

## Appendix 4E and financial report for year ended 30 June 2020

### Key points:

- **Income during period was \$841,275, resulting from recognition of R&D tax incentive and other government incentives, grant, and finance income**
- **Successful preclinical program has provided strong scientific proof that Anatara's GaRP dietary supplement may be the breakthrough product so desperately needed by patients suffering chronic bowel conditions**
- **Anatara has advanced GaRP to being clinical trial ready and has developed new bromelain-based formulations for challenge trials in piglets and poultry**
- **Anatara remains in discussions with third parties to progress development of the company's animal health assets to address barriers to partnering**
- **Anatara is evaluating partnering opportunities for GaRP with multinational consumer health companies with a view to partnering by the end of calendar 2020**
- **Anatara continues to progress the human health portfolio and now plans the commencement of a clinical trial of GaRP in IBS in the 4th quarter of calendar 2020**

MELBOURNE, 24 August 2020: Anatara Lifesciences (ASX: ANR) today released its Appendix 4E and review of operations for the period ending 30 June 2020.

Anatara's CEO, Mr Steven Lydeamore said, "We are pleased to have come out of this challenging period on the cusp of commencing a randomized, placebo controlled clinical trial in irritable bowel syndrome. The Anatara team successfully completed pre-clinical development, advanced GaRP to being clinical trial ready and developed new bromelain-based formulations for challenge trials in piglets and poultry."

The Company commenced the financial year with a clear focus on successfully transitioning Anatara into a human health company, through pursuing the global gastrointestinal health market. In October 2019, the Company announced statistically significant efficacy data from its *in vivo* mouse studies and further positive *in vitro* proof of concept data for its Gastrointestinal ReProgramming (GaRP) product.

In December 2019, the Company announced the potential adjuvant effect in reducing inflammation with the co-administration of GaRP with disease-modifying medications, the potential to reduce the dose of disease-modifying medications known to have devastating side-effects, and that GaRP does not affect the uptake or potential activity of probiotics.

Anatara continues to execute its human health development plans, and in parallel has prioritised removing barriers to out-licensing Detach® through progression of challenge trials for newly developed formulations for piglets (in-feed) and for poultry. The Company anticipates renewed interest in partnering Detach® upon successful completion of challenge trials.

Mr Steven Lydeamore said “We anticipate commencement of an IBS clinical trial in the 4th quarter of calendar 2020. Anatara is evaluating partnering opportunities for GaRP with multinational consumer health companies with a view to partnering by the end of calendar 2020. We look forward to announcing these important Company milestones over the coming year”.

**For more information please contact:**

General inquiries	
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**About Anatara Lifesciences Ltd**

Anatara Lifesciences Ltd (ASX:ANR) is developing and commercialising innovative, evidence-based products for gastrointestinal health where there is significant unmet need. Anatara is a life sciences company with expertise in developing products for animal and human health. Anatara 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**

The information in this presentation does not constitute personal investment advice. The presentation is not intended to be comprehensive or provide all information required by investors to make an informed decision on any investment in Anatara Lifesciences Ltd, ACN 145 239 872 (Company). In preparing this presentation, the Company did not take into account the investment objectives, financial situation, and particular needs of any particular investor. Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in the presentation. Those acting upon any information without advice do so entirely at their own risk. Whilst this presentation is based on information from sources which are considered reliable, no representation or warranty, express or implied, is made or given by or on behalf of the Company, any of its directors, or any other person about the accuracy, completeness or fairness of the information or opinions contained in this presentation. No responsibility or liability is accepted by any of them for that information or those opinions or for any errors, omissions, misstatements (negligent or otherwise) or for any communication written or otherwise, contained or referred to in this presentation. Neither the Company nor any of its directors, officers, employees, advisers, associated persons or subsidiaries are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon any statement in this presentation or any document supplied with this presentation, or by any future communications in connection with those documents and all of those losses and damages are expressly disclaimed. Any opinions expressed reflect the Company's position at the date of this presentation and are subject to change.

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# Anatara Lifesciences Ltd

## Appendix 4E

### Year ended 30 June 2020

Name of entity:	Anatara Lifesciences Ltd
ABN:	41 145 239 872
Year ended:	30 June 2020
Previous period:	30 June 2019

#### Results for announcement to the market

				\$
Revenue from ordinary activities	Up	-%	to	-
Loss from ordinary activities after tax attributable to members	Down	17.3%	to	(3,364,644)
Net loss for the period attributable to members	Down	17.3%	to	(3,364,644)

#### Distributions

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

#### Explanation of results

Please refer to the review of operations and activities on page 3 for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2020.

#### Net tangible assets per security

	2020 Cents	2019 Cents
Net tangible asset backing (per security)	5.73	11.96

#### Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2020.

#### Other information required by Listing Rule 4.3A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

#### Audit

The financial statements have been audited by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

**Anatara Lifesciences Ltd**

ABN 41 145 239 872

**Annual report  
for the year ended 30 June 2020**

# *Anatara Lifesciences Ltd*

ABN 41 145 239 872

## *Annual report - 30 June 2020*

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<b>Directors</b>	Ms Sue MacLeman <i>Non-Executive Chair</i>  Dr Tracie Ramsdale <i>Non-Executive Director</i>  Dr Jane Ryan <i>Non-Executive Director</i>  Dr David Brookes <i>Non-Executive Director</i>
<b>Secretary</b>	Mr Stephen Denaro
<b>Registered office and principal place of business</b>	Level 3, 62 Lygon Street Carlton South VIC 3053 Australia Telephone: +61 (0)7 3394 8202
<b>Share register</b>	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane QLD 4000 Telephone: +61 (0)7 3237 2100
<b>Auditor</b>	Grant Thornton Audit Pty Ltd Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Telephone: +61 (0)3 8320 2222
<b>Solicitors</b>	Thomson Geer Level 16, Waterfront Place 1 Eagle Street Brisbane QLD 4000
<b>Bankers</b>	Commonwealth Bank of Australia Melbourne VIC 3000
<b>Stock exchange listings</b>	Anatara Lifesciences Ltd shares are listed on the Australian Securities Exchange (ASX code: ANR)
<b>Website</b>	<a href="http://www.anataralifesciences.com">www.anataralifesciences.com</a>

Dear Shareholders,

On behalf of the Anatara Board, I am pleased to present our 2020 Annual Report.

### **Focusing on Human Gut Health**

Anatara is developing an OTC medicine to address factors associated with gastrointestinal (GI) disorders such as irritable bowel syndrome (IBS) and inflammatory bowel disease (IBD): microbiome dysbiosis, inflammation and mucosal damage. With preclinical development successfully completed, a clinical trial is anticipated in late 2020. IBS is the most commonly diagnosed GI condition affecting 11% of people globally. Patients experience high failure rates of current prescription therapies. Patients have a poor quality of life and 50% of IBS patients seek additional symptomatic relief through the use of adjunct therapies and complementary medicines. Anatara's OTC medicine is positioned as an adjunct to existing therapies to empower patients to better manage their symptoms. Finding and selecting the best marketing partner is critical to the success of a product such as GaRP and consequently this has and will continue to be a major focus for Anatara.

### **Animal Health**

Detach<sup>®</sup> is approved by the Australian Pesticides and Veterinary Medicines Authority (APVMA) for use in piglets in Australia. There is a need for a safe, effective, non-antibiotic solution to control scour in piglets and that is a similar need in other livestock species, such as poultry. Feedback from potential licensees suggests additional dosage forms for piglets is required and furthermore proof of concept data in encouraging indications for other livestock species such as poultry. Anatara has progressed development of additional dosage forms and is progressing proof of concept studies to expand utility of Anatara's animal health assets.

### **Outlook**

The Board is pleased that notwithstanding Covid-19, the Anatara team have been able to advance GaRP to being clinical trial ready and to develop new bromelain-based formulations for challenge trials in piglets and in poultry. The Board is committed to continue to execute its human health development plans, and in parallel, the Company has prioritised removing barriers to out-licensing Detach<sup>®</sup> through progression of challenge trials for newly developed formulations for piglets (in-feed) and for poultry. Anatara anticipates renewed interest in partnering Detach<sup>®</sup> upon successful completion of challenge trials.

Anatara anticipates commencement of an IBS clinical trial in the 4th quarter of calendar 2020, with a view to partnering by the end of calendar 2020. We look forward to announcing these important Company milestones over the coming year.

Finally, on behalf of my fellow directors, I thank Anatara's shareholders for their patience and support throughout the year. Thanks also goes to the Anatara Board and our small but dedicated team for their continued hard work and ongoing commitment to the Company. We look forward to seeing those shareholders who can join us at the Anatara AGM.

Yours sincerely,



Sue MacLeman  
Chair

During the year to 30 June 2020, the Company made significant steps towards taking its first human gastrointestinal health product, GaRP (Gastrointestinal ReProgramming dietary supplement), to market. Expenditure in furthering this effort resulted in a loss after tax of \$3,364,644 for the period (2019: \$2,868,272).

