drugs to the Company	—
	Shire Human Genetic Therapies, Inc. (*)	Lexington, MA, U.S.	US$10	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	BioLife Plasma Services LP	Bannockburn, IL, U.S.	US$100	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing U.S.A., Inc.	Cambridge, MA, U.S.	US$9 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda U.S. Financing, Inc.	Cambridge, MA, U.S.	US$1	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for redemption of bond

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	Pharmaceuticals	100.0	—	100.0	—	—	Produces drugs on behalf of the Company	Borrows fund
	Baxalta Manufacturing S.à r.l.	Neuchatel, Switzerland	3 million Swiss franc	Pharmaceuticals	30.5	69.5	100.0	—	—	—	—
	Takeda Pharma AG	Opfikon, Switzerland	550 thousand Swiss franc	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	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	—	—	Purchases drugs from the Company	—
	Takeda Manufacturing Austria AG	Vienna, Austria	€100 thousand	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Innovations GmbH	Vienna, Austria	€36 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Guarantees for lease payments
	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	—	—	Produces drugs on behalf of the Company	—
	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$3,613 million	Pharmaceuticals	100.0	—	100.0	—	—	—	Borrows 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 Pharma AB	Stockholm, Sweden	2 million Swedish krona	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Nederland B.V.	Hoofddorp, Netherlands	€5 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Baxalta Belgium Manufacturing S.A.	Lessines, Belgium	€202 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	126 thousand Russian ruble	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
Latin America	Takeda Distribuidora Ltda.	São Paulo, Brazil	140 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Pharma Ltda.	Jaguariúna, Brazil	7 million Brazilian real	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Mexico S.A.de C.V.	Naucalpan, Mexico	820 million Mexican peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Argentina S.A.	Buenos Aires, Argentina	853 million Argentine Peso	Pharmaceuticals	—	100.0	100.0	—	—	—	—
China	Takeda (China) Holdings Co., Ltd.	Shanghai, China	US$192 million	Pharmaceuticals	—	100.0	100.0	—	—	—	Borrows fund
	Takeda (China) International Trading Co., Ltd.	Shanghai, China	US$22 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd.	Tianjin, China	US$155 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda APAC Biopharmaceutical Research and Development Co., Ltd.	Shanghai, China	CNY50 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
Asia	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	2,100 million Korean won	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Takeda Manufacturing Singapore Pte. Ltd.	Singapore	US$305 million	Pharmaceuticals	—	100.0	100.0	—	—	—	—
	Other 113 subsidiaries										

(Associates accounted for using the equity method) 10 associates

*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	2,302,882
(2) Operating profit	(87,507)
(3) Net profit for the year	658,580
(4) Total equity	5,938,098
(5) Total assets	10,070,819

The figures for Takeda Pharmaceuticals U.S.A., Inc. are on a consolidated basis and include two of its subsidiaries, including Takeda Pharmaceuticals America, Inc.

*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.

II. Operating and Financial Review and Prospects

1. Management Policy, Management Environment and Management Issues

Takeda's Corporate Philosophy

Our corporate philosophy tells the story of Takeda — who we are, what we do, how we do it and why it matters. As we embark on Takeda's next era, we will stay committed to delivering on our generational promise to make our world healthier.

Our purpose is to contribute to better health for people and a brighter future for the world. We do this through the pursuit of our vision to discover and deliver life-transforming treatments. Our employees are united in our purpose and grounded in the values of Integrity, Honesty, Fairness and Perseverance, which have defined us for 245 years. This is how we create long-term value for patients, shareholders and society while sustaining positive impact for our people, the communities we serve and the planet we share.

Business Environment

The external environment for global biopharmaceutical companies remains complex, defined by continued geopolitical fragmentation and international policy uncertainties. Ongoing tensions, shifting alliances and evolving trade policies are sustaining ambiguities for cross-border operations and long-term investment planning. These dynamics increasingly influence regulatory approaches, supply chain resilience and the overall stability of global health care markets.

Across major geographies, pricing pressure remains a defining challenge. As governments shift budget priorities toward defense and confront slower growth, inflation, and broader fiscal pressures, public health care spending is coming under increasing strain and further intensifying pricing pressures. While governments would like to expand patient access, health care budgets continue to be more constrained, leading to tighter reimbursement frameworks and slower market access pathways around the world. In the U.S., continued implementation of pricing-related policy changes adds further unpredictability for innovative therapies and may influence future investment decisions. In Europe and Japan, structural budget limitations continue to cap growth in several therapeutic areas.

At the same time, the pace of scientific and technological change is accelerating rapidly. Advances in science, data analytics, automation and artificial intelligence are reshaping how we discover, develop and deliver new medicines. In this context, Takeda is prioritizing focused execution, strengthening supply and operating discipline, and advancing a technology-forward, human-centric transformation, while safeguarding scientific rigor and patient trust.

Takeda's continued progress in scientific discovery positions us well. Our work across targeted therapeutic areas and our growing use of digital tools strengthen our ability to deliver innovative medicines with greater speed and efficiency. As external pressures intensify, our commitment to patients — and to advancing science responsibly — remains foundational to how we navigate the years ahead.

Vision for Takeda's Future

In the face of rapid scientific advancement and complexity in global health care, Takeda's strategy is designed to deliver near-term, as we prepare to launch a series of new, transformative medicines, while also positioning us for accelerated growth. In 2025, we achieved strong Phase 3 results across our three leading late-stage assets — oveporexton, rusfertide and zasocitinib — each with the potential for multi-billion-dollar revenue. These assets not only demonstrate the depth and rigor of our pipeline but also reflect our ability to deliver against demanding regulatory and commercial milestones.
As we look towards the future, we are operating with two horizons in view: horizon one strengthens our competitiveness and builds a growth engine through investment and transformation near-term; horizon two delivers accelerated growth in the mid-to-long term as we scale for the first wave of launches (oveporexton, rusfertide, zasocitinib), while preparing for the next wave from our other late-stage assets, that will expand our impact for patients and create long-term growth for shareholder.

Horizon One: Transforming for Growth

The first horizon is focused on advancing product launches, executing on a robust late-stage pipeline and transforming how we operate.

Since January, we have implemented changes to our organizational structure and ways of working as the final phase of the CEO transition plan. CEO-Elect Julie Kim established her leadership team and redesigned the organization to bring leaders and teams closer to patients and customers. And as we build our new teams, which includes standardizing, simplifying and accelerating adoption of advanced technologies, we are also instilling a focus on speed and performance while remaining grounded in our values.

For more information on our major activities and progress on R&D, please see our discussion of Pipeline and R&D Activities in 6. Research and Development.

In this first horizon we are ensuring the necessary resources to flawlessly execute on the multiple launches that we expect in the next 12 months. This horizon is also about advancing our robust pipeline in our key therapeutic areas of Gastrointestinal and Inflammation, Neuroscience and Oncology, including five late-stage assets, and keeping brands, such as ENTYVIO and GAMMAGARD LIQUID/KIOVIG, resilient and competitive, despite challenging market dynamics.

Cost discipline and strategic investment are the hallmarks of this horizon. We are pursuing more than JPY 200 billion in annualized gross savings by fiscal year 2028, reinvesting efficiencies into launches, pipeline development and technology — a commitment to maintaining financial discipline while positioning for accelerated growth. Generating strong adjusted Free Cash Flow* is core to our strategy, allowing us to fulfill our commitments and return value to shareholders.

* Please refer to (2) Management Discussion and Analysis on Business Performance, 4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda in 4. Management's Analysis of Financial Position, Operating Results and Cash Flows for the definition.

Horizon Two: Growth Acceleration

Through the disciplined choices and a strong launch focus in Horizon One, we are building an engine to unlock Takeda's next era of growth in Horizon Two — shifting from a maturing portfolio to a new cohort of blockbuster brands. This new cohort will be led by oveporexton, rusfertide and zasocitinib, followed by additional new product introductions from our late-stage pipeline. The new product revenues plus a steadfast commitment to operating with greater efficiency will position us to grow sustainably beyond the anticipated challenges of our mature portfolio.

The company also remains committed to scaling its positive impact on patients and society by deploying next-generation science and technology to redefine what is possible, both in the medicines it delivers and in the outcomes it helps enable.

Technology as the Engine of Transformation

In this new era, technology is not a standalone objective. It is central to Takeda's transformation and inseparable from the way we discover, develop and deliver value — acting as multipliers for curiosity, creativity and the collective expertise of our teams.

Artificial intelligence, digital platforms and advanced analytics are now embedded into every stage of the value chain. These technologies accelerate timelines, elevate the quality of decision-making and bring new standards of care to patients faster. Our digital capabilities also help break down silos, fostering a culture of rapid learning, cross-functional agility and operational excellence.

Across Takeda, technology is not just a tool, it is a collaborator that expands the possibilities. By equipping our people with advanced platforms and data-driven insights, we empower them to focus on what matters most: meeting urgent patient needs, driving impact, fueling our growth and building lasting trust with all stakeholders.

A Future Defined by Collaboration and Impact

We know that meaningful progress in health care is the product of partnership. Takeda's vision for the future continues to be grounded in collaboration — within our own teams, across the biopharmaceutical sector and in concert with the broader scientific, regulatory and patient communities. We actively seek diverse voices to co-create solutions, whether through public–private partnerships, global alliances or local community engagement.

Our commitment to collaboration extends to how we build the next wave of innovation. Open science, shared platforms and coalition-building are central to addressing the complexity of tomorrow's health challenges. By working together, across sectors and geographies, we will expand access, drive equitable outcomes and amplify the positive impact of our efforts for generations to come.

Financial Prospects

Built on a strong financial base and robust strategic framework, our financial approach is designed to support sustainable growth and long-term value creation.

Over the near-to-mid term, we are focused on delivering key regulatory and commercial milestones for a number of high-potential launches, including oveporexton, rusfertide and zasocitinib, and to advance the broader late-stage pipeline, underpinned by the resilience and competitiveness of our maturing established portfolio.

To protect profitability, we will optimize our organizational structure and leverage data and technology to enhance decision-making and operational efficiency. We will also reduce Other Operating Expenses, including restructuring expenses, and lower Finance Expenses through debt reduction to improve reported net profit, supporting dividends and helping deliver ROE above 5%.

Disciplined capital allocation and cash generation will enable robust adjusted Free Cash Flow* to fund continued investment in growth, alongside further debt reduction and maintaining a progressive dividend policy, while enhancing capital efficiency.

In the long term, we expect new products to replace the current maturing portfolio as the primary drivers of growth acceleration. Topline growth and continued cost discipline should position us to improve profitability, with Core Operating Profit* margin progressing toward low-to-mid 30s%. We also target an adjusted net debt to adjusted EBITDA ratio* of 2x, further strengthening our financial position and enhancing capital flexibility for further investment in sustainable growth.

Taken together, these actions are expected to support sustained improvements in financial performance. Over time, this is expected to contribute to the continued enhancement of enterprise value and competitive total shareholder returns.

* Please refer to (2) Management Discussion and Analysis on Business Performance, 4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda in 4. Management's Analysis of Financial Position, Operating Results and Cash Flows for the definition.

[List of Principal Products]

In GI, our principal products include:

- *ENTYVIO* (vedolizumab), a treatment for moderate to severe ulcerative colitis ("UC") and Crohn's disease ("CD"). Sales of *ENTYVIO* have grown strongly since its launch in the U.S. and Europe in 2014, and it was our top selling product in the fiscal year ended March 31, 2026. *ENTYVIO* is now approved in more than 70 countries worldwide, with a subcutaneously administered formulation approved in the U.S., Europe and Japan. The subcutaneous formulation (*ENTYVIO SC*) continues to drive increased patient uptake due to its convenience and improved access. We also strive to maximize *ENTYVIO*'s potential by seeking approval in additional countries and further indications. In the fiscal year ended March 31, 2026, our revenue from *ENTYVIO* was JPY 958.0 billion.
- *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, 2026, our revenue from *GATTEX/REVESTIVE* was JPY 145.7 billion.
- *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, 2026, our revenue from *TAKECAB/VOCINTI* was JPY 143.7 billion.
- *EOHILIA* (budesonide oral suspension), a therapy for eosinophilic esophagitis (EoE). *EOHILIA* is a corticosteroid, and the first and only FDA-approved oral therapy indicated for 12 weeks of treatment in patients 11 years and older with EoE. *EOHILIA* was approved by the U.S. FDA in February of 2024 and subsequently launched. In the fiscal year ended March 31, 2026, our revenue from *EOHILIA* was JPY 8.8 billion.

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 for patients 12 years and older 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 2023, *TAKHZYRO* was also approved by the FDA and the European Commission in patients aged 2 years and older, and in February 2025, an additional 2 mL pre-filled pen option for the product was approved by the EMA and Japan's Ministry of Health, Labour and Welfare ("MHLW") for subcutaneous administration in adolescents (aged 12 years and above) and adult patients with hereditary angioedema. In the fiscal year ended March 31, 2026, our revenue from *TAKHZYRO* was JPY 223.9 billion.

- *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, 2026, our revenue from *ADVATE* was JPY 105.5 billion.
- *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, 2026, our revenue from *ELAPRASE* was JPY 100.5 billion.
- *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, 2026, our revenue from *REPLAGAL* was JPY 80.4 billion.
- *VPRIV* (velaglucerase alfa), is indicated for long-term enzyme replacement therapy (ERT) in patients with type 1 Gaucher disease. In the fiscal year ended March 31, 2026, our revenue from *VPRIV* was JPY 57.2 billion.
- *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, 2026, our revenue from *ADYNOVATE/ADYNOVI* was JPY 56.7 billion.
- *LIVTENCITY* (maribavir), a treatment for adults and pediatric patients (12 years 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, and China in December 2023. *LIVTENCITY* continues to show strong launch performance driven by fast uptake, rapid geographic expansion and positive market access trends indicating high unmet medical needs. In the fiscal year ended March 31, 2026, our revenue from *LIVTENCITY* was JPY 46.9 billion.
- *ADZYNMA* (ADAMTS13, recombinant-krhn), a prophylactic and on-demand treatment of adult and pediatric patients with congenital thrombotic thrombocytopenic purpura (cTTP). *ADZYNMA* is the first and only FDA-approved recombinant ADAMTS13 (rADAMTS13) designed to address an unmet medical need in people with cTTP by replacing the deficient ADAMTS13 enzyme. *ADZYNMA* (apadamtase alfa/cinaxadamtase alfa) has now also been approved in Japan for treatment of cTTP for individuals 12 years and older, and in Europe (EMA markets) for individual of all ages. In the fiscal year ended March 31, 2026, our revenue from *ADZYNMA* was JPY 12.0 billion.

In Plasma-Derived Therapies (PDT), 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 or older with primary immunodeficiencies (PID) (administered either intravenously or subcutaneously), and adult patients with multifocal motor neuropathy (MMN) (administered intravenously). *GAMMAGARD LIQUID* was approved for adult patients with chronic inflammatory demyelinating polyneuropathy (CIDP) in the U.S. in January 2024. *KIOVIG* is the brand name used for *GAMMAGARD LIQUID* in many countries outside of the U.S.; *KIOVIG* is approved in Europe for multiple indications including CIDP.
- *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, in Europe for patients with PID syndromes and myeloma or CLL with severe secondary hypogammaglobulinemia and recurrent infections and in Japan for patients with PID or secondary immunodeficiency (SID) with agammaglobulinemia or hypogammaglobulinemia. In January 2024, *HYQVIA* was approved for maintenance treatment in adult patients with chronic inflammatory demyelinating polyneuropathy (CIDP) in the U.S. and CIDP patients of all ages in Europe.
- *CUVITRU* (Immune Globulin Subcutaneous (Human), 20% Solution), indicated as replacement therapy for primary humoral immunodeficiency in adult and pediatric patients two years 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, 2026, the total revenue from our PDT immunology portfolio, including *GAMMAGARD LIQUID/ KIOVIG, HYQVIA* and *CUVITRU*, was JPY 790.6 billion.
- *FLEXBUMIN* (Human Albumin in a bag) and Human Albumin (glass), available as 5%, 20% 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, 2026, the total revenue from our albumin portfolio, including *FLEXBUMIN* and Human Albumin (glass) was JPY 140.3 billion.

In Oncology, our principal products include:

- *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. Takeda jointly developed *ADCETRIS* with Seagen, Inc., now a wholly owned subsidiary of Pfizer Inc. ("Pfizer"), and has commercialization rights in countries outside the U.S. and Canada. In the fiscal year ended March 31, 2026, our revenue from *ADCETRIS* was JPY 140.2 billion.
- *LEUPLIN/ENANTONE* (leuprorelin) is 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 and 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, 2026, our revenue from *LEUPLIN/ENANTONE* was JPY 120.8 billion.
- *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, 2026, revenue from *NINLARO* was JPY 82.1 billion.
- *ICLUSIG (ponatinib),*a tyrosine kinase inhibitor targeting BCR::ABL1 with indications across chronic myeloid leukemia (CML) and Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL), received full approval in the U.S. in 2016 and subsequent U.S. approvals in expanded indications in 2020 and 2024. We have commercialization rights in the U.S. and Australia. Outside of the U.S. and Australia, *ICLUSIG* is marketed in over 60 markets by five authorized partners from whom Takeda receives varying levels of supply, royalty and milestone payments. In the fiscal year ended March 31, 2026, our revenue from *ICLUSIG* was JPY 75.0 billion.
- *FRUZAQLA* (fruquintinib) is a treatment for adults with metastatic colorectal cancer (mCRC) who have been previously treated with fluoropyrimidine-, oxaliplatin- and irinotecan-based chemotherapy, an anti-VEGF therapy, and, if RAS wild-type and medically appropriate, an anti-EGFR therapy. *FRUZAQLA* is approved in the U.S., EU, Japan and a number of other countries around the world as a selective oral inhibitor of all three VEGF receptors. Takeda has the exclusive worldwide license to further develop, commercialize and manufacture fruquintinib outside of mainland China, Hong Kong and Macau. Fruquintinib is developed and marketed in China by HUTCHMED. In the fiscal year ended March 31, 2026, our revenue from *FRUZAQLA* was JPY 55.1 billion.
- *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 for patients who have progressed on or are intolerant to crizotinib in the U.S. in 2017, and marketing authorization for patients previously treated with crizotinib in the EU in 2018. The indication of *ALUNBRIG* was expanded to include newly diagnosed ALK-positive NSCLC patients in both the U.S. and the EU in 2020. *ALUNBRIG* was approved as a first and second-line therapy in Japan in January 2021. *ALUNBRIG* was also approved in China in March 2022. In the fiscal year ended March 31, 2026, our revenue from *ALUNBRIG* was JPY 36.9 billion.

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 six years and older and for the treatment of moderate to severe binge eating disorder in adults. Sales declined in the U.S. since 2023, following the entry of generic competition. In the fiscal year ended March 31, 2026, our revenue from *VYVANSE/ELVANSE* was JPY 203.2 billion.
- *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, 2026, our revenue from *TRINTELLIX* was JPY 121.8 billion.

In Vaccines, our principal product is:

- *QDENGA* (Dengue Tetravalent Vaccine [Live, Attenuated]), a dengue vaccine that is based on a live-attenuated dengue serotype 2 virus, which provides the genetic "backbone" for all four dengue virus serotypes and is designed to protect against any of these serotypes. *QDENGA* is approved in over 40 countries, including endemic countries and travel markets. In the fiscal year ended March 31, 2026, our revenue from *QDENGA* was JPY 40.8 billion.

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

2. Corporate Sustainability Policies and Initiatives

Governance

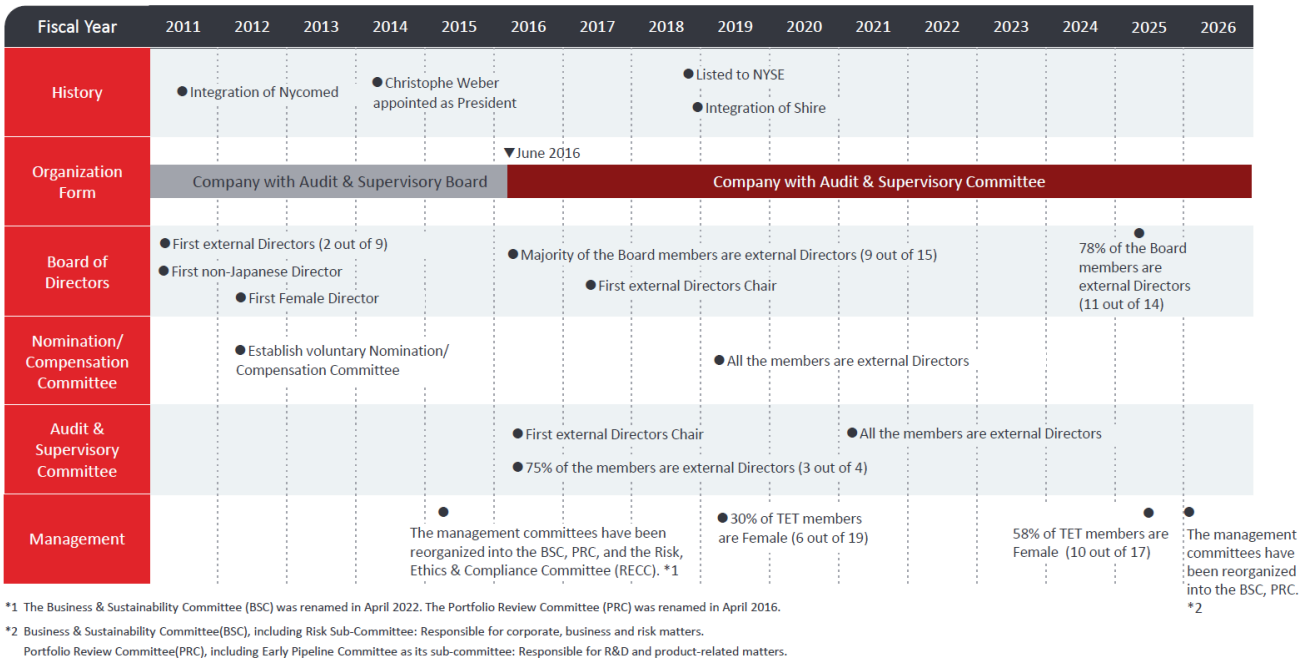
Takeda's Board of Directors ("BOD") has responsibility for the oversight of our affairs, including those related to business risk and financial disclosures. The BOD delegates certain decision-making authorities to certain Directors, which enables the BOD to focus more on business strategies, internal controls and other important business matters of the Takeda Group. The matters delegated to the Directors are discussed and decided at appropriate executive-level management committees. The Business & Sustainability Committee ("BSC") oversees Takeda's corporate strategy and management of key risks, including decision-making related to the Enterprise Risk Management (ERM) program and the Company's sustainability goals and commitments. The BOD receives regular updates from the President and CEO, other Takeda Executive Team ("TET") members, and the management committees.

The Nomination and Compensation committees, which Takeda established voluntarily as advisory committees of the Board, consist entirely of independent external directors. In nominating candidates for director roles, the Board considers various criteria, including both background and experience. Takeda's directors possess skills in areas such as global business and strategy; science and medicine; legal, regulation and public policy; corporate governance and sustainability; finance and accounting; health care; data and digital; and management, leadership and human capital.

The Sustainability/ESG External Disclosure Committee, whose chair is Head of Corporate Sustainability, and is comprised of internal subject matter experts, is responsible for ensuring timely and accurate disclosure of sustainability and environmental, social, and governance (ESG) data and other information. The committee reviews and confirms the accuracy, consistency and completeness of mandatory and key voluntary disclosures related to sustainability.

Our history of corporate governance

(As of April 2026)



*1 The Business & Sustainability Committee (BSC) was renamed in April 2022. The Portfolio Review Committee (PRC) was renamed in April 2016.

*2 Business & Sustainability Committee(BSC), including Risk Sub-Committee: Responsible for corporate, business and risk matters.
Portfolio Review Committee(PRC), including Early Pipeline Committee as its sub-committee: Responsible for R&D and product-related matters.

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".

Strategy

At Takeda, sustainability is about how we run the business. Our purpose is to contribute to better health for people and a brighter future for the world. We do this through the pursuit of our vision to discover and deliver transformative treatments in our core therapeutic areas of Gastrointestinal and inflammation, Neuroscience and Oncology, and through our plasma-derived therapies and vaccine business. Our behaviors are grounded in our values — Integrity, Fairness, Honesty, and Perseverance, with Integrity at the core. Together, our purpose, vision and values stand for who we are, what we do, how we do it and why it matters.

Takeda's strategy is designed to deliver near-term, as we prepare to launch a series of new, transformative medicines, while also positioning us for accelerated growth and long-term value creation for patients, shareholders and society. To continuously and sustainably drive better health for patients through our discovery and delivery of transformative treatments, we must uphold the highest standards of ethics and governance, support and develop our people, appropriately manage our environmental impacts and maintain financial discipline. Our commitments to patients, our people, and the planet are summarized below.

Patient

Takeda works to create a healthier world by translating cutting-edge science into transformative medicines for patients and redefining standards of care for people living with both rare and more prevalent diseases. Our research and development (R&D) is focused on our key

therapeutic areas of Gastrointestinal and Inflammation, Neuroscience and Oncology. We also maintain strategic R&D investments supporting our Plasma-Derived Therapies.

Our transformed R&D engine prioritizes speed and efficiency, supports sustained innovation in more than 30 indications across different modalities, and establishes a diversified pipeline that will bring new, highly differentiated therapies to patients faster. With bold investments in digital, data and AI-driven capabilities enabling our Labs of Tomorrow, we are forging ahead with a mission to fundamentally transform how we discover, develop, and deliver medicines.

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. For example, our sourcing strategy is intended to ensure supply continuity of strategic products and active pharmaceutical ingredients (APIs) mitigating risks from external factors such as geopolitical risks and natural disasters. Strict quality standards apply throughout the entire lifecycle of our products designed to ensure product quality and patient safety. We are also transforming manufacturing, quality and supply through use of digital and AI such as predictive equipment maintenance, inventory optimization and reducing cycle-time when there are deviations. Takeda ensures the quality, safety, and efficacy of its products from clinical to manufacturing and distribution in compliance with external regulations and guidelines, internal requirements and GxP standards. Further, Takeda ensures the safety and efficacy of its products through rigorous post-marketing surveillance and compliance with regulatory requirements, conducting additional studies and monitoring to gather further information on product performance.

For Takeda's innovative medicines and vaccines to create long-term value for patients, society and shareholders, they must be made accessible to those who need them in a sustainable manner. That is why we focus on;

Unmet medical needs: Takeda ensures rapid, global access to our transformative medicines and vaccines all the way from R&D to commercialization as Takeda medicines are often the first and only treatment available, particularly in the case of rare diseases.

Balancing speed, breadth, value, and sustainability of access: At Takeda our access and pricing strategies for medicines and treatments are tailored to achieve the optimum balance of speed, breadth and sustainability of access and, within the unique context of each medicine, reflect their value to payers, the health care system and society.

Partnering to strengthen and support health care systems: We partner with diverse stakeholders to address the barriers to access to our medicines and related care that exist within health care systems. In doing so we strengthen health care systems in ways that are sustainable, aligning with national priorities and local communities.

In this way, we integrate access into our business strategy and across our operations, from R&D to commercialization, taking a locally driven approach to delivering our medicines. This allows us to be responsive to local patient needs and address the unique barriers to access in each health system. We aim to improve community health by addressing the broader socio-economic barriers to accessing medicines and related health care. We also look to bridge the affordability gap with different pricing and access solutions based on a country's stage of economic development and health system maturity.

For further information on how we commit to patients, please refer to "Commitment to Patients" part of the 2026 Annual Integrated Report which is planned to be disclosed on Takeda's website on June 24, 2026.

People

We recognize that, no matter how far science and technology advance, Takeda is a knowledge-based company driven by people, and we continue to be committed to putting patients at the center, collaborating respectfully and leading with our values. At the same time, we are future focused — we're scaling data, digital, technology and AI investments to unlock speed, quality and efficiency across our global organization. We develop leadership skills, digital capabilities and a workplace where all our people feel supported, valued and equipped to grow — enabling them to do their best work.

Corporate Culture and Talent Development

At Takeda, our culture is grounded in an enduring commitment to our values: Integrity, Fairness, Honesty and Perseverance, with Integrity at the core. We continue to foster a culture that positions our organization for the next 200 years — one that champions growth, makes fast and effective decisions, and unites us as a company. To do that, we will continue to evolve a culture built on:

- Patient-centricity: We put patients at the center of every action we take, ensuring our work improves people's lives while keeping our business strong for the future.
- People-mindedness: We foster a workplace where people feel supported, informed and connected to our patients and our values.
- Respect and collaboration: We collaborate with trust, openness and respect, and encourage fresh thinking and energy that challenges teams constructively to achieve better outcomes together.
- Performance culture: We raise our ambition and sharpen our focus — setting bold goals, managing performance rigorously and holding ourselves accountable for delivering meaningful results for patients and growth for the business.
- Decision effectiveness: We make faster, clearer and more-confident decisions, using the appropriate roles, inputs and rigor while remaining grounded in our values.
- Enterprise orientation: We think and act for the good of the whole enterprise, scaling what works and sharing what we learn, so that Takeda becomes greater than the sum of its parts.

Guided by our commitment to discovering and delivering transformative treatments, we are committed to fostering a culture that promotes life-long learning and career development, including digital skills. Takeda is scaling data, digital, technology and AI investments to unlock speed, quality and efficiency across every department and process, which will lead to building a future-ready workforce.

To make technology an integral part of our work and be ready for the future of health care, we are investing in developing the digital skillsets and mindsets of our employees. Since launching our Digital Dexterity program in 2024, we have offered myriad learning modules and engagement opportunities across Takeda so employees can explore, experiment and grow their digital muscles. In 2025, we added learning for four new technology-enabled skill sets to the program: collaboration, personal productivity, data literacy and automation. Takeda also hosted a 24-hour virtual Digital Dexterity Day supported by local ambassadors who organized local in-person learning sessions where participants could discuss how to apply ideas, share tips and test approaches in real time.

We have put a significant emphasis on developing leaders, who have a crucial role in inspiring and motivating our employees to realize their potential while also ensuring a positive people experience for everyone. Our People Leader Development program offers curated online learning and a monthly development webinar that build capabilities aligned to Takeda's leadership behaviors. In fiscal year 2025, we focused on hiring best practices, effective communications, psychological safety, digital dexterity, excellence in performance reviews and elevating the employee experience. Further, in the past three years, nearly 2,000 people leaders participated in Takeda's "Be a Great Coach," our award-winning, three-month leadership skill-building program.

As a global biopharmaceutical company, we value collaborating respectfully and leading with our values to foster a culture that attracts, develops and retains the best talent globally. Across Takeda, we want all employees to feel supported, valued and equipped to grow — enabling everyone to do their best work, with equitable access to opportunities and resources to help them achieve their desired potential.

Policies on improvement and maintenance of work environment

Takeda's purpose — better health for people, brighter future for the world is only possible when we take care of the safety and well-being of our colleagues. The well-being program at Takeda focuses on four key dimensions: emotional, physical, social and financial. All employees have access to Thrive Global, a cutting-edge behavior change platform with tools and resources to help us live and work with less stress, more productivity, and greater well-being by providing resources and programs that help employees achieve their personal well-being goals such as sleep, nutrition and movement.

Life-work alignment is a top consideration for our people as they adapt to our flexible work arrangements. We support different ways of working to unleash the full potential of our employees, 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 promote well-being and performance, embrace flexibility and emphasize the value of regular face-to-face interactions, and fuel innovation. We also utilize a learning program to strengthen resilience skills and equip our people managers with tools to talk about mental health.

As a signatory of the United Nations Global Compact, Takeda is committed to respecting internationally recognized human rights within every aspect of our business, across our value chain and the communities we serve.

For further information regarding our policies related to human capital, talent development and corporate culture, and internal work environment, please refer to "Commitment to our People" part of the 2026 Annual Integrated Report which is planned to be disclosed on Takeda's website on June 24, 2026.

Planet

Takeda is committed to delivering a high standard of environmental leadership as climate change and environmental degradation can negatively impact patient and human health. Our environmental sustainability efforts focus on minimizing greenhouse gas (GHG) emissions within our operations and throughout our value chain, reducing our impact on nature, and embedding sustainability considerations into our product design and manufacturing. As part of our continued focus on nature and climate change, we plan to release our first Taskforce on Nature-related Financial Disclosures (TNFD) disclosure.

Takeda's commitment to environmental sustainability currently consists of three programs dedicated to various aspects.

- Climate Change, through which we aim to achieve net-zero emissions in our own operations (Scopes 1 and 2) by FY2035 and across our entire value chain by FY2040 (Scopes 3), targets which were validated by the Science Based Targets Initiative (SBTi) in 2024.
- Product Sustainability, which focuses on integrating environmental life cycle thinking within product design and development to minimize the environmental footprint across our value chain.
- Nature, which focuses on reducing environmental impacts from our operations focusing on water conservation, responsible waste management and biodiversity protection.

Takeda is continuing to take a proactive stance on building resilience towards climate-related risks and identifying opportunities. Assessment and management by the Corporate Environmental Health Safety and Sustainability team is integrated into our overall Enterprise Risk Management (ERM) framework. Site specific climate-related operational risks are identified through bottom-up escalations from site and facility level risk assessments, while supply chain risks are primarily captured through supplier screening in our Third-Party Risk Management Program (TPRM).

To mitigate climate risks and meet our goal of achieving net-zero emissions in our operations, we have developed roadmaps to deploy various decarbonization levers to reduce our emissions, including site-specific roadmaps for Takeda locations (across manufacturing, BioLife and offices), capital investments in low carbon technologies (such as next generation heat pumps) and transitioning to 100% renewable electricity when possible. We are also working to reduce emissions in our value chain by engaging with suppliers to set science-based emissions reduction targets, designing products in our pipeline to minimize emissions and increasing sea-based shipping instead of air freight, while pursuing strategic investments in collaborations to address hard-to-abate emissions.

In FY2024, Takeda refreshed its scenario analyses of climate-related risks and opportunities, performing focused assessments on its transition and physical risk profiles, including certain supply chain risks.

The transition risk assessment covered regulatory, technology, market and reputational risks posed to Takeda over three climate scenarios varying by the level of global response to climate change (i.e., rapid climate action, delayed transition and middle of the road) across time horizons up to 2050. This assessment considered Takeda's transition risk exposure both considering its currently planned actions to achieve its net-zero goals, as well as in the absence of those actions.

The physical climate-related risk assessment covered a range of temperature-related, water-related, wind-related and land-related perils posed to Takeda's operations, as well as key third party contract manufacturers (CMOs) and suppliers, over two Shared-Socio-economic Pathways (SSP2-4.5 and SSP5-8.5) established by the U.N. Intergovernmental Panel on Climate Change (IPCC). Physical risks were assessed on a "gross" basis, without incorporating the impact of current or planned mitigating updates to Takeda's or its CMO's operations.

Through this process, we were able to identify several climate-related risks and opportunities with potential applicability to Takeda. With respect to transition risk, our analysis indicated that Takeda faces potentially increased costs from suppliers related to potential country-level and regional carbon tax enactment, as well as high operating expenditures attributable to rising prices for fossil fuel-based energy sources, but such costs would be substantially less if Takeda continues to implement the planned decarbonization levers described above. Additionally, our qualitative analysis of market trends related to low carbon products indicated that Takeda currently faces relatively low risk of competition from low carbon products, given the differentiation of its product profile and the lack of comparable substitutes.

With respect to physical risk, our modeled scenarios identified the following potential climate-related risks and impacts to Takeda's direct operations and/or its CMOs:

Risk Type	Risk Description	Potential Impact Under SSP2-4.5 *1 and SSP5-8.5 *2 Scenarios	Key Impacted Region(s)
Physical (Acute)	*Tropical Cyclones*	Risk to certain operational and CMO sites of significant property damage and business interruption losses exist throughout scenario periods, with limited change over time.	Japan
	Floods	Increase in intensity and frequency of impacts projected in certain operational sites, with one site experiencing 13 days of production interruption by 2050.	Japan, Europe
	Landslides	Certain operational and CMO sites to experience heightened risk of landslides by 2050, with multiple sites at very high-risk levels.	U.S., Europe
	Tornados	Risk to certain operational and CMO sites of significant property damage and business interruption losses across scenario periods, with limited change over time.	U.S.
Physical (Chronic)	*Heat Stress*	Significant increase over scenario periods in certain operational and CMO sites experiencing more than 10 days per year of temperature levels that are dangerous to workers' health, with multiple sites experiencing lost production days due to high temperatures.	Japan, Europe, U.S.
	Water Scarcity	Significant increase in certain operational and CMO sites experiencing more than 6 days of business interruption from water scarcity by 2050, with several at risk of losing more than 10 days of production.	Japan, Europe, U.S.

*1 SSP2-4.5 Scenario: This scenario represents a moderate GHG emissions pathway where current emissions levels continue until 2050, followed by a decline, resulting in an estimated global temperature increase of 2.1 to 3.5 (°C) by 2100.

*2 SSP5-8.5 Scenario: This scenario represents a very high GHG emissions pathway with current CO2 emissions roughly doubling by 2050, nearly tripling by 2075, resulting in an estimated global temperature increase of 3.3 to 5.7 (°C) by 2100.

Source: Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) Summary for Policymakers

Of the foregoing physical risks to our operations, water scarcity was projected to increase the most, and heat stress was projected to be the most significant, among the risk analyzed, both across Takeda's operations and its current CMOs and suppliers. Impact severity was generally similar under both scenarios studied, with somewhat greater impacts in the SSP5-8.5 scenario, particularly for drought and heat stress. In addition, while Takeda's operations in Japan face risks from tropical cyclones and earthquakes and a Europe-based CMO faces landslide risk exposure, our assessment did not project increased risks of these perils due to climate change.

Takeda has incorporated these risk assessments and findings into its enterprise risk management processes and is reviewing adaptation strategies for its facilities in light of the physical risk assessment.

In addition, in FY2024, Takeda conducted an initial assessment of its environmental impact, including potential impacts on biodiversity, and potential impacts of water withdrawals and use and waste, to inform its environmental initiatives and goals. To perform this assessment, we evaluated key operational metrics such as energy use, land use, water consumption and waste generation against established third party scientific datasets to derive approximate risk scores and identify potential hotspots, as well as priority sites for action.

