



PHARMACEUTICALS LTD

ABN: 35 090 987 250

and Controlled Entities

Appendix 4E (Rule 4.3A)

Results for announcement to the market

Name of entity: **Suda Pharmaceuticals Limited** ABN 35 090 987 250

The current reporting period is the financial year ended 30 June 2019. The previous corresponding period is the financial year ended 30 June 2018.

Revenue / Profit	Movement	Change \$'000	Change %	30 June 2019 \$'000	30 June 2018 \$'000
Revenues from ordinary activities	Up	793	186%	1,219	426
(Loss) from ordinary activities after tax attributable to members	Up	(2,336)	43%	(7,795)	(5,459)
Net (loss) for the period attributable to members	Up	(2,336)	43%	(7,795)	(5,459)

NTA Backing	30 June 2019 Cents	30 June 2018 Cents
Net tangible asset per security	0.10	(0.32)

Dividends

No interim dividends were paid and no final dividends are proposed.

Brief explanation of any of the figures reported above

- i. **New licence agreements**
SUDA entered into a development, licence and supply agreement with Strides in November 2018; supply and license agreement with Mitsubishi Tanabe Pharma Singapore in December 2018; and a feasibility agreement with Zeldia Therapeutics also in December 2018. These agreements explain the increase in revenues by 186%.
- ii. **Impairment of ArTiMist®**
In May 2019, SUDA received TGA notice of denial for marketing approval of its ArTiMist oral spray and consequently have taken the conservative approach and impaired the project for the amount of \$6,276,758. The impairment is recognised in the Loss from ordinary activities above. The Company has submitted an appeal against the TGA decision and remains confident of a successful outcome of the appeal.
- iii. **Capital raisings**
The Company completed two rights issues during the year: in July 2018; and in June 2019. Both rights issues were oversubscribed and the Company accepted oversubscriptions. Total capital raised during the year was \$10,686,735 (before costs).

Audit Status

This preliminary report is based on financial statements that are in the process of being audited.



AND CONTROLLED ENTITIES

ABN: 35 090 987 250

Preliminary Final Report For The Year Ended

30 June 2019

SUDA PHARMACEUTICALS LTD ABN 35 090 987 250 AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT – APPENDIX 4E

Operating results

The consolidated loss of the group after providing for income tax attributable to owners of the parent entity amounted to \$7,795,039 (2018: \$5,459,278).

The loss increased by 43% on the loss reported for the year ended 30 June 2018 primarily due to the impairment of the Company's ArTiMist® project for \$6,276,758. Key developments during the year are explained below.

Significant events

The significant events during the 2018-19 financial year were:

i. Development and licence agreement with Strides

On 8 November 2018, SUDA entered into an exclusive product development, licence and supply agreement with Strides Pharma Global Pte Ltd, a fully-owned subsidiary of Strides Pharma Science Ltd, ("Strides") for the development and commercialisation of SUDA's novel fast acting oral spray of sumatriptan to treat migraine headache for the United States.

The product will be a formulation of sumatriptan utilising the Company's proprietary OroMist® hydrotrope technology. Once approved by the US Food and Drug Administration, the sumatriptan product would be the first novel fast-acting oral spray of sumatriptan in the US market.

SUDA received an upfront cash payment of US\$400,000 (approximately A\$560,000) and will receive further payments of US\$600,000 (approximately A\$830,000) on reaching certain milestones including the pilot first-in-man clinical study, submission and approval of the product in the US. Strides is funding the development work.

ii. Supply and license agreement with Mitsubishi Tanabe Singapore

On 19 December 2018, SUDA entered into an exclusive license agreement with Mitsubishi Tanabe Pharma Singapore Pte Ltd, a wholly owned subsidiary of Mitsubishi Tanabe Pharma Corporation, for its ZolpiMist product. The Agreement is for an exclusive licence for, and supply of, ZolpiMist for the Philippines, Malaysia and Singapore and options for Thailand, Indonesia, Vietnam, Myanmar, Cambodia, Laos and Brunei. SUDA received an upfront fee of US\$100,000 (approximately A\$140,000).

iii. Feasibility agreement with Zelda Therapeutics

On 6 December 2018, SUDA entered into a fully funded feasibility and option agreement with Australian based Zelda Therapeutics Ltd ("ZELDA"), a leading company in the field of medical grade cannabis, to develop an oral spray of pharmaceutical-grade cannabinoid derivatives. SUDA will apply its proprietary OroMist® oro-mucosal spray technology to ZELDA's pharmaceutical-grade cannabinoid derivatives for evaluation by ZELDA. Under the terms of the Agreement, ZELDA paid SUDA an upfront fee of \$100,000 and will make a further payment of \$100,000 in downstream milestone payments. ZELDA will also fund the formulation work.

iv. Binding term sheet with Cann Pharma Australia

On 5 June 2019, SUDA signed a binding term sheet for an exclusive licence with Australian-based Cann Pharmaceutical Australia Ltd ("CPA"), a subsidiary of Israeli group Better Holdings, to develop and supply an oral spray of pharmaceutical-grade cannabinoid derivatives. CPA, a leading company in medical grade cannabis, is interested in developing a novel oral spray of pharmaceutical-grade cannabinoid derivatives for the treatment of: drug resistant epilepsy, melanoma and motion sickness. The parties are working together to finalise the definitive agreement.

