D. Risk Factors

Any investment in our securities involves risk. Investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment decision with respect to our securities. If any of the following risks actually occur, it could have a material adverse effect on our business, financial condition, results of operations, future prospects, and the market value of our securities.

The risks discussed below are those that we believe are material, but these risks and uncertainties may not be the only risks that we face. Additional risks that are not known to us at this time, or that are currently believed to be not material, could also have a material adverse effect on our business, financial condition, results of operations, future prospects and the market value of our securities.

Risks Relating to Development, Production and Marketing of Pharmaceutical Products

Research and development of pharmaceutical products are expensive and subject to significant uncertainties, and we may be unsuccessful in bringing commercially successful products to market or recouping development costs.

Our ability to offset the effects of losses of exclusivity in our existing products and to continue to grow our business depends significantly on the success of our research and development activities in identifying, developing and successfully commercializing new products in a timely and cost-effective manner. To accomplish this, we commit substantial efforts, funds and other resources to research and development, both in-house and through collaborations with third parties. However, these research and development programs are expensive and involve intensive preclinical evaluation and clinical trials in connection with a highly complex and lengthy regulatory approval process. We discuss regulatory considerations below under "—If we fail to comply with government regulations over product development, regulatory approvals and reimbursement requirements, our business could be adversely affected." The research and development process for a new biopharmaceutical product also requires us to attract and retain sufficient numbers of highly skilled employees and can often take more than ten years from discovery to commercial launch. Even if we successfully develop and bring to market new products, there is only a limited available patent life in which to recoup these development costs.

During each stage of the approval process and post-approval life cycle of our products, there is a substantial risk that we will encounter serious obstacles, including unfavorable results or indications of safety concerns regarding a new compound; difficulty or delays in enrolling patients or in administering clinical trials; delays in completing formulation and other testing and work necessary to support an application for regulatory approval; insufficient clinical trial data to support the safety or efficacy of the product candidate; difficulties in maintaining supply chains in investigational new drugs or commercial products; failure to bring a product to market prior to a competitor, or to develop a product sufficiently differentiated from a competing product to achieve significant market share; difficulty in obtaining reimbursement at satisfactory rates for our approved products from governments and insurers; difficulty in obtaining regulatory approval for additional indications; failure to enter into or implement successful alliances for the development and/or commercialization of products or the inability to manufacture sufficient acceptable quantities of a product candidate for development or commercialization activities in a timely or cost-efficient manner. Moreover, the degree of market acceptance of any approved product candidate by the medical community, including physicians, healthcare professionals and patients, will depend on a number of factors, including changes in unmet medical needs, relative convenience and ease of administration, the prevalence and severity of any adverse reactions, availability of alternative treatments, pricing and our sales and marketing strategy.

In addition, to the extent that new regulations cause increases in the costs of obtaining and maintaining product authorizations or limit the economic value of a new product to its originator, our profitability and growth prospects could be diminished. Development of new and innovative products can also require the use of emerging platforms and technologies for which regulations either do not yet exist or are under development or modification. This may lead to greater uncertainty and risk in establishing the necessary data for approvals to conduct clinical trials and/or receiving marketing approvals.

As a result of the foregoing or other factors, we may decide to delay, discontinue, terminate or externalize the development of potential pipeline products in which we have invested significant resources, even where the product is in the late stages of development, and have done so in the past. For example, in 2021, we terminated Phase 2 clinical studies of TAK-994 due to the emergence of a liver-related safety signal. In June 2022, we decided not to proceed with further development of TAK-994. Furthermore, we also announced in October 2023 that the Phase 3 ADMIRE-CD II study, assessing the efficacy and safety of Alofisel (darvadstrocel) for the treatment of complex Crohn's Perianal Fistulas (CPF), did not meet its primary endpoint of combined remission at 24 weeks. As a result Takeda does not plan to file for regulatory approval in the U.S.

There can also be no assurance that we will be successful in bringing new products to market, marketing them, achieving sufficient acceptance thereof and recouping our investments in their development. For example, our pipeline compounds may not receive regulatory approval, obtain anticipated labeling, become commercially successful or achieve satisfactory rates of reimbursement.

Products approved for use and successfully marketed in one market may be unable to obtain regulatory approval, become commercially successful or achieve satisfactory rates of reimbursement in other markets. Even following initial regulatory approval, the success of a product may be adversely affected by safety and efficacy findings in other clinical trials or larger real-world patient populations, as well as by the market entry of competitive products or other product-related developments. For example, in March 2022, Takeda announced that it had received a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (the "FDA") in response to a Prior Approval Supplement (PAS) for NATPARA (parathyroid hormone) for Injection that Takeda submitted to the FDA in late 2021. The PAS was intended to address the potential for rubber particulate formation, which was the issue that led to the U.S. recall of NATPARA in September 2019. The CRL stated that it could not be approved in its current form. Later in 2022, amid significant ongoing supply challenges specific to the product, Takeda announced its decision to discontinue global manufacturing of NATPAR/NATPARA at the end of 2024.

As a result, we may be unable to earn returns on investments that we originally anticipated or at all, or may be forced to revise our research and development strategy, and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with government regulations over product development, regulatory approvals and reimbursement requirements, our business could be adversely affected.

Obtaining marketing approval for pharmaceutical products is a lengthy, complex and highly regulated process that requires intensive preclinical and clinical data, and the approval process can vary significantly depending on the regulatory authority. Relevant health authorities may, at the time of the filing of the application for a marketing authorization, or later during their review, impose requirements that can evolve over time, including requiring additional clinical trials, and such authorities may delay or refuse to grant approval. Even where we have obtained marketing approval for a product in one or more major markets, we may need to invest significant time and resources in applying for approval in other markets, and there is no assurance that we will be able to obtain such approval. For example, despite having received a positive opinion from the Committee for Medicinal Products for Human Use of the European Medicines Agency (the "EMA") for our dengue vaccine candidate, TAK-003, we announced in July 2023 that we had voluntarily withdrawn our U.S. biologics license application (BLA) for TAK-003 following discussions with the FDA about aspects of data collection that could not be addressed within that BLA review cycle. In addition, in October 2023, we announced the voluntary withdrawal of EXKIVITY (mobocertinib) globally due to the outcome of the Phase 3 EXCLAIM-2 confirmatory trial, which did not meet its primary endpoint and thus did not fulfill the confirmatory data requirements of the Accelerated Approval granted by the FDA, nor the conditional marketing approvals granted in other countries.

Health authorities are increasingly focused on product safety and on the risk/benefit profile of pharmaceutical products, which could lead to more burdensome and costly approval processes and negatively affect our ability to obtain regulatory approval for products under development. For example, the FDA, the EMA, the Ministry of Health, Labour and Welfare (the "MHLW") and the National Medical Products Administration (the "NMPA") have been implementing strict requirements for approval, particularly in terms of the volume of data needed to demonstrate a product's efficacy and safety.

Even after regulatory approval is obtained, marketed products are subject to various post-marketing commitments, including continual review, risk evaluations, comparative effectiveness studies and, in some cases, requirements to conduct post-marketing clinical trials to gather additional safety and other data. Regulatory authorities in many countries have worked to enhance post-approval monitoring in recent years, which has increased post-approval regulatory burdens. Post-regulatory approval reviews and data analyses can lead to the issuance of recommendations by government agencies, specialized organizations, healthcare professionals or patients regarding the use of products. For example, such recommendations could include a request to limit the patient population of a drug's indication, the imposition of marketing restrictions, including changes in package insert or labeling, or the suspension or withdrawal of the product. Any such recommendation, whether implemented or not, could result in reductions in sales volume and/or new or increased concerns about the adverse reactions or efficacy of a product. These substantial regulatory requirements have, over time, increased the costs associated with maintaining regulatory approvals and achieving reimbursement for our products.

If the regulatory approval process or post-approval, reimbursement, monitoring or other requirements become significantly more burdensome in any of our major markets, we could become subject to increased costs and may be unable to obtain or maintain approval to market our products. Any such adverse changes could materially and adversely affect our business, results of operations or financial condition.

If we fail to comply with laws and regulations governing the sales and marketing of our products, our business could be adversely affected.

We engage in various marketing, promotional and educational activities pertaining to, as well as the sale of, pharmaceutical products in a number of jurisdictions around the world. The promotion, marketing and sale of pharmaceutical products and medical devices are highly regulated and the sales and marketing practices of market participants have been subject to increasing supervision by governmental authorities, and we believe that this trend will continue.

