



**Strides Pharma (SA) Proprietary Limited**

(Registration number 2013/235090/07)

Annual Financial Statements  
for the year ended 31 March 2022

These annual financial statements were prepared by:  
Laminin Accounting and Tax  
Professional Accountants (SA)

DNL Associates Inc.  
Chartered Accountants (SA)  
Registered Auditor

These annual financial statements have been audited in compliance with the applicable requirements of the  
Companies Act of South Africa.

Issued \_\_\_\_\_

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Supply and trading of pharmaceutical products
<b>Directors</b>	S. Kahanovitz I. Jacobson V. Rajasekar V. Kumar
<b>Registered office</b>	3 Gwen Lane Fourth Floor Sandton South Africa 2031
<b>Business address</b>	3 Gwen Lane Fourth Floor Sandton South Africa 2031
<b>Postal address</b>	PO Box 68687 Bryanston Johannesburg South Africa 2021
<b>Holding company</b>	Strides Pharma (Cyprus) Limited incorporated in Cyprus
<b>Ultimate holding company</b>	Strides Pharma Science Ltd (a company listed on the National Stock Exchange of India Limited and the BSE Limited) incorporated in India
<b>Bankers</b>	Standard Bank Limited
<b>Auditors</b>	DNL Associates Inc. Chartered Accountants (SA) Registered Auditor
<b>Tax reference number</b>	9181323198
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

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# Strides Pharma (SA) Proprietary Limited

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## Directors' Responsibilities and Approval

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The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 9 to 40, which have been prepared on the going concern basis, were approved by the board of directors on Jan 15, 2023 and were signed on their behalf by:

### Approval of financial statements



Ian Jacobson (Jan 15, 2023 12:06 GMT+2)

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Director



Selwyn Kahanovitz (Jan 15, 2023 20:50 GMT+2)

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Director

Johannesburg

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

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## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Strides Pharma (SA) Proprietary Limited for the year ended 31 March 2022.

### 1. Nature of business

Strides Pharma (SA) Proprietary Limited was incorporated in South Africa with interests in the supply and trading of pharmaceutical products industry.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Dividends

No dividends were declared or paid to shareholders during the year.

### 5. Directorate

The directors in office at the date of this report are as follows:

Directors	Changes
S. Kahanovitz	
I. Jacobson	
V. Rajasekar	
V. Kumar	Appointed 20 September 2022
P.K. Tirucherai	Resigned 20 September 2022
R. Garella	Resigned 31 March 2022
A.J. Metha	Resigned 23 June 2021

### 6. Holding company

The company's holding company is Strides Pharma (Cyprus) Limited which holds 60% (2021: 60%) of the company's equity. Strides Pharma (Cyprus) Limited is incorporated in Cyprus.

### 7. Ultimate holding company

The company's ultimate holding company is Strides Pharma Science Ltd (a company listed on the National Stock Exchange of India Limited and the BSE Limited) which is incorporated in India.

### 8. Consolidation

Consolidated financial statements are prepared by the ultimate holding company on a group level.

# Strides Pharma (SA) Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2022

## Directors' Report

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### 9. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 31 March 2022, the company had accumulated losses of R 12 459 826 and that the company's total liabilities exceeded its assets by R 3 192 085.

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the letter of support referred to in note 23 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

### 10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

## Independent Auditor's Report

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### To the Shareholders of Strides Pharma (SA) Proprietary Limited

#### Opinion

We have audited the annual financial statements of Strides Pharma (SA) Proprietary Limited (the company) set out on pages 9 to 38, which comprise the statement of financial position as at 31 March 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Strides Pharma (SA) Proprietary Limited as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 23 to the annual financial statements, which indicates that the company incurred a net loss of R 12 459 826 during the year ended 31 March 2022 and, as of that date, the company's liabilities exceeded its total assets by R 3 192 085. The note states that these events or conditions, along with other matters as set forth in Note 23 to the annual financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Strides Pharma (SA) Proprietary Limited annual financial statements for the year ended 31 March 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

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## Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
Albert d. Lange (Jan 16, 2023 13:42 GMT+2)

