Anatara Lifesciences Ltd
Appendix 4E
Year ended 30 June 2021

Name of entity:	Anatara Lifesciences Ltd
ABN:	41 145 239 872
Year ended:	30 June 2021
Previous period:	30 June 2020

Results for announcement to the market

				$
Revenue from ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members	Down	40.7%	to	(1,995,874)
Net loss for the period attributable to members	Down	40.7%	to	(1,995,874)

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 pages 5 to 6 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 2021.

Net tangible assets per security

	2021 Cents	2020 Cents
Net tangible asset backing (per security)[1]	**5.34**	5.73

[1] Net Tangible Assets (NTA) means the total assets of a business, less any intangible assets such as goodwill, patents and trademarks, less all liabilities. NTA for 30 June 2021 does not include the right-of-use assets recognised under AASB 16 Leases.

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2021.

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

Audited financial report for the year ended 30 June 2021

Anatara Lifesciences Ltd

ABN 41 145 239 872

Audited financial report - 30 June 2021

Directors	Dr David Brookes *Non-Executive Chair* Ms Sue MacLeman *Non-Executive Director* Dr Jane Ryan *Non-Executive Director*
Secretary	Mr Stephen Denaro
Registered office and principal place of business	Level 3, 62 Lygon Street Carlton South VIC 3053 Australia Telephone: +61 (0)3 9824 5454
Share register	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane QLD 4000 +61 (0)7 3237 2100
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Telephone: +61 (0)3 8320 2222
Solicitors	Thomson Geer Level 16, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Bankers	Commonwealth Bank of Australia Melbourne VIC 3000
Stock exchange listings	Anatara Lifesciences Ltd shares are listed on the Australian Securities Exchange (ASX code: ANR)
Website	www.anataralifesciences.com

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Anatara's Annual Report for the year 2021. It has been a year of significant progress working towards commercialisation of the GaRP (Gastrointestinal ReProgramming) pipeline for human health products and unlocking the relevance of the animal health products. Moreover, the Company is well placed to address broader gastrointestinal (GIT or "gut") human health issues and the significant unmet need for evidence-based solutions and advice for many sufferers of GIT symptoms and disorders.

Gastrointestinal disorders and symptoms are extremely prevalent, with 59% of the global population experiencing digestive health issues on a weekly basis . People are looking for safe and effective solutions to digestive complaints and our aim is now focused on delivering evidence-based treatments, solutions and advice for gastrointestinal health needs. Developing GaRP (Gastrointestinal ReProgramming) as a complementary medicine to address intestinal symptoms and disorders has given an insight into both the needs of consumers and patients, and also the degree of anecdotal treatments and misinformation that abounds.

GaRP is the working name for Anatara's evidence based complementary medicine using unique formulations of bromelain, an enzyme extracted from pineapple stems along with other synergistic GRAS components. The combination and coating of these GaRP components have a beneficial effect on the physiology of the GIT lining, a positive influence on the microbiome (homeostasis & metabolites) and allows absorption of components in targeted areas of the GIT. GaRP's multimodal activity provides a versatility for tailoring the components to various indications and specifically this year we have progressed two human trials which are commencing in August/October 2021.

While COVID had a significant impact on Anatara's programme, most directly by delaying the manufacturing of GaRP and the trial placebo, we have used the time to advance our understanding of other indications for the GaRP program. There are both significant unaddressed areas of need and other indications that we are excited to address following the initial trials (assuming favourable efficacy with safety is already considered). Additionally, we have turned our attention to broader GIT considerations and are looking at other opportunities to offer consumers and patients solutions to GIT complaints. With the trials unfolding, Anatara will upgrade our capacity for those interested to follow the company's progress and provide a forum for access to news and eventually advice.

Human Trials

Dose Determination and Efficacy Evaluation of the Gastrointestinal ReProgramming (GaRP) Dietary supplement in Irritable Bowel Syndrome -Diarrhoea subtype (IBS-D)

This randomised, double-blind, placebo-controlled study, commenced in August 2021, is being conducted in two stages as a virtual study. This involves minimal on-site visits and participants completing assessments online. Up to 6 sites will be established and approximately 200 participants enrolled. The study design consists of two stages with an interim analysis between stages. Stage 1 is anticipated to be completed in March 2022. Stage 2 is anticipated to be completed in September 2022.

Stage 1 will assess safety, tolerability, and be a guide to the efficacy of the two different strengths of GaRP used against a placebo, randomly divided in a protocol of 3 equal groups. Following interim analysis, one dose will be selected, and the remaining participants recruited in a 1:1 randomisation protocol. Of the 200 planned participants, at least 90 will enrol in stage 1, and 110 participants will enrol in stage 2. For each participant in each stage, the study will last for 12 weeks; including 8 weeks of treatment, preceded by a 2-week screening/baseline period and followed by a 2-week washout period. Measurements will include a number of surveys including the IBS specific surveys: IBS-SSS (severity scoring system), IBS-AR (adequate relief) and Bristol Stool Form Scale. Other surveys will look at overall well-being, such as the IBS QoL (quality of life) and HADS (Hospital Anxiety and Depression Scale) in recognition of the importance of the gut-brain connection. The usual and expected clinical markers will all be monitored, including microbiome analysis.

Irritable Bowel Syndrome (IBS) is the most diagnosed gastrointestinal condition and a significant burden on healthcare. Over US$8 billion is spent annually on supplements and OTC digestive remedies in the US alone, presenting a huge market opportunity for Anatara. Our human health products will be built on strong scientific foundations for credibility and consumer confidence that provides a marketing distinction. The pre-clinical data to support the use of GaRP is very robust and our expectation is that this will translate in the human IBS-D trial. It is anticipated that GaRP's mechanism of action will relieve symptoms of IBS by reducing inflammation and assisting repair of the gut lining, and positively influencing the homeostasis and metabolites of the microbiome.

CSIRO trial -the “Gut-brain connection “using Anatara’s 3FDC from GaRP pipeline

Anatara’s GaRP pipeline not only addresses GIT homeostasis but more general harmony and well-being through influences on the gut -brain connection. In partnership with the CSIRO, Anatara is utilising our 3FDC as a specific complementary medication, coated to release in the large intestine, to explore the effect on depression, anxiety and stress-related symptoms in otherwise healthy individuals. Again, the method of action implied is absorption of key components, a positive influence on the microbiome homeostasis and assisting the gut wall function.

The study into the effects of 3FDC in adults with moderate anxiety, stress or depression is anticipated to commence in October 2022 and be completed by April 2022. This randomised, double-blinded, placebo-controlled study will be conducted at CSIRO’s Nutrition and Health Research Clinic in Adelaide. Approximately 100 participants will be randomised in a 1:1 manner to treatment with 3FDC or placebo which is dosed twice a day for 6 weeks. Participants will be assessed at the start and end of the study period ‘in-clinic’ and will complete a series of questionnaires on a customised smartphone app over the duration of the study. In the event of tightening COVID-19 restrictions impacting ‘in-clinic’ visits, the study will transition to a virtual study with telehealth consultations. Such a transition is not anticipated to impact the primary outcome. The primary outcome is a clinically significant reduction in Hospital Anxiety and Depression Scale (HADS) scores. The study is powered at ~95% to detect a clinically relevant reduction of ≥1.5 points in HADS scores from baseline to end of treatment (6 weeks) with significance set at 5%1 . Secondary outcomes include mood and wellbeing questionnaires, gut symptom ratings and blood plasma markers.

