



Taro Pharmaceutical Industries Ltd.
c/o Taro Pharmaceuticals U.S.A., Inc.
Three Skyline Drive
Hawthorne, New York 10532
(NYSE: TARO)

FOR IMMEDIATE RELEASE

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TARO PROVIDES RESULTS FOR SEPTEMBER 30, 2023

Hawthorne, NY, October 26, 2023 - Taro Pharmaceutical Industries Ltd. (NYSE: TARO) (“Taro” or the “Company”) today provided unaudited financial results for the quarter and six months ended September 30, 2023.

Quarter ended September 30, 2023 Highlights — compared to September 30, 2022

- Net sales of \$148.2 million increased, in part, due to a one-time gross-to-net (“GTN”) adjustment. Excluding the impact of the one-time GTN adjustments in both quarters, the sales growth was mid-single-digits.
- Gross profit of \$73.6 million (49.7% of net sales) compared to \$47.0 million (36.0% of net sales).
- Research and development (R&D) expenses of \$14.3 million increased \$2.8 million, principally the result of increased clinical studies.
- Selling, marketing, general and administrative expenses (SMG&A) of \$54.5 million included certain one-time charges of \$6.1 million principally related to work performed by the Special Committee that was established by the Taro Board to consider the proposal submitted by Sun Pharmaceutical Industries Ltd. on May 26, 2023. Excluding these charges, SMG&A was \$48.4 million compared to \$42.3 million.
- Operating income was \$4.7 million; excluding the impact from the certain one-time charges, operating income was \$10.9 million compared to operating loss of \$(6.8) million in the previous year quarter.
- Interest and other financial income of \$14.0 million increased \$9.7 million.
- Tax expense of \$9.1 million compared to a tax benefit of \$2.1 million in the prior year quarter.
- Net income was \$8.5 million compared to net loss of \$(2.8) million, resulting in earnings per share of \$0.23 compared to loss per share of \$(0.07). Excluding the impact of the aforementioned certain one-time charges, net income was \$14.3 million, resulting in earnings per share of \$0.38.

Six Months ended September 30, 2023 Highlights — compared to September 30, 2022

- Net sales of \$307.1 million increased \$19.9 million, or 6.9%.
- Gross profit of \$137.7 million (44.8% of net sales in each period) increased \$9.1 million.
- R&D expenses of \$30.5 million increased \$7.4 million, principally the result of increased clinical studies.
- SGM&A of \$110.4 million included certain one-time charges of \$12.3 million (of which \$6.2 million from the first quarter of the current year) related to the aforementioned certain one-time charges. Excluding these charges, SGM&A was \$98.1 million, in line with the prior year quarter.
- Operating loss was \$(3.2) million; excluding the impact from the certain one-time charges, operating income was \$9.1 million compared to \$7.2 million.
- Interest and other financial income of \$24.9 million increased from \$6.2 million.
- Net income was \$18.6 million compared to \$11.3 million, resulting in earnings per share of \$0.49 compared to earnings per share of \$0.30. Excluding the impact of the aforementioned certain one-time charges, net income was \$29.2 million, resulting in earnings per share of \$0.78.

Cash Flow and Balance Sheet Highlights

- Net cash provided by operations for the six months ended September 30, 2023 was \$55.3 million compared to net cash used in operations of \$37.7 million for the six months ended September 30, 2022.
- As of September 30, 2023, cash and cash equivalents, short-term bank deposits and marketable securities (both short- and long-term) increased \$40.2 million to \$1.3 billion from March 31, 2023.

The Company cautions that the foregoing 2023 financial information is unaudited and is subject to change.

About Taro

Taro Pharmaceutical Industries Ltd. is a multinational, science-based pharmaceutical company dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products. For further information on Taro Pharmaceutical Industries Ltd., please visit the Company's website at www.taro.com.

SAFE HARBOR STATEMENT

The unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments necessary to present fairly the financial condition and results of operations of the Company. The unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 20-F, as filed with the SEC.

Certain statements in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements that do not describe historical facts or that refer or relate to events or circumstances the Company "estimates," "believes," or "expects" to happen or similar language, and statements with respect to the Company's financial performance, availability of financial information, and estimates of financial results and information for fiscal year 2024. Although the Company believes the expectations reflected in such forward-looking statements to be based on reasonable assumptions, it can give no assurances that its expectations will be attained. Factors that could cause actual results to differ include general domestic and international economic conditions, industry and market conditions, changes in the Company's financial position, litigation brought by any party in any court in Israel, the United States, or any country in which Taro operates, regulatory and legislative actions in the countries in which Taro operates, and other risks detailed from time to time in the Company's SEC reports, including its Annual Reports on Form 20-F. Forward-looking statements are applicable only as of the date on which they are made. The Company undertakes no obligations to update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