**DNL Associates Inc.**  
**A.J.J. de Lange**  
**Director**  
**Chartered Accountants (SA)**  
**Registered Auditor**

**Date:** Jan 16, 2023

**280 Brooks Street**  
**Brooklyn**  
**Pretoria**  
**South Africa**  
**0181**



*Laminin*

ACCOUNTING AND TAX

## Practitioner's Compilation Report

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### To the Shareholders of Strides Pharma (SA) Proprietary Limited

We have compiled the annual financial statements of Strides Pharma (SA) Proprietary Limited, as set out on pages 9 to 38, based on information you have provided. These annual financial statements comprise the statement of financial position of Strides Pharma (SA) Proprietary Limited as at 31 March 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards.

*MCronjé*

MCronjé (Jan 16, 2023 13:33 GMT+2)

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**Laminin Accounting and Tax**  
**Director: M. Cronjé**  
**Professional Accountant (SA)**

Date: Jan 16, 2023

**FinTech Campus**  
**81 Botterklapper Street**  
**The Willows**  
**Pretoria**  
**0081**

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R	2021 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets	3	11 262 527	11 129 498
Deferred tax	4	4 577 161	3 485 147
		<b>15 839 688</b>	<b>14 614 645</b>
<b>Current Assets</b>			
Inventories	5	15 038 592	6 106 274
Trade and other receivables	6	22 374 118	1 812 001
Cash and cash equivalents	7	367 035	427 473
		<b>37 779 745</b>	<b>8 345 748</b>
<b>Total Assets</b>		<b>53 619 433</b>	<b>22 960 393</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	9 267 741	9 267 741
Accumulated loss		(12 459 826)	(9 046 347)
		<b>(3 192 085)</b>	<b>221 394</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from group companies	9	6 411 208	1 642 851
Loans from shareholders	10	9 241 122	8 520 554
		<b>15 652 330</b>	<b>10 163 405</b>
<b>Current Liabilities</b>			
Trade and other payables	11	41 159 188	12 575 594
<b>Total Liabilities</b>		<b>56 811 518</b>	<b>22 738 999</b>
<b>Total Equity and Liabilities</b>		<b>53 619 433</b>	<b>22 960 393</b>

## Strides Pharma (SA) Proprietary Limited

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### Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2022 R	2021 R
Revenue	12	45 347 477	3 563 263
Cost of sales	13	(41 849 061)	(3 450 774)
<b>Gross profit</b>		<b>3 498 416</b>	<b>112 489</b>
Other operating gains	14	322 814	675 159
Other operating expenses		(7 332 672)	(4 238 722)
<b>Operating loss</b>	15	<b>(3 511 442)</b>	<b>(3 451 074)</b>
Investment income	16	470	-
Finance costs	17	(994 521)	(452 590)
<b>Loss before taxation</b>		<b>(4 505 493)</b>	<b>(3 903 664)</b>
Taxation	18	1 092 013	1 085 815
<b>Loss for the year</b>		<b>(3 413 480)</b>	<b>(2 817 849)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(3 413 480)</b>	<b>(2 817 849)</b>

## Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

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### Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	R	R	R
<b>Balance at 01 April 2020</b>	<b>9 267 741</b>	<b>(6 228 498)</b>	<b>3 039 243</b>
Loss for the year	-	(2 817 849)	(2 817 849)
Other comprehensive income	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(2 817 849)</b>	<b>(2 817 849)</b>
<b>Balance at 01 April 2021</b>	<b>9 267 741</b>	<b>(9 046 346)</b>	<b>221 395</b>
Loss for the year	-	(3 413 480)	(3 413 480)
Other comprehensive income	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(3 413 480)</b>	<b>(3 413 480)</b>
<b>Balance at 31 March 2022</b>	<b>9 267 741</b>	<b>(12 459 826)</b>	<b>(3 192 085)</b>
Note	8		