In parallel with the trials progress, commercialization discussions continue for the GaRP pipeline products.

Animal Health

Antara’s animal health assets were developed to control scour in piglets, a disorder which costs farmers worldwide millions of dollars every year. A current practice to control outbreaks is to administer zinc oxide to weaned piglet diets, however, its widespread use can result in risk to the environment through accumulation, and antimicrobial resistance similar to antibiotics. For these reasons, there has been a global trend towards reducing the reliance on zinc oxide and an increasing demand for a safe and effective non-antibiotic solution in piglets and other livestock. The use of medicinal zinc oxide to prevent diarrhoea post-weaning will be banned in the EU from 2022.

Our Detach® product is approved by the Australian Pesticides and Veterinary Medicines Authority (APVMA) for use in piglets in Australia. BONIFF is our bromelain-based in-feed formulation for piglets. We were encouraged by the results of the piglet challenge study in August 2021, which we aim to leverage to partner our bromelain-based animal health portfolio. The trial report concluded that BONIFF could be considered as a replacement for the current practice of using non-physiological levels of zinc oxide combined with commercial levels of additives in a semi-moist extruded creep piglet diet. While the commercial opportunity here is still being established, the initial indications are that BONIFF can be added to feed at a significant saving per tonne compared to the current regime of non-physiological levels zinc oxide combined with commercial levels of additives, such as organic acids.

Anatara’s bromelain-based portfolio also includes ANR-pf, which is a proprietary enriched formulation to address poultry gut illnesses, delivered in water. This is designed to allow the full delivery of key additives in a quick and flexible dosing method on-farm even when stock illness is a concern. Following successful completion of the poultry challenge trial “Efficacy of ANR-pf on the performance of broilers subject to subclinical and necrotic enteritis challenges”, Anatara is actively seeking commercial partners.

Positive outlook for FY22

As you are aware, I was appointed Chairman of the Anatara Board in July, as Sue MacLeman transitioned to a Non-Executive Director role. I take this opportunity to acknowledge Sue's significant contribution to the Company thus far, as Chair over a three-year period, and look forward to continuing to work with her and Dr. Jane Ryan as a small board focused and dedicated to rewarding shareholder patience and restoring value to the share price.

I would also like to acknowledge the service provided by Dr Tracie Ramsdale, who retired from the Board in October 2020 after six years, including a period where she acted as interim CEO, prior to Steve Lydeamore's appointment in 2019.

FY22 has the two current human clinical trials, underway after significant delays due to the COVID-19 pandemic. These trials will, of course, strongly influence both our commercial discussions and the plans for the use of the GaRP pipeline across other GIT indications. We look forward to working through these outcomes which will shape that pipeline and the company's immediate future. We will also be looking to expand Anatara's position and profile as an emerging leader in evidence -based GIT health solutions. I would like to thank our team for their dedicated efforts during FY21 particularly given the challenges we faced with the COVID-19 pandemic and to thank my fellow Directors whose guidance and insights have been invaluable.

Following the capital raising activities in late 2021, which in total raised $2.86 million (net of costs), Anatara enters the 2022 financial year with a strong balance sheet well-funded to progress the 2 human trials using the GaRP pipeline (IBS-D and 3FDC in psychological functioning) and to assess other opportunities.

On behalf of the Board, I would like to thank all our shareholders for your continued support, and I look forward to updating you on our progress.

Yours sincerely,

Dr David Brookes
Non-Executive Chair

Dear Shareholders,

2021 has been a significant year for Anatara, as we made steps towards progressing our human health products towards clinical trials, successfully completed animal health studies and progressed licensing discussions. There appears to be a wider appreciation of our human health initiatives with a focus on restoration and maintenance of gastrointestinal tract homeostasis to improve overall wellbeing.

Operational review

Human Health

An important milestone was achieved in February, when we received ethics approval to commence the human trial for the treatment of a sub-type of irritable bowel syndrome (IBS) using our Gastrointestinal ReProgramming (GaRP) complementary medicine. This randomised, double-blind, placebo-controlled trial will be conducted in two stages as a virtual trial, with minimal on-site visits and participants completing assessments online. The trial will use up to six sites and approximately 200 participants will enrol. Due to a scheduling delay in availability of the placebo from reduced manufacturing shifts under COVID-19 restrictions, recruitment for the trial is now commencing in August 2021 with an interim readout anticipated in March 2022. The trial is anticipated to be completed in September 2022.

In April, we also received approval from the Human Research Ethics Committee to undertake a human trial on the effects of 3FDC dietary supplementation on psychological functioning in adults. This randomised, double-blinded, placebo-controlled study will be undertaken with CSIRO in Adelaide. 3FDC is the Company's name for 3 specific components of the GaRP programme that are coated for delivery beyond the small intestine.

3FDC is targeted to release from the junction between the small and large intestine (ileocecal junction) and exert its effects on the microbiome in the large intestine. The coated delivery of these 3FDC components to the large intestine is considered important for gut-brain axis balance, in part due to influences on microbiome homeostasis and metabolites. The CSIRO will run a clinical trial with 3FDC to observe effects on depression, anxiety and stress symptoms in otherwise healthy individuals.

The CSIRO team will develop the work guidelines and initiate recruitment with the aim of dosing the first participants in October 2021. The trial is anticipated to be completed in April 2022.

Animal Health

During the year we substantially progressed our animal health studies, where we are targeting the need for growth enhancement feed products, without antibiotics or zinc oxide.

Our activities prioritised removing barriers to out-licensing Detach® through the progression of challenge trials for our piglet and poultry formulations.

In February, we announced the successful completion of the poultry challenge trial testing "Efficacy of ANR-pf on the performance of broilers subject to subclinical and necrotic enteritis challenges". ANF-pf is our proprietary enriched formulation for poultry in water, designed to allow the full delivery of key additives in a quick and flexible dosing method. The study was a randomised, placebo controlled trial. The parameters analysed were bird weight gain, feed intake, feed conversion ratio and other complex parameters. The initial results were extremely encouraging, with statistical significance demonstrated across multiple parameters. Further work to optimise the dose and dosing regimen are required to fully understand the commercial opportunity and the product's value.

The BONIFF-SMEC piglet challenge study for Escherichia Coli commenced in April and was completed in June, at Murdoch University. BONIFF-SMEC is our formulated feed additive in Ridley Corporation's semi-moist extruded creep feed for piglets. We were delighted to receive the results of the piglet challenge study in August 2021, which we aim to leverage to partner our bromelain-based animal health portfolio.

