



January 30, 2024

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051

Scrip code: 532531

Scrip code: STAR

Dear Madam/ Sir,

Sub: Press Release

Please find enclosed herewith Press Release (along with Earnings presentation) issued by the Company titled:

“Strides reports strong Q3FY24 Revenue and EBITDA”

This is for your information and records.

Thanks & Regards,
For **Strides Pharma Science Limited**,

Manjula Ramamurthy
Company Secretary
ICSI Membership No.: A30515



Encl. As above

Strides Pharma Science Limited

CIN: L24230MH1990PLC057062

Corp Off: Strides House, Bilekahalli, Bannerghatta Road, Bengaluru - 560 076, India | Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

Regd Off: 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India | Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942

corpcomm@strides.com, www.strides.com

Strides reports strong Q3FY24 Revenue and EBITDA

YoY - Revenue 20% ↑, EBITDA 62% ↑

- Reports quarterly Revenues of ₹10,389 million in Q3FY24, up 20% YoY
- US Business reports its best-ever quarterly performance, Revenues at \$67m
- Consolidated EBITDA at ₹1,950m for the quarter, up 62% YoY, led by healthy Revenue & Gross margin expansion and among the Company's best quarters on an absolute number basis
- Q3FY24 gross margins at 59.5%, absolute gross margin increase of ₹1,165 million YoY
- Q3FY24 adjusted PAT¹ at ₹620 million
- Net Debt reduced by ₹1,803m during 9months FY24
- Net Debt to EBITDA improved to 3.0x, trending ahead on Net Debt to EBITDA target < 3x for FY24

Bangalore, India, Jan 30, 2024 - Strides Pharma Science Ltd (BSE: 532531, NSE: STAR) today announced its consolidated financial results for the quarter (Q3FY24) and nine months (9MFY24) ended December 31, 2023.

Financial Highlights (In ₹ m)

Particulars	Q3FY24	Q2FY24	Q3FY23	QoQ	YoY	9MFY24	9MFY23*	YoY
Revenues	10,389	10,264	8,686	1%	20%	29,972	25,554	17%
Gross Margin	6,176	6,083	5,011	2%	23%	17,729	14,349	24%
Gross Margin %	59.5%	59.3%	57.7%	19bps	176bps	59.2%	56.2%	300bps
EBITDA	1,950	1,801	1,201	8%	62%	5,436	2,614	108%
EBITDA %	18.8%	17.5%	13.8%	123bps	495bps	18.1%	10.2%	791bps

¹ Adjusted PAT = PAT from continuing operations without JV share and exceptional items

* 9MFY23 numbers adjusted for UCL, Kenya operations which was deconsolidated effective Sep 30th, 2022

Arun Kumar, Founder, Executive Chairperson & Managing Director, commented on the performance and said, "We are delighted to announce the sustained progress in our FY24 performance, highlighted by a robust Q3FY24, where we achieved a 20% Y-o-Y revenue growth and continue to grow our EBITDA over revenues. We are optimistic about delivering the upper range of our EBITDA Outlook for FY24, laying a strong foundation for the quarters ahead."

Our revenues have surpassed ₹1,000 crores for two consecutive quarters with an Improved EBITDA performance predominantly driven by our US operations, which recorded its highest-ever revenue of \$67 million in the quarter supported by the seasonality of our product portfolio. This performance underscores our strategic approach to product launches, prioritising profitable market share sustainability. While our other regulated markets continue to exhibit strong Y-o-Y growth our Access markets business remains lumpy. We remain committed to expanding our pipeline and venturing into new territories organically to ensure our growth trajectory in the quarters to come.

