FY21 Half Year Results
Period to 31st December 2020

Suda Pharmaceuticals Limited
ABN: 35 090 987 250
www.sudapharma.com

Suda Pharmaceuticals Limited
Appendix 4D
Half-year Ended 31 December 2020

Name of entity:	Suda Pharmaceuticals Limited
ABN:	35 090 987 250
Half-year ended:	31 December 2020
Previous period:	31 December 2019

Results for announcement to the market

					$
Revenue from ordinary activities	Down	34.4%	to	242,541
Loss from ordinary activities after tax	Down	77.3%	to	(1,747,374)
Net loss for the period attributable to members	Down	77.3%	to	(1,747,374)

Net tangible assets per security

	31 December 2020 Cents	31 December 2019 Cents
Net tangible asset backing (per share)	**1.19**	1.00

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the Directors' report.

Distributions

No dividends have been paid or declared by the Group for the current financial period. No dividends were paid for the previous financial period.

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2020.

Other information required by Listing Rule 4.2A

N/A

ABN 35 090 987 250

Interim financial report for the half-year ended 31 December 2020

Contents

Suda Pharmaceuticals Limited
Corporate Directory

Directors	Mr. Paul Hopper *Non-Executive Chairman* Mr. David Simmonds *Non-Executive Director* Mr. David Phillips *Executive Director* Dr. Michael Baker (effective 1 July 2020) *Executive Director*
Secretary	Mr. Joseph Ohayon (resigned 18 August 2020) Mr. Philips Hains (appointed 1 July 2020)
Principal registered office in Australia	Level 3 62 Lygon Street Carlton VIC 3053 Australia 03 9824 5254
Share and debenture register	Advanced Share Registry Ltd 110 Stirling Highway Nedlands WA 6009
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listing	Australian Securities Exchange Ltd Exchange Plaza 2 The Esplanade Perth, WA 6000 Listing code: Ordinary Shares SUD Listed Options SUDOD Listed Options SUDOE
Website	www.sudapharma.com

The Directors present their report on Suda Pharmaceuticals Limited for the half-year ended 31 December 2020.

The Directors were in office for the entire period and up to the date of this report.

Directors

Mr. Paul Hopper - Non-Executive Chairman
Mr. David Phillips - Executive Director
Mr. David Simmonds - Non-Executive Director
Dr. Michael Baker - Executive Director (Effective 1 July 2020)

Review and results of operations

The loss from ordinary activities for the half year ended 31 December 2020 was $1.75m an improvement of 77.3% on last year. (2019 loss: $7.70m)

Cash at bank at 31 December 2020 is $5.50m on the back of successful capital raises during the half year of $6.85m to sophisticated and new investors. These funds will be used to support ongoing research and potential acquisition of new technologies in the fields of oncology and the central nervous system.

The notable events during the half year ended 31 December 2020 were:

- On 5 August 2020, the Group completed a 1 for 1 non-renounceable pro-rata entitlement offer of fully paid ordinary shares and 1 option for every 3 new shares issued with an exercise price of $0.05 and an expiry date of 31 July 2022 to raise $3.56 million. The total allotment and issuance was 142,254,397 new shares and 47,418,378 attached listed options (SUDOE).
- On 10 August 2020, the Group raised $0.53 million by the issuance of 21,338,159 new shares under the placement prospectus announced on 3 August 2020.
- On 16 October 2020, the Group issued a total of 988,949 new shares for professional services rendered by Baker Young Stockbrokers Limited to the value of $35,310.
- On 22 December 2020, the Group raised $2.76 million by the issuance of 76,708,975 new shares under the placement prospectus announced on 16 December 2020.

1. SUDA secured TGA approval for its treatment for short-term insomnia, ZolpiMist

On 29 July 2020, SUDA announced that the Therapeutic Goods Administration (TGA) had approved the registration of the Group’s lead product ZolpiMist (zolpidem Tartrate) for the treatment of short-term insomnia in adults.

