

**COMPANY** 

**Rating: BUY** 

Target: \$3.00

**IGC** 

\$0.29

(from \$2.75)

Ticker:

Price:

**UPDATE** 

# IGC Pharma, Inc.

Reports Q3 results. We believe expected positive clinical data in mid-2024 to be strong catalysts for stock. Raising P/T to \$3.00.

**Reports Q3 results:** IGC recently (on February 16) reported its fiscal Q3 2024 (ending December) results. Revenue was \$0.2 million, compared to our estimate of \$0.4 million. Net loss was \$5.6 million or EPS of \$(0.09), which compared with our estimates of \$(0.04). There was no Q3 guidance or consensus estimates. IGC is an early/clinical stage drug development company so it generates minimal

**Operating expenses:** Operating expenses were \$3.1 million, vs. \$2.7 million in Q2 FY24 mainly due to one-time impairment charges in Q3.

**No guidance:** Management did not provide forward guidance, but we believe ~\$3 million to be a reasonable near term quarterly cash burn rate.

**Adjusting estimates:** We are adjusting our FY24 estimates for revenue to \$1.2 million, from \$1.5 million, and for EPS to \$(0.22) from \$(0.16).

**Focus on Alzheimer's:** IGC has 5 novel therapeutic drug candidates for Alzheimer's disease (AD), with two of them in later stage of development (IGC-AD1 which is in clinical trials and TGR-63). Alzheimer's disease is a progressive neurologic disease that causes brain cells to die and memory or other cognitive impairments. Alzheimer's is the leading cause of dementia, a decline in mental functions that negatively affects a person's ability to function independently.

**IGC-AD1:** IGC-AD1 has shown significant promise in preclinical studies. In Alzheimer's cell lines, IGC-AD1 has demonstrated the potential to effectively suppress or ameliorate two key hallmarks of Alzheimer's disease: plaques and tangles. In a Phase 1 multiple ascending dose (MAD) trial, it exhibited potential efficacy in reducing neuropsychiatric symptoms, including agitation, anxiety, and depression. IGC-AD1 is currently in a Phase 2B, multi-center, randomized, double-blind, placebo-controlled trial, specifically designed to address agitation in dementia from Alzheimer's disease.

**TGR-63:** TGR-63, which is in preclinical study and evaluation, is a non-cannabinoid small molecule that has shown promise in pre-clinical trials for reducing amyloid burden in an Alzheimer's disease model.

Large market potential: Of the ten most fatal diseases in the U.S., Alzheimer's is the only one with no known cure, ability to slow progression, or means of prevention. Currently available drugs for the treatment of Alzheimer's provide limited and transient effects on cognition. There are 6.2 million Americans currently living with it, and that is estimated to grow to 13 million by 2050. It is estimated that the cost of caring for people with Alzheimer's and other dementias in the U.S. will increase from an estimated \$305 billion in 2020 to a projected \$1.1 trillion per year by 2050.

**Spring 2024 Top-Line data:** The company is expected to announce major clinical trials news in Spring 2024, its Top-Line data for its Phase 2B trail for IGC-AD1. We believe strong positive data will likely be catalysts for the stock.

**Balance sheet:** In Q3, the company had \$1 million in cash and no debt. We believe the company has enough cash into Q3 FY25 (December 2024). The company does have a credit line with O-Bank, to borrow up to \$12 million.

**Positive high risks versus high rewards:** Despite the long road ahead, we believe the billion dollars market potential presents high rewards for the risks.

**Current valuation attractive:** We are maintaining our BUY rating, but raising our 12-month price target to \$3.00 from \$2.75, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation fairly balances out the high risks with large upside opportunities.

# **Company Description**

Based in Potomac, MD, IGC Pharma is a clinical-stage pharmaceutical company developing novel therapies to treat, cure, or prevent Alzheimer's disease.

United States Healthcare

February 20, 2024

Edward Woo, CFA (561) 327-9435 ewoo@ascendiant.com

### Stock Data

Exchange:	NYSE
52-week Range:	0.25 - 0.49
Shares Outstanding (million):	64
Market cap (\$million):	\$19
EV (\$million):	\$18
Debt (\$million):	\$0
Cash (\$million):	\$1
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	51
Short Interest (million shares):	1
Dividend, annual (yield):	\$0 (NA%)

# Revenues (US\$ million)

	<u>2024E</u> (Cur.)	2024E (Old)	<u>2025E</u> (Cur.)	2025E (Old)
Q1 Jun	0.6A		0.6E	
Q2 Sep	0.3A		0.3E	
Q3 Dec	0.2A	0.4E	0.2E	0.5E
Q4 Mar	<u>0.2E</u>		0.2E	
Total	1.2E	1.5E	1.4E	1.7E
EV/Revs	15x		13x	

# Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	2024E (Old)	<u>2025E</u> (Cur.)	2025E (Old)
Q1 Jun	(0.04)A		(0.04)E	
Q2 Sep	(0.05)A		(0.04)E	
Q3 Dec	(0.09)A	(0.04)E	(0.04)E	
Q4 Mar	(0.04)E		(0.04)E	
Total	(0.22)E	(0.16)E	(0.16)E	(0.15)E
P/E	N/A		N/A	

# **Important Disclosures**

Ascendiant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 15.



