Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

TAKEDA PHARMACEUTICAL COMPANY LIMITED (the "Company" or "TAKEDA") HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS TRANSLATION, WHETHER EXPRESS OR IMPLIED INCLUDING, BUT WITHOUT LIMITATION TO, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO ACCURACY, RELIABILITY OR COMPLETENESS OF THIS TRANSLATION. IN NO EVENT SHALL TAKEDA BE LIABLE FOR ANY DAMAGES OF ANY KIND OR NATURE INCLUDING, BUT WITHOUT LIMITATION TO, DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING FROM OR IN CONNECTION WITH THIS TRANSLATION.

Better Health, Brighter Future

Notice of Convocation of the 141st Ordinary General Meeting of Shareholders

Date: June 28, 2017 (Wednesday), 10:00 a.m. (The reception is scheduled to open at 8:50 a.m.)

Venue: Osaka Prefectural Gymnasium (EDION Arena Osaka) 1st arena

Contents

Takeda Pharmaceutical Company Limited

Securities Code: 4502

Securities Code: 4502
June 6, 2017

Dear Shareholders

Notice of Convocation of the 141st Ordinary General Meeting of Shareholders

This is to inform you that the Company shall be holding the 141st Ordinary General Meeting of Shareholders (the "Meeting") of the Company as follows and invite you to attend.
If you are unable to attend the Meeting, you may exercise your voting rights in writing or via electronic means (e.g., the Internet, etc.). Please be so good as to go through the Reference Document for the General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m. on June 27, 2017 (Tuesday).

Details

1. **Date: June 28, 2017 (Wednesday), 10:00 a.m.**
(The reception is scheduled to open at 8:50 a.m.)
2. **Venue: Osaka Prefectural Gymnasium (EDION Arena Osaka) 1st arena**
4-36, Nanbanaka 3-chome, Naniwa-ku, Osaka, Japan
(Please refer to the map at the end of this notice.)
(The map is omitted in this translation.)
3. **Objectives of the Meeting:**

Matters to be reported:

1. Reports on the Business Report, Consolidated Financial Statements and Unconsolidated Financial Statements for the 140th fiscal year (from April 1, 2016 to March 31, 2017)
2. Reports on the Audit Reports on the Consolidated Financial Statements for the 140th fiscal year by the Accounting Auditors and Audit and Supervisory Committee

Matters to be resolved:

<The Company's proposals (First to Third Proposals)>

First Proposal:	Appropriation of Surplus
Second Proposal:	Election of Nine (9) Directors who are not Audit and Supervisory Committee Members
Third Proposal:	Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members

<Shareholders' proposals (Fourth Proposal and Fifth Proposal)>

Fourth Proposal:	Partial Amendment to the Articles of Incorporation (Addition of the provision of the Articles of Incorporation)
Fifth Proposal:	Removal of the Director

The contents of the proposals above are described in the Reference Document for the General Meeting of Shareholders below (pages 4 to 22 herein).

Guidance Notes on the Exercise of Voting Rights

●Exercise of Voting Rights by Attending the Meeting

Please be so kind as to submit the enclosed Voting Right Exercise Form to a receptionist at the venue as evidence of your attendance. We also ask that you bring this Notice of Convocation with you to the venue.
(The Voting Right Exercise Form is omitted in this translation.)

Date: June 28, 2017 (Wednesday), 10:00 a.m. (The reception is scheduled to open at 8:50 a.m.)

●Exercise of Voting Rights in Writing

Please indicate your approval or disapproval of the proposals on the enclosed "Voting Right Exercise Form" and send it back to reach us before the deadline below. *(The Voting Right Exercise Form is omitted in this translation.)*

Deadline for Exercise (arrival): 5:30 p.m. on June 27, 2017 (Tuesday)

●Exercise of Voting Rights via Electronic Means (e.g.: the Internet, etc.)

Please refer to the "Guidance Notes on the Exercise of Voting Rights via Electronic Means (e.g., the Internet, etc.)" on page 91, and complete the entry of your approval or disapproval of the proposals in accordance with the instructions on the screen on or before the deadline below.

Deadline for Exercise (completion of entry): 5:30 p.m. on June 27, 2017 (Tuesday)

Guidance Notes on the Treatment of Exercise of Voting Rights

(1) If you exercise your voting rights both in writing and via electronic means (e.g., the Internet, etc.), the Company will regard only the vote cast via electronic means (e.g., the Internet, etc.) as valid, regardless of the time and date the votes are received.

(2) If you exercise your voting rights more than once via electronic means (e.g., the Internet, etc.), the Company will regard only your last vote as valid.

(3) If you exercise your voting rights by proxy, you may delegate your voting rights to one shareholder who holds voting rights in the Company. However, please note that you are required to submit a document certifying the authority of such proxy.

(4) If neither "for" nor "against" is marked on the submitted "Voting Right Exercise Form, with regard to the Company's proposals, it will be treated as a consent for the relevant proposal(s), and with regard to the Shareholders' proposals, it will be treated as a dissent for the relevant proposal(s).

Disclosure of information via the Internet

- The documents listed below have been posted on the Company's website based on laws and regulations and Article 14 of the Company's Articles of Incorporation and have not been included in this Notice of Convocation.

  1. Notes on the Consolidated Financial Statements
  2. Notes on the Unconsolidated Accounts

  The Consolidated Financial Statements and Unconsolidated Financial Statements that the Accounting Auditors and Audit and Supervisory Committee audited include, apart from the documents stated in the list of documents enclosed with the Notice of Convocation of the 141st Ordinary General Meeting of Shareholders, the Notes on the Consolidated Financial Statements and the Notes on the Unconsolidated Accounts posted on the Company's website.

- Any modification made to the Reference Document for the General Meeting of Shareholders and the Business Report, Unconsolidated Financial Statements and Consolidated Financial Statements shall be communicated by posting the modified information on the Company's website.

Company's website	http://www.takeda.com/investor-information/meeting/

Yours faithfully,

Christophe Weber
President and Representative Director
Takeda Pharmaceutical Company Limited
1-1, Doshomachi 4-chome
Chuo-ku, Osaka 540-8645, Japan

END OF DOCUMENT

Reference Document for the General Meeting of Shareholders

Proposals and Reference Matters:
<Company's proposals (First to Third Proposals)>

First Proposal: Appropriation of Surplus

The Company's policy of allocating capital is as follows:

- R&D investments in the pipeline and platform technologies;
- Shareholder returns through dividends and share buybacks in addition to giving weight to the capital gain of shareholders by enhancing the corporate value of the Company;
- External business development opportunities to strengthen Growth Drivers; and
- Maintenance of the level of the investment grade rating.

Based on the policy above, the Company presents the following proposal with respect to the appropriation of surplus for this fiscal year:

Year-end dividends

(1) Type of dividend asset
Cash

(2) Allocation of dividend asset to shareholders and total amount of allocation
90 JPY per share of common stock;
Total amount: 71,133,191,640 JPY
(Reference)
Combined with the interim dividend of 90 JPY per share, the annual dividend will be 180 JPY per share (the same amount as in the previous fiscal year).

(3) Effective date of distribution of the dividend
June 29, 2017

Second Proposal: Election of Nine (9) Directors who are not Audit and Supervisory Committee Members

The term of office of the eleven (11) Directors who are not Audit and Supervisory Committee Members, namely Yasuchika Hasegawa, Christophe Weber, Shinji Honda, Masato Iwasaki, Andrew Plump, Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Masahiro Sakane, Toshiyuki Shiga and Fumio Sudo, will expire at the close of this General Meeting of Shareholders. Therefore, the Company proposes the election of Nine (9) Directors who are not Audit and Supervisory Committee Members including five (5) External Directors.

The candidates for Directors who are not Audit and Supervisory Committee Members are as follows (*The photographs of the candidates are omitted in this translation.*):

Candidate No.		Name	Current position and responsibilities	Number of attending the Board of Directors meeting
1	To be reelected	Christophe Weber	President and Representative Director Chief Executive Officer	12/12 (100%)

2	To be reelected	Masato Iwasaki	Director President, Japan Pharma Business Unit	12/12 (100%)
3	To be reelected	Andrew Plump	Director Chief Medical & Scientific Officer	12/12 (100%)
4	To be newly elected	James Kehoe	Corporate Officer Chief Financial Officer	-
5	To be reelected External Director Independent Director	Yoshiaki Fujimori	Director	8/8 (100%)
6	To be reelected External Director Independent Director	Emiko Higashi	Director	8/8 (100%)
7	To be reelected External Director Independent Director	Michel Orsinger	Director	8/8 (100%)
8	To be reelected External Director Independent Director	Masahiro Sakane	Director	12/12 (100%)
9	To be reelected External Director Independent Director	Toshiyuki Shiga	Director	8/8 (100%)

(Note) With regard to “Number of attending the Board of Directors meeting,” the Board of Directors meetings Directors Mr. Yoshiaki Fujimori, Ms. Emiko Higashi, Mr. Michel Orsinger and Mr. Toshiyuki Shiga were eligible to attend were those held after June 29, 2016 when they took office.

<table>
<tr><td>Candidate No.1</td><td colspan="2">Christophe Weber</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>154,324 shares (120,524 shares)</td></tr>
<tr><td colspan="2" rowspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td>May 2008</td><td colspan="2">Senior Vice President & Regional Director, Asia Pacific, GlaxoSmithKline</td></tr>
<tr><td colspan="2">Born on November 14, 1966

Served 3 years as a Director

Attended 12 of the 12 meetings (100%) of the Board of Directors

To be Reelected
Internal Director</td><td>April 2012

April 2012

April 2012

April 2014

April 2014

June 2014

April 2015</td><td colspan="2">President & General Manager, GlaxoSmithKline Vaccines

CEO, GlaxoSmithKline Biologicals

Member of GlaxoSmithKline Corporate Executive Team

Chief Operating Officer of the Company

Corporate Officer of the Company

President and Representative Director of the Company (to present)

Chief Executive Officer of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Mr. Christophe Weber, as President & CEO of the Company, has promoted the transformation of the Company into a company that can achieve sustainable and profitable growth.
The Company considers that the transformation, as promoted by him, is necessary for the Company and recommends that he continue as a Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.2</td><td colspan="2">Masato Iwasaki</td><td>Number of Company Shares Owned
(Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>12,796 shares
(7,300 shares)</td></tr>
<tr><td colspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td colspan="2" rowspan="2">Born on November 6, 1958

Served 5 years as a Director

Attended 12 of the 12 meetings (100%) of the Board of Directors

To be Reelected Internal Director</td><td>April 1985
April 2008

June 2010

January 2012

April 2012

June 2012

April 2015</td><td colspan="2">Joined the Company
Senior Vice President, Strategic Product Planning Department of the Company
Corporate Officer of the Company
Head of CMSO Office, Takeda Pharmaceuticals International, Inc.
Senior Vice President, Pharmaceutical Marketing Division of the Company
Director of the Company (to present)
President, Japan Pharma Business Unit of the Company (to present)</td></tr>
<tr><td colspan="4">[Reason for Election as Director]
Dr. Masato Iwasaki manages the prescription drug business in Japan as President of the Japan Pharma Business Unit.
The Company considers his capabilities and experiences as necessary to maintain the Company’s leading position in the Japanese prescription drug market. The Company recommends that he continue as a Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.3</td><td colspan="2">Andrew Plump</td><td>Number of Company Shares Owned
(Of which, Number of Company Shares to be provided under the Stock Grant Plan)</td><td>34,039 shares
(34,039 shares)</td></tr>
<tr><td colspan="2" rowspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company,
and Important Duties Concurrently Held</td></tr>
<tr><td>January 2007

January 2008</td><td colspan="2">Executive Director, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Translational Medicine, Merck & Co.
Vice President, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Early Development & Cardiovascular Translational Medicine, Merck & Co.</td></tr>
<tr><td colspan="2">Born on
October 13, 1965

Served 2 years as a Director

Attended 12 of the 12 meetings (100%) of the Board of Directors

To be Reelected
Internal Director</td><td>January 2008

July 2012

March 2014

February 2015
February 2015
June 2015
June 2015

June 2015</td><td colspan="2">Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.
Vice President & Deputy to the President, Research & Translational Medicine, Sanofi
Senior Vice President & Deputy to the President for Research & Translational Medicine, Sanofi
Chief Medical & Scientific Officer Designate of the Company
Corporate Officer of the Company
Director of the Company (to present)
Chief Medical & Scientific Officer of the Company (to present)
Executive Vice President, Takeda Pharmaceuticals International, Inc. (to present)</td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Dr. Andrew Plump has been supervising the Company's R&D activities and promoting the transformation thereof, which the Company considers necessary. The Company considers his capabilities and experiences as necessary for the transformation of the R&D activities and recommends that he continue as a Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.4</td><td colspan="2">James Kehoe</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Grant Plan)</td><td>23,886 shares (23,886 shares)</td></tr>
<tr><td rowspan="2">(Photo)

Born on October 27, 1962

To be Newly elected Internal Director</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td>January 1984

March 1986

April 1988

November 2013

January 2015

February 2015

June 2016

June 2016</td><td colspan="3">Assistant Management Accountant, Canada Dry Corporation
Cost Accountant, Berger Paints Limited
Senior Vice President, Corporate Finance, etc., Kraft Foods Company
Senior Vice President, Operating Excellence, Mondelez International, Inc.
Chief Financial & Administrative Officer and Executive Vice President, Gildan Activewear, Inc.
Chief Financial Officer & Executive Vice President, Kraft Foods Group
Chief Financial Officer of the Company (to present)
Corporate Officer of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Mr. James Kehoe joined the Company and became the Corporate Officer thereof in June 2016. He has experience in managing globally operating companies and achieved high performance including favorably amending the management guidance (target index of management of the Company) for fiscal year 2016. Accordingly, he meets the criteria to be elected as a candidate for Director of the Company. The Company considers his capabilities and experiences as Chief Financial Officer as necessary for transforming the Company into a company that can achieve sustainable and profitable growth, and recommends that he be a Director.</td></tr>
</table>

Candidate No.5	Yoshiaki Fujimori	Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	1,964 shares (964 shares)

(Photo)	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
Born on July 3, 1951 Served 1 year as a Director Attended 8 of the 8 meetings (100%) of the Board of Directors held after becoming a Director To be Reelected External Director Independent Director	May 2001	Senior Vice President, General Electric Company
	October 2008	Representative Director, Chairman, President and CEO, General Electric Japan Ltd.
	March 2011	Representative Director and Chairman, GE Japan Corporation
	June 2011	Director, LIXIL Corporation
	June 2011	Director, LIXIL Group Corporation
	August 2011	Representative Director, President and CEO, LIXIL Corporation
	August 2011	Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation
	June 2012	External Director, Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Inc.) (to present)
	January 2016	Representative Director, Chairman and CEO, LIXIL Corporation
	June 2016	Counselor, LIXIL Group Corporation (to present)
	June 2016	External Director of the Company (to present)

[Reason for Election as Director]
Mr. Yoshiaki Fujimori has been giving advice from an objective view point as a member of the Compensation Committee, and contributes to transparent decision making in relation to the compensation paid to the Directors of the Company.
Furthermore, he has also been actively involved in the discussions at the Board of Directors meeting and contributes to making fair and appropriate decisions and securing the sound management of the Company. The Company recommends that he continue as an External Director.

<table>
<tr><td>Candidate No.6</td><td colspan="2">Emiko Higashi</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>2,204 shares (2,204 shares)</td></tr>
<tr><td colspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td colspan="2" rowspan="2">Born on November 6, 1958

Served 1 year as a Director

Attended 8 of the 8 meetings (100%) of the Board of Directors held after becoming a Director

To be Reelected External Director Independent Director</td><td>February 1988
May1994

April 2000
January 2003

November 2010

October 2014

June 2016

June 2016</td><td colspan="2">Director, Wasserstein Perella & Co., Inc.
Managing Director, Investment Banking, Merrill Lynch & Co.
CEO, Gilo Ventures, LLC
Managing Director, Tomon Partners, LLC (to present)
External Director, KLA-Tencor Corporation (to present)
External Director, InvenSense Inc. (to present)
External Director, MetLife Insurance K.K. (to present)
External Director of the Company (to present)</td></tr>
<tr><td colspan="4">[Reason for Election as Director]
Ms. Emiko Higashi has been actively involved in the discussions at the Board of Directors meeting and contributes to making fair and appropriate decisions and securing the sound management of the Company. The Company recommends that she continue as an External Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.7</td><td colspan="2">Michel Orsinger</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>2,204 shares (2,204 shares)</td></tr>
<tr><td rowspan="2">(Photo)</td><td colspan="4">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td rowspan="11">Born on September 15, 1957

Served 1 year as a Director

Attended 8 of the 8 meetings (100%) of the Board of Directors held after becoming a Director

To be Reelected External Director Independent Director</td><td>January 1996</td><td colspan="2">Head of Eastern Europe, Sandoz Nutrition, Consumer Health, Novartis AG</td></tr>
<tr><td>July 1997</td><td colspan="2">President, Global Medical Nutrition, Consumer Health, Novartis AG</td></tr>
<tr><td>September 1999</td><td colspan="2">Regional President, Europe, Middle East and Africa, Consumer Health, Novartis AG</td></tr>
<tr><td>March 2001</td><td colspan="2">Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG</td></tr>
<tr><td>October 2004</td><td colspan="2">Chief Operating Officer, Synthes, Inc. (currently Johnson & Johnson)</td></tr>
<tr><td>April 2007</td><td colspan="2">President and Chief Executive Officer, Synthes, Inc.</td></tr>
<tr><td>June 2012</td><td colspan="2">Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson</td></tr>
<tr><td>June 2012</td><td colspan="2">Member of Global Management Team, Johnson & Johnson</td></tr>
<tr><td>June 2016</td><td colspan="2">External Director of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Mr. Michel Orsinger has been actively involved in the discussions at the Board of Directors meeting and contributes to making fair and appropriate decisions and securing the sound management of the Company. The Company recommends that he continue as an External Director.</td></tr>
</table>

Candidate No.8	Masahiro Sakane	Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	1,864 shares (964 shares)

(Photo)	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
Born on January 7, 1941 Served 3 years as a Director Attended 12 of the 12 meetings (100%) of the Board of Directors To be Reelected External Director Independent Director	April 1963	Joined Komatsu Ltd.
	June 2001	President and Representative Director, Komatsu Ltd.
	June 2007	Chairman of the Board and Representative Director, Komatsu Ltd.
	June 2008	External Director, Nomura Holdings, Inc.
	June 2008	External Director, Nomura Securities Co., Ltd.
	June 2008	External Director, Tokyo Electron Limited
	June 2010	Chairman of the Board, Komatsu Ltd.
	March 2011	External Director, Asahi Glass Co., Ltd.
	April 2013	Director and Counselor, Komatsu Ltd.
	June 2013	Counselor, Komatsu Ltd. (to present)
	June 2014	External Director of the Company (to present)
	June 2015	External Director, Kajima Corporation (to present)

[Reason for Election as Director]
Mr. Masahiro Sakane has been giving advice from an objective view point as a member of the Nomination Committee, and contributes to transparent decision making in relation to the appointment of candidates for Director of the Company.
Furthermore, he has also been actively involved in the discussions at the Board of Directors meeting and contributes to making fair and appropriate decisions and securing the sound management of the Company. The Company recommends that he continue as an External Director.

Candidate No.9	Toshiyuki Shiga	Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	1,364 shares (964 shares)

(Photo)	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
Born on September 16, 1953 Served 1 year as a Director Attended 8 of the 8 meetings (100%) of the Board of Directors held after becoming a Director To be Reelected External Director Independent Director	April 1976	Joined Nissan Motor Co., Ltd.
	April 2000	Senior Vice President (Officer), Nissan Motor Co., Ltd.
	April 2005	Chief Operating Officer, Nissan Motor Co., Ltd.
	June 2005	Director, Nissan Motor Co., Ltd.
	May 2010	Chairman, Japanese Automobile Manufacturers Association, Inc.
	November 2013	Vice Chairman, Nissan Motor Co., Ltd. (to present)
	April 2014	Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (to present)
	June 2015	Chairman and CEO, Innovation Network Corporation of Japan (to present)
	June 2016	External Director of the Company (to present)

[Reason for Election as Director]
Mr. Toshiyuki Shiga has been giving advice from an objective view point as chairman of the Compensation Committee, and contributes to transparent decision making in relation to the compensation paid to the Directors of the Company.
Furthermore, he has also been actively involved in the discussions at the Board of Directors meeting and contributes to making fair and appropriate decisions and securing the sound management of the Company. The Company recommends that he continue as an External Director.

(Notes)

1. No special interests exist between the above candidates and the Company.
2. For the above candidates, the “Number of Company Shares Owned” includes the number of Company shares (as of March 31, 2016) to be provided under the stock compensation plan (for Dr. Andrew Plump and Mr. James Kehoe, the stock grant plan). Such Company shares are to be provided to each of the directors during his/her term of office or at the time of his/her retirement.

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

   The Company introduced a stock compensation plan for Directors (excluding Directors residing overseas who are not External Directors) and a stock grant plan for the executives of the Takeda Group in Japan and overseas (collectively, the “Plan”).