Pleasingly, we could conclude that under the conditions of the proof-of-concept study, BONIFF could be considered as a replacement for zinc oxide with commercial levels of additives, in a semi-moist extruded creep (SMEC) piglet diet . While the commercial opportunity here is still being established ,the initial indications are that BONIFF can be added to feed at a significant saving per tonne compared to the current regime of non-physiological levels zinc oxide combined with commercial levels of additives such as organic acids.

Animal Health (continued)

Medicinal use of zinc oxide will be banned in Europe from 2022 and Canada recently announced their intent to follow the European Union's lead, which implies that there is a strong, and currently unmet, demand for alternatives. It was highly encouraging that performance (weight gain) was maintained for the BONIFF group, compared to the standard diet.

Patent for Detach®

In April, we were granted a patent for our Detach® animal health product, which strengthened our intellectual property position in the treatment of, and prevention of, diarrhoea caused by pathogenic microbes. The patent provides the pathway for us to further pursue commercialisation opportunities and expires on 24 August 2038. With scour in piglets being an expensive, debilitating, and in some cases, life-threatening condition, having a product that is registered for use in Australia places us in a strong position to work towards a commercial deal.

Partnering discussions

During the year we progressed licensing discussions for GaRP with international consumer health companies. We are highly encouraged by our discussions to date with potential partners, and following the completion of our IBS human trial in September 2022, we expect to be in a really strong position to announce a commercial partnership. There is potential for an earlier partnership if interim results, anticipated in March 2022, indicate a strong trend towards a statistically significant benefit . Given the size of the complementary medicine market for gastrointestinal health products that address a spectrum of symptoms and disorders, the GaRP pipeline can add substantially to the overall shareholder value. Anatara intends to seek licensing agreements and partnerships with established consumer health companies rather than contemplate direct marketing and distribution.

Financial position

Despite the delays to the commencement of our human trials, we remain in a robust financial position, ending FY21 with cash at bank of $3.4 million (up from $2.7 million on 30 June 2020). Our balance sheet provides significant scope for us to undertake both human trials and pursue initiatives to partner both our human and animal health assets.

During the year to 30 June 2021, the Company made significant steps towards taking its first human gastrointestinal health product, GaRP, to market. Expenditure in furthering this effort resulted in a loss after tax of $1,995,874 for the period (2020: $3,364,644).

I would like to thank our team for all their hard work over FY21. The commitment and determination in these unprecedented times gives us great confidence that we can continue to execute to our strategic plan in FY22 and beyond.

I would also like to thank our shareholders for your continued commitment, and we look forward to updating you further at our upcoming Annual General Meeting.

Your sincerely,

Steve Lydeamore

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 2021. 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:

Dr David Brookes, Non-Executive Chair (transitioning from Non-Executive Director on 26 July 2021)
Ms Sue MacLeman, Non-Executive Director (transitioning from Non-Executive Chair on 26 July 2021)
Dr Jane Ryan, Non-Executive Director
Dr Tracie Ramsdale, Non-Executive Director (resigned 26 November 2020)

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 evidence based solutions for gastrointestinal diseases in animals and humans, including GaRP for irritable bowel syndrome and 3FDC for anxiety, stress or depression.

Dividends - Anatara Lifesciences Ltd

No dividends were declared or paid to members for the year ended 30 June 2021. 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 pages 5 to 6 of this audited financial report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the group during the year.

Events since the end of the financial year

On 26 July 2021, the group announced the transition of Dr David Brookes from Non-Executive Director to Chairman. Ms Sue MacLeman will continue on the Board, transitioning from Chair to Non-Executive Director.

On 13 August 2021, the group has issued 449,781 ordinary shares to Mr Steven Lydeamore as a result of exercise of his performance rights. Furthermore, the group has issued 336,113 performance rights with nil exercise price and expiring on 23 August 2024 under the Executive Option Plan.

No other matter or circumstance has arisen since 30 June 2021 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 5, 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.

Dr David Brookes *Non-Executive Chair (transitioning from Non-Executive Director on 26 July 2021)*	
Experience and expertise	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 a number of ASX listed biotechnology companies, including as Chairman of genomics solutions company, RHS Ltd, which was acquired by PerkinElmer Inc (NYSE: PKI) in June 2018. He has also Chaired the risk and audit committees in ASX listed companies. He is currently a Non-Executive Chairman of Factor Therapeutics (ASX: FTT) and a Non-Executive Director of Island Pharmacuticals (ASX:ILA) and TALI Digital (ASX:TD1). He was Non-Executive Chairman of the Better Medical group (unlisted) until the sale of that company to private equity firm Livingbridge in January 2021. 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.
Other current public directorships	Factor Therapeutics Limited (ASX: FTT), since 10 April 2019 Tali Digital Ltd (ASX: TD1), since 29 June 2020 Island Pharmaceuticals Limited (ASX:ILA) since October 2020
Former public directorships in last 3 years	None
Special responsibilities	Chair of Board since 26 July 2021 Chair of the audit and risk management committee Member of the remuneration and nominations committee

Information on directors (continued)

Ms Sue MacLeman *Non-Executive Director (transitioning from Non-Executive Chair on 26 July 2021)*	
Experience and expertise	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. 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. Her broad commercial experience is underpinned by graduate qualifications in pharmacy and post graduate qualifications in corporate governance, commercial law, business administration and marketing.
Other current public directorships	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
Former public directorships in last 3 years	None
Special responsibilities	Chair of Board until 26 July 2021 Member of the audit and risk management committee Member of the remuneration and nominations committee

Information on directors (continued)

Dr Jane Ryan *Non-Executive Director*	
Experience and expertise	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 winning of a $230 million US Government contract. Jane was Chair of the Advisory Board at the ithree Institute at the University of Technology Sydney (UTS) which studies how microbes grow, live, adapt and survive. Jane has been a Board Member of the government and not for profit organisations and is currently Non-Executive Director of Bionomics Limited (ASX: BNO).
Other current public directorships	Bionomics Ltd (ASX:BNO) since 1 October 2020
Former public directorships in last 3 years	None
Special responsibilities	Member of the audit and risk management committee Chair of the remuneration and nominations committee

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 2021, 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**
Dr David Brookes	13	13	2	2	1	1
Ms Sue MacLeman	12	13	2	2	1	1
Dr Jane Ryan	13	13	2	2	1	1
Dr Tracie Ramsdale[1]	6	6	1	1	1	1

[1.] Dr Tracie Ramsdale resigned on 26 November 2020.

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 2021 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

Non-executive and executive directors (see pages 8 to 10 for details about each director)

Dr David Brookes, Non-Executive Chair (transitioning from Non-Executive Director on 26 July 2021)
Ms Sue MacLeman, Non-Executive Director (transitioning from Non-Executive Chair on 26 July 2021)
Dr Jane Ryan, Non-Executive Director
Dr Tracie Ramsdale, Non-Executive Director (resigned 26 November 2020)

Mr Steven Lydeamore, Chief Executive Officer
Dr Michael West, Chief Operating Officer

(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.