This analysis identified energy use as Takeda's largest impact on the environment overall. Water- and waste-related impacts, primarily related to our manufacturing activities, were identified as our leading direct nature-related impacts, but we did not assess the financial materiality of risks related to these impacts. While we also evaluated certain potential upstream and downstream environmental impacts in our value chain, a lack of available data limited our analysis, particularly with respect to raw material sourcing. Nevertheless, we identified maize/corn (cell cultures, ethanol), pulp-based materials (secondary paper package), timber (pallets, office supplies), bovine-based serums (biomanufacturing), and sugarcane (ethanol, excipients) as our leading upstream dependencies, but did not assess the financial materiality of risks related to these dependencies.

In FY2025, we conducted an updated global water risk assessment to help prioritize mitigation actions at sites with the highest risks of water scarcity. This assessment reinforced prior risk studies and is informing mitigation strategies across priority sites.

We plan to conduct further analysis of our financial risks associated with our environmental impacts and dependencies in the future.

Risk Management

Risk management helps protect Takeda's people, assets and reputation while supporting Takeda's long-term strategy for growth and success. Sustainability risks identified to date are addressed through our existing global and site risk management processes. The overall ERM process is the responsibility of the Global General Counsel, with oversight from the Board of Directors. In April 2026, the Risk, Ethics & Compliance Committee and the Business & Sustainability Committee (BSC) were merged into a single committee, and a new Risk Sub-Committee (RSC) was established under the BSC to focus on risk management and control insights. The RSC determines enterprise risk

mitigation actions with relevant business leaders and escalates issues or insights to the BSC as needed. Principal enterprise risks and their mitigation effectiveness are approved by the BSC 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 "II. Operating and Financial Review and Prospects, 3 Risk Factors".

Metrics and Targets

Since FY2022, we have reported our Corporate Philosophy Metrics, which are quantitative indicators of our progress on areas that help us fulfill our purpose and support sustainable business growth. We developed these metrics with employees from across the company in a bottom-up approach and provide employees with frequent progress updates in our intranet. By doing so, we are creating ownership among all employees in all parts of our operations. These metrics also help hold us accountable for delivering sustainable growth and building trust with our external stakeholders.

From FY2026 onward, Takeda will no longer report metrics under the "Corporate Philosophy Metrics Framework." We will continue to disclose key ESG metrics annually, primarily through our ESG Databook.

Patient

METRICS	FY2024		FY2025		Highlights
Achieving Pipeline Milestones # of pivotal study starts and approvals	29		33		Pipeline milestones: In FY2025, we delivered a strong year of progress across our pipeline, achieving 10 pivotal study initiations and 23 approvals across our five major regions. By advancing pivotal programs across therapeutic areas, including key pediatric studies, we took meaningful steps toward bringing new and expanded treatment options to more patients. In parallel, regional new-indication approvals for our core brands further broadened patient access and reinforced our commitment to addressing unmet medical needs worldwide.
Disclosing Clinical Trial Results % of achievement for timely disclosure of clinical trial summary results on public registries	100%		100%		
Maintaining Uninterrupted Supply % of order lines dispatched on-time, in-full	99.5%		99.6%		
Upholding Manufacturing Quality % of health authority inspections with no regulatory compliance actions	100%		100%		
Global Access to Growth & Launch Products # of key countries where patients have access to the product through reimbursement	LIVTENCITY	9	LIVTENCITY	9	
	ADZYNMA	3	ADZYNMA	4	
	FRUZAQLA	4	FRUZAQLA	8	
			EOHILIA	1	
Access to Medicines Programs in Low- and Middle-Income Countries and Countries with Evolving Health Care Systems # of newly enrolled patients in Takeda's affordability -based Patient Assistance Programs (PAPs)	1,975		2,104		

* For the FY2024 and FY2025 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 24, 2025 for the FY2024 results and dated June 16, 2026 for the FY2025 results, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (posted on Takeda's website for the FY2024 results of the indicators, to be posted on June 17, 2026 for the FY2025 results of the indicators), and no matters were identified that could not be considered as not represented.

People

METRICS	FY2024		FY2025		Highlights
Engaging Employees Average score on a 1-100 scale to questions regarding engagement in the annual Employee Experience Survey	76		79		Employee engagement: In FY2025, engagement improved, with gains in employee pride and likelihood to recommend Takeda. The increase in the well-being metric reflects improvements in work-life balance, including better stress management and employees' ability to disconnect from work, as well as perceptions that well-being remains a priority at Takeda. Agility is a focus area for improvement.
Improving Employee Well-being Average score on a 1-100 scale to questions regarding well-being in the annual Employee Experience Survey	68		70		
Embracing Diversity Enterprise-wide gender breakdown	Female	53%	Female	53%	
	Male	46%	Male	47%	
	Other/Non-Binary	0.14%	Other/Non-Binary	0.2%	

* For the FY2024 and FY2025 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 24, 2025 for the FY2024 results and dated June 16, 2026 for the FY2025 results, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (posted on Takeda's website for the FY2024 results of the indicators, to be posted on June 17, 2026 for the FY2025 results of the indicators), and no matters were identified that could not be considered as not represented.

Planet

Our climate goals, validated by the Science Based Targets Initiative (SBTi), include:

- Reducing absolute Scope 1 and 2 GHG emissions 65% by FY2030 from a FY2016 base year
- Reducing absolute Scope 3 GHG emissions 25% by FY2030 from a FY2022 base year
- Reducing absolute Scope 1 and 2 GHG emissions 90% by FY2035 from a FY2016 base year
- Reducing absolute Scope 3 CHG emissions 90% by FY2040 from a FY2022 base year

As part of our long-term net-zero strategy we will explore opportunities to invest in carbon removals to address residual emissions according to the SBTi Corporate Net Zero Standard.

GHG Scope	**Targets**	**FY2025 Results (Thousand Metric Tonnes (tMT) CO2e)***
Scope 1	Net-zero GHG emissions related to our operations (Scopes 1 and 2) by FY2035.	246
Scope 2 (Market Based)		28
Scope 3	Net-zero GHG emissions by FY2040	2,536

*For details on Takeda's methodology for calculating greenhouse gas emissions, refer to the 2026 ESG Databook.

METRICS	FY2024	FY2025	Highlights
Reducing Scope 1 & 2 GHG Emissions % of reduction in emissions below a FY2016 baseline	55%	58%	We are on track to achieve our SBTi validated Scope 1 and 2 targets of a 65% reduction by FY2030 and a 90% reduction in GHG emissions by FY2035, and our Scope 3 targets of a 25% reduction in GHG emissions by FY2030 and a 90% reduction by FY2040 through electrification, energy efficiency, renewable energy procurement, lower carbon shipping and distribution, and continued engagement with suppliers. We continue to make progress against our nature-related targets through implementing innovative waste and water efficiency initiatives and technologies and the increased use of recycled materials in our packaging.
Reducing Scope 3 GHG Emissions % of reduction in emissions below a FY2022 baseline	7%	10%	
Diverting Waste from Landfill % of waste diverted from landfills	75%	74%	
Conserving Freshwater % of reduction below a FY2019 baseline	8.6%	6%	
Making Paper and Paperboard Packaging from Sustainable Forest Certified or Recycled Content % of the secondary and tertiary packaging paper/ paperboard by weight that is recycled content or sustainable forest certified	62%	68%	

*1 For the FY2024 and FY2025 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 24, 2025 for the FY2024 results and dated June 16, 2026 for the FY2025 results, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (posted on Takeda's website for the FY2024 results of the indicators, to be posted on June 17, 2026 for the FY2025 results of the indicators), and no matters were identified that could not be considered as not represented.

*2 In FY2025, the Corporate Philosophy metric associated with Scope 3 emissions was revised to measure the percentage reduction in emissions relative to a FY2022 baseline. FY2024 data is presented as it received limited assurance dated June 24, 2025. The prior supplier engagement-focused metric is available in our 2026 ESG Databook.

Data, Digital & Technology

METRICS	FY2024	FY2025	Highlights
Improving Personalized Digital Experience for HCPs: Takeda ID # of Healthcare Professionals (HCPs) who subscribe to Takeda ID	51,412	58,951	Leveraging AI: In FY2025, we shifted from a primary focus on general-purpose GenAI assistants to increased investment in domain-focused and process-embedded AI agents. This shift improved tool relevance for many employees and encouraged GenAI use within the natural flow of work. This metric indicates widespread GenAI adoption across all business units and functions*3.
Leveraging AI and Automation to Enable Workforce % of workforce actively using the Generative AI tools as of March 31, 2026	46.6%	63.4%	
Upskilling Employees in Progressive Technologies % of employees who have taken at least one data, digital and technology training course within FY2025*2	N/A	30.9%	

*1 For the FY2024 and FY2025 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 24, 2025 for the FY2024 results and dated June 16, 2026 for the FY2025 results, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (posted on Takeda's website for the FY2024 results of the indicators, to be posted on June 17, 2026 for the FY2025 results of the indicators), and no matters were identified that could not be considered as not represented.

*2 FY2024 is presented as N/A due to a change in the metric scope and measurement in FY2025. Previously, the metric measured cumulative employee participation in training since Q1 FY2020. From FY2025, it measures participation in FY2025 only. Prior year data are not comparable.

*3 For further details of our initiatives, please refer to "Commitment to our People" part of the 2026 Annual Integrated Report which is planned to be disclosed on Takeda's website on June 24, 2026.

Business Growth

METRICS	FY2024	FY2025
Driving Business Growth % of year-over-year Growth & Launch Products incremental core revenue growth vs. target	87.9%	49.2%

* For the FY2024 and FY2025 results of the indicators in the table above, Takeda received limited assurance engagements from KPMG AZSA Sustainability Co., Ltd. (KPMG) in accordance with ISAE 3000 and ISAE 3410 issued by the International Auditing and Assurance Standards Board (IAASB). As a result, Takeda received a conclusion from KPMG dated June 24, 2025 for the FY2024 results and dated June 16, 2026 for the FY2025 results, that in all material respects, the calculation was made in accordance with the criteria established by Takeda (posted on Takeda's website for the FY2024 results of the indicators, to be posted on June 17, 2026 for the FY2025 results of the indicators), and no matters were identified that could not be considered as not represented.

For further information on our sustainability commitments, please refer to the 2026 Annual Integrated Report which is planned to be disclosed on Takeda's website on June 24, 2026.

3. Risk Factors

Risk Management Framework and Governance

Our business performance is subject to various present and future risks that could significantly affect our business results, financial condition, cash flows and long-term strategy.

At Takeda, we recognize that risks and opportunities are inherently interconnected and represent different aspects of the same strategic considerations. Accordingly, we seek to make informed, risk-based decisions that balance value creation with the protection of patients, people, assets, and our reputation, while reducing uncertainty around the achievement of our strategic objectives and sustainability ambitions.

Our approach to risk management is operationalized through an Enterprise Risk Management ("ERM") program that forms part of our broader Global Business Resilience framework. This framework integrates ERM with Business Continuity Management and Crisis Management to support proactive risk identification, effective escalation, and timely response and recovery in the event of disruptions.

(ERM Framework Overview)

Through our Global ERM program, we assess risks holistically as an interrelated portfolio aligned with our strategy. We apply a structured methodology to identify, assess, prioritize, mitigate, monitor and report principal risks.

The core elements of our ERM framework are illustrated below.

The ERM framework is supported by five core elements:

ERM Elements	Description
Risk Governance	*Defines the organizational framework, which includes a published formal policy as well as approved executive and internal committee responsibilities*
Culture & Community	*Comprised of risk coordinators appointed by functional leaders to create a collaborative and psychologically safe environment where risks are identified, escalated, and leveraged to inform risk-based decision making*
Program Drivers & Resources	*Provides tools and mechanisms to enable efficient and consistent approaches to managing risks based on industry standards*
Risk Management Process	*Defines a consistent methodology with leadership accountability to effectively identify, assess, mitigate, monitor and report existing and potential risks*
Technology, Data & Insights	*Enables integrated data aggregation and analysis to harmonize risk information through Takeda's enterprise risk assessment application*

These elements collectively ensure that risk management is embedded in decision-making processes across the organization, supported by appropriate governance, culture, tools, and technology.

(Governance Structure)

Clear governance, roles, and accountability are established across the organization to ensure appropriate risk ownership and oversight of risks, including regular review by management, the Business & Sustainability Committee ("BSC"), its Risk Sub-Committee ("RSC"), Takeda Executive Team ("TET") meetings, and the Board of Directors.

The overall ERM process is the responsibility of the Global General Counsel. The Board of Directors provides oversight of principal risks and reviews risk prioritization. The BSC and RSC provide enterprise-level oversight of risk mitigation plans and emerging risk trends. Management teams, including the TET, are responsible for risk identification and mitigation within their areas of accountability. Risk Coordinators facilitate implementation and escalation processes.

Continuous Improvement of Our ERM Program and Principal Risks

We continuously enhance our ERM program to strengthen our ability to identify, assess and respond to evolving risks in a timely and effective manner.

These enhancements include:

- Strengthening an outside-in perspective, including geopolitical, regulatory, and sustainability-related trends
- Clarifying risk tolerance concepts to support consistent risk identification, escalation, and decision-making
- Reinforcing oversight of risks and associated mitigations
- Embedding risk awareness more deeply into our culture and day-to-day operations

We also continue to refine our Enterprise Risk Assessment process to enhance risk transparency, cross-functional alignment and executive oversight. Through robust governance, clear accountability and effective use of data and technology, we aim to further strengthen the quality and consistency of our risk management practices.

We encourage employees to escalate potential risks at an early stage—even when information is limited—through management channels or other reporting mechanisms. This supports proactive identification and mitigation of emerging risks.

However, while we strive to continuously enhance our risk management framework, risk cannot be entirely eliminated. The dynamic and complex nature of our global business environment means that uncertainties and unforeseen events may still occur, and our mitigation measures may not always fully mitigate risks.

Accordingly, the risks discussed below represent those that we currently consider to be significant as of March 31, 2026. These risks do not necessarily cover all potential risks and uncertainties that we may face. Additional risks and uncertainties that are not presently known to us, or that we currently consider immaterial, could also adversely affect our business and may be considered by investors in making investment decisions.

(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 substances, 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 relating to 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 2022, Congress passed the Inflation Reduction Act (the "IRA"), which significantly changes the compensation terms for drugs under the Medicare program, including by imposing penalties on manufacturers who raise drug prices faster than inflation, instituting a cap on out-of-pocket expenditures by Medicare beneficiaries and allowing the federal government to set prices for certain drugs covered under Medicare beginning in 2026. In May 2025, an executive order was issued in the United States to introduce a "Most Favored Nation (MFN)" pricing mechanism, which would tie U.S. prescription drug prices to the lowest price available in selected "comparably developed nations". Certain reforms or reference-pricing mechanisms in the United States could also influence pricing expectations and negotiations in other markets, including so-called price-basket countries, which may further increase global pricing pressure. 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. Furthermore, Furthermore, the European Union is considering reforms to its pharmaceutical legislation that could affect intellectual property protections and market exclusivity, which may influence drug pricing over time. We are also facing similar pricing pressures in other regions, such as various emerging countries including China. We expect such pressures to continue as we expand our business in those regions and countries.

Although we attempt to 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 a material adverse effect on our results of operations and financial conditions.

(6) Risks relating to to strategic transactions and the associated balance sheet impairments and financial risks

We pursue strategic transactions, including corporate, business or asset acquisitions, licensing arrangements and other strategic transactions, as necessary to accelerate our sustainable growth and strengthen our pipeline and product portfolio. However, there is a risk that the anticipated benefits, synergies or strategic objectives of such transactions may not be fully realized. These transactions expose us to various risks, including challenges in integrating acquired businesses or licensed assets, differences in business practices, changes in laws and regulations including tax regimes, political instability, economic uncertainty, and complexities associated with operating across multiple jurisdictions.

In connection with acquisitions, licensing arrangements and other strategic transactions, we may recognize goodwill and intangible assets on our balance sheet and incur significant upfront payments, milestone obligations or other long-term commitments. Negative clinical results, delays in development or launch, or underperformance of acquired or licensed assets could result in impairment losses related to goodwill, intangible assets or other investments, which could reduce our earnings, financial condition and surplus available for dividends. In addition, failure to effectively integrate acquired businesses or realize expected value from licensed assets could adversely affect our results of operations and financial condition.

Such strategic transactions may also increase our level of indebtedness or otherwise affect our capital structure. We have substantial debt, including amounts incurred in connection with past strategic transactions, and while we have accelerated deleveraging through earnings generation and selective divestitures of non-core assets, our financial condition remains sensitive to changes in business performance and market conditions. If our financial condition were to deteriorate, our credit ratings could be downgraded, which could negatively affect the terms and availability of refinancing, new borrowings or other sources of funding. We are also required to comply with certain restrictive covenants in connection with our bank commitment line, from which we may choose to draw from time to time. Violations of such covenants may restrict us from accessing the line and force us to immediately repay all outstanding loans drawn from it, which may in turn have a material adverse effect on our financial conditions.

To address these risks, we implement disciplined transaction evaluation processes, robust integration planning, ongoing performance monitoring, prudent balance sheet and capital management, and active engagement with financial institutions and other stakeholders. However, there can be no assurance that these measures will be fully effective, and if we fail to successfully execute or integrate strategic transactions, or if the value of acquired or licensed assets declines or our financial flexibility is constrained, our results of operations, financial condition and long-term growth strategy could be adversely affected.

(7) Risks relating to leadership transition and organizational transformation

We are undergoing leadership transitions, including changes in our Chief Executive Officer and executive leadership team, as well as broader organizational and operating model transformation initiatives. Such changes may introduce short-term uncertainty and execution risks, particularly during periods of transition and adjustment.

Leadership transitions and organizational transformation may disrupt strategic priorities, slow or complicate decision-making, and result in temporary gaps in governance, internal controls, or clarity of roles and responsibilities. These changes may also increase the risk of losing critical talent or institutional knowledge, weaken cultural alignment, and adversely affect employee engagement and retention.

To mitigate these risks, we have established governance and oversight frameworks to support continuity and disciplined execution during periods of change. These measures include interim leadership arrangements, transformation oversight mechanisms, clear definition of roles and responsibilities, and ongoing communication to promote alignment with our values and strategy. We also monitor organizational health indicators, including leadership effectiveness, employee engagement and retention, and operational performance, to identify and address potential issues in a timely manner. However, if these measures do not function as intended and leadership transitions or organizational transformation initiatives are not successfully executed, we could experience operational disruption, weakened governance or internal controls, loss of key talent, or reputational harm, which could adversely affect our business, results of operations, financial condition and long-term strategic objectives.

(8) 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, unexpected high demand, or other disruptions due to an occurrence of natural disasters, an outbreak of emerging infectious diseases, conflicts in the countries in which we operate, geopolitical tensions among countries and regions or other events, we may experience a substantial delay in the supply of products or disruptions to stable supply, which could adversely affect our results of operations and financial conditions and our reputation.

(9) Risks relating to IT security and information management and digital technologies

We are leveraging digital technologies to support the evolution of our business model that meets customer needs. Strengthening our use of digital technologies is indispensable to our long-term sustainable growth and is positioned as a key foundation of our sustainable growth strategy. At the same time, because we handle large volumes of confidential information including sensitive personal information due to the nature of our business, data protection and robust security measures have become increasingly important. As our reliance on data utilization and digital platforms grows and we employ large-scale, complex IS/IT systems, including those of our third-party service providers, the risks of system shutdowns or security incidents are heightened, and the scope of their impact is widening.

Furthermore, as we explore and begin to implement artificial intelligence ("AI") and agent-based technologies to enhance productivity, decision-making and business processes across the enterprise, we may face new and evolving risks. These include potential overestimation of AI capabilities, unclear accountability for AI-enabled decisions, misalignment between AI agents and user credentials or access rights, inadvertent exposure or misuse of sensitive or proprietary information, and the emergence of new cybersecurity threats such as AI-enabled attacks, prompt injections or adversarial manipulation.

In pursuit of improved operational efficiency and profitability, we are making technology investments such as upgrading our network infrastructure, migrating to the cloud, strengthening governance frameworks and formulating a global cybersecurity strategy. As part of these efforts, we have deployed dedicated, cross-functional teams to enhance key foundational cybersecurity capabilities, including application security, asset management, network security, and vulnerability and patch management. However, given the rapid pace of technological change, deployed digital or AI solutions may become obsolete in a relatively short period of time, requiring continuous investment, enhanced governance and integration efforts. Fragmented or insufficient governance over digital and AI initiatives could increase compliance, operational and reputational risks.

Nevertheless, if we fail to achieve the anticipated benefits and returns from our digital transformation initiatives, or if system shutdowns, security incidents or inappropriate use of digital technologies occur, our business activities, results of operations, financial conditions and reputation could be adversely affected.

(10) Risks relating to compliance

Our business is subject to various legal regulations, such as pharmaceutical regulations, product liability, antitrust and personal information protection laws, 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 involves extensive interactions with healthcare professionals, healthcare entities, government officials, patients and patient organizations and such activities inherently involve compliance risks in the pharmaceutical industry. These interactions are often conducted through, or in conjunction with, third parties such as suppliers, academic collaborators, distributors and other commercial partners, and are therefore subject to heightened compliance risk if not appropriately governed. These risks are amplified by heightened regulatory enforcement, evolving and fragmented legal frameworks across jurisdictions, geopolitical instability, and rapidly changing business practices, including digital and omnichannel engagement models.

We put Global Ethics & Compliance in place and implemented policies, procedures and controls designed to promote compliance across our operations and third-party relationships. We have also implemented a risk-based third-party risk management framework covering the full lifecycle of third-party engagements, including onboarding, due diligence, ongoing monitoring and remediation, and continue to enhance governance, accountability and awareness across the organization. However, despite these measures, compliance risks cannot be fully eliminated. Failure to appropriately manage interactions with stakeholders or to effectively govern third-party relationships throughout their lifecycle, including legacy arrangements, could result in violations of laws or internal policies, regulatory investigations or enforcement actions, financial penalties, litigation, operational disruption, or reputational damage, which could adversely affect our results of operations and financial condition.

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

In developing our business globally, we are exposed to various risks, including political instabilities, the deterioration of economic conditions, potential tariffs including on pharmaceutical products and other trade restrictions, the spread of emerging infectious diseases, social disruptions, conflicts in the countries and regions in which we operate, as well as restrictions on investments, and cross-border data transfer associated with escalating geopolitical tensions among those countries and regions. In addition, disruptions affecting governmental or regulatory authorities could lead to delays in product approvals or changes in review processes, which may adversely affect our operations and growth plans. Additionally, as legislation related to business and human rights continues to be developed in various countries, the necessity of addressing risks of human rights violation across the entire value chain is increasing.

Our relevant departments work closely together to mitigate these risks through implementing measures such as business impact analysis, monitoring social and political situations in each region, and conducting human rights due diligence. We also maintain cross-functional monitoring and response mechanisms for fast-moving geopolitical and policy developments and regularly test business continuity and crisis management plans to support timely escalation and decision-making. Because geopolitical risks can amplify other risks including supply continuity, compliance obligations and cross-border data restrictions, we incorporate scenario planning and leadership-level reviews into our risk management approach.
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 regions where we or third parties with which we are involved have presence, our results of operations, financial conditions and our reputation could be adversely affected.

(12) Risks relating to financial market conditions

For the fiscal year ended March 31, 2026, sales outside Japan amounted to JPY 4,072.6 billion, which accounted for 90.4% of our consolidated revenue and revenue in the United States amounted to JPY 2,164.8 billion, or 48.0% of our consolidated revenue. Although a decrease in the value of the Japanese yen relative to other currencies has a positive effect on revenue, expenses denominated in foreign currencies, including research and development expenses, may have an adverse effect on profits when the Japanese yen weakens. 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 centrally manage foreign exchange and interest rate risks and execute derivative transactions to hedge these 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.

(13) 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, 31. Commitments and Contingent Liabilities".

(14) Risks relating to environment

The environment is the foundation of well-being, and we derive natural resources from the environment that are essential to our business activities. 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 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.

While to date, we have not experienced material impacts relating to climate change, including compliance or litigation-related impacts we recognize that climate change is a critical global issue that poses risks to global health and potentially financial risks to our business. In FY2024, we refreshed our scenario analysis of climate-related risks and opportunities, performing focused assessments on our transition and physical risk profiles, including certain supply chain risks. The transition risk assessment covered regulatory, technology, market and reputational risks posed to Takeda over three climate scenarios varying by the level of global response to climate change (i.e., Rapid Climate Action, Delayed Transition and Middle of the Road) across time horizons up to 2050. The physical climate-related risk assessment covered a range of temperature-related, water-related, wind-related and land-related perils posed to Takeda's operations, as well as key third party contract manufacturers (CMOs) and suppliers, over two Shared-Socio-economic Pathways (SSP2-4.5[*1] and SSP5-8.5[*2]) established by the U.N. Intergovernmental Panel on Climate Change (IPCC). Through this process, we were able to identify several climate-related risk categories with potential applicability to Takeda, including the potential for increased costs from suppliers related to potential country-level and regional carbon tax enactment, and physical risks to our operations and contract manufacturers from heat stress, water scarcity and flooding. If these risks materialize, they may affect our business, results of operations, and financial condition. Climate change related risks are also incorporated into our Enterprise Risk Management Program to enable us to effectively monitor emerging risk trends going forward.
We are transitioning to low-carbon operations to mitigate potential impacts. While Takeda has maintained carbon neutrality through FY2022, in FY2024 we transitioned away from carbon neutrality as a climate goal and are focusing resources on initiatives that advance our net-zero roadmap while continuing to invest in nature-based carbon removal projects in projects beyond our value chain.
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. Our environmental sustainability efforts focus on minimizing greenhouse gas (GHG) emissions within our operations and throughout our value chain, reducing our impact on nature and embedding sustainability considerations into product design and manufacturing. We continue our focus in the areas complementary to these efforts including natural resource conservation commitments to support water conservation, responsible waste management, and incorporating sustainability considerations 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 uphold our unwavering commitment to patients and 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.

*1 SSP2-4.5 Scenario: This scenario represents a moderate GHG emissions pathway where current emissions levels continue until 2050, followed by a decline, resulting in an estimated global temperature increase of 2.1 to 3.5 (°C) by 2100.

*2 SSP5-8.5 Scenario: This scenario represents a very high GHG emissions pathway with current CO2 emissions roughly doubling by 2050, nearly tripling by 2075, resulting in an estimated global temperature increase of 3.3 to 5.7 (°C) by 2100.

(15) Risks relating to recruitment and allocation

To achieve long-term sustainable growth, we need to attract and allocate 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	¥ 4,505.7	¥ (75.8)	(1.7) %
R&D expense	(675.9)	54.3	(7.4) %
Operating profit	6.2	(336.4)	(98.2) %
Loss before tax	(142.4)	(317.4)	—
Net loss for the year	(152.1)	(260.3)	—
Basic EPS (JPY)	(96.75)	(165.11)	—
Total assets	15,511.5	1,263.2	8.9 %
Total liabilities	8,080.9	768.5	10.5 %
Total equity	7,430.6	494.7	7.1 %

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, 2026 is as follows:

Name of Segment	Amount JPY (millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 2,686,982	19.5
Total	¥ 2,686,982	19.5

*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, 2026 are as follows:

Name of Segment	Amount JPY(millions)	Year-on-year Basis (%)
Pharmaceuticals	¥ 4,505,720	(1.7)
< Japan >	< 433,110 >	< 3.5 >
< Overseas >	< 4,072,610 >	< (2.2)>
Consolidated Statement of Profit or Loss	¥ 4,505,720	(1.7)
< Out-licensing and service income >	< 82,609 >	< (3.5)>

*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:

Name of Customer	For the fiscal year ended March 31, 2025 Amount JPY(millions)	2025 Percentage to total sales (%)	2026 Amount JPY(millions)	2026 Percentage to total sales (%)
McKesson Corporation and its group companies	¥ 592,323	12.9	¥ 539,890	12.0
Cencora, Inc. (previously called "AmerisourceBergen Corporation") and its group companies	577,017	12.6	470,295	10.4

(2) Management Discussion and Analysis on Business Performance

1) Analysis of Consolidated Operating Results

(a) Factors Affecting Our Results of Operations

Business Overview

Takeda is a global R&D-driven biopharmaceutical company focused on discovering and delivering life-transforming treatments in our core therapeutic areas of gastrointestinal and inflammation, neuroscience and oncology, and through our plasma-derived therapies and vaccine business. Together with our partners, we strive to transform the patient experience and treatment paradigm for rare and more prevalent diseases through our robust pipeline. Integration of advanced technologies and AI across our value chain is making our business operations more effective and efficient, increasing innovation and allowing us to better serve our stakeholders. 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. Commercially, we have a very significant presence in the United States, Japan and Europe, as well as a growing business in China. Our employees around the world are united by our purpose and grounded in the values that have defined us for more than two centuries.

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, 2026, our revenue and operating profit were JPY 4,505.7 billion and JPY 6.2 billion, respectively.

Factors Affecting Our Results of Operations

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

Patient 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. The following chart shows the performance of certain of our key products that have experienced the launch of generic or biosimilar competitors in the last two years (CER, or constant exchange rate, % change is a non-IFRS measure. For additional information on CER % change, see “4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda.”

	Billion JPY or percentage			
	For the fiscal year ended March 31,			
Revenue:	2025	2026	JPY Change	CER % change
VYVANSE/ELVANSE	350.6	203.2	(147.4)	(43.0)%
AZILVA	11.8	7.1	(4.7)	(39.5)%

Generic erosion has negatively impacted sales of *VYVANSE/ELVANSE,* the composition of matter patent of which expired 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), leading to declines in sales for both products in the relevant jurisdictions. Sales of *VYVANSE/ ELVANSE* decreased from JPY 350.6 billion in the fiscal year ended March 31, 2025 to JPY 203.2 billion in the fiscal year ended March 31, 2026; sales of *AZILVA* decreased from JPY 11.8 billion to JPY 7.1 billion over the same period. We expect these declining trends for both of these products to continue in the fiscal year ending March 31, 2027. In addition, we expect to face generic competition for *TRINTELLIX*, which generated JPY 121.8 billion in revenue in the fiscal year ended March 31, 2026, following the expiration of certain exclusivity in December 2026.

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.

Development and Commercialization of New Products and Expansion of Existing Products

The development and commercialization of new biopharmaceutical products is key to our business, as is the expansion of existing products to additional indications and/or geographic markets, particularly as we seek to grow our revenue and to offset the effect of losses of exclusivity. The process to achieve these goals is lengthy and expensive and requires us to incur significant research and development costs, which are recorded as a component of operating expenses in our consolidated statements of income. See "6. Research and Development" for information about our research and development efforts, and Note 3 to our audited consolidated financial statements contained in elsewhere in this annual report for discussions of our accounting policies regarding research and development expenses and intangible assets relating to products (including amortization and impairment thereof).

In the fiscal year ended March 31, 2026, Takeda referred to certain products in its portfolio as "Growth & Launch Products*," which Takeda's management monitored given their importance to business performance. In the fiscal year ended March 31, 2026, these Growth & Launch Products accounted for JPY 2,313.3 billion, or 51%, of our consolidated revenue. In particular, in the fiscal year ended March 31, 2026, *ENTYVIO* accounted for JPY 958.0 billion or 21% of our consolidated revenue, our immunoglobulin brands (including *GAMMAGARD LIQUID/KIOVIG*, *HYQVIA* and *CUVITRU*) accounted for JPY 790.6 billion or 18% of our consolidated revenue, *ALBUMIN* accounted for JPY 140.3 billion or 3% of our consolidated revenue, and *TAKHZYRO* accounted for JPY 223.9 billion or 5% of our consolidated revenue.

Beginning in fiscal year ending March 31, 2027, we are retiring the "Growth & Launch Products" category to refocus on "New Launches," consisting of products that are within 5 years of launch, while creating a separate category of "Core In-line Brands" for established products that have been marketed for six or more years, generate over JPY 100 billion in revenue and continue to be actively marketed. Although the contribution to consolidated revenue by New Launches may be limited in the early stages of their life cycle, Takeda's management monitors these products in particular as key drivers of future growth, and believes that information on these products is useful to investors to understand where Takeda expects growth to arise in the future. The specific products that make up this group may vary over time, and products may be added or removed to this group depending on, among other things, the results of clinical trials and regulatory approvals being obtained. As of the start of fiscal year ending March 31, 2027, New Launches consists of *EOHILIA*, *LIVTENCITY*, *ADZYNMA*, *FRUZAQLA* and *QDENGA*, and Core In-Line Brands consists of *ENTYVIO, GATTEX/REVESTIVE, TAKECAB/VOCINTI, TAKHZYRO,* Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG, HYQVIA* and *CUVITRU*), Albumin products (including *HUMAN ALBUMIN/FLEXBUMIN*), *and ADCETRIS.*

In the fiscal year ended March 31, 2026, we submitted New Drug Applications ("NDAs") in the U.S. for oveporexton and rusfertide following successful Phase 3 clinical trial results. The FDA subsequently accepted the NDAs and granted Priority Review for both assets. Furthermore, positive Phase 3 clinical readouts were achieved for zasocitinib, and an NDA submission to the FDA is anticipated in the near future. These developments could result in commercial launches for oveporexton, rusfertide, and zasocitinib in 2026 and 2027, and the designation of these products as New Launches within our disclosed product categories.

*As of the date of this annual report, Growth and Launch products for the fiscal year ended March 31, 2026 consist of: *ENTYVIO, EOHILIA, TAKHZYRO, LIVTENCITY*, *ADZYNMA*, Immunoglobulin products (including *GAMMAGARD LIQUID/KIOVIG, HYQVIA* and *CUVITRU*), Albumin products (including *HUMAN ALBUMIN/FLEXBUMIN*), *FRUZAQLA*, *ALUNBRIG* and *QDENGA*.

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.

We account for 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.

There were no significant acquisitions of businesses or assets during the fiscal years ended March 31, 2025 and March 31, 2026, nor through the issuance date of this annual report. For collaborations, licensing arrangements and other asset acquisitions, see "6. Research and Development Licensing and Collaboration" as well as Note 13 to our audited consolidated financial statements.

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 our major divestitures completed or announced in the fiscal years ended March 31, 2025. We had no such major divestitures in the fiscal years ended March 31, 2026, or from April 1, 2026 and through the issuance of this annual report.

- During the fiscal year ended March 31, 2025, Takeda decided to enter into discussions with Teva Pharmaceutical Industries Ltd. to dissolve a joint venture business in Japan primarily focused on generic medicines and long-listed products. Following the decision, Takeda reclassified all of its outstanding shares in its associate, Teva Takeda Pharma Ltd., to assets held for sale and recorded an impairment loss of JPY 18.9 billion. Upon the completion of the transfer in March 2025, Takeda received the proceeds from the sale of shares in the associate of JPY 56.5 billion, including JPY 50.8 billion of dividends received, and this amount comprised the majority of Takeda's proceeds from sales of shares in associates in the consolidated statement of cash flows of JPY 57.7 billion for the fiscal year ended March 31, 2025. Takeda also recognized JPY 1.7 billion in revenue and JPY 3.8 billion in other operating income due to the realization of the unrealized profit from past transactions.

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 31,2025 and 2026, 90.9% and 90.4% of our revenue were 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 operating results. 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, 2025 and 2026. 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.

In order to help investors understand the effect of year-over-year exchange rate fluctuations on its results, Takeda presents, on a supplementary basis, year-over-year percentage changes calculated on the basis of constant exchange rates, which it refers to as “CER” change (year-over-year changes calculated on the basis of actual exchange rates, in accordance with IFRS, are referred to as “AER” change). See “(c) Results of Operations” and "(d) Core Results" for the analysis of our operating results year-over-year with CER percentage changes.

CER Change is a measure not presented in accordance with IFRS. See “4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda” for more information.

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, 2025, and 2026 partially due to the tendency of wholesalers to increase purchases ahead of the New Year holidays across regions and annual price increases, as well as the reset of annual insurance deductibles in the U.S. at the start of the calendar year.

(b) 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 “Material 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, 2026, we have JPY 5,809.0 billion of goodwill and JPY 3,419.3 billion of intangible assets which in aggregate represent 59.5% 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 in the U.S. 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.

If there are changes in these assumptions in subsequent periods, we recognize impairment losses and, excluding goodwill, reversal of impairment losses 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 31 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, 2026, we had a provision of JPY 415.7 billion for outstanding legal cases and other disputes.

Income Taxes

We prepare and file our tax returns based on our interpretation of tax laws and regulations, and record tax provisions 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 the evaluation of many uncertain tax positions including as a result of changes in tax law resulting from legislation, regulation and judicial decisions across various jurisdictions. When we determine that it is not probable that a tax authority will accept an uncertain tax position, we recognize a liability based on the expected resolution of the uncertainty. Uncertain tax positions are adjusted for changes in facts and circumstances. For example, adjustments could result from changes to existing tax law, the issuance of new regulations or administrative interpretations by the tax authorities, new information obtained during a tax examination, or settlement of a tax examination. We believe that our estimates for uncertain tax positions are reasonable and appropriately reflect currently known facts and circumstances. However, the ultimate resolution of these matters may differ materially from the amounts recognized.

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. Projected future taxable profits are estimated based on our business plans. Changes in judgment related to forecasted revenues used for our business plans 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 of tax benefits we believe are realizable. As of March 31, 2026, we had unused tax losses, deductible temporary differences, and unused tax credits for which deferred tax assets were not recognized of JPY 1,207.3 billion, JPY 713.8 billion and JPY 29.4 billion, respectively. Changes 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. 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, through an execution of the plan or an announcement of its main features to those affected by it, 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.