#### *Human Health*

In January 2020, the Company summarised completion of preclinical studies for Anatara's Gastrointestinal ReProgramming (GaRP) OTC medicine. GaRP is a single product with multiple benefits, aimed at effectively managing many of the major symptoms experienced by irritable bowel syndrome (IBS) and inflammatory bowel disease (IBD) patients. Anatara anticipates commencement of an IBS clinical trial in the 4th quarter of calendar 2020.

#### *Animal Health*

Detach<sup>®</sup> is approved by the Australian Pesticides and Veterinary Medicines Authority (APVMA) for use in piglets in Australia. There is a need for a safe, effective, non-antibiotic solution to control scour in piglets and that is a similar need in other livestock species, such as poultry. Opportunities exist for the product globally but with varying requirements for regulatory approval, including additional formulations and in-country field trials. Feedback from potential licensees suggests additional dosage forms for piglets is required and furthermore proof of concept data in encouraging indications for other livestock species such as poultry.

New bromelain-based formulations have been developed: an in-feed formulation for piglets and a formulation for poultry. Anatara will progress challenge trials with these formulations. The poultry challenge trial will be in collaboration with Poultry Hub Australia (University of New England). Poultry challenge trial results are anticipated by January 2021.

#### *Partnering*

Anatara is engaged in licensing discussions for GaRP for human health with international consumer health companies and for companion animals with international animal health companies. Anatara anticipates commencement of an IBS clinical trial in the 4th quarter of calendar 2020, with a view to partnering by the end of calendar 2020. Anatara anticipates renewed interest in partnering Detach<sup>®</sup> upon successful completion of challenge trials. We look forward to announcing these important Company milestones over the coming year.

#### *Investor outreach*

Anatara continued an active market awareness program during the first half of the year, delivering presentations directly to shareholders and investors in Melbourne (August 2019, October 2019) and Sydney (November 2019). Investor relations activity was reduced in the second half of the year as part of cost containment activities. Anatara will be presenting at the ASX Small and Mid-cap Conference in September 2020.

#### *Commercial focus*

Looking ahead, Anatara will continue to execute its human health development plans, and in parallel, the Company has prioritised out-licensing both its animal health and human health assets.



Your directors present their report on the consolidated entity consisting of Anatara Lifesciences Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as the group.

### **Directors and company secretary**

The following persons held office as directors of Anatara Lifesciences Ltd during the whole of the financial year and up to the date of this report, except where otherwise stated:

Ms Sue MacLeman, Non-Executive Chair  
Dr Tracie Ramsdale, Non-Executive Director  
Dr Jane Ryan, Non-Executive Director  
Dr David Brookes, Non-Executive Director

The following persons held office as company secretary of Anatara Lifesciences Ltd during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Stephen Denaro

### **Principal activities**

The group is developing non-antibiotic oral solutions for gastrointestinal diseases in animals and humans and continues to develop and commercialise Detach<sup>®</sup>, a non-antibiotic therapy that prevents and treats diarrhea (also known as scour) in piglets.

### **Dividends - Anatara Lifesciences Ltd**

No dividends were declared or paid to members for the year ended 30 June 2020. The directors do not recommend that a dividend be paid in respect of the financial year.

### **Review of operations**

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on page 3 of this annual report.

### **Significant changes in the state of affairs**

Significant changes in the state of affairs of the group during the financial year were as follows.

On 14 October 2019, the company reported statistically significant animal studies. Successful completion of the preclinical program has provided strong scientific proof that the GaRP dietary supplement has the potential to be game changing. When compared to a placebo control, GaRP reduced the combined disease characteristics of colon inflammation and disrupted bowel habits by 2.5-fold ( $p=0.012$ ). Promoted mucosal healing by increasing mucin genes by a factor of 5 to 7-fold (MUC2 and MUC6,  $p<0.001$ ).

On 19 December 2019, the company reported achievement of an important preclinical milestone, namely a potential adjuvant effect in reducing inflammation with the co-administration of GaRP with disease-modifying medications. This offers the potential to reduce the dose of disease-modifying medications known to have devastating side-effects. It was also shown that GaRP does not affect the uptake or potential activity of probiotics.

On 20 December 2019, the company reported finalisation of a draft protocol for an IBS clinical trial. However, on 7 April 2020, the company advised that due to Covid-19 plans to initiate an IBS clinical trial had been delayed to the second half of 2020.

### **Significant changes in the state of affairs (continued)**

The company received financial support from Federal Government incentives through Cashflow Boost and, through payroll tax refunds and deferrals by state governments. Anatara recorded other income of \$101,765 for these items. Anatara did not participate in JobKeeper and has not terminated any employees during this period. Anatara employees have been able to continue laboratory-based activities and as a result have advanced GaRP to being clinical trial ready. In addition, new bromelain-based formulations were developed for challenge trials in piglets (in-feed) and in poultry.

On 23 June 2020, the company provided an update on partnering GaRP and Detach<sup>®</sup>. Anatara remains in discussions with third parties to progress development of the company's animal health assets to address barriers to partnering. Anatara did not anticipate reaching a partnering agreement by the end of FY 2020 for an animal health product. Anatara continues to progress the human health portfolio and now plans the commencement of a clinical trial of GaRP in irritable bowel syndrome (IBS) in the 4th quarter of calendar 2020. Anatara is evaluating partnering opportunities for GaRP with multinational consumer health companies.

### **Events since the end of the financial year**

No matter or circumstance has arisen since 30 June 2020 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

### **Likely developments and expected results of operations**

Other than the information disclosed in the review of operations and activities on page 3, there are no likely developments or details on the expected results of operations that the group has not disclosed.

### **Environmental regulation**

The group is not affected by any significant environmental regulation in respect of its operations.

## Information on directors

The following information is current as at the date of this report.

<b>Ms Sue MacLeman</b> <i>Non-Executive Chair</i>	
Experience and expertise	<p>Sue has more than 30 years' experience as a pharmaceutical, biotechnology and medical technology executive with senior roles in corporate, medical, commercial and business development. Sue has served as CEO and Board member of several ASX and NASDAQ listed companies in the sector. She is currently Chair - Anatara Lifesciences (ASX:ANR), Chair - MTPConnect (Medical Technology and Pharmaceuticals Industry Innovation Growth Centre), Chair of Tali Digital Ltd (ASX:TD1), Non-Executive Director of Palla Pharma Ltd (ASX:PAL), Non-Executive Director - Oventus Medical Ltd (ASX:OVN), and Non-Executive Director of veski.</p> <p>Sue is also appointed to a number of academic and government advisory committees including the Prime Ministers Digital Expert Advisory Board, Australian Advisory Board of Technology and Healthcare Competitiveness, CSIRO Health and Biosecurity Advisory Committee, the Genomics Health Futures Expert Advisory Committee (MRFF), various Covid-19 taskforces, the DMTC Strategic Advisory Medical Countermeasures Committee and the Asialink Business Taskforce. Sue is also Chair of ATSE Health Technology Forum and ATSE Policy Committee.</p> <p>Her broad commercial experience is underpinned by graduate qualifications in pharmacy and post graduate qualifications in corporate governance, commercial law, business administration and marketing.</p>
Other current public directorships	<p>Tali Digital Ltd (ASX: TD1), since 6 September 2018                      Oventus Medical Ltd (ASX: OVN), since 27 November 2015                      Palla Pharma Limited (ASX: PAL), since 27 November 2018</p>
Former public directorships in last 3 years	<p>RHS Limited (ASX: RHS), until June 2018</p>
Special responsibilities	<p>Chair of Board                      Member of the audit and risk management committee                      Member of the remuneration and nominations committee</p>

Information on directors (continued)

<b>Dr Tracie Ramsdale</b> <i>Non-Executive Director</i>	
Experience and expertise	<p>Tracie has over 30 years experience in the development and commercialisation of life sciences technologies and has engaged with all aspects of the innovation and commercialisation pipeline. Following a successful career as a Principal Investigator and Commercial Manager of the Centre for Drug Design and Development at the University of Queensland, Tracie co-founded a drug discovery and development company (Alchemia Limited) and served as its CEO for almost 10 years. During this time, she was responsible for multiple financing transactions and licensing the company's technology to major international pharmaceutical and manufacturing partners.</p> <p>Tracie has extensive experience as a CEO, board member and advisor of several ASX-listed and unlisted companies. Tracie has chaired the audit and risk, and research and development committees of ASX-listed companies. She has served on a number of industry and government advisory committees and provides independent consulting advice to the biotechnology industry, academia and government. Tracie is a Fellow of the Australian Academy of Technological Sciences and Engineering, and a member of the Australian Institute of Company Directors.</p>
Other current public directorships	None
Former public directorships in last 3 years	None
Special responsibilities	<p>Member of the audit and risk management committee</p> <p>Member of the remuneration and nominations committee</p>