In the U.S., our sales and marketing activities are monitored by several regulatory authorities and law enforcement agencies, including the FDA, the U.S. Department of Health and Human Services (the "HHS"), the U.S. Department of Justice, the Drug Enforcement Administration (the "DEA") and the U.S. Securities and Exchange Commission (the "SEC"). In addition, our use of data, including sensitive patient information, and of technology, including machine learning and artificial intelligence (AI), is regulated by the Federal Trade Commission as well as various states under evolving standards. These authorities and agencies and their equivalents in other countries have broad authority to investigate market participants for potential violations of laws relating to the sale, marketing and promotion of pharmaceutical products and medical devices, including the False Claims Act, the Anti-Kickback Statute, the United Kingdom Bribery Act of 2010 and the Foreign Corrupt Practices Act, among others, for alleged improper conduct, including corrupt payments to government officials, improper payments to medical professionals, off-label marketing of pharmaceutical products and medical devices, the submission of false claims for reimbursement by the federal government and the use or misuse of data and technology. Healthcare companies may also be subject to enforcement actions or prosecution for such improper conduct. Any inquiries or investigations into our operations, or enforcement or other regulatory action against us, by such authorities could result in significant defense costs, fines, penalties and injunctive or administrative remedies, distract management to the detriment of the business, result in the exclusion of certain products, or us as a whole, from government reimbursement programs or subject us to regulatory controls or government monitoring of our activities in the future. We are also subject to certain ongoing investigations by governmental agencies.

Government policies and other pressures to reduce medical costs could have an adverse effect on sales of our pharmaceutical products.

We are subject to governmental regulations mandating price controls in various countries in which we operate. The growth of overall healthcare costs as a percentage of gross domestic product in many countries means that governments and consumers are under intense pressure to control spending even more tightly. See "Item 4. Information on the Company—B. Business Overview-Third-Party Reimbursement and Pricing".

In the U.S., managed care groups (including pharmacy benefit managers), as well as institutional and governmental purchasers, have put significant pricing pressure on drug manufacturers. In particular, as managed care groups have grown in size due to market consolidation, pharmaceutical companies have faced pressure in pricing and usage negotiations and are engaged in fierce competition to have their products included in the care providers' formularies. Moreover, as a result of the legislative and regulatory environment, in the U.S. we continue to experience heightened pricing pressure on, and limitations on access to, our branded pharmaceutical products sold in the U.S. In 2022, Congress passed the Inflation Reduction Act (the "IRA"), which significantly changes the compensation terms for drugs under the Medicare program, including by imposing penalties on manufacturers who raise drug prices faster than inflation, instituting a cap on out-of-pocket expenditures by Medicare beneficiaries and allowing the federal government to set prices for certain drugs covered under Medicare beginning in 2026. We expect the IRA to negatively impact sales and profits and may lead to further political pressure or legislative, regulatory or other efforts to introduce lower prices, reduce spending on the Medicare and Medicaid programs, expand and strengthen the Affordable Care Act, and lower the overall spending by the government on prescription medicines. In addition, various state legislatures and regulators have enacted, or are pursuing, policy changes that could further increase pricing pressure on our products. As a result, we expect the healthcare industry in the U.S. will continue to be subject to increased pricing and spending pressure.

In Japan, manufacturers of pharmaceutical products must have new products listed on the National Health Insurance (the "NHI") Drug Price Standard, a price list published by the MHLW (the "NHI price list"). The NHI price list provides rates for calculating the price of pharmaceutical products used in medical services provided under various public medical care insurance systems. Prices on the NHI price list have been previously subject to revisions based on the actual prices and amounts by which the pharmaceutical products are purchased by medical institutions in Japan, and the average price of previously listed products generally decreases as a result of these price revisions. The Japanese government is currently undertaking healthcare reform initiatives with the goal of sustaining the universal coverage of the NHI program. As part of these initiatives, the annual NHI price list revision has taken place since April 2021, which could lead to more frequent downward price revisions. The government is also addressing the efficient use of drugs, with the target of 80% penetration in each prefecture by volume and 65% in value by March 2030 with respect to products for which market exclusivity has expired. In addition, products on the NHI price list nominated based on pre-defined criteria, such as innovativeness and the financial impact, are subject to a cost-effectiveness evaluation under MHLW rules, and subject to price adjustments depending on the outcome of this evaluation.

In Europe, drug prices have been subject to downward pressure due to measures implemented in each country to control drug costs, and prices continue to come under pressure due to parallel imports, generic competition, increasing use of health technology assessment based upon cost-effectiveness and other factors. European pricing and reimbursement authorities have also intensified efforts to increase transparency of prices as well as exchange of information among the various European pricing authorities in order to raise pressure towards the industry. This pricing debate has impacted the overall political climate in Europe and has triggered a European policy initiative to review the pharmaceutical industry's intellectual property incentives with a particular emphasis on orphan drugs. The European Commission has also proposed to revise the European Union ("EU") pharmaceutical legislation, which contains a proposal to reduce and/or modulate Intellectual Property incentives, regulatory data protection and orphan market exclusivity. While we expect that any new legislation in this area would take at least two to three years to be adopted, it could have significant impact on our business model. Starting in 2025, the EU Regulation on Health Technology Assessment will be implemented, initially for oncology and advanced therapeutic medicinal products, expanding in 2028 to orphan drugs and from 2030 to all centrally registered products, adding an additional layer of scrutiny to subsequent national-level pricing and reimbursement processes. While the exact impact of this regulation is not yet known, it is expected to increase clinical evidentiary requirements on manufacturers by pooling specific data requirements from all EU member states. If we are unable to meet these heightened requirements, our products could face potential adverse impacts on pricing and reimbursement in EU markets.

We are also facing similar pricing pressures in other regions, such as various emerging countries including China. We expect such pricing pressures to continue as we expand our business in those regions and countries.

We expect these efforts to control costs to continue as healthcare payers around the globe, in particular government-controlled health authorities, publicly funded or subsidized health programs, insurance companies and managed care organizations, increasingly pursue initiatives to reduce the overall cost of healthcare, restrict access to higher-priced new medicines, increase the use of generics and impose overall price revisions. Such further implementation of these policies could have a material adverse effect on our business, financial condition and results of operations.

The expiration or loss of patent or regulatory data or marketing protection over our products or patent infringement by generic or biosimilar manufacturers could lead to significant competition from generic versions or biosimilars of the relevant product and/or lead to declines in market share and price levels of our products.

Our pharmaceutical products are generally protected for a defined period per jurisdiction by various patents (including those covering drug substance, drug product, approved indications, methods of administration, methods of manufacturing, formulations and dosages) and/or regulatory exclusivity, which are intended to provide us with exclusive rights to market the products for the life of the patent or duration of the regulatory data protection period. The loss of regulatory exclusivity for pharmaceutical products may open such products to competition from generic substitutes that are typically priced significantly lower than the original products, which typically adversely affects the market share and prices of the original products.

Generic or biosimilar substitutes have high market shares in a number of key markets, including the U.S., Europe, Japan and many emerging countries, and the adverse effects of the launch of generic products are particularly significant in such markets. The introduction of generic or biosimilar versions of a pharmaceutical product typically leads to a swift and substantial decline in the sales of the original product. Our continued innovation efforts cannot fully mitigate the impact of competition from generics or biosimilars. In the U.S., the EU and Japan for example, political pressure to reduce spending on prescription drugs has led to legislation and other measures that encourage the use of generic products. In Japan, the government is implementing various measures to control drug costs, including by encouraging medical practitioners to use and prescribe generic drugs, and in April 2021 announced its intention to raise generic drug penetration with respect to products for which market exclusivity has expired, to 80% by volume in all prefectures (regions) by the end of the fiscal year ending March 31, 2024. In addition, in April 2023, the government announced that by the end of the fiscal year ending March 31, 2030, it aims to increase the ratio of Active Pharmaceutical Ingredients (APIs) with 80% or more of biosimilar replacement rates on a volume basis to at least 60% of all APIs that have biosimilar versions available. Legislation has also been passed in the U.S. and Europe encouraging the use of biosimilar products. Similar to generics, biosimilars aim to provide less expensive versions of innovative biologic products. Legislation has provided abbreviated pathways for the approval and marketing of biosimilar products, which may affect the profitability and commercial viability of our biologic products.

Certain products of ours have begun, or are expected over the next several years, to face declining sales due to the loss of patent protection or regulatory exclusivity. For example, following the expiration of patent protection covering the formulation of VELCADE and pediatric regulatory exclusivity, generic bortezomib products entered the market in 2022. Patent protection covering VYVANSE and the associated pediatric exclusivity expired in the U.S. in August 2023, which has negatively affected sales of this product. Furthermore, our current top selling product, ENTYVIO, will face loss of regulatory exclusivity in the latter half of this decade and certain patents covering various aspects of this product are expected to expire in 2032. See “Item 4. Information on the Company—B. Business Overview—Intellectual Property” for details.

