Chair's Address

Anatara Lifesciences 2020 AGM

26th November 2020

I would like to formally welcome you to your company AGM today and thank you for your ongoing support. Before moving on to the resolutions, I would like to take a moment to reflect on a year that has seen challenges and opportunities for your Company.

The last twelve months have seen exciting developments as we advance our lead human health product, our Gastrointestinal ReProgramming (GaRP) complementary medicine. The market opportunity for gastrointestinal supplements and OTC digestive remedies in USA alone is US$8 billion[1]. Leading products include Bayer's Iberogast with sales in Germany of US$145 million.[2]

GaRP is a regenerative, multi-component complementary medicine designed to address the primary factors associated with chronic gastrointestinal disorders such as inflammatory bowel disease (IBD) and irritable bowel syndrome (IBS). GaRP will look to provide symptomatic relief to patients and restore and maintain a healthy human gut and microbiome.

In October 2019, the Company informed shareholders that it had completed preclinical testing of GaRP, demonstrating it can treat inflammatory gastrointestinal disease and may promote mucosal healing. In December 2019, the Company followed this up to advise that it had completed further preclinical studies suggesting GaRP had a potential adjuvant effect in reducing inflammation with the co-administration of GaRP with disease-modifying medications and the potential to reduce the dose of disease-modifying medications known to have devastating side-effects. Anatara also demonstrated that GaRP does not affect the uptake or potential activity of probiotics. The quantum of the results is hugely encouraging, leading us to believe that GaRP may be a break-through product in the burgeoning gut health market.

In December 2019, Anatara also announced that it had finalised a draft protocol for a clinical trial of GaRP in IBS patients. Unfortunately, this trial along with many in the sector was delayed due to the impact of Covid-19. The Australian Department of Health recommended that new recruitment should reflect the most current public health advice on social distancing, and that researchers and sponsors should educate themselves about novel approaches to the conduct of clinical trials, such as decentralised trials. I am pleased to advise that Anatara has designed a virtual clinical trial design in compliance with these guidelines. Anatara has executed agreements with clinical research organisations and has applied for ethics approval to proceed with this study. We are looking forward to ethics approval and the opportunity to begin recruitment of subjects suffering from IBS.

In designing GaRP, Anatara is confident it has developed a truly innovative complementary medicine, grounded in strong scientific evidence which will differentiate it from other gut health products. With its triple-targeted approach, the Board believes GaRP has the potential to bring real symptomatic relief to IBD and IBS patients where there remains a significant unmet medical need.

In GaRP we now have a platform that has the potential to lead to a number of different gut health products. During GaRP pre-clinical research, Anatara evaluated ingredients individually and in permutations to evaluate modulation of the gut. In addition to irritable bowel syndrome future opportunities which may be evaluated and are of interest to potential partner include psychological functioning , functional constipation, functional diarrhoea, functional dyspepsia, and small intestinal bacterial overgrowth (SIBO). Between 4% and 78% of patients with IBS and 1% and 40% of controls have SIBO[3].

Anatara is evaluating partnering opportunities for the lead GaRP product with multinational consumer health companies with a view to partnering. We look forward to announcing these important Company milestones over the coming year.

I now want to turn to the other division of Anatara and that it its animal health business. In August 2019, the Company completed its animal health business review and informed shareholders that while opportunities exist for Detach® globally feedback from the market suggested the need for additional formulations and further in-country field trials. Detach® oral drench is suited to pre-weaning piglets however this is not a preferred dosage form in larger, post-weaning piglets with feedback suggesting an additional dosage form is required; hence, new formulations are needed to enable alternative administration options for post-weaning piglets. Due to budgetary constraints, the Company informed shareholders Anatara is exploring, through animal health partner companies, options to develop and commercialise Detach® in multiple species.

As Anatara moves forward, the Board is confident in the knowledge that there remains a need for a safe, effective, non-antibiotic solution to control scour in piglets and that there is a similar need in other livestock species, such as poultry and potentially aquaculture.

Since August 2019 Anatara has taken significant steps towards addressing the barriers to partnering its animal health assets.

We have developed a new formulation for piglets call BONIFF. Murdoch University has been contracted to undertake a challenge study of Anatara's BONIFF together with Ridley Corporation Ltd's semi-moist extruded creep (SMEC) to determine the efficacy of this combined formulation on piglet health, welfare, and performance after weaning. Piglet scours (diarrhoea) is estimated to cost the Australian pig industry more than $7 million each year and is a substantial problem in larger pork markets . Australia's pig population is 0.25% of the global population. Leading markets are China (46%), Europe (19%), USA (8%) and Brazil (4%)[4]. Anatara anticipates renewed interest in partnering its animal health assets upon successful completion of these challenge trials.

We have also been working on moving into the poultry market .New formulations for poultry (ANR-pf) have also been developed in preparation for challenge studies. The University of New England's Poultry Hub Australia has commenced the study "Efficacy of ANR-pf on the performance of broilers subject to subclinical and necrotic enteritis challenges". Necrotic Enteritis (NE) is the most common and financially devastating bacterial disease in modern broiler flocks. The costs of NE are estimated to be US$6 billion[5]. This study is anticipated to be completed by 31 January 2021 and already has interest from poultry producers.

2020 has been an unprecedented year with challenges due to the global pandemic. This has impacted all areas of the sector and our business. While we are disappointed that these progress that we have made has not yet been reflected in the share price we believe that real value has been created throughout the year. We anticipate creation of value for our shareholders as we continue to hit our milestones in developing our scientifically innovative and commercially attractive product for gastrointestinal health in areas of critical need.

In closing, I would like to take this opportunity to thank the Anatara team for their passion, collaboration, courage, and perseverance in what has been a challenging year.

Thanks also to my fellow Directors for the discipline applied to guiding the Company during the year. I thank you again, our shareholders, for your support and shared belief in the Company, and I look forward to keeping shareholders updated as we move our important products to market.
Thank you, Ladies and Gentlemen.

I will now introduce Anatara's Chief Executive Officer, Steven Lydeamore who will deliver a brief presentation further describing our GaRP clinical trial in IBS patients before we move to the resolutions.

References:
1. Mintel's 2018 Digestive Health U.S. – July, 16; Nutrition Business Journal (NBJ)
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3. Gut Liver. 2017 Mar; 11(2): 196–208
4. FAOSTAT 2018
5. poultryworld.net/Meat/Articles/2015/10/The-true-cost-of-necrotic-enteritis-2699819W/; Oct 9, 2015