Exhibit 1: IGC Pharma, Inc. Corporate Overview



# **COMPANY OVERVIEW**



- Our focus is treating Alzheimer's disease
   (AD) through our growing pipeline of five drug assets
- Lead therapeutic candidate IGC-AD1 is currently in a 146-person Phase 2b trial for agitation in dementia due to Alzheimer's. IGC-AD1 is a CB1r partial agonist that reduces neuroinflammation and restores neurotransmitter imbalance
- TGR-63 and three other candidates have demonstrated in Alzheimer's cell lines the potential to ameliorate plaques and/or tangles, two hallmarks of Alzheimer's



**Exhibit 2: IGC Pharma Investment Highlights** 

# **INVESTMENT HIGHLIGHTS**

- Two Patented and three patent pending investigational drug candidates targeting Alzheimer's
- All showing favorable pre-clinical attributes towards Alzheimer's disease pathology
- IGC-AD1 is currently in Phase 2B with data milestones expected in mid-2024
- Leading artificial intelligence partnerships

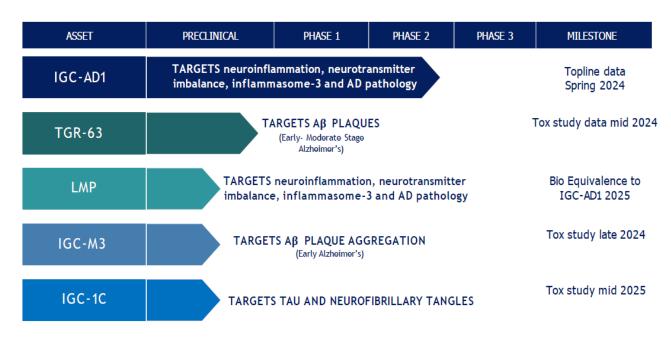
Manufacturing and production facilities

Clean capital structure

Source: Company reports.

**Exhibit 3: IGC Pharma Pipeline Overview** 

# **AD PIPELINE OVERVIEW**





# **Exhibit 4: Alzheimer's Disease**

OVERVIEW OF ALZHEIMER'S DISEASE

# Alzheimer's Disease





# **Key Statistics:**

7th leading cause of death in the United States

Between 2000 and 2019, deaths from heart disease have decreased 7.3% while deaths from Alzheimer's Disease have increased 145%

**13 million** Americans are projected to be living with Alzheimer's Disease by 2050

1-in-9 Americans over the age of 65 are estimated to be afflicted with Alzheimer's Disease



Alzheimer's Disease is an irreversible, progressive brain disorder that slowly destroys memory and cognitive skills, and eventually the ability to carry out the simplest tasks.

In most people with Alzheimer's Disease, symptoms first appear in their early to mid-60's. Estimates vary, but experts suggest that more than 6.5 million Americans may have Alzheimer's Disease, considered by many as "the most feared" disease.

Alzheimer's Disease has **no current cure**, but five treatments for symptoms are available today while research continues.

Source: Alzheimer's Association and Alzamend Neuro, Inc.



# Exhibit 5: Biomarkers of Alzheimer's Disease

# Biomarkers of Alzheimer's Disease

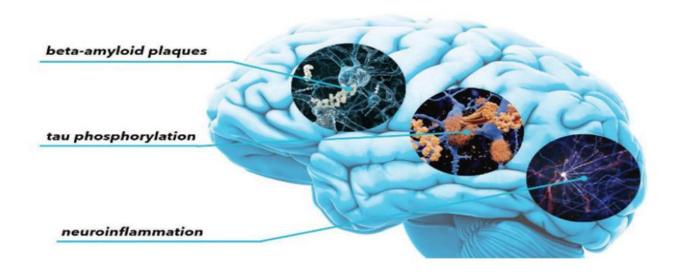


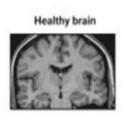
Figure 1: Hallmarks of Alzheimer's

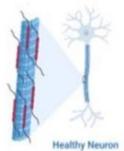
- Extracellular Plaque: β-amyloid (Aβ)
- Tau Neurofibrillary Tangles (NTFs).

Causes loss of neurons & critical neuronal connections.

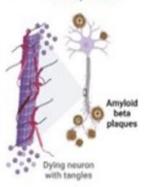
# Also linked to Alzheimer's:

- Metabolism disruption
- Mitochondrial dysfunction
- Neuroinflammation









Source: Alzamend Neuro, Inc. and Company report.



# Exhibit 6: What is Alzheimer's Disease?



# Alzheimer's is a brain disease that causes problems with memory, thinking and behavior.

# The brain has three main parts:



The **cerebrum** fills up most of your skull. It is involved in remembering, problem solving, thinking, and feeling. It also controls movement.



The **cerebellum** sits at the back of your head, under the cerebrum. It controls coordination and balance.



The **brain stem** sits beneath your cerebrum in front of your cerebellum. It connects the brain to the spinal cord and controls automatic functions such as breathing, digestion, heart rate and blood pressure.

