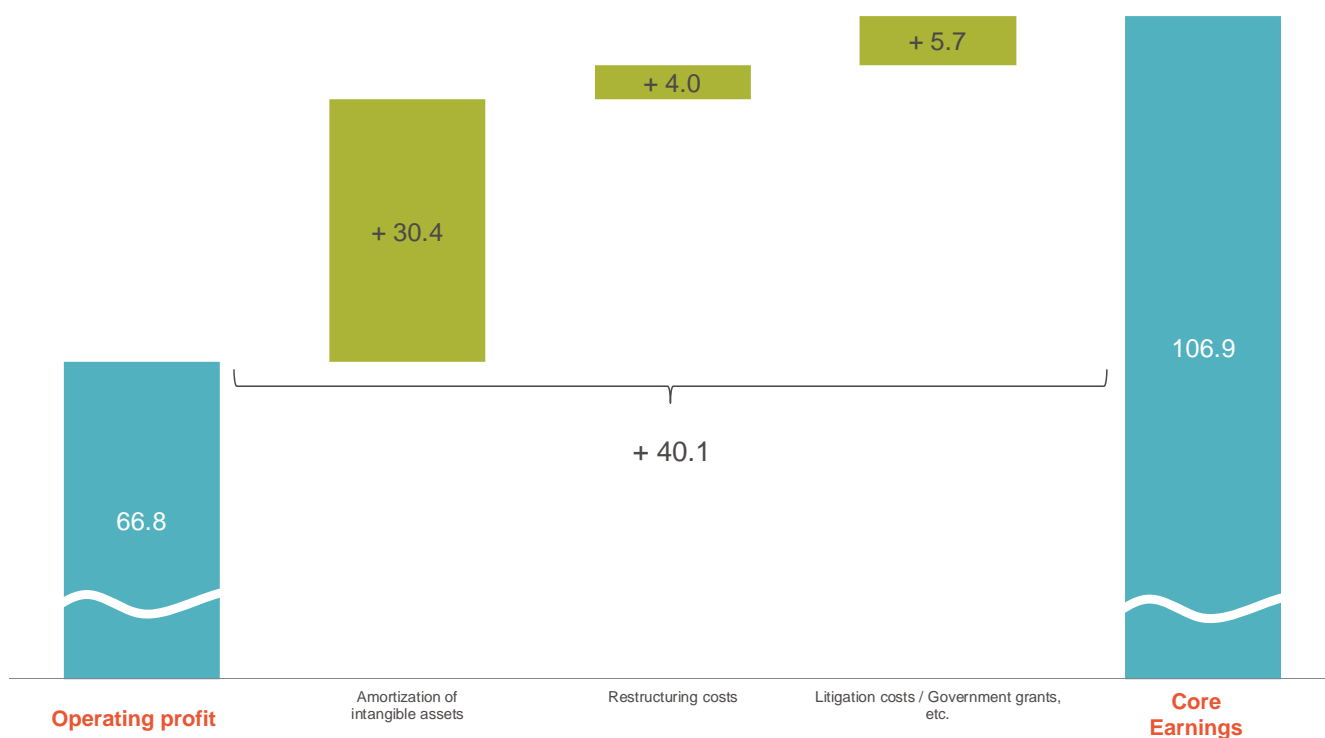


Supplementary materials for the financial statements

Takeda Pharmaceutical Company Limited

From Operating profit to Core Earnings (Q3 2013)

