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 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 142nd Ordinary General Meeting of Shareholders

Date: June 28, 2018 (Thursday), 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, 2018

Dear Shareholders

Notice of Convocation of the 142nd Ordinary General Meeting of Shareholders

This is to inform you that the Company will be holding its 142nd Ordinary General Meeting of Shareholders (the "Meeting") 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 kindly 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, 2018 (Wednesday).

Details

1. **Date: June 28, 2018 (Thursday), 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 141st fiscal year (from April 1, 2017 to March 31, 2018)
2. Reports on the Audit Reports on the Consolidated Financial Statements for the 141st fiscal year by the Accounting Auditors and Audit and Supervisory Committee

Matters to be resolved:

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

First Proposal:	Appropriation of Surplus
Second Proposal:	Partial Amendment to the Articles of Incorporation
Third Proposal:	Election of Eight (8) Directors who are not Audit and Supervisory Committee Members
Fourth Proposal:	Election of Four (4) Directors who are Audit and Supervisory Committee Members
Fifth Proposal:	Payment of Bonuses to Directors who are not Audit and Supervisory Committee Members

<Shareholders' proposal (Sixth Proposal)>

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

The contents of the proposals above are described in the Reference Document for the General Meeting of Shareholders below (pages 4 to 26 herein).

Please note that the Company decided to hold the Meeting on June 28, 2018 since the Company prioritized the retention of a venue with a large capacity, as it is expected that many shareholders will attend the Meeting.

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, 2018 (Thursday), 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, 2018 (Wednesday)

●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 92, 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, 2018 (Wednesday)

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 142nd 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	https://www.takeda.com/investors/reports/shareholders-meetings/

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 Fifth Proposals)>

First Proposal: Appropriation of Surplus

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

- Investing in the internal R&D pipeline, platform technologies and launch of new products;
- Dividend declaration as an important measure of shareholder returns in addition to giving weight to the capital gain of shareholders by enhancing the corporate value of the Company;
- Maintaining the level of investment grade rating;
- Disciplined and focused partnerships and acquisitions to strengthen core therapeutic areas.

The Company gives weight to shareholders' returns, and considers dividends as an important measure thereof.

Based on the policy above, the Company submits 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: 71,507,453,760 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, 2018

Second Proposal: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal
To clarify the Company's business purpose in keeping with the current status of the Company's business as well as to prepare for future business developments and business diversification, certain business purposes will be added to Article 3 of the Articles of Incorporation. Also, the item numbers will be modified accordingly.
2. Contents of amendments
The relevant provisions of the Articles of Incorporation will be modified as proposed in the following.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
Article 3. (Purpose of the Company) The purpose of the Company shall be to engage in the following businesses: 1. (Omission of description of the articles); [Newly established]	Article 3. (Purpose of the Company) The purpose of the Company shall be to engage in the following businesses: 1. (Unchanged) 2. Computerized information processing services, development, purchase and sale of software, and information providing services;

Current Articles of Incorporation	Proposed amendments
[Newly established]	3. Support of businesses, and advice, training and assistance for management;
2.~6. (Omission of description of the articles)	4.~8. (Unchanged)

Third Proposal: Election of Eight (8) Directors who are not Audit and Supervisory Committee Members

Mr. James Kehoe, Director who was not an Audit and Supervisory Committee ("ASC") Member, resigned as a Director as of May 31, 2018 and the term of office of the eight (8) Directors who are not ASC Members, namely, Christophe Weber, Masato Iwasaki, Andrew Plump, Masahiro Sakane, Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger and Toshiyuki Shiga, will expire at the close of this General Meeting of Shareholders. Therefore, the Company proposes the election of these Eight (8) Directors who are not ASC Members, including five (5) External Directors.

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

Candidate No.	Name		Current position and responsibilities	Tenure as Director	Number of Board of Directors meetings attended
1	Christophe Weber	To be reelected	President and Representative Director Chief Executive Officer	4 years	9/9 (100%)
2	Masato Iwasaki	To be reelected	Director President, Japan Pharma Business Unit	6 years	9/9 (100%)
3	Andrew Plump	To be reelected	Director Chief Medical & Scientific Officer	3 years	9/9 (100%)
4	Masahiro Sakane	To be reelected as External Director Independent Director	Director Chair of the Board of Directors meeting	4 years	9/9 (100%)
5	Yoshiaki Fujimori	To be reelected as	Director	2 years	8/9 (89%)

		External Director Independent Director			
6	Emiko Higashi	To be reelected as External Director Independent Director	Director	2 years	8/9 (89%)
7	Michel Orsinger	To be reelected as External Director Independent Director	Director	2 years	9/9 (100%)
8	Toshiyuki Shiga	To be reelected as External Director Independent Director	Director	2 years	9/9 (100%)

<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>203,884 shares (122,184 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 14, 1966 (51 years old)

To be Reelected as Internal Director

Tenure as Director: 4 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</td><td>May 2008</td><td colspan="2">Senior Vice President & Regional Director, Asia Pacific, GlaxoSmithKline</td></tr>
<tr><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]
Showed strong leadership in transforming Takeda into a sustainable and profitable organization that always puts patients at the center by implementing mid-term key priorities: focusing on key products of Growth Drivers, reinforcing specialty capabilities and pursuing opportunities to divest or acquire assets. Strongly committed to talent development and succession planning; lead the Takeda Executive Team to meet several times per year to discuss talent development and succession planning, launched an international cross-divisional development program to train high potential talents at an early stage of their careers.
The Company believes his competency and experience as CEO are necessary for its success.</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>16,329 shares (7,333 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">Born on November 6, 1958 (59 years old)

To be Reelected as Internal Director

Tenure as Director: 6 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</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="5">[Reason for Election as Director]
Supervises Takeda's drug business in Japan.
Showed strong leadership in transforming the Japan Pharma Business Unit's business model by divesting long-listed products to a joint-venture company and taking advantage of the changing market environment where generic products are rapidly penetrating.
The Company believes his competency and experience are necessary for its drug business in Japan to be a best-in-class organization that keeps its leadership position in the market and be trusted by society considering the environmental change in Japan, including in the progress of the Community-based Integrated Care System Model.</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>44,248 shares (44,248 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 (52 years old)

To be Reelected as Internal Director

Tenure as Director: 3 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</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]
Showed strong leadership in rebuilding the R&D pipeline by implementing key priorities: leveraging therapeutic area expertise to progress innovative assets, enhancing capabilities internally through external collaborations, and strengthening the R&D performance culture.
The Company believes his competency and experience as CMSO are necessary for its success.</td></tr>
</table>

<table>
<tr><td>Candidate No.4</td><td colspan="2">Masahiro Sakane</td><td>Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)</td><td>2,652 shares (1,752 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>April 1963</td><td colspan="2">Joined Komatsu Ltd.</td></tr>
<tr><td colspan="2" rowspan="2">Born on January 7, 1941 (77 years old)

To be Reelected as External Director Independent Director

Tenure as Director: 4 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</td><td>June 2001</td><td colspan="2">President and Representative Director, Komatsu Ltd.</td></tr>
<tr><td>June 2007

June 2008
June 2008
June 2008
June 2010
March 2011
April 2013
June 2013
June 2014

June 2015

June 2017</td><td colspan="2">Chairman of the Board and Representative Director, Komatsu Ltd.
External Director, Nomura Holdings, Inc.
External Director, Nomura Securities Co., Ltd.
External Director, Tokyo Electron Limited
Chairman of the Board, Komatsu Ltd.
External Director, Asahi Glass Co., Ltd.
Director and Councilor, Komatsu Ltd.
Councilor, Komatsu Ltd. (to present)
External Director of the Company (to present)
External Director, Kajima Corporation (to present)
Chair of the Board of Directors meeting of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management.
Facilitates Board of Directors meetings as well as leads meetings by External Directors, which contribute to the making of fair and appropriate decisions and securing sound management within the Company.
Has also contributed as chairperson of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process.</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)	3,052 shares (1,752 shares)

(Photo)	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
Born on July 3, 1951 (66 years old) To be Reelected as External Director Independent Director Tenure as Director: 2 years Attended 8 of the 9 meetings (89%) of the Board of Directors	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	Senior Advisor, LIXIL Group Corporation (to present)
	June 2016	External Director of the Company (to present)

[Reason for Election as Director]
Proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management, which contributes to the making of fair and appropriate decisions and securing sound management within the Company.
Actively participates in the discussions at the Compensation Committee based on his experience as top management of a global operating company, providing objectivity and transparency in the Company's compensation plan for Directors.

<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>4,171 shares (4,171 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 (59 years old)

To be Reelected as External Director Independent Director

Tenure as Director: 2 years

Attended 8 of the 9 meetings (89%) of the Board of Directors</td><td>February 1988
May1994

April 2000

January 2003

November 2010

October 2014

June 2016

June 2016

May 2017</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.
External Director, MetLife Insurance K.K. (to present)
External Director of the Company (to present)
External Director, Rambus Inc. (to present)</td></tr>
<tr><td colspan="3">[Reason for Election as Director]
Proactively expresses her opinions at the Board of Directors meetings by leveraging her ample experience and wide expertise on healthcare, technology and financial industries, which contributes to the making of fair and appropriate decisions and securing sound management within the Company.
Has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process.</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>4,171 shares (4,171 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="2">Born on September 15, 1957 (60 years old)

To be Reelected as External Director Independent Director

Tenure as Director: 2 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</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></td><td>September 1999</td><td colspan="2">Regional President, Europe, Middle East and Africa, Consumer Health, Novartis AG</td></tr>
<tr><td></td><td>March 2001</td><td colspan="2">Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG</td></tr>
<tr><td></td><td>October 2004</td><td colspan="2">Chief Operating Officer, Synthes, Inc. (currently Johnson & Johnson)</td></tr>
<tr><td></td><td>April 2007</td><td colspan="2">President and Chief Executive Officer, Synthes, Inc.</td></tr>
<tr><td></td><td>June 2012</td><td colspan="2">Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson</td></tr>
<tr><td></td><td>June 2012</td><td colspan="2">Member of Global Management Team, Johnson & Johnson</td></tr>
<tr><td></td><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]
Proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as top management of major western healthcare companies, which contributes to the making of fair and appropriate decisions and securing sound management within the Company.</td></tr>
</table>

<table>
<tr><td>Candidate No.8</td><td colspan="2">Toshiyuki Shiga</td><td>Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)</td><td>2,752 shares (1,752 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>April 1976
April 2000
April 2005
June 2005
May 2010
November 2013
April 2014
June 2015
June 2016
June 2017</td><td colspan="2">Joined Nissan Motor Co., Ltd.
Senior Vice President (Officer), Nissan Motor Co., Ltd.
Chief Operating Officer, Nissan Motor Co., Ltd.
Director, Nissan Motor Co., Ltd.
Chairman, Japanese Automobile Manufacturers Association, Inc.
Vice Chairman, Nissan Motor Co., Ltd.
Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Chairman and CEO, Innovation Network Corporation of Japan (to present)
External Director of the Company (to present)
Director, Nissan Motor Co., Ltd. (to present)</td></tr>
<tr><td colspan="2">Born on September 16, 1953 (64 years old)

To be Reelected as External Director
Independent Director

Tenure as Director: 2 years

Attended 9 of the 9 meetings (100%) of the Board of Directors</td><td colspan="3"></td></tr>
<tr><td colspan="5">[Reason for Election as Director]
Proactively expresses his opinions at the Board of Directors meetings by leveraging his ample experience as company top management as well as his expertise in general industries in Japan, which contributes to the making of fair and appropriate decisions and securing sound management within the Company.
As chairperson, he actively led discussions at the Compensation Committee by expressing opinions based on his experience as a top executive of a global operating company, providing objectivity and transparency in the Company's compensation plan for Directors.</td></tr>
</table>

(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 to be provided (as of March 31, 2018) under the stock compensation plan (for Mr. Andrew Plump, under 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 executives of the Takeda Group in Japan and overseas (collectively, the “Plan”).

   The Company shares to be provided 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 executives of the Takeda Group in Japan and overseas include the following:

   (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 yet included, since it will vary in the range of 0-200% and is therefore not fixed at this moment. The provision of Company shares under (i) Fixed Portion and (ii) Performance-based Portion to the Directors who are eligible for performance-linked compensation will be made at a certain period during their term of office.

   The Company shares to be provided 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,” since it is to be provided under (i) Fixed Portion, the number of Company shares to be provided to the above candidates is fixed. The provision of 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 Company shares to be provided under the Plan, (a) the voting rights thereof may not be exercised before such shares are provided to each candidate; and (b) 50% of such shares will be sold in the stock market to secure the necessary funds for tax payments and, thereafter, the proceeds thereof will be provided to each candidate.
3. Mr. Masahiro Sakane, Mr. Yoshiaki Fujimori, Ms. Emiko Higashi, Mr. Michel Orsinger 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 pages 22 to 23.) 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. Kajima Corporation (“Kajima”), where Mr. Masahiro Sakane serves as an External Director, and an employee of Kajima were prosecuted for a suspected violation of the Antimonopoly Act over the Chuo Shinkansen Projects led by Central Japan Railway Company in March 2018. Mr. Masahiro Sakane didn’t recognize the above fact in advance, however, he has consistently expressed his opinion on the importance of compliance, including in thoroughly complying with applicable laws and regulations, at the Board of Directors meetings and on other occasions at Kajima. After recognizing the fact of the suspected violation mentioned above, Mr. Masahiro Sakane requested Kajima to investigate the matter

and performed his duties, including by expressing his opinion on the improvement of the compliance system within the Kajima group and promotion of activities related thereto.

5. Nissan Motor Co., Ltd. (“Nissan”), where Mr. Toshiyuki Shiga serves as a Director, accepted the Japanese Ministry of Land, Infrastructure, Transport and Tourism’s process improvement orders in March 2018 relating to Nissan’s non-conformity with the final vehicle inspection processes at its plants in Japan during the period of September to November 2017.
6. The Company has entered into contracts with Mr. Masahiro Sakane, Mr. Yoshiaki Fujimori, Ms. Emiko Higashi, Mr. Michel Orsinger and Mr. Toshiyuki Shiga limiting the maximum amount of their liability for the 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.

Fourth Proposal: Election of Four (4) Directors who are Audit and Supervisory Committee Members

The term of office of the Four (4) Directors who are Audit and Supervisory Committee ("ASC") Members, namely Yasuhiko Yamanaka, Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa will expire at the close of this General Meeting of Shareholders. Therefore, the Company proposes the election of Four (4) Directors who are ASC Members including three (3) External Directors.
This proposal was approved by the ASC.

