Dear Stakeholders,

Takeda has existed for more than 240 years, yet we are reminded each day of the critical importance of our work, and we are fueled by the impact we make in our mission to transform lives. We often talk about the importance of our core values of Takeda-ism (Integrity, Fairness, Honesty and Perseverance) brought to life through actions based on patient, trust, reputation and business, in that order. These values guide everything we do and are fundamental to who we are as a company. Our purpose, as a core foundation of our global growth strategy, will help us create value for decades to come.

Transforming the lives of patients

The work we do transforms lives, helping patients with limited or no treatment options in our therapeutic and business areas of oncology, rare genetics and hematology, neuroscience, gastroenterology, plasma-derived therapies (PDT) and vaccines. Our R&D pipeline is a clear demonstration of how we are working to deliver unique value to patients. We have a robust pipeline of medicines that all have the potential to transform the treatment landscape.

Unleashing the power of data and technology is crucial to our vision to transform the lives of patients. Data and technology are revolutionizing our industry and creating better experiences and outcomes for patients by accelerating the discovery, development and delivery of life-transforming treatments. Takeda is on the leading edge of this revolution.

Inspiring our people and building a workplace of the future

I attribute our ongoing success to our approximately 50,000 dedicated and patient-focused colleagues who embody our values and help us build a dynamic future. Our intention is to continuously deliver an exceptional experience to our people, wherever they work. This starts by attracting and retaining a talented, diverse and highly engaged workforce and offering a culture of lifelong learning and talent development, so our people, regardless of role, can reach their highest potential.

And we are focused on strengthening our culture and sense of community while allowing for the flexibility that is so important for supporting well-being. This emphasis on well-being has been a valuable takeaway from the COVID-19 pandemic, as many of us have been faced with unprecedented pressures.

Building sustainable health care and fostering a better planet

We’re on a journey to embed purpose-led sustainability so that it informs everything we do. Ultimately, we see an opportunity to create sustainable value using our core assets and capabilities to help in solving big societal issues, including addressing health disparities and inequity.

We are also working to build support for value-based health care, which we believe is essential to address the challenges health care systems face in delivering innovative health services and technologies sustainably.
and equitably. This complements our ongoing efforts to expand access to our medicines worldwide. The Takeda Center for Health Equity and Patient Affairs is gathering diverse perspectives from people around the world and developing a broad eco-system of partners to ensure that these voices are heard and that equity considerations are embedded into both our R&D and patient access activities.

Throughout this report you will also see indicators of Takeda’s alignment with key components of the United Nations Global Compact and Sustainable Development Goals. As a signatory of the Global Compact, Takeda remains committed to its principles and to reporting on our progress in implementing them.

The stakes have never been higher for the future of our planet. We see the accelerating reality of the climate change crisis and are challenging our own ambitions to address our carbon footprint and decarbonize our entire value chain. In 2020, we achieved carbon neutrality across our value chain, through greenhouse gas emissions reduction efforts and validated carbon offsets. We’re now committed to being net-zero across our Scope 1 and 2 emissions before 2035 and across our entire value chain, including currently estimated Scope 3 emissions, before 2040.¹

Delivering long-term business growth

Over the past several years, we have dramatically accelerated our competitive position. This is evident in our strong performance in fiscal year (FY) 2021. We delivered significant topline acceleration, with underlying revenue growth of +7.4% driven by sales of our global growth products.² On a reported basis, revenue was 3,569.0 billion yen ($29.4 billion dollars), with a year-on-year increase of +11.6%. And we successfully achieved our management guidance for underlying revenue and profit growth.

With regard to profitability, in FY2021 Takeda delivered underlying Core Operating Profit growth of +5.4%, and a competitive margin of 28.0%. This strong performance was in spite of temporary sales mix and pandemic-related headwinds, which were largely offset by improved OPEX efficiency. We also continue to deliver important cash flow (943.7 billion yen free cash flow in FY2021), allowing us to invest in our growth drivers, while also paying down debt, resulting in net debt to adjusted EBITDA of 2.8x in March 2022. I am confident that our growth momentum will continue into FY2022 and beyond, and will support our Total Shareholder Returns as we look forward to a new phase of creating significant shareholder value.

Strong momentum for the future

This fiscal year was exceptional for our business thanks to our agile response to the dynamic global environment and our R&D momentum. We are proving our ability to bring new therapies to patients, expand indications and launch products in new geographies. Our commercial growth trajectory enables us to invest in and develop a modality diverse pipeline, with approximately 40 clinical-stage medicines. Importantly, 10 of the R&D programs at Takeda are in late-stage development, providing several medium-term commercial opportunities.

For the next phase of growth at Takeda, we are unleashing the power of data and technology to transform the way we work across our entire value chain. Digital technologies will drive innovation, efficiencies and sustainability across everything we do — from drug discovery and clinical trials to product manufacturing and global distribution.

Our goal is to continue to grow Takeda into the most trusted, science-driven, digital biopharmaceutical company. We are fostering a culture that champions bold ideas and innovative solutions to deliver lasting value for stakeholders. Our focus on patients will forever fuel our strategy and contribute to long-term value creation for all.

¹ Takeda defines carbon neutrality and net zero emissions in accordance with The Greenhouse Gas Protocol. A lack of transparency into, and a difficulty measuring, actual Scope 3 emissions remains an important challenge to overcome as part of these efforts.
² Takeda uses certain non-IFRS measures — including underlying revenue growth and Core Operating Profit — to supplement the analysis of results of operations under IFRS. Please refer to the appendix for definitions, explanations and reconciliations of non-IFRS measures.