**Information on directors (continued)**

<b>Dr Jane Ryan</b> <i>Non-Executive Director</i>	
Experience and expertise	<p>Jane has over 30 years of international experience in the pharmaceutical and biotechnology industries where she has held executive roles in management of research and development programs as well as business development and alliance management. Jane has worked in Australia, the United States and United Kingdom with companies including Peptech, Roche, Cambridge Antibody Technology and Biota Holdings. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the awarding of a \$230 million US Government contract.</p> <p>Jane currently chairs the Advisory Board at the ithree Institute at the University of Technology Sydney (UTS) which studies how microbes grow, live, adapt and survive. Jane was previously a Board Member of the Victorian endowment for Science Knowledge and Innovation (veski), Diabetes Victoria, TechInSA, and the Diabetes Vaccine Development Centre.</p>
Other current public directorships	None
Former public directorships in last 3 years	None
Special responsibilities	<p>Member of the audit and risk management committee</p> <p>Chair of the remuneration and nominations committee</p>

## Information on directors (continued)

<b>Dr David Brookes</b> <i>Non-Executive Director</i>	
Experience and expertise	<p>Dr. Brookes has extensive experience in the health and biotechnology industries, first becoming involved in the biotechnology sector in the late 1990's as an analyst. Dr. Brookes has since held Board positions in numerous ASX listed biotechnology companies, including Chairman of genomics solutions company, RHS Ltd, which was acquired by PerkinElmer Inc (NYSE:PKI \$9B biotech company) in June 2018. He has also Chaired and been a member of a number of risk and audit committees in ASX listed companies. He is currently a Non-Executive Director of Factor Therapeutics (ASX: FTT) as well as Non-Executive Chairman of the Better Medical group (unlisted).</p> <p>Dr. Brookes maintains roles as a clinician and as a biotechnology industry consultant. Dr Brookes, MBBS (Adelaide), is a Fellow of the Australian College of Rural and Remote Medicine and a Fellow of the Australian Institute of Company Directors.</p>
Other current public directorships	<p>Factor Therapeutics Limited (ASX: FTT), since 10 April 2019</p> <p>Tali Digital Ltd (ASX: TD1), since 29 June 2020</p>
Former public directorships in last 3 years	<p>AtCor Medical Holdings Limited (ASX: ACG), until 3 April 2018</p> <p>RHS Limited (ASX: RHS), until 15 June 2018</p>
Special responsibilities	<p>Chair of the audit and risk management committee</p> <p>Member of the remuneration and nominations committee</p>

## Company secretary

The company secretary is Mr Stephen Denaro, appointed to the position on 24 February 2014. Stephen has extensive experience in mergers and acquisitions, business valuations, accountancy services, and income tax compliance gained from positions as Company Secretary and Chief Financial Officer of various public companies and with major chartered accountancy firms in Australia and the United Kingdom. He provides company secretarial services for a number of start-up technology and ASX listed and unlisted public companies.

Stephen has a Bachelor of Business in accountancy, Graduate Diploma in Applied Corporate Governance and is a member of the institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

## Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Ms Sue MacLeman	10	10	2	2	4	4
Dr Tracie Ramsdale	10	10	2	2	4	4
Dr Jane Ryan	10	10	2	2	4	4
Dr David Brookes	9	9	2	2	4	4

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

## Remuneration report (audited)

The directors present the Anatara Lifesciences Ltd 2020 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Contractual arrangements with executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information

### *(a) Key management personnel covered in this report*

Ms Sue MacLeman, Non-Executive Chair  
Dr Tracie Ramsdale, Non-Executive Director  
Dr Jane Ryan, Non-Executive Director  
Dr David Brookes, Non-Executive Director

### *Other key management personnel*

Mr Steven Lydeamore, Chief Executive Officer  
Dr Michael West, Chief Operating Officer  
Dr Tracey Brown, Chief Development Officer (resigned on 31 January 2020)

### *(b) Remuneration policy and link to performance*

Our remuneration and nominations committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

## Remuneration report (audited) (continued)

### (b) Remuneration policy and link to performance (continued)

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market remuneration	Nil	Positioned at the market rate
STI	Reward for in-year performance and retention	KPI achievement, determined by remuneration and nominations committee	CEO: 40% of FR COO: 30% of FR CDO: 30% of FR
LTI	Alignment to long-term shareholder value	KPI achievement, determined by remuneration and nominations committee	CEO: 600,000 unlisted 5-year options at \$0.736 exercise price  COO: 210,000 unlisted 5-year options at \$1.70 exercise price  CDO: 210,000 unlisted 5-year options at \$1.70 exercise price

### Assessing performance

The remuneration and nominations committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

### Securities trading policy

Anatara Lifesciences Ltd's securities trading policy applies to all directors and executives, see <https://anatalarlifesciences.com/investors/corporate-governance/>. It only permits the purchase or sale of company securities during certain periods.

### (c) Elements of remuneration

#### (i) Fixed annual remuneration (FR)

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

#### (ii) Short-term incentives

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the remuneration and nominations committee and board.



## Remuneration report (audited) (continued)

### (c) Elements of remuneration (continued)

#### (ii) Short-term incentives (continued)

The company's CEO, COO and CDO are entitled to short-term incentives in the form of cash bonus up to 40%, 30% and 30% of FR, respectively, against agreed various key performance indicators (KPIs), including target EBITDA, appreciation in share price value, retention of key talent, and achievement of major project milestones.

On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial and non-financial company and individual performance goals that relate to:

- Operational management
- Investor relations and shareholder value creation
- R&D activities
- Product development and commercialisation

#### (iii) Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'executive option plan' (EOP), that was approved by shareholders at the annual general meeting held on 13 November 2017. The aim of the EOP is to allow executives to participate in, and benefit from, the growth of the company as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

### (d) Link between remuneration and performance

#### Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2020	2019	2018	2017	2016
Loss for the year attributed to owners (\$)	3,364,644	2,868,272	3,569,016	1,705,002	723,934
Basic loss per share (cents)	6.77	5.80	7.22	3.45	1.41
Share price at year end (\$)	0.130	0.255	0.64	1.00	1.26

The company's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by Anatara Lifesciences Ltd. The company continues to focus on revenue growth with the objective of achieving key commercial milestones in order to add further shareholder value.

## Remuneration report (audited) (continued)

### (e) Remuneration expenses

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

2020	Short-term benefits		Post employment benefits	Long term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Superannuation	Long service leave	Options	Performance rights	
	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>							
Ms Sue MacLemann	135,585	-	12,881	-	517	-	148,983
Dr Tracie Ramsdale	67,792	-	6,440	-	258	21,896	96,386
Dr Jane Ryan	72,635	-	6,900	-	277	-	79,812
Dr David Brookes	72,635	-	6,900	-	277	-	79,812
<b>Other KMP</b>							
Mr Steven Lydeamore	379,807	33,927	36,082	2,035	73,115	95,547	620,513
Dr Michael West	250,000	18,750	23,750	4,328	3,118	64,125	364,071
Dr Tracey Brown	172,223	23,625	14,159	-	3,118	23,625	236,750
<b>Total KMP compensation</b>	<b>1,150,677</b>	<b>76,302</b>	<b>107,112</b>	<b>6,363</b>	<b>80,680</b>	<b>205,193</b>	<b>1,626,327</b>

### Notes

- Cash bonus includes estimation of the bonus for the current year and any adjustments to the bonus for prior years.
- Due to COVID-19, Anatara Board resolved to reduce their directors' fees from 1 May 2020 temporarily. On 22 June 2020, Anatara Board resolved to issue 761,912 options (subject to approval by shareholders at November 2020 AGM) to non-executive directors and KMP.
- Dr Tracey Brown resigned on 31 January 2020 and 210,000 unlisted options (total value \$121,716) were cancelled during the year.

**Remuneration report (audited) (continued)**

*(e) Remuneration expenses (continued)*

**2019**

	Cash salary and fees	Cash bonus	Short-term benefits	Post employment benefits	Long term benefits	Share-based payments	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>							
Ms Sue MacLemann	115,769	-	10,998	-	-	-	126,767
Dr Tracie Ramsdale	232,407	46,073	23,885	-	-	-	302,365
Dr Jane Ryan	62,019	-	5,892	-	-	-	67,911
Dr David Brookes	32,347	-	3,073	-	-	-	35,420
Dr Jay Hetzel	37,692	-	3,581	-	-	-	41,273
Mr Ian Ross	21,900	-	-	-	-	-	21,900
Mr Paul Grujic	12,114	-	1,151	-	-	-	13,265
<b>Other KMP</b>							
Mr Steven Lydeamore	257,190	67,853	21,649	259	-	75,216	422,167
Dr Michael West	250,000	-	27,312	2,592	-	18,201	298,105
Dr Tracey Mynott	38,463	-	12,284	-	125,000	-	175,747
Dr Tracey Brown	250,000	28,500	29,094	2,504	-	18,201	328,299
<b>Total KMP compensation</b>	<b>1,309,901</b>	<b>142,426</b>	<b>138,919</b>	<b>5,355</b>	<b>125,000</b>	<b>111,618</b>	<b>1,833,219</b>

*Notes*

- Cash bonus includes estimation of the bonus for the current year and any adjustments to the bonus for prior years.
- Dr Tracie Ramsdale resigned as Interim CEO changing her role from Executive Director to Non-Executive Director effective from 7 January 2019.
- Mr Steven Lydeamore was appointed to CEO on 2 December 2018.
- Ms Sue MacLeman was appointed Non-Executive Chair on 1 September 2018.
- Dr Jay Hetzel resigned on 12 November 2018.
- Mr Paul Grujic resigned on 31 August 2018.
- Mr Ian Ross resigned on 30 September 2018.

