



Investor Presentation

November 2021



Safe Harbor Statement



This presentation contains comments and forward-looking statements based upon current plans, expectations, events, and financial and industry trends, which may affect the Company's future operating results and financial position. Such statements involve risks and uncertainties which cannot be predicted or quantified, and may cause future activities or results of operations to differ materially from those discussed herein. Historical results achieved are not necessarily indicative of future profits of the Company. For further information, refer to the Company's filings with the SEC.

Taro occasionally uses numerical measures in investor presentations and other forums which are considered non-GAAP Financial Measures. The Company believes that the presentation of non-GAAP measures, in combination with comparable GAAP measures, together provide our investor community with useful supplementary information concerning the Company's ongoing operations and are an appropriate way to evaluate the company's performance. However, they are provided for informational purposes only.

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.

Vision



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Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines.



Company Overview

Fully Integrated Pharmaceutical Company



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- ❑ **Research-based, multinational pharmaceutical company**
 - ❑ Predominantly US driven business (90% of sales in North America)
 - Diverse portfolio of 200+ pharmaceutical products
 - Generic Rx and OTC
 - Key therapeutic categories: dermatological/topical, neuropsychiatric, cardiovascular, and anti-inflammatory
- ❑ **Operations in the U.S., Canada and Israel with 1,400+ employees worldwide**
 - ❑ **35%** of employees in R&D and Quality
- ❑ **Market Share**
 - ❑ **Ranked #1 or #2 in 65%** by market share in the U.S. generic market
- ❑ **Excellent track record with FDA & Other Agencies**
 - ❑ Fully Compliant FDA, Ministry of Health, Health Canada
 - ❑ Vertical Integration of API and formulation of select key products
- ❑ **Financial**
 - ❑ **Sun Ownership: 78.5%**
 - ❑ Strong Balance Sheet
 - ❑ High margins, strong cash generation from operations



Company Overview

Key Dates in Taro History



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1950 – Established in Israel to manufacture finished pharmaceutical products

1961 – Started chemical synthesis (API production) in Israel

1984 – Established topical product operations in Canada

1988 – Entered U.S. market

2010 – Sun Pharma acquires controlling interest in Taro

2012 – NYSE Listed

2019 – Exited branded presence in U.S.

Share Repurchases:

- **2013** – \$193M (Dutch Tender): 2.0M shares
- **2016/17** – \$500M (10b5-1): 4.3M shares
- **2019** – \$300M announced:
 - **2019** – \$25M (Dutch Tender): 281K shares
 - **2020/2021 (To date)** – \$50M (10b5-1): 673K shares

Special Dividend:

- **2018** – \$500M: \$12.86 per share

Strategy and Opportunity

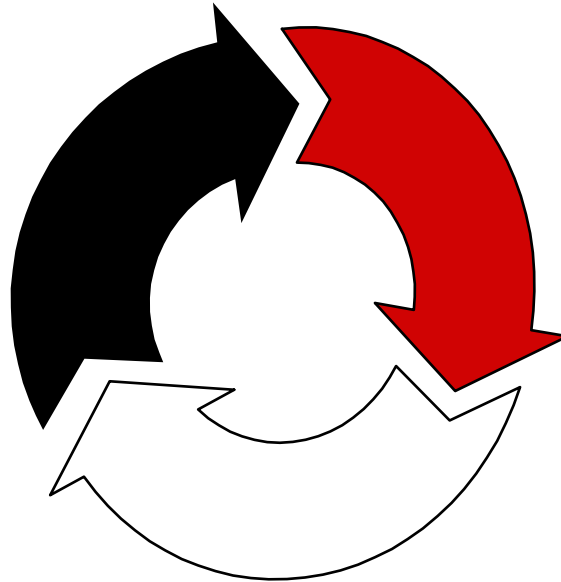
Complex, niche products



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CREATE SUSTAINABLE REVENUE STREAMS

- ❑ Differentiation: Technically complex products
- ❑ Regulatory barriers to entry
- ❑ Speed to market



COST LEADERSHIP

- ❑ Vertical integration : Development through Manufacturing (API and Finished Dosage)
- ❑ Optimize operational costs

BALANCE PROFITABILITY AND INVESTMENTS FOR FUTURE

- ❑ Development of complex generics
- ❑ Growth both organically and through strategic business development

Research Strategy

Technically complex products, Regulatory barriers to entry



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- ❑ **Current State (9/30/21)**
 - ❑ 225 Approved US FDA ANDAs
 - ❑ 18 ANDAs awaiting FDA approval
- ❑ **Generic products with sustainable profitability**
 - ❑ Topicals and other niche products with high clinical and regulatory barriers to entry
 - ❑ Technically complex manufacturing
 - ❑ Opportunity for API synthesis
- ❑ **Proprietary products**
 - ❑ Innovative products for unmet needs
 - ❑ Niche markets – mainly in dermatology
- ❑ **Chemical Synthesis/API**
 - ❑ Developing and manufacturing for most of our top products
 - ❑ 59 Drug Master Files (DMFs) currently submitted to FDA