The candidates for Directors who are ASC Members are as follows (*The photographs of the candidates are omitted in this translation.*):

Candidate No.	Name		Current position and responsibilities	Tenure as Director	Number of Board of Directors meetings attended	Number of ASC meetings attended
1	Yasuhiko Yamanaka	To be reelected	Full-time ASC Member	2 years	9/9 (100%)	15/15 (100%)
2	Shiro Kuniya	To be reelected as External Director Independent Director	Head of the ASC	2 years	9/9 (100%)	15/15 (100%)
3	Jean-Luc Butel	To be reelected as External Director Independent Director	ASC Member	2 years	9/9 (100%)	14/15 (93%)
4	Koji Hatsukawa	To be reelected as External Director Independent Director	ASC Member	2 years	9/9 (100%)	15/15 (100%)

Candidate No.1	Yasuhiko Yamanaka	Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)	22,708 shares (4,908 shares)

(Photo)	Profile and Important Duties Concurrently Held	
	April 1979	Joined the Company
Born on January 18, 1956 (62 years old) To be Reelected as Internal Director Tenure as Director: 2 years Attended 9 of the 9 meetings (100%) of the Board of Directors Attended 15 of the 15 meetings (100%) of the ASC	June 2003	Senior Vice President, Corporate Strategy & Planning Department of the Company
	June 2004	Corporate Officer of the Company
	April 2007	Senior Vice President, Pharmaceutical Marketing Division of the Company
	June 2007	Director of the Company
	June 2011	Managing Director of the Company
	April 2012	Assistant to the CEO, Globalization of the Company
	June 2013	Special Missions assigned by the President of the Company
	June 2014	Special Missions of the Company
	June 2015	Corporate Auditor of the Company
	June 2016	Director of the Company who is a Full-time ASC Member (to present)

[Reason for Election as Director (ASC Member)]

He is familiar with the details of the Company's internal business operations/situations, through his wide-ranging experience inside the Company.

His full-time presence will contribute in the acquisition of information through his 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 sharing such information with all the other ASC members.

He will contribute in the realization of the mission of the ASC: to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society’s trust.

Candidate No.2	Shiro Kuniya	Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)	3,452 shares (1,752 shares)

(Photo)	Profile and Important Duties Concurrently Held	
Born on February 22, 1957 (61 years old) To be Reelected as External Director Independent Director Tenure as Director: 2 years Attended 9 of the 9 meetings (100%) of the Board of Directors Attended 15 of the 15 meetings (100%) of the ASC	April 1982	Registered as an attorney-at-law (Osaka Bar Association)
	April 1982	Joined Oh-Ebashi Law Offices
	May 1987	Registered as an attorney-at-law at New York Bar Association
	June 1997	External Corporate Auditor, Sunstar Inc.
	April 2002	Managing Partner, Oh-Ebashi LPC & Partners (to present)
	June 2006	External Corporate Auditor, NIDEC CORPORATION
	April 2011	Chairman, Inter-Pacific Bar Association
	March 2012	External Director, NEXON Co., Ltd. (to present)
	June 2012	External Director, EBARA CORPORATION (to present)
	June 2013	External Corporate Auditor of the Company (to present)
	June 2013	External Director, Sony Financial Holdings Inc. (to present)
	June 2016	External Director of the Company who is the Head of the ASC (to present)

[Reason for Election as Director (ASC Member)]
As a lawyer, he has wide-ranging experience and expertise in the area of corporate and international legal affairs although he has never been directly involved in company management.
He has also contributed as a member of the Nomination Committee of the Company to provide objectivity and transparency in the Director candidate selection process.
He has served as External Corporate Auditor since 2013, and External Director who is the Head of ASC since 2016.
The Company believes he would contribute in the realization of the mission of ASC: to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust.

Candidate No.3	Jean-Luc Butel	Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)	4,171 shares (4,171 shares)

(Photo)	Profile and Important Duties Concurrently Held	
Born on November 8, 1956 (61 years old) To be Reelected as External Director Independent Director Tenure as Director: 2 years Attended 9 of the 9 (100%) meetings of the Board of Directors Attended 14 of the 15 meetings (93%) of the ASC	January 1994	President, Nippon Becton Dickinson Company, Ltd.
	January 1998	Corporate Officer, President, Worldwide Consumer Healthcare, Becton, Dickinson and Company
	November 1999	President, Independence Technology, Johnson & Johnson
	August 2003	Corporate Officer, Executive Committee Member, Senior Vice President and President, Asia Pacific, Medtronic, Inc.
	May 2008	Corporate Officer, Executive Committee Member, Executive Vice President and Group President, International, Medtronic, Inc.
	February 2012	Corporate Officer, Operating Committee Member and Corporate Vice President, Baxter International Inc.
	January 2015	President, International, Baxter International Inc.
	July 2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)
	June 2016	External Director of the Company who is an ASC Member (to present)
	September 2017	External Director, Novo Holdings A/S (to present)

[Reason for Election as Director (ASC Member)]
He has ample experience as top management of major western healthcare companies.
He has served as External Director who is an ASC Member since 2016.
He will contribute in the realization of the mission of ASC: to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust.

Candidate No.4	Koji Hatsukawa	Number of Company Shares Owned (of which, number of Company Shares to be provided under the Stock Compensation Plan)	2,352 shares (1,752 shares)

(Photo)	Profile and Important Duties Concurrently Held	
Born on September 25, 1951 (66 years old) To be Reelected as External Director Independent Director Tenure as Director: 2 years Attended 9 of the 9 meetings (100%) of the Board of Directors Attended 15 of the 15 meetings (100%) of the ASC	March 1974	Joined Price Waterhouse Accounting Office
	July 1991	Representative Partner, Aoyama Audit Corporation
	April 2000	Representative Partner, ChuoAoyama PricewaterhouseCoopers
	October 2005	Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers
	May 2009	CEO, PricewaterhouseCoopers Arata
	June 2012	Audit & Supervisory Board Member, The Norinchukin Bank (to present)
	June 2012	External Audit & Supervisory Board Member, Accordia Golf co., Ltd. (to present)
	June 2013	External Audit & Supervisory Board Member, Fujitsu Limited (to present)
	June 2016	External Director who is an Audit and Supervisory Committee Member (to present)

[Reason for Election as Director (ASC Member)]
As a certified public accountant, he has wide-ranging experience and expertise in the area of corporate finance and accounting although he has never been directly involved in company management.
He has served as External Director who is an ASC Member since 2016.
He will contribute in the realization of the mission of ASC: to ensure the sound and continuous growth of the Company, realize the creation of mid- and long-term corporate value, and establish a good corporate governance system that will accommodate society's trust.

(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 to be provided (as of March 31, 2018) under the stock compensation plan. Such Company shares are to be provided to each of the directors at the time of his retirement. Please refer to the [Description of the number of Company Shares to be provided under the Stock Compensation Plan, etc.] in Note No.2 of the “Third Proposal: Election of Eight (8) Directors who are not Audit and Supervisory Committee Members” with regard to the number of shares to be provided.
3. Mr. Shiro Kuniya, Mr. Jean-Luc Butel and Mr. Koji Hatsukawa are candidates to become External Directors of the Company who are ASC Members. The Company has set the “Internal criteria for independence of External Directors of the Company” (The contents of such criteria are as set forth on pages 22 to 23) and elected the External Directors based on such criteria. All of these 3 persons 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 these 3 persons as Independent Directors and submitted a notification to each exchange.
4. 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 an 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. In addition, there is no advisory contract between the Company and Oh-Ebashi LPC & Partners.
5. Fujitsu Limited (“Fujitsu”), where Mr. Koji Hatsukawa serves as an External Corporate Auditor, received a cease and desist order and a surcharge payment order from the Fair Trade Commission in July 2016 based on a violation of the Antimonopoly Act over a transaction between Fujitsu and Tokyo Electric Power Company, Incorporated. Also, Fujitsu was found to have violated the Antimonopoly Act in February 2017 with regard to a transaction between Fujitsu and Chubu Electric Power Co., Inc. Fujitsu completed the necessary procedures including an investigation led by its President. Mr. Koji Hatsukawa has consistently expressed his opinion from the point of view of strengthening compliance, including compliance with applicable laws. Also, Mr. Koji Hatsukawa has advocated the strengthening of efforts with regard to compliance within the Fujitsu group and confirmed that Fujitsu, as a group, exerts efforts to prevent recurrences. Moreover, after the revelation of the facts described above, Mr. Koji Hatsukawa has continuously monitored Fujitsu so that efforts to strengthen compliance would be made.
6. The Company has entered into contracts with Mr. Yasuhiko Yamanaka, Mr. Shiro Kuniya, Mr. Jean-Luc Butel and Mr. Koji Hatsukawa limiting the maximum amount of their liability for the 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.

Fifth 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 395 million JPY (excluding bonuses paid to the relevant Directors for their work as employees) to the three (3) Directors (excluding Directors residing overseas and External Directors) in office as of the end of this fiscal year, in keeping with the achievement of the key performance indicators such as the consolidated revenue, Core Earnings and EPS set forth for this fiscal year.

<Shareholders' proposal (Sixth Proposal)>
The Sixth Proposal is proposed by 12 shareholders.
Note that the "Summary of the Proposal" and the "Reasons for the Proposal," both of which are proposed by such shareholders, are described as the originals (in Japanese) which we received as of April 27, 2018.

Sixth 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 15-2 (Prior approval of Shareholders' meeting on large scale corporate acquisition)

"In the case of acquiring shares of a company whose total consideration exceeds 1 trillion yen (hereinafter referred to as a "Target Company"), the Company shall submit the proposal to and obtain in advance the approval of the Shareholders' Meeting, after presenting explanatory materials stating the purpose, maximum amount of total consideration, proportion of shares of the Target Company acquired, financing method for acquisition and prospects of the trends in earnings per share (EPS) after the acquisition."

(2) Reasons for the proposal

With respect to the project of acquiring Shire, plc, which the Company is currently negotiating, the total consideration is approximately 7 trillion yen, and it carries overly high risks to the Company in securing a sound and enduring corporate management judging from its monetary scale and Takeda's current financial situation. In addition, according to the acquisition method currently announced, approximately 55% of the total amount of consideration will be covered by Takeda's newly issued shares. In this regard, the issuance of a large number of new shares might significantly dilute the earnings per share, which is a dividend resource, and there is a danger of causing a great disadvantage to existing shareholders including institutional investors. In fact, since this project became public, Takeda's share price in the market has declined sharply. In addition to the fact that there is some legal doubt as to whether this project qualifies as a matter to be resolved by the Shareholders' Meeting as a share exchange, there is a possibility that similar cases may occur in the future. Therefore, regardless of the method of acquisition, some extent of restrictions should be imposed on the authority of the Board of Directors in its corporate management, and procedures for reflecting the intent of the shareholders in advance are required.

○ Opinion of the Board of Directors on the Sixth Proposal

The Board of Directors objects to this Proposal.

The Board of Directors of the Company is made up of a majority of the External Directors who are highly independent (as of the end of March, 2018, 8 out of 13 Directors are Independent and External Directors) in order to secure the further objectivity of the deliberation, and the active discussions are proactively led through active participation in the deliberation at the Board of Directors meeting by Independent and External Directors, who are in the majority of the Board of Directors. In addition, the election of each Director is submitted to the Board of Directors meeting after the deliberation of the Nomination Committee, which is made up of a majority of the Independent and External Directors, and each Director is elected based on the approval of the Shareholders Meeting.

Also, the Company has established the strict internal decision-making rule, based on which important

projects, which exceed certain monetary criteria, can be carried out only after deliberation and approval at the Board of Directors meeting, which is highly independent as described above, from the perspective of the governance thereof.
The new provision of the Articles of Incorporation proposed by the shareholders requires prior approval at the Shareholders' Meeting for all share acquisition projects, the consideration of which exceeds 1 trillion yen, however, we believe that this is not necessary considering the governance system of the Company as described above. In addition, it is inappropriate because a proposal which requires approval of the Shareholders' Meeting uniformly, not only for the case where an extraordinary resolution at the Shareholders' Meeting is required, as stipulated in the Companies Act (such as Merger), but also for the case where such extraordinary resolution is not required, will destroy the allocation of the authorities between the Shareholders' Meeting and the Board of Directors under the Companies Act, and it disturbs agile decision-making and implementation of initiatives and will highly likely cause an adverse effect on competition with competitors.
The current Articles of Incorporation of the Company incorporates the allocation of the authorities between the Shareholders' Meeting and the Board of Directors stipulated in the Companies Act, and we believe that such allocation of the authorities (stipulated in the Companies Act) is appropriate. Also, we understand that the appropriateness of such allocation of the authorities is broadly and generally accepted because of the fact that no listed company which has such a provision as proposed by shareholders this year in its Articles of Incorporation has been found as far as we have investigated.
To be more specific, in not only those share acquisition projects that are subject to the new provision of the Articles of Incorporation proposed this time by the shareholders, but generally in M&A transactions, essentially, the speed of negotiations is extremely important to ensure the best terms and conditions under circumstances where there are other competitors. In those circumstances, if the Company is the only one facing longer term uncertainty compared to competitors because the Company cannot complete M&A transactions through share acquisitions without obtaining prior approval of the Shareholders' Meeting, it means precisely that the Company will put itself in a significantly disadvantageous position in negotiations, and it is highly likely that that will seriously disturb the development of the Company's business.
Therefore, as we believe that the provision of the Articles of Incorporation newly proposed by the shareholders excessively shrinks or limits the authority and agility of decision-making of the Board of Directors, it impairs our appropriate governance system, and the proposal itself is unreasonable, we object to this proposal.
In addition, the proposing shareholders refer to the deal with Shire, plc which has been recently announced. In this regard, please note that the decision for this deal was made after repetitive and careful discussion at the Board of Directors meetings based on the strict internal decision-making rule described above, and we forecast that this deal will be deliberated at another Shareholders Meeting at the appropriate timing in the future.
As the Company has already announced, this deal will enable:

- the creation of a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan;
- the better positioning of the Company to deliver highly-innovative medicines and transformative care globally; and
- the acceleration of our strategic transformation toward Vision 2025.

Also, it is considered that this deal will bring a significant improvement of the financial profile of the Company in the short-middle term, and it will not create a situation where, to quote, "the issuance of a large number of new shares might significantly dilute the earnings per share, which is a dividend resource" as the proposing shareholders have stated.

We believe that our position has been fully understood and supported by the most of the shareholders and other stakeholders.