   The Company shares to be provided to the above candidates under the stock compensation plan for Directors who are not External Directors (excluding Directors who are Audit and Supervisory Committee Members and Directors residing overseas) (“Directors who are eligible for performance-linked compensation”) and the stock grant plan for the executives of the Takeda Group in Japan and overseas include the following portions:

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

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

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

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

   In addition, with regard to the Company shares to be provided under the Plan, (a) the voting rights thereof will not be exercised before such shares are provided to each candidate; (b) 50% of such shares will be sold in the stock market to secure the necessary funds for tax payments and the proceeds thereof will be provided to each candidate.
3. Mr. Yoshiaki Fujimori, Ms. Emiko Higashi, Mr. Michel Orsinger, Mr. Masahiro Sakane, and Mr. Toshiyuki Shiga are candidates to become External Directors who are not Audit and Supervisory Committee Members of the Company. The Company has set the “Internal criteria for independence of external directors” (the contents of such criteria are as set forth on page 16.) and elected the External Directors based on such criteria. All of these 5 persons have met the requirements for Independent Directors based on the regulations of the financial instruments exchanges that the Company is listed on (e.g.: Tokyo Stock Exchange, Inc.). The Company has appointed these 5 persons as Independent Directors and submitted a notification to each exchange.
4. Nomura Securities Co., Ltd. (“Nomura”) where Mr. Masahiro Sakane served as an External Director since June 2008 was the subject of a Business Improvement Order from the Financial Services Agency in August 2012 on the basis of the Financial Instruments and Exchange Act due to the recognition of deficiencies in its management of sensitive corporate information relating to public stock offerings. Mr. Masahiro Sakane has always spoken about the importance of legal compliance at the Board of Directors

meetings and other occasions at Nomura. After the issue came to light, he offered his opinions at Nomura on measures to prevent reoccurrence.

5. The Company has entered into contracts with Mr. Yoshiaki Fujimori, Ms. Emiko Higashi, Mr. Michel Orsinger, Mr. Masahiro Sakane and Mr. Toshiyuki Shiga limiting the maximum amount of their liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the legally stipulated value. If their re-election is approved, the Company plans to continue the same contracts to limit their liability.

<Reference> Internal criteria for the independence of External Directors of the Company

The Company will judge whether an External Director has sufficient independence against the Company with 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 External Directors of the Company, i.e., persons who can exert a strong presence in a diverse group of people that comprise the directors of the Company by proactively continuing to inquire on the nature of, encourage improvement in, and make suggestions regarding the important matters of the Company doing a pharmaceutical business globally, for the purpose of facilitating an impartial and fair judgment of the Company's business and securing the sound management of the Company.

The Company requires that persons who will be external directors to meet two (2) or more items out of the following four (4) items of quality requirements:

(1) He/She has advanced insight derived from experience in corporate management;
(2) He/She has a high level of knowledge in areas 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 skills and/or broad experience, which enables him/her to understand diverse values and to actively participate in discussions with others.

Third Proposal: Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members

The Company proposes to pay bonuses up to the total amount of 550 million JPY (excluding bonuses paid to the relevant Directors for their work as employees) to the four (4) Directors (excluding Directors residing overseas and External Directors) in office as of the end of this fiscal year, in accordance with the achievement of key performance indicators such as the consolidated revenue, Core Earnings and EPS set forth for this fiscal year.

<Shareholders' proposal (Fourth Proposal and Fifth Proposal)>
Fourth Proposal (pages 20 to 21 herein) and Fifth Proposal (pages 21 to 22 herein) are proposed by 15 shareholders
Note that the "Summary of the Proposals" and "Reason for the Proposal" are described as the original.

General position of the Board of Directors to shareholders' proposals, and reasons for that position

Fourth Proposal and Fifth Proposal are proposed by shareholders and not by the Company. The Board of Directors ("BOD") objects to both proposals.
Opinions of the BOD to each proposal are respectively described below each proposal. However, explanations are given here with regard to the content that is common across these proposals, specifically, "the meaning of the position of Corporate Counselor at the Company, and the planned appointment of Mr. Yasuchika Hasegawa, current Chairman of the Board, as Corporate Counselor after the close of the General Meeting of Shareholders of this year" and "the viewpoint of the BOD on items ① through ④ described in 'Reasons for the proposal' of each shareholders' proposal."

1. With regard to "the meaning of the position of Corporate Counselor at the Company and the planned appointment of Mr. Yasuchika Hasegawa, current Chairman of the Board, as Corporate Counselor after the close of the General Meeting of Shareholders of this year"
There is no concern that appointing a Corporate Counselor of the Company would, as suggested in the reasons of the shareholders' proposal, result in "a former top executive substantially influencing current management with regards to decision-making or business execution".
The Company has enhanced the soundness of decision-making at the BOD and supervisory function of the BOD as a "Company with Audit and Supervisory Committee," and has improved the transparency and objectiveness of decision-making at the BOD by composing the BOD, including Audit and Supervisory Committee Members, with a majority of Independent External Directors (currently 9 out of 15 members of the BOD are Independent External Directors, and after the General Meeting of Shareholders of this year, 8 out of 13 members of the BOD are planned to be Independent External Directors).
The Corporate Counselor will not attend BOD meetings, nor will the Corporate Counselor attend meetings of the bodies which have decision-making authority on important matters one level below BOD resolution matters, such as the Business Review Committee, Portfolio Review Committee and Audit, Risk and Compliance Committee. Further, the Corporate Counselor does not have an obligation to be reported to in advance or thereafter on the matters discussed at and the agendas of such meetings. Consequently, the possibility that the Corporate Counselor has an influence on individual matters relating to business execution is appropriately excluded and, accordingly, the Corporate Counselor will not become a factor that will obstruct sound corporate governance.
Further, it is generally considered to be useful for management to be able to (i) appoint as Corporate Counselor such a person as was previously elected Director with the approval of shareholders, and who served as the Chairman of the Board and President with the approval from the BOD (having been recommended for those positions by the Nomination Committee before BOD approval) and (ii) solicit, as necessary, advice based on the abundant experience and advanced insights of said individual. In addition, in circumstances whereby the Company is willing to fulfill its social responsibility by appointing a person with an appropriate title to be its representative within the business or pharmaceutical industry community, having the position of Corporate Counselor enables the Company to appoint a person to that role while appropriately controlling the burden of the current management team.

The above explains the meaning of the position of Corporate Counselor at the Company, and as the Company plans to appoint Mr. Yasuchika Hasegawa, current Chairman of the Board, to be Corporate Counselor after the close of the General Meeting of Shareholders of this year, the meaning of such an appointment is also as described above.
Upon Mr. Hasegawa's assumption of the position of Corporate Counselor, the authority thereof is not going to be reconsidered, and accordingly, the possibility that the Corporate Counselor of the Company has an influence on matters relating to business execution is appropriately excluded. Meanwhile, the appointment of Mr. Hasegawa to the position of Corporate Counselor is considered to be meaningful for the Company in order to (i) possess the option for management to solicit, as necessary, Mr. Hasegawa's advice based on his advanced insight and experience of over 45 years at the Company and (ii) maintain and enhance the level of contribution to society through the external activities of the Company, given the fact that the number of Internal Directors is limited, enabling the current management team to allocate more time to business execution.

2. Viewpoint of the BOD on items ① through ④ described in 'Reasons for the proposal' of each Shareholders' proposal

As the contents described in ① to ④ of the "Reason for the Proposal" are the same in each Proposal, the Company will first explain the viewpoint of the BOD on each of the items ① through ④. The BOD made, in each instance, the best judgment, having taking measures after thorough discussions in each case, and it would be greatly appreciated if its shareholders, including the proposing shareholders, would understand the effort of the Company.

(1) Comment to the effect that no fundamental improvement has been made to the situation of the average ROE of the Company, having been low at approximately 3% for the past 5 years.

One reason for the Company's average ROE of the last 5 fiscal years being approximately 3% is the Actos litigation settlement in FY2014. However, the Company believes that this was the right decision to make, both for patients and for the Company, as it enabled the Company to avoid the further burden of time and energy of ongoing litigation, eliminated future uncertainty regarding the Company's business, and enabled the Company to secure a position where it could focus on its business.
Another reason was the impact of the so-called "patent cliff" problem, whereby the patent expiries of our legacy large-selling products were concentrated between 2009 and 2014.
However, the Company has been taking bold actions to overcome the patent cliff, and this year, the Company could recover its ROE to 6%. The Company is also expected to have the momentum for further improvement, because of the successful launches over the last five years of Entyvio (a drug for ulcerative colitis and Crohn's disease), Ninlaro (a drug for relapsed or refractory multiple myeloma), Adcetris (a drug for malignant lymphoma), Trintellix (a drug for depression), TakeCab (a drug for acid-related diseases) and Azilva (a drug for hypertension), among others. The Company would like to emphasize that the first 3 of these products (Entyvio, Ninlaro and Adcetris) were delivered by the legacy Millennium team, and that the total revenue of these 3 products, including Velcade, which was legacy Millennium's product at the time of acquisition, amounted to 20% of the Company's total revenue in this fiscal year, and they are expected to further expand. The decision to acquire Millennium was made based on the resolution of the BOD in 2008 when Mr. Hasegawa served as CEO, considering the Company's future after the patent cliff. Leveraging its capabilities in oncology, the Company obtained brigatinib (product name "ALUNBRIG", a drug for lung cancer) through the acquisition of ARIAD Pharmaceuticals this February. Brigatinib was approved in the US this April and is also expected to contribute to the Company's growth.

(2) Comment to the effect that (i) the result of the acquisition of Nycomed has not been examined, and (ii) the impairment loss relating to products 5 years after the acquisition (approximately 170 billion yen) has not been adequately explained

The main purpose of the Nycomed acquisition in 2011 was to expand the Company's presence into Emerging Markets where we can expect large growth in the future. Since then, the Company has been registering its products in Emerging Markets, and this fiscal year, approximately 80% of our revenue increase in Emerging Markets was generated by the Company's growth driver products in the gastroenterology, oncology and central nervous system therapeutic areas, and these are expected to continue to expand in the coming years.

The Company would also like to draw attention to the expansion of the sales area coverage of newly launched products, and to the Company's balanced revenue split by region, whereby approximately one third comes from Japan and one third from the US respectively, and the final third is made up of Europe and Emerging Markets, with each contributing equal portions. This functions as geographical risk mitigation, as the US and Japan may no longer be such stable markets within the pharmaceutical industry.

Further, regarding the 170 billion yen of impairment loss associated with products in the 5 years after the Nycomed acquisition, although only a part of those impairments were associated with legacy Nycomed products, when large impairments do occur, the Company fulfils its obligation to disclose and explain that fact. As a result of many possible factors, such as a worsening of economic outlook, a change in the competitive environment, or a legal or regulatory amendment, either globally or in a specific market, there are occasions when the Company can no longer assume the same revenue from an asset as was originally projected. In that circumstance, the Company books an impairment loss. In doing its business globally, the Company conducts an objective and rational valuation process on all of its assets.

The impairment loss of legacy Nycomed products has mostly occurred in the respiratory therapeutic area, an area which the Company decided to divest based on its strategy of focusing on therapeutic areas of strength.

(3) Comment to the effect that the responsibility for the exaggerated and misleading advertisement for Blopress has not been clarified, and that the reputation of the Company has been seriously damaged

The Company received an order to improve business operation from the Japanese Ministry of Health, Labour and Welfare in 2015. The order was based on the judgment that a part of the promotional materials targeting healthcare professionals for the hypertension medicine Blopress, which were created based on results from investigator-led clinical research, were applicable as misleading advertisements prohibited under the Pharmaceutical and Medical Device Act of Japan.

The Company imposed internal disciplinary action on the Directors and employees who were connected with this matter, as decided by the Company's Compliance Committee, which includes an external attorney, considering each person's job position at the time of occurrence of this matter and thereafter, and their degree of involvement.

The Company has endeavored to promote full awareness and commitment to preventive measures in line with the improvement plan of business operation, such as a process whereby the content of promotional materials targeting healthcare professionals is reviewed by a committee including external members. The Company will continuously observe compliance to prevent recurrence of such matter.

(4) Comment to the effect that the education and promotion of executives is not being sufficiently done inside the Company, and as such, the Company is forced to rely on external candidates,

which require high costs.

The Company emphasizes that talent development and succession planning are top focus items for its management. Specifically, the Takeda Executive Team ("TET") meets 3 times or more per year specifically to discuss talent development and succession planning, and the Company has launched comprehensive talent development programs for all levels of employees in the Company. The Company considers that succession planning is a strategic process that occurs over an extended period of time, as it will take time to develop candidates to take key positions. The TET, the top management team of the Company, is one of the most diverse leadership teams in the industry with 9 nationalities out of 13 members. Over the past 5 years, the Company has hired 7 of these positions externally in order to acquire much-needed global experience in order to expand its business globally, but the Company is confident that the majority of future vacancies will be filled through internal transfers. The Company has already shown this with the recent appointment of Giles Platford as President of the EUCAN Business Unit and Ricardo Marek as President of the Emerging Markets Business Unit.

If it be the case that the proposing shareholders' arguments mainly focus on our Japanese employees, the Company has a strong track record of developing the Japanese employees internally for key positions. Specifically, in Japan, we have Japanese leaders and potential successors in manufacturing, R&D and many corporate staff positions, in addition to the Japan Pharma Business Unit and the subsidiary, Takeda Consumer Healthcare Company Limited.

It is continuously part of the Company's talent development and succession planning strategy to continue to have Japanese candidates for senior management positions anywhere in the world.

<Followings are the shareholders' proposals>

Fourth Proposal: Partial Amendment to the Articles of Incorporation (Addition of a provision to the Articles of Incorporation)

(1) Summary of the Proposal

Add the following language to the current Articles of Incorporation (amended as of June 29, 2016) as Article 16-2 (Creation of the position of Corporate Counselor and Advisor and appointment thereof)

1. The Company shall not create a position, the responsibility of which is to give advice to the Representative Director upon the request thereof with regard to the general or specific matters of business of the Company, including a Corporate Counselor or Advisor, in principle. In case the Company desires to create such a position, the Company shall submit the proposal relating to the creation of the position of Corporate Counselor or Advisor, etc. to the general meeting of shareholders and obtain the resolution thereof in advance.

2. In case the Company creates the position of Corporate Counselor or Advisor, etc. based on the resolution of the general meeting of shareholders as provided in Section 16-2.1 and appoints a Corporate Counselor or Advisor, etc., the Company shall submit a proposal with the name of the candidate to the general meeting of shareholders and obtain the resolution thereof in advance.

(2) Reasons for the proposal

A Corporate Counselor or Advisor, who served as chief executive of the Company, will have a strong influence in the management of the company. Shareholders will not be able to blame the Corporate Counselor or Advisor through the exercise of their shareholders' right, which may become a factor that will obstruct sound corporate governance (see "2017 Japan Proxy Guidelines" by ISS). The following serious situations are mainly due to the chief executive of the Company at that time; accordingly, any situation where the Corporate Counselor or Advisor will continue to have influence after their

resignation as Director should be avoided.

① The average ROE of the Company for the past 5 years is approximately 3%, which is below both the 5% set by ISS as the baseline and 8% recommended by the government. However, no fundamental improvement has been made.

② The result of the acquisition of Nycomed, for which the Company paid the total amount of approximately 1.18 trillion yen, has not been studied and examined.

The impairment loss relating to the product 5 years after such acquisition, the total amount of which is approximately 170 billion yen, has not been fully explained to the shareholders.

③ The responsibility for the extravagant and misleading advertisement for Blopress has not been clarified, and the reputation of the Company has been seriously damaged.

④ The education and promotion of the executives of the Company are not being sufficiently done inside the Company; as such, the Company is forced to rely on external candidates, which require high costs.

○ Opinion of the Board of Directors on the Fourth Proposal

The BOD objects to this Proposal.

The meaning of the position of Corporate Counselor at the Company, etc. is as explained above in 1. and 2. of “General position of the Board of Directors to shareholders’ proposals, and reasons for that position”. The Corporate Counselor, which is not an organ under the Companies Act in Japan and which has an extremely limited authority, is not likely to have strong influence on the Company’s management under the current governance system of the Company. Meanwhile, it would be obstructive to the prompt and flexible decision of the management to require a resolution of the General Meeting of Shareholder for such matters relating to the authority to appoint a Corporate Counselor, and the Company would like to have a system where the Company can flexibly appoint a Corporate Counselor if needed.

Furthermore, even an appointment of officers such as the CEO and CFO who have central role in business execution is not a matter that must be resolved at the General Meeting of Shareholders in the Company, and therefore, we believe that it is not extremely necessary to change the appointment of a Corporate Counselor, who has no function beyond an advisor to the representative director or the BOD without being involved in our business execution, as a matter requiring resolution of the General Meeting of Shareholders.

Therefore, the BOD objects to this Proposal since it considers that (i) including the authority for appointment of a Corporate Counselor in the resolution matters of the General Meeting of Shareholders is of meaningless, and (ii) it is important not to include such a matter in the resolution matters of the General Meeting of Shareholders for the purpose of securing the flexibility of business operations.

Fifth Proposal: Removal of the Director

(1) Summary of the Proposal

Proposal to remove the following Director:

Yasuchika Hasegawa, current Director and Chairman of the Board

(2) Reasons for the proposal

The following serious situations are mainly due to the management of the Company by Mr. Hasegawa, who was then the chief executive of the Company; accordingly, his responsibility therefor should be clarified. Although his resignation has already been announced, his removal would still be necessary regardless thereof.

① The average ROE of the Company for the past 5 years is approximately 3%, which is below

both the 5% set by ISS as the baseline and 8% recommended by the government. However, no fundamental improvement has been made.

② The result of the acquisition of Nycomed, for which the Company paid the total amount of approximately 1.18 trillion yen, has not been studied and examined.
The impairment loss relating to the product 5 years after such acquisition, the total amount of which is approximately 170 billion yen, has not been fully explained to the shareholders.

③ The responsibility for the extravagant and misleading advertisement for Blopress has not been clarified, and the reputation of the Company has been seriously damaged.

④ The education and promotion of the executives of the Company are not being sufficiently conducted inside the Company; as such, the Company is forced to rely on outside candidates, which require high costs.

○ Opinion of the Board of Directors on the Fifth Proposal

The BOD objects to this Proposal.

The opinion of the BOD on the “Serious Situations” mentioned by the proposing shareholders is as explained above in 2. of “General position of the Board of Directors to shareholders’ proposals, and reasons for that position”. The BOD made, in each instance, the best judgment, having taking measures after thorough discussions in each case, and that, accordingly, we do not have any reasons to remove Mr. Yasuchika Hasegawa and the proposal for removing him is unreasonable. We also believe that there are no needs to or no reasons to resolve in relation to the matters regarding removal of Mr. Yasuchika Hasegawa from the position as a Director, who will resign from the Director at the close of the General Meeting of Shareholders of this year.

END OF DOCUMENT

(Enclosed Documents)

Business Report

(From April 1, 2016 to March 31, 2017)

1. Current State of the Takeda Group

(1) Overview of Business and Results

(i) Reported Consolidated Financial Results for Fiscal 2016

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,732.1	-75.3	-4.2%
R&D expense	312.3	-23.5	-7.0%
Operating profit	155.9	+25.0	+19.1%
Profit before tax	143.3	+22.8	+ 18.9%
Net profit for the period (attributable to owners of the Company)	114.9	+34.8	+43.4%
EPS(JPY)	147.15	+44.89	+43.9%

[Revenue]

Consolidated Revenue was 1,732.1 billion JPY, a decrease of 75.3 billion JPY (-4.2%) compared to the previous year, reflecting the negative impact of the appreciation of the yen (-117.4 billion JPY) and the loss of revenue resulting from divestitures (-69.3 billion JPY), which were partly offset by strong growth of Takeda's Growth Drivers (Note1).

- In the therapeutic area of Gastroenterology (GI), global sales of ENTYVIO (for ulcerative colitis and Crohn's disease) were 143.2 billion JPY, an increase of 57.0 billion JPY. ENTYVIO has grown to become Takeda's top selling product, receiving marketing authorizations in more than 50 countries and seeing steady growth of patient share in the bio-naïve segment.
  Sales of TAKECAB (for acid-related diseases) were 34.1 billion JPY, an increase of 25.7 billion JPY, with rapid penetration of the Japanese market in the year following the expiration of the prescription limitation period.

- In the therapeutic area of Oncology, sales of NINLARO (for multiple myeloma) were 29.4 billion JPY, with growth of 25.3 billion JPY. This product has experienced a strong uptake in the U.S. supported by its profile of efficacy, safety and convenience, and the launch is progressing across Europe. NINLARO was also approved by the Ministry of Health, Labour and Welfare (MHLW) in Japan in March 2017, and regulatory filings continue on track in Emerging Markets. This product has great potential as an oral proteasome inhibitor that can potentially be used for extended duration of therapy with its tolerable side effect profile and reduction of the logistic burden of traveling to the clinic associated with injectable therapies.
  ICLUSIG (for leukemia), obtained through the acquisition of ARIAD Pharmaceuticals, Inc. ("ARIAD") in February 2017 (Please refer to page 33), recorded revenue of 2.9 billion JPY during the one and half month period after the close of the acquisition.

In April 2017, ALUNBRIG (for lung cancer), also obtained from ARIAD, was granted marketing authorization by the U.S. Food and Drug Administration (FDA).

- In the therapeutic area of Central Nervous System (CNS), TRINTELLIX (Note2) (for major depressive disorder) displayed a strong performance growing at 30.1% versus the prior year to 31.9 billion JPY. Excluding currency impacts the growth was 44.9%.

- Sales were negatively impacted by foreign exchange rates resulting from the appreciation of the yen (-117.4 billion JPY), and the loss of revenue resulting from divestitures (-69.3 billion JPY). Divestitures included the sale of Takeda's respiratory portfolio to AstraZeneca and the transfer of several fast declining long-listed products in Japan, including BLOPRESS (for hypertension), to Teva Takeda Yakuhin Ltd. (Note3) in April 2016. Revenue of the transferred products to Teva Takeda Yakuhin in fiscal year 2015 totaled 81.7 billion JPY.

(Note1) Takeda's Growth Drivers are Gastroenterology (GI), Oncology, Central Nervous System (CNS), and Emerging Markets.

(Note2) TRINTELLIX is the brand name used since June 2016 for the product previously marketed as BRINTELLIX. The formulations, indication and dosages of TRINTELLIX remain the same as that of BRINTELLIX.

(Note3) Teva Takeda Yakuhin Ltd. is a wholly owned subsidiary of Teva Takeda Pharma Ltd. which is 49% owned by Takeda and accounted for using the equity method. The company name of Teva Takeda Pharma Ltd. was changed from Teva Pharma Japan Inc. on October 1, 2016.

