

**STRIDES PHARMA INTERNATIONAL  
LIMITED**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2022

# STRIDES PHARMA INTERNATIONAL LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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# STRIDES PHARMA INTERNATIONAL LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:** Krishnan Tirucherai Parthasarathy (Resigned on 30 September 2022)  
Amit Gupta (Resigned on 23 August 2021)  
Maria Stella Katsari  
Angeliki Eliades  
Androulla Alexandrou  
Lakshiminarasimhan Ranganathan (Appointed on 13 October 2022)

**Company Secretary:** Cypcosecretarial Limited

**Independent Auditors:** Deloitte Limited  
Certified Public Accountants and Registered Auditors  
24 Spyrou Kyprianou Avenue  
1075 Nicosia  
Cyprus

**Registered office:** 3 Themistocles Dervis  
Julia House  
1066, Nicosia  
Cyprus

**Bankers:** State Bank of India

**Registration number:** HE 258759

## Independent Auditor's Report

### To the Members of Strides Pharma International Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of parent company Strides Pharma International Limited (the "Company"), which are presented in pages 5 to 22 and comprise the statement of financial position as at 31 March 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Strides Pharma International Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 5 to the financial statements which indicates that even though the Company has made a profit of US\$1,068,349 during the year from 1 April 2021 to 31 March 2022, as of that date the Company's current liabilities exceeded its current assets by US\$6,315,177. As stated in note 5, these events or conditions, 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. Our opinion is not modified in respect of this matter.



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Offices: Nicosia, Limassol

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## **Independent Auditor's Report (continued)**

### **To the Members of Strides Pharma International Limited**

#### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of 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.

## Independent Auditor's Report (continued)

To the Members of Strides Pharma International Limited

### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



**Michalis Papadopoulos**

Certified Public Accountant and Registered Auditor for and on behalf of

**Deloitte Limited**

**Certified Public Accountants and Registered Auditors**

Nicosia, 14 December 2022

# STRIDES PHARMA INTERNATIONAL LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	01/04/2021- 31/03/2022 US\$	01/04/2020- 31/03/2021 US\$
<b>Loan interest income</b>	21.2	<b>1,011,400</b>	1,011,400
Other operating income	9	-	115,594
Loss from investing activities	10	(41,579)	(410,000)
Administration expenses		<u>(31,087)</u>	<u>(89,353)</u>
<b>Operating profit</b>	11	<b>938,734</b>	627,641
Net finance income/(cost)	12	<u>233,499</u>	<u>(358,055)</u>
<b>Profit before tax</b>		<b>1,172,233</b>	269,586
Tax	13	<u>(103,884)</u>	<u>(157,770)</u>
<b>Profit for the year</b>		<b>1,068,349</b>	111,816
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>1,068,349</u></b>	<b><u>111,816</u></b>

The notes on pages 9 to 22 form an integral part of these financial statements.

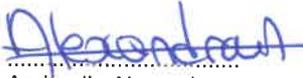
# STRIDES PHARMA INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

	Note	31 March 2022 US\$	31 March 2021 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	14	-	25,000
Trade and other receivables	15	<u>21,938,042</u>	<u>20,926,642</u>
		<u>21,938,042</u>	<u>20,951,642</u>
<b>Current assets</b>			
Trade and other receivables	15	<u>591,751</u>	<u>598,525</u>
Cash at bank	16	<u>35,254</u>	<u>23,125</u>
		<u>627,005</u>	<u>621,650</u>
<b>TOTAL ASSETS</b>		<u><b>22,565,047</b></u>	<u><b>21,573,292</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	<u>438,000</u>	<u>438,000</u>
Retained earnings		<u>15,152,427</u>	<u>14,084,078</u>
<b>Total equity</b>		<u><b>15,590,427</b></u>	<u><b>14,522,078</b></u>
<b>Non-current liabilities</b>			
Non current tax liabilities	19	<u>32,438</u>	<u>348,430</u>
		<u>32,438</u>	<u>348,430</u>
<b>Current liabilities</b>			
Trade and other payables	18	<u>6,516,114</u>	<u>5,543,875</u>
Current tax liabilities	19	<u>426,068</u>	<u>1,158,909</u>
		<u>6,942,182</u>	<u>6,702,784</u>
<b>Total liabilities</b>		<u><b>6,974,620</b></u>	<u><b>7,051,214</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>22,565,047</b></u>	<u><b>21,573,292</b></u>

On 14 December 2022 the Board of Directors of Strides Pharma International Limited authorised these financial statements for issue.