The Marketing Authorisation Application was submitted by SUDA to the TGA in April 2019. SUDA made the subsequent decision to register a supplemental active pharmaceutical ingredient (API) supplier and final product manufacturer, which required an amendment to the TGA submission. While the review was expected to be completed in Q4 2020, the approval was received earlier.

The TGA approval includes the supplemental API supplier and the final product manufacturer, which allows SUDA to supply the product at a more competitive supply price.

The benefits of TGA approval are:

i. ZolpiMist is now included on the Australian Register of Therapeutic Goods and can be commercialised and supplied within Australia;
ii. It demonstrates SUDA’s compliance with Good Manufacturing Practice and an ability to obtain regulatory approvals for its products; and
iii. It assists SUDA's current partners, TEVA and Mitsubishi Tanabe Pharma Korea, in their submissions in their respective territories with the amended API supplier and manufacturer.

Review and results of operations (continued)

2. An animal model assessing anagrelide absorption supported the hypothesis that the drug may be safer for patients when administered in the form of an oral spray

Three carefully selected experimental oral spray formulations of anagrelide were compared with the commercial capsule form of the drug, Xagrid™. The objective of the study was to compare plasma levels of anagrelide and its cardiostimulatory metabolite following administration of the oral spray formulations with those after dosing with the capsule. The study enabled SUDA to test the hypothesis that an oral spray could provide a safer route of administration for anagrelide in treating metastatic disease in cancer patients by reducing exposure to the cardiostimulatory metabolite, 3-hydroxy anagrelide.

One of the formulations tested displayed a statistically significant increase in bioavailability over the capsule of 43%. Importantly, the same formulation showed an increase of only 28% in exposure to the cardiostimulatory metabolite relative to the capsule formulation. According to Covance Inc., this provides evidence that a proportion of the drug from this formulation reaches the bloodstream by crossing the lining of the cheek.

The magnitude of the differential between the increase in bioavailability of the parent drug and the cardiostimulatory metabolite (43% of parent drug versus 28% of the metabolite) was unique to the formulation and suggests that a lower dose of anagrelide could be administered to cancer patients, which would result in a relative reduction in patient exposure to the cardiostimulatory intermediate.

As assessed by pulse rate, none of the formulations displayed cardiostimulatory effects. Upon visual assessment, no irritation of the oral mucosa was evident following administration of any of the oral spray formulations.

3. SUDA's patent covering the use of anagrelide for the treatment of metastatic disease was granted in Australia

The Australian Patent Office granted SUDA's Application No. 2015370666 titled "Prevention and Treatment of Metastatic Disease in Thrombocytotic Cancer Patients". The patent has an expiry date of December 2035. This adds to the granted patents held by SUDA, which includes granted patents in Europe and Japan.

The patents represent an important step in the value creation process as SUDA continues to develop anagrelide for the treatment of metastatic disease when patients have elevated platelet levels. Solid tumour types that have a significant proportion of patients displaying an increase in platelets include melanoma, mesothelioma, ovarian cancer, vulvar cancer, cervical cancer, renal cell carcinoma, lung cancer, glioblastoma, pancreatic cancer, endometrial cancer, and colorectal cancer.

Looking ahead, SUDA will continue to focus on the projects it considers capable of delivering on the Group's short- and long-term objectives.

For ZolpiMist, SUDA continues to work closely with its partners for their regulatory submissions and commercialisation efforts. SUDA currently has Licence and Supply Agreements with TEVA covering Brazil, Chile and Mexico, and Mitsubishi Tanabe Pharma Korea for South Korea. In addition, SUDA continues to identify suitable territories to create additional partnerships for distribution of the product.

For anagrelide, SUDA continues with its efforts to stabilise the formulation included in the animal study at Covance, UK. Once a pharmaceutical grade formulation is established, it will be assessed in formal pre-clinical toxicology studies prior to performing human trials. As anagrelide has been approved and has been in clinical use for more than 20 years, a reduced toxicology package is expected, which should reduce the timing and cost of this development stage.