We may also be subject to competition from generic or biosimilar drug manufacturers prior to the expiration of patents if a manufacturer successfully challenges the validity of our patents, if a manufacturer is able to design around our patents, or if a manufacturer obtains approval of their product and launches it at risk (i.e., prior to a judicial determination). If such a launch occurred prior to completion of court proceedings, a court may decline to grant a preliminary injunction. While we may be entitled to obtain damages subsequently, the amount we may ultimately be awarded and able to collect may be insufficient to compensate for the loss of sales and other harm caused to us. Furthermore, if we lose patent protection as a result of an adverse court decision or a settlement, in certain jurisdictions, we may face the risk that government and private third-party payers and purchasers of pharmaceutical products may claim damages alleging they have over-reimbursed or overpaid for a drug.

If our patent and other intellectual property rights are infringed by generic or biosimilar drug manufacturers or other third parties, we may not be able to take full advantage of the potential or existing demand for our products. The protection that we are able to obtain for our prescription drugs varies from product to product and country to country and may not always be sufficient because of local variations in issued patents, or differences in national law or legal systems, including inconsistency in the enforcement or application of law and limitations on the availability of meaningful legal remedies. In particular, patent protection in emerging markets is often less certain than in developed markets. Certain countries may also engage in compulsory licensing of pharmaceutical intellectual property to other manufacturers as a result of local political pressure. Furthermore, the attention of our management and other personnel could be diverted from their normal business activities if we decide to litigate against such infringement. The realization of any such risks could adversely and materially affect our business, financial condition and results of operations.

We may have difficulty maintaining the competitiveness of our products.

The pharmaceutical industry is highly competitive, and in order to maintain the competitiveness of our product portfolio, we are required to maintain ongoing, extensive research for technological innovations, including new compounds, to develop and commercialize existing pipeline products, to expand our product portfolio through acquisitions, partnerships and in-licensing, and to market our products effectively, including by communicating the efficacy, safety and value of our products to healthcare professionals. However, healthcare professionals and consumers may choose competitors’ products over ours, if they perceive these products to be safer, more reliable, more effective, easier to administer or less expensive. The success of any product depends on our ability to effectively communicate with and educate healthcare professionals and patients and convince them of the advantage of our products over those of our competitors. We often carry out costly clinical trials even after our products have been launched to produce data to be utilized for these purposes, but such trials do not always produce the desired outcomes. Certain competitors have greater financial and other resources to conduct such trials in more detail and with larger patient populations, which may ultimately enable them to promote their products more effectively than we do. Furthermore, if relevant regulators increase their approvals of new therapies developed by competitors for the conditions treated by our products, such as in order to increase the number of treatment options available for rare or orphan diseases, our business and results of operations could be materially and adversely affected.

In recent years, competitors have introduced novel hemophilia products, or such products have been approved for additional uses, which may affect (and in certain cases has affected) sales of our recombinant and plasma-based hemophilia products, such as our factor FVIII products and anti-inhibitor coagulant complex product. Certain competitors are developing other hemophilia therapies, including gene-based therapies. In 2022, the FDA approved the first gene therapy for hemophilia B, and in 2023, the FDA approved the first gene therapy for hemophilia A. These developments could also affect sales of our recombinant and plasma-based therapies. Increased competition from new products or therapies could similarly affect our other products.

In Japan, the steady introduction of drugs already marketed outside Japan by overseas competitors has led to increased competition. In addition, new competing products or the development of superior medical technologies and other treatment options could make our products or technologies lose their competitiveness or become obsolete. As discussed above, our products are also subject to competition from inexpensive generic versions or biosimilars of our products, as well as those of our competitors’ products, upon the expiration or loss of related patent protection and regulatory data protection, which may result in loss of market share. If we are unable to maintain the competitiveness of our products, our business, financial position and results of operations could be materially and adversely affected.

Furthermore, sales of the rare disease portfolio are particularly concentrated among small groups of customers, and we may be disproportionately affected by changes in their purchasing patterns, including if we are unable to maintain the competitiveness of our products.

We may not be able to adequately expand our product portfolio through third-party alliance arrangements.

We expect that we will continue to collaborate with third parties for key aspects of our business, including the discovery and development of new products, in-licensing products, and the marketing and distribution of approved products. A major part of our research and development strategy is to initiate alliances with third parties in the biotechnology industry, academia and the public sector, and we believe that the overall strength of our research and development program and product pipeline depends on our ability to identify and initiate partnerships, in-licensing arrangements and other collaborations with third parties. However, there can be no assurance that any of our third-party alliances will lead to the successful development and marketing of new products. Moreover, reliance on third-party alliances subjects us to a number of risks, including:

- We may be unable to identify suitable opportunities meeting our target return on investment at a reasonable cost and on terms that are acceptable to us due to active and intense competition among pharmaceutical groups for alliance opportunities or other factors;
- Entering into in-licensing or partnership agreements may require the payment of significant upfront and/or milestone payments well before the relevant products are placed in the market, without any assurance that such investments will ultimately become profitable in the long term. To the extent such payments are recorded as assets on our consolidated statement of financial position, any termination of the relevant partnership could require us to recognize an impairment loss up to the full value of such assets;
- When we research and market our products through collaboration arrangements, the performance of certain key tasks or functions is the responsibility of our collaboration partners, who may not perform effectively or otherwise meet our expectations; and
- Decisions may be under the control of or subject to the approval of our collaboration partners, and we may have differing views or be unable to agree upon an appropriate course of action. Any conflicts or difficulties that we may have with our partners during the course of these agreements or at the time of their renewal or renegotiation or any disruption in the relationships with our partners may affect the development, launch and/or marketing of certain of our products or product candidates.

In addition, a licensor or partner may attempt to terminate its license or partnership agreement with us or elect not to renew it to pursue other marketing opportunities. Our licensors or partners also could merge with or be acquired by another company or experience financial or other setbacks unrelated to our alliance arrangements. Any of these events may force us to terminate a development project and adversely affect our ability to adequately expand or maintain our product portfolio.

Our use of third parties for the performance of certain key business functions, particularly product manufacture and commercialization, heightens the risks faced by our business.

We commonly use suppliers, vendors and partners, including alliances with other pharmaceutical companies, for certain key aspects of our business, including manufacturing and commercialization of products, support for information technology systems and certain human resource functions. We do not control these partners, but we depend on them in ways that may be significant to us. If these parties fail to meet our expectations or fulfill their obligations to us, we may fail to receive the expected benefits. These third parties are also exposed to cybersecurity risks that could result in operational interruptions, regulatory fines under privacy laws, or reputational damage to Takeda. Some of these third parties have experienced cybersecurity attacks that have resulted in information about Takeda’s business, including our patients, being compromised. In addition, if any of these third parties fails to comply with applicable laws and regulations in the course of its performance of services for us, there is a risk that we may be held responsible for such violations as well. This risk is particularly serious in emerging markets, where corruption is often prevalent and where many of the third parties on which we rely do not have internal compliance resources comparable to our own. Any such failures by third parties, in emerging markets or elsewhere, could adversely affect our business, reputation, financial condition or results of operations. Moreover, global supply chains have been affected by such varying but interconnected factors as increased geopolitical tensions and military conflicts, including the Russian invasion of Ukraine, turmoil in the Middle East and resulting disruptions to logistics, transportation, energy and other industries and significantly increased inflation in a number of markets. These pressures on global supply chains may also harm the ability of our third-party partners to supply us with the products and services we need to administer our business.

Our dependence on third parties for the inputs for our products subjects us to various risks, and changes in the costs of materials may adversely affect our profitability.

Although we develop and manufacture the active ingredients used in some of our products at our own facilities, we are dependent on third-party suppliers for a substantial portion of the raw materials and compounds used in the products we produce. The price and availability of the raw materials for our products, including chemical compounds and biologics, are subject to the effects of weather, natural disasters, market forces, the economic environment, pandemics (such as the recent COVID-19 pandemic), geopolitical events, fuel costs and foreign exchange rates. If our cost for such materials increases, we may not be able to make corresponding increases in the prices of our products due to regulations, market conditions or our relationships with our customers, and as a result, our profitability could be materially and adversely affected.

In particular, we rely on third-party suppliers of key manufacturing inputs of certain drug products. Furthermore, certain active ingredients for these products are sourced from a single supplier. We also rely in part on third-party sources to provide the donated plasma necessary for our plasma-derived therapies. In addition, although we often dual-source certain key products and/or active ingredients, we currently rely on a single source for production of certain key products, and/or active ingredients and final drug products. Sources of some materials may be limited to a single supplier, and if such a supplier faces any difficulty in supplying the materials, we may not be able to find an alternative supplier in a timely manner or

at all. If materials become unavailable or if quality problems related to the materials arise, we may be forced to halt production and sales of products that use them. In the event that any of our third-party suppliers is delayed in its delivery of such raw materials or compounds, is unable to deliver the full quantity ordered by us at the appropriate level of quality, or is unable to deliver any raw materials or compounds at all, our ability to sell our products in the quantities demanded by the market may be impaired, which could damage our reputation and relationships with customers and patients. In such a case, our business and results of operations could be adversely affected.

The manufacture of our products is technically complex and highly regulated, and supply interruptions, product recalls or other production problems caused by unforeseen events may reduce sales, adversely affect our operating results and financial condition and delay the launch of new products.