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
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

Remuneration report (audited) (continued)

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

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://anataralifesciences.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.

The company's CEO and COO are entitled to short-term incentives in the form of cash bonus up to 40% 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.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

(ii) Short-term incentives (continued)

The company's CEO and COO are entitled to short-term incentives in the form of cash bonus up to 40% 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 26 November 2020. 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.

	2021	**2020**	**2019**	**2018**	**2017**
Loss for the year attributable to owners ($)	1,995,874	3,364,644	2,868,272	3,569,016	1,705,002
Basic loss per share (cents)	3.18	6.77	5.80	7.22	3.45
Share price at year end ($)	0.16	0.13	0.26	0.64	1.00

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.

2021	Short-term benefits		Post employment benefits	Long term benefits	Share-based payments		
	Cash salary and fees[1]	Cash bonus	Superan-nuation	Long service leave	Options[2]	Performance rights	Total
	$	$	$	$	$	$	$
Non-executive directors							
Dr David Brookes	72,346	-	6,873	-	5,156	-	84,375
Ms Sue MacLeman	135,046	-	12,829	-	9,623	-	157,498
Dr Jane Ryan	72,346	-	6,873	-	5,156	-	84,375
Dr Tracie Ramsdale[3]	31,940	-	3,034	-	(258)	-	34,716
Other KMP							
Mr Steven Lydeamore	382,722	-	36,197	6,177	43,808	-	468,904
Dr Michael West[4]	264,013	-	23,750	5,216	-	45,000	337,979
Total KMP compensation	**958,413**	**-**	**89,556**	**11,393**	**63,485**	**45,000**	**1,167,847**

Notes

1. Cash salary and fees includes estimation of net annual leave entitlement incurred during the current year.

2. Due to COVID-19, Anatara Board resolved to reduce their directors' fees temporarily from May 2020 to September 2020. On 22 June 2020, Anatara Board resolved to grant 761,912 options (subject to approval by shareholders at November 2020 AGM) to KMP and Company Secretary. However, only a total of 617,704 options were subsequently issued on 3 December 2020 given the shareholders' approval in the 2020 annual general meeting.

3. Dr Tracie Ramsdale resigned on 26 November 2020 and 68,766 options (total share-based payment expenses of $258 recognised in prior year) were forfeited during the year.

4. Subsequent to year end, 297,489 performance rights have been issued to Dr Michael West, as part of his performance bonus of $45,000. These performance rights have nil exercise price and expiring on 23 August 2024.

Remuneration report (audited) (continued)

(e) Remuneration expenses (continued)

2020	Short-term benefits		Post employment benefits	Long term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus[1] $	Superannuation $	Long service leave $	Options[2] $	Performance rights $	Total $
Non-executive directors							
Dr David Brookes	72,635	-	6,900	-	277	-	79,812
Ms Sue MacLeman	135,585	-	12,881	-	517	-	148,983
Dr Jane Ryan	72,635	-	6,900	-	277	-	79,812
Dr Tracie Ramsdale	67,792	-	6,440	-	258	21,896	96,386
Other KMP							
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[3]	172,223	23,625	14,159	-	3,118	23,625	236,750
Total KMP compensation	**1,150,677**	**76,302**	**107,112**	**6,363**	**80,680**	**205,193**	**1,626,327**

Notes

1. Cash bonus includes estimation of the bonus for the current year and any adjustments to the bonus for prior years.

2. Due to COVID-19, Anatara Board resolved to reduce their directors' fees temporarily from 1 May 2020 to September 2020. On 22 June 2020, Anatara Board resolved to grant 761,912 options (subject to approval by shareholders at November 2020 AGM) to KMP and Company Secretary. However, only a total of 617,704 options were subsequently issued on 3 December 2020 given the shareholders' approval in the 2020 annual general meeting.

3. Dr Tracey Brown resigned on 31 January 2020 and 210,000 unlisted options (total value $121,716) were cancelled during the year.

(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

(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.

Remuneration report (audited) (continued)

(g) Non-executive director arrangements (continued)

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

(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 14 above:

Name	**Fixed remuneration**		**At risk - STI**		**At risk - LTI**	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**%**	%	**%**	%
Non-executive director						
Dr David Brookes	**94**	100	**-**	-	**6**	-
Ms Sue MacLeman	**94**	100	**-**	-	**6**	-
Dr Jane Ryan	**94**	100	**-**	-	**6**	-
Dr Tracie Ramsdale[1]	**101**	77	**-**	-	**(1)**	23
Other KMP						
Mr Steven Lydeamore	**91**	67	**-**	5	**9**	27
Dr Michael West	**87**	76	**-**	5	**13**	18
Dr Tracey Brown[2]	**-**	79	**-**	10	**-**	11

1. Dr Tracie Ramsdale resigned on 26 November 2020.

2. Dr Tracey Brown resigned on 31 January 2020.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

(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 year 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	1.7000	0.5796	100%
2019-04-10	2019-02-18	2024-02-17	0.7360	0.2731	100%
2019-04-10	2020-02-18	2024-02-17	0.7360	0.2731	100%
2019-04-10	2021-02-18	2024-02-17	0.7360	0.2731	100%
2020-06-22	2020-12-03	2022-12-03	0.2476	0.0827	100%

(iii) Reconciliation of ordinary shares, performance rights and options held by KMP

Share holdings

2021	Balance at the start of the year[1]	Granted as remuneration	Received on exercise of performance rights	Received on exercise of options	Other changes[2]	Balance at the end of the year[3]
Ordinary shares						
Dr David Brookes	100,000	-	-	-	200,000	300,000
Ms Sue MacLeman	12,477	-	-	-	33,333	45,810
Dr Jane Ryan	49,745	-	-	-	133,333	183,078
Dr Tracie Ramsdale (i)	152,424	-	-	-	-	152,424
Mr Steven Lydeamore[4]	199,457	-	-	-	200,000	399,457
Dr Michael West	82,599	-	-	-	-	82,599
	596,702	**-**	**-**	**-**	**566,666**	**1,163,368**

Notes

(i) Dr Tracie Ramsdale resigned on 26 November 2020.

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

2. Other changes incorporates changes resulting from the acquisition of shares.

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

4. Subsequent to year end, Mr Steven Lydeamore has fully exercised 449,781 performance rights into 449,781 ordinary shares with nil consideration on 13 August 2021.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

(iii) Reconciliation of ordinary shares, performance rights and options held by KMP (continued)

Option holdings

2021	Balance at start of the year[1]	Granted as remuneration	Exercised	Other changes[2]	Balance at end of the year[3]	Vested and exercisable
Options						
Dr David Brookes	73,677	-	-	(8,019)	65,658	65,658
Ms Sue MacLeman	137,515	-	-	(14,967)	122,548	122,548
Dr Jane Ryan	73,677	-	-	(8,019)	65,658	65,658
Dr Tracie Ramsdale (i)	68,765	-	-	(68,765)	-	-
Mr Steven Lydeamore	983,527	-	-	(41,743)	941,784	941,784
Dr Michael West	210,000	-	-	-	210,000	210,000
	1,547,161	**-**	**-**	**(141,513)**	**1,405,648**	**1,405,648**

Notes

(i) Dr Tracie Ramsdale resigned on 26 November 2020.