****Financial Tables Follow****

TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(U.S. dollars in thousands, except share data)

| | Quarter Ended September 30, | | Six Months Ended September 30, | |
|---|--------------------------------|-------------------|-----------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Sales, net | \$ 148,202 | \$ 130,498 | \$ 307,096 | \$ 287,163 |
| Cost of sales | 74,600 | 83,536 | 169,410 | 158,595 |
| Gross profit | 73,602 | 46,962 | 137,686 | 128,568 |
| <i>Operating Expenses:</i> | | | | |
| Research and development | 14,325 | 11,522 | 30,470 | 23,030 |
| Selling, marketing, general and administrative | 54,537 | 42,255 | 110,398 | 98,377 |
| Operating income/(loss) * | 4,740 | (6,815) | (3,182) | 7,161 |
| <i>Financial (income)/expense, net:</i> | | | | |
| Interest and other financial income | (13,972) | (4,296) | (24,862) | (6,222) |
| Foreign exchange (income)/expense | 1,623 | 2,788 | (460) | 3,082 |
| Other gain, net | 566 | 395 | 956 | 839 |
| Income/(loss) before income taxes | 17,655 | (4,913) | 23,096 | 11,140 |
| Tax expense/(benefit) | 9,108 | (2,100) | 4,515 | (126) |
| Net income/(loss) * | \$ 8,547 | \$ (2,813) | \$ 18,581 | \$ 11,266 |
| Net income/(loss) per ordinary share: | | | | |
| Basic and Diluted * | \$ 0.23 | \$ (0.07) | \$ 0.49 | \$ 0.30 |
| Weighted-average number of shares used to compute net income/(loss) per share: | | | | |
| Basic and Diluted | 37,584,891 | 37,584,891 | 37,584,891 | 37,584,891 |

May not foot due to rounding.

* For the quarter ended September 30, 2023, excluding the impact from the certain one-time charges of \$6.1 million (see page one of release for a description), operating income was \$10.9 million compared to operating loss of \$(6.8) million. Excluding the impact of the certain one-time charges, net income was \$14.3 million, resulting in earnings per share of \$0.38.

* For the six months ended September 30, 2023, excluding the impact from the certain one-time charges of \$12.3 million (see page one of release for a description), operating income was \$9.1 million compared to \$7.2 million. Excluding the impact of the certain one-time charges, net income was \$29.2 million, resulting in earnings per share of \$0.78.

TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

| | September 30, 2023 | March 31, 2023 |
|---|-------------------------------|---------------------------|
| | (unaudited) | (audited) |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 269,011 | \$ 154,495 |
| Short-term bank deposits | 119,980 | 119,980 |
| Marketable securities | 518,058 | 575,814 |
| Accounts receivable and other: | | |
| Trade, net | 181,064 | 202,260 |
| Other receivables and prepaid expenses | 46,254 | 57,210 |
| Inventories | 208,188 | 226,669 |
| TOTAL CURRENT ASSETS | 1,342,555 | 1,336,428 |
| Marketable securities | 388,370 | 404,896 |
| Property, plant and equipment, net | 189,893 | 190,139 |
| Deferred income taxes | 100,807 | 103,672 |
| Goodwill | 17,231 | 17,231 |
| Other assets | 80,617 | 83,147 |
| TOTAL ASSETS | \$ 2,119,473 | \$ 2,135,513 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 43,059 | \$ 68,485 |
| Other current liabilities | 318,429 | 317,064 |
| TOTAL CURRENT LIABILITIES | 361,488 | 385,549 |
| Deferred taxes and other long-term liabilities | 10,429 | 19,106 |
| TOTAL LIABILITIES | 371,917 | 404,655 |
| Taro shareholders' equity | 1,747,556 | 1,730,858 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 2,119,473 | \$ 2,135,513 |

TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(U.S. dollars in thousands)

| | Six Months Ended September 30, | |
|--|---------------------------------------|-------------------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net income | \$ 18,581 | \$ 11,266 |
| <i>Adjustments required to reconcile net income (loss) to net cash used in operating activities:</i> | | |
| Depreciation and amortization | 15,498 | 13,994 |
| Change in derivative instruments, net | — | (24) |
| Decrease in goodwill and intangible assets | 250 | — |
| Effect of change in exchange rate on marketable securities and bank deposits | 202 | 1,358 |
| Deferred income taxes, net | 2,539 | 2,245 |
| Decrease (increase) in trade receivables, net | 20,927 | (2,071) |
| Decrease (increase) in inventories, net | 18,356 | (5,316) |
| Decrease in other receivables, income tax receivables, prepaid expenses and other | 10,862 | 5,739 |
| Decrease in trade, income tax, accrued expenses and other payables | (28,837) | (71,798) |
| (Income)/expense from amortization of marketable securities bonds, net | (3,085) | 6,940 |
| Net cash provided by (used in) operating activities | 55,293 | (37,667) |
| Cash flows from investing activities: | | |
| Purchase of plant, property & equipment, net | (13,800) | (3,443) |
| Investment in other intangible assets | (50) | (68) |
| Investment in short-term bank deposits, net | — | (48,044) |
| Proceeds from marketable securities, net | 73,716 | 15,516 |
| Net cash used in (provided by) investing activities | 59,866 | (36,039) |
| Cash flows from financing activities: | | |
| Net cash used in financing activities | — | — |
| Effect of exchange rate changes on cash and cash equivalents | (643) | (2,237) |
| Increase (decrease) in cash and cash equivalents | 114,516 | (75,943) |
| Cash and cash equivalents at beginning of period | 154,495 | 251,134 |
| Cash and cash equivalents at end of period | \$ 269,011 | \$ 175,191 |
| Cash Paid during the year for: | | |
| Income taxes | \$ 6,232 | \$ 3,091 |
| Cash Received during the year for: | | |
| Income taxes | \$ 12,930 | \$ 14,156 |
| Non-cash investing transactions: | | |
| Purchase of property, plant and equipment included in accounts payable | \$ 1,097 | \$ 3,206 |
| Non-cash financing transactions: | | |
| Purchase of marketable securities, net | \$ 157 | \$ 6,199 |
| Sale of marketable securities | \$ 157 | \$ — |

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