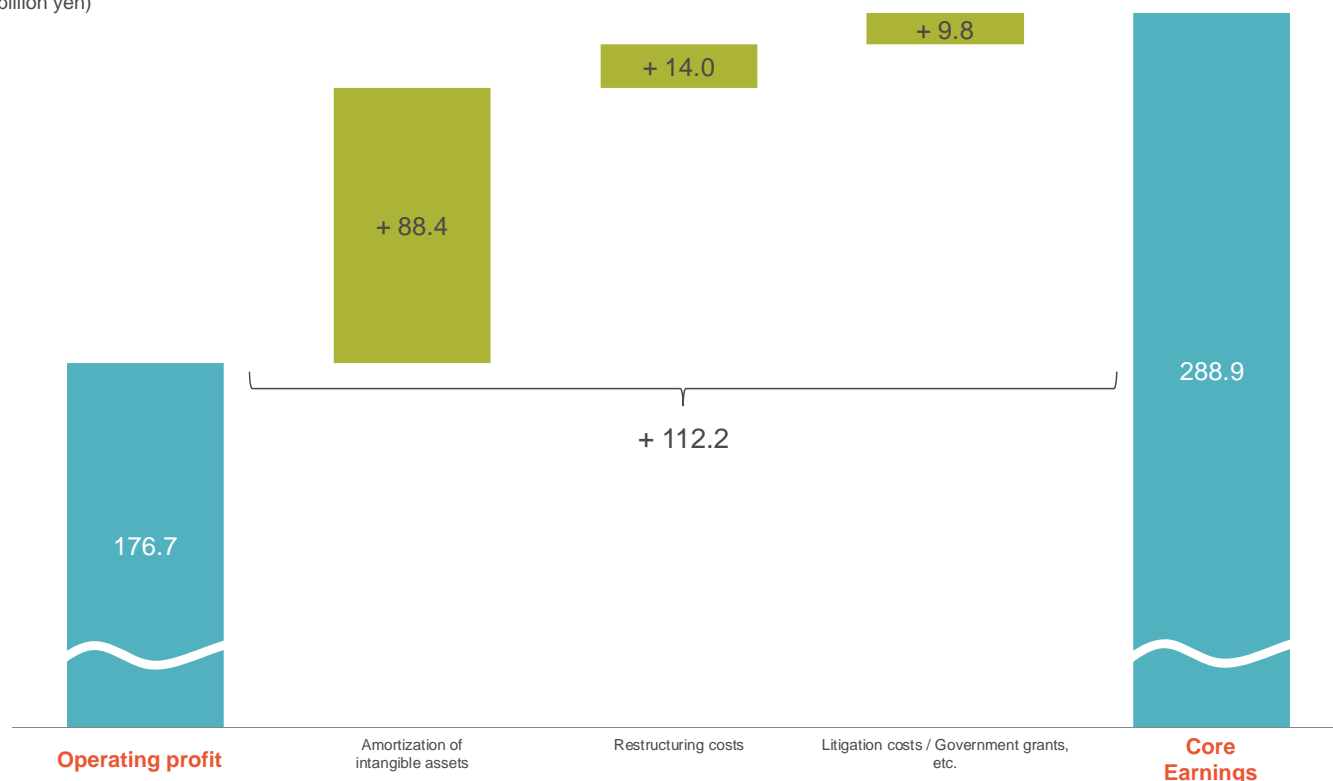
(billion yen)



From Operating profit to Core Earnings (YTD 2013)



(billion yen)



2 | Consolidated Financial Results for the 3rd Quarter of Fiscal Year 2014 | announced February 5, 2015

Takeda Pharmaceutical Company Limited

Income statement – Reported under IFRS (Q3)



billion yen	Q3		Change
	2013	2014	
Revenue	458.8	488.6	+ 6.5%
Gross profit	327.3	349.2	+ 6.7%
% of Revenue	71.3%	71.5%	+0.1 pts
SG&A	(138.3)	(154.9)	+ 12.0%
% of Revenue	30.1%	31.7%	+1.6 pts
R&D	(83.1)	(92.7)	+ 11.6%
% of Revenue	18.1%	19.0%	+0.9 pts
Other income	3.5	55.9	-
Other expenses (incl. Amortization and impairment associated with products)	(42.5)	(75.2)	+ 76.8%
Operating profit	66.8	82.4	+ 23.3%
% of Revenue	14.6%	16.9%	+2.3 pts
Net profit for the period	54.5	18.3	- 66.4%
Core Earnings	106.9	106.1	- 0.8%
% of Revenue	23.3%	21.7%	-1.6 pts
EPS	69 yen	23 yen	-66.2%
Core EPS	95 yen	82 yen	-13.6%

[Exchange rate] FY2013 USD: 100yen, EUR: 136yen FY2014 USD: 112yen, EUR: 141yen

3 | Consolidated Financial Results for the 3rd Quarter of Fiscal Year 2014 | announced February 5, 2015

Takeda Pharmaceutical Company Limited

Q3 Underlying Core Earnings Growth: +5.0%



billion yen	Q3 Reported P/L			Underlying growth*
	2013	2014	Growth	
Revenue	458.8	488.6	+ 6.5%	+ 3.7%
Gross profit	327.3	349.2	+ 6.7%	
% of Revenue	71.3%	71.5%	+ 0.1 pts	
OPEX	(221.4)	(247.6)	+ 11.8%	+ 4.3%
Other income	3.5	55.9	-	
Other expenses (incl. Amortization and impairment associated with products)	(42.5)	(75.2)	+ 76.8%	
Operating profit	66.8	82.4	+ 23.3%	
% of Revenue	14.6%	16.9%	+ 2.3 pts	
Adjustment items (b/w OP and CE)	40.1	23.7		
Core Earnings	106.9	106.1	- 0.8%	+ 5.0%
% of Revenue	23.3%	21.7%	- 1.6 pts	