**SUDA PHARMACEUTICALS LTD ABN 35 090 987 250 AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT – APPENDIX 4E**

v. Impairment of ArTiMist®

In May 2019, SUDA received a TGA notice of denial for marketing approval of its ArTiMist oral spray and consequently has taken the conservative approach and recognised an impairment loss on the project for the amount of \$6,276,758. The impairment is recognised in the Loss from ordinary activities. The carrying value of ArTiMist at reporting date is \$5,338,148. The Company has submitted an appeal against the TGA decision and remain confident of a successful outcome of the appeal.

vi. Capital raising (July 2018)

On 28 June 2018, SUDA announced a renounceable rights issue on a one-for-one basis at 0.5 cents per share to raise up to \$6,120,709 (before costs) with one attaching listed option (exercise price of \$0.015 and expiry date of 31 July 2020) for every two new shares subscribed for under the Rights Issue. The offer, which was oversubscribed, closed on 26 July 2018 and the Company accepted oversubscriptions of \$668,376.

The use of funds, as outlined in the prospectus dated 29 June 2018, included: the redemption of convertible notes (\$2,142,675) and the initial payment to the Receiver in settlement of the HC Berlin Pharma matter (\$831,600).

vii. Capital raising (June 2019)

On 3 June 2019, SUDA announced a renounceable rights issue on a one-for-three basis at 0.4 cents per share to raise up to \$3,442,612 (before costs) with an attaching option (exercise price of \$0.015 and expiry date of 30 June 2021) for every two new shares subscribed under the Rights Issue. The offer, which was oversubscribed, closed on 21 June 2019 and the Company accepted oversubscriptions of \$455,038.

The use of funds, as outlined in the prospectus dated 3 June 2019, is for project development and general working capital.

viii. Board changes

SUDA restructured the board of directors bringing on David Simmonds in March 2019 as a non-executive director and Paul Hopper in May 2019 as non-executive director and chairman. David Phillips became an executive director in May 2019 (previously non-executive director).

ix. US operations

SUDA appointed Andrew Curtis as Vice President, Business Development & Alliance Management, based in the USA, in October 2018 to introduce SUDA and SUDA's projects into the world's largest market and lead the drive to secure new agreements.

Dividends Paid or Recommended

The Directors have recommended that no dividend be paid by the Company in respect of the financial year ended 30 June 2019.

After Balance Date Events

There were no after balance date events.

The Board thanks our shareholders for their ongoing support and looks forward to an exciting 2019/20 year.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019	2018
		\$	\$
Revenues	2	1,219,083	425,864
Interest income		30,804	2,529
Other income	2	31,695	62,628
Cost of sales		(199,688)	(185,621)
Employee benefits expense		(1,186,083)	(1,605,717)
Depreciation and amortisation expense	3	(471,128)	(157,460)
Impairment of intangible assets	5	(6,276,758)	(559,939)
Finance costs		(125,062)	(177,030)
Other expenses	3	(1,742,902)	(4,583,337)
Loss before income tax expense		(8,720,039)	(6,778,083)
Income tax benefit		925,000	745,000
Loss after tax from continuing operations		(7,795,039)	(6,033,083)
Discontinued operation		-	573,805
Net loss for the year		(7,795,039)	(5,459,278)
Total comprehensive loss for the period		(7,795,039)	(5,459,278)
Loss and total comprehensive loss attributable to:			
Owners of the parent		(7,795,039)	(5,459,278)
		(7,795,039)	(5,459,278)
Earnings per share			
Basic loss per share (cents per share)	4	(0.32)	(0.45)
Basic loss per share from continuing operations (cents per share)	4	(0.32)	(0.49)
Diluted loss per share (cents per share)	4	(0.32)	(0.45)
Diluted loss per share from continuing operations (cents per share)	4	(0.32)	(0.49)

