Taro International Ltd.

Financial Statements as of March 31, 2026

Taro International Ltd.

Financial Statements as of March 31, 2026

For Income Tax Purposes

Table of Contents

- - - - - - - - - - - - - - -

For Income Tax Purposes

Report of the Independent Auditor to the Shareholders of Taro International Ltd.

We have audited the attached Balance Sheets of Taro International Ltd. (the "Company") as of March 31, 2026 and 2025 and the Profit and Loss Statements and changes in equity for each of the years ended on those dates. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audit in accordance with generally accepted auditing standards in Israel, including standards set in the Auditor's Regulations (Auditor's Mode of Performance), 1973. According to these standards, we are required to plan and perform the audit in order to obtain a reasonable degree of assurance that the financial statements do not contain a material misrepresentation. An audit includes a sample examination of evidence supporting the amounts and information in the financial statements. An audit also includes an examination of the accounting principles applied and the significant estimates made by the Company's Board of Directors and management as well as an assessment of the adequacy of the presentation in the financial statements as a whole. We believe that our audit provides a reasonable basis for our opinion.

Statements of Cash Flows have not been included in these financial statements.

As stated in Note 1C, in the Company's financial statements, an intangible asset received from the parent company - Taro Pharmaceutical Industries Ltd. was recognized, according to its historical cost and not at fair value as required in accordance with the Israeli GAAP. It should be noted that the recognition has no effect on the Company's tax expenses.

In our opinion, except for the exclusion of the aforementioned information and the recognition of an intangible asset not at fair value, the financial statements referred to above adequately reflect, in all material respects, the financial position of the Company as of March 31, 2026 and 2025, the results of its operations and changes in its equity for each of the years ended on those dates, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

As explained in Note 2A, the above financial statements are presented in USD.

Tel Aviv, May 14, 2026

ZIV Haft
Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
03-6386868	02-6546200	04-8680600	077-7784100	073-7145300	077-5054906	077-7784180	08-9744111	04-6555888

Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo.co.il **Website:** www.bdo.co.il

Balance Sheets

	Note	As of March 31 2026	2025
		US Dollar	
Current Assets			
Cash		22,322,589	8,198,551
Deposits		-	9,000,000
Customers, net		11,738,400	5,133,996
Other receivables and debit balances	3	240,514	728,633
Affiliated companies	4	3,094,507	7,231,683
Inventory		7,600,843	6,142,605
		44,996,853	36,435,468
Other Assets, Net		2,814,500	3,052,433
		47,811,353	39,487,901
Current Liabilities			
Liabilities to suppliers and service providers		4,143,127	1,116,428
Creditors and credit balances	5	2,314,842	2,416,620
		6,457,969	3,533,048
Equity			
Share capital	6	414	414
Premium on shares		5,215,180	5,215,180
Retained earnings		36,137,790	30,739,259
		41,353,384	35,954,853
		47,811,353	39,487,901

May 14, 2026
Date of approval of the financial statements

CFO
Shlomi Mor

The accompanying notes form an integral part of the financial statements.

Profit and loss statements

	Note	For the Year Ended March 31 2026	2025
		US Dollar	
Sales and sales commissions	7A	27,003,276	25,514,033
Cost of sales	7B	20,487,996	18,757,351
Gross profit		6,515,280	6,756,682
Sales, administrative and general expenses	7C	4,284,238	3,615,617
Operating profit		2,231,042	3,141,065
Financing expenses (income), net		(4,308,556)	340,991
Profit after financing income		6,539,598	2,800,074
Other income, net	7D	11,186	10,676
Profit before income taxes		6,550,784	2,810,750
Income taxes	8	1,152,253	726,531
Net profit		5,398,531	2,084,219

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

	Capital Share Capital	Premium on shares	Balance Profit	Total
	US Dollar			
Balance as of March 31, 2024	414	5,215,180	28,655,040	33,870,634
Net profit	-	-	2,084,219	2,084,219
Balance as of March 31, 2025	414	5,215,180	30,739,259	35,954,853
Net profit	-	-	5,398,531	5,398,531
Balance as of March 31, 2026	414	5,215,180	36,137,790	41,353,384

The accompanying notes form an integral part of the financial statements.

Note 1: - General

A. Description of the Company

The Company began its business activities in 1992 and is engaged in pharmaceutical products trade.

B. Definitions

In these Financial Statements -

The Company	-	Taro International Ltd.
The Parent Company	-	Taro Pharmaceutical Industries Ltd.
Group Companies	-	Companies held by the Parent Company.
Related Parties	-	As defined in Public Statement 29 of the Institute of Certified Public Accountants in Israel.

C. As part of the tax decision in the agreement, which resulted from the tax assessment agreement for the years 2010-2014 signed between the Haifa Assessor and the Parent Company on March 12, 2018, it was determined that from the beginning of the 2017 tax year, the intellectual property assets transferred from Taro North America (TNA) to Israel will be considered as retroactively held by the Parent Company, when it was agreed that several assets would be transferred to the Company. In the absence of an explicit provision in the tax decision to carry out an appraisal of the assets transferred, the assets were transferred at the equity value in the TNA books, while they may have had another value which should have been reflected in the Company's Financial Statements under the Accounting Principles. It should be noted that the recognition has no effect on the Company's tax expenses.

Note 2: - Significant Accounting Policies

The main accounting policies, which were implemented in the preparation of the financial statements, are as follows:

A. The Reporting Basis of the Financial Statements

1. General

Until December 31, 2003, the Company has prepared its financial statements based on the historical cost convention, adjusted for changes in the general purchasing power of the Israeli currency as measured by changes in the exchange rate of the USD in relation to the NIS.