The manufacture of our products (from active pharmaceutical ingredients through to finished products) is technically complex and highly regulated, and as a result we may experience difficulties or delays including but not limited to seizure or recalls of products or shut-downs of manufacturing plants; problems with business continuity, including as a result of a natural or man-made disaster, at one of our facilities or at a critical supplier or vendor; failure by us or by any of our vendors or suppliers to comply with the Good Manufacturing/Laboratory Practice (the "GMP/GLP") and other applicable regulations and quality assurance guidelines, which could lead to manufacturing shutdowns, product shortages, delays in product manufacturing and/or administrative, enforcement or other actions by regulatory authorities if regulatory authorities deem our products to be non-compliant with or otherwise in violation of applicable laws; problems with manufacturing, quality assurance/quality control, storage or supply, or governmental approval delays, due to our consolidation and rationalization of manufacturing facilities and the sale or closure of certain sites; failure of a sole source or single source supplier to provide us with necessary raw materials, supplies or finished goods for an extended period of time, which could impact continuous supply; failure of a third-party manufacturer to supply us with semi-finished or finished products on time; construction or regulatory approval delays related to new facilities or the expansion of existing facilities; the inability to obtain sufficient components or raw materials on a timely basis or at a cost-effective price due to public health crises, medical epidemics or pandemics such as the COVID-19 pandemic; additional costs related to deficiencies identified by regulatory agencies in connection with inspections of our facilities, and enforcement, remedial or punitive actions by regulatory authorities if we fail to remedy any deficiencies; and other manufacturing or distribution problems, including limits to manufacturing capacity due to regulatory requirements (e.g. Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation in the EU), changes in the types of products produced, physical limitations or other business interruptions, that could impact continuous supply. For example, in 2019, we issued a recall in the United States of NATPARA (parathyroid hormone) due to the potential for rubber particulate formation and, in 2022, the FDA issued a CRL in response to our Prior Approval Supplement (PAS) with respect to NATPARA (parathyroid hormone) to address this potential issue and indicated that it could not approve the PAS in its current form. In late 2022, Takeda made its decision that it would discontinue manufacturing NATPARA for injection globally at the end of 2024 due to unresolved supply issues that are specific to the product.

In addition, despite efforts at compliance, from time to time we or our partners may receive notices of manufacturing, quality-related, or other observations following inspections by regulatory authorities around the world, as well as official agency correspondence regarding compliance. For example, on June 9, 2020 the FDA issued a warning letter related to our manufacturing plant in Hikari, Yamaguchi, Japan which included several technical observations, including observations about procedures, personnel, records, investigations, training, equipment, and oversight. Based on our responses and corrective actions, the FDA revised the inspection classification to Voluntary Action Indicated and determined that the conditions in the Warning Letter were addressed and, as a result, the Waring Letter was closed. The corrective actions resulted in a temporary supply shortage of Leuprorelin, a product which we supply to AbbVie, Inc. ("AbbVie") pursuant to a supply agreement. AbbVie filed a lawsuit against us on November 6, 2020 specifying an alleged breach of contract, and a Delaware state court has ruled in favor of AbbVie on the alleged breach, with a final damages award of USD 505 million including interest. We or our partners may receive additional or similar observations, correspondence and claims in the future, whether regarding the Hikari plant or otherwise. If we are unable to resolve these observations and address regulator concerns and claims from partners in a timely fashion, our business, financial condition and results of operations could be materially affected. See "*—We are involved in litigation relating to our operations on an ongoing basis, and such litigation could result in financial losses or harm our business*" for further discussion on risks associated with litigation and lawsuits relating to our operations.

The development and manufacture of biologics and cell therapies present heightened or additional risks. The manufacture of biologics, including cell therapy products, is highly complex and is characterized by inherent risks and challenges, such as raw material inconsistencies, logistical and sourcing challenges, significant quality control and assurance requirements, manufacturing complexity (including heightened regulatory requirements), short shelf life and significant manual processing. Unlike products that rely on chemicals for efficacy, such as most pharmaceuticals, biologics are more complex to characterize due to the inherent variability of biological input materials. As a result, assays of the finished product may not be sufficient to ensure that the product will perform in the intended manner. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in, among other things, lot failures, product recalls, product liability claims or insufficient inventory, which could be costly to us or result in reputational damage.

Furthermore, sourcing and transportation of plasma and production and distribution of plasma-derived products is complex, capital intensive and subject to extensive regulation. Efforts to increase the collection of plasma may require strengthening acquisition and third-party contracting capacities and successful regulatory approval of additional plasma collection facilities and plasma fractionation facilitates. Further development of such capacities and facilities involves a lengthy regulatory process and is highly capital intensive. In addition, access to and transport as well as use of plasma may be subject to restrictions by governmental agencies. If we are unable to manage these inherent risks and challenges, we may lose market share or customer confidence, be required to record charges related to idle capacity or impairment on facilities or take other actions which could materially and adversely affect the Plasma-Derived Therapies business.

Any of the above may reduce sales, delay the launch of new products, and adversely affect our business, financial condition and results of operations.

The illegal distribution and sale by third parties of counterfeit versions of our products or products stolen from us could have an adverse effect on our reputation and business.

Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards to which our products are subject. A patient who receives a counterfeit drug may be at risk for a number of dangerous health consequences. Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in our products, which could have a material adverse effect on our reputation and financial results. In addition, thefts at warehouses, at plants, or in transit of inventory that is not properly stored or that is sold through unauthorized channels could materially and adversely affect patient safety, our reputation and our results of operations.

Risks Relating to Our Business Strategies

We have substantial debt which may limit our ability to execute our business strategy, refinance existing debt or incur new debt, and if we are unable to maintain sufficient financial strength, we could be at a greater risk of a downgrade of our credit ratings.

Our consolidated bonds and loans were JPY 4,843.8 billion as of March 31, 2024, the majority of which was incurred in connection with the acquisition of the entire issued and to-be-issued share capital of Shire pursuant to a Scheme of Arrangement under the laws of Jersey (the “Shire Acquisition”) or represents the related indebtedness of Shire that is included in our consolidated statements of financial position. This significant amount of aggregate debt and the substantial amount of cash required for payments of interest and principal could adversely affect our liquidity. We are also required to comply with certain covenants within various financing arrangements and violations of such covenants may require the acceleration and immediate repayment of the indebtedness, which may in turn have a material adverse effect on our financial condition, cash flows, business and results of operations. Furthermore, we may desire to or be required from time to time to incur additional borrowings, including in relation to the repayment or refinancing of any of our currently outstanding indebtedness. Our ability to arrange new financing, or a refinancing and the terms thereof will depend on our financial position and performance, prevailing market conditions (including fluctuations in market interest rates) and other factors beyond our control. Moreover, if we decide to refinance indebtedness, our overall leverage may not necessarily decrease (or may increase temporarily pending the use of the proceeds of the refinancing transaction to repay outstanding debt), and interest expense may increase if, among other factors, market interest rates are higher than at the time we incurred the indebtedness being refinanced.

Credit rating agencies routinely evaluate our business, and their ratings are based on a number of factors, including our leverage, ability to generate cash flows, overall financial strength and diversification, as well as other factors beyond our control, such as the state of the global economy and our industry generally. While our credit ratings remain investment grade, each rating agency reviews its ratings periodically, and there is no assurance that the current credit ratings assigned to us will not be downgraded. A downgrade of our credit rating may materially and adversely affect the market prices of our equity and debt securities, including the notes, the interest rates at which our borrowings and debt securities are issued, and fees charged to us by current or future lenders. This could make it significantly more costly for us to borrow money, to issue debt securities and to raise certain other types of capital and/or complete additional financings. Such negative credit rating actions and the underlying reasons for such actions could materially and adversely affect our cash flows, results of operations and financial condition and the market price of, and our ability to pay the principal and interest on our debt securities.

We face risks from the pursuit of acquisitions, and the anticipated benefits and synergies resulting from acquisitions may not be realized.

We regularly pursue acquisitions for several reasons, including strengthening our pipeline, complementing existing lines of business, adding research and development capabilities or pursuing other synergies. The pursuit of these acquisitions requires the commitment of significant management and capital resources in various stages, from the exploration of potential acquisition targets to the negotiation and execution of an acquisition to the integration of an acquired business into our own. The required commitment of time and resources may divert the attention of management or capital or other resources away from our day-to-day business. Moreover, we may not be able to recoup the investment of capital or other resources through the successful integration of acquired businesses, including the realization of any expected cost or other synergies. Specifically, we may encounter the following difficulties: we may face significant challenges in combining the infrastructure, management and information systems of acquired companies with ours, including integrating research and development, manufacturing, distribution, marketing and promotion activities and information technology systems; there may be difficulties in conforming standards, controls, procedures and accounting and other policies, as well as business cultures and compensation structures; we may not be able to retain key personnel at acquired companies, or our own employees may be motivated to leave due to acquisitions; we may not be successful in identifying and eliminating redundancies and achieving other cost savings as expected; and we may not be able to successfully realize benefits from acquired products, including pipeline products under development. For example, on February 8, 2023, we acquired all of the capital stock of Nimbus Lakshmi, Inc., a wholly owned subsidiary of Nimbus Therapeutics, LLC, that owns or controls the intellectual property rights and other associated assets related to TAK-279, the allosteric TYK2 inhibitor known internally at Nimbus as “NDI-034858”. While we seek to develop this molecule into an important part of our product portfolio, this remains subject to ongoing development, and we may be unable to develop it into a marketed product as successfully as expected or at all, which could harm our ability to recoup our investment in the acquisition, require us to record impairment charges for related intangible assets or otherwise adversely affect our business, results of operations or financial condition.