On May 9, 2024, we announced a multi-year, enterprise-wide efficiency program aimed at promoting business growth and improving our profitability. This program includes increasing the agility and simplicity of our business organization, investing in digital, data and technology to enhance productivity and efficiency across the organization and implementing cost reductions and process improvements in supply chain and vendor management. Primarily as a result of the initiatives announced in May 2024, we recorded JPY 128.1 billion and JPY 70.8 billion of restructuring expenses in the fiscal year ended March 31, 2025 and March 31, 2026, respectively. On March 25, 2026, we announced that our Board of Directors had approved the next steps in our initiatives to enhance our long-term growth profile and accelerate launch execution, including through the streamlining of corporate functions and process simplifications through the use of advanced technologies. We currently expect to incur JPY 170 billion of restructuring expenses in the fiscal year ending March 31, 2027, with lower restructuring expenses to be recorded in the fiscal years ending March 31, 2028 and 2029.

As of March 31, 2026, we had a provision of JPY 27.9 billion for restructuring costs. See Note 22 to our audited consolidated financial statements for a further description of our restructuring provisions and the change between periods.

(c) Results of Operations

The following table provides selected consolidated statements of profit or loss information for the years ended March 31, 2025 and 2026.

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	2026	JPY Change	% Change	% Change
Revenue	¥ 4,581.6	¥ 4,505.7	¥ (75.8)	(1.7) %	(2.7) %
Cost of sales	(1,580.2)	(1,571.6)	8.6	(0.5) %	(1.9) %
Selling, general and administrative expenses	(1,104.8)	(1,084.2)	20.6	(1.9) %	(2.5) %
Research and development expenses	(730.2)	(675.9)	54.3	(7.4) %	(7.0) %
Amortization and impairment losses on intangible assets associated with products	(643.2)	(633.5)	9.7	(1.5) %	(1.7) %
Other operating income	26.2	24.7	(1.5)	(5.6) %	(4.4) %
Other operating expenses	(206.7)	(559.0)	(352.2)	170.4 %	168.9 %
Operating profit	342.6	6.2	(336.4)	(98.2) %	—
Finance income and (expenses), net	(163.5)	(146.4)	17.1	(10.5) %	(7.5) %
Share of loss of investments accounted for using the equity method	(4.0)	(2.2)	1.8	(45.4) %	(52.9) %
Profit (loss) before tax	175.1	(142.4)	(317.4)	—	—
Income tax expenses	(66.9)	(9.8)	57.2	(85.4) %	(97.6) %
Net profit (loss) for the year	108.1	(152.1)	(260.3)	—	—
Net profit (loss) for the year attributable to owners of the Company	¥ 107.9	¥ (152.4)	¥ (260.3)	—	—

In this section, changes versus the previous fiscal year are given both on an as-reported (IFRS) basis (also referred to as "AER") and, on a supplementary basis, using constant exchange rates (CER), as calculated by Takeda. CER % change is a Non-IFRS Measure. For additional information on CER % change, see "4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda".

Revenue for the fiscal year ended March 31, 2026 was JPY 4,505.7 billion (JPY -75.8 billion and -1.7% AER, -2.7% CER). The decline compared to the previous fiscal year was primarily attributable to a decrease in revenue in Neuroscience, one of our six key business areas. The decrease in Neuroscience was largely attributable to the continued impact from generic erosion of VYVANSE (for attention deficit hyperactivity disorder ("ADHD")) in the U.S. Revenue increased in our other five key business areas of Gastroenterology ("GI"), Rare Disease, Plasma-Derived Therapies ("PDT"), Oncology and Vaccines. Certain products faced headwinds due to the impact of the Medicare Part D redesign and 340B program expansion in the U.S., while there was stable demand in other regions and for other products. Revenue outside of our six key business areas was JPY 224.0 billion (JPY -33.4 billion and -13.0% AER, -15.9% CER).

Revenue by Geographic Region

The following shows revenue by geographic region:

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
Revenue:	2025	2026	JPY Change	% Change	% Change
Japan	¥ 418.5	¥ 433.1	¥ 14.6	3.5 %	3.4 %
United States	2,379.7	2,164.8	(214.8)	(9.0) %	(7.7) %
Europe and Canada	1,055.3	1,146.2	91.0	8.6 %	3.0 %
Latin America	235.8	254.1	18.3	7.8 %	4.9 %
China	191.7	195.1	3.4	1.8 %	1.4 %
Asia (excluding Japan & China)	99.4	98.7	(0.7)	(0.7) %	(0.3) %
Russia/CIS	72.4	79.7	7.4	10.2 %	0.7 %
Other*	128.8	133.9	5.0	3.9 %	1.0 %
Total	¥ 4,581.6	¥ 4,505.7	¥ (75.8)	(1.7) %	(2.7) %

* 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 shows revenue by business area.

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	2026	JPY Change	% Change	% Change
Gastroenterology:					
ENTYVIO	¥ 914.1	¥ 958.0	¥ 43.9	4.8 %	4.2 %
GATTEX/REVESTIVE	146.3	145.7	(0.6)	(0.4)	(0.1)
TAKECAB/VOCINTI *	130.8	143.7	12.9	9.9	9.6
DEXILANT	38.5	37.3	(1.3)	(3.3)	(5.2)
EOHILIA	5.5	8.8	3.3	61.0	63.2
RESOLOR/MOTEGRITY	19.5	7.3	(12.2)	(62.7)	(62.8)
Others	102.4	106.8	4.4	4.3	1.5
Total Gastroenterology	1,357.0	1,407.5	50.4	3.7	3.1
Rare Diseases:					
TAKHZYRO	223.2	223.9	0.8	0.3	(0.4)
ADVATE	111.8	105.5	(6.2)	(5.6)	(6.8)
ELAPRASE	97.2	100.5	3.2	3.3	0.8
REPLAGAL	77.9	80.4	2.6	3.3	(0.5)
ADYNOVATE/ADYNOVI	64.6	56.7	(7.9)	(12.3)	(13.1)
LIVTENCITY	33.0	46.9	13.9	42.2	41.0
VONVENDI	20.9	25.3	4.3	20.8	18.6
ADZYNMA	7.1	12.0	4.9	68.8	65.1
Others	117.2	111.5	(5.7)	(4.8)	(6.2)
Total Rare Diseases	752.8	762.7	9.9	1.3	(0.3)
PDT:					
Immunoglobulin	757.8	790.6	32.8	4.3	4.1
Albumin	141.4	140.3	(1.1)	(0.8)	(2.1)
FEIBA	39.4	32.9	(6.6)	(16.6)	(17.7)
HEMOFIL/IMMUNATE/IMMUNINE	25.6	25.4	(0.2)	(0.8)	(4.8)
Others	68.5	68.4	(0.1)	(0.1)	(0.8)
Total PDT	1,032.7	1,057.5	24.9	2.4	1.9
Oncology:					
ADCETRIS	129.0	140.2	11.2	8.7	5.3
LEUPLIN/ENANTONE	119.3	120.8	1.5	1.3	(0.4)
NINLARO	91.2	82.1	(9.1)	(10.0)	(10.5)
ICLUSIG	70.7	75.0	4.3	6.1	5.6
FRUZAQLA	48.0	55.1	7.2	14.9	14.6
ALUNBRIG	36.4	36.9	0.5	1.4	0.2
Others	65.8	69.9	4.1	6.3	5.0
Total Oncology	560.4	580.1	19.7	3.5	2.0
Vaccines:					
QDENGA	35.6	40.8	5.2	14.6	10.7
Others	19.8	18.8	(1.0)	(5.0)	(5.0)
Total Vaccines	55.4	59.6	4.2	7.6	5.1
Neuroscience:					
VYVANSE/ELVANSE	350.6	203.2	(147.4)	(42.0)	(43.0)
TRINTELLIX	125.7	121.8	(3.9)	(3.1)	(1.9)
ADDERALL XR	28.4	24.7	(3.7)	(13.0)	(12.1)

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	2026	JPY Change	% Change	% Change
Others	61.0	64.5	3.5	5.7	4.4
Total Neuroscience	565.8	414.3	(151.5)	(26.8)	(27.2)
Other:					
FOSRENOL	7.9	8.8	0.9	11.8	7.4
AZILVA *	11.8	7.1	(4.7)	(39.5)	(39.5)
Others	237.7	208.0	(29.7)	(12.5)	(15.5)
Total Other	257.4	224.0	(33.4)	(13.0)	(15.9)
Total	¥ 4,581.6	¥ 4,505.7	¥ (75.8)	(1.7)%	(2.7)%

* The figures include the amounts of fixed dose combinations and blister packs.

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

In GI, revenue was JPY 1,407.5 billion (JPY +50.4 billion and +3.7% AER, +3.1% CER).

Sales of ENTYVIO (for ulcerative colitis and Crohn's disease) were JPY 958.0 billion (JPY +43.9 billion and +4.8% AER, +4.2% CER). Sales in the U.S. were JPY 623.7 billion (JPY +4.5 billion and +0.7% AER). The increase was driven by growth of the subcutaneous formulation, offset by unfavorable foreign exchange rates against the U.S. dollar. Sales in Europe and Canada were JPY 256.7 billion (JPY +29.3 billion and +12.9% AER). The increase was primarily due to continued patient gains through an increased use of the subcutaneous formulation, accompanied by favorable foreign exchange rates against the Euro.

Sales of TAKECAB/VOCINTI (for acid-related diseases) were JPY 143.7 billion (JPY +12.9 billion and +9.9% AER, +9.6% CER). The increase was due to strong demand in China and Japan.

Sales of EOHILIA (for Eosinophilic Esophagitis) were JPY 8.8 billion (JPY +3.3 billion and +61.0% AER, +63.2% CER). The increase was due to strong demand in the U.S.

Sales of RESOLOR/MOTEGRITY (for chronic idiopathic constipation) were JPY 7.3 billion (JPY -12.2 billion and -62.7% AER, -62.8% CER). The decrease was primarily due to the impact of multiple generic entrants in the U.S. beginning in January 2025.

In Rare Diseases, revenue was JPY 762.7 billion (JPY +9.9 billion and +1.3% AER, -0.3% CER).

Sales of LIVTENCITY (for post-transplant cytomegalovirus infection/disease) were JPY 46.9 billion (JPY +13.9 billion and +42.2% AER, +41.0% CER). The increase was primarily attributable to continued performance in the U.S. market reflecting strong market penetration, complemented by continued geographical expansion in Europe and the Growth and Emerging Markets.

Sales of ADZYNMA (for congenital thrombotic thrombocytopenic purpura) were JPY 12.0 billion (JPY +4.9 billion and +68.8% AER, +65.1% CER). The increase was due to post-launch growth in Europe, reflecting an unmet need for treatment of an ultra-rare patient population.

Sales of VONVENDI (for von Willebrand Disease) were JPY 25.3 billion (JPY +4.3 billion and +20.8% AER, +18.6% CER). The increase was due to the expanded indication of VONVENDI, enabling prophylactic use for adult populations.

Sales of ADYNOVATE/ADYNOVI (for hemophilia A) were JPY 56.7 billion (JPY -7.9 billion and -12.3% AER, -13.1% CER). The decrease was primarily due to competitive pressure in the U.S.

Sales of ADVATE (for hemophilia A) were JPY 105.5 billion (JPY -6.2 billion and -5.6% AER, -6.8% CER). The decrease was primarily due to competitive pressure in the U.S.

In PDT, revenue was JPY 1,057.5 billion (JPY +24.9 billion and +2.4% AER, +1.9% CER).

Aggregate sales of immunoglobulin products, mainly used for the treatment of primary immunodeficiency, chronic inflammatory demyelinating polyneuropathy, and multifocal motor neuropathy, were JPY 790.6 billion (JPY +32.8 billion and +4.3% AER, +4.1% CER). The increase was driven by growth in subcutaneous immunoglobulin therapies, CUVITRU and HYQVIA, while sales of GAMMAGARD LIQUID/KIOVIG, which are intravenous immunoglobulin therapies, slightly increased, despite the impacts of the Medicare Part D redesign in the U.S. and unfavorable foreign exchange rates against the U.S. dollar.

Sales of FEIBA (for hemophilia A and B) were JPY 32.9 billion (JPY -6.6 billion and -16.6% AER, -17.7% CER). The decrease was driven by competitive pressure from recombinant therapies globally.

In Oncology, revenue was JPY 580.1 billion (JPY +19.7 billion and +3.5% AER, +2.0% CER).

Sales of ADCETRIS (for malignant lymphomas) were JPY 140.2 billion (JPY +11.2 billion and +8.7% AER, +5.3% CER). The increase was led by strong demand in Europe and the Growth and Emerging Markets, accompanied by favorable foreign exchange rates against the Euro.

Sales of FRUZAQLA (for colorectal cancer) were JPY 55.1 billion (JPY +7.2 billion and +14.9% AER, +14.6% CER). The increase was due to the successful launch in Europe, Japan and the Growth and Emerging Markets, as it addressed a need for new treatment options in metastatic colorectal cancer. The increase was partially offset by a sales decline in the U.S., impacted by the Medicare Part D redesign.

Sales of ICLUSIG (for leukemia) were JPY 75.0 billion (JPY +4.3 billion and +6.1% AER, +5.6% CER). The increase was primarily due to a sales increase in Canada.

Sales of LEUPLIN/ENANTONE (for endometriosis, uterine fibroids, premenopausal breast cancer, prostate cancer, and other certain indications) were JPY 120.8 billion (JPY +1.5 billion and +1.3% AER, -0.4% CER). The increase was primarily due to favorable foreign exchange rates against the Euro.

Sales of NINLARO (for multiple myeloma) were JPY 82.1 billion (JPY -9.1 billion and -10.0% AER, -10.5% CER). The decrease was primarily due to intensified competition and decreased demand mainly in the U.S., partially offset by a sales increase in the Growth and Emerging Markets.

In Vaccines, revenue was JPY 59.6 billion (JPY +4.2 billion and +7.6% AER, +5.1% CER).

Sales of QDENGA (for prevention of dengue) were JPY 40.8 billion (JPY +5.2 billion and +14.6% AER, +10.7% CER). The increase was due to post-launch growth in the Growth and Emerging Markets, driven by higher demand.

Sales of other vaccine products in aggregate decreased primarily due to the continued temporary suspension of shipments of MR vaccine (for prevention of measles and rubella) in Japan.

In Neuroscience, revenue was JPY 414.3 billion (JPY -151.5 billion and -26.8% AER, -27.2% CER).

Sales of VYVANSE/ELVANSE (for ADHD) were JPY 203.2 billion (JPY -147.4 billion and -42.0% AER, -43.0% CER). The decrease was due to the continued impact of generic erosion mainly in the U.S.

Cost of Sales

Cost of Sales was JPY 1,571.6 billion (JPY -8.6 billion and -0.5% AER, -1.9% CER). The decrease was primarily due to lower revenue as well as an adjustment to Cost of Sales recorded in the fiscal year ended March 31, 2025 following the implementation of an accounting process to recognize accumulated foreign currency impacts of inventories. However, these factors were largely offset by an increase in the cost ratio due to changes in product mix driven by generic erosion, particularly for VYVANSE in the U.S., and foreign exchange impacts from the depreciation of the Japanese yen against the Euro.

Selling, General and Administrative (SG&A) Expenses

SG&A Expenses were JPY 1,084.2 billion (JPY -20.6 billion and -1.9% AER, -2.5% CER). The decrease was primarily due to cost savings under the enterprise-wide efficiency program.

Research and Development (R&D) Expenses

R&D Expenses were JPY 675.9 billion (JPY -54.3 billion and -7.4% AER, -7.0% CER). The decrease was primarily due to lower expenses in various development programs resulting from the termination or progression of development activities, the co-development funding for mezagitamab recognized as a reduction of R&D expenses, and cost savings under the enterprise-wide efficiency program. This was partially offset by increased investment in late-stage pipeline programs, including zasocitinib and elritercept.

Amortization and Impairment Losses on Intangible Assets Associated with Products

Amortization and Impairment Losses on Intangible Assets Associated with Products were JPY 633.5 billion (JPY -9.7 billion and -1.5% AER, -1.7% CER). The decrease was due to lower amortization expenses (JPY -43.9 billion), mainly reflecting the completion of amortization of intangible assets related to VYVANSE/ELVANSE, partially offset by an increase in impairment losses (JPY +34.2 billion). Impairment losses for the fiscal year ended March 31, 2026 included JPY 58.2 billion related to the gamma delta T-cell therapy platform and associated oncology programs recorded following the decision to discontinue cell therapy research, and JPY 31.9 billion related to ALUNBRIG, a treatment for non-small cell lung cancer, recorded due to a reduction in future sales forecasts. Impairment losses for the fiscal year ended March 31, 2025 included JPY 27.8 billion recorded following the decision to terminate the development of TAK-186 and TAK-280 acquired through Maverick Therapeutics Inc., and JPY 21.5 billion recorded as a result of Phase 3 studies of soticlestat (TAK-935) failing to meet their primary endpoints.

Other Operating Income

Other Operating Income was JPY 24.7 billion (JPY -1.5 billion and -5.6% AER, -4.4% CER). The decrease was due to a gain arising from changes in the fair value of financial liabilities associated with contingent consideration agreement recorded in the fiscal year ended March 31, 2025 and other decreases in the fiscal year ended March 31, 2026 mostly offset by the increase in the divestiture gains recorded in the fiscal year ended March 31, 2026.

Other Operating Expenses

Other Operating Expenses were JPY 559.0 billion (JPY +352.2 billion and +170.4% AER, +168.9% CER). The increase was primarily attributable to the recognition of provisions for legal proceedings of JPY 403.5 billion following the jury verdict in the AMITIZA antitrust litigation in the U.S. for the fiscal year ended March 31, 2026. The increase was partially offset by a decrease of JPY 57.3 billion in restructuring expenses, reflecting lower costs under the enterprise-wide efficiency program.

Operating Profit

As a result of the above factors, Operating Profit was JPY 6.2 billion (JPY -336.4 billion and -98.2% AER).

Net Finance Expenses

Net Finance Expenses were JPY 146.4 billion (JPY -17.1 billion and -10.5% AER, -7.5% CER). The decrease was primarily attributable to an impairment loss of JPY 18.9 billion related to the sale of Teva Takeda Pharma Ltd. shares recognized in the fiscal year ended March 31, 2025.

Share of Loss of Investments Accounted for Using the Equity Method

Share of Loss of Investments Accounted for Using the Equity Method was JPY 2.2 billion (JPY -1.8 billion and -45.4% AER, -52.9% CER).

Income Tax Expenses

Income Tax Expenses were JPY 9.8 billion (JPY -57.2 billion and -85.4% AER, -97.6% CER) . The decrease was primarily attributable to a JPY 58.4 billion increase in Deferred Tax Assets resulting from the recognition of provisions for legal proceedings recorded following the jury verdict in the AMITIZA antitrust litigation in the U.S. for the fiscal year ended March 31, 2026.

Net Profit (Loss) for the Year

As a result of the above factors, Net Loss for the Year was JPY 152.1 billion (JPY -260.3 billion, compared to Net Profit for the Year of JPY 108.1 billion for the fiscal year ended March 31, 2025) and Net Loss for the Year attributable to owners of the Company was JPY 152.4 billion (JPY

-260.3 billion, compared to Net Profit for the Year attributable to owners of the Company of JPY 107.9 billion for the fiscal year ended March 31, 2025).

(d) Core Results (April 1, 2025 to March 31, 2026)

Supplemental Discussion: Results of Core Financial Measures (Non-IFRS Measures)

In addition to its results prepared in accordance with IFRS, on a supplemental basis, Takeda also presents the results of its Core Financial Measures. Takeda strongly encourages investors to review "4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" below for more information on these metrics, including their definitions, limitations on their usefulness and reconciliations to the most directly comparable financial measures calculated and presented in accordance with IFRS. Takeda also presents period-over-period change in its Core Financial Measures on a CER % change basis; see "4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information."

Results of Core Operations

During the periods presented, these items fluctuated as follows:

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	**2026**	JPY Change	% Change	% Change
Core revenue	4,579.8	4,505.7	(74.1)	(1.6)%	(2.6)%
Core operating profit	1,162.6	1,172.5	9.8	0.8 %	(0.9)%
Core net profit for the year	775.8	814.4	38.6	5.0 %	2.9 %
Core net profit for the year attributable to owners of the Company	775.6	814.1	38.5	5.0 %	2.9 %
Core EPS (yen)	491	517	26	5.2 %	3.1 %

Core Revenue

Core Revenue for the fiscal year ended March 31, 2026 was JPY 4,505.7 billion (JPY -74.1 billion and -1.6% AER, -2.6% CER). The decrease was primarily attributable to a decrease in revenue in Neuroscience, largely attributable to the continued impact from generic erosion of VYVANSE in the U.S.

Takeda's Growth and Launch Products* totaled JPY 2,313.3 billion (JPY +111.4 billion and +5.1% AER, +4.5% CER).

* Takeda's Growth and Launch Products for the fiscal year ended March 31, 2026

GI:	ENTYVIO, EOHILIA
Rare Diseases:	TAKHZYRO, LIVTENCITY, ADZYNMA
PDT:	Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU, Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology:	ALUNBRIG, FRUZAQLA
Vaccines:	QDENGA

Core Operating Profit

Core Operating Profit for the fiscal year ended March 31, 2026 was JPY 1,172.5 billion (JPY +9.8 billion and +0.8% AER, -0.9% CER). The components of Core Operating Profit are as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	**2026**	JPY Change	% Change	% Change
Core revenue	4,579.8	4,505.7	(74.1)	(1.6)%	(2.6)%
Core cost of sales	(1,581.8)	(1,572.6)	9.2	(0.6)%	(1.9)%
Core selling, general and administrative (SG&A) expenses	(1,105.0)	(1,084.7)	20.4	(1.8)%	(2.5)%
Core research and development (R&D) expenses	(730.4)	(676.0)	54.4	(7.4)%	(7.0)%
Core operating profit	1,162.6	1,172.5	9.8	0.8 %	(0.9)%

Core Cost of Sales

Core Cost of Sales was JPY 1,572.6 billion (JPY -9.2 billion and -0.6% AER, -1.9% CER). The decrease was primarily due to lower revenue as well as an adjustment to Cost of Sales recorded in the fiscal year ended March 31, 2025 following the implementation of an accounting process to recognize accumulated foreign currency impacts of inventories. However, these factors were largely offset by an increase in the cost ratio due to changes in product mix driven by generic erosion, particularly for VYVANSE in the U.S., and foreign exchange impacts from the depreciation of the Japanese yen against the Euro.

Core Selling, General and Administrative (SG&A) Expenses

Core SG&A Expenses were JPY 1,084.7 billion (JPY -20.4 billion and -1.8% AER, -2.5% CER). The decrease was primarily due to cost savings under the enterprise-wide efficiency program.

Core Research and Development (R&D) Expenses

Core R&D Expenses were JPY 676.0 billion (JPY -54.4 billion and -7.4% AER, -7.0% CER. The decrease was primarily due to lower expenses in various development programs resulting from the termination or progression of development activities, the co-development funding for mezagitamab recognized as a reduction of R&D expenses, and cost savings under the enterprise-wide efficiency program. This was partially offset by increased investment in late-stage pipeline programs, including zasocitinib and elritercept.

Core Net Profit for the Year

Core Net Profit for the Year was JPY 814.4 billion (JPY +38.6 billion and +5.0% AER, +2.9% CER) and Core Net Profit attributable to owners of the Company was JPY 814.1 billion (JPY +38.5 billion and +5.0% AER, +2.9% CER) and are calculated from Core Operating Profit as below:

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	**2026**	JPY Change	% Change	% Change
Core operating profit	1,162.6	1,172.5	9.8	0.8 %	(0.9)%
Core finance income and (expenses), net	(140.7)	(133.2)	7.5	(5.3)%	(1.9)%
Core share of profit of investments accounted for using the equity method	1.1	(0.1)	(1.3)	—	(82.1)%
Core profit before tax	1,023.1	1,039.2	16.1	1.6 %	(0.9)%
Core income tax expenses	(247.3)	(224.8)	22.5	(9.1)%	(12.8)%
Core net profit for the year	775.8	814.4	38.6	5.0 %	2.9 %
Core net profit for the year attributable to owners of the Company	775.6	814.1	38.5	5.0 %	2.9 %

During the periods presented, these items fluctuated as follows:

Core Net Finance Expenses

Core Net Finance Expenses were JPY 133.2 billion (JPY -7.5 billion and -5.3% AER, -1.9% CER).

Core Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Core Share of Loss of Investments Accounted for Using the Equity Method was JPY -0.1 billion (JPY -1.3 billion) for the fiscal year ended March 31, 2026.

Core Profit Before Tax

Core Profit Before Tax was JPY 1,039.2 billion (JPY +16.1 billion and +1.6% AER, -0.9% CER).

Core Income Tax Expenses

Core Income Tax Expenses were JPY 224.8 billion (JPY -22.5 billion and -9.1% AER, -12.8% CER). The decrease was primarily due to the reassessment of recoverability of deferred tax assets leading to lower core tax expenses during the fiscal year ended March 31, 2026.

Core EPS

Core EPS was JPY 517 (JPY +26 and +5.2% AER, +3.1% CER).

2) Consolidated Financial Position

Billion JPY

	As of		
	March 31, 2025	March 31, 2026	Change
Total Assets	14,248.3	15,511.5	1,263.2
Total Liabilities	7,312.4	8,080.9	768.5
Total Equity	6,936.0	7,430.6	494.7

Assets.

Total Assets as of March 31, 2026 were JPY 15,511.5 billion (JPY +1,263.2 billion). Goodwill, Inventories, and Property, Plant and Equipment increased (JPY +484.6 billion, JPY +179.3 billion, and JPY +152.4 billion, respectively), mainly due to the effect of foreign currency translation. Deferred Tax Assets increased (JPY +175.5 billion), primarily due to a JPY 58.4 billion increase in Deferred Tax Assets resulting from the recognition of provisions for legal proceedings recorded following the jury verdict in the AMITIZA antitrust litigation in the U.S. and amortization of intangible assets as well as the reassessment of the recoverability of Deferred Tax Assets. Trade and Other Receivables increased (JPY +134.8 billion), primarily due to higher receivables resulting from a reduction in the trade receivables sales program in the U.S., as well as the effect of foreign currency translation. Total Other Financial Assets increased (JPY +110.2 billion), mainly driven by changes in the fair value of cross currency interest rate swaps in Japan. In addition, Cash and Cash Equivalents increased (JPY +209.9 billion). These increases were partially offset by the decrease of Intangible Assets (JPY -212.2 billion), mainly due to amortization and impairment.

Liabilities.

Total Liabilities as of March 31, 2026 were JPY 8,080.9 billion (JPY +768.5 billion). Total Provisions increased (JPY +467.7 billion) primarily due to legal proceedings following the jury verdict in the AMITIZA antitrust litigation in the U.S. Total Bonds and Loans were JPY 4,881.8 billion*, which increased (JPY +366.6 billion) mainly due to the foreign currency effects, as well as the issuances of unsecured JPY denominated senior bonds, unsecured U.S. dollar-denominated senior guaranteed notes and new Bilateral Loans, which were partially offset by redemption and repayment of certain bonds and loans.

* The carrying amount of Bonds was JPY 4,656.8 billion and Loans was JPY 225.0 billion as of March 31, 2026. 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 (USD 500 million)	June 2015	June 2045	81.3
Unsecured US Dollar Denominated Senior Notes (USD 1,500 million)	September 2016	September 2026	237.7
Unsecured Euro Denominated Senior Notes (EUR 3,000 million)	November 2018	November 2026 ~ November 2030	547.6
Unsecured US Dollar Denominated Senior Notes (USD 1,750 million)	November 2018	November 2028	278.4
Unsecured US Dollar Denominated Senior Notes (USD 7,000 million)	July 2020	March 2030 ~ July 2060	1,111.1
Unsecured Euro Denominated Senior Notes (EUR 3,600 million)	July 2020	July 2027 ~ July 2040	655.8
Unsecured JPY Denominated Senior Bonds	October 2021	October 2031	249.6
Hybrid Bonds (Subordinated Bonds)	June 2024	June 2084	458.4
Unsecured US Dollar Denominated Senior Notes (USD 3,000 million)	July 2024	July 2034 ~ July 2064	473.8
Unsecured JPY Denominated Senior Bonds	June 2025	June 2030 ~ June 2035	183.6
Unsecured US Dollar Denominated Senior Notes (USD 2,400 million)	July 2025	July 2035 ~ July 2055	379.4
Total			4,656.8

Loans:

Name of Loan (Face Value if Denominated in Foreign Currency)	Execution	Maturity	Carrying Amount (Billion JPY)
Bilateral Loans	March 2023 ~ March 2026	March 2029 ~ March 2034	185.0
Syndicated Hybrid Loans (Subordinated Loans)	October 2024	October 2084	40.0
Other			0.0
Total			225.0

On April 25, 2025, Takeda repaid JPY 10.0 billion in Bilateral Loans falling due. On June 12, 2025, Takeda issued JPY 184.0 billion in unsecured JPY denominated senior bonds ("JPY Bonds") with maturity dates ranging from June 12, 2030, to June 12, 2035. The proceeds of the JPY Bonds were used to redeem commercial paper. Following this, on June 23, 2025, Takeda redeemed USD 800 million of unsecured U.S. dollar-denominated senior notes on their maturity date. Takeda has also rolled over USD 500 million Bilateral Loan, which was originally drawn down on March 31, 2025, on a monthly basis until July 3, 2025.

On July 2, 2025, Takeda issued unsecured U.S. dollar-denominated senior guaranteed notes (the "USD Notes") in an aggregate principal amount of USD 2,400 million with maturity dates of July 7, 2035 and July 7, 2055, through its indirect wholly owned finance subsidiary Takeda U.S. Financing, Inc. The proceeds of the USD Notes were primarily used to repay USD 500 million Bilateral Loan on July 3, 2025, and redeem commercial paper drawings in July 2025.

On March 31, 2026, Takeda repaid JPY 75.0 billion in Bilateral Loans falling due and on the same day entered into new Bilateral Loans of JPY 60.0 billion maturing on March 31, 2034. Takeda also entered into commitment facilities of JPY 350.0 billion and USD 2,100 million. These commitment facilities are effective from March 31, 2026 for five years at minimum. In connection with these new facilities, Takeda's existing commitment facility of JPY 700.0 billion expiring in September 2026 was cancelled on the same date. The purpose of the new facilities is for general business use.

*Amounts presented in the above explanation for Bonds and Loans are based on the principal amount.

Equity.

Total Equity as of March 31, 2026 was JPY 7,430.6 billion (JPY +494.7 billion). The increase of Other Components of Equity (JPY +945.5 billion) was mainly due to a change in currency translation adjustments reflecting the depreciation of the Japanese yen. This increase was partially offset by the decrease in Retained Earnings (JPY -475.2 billion), driven by the decrease of JPY 312.5 billion related to dividend payments, as well as Net Loss for the Year of JPY 152.1 billion.

3) 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 JPY 319.4 billion and JPY 426.9 billion for the fiscal years ended March 31, 2025 and 2026, respectively. As of March 31, 2026, we had contractual commitments for the acquisition of property, plant and equipment of JPY 7.7 billion. In addition, we had certain contractual agreements related to the acquisition of intangible assets as of March 31, 2026. See Note 31 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, 2025 and 2026 were JPY 303.9 billion and JPY 313.2 billion, respectively. Takeda returned capital to shareholders using dividends at an annual level of JPY 200 per share, consisting of interim and fiscal year-end dividends of JPY 100 per share for the fiscal year ended March 31, 2026. It is our intention to return capital to shareholders using dividends at an annual level of JPY 204 per share in the fiscal year ending March 31, 2027, consisting of interim and fiscal year-end dividends of JPY 102 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, 2026, we had JPY 140.1 billion of interest due within one year and JPY 514.0 billion 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 had access to short-term uncommitted borrowing lines from financial institution of JPY 150.0 billion and USD 750.0 million as of March 31, 2025, and JPY 150.0 billion and USD 650.0 million as of March 31, 2026.

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 and cash equivalents 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, 2026, we held JPY 595.1 billion in cash and cash equivalents on hand, of which JPY 79.2 billion was cash temporarily held on behalf of third parties related to a trade receivables sales program. Takeda had access to JPY 350.0 billion and USD 2,100.0 million in undrawn bank commitment lines. In addition, we held JPY 85.1 billion of U.S. Treasury Marketable Securities (U.S. Treasuries) classified as Level 1 in the fair value hierarchy. Total liquidity available therefore was JPY 1,286.2 billion. 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, 2025 and 2026:

Billion JPY

	For the fiscal year ended March 31,		
	2025	2026	Change
Net cash from operating activities	1,057.2	1,041.4	(15.8)
Net cash used in investing activities	(367.1)	(369.1)	(2.1)
Net cash used in financing activities	(751.4)	(496.8)	254.6
Net increase (decrease) in cash and cash equivalents	(61.3)	175.5	236.8
Cash and cash equivalents at the beginning of the year	457.8	385.1	(72.7)
Effects of exchange rate changes on cash and cash equivalents	(11.4)	34.5	45.9
Cash and cash equivalents at the end of the year	385.1	595.1	209.9

Net Cash from Operating Activities

Net Cash from Operating Activities was JPY 1,041.4 billion (JPY -15.8 billion). The decrease was mainly due to unfavorable impacts resulting from changes in assets and liabilities adjusted for provisions, primarily driven by changes in Other Financial Liabilities. The decrease was largely offset by an increase in net cash inflows from Settlement of Forward Exchange Contracts, Net and favorable impacts resulting from Net Profit (Loss) for the Year adjusted for non-cash items and other adjustments.

Net Cash used in Investing Activities

Net Cash used in Investing Activities was JPY 369.1 billion (JPY +2.1 billion), essentially flat compared to the fiscal year ended March 31, 2025, reflecting offsetting changes in individual investing activities, including an increase in cash outflows used in Acquisition of Intangible Assets and a decrease in cash outflows from Acquisition of Investments.

Net Cash used in Financing Activities

Net Cash used in Financing Activities was JPY 496.8 billion (JPY -254.6 billion). The decrease was mainly due to higher net cash inflows from the issuance and repayments of bonds and loans.

Supplemental Discussion: Free Cash Flow and Adjusted Free Cash Flow (Non-IFRS Measures)

Free cash flow and Adjusted Free Cash Flow are non-IFRS measures, see "4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda—Free Cash Flow and Adjusted Free Cash Flow" for further information. The most directly comparable measures under IFRS for Free Cash Flow and Adjusted Free Cash Flow is Net Cash from Operating Activities.

	For the Year Ended March 31	
	2025	2026
	(billions of yen)	
Net cash from operating activities (IFRS)	¥ 1,057.2	¥ 1,041.4
Free cash flow (non-IFRS)	856.4	865.4
Adjusted free cash flow (non-IFRS)	769.0	684.5

Free Cash Flow for the fiscal year ended March 31, 2026 was JPY 865.4 billion (JPY +9.0 billion). The increase was mainly driven by lower cash outflows for Acquisition of PP&E, partly offset by lower Net Cash from Operating Activities.

Adjusted Free Cash Flow for the fiscal year ended March 31, 2026 was JPY 684.5 billion (JPY -84.4 billion). The decrease was primarily due to higher cash outflows for Acquisition of Intangible Assets.

Borrowings and Financial Obligations

Our total bonds and loans were JPY 4,515.3 billion and JPY 4,881.8 billion as of March 31, 2025 and 2026, 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 25, 2025, Takeda repaid JPY 10.0 billion in Bilateral Loans falling due. On June 12, 2025, Takeda issued JPY 184.0 billion in unsecured JPY denominated senior bonds ("JPY Bonds") with maturity dates ranging from June 12, 2030, to June 12, 2035. The proceeds of the JPY Bonds were used to redeem commercial paper. Following this, on June 23, 2025, Takeda redeemed USD 800 million of unsecured U.S. dollar-denominated senior notes on their maturity date. Takeda has also rolled over USD 500 million Bilateral Loan, which was originally drawn down on March 31, 2025, on a monthly basis until July 3, 2025. On July 2, 2025, Takeda issued unsecured U.S. dollar-denominated senior guaranteed notes (the "USD Notes") in an aggregate principal amount of USD 2,400 million with maturity dates of July 7, 2035 and July 7, 2055, through its indirect wholly owned finance subsidiary Takeda U.S. Financing, Inc. The proceeds of the USD Notes were primarily used to repay USD 500 million Bilateral Loan on July 3, 2025, and redeem commercial paper drawings in July 2025. On March 31, 2026, Takeda repaid JPY 75.0 billion in Bilateral Loans falling due and on the same day entered into new Bilateral Loans of JPY 60.0 billion maturing on March 31, 2034.

On March 31, 2026, Takeda also entered into commitment facilities of JPY 350.0 billion and USD 2,100 million. These commitment facilities are effective for five years at minimum. These facilities contain certain restrictive covenants, the breach of which may limit our ability to access these facilities. Takeda was in compliance with the covenants as of March 31, 2026. The purpose of the new facilities is for general business use. In connection with these new facilities, Takeda's existing commitment facility of JPY 700.0 billion, which was put in place in 2019 and was scheduled to expire in September 2026, was cancelled on the same date.

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 JPY 270.0 billion as of March 31, 2025 and no commercial paper remained outstanding as of March 31, 2026. We further have access to short-term uncommitted lines of JPY 150.0 billion and USD 750 million (USD 650 million as of March 31, 2026), which were undrawn as of March 31, 2025 and 2026, respectively.

For further description of our borrowings, see Note 19 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 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).

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, 2026:

	(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]					
Bonds [*3]	¥ 6,448.7	¥ 650.6	¥ 668.8	¥ 1,591.5	¥ 3,537.7
Loans [*3]	246.2	3.5	82.5	45.5	114.7
Purchase obligations for property, plant and equipment	7.7	7.7	—	—	—
Repayment of lease liabilities	847.0	65.4	120.9	107.0	553.7
Leases not yet commenced	238.3	7.7	26.8	28.4	175.3
Contributions to defined benefit plans [*4]	16.1	16.1	—	—	—
Total [*5,6]	¥ 7,804.1	¥ 751.1	¥ 899.1	¥ 1,772.4	¥ 4,381.4

*1 Obligations denominated in currencies other than Japanese yen have been translated into Japanese yen using the exchange rates as of March 31, 2026 and may fluctuate due to changes in exchange rates.

*2 Includes interest payment obligations.