# Alzheimer's Changes the Whole Brain

Alzheimer's disease leads to nerve cell death and tissue loss throughout the brain. Over time, the brain shrinks dramatically, affecting nearly all its functions.

# These images show:



A brain without the disease.



A brain with advanced Alzheimer's.



How the two brains compare.

Source: Alzheimer's Association.



# **Exhibit 7: Agitation in Alzheimer's**

# AGITATION IN ALZHEIMER'S

Agitation: excessive motor activity, verbal aggression, or physical aggression that is severe enough to impair personal relationships, social functioning, and/or daily activities<sup>1</sup>.

Agitation starts early in AD and increases in severity as the disease progresses<sup>2</sup>.

40-80% of Alzheimer's patients suffer from agitation<sup>3</sup>

Agitation is associated with 4:

- Higher admission rate to assisted living facilities
- ✓ Higher use of medications
- ✓ Long-term hospitalization
- Higher mortality
- In 2023 the FDA-approved Brexpiprazole to treat agitation in AD dementia - a repurposed atypical antipsychotic with a black box warning

Source: Company reports.

Exhibit 8: IGC-AD1

# **OUR SOLUTION**

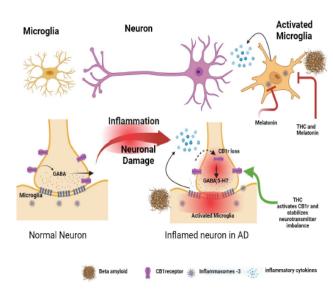
# The Promise of IGC-AD1

A patent-protected compound in Phase 2B trials that targets agitation in Alzheimer's disease

Two APIs that target neuroinflammation, neurotransmitter imbalance, CB1r agonism and inflammasome-3, all implicated in agitation in AD

IGC-AD1 can potentially reduce agitation, and also act on Alzheimer's pathology (plaques, tangles) making it a significantly more powerful alternative

IGC-AD1 would be a treatment option that is not an antipsychotic with a black box warning



IGC-AD1 contains two APIs that are safer than traditional antipsychotic therapies.



# Exhibit 9: IGC-AD1 Phase 1 Data (December 2021)

# IGC-AD1 PHASE I CLINICAL TRIAL, DATA

Multiple Ascending Dose (MAD) study to evaluate safety and tolerability of IGC-AD1 in participants with AD & NPS (Neuropsychiatric Symptoms) using the NPI (Neuropsychiatric Inventory)



# Safety, Tolerability, Agitation, NPS



No life-threatening or serious adverse events at any dosing level



Decrease in agitation by 36% - 66% depending on dosage (NPI agitation scale)



Decrease in depression by 67% - 75% depending on dosage (NPI depression scale)



Phase 1findings show IGC-AD1 has potential to treat NPS in AD

Source: Company reports.

# Exhibit 10: Ongoing IGC-AD1 Phase 2B Trial

# ON GOING IGC-AD1 PHASE IIb

# Placebo Controlled, Double Blind, Randomized, Multi Site

Phase Ib protocol seeks to show that IGC-AD1 is effective, compared to placebo, in lowering agitation in participants with Alzheimer's



### Objective

 Evaluate if IGC-AD1 is superior to placebo in reducing agitation in a sixweek trial

# Key Inclusion Criteria

- ✓ Individuals 60 years and above
- ✓ Diagnosis of AD with established and persistent agitation

### Sites

√ 20-30 trial sites

# TARGET: 146 Participants



# Exhibit 11: TGR-63

# AD DRUG CANDIDATE 2 TGR-63 Background

# TGR-63 A BREAKTHROUGH MOLECULE

- India-based Jawaharlal Nehru Centre for Advanced Scientific Research (JNCASR) created the TGR-63 molecule
- IGC acquired exclusive rights to TGR-63 from JNCASR researchers in 2022
- Pre-clinical testing demonstrates that TGR-63 holds potential to ameliorate plaque due to AD
- Behavioral tests with AD (APP/PS1) mice show that TGR-63 can:
  - √ Rescue neuronal cells from amyloid toxicity
  - ✓ Minimize learning deficiency, memory impairment & cognitive decline
- Current status: Toxicology and other studies leading to Phase 1trials in progress

Source: Company report.

**Exhibit 12: TGR-63 Product Development Timeline** 

### TGR-63 TO "IGC-AD2" TIMELINE Early-Stage Preclinical FDA Review and Preclinical Clinical Trials Drug Post - Market Monitoring studies and Drug studies (IGC-AD2) Development Development Target Identified and Established the Licensing of TGR-63 Phase-2 Clinical Trial validated (JNCASR) Proof of Concept New Drug (JNCASR) Application Tox studies Synthesis of TRG-63 (NDA) submission Fast Track, Break drug molecule · In vitro Phase-1Clinical Through status for FDA approval In vivo Trial IGC-AD2 Characterization of Absorption, drug TRG-63 metabolic and Drug Registration excretion studies completed 2010 - 2011 2011-2020 2022 - 2024 2025 + Ïutuíc studics **Do**∅c O\\goi\\g



# Exhibit 13: Q3 FY2024 Financial Report (as of February 16, 2024)

POTOMAC, MD. February 16, 2024 / IGC Pharma, Inc. ("IGC" or the "Company") (NYSE American: IGC) today announced its financial results for the third fiscal quarter of 2024 ended December 31, 2023 (Q3 FY 2024).