# Strides Pharma (SA) Proprietary Limited

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## Statement of Cash Flows

	Note(s)	2022 R	2021 R
<b>Cash flows from operating activities</b>			
Cash receipts from customers		29 806 110	(3 667 510)
Cash paid to suppliers and employees		(33 403 357)	-
Cash used in operations	19	(3 597 247)	(3 667 510)
Interest income		470	-
Finance costs		-	-
<b>Net cash utilised in operating activities</b>		<b>(3 596 777)</b>	<b>(3 667 510)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	3	(958 066)	(966 346)
Sale of intangible assets	3	-	224 763
<b>Net cash utilised in investing activities</b>		<b>(958 066)</b>	<b>(741 583)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans from group companies		13 163 900	-
Repayment of loans from group companies		(8 889 495)	-
Proceeds from loans from shareholders		220 000	4 775 197
<b>Net cash from financing activities</b>		<b>4 494 405</b>	<b>4 775 197</b>
<b>Total cash movement for the year</b>		<b>(60 438)</b>	<b>366 104</b>
Cash at the beginning of the year		427 473	61 369
<b>Total cash at end of the year</b>	7	<b>367 035</b>	<b>427 473</b>

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### Corporate information

Strides Pharma (SA) Proprietary Limited is a private company incorporated and domiciled in South Africa.

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the adoption of new or revised standards as detailed in note 2.

#### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Critical judgements in applying accounting policies

The critical judgements made by management, key assumptions and other sources of estimation uncertainty in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

#### Intangible assets

##### Initial recognition

The initial recognition of the intangible asset is based on management's judgement and application of the requirements of IAS 38. Management makes assumptions and applies judgement regarding the expected future cash generation of the rights upon initial recognition of intangible assets. Intangible assets initial recognition consists of rights obtained in terms of a valid contract with the purchaser as well as external costs incurred to register these rights with regulatory bodies.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Indefinite useful life intangible assets

Significant judgement is needed by management when determining the classification of intangible assets as finite or indefinite useful life assets. An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate future economic benefits for the company.

#### Useful lives

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes. Management has made certain estimates with regards to the determination of estimated useful lives of intangible assets, as disclosed further in accounting policy note 1.3 - Intangible assets.

#### Impairment

Finite useful life intangible assets are reviewed annually, but only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset. The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to eight years and are extrapolated over the useful life of the asset to reflect the long-term plans of the company using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:

- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

#### Amortisation rates and residual values

The company amortises its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes. Significant judgement is applied by management when determining the residual values for intangible assets. Only in the event of contractual obligations in terms of which a termination consideration is payable to the company will management apply a residual value to the intangible asset.

#### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. The company is not yet generating revenue. The company expects to begin generating revenue within the foreseeable future, once the rights to distribute medical products is registered, which is expected to result in taxable income that will be used to recover the assessed loss deferred tax asset. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### 1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. The useful lives are determined using historic information for similar products in a similar market as well as using operational and financial projections to determine the expected product's market useful life.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.3 Intangible assets (continued)

Research and development costs are recognised as an expense in the period incurred.

Finite intangible assets are recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives. Estimated useful lives are reviewed annually.

Development costs: expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the statement of comprehensive income when incurred. Development costs are amortised from the commencement of the commercial sale of the product to which they relate, being the date at which all regulatory requirements necessary to commercialise the product are met.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Amortisation method	Average useful life
Computer software	Straight line	3 years
Licensed dossiers	Straight line	5 - 20 years

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### 1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 22 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

# Strides Pharma (SA) Proprietary Limited

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### 1.4 Financial instruments (continued)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

The company uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime ECLs for the trade receivables. The company applied a practical expedient in measuring the expected credit loss on non-credit impaired trade receivables, using a provision matrix in determining the impairment loss. This matrix uses the historical credit loss, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current and forecast conditions at the reporting date.

The company considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer; or
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

The loss allowance on credit impaired trade receivables is measured at the present value of all cash shortfalls.

The company will write off the underlying financial asset when there is an indication that the customer is in financial difficulty or business rescue and management has assessed that the customer is not in a financial position to pay the outstanding debt. Trade receivables written off for accounting purposes may still be subject to the company's internal recovery procedures, with the assistance of legal counsel. Any recoveries made once the debt has been written off will be recognised as other income in the statement of profit or loss and other comprehensive income.

##### Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

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### 1.4 Financial instruments (continued)

#### **Borrowings and loans from related parties**

##### **Classification**

Loans from group companies (note 9) and loans from shareholders (note 10) are classified as financial liabilities subsequently measured at amortised cost.