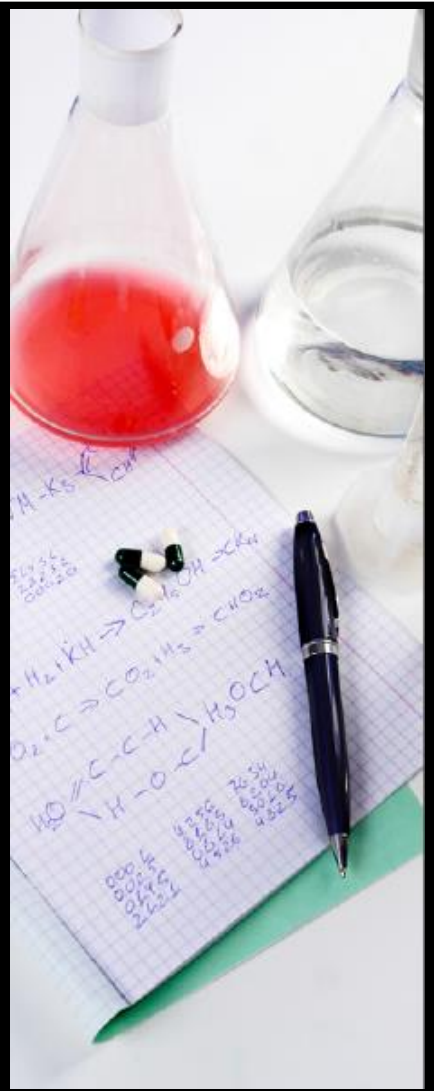
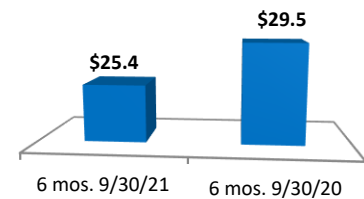
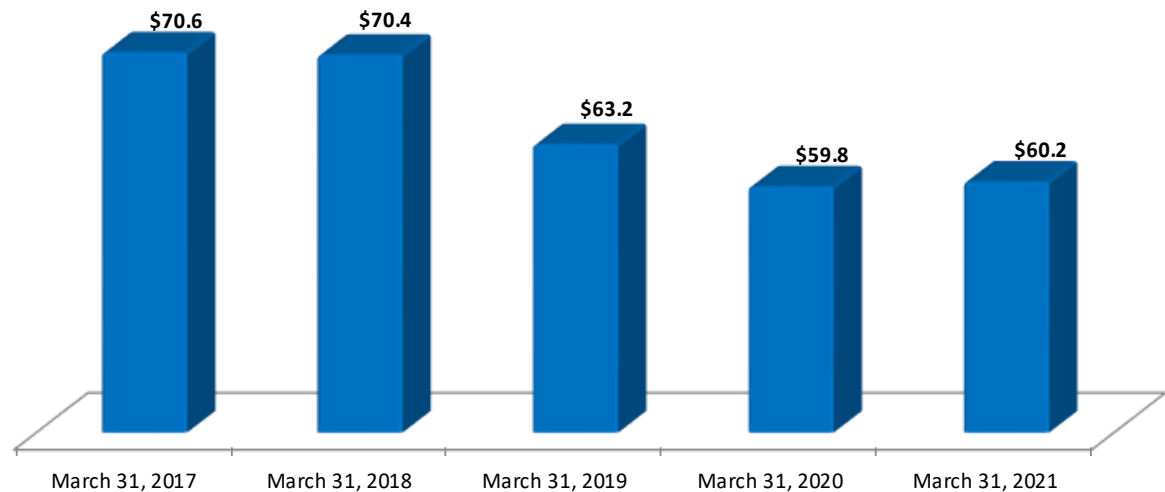
Research & Development

Investing for the future – \$350 million over 5.5 years



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(in millions)