# Q3 FY2024 Highlights

- On October 18, 2023, the European Patent Office ("EPO") issued a patent (#3193862) to the Company titled "Cannabinoid Composition and Method for Treating Pain". The patent introduces a method for treating pain in humans. Utilizing a cream base infused with a unique blend of cannabinoids, including THC and CBD, alongside other compounds, this revolutionary cream, or gel is designed for transdermal absorption.
- On October 25, 2023, the Divisional Direction of Patents, Mexico, issued a patent
  (MX/a/2020/010284) for the Company's treatment of Alzheimer's disease titled "Method and
  Composition for Treating CNS Disorder." IGC is optimistic that the success in Mexico can
  pave the way for additional patent approvals in the U.S. and Europe. This patent is very
  important to the Company as it provides protection for the Company's IGC-AD1
  formulation.
- On November 21, 2023, the Company announced an agreement with the University of Los Andes, a leading South American University, to advance initiatives in artificial intelligence/machine learning.

"We are proud to share that our company is making progress with our lead asset, IGC-AD1, which is currently in a Phase 2b trial for the treatment of agitation in dementia due to Alzheimer's. We are working hard to obtain interim results in 2024. We estimate that in North America and Europe about 11 million Alzheimer's patients have neuropsychiatric symptoms including agitation. With modest pricing and conservative market penetration IGC-AD1 can potentially be a block buster drug," said Ram Mukunda, CEO of IGC Pharma.