*3 The contractual amount in "Between three and five years" includes a JPY 460.0 billion of 2024 hybrid subordinated bonds ("2024 Hybrid Bonds") and a JPY 40.0 billion of 2024 syndicated hybrid subordinated loan ("2024 Syndicated Hybrid Loan") as Takeda expects to make early repayments of all of the principal of the 2024 Hybrid Bonds on the first call date of June 25, 2029 and the 2024 Syndicated Hybrid Loan on the first prepayment date of October 3, 2029. For details of the principal and interest rate associated with the 2024 Hybrid Bonds and the 2024 Syndicated Hybrid Loan, see Note 19 to our audited consolidated financial statements.

*4 Pension and post-retirement contributions cannot be determined beyond the fiscal year ending March 31, 2027 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.

*5 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, 2026 were JPY 20.5 billion and JPY 3.2 billion, respectively. Milestone payments that are dependent on the occurrence of certain future events are not included.

*6 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, 2026, the contractual amount of potential milestone payments totaled JPY 1,333.6 billion, in each case excluding potential commercial milestone payments. See Note 13 and 31 to our audited consolidated financial statements for further details.

Supplemental Discussion of Financial Leverage (Adjusted Net Debt to Adjusted EBITDA Ratio) (Non-IFRS Measure)

Particularly following the acquisition of Shire, investors, analysts and ratings agencies have closely monitored Takeda's financial leverage, as represented by the ratio of its Adjusted Net Debt to Adjusted EBITDA. Adjusted Net Debt, Adjusted EBITDA and the ratio thereof are all non-IFRS measures. See "4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" for more information, including reconciliations of bonds and loans to Adjusted Net Debt, and of Net Profit for the year to EBITDA and Adjusted EBITDA, in each case, to the most directly comparable measures presented in accordance with IFRS. Takeda's ratio of Adjusted Net Debt to Adjusted EBITDA, and the ratio of each of the most directly comparable measures to Adjusted Net Debt and Adjusted EBITDA presented in accordance with IFRS as of the dates shown was as follows:

	For the Year Ended March 31,	
	2025	2026
	(billions of yen, except for ratios)	
IFRS:		
Bonds and loans	¥ (4,515.3)	¥ (4,881.8)
Net profit for the year	¥ 108.1	(152.1)
Ratio of bonds and loans to net profit for the year	41.8x	—
Non-IFRS:		
Adjusted net debt	¥ (3,975.5)	¥ (3,817.6)
Adjusted EBITDA	1,441.0	1,457.2
Adjusted net debt to adjusted EBITDA ratio	2.8x	2.6x

4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda

In addition to its results presented in accordance with IFRS, Takeda presents certain "Non-IFRS" financial measures on a supplemental basis. These financial measures include *Constant Exchange Rate ("CER") Change, Core Financial Measures, Net Debt, Adjusted Net Debt, EBITDA, Adjusted EBITDA, Free Cash Flow* and *Adjusted Free Cash Flow*.

Takeda's management evaluates its results of operations and financial condition and makes operating and investment decisions using both IFRS measures and the non-IFRS measures presented herein. Accordingly, Takeda presents both types of measures to provide investors with additional information to analyze Takeda's results of operations and financial condition and understand how Takeda's management assesses the same. Takeda's non-IFRS measures exclude or adjust the calculation of certain income, cost, cash flow or statement of financial position items which are included in the most closely comparable measures presented in accordance with IFRS. These measures are not prepared in accordance with IFRS and such non-IFRS measures should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS (which Takeda sometimes refer to as "reported" measures). Takeda strongly encourages investors to review its historical financial statements in their entirety and to use the measures presented in accordance with IFRS as the primary means of evaluating its performance. Moreover, Takeda encourages investors to review the definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures. Takeda also encourages investors to review the discussions of these non-IFRS financial measures—particularly the limitations on their usefulness—and to understand how such measures differ from similarly titled measures that may be presented by other companies in the pharmaceutical industry or in general.

Core Financial Measures

Takeda's Core Financial Measures, particularly *Core Revenue*, *Core Operating Profit*, *Core Net Profit for the Year attributable to owners of the Company* and *Core EPS*, exclude revenue from divestments, amortization and impairment losses on intangible assets associated with products (including in-process R&D) and other impacts unrelated to the underlying trends and business performance of Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs. *Core Revenue* represents revenue adjusted to exclude revenue items unrelated to the underlying trends and business performance of Takeda's core operations (primarily revenue or related adjustments associated with divestments and liquidations). *Core Operating Profit* represents operating profit adjusted to exclude other operating expenses and income, amortization and impairment losses on intangible assets associated with products (including in-process R&D) and non-cash items or items unrelated to the underlying trends and business performance of Takeda's core operations. *Core Net Profit for the Year attributable to owners of the Company* represents net profit for the year attributable to owners of the Company, adjusted to eliminate 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 the underlying trends and business performance of Takeda's ongoing operations and the tax effect of each of the adjustments. *Core EPS* is calculated by dividing Core Net Profit for the Year attributable to owners of the Company by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Takeda presents its Core Financial Measures because Takeda believes that these measures are useful to understanding its business without the effect of items that Takeda considers to be unrelated to the underlying trends and business performance of its core operations, including items (i) which may vary significantly from year-to-year or may not occur in each year or (ii) whose recognition Takeda believes is largely uncorrelated to trends in the underlying performance of our core business. Takeda believes that similar measures are frequently used by other companies in its industry and that providing these measures helps investors evaluate Takeda's performance against not only its performance in prior years but on a similar basis as its competitors. Takeda also presents Core Financial Measures because these measures are used by Takeda for budgetary planning and compensation purposes (i.e., certain targets for the purposes of Takeda's Short-Term Incentive and Long-Term Incentive compensation programs, including incentive compensation of the CEO and CFO, are set in relation to the results of Takeda's Core Financial Measures). See "(4) Remuneration for Directors").

The usefulness of Core Financial Measures to investors has significant limitations including, but not limited to, (i) they are not necessarily identical to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) they exclude financial information and events, such as the effects of non-cash expenses such as legal provisions, dispositions or amortization of intangible assets, that some may consider important in evaluating Takeda's performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future (however, it is Takeda's policy not to adjust out normal, recurring cash operating expenses necessary to operate our business) and (iv) they may not include all items which investors may consider important to an understanding of our results of operations, or exclude all items which investors may not consider to be so.

The following tables reconcile, for each of the periods shown, Takeda's Core Financial Measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, namely: (i) Core Revenue to Revenue as presented under IFRS; (ii) Core Operating Profit to Operating Profit as presented under IFRS and (iii) Core Net Profit for the Year attributable to owners of the Company to Net Profit for the Year attributable to owners of the Company as presented under IFRS.

Adjustments to Revenue and Operating Profit to calculate Core Revenue and Core Operating Profit:

	For the Year Ended March 31, 2026					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses*2	Others*3	Core Financial Measures (non-IFRS)
	(billions of yen)					
Revenue	¥ 4,505.7	¥ —	¥ —	¥ —	¥ —	¥ 4,505.7
Cost of sales	(1,571.6)	—	—	—	(1.0)	(1,572.6)
Selling, general and administrative expenses	(1,084.2)	—	—	—	(0.5)	(1,084.7)
Research and development expenses	(675.9)	—	—	—	(0.0)	(676.0)
Amortization of intangible assets associated with products	(504.3)	504.3	—	—	—	—
Impairment losses on intangible assets associated with products*1	(129.3)	—	129.3	—	—	—
Other operating income (expenses)	(534.2)	—	—	534.2	—	—
Operating profit	¥ 6.2	¥ 504.3	¥ 129.3	¥ 534.2	¥ (1.5)	¥ 1,172.5

*1 Intangible assets associated with products include in-process R&D (IPR&D).

*2 Other operating income/expenses include gains on divestment of businesses and subsidiaries, rental income and lease expenses for subleases, restructuring expenses, valuation reserves for pre-launch inventories, donations and contributions, changes in the fair value of financial assets and liabilities associated with contingent consideration arrangements, gains and losses on sales of property, plant and equipment and investment property, legal provisions, write-offs of option assets and other operating income (expenses) that are non-recurring in nature.

*3 Others: cost of sales includes the unwinding of acquisition accounting adjustments (i.e., step-up) in value of PP&E associated with the Shire acquisition completed in the fiscal year ended March 31, 2019.

	For the Year Ended March 31, 2025					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses*2	Others*3	Core Financial Measures (non-IFRS)
	(billions of yen)					
Revenue	¥ 4,581.6	¥ —	¥ —	¥ —	¥ (1.7)	¥ 4,579.8
Cost of sales	(1,580.2)	—	—	—	(1.6)	(1,581.8)
Selling, general and administrative expenses	(1,104.8)	—	—	—	(0.3)	(1,105.0)
Research and development expenses	(730.2)	—	—	—	(0.1)	(730.4)
Amortization of intangible assets associated with products	(548.2)	548.2	—	—	—	—
Impairment losses on intangible assets associated with products*1	(95.0)	—	95.0	—	—	—
Other operating income (expenses)	(180.5)	—	—	184.3	(3.8)	—
Operating profit	¥ 342.6	¥ 548.2	¥ 95.0	¥ 184.3	¥ (7.5)	¥ 1,162.6

*1 Intangible assets associated with products include in-process R&D (IPR&D).

*2 Other operating income/expenses include changes in fair value of financial assets and liabilities associated with contingent consideration arrangements, gains/losses on sales of property, plant and equipment and investment property, gains on divestment of businesses and subsidiaries, donations and contributions, rental income and lease expense for sublease, restructuring expenses, valuation reserves for pre-launch inventories, expenses for post-trial access, impairment of assets held for sale, legal provisions, write-offs of option assets and other operating income (expenses) that are non-recurring in nature.

*3 Others: revenue and other operating income (expenses) include JPY 1.7 billion of deferred revenue recognized from the asset sale to Teva Takeda Pharma Ltd. (“Teva”) and JPY 3.8 billion of deferred gain from the business divestiture to Teva, respectively, triggered by the divestment of Teva shares in the fiscal year ended March 31, 2025; cost of sales includes expenses related to the unwinding of acquisition accounting adjustments (i.e., step-up) in value of PP&E associated with the Shire acquisition completed in the fiscal year ended March 31, 2019.

Adjustments to Net Profit (loss) for the Year attributable to owners of the Company to calculate Core Net Profit for the Year attributable to owners of the Company:

	For the Year Ended March 31, 2026					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others*1	Core Financial Measures (non-IFRS)
	(billions of yen, except for percentages)					
Operating profit	¥ 6.2	¥ 504.3	¥ 129.3	¥ 534.2	¥ (1.5)	¥ 1,172.5
Operating margin	0.1 %	—	—	—	—	26.0 %
Finance income (expenses), net	(146.4)	—	—	—	13.2	(133.2)
Share of profit (loss) of investments accounted for using the equity method	(2.2)	—	—	—	2.0	(0.1)
Profit (loss) before tax	(142.4)	504.3	129.3	534.2	13.7	1,039.2
Income tax (expenses) benefit*2	(9.8)	(107.2)	(17.5)	(85.4)	(4.9)	(224.8)
Net profit (loss) for the year	(152.1)	397.1	111.7	448.8	8.9	814.4
Non-controlling interests	(0.3)	—	—	—	—	(0.3)
Net profit (loss) for the year attributable to owners of the Company	¥ (152.4)	¥ 397.1	¥ 111.7	¥ 448.8	¥ 8.9	¥ 814.1

*1 Others: finance income (expenses), net, includes the loss on non-monetary items for subsidiaries in hyperinflationary economies and for which IAS29, Financial Reporting in Hyperinflationary Economies, is applied, and finance income and expense related to non-core transactions; share of profit (loss) of investments accounted for using the equity method includes gains and losses associated with divestment and liquidations, and other fair value adjustments.

*2 Taxes on the adjustments between IFRS Accounting Standards and core results take into account the statutory tax rate applicable to the item based upon the jurisdiction where the adjustment is recorded. Total income tax expense on core adjustments (JPY 1,181.5 billion) to profit before tax was JPY 215.0 billion, resulting in an average tax rate of 18.2% on core adjustments.

	For the Year Ended March 31, 2025					
	Reported (IFRS)	Amortization of intangible assets	Impairment of intangible assets	Other operating income/ expenses	Others*1	Core Financial Measures (non-IFRS)
	(billions of yen, except for percentages)					
Operating profit	¥ 342.6	¥ 548.2	¥ 95.0	¥ 184.3	¥ (7.5)	¥ 1,162.6
Operating margin	7.5 %	—	—	—	—	25.4 %
Finance income (expenses), net	(163.5)	—	—	—	22.8	(140.7)
Share of profit (loss) of investments accounted for using the equity method	(4.0)	—	—	—	5.1	1.1
Profit before tax	175.1	548.2	95.0	184.3	20.4	1,023.1
Income tax (expenses) benefit*2	(66.9)	(114.9)	(23.4)	(45.1)	3.2	(247.3)
Net profit for the year	108.1	433.3	71.6	139.2	23.6	775.8
Non-controlling interests	(0.2)	—	—	—	—	(0.2)
Net profit for the year attributable to owners of the Company	¥ 107.9	¥ 433.3	¥ 71.6	¥ 139.2	¥ 23.6	¥ 775.6

*1 Others: finance income (expenses), net, includes the loss on non-monetary items for subsidiaries in hyperinflationary economies and for which IAS29, Financial Reporting in Hyperinflationary Economies, is applied, and finance income and expense related to non-core transactions; share of profit (loss) of investments accounted for using the equity method includes gains and losses associated with divestment and liquidations, and other fair value adjustments.

*2 Taxes on the adjustments between IFRS Accounting Standards and core results take into account the statutory tax rate applicable to the item based upon the jurisdiction where the adjustment is recorded. Total income tax expense on core adjustments (JPY 848.0 billion) to profit before tax was JPY 180.3 billion, resulting in an average tax rate of 21.3% on core adjustments.

Constant Exchange Rate ("CER") Change

Constant Exchange Rate Change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating financial results in accordance with IFRS or Core (non-IFRS) financial measures for the current period using corresponding exchange rates in the same period of the previous fiscal year, provided, however, that the results of operations of subsidiaries in countries experiencing hyperinflation, and for which IAS 29, Financial Reporting in Hyperinflationary Economies, is applied, are not adjusted for CER Change, and instead are calculated in accordance with IAS 29.

Takeda presents CER change 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 (many of whom similarly present measures that adjust for the effect of exchange rates).

The usefulness of this presentation has significant limitations including but not limited to, that while CER change is calculated using the same exchange rates used to calculate financial results 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, CER change should not be considered in isolation and is not, and should not be viewed as, a substitute for change in financial results as prepared and presented in accordance with IFRS.

The following tables show our results of operations, including the year-over-year percentages changes thereto, in each case as calculated and presented in accordance with IFRS, and reconcile the CER percentage changes for each line item to such presentation.

CER Change (Reported Measures):

Billion JPY or percentage

	For the fiscal year ended March 31,		AER (IFRS)		CER (Non-IFRS)
	2025	**2026**	JPY Change	% Change	% Change
Revenue	¥ 4,581.6	¥ 4,505.7	¥ (75.8)	(1.7)%	(2.7)%
Cost of sales	(1,580.2)	(1,571.6)	8.6	(0.5)%	(1.9)%
Selling, general and administrative expenses	(1,104.8)	(1,084.2)	20.6	(1.9)%	(2.5)%
Research and development expenses	(730.2)	(675.9)	54.3	(7.4)%	(7.0)%
Amortization and impairment losses on intangible assets associated with products	(643.2)	(633.5)	9.7	(1.5)%	(1.7)%
Other operating income	26.2	24.7	(1.5)	(5.6)%	(4.4)%
Other operating expenses	(206.7)	(559.0)	(352.2)	170.4 %	168.9 %
Operating profit	342.6	6.2	(336.4)	(98.2)%	—
Finance income and (expenses), net	(163.5)	(146.4)	17.1	(10.5)%	(7.5)%
Share of profit (loss) of investments accounted for using the equity method	(4.0)	(2.2)	1.8	(45.4)%	(52.9)%
Profit (loss) before tax	175.1	(142.4)	(317.4)	—	—
Income tax (expenses) benefit	(66.9)	(9.8)	57.2	(85.4)%	(97.6)%
Net profit (loss) for the year	108.1	(152.1)	(260.3)	—	—
Non-controlling interests	(0.2)	(0.3)	(0.0)	22.9 %	30.8 %
Net profit (loss) for the year attributable to owners of the Company	¥ 107.9	¥ (152.4)	¥ (260.3)	—	—

CER Change (non-IFRS):

Billion JPY or percentage

	For the fiscal year ended March 31,		AER		CER
	2025	**2026**	JPY Change	% Change	% Change
Core revenue	¥ 4,579.8	¥ 4,505.7	¥ (74.1)	(1.6)%	(2.6)%
Core cost of sales	(1,581.8)	(1,572.6)	9.2	(0.6)%	(1.9)%
Core selling, general and administrative expenses	(1,105.0)	(1,084.7)	20.4	(1.8)%	(2.5)%
Core research and development expenses	(730.4)	(676.0)	54.4	(7.4)%	(7.0)%
Core operating profit	1,162.6	1,172.5	9.8	0.8 %	(0.9)%
Core finance income (expenses), net	(140.7)	(133.2)	7.5	(5.3)%	(1.9)%
Core share of profit (loss) of investments accounted for using the equity method	1.1	(0.1)	(1.3)	—	(82.1)%
Core profit before tax	1,023.1	1,039.2	16.1	1.6 %	(0.9)%
Core income tax (expenses) benefit	(247.3)	(224.8)	22.5	(9.1)%	(12.8)%
Core net profit for the year	775.8	814.4	38.6	5.0 %	2.9 %
Non-controlling interests	(0.2)	(0.3)	(0.0)	22.9 %	30.8 %
Core net profit for the year attributable to owners of the Company	¥ 775.6	¥ 814.1	¥ 38.5	5.0 %	2.9 %

Free Cash Flow and Adjusted Free Cash Flow

Takeda defines *Free Cash Flow* as cash flows from operating activities less acquisition of property, plant and equipment ("PP&E"). Takeda defines *Adjusted Free Cash Flow* as cash flows from operating activities, subtracting payments for acquisition of PP&E, intangible assets, investments (excluding debt investments classified as Level 1 in the fair value hierarchy), shares in associates and businesses, net of cash and cash equivalents acquired and other transactional payments deemed related or similar in substance thereto as well as adding proceeds from sales of PP&E, sales and redemption of investments (excluding debt investments classified as Level 1 in the fair value hierarchy), sales of shares in associates and sales of businesses, net of cash and cash equivalents divested and further adjusting for the movement of any other cash that is not available to Takeda's immediate or general business use.

Takeda presents Free Cash Flow and Adjusted Free Cash Flow because Takeda believes that these measures are useful to investors as similar measures of liquidity are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted Free Cash Flow is also used by our management to evaluate our liquidity and our cash flows, particularly as they relate to our ability to meet our liquidity requirements and to support our capital allocation policies. Takeda also believes that Free Cash Flow and Adjusted Free Cash Flow are helpful to investors in understanding how our strategic acquisitions and divestitures of businesses contribute to our cash flows and liquidity.

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

The following table provides a reconciliation from Net Cash from Operating Activities, the most comparable measure presented in accordance with IFRS, to Free Cash Flow and Adjusted Free Cash Flow for the fiscal year ended March 31, 2025 and 2026:

	2025	2026
Net cash from operating activities (IFRS)	¥ 1,057.2	¥ 1,041.4
Acquisition of PP&E	(200.8)	(176.0)
Free cash flow (non-IFRS)	856.4	865.4
Adjustment for cash temporarily held by Takeda on behalf of third parties*1	2.1	26.6
Proceeds from sales of PP&E	0.1	6.5
Acquisition of intangible assets*2	(147.0)	(234.9)
Acquisition of option to license	(31.8)	(3.7)
Acquisition of investments*3	(17.4)	(15.9)
Proceeds from sales and redemption of investments	29.4	7.0
Acquisition of shares in associates	(1.0)	(0.6)
Proceeds from sales of shares in associates	57.7	0.9
Proceeds from sales of business, net of cash and cash equivalents divested	20.6	33.3
Adjusted free cash flow (non-IFRS)	¥ 769.0	¥ 684.5

*1 Adjustment for cash temporarily held by Takeda on behalf of third parties refers to changes in cash balances that are temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program, which are not available to Takeda's immediate or general business use.

*2 Proceeds from sale of intangible assets are included in net cash from operating activities, except certain immaterial transactions.

*3 Acquisition of JPY 80.1 billion debt investments classified as Level 1 in the fair value hierarchy is excluded for the period ended March 31, 2025.

EBITDA and Adjusted EBITDA

Takeda defines *EBITDA* as consolidated net profit before income tax expenses, depreciation and amortization and net interest expense. Takeda defines *Adjusted EBITDA* as EBITDA further adjusted to exclude impairment losses, other operating income and expenses (excluding depreciation and amortization, as well as impairment losses), finance income and expenses (excluding net interest expense), our share of profit or loss of investments accounted for using the equity method, other non-cash items such as non-cash equity-based compensation expense, and other items that management believes are unrelated to our core operations, including EBITDA from divested products, purchase accounting effects and transaction related costs.

Takeda presents EBITDA and Adjusted EBITDA because Takeda believes that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Primarily, Adjusted EBITDA is used by Takeda for the purposes of monitoring its financial leverage. See "(c) Sources and Uses of Liquidity Supplemental Discussion of Financial Leverage (Adjusted Net Debt to Adjusted EBITDA Ratio) (Non-IFRS Measure)" and "—Adjusted Net Debt/Adjusted EBITDA Ratio" below. Takeda further believes that Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

The usefulness of EBITDA and Adjusted EBITDA to investors has significant limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in the pharmaceutical industry, (ii) they exclude financial information and events, such as the effects of an acquisition, or amortization of intangible assets, that some may consider important in evaluating Takeda's performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not include all items which investors may consider important to an understanding of our results of operations, or may not exclude all items which investors may not consider important for such understanding. EBITDA and Adjusted EBITDA should not be considered in isolation and are not, and should not be viewed as, substitutes for operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. The most closely comparable measure presented in accordance with IFRS is net profit for the year.

The following table provides a reconciliation from net profit (loss) to EBITDA and Adjusted EBITDA for the fiscal years ended March 31, 2025 and 2026:

	For the Year Ended March 31,	
	2025	2026
	(billions of yen)	
Net profit (loss) for the year (IFRS)	¥ 108.1	¥ (152.1)
Income tax expenses (benefit)	66.9	9.8
Depreciation and amortization	761.4	721.1
Interest expense, net	117.7	131.2
EBITDA (non-IFRS)	1,054.2	710.0
Impairment losses	106.5	145.7
Other operating expense (income), net, excluding depreciation, amortization and other miscellaneous non-cash expenses	163.2	516.7
Finance expense (income), net, excluding interest income and expense, net	45.8	15.1
Share of loss (profit) on investments accounted for under the equity method	4.0	2.2
Other adjustments*	67.3	67.5
Adjusted EBITDA (non-IFRS)	¥ 1,441.0	¥ 1,457.2

* Other adjustments include non-cash items such as non-cash equity-based compensation expense, and other items that management believes are unrelated to our core operations, including purchase accounting effects and transaction related costs, as well as adjustments for EBITDA from divested products which are removed as part of Adjusted EBITDA, including the JPY 1.7 billion of non-cash revenue adjustment related to the asset sale to Teva for FY2024.

Adjusted Net Debt/Adjusted EBITDA Ratio

Takeda defines *Net Debt* as the book value of bonds and loans on consolidated statements of financial position adjusted only for cash and cash equivalents and *Adjusted Net Debt* first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates as of the fiscal year-end for non-JPY debt outstanding at the beginning of the fourth quarter and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the fourth quarter, which reflects the methodology our management uses to monitor our leverage, and (ii) the "equity credit" applied to Takeda's "hybrid" subordinated indebtedness by S&P Global Rating Japan in recognition of the equity-like features of those instruments pursuant to such agency's ratings methodology. To calculate Adjusted Net Debt, Takeda deducts from this figure cash and cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

Takeda presents Net Debt and Adjusted Net Debt because Takeda believes that these measures are useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents and, in conjunction with Adjusted EBITDA, to monitor our financial leverage (for the avoidance of doubt, Adjusted Net Debt and the ratio of Adjusted Net Debt to Adjusted EBITDA are not intended to be indicators of Takeda's liquidity). Takeda also believes that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Particularly following the acquisition of Shire, investors, analysts and, in particular, ratings agencies, have closely monitored Takeda's leverage, as represented by the ratio of its Adjusted Net Debt to Adjusted EBITDA. In light of the weight given by ratings agencies in particular to this ratio, Takeda believes that such information is

useful to investors to help understand not only Takeda's financial leverage, but also how ratings agencies evaluate the level of financial leverage in evaluating Takeda's quality of credit. Accordingly, as described below, Takeda includes an adjustment to its Adjusted Net Debt to reflect the "equity credit" afforded to certain subordinated indebtedness by ratings agencies (such indebtedness does not qualify for treatment as equity under IFRS).

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

Takeda's ratio of Adjusted Net Debt to Adjusted EBITDA as of the dates shown was as follows.

	For the Year Ended March 31,	
	2025	2026
	(billions of yen, except for ratios)	
Adjusted net debt	¥ (3,975.5)	¥ (3,817.6)
Adjusted EBITDA	1,441.0	1,457.2
Adjusted net debt to adjusted EBITDA ratio	2.8x	2.6x

The following table provides a reconciliation from bonds and loans to Adjusted Net Debt as of March 31, 2025 and 2026:

	For the Year Ended March 31,	
	2025	2026
	(billions of yen)	
Non-current portion of bonds and loans (IFRS)	¥ (3,966.3)	¥ (4,369.7)
Current portion of bonds and loans (IFRS)	(548.9)	(512.2)
Bonds and loans (IFRS)	(4,515.3)	(4,881.8)
Cash and cash equivalents (IFRS)	385.1	595.1
Net debt (non-IFRS)	(4,130.2)	(4,286.8)
Cash temporarily held by Takeda on behalf of third parties*1	(105.8)	(79.2)
Level 1 debt investments*1	79.3	85.1
Foreign exchange adjustment*2	(68.9)	213.2
Application of equity credit*3	250.0	250.0
Adjusted net debt (non-IFRS)	¥ (3,975.5)	¥ (3,817.6)

*1 Adjustments related to cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, which is not available to Takeda's immediate or general business use, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

*2 Foreign exchange adjustment refers to change from the month-end rate to the prior 12-month average exchange rates as of the fiscal year-end used for calculation of debt denominated in currencies other than Japanese yen to match the calculation of Adjusted EBITDA (which is calculated based on average rates). Non-JPY debt outstanding at the beginning of the fourth quarter is translated to JPY using the prior 12-month average exchange rates as of the fiscal year-end. New non-JPY debt incurred during the fourth quarter and existing non-JPY debt redeemed during the fourth quarter are translated to JPY at relevant spot rates as of the relevant date.

*3 Application of equity credit includes JPY 250.0 billion reduction in debt due to a 50% equity credit applied to JPY 500.0 billion principal amount of our hybrid (subordinated) bonds and loans by S&P Global Rating Japan, given that those instruments qualify for certain equity credit for leverage purposes.

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 owned or controlled the intellectual property rights and other associated assets related to the allosteric TYK2 inhibitor, TAK-279, known internally at Nimbus as NDI-034858. Under the terms of the agreement, we paid Nimbus USD 4.0 billion upfront following the closing of the transaction and will pay two milestone payments of USD 1.0 billion each upon achieving annual net sales of USD 4.0 billion and USD 5.0 billion of products developed from the TAK-279 program. 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 Squibb 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.

6. Research and Development

Research and development expenses for the fiscal year ended March 31, 2026 were JPY 675.9 billion. Takeda does not report disaggregated R&D expenses, including by therapeutic area or clinical trial stage, as our R&D budget is determined on a company-wide basis and specific expenditures may be subject to re-allocation depending on development results and priorities.

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 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 clinical trials

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

Phase 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 commercial 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-transforming medicines that make a critical difference to patients. Our R&D efforts focus on three core therapeutic areas: Gastrointestinal and Inflammation, Neuroscience, and Oncology. We also make targeted R&D investments in PDT. The R&D engine for our three core therapeutic areas are 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, and Oncology). Takeda is committed to developing therapies for both rare and more prevalent diseases, and many of the life-transforming medicines we are pursuing will treat rare diseases in our core therapeutic areas as well as in PDT. We are embracing data and digital technologies with the aim of improving the quality of innovation and accelerating execution. We seek to achieve a foundational shift that embeds AI into every stage of drug discovery, redesigning workflows to include automated, data-driven, predictive processes that accelerate innovation.

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 R&D facilities include:

– Greater Boston Area Research and Development Site: Our R&D sites are located in Cambridge and Lexington, Massachusetts in the United States. They are the R&D center for global Gastrointestinal and Inflammation, Oncology, and our global R&D Headquarters. They also support R&D in other areas including plasma-derived therapies. 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.

– Takeda Research Center in Shonan Health Innovation Park: Located in Fujisawa and Kamakura in Kanagawa Prefecture in Japan, the site houses a Takeda Research laboratory where the company's neuroscience research is conducted. 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. 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.

– Vienna, Austria Research and Development Sites: Our R&D sites, located in Vienna, Austria, support programs in R&D and in PDT. The research centers focus on biologics programs in R&D and contain manufacturing sites for plasma derived products.

Major progress on R&D events since April 2025 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 immune-mediated inflammatory diseases. Takeda is maximizing the potential of our inflammatory bowel disease (IBD) franchise around ENTYVIO, including the introduction of a subcutaneous formulation and running real-world evidence generation studies that demonstrate ENTYVIO's place as a backbone therapy in the IBD treatment paradigm and further our understanding of how to improve outcomes for patients. Zasocitinib (TAK-279) is a next generation oral tyrosine kinase 2 (TYK2) inhibitor with potential to treat multiple immune-mediated inflammatory diseases. Fazirsiran (TAK-999) is a potential first-in-class RNAi treatment for alpha-1 antitrypsin-deficiency associated liver disease in late-stage development. Mezagitamab (TAK-079) is a potential best-in-class anti-CD38 antibody with disease modifying potential for multiple immune-mediated diseases like immune thrombocytopenia (ITP) and IgA nephropathy (IgAN). Furthermore, Takeda is making progress on its pipeline built through in-house discovery, partnerships and business development, which explores opportunities in inflammatory diseases (specifically in gastric, dermatological and rheumatic disorders), along with select rare hematological and renal disorders (ADZYNMA, mezagitamab (TAK-079)), liver diseases, and neurogastric disorders.

ADZYNMA / Generic name: recombinant ADAMTS13

– In December 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved ADZYNMA, expanding its indication to pediatric congenital thrombotic thrombocytopenic purpura (cTTP) under the age of 12. The approval is primarily based on safety and efficacy data of the global Phase 3 281102 trial in cTTP patients ages 0-70, which included five Japanese individuals, and the Phase 3b continuation trial TAK-755-3002.

ENTYVIO / Generic name: vedolizumab

– In February 2026, Takeda announced positive data from the pivotal Phase 3 KEPLER trial which evaluated vedolizumab intravenous (IV) in pediatric ulcerative colitis (UC) patients ages 2 to 17 who had an inadequate response to either conventional treatment options or tumor necrosis factor (TNF) antagonists. The study demonstrated that nearly half (47.3%) of patients achieved primary endpoint of clinical remission at 54 weeks. Vedolizumab's safety profile was generally consistent with its known safety profile in adults. These results were presented at the 21st Congress of the European Crohn's and Colitis Organisation (ECCO).

– In June 2026, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review its supplemental Biologics License Application (sBLA) for intravenous (IV) ENTYVIO for the treatment of moderately to severely active UC and Crohn's disease in pediatric patients ages 2 years and older. The FDA has set a Prescription Drug User Fee Act (PDUFA) goal date in the first quarter of calendar year 2027. Takeda also submitted a marketing authorization application (MAA) to the European Medicines Agency for ENTYVIO IV for the treatment of moderately to severely active UC and Crohn's disease in pediatric patients ages 2 years and older. The sBLA and MAA are supported by data from two Phase 3 pediatric trials, the KEPLER study in UC and the ongoing WEBB study in Crohn's disease.

Development code: TAK-079 / Generic name: mezagitamab

– In June 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) granted Orphan Drug Designation for mezagitamab, for the potential indication of chronic immune thrombocytopenia (ITP).

– In November 2025, Takeda announced new interim data from the Phase 1b, open-label, proof-of-concept study of subcutaneous mezagitamab in primary IgA nephropathy (IgAN). The results, presented at the American Society of Nephrology (ASN) Kidney Week 2025, showed stable kidney function (eGFR) in patients treated with investigational mezagitamab through week 96 (18 months after last dose), as well as a rapid reductions in proteinuria and serum Gd-IgA1 levels that were sustained through week 96, In this study, mezagitamab was generally well tolerated with no new safety concerns identified.

– In November 2025, Takeda announced that the MHLW granted Orphan Drug Designation for mezagitamab for the potential indication of IgAN.

Development code: TAK-279 / Generic name: zasocitinib

– In December 2025, Takeda announced positive topline results for two pivotal Phase 3 studies of zasocitinib in adults with moderate-to-severe plaque psoriasis (PsO). The studies demonstrated superiority of zasocitinib compared to placebo for the co-primary endpoints, static Physician Global Assessment (sPGA) 0/1 and Psoriasis Area and Severity Index (PASI) 75, at week 16. The studies also met all 44 ranked secondary endpoints, showing the potential of a convenient once-daily pill to deliver complete skin clearance for patients with PsO. More than half of study participants treated with zasocitinib achieved PASI 90, and on average about 30 percent achieved PASI 100 by week 16. Zasocitinib was generally well-tolerated with no new safety signals identified.

– In March 2026, Takeda announced new data from the two pivotal Phase 3 studies of zasocitinib in adults with moderate-to-severe PsO. About 70% of patients treated with zasocitinib achieved clear or almost clear skin (sPGA 0/1) at week 16, and a significantly greater PASI 75 response rate versus placebo was observed as early as week 4. Zasocitinib also demonstrated statistically significant improvements in complete skin clearance, against placebo and apremilast, an increasingly important treatment goal for patients with PsO. Responses for co-primary and key secondary endpoints continued to increase through week 24 in both studies. Zasocitinib was generally well-tolerated, and safety profile was consistent with Phase 2b studies with no new safety signals identified. The results were presented as a late-breaking abstract at the 2026 American Academy of Dermatology (AAD) Annual Meeting.

– In June 2026, Takeda announced positive topline results for the Phase 3 study comparing zasocitinib (TAK-279) to deucravacitinib in adults with moderate-to-severe PsO. In the LATITUDE Atlas (TAK-279-PsO-3004) head-to-head study, zasocitinib demonstrated statistical

superiority over deucravacitinib for the primary endpoint, PASI 100 response rate at week 16, with more than 35% of zasocitinib-treated patients achieving PASI 100. The study also demonstrated statistical superiority over deucravacitinib for all key secondary endpoints, including PASI 90 response and sPGA 0 at week 16. Zasocitinib was generally well tolerated with a consistent safety and tolerability profile and no new safety signals identified.

Neuroscience

In Neuroscience, Takeda is focusing its R&D investments on potentially transformative treatments for neurological and neuromuscular diseases of high unmet need building its innovative pipeline by leveraging internal expertise and external collaborations. Takeda Neuroscience's core focus is orexin biology, rare neurology and neurodegeneration diseases. We are advancing a portfolio of tailored therapies designed to unlock the full power of orexin (i.e., oveporexton (TAK-861), TAK-360, TAK-495) to redefine the standard of care for people living with rare sleep-wake disorders and other conditions where orexin biology is implicated. Across our portfolio, we are harnessing advances in disease biology understanding, translational tools, innovative modalities and digital innovation to accelerate development and patient access.

VYVANSE / Generic name: lisdexamfetamine

– In June 2026, Takeda announced that it received notification from the Japanese Ministry of Health, Labour and Welfare (MHLW) regarding the partial lifting of certain approval conditions applied to VYVANSE. The partial lifting of the approval conditions is based on the MHLW's assessment that the necessary measures associated with the relevant approval condition have been appropriately implemented, based on data submitted by Takeda, including results from post-marketing surveillance studies and initiatives to ensure appropriate use.

  Lifted approval condition: "Measures ensuring that VYVANSE would be used only in cases where other attention-deficit/hyperactivity disorder (ADHD) treatments are insufficient, until evaluation of abuse and dependence under actual use conditions has been completed."

Development Code: TAK-861 / Generic name: oveporexton

– In September 2025, Takeda presented orexin data from the landmark oveporexton Phase 3 program in NT1, during multiple oral presentations at the World Sleep 2025 Congress. Both the FirstLight and the RadiantLight studies met all primary and secondary endpoints demonstrating statistically significant ($p<0.001$) and clinically meaningful improvements in a broad range of NT1 symptoms compared to placebo across all doses (twice-daily 1mg/twice-daily 2mg) at week 12. The oral presentations at World Sleep included data from objective and patient-reported measures of wakefulness, cataplexy, symptom severity and quality of life. Oveporexton was generally well-tolerated with a safety profile consistent across clinical studies to date.

– In February 2026, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted its New Drug Application (NDA) and granted Priority Review for oveporexton for the treatment of NT1. The FDA has set a Prescription Drug User Fee Act (PDUFA) goal date in the third quarter of calendar year 2026. The NDA filing is supported by a comprehensive data package including the FirstLight and RadiantLight global Phase 3 studies. Oveporexton previously received Breakthrough Therapy designation for the treatment of excessive daytime sleepiness in NT1 from the U.S. FDA and the Center for Drug Evaluation of China's National Medical Products Administration.

– In March 2026, Takeda announced that it submitted the NDA to the Japanese Ministry of Health, Labour and Welfare (MHLW) for oveporexton for the expected indication of NT1. Oveporexton has received SAKIGAKE and Orphan Drug Designation from the MHLW. The NDA filing is supported by a comprehensive data package including the FirstLight and RadiantLight global Phase 3 studies.