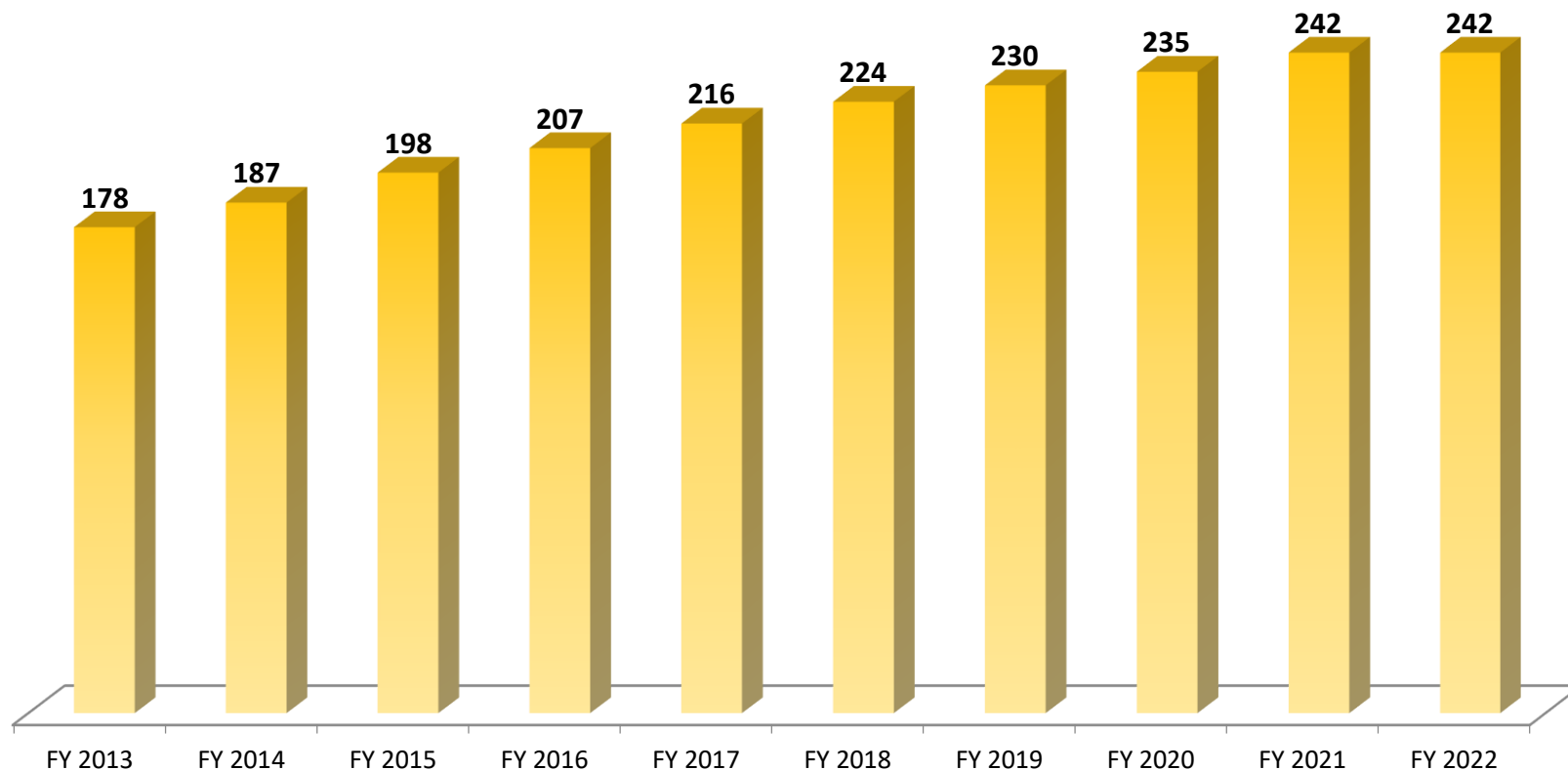


ANDA Filings

Growing our pipeline of quality products



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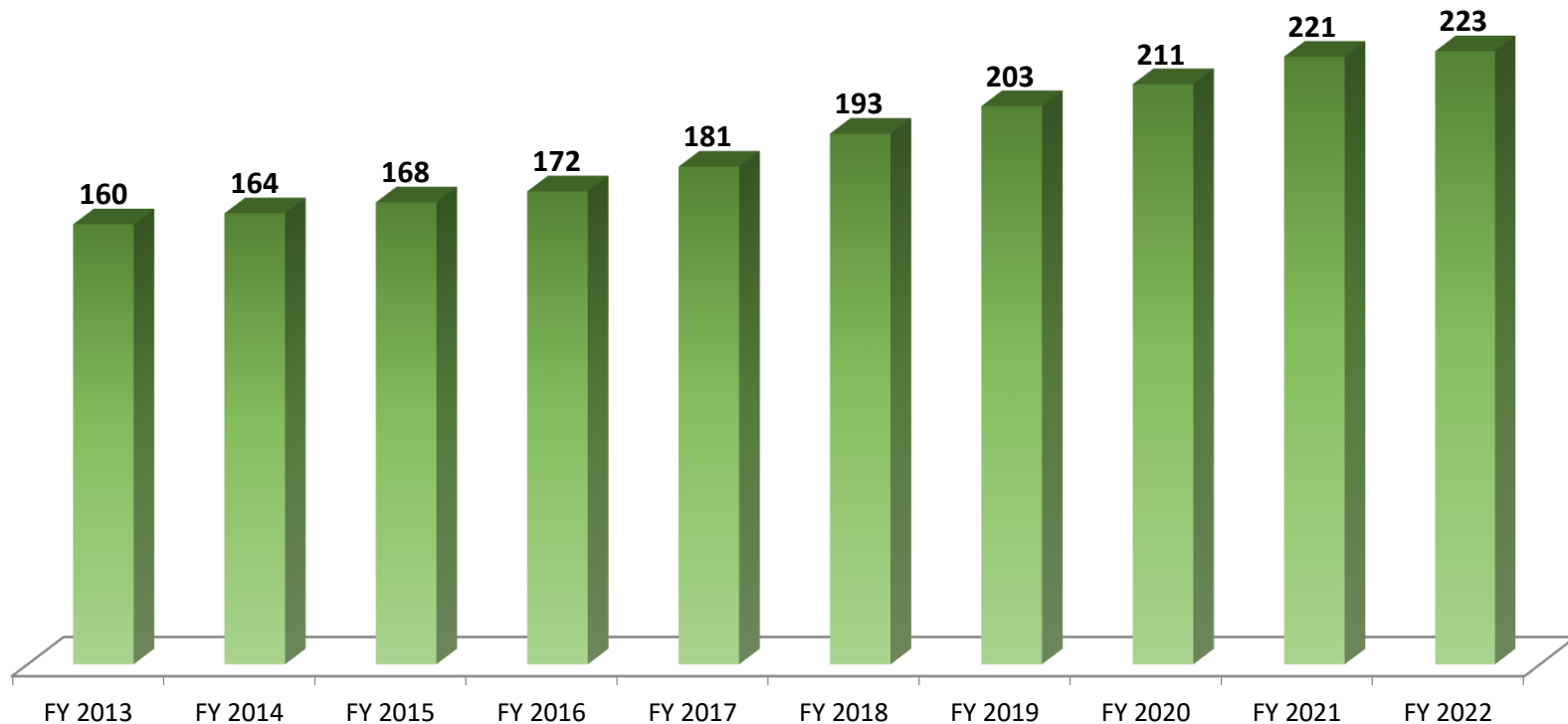
Note: ANDA Filings are presented on a cumulative basis since 1978.