Breakdown of Consolidated Revenue :

Billion JPY

	Amount	Change over the previous year		Underlying Revenue (Note)		
				Amount	Underlying Growth	
Prescription Drug	1,568.9	-79.8	-4.8%	1,554.4	+105.7	+7.3%
U.S.	516.7	+5.7	+1.1%	516.2	+58.5	+12.8%
Japan	504.7	-37.0	-6.8%	481.6	+22.8	+5.0%
Europe and Canada	276.0	-29.6	-9.7%	285.7	+12.7	+4.7%
Emerging Markets	271.5	-18.9	-6.5%	270.8	+11.7	+4.5%
Consumer Healthcare and Other	163.2	+4.5	+2.8%	162.3	+5.6	+3.6%
Consolidation total	1,732.1	-75.3	-4.2%	1,716.7	+111.3	+6.9%

(Note) Underlying Revenue excludes the impact of foreign exchange movements and divestitures.

- In the U.S., strong sales growth of ENTYVIO (for ulcerative colitis and Crohn’s disease), NINLARO (for multiple myeloma) and TRINTELLIX (for major depressive disorder) offset the impact of the appreciation of the yen (-48.4 billion JPY), resulting in revenue of 516.7 billion JPY, an increase of 5.7 billion JPY (+1.1%).

  On an underlying basis which excludes the impact of foreign exchange movements and divestitures, the U.S. revenue increased by +12.8%, contributing significantly to the revenue growth of the whole company.

- In Japan, TAKECAB (for acid-related diseases) has experienced significant sales growth since March 2016 when the 2-week limit on the prescription period was lifted, and has also benefitted from the expanded indications of reflux esophagitis and as an adjunctive treatment for Helicobacter pylori eradication. AZILVA (for hypertension) and LOTRIGA (for hyperlipidemia) also showed double-digit growth. On the other hand, the transfer of several fast declining long-listed products in Japan to Teva Takeda Yakuhin Ltd. in April 2016, such as BLOPRESS (for hypertension), had a decreasing impact on revenue, with sales of the transferred products totaling 81.7 billion JPY in fiscal year 2015. In total, Japan revenue was 504.7 billion JPY, a decrease of 37.0 billion JPY (-6.8%).

  On an underlying basis, which excludes the impact of factors such as the transfer of long-listed products, Japan revenue increased by +5.0%.

- Europe and Canada revenue was 276.0 billion JPY, a decrease of 29.6 billion JPY (-9.7%), mainly impacted by the appreciation of the yen (-32.4 billion JPY) and the divestiture of Takeda's respiratory portfolio to AstraZeneca (-10.0 billion JPY).

  On an underlying basis, Europe and Canada revenue increased by +4.7%. ENTYVIO (for ulcerative colitis and Crohn’s disease) and ADCETRIS (for malignant lymphoma) both exhibited strong growth. As for NINLARO (for multiple myeloma), the insurance reimbursement procedure has been progressing across Europe since the European Commission (EC) granted conditional marketing authorization in November 2016.
- In Emerging Markets, revenue was 271.5 billion JPY, a decrease of 18.9 billion JPY (-6.5%), mainly impacted by the appreciation of the yen (-35.2 billion JPY) and the divestiture of Takeda's respiratory portfolio to AstraZeneca (-2.2 billion JPY).

  On an underlying basis, Emerging Markets revenue increased by +4.5% with the key markets of China, Russia and Brazil contributing to growth.

- For the consumer healthcare business and other businesses, revenue was 163.2 billion JPY, an increase of 4.5 billion JPY (+2.8%). This growth was mainly due to the favorable sales of the health supplement named “Midori-no-Shukan”, which launched over-the-counter sales in addition to e-commerce, and the ALINAMIN drinks franchise (vitamin-containing products), which was boosted by the launch of ALINAMIN V ZERO.

As a result of the factors listed above, total Consolidated Underlying Revenue grew by +6.9%. Underlying Revenue of the prescription drug business grew by +7.3%.

Consolidated Revenue of Takeda's major prescription drugs (Note1) :

Billion JPY

Product name / Indications	Amount	Change over the previous year		Underlying Revenue (Note2)		
				Amount	Underlying Growth	
ENTYVIO / Ulcerative colitis and Crohn's disease	143.2	+57.0	+66.2%	146.5	+67.0	+84.2%
VELCADE / Multiple myeloma	137.6	-24.5	-15.1%	139.1	-8.4	-5.7%
LEUPRORELIN (Japan product name: LEUPLIN) / Prostate cancer, breast cancer and endometriosis	114.2	-10.2	-8.2%	116.7	-4.3	-3.6%
PANTOPRAZOLE / Peptic ulcer	74.2	-26.5	-26.3%	77.5	-14.9	-16.1%
AZILVA / Hypertension	66.9	+7.9	+13.3%	66.9	+7.9	+13.3%
DEXILANT / Acid reflux disease	62.6	-12.5	-16.6%	63.9	-4.7	-6.8%
ALOGLIPTIN (Japan product name: NESINA) / Type 2 diabetes	49.1	+0.2	+0.4%	49.7	+1.7	+3.5%
ULORIC / Gout and Hyperuricemia	42.2	-0.3	-0.7%	42.7	+3.9	+10.1%
COLCRYS / Gout	38.9	-7.6	-16.3%	39.4	-3.1	-7.2%
TAKECAB / Acid-related diseases	34.1	+25.7	+307.3%	34.1	+25.7	+307.3%
AMITIZA / Constipation	33.8	-3.5	-9.3%	34.2	+0.2	+0.7%
TRINTELLIX (Note3) / Major depressive disorder	31.9	+7.4	+30.1%	32.3	+10.0	+44.9%
ADCETRIS / Malignant lymphoma	30.1	+2.5	+9.1%	31.2	+6.2	+24.8%
NINLARO / Multiple myeloma	29.4	+25.3	+620.9%	29.7	+25.9	+680.6%
LOTRIGA / Hyperlipidemia	27.5	+5.2	+23.5%	27.5	+5.2	+23.5%

(Note1) Revenue amount includes royalty income and service income.
(Note2) Underlying Revenue excludes the impact of foreign exchange movements and divestitures.
(Note3) TRINTELLIX is the brand name used since June 2016 for the product previously marketed as BRINTELLIX.

[Operating Profit]

Consolidated Operating Profit was 155.9 billion JPY, an increase of 25.0 billion JPY (+19.1%) compared to the previous year.

- Gross Profit decreased by 98.9 billion JPY (-7.8%) mainly due to the negative impact of the appreciation of the yen (-94.3 billion JPY) and the impact of divestitures (-71.2 billion JPY). Excluding these factors, Underlying Gross Profit increased by 66.6 billion JPY (+6.0%) due to the aforementioned sales growth of innovative products such as ENTYVIO (for ulcerative colitis and Crohn's disease), NINLARO (for multiple myeloma) and TAKECAB (for acid-related diseases).
- Selling, General and Administrative Expenses decreased by 31.7 billion JPY (-4.9%) mainly due to the impact of the appreciation of the yen (-49.6 billion JPY). Excluding the impact of foreign exchange rates, underlying expenses increased 3.6%.
- R&D Expenses decreased by 23.5 billion JPY (-7.0%) mainly due to the impact of the appreciation of the yen (-24.0 billion JPY). Excluding the impact of foreign exchange rates, underlying expenses

stayed broadly flat increasing 0.2%.

- Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 24.9 billion JPY (+18.9%), mainly due to a 16.0 billion JPY of impairment loss related to COLCRYS (for gout), and 7.9 billion JPY of impairment loss related to TAK-117, a drug candidate for non-small cell lung cancer.
- Other Operating Income increased by 122.2 billion JPY, mainly due to a 102.9 billion JPY gain related to the transfer of the fast declining long-listed products business in Japan to Teva Takeda Yakuhin Ltd. and a 12.0 billion JPY benefit from the reversal of COLCRYS contingent consideration liability (See note below).
- Other Operating Expenses increased by 28.5 billion JPY (+64.2%), mainly reflecting 30.2 billion JPY of R&D transformation costs recorded in this fiscal year.
- ARIAD acquisition impact on Operating Profit was a loss of 8.1 billion JPY in total. Selling, General and Administrative Expenses and Other Operating Expenses included 3.2 billion JPY of one-time acquisition costs and 3.2 billion JPY of one-time integration costs respectively. In addition, Amortization of Intangible Assets Associated with Products included 1.7 billion JPY.

(Note) The contingent consideration payable is recognized at its fair value as part of the purchase price when specified future events, arising from business combinations, occur.

[Net Profit for the Period (Attributable to Owners of the Company)]

Consolidated Net Profit for the Period was 114.9 billion JPY, an increase of 34.8 billion JPY (+43.4%). This increase was mainly due to the increase of Operating Profit and a decrease of Income Tax Expenses.

- Income Tax Expenses decreased by 9.2 billion JPY (+24.9%) compared to the previous year. The decrease was mainly due to a reduction in the Japan statutory tax rate and favorable statutory earnings mix, partially offset by lower tax credits in the U.S. and an increase of Profit Before Tax.
- Basic Earnings Per Share were 147.15 JPY, an increase of 44.89 JPY (+43.9%) compared to the previous year.

[Reference] Supplementary explanation for Unconsolidated Results

In fiscal 2016, Takeda sold a part of Takeda's shareholdings in Wako Pure Chemical Industries, Ltd., a consolidated subsidiary, by tendering for the share repurchase by Wako. As a result, Takeda recorded 89.9 billion JPY of Extraordinary income on Unconsolidated Statement of Operations.

In fiscal 2016, Takeda recognized 32.8 billion JPY of Extraordinary loss on Unconsolidated Statement of Operations due to the devaluation of investment in overseas subsidiaries.

These events have no financial impact on Consolidated Results.

Revenue and Operating Profit by business segment:

Billion JPY

Business segment	Revenue		Operating Profit	
	Amount	Change over the previous year	Amount	Change over the previous year
Prescription Drug	1,568.9	-79.8	128.4	+25.5
Consumer Healthcare	82.6	+2.5	20.5	+1.6
Other	80.6	+2.0	6.9	-2.1
Total	1,732.1	-75.3	155.9	+25.0

[Prescription Drug]

Revenue in the Prescription Drug Business was 1,568.9 billion JPY, a decrease of 79.8 billion JPY (-4.8%) compared to the previous year, mainly due to the appreciation of the yen (-116.6 billion JPY), and the impact of divestitures (-68.9 billion JPY) which were partly offset by strong growth of Takeda's Growth Drivers. Operating Profit was 128.4 billion JPY, an increase of 25.5 billion JPY (+24.8%) compared to the previous year mainly due to a 102.9 billion JPY gain from the transfer of the fast declining long listed products business in Japan to Teva Takeda Yakuhin Ltd.

[Consumer Healthcare Business]

Revenue in the Consumer Healthcare Business was 82.6 billion JPY, an increase of 2.5 billion JPY (+3.1%) compared to the previous year. This growth was mainly due to the favorable sales of health supplement named “Midori-no-Shukan”, which launched over-the-counter sales in addition to e-commerce, and the ALINAMIN drinks franchise (vitamin-containing products), which was boosted by the launch of ALINAMIN V ZERO. Operating Profit was 20.5 billion JPY, an increase of 1.6 billion JPY (+8.6%) compared to the previous year.

[Other Business]

Revenue in Other Business was 80.6 billion JPY, an increase of 2.0 billion JPY (+2.5%) compared to the previous year, mainly due to the sales contribution by Wako Pure Chemical Industries, Ltd., a reagent manufacturing subsidiary. Operating Profit was 6.9 billion JPY, a decrease of 2.1 billion JPY (-23.5%) compared to the previous year, mainly due to the decrease of royalty income (Other Operating Income) related to a business transferred in the past.

(ii) Underlying Growth for Fiscal 2016

Takeda uses the concept of “Underlying growth” for internal planning and performance evaluation purposes. Underlying growth compares two periods (quarters or years) of financial results under a common basis, excluding the impact of changes in foreign exchange rates, divestitures (Note1) and other non-core or exceptional items. Although this is not a measure defined by IFRS, Takeda believe that it is more representative of the real performance of the business. Takeda regards “Underlying Revenue Growth”, “Underlying Core Earnings (Note2) Growth”, and “Underlying Core EPS (Note3) Growth” as important management indicators.

	Change over the previous year	
	%	*Billion JPY*
Underlying Revenue	+6.9%	+111.3
Underlying Core Earnings (Note2)	+24.2%	+44.2
Underlying Core EPS (JPY) (Note3)	+20.9%	+35.07

(Note1) In calculating "Underlying Growth", the impact of divestitures excluded as exceptional items in this period is mainly the transfer of the fast declining long-listed products business to Teva Takeda Yakuhin Ltd. in Japan, the divestiture of the respiratory portfolio to AstraZeneca, the termination of an exclusive distributorship agreement for CONTRAVE (for obesity) and the granting to Myovant Sciences, Inc., of the right to investigational agents including relugolix, a drug candidate for women's health and prostate cancer.

(Note2) Core Earnings is calculated by taking Gross Profit and deducting Selling, General and Administrative Expenses and R&D Expenses. In addition, certain other items that are significant in value and non-recurring or non-core in nature will be adjusted. This includes, amongst other items, the impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions.

(Note3) Core EPS is calculated by taking Core Earnings and adjusting for items that are significant in value and non-recurring or non-core in nature within each account line below Operating Profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effect related to these items, the tax effects related to the adjustments made in Core Earnings will also be adjusted when calculating Core EPS.

- Underlying Revenue Growth was +6.9% compared to the previous year, driven by increases in innovative products such as ENTYVIO (for ulcerative colitis and Crohn's disease), NINLARO (for multiple myeloma), TAKECAB (for acid-related diseases) and TRINTELLIX (for major depressive disorder).

- Underlying Core Earnings Growth was +24.2%, with the Core Earnings margin expanding by +1.8pp to 13.2%. This was driven by the aforementioned increase in Underlying Revenue coupled with disciplined expense management compared to the previous year. Underlying total Operating Expenses were up by 2.4% compared to the previous year with Selling, General and Administrative Expenses up by 3.6%, and R&D Expenses up by 0.2%.

- Underlying Core EPS Growth was +20.9% compared to the previous year reflecting strong Underlying Core Earnings Growth of +24.2%.

(iii) Research & Development

R&D transformation

On July 29, Takeda announced the steps it proposed to accelerate its R&D transformation, taking into account the need to focus on three core therapeutic areas – Oncology, Gastroenterology (GI) and Central Nervous System (CNS), plus Vaccines, and concentrate our R&D presence, enhance our operational efficiency and make sure we have the right capabilities in the right areas, as well as optimizing the interfaces between R&D, business and corporate functions.
The R&D transformation is designed to drive innovation and efficiency, not to cut costs. In fact, Takeda is committed to R&D investment in the coming years, balanced between internal and external expenditures.
Organizationally, our R&D footprint will consist of two world-class, externally facing sites in Shonan, Japan and Boston, MA, supported by lean, cutting-edge regional development and medical centers throughout the world and a premier biotech-like research center in San Diego. The company will close or consolidate some R&D sites. We are working in close coordination with employee representatives, Unions and Works Councils, and we are committed to continuing those discussions openly and transparently.
In our three core areas – Research, Development and Pharmaceutical Sciences -- we are proposing innovative entrepreneurial business models and partnerships to provide opportunities for many of our employees and meet our needs in better ways.

We have made remarkable progress on our R&D Transformation journey and are delivering on both the spirit and the tangible aspects of what we promised last year in July. Progress made since July 29, 2016 is as follows:

- Streamlined global footprint (concentrated in Japan & U.S.) to improve effectiveness

- Executed global development partnership with PRA Health Sciences and are on-track with implementation; (i) completed employee transitions to PRA in the U.S. and UK for the operational support of drug development and marketed products, (ii) agreed to establish a joint venture in Japan to provide clinical development operations and pharmacovigilance services

- Reached agreement to establish Japan pharmaceutical sciences partnership with Bushu Pharmaceuticals, under which Takeda will transfer a part of its pharmaceutical sciences (CMC (*)) business to Bushu.
  (*) CMC stands for chemistry, manufacturing and controls, which represents the research and development activities associated with API (active pharmaceitucal ingredient) design, formulation, product quality, and manufacture process development across the candidate discovery, research, clinical development and marketed product lifecycle.

- Conducted innovative externalization deals with Cerevance and Scohia pharma.

Takeda focuses on extensive collaborations with external biotech and academia, and signed over 50 collaborations with external partners over the last 18 months. The recent acquisition of ARIAD is another example of the Transformation in action.

Activities and Results of Research & Development

Major R&D events and business development contracts other than those above, press released from April 2016 to date, are listed as follows (chronologically by therapeutic area):

Oncology

[NINLARO]

- In April 2016, the results from the international, randomized, double-blind, placebo-controlled TOURMALINE-MM1 Phase III clinical study, evaluating once-weekly oral NINLARO (generic name: ixazomib) capsules plus lenalidomide and dexamethasone versus placebo plus lenalidomide-dexamethasone in patients with relapsed and/or refractory multiple myeloma, were published in the *New England Journal of Medicine (NEJM).*

- In May 2016 in Europe, the Committee for Medical Products for Human Use (CHMP) adopted a negative opinion, recommending against the authorization of NINLARO, an oral proteasome inhibitor for the treatment of patients with relapsed and/or refractory multiple myeloma. Takeda filed an appeal for this opinion and requested a re-examination by the CHMP.
  In September 2016, the CHMP adopted a positive opinion, recommending the conditional approval of NINLARO capsules in combination with lenalidomide and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least one prior therapy. In November 2016, European Commission (EC) granted conditional marketing authorization for NINLARO.

- In July 2016 in Japan, Takeda submitted a New Drug Application (NDA) to the Ministry of Health, Labour and Welfare (MHLW) in Japan for the treatment of relapsed or refractory multiple myeloma. In March 2017, the MHLW approved NINLARO.

[ADCETRIS]

- In May 2016 in Europe, the CHMP has adopted a positive opinion for the extension of the conditional approval of ADCETRIS (generic name: brentuximab vedotin), a treatment for malignant lymphoma which Takeda in-licensed from Seattle Genetics, Inc. of the U.S., and recommended its approval for the treatment of adult patients with CD30+ Hodgkin lymphoma at increased risk of relapse or progression following Autologous Stem Cell Transplant (ASCT). In July 2016, EC extended the current conditional marketing authorization and approved the additional indication for ADCETRIS.

- In July 2016, the final data of the ADCETRIS monotherapy pivotal Phase 2 clinical trial in relapsed or refractory classical Hodgkin lymphoma were published in the journal *Blood*.

- In August 2016, Takeda and Seattle Genetics, Inc. of the U.S. announced that the Phase 3 ALCANZA clinical trial evaluating ADCETRIS in patients with cutaneous T-cell lymphoma met its primary endpoint, demonstrating a highly statistically significant improvement in the rate of objective response lasting at least four months.
  In December 2016, positive phase 3 ALCANZA clinical trial data were presented in an oral session at the American Society of Hematology (ASH) annual meeting.

- In November 2016, Takeda and Seattle Genetics, Inc. of the U.S. announced completion of patient enrollment in the ECHELON-2 clinical trial. ECHELON-2 is a global Phase 3 randomized trial

evaluating ADCETRIS as part of a frontline combination chemotherapy regimen in patients with previously untreated CD30-positive mature T-cell lymphoma.

[Partnership/Business Development]

- In June 2016, Takeda and M2Gen® of the U.S. established a new collaboration to generate broad genomic data from consenting cancer patients. M2Gen has partnered with the nation's leading cancer centers through the Oncology Research Information Exchange Network (ORIEN), a unique research partnership among North America's top cancer centers. Under the agreement, Takeda will help build the ORIEN Avatar™ Research Program based on the Total Cancer Care® Protocol, a prospective observational study enrolling patients with various cancers, and access information generated under this program.

- In June 2016, Takeda revised an existing collaboration agreement with Amgen Inc. of the U.S., under which Takeda had rights to develop and commercialize multiple molecules / products from Amgen's pipeline for the Japanese market. By the revisions, such rights for molecules / products including AMG403 (generic name: fulranumab) and AMG386 (generic name: trebananib) were returned to Amgen. Takeda and Amgen will continue to collaborate on the development and commercialization of remaining molecules / products for the Japanese market, including Vectibix (generic name: panitumumab), a leading treatment for unresectable advanced or recurrent colorectal cancer.

- In August 2016, Takeda launched the largest pharmaceutical company-sponsored global observational study of its kind in multiple myeloma. Titled INSIGHT-MM, the open-source, ollaborative study aims to enroll 5,000 patients over 3 years with a goal of following each patient for a minimum of 5 years in an effort to track patterns in disease presentation, patient characteristics, treatment and outcomes and thereby enhance the understanding of real world experience of patients with multiple myeloma.

- In October 2016, Takeda and Crescendo Biologics Limited of the UK entered into a global, strategic, multi-target collaboration and license agreement for the discovery, development and commercialization of Humabody®. Crescendo will use its proprietary transgenic platform and engineering expertise to discover and optimally configure Humabody candidates (Humabody Drug Conjugates and Immuno-Oncology modulators) against multiple targets selected by Takeda.

- In Jauary 2017, Takeda and Maverick Therapeutics Inc. of the U.S. entered a collaboration to develop Maverick's T-cell engagement platform created specifically to improve the utility of T-cell redirection therapy for the treatment of cancer. The $125 million of funding includes an upfront option, equity and research and development funding payments, and provides Takeda the exclusive right to purchase Maverick after five years for an undisclosed sum.

- In Jauary 2017, Takeda and Exelixis, Inc. of the U.S. announced an exclusive licensing agreement for the commercialization and further clinical development in Japan of cabozantinib, Exelixis' lead oncology medicine. With the signing of the agreement, Takeda gains exclusive commercial rights for all potential future cabozantinib indications in Japan, including advanced renal cell carcinoma, for which cabozantinib is marketed in the U.S. and European Union as CABOMETYX™ tablets. The two companies will collaborate on the future clinical development of cabozantinib in Japan.