We are pleased to announce the successful divestment of our Singapore facility, thereby optimising our manufacturing network. The proceeds from this corporate action has been utilised for debt reduction enabling us to achieve a debt to EBITDA of under 3 ahead of our outlook. ”

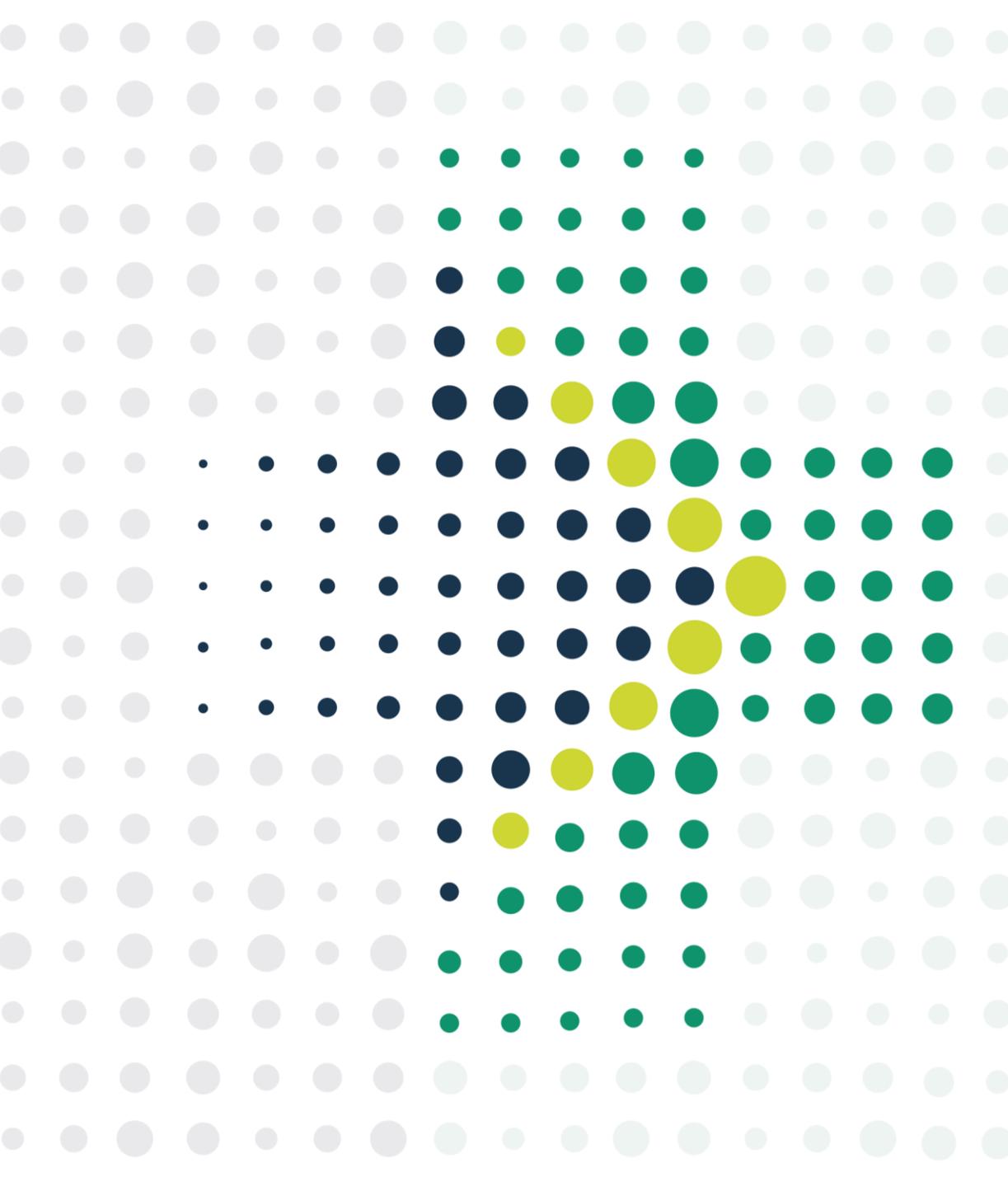
Detailed investor communication on the performance of the Company is attached.