ANDA Approvals

Strong success in approvals



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Note: ANDA Approvals are presented on a cumulative basis since 1978.



- ❑ **Fully Compliant – Approved by FDA, IMH and Accreditation of foreign manufacturing**
- ❑ **API Development and Manufacturing**
- ❑ **900,000 sq. ft. manufacturing facility**
- ❑ **700+ employees**
- ❑ **100+ finished dosage forms/250+ products manufactured**
 - ❑ **Therapeutic Areas – Dermatology, Pain, Gastro, Cardiology and Dental**
- ❑ **Manufactures 100+ finished dosage form products for sale in Israel and export**
- ❑ **Primary product lines:**
 - ❑ **Dermatology: Rx and OTC semi-solid and liquid products (creams, ointments, lotions & gels)**
 - ❑ **Cardiology and Neurology: Prescription oral dosage products**
 - ❑ **Gastroenterology: Rx and OTC (Nexium, Normalax & Meroken)**
 - ❑ **Oral analgesics: Rx and OTC**
 - ❑ **Oral Central Nervous System (CNS): Rx**
 - ❑ **OTC nasal sprays**
 - ❑ **Allergy (Antihistamine): OTC oral dosage products**



- ❑ Fully Compliant – Approved by FDA and Health Canada
- ❑ 245,000+ sq. ft. manufacturing facility
- ❑ 500+ employees
- ❑ Manufactures 200+ finished dosage form pharmaceutical products
- ❑ Ranked # 6 in the Canadian generic market
 - ❑ 160+ products sold in Canada
- ❑ Primary product lines:
 - ❑ Dermatology: Rx and OTC semi-solid products (creams, ointments and gels) and liquids
 - ❑ Injectables and specialty products
 - ❑ Solid-oral generic medicines
- ❑ +\$258M in sales

Taro Canada Top 10 Products	MAT Sep. 2021 Sales CAD \$ MM
Esomeprazole	\$26.9
Testosterone	\$18.3
Bupropion XL	\$14.5
Betaderm	\$14.2
Atorvastatin	\$12.6
Mometasone	\$12.4
Warfarin	\$10.1
Clobetasol	\$9.2
Clotrimaderm	\$8.6
Mupirocin	\$6.9

Source: IQVIA MAT Sep 2021

Taro USA

Headquarters and Distribution Center



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- ❑ **Headquarters – Hawthorne, New York**
 - ❑ 130+ employees
- ❑ **Distribution Center – Cranbury, New Jersey**
 - ❑ 300,000 sq. ft.
 - ❑ Solar powered
- ❑ **Marketing and distribution of generic products in the U.S. market**
- ❑ **Dermatology: Rx and OTC semi-solid products (creams, ointments & gels) and liquids**
- ❑ **Rx \$636M in sales**

Taro USA Top 10 Products	MAT Sep. 2021 Sales USD \$ MM
Dapsone(Base) Gel	\$ 62.6
Tretinoin(Base) Cream	\$ 44.5
Carbamazepine(Base) Tabs La	\$ 28.8
Fluorouracil(Base) Cream	\$ 22.8
Betamethasone(Dipropionate) Cream	\$ 21.4
Warfarin(Sodium Salt) Tabs	\$ 20.3
Mupirocin(Base) Ointment	\$ 19.0
Terconazole(Base) Vaginal Cream And Gel	\$ 18.2
Enalapril(Maleate) Tabs	\$ 17.6
Metronidazole(Base) Gel	\$ 16.5