- In February 2017, Takeda acquired ARIAD Pharmaceuticals, Inc. The acquisition of ARIAD is a highly strategic deal which transforms Takeda's global oncology portfolio and pipeline by expanding into solid tumors and reinforcing its existing strength in hematology. Brigatinib (U.S. product name : ALUNBRIG) is a small molecule ALK (anaplastic lymphoma kinase) inhibitor for non-small cell lung cancer. It has a potential to be the best-in-class ALK inhibitor with annual peak sales potential over US$1 billion. ICLUSIG, a treatment for CML (chronic myeloid leukemia) and Philadelphia chromosome positive ALL (acute lymphoblastic leukemia), is commercialized globally (marketing rights of the product are out-licensed in some markets outside the U.S.). These two targeted and very innovative medicines, with cost synergies, are expected to be attractive value drivers for Takeda oncology. ARIAD also has an exciting early stage pipeline, and Takeda will leverage ARIAD's R&D capabilities and platform. The acquisition of ARIAD will generate immediate and long-term growth in Takeda’s prescription drug business.
  In April 2017, brigatinib was granted accelerated approval by the U.S. Food and Drug Administration (FDA).

Gastroenterology

[ENTYVIO]

- In May 2016, two data analyses for ENTYVIO (generic name: vedolizumab) for the treatment of ulcerative colitis (UC) and Crohn’s disease (CD): one evaluating the optimal position of ENTYVIO in the UC treatment paradigm, and a second separate analysis assessing whether early ENTYVIO trough levels were associated with subsequent drug efficacy, were orally presented during the 2016 Digestive Disease Week (DDW).

- In September 2016, an exploratory analysis of the GEMINI 1 data, evaluating ENTYVIO therapy in patients with UC based on their treatment history with tumor necrosis factor (TNF) antagonists was published in *Clinical Gastroenterology and Hepatology*.

- In September 2016, two interim reports from the ongoing, open-label GEMINI long-term safety (LTS) study describing clinical data of long-term ENTYVIO treatment in patients with moderately to severely active UC and moderately to severely active CD have been published in the *Journal of Crohn’s & Colitis*.

- In October 2016, Takeda presented data on the real-world effectiveness and safety of ENTYVIO in patients with moderately to severely active UC and CD during the United European Gastroenterology (UEG) Week. Findings indicated notable clinical remission rates, reductions in disease activity scores and improved mucosal healing in more than 5,000 patients with UC and CD receiving treatment with ENTYVIO in real-world clinical practice.

- In December 2016, an analysis based on pre-specified and post-hoc exploratory outcomes of GEMINI 2 and GEMINI 3 data evaluating ENTYVIO therapy in patients with moderately to severely active CD was published in *Inflammatory Bowel Diseases*.

- In February 2017, interim findings from the GEMINI LTS study and additional data from a post-hoc analysis of GEMINI 1 were presented at the 12th Congress of European Crohn's and Colitis Organisation (ECCO).

[Partnership/Business Development]

- In June 2016, Takeda and Theravance Biopharma, Inc. of Ireland entered into a global license, development and commercialization agreement for TD-8954, a selective 5-HT4 receptor agonist being investigated for potential use in the treatment of gastrointestinal motility disorders, including enteral feeding intolerance.

- In July 2016, Takeda and Altos Therapeutics LLC of the U.S. entered into a definitive agreement to further development of Altos's proprietary compound ATC-1906, an oral dopamine D2/D3 receptor antagonist that addresses the symptoms of nausea and vomiting in gastroparesis patients. In March 2017, Takeda exercised its option right to acquire Altos following the completion of Phase 1 studies of ATC-1906.

- In July 2016, Takeda and TiGenix NV of Belgium entered into an exclusive ex-U.S. license, development and commercialization agreement for Cx601, a suspension of allogeneic adipose-derived stem cells (eASC) injected intra-lesionally for the treatment of complex perianal fistulas in patients with Crohn's disease. In 2009 the EC granted Cx601 orphan designation for the treatment of complex perianal fistulas. In March 2016, TiGenix announced that it submitted the Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) for Cx601.

- In August 2016, Takeda and TiGenix NV of Belgium annonced that the 24-week results of the ADMIRE-CD trial, a randomized, double-blind, placebo-controlled, Phase 3 study, designed to investigate the efficacy and safety of a single treatment of Cx601 for the treatment of complex perianal fistulas in Crohn's disease patients, have been published in *The Lancet* [online]. In February 2017, new 52-week results from the ADMIRE-CD trial were presented at the 12th Congress of the ECCO.

- In December 2016, Takeda and PvP Biologics, Inc. of the U.S. entered into a global agreement for the development of KumaMax, a novel enzyme designed to break down the immune-reactive parts of gluten in the stomach, thereby avoiding the painful symptoms and damage done in the small intestine from accidental gluten ingestion. Under the terms of the development agreement, PvP will conduct all research and development through Phase 1 proof-of-principle studies per a pre-defined development plan. Takeda will fund $35 million for PvP's expenses related to the plan in exchange for an exclusive option to acquire PvP following receipt of a pre-defined data package.

- In March 2017, Takeda and NuBiyota LLC of Canada entered into a strategic collaboration for the development of Microbial Ecosystem Therapeutic products for gastroenterology indications with a high unmet medical need. Takeda and NuBiyota will collaborate to advance oral microbial consortia products developed by using NuBiyota's microbiome platform for GI indications.

- In April 2017, Takeda announced that Takeda and Finch Therapeutics of the U.S. entered into a global collaboration agreement to jointly develop FIN-524. FIN-524 is a live biotherapeutic product in pre-clinical research. It is composed of cultured bacterial strains that have been linked to favorable clinical outcomes in studies of microbiota transplantations in IBD.

Central Nervous System (CNS)

[Partnership/Business Development]

- In September 2016, Takeda and Affilogic of France entered into a research collaboration to explore using Affilogic's proprietary Nanofitins® platform in therapies targeting the central nervous system. Specifically, Affilogic and Takeda, through its research center in San Diego, California, will leverage their respective competencies to validate and optimize Nanofitins that enable Takeda to deliver biotherapeutic candidates into the brain to address neurological disorders.

- In January 2017, Takeda and Ovid Therapeutics Inc. of the U.S. formed a global collaboration focused on the clinical development and commercialization of Takeda's investigational new drug TAK-935, a novel, potent and highly selective CH24H inhibitor, in rare pediatric epilepsies. TAK-935 has successfully completed Phase 1 clinical development under Takeda's leadership and will be moving into Phase 1b/2a clinical studies in rare epileptic encephalopathies where patients continue to suffer from significant unmet medical needs. Under the terms of the agreement, Takeda will lead commercialization in Japan, and has the option to lead in Asia and other selected geographies. Ovid will lead clinical development activities and commercialization of TAK-935 in the United States, Europe, Canada and Israel.

Vaccines

[Norovirus Vaccine]

- In June 2016, Takeda dosed the first subject in a Phase 2b field efficacy trial of TAK-214, the leading norovirus vaccine candidate in human clinical trials.

[Dengue Vaccine]

- In September 2016, Takeda vaccinated the first subject in the Tetravalent Immunization against Dengue Efficacy Study (TIDES), a Phase 3 double-blind, randomized and placebo-controlled trial of its live-attenuated tetravalent dengue vaccine candidate, TAK-003. In April 2017, Takeda announced that it has completed enrollment of 20,100 children and adolescents ages 4 through 16 in TIDES trial.

- In March 2017, data from a 6-month interim analysis of the ongoing phase 2 DEN-204 trial of TAK-003, were published in *The Lancet Infectious Diseases*.

[Partnership/Business Development]

- In May 2016, Takeda entered into a partnership agreement with the Bill & Melinda Gates Foundation of the U.S., to support global polio eradication in developing countries. Under the terms of the agreement, the Gates Foundation will provide a 38 million USD grant to Takeda to leverage its innovative vaccine manufacturing platform to develop and license a safe and effective Sabin-strain inactivated poliovirus vaccine (sIPV), and make at least 50 million doses per year available at an affordable price for more than seventy developing countries receiving Gavi(*) support.

  (*) Gavi (Global Alliance for Vaccine and Immunization) is a global vaccine alliance, bringing together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world's poorest countries.

- In September 2016, Takeda and Zydus Cadila of India entered into a partnership to tackle chikungunya. The partnership agreement covers early stage development through the final commercialization of the vaccine.

- In September 2016, the Biomedical Advanced Research and Development Authority (BARDA) selected Takeda's Vaccine Business Unit to develop a vaccine to support the Zika response in the U.S. and affected regions around the world. Initial funding from BARDA, which is a division of the Office of the Assistant Secretary for Preparedness and Response (ASPR) within the U.S. Department of Health and Human Services, is for $19.8 million to cover the vaccine development through Phase 1, with potential funding of up to $312 million if ASPR/BARDA exercises all options to take the vaccine through Phase 3 trials and filing of the Biologics License Application (BLA) in the U.S.

Others

[Alogliptin]

- In June 2016, a new post hoc analysis from the EXAMINE, a global cardiovascular safety outcomes trial of type 2 diabetes treatment NESINA (generic name: alogliptin), was presented at the American Diabetes Association's (ADA) 76th Scientific Sessions.

- In September 2016 in Japan, Takeda obtained the approval from the MHLW for the INISYNC Combination Tablets, a fixed-dose combination of NESINA and metformin hydrochloride for the treatment of type 2 diabetes.

[Partnership/Business Development]

- In May 2016, Takeda, Astellas Pharma Inc. and Daiichi Sankyo Company, Limited announced that they have entered into a joint research agreement. It is an agreement to comprehensively acquire and analyze fundamental biomarker data on healthy adult volunteers in order to optimize and accelerate the development of innovative medicines. Based on this agreement, Astellas, Daiichi Sankyo, and Takeda will comprehensively acquire fundamental data from healthy adult volunteers that is required for clinical studies, and undertake joint analysis thereon. Samples will be acquired at a clinical research organization associated with Leiden University in the Netherlands.

- In May,2016, Takeda and The Global Alliance for TB Drug Development (TB Alliance) of the U.S. entered into an agreement that further explores hits generated from a high-throughput screening program conducted to find novel compounds to improve treatment of tuberculosis(*). The joint research program is funded through the Global Health Innovative Technology Fund (GHIT Fund).

  (*) In June 2013, TB Alliance and Takeda initiated a program to screen Takeda's library of 20,000 proprietary compounds to identify potential candidates that showed promise to be further developed into new tuberculosis treatments. The new collaboration advances the successful hits from the screening program.

- In June 2016, Takeda and Roivant Sciences Ltd. announced the formation of Myovant Sciences Ltd., a biopharmaceutical company focused on delivering innovative women's health and prostate cancer solutions. Takeda has granted Myovant an exclusive, worldwide license (excluding Japan and certain other Asian countries) to TAK-385 (generic name: relugolix), a clinical stage product candidate being studies for the treatment of for uterine fibroids, endometriosis and prostate cancer. Takeda has also granted Myovant an exclusive, worldwide license to RVT-602 (formerly TAK-448), a novel, oligopeptide kisspeptin receptor agonist as a product candidate for the treatment of infertility in females.

- In June 2016, Takeda and Ultragenyx Pharmaceutical Inc. of the U.S. entered into a strategic partnership to develop and commercialize therapies to treat rare genetic diseases.

- In June 2016, Takeda, Memorial Sloan Kettering Cancer Center, The Rockefeller University and Weill Cornell Medicine announced that they will expand the focus of the successful Tri-Institutional Therapeutics Discovery Institute, Inc. (Tri-I TDI), a partnership established in 2013 to expedite early-stage drug discovery of innovative new therapies. Under this expansion, Tri-I TDI will extend its current relationship with its industry partner, Takeda from the realm of small molecule discovery into the new research area of antibody drug discovery.

- In September 2016, Takeda and MacroGenics, Inc. of the U.S. concluded the License and Option Agreement for MGD010. MacroGenics has gained the worldwide rights to MGD010. Takeda's decision comes earlier than the predefined expiration of its option exercise period and follows Takeda's recently announced therapeutic area re-prioritization.

- In November 2016, Takeda, Memorial Sloan Kettering Cancer Center, The Rockefeller University and Weill Cornell Medicine announced that they have established a new drug discovery company called Bridge Medicines. Launched in partnership with Takeda and healthcare investment firms Bay City Capital and Deerfield Management, Bridge Medicines is a groundbreaking initiative that completes a seamless, fully funded and professionally staffed path from concept to drug candidate to efficiently and rapidly develop innovative therapeutics for treating human diseases. Bridge Medicines builds upon the work of the Tri-I TDI.

- In November 2016, Takeda, the Center for iPS Cell Research and Application, Kyoto University (CiRA) and Yokohama City University announced that they entered the joint research agreement on application of the method to produce miniature livers from human iPS cells (miniature liver technology)* to drug discovery. This project, which is a part of the joint research program called T-CiRA announced by Takeda and CiRA in April 2015, will be the first project to be led by a researcher outside of CiRA.
  (*) A method to create a miniature size of a three-dimensional human organ with vascular structures from human iPS cells by imitating the early process of organ development in utero.

- In March 2017, Takeda and Medicines for Malaria Venture (MMV) entered into an agreement to initiate a program to find lead compounds that could ultimately become innovative antimalarial drugs. This joint research program arose from a screening program for malaria by Takeda and MMV which was announced in 2013. The screening program and newly agreed collaboration are both funded through the GHIT Fund.

- In March 2017, Takeda, CiRA and RIKEN entered into the joint research agreement to search for a drug for *NGLY1* deficiency. *NGLY1* is a gene that encodes N-glycanase, an enzyme that catalyzes the deglycosylation of glycoproteins. This project is a part of the T-CiRA, and will be spearheaded by RIKEN's team leader, who first identified the *NGLY1* gene, as a principle investigator.

- In March 2017, Takeda and Harrington Discovery Institute at University Hospitals in Cleveland, Ohio of the U.S. entered into a multi-year collaboration to accelerate breakthrough therapeutic discoveries in rare diseases. This collaboration will complement Takeda's strategic R&D focus in its therapeutic areas of oncology, gastroenterology and central nervous system disorders.

(2) Facility Investment (Tangible assets) / Fund Procurement

The total value of investment for tangible assets during the term under review was 72.4 billion JPY.

Takeda financed the majority of tangible capital investment from balance sheet cash.

Takeda raised short-term loans of 405.1 billion JPY in February 2017 for acquisition of ARIAD, as well as a new long- team loan of 200.0 billion JPY in April 2016. As a consequence, on a consolidated basis, Takeda had straight bonds outstanding of 179.8 billion JPY and debt outstanding of 965.1billion JPY at the end of March 2017.

(3) Issues for the Company to Address

Takeda is pursuing its Mission of “striving towards better health for people worldwide through leading innovation in medicine”. Takeda is value-driven, with “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance) at the heart of all its activities. The company prioritizes, in order of importance, the Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business). Takeda is a global and agile organization, committed to innovation, with world-class governance and diverse leadership.

Takeda is focused on three core therapeutic areas – Oncology, Gastroenterology (GI) and Central Nervous System (CNS), plus Vaccines, and is executing an R&D transformation to build a world-class R&D organization with enhanced capabilities.
Takeda is also driving profitable growth through focusing on its Growth Drivers (GI, Oncology, CNS, and Emerging Markets), as well as cost discipline. Our mid-term key priorities are to Grow the Portfolio, Rebuild the Pipeline and Boost Profitability:

[Grow Portfolio]

- Focus on key products of Growth Drivers
- Reinforce specialty capabilities
- Pursue opportunities to divest or acquire assets

[Rebuild Pipeline]

- Leverage therapeutic area expertise to progress innovative assets
- Enhance capabilities internally and through external collaborations
- Energize R&D organization

[Boost Profitability]

- Increase Underlying Core Earnings margin 100-200bps per year
- Execute Global Opex Initiative
- Unlock cash and invest for profitable growth

Basic Policy for Profit Distribution

Takeda will allocate capital to the following items as the basic policy.

- R&D investments in pipeline and platform technologies
- Shareholder returns through dividends and share buybacks, while also placing importance on capital gain for shareholders through the increase of enterprise value
- External business development opportunities to strengthen Growth Drivers
- Committed to preserving investment grade credit rating

Takeda is strongly committed to shareholder returns with the dividend as a key component of profit distribution.

Financial Forecast for fiscal 2017

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,680.0	- 52.1	- 3.0%
Core Earnings	257.5	+12.4	+5.0%
Operating profit	180.0	+24.1	+15.5%
Profit before tax	190.0	+46.7	+32.5%
Net profit for the period (attributable to owners of the Company)	138.0	+23.1	+20.1%
EPS(JPY)	176.73	+29.58	+20.1%

Management Guidance – Underlying growth (*)

	Fiscal 2017 guidance (growth %)
Underlying Revenue	Low single digit
Underlying Core Earnings	Mid-to-high teen
Underlying Core EPS	Low-to-mid teen

(*) Please refer to the “(1) Overview of Business and Results (ii) Underlying Growth for Fiscal 2016" on page 29.

[Revenue]
Takeda expects revenue to be 1,680.0 billion JPY, a decline of 3.0% versus the prior year.
The decline is entirely due to the unfavorable impact of divestitures (-129.3 billion JPY of revenue in fiscal 2016). Underlying Revenue growth (which excludes the impact of foreign exchange rates and divestitures), is expected to increase at a low-single digit percentage growth rate.
Continued strong revenue growth is expected from ENTYVIO, TAKECAB, and TRINTELLIX, as well as further global sales expansion of NINLARO. In addition, ICLUSIG and ALUNBRIG, obtained through the acquisition of ARIAD Pharmaceuticals, will provide an immediate contribution to revenue. The strong growth of these products will more than offset the negative impact of lower sales of VELCADE resulting from loss of exclusivity in the U.S and the cessation of distribution activities for certain third-party products in Japan.

[Operating profit]
Operating Profit is expected to be 180.0 billion JPY, an increase of 15.5% versus the prior year. In fiscal 2016, Takeda booked a 102.9 billion JPY one-time gain related to the transfer of long-listed products in Japan to Teva Takeda Yakuhin Ltd., and the absence of this in fiscal 2017 will be offset by booking a 106.0 billion JPY gain related to the sale of Takeda's shareholdings in Wako Pure Chemical. Takeda divested businesses that recorded a combined Operating Profit of 46.0 billion JPY in fiscal 2016.

Underlying Core Earnings, which excludes the impact of foreign exchange rates, divestitures, and other non-recurring items, is expected to increase at a mid-to-high teen percentage growth rate.

[Net profit for the year (attributable to owners of the Company)]
Net profit for the year is expected to increase from the previous year by 20.1% to 138.0 billion JPY. Growth in Operating Profit and an improvement in financial income resulting from the sale of investment securities more than offset higher interest expense and an expected increase in effective tax rate of approximately 7 percentage points.

[Major assumptions used in preparing the forecast]
- FX rates assumptions: US$1 = 110 JPY, 1 Euro = 120 JPY, 1 RUB = 1.9 JPY, 1 BRL = 36.4 JPY and 1 CNY = 16.6 JPY
- R&D expense: 310.0 billion JPY
- Amortization of intangible assets associated with products: 120.0 billion JPY
- Impairment losses on intangible assets associated with products (placeholder): 32.5 billion JPY
- Gains from sales of shareholdings in Wako Pure Chemical Industries, Ltd.: 106.0 billion JPY
- Sale of tangible assets: 16.0 billion JPY
- Long listed products transfer gain: 6.0 billion JPY
- Budget for R&D transformation: 18.0 billion JPY
- Budget for Global Opex Initiative / Other: 30.0 billion JPY
- ARIAD one-time expense: 5.0 billion JPY
- Gain on sale of investment securities: 30.0 billion JPY

[Forward looking statement]
All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. If a significant event occurs that requires the forecasts to be revised, the Company will disclose it in a timely manner.

(4) Litigation

(i) U.S. AWP litigation

In the U.S., civil lawsuits had been filed by patients, insurance companies and state governments against numerous pharmaceutical companies, including major enterprises, over the sale of certain pharmaceutical products. The complaints sought, among other things, damages resulting from price discrepancies between the average wholesale price (AWP) as published and the actual selling prices. Thus, these types of lawsuits are sometimes called “AWP litigation”. One action is pending against TAP Pharmaceutical Products Inc.(Note) in state court over lansoprazole (U.S. product name: Prevacid). Another case, in which the Company was also named as a defendant, has been settled.
Takeda is diligently defending itself in the remaining aforementioned lawsuit.

(Note) TAP was merged into Takeda Pharmaceuticals North America, Inc. (hereinafter “TPNA”) in June 2008 and TPNA changed its name to Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) in January 2012. TAP marketed Prevacid before its merger with TPNA.

(ii) Patent infringement litigation and administrative litigation regarding colchicine product

On September 30, 2014, the U.S. Food and Drug Administration (“FDA”) granted approval to Hikma Pharmaceuticals PLC (“Hikma”) for colchicine capsules, to be marketed under the name Mitigare. In response Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) filed a patent infringement lawsuit against Hikma and Hikma subsidiaries in the District Court for the District of Delaware asserting that their colchicine product infringes several TPUSA patents applicable to Colcrys, the first single-ingredient oral colchicine product approved by the FDA. TPUSA also filed a request for a temporary restraining order (“TRO”) and a preliminary injunction prohibiting the launch of Mitigare. On October 9, the court granted a TRO pending its decision on TPUSA’s motion for a preliminary injunction. On November 4, the court denied TPUSA’s motion for a preliminary injunction. The court further ruled, however, that the TRO would remain in place, provided TPUSA filed an immediate, expedited appeal. In response, TPUSA filed a notice of appeal in the Federal Circuit Court of Appeals. On January 9, 2015, the Federal Circuit Court of Appeals affirmed the denial of the preliminary injunction, allowing Hikma to launch its product. Takeda is currently proceeding with its patent infringement claims against Hikma in the District Court for the District of Delaware, where Takeda seeks a permanent injunction and damages, including lost profits caused by the launch of Hikma’s product.