About Strides

Strides, listed on the BSE Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bengaluru, India. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy along with an institutional business to service donor-funded markets. The Company’s global manufacturing sites are located in India (Chennai, Puducherry and two locations in Bengaluru), Italy (Milan), Kenya (Nairobi), and the United States (New York). The Company focuses on “difficult to manufacture” products sold in over 100 countries. Additional information is available at the Company’s website at www.strides.com.

For further information, please contact:

<p><u>Strides</u> Badree Komandur Executive Director – Finance & Group CFO +91 80 6784 0747</p> <p><u>Strides Pharma Science Limited</u> CIN: L24230MH1990PLC057062</p> <p>Regd. Office: 201, ‘Devavrata’, Sector - 17, Vashi, Navi Mumbai - 400 703</p> <p>Corp. Office: Strides House, Bannerghatta Road, Bengaluru – 560076</p>	<p><u>Corporate Communication</u> Pallavi Panchmatia: +91 80 6784 0193 Email: pallavi.panchmatia@strides.com</p> <p><u>PR Consultancy</u> Fortuna PR K Srinivas Reddy: +91 90005 27213 srinivas@fortunapr.com Boni Mukherjee: +91 96186 82208 boni@fortunapr.com</p>
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Striding Ahead

Q3FY24 Earnings Presentation | January 30, 2024

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

	Q3FY24	Q3FY23	YoY
Revenues	₹10,389m	₹8,686m	20% ↑
Gross Margins	₹6,176m 59.5%	₹5,011m 57.7%	23% ↑ 176 bps
EBITDA	₹1,950m 18.8%	₹1,201m 13.8%	62% ↑ 495 bps
Adj. PAT¹	₹620m 6.0%		

1 – Adjusted PAT = PAT from continuing operations without JV share and exceptional items



We are delighted to announce the sustained progress in our FY24 performance, highlighted by a robust Q3FY24, where we achieved a 20% Y-o-Y revenue growth and continue to grow our EBITDA over revenues. We are optimistic about delivering the upper range of our EBITDA Outlook for FY24, laying a strong foundation for the quarters ahead.