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		Group	
	Note	2019	2018
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		4,313,562	98,125
Trade & other receivables		1,120,870	790,728
Inventories		45,409	97,971
Other assets		115,278	83,932
TOTAL CURRENT ASSETS		5,595,119	1,070,756
NON-CURRENT ASSETS			
Property, plant and equipment		367,370	172,689
Intangible assets	5	10,290,825	15,398,790
TOTAL NON-CURRENT ASSETS		10,658,195	15,571,479
TOTAL ASSETS		16,253,314	16,642,235
CURRENT LIABILITIES			
Trade & other payables	6	1,312,358	1,811,936
Borrowings		36,206	2,023,412
TOTAL CURRENT LIABILITIES		1,348,564	3,835,348
NON-CURRENT LIABILITIES			
Trade & other payables	6	910,353	1,316,000
Borrowings		16,909	26,171
TOTAL NON-CURRENT LIABILITIES		927,262	1,342,171
TOTAL LIABILITIES		2,275,826	5,177,519
NET ASSETS		13,977,488	11,464,716
EQUITY			
Issued capital	8	67,385,981	57,204,713
Reserves		2,303,384	2,176,841
Accumulated losses		(55,711,877)	(47,916,838)
TOTAL EQUITY		13,977,488	11,464,716

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Accumulated Losses	Share-based Payments Reserve	Minority Interest Acquisition Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2017	57,138,713	(42,457,560)	766,934	1,404,267	16,852,354
Shares issued during the year	66,000	-	-	-	66,000
Recognition of share-based payments expenses	-	-	5,640	-	5,640
Loss for the year attributable to members of the parent entity	-	(5,459,278)	-	-	(5,459,278)
Balance as at 30 June 2018	57,204,713	(47,916,838)	772,574	1,404,267	11,464,716
Balance as at 1 July 2018	57,204,713	(47,916,838)	772,574	1,404,267	11,464,716
Shares issued during the year	10,686,735	-	-	-	10,686,735
Share issue costs	(505,467)	-	-	-	(505,467)
Recognition of share-based payments expenses	-	-	126,543	-	126,543
Loss for the year attributable to members of the parent entity	-	(7,795,039)	-	-	(7,795,039)
Balance as at 30 June 2019	67,385,981	(55,711,877)	899,117	1,404,267	13,977,488

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019 \$	2018 \$
CASH FLOWS FROM OPERATIONS			
Receipts from customers		1,050,643	5,099,169
Payments to suppliers		(4,072,600)	(8,178,172)
Receipts for R&D tax concession		745,000	662,877
Interest received		29,984	2,529
Finance costs		(12,187)	(134,433)
Net cash outflows from operations		<u>(2,259,160)</u>	<u>(2,548,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(312,715)	(68,307)
Payments for intangible assets		(1,307,931)	(839,790)
Net proceeds from sale of subsidiary		-	1,584,440
Net cash outflows from investing activities		<u>(1,620,646)</u>	<u>676,343</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares net of capital raising fees		8,095,243	-
Proceeds from borrowings		140,000	1,050,000
Repayment of borrowings		(140,000)	(850,000)
Net cash provided by financing activities		<u>8,095,243</u>	<u>200,000</u>
Net (decrease) / increase in cash and cash equivalents		4,215,437	(1,671,687)
Cash and cash equivalents at the beginning of year		<u>98,125</u>	<u>1,769,812</u>
Cash and cash equivalents at the end of year		<u>4,313,562</u>	<u>98,125</u>

Reconciliation of Cash and Cash Equivalents

	2019 \$	2018 \$
Cash at bank and in hand	<u>4,313,562</u>	<u>98,125</u>
<i>Cash at the end of the period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:</i>		
Cash and cash equivalents	<u>4,313,562</u>	<u>98,125</u>

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The preliminary final report of the Company for the year ended 30 June 2019 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group").

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The preliminary final report is presented in Australian dollars and has been prepared on an accrual basis and is based on historical cost basis except for selected current and non-current assets which are measured at fair value at reporting date.

The preliminary final report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act 2001.

As such, the preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance and financial position as the full financial report. It is recommended that the preliminary final report be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the Australian Securities Exchange Listing Rules.

Note 2 Revenue and Other Income

	Consolidated Group	
	2019	2018
	\$	\$
Sales Revenue		
— sale of goods	1,219,083	425,864
Other Income		
— gain on disposal of property, plant and equipment	-	1,818
— other income	31,695	60,810
Total Other Income	31,695	62,628

Note 3 Loss for the Year

	Consolidated Group	
	2019	2018
	\$	\$
Expenses		
Other expenses		
— Legal settlement	-	2,570,000
— Legal fees	19,323	1,042,107
Depreciation and amortisation expense		
— Amortisation of intangible assets	349,404	59,000
— Depreciation of non-current assets	121,724	98,460

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4 Earnings per Share

		Consolidated Group	
		2019	2018
		\$	\$
(a)	Loss		
	Loss used in the calculation of basic and diluted earnings per share is as follows:		
	Loss	(7,795,039)	(5,459,278)
	Loss from continuing operations	(7,795,039)	(6,033,083)
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>2,464,536,813</u>	<u>1,221,660,754</u>

Options convertible to ordinary shares are not considered to be dilutive as their exercise will not result in diluted earnings per share.