##### **Recognition and measurement**

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 17.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 22 for details of risk exposure and management thereof.

#### **Loans denominated in foreign currencies**

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (note 14).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 22).

#### **Trade and other payables**

##### **Classification**

Trade and other payables (note 11), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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### 1.4 Financial instruments (continued)

#### Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 17).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 22 for details of risk exposure and management thereof.

#### Financial liabilities at fair value through profit or loss

##### Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss. Refer to note 22.

When a financial liability is contingent consideration in a business combination, the company classifies it as a financial liability at fair value through profit or loss. Refer to note 22.

The company, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss. Refer to note 22 for details.

##### Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses) (note 14).

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the company's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 17).

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### 1.4 Financial instruments (continued)

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

#### Derecognition

##### Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Reclassification

##### Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

##### Financial liabilities

Financial liabilities are not reclassified.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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### 1.5 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The corporate income tax rate will be lowered to 27 per cent (from 28 per cent) for companies with years of assessment commencing on or after 1 April 2022 and deferred tax has been adjusted accordingly where applicable.

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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## Accounting Policies

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### 1.6 Leases (continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company did not recognise any right-of-use assets or lease liabilities as they only have short-term leases.

### 1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

### 1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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### 1.8 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

### 1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

### 1.10 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.11 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer. Revenue is stated at the invoice amount and is exclusive of value added taxation.

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the company in determining when control has passed to the customer:

- the company has a right to payment for the product or service;
- the customer has legal title to the product;
- the company has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

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### 1.11 Revenue from contracts with customers (continued)

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing. The company evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- the company is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the company has inventory risk before the specified goods or service has been transferred to a customer or after transfer of control to the customer; and
- the company has discretion in establishing the price for the specified goods or service, excluding pricing set according to regulations.

No significant element of financing is deemed present as the sales are made with credit terms less than one year.

The company recognises revenue from the following major sources:

#### Sale of pharmaceutical products

Revenue is recognised at a point in time when control of the products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products has been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

### 1.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

### 1.13 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.14 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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### 1.14 Translation of foreign currencies (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Exchange rates at year end were:

1 USD = R14.5604

1 EUR = R16.1824

1 GBP = R19.226

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## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	The impact of the amendment is not material
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	The impact of the amendment is not material
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	The impact of the amendment is not material
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	The impact of the amendment is not material
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	The impact of the amendment is not material
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	The impact of the amendment is not material

#### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2022 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact

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### 2. New Standards and Interpretations (continued)

- |  |  |
|--|--|
| • Onerous Contracts - Cost of Fulfilling a Contract: 01 January 2022<br>Amendments to IAS 37 | Unlikely there will be a material impact |
| • Annual Improvement to IFRS Standards 2018-2020: 01 January 2022<br>Amendments to IAS 41    | Unlikely there will be a material impact |

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## Notes to the Annual Financial Statements

	2022			2021		
	R			R		
<b>3. Intangible assets</b>						
	2022			2021		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	449 988	(314 922)	135 066	449 988	(129 456)	320 532
Licensed dossiers	11 968 511	(841 050)	11 127 461	11 010 445	(201 479)	10 808 966
<b>Total</b>	<b>12 418 499</b>	<b>(1 155 972)</b>	<b>11 262 527</b>	<b>11 460 433</b>	<b>(330 935)</b>	<b>11 129 498</b>

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	320 532	-	-	(185 466)	135 066
Licensed dossiers	10 808 966	958 066	-	(639 571)	11 127 461
	<b>11 129 498</b>	<b>958 066</b>	<b>-</b>	<b>(825 037)</b>	<b>11 262 527</b>

### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	302 939	90 894	-	(73 301)	320 532
Licensed dossiers	10 349 138	875 452	(224 763)	(190 861)	10 808 966
	<b>10 652 077</b>	<b>966 346</b>	<b>(224 763)</b>	<b>(264 162)</b>	<b>11 129 498</b>

The intangible assets comprises of purchased medical dossiers providing the company with rights to sell and distribute specified medical products in the Republic of South Africa. The company has registered all these dossiers with SAHPRA (The South African Health Products Regulation Authority) during the prior financial year.