END OF DOCUMENT

(Enclosed Documents)

Business Report

(From April 1, 2017 to March 31, 2018)

1. Current State of the Takeda Group

(1) Overview of Business and Results

(i) Reported Consolidated Financial Results for Fiscal 2017

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,770.5	+38.5	+2.2%
R&D Expense	325.4	+13.1	+4.2%
Operating Profit	241.8	+85.9	+55.1%
Profit Before Tax	217.2	+73.9	+51.5%
Net Profit for the Year (Attributable to Owners of the Company)	186.9	+71.9	+62.6%
EPS(JPY)	239.35	+92.20	+62.7%

[Revenue]

Consolidated Revenue was 1,770.5 billion JPY, an increase of 38.5 billion JPY (+2.2%) compared to the previous year. Revenue was driven by the continued growth of Takeda's Growth Drivers (Gastroenterology, Oncology, Neuroscience, and Emerging Markets), coupled with the positive impact of the depreciation of the yen (+43.9 billion JPY). This growth was partially offset by the loss of revenue resulting from divestitures (-94.3 billion JPY).

Underlying Revenue, which excludes the impact of divestitures and foreign exchange rates, grew +5.5% compared to the previous year, driven by a strong +12.8% increase in Takeda's Growth Drivers.

(Takeda’s Growth Drivers)

- In the therapeutic area of Gastroenterology, revenue growth was +23.5% (Underlying +21.6%).
  ENTYVIO (for ulcerative colitis and Crohn’s disease) Revenue was 201.4 billion JPY, a year-on-year increase of 58.2 billion JPY (+40.6%, Underlying +35.9%), contributing significantly to revenue growth as Takeda’s top-selling brand. ENTYVIO is achieving steady expansion of patient share in the bio-naïve segment. It is currently approved in more than 60 countries, and a New Drug Application (NDA) was submitted to the Ministry of Health, Labour and Welfare in Japan in August 2017.
  TAKECAB (for acid-related diseases) Revenue was 55.1 billion JPY, an increase of 21.0 billion JPY (+61.7%, Underlying +61.7%) versus the previous year. Prescriptions in the Japanese market have been expanding, mainly driven by TAKECAB's efficacy in reflux esophagitis and the prevention of recurrence of gastric ulcers during low-dose aspirin administration.

In March 2018, Takeda and TiGenix NV announced the European Commission's approval of ALOFISEL (for the treatment of complex perianal fistulas in Crohn's disease). ALOFISEL is the first allogeneic stem cell therapy to receive central marketing authorization approval in Europe, and Takeda has exclusive development and commercialization rights for the product outside of the US.

- In the therapeutic area of Oncology, revenue growth was +14.6% (Underlying +12.1%).
  NINLARO (for multiple myeloma) Revenue was 46.4 billion JPY, an increase of 17.1 billion JPY (+58.1%, Underlying +54.2%) versus the previous year, driven by growth in several regions, particularly in the U.S. NINLARO is a once-weekly oral proteasome inhibitor with a profile of efficacy, safety and convenience.
  ICLUSIG (for leukemia), obtained through the acquisition of ARIAD Pharmaceuticals, Inc. ("ARIAD") in February 2017, recorded revenue of 23.1 billion JPY, contributing to revenue growth in Oncology.
  ALUNBRIG (for lung cancer), also obtained through the acquisition of ARIAD, was launched in the U.S. in May 2017 and recorded full year revenue of 2.8 billion JPY.
  VELCADE (for multiple myeloma) Revenue decreased slightly to 137.3 billion JPY (-0.2%, Underlying
  -2.4%).

- In the therapeutic area of Neuroscience, revenue growth was +24.5% (Underlying +22.6%).
  TRINTELLIX (for major depressive disorder) Revenue was 48.4 billion JPY, an increase of 16.5 billion JPY (+51.6%, Underlying +47.9%) versus the previous year, as market share expanded in the U.S. branded anti-depressant market, driven by Takeda's patient engagement initiatives. In March 2018, Takeda obtained approval in Japan for AZILECT (for Parkinson's disease), which Takeda in-licensed from Teva Pharmaceutical Industries Ltd.

- In Emerging Markets, revenue was 278.1 billion JPY, an increase of 6.6 billion JPY (+2.4%, Underlying +2.0%) versus the previous year. Revenue of Oncology products, such as ADCETRIS (for malignant lymphoma), and Gastroenterology products including ENTYVIO (for ulcerative colitis and Crohn's disease) are contributing to growth in Emerging Markets.

Breakdown of Consolidated Revenue:

Billion JPY

	Amount	Change versus the previous year		Underlying Revenue (Note)		
				Amount	Underlying Growth	
Prescription Drug	1,691.5	+122.7	+7.8%	1,632.1	+93.0	+6.0%
U.S.	598.3	+81.6	+15.8%	587.3	+70.1	+13.5%
Japan	501.4	-3.3	-0.7%	472.8	-0.9	-0.2%
Europe and Canada	313.7	+37.7	+13.7%	295.0	+18.4	+6.7%
Emerging Markets	278.1	+6.6	+2.4%	276.9	+5.4	+2.0%
Consumer Healthcare and Other	79.0	-84.2	-51.6%	79.0	-4.1	-4.9%
Consolidation total	1,770.5	+38.5	+2.2%	1,711.1	+88.9	+5.5%

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

Prescription Drug Revenue was 1,691.5 billion JPY, an increase of 122.7 billion JPY (+7.8%, Underlying +6.0%) versus the previous year.
U.S. revenue increased by 81.6 billion JPY (+15.8%, Underlying +13.5%) to 598.3 billion JPY.
Europe and Canada revenue increased by 37.7 billion JPY (+13.7%, Underlying +6.7%) to 313.7 billion JPY.
Japan revenue decreased by 3.3 billion JPY (-0.7%, Underlying -0.2%) to 501.4 billion JPY, with the negative impact from the return of certain distribution products to Pfizer (31.6 billion JPY) offsetting an increase in Takeda's Growth Drivers.

(Impact of divestitures)

- Revenue was negatively impacted by divestitures (-94.3 billion JPY) during the year. The impact of divestitures included a decrease in revenue (-79.1 billion JPY) as a result of the deconsolidation of Wako Pure Chemical Industries, Ltd. after Takeda sold its shares in the company in April 2017. In addition, there was a decline in revenue (-11.1 billion JPY) resulting from the termination of the commercialization agreement for CONTRAVE (for obesity) in the U.S in August 2016. Furthermore, there was a loss of revenue resulting from the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd., a subsidiary of Teva Takeda Pharma Ltd., in May 2017. However, this was offset by the proceeds of the sale of these 7 long-listed products, which was recognized as revenue. As a result, the net revenue of the Teva divestiture was -0.2 billion JPY. There were other divestiture impacts totaling -3.9 billion JPY.

[Operating Profit]

Consolidated Operating Profit was 241.8 billion JPY, an increase of 85.9 billion JPY (+55.1%) compared to the previous year.

- Gross Profit was 1,274.6 billion JPY, an increase of 101.3 billion JPY (+8.6%), driven by the strong revenue growth of Takeda's Growth Drivers. Excluding the impact of divestitures and foreign exchange rates, Underlying Gross Profit increased by +9.7%, with a more favorable product mix resulting in an increase in the Underlying Gross Margin from 69.1% to 71.8%.
- Selling, General and Administrative Expenses was 628.1 billion JPY, an increase of 9.0 billion JPY (+1.5%), trending below the revenue growth rate (+2.2%) due primarily to the impact of the Global Opex Initiative and overall cost discipline. Excluding the impact of divestitures and foreign exchange rates, Underlying Expenses increased by +2.0%, well below the Underlying Revenue growth rate (+5.5%). The increase included higher LTIP expenses (+2.6 billion JPY), increased co-promotion expenses related to revenue growth (+4.8 billion JPY), and higher incentive payments (+3.8 billion JPY). Excluding these items, the increase in expenses was +0.2%.
- R&D Expenses was 325.4 billion JPY, an increase of 13.1 billion JPY (+4.2%). Excluding the impact of divestitures and foreign exchange rates, Underlying R&D expenses increased by +4.5%.
- Amortization and Impairment Losses on Intangible Assets Associated with Products was 122.1 billion JPY, a decrease of 34.6 billion JPY (-22.1%) compared to the previous year. Amortization of intangible assets increased by 13.6 billion JPY, impacted by the addition in this year of amortization costs related to the ARIAD acquisition (+19.7 billion JPY). Impairment losses of intangible assets decreased by 48.2 billion JPY, mainly due to 16.0 billion JPY of COLCRYS (for gout) impairment losses recognized in the previous year and 22.6 billion JPY of impairment reversal related to COLCRYS recognized in this fiscal year, based on more favorable revenue performance.
- Other Operating Income was 169.4 billion JPY, an increase of 25.9 billion JPY (+18.0%) compared

to the previous year. In the previous year, there was a gain of 115.4 billion JPY related to the transfer of Takeda's long-listed products business in Japan to Teva Takeda Yakuhin Ltd. (102.9 billion JPY of a gain recognized on the transfer date and 12.5 billion JPY of realization of a deferred gain). This fiscal year included a 106.3 billion JPY gain on the sale of the shareholdings in Wako Pure Chemical Industries, Ltd., a 27.5 JPY billion gain from the realization of deferred gain related to the transfer of Takeda's long-listed products business, and a 16.0 billion JPY gain on the sale of investment property.

- Other Operating Expenses were 126.6 billion JPY, an increase of 53.7 billion JPY (+73.6%) compared to the previous year. Other operating expenses for this fiscal year include 44.7 billion JPY of restructuring expenses including R&D transformation costs and Global Opex costs as well as integration costs related to the ARIAD acquisition, and 41.7 billion JPY foreign currency translation adjustment loss due to restructuring of foreign subsidiaries, as well as 9.5 billion JPY from changes in the COLCRYS contingent consideration liability (See note below).

(Note) The contingent consideration liability, arising from business combination, recognizes of the fair value of a future part of the purchase price which may arise if specified future events occur.

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

Consolidated Net Profit for the Year was 186.9 billion JPY, an increase of 71.9 billion JPY (+62.6%), mainly due to the increase of Operating Profit, offsetting an increase in the Share of Loss of Associates Accounted for Using the Equity Method.

- Shares of Loss of Associates Accounted for Using the Equity Method was 32.2 billion JPY, with losses 30.7 billion JPY higher than the previous year. This increase was mainly due to the impairment charge recognized by Teva Takeda Pharma Ltd. (including its subsidiary, Teva Takeda Yakuhin Ltd.). Teva Takeda Pharma Ltd. operates a business of long-listed products and generics, and conducted a revaluation of its assets in response to the 2018 revision of the pharmaceutical pricing system in Japan and changes in the business environment.
- Income Tax Expenses increased by 2.7 billion JPY (+9.6%) compared to the previous year. This increase was mainly due to an increase of Profit Before Tax as well as tax benefits from a capital redemption from a foreign subsidiary recognized in the previous year. These items were partially offset by the impacts from the enactment of the Tax Cuts and Jobs Act (Tax Reform) in the U.S.
- Basic Earnings Per Share were 239.35 JPY, an increase of 92.20 JPY (+62.7%) compared to the previous year.

(ii) Underlying Growth for Fiscal 2017

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 and other non-core or exceptional items. Although this is not a measure defined by IFRS, Takeda believes that it is more representative of the real performance of the business. Takeda regards “Underlying Revenue (Note1) Growth”, “Underlying Core Earnings (Note2) Growth”, and “Underlying Core EPS (Note3) Growth” as important management indicators.

	Change versus the previous year	
	%	*Billion JPY*
Underlying Revenue (Note1)	+5.5%	+88.9
Underlying Core Earnings (Note2)	+40.2%	+82.3
Underlying Core EPS (Note3)	+44.8%	+86.16 JPY

(Note1) Underlying Revenue is calculated by taking the reported revenue and adjusting for the impact of foreign exchange rates and divestitures. In this period, the main adjustments when calculating Underlying Revenue growth are related to the divestiture of Wako Pure Chemical Industries, Ltd., the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. which is a subsidiary of Teva Takeda Pharma Ltd., and the termination of the commercialization agreement in the previous year for CONTRAVE (for obesity), in addition to adjustments for the movement in foreign exchange rates.

(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. Underlying Core Earnings also makes adjustments for the impact of foreign exchange rates and divestitures. In this period, the main adjustments when calculating Underlying Core Earnings growth are related to the divestiture of Wako Pure Chemical Industries, Ltd., the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. which is a subsidiary of Teva Takeda Pharma Ltd., and the revenue of the previous year from granting to Myovant Sciences, Inc., of the right to investigational agents including relugolix, a drug candidate for women's health and prostate cancer, in addition to adjustments for the movement in foreign exchange rates.

(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. In this period, the main adjustments when calculating Underlying Core EPS growth are related to the divestiture of Wako Pure Chemical Industries, Ltd.,

the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. which is a subsidiary of Teva Takeda Pharma Ltd., and the revenue of the previous year from granting to Myovant Sciences, Inc., of the right to investigational agents including relugolix, a drug candidate for women's health and prostate cancer, in addition to adjustments for the movement in foreign exchange rates. The associated tax impact on all adjustments was also taken into consideration.

- Underlying Revenue growth was +5.5% compared to the previous year, driven by the strong performance of Takeda's Growth Drivers such as ENTYVIO (for ulcerative colitis and Crohn's disease), NINLARO (for multiple myeloma), ICLUSIG (for leukemia), TRINTELLIX (for major depressive disorder) and TAKECAB (for acid-related diseases). The Underlying Revenue of Takeda's Growth Drivers grew by +12.8%.

- Underlying Core Earnings growth was +40.2%, reflecting strong Underlying Revenue growth, savings from the Global Opex Initiative, and disciplined cost management. Underlying Gross Profit growth was +9.7% while the Underlying Gross Margin improved by +2.8pp reflecting a more favorable revenue mix. Underlying Operating Expenses as a percentage of revenue improved by +1.4pp reflecting the impacts of the Global Opex Initiative coupled with good cost discipline. The combination of the above factors led to an improvement in the Core Earnings Margin by 4.2pp to 16.8%.

- Underlying Core EPS growth was +44.8% compared to the previous year reflecting strong Underlying Core Earnings growth of +44.8%.

(iii) Research & Development

On July 29, 2016, Takeda announced the steps it proposed to accelerate its R&D transformation with the aim to build a robust pipeline comprised of candidates that offer innovation over today's standard of care focusing on three core therapeutic areas – Oncology, Gastroenterology (GI) and Neuroscience*, plus Vaccines. An integral part of this transformation is talent and capability development internally coupled with creating an externally focused operating model that would enable access to breakthroughs from outside Takeda or through collaborations. Focus areas for key capability building include diversifying therapeutic modalities, beyond small molecules, bioinformatics and genomic research and Translational medicine.
*renamed from Central Nervous System (CNS) in January 2018

Takeda's R&D Transformation has made substantial progress. An intensely focused therapeutic area strategy has led to assets being divested or deprioritized as the innovation bar is substantially raised. Within the 18-month period up to the end of FY2016, Takeda R&D entered into more than 50 partnerships with companies and academic institutions, with 56 additional partnerships in FY2017. Operational efficiency is improving through these collaborations as Takeda advances implementation of a series of value-based partnerships. The most significant of which is with PRA Health Sciences to serve as Takeda's primary strategic partner to support pipeline and marketed product clinical development and post-approval needs.

