

STRIDES PHARMA INTERNATIONAL LTD

FINANCIAL STATEMENTS
For the year ended 31 March 2024

STRIDES PHARMA INTERNATIONAL LTD

FINANCIAL STATEMENTS

For the year ended 31 March 2024

CONTENTS

	PAGE
Board of Directors and other officers	1
Independent auditor's report	2 - 4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 - 24
Additional information to the statement of profit or loss and other comprehensive income	24

STRIDES PHARMA INTERNATIONAL LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Georgios Kyriakou Lakshminarasimhan Ranganathan Androula Alexandrou Maria Stella Katsari
Company Secretary:	Cypcosecretarial Limited
Independent Auditors:	MGI Gregoriou & Co Ltd Certified Public Accountants and Registered Auditors Florinis, 7 GREG TOWER, 6th floor P.C. 1065, Nicosia Cyprus
Registered office:	3 Themistocles Dervis Julia House 1066, Nicosia Cyprus
Bankers:	State Bank of India
Registration number:	HE258759

Independent Auditor's Report

To the Members of Strides Pharma International Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Strides Pharma International Ltd (the "Company"), which are presented in pages 5 to 24 and comprise the statement of financial position as at 31 March 2024, 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 Ltd as at 31 March 2024, 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 4 to the financial statements which indicates that the Company incurred a loss of US\$16,820,840 during the year ended 31 March 2024, and, as of that date the Company's current liabilities exceeded its current assets by US\$150,101. As stated in note 4, these events or conditions, along with other matters as set forth in note 4, 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 Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income up to page 23, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 (continued)

To the Members of Strides Pharma International Ltd

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 Ltd

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.



Loria Gregoriou
Certified Public Accountant and Registered Auditor for
and on behalf of
MGI Gregoriou & Co Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 8 August 2024

STRIDES PHARMA INTERNATIONAL LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 March 2024

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
Interest income	1,014,171	1,011,400
Administration expenses	8 (20,553)	(75,996)
Loss from investing activities	4,787	-
Other expenses	9 (17,714,911)	-
Operating (loss)/profit	(16,716,506)	935,404
Net finance (costs)/income	10 (108,622)	261,831
(Loss)/profit before tax	(16,825,128)	1,197,235
Tax	11 4,288	(116,923)
Net (loss)/profit for the year	(16,820,840)	1,080,312
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(16,820,840)	1,080,312

The notes on pages 9 to 24 form an integral part of these financial statements.

STRIDES PHARMA INTERNATIONAL LTD


STATEMENT OF FINANCIAL POSITION

31 March 2024

	Note	31 March 2024 US\$	31 March 2023 US\$
ASSETS			
Current assets			
Trade and other receivables	13	-	23,528,102
Cash at bank	14	<u>22,539</u>	<u>7,633</u>
		<u>22,539</u>	<u>23,535,735</u>
Total assets		<u>22,539</u>	<u>23,535,735</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	438,000	438,000
Accumulated (losses) /retained earnings		<u>(588,101)</u>	<u>16,232,739</u>
Total equity		<u>(150,101)</u>	<u>16,670,739</u>
Current liabilities			
Trade and other payables	16	52,964	6,616,177
Current tax liabilities	17	<u>119,676</u>	<u>248,819</u>
		<u>172,640</u>	<u>6,864,996</u>
Total equity and liabilities		<u>22,539</u>	<u>23,535,735</u>

On 8 August 2024 the Board of Directors of Strides Pharma International Ltd authorised these financial statements for issue.


 Maria Stella Katsari
 Director


 Androula Alexandrou
 Director

The notes on pages 9 to 24 form an integral part of these financial statements.

STRIDES PHARMA INTERNATIONAL LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital US\$	Accumulated (losses)/retained earnings US\$	Total US\$
Balance at 1 April 2022	438,000	15,152,427	15,590,427
Comprehensive income			
Net profit for the year	-	1,080,312	1,080,312
Balance at 31 March 2023/ 1 April 2023	438,000	16,232,739	16,670,739
Comprehensive loss			
Net loss for the year	-	(16,820,840)	(16,820,840)
Balance at 31 March 2024	438,000	(588,101)	(150,101)

The notes on pages 9 to 24 form an integral part of these financial statements.