## 4. Deferred tax

### Deferred tax liability

Prepayments	(28 436)	(65 269)
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### Deferred tax asset

Accrual for bonus and leave pay	136 987	45 970
Accrual for audit fees	-	25 760
Pre-trade expenditure (11A) available for set off against future taxable income	982 226	1 018 604
Assessed loss	3 486 384	2 460 082
<b>Total deferred tax asset</b>	<b>4 605 597</b>	<b>3 550 416</b>

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>4. Deferred tax (continued)</b>		
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	(28 436)	(65 269)
Deferred tax asset	4 605 597	3 550 416
<b>Total net deferred tax asset</b>	<b>4 577 161</b>	<b>3 485 147</b>
<b>Reconciliation of deferred tax asset</b>		
At beginning of year	3 485 147	2 399 332
Movement in temporary differences	1 092 014	1 085 815
	<b>4 577 161</b>	<b>3 485 147</b>
<b>5. Inventories</b>		
Finished goods	8 773 266	6 106 274
Work in progress	6 265 326	-
	<b>15 038 592</b>	<b>6 106 274</b>
<b>6. Trade and other receivables</b>		
<b>Financial instruments:</b>		
Trade receivables	20 705 457	1 517 355
Loss allowance	-	-
Trade receivables at amortised cost	20 705 457	1 517 355
<b>Non-financial instruments:</b>		
VAT	796 153	61 542
Prepayments	872 508	233 104
<b>Total trade and other receivables</b>	<b>22 374 118</b>	<b>1 812 001</b>

### Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company has no historical credit losses and has only dealt with a small number of customers with excellent credit ratings. Accordingly, no provision for expected credit losses was recognised.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	<u>367 035</u>	<u>427 473</u>
<b>Credit quality of cash and cash equivalents</b>		
The company only deposits cash and cash equivalents with reputable financial institutions with a high credit rating.		
<b>8. Share capital</b>		
<b>Authorised</b>		
1 000 Ordinary shares of no par value	<u>1 000</u>	<u>1 000</u>
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
<b>Issued</b>		
120 Ordinary shares no par value	<u>9 267 741</u>	<u>9 267 741</u>
<b>9. Loans from group companies</b>		
<b>Fellow subsidiary</b>		
Trinity Pharma Proprietary Limited	<u>4 651 062</u>	<u>-</u>
The loan bears interest at the prime rate and has no fixed terms of repayment. Strides Pharma (SA) Proprietary Limited provided a limited resource guarantee limited to R6 000 000 to Investec in terms of all payments due and owing by Trinity Pharma to Investec, limited to the proceeds in terms of the cession of debtors, including a session of Strides' debtors book in favour of Investec.		
<b>Other related party</b>		
The Vaccine Bureau Proprietary Limited	<u>1 760 146</u>	<u>1 642 851</u>
The loan is unsecured, bears interest at the prime interest rate of South Africa (2021: prime interest rate) and shall be repaid within two years from the disbursement of each tranche date and can be extended by both the parties on mutually agreeable terms. The loan will not be called upon within the next 12 months.		
<b>Split between non-current and current portions</b>		
Non-current liabilities	<u>6 411 208</u>	<u>1 642 851</u>

# Strides Pharma (SA) Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>10. Loans from shareholders</b>		
Strides Pharma (Cyprus) Limited	5 756 218	5 392 150
The loan is unsecured, bears interest at the prime interest rate of South Africa of 7.75% (2021: prime interest rate) and shall be repaid within two years from the disbursement of each tranche date and can be extended by both the parties on mutually agreeable terms. The loan will not be called upon within the next 12 months. Strides Pharma (Cyprus) Limited has signed a letter of support whereby it agrees to provide financial support to the company should it be necessary.		
Juno Pharma South Africa Proprietary Limited	1 157 333	1 157 333
The loan is unsecured, interest free (2021: interest free) and repayable on demand. Juno Pharma South Africa Proprietary Limited has confirmed that the loan will not be called upon within the next 12 months. Strides Pharma (Cyprus) Limited has signed a letter of support whereby it agrees to provide financial support to the company should it be necessary.		
Juno Pharma South Africa Proprietary Limited	2 327 571	1 971 071
The loan is unsecured, bears interest at the prime interest rate of South Africa of 7.75% (2021: prime interest rate) and shall be repaid within two years from the disbursement of each tranche date and can be extended by both the parties on mutually agreeable terms. The loan will not be called upon within the next 12 months. Strides Pharma (Cyprus) Limited has signed a letter of support whereby it agrees to provide financial support to the company should it be necessary.		
	<b>9 241 122</b>	<b>8 520 554</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	9 241 122	8 520 554
<b>11. Trade and other payables</b>		
<b>Financial instruments:</b>		
Trade payables	40 583 605	12 174 634
Accrued leave pay	575 583	294 890
Other accrued expenses	-	106 070
	<b>41 159 188</b>	<b>12 575 594</b>