In parallel, shortly after filing the patent infringement lawsuit in October 2014, TPUSA filed a lawsuit against the FDA in the District Court for the District of Columbia seeking an order rescinding or staying approval of Mitigare. The lawsuit claimed that the FDA violated the Administrative Procedure Act in approving Hikma's Mitigare. On January 9, 2015, the court denied TPUSA’s claims. Takeda appealed the court’s ruling but the Court of Appeals denied this motion.

(5) Financial Position and Income Summary

(i) Financial Position and Income Summary of Takeda Group

(Billion JPY, unless otherwise indicated)

	137th fiscal year	138th fiscal year	139th fiscal year	140th fiscal year
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Revenue	1,691.7	1,777.8	1,807.4	1,732.1
Operating profit	139.3	(129.3)	130.8	155.9
Profit before income taxes	158.9	(145.4)	120.5	143.3
Net profit for the year attributable to owners of the Company	106.7	(145.8)	80.2	114.9
Basic earnings per share (JPY)	135.10	(185.37)	102.26	147.15
Total assets	4,569.1	4,296.2	3,824.1	4,355.8
Total equity	2,540.6	2,206.2	2,011.2	1,949.0

(Notes) 1. Consolidated financial statements of Takeda Group are prepared under International Financial Reporting Standards (IFRS).

2. The operating profit, etc. significantly decreased in the 138th fiscal year due to the recognition of the expenses necessary for the settlement reserves for the Actos litigation in the U.S.

(ii) Revenue by Business Category of Takeda Group (Billion JPY)

	137th fiscal year	138th fiscal year	139th fiscal year	140th fiscal year
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Prescription Drug Business	1,529.1	1,614.5	1,648.7	1,568.9
Japan	582.1	561.3	541.7	504.7
Overseas	947.0	1,053.2	1,107.0	1,064.2
Consumer Healthcare Business	72.9	73.6	80.1	82.6
Other Businesses	89.8	89.7	78.6	80.6
Total	1,691.7	1,777.8	1,807.4	1,732.1

(iii) Overseas Revenue of Takeda Group (Billions JPY, unless otherwise indicated)

	137th fiscal year	138th fiscal year	139th fiscal year	140th fiscal year
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Overseas revenue	957.8	1,065.0	1,119.3	1,076.7
Proportion of overseas revenue to Takeda Group Revenue (%)	56.6	59.9	61.9	62.2

(iv) R&D Expenses of Takeda Group (Billions JPY, unless otherwise indicated)

	137th fiscal year	138th fiscal year	139th fiscal year	140th fiscal year
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
R&D expenses	341.6	382.1	335.8	312.3
Ratio of R&D expenses to Takeda Group Revenue (%)	20.2	21.5	18.6	18.0

(Note) Takeda Group has changed a part of the accounting policy and presentation in 140th fiscal year and adjusted R&D expenses for 139th fiscal year retrospectively to reflect the changes.

For your reference, the "Financial Position and Income Summary of the Company" is as follows:

(Billions JPY, unless otherwise indicated)

	137th fiscal year	138th fiscal year	139th fiscal year	140th fiscal year
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Net sales	796.5	776.2	777.0	737.8
Operating income	114.0	110.1	94.2	70.3
Ordinary income	209.9	239.5	292.9	81.9
Net income	205.5	60.7	263.0	108.4
Net income per share (JPY)	260.27	77.20	335.48	138.73
Total assets	2,728.5	2,591.2	2,699.5	3,093.1
Net assets	1,584.3	1,477.9	1,572.2	1,530.4

(6) Main Businesses of Takeda Group (as of March 31, 2017)

Takeda Group is engaged in the manufacture and sale of the following products:

Type of Business	Main Products
Prescription Drug Business Segment	Prescription drugs
Consumer Healthcare Business Segment	OTC drugs, Quasi-Prescription drugs
Other Business Segment	Laboratory chemicals, Diagnostic reagents, Chemical products

(7) Material Business Affiliations (as of March 31, 2017)

Principal Subsidiaries and Affiliates

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
United States	Takeda Pharmaceuticals International, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	Supervision of R&D and the U.S. sales of pharmaceuticals
	Takeda Pharmaceuticals U.S.A., Inc. (Head office: Deerfield, Illinois, U.S.)	US$1 thousand (¥112 thousand)	100.0	Holding company in the U.S. and Sales of pharmaceuticals
	Millennium Pharmaceuticals, Inc. (Head office: Cambridge, Massachusetts, U.S.)	US$0.1	100.0	R&D and sales of pharmaceuticals
	ARIAD Pharmaceutical, Inc. (Head office: Cambridge, Massachusetts, U.S.)	US$5,550 (¥621 thousand)	100.0	R&D and sales of pharmaceuticals
	Takeda California, Inc. (Head office: San Diego, California, U.S.)	US$1	100.0	Research of pharmaceuticals
	Takeda Vaccines, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	R&D of pharmaceuticals
	Takeda Development Center Americas, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	Development of pharmaceuticals
	Takeda Ventures, Inc. (Head office: Palo Alto, California, U.S.)	US$1	100.0	Research-related venture investment
	Cerevance, LLC (Head office: Boston, Massachusetts, U.S.)	US$916 (¥103 thousand)	27.8	R&D of pharmaceuticals
Europe and Canada	Takeda Europe Holdings B.V. (Head office: Hoofddorp, the Netherlands)	€280.18 million (¥33,475 million)	100.0	Holding company in Europe
	Takeda A/S (Head office: Taastrup, Denmark)	€0.11 million (¥14 million)	100.0	Holding company in Europe

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
Europe and Canada	Takeda Pharmaceuticals International AG (Head office: Zurich, Switzerland)	3.82 million Swiss francs (¥426 million)	100.0	Supervision of sales of pharmaceuticals for areas other than Japan Supervision of global manufacturing and product supply (all markets)
	Takeda Pharmaceuticals Europe Limited (Head office: London, U.K.)	£4 million (¥558 million)	100.0	Supervision of Europe sales of pharmaceuticals
	Takeda GmbH (Head office: Konstanz, Germany) (Factory: Singen and Oranienburg, Germany)	€10.90 million (¥1,302 million)	100.0	R&D, production and sales of pharmaceuticals
	Takeda Pharma Vertrieb GmbH & Co.KG (Head office: Berlin, Germany)	€1 million (¥119 million)	100.0	Sales of pharmaceuticals
	Takeda Italia S.p.A. (Head office: Rome, Italy)	€11.25 million (¥1,344 million)	100.0	Production and sales of pharmaceuticals
	Takeda Austria GmbH (Head office, Factory: Linz, Austria)	€14.86 million (¥1,776million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharma Ges.m.b.H (Head office: Vienna, Austria)	€0.60 million (¥72 million)	100.0	Sales of pharmaceuticals
	Takeda France S.A.S. (Head office: Paris, France)	€3.24 million (¥387 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma A/S (Head office: Taastrup, Denmark) (Factory: Hobro, Denmark)	948.70 million Danish kroner (¥15,237million)	100.0	Development, production and sales of pharmaceuticals
	Takeda AS (Head office, Factory: Asker, Norway)	272.70 million Norwegian kroner (¥3,564 million)	100.0	Production and sales of pharmaceuticals
	Takeda Belgium SCA/CVA (Head office: Brussels, Belgium)	€5.58 million (¥667 million)	100.0	Production and sales of pharmaceuticals

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
Europe and Canada	Takeda UK Limited (Head office: Buckinghamshire, U.K.)	£50 million (¥6,977 million)	100.0	Sales of pharmaceuticals
	Takeda Oy (Head office: Helsinki, Finland)	€1.32 million (¥158 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma AG (Head office: Pfäffikon, Switzerland)	0.55 million Swiss francs (¥61 million)	100.0	Sales of pharmaceuticals
	Takeda Farmaceutica Espana S.A. (Head office: Madrid, Spain)	€1.21 million (¥145 million)	100.0	Sales of pharmaceuticals
	Takeda Nederland B.V. (Head office: Hoofddorp, the Netherlands)	€10 million (¥1,195 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma AB (Head office: Solna, Sweden)	2 million Swedish kroner (¥25 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma Sp. z o.o. (Head office: Warsaw, Poland) (Factory: Łyskowice, Poland)	191.33 million Polish zlotys (¥5,427 million)	100.0	Production and sales of pharmaceuticals
	Takeda Hellas S.A. (Head office: Athens, Greece)	€3 million (¥358 million)	100.0	Sales of pharmaceuticals
	Takeda Ireland Limited (Head office: Kilruddery, Ireland) (Factory: Bray and Grange Castle, Ireland)	€396.02 million (¥47,315 million)	100.0	Production of pharmaceuticals
	Takeda Development Centre Europe Ltd. (Head office: London, U.K.)	£0.80 million (¥112 million)	100.0	Development of pharmaceuticals
	Takeda Canada Inc. (Head office: Oakville, Canada)	C$58.00 million (¥4,866 million)	100.0	Sales of pharmaceuticals
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company (Head office: Moscow, Russia)	26 thousand Russian ruble (¥53 thousand)	100.0	Sales of pharmaceuticals
	Takeda Yaroslavl Limited Liability Company (Head office, Factory: Yaroslavl, Russia)	75 million Russian ruble (¥150 million)	100.0	Production of pharmaceuticals

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
Russia/ CIS	Takeda Ukraine LLC (Head office: Kiev, Ukraine)	50 thousand Ukrainian hryvnia (¥211 thousand)	100.0	Sales of pharmaceuticals
	Takeda Kazakhstan LLP (Head office: Almaty, Kazakhstan)	150 thousand Kazakhstan tenge (¥53 thousand)	100.0	Sales of pharmaceuticals
Latin America	Takeda Distribuidora Ltda. (Head office: São Paulo, Brazil)	11.33 million Brazilian reals (¥402 million)	100.0	Sales of pharmaceuticals
	Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. (Head office, Factory: São Jerônimo, Brazil)	584.58 million Brazilian reals (¥20,765 million)	100.0	R&D, production and sales of pharmaceuticals
	Takeda Pharma Ltda. (Head office: São Paulo, Brazil)(Factory: Jaguariuna, Brazil)	23.83 million Brazilian reals (¥846 million)	100.0	Production and sales of pharmaceuticals
	Takeda Mexico S.A. de C.V. (Head office, Factory: Naucalpan, Mexico)	386.94 million Mexican pesos (¥2,313 million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharma, S.A. (Head office:Buenos Aires, Argentina)(Factory: Pilar, Argentina)	97.74 million Argentine pesos (¥709 million)	100.0	Production and sales of pharmaceuticals
Asia	Takeda (China) Holdings Co., Ltd. (Head office: Shanghai, China)	US$75 million (¥8,394 million)	100.0	Holding company in China and development of pharmaceuticals
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd. (Head office: Singapore)	S$15.43 million (¥1,235 million)	100.0	Supervision of Asia sales of pharmaceuticals
	Guangdong Techpool Bio-Pharma Co., Ltd. (Head office, Factory: Guangzhou, China)	100 million RMB (¥1,616 million)	51.3	R&D, production and sales of pharmaceuticals
	Takeda Pharmaceutical (China) Company Limited (Head office: Taizhou, China)	US$61.60 million (¥6,894 million)	100.0	Sales of pharmaceuticals

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
Asia	Tianjin Takeda Pharmaceuticals Co., Ltd. (Head office, Factory: Tianjin, China)	US$75.60 million (¥8,461 million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharmaceuticals Korea Co., Ltd. (Head office: Seoul, Korea)	2,000 million Korean won (¥200 million)	100.0	Sales of pharmaceuticals
	Takeda (Thailand), Ltd. (Head office: Bangkok, Thailand)	102 million baht (¥331million)	52.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Taiwan, Ltd. (Head office: Taipei, Taiwan)	NT$90 million (¥332 million)	100.0	Sales of pharmaceuticals
	P.T. Takeda Indonesia (Head office: Jakarta, Indonesia) (Factory: Bekasi, Indonesia)	1,467 million rupiahs (¥12 million)	70.0	Production and sales of pharmaceuticals
	Takeda Healthcare Philippines Inc. (Head office: Manila, the Philippines)	140.00 million Philippine pesos (¥310 million)	100.0	Sales of pharmaceuticals
	Takeda Development Center Asia, Pte. Ltd. (Head office: Singapore)	S$5 million (¥400 million)	100.0	Development of pharmaceuticals
	Takeda Vaccines Pte. Ltd. (Head office: Singapore)	S$32,067 thousand (¥2,567 million)	100.0	R&D of pharmaceuticals
Others	Takeda (Pty.) Ltd. (Head office: Johannesburg, South Africa)	1.40 million South African rand (¥12 million)	100.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Australia Pty. Ltd. (Head office: Sydney, Australia)	A$0.45 million (¥38 million)	100.0	Sales of pharmaceuticals
	Takeda İlaç Sağlık Sanayi Ticaret Limited Şirketi (Head office: Istanbul, Turkey)	143.2 million Turkish lira (¥4,385 million)	100.0	Sales of pharmaceuticals

Name of company (major offices)		Capital stock	Percentage of total shares (%)	Principal business
Japan	Takeda Consumer Healthcare Company Limited (Head office: Osaka-city)	¥10 million	100.0	R&D, production and sales of pharmaceuticals
	Nihon Pharmaceutical Co., Ltd. (Head office: Chiyoda-ku, Tokyo) (Factory: Narita City, Izumisano City)	¥760 million	87.3	R&D, production and sales of pharmaceuticals
	Takeda Healthcare Products Co., Ltd. (Head office, Factory: Fukuchiyama City)	¥400 million	100.0	Production of pharmaceuticals
	Amato Pharmaceutical Products, Ltd. (Head office, Factory: Fukuchiyama City)	¥96 million	30.0	R&D, production and sales of pharmaceuticals
	Wako Pure Chemical Industries, Ltd. (Head office: Osaka City) (Factory: Kawagoe City, Toyohashi City, Amagasaki City)	¥2,340 million	59.2	Production and sales of Laboratory chemicals, Diagnostic reagents, Chemical products
	Teva Takeda Pharma Ltd. (Head office: Nagoya City) (Factory: Takayama City)	¥100 million	49.0	Development, production and sales of pharmaceuticals

(Notes) 1. The figures in parentheses under the column “Capital stock” show the Japanese yen equivalents, calculated using the exchange rates as of March 31, 2017.
2. The figures for “Percentage of total shares” include shares that are held indirectly through subsidiaries.
3. Except for Takeda Consumer Healthcare Company Limited (Consumer Healthcare business), Takeda Healthcare Products Co., Ltd. (Consumer Healthcare business), Amato Pharmaceutical Products, Ltd. (Consumer Healthcare business) and Wako Pure Chemical Industries, Ltd. (Other business), the above principal subsidiaries and affiliates are subsidiaries and affiliates relating to the Prescription Drug business.
4. As of March 31, 2017, the number of consolidated subsidiaries (including partnership) was 147 and the number of equity method affiliates was 19.
5. No subsidiaries and affiliates fall under “Specific Wholly Owned Subsidiary” as described in the Ordinance for Enforcement of the Companies Act.
6. In April 2017, the Company sold all of Takeda’s Group shareholding in Wako Pure Chemical Industries, Ltd.

(8) Major Offices of the Company (as of March 31, 2017)

Head Office	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
Tokyo Head Office	12-10, Nihonbashi 2-chome, Chuo-ku, Tokyo
Branches	Sapporo Branch, Tohoku Branch (located in Sendai), Tokyo Branch, Yokohama Branch, Chiba-Saitama Branch (located in Tokyo), Kitakanto/Koshin-etsu Branch (located in Tokyo), Nagoya Branch, Osaka Branch, Kobe Branch, Kyoto Branch, Shikoku Branch (located in Takamatsu, Kagawa), Chugoku Branch (located in Hiroshima) and Fukuoka Branch
Plants	Osaka Plant and Hikari Plant (located in Hikari, Yamaguchi)
Research Centers	Cardiovascular and Metabolic Drug Discovery Unit, CNS Drug Discovery Unit, Oncology Drug Discovery Unit, Extra Value Generation & General Medicine Drug Discovery Unit, Gastrointestinal Drug Discovery Unit, Regenerative Medicine, Medicinal Chemistry Research Laboratories, Biomolecular Research Laboratories, Integrated Technology Research Laboratories, Drug Safety Research Laboratories, Drug Metabolism & Pharmacokinetics Research Laboratories, Translational Research and Early Clinical, Immunology Unit, Biologics & New Modalities Development (the above are located in Fujisawa, Kanagawa) Research & Development Department, Process Chemistry, Formulation Development, Analytical Development (the above are located in Osaka) Hikari CMC Operations, Hikari Biologics Manufacturing (the above are located in Hikari, Yamaguchi)

(Notes) 1. The above branches, plants and research centers are branches, plants and research centers of the Prescription Drug Business (excluding the Research & Development Department of the Consumer Healthcare Business).
2. Due to the large scale reorganization of the research centers in Fujisawa, Kanagawa, etc., the R&D organization of the Company as of April 1, 2017 is as follows.

Research Centers	CNS Drug Discovery Unit, Gastroenterology Drug Discovery Unit, Immunology Unit, Drug Safety Research and Evaluation, Drug Metabolism & Pharmacokinetics Research, Translational Research and Early Clinical, Partnership Research Center, Regenerative Medicine Unit, Cardurion SRC (the above are located in Fujisawa, Kanagawa) Process Chemistry, Formulation Development, Analytical Development (the above are located in Osaka) Hikari CMC Operations, Hikari Biologics Manufacturing (the above are located in Hikari, Yamaguchi)

(9) Employees (as of March 31, 2017)

(i) Number of employees of Takeda Group

Number of employees	Increase (decrease) from the previous fiscal year end
29,900	(1,268)

(Notes) 1. The number of employees represents the number of working employees.
2. Of the above employees, 27,534 employees engage in the Prescription Drug Business, 520 employees engage in the Consumer Healthcare Business and 1,846 employees engage in Other Business.

(ii) Status of employees of the Company

Number of employees	Increase (decrease) from the previous fiscal year end	Average age	Average length of employment (years)
6,638	(142)	40.4	14.7

(Notes) 1. The number of employees represents the number of working employees.
2. Of the above employees, 6,300 employees engage in the Prescription Drug Business, 322 employees engage in the Consumer Healthcare Business and 16 employees engage in Other Business.

(10) Principal lenders and loan amounts (as of March 31, 2017)

Lender	Loan balance
Syndicated loans	370,000 million JPY
Sumitomo Mitsui Banking Corporation	222,784 million JPY
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	182,269 million JPY
Sumitomo Mitsui Trust Bank, Limited	50,000 million JPY
The Norinchukin Bank	50,000 million JPY
Nippon Life Insurance Company	40,000 million JPY
Mizuho Trust & Banking Co., Ltd.	30,000 million JPY
Shinkin Central Bank	20,000 million JPY

(Note) The syndicated loans are joint financing by several lenders arranged by Sumitomo Mitsui Banking Corporation and others.

2. Common Stock of the Company (as of March 31, 2017)

(1) Total number of shares authorized to be issued by the Company
3,500,000,000 shares

(2) Total number of issued shares 790,521,195 shares
(including 152,399 shares of treasury stock)

(3) Number of shareholders 287,020

(4) Principal Shareholders

Name of Shareholder	Number of shares held (thousands)	Percentage of total shares (%)
Nippon Life Insurance Company	50,760	6.42
The Master Trust Bank of Japan, Ltd. (Trust account)	42,077	5.32
Japan Trustee Services Bank, Ltd. (Trust account)	36,528	4.62
JP Morgan Chase Bank 380055	34,039	4.31
Takeda Science Foundation	17,912	2.27
Barclays Securities Japan Limited	15,000	1.90
Japan Trustee Services Bank, Ltd. (Trust account 5)	14,427	1.83
State Street Bank West Client-Treaty 505234	11,672	1.48
Japan Trustee Services Bank, Ltd. (Trust account 1)	10,728	1.36
Japan Trustee Services Bank, Ltd. (Trust account 7)	10,719	1.36

(Note) The percentage of total shares is based on the number of shares (790,368,796 shares) calculated by subtracting the number of treasury stock from the total number of issued shares.

(5) Material items on the Common Stock of the Company other than the items mentioned above

(i) The Company has introduced the BIP (Board Incentive Plan) trust compensation system for Directors (excluding Directors residing overseas who are not External Directors), based on the resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014 and the resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016 and the resolutions of the Board of Directors made in accordance with such shareholders' resolutions.

The number of stocks of the Company that the trust account for the BIP trust owns is 954,097 shares as of March 31, 2017.

(ii) From the 138th fiscal year, the Company introduced a stock grant ESOP (Employee Stock Ownership Plan) trust for the senior management of the Takeda Group, based on the resolution of the Board of Directors.

The number of stocks of the Company that the trust account for the stock grant ESOP trust owns is 8,490,943 shares as of March 31, 2017.