We continue to pursue strategic business acquisitions globally as a key part of our continuous growth strategy. If we are not able to achieve the anticipated benefits of any future acquisitions in full or in a timely manner, we could be required to recognize impairment losses, we may not be able to recoup our investment, and our business, financial position and results of operations could be materially and adversely affected. Particularly, we may be unable to achieve the expected revenues pursuant to licensing, co-promotion or co-development agreements or collaborations. We may

also assume unexpected contingent or other liabilities, or be required to mark up the fair value of liabilities (or mark down the fair value of assets) acquired upon the close of an acquisition.

Restructuring initiatives to improve efficiency in our business may not provide the expected benefits on the expected timeline

In the ordinary course of our business, we continuously seek to improve operational efficiency across our organization. In addition to these improvements, we may also seek to implement more transformational initiatives. Most recently, on May 9, 2024, we announced a multi-year, enterprise-wide program aimed at increasing efficiency and improving our profitability, including initiatives to increase the agility and simplicity of our business organization, improve our procurement models and increase productivity and efficiency through the implementation of digital, automation and artificial intelligence (AI) technologies. However, the design and implementation of both ordinary course and one-time initiatives are complicated and require the commitment of significant financial, managerial and other resources to complete. Moreover, there can be no assurance that such initiatives will provide the benefits we seek, or that such benefits can be realized on the targeted schedule. Initiatives to simplify our organization, for example, will require changes to our organization and the reallocation of human and other resources, which can require extended discussions with regulators, employees and other stakeholders, as well as the incurrence of significant costs, such as severance payments. Primarily as a result of the initiatives announced in May 2024, we expect to record JPY 140.0 billion of restructuring expenses in the fiscal year ending March 31, 2025, and may incur lower expenses in the fiscal years to follow. Even if these initiatives are ultimately successful, we expect that such expenses will negatively affect our consolidated profitability in the short term.

We have significant operations across the world, including emerging markets, and continued expansion into new and developing markets is a key strategy, which expose us to additional risks.

Our global operations, which encompass approximately 80 countries and regions across the world, are subject to a number of risks, including difficulties in monitoring and coordinating research and development, marketing, supply-chain and other operations in a large number of jurisdictions; risks related to laws, regulations and policies, including those implemented following changes in political leadership and trade, capital and exchange controls; changes with respect to taxation, including impositions or increases of withholding and other taxes on remittances and other payments by our overseas subsidiaries; varying standards and practices in the legal, regulatory and business cultures in which we operate, including potential inability to enforce contracts or intellectual property rights; trade restrictions, including restrictions on investment and import/export controls, cross-border data transfer restrictions, and changes in tariffs on cross border trade; complex sanctions regimes in various countries such as the U.S., the EU and other jurisdictions, violations of which could lead to fines or other penalties; risks related to geopolitical and local political instability and uncertain business environments; changes in global, regional or local economies, or the overall political, economic or social climate, including inter-country relationships in Asia and elsewhere; acts of terrorism, war, global climate change, extreme weather events, medical epidemics or pandemics such as the recent COVID-19 pandemic, and other sources of social disruption; and difficulties associated with managing local personnel and preventing misconduct by local third-party alliance partners.

Any one or more of these or other factors could increase our costs, reduce our revenues, or disrupt our operations, with possible material adverse effects on our business, financial condition and results of operations. Further expansion overseas has been one of our key strategies, and, in the fiscal year ended March 31, 2024, regions outside of Japan accounted for 89.4% of our consolidated revenue, with the U.S. in particular contributing 51.5% of consolidated revenue. We expect that markets outside Japan, particularly the U.S. and also Europe and Canada, will continue to be increasingly important to our business and results of operations, increasing the likelihood that any of these risks is realized. We have also been taking steps to grow our business in most emerging markets, which we define to include Latin America, Asia (excluding Japan), Commonwealth of Independent States (“CIS”) and Other (including the Middle East, Africa and Oceania). Our revenue from emerging markets was JPY 649.8 billion (or 15.2% of our total revenue) for the fiscal year ended March 31, 2024, and we intend to pursue further growth in such emerging markets. In particular, we believe that there is an attractive opportunity to grow our business in China.

However, there is no guarantee that our efforts to expand sales in emerging markets will succeed. Some countries may be especially vulnerable to periods of global financial instability or may have very limited resources to spend on healthcare. Emerging markets present particular challenges in obtaining funding, achieving market access for our products and successfully ensuring that we receive appropriate levels of reimbursement. Emerging markets also tend to require substantial efforts in patient support and other programs. All of these factors may adversely affect the profitability of our businesses in these emerging markets.

In response to the Russian invasion of Ukraine begun in February 2022, Takeda has taken action to discontinue activities in Russia that are not essential to maintaining the supply of medicines to patients and providing ongoing support to our employees, subject to compliance with all international sanctions imposed on Russia. This includes suspending all new investments, suspending advertising and promotion, not initiating new clinical trials and stopping enrollment of new patients in ongoing clinical trials. In the fiscal year ended March 31, 2024, revenue attributable to Russia/CIS represented 1.7% of our total consolidated revenue, and we did not experience a material impact from the invasion, international responses thereto or our discontinuation of non-essential activities in Russia. Depending on the future status of the crisis, however, our results of operations and financial condition, and our strategy to increase our business in the region, could be adversely affected. Among other matters, certain clinical trials may be delayed, and we may incur additional costs to find alternative locations in which to hold such trials. For example, due in part to the effects of the invasion of Ukraine on our ability to conduct clinical trials, as well as other factors such as COVID-19-related lockdowns in China, in 2022, we have announced delays in our target approval filing dates for soticlestat.

In order to successfully implement our emerging markets strategy, we must also attract and retain qualified personnel, despite the possibility that some emerging markets may have a relatively limited number of persons with the required skills and training. We may also be required to increase our reliance on third-party agents within less-developed markets, which may put us at increased risk of liability. In addition, many emerging markets have currencies that fluctuate substantially, and if such currencies are devalued and we cannot offset the devaluations, our financial performance in such countries may be adversely affected. Further, many emerging markets have relatively weak intellectual property

protection and inadequate protection against crime, including counterfeiting, corruption and fraud. Operations in certain emerging countries, where corruption may be more prevalent than in more developed countries and where internal compliance practices may not be well established, may also pose challenges from a legal and regulatory compliance perspective. Moreover, we may face additional legal and regulatory barriers to achieving growth, such as restrictions on the import of raw materials or other trade regulations (for example, on the import of plasma and plasma products into China) that will require us to expend additional resources to achieve our goals.

For reasons including but not limited to the above, significant parts of our operations across the world including emerging markets present significant risks, and the realization of such risks could have a material adverse effect on our business, financial condition and results of operations.

We may experience difficulty implementing and resourcing corporate sustainability-related measures, or complying with emerging sustainability-related requirements and expectations.

Governmental and regulatory authorities, counterparties such as suppliers, investors, the public at large and others have increasingly focused on sustainability, with new laws and regulations regarding such matters increasing in number and scope. This includes new public reporting obligations such as the European Union's Corporate Sustainability Reporting Directive (CSRD), the SEC's final climate risk disclosure rules (currently stayed) as well as new sustainability disclosure rules expected to be adopted by Japan's Financial Services Authority. These emerging requirements, as well as other laws and regulations such as the EU's Corporate Sustainability Due Diligence Directive, could increase costs associated with our business operations, including the allocation of additional staffing and other resources and exposure to regulatory, litigation and reputational risk.