– In June 2026, Takeda presented additional results from two pivotal studies at SLEEP 2026 showing oveporexton improved daily functioning as well as cognitive and sleep-related symptoms associated with NT1. The presentations highlighted results from secondary and exploratory endpoints from the FirstLight and the RadiantLight including functioning, cognition, and nighttime sleep. At all doses, oveporexton significantly improved daily functioning at week 12 compared to placebo ($p<0.001$) across the six domains of the Functional Impacts of Narcolepsy Instrument (FINI). Oveporexton improved cognitive symptoms associated with NT1 compared to placebo, as measured using objective neuropsychological tests of attention, executive function and memory along with patient-reported measures. Exploratory endpoints demonstrated that oveporexton improved quality of sleep across both studies.

Oncology

In Oncology, we are advancing a pipeline of potential therapies across thoracic, gastrointestinal, and hematologic malignancies. In thoracic and gastrointestinal cancers, TAK-928 (IBI363) and TAK-921 (IBI343) are being evaluated across multiple indications. In hematologic cancers, we are growing a portfolio focused on myeloid malignancies, including rusfertide (TAK-121) and elritercept (TAK-226). Our deep internal expertise, global footprint and strong network of strategic collaborators underpin our ability to drive innovation and long-term value creation. We aspire to cure cancer, with inspiration from patients and innovation from everywhere.

ADCETRIS / Generic name: brentuximab vedotin

– In June 2025, Takeda announced that the European Commission (EC) approved ADCETRIS in combination with etoposide, cyclophosphamide, doxorubicin, dacarbazine and dexamethasone (BrECADD) in adult patients with newly diagnosed Stage IIb with risk factors/III/IV Hodgkin lymphoma. The approval for this ADCETRIS-based combination regimen, known as BrECADD, in frontline Hodgkin lymphoma is based on the results of the randomized Phase 3 HD21 trial.

VECTIBIX / Generic name: panitumumab

– In September 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved a partial change to the manufacturing and marketing authorization for VECTIBIX to include a new indication, dosage and administration in combination with LUMAKRAS (sotorasib), a KRAS G12C inhibitor, for the treatment of unresectable, advanced or recurrent KRAS G12C mutation-positive colorectal cancer progressed after chemotherapy. The approval is based on the results of the CodeBreaK 300 trial, a Phase 3, international, multicenter, randomized, open-label, active-controlled trial evaluating the efficacy and safety of combination therapy with VECTIBIX and LUMAKRAS in previously treated patients with KRAS G12C mutation-positive metastatic colorectal cancer.

Development code: TAK-121 / Generic name: rusfertide

– In June 2025, Takeda and Protagonist Therapeutics announced that detailed results from the Phase 3 VERIFY study were presented at the 61st American Society of Clinical Oncology (ASCO) Annual Meeting Plenary Session. The study met its primary endpoint, which was the proportion of patients achieving a clinical response, defined as the absence of phlebotomy eligibility during study weeks 20-32. Rusfertide plus current standard of care more than doubled clinical response rates across high- and low-risk polycythemia vera (PV) groups, significantly reducing phlebotomy eligibility compared to placebo plus current standard of care, which was the primary endpoint. Rusfertide was generally well tolerated. The majority of adverse events were low grade and non-serious, and no serious adverse events considered related to rusfertide were reported. There was no evidence of increased risk of cancer in rusfertide arm compared to placebo arm at the time of the primary analysis.

– In December 2025 at the 67th American Society of Hematology (ASH) Annual Meeting, Takeda and Protagonist Therapeutics presented new 52-week results from the pivotal Phase 3 VERIFY study evaluating rusfertide in patients with PV. The new data demonstrated sustained hematocrit control and response, defined by absence of phlebotomy eligibility, with no new safety signals.

– In March 2026, Takeda and Protagonist Therapeutics announced that the U.S. Food and Drug Administration (FDA) accepted the New Drug Application (NDA) and granted Priority Review for rusfertide for the treatment of adults with PV. The FDA has set a Prescription Drug User Fee Act (PDUFA) goal date in the third quarter of this calendar year. In addition to Priority Review, rusfertide has received Breakthrough Therapy designation, Orphan Drug designation and Fast Track designation from the U.S. FDA. The NDA for rusfertide was primarily based on the positive 32-week primary analysis and 52-week results from the Phase 3 VERIFY study, as well as four-year efficacy and safety data from the Phase 2 REVIVE study and long-term extension THRIVE study.

Development code: TAK-853 / Generic name: mirvetuximab soravtansine

– In January 2026, Takeda announced it submitted the New Drug Application (NDA) to the Japanese Ministry of Health, Labour and Welfare (MHLW) for mirvetuximab soravtansine for the treatment of folate receptor alpha (FRα)-positive, platinum-resistant recurrent ovarian cancer (PROC) in Japan. The NDA submission is based on the results of the MIRASOL and SORAYA trials, which are global Phase 3 studies in patients with FRα-positive PROC, as well as the TAK-853-1501 trial, a Phase 1/2 study conducted in Japan. Across these trials, mirvetuximab soravtansine demonstrated consistent efficacy and a favorable safety profile in the treatment of patients with FRα-positive PROC. Mirvetuximab soravtansine has been designated as an orphan drug by the MHLW for the anticipated indication of FRα-positive recurrent ovarian cancer, and this application is subject to priority review.

Other Rare Diseases programs

Takeda's R&D engine is focused on areas of high unmet medical need, both in rare and more prevalent conditions, across three core therapeutic areas (Gastrointestinal and Inflammation, Neuroscience, and Oncology). In other Rare Diseases programs, Takeda focuses on several areas of high unmet medical need, on top of marketed products such as TAKHZYRO in hereditary angioedema. In rare hematology, Takeda focuses on addressing today's needs in the treatment of bleeding disorders, including through ADVATE and ADYNOVATE/ADYNOVI. In addition, Takeda aims to redefine the management of post-transplant cytomegalovirus (CMV) infection/disease with LIVTENCITY. Takeda commits to fulfilling our vision to deliver life-transforming medicines to patients with rare diseases. Takeda will continue to explore late-stage business development that may leverage our rare diseases capabilities as well as bolster our commitment and leadership in rare diseases.

VONVENDI / Generic name: von Willebrand factor (Recombinant)

– In September 2025, Takeda announced that the U.S. Food and Drug Administration (FDA) approved the supplemental Biologics License Application (sBLA) for VONVENDI, expanding the indication to include routine prophylaxis to reduce the frequency of bleeding episodes in adults with von Willebrand Disease (VWD), including those with Type 1 and 2 disease, and on-demand and perioperative management of bleeding in pediatric patients with VWD. The approval is based on data from three clinical trials – a Phase 3 trial in adults with VWD, a Phase 3 study in children with VWD, and a Phase 3b continuation trial in adults and children with VWD, as well as supportive real-world data.

– In February 2026, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved a partial change to the manufacturing and marketing authorization for VONVENDI for an additional dosage and administration for patients under the age of 18 for the treatment of VWD. The application is primarily based on the safety and efficacy data related to bleeding episodes and perioperative management in VWD patients under 18 years old from Phase 3 open-label study (071102 trial) and Phase 3b extension study (SHP677-304 trial), both of which were conducted outside of Japan.

TAKHZYRO / Generic name: lanadelumab

– In September 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved TAKHZYRO Pen 300mg for subcutaneous administration as an additional formulation to TAKHZYRO Syringe.

Plasma-Derived Therapies (PDT)

Takeda has created a dedicated PDT business unit with a focus on managing the business end-to-end, from plasma donation to manufacturing, R&D, and commercialization. In PDT, we aspire to develop life-saving plasma-derived therapies, which are essential for patients with a variety of rare and complex chronic diseases. The dedicated R&D organization within PDT is charged with maximizing the value of existing therapies, identifying new targeted therapies, and optimizing efficiencies across the PDT value chain, from plasma donation to product manufacturing. Near-term, our priority is focused on delivering value from our broad immunoglobulin portfolio (HYQVIA, CUVITRU, GAMMAGARD LIQUID and GAMMAGARD LIQUID ERC) through the pursuit of new indications, geographic expansions, and enhanced patient experience through integrated healthcare technologies. Additionally, we are developing next generation immunoglobulin product with 20% facilitated SCIG (TAK-881) and are pursuing other early-stage opportunities (e.g. TAK-411: 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 for subcutaneous administration

– In June 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved a partial change to the manufacturing and marketing approval items of HYQVIA for additional indications of slowing of progression of motor weakness in Chronic Inflammatory Demyelinating Polyradiculoneuropathy (CIDP) and multifocal motor neuropathy (MMN) (if improvement of muscle weakness is observed). The approval is based on a Phase 3 study in Japanese patients with CIDP and MMN (TAK-771-3002) as well as two Phase 3 studies in patients with CIDP conducted outside of Japan (161403, 161505).

– In July 2025, Takeda announced that the U.S. Food and Drug Administration (FDA) granted 510(k) clearance for HYHUB and HYHUB DUO, devices for patients 17 years of age and older that allow HYQVIA to be transferred from vials without using a needle in a home environment or clinical setting. HYHUB and HYHUB DUO reduce the number of steps required to prepare the infusion of HYQVIA.

GAMMAGARD LIQUID ERC / Generic name: Immunoglobulin (IG) Infusion 10% (Human) (Low IgA)

– In June 2025, Takeda announced that the U.S. Food and Drug Administration (FDA) approved GAMMAGARD LIQUID ERC with less than or equal to 2 µg/mL IgA in a 10% solution, the only ready-to-use liquid immunoglobulin (IG) therapy with low immunoglobulin A (IgA) content, as replacement therapy for people two years of age and older with primary immunodeficiency (PI). As a ready-to-use liquid, GAMMAGARD LIQUID ERC may help ease the administration burden for patients and their health care providers by eliminating the need for reconstitution and can be administered intravenously or subcutaneously.

KENKETU GLOVENIN-I / Generic name: Immunoglobulin (IG) Infusion (Human) for intravenous administration

– In February 2026, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved KENKETU GLOVENIN-I 10% Intravenous Injection. The approval covers the indications approved for KENKETU GLOVENIN-I Intravenous Injection (5% formulation) which are approved in Japan. KENKETU GLOVENIN-I 10% is derived from Japanese plasma and is an improved formulation of Takeda's existing approved KENKETU GLOVENIN-I; the formulation was improved from a freeze-dried formulation to a liquid formulation, and the active ingredient concentration is raised from 5 % to 10%. A higher concentration of the active ingredient is expected to reduce the volume of infusion, shorten the infusion time, and enable high-dose therapy with less fluid loading.

Development code: TAK-881 / Generic name: Immunoglobulin (IG) Infusion 20% (Human) w/ Recombinant Human Hyaluronidase for subcutaneous administration

– In May 2026, Takeda announced that TAK-881-3001, a pivotal Phase 2/3 clinical trial in patients with Primary Immunodeficiency Disease (PID), met its primary endpoint, which demonstrated pharmacokinetic (PK) comparability between the investigational TAK-881 and HYQVIA. Additionally, secondary endpoints showed that TAK-881, a SCIG 20% facilitated with hyaluronidase, demonstrated safety, efficacy and tolerability profiles comparable to HYQVIA, an established SCIG 10% facilitated with hyaluronidase. These findings support the potential of TAK-881 to deliver the required immunoglobulin (IG) dose for PID patients in half the volume of HYQVIA, reducing infusion duration while maintaining flexible, up to once-monthly dosing for patients (every three or four weeks for PID).

Vaccines

In Vaccines, Takeda is applying innovation to tackle infectious diseases such as dengue (QDENGA), and COVID-19 (NUVAXOVID). To support the expansion of our pipeline and the development of our programs, we have entered into partnerships with government organizations in Japan, and leading global institutions including WHO (World Health Organization), PAHO (Pan American Health Organization) and Gavi (Global Alliance for Vaccines and Immunization), among others. These partnerships have been essential in building the critical capabilities that will be necessary to deliver on our programs and realize their full potential.

NUVAXOVID Intramuscular Injection / Generic name: Recombinant coronavirus (SARS-CoV-2) vaccine

– In August 2025, Takeda announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved a partial change to the manufacturing and marketing authorization for NUVAXOVID formulated to target Omicron LP8.1 lineage for which the application was submitted in June 2025. The approval is based on data related to the change of the antigen strain, as well as non-clinical data in which NUVAXOVID was shown to induce neutralizing antibodies against recent SARS-CoV-2 variants (LP.8.1, LP.8.1.1, JN.1, KP.3.1.1, XEC, XEC.4, NP.1, LF.7 and LF.7.2.1).

QDENGA / Generic name: Dengue tetravalent vaccine [live, attenuated]

– In November 2025, Takeda announced the completion of the 7-year pivotal Phase 3 Tetravalent Immunization against Dengue Efficacy Study (TIDES) trial evaluating QDENGA. These data, including an exploratory analysis of a booster dose, confirm the favorable benefit and risk profile of QDENGA and that the two-dose regimen provides sustained protection against dengue. After initial two doses of QDENGA, a booster dose administered at 4.5 years only marginally increased efficacy after 2 years. Overall efficacy was seen across all four dengue virus serotypes through seven years. No new safety signals were observed following the administration of a booster dose. These data were presented at the World Society for Pediatric Infectious Diseases (WSPID) 14th Annual Congress. Takeda also presented results from additional non-endemic booster studies at the American Society of Tropical Medicine and Hygiene (ASTMH) Annual Congress.

Current status of our pipeline

The following summarizes our primary 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 in fiscal year 2025. 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 at least three regions or key countries. "Modality" of our pipeline assets in the following table is classified into either of the following categories: 'small molecule', 'peptide/ oligonucleotide' or 'biologic and other'.

Our Gastrointestinal and Inflammation pipeline in clinical development as of May 13, 2026 (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-755*1 <rADAMTS13> ADZYNMA (U.S., EU, Japan)	Recombinant ADAMTS13 therapy (injection)	Biologic and other	Congenital Thrombotic Thrombocytopenic Purpura	China	Filed (Mar 2025)
MLN0002 <vedolizumab> *ENTYVIO* (Global)	Humanized monoclonal antibody against α4β7 integrin (injection)	Biologic and other	Pediatric Study (intravenous formulation for ulcerative colitis, Crohn's disease)	Global	P-III*2
			Pediatric Study (subcutaneous formulation for ulcerative colitis, Crohn's disease)	Global	P-III
TAK-999*3 <fazirsiran>	GalNAc based RNA interference (RNAi) (injection)	Peptide/ oligonucleotide	Alpha-1 antitrypsin-deficiency associated liver disease	U.S. EU	P-III P-III
TAK-279 <zasocitinib>	TYK2 inhibitor (oral)	Small molecule	Psoriasis	Global	P-III
			Pediatric psoriasis	Global	P-III
			Psoriatic arthritis	Global	P-III
			Crohn's disease	-	P-II (b)
			Ulcerative colitis	-	P-II (b)
			Vitiligo	-	P-II (b)
			Hidradenitis suppurativa	-	P-II (a)
TAK-079 <mezagitamab>	Anti-CD38 monoclonal antibody (injection)	Biologic and other	Immune thrombocytopenia	Global	P-III
			Immunoglobulin A nephropathy	Global	P-III
TAK-227/ZED1227*4	Transglutaminase 2 inhibitor (oral)	Small molecule	Celiac disease	-	P-II (b)
TAK-101*5	Tolerizing Immune Modifying nanoParticle (TIMP) (injection)	Biologic and other	Celiac disease	-	P-II
TAK-781	GalNAc siRNA targeting CYP7A1 (injection)	Peptide/oligo-nucleotide	Primary sclerosing cholangitis	-	P-I

*1 Partnership with KM Biologics.
*2 In June 2025, Takeda announced that the U.S. Food and Drug Administration (FDA) accepted for review its supplemental Biologics License Application (sBLA) for intravenous ENTYVIO for the treatment of moderately to severely active ulcerative colitis and Crohn's disease in pediatric patients ages 2 years and older.
*3 Partnership with Arrowhead Pharmaceuticals
*4 Partnership with Zedira and Dr. Falk Pharma. Dr. Falk Pharma leads development.
*5 Partnership with COUR Pharmaceuticals.

Our Neuroscience pipeline in clinical development as of May 13, 2026 (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-861 <oveporexton>	Orexin 2R agonist (oral)	Small molecule	Narcolepsy type 1	Japan U.S. China EU	Filed (Mar 2026) Filed (Feb 2026) Filed (Jan 2026) P-III
TAK-755*1 <rADAMTS13>	Recombinant ADAMTS13 therapy (injection)	Biologic and other	Acute ischemic stroke	-	P-II

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-360	Orexin 2R agonist (oral)	Small molecule	Idiopathic hypersomnia	-	P-II
			Narcolepsy type 2	-	P-II
TAK-495	Orexin 2R agonist (oral)	Small molecule	-	-	P-I

*1 Partnership with KM Biologics.

Our Oncology pipeline in clinical development as of May 13, 2026 (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
SGN-35*1 <brentuximab vedotin> *ADCETRIS* (EU, Japan, China)	CD30 monoclonal antibody-drug conjugate (injection)	Biologic and other	Front line Hodgkin's lymphoma – BrECADD regimen (brentuximab vedotin, etoposide, cyclophosphamide, doxorubicin, dacarbazine, dexamethasone) *2	EU	Approved (June 2025)
TAK-121*3 <rusfertide>	Hepcidin mimetic peptide (injection)	Peptide/ oligonucleotide	Polycythemia vera	U.S.	Filed (Feb 2026)
TAK-853*4 <mirvetuximab soravtansine-gynx>	Antibody-drug conjugate targeting folate receptor α (FRα) (injection)	Biologic and other	Platinum-resistant ovarian cancer	Japan	Filed (Jan 2026)
			Platinum-sensitive ovarian cancer	Japan	P-III
TAK-226*5 <elritercept>	Activin A/B ligand trap (injection)	Biologic and other	2L anemia-associated Myelodysplastic Syndrome	Global	P-III
			Anemia-associated Myelofibrosis	-	P-II
TAK-928 / IBI363*6	PD-1/α-biased IL-2 bispecific antibody fusion protein (injection)	Biologic and other	2L squamous Non-Small Cell Lung Cancer	Global	P-III
			Solid Tumors	-	P-II
TAK-921 / IBI343*6	Antibody-drug conjugate targeting Claudin 18.2 (injection)	Biologic and other	3L Gastric Cancer	Japan China	P-III
			Solid Tumors	-	P-I
TAK-168 / KQB168*7	Immune modulator (oral)	Small molecule	Solid Tumors	-	P-I
TAK-188	Antibody-drug conjugate targeting CCR8 (injection)	Biologic and other	Solid Tumors	-	P-I

*1 Partnership with Pfizer Inc.
*2 Submission based on data from German Hodgkin Study Group HD21 trial.
*3 Partnership with Protagonist Therapeutics.
*4 Partnership with AbbVie. Global P-III trial in platinum-sensitive ovarian cancer is led by AbbVie.
*5 Partnership with Keros Therapeutics, Inc.
*6 Partnership with Innovent Biologics.
*7 Partnership with Kumquat Biosciences Inc. Kumquat leads P-I development.

Our Other Rare Diseases pipeline in clinical development as of May 13, 2026 (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-577 *VONVENDI* (U.S., Japan, China) VEYVONDI (EU)	von Willebrand factor [recombinant] (injection)	Biologic and other	Pediatric on-demand and surgery treatment of von Willebrand disease	Japan EU U.S. EU	Approved (Feb 2026) Approved (on-demand) Dec 2025 Approved (Sept 2025) P-III (surgery)
			Pediatric prophylactic treatment of von Willebrand disease	Global	P-III
TAK-660 *ADYNOVATE* (U.S., Japan) *ADYNOVI* (EU)	Antihemophilic factor [recombinant], PEGylated (injection)	Biologic and other	Hemophilia A	China	Filed (July 2025)
			Pediatric Hemophilia A	EU	P-III
TAK-620*1 <maribavir> LIVTENCITY (Global)	Benzimidazole riboside inhibitor (oral)	Small molecule	Treatment of children and teenage transplant recipients with CMV infection	Global	P-III

*1 Partnership with GSK.

Our PDT pipeline in clinical development as of May 13, 2026 (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-961 <IVIG> KENKETU GLOVENIN-I (Japan)	Immunoglobulin (10%) [human] (injection)	Biologic and other	Multiple Indications	Japan	Approved (Feb 2026)
			Autoimmune Encephalitis (AE)	Japan	Filed (Oct 2025)
TAK-339 <IVIG> GLOVENIN-I (Japan) GAMMAGARD LIQUID (U.S.)	Immunoglobulin (10%) [human] (injection)	Biologic and other	Multiple Indications	Japan	Approved (July 2025)
			Autoimmune Encephalitis (AE)	Japan	Filed (Oct 2025)
			Secondary Immunodeficiencies	U.S.	P-III
TAK-771*1 <SCIG Infusion 10% (Human) w/ Recombinant Human Hyaluronidase> HYQVIA (U.S., EU, Japan)	Immunoglobulin (IgG) + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Chronic inflammatory demyelinating polyradiculoneuropathy and multifocal motor neuropathy	Japan	Approved (June 2025)
TAK-880 <10% IVIG (Low IgA)> GAMMAGARD LIQUID ERC (U.S.) DEQSIGA (EU)	Immunoglobulin (10%) [human] (injection) (Low IgA)	Biologic and other	Primary Immunodeficiencies	U.S. EU	Approved (June 2025) Approved (May 2025)
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

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
TAK-881 <Facilitated 20% SCIG>	Immunoglobulin (20%) [human] + recombinant hyaluronidase replacement therapy (injection)	Biologic and other	Primary Immunodeficiencies	U.S. EU Japan	P-III P-III P-III
			Chronic inflammatory demyelinating polyradiculoneuropathy	U.S. EU Japan	P-III P-III P-III
TAK-411	Hypersialylated Immunoglobulin [human] (injection)	Biologic and other	Chronic inflammatory demyelinating polyradiculoneuropathy	-	P-II

*1 Partnership with Halozyme.

Other selected assets that Takeda holds contractual rights to potentially clinically develop and/or commercialize in the future as of May 13, 2026 (the date of our annual earnings release), along with notes for major subsequent developments thereafter, are as follows:

Development code <generic name> Brand name (country/region)	Type of Drug (administration route)	Modality	Indications / additional formulations	Country /Region	Stage
HQP1351*1 <olverembatinib>	BCR-ABL tyrosine kinase inhibitor (TKI) (oral)	Small molecule	Chronic phase-chronic myeloid leukemia	U.S. EU Japan	P-III
ACI-24.060*2	Abeta active immunotherapy	Biologic and other	Alzheimer's disease	-	P-II
IBI3001*3	Antibody-drug conjugate targeting EGFR and B7H3	Biologic and other	Solid tumors	-	P-I

*1 Olverembatinib/HQP1351 is included for reference only. Ascentage Pharma retains ownership of this asset and is solely responsible for its clinical development prior to Takeda's potential exercise of its option to exclusively license certain rights, which is subject to customary conditions including regulatory approval.
*2 ACI-24.060 is included for reference only. AC Immune retains ownership of this asset and is solely responsible for its clinical development prior to Takeda's potential exercise of its option to exclusively license certain rights, which is subject to customary conditions including regulatory approval.
*3 IBI3001 is included for reference only. Innovent Biologics retains ownership of this asset and is solely responsible for its clinical development prior to Takeda's potential exercise of its option to exclusively license certain rights, which is subject to customary conditions including regulatory approval.

Projects removed from pipeline

Our projects removed from pipeline since April 1, 2025 are as follows:

Development code <generic name>	Indications (Region/Country, Stage)	Reason
TAK-961 <5% IVIG>	Autoimmune Encephalitis (AE) (P-III)	Removed due to portfolio/filing strategy: AE filing is being pursued solely via the 10% liquid formulations, leveraging Phase 3 AE data generated with the 5% product.
TAK-003	Prevention of dengue fever (booster extension) (P-III)	Findings reinforced QDENGA's long-term seven-year safety profile and two-dose vaccination schedule
TAK-755 <rADAMTS13>	Immune Thrombotic Thrombocytopenic Purpura (P-II(b))	TAK-755 development in iTTP was discontinued due to strategic reasons
TAK-594 / DNL593	Frontotemporal dementia (P-II)	TAK-594 co-development with Denali was discontinued due to strategic considerations
TAK-004	Nausea and vomiting (P-I)	Development of TAK-004 was discontinued due to strategic consideration
TAK-341/MEDI1341	Multiple System Atrophy (MSA) (P-II)	TAK-341 Phase 2 trial results did not meet primary and secondary endpoints, which does not support further development in MSA.

Development code <generic name>	Indications (Region/Country, Stage)	Reason
TAK-925 <danavorexton>	Narcolepsy (P-I)	Danavorexton (TAK-925) development in narcolepsy discontinued due to strategic considerations.
TAK-012	Relapsed/refractory Acute Myeloid Leukemia (P-1)	TAK-012 has been discontinued due to strategic reasons.

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 Pfizer Inc. ("Pfizer") (as successor in interest to Seagen, Inc., which was acquired by Pfizer in December 2023) 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 Pfizer). We were required to pay milestone payments related to regulatory and commercial progress by us under the collaboration. We also pay tiered royalties with percentages ranging from the low-teens to the mid-twenties based on net sales of ADCETRIS within our licensed territories. We and Pfizer equally co-fund the cost of selected development activities conducted under the collaboration, but as of March 31, 2026, 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 Pfizer 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.
- FRUZAQLA: We entered into a License Agreement with HUTCHMED Limited ("HUTCHMED") in 2023 for the global development, commercialization and manufacture of fruquintinib outside of mainland China, Hong Kong and Macau. FRUZAQLA is now approved in the U.S., EU, Japan and a number of other countries in our licensed territory. Under the License Agreement, we are required to pay milestone payments related to development, regulatory and commercial progress by us, as well as royalties on net sales. Subject to earlier termination, the License Agreement will continue until the expiration of the last royalty term for the last licensed product in our licensed territory. We may terminate the License Agreement for convenience by providing a written notice in advance. Additionally, either party may terminate the License Agreement for cause.
- 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. In July 2024, Lundbeck announced our agreement to amend the Collaboration to provide for royalty payments by Takeda to Lundbeck based on net sales of TRINTELLIX in the U.S. in lieu of Lundbeck's co-promotion and co-funding responsibilities, which have concluded. 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 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.

– In October 2025, Takeda announced that it entered into a license and collaboration agreement with Innovent Biologics for the development, manufacturing and commercialization of two late-stage oncology medicines, TAK-928(IBI363) and TAK-921(IBI343), worldwide outside of Mainland China, Hong Kong, Macau and Taiwan. TAK-928 is a potentially first-in-class investigational PD-1/IL-$2^{\alpha\text{-bias}}$ bispecific antibody fusion protein being evaluated in non-small cell lung and colorectal cancers and has shown potential efficacy in additional solid tumor types. The U.S. Food and Drug Administration (FDA) has granted Fast Track designation to TAK-928 for the treatment of patients with unresectable, locally advanced or metastatic sqNSCLC that has progressed following anti-PD-(L)1 therapy and platinum-based chemotherapy. TAK-921 is a next-generation investigational antibody-drug conjugate (ADC) that targets the Claudin 18.2 protein, which is often expressed in gastric and pancreatic cancer cells, and is being evaluated in gastric and pancreatic cancers. The U.S. FDA has granted Fast Track designation to TAK-921 for the treatment of advanced unresectable or metastatic pancreatic ductal adenocarcinoma (PDAC) that has relapsed and/or is refractory to one prior line of therapy. Takeda will also receive an exclusive option to license global rights outside of Mainland China, Hong Kong, Macau and Taiwan for IBI3001, an early-stage investigational medicine. IBI3001 is a potential first-in-class bispecific ADC designed to target both EGFR and B7H3. In December 2025, Takeda announced that a license and collaboration agreement with Innovent Biologics has closed following the satisfaction of all closing conditions.

– In January 2026, Takeda announced a global collaboration and license agreement with Halozyme Therapeutics, Inc. (Halozyme), granting Takeda exclusive access to Halozyme's innovative ENHANZE drug delivery technology for use with vedolizumab.

3) Update on Takeda's Research Activities

– In October 2025, as part of a strategic portfolio prioritization process, Takeda announced the decision to discontinue its cell therapy efforts. Takeda will seek an external partner to leverage its cell therapy platform technologies and to further advance the company's research and clinic-ready programs in this field. The company has no current active clinical trials utilizing cell therapy technology. Takeda will refocus near-term investments into programs that it believes can deliver transformative therapies to patients at increased speed and scale.

4) Research & Development collaborations/partnering

The following tables describe other 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.
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.
Halozyme	U.S.	Collaboration and license agreement granting Takeda exclusive access to Halozyme's proprietary ENHANZE® drug delivery technology for use with vedolizumab.
Mirum Pharmaceuticals	U.S.	Exclusive licensing agreement for the development and commercialization of LIVMARLI (maralixibat, TAK-625) in Japan for Alagille syndrome (ALGS), progressive familial intrahepatic cholestasis (PFIC), and biliary atresia (BA).
UCSD/Fortis Advisors	U.S.	Technology license for the development of EOHILIA (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 U.S. and other territories outside of Europe, Canada, Australia and China.

Neuroscience

Partner	Country of incorporation	Subject
AC Immune	Switzerland	Exclusive, worldwide option and license agreement for AC Immune's active immunotherapies targeting toxic forms of amyloid beta (Abeta), including ACI-24.060 for the treatment of Alzheimer's disease.
AcuraStem	U.S.	Exclusive worldwide license agreement to develop and commercialize AcuraStem's PIKFYVE targeted therapeutics for the treatment of Amyotrophic Lateral Sclerosis (ALS).
Anima Biotech	U.S.	Strategic collaboration to discover and develop mRNA translation modulators for genetically-defined neurological diseases.
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).

Partner	Country of incorporation	Subject
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. DNL919/TAK-920 molecule was discontinued in Q2 FY2023, and the ATV:TREM2 collaboration program was terminated in February 2025 by mutual agreement between Takeda and Denali. In April 2026, Takeda informed Denali that it was terminating co-development of DNL593/TAK-594 and the collaboration in its entirety.
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-1065846, TAK-653/NBI-1065845 and TAK-831/NBI-1065844 (luvadaxistat). Takeda will be entitled to certain development milestones, commercial milestones and royalties on net sales and will, at certain development events, be able to opt in or out of a 50:50 profit share on all clinical programs on an asset-by-asset basis. Takeda received notices from Neurocrine announcing the termination of TAK-041 and TAK-831 development which took effect in March 2025. In January 2025, the Takeda/Neurocrine agreement was amended for TAK-653. Takeda re-acquired exclusive rights in Japan and is eligible to receive milestone payments and royalties from commercialization in other regions. Takeda will be responsible for the development costs in Japan; Neurocrine will be responsible for the development costs worldwide ex-Japan and is eligible to receive royalties for sales in Japan.
PeptiDream	Japan	Collaborative research and exclusive license agreement to create peptide-drug conjugates (PDCs) for neuromuscular and neurodegenerative diseases.

Oncology

Partner	Country of incorporation	Subject
AbbVie	U.S.	Exclusive licensing agreement to develop and commercialize mirvetuximab soravtansine-gynx in Japan for folate receptor-alpha (FRa) positive ovarian cancer.
Adimab	U.S.	Agreement for the discovery, development and commercialization of three mAbs and three CD3 Bi-Specific antibodies for oncology indications.
Ascentage Pharma	China	Option agreement to enter into an exclusive license agreement for olverembatinib/HQP1351, a BCR-ABL tyrosine kinase inhibitor (TKI), currently in development for chronic myeloid leukemia (CML) and other hematological cancers. If exercised, the option would allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of mainland China, Hong Kong, Macau, Taiwan and Russia.
Crescendo Biologics	U.K.	Collaboration and licensing agreement for the discovery, development and commercialization of Humabody®-based therapeutics for cancer indications.
Exelixis	U.S.	Exclusive licensing agreement to commercialize and develop CABOMETYX (cabozantinib) and its all potential future indications in Japan, including advanced renal cell carcinoma and hepatocellular carcinoma.
F-star	U.K.	Worldwide exclusive royalty-bearing license to Takeda to research, develop, and commercialize a bispecific antibody directed towards an undisclosed immuno-oncology target using F-star's proprietary Fcab™ and mAb2 ™ platforms. Takeda will be responsible for all research, development and commercialization activities under the agreement.
GSK	U.K.	Exclusive licensing agreement to develop and commercialize ZEJULA (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).

Partner	Country of incorporation	Subject
Innovent Biologics	China	Exclusive license, option and collaboration agreement with Innovent Biologics to advance next-generation immuno-oncology and antibody-drug conjugate (ADC) cancer therapies including: a collaboration on TAK-928 (IBI363), a first-in-class PD-1/α-biased IL-2 bispecific antibody fusion protein, including global co-development, U.S. co-commercialize, and exclusive commercialization rights outside the U.S. and Greater China; an exclusive license to further develop and commercialize TAK-921 (IBI343), an ADC targeting Claudin 18.2, outside of Greater China; and an exclusive option to license global development, manufacturing, and commercialization rights for IBI3001 (EGFR/B7H3 ADC) outside of Greater China.
Keros Therapeutics	U.S.	Exclusive licensing agreement with Keros Therapeutics, Inc. to further develop, manufacture and commercialize elritercept (TAK-226) worldwide outside of mainland China, Hong Kong and Macau.
Kumquat Biosciences	U.S.	Strategic and exclusive collaboration to develop and commercialize a novel immuno-oncology small molecule inhibitor as a mono- and/or combination-therapy.
Protagonist Therapeutics	U.S.	Worldwide license and collaboration agreement for the development and commercialization of rusfertide (TAK-121), an investigational injectable hepcidin mimetic peptide of the natural hormone hepcidin for treatment of polycythemia vera.

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	Germany	Research collaboration and option agreement to develop new targeted proteins.

Vaccines

Partner	Country of incorporation	Subject
Novavax	U.S.	Partnership for the development, manufacturing and commercialization of NUVAXOVID® Intramuscular Injection, Novavax's 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). In September 2024, Takeda announced that the MHLW granted manufacturing and marketing approval for the 2 dose NUVAXOVID Intramuscular Injection 1 mL for the prevention of infectious disease caused by the SARS-CoV-2 Omicron JN.1 variant.

Other / Multiple Therapeutic Area

Partner	Country of incorporation	Subject
BridGene Biosciences	U.S.	Research collaboration to discover small molecule drugs for “undruggable” targets using BridGene’s chemoproteomics platform.
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.
GSK	U.K.	In-license agreement between GSK and University of Michigan for LIVTENCITY (maribavir, TAK-620) in the treatment of human cytomegalovirus.
Iambic Therapeutics	U.S.	Cross-therapeutic area discovery research alliance to leverage Iambic’s computational-driven discovery engine to accelerate delivery of high-quality small molecule candidate for first-in-class and best-in-class programs.
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 ADZYNMA (rADAMTS13, TAK-755), including but not limited to TTP.
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.
Nabla Bio	U.S.	Research collaboration to discover novel protein sequences with Nabla’s AI and experimental technologies for drug design.

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 us. 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 on investments into R&D for 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 making, using, selling, or offering for sale an invention related to a pharmaceutical product during the term of the patent. We use various types of patents to protect our biopharmaceutical products, including substance patents, which cover active ingredients, as well as patents covering usage, manufacturing processes and formulation of drugs. Also, our trademark registrations play a key role in protecting Takeda's brands and preserving their long-term value, in particular, against other parties that pursue confusingly similar names or branding.

Our products, especially small molecules, are mainly protected by substance patents. While the expiration of a substance patent can result 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 or market protection under relevant laws in each country even if the substance patent expires.

In the U.S., patents generally expire 20 years after the earliest non-provisional 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 5 years and may not extend the patent term beyond 14 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 5 years for a new chemical entity, 7 years for an orphan drug or 12 years for a biological 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 claims directed to methods of treating/diagnosing human diseases are not patentable in Japan, claims directed to pharmaceutical compositions for use to treat a specific conditions or indications are patentable, 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 5 years, depending on the amount of time spent for the drug approval process. Unlike the U.S., more than one patent per product can be extended in Japan. Japan also has a re-examination system which confirms the safety and efficacy of drugs and offers a re-examination period of 8 years for pharmaceuticals that contain new active pharmaceutical ingredients and 4 years to 6 years for new combination products and 10 years for orphan drugs.

In the EU, patent applications may be filed in the European Patent Office ("EPO") or in the national patent office of 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 United Kingdom, Switzerland and Turkey. When the EPO grants a patent, it is then validated in the countries that the patent owner designates. At the patent owner's request, unitary effect is given for the territory of the EU Member States participating in the Unitary Patent ("UP") system, that have ratified the Agreement on a Unified Patent Court ("UPC"). The term of a patent granted by the EPO or a European country office 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 only extend the patent term for a maximum of 5 years and not extend the patent term beyond 15 years from the date of the first European marketing authorization. The SPC duration can additionally be extended by a further Pediatric Extension of 6 months if the SPC relates to a non-orphan medicinal product 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 protection (RDP) 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 8 years of data exclusivity, during which a competitor cannot rely on the relevant data, a further period of 2 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 1-year extension of the market exclusivity period if, during the initial 8-year data exclusivity period, the sponsor registered a new therapeutic indication for the concerned drug. However, the additional 1-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 10 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 2-year Pediatric Extension for completion of a PIP. The Pharma Legislation in Europe, including systems such as regulatory data protection is currently under revision and may result in different exclusivity periods in the future. In the revision process, a political agreement was reached between the European Council and the European Parliament in December 2025 agreeing on a 8+1+1+1 scheme for RDP and revised incentives for orphan medicines. The agreed texts of the new legislation have not yet been published, leaving the timeline uncertain.

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 and business 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, except that, in least developed countries (LDCs) and low-income countries (LICs), we committed not to file or enforce patents as part of our commitment to widen access to our medicine.

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 31 to our audited consolidated financial statements included in this annual report.