**Remuneration report (audited) (continued)**

*(f) Contractual arrangements with executive KMPs*

**Name:** Mr Steven Lydeamore  
**Position:** Chief Executive Officer  
**Contract duration:** Unspecified  
**Notice period:** 6 months by either party  
**Fixed remuneration:** \$395,000 per annum, plus 9.5% superannuation

**Name:** Dr Michael West  
**Position:** Chief Operating Officer  
**Contract duration:** Unspecified  
**Notice period:** 3 months by either party  
**Fixed remuneration:** \$250,000 per annum, plus 9.5% superannuation

**Name:** Dr Tracey Brown  
**Position:** Chief Development Officer  
**Contract duration:** Unspecified  
**Notice period:** 3 months by either party  
**Fixed remuneration:** \$250,000 per annum, plus 9.5% superannuation

*(g) Non-executive director arrangements*

Non-executive directors receive a board fee and fees for chairing but not participating on board committees, see table below. They do not receive performance-based pay or retirement allowances. The fees are exclusive of superannuation. The chair receives double the base fee of other non-executive directors, reflective of the additional demands and responsibilities of this role.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser.

The maximum annual aggregate directors' fee pool limit is \$500,000, adopted on initial public offering of Anatara Lifesciences Ltd on 14 October 2014.

**Base fees**

Chair	\$140,000
Other non-executive directors	\$70,000

**Additional fees**

Audit and risk management committee - chair	\$5,000
Audit and risk management committee - member	\$0
Remuneration and nominations committee - chair	\$5,000
Remuneration and nominations committee - member	\$0

# Remuneration report (audited) (continued)

## (h) Additional statutory information

## (i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 13 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Non-executive director</b>						
Ms Sue MacLeman	100	100	-	-	-	-
Dr Tracie Ramsdale	77	86	-	14	23	-
Dr Jane Ryan	100	100	-	-	-	-
Dr David Brookes	100	100	-	-	-	-
<b>Other KMP</b>						
Mr Steven Lydeamore	67	67	5	16	27	17
Dr Michael West	76	94	5	-	18	6
Dr Tracey Brown	79	86	10	8	11	5

## (ii) Terms and conditions of the share-based payment arrangements

### Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price (\$)	Value per option at grant date (\$)	Vested (%)
2016-09-23	2019-09-23	2021-09-23	1.700	0.5796	100%
2019-04-10	2019-02-18	2024-02-17	0.736	0.2731	100%
2019-04-10	2020-02-18	2024-02-17	0.736	0.2731	100%
2019-04-10	2021-02-18	2024-02-17	0.736	0.2731	0.0%
2020-06-22	2020-09-01	2022-08-31	0.231	0.0737	0.0%
2020-06-20	2020-11-26	2022-11-25	0.231	0.0737	0.0%

For detailed disclosures please refer to note 18 on page 43.

**Remuneration report (audited) (continued)**

(h) *Additional statutory information (continued)*

(iii) *Reconciliation of options and ordinary shares held by KMP*

*Option holdings*

<b>2020</b>	<b>Balance at start of the period<sup>1</sup></b>	<b>Granted as remuneration</b>	<b>Exercised</b>	<b>Other changes<sup>2</sup></b>	<b>Balance at end of the period<sup>3</sup></b>	<b>Vested and exercisable</b>
<b>Options</b>						
Ms Sue MacLeman	-	-	-	137,515	137,515	-
Dr Tracie Ramsdale	-	-	-	68,765	68,765	-
Dr Jane Ryan	-	-	-	73,677	73,677	-
Dr David Brookes	-	-	-	73,677	73,677	-
Mr Steven Lydeamore	600,000	-	-	383,527	983,527	400,000
Dr Michael West	210,000	-	-	-	210,000	210,000
Dr Tracey Brown	210,000	-	-	(210,000)	-	-
	<b>1,020,000</b>	<b>-</b>	<b>-</b>	<b>527,161</b>	<b>1,547,161</b>	<b>610,000</b>

*Notes*

<sup>1</sup> Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

<sup>2</sup> Other changes incorporates changes resulting from the expiration/forfeiture of options.

<sup>3</sup> For a former KMP, the balance is as at the date they cease being a KMP.

**Remuneration report (audited) (continued)**

(h) *Additional statutory information (continued)*

(iii) *Reconciliation of options and ordinary shares held by KMP (continued)*

*Share holdings*

2020	Balance at the start of the period <sup>1</sup>	Granted as remuneration	Received on exercise of performance rights	Received on exercise of options	Other changes <sup>2</sup>	Balance at the end of the period <sup>3</sup>
<b>Ordinary shares</b>						
Ms Sue MacLeman	12,477	-	-	-	-	12,477
Dr Tracie Ramsdale	45,614	-	106,810	-	-	152,424
Dr Jane Ryan	-	-	-	-	49,745	49,745
Dr David Brookes	50,000	-	-	-	50,000	100,000
Mr Steven Lydeamore	50,000	-	149,457	-	-	199,457
Dr Michael West	-	-	82,599	-	-	82,599
Dr Tracey Brown	-	-	104,075	-	-	104,075
	<b>158,091</b>	<b>-</b>	<b>442,941</b>	<b>-</b>	<b>99,745</b>	<b>700,777</b>

*Notes*

<sup>1</sup> Balance may include shares held prior to individuals becoming a KMP. For individuals who became a KMP during the period, the balance is as at the date they became a KMP.

<sup>2</sup> Other changes incorporates changes resulting from the acquisition of shares.

<sup>3</sup> For a former KMP, the balance is as at the date they cease being a KMP.

In the current year, Steven Lydeamore, Michael West and Tracey Brown exercised Performance Rights which were issued in accordance with the Options approved under the Anatara Executive Option Plan. Tracie Ramsdale exercised Performance Rights as approved at the Annual General Meeting on 11 November 2019.

*(iv) Other transactions with key management personnel*

Aggregate amounts of other transactions with key management personnel of Anatara Lifesciences Ltd:

	2020	2019
	\$	\$
<i>Amounts recognised as expense</i>	-	-

*(v) Voting of shareholders at last year's annual general meeting*

Anatara Lifesciences Ltd received more than 75 percent of favourable votes on its remuneration report for the 2019 financial year. The company did not receive any specific feedback at the 2019 annual general meeting or throughout the year on its remuneration practices.

**[This concludes the remuneration report, which has been audited]**

## Shares under option

### (a) Unissued ordinary shares

Unissued ordinary shares of Anatara Lifesciences Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares (\$)	Number under option
2015-12-14	2020-12-14	1.450	562,500
2016-09-23	2021-09-23	1.700	210,000
2017-11-28	2022-11-17	2.270	36,000
2018-09-10	2020-12-14	1.450	750,000
2019-04-10	2024-02-17	0.736	600,000
2020-06-22	2022-08-31	0.231	383,527
2020-06-22	2022-11-25	0.231	378,385
Total			<u>2,920,412</u>

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

### (b) Shares issued on the exercise of options

No ordinary shares of Anatara Lifesciences Ltd were issued during the year ended 30 June 2020 on the exercise of options granted.

## Insurance of officers and indemnities

### (a) Insurance of officers

During the financial year, Anatara Lifesciences Ltd paid a premium of \$39,052 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### (b) Indemnity of auditors

Anatara Lifesciences Ltd has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Anatara Lifesciences Ltd's breach of their agreement. The indemnity stipulates that Anatara Lifesciences Ltd will meet the full amount of any such liabilities including a reasonable amount of legal costs.



### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020 \$	2019 \$
<b>Taxation services</b>		
Grant Thornton Audit Pty Ltd and its related entities and other Grant Thornton network firms:		
Tax compliance services	34,350	24,000
<b>Total remuneration for taxation services</b>	<b>34,350</b>	<b>24,000</b>
 <b>Total remuneration for non-audit services</b>	 <b>34,350</b>	 <b>24,000</b>

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

**Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, consisting of a stylized 'S' and 'M' followed by a horizontal line.