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>12. Revenue</b>		
<b>Revenue from contracts with customers</b>		
Sale of goods	45 347 477	3 563 263
<b>13. Cost of sales</b>		
Cost of goods sold	41 849 061	3 450 774
<b>14. Other operating gains</b>		
<b>Foreign exchange gains</b>		
Net foreign exchange gains	322 814	675 159
<b>15. Operating loss</b>		
Operating loss for the year is stated after accounting for the following, amongst others:		
<b>Auditor's remuneration - external</b>		
Fees	100 725	-
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	3 233 463	2 154 699
<b>Leases</b>		
Variable lease payments	51 400	67 926
<b>Total lease expenses</b>	<b>51 400</b>	<b>67 926</b>
<b>Amortisation</b>		
Amortisation of intangible assets	825 037	264 162
<b>16. Investment income</b>		
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Bank and other cash	470	-
<b>17. Finance costs</b>		
Shareholders	994 521	452 590

# Strides Pharma (SA) Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>18. Taxation</b>		
<b>Major components of the tax income</b>		
<b>Deferred</b>		
Originating and reversing temporary differences	(1 092 013)	(1 085 815)
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense		
Accounting loss	(4 505 493)	(3 903 664)
Tax at the applicable tax rate of 28% (2021: 28%)	(1 261 538)	(1 093 026)
<b>Tax effect of adjustments on taxable income</b>		
Change in deferred tax rate	169 525	-
Disallowable charges	-	7 211
	<b>(1 092 013)</b>	<b>(1 085 815)</b>
<p>No provision has been made for 2022 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 12 912 532 (2021: R 8 786 011) and pre-trade expenditure (Section 11A) is R 3 637 871 (2021: R 3 637 871).</p>		
<b>19. Cash used in operations</b>		
Loss before taxation	(4 505 493)	(3 903 664)
<b>Adjustments for:</b>		
Amortisation	825 037	264 162
Interest income	(470)	-
Finance costs	994 521	452 590
<b>Changes in working capital:</b>		
Inventories	(8 932 318)	(6 106 274)
Trade and other receivables	(20 562 117)	(1 756 256)
Trade and other payables	28 583 593	7 381 932
	<b>(3 597 247)</b>	<b>(3 667 510)</b>

## 20. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>21. Related parties</b>		
<b>Relationships</b>		
Ultimate holding company	Strides Pharma Science Ltd (a company listed on the National Stock Exchange of India Limited and the BSE Limited)	
Holding company	Strides Pharma (Cyprus) Limited	
Common control of directors	Regipharm Proprietary Limited K2 Medical Proprietary Limited The Vaccine Bureau Proprietary Limited Kahma Healthcare Group Proprietary Limited Kahma Biotech Proprietary Limited Strides Pharma Global PTE Limited Trinity Pharma Proprietary Limited	
Other group entities	Strides Pharma Science Limited	
Fellow subsidiaries and associates	Other entities related to Trinity Group Other entities related to Kahma Group	
Members of key management	Refer to Directors' Report	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) / by related parties</b>		
Trinity Pharma Proprietary Limited	(4 651 062)	-
The Vaccine Bureau Proprietary Limited	(1 760 146)	(1 642 851)
Strides Pharma (Cyprus) Limited	(5 756 218)	(5 392 150)
Juno Pharma South Africa Proprietary Limited - interest bearing	(2 327 571)	(1 971 071)
Juno Pharma South Africa Proprietary Limited - interest free	(1 157 333)	(1 157 333)
<b>Amounts included in Trade Receivable / (Trade Payable) regarding related parties</b>		
Trinity Pharma Proprietary Limited - trade payable	(11 178 416)	(1 097 836)
Trinity Pharma Proprietary Limited - trade receivable	6 929 400	1 517 355
Strides Pharma Global PTE Limited	(184 745)	(722 537)
Strides Pharma Science Limited	(17 162 201)	(6 196 260)
Juno Pharma South Africa Proprietary Limited	2 611	-
K2 Medical Proprietary Limited	(39 446)	(68 597)
Kahma Healthcare Group Proprietary Limited	(22 680)	(1 551)
Kahma Biotech Proprietary Limited - trade payable	(1 025)	-
Kahma Biotech Proprietary Limited - trade receivable	10 577 157	-

