

ASX Release

Anatara Appendix 4C

MELBOURNE, 27th April 2020: Anatara Lifesciences Ltd (ASX:ANR) is pleased to release its Appendix 4C for the quarter ending 31st March 2020. The Company's cash plus term deposits at the end of the quarter stood at \$3.3m (31st December 2019: \$4.3m). On 31st March 2020, the Company had cash at bank of \$2,808,802 and \$500,000 in term deposits.

Expenditure during the quarter was lower than forecast primarily due to timing of payments for R&D expenditure plus 11% lower than forecast non-R&D expenditure. Administration and Corporate cash outflow was reduced by 26% (Quarter) and 36% (Financial Year to Date) in March 2020 compared to the previous corresponding periods.

Forecast expenditure for the June 2020 quarter is anticipated to be in line with March 2020 with a reduction in administrative, staff and corporate costs offsetting an estimated 20% increase in R&D costs as activities for development of the Company's Gastrointestinal Reprogramming (GaRP) over-the-counter (OTC) medicine advance. Cash remuneration paid to Directors and the CEO during this period will be materially reduced.

Anatara made three notable announcements during the quarter; reporting the achievement of key milestones for its GaRP OTC medicine development program: (1) summary of successful preclinical data; (2) registered office moves to Melbourne reducing expenditure on the Brisbane office; (3) COVID-19 market update.

The Company remains highly encouraged by the successful *in vitro* and *in vivo* preclinical data reported for its GaRP OTC medicine to date. Anatara anticipates a delay, to late second half of 2020, for commencement of its clinical trial in irritable bowel syndrome (IBS). Anatara has designed a decentralised trial allowing participants to be recruited and participate remotely. It is anticipated that this trial design will enable recruitment of participants and higher retention rates than traditional centralised trials. Anatara has initiated partnering discussions with multinational consumer health companies.

In parallel, the Company continues to advance licensing discussions with potential animal health partners for our core animal asset, Detach[®], with the aim of meeting our partnering milestone of end Q2 2020. We do not anticipate a material delay due to the COVID-19 pandemic. Anatara will monitor developments around COVID-19 and if needed, will update the market accordingly.

Anatara CEO, Mr Steven Lydeamore said, "During these uncertain times, the Company remains optimistic that the impact of the COVID-19 pandemic will be limited to medium-term delays in accomplishing our corporate objectives."

Anatara's Gastrointestinal ReProgramming (GaRP) OTC medicine

Anatara's GaRP over-the-counter medicine is being developed to specifically target two human gastrointestinal disorders, irritable bowel syndrome (IBS) and inflammatory bowel disease (IBD). IBS is the most common GI condition affecting approximately 11% of the global population¹ while IBD affects an estimated five million people globally.²

GaRP is a single product with multiple benefits, aimed at effectively managing many of the major symptoms experienced by IBS and IBD patients. GaRP has been designed as an everyday option for IBS patients to 1) manage ongoing chronic symptoms and 2) minimise episodic flare ups. The product works in four ways to obtain relief for patients, targeting ingredients to where they are most needed:

1. Reduces pain of episodic flare ups by relaxing muscles of the gut
2. Reduces inflammation by protecting the lining of the gut
3. Restores the microbiome by promoting the growth of good bacteria
4. Repairs and regenerates the lining of the gut wall to protect against future flare ups.

Current pharmaceutical treatments have high failure rates and severe side-effects, leading to over 50% of IBS³ and IBD⁴ patients trying complementary and alternative medicines (CAMs) in the hope of effectively managing their chronic bowel condition. As many patients and healthcare providers believe the risk benefit of CAMs to be favourable, patients are willing to invest in their health, with this market segment being significant. In 2018, expenditure on gastrointestinal supplements and OTC digestive remedies in the US alone was US\$8 billion^{5,6}.

¹ Clinical Gastroenterology and Hepatology 2012; 10, 712-721.

² Crohn's and Colitis Australia.

³ Grundmann O & Yoon S (2014) World J. Gastroenterol 20 (2). p.346.

⁴ Lovell R & Ford A (2012) Clin. Gastroenterol. Hepatol. 10. p.712

⁵ Mintel's 2018 Digestive Health U.S., July 2019.

⁶ 2018 category insight Report: follow your gut-a global look at Digestive Health Products.

For more information please contact:

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About Anantara Lifesciences Ltd

Anantara Lifesciences Ltd (ASX:ANR) is developing and commercialising innovative, evidence-based products for gastrointestinal health where there is significant unmet need. Anantara is a life sciences company with expertise in developing products for animal and human health. Anantara is focused on building a pipeline of human gastrointestinal health products. Underlying this product development program is our commitment to delivering real outcomes for patients and strong value for our shareholders.

Disclaimer

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Appendix 4C

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

Name of entity

Anatara Lifesciences Ltd (ASX: ANR)

ABN

41 145 239 872

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(358)	(811)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(404)	(1,374)
(f) administration and corporate costs	(276)	(941)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	88
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	847
1.8 Other (GST refunded)	42	109
1.9 Net cash from / (used in) operating activities	(980)	(2,082)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(3)
(d) investments	(500)	(1,500)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	500	5,050
	(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	-	3,547

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,801	1,360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(980)	(2,082)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	3,547

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(12)	(16)
4.6	Cash and cash equivalents at end of period	2,809	2,809

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	1,809	651
5.2	Call deposits	1,000	3,150
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)	2,809	3,801

(*) As at 31 March 2020, other than the cash and cash equivalent presented above, the Company also had \$500,000 (31 December 2019: \$500,000) in deposits with terms of greater than 90 days.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

99

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

The amount at 6.1 includes payment of directors' fees and superannuation.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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.

N/A

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(980)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,809
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,809
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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: 27th April 2020



Steven Lydeamore, Chief Executive Officer

Authorised by: The Board of Anantara Lifesciences Ltd in compliance with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

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.