

ASX Release

Appendix 4C: Second Quarter FY 2021 Activities Report

PERTH, AUSTRALIA – 25 January 2021: SUDA Pharmaceuticals Ltd (ASX: SUD), a leader in oro-mucosal drug delivery, today released its Appendix 4C for the consolidated group for the second quarter of FY 2021.

Highlights

- End of period cash balance of \$5.47m
- SUDA received a refund under the R&D Tax Incentive Program of \$0.662m from the Australian Taxation Office
- Successful capital raise of \$2.76m
- Management continued to identify and evaluate a number of technologies in the fields of oncology and the central nervous system.

During the quarter ended 31 December 2020, the Company was pleased with the following developments:

- SUDA received a \$0.662m refund from the Australian Taxation Office as a part of the R&D Tax Incentive Program. For FY 2020, SUDA committed \$1.52m to R&D to support ongoing development of its oral spray projects, including the development of anagrelide.
- The company announced that it had completed a Placement to existing and new sophisticated investors. The proceeds will be used by SUDA to continue advancing the development of its OroMist products, to identify and evaluate technologies for potential acquisition and for working capital.
- The Management team continued to identify technologies from leading research institutes. Current opportunities are being evaluated and SUDA intends to secure the technology that it believes best fits with its short to long term strategic objectives.

Dr Baker commented “It was very pleasing to see the Australian Government demonstrate positive sentiment towards the R&D Tax Incentive program as it is an important pillar of the innovation ecosystem. There are many exciting technologies being developed across

the globe. SUDA is continuing to work diligently to secure the technology that we feel best aligns with our core areas of focus and that will deliver value to our shareholders.”

In addition, he commented “We are also very pleased with the level of support that we received from sophisticated and professional investors for the Placement.”

Corporate Update

The net outflow from operating activities for the quarter was \$0.662m with a bank balance of \$5.47m as at 31 December 2020 compared to \$1.53m last quarter and \$0.98m at 30 June 2020. SUDA net outflows were reduced for the quarter with the receipt of the R&D Tax Incentive refund of \$0.662m.

The Placement announced on 16 December 2020, closed on 22 December 2020. The Placement was oversubscribed and strongly supported by existing and new professional and sophisticated investors. The proceeds will be used by SUDA to continue the ongoing development of its OroMist products, identification and evaluation of new technologies for potential acquisition and working capital. In total, the Company raised \$2.76m (before costs) via the Placement and issued 76,708,975 shares. The Placement shares were issued under the Company’s existing capacity under Listing Rule 7.1 and 7.1A, which equates to 46,025,385 under listing rule 7.1 and 30,683,590 under listing rule 7.1A.

Due to the timing of the December Placement, the closing cash balance does not include the costs associated with the capital raise, which will be included in the Appendix 4C for the March quarter.

In connection with the Offer, SUDA Directors and Management will contribute up to \$50k, subject to the approval of the shareholders in respect of the Director’s participation at an EGM to be held on the 29th of January 2021.

Baker Young were the Lead Manager for the Offer, which was priced at \$0.036 per share representing an 8% discount to the weighted average closing price of Shares over the preceding 10 days prior to the last trading day before announcement of the Offer.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C incorporates director’s fees, remuneration and superannuation at commercial rates.

Dr Michael Baker, CEO and Managing Director of Suda Pharmaceuticals Ltd has authorised the release of this announcement to the market.

For and on behalf of the Board and for further information please contact:

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NOTES TO EDITORS:

About SUDA Pharmaceuticals Ltd

SUDA Pharmaceuticals Ltd (ASX: SUD) is a drug delivery company focused on oro-mucosal administration, headquartered in Perth, Western Australia. The Company is developing low-risk oral sprays using its OroMist® technology to reformulate existing pharmaceuticals. The many potential benefits of administering drugs through the oral mucosa (i.e. cheeks, tongue, gums and palate) include ease of use, lower dosage, reduced side effects and faster response time. SUDA's product pipeline includes ZolpiMist™, a first-in-class oral spray of zolpidem tartrate for the treatment of short-term insomnia. ZolpiMist is approved by the TGA and is marketed in the USA. SUDA has rights to the product outside of the US and Canada. Other products in development include oral sprays for the treatment of migraine headache, motion sickness, drug resistant epilepsy and certain cancers.

For more information, visit www.sudapharma.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Suda Pharmaceuticals Ltd

ABN

35 090 987 250

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	228	248
1.2 Payments for		
(a) research and development	(258)	(400)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	(30)	(53)
(e) staff costs	(406)	(925)
(f) administration and corporate costs	(503)	(1,004)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	709	889
1.8 Other (provide details if material)	(405)	(568)
1.9 Net cash from / (used in) operating activities	(662)	(1,810)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(59)	(71)
(d) investments	-	(2,000)
(e) intellectual property	(62)	(174)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	2,000	2,000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1,879	(245)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,762	6,852
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(24)	(286)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,738	6,566

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,527	977
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(662)	(1,810)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,879	(245)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,738	6,566
4.5	Effect of movement in exchange rates on cash held	(13)	(19)
4.6	Cash and cash equivalents at end of period	5,469	5,469

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,319	477
5.2	Call deposits	4,150	1,050
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,469	1,527

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	169
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Item 6.1 Reflects amounts paid to directors including director's fees, salaries, superannuation and consulting fees.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(662)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,469
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,469
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.3
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: XX January 2021

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.