Review and results of operations (continued)

SUDA will continue to work on its development partnerships with current partners, Cann Pharma for the development of their medical grade cannabis product and Strides Pharma for development of Sumatriptan into an oral spray for the treatment of migraine. SUDA continues to work to reformulate these products in conjunction with its partners. In addition, SUDA is continuing to work with Sanofi to finalise the feasibility study for one of Sanofi's active ingredients.

Lastly, SUDA will continue with its plan to secure additional assets that align with its areas of interest, oncology and the central nervous system. The board and senior management group have experience in sourcing and evaluating unique technologies and they will leverage their expertise in this space to secure technologies that the Company believes are likely to create value for SUDA and ultimately for shareholders.

Significant changes in the state of affairs

There were no other significant changes in the state of the affairs of the Group during the period.

Events since the end of the reporting period

• On 16 February 2021, the Group issued 1,111,112 ordinary shares at $0.036 per share to the Directors, under the Placement plan announced on 16 December 2020. This was approved by shareholders at the Extraordinary General Meeting held on 29 January 2021.

• The Group granted 2,209,218 unlisted options with an exercise price $0.072 to an external corporate advisory group Baker Young Stockbrokers Limited for professional services rendered. This was approved by shareholders at the Extraordinary General Meeting held on 29 January 2021.

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 5.

This report is signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Mr. Paul Hopper
Non-Executive Chairman

25 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Suda Pharmaceuticals Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
25 February 2021

L Di Giallonardo
Partner

Suda Pharmaceuticals Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Notes	Consolidated **31 December 2020 $**	31 December 2019 $
Revenue from contracts with customers	2	**242,541**	369,819
Other income	3	**222,198**	13,433
Interest income		**3,528**	14,072
Employee benefits expenses		**(649,712)**	(725,700)
Depreciation of non-current assets		**(95,638)**	(112,335)
Amortisation of intangible assets		**(219,707)**	(174,702)
Impairment of intangible assets	8	**-**	(5,490,472)
Finance costs		**(25,401)**	(10,073)
Cost of sales of goods		**(116,375)**	(135,338)
Other		**(1,108,808)**	(1,448,112)
Loss before income tax		**(1,747,374)**	(7,699,408)
Income tax benefit		**-**	-
Loss after tax from continuing operations		**(1,747,374)**	(7,699,408)
Net loss for the period		**(1,747,374)**	(7,699,408)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(1,747,374)**	(7,699,408)
		Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Group:			
Basic loss per share	5(a)	**(0.63)**	(5.41)
Diluted loss per share	5(a)	**(0.63)**	(5.41)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Suda Pharmaceuticals Limited
Condensed consolidated statement of financial position
As at 31 December 2020

	Notes	Consolidated **31 December 2020** **$**	 30 June 2020 $
ASSETS			
Current assets			
Cash and cash equivalents		**5,469,137**	977,472
Trade and other receivables	7(a)	**62,476**	869,168
Inventories		**21,801**	21,801
Other current assets		**206,276**	166,203
Total current assets		**5,759,690**	2,034,644
Non-current assets			
Property, plant and equipment		**355,744**	364,587
Right-of-use assets		**86,727**	57,044
Intangible assets	8	**4,208,261**	4,251,222
Total non-current assets		**4,650,732**	4,672,853
Total assets		**10,410,422**	6,707,497
LIABILITIES			
Current liabilities			
Trade and other payables	7(b)	**1,142,324**	1,434,083
Contract liabilities		**200,000**	333,002
Borrowings		**5,721**	12,054
Provisions		**100,759**	174,172
Lease liabilities		**69,942**	69,166
Total current liabilities		**1,518,746**	2,022,477
Non-current liabilities			
Trade and other payables	7(b)	**-**	540,010
Borrowings		**3,565**	4,240
Provisions		**7,872**	5,350
Lease liabilities		**34,498**	-
Total non-current liabilities		**45,935**	549,600
Total liabilities		**1,564,681**	2,572,077
Net assets		**8,845,741**	4,135,420
EQUITY			
Issued capital	9(a)	**73,700,269**	67,385,981
Reserves		**1,721,998**	1,629,979
Accumulated losses		**(66,576,526)**	(64,880,540)
Total equity		**8,845,741**	4,135,420

