Coming out of a challenging Q4 FY20 due to Ranitidine withdrawal, Strides has started FY21 on a positive note. We have reported strong performance across all our business in Q1 FY21 despite significant disruptions and ambiguity in the business environment due to Covid 19. Our regulated markets growth was 22% QoQ and our emerging markets are now returning to growth after several quarters. We have delivered healthy operating leverage that led to an 920bps QoQ EBITDA margin expansion with superior cash flows.

We are proud of our global workforce for their exemplary efforts to keep our operations running during the current crisis period. We continue to pursue a “People First” approach, and the wellbeing of our employees remains our top priority.

We have demonstrated resilience and agility to adapt to the current pandemic situation. While our manufacturing and supply chain continue to remain steady without any significant disruptions, we remain cautiously optimistic on the outlook of our business for the year as the operating environment continues to evolve.

Dr. R Ananthanarayanan
Managing Director & CEO
Solid execution led to an all-round performance with 132% QoQ growth in EBITDA.

<table>
<thead>
<tr>
<th></th>
<th>Q1FY21</th>
<th>Q4FY20</th>
<th>Q1FY20¹</th>
<th>QoQ%</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>₹7,847m</td>
<td>₹6,126m</td>
<td>₹6,888m</td>
<td>26% ⬆️</td>
<td>14% ⬆️</td>
</tr>
<tr>
<td><strong>Gross Margins</strong></td>
<td>₹4,825m</td>
<td>₹3,750m</td>
<td>₹3,726m</td>
<td>29% ⬆️</td>
<td>29% ⬆️</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>₹1,578m</td>
<td>₹680m</td>
<td>₹1,239m</td>
<td>132% ⬆️</td>
<td>27% ⬆️</td>
</tr>
<tr>
<td><strong>Pharma PAT²</strong></td>
<td>₹788m</td>
<td>₹84m</td>
<td>₹523m</td>
<td>839% ⬆️</td>
<td>51% ⬆️</td>
</tr>
<tr>
<td><strong>Pharma EPS²</strong></td>
<td>₹8.8</td>
<td>₹0.9</td>
<td>₹5.8</td>
<td>839% ⬆️</td>
<td>51% ⬆️</td>
</tr>
</tbody>
</table>

1. Includes Ranitidine sales of ₹443m in Q1FY20
2. Pharma PAT and Pharma EPS for Q1 FY21 excludes Exceptional items gain of ₹445m and Biotech and CHC share of loss of ₹201m
Regulated market traction continues along with an improved emerging markets performance

### Key Highlights

#### Regulated Markets

**US**
- US reported **₹3,738m revenues**($50m), up by 28% QoQ and 8% YoY
- Strides delivered a **healthy business outcome** despite Covid-19 related headwinds in the market
- **Market share for key base products and recent new launches** remains steady

**Other Regulated Markets**
- Other regulated markets grew 53% YoY and 15% QoQ reporting its highest ever quarterly revenues of **₹2,606m** ($35m)
- **Performance was driven** by the key front-end and partnered markets of UK, Germany, Australia, Nordics and Netherlands

#### Emerging Markets

**Africa**
- Africa grew 73% YoY and QoQ, driven by the key brands and improvement in primary sales inline with secondary sales
- The **Institutional business achieved a 30% growth over Q4FY20**, factoring a higher order pick up by the donor funds.
- During the quarter, we received WHO PQ approval for **TLD, a key ARV product**

#### R&D
- The **R&D spend** in Q1FY21 was **₹247m**.
- Filed **2 ANDAs** and received approval for **3 new ANDAs**. In the other regulated markets, filed **4 products** and received **2 new product approvals**

---

**Regulated Markets**

<table>
<thead>
<tr>
<th>Market</th>
<th>Q1FY21</th>
<th>Q4FY20</th>
<th>Q1FY20</th>
<th>QoQ%</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>3,738</td>
<td>2,931</td>
<td>3,459</td>
<td>28%</td>
<td>8%</td>
</tr>
<tr>
<td>Other Reg</td>
<td>2,606</td>
<td>2,260</td>
<td>1,705</td>
<td>15%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,344</strong></td>
<td><strong>5,191</strong></td>
<td><strong>5,164</strong></td>
<td><strong>22%</strong></td>
<td><strong>23%</strong></td>
</tr>
</tbody>
</table>