The following table describes our outstanding substance patents and the regulatory protection ("RP") (U.S. and EU) or re-examination period ("RP") (Japan) for the indicated product by territory and expiry date. 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 may be 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: -[*6]	Patent: -[*6]
GATTEX/REVESTIVE	Patent: - RP: June 2031[*2]	Patent: -[*5]	Patent: -
TAKECAB[*3]	Patent: August 2031	Patent: -[*3]	Patent: -[*3]
PANTOLOC /CONTROLOC (PANTOPRAZOLE)	Not commercialized	Patent: -	Patent: -
DEXILANT	Not commercialized	Patent: -	Patent: -
LIALDA/MEZAVANT[*3]	Patent: -[*3]	Patent: -	Patent: -
RESOLOR/MOTEGRITY	Not commercialized	Patent: -	Patent: -
EOHILIA	Not commercialized	Patent: - RP: February 2031	Not commercialized
Rare Diseases:			
TAKHZYRO	Patent: January 2036 RP: March 2032[*2]	Patent: August 2032 RP: August 2030	Patent: November 2033 RP: November 2030
ADVATE	Patent: -	Patent: -	Patent: -
ADYNOVATE/ADYNOVI	Patent: -	Patent: - RP: November 2027	Patent: Extended expiry of February 2029[*10]
ELAPRASE[*3]	Patent: -[*3]	Patent: -	Patent: -
REPLAGAL	Patent: -	Not commercialized	Patent: -
VPRIV	Patent: -	Patent: -	Patent: -
FIRAZYR	Patent: - RP: September 2028[*2]	Patent: -	Patent: -
LIVTENCITY	Patent: - RP: June 2034[*2]	Patent: - RP: November 2028	Patent: - RP: November 2032
VONVENDI	Patent: - RP: March 2030[*2]	Patent: December 2030 RP: December 2027[*9]	Patent: - RP: August 2028
ADZYNMA	Patent: - RP: March 2034[*2]	Patent: - RP: November 2035	Patent: - RP: August 2034
PDT:			

Our product	Japan expiry dates[*1, *2]	U.S. expiry dates[*1]	EU expiry dates[*1]
GAMMAGARD LIQUID	Patent: -	Patent: -	Patent: -
HYQVIA	Patent: - RP: September 2031[*2]	Patent: - RP: September 2026	Patent: -
CUVITRU	Patent: - RP: September 2031	Patent: - RP: September 2028	Patent: - RP: July 2026
FLEXBUMIN	Not commercialized	Patent: -	Patent: -
HUMANALBUMIN	Not commercialized	Patent: -	Not commercialized
FEIBA	Patent: -	Patent: -	Patent: -
HEMOFIL	Not commercialized	Patent: -	Not commercialized
IMMUNATE	Not commercialized	Not commercialized	Patent: -
IMMUNINE	Not commercialized	Not commercialized	Patent: -
CINRYZE	Not commercialized	Patent: -	Patent: -
GLASSIA	Not commercialized	Patent: -	Not commercialized
ARALAST	Not commercialized	Patent: -	Not commercialized
Oncology:			
*ADCETRIS[*4]*	Patent: July 2028[*7] RP: May 2028[*2*8]	Patent: -[*4]	Patent: October 2027
LEUPLIN/ENANTONE	Patent: -	Patent: -	Patent: -
NINLARO	Patent: July 2031 RP: March 2027[*2]	Patent: November 2029	Patent: November 2031 RP: November 2026
*ICLUSIG[*3]*	Patent: -[*3]	Patent: January 2027	Patent: -[*3]
ALUNBRIG	Patent: November 2032 RP: January 2029[*2]	Patent: April 2031	Patent: November 2033 RP: November 2028
*VECTIBIX[*4]*	Patent: -	Patent: -[*4]	Patent: -[*4]
*ZEJULA[*4]*	Patent: January 2033 RP: September 2028[*2]	Patent: -[*4]	Patent: -[*4]
FRUZAQLA	Patent: May 2034 RP: September 2032[*2]	Patent: March 2032 RP: November 2028	Patent: May 2029 RP: June 2034
*CABOMETYX[*4]*	Patent: September 2029 RP: March 2028[*2]	Patent: -[*4]	Patent: -[*4]
Vaccines:			
QDENGA	Not commercialized	Not commercialized	Patent: - RP: December 2032
Neuroscience:			
VYVANSE/ELVANSE	Patent: June 2029 RP: March 2027[*2]	Patent: -	Patent: Extended expiry of February 2028, July 2028 or September 2029 in certain countries
*TRINTELLIX [*4]*	Patent: October 2027 RP: September 2029[*2]	Patent: December 2026	Patent: -[*4]
ADDERALL XR	Not commercialized	Patent: -	Not commercialized
INTUNIV	Patent: -	Patent: -	Patent: -
Other:			
AZILVA	Patent: -	Not commercialized	Not commercialized
*FOSRENOL[*3]*	Patent: -[*3]	Patent: -	Patent: -

*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 in the U.S. as of March 2026. The exact timing of the market entry of the generic version of *GATTEX/REVESTIVE* is uncertain.

*6 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. Biosimilars seeking to launch prior to 2032 must address potential infringement and/or the validity of all relevant patents and therefore the exact timing of biosimilar entry is uncertain.

*7 Patent term extensions (PTE) for (a) frontline Hodgkin's lymphoma, (b) relapsed/refractory PTCL excluding ALCL and (c) pediatric use for relapsed/refractory Hodgkin's lymphoma, relapsed/refractory PTCL and frontline Hodgkin's lymphoma (PTE for each of relapsed/refractory Hodgkin's lymphoma and relapsed/refractory ALCL expires in April 2026).

*8 RP for pediatric frontline Hodgkin's lymphoma only (RP for each of relapsed/refractory Hodgkin's lymphoma, relapsed/refractory ALCL, frontline Hodgkin's lymphoma, PTCL and pediatric relapsed/refractory Hodgkin's lymphoma and pediatric relapsed/refractory PTCL expired in January 2024, RP for relapsed/refractory CTCL is September 2029).

*9 RP for routine prophylaxis of adults with severe type 3 VWD expires in January 2029. RP for on-demand treatment and perioperative management of bleeding in pediatric patients with VWD, and for routine prophylaxis in adults with VWD (other than severe type 3 VWD), expires in September 2032.

*10 It applies only in Austria, Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

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 fiscal year ended March 31, 2026 was JPY 200.1 billion.

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, 2026

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	23,713	63	(513) 16,052	28,531	9	3,198	55,515	1,065
Head Office [Chuo-ku, Osaka and others]	Administrative and sales	2,870	24	(1,006) 362,305	990	—	478	4,362	395
Osaka Plant [Yodogawa-ku, Osaka]	Production, research and development	16,700	1,873	(6,768) 163,694	1,376	—	23,344	43,292	462
Hikari Plant [Hikari-shi, Yamaguchi]	Production, research and development	28,623	13,099	(3,763) 1,011,061	3,618	584	7,016	52,940	1,051
Narita Plant [Narita-shi, Chiba]	Production, research and development	1,772	2,215	27,644	584	—	1,229	5,801	206
Shonan Research Center [Fujisawa-shi, Kanagawa]	Research and development	3,551	609	21,009	274	—	11,272	15,707	604
Sales Hubs [Chuo-ku,Tokyo and others]	Administrative and sales	62	—	—	—	—	22	84	1,010

*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 JPY 1 million (237m^2) and buildings of JPY 289 million 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 JPY 4,193 million. Figures in parentheses of "Land" represent the square meters of the leased land.
*6 Global Headquarters and Head Office consist of buildings, accompanying facilities and lands, including dormitories, company housing and other lands and facilities managed by Global Headquarters and Head Office.

(2) Consolidated Subsidiaries

As of March 31, 2026

Subsidiaries' Company Name [Main Location]	Operating Segment	Type of Facilities	Carrying Amount (JPY (millions))							Number of Employees
			Buildings and Structures	Machinery and Vehicles	Land		ROU Assets	Other	Total Amount	
					Area (m^2)	Amount				
Baxalta, US, Inc. [Covington, GA,U.S.A.]	Pharmaceuticals	Production and others	227,208	108,508	(6,217) 823,227	6,052	68,901	82,352	493,022	2,782
Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Administrative, sales and others	25,074	178	(24,227) —	—	180,124	30,173	235,549	3,867
BioLife Plasma Services LP [Bannockburn, IL, U.S.A.]	Pharmaceuticals	Production and others	62,933	25,539	(81,869) 453,691	4,637	94,314	7,945	195,368	9,272
Shire Human Genetic Therapies, Inc. [Lexington, MA, U.S.A.]	Pharmaceuticals	Production and others	50,882	16,836	(5,411) 393,799	28,714	53,556	20,551	170,540	799
Takeda Manufacturing Austria AG [Vienna, Austria]	Pharmaceuticals	Production and others	63,051	40,595	140,559	5,862	6,474	13,970	129,951	2,982
Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Production and others	16,920	31,162	150,599	539	1,380	59,367	109,370	1,129
Baxalta Manufacturing, S.à r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Production and others	16,655	29,419	87,040	3,035	—	42,299	91,408	649
Takeda Manufacturing Italia S.p.A.[Rome, Italy]	Pharmaceuticals	Production and others	16,396	24,611	111,150	1,629	—	21,998	64,634	821
Takeda GmbH [Konstanz, Germany]	Pharmaceuticals	Production and others	3	20,359	—	—	434	26,543	47,338	1,746
Takeda Ireland Limited [Kilruddery, Ireland]	Pharmaceuticals	Production and others	22,252	10,778	202,679	3,887	—	9,234	46,150	479
Takeda Development Center Americas, Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research, development and others	16,753	11,166	73,382	9,827	0	6,152	43,898	3,544
Takeda Singen Real Estate GmbH & Co. KG [Singen, Germany]	Pharmaceuticals	Production and others	22,683	2,451	141	1,030	—	15,620	41,783	—
Takeda Manufacturing Singapore Pte. Ltd. [Singapore]	Pharmaceuticals	Production and others	8,842	20,440	(7,096) —	—	183	2,820	32,285	383
Takeda Austria GmbH [Linz, Austria]	Pharmaceuticals	Production and others	11,545	11,124	24,850	167	76	7,648	30,561	487
Takeda Manufacturing U.S.A., Inc [Round Lake, IL, U.S.A.]	Pharmaceuticals	Production and others	8,518	10,798	144,649	592	—	9,676	29,584	575

*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 JPY 1,593 million (3,078m^2) and buildings and structures of JPY 1,230 million 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 JPY 13,005 million. Figures in parentheses of "Land" represent the square meters of the leased 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 table sets forth our material new facility construction, facility removal projects and/or facilities sales projects.

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 *1	-*2	9,756	Funds on hand	-*2	-*2
Construction	Baxalta US Inc. [Los Angeles, CA, U.S.A.]	Pharmaceuticals	Manufacturing *3	38,966	29,767	Funds on hand	January 2024	February 2028
Construction	Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Research and office	310,667 *4	14,143	Funds on hand/ Lease	January 2023	December 2028
Construction	Takeda Pharmaceuticals U.S.A., Inc. [Cambridge, MA, U.S.A.]	Pharmaceuticals	Office	31,143	17,657	Funds on hand	October 2022	October 2026
Construction	Baxalta Belgium Manufacturing S.A. [Lessines, Belgium]	Pharmaceuticals	Manufacturing and warehouse *5	46,813	46,777	Funds on hand	February 2022	June 2027
Construction	Baxalta Manufacturing, S.à r.l. [Neuchatel, Switzerland]	Pharmaceuticals	Manufacturing	32,209	30,494	Funds on hand	June 2021	July 2027

*1 The facility is for the manufacturing of plasma-derived therapies.
*2 Takeda had planned a long-term investment to construct a new manufacturing facility for plasma-derived therapies at the Osaka plant with a total budget of JPY 95,000 million. In the fiscal year ended March 31, 2025, Takeda decided to increase the total planned investment amount to JPY 153,000 million and revised the expected commencement and completion schedule, reflecting a price surge in construction materials, partly attributable to the depreciation of the Japanese yen, as well as a labor shortage among construction companies. In the fiscal year ended March 31, 2026, following a comprehensive review of construction costs with its partners, Takeda observed additional upward pressure on project costs and proceeded to reevaluate the scope of the construction plan, as well as the timeline for the commencement and completion of the construction.
*3 The facility is for a plasma fractionation capacity expansion.
*4 The budget includes a lease term payment obligation expected to start in 2026 based on a lease agreement we entered into.
*5 The facility is for the manufacturing of plasma-derived therapies.

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, 2026	Number of Shares Issued as of the Filing Date (June 17, 2026)	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	1,591,229,109	1,591,266,609	Securities Exchanges in Tokyo (Prime Market), Nagoya (Premium Market), Fukuoka, Sapporo, and New York	The number of shares per unit is 100 shares.
Total	1,591,229,109	1,591,266,609	—	—

*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, 2026 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 (*)	7,056 [6,858] *1
Number of treasury stock acquisition rights (*)	1,383 [1,383]
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 705,600 [685,800] *2
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 3,705
Exercise period of stock acquisition rights (*)	From July 16, 2014 to July 15, 2031 *3
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 4,132 *4 Amount of Capitalization: JPY 2,066
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, 2026). For items changed between the end of the current fiscal year and May 31, 2026 (the end of the month preceding the submission date), the status as of May 31, 2026 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

*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 (JPY 3,705 per share) and a fair value per stock acquisition right on the allotment date (JPY 427 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 (*)	11,572 [11,486] *1
Number of treasury stock acquisition rights (*)	3,073 [3,073]
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,157,200 [1,148,600] *2
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 3,725
Exercise period of stock acquisition rights (*)	From July 18, 2015 to July 17, 2032 *3
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 4,094 *4 Amount of Capitalization: JPY 2,047
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, 2026). For items changed between the end of the current fiscal year and May 31, 2026 (the end of the month preceding the submission date), the status as of May 31, 2026 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

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 (JPY 3,725 per share) and a fair value per stock acquisition right on the allotment date (JPY 369 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	December 19, 2013
Position and the number of grantees	134 Corporate officers and other senior management
Number of stock acquisition rights (*)	10,266 [10,175] *1
Number of treasury stock acquisition rights (*)	2,396 [2,396]
Class and the number of shares to be issued upon exercise of stock acquisition rights (*)	Common stock: 1,026,600 [1,017,500] *2
Amount to be paid in upon exercise of stock acquisition rights (Exercise price) (*)	JPY 4,981
Exercise period of stock acquisition rights (*)	From July 20, 2016 to July 19, 2033 *3
Price of issuing shares and the amount of capitalization upon exercise of stock acquisition rights (*)	Price of issuing stocks: JPY 5,534 *4 Amount of Capitalization: JPY 2,767
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, 2026). For items changed between the end of the current fiscal year and May 31, 2026 (the end of the month preceding the submission date), the status as of May 31, 2026 is stated in square brackets ([ ]). Other items have not been changed since the end of the current fiscal year.

*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 (JPY 4,981 per share) and a fair value per stock acquisition right on the allotment date (JPY 553 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, 2021 to March 31, 2022 *1,2,3,4	5,865	1,582,253	8,118	1,676,263	14,037	1,668,276
From April 1, 2022 to March 31, 2023 *1	44	1,582,296	82	1,676,345	82	1,668,357
From April 1, 2023 to March 31, 2024 *1	123	1,582,419	251	1,676,596	251	1,668,608
From April 1, 2024 to March 31, 2025 *1,5	8,531	1,590,950	18,089	1,694,685	18,089	1,686,697
From April 1, 2025 to March 31, 2026 *1	280	1,591,229	593	1,695,277	593	1,687,290

*1 The increase in the number of shares issued in fiscal year 2021 (10 thousand), 2022 (44 thousand), 2023 (123 thousand), 2024 (12 thousand) and 2025 (280 thousand) is due to exercise of stock acquisition rights.
*2 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 JPY 5,919 million.
*3 518 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: JPY 3,730 Amount of capitalization: JPY 1,865
Allottee: The Master Trust Bank of Japan, Ltd (trust account for Stock grant ESOP)
*4 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 JPY 7,138 million, respectively.
*5 8,519 thousand shares out of the increase in the number of issued shares in fiscal year 2024 is due to the issuance of new stocks through third party allotment.
Price of issuing stocks: JPY 4,241 Amount of capitalization: JPY 2,120.5
Allottee: 10,891 employees of the Company and certain subsidiaries of the Company
*6 The exercise of stock acquisition rights between April 1, 2026 to May 31, 2026 increased the number of shares issued by 38 thousand shares and the amount of share capital and legal capital surplus by 84 million JPY, respectively.

(5) Status by Type of Holder

As of March 31, 2026

	Status of Shares (1 unit = 100 shares)								
					Foreign Shareholders				
Classification	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders Other Than Individuals	Individuals	Individuals and Others	Total	Shares Less Than One Unit
Number of shareholders (persons)	2	229	51	3,296	1,206	1,360	617,092	623,236	—
Number of shares held (Trading units)	13	4,235,278	1,009,453	473,007	6,672,551	6,101	3,495,303	15,891,706	2,058,509
Percentage of shares held (%)	0.00	26.65	6.35	2.98	41.99	0.04	21.99	100.00	—

* 6,290,256 shares of treasury stock include 62,902 units of shares held by “Individuals and Others” and 56 shares held by “Shares Less Than One Unit.”

(6) Major Shareholders

As of March 31, 2026

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)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	266,860	16.84
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	85,053	5.37
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)	71,655	4.52
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	46,685	2.95
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	Woolgate House, Coleman Street, London EC2P 2HD, England (2-15-1, Konan, Minato-ku, Tokyo)	38,731	2.44
JP Morgan Chase Bank 385642 (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)	24,242	1.53
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)	23,394	1.48
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	22,142	1.40
JP Morgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	20,021	1.26
Barclays Securities Japan Limited	6-10-1, Roppongi, Minato-ku, Tokyo	18,406	1.16
Total		617,189	38.94

(7) Status of Voting Rights

1) Issued shares

As of March 31, 2026

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	6,290,200	—	—
Shares with full voting rights (Others)	Common stock	1,582,880,400	15,828,804	—
Shares less than one unit	Common stock	2,058,509	—	Shares less than one unit (100 shares)
Number of shares issued		1,591,229,109	—	—
Total number of voting rights		—	15,828,804	—

*1 Based on the resolution at the Board of Directors Meeting on January 30, 2025, the Company acquired 11,823,500 of treasury stock by open-market repurchase through a trust bank in April 2025, thereby completing the repurchase of treasury stock in accordance with the resolution of the Board of Directors Meeting after acquiring 23,367,100 of treasury stock in total during the repurchase period.

*2 On July 8, 2025, Takeda conducted the disposal of 17,270,941 treasury stock based on the resolution made on June 10, 2025 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 Common stock in "Shares with full voting rights (Others)" includes 2,958,800 shares (voting rights: 29,588 units) held by the ESOP trust account and 2,142,800 shares (voting rights: 21,428 units) held by the BIP trust account, respectively.

*4 Common stock in "Shares less than one unit" includes 56 shares of treasury stock, and 159 shares held by the ESOP trust account and 264 shares held by the BIP trust account, respectively.

2) Treasury Stock, etc.

As of March 31, 2026

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	6,290,200	—	6,290,200	0.40
Total	—	6,290,200	—	6,290,200	0.40

* In addition to the above treasury stock and 56 shares of less than one unit, 2,958,959 shares held by the ESOP trust account and 2,143,064 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 outside of Japan 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 residing outside of Japan 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 the Company's shares acquired through the ESOP Trust, or pays 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.

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 14, 2024, the Company extended the trust period of the ESOP Trust which was established in 2021 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 9, 2024. On May 13, 2025, the Company extended the trust period of the ESOP Trust which was established in 2022 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 8, 2025. On May 18, 2026, the Company extended the trust period of the ESOP Trust which was established in 2023 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 13, 2026.

(ii) Trust Agreement

[2024]

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 14, 2024)
Trust term:	From May 22, 2015 to August 31, 2027 (the Trust term was extended by the amendment agreement executed as of May 14, 2024) (Base points were granted on July 1, 2024)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[2025]

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 13, 2025)
Trust term:	From May 20, 2016 to August 31, 2028 (the Trust term was extended by the amendment agreement executed as of May 13, 2025) (Base points were granted on July 1, 2025)
Exercise of voting rights:	No voting rights will be exercised
Vested rights holder:	The Company

[2026]

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 18, 2026)
Trust term:	From May 21, 2014 to August 31, 2029 (the Trust term was extended by the amendment agreement executed as of May 18, 2026) (Base points will be granted on July 1, 2026 (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 FY2026: Approximately 410,000 shares (scheduled)

(iv) Beneficiaries

Person(s) who meet beneficiary requirements among Takeda 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 residing outside of Japan 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 residing outside of Japan 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 residing outside of Japan 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 residing outside of Japan 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 residing outside of Japan. 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 2023, July 2024 and July 2025, 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 outside of Japan) 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 outside of Japan) 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. In addition, if an eligible Director resides outside of Japan, the Company may convert the vested Company's shares from the BIP Trust into Company ADSs and deliver them accordingly.

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 outside of Japan 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 outside of Japan) ("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, 2024, the Company extended the BIP Trust which was established in 2021 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 9, 2024 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 outside of Japan) ("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 13, 2025, the Company extended the BIP Trust which was established in 2022 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 8, 2025 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 outside of Japan) ("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 18, 2026, the Company extended the BIP Trust which was established in 2023 as the NSV Trust with entrustment of additional money to the Trust based on the resolution of continuation of the Plan at the meeting of the Board of Directors held on May 13, 2026 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 outside of Japan) ("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

[2024 (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, 2024)
Trust term:	May 22, 2015 to August 31, 2027 (the Trust term was extended by the amendment agreement executed as of May 14, 2024) (Base points were granted on July 1, 2024)
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 16, 2024
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[2025 (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 13, 2025)
Trust term:	August 3, 2016 to August 31, 2028 (the Trust term was extended by the amendment agreement executed as of May 13, 2025) (Base points were granted on July 1, 2025)
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:	1.4 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 15, 2025
Manner of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company

[2026 (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 18, 2026)
Trust term:	August 4, 2014 to August 31, 2029 (the Trust term was extended by the amendment agreement executed as of May 18, 2026) (Base points will be granted on July 1, 2026 (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:	0.8 billion yen (including trust fees and trust expenses)
Timing of share acquisition:	May 20, 2026
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 FY2026: Approximately 380,000 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 (January 30, 2025) (Acquisition: from February 17, 2025 to May 31, 2025)	28,500,000	¥ 100,000,000,000
Treasury stock acquired during the previous fiscal year	11,543,600	49,977,908,700
Treasury stock acquired during the current fiscal year	11,823,500	49,977,956,800
Number of shares and total amount of outstanding shares of resolution	5,132,900	44,134,500
Ratio of non-exercised portion at the end of the current fiscal year (%)	18.0	0.0
Treasury stock acquired during the current period	—	—
Ratio of non-exercised portion as of the filing date (%)	18.0	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	3,213	¥ 14,970,965
Treasury stock acquired during the current period	151	863,474

*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, 2026 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	17,270,941	¥ 73,759,583,465	—	¥ —
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)	—	—	—	—
Number of shares of treasury stock held	6,290,256	—	6,290,407	—

*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, 2026 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 supported by our balance sheet (maintaining solid investment grade credit ratings; targeting 2x adjusted net debt to adjusted EBITDA ratio*), we will allocate capital to deliver sustainable value to patients and attractive returns to our shareholders.

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

- Invest in growth drivers; and
- Shareholder returns.

With respect to "Invest in growth drivers", Takeda makes strategic investments in new product launches, internal and external opportunities to enhance its pipeline, 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, 2026, please refer to "1. Consolidated Financial Statements and others - (1) Consolidated Financial Statements - Notes to Consolidated Financial Statements - Note25 "Equity and Other Equity Items" in our Form 20-F.)

* Please refer to II. Operating and Financial Review and Prospects, (2) Management Discussion and Analysis on Business Performance, 4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda in 4. Management's Analysis of Financial Position, Operating Results and Cash Flows for the definition.

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 strive for a business management structure appropriate for a global, values-based, R&D-driven, digital biopharmaceutical company. The Company is strengthening its internal controls, ensuring rigorous 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 overall 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. This separation of business execution and supervision 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. By implementing audit and supervision systems conducted by ASC, increasing the proportion of External Directors and promoting diversity within the board, the Company aims to increase transparency and independence of the BOD and further enhance its corporate governance.

[Directors]

– Chair of the Board Meeting: Independent External Director
– Number of Directors: 14 persons (Male 11 persons, Female 3 persons 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 consists only of External Directors and 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 attending important meetings, reviewing important documents, and conducting periodical interviews with executives. 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 members 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, 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 risk-related matters), the Portfolio Review Committee (which is responsible for R&D and products related matters). These committees review important matters to ensure the agility and flexibility of business execution and promote 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 according to the “Board of Directors Charter.” The BOD consists of 14 Directors (including 3 females), including 11 External Directors, 6 Japanese and 8 non-Japanese (as of June 17, 2026), and meets in principle eight times per year to make resolutions and receive reports on important matters regarding management. In fiscal year 2025, the BOD discussed and made decisions on particularly important matters including the convocation and proposal matters of the General Meeting of Shareholders, enterprise risk assessments, annual and mid-range business plan, interim financial results, quarterly financial results, financial statements, business report, revision of the T-MAP, etc. They also discussed and made decisions on the changes to organizational structure and executive leadership team for fiscal year 2026. In addition, the BOD 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 2024 and all Internal Directors who took office at the end of fiscal year 2024 attended all meetings.
(Please refer to the Table “2) External Directors’)” in [(2) Member of the Board of Directors] of this report about the attendance of External Directors.) The BOD meeting 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 as advisory bodies to the BOD. Both committees are composed entirely of and chaired by External Directors.

[Internal Audit]

The GIA department, comprising 55 members, the Corporate Environment, Health, Safety & Sustainability (EHSS) 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 (TET)]

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, including the Risk Sub-Committee]

The Business & Sustainability Committee (BSC) 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 risk-related matters.During the fiscal year 2025, the company decided to merge the Risk, Ethics & Compliance Committee and the BSC into a single committee to further embed risk management into relevant decision making, and to establish a new Risk Sub-Committee under the BSC to focus on risk management and control insights. The Risk Sub-Committee determines enterprise risk mitigation actions with relevant business leaders and escalates issues or insights to the BSC as needed. The revised committee structure has been in operation since April 2026.

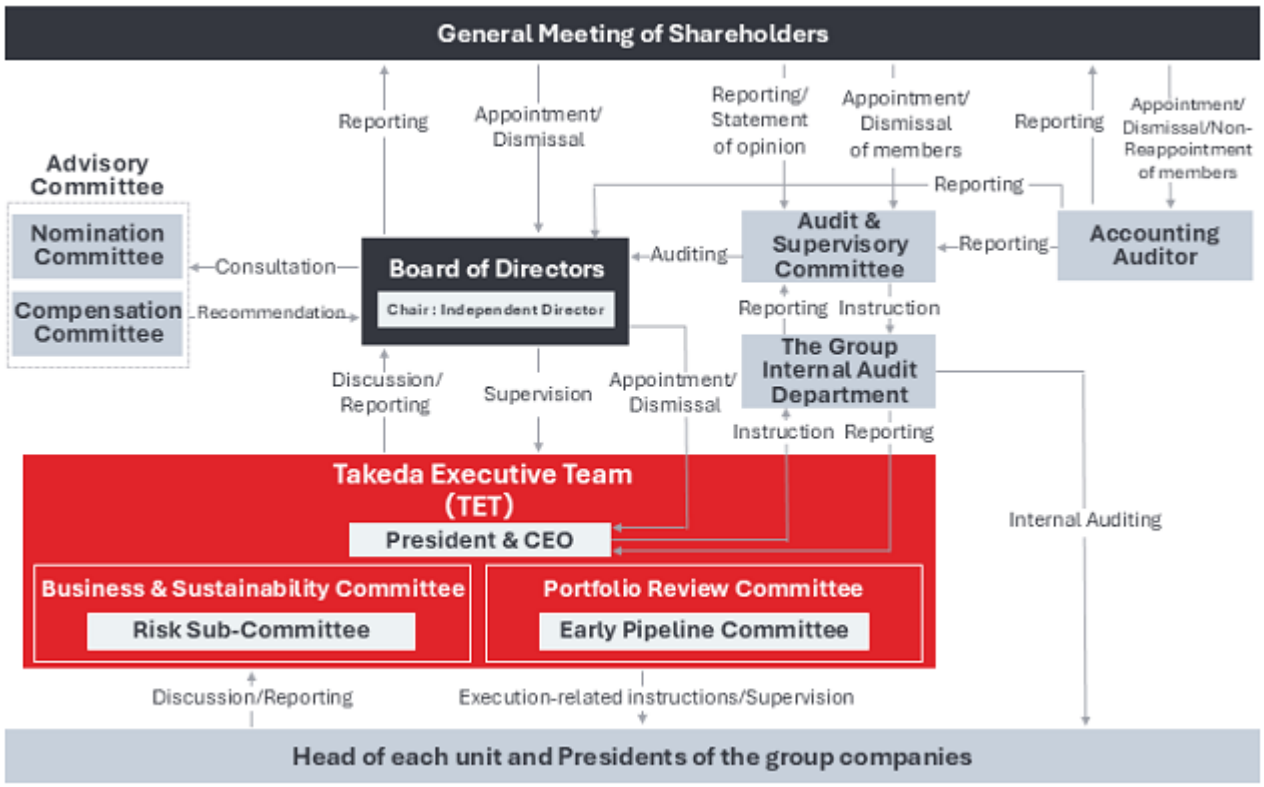
[Portfolio Review Committee, including the Early Pipeline Committee as its sub-committee]

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.During the fiscal year 2025, the company decided to split PRC into two distinct governance bodies aligned to asset stage to further ensure that portfolio decisions are assessed from an enterprise perspective, enabling more holistic and aligned decision making. The PRC oversees decisions for late-stage programs beginning at Phase 2 and beyond. The Early Pipeline Committee focuses on early-stage portfolio decisions from portfolio entry through Phase 1. The revised committee structure has been in operation since April 2026.

[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," and "Vision", is deeply engrained throughout the organization. These principles serve as the foundation of the Takeda corporate culture. In addition, the Company is continuously working to strengthen its compliance framework through the dissemination of the "Takeda Global Code of Conduct" and development of 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 has, over time, increased both the proportion and diversity of External Directors in order to enhance the objectivity and range of perspectives 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 2025, the Nomination Committee and the Compensation Committee held four meetings and five meetings, respectively. The election of members of both committees was held on June 25, 2025, and almost all members attended all committee meetings held during their tenure (Mr. Michel Orsinger attended four out of five Compensation Committee meetings). In the fiscal year 2025, the Nomination Committee reviewed the succession plan, assessed director candidates and their succession plans, and provided recommendations to the BOD. In fiscal year 2025, 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 17, 2026) :
  Nomination Committee: Mr. Masami Iijima (Chairperson), Dr. Steven Gillis, Ms. Emiko Higashi, Mr. Michel Orsinger, Mr. Jean-Luc Butel and Mr. Yoshiaki Fujimori (Mr. Christophe Weber as an observer)
  Compensation Committee: Ms. Emiko Higashi (Chairperson), Dr. John Maraganore, Mr. Michel Orsinger, Ms. Miki Tsusaka and Ms. Kimberly A. Reed
- The Company has established the below committees in order to properly deliberate and decide on important matters:
  - ○ Business & Sustainability Committee (BSC), including the Risk Sub-Committee (RSC): responsible for corporate/business development matters and risk-related matters
  - ○ Portfolio Review Committee(PRC), including the Early Pipeline Committee (EPC) as its sub-committee: responsible for R&D and product related matters
- The Company has established the TET, which consists of the President & CEO and the heads of the divisions of the Takeda Group, to strengthen its global business management and foster cross-divisional collaboration.

- 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 management system across the Takeda Group by establishing Global Policies such as business resilience, Environment, Health and Safety (EHS) and raising & handling concerns of potential misconduct.
- The Company has established a Quality Management System (QMS) , which includes documented requirements and procedures, Audits and compliance monitoring 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.

(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 principles and processes to identify, monitor and report 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 with respect to business execution to certain Directors. This enables the BOD to focus more on business strategies, internal controls and other important business matters of the Takeda Group.
- These matters delegated to certain 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 professionals, healthcare entities, patients, patient organizations, government officials 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 works to avert any damage from antisocial forces by maintaining close contact with the police, collecting information, and providing the information and training opportunities internally.

(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.

- The ASC Office is established, with dedicated staff members appointed 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 to ensure 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 can access the minutes and materials of important meetings at any time, and 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. In addition, any facts that could cause significant damage to the Takeda Group need to be immediately reported to the ASC.
- The Company has established a system to ensure that the Directors and employees, etc. would not be subject to any unfavorable treatment for reporting to the ASC.
- The Company has established an environment that enables the ASC to 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

1. As of June 17, 2026 (the filing date of the Annual Securities Report), the status of the Company's board of directors is as follows.

11 male Directors and 3 female Directors (percentage of female: 21%)

Name	Christophe Weber	
Title	Representative Director, President and Chief Executive Officer	
Date of Birth	November 14, 1966	
Number of Shares Held, (Number of Shares to be Provided) (*3)		839,300 shares (646,004 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		49,425 shares (656,068 shares)
Term	See (*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)	
June 2026	External Director, Boston Scientific Corporation (to present)	

Name	Milano Furuta	
Title	Director, Chief Financial Officer	
Date of Birth	February 26, 1978	
Number of Shares Held, (Number of Shares to be Provided) (*3)		30,600 shares (121,061 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
April 2000	Joined The Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.)	
June 2006	Joined Taiyo Pacific Partners, USA	
July 2010	Joined the Company	
June 2017	Country Manager, Takeda Pharma AB (Sweden)	
January 2019	Corporate Strategy Officer & Chief of Staff of the Company	
April 2021	President, Japan Pharma Business Unit of the Company	
April 2024	Chief Financial Officer of the Company (to present)	
June 2024	Director of the Company (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) (*3)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		623,447 shares (826,384 shares)
Term	See (*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	
January 2019	President, Research and Development (to present)	
July 2021	President, Research and Development, Takeda Development Center Americas, Inc. (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) (*3)		6,400 shares (13,224 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*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	Executive Advisor, 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	Ian Clark	
Title	Director	
Date of Birth	August 27, 1960	
Number of Shares Held, (Number of Shares to be Provided) (*3)		— shares (15,580 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		9,696 shares (— shares)
Term	See (*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)	
January 2019	External Director of the Company (to present)	
August 2020	External Director, Olema Pharmaceuticals, Inc. (to present)	
September 2021	External Director, Kyverna Therapeutics, Inc. (to present)	
August 2025	External Director, BioMarin Pharmaceutical, Inc. (to present)	

Name	Steven Gillis	
Title	Director	
Date of Birth	April 25, 1953	
Number of Shares Held, (Number of Shares to be Provided) (*3)		— shares (15,580 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		15,857 shares (— shares)
Term	See (*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, GSK)	
January 1999	Director and Chairman, Corixa Corporation (currently, GlaxoSmithKline)	
August 2005	Managing Director, ARCH Venture Partners (to present)	
October 2012	External Director, Shire plc	
January 2019	External Director of the Company (to present)	

Name	Emiko Higashi	
Title	Director	
Date of Birth	November 6, 1958	
Number of Shares Held, (Number of Shares to be Provided) (*3)		5,000 shares (19,756 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		7,600 shares (— shares)
Term	See (*5)	
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	
March 2023	External Director, Rapidus Corporation (to present)	
June 2024	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) (*3)		— shares (13,224 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		7,600 shares (— shares)
Term	See (*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.	
June 2017	Chairperson, Biotechnology Innovation Organization	
November 2021	External Director, Beam Therapeutics, Inc. (to present)	
January 2022	Principal and Chief Executive Officer, JMM Innovations, LLC (to present)	
February 2022	External Director, Kymera Therapeutics, Inc. (to present)	
June 2022	External Director of the Company (to present)	
March 2024	External Director, Rapport Therapeutics, Inc. (to present)	
September 2025	Co-Chief Executive Officer, Corsera Health, Inc. (to present)	

Name	Michel Orsinger	
Title	Director	
Date of Birth	September 15, 1957	
Number of Shares Held, (Number of Shares to be Provided) (*3)		— shares (19,756 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		7,600 shares (— shares)
Term	See (*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) (*3)		— shares (13,224 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*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) (*3)		17,200 shares (17,742 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*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	Jean-Luc Butel	
Title	Director, Audit and Supervisory Committee Member	
Date of Birth	November 8, 1956	
Number of Shares Held, (Number of Shares to be Provided) (*3)		— shares (19,756 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		7,600 shares (— shares)
Term	See (*6)	
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	
June 2019	External Director of the Company	
September 2021	External Director, Rani Therapeutics (to present)	
June 2024	External Director of the Company who is an Audit and Supervisory Committee Member (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) (*3)		19,400 shares (17,742 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*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	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) (*3)		— shares (13,224 shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		8,975 shares (— shares)
Term	See (*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	
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	
March 2023	External Director, Hannon Armstrong Sustainable Infrastructure Capital, Inc. (to present)	

Total Number of Shares Held (Total Number of Shares to be Provided)	917,900 shares	(945,873 shares)
Total Number of ADSs Held (Total Number of ADSs to be Provided)	737,800 shares	(1,482,452 shares)

*1 Mr. Masami Iijima, Mr. Ian Clark, Dr. Steven Gillis, Ms. Emiko Higashi, Dr. John Maraganore, Mr. Michel Orsinger, and Ms. Miki Tsusaka are External Directors.

*2 Mr. Koji Hatsukawa, Mr. Jean-Luc Butel, Mr. Yoshiaki Fujimori, 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, 2026. 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”) and the Employee Stock Ownership Plan (“ESOP”). The number of shares to be provided pursuant to the BIP and the ESOP are 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. If there are PSU awards vested after March 31, 2026, the number of such shares to be provided has been adjusted to the results of KPI. 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, 2026 and is rounded to the nearest whole number. Each ADS represents one half of an ordinary share. 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 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. If there are PSU awards vested after March 31, 2026, the number of such ADSs to be provided has been adjusted to the results of KPI. 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, 2025 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2026.

*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, 2024 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ended March 31, 2026.