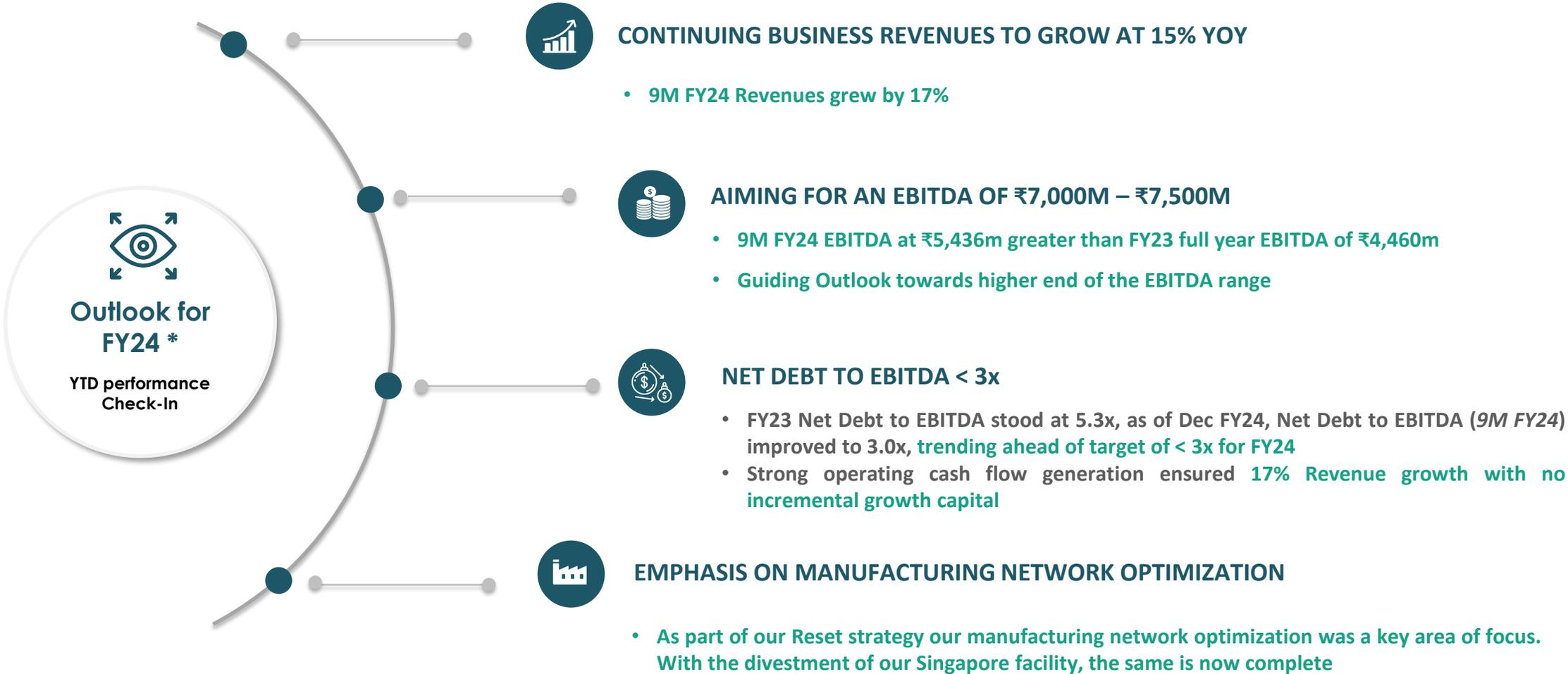
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We are pleased to announce the successful divestment of our Singapore facility, thereby optimising our manufacturing network. The proceeds from this corporate action has been utilised for debt reduction enabling us to achieve a debt to EBITDA of under 3 ahead of our outlook.

Arun Kumar

Founder, Executive Chairperson & Managing Director





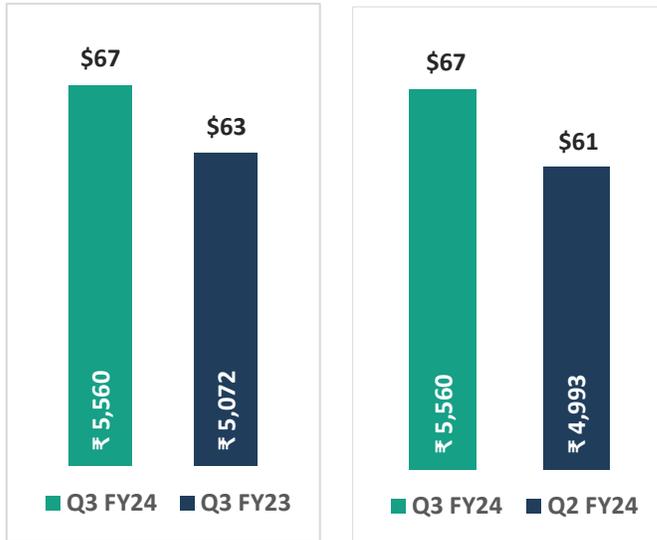
* shared along with Q4FY23 results

Region-wise Performance

US Q3FY24 Revenues at \$ 67m, grew by 10% YoY

On Track to achieve higher end of Revenue outlook of \$240 - \$250m in FY24

Financial Performance(₹/\$M)