Source: https://bigcharts.marketwatch.com/



# **FINANCIAL MODEL**

# IGC Pharma, Inc.

Income Statement (\$ mils)	2021	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Doc 22	Mar 22	2023	lun 22	Sep-23	Dec-23	Mar-24	2024	lun 24	Sep-24	Dec-24	Mar-25	2025
	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Fiscal Year End: March 31	FT-A	QTA	Q2A	Q3A	Q4A	FT-A	QTA	QZA	Q3A	Q4A	FT-A	QTA	Q2A	Q3A	Q4E	FT-E	QTE	Q2E	Q3E	Q4E	FT-E
Total Revenue	0.898	0.077	0.056	0.142	0.122	0.397	0.212	0.202	0.332	0.165	0.911	0.555	0.291	0.204	0.193	1.243	0.622	0.329	0.231	0.218	1.399
Cost of Revenues	0.785	0.051	0.018	0.080	0.054	0.203	0.070	0.067	0.230	0.102	0.469	0.300	0.117	0.071	0.077	0.565	0.249	0.132	0.092	0.087	0.560
Gross Profit	0.113	0.026	0.038	0.062	0.068	0.194	0.142	0.135	0.102	0.063	0.442	0.255	0.174	0.133	0.116	0.678	0.373	0.197	0.138	0.131	0.839
Research & development	0.929	0.444	0.276	0.377	1.233	2.330	1.394	0.768	0.806	0.493	3.461	0.747	1.268	0.903	1.300	4.218	1.300	1.300	1.300	1.300	5.200
Sales, general & administrative	7.908	1.776	4.110	2.070	5.336	13.292	1.550	1.855	1.574	3.573	8.552	1.647	1.397	2.228	1.500	6.772	1.500	1.500	1.500	1.500	6.000
Restructuring and other						0.000					0.000					0.000					0.000
Total operating expenses	8.837	2.220	4.386	2.447	6.569	15.622	2.944	2.623	2.380	4.066	12.013	2.394	2.665	3.131	2.800	10.990	2.800	2.800	2.800	2.800	11.200
Operating income (loss)	(8.724)	(2.194)	(4.348)	(2.385)	(6.501)	(15.428)	(2.802)	(2.488)	(2.278)	(4.003)	(11.571)	(2.139)	(2.491)	(2.998)	(2.684)	(10.312)	(2.427)	(2.603)	(2.662)	(2.669)	(10.361)
Interest income (expense)						0.000					0.000				(0.005)	(0.005)	(0.043)	(0.043)	(0.043)	(0.043)	(0.171)
Other income (expense)	(0.087)	0.406	0.004	0.004	(0.002)	0.412	0.017	0.046	0.029	(0.027)	0.065	0.064	0.040	(2.591)	0.000	(2.487)	0.000	0.000	0.000	0.000	0.000
Income before income taxes	(8.811)	(1.788)	(4.344)	(2.381)	(6.503)	(15.016)	(2.785)	(2.442)	(2.249)	(4.030)	(11.506)	(2.075)	(2.451)	(5.589)	(2.689)	(12.804)	(2.470)	/	(2.704)	(2.712)	(10.531)
Income taxes						0.000					0.000				0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net income (loss)	(8.811)	(1.788)	(4.344)	(2.381)	(6.503)	(15.016)	(2.785)	(2.442)	(2.249)	(4.030)	(11.506)	(2.075)	(2.451)	(5.589)	(2.689)	(12.804)	(2.470)	(2.645)	(2.704)	(2.712)	(10.531)
Nonrecurring/noncash adjustme Net income (pro forma)		(1.788)	(4.344)	(2.381)	(6.503)	0.000 (15.016)	(2.785)	(2.442)	(2.249)	(4.030)	0.000 (11.506)	(2.075)	(2.451)	(5.589)	(2.689)	0.000 (12.804)	(2.470)	(2.645)	(2.704)	(2.712)	0.000 (10.531)
EBITDA																					
Shares, Basic	42.0	47.9	49.9	51.1	51.1	50.0	51.6	52.2	53.1	53.4	52.6	53.1	54.3	63.7	64.0	58.8	64.5	65.0	66.0	67.0	65.6
Shares, Diluted	42.0	47.9	49.9	51.1	51.1	50.0	51.6	52.2	53.1	53.4	52.6	53.1	54.3	63.7	64.0	58.8	64.5	65.0	66.0	67.0	65.6
EPS Basic (pro forma)	(\$0.21)	(\$0.04)	(\$0.09)	(\$0.05)	(\$0.13)	(\$0.30)	(\$0.05)	(\$0.05)	(\$0.04)	(\$0.08)	(\$0.22)	(\$0.04)	(\$0.05)	(\$0.09)	(\$0.04)	(\$0.22)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.16)
EPS Diluted (pro forma)	(\$0.21)	(\$0.04)	(\$0.09)	(\$0.05)	(\$0.13)	(\$0.30)	(\$0.05)	(\$0.05)	(\$0.04)	(\$0.08)	(\$0.22)	(\$0.04)	(\$0.05)	(\$0.09)	(\$0.04)	(\$0.22)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.16)
Margins																					
Gross margin	13%	34%	68%	44%	56%	49%	67%	67%	31%	38%	49%	46%	60%	65%	60%	55%	60%	60%	60%	60%	60%
Research & development	103%	577%	493%	265%	1011%	587%	658%	380%	243%	299%	380%	135%	436%	443%	673%	339%	209%	395%	564%	596%	372%
Sales, general & administrative	881%	2306%	7339%	1458%	4374%	3348%	731%	918%	474%		939%	297%	480%	1092%	777%	545%	241%	456%	651%	688%	429%
Operating margin	-971%	-2849%		-1680%	-5329%	-3886%	-1322%	-1232%		-2426%	-1270%	-385%		-1470%	-1390%	-830%	-390%		-1155%	-1224%	-741%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-981%	-2322%	-7757%	-1677%	-5330%	-3782%	-1314%	-1209%	-677%	-2442%	-1263%	-374%	-842%	-2740%	-1393%	-1030%	-397%	-804%	-1173%	-1243%	-753%
Y/Y % change																					l
Total Revenue						-56%	175%	261%	134%	35%	129%	162%	44%	-39%	17%	36%	12%	13%	13%	13%	13%
Gross margin						72%	446%	255%	65%	-7%	128%	80%	29%	30%	84%	53%	46%	13%	4%	13%	24%
Research & development						151%	214%	178%	114%	-60%	49%	-46%	65% -25%	12%	164%	22%	74% -9%	3%	44%	0%	23%
Sales, general & administrativ Operating income (loss)	/e					68% 77%	-13% 28%	-55% -43%	-24% -4%	-33% -38%	-36% -25%	6% -24%	-25% 0%	42% 32%	-58% -33%	-21% -11%	-9% 13%	7% 4%	-33% -11%	0% -1%	-11% 0%
Net income (loss)						70%	28% 56%	-43% -44%	-4% -6%	-38%	-25%	-24% -25%	0%	149%	-33%	11%	19%	4% 8%	-52%	-1% 1%	-18%
EPS Diluted (pro forma)						43%	45%	-46%	-9%	-41%	-23%	-28%	-4%	107%	-44%	0%	-2%	-10%	-53%	-4%	-26%
Li O Diluteu (pro ionila)						45%	4570	-40%	-370	-4170	-2170	-20%	+ /0	10770	-4470	076	-270	- 10 %	-3376	+ 70	-20%

Source: Company reports and Ascendiant Capital Markets estimates.