Ms Sue MacLeman  
Non-Executive Chair

Melbourne  
24 August 2020

## Auditor's Independence Declaration

### To the Directors of Anantara Lifesciences Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Anantara Lifesciences Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 24 August 2020

## **Corporate governance statement**

Anatara Lifesciences Ltd and the board are committed to achieving and demonstrating the highest standards of corporate governance. Anatara Lifesciences Ltd has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year. The 2020 corporate governance statement was approved by the board on 24 August 2020. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at <https://anataralifesciences.com/investors/corporate-governance/>.

# Anatara Lifesciences Ltd

ABN 41 145 239 872

## ***Annual financial report - 30 June 2020***

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These financial statements are consolidated financial statements for the group consisting of Anatara Lifesciences Ltd and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

Anatara Lifesciences Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 3, 62 Lygon Street  
Carlton South VIC 3053

The financial statements were authorised for issue by the directors on 24 August 2020. The directors have the power to amend and reissue the financial statements.

**Anatara Lifesciences Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
Revenue from contracts with customers	2	-	663,405
<b>Gross profit</b>		-	663,405
Other income	3(a)	789,211	877,573
General and administrative expenses	3(b)	(2,916,978)	(3,775,495)
Research and development expenses	3(b)	(1,288,941)	(776,256)
<b>Operating loss</b>		<b>(3,416,708)</b>	<b>(3,010,773)</b>
Finance income		52,064	142,501
<b>Loss before income tax</b>		<b>(3,364,644)</b>	<b>(2,868,272)</b>
Income tax expense	4	-	-
<b>Loss for the period</b>		<b>(3,364,644)</b>	<b>(2,868,272)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(3,364,644)</b>	<b>(2,868,272)</b>
Total comprehensive income for the period is attributable to:			
Owners of Anatara Lifesciences Ltd		<b>(3,364,644)</b>	<b>(2,868,272)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>			
Basic and diluted loss per share	20	<b>(6.77)</b>	<b>(5.80)</b>

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

**Anatara Lifesciences Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5(a)	2,682,368	1,360,077
Trade and other receivables	5(b)	630,333	895,986
Term Deposits	5(c)	-	4,050,000
Other current assets		23,740	49,021
<b>Total current assets</b>		<b>3,336,441</b>	<b>6,355,084</b>
<b>Non-current assets</b>			
Property, plant and equipment		7,187	20,196
Intangible assets		-	7,046
<b>Total non-current assets</b>		<b>7,187</b>	<b>27,242</b>
<b>Total assets</b>		<b>3,343,628</b>	<b>6,382,326</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	5(d)	412,355	364,551
Employee benefit obligations	6(a)	51,679	88,269
<b>Total current liabilities</b>		<b>464,034</b>	<b>452,820</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	6(a)	22,929	13,939
<b>Total non-current liabilities</b>		<b>22,929</b>	<b>13,939</b>
<b>Total liabilities</b>		<b>486,963</b>	<b>466,759</b>
<b>Net assets</b>		<b>2,856,665</b>	<b>5,915,567</b>
<b>EQUITY</b>			
Share capital	7(a)	17,039,590	16,941,392
Other reserves	7(b)	553,342	499,070
Accumulated losses		(14,736,267)	(11,524,895)
<b>Total equity</b>		<b>2,856,665</b>	<b>5,915,567</b>

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

**Anatara Lifesciences Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

Notes	Attributable to owners of Anatara Lifesciences Ltd			
	Share capital \$	Other reserves \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2018</b>	16,941,392	583,749	(8,937,691)	8,587,450
Loss for the period	-	-	(2,868,272)	(2,868,272)
<b>Total comprehensive loss for the period</b>	-	-	<b>(2,868,272)</b>	<b>(2,868,272)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Options issued/expensed	7(b) -	196,389	-	196,389
Options forfeited/lapsed	7(b) -	(281,068)	281,068	-
	-	(84,679)	281,068	196,389
<b>Balance at 30 June 2019</b>	<b>16,941,392</b>	<b>499,070</b>	<b>(11,524,895)</b>	<b>5,915,567</b>
Notes	Attributable to owners of Anatara Lifesciences Ltd			
	Share capital \$	Other reserves \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>	16,941,392	499,070	(11,524,895)	5,915,567
Loss for the period	-	-	(3,364,644)	(3,364,644)
<b>Total comprehensive loss for the period</b>	-	-	<b>(3,364,644)</b>	<b>(3,364,644)</b>
Share based payment expense - performance rights	98,198	-	-	98,198
<b>Transactions with owners in their capacity as owners:</b>				
Options issued/expensed	7(b) -	207,544	-	207,544
Options forfeited/lapsed	7(b) -	(153,272)	153,272	-
	-	54,272	153,272	207,544
<b>Balance at 30 June 2020</b>	<b>17,039,590</b>	<b>553,342</b>	<b>(14,736,267)</b>	<b>2,856,665</b>

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



**Anatara Lifesciences Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

	2020	2019
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	-	669,872
Payments to suppliers and employees (inclusive of GST)	(3,745,235)	(4,397,727)
Interest received	95,376	188,662
Government grants and tax incentives	924,960	1,301,538
<b>Net cash (outflow) from operating activities</b>	8(a) <u>(2,724,899)</u>	<u>(2,237,655)</u>
<b>Cash flows from investing activities</b>		
Payments for investment in term deposits	(1,500,000)	(7,050,000)
Payments for property, plant and equipment	(4,076)	-
Proceeds from sale of property, plant and equipment	1,266	-
Proceeds from withdrawal from term deposits	5,550,000	9,200,000
<b>Net cash inflow from investing activities</b>	<u>4,047,190</u>	<u>2,150,000</u>
<b>Net cash inflow (outflow) from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,322,291	(87,655)
Cash and cash equivalents at the beginning of the financial year	1,360,077	1,447,732
Cash and cash equivalents at end of year	5(a) <u>2,682,368</u>	<u>1,360,077</u>

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

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## 1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Anatara Lifesciences Ltd. The group has identified one reportable segment; that is, the research, development of oral solutions for gastrointestinal diseases and the commercialisation of the Detach<sup>®</sup> diarrhea treatment for piglets. The segment details are therefore fully reflected in the body of the financial statements.

## 2 Revenue from contract with customers

### (a) Disaggregation of revenue from contracts with customers

The group derives revenue from the licensing of its intellectual property over time:

	2020 \$	2019 \$
Licensing fees	-	663,405
	-	663,405

### (b) Accounting policies

#### (i) Licensing revenue

The group signed a license, development and commercialisation agreement with Zoetis Services LLC (Zoetis) on 10 May 2018 for the group's Detach<sup>®</sup> product. The first milestone payment of US\$2,500,000 was payable upfront at the effective date of the agreement signed 10 May 2018 (funds were received in July 2018). This comprised consideration for the rights granted, subject to the terms and conditions of the agreement. Of this amount, US\$2,000,000 offset the previously paid option and evaluation agreement entered into in 2016. The balance of US\$500,000 (equivalent to A\$669,872) was to be recognised as revenue over time to 26 October 2032 to reflect the license access rights transferred to Zoetis over the term of the license agreement. The unearned revenue was recognised as deferred revenue.

On 14 June 2019, the group announced Zoetis had given notice of termination of the Detach<sup>®</sup> licensing agreement. Under the terms of the original agreement, the first milestone payment is non-refundable. Accordingly, the \$663,405 deferred revenue amount recognised at 30 June 2018 was recognised as revenue in the year ended 30 June 2019.

## 3 Other income and expense items

### (a) Other income

	2020 \$	2019 \$
Research and development tax incentive	659,812	840,932
EMDG	27,634	36,641
COVID-19 government assistance	101,765	-
	789,211	877,573

### 3 Other income and expense items (continued)

#### (a) Other income (continued)

##### (i) Fair value of R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2020, the group has included an item in other income of \$659,812 (2019: \$840,932) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

##### (ii) Fair value of EMDG and COVID-19 government assistance

The group's other grant income is recognised when compliance with the conditions attached to the grant have been determined and the group has ascertained the grant will be received. For the year ended 30 June 2020, the group has included an item in other income of \$129,399 (2019: \$36,641) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

The Group recognised \$27,634 Export Market Development Grant (EMDG) (2019: \$36,641) in other income. This is a key Australian Government financial assistance program for aspiring current exporters.

COVID-19 government assistance \$101,765 is included in other income. This includes \$62,500 "Cashflow boost for employers" measure announced as part of the Australian Government's economic stimulus package of March 2020, as well as \$39,265 payroll tax waived credit and deferrals. This is the coronavirus payroll tax relief provided by various State Revenue Office for the 2019-20 financial year.