Note 5 Intangible Assets

	Development		Total
	Patents	Costs	
	\$	\$	\$
Gross carrying amount			
Balance at 1 July 2017	-	15,173,396	15,173,396
Additions	-	844,333	844,333
Amortisation	-	(59,000)	(59,000)
Impairment	-	(559,939)	(559,939)
Balance at 30 June 2018	-	15,398,790	15,398,790
Balance at 1 July 2018	-	15,398,790	15,398,790
Additions	132,358	1,385,839	1,518,197
Amortisation	-	(349,404)	(349,404)
Impairment	-	(6,276,758)	(6,276,758)
Balance at 30 June 2019	132,358	10,158,467	10,290,825

The Board assesses each project at balance date:

i. ArTiMist

The Company has taken into consideration the notice of denial for marketing approval received 14 May 2019 and has taken a conservative approach and recognised an impairment loss of \$6,276,758. The carrying value of ArTiMist is \$5,338,148 which the directors believe is a reasonable estimate of the recoverable amount. The Company has submitted an appeal against the TGA decision in August 2019.

ii. Other projects (including SUD-001, SUD-002, SUD-003, SUD-004 and Zolpimist).

The Company commenced amortising the carrying value on a straight-line basis from 1 July 2018 over the greater of 10 years or the life of the patent applicable to that project or the life of licence agreements where applicable.

SUDA PHARMACEUTICALS LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 6 Trade and Other Payables

	Consolidated Group	
	2019	2018
	\$	\$
<i>Current</i>		
Trade payables	511,575	256,120
Legal settlement (<i>note i</i>)	387,936	1,254,000
Sundry payables and accrued expenses	412,847	261,166
Interest payable	-	40,650
	1,312,358	1,811,936
<i>Non-Current</i>		
Legal settlement (<i>note i</i>)	910,353	1,316,000

Note i: The balance of the legal settlement with the receiver of HC Berlin Pharma AG., as announced last year, is \$1,298,289 at reporting date.

Note 7 Controlled Entities

Subsidiaries of Suda Pharmaceuticals Ltd:	Country of Incorporation	Percentage Owned (%)	
		2019	2018
Malaria Research Company Pty Ltd	Australia	100	100
Eastland CN Nominees Pty Ltd	Australia	100	100
Suda Europe Ltd	United Kingdom	100	100
SUD 18 Pty Ltd	Australia	100	100

Note 8 Issued Capital

	Consolidated Group	
	2019	2018
	\$	\$
Gross capital proceeds	70,341,356	59,654,622
Capital raising costs	(2,955,375)	(2,449,909)
3,556,371,635 (2018: 1,224,141,804) fully paid ordinary shares	67,385,981	57,204,713
Ordinary Shares	No.	No.
At the beginning of reporting period	1,224,141,804	1,219,858,520
Shares issued 1 July 2017 to 30 June 2018	-	4,283,284
Shares issued during year:		
- Rights Issue and Placement (July 2018) <i>note (i)</i>	1,357,817,329	-
- Rights Issue and Placement (June 2019) <i>note (ii)</i>	974,412,502	-
At reporting date	3,556,371,635	1,224,141,804

Note (i) Capital raising (July 2018)

On 28 June 2018, SUDA announced a renounceable rights issue on a one for one basis at 0.5 cents per share to raise up to \$6,120,709 (before costs) with one attaching listed option (exercise price of \$0.015 and expiry date of 31 July 2020) for every two new shares subscribed for under the Rights Issue. The offer, which was oversubscribed, closed on 26 July 2018 and the Company accepted oversubscriptions of \$668,376.

The funds raised were used to redeem the convertible notes (\$2,142,675 including the redemption premium) and the initial payment to the Receiver in settlement of the HC Berlin Pharma matter (\$831,600).

Note (ii) Capital raising (June 2019)

On 3 June 2019, SUDA announced a renounceable rights issue on a one for three basis at 0.4 cents per share to raise up to \$3,442,612 with an attaching option (exercise price of \$0.015 and expiry date of 30 June 2021) for every two new shares subscribed under the Rights Issue. The offer, which was oversubscribed, closed on 21 June 2019 and the Company accepted oversubscriptions of \$455,038.

The funds raised are to be used for project development and general working capital.