

Anatara Lifesciences Appendix 4C and Q1 FY22 Activities Report

Key highlights for Q1 FY22

- **Irritable Bowel Syndrome – diarrhoea subtype (IBS-D) trial recruitment website launched with participant screening underway**
- **BONIFF-SMEC piglet challenge study for enterotoxigenic Escherichia Coli successfully completed**
- **Transition of Dr David Brookes from Non-Executive Director to Chairman**
- **Active program in place over the coming 6 to 12 months to progress the commercialisation of health product portfolio**

MELBOURNE, 29 October 2021: Anatara Lifesciences (ASX: ANR), a developer of evidence based solutions for gastrointestinal diseases in humans and animals, is pleased to provide this activities report for the quarter ending 30 September 2021 (Q1 FY22), along with the Company's Appendix 4C cash flow report.

Commenting on the quarter, CEO Steve Lydeamore said, "Anatara is pleased with the developments that have taken place over this quarter with the commencement of the human clinical trial in IBS-D now underway, and a number of pathways being pursued for the commercialisation of both the human and animal products."

"The progress achieved to-date in developing evidence-based solutions for the gastrointestinal tract is very encouraging. The human clinical trials are the key next step to moving closer to commercialisation and entering the US\$8+ billion gastrointestinal supplements and over-the-counter digestive remedies market."

Irritable Bowel Syndrome – diarrhoea subtype (IBS-D) trial recruitment underway

Anatara has strong pre-clinical data to support GaRP use in IBS, the most commonly diagnosed gastrointestinal condition and a significant cost burden on health care. In February, the Company received Human Research Ethics Committee approval to undertake a clinical trial for participants with irritable bowel syndrome – diarrhoea subtype (IBS-D).

During the quarter, the Company launched its trial recruitment website and screening of prospective participants for enrolment in the trial is underway. Recruitment for phase one of the trial is anticipated to be completed in February 2022 and following this an analysis is anticipated in late March 2022, which will determine the dose of GaRP that will progress to phase two of the trial.

The 12-week study is targeted towards adults aged 18 to 65 and will examine the efficacy of GaRP use in managing the many troublesome symptoms of IBS-D.

Successful piglet challenge study

To address piglet scour, which is estimated to cost the Australian pig industry more than \$7 million per year, Anataara and Ridley Corporation Ltd (Ridley) initiated a weaner piglet challenge study, utilising Anataara's bromelain-based formulation (BONIFF). The study was conducted by Murdoch University, with funding from the Australasian Pork Research Institute Ltd.

In the final week of June, Murdoch University completed the study, which tested a modified formulation of BONIFF in Semi-Moist Extruded Creep¹ (SMEC) feed on weaning piglets under an enterotoxigenic Escherichia coli (ETEC) challenge model, to determine the efficacy of this combined formulation on piglet health, welfare, and performance after weaning.

Anataara and Ridley have analysed the results of the study and concluded that BONIFF could be considered as a replacement for the current practice of using non-physiological levels of zinc oxide (ZnO) combined with commercial levels of additives in a semi-moist extruded creep piglet diet. There is a strong unmet need for a ZnO replacement, as the use of medicinal ZnO to prevent diarrhoea post-weaning will be banned in the EU from 2022 (European Medicines Agency 2017). Following the successful piglet study, commercialisation discussions continue with animal feed/nutrition companies.

Transition of Dr David Brookes to Chairman

In July, Anataara announced the transition of Dr David Brookes from Non-Executive Director to Chairman, with Ms Sue MacLeman continuing on the Board, transitioning from Chair to Non-Executive Director.

The Board determined that, having successfully steered the Company following its decision to focus on the development of products and technologies in the human health sector with a focus on gut health, it was the right time for Dr Brookes to transition to the role of Chair as the Company progresses towards clinical trials.

Dr Brookes will be overseeing the active program Anataara has in place that will progress the commercialisation of the Company's health products, and see the Company look at other opportunities to provide safe and effective solutions for gut health issues in humans and animals.

¹ Creep feeding is a method of supplementing the diet of young livestock, by offering feed to animals who are still nursing



Summary of Q1 FY22 cashflows

The Company's cash plus term deposits at the end of the quarter stood at \$2.53 million (30 June 2021: \$3.42 million), which comprised cash at bank of \$1.03 million and \$1.50 million in term deposits.

Net cash outflow during the quarter was \$0.89 million. Staff, Admin and Corporate cash outflow of \$0.58 million was 72% higher than the prior quarter primarily due to the 516% increase in R&D expenditure as we commenced the IBS-D trial.

Aggregate payments to related parties and their associates during the quarter was \$69,000 which includes directors' fees and superannuation.

For more information please contact:

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About Anantara Lifesciences Ltd

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

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Appendix 4C

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

Name of entity

Anatara Lifesciences Ltd (ASX: ANR)

ABN

41 145 239 872

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(351)	(351)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(6)	(6)
(d) leased assets	(5)	(5)
(e) staff costs	(294)	(294)
(f) administration and corporate costs	(278)	(278)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	38	38
1.9 Net cash from / (used in) operating activities	(894)	(894)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(3)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(1)	(1)
3.10	Net cash from / (used in) financing activities	(4)	(4)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,423	3,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(894)	(894)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(4)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,525	2,525

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,025	1,723
5.2	Call deposits	1,500	1,700
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,525	3,423

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	69
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Item 6.1 Reflects amounts paid to directors including director's fees, salaries, superannuation, bonuses and consulting fees (excluding reimbursements).

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(894)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,525
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,525
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; height: 30px; width: 100%; margin-top: 5px;"></div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; height: 30px; width: 100%; margin-top: 5px;"></div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
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<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Date: 29 October 2021

Authorised by: The Board of Anantara Lifesciences Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.