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

2. Other changes incorporates changes resulting from the expiration/forfeiture of options.
On 22 June 2020, Anatara Board resolved to grant 761,912 options (subject to approval by shareholders at November 2020 AGM) to KMP and Company Secretary. However, only a total of 617,704 options were subsequently issued on 3 December 2020 given the shareholders' approval in the 2020 annual general meeting.

3. 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 ordinary shares, performance rights and options held by KMP (continued)

Performance rights

2021	Balance at start of the year[1]	Granted as remuneration	Exercised	Other changes[2]	Balance at the end of the year[3]
Performance Rights					
Dr David Brookes	-	-	-	-	-
Ms Sue MacLeman	-	-	-	-	-
Dr Jane Ryan	-	-	-	-	-
Dr Tracie Ramsdale (i)	-	-	-	-	-
Mr Steven Lydeamore[4]	-	449,781	-	-	449,781
Dr Michael West[5]	-	331,204	-	-	331,204
	-	**780,985**	**-**	**-**	**780,985**

Notes

(i) Dr Tracie Ramsdale resigned on 26 November 2020.

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

2. Other changes incorporates changes resulting from the expiration/forfeiture of performance rights.

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

4. Subsequent to year end, Mr Steven Lydeamore has fully exercised 449,781 performance rights into 449,781 ordinary shares with nil consideration on 13 August 2021.

5. Subsequent to year end, 297,489 performance rights have been issued to Dr Michael West, as part of his performance bonus of $45,000. These performance rights have nil exercise price and expiring on 23 August 2024.

(iv) Other transactions with key management personnel

There are no other transactions with key management personnel of Anatara Lifesciences Ltd.

(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 2020 financial year. The company did not receive any specific feedback at the 2020 annual general meeting or throughout the year on its remuneration practices.

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

Shares under options and performance rights

(a) Unissued ordinary shares

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

Date options granted	Expiry date	Issue price of shares ($)	Number under options
2016-09-23	2021-09-23	1.7000	210,000
2017-11-28	2022-11-17	2.2700	36,000
2019-04-10	2024-02-17	0.7360	600,000
2020-06-22	2022-12-03	0.2476	617,704
2020-11-26	2023-12-03	0.2500	1,500,000
Total			2,963,704

Date performance rights granted	Expiry date	Number under performance rights
2020-08-11	2023-08-10	331,204
2021-08-04	2024-08-23	336,113
Total		667,317

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

(b) Shares issued on the exercise of options or performance rights

No ordinary shares of Anatara Lifesciences Ltd were issued during the year ended 30 June 2021 on the exercise of options granted.

Ordinary shares of Anatara Lifesciences Ltd were issued during the year ended 30 June 2021 on the exercise of performance rights granted as follows:

Date performance rights granted	Number of shares issued
2020-08-11	127,092
	127,092

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Anatara Lifesciences Ltd paid a premium of $25,000 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.

Insurance of officers and indemnities (continued)

(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:

	2021 **$**	2020 $
Grant Thornton Audit Pty Ltd and its related entities and other Grant Thornton network firms:		
Tax compliance services	**35,000**	34,350
Total remuneration for taxation services	**35,000**	34,350
Total remuneration for non-audit services	**35,000**	34,350

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 23.

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.

Dr David Brookes
Non-Executive Chair

Melbourne
23 August 2021

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Auditor's Independence Declaration

To the Directors of Anatara Lifesciences Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Anatara Lifesciences Ltd for the year ended 30 June 2021, 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, 23 August 2021

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 2021 corporate governance statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 corporate governance statement was approved by the board on 23 August 2021. 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 2021

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 11.

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 23 August 2021. The directors have the power to amend and reissue the financial statements.

	Notes	**2021** **$**	2020 $
Other income	2(a)	**1,108,028**	789,211
General and administrative expenses	2(b)	**(2,271,903)**	(2,916,978)
Research and development expenses	2(b)	**(840,815)**	(1,288,941)
Operating loss		**(2,004,690)**	(3,416,708)
Finance income		**9,116**	52,064
Finance expenses		**(300)**	-
Finance costs - net		**8,816**	52,064
Loss before income tax		**(1,995,874)**	(3,364,644)
Income tax expense	3	**-**	-
Loss for the year		**(1,995,874)**	(3,364,644)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(1,995,874)**	(3,364,644)
Total comprehensive income for the year is attributable to:			
Owners of Anatara Lifesciences Ltd		**(1,995,874)**	(3,364,644)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(3.18)**	(6.77)

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

	Notes	**2021 $**	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	**3,432,077**	2,682,368
Trade and other receivables	4(b)	**772,559**	630,333
Other current assets		**37,123**	23,740
Total current assets		**4,241,759**	3,336,441
Non-current assets			
Property, plant and equipment		**5,778**	7,187
Right-of-use assets	5(b)	**79,253**	-
Total non-current assets		**85,031**	7,187
Total assets		**4,326,790**	3,343,628
LIABILITIES			
Current liabilities			
Trade and other payables	4(c)	**335,450**	412,355
Employee benefit obligations	5(a)	**53,037**	51,679
Lease liabilities	5(b)	**14,116**	-
Total current liabilities		**402,603**	464,034
Non-current liabilities			
Employee benefit obligations	5(a)	**28,268**	22,929
Lease liabilities	5(b)	**65,801**	-
Total non-current liabilities		**94,069**	22,929
Total liabilities		**496,672**	486,963
Net assets		**3,830,118**	2,856,665
EQUITY			
Share capital	6(a)	**19,755,634**	17,039,590
Other reserves	6(b)	**678,492**	553,342
Accumulated losses		**(16,604,008)**	(14,736,267)
Total equity		**3,830,118**	2,856,665

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

	Notes	Share capital $	Other reserves $	Accumulated losses $	Total equity $
		Attributable to owners of Anatara Lifesciences Ltd			
Balance at 1 July 2019		16,941,392	499,070	(11,524,895)	5,915,567
Loss for the year		-	-	(3,364,644)	(3,364,644)
Total comprehensive loss for the year		**-**	**-**	**(3,364,644)**	**(3,364,644)**
Share based payment expense - performance rights		98,198	-	-	98,198
Transactions with owners in their capacity as owners:					
Options issued/expensed	6(b)	-	207,544	-	207,544
Options forfeited/lapsed	6(b)	-	(153,272)	153,272	-
		-	54,272	153,272	207,544
Balance at 30 June 2020		**17,039,590**	**553,342**	**(14,736,267)**	**2,856,665**