Source: IQVIA MAT Sep. 2021

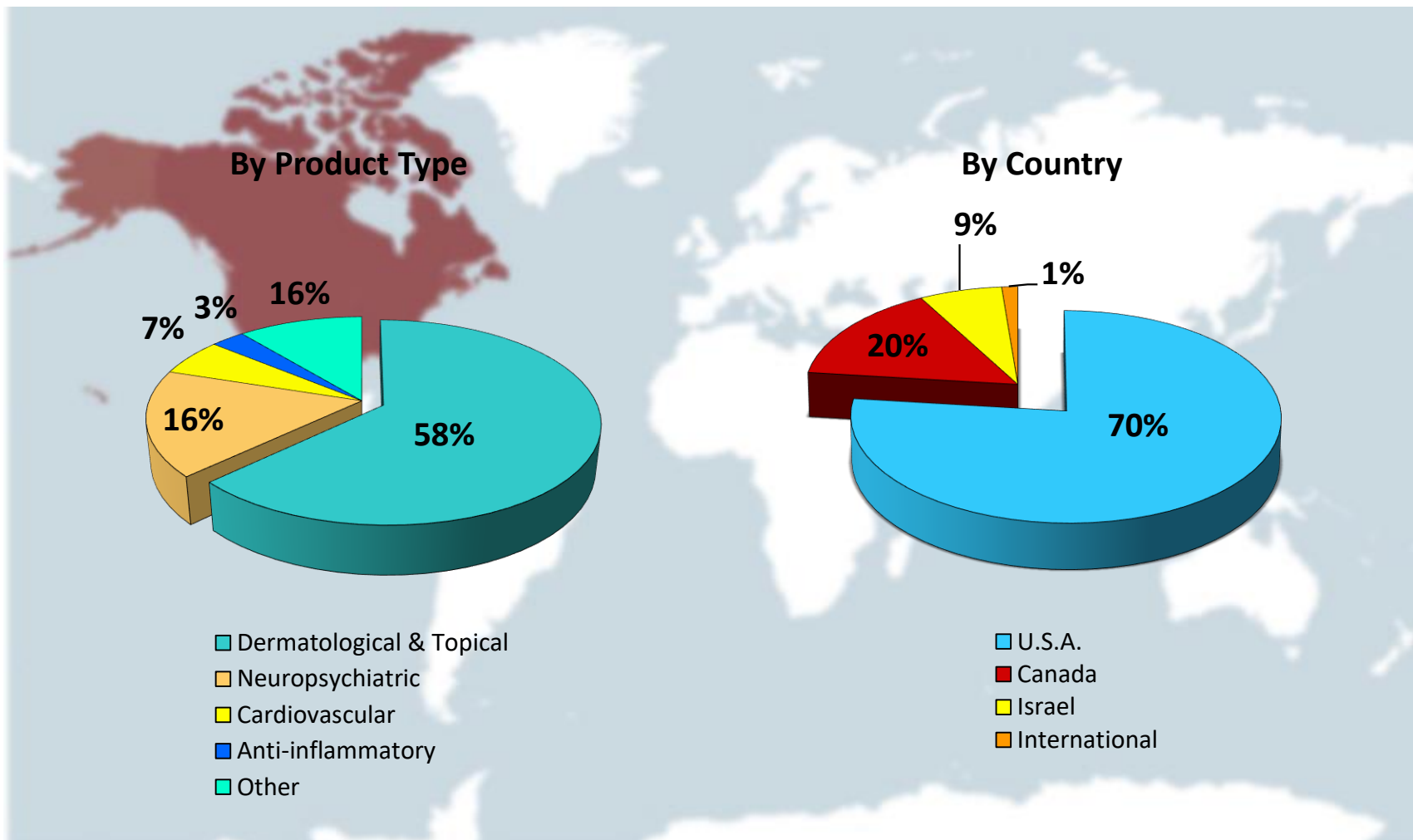
Net Sales Composition

North America and Derm Focused



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Source: Taro 2021 Form 20-F

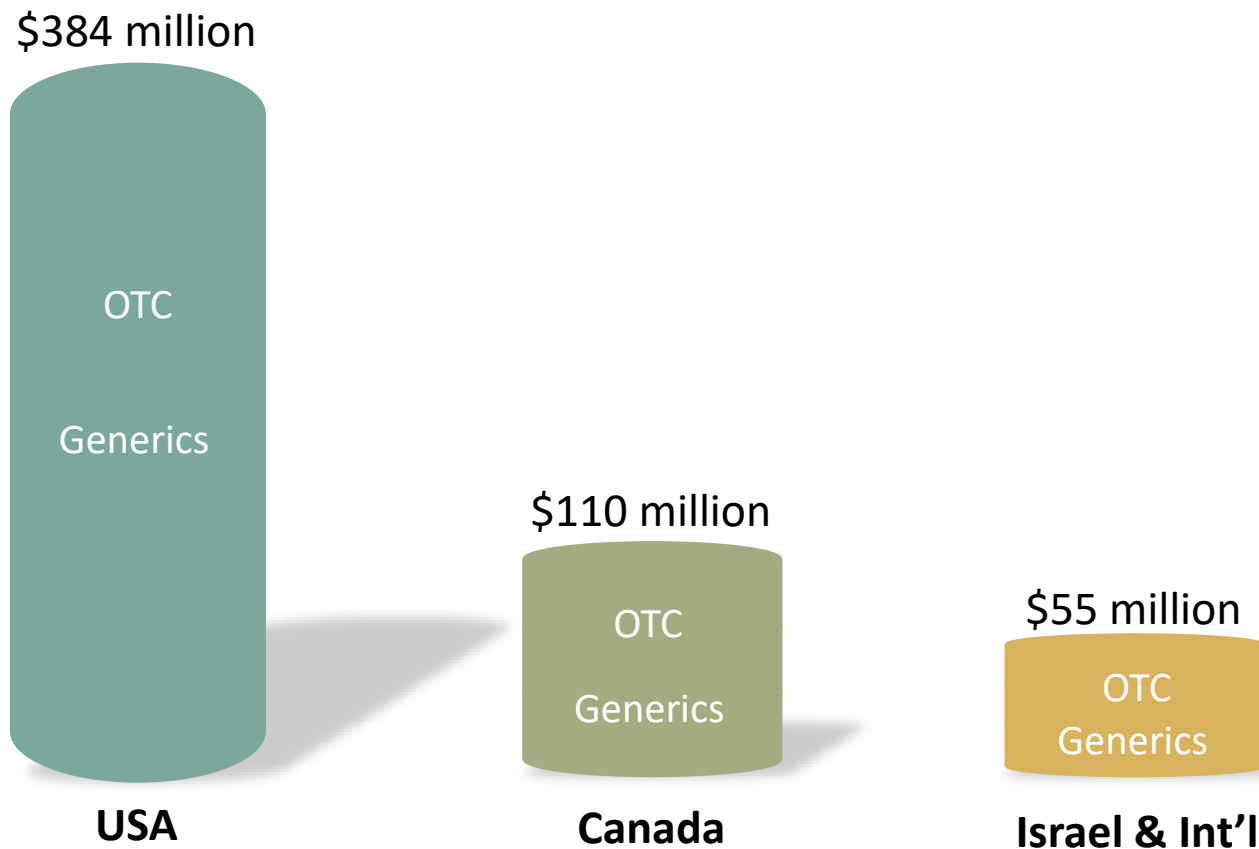


Growing our business: 3 commercial pillars

Fiscal Year 2021



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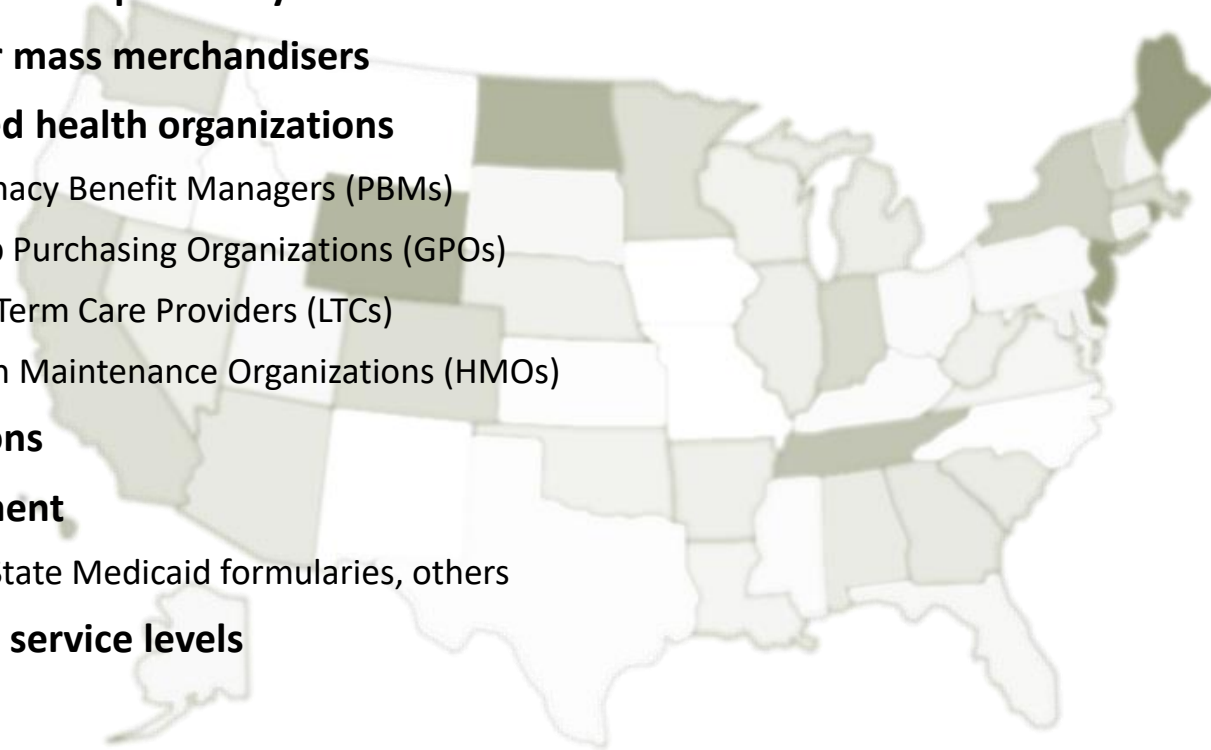


Strong presence in U.S. distribution channels



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- ❑ **Major U.S. drug wholesalers, smaller wholesalers and distributors**
- ❑ **All major retail pharmacy and food chains**
- ❑ **All major mass merchandisers**
- ❑ **Integrated health organizations**
 - ❑ Pharmacy Benefit Managers (PBMs)
 - ❑ Group Purchasing Organizations (GPOs)
 - ❑ Long-Term Care Providers (LTCs)
 - ❑ Health Maintenance Organizations (HMOs)
- ❑ **Institutions**
- ❑ **Government**
 - ❑ V.A., State Medicaid formularies, others
- ❑ **Excellent service levels**