IGC Ph	arma, Inc.
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Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Fiscal Year End: March 31	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																	
Cash and cash equivalents	14.548	13.319	14.399	11.941	10,460	8.053	6.623	4.945	3.196	1.723	3.026	1.378	0.342	2.047	(1.696)	(4.377)	(6.598
Short term investments	14.546	13.319	14.399	11.941	10.460	6.055	0.023	0.088	0.154	0.227	0.098	1.370	0.000	0.000	0.000	0.000	0.00
Accounts receivable, net	0.175	0.162	0.138	0.164	0.125	0.147	0.189	0.066	0.107	0.227	0.098	0.092	0.000	0.280	0.000	0.128	0.00
Inventory	5.478	5.476	5.498	5.428	3.548	3,622	3.750	3.748	2.651	2.641	2.636	1.925	1.822	1.865	0.183	0.128	0.12
Deferred income taxes	3.476	3.476	3.490	3.420	3.340	3.022	3.730	3.740	2.001	2.041	2.030	1.923	0.000	0.000	0.000	0.092	0.00
Prepaid expenses and other	3.316	3.233	1.669	1.704	0.978	0.905	0.444	0.322	0.358	0.262	0.220	0.188	0.000	0.311	0.164	0.000	0.10
Total current assets	23.517	22.190	21.704	19.237	15.111	12.727	11.199	9.354	6.466	5.078	6.117	3.583	2.348	4.503		(3,442)	(5.71
Total current assets	23.517	22.190	21.704	19.237	15.111	12.727	11.199	9.354	6.466	5.078	6.117	3.563	2.348	4.503	(0.363)	(3.442)	(5.71
Property and equipment, net	10.840	10.704	10.589	10.520	9.419	9.161	8.470	8.309	8.213	8.104	7.947	5.268	5.236	5.204	5.172	5.140	5.10
Claims and advances	0.603	0.596	0.611	0.612	0.937	0.922	0.950	1.028	1.003	1.017	0.998	0.999	0.999	0.999	0.999	0.999	0.99
Leases	0.488	0.538	0.510	0.482	0.450	0.419	0.387	0.357	0.326	0.295	0.263	0.227	0.227	0.227	0.227	0.227	0.22
Intangibles, net	0.407	0.405	0.411	0.426	0.917	0.937	0.952	1.022	1.170	1.179	1.181	1.182	1.182	1.182	1.182	1.182	1.18
Deferred income tax													0.000	0.000	0.000	0.000	0.000
Other	0.012	0.011	0.011	0.011									0.000	0.000	0.000	0.000	0.000
Total assets	35.867	34.444	33.836	31.288	26.834	24.166	21.958	20.070	17.178	15.673	16.506	11.259	9.992	12.115	7.217	4.106	1.80
Linkilisian and assault aldone' annis.																	
Liabilities and stockholders' equity	0.476	0.567	0.440	0.357	0.981	0.456	0.456	0.466	0.530	0.672	0.549	0.648	0.613	1.974	1.045	0.732	0.69
Accounts payable			0.418														
Accrued expenses	1.588	1.542	1.594	0.919	1.457	1.200	0.926	0.890	1.368	1.459	1.557	1.288	1.219	3.925	2.076	1.455	1.37
Deferred income tax													0.000	0.000	0.000	0.000	0.00
Warrant liabilities													0.000	0.000	0.000	0.000	0.00
Leases													0.000	0.000	0.000	0.000	0.00
Other													0.000	0.000	0.000	0.000	0.00
Short term debt	0.304	0.003	0.003	0.003	0.003	0.003	4 000	4.050	4 000	0.404	0.400	4 000	1.000	1.000	<u>1.000</u>	1.000	1.00
Total current liabilities	2.368	2.112	2.015	1.279	2.441	1.659	1.382	1.356	1.898	2.131	2.106	1.936	2.832	6.899	4.121	3.188	3.070
Deferred income taxes													0.000	0.000	0.000	0.000	0.000
Warrant liabilities													0.000	0.000	0.000	0.000	0.00
Other long term liabilities	0.015	0.015	0.015	0.015	0.016	0.016	0.015	0.015	0.021	0.021	0.017	0.017	0.017	0.017	0.017	0.017	0.017
Leases	0.405	0.433	0.404	0.374	0.341	0.308	0.275	0.241	0.207	0.179	0.146	0.115	0.115	0.115	0.115	0.115	0.115
Long term debt	0.276	0.147	0.146	0.145	0.144	0.143	0.142	0.141	0.141	0.140	0.139	0.138	0.138	0.138	0.138	0.138	0.138
Total other liabilities	0.696	0.595	0.565	0.534	0.501	0.467	0.432	0.397	0.369	0.340	0.302	0.270	0.270	0.270	0.270	0.270	0.270
Preferred stock													0.000	0.000	0.000	0.000	0.000
Common stock	109.720	110 520	114.371	114 904	116.019	117,171	117 000	118.382	118.965	119.322	122,732	123.258	123.784	124.310	124.836	125.362	125.888
	109.720	110.528	114.371	114.894	116.019	117.171	117.899	110.302	118.905	119.322	122.732	123.256	0.000	0.000	0.000	0.000	0.000
Additional paid-in capital	(74.440)	(75 004)	(00.075)	(00.050)	(00.450)	(04.044)	(0.4.200)	(00 005)	(400 005)	(400 740)	(405 404)	(440 700)					
Retained earnings	(74.143)	(75.931)	(80.275)	(82.656)	(89.159)	(91.944)	(94.386)	(96.635)	(100.665)	(102.740)	(105.191)	(170.780)	(113.469)	(115.939)	(118.584)	(121.289)	(124.001
Other																	
Accumulated other comprehensive in		(2.860)		(2.763)		(3.187)		(3.430)	(3.389)	(3.380)	(3.443)	(3.425)	(3.425)	(3.425)	(3.425)	(3.425)	
Total stockholders' equity	32.803	31.737	31.256	29.475	23.892	22.040	20.144	18.317	14.911	13.202	14.098	9.053	6.890	4.946	2.827	0.648	(1.538
Total stockholders' equity and liabil	35 867	34.444	33.836	31.288	26.834	24.166	21.958	20.070	17.178	15.673	16.506	11.259	9.992	12.115	7.217	4.106	1.80