	Notes	Share capital $	Other reserves $	Accumulated losses $	Total equity $
		Attributable to owners of Anatara Lifesciences Ltd			
Balance at 1 July 2020		17,039,590	553,342	(14,736,267)	2,856,665
Loss for the year		-	-	(1,995,874)	(1,995,874)
Total comprehensive loss for the year		**-**	**-**	**(1,995,874)**	**(1,995,874)**
Transactions with owners in their capacity as owners:					
Issued capital		3,070,005	-	-	3,070,005
Less: Capital raising costs		(333,741)	-	-	(333,741)
Unmarketable parcel buy-back		(37,632)	-	-	(37,632)
Share based payment expense - options	6(b)	-	219,853	-	219,853
Share based payment expense - performance rights		-	50,842	-	50,842
Performance rights exercised		17,412	(17,412)	-	-
Options forfeited/lapsed	6(b)	-	(128,133)	128,133	-
		2,716,044	125,150	128,133	2,969,327
Balance at 30 June 2021		**19,755,634**	**678,492**	**(16,604,008)**	**3,830,118**

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

	Notes	**2021 $**	2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(3,096,438)**	(3,745,235)
Government grants and tax incentives		**985,549**	924,960
Interest received		**13,412**	95,376
Net cash (outflow) from operating activities	7(a)	**(2,097,477)**	(2,724,899)
Cash flows from investing activities			
Payments for investment in term deposits		**-**	(1,500,000)
Payments for property, plant and equipment		**(3,979)**	(4,076)
Proceeds from sale of property, plant and equipment		**-**	1,266
Proceeds from withdrawal from term deposits		**-**	5,550,000
Net cash (outflow) inflow from investing activities		**(3,979)**	4,047,190
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	6(a)	**3,032,373**	-
Share issue transaction costs	6(a)	**(180,694)**	-
Principal elements of finance lease payments		**(514)**	-
Net cash inflow from financing activities		**2,851,165**	-
Net increase in cash and cash equivalents		**749,709**	1,322,291
Cash and cash equivalents at the beginning of the financial year		**2,682,368**	1,360,077
Cash and cash equivalents at end of year	4(a)	**3,432,077**	2,682,368

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

Contents of the notes to the financial statements

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® diarrhea treatment for piglets. The segment details are therefore fully reflected in the body of the financial statements.

2 Other income and expense items

(a) Other income

	2021 **$**	2020 $
Research and development tax incentive	**1,023,028**	659,812
EMDG	**47,500**	27,634
COVID-19 government assistance	**37,500**	101,765
	1,108,028	789,211

(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 2021, the group has included an item in other income of $747,946 (2020: $612,967) to recognise income over the year necessary to match the R&D tax incentive on a systematic basis with the costs that they are intended to compensate. Furthermore, the group subsequently received additional $275,082 in current financial year as part of the R&D claim for financial year ended 30 June 2020 (2020: an additional refund of $46,845 in the financial year 2020 was received as part of the R&D claim for financial year ended 30 June 2019).

(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 2021, the group has included an item in other income of $85,000 (2020: $129,399) to recognise income over the year necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

The Group recognised $47,500 Export Market Development Grant (EMDG) (2020: $27,634) in other income. This is a key Australian Government financial assistance program for aspiring current exporters.

COVID-19 government assistance $37,500 (2020: $101,765) is included in other income. This is mainly "Cashflow boost for employers" measure announced as part of the Australian Government's economic stimulus package. In prior year, the government assistance included an additional of $39,265 payroll tax waived credit. This is the coronavirus payroll tax relief provided by various State Revenue Office for the 2019-20 financial year.

2 Other income and expense items (continued)

(b) Breakdown of expenses by nature

	Notes	2021 $	2020 $
General and administrative expenses			
Accounting and audit		**155,708**	148,094
Consulting		**218,665**	335,713
Depreciation		**6,265**	16,098
Employee benefits		**1,234,470**	1,452,317
Insurance		**58,794**	57,312
Investor relations		**33,389**	120,188
Legal		**34,206**	33,821
Listing and share registry		**103,929**	68,686
Occupancy		**53,496**	93,767
Share-based payments	16(b)	**117,648**	305,744
Superannuation		**110,378**	138,897
Travel and entertainment		**4,498**	32,508
Other		**140,457**	113,833
		2,271,903	2,916,978
Research and development expenses			
Project research and development		**807,265**	1,240,834
Corporate and finance		**33,550**	48,107
		840,815	1,288,941

3 Income tax expense

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

	2021 $	2020 $
Loss from continuing operations before income tax expense	**(1,995,874)**	(3,364,644)
Tax at the Australian tax rate of 26.0% (2020: 27.5%)	**(518,927)**	(925,277)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	**(265,987)**	(181,448)
Accounting expenditure subject to R&D tax incentive	**611,465**	417,122
Blackhole expenditure (Section 40-880, ITAA 1997)	**-**	(32,222)
Share-based payments	**30,588**	84,080
Other items	**(64,754)**	3,759
Subtotal	**(207,615)**	(633,986)
Tax losses and other timing differences for which no deferred tax asset is recognised	**207,615**	633,986
Income tax expense	**-**	-

3 Income tax expense (continued)

(b) Tax losses

	2021 **$**	2020 $
Unused tax losses for which no deferred tax asset has been recognised	**9,348,360**	8,549,841
Potential tax benefit @ 26.0% (2020: 27.5%)	**2,430,574**	2,351,206

The numerical reconciliation of income tax expense to prima facie tax payable and unused tax losses for the year ended 30 June 2020 have been represented to reflect the income tax return lodged for the same year.

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2021 **$**	2020 $
Current assets		
Cash at bank and in hand	**3,432,077**	2,682,368

(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:

	2021 **$**	2020 $
Balances as above	**3,432,077**	2,682,368
Balances per statement of cash flows	**3,432,077**	2,682,368

(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 20(i) 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 9. 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

	2021			2020		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Accrued receivables (i)	**748,516**	**-**	**748,516**	630,333	-	630,333
Other receivables	**24,043**	**-**	**24,043**	-	-	-
	772,559	**-**	**772,559**	630,333	-	630,333

4 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(i) Accrued receivables

Accrued receivables include $747,946 from the Australian Taxation Office in relation to the R&D tax incentive (2020: $612,967). In prior year, accrued receivables also included $12,500 cash boost in relation to the COVID-19 relief.

(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.

(c) Trade and other payables

		2021			2020	
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Trade payables	**195,629**	**-**	**195,629**	33,861	-	33,861
Accrued expenses	**103,150**	**-**	**103,150**	351,875	-	351,875
Other payables	**36,671**	**-**	**36,671**	26,619	-	26,619
	335,450	**-**	**335,450**	412,355	-	412,355

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.

5 Non-financial assets and liabilities

(a) Employee benefit obligations

		2021			2020	
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Leave obligations (i)	**53,037**	**28,268**	**81,305**	51,679	22,929	74,608

(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 20(m).

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 year of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $53,037 (2020: $51,679) 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.