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Suda Pharmaceuticals Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2020

	Notes	Attributable to owners of Suda Pharmaceuticals Limited				
		Issue Capital $	**Accumulated Losses $**	**Share-based Payment Reserve $**	**Minority Interest Acquisition $**	**Total $**
Balance at 1 July 2019		67,385,981	(55,711,877)	899,117	1,404,267	13,977,488
Loss for the period		-	(7,699,408)	-	-	(7,699,408)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		**-**	**(7,699,408)**	**-**	**-**	**(7,699,408)**
Balance at 31 December 2019		**67,385,981**	**(63,411,285)**	**899,117**	**1,404,267**	**6,278,080**
Balance as at 1 July 2020		**67,385,981**	**(64,880,540)**	**225,712**	**1,404,267**	**4,135,420**
Loss for the period		-	(1,747,374)	-	-	(1,747,374)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		**-**	**(1,747,374)**	**-**	**-**	**(1,747,374)**
Shares issued during the period	9(a)	6,886,648	-	-	-	6,886,648
Share issue costs	9(a)	(572,360)	-	-	-	(572,360)
Equity settled share-based payments	9(b)	-	-	143,407	-	143,407
Options lapsed during the period	9(b)	-	51,388	(51,388)	-	-
Balance at 31 December 2020		**73,700,269**	**(66,576,526)**	**317,731**	**1,404,267**	**8,845,741**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Suda Pharmaceuticals Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	$	$
Cash flows from operating activities		
Receipts from customers	**247,882**	338,290
Payments to suppliers and employees	**(3,001,161)**	(2,673,208)
Receipts from government grants and R&D tax incentives	**888,610**	927,970
Interest received	**3,528**	14,072
Finance costs	**(8,715)**	(1,529)
Net cash (outflow) from operating activities	**(1,869,856)**	(1,394,405)
Cash flows from investing activities		
Payments for development of products	**(176,746)**	(393,578)
Payments for property, plant and equipment	**(65,076)**	(137,057)
Net cash (outflow) from investing activities	**(241,822)**	(530,635)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**6,851,337**	-
Share issue costs	**(197,511)**	-
Principal elements of lease payments	**(31,246)**	-
Net cash inflow from financing activities	**6,622,580**	-
Net increase/(decrease) in cash and cash equivalents	**4,510,902**	(1,925,040)
Cash and cash equivalents at the beginning of the period	**977,472**	4,313,562
Effects of exchange rate changes on cash and cash equivalents	**(19,237)**	-
Cash and cash equivalents at end of the period	**5,469,137**	2,388,522

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of accounting policies

(a) Basis of preparation

These condensed interim consolidated financial statements are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134: *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the condensed consolidated interim financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by Suda Pharmaceuticals Ltd and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations described in Note 1(c) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial report has been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

(b) Statement of compliance

The interim financial report was authorised for issue on 25 February 2021.

The interim financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial report and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) New and amended standards adopted by the group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these standards has not had any impact on the disclosures or amounts reported in these financial statements.

(d) New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

1 Summary of accounting policies (continued)

(e) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. This includes the continued development and commercialisation of the Group's current projects.

As disclosed in the financial statements, the Group incurred an operating loss of $1,747,374 and a net cash outflow from operating activities amounting to $1,869,856 for the period ended 31 December 2020. As at 31 December 2020, the Group held cash and cash equivalents of $5,469,137 . The Directors are of the opinion that the Group is a going concern for the following reasons:

- The Directors anticipate that a further equity raising will be required and will be completed in 2021.
- Based on prior experience, the Directors are confident that they can raise additional capital if and when required.

Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be available to realise its assets and extinguish its liabilities in the normal course of business. Despite these uncertainties, the Directors are of the view that the Group will be successful in the above matter and accordingly have adopted the going concern basis of the preparation of the financial report.

COVID-19 has led to widespread restrictions on both national and international travel. To date, the Group's supply chain has not been affected. Nevertheless, the risk that COVID-19 poses in terms of overwhelming health care systems must be taken into account when factoring in programs that are at the clinical stage.