  
.....  
Angeliki Eliades  
Director

  
.....  
Androulla Alexandrou  
Director

The notes on pages 9 to 22 form an integral part of these financial statements.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital US\$	Retained earnings US\$	Total US\$
<b>Balance at 1 April 2020</b>	<b>438.000</b>	<b>13.972.262</b>	<b>14.410.262</b>
Net profit for the year	-	111.816	111.816
<b>Balance at 31 March 2021/ 1 April 2021</b>	<b>438.000</b>	<b>14.084.078</b>	<b>14.522.078</b>
Net profit for the year	-	1.068.349	1.068.349
<b>Balance at 31 March 2022</b>	<b>438.000</b>	<b>15.152.427</b>	<b>15.590.427</b>

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The notes on pages 9 to 22 form an integral part of these financial statements.

# STRIDES PHARMA INTERNATIONAL LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	01/04/2021- 31/03/2022 US\$	01/04/2020- 31/03/2021 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>1.172.233</b>	269.586
Adjustments for:			
Impairment charge - investments in subsidiary	14	<b>25.000</b>	305.000
Expected credit loss on receivables from related parties	10	<b>16.579</b>	105.000
Interest income		<b>(1.011.400)</b>	<b>(1.115.829)</b>
		<b>202.412</b>	(436.243)
<b>Changes in working capital:</b>			
Increase in trade and other receivables		<b>(9.805)</b>	(3.874)
Increase in trade and other payables		<b>972.239</b>	<b>1.278.550</b>
<b>Cash generated from operations</b>		<b>1.164.846</b>	838.433
Tax paid		<b>(1.152.717)</b>	(560.193)
<b>Net cash generated from operating activities</b>		<b>12.129</b>	<b>278.240</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for subscription in new shares issued by subsidiary	14	-	<b>(330.000)</b>
<b>Net cash used in investing activities</b>		-	<b>(330.000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12.129</b>	(51.760)
Cash and cash equivalents at beginning of the year		<b>23.125</b>	74.885
<b>Cash and cash equivalents at end of the year</b>	16	<b>35.254</b>	<b>23.125</b>

The notes on pages 9 to 22 form an integral part of these financial statements.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1. Incorporation and principal activities

#### Country of incorporation

Strides Pharma International Limited (the "Company") was incorporated in Cyprus on 3 December 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Themistocles Dervis, Julia House, 1066, Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company continue to comprise the holding of investments and financing activities.

On 6 September 2017, the shareholders of the Company approved the merger of the Company with its subsidiary Strides Pharma Limited with effective date 12 December 2017.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiary constitute a small/medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2022.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

### 3. Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

### 4. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2021. This adoption did not have a material effect on the accounting policies of the Company.

### 5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Going concern basis

Even though the Company has made a profit of US\$1,068,349 for the year ended 31 March 2022, as of that date the Company's current liabilities exceeded its current assets by US\$6,315,177. The Company is dependent upon the continuing financial support of its ultimate parent company without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The ultimate parent company has indicated its intention to continue providing such financial assistance for the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 5. Significant accounting policies (continued)

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

#### Revenue

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

#### Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 5. Significant accounting policies (continued)

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are appropriately approved.

#### Financial assets

##### Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents and financial assets at amortised cost.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial assets".

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For receivables from related parties the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

##### Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

# STRIDES PHARMA INTERNATIONAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

#### Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

#### Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

#### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

#### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### Share capital

Ordinary shares are classified as equity.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 5. Significant accounting policies (continued)

#### Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 6. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

### 7. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 7.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant variable interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	31 March 2022 US\$	31 March 2021 US\$
<b>Fixed rate instruments</b>		
Financial assets	<u>15.560.000</u>	<u>15.560.000</u>
	<u>15.560.000</u>	<u>15.560.000</u>

#### Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate.