#### (b) Breakdown of expenses by nature

	Notes	2020 \$	2019 \$
<b>General and administrative expenses</b>			
Accounting and audit		148,094	247,998
Consulting		335,713	233,469
Depreciation		16,098	22,728
Employee benefits		1,452,317	2,044,647
Insurance		57,312	59,046
Investor relations		120,188	280,739
Legal		33,821	92,205
Listing and share registry		68,686	69,607
Occupancy		93,767	25,215
Share-based payments	18(b)	305,744	196,389
Superannuation		138,897	170,281
Travel and entertainment		32,508	210,178
Other		113,833	122,993
		<b>2,916,978</b>	<b>3,775,495</b>
<b>Research and development expenses</b>			
Project research and development		1,240,834	754,414
Corporate and finance		48,107	21,842
		<b>1,288,941</b>	<b>776,256</b>

#### **4 Income tax expense**

**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

	<b>2020</b>	2019
	<b>\$</b>	\$
Loss from continuing operations before income tax expense	<b>(3,364,644)</b>	(2,868,272)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	<b>(925,277)</b>	(788,775)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	<b>(181,448)</b>	(231,256)
Accounting expenditure subject to R&D tax incentive	<b>417,122</b>	531,624
Blackhole expenditure (Section 40-880, ITAA 1997)	<b>(32,222)</b>	(73,819)
Deferred revenue	-	(182,436)
Share-based payments	<b>84,080</b>	54,007
Other items	<b>3,759</b>	(18,354)
Subtotal	<b>(633,986)</b>	(709,009)
Tax losses and other timing differences for which no deferred tax asset is recognised	<b>633,986</b>	709,009
Income tax expense	<b>-</b>	-

**(b) Tax losses**

	<b>2020</b>	2019
	<b>\$</b>	\$
Unused tax losses for which no deferred tax asset has been recognised	<b>8,549,841</b>	6,168,136
Potential tax benefit @ 27.5%	<b>2,351,206</b>	1,696,237

The numerical reconciliation of income tax expense to prima facie tax payable and unused tax losses for the year ended 30 June 2019 have been represented to reflect the income tax return lodged for the same period.

## 5 Financial assets and financial liabilities

### (a) Cash and cash equivalents

	2020 \$	2019 \$
<b>Current assets</b>		
Cash at bank and in hand	<u>2,682,368</u>	<u>1,360,077</u>

#### (i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2020 \$	2019 \$
Balances as above	<u>2,682,368</u>	<u>1,360,077</u>
Balances per statement of cash flows	<u>2,682,368</u>	<u>1,360,077</u>

#### (ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 22(j) for the group's other accounting policies on cash and cash equivalents.

#### (iii) Risk exposure

The group's exposure to interest rate risk is discussed in note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

### (b) Trade and other receivables

	2020 Current \$	2020 Non- current \$	2020 Total \$	2019 Current \$	2019 Non- current \$	2019 Total \$
Accrued receivables (i)	630,333	-	630,333	848,659	-	848,659
Other receivables	-	-	-	47,327	-	47,327
	<u>630,333</u>	<u>-</u>	<u>630,333</u>	<u>895,986</u>	<u>-</u>	<u>895,986</u>

#### (i) Accrued receivables

Accrued receivables include \$612,967 from the Australian Taxation Office in relation to the R&D tax incentive (2019: \$800,481), \$12,500 cash boost in relation to the COVID-19 relief, and \$4,866 interest income from deposits at call with terms greater than three months (2019: \$48,178).

#### (ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

## 5 Financial assets and financial liabilities (continued)

### (c) Other financial assets at amortised cost

#### (i) Classification of financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost comprise the following debt investments:

	Current \$	2020 Non- current \$	Total \$	Current \$	2019 Non- current \$	Total \$
Deposits at call	-	-	-	4,050,000	-	4,050,000
	-	-	-	4,050,000	-	4,050,000

#### (ii) Impairment and risk exposure

All of the financial assets at amortised cost are denominated in Australian dollars. As a result, there is no exposure to foreign currency risk.

### (d) Trade and other payables

	Current \$	2020 Non- current \$	Total \$	Current \$	2019 Non- current \$	Total \$
Trade payables	33,861	-	33,861	116,764	-	116,764
Accrued expenses	351,875	-	351,875	214,617	-	214,617
Other payables	26,619	-	26,619	33,170	-	33,170
	412,355	-	412,355	364,551	-	364,551

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 6 Non-financial assets and liabilities

### (a) Employee benefit obligations

	2020 Current \$	2020 Non- current \$	Total \$	2019 Current \$	2019 Non- current \$	Total \$
Leave obligations (i)	51,679	22,929	74,608	88,269	13,939	102,208

#### (i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 22(p).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$51,679 (2019: \$88,269) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

## 7 Equity

### (a) Share capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares				
Fully paid	49,856,177	49,413,236	17,039,590	16,941,392
	49,856,177	49,413,236	17,039,590	16,941,392

#### (i) Movements in ordinary shares:

Below is the movement in ordinary shares in the year ended 30 June 2020 (2019: nil):

Details	Number of shares	Total \$
<b>Balance at 1 July 2018</b>	<b>49,413,236</b>	<b>16,941,392</b>
<b>Balance 30 June 2019</b>	<b>49,413,236</b>	<b>16,941,392</b>
Exercise of performance rights at \$0.227 (2019-10-31)	149,457	33,927
Exercise of performance rights at \$0.205 (2019-11-22)	106,810	21,896
Exercise of performance rights at \$0.227 (2019-12-10)	82,599	18,750
Exercise of performance rights at \$0.227 (2020-01-15)	104,075	23,625
<b>Balance 30 June 2020</b>	<b>49,856,177</b>	<b>17,039,590</b>



## 7 Equity (continued)

### (a) Share capital (continued)

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

#### (iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period is set out in note 7(b).

### (b) Other reserves

The consolidated statement of financial position line item 'other reserves' comprises the 'share-based payments reserve'.

#### (i) Nature and purpose of other reserves

##### Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

#### (ii) Movement in options

	Number of shares	\$
Opening balance 1 July 2018	2,436,000	583,749
Options issued during the period	1,725,000	143,476
Share-based payment expenses of previously issued options	-	58,171
Forfeited/lapsed during the year	(1,590,000)	(286,326)
<b>Balance 30 June 2019</b>	<b>2,571,000</b>	<b>499,070</b>
Issue of unlisted option at \$0.2305 (2020-06-22)	761,912	4,608
Share-based payment expenses of previously issued options	-	81,646
Share-based payments expenses of performance bonus	-	124,408
Options cancelled during the year	(412,500)	(156,390)
<b>Balance 30 June 2020</b>	<b>2,920,412</b>	<b>553,342</b>

## 8 Cash flow information

### (a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Notes	2020 \$	2019 \$
<b>Loss for the period</b>		<b>(3,364,644)</b>	(2,868,272)
Adjustments for			
Depreciation and amortisation	3(b)	16,098	22,728
Net (gain) loss on sale of non-current assets		(280)	-
Share-based payments	18(b)	305,744	196,389
Change in operating assets and liabilities:			
Movement in trade and other receivables		265,653	1,144,258
Movement in other operating assets		32,327	25,438
Movement in trade and other payables		47,803	(54,962)
Movement in other operating liabilities		(27,600)	(703,234)
Net cash inflow (outflow) from operating activities		<u>(2,724,899)</u>	<u>(2,237,655)</u>

The Company has reclassified certain cash flow items in prior year comparatives in order to be consistent with the current year classification and presentation.

### (b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- options issued for no cash consideration - note 18.

## 9 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

### (a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of R&D tax incentive income accrual - note 3(a)(i)
- Estimation of other grants income accrual - note 3(a)(ii)
- Estimation of employee benefit obligations - note 6(a)(i)
- Estimation of share-based payments - note 18

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 10 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

### (a) Market risk

#### (i) Foreign exchange risk

The majority of the company's operations are denominated in Australian dollars, with the few exceptions on services acquired from overseas suppliers but at a marginally insignificant amount and frequency. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

#### (ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from cash and cash equivalents and other financial assets at amortised cost (deposits at call) held, which expose the group to cash flow interest rate risk. During 2020 and 2019, the group's cash and cash equivalents and deposits at call at variable rates were denominated in Australian dollars.

The group's exposure to interest rate risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2020 \$	2019 \$
<b>Financial instruments with cash flow risk</b>		
Cash and cash equivalents	2,682,368	1,360,077
Financial assets at amortised cost	-	4,050,000
	<u>2,682,368</u>	<u>5,410,077</u>

#### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on loss for the period		Impact on other components of equity	
	2020 \$	2019 \$	2020 \$	2019 \$
Interest rates - change by 25 basis points (2019: 20 basis points)*	6,706	10,820	-	-

\* Holding all other variables constant

The use of 0.25 percent (2019: 0.20 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2020 and the previous four balance dates. The average cash rate at these balance dates was 1.25 percent (2019: 1.60 percent). The average change to the cash rate between balance dates was 24.69 percent (2019: 12.69 percent). By multiplying these two values, the interest rate risk was derived.