As a result of the COVID-19 outbreak, or similar pandemics, the Group may experience disruptions that could severely impact the business in the following ways:

- delays or disruptions in supply chain for materials required for research and/or clinical trials;
- delays in the completion of research due to infection of key research personnel;
- delays enrolling patients into clinical trials;
- interruption or delays in the operations of regulatory bodies, including the U.S. Food and Drug Administration or Therapeutics Goods Administration, which may impact approval timelines;
- reduced ability to engage with the medical, pharmaceutical industry and investor communities due to the cancellation of conferences and travel bans, which may impact the ability to attract collaborators, potential industry partners and investors.

(f) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

2 Revenue from contracts with customers

The Group derives its revenue from the sale or licence of goods and the provision of services at a point in time and over time in the timing of transfer of goods or service (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time). This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 (see note 4).

	Consolidated	
	31 December 2020	31 December 2019
	$	$
At a point in time		
Sale or license of goods	**109,539**	343,503
Co-development revenue	**-**	26,316
Over time		
Co-development revenue	**133,002**	-
Total revenue	**242,541**	369,819

3 Other income

	Consolidated	
	31 December 2020	31 December 2019
	$	$
Export manufactures development grant[1]	**100,000**	-
COVID-19 assistance[2]	**113,100**	-
R&D tax incentive income[3]	**9,098**	2,970
Others	**-**	10,463
	222,198	13,433

[1.] The Group recognised $100,000 Export Market Development Grant (EMDG) (2019: nil) in other income. This is a key Australian Government financial assistance program for aspiring current exporters.

[2.] COVID-19 assistance mainly includes Jobkeeper payment of $75,600 and "Cashflow boost for employers" of $37,500 received as part of the COVID-19 relief announced by the Australian Government (2019: nil).

[3.] The Group recognised R&D tax incentive income of $9,098 (2019: $2,970) due to an under accrual on R&D tax incentive income for the year ended 30 June 2020 and 30 June 2019 respectively.

4 Segment information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

4 Segment information (continued)

Description of segments

For the half year ended 31 December 2019, Management operated in following operating segments:

i. Suda: the pharmaceutical development segments and performs research and development to create new human pharmaceutical products by combining proven drugs with innovated, patented, delivery technologies.

ii. Malaria Research Company (MRC): pharmaceutical development segment for the treatment of malaria, i.e. ArTiMist® project.

For the half year ended 31 December 2020, the Board has reassessed its operating segments and determined to allocate resources as one operating segment, which is Suda.

The operating segments are monitored by the Group's Chief Operating Decision Maker and strategic decisions are made on the basis of adjusted segment operating results.

The accounting policies of the reportable segments are the same as the Group accounting policies.

Segment information

The following tables present revenue and profit/(loss) information and certain asset and liability information regarding business segments for the half years ended 31 December 2020 and 31 December 2019.

	Suda **$**	**Total** **$**
31 December 2020		
Segment revenue	242,541	242,541
Segment profit/(loss)	(1,747,374)	(1,747,374)
Segment assets	10,410,422	10,410,422
Segment liabilities	1,564,681	1,564,681

	Continuing operations		**Unallocated items**	**Total**
	Suda **$**	**MRC** **$**	$	$
31 December 2019				
Segment revenue	369,819	-	-	369,819
Segment profit/(loss)	(2,319,036)	(5,705,310)	324,938	(7,699,408)
Segment assets	8,097,289	3,168	-	8,100,457
Segment liabilities	1,821,963	254	160	1,822,377

5 Loss per share

(a) Basic and diluted loss per share

	Consolidated	
	31 December 2020 Cents per share	31 December 2019 Cents per share
Basic loss per share	**(0.63)**	(5.41)
Diluted loss per share	**(0.63)**	(5.41)

(b) Reconciliation of loss used in calculating loss per share

	Consolidated	
	31 December 2020 $	31 December 2019 $
Loss attributable to the ordinary equity holders of the Group used in calculating basic and diluted loss per share	**(1,747,374)**	(7,699,408)

(c) Weighted average number of shares

The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	Consolidated	
	31 December 2020 Number	31 December 2019 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**277,768,326**	142,254,865

6 Dividends

The Board of Directors of Suda Pharmaceuticals Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2020.