#### 7.2 Credit risk

Credit risk arises from cash and cash equivalents and contractual cash flows of debt instruments carried at amortised cost.

#### (i) Risk management

Banks and financial institutions, with credit ratings acceptable by the Management are used.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 7. Financial risk management (continued)

#### 7.2 Credit risk (continued)

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- receivables from the related parties
- cash and cash equivalents

#### **Receivables from related parties**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables from related parties as disclosed in note 21.2.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increases in credit risk on other financial instruments of the same counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the counterparty.

During the year ended 31 March 2022, the Company categorised certain receivables from related companies as non performing at Stage 3. A loss allowance of US\$16.579 (2021: US\$105.000) was recognised in the profit or loss of the Company for the year ended 31 March 2022. The remaining receivables were classified as performing balances without any expected credit losses. In determining this assessment, the Management takes into account the financial stance of the entities with reference to their audited financial statements.

##### *(iii) Net impairment losses on financial assets recognised in profit or loss*

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets and contract assets:

<b>Impairment losses</b>	<b>01/04/2021- 31/03/2022</b>	<b>01/04/2020- 31/03/2021</b>
	<b>US\$</b>	<b>US\$</b>
Impairment charge - receivables to related parties	<u>(16.579)</u>	<u>(105.000)</u>
<b>Net impairment loss on financial assets</b>	<b><u>(16.579)</u></b>	<b><u>(105.000)</u></b>

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 7. Financial risk management (continued)

#### 7.2 Credit risk (continued)

##### Cash and cash equivalents

The table below shows an analysis of the Company's bank deposit by the credit rating of the bank in which they are held:

<u>Bank group based on credit ratings by Moody's</u>	<u>No of banks</u>	<b>31 March 2022</b>	31 March 2021
		<b>US\$</b>	US\$
Ba2	1	<b>35.254</b>	23.125
		<b>35.254</b>	23.125

Even though the cash and cash equivalents are subject to the IFRS 9 impairment model, the estimated impairment as at 31 March 2022 and 31 March 2021 was not significant. As such, the Company has not recognised any impairment charges for cash and cash equivalents as at 31 March 2022 and 31 March 2021.

#### 7.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 March 2022</b>	Carrying amounts	Contractual cash flows	3 months or less
	US\$	US\$	US\$
Other payables	19.651	19.651	19.651
Payables to related parties	6.486.253	6.486.253	6.486.253
	<b>6.505.904</b>	<b>6.505.904</b>	<b>6.505.904</b>

31 March 2021	Carrying amounts	Contractual cash flows	3 months or less
	US\$	US\$	US\$
Other payables	698	698	698
Payables to related parties	5.526.346	5.526.346	5.526.346
	<b>5.527.044</b>	<b>5.527.044</b>	<b>5.527.044</b>

#### 7.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, British Pound and Australian Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 8. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Going concern basis**

The assessment of the Company for the appropriateness of the use of the going concern basis is disclosed in note 5.

- **Impairment of investment in subsidiary**

The Company periodically evaluates the recoverability of investment in subsidiary whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiary may be impaired, the estimated future discounted cash flows associated with this subsidiary would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are 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.

- **Impairment of financial assets**

The loss allowances 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. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

### 9. Other operating income

	01/04/2021- 31/03/2022	01/04/2020- 31/03/2021
	US\$	US\$
Reversals of provisions for operating expenses	-	115,594
	<u>-</u>	<u>115,594</u>

The above represents a release of previously over-accrued expenses.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 10. Loss from investing activities

	01/04/2021- 31/03/2022	01/04/2020- 31/03/2021
	US\$	US\$
Impairment charge - investment in subsidiary (Note 14)	(25.000)	(305.000)
Impairment charge - receivables to related parties (Note 21)	(16.579)	(105.000)
	<u>(41.579)</u>	<u>(410.000)</u>

### 11. Operating profit

	01/04/2021- 31/03/2022	01/04/2020- 31/03/2021
	US\$	US\$
Operating profit is stated after charging the following items:		
Auditors' remuneration for the statutory audit of annual accounts	11.897	12.755
Auditors' remuneration for tax compliance	1.041	1.097
	<u>11.897</u>	<u>12.755</u>
	<u>1.041</u>	<u>1.097</u>

The Company had no employees during the years ended 31 March 2022 and 31 March 2021.