With increased collaborations across academia and industry Takeda is making partnerships a core value and building this capability.

Takeda remains deeply committed to enhancing innovation and capabilities in Japan. At Takeda's state of the art research facility in Shonan, in addition to housing Takeda's Research operation, Takeda has created Axcelead Drug Discovery Partners, Inc. (Axcelead) to bridge basic and applied clinical research, from exploratory research to optimizing candidate compounds. Axcelead will support not only Takeda but other pharmaceutical companies, bio-technology ventures and academic research institutions. Takeda has also committed to the creation of a Health Innovation Park in Shonan to establish an innovation ecosystem strongly supported by Axcelead and the formation of a biotech fund.

Organizationally, Takeda's R&D footprint now consists of two world-class, externally facing sites in Shonan, Japan and Boston, Massachusetts, supported by lean, cutting-edge regional development and medical centers throughout the world and a premier biotech-like research center in San Diego, California.

Major progress on our R&D Transformation journey, R&D events and business development contracts from April 2017 to date are listed as follows:

R&D Transformation

- In June 2017, Takeda established Takeda PRA Development Center KK, a joint venture in Japan, as a part of global development partnership with PRA Health Sciences. The joint venture succeeded Takeda's business related to clinical development operations and pharmacovigilance and other operational services for both development and marketed product portfolios of Takeda in Japan.

- In July 2017, Takeda transferred all of the issued shares in SPERA PHARMA, Inc., which succeeded Takeda's business related to development and manufacturing of clinical trial materials, etc., to Bushu Pharmaceuticals Ltd. (Bushu) of Japan, as the Japan pharmaceutical sciences partnership with Bushu.

- In July 2017, Takeda transferred a part of pharmaceutical research business to the wholly-owned subsidiary, Axcelead Drug Discovery Partners, Inc. (Axcelead) established at Shonan Research Center, and announced the start of its operations. Axcelead provides integrated research support including molecular screening, chemistry, biology, drug metabolism and pharmacokinetics (DMPK), and nonclinical safety research not only for Takeda group businesses but also other life-science organizations globally.

- In August 2017, Takeda announced the launch of SEEDSUPPLY Inc., a new biotech company formed through its Entrepreneurship Venture Program initiative. SEEDSUPPLY will offer discovery screening services to global pharmaceutical companies and will be based in the Shonan Research Center. Screening services will include state-of-the-art and unique binder selection technology that will 'SEED' the future project portfolios of its customers.

- In August 2017, Takeda and Cardurion Pharmaceuticals of the U.S. announced the creation of a new cardiovascular development partnership. Takeda will jumpstart the new company's discovery efforts by providing a 12-person cardiovascular research team from its Shonan, Japan site, including fully equipped laboratory space, development resources and licenses to a portfolio of preclinical-stage cardiovascular drug programs.

- In October 2017, Takeda announced the launch of ChromaJean, Inc. (ChromaJean). ChromaJean is the second biotech company to originate as part of Takeda's Entrepreneurship Venture Program initiative after SEEDSUPPLY Inc., and will be based in the Shonan Research Center. ChromaJean will provide discovery services including state-of-the-art chromatography algorithms and wet compound purification capabilities to global pharmaceutical research and development organizations.

- In April 2018, Takeda announced the grand opening of Shonan Health Innovation Park (Shonan iPark), Shonan iPark is an open innovation ecosystem built on pharmaceutical know-how where industry, government, and academia come together to incubate and accelerate the translation of cutting-edge life science into impactful health solutions for patients in Japan and globally. The iPark provides access to pharmaceutical expertise and state of the art facilities to nurture an entrepreneurial culture and catalyze public-private partnerships. With the aspiration to become a world-class ecosystem, Shonan iPark is supported by the local government and aligns well with the backbone of the government's economic and revitalization strategy.

Maximizing the value of our marketed products

[ENTYVIO]

- In May 2017, Takeda announced the presentation of eight real-world analyses supporting the effectiveness and safety of Entyvio (generic name: vedolizumab) for the treatment of adults with moderately to severely active ulcerative colitis (UC) and Crohn's disease (CD). The data were presented at the 2017 Digestive Disease Week (DDW) annual scientific meeting in Chicago.

- In August 2017, Takeda announced that it has submitted a New Drug Application (NDA) to the Ministry of Health, Labour and Welfare in Japan for the investigational humanized monoclonal antibody vedolizumab (generic name, development code: MLN0002) for the treatment of adults with moderately to severely active ulcerative colitis (UC). The NDA filing included data from Study CCT-101, a Phase 3 study investigating the efficacy, safety and pharmacokinetics of vedolizumab induction and maintenance treatment involving 292 Japanese patients with moderate or severe UC.

- In November 2017, Takeda announced the presentation of real-world evidence from two analyses evaluating the safety profile of Entyvio, during the 25th United European Gastroenterology (UEG) Week. It includes a systematic review and meta-analysis of real-world safety outcomes reported for Entyvio in ulcerative colitis (UC) or Crohn's disease (CD), as well as a database analysis of the real-world use of immunosuppressive (IM) therapy in people living with inflammatory bowel disease (IBD) who initiated Entyvio treatment in the U.S.

- In February 2018, Takeda presented real world data at the 13th Congress of the European Crohn's and Colitis Organization (ECCO) demonstrating that Entyvio shows higher rates of mucosal healing versus TNFα-antagonist therapy in Ulcerative Colitis (UC) and Crohn's Disease (CD) Patients.

[ADCETRIS]

- In June 2017, Takeda announced that data from the randomized Phase 3 ALCANZA clinical trial evaluating ADCETRIS (generic name: brentuximab vedotin) which Takeda in-licensed from Seattle Genetics, Inc of the U.S. in patients with cutaneous T-cell lymphoma (CTCL) were published in the journal Lancet. Data were previously presented in an oral session at the 58th American Society of Hematology

(ASH) annual meeting in December 2016. ADCETRIS is an antibody-drug conjugate (ADC) directed to CD30, which is expressed on CTCL lesions in approximately 50 percent of patients with the disease.

- In June 2017, Takeda announced that Phase 3 ECHELON-1 clinical trial met its primary endpoint of a statistically significant improvement in modified progression-free survival versus the control arm. ECHELON-1 is a randomized, multicenter trial evaluating ADCETRIS, a treatment for malignant lymphoma which Takeda in-licensed from Seattle Genetics, as part of a frontline combination chemotherapy regimen in patients with previously untreated advanced classical Hodgkin lymphoma.

- In October 2017, Takeda announced that final data from the ADCETRIS pivotal Phase 2 clinical trial in relapsed or refractory systemic anaplastic large cell lymphoma (sALCL) were published in the journal Blood. The manuscript, which summarizes the five-year, end-of-study results, highlights durable, long-term remissions in sALCL patients treated with ADCETRIS monotherapy.

- In November 2017, Takeda announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) adopted a positive opinion for the extension of the marketing authorization of ADCETRIS and recommended its approval for the treatment of adult patients with CD30-positive cutaneous T-cell lymphoma (CTCL) after at least one prior systemic therapy.

- In December 2017, Takeda presented data from the Phase 3 ECHELON-1 clinical trial evaluating ADCETRIS as part of a frontline combination chemotherapy regimen in untreated advanced classical Hodgkin lymphoma at the 59th American Society of Hematology (ASH) annual meeting. The data were also simultaneously published in the *New England Journal of Medicine*.

- In January 2018, Takeda announced that the European Commission (EC) extended the current conditional marketing authorization of ADCETRIS and approved ADCETRIS for the treatment of adult patients with CD30-positive cutaneous T-cell lymphoma (CTCL) after at least one prior systemic therapy. The decision follows a positive opinion from the CHMP on November 9, 2017.

[TRINTELLIX]

- In June 2017, the U.S. Food and Drug Administration (FDA) issued a Complete Response Letter regarding the supplemental new drug application to include new data in the clinical trials section of the U.S. prescribing information of TRINTELLIX (generic name: vortioxetine), which Takeda in-licensed from H. Lundbeck A/S of Denmark, for treating aspects of cognitive dysfunction in adults with major depressive disorder.

- In May 2018, Takeda announced the FDA approved a supplemental new drug application for TRINTELLIX. TRINTELLIX is the first FDA-approved treatment for MDD where the U.S. labelling now includes data from the largest replicated clinical studies on an important aspect of cognitive function in acute major depressive disorder (MDD, depression). The FOCUS and CONNECT studies showed TRINTELLIX had a positive effect on processing speed, an important aspect of cognitive function that may be impaired in adult patients with acute MDD.

[ICLUSIG]

- In March 2018, Takeda announced that final data from the pivotal Phase 2 PACE clinical trial of ICLUSIG (Generic name: ponatinib) in refractory chronic myeloid leukemia (CML) or Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) were published in Blood. The final

five-year results support ICLUSIG as an effective treatment option for patients with chronic-phase CML (CP-CML) whose prior therapies have failed.

Progressing our development-stage pipeline

[ALUNBRIG]

- In April 2017, ALUNBRIG (generic name: brigatinib), an anaplastic lymphoma kinase (ALK) inhibitor, was granted accelerated approval from FDA for the treatment of patients with ALK+ metastatic non-small cell lung cancer.

[Dengue Vaccine]

- In April 2017, Takeda announced that it has completed enrollment of 20,100 children and adolescents ages 4 through 16 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 (also referred to as TDV).

- In November 2017, Takeda announced that data from an 18-month interim analysis of the ongoing Phase 2 DEN-204 trial of TAK-003, have been published in The Lancet Infectious Diseases. The results of this interim analysis, a pre-planned evaluation of data from an ongoing trial, show that TAK-003 is associated with a reduction in the incidence of dengue in children and adolescents.

[Azilect]

- In June 2017, Takeda submitted a New Drug Application to the Ministry of Health, Labour and Welfare (MHLW) in Japan for rasagiline (generic name), which Takeda in-licensed from Teva Pharmaceutical Industries Ltd. of Israel, for the treatment of Parkinson’s disease.

- In March 2018, Takeda announced that Takeda has obtained the New Drug Application Approval from the Ministry of Health, Labour and Welfare for the Azilect Tablets (generic name: rasagiline) for the treatment of Parkinson's disease.

[Relugolix]

- In October 2017, Takeda announced that a Phase 3 confirmatory clinical trial (TAK-385/CCT-002 Study) evaluating the efficacy and safety of relugolix (generic name, development code: TAK-385), a gonadotropin-releasing hormone (GnRH) receptor antagonist, met the primary endpoint of non-inferiority to the active control group in the treatment of uterine fibroids. This randomized, double-blind, parallel-group, multicenter study was designed to evaluate the efficacy and safety of treatment with oral relugolix versus leuprorelin acetate for 24 weeks in Japanese women with symptomatic uterine fibroids.

- In November 2017, Takeda announced that a Phase 3 clinical trial (TAK-385-3008 Study) evaluating the efficacy and safety of relugolix met the primary endpoint of statistical significance in improvement of pain symptoms associated with uterine fibroids compared to the control group. This randomized, double-blind, parallel-group, multicenter study was designed to evaluate the efficacy and safety of treatment with oral relugolix versus placebo for 12 weeks in Japanese women with symptomatic uterine fibroids.

- In February 2018, Takeda announced that it has submitted a New Drug Application to the Ministry of Health, Labour and Welfare in Japan for relugolix. This submission is based on the results from its Phase 3

clinical trials (TAK-385/CCT-002 and 3008 Studies) in Japan evaluating the efficacy and safety of relugolix in patients with uterine fibroids.

[Zika virus vaccine]

- In November 2017, Takeda announced that itpurified, inactivated, alum-adjuvanted, whole Zika virus vaccine candidate (TAK-426) has progressed into a Phase 1 clinical trial. In September 2016, Takeda was selected by the Department of Health and Human Services; Office of the Assistant Secretary for Preparedness and Response; Biomedical Advanced Research and Development Authority (BARDA) to support the Zika response effort in the U.S. and affected regions around the world.

- In January 2018, Takeda announced that the FDA has granted Fast Track designation to TAK-426. The FDA's Fast Track designation is a process designed to facilitate the development and expedite the review of drugs and vaccines for serious conditions and that fill an unmet medical need. The Fast Track process allows more frequent interactions with the FDA, rolling reviews of the Biologic License Application (BLA), and eligibility for a priority review if relevant criteria are met.

[ALOFISEL]

- In December 2017, Takeda announced that the CHMP of EMA, in conjunction with the Committee for Advanced Therapies (CAT), has adopted a positive opinion recommending a marketing authorization (MA) for investigational compound Cx601 (Generic name: darvadstrocel) which Takeda in-licensed from TiGenix NV in Belgium.

- In March, 2018, Takeda announced that the EC has approved Alofisel (Generic name; darvadstrocel), previously Cx601, for the treatment of complex perianal fistulas in adult patients with nonactive/mildly active luminal Crohn's disease, when fistulas have shown an inadequate response to at least one conventional or biologic therapy. This marks the first allogeneic stem cell therapy to receive central marketing authorization (MA) approval in Europe. The European approval follows a positive opinion by the EMA CHMP, in conjunction with the Committee for Advanced Therapies (CAT), in December 2017.

[Pioglitazone]

- Takeda announced that the global Phase 3 TOMMORROW trial has been terminated. The decision to discontinue the trial was based on a planned interim futility analysis, which showed an inadequate treatment effect with the investigational drug pioglitazone 0.8 mg SR in delaying the onset of mild cognitive impairment (MCI) due to Alzheimer's Disease (AD). This decision was not related to safety of the investigational product or study procedures.

Building a sustainable research platform / Enhancing R&D collaboration

- 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 Inflammatory Bowel Diseases (IBD).

- In May 2017, Takeda and GammaDelta Therapeutics Ltd. of the U.K. announced that they have formed a strategic collaboration to develop GammaDelta Therapeutics' novel T cell platform, which is based on the unique properties of gamma delta T cells derived from human tissues. The companies intend to use this novel platform to discover and develop new immunotherapies, with the aim of treating a broad range of cancers, including solid tumours, and autoinflammatory diseases.

- In May 2017, Takeda and Schrödinger Inc. of the U.S. announced that they have entered into a multi-target research collaboration directed to diseases that align with Takeda's core therapeutic areas of interest. With a focus on simplicity, speed and agility, Schrödinger will lead the multi-target discovery effort with Takeda providing protein crystal structures to aid Schrödinger in using its computational platform to guide the design of new chemical entities.