We have adopted certain corporate goals and programs to help us address environmental sustainability risks and may evolve them to address other sustainability related risks in the future as our stakeholders increasingly focus on these topics., We are committed to the achievement of these goals and are working to meet them, but we may nevertheless be unable to meet expectations and such goals and initiatives may also result in increased costs. With respect to environmental sustainability, we have committed to reducing our carbon footprint, minimizing waste sent to landfill from our operations, enhancing our water stewardship practices, and engaging with our vendors and suppliers to encourage them to cooperate with these initiatives. We have also committed to achieve net-zero (as defined in the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard) in greenhouse gas (GHG) emissions related to our operations (Scope 1 and Scope 2) by 2035 and for our entire value chain (including currently estimated Scope 3 GHG emissions) by 2040. Despite making progress in FY23, accurately estimating Scope 3 emissions remains a challenge to overcome as part of these efforts, and we may not be successful in doing so. Moreover, although we have not yet recorded material expenses in connection with our net-zero initiatives, the costs of successfully implementing them, such as the costs of seeking renewable sources of energy or increasing the energy efficiency of our operations, are currently unclear, will depend on factors outside of our control (such as the effect of governmental and societal initiatives to reduce greenhouse emissions and technological developments) and may become significant in the future. Also, these initiatives may for example require us to seek alternative vendors or suppliers or impair our ability to procure or use certain materials.

To the extent that we are unable to meet the expectations of stakeholders, including governmental and regulatory authorities, counterparties, investors, customers, or the public with respect to sustainability matters, our reputation may be harmed, we may face increased compliance or other costs and demand for securities issued by us and our ability to participate in the debt and equity markets may decrease. Furthermore, such standards and expectations are subject to ongoing change and refinement, and may shift in unexpected and potentially significant ways, which we may struggle to accommodate.

Our digital transformation initiatives may be unsuccessful, and our profitability may be hurt or our business otherwise might be adversely affected.

We have made and plan to continue to make significant investments in digital transformation initiatives, with the goal of modernizing our platforms, accelerating data services, enhancing our ability to innovate and equipping our employees with new skills and ways of working. These digital transformation initiatives also represent a key part of our strategy for improving our profitability, in particular our operating profit margins. These types of activities are complex and are dependent on a number of factors, including entering into successful partnerships and alliances with technology companies, as well as developing and deploying technology architecture successfully and, particularly with respect to the use of emerging digital technologies such as AI, ensuring appropriate technology and data ethics practices. If we do not successfully manage our digitalization initiatives and digital technologies, or any other related activities that we may take in the future, any expected efficiencies and benefits might be delayed or not realized, our operations and business could be disrupted and our strategy for improving profitability may prove to be unsuccessful. If we fail to adequately or ethically integrate digitalization into our business, or if we cannot overcome difficulties that may arise in developing and implementing newly integrated technology, our reputation may be harmed and we may lose customers and market share. Even if our efforts are successful, our competitors, including established competitors or new entrants with specialized expertise, may be better able to achieve digitalization and realize its benefits, giving them a competitive advantage over us, displace any technology that we may develop or implement or make it obsolete. In addition, the costs associated with implementing these initiatives might exceed expectations, which could result in additional future charges, and we may be exposed to increased cybersecurity or related risks. The occurrence of any of these risks could have a material adverse effect on our business, financial position and results of operations.

We are increasingly dependent on information technology systems and our systems and infrastructure face the risk of misuse, theft, exposure, tampering or other intrusions.

A variety of important processes relating to the research and development, production and sale of our products depend heavily on our information systems, including cloud-based computing, or those of third-party providers to whom we outsource certain business functions, including the storage and transfer of critical, confidential, sensitive or personal information regarding our patients, clinical trial subjects, vendors, customers, employees and others. We also increasingly seek to develop and collaborate on technology-based digital health products, such as mobile applications that aim to improve patient welfare in a variety of ways, which could lead us to store and transfer personal information about individual patients,

customers and others. The size, age and complexity of our information technology systems make them potentially vulnerable to service interruptions, malicious intrusions and random attacks. Cyber-attacks are increasing in frequency, sophistication and intensity, and may occur opportunistically in response to Takeda's public statements, such as the announcement of a new strategic partnership or key pipeline milestone. These and other cyber-attacks are made by groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, hacktivists, nation-states and others. Cyber-attacks could include the deployment of harmful malware, denial of service attacks, worms, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. The development and maintenance of systems to safeguard against such attacks is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Moreover, the costs related to these security measures are expected to continue to increase. For zero-day threats, or new vectors of attack which are currently unknown, the risk that our defenses will be inadequate is particularly pronounced. Despite our efforts, Takeda has been the target of cyberattacks and experienced data breaches and cannot eliminate all risks associated with such attacks. For example, in March 2024, Takeda notified regulators and BioLife plasma donors of potential unauthorized access of certain online donor accounts containing personal information and issued a password reset for impacted donor accounts.

If our data systems are compromised, our business operations may be impaired, we may lose profitable opportunities, or the value of those opportunities may be diminished, and we may lose revenue because of unlicensed use of our intellectual property or confidential or proprietary information. Cyber-attacks could significantly impact the availability of data systems that are essential to conducting routine business operations across the company, including product manufacturing or clinical development, and the recovery efforts could be both time consuming and costly. If personal information of our customers, employees, plasma donors or the patients we serve is misappropriated, our reputation may be injured resulting in loss of business and/or morale, and we may incur costs to remediate possible injury to those individuals and be required to pay fines or take other action with respect to judicial or regulatory actions arising out of such incidents. Data privacy or security breaches by employees and others with permitted access to our systems, including in some cases third-party service providers to which we may outsource certain business functions, may also pose a risk that sensitive data, including intellectual property or personal information, will be exposed to unauthorized persons or to the public. For more information on our risk management and governance for cybersecurity risks, as well as the impact of cyber incidents, refer to Item 16K – Cybersecurity.

We may not be able to attract and retain key management and other personnel.

In order to produce, develop, support and market our products, we depend on the expertise and leadership of our senior management team and other key members of our organization and need to attract and retain talent to support our operations in highly competitive markets or areas. The loss of key members of our organization, including senior members of our scientific and management teams, high-quality researchers and development specialists, could delay or prevent the achievement of major business objectives. The market is currently competitive in specific geographic regions and in specialized fields. We continue to make targeted investments in recruitment, training and retention of qualified individuals, including salary and other compensation to reward performance and incentivize employees. Despite our efforts to retain them, key employees could terminate their employment with us for any reason and there is no assurance that we will be able to attract or retain key employees and successfully manage them. Our inability to attract, integrate and retain highly skilled personnel, particularly those in leadership positions, may weaken our succession plans and may materially adversely affect our ability to implement our strategy and meet our strategic objectives, which could ultimately adversely affect our business and results of operations.

Legal and Regulatory Risks

We are involved in litigation relating to our operations on an ongoing basis, and such litigation could result in financial losses or harm our business.

We are involved in various litigation matters relating to our operations on an ongoing basis, including claims related to product liability, intellectual property and commercial disputes, as well as claims related to antitrust, sales and marketing and other regulatory regimes. Given the inherent unpredictability of litigation, it is possible that an adverse outcome in one or more pending or future litigation matters could have a material adverse effect on our operating results or cash flows. For a description of certain ongoing litigation, see Note 32 to our audited consolidated financial statements included in this annual report.

Our products may have unanticipated adverse effects or possible adverse effects, which may restrict use of the product or give rise to product liability claims.

As a pharmaceutical company, we are subject to significant risks related to product liability. Unanticipated adverse reactions or unfavorable publicity from complaints concerning any of our products, or those of our competitors, could have an adverse effect on our ability to obtain or maintain regulatory approvals or successfully market our products, and may even result in recalls, withdrawal of regulatory approval or adverse labeling of the product.

While our products are subject to comprehensive clinical trials and rigorous statistical analysis during the development process prior to approval, there are inherent limitations with regard to the design of such trials, including the limited number of patients enrolled in such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. In the event that such unanticipated adverse reactions are discovered, we may be required to add descriptions of the adverse reactions as precautions to the packaging of our products, recall and terminate sales of products or conduct costly post-launch clinical trials. Furthermore, concerns relating to potential adverse reactions could arise among consumers or medical professionals, and such concerns, whether justified or not, could have an adverse effect on sales of our products

and our reputation. We could also be subject to product liability litigation by patients who have suffered, or claim to have suffered, such adverse reactions resulting in harm to their health.

Although we have from time to time maintained product liability insurance at coverage levels that we believe are appropriate, we could be subject to product liability that significantly exceeds our policy limits. Product liability coverage is also increasingly difficult and costly to obtain and may not be available in the future on acceptable terms. Therefore, it is possible that we may need to rely increasingly on self-insurance for the management of product liability risk. In cases where we self-insure, the legal costs that we would bear for handling such claims and potential indemnifications to be paid to claimants could materially and adversely affect our financial condition. In addition, the negative publicity from product liability claims, whether justified, may damage our reputation and may negatively impact the number of prescriptions of the product in question or our other products. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to the risk of intellectual property infringement claims directed at us by third parties.

We are subject to the risk of infringement claims directed at us by third parties, even if we do not knowingly infringe on any valid third-party intellectual property rights. Although we monitor our operations to prevent infringement on the intellectual property rights of third parties, if we are found to have infringed the intellectual property rights of others or if we agree to settle infringement claims, we may be required to recall the relevant products, terminate manufacturing and sales of such products, pay significant damages or pay significant royalties.