### 12. Finance income/(costs)

	01/04/2021- 31/03/2022	01/04/2020- 31/03/2021
	US\$	US\$
Foreign exchange gains	235.150	-
Interest on taxes	-	104.429
<b>Finance income</b>	<u>235.150</u>	<u>104.429</u>
Foreign exchange losses	(447)	(461.247)
Sundry finance expenses	(1.204)	(1.237)
<b>Finance costs</b>	<u>(1.651)</u>	<u>(462.484)</u>
<b>Net finance income/(cost)</b>	<u>233.499</u>	<u>(358.055)</u>

### 13. Tax

	01/04/2021- 31/03/2022	01/04/2020- 31/03/2021
	US\$	US\$
Corporation tax - current year	132.837	106.818
Corporation tax - prior years (over-provision)/under-provision	(28.953)	19.623
Defence contribution - current year	-	31.329
<b>Charge for the year</b>	<u>103.884</u>	<u>157.770</u>

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 13. Tax (continued)

The total charge for the year can be reconciled to the accounting profit as follows:

	01/04/2021- 31/03/2022 US\$	01/04/2020- 31/03/2021 US\$
Profit before tax	<u>1.172.233</u>	<u>269.586</u>
Tax calculated at the applicable tax rates	146.529	33.698
Tax effect of expenses not deductible for tax purposes	13.540	114.627
Tax effect of allowances and income not subject to tax	(29.338)	(30.593)
Tax effect of group tax relief	(3.529)	(10.914)
10% additional charge	5.635	-
Defence contribution current year	-	31.329
Prior years tax (over-provision)/under-provision	<u>(28.953)</u>	<u>19.623</u>
<b>Tax charge</b>	<u><b>103.884</b></u>	<u><b>157.770</b></u>

The Company is subject to corporation tax on taxable profits at the rate of 12,5%.

### 14. Investment in subsidiary

	2022 US\$	2021 US\$
Balance at 1 April	25.000	-
Additions	-	330.000
Impairment charge	<u>(25.000)</u>	<u>(305.000)</u>
<b>Balance at 31 March</b>	<u><b>-</b></u>	<u><b>25.000</b></u>

On 2 May 2018, the Board of Directors had approved the acquisition of Strides CIS Limited from Strides Pharma Global Pte Ltd for a consideration of US\$4.304.058, which was fully impaired during prior years to reduce the carrying amount of the investment down to its recoverable amount.

Subsequently, the Management decided to maintain the operations of the subsidiary. Thus, on 30 March 2021, the Company subscribed into 100 new shares for a consideration of €281.066 (equivalent to US\$330.000). As of the year end, the Management impaired the investment based on the net asset position of the subsidiary as at 31 March 2022, to US\$Nil (2021: US\$25.000), recognising an impairment loss of US\$25.000 (2021: US\$305.000) during the current year.

The operational status of the subsidiary remains under consideration.

The details of the subsidiary are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	31 March 2022 Holding %	31 March 2021 Holding %	31 March 2022 US\$	31 March 2021 US\$
Strides CIS Limited	Cyprus	Marketing and sales of pharmaceutical products	100	100	<u>-</u>	<u>25.000</u>

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 15. Trade and other receivables

	31 March 2022	31 March 2021
	US\$	US\$
Receivables from related parties (Note 21.2)	22,951,372	21,930,167
Less: credit loss on receivables from related parties (Note 21.2)	<u>(421,579)</u>	<u>(405,000)</u>
<b>Net receivables from related parties</b>	<b>22,529,793</b>	<b>21,525,167</b>
Less non-current receivables	<u>(21,938,042)</u>	<u>(20,926,642)</u>
<b>Current portion</b>	<b><u>591,751</u></b>	<b><u>598,525</u></b>

The Company has recognised annual expected credit losses of US\$16,579 (2021: US\$105,000) on receivables from related parties for the year ended 31 March 2022.

The fair values of the receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the financial statements.