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

OPEX change vs previous year: Q3 2014 vs 2013



	Growth FY2014 vs FY2013	
	Q3	
	Reported	Underlying growth*
S&M	+ 14.1%	+ 6.9%
% of Revenue (vs Py)		22.9% (+0.7 pts)
G&A	+ 6.8%	+ 5.4%
% of Revenue (vs Py)		8.4% (+0.1 pts)
R&D	+ 11.6%	+ 0.8%
% of Revenue (vs Py)		17.9% (-0.5 pts)
Total OPEX	+ 11.8%	+ 4.3%
% of Revenue (vs Py)		49.2% (+0.3 pts)

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Core EPS (Q3)



billion yen	Q3 Reported P/L			Underlying growth*
	2013	2014	Growth	
Core Earnings	106.9	106.1	-0.8%	+5.0%
% of Revenue	23.3%	21.7%	-1.6 pts	
Core tax rate	29.5%	35.7%	+ 6.2 pts	
Core net profit	74.7	64.2	-14.0%	-3.8%
Core EPS	95 yen	82 yen	-13.6%	-3.3%

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Underlying Core tax rate (Q3)



	Q3		Change
	2013	2014	
Reported tax rate	28.6%	74.2%	+45.6 pts
Impact of non-core items (DTA for Tax Credit Reversal) excluding R&D Credit	-0.9%	-3.4%	-2.5 pts
Impact of R&D Credit	—	+41.9%	+41.9 pts
Core tax rate	29.5%	35.7%	+6.2 pts
• Revaluation of NOLs	—	+7.6%	+7.6 pts
• Change in US ACA Fee legislation	—	+0.1%	+0.1 pts
• Revaluation of R&D Credit	—	-6.9%	-6.9 pts
Underlying core tax rate	29.5%	34.9%	+5.4 pts

Underlying core tax rate, excluding all one-off items, in the low 30's (YTD)



	YTD		Change
	2013	2014	
Reported tax rate	31.3%	56.1%	+24.8 pts
Impact of non-core items (PPA, restructuring, disposals, etc.) excluding R&D Credit	+0.8%	+3.4%	+2.6 pts
Impact of R&D Credit	-	+15.7%	+15.7 pts
Core tax rate	30.5%	37.0%	+6.5 pts
• Revaluation of NOLs	-	+3.0%	+3.0 pts
• Change in US ACA Fee legislation	-	+0.7%	+0.7 pts
• Reevaluation of R&D Credit	-	-0.5%	-0.5 pts
• Other one-off items	-	+0.2%	+0.2 pts
Underlying core tax rate	30.5%	33.6%	+3.1 pts

Top 10 products(Q3):



billion yen		Q3			Underlying growth*
Product name	Therapeutic areas	FY2013	FY2014	Reported growth	
VELCADE	Oncology	37.1	41.6	+ 12.0%	- 0.7%
LEUPRORELIN	Oncology	32.7	33.3	+ 1.8%	- 1.0%
CANDESARTAN	CVM	40.7	29.4	- 27.8%	- 29.0%
LANSOPRAZOLE	GI	30.5	28.0	- 8.2%	- 12.7%
PANTOPRAZOLE	GI	29.5	27.0	- 8.4%	- 14.4%
<u>DEXILANT</u>	GI	12.6	17.9	+ 42.3%	+ 26.8%
<u>COLCRYS</u>	CVM	12.4	14.0	+ 12.4%	+ 0.5%
<u>AZILVA</u>	CVM	7.9	12.7	+ 59.7%	+ 59.7%
<u>NESINA</u>	CVM	12.6	12.0	- 4.9%	- 7.0%
<u>ENTYVIO</u>	GI	-	9.9	-	-
Other products		242.7	262.9	+ 8.3%	+ 9.1%
Total Revenue		458.8	488.6	+ 6.5%	+ 3.7%

Underlines indicate new products

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Q4 Impact of 1% depreciation of yen



Impact in Q4 of FY2014 only

hundred million yen (oku yen)	FY2014 Q4				
	USD	EUR	RUB	CNY	BRL
Revenue	+ 12.1	+ 5.1	+ 1.3	+ 1.6	+ 1.3
Operating profit	- 3.7	- 1.2	+ 0.8	+ 0.4	+ 0.5
Core earnings	- 2.1	+ 0.9	+ 0.8	+ 0.5	+ 0.5
Net profit for the year	- 2.4	- 0.8	+ 0.6	+ 0.3	+ 0.4