5 Non-financial assets and liabilities (continued)

(b) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 **$**	2020 $
Right-of-use assets		
Property		
Cost or fair value	**80,131**	-
Accumulated depreciation	**(878)**	-
	79,253	-
Lease liabilities		
Current	**14,116**	-
Non-current	**65,801**	-
	79,917	-

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 **$**	2020 $
Depreciation charge of right-of-use assets		
Properties	**878**	-
	878	-
Interest expense (included in finance cost)	**300**	-
Expense relating to short-term leases (included in occupancy expenses)	**53,496**	93,767
Cash paid for principal payments	**514**	-

(iii) The group's leasing activities and how these are accounted for

In June 2021 the group entered into a two-year commercial lease in North Melbourne. The lease is for the use of office facilities. This lease includes an extension option for a further 2 years.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

5 Non-financial assets and liabilities (continued)

(b) Leases (continued)

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term 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.

6 Equity

(a) Share capital

	2021 Shares	2020 Shares	**2021 $**	2020 $
Ordinary shares				
Fully paid	**70,238,523**	49,856,177	**19,755,634**	17,039,590
	70,238,523	49,856,177	**19,755,634**	17,039,590

(i) Movements in ordinary shares:

Below is the movement in ordinary shares in the year ended 30 June 2021 (2020: nil):

Details	**Number of shares**	**Total $**
Balance at 1 July 2019	**49,413,236**	**16,941,392**
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
Balance 30 June 2020	**49,856,177**	**17,039,590**
Shares issued	20,466,667	3,070,005
Unmarketable parcel buy-back facility payment (2021-02-10)	(211,413)	(37,632)
Exercise of performance rights with nil cash consideration (2020-09-15)	72,363	7,498
Exercise of performance rights with nil cash consideration (2020-10-28)	54,729	9,914
Less: Transaction costs arising on share issues	-	(333,741)
Balance 30 June 2021	**70,238,523**	**19,755,634**

6 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 and performance rights

Information relating to options and performance rights, including details of those issued, exercised and lapsed during the financial year and the outstanding balance as at the end of the reporting year is set out in note 6(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 and performance rights issued to key management personnel, other employees and eligible contractors.

(ii) Movement in options and performance rights

Details	**Notes**	**Number of options**	**Number of performance rights**	**Total $**
Opening balance		**2,571,000**	**-**	**499,070**
Issue of unlisted option at $0.2305 on 22 June 2020		761,912	-	4,608
Share-based payment expenses of previously issued options		-	-	81,646
Options cancelled during the year		(412,500)	-	(156,390)
Share-based payments expenses of performance bonus		-	-	124,408
Balance at 30 June 2020		**2,920,412**	**-**	**553,342**
Options issued during the year		2,117,704	-	199,807
Options forfeited/lapsed during the year		(1,312,500)	-	(127,875)
Adjust issuance of unlisted option at $0.2305 on 22 June 2020		(761,912)	-	(258)
Share-based payment expenses of previously issued options		-	-	20,046
Issue of performance rights (2020-08-11)		-	908,077	-
Performance rights exercised during the year		-	(127,092)	(17,412)
Share-based payments expenses of performance bonus		-	-	50,842
Balance at 30 June 2021		**2,963,704**	**780,985**	**678,492**

7 Cash flow information

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

	Notes	**2021** **$**	2020 $
Loss for the year		**(1,995,874)**	(3,364,644)
Adjustments for			
Depreciation and amortisation	2(b)	**6,265**	16,098
Net (gain) loss on sale of non-current assets		**-**	(280)
Finance costs		**300**	-
Share-based payments	16(b)	**117,648**	305,744
Change in operating assets and liabilities:			
Movement in trade and other receivables		**(142,226)**	265,653
Movement in other operating assets		**(13,383)**	32,327
Movement in trade and other payables		**(76,905)**	47,803
Movement in other operating liabilities		**6,698**	(27,600)
Net cash inflow (outflow) from operating activities		**(2,097,477)**	(2,724,899)

(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 16.

8 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 2(a)(i)
- Estimation of share-based payments - note 16

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.

9 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.

9 Financial risk management (continued)

(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 2021 and 2020, 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 year, expressed in Australian dollars, was as follows:

	2021	2020
	$	$
Financial instruments with cash flow risk		
Cash and cash equivalents	**3,432,077**	2,682,368

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**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Interest rates - change by 31 basis points (2020: 25 basis points)*	**10,639**	6,706	**-**	-

* Holding all other variables constant

The use of 0.31 percent (2020: 0.25 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2021 and the previous four balance dates. The average cash rate at these balance dates was 0.93 percent (2020: 1.25 percent). The average change to the cash rate between balance dates was 33.88 percent (2020: 24.69 percent). By multiplying these two values, the interest rate risk was derived.

Loss is more sensitive to movements in interest rates in 2021 than 2020 due to increased 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.

9 Financial risk management (continued)

(b) Credit risk (continued)

(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**
At 30 June 2021	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	335,450	-	-	-	-	335,450	335,450
Total	**335,450**	**-**	**-**	**-**	**-**	**335,450**	**335,450**
At 30 June 2020							
Trade and other payables	412,355	-	-	-	-	412,355	412,355
Total	**412,355**	**-**	**-**	**-**	**-**	**412,355**	**412,355**

10 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.

10 Capital management (continued)

(a) Risk management (continued)

As at 30 June 2021, the group held cash and equivalents of $3,432,077. The group has put in place measures to reduce all non-critical expenditure. The group anticipates a delay, to the first half of the financial year 2022, 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 future.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2021 (2020: nil). The group’s franking account balance was nil at 30 June 2021 (2020: nil).

11 Interests in other entities

(a) Subsidiaries

The group’s principal subsidiaries at 30 June 2021 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**	
		2021 %	2020 %
Sarantis Pty Ltd	Australia	**100**	100

12 Contingent liabilities

The group had no contingent liabilities at 30 June 2021 (2020: nil).

13 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 $37,500 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.

14 Events occurring after the reporting period

On 26 July 2021, the company announced the transition of Dr David Brookes from Non-Executive Director to Chairman. Ms Sue MacLeman will continue on the Board, transitioning from Chair to Non-Executive Director.

On 13 August 2021, the group has issued 449,781 ordinary shares to Mr Steven Lydeamore as a result of exercise of his performance rights. Furthermore, the group has issued 336,113 performance rights with nil exercise price and expiring on 23 August 2024 under the Executive Option Plan.

No other matter or circumstance has occurred subsequent to year 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.

15 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 11(a).

(b) Key management personnel compensation

	2021 **$**	2020 $
Short-term employee benefits	**958,413**	1,226,979
Post-employment benefits	**89,556**	107,112
Long-term benefits	**11,393**	6,363
Share-based payments	**108,485**	285,873
	1,167,847	1,626,327

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 19.

(c) Transactions with other related parties

The group did not have any transactions with other related parties during the current financial year (2020: nil).