3. Matters Concerning the Stock Acquisition Rights of the Company

Overview of the Stock Acquisition Rights distributed as a consideration for the execution of duties owned by Directors (excluding External Directors) of the Company (as of March 31, 2017)

Name (Date of resolution for issuance)	Recipients of the Stock Acquisition Rights at the time of issuance	Payment value of Stock Acquisition Rights	Financial value to be invested upon execution of the Stock Acquisition Rights	Period during which the Stock Acquisition Rights may be exercised	Main conditions for execution of the Stock Acquisition Rights	Type and number of shares subject to Stock Acquisition Rights (and the number of Stock Acquisition Rights)	Number of Directors (excluding External Directors) possessing the Stock Acquisition Rights and the number of such Stock Acquisition Rights (Note 1, 2)
Stock Acquisition Rights FY2010-issued (June 25, 2010)	5 Directors (excluding External Directors)	3,028 JPY per share	1 JPY per share	July 11, 2013 to July 10, 2020 (Note 3)	(Note 4)	Ordinary shares in the Company; 7,000 shares (70)	1 Director who is Audit and Supervisory Committee (ASC) Member: 70 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2011-issued (June 24, 2011)	4 Directors (excluding External Directors)	2,726 JPY per share	1 JPY per share	July 16, 2014 to July 15, 2021 (Note 3)	(Note 4)	Ordinary shares in the Company; 10,100 shares (101)	1 Director who is ASC Member: 101 Stock Acquisition Rights
2nd Series of Stock Acquisition Rights FY2011-issued (June 24, 2011)	113 members of Corporate Officers and other senior management	427 JPY per share	3,705 JPY per share	July 16, 2014 to July 15, 2031 (Note 5)	(Note 6)	Ordinary shares in the Company; 1,106,200 shares (11,062)	2 Directors who are not ASC Members: 947 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2012-issued (June 26, 2012)	4 Directors (excluding External Directors)	2,678 JPY per share	1 JPY per share	July 18, 2015 to July 17, 2022 (Note 3)	(Note 4)	Ordinary shares in the Company; 18,600 shares (186)	1 Director who is not ASC Member: 79 Stock Acquisition Rights; 1 Director who is ASC Member: 107 Stock Acquisition Rights
2nd Series of Stock Acquisition Rights FY2012-issued (July 30, 2012)	118 members of Corporate Officers and other senior management	369 JPY per share	3,725 JPY per share	July 18, 2015 to July 17, 2032 (Note 5)	(Note 6)	Ordinary shares in the Company; 1,733,700 shares (17,337)	1 Director who is not ASC Member: 632 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2013-issued (June 26, 2013)	4 Directors (excluding External Directors)	3,709 JPY per share	1 JPY per share	July 20, 2016 to July 19, 2023 (Note 3)	(Note 4)	Ordinary shares in the Company; 14,300 shares (143)	1 Director who is not ASC Member: 61 Stock Acquisition Rights; 1 Director who is ASC Member: 82 Stock Acquisition Rights

(Notes) 1. No Stock Acquisition Rights are possessed by the External Directors.

2. The Company became a “Company with Audit and Supervisory Committee” as of June 29, 2016 pursuant to the resolution of the 140th Ordinary General Meeting of Shareholders held on such date.

3. A Director who received an allocation of these Stock Acquisition Rights may exercise said Stock Acquisition Rights from the day following the day of resignation/retirement in cases of resignation/retirement due to the expiration of the Director’s term of office, or, in the case of any other valid reason, even prior to the initial date of the period stated above during which the Stock Acquisition Rights may be exercised.

4. [1] A person who exercises a Stock Acquisition Right must be a Director of the Company at the time the right is exercised. However, this shall not apply if the Director has resigned/retired due to the expiration of the term of office or if there is any other valid reason.

   [2] A single Stock Acquisition Right may not be exercised in part.

5. A person who received an allocation of these Stock Acquisition Rights may exercise said Stock Acquisition Rights from the day following the day of resignation/retirement in cases of resignation/retirement due to the expiration of the term of office or mandatory retirement, or, in the case of any other valid reason, even prior to the initial date of the period stated above during which the Stock Acquisition Rights may be exercised.

6. [1] A person who exercises a Stock Acquisition Right must be a Director, employee or any other person equivalent thereto of the Company or of subsidiaries of the Company at the time the right is exercised. However, this shall not apply if the person has resigned/retired due to the expiration of the term of office or mandatory retirement or if there is any other valid reason.

   [2] A single Stock Acquisition Right may not be exercised in part.

4. Executives of the Company

(1) Status of Directors (as of March 31, 2017)

The Company has been appointing persons inside or outside of the Company as Directors regardless of nationality and gender in order to secure a balance of knowledge, experiences and capabilities necessary for the management of the Company which conducts business globally. The Company has also been appointing Directors within such number determined to pursue both effective and swift decision making and appropriate monitoring of the management of the Company through sufficient discussion at the Board of Directors meetings. For the purposes of formulating optimal rules for the appointment of Directors and appointing appropriate persons as Directors, the Company has established a Nomination Committee as the advisory body to the Board of Directors, and in which an External Director serves as chairperson.

The status of Directors as of the end of this fiscal year is as follows.

Name	Position	Duty	Important Positions Held Concurrently, etc.
Yasuchika Hasegawa	Chairman of the Board		
Christophe Weber	President (Representative Director)	Chief Executive Officer	
Shinji Honda	Director	Corporate Strategy Officer	President, Takeda Pharmaceuticals International, Inc.
Masato Iwasaki	Director	President, Japan Pharma Business Unit	
Andrew Plump	Director	Chief Medical & Scientific Officer	Executive Vice President, Takeda Pharmaceuticals International, Inc.
*Yoshiaki Fujimori	Director		Counselor, LIXIL Group Corporation
*Emiko Higashi	Director		Managing Director, Tomon Partners, LLC
*Michel Orsinger	Director		
Masahiro Sakane	Director		Counselor, Komatsu Ltd.
*Toshiyuki Shiga	Director		Vice Chairman, Nissan Motor Co., Ltd. Chairman and CEO, Innovation Network Corporation of Japan
Fumio Sudo	Director		Chairman of the Board, Tokyo Electric Power Company Holdings, Inc.
*Yasuhiko Yamanaka	Director who is Full-time Audit and Supervisory Committee Member		
*Shiro Kuniya	Director who is Head of Audit and Supervisory Committee		Managing Partner, Oh-Ebashi LPC & Partners

*Jean-Luc Butel	Director who is Audit and Supervisory Committee Member		
*Koji Hatsukawa	Director who is Audit and Supervisory Committee Member		Certified Public Accountant

(Notes) 1. Directors and Directors who are Audit and Supervisory Committee (ASC) Members marked with an * were newly elected at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016 and took office thereupon.

2. The Company became a "Company with Audit and Supervisory Committee" as of June 29, 2016 pursuant to the resolution of the above-mentioned General Meeting of Shareholders. In accordance therewith, the term of office of Corporate Auditors Yasuhiko Yamanaka and Shiro Kuniya expired, and both of them became Directors who are ASC Members.
3. Director Yorihiko Kojima and Corporate Auditors Naohisa Takeda and Tsuguoki Fujinuma retired at the close of the above-mentioned General Meeting of Shareholders due to the expiration of the term of office.
4. Directors Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Masahiro Sakane, Toshiyuki Shiga and Fumio Sudo and Directors who are ASC Members Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa are External Directors as prescribed in Article 2, Item 15 of the Companies Act.
5. Director who is ASC Member Koji Hatsukawa, is a Certified Public Accountant and has expert knowledge in finance and accounting.
6. Director who is ASC Member Yasuhiko Yamanaka is a Full-time ASC Member. The reason for selecting a Full-time ASC Member is to ensure the effective activity of the ASC through (i) acquisition of information by an ASC Member familiar with the Company's internal situation through his/her attendance in important meetings, daily collection of information, periodically listening to business reports from the business operating division and cooperation with the internal audit division and internal control promoting division, etc., and (ii) sharing such information with all other ASC Members.
7. The Company receives advice, etc., on legal matters on an as needed basis from other lawyers working at Oh-Ebashi LPC & Partners, the law firm where Director who is ASC Member Shiro Kuniya works concurrently, but the proportion of the annual value of those transactions to the sales of the Company and of Oh-Ebashi LPC & Partners is less than 1% in both cases.
8. There are no relationships between the Company and the organizations in which External Directors concurrently serve that should be noted other than that described in Note 7 above.
9. The Company has set the "Internal criteria for independence of external directors of the Company" and has elected External Directors based on those criteria. Since all External Directors (i.e.: External Directors Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Masahiro Sakane, Toshiyuki Shiga and Fumio Sudo and External Directors who are ASC Members Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa) have met the requirement for Independent Directors based on the regulations of the financial instruments exchanges that the Company is listed on (e.g.: Tokyo Stock Exchange, Inc.), the Company has appointed all of them as Independent Directors and submitted notifications to each exchange.
10. This fiscal year, the Nomination Committee is composed of External Director Fumio Sudo (Chairperson), External Director Masahiro Sakane, External Director who is ASC Member Shiro Kuniya and Chairman of the Board Yasuchika Hasegawa, and the Compensation Committee is composed of External Director Toshiyuki Shiga (Chairperson), External Director Yoshiaki Fujimori and Director who is ASC Member Yasuhiko Yamanaka.

(2) Compensation, etc. for Directors and Corporate Auditors

The Company has formulated the "Director's Compensation Policy" below and determines the composition and level of compensation of the Directors in accordance with the concept and procedure of this Policy.

Directors' Compensation Policy for Fiscal Year 2017

1. Guiding Principles

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

- To attract, retain and motivate managerial talents to realize Global One Takeda
- To improve the Company's mid- and long-term performance and leverage awareness of contributions toward increasing corporate value
- To be closely linked with company performance, highly transparent and objective
- To support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders
- To encourage Directors to challenge and persevere in line with the values of Takeda-ism

2. Level of Compensation

We aim to be competitive not only in Japan but also in the global marketplace to transform into a "Best in Class" global pharmaceutical company.

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

3. Compensation Mix

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

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

"Performance-based Compensation" further consists of a "Bonus" to be paid based on the consolidated financial results, etc. for each fiscal year, and a "Long-term Incentive Plan (stock compensation)" linked with long-term financial results over a 3-year period and with Takeda's share price. To increase corporate value in the mid and long term and to better align the incentives of Takeda's Directors with Takeda's shareholders, the ratio of Long-term Incentive will be gradually increased in the Performance-based Compensation in future.

Eventually, the targets will be changed to 100% of Basic Compensation for "Bonus" and 200% to 400% or more of Basic Compensation for "Long-term Incentive", reflecting the common practice of global companies. Increases in Basic Compensation will be minimized, while Long-term Incentives will be increased.

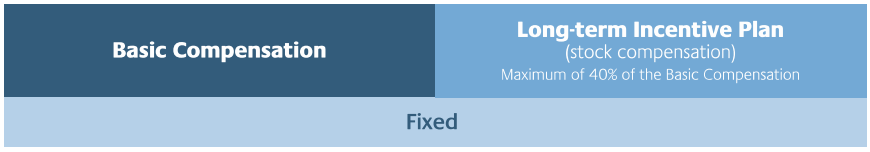
■ Standard Directors who are not Audit & Supervisory Committee Members (excluding External Directors) Compensation Mix Model

3-2. Directors who are Audit & Supervisory Committee Members and External Directors

The compensation of Directors who are Audit & Supervisory Committee Members and External Directors consists of Basic Compensation, which is paid as a fixed amount, and Long-term Incentive (stock compensation). The stock compensation is not linked to financial performance results but only to share price. The stock compensation will vest upon retirement/resignation. No bonus is available for this category of Director.

The current compensation mix is "Basic Compensation" and "Long-term Incentive", which is a maximum of 40% of the Basic Compensation.

■ Standard Directors who are Audit & Supervisory Committee Members and External Directors Compensation Mix Model



4. Performance-based Compensation

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

For Directors who are not Audit & Supervisory Committee Members (excluding External Directors) a Long-term Incentive Plan similar to Performance Share and Restricted Stock is in place to strengthen the link between compensation and company performance and the share price, and enhance commitment to increasing corporate value in the mid and long term.

Performance indicators used for the Long-term Incentive will be linked with the latest mid- to long-term performance objectives such as consolidated revenue, operating free cash flow, EPS and R&D targets, etc., as transparent and objective indicators. The variable range is from 0% to 200% (100% at target), based on performance achievement.

Bonuses will be paid based on performance achievement of annual goals. Bonuses will be paid in the range of 0% to 200% (100% at target) in accordance with the achievement of performance indicators such as consolidated revenue, core earnings and EPS, etc., established for a single fiscal year.

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

The Long-term Incentive (stock compensation) for Directors who are Audit & Supervisory Committee Members and External Directors is not linked to financial performance results but only to share price. The stock compensation will vest upon resignation/retirement.

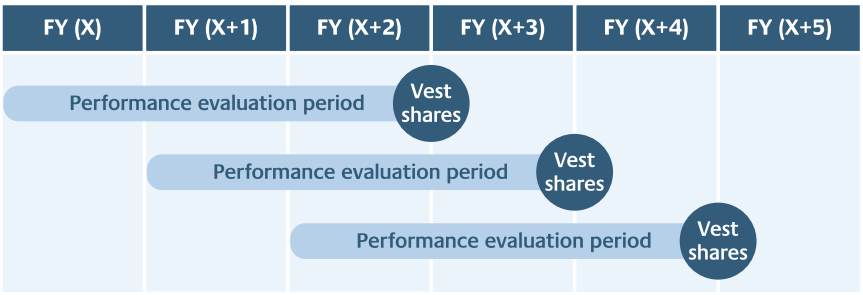
Whole Picture of Directors' Compensation

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

(Vesting timings)

*1 Varies from 0% to 200%, depending upon the degree of achievement, etc. of the performance indicators such as consolidated revenue, core earnings, EPS, etc., established for a single fiscal year.
*2 Varies from 0% to 200%, depending upon the degree of achievement, etc. in relation to consolidated revenue, free cash flow, EPS, R&D targets, etc. over 3 years
*3 During term of office
*4 Upon resignation/retirement

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



5. Compensation Governance

The Compensation Committee has been established with an External Director as its Chairperson and with the majority of members being External Directors, to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Directors' compensation, etc. and the transparency in its decision-making process. The level of compensation, compensation mix and performance-based compensation (Mid- and Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors. The guiding principles for Director compensation will be revised to develop compensation programs based on Directors' accountabilities and responsibilities, as well as to develop compensation programs that create shareholder value in alignment with Takeda-ism.

The total amounts of compensation, etc., for Directors and Corporate Auditors for this fiscal year are as follows.

Category	Number of people	Total amounts of compensation
Directors who are not Audit and Supervisory Committee Members (External Directors)	12 (7)	1,293 million JPY (106 million JPY)
Directors who are Audit and Supervisory Committee Members	4	100 million JPY

(External Directors)	(3)	(59 million JPY)
Corporate Auditors	4	28 million JPY
(External Corporate Auditors)	(2)	(6 million JPY)

(Notes) 1. The Company was converted into a “Company with Audit and Supervisory Committee” from a “Company with Board of Corporate Auditors” at the close of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016.

2. The above-mentioned Directors who are not Audit and Supervisory Committee (ASC) Members include those who were Directors before the Company became a “Company with Audit and Supervisory Committee” (among them, 1 External Director retired at the close of the above-mentioned General Meeting of Shareholders).

3. The compensation, etc. for Corporate Auditors was paid for the term before the Company became a “Company with Audit and Supervisory Committee” and the compensation, etc. for Directors who are ASC Members was paid for the term after the Company became a “Company with Audit and Supervisory Committee.”

4. The total amounts of compensation, etc. for Directors who are not ASC Members above include the following basic compensation and cost postings relating to the stock compensation and stock options which were granted until fiscal year 2013. These amounts do not include the salaries that Directors, who also work as employees, receive as employee portions of their compensation, and the bonuses.

[1] The basic compensation before the Company became a “Company with Audit and Supervisory Committee” was a fixed amount depending on each position, and its total amount per month was no more than 90 million JPY (within this amount, no more than 10 million JPY per month was for External Directors) (based on a resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014). The basic compensation after the Company became a “Company with Audit and Supervisory Committee” is a fixed amount depending on each position, and its total amount per month is no more than 150 million JPY (within this amount, no more than 30 million JPY per month is for External Directors) (based on a resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016).

[2] The cost posting relating to stock options is the value posted during this fiscal year in compensation, etc., for Stock Acquisition Rights allotted as stock options in fiscal year 2013 based on the resolution of the 132nd Ordinary General Meeting of Shareholders (14 million JPY). The upper limit of such compensation, etc. is 350 million JPY per year (the allotted maximum number is calculated by dividing the amount of the above-mentioned upper limit by the fair value of each stock option on the allotment date).

[3] The cost posting relating to stock compensation is the value posted during this fiscal year (766 million JPY, which includes the 30 million JPY for External Directors).

(i) The stock compensation granted in fiscal years 2014 and 2015 are based on the resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014, for which no more than 2 billion JPY was contributed per year for three consecutive fiscal years. The upper limit of the number of the stocks granted is calculated by dividing the amount of the above-mentioned upper limit by the closing price of the stocks of the Company at the Tokyo Stock Exchange on the

predetermined day of each fiscal year. Directors residing overseas and External Directors are excluded from Directors who are granted this stock compensation.

(ii) The stock compensation granted in fiscal year 2016 is based on the resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. The upper limit of the amount contributed for that stock compensation and the number of the stocks to be granted are as follows:

(a) Stock compensation granted to Directors who are neither External Directors nor ASC Members (excluding Directors residing overseas)
Upper limit of 2.7 billion JPY per year for three consecutive fiscal years (the upper limit of the number of the stocks to be granted is calculated by dividing the amount of the above-mentioned upper limit by the closing price of the stocks of the Company at the Tokyo Stock Exchange on a predetermined day of each fiscal year)

(b) Stock compensation granted to External Directors who are not ASC Members
Upper limit of 0.3 billion JPY (the upper limit of the number of the stocks to be granted is calculated by dividing the amount of the above-mentioned upper limit by the closing price of the stocks of the Company at the Tokyo Stock Exchange on a predetermined day of each fiscal year)

5. If the proposal for the "Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members" is proposed at this General Meeting of Shareholders and approved as proposed, the Directors' bonuses, included among the compensation, etc., for Directors who are not ASC Members for this fiscal year, will be paid within the amount set forth in the said proposal. Directors' bonuses are calculated depending on each position based on the Company's financial results (achievement of key performance indicators such as the consolidated revenue, Core Earnings and EPS). Based on the report of the Compensation Committee, the actual payment amount of bonuses is to be resolved at the meeting of the Board of Directors to be held after this General Meeting of Shareholders.
6. The total amounts of compensation, etc. for Directors who are ASC Members include the following basic compensation and cost postings relating to the stock compensation.

[1] The basic compensation is a fixed amount depending on each portion, and its total amount per month is no more than 15 million JPY (based on a resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016).

[2] The cost posting relating to stock compensation is the value posted during this fiscal year (25 million JPY). This stock compensation is based on a resolution of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016, for which no more than 200 million JPY will be contributed in this fiscal year for two consecutive fiscal years. The upper limit of the number of the stocks to be granted is calculated by dividing the amount of the above-mentioned upper limit by the closing price of the stocks of the Company at the Tokyo Stock Exchange on a predetermined day of each fiscal year.

7. The compensation, etc. of Corporate Auditors is limited to basic compensation, the value of which is no more than 15 million JPY per month (based on a resolution of the 132nd Ordinary General Meeting of Shareholders held on June 26, 2008).

(3) External Directors and Corporate Auditors

Major activities during this fiscal year

Category	Name	Number of attending the meeting		
		Board of Directors	Board of Corporate Auditors	Audit and Supervisory Committee
Directors	Yoshiaki Fujimori	8/8	―	―
	Emiko Higashi	8/8	―	―
	Michel Orsinger	8/8	―	―
	Masahiro Sakane	12/12	―	―
	Toshiyuki Shiga	8/8	―	―
	Fumio Sudo	12/12	―	―
Directors who are Audit and Supervisory Committee Members	Shiro Kuniya	11/12	7/7	11/11
	Jean-Luc Butel	8/8	―	11/11
	Koji Hatsukawa	8/8	―	10/11

(Note) Directors Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger and Toshiyuki Shiga and Directors who are Audit and Supervisory Committee Members Jean-Luc Butel and Koji Hatsukawa took office at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. Accordingly, the Board of Directors meetings they were eligible to attend were those held thereafter.

External Directors appropriately made statements necessary for the deliberation of the agenda at the Board of Directors meetings based on (i) their advanced insight derived from experience in corporate management, or (ii) their high level of knowledge in areas requiring high expertise such as accounting and law. Also, Shiro Kuniya, at the Board of Corporate Auditors meetings and Audit and Supervisory Committee, and Jean-Luc Butel and Koji Hatsukawa, at the Audit and Supervisory Committee, made statements necessary for the deliberation of the respective agenda thereof, based on their specialist perspectives, and vigorously conducted information exchange, etc.

(4) Outline of the terms of the liability limitation agreement

The Company has executed agreements with External Directors Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Masahiro Sakane, Toshiyuki Shiga, Fumio Sudo and External Directors who are Audit and Supervisory Committee Members Shiro Kuniya, Jean-Luc Butel, Koji Hatsukawa 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.

5. Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Amount of Remuneration, etc. of Accounting Auditor for this Fiscal Year

(i)	Amount of remuneration, etc. for this fiscal year	525 million JPY
(ii)	Total amount of money and other financial benefits to be paid by the Company and the subsidiaries	536 million JPY

(Notes) 1. As the audit agreement between the Company and its Accounting Auditor does not differentiate the amount of remuneration, etc. for audit under the Companies Act from the one for audit under the Financial Instruments and Exchange Act and such differentiation is impossible in practice, the above amounts show total remuneration, etc. for both audits.

2. 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 thereof based on the Guideline of Practice for Cooperation with Accounting Auditor published by Japan Audit & Supervisory Members Association. As a result of such confirmation ad examination, Board of Corporate Auditors agreed on the remuneration, etc. of the Accounting Auditor pursuant to Section 399, Paragraph 1 of the Companies Act.

3. Among the subsidiaries set forth on pages 44 to 49 herein, audit firms other than KPMG AZSA LLC audit the financial statements of Nihon Pharmaceutical Co., Ltd., Wako Pure Chemical Industries, Ltd. and the subsidiaries of the Company located overseas.

(3) Services other than Audit

The Company delegates to the Accounting Auditor the services which fall under services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act in respect of advisory services for “International Financial Reporting Standards”, etc.

(4) Decision-Making Policy on Dismissal or Rejection of the Reappointment of Accounting Auditor

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.