- In July 2017, Takeda and BioSurfaces, Inc. of the U.S. announced that they have entered into an agreement to initiate a research program designed to develop innovative medical devices to treat patients with GI diseases using BioSurfaces' proprietary nanomaterial technology. Takeda will provide scientific and technical expertise in GI, while BioSurfaces will provide medical device design and nanomaterial expertise and fabrication technology.

- In July 2017, Takeda and TESARO, Inc. of the U.S. announced that they have entered into an exclusive licensing agreement for the commercialization and clinical development of niraparib (generic name), a novel poly ADP-ribose polymerase (PARP) inhibitor. This agreement includes the development of niraparib for the treatment of all tumor types in Japan, and all tumor types excluding prostate cancer in South Korea, Taiwan, Russia and Australia.

- In August 2017, Takeda and Molecular Templates, Inc. of the U.S. announced that they entered into a collaboration agreement for oncology drug discovery programs. The collaboration will apply Molecular Templates' engineered toxin bodies (ETB) technology platform to potential therapeutic targets provided by Takeda through a joint scientific committee of both companies.

- In August 2017, Takeda and AstraZeneca of the U.K. announced that they have entered an agreement to jointly develop and commercialize MEDI1341, an alpha-synuclein antibody currently in development as a potential treatment for Parkinson's disease (PD). Alpha-synuclein (α-synuclein) is an aggregation-prone protein that contributes to the development of PD. This protein is the major constituent of Lewy bodies, which are pathological protein aggregates that accumulate in the nerve cells of patients with PD and appear to spread throughout the nervous system during the progression of the disease.

- In August 2017, Takeda and Noile-Immune Biotech Inc. of Japan announced that they have entered into a collaboration to develop next generation chimeric antigen receptor T cell therapy (CAR-T). The next generation CAR-T cell therapy was developed by Professor Koji Tamada at Yamaguchi University and Noile-Immune has exclusive license for this platform technology. The CAR-T therapy produces cytokines, chemokines, and other molecules, which is expected to potentially influence or alter the tumor microenvironment of solid tumor tissues to enhance the anti-tumor effect of the therapy. The companies intend to use this technology to discover and develop new CAR-T cell immunotherapies, with the aim of treating a broad range of cancers.

- In September 2017, Takeda and Karolinska Institutet (KI) of Sweden and The Structural Genomics Consortium (SGC) of Canada announced a combined pre-competitive and proprietary collaboration to discover and validate new potential intervention points for the treatment of Inflammatory Bowel Disease (IBD).The agreement establishes a translational medicine research team of scientists and clinicians from Takeda, Karolinska University Hospital and SGC, which will develop advanced translational disease models from patient-derived tissue samples from a large and well-characterized IBD patient cohort.

- In October 2017, Takeda and HemoShear Therapeutics, LLC, a privately held biotechnology company of the U.S. announced a partnership to discover and develop novel therapeutics for liver diseases, including nonalcoholic steatohepatitis (NASH). HemoShear's proprietary disease modeling platform, REVEAL-Tx™, applies principles of physiological blood flow to tissue derived from patients. REVEAL-Tx™ allows drug candidates to be studied at human concentrations and provides valuable insights into complex pathophysiological pathways by replicating human disease with great accuracy.

-In November 2017, Takeda and Portal Instruments of the U.S. announced a collaboration to develop and commercialize Portal's needle-free drug delivery device for potential use with Takeda's investigational or approved biologic medicines. The Portal device was developed at the Massachusetts Institute of Technology (MIT) in the laboratory of Professor Ian Hunter. The technology has the potential for applications across a range of biologic medicines that currently require administration through an injection. The first Takeda development program to potentially utilize this device will be for investigational use with Entyvio (generic name : vedolizumab).

-In January 2018, Takeda and Denali Therapeutics of the U.S. announced that they have entered into a strategic option and collaboration agreement to develop and commercialize up to three specified therapeutic product candidates for neurodegenerative diseases. Each program is directed to a genetically validated target for neurodegenerative disorders, including Alzheimer's disease and other indications, and incorporates Denali's Antibody Transport Vehicle (ATV) platform for increased exposure of biotherapeutic products in the brain.

- In February 2018, Takeda and FUJIFILM Corporation of Japan announced a collaboration to develop regenerative medicine therapies using cardiomyocytes derived from iPSC for the treatment of heart failure. Takeda and Fujifilm signed the contract, allowing Takeda Right of First Negotiation (ROFN) to collaboratively and globally commercialize regenerative medicine products using cardiomyocytes derived from iPSC, currently under development by Fujifilm's affiliate company, Cellular Dynamics International, Inc of the U.S. Both companies will evaluate the safety and efficacy of resulting regenerative medicine therapies.

- In February 2018, Takeda announced that it has entered into a research, development and commercial collaboration and multi-program option agreement with Wave Life Sciences Ltd of Singapore to develop antisense oligonucleotides for genetically-defined neurological diseases.

- In April 2018, Takeda and the Drugs for Neglected Diseases initiative announced that they have signed an agreement to collaborate in conducting preclinical and Phase 1 clinical studies on drug candidate compounds that had been discovered among the aminopyrazole compound class, aimed at developing an innovative drug for the treatment of visceral leishmaniasis (VL).
  The project has been selected for funding by the Global Health Innovative Technology Fund (GHIT). GHIT is an international public private partnership fund that facilitates global R&D partnerships for the discovery and development of new health technologies needed in developing countries.

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

The total amount of investment in tangible assets during the year was 74.5 billion JPY. Takeda financed

the majority of capital investment in tangible assets by own funds.
On the other hand, Takeda issued the company bond amounted to 56.3 billion JPY in July 2017 to partially repay the loan for the acquisition of ARIAD. In addition, a loan repayment of 80.0 billion JPY and a bond redemption of 60.0 billion JPY were made in March 2018. As a result, the consolidated outstanding balance of bonds and loans as of the end of March 2018 were 172.9 billion JPY and 812.8 billion JPY respectively.

(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 Neuroscience, 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, Neuroscience, and Emerging Markets), as well as cost discipline. Our mid-term key priorities are to Grow the Portfolio, Strengthen the Pipeline and Boost Profitability:

[Grow Portfolio]
- Focus on key growth products
- Reinforce specialty capabilities
- Pursue opportunities to divest or acquire assets

[Strengthen Pipeline]
- Leverage therapeutic area expertise to progress innovative assets
- Enhance capabilities internally and through external collaborations
- Strengthen R&D operational effectiveness and culture

[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's priorities for capital allocation are as follows:
- Internal investment in R&D pipeline, platform technologies, and product launches
- Dividend as a key component of shareholder returns, while also placing importance on capital gain for shareholders through the increase of enterprise value
- Committed to preserving investment grade credit rating

- Disciplined and focused partnerships and acquisitions to strengthen core therapeutic areas

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

Financial Forecast for Fiscal 2018

This financial outlook does not include any estimated financial impact related to the proposed acquisition of Shire plc by Takeda. A financial outlook that does include the estimated financial impact of the deal will be announced by Takeda once a reasonable assumption has been confirmed.

Billion JPY

	Amount		*Change over the previous year*
Revenue	1,737.0	-33.5	-1.9%
Core Earnings	309.5	-13.0	-4.0%
Operating profit	201.0	-40.8	-16.9%
Profit before tax	183.0	-34.2	-15.7%
Net profit for the period (attributable to owners of the Company)	139.0	-47.9	-25.6%
EPS(JPY)	177.91	-61.44	-25.7%

Management Guidance – Underlying growth

	Fiscal 2018 guidance (growth %)
Underlying Revenue	Low single digit
Underlying Core Earnings	High single digit
Underlying Core EPS	Low-teens

[Revenue]

Takeda expects revenue to be 1,737.0 billion JPY, a decline of 1.9% versus the prior year. This decline is entirely due to the unfavorable impact of divestitures (-2.2pp) and foreign exchange rates (-0.7pp). Underlying Revenue is expected to increase at a low single digit percentage growth rate (~+0.5-1.5%), driven by continued strong performance from key growth products including NINLARO, ENTYVIO, TRINTELLIX, TAKECAB, ADCETRIS, and ALUNBRIG. This Underlying Revenue growth would be +5-6% when excluding the negative impact of lower revenue of VELCADE (-3.5pp) resulting from loss of exclusivity in the U.S* and portfolio changes (-0.9pp).

* U.S. VELCADE financial assumption is one additional therapeutically non-equivalent competitor with IV (intravenous) and SC (subcutaneous) administration launching in September 2018.

[Operating profit]

Operating Profit is expected to be 201.0 billion JPY, a decrease of 40.8 billion JPY, or 16.9%, versus the prior year. In fiscal 2017, various one-time income and expense items were recorded, including a 106.3 billion JPY gain related to the sale of Takeda's shareholdings in Wako Pure Chemical. Continued growth in Underlying Core Earnings will be offset by the negative impact of divestures (-9.6pp), adverse foreign currency impacts (-4.4pp) and lower one time income/expense (-17.0pp). Amortization is expected to decline by 30.1 billion JPY to 96.0 billion JPY reflecting lower VELCADE amortization. Impairment is forecast at 12.0 billion JPY, an increase of 16.0 billion JPY versus prior year primarily due to the absence of COLCRYS favorability in FY2017. Underlying Core Earnings, which excludes the impact of one-time items, amortization and impairment, divestitures, and foreign currencies, is expected to increase at a high single digit percentage growth rate.

[Net profit for the year (attributable to owners of the Company)]

Net profit for the year is expected to be 139.0 billion JPY, a decrease of 47.9 billion JPY, or 25.6%, versus the prior year. Profit Before Tax is adversely impacted by a change in accounting policy required by IFRS by which gains from sale of investment securities can no longer be recognized as Financial Income from FY2018 onwards. In FY2017, Takeda recorded 30.4 billion JPY of gains from the sale of investment securities in Financial Income. The effective tax rate is forecast to increase from 14.0% in FY2017 to around 24% in FY2018. FY2017 included one-time non-cash income from the re-measurement of deferred tax liabilities of 27.5 billion JPY or approximately 12.5pp. On an underlying basis we expect a tax rate of around 22%, approximately 2pp lower than FY2017. Underlying Core EPS is expected to increase at a low-teens percentage growth rate.

[Major assumptions used in preparing the forecast]

- FX rates assumptions: US$1 = 108 JPY, 1 Euro = 133 JPY, 1 RUB = 1.9 JPY, 1 BRL = 33.0 JPY
- R&D expense: 311.0 billion JPY
- Amortization of intangible assets associated with products: 96.0 billion JPY
- Impairment losses on intangible assets associated with products: 12.0 billion JPY
- Gain from sale of real estate: 55.5 billion JPY
- Long listed products transfer gain: 4.5 billion JPY
- Restructuring expense: 40.5 billion JPY
- Prelaunch inventory expense: 9.0 billion JPY

[Forward looking statement]

All forecasts in this document are based on information currently available to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecast to be revised, the Company will disclose it in a timely manner.

* Regarding the financial outlook for Fiscal 2018, please refer to the additional information on “Items Disclosed via the Internet Concerning the Notice of Convocation of the Ordinary General Meeting of Shareholders”.

(4) Litigation

Patent infringement 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. The proceeding is still on-going and Takeda seeks a permanent injunction and damages against Hikma's inducement of infringement.

(5) Financial Position and Income Summary

(i) Financial Position and Income Summary of the Takeda Group

(Billion JPY, unless otherwise indicated)

	138th fiscal year	139th fiscal year	140th fiscal year	141st fiscal year
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Revenue	1,777.8	1,807.4	1,732.1	1,770.5
Operating profit	(129.3)	130.8	155.9	241.8
Profit before income taxes	(145.4)	120.5	143.3	217.2
Net profit for the year attributable to the owners of the Company	(145.8)	80.2	114.9	186.9
Basic earnings per share (JPY)	(185.37)	102.26	147.15	239.35
Total assets	4,296.2	3,824.1	4,346.8	4,106.5
Total equity	2,206.2	2,011.2	1,949.0	2,017.4

(Notes) 1. Consolidated financial statements of the Takeda Group are prepared under the International Financial Reporting Standards (IFRS).
2. The operating profit, etc. for the 138th fiscal year include the expenses necessary for the settlement reserves for the Actos litigation in the U.S.
3. The amount of total assets as of the 140th fiscal year has been retrospectively revised due to revision of the provisional fair value for the assets acquired and the liabilities assumed related to business combinations in the 141st fiscal year.

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

	138th fiscal year	139th fiscal year	140th fiscal year	141st fiscal year
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Overseas revenue	1,065.0	1,119.3	1,076.7	1,190.2
Proportion of overseas revenue to the Takeda Group Revenue (%)	59.9	61.9	62.2	67.2

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

	138th fiscal year	139th fiscal year	140th fiscal year	141st fiscal year
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
R&D expenses	382.1	335.8	312.3	325.4
Ratio of R&D expenses to the Takeda Group Revenue (%)	21.5	18.6	18.0	18.4

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

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

(Billions JPY, unless otherwise indicated)

	138th fiscal year April 1, 2014 to March 31, 2015	139th fiscal year April 1, 2015 to March 31, 2016	140th fiscal year April 1, 2016 to March 31, 2017	141st fiscal year April 1, 2017 to March 31, 2018
Net sales	776.2	777.0	737.8	659.5
Operating income	110.1	94.2	70.3	67.7
Ordinary income	239.5	292.9	81.9	125.9
Net income	60.7	263.0	108.4	187.0
Net income per share (JPY)	77.20	335.48	138.73	239.47
Total assets	2,591.2	2,699.5	3,093.1	2,956.9
Net assets	1,477.9	1,572.2	1,530.4	1,562.0

(6) Main Businesses of Takeda Group (as of March 31, 2018)

The main businesses of Takeda Group are research, development, manufacturing and sale of pharmaceuticals.