Balance	Sheet	Drivers

Balarioc Cricci Brivers																	
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
	Q4A			Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	1477%	4199%	2980%	1200%	802%	427%	220%	97%	217%	47%	76%	92%	50%	50%	50%	50%	50%
Inventory as % of total rev	2440%	7112%	9818%	3823%	2908%	1708%	1856%	1129%	1607%	476%	906%	944%	944%	300%	300%	300%	300%
A/P as % of total rev	212%	736%	746%	251%	804%	215%	226%	140%	321%	121%	189%	318%	318%	318%	318%	318%	318%
Accrued exp related as % of total rev	707%	2003%	2846%	647%	1194%	566%	458%	268%	829%	263%	535%	631%	631%	631%	631%	631%	631%
Activity Ratios																	
A/R Days Sales Outstanding	70	189	222	104	92	62	84	68	58	36	42	41	41	41	50	50	50
Book & Cash Value (per share)																	
Book Value per Share (diluted)	\$0.78	\$0.66	\$0.63	\$0.58	\$0.47	\$0.43	\$0.39	\$0.35	\$0.28	\$0.25	\$0.26	\$0.14	\$0.11	\$0.08	\$0.04	\$0.01	-\$0.02
Cash per Share (diluted)	\$0.35		\$0.29	\$0.23	\$0.20	\$0.16	\$0.13	\$0.09	\$0.06	\$0.04	\$0.06	\$0.02	\$0.01	\$0.03	-\$0.03	-\$0.07	-\$0.10
Net cash per Share (diluted)	\$0.33	\$0.27	\$0.29	\$0.23	\$0.20	\$0.15	\$0.13	\$0.09	\$0.06	\$0.03	\$0.05	\$0.02	-\$0.01	\$0.01	-\$0.04	-\$0.08	-\$0.12