### 16. Cash at bank

Cash balances are analysed as follows:

	31 March 2022	31 March 2021
	US\$	US\$
Cash at bank	<u>35,254</u>	<u>23,125</u>
	<b><u>35,254</u></b>	<b><u>23,125</u></b>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

### 17. Share capital

	2022	2022	2021	2021
	Number of shares	US\$	Number of shares	US\$
<b>Authorised</b>				
Ordinary shares of US\$1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
<b>Issued and fully paid</b>				
Balance at 1 April	<u>438,000</u>	<u>438,000</u>	<u>438,000</u>	<u>438,000</u>
<b>Balance at 31 March</b>	<b><u>438,000</u></b>	<b><u>438,000</u></b>	<b><u>438,000</u></b>	<b><u>438,000</u></b>

### 18. Trade and other payables

	31 March 2022	31 March 2021
	US\$	US\$
Accruals	10,210	16,831
Other creditors	19,651	698
Payables to related companies (Note 21.3)	<u>6,486,253</u>	<u>5,526,346</u>
	<b><u>6,516,114</u></b>	<b><u>5,543,875</u></b>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 19. Tax liabilities

	31 March 2022	31 March 2021
	US\$	US\$
Corporation tax	<u>458.506</u>	<u>1.507.339</u>
	<u>458.506</u>	<u>1.507.339</u>

### 20. Operating Environment of the Company

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

### 21. Related party transactions

At the reporting date and at the date of signing of these financial statements, the Company is controlled by Strides Pharma Science Limited (formerly Strides Shasun Limited), incorporated in India, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

#### 21.1 Income and expenses from transactions with related companies

<u>Name</u>	<u>Nature of transactions</u>	01/04/2021-	01/04/2020-
		31/03/2022	31/03/2021
		US\$	US\$
Strides Arcolab International Limited	Interest income	<u>1.011.400</u>	<u>1.011.400</u>
		<u>1.011.400</u>	<u>1.011.400</u>

#### 21.2 Receivables from related companies (Note 15)

<u>Name</u>	<u>Nature of transactions</u>	31 March 2022	31 March 2021
		US\$	US\$
Strides CIS Limited	Current a/c	421.579	422.767
Beltapharma S.P.A	Current a/c	-	48.758
Strides Pharma Inc	Finance	3.136.618	3.136.618
Strides Arcolab International Limited	Finance	18.801.424	17.790.024
Strides Pharma Global (UK) Limited	Current a/c	591.751	532.000
Expected credit losses on receivables from related parties		<u>(421.579)</u>	<u>(405.000)</u>
		<u>22.529.793</u>	<u>21.525.167</u>

All amounts receivable from related companies, except the balances mentioned below, are current accounts that bear no interest, and without specified repayment date.

# STRIDES PHARMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 21. Related party transactions (continued)

On 23 January 2019, the principal amount of the loan receivable from Strides Pharma Inc. was repaid in full, leaving the outstanding interest accrued of US\$3,136,618. No further interest income has been recognised for the year ended 31 March 2022 (2021: US\$Nil).

On 25 January 2019, the Company (as lender) entered into a loan facility agreement with Strides Arcolab International Limited (as borrower) for the total amount US\$20,000,000. The loan bears interest of 6.5% per annum and is repayable by 25 January 2024. As at 31 March 2022, the borrower utilised US\$15,560,000 out of the total facility amount. During the current year, interest income of US\$1,011,400 (2021: US\$1,011,400) was recognized in profit or loss.

The Company categorised the receivable due from Strides CIS Limited as non-performing at Stage 3. A loss allowance of US\$105,000, equal to the lifetime expected credit loss as at 31 March 2021, had been recognised in prior year profit or loss (2020: \$300,000). There was no improvement of the credit risk as at 31 March 2022, therefore the specific receivable balance continues to be classified as Stage 3. During the year ended 31 March 2022, an additional loss allowance of US\$16,579 was recognised in profit or loss.