2. The company has proposed, as items to be resolved at its 150th Annual General Meeting of Shareholders, to be held on June 24, 2026, "Election of Eight (8) Directors who are not Audit and Supervisory Committee Members" and "Election of Three (3) Directors who are Audit and Supervisory Committee Members".
Once these proposals are approved and adopted, Four (4) of the Eleven (11) directors are expected to be newly appointed, and the remaining Seven (7) are expected to be re-elected. Current directors Ian Clark, Emiko Higashi, Michel Orsinger, Koji Hatsukawa, Jean-Luc Butel and Yoshiaki Fujimori will retire from the board at the close of such meeting and have not been re-nominated for election. The Four (4) new director candidates are shown below.

Name	Julie Kim	
Title (*3)	Representative Director, President & CEO	
Date of Birth	June 6, 1970	
Number of Shares Held, (Number of Shares to be Provided)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		173,773 shares (466,462 shares)
Term	See (*5)	
Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held		
July	2015	Head of Business Model Innovation, Baxalta Incorporated
June	2016	Head of International Value Demonstration & Access, Shire plc
May	2018	Global Franchise Head, Hematology, Shire plc
January	2019	President, Plasma-Derived Therapies Business Unit of the Company
April	2022	President, U.S. Business Unit and U.S. Country Head of the Company
September	2025	Interim Head, Global Portfolio Division of the Company
November	2025	Director and Chief Executive Officer, Takeda Pharmaceuticals U.S.A., Inc. (to present)
January	2026	CEO-Elect of the Company (to present)

Name	Paul Stoffels	
Title (*3)	Director	
Date of Birth	March 8, 1962	
Number of Shares Held, (Number of Shares to be Provided)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*5)	
Profile and Important Duties Concurrently Held		
June	2009	Global Head of Research & Development, Pharmaceuticals, Johnson & Johnson
June	2011	Worldwide Chairman, Pharmaceuticals, Johnson & Johnson
June	2012	Member of the Executive Committee and Chief Scientific Officer, Johnson & Johnson
June	2016	International Board Member, The Foundation for the National Institutes of Health (to present)
May	2018	Vice Chairman of the Supervisory Board, Philips Healthcare NV (to present)
July	2018	Vice Chairman of the Executive Committee and Chief Scientific Officer, Johnson & Johnson
January	2022	Executive Director, Stoffels IMC BV (to present)
January	2022	Chairman and Chief Executive Officer, Galapagos NV

Name	Bruce Broussard	
Title (*3)	Director, Audit and Supervisory Committee Member	
Date of Birth	June 19, 1962	
Number of Shares Held, (Number of Shares to be Provided)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		1,104 shares (— shares)
Term	See (*6)	
Profile and Important Duties Concurrently Held		
January 1997	Founder and Chief Executive Officer, Harbor Dental	
August 2000	Chief Financial Officer, US Oncology, Inc.	
January 2006	President, US Oncology, Inc.	
January 2008	Chief Executive Officer, US Oncology, Inc.	
September 2009	Chairman and Chief Executive Officer, US Oncology, Inc.	
December 2010	President, Specialty Pharmacy Division, McKesson Corporation	
December 2011	President and Chief Executive Officer, Humana Inc.	
July 2025	External Director, Marsh & McLennan Companies, Inc. (to present)	
February 2026	Interim Chief Executive Officer, HP Inc. (to present)	

Name	Koichiro Kimura	
Title (*3)	Director, Audit and Supervisory Committee Member	
Date of Birth	May 4, 1963	
Number of Shares Held, (Number of Shares to be Provided)		— shares (— shares)
Number of ADSs Held (Number of ADSs to be Provided) (*4)		— shares (— shares)
Term	See (*6)	
Profile and Important Duties Concurrently Held		
October 1986	Joined Aoyama Audit Corporation	
July 2012	Representative Executive Officer, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)	
July 2016	Chairman of PwC Japan and Strategy Council Member of PwC Global	
July 2019	Vice Chairman, PwC Asia Pacific	
July 2024	Representative, Koichiro Kimura Certified Public Accountant Office (to present)	
November 2025	External Director who is an Audit and Supervisory Committee Member, MUFG Bank, Ltd. (to present)	

*1 Mr. Paul Stoffels is a candidate for an External Director and also a candidate for substitute External Director who is an Audit and Supervisory Committee Member.

*2 Mr. Bruce Broussard and Mr. Koichiro Kimura are candidates for External Directors who are also Audit and Supervisory Committee Members.

*3 The role of the directors will be determined at the Board of Directors meeting and the Audit and Supervisory Committee meeting to be held after the 150th Annual General Meeting of Shareholders.

*4 The number of ADSs held represents the number of American Depositary Shares held as of March 31, 2026 and is rounded to the nearest whole number. Each ADS represents one half of an ordinary share. 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 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. If there are PSU awards vested after March 31, 2026, the number of such ADSs to be provided has been adjusted to the results of KPI. 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 new Director candidates (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, 2026 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ending March 31, 2027.

*6 The term of office of new Director candidates 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, 2026 to the time of closing of the ordinary general meeting of shareholders concerning the fiscal year ending March 31, 2028.

2) External Directors

As of June 17, 2026 (the filing date of the Annual Securities Report), the status of the Company’s external directors is as follows.

Number of External Directors:	11 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:	11 persons

Mr. Masami Iijima served as Representative Director, President, and CEO of Mitsui & Co., Ltd, where he oversaw global management of the company. 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 fiscal year 2025.
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 seven of the eight BOD meetings held in the fiscal year 2025. 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.

Dr. 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 fiscal year 2025.
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 areas of finance and accounting and financial industry, healthcare industry and data and technology. She 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 2024. 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 attended eight of the eight BOD meetings held in the fiscal year 2025. Her ownership of the Company's shares is immaterial (as of June 2026) and 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.

Dr. 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. 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 eight of the eight BOD meetings held in fiscal year 2025.
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 2025. 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, and deep insights in driving innovation and creating value by technology utilization. Having worked with companies across Asia, Europe, and North America, she has deep knowledge and a wide variety of experience working in a global environment across various industries.
Since June 2023, she has been involved in the management of the Company as an External Director. 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 attended eight of the eight BOD meetings held in fiscal year 2025.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 2025. His ownership of the Company's shares is immaterial (as of June 2026), 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. 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. He has been involved in the management of the Company as an External Director who is an ASC Member since June 2016, as an External Director who is not an ASC Member since June 2019 and as an External Director who is an ASC Member since June 2024. 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 2025. 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 2025. His ownership of the Company's shares is immaterial (as of June 2026), 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. 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 export credit agency—where she helped companies succeed in the competitive global marketplace. She has extensive domestic and international experience in the field, having held pivotal positions at the International Foundation and Community Development Financial Institutions Fund in the U.S., and having served as a Senior Advisor of the U.S. Government and Counsel with U.S. Congressional Committees. Through her career, she has gained substantial leadership experience and wide expertise in the area of global business, legal, and public policy, finance and accounting.

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 eight of the eight BOD meetings held in fiscal year 2025.

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 BOD meetings are shared in advance. Explanations of the summary of topics to be discussed at board meetings are also provided in advance. The BOD & CEO Office is responsible for the coordination with External Directors who are not ASC Members. The ASC Office is responsible for supporting the operation of External Directors who are ASC Members. They serve as the secretariat for the ASC and share the necessary information for auditing and other duties at the ASC.

(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 8 times (the length per meeting was approximately 3 hours) in the fiscal year ended March 31, 2026. 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	8 out of 8 meetings (100%)
External Audit and Supervisory Committee member	Jean-Luc Butel	7 out of 8 meetings (88%)
External Audit and Supervisory Committee member	Yoshiaki Fujimori	7 out of 8 meetings (88%)
External Audit and Supervisory Committee member	Kimberly A. Reed	8 out of 8 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)
	Exchanging opinions with the executives including TET members
(2) Internal control system	Approval of the internal audit plan, receipt of the audit results by and exchanging opinions with the Group Internal Audit
	Receipt of the reports on control status from and exchanging opinions with the internal control promoting departments (e.g., the Global Ethics & Compliance Division)
	Receiving explanations on an audit plan and reports on interim review results, the status of audits performed and audit results (including internal control audit), and subsequent discussions thereof.
(3) 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
19 years

3. Certified Public Accountants who performed Accounting Audit
Mr. Naohiro Nishida (consecutive auditing period: 2 years), Noriaki Habuto (consecutive auditing period: 1 year) and Mr. Hiroaki Namba (consecutive auditing period: 6 years)

4. Composition of other members who supported Accounting Audit
38 certified public accountants and 109 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 Fiscal Year ended March 31, 2025		For the Fiscal Year ended March 31, 2026	
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	¥ 2,382	¥ 50	¥ 1,690	¥ 56
Consolidated subsidiaries	—	—	—	45
Total	¥ 2,382	¥ 50	¥ 1,690	¥ 101

Fees for non-audit service for the fiscal year ended March 31, 2025 were for services for comfort letters regarding the issuance of bonds by the Company.
Fees for non-audit service for the fiscal year ended March 31, 2026 were for risk and internal control design assessment services related to the implementation of the Company's new system, and services for comfort letters regarding the issuance of bonds by the Company.

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 Fiscal Year ended March 31, 2025		For the Fiscal Year ended March 31, 2026	
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	¥ —	¥ 133	¥ —	¥ 65
Consolidated subsidiaries	1,189	23	1,461	48
Total	¥ 1,189	¥ 156	¥ 1,461	¥ 113

Fees for non-audit services of the Company for the fiscal year ended March 31, 2025 and 2026 include limited assurance on certain sustainability information.
Fees for non-audit services of the consolidated subsidiaries for the fiscal years ended March 31, 2025 and 2026 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.

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, 2025 and 2026.

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 the basic compensation, the total per month is no more than JPY 150 million (no more than JPY 30 million per month of the total is to be paid to External Directors) (based on a resolution made at the 140th Annual 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 2025, the Company has submitted a proposal (item for resolution) at the 150th Annual General Meeting of Shareholders scheduled to be held on June 24, 2026, "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members". If such proposal is approved, bonuses will be paid to two (2) Directors (excluding Directors residing outside of Japan and External Directors) in office as of the end of the 149th fiscal term, within the upper limit of JPY 260 million 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 Annual 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 outside of Japan) (Three (3) directors were eligible at the time of resolution)

Upper limit of JPY 4.5 billion 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 JPY 0.3 billion 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 JPY 15 million (based on a resolution of the 140th Annual 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 Annual General Meeting of Shareholders held on June 27, 2019, for which no more than JPY 200 million 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 of Directors 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 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 (LTI) and Bonus (Short-term Incentive (STI))) 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.

As of the end of the 149th fiscal term, the Compensation Committee consists of five members, all of whom are independent External Directors:

Emiko Higashi (Chairperson), John Maraganore, Michel Orsinger, Miki Tsusaka and Kimberly A. Reed (Audit & Supervisory Committee member).

Regarding activities in fiscal year 2025, the Compensation Committee held five meetings. The focus and topics of the meetings reflect the Company's annual compensation and governance cycle. During fiscal year 2025, the Compensation Committee continued to engage Semler Brossy, which is an independent compensation consultant retained directly by the Compensation Committee and does not have any other engagements with the Company. With advice from independent compensation consultants, the Compensation 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 Compensation 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 and Performance Share Unit awards and the public disclosure of compensation, and the Compensation 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 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.

The Company's Internal Director compensation program is designed to link pay and performance by having a significant portion of each director's target compensation tied to the achievement of pre-established KPIs directly related to our business goals and strategies.

Internal Directors may be eligible for an annual bonus (STI) as part of performance-based compensation to provide incentive for achieving short-term annual goals that create sustained future growth potential and long-term shareholder value.

In addition, Long-term Incentive (LTI) awards, in the form of Performance Share Unit awards (PSU awards) and Restricted Stock Unit awards (RSU awards), represent the largest portion of our Internal Directors' target pay opportunity to align with our long-term strategy and shareholder value creation. The Company set the proportion of PSU awards as 60% of our long-term incentive mix for Internal Directors.

Furthermore, the compensation program is designed so that the target pay opportunity is only realized if the Company performs. For example, PSU awards are directly impacted by the revenue and profit achievements, R&D pipeline progression, and relative Total Shareholder Return (TSR) performance. When actual financial and non-financial KPI achievements are below target, or the relative TSR performance is below peer median, the number of units earned (described below) is also below the target number of awards granted. This realizable value for LTI awards is then further impacted if the share price declines below grant value.

As the FY2025 Corporate KPIs for internal director bonuses, the Company set Total Core Revenue, Growth and Launch Products 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 the exception of CEO. For example, Division 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 FY2025 President and CEO, the annual bonus was weighted as 100% to the achievement of the specified Corporate KPI(s). For other Internal Directors that have divisional responsibilities, 75% of their annual bonus opportunity was linked to the achievement of the specified Corporate KPI(s) to drive their commitment to group-wide goals, while 25% was linked to the achievement of the division KPI.

The annual bonus (STI) cash payout is calculated as follows:

Annual STI Payout Calculation for CEO						
Base Salary	×	STI Target %	×	STI Payout Multiple (based on Corporate KPI performance)	=	STI Payout

Annual STI Payout Calculation for Internal Directors (other than CEO)						
Base Salary	×	STI Target %	×	STI Payout Multiple (based on 75% Corporate KPI performance + 25% Division KPI performance))	=	STI Payout

The STI target range is from 100% to 250% of Base Salary for "Bonuses" and reflects the market practices of global companies.

For FY2025, the STI target % was set at 150% of base salary for CEO, and at 100% and 110% of base salary for other Internal Directors (CFO and President, Research & Development), respectively. The STI amounts earned by individual Directors reflect their consolidated compensation, including the amount earned from the subsidiary companies, if applicable.

STI Payout Multiple (STI payout rate based on KPI performance) used for annual Bonuses varies from 0% to 200% in accordance with the achievement of KPIs, which may include top line revenues and indicators on profit, and other performance factors established for a single fiscal year. Payout Scores for specific Corporate KPIs are calculated and determined based on pre-established performance and payout ranges.

The targets and the results of Corporate KPIs related to STI for FY2025 are as follows:

KPI	Rationale	Weight (A)	Target	Result	Performance Achievement (% of Target)	Payout Score (B)	Weighted Payout Score (A) x (B)
Total Core Revenue*	• Key indicator of growth, including pipeline success • Important measure of success within the industry	45 %	JPY 4,581.2 billion	JPY 4,444.7 billion	97.0 %	64.3 %	28.9 %
Growth and Launch Products Incremental Core Revenue	• Key driver of future revenue growth • Key indicator of driving pipeline growth and commercial revenue success	15 %	JPY 228.3 billion	JPY 112.3 billion	49.2 %	0 %	0 %
Total Core Operating Profit*	• Measure of profitability while ensuring expense discipline • Key measure of Takeda success	40 %	JPY 1,175.0 billion	JPY 1,186.2 billion	101.0 %	109.6 %	43.8 %
Corporate KPI Payout Multiple based on Pre-established STI Targets							72.8 %

* The payout score was reduced by an adjustment made to remove the effect of hyperinflation in certain countries.

The FY2025 Corporate KPI Payout Multiple is significantly lower than the comparable FY2024 multiple*, consistent with the downward revision of the management guidance announced in January 2026. Consequently, the proposed FY2025 bonus amounts in Proposal No.5 at the 150th Annual General Meeting of Shareholders are more than 40% lower than the FY2024 actual bonus amounts.

* FY2024 STI Corporate KPI Payout Multiple was 149.1%

Division KPIs related to annual bonuses for Internal Directors (other than CEO) are set according to each division's specific business and organizational goals which can clearly represent each division's performance. Please refer to "(4) Certain Supplemental Non-IFRS Measures as Defined and Presented by Takeda" of "II. Operating and Financial Review and Prospects 4. Management's Analysis of Financial Position, Operating Results and Cash Flows" for definition of Core financial measures.

A Long-term Incentive Plan that allocated 60% for the plan designed based on Performance Share Units (PSU awards) and 40% for the plan designed based on Restricted Stock Units (RSU 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 PSU awards, which represent 60% of the standard points allocated to each Internal Director as part of the Long-term Incentives Plan, the number of PSUs earned and granted to Internal Directors is calculated as follows:

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

The PSU payout multiple ranges from 0% to 200%, based on performance of KPIs, such as top line revenues, indicators on profit, R&D metrics, and other performance factors over a three-year performance period.

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 following grant, 50% of the PSUs earned are vested as stock and the remaining are paid in cash.

KPIs used for the PSU awards granted in 2025 which will be vested in 2028, were Total 3-year Accumulated Core Revenue, Total 3-year Accumulated Core Operating Profit, and R&D Approvals, Pivotal Study Start, and other key events.

The targets and the results of KPIs related to PSU awards from FY2023-2025 are as follows:

KPI[*1]	Weight (A)	Target	Result	Performance Achievement (% of Target)	Payout Score (B)	Weighted Payout Score (A)x(B)
3-year Accumulated Core Revenue[*2]	30 %	JPY 12,940.5 billion	JPY 13,021.1 billion	100.6 %	112.5 %	33.7 %
3-year Accumulated Core Operating Profit[*2]	30 %	JPY 3,421.1 billion	JPY 3,513.2 billion	102.7 %	126.9 %	38.1 %
R&D: Approvals, Pivotal Study Start and other key events	40 %	Pre-identified R&D milestones approved by the Board of Directors[*3]	Achievement against R&D milestone goals assessed by the Compensation Committee[*4]	147.7 %	147.7 %	59.1 %
PSU Payout Multiple (Before 3-year Relative TSR Modifier)						130.9 %
3-year Relative TSR	Modifier[*5] +/-30% points					0% point
PSU Payout Multiple						130.9 %

*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 The payout score was reduced by an adjustment made to remove the effect of hyperinflation in certain countries.

*3 R&D milestones include specific goals related to pivotal study starts, regulatory approvals, and other critical pipeline milestones, and are reviewed and approved by the Compensation Committee and the Board of Directors each year, in consultation with the Scientific Advisory Group ("SAG").

*4 R&D KPI payout scores reflect achievements against the pre-identified key milestones approved by the Board of Directors, including pivotal study starts, regulatory approvals, and other critical pipeline milestones over a three-year performance period. The achievement and payout scores are assessed and determined by the Compensation Committee in consultation with the SAG. The framework is designed to link executive compensation to R&D performance, with sensitivity to both under- and over-performance, confirming a direct link between R&D results and the executive incentive compensation:

- Below Target: 96.8% (FY2018–2020), 91.3% (FY2019–2021), and 76.2% (FY2020–2022), reflecting specific performance setbacks and reduced payouts.
- Above Target: 112.6% (FY2021–2023) and 143.3% (FY2022–2024), reflecting significant achievements—including three U.S. NME (New Molecular Entity) approvals and accelerated late-stage trials—which resulted in higher payouts.

*5 The Company's 3-year TSR of 51.0% ranked at the 57th percentile of the peer group, resulting in 0% point modifier (no adjustment) to the total results.

FY2023-2025 Target PSU awards were 120,610 units (standard points) for CEO under BIP and 11,928 units (standard points) for CFO under ESOP, respectively. In addition, FY2023-2025 Target PSU awards were 126,334 units (to be settled in ADS) for CEO and 162,316 units (to be settled in ADS) for President, Research & Development, respectively under the LTIP for Company Group Employees Overseas. The PSUs earned by individual Directors reflect their consolidated compensation, including the amount earned from the subsidiary companies, if applicable.

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.

Directors	Percentage of RSU awards in Total LTI
Internal Directors	40%
External Directors who are not Audit and Supervisory Committee Members	100%
Directors who are Audit and Supervisory Committee Members	100%

The number of shares to be vested to each Director is one share per one unit. After a certain period following the grant of share conversion units for Internal Directors, and three 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	Other *5	
			Annual bonus *3	Performance Share Unit awards *4	Restricted Stock Unit awards		
Directors (excluding Audit and Supervisory Committee members) (excluding External Directors) *1	¥ 2,009	¥ 411	¥ 258	¥ 838	¥ 502	¥ —	3
Directors (Audit and Supervisory Committee members) (excluding External Directors) *2	—	—	—	—	—	—	—
External Directors	533	230	—	—	212	92	11

*1 These amounts do not include salaries and bonuses that Directors, who also work as employees, receive for the employee portion of their compensation. In addition, these amounts do not include remuneration that Directors who also serve or work as directors or employees of consolidated subsidiaries, receive from them.
*2 Directors who are Audit & Supervisory Committee Members are all External Directors.
*3 The Company has submitted a proposal (item for resolution) at the 150th Annual General Meeting of Shareholders scheduled to be held on June 24, 2026, "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members". The amounts stated above represent the bonus amounts if such proposal is approved.
*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.
*5 The total amount of 92 million yen were paid to 7 External Directors residing outside of Japan to account for the impact of foreign exchange rates on compensation.
*6 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards for 2 Directors who were not ASC Members and retired by the end of the previous fiscal year were recognized as JPY 172 million and JPY 29 million respectively in the fiscal year.
*7 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards for 1 Director who is not an ASC Member and will retire at the close of the 150th Annual General Meeting of Shareholders to be held on June 24, 2026, were recognized as JPY 498 million and JPY 165 million respectively in the fiscal year as a result of recognizing expenses in an accelerated and lump-sum manner to account for the director's retirement.

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*1	Performance Share Unit awards*2,3	Restricted Stock Unit awards*2	
Christophe Weber (Director)	¥ 2,315	Takeda Pharmaceutical Company Limited	¥ 280*5	¥ 157	¥ 755*6	¥ 421*6	¥ —
		Takeda Pharmaceuticals U.S.A., Inc.*4	85	92	300*7	224*7	—
Andrew S. Plump (Director)	1,255	Takeda Pharmaceutical Company Limited	12	—	—	—	—
		Takeda Development Center Americas, Inc.*8	208	209	481*9	291*9	55*10
Milano Furuta (Director)	384	Takeda Pharmaceutical Company Limited	119*11	101	83*12	81*12	—

*1 The Company has submitted a proposal (item for resolution) at the 150th Annual General Meeting of Shareholders scheduled to be held on June 24, 2026, "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members". The amounts of Takeda Pharmaceutical Company Limited stated above represent the bonus amounts if such proposal is approved.

*2 Compensation expenses 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, 2026.
*3 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.
*4 Shows the salary and annual bonus earned as Head of Global Business of Takeda Pharmaceuticals U.S.A., Inc.
*5 Basic compensation includes the grossed-up amount paid for residence and pension allowances etc. (JPY 137 million).
*6 The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2022-2025.
*7 The amount recognized as an expense during the fiscal year for the stock incentive plan (the Long-Term Incentive Plan for Company Group Employees Overseas (LTIP)) grants awarded in fiscal years 2023-2025.
*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 (the Long-Term Incentive Plan for Company Group Employees Overseas (LTIP)) grants awarded in fiscal years 2022-2025.
*10 Amounts of local retirement plan contributions and other additional benefits paid by 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 amount paid for pension allowance etc. (JPY 7 million).
*12 The amount recognized as an expense during the fiscal year for the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2024-2025.
*13 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the stock incentive plan (Board Incentive Plan) grants awarded in fiscal years 2022-2023 for Costa Saroukos, who retired at the close of 148th Annual General Meeting of Shareholders held on June 26, 2024, were recognized as JPY 151 million and JPY 28 million respectively during the fiscal year.
*14 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the stock incentive plan (Board Incentive Plan) grants awarded in fiscal year 2022 for Masato Iwasaki, who retired at the close of 147th Annual General Meeting of Shareholders held on June 28, 2023, were recognized as JPY 21 million and JPY 1 million respectively during the fiscal year.
*15 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the stock incentive plan (Board Incentive Plan) grants awarded for Christophe Weber, who will retire at the close of the 150th Annual General Meeting of Shareholders to be held on June 24, 2026, were recognized as JPY 498 million and JPY 165 million respectively in the fiscal year as a result of recognizing expenses in an accelerated and lump-sum manner to account for his retirement.
*16 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the Long-Term Incentive Plan for Company Group Employees Overseas (LTIP) for Christophe Weber, who will retire from Takeda Pharmaceuticals U.S.A., Inc. at the close of the 150th Annual General Meeting of Shareholders to be held on June 24, 2026, were recognized as JPY 281 million and JPY 94 million respectively in the fiscal year as a result of recognizing expenses in an accelerated and lump-sum manner to account for his retirement.

4) Total remuneration (on a consolidated basis) paid to External 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*2
				Annual bonus	Performance Share Unit awards	Restricted Stock Unit awards*1	
Masami Iijima (Director)	¥ 43	Takeda Pharmaceutical Company Limited	¥ 24	¥ —	¥ —	¥ 19	¥ —
Ian Clark (Director)	53	Takeda Pharmaceutical Company Limited	19	—	—	19	15
Steven Gillis (Director)	53	Takeda Pharmaceutical Company Limited	19	—	—	19	15
Emiko Higashi (Director)	53	Takeda Pharmaceutical Company Limited	22	—	—	19	12
John Maraganore (Director)	45	Takeda Pharmaceutical Company Limited	19	—	—	19	6
Michel Orsinger (Director)	61	Takeda Pharmaceutical Company Limited	19	—	—	19	22
Miki Tsusaka (Director)	38	Takeda Pharmaceutical Company Limited	19	—	—	19	—
Koji Hatsukawa (Director who is an Audit and Supervisory Committee Member)	43	Takeda Pharmaceutical Company Limited	23	—	—	19	—
Jean-Luc Butel (Director who is an Audit and Supervisory Committee Member)	56	Takeda Pharmaceutical Company Limited	21	—	—	19	15
Yoshiaki Fujimori (Director who is an Audit and Supervisory Committee Member)	40	Takeda Pharmaceutical Company Limited	21	—	—	19	—
Kimberly A. Reed (Director who is an Audit and Supervisory Committee Member)	48	Takeda Pharmaceutical Company Limited	21	—	—	19	7

*1. 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, 2026.

*2. The amounts represent expenses for adjustments on compensation, paid to External Directors residing outside of Japan, to account for the impact of foreign exchange rates.

5) Employee Portion or Consolidated Subsidiaries' 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)	¥ 1,945	¥ 292	¥ 301	¥ 782	¥ 515	¥ 55	2

*1 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.

*2 In addition to the above, expenses of Performance Share Unit awards and Restricted Stock Unit awards under the Long-Term Incentive Plan for Company Group Employees Overseas (LTIP) for Christophe Weber, who will retire from Takeda Pharmaceuticals U.S.A., Inc. at the close of the 150th Annual General Meeting of Shareholders to be held on June 24, 2026, were recognized as JPY 281 million and JPY 94 million respectively in the fiscal year as a result of recognizing expenses in an accelerated and lump-sum manner to account for his retirement.

6) Director's Compensation Policy

1. Guiding Principles

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

- To attract, retain and motivate managerial talent to realize our Vision
- To increase corporate value through optimization of the Company's mid- and long-term performance, while reinforcing our patient first values
- To be closely linked with company performance, highly transparent and objective
- To support a strong alignment with the interests of shareholders and enhance a shareholder-oriented management perspective
- To encourage Directors' spirit of challenge aligned with the values of Takeda-ism, perseverance
- To establish transparent and appropriate governance of Directors' compensation to establish the credibility with, and the support of, our stakeholders

2. Level of Compensation

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

Directors' compensation is intended to be competitive in the global market consisting of major global companies. Specifically, the global market data we monitor includes compensation data from major global pharmaceutical companies with which we compete, and from other major companies in Japan, the U.S. and Switzerland.

3. Compensation Components and Mix

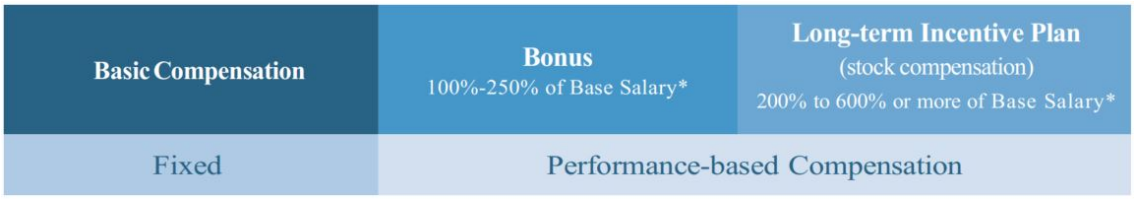
3-1. Internal Directors

The compensation of Internal Directors consists of "Basic Compensation" (Base Salary and other fixed compensation (if applicable)), which is paid at a fixed amount and "Performance-based Compensation", which is paid as a variable amount based on company and other performance factors.

"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 represent a significantly higher proportion of Total Director Compensation putting Internal Directors' pay at risk in alignment with the Company's performance. The ratio of Long-term Incentives is particularly high within Performance-based Compensation in order to ensure the alignment of the interests of Internal Directors and shareholders and drive mid-term and long-term company value creation. The targets range from 100% to 250% of Base Salary for "Bonus" and range from 200% to 600% or more of Base Salary for "Long-term Incentive", reflecting the market practices of global companies.

- Standard Compensation Mix Model for Internal Directors



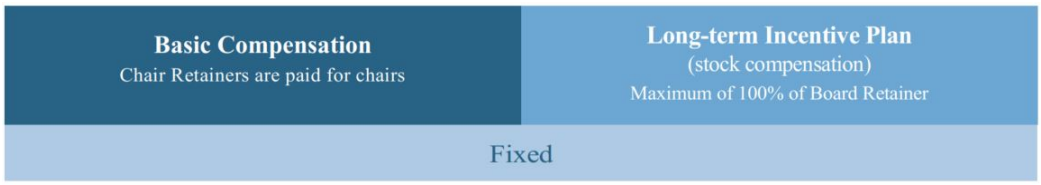
* The ratio of Bonus and Long-term Incentives to Base Salary is determined according to the Internal Director's position.

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). As part of the Basic Compensation, Chair Retainers are paid for the chair of the board of directors meeting, chairperson of the Compensation Committee, and chairperson of the Nomination Committee, in addition to the Board Retainer. Bonus is not available for this category of Director.
The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 100% of the Board Retainer.

The compensation of External Directors who are not Audit & Supervisory Committee Members based outside of Japan may be adjusted to account for the impact of foreign exchange rates.

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



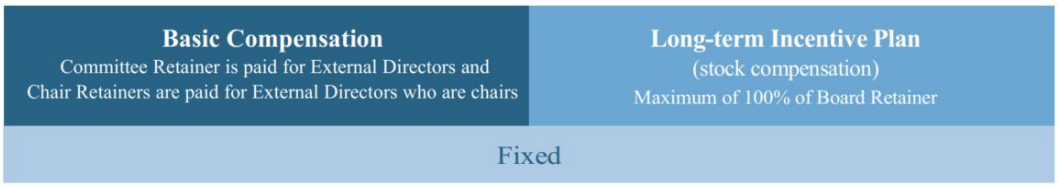
3-3. Directors who are Audit & Supervisory Committee Members

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). As part of the Basic Compensation, Committee Retainer is paid for External Directors who are Audit & Supervisory Committee Members, and Chair Retainers are also paid for External Directors who are head of the Audit & Supervisory Committee, chairperson of the Compensation Committee, and chairperson of the Nomination Committee, in addition to the Board Retainer. Bonus is not available for this category of Director.

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

The compensation of External Directors who are Audit & Supervisory Committee Members based outside of Japan may be adjusted to account for the impact of foreign exchange rates.

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



4. Performance-based Compensation

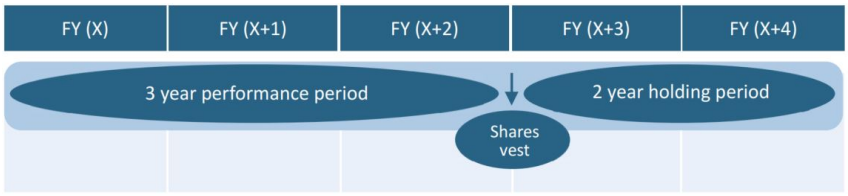
4-1. Internal Directors

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). Performance Share Unit awards are tied to company performance results to strengthen the link between compensation and company performance and share price, and to reinforce Internal Directors' commitment to increasing corporate value in the mid- and long-term. Restricted Stock Unit awards are linked only to share price.

Annual Performance Share Unit Awards

Performance Share Unit awards, which fall under Performance-based Compensation, will be linked to the latest mid- to long-term key performance indicators (KPIs) over a three-year performance period. KPIs are intended to be transparent and objective and may include top line revenues, indicators on profit, R&D metrics, and other performance factors. The payout range 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 after, a two year holding period will be mandated, and this includes Restricted Stock Unit awards if and when shares become vested.

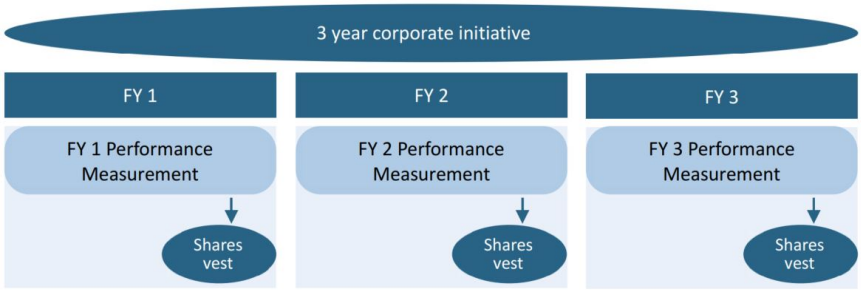
- Annual Performance Share Unit Awards Image



Special Performance Share Unit Awards

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 (Short-term Incentive)

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 KPIs, which may include top line revenues, indicators on profit, and other performance factors established for a single fiscal year. For President and CEO, the annual bonus is weighted as 100% to the achievement of the specified Corporate KPI(s).
For other Internal Directors that have divisional responsibilities, 75% of their annual bonus opportunity is linked to the achievement of the specified Corporate KPI(s) to drive their commitment to group-wide goals, while 25% is linked to the achievement of the division KPI. Effective from Fiscal Year 2026, for Internal Directors other than President and CEO, 25% of the annual bonus opportunity is linked to individual performance, replacing linkage to the achievement of the division KPI.

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 consists of Restricted Stock Unit awards linked only to share price and is not otherwise linked to company performance results. The stock compensation awarded in Fiscal Year 2019 and after will vest three years after the award date of the base points used for the calculation and Directors will be required to hold at least 75% of their vested share portion until they cease service as a director (however, stock compensation awarded in or before Fiscal Year 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 Director's 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% in accordance with the achievement of KPIs, which may include top line revenues, indicators on profit, and other performance factors established for a single fiscal year
3. Varies from 0% to 200% in accordance with the achievement of KPIs, which may include top line revenues, indicators on profit, R&D metrics, and other performance factors over a three-year performance period
4. During term of office
5. Vest and paid three years after the award date of the base points used for the calculation

5. Compensation Governance

5-1. Compensation Committee

The Compensation Committee, with all the Committee members being External Directors, has been established 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 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 Director's Compensation Policy may continue to evolve and be revised to guide the development of compensation programs that align with Directors' accountabilities and responsibilities, shareholder value creation and Takeda-ism.

5-2. Recoupment Policy

The Compensation Committee and Board of Directors adopted a clawback policy in 2020 and amended that policy in 2023. The amended policy provides that, in the event of a restatement of financial results, Takeda will, in accordance with SEC and NYSE rules, recover from its executive officers any erroneously paid incentive compensation, which consists of incentive-based compensation for the applicable recovery period that would not have been granted absent the restatement (i.e., mandatory clawbacks). In addition, in the event of a restatement and/or significant misconduct, the independent External Directors may require Takeda to recoup additional incentive and other contingent compensation. This would include all or a portion of the incentive and other contingent compensation received by any Internal Director, any other member of the TET, and any other individual designated by the independent External Directors, within the fiscal year, and the three (3) prior fiscal years preceding the date of the Board of Directors' determination of the restatement or the date that independent External Directors determines that significant misconduct occurred, as applicable. The amended policy became effective on October 2, 2023 and, with respect to mandatory clawbacks in the event of a restatement, applies to incentive compensation beginning in the fiscal year ended March 31, 2024.

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 (Short- and Long-term Incentives 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 4 issues as a result of aforementioned reviewing process.
The Company decides whether to exercise its voting rights of the shares after conducting a comprehensive review. This assessment considers whether a relevant proposal makes a positive contribution to shareholder value as well as the value of the issuing companies. The Company will object to any proposals that are deemed detrimental to shareholder value or the corporate governance of the issuing companies.

(b) Number of issues and balance sheet amount

	Number of Issues	Balance Sheet Amount JPY (millions)
Unlisted Shares	38	¥ 7,348
Shares other than unlisted shares	4	8,328

(Issues with an increase in shares in the current fiscal year)

	Number of Issues	Total Amounts of Acquisition Costs for the Increase in Number of Shares JPY (millions)	Reasons for the Increase in Number of Shares
Unlisted Shares	—	¥ —	—
Shares other than unlisted shares	—	—	—

(Issues with a decrease in shares in the current fiscal year)

	Number of Issues	Total Sales Amount for the Decrease in Number of Shares JPY (millions)
Unlisted Shares*	9	¥ 236
Shares other than unlisted shares	—	—

* Including one company accounted for using the equity method.

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

Shareholdings (other than unlisted 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
ASKA Pharmaceutical Holdings, Co. Ltd.	2,204,840 5,203	2,204,840 5,080	(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) *1	✓ *2
Chordia Therapeutics Inc.	10,760,500 1,324	10,760,500 2,884	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Partnerships for therapies in the oncology area (Quantitative / economic rationale for shareholding) *1	
Noile-Immune Biotech Inc.	8,119,800 1,169	8,119,800 1,307	(Purpose of holding) The Company holds stocks in this company for the purpose of maintaining and improving strategic partnership. (Outline of business alliance, etc.) Technology License concerning CAR-T cell therapies (Quantitative / economic rationale for shareholding) *1	
Ovid Therapeutics, Inc.	1,781,996 631	1,781,996 83	(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) *1	

*1 Since it is difficult to disclose the quantitative effect of shareholdings held for purposes other than pure investment, the method used to assess the rationality of shareholding is described as follows.
The Company comprehensively assesses the rationale for its shareholdings based on the cost of capital, dividends, transaction amounts as well as strategic importance and business relationships. As a result of verification, the Company believes these investments will have a sufficient quantitative effect or contribute to improving corporate value in the medium to long term.