7 Financial assets and financial liabilities

(a) Trade and other receivables

	Consolidated					
	31 December 2020			30 June 2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Trade and other receivables	**62,476**	**-**	**62,476**	216,256	-	216,256
R&D tax incentive receivable	**-**	**-**	**-**	652,912	-	652,912
	62,476	**-**	**62,476**	869,168	-	869,168

(b) Trade and other payables

	Consolidated	
	31 December 2020	30 June 2020
	$	$
Current liabilities		
Trade payables	**492,598**	732,073
Payroll tax and other statutory liabilities	**300**	181
Sundry payables and accrued expenses	**123,026**	292,731
Legal settlement (Note 11)	**526,400**	409,098
	1,142,324	1,434,083
Non-current liabilities		
Legal settlement (Note 11)	**-**	540,010

8 Intangible assets

Consolidated	Patents $	Development costs $	Total $
Year ended 30 June 2020			
Opening carrying value	132,358	10,158,467	10,290,825
Additions	-	247,333	247,333
Amortisation	-	(349,404)	(349,404)
Impairment (i)	-	(5,937,532)	(5,937,532)
Closing net book amount	132,358	4,118,864	4,251,222
Period ended 31 December 2020			
Opening carrying value	132,358	4,118,864	4,251,222
Additions	-	176,746	176,746
Amortisation	-	(219,707)	(219,707)
Closing net book amount	132,358	4,075,903	4,208,261

(i) Impairment of the carrying values of ArTiMist, Ondansetron and Midazolam as disclosed in the 30 June 2020 annual report. Of this amount, $5,490,472 related to an impairment expenses recorded in the 31 December 2019 half-year financial report.

9 Equity securities issued

(a) Ordinary shares

Consolidated	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 $	30 June 2020 $
Ordinary shares				
Fully paid	**383,544,877**	142,254,865	**73,700,269**	67,385,981
	383,544,877	142,254,865	**73,700,269**	67,385,981

9 Equity securities issued (continued)

(a) Ordinary shares (continued)

(i) Movements in ordinary shares:

Details	Number of shares	Total $
Opening balance 1 July 2019	3,556,371,635	67,385,981
Share consolidation (i)	(3,414,116,770)	-
Balance 30 June 2020	142,254,865	67,385,981
Share consolidation adjustment	(468)	-
Rights issue (August 2020)	142,254,397	3,556,360
Shares issue (August 2020)	21,338,159	533,455
Shares issue in lieu of cash (October 2020)	988,949	35,310
Shares issue (December 2020)	76,708,975	2,761,523
	383,544,877	74,272,629
Less: Transaction costs arising on share issues (ii)	-	(572,360)
Balance 31 December 2020	383,544,877	73,700,269

(i) SUDA completed the consolidation of its share capital and options on a twenty-five (25) for one (1) basis which was approved by shareholders at the Annual General Meeting held on 12 November 2019.

(ii) $246,553 transaction costs on share issues were not paid by 31 December 2020. $128,296 transaction costs on share issues related to the fair value of 4,000,000 unlisted options issued to external corporate advisory group Baker Young Stockbrokers for capital raise brokerage services rendered.

9 Equity securities issued (continued)

(b) Share-based payment reserve

	31 December 2020 $	30 June 2020 $
Share-based payment reserve	**317,731**	225,712

(i) Movement in share-based payment reserve

Details	Number of options	$
Balance at 1 July 2019	1,243,614,755	899,117
Option consolidation (i)	(1,193,870,418)	-
Unlisted options issued during the year (ii)	4,400,000	93,527
Unlisted options lapsed during the period (iii)	(400,000)	(62,679)
Unlisted options lapsed during the year transferred to accumulated losses	-	(704,253)
Balance at 30 June 2020	53,744,337	225,712
Listed options SUDOC expired (iv)	(27,956,286)	-
Listed options SUDOE issued (v)	47,418,378	-
Unlisted options issued for professional service rendered (vi)	4,000,000	128,296
Unlisted options lapsed during the period (vii)	(460,000)	(51,388)
Amortisation of share-based payments for options	-	15,111
Balance at 31 December 2020	76,746,429	317,731

(i) SUDA completed the consolidation of its options on a twenty-five (25) for one (1) basis which was approved by shareholders at the Annual General Meeting held on 12 November 2019.