YoY

10% ↑

QoQ

11% ↑

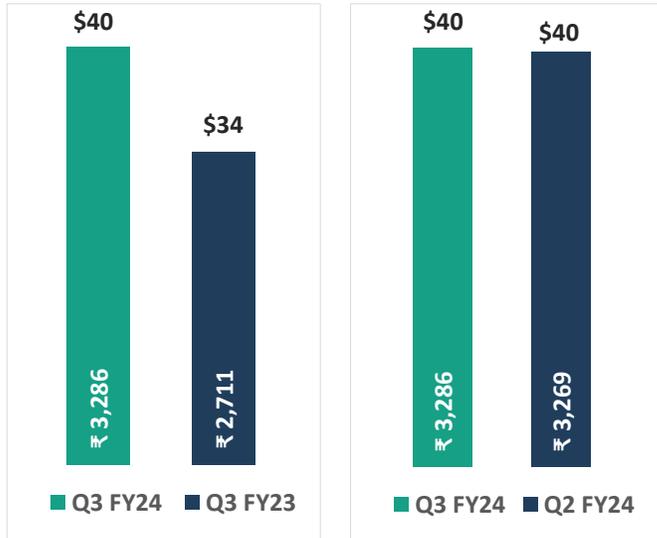
Quarterly Updates

- ▶ Q3FY24 Revenues of ₹ 5,560m(\$ 67m)
- ▶ Q3FY24 Revenues grew 10% YoY and 11% QoQ
- ▶ 9MFY24 Revenues at ₹ 15,252m (\$ 185m), grew 14% over 9MFY23 Revenues of ₹ 13,350m (\$ 169m)
- ▶ 5 New product launches in 9MFY24 and sustained market share across the product portfolio enabled YoY growth
- ▶ During the quarter we received two key product approvals, Icosapent (*launched*) and Suprep Bowel kit (*Q4 launch*)
- ▶ Of the 65 commercial products, Strides is ranked in Top 3 players in 34 products which contributes ~75% of the total U.S. revenues
- ▶ All facilities supporting US business continue to be USFDA compliant

Business Outlook

- ▶ The focus remains on the fast-tracked launches from our approved basket of ANDAs (260+ active ANDAs with 235+ approvals)
- ▶ Calibrated portfolio expansion to drive growth with 10-15 new launches annually which meets our profitability thresholds

Financial Performance(₹/\$M)



YoY	QoQ
21% ↑	1% ↑

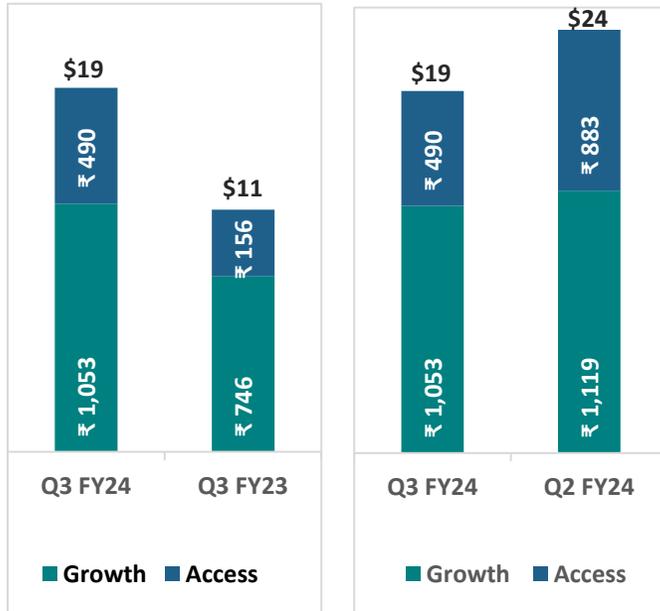
Quarterly Updates

- ▶ All regulated markets ex-US form part of the Other Regulated markets
- ▶ Q3FY24 Revenues of ₹ 3,286m (\$ 40m)
- ▶ Q3FY24 Revenues grew 21% YoY and 1% QoQ
- ▶ 9MFY24 Revenues ₹ 9,428m (\$ 114m), grew 30% over 9MFY23 Revenues of ₹ 7,277m (\$ 92m)
- ▶ Strong funnel for the European B2B partnerships under synergICE to drive growth