(7) Material Business Affiliations (as of March 31, 2018)

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 (¥106 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 (¥591 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 (¥96 thousand)	27.8	R&D of pharmaceuticals
Europe and Canada	Takeda Europe Holdings B.V. (Head office: Hoofddorp, the Netherlands)	€280.18 million (¥36,679 million)	100.0	Holding company in Europe
	Takeda A/S (Head office: Taastrup, Denmark)	€0.11 million (¥15 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 (¥425 million)	100.0	Supervision of sales of pharmaceuticals for areas other than Japan Supervision of global manufacturing and product supply (all markets)
	Takeda GmbH (Head office: Konstanz, Germany) (Factory: Singen and Oranienburg, Germany)	€10.90 million (¥1,427 million)	100.0	R&D, production and sales of pharmaceuticals
	Takeda Pharma Vertrieb GmbH & Co.KG (Head office: Berlin, Germany)	€1 million (¥131 million)	100.0	Sales of pharmaceuticals
	Takeda Italia S.p.A. (Head office: Rome, Italy)	€11.25 million (¥1,473 million)	100.0	Production and sales of pharmaceuticals
	Takeda Austria GmbH (Head office, Factory: Linz, Austria)	€14.86 million (¥1.946million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharma Ges.m.b.H (Head office: Vienna, Austria)	€600 thousand (¥79 million)	100.0	Sales of pharmaceuticals
	Takeda France S.A.S. (Head office: Paris, France)	€3.24 million (¥424 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma A/S (Head office: Taastrup, Denmark) (Factory: Hobro, Denmark)	948.70 million Danish kroner (¥16,660million)	100.0	Development, production and sales of pharmaceuticals
	Takeda AS (Head office, Factory: Asker, Norway)	272.70 million Norwegian kroner (¥3,701 million)	100.0	Production and sales of pharmaceuticals
	Takeda Belgium SCA/CVA (Head office: Brussels, Belgium)	€5.58 million (¥730 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 (¥7,460 million)	100.0	Sales of pharmaceuticals
	Takeda Oy (Head office: Helsinki, Finland)	€1.32 million (¥173 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 (¥159 million)	100.0	Sales of pharmaceuticals
	Takeda Nederland B.V. (Head office: Hoofddorp, the Netherlands)	€10 million (¥1,309 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 (¥5,951 million)	100.0	Production and sales of pharmaceuticals
	Takeda Hellas S.A. (Head office: Athens, Greece)	€3 million (¥393 million)	100.0	Sales of pharmaceuticals
	Takeda Ireland Limited (Head office: Kilruddery, Ireland) (Factory: Bray and Grange Castle, Ireland)	€396.02 million (¥51,844 million)	100.0	Production of pharmaceuticals
	Takeda Development Centre Europe Ltd. (Head office: London, U.K.)	£800 thousand (¥119 million)	100.0	Development of pharmaceuticals
	Takeda Canada Inc. (Head office: Oakville, Canada)	C$58.00 million (¥4,792 million)	100.0	Sales of pharmaceuticals
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company (Head office: Moscow, Russia)	26 thousand Russian ruble (¥49 thousand)	100.0	Sales of pharmaceuticals
	Takeda Yaroslavl Limited Liability Company (Head office, Factory: Yaroslavl, Russia)	75 million Russian ruble (¥139 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 (¥207 thousand)	100.0	Sales of pharmaceuticals
	Takeda Kazakhstan LLP (Head office: Almaty, Kazakhstan)	150 thousand Kazakhstan tenge (¥50 thousand)	100.0	Sales of pharmaceuticals
Latin America	Takeda Distribuidora Ltda. (Head office: São Paulo, Brazil)	11.33 million Brazilian reals (¥365 million)	100.0	Sales of pharmaceuticals
	Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. (Head officeSão Jerônimo, Brazil)	584.58 million Brazilian reals (¥18,820 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 (¥767 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 (¥2,264 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 (¥516 million)	100.0	Production and sales of pharmaceuticals
Asia	Takeda (China) Holdings Co., Ltd. (Head office: Shanghai, China)	US$75 million (¥7,983 million)	100.0	Holding company in China and development of pharmaceuticals
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd. (Head office: Singapore)	S$15.43 million (¥1,252 million)	100.0	Supervision of Asia sales of pharmaceuticals
	Guangdong Techpool Bio-Pharma Co., Ltd. (Head office, Factory: Guangzhou, China)	100 million RMB (¥1,691 million)	51.3	R&D, production and sales of pharmaceuticals
	Takeda Pharmaceutical (China) Company Limited (Head office: Taizhou, China)	US$61.60 million (¥6,556 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 (¥8,046 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 (¥347million)	52.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Taiwan, Ltd. (Head office: Taipei, Taiwan)	NT$90 million (¥328 million)	100.0	Sales of pharmaceuticals
	P.T. Takeda Indonesia (Head office: Jakarta, Indonesia) (Factory: Bekasi, Indonesia)	1,467 million rupiahs (¥11 million)	70.0	Production and sales of pharmaceuticals
	Takeda Healthcare Philippines Inc. (Head office: Manila, the Philippines)	140.00 million Philippine pesos (¥286 million)	100.0	Sales of pharmaceuticals
	Takeda Development Center Asia, Pte. Ltd. (Head office: Singapore)	S$5 million (¥406 million)	100.0	Development of pharmaceuticals
	Takeda Vaccines Pte. Ltd. (Head office: Singapore)	S$32.07 million thousand (¥2,603 million)	100.0	R&D of pharmaceuticals
Others	Takeda (Pty.) Ltd. (Head office: Johannesburg, South Africa)	1.40 million South African rand (¥13 million)	100.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Australia Pty. Ltd. (Head office: Sydney, Australia)	A$450 thousand (¥37 million)	100.0	Sales of pharmaceuticals
	Takeda İlaç Sağlık Sanayi Ticaret Limited Şirketi (Head office: Istanbul, Turkey)	143.2 million Turkish lira (¥3,865 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)	¥490 million	100.0	R&D, production and sales of pharmaceuticals
	Nihon Pharmaceutical Co., Ltd. (Head office: Chuo-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
	Teva Takeda Pharma Ltd. (Head office: Nagoya City) (Factory: Takayama City)	¥100 million	49.0	Development, production and sales of pharmaceuticals
	Axcelead Drug Discovery Partners, Inc. (Head office: Fujisawa City)	¥100 million	100.0	R&D 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, 2018.
2. The figures for “Percentage of total shares” include shares that are held indirectly through subsidiaries.
3. As of March 31, 2018, the number of consolidated subsidiaries (including partnership) was 130 and the number of equity method affiliates was 15.
4. No subsidiaries and affiliates fall under “Specific Wholly Owned Subsidiary” as described in the Ordinance for Enforcement of the Companies Act.

(8) Major Offices of the Company (as of March 31, 2018)

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	Neuroscience Drug Discovery Unit, Gastrointestinal Drug Discovery Unit, Immunology Unit, Drug Safety Research and Evaluation, Drug Metabolism & Pharmacokinetics Research, Translational Research and Early Clinical, , Regenerative Medicine Unit (the above are located in Fujisawa, Kanagawa) Process Chemistry, Formulation Development, Analytical Development (the above are located in Osaka) Japan CMC, Hikari Biologics Manufacturing (the above are located in Hikari, Yamaguchi)

(9) Employees (as of March 31, 2018)

(i) Number of employees of the Takeda Group

Number of employees	Increase (decrease) from the previous fiscal year end
27,230	(2,670)

(Notes) The number of employees represents the number of working employees.

(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)
5,461	(1,117)	40.8	14.5

(Notes) The number of employees represents the number of working employees.

(10) Principal lenders and loan amounts (as of March 31, 2018)

Lender	Loan balance
Syndicated loans	592,755 million JPY
The Norinchukin Bank	80,000 million JPY
Sumitomo Mitsui Trust Bank, Limited	50,000 million JPY
Shinkin Central Bank	50,000 million JPY
Mizuho Trust & Banking Co., Ltd.	30,000 million JPY
Nippon Life Insurance Company	10,000 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, 2018)

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

(2) Total number of issued shares 794,688,295 shares
(including 161,031 shares of treasury stock)

(3) Number of shareholders 255,663

(4) Principal Shareholders

Name of Shareholder	Number of shares held (thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	47,021	5.92
Nippon Life Insurance Company	43,560	5.48
JP Morgan Chase Bank 380055	35,055	4.41
Japan Trustee Services Bank, Ltd. (Trust account)	34,408	4.33
Takeda Science Foundation	17,912	2.25
State Street Bank West Client-Treaty 505234	14,958	1.88
Japan Trustee Services Bank, Ltd. (Trust account 5)	14,075	1.77
Barclays Securities Japan Limited	13,278	1.67
JP Morgan Chase Bank 385147	10,582	1.33
Japan Trustee Services Bank, Ltd. (Trust account 1)	10,461	1.32

(Note) The percentage of total shares is based on the number of shares (794,527,264 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 962,152 shares as of March 31, 2018.

(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 12,170,824 shares as of March 31, 2018.

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, 2018)

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)
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 2)	(Note 3)	Ordinary shares in the Company; 7,000 shares (70)	1 Director who is an 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 2)	(Note 3)	Ordinary shares in the Company; 10,100 shares (101)	1 Director who is an 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 4)	(Note 5)	Ordinary shares in the Company; 891,300 shares (8,913)	1 Director who is not an ASC Member: 429 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 2)	(Note 3)	Ordinary shares in the Company; 18,600 shares (186)	1 Director who is not an ASC Member: 79 Stock Acquisition Rights; 1 Director who is an ASC Member: 107 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 2)	(Note 3)	Ordinary shares in the Company; 14,300 shares (143)	1 Director who is not an ASC Member: 61 Stock Acquisition Rights; 1 Director who is an ASC Member: 82 Stock Acquisition Rights

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

2. 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.

3. [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.

4. 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.

5. [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, 2018)

The Company has been appointing persons from inside and 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 a defined number to pursue both effective and swift decision making and appropriate monitoring of the management of the Company through sufficient discussions 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, 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.
Christophe Weber	President (Representative Director)	Chief Executive Officer	
Masato Iwasaki	Director	President, Japan Pharma Business Unit	
*James Kehoe	Director	Chief Financial Officer	
Andrew Plump	Director	Chief Medical & Scientific Officer	Executive Vice President, Takeda Pharmaceuticals International, Inc.
Masahiro Sakane	Director	Chair of the Board of Directors meeting	Councilor, Komatsu Ltd.
Yoshiaki Fujimori	Director		Senior Advisor, LIXIL Group Corporation
Emiko Higashi	Director		Managing Director, Tomon Partners, LLC
Michel Orsinger	Director		
Toshiyuki Shiga	Director		Director, Nissan Motor Co., Ltd. Chairman and CEO, Innovation Network Corporation of Japan
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 an Audit and Supervisory Committee Member		

Koji Hatsukawa	Director who is an Audit and Supervisory Committee Member		Certified Public Accountant

(Notes) 1. The Director marked with an * was newly elected at the 141st Ordinary General Meeting of Shareholders held on June 28, 2017 and took office thereupon.

2. The Directors who retired from office during this fiscal year are as follows:

Chairman of the Board	Yasuchika Hasegawa (retired on June 28, 2017)
Director	Shinji Honda (retired on June 28, 2017)
Director	Fumio Sudo (retired on June 28, 2017)

3. The duties of the following Director was revised as of April 1, 2018, as described below:

Name	New	Old
James Kehoe	Director, Special Missions	Director, Chief Financial Officer

Further, it is planned that James Kehoe will resign as a Director as of May 31, 2018.

4. Directors Masahiro Sakane, Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger and Toshiyuki Shiga and Directors who are ASC Members, Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa, are External Directors as prescribed under Article 2, Item 15 of the Companies Act.
5. Director who is an ASC Member Koji Hatsukawa is a Certified Public Accountant and has expert knowledge in finance and accounting.
6. Director who is an 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 cooperating 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 an 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. In addition, there is no advisory contract between the Company and Oh-Ebashi LPC & Partners.
8. There are no relationships between the Company and the organizations in which the 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 the External Directors based on those criteria. Since all the External Directors (i.e., the External Directors Masahiro Sakane, Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger and Toshiyuki Shiga and the External Directors who are ASC Members Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa) 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 all of them as Independent Directors and submitted notifications to each exchange.
10. This fiscal year, the Nomination Committee is composed of External Director Masahiro Sakane (Chairperson), External Director Emiko Higashi, External Director who is an ASC Member Shiro Kuniya and President and Representative Director Christophe Weber, and the Compensation Committee is composed of External Director Toshiyuki Shiga (Chairperson), External Director Yoshiaki Fujimori and Director who is an ASC Member Yasuhiko Yamanaka.

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

The Company has executed agreements with Non-Executive Directors Masahiro Sakane, Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Toshiyuki Shiga and Non-Executive Directors who are Audit and Supervisory Committee Members Yasuhiko Yamanaka, 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.

(3) Compensation, etc. for Directors

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

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.

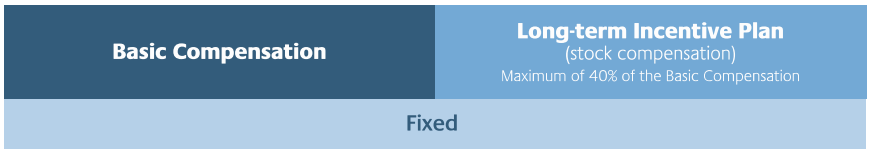
■ Standard Directors who are not Audit & Supervisory Committee Members (excluding External Directors) Compensation Mix Model

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.

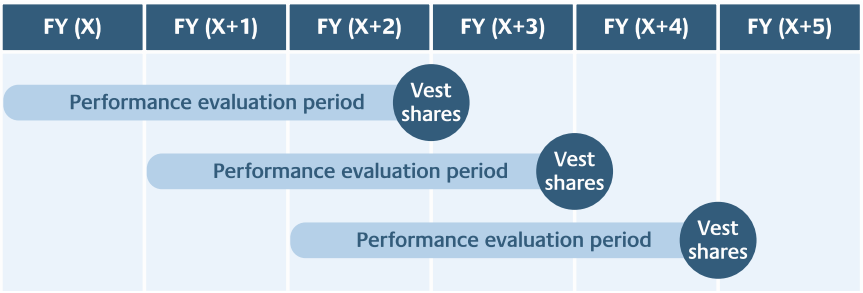
Whole Picture of Directors' Compensation

		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 for this fiscal year are as follows.

Category	Number of people	Total amounts of compensation, etc.
Directors who are not Audit and Supervisory Committee Members (External Directors)	12 (6)	1,590 million JPY (137 million JPY)
Directors who are Audit and Supervisory Committee Members (External Directors)	4 (3)	126 million JPY (76 million JPY)

(Notes) 1. Those aforementioned includes 3 Directors (within them, 1 External Director) who are not Audit and Supervisory Committee ("ASC") Members and retired from the office at the close of the 141st Ordinary General Meeting of Shareholders on June 28, 2017.

2. 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. 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 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 compensation is the value posted during this fiscal year (923 million JPY, which includes the 38 million JPY for External Directors).

(i) The stock compensation granted in fiscal year 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 years 2016 and 2017 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)

3. 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.
4. 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 (34 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.

(3) External Directors

Major activities during this fiscal year

Category	Name	Number of attending the meeting	
		Board of Directors	Audit and Supervisory Committee
Directors	Masahiro Sakane	9/9	―
	Yoshiaki Fujimori	8/9	―
	Emiko Higashi	8/9	―
	Michel Orsinger	9/9	―
	Toshiyuki Shiga	9/9	―
Directors who are Audit and Supervisory Committee Members	Shiro Kuniya	9/9	15/15
	Jean-Luc Butel	9/9	14/15
	Koji Hatsukawa	9/9	15/15

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, 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.