STRIDES PHARMA INTERNATIONAL LTD

CASH FLOW STATEMENT

For the year ended 31 March 2024

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(16,825,128)	1,197,235
Adjustments for:		
Impairment charge - investments in subsidiaries	12 416,792	-
Reversal of impairment on loans to related parties	19 (421,579)	-
Interest income	(1,014,171)	(1,011,400)
	(17,844,086)	185,835
Changes in working capital:		
Decrease/(increase) in trade and other receivables	23,528,102	(164,625)
(Decrease)/increase in trade and other payables	(6,558,426)	100,063
Cash (used in)/generated from operations	(874,410)	121,273
Interest received	1,014,171	-
Tax paid	(124,855)	(148,894)
Net cash generated from/(used in) operating activities	14,906	(27,621)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	14,906	(27,621)
Cash and cash equivalents at beginning of the year	7,633	35,254
Cash and cash equivalents at end of the year	14 22,539	7,633

The notes on pages 9 to 24 form an integral part of these financial statements.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. Incorporation and principal activities

Country of incorporation

The Company Strides Pharma International Ltd (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, which are unchanged from last year, are the holding of investment and the provision of financing.

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 subsidiaries constitute a 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 2024.

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. 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 2023. This adoption did not have a material effect on the accounting policies of the Company.

4. 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

The Company incurred a loss of US\$16,820,840 for the year ended 31 March 2024, and, as of that date the Company's current liabilities exceeded its current assets by US\$150,101. The Company is dependent upon the continuing financial support of its shareholder 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 shareholder has indicated his intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

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.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. Significant accounting policies (continued)

Subsidiary companies (continued)

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.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

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.

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 LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. Significant accounting policies (continued)

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.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. 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 amortised cost and FVOCI and 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 and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

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.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

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

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit 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"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. 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. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

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.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. Significant accounting policies (continued)

Financial assets (continued)

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.

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

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. 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.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. Significant accounting policies (continued)

Financial assets (continued)

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade payables

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

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications (continued)

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

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

5. 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.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. 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:

6.1 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 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 2024	31 March 2023
	US\$	US\$
Fixed rate instruments		
Financial assets	-	15,560,000
	<u>-</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

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents.

(i) Impairment of financial assets

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

- cash and cash equivalents

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 March 2024 and 31 March 2023:

Bank details:	External credit rating	31 March 2024	31 March 2023
		US\$	US\$
State Bank of India	Ba2	<u>22,539</u>	<u>7,633</u>
Total		<u>22,539</u>	<u>7,633</u>

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

6.3 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.

31 March 2024

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Payables to related parties	38,420	38,420	38,420
	38,420	38,420	38,420

31 March 2023

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Payables to related parties	6,601,353	6,601,353	6,601,353
	6,601,353	6,601,353	6,601,353

6.4 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. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7. 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.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. Critical accounting estimates and judgments (continued)

Judgments

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**

Management has made an assessment of the Company's ability to continue as a going concern.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **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.

Critical judgements in applying the Company's accounting policies

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **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 6, Credit risk section.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. Administration expenses

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
Auditors' remuneration	2,356	10,007
Director sitting fees	-	1,094
Professional fees	17,649	64,358
Rates and taxes	548	537
	<u>20,553</u>	<u>75,996</u>

9. Other expenses

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
Waiver of receivables	17,714,911	-
	<u>17,714,911</u>	<u>-</u>

During the year, as part of reorganisation of the Group all related party balances were netted off and finally waived, resulting in a loss of US\$17,714,911.

10. Finance income/(costs)

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
Exchange profit	93,834	267,912
Finance income	<u>93,834</u>	<u>267,912</u>
Net foreign exchange losses	(201,468)	(4,970)
Sundry finance expenses	(988)	(1,111)
Finance costs	<u>(202,456)</u>	<u>(6,081)</u>
Net finance (costs)/income	<u>(108,622)</u>	<u>261,831</u>

11. Tax

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
Corporation tax	(4,288)	116,923
(Credit)/charge for the year	<u>(4,288)</u>	<u>116,923</u>

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. Tax (continued)

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023
	US\$	US\$
(Loss)/profit before tax	<u>(16,825,128)</u>	<u>1,197,235</u>
Tax calculated at the applicable tax rates	(2,103,141)	149,654
Tax effect of expenses not deductible for tax purposes	2,293,197	137,228
Tax effect of allowances and income not subject to tax	(64,427)	(169,959)
Corporation tax - prior years overprovision	<u>(129,917)</u>	<u>-</u>
Tax charge	<u>(4,288)</u>	<u>116,923</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