Business Outlook

- ▶ Expansion of product portfolio and new customer acquisitions to drive growth
- ▶ Quarterly growth will be lumpy as we are onboarding new B2B customers, full year growth will be intact
- ▶ Conversion of existing strong funnel of new opportunities to deliver growth
- ▶ Continued momentum in filings and approvals to fast track growth

Financial Performance(₹/\$M)



YoY	QoQ
71%	-23%

Quarterly Updates

Growth Markets:

- ▶ Growth Markets includes Africa operations and new geographies of LATAM, MENA, CIS, APAC
- ▶ Q3FY24 Revenues of ₹ 1,053m (\$13m)
- ▶ Q3FY24 Revenues grew 41% YoY and de-grew 6% QoQ
- ▶ 9MFY24 Revenues ₹ 2,949 (\$36m), grew 24% over 9MFY23 Revenues of ₹ 2,374 (\$30m)

Access Markets:

- ▶ Access markets Revenues continues to be lumpy as the business is Tender driven
- ▶ Q3FY24 Revenues of ₹ 490m (\$6m)
- ▶ Q3FY24 Revenues grew 214% YoY and de-grew 45% QoQ
- ▶ 9MFY24 Revenues ₹ 2,344 (\$28m), de-grew 8% over 9MFY23 Revenues of ₹ 2,553 (\$32m)

Business Outlook

Growth Markets:

- ▶ Strong funnel of business prospects and product registrations in new geographies will drive growth in the near term

Access Markets:

- ▶ Continued focus on CIPs with vendors to reduce costs and enhance competitiveness
- ▶ Contribution to overall Revenues continues to be small

Financial Performance

Income statement (₹m)

Particulars	Q3FY24	Q2FY24	Q3FY23	QoQ	YoY
Revenues	10,389	10,264	8,686	1%	20%
EBITDA	1,950	1,801	1,201	8%	62%
EBITDA %	18.8%	17.5%	13.8%		

Reconciliation of EBITDA (₹m)

As per SEBI results	Q3FY24	Q2FY24
Profit before exceptional items & tax	721	503
<i>Less: Finance income</i>	76	89
<i>Add : Depreciation and Amortization</i>	512	601
<i>Add : Finance costs</i>	793	786
Consolidated EBITDA as per press note	1,950	1,801

Particulars	Dec'23	Sep'23	Mar'23
Working Capital Loans	15,167	15,722	14,472
Long Term Loans	7,217	7,162	7,617
US Long Term Revolver Facility*	4,194	3,848	4,507
Gross Debt	26,578	26,732	26,596
Cash and Cash Equivalents**	-4,900	-3,875	-3,115
Net Debt	21,678	22,857	23,481

* Long-term revolver is asset-based financing backed purely by local assets, mainly US receivables with no recourse to Indian operations

** Cash and cash equivalents ₹ 4,900m includes ₹ 829m of deferred consideration from Arrotex and Singapore plant sale

Strides had guided for < 3x Net Debt to EBITDA in FY24

Asset-based revolver line in the US, backed primarily by US receivables, without recourse to India was renewed in FY23 for five years

