

## Chairman's Address

### Anatara Lifesciences 2017 AGM

Before moving on to the resolutions, I would like to take a moment to reflect on a year that has seen your Company achieve several major milestones in readying our lead product Detach® for market launch.

The macro-environment continues to strengthen our cause, as the global issue of antibiotic resistance gains momentum on an international scale and consumer demand for antibiotic free meat continues to grow at a rapid pace. As a result, the need for a non-antibiotic product like Detach®, which will assist producers to control scour (diarrhoea) in their piglets, is becoming even more critical.

The US's biggest food players continued to make progress toward ending routine antibiotic use, with many new initiatives implemented within the last year. Kentucky Fried Chicken was the latest large restaurant chain to announce that it would discontinue purchasing chicken treated with antibiotics used in humans by 2018 and globally, the McDonalds group is forging ahead with its plans to curb the use of important human antibiotics in its worldwide chicken supply.

This international movement against the overuse of antibiotics, coupled with the European Union's recent ban on the use of zinc oxide at medicinal levels in piglet feed, means farmers are running out of options to help prevent and control diarrhoea in their piglets. Zinc oxide is widely used across the European Union, with up to 90% of diets for young pigs in the UK containing zinc oxide at therapeutic levels<sup>1</sup>. This ban, to be phased in over 5 years, will necessitate the introduction of alternative products to aid in the control of diarrhoea in piglets.

One of the most significant achievements for the Company this past financial year was the submission of the Detach® registration application dossier to the Australian Pesticides and Veterinary Medicines Authority (APVMA). The dossier was filed in October 2016 and is currently in the final stages of review by the APVMA. Once approved, we will have the green light to make Detach® available to Australian farmers to aid in the control of diarrhoea in their piglets.

In August 2017, the Company was delighted to announce it had commenced negotiations for the worldwide development, distribution and marketing of Detach® with global animal health company, Zoetis Inc. Zoetis' interest in a commercial agreement follows their preliminary evaluation of Detach® as a non-antibiotic approach to aid in the control of scour in certain livestock. The discussions with Zoetis are well underway and we will keep the market updated on the outcome.

In tandem with the Zoetis evaluation of Detach® for international distribution, the Company continues to advance its plans to launch the product in Australia, with the completion of extensive market research, which has been invaluable in guiding the Detach® launch strategy and product positioning.

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<sup>1</sup> Driver, A, 21 June 2017, [Member states given five years to ban zinc oxide](http://www.pig-world.co.uk), Pig World [www.pig-world.co.uk](http://www.pig-world.co.uk)

Building on this market research, the team has developed a proprietary dosing device for optimal delivery of Detach® by pig farmers. The system is currently being used in the field to ensure it provides the best possible experience for the farmer - easy to use, trouble free and low maintenance.

Whilst Australia has been the Company's main focus, we have also continued to advance our knowledge and understanding of other markets.

Anatara has made significant progress on mapping the regulatory route for the launch of Detach® into key Asian pork producing countries. These key markets represent a large proportion of the world's pork industry and Anatara or a commercial partner, will be able to use this information to access those markets.

In June 2017, the Company received confirmation from the European Medicines Agency's (EMA) Committee for Medicinal Products for Veterinary Use, that bromelain (the active pharmaceutical ingredient in Detach®) was a non-toxic substance that can safely be used as a therapeutic in pigs. This is part of the European registration process known as establishing a "Maximum Residue Limit" (MRL) for food producing animals. This is a significant outcome for Anatara as it confirms the safety of Detach® in its target animal species.

Anatara's priority remains on the pork industry globally, however with the pending Australian APVMA registration and Zoetis negotiations, the team is increasing its focus on pursuing the lucrative human applications for our technology.

In June 2017, Anatara announced it had opened a research facility in Melbourne. The facility has allowed for the expansion of the R&D team, established a technical support service for Detach®, and will ensure Anatara remains at the forefront of bromelain research and product development.

In collaboration with CSIRO and La Trobe's Institute for Molecular Science (LIMS), Anatara was awarded grant funding of \$315,000 under the Science and Industry Endowment Fund's (SIEF) STEM+ Business Fellowship Program. The project will support the development of the next generation of potential products, focused on developing specific bromelain proteases for the treatment of gastrointestinal diseases in humans and animals.

In this context, it should be noted that during the last financial year, two of our patent applications have progressed to the next phase in the examination and granting process, including an application directed towards therapeutically useful fractions and mixtures of bromelains, which is anticipated to be employed in our future human health product portfolio.

In parallel with driving our business strategy and product development forward, we have continued to recognise the importance of maintaining a strong investor relations program. The Company has pursued an active market awareness program this year; most recently, an interview with CommSec's "Executive Series" program, as well as delivering presentations at several key retail investment conferences throughout the year and directly to institutional investors in recent weeks.

The Company also presented to various investment groups, such as the Brisbane Investors Group, the Queensland Investors Club and the Brisbane Angels. We are grateful for their

ongoing support. Several respected and prominent analysts produced research reports on the Company during the period, with strong price targets and buy ratings. The Company continues to delivery steady growth since the IPO, with the share price up 305% since listing.

On behalf of my fellow directors, I thank all our shareholders for their support throughout the year.

### **In closing**

The global threat of antibiotic resistance continues to gain headlines and the demand for immediate action to reduce the use of antibiotics in livestock production grows at a rapid pace. Just last week, the World Health Organization (WHO) released a statement strongly recommending an overall reduction in the use of all classes of medically important antibiotics in food-producing animals, including the complete restriction of these antibiotics for growth promotion and disease prevention without diagnosis.

Their recommendations came after a WHO commissioned study<sup>2</sup> found that the prevalence of antibiotic resistant bacteria in farmed animals dropped by up to 32% in places that had cut back on antibiotic use.

The wider financial community continues to remain concerned with the use of antibiotics in farming, with AMP Capital releasing a whitepaper in May 2017 which identified antibiotic resistance as an earnings risk to global food companies; with increased regulatory intervention and reduced consumer demand for factory farmed meat, both likely to impact livestock producers, restaurants and suppliers to food retailers.

Given the increasingly-supportive macro-environment and the considerable progress Anatara has made this year to deliver on an urgent, unmet market need, the Company is in a very strong position heading into 2018.

I thank you, our shareholders, for your support and shared belief in the Company. Thanks also to my fellow Directors for the discipline applied to guiding the Company during the year, and to our dedicated team for their continued hard work and ongoing commitment to Anatara.

I look forward to keeping shareholders updated as we move our important products to market.

Thank you Ladies and Gentlemen.

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<sup>2</sup> K. L. Tang et al. Lancet Planet. Health <http://doi.org/cfxh>; 2017