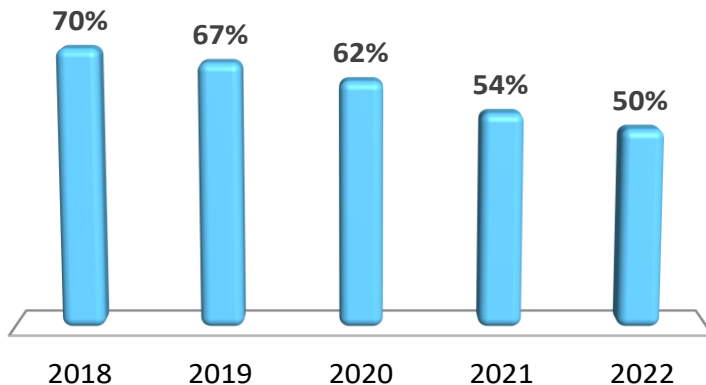
Key Financial Ratios

Full-year results

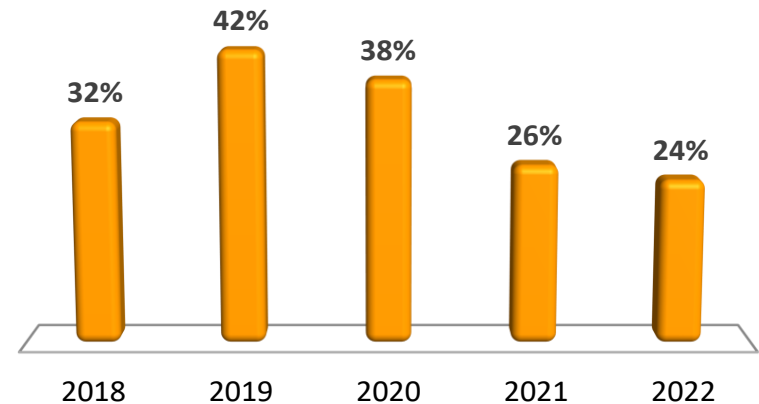


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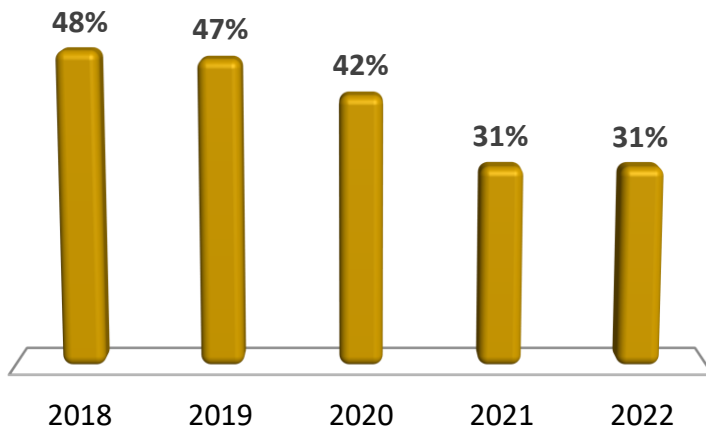
Gross margin



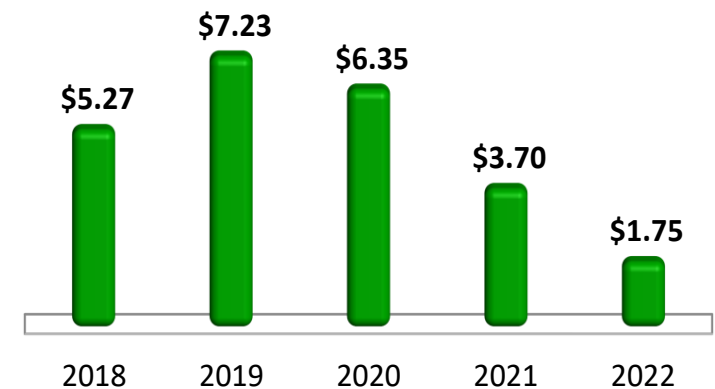
Net margin *



EBITDA margin *



Earnings per share *



* FY20/21 & FY21/22 figures exclude settlement and loss contingency charges.

Taro Income Statement

Current 6 month and full year comparisons



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(In thousands)

	Six Months Ended September 30,				Year Ended March 31,		
	As Reported 2021	Proforma 2021	As Reported 2020	Proforma 2020	As Reported 2021	Proforma 2021	As Reported 2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(audited)
Sales, net	\$ 279,099	\$ 279,099	\$ 260,477	\$ 260,477	\$ 548,970	\$ 548,970	\$ 644,769
Cost of sales	139,356	139,356	113,943	113,943	252,314	252,314	245,044
Gross profit	139,743	139,743	146,534	146,534	296,656	296,656	399,725
<i>Operating Expenses:</i>							
Research and development	25,448	25,448	29,484	29,484	60,152	60,152	59,777
Selling, marketing, general and administrative	47,660	47,660	46,323	46,323	91,355	91,355	93,413
Settlements and loss contingencies	61,420	—	478,924	—	558,924	—	—
Operating income (loss)	5,215	66,635	(408,197)	70,727	(413,775)	145,149	246,535
<i>Financial (income) expense, net:</i>							
Interest and other financial income	(5,413)	(5,413)	(12,988)	(12,988)	(20,174)	(20,174)	(33,645)
Foreign exchange expense (income)	11	11	(829)	(829)	365	365	(14,837)
Other gain, net	2,724	2,724	1,929	1,929	2,892	2,892	3,018
Income (loss) before income taxes	13,341	74,761	(392,450)	86,474	(391,073)	167,851	298,035
Tax expense	8,792	8,792	12,444	12,444	9,667	26,380	53,485
Net income (loss)	4,549	65,969	(404,894)	74,030	(400,740)	141,471	244,550
Net (loss) income attributable to non-controlling interest	—	—	(15,108)	(142)	(14,087)	80	309
Net income (loss) attributable to Taro	\$ 4,549	\$ 65,969	\$ (389,786)	\$ 74,172	\$ (386,653)	\$ 141,391	\$ 244,241

