

TARO PHARMACEUTICALS INC.

BALANCE SHEETS

| | March 31, 2020 (Unaudited) USD Dollars | March 31, 2019 (Unaudited) CAD Dollars |
|--|--|--|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 410,230,152 | \$ 721,828,291 |
| Short-term bank deposits | \$ - | - |
| Marketable securities | \$ 544,116,868 | 635,122,488 |
| Trade accounts receivable | \$ 24,903,031 | 29,892,905 |
| Other receivables and prepaid expenses: | | |
| Prepaid expenses | 2,394,911 | 4,730,130 |
| Deferred income taxes | - | - |
| Government authorities | 7,758,469 | 22,968,921 |
| Advances to suppliers | 250,225 | 233,485 |
| Derivative instruments | - | - |
| Intercompany balances | 223,034,868 | 204,886,967 |
| Other | 7,357,159 | 9,814,022 |
| TOTAL Other receivables and prepaid expenses | 240,795,632 | 242,633,525 |
| Inventories | 55,680,027 | 82,021,558 |
| TOTAL CURRENT ASSETS | 1,275,725,710 | 1,711,498,766 |
| LONG-TERM RECEIVABLES AND OTHER ASSETS | 405,089,474 | 313,805,509 |
| FIXED ASSETS: | | |
| Cost | 110,840,841 | 136,428,668 |
| Less - accumulated depreciation | (52,509,247) | (64,703,261) |
| | 58,331,594 | 71,725,406 |
| GOODWILL | 276,147 | 368,629 |
| INTANGIBLE ASSETS AND DEFERRED COSTS, NET | 129,369,768 | 183,499,789 |
| DEFERRED INCOME TAXES | - | - |
| TOTAL ASSETS | \$ 1,868,792,693 | \$ 2,280,898,100 |

TARO PHARMACEUTICALS INC.

BALANCE SHEETS

| | March 31, 2020 (Unaudited) USD Dollars | March 31, 2019 (Unaudited) CAD Dollars |
|--------------------------------------|--|--|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable: | | |
| Trade payables | \$ 12,362,103 | \$ 11,121,439 |
| Other current liabilities: | | |
| Returns reserve | 4,908,345 | 4,658,629 |
| Due to customers | - | - |
| Intercompany balances | - | 267,616,352 |
| Employees and payroll accruals | 4,072,524 | 5,052,444 |
| Deferred revenue | 236,624 | 306,143 |
| Medicaid and indirect rebates | 12,847,183 | 13,935,271 |
| Accrued income taxes | - | - |
| Legal and audit fees | - | - |
| Accrued expenses | 25,106,458 | 16,823,720 |
| Interest payable | - | - |
| Derivative instruments | 2,901,200 | 2,826,401 |
| Deferred taxes | - | - |
| Other | 494,815 | 29,394 |
| TOTAL Other current liabilities | 50,567,149 | 311,248,354 |
| TOTAL CURRENT LIABILITIES | 62,929,252 | 322,369,793 |
| LONG-TERM LIABILITIES: | | |
| Deferred income taxes | 2,975,070 | 1,955,156 |
| Other long-term liabilities | 2,909,560 | 4,006,568 |
| | 5,884,631 | 5,961,724 |
| SHAREHOLDERS' EQUITY | 1,799,978,810 | 1,952,566,584 |
| | \$ 1,868,792,693 | \$ 2,280,898,100 |

Date of approval of the
financial statements

Harold Parks
Senior Director, Finance

TARO PHARMACEUTICALS INC.