*2 The 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

Not applicable

5. Employees

(1) Basic policy for human capital strategy

(i) Human capital strategy

Our purpose is to contribute to better health for people and a brighter future for the world. We do this through the pursuit of our vision to discover and deliver transformative treatments. We act in accordance with our values — Integrity, Fairness, Honesty, and Perseverance, with Integrity at the core. Takeda's strategy is designed to deliver near term, as we prepare to launch a series of new, transformative medicines, while also positioning us for accelerated growth and long-term value creation for patients, shareholders and society. We develop leadership skills, digital capabilities and an inclusive environment at every level of the business to enable a performance culture focused on innovation, efficiency, and delivering better outcomes for patients. We are scaling data, digital, technology and AI investments to unlock speed, quality and efficiency across Takeda to continue building a future-ready workforce. We also continue to develop leaders so they have the tools and skills to inspire and engage their teams. Together, we put patients at the center, collaborate respectfully and lead with our values — while evolving to foster a diverse culture that champions growth, makes fast and effective decisions and unites us as a company. The pursuit of our vision to create transformative treatments is underpinned by the active engagement of individuals who share our purpose, vision and values.

For further details of our human capital strategy, please refer to "II. Operating and Financial Review and Prospects, 2 Corporate Sustainability Policies and Initiatives".

(ii) Policy for determining employee's compensation

The following are the guiding principles of the Company's compensation system for employees:

1. Guiding Principles

- To attract, retain and motivate talent to realize our Vision
- To reinforce our patient first values
- To be linked with company and individual performance to an extent appropriate to each employee's role, highly transparent and objective
- To support an alignment with the interests of shareholders and enhance a shareholder-oriented management perspective for Takeda Group Management
- To encourage employees' spirit of challenge aligned with the values of Takeda-ism, perseverance

2. Level of Compensation

We aim to be competitive in the marketplace in each country and region to attract and retain talent who will contribute to Takeda's continued transformation into a Global, Values-based, R&D-driven Biopharmaceutical Leader.

Employees' compensation is intended to be competitive through benchmarking against major companies competing for talent and relevant industries, based on external market data.

3. Compensation Components and Mix

The compensation of employees consists of a combination of base salary and variable compensation. With respect to variable compensation, the Company has implemented a bonus program that is linked to company and individual performance and applied globally in a consistent manner to eligible employees. Certain incentives and allowances are designed to reflect the characteristics and practices specific to each country, region, and job function. In addition, as described in Section "IV. Information on the Company, 1. Information on the Company's Shares, (8) Officer / Employee Stock Ownership Plan" (i) and (ii), the Company has introduced a globally standardized share-based compensation program for Takeda Group Management in Japan and outside of Japan, 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.

4. Equitable Compensation Opportunities

We evaluate and pay our people on the basis that employees performing comparable work have equitable compensation opportunities. Our policy is to hire, retain, develop, promote and otherwise treat all our people on the basis of performance, capabilities, qualifications, competence and experience. We apply this policy regardless of an employee's race, nationality, ethnicity, religion, age, disability, sexual orientation, gender, or any other personal characteristics.

(2) Employees

(1) Takeda

As of March 31, 2026

Operating Segment	Number of Employees
Pharmaceuticals	47,029
Total	47,029

*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 Company

As of March 31, 2026				
Number of Employees	Average Age	Average Length of Service (years)	Average Annual Salary JPY (thousands)	% change in Average Annual Salary
4,792	44.0	14.8	11,445	3.7 %

As of March 31, 2026	
Operating Segment	Number of Employees
Pharmaceuticals	4,792
Total	4,792

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

(3) Workers' Union

In 1948, the Federation of All Takeda Workers' Unions (FATWU: a coalition of local unions at each workplace organized in 1946) was founded. In July 1968, the coalition was unified and reorganized as the Takeda Pharmaceutical Workers' Union. The number of members is 3,515 in total as of March 31, 2026.

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, 2026, 14 enterprise-based unions including the Company, are joining.

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, 2026				
Percentage of Female Workers in Management Positions (%) *1	Percentage of Male Workers Taking Childcare Leave (%) *2	Difference in Wages Between Male and Female Workers - Ratio of Female Wages to Male Wages (%) *1, 3		
		Total Employees	Permanent Employees	Temporary Employees
22.5 %	89.7 %	79.3 %	83.3 %	50.8 %

*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 71-6-1 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, 2025 to March 31, 2026. 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 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 resulting in lower pay differentials over time.
With regard to temporary employees, the primary reason why the average pay of female employees is lower than that of male employees is that the roles held by temporary employees at the Company are diverse and include more senior positions with broader job responsibilities. Given the relatively small number of temporary employees, the gender wage gap among this group is more strongly affected by workforce composition, as there are fewer female employees than male employees in senior positions.

(b) Takeda

As of March 31, 2026
Percentage of Female Workers in Management Positions (%) (Note 1)
43 %

* A worker in a management position is defined as an employee with one or more direct reports who are Takeda employees, and does not include a manager of only contractor direct reports.
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).

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, 2025 to March 31, 2026 and the non-consolidated financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) 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 FY2025 (on pages from F-5 to F-78).

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

(2) Others

1) Interim and annual financial information for the year ended March 31, 2026

		Six-month period ended September 30, 2025	Fiscal year ended March 31, 2026
Revenue	JPY (millions)	2,219,481	4,505,720
Profit (loss) before tax	JPY (millions)	178,804	(142,355)
Net profit (loss) attributable to owners of the Company	JPY (millions)	112,441	(152,390)
Basic earnings (loss) per share	JPY	71.57	(96.75)

2) Litigation and others

See Note 31 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 2024 (As of March 31, 2025)	Fiscal 2025 (As of March 31, 2026)
ASSETS			
CURRENT ASSETS			
Cash and deposits		169,555	73,941
Accounts receivable	3	37,011	43,393
Securities		93,576	207,418
Merchandise and products		76,940	87,855
Work in process		36,480	30,958
Raw materials and supplies		53,043	53,948
Income taxes receivables		374	898
Short-term loans receivable from subsidiaries and affiliates	3	300	13,867
Other	3	121,665	89,994
Total current assets		588,944	602,273
NON-CURRENT ASSETS			
Tangible non-current assets			
Buildings and structures		78,850	77,292
Machinery and equipment		18,661	17,850
Vehicles		42	34
Tools and fixtures		11,689	10,650
Land		35,043	35,373
Lease assets		1,438	594
Construction in progress		26,911	35,909
Total tangible non-current assets		172,634	177,701
Intangible non-current assets		28,365	23,468
Investments and other assets			
Investment securities		99,274	69,276
Investment in subsidiaries and affiliates		7,693,846	7,694,368
Contributions to subsidiaries and affiliates		8,589	8,653
Long-term deposits		5,854	2,898
Long-term loans receivable from subsidiaries and affiliates	3	700,461	750,195
Prepaid pension costs		79,809	90,647
Deferred tax assets		65,929	119,461
Other		45,671	100,737
Total investments and other assets		8,699,433	8,836,235
Total non-current assets		8,900,431	9,037,404
Total assets		9,489,375	9,639,677

	Note	JPY(millions) Fiscal 2024 (As of March 31, 2025)	Fiscal 2025 (As of March 31, 2026)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3	90,292	91,147
Other payable	3	148,449	138,061
Accrued expenses	3	70,015	76,820
Income taxes payable		1,506	487
Short-term loans	3	1,042,099	1,382,872
Current portion of bonds		270,000	274,523
Current portion of long-term loans		85,000	—
Deposits received	3	151,577	58,539
Reserve for employees' bonuses		14,069	10,690
Reserve for share-based payments		3,040	3,206
Reserve for bonuses for directors and corporate auditors		454	245
Reserve for restructuring costs		1,313	15
Other	3	10,550	2,875
Total current liabilities		1,888,365	2,039,479
NON-CURRENT LIABILITIES			
Bonds		3,392,083	3,553,339
Long-term loans		164,997	224,997
Reserve for retirement benefits		7,064	7,014
Reserve for litigation		703	644
Reserve for share-based payments		2,000	1,783
Asset retirement obligations		1,733	1,028
Long-term deferred income		13,092	13,415
Other		29,984	39,052
Total non-current liabilities		3,611,655	3,841,272
Total liabilities		5,500,020	5,880,751
NET ASSETS			
SHAREHOLDERS' EQUITY			
Share capital		1,694,685	1,695,277
Share premium			
Additional paid-in capital		1,686,697	1,687,290
Other share premium		23,065	24,192
Total share premium		1,709,762	1,711,483
Retained earnings			
Legal reserve		15,885	15,885
Other retained earnings		1,183,376	1,067,478
Reserve for retirement benefits		5,000	—
Reserve for dividends		11,000	—
Reserve for research and development		2,400	—
Reserve for capital improvements		1,054	—
Reserve for promotion of exports		434	—
Reserve for reduction of non-current assets	2	26,716	24,008
General reserve		814,500	—
Unappropriated retained earnings		322,273	1,043,470
Total retained earnings		1,199,261	1,083,363
Treasury shares		(74,786)	(49,099)
Total shareholders' equity		4,528,923	4,441,024
VALUATION AND TRANSLATION ADJUSTMENTS			
Unrealized gains on available-for-sale securities		6,151	8,161
Deferred gains on derivatives under hedge accounting		(546,824)	(691,253)
Total valuation and translation adjustments		(540,674)	(683,092)
Share acquisition rights		1,106	994
Total net assets		3,989,355	3,758,926
Total liabilities and net assets		9,489,375	9,639,677

2) Unconsolidated Statements of Income

	Note	JPY (millions) Fiscal 2024 (April 1, 2024 to March 31, 2025)	Fiscal 2025 (April 1, 2025 to March 31, 2026)
Net sales	1	580,360	591,604
Cost of sales	1	258,904	301,157
Gross profit		321,456	290,447
Selling, general and administrative expenses	1,2	284,559	269,310
Operating income		36,897	21,137
Non-operating income			
Interest and dividend income	1	195,321	327,825
Other	1	16,522	197,006
Total non-operating income		211,842	524,831
Non-operating expenses			
Interest expenses	1	120,671	146,809
Other	1	41,474	193,654
Total non-operating expenses		162,145	340,463
Ordinary income		86,594	205,504
Extraordinary income			
Gain on restructuring of subsidiaries and affiliates	1,3	120,061	—
Gain on sales of investment securities	3	14,715	—
Total extraordinary income		134,776	—
Extraordinary loss			
Loss on valuation of investment in subsidiaries and affiliates	4	—	18,457
Restructuring costs	1,4	22,038	—
Total extraordinary loss		22,038	18,457
Income before income taxes		199,332	187,047
Income taxes - current		(705)	(2,277)
Income taxes - deferred		47,217	(8,010)
Income taxes		46,512	(10,287)
Net income		152,820	197,335

3) Unconsolidated Production Cost

		JPY (millions)			
		Fiscal 2024 (April 1, 2024 to March 31, 2025)		Fiscal 2025 (April 1, 2025 to March 31, 2026)	
Classification	Note	Amount	Percentage (%)	Amount	Percentage (%)
I Raw materials cost		172,140	76.0	194,090	76.8
II Labor cost		17,263	7.6	17,984	7.1
III Expenses	1	37,100	16.4	40,729	16.1
Gross production cost		226,502	100.0	252,803	100.0
Beginning work-in-process		38,541		36,480	
Total		265,043		289,283	
Ending work-in-process		36,480		30,958	
Transfer to other accounts	2	2,692		10,654	
Cost of products manufactured		225,872		247,671	

*1 The major items of expenses are as follows:

	JPY (millions)	
	Fiscal 2024 (April 1, 2024 to March 31, 2025)	Fiscal 2025 (April 1, 2025 to March 31, 2026)
Depreciation and amortization	11,942	11,311
Maintenance costs	8,729	8,966
Outsourced labor cost	4,420	3,655

*2 This item includes transfers to expenses related to pre-launch products in non-operating expenses.

*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, 2024 to March 31, 2025)

	JPY (millions)						
	Shareholders' equity						
		Share premium			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	1,676,596	1,668,608	16,989	1,685,597	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	18,089	18,089		18,089			
Dividends				—			
Reversal of reserves				—			
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			6,077	6,077			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	18,089	18,089	6,077	24,166	—	—	—
Balance at the end of the fiscal year	1,694,685	1,686,697	23,065	1,709,762	15,885	5,000	11,000

(April 1, 2024 to March 31, 2025)

	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 non-current assets	General reserve	Unappropriated retained earnings	Total retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	28,832	814,500	471,270	1,350,375
Changes of items during the fiscal year							
Issuance of new shares							—
Dividends						(303,934)	(303,934)
Reversal of reserves				(2,117)		2,117	—
Net income						152,820	152,820
Acquisition of treasury shares							—
Disposal of treasury shares							—
Net change in items other than shareholders' equity during the fiscal year							—
Total changes of items during the fiscal year	—	—	—	(2,117)	—	(148,997)	(151,114)
Balance at the end of the fiscal year	2,400	1,054	434	26,716	814,500	322,273	1,199,261

(April 1, 2024 to March 31, 2025)

	JPY (millions)						
	Shareholders' equity		Valuation and translation adjustments				
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Total valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(51,229)	4,661,339	11,031	(585,282)	(574,252)	1,111	4,088,198
Changes of items during the fiscal year							
Issuance of new shares		36,178			—		36,178
Dividends		(303,934)			—		(303,934)
Reversal of reserves		—			—		—
Net income		152,820			—		152,820
Acquisition of treasury shares	(51,905)	(51,905)			—		(51,905)
Disposal of treasury shares	28,348	34,425			—		34,425
Net change in items other than shareholders' equity during the fiscal year		—	(4,880)	38,458	33,578	(5)	33,573
Total changes of items during the fiscal year	(23,557)	(132,416)	(4,880)	38,458	33,578	(5)	(98,843)
Balance at the end of the fiscal year	(74,786)	4,528,923	6,151	(546,824)	(540,674)	1,106	3,989,355

(April 1, 2025 to March 31, 2026)

	JPY (millions)						
	Shareholders' equity						
		Share premium			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	1,694,685	1,686,697	23,065	1,709,762	15,885	5,000	11,000
Changes of items during the fiscal year							
Issuance of new shares	593	593		593			
Dividends				—			
Reversal of reserves				—		(5,000)	(11,000)
Net income				—			
Acquisition of treasury shares				—			
Disposal of treasury shares			1,127	1,127			
Net change in items other than shareholders' equity during the fiscal year				—			
Total changes of items during the fiscal year	593	593	1,127	1,720	—	(5,000)	(11,000)
Balance at the end of the fiscal year	1,695,277	1,687,290	24,192	1,711,483	15,885	—	—

(April 1, 2025 to March 31, 2026)

	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 non-current assets	General reserve	Unappropriated retained earnings	Total retained earnings
Balance at the beginning of the fiscal year	2,400	1,054	434	26,716	814,500	322,273	1,199,261
Changes of items during the fiscal year							
Issuance of new shares							—
Dividends						(313,233)	(313,233)
Reversal of reserves	(2,400)	(1,054)	(434)	(2,708)	(814,500)	837,096	—
Net income						197,335	197,335
Acquisition of treasury shares							—
Disposal of treasury shares							—
Net change in items other than shareholders' equity during the fiscal year							—
Total changes of items during the fiscal year	(2,400)	(1,054)	(434)	(2,708)	(814,500)	721,197	(115,898)
Balance at the end of the fiscal year	—	—	—	24,008	—	1,043,470	1,083,363

(April 1, 2025 to March 31, 2026)

	JPY (millions)						
	Shareholders' equity		Valuation and translation adjustments				
	Treasury shares	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Total valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at the beginning of the fiscal year	(74,786)	4,528,923	6,151	(546,824)	(540,674)	1,106	3,989,355
Changes of items during the fiscal year							
Issuance of new shares		1,186			—		1,186
Dividends		(313,233)			—		(313,233)
Reversal of reserves		—			—		—
Net income		197,335			—		197,335
Acquisition of treasury shares	(51,618)	(51,618)			—		(51,618)
Disposal of treasury shares	77,305	78,432			—		78,432
Net change in items other than shareholders' equity during the fiscal year		—	2,010	(144,429)	(142,418)	(112)	(142,531)
Total changes of items during the fiscal year	25,687	(87,899)	2,010	(144,429)	(142,418)	(112)	(230,429)
Balance at the end of the fiscal year	(49,099)	4,441,024	8,161	(691,253)	(683,092)	994	3,758,926

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. With respect to translation differences for foreign currency denominated debt securities, those related to changes in fair value in foreign currency are recognized as unrealized gains and losses while other translation differences are recognized as foreign exchange gains and losses)

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 Non-current Assets

(1) Tangible non-current 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 non-current assets (excluding lease assets)

The Company uses the straight line depreciation method for intangible non-current 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 recorded based on estimated costs expected to arise from restructuring mainly to build an efficient operating model, including reductions in the workforce and consolidation of sites.

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, discounts and return 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, discounts and return 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 compounds 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.

The Company identifies a contract modification in case of a change in the scope or price (or both) of a contract.

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 contracts and other financial instruments 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 forward interest rate contracts, interest rate swaps and cross currency interest swaps to hedge a portion of future cash flow related to accounts receivable from customers with the right to sell back and income or expense that is linked to variable interest rates. In addition, the Company uses forward exchange contracts, currency options and cross currency interest rate swaps to hedge a portion of risk of changes in future cash flow arising from changes in foreign exchange. Foreign currency risk of the investments in foreign operations is managed through the use of foreign currency denominated bonds and loans, forward exchange contracts and other financial instruments. 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 Japanese Yen ("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, 2025 and 2026 using accounting estimates or assumptions and could have a material impact on the financial statements as of March 31, 2027 are described below.

Deferred Tax Assets

The Company recognized deferred tax assets of JPY 65,929 million and JPY 119,461 million on the balance sheet as of March 31, 2025 and 2026, respectively. As discussed in the note (Tax Effect Accounting), the amount of deferred tax assets before offsetting with the deferred tax liabilities as of March 31, 2025 and 2026 are JPY 131,923 million and JPY 188,768 million, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of JPY 551,576 million and JPY 608,335 million with valuation allowances of JPY 419,652 million and JPY 419,568 million.

These deferred tax assets are recorded to the extent that it is probable that future taxable profits 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 forecasts 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, 27 Share-based Payments, Equity-settled Plans, Stock Incentive Plans" in Consolidated IFRS Financial Statements for the year ended March 31, 2026.

(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 JPY 24,154 million, 5,565 thousand shares and JPY 22,234 million, 5,102 thousand shares as of March 31, 2025 and 2026, respectively. The amounts of dividend paid to the treasury shares were JPY 1,099 million and JPY 1,056 million for the years ended March 31, 2025 and 2026, respectively. Dividends declared for the treasury shares whose effective date falls in the following fiscal year were JPY 510 million.

Notes on Unconsolidated Balance Sheet

1. Contingent liabilities

(Guarantees)

The Company has provided guarantees to the following subsidiaries mainly for obligations to cover the redemption or repayment of debt, payment of certain obligations associated with factoring transactions, rental fees based on the real-estate lease contracts and payment of obligations associated with derivatives.

JPY (millions)

	Fiscal 2024 (As of March 31, 2025)	**Fiscal 2025 (As of March 31, 2026)**
Takeda U.S. Financing, Inc.	—	387,801
Shire Acquisitions Investments Ireland Designated Activity Company	223,674	239,555
Pharma International Insurance Designated Activity Company	87,890	103,124
Baxalta Incorporated	196,208	81,001
Baxalta Innovations GmbH	23,011	26,106
Takeda Pharmaceuticals America, Inc.	9,059	24,457
Takeda Pharmaceuticals U.S.A., Inc.	29,553	23,543
Total	569,395	885,587

(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 31. Commitment and Contingent Liabilities, Litigation."

Product Liability and Related Claims

ACTOS Economic Loss Cases

Proton Pump Inhibitor (“PPI”) Product Liability Claims

Sales, Marketing, and Regulation

ACTOS Antitrust Litigation

AMITIZA Antitrust Litigation

DEXILANT Antitrust Litigation

2. Fiscal 2024 (April 1, 2024 to March 31, 2025)

Reserve for reduction of non-current assets is recognized based on the Special Taxation Measures Law.

Fiscal 2025 (April 1, 2025 to March 31, 2026)

Reserve for reduction of non-current assets is recognized based on the Special Taxation Measures Law.

3. Receivables from and payables to subsidiaries and affiliates

JPY (millions)

	Fiscal 2024 (As of March 31, 2025)	**Fiscal 2025 (As of March 31, 2026)**
Short-term receivables	66,864	63,157
Long-term receivables	700,589	750,323
Short-term payables	1,096,774	1,512,087

Notes on Unconsolidated Statement of Operations

1. Transactions with subsidiaries and affiliates

JPY (millions)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Operating transactions:		
Sales	134,224	139,334
Purchases	185,983	228,922
Other	92,180	90,781
Non-operating transactions:		
Non-operating income	188,258	444,549
Non-operating expenses	36,300	51,789
Extraordinary income	120,061	—
Extraordinary loss	6,872	—
Acquisition amount of loans receivable from the Company as a result of in-kind dividends	641,873	—
Acquisition amount of loans receivable from subsidiaries and affiliates as a result of in-kind dividends	272,991	—

2. Selling, general and administrative expenses

(1) Selling expense

JPY (millions)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Sales commission	33,872	34,562

(2) General and administrative expense

JPY (millions)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Salaries	28,701	23,650
Reserve for bonuses	8,196	6,272
Depreciation	7,921	7,202
Outside service fees	11,675	19,818
Research and development	152,006	142,942

3. Extraordinary income

Fiscal 2024 (April 1, 2024 to March 31, 2025)

(Gain on restructuring of subsidiaries and affiliates)

The gain on restructuring of subsidiaries and affiliates was mainly recognized for exchange gains associated with in-kind dividends from subsidiaries in connection with the restructuring of Takeda Group.

(Gain on sales of investment securities)

The gain was mainly from the sales of shares in Denali Therapeutics Inc. and Phathom Pharmaceuticals, Inc.

Fiscal 2025 (April 1, 2025 to March 31, 2026)

Not applicable.

4. Extraordinary loss

Fiscal 2024 (April 1, 2024 to March 31, 2025)

(Restructuring costs)

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

Fiscal 2025 (April 1, 2025 to March 31, 2026)

(Loss on valuation of investments in subsidiaries and affiliates)

A loss on valuation of investments in subsidiaries and affiliates was recognized due to the decision to discontinue activities related to the gamma delta T-cell therapy platform and associated Oncology programs, which resulted in the net assets of GammaDelta Therapeutics Ltd. falling significantly below the carrying amount of its shares, as well as the initiation of liquidation proceedings of Nocicera Therapeutics, Inc., which led to the carrying amount of its shares being reduced to their recoverable amount.

Notes on Securities

Fiscal 2024 (As of March 31, 2025)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: JPY 7,693,595 million, Investment in associates: JPY 252 million) is not disclosed as they are non-marketable equity securities.

Fiscal 2025 (As of March 31, 2026)

Fair value of investments in subsidiaries and associates (Carrying amount Investment in subsidiaries: JPY 7,694,117 million, Investment in associates: JPY 252 million) 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)

	FY2024 As of March 31, 2025	FY2025 As of March 31, 2026
(Deferred tax assets)		
Reserve for employees' bonuses	4,286	3,369
Research and development costs	11,738	12,421
Inventories	17,317	25,950
Deferred hedge gains or losses on derivatives under hedge accounting	9,817	7,072
Accrued expenses	15,356	14,949
Reserve for retirement benefits	3,628	2,205
Reserve for restructuring costs	401	5
Tangible non-current assets	5,425	5,753
Patent rights	5,130	3,460
Sales rights	11,871	10,579
Investments in subsidiaries and affiliates	27,647	25,718
Securities	2,239	2,936
Net operating loss carryforward *1, 3	366,260	398,918
Excess interest under Japanese earnings stripping rules	50,654	78,337
Other	19,807	16,664
Deferred tax assets - subtotal	551,576	608,335
Valuation allowance for net operating loss carryforward *1, 3	(336,531)	(313,590)
Valuation allowance for deductible temporary difference	(83,121)	(105,978)
Total valuation allowance	(419,652)	(419,568)
Total deferred tax assets	131,923	188,768
(Deferred tax liabilities)		
Prepaid pension costs	(26,535)	(28,572)
Unrealized gain on available-for-sale securities	(2,388)	(3,314)
Reserve for reduction of non-current assets	(16,445)	(15,197)
Bonds	(20,627)	(20,627)
Other securities (U.S. Treasury securities)	—	(1,597)
Other	0	(0)
Total deferred tax liabilities	(65,994)	(69,306)
Net deferred tax assets	65,929	119,461

*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 these investments in subsidiaries and affiliates were JPY 3,162,611 million and JPY 2,647,952 million as of March 31, 2025 and 2026, respectively. The aggregate amounts of taxable temporary differences for investments in subsidiaries and affiliates for which deferred tax liabilities were not recognized were JPY 549,055 million and JPY 8,119 million as of March 31, 2025 and 2026, respectively.

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

Fiscal 2024 (As of March 31, 2025)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	—	205,905	147,530	12,825		366,260
Valuation allowance for net operating loss carry forward	—	—	—	(176,425)	(147,388)	(12,717)		(336,531)
Net deferred tax assets	—	—	—	29,480	141	108	(b)	29,729

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

(b)As a result of the liquidation described in *1, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of JPY 366,260 million of net operating loss carry forward, JPY 29,729 million was considered as recoverable based on the estimation of future taxable profit from future revenue forecasts and other.

Fiscal 2025 (As of March 31, 2026)

JPY(millions)

	1st year	2nd year	3rd year	4th year	5th year	After 5th year		Total
Net operating loss carry forward (a)	—	—	208,429	147,672	12,818	29,999		398,918
Valuation allowance for net operating loss carry forward	—	—	(170,942)	(141,749)	(898)	—		(313,590)
Net deferred tax assets	—	—	37,487	5,922	11,920	29,999	(b)	85,329

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

(b)As a result of the liquidation described in *1, the losses from liquidation of subsidiaries were booked as taxable loss which resulted in a substantial amount of net operating loss carry forward. Of JPY 398,918 million of net operating loss carry forward, JPY 85,329 million 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:

(%)

	FY2024 (March 31, 2025)	FY2025 (March 31, 2026)
Statutory tax rate	30.6	30.6
(Adjustments)		
Entertainment expenses and other non-deductible tax expenses	0.5	2.9
Dividend income and other nontaxable income	(56.3)	(42.6)
Changes in valuation allowance	20.0	(3.1)
Unitary tax on overseas subsidiaries	4.0	3.3
Changes in unrecognized deferred tax assets	23.9	(84.2)
Changes in unrecognized deferred tax liabilities	0.0	88.5
Deduction for research and development costs	(0.3)	—
Deduction in foreign tax for specified overseas subsidiaries	(0.2)	—
Effect of change in tax rate	0.5	(0.6)
Other	0.7	(0.3)
Effective tax rate after application of tax effect accounting	23.3	(5.5)

3. Changes in corporate tax rate

According to the Enactment of “The Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from the fiscal year beginning on or after April 1, 2026. In line with this, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities (limited to those which are expected to be realized on and after April 1, 2026) has been changed from 30.6% to 31.5%.

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

The Company apply the Group Tax Sharing System. 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").

Business combinations

Transactions under common control

1. Overview of the transaction

As part of the Company’s efforts to reorganize the capital structure within the group, the Company has additionally acquired shares of the following subsidiary.

JPY(millions)

Name	Business Description	Transaction Date	Acquisition cost
Takeda Pharmaceuticals International AG	Pharmaceutical business	November 13, 2025	4,620,498

The Company acquired shares of Takeda Pharmaceuticals International AG by contributing in kind the shares of Takeda Pharmaceuticals U.S.A., Inc. held by the Company. The breakdown of the acquisition cost and consideration of the additional acquisition of subsidiary shares is as follows. No gain or loss was recognized in relation to the contribution in kind.

Consideration for acquisition	Shares of Takeda Pharmaceuticals U.S.A., Inc.	JPY 4,620,498 million
Acquisition cost		JPY 4,620,498 million

2. Overview of the accounting treatment

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

Revenue Recognition

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

Significant Subsequent Events

On May 18, 2026 (U.S. Eastern Time), a jury in the U.S. District Court for the District of Massachusetts returned a verdict against the

Company and its consolidated subsidiaries, Takeda Pharmaceuticals U.S.A., Inc., and Takeda Pharmaceuticals America, Inc. in the AMITIZA (lubiprostone) antitrust litigation and awarded plaintiffs USD 884,943,990 in single damages. Under U.S. antitrust law, the damages awarded to the wholesaler class (USD 474,897,965 in single damages) and individual retailers (collectively USD 346,837,646 in single damages) will be automatically trebled upon entry of judgment, while the damages awarded to the third-party payor class remain subject to further proceedings prior to entry of judgment.

As this matter constitutes an event that occurred after May 12, 2026, the date of the independent auditor's report for the Companies Act audit, the Company plans to record reserves for litigation of JPY 403,510 million for the fiscal year ending March 31, 2027.

The amount of any liability that may ultimately be imposed on the Company has not yet been finalized. The Company intends to pursue post-trial motions and an appeal and will seek a stay of execution of the judgment during the pendency of the appeal.

5) Supplementary Schedules

[Details of Tangible non-current assets and Intangible non-current 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	78,850	4,857	357 (296)	6,058	77,292	137,649	214,941
Machinery and equipment	18,661	6,913	1,440 (1,024)	6,285	17,850	208,458	226,307
Vehicles	42	19	—	27	34	382	416
Tools and fixtures	11,689	5,005	368 (41)	5,677	10,650	39,048	49,698
Land	35,043	330	—	—	35,373	—	35,373
Lease assets	1,438	55	673	225	594	348	942
Construction in progress	26,911	15,010	6,012 (144)	—	35,909	—	35,909
Total tangible non-current assets	172,634	32,189	8,850 (1,505)	18,272	177,701	385,884	563,585
Total intangible non-current assets	28,365	2,980	3,133 (2,265)	4,744	23,468	42,133	65,601

*1

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

Machinery and equipment	Acquisitions related to the renewal of equipment at the Hikari Plant	JPY 1,994 million
Tools and fixtures	Acquisitions related to the expansion of testing and research functions at the Shonan iPark	JPY 1,347 million

*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)
Reserve for employees' bonuses	14,069	10,690	14,069	10,690
Reserve for share-based payments	5,040	3,561	3,613	4,989
Reserve for bonuses for directors and corporate auditors	454	245	454	245
Reserve for restructuring costs	1,313	10	1,308	15
Reserve for retirement benefits	7,064	985	1,035	7,014
Reserve for litigation	703	—	58	644

(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 31. Commitment and Contingent Liabilities, Litigation" in our Form 20-F.

Product Liability and Related Claims

ACTOS Economic Loss Cases

Proton Pump Inhibitor (“PPI”) Product Liability Claims

Sales, Marketing, and Regulation

ACTOS Antitrust Litigation

AMITIZA Antitrust Litigation

DEXILANT Antitrust 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, 2026 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter	Fiscal Year (148th)	From To	April 1, 2024 March 31, 2025	Filed with Director of the Kanto Local Finance Bureau on June 25, 2025
(2)	Internal Control Report and documents attached	Fiscal Year (148th)	From To	April 1, 2024 March 31, 2025	Filed with Director of the Kanto Local Finance Bureau on June 25, 2025
(3)	Interim Securities Report and Confirmation Letter	Fiscal Year (149th Interim)	From To	April 1, 2025 September 30, 2025	Filed with Director of the Kanto Local Finance Bureau on October 30, 2025

(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 1, 2025
The Extraordinary Report pursuant to Article 19, paragraph 2, items 12 and 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs	Filed with Director of the Kanto Local Finance Bureau on May 19, 2026

(5) Amendment to the Extraordinary Report

The Amendment to the Extraordinary Report submitted on May 19, 2026	Filed with Director of the Kanto Local Finance Bureau on June 5, 2026

(6)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and documents attached	Filed with Director of the Kanto Local Finance Bureau on April 14, 2025 Filed with Director of the Kanto Local Finance Bureau on June 1, 2026

(7) Amendment to the Shelf Registration Statement

The Amendment Report to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on April 14, 2025	Filed with Director of the Kanto Local Finance Bureau on July 1, 2025
The Amendment Report to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on April 14, 2025	Filed with Director of the Kanto Local Finance Bureau on May 19, 2026
The Amendment Report to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on April 14, 2025	Filed with Director of the Kanto Local Finance Bureau on June 5, 2026
The Amendment Report to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on June 1, 2025	Filed with Director of the Kanto Local Finance Bureau on June 5, 2026

(8) Supplements of Shelf Registration Statements (share certificates, debenture bonds, etc.) and documents attached

Supplements of Shelf Registration Statements (share certificates, debenture bonds, etc.) and documents attached to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on April 14, 2025	Filed with Director of the Kanto Local Finance Bureau on June 6, 2025
Supplements of Shelf Registration Statements (share certificates, debenture bonds, etc.) and documents attached to the Shelf Registration Statement (share certificates, debenture bonds, etc.) submitted on June 1, 2026	Filed with Director of the Kanto Local Finance Bureau on June 9, 2026

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 17, 2026

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC
Tokyo Office

Naohiro Nishida
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Noriaki Habuto
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Hiroaki Namba
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Consolidated 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, 2026, 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, 2026, 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 312 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 (including those that are relevant to our audit of the consolidated financial statements of public interest entities), 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.

1 Reasonableness of evaluation of the provisions for U.S. Medicaid and U.S. commercial managed care rebates

The key audit matter and why it is determined to be a key audit matter

As discussed in Note 3 "Material Accounting Policies" and Note 22 "Provisions" 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 JPY 291,232 million as of March 31, 2026.

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 one of the key audit matters because such evaluation was particularly significant 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.

2 Evaluation of goodwill

The key audit matter and why it is determined to be a key audit matter

As discussed in Note 3 "Material Accounting Policies" and Note 11 "Goodwill" to the consolidated financial statements, the Company recorded JPY 5,809,010 million of goodwill as of March 31, 2026.

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 Company conducts impairment tests for goodwill annually and if there is any indication of impairment. Impairment loss for goodwill is recognized if the recoverable amount of goodwill is less than the carrying amount. The recoverable amount is the greater of fair value less costs of disposal, or value in use of the CGU. The fair value less costs of disposal is determined by discounting the estimated future cash flows based on a 10-year projection as well as deducting the estimated costs of disposal. The measurement of fair value uses a terminal growth rate and a discount rate. The projection includes the sales forecast related to certain products in the U.S. as the significant assumption. As a result of annual impairment test, the Company did not record any impairment loss on goodwill.

Assessing the fair value at the single operating segment level in the impairment testing of goodwill requires the evaluation of assumptions of the sales forecast related to certain products in the U.S., which is subject to a high degree of subjective judgment.

As a result of the above, we identified the evaluation of goodwill as one of the key audit matters because such evaluation was particularly significant in our audit of the consolidated financial statements for the current fiscal year.

How the matter was addressed

We performed audit procedures to verify the valuation of goodwill. We instructed the auditors of the relevant U.S. consolidated subsidiaries to perform audit procedures for the purpose of testing internal controls. The results of these procedures were reported to us, and we subsequently assessed the sufficiency and appropriateness of the audit evidence obtained. The audit procedures performed by the auditors of the U.S. consolidated subsidiaries included the following:

(1) Test of internal controls

We tested the design and operating effectiveness of internal controls over the development of sales forecast related to certain products in the U.S. in relation to the estimation of fair value for the annual impairment testing of goodwill.

(2) Test on the reasonableness of fair value estimation

We performed the following procedures to evaluate the appropriateness of sales forecast related to certain products in the U.S. which is a significant assumption used for the estimation of fair value:

- Developed independent sales forecast using the future sales growth rate estimated based on external information such as market projections by analysists and industry and market trends, and compared such independent estimates to recent actual sales.
- Compared actual sales to historical sales forecasts of certain products.

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 with regard to 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.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company, which forms the basis for an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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 matters that could reasonably be considered to bear on our independence, and where applicable, measures taken to eliminate threats or safeguards applied.

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, 2026, 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, 2026, 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.

Fee-related information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "(3) Status of Auditing" of "Corporate Governance" in "Information on the Company."

Interest

Our firm and its designated 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 17, 2026

To Board of Directors of Takeda Pharmaceutical Company Limited:

KPMG AZSA LLC
Tokyo Office

Naohiro Nishida
Designated Limited Liability Partner Engagement Partner
Certified Public Accountant

Noriaki Habuto
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 financial statements of Takeda Pharmaceutical Company Limited (the "Company") provided in the Financial Information section in the Company's Annual Securities Report for the 149th fiscal year, which comprise the balance sheet as at March 31, 2026, 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, 2026, 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 (including those that are relevant to our audit of the financial statements of public interest entities), 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.

Emphasis of Matter

As discussed in the notes "Significant Subsequent Events," on May 18, 2026 (Eastern Time in the United States), a jury returned a verdict in connection with an antitrust lawsuit relating to AMITIZA (lubiprostone) in the United States District Court for the District of Massachusetts.

Our opinion is not modified in respect of this matter.

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.

1 Reasonableness of judgment on recoverability of deferred tax assets

The key audit matter and why it is determined to be a key audit matter

The Company recognized deferred tax assets of JPY 119,461 million on the balance sheet as of March 31, 2025. 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 JPY 188,768 million, which is a net of gross deferred tax assets for deductible temporary differences and net operating loss carryforward of JPY 608,335 million with valuation allowances of JPY 419,568 million.

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 with regard to 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 matters that could reasonably be considered to bear on our independence, and where applicable, measures taken to eliminate threats or safeguards applied.

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.

Fee related information

Fee related information is described in the Independent Auditor's Report of the consolidated financial statements.

Interest

Our firm and its designated 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 17, 2026
[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]	Milano Furuta, 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 Security 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 Milano Furuta, 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, 2026.

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, 2026. 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 17, 2026
[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]	Milano Furuta, 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 Security 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, Milano Furuta, have confirmed that the content of the Annual Securities Report of Takeda Pharmaceutical Company Limited for the 149th fiscal year (from April 1, 2025 to March 31, 2026) was described appropriately based on the laws and regulations concerning the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.