Balance Sheet Highlights

Strong Balance Sheet - Cash Rich (\$1.5 billion), No Debt



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(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents

Short-term and current maturities of long-term bank deposits

Marketable securities

Accounts receivable and other:

Trade, net

Other receivables and prepaid expenses

Inventories

TOTAL CURRENT ASSETS

Marketable securities

Property, plant and equipment, net

Deferred income taxes

Other assets

TOTAL ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Trade payables

Other current liabilities

TOTAL CURRENT LIABILITIES

Deferred taxes and other long-term liabilities

TOTAL LIABILITIES

Taro shareholders' equity

Non-controlling interest

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2021 (unaudited)	March 31, 2021 (audited)	March 31, 2020 (audited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 523,668	\$ 605,177	\$ 513,354
Short-term and current maturities of long-term bank deposits	35,573	—	—
Marketable securities	413,322	418,480	595,383
Accounts receivable and other:			
Trade, net	196,671	213,539	235,221
Other receivables and prepaid expenses	59,785	53,347	35,567
Inventories	182,928	180,292	153,073
TOTAL CURRENT ASSETS	1,411,947	1,470,835	1,532,598
Marketable securities	552,939	557,209	459,639
Property, plant and equipment, net	196,632	205,508	209,961
Deferred income taxes	125,449	142,007	106,693
Other assets	30,191	31,314	32,361
TOTAL ASSETS	\$ 2,317,158	\$ 2,406,873	\$ 2,341,252
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables	\$ 55,228	\$ 61,166	\$ 28,858
Other current liabilities	558,730	615,135	193,873
TOTAL CURRENT LIABILITIES	613,958	676,301	222,731
Deferred taxes and other long-term liabilities	30,092	35,115	8,762
TOTAL LIABILITIES	644,050	711,416	231,493
Taro shareholders' equity	1,673,108	1,703,649	2,103,864
Non-controlling interest	—	(8,192)	5,895
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,317,158	\$ 2,406,873	\$ 2,341,252

TRANSparency
Accountability
Responsibility
Openness

*Dedicated to maintaining the
highest standards of quality,
safety, and excellence.*

Cash Flow

Significant Cash Flow Generation



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(In thousands)

	Six Months Ended September 30,				Year Ended March 31,		
	As Reported 2021 (unaudited)	Proforma 2021 (unaudited)	As Reported 2020 (unaudited)	Proforma 2020 (unaudited)	As Reported 2021 (audited)	Proforma 2021 (unaudited)	As Reported 2020 (audited)
Cash flows from operating activities:							
Net income (loss)	\$ 4,549	\$ 65,969	\$ (404,894)	\$ 74,030	\$ (400,740)	\$ 141,391	\$ 244,550
<i>Adjustments required to reconcile net income (loss) to net cash used in operating activities:</i>	(12,572)	28,968	356,747	(19,362)	446,510	(11,164)	27,055
Net cash used in operating activities	(8,023)	94,937	(48,147)	54,668	45,770	130,307	271,605
Net cash (used in) provided by investing activities	(47,953)	(47,953)	32,791	32,791	67,741	67,741	(298,162)
Net cash used in financing activities	(24,934)	(24,934)	—	—	(24,196)	(24,196)	(26,984)
Effect of exchange rate changes on cash and cash equivalents	(599)	(599)	798	798	2,508	2,508	(556)
Decrease in cash and cash equivalents	(81,509)	21,451	(14,558)	88,257	91,823	176,360	(54,097)
Cash and cash equivalents at beginning of period	605,177	605,177	513,354	513,354	513,354	513,354	567,451
Cash and cash equivalents at end of period	\$ 523,668	\$ 626,628	\$ 498,796	\$ 601,611	\$ 605,177	\$ 689,714	\$ 513,354



Taro Summary Overview



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❑ Shareholder value creation

- ❑ NYSE Listed in 2012
- ❑ Special Dividend: \$500 million (\$12.86/share)
- ❑ Share Repurchases:
 - **2013** Dutch Tender: 2.0M shares (\$193M)
 - **2016** 10b5-1: 1.8M shares (\$250M)
 - **2019** 10b5-1: 2.5M shares (\$250M)
 - **2019** Dutch Tender: 281K shares (\$25M)
 - **2020/2021 (To date)** 10b5-1; 673K shares (\$50M)

❑ Key financial metrics (December 2011 – September 2021)

- ❑ Net Sales: -5.9% CAGR
- ❑ R&D Spend: -3.6% CAGR
- ❑ Operating Income (*excl. FY21/22 settlement and loss contingencies charges*): -10.9% CAGR
- ❑ Net Income / EPS (*excl. FY21/22 settlement and loss contingencies charges*): from \$183 million / \$4.11 to \$66 million / \$1.75

❑ Free Cash flow decreases 0.5X from 2011 to \$87 million at September 2021

❑ Cash and cash equivalents (including bank deposits and short-term/long-term marketable securities)

- ❑ \$1.5 billion increased from \$259 million

❑ Company well positioned for medium & long-term performance



Thank You!

NYSE: TARO

www.taro.com