We evaluate any such infringement claims to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, and in keeping with applicable accounting and disclosure standards, we establish reserves and/or disclose the relevant litigation claims or decide not to establish reserves or disclose litigation claims. These assessments and estimates are based on the information available to our management at such time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. Although the parties to such patent and intellectual property disputes in the pharmaceutical industry have often settled through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include the payment of ongoing royalties. Furthermore, the necessary licenses may not be available on acceptable terms or at all. Therefore, if we are unable to successfully defend against infringement claims by third parties, our financial results could be materially and adversely affected.

We are subject to evolving and complex tax and related risks, which may have a material adverse effect on our business, financial position and results of operations.

We are subject to evolving and complex tax laws in the jurisdictions in which we operate, and routinely obtain advice on tax-related matters. Significant judgment is required in determining our tax liabilities, and our tax returns are periodically examined by various tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our accrual for tax contingencies; however, due to the complexity of tax matters, the ultimate resolution of any tax matters may result in payments greater or less than the amounts accrued. Our tax liabilities are affected by many factors, including our intercompany transfer pricing related to the amounts we charge in cross border intercompany transactions for inventory, services, licenses, funding and other items, which are subject to the use of assumptions and judgments. Although we believe that we transact intercompany business in accordance with arm’s-length principles, tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result.

In addition, we may be affected by changes in tax laws, including tax rate changes, new tax laws, and revised tax law interpretations in domestic and foreign jurisdictions and between jurisdictions, including by the EU, which could materially adversely affect our tax expense and/or tax balances, and changes in tax policies could materially adversely impact our business. The occurrence of any of these risks could have a material adverse effect on our business, financial position and results of operations.

The Organization for Economic Co-operation and Development (OECD) introduced a new inclusive framework on Base Erosion and Profit Shifting (BEPS 2.0) that contains a two-pillar solution to address the tax challenges arising from the digitalization of the economy. These changes are now being progressively implemented by tax authorities around the world and represent a fundamental change to the international tax framework. Pillar One provides for a new nexus standard/taxing right that allocates a portion of intangible/residual profits directly to market jurisdictions but only for the largest and most profitable companies, including Takeda. Pillar Two provides for a global minimum level of taxation (15%) that establishes a floor for tax competition amongst jurisdictions. Since the introduction of the OECD Inclusive Framework, over 130 countries have endorsed the framework. On March 28, 2023 the Japanese Diet passed a tax reform bill containing laws to implement certain aspects of the OECD BEPS Pillar Two initiative. These provisions generally reflect the rules established by the OECD and are applicable to fiscal years beginning on or after April 1, 2024. Takeda has reviewed the enacted rules and determined that top-up taxes may be applicable in some jurisdictions in which we operate.

Changes in data privacy and protection laws and regulations or any failure to comply with such laws and regulations, could adversely affect our business and financial results.

We are subject to laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. Significant uncertainty exists as privacy and data protection laws may be applied differently from country to country and may create inconsistent or conflicting requirements. For example, the EU’s General Data Protection Regulation (the “GDPR”) imposes significant data protection obligations on companies regarding the handling of personal data and provides individuals with heightened privacy rights. EU regulators have also been imposing significant fines for non-compliant organizations in recent years (the higher of EUR 20 million or 4% of annual global turnover for the most serious breaches). Following the GDPR example, other countries have enacted enhanced privacy laws, including Brazil, multiple states in the U.S., Canada, China, India, Japan, Russia and Singapore. Of

particular concern is China's Personal Information Protection Law which imposes onerous and stringent cross border obligations and severe enforcement penalties.

The increased use of digital technologies involving personal data, such as mobile health apps, wearables, digitalization of clinical trials or artificial intelligence (AI) tools deployed on personal data pose additional risks for our company both in terms of the larger volume of personal data we handle but also in terms of potential security threats of such technology and our ability to assess the deployment of each technology because of the sheer volume and speed at which they are being developed. Compliance with existing, proposed and recently enacted laws and regulations can be costly; failure to comply with these regulatory standards could also subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, legal proceedings against us by governmental entities or others or damage to our reputation and credibility and it could also have a negative impact on our company results.

We may incur claims relating to our use, manufacture, handling, storage or disposal of hazardous materials.

Our research and development and manufacturing processes require the transportation, storage and use of hazardous materials, including chemicals and radioactive and biological materials, and may result in the generation of hazardous waste. National and local laws and regulations in many of the jurisdictions in which we operate impose substantial potential liability for the improper use, manufacture, handling, storage, transportation and disposal of hazardous materials as well as for land contamination, and, in some cases, this liability may continue over long periods of time. Despite our compliance efforts, we cannot eliminate the risk of industrial accidents that may lead to discharges or releases of hazardous materials and any resultant injury, property damage or environmental contamination from these materials. For example, real properties that we owned or used in the past or that we own or use now or in the future may contain detected or undetected contamination resulting from our operations at those sites or the activities of prior owners or occupants. We may suffer from expenses, claims or liability which may fall outside of or exceed our insurance coverage.

Furthermore, changes to current environmental laws and regulations may impose further compliance and tax related requirements on us that may impair our research, development and production efforts as well as our other business activities. Examples of new or evolving regulatory requirements include Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"); Classification, Labelling, and Packaging of substances and mixtures ("CLP"); the Globally Harmonized System of Classification and Labelling of Chemicals ("GHS"); producer responsibility frameworks; and regulations related to addressing climate change such as the EU's Carbon Border Adjustment Mechanism, or other emerging environmental areas such as the EU Regulation on Deforestation-free Products. Increased environment, health and safety laws, regulations and enforcement could result in substantial costs and liabilities to us and could subject our use, manufacture, handling, storage, transportation, and disposal of hazardous materials to additional constraints. Consequently, compliance with these laws could result in capital expenditures as well as other costs and liabilities, thereby adversely affecting business, financial position and results of operations.

Risks Relating to the Operating Environment

Our results of operations and financial condition may be adversely affected by foreign currency exchange rate fluctuations.

We manufacture and sell products to customers in numerous countries, and we have entered and will enter into acquisition, licensing, borrowings or other financial transactions that give rise to translation and transaction risks related to foreign currency exposure. Fluctuations in currency exchange rates in the markets where we are active could negatively affect our results of operations, financial position and cash flows. For the fiscal year ended March 31, 2024, 89.4% of our sales were in markets outside Japan. Our consolidated financial statements are presented in Japanese yen, and by translating the foreign currency financial statements of our foreign subsidiaries into Japanese yen, the amounts of our revenue, operating profit, assets and equity, on a consolidated basis, are affected by prevailing rates of exchange.

We utilize certain hedging measures with respect to some of our foreign currency transactions. However, such hedging measures do not cover all of our exposures and, even to the extent they do, they may only delay, or may otherwise be unable to completely eliminate, the impact of fluctuations in foreign currency exchange rates.

Our business may be adversely affected by climate change, extreme weather events, earthquakes, civil or political unrest, terrorism or other catastrophic events.

We are exposed to both physical and transition risks associated with climate change. To date, we have not experienced material impacts relating to climate change, including compliance or litigation-related impacts. However, in recent years, extreme weather events and changing weather patterns such as storms, flooding, droughts and temperature changes have become more common. As a result, we are potentially exposed to various natural disasters or extreme weather risks such as hurricanes, tornadoes, droughts or floods, typhoons, tidal waves, wildfires or other events and chronic risks such as sea level rise, extreme heat and water stress that may result from the impact of climate change on the environment. Moreover, despite our internal evaluations regarding climate-related risks, there may be additional effects of climate change not currently contemplated by our internal models or by the market and society at large that may materialize in the future, leading to unexpected impacts on our business.

Climate change may also result in new or more stringent regulatory requirements globally. Climate-related regulations may require companies to accelerate and/or increase investment in technology to reduce energy consumption, water consumption and greenhouse gas emissions beyond current plans. Climate-related regulations could also lead to mandatory carbon pricing or climate risk disclosures. We are currently subject to carbon emission-based taxation schemes in certain jurisdictions, including the EU and Japan. The EU, Japan and the U.S. have all either proposed or

finalized (or are in the process of finalizing) new climate risk disclosure requirements, and the regulatory landscape continues to evolve. The net impact of these climate-related transition risks could increase our operational expenses or that of our suppliers. We have also established a number of initiatives relating to the environment voluntarily, including a commitment to achieve net-zero (as defined in the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard) in greenhouse gas (GHG) emissions related to our operations (Scope 1 and Scope 2) by 2035 and for our entire value chain (including currently estimated Scope 3 GHG emissions) by 2040. See *"—Risks Relating to Our Business Strategies—We may experience difficulty implementing sustainability-related measures, particularly those relating to the environment, or in meeting the expectations of stakeholders."*

In addition, Japan, the U.S. and other regions in the world where we operate are subject to the risk of natural disasters such as earthquakes, floods, tsunamis and/or volcanic eruptions. Other events outside our control, such as war, civil or political unrest, pandemics or the localized spread of new diseases, deliberate acts of sabotage, terrorism or industrial accidents such as fire and explosion, whether due to human or equipment error, could damage, cause operational interruptions, or otherwise adversely affect certain of our manufacturing or other facilities as well as potentially cause injury or death to our personnel. In the event of a major natural disaster or other uncontrollable event or accident, our facilities, particularly our production plants, may experience catastrophic loss, operations at such facilities may be halted, shipments of products may be suspended or delayed, trials or other research and development activities may be halted or otherwise affected and large losses and expenses to repair or replace facilities may be incurred. Such negative consequences could cause product shortages, significant losses of sales or require significant unexpected expenditures, and materially adversely affect our business, financial condition and results of operations. In addition, our business may also be adversely affected if our suppliers or business partners were to experience a catastrophic loss due to natural disasters, terrorism, accidents or other uncontrollable events.