#### 21.3 Payables to related parties (Note 18)

Name	Nature of transactions	31 March 2022	31 March 2021
		US\$	US\$
Strides Pharma (Cyprus) Limited	Current a/c	54,086	46,375
Strides Pharma Global Pte Ltd	Current a/c	2,519,500	1,361,000
SVADS Holding SA	Current a/c	3,898,918	4,118,971
Beltapharma S.P.A	Current a/c	13,749	-
		<b>6,486,253</b>	<b>5,526,346</b>

All amounts payables to related companies are current accounts the bear no interest and without specified repayment date.

### 22. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2022.

### 23. Commitments

The Company had no capital or other commitments as at 31 March 2022.

### 24. Events after the reporting period

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints.

As explained in note 20 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2022 which relate to new developments that occurred after the reporting period.

Management will continue to monitor the situation closely and will assess the need for remedial measures to respond to the crisis in case the period of disruption becomes prolonged.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 4

# STRIDES PHARMA INTERNATIONAL LIMITED

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**1066, Nicosia**  
**Cyprus**

Deloitte Limited  
Certified Public Accountants and Registered Auditors  
24 Spyrou Kyprianou Avenue  
1075 Nicosia  
Cyprus

14 December 2022

## **Management representation letter for the audit of the year ended 31 March 2022**

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Strides Pharma International Limited (the "Company") for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the accompanying financial statements give a true and fair view of the financial position as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

By a resolution of the Board of Directors, passed today, we are directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 March 2022, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

### **I. Financial statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 25 July 2022, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of Financial Statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 5) **Litigation**
  - i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.

- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company.

#### **6) Events after the reporting period**

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

#### **7) Uncorrected misstatements**

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

A list of the uncorrected misstatements and disclosure deficiencies is attached. The reason for not correcting them is presented in Appendix I.

#### **8) Going concern**

- i) We confirm that, having considered our expectations and intentions for the period not less than twelve months from today, and the availability of working capital and the impact of the Russia-Ukraine conflict, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.
- ii) The financial statements have been prepared on a going concern basis, because the ultimate parent company of the Company has confirmed that it is able and willing to continue to provide the Company with the necessary financial support, in order to continue as a going concern.

### **II. Information provided**

#### **9) Accounting records**

- i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of Directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

#### **10) Related parties**

We confirm that the ultimate controlling party of the Company is Strides Pharma Science Limited, that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

#### **11) Fraud**

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

## **12) Laws and regulations**

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

## **13) Contractual arrangements / agreements**

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
- ii) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- iii) There are no other agreements not in the ordinary course of business.
- iv) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

## **14) Investments**

We have disclosed to you our plans regarding long term investments (investments in subsidiary undertakings) that are material to the financial statements, in particular whether the Company has the ability to continue to hold the investments on a long-term basis.

## **III. Other representations**

### **Assets and liabilities**

- 15) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 16) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the carrying amounts at which they are stated.
- 17) Despite the fact that the accrued interest receivable from Strides Pharma Inc. amounting to US\$3.136.618 is due on demand, the Management expects that it will be recovered during the period from 1 April 2023 to 31 March 2024.

### **Financial instruments**

- 18) Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

### **Provisions**

- 19) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected more likely than not to result in significant loss to the Company. Other such items, where in our opinion, in accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets, provision is unnecessary, have been appropriately disclosed in the financial statements.

- 20) Other material loss contingencies that should be accrued because (i) information presently available indicates that it is probable that an asset had been impaired or a liability had been incurred as from the reporting date and (ii) the amount of the loss can be reliably estimated have been accrued.
- 21) Other material loss contingencies that should be disclosed because, although both conditions specified in the above paragraph are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the reporting date have been disclosed.
- 22) Contingencies that should be disclosed because they are more likely than not will result in gains have been disclosed.
- 23) Income/gains that are virtually certain have been recognized.

#### **Fair values**

- 24) We confirm the following regarding the reasonableness of significant assumptions related to fair value measurements and disclosures in the financial statements:
  - The appropriateness, reasonableness and fairness of the measurement methods, including related business and valuation assumptions, used by us in determining fair value and the consistency in application of the methods.
  - The completeness and appropriateness of disclosures related to fair values in the financial statements.
  - No events subsequent to the reporting date have occurred that require adjustment to the fair value measurements and disclosures included in the financial statements.
  - We are not aware of any material information not contained within the fair value calculations that could materially influence the fair value calculations.
  - The information incorporated into the fair value calculations is, to the best of our knowledge, fair and accurate.
  - These significant assumptions related to fair value measurements and disclosures in the financial statements, appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Company, where relevant to the fair value measurements or disclosures.