(ii) 1,600,000 unlisted options were issued to Paul Hopper, Non-Executive Chairman, under the Group's ESOP pursuant to resolution of shareholders at the Annual General Meeting held on 12 November 2019.

2,800,000 unlisted options were issued to Michael Baker, Executive Director, under the Group's ESOP pursuant to resolution of shareholders at the Annual General Meeting held on 12 November 2019.

(iii) 400,000 unlisted options, issued to external consulting group RM Capital, expired on 26 April 2020.

(iv) Listed Options were issued as attaching under the rights issue and placement in July 2018. The options are listed (SUDOC) with an exercise price of $0.015 which was subsequently adjusted following the rights issue in June 2019 to $0.0147 cents. The expiry date was 31 July 2020.

(v) Listed Options were issued as attaching under the rights issue and placement in July 2020. The options are listed (SUDOE) with an exercise price of $0.05 and expiry date is 31 July 2022.

(vi) 4,000,000 unlisted options were issued to external corporate advisory group Baker Young Stockbrokers Limited for professional services rendered. Fair value at issue date was $128,296.

(vii) 460,000 unlisted options expired on 10 December 2020.

9 Equity securities issued (continued)

(b) Share-based payment reserve (continued)

(i) Movement in share-based payment reserve (continued)

The unlisted options issued to the external corporate advisory group during the half-year ended 31 December 2020 were as follows:

Date issued	Quantity	Grant date	Expiry date	Exercise price ($)	Fair value at grant date per option ($)
16 October 2020	4,000,000	5 August 2020	31 December 2022	$0.05	$128,296
	4,000,000				

The fair value of the equity-settled share options at grant date was derived using the Black-Scholes model based on the terms of the options above and the following inputs:

Grant date share price (cents)	4.3
Dividend yield (%)	-
Expected volatility (%)	122
Risk-free interest rate (%)	0.11

10 Events occurring after the reporting period

• On 16 February 2021, the Group issued 1,111,112 ordinary shares at $0.036 per share to the Directors, under the Placement plan announced on 16 December 2020. This was approved by shareholders at the Extraordinary General Meeting held on 29 January 2021.

• The Group granted 2,209,218 unlisted options with an exercise price $0.072 to an external corporate advisory group Baker Young Stockbrokers Limited for professional services rendered. This was approved by shareholders at the Extraordinary General Meeting held on 29 January 2021.

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

11 Commitments and contingencies

Contingent liabilities

HC Berlin Pharma AG - The Group entered into a settlement agreement with the Receiver of HC Berlin Pharma AG on 28 June 2018 for a settlement amount of €1,620,000 (approximately $2,570,000) payable in instalments up to 31 December 2021. Under the terms of the agreement, if the Group does not meet the payment for each instalment within 10 calendar days after the due date of the instalment date, then the total claim of €8,000,000 plus interest and costs less amounts paid to date becomes due and payable. To 31 December 2020, the Group has paid $2,025,763 in accordance with the settlement agreement, and the outstanding amount is $526,400.

12 Fair value measurements of financial instruments

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values.

Suda Pharmaceuticals Limited
Directors' declaration
31 December 2020

The Directors of Suda Pharmaceuticals Ltd ("Group") declare that:

(a) the financial statements and notes set out on pages 2 to 19 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Suda Pharmaceuticals Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Mr. Paul Hopper
Non-Executive Chairman

25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Suda Pharmaceuticals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Suda Pharmaceuticals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Suda Pharmaceuticals Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 (e) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
25 February 2021