In addition, the Audit and Supervisory Committee, taking into consideration the audit quality, the quality control and independence of the Accounting Auditor and other factors, shall determine whether or not the Accounting Auditor will be reappointed.

6. Overview of the Systems that Ensure the Appropriateness of Operations of the Company and the Status of Implementation of such Systems

(1) Overview of the Systems that ensure the appropriateness of operations

The Company shares its “Corporate Philosophy” which comprises its “Mission”, “Vision”, “Values” and “Strategic Roadmap” within the entire Takeda Group and promotes the creation of a disciplined and sound corporate culture. Based on the above mentioned principle, the Company implemented the following measures for the internal control system, taking it as an important component of corporate governance functioning alongside risk management.

The Company converted into a “Company with Audit and Supervisory Committee” from a “Company with Board of Corporate Auditors” at the close of the 140th Ordinary General Meeting of Shareholders held on June 29, 2016. Accompanying such conversion, the Company developed systems including one for securing the effective audit by the Audit and Supervisory Committee (ASC).

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

- As a “Company with Audit and Supervisory Committee,” a system that enables ASC to effectively perform its duties relating to audit and supervision shall be established and the composition and diversity of External Directors in the Board of Directors shall be enhanced. Under the appropriate audit and supervision thereby, the Board of Directors shall make highly transparent and objective decisions and, by resolution, delegate authority to the Directors and expedite the management of business.
- The objectivity and fairness relating to the appointment of Directors and the compensation paid to them shall be ensured by voluntarily establishing the Nomination Committee and the Compensation Committee, wherein an External Director serves as the chairperson and external committee members constitute a majority respectively. By appointing one or more Directors who are ASC Members as members of such committees, the effectiveness of ASC’s function of supervising the appointment, etc. of Directors who are not ASC Members and the compensation, etc. paid to them shall be enhanced.
- Under the system above, the Board of Directors (i) decides on the most important matters for the business operation of the Takeda Group, including matters relating to Basic Management Policy such as Values, etc., and matters relating to the policy on internal control including compliance and risk management, and (ii) discusses business strategy, and monitors and supervises the execution of operations.
- To strengthen its global business management system, the Company shall establish the Takeda Executive Team (“TET”), which manage and supervise each function of the Takeda Group under the President and Chief Executive Officer, and shall also establish the Business Review Committee (which is responsible for general management

matters), Portfolio Review Committee (which is responsible for R&D and products related matters), and Audit, Risk and Compliance Committee (which is responsible for internal audit, risk management and compliance matters), which review important matters to ensure the systems whereby faster and more flexible work execution and deeper cooperation among the various functions take place.

- The Company shall clarify the roles and responsibilities of each function based on the "Takeda Group's Management Policy," which summarizes the business management systems, decision-making systems and its operational rules and other important management rules of the Takeda Group. With regard to certain material items, the Company shall oblige each function to propose or report to the decision making bodies, including the Board of Directors of the Company, depending on the materiality of those items. Concurrently, certain level of decision making authorities shall be delegated to the President and Chief Executive Officer or to each TET member, and decision making authorities shall be exercised under proper governance. In addition, the Company shall maintain Global Policies, etc. (Global Policies mean the rules applied to employees of three or more TET organizations) for the respective operations of specialized functions and shall manage and supervise the entire Takeda Group based thereon.
- Based on the "Global Risk Management Policy," "Global Crisis Management Policy" and "Takeda Group Global BCP (Business Continuity Plan) Policy," which respectively lay out the structure of risk management system, crisis management systems and BCPs of the Takeda Group, the Company shall promote the construction of a system in which each group company responds adequately to risks and crises and ensures business continuity, and shall facilitate the disciplined management of the Takeda Group.
- The Global Compliance division and other divisions in charge of compliance shall disseminate the "Takeda Global Code of Conduct" to all group companies and construct and disseminate the compliance programs of all group companies based on that code under the Global Compliance Promotion System. The Global Compliance division shall establish a mechanism with monitoring capabilities to ensure that the Takeda Group's business activities are in compliance with laws and internal rules. In addition, the Global Compliance division and other divisions in charge of compliance shall periodically report to the Audit, Risk and Compliance Committee, and report to the Board of Directors as necessary on the compliance related affairs of the Takeda Group, including affairs reported through interoffice notifications.
- The Group Internal Audit ("GIA") shall conduct a regular internal audit of each function of the Company and each group company based on the "Group Internal Audit Charter" and report the results thereof to the President and Chief Executive Officer, Board of Directors, and ASC. GIA shall also conduct an evaluation of the status of development

and implementation of the internal control systems for securing the reliability of financial reporting based on the Financial Instruments and Exchange Act.

- The Corporate Finance, Global Finance shall manage the processes of (i) self-inspection based on questionnaires of internal controls over the financial reporting completed by the head of each key subsidiary, and (ii) implementation of the improvement plan in response to warnings or recommendations.
- The Global Quality division shall formulate global quality assurance policies, etc., relating to research, development, manufacturing, and post-marketing safety measures and then audit, monitor, and supervise compliance therewith regularly or as necessary.

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

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

(iii) Risk management rules and other systems

- With respect to all risk factors, including major potential risks for the Company (research and development, intellectual property rights, decline of sales due to the expiration of patents, etc., side-effects, drop in prices caused by measures to constrain the cost of medicine, fluctuation of foreign exchange rates, corporate acquisitions, country risks, stable supply, and litigation and other legal matters), the person(s) in charge of each function shall control and manage such risk factors in each area under his/her charge using qualitative and quantitative criteria in designing and implementing mid-range and annual plans, and shall take all necessary measures or remedies available to avoid and minimize such risk factors, depending on the degree and content of the risk the Company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans.
- In order to prevent and respond to emergency situations, the Company shall establish crisis management systems through the appointment of persons who are in charge of crisis management and those who are in charge of crisis management in each local region, and establishment of a crisis management committee under the "Policy on Crisis Management." In addition, from the perspective of business continuity, the Company shall design a Business Continuity Plan for each function under the "BCP Policy."

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

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

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

- In accordance with the “Compliance Promotion Rule” that provides for the basic policies and procedures in relation to the implementation of the compliance program for the ethical and legal requirements of the Company, a Compliance Officer position, Compliance Promotion Committee and Compliance Secretariat shall be established to promote the company-wide compliance policy.
- The interoffice notification system, a system established for the purpose of i) reflecting the opinions and proposals of Directors and employees with respect to the Company’s compliance, and ii) protecting the whistleblowers, shall be fully utilized in compliance practice.

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

Each of the items stated below shall be set forth in accordance with the “Rules of Audit and Supervisory Committee’s Audit, etc.”

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

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

(2) Overview of the Status of the Implementation of Systems that ensure the appropriateness of operations

This fiscal year, we made efforts to appropriately implement the system described in (1) above. Our major efforts in this fiscal year considered important points for internal control, included the following:

[Formulation of Corporate Philosophy and Vision 2025]

- This fiscal year, the Company formulated the “Corporate Philosophy” consisting of the “Mission,” “Vision,” “Values,” and “Strategic Roadmap,” as well as “Vision 2025” which shows what the Company aims to become.

[Strengthening of the Corporate Governance Structure]

- As mentioned above, at the 140th Ordinary General Meeting of Shareholders held on June 29, 2016, the Company obtained approval to convert the Company from a “Company with Board of Corporate Auditors” into a “Company with Audit and Supervisory Committee” and also obtained approval to enhance the composition ratio of external directors and the diversity of the Board of Directors. As a result, of the 15 members of the Board of Directors (including one woman director) as of the end of this fiscal year, 9 are External Directors; further, 11 Directors are Japanese and 4 are foreign nationals. In addition, 4 Directors make up the ASC, and 3 of them are External Directors.
- The Board of Directors resolved that, after converting the Company into a “Company with Audit and Supervisory Committee,” the decision making authority on matters of important business execution was partially delegated to the Directors through decision-making bodies such as the Business Review Committee, Portfolio Review Committee, and Audit, Risk and Compliance Committee. Through this, the Company

established a mechanism enabling flexible and efficient decision making.

- At the same time, in order for ASC to effectively conduct audits and execute its other duties, the “Rules of Audit and Supervisory Committee’s Audit, etc.,” and the environment to strengthen the cooperation/coordination with the internal audit division, etc., including ASC’s authority to give instructions to them with regard to the internal audit, were developed. In addition, by revising the rules of the Compensation and Nomination Committees, which were voluntarily established by the Company, and appointing one or more ASC Members as members of these committees, a mechanism that enhances the effectiveness of the supervision function of ASC with regard to appointment, etc. of Directors who are not ASC Members and the compensation, etc. paid to them has been developed.

[Status of the Board of Directors]

- 12 Board of Directors meetings were held this fiscal year. At the Board of Directors meetings, the Chairman of the Board, who does not execute operations, leads the discussions, while various Directors, including the External Directors who are highly independent from the Company, deliver necessary statements as appropriate from their perspectives.
- After converting the Company into a “Company with Audit and Supervisory Committee,” by delegating the authority to decide on important matters of business execution to the Directors, the Board of Directors acquired more time both to deliberate issues that can have a significant impact on the Takeda Group and its management strategies and oversee the Directors' performance on business execution.
- To fulfill the role of a Director of the Company more appropriately, newly appointed Directors are thoroughly educated on their legal obligations; provided with information summarizing the business environment, strategy, etc., of the Company; and requested to participate in forums intended to further deepen their understanding thereof. Before every meeting, External Directors are given detailed explanation of the agenda of the Board of Directors meeting by Directors who are not External Directors.
- At the Board of Directors meetings, each External Director made appropriate statements necessary for the deliberation of the agenda of the Board of Directors meetings based on (i) their advanced insight derived from experience in corporate management, or (ii) their high level of knowledge in areas requiring high expertise such as accounting and law. In addition, meetings consisting only of the External Directors (“External Directors Meeting”) were held to allow them to share their knowledge or understanding and exchange views and opinions on the management of the Board of Directors and how to engage in management.
- As in the previous fiscal year, a review of the performance and effectiveness of the Board of Directors was conducted by third party organizations in a way that the individual opinions of the Directors were easily obtained. That is, all Directors

individually completed a questionnaire and were individually interviewed. In the review, the Board of Directors of the Company deemed that they were able to work effectively and, in comparison with the previous fiscal year, the members of the Board of Directors commented that the functions of the Board of Directors improved through the measures discussed above. This review, including the one mentioned above, after incorporating the analysis and recommendations made by third party organizations, was discussed at the Board of Directors meeting, after the External Directors Meeting. Through this, the Company had an opportunity to gain a deeper understanding of its strengths to further enhance its functions and to better align its strategic priorities to deliver maximum corporate value.

[Efforts by the Top Management of the Company]

- By posting the message on the intranet and holding town hall meetings, the top management of the Company including the President and Chief Executive Officer disseminated the “Corporate Philosophy” consisting of the “Mission,” “Vision,” “Values,” and “Strategic Roadmap” and emphasized the importance of compliance to all the employees of the Takeda Group.

[Efforts to promote internal control system in the Takeda Group]

- Accompanying the conversion into a “Company with Audit and Supervisory Committee,” “Takeda Group’s Management Policy” and internal company regulations were updated, and the authorities of the decision making bodies, including the Board of Directors, Business Review Committee, Portfolio Review Committee, and Audit, Risk and Compliance Committee were reviewed.
- GIA conducted an internal audit of each company under the Takeda Group and each function of the Company, and conducted an evaluation of the status of development and implementation of the internal control systems to secure the reliability of the financial reporting based on the Financial Instruments and Exchange Act.
- Corporate Finance, Global Finance confirmed the effectiveness of internal controls that ensure the reliability of financial reporting in compliance with the Financial Instruments and Exchange Act based on the answers obtained from the head of each key subsidiary, which was obtained by self-inspection through questionnaires.
- Global Quality formulated the “Global Quality Policy” to clarify the Company's commitment to and vision for quality and to establish a global quality control system for the Takeda Group.

[Efforts to promote compliance]

- The Company newly established 3 Global Policies (i.e. policies with regard to interactions with Healthcare Professionals and Healthcare Entities, interactions with Patient Organizations and Patients and interactions with Government Officials and Government Entities) and implemented the e-learning thereon in order to disseminate them. Also, the e-learning relating to the “prohibition of harassment” was carried out

within the Company and the e-learning relating to “anti-corruption/anti-bribery” was implemented within the Takeda Group.

- At the Company, a preliminary review of the promotional materials targeting healthcare professionals is being carried out by the “Takeda Information Brochure Review Committee” with outside experts as participants.
- The monitoring of fields with potentially high compliance-related risks was conducted at each division, and voluntary and continuous improvements were made.
- The Takeda Group’s compliance-related issues were reported to the Audit, Risk and Compliance Committee regularly, and to the Board of Directors and top management in a timely manner.

[Efforts relating to risk management]

- In order to eliminate risks relating to the use of social media, the “Global Social Media Policy” was established.
- E-learning was implemented in order to ensure proper use of social media.
- Assuming a crisis was caused by social media, a drill was conducted on how to appropriately deal with it.
- Assuming a crisis at the manufacturing site was caused by the Nankai megathrust earthquake, a drill was conducted in order to secure appropriate global supply.
- The Cybersecurity Steering Committee, consisting of Legal, Compliance, HR, Risk Management, R&D and Intellectual Property, was held.
- An educational campaign to raise consciousness on cybersecurity and the provision of information related thereto was conducted.
- A desktop exercise for TET members on how to effectively deal with an accident relating to cybersecurity was implemented.
- Effective measures and programs on technical matters were implemented in order to strengthen the capability of dealing with a cyber crisis.

[Efforts by Audit and Supervisory Committee]

After the conversion of the Company into a “Company with Audit and Supervisory Committee” from a “Company with Board of Corporate Auditors,” the following activities were conducted:

- ASC is managed based on the “Rules of Audit and Supervisory Committee’s Audit, etc.” and an External Director serves as chairman of ASC. 11 ASC meetings were held this fiscal year, and information or opinions relating to the agenda of the Board of Directors meeting were exchanged at the ASC meeting. A full-time ASC Member shared the information with the other ASC Members, which was obtained from attendance in important meetings, periodically listening to reports relating to the business performance of the division in charge of executing the business operation, and cooperation or collaboration with the internal audit division or internal control promoting division.

- ASC reported on its action policy and activity plan for fiscal year 2016, and exchanged opinions at the Board of Directors meeting. Also, ASC gave its opinions relating to the execution of the business by the Directors, as necessary.
- ASC exchanged opinions with GIA regularly and as necessary and made efforts to conduct a systematic audit by providing instructions or requests relating thereto in addition to receiving the report relating to the plan and result of the internal audit.
- The appointed ASC Members attended the Nomination Committee and Compensation Committee and stated their opinions relating to the appointment, etc. of Directors who are not ASC Members and the compensation, etc. paid to them as members of those committees. Also, information obtained from those committees were shared at ASC, and, through this, ASC performed its duties of supervision including the formulation of its own opinion.

In addition, before the conversion of the Company into a “Company with Audit and Supervisory Committee,” a system equivalent to the foregoing was established and operated for the Corporate Auditors (7 Board of Corporate Auditors meetings were held). Also, the Board of Corporate Auditors reported their observations on the corporate audit for fiscal year 2015 at the Board of Directors meeting held before such conversion, and exchanged opinions with the Directors.

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[Note to Business Report]

All monetary amounts indicated in the Business Report are rounded to the nearest unit.

CONSOLIDATED FINANCIAL STATEMENTS [IFRS]

CONSOLIDATED STATEMENT OF OPERATIONS

(April 1, 2016 to March 31, 2017) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Revenue	1,732,051	1,807,378
Cost of sales	(558,755)	(535,180)
Gross profit	1,173,296	1,272,198
Selling, general and administrative expenses	(619,061)	(650,770)
Research and development expenses	(312,303)	(335,772)
Amortization and impairment losses on intangible assets associated with products	(156,717)	(131,787)
Other operating income	143,533	21,345
Other operating expenses	(72,881)	(44,386)
Operating profit	155,867	130,828
Financial income	12,274	21,645
Financial expenses	(23,250)	(31,931)
Share of profit of associates accounted for using the equity method	(1,546)	(3)
Profit before tax	143,346	120,539
Income tax expenses	(27,833)	(37,059)
Net profit for the year	115,513	83,480
Attributable to:		
Owners of the Company	114,940	80,166
Non-controlling interests	573	3,313
Net profit for the year	115,513	83,480

[Reference] CONSOLIDATED STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

(April 1, 2016 to March 31, 2017) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net profit for the year	115,513	83,480
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	15,554	(18,140)
	15,554	(18,140)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(51,814)	(85,496)
Net changes on revaluation of available-for-sale financial assets	9,588	(17,336)
Cash flow hedges	4,412	(1,867)
Share of other comprehensive income of investments accounted for using the equity method	(111)	(241)
	(37,925)	(104,942)
Other comprehensive income (loss) for the year, net of tax	(22,370)	(123,082)
Total comprehensive income (loss) for the year	93,142	(39,602)
Attributable to:		
Owners of the Company	93,552	(40,334)
Non-controlling interests	(410)	732
Total comprehensive income (loss) for the year	93,142	(39,602)

(Note) “CONSOLIDATED STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME” is not included in the consolidated financial statements of the Companies Act, but it is displayed for the reference.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As of March 31, 2017) (Million JPY)

Item	Amount	[Reference] Amount of previous period	Item	Amount	[Reference] Amount of previous period
ASSETS			**LIABILITIES**		
NON-CURRENT ASSETS			**NON-CURRENT LIABILITIES**		
Property, plant and equipment	530,152	551,916	Bonds and loans	599,862	539,760
Goodwill	1,022,711	779,316	Other financial liabilities	81,778	102,120
Intangible assets	1,065,835	743,128	Net defined benefit liabilities	80,902	84,867
Investment property	9,499	26,626	Provisions	35,590	34,421
Investments accounted for using the equity method	126,411	10,016	Other non-current liabilities	77,437	71,032
Other financial assets	176,636	149,548	Deferred tax liabilities	165,158	123,469
Other non-current assets	44,910	18,975	Total non-current liabilities	**1,040,727**	**955,668**
Deferred tax assets	118,968	170,773			
Total non-currents assets	**3,095,120**	**2,450,298**	**CURRENT LIABILITIES**		
			Bonds and loans	545,028	228,464
CURRENT ASSETS			Trade and other payables	240,623	191,089
Inventories	226,294	254,010	Other financial liabilities	28,898	37,168
Trade and other receivables	423,405	415,379	Income taxes payables	70,584	43,133
Other financial assets	56,683	108,600	Provisions	135,796	115,341
Income taxes recoverables	21,373	15,192	Other current liabilities	256,506	226,899
Other current assets	75,145	64,145	Subtotal	**1,277,435**	**842,094**
Cash and cash equivalents	319,455	451,426	Liabilities related to assets held for sale	88,656	15,119
Subtotal	**1,122,356**	**1,308,752**	Total current liabilities	**1,366,091**	**857,213**
Assets held for sale	138,306	65,035	**Total liabilities**	**2,406,818**	**1,812,882**
Total current assets	**1,260,662**	**1,373,787**			
			EQUITY		
			Share capital	65,203	64,766
			Share premium	74,972	68,829
			Treasury shares	(48,734)	(35,974)
			Retained earnings	1,511,817	1,523,127
			Other components of equity	291,002	327,944
			Equity attributable to owners of the Company	**1,894,261**	**1,948,692**
			Non-controlling interests	54,704	62,511
			Total equity	**1,948,965**	**2,011,203**
TOTAL ASSETS	**4,355,782**	**3,824,085**	**TOTAL LIABILITIES AND EQUITY**	**4,355,782**	**3,824,085**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(April 1, 2016 to March 31, 2017) (Million JPY)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2016	64,766	68,829	(35,974)	1,523,127	272,361	58,523
Net profit for the year				114,940		
Other comprehensive income					(50,811)	9,457
Comprehensive income for the year	–	–	–	114,940	(50,811)	9,457
Issuances of new shares	436	436				
Acquisitions of treasury shares			(23,117)			
Disposals of treasury shares		(0)	4			
Dividends				(141,804)		
Changes in the ownership interest in subsidiaries						
Transfers from other components of equity				15,554		
Share-based payments		5,707	10,353			
Total transactions with owners	436	6,143	(12,760)	(126,249)	–	–
As of March 31, 2017	65,203	74,972	(48,734)	1,511,817	221,550	67,980

	Equity attributable to owners of the Company			Total	Non-controlling interests	Total equity
	Other components of equity					
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2016	(2,940)	–	327,944	1,948,692	62,511	2,011,203
Net profit for the year			–	114,940	573	115,513
Other comprehensive income	4,412	15,554	(21,388)	(21,388)	(982)	(22,370)
Comprehensive income for the year	4,412	15,554	(21,388)	93,552	(410)	93,142
Issuances of new shares			–	872		872
Acquisitions of treasury shares			–	(23,117)		(23,117)
Disposals of treasury shares			–	4		4
Dividends			–	(141,804)	(1,910)	(143,714)
Changes in the ownership interest in subsidiaries			–	0	(5,488)	(5,488)
Transfers from other components of equity		(15,554)	(15,554)	–		–
Share-based payments			–	16,061		16,061
Total transactions with owners	–	(15,554)	(15,554)	(147,984)	(7,398)	(155,382)
As of March 31, 2017	1,472	–	291,002	1,894,261	54,704	1,948,964

UNCONSOLIDATED FINANCIAL STATEMENTS

UNCONSOLIDATED BALANCE SHEET

(As of March 31, 2017) (Million JPY)