**Emerging Markets**

<table>
<thead>
<tr>
<th>Market</th>
<th>Q1FY21</th>
<th>Q4FY20</th>
<th>Q1FY20</th>
<th>QoQ%</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inst. Biz</td>
<td>810</td>
<td>625</td>
<td>880</td>
<td>30%</td>
<td>-8%</td>
</tr>
<tr>
<td>Africa</td>
<td>693</td>
<td>400</td>
<td>401</td>
<td>73%</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,503</strong></td>
<td><strong>1,025</strong></td>
<td><strong>1,281</strong></td>
<td><strong>47%</strong></td>
<td><strong>17%</strong></td>
</tr>
</tbody>
</table>

**Consolidated Group Revenues**

<table>
<thead>
<tr>
<th></th>
<th>Q1FY21</th>
<th>Q4FY20</th>
<th>Q1FY20</th>
<th>QoQ%</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,847</strong></td>
<td><strong>6,126</strong></td>
<td><strong>6445</strong></td>
<td><strong>26%</strong></td>
<td><strong>22%</strong></td>
</tr>
</tbody>
</table>

---

1. Adjusted for Ranitidine, the Q1FY20 US revenue including sales of Ranitidine was ₹3902. YoY and QoQ growth are on INR reported numbers
Strides remains optimistic to continue the scale up in the regulated market

### Strides Regulated Markets

<table>
<thead>
<tr>
<th>Period</th>
<th>Q1FY21</th>
<th>Q4FY20</th>
<th>Q1FY20</th>
<th>QoQ%</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (₹m)</td>
<td>₹6,344</td>
<td>₹5,191</td>
<td>₹5,164</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>EBITDA (₹m)</td>
<td>₹85</td>
<td>₹73</td>
<td>₹73</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>

#### Growth Drivers

- **Continued traction in the US Business driven by steady base business and new launches during the year**
- **Portfolio fungibility driving the overall product and market penetration in the other regulated markets**

#### Near Term Challenges

- **Challenges around COVID 19 continues to have an overhang on the front-end markets**
- **Softness in demand led by lower prescription rates, decline in elective surgical procedures and lower footfall at pharmacies**

#### Outlook

- **Strides remains optimistic of achieving its business outlook in the regulated markets for FY21**
- **We expect the growth to continue in the ongoing year as we unfold a large pipeline of approved products with market fungibility across our operations**
Strides reported a strong Q1 FY 20 performance in the US markets despite ranitidine withdrawal. Business reported a 28% QoQ growth to $50m revenues in Q1FY21. During the quarter, launched 2 new products, product launch momentum to continue. Base business continues to maintain its market share as we ensured continuity of supplies through superior supply chain execution amidst the Covid-19 temporary disruptions. Received 3 ANDA approvals, products will be launched in the coming quarters. Continued focus on maintaining supply continuity and high level of customer engagement.
Other regulated market continues to scale, reports 53% YoY growth

- The other regulated markets reported 53% YoY and 15% QoQ growth to achieve its highest ever quarterly run-rate.
- The business has achieved $35m scale with improvement in the margins due to operating leverage.
- Strong growth continues in the other regulated markets although the market remains sluggish at the pharmacy level.
- Increase in the supplies to Arrotex in Australia with healthy order book visibility.
- Business remains healthy due to product launches, increased market shares and portfolio cross-pollination.
- We continue to invest in R&D to expand our portfolio for other regulated markets. During the quarter, we filed 4 new products and received 2 approvals.

Performance Updates

Financial Performance (₹/$M)

- **Quarter on Quarter**
  - Q4FY20: $24, $2,260
  - Q1FY21: $32, $2,606
- **Year on Year**
  - Q1FY20: $24, $1,705
  - Q1FY21: $35, $2,606

YoY and QoQ growth are on INR reported numbers.
Emerging markets sees green shoots in the performance, reports a 47% QoQ growth

- The Emerging market business picked up sequentially, reported $20m revenues in Q1FY21
- Post the strategic reset, the brands Africa business reported an improvement in the performance driven across all indicators. While Q1 FY 21 has been a strong comeback quarter for Africa business, we are seeing softness in acute therapies due to lower prescription rates
- Our Institutional business performance was on track. We have now received WHO PQ approval for TLD. The product is undergoing country specific registrations and will be available for the commercial launch in H2FY21
- TLD commands a significant share of the donor funding pool as the product has been included as a preferred first-line option among the current antiretroviral drug regimens
- Our WHO approved manufacturing facility in Kenya had a steady quarter. We continue to build on our “In Africa for Africa” strategy through local manufacturing of products for the markets