16 Share-based payments

(a) Executive option plan

The establishment of the 'executive option plan' (EOP) was approved by shareholders at the 2020 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:

	2021		2020	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 July	**$1.33**	**2,920,412**	$1.41	2,571,000
Granted during the year	**$0.25**	**2,117,704**	$0.23	761,912
Forfeited/lapsed during the year	**$1.45**	**(1,312,500)**	-	-
Cancelled during the year	**-**	**-**	$1.58	(412,500)
Adjusted during the year	**$0.23**	**(761,912)**	-	-
As at 30 June	**$0.48**	**2,963,704**	$1.33	2,920,412
Vested and exercisable at 30 June	**$0.48**	**2,963,704**	$1.34	1,946,500

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

16 Share-based payments (continued)

(a) Executive option plan (continued)

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

	Number	Grant date	Vesting date	Expiry date	Exercise price ($)
Options	210,000	2016-09-23	2019-09-23	2021-09-23	1.7000
Options	12,000	2017-11-28	2018-11-17	2022-11-17	2.2700
Options	12,000	2017-11-28	2019-11-17	2022-11-17	2.2700
Options	12,000	2017-11-28	2020-11-17	2022-11-17	2.2700
Options	200,000	2019-04-10	2019-02-18	2024-02-17	0.7360
Options	200,000	2019-04-10	2020-02-18	2024-02-17	0.7400
Options	200,000	2019-04-10	2021-02-18	2024-02-17	0.7400
Options	617,704	2020-06-22	2020-12-03	2022-12-03	0.2476
Options	1,500,000	2020-11-26	2020-11-26	2023-11-25	0.2500
	2,963,704				

	2021	**2020**
Weighted average remaining contractual life of options outstanding at end of period	2.08	1.67

(b) Expenses arising from share-based payment transactions

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

	2021 **$**	2020 $
Performance rights issued under EOP[1]	**-**	98,198
Options issued under EOP[2]	**66,806**	83,138
Performance pay[3]	**50,842**	124,408
	117,648	305,744

1. In prior 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 and 30 June 2021. These options were valued at $0.0737 each with a total value of $66,806 for the current financial year (2020: $83,138). $0.0737 was the VWAP at the date the terms were proposed being 22 June 2020.

Options granted to directors were issued given the shareholders' approval at the AGM held on 26 November 2020.

3. It was agreed that performance pay for selected employees for the year ended 30 June 2021 would be paid in performance rights rather than cash. These performance rights were valued at a total value of $45,203. Performance rights issued to employees are long-term incentives under the Executive Option Plan (EOP).

17 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

	2021 **$**	2020 $
Audit and review of financial statements	**58,000**	57,000
Total remuneration for audit and other assurance services	**58,000**	57,000

(ii) Taxation services

Tax compliance services	**35,000**	34,350
Total remuneration for taxation services	**35,000**	34,350
Total auditor's remuneration	**93,000**	91,350

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.

18 Loss per share

(a) Basic earnings per share

	2021 **Cents**	2020 Cents
Basic loss per share	**(3.18)**	(6.77)

(b) Diluted earnings per share

	2021 **Cents**	2020 Cents
Diluted loss per share	**(3.18)**	(6.77)

(c) Reconciliation of loss used in calculating loss per share

	2021 **$**	2020 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	**1,995,874**	3,364,644

18 Loss per share (continued)

(d) Weighted average number of shares used as the denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**62,708,190**	49,670,261

On the basis of the group's losses, the outstanding options as at 30 June 2021 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 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 2021 (2020: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

(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 2021 (2020: 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.

19 Parent entity financial information (continued)

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

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.

Contents of the summary of significant accounting policies

20 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 $1,995,874 and had operating cash outflows of $2,097,477 for the year ended 30 June 2021. As at 30 June 2021, the group's held cash and cash equivalents of $3,432,077.

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 the R&D Tax Incentive. 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.

In the event that these measures are unsuccessful, there would be a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments related to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

COVID-19

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

In 2021, the Group continued to receive financial support from Federal Government incentives through Cashflow Boost and, through payroll tax refunds and deferrals by state governments. Anatara recorded other income of $37,500 (2020: $101,765) for these items. Anatara did not participate in JobKeeper during the year.

Covid-19 had a significant impact on Anatara’s programme, most directly by delaying the manufacturing of GaRP and the trial placebo.

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

However, 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.

Following successful completion of the poultry challenge trial testing “Efficacy of ANR-pf on the performance of broilers subject to subclinical and necrotic enteritis challenges” and the piglet challenge trial “BONIFF-SMEC: An in-field practical delivery mechanism for improved weaner piglet performance”, Anatara is actively seeking commercial partners.

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

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an “Intangible Asset” as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure - either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the group's financial statements.

(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.

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.

20 Summary of significant accounting policies (continued)

(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) 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 2 provides further information on how the group accounts for government grants.

(f) Income tax

The income tax expense or credit for the year is the tax payable on the current year'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 year 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.

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 year 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.

20 Summary of significant accounting policies (continued)

(g) Leases

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.

(h) 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 year.

(i) 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.

(j) 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 4(b) for further information about the group’s accounting for trade receivables and note 9(b) for a description of the group's impairment policies.

(k) 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.

20 Summary of significant accounting policies (continued)

(k) Financial assets (continued)

(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.
- 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 year 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.

(l) 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 year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

20 Summary of significant accounting policies (continued)

(m) 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 year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year 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 year 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 year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year 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 year, 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 16.

20 Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

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 year), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific year of time).

The total expense is recognised over the vesting year, which is the year over which all of the specified vesting conditions are to be satisfied. At the end of each year, 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.

(n) 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.

(o) 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 year but not distributed at the end of the reporting year.

(p) 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.

(q) 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.

20 Summary of significant accounting policies (continued)

(r) 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 25 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 2021 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 20(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.

Dr David Brookes
Non-Executive Chair

Melbourne
23 August 2021

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Independent Auditor's Report

To the Members of Anatara Lifesciences Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Anatara Lifesciences Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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 (including Independence Standards)* (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 20(a)(iii) in the financial statements, which indicates that the Group incurred a net loss of $1,995,874 and had operating cash outflows of $2,097,477 during the year ended 30 June 2021. As at 30 June 2021 the Group held cash and cash equivalents of $3,432,077. As stated in Note 20(a)(iii), these events or conditions, and other matters as set forth in Note 20(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
Recognition of research and development tax incentive – Notes 2(a)(i), 4(b)(i) and 8(a)	
The Group receives a refundable tax offset of eligible expenditure under the research and development (R&D) tax incentive scheme. An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management perform a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. The Group recognises R&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 2020 to 30 June 2021. This area is a key audit matter due to the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: • Obtaining the R&D incentive calculations prepared by management and engaging an internal R&D Tax Expert to assist the engagement team in assessing the reasonableness of the estimate; • Comparing the nature of the R&D expenditure included in the current year estimate to the prior year approved claim; • Comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim; • Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria; • Assessing the eligible expenditure used to calculate the estimate to ensure it is in accordance with expenditure recorded in the general ledger; • 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; • Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and • Reviewing the appropriateness of the relevant disclosures in the financial statements.

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 2021, 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

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/auditors_responsibilites/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 11 to 19 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Anatara Lifesciences Ltd, for the year ended 30 June 2021 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 23 August 2021