Source: Company reports and Ascendiant Capital Markets estimates



IGC	Pharma.	Inc.
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Cash Flow Statement (\$ mils)	2021	Jun-21	Sep-21	Dec-21	Mar-22	2022		Sep-22			2023		Sep-23			2024		Sep-24			2025
Fiscal Year End: March 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activi	ties																				1
Net income	(8.811)	(1.788)	(4.344)	(2.381)	(6.503)	(15.016)	(2.785)	(2.442)	(2.249)	(4.030)	(11.506)	(2.075)	(2.451)	(5.589)	(2.689)	(12.804)	(2.470)	(2.645)	(2.704)	(2.712)	(10.53)
Depreciation	0.478	0.157	0.163	0.166	0.165	0.651	0.162	0.170	0.172	0.153	0.657	0.155	0.158	0.160	0.100	0.573	0.100	0.100	0.100	0.100	0.400
Amortization						0.000					0.000					0.000					0.000
Non-cash lease expense						0.000					0.000					0.000					0.000
Debt related amortization expen	se					0.000					0.000					0.000					0.000
Stock comp	0.658	0.125	0.424	0.523	1.125	2.197	1.152	0.624	0.484	0.583	2.843	0.357	0.550	0.526	0.526	1.959	0.526	0.526	0.526	0.526	2.104
Deferred income taxes						0.000					0.000				0.000	0.000	0.000	0.000	0.000	0.000	0.000
Change in fair value of warrant I	iability					0.000					0.000					0.000					0.00
Accrued interest																0.000					0.000
Writedowns and impairments	0.169	0.037	1.718	0.000	0.796	2.551				0.126	0.126			3.358		3.358					0.00
Other gains/losses		(0.430)			0.049	(0.381)					0.000					0.000					0.000
Other						0.000	0.068	(0.023)	(0.006)		0.039	(0.053)	0.001	0.010		(0.042)					0.000
Changes in operating assets and	liabilities:																				1
Accounts receivable	(0.042)	0.013	0.023	(0.025)	0.039	0.050	(0.023)	(0.042)	(0.062)	0.132	0.005		(0.030)	0.044	0.005	0.019	(0.193)	0.098	0.055	0.007	(0.034
Inventory	(1.233)	0.002	(0.022)	0.071	1.879	1.930	(0.074)	(0.128)	0.002	1.097	0.897	(0.118)	0.133	(0.023)	0.103	0.095	(0.043)	0.878	0.295	0.037	1.167
Prepaid expenses & other curre	(2.198)	0.011	(0.169)	(0.038)	0.737	0.541	0.073	0.461	0.031	0.026	0.591	0.010	0.071	0.088	0.091	0.260	(0.214)	0.146	0.049	0.006	(0.013
Income tax						0.000					0.000					0.000					0.000
Other assets	0.093				(0.334)	(0.334)	0.015	(0.028)	0.013	(0.150)	(0.150)	0.020	(0.020)	0.004	0.000	0.004	0.000	0.000	0.000	0.000	0.000
Accounts payable	(0.287)	0.090	(0.146)	(0.061)	0.621	0.504	(0.524)		0.008	0.065	(0.451)	0.142	(0.123)	0.098	(0.035)	0.082	1.361	(0.930)	(0.312)	(0.039)	0.080
Accrued expenses	0.373	(0.046)	0.052	(0.675)	0.540	(0.129)	(0.258)	(0.277)	(0.037)	0.484	(0.088)	0.091	0.094	(0.268)	(0.069)	(0.152)	2.706	(1.848)	(0.621)	(0.078)	0.158
Deferred revenue		'				0.000					0.000					0.000					0.000
Other liabilities		(0.022)	(0.001)	(0.002)	(0.001)	(0.026)	(0.002)	(0.001)	(0.004)	(0.003)	(0.010)	0.003	(0.001)	0.005	0.000	0.007	0.000	0.000	0.000	0.000	0.000
Net cash (used in) provided by	(10.800)	(1.851)	(2.302)	(2.422)	(0.887)	(7.462)	(2.196)	(1.686)	(1.648)	(1.517)	(7.047)	(1.468)	(1.618)	(1.587)	(1.968)	(6.641)	1.773	(3.675)	(2.613)	(2.153)	(6.669
, ,,	ľ <i>'</i>	'			` '	,	, ,			` '	` '	,			` ′						1
Cash flow from investing activit	ies																				1
Purchases of property and equi		(0.003)	(0.032)	(0.027)	(0.055)	(0.207)	(0.127)	0.404	(0.038)	(0.011)	0.228	(0.020)	(0.035)	(0.068)	(0.068)	(0.191)	(0.068)	(0.068)	(0.068)	(0.068)	(0.272
Purchases of short-term investor		(0.000)	(0.002)	(0.021)	(0.000)	0.000	(0.121)		0.105		(0.154)	(0.020)		0.026	(0.000)	0.154	(0.000)	(0.000)	(0.000)	(0.000)	0.000
Acquisitions	(0.122)	(0.002)	(0.013)	(0.022)	(0.498)	(0.535)	(0.031)	(0.029)		(/	(0.309)	(0.028)				(0.067)					0.000
Other	(0.122)	(0.002)	(0.010)	(0.022)	(0.450)	0.000	(0.001)	(0.023)	(0.004)	(0.100)	0.000	0.043	(0.020)	(0.013)		0.042					0.000
	3.387	(0.005)	(0.045)	(0.049)	(0 EE2)	(0.742)	(0.450)	0.400	(0.047)	(0.040)	(0.235)		0.072	(0.004)	(0.000)		(0.000)	(0.000)	(0.000)	(0.000)	(0.272
Net cash used in investing activ	3.367	(0.095)	(0.045)	(0.049)	(0.553)	(0.742)	(0.158)	0.182	(0.017)	(0.242)	(0.235)	(0.005)	0.072	(0.061)	(0.068)	(0.062)	(0.068)	(0.068)	(0.068)	(0.068)	(0.272
	Į.																				1
Cash flow from financing activit																					
Issuance of debt	0.530					0.000	l				0.000				1.000	1.000	0.000	0.000	0.000	0.000	0.000
Repayment of debt		l		(0.001)	(0.001)	(0.003)	(0.001)	(0.001)		(0.001)	(0.003)	(0.001)	(0.001)			(0.003)					0.000
Issuance of stock	14.158	0.726	3.419			4.145		0.103			0.103		2.860	0.000	(0.000)	2.860	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
Proceeds from stock option exe	rcises					0.000					0.000					0.000					0.000
Other						0.000					0.000					0.000					0.000
Dividends and distributions						0.000					0.000					0.000					0.000
Cash provided by (used in) fina	14.688	0.726	3.418	(0.001)	(0.001)	4.142	(0.001)	0.102	0.000	(0.001)	0.100	(0.001)	2.859	(0.001)	1.000	3.857	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
Effect of exchange rate on cash	0.015	(0.009)	0.009	0.014	(0.040)	(0.026)	(0.052)	(0.028)	(0.013)	0.011	(0.082)	0.001	(0.010)	0.001		(0.008)					0.000
-		(0.000)		0.0.4	(0.0.0)	(3.5.5)	(0.002)	(3.020)	(3.0.0)	3.0.1	( ,	3.001	(3.0.0)	3.001		(******					
Net increase (decrease) in cash	ı	(1.229)		(2.458)	,	(4.088)		(1.430)			(7.264)	(1.473)		(1.648)	,	(2.854)		(3.743)			
Beginning cash and equivalents				14.399		14.548	10.460		6.623	4.945	10.460	3.196	1.723		1.378	3.196		2.047			
Ending cash and equivalents	14.548	13.319	14.399	11.941	10.460	10.460	8.053	6.623	4.945	3.196	3.196	1.723	3.026	1.378	0.342	0.342	2.047	(1.696)	(4.377)	(6.598)	(6.598

Ending cash and equivalents | 14.548 | 13.319 | 14.399 | 11.941 | Source: Company reports and Ascendiant Capital Markets estimates



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SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

# Ascendiant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2024)

Invest	mei	nt	Banki	ing Services	S
	_				

			Past 1	2 months
Rating	Count	Percent	Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

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