Item	Amount	[Reference] Amount of previous period	Item	Amount	[Reference] Amount of previous period
Current assets	**687,081**	**781,634**	**Current liabilities**	**901,241**	**529,032**
Cash and deposits	88,850	242,072	Accounts payable	60,986	69,113
Notes receivable	1,318	1,551	Other payable	95,729	78,550
Accounts receivable	158,148	163,172	Accrued expenses	60,048	85,759
Merchandise and products	46,265	57,950	Short-term loans	452,844	-
Work in process	32,379	36,428	Deposits received	37,641	72,583
Raw materials and supplies	27,410	22,936	Bonds (Due within one year)	60,000	179,400
Deferred tax assets	129,428	130,600	Loans (Due within one year)	80,000	-
Income taxes receivables	13,523	6,148	Reserve for employees' bonuses	21,943	21,852
Short-term loans receivable from subsidiaries and associates	49,166	-	Reserve for share-based payments	1,701	712
Other	140,903	121,083	Reserve for bonuses for directors and corporate auditors	530	510
Allowance for doubtful receivables	(-) 308	(-) 306	Reserve for Actos litigation	-	1,330
			Reserve for restructuring costs	3,541	-
			Other reserve	4,269	7,299
			Other	22,010	11,925
Noncurrent assets	**2,405,988**	**1,917,821**	**Noncurrent liabilities**	**661,381**	**598,224**
Tangible noncurrent assets	**233,684**	**245,377**	Bonds	120,000	180,000
Buildings and structures	141,259	150,151	Long-term loans	480,000	360,000
Machinery and equipment	36,308	34,925	Deferred tax liabilities	15,868	573
Vehicles	43	26	Reserve for employees' retirement benefits	4,264	3,721
Tools and fixtures	3,379	3,288	Reserve for SMON compensation	1,399	1,501
Land	35,165	35,863	Reserve for share-based payments	1,400	1,193
Lease assets	3,785	5,159	Reserve for Actos litigation	-	6,878
Construction in progress	13,746	15,964	Reserve for restructuring costs	7,010	-
			Asset retirement obligations	4,086	4,086
			Long-term deferred income	22,643	33,984
			Other	4,711	6,289
Intangible noncurrent assets	**28,244**	**38,035**	**Total liabilities**	**1,562,622**	**1,127,256**
			Shareholders' equity	**1,472,197**	**1,517,591**
Investments and other assets	**2,144,060**	**1,634,409**	Common stock	65,203	64,766
Investment securities	116,343	99,417	Capital surplus	51,300	50,864
Investment in subsidiaries and affiliates	1,411,256	1,192,752	Additional paid-in capital	51,300	50,863
Contributions to subsidiaries and affiliates	560,216	293,319	Other capital surplus	1	1
Long-term deposits	4,611	14,265	Retained earnings	1,404,415	1,437,921
Long-term loans receivable from subsidiaries and affiliates	22,621	15,569	Legal reserve	15,885	15,885
Prepaid pension costs	30,599	19,358	Other retained earnings	1,388,530	1,422,036
Other	859	1,754	Reserve for retirement benefits	5,000	5,000
Allowance for doubtful accounts	(-) 2,445	(-) 2,025	Reserve for dividends	11,000	11,000
			Reserve for research and development	2,400	2,400
			Reserve for capital improvements	1,054	1,054
			Reserve for promotion of exports	434	434
			Reserve for special depreciation	48	72
			Reserve for reduction of noncurrent assets	34,050	37,164
			General reserve	814,500	814,500
			Unappropriated retained earnings	520,045	550,412
			Treasury stock	(-) 48,721	(-) 35,961
			Valuation and translation adjustments	**56,663**	**52,711**
			Unrealized gains on available-for-sale securities	56,837	52,948
			Deferred gains on derivatives under hedge accounting	(-) 174	(-) 236
			Stock acquisition rights	**1,587**	**1,896**
			Total net assets	**1,530,447**	**1,572,199**
TOTAL ASSETS	**3,093,070**	**2,699,455**	**TOTAL LIABILITIES AND EQUITY**	**3,093,070**	**2,699,455**

UNCONSOLIDATED STATEMENT OF OPERATIONS

(April 1, 2016 to March 31, 2017) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net sales	737,803	776,998
Cost of sales	349,809	327,037
Gross profit	387,994	449,961
Selling, general and administrative expenses	317,732	355,729
Operating income	70,262	94,232
Non-operating income	28,911	217,971
Interest and dividend income	6,897	205,710
Other	22,014	12,260
Non-operating expenses	17,258	19,308
Interest expenses	4,306	3,760
Other	12,951	15,548
Ordinary income	81,915	292,895
Extraordinary income	94,172	9,595
Gain on sales of investment securities	3,013	7,689
Gain on sales of investment in subsidiaries	91,159	1,906
Extraordinary loss	47,553	13,375
Restructuring costs	11,510	1,869
Impairment loss	3,195	5,235
Devaluation of investment in subsidiaries	32,848	733
Loss on Actos litigation	-	1,262
Cancellation payment	-	4,275
Income before income taxes	128,534	289,115
Income taxes - current	1,961	3,443
Income taxes for prior periods	3,175	-
Income taxes - deferred	15,029	22,649
Net income	108,369	263,023

UNCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2016 to March 31, 2017) (Million JPY)

	Total shareholders' equity									Valuation and translation adjustments			Stock Acquisition rights	Total net assets
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Unrealized gains or losses on available-for-sale securities	Deferred gains or losses on derivatives under hedge accounting	Total valuation and translation adjustments		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*)	Total retained earnings							
Balance as of April 1, 2016	64,766	50,863	1	50,864	15,885	1,422,036	1,437,921	(-) 35,961	1,517,591	52,948	(-) 236	52,711	1,896	1,572,199
Cumulative effects of changes in accounting policies						359	359		359					359
Opening balance after cumulative effects of changes in accounting policies	64,766	50,863	1	50,864	15,885	1,422,396	1,438,281	(-) 35,961	1,517,950	52,948	(-) 236	52,711	1,896	1,572,558
Changes during the fiscal year														
Issuance of new stock (Exercise of stock acquisition rights)	436	436		436					872					872
Dividends from surplus						(-) 142,235	(-) 142,235		(-) 142,235					(-) 142,235
Reversal of reserve for special depreciation									–					–
Provision for reserve for reduction of noncurrent assets									–					–
Reversal of reserve for reduction of noncurrent assets									–					–
Net income						108,369	108,369		108,369					108,369
Purchase of treasury stock								(-) 23,117	(-) 23,117					(-) 23,117
Disposal of treasury stock			(-) 0	(-) 0				10,357	10,357					10,357
Net change in items other than shareholders' equity during the fiscal year									–	3,890	62	3,952	(-) 310	3,642
Total changes during the fiscal year	436	436	(-) 0	436	–	(-) 33,866	(-) 33,866	(-) 12,760	(-) 45,753	3,890	62	3,952	(-) 310	(-) 42,111
Balance as of March 31, 2017	65,203	51,300	1	51,300	15,885	1,388,530	1,404,415	(-) 48,721	1,472,197	56,837	(-) 174	56,663	1,587	1,530,447

*Breakdown of other retained earnings (Million JPY)

	Reserve for retirement benefits	Reserve for dividends	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for special depreciation	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings	Total
Balance as of April 1, 2016	5,000	11,000	2,400	1,054	434	72	37,164	814,500	550,412	1,422,036
Cumulative effects of changes in accounting policies									359	359
Opening balance after cumulative effects of changes in accounting policies	5,000	11,000	2,400	1,054	434	72	37,164	814,500	550,772	1,422,396
Changes during the fiscal year									—	—
Issuance of new stock (Exercise of stock acquisition rights)									—	—
Dividends from surplus (Exercise of stock acquisition rights)									(-) 142,235	(-) 142,235
Reversal of reserve for special depreciation						(-) 24			24	—
Provision for reserve for reduction of noncurrent assets							530		(-) 530	—
Reversal of reserve for reduction of noncurrent assets							(-) 3,644		3,644	—
Net income									108,369	108,369
Purchase of treasury stock									—	—
Disposal of treasury stock									—	—
Net change in items other than shareholders' equity during the fiscal year									—	—
Total changes during the fiscal year	—	—	—	—	—	(-) 24	(-) 3,115	—	(-) 30,727	(-) 33,866
Balance as of March 31, 2017	5,000	11,000	2,400	1,054	434	48	34,050	814,500	520,045	1,388,530

[English Translation of the Accounting Auditors' Report Originally Issued in the Japanese Language]
[Certified Copy of the Accounting Auditors' Report related to the Consolidated Financial Statements]

Independent Auditor's Report

May 8, 2017

The Board of Directors
Takeda Pharmaceutical Company Limited

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of operations, the consolidated statement of financial position, the consolidated statement of changes in equity and the related notes on the consolidated financial statements of Takeda Pharmaceutical Company Limited (the "Company") as of March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial

statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As discussed in "Significant Subsequent Events" of the notes to the consolidated financial statements, the Companies sold their shareholding in Wako Pure Chemical Industries, Ltd. ("Wako Pure Chemical") to FUJIFILM Corporation through a tender offer bid. As a result, Wako Pure Chemical was removed from the Company's consolidated subsidiaries.
2. As discussed in "Significant Subsequent Events" of the notes to the consolidated financial statements, on April 25, 2017, the Companies borrowed new funds in large amounts.

Other Matter

Our firm and engagement partners have no interest in the Companies which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

End of Document

[English Translation of the Accounting Auditors' Report Originally Issued in the Japanese Language]
[Certified Copy of the Accounting Auditors' Report]

Independent Auditor's Report

May 8, 2017

The Board of Directors
Takeda Pharmaceutical Company Limited

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of operations, the statement of changes in net assets and the related notes on the accounts, and the supplementary schedules of Takeda Pharmaceutical Company Limited (the "Company") as of March 31, 2017 and for the 140th fiscal year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules 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 and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As discussed in "Significant Subsequent Events" of the notes to the accounts, the Company sold its shareholding in Wako Pure Chemical Industries, Ltd. to Fujifilm Corporation through a tender offer bid.
2. As discussed in "Significant Subsequent Events" of the notes to the accounts, on April 25, 2017, the Company borrowed new funds in large amounts.
3. As discussed in "Significant Subsequent Events" of the notes to the accounts, on April 1, 2017, the Company succeeded the business of the Company's Japan Consumer Healthcare Business Unit to Takeda Consumer Healthcare Company Limited through a company split.

Other Matter

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

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

End of Document

[English Translation of the Report of the Audit and Supervisory Committee Originally Issued in the Japanese Language]

[Certified Copy of the Audit Report of the Audit and Supervisory Committee]

Audit Report

The Audit and Supervisory Committee has audited the performance of duties of the Directors of the Company during the 140th fiscal year from April 1, 2016 to March 31, 2017. The Committee hereby reports the methods and results as follows:

1. Auditing Methods and Details Thereof

(1) The Audit and Supervisory Committee received reports regularly from Directors, employees, etc. on the resolutions of the Board of Directors concerning the matters listed in Article 399-13, Paragraph 1, Items (i)(b) and (i)(c) of the Companies Act as well as the status of establishment and implementation of such system that has been put in place based on said resolutions (internal control system), requested explanation as necessary and expressed its opinion. The Committee also received reports from Directors, etc. and KPMG AZSA LLC on the status of the evaluation and audit of internal controls related to financial reporting under the Financial Instruments and Exchange Act and requested explanation as necessary.

(2) In accordance with the audit policy, audit plan and duties assigned to each Audit and Supervisory Committee Member, etc., established by the Audit and Supervisory Committee, the Committee, in coordination with the internal auditing department, internal control promoting department and other departments concerned, endeavored to gather information and create an improved environment for auditing, attended important meetings, received reports from Directors, employees and other related persons on the status of their performance of duties, and, requested explanations as necessary, inspected the important materials used for the deliberation and reporting, and examined the status of operations and properties at the head office and the principal offices of the Company. As for the subsidiaries of the Company, the Committee received reports on the businesses of the subsidiaries by asking for reports on their respective business from the Directors and other related persons of the Company in charge of the subsidiaries, having communication with the directors and corporate auditors of the subsidiaries and sharing information among them as well as visiting the subsidiaries as necessary.

(3) The Audit and Supervisory Committee monitored and examined whether the Accounting Auditors maintained their independence and conducted their audits in an appropriate manner, received reports from the Accounting Auditors on the performance of their duties and, when necessary, requested their explanations. The Audit and Supervisory Committee received a notification from the Accounting Auditors that they have taken steps to improve the “system for ensuring appropriate execution of the duties of the accounting auditors” (as set forth in Items of Article 131 of the Corporate Accounting Rules) in accordance with the “Quality Control Standard for Auditing” (adopted by the Business Accounting Council on October 28, 2005) and other standards, and requested explanations as necessary.

Based on the method described above, the Audit and Supervisory Committee reviewed the Business Report and the accompanying supplementary schedule as well as the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in net assets and the notes on the unconsolidated accounts) and their supplementary schedules and the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of changes in equity and the notes on the consolidated financial statements, which were prepared omitting a part of items required to disclose by the International Financial Reporting Standards in accordance with the latter clause of Paragraph 1, Article 120 of the Corporate Accounting Rules) for this fiscal year.

2. Results of Audit

(1) Results of Audit of the Business Report, etc.

A. We confirm that the business report and the accompanying supplementary schedules present fairly the status of the Company in conformity with the applicable laws and regulations as well as the Articles of Incorporation of the Company.

B. With regard to the performance of the duties of the Directors, we confirm that there are no fraudulent acts or material facts that violated the applicable laws and regulations or the Articles of Incorporation of the Company in the course of the performance of the duties of the Directors.

C. We confirm that the substance of the resolutions made by the Board of Directors regarding the internal control system is appropriate. We do not recognize any matters that should be pointed out in regard to the content of business report and the performance of the duties of the Directors regarding the internal control system, including the internal control system related to financial reporting.

(2) Results of Audit of the Unconsolidated Financial Statements and the Accompanying Supplementary Schedules
We confirm that the methods and the results of the audit conducted by the Accounting Auditors, KPMG AZSA LLC are appropriate.

(3) Results of Audit of the Consolidated Financial Statements
We confirm that the methods and the results of the audit conducted by the Accounting Auditors, KPMG AZSA LLC are appropriate.

May 9, 2017

The Audit and Supervisory Committee
of Takeda Pharmaceutical Company Limited

Audit and Supervisory Committee Member: Shiro Kuniya
Audit and Supervisory Committee Member: Yasuhiko Yamanaka
Audit and Supervisory Committee Member: Jean=Luc Butel
Audit and Supervisory Committee Member: Koji Hatsukawa

Note : Audit and Supervisory Committee Members Shiro Kuniya, Jean=Luc Butel and Koji Hatsukawa are External Directors as provided in Article 2, Item15 and Article 331, Paragraph 6 of the Companies Act of Japan.

END

(Reference) Recent Topics

[Management Across the Board] Plans for the Creation of Innovations

The Company announced last July the plans to concentrate our R&D activities in Japan and the U.S. and refocus on the three key therapeutic areas --- oncology, gastroenterology and central nervous system --- plus vaccines. This transformation is critical for the Company to achieve the long-term, sustainable growth. We optimize, through the transformation, our R&D sites globally to build a world-leading R&D organization and develop pipelines. In fact, the initiative to accelerate innovations in those three key therapeutic areas had already started since July 2015; more than 50 partnerships have been entered into between the Company and bio-venture companies, medical institutions, academia, etc. In this past January, we acquired ARIAD Pharmaceuticals, Inc., a U.S. biotechnology company, to expand our business into the solid cancer field and enhance our competitiveness in the blood cancer field, obtaining two innovative drugs owned by ARIAD: Iclusig® (ponatinib) for chronic myelocytic leukemia and brigatinib for non-small cell lung cancer. The Company in Japan signed a licensing agreement with Exelixis Inc., a U.S. company, to exclusively develop and commercialize cabozantinib, a novel agent for the treatment of solid cancers including renal cell cancer. These two affiliations will help the Company enlarge the portfolio and pipeline in the oncology therapeutic area and drive forward our effort to deliver innovative drugs for cancer patients.

[Prescription Drug Business] Launch and Approval of New Drugs

In last November, NINLARO® capsules received conditional marketing approval from the European Commission. NINLARO® is the first and only oral proteasome inhibitor to treat multiple myeloma. In this March in Japan, the Ministry of Health, Labour and Welfare granted manufacturing and marketing authorization for NINLARO® as a treatment option of relapsed or refractory multiple myeloma. Currently, besides in Japan, NINLARO® is authorized for manufacturing and marketing in the U.S., Canada and EU member countries, etc.

Also in last November, Inisync® Combination Tablets, a combination of Nesina®, a once-daily selective dipeptidyl peptidase-IV (DPP-4)* inhibitor, and metformin hydrochloride, was launched in Japan as a new drug for type 2 diabetes. Inisync® is the only once-daily combination tablet of a DPP-4 inhibitor and metformin in Japan.

The Company is determined to deliver innovative drugs and more convenient treatment options than ever for patients and healthcare professionals inside and outside Japan and thus further increase the corporate value.

*A DPP-4 inhibitor enhances the insulin secretion based on the plasma glucose levels, and controls the plasma glucose levels by selectively inhibiting DPP-4 activity that inactivates two hormones, the incretin hormones (gastrointestinal hormones that promote insulin secretion) that play important roles in adjusting blood glucose, glucagon-like peptide-1 (GLP-1) and glucose-dependent insulinotropic polypeptide (GIP).

[Consumer Healthcare Business] Spin-off of the Consumer Healthcare Business and Launch of New Products

In last December, the Consumer Healthcare Business in Japan launched HiTester® H, an ovulation prediction kit, and HiTester® N, a pregnancy test drug (a category-2 OTC drug). HiTester® H, one of the first ovulation prediction kits that were switched to OTC-drugs from prescription drugs, is characterized by the easy-to-see design using lines that enable the user to find the signal of her ovulation date. HiTester® N allows the user to determine pregnancy in just one minute with the accuracy exceeding 99%. With the launch of these products, the Company newly forayed into the OTC test drug sector.

In last October, the MIYABIKA® Series, which comprise a medicated hair grower (a quasi-drug), shampoo and conditioner (the latter two both cosmetics) were launched*. All these MIYABIKA® products contain three moisturizing ingredients derived from Japanese and Chinese plant extracts (Wakan-yaku) (i.e. Alpinia Speciosa leaf, mulberry root and Rosa multiflora or Rosaceae extracts) strictly-selected by the Company, originated in Wakan-yaku.

In this April, the Company spun off its Consumer Healthcare Business in Japan into its subsidiary, Takeda Consumer Healthcare Company Limited. Under the new company, further sustainable growth of the business will be pursued and more efforts to help people live a healthier life will be made.

*The MIYABIKA® Series are available only at the Takeda Online Shop.

(Reference) Basic Data concerning Stock, etc.

Memo for shareholders

Fiscal year	April 1 each year to March 31 of the following year
Ordinary General Meeting of Shareholders	June each year
Reference dates	Ordinary General Meeting of Shareholders: March 31 each year Term-end dividend: March 31 each year Interim dividend: September 30 each year
Number of shares per share unit	100 shares
Methods used for public notices	Electronic public notice Public notices are published on the website: http://www.takeda.co.jp/investor-information/koukoku/index.html However, if the Company is unable to make public notices by electronic means due to breakdown or other unavoidable reason, public notices will be published in the Nihon Keizai Shimbun.

Guidance Notes on Services concerning Stock

Transfer agent and Administrator of the Special Account
Mitsubishi UFJ Trust and Banking Corporation
Inquiries:
Mitsubishi UFJ Trust and Banking Corporation
Osaka Corporate Agency Division
6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502

0120-094-777 (toll-free number)
(Operating hours: 9:00 to 17:00, excluding Saturdays, Sundays and public holidays)

- ♦For procedures such as changes of address, shareholders are asked to direct inquiries to the securities company, etc., where they have opened a trading account.
- ♦ For procedures related to dividends after the payment period has passed or related to shares listed in the Special Account, please direct inquiries to the Mitsubishi UFJ Trust and Banking Corporation as shown above.

Guidance Notes on the Website

The information regarding Takeda Pharmaceutical Company Limited is available at the following website:

http://takeda.com/

The details on the R&D activities are also available at the website above.

Guidance Notes on the Exercising of Voting Rights via Electronic Means (e.g., the Internet, etc.)

If you wish to exercise your voting rights via electronic means (e.g., the Internet, etc.), please ensure that you do so after confirming the following items.
If you attend the Meeting in person, exercising your voting rights by mailing (using the Voting Right Exercise Form) or via electronic means (e.g., the Internet, etc.) is not necessary.

Details

1. Website for Exercising Voting Rights

(1) You may exercise your voting rights via the Internet only by accessing the website for exercising voting rights specified by the Company (http://www.evote.jp/) using a personal computer, a smartphone or a cellular phone. Please note that you will not be able to access the above URL from 2:00 a.m. to 5:00 a.m. each day during the period prescribed for exercising these rights.

(2) In some cases, you may not be able to use the website for exercising voting rights, depending upon the network environment, the service and the equipment you are using.

(3) Although the exercising of voting rights via the Internet will be accepted **until 5:30 p.m. on Tuesday, June 27, 2017**, we recommend that you exercise your voting rights earlier. If you have any inquiries, please contact the help desk shown below.

2. Method for Exercising Voting Rights via the Internet

(1) On the website for exercising voting rights (http://www.evote.jp/), please enter your approval or disapproval of the proposals, using the “Code” and “Tentative Password” provided in the Voting Right Exercise Form and following the instructions on the screen.

(2) Please note that if you wish to exercise your voting rights via the Internet, you will be asked to change your “Tentative Password” on the website for exercising voting rights to prevent unauthorized access and falsification of voting by non-shareholders.

3. Costs Arising from Access to the Website for Exercising Voting Rights

Any Internet access fees or communication charges, etc., arising from access to the website for exercising voting rights shall be borne by the user.

For inquiries with respect to systems, please contact:

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division (help desk)
Telephone: 0120-173-027 (toll-free number)
Operating Hours: 9:00 to 21:00

To Institutional Investors:
It is possible to use the “Electronic Voting Platform” as a method for exercising voting rights.

END OF DOCUMENT