Financial Performance (₹/SM)

<table>
<thead>
<tr>
<th>Quarter on Quarter</th>
<th>Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 1,281</td>
<td>₹ 1,503</td>
</tr>
<tr>
<td>$14 $18</td>
<td>$20 $20</td>
</tr>
</tbody>
</table>

47% QoQ 17% YoY

YoY and QoQ growth are on INR reported numbers

Performance Updates
The USFDA inspected our Puducherry site from January 28, 2019, to February 5, 2019. The site was classified as Official Action Indicated (OAI) followed by a warning letter in July 2019.

We have completed and submitted all Corrective and Preventive Action (CAPA) plans, verified by the external third-party remediation agency.

We are awaiting the re-inspection of the facility which has got delayed due to Covid-19 disruption.

We continue to engage with the agency on the reclassification and shall update outcomes when available.
Amidst the Covid-19 uncertainties, Strides remains cautiously optimistic of its FY21 outcomes

**FY21 OUTLOOK**

- Q1 FY21 has been a strong comeback quarter for Strides despite Ranitidine withdrawal
- We believe given the current scenario, challenges around COVID 19 will continue to have an overhang on the industry including:
  - Softness in demand led by lower prescription rates, decline in elective surgical procedures and lower footfall at pharmacies
  - Unforeseen challenges in supply chain
  - Increase in operating cost including higher logistics cost
- Strides is cautiously optimistic on the overall business outlook for FY21

**BUSINESS CONTINUITY MEASURES**

**PEOPLE FIRST**
- Established leadership connect globally and ensure employee Safety & Wellbeing
- Build Emotional Connect through multiple channels – extending to families of employees
- Rapid response & agile adaption of new work practices at organization level globally

**OPERATIONS & SUPPLY CHAIN CONTINUITY**
- Proactive engagement with suppliers to ensure uninterrupted supplies of materials
- Smart working capital management
- Continued compliance of all sites with focus on sustaining and maintaining the quality metrics

**BUSINESS ENGAGEMENT**
- Right size channel inventory to avoid stock out situations given constraints
- Strengthen customer advocacy by adhering to supply commitments, build a strong connect with customers leveraging digital platforms
- Focus on improving productivity and efficiency at each level to maximize returns

**FINANCIAL FOCUS**
- Drive business performance to achieve plan targets and cost management programs
- High focus on Enterprise Risk Management framework
- Austerity measures to contain cost and preserve cash without disrupting business
- No major new investments or M&As until we have better visibility on situation
Stelis Biopharma- Operations expected to break even in FY22

**Biopharma (Follow on Biologics)**

- **Biosimilar PTH (Teriparatide) targeting Osteoporosis with < 4 global competitors**
  - EU filing in Q2FY21, US dossier submission under 505(b)(2) in FY22
  - Product already partnered in EU and key emerging markets
  - Licensed to Strides for front ending the opportunity in the US

- **Disrupting high volume insulin and analogs space with our low-cost technology**
  - Development on track, technology validated in Insulin Glargine; Lispro and rh-Insulin
  - Phase 1 trials for Glargine to commence in Q2FY21

**BioSource (CDMO services)**

- **Fully integrated, multi-capable facilities and skill sets** for end-to-end biopharmaceutical development and manufacturing needs for customers
- **Comprehensive services** to support all phases of pre-clinical and clinical development
- CGMP manufacturing of **Drug Substance** and **Drug Product** for commercial supply for both microbial & mammalian biologicals
- **3 Drug product line suites** on stream with 5+ partners on board
- **Microbial drug substance** suite going on stream with ongoing validations
- **Mammalian drug substance** suite to be up and running from April 2021, delayed due to Covid-19 related travel restrictions

**Vaccines (New Pivot for growth)**

- Commissioning a state-of-the-art vaccine suite for multiple vaccine types, going on stream from December 2020
- High speed filling lines with **yearly capacity of 60 million vaccines and 25 Million for Lyophilised vaccines**
- Can cater to vaccine types including Viral vector, Protein subunit, RNA and DNA
- Discussions ongoing with global companies developing vaccines for Covid-19