Continued focus on debt reduction with free cash generation

As per SEBI Reporting

Particulars	Q3 FY24	9 months FY24*
I Revenue from operations	10,377	29,671
II Other income	88	532
III Total income (I + II)	10,464	30,203
IV Expenses		
(a) Cost of materials consumed	3,751	9,873
(b) Purchases of stock-in-trade	507	1,708
(c) Changes in inventories	-46	662
(d) Employee benefits expense	1,845	5,520
(e) Finance costs	793	2,343
(f) Depreciation and amortisation expense	512	1,709
(g) Other expenses	2,381	6,773
Total expenses (IV)	9,744	28,588
V Profit/ (loss) before exceptional items and tax (III - IV)	721	1,616
VI Exceptional items - net gain / (loss)	-101	-1,810
VII Profit / (loss) before tax (V + VI)	620	-194
VIII Share of loss of joint venture and associates	-520	-1,272
IX Profit/ (loss) before tax (VII + VIII)	100	-1,466
X Tax expense / (benefit)		
- Current tax	37	248
- Deferred tax	64	-125
Total tax expense / (benefit) (X)	101	123
XI Profit/(loss) after tax from continuing operations (IX - X)	-1	-1,589
XII Profit/(loss) after tax from discontinued operations	541	541
XIV Profit / (loss) for the period (XI + XII)	541	-1,048

Includes Finance Income & Other Income

Material Costs

As per Press Release

In ₹ m

Particulars	Q3 FY24	9 months FY24*
Revenue from Operations	10,377	29,671
Other Income	12	301
Revenue	10,389	29,972
Material Costs	4,212	12,243
Gross Margin	6,176	17,729
Gross Margin %	59.5%	59.2%
Personnel Cost	1,845	5,520
Other Opex	2,381	6,773
Total Opex	4,226	12,293
EBITDA	1,950	5,436
EBITDA Margin %	18.8%	18.1%
Depreciation and amortisation	512	1,709
Finance Cost	793	2,343
Finance Income	76	231
Net Finance Cost	717	2,112
Exceptional items - net gain / (loss)	-101	-1,810
JV share	-520	-1,272
Profit/ (loss) before tax	100	-1,466
Tax	101	123
Profit/(loss) after tax from continuing operations	-1	-1,589
Profit from Discontinued Operations	541	541
Profit / (loss) for the period	541	-1,048

* 9 months FY24 Other Income includes ₹301m which is operating in nature

Stelis | OneSource Update

✓ **Syngene transaction closed in Dec 2023**

- Stelis concluded the sale of its new multimodal facility to Syngene. Although the consideration originally announced was ₹ 7,020m, Stelis retained equipment that will add 20KL of Biologics drugs substance capabilities from its US FDA approved Unit 2 facility, consequently the consideration was adjusted to ₹ 6,170m
- Proceeds were used for debt reduction and debt at Stelis has reduced from a peak of ₹ 9,413m to ₹ 5,155m (including recently secured growth financing)
- The transaction also released Corporate Guarantees issued by Strides by ₹ 5,850m

✓ **Business updates**

- The company added 2 new customers during the Quarter taking total unique customers to 16
- During the period the MSA's (Master Service Agreement) increased from \$ 42m to \$ 56m
- The company received its first CSA (Commercial Service Agreement) for a GLP1 to be launched by one of our key customers in FY 25

✓ **Revenues**

- Revenues in Q3FY24 were ₹ 591m compared to ₹ 54m in Q3FY23
- The company reported EBITDA of negative ₹ 69m in Q3FY24 compared to negative ₹ 414m in Q3FY23
- As previously guided Stelis would be EBITDA positive in H2FY24 based on the strong outlook for its Q4 operations

✓ **OneSource**

- Scheme filed with Stock exchanges and addressing queries - we expect NCLT filings in Q4FY24



invites you to interact with the senior management on Q3FY24 Performance

January 30, 2024
4:00pm IST / 10:30am GMT / 5:30am EST / 6:30pm HKT



Arun Kumar

Founder, Executive Chairperson & Managing Director



Badree Komandur

Executive Director - Finance & Group CFO



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USA	18667462133	Singapore	8001012045
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Thank you

Strides Pharma Science Limited

CIN: L24230MH1990PLC057062

Registered Office

201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703, India, Tel.: +91 22 2789 2924/2789 3199
Email: corpcomm@strides.com Website: www.strides.com

Corporate Office

Strides House, Bannerghatta Road, Bengaluru - 560 076, India
Tel.: +91 80 6784 0000/ 6784 0290