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	518 million JPY
(ii)	Total amount of money and other financial benefits to be paid by the Company and the subsidiaries	571 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 46 to 51 herein, audit firms other than KPMG AZSA LLC audit the financial statements of 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 services for “Issuance of comfort letter for the bond issue”, 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 puts an effort to promote the creation of a disciplined and sound corporate culture. Based on the abovementioned principle, the Company undertakes to establish the following measures for its internal control system, treating it as an important component of corporate governance that functions alongside risk management.

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

- As a “Company with Audit and Supervisory Committee (“ASC”),” a system that enables ASC to effectively perform its duties relating to audit and supervision shall be established and the composition and diversity of the External Directors in the Board of Directors shall be enhanced. Under the appropriate audit and supervision thereof, 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 of the appointment of Directors and the compensation paid to them shall be ensured by voluntarily establishing a Nomination Committee and Compensation Committee, as advisory bodies for the Board of Directors, wherein an External Director will serve as the chairperson and external committee members will constitute a majority, respectively. By appointing one or more Directors who are ASC Members as members of such committees, the effectiveness of the 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 will (i) decide on the most important matters for the business operation of the Takeda Group, including matters relating to Basic Management Policy and matters relating to internal control, including compliance and risk management, and (ii) discuss business strategy, and monitor and supervise the execution of operations.
- To strengthen its global business management system, the Company shall establish the Takeda Executive Team (“TET”), which will consist of the President & CEO and the members who manage and supervise each function of the Takeda Group, and also establish a Business Review Committee (which will be responsible for general management matters), a Portfolio Review Committee (which will be responsible for R&D and product related matters), and an Audit, Risk and Compliance Committee (which will be responsible for internal audit, risk management and compliance matters).

These committees will review important matters that will ensure systems through which faster and more flexible execution of operations and deeper cooperation among the various functions can take place.

- By resolution of the Board of Directors, decision making authority on matters of important business execution shall be partially delegated to the Directors through decision-making bodies such as the Business Review Committee, Portfolio Review Committee, and Audit, Risk and Compliance Committee; the Company shall make flexible and efficient decisions.
- 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 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 them to the decision making bodies, including the Board of Directors, depending on the materiality of those items. Concurrently, the Company shall delegate a certain level of decision making authority to the President & CEO or to other TET members, and such decision making authority shall be exercised under proper governance.
- In order to manage and supervise the entire Takeda Group in a cross-sectoral and unified manner, 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.
- 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 the risk management systems, crisis management systems and BCPs of the Takeda Group, the Company shall promote the development of a system that will enable each group company to respond adequately to risks and crises and to ensure business continuity, and shall facilitate the disciplined management of the Takeda Group.
- The Global Ethics & Compliance division and other divisions in charge of compliance shall disseminate the "Takeda Global Code of Conduct" to all group companies and develop and disseminate compliance programs for all group companies based on that code under the Global Compliance Promotion System. The Global Ethics & 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 Ethics & 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 those 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 & CEO, Board of Directors, and ASC. The GIA shall also conduct an evaluation of the status of the development and implementation of the internal control systems for securing the reliability of financial reporting based on the Financial Instruments and Exchange Act.

- The Global Finance division shall manage the processes of (i) self-inspection based on questionnaires on 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 the 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, as determined in accordance with the “Policy on Document Control,” in either hard copy or electromagnetic record.

(iii) Risk management rules and other systems

- Based on the “Global Risk Management Policy,” Enterprise Risk Management (ERM) shall be conducted through a five step approach, which is the identification, assessment, mitigation, reporting, and monitoring and control of the risk. Based on the policy 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, IT-security and information management, etc.), 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 will be in charge of crisis management and those who will be in charge of crisis management in each local region, and shall establish 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) System that ensures the duties of Directors are executed efficiently

- A system that ensures the duties of Directors are 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, an Ethics & Compliance Officer position, Compliance Promotion Committee and Compliance Secretariat shall be established to promote the compliance policy of the Company.
- 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 carried out in accordance with the “Rules of Audit and Supervisory Committee’s Audit, etc.”

- Full-time ASC Members shall be appointed, and an ASC Office, which will be composed of full-time staff, shall be established to provide secretariat assistance to the ASC in the performance of its duties and to function as the secretariat of ASC.
- The 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 the 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 inform in advance the 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 the 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 Takeda Group, such Director shall, without delay, give notice of such fact to the ASC.
- The ASC shall appoint the Appointed ASC Members who will have 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 and other relevant matters, the ASC shall have close communications with the internal audit division, internal control promotion division and Accounting Auditor, to which the ASC shall have the authority to give instructions, and it shall enhance the effectiveness and efficiency of the audit by conducting a systematic audit utilizing the information derived therefrom.
- The ASC Members shall request the Company to reimburse their costs for performing their duties, and submit a budget to the Company every year.
- The 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 the ASC and the internal audit divisions, etc., including a report made through the internal reporting system for whistleblowers, would not be subject to any discriminatory 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 systems described in (1) above. Our major efforts this fiscal year considered important points for internal control, included the following:

[Dissemination of Corporate Philosophy and Vision 2025]

- The Company posted 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, on its homepage, inside and outside the Company, and disseminated them inside and outside the Company.

[Strengthening of the Corporate Governance Structure]

- Along with the Company’s conversion into a “Company with Audit and Supervisory Committee,” the Company enhanced the composition ratio of its external directors and diversity so that the Board of Directors and ASC could conduct each of their responsibilities more appropriately. As a result, of the 13 members of the Board of Directors (including one woman director) as of the end of this fiscal year, 8 are External Directors; furthermore, 8 Directors are Japanese and 5 are foreign nationals. Additionally, 4 Directors make up the ASC, and 3 of them are External Directors.

[Status of the Board of Directors]

- 9 Board of Directors meetings were held this fiscal year. At the Board of Directors meetings, the Chair of the Board of Directors meeting, who is an Independent and External Director, led the discussions, while various Directors, including the External Directors who are highly independent from the Company, delivered statements as were appropriate from their perspectives.
- As mentioned above, by delegating to the Directors the authority to decide on important matters on business execution, 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.
- Before every Board of Directors' meeting, External Directors are given a detailed explanation of the agenda of the meeting by the Directors who are not External Directors. Also, in order to understand the status of the business operations of the Company, a site visit is conducted. In addition, when the External Directors are newly appointed, they are thoroughly educated on their legal obligations; provided with information relating to the business environment, strategy, etc., of the Company; and requested to participate in forums intended to further deepen their understanding thereof.
- At the Board of Directors meetings, each External Director made appropriate statements during the deliberations on 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 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 two previous fiscal years, an evaluation of the performance and effectiveness of the Board of Directors was conducted by asking all Directors to complete a questionnaire. Such evaluation was conducted by third party organizations in such a way that the individual opinions of the Directors were easily obtained. Based on the results of this evaluation, the Board of Directors of the Company deemed they were able to work effectively and (i) with regard to matters that were pointed out in the evaluations during the two previous fiscal years, improvements were confirmed, and (ii) there was no important matter which was newly pointed out. The results of this evaluation, including the ones mentioned above, after incorporating the analysis and recommendations made by third party organizations, was discussed at the Board of Directors meeting. Through this, the Company had an opportunity to gain a deeper understanding of its strengths to further enhance its functions.

[Efforts by Top Management of the Company]

- By posting a message on the intranet and holding town hall meetings, the top management of the Company including the President & CEO 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 the internal control system in the Takeda Group]

- With regard to matters other than those that need to be resolved by decision-making bodies, including the Board of Directors, Business Review Committee, Portfolio Review Committee, and Audit, Risk and Compliance Committee, the authority is delegated to the members of the TET which consists of the President & CEO and the representatives of each function. In order to clarify how the TET members delegate their authority, the “Global Policy - Delegation of Authorities” was formulated this fiscal year as a global standard.
- The GIA conducted an internal audit of each function of the Company and each company under the Takeda Group, as well as an evaluation of the status of development and implementation of the internal control systems, to secure the reliability of financial reporting based on the Financial Instruments and Exchange Act.
- With regard to the status of internal controls on financial reporting at the key subsidiaries, the Global Finance division confirmed the effectiveness of the internal controls of such subsidiaries based on the answers received from the head of each key subsidiary, which were obtained by self-inspection through questionnaires.
- The Global Quality division clarified the Company's commitment to, and vision for, quality, and conducts global quality control for the Takeda Group based on the “Global Quality Policy.”

[Efforts to promote compliance]

- The Company amended the “Takeda Global Code of Conduct” and “Global Anti-Corruption Policy” and implemented e-learning programs in order to disseminate them 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 are being made.
- The Takeda Group’s compliance-related issues are being regularly reported to the Audit, Risk and Compliance Committee, and to the Board of Directors and top management in a timely manner.

[Efforts relating to risk management]

- This fiscal year, important risks for each region and division were discussed and validated at the Risk Management Committee, and the risks confirmed thereat were again validated at the Audit, Risk and Compliance Committee. Thereafter, such risks were registered as corporate risks and a risk map was developed.
- The risk map was reported to the Board of Directors. Also, a risk mitigation plan for important risks was developed and the effectiveness thereof was monitored based on the key performance indicators.
- Other concrete efforts relating to risk management for this fiscal year are as follows:
    - The internal social media governance system was established to eliminate risks relating to the use of social media.
    - The Cybersecurity Steering Committee, consisting of Legal, Compliance, HR, Risk Management, R&D, Intellectual Property and IS/IT (Information System/Information Technology), was held.
    - Effective measures and programs on technical matters were implemented in order to secure important data and strengthen capabilities in dealing with a cyber crisis.
    - Education and drills, the purpose of which was to enhance consciousness on the appropriate use of social media and of cybersecurity, and consciousness on responding to crises, including earthquakes and emergency situations, were conducted

[Efforts by the Audit and Supervisory Committee]

- The ASC is managed based on the “Rules of Audit and Supervisory Committee’s Audit, etc.,” and an External Director serves as its chairman. 15 ASC meetings were held this fiscal year, and information or opinions relating to the agenda at the Board of Directors meetings, status of the execution of the business and the internal control system, etc. were exchanged thereat. All ASC members shared information obtained from a full-time ASC Member activity (attendance in important meetings, periodically listening to reports relating to the business performance of the division in charge of executing the business operation, and through cooperation or collaboration with the internal audit division or internal control promoting division). The audit opinions were formed in ASC through the activities mentioned above.
- The ASC reported on the result of the activities of the previous fiscal year and its action policy and activity plan for this fiscal year, and exchanged opinions at the Board of Directors meeting. Also, as necessary, the ASC gave its opinion on the execution of the business by the Directors.
- The ASC exchanged opinions with the GIA regularly or as necessary and made efforts to conduct a systematic audit by providing instructions or requests, in addition to receiving a 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.

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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, 2017 to March 31, 2018) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Revenue	1,770,531	1,732,051
Cost of sales	(495,921)	(558,755)
Gross profit	1,274,610	1,173,296
Selling, general and administrative expenses	(628,106)	(619,061)
Research and development expenses	(325,441)	(312,303)
Amortization and impairment losses on intangible assets associated with products	(122,131)	(156,717)
Other operating income	169,412	143,533
Other operating expenses	(126,555)	(72,881)
Operating profit	241,789	155,867
Financial income	39,543	12,274
Financial expenses	(31,928)	(23,250)
Share of profit (loss) of associates accounted for using the equity method	(32,199)	(1,546)
Profit before tax	217,205	143,346
Income tax expenses	(30,497)	(27,833)
Net profit for the year	186,708	115,513
Attributable to:		
Owners of the Company	186,886	114,940
Non-controlling interests	(178)	573
Net profit for the year	186,708	115,513

[Reference] CONSOLIDATED STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

(April 1, 2017 to March 31, 2018) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net profit for the year	186,708	115,513
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	724	15,554
	724	15,554
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	46,611	(51,821)
Net changes on revaluation of available-for-sale financial assets	4,714	9,521
Cash flow hedges	3,525	4,412
Share of other comprehensive income of investments accounted for using the equity method	382	(38)
	55,232	(37,925)
Other comprehensive income (loss) for the year, net of tax	55,956	(22,370)
Total comprehensive income (loss) for the year	242,664	93,142
Attributable to:		
Owners of the Company	242,444	93,552
Non-controlling interests	220	(410)
Total comprehensive income (loss) for the year	242,664	93,142

(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, 2018) (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	536,801	527,344	Bonds and loans	985,644	599,862
Goodwill	1,029,248	1,019,574	Other financial liabilities	91,223	81,778
Intangible assets	1,014,264	1,063,037	Net defined benefit liabilities	87,611	80,902
Investment property	9,437	9,499	Provisions	28,042	38,108
Investments accounted for using the equity method	107,949	126,411	Other non-current liabilities	68,300	77,437
Other financial assets	196,436	176,636	Deferred tax liabilities	90,725	153,396
Other non-current assets	68,540	44,910	Total non-current liabilities	**1,351,545**	**1,031,484**
Deferred tax assets	64,980	118,968			
Total non-current assets	**3,027,655**	**3,086,378**	**Current liabilities**		
			Bonds and loans	18	545,028
Current assets			Trade and other payables	240,259	240,623
Inventories	212,944	226,048	Other financial liabilities	29,613	28,898
Trade and other receivables	420,247	423,405	Income taxes payable	67,694	70,838
Other financial assets	80,646	56,683	Provisions	132,781	135,796
Income taxes recoverable	8,545	21,373	Other current liabilities	263,930	256,506
Other current assets	57,912	75,145	Subtotal	**734,295**	**1,277,690**
Cash and cash equivalents	294,522	319,455	Liabilities held for sale	3,214	88,656
Subtotal	**1,074,816**	**1,122,110**	Total current liabilities	**737,509**	**1,366,346**
Assets held for sale	3,992	138,306	**Total liabilities**	**2,089,054**	**2,397,829**
Total current assets	**1,078,808**	**1,260,416**			
			EQUITY		
			Share capital	77,914	65,203
			Share premium	90,740	74,972
			Treasury shares	(74,373)	(48,734)
			Retained earnings	1,557,307	1,511,817
			Other components of equity	350,631	291,002
			Other comprehensive income related to assets held for sale	(4,795)	—
			Equity attributable to owners of the Company	**1,997,424**	**1,894,261**
			Non-controlling interests	19,985	54,704
			Total equity	**2,017,409**	**1,948,965**
TOTAL ASSETS	**4,106,463**	**4,346,794**	**TOTAL LIABILITIES AND EQUITY**	**4,106,463**	**4,346,794**

(Note) Takeda revised the provisional fair value for the assets acquired and the liabilities assumed related to business combinations in fiscal 2017. From this reason, the corresponding balances in the Consolidated Financial Position as of March 31, 2017 were retrospectively revised.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(April 1, 2017 to March 31, 2018) (Million JPY)