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**Foray into Sterile Injectables**

- Strides on September 20, 2019, announced that it would **re-enter into sterile injectables business** post the completion of the **Company’s non-compete period with Mylan Inc. which ended in December 2019**.
- The investments were planned for a **global foray in Sterile injectables** leveraging the **group’s rich experience in the domain**.
- Given the **unprecedented developments due to Ranitidine product withdrawal and Covid-19 outbreak**, the Company has **put on hold all the new investments**. As the injectable business is **long gestation** in nature, the Company will review its decision on investments. Meanwhile, the promoters of the Company continue to **stay invested in injectables and Strides retains an option until December 2020 to participate in the existing platform**.

**Strides committed to invest $40m into Stelis for a majority stake in the biotech business, ~$15m from the same has already been invested**
Financial Performance
Robust cash generation resulted in Pharma Net debt reduction by ₹1,285m

**Pharma Net Debt**
- As at March 2020: ₹6,953m
- As at June 2020: ₹5,668m
- Change over previous quarter: -₹1,285m

**Investments in CHC & Biotech**
- As at March 2020: ₹4,516m
- As at June 2020: ₹5,049m
- Change over previous quarter: ₹533m

**Total Net Debt**
- As at March 2020: ₹11,469m
- As at June 2020: ₹10,717m
- Change over previous quarter: -₹752m

**Pharma ROCE%**
- For FY20: 10.8%
- For Q1 FY21: 13.2%
- Increase over FY20: 240 bps

*Pharma Net debt represents Net debt, minus Cash investments made in Biotech and CHC business*
Operating leverage continues, delivering strong margins

Q4FY20 impacted on account of Ranitidine withdrawal.
**Income statement (₹m)**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 FY21</th>
<th>Q1 FY20</th>
<th>YoY</th>
<th>Q4 FY20</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>7,847</td>
<td>6,888</td>
<td>14%</td>
<td>6,216</td>
<td>26%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,578</td>
<td>1,239</td>
<td>27%</td>
<td>680</td>
<td>132%</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>20.1%</td>
<td>18.0%</td>
<td>210bps</td>
<td>10.9%</td>
<td>920bps</td>
</tr>
<tr>
<td>Pharma PAT¹</td>
<td>788</td>
<td>523</td>
<td></td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Pharma EPS¹</td>
<td>8.8</td>
<td>5.8</td>
<td></td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>

**Reconciliation of EBITDA (₹m)**

<table>
<thead>
<tr>
<th>As per SEBI results</th>
<th>Q1 FY21</th>
<th>Q1 FY20</th>
<th>Q4 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before exceptional items &amp; tax</td>
<td>811</td>
<td>529</td>
<td>-30</td>
</tr>
<tr>
<td>Less: Interest, Dividend income</td>
<td>94</td>
<td>73</td>
<td>147</td>
</tr>
<tr>
<td>Add : Depreciation and Amortization</td>
<td>491</td>
<td>429</td>
<td>453</td>
</tr>
<tr>
<td>Add : Finance costs</td>
<td>369</td>
<td>353</td>
<td>403</td>
</tr>
<tr>
<td>Consolidated EBITDA as per press note</td>
<td>1,578</td>
<td>1,239</td>
<td>680</td>
</tr>
</tbody>
</table>

¹. Pharma PAT and Pharma EPS for Q1 FY21 excludes Exceptional items gain of ₹445m and Biotech and CHC share of loss of ₹201m
invites you to interact with the senior management on Q1FY21 earnings on

WEDNESDAY, AUGUST 5, 2020
5:15pm IST / 12:45pm BST / 07:45am EDT / 07:45pm HKT

Speakers:

Arun Kumar
Founder & Non-Executive Chairman

Dr. R. Ananthanarayanan
Managing Director & CEO

Badree Komandur
Executive Director & CFO

Pre-register and join without operator
Click here

Join through an operator using dial in numbers

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<th>Numbers</th>
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</tr>
<tr>
<td>All other regions</td>
<td>+91-7045671221</td>
</tr>
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24-hour playback after the call

+91 22 71945757 / +91 22 66635757
Playback Code: 66741
Thank you

Strides Pharma Science Limited
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Corp. Office: Strides House, Bannerghatta Road, Bangalore – 560076

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