12. Investments in subsidiaries

	2024	2023
	US\$	US\$
Balance at 1 April	-	-
Additions	416,792	-
Impairment charge	<u>(416,792)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>-</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	31 March 2024 Holding %	31 March 2023 Holding %	31 March 2024 US\$	31 March 2023 US\$
Strides CIS Limited	Cyprus	Marketing and sales of pharmaceutical products	100	100	<u>-</u>	<u>-</u>

13. Trade and other receivables

	31 March 2024	31 March 2023
	US\$	US\$
Receivables from related parties	-	3,715,278
Loans receivable	<u>-</u>	<u>19,812,824</u>
	<u>-</u>	<u>23,528,102</u>

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

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13. Trade and other receivables (continued)

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

14. Cash at bank

Cash balances are analysed as follows:

	31 March 2024	31 March 2023
	US\$	US\$
Cash at bank	<u>22,539</u>	7,633
	<u>22,539</u>	<u>7,633</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

15. Share capital

	2024	2024	2023	2023
	Number of shares	US\$	Number of shares	US\$
Authorised				
Ordinary shares of US\$1 each	<u>500,000</u>	<u>500,000</u>	500,000	500,000
Issued and fully paid				
Balance at 1 April	<u>438,000</u>	<u>438,000</u>	438,000	438,000
Balance at 31 March	<u>438,000</u>	<u>438,000</u>	438,000	438,000

16. Trade and other payables

	31 March 2024	31 March 2023
	US\$	US\$
Payables to related parties (Note 19.3)	38,420	6,601,353
VAT	3,331	2,904
Accruals	5,065	9,263
Other creditors	<u>6,148</u>	<u>2,657</u>
	<u>52,964</u>	<u>6,616,177</u>

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

17. Current tax (liabilities)

	31 March 2024	31 March 2023
	US\$	US\$
Corporation tax	<u>(119,676)</u>	<u>(248,819)</u>
	<u>(119,676)</u>	<u>(248,819)</u>

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the war between Russia and Ukraine. As at the date of authorising these financial statements for issue, the war continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the war is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the war in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the war between Russia and Ukraine war may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022 and to date. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

19. Related party transactions

The Company is controlled by Strides Pharma Science Limited, incorporated in India, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

19.1 Income from transactions with related companies

<u>Name</u>	<u>Nature of transactions</u>	01/04/2023- 31/03/2024 US\$	01/04/2022- 31/03/2023 US\$
Strides Arcolab International Limited	Interest income	1,014,171	1,011,400
		1,014,171	1,011,400

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. Related party transactions (continued)

19.2 Receivables from related parties

<u>Name</u>	<u>Nature of transactions</u>	31 March 2024	31 March 2023
		US\$	US\$
Strides CIS Limited	Current a/c	-	409,735
Strides Pharma Inc	Current a/c	-	3,136,618
Strides Pharma Global (UK) Limited	Current a/c	-	590,504
Expected credit losses on receivables from related parties		-	(421,579)
		<u>-</u>	<u>3,715,278</u>

During the year, as part of reorganisation of the Group all related party balances were netted off and finally waived, resulting in a loss of US\$17,714,911.

19.3 Payables to related parties (Note 16)

<u>Name</u>	<u>Nature of transactions</u>	31 March 2024	31 March 2023
		US\$	US\$
SVADS Holding SA	Current a/c	-	3,630,698
Strides Pharma Global Pte Ltd	Current a/c	25,000	2,957,154
Strides Pharma (Cyprus) Limited	Current a/c	-	23
Beltapharma S.P.A	Current a/c	13,420	13,478
		<u>38,420</u>	<u>6,601,353</u>

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

19.4 Loans from related parties

<u>Name</u>	<u>Terms</u>	31 March 2024	31 March 2023
		US\$	US\$
Strides Arcolab International Limited	Finance	-	19,812,824
		<u>-</u>	<u>19,812,824</u>

During the year, as part of reorganisation of the Group all related party balances were netted off and finally waived, resulting in a loss of US\$17,714,911.

20. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2024.

21. Commitments

The Company had no capital or other commitments as at 31 March 2024.

22. Events after the reporting period

As explained in note 17 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the full scale military invasion in Ukraine. As at the date of authorising these financial statements for the issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

STRIDES PHARMA INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

Independent auditor's report on pages 2 to 4