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>21. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Rent paid to related party</b>		
K2 Medical Proprietary Limited	30 069	67 926
Kahma Healthcare Group Proprietary Limited	21 330	-
<b>Recoveries paid (salaries) to related parties</b>		
K2 Medical Proprietary Limited	52 645	370 947
Kahma Biotech Proprietary Limited	1 216	-
The Vaccine Bureau Proprietary Limited	-	42 073
Trinity Pharma Proprietary Limited	822 792	398 149
<b>Recoveries paid (expenses) to related parties</b>		
K2 Medical Proprietary Limited	52 489	67 100
Kahma Biotech Proprietary Limited	-	16 842
Kahma Healthcare Group Proprietary Limited	11 695	12 909
Trinity Pharma Proprietary Limited	143 768	17 405
<b>On-charges received from related parties</b>		
The Vaccine Bureau Proprietary Limited	-	4 489
Trinity Pharma Proprietary Limited	-	44 274
<b>Purchases from / (sales to) related parties</b>		
Juno Pharma South Africa Proprietary Limited	(2 270)	-
Kahma Biotech Proprietary Limited	(31 475 580)	-
Strides Pharma Global PTE Limited	201 761	382 024
Strides Pharma Science Limited	11 329 472	6 063 985
Trinity Pharma Proprietary Limited - sales	(781 490)	-
Trinity Pharma Proprietary Limited - purchases	14 948 880	-
<b>Interest accrued to related parties</b>		
Juno Pharma South Africa Proprietary Limited	136 500	183 158
Strides Pharma (Cyprus) Limited	364 068	269 432
The Vaccine Bureau Proprietary Limited	117 295	-
Trinity Pharma Proprietary Limited	374 785	-

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

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### 22. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

##### 2022

	Note(s)	Amortised cost	Fair value
Trade and other receivables	6	20 705 457	-
Cash and cash equivalents	7	367 035	-
		<b>21 072 492</b>	<b>-</b>

##### 2021

	Note(s)	Amortised cost	Fair value
Trade and other receivables	6	1 517 355	-
Cash and cash equivalents	7	427 473	-
		<b>1 944 828</b>	<b>-</b>

#### Categories of financial liabilities

##### 2022

	Note(s)	Amortised cost	Fair value
Trade and other payables	11	41 159 186	-
Loans from group companies	9	6 411 208	-
Loans from shareholders	10	9 241 122	-
		<b>56 811 516</b>	<b>-</b>

##### 2021

	Note(s)	Amortised cost	Fair value
Trade and other payables	11	12 575 594	-
Loans from group companies	9	1 642 851	-
Loans from shareholders	10	8 520 554	-
		<b>22 738 999</b>	<b>-</b>

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

---

### 22. Financial instruments and risk management (continued)

#### Capital risk management

The company's objectives when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of the loan from group company disclosed in note 9, the loans from shareholders disclosed in note 10, cash and cash equivalents disclosed in note 7, share capital disclosed in note 8 and accumulated loss disclosed in the statement of changes in equity.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

There were no externally imposed capital requirements at the reporting date.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

Loans from group companies	9	6 411 208	1 642 851
Loans from shareholders	10	9 241 122	8 520 554
Trade and other payables	11	41 159 186	12 575 594
<b>Total borrowings</b>		<b>56 811 516</b>	<b>22 738 999</b>
Cash and cash equivalents	7	(367 035)	(427 473)
<b>Net borrowings</b>		<b>56 444 481</b>	<b>22 311 526</b>
Equity		(3 192 084)	221 395
Gearing ratio		(1 768)%	10 078 %

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

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### 22. Financial instruments and risk management (continued)

#### Financial risk management

##### Overview

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk which are managed by the directors.

##### Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

##### Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar and British Pound. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. The company does hedge foreign exchange fluctuations from time to time based on the assessed risk. The company reviews its foreign currency exposure, including commitments on an ongoing basis.

##### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

### 23. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 31 March 2022, the company had accumulated losses of R 12 459 826 and that the company's total liabilities exceeded its assets by R 3 192 085.

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the letter of support will remain in force for so long as it takes to restore the solvency of the company.

# Strides Pharma (SA) Proprietary Limited

(Registration number 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

## Detailed Income Statement

	Note(s)	2022 R	2021 R
<b>Revenue</b>	12	<b>45 347 477</b>	<b>3 563 263</b>
<b>Cost of sales</b>	13	<b>(41 849 061)</b>	<b>(3 450 774)</b>
<b>Gross profit</b>		<b>3 498 416</b>	<b>112 489</b>
<b>Other operating gains</b>			
Foreign exchange gains		322 814	675 159
<b>Other operating expenses</b>			
Advertising		(69 700)	(363)
Amortisation		(825 037)	(264 162)
Auditor's remuneration - external audit	15	(100 725)	-
Bank charges		(20 547)	(10 993)
B-BBEE spend		(80 000)	-
Cleaning		(2 512)	-
Computer expenses		(106 294)	(66 631)
Consulting fees		-	(430 288)
Employee costs		(3 233 463)	(2 154 699)
General supplies		(993 295)	(6 879)
Insurance		(72 118)	(42 055)
Lease rentals on operating lease		(51 400)	(67 926)
Municipal expenses		(13 027)	(5 313)
Postage		(4 064)	-
Printing and stationery		(1 425)	(4 635)
Professional fees		(911 207)	(873 497)
Regularly fees		(193 750)	-
Repairs and maintenance		(788)	(804)
Security		(4 433)	-
Staff welfare		(3 724)	-
Subscriptions		(496 139)	(285 845)
Telephone and fax		(9 391)	(14 823)
Training and development		(20 800)	439
Transport and freight		(105 631)	-
Travel - local		(13 202)	(10 248)
		<b>(7 332 672)</b>	<b>(4 238 722)</b>
<b>Operating loss</b>	15	<b>(3 511 442)</b>	<b>(3 451 074)</b>
Investment income	16	470	-
Finance costs	17	(994 521)	(452 590)
<b>Loss before taxation</b>		<b>(4 505 493)</b>	<b>(3 903 664)</b>
Taxation	18	1 092 013	1 085 815
<b>Loss for the year</b>		<b>(3 413 480)</b>	<b>(2 817 849)</b>

## Strides Pharma (SA) Proprietary Limited

(Taxpayer reference number 9181323198)

(Registration number: 2013/235090/07)

Annual Financial Statements for the year ended 31 March 2022

### Tax Computation

	<b>2022</b>
	<b>R</b>
Net loss per income statement	(4 505 493)
<b>Temporary differences</b>	
Audit fee provision - prior year	(92 000)
Amortisation according to financial statements	413 560
Wear and tear allowance (s11(gC))	(413 560)
Prepaid expenditure not limited by s23H - current year	(105 317)
Prepaid expenditure not limited by s23H - should have been claimed in FY 2020-2021	233 104
Provision for leave pay and bonus not deductible current year	507 361
Reversal of leave pay provisions previously raised	(164 177)
	<b>378 971</b>
<b>Calculated tax loss for the year</b>	<b>(4 126 522)</b>
Assessed loss brought forward	(8 786 011)
<b>Assessed loss for 2022 - carried forward</b>	<b>(12 912 533)</b>
<b>Tax thereon @ 28% in the Rand</b>	<b>-</b>