## 10 Financial risk management (continued)

### (a) Market risk (continued)

Profit is less sensitive to movements in interest rates in 2020 than 2019 due to decreased cash and cash equivalents and deposits at call as well as low interest rate. The group's exposure to other classes of financial instruments with cash flow risk is not material.

### (b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

#### (i) Risk management

The company manages credit risk and the losses which could arise from default by ensuring that financial assets such as cash at bank and deposits at call are held with reputable organisations.

#### (ii) Impairment of financial assets

While cash and cash equivalents and term deposits are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

### (c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

#### (i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
<b>At 30 June 2020</b>							
Trade and other payables	412,355	-	-	-	-	412,355	412,355
<b>Total</b>	<b>412,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,355</b>	<b>412,355</b>
<b>At 30 June 2019</b>							
Trade and other payables	364,551	-	-	-	-	364,551	364,551
<b>Total</b>	<b>364,551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364,551</b>	<b>364,551</b>

## **11 Capital management**

### **(a) Risk management**

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

As at 30 June 2020, the Group held cash and equivalents of \$2.68 million. The Group has put in place measures to reduce all non-critical expenditure. The Group anticipates a delay, to the second half of 2020, for the commencement of its clinical trial in irritable bowel syndrome (IBS) for its Gastrointestinal ReProgramming (GaRP) over-the-counter medicine. The anticipated delay clinical trial extends the Group's cash runway, and the Group will review funding needs in the second half of the year.

### **(b) Dividends**

No dividends were declared or paid to members for the year ended 30 June 2020 (2019: nil). The group's franking account balance was nil at 30 June 2020 (2019: nil).

## **12 Interests in other entities**

### **(a) Subsidiaries**

The group's principal subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2020 %	2019 %
Sarantis Pty Ltd	Australia	100	100

## **13 Contingent liabilities**

The group had no contingent liabilities at 30 June 2020 (2019: nil).

## 14 Commitments

### (a) Non-cancellable short-term and immaterial leases

The company leases a laboratory under non-cancellable leases expiring on 30 November 2020, respectively. On renewal, the terms of the leases are renegotiated.

	2020 \$	2019 \$
Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:		
Within one year	32,402	80,761
Later than one year but not later than five years	-	32,402
	<b>32,402</b>	<b>113,163</b>

## 15 COVID-19 impact on business

Anatara Lifesciences remains committed to its corporate strategy and focused on delivering on its anticipated milestones during the year ahead. However, the Company is actively planning for disruptions that may lead to delays in meeting some of these objectives.

The company received financial support from Federal Government incentives through Cashflow Boost and, through payroll tax refunds and deferrals by state governments. Anatara recorded other income of \$101,765 for these items. Anatara did not participate in JobKeeper and has not terminated any employees during this period. Anatara employees have been able to continue laboratory-based activities and as a result have advanced GaRP to being clinical trial ready. In addition, new bromelain-based formulations were developed for challenge trials in piglets (in-feed) and in poultry.

## 16 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

## **17 Related party transactions**

### **(a) Subsidiaries**

Interests in subsidiaries are set out in note 12(a).

### **(b) Key management personnel compensation**

	<b>2020</b>	2019
	<b>\$</b>	\$
Short-term employee benefits	<b>1,226,979</b>	1,452,327
Post-employment benefits	<b>107,112</b>	138,919
Long-term benefits	<b>6,363</b>	5,355
Termination benefits	-	125,000
Share-based payments	<b>285,873</b>	111,618
	<b>1,626,327</b>	1,833,219

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 18.

### **(c) Transactions with other related parties**

The following transactions occurred with related parties:

	<b>2020</b>	2019
	<b>\$</b>	\$
<i>Sales and purchases of goods and services</i>		
Purchases of various goods and services from entities controlled by key management personnel (i)	-	20,000

#### *(i) Purchases from entities controlled by key management personnel*

In 2019 Mr Ian Ross (resigned 30 September 2018) received \$20,000 consultancy fees from the Group.

## 18 Share-based payments

### (a) Executive option plan

The establishment of the 'executive option plan' (EOP) was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for executives (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options granted under the plan:

	<b>2020</b>		<b>2019</b>	
	<b>Average exercise price per share option</b>	<b>Number of options</b>	<b>Average exercise price per share option</b>	<b>Number of options</b>
As at 1 July	<b>\$1.41</b>	<b>2,571,000</b>	\$1.35	2,436,000
Granted during the year	<b>\$0.23</b>	<b>761,912</b>	\$1.00	1,725,000
Forfeited/lapsed during the year	-	-	\$0.98	(1,590,000)
Cancelled during the year	<b>\$1.58</b>	<b>(412,500)</b>	-	-
As at 30 June	<b>\$1.33</b>	<b>2,920,412</b>	\$1.41	2,571,000
Vested and exercisable at 30 June	<b>\$1.34</b>	<b>1,946,500</b>	\$1.37	1,727,000

The forfeited/lapsed options were fully vested before they forfeited/lapsed.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	<b>Number</b>	<b>Grant date</b>	<b>Vesting date</b>	<b>Expiry date</b>	<b>Exercise price (\$)</b>
Options	180,000	2015-12-14	2016-12-14	2020-12-14	1.450
Options	180,000	2015-12-14	2017-12-14	2020-12-14	1.450
Options	202,500	2015-12-14	2018-12-14	2020-12-14	1.450
Options	210,000	2016-09-23	2019-09-23	2021-09-23	1.700
Options	12,000	2017-11-28	2018-11-17	2022-11-17	2.270
Options	12,000	2017-11-28	2019-11-17	2022-11-17	2.270
Options	12,000	2017-11-28	2020-11-17	2022-11-17	2.270
Options	750,000	2018-09-10	2018-09-10	2020-12-14	1.450
Options	200,000	2019-04-10	2019-02-18	2024-02-17	0.736
Options	200,000	2019-04-10	2020-02-18	2024-02-17	0.740
Options	200,000	2019-04-10	2021-02-18	2024-02-17	0.740
Options	383,527	2020-06-22	2020-09-01	2022-08-31	0.231
Options	378,385	2020-06-22	2020-11-26	2022-11-25	0.231
	<u>2,920,412</u>				
				<b>2020</b>	<b>2019</b>
Weighted average remaining contractual life of options outstanding at end of period				1.67	2.36



## 18 Share-based payments (continued)

### (b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2020 \$	2019 \$
Performance rights issued under EOP <sup>1</sup>	98,198	-
Options issued under EOP <sup>2</sup>	83,138	196,389
Performance pay <sup>3</sup>	124,408	-
	<b>305,744</b>	<b>196,389</b>

1. During the year it was agreed that 50% of performance pay for key management personnel relating to the year ended 30 June 2019 would be paid out in performance rights rather than cash. 336,131 performance rights were valued at \$0.227 each and 106,810 performance rights were valued at \$0.205, total performance rights value was \$98,198. \$0.227 was the VWAP at the date the terms were agreed being 23 September 2019, and \$0.205 was the VWAP at the date the terms were agreed being 11 November 2019.

2. In June 2020 the board resolved to issue options to key management personnel for salary and directors fee reduction in the year ended 30 June 2020. These options were valued at \$0.0737 each with a total value of \$56,182. \$0.0737 was the VWAP at the date the terms were proposed being 22 June 2020. Formal approval for \$26,076 options to be issued to directors is expected at the AGM post year-end.

3. In June 2020 it was agreed that performance pay for selected employees for the year ended 30 June 2020 would be paid in performance rights rather than cash. These performance rights were valued at \$0.137 each with a total value of \$124,408. \$0.137 was the VWAP at the date the terms were agreed being 20 July 2020. Performance rights issued to employees are long-term incentives under the Executive Option Plan.

## 19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (a) Grant Thornton Audit Pty Ltd

#### (i) Audit and other assurance services

	2020 \$	2019 \$
Audit and review of financial statements	38,500	56,031
Total remuneration for audit and other assurance services	<b>38,500</b>	<b>56,031</b>

## 19 Remuneration of auditors (continued)

### (a) Grant Thornton Audit Pty Ltd (continued)

#### (ii) Taxation services

Tax compliance services	34,350	24,000
Total remuneration for taxation services	<u>34,350</u>	<u>24,000</u>

<b>Total auditor's remuneration</b>	<u><b>72,850</b></u>	<u><b>80,031</b></u>
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It is the group's policy to employ Grant Thornton Audit Pty Ltd on assignments additional to their statutory audit duties where Grant Thornton Audit Pty Ltd's expertise and experience with the group are important. These assignments are principally tax advice.