#### **Impairment Testing**

- 25) We have performed impairment testing on the Company's assets as required by IAS36 and IFRS9.
- 26) We confirm the following regarding this testing:
  - The calculations undertaken to do this testing were based on reasonable and fair assumptions of the expected flows in using those assets.
  - The relevant fair value measurements were made using the representations in the preceding paragraph.
  - All available information as at the end of each reporting period and the relevant information in the period since the reporting date have been reflected within the calculations in a fair and accurate manner.
  - We confirm that we have assessed the financial ability of the related companies, Strides Pharma Inc and Strides Arcolab International Limited as of the year end 31 March 2022 and considered as low credit risk; thus the counterparties classified as performing receivables at Stage 1. We confirm that no provision for expected credit loss for the amounts receivables from Strides Pharma Inc. and Strides Arcolab International Limited amounting to US\$3.136.618 and US\$18.801.424 respectively, are required.
  - We confirm that we have assessed the financial ability of the subsidiary company, Strides CIS Limited as of the year ended 31 March 2022 and considered as high credit risk and the receivable balance of US\$421.579 classified as non-performing receivable. We confirm that based on our assessment the lifetime credit losses on receivable from Strides CIS Limited amounting to US\$421.579 as at 31 March 2022 considered sufficient and appropriate.

- We confirm that based on our assessment the impairment losses recognised for the investment in subsidiary of US\$25.000 considered sufficient and appropriate as at 31 March 2022.

#### **Disclosures**

- 27) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.
- 28) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 29) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, Director, officer or any other third party.
- 30) We have recorded or disclosed, as appropriate all agreements to repurchase assets previously sold.

#### **31) Taxation**

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

#### **32) Transactions with Directors/officers**

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Because of the importance to your work of the information and representations supplied to you by the directors and agents of the Company, you shall not be held responsible or liable for any losses, damages, costs or other consequences if information, material to your work is withheld or concealed from you or misrepresented to you.

As further consideration of your providing your audit services, the Company agrees to indemnify and hold you harmless against all losses, damages and costs however caused which you may suffer arising from information material to your work being withheld or concealed from you, or misrepresented to you, by the directors or agents of the Company, except to the extent finally determined to have resulted primarily from your bad faith or willful default. The Company also agrees to indemnify and hold you harmless from and in respect of any loss, claim, damage, cost, liability or expense that you may suffer or incur by reason of the Company disclosing to you for the purpose of the audit inaccurate, untrue or misleading information and which is relied upon by you.

Yours faithfully,  
For and on behalf of the Board of Directors

  
.....  
Angeliki Eliades  
Director  
14 December 2022

  
.....  
Androulla Alexandrou  
Director  
14 December 2022

# STRIDES PHARMA INTERNATIONAL LIMITED

## APPENDIX I

### A list of the uncorrected misstatements of Strides Pharma International Limited for the year ended 31 March 2022

	As reported in the financial statements US\$	Uncorrected misstatements by financial statements line US\$	As if misstatements were corrected in the financial statements US\$	Note
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Net investment loss	41.579	177.544	219.123	1
STATEMENT OF FINANCIAL POSITION				
Trade and other receivables - closing	22.529.793	(177.544)	22.352.249	1
Opening retained earnings (1/4/2021)	(15.194.799)	177.544	(15.017.255)	2
Opening trade receivables (1/4/2021)	21.525.167	(177.544)	21.347.623	2

#### A list of the uncorrected misstatements

1) The amount of US\$177.544 considered the discount factor of the receivable balance of Strides Pharma Inc which is expected to be repaid within the period 1 April 2023 to 31 March 2024.

2) This describes the impact of a prior year uncorrected misstatements on the opening statements of financial position, in relation to the same balance as mentioned in note (1) above.

Management considers the impacts of the above two misstatements not material to warrant any adjustments in the financial statements.