STATEMENTS OF INCOME

| | For the year | For the year | For the year |
|---|----------------|----------------|----------------|
| | Ended | Ended | Ended |
| | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | USD Dollars | CAD Dollars | CAD Dollars |
| Sales | \$ 355,823,117 | \$ 363,451,951 | \$ 350,220,956 |
| Cost of sales | 149,030,163 | 194,146,268 | 146,237,063 |
| Gross profit | 206,792,955 | 169,305,683 | 203,983,893 |
| Research and development | 24,424,343 | 41,192,787 | 38,339,637 |
| Selling and marketing expenses | 10,193,400 | 11,282,659 | 9,415,014 |
| General and administrative expenses | 7,341,255 | 11,028,244 | 9,515,285 |
| Operating income | 164,833,957 | 105,801,993 | 146,713,957 |
| Financing income (expenses), net | 44,407,893 | 66,873,692 | (29,716,122) |
| Other income (expense) | 1,587,436 | 1,335,331 | 2,400,453 |
| Income before taxes on income | 210,829,286 | 174,011,016 | 119,398,288 |
| Taxes on income | 55,934,860 | 50,226,492 | 23,494,758 |
| Net income for the period before subsidiaries and divid | 154,894,427 | 123,784,525 | 95,903,529 |
| Dividend income, net | - | - | - |
| Subsidiaries | - | - | - |
| Net income for the period | \$ 154,894,427 | \$ 123,784,525 | \$ 95,903,529 |

Functional Currency Change to USD for Taro Canada. Prior to April 1, 2019, the functional currency of the Company's Canadian subsidiary was the Canadian dollar ("CAD"). Accordingly, the financial statements of the Canadian subsidiary were translated into U.S. dollars ("USD"). All balance sheet accounts were translated using the exchange rates in effect at the balance sheet date. Amounts were translated using the average exchange rate prevailing during the year. The resulting translation adjustments were reported as a component of shareholders' equity under accumulated other comprehensive income.

TARO PHARMACEUTICALS INC.

Changes in Shareholders' Equity

| CAD/USD Dollars Unaudited | Number of Shares (Unaudited) | Share Capital (Unaudited) | Additional Paid-in Capital (Unaudited) | Accumulated | | | Foreign Currency Translation Adj (Unaudited) | Retained Earnings (Unaudited) | Total Taro Shareholders' Equity (Unaudited) | Noncontrolling Interest (Unaudited) | Total Shareholders' Equity (Unaudited) |
|-----------------------------------|------------------------------------|---------------------------------|---|---------------------------------|--|------------------------------|--|-------------------------------------|--|---|---|
| | | | | Share Capital (Unaudited) | Other Comprehensive Income (Loss) (Unaudited) | Income (Loss) (Unaudited) | | | | | |
| Balance at March 31, 2017 | 10 | 10 | 295,107 | - | - | - | 1,484,244,813 | 1,484,539,931 | - | 1,484,539,931 | |
| Issuance of shares to TNA | 0.6 | 241,354,403 | - | - | - | - | - | 4,658,955 | - | 4,658,955 | |
| Comprehensive income, net of tax | - | - | - | - | 4,658,955 | - | - | 95,903,530 | - | 95,903,530 | |
| Net income | - | - | - | - | - | - | - | 95,903,530 | - | 95,903,530 | |
| Balance at March 31, 2018 | 11 | 241,354,413 | 295,107 | - | 4,658,955 | - | 1,580,148,343 | 1,826,456,818 | - | 1,826,456,818 | |
| Reduction of shares issued to TNA | - | (11,015,723) | - | - | - | - | - | (11,015,723.00) | - | (11,015,723) | |
| Comprehensive income, net of tax | - | - | - | - | 13,340,963 | - | - | 13,340,963 | - | 13,340,963 | |
| Net income | - | - | - | - | - | - | - | 123,784,525 | - | 123,784,525 | |
| Balance at March 31, 2019 (CAD) | 11 | 230,338,690 | 295,107 | - | 17,999,918 | - | 1,703,932,868 | 1,952,566,584 | - | 1,952,566,584 | |
| Balance at March 31, 2019 (USD) | 11 | 173,200,008 | 263,098 | - | 13,512,438 | (156,753,284) | 1,432,483,995 | 1,462,706,254 | - | 1,462,706,254 | |
| Issuance of shares to TNA | 0.9 | 199,407,236 | - | - | - | - | - | 199,407,236 | - | 199,407,236 | |
| Comprehensive income, net of tax | - | - | - | - | (17,029,108) | - | - | (17,029,108) | - | (17,029,108) | |
| Net income | - | - | - | - | - | - | - | 154,894,427 | - | 154,894,427 | |
| Balance at March 31, 2020 | 12 | 372,607,244 | 263,098 | - | (3,516,670) | (156,753,284) | 1,587,378,422 | 1,799,978,810 | - | 1,799,978,810 | |