In accordance with Accounting Standard 12, regarding termination of adjustment of financial statements (hereinafter - Standard 12) and Accounting Standard 13 regarding the effect of changes in foreign exchange rates (hereinafter - Standard 13), adjustment of the financial statements to inflation (in accordance with changes in the exchange rate of the US dollar) was discontinued as of January 1, 2004. The adjusted amounts included in the Balance Sheet as of December 31, 2003 (the transition date) served as a starting point for the financial reporting in USD as of January 1, 2004.

Note 2: - Significant Accounting Policies (continued)

2. Financial statements in USD

Non-USD amounts have been translated as follows:

Monetary items - according to the exchange rate as of the balance sheet date.
Non-monetary items - according to the historical exchange rate at the time of the transaction.

Income and expenses - according to the exchange rates on the dates of the related transactions, not including items stemming from non-monetary items (mainly depreciation), which were translated according to the exchange rate relating to the non-monetary item.
Differences resulting from such translation were included in the net financing item.

B. Provision for Doubtful Debts

Provision for doubtful debts is calculated specifically in respect of identified debts whose collection, in the opinion of the Company's management, is questionable.

C. Inventory

Inventory of products is estimated by cost or market value, as the lowest of them, based on a specific association.
Inventory is presented net of a provision for impairment of slow-moving and dead inventory, as assessed by management.

D. Other Assets

Other property includes franchises for distribution and is amortized over the duration of the contractual right.

E. Revenue Recognition

The Company recognizes its revenue from the sale of its products to external customers upon delivery to the customer according to the terms of delivery with the customer. The Company presents sales net of discounts to the HMOs. The basis for calculating discounts is the difference between the "full" price (according to a supervised price list) and the price list of each HMO. In addition, the Company deducts from the total sales the expected returns from those sales. Fees from the Parent Company are charged as they arise.

F. Use of Estimates

Preparation and of the financial statements and their presentation in accordance with generally accepted accounting principles requires management to use estimates and assumptions that affect the data presented in the financial statements and their accompanying notes. Due to the nature of estimates and assumptions, the actual results may differ therefrom.

Note 2: - Significant Accounting Policies (continued)

G. Exchange Rates

The following are data regarding USD exchange rates:

As of	Representative exchange rate of the USD
	NIS
March 31, 2026	3.165
March 31, 2025	3.718
March 31, 2024	3.681
Rate of change in the year ended	%
March 31, 2026	(14.87)
March 31, 2025	1

Note 3: -Accounts Receivable and Debit Balances

	March 31	
	2026	2025
	US Dollar	
Institutions	6,223	514,902
Advance payments to suppliers	229,167	199,412
Prepaid expenses	363	363
Other	4,761	13,956
	240,514	728,633

Note 4: - Affiliated Companies

The current account balance is linked to the USD exchange rate

Note 5: - Accounts Payable and Credit Balances

	March 31	
	2026	2025
	US Dollar	
Expenses payable for inventory	1,140,851	1,976,499
Institutions	375,712	-
Provision for discounts	292,245	173,588
Provision for returns	173,037	137,462
Accrual expenses payable	64,384	129,071
Other	268,613	-
	2,314,842	2,416,620

Note 6: - Share Capital

	March 31, 2026*	
	Registered	Issued And Paid-up
	Number of shares	
Common stock of NIS 1 PV each	20,000	1,002

* As of March 31, 2025, the balances are the same.

Note 7: - Additional Details to the Sections of the Profit and Loss Statements

	For the Year Ended March 31	
	2026	2025
	US Dollar	
A. Sales and Sales Commissions		
Sales in Israel	21,338,314	20,188,035
Overseas Sales (1)	5,664,962	5,325,998
	27,003,276	25,514,033

(1) The Company sold to Affiliated Companies products in the amount of $5,591,042 and $5,282,607 in the years ended March 31, 2026, and 2025, respectively.

	For the Year Ended March 31	
	2026	2025
	US Dollar	
B. Cost of Sales		
Purchase of products and changes in inventory of GDP (2)	18,254,987	16,089,563
Royalties expenses	505,140	584,113
Amortization	334,060	349,021
Participation in the expenses of the Parent Company	728,613	548,837
Other	665,196	1,185,817
	20,487,996	18,757,351

(2) The Company acquired from Affiliated Companies products in the amount of $3,289,464 and $1,776,880 in the years ended March 31, 2026 and 2025, respectively. Transactions with Related Parties are made under market conditions.

Note 7: - Additional Details to the Sections of the Profit and Loss Statements (continued)

C. Sales, Administrative and General Expenses

	For the Year Ended March 31	
	2026	2025
	US Dollar	
The Company's participation in the expenses of the Parent Company	3,397,972	2,986,852
Legal expenses	-	395
Registration and renewal of preparations	173,507	68,269
Miscellaneous	712,759	560,101
	4,284,238	3,615,617

D. Other income, net

	For the Year Ended March 31	
	2026	2025
	US Dollar	
Revenue from royalties (3)	11,186	10,676
	11,186	10,676

(3) The Company received royalties of $11,186 and $10,676 from Affiliated Companies in the years ended March 31, 2026 and 2025, respectively. Transactions with Related Parties are made under market conditions.

Note 8: - Taxes on Income

A. Tax Laws that Apply to the Company

Since 2003, the Company has been preparing the tax reconciliation statement in accordance with the rules regarding the bookkeeping of foreign invested companies and of certain partnerships and the determination of their taxable income, 1986. Under these rules, results for tax purposes are measured on a reported basis in USD.

The corporate tax rate since 2019 is 23%.

The Company's capital gains are taxable at the ordinary corporate tax rate in the tax year.

B. Tax Assessments

As of the date of signing the financial statements, the Company has final tax assessments up to and including 2019.

\- - - - - - - - - - - -