	Equity attributable to owners of the Company						
					Other components of equity		
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets	Cash flow hedges
As of April 1, 2017	65,203	74,972	(48,734)	1,511,817	221,550	67,980	1,472
Net profit for the year				186,886			
Other comprehensive income (loss)					46,252	5,057	3,525
Comprehensive income (loss) for the year	–	–	–	186,886	46,252	5,057	3,525
Issuances of new shares	1,323	1,323					
Acquisitions of treasury shares			(18,772)				
Disposals of treasury shares		0	1				
Dividends				(142,120)			
Changes in the ownership interest in subsidiaries							
Transfers from other components of equity				724			
Share-based payments		3,158	15,905				
Issuance and acquisition of new shares related to Employee Stock Ownership Plan Trust	11,388	11,286	(22,773)				
Transfers to other comprehensive income related to assets held for sale					4,795		
Total transactions with owners	12,711	15,767	(25,639)	(141,396)	4,795	–	–
As of March 31, 2018	77,914	90,740	(74,373)	1,557,307	272,597	73,037	4,997

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Other comprehensive income relating to assets held for sale	Total		
	Remeasurements of defined benefit plans	Total				
As of April 1, 2017	–	291,002	–	1,894,261	54,704	1,948,965
Net profit for the year		–		186,886	(178)	186,708
Other comprehensive income (loss)	724	55,558		55,558	398	55,956
Comprehensive income (loss) for the year	724	55,558	–	242,444	220	242,664
Issuances of new shares		–		2,646		2,646
Acquisitions of treasury shares		–		(18,772)		(18,772)
Disposals of treasury shares		–		1		1
Dividends		–		(142,120)	(2,189)	(144,309)
Changes in the ownership interest in subsidiaries		–		–	(32,750)	(32,750)
Transfers from other components of equity	(724)	(724)		–		–
Share-based payments		–		19,063		19,063
Issuance and acquisition of new shares related to Employee Stock Ownership Plan Trust		–		(99)		(99)
Transfers to other comprehensive income related to assets held for sale		4,795	(4,795)	–		–
Total transactions with owners	(724)	4,071	(4,795)	(139,281)	(34,939)	(174,220)
As of March 31, 2018	–	350,631	(4,795)	1,997,424	19,985	2,017,409

UNCONSOLIDATED FINANCIAL STATEMENTS

UNCONSOLIDATED BALANCE SHEET

(As of March 31, 2018) (Million JPY)

Item	Amount	[Reference] Amount of previous period	Item	Amount	[Reference] Amount of previous period
Current assets	**597,599**	**687,081**	**Current liabilities**	**354,039**	**901,241**
Cash and deposits	174,395	88,850	Accounts payable	46,156	60,986
Notes receivable	1,804	1,318	Other payable	88,016	95,729
Accounts receivable	129,866	158,148	Accrued expenses	38,485	60,048
Merchandise and products	37,666	46,265	Income taxes payable	4,482	-
Work in process	31,564	32,379	Short-term loans	78,549	452,844
Raw materials and supplies	20,055	27,410	Deposits received	52,111	37,641
Deferred tax assets	65,871	129,428	Bonds (Due within one year)	-	60,000
Income taxes receivables	-	13,523	Loans (Due within one year)	-	80,000
Short-term loans receivable from subsidiaries and associates	47,128	49,166	Reserve for employees' bonuses	19,937	21,943
Other	93,015	140,903	Reserve for share-based payments	1,391	1,701
Allowance for doubtful receivables	(-) 3,765	(-) 308	Reserve for bonuses for directors and corporate auditors	377	530
			Reserve for restructuring costs	2,369	3,541
			Other reserve	2,116	4,269
			Other	20,050	22,010
Noncurrent assets	**2,359,302**	**2,405,988**	**Noncurrent liabilities**	**1,040,884**	**661,381**
Tangible noncurrent assets	**215,213**	**233,684**	Bonds	173,179	120,000
Buildings and structures	125,791	141,259	Long-term loans	813,151	480,000
Machinery and equipment	38,061	36,308	Deferred tax liabilities	12,273	15,868
Vehicles	45	43	Reserve for employees' retirement benefits	4,294	4,264
Tools and fixtures	5,052	3,379	Reserve for SMON compensation	1,146	1,399
Land	34,364	35,165	Reserve for share-based payments	2,155	1,400
Lease assets	2,110	3,785	Reserve for restructuring costs	5,440	7,010
Construction in progress	9,790	13,746	Asset retirement obligations	4,047	4,086
			Long-term deferred income	17,753	22,643
			Other	7,446	4,711
Intangible noncurrent assets	**20,358**	**28,244**	**Total liabilities**	1,394,923	1,562,622
			Shareholders' equity	1,516,702	1,472,197
Investments and other assets	**2,123,731**	**2,144,060**	Common stock	77,914	65,203
Investment securities	96,417	116,343	Capital surplus	64,009	51,300
Investment in subsidiaries and affiliates	1,415,005	1,411,256	Additional paid-in capital	64,008	51,300
Contributions to subsidiaries and affiliates	560,216	560,216	Other capital surplus	1	1
Long-term deposits	6,003	4,611	Retained earnings	1,449,122	1,404,415
Long-term loans receivable from subsidiaries and affiliates	-	22,621	Legal reserve	15,885	15,885
Prepaid pension costs	36,637	30,599	Other retained earnings	1,433,237	1,388,530
Other	9,457	859	Reserve for retirement benefits	5,000	5,000
Allowance for doubtful accounts	(-) 4	(-) 2,445	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	24	48
			Reserve for reduction of noncurrent assets	32,662	34,050
			General reserve	814,500	814,500
			Unappropriated retained earnings	566,163	520,045
			Treasury stock	(-) 74,343	(-) 48,721
			Valuation and translation adjustments	**43,944**	**56,663**
			Unrealized gains on available-for-sale securities	44,056	56,837
			Deferred gains on derivatives under hedge accounting	(-) 112	(-) 174
			Stock acquisition rights	1,332	1,587
			Total net assets	**1,561,978**	**1,530,447**
TOTAL ASSETS	**2,956,901**	**3,093,070**	**TOTAL LIABILITIES AND EQUITY**	**2,956,901**	**3,093,070**

UNCONSOLIDATED STATEMENT OF OPERATIONS

(April 1, 2017 to March 31, 2018) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net sales	659,462	737,803
Cost of sales	290,952	349,809
Gross profit	368,510	387,994
Selling, general and administrative expenses	300,774	317,732
Operating income	67,736	70,262
Non-operating income	77,630	28,911
Interest and dividend income	60,733	6,897
Other	16,897	22,014
Non-operating expenses	19,422	17,258
Interest expenses	6,580	4,306
Other	12,842	12,951
Ordinary income	125,944	81,915
Extraordinary income	140,904	94,172
Gain on sales of investment securities	32,709	3,013
Gain on sales of investment in subsidiaries	104,923	91,159
Insurance income	3,272	-
Extraordinary loss	18,911	47,553
Restructuring costs	9,916	11,510
Impairment loss	5,202	3,195
Loss on valuation of investment securities	3,793	-
Devaluation of investment in subsidiaries	-	32,848
Income before income taxes	247,937	128,534
Income taxes - current	(4,641)	1,961
Income taxes for prior periods	-	3,175
Income taxes - deferred	65,574	15,029
Net income	187,004	108,369

UNCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2017 to March 31, 2018) (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 at the beginning of the fiscal year	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
Changes of items during the fiscal year														
Issuance of new stock (Exercise of stock acquisition rights)	1,323	1,323		1,323					2,646					2,646
Dividends from surplus						(-) 142,298	(-) 142,298		(-) 142,298					(-) 142,298
Reversal of reserve for special depreciation									–					–
Provision for reserve for reduction of noncurrent assets									–					–
Reversal of reserve for reduction of noncurrent assets									–					–
Net income						187,004	187,004		187,004					187,004
Purchase of treasury stock								(-) 18,756	(-) 18,756					(-) 18,756
Disposal of treasury stock			0	0				15,907	15,907					15,907
Issuance and acquisition of new shares related to Employee Stock Ownership Plan Trust	11,388	11,385		11,385				(-) 22,773	–					–
Net change in items other than shareholders' equity during the fiscal year									–	(-) 12,779	62	(-) 12,717	(-) 255	(-) 12,972
Total changes of items during the fiscal year	12,711	12,708	0	12,708	–	44,706	44,706	(-) 25,622	44,503	(-) 12,779	62	(-) 12,717	(-) 255	31,531
Balance at the end of the fiscal year	77,914	64,008	1	64,009	15,885	1,433,237	1,449,122	(-) 74,343	1,516,702	44,056	(-) 112	43,944	1,332	1,561,978

*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 at the beginning of the fiscal year	5,000	11,000	2,400	1,054	434	48	34,050	814,500	520,045	1,388,530
Changes of items during the fiscal year										
Issuance of new stock (Exercise of stock acquisition rights)										—
Dividends from surplus									(-) 142,298	(-) 142,298
Reversal of reserve for special depreciation						(-) 24			24	—
Provision for reserve for reduction of noncurrent assets							1,222		(-) 1,222	—
Reversal of reserve for reduction of noncurrent assets							(-) 2,610		2,610	—
Net income									187,004	187,004
Purchase of treasury stock										—
Disposal of treasury stock										—
Issuance and acquisition of new shares related to Employee Stock Ownership Plan Trust										—
Net change in items other than shareholders' equity during the fiscal year										—
Total changes of items during the fiscal year	—	—	—	—	—	(-) 24	(-) 1,388	—	46,118	44,706
Balance at the end of the fiscal year	5,000	11,000	2,400	1,054	434	24	32,662	814,500	566,163	1,433,237

[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 10, 2018

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, 2018 and for the year from April 1, 2017 to March 31, 2018 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:

As discussed in "Significant Subsequent Events" of the notes on the consolidated financial statements, on May 8, 2018, the Company and Shire plc ("Shire") have reached agreement on the terms of a recommended offer pursuant to which the Company will acquire the entire issued and to be issued ordinary share capital of Shire by providing cash and the shares of the Company or American Depositary Shares of the Company as consideration.

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

Independent Auditor's Report

May 10, 2018

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, 2018 and for the 141st fiscal year from April 1, 2017 to March 31, 2018 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:

As discussed in "Significant Subsequent Events" of the notes on the unconsolidated accounts, on May 8, 2018, the Company and Shire plc ("Shire") have reached agreement on the terms of a recommended offer pursuant to which the Company will acquire the entire issued and to be issued ordinary share capital of Shire by providing cash and the shares of the Company or American Depositary Shares of the Company as consideration.

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 141st fiscal year from April 1, 2017 to March 31, 2018. 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 11, 2018

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 in general> Innovation through improvement of creative environment

In March this year, construction of the Takeda Global Headquarters building was completed in Nihonbashi, Tokyo, and it will start a full-scale operation since July as global headquarters of Takeda, with a presence that spans more than 70 countries and regions. Historically, Nihonbashi has long cultivated Japanese economic development and culture since the Edo period, and holds significance also for Takeda as the district in which the company has based its Tokyo operations since the Meiji period. The new global headquarters will take on the functions of Takeda's current Tokyo headquarters, and will realize an environment that supports the diverse workstyles of Takeda colleagues from around the world, while encouraging creativity in work.

Gathering the state-of-the-art wisdom of life science, Shonan Health Innovation Park (hereinafter referred to as "Shonan iPark") made a grand opening in April. Opening up our Shonan Research Center, the Shonan iPark will be the first ecosystem led by a private pharmaceutical company in Japan, where industry, government and academia organically collaborate to create innovation, including ventures, governments including the municipal governments and medical institutions. As of April 2018, 19 companies gathered at Shonan iPark and are working to create innovation. Takeda will continue to observe its value of "patient-centric," and evolve as a global leader in innovative drug discovery in order to deliver groundbreaking medicines to patients in Japan and around the world.

<Prescription drug> Partnerships aiming at new therapeutic development

Takeda continues to actively engage in partnerships aiming at the new therapeutic development. In January 2018, Takeda concluded a collaborative development agreement with Denali Therapeutics on therapeutic drugs for neurodegenerative disorders, including Alzheimer's disease, leveraging Denali's special technology to enhance blood-brain barrier permeability. In February, Takeda signed a contract with Wave Life Sciences Ltd. on the development of antisense oligonucleotide drugs against genetic neuropathy. Also in the same month, a partnership agreement was signed with Fujifilm Corporation aiming at the co-commercialization of regenerative medical products using iPS cell-derived cardiomyocytes.

<Prescription drug> New drug application and authorization

In January 2018, a treatment drug for malignant lymphoma "Adcetris" acquired approval in Europe for CD30 positive cutaneous T-cell lymphoma (CTCL). The drug offers a new treatment option for CTCL, which is a type of non-Hodgkin's lymphoma with limited effective treatment options. In March, Alofisel® (coded as Cx601) for the treatment of complex perianal fistulas in Crohn's disease obtained a marketing approval as first allogeneic adipose derived stem cell suspension agent in Europe. In Japan, Takeda submitted in February an application for manufacturing and marketing approval of GnRH receptor antagonist "Relugolix" which requires oral administration once daily for treatment of fibroids. In

addition, Takeda acquired manufacturing and marketing approval of "Azilect® tablets" for the treatment of Parkinson’s disease in March. The drug developed by Teva Pharmaceutical Industries Ltd. has been used to treat many Parkinson's disease patients abroad and offers a new treatment option in Japan. Manufacturing and marketing approval of this drug has become a new step in our neuroscience field.

<Consumer healthcare> Change of expression in effect and efficacy of Alinamin V and other nutritional drinks

"Takeda Consumer Healthcare Company Limited", which is a subsidiary of Takeda and mainly engaged in the domestic consumer healthcare, changed the expression of effect and efficacy of nutritional drinks such as Alinamin V (a designated quasi-prescription drug) in FY2017.

In April last year, as part of regulatory reform by the Ministry of Health, Labor and Welfare, there was the "review of advertising standards, etc. for OTC drugs and designated quasi-prescription drugs", by which the expression of effect and efficacy of vitamin-containing health drugs was partially changed. With the result of regulatory reform, expression of efficacy such as "prevention of fatigue" has become possible in addition to a more descriptive presentation of product features and ingredients.

Also in May last year, a TV commercial promoting the Alinamin brand was refreshed under a unified concept of "Select your energy by your fatigue”. Takeda strives diligently to promote "self-care" and "self-medication" where our products are selected tailored to customers’ symptoms.

(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: https://www.takeda.com/jp/investors/public-notice/ 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:

https://www.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 (https://evote.tr.mufg.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 (https://evote.tr.mufg.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.

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