Although we purchase comprehensive global insurance to cover property damage and consequent business interruption for certain potential losses at sites owned by us and at certain critical supplier sites, we do not maintain insurance policies to cover all potential losses and therefore our insurance policies may not be adequate to cover all possible losses and expenses. For instance, we do not maintain earthquake insurance in Japan.

Social media platforms and new technologies present risks and challenges for our reputation and business.

Consumers, the media, pharmaceutical companies and other parties increasingly use social media to communicate about pharmaceutical products and the diseases they are intended to treat, and may use other, newer technologies in a similar way in the future. For pharmaceutical companies, the use of these technologies requires specific attention, monitoring programs and moderation of comments. For example, social media platforms or other digital media may amplify negative or inaccurate posts or comments about us or our products and spread misinformation, causing damage to our reputation and business. They could also be used to bring negative attention to us or to the pharmaceutical industry as a whole, which could in turn cause reputational harm to Takeda, our employees, or our products and negatively impact our business. The nature of evidence-based healthcare, however, may prevent us from rapidly and adequately defending our interests against such comments. In addition, our employees and partners may use social media and other digital platforms and mobile technologies inappropriately or in ways that violate applicable laws or our internal policies, which may expose us to liability, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information, including information about our employees, clinical trial subjects or customers.

Other Risks Affecting Our Business

Sales to wholesalers are concentrated, which exposes us to credit risks and pricing pressures.

A significant portion of our global sales are made to a relatively small number of wholesale distributors, retail chains and other purchasing groups. In the fiscal year ended March 31, 2024, there were three wholesale distributors, AmerisourceBergen Group, McKesson Group and Cardinal Health, Inc., that each individually accounted for over ten percent of Takeda's total revenue. If one of our significant wholesale distributors encounters financial or other difficulties, such a distributor may decrease the amount of business that it does with us, and we may be unable to collect the amounts that the distributor owes us on a timely basis or at all. Furthermore, the concentration of wholesale distributors has been increasing through mergers and acquisitions. In addition to increased credit risks, this has resulted in such distributors gaining additional purchasing leverage, which may increase pricing pressure on our products. Such credit concentration risks and pricing pressure could adversely affect our business, financial condition and results of operations.

We may have to recognize additional charges on our statements of profit or loss due to impairment of goodwill, other intangible assets and equity method investments.

We carry significant amounts of goodwill and intangible assets on our consolidated statements of financial position as a result of past acquisitions, including the Shire Acquisition. As of March 31, 2024, we had goodwill of JPY 5,410.1 billion and intangible assets of JPY 4,274.7 billion. Goodwill and intangible assets recorded in relation to acquisitions are recognized on our consolidated statements of financial position on the acquisition date. Under IFRS, we are required to examine such assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results-Critical Accounting Policies-Impairment of Goodwill and Intangible Assets".

We may from time to time enter into business ventures with third-party entities where we have significant influence over the decisions on financial and operating policies, but do not have control or joint control (referred to as investments in associates). We may also from time to time enter into joint arrangements whereby we and the other parties that have joint control of the arrangement have rights to the net assets of the arrangement (referred to as joint venture). Our policy is to account for these investments using the equity method of accounting. As of March 31,

2024, there were no joint arrangement of IFRS 11 in existence.

As of March 31, 2024, the carrying amount of investments accounted for using the equity method was JPY 89.8 billion. Under IFRS, at each reporting period, we are required to determine whether there is objective evidence that the investment in each associate or joint venture is impaired.

The recognition of such impairment charges may adversely affect our business, financial condition and results of operations. For example, for the reporting period ended March 31, 2024, we disclosed a JPY 74.0 billion impairment charge for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of the phase 3 ADMIRE-CD II trial, a JPY 28.5 billion impairment charge following a decision to voluntarily withdraw EXKIVITY (for non-small cell lung cancer) globally, and other impairment charges for certain in-process R&D assets including those related to TAK-007 and modakafusp alfa (TAK-573) in Oncology as a result of decisions to terminate those programs. This was partially offset by a reversal of an impairment loss of JPY 35.7 billion related to the approval of EOHILIA, a therapy for eosinophilic esophagitis (EoE), by the FDA in February 2024. Takeda acquired the rights to ALOFISEL via its acquisition of TiGenix NV in 2018.

Risks Relating to the ADSs

A holder of ADSs has fewer rights than a holder of our common stock has, and a holder of ADSs has to act through the depositary to exercise those rights.

The rights of shareholders under Japanese law to take various actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising appraisal rights, are available only to holders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. Pursuant to the deposit agreement, the depositary will endeavor, to the extent practicable, to make efforts to vote or cause to be voted the shares underlying the ADSs as instructed by the holders and will pay to the holders the dividends and distributions collected from the Company. The depositary and its agents may not be able to send voting instructions to holders of ADSs or carry out their voting instructions in a timely manner. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote. Moreover, in the capacity as an ADS holder, such a holder will not be able to bring a derivative action, examine the Company's accounting books or records or exercise appraisal rights except through the depositary.

Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions.

Our Articles of Incorporation, Board of Directors Charter, Audit and Supervisory Committee Charter and the Companies Act govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties, and shareholders' rights may be different from those that would apply to a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other jurisdictions. ADS holders may have more difficulty in asserting their rights as a shareholder than such holders would as shareholders of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against the Company in actions brought in Japan that are based upon the securities laws of other jurisdictions.

Because of daily price range limitations under Japanese stock exchange rules, a holder of ADSs who has surrendered his or her ADSs in favor of shares of our common stock may not be able to sell his/her shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, a holder of ADSs who has surrendered his or her ADSs in favor of shares of our common stock wishing to sell on a Japanese stock exchange at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

U.S. investors may have difficulty in serving process or enforcing a judgment against us or our directors or executive officers.

We are a limited liability, joint stock corporation incorporated under the laws of Japan. Many of our directors and executive officers reside in Japan, Europe or elsewhere outside of the U.S., and a large portion of our assets and the assets of these persons are located in Japan and elsewhere outside the U.S. It may not be possible, therefore, for U.S. investors to effect service of process within the U.S. upon us or these persons or to enforce against us or these persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the U.S. There is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgment of U.S. courts, of liabilities predicated solely upon the federal securities laws of the U.S.

Investors holding less than a full unit of shares will have limited rights as shareholders.

Our Articles of Incorporation provide that 100 shares of our common stock constitute one unit. Although holders of ADSs may withdraw shares of our common stock constituting less than one unit, in connection with the direct holding of the shares of our common stock, the Companies Act imposes significant restrictions and limitations on holders of shares of our common stock that do not constitute a full unit. In general, holders of shares of our common stock constituting less than one unit do not have the right to vote with respect to those shares.

Dividend payments and the amount you may realize upon a sale of our ADSs will be affected by fluctuations in the exchange rate between the U.S. dollar and the Japanese yen.

Cash dividends, if any, in respect of the shares of our common stock represented by our ADSs will be paid to the depositary in Japanese yen and then converted by the depositary into U.S. dollars, subject to certain conditions. Accordingly, fluctuations in the exchange rate between the Japanese yen and the U.S. dollar will affect, among other things, the U.S. dollar amounts a holder of ADSs will receive from the depositary in respect of dividends, the U.S. dollar value of the proceeds that a holder of ADSs would receive upon sale in Japan of the shares of our common stock obtained upon surrender of ADSs and the secondary market price of ADSs.

Our shareholders of record on a given record date may not receive the dividend they anticipate.

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practices widely followed or otherwise deemed necessary or fair in foreign markets. We ultimately have a discretion to determine any dividend payment amount to our shareholders of record as of a record date, including whether we will make any dividend payment to such shareholders at all, only after such record date. For that reason, our shareholders of record on a given record date may not receive the dividends they anticipate.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, which may include any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the U.S. Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that prospective investors consult legal counsel regarding the jury waiver provision before investing in the ADSs.

As a result, if a holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, such a holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not enforced under applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.