## 20 Loss per share

### (a) Reconciliation of loss used in calculating loss per share

	2020 \$	2019 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	<u>3,364,644</u>	<u>2,868,272</u>

### (b) Weighted average number of shares used as the denominator

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>49,670,261</u>	<u>49,413,236</u>

On the basis of the group's losses, the outstanding options as at 30 June 2020 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

## 21 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent resemble the consolidated financial statements as the company's subsidiary, Sarantis Pty Ltd is a dormant entity.

### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2020 (2019: nil).

### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

## 21 Parent entity financial information (continued)

### (d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2020 (2019: nil).

### (e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of Anatara Lifesciences Ltd.

#### (ii) *Tax consolidation legislation*

Anatara Lifesciences Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Anatara Lifesciences Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Anatara Lifesciences Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Anatara Lifesciences Ltd for any current tax payable assumed and are compensated by Anatara Lifesciences Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Anatara Lifesciences Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

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## 22 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Anatara Lifesciences Ltd and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Anatara Lifesciences Ltd is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Anatara Lifesciences Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

#### (iii) 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.

As disclosed in the financial statements, the group incurred a loss of \$3,364,644 and had operating cash outflows of \$2,724,899 for the year ended 30 June 2020. As at 30 June 2020, the group's held cash and cash equivalents of \$2,682,368.

In the process of approving the group's internal forecast and business plan for upcoming financial years, the board has considered the cash position of the group within the next 12 months from the date of this report. The group's internal forecast and business plan for the upcoming financial year does not include capital raising.

The group's internal forecast and business plan for upcoming financial year does include approximately \$400,000 from the R&D Tax Incentive relating to anticipated approval of an Overseas Finding that has been submitted. The directors are confident, if necessary, the company could raise additional capital to meet the group's contractual commitments and working capital requirements. Notwithstanding the uncertainty over either of these events occurring, based on the above considerations the board has assessed the resources and opportunities available to the group, and consequently believe that the group will be able to repay its debts as and when they fall due and are of the opinion that the financial statements have been appropriately prepared on a going concern basis.

### COVID-19

The World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic.

In 2020 the Group received financial support from Federal Government incentives through Cashflow Boost and, through payroll tax refunds and deferrals by state governments. Anatara recorded other income of \$101,765 for these items. Anatara did not participate in JobKeeper and has not terminated any employees during this period.

Anatara employees have been able to continue laboratory-based activities and as a result have advanced GaRP to being clinical trial ready. In addition, new bromelain-based formulations were developed for challenge trials in piglets (in-feed) and in poultry.

Anatara anticipates renewed interest in partnering Detach<sup>®</sup> upon successful completion of challenge trials. Anatara will continue to execute its human health development plans, and in parallel, the Company has prioritised out-licensing both its animal health and human health assets.

## 22 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

The spread of Covid-19 has resulted in significant uncertainty around the breadth and duration of business disruptions. Anatara is unable to determine whether it will have a material impact to its operations. However, at this stage the directors do not believe this will impact the going concern of the company.

#### *(iv) New and amended standards adopted by the group*

##### AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In applying AASB 16 for the first time, the Group has used the practical expedients permitted by the standard whereby short-term and low value leases are exempt and all other leases have been deemed immaterial. Therefore there has been no impact from the adoption of AASB16 in this reporting period.

##### *Interpretation 23 Uncertainty over Income Tax Treatments*

Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The Group has adopted Interpretation 23 from 1 July 2019, based on an assessment of whether it is 'probable' that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the Group operates, a local tax authority may seek to open a Group's books as far back as inception of the Group. Where it is probable, the Group has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the Group has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of Interpretation 23 in this reporting period.

### (b) Principles of consolidation

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

## 22 Summary of significant accounting policies (continued)

### (b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

### (d) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Anatara Lifesciences Ltd's functional and presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other gains/(losses).

### (e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 2.

### (f) Government grants

Transactions involving government grants received are accounted for by applying AASB 120 Government Grants. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 3 provides further information on how the group accounts for government grants.

### (g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 22 Summary of significant accounting policies (continued)

### (g) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (h) Leases

#### *Policies from 1 July 2019*

The Group has adopted AASB 16 from 1 July 2019. With the exception of short-term, low value and immaterial leases, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

Payments associated with short-term leases, low value and immaterial leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### *Polices prior to 1 July 2019*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### (i) Impairment of non-financial assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.



## 22 Summary of significant accounting policies (continued)

### (k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 5(b) for further information about the group's accounting for trade receivables and note 10(b) for a description of the group's impairment policies.

### (l) Financial assets

#### (i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

## 22 Summary of significant accounting policies (continued)

### (l) Financial assets (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### (iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### (v) Income recognition

##### *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### (m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 22(i)).

### (n) Intangible assets

#### (i) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

## 22 Summary of significant accounting policies (continued)

### (n) Intangible assets (continued)

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, and other development expenditure, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

### (o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (p) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee option plan' (EOP). Information relating to these schemes is set out in note 18.

#### Employee options

The fair value of options granted under the EOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

## 22 Summary of significant accounting policies (continued)

### (p) Employee benefits (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### (s) Loss per share

#### (i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### (ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (t) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

### (u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 24 to 55 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 consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 22(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.



Ms Sue MacLeman  
Non-Executive Chair

Melbourne  
24 August 2020

# Independent Auditor's Report

## To the Members of Anataara Lifesciences Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Anataara Lifesciences Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 22(a)(iii) in the financial statements, which indicates that the Group incurred a net loss of \$3,364,644 and had operating cash outflows of \$2,724,899 during the year ended 30 June 2020. As at 30 June 2020 the Group held cash and cash equivalents of \$2,682,368. As stated in Note 22(a)(iii), these events or conditions, and other matters as set forth in Note 22(a)(iii), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Recognition of research and development tax incentive – Notes 3(a)(i), 5(b)(i), and 9(a)</b>	
<p>The Group receives a refundable tax offset of eligible expenditure under the research and development (R&amp;D) tax incentive scheme. An R&amp;D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash.</p> <p>Management perform a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&amp;D tax incentive legislation.</p> <p>The Group recognises R&amp;D tax incentive rebate income on an accruals basis, meaning that a receivable is recorded at the balance date based on the estimated amount that is yet to be received from the Australian Taxation Office for the period 1 July 2019 to 30 June 2020.</p> <p>This area is a key audit matter due to the degree of judgement and interpretation of the R&amp;D tax legislation required by management to assess the eligibility of the R&amp;D expenditure under the scheme.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining the R&amp;D incentive calculations prepared by management and engaging an internal R&amp;D Tax Expert to assist the engagement team in assessing the reasonableness of the estimate;</li> <li>• Comparing the nature of the R&amp;D expenditure included in the current year estimate to the prior year approved claim;</li> <li>• Comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&amp;D tax claim;</li> <li>• Considering the nature of the expenses against the eligibility criteria of the R&amp;D tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria;</li> <li>• Assessing the eligible expenditure used to calculate the estimate to ensure it is in accordance with expenditure recorded in the general ledger;</li> <li>• Agreeing a sample of individual expenditure items included in the estimate to underlying supporting documentation to ensure that they have been appropriately recognised in the accounting records and that they are eligible expenditures;</li> <li>• Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and</li> <li>• Reviewing the appropriateness of the relevant disclosures in the financial statements.</li> </ul>

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 18 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Anantara Lifesciences Ltd, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 24 August 2020



The shareholder information set out below was applicable as at 18/8/2020.

#### A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares	Ordinary shares	%Units
1 - 1000	120	63,936	-
1,001 - 5,000	292	912,034	2
5,001 - 10,000	177	1,385,021	3
10,001 - 100,000	358	11,757,289	24
100,001 and over	73	35,737,897	71
	1,020	49,856,177	100

There were 241 holders of less than a marketable parcel of ordinary shares.

#### B. Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
RTL GROUP INVESTMENTS PTY LTD	5,400,000	10.83
PARMA CORPORATION PTY LTD	5,386,274	10.80
MYENG PTY LTD	4,310,011	8.64
UBS NOMINEES PTY LTD	2,583,113	5.18
MR IAIN ROSS	1,600,000	3.21
KALOKERY PTY LTD	748,833	1.50
DAVID CHARLES VENABLES	719,750	1.44
NAVIGATOR AUSTRALIA LTD	631,327	1.27
BEEBEE HOLDINGS PTY LTD	614,218	1.23
HSBC CUSTODY NOMINEES	598,250	1.20
BNP PARIBAS NOMINEES PTY LTD	488,682	0.98
GENETIC HORIZONS PTY LTD	486,109	0.98
JACOBY MANAGEMENT SERVICES PTY LIMITED	485,731	0.97
MATTHEW TURNER	464,102	0.93
TULIP SUPER PTY LTD	450,000	0.90
MR BRENDAN PHYLAND	447,217	0.90
MRS BARBARA GREY	369,755	0.74
JONTRA HOLDINGS PTY LTD	355,614	0.71
WOTS IN THERE PTY LTD	330,000	0.66
DR MARK DANIEL REEVES	320,614	0.64
	26,789,600	53.71